



## 2025 Budget Draft

Oak Creek Club Homeowners Association,

Enclosed are three options for the 2025 Operating Budget for the Oak Creek Club Membership. Additionally, we have included a PowerPoint presentation for the community's review. The Board of Directors will vote to adopt the budget for 2025 on Tuesday, November 12, 2024.

"As per the governing documents, the Board of Directors is required to adopt a budget within 45 days of each fiscal year. Before adoption, the draft budget must be distributed to the membership at least 30 days before the end of the fiscal year to notify the owners and allow for a comment period".

If you have any questions or comments about the 2025 budget draft, please contact me at (301) 390-1721 or email [manager@oakcreekclub.com](mailto:manager@oakcreekclub.com). I will be happy to assist you.

**In addition, there will be a virtual Budget and Finance Committee meeting on Monday, October 21, 2024, at 7:00 p.m.** Community reminders will be sent through the approved communication channels, including the HOA website, CIRANET, and Text Alert.

After a thorough review and consideration by the Budget and Finance Committee, the committee evaluated the following options that would impact the monthly assessment:

**Option 1:** Increase the monthly assessment from \$217.00 to \$238.00. This would involve a \$21.00 increase to offset the deficit of \$295,848.

**Option 2:** Transfer \$147,924 from the operating reserves and increase the assessment by \$11.00, resulting in an increased assessment amount of \$228.00 per month.

**Option 3:** Transfer \$295,848 from the operating reserve, which would cover 100% of the deficit, allowing for no increase in the assessment for 2025.

This budget is based on 1,174 homes and is attached for your review and consideration. The 2025 coupon books will be distributed to all homeowners by the end of the year. Once the Board of Directors votes on an option at the November 12, 2024, Board Meeting, a notification will be sent to the community regarding the monthly assessment amount for 2025. At that time, if you are in a Direct Debit program, please





ensure that the correct amount is being debited starting January 1, 2025. Direct Debit deductions are processed around the third (3rd) business day of the month. If you use a bill payer service, please confirm that the correct amount is debited for the correct due

date to avoid late fees. If you want to make your assessment payments online or sign up for direct debit, please visit [www.gocampmgmt.com](http://www.gocampmgmt.com), scroll to the bottom of the page, and click "Residential Portal."

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## 2025 PROPOSED BUDGET

# Oak Creek Club Homeowners Association

# Oak Creek Club Proposed 2025 Budget Package

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# Budget and Finance Committee Members

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Marisa Reid: Chair

Will Abdul: Co-Chair

Kristen Stierwalt-Huff

Dr. London Wills

Michael McFarlane

Danielle Telesford

Adedoyin Adedopo

Nina Murphy



# Income and Reserves

The main source of income for the association are the assessments collected from each homeowner. The method of calculation is defined by the expenses of the association and supported by the governing documents.

Replacement Reserves is based on the assessment contribution as outlined in the Reserve Study. The funds reserved annually assist with future costs of major repair and replacement of community assets.

The community's operating costs continue to increase mainly due to the impact of inflation, increased cost by service providers and ongoing gate damage.





# SUSTAINING AND IMPROVING OUR COMMUNITY

*By consistently paying your HOA assessment, you're not just fulfilling a financial obligation; you're investing in the future of our community. Your timely contributions ensure that Oak Creek maintains a premium standard of living.*

## Fund Future Needs

- Contribute generously to the replacement reserve account to ensure the long-term viability of our approx. 20 year-old community assets, including our swim and tennis center, streets, lighting, and gates.

## Get Involved

- Share your knowledge and expertise by volunteering on committees and participating in community meetings. Your input is vital in shaping Oak Creek's future.

## Support Community Initiatives

- Back projects that enhance property values, increase revenue, reduce costs, and attract new owners. Together, we can create a vibrant and thriving community.

