Bull Point POA

October 2016

2016 forecast vs. 2016 budget

The POA's financial position continues to improve.  We currently have 4 homes under construction, 1 waiting to start having received ARB final approval and 2 more in the ARB approval process for construction down the road (2017).  We believe that we will end 2016 spending at $571,378, $1523 above budget of $569,855, a difference of .3%.

Contributing to that difference, slightly higher expenses than budget which is addressed below.

In the NET Revenue/Expenses line, we are forecasting to come in under budget by $7908 due to a higher forecasted revenue figure (line 4, also addressed below).

Total Revenue (Line 4) on the budget shows that we generated $9431 more than planned,  good news. We collected more than expected in ARB fees and interest, and we collected more than expected in security decals which relates directly to building starts on the Plantation.  For perspective, in 2015 we missed our revenue numbers by $10K.

In our Community Services Expenses line (44), total expenses were more than our budget.  Contributing to that number, slightly higher wages in maintenance, higher gas and diesel charges, and higher equipment maintenance and repairs.  These differences are attributable to Hurricane Matthew clean-up costs.  We also experienced increases in insurance, both medical and property and pool chemicals.  The 2016 budget assumed that 237 lots would pay dues.  We in fact collected from 239 lots.  Those unplanned dollars were used in part to address our forecast overage with the required $400 per lot going into the Contingency account.

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2017 budget vs. 2016 forecast

The proposed 2017 budget of $556,375 is an increase of about $21K over the 2016 forecast of $535,447 and reflects the same budgeting scheme introduced last year. In this proposed budget, we are again putting all reasonable expected expenses into the operating budget so that we minimize withdrawals from our contingency account except in emergencies or in the case of dues collection costs.

In the Revenue line, we anticipate an increase in the number of ARB applications and a continued increase in housing starts. We show that amount in line 4 as an increase of $3400 over 2016.

In the area of Community Services Expenses lines we have consolidated our professional fees lines (2) back to a single line. Last year we showed both a Professional fees line and a Collections line to capture those expected costs associated with past owed dues. What we determined in 2016 was that collections numbers are very hard to estimate and since all collections go directly to the Contingency account, we should take whatever those costs are directly from the Contingency account as well. To date, our inflows from collections exceed our outflows. As we did last year, in our wage lines, 16, 17 and 18, we have added money for modest wage increases for those employees (5) who have not been given a raise in 3 years and a modest increase for our employees who are on the lowest level of our pay scale (3). Those raises go in to effect mid-year and on average are about 3% total over the 3 year period. And again as we did last year, we have included money in the security wage line to allow us to have gate guards on Friday and Saturday evenings during our 13 weeks of summer (from 6pm through midnight).

Our medical insurance premiums (line 24) are expected to rise, a trend seen throughout the industry. We've budgeted a little more in that line to meet that increase. As a matter of practice, we pay for half that increase and the employee shoulders the other half. Line 22 shows an increase ($600) over last year reflecting an increase by our supplier. We've added money to line 27 to capture tree removal costs. Line 28 reflects the need to replace worn signage. Line 30 contains money for HVAC repair. Our systems are close to 10 years old and we find that each year something breaks and needs to be repaired. Line 39 contains those items that in the past we would have gone to the contingency account for payment. The $31K in that line will be used for our last increment for the Magnolia Island causeway repair ($7K), 2 ramps, 4 floating docks with associated pile glides, and boat landing bumper repair ($21.6K), swimming pool deck preservation, Magnolia Island TiKi hut interior shelving replacement ($1200) and 3 new wooden swings ($1250). We've added a new line item (40) to cover road and path repair. We had a modest expense in road repair this year have additional work that needs to be accomplished in 2017.

We have estimated the number of dues paying lots to be 239. Depending on our success with legal action in several ongoing cases, this number could be higher.

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Contingency Fund Status 2016

We continue to allocate a portion of our annual dues to this account. This year we have again chosen $400 as the amount to allocate for each lot. It has been the desire of the current board to add as much money to this account as possible. Our goal is to reach $1 Million as quickly as reasonable. This year we added over $130K to the account (less expenses for hurricane specific clean-up). Our expectation is that we will achieve our goal of $1 Million by the end of 2018.

We expect to end the year with at least $783K in the account. We ended last year with $667K, $23K more than forecast.

In 2016, we spent $10K in contingency funds to cover the difference between forecasted expenditures for past dues collections and what we actually spent. We shifted what had been Contingency expenditures in the past to line item expenditures in the budget line termed Amenity Repairs (and funded at $28K). Expenditures included: $12K for pool house renovation and microwave shelf at the River Cabin, $13K for Magnolia Island Causeway repair, $7.4K for new lawn mower, and $1K for clubhouse sound system.

This year we were able to diversify our savings from low interest bearing accounts and 2 CDs (with an annual interest income of about $6K) to higher interest bearing accounts that include 2 multi-year CDs and a local money market account (with annual interest income of about $11K). We anticipate adding to or buying another CD in the amount of $100,000 once 2017 dues are collected.

An update on the success of our collection activity against delinquent homeowners is instructive. As reported last year we have paid our lawyers to attempt collections against 20 property owners. To date we have collected $68.5K in back dues. We are still attempting to collect from 9 property owners. Cost to date for those collections has been $60.4K. We will receive an additional $5K in 2017 and an additional $14.5K no later than May 2018 as part of a 2016 settlement.