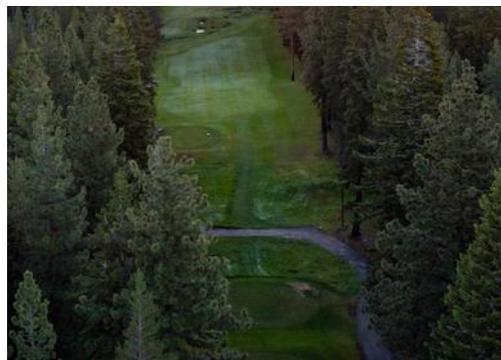




2023 ANNUAL BUDGET OPTION C

October 28, 2022



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ADDITIONAL FUNDING OPTIONS FOR CONSIDERATION

Over the past week, staff have developed an alternative funding option for consideration

- Replacement Reserve Fund: Slides 3-6
- Operating Fund: Slides 7-12
- Development Fund Unchanged
- New Machinery and Equipment Fund Unchanged

REPLACEMENT RESERVE FUND

REPLACEMENT RESERVE FUND ALTERNATIVE OPTION

WHY CHANGE FROM A 4% TO 2% INCREASE

- Resolution 2019-1 provides guidance to the Board to increase the annual contribution to the Replacement Reserve Fund by 4% annually until the 25% funding threshold has been met
- The 2023 funding level is 35.3%, however in 2025 (24.57%) and 2026 (24.53%) it will dip slightly below 25% if estimated useful life and replacement schedule remain as is
- See slide 6 for funding schedule
- Funding balance has dipped slightly below 25% in recent years (2021 Budget Process)
- Staff recommend decreasing the fund contribution from 4% to 2% for 2023
 - From \$882 to \$865, which is a \$17 benefit to the 2023 Annual Assessment

2019-1 Replacement Reserve Fund Policy

The annual Replacement Reserve Fund assessment allocation shall be increased by a minimum of 4% each year until the Percent Funded level exceeds 25% and until the Replacement Reserve Fund balance is equal to or exceeds 10% of Net Property and Equipment. Once 25% funded or greater is achieved, the current year's funding level also needs to consider reserve study's future years percent funded and cash balances, in order to minimize the need for large adjustments in future years.



REPLACEMENT RESERVE FUND

	Forecast 2022	Budget 2023 4% Increase	Budget 2023 2% Increase
Beginning Balance	\$15,629,024	\$14,778,500	\$14,778,500
Assessment Funds	\$5,489,104	\$5,709,186	\$5,598,886
Interest Income	\$111,579	\$116,881	\$116,376
Salvage Receipts	\$36,025	\$46,925	\$46,925
Expenditures			
Consulting	-\$7,600	-\$7,800	-\$7,800
Bad Debt	-\$13,000	-\$13,000	-\$13,000
Income Tax	-\$25,000	-\$25,000	-\$25,000
Overhead / Payroll Allocations	-\$203,000	-\$215,000	-\$215,000
Capital Additions / Expenditures	-\$6,238,632	-\$9,641,863	-\$9,641,863
Ending Balance	\$14,778,500	\$10,748,829	\$10,638,024

