

Treasurer's Report

October 29, 2018

By Terrie Simone

It's that time of year again when the entire community is anticipating the new budget and hoping that we can pull it all off without any increase. The 2019 budget in particular is of great interest and is designed to offer a new beginning along with a promise of Financial Security in meeting the future obligations that we know we will be facing as a community moving forward.

Most people have voiced their concerns about the shortcomings in our Roof Reserve account and were devastated when realizing that, if we didn't get insurance coverage, we could be facing an assessment of around \$10,000 per household. Well, we narrowly dodged that bullet and are very thankful that our attorney won the settlement with our insurance company to cover replacing all the roofs.

However, the roofing scare brought awareness and concerns about the other reserve accounts. Residents along with board members wanted to have the assurance that the reserve accounts were funded properly to reduce the risk of another *assessment down the road. With this in mind, I worked with our management company and had a professional reserve study completed this year. With the information provided in the reserve study, I was able to see the replacement cost as of today and the remaining useful life of each item. The reserve study also takes into consideration the inflation that will occur over time as well as the interest we will earn during that same period of time. This information was extremely valuable in determining how to properly fund the reserve account for 2019 and will give us all peace of mind that we are now on the right track for financial security. The quarterly increase to properly fund our Reserve account will be \$79.00.

When working towards financial security, the operating budget is equally important and, if funded properly, will attempt to protect the community against *assessments for shortfalls. Basically, the fee collected for the operating budget must be enough to pay for every expense we incur from January 1st to December 31st. When planning for these expenses we must look at the expenses we paid in the past and whether we expect those expenses to be higher or lower in the coming year. Some adjustments were definitely needed, but most of the line items will not change much from 2018. The biggest issue we are facing is in the Building Maintenance category. As the buildings age, we are experiencing system breakdowns that were not previously anticipated. In order to

prevent an *assessment situation and to budget responsibly, these breakdowns cannot be ignored and must be budgeted to cover the anticipated cost. We know that we will see more expense in this area than we saw in 2018 and it could be significant. In an effort to avoid *assessments and properly fund the operating budget to cover Building Maintenance, the quarterly increase to the operating budget will be \$101.00.

Looking at a \$180 per quarter increase in the fee was daunting to say the least. Many angles that were used in the past were considered. But, when checking into all of the ideas to reduce the fees, I found there was no legal or responsible way to do it. As Board Members, the 5 of us have committed to a Fiduciary responsibility to fund the budget properly based on anticipated expense as well as a fully funded Reserve for financial stability. This fiduciary obligation overrules our emotions and has led us to presenting a financially stable budget that we think will meet our financial obligations for 2019.

Competitive Fees vs Better Coverage

Competitive fees are a huge consideration to all residents. I believe Windsor Place may be the only community within Berkshire Lakes that covers inside maintenance. Most Condo Associations don't cover inside maintenance. *If we want to keep our fees competitive with our surrounding communities, we may want to consider updating our plan documents to align with our market area. Otherwise, our fees will tend to run higher to meet our additional obligations responsibly.

Are competitive fees the only priority? What's better for our market values, competitive fees or more coverage provided by our plan documents? Would a buyer be more attracted to lower fees with more responsibility for repairs or higher fees with less responsibility for repairs? And then, how much more would they be willing to pay for the convenience of the extra coverage? The debate is real and the question needs to be addressed within the community. Financial stability is a definite advantage that will attract buyers. And it is virtually impossible to compare fees with the surrounding communities because we simply don't know the financial health of their reserves.

How can we work on REDUCING Fees?

There is much work to do in the coming year to look for ways to reduce our budget and keep our fees competitive with the market area. I plan to look at all our current contracts, work with the management company and gather quotes to ensure we have the most competitive rates available...including the comcast contract. I am hoping to get the help of interested residents within the community to join in the effort. I certainly welcome and encourage all questions, concerns and, most of all, ideas.

