

Emery Bay Village CPA review statement

A few homeowners have had questions about how we calculate our dues. We asked our CPA to review our 2017 budget and verify that the formula stated in our CC&Rs was calculated correctly and that our estimated operating expenses were being broken out correctly between variable and equal.

The CPA used our formula but reviewed our reserve study as well as the operating budget. He delineated a few items in the reserve study as being able to be considered variable instead of equal (based on square footage for variable expenses each homeowner shares).

The CPA's initial report came up with different calculated amounts due to his inclusion of reserve items as variable. His method was based on the method other HOAs use for their budgets.

Our process for figuring the HOA budget and dues is based on how it has been done historically and we had not defined our reserve study items in the way the accountant did. We treated reserve items as equal as they were mostly. This included items like siding, shingles, paint etc. The accountant figured many of these items in the same way we figured other variable items in our operating budget.

The accountant had been asked to engage in this review near the end of the 2017 budget process and he was not able to respond to us until after the 2017 budget was finalized, reviewed by the public, and approved by the board.

After seeing how the accountant had delineated some of our reserve items, we went back and examined all the items in the current reserve study. We spent several financial meetings going through this process and found a few items that we could consider being redefined as variable instead of equal.

Using these new delineations, we calculated the 2018 budget and this will be the new budget process going forward.

If you have any further questions, please contact Michelle New or come to any of the open public budget meetings that are posted on the club house community event board.

HOA BOARD Emery Bay Village

Table 1: Monthly dues from 2017 budget

Model Type	2016	2017	Change	%
A/B	\$ 407.21	\$ 390.08	\$ (17.13)	-4.2%
C	\$ 432.87	\$ 414.75	\$ (18.12)	-4.2%
D	\$ 437.29	\$ 419.00	\$ (18.29)	-4.2%
E	\$ 455.87	\$ 436.86	\$ (19.01)	-4.2%

Table 2: CPA's monthly dues calculations for 2017

Model Type	Equal	Variable	Total
A/B	\$ 281.20	\$ 109.18	390.38
C	\$ 281.20	\$ 151.97	433.11
D	\$ 281.20	\$ 159.35	440.54
E	\$ 281.20	\$ 190.33	471.53