30-YEAR CASH FLOW/CAPITAL BUDGET SUMMARY – 2% INCREASE

Year	Annual Percent Change to Capital / Reserve Assessment	Capital / Reserve Account Beginning Balance	Expired Useful Life of Components Expressed in Dollars aka "Fully Funded"	Percent Ratio of Fully Funded Value to Capital / Reserve Balance	Annual Dollar Change to Capital / Reserve Assessments	Annual Member Capital / Reserve Assessment	Annual Avg. Capital / Reserve Assessment / Members	Change in Avg. Annual Capital / Reserve Assessment / Members	Monthly Avg. Capital / Reserve Assessment / Members	Change in Avg. Monthly Capital / Reserve Assessment / Members	Estimated Interest, Net of Tax	Annual Expenditures	Capital Contingency	Ending Balance
1/1/2023	2.00%	14,778,500	41,900,919	35.27%	109,782	5,598,886	864.96	16.96	72.08	1.41	116,376	(9,856,863)	-	10,636,899
1/1/2024	4.00%	10,636,899	38,788,737	27.42%	223,955	5,822,842	899.56	34.60	74.96	2.88	94,530	(6,546,612)	-	10,007,658
1/1/2025	6.00%	10,007,658	40,736,209	24.57%	349,370	6,172,212	953.53	53.97	79.46	4.50	93,788	(5,798,867)	-	10,474,791
1/1/2026	4.00%	10,474,791	42,708,357	24.53%	246,888	6,419,100	991.67	38.14	82.64	3.18	107,891	(3,914,135)	-	13,087,648
1/1/2027	4.00%	13,087,648	46,373,541	28.22%	256,764	6,675,865	1,031.34	39.67	85.95	3.31	120,148	(6,731,936)	-	13,151,724
1/1/2028	4.00%	13,151,724	47,469,485	27.71%	267,035	6,942,899	1,072.59	41.25	89.38	3.44	116,971	(7,817,885)	-	12,393,710
1/1/2029	4.00%	12,393,710	48,670,092	25.46%	277,716	7,220,615	1,115.50	42.90	92.96	3.58	118,630	(6,218,833)	-	13,514,122
1/1/2030	4.00%	13,514,122	50,885,321	26.56%	288,825	7,509,440	1,160.12	44.62	96.68	3.72	124,229	(7,531,309)	-	13,616,482
1/1/2031	4.00%	13,616,482	52,126,576	26.12%	300,378	7,809,817	1,206.52	46.40	100.54	3.87	136,071	(5,462,122)	-	16,100,249
1/1/2032	4.00%	16,100,249	55,833,071	28.84%	312,393	8,122,210	1,254.78	48.26	104.57	4.02	162,053	(5,093,856)	-	19,290,655
1/1/2033	4.00%	19,290,655	59,950,520	32.18%	324,888	8,447,098	1,304.97	50.19	108.75	4.18	183,360	(7,167,509)	-	20,753,604
1/1/2034	4.00%	20,753,604	62,286,888	33.32%	337,884	8,784,982	1,357.17	52.20	113.10	4.35	202,701	(6,226,709)	-	23,514,579
1/1/2035	4.00%	23,514,579	65,812,148	35.73%	351,399	9,136,382	1,411.46	54.29	117.62	4.52	229,529	(6,267,972)	-	26,612,517
1/1/2036	4.00%	26,612,517	69,529,861	38.27%	365,455	9,501,837	1,467.92	56.46	122.33	4.70	255,369	(7,211,893)	-	29,157,830
1/1/2037	4.00%	29,157,830	72,576,320	40.18%	380,073	9,881,910	1,526.64	58.72	127.22	4.89	275,174	(8,377,207)	-	30,937,706
1/1/2038	4.00%	30,937,706	74,980,377	41.26%	395,276	10,277,187	1,587.70	61.07	132.31	5.09	296,669	(7,659,264)	-	33,852,299
1/1/2039	4.00%	33,852,299	78,249,107	43.26%	411,087	10,688,274	1,651.21	63.51	137.60	5.29	324,287	(7,895,639)	-	36,969,221
1/1/2040	3.00%	36,969,221	81,679,998	45.26%	320,648	11,008,922	1,700.75	49.54	141.73	4.13	352,479	(8,321,394)	-	40,009,229
1/1/2041	3.00%	40,009,229	85,067,844	47.03%	330,268	11,339,190	1,751.77	51.02	145.98	4.25	375,173	(9,798,382)	-	41,925,209
1/1/2042	3.00%	41,925,209	87,313,063	48.02%	340,176	11,679,366	1,804.32	52.55	150.36	4.38	396,519	(9,330,106)	-	44,670,987
1/1/2043	3.00%	44,670,987	90,540,495	49.34%	350,381	12,029,747	1,858.45	54.13	154.87	4.51	405,760	(13,163,111)	-	43,943,382
1/1/2044	3.00%	43,943,382	90,437,976	48.59%	360,892	12,390,639	1,914.20	55.75	159.52	4.65	416,673	(9,696,388)	-	47,054,306
1/1/2045	3.00%	47,054,306	94,180,706	49.96%	371,719	12,762,358	1,971.63	57.43	164.30	4.79	381,367	(23,965,035)	-	36,232,997
1/1/2046	3.00%	36,232,997	85,052,752	42.60%	382,871	13,145,229	2,030.78	59.15	169.23	4.93	344,399	(10,741,973)	-	38,980,652
1/1/2047	3.00%	38,980,652	89,423,420	43.59%	394,357	13,539,586	2,091.70	60.92	174.31	5.08	374,195	(10,154,151)	-	42,740,281
1/1/2048	3.00%	42,740,281	94,767,825	45.10%	406,188	13,945,774	2,154.45	62.75	179.54	5.23	373,997	(18,122,740)	-	38,937,312
1/1/2049	3.00%	38,937,312	92,949,057	41.89%	418,373	14,364,147	2,219.09	64.63	184.92	5.39	377,864	(10,094,525)	-	43,584,797
1/1/2050	3.00%	43,584,797	99,564,894	43.78%	430,924	14,795,071	2,285.66	66.57	190.47	5.55	407,170	(13,449,376)	-	45,337,662
1/1/2051	3.00%	45,337,662	103,579,211	43.77%	443,852	15,238,923	2,354.23	68.57	196.19	5.71	430,652	(12,294,335)	-	48,712,902
1/1/2052	3.00%	48,712,902	109,182,483	44.62%	457,168	15,696,091	2,424.86	70.63	202.07	5.89	471,844	(10,547,098)	-	54,333,739

