Sweetwater

At Rocky Point A Waterfront Community

Annual Budget Meeting

Agenda

- Operating Expenses
- Operating Expenses Budget 2025
- Reserve Study
- Annual Reserve Contributions
- Annual Dues
- Annual Dues Escalation

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Operating Expenses

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Category	Budget	2024 Nov Actual	Proposed 2025 Budget
Administrative	$35,348	$49,477	$35,000
Lawn/Irrigation/Gate	$14,250	$22,536 (includes CAPEX)	$14,250
Insurance	$9,000	$7,764	$15,000
Repairs	$15,150	$1,265	$5,000
Utilities	$18,100	$22,940	$17,860
Total	$91,848	$103,984	$87,110

Variance:

- Admin expense includes one time legal expenses ($33k) that should be covered by insurance
- Lawn/Irrigation/Gate: Includes CAPEX expenditures funded from operating expense for irrigation repairs ($3k) and new gate controller ($5k), offset by savings in repairs (reclass).
- Insurance: Rate increase
- Utilities: Major issue with water bill. Reduce watering, funded repairs. Reduce internet to $360/yr

Current Assets

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Asset Number	Category	Component Title	Estimated Useful Life	Remaining Useful Life	Current Replacement Cost
1	Common Area	Private Streets - Mill & Overlay	30	28	$336,000
2	Common Area	2 Culverts (Maintaned this Fall)	20	0	$70,000
3	Common Area	Culverts Group 1, 5 Units	20	15	$150,000
4	Common Area	Culverts Group 2, 5 Units	20	10	$150,000
5	Common Area	Culverts Group 3, 5 Units	20	5	$150,000
6	Common Area	Concrete Curbs and Gutters	50	28	$331,200
7	Common Area	Concrete Sidewalks Group 1	50	37	$94,500
8	Common Area	Concrete Sidewalks Group 2	50	30	$94,500
9	Common Area	Concrete Sidewalks Group 3	50	22	$94,500
10	Common Area	Concrete Sidewalks Group 4	50	15	$94,500
11	Common Area	Concrete Sidewalks Group 5	50	7	$94,500
12	Common Area	Fences (Metal)	35	12	$3,900
13	Common Area	Fountain	15	5	$8,000
14	Common Area	Gate Entry System	10	10	$6,500
15	Common Area	Gate Operators Group 1	10	1	$8,000
16	Common Area	Gate Operators Group 2	10	5	$8,000
17	Common Area	Gate Operators Group 3	10	7	$8,000
18	Common Area	Gates (Metal)	25	10	$27,000
19	Common Area	Irrigation	5	5	$3,000
20	Common Area	Pavers/Masonry	20	13	$18,690
21	Common Area	Perimeter Walls	5	5	$11,000
22	Common Area	Security System	10	1	$10,000
23	Common Area	Signage Entry	20	8	$15,000
24	Common Area	Street Signs	20	10	$8,500
25					

Changes from prior study:
- Culvert relining based on 2024 cost estimate (We will spend $70k to line two units this fall)
- We have 17 in the neighborhood
- Approaching end of life 50 years and community is 45 years old
- 80% are in great shape
- Old study was flawed and budgeted $45k every 5 years
- Address in groups of 5 over 20 year period
- $520k budget across 20 years vs. current study @ $180k

