

LONG RANGE PLANNING & FINANCE COMMITTEE

2018 ANNUAL REPORT

OVERVIEW

The Long Range Planning & Finance Committee is charged with the recommendation and oversight of both current and long term budgeting and spending in The Village. The Board makes the final decisions on the budget and actual spending.

2018 AUDIT

The 2017 outside audit was completed and resulted in another **Grade A** audit report for the Castle Pines Homes Association. CPHA accountant Carol Tilton maintains the CPHA records consistent with acceptable HOA accounting practices and supported with all appropriate documentation.

2018 CAPITAL PROJECTS

In 2018, \$703k was spent on capital projects, of which \$407k was for replacing or maintaining existing assets (which is funded by the Reserve Fund) and \$296k was for new capital projects. The new capital projects were for the gate house upgrade at gate 4 and for upgrading gate internet access, perimeter fencing, pool access control, a covenant monitoring vehicle and replacement of a copier.

2018 BUDGET

2018 revenues were consistent with the budget.

Overall, expenses were slightly better than budget. This was achieved by underrunning and deferring \$151k of Village landscape projects and underrunning bad debt projections. These underruns were used to fund The Village Marketing Project, "The Village" kickoff at the Sanctuary, increased trash collection and variances in several other categories.

Our operating cash position at the end of 2018 was \$595k, an increase of \$386k from year end 2017.

2019 BUDGET

Assessments will not be increased in 2019.

Overall, expenses will increase by \$496k or 10.1%. \$217k of the increase is for landscaping projects and mitigation and \$60k is for brand refresh projects. The remainder of the budget increases by 4.5%. This is primarily due to wage increases and attempting to keep positions more fully staffed.

The 2019 Capital Plan is \$1053k, of which \$705k is for replacing or maintaining existing assets and \$348k is for new capital expenditures. New capital projects include a new racquet court, bear proof trash containers, cameras and tablets for the gates and trash enclosures at the Canyon Club. Each project is approved by the Board when detailed plans are submitted.

The operating cash position at the end of 2018 and our cash projections are adequate to fund our budgeted operating expenses and new capital projects in 2019.

MARKETING INITIATIVE

With Frank Jacobsen's leadership, there were numerous accomplishments including: updated, enhanced and improved visibility of the community website and rebranding of our community as "The Village at Castle Pines" or simply "The Village". This included all new marketing materials. In addition, a new Broker/Assess Policy and Realtor Data Base was implemented to ensure a more effective broker-friendly communication process. These should drive improved awareness of The Village, property values, and community vitality. This work will continue and be further enhanced in 2019.

RISK MANAGEMENT

The Committee considered areas of potential risk to the community and advised the Board that we felt succession planning, data management, Emergency Services, Parks & Recreation (esp. pools), fire and insurance were of highest priority for further consideration. These have all been assigned to appropriate committees to determine specific risks and recommend any potential actions.

VILLAGE GROWTH

The Village at Castle Pines ended 2018 with 1670 constructed homes, which represents an increase of 15 homes during the year. The Village now has 1839 platted lots, an increase of 4 lots.

There are three land tracts in The Village where development activity will be occurring in 2019.

A development planned by Brookfield Developers at the corner of Happy Canyon Road and Santa Fe across from The Village Shops will begin construction later this year. The development is planned for 43 homes and will be part of The Village accessing the new homes through Gate 3.

North and west of our Metro facilities, 60 new home sites will be platted in 2019 with construction beginning late in the year and continuing into 2020.

The third area is a parcel of land located in the southwest corner of The Village. Adamo Homes has purchased land in that location and plan on building 12 new homes with a combination of single family and paired homes.

The final build-out total including additional platted lots is currently estimated at approximately 1950.

RESERVE FUND

The 2018 year-end balance of the Castle Pines Homes Association Reserve Fund was \$2189k which is consistent with the Reserve Study completed in 2017, this amount is adequate to meet future needs for replacement and/or maintenance of the Castle Pines Homes Association assets.

SUMMARY

The Castle Pines Homes Association continues to be financially sound with a solid balance sheet, regular cash flow, and the ability to meet our capital needs in the future.

As noted in prior reports, with the majority of The Village's infrastructure in place, major future financial expenditures will be focused on maintaining/improving The Village's

existing assets and operations, as well as mitigating, wherever possible, the impact of development surrounding The Village. Although not identified at this time, it is anticipated that this may require expenditures to cover the costs of enhanced security. The one major financial expenditure identified in our Long Range Financial Plan is the expansion of the Canyon Club sometime in the future to accommodate growth in The Village.

Respectfully Submitted,

Bruce Campbell (Chairman)

Len Jacob

Frank Jacobsen

Jim Lovell

Dan Olson

Bill Smith

Don Watson