

Minutes approved at the CTA Board Meeting, Oct. 2, 2024

CAROLINA TRACE ASSOCIATION

www.carolinatrace.org

Minutes of CTA Board of Directors Meeting – September 4, 2024 – Carolina Trace Country Club

DIRECTORS or ALTERNATES (# of voting lots*)

Eagles Nest (67)	Jenn Williams	Highland Woods (45)	Tom King	South Landing (138)	Bob Iotti (alt)
Golf East (82)	Rolf Grandstaff (alt)	Lakewood (54)	Tony Forgione (alt)	Southwind (152)	Billy Wicker
Golf North (139)	Gary Henry	Laurel Thicket (242)	Jerry Leeman (alt)	Stonegate (45)	absent
Golf West (44)	Fern Jeremiah (alt)	Mallard Cove (197)	Greg Burke	Village at Trace (36)	Micki Smith (alt)
Harbor Creek (154)	Cheryl Crist	North Shore (311)	Jeff Sheldon	Woodfield (66)	Elaine Bednarcik
Hidden Lake (235)	Ken Harden	Sedgemoor (170)	Tom Hanley	Woodmere/ Trentwood (227)	Ben Perez

* voting lots updated on Feb 6, 2024 as per 2023 census information provided by POA Treasurers

OFFICERS

President	Joe Zanga	Treasurer	Randi Constant
Vice President	Jody Jackett	Secretary	Sharon Sheldon

COMMITTEE CHAIRS, GUESTS

Ernie Violon (guest, NSPOA – LRP)	Rod Loss (GWPOA - TRAM)	Jeff Wennberg (LWPOA - Utilities)
Gary Constant (guest, NSPOA – LRP)	Cindy Eckley (guest, GWPOA)	Bill Huggins (HLPOA - TLDC)
Dave Turner (guest, LTPOA – 2023 Balance Sheet)		Don Berger (guest, GWPOA – Flow Plates)

Total Attendance - 29, 17 of 18 POAs (Quorum = 2/3 directors (i.e., 12 POAs), and any affirmative vote on routine matters must represent a majority of directors present as well as 51% of *all* POA lots in good standing as per the 2023 census).

CALL TO ORDER - Having noted the presence of a quorum by the Secretary, the President called the meeting to order at 6:32 p.m.

APPROVAL OF MINUTES - The minutes of the August 7, 2024 meeting were presented; LWPOA asked that his discourse with the S&S chair and the chair's refusal to add him to the S&S committee membership be

added to the August 7 minutes. LWPOA observed that CTA needs all the volunteer help it can get. The amended minutes were approved by unanimous consent.

GROUPS (*Directors can send questions to the CTA Secretary for absent committee members*)

CTCC – Ryan Naab, General Manager –absent, no report

UTILITY REPORT – Jeff Wennberg, reporting for Vince Roy - written report on fiber submitted

CT FIRE DEPARTMENT – Robbie Wilkins, Chief – absent, no report

PRESIDENT’S REMARKS – Joe Zanga

- The president hopes to welcome the CTCC GM to a future Board meeting; the Fire Chief is currently handling the oversight of two stations and has very little time, so we should see him once he is assigned only to CTVFD.
- **Gatehouse Update** - Lt. Allie, who was employed by SPA for six months, quit without notice. She had been advising S&S volunteers of her wish to find other employment.
- **Professional Management Ad Hoc Committee** - In the Spring, the Board agreed to work on a Request for Proposals and Statement of Work for further information gathering on Professional Management. The Board needs volunteers to work on this; please let the president know if you can help.
- **Timing of Presentations to the Board** - The president asked the Board to agree to limit the length of presentations to ten minutes (Roberts Rules). Presenters can ask the Board for additional time if needed; the Board agreed.

FINANCIAL REPORT – Randi Constant

- **Thanks** to Dave Turner and the other Finance volunteers who put in many, many hours in creating the 2023 CTA Balance Sheet.
- **Discussion on Financial Procedure documents** - These are needed to:
 - Avoid material weaknesses and deficiencies as previously identified in the auditing process and to also help ward off the possibility of financial impropriety by CTA volunteers and contractors (CTA does not conduct extensive background checks that are done for normal businesses, nor does CTA have software that searches through emails and message systems to detect fraud, nor does it have internal auditors checking between outside external auditors.). In fact, until this point of time, CTA has never conducted a full external audit.

SMPOA moved to accept the financial protocols/internal controls as written. The Board discussed the clause that has the committee chair sending approved invoices to the bookkeeper instead of invoices going directly to the bookkeeper for payment. It was explained that this is a separation of powers as per auditing guidelines and makes sense since CTA employs contractors who work on behalf of several committees and the bookkeeper does always know who ordered the work. The document was edited since it was first proposed to address this concern. Other solutions were discussed but were not in keeping with the spirit of the clause. The clause provides the important function of checks and balances. Per the Bylaws, two CTA directors also sit on the Finance committee, and that committee is tasked with financial oversight for the standing committees. Perhaps the standing committees could get together to come up with internal communications to help this process run more smoothly. The motion was restated as originally supplied by SMPOA,

seconded by HCPOA. Motion to approve the CTA financial protocols passed by the majority of the directors present.

- **December 31, 2023 (YE) Balance Sheet** – HLPOA asked that the replacement cost on the gatehouse be amended in the Balance Sheet to match the insurance policy limits; that change will be made (from \$70,000 to \$93,000). A motion to approve the 2023 YE Balance Sheet was made by HWPOA, seconded by WF and passed unanimously. The treasurer explained that this Balance Sheet will be used as “a bookend” with the 2024 Balance Sheet to begin the audit in early 2025 as per the Bylaws. The next step is to incorporate the Balance Sheet data into the CTA’s QuickBooks account, which will take a good amount of volunteer time. Finance will then need to select a CPA to review and “accept” the 12/31/23 balance sheet before any audit can be done in 2025. The starting balance sheet and financial controls are reviewed at that time to determine if CTA’s documentation is considered sufficient to proceed with a full audit at the end of the year.
- The treasurer has submitted a written rebuttal to counter claims made in the written report “And the Rest of the Story” from the S&S chair.

SECRETARY - Sharon Sheldon (written report submitted)

- Draft document retention policy has been distributed for review/feedback and vote in October 2024.

COMMITTEE REPORTS

- **SECURITY & SAFETY (S&S)** – Jody Jackett, Chair, (written reports submitted)
 - **Visitor Lane** - Clarification that the gate staff do not, as a rule “wave contractors through the visitor lane.” It was acknowledged that once the guards have been employed for a while they do get to learn faces and it’s a much quicker process. Regarding the shortfall in contractor passes sold in 2024 compared to 2023, the S&S chair believes that Gate Sentry does not account for the shortfall since contractors still need to buy their own passes. Many contractors come through by resident invitation through their Gate Sentry accounts since there is a tab specific for vendors on the Gate Sentry app. S&S chair will ask the S&S committee if they approve the use of Gate Sentry in this manner. S&S chair clarified that he did not mean residents could not invite HVAC contractors and other small contractors through the Gate Sentry app, but large vehicles used by home builders and other construction work.
 - **Sally Port (man trap) Gates** – The proposal that was discussed at previous meetings has been withdrawn by S&S. The S&S chair shared a list of infractions witnessed by gate staff watching the cameras, including tailgating and entering through the exit lanes, which was discussed earlier by the president.
 - **Gate Sentry QR code upgrade** - S&S chair sought Board approval to start using a new Gate Sentry feature allowing visitors to receive a QR code on their phones. However, upon further questioning by the Board it was revealed that this feature would cost an additional \$350 per month, on top of the \$650 per month paid for basic service. Board members declined to put forth a motion to further consider or invest in this upgrade.
 - Gate Sentry usage is not growing as S&S had hoped, and the S&S committee will recommend that CTA discontinue this service as of January 2025 if it does not achieve 80% of all residents using the program. S&S Chair said there is a 90-day cancellation notice in the contract. Discussion as to how CTA and the POAs could encourage use of Gate Sentry, such as creating a communications plan to help the POAs encourage use. S&S chair believes S&S offered adequate support to property owners this past spring. The Board is committed to making Gate Sentry succeed. It is not clear how the 70% adoption number was calculated, because one Board

member discovered his POA calculated two vastly different percentages depending on whether they count registration by total lots or just developed lots. For example, out-of-state owners of unimproved lot will probably never sign up for Gate Sentry so their lots should not be included in the counts.

- S&S chair, who manages the Gate Sentry system for CT, deleted from the system the approximately 250 names on the “undeliverable” invitation letters. It is not clear why so many invitation letters could not be delivered.
- S&S chair reports that gate staff are getting phone-in pass requests even from persons who are registered in Gate Sentry, stating that, “calling is easier.” It was pointed out not everyone will use Gate Sentry, so a phone-in option needs to be kept in place. Visitor check-in with a pass issued through Gate Sentry takes about 5-10 seconds, while the paper passes created from telephone requests take much longer.
- **Flow plates** – S&S chair introduced Don Berger (GWPOA) who has experience with flow plates. Don will provide the Board with a white paper outlining the types of flow plates available, their optimum usage, and approximate costs (\$10-25k per entrance). The white paper will be distributed to the Board as soon as it is available.
- **South Gate Upgrade** – S&S proposes a barrier/lift gate to speed up entrance and deter tailgating at the South entrance. A motion to allow for up to \$10,000 for the purchase and installation of the liftgate was made by HCPOA, seconded by HLPOA. HWPOA amended the motion to allow for up to \$10,000 for the purchase and installation of the liftgate, funding to be supplied via remaining funds in TEM budget line (originally budgeted for the purchase of a visitor pass system, and which was not needed in its entirety); seconded by WFPOA. Motion passed unanimously.
- **Gate Preventive Maintenance for 2024** – S&S requested funding of \$3,200 for a preventive maintenance package for all gates, to be provided by the current gate contractor used by S&S. It was clarified that this expense was included in 2025’s budget proposal as well. A motion to allow for \$3,200 for an annual preventive maintenance contract starting ASAP with funding for the contract to also come from the TEM (visitor pass) line item was made by HWPOA, seconded by GWPOA. Motion passed by a majority of directors present.
- **Diversions of Income from E-Stickers** - S&S chair indicated his desire that funds coming to CTA through the sale of e-stickers should be given for use by S&S committee. The president tabled this discussion until the next Board meeting.
- **TRACEWAY ROADS AND MAINTENANCE (TRAM)** – Rod Loss, Committee Member (written report submitted)
 - Culvert discussion is under “new business.”
- **TRACE LAKE AND DAM COMMITTEE (TLDC)** – Bill Huggins, Chair
 - **“No Wake” Lake Trace Policy** – TLDC submitted an updated policy. HWPOA moved to accept the policy, seconded by LWPOA, and passed unanimously. The policy will be sent to CTCC (owners of the lake) who will review and advise TLDC. Once the new policy is in place it will be distributed to the POAs and posted to the CTA website.

OLD BUSINESS

- **2025 Budget & Bylaws Packet** – Clarification as to line item for Traffic Calming implementation; the Board had agreed in August that this line item would be restricted to expenses fully vetted and approved by the Board. No further discussion. A motion to approve the 2025 Budget (including LRP), 2026-27 ‘aspirational budgets,’ and a Bylaws amendment to change the ratio for operational assessments from 6:1 to 4:1 (developed vs undeveloped lots) was made by HWPOA, seconded by

HLPOA and passed unanimously. This was the second vote of the two-tier vote required by Art. IV, Sec. 6 of the CTA Bylaws for budget approval and Bylaw changes. The Bylaw change will go into effect immediately. The treasurer thanked everyone for the tremendous amount of work done by the Board and their POAs for 2025 and beyond.

- **Census Update** – The Census committee asked that directors from HLPOA and LWPOA have their treasurers submit the 2024 Census forms, which were due September 1.

NEW BUSINESS

- **TRAM (Lake Arnold Culvert)** - videos and a detailed motion were shared with the Board prior to the meeting regarding CTA's need to repair the culvert under Traceway near Country Club Drive. This has been discussed since January 2023 with CTCC, who also owns culverts nearby which also need work that they must fund. NSPOA has submitted a letter to the Board encouraging repair of this area as soon as possible. It is desirable that CTA and Escalante work together, but if the timeline doesn't match up, CTA will move ahead to preserve the stability of Traceway. Two bids have been received for the work which would be a maximum of \$45,000 needed. It was clarified that CTCC is not sharing costs with CTA since they have their own work. However, if the two projects come together it is possible that CTA and CTCC would share a mobilization cost for equipment. Fixing the culvert is preferable to eventually fixing road damage. NSPOA motion to reallocate \$45,000 from line 48-3 in the 2024 Long Range Plan to fix the drainage culvert issue from the Arnold pond waterfall across Traceway at the top of Country Club Drive, and if the project cannot be completed in 2024, the \$45,000 would be moved to line 55 in the 2025 budget (capital/culverts) to ensure funds are available for the completion of this project in 2025. This was seconded by multiple Board members and unanimously approved. In accordance with Article V, Sec. 3 of the CTA Bylaws, this is vote one of a two-tier vote. The motion should be discussed by Directors with their own POA Boards for a discussion and second vote at the October 2 meeting.
- **Breast Cancer Fundraiser/Use of Mailbox Circle** – NSPOA presented PO Sally Krey's request to the Board for use of the CTA mailbox circle on select days/times TBD in October during Breast Cancer Awareness Month. The fundraiser will benefit the Central Carolina Hospital Auxillary Breast Cancer Comfort Fund. Pink flags will be sold for \$5 each. Flags can be personalized, and they will be displayed in the circle in October, and then returned to the donating party. LWPOA's delegate volunteered to be CTA's point of contact on logistics, motion made, seconded and unanimously approved.
- **Bobby Branch Memorial Tree** – NSPOA presented PO Sally Krey's second request to the Board to work with a CTA representative to plant a tree in Bobby's memory. Mrs. Krey stated that the Branch family approves of this initiative and said they will plant and care for a tree to be purchased with resident donations. (Secretary's note: At the January 2, 2024 Board meeting, the Board approved use a small parcel of CTA property (to be determined) for the planting of a tree and plaque, all to be funded by private donations.) Rod Loss, acting TRAM chair, volunteered to work with Mrs. Krey, Bobby's children (Pam Iceman and Jeff Branch) and other community volunteers on this project. Motion made, seconded and unanimously approved.

CALENDAR

- **Next CTA Meeting** – October 2, 2024, 6:30 p.m., in person, CTCC

ADJOURNMENT – Having no further business to discuss, the meeting was adjourned at 8:28 p.m.

Respectfully submitted,

Sharon Sheldon, Secretary
Carolina Trace Association

REPORTS AND OTHER ATTACHMENTS

- Utilities (Fiber) Report & Map
- Financial Reports:
 - o Sept Update
 - o Budget v Actual through 8/31/24
 - o Bank Reconciliation for August 2024
 - o Treasury Rebuttal (to S&S “Rest of the Story”)
 - o MCPOA Objection to Financial Protocols
 - o White Paper – Finance Internal Controls
- Communications
 - o Document Retention and Destruction Policy Draft
- Security & Safety
 - o Minutes for August 2024
 - o “Rest of the Story”
 - o CERT
 - o Gate Sentry Ad
 - o Gate Traffic Report
- TLDC Report
- TRAM Report
 - o NSPOA Letter to the Board/Culvert Issue
- Voting Sheets & Documentation
 - o S&S - Lift Gate @ South Gate Permission to Purchase
 - o S&S - Preventive Maintenance for All Gates
 - o Finance – Finance Protocols
 - o Finance – 2023 Balance Sheet
 - o TLDC – Updated Watercraft Policy for Lake Trace
 - o Finance – 2025 Budget Packet (2026-2027 Aspirational Budgets) (part 2 of two tier)
 - o Finance – Bylaw Change (Assessment Ratio 6:1 to 4:1) (part 2 of two tier)
 - o TRAM – Country Club Drive Culvert (part 1 of two tier) Funding
- Breast Cancer Fundraiser – Details on Receptient

08/28/24 Internet Update – Jeff Wennberg

In your last meeting I said the fiber that was buried along Highway 87 was owned by Ripple Fiber, a company based in Charlotte. A Ripple Fiber employee told me that so I passed it along. In a follow-up call another Ripple employee said that was incorrect, it is not their line and they don't know whose it is.

I subsequently had an opportunity to safely stop and speak with the crew working for the installation contractor (Diversified Utilities Group), and they explained that they were installing "black fiber" for the US Government. It would be used exclusively for Fort Liberty and there would be no non-government use or access.

After that I spoke with a knowledgeable representative (Tom O'Brien from Holly Springs) for Ting Internet. Ting is installing fiber all over Sanford, and this is the first time I have succeeded in reaching them. I explained our situation and he said Ting might have an interest in serving Carolina Trace. They already have a line on the east side of 87 near the Carolina Trace Fire Station, so bringing it in would be very easy.

Tom said he needed a map laying out all the homes in Carolina Trace and some other information. He would then bring that to his engineering group and one of their engineers would contact me for a tour. The engineers will then come up with a cost estimate and take that to management, who will make a decision whether to do the project. He said their decision should take around 60 days once the engineers have completed their work.

Ting, or any other provider, will require essentially 100% of all the POAs to authorize the work or it will not make economic sense. I told him to work through the CTA. Ting will not require any guarantees regarding the number or percentage of subscribers – they only need permission to install underground fiber along all the rights-of-way throughout Carolina Trace. And Ting is 100% buried – no overhead distribution or transmission – so outages are extremely rare (as opposed to Spectrum).

I created a map for them by stitching together the county GIS map segments. It is far from perfect but I trust it gives them what they need to get started. I have pasted my map in below FYI.

I will keep you posted on developments going forward.



Finance Update September 2024

1) Budget 2025

- Board voted at the August meeting to approve the 3-year budget (2025, 2026, 2027) including the LRP and changing the ratio of Developed to Non-developed lots Operations Cost share to 4:1
- The approval included an understanding that the \$55k line item for the road study and implementation will NOT be spent without Board approval. This means not a single dollar will be spent without the Board's prior consent.
- Board will need to vote at the September 2024 meeting for the second part of the 2-Tier Voting Process
- The Bylaws will need to be adjusted following approval to reflect the 2-Tier approval changes

2) Proposed Financial Procedures for CTA

- Financial Procedures submitted to Board for approval
- A white paper on why Financial Procedures are needed was included in the shared file
- Also sent to the current Board the reports that accompanied the Cash Flow Audit Reviews from the CPA. Again, she could not perform a full financial audit (which was mandated when the Board approved the Capital Expenditure Policy on March 7, 2017).
 - i. These auditor reports outlined "*Significant Deficiencies*" and "*Material Weaknesses*" found in her reviews. None of these deficiencies were corrected prior to this year.
 - ii. The auditor strongly urged that Financial Internal Control Policies needed to be enacted.
 - iii. The auditor also noted that CTA lacked the separation of duties which puts CTA at risk for fraud and embezzlement

3) Balance Sheet Project

- The Balance Sheet Committee has completed the December 31, 2023 Balance Sheet
- The Board needs to vote to "accept" the Balance Sheet
- Once the Balance Sheet is approved the following steps will need to take place:
 - i. The Bookkeeper will transfer the Balance Sheet data to our accounting system (QuickBooks). This will include the deferred obligations, the prepaid expenses, amortization schedules, etc....
 - ii. A minimum of two Quotes will be obtained for the audit review of the December 31, 2023 Balance Sheet.
 - iii. An audit review of the December 31, 2023 Balance Sheet will be completed
 - iv. Assuming that the auditor "accepts" the 2023 Balance Sheet, CTA will have a **FULL FINANCIAL AUDIT** for its **first time** after December 31, 2024

4) Bank Accounts & Investments

- Continuing to roll investments into short term T-bills

Carolina Trace Association

First Horizon - Main Checking ***9106, Period Ending 08/30/2024

RECONCILIATION REPORT

Reconciled on: 09/02/2024

Reconciled by: Monica Mueller

Any changes made to transactions after this date aren't included in this report.

Summary

USD

Statement beginning balance	269,139.54
Checks and payments cleared (21)	-97,276.25
Deposits and other credits cleared (5)	44,173.50
Statement ending balance	<u>216,036.79</u>

Register balance as of 08/30/2024 216,036.79

Details

Checks and payments cleared (21)

DATE	TYPE	REF NO.	PAYEE	AMOUNT (USD)
08/01/2024	Bill Payment		Jones Printing Company	-294.25
08/01/2024	Bill Payment		Walls Lawn Care & Landscapi...	-5,385.18
08/05/2024	Check	3664266	Spectrum - NG - 0859	-174.97
08/07/2024	Expense		Duke Energy - 2901-1529	-195.29
08/07/2024	Bill Payment		Southern Protection Agency (...)	-11,428.80
08/12/2024	Bill Payment		Jones Printing Company	-601.88
08/12/2024	Bill Payment		BG's Cleaning Service	-90.00
08/12/2024	Expense		Duke Energy - 2901-1529	-264.57
08/12/2024	Expense		Duke Energy - 2901-1529	-32.86
08/12/2024	Expense		Duke Energy - 2901-1529	-854.14
08/12/2024	Check	313147153		-50,000.00
08/14/2024	Expense		Duke Energy - 2901-1529	-78.24
08/15/2024	Bill Payment		Southern Protection Agency (...)	-11,428.80
08/15/2024	Bill Payment		RMR Custom Homes	-1,240.00
08/15/2024	Expense		Carolina Water Service of Nor...	-190.44
08/19/2024	Credit Card Payment			-1,283.08
08/20/2024	Check	8760593	Spectrum - MG - 8416	-169.98
08/21/2024	Bill Payment		Monica Mueller	-1,085.00
08/26/2024	Bill Payment		Southern Protection Agency (...)	-11,428.80
08/27/2024	Check	1052790	Spectrum - MG - 8416	-174.97
08/30/2024	Bill Payment		Cushman Tree Service LLC	-875.00
Total				-97,276.25

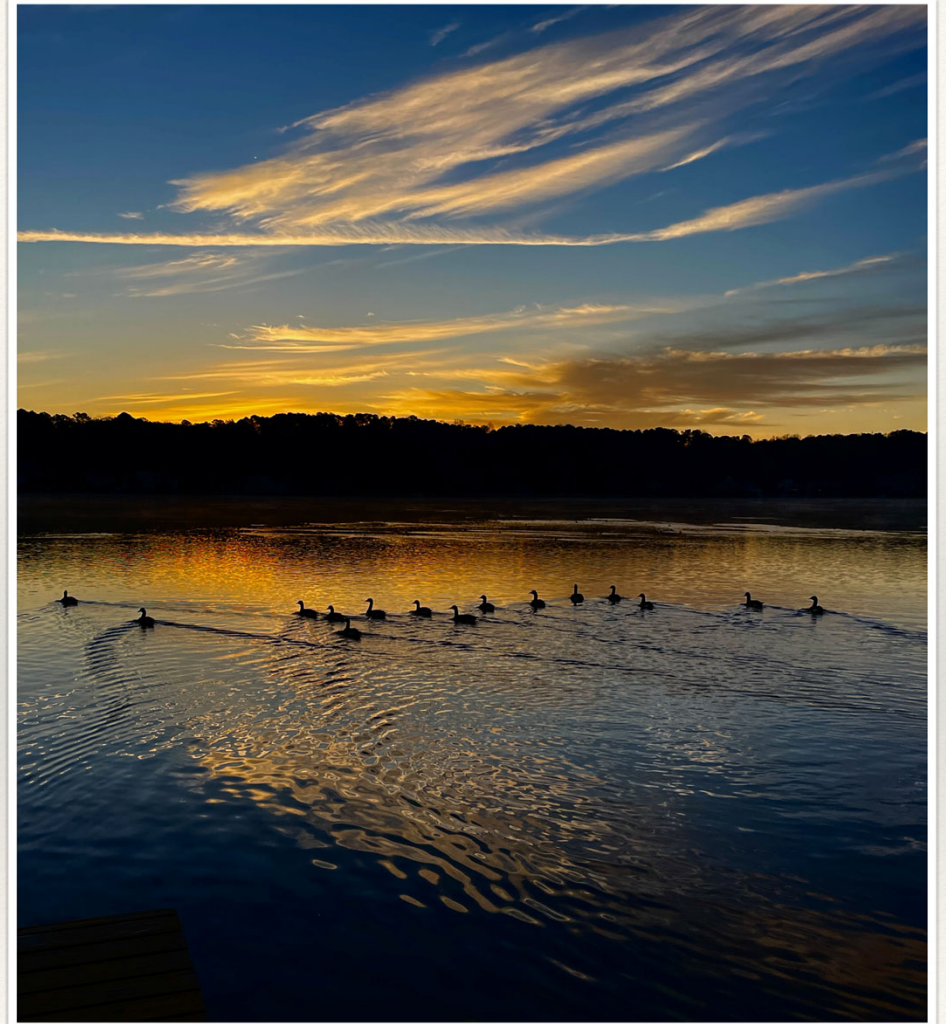
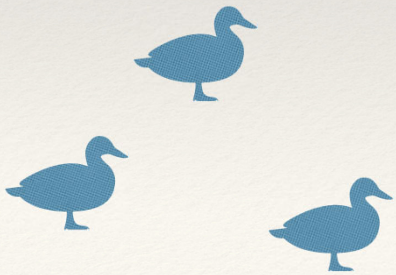
Deposits and other credits cleared (5)

DATE	TYPE	REF NO.	PAYEE	AMOUNT (USD)
08/05/2024	Receive Payment		Highland Woods POA	3,950.00
08/12/2024	Receive Payment		Harbor Creek POA	13,371.75
08/20/2024	Receive Payment		Golf East POA	8,004.00
08/20/2024	Receive Payment		Eagle's Nest POA	5,527.75
08/20/2024	Receive Payment		Sedgemoor POA	13,320.00
Total				44,173.50

Randi Constant

CTA Treasury
Response to Security & Safety September Report
“And now the rest of the story”

September 4, 2024



CTCC E-Stickers

- ❖ It was recommended by the Treasurer to **not segregate or label specific e-stickers for CTCC only**
- ❖ The Treasurer recommended instead giving individual signed receipts for each CTCC e-sticker purchased and then the SPA supervisor does not have to track each e-sticker separately. On the purchase log the supervisor would simply “check” the box for CTCC.