Funding Study @ Budgeted Contibution

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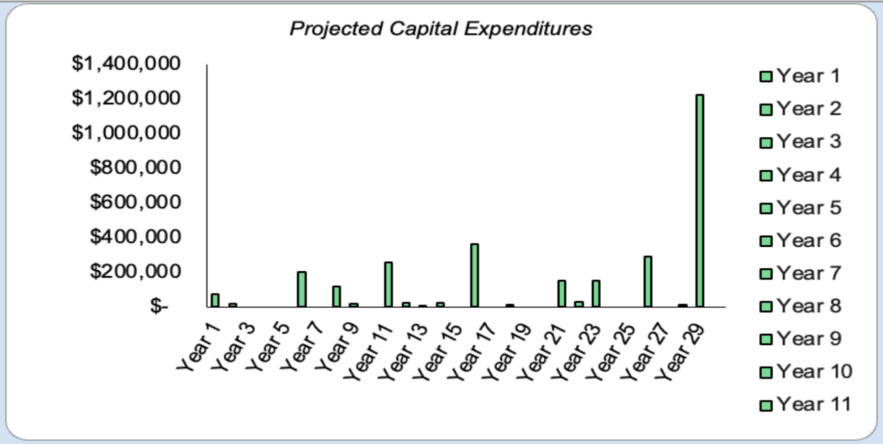
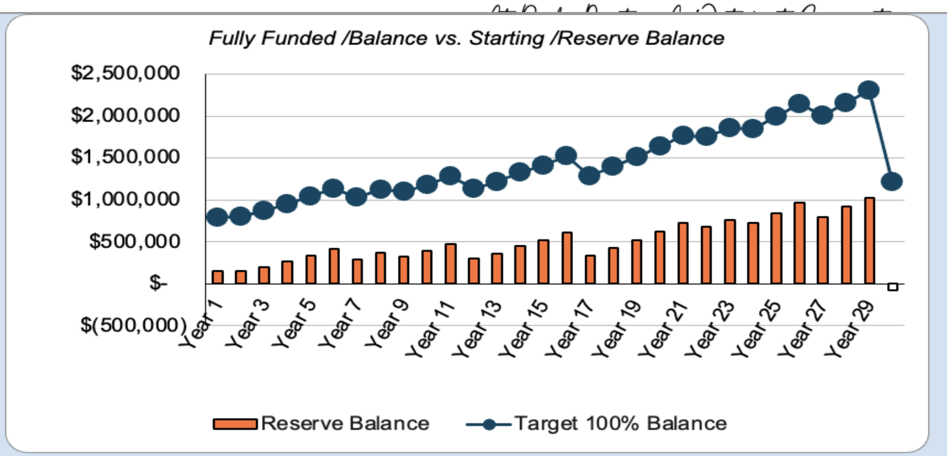
CAPITAL RESERVE FUND ANALYSIS

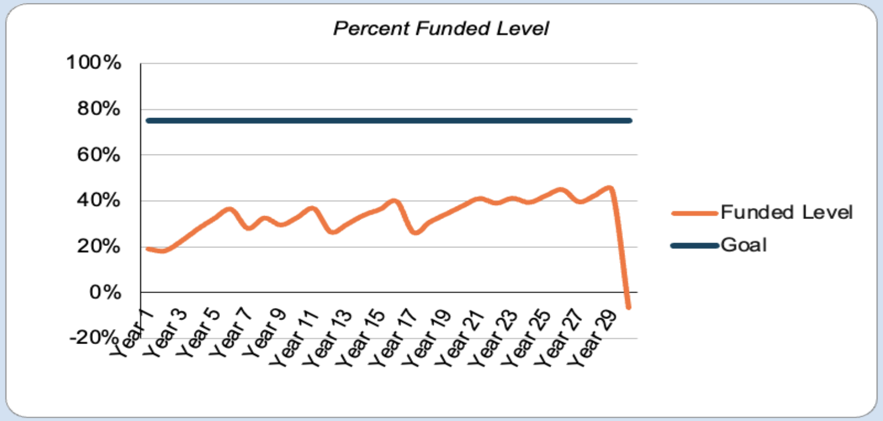
ASSOCIATION INFORMATION	
Community Name:	Sweetwater Creek
Project address:	
Community Age:	45
No. of Units:	129

