

3/17/2020

Narrative for 2020-2021 Budget WHP

Revenue

According to the Bureau of Labor Statistics Consumer Price Index, today's prices in 2020 are 12.36% higher than average prices since 2012. The U.S. dollar experienced an average inflation rate of 1.74% per year during this period, meaning the real value of the dollar decreased.

In other words, \$100 in 2012 is equivalent, in purchasing power to about \$112.36 in 2020, a difference of \$12.36 over 8 years.

Our initial dues have been \$90.00 for these same past 8 years, without any inflationary increases. The Board voted to raise dues by \$7.00 during the 2019-2020 fiscal year effective January 1, 2020.

Our current budget draft requires us to raise the dues an additional \$7.00 for the 2020-2021 Fiscal Year. These combined increases total \$14.00 which is in line with the average inflation rate, and which WHP has dealt with in terms of expenditures for goods and services required to operate outside of the reserve fund.

Our utility revenues net against utility expenses and are based on usage, with the exception of Mediacom. Mediacom is now a 3-year contract, and it will be billed \$25 per month per lot. This cost covers service to each lot, along with service to the clubhouse and office. (The ACTUAL cost per lot is \$24.15 per lot per month. The Board decided to round up to an even \$25 per lot per month. This will accumulate a little over 4k, at the end of the fiscal year.

**There is still an option to pay a yearly payment of \$300.00.

All marina revenues, less marina expenses, will go to the marina reserve, beginning in this fiscal year 2020-2021.

All marina and miscellaneous revenues are based on historical experience.

Expenses

Equipment and operational expenses have been carefully planned for using this past fiscal year's expenditures.

Vehicle repair has been slightly increased under consideration of the age of our truck.

The increase in the cost of accounting has been offset by administrative expense out of payroll.

****Change since 2/15/2020- In years past, Boards have eliminated funding for janitorial services. Originally, our Board built \$7,600.00 into the budget for these services. In light of seeing a few proposals, and in light of the recent health crisis, the majority of the Board decided to increase the dues by an additional 2 dollars, to add an additional \$11,160.00 to**

work with. This gives us a total of \$18,760.00 to work with for the upcoming fiscal year. The Board has decided that clean and sanitary facilities are critical to our community.

The Board hopes that the number projected for legal fees is reasonable. We need to plan for this expense due to the ongoing lawsuit against our vacation community. The number could fall short depending on the outcome and future of this suit. This Board's hope is to be able to use some of this money for legal consult as we work to evaluate and possibly amend our bylaws.

****Note-** We are a multi-million-dollar entity, and in previous years, we have budgeted ~\$1,000.00 for legal advice, and ~\$5,000.00 for professional accounting services. Our past service was basically a consolidation of our Quickbooks for the purpose of presentation. What we paid for didn't provide guidance and oversight.

This Board wants to make the management of our money a priority. We now have consistent guidelines in place to pursue delinquency. We will also have controls and accountability in place for things like payroll, expenditures on our credit card, management of cash, gift cards, etc. in the office. We are now in an era of transparency and accountability, and we can be confident that our money is being handled by skilled professionals.

Funding for a Reserve Study has been built into this budget as recommended by our auditor. The study should prove to be a map to help us to determine the most efficient way to designate funds so that we are prepared to take care of our park.

As far as the reserve contribution, it is comparable to the goal in years past. Over the last several years, we have not even come close to capturing what was planned in our reserves. This year, money was taken out of the reserve to cover expenses that weren't budgeted. Our audit, the resurfacing of the pool, legal expenditures, were some of the main expense drivers.

*****Please be aware- if the reserve study shows a large shortfall in our reserve balance, we may need to raise dues, in the coming years, to increase our reserve contribution to meet the requirements of the major repair/replacement items.***

This Board's goal is to budget safely. With the dues increase that has been implemented, we hope to have sufficient funds in our operating budget. This should enable us to reach our reserve goal, which hasn't happened in years.

Our Board takes its fiduciary responsibility seriously, and we are working to invest in the assets of WHPCA for us all.