Explaining CTA Budget Process

❖ Budget

- There is ONE Budget for all of CTA. Each Committee provides to the Board their anticipated expenses and anticipated income. If a committee has projects that they would like to also have considered, it is included in the Budget and the Board does a two-tier vote as clearly outlined in the bylaws.
- Additional funds may be approved by the Board for any additional expenses or projects at any other time outside the budget process. Any funds larger than 2.5% of Budget must also have a two-tier vote, again, as outlined in the bylaws.
- No Committee is judged against a budget or the need for additional funds, although it is certainly the Board's purview to be good stewards of CTA's funds.
- Expenses are tracked and reported monthly against budget so that committee chairs can manage their line items. If they are getting close to hitting the top end of their budget line item, they can then request an increase from the Board. They do not have to wait until they go into "the red."
- If a line item goes into "the red," it is just reported to the Board for approval and additional funds can be requested at this time, too.

E-Sticker Sales

- ❖ E-sticker Sales have a budgeted line item of \$9,000 for 2024.
- ❖ E-sticker purchases year-to-date (August 31, 2024) are \$6,508.25 (72% of budgeted amount)
- ❖ If more stickers need to be purchased, the Board can approve additional funds.
- ❖ E-sticker Sales is listed in the Security & Safety section of the operating budget for the following reasons:
 - ❖ Security & Safety provides the anticipated expense for e-stickers dating back to 2006 when the first electronic access gates were installed.
 - ❖ The chair of Security & Safety is the only person “authorized” to make the purchases of e-stickers and thus has sole approval responsibility for line item.

Again, no committee is being judged against a budget

Profit Centers

- ❖ Carolina Trace Association is a **NON-PROFIT**
- ❖ All anticipated expenses and anticipated income are used to calculate the **ASSESSMENTS** charged to the POAs
- ❖ Removing any anticipated income (or “income”) from the CTA Budget results in ***MUCH LARGER ASSESSMENTS***

Discretionary Accounts/Slush Funds

- ❖ CTA is set up where all spending is approved by the Board of Directors.
- ❖ Allowing “slush funds” to be used by Committee Members, or Executive Committee Members, without specific Board Approval could result in similar expenditures such as the traffic calming study and stop signs.
- ❖ Days after the August Board meeting (when S&S requested funds needed to finish off the year), the committee chair purchased a new refrigerator for the gatehouse when the old refrigerator was still working.
 - ❖ While one might not have a “crystal ball” one should be able to plan out their next week’s “wish list”
 - ❖ The CTA President and S&S Chair pressured the Treasurer to “find the money for the refrigerator” and implied the Treasurer was not being a team player when she offered to present it at the next Board meeting for approval of the expense.
- ❖ Senior Executive Committee Members have continued to put pressure on the Treasurer to “find funds” for “pet projects” without Board Approval.
 - ❖ The Treasurer has been bullied and sent dozens of emails from Senior EC Members asking for her to misappropriate funds without Board’s consent.

Summary

- ❖ Finance has requested the vehicle identification report that was done for years by S&S to track vehicles in the left (visitor's) lane be counted for tax purposes. This was done as recently as the first half of 2023.
- ❖ The CTCC e-sticker purchases should be less work for S&S since the Treasurer offered to provide the individual signed forms that can be traded for the e-sticker upon receipt of payment by CTCC. S&S would not need to collect funds for these e-stickers at the gatehouse and they can be taken from the same pool as residents e-stickers.
- ❖ There is ONE BUDGET, and that is CTA's Budget. No committee is judged upon a "budget performance." All the expenses and income belong to the CTA.
- ❖ CTA is a NON-PROFIT. No committee can be a profit center.
- ❖ Removing income from the budget will require *higher assessments*.
- ❖ Giving income to a committee and allowing them to use without Board Approval may result in unwanted expenses such as stop signs.
- ❖ The Board and all Committees receive monthly updated Expenses versus Budget Reports which allows them to manage their expenses and be aware when they are getting close to their budget. If more funds are needed, they may ask the Board for additional funds at the next meeting.
- ❖ The Board can handle immediate requests for funding via specially-called meetings or in the worst-case scenario, the CTA bylaws, Article XI offers procedures for a state of emergency.

CTA - Mallard Cove

Aug 22, 2024, 3:19 PM (4 days ago)

to me 

Hi Sharon

I have some comments on the Internal Controls procedure that I would like you to send to the Board Members for their consideration before voting on these controls. Could you include this email in the folder please.

Item 11 requires that all Invoices are to be sent to the Committee Member of the committee that authorized the work. That committee member then approves the invoice and then sends the approved invoice to the bookkeeper for payment.

I propose that all invoices be sent directly to the Bookkeeper by our vendors. The bookkeeper will then forward the invoice to the approver and pay the invoice when approved. This creates the ability for CTA to have a central location to find any invoice. This has been a critical issue with the SPA contract which I am associated with. Multiple times I have been contacted by SPA management looking for payment. A single call to the Bookkeeper allowed me to respond that we have not received the invoice or that we have just received the invoice. It does not take a lot of time to forward an email.

Please remember why we created the position in the first place. We had a substantial time gap between when the previous Treasurer left and when Randi finally came on Board. I was able to get Larry Stiegler to come in to be Treasurer on an interim basis and we all created the Bookkeeper position so that the business of CTA can still be conducted if the Treasurer's position is vacant. Without our vendors being paid we will not get anything done. This did fix the vendor problem.

I fully understand and agree that a control procedure is needed. The change I am suggesting does meet the objective of having the person that creates the financial obligation for CTA be different from the person that pays for the work. I actually believe it improves our controls. No organization that I have ever been associated with did not have a central Accounts Payable point of contact for invoices.

The Bookkeepers position was established to receive and process invoices as a primary responsibility and I ask the Board to reaffirm that. The Treasurer can utilize the Bookkeeper for other tasks as long as the Primary Vendor Support responsibilities are met. If additional responsibilities are added to the Bookkeeper's workload by a Treasurer that would require additional hours to do, the Treasurer should request additional funding by the Board.

I therefore recommend that the Board does not approve the Internal Control Procedures as currently written.

Thank you
Greg Burke
Mallard Cove

Financial Statements And Internal Control

Management's Responsibilities

A White Paper

Nothing is perfect. Accounting errors and irregularities happen. Fraud happens. Enron, Bernie Madoff, Sam Bankman-Fried (FTX), Bernard Ebbers (WorldCom), Jordan Belfort (Wolf of Wall Street), Frank Abagnale, Jr. (Catch Me If You Can) and countless others are well documented. Even within the idyllic confines of Carolina Trace, the opportunity for significant defalcations is present and susceptible to exploitation by persons of ill-will. If there is any doubt about the veracity of the foregoing, just ask residents of the North Shore POA. Internal control systems are the primary defense against such occurrences. They exist to prevent, detect, and correct accounting errors and fraud. In other words, they are designed to mitigate risk, and must, therefore, take into account the unique risks associated with the entity's operating environment. An entity's management is responsible for the design, implementation, and maintenance of internal controls, and for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States.

Most enterprises are characterized by a hierarchical operating environment with multiple layers of participants. At the top of the hierarchy are the shareholders who elect a board of directors who provide governance and select officers who adopt strategy and hire senior management to oversee production and delivery of goods and services to customers in arms-length transactions. Within this hierarchy, the roles and responsibilities of each tier are distinct, with each tier exercising oversight of subordinate tiers and each tier being accountable for its performance. Oversight is a critical element of an effective internal control environment.

It is well-recognized that the challenges of implementing effective internal control systems can be formidable for small, resource-constrained enterprises. It is especially challenging in the absence of effective oversight.

The operating environment of Carolina Trace Association, Inc. is the antithesis of a hierarchical structure. The POA members govern the Association. Management of the Association's affairs is vested in its Board of Directors [CTA By-laws Article III, Section 1] who represent the members. Thus, there is no distinction between governance and management, in that those who govern the organization also manage the organization. There is no distinction between those who manage and those who execute the organization's performance obligations. Furthermore, every material transaction is conducted with a related party in that the Association's members are also its customers. This totally flat operating environment is not conducive to effective internal control.

Internal control systems are frequently described as a set of checks and balances that fall into one of three categories: (1) preventive, (2) detective, and (3) corrective controls. There is one fundamental control which underlies all others; a workforce comprised of competent, trustworthy employees with clearly established lines of authority and responsibility documented in written job descriptions and procedural manuals, who perform their duties with close management oversight. This is the "foundational control", and its importance cannot be overstated: every element is a

prerequisite for effective control. If employees, or those performing control functions, are not competent to do so, effectiveness is reduced to chance. Without trustworthiness, other attributes are meaningless. If lines of authority and responsibility are not clearly evident and properly documented, all controls will atrophy over time. If everyone is responsible, no one is accountable. Without management oversight, effectiveness and efficiency will be diminished and possibly extinguished.

CTA is a small, resource-constrained enterprise with no employees, so the burden of executing internal control activities is shifted to management - the Board of Directors - who are also responsible for design and implementation of the control system; a clearly suboptimal circumstance. Over its many years, the Carolina Trace community has benefitted enormously from the contributions of a vast number of caring, well-intentioned volunteers. Yet, while caring and being well-intentioned are necessary attributes, they are not a sufficient substitute for the foundational control. This is especially true if lines of authority and responsibility are not clearly established, and policies and procedures are not in written form.

The seven internal control procedures are separation of duties, access controls, physical audits, standardized documentation, trial balances, periodic reconciliations, and approval authority.

Consistent with Benjamin Franklin's famous assertion that "an ounce of prevention is worth a pound of cure", preventive controls are the first tier of procedures above the foundational control. These procedures typically involve implementation of mechanisms that users cannot override without collusion, and are used to safeguard an entity's most vulnerable assets such as cash, investments, and inventories. The most basic preventive control is proper segregation of duties which involves the assignment of various steps in a process to different people. The principle is that authority to acquire or dispose of an asset, physical custody of the asset, and record-keeping of the asset cannot be vested in the same person.

Approvals and authorizations are also forms of preventive controls. Approvals can operate at the policy level or at the transaction level. An example of a policy level control is a purchasing committee that maintains an approved vendors list and a prohibits transactions with vendors that are not listed. At the transaction level, invoices must be approved by an authorized representative, and only invoices from approved vendors may be entered into the accounting system.

Security of assets is another basic preventive control that extends to both tangible and intangible assets. Physical security ranges from locks and fences to third-party custody (e.g. banks) to digital access controls and cyber security software. Physical security also requires approvals and authorizations.

As the name implies, detective controls are intended to identify weaknesses or failures of preventive controls. Reconciliations, inventory counts, physical observations, and performance reviews are classic examples of detective controls. To achieve optimal performance, these types of controls must be performed on a regular and timely basis. The reconciliation of bank statements to the books of account is perhaps the most basic and important detective control. Performance reviews to include variance analysis and budget-to-actual comparisons are also fundamentally important.

Corrective controls are overarching policies and procedures focused on rectifying errors or irregularities are detected. Training and disciplinary actions are examples of corrective controls. Corrective controls are also important in reinforcing preventive controls that have not worked as intended.

CTA Communications/Secretary Report – September 2024

CTA Document Retention and Destruction policy:

- This document is being distributed this month as part of the Board reports. Directors are asked to review and provide feedback for a vote on this in October 2024. As the elected officer who has been working to reconstruct files and documents, such a policy is very important to provide CTA with much-needed continuity.
-

POA Offers:

- **Coming Fall 2024! Volunteer Support Forums for POA Board Leadership**
 - POA Forum for Treasurers
 - Corporate Transparency Act Update
- **POA Websites:** The POAs that do not have a web presence are asked to reach out to the secretary for her assistance in creating a static page. This applies to the following POAs: *Eagles Nest, Lakewood and Stonegate.*
- **CAI-NC Membership - Resources:** A list of on demand resources are available at: <https://www.cai-nc.org/general/custom.asp?page=learninglibrary> Please ask your POA leadership if they are interested in any of these and we'll organize watch parties...

Onboarding/Orientation for Board members:

- Draft onboarding documents will be presented to the Board members for review/additional input. This is a work in progress. If there are specific topics Board members would like to assure receives attention, please provide that information to the secretary (ctasectr@gmail.com).

Sharon Sheldon
Secretary & Communications Chair, CTA

CTA Resolution

CTA Document Retention and Destruction Policies

DRAFT Proposed September 4, 2024

Document Retention - The records listed on the following page are defined as all records in any form, including electronic documents. A record is any material that contains information about CTA's plans, results, policies or performance. Electronic documents must be retained as if they were paper documents; therefore, any electronic files, including information received on line, that fall into one of the document types on the schedule must be maintained for the appropriate amount of time. For example, applicable email messages should either be printed in hard copy and also converted to PDF format and placed in the appropriate file/archive, paper or electronic, as applies,

The following guidelines for CTA Document Retention and Destruction Policies are hereby proposed. (Documents that are not listed, but are substantially similar to those listed in the schedule will be retained for the appropriate length of time.)

Document Destruction – The CTA secretary is responsible for working with the appropriate officer or committee chair to create an ongoing process of identifying which records have met the required retention period and overseeing their destruction following Executive Committee approval.

Destruction of financial and other documents of a sensitive nature will be accomplished by shredding and in the case of electronic content, the drives shredded or electronically overwritten, sanitized or wiped.

Document destruction will be suspended immediately, upon any indication of an official investigation or when a lawsuit is filed or appears imminent. Destruction will be reinstated upon conclusion of the investigation or claim, whichever is latest.

Stakeholder	Document Type	Minimum Requirement
Finance (treasurer, bookkeeper, committee)	Accounts payable ledgers and schedules	7 years
Security & Safety	Applications for access (e-sticker/contractor)	1 year after cancellation
Secretary	Annual Reports	Permanently
Finance	Audit reports	Permanently
Finance	Bank reconciliations	2 years
Finance	Bank statements, investment statements, credit card statements	3 years
Finance	Checks, cc receipts for important payments and purchases	Permanently
Finance, Security & Safety, Trace Lake & Dam, Trace Roads & Maintenance	Contracts (including mortgages, notes and leases) Expired	7 years
Finance, Security & Safety, Trace Lake & Dam, Trace Roads & Maintenance	Contracts (active)	Contract period
Finance, Security & Safety, Trace Lake & Dam, Trace Roads & Maintenance, Executive Committee	Correspondence (general, customer and vendor)	2 years
Finance, Security & Safety, Trace Lake & Dam, Trace Roads & Maintenance, Executive Committee	Correspondence (legal and important matters)	Permanently
Finance	Deeds, mortgages, bills of sale	Permanently
Finance	Depreciation schedules	Permanently
Finance	Duplicate deposit slips	2 years
Finance	Expenses analyses/expense distribution schedules	7 years
Finance, Security & Safety	Insurance records (including accident reports, claims, etc., (active and expired))	Permanently
Finance	Internal audit reports	3 years
Security & Safety, Trace Lake & Dam, Trace Roads & Maintenance	Inventory records for products, materials and supplies	3 years
Security & Safety, Trace Lake & Dam, Trace Roads & Maintenance	Invoices (sent, received)	7 years
Secretary	Minutes, bylaws, articles of incorporation, corporate seal	Permanently
Finance	Payroll records*, summaries (if applicable)	7 years
Finance	Tax returns, documents, Tax Exempt Status	Permanently
Finance	Tax forms 1099 (vendors) or withholding statements	7 years
Finance	Year-end financial statements	Permanently

**Note that CTA has no employees at the time of policy adoption; should CTA become an employer, this policy will be amended to include employer-employee records as applies.*

Minutes from August 30, 2024 Safety & Security meeting

Meeting began at 5:03. Attending was Charles Holder, Penny Turner, Don Berger, Joe Zanga and Jody Jackett, Chairman.

1. Gate Sentry – Jody

We now have 69% of the residents signed up. We only have 60% using the system. We are still getting phone calls from people asking for passes who are registered with Gate sentry. The guards are doing everything they can to get them to use GS. On a bright note, GS has come out with a QR code for the software which will speed up and eliminate errors we presently are finding presently. I'll be finding out if this is something that we can incorporate into our present system and if so, will it cost us anything? The committee discussed the possibility that if we can't get at least 80% of our residents signed up to the GS Program by the end of January 2025, we will recommend to discontinue its use.

2. Gate Improvement study.

The Sally Port agenda has failed to pass. The Flow plates is still alive. The board requests more information on where these are presently used in the USA. Don Berger has joined the Safety and Security Committee due to his extensive knowledge of the plates and his background with DOT and other companies working in the field of traffic control will be an added resource.

In an effort to stop tailgating the access barrier arm has been adjusted to open/close in less than 10 seconds. This allows for quicker entry and reduces open time to deter tailgating.

3. Gate and Fence Repairs: There is no funds available to fix any of the fences and are on a low priority to be done.

4. CTCC relationship and proposal re: selling estickers to non-resident members as well as club employees: The 50 applications have been delivered to Ryan who in turned to Corporate. Once the approval has been made at corporate level a check will be forth coming. No E-Stickers will be issued until we have received the funds from the Club.

5. CERT – Penny (See Attached report)

6. Lake Report – Charles Holder: The Dam valve has been closed and as soon as we get some rain, the lake will begin to fill up.

7. Charles also gave a quick report regarding the status of the Fire Dept. He informed us that the Fire Dept. will be manned 24/7. They are still looking for a permanent Fire Chief. A couple of Codes emergency calls had occurred and the lives of the people were saved.

NEW BUSINESS

1. Lt. Allie Thomas has quit. The reasons are many and varied. The main reason from the many discussions we've had with SPA and her every other week is too much to do for 2 people during the day shift. She had complained about that for at least the entire time I was made the VP/S&S Chair. So, it's time to do something.
2. We will continue to push for the Flow Plates.
3. We will ask for at least one arm gate for the South Gate, which will match the setup we have at the North Gate.
4. We will also ask for \$3200/ year for Preventive maintenance of all the Gates (4 times per year).

No further items were brought up or discussed.

Meeting adjourned at 6:17pm.

Respectfully submitted,

Jody Jackett

S&S Chairman

And now, the rest of the Story.

As for the Gate situation and SPA, the issue isn't e-stickers. First, there was found an old document from SPA with multiple dates, 2021 is the newest, which has an item noting that they do sell e-stickers. It doesn't mention commercial stickers nor most of the other items which have troubled Allie and others over the last 4 to 6 months including:

- 1. POS sales of stickers which are a bit more time consuming than just collecting cash or check.**
- 2. The addition of Board approved Gate Sentry with no effort to enforce or even promote use. Therefore, in the busiest shift of the day 1 guard is selling stickers, doing administrative work, orienting new guards, and helping the other guard answer the constant phone calls for Gate Passes, even from GS registered PO's. The second guard is meanwhile doing phones while trying to check people through the visitor's lane, and answering questions, etc. In July alone there were 16,045 vehicles that passed through the visitor side of the main gate. August totals totaled 16,553.**
- 3. To that we add the lack of regular CTCC cooperation in listing, as the documents noted above require, the complete identification of visitors for major events a week in advance.**
- 4. Next was Randi's "required for tax purposes" count of every vehicle coming through the gates every day for ever. Though we don't count the back gates.**
- 5. Then we added e-stickers identified specifically for CTCC members. Which have not been implemented but the applications have been identified as to what sticker goes with what application.**
- 6. Finally, I think, the Board has been unresponsive to the Staff's real concern for a potential major accident caused by vehicles trying to enter Trace from the exit lanes seen by them at the main gate and on video from the rear gates (when they have time to even look at the screen). List will be available at meeting. One guard has been monitoring these items and this is the list of items he has seen. This is just items that the guards see when they have the time to watch the cameras.**

It was stated at last months meeting why the need for all this security? No one has been killed. At least not until the evening of the 31st. I'm working with the LC Sheriff's Detective to obtain footage as to when a person of interest came in the main gate. The Detective did pass along the fact that the incident was really bad. The victim did Code twice. The situation was so bad that 2 of the Officers had to go to the hospital as well.

