

Annual Budget Development 2025

Chickasaw Property Owners Association

Chickasaw Utility Company

Chickasaw Point Golf Association

Reserves and Community needs

- During the 2023 budget process, a focused review of our current “critical needs” was completed.
- This “critical needs” was a focused review ***in lieu of a full blown reserve study*** which would have analyzed every owned asset within the entire community and attempted to assign a “replacement value” and time frame to replace
- We chose to do the “critical needs” approach because we operate as an active/ongoing POA with annual budgets that address routine maintenance and replacement of needed items (i.e. building maintenance, equipment and vehicle maintenance/replacement, etc.)
- Therefore, the critical reserves/needs analysis was to be used for guiding us as to what reserves we might need to work towards and **was only meant to focus us on the magnitude of assets that we have to maintain and was only used as a guideline for creating a *sufficient reserve balance target*. No funds will be spent on the above noted projects until such time as a real need is identified and has been appropriately reviewed, vetted and approved by the Board.**
- **Note: In states that have created statutory reserve requirements, some require POAs/HOAs to fund up to 70% of their identified needs. We are at approximately 13% as of today but have doubled our reserves in the last year!**

Based on the critical needs review done in 2022, a 10 year plan was approved by the Board as part of the 2023 budget process.

Here is a brief review of that study.

Critical Reserves/Needs Analysis for Next 5-10 years (2022 review)

Entity	Asset name/group	Asset Cost	Total Depreciation at 12-31-2021	%age depreciated	Average Age Range for depreciation (in years)	Is replacement or Upgrade likely?	Estimated Investment Required	Special Notes
POA	Clubhouse/Community Center & Improvements	424,179	391,127	92.21%	10	Yes	175,000	Future use under review by Long Range Planning Team
POA	Pool & Fencing	143,226	142,679	99.62%	10	Yes	300,000	Pool repair is not likely, replacement is needed
POA	Various Equipment & Maintenance/Lawn Eqmt	142,633	128,675	90.21%	7	Yes/Partial	100,000	Is normally addressed via annual use of capital assessment & operating dollars
Utility	Wastewater Treatment Plant/meters, tanks, lift stations, main/lines	3,007,345	1,484,694	49.37%		Yes/Partial	4,000,000	Estimates on replacement of the other areas of the wastewater treatment plant (besides the EQ Basins that were replaced in 2021) range from \$3.6M and up
CPGA	Open Barn Building (Cart Barn)	112,370	101,152	90.02%	20	Yes	25,000	Maintenance needed & pending for 2022/2023
CPGA	Irrigation System	131,435	127,159	96.75%	7	Yes	1,500,000	Critical to support disbursement of the effluent from the Wastewater treatment plant, doubles as irrigation for golf course
CPGA	New Greens - 2006	96,362	96,362	100.00%	7	Yes	2,000,000	Likely needed in next 2-5 years (we are already beyond expected life)
CPGA	Paving - Remainder of cart paths	60,682	55,645	91.70%	7	Yes	75,000	Requested as part of 2023 budget
CPGA	Bunker/Range Refurbishment	112,947	48,572	43.00%	7	Yes	105,000	7 bunkers left to do at \$15k each
Estimated Total Capital Reserve needed within next 5 - 10 years							\$8,280,000	

This “critical needs” study was only meant to focus us on the magnitude of assets that we have to maintain and was only used as a guideline for creating a *sufficient reserve balance target*. No funds will be spent on the above noted projects until such time as a real need is identified and has been appropriately reviewed, vetted and approved by the Board.

OUR IDENTIFIED NEEDS IN 2022

Estimated Total Capital Reserve needed within next 5 - 10 years							\$8,280,000
				Amount per year	Amount generated over 10 year period		
Resources to pay for above items (assume 10 years):							
Annual Capital Assessment (2022 rate) for POA Capital needs				88,600	\$886,000		
Annual Capital Assessment (2022 rate) for CUCO Capital needs				44,300	443,000		
Annual Capital Assessment (2022 rate) for CPGA Capital needs				55,375	553,750		
CUCO: Net increase from 2022 rate incr reserved for future Utility capital needs				81,167	811,670		
TOTAL ESTIMATED DOLLARS AVAILABLE TO COVER NEEDS FOR NEXT 10 YEARS							2,694,420
Estimated shortfall at 10 year mark							(5,585,580)

Note: We are including ALL of the capital assessment dollars currently in our annual budget in this exercise, which means that other year to year requests would not be funded. This is actually not reasonable as it would create another line item of needs within the above analysis but for this exercise we assumed those dollars could be used for these needs with additional year to year funds set aside for lesser needs.

