



KINGS CREEK VILLAGE ASSOCIATION

8333 S.W. 81 Avenue

Miami, FL 33143

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Email: kcvaoffice@kcvamiami.com Website: kcvamiami.org

11/24/2024

Dear Kings Creek Village (KCVA) Association Owners,

The Annual KCVA Master Association Owners meeting will be held on January 27, 2025, at 7:30 PM, at the Kings Creek Village Clubhouse. The Board will ratify the 2025 annual Budget approved in November, and provide an annual recap of 2024 at KCVA. An organizing meeting will be held immediately before the annual meeting, to ratify the 2025 board and new officers, elected in December. The KCVA Annual Report includes issues impacting the budget, issues affecting KCVA's finances, 2024 accomplishments, and KCVA in general. A copy of the proposed budget is attached. Owners are encouraged to ask questions and make suggestions by email and during the meeting.

The budget was unchanged from 2024, assessments also staying the same. Operating expenses were adjusted for inflation, higher insurance rates, mandatory minimum wage, and planned salaries. The reserves' annual budget commitment is the same as the 2024. The board is also considering new rules to mandate electronic communication that will reduce annual postal mail costs, and rules allowing the board to issue fines up to \$,1000 to owners and associations who violate KCVA rules and governing documents to reduce more expensive legal fees required to enforce association documents and rules.

It has been an honor and a pleasure to serve as president of KCVA, and to have the support of our staff, and fellow Board members. Serving on the Master board is a labor of love and highlights every Board member's commitment for Kings Creek. Board members must keep an eye on the needs of their sub-associations, while maintaining the legal obligation to the Master Association. That is the balancing act to keep Kings Creek thriving and a beacon of good living, surrounded by ever-growing population density and congestion. Prior boards managed to navigate challenges and have kept KCVA in a very favorable financial position over the past 50 years. The 2024 Board made careful and significant decisions, to ensure KCVA continues to be as successful in the next 50 years. The board wishes you a wonderful holiday season and a safe and healthy New Year. Please take time to review the attached budget and annual report and be prepared to contribute ideas at the annual meeting. We look forward to your input.

Kind Regards,

Pablo Perez-Arias, President

Email: presidentkcvamiami.com

[Annual Report 2024 find it in: Kcvamiami.org](http://Kcvamiami.org)



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2024 Annual Report

Kings Creek Village turned 53 in 2024. Previous boards did an admirable job of anticipating and funding future needs. Since 2022, and especially with the changes in State law which have taken place, the last of which will take effect in 2025, Florida condominium and homeowners associations (HOA) are forced to be nimble and confront expensive changes in funding. The Surfside tragedy, continued collapse of the Florida insurance market, and regular unethical board activities, such as recent events in the Hammocks, keep affecting HOAs in terms of increasing expenses. Condominium owners have been hit the hardest, as some of our sub-associations are acutely aware. Our attorney advises HOA's, KCVA included, that they can expect similar demands in the near future. In addition to external pressures, KCVA's 50 plus year old buildings and amenities are requiring more frequent and expensive updates, as they reach the end of their useful life. The Board is always working hard to achieve the "HOA trifecta" : keep everything well maintained, tackle needed capital projects while adequately funding reserves, and do it all with minimal or no assessment increases. The Board spent considerable time and effort in 2024, to improve administrative and financial processes, in order to bring in more revenue and enhance financial controls. This annual report covers major issues affecting the budget, a summary of KCVA's new financial plan, proposed rules to help reduce costs, and KCVA's 2024 accomplishments and general news.

Financial Status / Audit: Good news! KCVA has adequate funds for routine operating expenses, as well as reserves. The operating account is adequate for obligations. The rest is invested in a separate institution until needed for projects. An unplanned change in auditors delayed the 2022 Audit. I am happy to report the 2022 audit was completed in late November 2023, after we sent our 2023 KCVA Annual report. The 2023 audit was completed in mid-2024, with no significant findings; we passed with flying colors. Wood Stanlee LLC were our auditors for the 2022 and 2023 audits, and the Board approved them as our auditors for the 2024 audit, next year. Financial statements and past audits are on the website.

Not so good news is that we'll likely be over budget 2024, although not in a significant way. Back in 2023, the Board approved a budget with a modest increase in assessments, and we knew we'd likely be over budget, due mainly to the skyrocketing costs of insurance. As mentioned before, the efforts of previous Boards in fiscal matters gave us a cushion to work with. That cushion, along with prudent fiscal

management during 2024, allowed KCVA to meet our financial obligations, without the need for special assessments. More on the impact of insurance below.

