

ALPINE MEADOWS PROPERTY OWNERS ASSOCIATION
FINANCIAL REPORT and FY 2020/21 BUDGET
AS AT JUNE 30, 2020

- Note to Members regarding Budget Approval Process:
 - Under Colorado Common Interest Ownership Association (CCIOA) Law, Budgets approved by the Board and provided within 90 days of such approval to the Association’s Annual (Budget) Meeting are deemed approved unless a “motion to reject” such Budget is made, seconded and so voted as rejected by a majority of the Members, whether present at the meeting or not.
 - This process is different than the process we have used in years’ past where Budgets were approved by those present
 - The Board recognizes this may cause some puzzlement, but we must follow the process the laws set out.
 - As a result, after providing a Budget for your consideration, as we do in this document and will do again at the July 5 meeting, we will state that: **“Unless there is any motion to reject, the Budget is deemed approved as presented.” Unless such a motion occurs, we will proceed accordingly.**
 - **Note that the above process does not apply to special assessment (eg for capital improvements or escrows) which the Board has the power to assess and levy.**

FINANCIAL REPORT April 15 2020

1. FY2019/20 Actual Results vs FY2019/20 Approved Budget

Alpine Meadows Property Owners Association
 Profit and Loss Standard
 July 1 2019 through June 30, 2020

	FY 2019/20 Actuals to June 30, 2020 TOTAL	MEMO BUDGET 2019/20	MEMO 2019/20 LF vs 2019/20 BUDGT
CASH: BEGINNING OF PERIOD	\$ 27,261.73	\$ 27,261.73	\$ -
Ordinary Income/Expense		\$ -	\$ -
Income		\$ -	\$ -
HOA Dues	\$ 27,800.00	\$ 27,800.00	\$ -
Water Tap	\$ 600.00	\$ 300.00	\$ 300.00
Other (Rent & Trash Fees + Postage Repa	\$ 460.00	\$ -	\$ 460.00
Total Income	\$ 28,860.00	\$ 28,100.00	\$ 760.00
Expenses			\$ -
Bank Fees	\$ -	\$ 25.00	\$ (25.00)
Computer and Internet Expenses	\$ 1,666.03	\$ -	\$ 1,666.03
Insurance Expense	\$ 2,684.18	\$ 2,682.12	\$ 2.06
Insurance Expense D&O	\$ 1,152.00	\$ 1,209.60	\$ (57.60)
Landscaping and Groundskeeping			\$ -
Lake Expense	\$ -	\$ 200.00	\$ (200.00)
Pine Beetle Expense	\$ 2,971.09	\$ 2,756.00	\$ 215.09
HydroSeeding	\$ -	\$ -	\$ -
Weed Control	\$ 1,058.98	\$ 2,002.05	\$ (943.07)
Total Landscaping and Groundskeeping	\$ 4,030.07	\$ 4,958.05	\$ (927.98)
Office Supplies	\$ 39.80	\$ 433.63	\$ (393.83)
Postage and Delivery		\$ -	\$ -
Professional Fees			\$ -
Accounting/Bookkeeping	\$ 1,011.00	\$ 881.50	\$ 129.50
Legal	\$ 3,548.00	\$ 3,500.00	\$ 48.00
Total Professional Fees	\$ 4,559.00	\$ 4,381.50	\$ 177.50
Repairs and Maintenance			\$ -
Fence Maintenance	\$ 3,527.48	\$ 3,132.56	\$ 394.92
HOA Signage	\$ -	\$ 450.00	\$ (450.00)
Water System Expenses			\$ -
Reserve Pump	\$ -	\$ -	\$ -
Water System Maintenance/Fees	\$ 1,523.10	\$ 3,100.00	\$ (1,576.90)
Total Water System Expenses	\$ 1,523.10	\$ 3,100.00	\$ (1,576.90)
HVM	\$ -	\$ -	\$ -
Total Repairs and Maintenance	\$ 5,050.58	\$ 6,682.56	\$ (1,631.98)
HOA Meeting Expense	\$ -	\$ 250.00	\$ (250.00)
Trash	\$ 3,100.00	\$ 3,590.00	\$ (490.00)
Utilities			\$ -
Electric	\$ 3,287.67	\$ 3,476.74	\$ (189.07)
Total Utilities	\$ 3,287.67	\$ 3,476.74	\$ (189.07)
Total Expense	\$ 25,625.33	\$ 27,689.20	\$ (2,063.87)
Net Ordinary Income	\$ 3,234.67	\$ 410.80	\$ 2,823.87
Net Income	\$ 3,234.67	\$ 410.80	\$ 2,823.87
			\$ -
CASH: END OF PERIOD	\$ 30,496.40	\$ 27,672.53	\$ 2,823.87

