

## **COMMENTS ON THE JULY 2012 FINANCIAL RESULT**

With July we completed 75% of our financial year. This month we are pleased to report a very positive note on our receivable. Unit 121 went to foreclosure auction a couple of months ago and the mortgage was backed up by the Federal National Mortgage Association so we managed to recoup all of our dues, a total of \$19,502.00. This completely changes the picture of our bad debt cost.

We have no new development to report on the insurance front besides the obligation for the Garden Windows and the circular ones. So far no inspection has been made by Citizens. It is a given that it will be part of next year's budget. Your Board is simply trying to gain time in order to allow the unit owners with a garden window to have them replaced. As mentioned next year's budget will include a new item of \$40,000.00 to cover the Association's share to fix the situation.

## **GENERAL COMMENTS**

You should have received the information forwarded to you regarding the Miner Road plan, the completion of the gazebos, and the update on the summer maintenance projects. We are in the process to obtain bids on the building painting and partial black-top coating of our streets. We are also trying to find a solution for the sidewalk slope at the clubhouse pool that needs to be fixed.

We are currently working on an update of the Rules and Regulations, which your Board hopes to introduce at a Board meeting in October; a first draft was submitted by the undersigned and reviewed by the committee working on this subject, headed by Secretary Stephane Lamarche, with support from Directors Normand Cadieux and Michael Shane. We are now in the final review stage before submission to the full Board for their input. The undersigned is also working on preparation of support data for next year's budget, which will be sent to your attention by September 20.

## **FINANCIAL RESULT**

The **Revenue** report shows that we have increased the miscellaneous income due to the positive result of unit 121. In addition to fee recoveries we have recovered what was not paid on special assessments and late fee charges. The financial impact of this recovery will be fully recorded with the August report. We now forecast a minimum of 24 units that will have changed hands during the current fiscal year.

**Utilities expenses:** We lowered our satellite TV cost to \$63,000.00 compared to a budget of \$70,000.00, and increased our cost for garbage and recycling to \$41,000.00. As mentioned, we have resolved the issue with Waste Management. Cost of water and sewage may also be lower depending on residents' attention to consumption. Current forecasts indicate \$221,000.00 compared to a budget of \$225,000. With residents practicing water conservation it can go as low as \$219,000.00, so please keep this in mind.

As far as the **Administrative expenses** are concerned we have lowered our total forecast from \$575,610.00 last month to \$563,060.00 this month. The main reason for this improvement is the bad debt resolution on unit 121. This positive result offsets the increase in insurance premiums.

For the whole administrative section we are in positive territory (\$3,840.00). We made minimal adjustments to the administrative and maintenance salary and costs related to taxes and employee benefits.

On the receivable we are keeping the pressure on the mortgage companies involved in order to have them move faster on a couple of situations.

Travel and mileage expenses are reimbursement to employees when they have to use their personal vehicle for Waterside business all in accordance with tax rules. So far this year the Manager was reimbursed \$679.00 and Maintenance personnel \$519.00.

On the ***Maintenance expenses*** front, this is where we will continue to invest, besides the negative impact of replacing nearly 100 fire extinguishers, as they will have reached their 12-year time limit. We are now projecting that we will exceed budget by \$16,644.00 as we will invest a substantial sum of money in new trees and bushes (\$23,000.00), in grounds maintenance (\$38,000.00), in fertilization, and for weed control (\$16,500.00). These are record amounts. We have already planted over 750 new trees and bushes and more will be done this fall in the areas surrounding the new gazebos and the Miner Road set up, after completion of repairs to hedges damaged by white flies. In grounds maintenance we have done a lot so far with new sod, additional dirt, signage, ground repairs, and are left with the mulch application. For weeds we just awarded an \$8,000.00 contract to Kerry Landscape for removal and application of chemicals. We tried all year to do it on a manual basis in order to eliminate the use of chemicals, but it is impossible and we need to fix the situation before the mulch application. This summer has been very hot and rainy -- the right mix for the weed growth.

