

President's Newsletter, December 7, 2021: 2022 Budget

Fellow Cedar Cove Homeowners,

2021 Expenses:

Year to date expense summary through month ending October 2021:

Total Budgeted Income: \$123,600

Utilities: \$16,720.93

Maintenance Expense: \$98,555.00

Repairs: \$12,611.18

Insurance: \$667.00

Management Fee: \$6,579.00

Miscellaneous: \$1,586.40

Total Year to Date Expense: \$136,719.51

Year to Date Loss: -\$13,119.51

2021 Expense Summary:

The total budgeted income shown above assumes all HOA dues through October and the October special assessment were received. This will vary some from actual income due to the timing of payments made, amount of payments (whether made monthly, quarterly or other) and timing of deposits. It is clearer to show the budgeted income vs actual income each month.

The total year to date expense is that received and recorded by the NAI/FMA accounting department. As you can see, the HOA expenses through October have exceeded the budgeted income by \$13,119.51. The HOA began the year with a cash reserve of approximately \$17,900. Again, this amount may vary some depending on when expenses are paid and dues received. (The \$17,900 is calculated by subtracting the January profit from the January Net Cash, End of Month, as shown in the expense summary posted on the HOA website.) This cash reserve enables us to continue paying our bills through the summer months when lawn care, watering, and sprinkler maintenance expenses occur and our expenses exceed our monthly income. Budgeted income for Nov and Dec is \$24,000. Estimated expenses for Nov and Dec are \$13,261. This will result in an estimated profit over the last two months of \$10,739 reducing our year end loss to approximately minus \$2,381. We also have \$4000 in the December estimated expenses for snow removal so, knock on wood, we will not need all of this which would reduce our projected loss even more.

2022 Budget Forecast:

We held a Board meeting on November 22 to review our 2021 expenses and prepare a budget for 2022. Budget forecasting is a little more difficult this year. Previous lawn care and snow removal contractors had fixed price contracts meaning they got paid the same each month regardless of how many times they had to mow or how much snow fell. In other words, previous contractors assumed the risk of weather events. As was explained in previous emails/newsletters, our 2020 lawn care/snow removal contractor quit March 2021 without notice and we were forced to find a new lawn care provider for 2021. NAI/FMA obtained several bids for lawn care and snow removal but none of them would bid a fixed price contract! Our current contractor, Duncan Enterprises, charges per event. Each event has a fixed price but the HOA pays for each mowing, snow removal etc. Now the HOA has the risk of how many times lawns will need mowing in March and November and how many snow events take place through the winter. We have budgeted for one mowing in March, two in November, and once per week every month in between. We have based snow removal costs on the weather service records for average snowfall in Lincoln. In February 2021 we had a snowfall of over 13 inches. This snowfall is very rare, but the contractor bid to remove this much snow would use almost the entire amount we have in the 2022 budget for snow removal. This is the risk the HOA now assumes and the most likely reason NAI/FMA could not find someone to bid a fixed price contract.

There is one set of sprinkler controllers that need replacing and we have a bid of \$4,725 for that work which we included in the Repairs budget. We are also assuming other services/expenses will increase slightly due to increased fuel prices and current inflation.

As a result, we will need to increase our dues by \$10 to \$110 per month effective January 1, 2022. This is the only way we can meet our estimated expenses without depleting the cash reserve needed to carry us through the summer months. Raising dues to \$110 per month for the entire year gives us a positive margin of only about \$350 at 2022 year end.

Coyote Sightings:

Coyote sightings have been pretty frequent in the Holmes Lake area of Lincoln. I was walking on the sidewalk between Cedar Cove and 91st street at 3:00 in the afternoon when I saw a coyote running north in the drainage ravine. It crossed the sidewalk about 15 yards in front of me. One of my neighbors and two other board members has also seen coyotes in the neighborhood. They are in our area so please use caution and be on the alert when out walking or exercising pets.

Finally, I salute all the veterans we have in our association on this 80th anniversary of the attack on Pearl Harbor. Thank you all for your service.

Submitted by Dan Nissen, President, December 7, 2021