Summary Fiscal Year 2019/20
Actual Results vs Budget

* Ending 6/30/20 cash balance of \$30,496 was \$2,824 higher than budget

* Revenue is \$760 higher due to double collection of a water tap fee (timing) and due to unbudgeted \$350 in Rental fee income

* Expenses projected to be \$2,063 lower, as lower expenses for Landscaping (-927), Office Supplies (-393), Water System Maintenance (-1,576, partly due to timing), HOA Signage (-450), HOA Meeting Expense (-250, timing), Trash (-490 timing) and Utilities (-189) were only partly offset by the new cost of establishing a website for the HOA (+1,666) and higher expenditures for Professional Fees (+177) and Fence maintenance (+394).

* Note that the cost of operating the Ridge water system was about \$85/Ridge lot, less than half of the \$200/lot premium the Ridge lot owners pay for Assessments. \$600 of this difference is timing. The remainder is lower charges for services from our volunteer water system overseer (Rick). Also, as discussed later, the Budget will recommend the Water system maintenance be out-sourced to a state certified water purveyor. As a result, higher costs are expected in 2020/21, causing the premium to "average out".

2. FY2020/21 BASELINE BUDGET

Alpine Meadows Property Owners Association
Profit and Loss Standard
July 1 2020 through June 30, 2021

	FY2020/21 BUDGT TOTAL	MEMO FY 2019/20 ACTUAL	MEMO: 2020/21 BUDGT vs 2019/20 Actuals
CASH: BEGINNING OF PERIOD	\$ 30,496.40	\$ 27,261.73	\$ 3,234.67
Ordinary Income/Expense		\$ -	
Income		\$ -	
HOA Dues	\$ 27,800.00	\$ 27,800.00	\$ -
Water Tap	\$ 300.00	\$ 600.00	\$ (300.00)
Other	\$ 300.00	\$ 460.00	\$ (160.00)
Total Income	\$ 28,400.00	\$ 28,860.00	\$ (460.00)
Expenses		\$ -	
Bank Fees	\$ -	\$ -	\$ -
Computer and Internet Expenses	\$ 500.00	\$ 1,666.03	\$ (1,166.03)
Insurance Expense	\$ 2,764.71	\$ 2,684.18	\$ 80.53
Insurance Expense D&O	\$ 1,186.56	\$ 1,152.00	\$ 34.56
Landscaping and Groundskeeping		\$ -	
Lake Expense	\$ -	\$ -	\$ -
Pine Beetle Expense	\$ 3,000.00	\$ 2,971.09	\$ 28.91
HydroSeeding	\$ -	\$ -	\$ -
Weed Control	\$ 1,500.00	\$ 1,058.98	\$ 441.02
Total Landscaping and Groundskeeping	\$ 4,500.00	\$ 4,030.07	\$ 469.93
Office Supplies	\$ 264.56	\$ 39.80	\$ 224.76
Postage and Delivery	\$ -	\$ -	\$ -
Professional Fees		\$ -	
Accounting/Bookkeeping	\$ 986.00	\$ 1,011.00	\$ (25.00)
Legal	\$ 3,385.00	\$ 3,548.00	\$ (163.00)
Total Professional Fees	\$ 4,371.00	\$ 4,559.00	\$ (188.00)
Repairs and Maintenance		\$ -	
Fence Maintenance	\$ 2,500.00	\$ 3,527.48	\$ (1,027.48)
HOA Signage	\$ 500.00	\$ -	\$ 500.00
Water System Expenses		\$ -	
Reserve Pump	\$ -	\$ -	\$ -
Water System Maintenance/Fees	\$ 5,200.00	\$ 1,523.10	\$ 3,676.90
Total Water System Expenses	\$ 5,200.00	\$ 1,523.10	\$ 3,676.90
HVM	\$ -	\$ -	\$ -
Total Repairs and Maintenance	\$ 8,200.00	\$ 5,050.58	\$ 3,149.42
HOA Meeting Expense	\$ 500.00	\$ -	\$ 500.00
Trash	\$ 3,625.00	\$ 3,100.00	\$ 525.00
Utilities		\$ -	
Electric	\$ 3,387.76	\$ 3,287.67	\$ 100.09
Total Utilities	\$ 3,387.76	\$ 3,287.67	\$ 100.09
Total Expense	\$ 29,355.59	\$ 25,625.33	\$ 3,730.26
Net Ordinary Income	\$ (955.59)	\$ 3,234.67	\$ (4,190.26)
Net Income	\$ (955.59)	\$ 3,234.67	\$ (4,190.26)
		\$ -	
CASH: END OF PERIOD	\$ 29,540.81	\$ 30,496.40	\$ (955.59)

