

Afton Airpark Homeowners' Association

Annual Report to Owners

Pursuant to By-Laws § 3.12.2 (c)

April 1, 2019

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TABLE 1: 2014-2018 AFTON AIRPARK HOA FINANCIAL SUMMARY

Financial and Operating Data	2014	2015	2016	2017	2018
Revenues Assessed					
Assessed HOA Dues	\$ 64,800.00	\$ 64,800.00	\$ 64,800.00	\$ 64,800.00	\$ 64,800.00
Assessed Annual Runway Access Fee	\$ 2,800.00	\$ 3,600.00	\$ 3,600.00	\$ 4,000.00	\$ 4,000.00
Assessed Fines					
Total Revenues Assessed	\$ 67,600.00	\$ 68,400.00	\$ 68,400.00	\$ 68,800.00	\$ 68,800.00
Revenues Collected (Deposits)	\$71,468.35	\$71,350.89	\$71,900.00	\$63,203.00	\$68,125.00
Shortfall	\$3,868.35	\$2,950.89	\$3,500.00	-\$5,597.00	-\$675.00
Total Exempt Function Income Collected	\$71,468.35	\$71,350.89	\$71,900.00	\$63,203.00	\$68,125.00
Fixed Operating Costs					
Insurance		-\$983.00	-\$983.00	-\$1,026.98	-\$1,071.00
PO Box / Mailbox					
HOA Staff (Management)	-\$6,000.00	-\$6,000.00	-\$6,000.00	-\$6,000.00	-\$6,000.00
HOA Staff Telephone	-\$720.00	-\$720.00	-\$720.00	-\$705.00	-\$720.00
Total Fixed Operating Costs	-\$6,720.00	-\$7,703.00	-\$7,703.00	-\$7,731.98	-\$7,791.00
Other Operating Costs					
Runway Access Fee - City of Afton	-\$2,800.00	-\$3,600.00	-\$3,600.00	-\$4,000.00	-\$4,000.00
Bank Charges/Overdraft Fees - Checking	-\$38.10	-\$9.00	-\$23.00	\$0.00	-\$30.00
Bank Charges/Overdraft Fees - Savings					
Postage	-\$146.21	-\$156.70	-\$94.00	-\$49.00	-\$106.70
Office Supplies (Misc)	-\$28.24	-\$28.58	-\$94.32	-\$48.91	\$0.00
Legal Fees	-\$5,426.50	\$0.00	-\$15,233.45	-\$1,592.50	\$0.00
Website Hosting, Teleconference, Marketin	-\$102.90	-\$66.89	-\$29.98	-\$29.98	-\$40.34
Tax Preparation					
Federal Taxes					
State Taxes (Annual Report Filing)	-\$102.00	-\$52.00	-\$52.00	-\$50.00	-\$50.00
County Property Taxes		-\$139.40	-\$98.57	-\$98.87	-\$99.03
Asphalt Maint and Repair	-\$2,500.00	-\$37,296.41			
Comon Area Landscaping / Construction	-\$41,605.00	-\$31,470.38	-\$972.98	\$0.00	-\$55,424.66
Landscaping Maintenance					
Weed Spraying	-\$2,176.00	-\$1,887.50	-\$2,875.00	-\$1,749.00	-\$2,249.00
Watering Trees	-\$119.00	-\$338.10	-\$290.40	-\$322.40	-\$328.60
Mowing Vacant Lots	-\$1,446.00	-\$1,965.00	-\$1,000.00	-\$1,961.00	-\$1,175.00
Common Area Maint	-\$217.50	-\$110.00	-\$1,463.00	-\$1,165.52	-\$1,822.54
Snow Removal	-\$6,540.00	-\$5,015.00	-\$6,495.00	-\$10,892.50	-\$5,612.50
Taxiway Sweeping	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Equipment Maint	\$0.00	\$0.00	\$0.00	-\$325.00	\$0.00
Equipment Fuel	-\$47.21	\$0.00	\$0.00	\$0.00	\$0.00
Waste Disposal (Dumpster)					
Equipment Purchase					
Total Other Operating Costs	-\$63,322.56	-\$82,134.96	-\$32,321.70	-\$22,305.57	-\$70,953.37
Total Operating Costs	-\$70,042.56	-\$89,837.96	-\$40,024.70	-\$30,037.55	-\$78,744.37
Taxable Interest Income	\$32.13	\$28.38	\$30.85	\$1,083.79	\$1,396.27
Taxable Dividend Income					
Taxable Capital Gain income					
Total Other Income	\$32.13	\$28.38	\$30.85	\$1,083.79	\$1,396.27
Net Income	\$1,457.92	-\$18,458.69	\$31,906.15	\$34,249.24	-\$9,223.10
Balance Sheet Data (at end of period)					
Wells Fargo Checking	\$39,702.27	\$36,215.20	\$27,641.68	\$27,198.00	\$34,164.17
Wells Fargo Saving (reserves)	\$100,051.04	\$85,079.42	\$125,559.09	\$160,252.01	\$144,047.74
Total Cash Assets	\$139,753.31	\$121,294.62	\$153,200.77	\$187,450.01	\$178,211.91
Long-term Debt	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Afton Airpark Homeowners' Association