OPERATING FUND



OPTION C

- Reflects \$415k Reduced Rec Fee Revenue (Same as Option B)
- Reduced Expenses of \$428k, Proportional to All Departments

Operating Portion of the Annual Assessment: \$1,065

2023 AMENITY NET OPERATING RESULTS (NOR)

OPTION C - \$428K Expense Reduction

	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Budget	2022 Forecast	2023 Budget
Amenities							
Trails	-\$147,800	-\$198,470	-\$104,366	-\$174,405	-\$291,583	-\$160,401	-\$263,813
Marina	\$245,431	\$264,637	\$211,320	\$306,776	\$249,901	\$168,854	\$232,333
Equestrian	-\$84,565	-\$160,776	-\$111,287	-\$156,956	-\$116,105	-\$137,902	-\$139,107
Tennis	-\$21,149	-\$9,668	\$95,877	\$30,146	\$79,470	\$79,471	\$49,422
Campground	\$10,063	-\$22,478	\$34,877	\$20,151	\$22,691	\$12,668	\$19,019
Cross Country Ski Center	\$198,004	\$417,941	\$480,105	\$686,038	\$417,485	\$822,704	\$868,549
Golf Course Operations	-\$113,147	-\$656,363	-\$529,534	\$36,612	-\$98,659	-\$215,209	-\$211,313
The Lodge / Summer F&B	-\$31,963	-\$491,191	-\$459,164	-\$650,170	-\$335,557	-\$835,632	-\$657,069
Trout Creek/Aquatics/Rec/Day Camps	\$163,803	-\$75,820	-\$199,668	\$164,099	\$182,973	\$173,075	\$3,796
Bikeworks	\$1,319	-\$22,695	\$30,852	-\$17,116	\$6,090	-\$3,520	\$11,870
Pizza on the Hill	-\$74,431	-\$154,432	-\$18,571	-\$135,128	-\$6,892	-\$275,948	-\$102,623
Alder Creek Café	-\$109,529	-\$68,501	-\$127,324	-\$111,779	-\$36,899	-\$53,998	-\$45,359
Downhill Ski Consolidated	\$653,794	\$1,244,721	\$940,574	\$1,194,552	\$1,373,301	\$1,562,525	\$1,473,927
Snowplay	\$72,567	\$61,009	\$51,375	\$178,054	\$111,027	\$100,943	\$122,781
Total Amenity Departments	\$762,397	\$127,914	\$295,066	\$1,370,871	\$1,557,243	\$1,237,631	\$1,362,412

