

**Summary Comments Relative to the High Knob Proposed Budget
(July 1st, 2023, to June 31st, 2024)**

The proposed annual fee increase is 15.8%, (\$ 895 per improved lot = an annual increase of \$122.13 from last year). The proposed budget considers multiple factors which has influenced the proposed increase for the 2023-2024 year. The proposed budget and its associated increase were primarily driven by four primary factors:

1. Increased costs required to maintain what we have (our staff, maintenance of our roads, aging facilities, and associated equipment).
2. Funds for sealing and resurfacing of our existing paved roads which must be done every three years. In review of past budgets, the budget increases were not significant to cover this cost resulting in insufficient funds being set aside, which the new budget now must cover to avoid risking decay of our existing roads.
3. Funds allocated to our operating and capital expense reserves based on previously defined (but recently unfunded) fiscal policy to avoid future spikes in required revenue. (While this had been done for years the funds have been reduced in past years due to insufficient annual allocation.)
 - a. The Operating reserve is critical to handle unforeseen cashflow expenses such as when we receive later than planned our tax payments from the County, unexpected timing of bills, etc.
 - b. Capital reserves are critical to smooth out future budget spikes, unplanned equipment, or facilities repairs, to make investment in large projects such as our stated plan for future “new” road paving, etc.
4. Eliminating the fees associated with pool membership and offering this to all residents.

Four published public meetings have been held so far this year allowing for both in person and by Zoom participation. These meetings were held to give the community transparency into the Boards decision process and for gathering community input. These were all critical steps in trying to develop a reasonable budget.

If you have questions or comments, please come to the Final Board Meeting for the budget on Dec 21st at 7:00PM. A notice with the Zoom link will be sent out as we have done in the past, we need your input!

Our priorities in developing this budget and future years budget were first to maintain our existing infrastructure and facilities, second documenting our actions and third proper planning for known and proposed future major expenses. As a result of these efforts, we now have for the first time developed an analysis tool by month for all planned annual expenses and income sources. We are currently using this tool with our audited accounting system in this budget year.

We also have made significant progress in the development of a sound draft of a five-year plan, critical to our being able to identify annual spikes in expenses which will affect our required revenue. The goal of the five-year plan is to eliminate future unplanned spikes in our annual fee. While it appeared in our research some past boards may have at times tried to consider this for the upcoming year, we could not find sufficient documentation to be of assistance in our efforts.

We are proud to now provide documentation for the public and for future boards, with tools to track it and the data. These have been created as best one can when dealing with future estimates. If the plan is followed, we believe we can level out the annual increases and put sufficient funds earmarked for specific community goals each year. This rolling five-year plan will of course need to be reviewed and updated by each future Board/Treasurer every year to ensure annual changes such as inflation are properly accounted for.

