

RESOLUTIONS

[1] Approve [2] Reject	BOARD RESOLUTION NO. 2024-09-01 A Resolution to Ratify the 2025 Budget
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Subject to Approval by the Membership at the Annual General Meeting November 2, 2024

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 2, 2024 as the date of the Annual General Meeting of the membership to consider ratification of the 2025 Budget and 2025 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 2025 Budget be ratified by the membership.

Board adopted the following 2025 Budget on September 21, 2024. If this resolution does not pass, then the budget and assessments noted therein ratified at the November 4, 2023 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 a rate to be established annually by the Board in December for the upcoming calendar year, provided that such rate *shall not exceed* twelve percent (12%) per annum until paid." During the last several years the interest rate has been 0% for unpaid assessments and the Board plans to have the interest rate in 2025 be 0%.

2025 Consolidated Budget		
2025 Proposed Annual Assessment Summary		
<i>*which is 92% Collections based on 1355 lots</i>		
	Per Lot	Total Revenue
General Operations Assessment*	\$ 771.72	\$ 962,094
General Reserves Assessment	736.68	998,201
Future Reserves Assessment	16.80	22,764
Water Reserves Assessment	495.84	671,863
Total Proposed 2025 Assessments	\$ 2,021.04	\$ 2,654,922
	<i>Per Lot</i>	<i>Total Revenue</i>
<i>Dollar change from 2024 Assessments</i>	\$ 43.92	
<i>Percent Change from 2024 Assessments</i>	2%	

2025 Proposed Water Rates

2025 Proposed Water Base Rate & Consumption (Invoiced Quarterly)		
Water Base Rate & Consumption	From Cubic Feet (CF)	2025 Cost
Tier 1 - Base Rate (Quarterly)	0 - 1,800 cu.ft.	\$76.79 / quarter
Tier 2	1,801 - 3,000 cu.ft.	\$4.10 / 100 cu.ft.
Tier 3	above 3,001 cu.ft.	\$5.46 / 100 cu.ft.

Historical Information Regarding Assessments & Water Tiers

	Historical Annual Per Lot Assessments/ Dues			PROPOSED
	2022	2023	2024	2025
Operations	\$ 727.74	\$ 749.40	\$ 764.16	\$ 771.72
Ops Special Assmt	-	-	-	-
General Reserves	655.00	694.32	715.20	736.68
Future Reserves	15.00	15.96	16.32	16.80
Water Reserves	441.00	467.52	481.44	495.84
Total	\$ 1,838.74	\$ 1,927.20	\$ 1,977.12	\$ 2,021.04

For Comparison Purposes, Current Quarterly Water Rate Structure

Water Base Rate & Consumption	2024 Cost
Tier 1 (0 – 1,800 cubic feet)	\$74.07 / quarter
Tier 2 (1,801 - 3,000 cubic feet)	\$3.75 / 100 cu.ft.
Tier 3 (3,001 + cubic feet)	\$5.00 / 100 cu.ft.

Clearwood Community Association
2025 Proposed Consolidated Budget

	General Operations	Water System Operations	Operations Contingency
CCA Revenues			
HOA Operations Dues/Assessments	\$ 962,094	\$ -	\$ -
Water Consumption & Base Rate Income	\$ -	459,877	-
Fines & Fees (Liens/ Renters/ Transfer)	\$ 71,656	-	-
Credit Card Income	\$ 18,027	-	-
Other Income	\$ 43,260	-	300
Cash from Assessments collected in 2025, but billed in prior years	\$ -	-	49,700
Total CCA Revenues	\$ 1,095,037	\$ 459,877	\$ 50,000
CCA Expenditures			
Payroll Expense	\$ 618,950	\$ 111,105	\$ -
Repairs, Maintenance, & Grounds	\$ 138,526	14,588	-
Business Insurance Expense	\$ 72,341	72,341	-
Utilities Expense	\$ 71,154	17,284	-
CC&Rs & Mandates	\$ 85,814	13,786	-
Deputy Sheriff Stipend	\$ 52,376	-	-
Supplies- Other	\$ 43,788	1,787	-
Administration Expenses	\$ 41,716	8,158	-
Legal Expense	\$ 15,000	-	50,000
Executive Assistant- GM Support	\$ 36,800	9,200	-
Regulatory Compliance	\$ 20,142	-	-
Credit Card Fees & Bank Fees	\$ 19,001	-	-
Professional Services	\$ 13,110	-	-
Community Support	\$ 9,480	-	-
Business Taxes	\$ 7,977	29,695	-
Supplies- Chemical	\$ 5,948	24,847	-
Water Management- Contracted	\$ -	-	-
Bad Debt Expense	\$ -	-	-
Allocated Expenses	\$ (157,086)	157,086	-
TOTAL CCA Expenditures	\$ 1,095,037	\$ 459,877	\$ 50,000
Net CCA Operating Income	\$ -	\$ -	\$ -