The result shows a surplus of revenue over expenses of \$7,616.00. This is necessary to cover the cost of capitalized items in relation to the Miner Road land.

We would like to provide some information on the ***Reserve***. As of the end of July our total reserve value amounts to \$538,340.00 supported by equivalent term deposits and bank balance. We now have \$188,615.00 for the roofs, \$8,470.00 for painting, \$97,255.00 for asphalt, pools replacement \$24,039.00, awnings \$ 63,575.00, sprinklers \$26,971.00, TV infrastructure \$9,375.00, working capital \$89,375.00 and finally \$30,665.00 in interest reserve. The reserve for painting is really a symbolic one, as we have to respect the Florida Statute, but we do charge all yearly costs to the operating budget. The working capital reserve, when used, is for a special funding requirement, like the insurance payment, and needs to be refunded within the same fiscal year. All this is supported by deposits at PNC Bank \$164,040.00, at Regions Bank \$124,300.00, and at Iberia Bank \$250,000.00. Funding is done on a monthly basis without exception.

***Conclusion:*** Your Association is on track not only to achieve budget expectation, but to invest a lot more than expected.

**Andre Mongrain    President/Treasurer**

**WATERSIDE FINANCIAL RESULT**  
**AS OF JULY 31, 2012**

| <u>REVENUE</u> | <u>DESCRIPTION</u>       | <u>YTD</u>       | <u>YTD</u>       | <u>TOTAL YEAR</u> | <u>2011/2012</u> | <u>VARIANCE</u> |
|----------------|--------------------------|------------------|------------------|-------------------|------------------|-----------------|
|                |                          | <u>ACTUAL</u>    | <u>BUDGET</u>    | <u>FORECAST</u>   | <u>BUDGET</u>    |                 |
|                |                          |                  |                  |                   | <b>290</b>       |                 |
|                | NSF FEE                  | 270              | 0                | 270               | 0                | 270             |
|                | 100 ASSESSMENTS **       | 1,003,095        | 1,003,410        | 1,337,880         | 1,337,880        | 0               |
|                | 102 LATE FEE INCOME      | 3,625            | 3,000            | 4,700             | 4,000            | 700             |
|                | 103 INTEREST INCOME      | 26               | 375              | 100               | 500              | -400            |
|                | 104 TRANSFER FEE         | 2,850            | 2,250            | 3,600             | 3,000            | 600             |
|                | 106 ACCESS/GATE CARDS    | 30               | 150              | 50                | 200              | -150            |
|                | 107 SCREENING FEE        | 23,945           | 24,000           | 31,000            | 32,000           | -1000           |
|                | 108 MISCELLANEOUS INCOME | 1,297            | 1,500            | 3,700             | 2,000            | 1700            |
|                | <b>TOTAL REVENUE</b>     | <b>1,035,138</b> | <b>1,034,685</b> | <b>1,381,300</b>  | <b>1,379,580</b> | <b>1720</b>     |

**EXPENSES**  
**UTILITIES**

|  |                         |                |                |                |                |                |
|--|-------------------------|----------------|----------------|----------------|----------------|----------------|
|  | 200 ELECTRIC            | 30,260         | 35,250         | 42,500         | 47,000         | -4,500         |
|  | 201 WATER & SEWER       | 168,330        | 168,750        | 221,000        | 225,000        | -4,000         |
|  | 202 GARBAGE & RECYCLING | 29,771         | 27,750         | 41,000         | 37,000         | 4,000          |
|  | 203 PROPANE GAS         | 73             | 375            | 500            | 500            | 0              |
|  | 204 CABLE T.V.          | 45,404         | 52,500         | 63,000         | 70,000         | -7,000         |
|  | 205 TELEPHONE           | 5,439          | 5,400          | 7,200          | 7,200          | 0              |
|  | 205.1 WIFI              | 1,160          | 1,500          | 1,750          | 2,000          | -250           |
|  |                         | <b>280,437</b> | <b>291,525</b> | <b>376,950</b> | <b>388,700</b> | <b>-11,750</b> |

