

Treasurer's Report—03/07/11 Fiscal Year 2010

Enclosed you will find the following items:

- 2009 Actual Expenses and Checking, Money Market & CD recaps
- 2010 Actual Expenses
- 2010 Checking, Money Market & CD account recaps
- Balance Sheet as of December 2010

The 2009 spreadsheets are provided to give you a reference for expenses & revenue for 2009. You will note that 2009 expenses (exclusive of trail reserve contributions) totaled \$92,365 (rounded). The year end balance for checking was \$12,772.19 and money market was \$46,478.17, which were carried forward to the respective 2010 spreadsheets.

The next two items, 2010 Actual Expenses and 2010 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 2010 expenses were \$79,092 (rounded). The 2010 Budget totaled \$94,600 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 \$84,092. Therefore, we ended the year approximately \$10,500 under budget. As with any budget, individual line items varied over and under budget. The biggest budget savings were in Electrical costs (approximately \$1,270), Legal (approximately \$1,420), Sprinklers & Ponds/Fountains (approximately \$1,955) and Mailboxes (approximately \$1,815). There were actually only three budget line items that exceeded the budget and the sum total of all three items was less than \$235 so we had a very good budget year in 2010.

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 \$12,772.19 (carried forward from the 2009 report), includes monthly deposits and expenses (ties to 2010 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 \$23,102.39.

The money market section follows a similar format as the checking. The money market account January beginning balance was \$46,478.17 (carried forward from the 2009 report). Monthly interest is shown along with any expenses or transfers to / from the account. The Money Market account December ending balance was \$54,841.06; 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 2010 was \$29,450. 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 2010 was \$38,200 which reflects the 2010 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 is the monies available for other ongoing HOA expenses; which at the end of December was \$16,641.06.

The CD section simply reflects any CDs that may be in existence; there were none in 2010.

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 2010 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 2011 expenses were \$7,245 (rounded) exclusive of the trail fund reserve contribution. When the trail reserve of \$1,250 is included, the total January & February "expense" is \$ 8,495 compared to the budget of \$10,970 or about \$2,475 under budget. The checking account balance as of February 28, 2011 was \$26,410 and the Money Market balance was \$54,885 (both rounded). An update of current balances will be made at the annual meeting.

If you plan on attending the annual meeting on March 31st; 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