10 S. Gulfstream, Afton, WY 83110

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TABLE 2 - INCOME TAXES

Income taxes were as follows for the periods December 31, 2018 and December 31, 2017:

	<u>2018</u>	<u>2017</u>
Federal	\$ -	\$ -
State	<u>\$ 50.00</u>	<u>\$ 50.00</u>
Total Income Taxes:	<u>\$ 50.00</u>	<u>\$ 50.00</u>

TABLE 3 - PROPERTY TAXES

Property taxes were as follows for the periods December 31, 2018 and December 31, 2017:

	<u>2018</u>	<u>2017</u>
Roads and Taxiways (12.61 acres)	\$ 80.16	\$ 80.03
Lot 55 (0.7 acres)	\$ 4.48	\$ 4.48
Lot 56 (2.26 acres)	<u>\$ 14.39</u>	<u>\$ 14.36</u>
Total Property Taxes:	<u>\$ 99.03</u>	<u>\$ 98.87</u>

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TABLE 4: APPLICABLE ASSESSMENTS AS OF APR 1, 2019

LOT NUMBERS	BALANCE DUE	30 DAY + PAST DUE
3	-\$200.00	-\$100.00
49	-\$200.00	-\$100.00
47		
1, 7, 9, 10, 12, 13 17, 18, 22-27,29,30, 32 32, 34, 35, 38	-\$1,700.00	
29, 30	-\$200.00	
13	\$100.00	
2, 15	-\$600.00	-\$400.00
40		
53, 54	\$400.00	
4, 19, 33 39, 40, 41		
14, 16	\$200.00	
45	\$300.00	
50	\$300.00	
52	\$100.00	
43		
37	\$46.32	
46	-\$400.00	-\$300.00
42	\$100.00	
11	\$100.00	
20, 21 28, 36	-\$1,100.00	-\$700.00
51	\$400.00	
5, 6	-\$800.00	-\$600.00
8	\$0.00	
31	\$100.00	
44	\$800.00	