Summary Preliminary BUDGET 2020/21 Versus Fiscal Year 2019/20 Latest Forecast

* Ending 6/30/20 cash balance expected to decline by \$955 by 6/30/2021 in the "Baseline Budget"

* Revenue is \$460 lower due to return to one water tap fee (timing) and reflecting absence of certain other fee income and slightly lower rental fees reflecting potential impact of Covid on # of rentals. Assessments are unchanged vs 2019/20.

* Expenses projected to be \$3,730 higher, reflecting higher costs for overseeing the Ridge water system (+\$3,676), partly due to timing (+1,200), as some billings were deferred from the prior year, and also reflecting outsourcing the water system maintenance function to a state certified water purveyor (+2,400). Higher costs are also forecast for Weed Control (+441), reflecting return to more normal level of weed control, HOA signage (+500) to replace damaged signs, HOA Meeting Expense (+500) and Trash (+525) both reflecting timing of billings. Partly offsetting are lower costs for the website (-1,166), reflecting absence of website start-up costs, slightly lower professional fees (-188), and lower fence maintenance costs (-1,027), reflecting absence of one-time costs the prior year.

The Board unanimously approved this Baseline Budget, and is deemed approved unless rejected.

NOTE: Beyond this Baseline Budget, the Board also agreed that the Full Budget layer in the issues listed below, some of which require increases in Assessments:

- + Outsourcing the application of Verbenone packets;
- + \$100/lot increase to fund fish stocking program;
- + Ridge Lot Owners to establish a Ridge Water System Reserve Fund;
- + Potential engagement of third party to provide various administrative services previously conducted by volunteer Board Members.

Outsourcing the Application of Verbenone Packets

- Each year, we procure a few hundred Verbenone packets and over a hundred Verbenone “bubbles”, at a cost of \$2,000-\$3,000.
- Application of these packets on the lodgepole pine trees is a ~ 40+ hour effort which has been accomplished by members of the neighborhood volunteering their time.
- It appeared this year that it would again be met by just a few of the “regulars”, which caused the Board to approve out-sourcing the effort in 2021, if necessary.
- Cost of engaging a third party to apply the packets is estimated at \$900 (about \$40/lot).
- This year, in the end, an additional number of neighborhood volunteers responded to help with this years’ application.
- **The Budget presented above does not incorporate this additional expense on the view that the expanded volunteer force can be re-engaged in 2021. If not, we will need to re-consider.**
- The efforts of all volunteers on this, and of John Bruno is leading the effort, are very much appreciated!
- Not only do “many hands make light work”, this is a good opportunity to engage with your neighbors on a common effort.