| <u>ADMINISTRATIVE</u> | <u>DESCRIPTION</u>           | <u>YTD</u><br><u>ACTUAL</u> | <u>YTD</u><br><u>BUDGET</u> | <u>TOTAL YEAR</u><br><u>FORECAST</u> | <u>2011/2012</u><br><u>BUDGET</u> | <u>VARIANCE</u> |
|-----------------------|------------------------------|-----------------------------|-----------------------------|--------------------------------------|-----------------------------------|-----------------|
|                       | 300 PAYROLL-ADMINISTRATIVE   | 80,135                      | 85,162                      | 110,500                              | 113,550                           | -3,050          |
|                       | 301 PAYROLL-MAINTENANCE      | 53,201                      | 54,000                      | 73,000                               | 72,000                            | 1,000           |
|                       | 302 PAYROLL TAXES            | 12,654                      | 13,125                      | 17,000                               | 17,500                            | -500            |
|                       | 302.1 EMPLOYEE BENEFITS      | 9,669                       | 12,750                      | 13,000                               | 17,000                            | -4,000          |
|                       | 304 SECURITY GUARDS          | 37,051                      | 41,250                      | 55,000                               | 55,000                            | 0               |
|                       | 305 ACCOUNTING               | 18,365                      | 19,125                      | 25,000                               | 25,500                            | -500            |
|                       | 305.1 BANK FEES              | 706                         | 450                         | 900                                  | 600                               | 300             |
|                       | 305.2 BAD DEBT               | 13,949                      | 18,000                      | -4,000                               | 24,000                            | -28,000         |
|                       | 305.3 COLLECTION COST        | 7,415                       | 6,750                       | 10,000                               | 9,000                             | 1,000           |
|                       | 306 AUDITING                 | 4,400                       | 3,525                       | 4,400                                | 4,700                             | -300            |
|                       | 307 LEGAL                    | 56                          | 3,000                       | 2,000                                | 4,000                             | -2,000          |
|                       | 308 PROPERTY TAX             | 2,860                       | 2,025                       | 2,860                                | 2,700                             | 160             |
|                       | 309 INCOME TAX               | 0                           | 375                         | 500                                  | 500                               | 0               |
|                       | 310 INSURANCE                | 153,192                     | 138,750                     | 212,000                              | 185,000                           | 27,000          |
|                       | 311 OFFICE SUPPLIES          | 1,697                       | 2,438                       | 2,500                                | 3,250                             | -750            |
|                       | 312 POSTAGE & SHIPPING       | 757                         | 1,350                       | 1,500                                | 1,800                             | -300            |
|                       | 313 LICENSES                 | 2,334                       | 1,875                       | 2,500                                | 2,500                             | 0               |
|                       | 314 TRAVEL & MILEAGE         | 1,198                       | 600                         | 1,400                                | 800                               | 600             |
|                       | 315 MEETINGS & EDUCATION     | 0                           | 225                         | 300                                  | 300                               | 0               |
|                       | 316 SCREENING                | 7,380                       | 7,125                       | 9,500                                | 9,500                             | 0               |
|                       | 317 ALARM SYSTEM             | 317                         | 525                         | 700                                  | 700                               | 0               |
|                       | 318 COMPUTER REPAIR/SERVICE  | 2,212                       | 1,500                       | 3,000                                | 2,000                             | 1,000           |
|                       | 319 COPIER                   | 3,134                       | 3,000                       | 4,000                                | 4,000                             | 0               |
|                       | 320 MISCELLANEOUS ADMIN.EXP. | 3,809                       | 3,000                       | 4,500                                | 4,000                             | 500             |
|                       | 320.1 WEBSITE IMPROVEMENT    | 30                          | 1,500                       | 1,500                                | 2,000                             | -500            |
|                       | 323 SOCIAL FACILITIES        | 7,239                       | 3,750                       | 9,500                                | 5,000                             | 4,500           |
|                       |                              | <b>423,760</b>              | <b>425,175</b>              | <b>563,060</b>                       | <b>566,900</b>                    | <b>-3,840</b>   |

