

Report to the Board after Finance meeting – April 2022

Attached please find the proposed budget for the 2022/2023 fiscal year and a spreadsheet showing some highlights of this year's finances.

This year revenues should come in 2% to 3% higher than anticipated and expenses could come in a little lower than anticipated. I walked in on this budget in October and found a couple of things done differently than I would have done them. The result being that we will not return anything to reserves this year as projected, but we will still be OK. Our accounts are secure.

The big challenge next year will be how and where we experience inflationary impacts. Clearly fuel costs are likely to be the biggest hurdle, up some 40% to 50% over last year's prices. We are in the mountains. Travel to and from Big Elk Meadows will cost more. Plowing will cost more. Electricity and propane will cost more. Road maintenance in general will cost more. We know our casualty/fire/liability insurance will be up significantly (possibly 30%). We also know our waste/trash services are going up 40%. We read that overall inflation is running at 7% nationally (the highest in four decades), but we are especially impacted in areas that are experiencing even greater increases than 7%. Our challenge will be to hold areas we have some control over in check and be as conservative as possible in all areas.

There are a couple of bright spots. Payroll was over budgeted this past year and actuals will come in under budget so while we will spend more next year, we don't have to increase the budget to cover that increase, and we can still look to cost of living increases after June should inflation remain unabated. That said, health insurance will certainly see an increase. This past year it was up 6% and I see no reason it won't increase by at least that much next year.

Overall, the proposed budget projects a 7.8% increase in expenses. With an increase in revenue of 7% we should cover our expenses, mortgage payments, and have an excess of about \$60,000 to return to reserves except that if we do all the most important capital projects that excess will be wiped out. In other words, we will not increase our reserve balance. The revenue increase comes as follows:

- 1) 5% increase in Annual Assessments = an additional \$35,840 over that which was budgeted. The actual increase is not so much because the projected assessment revenue of \$513,280 on this year's budget was understated by \$10K. Based on actual assessments, if all are paid in full, this year's actual will be more like \$523,010. Hence the actual increase in dollars next year would be more like \$26,000. (161 members pay Full, 6 pay Lot Only, and 1 pays Water Only)
- 2) Looks like water base charges were over projected in the current budget by \$2,500. This budget for next year anticipates an increase in the base rate from \$30 a quarter to \$35 a quarter which will raise an additional \$3220 (\$20 additional annually X 161 water members)
- 3) we are currently on track to sell \$6,000 more water this year than budgeted, so I think it conservative to budget \$5,000 more next year.
- 4) Small increases in other fees and additional sales should generate a few thousand more.
- 5) Total budgeted increase of around \$40,550 for a total revenue budget of \$655,800 or 7% more than this year's budgeted revenue number though the actual increase in dollars will not be so much.

A couple of other things to observe with the projected budget

- 1) We are committing 18% more to equipment maintenance but that may be too low especially with fuel, oil and parts prices increasing at who knows really what rates.
- 2) This past year's budget overstated Water Maintenance so we are reducing the budget but that is something to watch carefully.
- 3) Legal is a bit of a wild card as we are moving into our six-year diligence filing. It's hard to estimate what our legal fees might be and impossible to not spend for it as our water rights are tied directly to our successful diligence filings.
- 4) Trash service is up significantly just to keep the same level of service we have had. Every less changeover saves a thousand dollars.
- 5) Note, while we are setting \$60,000 as a goal to return to reserves, we are also projecting \$58,000 in high priority additional capital expenditures so in reality we are not expecting to end next year with much more in reserves than we start the year. This is not great.

Long Term Planning has projected capital projects and sources of funding for those projects beyond the \$58,000 in projects slated as highest priority for next year. Those are listed on the proposed budget as Contingent Capital Projects on the basis that they are partially or completely contingent on sources of funding to be obtained.

