

[1] Approve	BOARD RESOLUTION NO. 2022-09-01
[2] Reject	A Resolution to Ratify the 2023 Budget

Subject to Approval by the Membership at the Annual General Meeting November 5, 2022

WHEREAS, according to the Amended Protective Covenants of the Clearwood Community Association, the Board of Directors is responsible for the enforcement of same; and,

WHEREAS, the Board of Directors has designated November 5, 2022 as the date of the Annual General Meeting of the membership to consider ratification of the 2023 Budget and 2023 major reserve projects; and,

WHEREAS, we are voting on the budget in accordance with the Revised Code of Washington (RCW) 64.90.525, the result of the vote of this measure provides that the budget is ratified if not rejected by owners holding a majority of votes in the Association.

THEREFORE, BE IT RESOLVED that the Board approved 2023 Budget be ratified by the membership.

Board adopted the following 2023 Budget on September 17, 2022. If this resolution does not pass, then the budget and assessments noted therein ratified at the November 6, 2021 Annual General Meeting, will control.

Assessments are billed on January 1 and due January 30th. Per Article IV Section 4 of the Bylaws "Payment shall be due within thirty (30) days after notice of assessment. Thereafter, unpaid assessments shall bear interest at the rate of 12 percent (12%) per annum until paid."

2023 Consolidated Budget		
2023 Proposed Annual Assessment Summary		
<i>*which is 90% Collections based on 1355 lots</i>		
	Per Lot	Total Revenue
General Operations Assessment*	\$ 749.40	\$ 914,113
General Reserves Assessment	694.32	940,804
Future Reserves Assessment	15.96	21,626
Water Reserves Assessment	467.52	633,490
Total Proposed 2023 Assessments	\$ 1,927.20	\$ 2,510,033
	<i>Per Lot</i>	<i>Total Revenue</i>
<i>Dollar change from 2022 Dues</i>	\$ 88.46	
<i>Percent Change from 2022 Dues</i>	5%	

	Historical Annual Per Lot Assessments/ Dues									PROPOSED
	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Operations	\$ 310.00	\$ 310.00	\$ 310.00	\$ 395.00	\$ 395.00	\$ 562.88	\$ 676.10	\$ 727.74	\$ 749.40	
Ops Special Assmt	-	-	-	-	-	159.00	-	-	-	
General Reserves	145.00	145.00	145.00	145.00	145.00	25.00	25.00	655.00	694.32	
Future Reserves	15.00	15.00	15.00	15.00	15.00	-	15.00	15.00	15.96	
Water Reserves	185.00	185.00	185.00	185.00	185.00	185.00	215.78	441.00	467.52	
Total	\$ 655.00	\$ 655.00	\$ 655.00	\$ 740.00	\$ 740.00	\$ 931.88	\$ 931.88	\$ 1,838.74	\$ 1,927.20	

2023 Water Usage & Water Service Fee Calculated and Billed Quarterly			
Water Usage Tier	From Cubic Feet (CF)	Per # CF	2023 Cost per CF
1	0-2500	100	\$2.37
2	2501-3500	100	\$3.56
3	> 3500	100	\$4.69
			2023 Quarterly Water Service Fee
Water Service Fee	Each Meter	Quarterly	\$36.05
<i>\$0.07 Change from 2021 Tier 1</i> <i>\$0.11 Change from 2021 Tier 2</i> <i>\$0.14 Change from 2021 Tier 3</i> <i>\$1.05 Change from 2021 Water Service Fee</i>			

**Clearwood Community Association
Proposed 2023 Consolidated Budget**

	General Operations	Water System
CCA Revenues		
HOA Operations Dues/Assessments	\$ 914,113	\$ -
Water Consumption Income	-	174,765
Water Service Fee Income	-	181,714
Fines & Fees (Liens/ Renters/ Transfer)	62,750	-
Credit Card Income	17,000	-
Other Income	18,600	-
Allocated Water Income	(74,571)	74,571
Total CCA Revenues	\$ 937,892	\$ 431,050
CCA Expenditures		
TOTAL Administration Expenses	\$ 40,126	\$ 8,610
TOTAL Professional Fees	56,862	-
TOTAL Credit Card & Bank Fees	18,000	-
TOTAL Utilities Expense	48,273	29,912
TOTAL Business Insurance Expense	47,358	47,358
TOTAL Supplies	45,358	1,251
TOTAL Chemical Supplies	3,710	54,229
TOTAL Payroll Expense	593,724	53,665
TOTAL Repairs, Maintenance, & Grounds	132,242	8,328
TOTAL Community Support	9,480	-
TOTAL Business Taxes	12,907	24,293
TOTAL Regulatory Compliance	25,100	25,323
TOTAL CCRs & Mandates	52,422	30,411
TOTAL Allocated Expenses	(147,670)	147,670
TOTAL CCA Expenditures	\$ 937,892	\$ 431,050
Net CCA Operating Income	\$ -	\$ -