*Your investment in Oak Creek today will benefit you and future generations. Let's work together to protect and enhance the quality of life in our community!*

## 2025 Budget Highlights

- The Community is at Build Out w/ 1174 homes. 19 Landbays (see slide 7).
- There is a recommendation to increase the amount of the HOA assessment to fund the replacement reserve account amongst other things (see slide 4).
- The current HOA fees will not fully fund the 2025 replacement reserve account and manage the expense deficit (see slide 5).
- The B&F committee thoroughly reviewed all expense line items, no further cost reductions were recommended.
- Last year, the B&F committee recommended to the Board to transfer \$90k from the Operating Reserve to address the deficit, fully fund the replacement reserve account, and lessen financial impact on homeowners.
- As a result, there was no increase in the 2024 HOA assessment.



# Our Oak Creek Club Community Landbays

(Community in existence for almost 20 years)

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1. Deer Run
2. Deer Run Estates
3. Deer Ridge
4. Deer Valley
5. Poplar Turn
6. Lakeview
7. Club House Terrace
8. Clubhouse Square
9. Pine Valley
10. Oak Hill
11. Oak Hill Estates
12. Eagle Ridge
13. Cedar Creek
14. Queen Anne Turn
15. Players View
16. Fox Turn
17. Fox Hill
18. Fox Den
19. Bowieville



Reduction in income	2025	2024	Difference
Assessment Allocation (Reserves)	-\$710,440	-\$676,610	-\$33,830
Transfer from Operating Reserves	\$0	\$90,564	-\$90,564
<b>Total reduction in income</b>			<b>-\$124,394</b>
<b>Increase in expenses</b>			
Electricity	\$265,000	\$244,008	\$20,992
Access Control Services	\$789,000	\$712,860	\$76,140
Homeowner Activities	\$120,200	\$90,000	\$30,200
General, Property, Liability	\$65,124	\$53,750	\$11,374
Other expenses			\$32,748
<b>Total increase in expenses</b>			<b>\$171,454</b>
<b>Total deficit</b>			<b>\$295,848</b>

### 2025 HOA Assessment Increase

- Current 2025 budget has a projected deficit of **\$295,848**.
- The 2025 Reserve Allocation of \$710,440 reduces total income by \$33,830.
- In 2024, the Board approved \$90,564 to be moved from Operating Reserves to negate 2024 Budget deficit and lessen financial impact on homeowners.
- There are significant cost increases in several accounts which contributes to the deficit (see itemized list).
- Access Control contracted value is \$712,860. 2025 Budgeted amount correctly reflects estimated non-contracted hours, like, holiday, gate repair guard watch....
- The B&F Committee recommends an increase in the 2025 assessment vs transferring funds from Operating Reserve to address the \$295,848 deficit.

## Options to Fund Projected 2025 Budget Deficit

	Projected 2025 Deficit	Transfer from Operating Reserve	Remaining Deficit	Monthly Assessment Increase to Fund Deficit	2025 Monthly Assessment	Percentage Increase	Notes
<b>Option 1</b>	\$295,848	\$0	\$295,848	\$21	\$238	9.7%	Satisfy 100% of deficit by increasing monthly assessment
<b>Option 2</b>	\$295,848	\$147,924	\$147,924	\$11	\$228	5.1%	Satisfy 50% of deficit with transfer from Operating Reserve
<b>Option 3</b>	\$295,848	\$295,848	\$0	\$0	\$217	0.0%	Satisfy 100% of deficit with transfer from Operating Reserve

### Committee Recommendation

- The Budget and Finance Committee recommends that we implement option 1 - \$21 Monthly Assessment Increase

### Rationale

- In 2024 the projected budget deficit of \$90,564 was funded with a transfer from the Operating Reserve
- Continued funding of deficits from the Operating Reserve is not sustainable. This could result in:
  - Larger annual increases to the monthly assessment in future years
  - Significant reduction to the Operating Reserve
  - Potential special assessments to fund special projects or unanticipated one-time costs
- It's wise to cover rising expenses by increasing the monthly assessments and using transfers from the Operating Reserve for one-time costs



