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# HIGH KNOB HOA

## BUDGET '24-'25

Barry Smith,  
Treasurer



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# OVERVIEW

## Moving towards a balanced budget *but not there yet*

- Based on 2022-2023 *actuals*, 2023-2024 *trends* and projected 2024-2025 *needs* board is proposing a tax increase of 12%
  - \$8.95/month increase for improved lots; \$5.54/month increase for unimproved lots
  - Even with the 12% increase we need to use a \$50k balance from last year's budget to fund 2024-25
- This 2024-2025 budget includes a plan to fund maintenance on existing roads:
  - Four year consistent funding cycle (including inflation) for **road resurfacing** (finish funding and use in 4<sup>th</sup> year)
  - Consistent annual budget for **road leveling**
- Budget also includes:
  - \$44,043 projected contribution for Operating Reserve (getting us to 44% of stated target)
  - \$2,000 earmark for beautification

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# EXCLUSIONS

## What does this budget *not* include?

- No funding for future “new paving for *existing* roads”
  - **Greater priority** is to fund operating reserve which will take *years* (beyond 2028-29 at projected pace).
  - *Very* expensive to fund (and maintain) new roads (project \$900k-\$1m+ to pave remaining roads).
  - Current board is discussing strategies for getting community input on priority/funding and will be a topic for future boards.
- No funding for firewise / chipping

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# HIGH LEVEL FIVE YEAR PLAN

Project lowering tax increase next year and in future years (but keeping ahead of inflation)

*(all future years are merely a broad plan updated annually by the board in place at that time)*

	2024-25	2025-26	2026-27	2027-28	2028-29
Increase	12%	10%	8%	8%	8%
Operating Reserve Contribution	\$44,043	\$12,783*	\$22,750*	\$33,794*	\$45,783*
Operating Reserve %	44%	44%	48%	54%	61%
Resurfacing Fund Balance	\$68,750	\$144,375	\$227,562	<b>\$319,069</b> **	\$87,744

*\* If recent history plays out a surplus may exist to further fund Operating Reserve*

*\*\* This year the reserve would be mostly depleted to resurface road*

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# NEXT STEPS

- Detailed budget will be posted on the web site tomorrow with notes
- Board takes input from tomorrow until December 18<sup>th</sup> via communication through the office
- Board reviews input and meets to formally adopt budget December 18<sup>th</sup> 7:00pm
- After, I send 2024-25 budget proposal to County along with 2025-26 projected budget

x'

**High Knob Owners' Association, Inc.  
FY 2024-2025 Budget Summary  
Rev.**

**Sources of Funds:**

Sanitary District Annual Assessments	\$556,373
Other Revenue (does not include HKUI revenue as we exclude HKUI expense)	\$28,045
Roads Income	\$1,568
Misc./Office Sales	\$625

**Total Sources of Funds** **\$586,612**

**Uses of Funds:**

**Association Operations**

Payroll and Related Expense HKOA	\$238,704
Pool Operations (Contract services, chemicals, water)	\$9,933
Insurance	\$17,655
Professional Services (Legal, audit, taxes, payroll, other)	\$13,393
Office Expenses (Ads, newsletters, website, postage, printing, equipment, and supplies)	\$20,855
Utilities (Phone, electric, propane)	\$19,002
Community Activities	\$3,500
Firewise	\$0
Administrative Expenses (County admin+bank charges+misc.)	\$33,118
Repairs and Maintenance - Clubhouse	\$18,923

**Total Association Operations** **\$375,083**

**Road Expenses**

General Expenses (Vehicle maintenance and fuel)	\$34,227
Road Maintenance (Asphalt patching, gravel, gate repair)	\$27,922
Winter Road Maintenance	\$13,540

**Total Road Expenses** **\$75,689**

**Total Use of Funds** **\$450,772**

**Net Income (Income less expenses)** **\$135,840**

**Projected Cash Reserves as of July 1, 2023** **\$21,436**

**Projected Available Cash (cash reserves plus projected net income)** **\$157,276**

**Proposed Capital Improvement Projects**

Culverts (Per storm water management plan)	\$0
Resealing maintenance on existing roads	\$50,000
Property Improvements (Clubhouse, tennis court, shop, pool)	\$13,046
Equipment Purchases (Tractor and truck payments, other equipment)	\$10,000