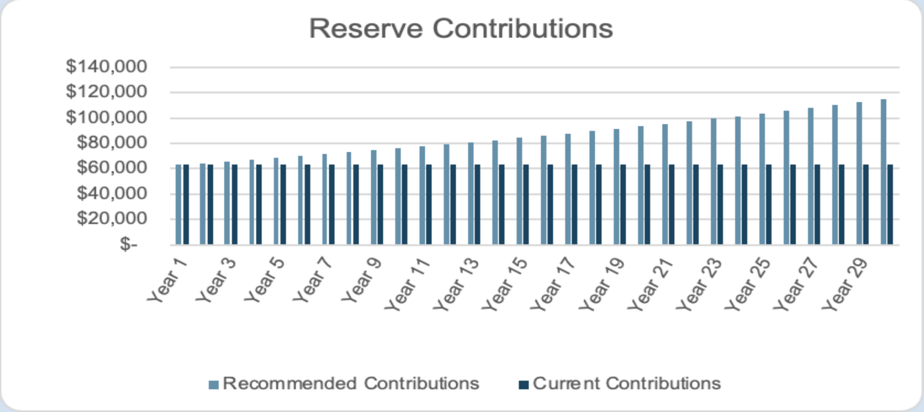
FINANCIAL INFORMATION		
Starting Balance:	$	151,618
Annual Contribution:	$	62,952
Annual Interest:		1.7%
Inflation Factor:		2.1%

RESERVE FUNDING REQUIREMENTS		
Starting Reserve Balance	$	151,618
Required Reserve Balance	$	792,326
Percent Funded Calculation		19%
Current Annual Reserve Deposit	$	62,952









Assumes an annual contribution increase @ inflation of 2.1% and 1.7% return on invested reserves. No shortfall until year 30, but funding level averages 35% across the period.

