



Questions and Answers about the **Assessment Increase**

What precipitated this? Essential POA operating expenses now exceed annual dues revenue and the current deficit is projected to increase going forward.

What is the POA's authority for raising annual dues? The POA Covenants and Restrictions are the governing documents concerning the assessments. Article VI, Sections 4 through 7 deal with the setting of the assessment.

What are the Replacement and Emergency accounts? These accounts were recommended by the Finance Committee, which includes Board members and residents, and approved unanimously by the Board. They are accounting tools to provide for known future POA expenses.

How much is in the Replacement account now? The Finance Committee reviewed the POA capital assets such as surveillance cameras and tiki huts and developed an estimated life, replacement interval, for each. Current replacement cost and expected life was used to determine an annual budget contribution for each. At the end of 2019, the total was \$34,200.00. The annual budget contribution is \$14,000.00. The Finance Committee recommended that the cost estimates be reviewed every three to five years.

How much is in the Emergency account now? The Finance Committee reviewed numerous scenarios for catastrophic events our community might endure. The most likely was a hurricane impact bayside. A current cost estimate was developed for sand, landscape, infrastructure and clean up. The goal for the Emergency Fund is \$150,000.00. At the end of 2019, the total was \$53,000.00. The annual budget contribution is \$10,000.00. The Finance Committee recommended that the cost estimate be reviewed every three to five years.

What happens when the Emergency account is fully funded? The Emergency account will not be fully funded for another ten years. This assumes no hurricanes until then and is based upon current cost estimates. The first recommended cost review will occur in a year or two, and it is expected the total may be increased. In the event the required total is achieved, future Boards and members can determine what actions should be taken.

Can the projected dues increases be delayed? Yes. The Board will be asking for a staggered increase over ten years. It will be structured so that the increases can occur no earlier than the prescribed anniversary but may be delayed by the Board.

What if the dues increase is not enough? The Finance Committee and Board have used the most conservative assumptions to develop this proposal, and the Board expects that it will be sufficient. However, these increases will only provide for the continuation of current essential services, and there are no provisions for new capital improvements or increases in services.

Can you cut expenses anymore? The current POA annual budget is only providing for essential services to maintain our community and does not allow for any improvements. Further reductions in expenses would require a reduction in those services.

What costs the POA the most? The largest expense is the maintenance of our beach and boat ramp which are the community's most valuable assets.

Will the Beach Proposal, if it is approved by the Village, reduce our security costs? It is unlikely that security costs will be reduced in the short term. If the Village takes any steps to address the beach issues it is anticipated that ongoing use of off duty Deputies will be required on the beach itself.

Can the board increase the assessment above the amounts proposed? No, another vote by the membership would be needed to increase the ones proposed.

If it is not approved, will you be asking again next year? If a quorum is achieved and the increase is rejected, another vote can be held in three years.

What happens if the increase is not approved? The Board will examine all available alternatives.

What is the status of the increase proposal? The current health emergency has sidelined the planned activities to communicate with the members of our community. The annual meeting in April was going to include presentations and member discussions about the planned request for an annual dues increase. The Board will be using email and the web site for now but, hopefully, there will be time later this year for in person meetings to discuss this important issue. The Board does not want to ask for a vote until your concerns are addressed.