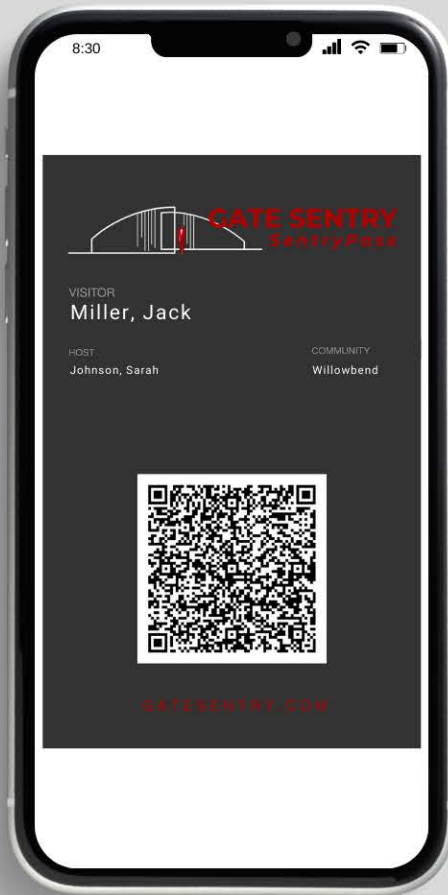
As for the request for funding and the continued budget shortfalls, well, it looks like I'm doomed to fail no matter what I do. As an example, if the S&S committee has a line item of \$3000 to buy e-stickers, I can buy 300 stickers (\$10 per). If I sell all 300 stickers, I get \$5000 back. But I don't get that money. All of it goes to the CTA. So, now when I want to purchase more stickers, I need to go into the RED and beg the board for more money. I see nothing wrong with selling the stickers and when the money comes back for each sticker sold at \$25, I should get my \$10 back and the extra \$15 goes to CTA. That way I stay out of the red. Unfortunately, most of the S&S part of budget is like that. No contingency for items that need to have added funds taken from line items that run out of money. Emergencies come up and when I have to wait for a month to come before the board and beg for money, well, things don't get done. That is the problem I'm facing. I don't have a crystal ball that predicts the future. So, I need the board's help in allowing me to at least get the smallest of things done.

And that, for now, is the rest of the story.

CERT Report for Safety & Security Committee for September 2024

1. CERT August training was an outstanding briefing in the Lee County EOC about the capabilities of Emergency Management. We discussed how CERT can fit in with EM responses, and today two of our CT CERT members helped with a Cooling Shelter for residents who were displaced by a downtown apartment fire last night. Five of our members will participate in a county sponsored Shelter Management Course in October.
2. September CERT training will be triage skills practice and team bag inventory review at the Carolina Trace Fire Department on 17 September at 6 PM. Residents are invited to join us and learn more about the CERT program.
3. Our Lee County AuxComm group joined Chatham County AuxComm last weekend for their training session, and we have been invited to attend all their twice-a-month sessions. We also hope to conduct some joint exercises with them.
4. September 7-8 is the NC Parks on the Air event. Some of the CERT ham operators plan to activate the state historical site House in the Horseshoe.
5. CERT plans to have a Basic Course for people wishing to join the team in January 2025. More details to follow next month.

Penny Turner
leectynccert@gmail.com
919-902-1217



Our Biggest Update Yet!

SentryPass

One Scan — 3 Second Guest Access

SentryPass: A mobile access pass for your guests

How it Works: When guests arrive, security scans their SentryPass QR code to grant access. The dynamic QR code is valid only for the duration set by the resident.



Eliminates Gate Lines

Reduces wait times and speeds entry, providing a smoother experience for guests



To learn more about how SentryPass can streamline your community's visitor access, email us at: marketing@gatesentry.com



Seamless Integration

The software and applications will remain the same for security and residents, which provides a seamless upgrade



Eliminates Security Errors

Automates guest verification process, reducing manual searching and data entry for more accurate logs



Increase User Adoption

Benefits residents by offering a quicker, more reliable way for their guests to gain access

DATE	GUESTS	GOLFERS / WEDDINGS	CTCC MEMBERS / EMPL.	COMMERCIAL (AMAZON,UPS,CONTRACTORS)	
8/1/24	238	10	13	216	
8/2/24	405	4	9	255	
8/3/24	276	27	6	111	
8/4/24	123	10	1	83	
8/5/24	356	6	11	310	
8/6/24	276	3	8	256	
8/7/24	147	0	12	176	
8/8/24	187	1	1	134	
8/9/24	290	0	8	211	
8/10/24	374	7	4	145	
8/11/24	311	68	0	117	
8/12/24	340	0	10	260	
8/13/24	332	5	15	335	
8/14/24	431	5	15	332	
8/15/24	400	3	20	295	
8/16/24	372	18	22	345	
8/17/24	298	41	8	114	
8/18/24	245	33	3	100	
8/19/24	150	3	6	144	
8/20/24	312	34	9	337	
8/21/24	320	5	15	357	
8/22/24	251	3	10	305	
8/23/24	230	35	28	324	
8/24/24	190	44	14	130	
8/25/24	128	21	7	48	
8/26/24	400	0	11	400	
8/27/24	225	2	10	355	
8/28/24	124	10	10	249	
8/29/24	384	4	11	340	
8/30/24	227	29	14	300	
8/31/24	258	25	7	105	
TOTAL	8600	456	318	7189	16563

September 2024 TLDC Report

TLDC submits for Board approval, a policy for Watercraft use on Lake Trace.

TLDC is waiting to receive from Ryan Naab (CTCC) the cost estimate from SOLitude for the hydrilla treatment in the Stonegate Pond/Carr Creek area.

TRAM August 2024 Report

1. Branches, limbs, and debris piles have been removed after the storm.
2. Routine ground maintenance has been performed on all CTA property.
3. Waiting on bids from contractors for road work and culvert work.
4. Waiting on approval to proceed with required culvert work.

**NORTH SHORE PROPERTY OWNERS ASSOCIATION
P.O. BOX 326
SANFORD, NC 27331**

September 2, 2024

Via email

Joseph Zanga
President
Carolina Trace Association, Inc.
51 Traceway South
Sanford, NC 27332

Re: Traceway Culvert Near Country Club Drive

Dear Joe,

I have been asked by the Board of Directors of the North Shore POA to express our concerns to Carolina Trace Association (CTA) regarding the condition of the large metal culvert that runs under Traceway North near its intersection with Country Club Drive. This culvert is within North Shore and is therefore of extreme concern to our residents. We urge you to bring the following to the attention of the CTA Board so repairs can be made as soon as possible. We also recommend that CTA give written notice to Escalante Carolina Trace, LLC that CTA must repair the culvert with or without Escalante's full cooperation.

We understand that repair or replacement of this culvert has been delayed for several years because of CTA's need to coordinate the work with Escalante, which owns property on either side of Traceway, including the dam at Lake Arnold and the spillway that directs water into CTA's culvert. We understand that Escalante must also make repairs to the dam and spillway, and that work in this area should be coordinated so that neither party causes further damage to property owned by the other party. It should be in Escalante's best interest to make these repairs for the protection of its property, so we do not understand its continuing delay.

As you know, under the terms of the Special Warranty Deed by which CTA took ownership of Traceway, CTA is contractually obligated to maintain Traceway for the benefit of the country club. However, by failing to cooperate on these repairs, Escalante has placed CTA in the impossible situation of either breaching its contractual obligation or potentially damaging Escalante's property by making repairs without Escalante's full cooperation. CTA is also obligated by a separate easement agreement to maintain Traceway for the benefit of the POAs and their residents.

NSPOA is very concerned that the stalemate with Escalante has the potential to expose CTA (and by extension the POAs) to unnecessary liability and “finger-pointing.” We therefore urge CTA to make plans to repair the culvert and to give written notice to Escalante to the following effect:

- CTA will soon attempt repairs to CTA’s portion of the culvert, with or without Escalante’s cooperation, to prevent further damage and catastrophic failure of Traceway.
- Although CTA will use reasonable efforts to avoid damaging Escalante’s property, CTA will not be responsible for any damage to Escalante’s property that could have been avoided with Escalante’s full cooperation.
- CTA is ready, willing and able to coordinate with Escalante on repairs to the drainage system in this area, so any further damage or necessary repairs are the sole responsibility of Escalante.

Thank you for your attention to this matter.

Sincerely,

Jeff

Jeffrey L. Sheldon
President, NSPOA, and
NSPOA Delegate to CTA
president@nspoa.org
202-250-9696

cc (via email):

Jody Jackett, CTA VP
Randi Constant, CTA Treasurer
Sharon Sheldon, CTA Secretary (for distribution to CTA Board)

CTA Voting, Per Dec. 2023 Census - Form updated 08/28/2024

SUBJECT: HWPOA Amended Motion to expend up to \$10,000 previously earmarked for TEM gate visitor system to be used for the purchase and installation of a barrier/lift gate at the South Gate.

POA	POA CENSUS DATA			MEETING ATTENDANCE		VOTING BY POA (enter votes here)				VOTING BY LOTS			
	Total Lots	Assessable Lots	Net Voting Lots	POAs Present (1=present; 0=absent)	Voting Lots Present	POA	YES	NO	ABSTAIN	YES Votes By Lots	NO Votes By Lots	ABSTAIN Votes By Lots	1 vote per POA?
Eagles Nest	67	67	67	1	67	EN	1			67	0	0	OK
Golf East	82	82	82	1	82	GE	1			82	0	0	OK
Golf North	139	139	139	1	139	GN	1			139	0	0	OK
Golf West	46	45	44	1	44	GW	1			44	0	0	OK
Harbor Creek	167	166	154	1	154	HC	1			154	0	0	OK
Hidden Lake	254	254	235	1	235	HL	1			235	0	0	OK
Highland Woods	47	46	45	1	45	HW	1			45	0	0	OK
Lakewood	71	69	54	1	54	LW	1			54	0	0	OK
Laurel Thicket	251	251	242	1	242	LT	1			242	0	0	OK
Mallard Cove	201	196	197	1	197	MC	1			197	0	0	OK
North Shore	311	311	311	1	311	NS	1			311	0	0	OK
Sedgemoor	170	170	170	1	170	SM	1			170	0	0	OK
South Landing	142	142	138	1	138	SL	1			138	0	0	OK
Southwind	170	170	152	1	152	SW	1			152	0	0	OK
Stonegate	49	47	45	0	0	SG				0	0	0	OK
Village at Trace	36	36	36	1	36	VT	1			36	0	0	OK
Woodfield	73	72	66	1	66	WF	1			66	0	0	OK
Woodmere-Trentwood	235	235	227		0	WT	1			0	0	0	OK
Totals	2511	2498	2404	16	2132		17	0	0	2132	0	0	

ROUTINE VOTES				RESULTS:	% of YES votes		
TOTAL "YES" VOTES REQUIRED FOR MOTION TO PASS:							
51.0%	of Column E total =	8.2			106%		This condition PASSED
51.0%	of Column D total =	1226.0		89%		This condition PASSED	

Routine votes: A majority of the directors present at a meeting at which a quorum exists. However, such majority must represent at least 51% of the total lots in all POAs currently in good standing.

TWO-TIER VOTES ONLY				RESULTS:	% of YES votes		
TOTAL "YES" VOTES REQUIRED FOR MOTION TO PASS:							
51%	of Column E total =	8.2			106%		This condition PASSED
66.667%	of Column F total =	1421.3		100%		This condition PASSED	
51.0%	of Column D total =	1226.0		89%		This condition PASSED	

Two-Tier Voting (Columns D, E): Approval shall require: (1) a majority vote by Directors or Alternate Directors in attendance who shall vote their respective POA as an undivided voting block. The sum of the lots represented by the Directors or Alternate Directors in attendance shall equal 100%. Approval requires two-thirds (2/3) of that sum. However, such two-thirds (2/3) total cannot be less than 51% of the total lots represented by all POAs in good standing.

CTA Voting, Per Dec. 2023 Census - Form updated 08/28/2024

SUBJECT: HWPOA Motion to Approve up to \$3,200 from available TEM line item funds to use for Gate Preventive Maintenance for 2024

POA	POA CENSUS DATA			MEETING ATTENDANCE		VOTING BY POA (enter votes here)				VOTING BY LOTS			
	Total Lots	Assessable Lots	Net Voting Lots	POAs Present (1=present; 0=absent)	Voting Lots Present	POA	YES	NO	ABSTAIN	YES Votes By Lots	NO Votes By Lots	ABSTAIN Votes By Lots	1 vote per POA?
Eagles Nest	67	67	67	1	67	EN	1			67	0	0	OK
Golf East	82	82	82	1	82	GE	1			82	0	0	OK
Golf North	139	139	139	1	139	GN	1			139	0	0	OK
Golf West	46	45	44	1	44	GW	1			44	0	0	OK
Harbor Creek	167	166	154	1	154	HC		1		0	154	0	OK
Hidden Lake	254	254	235	1	235	HL	1			235	0	0	OK
Highland Woods	47	46	45	1	45	HW	1			45	0	0	OK
Lakewood	71	69	54	1	54	LW		1		0	54	0	OK
Laurel Thicket	251	251	242	1	242	LT	1			242	0	0	OK
Mallard Cove	201	196	197	1	197	MC	1			197	0	0	OK
North Shore	311	311	311	1	311	NS	1			311	0	0	OK
Sedgemoor	170	170	170	1	170	SM	1			170	0	0	OK
South Landing	142	142	138	1	138	SL		1		0	138	0	OK
Southwind	170	170	152	1	152	SW	1			152	0	0	OK
Stonegate	49	47	45	0	0	SG				0	0	0	OK
Village at Trace	36	36	36	1	36	VT	1			36	0	0	OK
Woodfield	73	72	66	1	66	WF	1			66	0	0	OK
Woodmere-Trentwood	235	235	227		0	WT	1			0	0	0	OK
Totals	2511	2498	2404	16	2132		14	3	0	1786	346	0	

ROUTINE VOTES			RESULTS:	% of YES votes			
TOTAL "YES" VOTES REQUIRED FOR MOTION TO PASS:							
51.0%	of Column E total =	8.2			88%	This condition PASSED	
51.0%	of Column D total =	1226.0			74%	This condition PASSED	

Routine votes: A majority of the directors present at a meeting at which a quorum exists. However, such majority must represent at least 51% of the total lots in all POAs currently in good standing.

TWO-TIER VOTES ONLY			RESULTS:	% of YES votes			
TOTAL "YES" VOTES REQUIRED FOR MOTION TO PASS:							
51%	of Column E total =	8.2			88%	This condition PASSED	
66.667%	of Column F total =	1421.3			84%	This condition PASSED	
51.0%	of Column D total =	1226.0	74%	This condition PASSED			

Two-Tier Voting (Columns D, E): Approval shall require: (1) a majority vote by Directors or Alternate Directors in attendance who shall vote their respective POA as an undivided voting block. The sum of the lots represented by the Directors or Alternate Directors in attendance shall equal 100%. Approval requires two-thirds (2/3) of that sum. However, such two-thirds (2/3) total cannot be less than 51% of the total lots represented by all POAs in good standing.

SUBJECT: Board Approval of Financial Protocols as of September 2024

POA	POA CENSUS DATA			MEETING ATTENDANCE		VOTING BY POA (enter votes here)				VOTING BY LOTS			
	Total Lots	Assessable Lots	Net Voting Lots	POAs Present (1=present; 0=absent)	Voting Lots Present	POA	YES	NO	ABSTAIN	YES Votes By Lots	NO Votes By Lots	ABSTAIN Votes By Lots	1 vote per POA?
Eagles Nest	67	67	67	1	67	EN	1			67	0	0	OK
Golf East	82	82	82	1	82	GE	1			82	0	0	OK
Golf North	139	139	139	1	139	GN	1			139	0	0	OK
Golf West	46	45	44	1	44	GW	1			44	0	0	OK
Harbor Creek	167	166	154	1	154	HC	1			154	0	0	OK
Hidden Lake	254	254	235	1	235	HL	1			235	0	0	OK
Highland Woods	47	46	45	1	45	HW	1			45	0	0	OK
Lakewood	71	69	54	1	54	LW	1			54	0	0	OK
Laurel Thicket	251	251	242	1	242	LT	1			242	0	0	OK
Mallard Cove	201	196	197	1	197	MC		1		0	197	0	OK
North Shore	311	311	311	1	311	NS	1			311	0	0	OK
Sedgemoor	170	170	170	1	170	SM	1			170	0	0	OK
South Landing	142	142	138	1	138	SL	1			138	0	0	OK
Southwind	170	170	152	1	152	SW	1			152	0	0	OK
Stonegate	49	47	45	0	0	SG				0	0	0	OK
Village at Trace	36	36	36	1	36	VT	1			36	0	0	OK
Woodfield	73	72	66	1	66	WF	1			66	0	0	OK
Woodmere-Trentwood	235	235	227	1	227	WT	1			227	0	0	OK
Totals	2511	2498	2404	17	2359		16	1	0	2162	197	0	

ROUTINE VOTES			RESULTS:	% of YES votes	
TOTAL "YES" VOTES REQUIRED FOR MOTION TO PASS:					
51.0%	of Column E total =	8.7		94%	This condition PASSED
51.0%	of Column D total =	1226.0		90%	This condition PASSED

Routine votes: A majority of the directors present at a meeting at which a quorum exists. However, such majority must represent at least 51% of the total lots in all POAs currently in good standing.

TWO-TIER VOTES ONLY			RESULTS:	% of YES votes	
TOTAL "YES" VOTES REQUIRED FOR MOTION TO PASS:					
51%	of Column E total =	8.7		94%	This condition PASSED
66.667%	of Column F total =	1572.7		92%	This condition PASSED
51.0%	of Column D total =	1226.0	90%	This condition PASSED	

Two-Tier Voting (Columns D, E): Approval shall require: (1) a majority vote by Directors or Alternate Directors in attendance who shall vote their respective POA as an undivided voting block. The sum of the lots represented by the Directors or Alternate Directors in attendance shall equal 100%. Approval requires two-thirds (2/3) of that sum. However, such two-thirds (2/3) total cannot be less than 51% of the total lots represented by all POAs in good standing.

CTA Resolution for Institution of Finance Protocols

August 4, 2024

WHEREAS the CTA bylaws directs its Board of Directors to provide for an annual audit of the financial records and transactions of the Association and any of its standing committees; and

WHEREAS the CTA Treasurer has traditionally been directed to submit all documentation and accounts access necessary for said annual audits to a qualified Certified Public Accounting Firm; and

WHEREAS the CTA CAPITAL EXPENDITURES & CAPITALIZATION THRESHOLD POLICY, approved by the CTA Board of Directors on 7 March 2017 ("CAPITALIZATION POLICY"), states

"CTA shall maintain a list of fixed assets showing the date of the acquisition, its cost, and a schedule for depreciation of the asset. CTA will use IRS useful lives and depreciation methods so that no differences arise between the books of account and tax return amounts. Annual depreciation expense will be included in CTA's annual operating budget. Asset Impairments: A recognized impairment of capital assets shall be recognized whenever events and circumstances warrant. For each purchase or capital expenditure, the Executive Committee shall evaluate whether the acquisition will have an impact on insurance coverage, determine if present coverage valuations are adequate, and obtain additional coverage if necessary,"

WHEREAS the audits completed for CTA for the years 2019-2022 (inclusive) were limited in their scope and did not fully identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses; and

WHEREAS for each of the audit years mentioned above (2019-2022), the Auditor did find material weaknesses and significant deficiencies in CTA's internal financial controls; and

WHEREAS the CTA desires to avoid any exposure to future financial impropriety, and therefore recognizes the need for formal Finance Guidelines to direct decisions and actions of CTA Committee Chairs and Board members; and

WHEREAS CTA desires to come into compliance above-referenced 2017 CAPITALIZATION POLICY with regard to a complete and full Balance Sheet and Asset Depreciation Schedule as of 31, December 2023;

The CTA Treasurer submits for approval and adoption the following sets of documents:

- 1) Finance Protocols dated August 2024
- 2) CTA's full Balance Sheet dated 31 December 2023

J. SINGH, CPA, P.A.
CERTIFIED PUBLIC ACCOUNTANT
1101 WOODLAND AVENUE
SANFORD, NORTH CAROLINA 27330

July 28, 2020

Board of Directors
Carolina Trace Association, Inc.
Sanford, North Carolina 27332

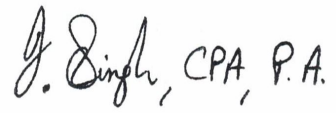
In planning and performing my audit of the Statement of Cash Receipts and Cash Disbursements for Carolina Trace Association, Inc. as of and for the year ended December 31, 2019, in accordance with auditing standards generally accepted in the United States of America, I considered Organization's internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statement, but do not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control.

My consideration of the internal control over financial reporting was for limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed in the schedule of findings and responses, I identified a deficiency in internal control over financial reporting that I consider to be a material weakness and a deficiency that I consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiency 2019-1, described in the accompanying schedule of findings and responses to be a material weakness.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the deficiency 2019-2, described in the accompanying schedule of findings and responses to be a significant deficiency. This report is intended solely for the information and use of the board of directors,

management, others within the entity and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "J. Singh, CPA, P.A." The signature is written in a cursive style with a large, looped initial "J".

July 28, 2020
Sanford, N. C.

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2019

Findings related to the audit of the Basic Financial Statements

Finding 2019-1 – Material Weakness

Criteria: Management should have a system in place to reduce the likelihood of errors in financial reporting.

Condition: Due to the limited number of personnel in the Organization office, there are inherent limitations to the segregation of duties among Organization personnel.

Recommendation: Access to books and records of the Organization should be separated from access to the assets of the Organization as much as possible. Alternative controls should be used to compensate for any lack of segregation of duties. The Organization's Board of Directors should provide some of these controls.

Contact person: Oscar Roberto

Corrective Action: Management is aware of the weakness but, due to the cost benefit analysis, hiring additional personnel does not appear feasible.

Finding 2019-2: - Significant deficiency

Criteria: Management should have a system in place to reduce the likelihood of errors in financial reporting.

Condition: Financial reporting under accounting standards requires a level of technical expertise not possessed by the Organization's personnel with regards to drafting full accrual, full disclosure financial statements.

Recommendation: The cost of acquiring the technical expertise to comply with the financial reporting requirements discussed above appears cost prohibitive. Therefore, the Organization should exercise due care in reviewing the financial statement drafted by the external auditor as the Organization is responsible for the accuracy of the audited financial statement.

Name of contact person: Oscar Roberto

Corrective action: Management is aware of the weakness but, due to the cost benefit analysis, they will continue to rely on the external auditor to draft the year-end financial statement.

J. SINGH, CPA, P.A.
CERTIFIED PUBLIC ACCOUNTANT
1103 WOODLAND AVENUE
SANFORD, NORTH CAROLINA 27330

July 14, 2023

Board of Directors
Carolina Trace Association, Inc.
Sanford, North Carolina 27332

In planning and performing my audit of the Statement of Cash Receipts and Cash Disbursements for Carolina Trace Association, Inc. as of and for the year ended December 31, 2020, in accordance with auditing standards generally accepted in the United States of America, I considered Organization's internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statement, but do not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control.

My consideration of the internal control over financial reporting was for limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed in the schedule of findings and responses, I identified a deficiency in internal control over financial reporting that I consider to be a material weakness and a deficiency that I consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiency 2020-1, described in the accompanying schedule of findings and responses to be a material weakness.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the deficiency 2020-2, described in the accompanying schedule of findings and responses to be a significant deficiency. This report is intended solely for the information and use of the board of directors,

management, others within the entity and is not intended to be and should not be used by anyone other than these specified parties.

J. Singh, CPA, P.A.

July 14, 2023
Sanford, N. C.

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

Findings related to the audit of the Basic Financial Statements

Finding 2020-1 – Material Weakness

Criteria: Management should have a system in place to reduce the likelihood of errors in financial reporting.

Condition: Due to the limited number of personnel in the Organization office, there are inherent limitations to the segregation of duties among Organization personnel.

Recommendation: Access to books and records of the Organization should be separated from access to the assets of the Organization as much as possible. Alternative controls should be used to compensate for any lack of segregation of duties. The Organization's Board of Directors should provide some of these controls.