Funding Study @ Slight Increase

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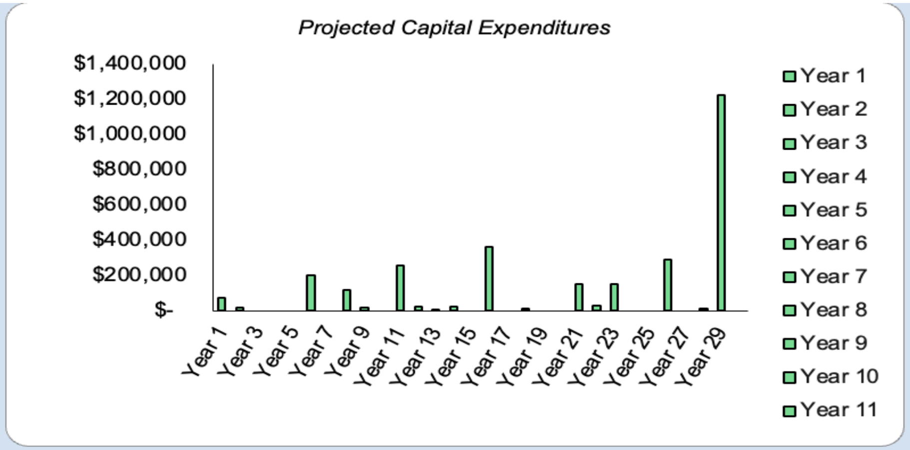
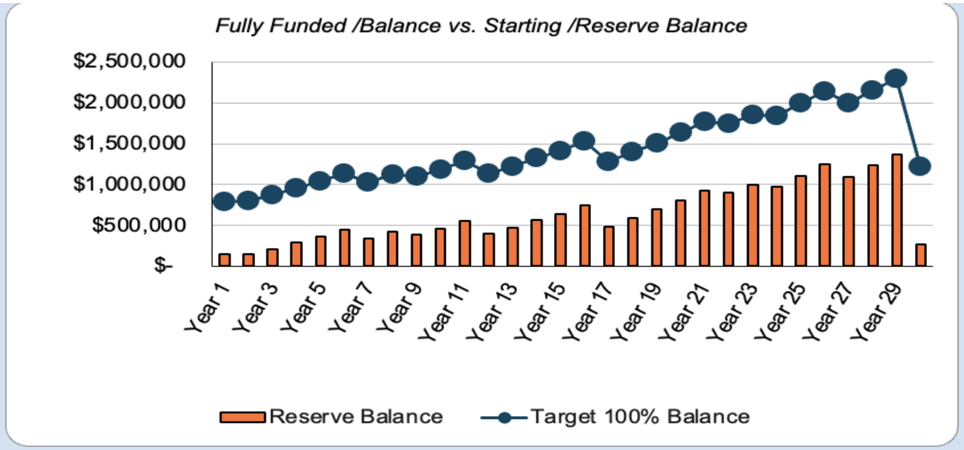
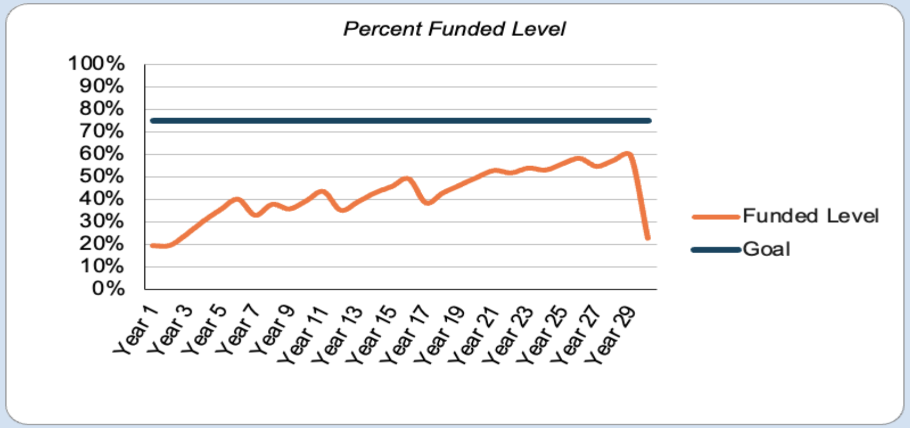
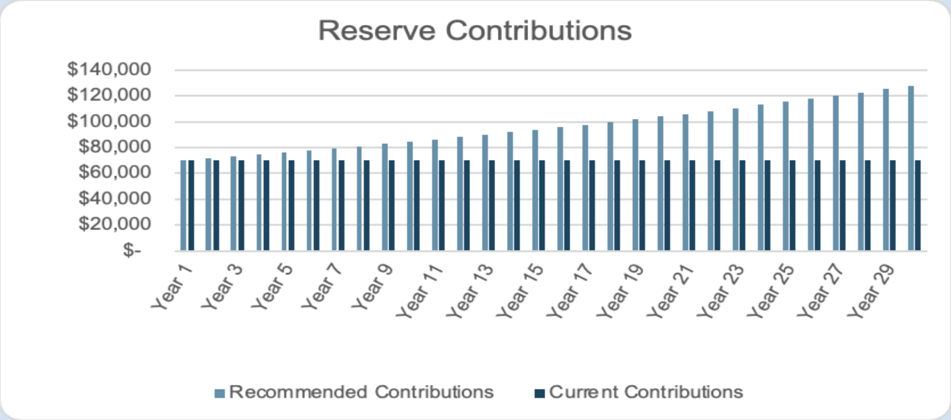
Percent Funded Calculation		19%
Current Annual Reserve Deposit	$	70,000









Increasing contribution to $70k and inflation based annual increase, mitigates possibility of special assessments and eliminates any funding shortfall. Reserves average closer to 40% (can influence property values).