2025 Operating and Reserve Budgets: The Board approved the 2025 budget, keeping the assessment for 2025 the same as 2024's. We are aware that inflation and other factors affect every homeowner, and try to keep assessments and any increases reasonable. It is too soon to predict how much those same factors will increase our expenses for 2025, but we will continue to operate in a fiscally responsible manner. KCVA commissioned a reserve study in 2023, which was reviewed by the Board in 2024, resulting in various changes to our reserve categories. These changes aligned the categories to KCVA's current needs, while increasing flexibility and preserving funds in case of emergencies, such as hurricanes. The Board approved changes to our reserve funds' investment strategy, which have been very beneficial to KCVA. All investments are low-risk and FDIC-insured. A laddering methodology is in use to minimize invested funds' idle time and maximize returns. Investment income is strictly used to increase our reserves. Investment income helps keep assessments lower than they'd otherwise be. The ratio of estimated reserves (at the end of 2024) to the "Fully Funded Balance" reserve calculation is about 67%. While it could be better, our ratio is good and higher than many other HOAs. As a reference, our reserve study consultant shared that most well managed HOAs have a like ratio of about 55%.

HOA Property and Liability Insurance – Higher Cost – Less Coverage: KCVA's only available carrier for property insurance is Citizen's. KCVA's property insurance cost went up 13%, even after the Board made the hard decision to lower coverage to the minimum reasonable. General Liability increased by 35%; once again the Board reduced coverage where appropriate, to bring down the increase of non-property insurance, including liability, to 21%. This year's \$15,500 increase makes the total increase over the last three years more than \$51,000.00. Our insurance costs have more than doubled in three years, for far less coverage. For the second year in a row, the market analysis mentioned that Florida companies, Citizen's included, may not even insure 50-year-old properties by 2025.

Impact of New HOA and Condo Laws: Change for those living in community associations continues. Every law, ordinance, and regulation passed in the last three to four years, has added administrative and other costs to HOA budgets. Over the past three years, condominiums have been hit with very expensive mandates for structural engineers, structural upgrades, elections, and mandatory reserve levels to name a few, requiring significant increases in fees and, of ten, special assessments. Many mandates that only apply to condominiums may soon apply to HOAs. The 2023 Florida legislature already passed a "homeowners bill of rights", authorizing criminal penalties for association management, finances, and voting fraud new administrative requirements. New Miami-Dade ordinances require HOAs to register and pay annual fees to the county. The commission is also considering requiring HOAs to maintain county roads within HOAs. Florida Statute Chapter 720 covers homeowners' associations and Florida Statute Chapter 718 for condominium law. Call 311 for new Miami-Dade ordinances.

KCVA Financial Plan: The board continues to work on its plan to save enough money to maintain, replace, or improve assets and services without special assessments. Future boards must follow through for the plan to be successful.

- Refresh the reserve study, completed in 2023, no later than 2027.
- Prioritize 2025-2029 spending for assets reaching the end of predictable life. Ensure expenses are properly classified as operating or capital (reserve funded).
- Annually evaluate how much to set aside for insurance deductibles, uninsured assets, and other emergencies, in both operating and reserve budgets.
- Continue investing reserve funds not needed for current projects in low-risk CDs or other insured investment vehicles. Reinvest interest to build reserves faster and reduce dependence on maintenance fees. KCVA's investment income has grown from nearly zero to about \$19,000 a year, in the last three years.
- Continue evaluating current processes and expenses, for opportunities to reduce or eliminate costs. This may include expensive one-time investments that can save money over time, new rules, or eliminating little-used amenities. This has proven successful in recent years and is one of the ways KCVA has been able to keep its assessments low.

2024 Rule Changes: Prohibition of Short-Term Rentals and Accessory Dwelling Units: As approved by the Board in 2023, KCVA rules were updated, and are in effect, to prohibit accessory dwelling units in Single Family Homes, as well as short term rentals. KCVA rules are available at our website.

2025 New Potential Rules: Mandatory Electronic Communication and Registration: To save up to \$5,000 in annual mail costs, allow more frequent communication with residents, and comply with HOA law, all new and current owners may be required to register their email and phone number with KCVA. That will allow, among other things, for all owners to receive an orientation to KCVA amenities, rules, and governing documents, and sign consent forms required by KCVA rules and Florida HOA law. Sub-associations with existing registration and orientation programs, would be required to update the KCVA roster electronically and include KCVA information in orientation. The proposed rules will be posted on the website prior to the meeting.