Contact person: Kate Woods

Corrective Action: Management is aware of the weakness but, due to the cost benefit analysis, hiring additional personnel does not appear feasible.

Finding 2020-2: - Significant deficiency

Criteria: Management should have a system in place to reduce the likelihood of errors in financial reporting.

Condition: Financial reporting under accounting standards requires a level of technical expertise not possessed by the Organization's personnel with regards to drafting full accrual, full disclosure financial statements.

Recommendation: The cost of acquiring the technical expertise to comply with the financial reporting requirements discussed above appears cost prohibitive. Therefore, the Organization should exercise due care in reviewing the financial statement drafted by the external auditor as the Organization is responsible for the accuracy of the audited financial statement.

Name of contact person: Kate Woods

Corrective action: Management is aware of the weakness but, due to the cost benefit analysis, they will continue to rely on the external auditor to draft the year-end financial statement.

J. SINGH, CPA, P.A.
CERTIFIED PUBLIC ACCOUNTANT
1103 WOODLAND AVENUE
SANFORD, NORTH CAROLINA 27330

July 20, 2023

Board of Directors
Carolina Trace Association, Inc.
Sanford, North Carolina 27332

In planning and performing my audit of the Statement of Cash Receipts and Cash Disbursements for Carolina Trace Association, Inc. as of and for the year ended December 31, 2021, in accordance with auditing standards generally accepted in the United States of America, I considered Organization's internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statement, but do not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control.

My consideration of the internal control over financial reporting was for limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed in the schedule of findings and responses, I identified a deficiency in internal control over financial reporting that I consider to be a material weakness and a deficiency that I consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiency 2021-1, described in the accompanying schedule of findings and responses to be a material weakness.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the deficiency 2021-2, described in the accompanying schedule of findings and responses to be a significant deficiency. This report is intended solely for the information and use of the board of directors,

management, others within the entity and is not intended to be and should not be used by anyone other than these specified parties.

J. Singh, CPA, P.A.

July 20, 2023
Sanford, N. C.

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

Findings related to the audit of the Basic Financial Statements

Finding 2021-1 – Material Weakness

Criteria: Management should have a system in place to reduce the likelihood of errors in financial reporting.

Condition: Due to the limited number of personnel in the Organization office, there are inherent limitations to the segregation of duties among Organization personnel.

Recommendation: Access to books and records of the Organization should be separated from access to the assets of the Organization as much as possible. Alternative controls should be used to compensate for any lack of segregation of duties. The Organization's Board of Directors should provide some of these controls.

Contact person: Kate Woods

Corrective Action: Management is aware of the weakness but, due to the cost benefit analysis, hiring additional personnel does not appear feasible.

Finding 2021-2: - Significant deficiency

Criteria: Management should have a system in place to reduce the likelihood of errors in financial reporting.

Condition: Financial reporting under accounting standards requires a level of technical expertise not possessed by the Organization's personnel with regards to drafting full accrual, full disclosure financial statements.

Recommendation: The cost of acquiring the technical expertise to comply with the financial reporting requirements discussed above appears cost prohibitive. Therefore, the Organization should exercise due care in reviewing the financial statement drafted by the external auditor as the Organization is responsible for the accuracy of the audited financial statement.

Name of contact person: Kate Woods

Corrective action: Management is aware of the weakness but, due to the cost benefit analysis, they will continue to rely on the external auditor to draft the year-end financial statement.

J. SINGH, CPA, P.A.
CERTIFIED PUBLIC ACCOUNTANT
1103 WOODLAND AVENUE
SANFORD, NORTH CAROLINA 27330

July 24, 2023

Board of Directors
Carolina Trace Association, Inc.
Sanford, North Carolina 27332

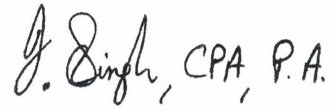
In planning and performing my audit of the Statement of Cash Receipts and Cash Disbursements for Carolina Trace Association, Inc. as of and for the year ended December 31, 2022, in accordance with auditing standards generally accepted in the United States of America, I considered Organization's internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statement, but do not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control.

My consideration of the internal control over financial reporting was for limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed in the schedule of findings and responses, I identified a deficiency in internal control over financial reporting that I consider to be a material weakness and a deficiency that I consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiency 2022-1, described in the accompanying schedule of findings and responses to be a material weakness.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the deficiency 2022-2, described in the accompanying schedule of findings and responses to be a significant deficiency. This report is intended solely for the information and use of the board of directors,

management, others within the entity and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "J. Singh, CPA, P.A." The signature is written in a cursive style with a large initial "J" and "S".

July 24, 2023
Sanford, N. C.

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

Findings related to the audit of the Basic Financial Statements

Finding 2022-1 – Material Weakness

Criteria: Management should have a system in place to reduce the likelihood of errors in financial reporting.

Condition: Due to the limited number of personnel in the Organization office, there are inherent limitations to the segregation of duties among Organization personnel.

Recommendation: Access to books and records of the Organization should be separated from access to the assets of the Organization as much as possible. Alternative controls should be used to compensate for any lack of segregation of duties. The Organization's Board of Directors should provide some of these controls.

Contact person: Kate Woods

Corrective Action: Management is aware of the weakness but, due to the cost benefit analysis, hiring additional personnel does not appear feasible.

Finding 2022-2: - Significant deficiency

Criteria: Management should have a system in place to reduce the likelihood of errors in financial reporting.

Condition: Financial reporting under accounting standards requires a level of technical expertise not possessed by the Organization's personnel with regards to drafting full accrual, full disclosure financial statements.

Recommendation: The cost of acquiring the technical expertise to comply with the financial reporting requirements discussed above appears cost prohibitive. Therefore, the Organization should exercise due care in reviewing the financial statement drafted by the external auditor as the Organization is responsible for the accuracy of the audited financial statement.

Name of contact person: Kate Woods

Corrective action: Management is aware of the weakness but, due to the cost benefit analysis, they will continue to rely on the external auditor to draft the year-end financial statement.

FOUNDATION FOR INTERNAL FINANCIAL CONTROLS

Carolina Trace Association, Inc.

Pursuant to Article 3 d. of its Articles of Incorporation, Carolina Trace Association, Inc. (CTA or the Association) owns, operates, and maintains property used in common by its members, property owners, and others to whom access is authorized.

To fulfill these responsibilities and satisfy its performance obligations, the Association raises revenues, incurs expenses and liabilities, and holds cash balances, investments, and other assets. A system of internal controls is employed to safeguard assets against errors and fraud, and to provide reasonable assurance that the Association's financial statements are free from material misstatement.

The Association's internal control environment is established in its By-Laws as follows:

Article III, Section 1 – “The affairs of the Association shall be managed by the Board of Directors.”

Article IV, Section 6 – A two-tier voting procedure shall be required for “... (establishing budgets, authorizing budget overruns, authorizing capital or operating expenditures in excess of two and one-half percent (2^{1/2}%) of the CTA yearly budget, authorizing expenditure for or commitment to acquire or dispose of real property and amending By-laws”).

Article V, Section 1.e. – The Board of Directors shall have the power to “Designate a banking institution or institutions as depository for the funds of the Association and allow the treasurer to pay routine bills and transfer funds, up to an amount set annually by the Board, by means of on-line banking with no second party approval required. For bills above the approved amount the Board of Directors will designate two (2) or more officers, including the Treasurer, the signatures of any two (2) of which are authorized and required for withdrawals therefrom.”

Article V, Section 2.c. – The Board shall “Oversee and approval (sic) of an annual operating budget in conformance with Article VIII.”

Article V, Section 2.d. – “At intervals of no more than one (1) year, the Association shall cause to be published, for distribution to all property owners (resident and nonresident), a summary of the financial status, actions, and efforts of the Association and such other matters as may be of mutual concern.”

Article V, Section 2.e. – the Board shall “Provide for an annual audit of the financial records and transactions of the Association and any of its standing committees.”

Article V, Section 3.a. – “It [the Board] shall not take any actions that abridge the covenants, reservations and restrictions of any owners' association.

Article V, Section 3.b. – “Investment of excess funds shall be limited to direct obligations of the United States of America or certificates of deposit insured by the FDIC, the FSLIC, or their successors.”

Article V, Section 3.c. – “Anticipated overruns of the total Association operating expense budget must have prior Board Approval enacted through the two-tier voting procedure.”

Article V, 3.d. – “Any non-budgeted capital purchase or divestment or one-time operating expense valued in excess of two and one-half percent (2^{1/2}%) of the CTA yearly budget or any expenditure or commitment to acquire or dispose of real property, requires approval by the two-tier voting procedure.”

Article VI, Section 3.a. – “The president of the Association shall serve as chairman of the Board of Directors. The president shall be the general managerial officer of the Association except as may be otherwise designated or defined by an action of the Board.”

Article VI, Section 3.b. – “In the absence of the President, ... the Vice President is empowered to act as the president of the Association.”

Article VI, Section 3.d. – “The treasurer shall have custody of the funds of the Association, collect moneys due, pay the obligations of the Association from such funds and perform such other duties are incident to the office.” “The treasurer shall submit a periodic financial report no less frequently than monthly. Such report shall show receipts and expenditures performance against the detailed and approved budget as well as the current balances in all depositories. The treasurer shall serve as chairman of the finance committee.”

Article VII, Section 2.a. – “... the Finance Committee, which shall include two (2) directors whose duties will include: the preparation of an annual budget to be submitted at the regular July meeting, completed and approved at the September meeting. They shall have oversight of all other committee finances, including but not limited to the Traceway Roads and Maintenance and Security and Safety committees.”

Article VII, Section 2.c. – the Safety and Security Committee shall be responsible for the controlled access to and from Carolina Trace and ...“(2) impose and receive any payments, fees or charges for the use, rental or operation of the common elements”.

Article VIII, Section 3.a. – “A Census Committee shall be appointed upon the recommendation of the president and the approval of the Board.” “The Census Committee shall be charged with making a count of the purchased lots, in each property owners’ association, distinguished between improved and unimproved properties, as of August 1 of each year. The census shall be verified with the boards of the owners’ associations by September 1 so that the information is available for preparation of the budget.”

Article VIII, Section 3.b. - ...”An owners’ association seeking the deferment of any portion of its financial obligations bears the responsibility of annually certifying to the Association the identity, number and status of all properties it claims to meet the definition of “non-revenue

producing” together with a financial reconciliation relating to the properties removed from the certification provided in the prior year.” “Additionally, each owners’ association that has claimed exemption from dues and assessments for lots not meeting the definition for “purchased lots” must annually, no late than September 1, certify the current status of such lots.”

Article IX – “The books, records and papers of the Association shall at all times, upon reasonable notice, be subject to inspection by a designated representative of any member owners’ association.”

Additional Internal Controls

To enhance the overall effectiveness of the control environment established in the By-laws, the Association shall also implement the following internal controls that are designed to further prevent, detect, and correct accounting errors or fraud. Additional information for CTA leadership is found in the CTA document titled “CTA Internal Financial Control Procedures Sep 2024.”

Preventive Controls:

1. The Treasurer, subject to oversight of the Board of Directors, shall be responsible for the design and implementation of internal controls.
2. In furtherance of the Board’s duties under Article V, Section 2.e., the Finance Committee shall also serve as the Audit Committee with responsibility for recommending to the Board the engagement of an outside audit firm to conduct an annual audit of the full set of financial statements prepared in accordance with accounting procedures generally accepted in the United States, and for oversight of the audit process.
3. Access to the Association’s accounting software program shall be restricted to the Treasurer, Assistant Treasurer, if any, and the Bookkeeper; provided however, that temporary access may be granted to consultants as needed to maintain or update the system design and operating parameters, and temporary read-only access may be granted to auditors and accounting consultants as necessary.
4. The Association shall maintain an appropriate segregation of duties with respect to any transaction that effects, or is likely to effect, the value of any current asset or liability balance. Duties shall be split among different persons for approval, custody, and acquisition or disposal of assets.
 - a. Except as provided by Article VI, Section 3.d. of the By-laws, any person with authorization to make payments on any bank or investment account shall not have authority to approve invoices for payment.
 - b. Pursuant to Article VII, Section 2.a. invoices shall be sent directly to the Committee assigned to oversee the work. The Committee Chair, or other authorized Committee member shall review such invoices, annotate on the invoice whether it is approved for payment, and forward the invoice to the Bookkeeper. The bookkeeper may receive an unapproved copy of any invoice as

- a courtesy provided it bears a Purchase Order showing the responsible Committee.
- c. The Traceway Roads and Maintenance Committee and the Security & Safety Committees shall monitor the budget versus actual expenditures for the work they respectively oversee. This will be aided by a monthly updated report provided by the bookkeeper.
 - d. Matters regarding the accuracy or completeness of an invoice shall be resolved by the respective Committee Chair. Matters not resolved at the Committee level shall be forwarded to the Treasurer, and if needed, to the President.
5. The Capital Expenditures and Capitalization Threshold Policy approved by the Board on March 7, 2017 shall continue in effect unless duly amended or terminated by the Board. Assets purchased or otherwise acquired that have a cost or fair value of \$2,500 or more, and a useful life in excess of one year shall be capitalized and depreciated over the estimated useful life of its asset class in the Modified Accelerated Cost Recovery System (MACRS) promulgated by the Internal Revenue Service.
 6. The Treasurer shall maintain a list of capital assets showing the date of acquisition, its cost or the fair value as of the date of acquisition, the applicable MACRS asset class, a schedule of annual depreciation, and the current net book value of the asset. Annual depreciation expenses shall be included as a line item in the Association's operating budget.
 7. A minimum of two (2), and preferably (3) competitive bids shall be required for the purchase of capital assets with an initial purchase price of \$5,000 or more.
 8. The Association shall engage a licensed third-party preparer for preparation and filing of Tax Returns.
 9. The Finance Committee shall provide oversight of the Risk Purchasing Group Insurance Program established for the benefit of the Association and its members. The Finance Committee shall ensure that multiple quotes are obtained. Prior to the effective date of the policy, CTA shall make payment in full for the entire premium amount due.
 - a. The Finance Committee shall provide statements to each member POA indicating the coverages purchased and the amount due to CTA which shall be deemed to be financial obligations to the Association with regard to Article II, Section 3 of the By-laws.
 10. The Board of Directors may authorize the issuance of CTA Business credit cards if these are deemed necessary and shall determine the amount of the maximum credit limit. The card shall be issued in the name of the holder and CTA. The holder of a CTA Business credit card shall be instructed that the card is to be used only for official CTA business purposes, and personal use transactions are prohibited. Business credit card statements shall be sent directly to the Treasurer or her/his designee for review and approval.

Detective Controls:

11. Not less than monthly, the Bookkeeper shall produce a Trial Balance Report for examination by the Finance Committee. Any out-of-balance condition shall be promptly reported to the Board of Directors, and rectified.
12. The Bookkeeper shall, on a monthly basis, prepare reconciliations reports which identify all variances between the balance per the financial institution's statement and the balance per the Association's books of account. Such reconciliation reports shall be reviewed and approved by the Treasurer and presented to the Board of Directors.
13. The Finance Committee shall prepare and submit to the Board a monthly report that identifies any changes, issues or projects being pursued by the Committee.
14. The Security & Safety Committee shall cause to be prepared monthly reports regarding E-Sticker and Vendor Passes which shall show the number of e-stickers or passes sold, the sales price, replacements issued, defective stickers, etc., which the Committee shall reconcile with automated activity reports from the Point of Sale (POS) system at the Gatehouse. Unreconciled differences shall be investigated promptly.

The Security & Safety Committee shall cause to be prepared a monthly Vehicle Access Report which records and categorizes all vehicles entering through the manned entrance. These reports shall be forwarded to the Treasurer for use in cost allocation algorithms as needed for income tax purposes

Corrective Controls:

As the name suggests, the purpose of these procedures is to rectify errors or irregularities that have been detected.

15. The independent auditor's report shall be addressed and presented to the Board of Directors.
16. Adjusting Journal Entries proposed by the outside auditor as the result of the annual audit shall be recorded in the Association's books of account.
17. Auditor reports of material control weaknesses, if any, shall be promptly rectified.
18. Personal use of a CTA Business credit card shall result in cancellation of the card and termination of the card holder's privileges.
19. The Finance Committee shall periodically conduct physical observations of asset inventories such as E-stickers and Vendor Passes which shall be reconciled to the books of account. Discrepancies shall be investigated and rectified.

Financial Procedures & Controls

Carolina Trace Association, Inc. (CTA)

Purpose of Procedures & Controls:

A system of internal controls is necessary to safeguard CTA assets against errors and fraud, and to provide reasonable assurance that the Association's financial statements are free from material misstatement.

Treasurer – Reports to the Board:

Monthly (Art. VI, Sec. 3d):

1. Finance Statements. These shall show all transactions and detailed investments with only the account number blocked out.
2. Reconciliation reports that include the balance per the bank, the balance on CTA's books and an explanation of the differences.
3. Expenses that report the actual expenses versus the budget by line item of the approved budget.
4. Overages shall include a comment/explanation.
5. Finance Report outlining changes, issues or projects that the Finance Committee (in accordance with the Bylaws) currently before the committee.

Annually:

1. Financial Reporting for CTA's Annual Report (Art. V, Sec. 2d) – Provide a summary of the financial status to be incorporated with the full report.
2. Report of Annual Audit (Art. V, Sec. 2e) - Outside annual audits will be performed by a licensed CPA in the state of North Carolina for: Balance Sheet, Income Statement and Cash Flow Reports and will be presented to the Board of Directors within 60 days of completion.

Other Finance Committee Support to the Board:

1. The Finance Committee will oversee Insurance for CTA and any specific coverage for individual HOAs. Finance will appropriately invoice and collect POA's specific coverage. Any responsibility of coverage for the POAs will be determined by the POA's individual boards. (The "Collective

Insurance Policy” was approved by the CTA Board of Directors via two-tier vote at its January 3, 2017 meeting.)

2. The Capital Expenditures & Capitalization Threshold Policy approved by the CTA Board of Directors on March 7, 2017 will be adhered to:
 - This includes the established \$2,500 threshold amount for capitalization. Purchases and asset acquisitions that do not meet the criteria will be expensed in the year in which the purchase occurred.
 - CTA shall maintain a list of fixed assets showing the date of acquisition, its cost or fair value at the date of acquisition, and a schedule for depreciation, and the current net book value of the asset. CTA will use IRS useful lives and depreciation methods so that no differences arise between the books of account and tax return amounts. Annual depreciation expense will be included in CTA’s annual operating budget.
 - Additionally, any purchases or capital expenditures in excess of \$5,000 will have a minimum of two competitive bids (but preferably more). As per Article V, Sec 3 of the Bylaws, any non-budgeted capital purchase or divestment or one-time operating expense valued in excess of two and one-half percent (2^{1/2}%) of the CTA yearly budget or any expenditure or commitment to acquire or dispose of real property, requires approval by the two-tier voting procedure.
3. Preparation of Tax Returns - The tax preparation will be handled by a licensed third party in the state of North Carolina
4. Bank Account Signatories (Art. 5, Sec. 1c) - The bank accounts and investment accounts will have a minimum of two authorized approvers but no more than three on each account. The Treasurer, Bookkeeper and the President may have access to the working capital accounts. The Reserves and Investment Accounts will only include authorized access by the Treasurer and the President.
5. Separation of Responsibilities for Account Access - Anyone who is authorized to make any payments on any bank or investment account will not be allowed to approve any invoices for payment, except for the Treasurer to approve the bookkeeper’s contractual payments, the insurance, and outside professional services, , all which are subject to Board approval.

Expenses and Invoicing – Committee Support and Oversight:

1. Invoices will be directly sent to the committees or committee members who have authorized the work, purchases, or contracts and then will be signed off with approval and sent to the bookkeeper for payment. Copies of unapproved invoices can be sent to the treasurer using a “purchase order” identifying the corresponding committee incurring the charges. The bookkeeper is authorized to pay only approved, signed off invoices, which will be used to update monthly budget reports.
2. Any issue with payment should be escalated first to the Committee Chair from CTA. Next level of escalation is to the Treasurer and final escalation is to the CTA President.

Specific to Security & Safety (Financial Assets @ Gatehouse):

1. The Security & Safety Committee oversees the sales of CTA’s financial assets in the form of e-stickers and vendor passes (e-sticker sales were added with the automated resident gate in 2006; contractor pass protocols predate available CTA history).

Since unsold e-stickers and vendor passes are assets, the Finance team will reconcile each month via the funds deposited into the point-of-sale (POA) bank account from the sale of the e-sticker and vendor passes against the Safety & Security monthly reports. Additionally, Safety & Security will provide a copy of the gatehouse logs for the e-stickers sold and a copy of the Galaxy report itemizing the quantity and revenue of e-sticker sales and vendor passes for each month. (Effective 2024 with the addition of these assets to the CTA balance sheet.)

2. Finance will also receive from Safety & Security the monthly Vehicle Reports (counts) from which the guards at the gatehouse track all vehicles entering through the guarded entrance. Finance will maintain these records and use this information to allocate appropriate expenses incurred by non-residents for income tax purposes

Finance Committee Role, Structure and Authority:

1. Finance will liaise with the other CTA Committee Chairs to compile the proposed operating budget and present the proposed budget to the Board of the Directors by the July Board Meeting and completed and approved by the September Board Meeting (Art. VII, Sec. 2a). Budget items will be provided directly from the areas with direct oversight and responsibility for payments, which can include but not be limited to:
 - a. **TRAM Committee** will provide the budget inputs for road, bridges, culverts and landscape maintenance.
 - b. **The Security & Safety Committee** will provide the budget inputs for the guards' contract, gate and gatehouse maintenance, CERT supplies, applicable cameras and software needs.
 - c. **Trace Lake and Dam Committee** will supply inputs for dam and lake environmental studies or associated viability projects.
 - d. **Finance Committee** will provide the inputs for Treasury-related expenditures, to include investment returns, insurance, bookkeeper expense, auditors and tax preparation costs.
 - e. **The Communications Committee** will provide inputs for the Web presence, Monitors and applicable IT needs, and replacement flags.
 - f. **The Secretary** will be responsible for additional General Administration expenses.

2. Finance Committee Oversight of Reserves (Art. V, Sec. 1e):
 - a. Investment of excess funds shall be limited to direct obligations of the United States of America or certificates of deposit insured by the FDIC, the FSLIC, or their successors. Finance department shall ensure that funds are not consolidated at any bank where the amount exceeds the FDIC limit protection.

3. Finance Committee Structure (Art. VII, Sec.2a):
 - a. The Treasurer will chair the Finance Committee and shall include two (2) directors whose duties will include: the preparation of an annual budget to be submitted at the regular July meeting, completed and approved at the September meeting. They shall have oversight of all other committee finances, including but not limited to the Traceway Roads and Maintenance and Security and Safety Committees.

b. The Census Committee (to be chaired by the vice president, Art. VIII, Sec. 3a) will provide the information needed to determine the billing of assessments. They will communicate with the POAs to collect lot information including the number of developed and undeveloped lots, in addition to the status of whether these lots are in good standing in accordance with Art. VIII, Sec. 3 of the CTA bylaws. The Finance Committee will also work with the Census Team to determine the status of deferred obligations and any potential write-offs. The Census Committee membership will not include the Treasurer or Bookkeeper.