2023 HOA NET OPERATING RESULTS (NOR)

OPTION C - \$428K Expense Reduction

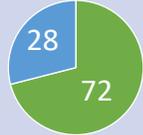
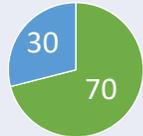
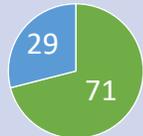
	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Budget	2022 Forecast	2023 Budget
Association Business							
General	-\$833,142	-\$2,440,976	-\$701,538	-\$575,259	-\$898,224	-\$887,572	-\$880,725
Administration	-\$774,570	\$0	-\$248,311	-\$1,234,798	-\$1,005,298	-\$1,035,208	-\$1,147,267
Communications	-\$493,807	\$0	-\$362,548	-\$488,835	-\$522,740	-\$561,432	-\$619,032
ASO	-\$174,883	-\$327,499	-\$15,104	-\$122,077	-\$203,131	-\$111,955	-\$253,382
MIS - Information Technology	-\$631,806	\$0	-\$602,876	-\$703,080	-\$830,808	-\$811,422	-\$851,324
Accounting	-\$760,917	\$0	-\$684,189	-\$827,649	-\$907,701	-\$908,211	-\$1,067,239
Human Resources	-\$373,965	\$0	-\$329,913	-\$458,119	-\$472,957	-\$455,179	-\$539,670
Member Services	-\$212,291	\$0	-\$206,725	-\$300,589	-\$367,448	-\$356,821	-\$365,575
Forestry	-\$876,645	-\$1,323,833	-\$1,442,346	-\$1,252,544	-\$1,253,738	-\$1,036,580	-\$1,201,728
Maintenance	-\$736,144	\$1	-\$559,624	-\$616,237	-\$860,177	-\$643,624	-\$740,264
Facility Administration	-\$328,751	\$0	-\$335,027	-\$388,168	-\$355,976	-\$534,910	-\$590,884
Total Association Departments	-\$6,196,921	-\$4,092,307	-\$5,488,201	-\$6,967,355	-\$7,678,198	-\$7,342,911	-\$8,257,092