Our 10 year plan to address capital needs

10 YEAR SCENARIO		Rate for Developed lot	Rate for Undeveloped Lot (at 60% of developed rate)	Amount generated per year-developed lots	Amount generated per year-undeveloped lots	Total additional assessment dollars generated
Assumed number of lots: 450 developed/450 undeveloped						
Money raised by additional assessments	Year 1	100	60	45,000	27,000	72,000
	Year 2	300	180	135,000	81,000	216,000
	Year 3	500	300	225,000	135,000	360,000
	Year 4	700	420	315,000	189,000	504,000
	Year 5	900	540	405,000	243,000	648,000
	Year 6	1,000	600	450,000	270,000	720,000
	Year 7	1,000	600	450,000	270,000	720,000
	Year 8	1,000	600	450,000	270,000	720,000
	Year 9	1,100	660	495,000	297,000	792,000
	Year 10	1,150	690	517,500	310,500	828,000
	Total at year 10					5,580,000

The Finance Committee recommended the above funding consideration to the POA Board, which was adopted in December 2022. We will perform another detailed review at the end of 2024 to reassess the results of operation on cash and modify the plan if needed.

Detail of Reserved Funds as of 10-31-2022:		
Event Center Fund	\$292,451	
Capital Reserve (General Reserve for Catastrophic needs)	182,961	
Building Escrow	15,318	
Reserved to cover loan payments	70,460	
Miscellaneous Other Reserves	20,125	
Total Reserved Funds at 10-31-2022	\$581,315	
Less: Event Center Fund (was owed to POA)	(\$292,451)	
Net Total Reserved Funds at 10-31-2022		\$288,864

Detail of Reserved Funds as of 10-31-2023:		
Capital Reserve (General Reserve for Catastrophic needs)	\$232,027	
Reserved for Pool and Tennis court	56,940	
Building Escrow	3,310	
Reserved to cover loan payments	37,494	
Miscellaneous Other Reserves	8,107	
CUCO Reserves for Capital & Loan payments	234,917	
Total Reserved Funds at 10-31-2023		\$572,795

Detail of Reserved Funds as of 10-31-2024:		
Capital Reserve (General Reserve for Catastrophic needs)	\$632,371	
Reserved for Pool and Tennis court	56,940	
Building Escrow	5,310	
Reserved to cover loan payments	37,494	
Miscellaneous Other Reserves	8,120	
CUCO Reserves for Capital & Loan payments	311,839	
Total Reserved Funds at 10-31-2024		\$1,052,073

Note that additional funds will be added to the above totals after the 2024 books are closed and audited. These will primarily be the additional 2024 collections on the special reserve assessment not previously transferred

Budget 2025 – Key points/new items

POA/General (Community Operations):

▪ Assessments

- Base Assessment will increase 1.7% based on the annual change in the CPI* as provided for in Section 19 of the Covenants.
 - **Base assessment** to increase \$12 from \$708 to \$720 per single developed lot and will increase \$5 from \$262 to \$267 per undeveloped lot.
- Capital Reserves Assessment (year 3 of our 10 year plan) has been included.
 - In 2025 this amount increases from \$300 to \$500 for developed lots and from \$180 to \$300 for undeveloped lots.
 - At this time, we have grown our reserves to just over \$1M, however this is only about 13% of identified needs. The Board is recommending we continue the current 10 year growth plan as originally laid out in 2022. These reserves are to be set aside to grow and used only for certain critical needs and only if approved by the Board.
- **Total Assessment rate for fully developed lot** for 2025 will change from \$2,578 to \$2,790 (+\$212)
- The **Undeveloped lot rate** will change from \$947 to \$1,072 (+\$125)
- All other assessments remain the same as they were in 2024

* For annual budget purposes we use the Atlanta GA metro area CPI index as of August each year. See: <https://www.bls.gov/charts/consumer-price-index/consumer-price-index-by-metro-area>.

Budget 2025 – Key points/new items

POA/General (Community Operations)