Supporting Nicholson Lake Fish Stocking Program

- In 2018 and 2019, Nicholson Lake was stocked with a variety of fish of various sizes. This effort was funded by individual donations by Members interested in this effort, who raised approximately \$8,000 to this end.
- While the Association encouraged the stocking, it did not contribute monetarily to the effort. Such efforts in prior years had not resulted in fish surviving more than two years. Also, we had received advice from a visiting RMBL scientist with expertise in alpine lake fish that reproduction in our lake was not likely. Our covenants do not require that we as an Association stock the lake.
- It has been noted that the 2017/18 stocking has thus far been successful, as the fish are surviving and growing. Osprey have been seen fishing in the lake. All that said, we do not know if the fish have been reproducing. The scientist referred above had mentioned that the lake is not conducive to successful spawning, and that maintaining a fish population would require a regular stocking plan.
- The Board discussed the situation at a recent meeting and agreed that it would be beneficial to the neighborhood, at least at the present time, to partially fund a stocking effort. **As a result, the Board unanimously agreed to increase Assessments by \$100 per lot, allowing for a \$2,200 annual amount available for stocking fish.** It is anticipated that stocking could be done every other year. The \$4,400 raised over two years would help stabilize a fish population, but would still likely need to be supplemented by additional contributions from the fishing enthusiasts in the neighborhood to more approximate the amount raised in the 2017/18 effort in order to be successful.
- Elizabeth Smith would be in charge of the program.
- **As a result, the Board provides this Budget item calling for a \$100 per lot increase in Assessments for your consideration, and, unless rejected by a majority of all Ridge lot owners, will be deemed approved.**

Ridge Water System Reserve Fund Recommendation

- The Ridge water system was installed decades ago at a cost of over \$75,000.
- The system consists of a well in the wetlands, from which water is pumped to the pump house on the ridge, where it is filtered and then pumped through a main distribution line. Spur lines extend from the main line to each lot's shut-off valve (typically located about 10 feet from the street). This part of the Ridge system is covered in common by the ridge lot owners. From each shut-off valve, each residence is then individually responsible for a final line that connects into their home.
- At some point in the not distant future, upgrade or replacement of some significant part of the system is likely.
- Most HOAs escrow reserves for one-time major expenditures that may be anticipated. Alpine Meadows has no such fund.
- The Board recently met and **unanimously approved establishment of a Reserve of \$18,000, funded by assessing each of the 18 lots on the ridge water system \$500 per year for the next two years.**
 - In addition to representing a simple \$1,000 per "Ridge lot", the amount of \$18,000 was determined to be roughly equal to the anticipated cost if a partial capital upgrade were needed. It also represents a reasonable down-payment in the event a broader replacement of the system were required.
 - The "Lake lot" owners would not be assessed for any amounts for this Reserve Fund.
 - The Reserve funds would be kept in a separate bank account, and invested only in bank saving accounts, high quality low-risk insured money market accounts, or bank certificates of deposit with maturities of one year or less.
 - The Reserve could only be used for significant capital improvement/replacement projects on the Ridge water system, as needed.
 - The first \$500 installment would be invoiced with the regular annual assessment in January 2021. The second installment would be invoiced in January 2022.
- **Under our ByLaws and Covenants, the Board has the authority to assess and levy such an action for a special assessment. As a result, as the Board deems this a necessary and prudent action, it provides this Budget item for your information. At the same time, the Board appreciates any comments by Members on this action.**

Restructuring Board functions

- The current Board President (Jerry) is stepping down after 3 years of service, but will remain on the Board if so voted
- While all members of the Board perform various responsibilities, the duties of the President have grown considerably
- This growth reflects several factors, which have generally "flowed" to the President:

- Becoming compliant with CCIOA law requirements and communications processes, adherence to governance processes incorporated in ByLaws & Covenants, need for approved governance policies
- Increased need to ensure ByLaws and Covenants are kept up-to-date
- The need to more properly document meetings
- Ensuring that regulatory filings, tax returns, 1099s are completed (with Treasurer's help)
- Need to mitigate legal liabilities of common property and risks associated with non-Member use of same (eg Lake waivers)
- Response to increasing rentals in the area and our neighborhood, especially with respect to limits, liability containment, and properly enforcing new rules and regulations
- Assumption of certain Administrative roles by the president
- Increased number of legal issues to handle.
- Understanding Kikel sale, and ensuring the new Conservation Easement is effected consistent with stated principles
- Larger number of properties now listed for sale, and information requirements by interested parties and/or listing agents
- Finding a replacement to assume these growing responsibilities of the President has proven difficult.
- In effect, certain administrative roles currently performed by the President need to be re-assigned. Examples include:
 - Recording Secretary (Meeting Minutes, Directory)
 - "Chief of Staff" (Setting meetings, meeting logistics, communications re meetings)
 - Financial Reporting and Budget creation
 - Managing the Renting Rules & Regs process (eg, Registration, Liability Waivers, Reporting, and coordinating communications with all parties who rent or who allow non-rental use of their homes to others in their absence)
- A significant responsibility remains for the President even after these and other such roles are re-assigned.
- As a result, the Board is considering alternative ways of restructuring these various administrative roles and responsibilities.
 - The Board discussed restructuring internally, but time constraints also apply to other Board members
 - Another alternative is to engage a third-party property manager. This is a common practice for many HOAs. An initial contact was made to define the possible scope of an engagement.
 - Such a third-party property manager engagement could cost approximately \$300 per lot or more.
- After deliberation, the Board agreed that it must, if necessary, engage a third-party property manager as described above. As a result, the Board **unanimously agreed to increase Assessments by the amount needed (estimated not to exceed \$300/lot), IF or to the extent it engages a third-party to perform the administrative roles such as described in the table below.**
 - **The Board provides this Budget item for your consideration, which will be deemed approved unless rejected.**

Examples of Administrative Board Functions to be Provided by a Third Party

Role/Function for Possible Engagement	Primary Party(s) Currently Responsible				
	Pres	Treas	Acnts	Other Board	Counsel
Financial					
Maintain financial records sufficient to enable audit			X		
Provide auditor with all information required to perform audit, file tax return, file 1099s		X	X		
Pay invoices, Issue invoices/Assessments		X			
Maintain/establish bank accounts		P=Partial			
Issue delinquent notices and file liens if necessary	X				P=Partial
Prepare quarterly financial reports	X		X		
Prepare Annual Budget	X		X		
Manage Outside Services/Utilities					
Hire, pay and supervise any personnel/subcontractors working on behalf of Association.					
Fence				X	
Water System				X	
Weed Mitigation				X	
Maintain/establish utility accounts (various)				X	
Maintain GL and D&O insurance coverage (Board Member + President)	X			X	
Governance					
Organize Board Meetings and write Minutes	X				
Organize Annual Meeting and write Minutes	X				
Advise owners of key documents (Covenants, ByLaws, Amendments, Governance, Rules and Regs)	X				
Enforce Rules and Regs when necessary (eg: Renting, Waivers, Lake Rules, etc)	X				
Obtain legal counsel when necessary	P				
Communications					
Communicate with owners on wide variety of matters and assist with service request	P				
Administrative					
Collect mail from PO Box		X			
Maintain Directory	X				
House and maintain Association files and records	X				

Maintain/Update Website		X			
Ensure all above functions are performed timely and accurately	X				
EXAMPLES: FUNCTIONS NOT ASSIGNED					
Architectural Control Committee	X	X		X	
Knowledge Expert on Covenants, Bylaws, all other POA Documents	X				
Liaison with Legal Counsel on key matters	X				
Many direct communications	X				
Oversight re HOA compliance with CCIOA law	X				X