2023 SUMMARY OPERATING FUND INCOME STATEMENT

OPTION C - \$428K Expense Reduction

	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Budget	2022 Forecast	2023 Budget	2023 Bud vs 2022 F/cast
Rec Fee Income	\$1,065,610	\$1,180,445	\$948,862	\$1,340,250	\$1,260,000	\$1,330,795	\$1,332,000	\$1,205
Access Fees	\$3,607,044	\$4,445,118	\$2,926,050	\$5,286,643	\$5,458,892	\$5,903,422	\$6,323,195	\$419,773
Food and Beverage	\$4,282,739	\$4,192,381	\$1,982,121	\$2,507,619	\$3,720,876	\$3,703,038	\$3,909,011	\$205,972
Retail	\$568,028	\$601,026	\$406,575	\$491,842	\$539,691	\$561,061	\$574,959	\$13,898
Lessons and Rentals	\$2,857,164	\$3,315,431	\$2,185,205	\$2,682,182	\$3,485,316	\$3,400,124	\$3,743,634	\$343,510
Other Income	\$972,461	\$961,116	\$1,005,059	\$939,609	\$1,110,194	\$1,189,961	\$1,290,029	\$100,068
Total Gross Revenue	\$13,353,046	\$14,695,517	\$9,456,871	\$13,248,144	\$15,574,969	\$16,088,400	\$17,172,827	\$1,084,427
COGS	-\$1,573,523	-\$1,554,427	-\$826,433	-\$1,103,995	-\$1,427,265	-\$1,509,193	-\$1,594,633	-\$85,440
Gross Margin	\$11,779,523	\$13,141,090	\$8,630,438	\$12,144,150	\$14,147,704	\$14,579,208	\$15,578,195	\$998,987
Payroll	-\$12,141,808	-\$12,738,178	-\$9,000,731	-\$12,176,586	-\$14,028,325	-\$14,500,284	-\$15,669,145	-\$1,168,861
Operating Expense	-\$5,072,241	-\$5,471,316	-\$5,020,385	-\$5,760,635	-\$6,561,052	-\$6,572,063	-\$7,195,629	-\$623,566
Net Operating Revenue	-\$5,434,526	-\$5,068,404	-\$5,390,678	-\$5,793,072	-\$6,441,673	-\$6,493,139	-\$7,286,579	-\$793,440
Overhead Charged to Other Funds	\$0	\$172,514	\$197,000	\$197,000	\$320,717	\$320,000	\$391,899	\$71,899
Net Operating Revenue after Overhead Allocation	-\$5,434,526	-\$4,895,890	-\$5,193,678	-\$5,596,072	-\$6,120,956	-\$6,173,139	-\$6,894,680	-\$721,541
Per Property Assessment	\$840	\$756	\$802	\$865	\$946	\$954	\$1,065	
Assessment Increase (Decrease) v 2022							\$119	

PERCENT FUNDED OPTIONS

	OPTION 1 REC FEE RATES Up to 2/4 person	OPTION 2 REC FEE RATES Up to 4 person	FUNDED BY USER FEES VS ASSESSMENT	TOTAL PROJECTED ASSESSMENT	\$ INCREASE FROM 2022	% INCREASE FROM 2022
OPTION A 28/72 SPLIT	\$350 for up to 2 \$550 for up to 4 \$175 Additional	\$530 for up to 4 \$195 Additional		\$2,643	\$294	12.5%
OPTION B 30/70 SPLIT <small>Reflects \$415k Reduced Rec Fee Revenue</small>	\$295 for up to 2 \$460 for up to 4 \$165 Additional	\$415 for up to 4 \$165 Additional		\$2,707	\$358	15.3%
OPTION C 29/71 SPLIT <small>Reflects \$415k Reduced Rec Fee Revenue, \$428k Reduced Expenses and 2% RRF Contribution</small>	\$295 for up to 2 \$460 for up to 4 \$165 Additional	\$415 for up to 4 \$165 Additional		\$2,624	\$275	11.7%

* If the Board chooses not to implement the \$17 savings on the RRF on Option C, the total assessment would be \$2,641, which is a \$292 or 12.4% increase from 2022

KEY	 USER FEES	 ANNUAL ASSESSMENT
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SURPLUS



