

<p>[1] Approve</p> <p>[2] Reject</p>	<p>BOARD RESOLUTION NO. 2021-09-01</p> <p>A Resolution to Ratify the 2022 Budget</p>
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Subject to Approval by the Membership at the Annual General Meeting November 6, 2021

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 6, 2021 as the date of the Annual General Meeting of the membership to consider ratification of the 2022 Budget and 2022 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 2022 Budget be ratified by the membership.

Board adopted the following 2022 Budget on September 18, 2021. If this resolution does not pass, then the budget and assessments noted therein ratified at the November 7, 2020 Annual General Meeting, will control.

Assessments are billed on January 1 and due January 30th. Per article IV section 4 of the Bylaws 4 “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.”

2022 Consolidated Budget		
2022 Proposed Annual Assessment Summary		
<i>*which is 90% Collections based on 1355 lots</i>		
	Per Lot	Total Revenue
General Operations Assessment*	\$ 727.74	\$ 887,248
General Reserves Assessment	655.00	887,525
Future Reserves Assessment	15.00	20,325
Water Reserves Assessment	441.00	597,555
Total Proposed 2022 Assessments	\$ 1,838.74	\$ 2,392,653
	<i>Per Lot</i>	<i>Total Revenue</i>
<i>Dollar change from 2021 Dues</i>	<i>\$ 906.86</i>	
<i>Percent Change from 2021 Dues</i>	<i>97%</i>	

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Water Usage & Water Service Fee Calculated and Billed Quarterly			
Water Usage Tier	From Cubic Feet (CF)	Per # CF	Cost per CF
1	0-2500	100	\$2.30
2	2501-3500	100	\$3.45
3	> 3500	100	\$4.55
Water Service Fee	Each Meter	Quarterly	\$35.00

Historical Annual Per Lot Assessments/ Dues									PROPOSED
	2014	2015	2016	2017	2018	2019	2020	2021	2022
Operations	\$ 310.00	\$ 310.00	\$ 310.00	\$ 310.00	\$ 395.00	\$ 395.00	\$ 562.88	\$ 676.10	\$ 727.74
Ops Special Assmt	-	-	-	-	-	-	159.00	-	-
General Reserves	145.00	145.00	145.00	145.00	145.00	145.00	25.00	25.00	655.00
Future Reserves	15.00	15.00	15.00	15.00	15.00	15.00	-	15.00	15.00
Water Reserves	185.00	185.00	185.00	185.00	185.00	185.00	185.00	215.78	441
Total	\$ 655.00	\$ 655.00	\$ 655.00	\$ 655.00	\$ 740.00	\$ 740.00	\$ 931.88	\$ 931.88	\$ 1,838.74

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**Clearwood Community Association
Proposed 2022 Consolidated Budget**

	General Operations	Water System Operations
CCA Revenues		
HOA Operations Dues/Assessments	\$ 887,248	\$ -
Water Consumption Income	-	169,675
Water Service Fee Income	-	176,551
Fees/ Liens/ Renters/ Transfer Fees	49,950	-
Credit Card Income	17,000	-
Other Income	14,300	-
Allocated Water Income	(43,551)	43,551
Total CCA Revenues	<u>\$ 924,947</u>	<u>\$ 389,777</u>
CCA Expenditures		
TOTAL Administration Expenses	\$ 39,606	\$ 8,563
TOTAL Professional Fees	56,191	-
TOTAL Credit Card & Bank Fees	17,700	-
TOTAL Utilities Expense	45,328	16,238
TOTAL Business Insurance Expense	44,642	44,642
TOTAL Supplies	36,990	1,180
TOTAL Chemical Supplies	3,500	35,695
TOTAL Payroll Expense	595,266	52,523
TOTAL Repairs, Maintenance, & Grounds	120,711	9,991
TOTAL Community Support	8,800	-
TOTAL Business Taxes	17,291	23,867
TOTAL Regulatory Compliance	24,441	22,620
TOTAL CCRs & Mandates	54,139	34,800
TOTAL Allocated Expenses	(139,658)	139,658
TOTAL CCA Expenditures	<u>\$ 924,947</u>	<u>\$ 389,777</u>
Net CCA Operating Income	<u>\$ -</u>	<u>\$ -</u>