CTA Voting, Per Dec. 2023 Census - Form updated 08/28/2024

SUBJECT:2023 Balance Sheet approved as amended (correct insurance policy limits for gatehouse replacement from \$70,000 to \$93,000)

POA	POA CENSUS DATA			MEETING ATTENDANCE		VOTING BY POA (enter votes here)				VOTING BY LOTS			
	Total Lots	Assessable Lots	Net Voting Lots	POAs Present (1=present; 0=absent)	Voting Lots Present	POA	YES	NO	ABSTAIN	YES Votes By Lots	NO Votes By Lots	ABSTAIN Votes By Lots	1 vote per POA?
Eagles Nest	67	67	67	1	67	EN	1			67	0	0	OK
Golf East	82	82	82	1	82	GE	1			82	0	0	OK
Golf North	139	139	139	1	139	GN	1			139	0	0	OK
Golf West	46	45	44	1	44	GW	1			44	0	0	OK
Harbor Creek	167	166	154	1	154	HC	1			154	0	0	OK
Hidden Lake	254	254	235	1	235	HL	1			235	0	0	OK
Highland Woods	47	46	45	1	45	HW	1			45	0	0	OK
Lakewood	71	69	54	1	54	LW	1			54	0	0	OK
Laurel Thicket	251	251	242	1	242	LT	1			242	0	0	OK
Mallard Cove	201	196	197	1	197	MC	1			197	0	0	OK
North Shore	311	311	311	1	311	NS	1			311	0	0	OK
Sedgemoor	170	170	170	1	170	SM	1			170	0	0	OK
South Landing	142	142	138	1	138	SL	1			138	0	0	OK
Southwind	170	170	152	1	152	SW	1			152	0	0	OK
Stonegate	49	47	45		0	SG				0	0	0	OK
Village at Trace	36	36	36	1	36	VT	1			36	0	0	OK
Woodfield	73	72	66	1	66	WF	1			66	0	0	OK
Woodmere-Trentwood	235	235	227	1	227	WT	1			227	0	0	OK
Totals	2511	2498	2404	17	2359		17	0	0	2359	0	0	

ROUTINE VOTES				RESULTS:	% of YES votes		
TOTAL "YES" VOTES REQUIRED FOR MOTION TO PASS:							
51.0%	of Column E total =		8.7			100%	This condition PASSED
51.0%	of Column D total =		1226.0			98%	This condition PASSED

Routine votes: A majority of the directors present at a meeting at which a quorum exists. However, such majority must represent at least 51% of the total lots in all POAs currently in good standing.

TWO-TIER VOTES ONLY				RESULTS:	% of YES votes		
TOTAL "YES" VOTES REQUIRED FOR MOTION TO PASS:							
51%	of Column E total =		8.7			100%	This condition PASSED
66.667%	of Column F total =		1572.7			100%	This condition PASSED
51.0%	of Column D total =		1226.0	98%	This condition PASSED		

Two-Tier Voting (Columns D, E): Approval shall require: (1) a majority vote by Directors or Alternate Directors in attendance who shall vote their respective POA as an undivided voting block. The sum of the lots represented by the Directors or Alternate Directors in attendance shall equal 100%. Approval requires two-thirds (2/3) of that sum. However, such two-thirds (2/3) total cannot be less than 51% of the total lots represented by all POAs in good standing.

CTA Resolution for Institution of Finance Protocols & Balance Sheet

August 4, 2024

WHEREAS the CTA bylaws directs its Board of Directors to provide for an annual audit of the financial records and transactions of the Association and any of its standing committees; and

WHEREAS the CTA Treasurer has traditionally been directed to submit all documentation and accounts access necessary for said annual audits to a qualified Certified Public Accounting Firm; and

WHEREAS the CTA CAPITAL EXPENDITURES & CAPITALIZATION THRESHOLD POLICY, approved by the CTA Board of Directors on 7 March 2017 ("CAPITALIZATION POLICY"), states

"CTA shall maintain a list of fixed assets showing the date of the acquisition, its cost, and a schedule for depreciation of the asset. CTA will use IRS useful lives and depreciation methods so that no differences arise between the books of account and tax return amounts. Annual depreciation expense will be included in CTA's annual operating budget. Asset Impairments: A recognized impairment of capital assets shall be recognized whenever events and circumstances warrant. For each purchase or capital expenditure, the Executive Committee shall evaluate whether the acquisition will have an impact on insurance coverage, determine if present coverage valuations are adequate, and obtain additional coverage if necessary,"

WHEREAS the audits completed for CTA for the years 2019-2022 (inclusive) were limited in their scope and did not fully identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses; and

WHEREAS for each of the audit years mentioned above (2019-2022), the Auditor did find material weaknesses and significant deficiencies in CTA's internal financial controls; and

WHEREAS the CTA desires to avoid any exposure to future financial impropriety, and therefore recognizes the need for formal Finance Guidelines to direct decisions and actions of CTA Committee Chairs and Board members; and

WHEREAS CTA desires to come into compliance above-referenced 2017 CAPITALIZATION POLICY with regard to a complete and full Balance Sheet and Asset Depreciation Schedule as of 31, December 2023;

The CTA Treasurer submits for approval and adoption the following sets of documents:

- 1) Finance Protocols dated August 2024
- 2) CTA's full Balance Sheet dated 31 December 2023

Carolina Trace Association, Inc.
Draft
12/31/2023 Balance Sheet & Notes


CONFIDENTIAL DRAFT

Carolina Trace Association, Inc.
Balance Sheet
12/31/2023

	12/31/23 <u>UNAUDITED</u>
Assets	
Cash	
Cash - Operations	\$ 239,372
Cash - Future repairs and replacements	<u>500,754</u>
	\$ 740,126
Assessments Receivable	
Unbilled assessments receivable	42,405
Unbilled assessments, allowance	<u>(21,360)</u>
Unbilled assessments, net of allowance	21,045
Prepaid insurance and other expenses	7,803
Property and equipment, net of depreciation	808,853
	<u>\$ 1,577,827</u>
Liabilities	
Accounts payable	\$ 22,880
Contract liabilities	<u>500,754</u>
	<u>523,634</u>
Fund Balance	<u>1,054,194</u>
	<u>\$ 1,577,827</u>

Carolina Trace Association, Inc.
Schedule of Cash Balances
12/31/23

First Horizon - Main Checking	\$ 216,700.87
First Horizon - POS Square, Inc.	11,561.90
First Horizon - Emergency Reserve	61,109.64
Fidelity Investments - Reserve	450,753.87
	<u>\$ 740,126</u>
Unrestricted	\$ 239,372.41
Restricted	500,753.87
	<u>\$ 740,126</u>



Carolina Trace Association, Inc.
Schedule of Prepaid Expenses
12/31/2023

Prepaid Insurance	\$ 433
Prepaid E-Stickers	\$2,370
Prepaid Marina Fees	\$5,000
Total Prepaid Expenses	<u>\$7,803</u>

Carolina Trace Association, Inc.
 Fixed Assets
 12/31/23

Depreciable Fixed Asset

<u>Asset Class</u>	<u>Historical Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
39 Year	109,291	(49,041)	60,250
15 Year	1,283,180	(830,844)	452,335
7 Year	-	-	-
5 Year	200,580	(107,010)	93,570
Total	1,593,051	(986,895)	606,156
Land	201,970	-	201,970
Total Fixed Assets	1,795,022	(986,895)	808,126

Carolina Trace Association, Inc.
 Source: 2023 Long Range Plan

<u>Component</u>	<u>Estimated Remaining Useful Life in Years</u>	<u>Estimated Future Major Repair or Replacement Cost</u>
Gatehouse	0 - 10	\$75,000
Road Surfaces	0 - 7	\$1,352,000
Bridges	0 - 8	\$63,000
Storm Water Drainage System	0 - 5	\$359,000
Hardscaping & Fencing	0 - 5	\$171,000
Equipment & Computers	0 - 5	\$20,000
Total through 2032		\$2,040,000
Restricted fund balance		500,754
Unfunded balance		\$1,539,246

Carolina Trace Association, Inc.
Property and Equipment
12/31/2023

Property and equipment consists of the following:

Asset Category	Life (years)	Balance			Balance
		12/31/23	Additions	Disposals	12/31/24
Land	n/a				
Road Rights-of-Way					
Traceway		\$ 116,545	-	-	\$ 116,545
North Cox Mill Access		31,149	-	-	\$ 31,149
South Cox Mill Access		27,451	-	-	\$ 27,451
Carolina Way		16,655	-	-	\$ 16,655
Boundary Buffer Zones		6,124	-	-	\$ 6,124
Stonegate Pond		3,000	-	-	\$ 3,000
Sign Island		1,046	-	-	1,046
Subtotal Rights-of-Way		<u>\$ 201,970</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 201,970</u>
Land Improvements	15 Years				
Road Surfaces		\$ 963,150			
Bridges		179,180			
Stormwater Drainage System		107,441			
Hardscaping and Fences		33,409			
Subtotal Land Improvements		<u>\$ 1,283,180</u>			
Buildings	39 Years				
Gatehouse		\$ 109,291			
Subtotal Buildings		<u>\$ 109,291</u>			
Security Equipment and Computers	5 Years				
Security Equipment		\$ 154,209			
Computers and Software		47,098			
Subtotal Equipment		<u>\$ 201,307</u>			
Total Property and Equipment		<u>\$ 1,795,748</u>			
Accumulated Depreciation		<u>(986,895)</u>			
Property and Equipment, Net		<u>\$ 808,853</u>			

CONFIDENTIAL

Carolina Trace Association, Inc.
 Computation of Property Tax Valuations
 12/31/23
 Prepared by C. David Turner 6/20/2024



Comparable Parcels identified by L. Faulkner, Lee County Tax Assessment Manager
For the Tax Year 1990

<u>PIN</u>	<u>Acres</u>	<u>\$/Acre</u>	<u>Value of Parcel</u>
9660-79-7076-00	31.69	\$ 1,950	\$ 61,796
9660-74-1200-00	24.2	\$ 2,479	\$ 59,992
9660-72-1087-00	3.8	\$ 2,789	\$ 10,598
	<u>59.69</u>		<u>\$ 132,386</u>
Weighted Average Value per Acre			<u>\$ 2,218</u>

Tax Value of Entrance Way in 2001

9660-70-2604-00 6.21 \$3,494 \$ 21,700 Entrance Way

Value of Entrance Way per acre in 2001	\$ 3,494
Value of Comparables per acre in 1990	<u>\$ 2,218</u>
Change in value	\$ 1,276
Years in period	<u>11</u>
Average annual change in value per acre	<u>\$ 116</u>

Year	Interpolated Tax Value
1990	\$2,218
1991	\$ 116 \$2,334
1992	\$ 116 \$2,450
1993	\$ 116 \$2,566
1994	\$ 116 \$2,682
1995	\$ 116 \$2,798
1996	\$ 116 \$2,914
1997	\$ 116 \$3,030
1998	\$ 116 \$3,146
1999	\$ 116 \$3,262
2000	\$ 116 \$3,378
2001	\$ 116 \$3,494

Carolina Trace Association, Inc.

Land

12/31/23

Source: Lee County Register of Deeds database - copies of deeds

Note that the list does not include a deed in which CTA acquired the 49+ acres that it disposed of in 2010.

Transaction Date	Transaction Type	Type of Deed	Instrument #	Book	Page	Acreage	Parcel ID #	Brief Description	FMV of Consideration Given	Tax Value Per Acre	Estimated FMV at Date of Acquisition
1	3/18/94 Acquisition	Special Warranty	04991	0535	0742	43.45	RoW	Tract One; Traceway North & South - 4.6 miles	\$ -	\$ 2,682	\$ 116,545
	5/9/94 Acquisition	General Warranty	03972	1052	158	49		5' buffer zone	\$ -	\$ 2,682	\$ 16,655
1	3/18/94 Acquisition	Special Warranty	04991	0535	0742	6.21	9660-70-2604-0	Tract Two; Entrance way	\$ -	\$ 2,682	\$ 1,046
1	3/18/94 Acquisition	Special Warranty	04991	0535	0742	0.39	9660-60-5691-0	Tract Three; Sign Island	\$ -	\$ -	\$ -
2	12/29/97 Acquisition	Quit Claim	10612	625	571	0	9671-10-1915-0	Periphery of Golf North (GN POA shown as owner)	\$ -	\$ -	\$ -
3	9/15/98 Acquisition	Quit Claim	10474	0655	0776	0	9670-19-7692-0	Periphery of Highland Woods; (HW POA shown as owner)	\$ 51,500	\$ -	\$ 20,351
4	5/28/04 Acquisition	Warranty	03380	0919	0369	1.96	9670-34-0693-0	Parcel One * - South Exit	\$ -	\$ -	\$ 31,149
4	5/28/04 Acquisition	Warranty	03380	0919	0369	3	9670-28-9621-0	Parcel Two * North Exit	\$ -	\$ -	\$ 100
5	12/29/08 Acquisition	General Warranty	09345	01158	0581	1.11	9660-64-0035-0	5' buffer	\$ -	\$ -	\$ 7,100
6	12/29/08 Acquisition	Quit Claim	03494	01023	0297	0.42	9670-24-9419-0	Part of South Exit	\$ -	\$ -	\$ 5,600
7	12/21/10 Acquisition	General Warranty	07554	01232	0622	1.83	9660-57-6241-0	Interior Buffer	\$ -	\$ -	\$ -
8	12/22/10 Acquisition	General Warranty	07555	01232	0624	1.13	9660-57-6241-0	Interior Buffer	\$ -	\$ -	\$ -
	12/23/10 Acquisition	Quit Claim	07551	01232	0616	-49	9660-57-6241-0	Scott Glen	\$ -	\$ -	\$ -
9	12/23/10 Acquisition	General Warranty	07553	01232	0620	5.29	9660-57-6241-0	Interior Buffer	\$ -	\$ -	\$ -
10	12/29/97 Acquisition	Quit Claim	10611	0625	0569	0	9660-69-3629-0	First Parcel (PIN # not found on search)	\$ -	\$ -	\$ -
10	12/29/97 Acquisition	Quit Claim	10611	0625	0569	0.14	9660-71-9444-0	Second Parcel	\$ -	\$ 3,030	\$ 424
10	12/29/97 Acquisition	Quit Claim	10611	0625	0569	0	9670-28-9554-0	Third Parcel (PIN # not found on search)	\$ -	\$ -	\$ -
10	12/29/97 Acquisition	Quit Claim	10611	0625	0569	0.03	9671-00-6792-0	Fourth Parcel	\$ -	\$ -	\$ -
11	1/13/14 Acquisition	General Warranty	00197	01346	0390	0.87	9660-69-9602-0	Lot 131	\$ -	\$ -	\$ 1,500
11	1/13/14 Acquisition	General Warranty	00197	01346	0390	0.54	9660-69-8530-0	Lot 130	\$ -	\$ -	\$ 1,500
											<u>\$ 201,970</u>

Combined purchase price for both parcels total 4.96 acres, or per acre.

All parcel identification numbers traced and agreed to Lee County GIS; ownership and acreage confirmed



Carolina Trace Association, Inc.
 Deferred Obligations
 Source: Dave Thomas Spreadsheets
 Prepared by: C. David Turner
 12/31/2023

POA	EN	GE	GN	GW	HC	HL	HW	LW	LT	MC	NS	SM	SL	SW	SG	VT	WF	WT	Total
Deferred Improved	\$ -	\$ 1,510	\$ 380	\$ -	\$ 8,760	\$ 755	\$ -	\$ 9,540	\$ 4,150	\$ 1,125	\$ 750	\$ 380	\$ -	\$ 7,230	\$ 1,135	\$ -	\$ 770	\$ 1,950	\$ 38,435
Deferred Unimproved	\$ 1,975	\$ -	\$ 395	\$ 130	\$ 3,405	\$ 6,855	\$ 1,445	\$ 6,840	\$ 2,605	\$ 5,950	\$ 2,240	\$ 795	\$ 1,705	\$ 4,095	\$ 1,580	\$ -	\$ 790	\$ 265	\$ 41,070
Total Deferred	\$ 1,975	\$ 1,510	\$ 775	\$ 130	\$ 12,165	\$ 7,610	\$ 1,445	\$ 16,380	\$ 6,755	\$ 7,075	\$ 2,990	\$ 1,175	\$ 1,705	\$ 11,325	\$ 2,715	\$ -	\$ 1,560	\$ 2,215	\$ 79,505
Resolved Improved	\$ -	\$ 1,135	\$ 380	\$ -	\$ 3,780	\$ 755	\$ -	\$ 3,420	\$ 2,630	\$ 1,880	\$ 750	\$ 380	\$ -	\$ 3,810	\$ 755	\$ -	\$ -	\$ 390	\$ 20,065
Resolved Unimproved	\$ 1,975	\$ -	\$ 395	\$ 130	\$ 915	\$ 2,065	\$ 1,050	\$ 925	\$ 2,210	\$ 4,370	\$ 265	\$ 795	\$ 520	\$ 520	\$ 395	\$ -	\$ -	\$ 130	\$ 16,660
Total Resolved	\$ 1,975	\$ 1,135	\$ 775	\$ 130	\$ 4,695	\$ 2,820	\$ 1,050	\$ 4,345	\$ 4,840	\$ 6,250	\$ 1,015	\$ 1,175	\$ 520	\$ 4,330	\$ 1,150	\$ -	\$ -	\$ 520	\$ 36,725
Unbilled Balance 12/31/23	\$ -	\$ -	\$ -	\$ -	\$ 7,470	\$ 4,790	\$ 395	\$ 12,035	\$ 1,915	\$ 825	\$ 1,975	\$ -	\$ 1,185	\$ 6,995	\$ 1,565	\$ -	\$ 1,560	\$ 1,695	\$ 42,405
Doubtful Allowance Improved	\$ -	\$ -	\$ -	\$ -	\$ (1,900)	\$ -	\$ -	\$ (2,665)	\$ (1,520)	\$ -	\$ -	\$ -	\$ -	\$ (2,650)	\$ -	\$ -	\$ (770)	\$ -	\$ (9,505)
Doubtful Allowance Unimproved	\$ -	\$ -	\$ -	\$ -	\$ (1,425)	\$ (1,250)	\$ (395)	\$ (2,810)	\$ (125)	\$ (1,040)	\$ (1,975)	\$ -	\$ (375)	\$ (1,150)	\$ (790)	\$ -	\$ (520)	\$ -	\$ (11,855)
Total Doubtful Allowance	\$ -	\$ -	\$ -	\$ -	\$ (3,325)	\$ (1,250)	\$ (395)	\$ (5,475)	\$ (1,645)	\$ (1,040)	\$ (1,975)	\$ -	\$ (375)	\$ (3,800)	\$ (790)	\$ -	\$ (1,290)	\$ -	\$ (21,360)
Unbilled Balance, Net 12/31/23	\$ -	\$ -	\$ -	\$ -	\$ 4,145	\$ 3,540	\$ -	\$ 6,560	\$ 270	\$ (215)	\$ -	\$ -	\$ 810	\$ 3,195	\$ 775	\$ -	\$ 270	\$ 1,695	\$ 21,045

Criteria for recording amounts in Allowance for Doubtful Accounts

1. Lots deemed to POA are fully reserved until sold by the POA and settled with CTA
2. Lots in bankruptcy proceedings are fully reserved unless POA is a creditor receiving partial settlement.
3. Lots marked as outstanding & collectible in years prior to resolution are fully reserved.
4. Lots which have been deferred for more than 3 consecutive years, all years prior to year 3 are fully reserved.

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Carolina Trace Association, Inc.
 MACRS 15 Year Asset Class

15 Year Assets	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Totals	
Bridges	5,500	20,813	64,940	66,837	77,690	109,362	29,979	15,615	58,168	57,907	-	134,474	-	134,824	16,950	-	-	-	1,650	1,780	-	-	21,915	179,180
Fences	5,500	20,813	64,940	66,837	77,690	109,362	29,979	15,615	58,168	57,907	-	134,474	-	134,824	16,950	-	-	-	1,650	1,780	-	-	21,915	179,180
Drainage	-	-	6,631	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,130	68,680	22,000	-	-	-	107,441
Hardscape	-	-	-	-	-	-	21,579	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	21,579
Roads	53,030	20,813	-	66,837	77,690	109,362	29,979	15,615	58,168	57,907	-	134,474	-	134,824	16,950	-	-	600	33,303	114,427	5,895	80,206	-	963,150
Total	58,530	20,813	71,571	66,837	77,690	109,362	29,979	15,615	128,043	57,907	-	134,474	-	134,824	16,950	-	-	10,730	103,633	138,207	5,895	102,121	-	1,283,180
2002	1,951	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,951
2003	3,902	694	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,596
2004	3,902	1,388	2,386	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,675
2005	3,902	1,388	4,771	2,228	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,289
2006	3,902	1,388	4,771	4,456	2,590	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17,106
2007	3,902	1,388	4,771	4,456	5,179	3,645	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	23,341
2008	3,902	1,388	4,771	4,456	5,179	7,291	999	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	27,986
2009	3,902	1,388	4,771	4,456	5,179	7,291	1,999	520	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	29,506
2010	3,902	1,388	4,771	4,456	5,179	7,291	1,999	1,041	4,268	-	-	-	-	-	-	-	-	-	-	-	-	-	-	34,294
2011	3,902	1,388	4,771	4,456	5,179	7,291	1,999	1,041	8,536	1,930	-	-	-	-	-	-	-	-	-	-	-	-	-	40,493
2012	3,902	1,388	4,771	4,456	5,179	7,291	1,999	1,041	8,536	3,860	-	-	-	-	-	-	-	-	-	-	-	-	-	42,423
2013	3,902	1,388	4,771	4,456	5,179	7,291	1,999	1,041	8,536	3,860	-	4,482	-	-	-	-	-	-	-	-	-	-	-	46,906
2014	3,902	1,388	4,771	4,456	5,179	7,291	1,999	1,041	8,536	3,860	-	8,965	-	-	-	-	-	-	-	-	-	-	-	51,388
2015	3,902	1,388	4,771	4,456	5,179	7,291	1,999	1,041	8,536	3,860	-	8,965	-	4,494	-	-	-	-	-	-	-	-	-	55,882
2016	3,902	1,388	4,771	4,456	5,179	7,291	1,999	1,041	8,536	3,860	-	8,965	-	8,988	565	-	-	-	-	-	-	-	-	60,941
2017	1,951	1,388	4,771	4,456	5,179	7,291	1,999	1,041	8,536	3,860	-	8,965	-	8,988	1,130	-	-	-	-	-	-	-	-	59,555
2018	-	694	4,771	4,456	5,179	7,291	1,999	1,041	8,536	3,860	-	8,965	-	8,988	1,130	-	-	388	-	-	-	-	-	56,911
2019	-	-	2,386	4,456	5,179	7,291	1,999	1,041	8,536	3,860	-	8,965	-	8,988	1,130	-	-	715	3,454	-	-	-	-	54,189
2020	-	-	-	2,228	5,179	7,291	1,999	1,041	8,536	3,860	-	8,965	-	8,988	1,130	-	-	715	6,909	4,607	-	-	-	53,387
2021	-	-	-	-	2,590	7,291	1,999	1,041	8,536	3,860	-	8,965	-	8,988	1,130	-	-	715	6,909	9,214	196	-	-	55,199
2022	-	-	-	-	-	3,645	1,999	1,041	8,536	3,860	-	8,965	-	8,988	1,130	-	-	715	6,909	9,214	393	3,404	-	54,155
2023	-	-	-	-	-	-	999	1,041	8,536	3,860	-	8,965	-	8,988	1,130	-	-	715	6,909	9,214	393	6,808	-	56,039
2024	-	-	-	-	-	-	-	520	4,268	3,860	-	8,965	-	8,988	1,130	-	-	715	6,909	9,214	393	6,808	-	56,039
2025	-	-	-	-	-	-	-	-	-	3,860	-	8,965	-	8,988	1,130	-	-	715	6,909	9,214	393	6,808	-	51,251
2026	-	-	-	-	-	-	-	-	-	1,930	-	8,965	-	8,988	1,130	-	-	715	6,909	9,214	393	6,808	-	45,053
2027	-	-	-	-	-	-	-	-	-	-	-	8,965	-	8,988	1,130	-	-	715	6,909	9,214	393	6,808	-	43,122
2028	-	-	-	-	-	-	-	-	-	-	-	4,482	-	8,988	1,130	-	-	715	6,909	9,214	393	6,808	-	38,640
2029	-	-	-	-	-	-	-	-	-	-	-	-	-	8,988	1,130	-	-	715	6,909	9,214	393	6,808	-	34,157
2030	-	-	-	-	-	-	-	-	-	-	-	-	-	4,494	1,130	-	-	715	6,909	9,214	393	6,808	-	29,663
2031	-	-	-	-	-	-	-	-	-	-	-	-	-	-	565	-	-	715	6,909	9,214	393	6,808	-	24,604
2032	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	715	6,909	9,214	393	6,808	-	24,039
2033	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	715	6,909	9,214	393	6,808	-	24,039
2034	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	358	6,909	9,214	393	6,808	-	23,681
2035	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,454	9,214	393	6,808	-	19,869
2036	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,607	393	6,808	-	11,808
2037	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	196	-	-	7,005
2038	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,404
Historical Cost	58,530	20,813	71,571	66,837	77,690	109,362	29,979	15,615	128,043	57,907	-	134,474	-	134,824	16,950	-	-	10,730	103,633	138,207	5,895	102,121	-	1,283,180
Accum. Depn. 20:	56,579	18,732	59,642	66,837	77,690	109,362	29,979	15,094	115,239	48,256	-	94,132	-	76,400	8,475	-	-	3,219	24,181	23,034	589	3,404	-	830,844
Net Book Value 20:	1,951	2,081	11,928	-	-	-	-	520	12,804	9,651	-	40,342	-	58,424	8,475	-	-	7,511	79,452	115,172	5,305	98,717	-	452,335

