

2023-2024 Proposed Budget Commentary

The budget is based on data from 2022 as well as new projected expenses and income. Some expense items are based on expenses year to date through December or January extrapolated for the full year. Other items, where we have actual projected expenses are based on quotes and known costs, like payroll, security, lawn service, copier lease, etc. We took a careful look at each budgeted item to reflect the most accurate budget we could. We are providing a document showing each P&L line item with last year's budget, the projected end of year amount, and the new budget amount. For notable items we have comments as to why the budgeted amount was chosen. We hope this helps everyone understand where the amounts came from. I am sure everyone is aware of the high inflation the country has been experiencing. This high inflation has impacted our budget.

Reserve contributions are higher this year than ever before. This is necessary for two reasons. One is that we need to be prepared for necessary repairs to our aging infrastructure. In addition new MD law requires us to make contributions to our reserves according to the amount in our reserve study. Our reserve study calls for contributions of \$121,050 per year. We will meet this requirement by increasing reserve contributions from dues to \$110,000 and adding the interest earned of over \$13,000. The new CD investments help by increasing our interest earned by roughly \$8000. This will result in an overall contribution of at least \$123,000. In 2025 we will need to update to our reserve study. This is also MD law that reserve studies are updated every 5 years.

Last year we added \$1/month to dues for the anticipated water/sewer increase that usually occurs every two years. The increase that took effect in July of 2022 was an effective increase of \$1.66 / lot. Therefore we need to add another \$1/month this year to the water/sewer portion of the assessment to cover this increase. The new water and sewer portion will be \$49/month.

Inflation and required reserve contributions are forcing us to raise the dues portion of the monthly assessment by \$10 to \$116. We are trying to save money by keeping expenses low wherever we can and still provide services and keep WHP well maintained.

Total monthly assessment will be \$165.

Notable income changes:

1. Dues portion of the monthly assessment is being increased by \$10/month.
2. Water/sewer portion is increasing by \$1/month.
3. Interest is being removed from the income of our operating budget. Since this interest will be kept in reserves, it is not considered as part of the operating income.

Notable expense changes:

- In order to obtain accurate financials in a timely fashion, we have decided to make some changes. We are having our accountant perform additional duties previously performed by WHP Office staff. Our accountant will now be performing all bookkeeping duties. This will reduce time and effort spent reconciling transactions in QuickBooks to the bank account statements, while also reducing our cost relating to WHP Office staff. Utilizing the accountant's knowledge and experience with QuickBooks will greatly improve the financial reporting. The cost of having our accountant take over the bookkeeping will add \$20,190 to our budget, but will be mostly offset by reducing hours for some of WHP Office staff.
- A budget line item was added for Bank Service Charges (budget = \$800). This is primarily credit card fees. Last year the fees were high because we used Sphere as the service provider and allowed too many homeowner charges to be paid with credit cards. We have switched to QuickBooks Payments, which is much less expensive. QuickBooks Payments also automatically enters the data into QuickBooks.
- Water and Sewer repairs were lowered by \$8000. This is primarily because many of these repairs that were previously budgeted meet the requirements of using reserve money. These repairs are also very unpredictable and hard to budget for.
- Legal fees were lowered by \$2,000 to a \$2,000. This should be an adequate budget considering that we spent less than \$1000 this past year.
- Lawn service increased by \$12,750. This is based on 30 cuts at the new 2023 price. Inflation and fuel costs are to blame.
- We are removing the cleaning service. We have an additional maintenance worker. The additional help in maintenance will allow them to clean the bath houses and other facilities. This will save us over \$9000 compared to the actual 2022 costs. This helps offset some of the salary increase.
- Payroll is increasing by \$15,529. This cost increase is due to inflation and the addition of a maintenance worker. This increase is partly offset by eliminating the cleaning service.

Respectfully Submitted

Your Board of Directors

Pat, Tammy, Brian, Jon, and Terry