POTENTIAL ALLOCATION OF 2021 SURPLUS FROM OPTION C

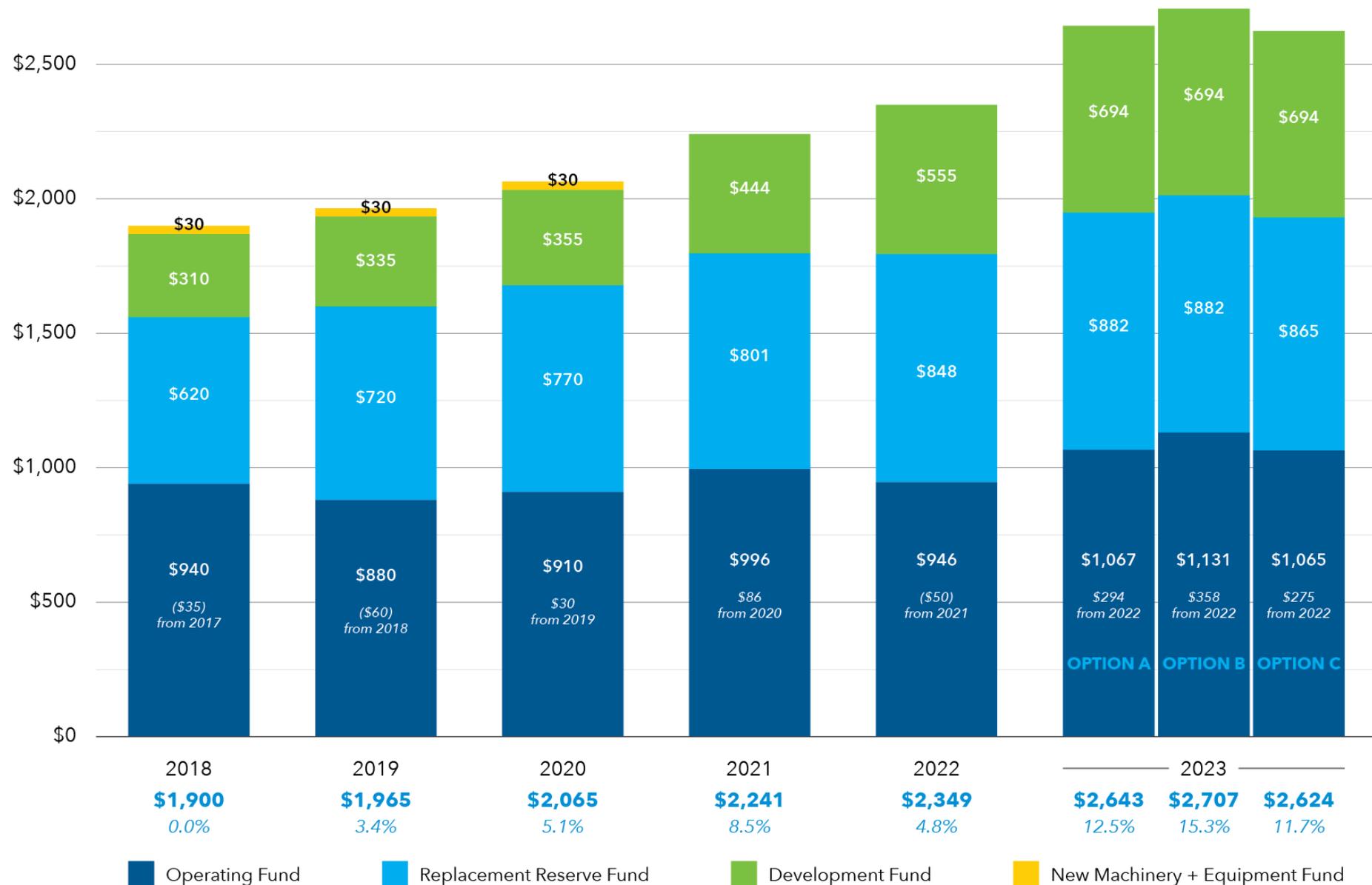
	USING \$0 2021 SURPLUS	USING \$100k 2021 SURPLUS (-\$15.45, -0.6%)	USING \$200k 2021 SURPLUS (-\$30.90, -1.3%)	USING \$250k 2021 SURPLUS (-\$38.62, -1.6%)
OPTION C <small>% increase from 2022</small>	\$2,624 11.7%	\$2,609 11.1%	\$2,593 10.4%	\$2,586 10.1%

* If the Board chooses not to implement the \$17 savings on the RRF on Option C, the total assessment would be \$2,641, which is a \$292 or 12.4% increase from 2022