- Increased assessment income as previously noted
- Additional operating income includes recent increases for ACC/Impact Fees....these fees will be reserved specifically for Roads to allow greater annual outlay for roads beyond the annual Roads assessment (the Roads assessment has not been increased beyond prior year levels).
- Wages/salary increases – Budget includes a 3% increase for most positions
- Continued healthcare reimbursement programs for salaried staff utilizing this program (same coverage levels as 2023/2024). Budget did not allow for expansion to hourly staff
- Expense budgets reflect numerous reassignment of costs from CPGA to POA following detailed analysis of each cost element & cleaner alignment of costs. Building wide costs, such as maintenance, fire safety, pest control are now fully reported under the POA (about \$35k). Items such as certain advertising were also moved to flow through the POA as the “parent” over CUCO and CPGA.
- Overall expense increases (excluding capital/special project costs) are projected to increase 10% (driven mostly by the movement of costs from CPGA to the POA). Several expense line items, such as insurance, audit fees, copier lease etc. have increased well beyond the 1.7% CPI trailing indicator and have been appropriately allowed for.
- We have increased budgets for community wide upkeep (trees/shrubs), marketing/advertising and enhancements for website, Zoom fees, etc.
- POA budget includes \$120k of capital dollars to cover the following:
 - Community Center upgrades (kitchen and 2nd floor)
 - Money to rebuild lift stations for the pool & POA building
 - Monies for pool & tennis court improvements (if not used is rolled to reserves)
 - Generator for the new building (to be paid out over 5 years).
- Projected operating income is \$180k with a cash flow of \$84k after principal payments on loans

Chickasaw Association, Inc.

2025 Annual Budget plan

	2025 BUDGET	ACTUAL EXPENSE		
	Plan for	Projected thru	Total \$	%age
	YE 12/31/2025	YE 12/31/2024	Variance	Variance
Income/Receipts:				
Assessment and Capital Reserve	\$1,487,162	\$1,342,136	\$145,026	10.8%
All Other Revenues	161,010	160,598	412	0.3%
Total Income/Receipts	\$1,648,172	\$1,502,734	\$145,438	9.7%
Expenses:				
Finance & Administration	(\$397,513)	(\$376,461)	(\$21,052)	-5.6%
Communications	(27,120)	(11,183)	(\$15,937)	-142.5%
Pool Operations	(71,670)	(69,047)	(\$2,623)	-3.8%
Gate Operations	(94,309)	(85,023)	(\$9,286)	-10.9%
POA Operations	(163,542)	(111,937)	(\$51,605)	-46.1%
Roads	(156,900)	(161,123)	\$4,223	2.6%
Clubhouse	(31,500)	(40,899)	\$9,399	23.0%
Depreciation	(20,000)	(20,000)	\$0	0.0%
Special Projects/Major Projects	(505,400)	(316,216)	(\$189,184)	-59.8%
Total Expenses	(\$1,467,954)	(\$1,191,889)	(\$276,065)	-23.2%
Projected Net Income	\$180,218	\$310,845	(\$130,627)	-42.0%
Cash Flow adjustments:				
Depreciation Expense	\$20,000	\$20,000		
Principal payments on loans	(\$116,461)	(\$105,781)		
Net Cash Flow	\$83,757	\$225,064		

Budget 2025 – Key points/new items

CUCO (Utility):

- Water/sewer rates will increase 1.7% based on CPI factor
- Wages/salary increases – Budget includes a 3% increase
- Non salary related expenses (routine operational expenses) projected to increase by 17%. Due to age of infrastructure, we have had to drastically increase budgets for sewer repairs/maintenance, sludge removal, purchased water (driven by leaks). Electricity and audit fees also have increased well beyond CPI levels. 2025 expenses also include the new fee paid to CPGA for effluent discharge (annual fee is \$40k).
- There is \$47k of available capital dollars for 2025. Projects will include work on the water plant infrastructure and related projects. Any unused capital assessment dollars will be reserved at year end
- Note: CUCO profit margins will continue to be reserved at each year end for future major reinvestment in plant and facility in accordance with understanding when water/sewer rates were raised in 2022.
- Projected operating income is \$119k with a cash flow of \$179k after adjustments for depreciation & loan principal payments

Chickasaw Utility Company (CUCO)

2025 Annual Budget plan

	2025 BUDGET	ACTUAL EXPENSE		
	Plan for	Projected thru	Total \$	%age
	YE 12/31/2025	YE 12/31/2024	Variance	Variance
Income/Receipts:				
Water and Sewer Billings	\$795,000	\$783,616	\$11,384	1.5%
All Other Revenues	72,000	62,676	\$9,324	14.9%
Total Income/Receipts	\$867,000	\$846,292	\$20,708	2.4%
Expenses:				
Cost of Water	(\$160,000)	(154,037)	(\$5,963)	-3.9%
Water/Sewer Repairs & Supplies	(80,000)	(53,874)	(\$26,126)	-48.5%
Chemicals & Sludge Removal	(45,000)	(39,802)	(\$5,198)	-13.1%
Wages/Payroll Taxes	(129,257)	(121,582)	(\$7,675)	-6.3%
Contract Services	(87,000)	(87,000)	\$0	0.0%
Electricity	(40,000)	(37,527)	(\$2,473)	-6.6%
Other Expenses	(166,675)	(121,134)	(\$45,541)	-37.6%
Total Expenses	(\$707,932)	(\$614,956)	(\$92,976)	-15.1%
Current Year to Date Net Income	\$159,068	\$231,336	(\$72,268)	-31.2%
Non-Operating Income/Expense:				
RDA Loan and Capital Assessment	\$140,504	\$140,164	\$340	0.2%
Other Miscellaneous Income	0	12,000	(\$12,000)	100.0%
Depreciation	(90,000)	(90,000)	\$0	0.0%
RDA Loan Interest Expense	(43,089)	(44,695)	\$1,606	3.6%
Capital Projects	(47,000)	(44,000)	(\$3,000)	-6.8%
Total Non-Operating Income/Expense	(\$39,585)	(\$26,531)	(\$13,054)	-49.2%
Projected Net Income	\$119,483	\$204,805	(\$85,322)	41.7%
Cash Flow adjustments:				
Depreciation Expense	\$90,000	\$90,000		
Principal payments on loans	(\$30,672)	(\$28,219)		
Net Cash Flow	\$178,811	\$266,586		