Carolina Trace Association, Inc.
 MACRS 39 Year Asset Class
 Non-residential real estate (Note: the value of land may not be depreciated)

Cost Basis	\$ 109,291	
	Gatehouse	Net Book Value
2002	-	\$ -
2003	-	\$ -
2004	-	\$ -
2005	-	\$ -
2006	1,401	\$ 107,890
2007	2,802	\$ 105,088
2008	2,802	\$ 102,285
2009	2,802	\$ 99,483
2010	2,802	\$ 96,681
2011	2,802	\$ 93,878
2012	2,802	\$ 91,076
2013	2,802	\$ 88,274
2014	2,802	\$ 85,471
2015	2,802	\$ 82,669
2016	2,802	\$ 79,867
2017	2,802	\$ 77,064
2018	2,802	\$ 74,262
2019	2,802	\$ 71,460
2020	2,802	\$ 68,657
2021	2,802	\$ 65,855
2022	2,802	\$ 63,053
2023	2,802	\$ 60,250
2024	2,802	\$ 57,448
2025	2,802	\$ 54,646
2026	2,802	\$ 51,843
2027	2,802	\$ 49,041
2027	2,802	\$ 46,239
2029	2,802	\$ 43,436
2030	2,802	\$ 40,634
2031	2,802	\$ 37,832
2032	2,802	\$ 35,029
2033	2,802	\$ 32,227
2034	2,802	\$ 29,425
2035	2,802	\$ 26,622
2036	2,802	\$ 23,820
2037	2,802	\$ 21,018
2038	2,802	\$ 18,215
2039	2,802	\$ 15,413
2040	2,802	\$ 12,611
2041	2,802	\$ 9,808
2042	2,802	\$ 7,006
2043	2,802	\$ 4,204
2044	2,802	\$ 1,401
2045	1,401	\$ (0)
2046	-	\$ (0)
Historical Cost	109,291	
Accum. Deprn. 202:	49,041	
Net Book Value 20:	<u>60,250</u>	

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Carolina Trace Association, Inc.
MACRS 5 Year Asset Class

5 Year Assets	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Totals	
Automobiles	-	-	-	-	-	15,699	-	-	-	-	-	-	-	-	-	-	13,019	-	727	21,135	-	-	-	15,699
Computers & Softwar	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	47,098
Security Equipment	4,398	4,398	-	2,909	2,909	-	-	-	-	-	9,316	-	18,071	2,819	-	-	13,019	24,233	-	32,941	32,730	11,095	138,510	
Total	4,398	4,398	-	2,909	2,909	15,699	-	-	-	-	9,316	-	18,071	2,819	-	-	13,019	24,233	727	54,075	32,730	23,312	201,307	
2002	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2003	-	314	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	314
2004	-	628	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	628
2005	-	628	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	628
2006	-	628	-	208	208	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	836
2007	-	628	-	416	416	1,121	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,165
2008	-	628	-	416	416	2,243	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,287
2009	-	628	-	416	416	2,243	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,287
2010	-	314	-	416	416	2,243	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,972
2011	-	-	-	416	416	2,243	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,658
2012	-	-	-	416	416	2,243	-	-	-	-	665	-	-	-	-	-	-	-	-	-	-	-	-	3,324
2013	-	-	-	208	208	2,243	-	-	-	-	1,331	-	-	-	-	-	-	-	-	-	-	-	-	3,781
2014	-	-	-	-	-	1,121	-	-	-	-	1,331	-	1,291	-	-	-	-	-	-	-	-	-	-	3,743
2015	-	-	-	-	-	-	-	-	-	-	1,331	-	2,582	201	-	-	-	-	-	-	-	-	-	4,114
2016	-	-	-	-	-	-	-	-	-	-	1,331	-	2,582	403	-	-	-	-	-	-	-	-	-	4,315
2017	-	-	-	-	-	-	-	-	-	-	1,331	-	2,582	403	-	-	-	-	-	-	-	-	-	4,315
2018	-	-	-	-	-	-	-	-	-	-	1,331	-	2,582	403	-	-	930	-	-	-	-	-	-	5,245
2019	-	-	-	-	-	-	-	-	-	-	665	-	2,582	403	-	-	1,860	1,731	-	-	-	-	-	7,240
2020	-	-	-	-	-	-	-	-	-	-	-	-	2,582	403	-	-	1,860	3,462	-	-	-	-	-	8,306
2021	-	-	-	-	-	-	-	-	-	-	-	-	1,291	403	-	-	1,860	3,462	-	3,863	-	-	-	10,878
2022	-	-	-	-	-	-	-	-	-	-	-	-	-	201	-	-	1,860	3,462	-	7,725	2,338	-	-	15,586
2023	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,860	3,462	-	7,725	4,676	1,665	-	19,387
2024	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,860	3,462	-	7,725	4,676	3,330	21,053	33,330
2025	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	930	3,462	-	7,725	4,676	3,330	20,123	33,330
2026	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	930	1,731	-	7,725	4,676	3,330	17,462	33,330
2027	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,725	4,676	3,330	15,731	33,330
2028	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,863	4,676	3,330	11,869	33,330
2029	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,338	-	-	5,668
2030	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,665
Historical Cost	4,398	4,398	-	2,909	2,909	15,699	-	-	-	-	9,316	-	18,071	2,819	-	-	13,019	24,233	-	54,075	32,730	23,312	200,580	
Accum. Deprn. 2023	4,398	4,398	-	2,909	2,909	15,699	-	-	-	-	9,316	-	18,071	2,819	-	-	10,229	15,578	-	19,313	7,014	1,665	107,010	
Net Book Value 2023	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,790	8,654	-	34,763	25,716	21,647	93,570	

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Carolina Trace Association, Inc.

Schedule of Annual Depreciation Expense

Based on IRS Asset Classes to preclude Deferred Tax Assets/Liabilities

Prepared by: C. David Turner

	39 Year Assets				Total
	\$ 109,291				
	Gatehouse	15 Year Ass	7 Year Ass	5 Year Ass	Depreciation
2002	-	1,951	-	-	1,951
2003	-	4,596	-	314	4,910
2004	-	7,675	-	628	8,303
2005	-	12,289	-	628	12,917
2006	1,401	17,106	-	836	19,344
2007	2,802	23,341	-	2,165	28,309
2008	2,802	27,986	-	3,287	34,075
2009	2,802	29,506	-	3,287	35,595
2010	2,802	34,294	-	2,972	40,069
2011	2,802	40,493	-	2,658	45,954
2012	2,802	42,423	-	3,324	48,549
2013	2,802	46,906	-	3,781	53,489
2014	2,802	51,388	-	3,743	57,933
2015	2,802	55,882	-	4,114	62,798
2016	2,802	60,941	-	4,315	68,059
2017	2,802	59,555	-	4,315	66,673
2018	2,802	56,911	-	5,245	64,958
2019	2,802	54,189	-	7,240	64,231
2020	2,802	53,387	-	8,306	64,495
2021	2,802	56,631	-	10,878	70,311
2022	2,802	55,199	-	15,586	73,588
2023	2,802	54,155	-	19,387	76,345
2024	2,802	56,039	-	21,053	79,894
2025	2,802	51,251	-	20,123	74,176
2026	2,802	45,053	-	17,462	65,317
2027	2,802	43,122	-	15,731	61,656
2027	2,802	38,640	-	11,869	53,311
2029	2,802	34,157	-	5,668	42,628
2030	2,802	29,663	-	1,665	34,131
2031	2,802	24,604	-	-	27,406
2032	2,802	24,039	-	-	26,841
2033	2,802	24,039	-	-	26,841
2034	2,802	23,681	-	-	26,484
2035	2,802	19,869	-	-	22,672
2036	2,802	11,808	-	-	14,610
2037	2,802	7,005	-	-	9,807
2038	2,802	3,404	-	-	6,206
2039	2,802	-	-	-	2,802
2040	2,802	-	-	-	2,802
2041	2,802	-	-	-	2,802
2042	2,802	-	-	-	2,802
2043	2,802	-	-	-	2,802
2044	2,802	-	-	-	2,802
2045	1,401	-	-	-	1,401
2046	-	-	-	-	-
Totals	109,291	1,283,180	-	200,580	1,593,051
Accum. Deprn. 20:	49,041	830,844	-	107,010	986,895
Net Book Value 20:	60,250	452,335	-	93,570	606,156

Carolina Trace Association, Inc.
 MACRS 7 Year Asset Class
 Office furniture & fixtures

7 Year Assets	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Totals	
Furniture & Fixtures																								
Total																								
2002																								
2003																								
2004																								
2005																								
2006																								
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2023																								
2024																								
2025																								
Historical Cost																								
Accum. Depreciation																								
12/31/2016 NBV																								

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Carolina Trace Association, Inc.
 Schedule of Capital Expenditures 2002 through 2016
 Source: CTA Chronological Transaction Files
 Prepared by: C. David Turner

Asset Category	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	MACRS Category	
Automobile	-	-	-	-	-	15,699	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,699 5 yr.	
Bridges	5,500	-	64,940	-	-	-	-	69,875	-	-	-	-	-	-	16,950	-	-	-	-	-	-	21,915	-	179,180 15 yr.
Fences	-	-	-	-	-	-	8,400	-	-	-	-	-	-	-	-	-	-	-	1,650	1,780	-	-	-	11,830 15 yr.
Gatehouse	-	-	-	5,500	103,791	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	109,291 39 yr.
Hardscapes	-	-	-	-	-	13,937	7,642	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	21,579 15 yr.
Roads	53,030	20,813	-	66,837	77,690	109,362	-	15,615	58,168	57,907	-	134,474	-	134,824	-	-	-	600	33,303	114,427	5,895	80,206	-	963,150 15 yr.
Culvert & Drainage	-	-	6,631	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,130	68,680	22,000	-	-	-	107,441 15 yr.
Security Equipment	-	4,398	-	-	2,909	-	-	-	-	9,316	-	-	18,071	2,819	-	-	-	24,233	-	32,941	32,730	11,095	-	138,510 5 yr.
Computers & Software	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13,019	-	727	21,135	-	12,218	-	47,098 5 yr.
Total	58,530	25,211	71,571	72,337	184,390	138,998	16,042	15,615	128,043	57,907	9,316	134,474	18,071	137,643	16,950	-	13,019	34,963	104,360	192,282	38,624	125,433	-	1,593,778

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508,681

Carolina Trace Association, Inc.
Search for Unrecorded Liabilities
12/31/2023

<u>Vendor</u>	<u>Invoice Date</u>	<u>Invoice Number</u>	<u>Description</u>	<u>Amount</u>
Secure Access Services, I	12/1/23	20233988	None given	\$ 8,869.76
Secure Access Services, I	12/12/23	20234105	None given	\$ 1,171.13
Southern Protection Agen	12/26/23	80414	Biweekly security ser	\$ 11,398.83
Vector Security, Inc.	12/29/23	17362654	None given	\$ 1,440.17
Total				<u>\$22,879.89</u>

CONFIDENTIAL

CAROLINA TRACE ASSOCIATION, INC.
Notes to the Financial Statement
December 31, 2023
Unaudited

NOTE 1 - NATURE OF ORGANIZATION

The Carolina Trace Association, Inc. (CTA or Association) is a North Carolina Non-Profit Corporation whose members are all of the eighteen Property Owners Associations (POA) which comprise the Carolina Trace Community near Sanford, North Carolina. The purposes for which the Association was formed are as follows:

- a. To provide an organization through which the property owners of Carolina Trace may be represented to discuss and act upon matters of community interest;
- b. To encourage and advance projects deemed to be for the benefit and best interests of the community by collecting and disseminating pertinent information relating to such projects;
- c. To represent the community and interact with federal, state, and county officials and with other civic, public, and private organizations concerned with or impacting the general welfare and safety of the residents and property owners of the community;
- d. To take all steps deemed necessary or appropriate for the preservation of the residential character and the value of the properties within the community, including the ownership, operation, and maintenance of property used in common as applicable; and
- e. To engage in any lawful act or activity for which corporations may be organized under the Non-Profit Corporation Act of North Carolina.

The affairs of the Association are managed by its Board of Directors and Officers, all of whom are uncompensated volunteers from within the Carolina Trace Community. The Association has no employees.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the major accounting policies followed by the Association is set forth below:

Accounting Method

The Association maintains its records on the accrual basis of accounting whereby income is recognized when earned and expenses are recognized when incurred.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Association records all bank demand deposits and highly liquid investments with an original maturity of six months or less at the time of purchase as cash and cash equivalents. The Association maintains its cash and cash equivalents in bank deposit accounts and brokerage accounts at high quality financial institutions. As required by the Association's governing documents, cash equivalents are invested solely in direct obligations of the United States of America with a maturity of six months or less.

The Association maintains its cash bank deposits at a high quality banking institution and generally limits its exposure to credit risk from balances on deposit with the banking institution in excess of the Federal Deposit Insurance Corporation ("FDIC") insured limit. For only short periods of time, such deposits may be in excess of FDIC insured limits.

The Association maintains its cash equivalent liquid assets at a high quality brokerage institution and generally limits its exposure to credit risk from balances on deposit with the brokerage institution in excess of the Securities Investor Protection Corporation ("SIPC") insured limit.

Prepaid Expenses

For insurance coverage purposes, CTA and its member POAs qualify as a risk purchasing group and pool their respective risks under a single insurance program covering all nineteen entities as a single unit. The purchased coverages include a commercial package policy, a general liability policy, a directors and officers liability policy, and an umbrella policy. At the time of policy renewal, CTA makes payment for the entire group premium, and is reimbursed by the POAs for their respective coverages.

One of the Association's principal performance obligations is to permit ingress and egress on Traceway to only authorized persons. To facilitate performance of this objective, the Association has implemented certain electronic access controls available only to authorized persons, who may apply to purchase Radio Frequency Identification (RFID or E-Sticker) tags which activate automated gates whenever the RFID signal is detected. In connection with this program, the Association maintains an inventory of E-Stickers for future sales.

Member Assessments

Association members (POAs) are subject to annual assessments to provide funds for the Association's operating expenses, future capital asset acquisitions, and major repairs and replacements. The Association levies an annual assessment on each Association member that is payable in four equal installments due on the first day of each fiscal quarter. The amount of the annual assessment is determined annually by the Board of Directors according to a certain formula prescribed by the Association's By-Laws. Each member's assessment is related to its census of both unimproved and improved lots. The annual assessment for 2023 was \$390.00 and \$140.00 for improved lots and unimproved lots, respectively, which included an amount of \$90 per lot for future major repairs and replacements.

The Association's By-Laws do not include the power to levy Special Assessments.

Assessments Receivable

Assessments Receivable represent unpaid assessments, penalties and interest, if any, due from members. The Association recognizes penalties and interest in revenues when assessed against an Association member.

Unbilled Assessments Receivable

For the purposes of annual assessments and voting procedures, the number of purchased lots in a POA's census may, at the option of an individual Association member, be reduced in relation to the number of non-revenue producing properties within that Association. The member's deferred obligation is recognized as an unbilled receivable until the reasons for which the respective lots were deferred are resolved. The Association uses the allowance method to estimate the amount of uncollectible assessments receivable. Unbilled Assessments Receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding deferred obligations.

Property and Equipment

The Association owns land, roadway infrastructure, buildings, and equipment associated with fulfillment of its performance obligations to members, lot owners, and Carolina Trace Country Club. Property purchased by the Association is recorded at cost, and property contributed to the Association is recorded at estimated fair value at the date of contribution. Land consists primarily of parcels underlying Traceway, including the North and South access points on Cox Mill Road, and Carolina Way. Roadway infrastructure consists of the road surface, bridges, culverts, and fencing. The security gatehouse located at the intersection of Carolina Way and Traceway is CTA's only building. Equipment consists primarily of physical and electronic access control systems located at the gatehouse and each of the Cox Mill access points.

Capitalization Policy

The Association capitalizes property and equipment which has an acquisition cost of \$2,500 or more, and a useful life in excess of one year.

Depreciation

Capitalized common property is depreciated over its estimated useful life using the Modified Accelerated Cost Recovery System.

Contract Liabilities (Assessments received in advance)

Pursuant to the agreements described in Note 6, the Association is obligated to the Carolina Trace Country Club, the POAs, and the Lot Owners for the upkeep and maintenance of certain common areas, for which the POAs are obligated to pay. Under the terms of its By-Laws, CTA has the right to receive payment of annual assessments in advance of the satisfaction of performance obligations. The Association recognizes a contract liability when the right to receive such payment matures. CTA recognizes revenue as the related performance obligations are satisfied.

Income Taxes

The Association may be taxed either as a homeowners' association or as a regular corporation. For the year ended December 31, 2023, the Association elected to be taxed as a homeowners' association in accordance with Internal Revenue Code Section 528 and filed its return on form 1120-H. Under Section 528, the Association is not taxed on exempt function income including assessments from members. The Association is taxed on its investment income and other non-exempt function income. The Association paid \$0 income taxes in 2023.

Subsequent Events

Subsequent events were considered through **Month, date, year**, which is the date the financial statement was available to be issued.

Note 3 - PREPAID EXPENSES

Prepaid expenses consists of the following:

Prepaid Insurance	\$ 433
E-Sticker Inventory	2,370
Prepaid Marina Fees	<u>5,000</u>
Total Prepaid	<u>\$ 7,803</u>

Note 4 - UNBILLED RECEIVABLES

Unbilled receivables as of December 31, 2023 consist of the following:

Total amount of deferred obligations	\$42,405
Allowance for uncollectible accounts	<u>(21,360)</u>
Unbilled Receivables, net of allowance	<u>\$21,045</u>

An amount of \$12,265 relating to unbilled deferred obligations became due and was billed in January 2024.

Note 5 -

PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31, 2023.

Asset Category	Life (Years)	Balance
Rights-of-way	Not applicable	
Traceway		\$116,545
North Cox Mill		31,149
South Cox Mill		27,451
Carolina Way		16,655
Subtotal Rights-of-Way		\$191,800
Boundary Buffer Zones		\$6,124
Stonegate Pond Lots		\$3,000
Sign Island		\$1,046
Total Land		\$201,970
Land Improvements	15 Years	
Road Surfaces		\$963,150
Bridges		179,180
Stormwater Drainage System		107,441
Hardscaping & Fences		33,409
Subtotal Land Improvements		\$1,283,180
Buildings	39 Years	
Gatehouse		\$109,291
Equipment and Computers	5 Years	
Security Equipment		\$154,209
Computers & Software		47,098
Subtotal Equipment		\$201,307
Total Property and Equipment		\$1,795,748
Accumulated Depreciation		\$(986,895)
Property and Equipment, Net		\$808,853

Note 6 –

COMMITMENTS, CONTINGENCIES, AND GUARANTEES

(a) Acquisition of Traceway, Carolina Way, Sign Island, and the Gatehouse

By virtue of a Special Warranty Deed dated March 18, 1994, CTA acquired ownership of Traceway, Carolina Way, Sign Island, and the Gatehouse from Carolina Trace Country Club, Inc. (the Country Club). Pursuant to that deed, the Country Club expressly reserved the right of ingress, egress, and regress over those roads as well as any future roads that may be used to access Carolina Trace for the benefit of its successors and assigns, its employees, invitees, vendors, licensees, and other parties having permission from the Country Club to access the properties. Consideration for the acquisition given by CTA included its promises to (1) provide access in accordance with the Country Club's reserved right, (2) to keep up and maintain Traceway in good condition, and (3) not to

mortgage, encumber, convey, lease, sell, or otherwise transfer the title to the parcels acquired without express written consent of the Country Club. The Association also agreed that said deed shall become null and void upon the occurrence of a properly noticed, uncured violation of the terms and conditions of the deed.

(b) Deed of Easement and Agreement Concerning Roads

On January 9, 1995, Carolina Trace Association, Inc., and the then-extant seventeen POA's, entered into a certain Deed of Easement and Agreement Concerning Roads in which CTA granted a permanent, non-exclusive easement for ingress, egress, and regress over Traceway and Carolina Way to the POA's and Lot Owners. CTA also agreed to maintain those roads in good condition. In consideration of the easement and promises by CTA, the POA's agreed to pay to CTA annual assessments to be used for the upkeep of Traceway, Carolina Way, the guardhouse, and associated property.

Note 7 -

FUTURE CAPITAL ASSET ACQUISITIONS, MAJOR REPAIRS AND REPLACEMENTS

The Association accumulates funds for future major repairs, replacements, and asset purchases. In 2015 the Association engaged an engineering firm to estimate the remaining useful lives and the replacement costs of the components of common property. The Association is funding for major repairs and replacements over the remaining useful lives of the components based on the study's estimates of current replacement costs and considering amounts previously accumulated in the replacement fund. This study was examined and updated by the Association's management in 2023. Management's revised study forecasts future requirements through fiscal year 2032 and incorporates a 4 percent annual cost growth assumption.

The timing and amounts of actual expenditures may vary from estimated future expenditures and the variations may be material, amounts allocated to reserves may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right, subject to member approval, to increase annual assessments or delay major repairs and replacements until funds are available. As of December 31, 2023, the amount allocated to reserves was underfunded by approximately \$1,540,000 to meet the future major repairs and replacements projected through 2032. The management study of 2023 includes a funding program that, considering amounts presently accumulated in the reserve accounts, will be sufficient to accomplish the estimated future major repairs and replacements through 2032.