See attached spread sheets for proposed budget and additional info

Roy McCutchen, Treasurer

Big Elk Meadows Associations - Budget Projections for 2022-2023 Year					
FY 2021-22 Budget vs. Actuals as of April14, 2022					
	Actuals as of April 14, 2022	Budgeted for the Fiscal Year 2021/2022	% of Budget	Projected for the 2022/2023 Fiscal Year	
10.6000 Expenses					
10.6100 Payroll Expenditures					
10.6110 Salary Operations & Maint A	64,502	71,202	90.59%	76,542	+5% after June1?
10.6120 Salary Operations & Maint B	52,295	66,204	78.99%	62,680	+5% after June 1?
10.6130 Salary Assist Operations & Maint	1,034	12,000	8.62%	6,000	
10.6140 Salary Office Admin	47,727	61,709	77.34%	55,757	+ 5% after June 1?
10.6170 Employee IRA Match	1,875	2,100	89.29%	2,295	
10.6240 Worker's Comp Insurance	3,354	3,860	86.89%	3,400	
10.6250 Health Benefits	53,145	56,757	93.64%	59,946	current + 6% after October
CO Unemployment Tax	602			1,200	
Federal Taxes (941/944)	12,665	16,000	79.16%	15,725	
Federal Unemployment (940)	133			1,200	
Total 10.6100 Payroll Expenditures	237,332	289,832	81.89%	284,745	Payroll looks fairly good. Maybe a little less than this past yr
10.6200 Taxes/Insurance					
10.6210 Vehicle Insurance	4,841	3,000	161.36%	5,000	
10.6220 Fire/Casualty Insurance	16,611	16,500	100.67%	21,450	+30%
10.6230 Taxes & Licenses	1,029	2,500	41.17%	2,500	
Total 10.6200 Taxes/Insurance	22,481	22,000	102.18%	28,950	Fire & casualty insurance are the big bump
10.6300 Facilities Repair & Maintenance					

10.6310 Facilities Infrastructure	5,460	9,500	57.47%	11,000	" + 6%
10.6315 Dam Maintenance	1,500			2,000	
10.6320 Office Maintenance	35	200	17.34%	200	
10.6330 Garage/Shop Maintenance	934	500	186.78%	1,000	
10.6360 Lake Health & Fish Stocking Expense					
10.6362 Lake Health	26,608	25,000	106.43%	20,000	
10.6366 Fish Stocking	10,150	10,000	101.50%	8,000	
Total 10.6300 Facilities Repair & Maintenance	44,687	45,200	98.86%	42,200	This looks fairly stable
10.6400 Equipment Repair & Maintenance					
10.6415 1962 Caterpillar Track Loader Maintenance				500	Best guess going forward
10.6420 2003 Dodge Truck Maintenance	574	1,000	57.40%	0	to be sold
10.6425 2018 Dodge Plow Truck Maintenance (includes plow and sander)	1,395	500	279.00%	2,500	includes a plow and sander maintenance
10.6430 2001 Dodge Dump Truck Miantenance	340	1,000	34.00%	1,000	Keeper
10.6435 2021 Dodge Dump/Plow Maintenance (includes plow and sander)	951			2,500	includes a plow and sander maintenance
10.6440 1990 John Deere Grader Maintenance	521	2,000	26.05%	3,000	Mountain Mobile quote \$3511 to fix for this year maybe we get a couple of years \$1402 following yr (3/28 some maintenance to be done this
10.6445 1996 Case Backhoe Maintenance	3,781			1,000	Mountain Mobile said \$704 to do annual service
10.6450 1991 GMC pickup maintenance	204	1,000		0	
10.6455 Bobcat Skid-Steer				700	Mountain Mobile said \$572 for annual maintenance
10.6460 1966 Ford Tractor/2015 Craftsman Mower/Weed Boat Maintenance	1,436	1,500	95.75%	500	
10.6465 2007 Sterling Water Truck Maintenance	250			2,500	new/used water truck
10.6470 Pool Maintenance	1,353	4,000	33.83%	1,500	need new heater but that will go under capital exp for 2021/22
10.6475 2014 John Deer Gator UTV Maintenance	40	500	7.95%	500	
10.6480 Tennis Courts				500	if we don't resurface
10.6485 Other Common Areas	1,098	250	439.13%	250	

10.6490 Fuel - Gasoline/Diesel	6,386	6,500	98.25%	9,750	+50% over this year
Total 10.6400 Equipment Repair & Maintenance	18,329	18,250	100.43%	26,700	Equipment Maintenance and Repair looks to take a big bump. Looks like under budgeted for this past year.
10.6500 Water Maintenance					
10.6510 Water Treatment Supplies/Testing	10,088	20,000	50.44%	18,000	
10.6530 Micro-filtration System Maintenance	599	12,000	4.99%	10,000	looking back about 10K a year is right
10.6560 Water Meters					purchasing newmeters will go under capital exp
10.6590 Storage Tank Maintenance					liner for tank will go under capital exp
Total 10.6500 Water Maintenance	10,687	32,000	33.40%	28,000	This looks to have been over budgeted for this past year but we often have high seasonal expenses. Based on history its about right
10.6600 Utilities					
10.6610 BEMA Telephone	3,962	3,600	110.06%	3,800	
10.6620 BEMA Electricity	10,130	14,000	72.36%	10,000	bit of a reductin hopfully - VFD paying there own?
10.6641 BEMA Propane - Garage	2,317	2,700	85.81%	3,350	+25%
10.6643 BEMA Propane - Office	587			1,000	+25%
10.6645 BEMA Pool Propane	5,145	5,000	102.90%	6,250	+25%
10.6650 BEMA Trash Service	15,494	20,000	77.47%	28,000	+ 40%
Total 10.6600 Utilities	37,634	45,300	83.08%	52,400	Utilities experience a big bump due to higher energy costs
10.6700 Legal & Professional Fees					
10.6710 BEMA Legal Fees	4,755	2,500	190.20%	2,500	
10.6720 BEMA Accounting Fees	16,635	18,000	92.42%	14,000	this is regular bookeeping, QBs, payroll, and not audit or audit prep
10.6725 Accounting Reconciliation Services	4,245				this is the audit prep which we expect to be done
10.6730 BEMA Professional Fees		5,000			all moved to 6755 Water Rights Engineering
10.6750 Water Rights Costs		7,500			same as above
10.6754 Water Rights Legal	471			5,000	Diligence filing coming up
10.6755 Water Rights Engineering	4,657			7,000	Applegate - increasing their participation