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	Proposed 2022 Budget	Fully Funded+	Percent Funded⁺
<u>General Reserves & Impact Fees Funds</u>			
Forecasted Beginning Cash Balance ^{**}	\$ 1,689,175	\$ 8,568,498	20%
Dues Income	887,525		
Impact Fee Income			
Capital Asset Sale	-		
Anticipated Investment Income	5,000		
Anticipated Expenditures	<u>(1,353,350)</u>		
Forecasted Ending Cash Balance	<u>\$ 1,228,350</u>	\$ 7,906,766	16%
<u>Water System Reserves Fund</u>			
Forecasted Beginning Cash Balance ^{**}	\$ 1,202,391	\$ 6,071,413	20%
Dues Income	597,555		
Anticipated Investment Income	500		
Anticipated Expenditures	<u>(1,136,425)</u>		
Forecasted Ending Cash Balance	<u>\$ 664,021</u>	\$ 5,311,783	13%
<u>Future Reserves Fund</u>			
Forecasted Beginning Cash Balance ^{**}	\$ 138,877		
Dues Income	20,325		
Anticipated Investment Income	-		
Anticipated Expenditures	-		
Forecasted Ending Cash Balance	<u>\$ 159,202</u>		

^{*}2022 Level II "Update with visual site inspection" Reserve Study

^{**}2022 Forecasted Beginning Cash Balance is as of 08/31/2021

Go to our website at <http://www.clearwood-yelm.com/>
for a detailed version of the Proposed 2022 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 2022 Level II "Update with visual site inspection" Reserve Study with site visit on 03/25/2021, currently meets the requirements of RCW 64.90.550. The 2022 Level II Reserve Study includes a visual on-site inspection. The Association has two separate Reserve Studies; one (1) for the
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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 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.

Number of Units:	1,355	
Site Visit Date:	03/25/2021	
Projection Period:	2022 - 2051	
	Water Reserve Study	General Reserve Study
Reserve Account Snap Shot	January 1, 2022	
Projected Reserve Balance:	\$1,202,391	\$1,689,175
Fully Funded Reserve Balance:	\$6,063,288	\$8,568,498
Percent Funded:	20 %	20 %
Reserve Surplus or (-) Deficit Per Unit:	(\$3,587)	(\$5,077)
Current Monthly Reserve Fund Contribution:	\$14,953	\$2,772
Interest Rate	1.00 %	1.00 %
Inflation Rate	3.00 %	3.00 %
2022 Reserve Contribution Requirements (based on the above position)		
Full Funding		
Monthly Reserve Contribution:	\$44,750	\$85,500
Monthly Reserve Contribution Per Unit (Average):	\$33	\$63
Annual Reserve Contribution Per Unit (Average):	\$396	\$756
Special Assessment Required for this Plan:	\$0	\$0
Baseline Funding		
Monthly Reserve Contribution:	\$42,209	\$71,874
Monthly Reserve Contribution Per Unit (Average):	\$31	\$53
Annual Reserve Contribution Per Unit (Average):	\$372	\$636
Special Assessment Required for this Plan:	\$0	\$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.

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The Association will need to increase contributions by \$15.04 average per Unit per **month** [\$180.48 per Unit annually] to get onto the path to becoming Fully Funded in 2040.

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 \$61.02 per Unit per **month** [\$732.24 per Unit annually] to get onto the path to becoming Fully Funded in 2046.

Go to our website at **<http://www.clearwood-yelm.com/>** for a detailed version of the 2022 Budget and Reserve Study.

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