# Homeowners Association (HOA) Assessment Fees Information

- Current 2024 Monthly Assessment is \$217.
- Committee recommends an increase of \$21 (9.7%) to cover the forecasted budget deficit.
- Proposed 2025 Monthly assessment is \$238.
- Assessment History since 2012:

<u>Year</u>	<u>Assessment Amt</u>	<u>\$Variance</u>	<u>% Change</u>
2012	\$135.00	\$0.00	
2013	\$160.00	\$25.00	18.5%
2014	\$175.00	\$15.00	9.4%
2015-2017	\$190.00	\$15.00	8.6%
2018-2019	\$195.00	\$5.00	2.6%
2020-2022	\$205.00	\$10.00	5.1%
2023-2024	\$217.00	\$12.00	5.9%
2025 -	\$238.00	\$21.00	9.7%

## 2025 Operating Reserve

B&F Committee recommends that the excess Operating Reserve above prescribed threshold are transferred to the Special Projects Fund to be used for current and future projects to benefit the community

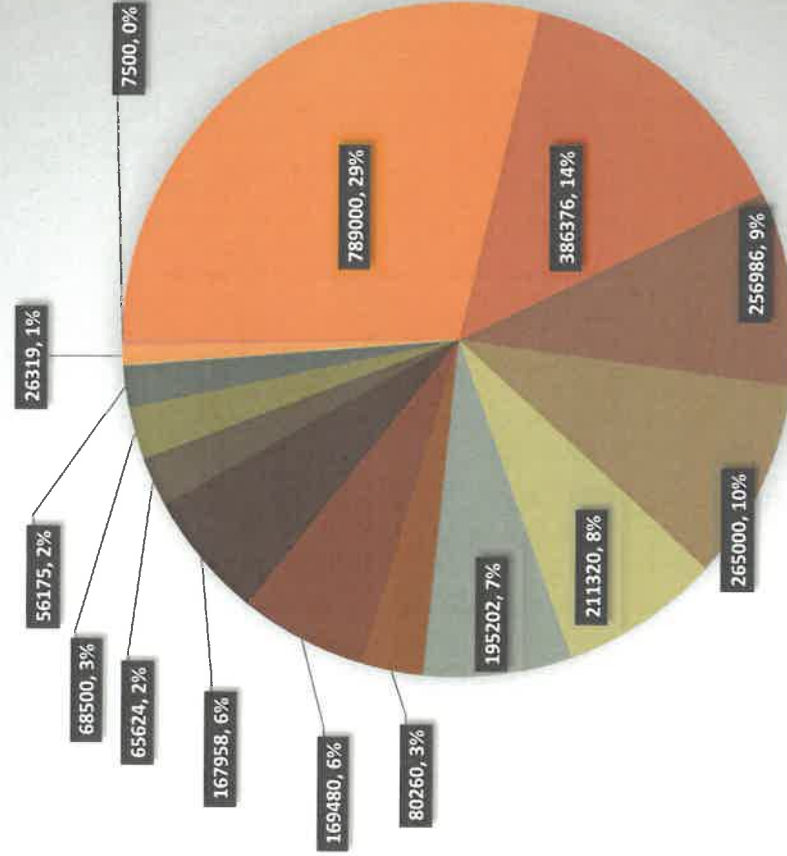
A 25% Operating Reserve offers more options for unanticipated expenses

Please refer to the table for details =>

Operating Reserve		
A	\$ 1,397,000	Operating Fund Balance as of 7/31/24
	\$ 3,300,000	2025 proposed Annual Assessment
B	\$ 825,000	25% of Annual Assessment (Auditor recommends the association maintain excess operating funds at a level of 10% – 20% of annual assessment. 25% offers more options for unanticipated expenses)
A - B	\$ 572,000	Excess Surplus that can be used for special projects and Reserve Fund contributions
		- Fox Turn Gate house
		- Land Swap
		- Community Solar
		- Other projects for improving the efficiency of the community
		- Annual increases in Reserve Fund contributions

## 2025 Budget - Total Expenses by Category

- Access Control
- Management Fees/Staffing
- Landscape Contract
- Electricity-S&T/General
- Golf Assessment
- Repairs
- Other S&T Operating
- General Admin
- Homeowner Events & Holiday Deco
- Insurance
- Pool Contract
- Professional Fees
- Website/Communications
- Board Meeting



**2025 Budget income of \$2.78 m:** comprised of \$2.6M Assessment Income.

\$174k Other Income (Interest income, late fees/penalties, capital contribution, etc.)