TOTAL ANNUAL ASSESSMENT



ASSESSMENT CONTRIBUTION TO ALL FUNDS



* If the Board chooses not to implement the \$17 savings on the RRF on Option C, the total assessment would be \$2,641, which is a \$292 or 12.4% increase from 2022

2023 OPERATING FUND BUDGET OPTIONS



OPTION A
\$2,643
 12.5%
 +\$294
 from 2022

OPTION B
\$2,707
 15.3%
 +\$358
 from 2022

OPTION C
\$2,624
 11.7%
 +\$275
 from 2022



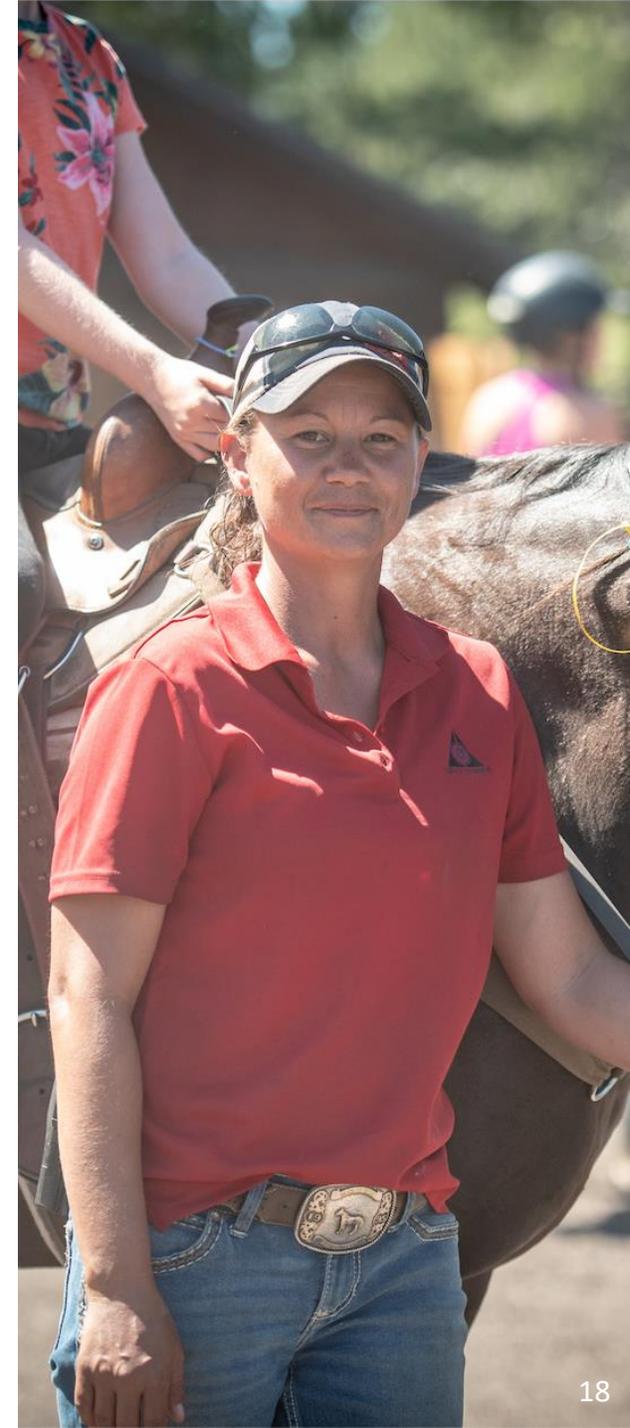
2021 SURPLUS OPTIONS

- No Allocation to Assessment
- \$100k | -\$15.45 per property | 0.6% decrease
- \$200k | -\$30.90 per property | 1.3% decrease
- \$250k | -\$38.62 per property | 1.6% decrease
- \$300k | -\$46.35 per property | 2.0% decrease
- \$400k | -\$61.80 per property | 2.6% decrease