TABLE 5: 2019-2020 AFTON AIRPARK HOA BUDGET

Financial and Operating Data	2016 Actual	2017 Actual	2018 Actual	2019 Budget	2020 Budget
Revenues Assessed					
Assessed HOA Dues	\$ 64,800.00	\$ 64,800.00	\$ 64,800.00	\$ 64,800.00	\$ 64,800.00
Assessed Annual Runway Access Fee	\$ 3,600.00	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00	\$ 4,800.00
Assessed Fines					
Total Revenues Assessed	\$ 68,400.00	\$ 68,800.00	\$ 68,800.00	\$ 68,800.00	\$ 69,600.00
Revenues Collected (Deposits)	\$71,900.00	\$63,203.00	\$68,125.00	\$64,800.00	\$64,800.00
Shortfall	\$3,500.00	-\$5,597.00	-\$675.00		
Total Exempt Function Income Collected	\$71,900.00	\$63,203.00	\$68,125.00	\$64,800.00	\$64,800.00
Fixed Operating Costs					
Insurance	-\$983.00	-\$1,026.98	-\$1,071.00	-\$1,100.00	-\$1,150.00
PO Box / Mailbox					
HOA Staff (Management)	-\$6,000.00	-\$6,000.00	-\$6,000.00	-\$6,000.00	-\$6,000.00
HOA Staff Telephone	-\$720.00	-\$705.00	-\$720.00	-\$720.00	-\$720.00
Total Fixed Operating Costs	-\$7,703.00	-\$7,731.98	-\$7,791.00	-\$7,820.00	-\$7,870.00
Other Operating Costs					
Runway Access Fee - City of Afton	-\$3,600.00	-\$4,000.00	-\$4,000.00	-\$4,000.00	-\$4,800.00
Bank Charges/Overdraft Fees - Checking	-\$23.00	\$0.00	-\$30.00		
Bank Charges/Overdraft Fees - Savings					
Postage	-\$94.00	-\$49.00	-\$106.70	-\$153.76	-\$153.76
Office Supplies (Misc)	-\$94.32	-\$48.91	\$0.00	-\$75.01	-\$75.01
Legal Fees	-\$15,233.45	-\$1,592.50	\$0.00	-\$1,000.00	-\$1,000.00
Website Hosting, Teleconference, Marketing	-\$29.98	-\$29.98	-\$40.34	-\$40.34	-\$40.34
Tax Preparation					
Federal Taxes		-\$20.89	\$0.00	\$0.00	\$0.00
State Taxes (Annual Report Filing)	-\$52.00	-\$50.00	-\$50.00	-\$50.00	-\$50.00
County Property Taxes	-\$98.57	-\$98.87	-\$99.03	-\$100.00	-\$100.00
Asphalt Maint and Repair					
Comon Area Landscaping / Construction	-\$972.98	\$0.00	-\$55,424.66	-\$80,000.00	-\$35,000.00
Landscaping Maintenance					
Weed Spraying	-\$2,875.00	-\$1,749.00	-\$2,249.00	-\$2,900.00	-\$2,900.00
Watering Trees	-\$290.40	-\$322.40	-\$328.60	-\$300.00	-\$300.00
Mowing Vacant Lots	-\$1,000.00	-\$1,961.00	-\$1,175.00	-\$1,953.29	-\$1,953.29
Common Area Maint	-\$1,463.00	-\$1,165.52	-\$1,822.54	-\$719.50	-\$719.50
Snow Removal	-\$6,495.00	-\$10,892.50	-\$5,612.50	-\$10,000.00	-\$10,000.00
Taxiway Sweeping	\$0.00	\$0.00	\$0.00	-\$19.51	-\$19.51
Equipment Maint	\$0.00	-\$325.00	\$0.00	\$0.00	\$0.00
Equipment Fuel	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Waste Disposal (Dumpster)					
Equipment Purchase					
Total Other Operating Costs	-\$32,321.70	-\$22,305.57	-\$70,953.37	-\$101,311.41	-\$57,111.41
Total Operating Costs	-\$40,024.70	-\$30,037.55	-\$78,744.37	-\$109,131.41	-\$64,981.41
Taxable Interest Income	\$30.85	\$1,083.79	\$1,396.27	\$1,164.47	\$967.05
Taxable Dividend Income					
Taxable Capital Gain income					
Total Other Income	\$30.85	\$1,083.79	-\$9,223.10	\$1,164.47	\$967.05
Net Income	\$31,906.15	\$34,249.24	\$0.00	-\$43,166.94	\$785.63
Balance Sheet Data (at end of period)					
Bank of Star Valley Checking	\$27,641.68	\$27,198.00	\$34,164.17	\$25,000.00	\$25,000.00
AXOS (B of I) Savings	\$125,559.09	\$160,252.01	\$144,047.74	\$100,880.80	\$101,666.44
Total Cash Assets	\$153,200.77	\$187,450.01	\$178,211.91	\$125,880.80	\$126,666.44
Long-term Debt	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

NOTES TO FINANCIAL SUMMARY AND BUDGET

For the periods including January 2014 to December 2018

1. Use of Estimates

The preparation of the financial summary and associated notes requires the Board of Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosures of contingent assets and liabilities. Uncertainties regarding such estimates and assumptions are inherent and, as a result, actual results could differ. Such estimates include, but are not limited to, the following: useful lives and recoverability of fixed assets, income taxes and reserves.

2. Accounts Receivable

Accounts receivable come entirely from home and lot owners' annual assessments on 54 individual lots within the Afton Airpark Subdivision. This income is defined by the Internal Revenue Service as "exempt function income."

3. Income Taxes

The HOA is registered with the Wyoming Secretary of State as a Profit Corporation. The Annual Report filing fee with the Wyoming Secretary of State is \$50 for corporations with an assessed value less than \$250,000. For those with an assessed value greater than \$250,000, the filing fee is 0.02% of the assessed value.