10.6756 Water Right -Leases and Use Fees	7,036			5,500	OCD and Riverglen (no legal cost this coming year)
Total 10.6700 Legal & Professional Fees	37,798	33,000	114.54%	34,000	We will be going into a six year diligence filing which always drives up our legal costs.
10.6800 Office/General Administrative Expenditures					
10.6810 BEMA Office Supplies	4,881	4,500	108.47%	5,000	
10.6820 BEMA Bank Fees	415	480	86.46%	500	
10.6830 BEMA Postage/Shipping	1,156	1,200	96.33%	1,500	
10.6840 BEMA Shop Supplies	2,979	3,500	85.11%	3,000	
10.6850 BEMA Mileage Reimbursement	1,572	720	218.33%	2,000	fuel costs up some 36% milage reimbursement will go up this next year
10.6860 BEMA Conferences/Education	320	1,000	32.00%	1,500	seasonal timing Paul is going to CRWA conference this year and will spend this
10.6870 Social Club Events	826	4,500	18.36%	1,000	
10.6890 BEMA Miscellaneous Expenses	881	1,000	88.10%	1,000	
Total 10.6800 Office/General Administrative	13,030	16,900	77.10%	15,500	Should be fairly stable
10.7000 Mortgage Payments					
10.7020 BEMA CWCB Principle and Interest Payments	66,802	40,545	164.76%	66,802	Two loans \$16,741 + \$50,060
10.7050 BEMA Plow Truck Mortgage Payments	8,820	1,026	859.65%	7,350	\$735 month - current actual is carried through this year
Total 10.7000 Mortgage Payments	75,622	41,571	181.91%	74,152	
Total Expenses	497,599	544,053	91.46%	586,647	this is a 7.8% increase in budgeted expenses. (actual increas of \$42,594)
	Actuals as of April 14, 2022	Budgeted for the Fiscal Year 2021/2022	% of Budget	Projected for the 2022/2023 Fiscal Year	
10.4000 Revenues					
10.4000 BEMA Income					
10.4010 BEMA Annual Assessment	515,045	513,280	100.34%	549,120	5% increase in annual assessments Current full Assessment \$3165 raises to \$3,325 (161 pay full. 7 pay less than 100%)
10.4040 BEMA Renter Fees (\$450 a quarter)	2,700	3,600	75.00%	3,600	currently there are two full time renters
10.4500 BEMA Property Xfer Fees (\$600)	2,500	3,000	83.33%	4,800	anticipating 8 sales

10.4650 Base Water Charge Income (\$35 quarter)	14,597	21,870	66.74%	22,540	Bumped to \$35 quarter X 161 members
10.4660 Water Usage Income	33,070	37,000	89.38%	42,000	currently on track to sell \$6,000 more water this year than last
10.4700 BEMA Interest Inc	8,350	10,000	83.50%	10,000	based on this year's projection
10.4900 BEMA Miscellaneous Income	14,434	20,000	72.17%	8,000	misc is spread through the following catagories.
10.4910 Dumpster Use Income (\$40 half load \$75 full load)	735	1,000	73.50%	4,000	MacDonald Farm prices up to \$924 per ickup
10.4090 BEMA Fishing Permits (\$100)	200	3,000	6.67%	6,000	sell 60 badges (actual for 2021 was \$5356)
10.4915 Boat and ATV registration (\$10 annual)				250	based on this year actual
10.4925 STR (less than 30days) \$25 paperwork plus per night rental fee (\$15)	156			1,150	10 rentals average six nights each
10.4935 Reimbursement of electrical charges				2,550	based on this year actual
10.4945 Equipment Rental (\$75 per hour)				1,500	estimate 20 hours at \$75 hour
10.4950 Directroy Sales (\$7 or \$6 with return)				290	based on this year actual
Total Revenue	591,787	612,750	96.58%	655,800	This is a 7% increase. The actual increase is \$43,050 and matches our expenses increase though not the percentage increase.
Allowance for bad debt				-10,000	
Excess - Available to Return to Reserves				59,153	Goal is \$60,000
Capital Projects - this Fiscal Year 2021/2022					
	Budgeted	Actual			
New Plow Truck - 2021 Dodge RAM	75,000	68,779	completed		
Aerators - Lake Health - includes new boat	15,000	14,105	completed		
Water Plant capital upgrades - intake pump	5,000	8,900	completed		
Water Truck	45,000	36,015	completed		
Pool Heater - originally intended for 22/23 budget	4,500				to be completed by year end
totals	144,500	127,799			
Capital Projects for next year 2022/2023					
	Budgeted	Actual			
Clear Well Liner	29,000				To be paid by Reconstruction account funds
IT/Computer upgrades	7,000		Reserves		
Water meters	5,725				Water plant set-aside funds*
Water Plant lighting	5,000				Water plant set-aside funds*
Aeration equipment including compressor for Sunset	6,200		Reserves		