Multi-year capital reserve fund for existing road resurfacing (tar and chip) \$68,750

**Total Proposed Capital Improvements** **\$141,796**

**Projected Cash Reserve after Capital Improvements** **\$15,479**

NOTE: This is a summary budget with HKUI excluded. The detailed budget and projected amounts going into reserve funds

**High Knob Owners' Association Budget**

**Note: Non Adjusted Cash Flow Basis**

10/29/2023 Proposed Increase: **12.00%**

Budget **PROPOSED**  
for

Note: Sub totals rounded to nearest dollar, MA= Manually adjusted

Income	Estimated Current No. of lots <i>(Note county will verify numbers in Dec.)</i>	June 2024 - July 2025
	118 Unimproved	\$620
	482 Improved	\$1,002
	28 Exempt from SD fee	\$0
<b>0100 · Sanitary District Tax</b>		<b>\$556,373</b>
<b>0100 - Sanitary District Tax</b>		
<b>Other Revenue/Reimbursements</b>		
	0110 - Road Access Fees	\$325
	0201 - New Construction Road Fee	\$4,600
	0400 - HKUI Payroll Reimbursement	\$134,973
	0504.2 Playground Fundraiser (2022)	\$0
	<b>0600 · Pool</b>	
	0601 · Pool Memberships	\$0
	0602 · Pool Guest	\$1,500
	0603 · Pool Other	\$50
	<b>Total 0600 · Pool</b>	<b>\$1,550</b>
	<b>0700 · Rentals</b>	
	0704 · HKUI Office Rent	\$6,300
	0701 · Apartment Rent	\$14,520
	0702 · Clubhouse Rent	\$750
	<b>Total 0700 · Rentals</b>	<b>\$21,570</b>
	<b>Total Other Revenue/Reimb</b>	<b>\$163,018</b>
<b>0800 · Roads Income</b>		
	0801 · Gate Opener Sales	\$1,442
	0802 · Parking Permit	\$126
	0803 · Performance Bond Claims	\$0
	0804 · Property Owner Claims	\$0
	0805 · Culvert cleaning	\$0
	<b>Total 0800 · Roads Income</b>	<b>\$1,568</b>
<b>0900 · Misc. Office Sales</b>		
	0902 · Homeowner Docs - Welcome Packet	\$600
	0905 - Other-Returned Checks/Wine Glass Sales	\$25
	<b>Total 0900 · Misc. Office Sales</b>	<b>\$625</b>
<b>Total Income</b>		<b>\$ 721,585</b>

**NOTES**

(average monthly cost increase by lot)	
\$	5.54
\$	8.95

Added cost of living increase  
Added max 10% increase in rent to start to adjust for market

**Expense**

Association Expenses

**4100 · Payroll**

4101 · Gross Salaries - OA	\$191,135
4101.1 Gross Salaries - Pool OA	\$10,869

Note: OA=High Knob Property owners, UI = Water utility company

Labor Split for OA @ 63% based on prior years. Removed Pam overlap.