	<u>Proposed 2025 Budget</u>	<u>Fully Funded+</u>	<u>Percent Funded</u>
<u>General Reserves & Impact Fees Funds</u>			
Forecasted Beginning Cash Balance ⁺	\$ 1,284,476	\$ 9,242,612 ⁺⁺	14%
Dues Income	998,201		
Impact Fee Income	12,000		
Capital Asset Sale	-		
Anticipated Investment Income	5,000		
Anticipated Expenditures	(518,266)		
Forecasted Ending Cash Balance	<u><u>\$ 1,781,411</u></u>	\$ 16,283,086 ⁺	11%
<u>Water System Reserves Fund</u>			
Forecasted Beginning Cash Balance ⁺	\$ -	\$ 5,734,823 ⁺⁺	0%
Dues Income	671,863		
Anticipated Investment Income	-		
Anticipated Expenditures	(73,964)		
Forecasted Ending Cash Balance	<u><u>\$ 597,899</u></u>	\$ 6,858,091 ⁺	9%
<u>Future Reserves Fund</u>			
Forecasted Beginning Cash Balance ⁺⁺	\$ 82,872	<i>not applicable, Futures is for new asset purchases & reserve studies only include current assets</i>	
Dues Income	22,764		
Anticipated Investment Income	-		
Anticipated Expenditures	-		
Forecasted Ending Cash Balance	<u><u>\$ 105,636</u></u>		

⁺2025 Level II "Financial Update with Visual Site Visit" Reserve Study

⁺⁺2024 Level III "Financial Update with No Visual Site Visit" Reserve Study

Go to our website at <http://www.clearwood-yelm.com/>
for a detailed version of the Proposed 2025 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 2025 Level II “Financial Update with Site Visit” Reserve Study issued 08/19/2024, currently meets the requirements of RCW 64.90.550. The 2025 Level II Reserve Study does include a visual on-site inspection. The Association has two separate Reserve Studies; one (1) for the General Reserve 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 II 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 General Reserve & Water Reserve Studies Respectively		
Number of Units:	1,355	
Site Visit Date:	07/22/2024	
Projection Period:	2025 - 2054	
	General Reserve Study	Water Reserve Study
Reserve Account Snap Shot January 1, 2025		
Projected Reserve Balance:	\$1,284,476	\$0
Fully Funded Reserve Balance:	\$16,283,086	\$6,858,091
Percent Funded:	8 %	0 %
Reserve Surplus or (-) Deficit Per Unit:	(\$11,069)	(\$5,061)
Current Monthly Reserve Fund Contribution:	\$82,600	\$54,363
Interest Rate	45.00 %	45.00 %
Inflation Rate	3.00 %	3.00 %
2025 Reserve Contribution Requirements (based on the above position)		
Full Funding		
Monthly Reserve Contribution:	\$82,400	\$40,794
Monthly Reserve Contribution Per Unit (Average):	\$61	\$30
Annual Reserve Contribution Per Unit (Average):	\$732	\$360
Special Assessment Required for this Plan:	\$7,888,589	\$3,061,036
Baseline Funding		
Monthly Reserve Contribution:	\$73,526	\$36,095
Monthly Reserve Contribution Per Unit (Average):	\$54	\$27
Annual Reserve Contribution Per Unit (Average):	\$648	\$324
Special Assessment Required for this Plan:	\$7,888,859	\$3,061,036

Additional Disclosure Per Cedcore General Reserve Study:

Based upon the budget and maintenance practices of the association we have used a funding threshold of \$10,790. Expenses below \$10,790 are not funded within this report and best treated as a maintenance expense. We have included comments within the Component Analysis Section of this report.

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's monthly contribution can remain the same as the 2024 Contribution but will need a series of Special Assessments from 2025 to 2030 totaling \$5,821.84 per Unit to get onto the path to becoming Fully Funded in 2054 and have sufficient funds in the Reserve Account to maintain, repair or replace the Common Elements when needed.

Additional Disclosure Per Cedcore Water Reserve Study:

Based upon the budget and maintenance practices of the association we have used a funding threshold of \$4,169. Expenses below \$4,169 are not funded within this report and best treated as a maintenance expense. We have included comments within the Component Analysis Section of this report.

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 should reduce the contribution by \$9.75 per Unit per month (\$116.95 per Unit per year) but will need a series of Special Assessment over the next 7 years totaling \$2,259.07 per Unit to get onto the path to becoming Fully Funded in 2053 and have sufficient funds in the Reserve Account to maintain, repair or replace the Common Elements when needed.