

## **LONG RANGE PLANNING & FINANCE COMMITTEE**

### **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 2018 outside audit was completed and resulted in another Grade A audit report for the Castle Pines Homes Association. CPHA accountant Carol Tilton retired in July and Margie Cheatum was hired as her replacement. They maintained CPHA records consistent with acceptable HOA accounting practices and supported with all appropriate documentation.

### **2019 CAPITAL PROJECTS**

In 2019, \$561k was spent on capital projects, of which \$362k was for replacing or maintaining existing assets (which is funded by the Reserve Fund) and \$199k was for new capital projects. The new capital projects were for the radio communications system, playground equipment, start of the new racquet court, additional laptops for the gates, trash enclosures and a filing cabinet.

### **2019 BUDGET**

2019 total revenue was consistent with the budget. Overall, expenses were almost 1% better than budget. This was primarily due to difficulty in staffing Emergency Services to planned levels. This and other smaller underruns helped more than offset any overruns. Our operating cash position at the end of 2019 was \$577k, a decrease of \$18k from year end 2018.

### **2020 BUDGET**

After not increasing in 2019, assessments will increase in 2020 to \$300 for custom lots and \$225 for alternative lots. Overall, expenses are planned to increase by \$201k or 3.8%. The majority of this is for ES labor as we attempt to more fully staff ES in a difficult labor market. Other smaller increases and decreases cumulatively increase by less than 1%. Our alarm monitoring company has recently increased their rates. We have added some additional funds for this, but we are in negotiations with them and it is currently unclear whether the added funding will be adequate.

The 2020 Capital Plan is \$1010k, of which \$403k is for replacing or maintaining existing assets and \$607k is for new capital expenditures. New capital projects include a new pickleball court, enhancements to the fitness center, a Summit Club family park and picnic area and camera upgrades at the gates. Each project is approved by the Board when detailed plans are submitted.

The operating cash position at the end of 2019 and our cash projections with the assessment increase are adequate to fund our budgeted operating expenses and new capital projects in 2020.

## **VILLAGE GROWTH**

The Village at Castle Pines ended 2019 with 1710 constructed homes, which represents an increase of 40 homes during the year. The Village now has 1882 platted lots, an increase of 43 lots.

There are three land tracts in The Village where development activity will be occurring in 2020.

A development planned by Brookfield Developers at the corner of Happy Canyon Road and Santa Fe across from The Village Shops will begin construction of homes in early summer. The development is planned for 43 homes and is 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 early 2020 with construction activity beginning in the spring and continuing into 2021.

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 construction on 12 new homes with a combination of single family and paired homes will begin soon.

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

## **RESERVE FUND**

The 2019 year-end balance of the Castle Pines Homes Association Reserve Fund was \$2236k which is an increase of \$46k from 2018 and 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 developments surrounding The Village. The one major financial expenditure identified in our Long Range Financial Plan is a future expansion of the Canyon Club to accommodate growth in The Village.

Respectfully Submitted,

Bruce Campbell (Chairman)

Len Jacob

Jim Lovell

Kim Lyon

Dan Olson

Mike Porter

Bill Smith