High Knob Owners' Association proposed Budget v1 for 2023-2024

Jul 2023 - Jun 2024 **BOARD PROPOSED BUDGET FOR 2023-2024**

Note: **Non Adjusted Cash Flow Basis**

11/21/22 Proposed Increase: **15.80%**

Budget approved for

Estimated

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

Income	Estimated Current	2022-2023 (Current Year)	2021-2022 Actuals as of June 30, 2022	2023-2024 Budget	Increase %	Change in Actual Dollars
	No. of lots (Note county will verify numbers in Dec.)					
	120 Unimproved	\$478		\$554	15.80%	\$75.52
	481 Improved	\$773		\$895	15.80%	\$122.13
	28 Exempt from SD fee	(Previous year lot #)	\$0	\$0		
0100 · Sanitary District Tax		\$427,108		\$496,982		\$69,874.33
0100 - Sanitary District Tax			\$387,198			
Other Revenue/Reimbursements						
0110 - Road Access Fees		\$325	\$4,763	\$325	MA	\$0.00
0201 - New Construction Road Fee		\$4,600	\$9,200	\$4,600	MA	\$0.00
0400 - HKUI Payroll Reimbursement		\$119,141	\$89,393	\$133,877	5.00%	\$14,736.09
0504.2 Playground Fundraiser (2022)		\$5,000	\$1,575	\$0	MA	
0600 · Pool						
0601 · Pool Memberships		\$8,500	\$8,805	\$0	MA	
0602 · Pool Guest		\$1,500	\$2,589	\$1,500	MA	
0603 · Pool Other		\$50	\$20	\$50	MA	\$0.00
Total 0600 · Pool		\$10,050	\$11,414	\$1,550		\$0.00
0700 · Rentals						
0704 · HKUI Office Rent		\$6,000	\$6,000	\$6,000	0.00%	\$0.00
0701 · Apartment Rent		\$13,200	\$13,200	\$16,500	25.00%	\$3,300.00
0702 · Clubhouse Rent		\$1,000	\$600	\$1,000	0.00%	\$0.00
Total 0700 · Rentals		\$20,200	\$19,800	\$23,500		\$3,300.00
Total Other Revenue/Reimb		\$154,316	\$136,144	\$163,852		\$9,536.09
0800 · Roads Income						
0801 · Gate Opener Sales		\$1,236	\$3,190	\$1,335	8.00%	\$98.88
0802 · Parking Permit		\$100	\$285	\$108	8.00%	\$8.00
0803 · Performance Bond Claims		\$0	\$0	\$0		
0804 · Property Owner Claims		\$0	\$800	\$0		
0805 · Culvert cleaning		\$0	\$0	\$0	0.00%	\$0.00
Total 0800 · Roads Income		\$1,336	\$4,275	\$1,443		\$106.88
0900 · Misc. Office Sales						
0902 · Homeowner Docs - Welcome Packet		\$523	\$770	\$800	MA	\$277.00
0905 - Other-Returned Checks/Wine Glass Sales		\$52	\$5	\$25	MA	-\$27.00
Total 0900 · Misc. Office Sales		\$575	\$775	\$825	0.00%	\$250.00
Total Income		\$583,335	\$28,392.77	\$663,102.30		\$79,767.30

NOTES

(average monthly cost increase by lot)	
\$	6.29
\$	10.18

Awaiting final. Numbers from the county for 2022, to verify

Under Actuals, Fund raiser just started in late 2022 not full amount

UPDATE, No pool fees for residences who's taxes are paid

Recommend No projected increase this budget
Past Rent well below market (recommend \$1375 per month)
Recommend No projected increase this budget, common room area

Projected to increase due to gate code change

homeowner reimbursement for property damage

Expense

Association Expenses

4100 · Payroll

4101 · Gross Salaries - OA	\$170,304	\$115,481	\$192,928	8.00%	\$22,624.32
4101.1 Gross Salaries - Pool OA	\$9,584	\$13,868	\$10,351	8.00%	\$766.72
4102 · Gross Salaries - UI	\$94,790	\$78,928	\$108,373	8.00%	\$13,583.20
4104 · Gifts - Employee Yearend	\$575	\$250	\$575	MA	\$0.00
4110 · 401K Co Match -OA	\$3,993	\$3,583	\$4,312	8.00%	\$319.44
4111 · 401K Co Match - UI	\$2,100	\$2,458	\$2,268	8.00%	\$168.00

Note: OA=High Knob Property owners, UI = Water utility company
also includes 25% of full time for overlap of new hire transition at 60%
Reflects Special run, accounts for split year
also includes 25% of full time for overlap of new hire transition at 40%

