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**Adopted Budget for**  
**June 1, 2022 through May 31, 2023**

Adopted by the Board of Directors April 7, 2022

	<b><u>Balanced</u></b>
Income: Annual Assessments (\$270.68 X 310 Lots)	\$ 83,911
Income: Road Maintenance Fund Item (2021 Voting Ballot Item #3)	4,960
Less estimated uncollected (4%)	<u>- 3,555</u>
Net Income	\$ 85,316

**Expenses**

Bank fees	\$ 108
Quick Books fee	357
Website fees	526
Office supplies/Postage	2,611
Corporate license	10
PO Box fee	156
Liability insurance	1,351
Lien fees	610
Attorney fees/Legal Expense	6,211
Meeting expense	357
Audit expense	2,749
Reserve Study fee	408
Income Taxes	189
Road Maintenance Fund Item (2021 Voting Ballot Item #3)	4,960
General Road Maintenance	31,589 *
Snow Plowing/Sanding	20,735
Sanding Facility Rental Fees	800
Weed Spray	<u>13,127</u>
Budgeted Costs	\$ 86,854
Net Income/Loss	<b>\$ -1,538</b>

“Expenses” dollar amounts are based on adjusted historical averages plus adding average of 2% inflation rate equating to what was brought forward to the membership in the 2021 Voters Pamphlet. Also, three additions were added:

- Lien Fees of \$610. As stated in the Voters Pamphlet, this figure is a “wash” because when a lien is filed against a Lot the cost of the lien is assessed on the Lot, thus there was not a dollar figure put in the figures given to the membership in the Voters Pamphlet. The Lot owner paying for the lien assessment normally does not happen in the same year that the cost was incurred by the HOA. An estimate of 3 liens may have to be filed in 2022/23 at \$203.50 per filing.
- PO Box fee: \$100 was added to the proposed costs due to recent actual increased fee by the US Post Office.

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- Sanding facility rental fee which is based on \$50 a month for site, and \$50 a month for use of tractor (4 months).Continues on back of page

\* Below is the breakdown of General Road Maintenance Expense which is based on the adjusted historical yearly averages plus adding average of 2% inflation.

Road Gravel:	\$ 15,188
Gravel Machining:	542
Raking:	2,048
Ditch/Culvert Cleaning:	5,163
Other Road Material/Repairs:	3,131
Admin. Labor & Materials:	999
Capital Improvements:	572
Emergency Repairs:	2,721
Erosion Prevention/Control:	1,047
Road side/Easement Maintenance:	<u>178</u>
Total Road Maintenance:	\$ 31,589

#### Notes for Management of Budget:

- A spreadsheet will be created showing actual cost as the year unfolds for each expense category in the budget.
- The spreadsheet will be updated on a monthly basis, submitted to the Board with the monthly Cash Flow Report. Report will be posted on the website for the membership, and will be available upon request.
- The spreadsheet will give the Board a tool to keep control over expenditures during the fiscal year.
- At fiscal year end the Board will use the spreadsheet as a tool to identify overage/underage of budgeted items as well as the overall picture of the HOA fiscal health. The spreadsheet will show where the HOA will need to adjust income at future dates and changes to averages of expenses.
- At year end, the total overage (spending more than budgeted) will be taken from the Reserve/Savings Account.
- Underage (spending less than budgeted) will be placed in the Reserve/Savings Account.
- Budgeted expenses are based on average cost through the years of the HOA. Factors like added road wear because of increase in traffic on the roads and inflation were factored in. It is believed that historical averages include that all **needed** tasks were taken care of for the HOA except replacement gravel/material.
- In years past, the common management of the HOA funds was to perform all needed road maintenance (culvert/ditching/crowning/etc) and what was left was spent on gravel. This often left very little for gravel. Now, gravel/replacement material is a fixed costs; if \$15,000 is budgeted for gravel then \$15,000 will be placed on the roads.
- If the management of the budget here forward is to continue **needed** tasks, then the funds should always be available. Examples:
  - Winter maintenance budget is \$20,735. If winter maintenance ends up costing \$25,735 the additional \$5,000 needed will come from the Reserve/Savings Account. If winter maintenance was \$15,735, then \$5,000 will be placed into the Reserve/Savings Account. In other words, if the cost for winter maintenance is less than budgeted (say by \$5,000) that does not mean that the HOA has \$5,000 to spend in a different budget category. The money will be placed in reserve to pay for those years where more funds are needed for winter maintenance.
  - The HOA road maintenance is affected by traffic use and weather, which is ever-changing. Another example would be if this year the HOA did not require any culvert cleaning then the funds budgeted for that, and not used, would be placed in the Reserve/Savings account for future years when culvert cleaning will be required.
- Again, the budgeted figures are based on historical averages. Based on this history the HOA is now able to project future costs in a realistic way. The current budget rate does not allow for large capital improvements because another expense category would suffer. If the Board decided to spend a large amount on a capital improvement then the funds would have to come from either a membership-voted special assessment or from a well-justified offset from some other expense category of savings in the Reserve Fund.
- Road Committee will present a report at least twice a year (spring and fall) of proposed road work. Report will separate costs per budgeted categories, as well as state where (what roads) are receiving maintenance and what work is being performed. Board will approve before work commences. This report will fulfill transparency and management liability requirements for the Board, and this report will be posted on the website to keep the membership informed. The Road Committee will inform the Board of any additional maintenance needed beyond agreed upon work.