

Imperial Golf Estates Homeowners Association

Treasurer's Report

To The Board of Directors

September 8, 2022

June Operating Results:

In June our monthly income was below budget by \$4,213.97 (3.9%) and our expenses were above budget by \$6,743.42 (6.3%) with the net result a deficit of \$10,957.39. The income shortfall was driven primarily by home Sales and Transfer Fees under budget by \$2,667.00. Similarly one item, Miscellaneous Expense of \$8,553.00 to relocate the Zach's Lake bubbler compressor, is the primary cause of the excess expense. However it should be noted that there was a related miscellaneous income item offset of \$8,000.00 in a prior month

At this halfway point of our fiscal year, year-to-date we continue to be above budget for income (1.4%) and below budget for expenses (1.5%), resulting in a surplus of \$18,930.16.

July Operating Results:

In July, the seventh month of our fiscal year, our income was below budget by \$410.41 (0.4%) and our expenses were above budget by \$4,587.47 (4.3%) with the net result a deficit of \$4,997.88. The expense result was almost solely caused by repairs to the Entrada gate totaling \$5,535.11 over budget.

In the year-to-date view we continue to be above budget for income (1.2%) and below budget for expenses (1.7%), resulting in a surplus of \$21,311.28. To the discerning eye the year-to-date results between June and July may seem odd given the results for July applied to the June YTD figures. This is due to minor audit adjustments applied following completion of the audit of fiscal year 2021.

Fiscal Year 2021 Audited Results:

The audit has been completed with minor adjustments to the financials. For Fiscal Year 2021 the Association had an excess of expense over income of \$93,761 reflecting a surplus of income over budget of \$33,055 (2.7%) and an excess of expenses over budget of \$126,816 (10.2%). The deficit can be mainly attributed to the following four areas with the highest dollar amounts over budget: Legal (\$97,552), Lake Maintenance (\$13,297). Building Maintenance (\$9,410) and Tree Trimming and Replacement (\$7,420).

It should be noted that the excess legal expenses were almost solely driven by a noise study and negotiations with Collier County and the new high school to provide noise mitigation. In both cases our preference was the installation of a wall between our residences and Veterans Parkway and the school. Our efforts, while costly, have resulted in the county agreeing to erect a wall from Livingston Road to the high school at a cost estimated to be \$2.2 Million. While the high school has not agreed to a wall, they will be installing a 14 foot berm and significant vegetation which will provide noise mitigation.

The second highest budget excess was due to a significant outbreak of unwanted algae and other vegetation in our lakes last summer, requiring frequent applications of limited amounts of chemicals.

Homeowner Association Finances Assessment:

Looking forward to the remainder of the year we can expect to see some decline in revenues as a result of decreased home sales due to rising interest rates. We can also expect expense increases due to inflation. We have seen fuel surcharges being applied in some instances by our vendors and we will experience significant increases in our insurance renewals occurring in September. We are also incurring increased prices for fuel, parts and supplies used in normal maintenance operations.

Overall, the Imperial Golf Estates Homeowners Association's fiscal results continue to be healthy with adequate cash flow to fund operations and grow reserves. By year-end it can be expected that we will not have an operating surplus of revenues over expenses. We do not expect significant deficits.

Signed:

Conrad Peacock, Treasurer