401K match is 2.5%

4120 · Payroll Taxes - UI	\$9,996	\$6,669	\$10,796	8.00%	\$799.68	Payroll tax rate 7.65%	
4122 · Payroll Taxes - OA	\$12,776	\$9,639	\$13,798	8.00%	\$1,022.08	<i>fixed previous copy error</i>	
41XX - Medical - OA	\$15,798	\$0	\$17,062	8.00%	\$1,263.84	Wrap Rate w/o Medical	
41XX - Medical - UI	\$8,665	\$0	\$9,358	8.00%	\$693.20	Medical pp/pm slightly higher than quote	
Total 4100 · Payroll	\$328,581	\$230,876	\$369,821		\$41,240.48	Wrap Rate w/Medical Sub totals rounded to nearest dollar	
4200 - Pool (Not Including Labor and Monitors)							
4201 · Contract Services	\$1,663	\$240	\$1,713	3.00%	\$49.89		
4202 · Pool Misc.	\$4,991	\$4,163	\$5,390	8.00%	\$399.28		
4203 · Pool Water	\$2,353	\$1,152	\$2,541	8.00%	\$188.24		
Total 4200 · Pool	\$9,007	\$5,555	\$9,644		\$637.41		
4300 · Insurance							
4301 - Vehicles	\$1,410	\$683	\$1,523	8.00%	\$112.80		
4302 - Property	\$3,493	\$4,082	\$3,772	8.00%	\$279.44	Calculations, used actuals from current policy	
4303 · Workers' Comp	\$2,557	\$3,298	\$2,767	8.00%	\$209.67	Increased Workman's Comp by 2.5% for new Employee and 3% annual	
4304 · Liability	\$2,727	\$2,648	\$2,945	8.00%	\$218.16		
4305 · Dir/For Liability	\$858	\$1,873	\$927	8.00%	\$68.64		
Total 4300 · Insurance	\$11,045	\$12,584	\$11,934		\$888.71		
4400 · Professional Services							
4401 · Legal	\$2,500	\$1,201	\$2,750	10.00%	\$250.00		
4402 · Accounting, Taxes, Audits	\$5,300	\$10,650	\$5,830	10.00%	\$530.00	"Actuals" as reported covered 2 years	
4403 · Payroll Processing OA	\$3,591	\$2,974	\$3,212	8.00%	-\$379.24	Actual * percent increase	
4403UI · Payroll Processing UI	\$3,590	\$2,854	\$3,082	8.00%	-\$507.99	Actual * percent increase	
4400 · Professional Services - Other	\$956	\$60	\$860	-10.00%	-\$95.60		
Total 4400 · Professional Services	\$15,937	\$17,738	\$15,734		-\$202.84		
4500 · Office Expenses							
4501 · Advertising	\$4,000	\$2,465	\$4,600	15.00%	\$600.00	Anticipate adds will be required for roads, and personnel	
4502 · Newsletter/Website	\$2,500	\$1,755	\$2,875	15.00%	\$375.00	Increase news letters	
4503 · Postage and Delivery	\$2,137	\$911	\$2,458	15.00%	\$320.55	Increase news letters	
4504 · Printing and Reproduction	\$500	\$0	\$575	15.00%	\$75.00	Increase news letters	
4505 · Office Supplies/equipment	\$4,200	\$5,775	\$5,880	40.00%	\$1,680.00	Network security and increased costs	
Total 4500 · Office Expenses	\$13,337	\$10,906	\$16,388		\$3,050.55		
4600 - Utilities							
Note:100% OA funded	4601 · Telephone	\$3,000	\$1,873	\$3,240	8.00%	\$240.00	Includes 1/2 of cell phones
"	4602 · Electric	\$4,500	\$9,100	\$10,920	20.00%	\$6,419.77	Current USG estimated increase * actuals 21-22
"	4603 · Propane	\$2,000	\$2,510	\$3,212	28.00%	\$1,212.39	Current USG estimated increase * actuals 21-22
"	4604 - Water	\$1,200	\$2,269	\$1,296	8.00%	\$96.00	
"	4605 - Internet	\$1,500	\$986	\$4,500	200.00%	\$3,000.00	3 locations vs 1 on 2022-2023 (security cameras)
Total 4600 - Utility Expenses	\$12,200	\$16,738	\$23,168		\$10,968.16		
4701 · Community Activities	\$1,500	\$512	\$1,500	MA	\$0.00	COVID effected last years budget too	
4702 · Firewise	\$0	\$12,800	\$0	MA	\$0.00	removed by Board on 11/08/21 for 2022-2024	
4800 · Administration/Notes							
4801 · County Admin Expenses	\$24,482	\$21,579	\$40,109	calc	\$15,626.59	based on past rates of 5% increasing to 8%?, plus \$350 fee -TBD	
4802 - Interest Paid	\$0	\$22					
4804 · Bank Charges	\$250	\$84	\$250	0.00%	\$0.00		
4805 - Investment Fees	\$0	\$3,727					