CONCLUDES PRESENTATION

NEXT STEPS

- **Clarifying questions from the Board of Directors**
- **Member Comment**
- **Board Action**
 - Adopt Development Fund Budget
 - Adopt Replacement Reserve Fund Budget
 - Adopt New Machinery + Equipment Fund Budget
 - Select Recreation Fee Structure – 2/4-person or 4-person
 - Adopt Operating Fund Budget
 - Select 2021 Surplus Allocation
 - Adopt 2023 Budget and Total Annual Assessment



TAKE ACTION – DEVELOPMENT FUND

RECOMMENDATION, BY MOTION, ADOPT THE DEVELOPMENT FUND AS PRESENTED

- ANNUAL ASSESSMENT CONTRIBUTION: \$694 (+\$139 FROM 2022)

TAKE ACTION – REPLACEMENT RESERVE FUND

RECOMMENDATION, BY MOTION, ADOPT THE REPLACEMENT RESERVE FUND AS PRESENTED

- ANNUAL ASSESSMENT CONTRIBUTION: \$882 (+\$34 FROM 2022) OR
- ANNUAL ASSESSMENT CONTRIBUTION: \$865 (+\$17 FROM 2022)

TAKE ACTION – NEW MACHINERY + EQUIPMENT FUND

- **RECOMMENDATION, BY MOTION, ADOPT THE NEW MACHINERY + EQUIPMENT BUDGET AS PRESENTED**
 - ANNUAL ASSESSMENT CONTRIBUTION: \$0

TAKE ACTION

- **BY MOTION, DETERMINE THE RECREATION FEE STRUCTURE**

- 2- AND 4-PERSON OPTION OR
- 4-PERSON ONLY (CURRENT OFFERING)

OPTION A1

- Up to 2 people: \$350
- Up to 4 people: \$550
- Add'l. member 5-8: \$175

OPTION A2

4-Person Only Option

- Up to 4 people: \$530
- Add'l. member 5-8: \$195

OPTION B1

- Up to 2 people: \$295
- Up to 4 people: \$460
- Add'l. member 5-8: \$165

OPTION B2

4-Person Only Option

- Up to 4 people: \$415
- Add'l. member 5-8: \$165

- **BY MOTION, ADOPT THE OPERATING FUND BUDGET ASSESSMENT CONTRIBUTION AT:**

- OPTION A (28/72 SPLIT) \$1,067 (+\$121 FROM 2022)
- OPTION B (30/70 SPLIT) \$1,131 (+\$185 FROM 2022)
- OPTION C (OPTION B - \$428k Expenses) \$1,065 (+\$119 FROM 2022)



TAKE ACTION – 2021 SURPLUS ALLOCATION

- **BY MOTION, APPROVE THE ALLOCATION OF A PORTION OF THE 2021 OPERATING SURPLUS**
 - No Allocation to Assessment OR
 - \$100k | -\$15.45 (-0.6%) per property savings OR
 - \$200k | -\$30.90 (-1.3%) per property savings OR
 - \$250k | -\$38.62 (-1.6%) per property savings OR
 - \$300k | -\$46.35 (-2%) per property savings OR
 - \$400k | -\$61.80 (-2.6%) per property savings

If choosing Option C with reduced operating expense of \$428k, staff recommend not allocating more than \$250k in surplus due to the risk of a tight budget in 2023 and 2024, as well as dependence on snow and good weather for meeting revenue targets.

TAKE ACTION – TOTAL BUDGET

- **BY MOTION, APPROVE THE 2023 ANNUAL ASSESSMENT TOTAL**
 - DEVELOPMENT FUND: \$694
 - REPLACEMENT RESERVE FUND: \$882 OR \$865
 - NEW MACHINERY + EQUIPMENT FUND: \$0
 - OPERATING FUND: TBD
 - ANY POTENTIAL SURPLUS ALLOCATIONS: TBD
 - TOTAL: TBD



THANK YOU