**\$1.9m or 70% of total expenses are primarily fixed:** 5 major expenses (access control, management fees, landscape, community electricity, and golf fee).

**Out of the remaining 30%:** 7% or \$198K is being set aside for increasing general repair costs, and the remaining 23% or \$670k accounts for homeowner events & holiday deco, professional fees and other general admin fees.

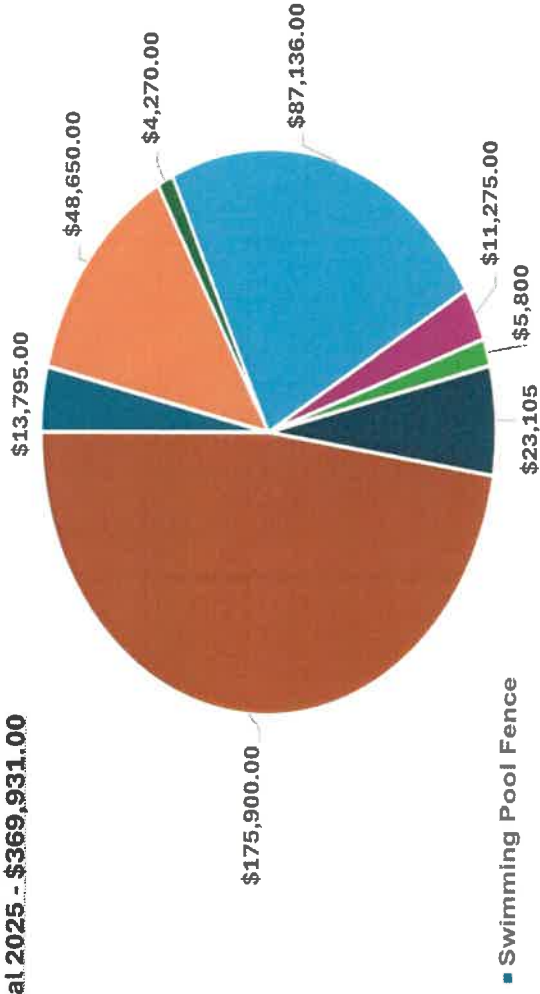
For details refer to the Oak Creek 2025 DRAFT budget spreadsheet

# 2025 Replacement Reserve Expenses

\*Note: The reserve allocation projections can be different from the expenditures from the fund. In some years, the expenditures can exceed the minimum recommended repair costs.

## 2025 Reserve Expenses

Total 2025 - \$369,931.00



- Swimming Pool Fence
- Pool Furniture
- Irrigation Upgrades
- Gate Entrance Upgrades
- Reserve Study
- Office Furniture
- Gym Equipment Replacement/Upgrades
- Paving/Overlay/Striping Lakeview, Main Gate, Hawley, Bolin Terrace, Argos Place and Briarley Pace

## Replacement Reserve Account – Key Points

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- Oak Creek commissions a Reserve Study every 3 years.
- The purpose of the Reserve Study is **projecting the cost of maintenance for each year**, it provides a recommended replacement reserve allocation for each year that factors in the growth from and investment in a guaranteed, low yield instrument.
- The HOA Assessment is the cost that each household in Oak Creek is financially responsible to support to ensure compliance with the results of the Reserve Study.
- The HOA assessment increases have not kept up with inflation. The rate of replacement reserve expenses is increasing greater than the revenues.
- The increases reflect added responsibilities the community is responsible for maintaining since land bay transitions are complete and the community is almost 20 years old.