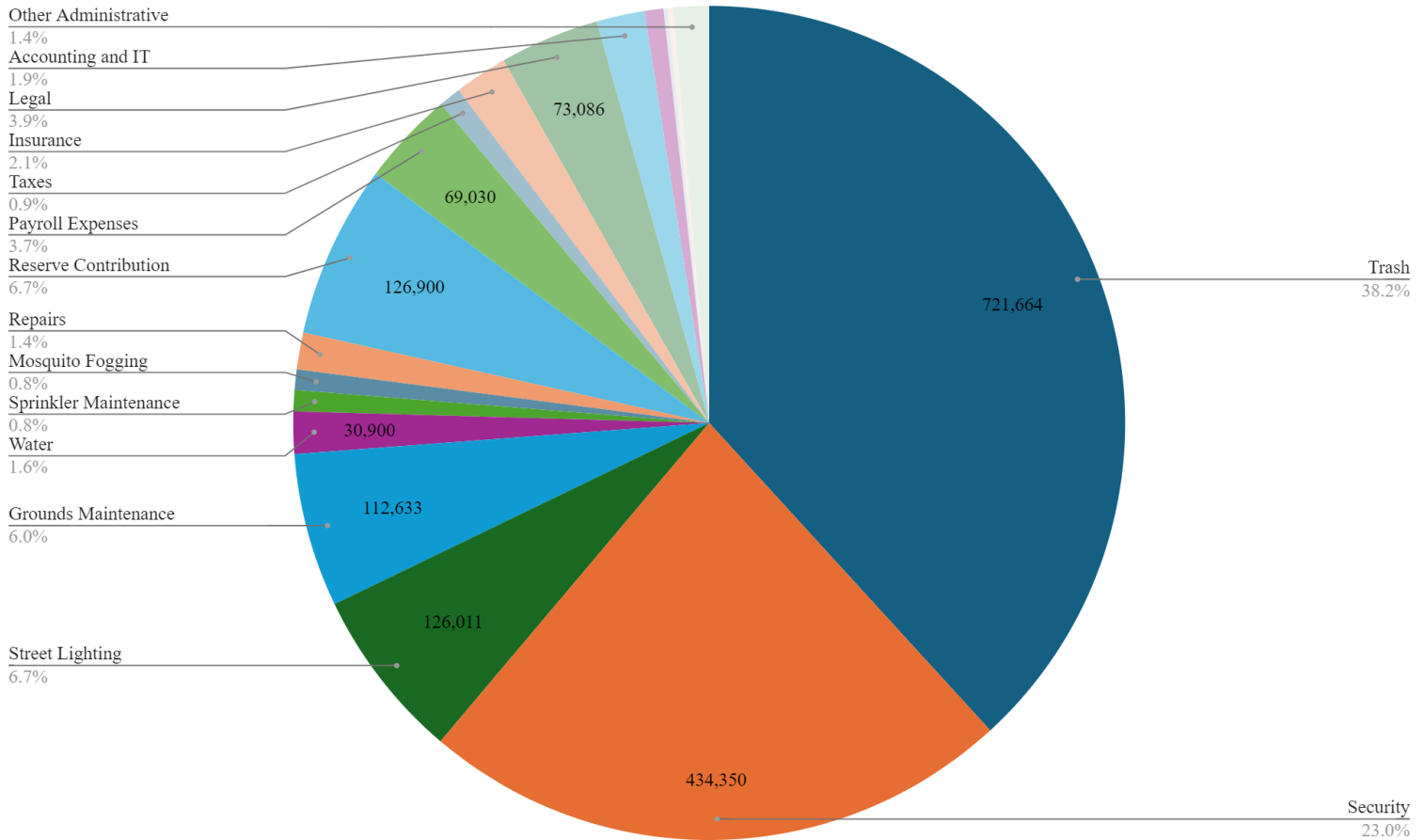


We are proposing an **increase in the Assessment Rate** for 2025, marking the first adjustment in several years. This increase is necessary due to several substantial rises in our operating costs driven by inflation and other factors. Please see the pie chart below to see an overview of the 2025 budget in its entirety.

