

TREASURER'S REPORT
For the Year to Date, September 30, 2022

ANNUAL MEETING
November 4, 2022

The certified public accounting firm of Doane CPA Firm audited the books of the Association for the year ending December 31, 2021. Their final report, which indicates the financial position of the Association as of the end of 2021, will be mailed to the membership this month with the annual meeting minutes.

This report will reflect the data from the last financial statement available, which is as of September 30, 2022.

The Association ended September with a loss of income to expenses of \$54,682 for the year to date. The two major areas contributing to the shortfall are outsourcing the Association's landscaping and increased trash collection costs, as stated below.

There is \$1,055,951 in operating funds. Accounts receivable total \$254,335, \$217,924 of which is for fourth quarter fees invoiced in September but not due until October 1. Of the remaining \$36,411, \$12,596 is currently in attorney collection, \$8,551 is beginning the attorney collection process, and the remainder was paid during the month of October. Accounts payable total \$61,604.

The most significant overbudget items as of September 30, year to date, are:

- Landscaping service, overbudget by \$111,660, due to outsourcing landscaping beginning June 1. This amount is partially offset by underbudget amounts in grounds payroll, health insurance, and payroll taxes, as well as gasoline, tools and equipment and vehicle maintenance totaling \$74,438, resulting in an actual overbudget amount of \$37,222
- Trash removal, overbudget by \$40,003 due to the Association having to acquire a new vendor to dispose of landscaping debris at a much higher cost, as well as rate increases by the vendor who handles household trash and furniture and construction disposal.
- Legal expenses, overbudget by \$29,078 for the year, mostly due to activities surrounding the board member recall, which resulted in arbitration. A small claims court action regarding towing also contributed to the overage.
- Landscape chemicals, overbudget by \$11,348, due to skyrocketing costs.
- Tree care, overbudget by \$10,150, for dying trees that needed to be removed.
- Building materials, overbudget by \$8,584 due to increased costs of materials.

- Vehicle maintenance in buildings, overbudget by \$7,344, due to increased gas prices and repairs needed on the tractor, lift and trucks.
- Water and sewer, overbudget by \$10,910, which is partially offset by underbudget amounts in laundry utilities of \$5,175. However, those amounts will likely change in the future, due to issues the new owner of the utility is having with billing and the fact that the Association has had to estimate costs for accounting purposes.
- Administrative payroll, overbudget by \$3,966, due to extra projects requiring the assistance of the Association's part-time accounting person.
- Other overbudget expenses include mailbox expense, overbudget by \$2,942 for the purchase of a new cluster box; electrical and plumbing contractors, overbudget by \$2,611; insurance deductible expenses, overbudget by \$5,012

The primary underbudget areas as of September 30 include:

- Building payroll, health insurance and related payroll taxes, underbudget by a total of \$34,248, due to staffing shortages.
- Painting contractor and building paint, underbudget by a total of \$13,086, due to the carpentry department having been short-staffed and behind on the preventative maintenance.
- Termite, bee and wasp service, underbudget by \$6,200, due to tenting for one unit being scheduled this year but, as of yet, not needed.
- Besides the underbudget amounts previously mentioned in building and grounds health insurance, health insurance costs are also underbudget in HVAC and administration by \$3,652 and \$7,027 respectively, due to premiums coming in lower than anticipated at the October 2021 renewal. However, premium rates increased in October 2022.
- Other underbudget areas include lighting, underbudget by \$5,442, and postage, printing and billing, underbudget by \$3,536.

Income from laundry equipment is \$111,002, and storage rental income is \$8,849. Service contract and service calls income for the HVAC department is \$36,513. Total interest income thus far is \$289: \$230 from operating funds and \$59 from reserve funds.

The Association ended September with \$832,593 in reserves. The two largest are the laundry room reserve, at \$238,603, for the eventual replacement of the laundry equipment, and the parking lot resurfacing reserve at \$189,472. The multi-unit roof reserve carries a balance of \$72,619. The multi-unit building reserve and the lakeloft reserve carry balances of \$44,101 and \$103,996, respectively. The landscape reserve carries a balance of \$67,976, and the office and maintenance equipment reserve carries a balance of \$115,766.

The cash reserves are primarily invested in CDs, money markets and savings accounts at SouthState Bank, Mid-Florida Federal Credit Union, Quantum National Bank, Citizens Bank, TD Bank and Truist Bank. The interest rates on these accounts vary, with an average rate of return of approximately .28 percent.

Respectfully submitted,

John R. "Randy" Kuhl, Treasurer