4807 · Miscellaneous	\$1,200	\$0	\$1,296	8.00%	\$96.00	401K Plan & HR Admin Fees
Total 4800 · Administration/Notes	\$25,932	\$25,412	\$41,655		\$15,722.59	
4901 · Repair & Maintenance	\$7,000	\$5,925	\$7,000	0.00%	\$0.00	Maintance & Required deck & stairs replacement (Club House)
4900 - Clubhouse Maintenance						
4902 · Appliance purchases	\$1,500	\$0	\$1,500	0.00%	\$0.00	New Refrigerator will be needed.
4903 · Landscaping	\$6,000	\$1,062	\$6,000	0.00%	\$0.00	Tree removals on HK property as well as front gate, clubhouse, etc.
Total 4900 - Clubhouse Maintenance	\$14,500	\$6,988	\$14,500		\$0.00	
5800 - Taxes	\$605	\$576	\$622	8.00%		
Total Association Expenses	\$432,644	\$40,683.28	\$504,966		\$72,322.15	
Road Expenses						
7100 - General Road Expenses (Machinery)						
7101 - Tractor / Truck Repair	\$20,000	\$14,633	\$21,600	8.00%	\$1,600.00	Trucks are getting older, especially dump truck repairs, \$100k+ used actual from 20-21*25% (Jerry recommended higher, diesel)
7102 · Fuel	\$6,160	\$4,872	\$6,090	25.00%	-\$70.03	used actual from 20-21*8%
7104 - Bobcat	\$2,000	\$506	\$547	8.00%	-\$1,453.44	
7105 · Miscellaneous	\$250	\$0	\$0	0.00%	-\$250.00	
Total 7100 · General Road Expenses	\$28,410	\$20,011	\$28,237		-\$173.47	
7200 · Road Maintenance						
7201 · Asphalt Patching	\$4,000	\$0	\$2,000	-50.00%	-\$2,000.00	Pot holes, etc. Water company pays for repairs related to new lines.
7204 · Gravel (incl Contractor labor)	\$30,000	\$12,823	\$14,747	15.00%	-\$15,253.24	Dirt Roads maintance, not for snow/ice (21-22 ACTUAL*8%)
7205 - Gate Maint. Repairs (incl	\$4,000	\$3,217	\$4,320	8.00%	\$320.00	No New Gates budgeted
7206 · Road Signs and Safety	\$2,000	\$2,395	\$2,000	0.00%	\$0.00	
Total 7200 · Road Maintenance	\$40,000	\$18,436	\$23,067		-\$16,933.24	
7300 · Winter Maintenance						
7301 · Contract Labor	\$4,000	\$3,340	\$4,400	10.00%	\$400.00	
7302 - Gravel Salt for Spreader	\$4,000	\$2,904	\$4,600	15.00%	\$600.00	Snow and Ice related
7304 · Plow/Repairs	\$2,000	\$1,101	\$2,200	10.00%	\$200.00	
7305 · Miscellaneous	\$1,200	\$479	\$1,200	0.00%	\$0.00	Shop supplies, etc.
Total 7300 · Winter Maintenance	\$11,200	\$7,824	\$12,400		\$1,200.00	
Total Road Expenses	\$79,610	\$46,271	\$63,703		-\$15,906.71	
Total Association and Road Expenses	\$512,254	\$386,954	\$568,669	11.01%	\$56,415.44	YELLOW - Increased % over current budget
Net Ordinary Income (Cash Available for Capital Expenditures)	\$71,081	\$141,438	\$94,433		\$23,351.86	
8000 - Capital Improvements						
8100 Road Improvements (patching/resurfacing)	\$50,000	\$71,851	\$231,000	MA	\$181,000.00	Roads added since last sealing + 40% increase in cost (Every 3 years required) petroleum main cost influence, \$0 for new roads
8101 - Culverts including labor	\$0	\$0	\$0	MA	\$0.00	Good current stock due to previous bulk buy
Total 8100 · Road Improvements/Maintance	\$50,000	\$71,851	\$231,000		\$181,000.00	
8200 - Clubhouse Property Improvements						