2025 New Potential Rule: Fines for Rule Violations: To reduce legal fees, the KCVA Board is considering issuing fines to associations, owners, and possibly tenants, who violate KCVA rules or governing documents after an initial warning. Florida HOA law prevents boards from issuing fines without 14 days written notice and a hearing before a committee of at least three owners who are not on or associated with a board member. The proposed rule will be posted on the website prior to the meeting.

Capital (Reserve) Projects: There were three projects slated for 2024. The tennis courts adjacent to the Clubhouse were renovated in early 2024. The Clubhouse parking was re-paved recently renovated. Last, but not least, the Clubhouse exterior will be re-painted before year's end. Projects for 2025 will be selected in the coming months.

Shopping Plaza Development/ Paid Overnight Parking in the Plaza: As of the date of this report, Majorca has not submitted new plans to respond to county comments regarding plans they submitted in March 2023. In the meantime, we get to enjoy business as usual until Majorca is ready to make a change. We keep an eye on the County's website, for any plans submitted.

Parking: Just a reminder, you can only park in a space that is designated for parking. You may not park on sidewalks, walkways, grass, or your neighbors parking spot. Unless prohibited by sub-association rules, vehicles may briefly stop on the street in front of a residence to pick up and deliver goods and passengers as long as no traffic is blocked. Temporary parking is available at the Clubhouse, Townhouse Pool, and Shopping Plaza as long as it does not interfere with the reason the lot exists. Overnight parking in these lots requires the vehicle owner to display a permit so it is visible from the street. Contact the KCVA Office rules and where to obtain a permit.

Pablo Perez-Arias

President

Kings Creek Village Association

	2024			2025 ANNUAL BUDGET	INCREASE (DECREASE) FROM 2024 BUDGET
	BUDGET	PROJECTED RESULTS	OVER (UNDER)		
REVENUES					
1 MAINTENANCE FEES	\$ 644,830	\$ 643,632	\$ (1,198)	\$ 643,632	(\$1,198)
2 MISCELLANEOUS	500	1,945	1,445	1,913	1,413
3 COMMUNITY BUILDING RENTAL	12,000	10,225	(1,775)	10,225	(1,775)
4 I.D.\REGISTRATION	1,000	1,720	720	1,720	720
5 TOWNHOUSE OFFICE RENT	3,600	3,600	-	3,600	-
TOTAL	\$ 661,930	\$ 661,122	\$ (808)	\$ 661,090	\$ (840)
GENERAL AND ADMINISTRATIVE					
6 INSURANCE	\$ 78,906	\$ 99,463	\$ 20,557	\$ 104,436	\$ 25,530
7 LICENSES & PERMITS	1,000	2,548	1,548	2,624	1,624
8 PRINTING / SUPPLIES / EQUIP.	5,800	6,445	645	6,639	839
9 POSTAGE	3,000	2,116	(884)	2,179	(821)
10 WEBSITE/IT	3,100	1,909	(1,191)	1,967	(1,133)
11 BAD DEBT	1,000	-	(1,000)	1,000	-
TOTAL	92,806	112,482	19,676	118,845	26,039
MAINTENANCE & SERVICE					
12 A/C & APPLIANCE MAINT.	1,500	-	(1,500)	-	(1,500)
13 FERTILIZING / LAWN SPRAYING	-	-	-	-	-
13 MAINT. EQUIP. MATERIALS & SUPPLIES	9,800	15,631	5,831	16,100	6,300
14 LAWN & LANDSCAPE MAINT.	19,800	18,025	(1,775)	19,142	(658)
15 JANITORIAL SUPPLIES	2,100	2,728	628	2,810	710
16 STREET LIGHT MAINT.	1,000	2,707	1,707	2,788	1,788
17 POOL MAINT. & REPAIRS	7,300	12,280	4,980	8,000	700
18 TREE MAINTENANCE	12,500	-	(12,500)	-	(12,500)
19 PEST CONTROL	1,000	512	(489)	527	(473)
20 TRUCK MAINT. & EXP.	1,000	219	(781)	225	(775)
21 BUILDING & FENCES	1,000	-	(1,000)	-	(1,000)
TOTAL	57,000	52,101	(4,899)	49,592	(7,408)
PERSONNEL					
22 SALARIES	150,000	157,649	7,649	157,649	7,649
23 PAYROLL TAXES	15,000	27,507	12,507	27,507	12,507
24 WORKERS COMP. INSURANCE	-	-	-	-	-
24 PAYROLL PROCESSING	2,700	3,340	640	3,440	740
TOTAL	167,700	188,496	20,796	188,596	20,896
SERVICES					
25 SECURITY	185,000	202,403	17,403	168,819	(16,181)
26 TRASH COLLECTION	7,100	8,665	1,565	8,925	1,825
27 AUDIT	7,500	5,700	(1,800)	5,871	(1,629)
28 LEGAL	10,000	2,985	(7,015)	3,075	(6,925)
29 ACCOUNTING	9,000	9,000	-	9,270	270
TOTAL	218,600	228,754	10,154	195,960	(22,640)