	<u>Proposed 2023 Budget</u>	<u>Fully Funded+</u>	<u>Percent Funded</u>
<u>General Reserves & Impact Fees Funds</u>			
Forecasted Beginning Cash Balance ⁺	\$ 2,501,608	\$ 8,568,498 ⁺⁺	29%
Dues Income	940,804		
Impact Fee Income	30,000		
Capital Asset Sale	-		
Anticipated Investment Income	-		
Anticipated Expenditures	(1,476,528)		
Forecasted Ending Cash Balance	<u>\$ 1,995,884</u>	\$ 8,730,945 ⁺	23%
<u>Water System Reserves Fund</u>			
Forecasted Beginning Cash Balance ⁺	\$ 189,810	\$ 6,063,288 ⁺⁺	3%
Dues Income	633,490		
Anticipated Investment Income	-		
Anticipated Expenditures	(596,257)		
Forecasted Ending Cash Balance	<u>\$ 227,043</u>	\$ 5,902,261 ⁺	4%
<u>Future Reserves Fund</u>			
Forecasted Beginning Cash Balance ⁺⁺	\$ 34,452		
Dues Income	21,626		
Anticipated Investment Income	-		
Anticipated Expenditures	-		
Forecasted Ending Cash Balance	<u>\$ 56,078</u>		

⁺2023 Level III "Financial Update with No Visual Site Visit" Reserve Study

⁺⁺2022 Level II "Update with visual site inspection" Reserve Study

Go to our website at <http://www.clearwood-yelm.com/>
for a detailed version of the Proposed 2023 Consolidated Budget.

Recommendation: The Board of Directors recommends approval of this resolution.

The following information from the Reserve Study is required by law to be included in the Budget Measure.

The 2023 Level III "Financial Update with No Visual Site Visit" Reserve Study issued 09/28/2022, currently meets the requirements of RCW 64.90.550. The 2023 Level III Reserve Study does not include a visual on-site inspection. The Association has two separate Reserve Studies; one (1) for the General Reserve Fund and one (1) for the Water System Reserve Fund. The beginning cash balance in the Reserve Study for the General Reserve Fund includes Impact Fees. There is no reserve study for the Future Reserve Fund as this fund funds items that are not yet assets of the Association, and reserve studies only include assets the Association currently owns.

These Reserve Studies are supplemental to the general operating/ maintenance budget and water system operating/ maintenance budget of the Association and are used to create dues and assessment projections to fund the Reserve Study as well as set the schedule for operational repair and replacement.

The current Level III Reserve Study was performed by Cedcore, LLC a professional Reserve Study Analyst certified by the Association of Professional Reserve Analysts (APRA). Cedcore, LLC is an independent firm not affiliated with Clearwood Community Association.

Per Cedcore Water Reserve & General Reserve Studies Respectively		
Number of Units:	1,355	
Site Visit Date:	n/a	
Projection Period:	2023 - 2052	
	Water Reserve Study	General Reserve Study
Reserve Account Snap Shot	January 1, 2023	
Projected Reserve Balance:	\$189,810	\$2,501,608
Fully Funded Reserve Balance:	\$5,902,261	\$8,730,945
Percent Funded:	3 %	29 %
Reserve Surplus or (-) Deficit Per Unit:	(\$4,216)	(\$4,597)
Current Monthly Reserve Fund Contribution:	\$49,760	\$73,906
Interest Rate	1.00 %	1.00 %
Inflation Rate	3.00 %	3.00 %
2023 Reserve Contribution Requirements (based on the above position)		
Full Funding		
Monthly Reserve Contribution:	\$70,000	\$83,000
Monthly Reserve Contribution Per Unit (Average):	\$52	\$61
Annual Reserve Contribution Per Unit (Average):	\$624	\$732
Special Assessment Required for this Plan:	\$640,000	\$0
Baseline Funding		
Monthly Reserve Contribution:	\$46,375	\$68,434
Monthly Reserve Contribution Per Unit (Average):	\$34	\$51
Annual Reserve Contribution Per Unit (Average):	\$408	\$612
Special Assessment Required for this Plan:	\$640,000	\$0

Per Cedcore Water Reserve Study:

The projected reserve fund balance is estimated based on the current reserve fund balance adding any remaining budgeted contributions and subtracting any planned projects to be completed prior to the end of the fiscal year.

The Association will need to increase contributions by \$14.94 average per Unit per month [\$179.28 per Unit annually] plus a Special Assessment of \$472.32 average per Unit in 2023 to get onto the path to becoming Fully Funded.

Per Cedcore General Reserve Study:

The projected reserve fund balance is estimated based on the current reserve fund balance adding any remaining budgeted contributions and subtracting any planned projects to be completed prior to the end of the fiscal year.

The Association will need to increase contributions by \$6.71 per Unit per month [\$80.52 per Unit annually] to get onto the path to becoming Fully Funded.