	4102 · Gross Salaries - UI	\$112,254	
	4104 · Gifts - Employee Yearend	\$575	
	4110 · 401K Co Match -OA	\$3,211	401K match is 2.5%.
	4111 · 401K Co Match - UI	\$2,153	401K match is 2.5%.
	4120 · Payroll Taxes - UI	\$11,336	Payroll tax rate 7.65%
	4122 · Payroll Taxes - OA	\$14,488	
	41XX - Medical - OA	\$18,427	Wrap Rate w/o Medical??
	41XX - Medical - UI	\$10,107	Medical pp/pm slightly higher than quote?? Wrap Rate w/Medical??
	<b>Total 4100 · Payroll</b>	<b>\$374,554</b>	
	<b><u>4200 - Pool (Not Including Labor and Monitors)</u></b>		
	4201 · Contract Services	\$1,764	
	4202 · Pool Misc.	\$5,552	
	4203 · Pool Water	\$2,617	
	<b>Total 4200 · Pool</b>	<b>\$9,933</b>	
	<b><u>4300 · Insurance</u></b>		
	4301 - Vehicles	\$2,780	NOTE: % APPLIED TO ACTUAL could go up if we add another truck/ATV
	4302 - Property	\$4,074	Calculations, used actuals from current policy
	4303 · Workers' Comp	\$6,345	NOTE % APPLIED TO ACTUAL, Increased Workman's Comp by 2.5% for new
	4304 · Liability	\$3,455	NOTE % APPLIED TO ACTUAL
	4305 · Dir/For Liability	\$1,001	
	<b>Total 4300 · Insurance</b>	<b>\$17,655</b>	
	<b><u>4400 · Professional Services</u></b>		
<u>Needs board</u>	4401 · Legal	\$3,438	Covance violations, short term reNtal, cutting trees, etc.
	4402 · Accounting, Taxes, Audits	\$6,122	
	4403 - Payroll Processing OA	\$3,148	
	4403UI · Payroll Processing UI	-\$876	
	4400 · Professional Services - Other	\$0	Trying to eliminate "other"
	<b>Total 4400 · Professional Services</b>	<b>\$11,831</b>	
	<b><u>4500 · Office Expenses</u></b>		
	4501 · Advertising	\$6,900	Anticipate adds will be required for roads, and personnel
	4502 · Newsletter/Website	\$3,019	Increase news letters
	4503 · Postage and Delivery	\$2,704	Increase news letters
	4504 - Printing and Reproduction	\$0	Increase news letters
	4505 · Office Supplies/equipment	\$8,232	Network security equipment plus replacement for Pam owned equipment
	<b>Total 4500 · Office Expenses</b>	<b>\$20,855</b>	
	<b><u>4600 - Utilities</u></b>		
Note:100% OA funder	4601 · Telephone	\$2,000	
"	4602 · Electric	\$8,596	
"	4603 · Propane	\$2,406	
"	4604 · Water	\$2,400	
"	4605 - Internet	\$3,600	3 locations vs 1 on 2022-2023 (security cameras)
	<b>Total 4600 - Utility Expenses</b>	<b>\$19,002</b>	
	<b><u>4701 · Community Activities</u></b>		
		\$3,500	ANNUAL? Added 2k for beautification request
	<b>4702 · Firewise</b>	<b>\$0</b>	removed by Board on 11/08/21 for 2022-2024
	<b><u>4800 · Administration/Notes</u></b>		



Charges?	4801 · County Admin Expenses	\$28,169	based on past rates of 5% , no increase, plus \$350 fee (01/05/23)
	4802 - Interest Paid		
	4804 · Bank Charges	\$250	
	4805 - Investment Fees	\$3,339	(265*12*5%)
	4807 · Miscellaneous	\$1,361	401K Plan & HR Admin Fees
	<b>Total 4800 · Administration/Notes</b>	<b>\$33,118</b>	
	4901 · Repair & Maintenance	\$8,750	Adjusted to more closely match actuals and projections
	<b>4900 - Clubhouse Maintenance</b>		
	4902 · Appliance purchases	\$1,500	New Refrigerator will be needed PER JERRY? Buy in 2023?
	4903 · Landscaping	\$8,673	Tree removals on HK property as well as front gate, clubhouse, etc.
	<b>Total 4900 - Clubhouse Maintenance</b>	<b>\$18,923</b>	
	5800 - Taxes	\$686	
	<b>Total Association Expenses</b>	<b>\$510,057</b>	
<b>Road Expenses</b>			
	<b>7100 - General Road Expenses (Machinery)</b>		
	7101 - Tractor / Truck Repair Maintenance	\$23,328	Trucks are getting older, especially dump truck repairs, \$100k+ used
	7102 · Fuel	\$8,316	
	7104 · Bobcat	\$2,333	
	7105 · Miscellaneous	\$250	
	<b>Total 7100 · General Road Expenses</b>	<b>\$34,227</b>	
	<b>7200 · Road Maintenance</b>		
	7201 · Asphalt Patching	\$3,000	
	7204 · Gravel ( incl Contractor labor)	\$18,102	Dirt Roads maintance, not for snow/ice
	7205 - Gate Maint. Repairs (incl openers for stock)	\$4,320	No New Gates budgeted
	7206 · Road Signs and Safety	\$2,500	
	<b>Total 7200 · Road Maintenance</b>	<b>\$27,922</b>	
	<b>7300 · Winter Maintenance</b>		
	7301 - Contract Labor	\$4,840	
	7302 - Gravel Salt for Spreader	\$4,600	Snow and Ice related
	7304 · Plow/Repairs	\$2,420	
	7305 · Miscellaneous	\$1,680	Shop supplies, etc. Should have it's own line in future.
	<b>Total 7300 · Winter Maintenance</b>	<b>\$13,540</b>	
	<b>Total Road Expenses</b>	<b>\$75,689</b>	
	<b>Total Association and Road Expenses</b>	<b>\$585,745</b>	
	<b>Net Ordinary Income (Cash Available for Capital Expenditures)</b>	<b>\$135,840</b>	
	<b>8000 - Capital Improvements</b>		
	8100 Road Improvements (patching/leveling)	\$50,000	Annual \$50k for patching/leveling. **MAY** go down eventually.

