

Kingswood Village Property Owners Association
Assessment and Budget Summary Discussion
Fiscal Year 2023

Assessment dues for fiscal year 2023 will increase by \$22 per month to a total of \$554. The assessment will be allocated to the Operating Fund in the amount of \$449, to the Reserve Fund in the amount of \$93 and to the Capital Improvement Fund in the amount of \$12. The current year's assessment is \$532.22 per unit and it is allocated to the Operating Fund, Reserve Fund & Capital Improvement Fund in the amounts of \$430.22, \$90 & \$12, respectively.

Operations -

Fiscal 2022 operations have been impacted by significant financial and environmental affects. The first is staffing and staffing cost challenges created by the effects of the pandemic and the ongoing cost associated with fire prevention and related hazard insurance. From September 2021 through the current period there has been ongoing staff retention failures and resulting concerns. Developing a staffing plan for the coming year and identifying new management has occupied much of the Board's time. Staffing changes and retention have impacted financial and budgetary considerations more intensely than in prior years.

Fiscal 2022 operations have continued to be impacted by on-going concerns with fire risks which are endemic to Kingswood's design and location. While laws, which are aimed at the minimization of fire risk, have been in place for some time at the Tahoe basin, compliance and planning has been escalated by local authorities. Unlike other associations, the Board has developed an action plan and funding plan to remove all trees within five feet of a building perimeter and to further remove other trees which compound the fire risk around the property by the start of the next fire season. Savings which resulted from the un-intended staffing shortfall have been allocated to the first round of tree removal to begin this fall. Additionally, the Board is developing a plan to begin the process of "structure hardening". This is a phrase used by fire safety engineers to reference structural and landscape modifications which will help minimize the spread of fire.

Most budget line items and the services to which they relate are essentially unchanged from prior years. Brush Clearing (\$5,000) has been added to for the coming year. Window cleaning and roof clearing will be undertaken by the same contractor to achieve better pricing. Utilities, gas and oil, hazard insurance and professional services have all been increased from 11 to 22 percent as a result of inflationary pressure. Other line items have been adjusted up or down to a lesser degree as a result of the bidding process, consideration of new materials and approaches and by taking advantage of cost savings which have evolved through the use of virtual meetings. .

The detail Operating Fund Budget for fiscal 2023 is attached.

Reserve Funding -

The minimum monthly funding requirement to provide for future repairs and replacements of the major components of the Association's structures and common areas has increased from \$67 per unit to \$72 per unit (7%). The per unit monthly funding cost increases with inflation and as the status of components included in the reserve fund are re-evaluated each year for their remaining useful life. The minimum requirement was \$60 per unit during fiscal 2015. While management and the Board consider the cost of future repairs and replacements to be well funded, the current funding level is not optimal. As a percentage of computed needs, the projected funding level at the end of fiscal 2022 is 64%. The optimum level is 75 to 80%.

For fiscal 2023 the allocation of the monthly assessment to reserve funding had been increased to \$93 per unit or \$21 above the minimum. In general, allocations above the minimum funding will cause the overall reserve funding percentage to improve. Based upon the most recent funding study, which was completed during June, 2022, it is expected that the Association will reach a more optimum funding level by 2027.

For fiscal 2023, \$191,000 of outlays are planned from the Reserve Fund. The outlays will result in continued replacement of balcony structures and building siding. It will also allow for repairs and maintenance of the parking lot and walkways and the replacement of dumpster surrounds and covers along with billboard and kiosk enhancements.

The detailed Reserve Fund Budget for fiscal 2023 is attached. The detailed Reserve Funding Study is available upon request.

Capital Improvement Funds -

The Capital Improvement Fund was initiated on October 1, 2018. The purpose of the fund is to provide resources for improvements to the Association's facilities which are not covered by reserve funding. The fiscal 2023 allocation to the Capital Improvement Fund is \$12 which is consistent with the allocation for the current year. The allocation was \$11 during fiscal 2021.

No outlays from the Fund are planned for fiscal 2022 and the Fund is projected to have a balance of approximately \$93,000 at the end of fiscal 2022.

For fiscal 2022, \$40,000 has been budgeted for completion of an engineering study to specify the details for a new and enhanced exterior lighting system.

The detailed Capital Improvement Fund Budget is attached.