

## **Treasurer's Report—02/28/10 Fiscal Year 2009**

Enclosed you will find the following items:

- 2008 Actual Expenses and Checking, Money Market & CD recaps
- 2009 Actual Expenses
- 2009 Checking, Money Market & CD account recaps
- Balance Sheet as of December 2009

The 2008 spreadsheets are provided to give you a reference for expenses & revenue for 2008. You will note that 2008 expenses (exclusive of trail reserve contributions) totaled \$87,890 (rounded). The year end balance for checking was \$9,018.44 and money market was \$40,991.22, which were carried forward to the respective 2009 spreadsheets.

The next two items, 2009 Actual Expenses and 2009 Checking, etc. provide expanded information on HOA financial matters.

The Expenses sheet lists the expenses, trail reserve, etc. paid each month by general category; however, the spreadsheet reflects when the costs were entered into the financial system as paid, not necessarily when the services were provided. Total 2009 expenses were \$92,365 (rounded). The 2009 Budget totaled \$100,870 which included \$5,000 of Trail Reserve contributions. In order to compare "expenses" to budget, the trail reserve contributions of \$5,000 need to be added to the expenses which results in a total of \$97,365. Therefore, we ended the year approximately \$3,500 under budget. As with any budget, individual line items varied over and under budget. The most significant item over budget was Sprinklers & Ponds/Fountains at approximately \$6,640 over. This was primarily due to the extremely dry / drought conditions we experienced in the Spring & early Summer months. The irrigation pond fill pumps for the systems at the County 4 entrance and Woodlands/268<sup>th</sup> had to be replaced with larger units and both sand point wells redone; the cattails that had overgrown the Woodlands/268<sup>th</sup> pond had to be cleaned out; 87 system heads required replacement and the Signature Pond fountain electrical control box sustained considerable damage from an apparent lightning strike. The other significant over budget item was Electric at approximately \$2,040 over which was primarily due to rate increases enacted by Connexus after the budget had been approved and increased electrical costs for irrigation system use. Mailbox repair was also approximately \$600 over as spare mailbox assemblies were prepared for more immediate installation (when weather permits). The most significant budget under run was in Garbage/Recycling at \$8,100 under budget due to the new contract rates that went into effect as of February.

The Checking, Money Market and CD recaps provide a detailed accounting of the accounts and reflect the transfers of monies between the individual accounts. The checking section reflects the January beginning balance of \$9,018.44 (carried forward from the 2008 report), includes monthly deposits and expenses (ties to 2009 actual expenses statement) and culminates each month with a monthly balance. Where appropriate, transfers to / from the money market account are also shown. The checking account December ending balance was \$12,772.19.

The money market section follows a similar format as the checking. The money market account January beginning balance was \$40,991.22 (carried forward from the 2008 report). Monthly interest is shown along with any expenses or transfers to / from the account. The Money Market account December ending balance was \$46,478.17; however, that balance includes the Trail Repair Fund Reserve (the amount of funds that has been reserved by the Board for trail repairs or improvements). The balance for the Trail Reserve at the end of January 2009 was \$19,450. The monthly balance for this item then reflects any additions or expenditures that occurred in the year. The balance for the item at the end of December 2009 was \$28,200 which reflects the 2009 quarterly contributions as per budget and an additional \$5,000 contribution at year end due to the positive financial status. The difference between the trail reserve and the total money market monthly balance would typically be the monies available for other ongoing HOA expenses; however, in 2009 we were also tracking insurance proceeds for hail damage repairs which had been deposited in the money market account. Those funds were held "in reserve" until repairs were made and paid for. The last of those repairs were completed and paid for in July. Therefore, the balance of Money Market funds "available" for ongoing HOA expenses at year end was \$18,278.17.

The CD section simply reflects any CDs that may be in existence; there were none in 2009.

The next item, a Balance Sheet, is provided as there was a request at a previous annual meeting for one. This is generated by the HOA's financial software. You will note that in the Assets section, the checking and money market account balances correspond with the spreadsheet information previously discussed. As for the rest of the document, it is standard balance sheet information.

Association bylaws require an audit of association records be completed every two years for the preceding two fiscal years, however, our audit firm has indicated that process is not necessarily a standard practice. The Board has discussed the way the bylaws currently read and what level of assurance should be provided to the association that the financial transactions are in order. They concluded that inasmuch as the costs of an annual audit and an audit every two years of the previous two years would be virtually the same, the Board could direct the Treasurer to have an audit done each year as that is actually providing a more timely level of review than required by the bylaws. An audit of association financial statements for fiscal year 2009 was just completed by Johnson, Bruns & Company, certified public accountants. The audit was done in accordance with United States generally accepted auditing standards. The audit report concluded that the financial statements of the association fairly present the position of the association and the results of its operations and cash flows are in conformity with U.S. generally accepted accounting principals. A copy of the audit report is available for review.

With respect to where are we now, January & February 2010 expenses were \$7,538 (rounded) exclusive of the trail fund reserve contribution. When the trail reserve of \$1,250 is included, the total January & February "expense" is \$8,788 compared to the budget of \$11,355 or about \$2,565 under budget. There are, however, a couple of budgeted items that haven't been invoiced as of this date that are expected to be around \$1,800. Therefore, we are still under budget but more in the range of \$765. The checking account balance as of February 28, 2010 is \$\$6,675 and the Money Market balance is \$54,508 (both rounded).

If you plan on attending the annual meeting on March 23<sup>rd</sup>; please print copies from the web site and bring that material with you as additional copies will not be available at the meeting.

Respectfully submitted,

Arlis Olson  
Treasurer