	2024			2025 ANNUAL BUDGET	INCREASE (DECREASE) FROM 2024 BUDGET
	BUDGET	PROJECTED RESULTS	OVER (UNDER)		
UTILITIES					
30 ELECTRICITY	20,000	17,356	(2,644)	17,877	(2,123)
31 POOL HEATING	-	-	-	-	-
31 TELEPHONE & INTERNET	5,000	5,089	89	5,242	242
32 WATER & SEWER	1,500	1,677	177	1,728	228
TOTAL	26,500	24,123	(2,377)	24,846	(1,654)
33 OPERATING CONTINGENCY	5,000	-	(5,000)	5,000	-
ESTIMATED PREVIOUS YEAR DEFICIT	-	-	-	-	-
STATUTORY					
OPERATING CAPITAL	-	-	-	-	-
RENT FOR RECREATION AND COMMON FACILITIES	-	-	-	-	-
TAXES ON ASSOCIATION PROPERTY	-	-	-	-	-
TAXES ON LEASED AREAS	-	-	-	-	-
34 RESERVES	94,324	94,251	(73)	78,251	(16,073)
TOTAL EXPENSES	\$661,930	\$700,206	\$38,276	\$661,090	(\$840)
SURPLUS/(DEFICIT)	<u><u>(\$39,084)</u></u>				

DEFERRED MAINTENANCE AND REPLACEMENT FUND (RESERVES) ITEM DESCRIPTION	EST. USEFUL LIFE	AVAIL. LIFE	ESTIMATED COST	AVAIL. FUNDS 31-12-24	2025 ANNUAL FUNDING
COMMUNITY BUILDING	16	6	\$ 569,000	\$ 124,601	\$ 40,959
ROOF	25	11	67,000	55,350	586
PARKING AND RECREATIONAL AREAS	15	8	277,000	(1,353)	19,241
POOL	8	2	49,000	37,125	3,283
TENNIS COURT	18	9	266,000	17,385	15,276
TREES AND LANDSCAPING	3	2	32,000	19,996	3,319
TRUCK	22	2	37,000	32,000	1,383
STREET LIGHTING	5	4	83,000	40,999	5,807
CONTINGENCY AND OTHER	16	10	260,000	180,479	4,398
ESTIMATED INTEREST INCOME FUNDING					(16,000)
					0
					0
					0
					0
					0
					0
					0
					0
					0

TOTAL \$ 1,640,000 \$ 506,582 \$ 78,251

RESERVES INVESTMENT INCOME INVESTED EST. APR INCOME
400,000 4.0% \$ 16,000

MONTHLY MAINTENANCE FEE CALCULATION		<u>2024</u>	<u>2025</u>	<u>PERCENT</u> <u>CHANGE</u>	<u>CHANGE</u>
CAMINO CIRCLE	95	\$ 26.50	\$ 26.50	0.0%	\$ -
CAMINO COURT	70	\$ 26.50	\$ 26.50	0.0%	\$ -
VILLAGE OF K.C.	1,067	\$ 26.50	\$ 26.50	0.0%	\$ -
TOWNHOUSES	234	\$ 53.00	\$ 53.00	0.0%	\$ -
SINGLE FAMILY	127	\$ 53.00	\$ 53.00	0.0%	\$ -
K.C. PLAZA	35	\$ 53.00	\$ 53.00	0.0%	\$ -
	<u>1,628</u>				
	1,012	53,636	53,636		
		643,632	643,632		
 ANNUAL MAINTENANCE FEE CALCULATION					
CAMINO CIRCLE	95		\$ 30,210	5%	
CAMINO COURT	70		22,260	3%	
VILLAGE O K.C.	1,067		339,306	53%	
TOWNHOUSES	234		148,824	23%	
SINGLE FAMILY	127		80,772	13%	
K.C. PLAZA	35		22,260	3%	
	<u>1,628</u>				
	1,012				
		TOTAL	<u>\$ 643,632</u>	100%	