Sunset Weir Modification	<u>5,000</u>		To be paid by Reconstruction account funds		
	57,925		This Capital Budget expense is covered though this budget does little to increase our reserves		
Contingent Capital Projects - these projects are contingent on alternate funding sources to partial or fully pay for them.					
Tennis Court Refinishing	38,000	**	Based on needing \$38,000 and receiving \$19,000 in member contributions		
Used road roller (\$15,000) and One Time Maintenance Pull (\$5,000)	20,000	**	Based on sale of \$20,000 in BEMA equipment no longer needed		
Test Dust Strip	20,000	**	Based on revenue from Dietzler Construction contract		
Survey to rePlat lots to sell	36,500	**	Based on \$36,000 revenue from TDC - Boulder County conservation easement		
* Water base charges to date of \$72,300 less costs to date of \$50,325 = \$21,975 remaining (plan to add \$22,540 - \$10,725 = \$11,815 Net this year)					
** For details see separate sheets and Long Term Planning spreadsheets					

Miscellaneous Notes on the 2021/22 Fiscal year for BEM

Capital Expenses	
10/27/21 New snow plow truck - 2021 Dodge RAM	\$59,805
11/23/22 registration and taxes for new snow plow truck	\$3,163
11/18/22 Plow for new truck	\$3,536
1/28/22 Pick up and delivery expenses	\$1,411
Total NEW Snow Plow truck	\$67,915
2/23/22 Used Water Truck - not the final number	\$36,015
10/14/21 Aquatic Associates	\$2,595
10/7/21 Aquatic Associates	\$6,760
3/4/22 Aquatic Associates (boat for future applications)	\$2,200
2/25/22 Stingray Electric - wiring for aerators in Willow Lake	\$2,550
Total Lake Health Infrastructure + boat for future applications	\$14,105
10/19/21 John's Wells Service - install pump in Mirror for WTP	\$8,901
7/2/21 Home Detail - Office Cabinets	\$300
8/27/21 Home Detail - Office Cabinets	\$200
10/1/21 Home Detail - Office Cabinets	\$142
Total for 2021 Fiscal year Cabinetry	\$642
Unbudgeted Expenses attributable to Sunset Dam - paid	
7/14/21 Melisa - accounting	\$281
1/21/22 Boulder County - remap	\$1,611
Total - unbudgeted expenses paid towards Sunset Dam project	\$1,892
Paid down portion of Principle on CWCB loans	
1/1/22 paid from BEMA funds	\$25,628
1/1/22 paid from Boulder County grant (not included in below totals)**	\$287,984
Total principle reduction	\$313,612
Paid down 2019 plow truck loan (projected to year end)	\$8,037
Total capital expenses and reduction in loan balances (does not include grant money from Boulder County)	\$163,135

	6/1/21	4/1/22	Projected 5/31/22
Bank Balances			
Operating #1264	169,463	47,358	
Reconstruction #4556	24,016	88,667	
Reserve MM acct #4650	154,735	221,239	
	348,214	357,264	323,264

April 1 Bank balances	357,264
Projected revenue April & May	36,000
Projected expenses through EOY	-70,000
Projected EOY bank balances	323,264

Beginning Bank Balances	348,214
Increase (decreases)	(24,950) *

* This includes \$64,977.17 left over from the Boulder county grant money. Without this money we would be ending the year down **\$89,927** from the start of the year.

****Grant Money Received** - During this past fiscal year, BEM received \$352,960 in grant money from Boulder County towards the reconstruction of Sunset Lake dam and used \$287,984 of that grant money to pay down principle on one of the CWCB loans.

Recap of Water Based Rate collected and spent: Water base charges to date of \$72,300 less costs to date of \$50,325 = \$21,975 remaining. The plan this year is to add \$22,540 - \$10,725 in WTP projects = \$11,815 Net this year, which will increase the Water Plant set aside to \$33,790.