2025 Lakewood Forest Fund Proposed Budget

New HOA Assessment Dues - \$720



Trash Services: The budget for trash services is projected to rise to \$721,664 in 2025, up from \$697,169 in 2024. This increase reflects higher disposal costs and rising fees from our service provider, which have become unavoidable.

Security Contracts: Security costs are expected to increase significantly to \$434,350, compared to \$407,196 in 2024. This increase is necessary to maintain the high level of safety and vigilance in our community.

Street Lighting: The cost for street lighting will see a slight increase, moving from \$122,341 in 2024 to \$126,011 in 2025, due to rising energy costs.

Legal Costs: We have budgeted \$73,086 for legal fees in 2025, a decrease from \$146,171 in 2024. This reduction is largely due to the board's proactive approach to settling cases in

mediation and the newer legal firm that offers more cost-effective services, avoiding the overcharging issues we faced previously.

Beyond these major cost increases, we're also adding a new part-time employee to handle deed restrictions by driving through the community. This allows our General Manager (GM) to focus on more complex tasks, which is more fiscally responsible than having the GM perform duties that can be done by a part-time employee at a lower hourly rate.

Given these rising costs, the Board has decided not to pursue a contract with the clubhouse at this time. While we had the option to raise dues by double the current increase, we determined that such an increase was not necessary.

We have also strategically planned to contribute to our reserve fund, which we have not done in the past few years—a decision that could have left us vulnerable. For example, the smaller side of the wall on Louetta was a \$400,000 expense. Our assessment fees don't cover such expenditures, so we have added this contribution to the budget to ensure the financial health of our community.

The fee increase is primarily to counter the unpredictability of "other income," reflecting our cautious and responsible approach. Last year, roughly 45% of this "other income" came from recovery of legal fees, 32% from late fees, 5% from certified mail fees, 12% from transfer fees, 2% from interest income, and with the remainder classified as miscellaneous income. Given the unpredictable nature of legal fee recoveries, the poor state of our payment records, and the impact of high interest rates on the real estate market reducing transfer fees, we cannot rely on these sources as we have in the past.

Thank you for your understanding and continued support as we work to manage these necessary expenses and maintain the management our neighborhood.

	2024	2025	2025
	Projected	Budget Per LWFF	Cost Per
			General Manager
Billings - Homeowners	1,591,472.43	1,882,800	720
Late Collections	212,187.57		
Less Bad Debt	(10,000)	(10,000)	(4)
	1,793,660.00	1,872,800	
Interest Income		19,285	716
Other Income	60,000.00	25,000	7
Total Income	1,853,660.00	1,917,085	10
			733
<u>Expenses</u>			
Trash	696,662.40	721,664	276
Security	407,400.00	434,350	166
Street Lighting	117,076.25	126,011	48
Grounds Maintenance	122,727.48	112,633	43
Water	84,064.25	30,900	12
Sprinkler Maintenance	7,500.00	15,450	6
Mosquito Fogging	5,639.08	14,925	6
Repairs	14,195.50	27,053	10
Contingency Fund Contribution		0	0
Reserve Contribution	126,900.00	126,900	49
Community Improve.		0	0
Total Operating Expenses	1,582,164.96	1,609,886	616
Payroll Expenses	70,835.50	69,030	26
Taxes	9,289.65	16,153	6
Insurance	38,232.00	38,998	15
Legal	55,926.36	73,086	28
Accounting and IT	26,339.16	35,295	14
Accounting /Deed RestrictionSupport	14,115.50	13,843	5
Social Events			0
Office and Building Expense	6,480.95	3,183	1
Office Equipment	4,132.87	3,925	2
Other Administrative	44,523.96	26,152	10
Total Administrative Expenses	269,875.95	279,664	107
Total Expenses	1,852,040.91	1,889,550	723
Net Income	1,619.09	27,535	11