To qualify under IRS regulations as a homeowners association, at least 60% of the association's gross income for the tax year must consist of exempt function income and 90% of the association's expenses for the tax year must consist of expenses to acquire, build, manage, maintain or care for the association's property. No private shareholder or individual can profit from the association's net earnings, except by acquiring, building, managing, or caring for association property or by a rebate of excess membership dues, fees, or assessments. As a qualifying homeowners association, exempt function income is excluded from taxable income. The specific deduction (similar to a standard deduction) is \$100. In 2017, as a result of moving reserves to the highest interest bearing account available, interest income on cash assets exceeded the standard deduction.

4. Property Taxes

The HOA owns the roads, taxiways and lots 55 and 56. Property taxes are paid to Lincoln County, Wyoming annually. The property taxes for HOA property for the period ending December 31, 2018 totaled \$99.03.

5. Property and Equipment

Property and equipment are not included on the Financial Summary. They are recorded at historical cost and no depreciation or impairments are accounted for. The HOA currently owns one water truck that was purchased in 2009 for \$11,000. It is estimated that it could be sold for about \$9,000. We intend to sell the water truck in 2019. The HOA was deeded lot 55 in 2013, which is a 0.7 acre lot located on the west side of taxiway Zulu. In addition, the HOA owns lot 56, which is a 2.26 acre lot on the south side of taxiway Zulu and is designated as a HOA common area and park. Though the roads and taxiways have always been owned by the HOA and its members, the county assessor's office had incorrectly show them as owned by the city prior to 2016. This is reflected in Note C.

6. Advertising Costs

Advertising costs for Internet and other media are all combined under Website Hosting & Marketing on the Financial Summary. Website & Marketing expenses, which include two domain names, for the year ended Dec 31, 2018 were \$40.34.

7. Insurance

The HOA currently does not provide any insurance to owners. The HOA does provide liability insurance for the board members at a cost of \$1071.00 for 2018.

8. Pending Legal Action

There is no pending litigation involving the HOA.

9. Applicable Assessments

Table 4 shows the balance due to the HOA as of April 1, 2019. Notice is sent to lot owners when account balances become more than 60 days past due, and begins the process of foreclosure if the debt is not paid.

10. Reserves

Reserves are defined in section 3.12.2(c)(ii) of the By-Laws as “any assessments collected but not expended...”

Because the average life expectancy of asphalt is approximately 20 years, in 2025-2030, the roads and taxiways of the airpark will likely be in need of an overlay, milling with an overlay, or full reconstruction.

The Board used reserve funds in 2015 to fund the seal coat application on the roads and taxiways in the airpark.

The long-term goal of the Board of Directors is to continue to grow the reserves account and when the financial market improves, to purchase a risk free income investment such as a CD ladder to further benefit the accumulation of reserve funds. The reserves are currently held in a savings account with the highest interest rate available for and HOA. A fully funded reserve account is both necessary to ensure the stability of the Airpark and its operation as well as a strong selling point in marketing Airpark property. Section 7.1 of the amended Declaration of Covenants has the effect of a balanced budget amendment with regard to the reserves. In November 2016 the board moved funds deposited at Wells Fargo to the Bank of Star Valley for checking and to Axos (fka: B of I) for savings. The annual interest on the money deposited at Axos was \$1,396.27 for the period ending December 31, 2018.

11. Budget

The budgeted expenses for calendar years 2019 and 2020 are based on the average annual expenses paid during the period from January 1, 2014 thru December 31, 2018. An amount equivalent to one standard deviation from the mean was added to all variable expenses that could not be reasonably and more accurately estimated.

12. Estimated Capital Expenditures in Excess of 2% or \$5,000

The Board of Directors has budgeted \$10,000 for snow removal and \$6,720 for administrative management in calendar years 2019 and 2020. The Board has also budgeted \$80,000 and \$35,000 in 2019 and 2020 respectively for Landscaping Construction. This is above the \$25,000 the board would normally budget for this due to the construction of the privacy fence on the Eastern property line and the gated arch at the entrance. \$2,900 has been budgeted for weed spraying and fertilizing of the trees. \$1,953 has been budgeted for mowing of the vacant lots.

13. Proposal for the 2019 Annual Assessment

Afton Airpark Homeowners' Association
10 S. Gulfstream, Afton, WY 83110
aftonairpark.wordpress.com

The Board of Directors proposes that Annual Assessment for the calendar year 2019 remain unchanged at \$100 monthly due on the first of the month for all lot owners.