NEW LEDGER ACCOUNT for RESERVE FUND contribution (2023 \$250k / 4 + 10% for a 3+1 year reserve -- use in 4th year). \*\*MAY\*\* be five or six year over time based on resurfacing strategy.

Good current stock due to previous bulk buy

8100.1 Road Maintenance (resurfacing RESERVE FUND contribution)	\$68,750
8101 - Culverts including labor	\$0
<b>Total 8100 - Road Improvements/Maintance</b>	<b>\$118,750</b>

**8200 - Clubhouse Property Improvements**

8210 - Building improvements (Roof, HVAC, Shop Other Structures, Tennis Court, etc.)	\$11,880
8250 - Pool Upgrades and Equipment Replacements	\$1,166
<b>Total 8200 - Clubhouse Property Improvements</b>	<b>\$13,046</b>

**8300 Equipment Purchases and Replacements**

8310 - General Equipment	\$10,000
8321 - JD Tractor PAID OFF	\$0
8322 - Ford Truck Payment	\$0
<b>Total 8300 - Equipment Purchases</b>	<b>\$10,000</b>

line item can be deleted in next budget cycle?

Paid off in Nov. of 2022

**Total Capital Improvements** **\$141,796**

**TOTAL EXPENSES** **\$727,542**

**Projected End of FY Cash Status**

	2024-2025
Net Income Before Capital Improvements	\$135,840
Less Capital Improvements	\$141,796
<b>Projected Net 23-24 Income After Capital</b>	<b>-\$5,957</b>
Projected Cash Balance Carried Over from Previous Years	\$50,000
	\$0
<b>Projected Cash Status after Capital Improvements End of FY</b>	<b>\$44,043</b>
Unanticipated expenses in current budget year (Playground)	\$0
<b>CASH position projection after unanticipated</b>	<b>\$44,043</b>

\$50k surplus taken from 2022-2023

Remaining funds to go into Operating Reserve fund

<b>Amount to go into OPERATING RESERVE</b>	<b>\$44,043</b>
<b>Amount to go into CAPITAL RESERVE [taken from 8100]</b>	<b>\$68,750</b>

Edward Jones Balances		future projection
Capital Reserve Fund	Note: Replacement equipment, additions to facilities, new paving, emergency repairs, unanticipated expenses, etc.	\$234,005
Operating Reserve Fund		\$121,873
Capital + Operating	Note: When this was established by past boards, a min value is 50% of Taxes received was the goal (due Oct 2023) <b>New CD investment</b>	\$355,878 \$0
<b>Total Reserves + CD's</b>		<b>\$355,878</b>

DO NOT be mislead by those that add all the account together and describe it a available CASH. While the funds as represented are in the accounts as shown, they are not available for any expenditure one choses. Past and current boards have deliberately identified specific purposes and policies for these funds. The property owners association has specific anticipated expenses to pay for which require portions of these funds. Just as ones house hold budget has to look at household income verses actual and anticipated expenses to determine what if any funds are available. The board has to do the same to determine what amount of funds could be allocated for new expenditures. Further any deviation from the submitted budget to the county could be subject to review and justification to the county as part of there oversight efforts and require there approval.

37% reflects the projected ratio of the Operating fund to the previously established long term goal of 50% of the annual tax revenue at the end of 2023-2024 year (to avoid confusion we need this number at 100%)