Recommendation

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- Keep operating expenses to $87k
  - Leaves up to $67k to contribute to reserves
- What is minimum amount of funding to prevent funding shortfall?
  - $64,500 → we would reach a critical level of funding in 2054
  - We would meet all obligations
- Remember… this is all based on assumptions and the assumptions from 2019 study were flawed

To fund at $64.5k + inflation, we can keep dues at the current level assuming there is an escalation clause tied to CPI

Reserve Study Based on $64,500

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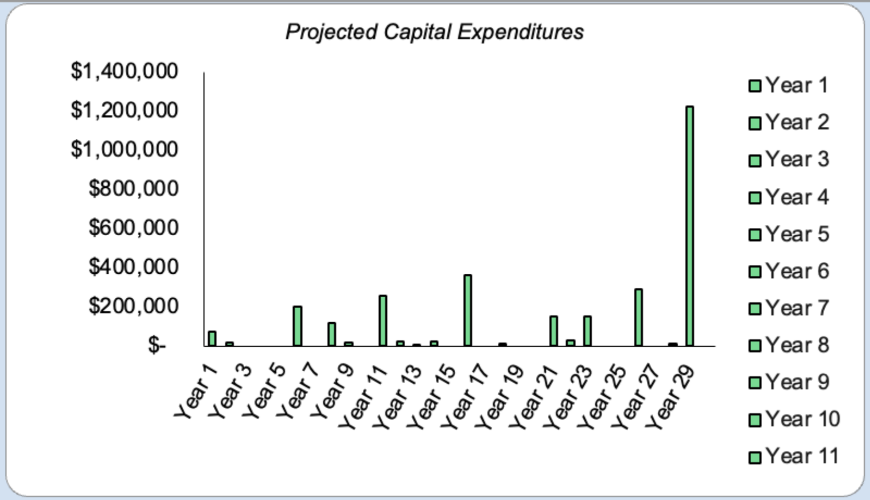
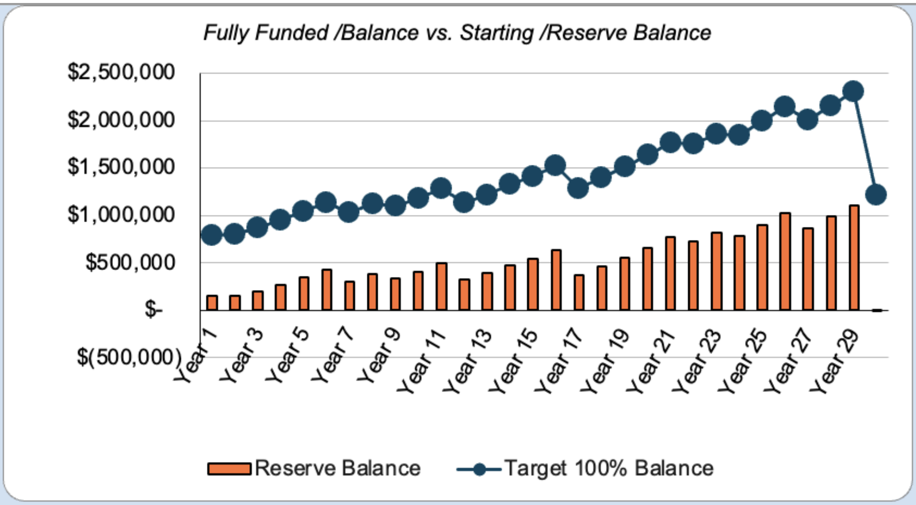
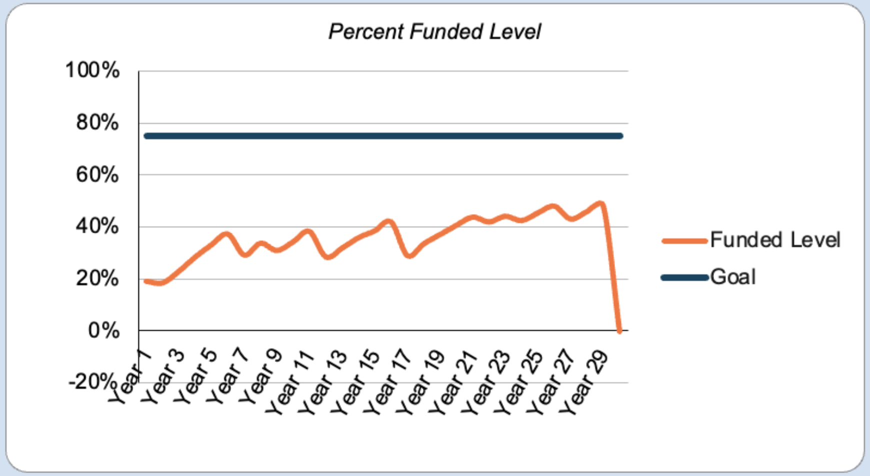
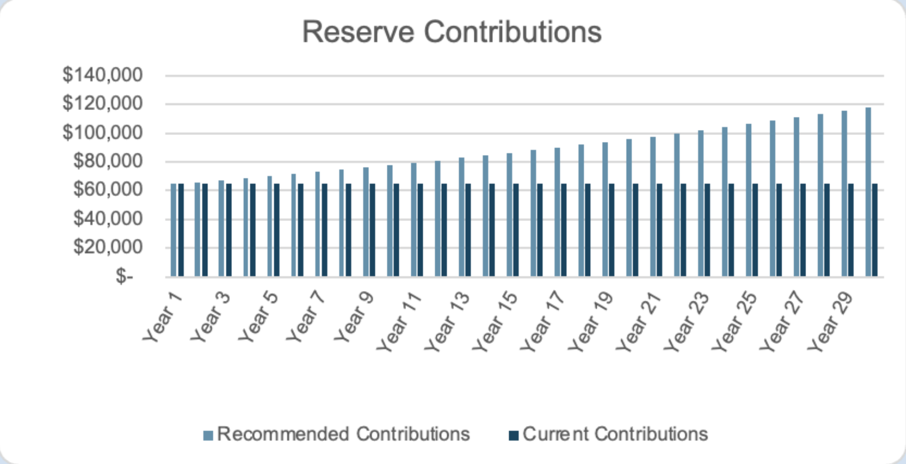
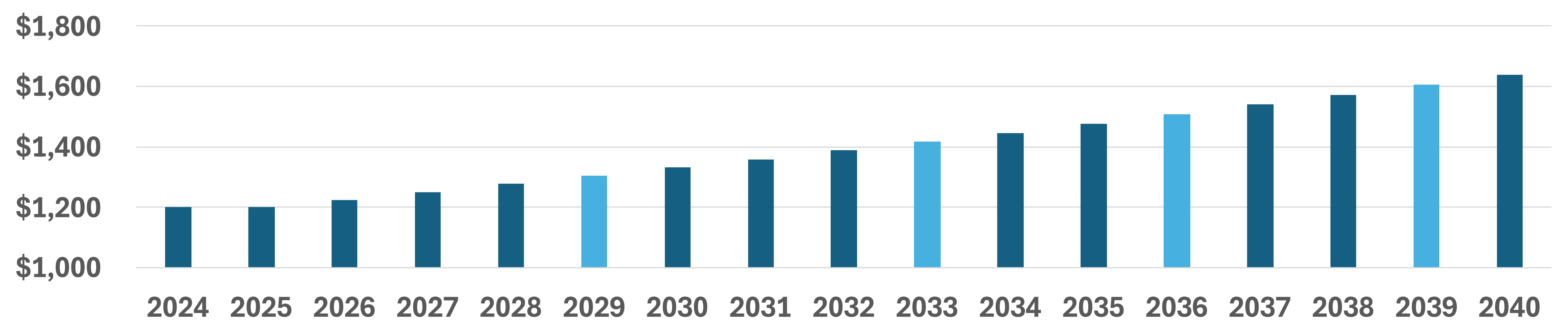








Dues Indexed to 2.1% Average Inflation Rate



Escalation clause would allow dues increase at CPI which would be voted on by the board at the annual budget meeting.

Would require a change to our R&R to allow for inflation based increase