

LONG RANGE PLANNING & FINANCE COMMITTEE

2010 ANNUAL REPORT

Committee Members:

Len Jacob – Chairman
Dave Blakely
Kim Higgins
Jim Lovell
Barbara Schatzman
Bill Smith
Don Watson

OVERVIEW

Established by the CPVHA Board in June 2004, the Long Range Planning and Finance Committee (LRP&F) is charged with oversight of both current and long term budgeting and spending in the Village.

2009 AUDIT

The 2009 outside audit was completed and resulted in another **grade A** on our report card. CPVHA accountant **Carol Tilton** deserves all the credit. Carol keeps the records up-to-date, accurate, consistent with acceptable HOA account practices, and backed by appropriate documentation. Kim Higgins, a committee member and a CPA, provides oversight for the annual audit.

2010 CAPITAL PROJECTS

In 2010, approximately \$260,000 was spent on capital, of which \$175,000 was for replacing/maintaining existing assets and funded by the reserves, and \$85,000 was for new items including a new gate #1 design, a new reverse 911 server, AED's, and new trails.

2011 BUDGET

Dues will remain at the 2010 level. Revenues will be adequate to fully fund operating expenses, reserve funding requirements, and anticipated new capital expenditures. The shortfall in revenue in the 2011 budget due to the economic climate is anticipated to be \$250,000. Since 2005, the Village's Accounts Receivable has grown from \$56,000 to \$590,000.

The two largest expense increases in 2011 are due to the Comcast rate increase per the Village's five year contract and the Landscaping work deferred from 2010. On January 1, 2011, a new 5 year Waste Management contract will become effective and reflect a slight reduction from the previous contract.

VILLAGE GROWTH

Castle Pines Village ended 2010 with 1485 homes. Adding platted lots, which are also responsible for monthly dues, brings the total lots in the Village to 1718. The build out

total with additional platted lots is currently estimated at approximately 1910. However, it is anticipated that no additional lots will be platted in the foreseeable future.

LONG RANGE PLANNING

In 2010, a long range planning activity was initiated in conjunction with the other standing Village committees. It is anticipated that a final 5 year plan will be completed in the first quarter of 2011.

ADMINISTRATIVE BUILDING FINANCING

The Village administrative building loan has a balloon payment due in early 2012. Since the Village CD investments for our reserves are earning less than 2% and the mortgage rate is 6½%, the Finance Committee has adopted a strategy to prudently pay down part of this loan using reserve funds that are not required in the foreseeable future. During December 2010, the loan balance was reduced by \$500,000. The reserves will be reimbursed from operating cash on a scheduled basis. During the first half of 2011, the Finance Committee will develop an appropriate overall strategy for new building financing in conjunction with the Reserve Study noted below.

RESERVE REPLACEMENT FUND

The Reserve Study, completed in November 2007, is updated annually to reflect new Village assets added. The projected 2010 year-end balance of \$2,175,000 (including the \$500,000 mentioned above) meets the recommendation of the Reserve Study. With many differences in actual replacement projects, costs, and actual investment rates versus the Reserve Study assumptions, a new Reserve Study will be completed in the first quarter of 2011.

SUMMARY

Although impacted by the economic climate, the Village continues to be financially sound. With the majority of the Village's infrastructure in place, our major future financial resources will be focused on maintaining/improving the Village existing assets and operations. In 2011, the Village will replace gate #1 as part of the Happy Canyon round-a-bout project, and the Village trail system will be expanded. In subsequent years the remaining trails for the Village system will be completed, and it is expected that the other gates will be upgraded or replaced. The Village will also continue to be challenged by the combination of the following issues which will impact availability and/or use of financial resources.

- * Continued low interest rates on Village Reserve investments
- * Shortfall in assessment revenue
- * Increases on Village Accounts Receivable
- * External factors which potentially reduce home values and/or the quality of Village life. (In 2009, significant financial resources were applied to affecting the elk hunting on adjacent property, and attempting to influence the location and design of the Meadow's extension on the southern border of the Village). For 2011 and beyond, these factors potentially may include:
 - Reducing the expanding train whistle noise
 - Fighting expansion of the Sedalia waste disposal site.
 - Buffering the growing road noise on I-25

- Potential noise reduction if the Meadow's extension is constructed at Castlegate.

Respectfully Submitted

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