

Shearwater Treasurer's Report - Unaudited

January 2018 – FY2018

Submitted by Joy Ambrogio Treasurer

March 22, 2018

Snapshot YTD January 2018:

Operating Income/Expenses

YTD Operating Fund Balance	(\$1,608)
YTD Operating Expense Status	3.5% under budget
YTD Operating Revenue (income) Status	2.2% under budget

Reserve Balance - Unaudited

Total Reserves	\$964,242
Replacement Reserve Balance	\$846,795
Paint Reserve Balance	\$117,447

- **Operating Income**
 - Unit Assessment Revenue is on target.
 - Marina Assessment revenue is under budget, we expected to be closer to budget once the marina assessments are invoiced in February. This report reflects January's financials. MMG has focused on collecting all that is due for 2017 before 2018 is invoiced
 - Marina guest fees are over budget.
 - Our total revenue is 2.2% under budget.
- **Operating Expenses (spending)**
 - Operating expenses are under budget YTD through January by 3.5%.
 - There are some line items that are over budget due to timing and are not indicative of an issue (Insurance Premiums, and Pool Management).
 - There are also some line items under budget due to timing of invoices, that we expect to be on budget when paid (Flood Insurance, Utilities and Scheduled Maintenance)
 - **Audit:** I have had a few preliminary discussions with our independent auditor Shawn Hellman of Strauss & Associates, P.A., who have been our auditors since 2003. Our annual FY2017 (July 2016 through June 2017) audit has begun and is expected in March 2018.

- **Forecast for FY2018:** We are already through 58.3% of our fiscal year. Although we can't predict with absolute certainty what all our revenues and expenses will be in FY2018, there are some items that may affect our net income that I want to address. Please note, these are forecasts on given information at this time.

- **Projected Negative impacts on Net Income:**

- **Legal Fees (and collection costs)** will be over our annual budget of \$5k. We have spent \$12,495 YTD. We are also tracking, reclassifying some costs to the reserve fund from expense. We anticipate more legal costs and an overage for the year. This is an extraordinary year with regard to legal costs. Most of our overages are due to legal advice from the survey work that was done on our property. This is an ongoing situation. There is also an older collection case we are pursuing on the recommendation of our attorney. We hope to recoup at least some of the \$10k of a previous owners' delinquent assessment. This previously owed assessment receivable was moved to our balance sheet in 2015 and 2016.
- **Tree Maintenance** will be over our annual budget of \$5k. To date we have spent \$5,810 and expect to spend upwards of \$10k in this fiscal year.
- **Grounds Maintenance** is expected to be over budget, due to the fact the contract prices changed during the budget process. We expect this overage to be about \$3k.
- **Marina Revenue** (Marina Assessment, Marina Guest fees and Kayak/Dinghy fees) are likely to be under the combined budget amount of \$54,500 slightly. February's financials will give us a clearer picture.
- **General Maintenance** has costs through January are running high. We have budgeted \$65k for the year and have spent \$37,909 through January. We are monitoring this account and do expect a reclassification of some costs to our reserve account. We are still hoping to end the year on budget for this line item, but have been just made aware of some items that push us over our budget.

- **Reserve Funds:**

- Contributions to our painting and replacement reserve funds are on target for FY2018. Our **unaudited** total reserve balance is \$964,242 (\$846,795 replacement and \$117,447 paint fund).
- Below is a tentative list of reserve expenditures we are anticipating for **FY2018**. We are waiting on some RFPs and estimates to complete our list.
 - Site Lighting PHI/Building – Walter Electric Bid accepted and installation is in progress

- Community Signs – Completed by Fast Signs.
- Racquet Ball Court Refurbishment (**may move into FY2019**)
- Deck Replacement project
- Siding Replacement
- **FY2019** our tentative list of larger replacement projects, subject to all appropriate approvals, includes:
 - Site lighting PHII (posts and heads)
 - Kayak Rack
 - Racquet Ball Court Refurbishment (if moved to FY2019)
- **FY2020** our tentative list of larger replacement projects, subject to all appropriate approvals, includes:
 - Marina Bulkhead Repair (bldg. 15 & 16), water lines and possible dredging.
 - Landscape Lighting PHIII

Shearwater Condominium Association
Budget Status as of January 2018 - (Unaudited)

JEA 3/12/18

7 th Accounting Period FY 18

% of Year = **58.3%**

Operating Account

	Annual Budget	Year-to-Date Actuals	Actual vs Budget (%)
Operating Income	697,633	391,403	56.1%
Unit Assessment	641,783	376,322	58.6%
Marina	54,500	10,434	19.1%
Late Fees	500	-94	-18.8%
Other	850	4,741	557.7%
Operating Expenses	395,589	216,819	54.8%
<i>General and Administrative</i>	111,855	73,642	65.8%
Management Fee	22,655	13,280	58.6%
Audit Fees	1,500	0	0.0%
Legal Fees & Collection Costs	5,000	12,495	249.9%
Postage and Mail	2,000	335	16.7%
Insurance Premiums	45,000	41,588	92.4%
Insurance Claims	5,000	2,215	44.3%
Flood Insurance	24,000	0	0.0%
Office Supplies	3,000	2,620	87.3%
Taxes	700	653	93.2%
Other (Misc G&A and Bank Fees)	3,000	456	15.2%
<i>Utilities</i>	83,400	41,942	50.3%
Electricity	18,000	8,913	49.5%
Cable TV	29,000	12,750	44.0%
Water & Sewer	34,000	19,351	56.9%
Telephone	2,400	928	38.7%
<i>Maintenance</i>	112,300	46,717	41.6%
Landscaping	5,000	0	0.0%
Irrigation	1,300	576	44.3%
Tree Maintenance	5,000	5,810	116.2%
Marina Repairs	4,000	1,450	36.3%
General Maintenance	65,000	37,909	58.3%
Roof Repairs	15,000	702	4.7%
Scheduled Maintenance	14,000	0	0.0%
Pool Repairs	1,500	270	18.0%
Tennis Courts	1,500	0	0.0%
<i>Contract Services</i>	88,034	54,516	61.9%
Grounds Maintenance	29,904	21,254	71.1%
Trash Removal	8,500	4,681	55.1%
Extermination	5,800	5,040	86.9%
Snow Removal	8,000	7,047	88.1%
Janitorial Services	12,730	7,105	55.8%
Pool Management	23,100	9,390	40.6%
Net Income before Transfers	302,044	174,584	57.8%
Transfer to Replacement Reserve Fund	273,044	159,276	58.3%
Reserve Payback	9,000	5,250	58.3%
Transfer to Painting Reserve Fund	20,000	11,667	58.3%
Total Expenses	697,633	393,011	
Net Income		(1,608)	

Reserve Accounts

		Replacement	Paint
Audited Balance -		673,634	85,374
	7/1/2016		
Starting Balance - Unaudited		814,111	105,587
	6/30/2017		
Year-to-Date		32,684	11,860
<i>Income</i>		<i>159,525</i>	<i>11,860</i>
	Fees	0	0
	Interest	249	193
	Transfer from operating fund	159,276	11,667
Expenses		126,841	0
9930	Reserves - Lighting PHI- Building lighting	68,935	0
9935	Reserves - landscaping	2,725	
9955	Reserves - Clubhouse	2,861	
9961	Reserves - Siding	17,099	
9962	Reserves - Awning	2,423	
9965	Reserves - Marina	9,110	
9980	Reserves - Decks	21,188	
9982	Reserves - Signs	2,499	
Total Reserve Funds (Unaudited)		964,242	117,447