

## **EAGLES NEST PROPERTY HOMEOWNERS ASSOCIATION AND DESIGN REVIEW COMMITTEE 2022 BUDGET NARRATIVE COMPARED TO 2021**

It is so nice to see all of you. Sorry I could not be there in person.

After I took over the position of treasurer in early 2021 the demands of our family business increased substantially and I realized that it was best for me to serve a one year term. But when I took this important job over, I had the pleasure of inheriting a very solid financial platform from Judy Camp. She has continued to work with me throughout the year. Thank you. I want to also say that George has provided strong leadership in his role as president and was always available to me for guidance. These budgets and the capital expenditure and **reserve** budgets are prepared by board members assigned as owners of each account and are managed throughout the year by that board member called an “account owner”. This makes for very efficient and strong financial management. I am happy to turn over the reins of Treasurer to Mike Dambeck, but first the meat on the bones!

### **Or the part that makes your eyes glaze over as we accountants fear**

The Board of Directors approved the budgets for Eagles Nest Property Homeowners Associations (Eagles Nest) and the Design Review Committee (DRC) at their monthly meeting on December 9, 2021.

The Eagles Nest budget provides for the general operations of the association including common property maintenance and general and administrative expenses. The DRC budget provides for design review for both new construction and as well as modifications to existing homes.

### **ENPHA**

Actual 2021 Revenue totaled \$207K

There was a surplus from Operations at year end. The reason for the surplus is primarily because of the recovery of unpaid dues and fees in the amount of \$8,000, an increase in owners participating in the Noxious Weed Program, saving on Legal expenses as bylaws were updated by Board, and reduced expenditures on Open Space, Entrances & Environmental Accounts.

As a result of Covid and labor shortages, many of the Open Space & Environmental projects were not completed in 2021 therefore the actual spending for Property Expenses was below budget by \$16,000

Any Surplus cash generated from operations is added to the reserve fund for purposes determined by the board.

In 2021 the Board made sure all funds were FDIC insured At the end of 2021 uninsured balances totaled \$79.

Budgeted Revenue for 2022 totals \$203K., Dues remain at \$200 per property per year with no increase since 2015. \$170 allocated for operations and \$30 for Capital and deferred maintenance

Also budgeted is rental for the Verizon cell tower site, revenue from the Noxious Weed Control Program and rental income for the Community Center which has reopened...Recovery of unpaid dues and fees is budgeted at\$3,400.

Actual Operating expenses for 2021 totaled \$164K. Budgeted operating expenses for 2022 total \$202K an increase of 23%. As mentioned before some projects could not be completed in 2021 and are part of the 2022 budget.

In particular are Property Expenses:

The total 2022 Budget for Property Expenses is 121K Which is \$30,200 higher than actual for 2021. Open space & environment includes \$27,000 for fire mitigation behind Two Cabins Drives The fire mitigation project was started in 2021 but was not completed due to labor shortages.

The budget for General and Administrative Expenses for 2022 is \$45k which are aligned with the actual expenses in 2021. No material differences.

The Reserve Fund Balance at the beginning of 2022 was \$301,000, The purpose of the Reserve fund is to protect against fluctuations in Revenue or expenses and to assure ENPHA has sufficient resources to maintain and enhance our assets and common areas.

The allocation of the \$301,000 in the Reserve Fund includes \$167K for Capital and Deferred Maintenance. \$76K for legal contingences, \$5K to cover expenses over revenue from the Noxious Weed Control Program, and \$12K to cover the insurance deductible

The Reserve also includes and an operating Contingency of \$41K Per our budget Philosophies the operating contingency for ENPHA is targeted at 10% to 25% of annual revenue and is available to fund any annual cash deficit. The Operating contingency at the end of 2021 was 23% and budgeted at 22% at the end of 2022.

2022 the Increase to the Reserve fund is the \$30 of our dues, mentioned before, which totals \$24,420 The deferred Maintenance projects planned for 2022 total \$66,700. .The specific projects are listed on the 2022 Budget analysis,

At the end of the 2022 the Reserve fund is budgeted to equal \$258,600

### **Design Review Committee (DRC)**

In 2021 the unanticipated DRC activity for new home construction was the highest since the inception of the DRC in 2000. Revenue increased substantially with a record number of applications The 2022 budget is similar to the budget originally planned for 2021 The projected DRC Reserve of \$53,500 at year end, is to protect against fluctuations in revenue or expenses year to year and to cover any legal issues that might arise..

Detail for all of the information I discussed is on the website. Also the 2021 compilation Statement is under Financial Reports.

Motion to affirm the 2022 Operating budgets as presented.