



Lake Junaluska

PO Box 67 • Lake Junaluska, NC 28745
www.lakejunaluska.com • 828.452.2881

July 3, 2020

Dear Lake Junaluska Property Owners,

As a property owner, chair of the Junaluska Assembly Community Council and member of the Lake Junaluska Assembly Board of Trustees, I want to give you information that addresses the annual billing and collection cycle for service charges.

In late May, I was asked to chair a task force comprised of seven property owners. We were charged with the task of looking at the billing and collection cycle for the annual service charge that all property owners pay each year. Over the past several weeks we have worked together collectively on this effort. Enclosed is a document outlining our findings and suggestions for potential changes. These findings will be presented to the Board of Trustees, Lake Junaluska Assembly, Inc. at a special called meeting later in July.

This information will also be presented during the special meeting of the Lake Junaluska Assembly Property Owners Organization (LJAPOO) meeting on July 11. Look for information about that online meeting which is included in the attached document.

Sincerely,

Karen Greenwaldt



Service Charge Task Force Report

July 2020

Proposed Change for the Billing Cycle of Service Charges

All Lake Junaluska Property Owners pay fees annually that are associated with the services provided by the Lake Junaluska Assembly Public Works (“APW”). These fees have always been paid in arrears. What that means is that services (road maintenance, etc.) are provided by APW throughout the year. At the end of each year, each property owner receives a bill for the year just ending. This long standing billing tradition does not align with best fiduciary practices and is something that our auditors recommend changing in order to plan and budget for the future.

Currently, Lake Junaluska Assembly, Inc. provides what is essentially a line of credit to APW in order for work to be provided each year before property owners pay their service charge. This document outlines changes being recommended by a Board of Trustees directed Service Charge Task Force. These recommended changes will be considered for approval by Lake Junaluska Assembly’s Board of Trustees at a special meeting in late July. Please read the following material for explanations, timelines, and information needed so that you can know and understand the proposal moving forward to the Board of Trustees.

Background (What)

- The Board of Trustees for Lake Junaluska Assembly, Inc. created a Service Charge Task Force, comprised of property owners, to address the issues around the timing of service charge billing and collections. Members are Leigh Kammerer, Nancy Coghill, George Kenney, Don Rankin, Melvin Spain, Daniel Crook and Karen Greenwaldt, Chair. Staff to the committee are Dave Nicholson, Jenna Abbott and Sindy Crenshaw.
- Currently all Lake Junaluska Property Owners receive a bill for Service Charges in December each year. In 2019 the total billed was \$850,729. All property owners regardless of tax status pay the service charge. In addition to properties owned by

individuals and families, property owners include the World Methodist Council, the Foundation for Evangelism and the Lake Junaluska Conference Center. Approximately 14% of this total bill was paid by the Lake Junaluska Conference Center.

- “Each owner shall pay such service charges as are fixed from time to time by the Lake Junaluska Assembly, Inc. Board of Trustees for the purpose of paying reasonable and specific expenses associated with the upkeep, maintenance and related costs that benefit residents of the Assembly grounds, which may include, but not be limited to, security protection, street maintenance, street lighting, drainage maintenance, bulk waste and green waste collection, and administrative costs of Lake Junaluska APW in providing such services.” (LJA Rules and Regulations, <https://tinyurl.com/ljarules>)
- Currently, the Service Charge bill pays for services provided by APW for the year just ended. Example: the bill received in December 2019 paid for services provided in 2019. The term for that payment plan is “Paying in Arrears”.

Background (Why)

- Historically, and as far as anyone living here can remember, payment of service charges has been received in arrears.
- As a result, this led to Lake Junaluska Assembly, Inc. essentially providing a “line of credit” to APW to cover the year’s expenses ahead of the collection of service charge payments. In other words, Lake Junaluska Assembly, Inc. has paid the annual bills for APW, and then APW repays the line of credit annually with receipt of billed service charges. Example: in December 2019, all property owners as described previously were billed for services charges for the year 2019. That paid off the line of credit that Lake Junaluska Assembly, Inc. had covered throughout 2019. At the end of 2020, the service charge bill will pay off the 2020 expenses incurred by APW ... and on the cycle would go unless change occurs.
- How is the service charge determined for property owners and Lake Junaluska Assembly, Inc.? For 2020 the formula used is \$.42 per \$100 assessed property value. If a property owner’s home is assessed at a value of \$250,000, the 2020 billed service charge is \$1050. The same formula is used for identifying the service charge billed to the Lake Junaluska Assembly, Inc. The Haywood County Tax Assessor determines the property value.
- Service Charges collected from all property owners are ONLY used for expenses incurred and which are listed in the section above. Also, NOTE that service charges have NO relationship to the payment for water/sewer services provided by the monthly billing of water/sewer charges.

- Because of present financial realities, paying in arrears could become problematic. Best business practices and industry standards suggest that paying service charges at the beginning of a year is preferred to using a line of credit provided by Lake Junaluska Assembly, Inc. and to having users of APW services providing payment in arrears. The present realities related to COVID-19 have exposed the fallacy of using this method of collecting service charges and have accelerated the need for change.

Recommendation (How and When)

To change from an arrears payment plan, all property owners need to shift to paying service charges for services provided by APW in the current year prior to incurring expenses.

- The recommendation to change the service charges billing cycle will be presented to Lake Junaluska Assembly, Inc. Board of Trustees during a special meeting in late July. The plan being presented is this:
 - The 2020 Service Charge will be billed in September 2020 with a November 30, 2020 due date.
 - The 2021 service charge will be billed in January 2021. Property owners who choose to pay the entire 2021 service charge bill by January 31, 2021 will receive a 5% incentive reduction in the billed charge. If a property owner prefers instead to pay the 2021 service charge in monthly increments throughout 2021, the property owner will receive a monthly bill. NOTE: the incentive reduction in the service charge only is applied to the bill paid by January 31, 2021.
- If approved by the Board of Trustees, property owners will be provided with final details that confirms and/or changes the above described plan.

Next Steps

- This document provides each property owner notification of the proposal going to the Board of Trustees regarding the timing of when service charges are billed and collected.
- Immediately following the LJAPOO online meeting on July 11, 2020, members of the Service Charge Task Force will be available for a period for questions and answers. If you want to participate in that discussion time, please remain online after the LJAPOO meeting. See link below.
- Additional time for questions and answers will be provided for property owners on July 16, 2020, at 10:00 am (see link below). An August information meeting is also planned. The details for the August meeting will be sent out separately based on the latest

COVID-19 guidance. Watch for information sent to you via the Junaluska's email service.

- In addition, you are invited to view a video that describes what this paper discusses.
<https://tinyurl.com/ServiceChargeVideo>
- Further information about this proposal and action by the Board of Trustees will be sent in your water bill.
- Questions you may have can be sent to: publicworks@lakejunaluska.com
- Proposed Timeline:
 - July 6 Mail out letter to all property owners
 - July 11 LJAPOO online meeting followed by property owners conversation with task force members*
<https://tinyurl.com/LJAPOOmtg>
 - July 16 Property owner online information session
<https://tinyurl.com/LJAInfoSession>
 - Late July Board of Trustee (online) special meeting
 - July 24 Send insert to printer (included in July water bill)
 - August 11 Property owner information meeting following the Junaluska Community Council Meeting
<https://tinyurl.com/JACCmtg>
 - September 1 2020 Service Charge bills mailed
 - November 30 2020 Service Charge bills due
 - January 1, 2021 2021 monthly billing begins, discount for full payment in January

*LJAPOO meeting is online only and not in Stuart Auditorium as previously announced.