Budget 2025 – Key points/new items

CPGA (Golf Course):

- Budget for income from memberships and non-member greens fees are projected to increase by approximately 12% based on recent changes to membership packages and rack rates
- Wages/salary increases – Budget includes a 3% increase
- Budget for The Overlook - Projecting a 14.4% increase in revenues (to reflect full year under current leadership) & a small 3% increase in expenses. Budget assumes a small positive bottom line of \$21k for 2025.....this would be a positive \$75k swing from 2024 estimates. Any excess net results from these operations will be set aside as special reserves to be utilized for critical/special needs as determined by the CPGA/POA Board
- Overall, total CPGA costs are projected to DECREASE by 1.9% but note that this is mostly because of moving certain costs to the POA. Expense projections do reflect continued improvements we have been experiencing relate to cost management for food, bar and staffing. Food cost percentage budgeted at 38%, bar cost at 30%.
- Capital projects funds of \$59k for 2025 will be allocated to addressing critical irrigation leaks on the course. These have been elevated as critical needs due an increase in the number of course leaks and the growing cost to address on an emergency basis.
- Projected operating income is \$45k with cash flow of \$105k after depreciation expense is added back. ***This is a VERY aggressive budget which would significantly improve net results over prior year outcomes!***

C.P.G.A

2025 Annual Budget plan

	2025 BUDGET	ACTUAL EXPENSE		
	Plan for	Projected thru	Total \$	%age
	YE 12/31/2025	YE 12/31/2024	Variance	Variance
Income/Receipts:				
Member Fees	\$176,700	\$157,667	\$19,033	12.1%
Non-Member Fees	\$430,000	\$384,744	\$45,256	11.8%
Grill/Event Center Revenues	\$693,000	\$605,663	\$87,337	14.4%
All Other Revenues	120,000	108,124	\$11,876	11.0%
Total Income/Receipts	\$1,419,700	\$1,256,198	\$163,502	13.0%
Expenses:				
Golf Course Expenses	(\$484,867)	(\$471,588)	(\$13,279)	-2.8%
Inside Operations - Cost of Sales	(42,350)	(42,137)	(\$213)	-0.5%
Inside Operations - Pro Shop	(162,276)	(165,551)	\$3,275	2.0%
Inside Operations - Grill/Event Center	(671,448)	(659,795)	(\$11,653)	-1.8%
Facility Expenses	(92,050)	(117,517)	\$25,467	21.7%
Administrative Expense	(111,135)	(139,818)	\$28,683	20.5%
Depreciation	(60,000)	(60,000)	\$0	0.0%
Taxes	(10,725)	(10,670)	(\$55)	-0.5%
Total Expenses	(\$1,634,851)	(\$1,667,076)	\$32,225	1.9%
Current Year to Date Net Income	(\$215,151)	(\$410,878)	\$195,727	47.6%
Non-Operating Income/Expense:				
Operations and Capital Assessment	278,922	\$278,916	\$6	0.0%
Other Income - Discharge Fee Revenue	40,000	\$0		
Capital Projects	(58,750)	(59,484)	\$734	1.2%
Total Non-Operating Income/Expense	\$260,172	\$219,432	\$740	0.3%
Projected Net Income	\$45,021	(\$191,446)	\$236,467	123.5%
Cash Flow adjustments:				
Depreciation Expense	\$60,000	\$60,000		
Principal payments on loans	\$0	(\$14,270)		
Net Cash Flow	\$105,021	(\$145,716)		

Budget 2025 recap (All Entities):	2025 Budget		Projected 2024 Actual
All entities - Projected net income	\$344,722		\$324,204
All entities - Projected net cash flow	\$367,589		\$345,934