8210 - Building improvements (Roof, HVAC, Shop Other Structures, Tennis Court, etc.)	\$11,000	\$11,182	\$11,000	MA	\$0.00
8250 - Pool Upgrades and Equipment Replacements	\$1,000	\$0	\$1,080	8.00%	\$80.00
Total 8200 - Clubhouse Property Improvements	\$12,000	\$11,182	\$12,080		\$80.00
8300 Equipment Purchases and Replacements					
8310 - General Equipment	\$5,000	\$18,832	\$10,000	MA	\$5,000.00
8321 - JD Tractor PAID OFF	\$0	\$0	\$0		\$0.00
8322 - Ford Truck Payment	\$5,800	\$5,713	\$0	0.00%	-\$5,800.00
Total 8300 - Equipment Purchases	\$10,800	\$24,545	\$10,000		-\$800.00
Total Capital Improvements	\$72,800	\$107,579	\$253,080		180,280.00
TOTAL EXPENSES	\$585,054	\$821,749	40%		236,695.44

Normal maintenance, painting & Shop video security addition this year. Painting of Shop building (\$5K).

Ride on mower (One person to cut grass vs 3 men with push mowers) line item can be deleted in next budget cycle.
Paid off in Nov. of 2022

The 40% increase is ONLY for 2023-2024, primarily due to REQUIRED expense to resurface/reseal roads, followed by fuel and gravel increases.

Projected End of FY Cash Status

	2022-23		2023-24	
Net Income Before Capital	\$71,081	\$141,438	\$94,433	
Less Capital Improvements	\$72,800	\$107,579	\$253,080	
Projected Net 21-22 Income After	-\$1,719	\$33,860	-\$158,647	
Projected Contribution to Capital	\$0		\$0	
Projected Cash Balance Carried Over from Previous FY2021-2022		\$175,000	\$50,000	part of 175k carried over from 2020- 2021
			\$125,000	part of 175k carried overs from 2020- 2021 (CD Matures Oct. 2023)
Projected Cash Status after Capital Improvements End of FY	-\$1,719	\$33,860	\$16,353	Note: Remaining carry over from 2020-2021
Unanticipated expenses in current budget year (Playground)	\$5,000		\$0	
CASH position projection after	-\$6,719	\$33,860	\$16,353	Remaining funds to go into Operating Reserve fund to replace funds used for 8100

Edward Jones Balances		As of 10/30/22	future projection
Capital Reserve Fund	Note: Replacement equipment, additions to facilities, new paving, emergency repairs, unanticipated expenses, etc.	\$135,327	\$135,327
Operating Reserve Fund	Note: When this was established by past boards, a min value is 50% of Taxes received was the goal (\$249k) (only at approx. 29% for 2022-2023)	\$73,231	\$89,584
Capital + Operating		\$208,559	\$224,912
	(due Oct 2023) New CD investment	\$125,000	\$0
Total Reserves + CD's		\$333,559	\$224,912

DO NOT be misled 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.

18% 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.