Note 8 -

Litigation

Management is not aware of any unasserted claims that are probable of assertion, or pending or threatened litigation against the Association that would have a material adverse impact on the financial statements.

Note 9 -

Related Party Transactions

Each individual property owners association within Carolina Trace is both a member and customer of the Association. The POAs select members from within their own respective memberships to serve as Directors of CTA. The Association's Board of Directors are responsible for the management of the Association's affairs, the preponderance of which is the satisfaction of CTA's performance obligations pursuant to the agreements described in Note 6.

CONFIDENTIAL DRAFT

SUPPLEMENTARY INFORMATION

CONFIDENTIAL DRAFT

CAROLINA TRACE ASSOCIATION, INC.

Supplementary Information on Future Major Repairs and Replacements (Unaudited)

December 31, 2023

The Association's governing documents do not require funds to be accumulated for future major repairs and replacements. Accumulated funds which aggregate approximately \$500,754 at December 31, 2023, which are intended for this purpose, are generally not available for operating purposes.

The Association's management conducted studies in 2015 and in 2023 to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were based on knowledge of original costs and fair values at the date of acquisition. Replacement costs were based on the estimated costs to repair or replace the common property components at the dates of the studies. Estimated replacement costs have not been revised since the date of the 2023 study, but do take into account the estimated effects of inflation between the dates of the study and the date that the components will require repair or replacement. The future major repair and replacement study extends through the year 2032.

The following information is based on the studies and presents significant information about the components of common property. (Amounts are rounded to the nearest thousand dollars.)

Component	Estimated Remaining Useful Life in Years	Estimated Future Major Repair or Replacement Cost
Gatehouse	0 - 10	\$75,000
Road Surfaces	0 - 7	\$1,352,000
Bridges	0 - 8	\$63,000
Storm Water Drainage System	0 - 5	\$359,000
Hardscaping & Fencing	0 - 5	\$171,000
Equipment & Computers	0 - 5	\$20,000
Total through 2032		<u>\$2,040,000</u>

SUBJECT: TLDC Proposal for Updated Watercraft Restrictions on Lake Trace

POA	POA CENSUS DATA			MEETING ATTENDANCE		VOTING BY POA (enter votes here)				VOTING BY LOTS			
	Total Lots	Assessable Lots	Net Voting Lots	POAs Present (1=present; 0=absent)	Voting Lots Present	POA	YES	NO	ABSTAIN	YES Votes By Lots	NO Votes By Lots	ABSTAIN Votes By Lots	1 vote per POA?
Eagles Nest	67	67	67	1	67	EN	1			67	0	0	OK
Golf East	82	82	82	1	82	GE	1			82	0	0	OK
Golf North	139	139	139	1	139	GN	1			139	0	0	OK
Golf West	46	45	44	1	44	GW	1			44	0	0	OK
Harbor Creek	167	166	154	1	154	HC	1			154	0	0	OK
Hidden Lake	254	254	235	1	235	HL	1			235	0	0	OK
Highland Woods	47	46	45	1	45	HW	1			45	0	0	OK
Lakewood	71	69	54	1	54	LW	1			54	0	0	OK
Laurel Thicket	251	251	242	1	242	LT	1			242	0	0	OK
Mallard Cove	201	196	197	1	197	MC	1			197	0	0	OK
North Shore	311	311	311	1	311	NS	1			311	0	0	OK
Sedgemoor	170	170	170	1	170	SM	1			170	0	0	OK
South Landing	142	142	138	1	138	SL	1			138	0	0	OK
Southwind	170	170	152	1	152	SW	1			152	0	0	OK
Stonegate	49	47	45	0	0	SG				0	0	0	OK
Village at Trace	36	36	36	1	36	VT	1			36	0	0	OK
Woodfield	73	72	66	1	66	WF	1			66	0	0	OK
Woodmere-Trentwood	235	235	227	1	227	WT	1			227	0	0	OK
Totals	2511	2498	2404	17	2359		17	0	0	2359	0	0	

ROUTINE VOTES				RESULTS:	% of YES votes	100%	This condition PASSED
TOTAL "YES" VOTES REQUIRED FOR MOTION TO PASS:							
51.0%	of Column E total =		8.7				
51.0%	of Column D total =		1226.0				

Routine votes: A majority of the directors present at a meeting at which a quorum exists. However, such majority must represent at least 51% of the total lots in all POAs currently in good standing.

TWO-TIER VOTES ONLY				RESULTS:	% of YES votes	100%	This condition PASSED
TOTAL "YES" VOTES REQUIRED FOR MOTION TO PASS:							
51%	of Column E total =		8.7				
66.667%	of Column F total =		1572.7				
51.0%	of Column D total =		1226.0				

Two-Tier Voting (Columns D, E): Approval shall require: (1) a majority vote by Directors or Alternate Directors in attendance who shall vote their respective POA as an undivided voting block. The sum of the lots represented by the Directors or Alternate Directors in attendance shall equal 100%. Approval requires two-thirds (2/3) of that sum. However, such two-thirds (2/3) total cannot be less than 51% of the total lots represented by all POAs in good standing.

Watercraft Policy on Lake Trace – September 4, 2024 Trace Lake & Dam Committee

The CTA Bylaws (Art. VII, § 2 (d)) empower the Trace Lake and Dam Committee (“TLDC”) with the responsibility of monitoring the quality and health of the Trace Lake Dam and Trace Lake ecosystem and to promote the continued safety, beauty and accessibility of Lake Trace for all residents.

The TLDC believes the safety and accessibility of Lake Trace would be served if the policy for the operation of watercraft use on Lake Trace is officially documented.

Therefore, the TLDC moves the adoption of the following policy:

Watercraft Policy on Lake Trace

- Watercraft may not use gasoline or diesel powered engines.
- Electric motors cannot exceed 20 horsepower.
- Watercraft cannot be operated at a speed or in a manner which generates a wake sufficient to reach shore or to disrupt the operation of other watercraft on Lake Trace.
- Jet skis or other similar watercraft are not allowed on Lake Trace. This is because the method of operation of these watercraft runs a high likelihood of 1) stirring up significant sediment from the lake bottom which adversely impacts the appearance of the lake and 2) stirring up debris from the lake bottom which pose a hazard to navigation.

CTA Voting, Per Dec. 2023 Census - Form updated 08/28/2024

SUBJECT: HWPOA Motion to Approve 2025 Draft Budget, 2026-27 Aspirational Budgets, and Bylaw Changes to Art. VIII, to change assessment ratios from 6:1 to 4:1 (improved to unimproved); Motion/Resolution attached.

POA	POA CENSUS DATA			MEETING ATTENDANCE		VOTING BY POA (enter votes here)				VOTING BY LOTS			
	Total Lots	Assessable Lots	Net Voting Lots	POAs Present (1=present; 0=absent)	Voting Lots Present	POA	YES	NO	ABSTAIN	YES Votes By Lots	NO Votes By Lots	ABSTAIN Votes By Lots	1 vote per POA?
Eagles Nest	67	67	67	1	67	EN	1			67	0	0	OK
Golf East	82	82	82	1	82	GE	1			82	0	0	OK
Golf North	139	139	139	1	139	GN	1			139	0	0	OK
Golf West	46	45	44	1	44	GW	1			44	0	0	OK
Harbor Creek	167	166	154	1	154	HC	1			154	0	0	OK
Hidden Lake	254	254	235	1	235	HL	1			235	0	0	OK
Highland Woods	47	46	45	1	45	HW	1			45	0	0	OK
Lakewood	71	69	54	1	54	LW	1			54	0	0	OK
Laurel Thicket	251	251	242	1	242	LT	1			242	0	0	OK
Mallard Cove	201	196	197	1	197	MC	1			197	0	0	OK
North Shore	311	311	311	1	311	NS	1			311	0	0	OK
Sedgemoor	170	170	170	1	170	SM	1			170	0	0	OK
South Landing	142	142	138	1	138	SL	1			138	0	0	OK
Southwind	170	170	152	1	152	SW	1			152	0	0	OK
Stonegate	49	47	45	0	0	SG				0	0	0	OK
Village at Trace	36	36	36	1	36	VT	1			36	0	0	OK
Woodfield	73	72	66	1	66	WF	1			66	0	0	OK
Woodmere-Trentwood	235	235	227	1	227	WT	1			227	0	0	OK
Totals	2511	2498	2404	17	2359		17	0	0	2359	0	0	

ROUTINE VOTES				RESULTS:	% of YES votes		
TOTAL "YES" VOTES REQUIRED FOR MOTION TO PASS:					100%		This condition PASSED
51.0%	of Column E total =	8.7			98%		This condition PASSED
51.0%	of Column D total =	1226.0					

Routine votes: A majority of the directors present at a meeting at which a quorum exists. However, such majority must represent at least 51% of the total lots in all POAs currently in good standing.

TWO-TIER VOTES ONLY				RESULTS:	% of YES votes		
TOTAL "YES" VOTES REQUIRED FOR MOTION TO PASS:					100%		This condition PASSED
51%	of Column E total =	8.7			100%		This condition PASSED
66.667%	of Column F total =	1572.7			98%		This condition PASSED
51.0%	of Column D total =	1226.0					

Two-Tier Voting (Columns D, E): Approval shall require: (1) a majority vote by Directors or Alternate Directors in attendance who shall vote their respective POA as an undivided voting block. The sum of the lots represented by the Directors or Alternate Directors in attendance shall equal 100%. Approval requires two-thirds (2/3) of that sum. However, such two-thirds (2/3) total cannot be less than 51% of the total lots represented by all POAs in good standing.

CAROLINA TRACE ASSOCIATION
RESOLUTION FOR APPROVAL OF
THE BUDGET, LONG RANGE PLAN and BYLAW CHANGE

September 4, 2024

WHEREAS, Article VIII of the corporation's Bylaws requires the Board to approve a Budget and Annual Assessment for the next fiscal year pursuant to a two-tier voting process described in Article VIII, Section 1, and more generally in Article III, Section 6;

WHEREAS, during its meeting of July 3, 2024, the Board adopted by unanimous consent enabling motions to initiate the budgeting and assessment process for 2025, the adoption of non-binding aspirational budgets for 2026 and 2027, and the adoption of a new Long Range Plan;

WHEREAS, the draft budget included proposals for changing the current 6:1 allocation of assessments between improved and unimproved lots going forward through amendment of the Bylaws;

WHEREAS, at its meeting on August 4, 2024, the Board voted to accept the draft budget for 2025, the aspirational budgets for each of 2026 and 2027, and the Long Range Plan as presented, and to change the assessment ratio from 6:1 to 4:1; and

WHEREAS, the Board is now prepared to take the second and final vote on these items pursuant to the two-tier voting requirements, including adoption of an amendment to the Bylaws to change the assessment ratio and to clarify the calculation of assessments using the new ratio;

NOW, THEREFORE, IT IS RESOLVED THAT:

1. The attached budget for calendar year 2025 is approved.
2. The attached Long-Range Plan is approved, including target budgets for 2026 and 2027, to facilitate the budget approval process in those years; it being understood that these target budgets, as may be amended by the Board, will become effective only after Board approval in accordance with procedures specified in the Bylaws.

3. Article VIII, Section 2, of the Bylaws is amended to replace the ratio of assessment rates and to clarify the calculation of assessments using the new 4:1 ratio, by replacing Article VIII, Section 2, in its entirety with the following:

* * *

Section 2. Determination of Assessments. Each member association's assessment is related to its census (described in Article VIII, Section 3) of both unimproved and improved purchased lots. It is further recognized that individual owners of improved lots receive significantly more benefit from CTA services than do owners of unimproved lots with the exception being "Long Range Planning" Projects as may be determined by the Board of Directors. Member assessments for each fiscal year shall be determined as follows:

- a. The total budgeted expense and allocations to reserves for each fiscal year is determined. This total is reduced by the amount collected as deferred obligations and by any amount to be collected from all sources other than annual assessments. The reduced amount then represents the total revenue to be raised through annual assessments. ("Total Assessment Revenue")
- b. Total Assessment Revenue shall be allocated between improved and unimproved lots such that the assessment rate per improved lot is four (4) times that of an unimproved lot, which shall be calculated as follows:
 - 1) Multiply four (4) times the number of improved purchased lots in all owners' associations, adjusted for authorized deferrals as provided in Section 3, below. Add to this product the total number of unimproved purchased lots in all owners' associations, adjusted for authorized deferrals as provided in Section 3, below. This sum is the "Budgetary Lot Count."
 - 2) Divide the Total Assessment Revenue by the Budgetary Lot Count to calculate a "Basic Lot Assessment Rate."
 - 3) The Unimproved Lot Assessment Rate shall be equal to the Basic Lot Assessment Rate.

4) The Improved Lot Assessment Rate shall be equal to four (4) times the Basic Lot Assessment Rate.

- c. The total annual assessment due from each owners' association is then computed as a product of the Unimproved Lot Assessment Rate times the total number of unimproved purchased lots in the owners' association, adjusted for authorized deferrals as provided in Section 3, below, plus the product of the Improved Lot Assessment Rate times the total number of improved purchased lots in the owners' association, adjusted for authorized deferrals as provided in Section 3. below.
- d. The "Long Range Planning Assessment" shall be allocated equally for improved and unimproved purchased lots, adjusted for authorized deferrals as provided in Section 3, below.

* * *

4. Assessments for fiscal year 2025 shall be calculated in accordance with the Bylaws as amended above.

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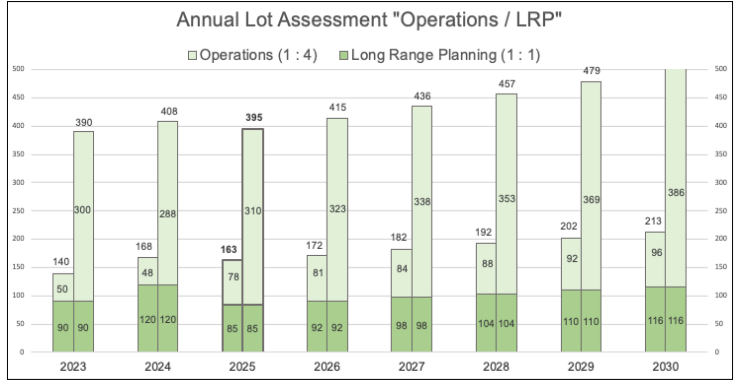
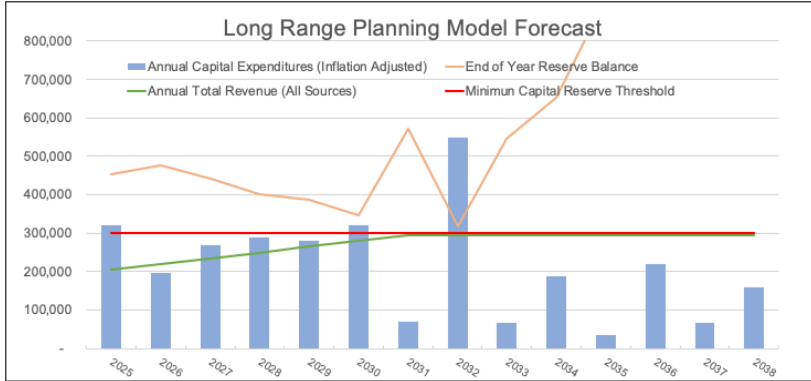
Budget Forecast 2025, 2026 & 2027

Historical Actual Data & 2024 Budget		Actual	Actual	Budget (New)
Line Item		2022	2023	2024
INCOME				
1	POA Assessments (Operations + LRP)	719,362	757,034	810,647
2	E-Sticker Residential & Vender Passes	34,231	30,759	38,025
3	POA Property/Pool Insurance Payments	11,586	10,481	10,000
4	Interest Inc	844	15,915	1,000
5	Other Income	482	1,500	-
6	TOTAL INCOME	766,505	815,689	859,672
EXPENDITURES				
General Admin. Expenses : Operations				
7	Accounting, Finance, Tax & Professional Fees		15,000	6,500
8	Bookkeeper			15,000
9	Audits to Include Bal. Sh., Cash Flow, & Inc. St.			
10	Tax Preparation			
11	Professional Fees for Misc Needs			
12	Bank Charges (G&A & 66910 Bank Ser Charge)		137	
13	Insurance	34,694	34,967	36,572
14	Board Training CAI-NC membership			500
15	Boat Ramp (annual)	10,000	5,000	5,000
16	Computer & Software		425	500
17	E-Sticker Deposit Return	250	100	
18	Financial Charges			100
19	Miscellaneous Expenses	1,886	991	400
20	Printing/Postage/Shipng	145	203	100
21	Legal Fees			1,000
22	Income Taxes	2	60	
23	Waste/Trash Disposal Fee	195	250	360
24	Communications			
24.5	Web Presence	150	238	370
24.5	Gatehouse Pole Flags			
	Subtotal	47,321	57,369	66,402
Roads & Maintenance : Operations				
25	Drainage Maintenance & Repair	23,292	14,089	15,000
26	Landscaping/Beautification	20,373	17,057	6,830
27	Mowing and Weed Control	44,200	45,604	-
28	Landscaping Services			60,000
29	Routine Road Maintenance & Repair	21,257	24,489	30,000
30	Storm Clean-up	5,989	525	8,280
31	Tree trimming/removal/pruning	3,493	10,900	10,190
32	Roadside Trash	1,200	900	-
33	Sprinkler Maintenance	101	22	-
	Subtotal	119,905	113,587	130,300
Safety & Security : Operations				
34	Security Contract	325,237	281,993	305,000
35	CERT Supplies	1,270	1,782	2,500
36	Computers	8,823	888	-
37	E-Stickers Purchase (Resid) + Gate Century	12,085	9,074	9,000
37.5	Contractor Gate Pass Stickers			
38	Gate Maintenance	4,353	(755)	5,000
39	Gate Century Monthly Fees			
40	Gatehouse Supplies & Office supplies	7,220	2,368	3,000
41	Security Cameras/Recorder	4,643	15,181	2,500
42	Contracted IT Support		8,698	3,200
43	Utilities	177		
44	Utilities/Non Internet	16,420	19,033	13,550
45	Utilities/Internet and Video	7,266	5,796	10,000
46	Safety and Security	14,948		
	Subtotal	402,442	344,058	353,750
47	TOTAL INCOME - excluding POA Assessments	47,143	58,655	49,025
EXPENDITURES OPERATIONS				
48	General Admin. Expenses	47,321	57,369	66,402
49	Roads & Maintenance	119,905	113,587	130,300
50	Safety & Security	402,442	344,058	353,750
51	Subtotal	569,668	515,014	550,452
52	NET TOTAL Operations- Less Revenue from Non Assessment income	522,525	456,359	501,427
Long Range Planning (Capital)				
53	Bridge(s) Inspection Repairs			20,000
54	Crusher Stone Runs (along roads, where required)			30,000
55	Traceway Road (Asphalt Overlay)			150,000
56	Culvert Repair (Country Club Road/Entrance)			-
57	*Bradford Pear Project			16,000
58	Gatehouse System Hardware (Computers - '23)			50,000
59	Gatehouse Maintenance			22,846
60	Lake Trace Maintenance (annual)			5,000
61	General Contract Labor			15,000
62	Gate(s) Maintenance and Repair			
63	Sign Island Erosion Control			
63	Total Capital Expenditures			308,846

Budget Forecast (References "2024 Budget New" Column to Estimate 2025)						
Line Item	alized Inflation	Percentage	Dollar Amount	2025	2026	2027
	3.00%	Override	Override	Estimate	Estimate	Estimate
1	POA Operations Only (Not Including LRP)			568,809	593,008	620,005
2		3.00%	0.00%	25,000	25,000	25,000
3		3.00%	0.00%	15,000	15,000	15,000
4				13,580	14,289	13,269
5		3.00%		-	-	-
6	TOTAL INCOME			622,389	647,298	673,274
EXPENDITURES						
General Admin. Expenses : Operations						
7		3.00%		-	-	-
8		3.00%	15,000	15,000	15,450	15,914
9		3.00%	10,000	10,000	10,300	10,609
10		3.00%	5,000	5,000	5,150	5,305
11		3.00%	20,000	20,000	20,600	21,218
12		3.00%	150	150	155	159
13		3.00%	37,500	37,500	38,625	39,784
14		3.00%	0.00%	500	500	500
15		3.00%	0.00%	5,000	5,000	5,000
16		3.00%		515	530	546
17		3.00%	200	200	206	212
18		3.00%	-	-	-	-
19		3.00%	-	-	-	-
20		3.00%	0.00%	100	100	100
21		3.00%	2,500	2,500	2,575	2,652
22		3.00%	-	-	-	-
23		3.00%	375	375	386	398
24		3.00%	400	400	412	424
24.5		3.00%	300	300	309	318
	Other	3.00%		-	-	-
				97,540	100,298	103,139
Roads & Maintenance : Operations						
25		3.00%		15,450	15,914	16,391
26		3.00%		7,035	7,246	7,463
27		3.00%		-	-	-
28		3.00%		61,800	63,654	65,564
29		3.00%		30,900	31,827	32,782
30		3.00%		8,528	8,784	9,048
31		3.00%		10,496	10,811	11,135
32		3.00%		-	-	-
33	Other	3.00%		-	-	-
	Other	3.00%		-	-	-
				134,209	138,235	142,382
Safety & Security : Operations						
34		3.00%	5.00%	320,250	336,263	353,076
35		3.00%	2,500	2,500	2,575	2,652
36		3.00%		-	-	-
37		3.00%	17,340	17,340	17,860	18,396
37.5		3.00%	2,000	2,000	2,060	2,122
38		3.00%	6,000	6,000	6,180	6,365
39		3.00%		-	-	-
40		3.00%	5,000	5,000	5,150	5,305
41		3.00%	2,500	2,500	2,575	2,652
42		3.00%	7,500	7,500	7,725	7,957
43		3.00%		-	-	-
44		3.00%	12,550	12,550	12,927	13,314
45		3.00%	15,000	15,000	15,450	15,914
46				-	-	-
	Other	3.00%		-	-	-
				390,640	408,764	427,752
47	TOTAL INCOME - excluding POA Assessm			53,580	54,289	53,269
EXPENDITURES OPERATIONS						
48				97,540	100,298	103,139
49				134,209	138,235	142,382
50				390,640	408,764	427,752
51	Subtotal			622,389	647,298	673,274
52	NET TOTAL Operations - Less Revenue from Non Assessment income			568,809	593,008	620,005
Long Range Planning Capital Expenditures (From CTA LRP Model)						
53	Roads			95,087	127,203	119,614
54	Crush & Run			30,000	-	32,448
55	Culverts			58,240	59,488	55,118
56	Bridges			14,000	-	15,142
57	Landscaping			35,000	-	32,448
58	Traffic Study/Implementation			55,000	-	-
59	Gatehouse			10,700	5,200	8,436
60	South Gate			8,000	-	-
61	North Gate			8,000	-	-
62	Media			-	-	1,147
63	TLDC			5,300	4,472	4,651
63	Total Capital Expenditures			319,327	196,363	269,005