| <u>DESCRIPTION</u>             | <u>YTD<br/>ACTUAL</u> | <u>YTD<br/>BUDGET</u> | <u>TOTAL YEAR<br/>FORECAST</u> | <u>2011/2012<br/>BUDGET</u> | <u>VARIANCE</u> |
|--------------------------------|-----------------------|-----------------------|--------------------------------|-----------------------------|-----------------|
| <b>MAINTENANCE</b>             |                       |                       |                                |                             |                 |
| 400 GASOLINE                   | 1,094                 | 750                   | 1,300                          | 1,000                       | 300             |
| 401 SPRINKLERS                 | 4,625                 | 3,750                 | 6,000                          | 5,000                       | 1,000           |
| 402 PEST CONTROL               | 13,967                | 9,750                 | 21,000                         | 13,000                      | 8,000           |
| 402.6 MISC. MAINT.EXP.         | 655                   | 1,500                 | 1,000                          | 2,000                       | -1,000          |
| 403 LANDSCAPING                | 86,593                | 85,500                | 114,000                        | 114,000                     | 0               |
| 403.1 FERTILIZATION-WEED CONT. | 7,316                 | 6,000                 | 16,500                         | 8,000                       | 8,500           |
| 404 TREE TRIMING               | 7,491                 | 11,250                | 7,491                          | 15,000                      | -7,509          |
| 404.1 NEW TREES & BUSHES       | 18,530                | 13,500                | 23,000                         | 18,000                      | 5,000           |
| 405 BUILDING MAINTENANCE       | 16,926                | 18,000                | 24,000                         | 24,000                      | 0               |
| 406 GROUNDS MAINTENANCE        | 28,225                | 18,000                | 38,000                         | 24,000                      | 14,000          |
| 407 SECURITY GATE EXPENSE      | 3,435                 | 6,000                 | 6,000                          | 8,000                       | -2,000          |
| 408 CAMERA & VIDEO EXP.        | 1,338                 | 3,750                 | 2,000                          | 5,000                       | -3,000          |
| 409 PLUMBING EXP.              | 961                   | 3,000                 | 3,000                          | 4,000                       | -1,000          |
| 410 ELECTRICAL EXP.            | 2,989                 | 3,000                 | 4,000                          | 4,000                       | 0               |
| 411 POOL SUPPLIES & REPAIR     | 11,483                | 6,750                 | 14,000                         | 9,000                       | 5,000           |
| 412 STREET MAINTENANCE         | 697                   | 2,250                 | 3,500                          | 3,000                       | 500             |
| 413 UNIFORMS                   | 0                     | 188                   | 250                            | 250                         | 0               |
| 414 GOLF CARTS                 | 2,518                 | 8,250                 | 4,000                          | 11,000                      | -7,000          |
| 415 LOCKSMITH                  | 28                    | 375                   | 300                            | 500                         | -200            |
| 416 FIRE SAFETY                | 3,068                 | 3,750                 | 9,700                          | 5,000                       | 4,700           |
| 417 JANITORIAL SUPPLIES        | 1,025                 | 1,500                 | 2,000                          | 2,000                       | 0               |
| 418 AWNINGS REPAIRS            | 0                     | 22,500                | 24,000                         | 30,000                      | -6,000          |
| 420 PAINTING PROGRAM           | -360                  | 32,250                | 43,000                         | 43,000                      | 0               |
| 421 STREET LIGHT               | 0                     | 750                   | 2,500                          | 1,000                       | 1,500           |
| 425 POOL CHAIRS/TABLES         | 0                     | 1,500                 | 2,000                          | 2,000                       | 0               |
| 426 ENTRANCE SIGNS/FOUNTAIN    | 16,071                | 3,750                 | 16,071                         | 5,000                       | 11,071          |
| 429 BENCHES REPLACEMENT        | 2,034                 | 2,250                 | 5,000                          | 3,000                       | 2,000           |
| 432 MAIN OFFICE/GUARD HOUSE    | 0                     | 2,625                 | 0                              | 3,500                       | -3,500          |
| 433 LIBRARY                    | 3,282                 | 3,750                 | 3,282                          | 5,000                       | -1,718          |
| 478 GAZEBO                     | 10,600                | 13,500                | 16,000                         | 18,000                      | -2,000          |
| LIGHT RETENTION POUND          | 0                     | 7,500                 | 0                              | 10,000                      | -10,000         |
|                                | <b>244,591</b>        | <b>297,188</b>        | <b>412,894</b>                 | <b>396,250</b>              | <b>16,644</b>   |