64	TOTAL EXPENDITURES		859,298
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64	TOTAL EXPENDITURES	941,716	843,661	942,279
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Line Item	Long Range Planning Capital Projects 2025	Total	319,327
Item	Projects	Amount	
65	North Exit : Line Striping : Phase 1	1,019	
66	Laurel Thicket to Mallard Cove : Line Striping : Phase 1	2,584	
67	Split Road 2 : Line Stripe : Phase 1	2,184	
68	Split Road 2 : Seal Coating : Phase 1	12,480	
69	Emory to Country Club : Line Striping : Phase 1	1,893	
70	Emory to Country Club : Seal Coating : Phase 1	10,816	
71	Split Road 1 : Line Striping Phase 1	1,310	
72	Split Road 1 : Seal Coating : Phase 1	7,488	
73	South Bridge to NS Sign : Line Striping : Phase 1	1,820	
74	South Exit : Line Striping : Phase 1	910	
75	South Exit : Seal Coating : Phase 1	5,200	
76	South I & II Mile : Line Striping : Phase 1	5,314	
77	South I & II Mile : Seal Coating : Phase 1	30,368	
78	South I & II Mile : Patching : Phase 1	3,796	
79	Front Entrance : Seal Coating : Phase 1	7,904	
80	Sign Island replacement	25,000	
81	Sign Island removal	10,000	
82	Traceway Crush & Run Phase 1	30,000	
83	TLDC : Finalization of 2023 Bathymetric & Vegetative Study	1,000	
84	TLDC : 2024 Sedimentation Flow Monitoring and Anaysis	3,300	
85	TLDC : 2024 Bathymetric & Vegetative Study Y/Y Analysis Payment	1,000	
86	Traffic Study Implementation	50,000	
87	Traffic Study	5,000	
88	SG Mainenance and Repairs	8,000	
89	NG Mainenance and Repairs	8,000	
90	MG Maintenance for AC/Water Sewage Pump/Electrical, Misc.	10,700	
91	Bridge Inspection	14,000	
92	Culvert 5 : WF Pond Verticle overflow pipe 36' x 20'	15,080	
93	Culvert 4 : Prior to South wind entrance 24" x 52'	14,560	
94	Culvert 3 : Just past #2113 24" x 56'	15,080	
95	Culvert 2 : Entrance to WF South 12" x 43'	13,520	

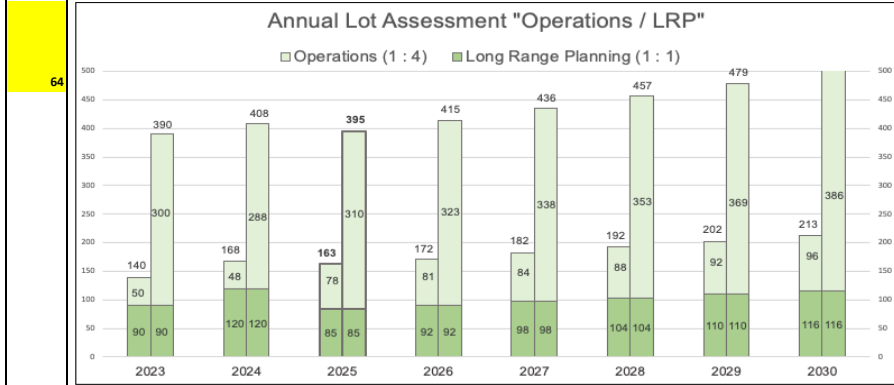
Line Item	Long Range Planning Capital Projects 2026	Total	196,363
Item	Projects	Amount	
65	NR Trail to Laural Thicket : Mill & Overlay	102,747	
66	NR Trail to Laural Thicket : Line Striping : Pahse 2	1,741	
67	Turn Around at Entrance : Mill & Overlay	22,336	
68	Turn Around at Entrance : Line Striping : Phase 2	379	
69	TLDC : 2024 Sedimentation Flow Monitoring and Anaysis	3,432	
70	TLDC : 2024 Bathymetric & Vegetative Study Y/Y Analysis Payment	1,040	
71	MG Security Upgrades	5,200	
72	Culvert 8 : SB Lane @ # 21 15" X 40'	18,387	
73	Culvert 7 : Golf East 12' X 58'	14,061	
74	Culvert 6 : WF pond to Southwind 12" x 90'	27,040	

Line Item	Long Range Planning Capital Projects 2027	Total	269,005
Item	Projects	Amount	
65	South Bridge to North Shore Sign : Mill & Overlay	116,149	
66	South Bridge to NS Sign : Line Striping : Phase 2	1,969	
67	Front Entrance : Line Striping : Phase 1	1,496	
68	Entranceway replacement	32,448	
69	Traceway Crush & Run Phase 2	32,448	
70	TLDC : 2024 Sedimentation Flow Monitoring and Anaysis	3,569	
71	TLDC : 2024 Bathymetric & Vegetative Study Y/Y Analysis Payment	1,082	
72	MG Hut at North/South Gates	3,028	
73	MG Security Upgrades	5,408	
74	Main Gate : Paint Wooden Support Structure	1,147	
75	Bridge Inspection	15,142	
76	Culvert 10 : Lower Northridge Trail 10" x 100'	23,622	
77	Culvert 9 : First Valley Past Lakewood 24" x 110'	31,496	

LINE ITEM	INCOME	2022	2023	2024	2025	COMMENTS
1	POA Assessments	719,362	757,034	810,647		
2	E-Sticker Purchases & Vendor Passes	34,231	30,759	38,025	25,000	\$6,170 first 4 months and Gate Sentry will eliminate contractor e-passes
3	POA Property/Pool Insurance Payments	11,586	10,481	10,000	15,000	Direct Pass Through for Pools/tennis property & liability
4	Interest Inc	844	15,915	1,000	13,580	*** Total interest on all accounts
5	Other Income	482	1,500	-	-	
6	TOTAL INCOME - excluding POA Assessments	47,143	58,655	49,025	53,580	
EXPENDITURES						
General Admin. Expenses						
		2022	2023	2024	2025	
7	Accounting, Finance, Tax & Professional Fees		15,000	6,500		Lines 9&10 of \$10k + \$5k is breakout of this line and equal to the 2023 Accounting & Tax fees
8	Bookkeeper			15,000	15,000	Approved at end of 2023 for 2024 - to continue
9	Audits to incl Balance Sheet, Cash Flow & Income Statement				10,000	Part of previous line 7
10	Tax Preparation				5,000	Part of previous line 7
11	Professional Fees for Misc needs				20,000	For professional services where we do not have qualified volunteers. An example is if we need help compiling balance sheets for audit but not limited to this. Could be for any service needed such as legal for bylaw changes etc
12	Bank Charges (G&A & 66910 Bank Ser Charge)		137		150	
13	Insurance	34,694	34,967	36,572	37,500	
14	Board Training including CAI-NC membership			500	500	
15	Boat Ramp (annual)	10,000	5,000	5,000	5,000	
16	Computer & Software including Quickbooks subscription		425	500	1,515	from \$515 quickbooks doubled subscription price
17	E-Sticker Deposit Return	250	100		200	
18	Financial Charges			100	-	
19	Miscellaneous Expenses	1,886	991	400		
20	Printing/Postage/Shippng	145	203	100	100	
21	Legal Fees		-	1,000	2,500	Example was when we had issue recently with Bridge Contractor requesting over \$12k more than agreed
22	Income Taxes	2	60		-	Removed assuming we get audited balance sheet and amortize assets
23	Waste/Trash Disposal Fee	195	250	360	375	
24	Communications -Web Presence	150	238	370	400	
24.5	Communications- Flag replacement				300	
	Subtotal	47,321	57,369	66,402	98,540	
Roads & Maintenance						
		2022	2023	2024	2025	
25	Drainage Maintenance & Repair	23,292	14,089	15,000	15,450	
26	Landscaping/Beautification	20,373	17,057	6,830	7,035	
27	Mowing and Weed Control	44,200	45,604	-	-	
28	Landscaping Services			60,000	61,800	
29	Routine Road Maintenance, Repair & Trash Pick up	21,257	24,489	30,000	30,900	
30	Storm Clean-up	5,989	525	8,280	8,528	
31	Tree trimming/removal/pruning	3,493	10,900	10,190	10,496	
32	Roadside Trash	1,200	900			
33	Sprinkler Maintenance	101	22			
	Subtotal	119,905	113,587	130,300	134,209	
Safety & Security						
		2022	2023	2024	2025	
34	Security Contract	325,237	281,993	305,000	320,250	
35	CERT Supplies	1,270	1,782	2,500	2,500	
36	Computers	8,823	888	-	-	
37	E-Stickers Purchase & Automated Gate Passes + Gate Sentry	12,085	9,074	9,000	17,340	from 16,800 Gate Sentry \$695/month=\$8,340
37.5	Contractor Gate Pass Stickers				2,000	from \$1,500
38	Gate Maintenance	4,353	(755)	5,000	6,000	
39	Automated Gate Passes				-	
40	Gatehouse Supplies & Office supplies	7,220	2,368	3,000	5,000	from \$3,000
41	Security Cameras/Recorder	4,643	15,181	2,500	2,500	
42	Contracted IT Support		8,698	3,200	7,500	from 5,000
43	Utilities	177			-	
44	Utilities/Non Internet	16,420	19,033	13,550	12,550	
45	Utilities/Internet and Video	7,266	5,796	10,000	15,000	from \$10,000
46	Safety and Security	14,948				
	Subtotal	402,442	344,058	353,750	390,640	
47	TOTAL INCOME - excluding POA Assessments	47,143	58,655	49,025	53,580	
EXPENSES						
48	GENERAL ADMIN & EXPENSES	47,321	57,369	66,402	98,540	
49	ROADS & MAINTENANCE	119,905	113,587	130,300	134,209	
50	SAFETY & SECURITY	402,442	344,058	353,750	390,640	
51	Total Expenses	569,668	515,014	550,452	623,389	
52	NET TOTAL - Excluding POA Assessments	522,525	456,359	501,427	569,809	
LTP Expenses 2025						
53	Roads				95,087	
54	Crush & Run				30,000	
55	Culverts				58,240	
56	Bridges				14,000	
57	Landscaping				35,000	
58	Traffic Study/Implementation				55,000	
58.5	TLDC				5,300	
59	Gatehouse				10,700	

60	South Gate	8,000
61	North Gate	8,000
62	Total Capital Expenditures	319,327

63	TOTAL 2025 Budget Including Operating Budget & Capital Expenses	889,136
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Includes all LRP items from LRP Model for 2025-20230. Some funding for Operations and Capital will come out of Reserves while maintaining a minimum Reserve Balance of \$300k for Emergency Needs

Uses developed/undeveloped numbers compiled in 2023

	2024 @ 6:1	Ratio	2025	2026	2027	3 yr Avg 2025-2027
Developed Lots	408	@ 6:1	406	426	448	427
Undeveloped Lots	168	@ 6:1	139	147	156	147
Developed Lots		@ 5:1	402	422	443	422
Undeveloped Lots		@ 5:1	149	158	167	158
Developed Lots		@ 4:1	395	415	436	415
Undeveloped Lots		@ 4:1	163	172	182	172

Uses developed/undeveloped numbers compiled in 2023. Assessments should go down for both with the additional number of developed lots

Line Item	Long Range Planning Capital Projects 2025	Total	319,327
Projects		Amount	
65	North Exit : Line Striping : Phase 1		1,019
66	Laurel Thicket to Mallard Cove : Line Striping : Phase 1		2,584
67	Split Road 2 : Line Stripe : Phase 1		2,184
68	Split Road 2 : Seal Coating : Phase 1		12,480
69	Emory to Country Club : Line Striping : Phase 1		1,893
70	Emory to Country Club : Seal Coating : Phase 1		10,816
71	Split Road 1 : Line Striping Phase 1		1,310
72	Split Road 1 : Seal Coating : Phase 1		7,488
73	South Bridge to NS Sign : Line Striping : Phase 1		1,820
74	South Exit : Line Striping : Phase 1		910
75	South Exit : Seal Coating : Phase 1		5,200
76	South I & II Mile : Line Striping : Phase 1		5,314
77	South I & II Mile : Seal Coating : Phase 1		30,368
78	South I & II Mile : Patching : Phase 1		3,796
79	Front Entrance : Seal Coating : Phase 1		7,904
80	Sign Island replacement		25,000
81	Sign Island removal		10,000
82	Traceway Crush & Run Phase 1		30,000
83	TLDC : Finalization of 2023 Bathymetric & Vegetative Study		1,000
84	TLDC : 2024 Sedimentation Flow Monitoring and Anaysis		3,300
85	TLDC : 2024 Bathymetric & Vegetative Study Y/Y Analysis Payment		1,000
86	Traffic Study Implementation		50,000
87	Traffic Study		5,000
88	SG Maintenance and Repairs		8,000
89	NG Maintenance and Repairs		8,000
90	MG Maintenance for AC/Water Sewage Pump/Electrical, Misc.		10,700
91	Bridge Inspection		14,000
92	Culvert 5 : WF Pond Verticle overflow pipe 36' x 20'		15,080
93	Culvert 4 : Prior to South wind entrance 24' x 52'		14,560
94	Culvert 3 : Just past #2113 24' x 56'		15,080
95	Culvert 2 : Entrance to WF South 12' x 43'		13,520

LRP 2025 Projects

Line Item	Long Range Planning Capital Projects 2026	Total	196,363
Projects		Amount	
65	NR Trail to Laural Thicket : Mill & Overlay		102,747
66	NR Trail to Laural Thicket : Line Striping : Pahse 2		1,741
67	Turn Around at Entrance : Mill & Overlay		22,336
68	Turn Around at Entrance : Line Striping : Phase 2		379
69	TLDC : 2024 Sedimentation Flow Monitoring and Anaysis		3,432
70	TLDC : 2024 Bathymetric & Vegetative Study Y/Y Analysis Payment		1,040
71	MG Security Upgrades		5,200
72	Culvert 8 : SB Lane @ # 21 15' X 40'		18,387
73	Culvert 7 : Golf East 12' X 58'		14,061
74	Culvert 6 : WF pond to Southwind 12' x 90'		27,040

LRP 2026 Projects

Line Item	Long Range Planning Capital Projects 2027	Total	269,005
Projects		Amount	
65	South Bridge to North Shore Sign : Mill & Overlay		116,149
66	South Bridge to NS Sign : Line Striping : Phase 2		1,969
67	Front Entrance : Line Striping : Phase 1		1,496
68	Entranceway replacement		32,448
69	Traceway Crush & Run Phase 2		32,448
70	TLDC : 2024 Sedimentation Flow Monitoring and Anaysis		3,569
71	TLDC : 2024 Bathymetric & Vegetative Study Y/Y Analysis Payment		1,082
72	MG Hut at North/South Gates		3,028
73	MG Security Upgrades		5,408
74	Main Gate : Paint Wooden Support Structure		1,147
75	Bridge Inspection		15,142
76	Culvert 10 : Lower Northridge Trail 10' x 100'		23,622
77	Culvert 9 : First Valley Past Lakewood 24' x 110'		31,496

LRP 2027 Projects

CTA Voting, Per Dec. 2023 Census - Form updated 08/28/2024

SUBJECT:TRAM Reallocation of LRP Funds to Finance Country Club Drive Culvert (part 1 of two tier), Motion attached, led by NSPOA.

POA	POA CENSUS DATA			MEETING ATTENDANCE		VOTING BY POA (enter votes here)				VOTING BY LOTS			
	Total Lots	Assessable Lots	Net Voting Lots	POAs Present (1=present; 0=absent)	Voting Lots Present	POA	YES	NO	ABSTAIN	YES Votes By Lots	NO Votes By Lots	ABSTAIN Votes By Lots	1 vote per POA?
Eagles Nest	67	67	67	1	67	EN	1			67	0	0	OK
Golf East	82	82	82	1	82	GE	1			82	0	0	OK
Golf North	139	139	139	1	139	GN	1			139	0	0	OK
Golf West	46	45	44	1	44	GW	1			44	0	0	OK
Harbor Creek	167	166	154	1	154	HC	1			154	0	0	OK
Hidden Lake	254	254	235	1	235	HL	1			235	0	0	OK
Highland Woods	47	46	45	1	45	HW	1			45	0	0	OK
Lakewood	71	69	54	1	54	LW	1			54	0	0	OK
Laurel Thicket	251	251	242	1	242	LT	1			242	0	0	OK
Mallard Cove	201	196	197	1	197	MC	1			197	0	0	OK
North Shore	311	311	311	1	311	NS	1			311	0	0	OK
Sedgemoor	170	170	170	1	170	SM	1			170	0	0	OK
South Landing	142	142	138	1	138	SL	1			138	0	0	OK
Southwind	170	170	152	1	152	SW	1			152	0	0	OK
Stonegate	49	47	45	0	0	SG				0	0	0	OK
Village at Trace	36	36	36	1	36	VT	1			36	0	0	OK
Woodfield	73	72	66	1	66	WF	1			66	0	0	OK
Woodmere-Trentwood	235	235	227	1	227	WT	1			227	0	0	OK
Totals	2511	2498	2404	17	2359		17	0	0	2359	0	0	

ROUTINE VOTES			RESULTS:	% of YES votes		
TOTAL "YES" VOTES REQUIRED FOR MOTION TO PASS:						
51.0%	of Column E total =	8.7		100%		This condition PASSED
51.0%	of Column D total =	1226.0		98%		This condition PASSED

Routine votes: A majority of the directors present at a meeting at which a quorum exists. However, such majority must represent at least 51% of the total lots in all POAs currently in good standing.

TWO-TIER VOTES ONLY			RESULTS:	% of YES votes		
TOTAL "YES" VOTES REQUIRED FOR MOTION TO PASS:						
51%	of Column E total =	8.7		100%		This condition PASSED
66.667%	of Column F total =	1572.7		100%		This condition PASSED
51.0%	of Column D total =	1226.0	98%		This condition PASSED	

Two-Tier Voting (Columns D, E): Approval shall require: (1) a majority vote by Directors or Alternate Directors in attendance who shall vote their respective POA as an undivided voting block. The sum of the lots represented by the Directors or Alternate Directors in attendance shall equal 100%. Approval requires two-thirds (2/3) of that sum. However, such two-thirds (2/3) total cannot be less than 51% of the total lots represented by all POAs in good standing.

September 4, 2024 TRAM

Motion to reallocate \$ 45,000 from line 48-3 in LRP (Capital) to fix drainage culvert issue from the Arnold pond waterfall across Traceway at the top of Country Club Drive. Barring the chance that this project is not completed in 2024, the \$45,000 would be moved to line 55 in the 2025 budget (Capital / Culverts) to ensure funds are available for the completion of this project in 2025.

- CTA is responsible for the culvert that runs under Traceway at the top of Country Club drive, 20 feet on each side of the road and the culvert under the road itself for a total of 60 feet.
- Escalante is responsible for the waterfalls and the last 60 feet of culvert that runs into the pond at Lake hole number 8.
- The culvert is 42 inch steel corrugated and has a life expectancy of 25 years. The culvert was put in approximately 50 years ago.
- The culvert has rusted on the bottom and water is starting to undermine the road. (please review the videos attached)
- The money in line 48-3 was earmarked for asphalt work to be done from lower Northridge Trail to Laurel Thicket.
- During the 2024 LRP road evaluation the asphalt work from lower Northridge Trail to Laurel Thicket was designated to be done in 2026, freeing up that money to be used elsewhere with the board's approval.
- There is \$ 71,000 remaining in line 48-3 as of August 28,2024
- During the LRP, knowing that we were not going to do the asphalt work from lower Northridge Trail to Laurel Thicket, \$48,000 was earmarked to do the culvert at the top of Country Club drive. (attached)

- We have worked together with Escalante on this project since May 2023. Escalante's priority at that time was to do the work on the dam that was just completed. Recently, Escalante has sent an engineer from the Timmons Group out to look at the waterfalls / culvert. They have shown renewed interest in working with CTA to complete this project.
- \$45,000 was originally in the 2024 CTA budget draft but was removed because of lack of cooperation from Escalante.
- Ideally the project of the waterfalls and culverts are done at the same time. However, if we feel that we cannot wait any longer for Escalante to do this project with CTA, we have obtained bids to have our section of the culvert done without Escalante's help. This would involve creating a retention pond that gathers the water from the waterfalls and flows the water into the 42 inch culverts entrance.
- There are two types of methods for which CTA has obtained bids. First is spin casting, in which the Traceway would not have to be closed and dug up. The second would be digging up the road and replacing the culvert with PVC pipe. This method could only be done if we did the work in conjunction with Escalante.

September 4, 2024 TRAM


Motion to reallocate \$ 45,000 from line 48-3 in LRP (Capital) to fix drainage culvert issue from the Arnold pond waterfall across Traceway at the top of Country Club Drive. Barring the chance that this project is not completed in 2024, the \$45,000 would be moved to line 55 in the 2025 budget (Capital / Culverts) to ensure funds are available for the completion of this project in 2025.

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- The culvert is 42 inch steel corrugated and has a life expectancy of 25 years. The culvert was put in approximately 50 years ago.
- The culvert has rusted on the bottom and water is starting to undermine the road. (please review the videos attached)
- The money in line 48-3 was earmarked for asphalt work to be done from lower Northridge Trail to Laurel Thicket.
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Culverts : Timing Inputs : Shawn Draper

	2024	2025	2026	2027	2028	2029	2030
1 Intersection Country Club Dr 42" x 100 & 48" x20' Transition	\$ 48,000						
Set up fee	\$ 5,000						
2 Entrance to WF South 12" x 43'		\$ 13,000					
3 Just past #21 13 24" x 56'		\$ 14,500					
4 Prior to South wind entrance 24" x 52'		\$ 14,000					
5 WF Pond Ver6cle overflow pipe 36" 20'		\$ 9,500					
Set up fee		\$ 5,000					
6 WF pond to Southwind 12" x 90'			\$ 25,000				
7 Golf East 12' x 58'			\$ 13,000				
8 SB Lane @ #21 15" X 40'			\$ 12,000				
Set up fee			\$ 5,000				
9 First valley Past Lakewood 24" x 110'				\$ 28,000			
10 Lower Northridge Trail 10" x 100'				\$ 16,000			
Set up fee				\$ 5,000			
11 NB Lane at first curve past Club 30" x 70'					\$ 30,000		
12 Valley Lake # 8 24' x 40'					\$ 13,000		
Set up fee					\$ 5,000		
13 Intersection Tree Cutters 15" x 60'						\$ 15,000	
14 Intersection of Lakeview 24" x 120'						\$ 29,000	
Set up fee						\$ 5,000	
15 Intersection Emery Point 36" x 115'							\$ 39,000
16 NB Lane at Ladies tee Lake #12 15" X 40'							\$ 12,000
Set up fee							\$ 5,000
TOTAL	\$ 53,000	\$ 56,000	\$ 55,000	\$ 49,000	\$ 48,000	\$ 49,000	\$ 56,000



CCH AUXILIARY BREAST CANCER COMFORT CARE FUND

was established in 2011 to assist Breast Cancer Patients and Survivors in our community with “extra comfort items” and “screening/testing” not covered by insurance or if the patient is uninsured, or financially stressed. The fund is available to women as well as men.

Some examples of comfort items and screenings; Screening mammogram, diagnostic mammogram and breast biopsy; head coverings including caps, scarves, hats, wigs and other specialty items as may be required. Also, comfort pillows, special makeup, mastectomy bras and breast prosthesis, compression garments for breast cancer patients with lymphedema (an accumulation of lymph fluid in the layers of skin that cause persistent swelling in the arm and/or breast.)

Our Auxiliary is able to do this through special fundraisers and donations received “marked for: Breast Cancer Comfort Care Fund”.

Make a donation

CCH Auxiliary
Breast Cancer Comfort Care Fund
1135 Carthage Street
Sanford, NC 27330

Contact:

CCH Volunteer Services
919-774-2100

Visit us online:

www.cchaux.com