| <u>DESCRIPTION</u>          | <u>YTD</u><br><u>ACTUAL</u> | <u>YTD</u><br><u>BUDGET</u> | <u>TOTAL YEAR</u><br><u>FORECAST</u> | <u>2011/2012</u><br><u>BUDGET</u> | <u>VARIANCE</u> |
|-----------------------------|-----------------------------|-----------------------------|--------------------------------------|-----------------------------------|-----------------|
| 450 CONTINGENCY             | 6                           | 20,797                      | 20,780                               | 27,730                            | -6,950          |
| 476 INTEREST EXPENSE        | 0                           | 0                           | 0                                    | 0                                 | 0               |
|                             | <b>6</b>                    | <b>20,797</b>               | <b>20,780</b>                        | <b>27,730</b>                     | <b>-6,950</b>   |
| <b>GRAND TOTAL EXPENSES</b> | <b>948,794</b>              | <b>1,034,685</b>            | <b>1,373,684</b>                     | <b>1,379,580</b>                  | <b>-5,896</b>   |
| <b>REVENU OVER EXPENSES</b> | <b>86,344</b>               | <b>0</b>                    | <b>7,616</b>                         | <b>0</b>                          | <b>7,616</b>    |

| <u>DESCRIPTION</u>           | <u>YTD</u><br><u>ACTUAL</u> | <u>YTD</u><br><u>BUDGET</u> | <u>TOTAL YEAR</u><br><u>FORECAST</u> | <u>2011/2012</u><br><u>BUDGET</u> | <u>VARIANCE</u> |
|------------------------------|-----------------------------|-----------------------------|--------------------------------------|-----------------------------------|-----------------|
| <b>RESERVES</b>              |                             |                             |                                      |                                   |                 |
| 2510 ROOFS                   | 18,750                      | 18,750                      | 25,000                               | 25,000                            | 0               |
| 2515 PAINTING                | 1,800                       | 1,800                       | 2,400                                | 2,400                             | 0               |
| 2530 ASPHALT                 | 11,250                      | 11,250                      | 15,000                               | 15,000                            | 0               |
| 2542 POOLS                   | 7,500                       | 7,500                       | 10,000                               | 10,000                            | 0               |
| 2543 AWNINGS                 | 7,500                       | 7,500                       | 10,000                               | 10,000                            | 0               |
| 2546 SPRINKLERS              | 3,750                       | 3,750                       | 5,000                                | 5,000                             | 0               |
| 2547 TV CABLE INFRASTRUCTURE | 9,375                       | 9,375                       | 12,500                               | 12,500                            | 0               |
| 2545 WORKING CAPITAL         | 9,375                       | 9,375                       | 12,500                               | 12,500                            | 0               |
| 2544 INTEREST REV. RESERVE   | 5,775                       | 4,000                       | 8,000                                | 6,000                             | 2,000           |
|                              | <b>75,075</b>               | <b>73,300</b>               | <b>100,400</b>                       | <b>98,400</b>                     | <b>2,000</b>    |

**ANDRE MONGRAIN, President/Treasurer**

**Aug-09-12**