In Summary, the 2019 budget is about getting back on track financially and facing the fact that, unless we update our documents, our fees will no longer be as competitive with our surrounding communities. We are at a decision point. Do we embrace our documents and feel confident buyers will pay a higher fee for less responsibility or do we focus on lower fees by updating our documents to the standard in our market area?

I volunteered for the position of Treasurer because of my strong background in this area and as a resident concerned about the financial well-being of Windsor Place. The costs of maintaining our community are a reality and, as owners, we are all reaping the benefits. Please keep in mind ALL board members have an obligation to work responsibly with the budget and any board member would be grossly neglecting their fiduciary duty by offering a budget that was not fully funded. This hike in fees will affect me and all other board members as much as it affects everyone else. However, this budget is a new beginning and a definite step in the right direction of Financial stability in Windsor Place.

On a side note: Hurricane Irma took a huge toll on our operating reserve which is designed and accumulated to protect us when storms or other unexpected things happen. Once all hurricane damage has been paid, we will be looking into the total cost, what has already been recouped and the need to reconcile in an attempt to be as prepared for the next emergency as we were for Irma. We are also going to have an audit of all our accounts within the first half of 2019.

*Updating our documents to remove the interior maintenance could reduce the quarterly increase significantly. Instead of having an overall quarterly increase of \$180, we would be closer to \$100 to \$110.

*There is no way to fully eliminate the risk of assessments.

WINDSOR CONDOMINIUM ASSOCIATION, INC.

BOARD OF DIRECTORS MEETING

DATE: Wednesday, November 14, 2018
TIME: 7:00 p.m.
PLACE: Berkshire Lake Clubhouse, 495 Belville Blvd., Naples, FL

AGENDA

1. Call to order and determination of Quorum.
2. Proof of Notice.
3. Disposal of the Previous Meeting Minutes.
4. President's Report.
5. Directors Reports.
6. Treasurer's Report.
7. Manager's Report.
8. Committee Reports.
9. Old Business.
10. New Business:
 - a. 2019 Proposed Budget Approval.
11. Adjournment:
12. Open Forum.

The purpose of the meeting is to conduct such business as may properly come before the Board. Owners are welcome to attend this meeting. Only the items on the agenda may be discussed.

Windsor Place

For the Period January 1, 2019 through December 31, 2019

Proposed Budget 2019

116 Units

	2018 BUDGET	ACTUAL 8/31/18	ESTIMATED 4 MONTHS 2018	ESTIMATED YEAR END	BUDGET 2019
Income					
6310 Maintenance Fee - Operating	347,915	231,943	115,972	347,915	404,144
6311 Maintenance Fee - Reserve	113,765	85,324	28,441	113,765	140,592
6330 Special Assessment	-	168,432	-	168,432	-
6340 Late Fee Income	-	250	125	374	-
6345 Pool Key Income	-	-	-	-	-
6350 Legal Fees Reimbursement	-	3,230	1,615	4,845	-
6355 Recovery Prior Yr Bad Debt	-	691	-	691	-
6360 Misc. Owner Income	-	14	7	22	-
6370 Owner Collections Costs	-	1,094	547	1,641	-
6390 Owner Interest Income	-	824	412	1,236	-
6400 Storm Damage - Insurance Proc	-	2,000,000	-	2,000,000	-
6511 Background Ck/App Income	-	1,800	900	2,700	-
6910 Interst Income	-	2,698	1,349	4,048	-
6911 Reserve Interest	-	2,889	1,445	4,334	-
Total Income	461,680	2,499,190	150,813	2,650,003	544,736
Administrative					
7010 Accounting Fees	250	250	-	250	250
7020 Application Processing	1,000	1,370	685	2,055	1,000
7041 Bank Charges - Reserve	50	-	-	-	50
7052 Web Site	1,050	293	147	440	1,050
7070 Filing Fees - Division	500	525	-	525	525
7075 Professional Fees	-	1,275	-	1,275	-
7080 Legal Fees	7,000	213,495	1,800	215,295	7,000
7090 Insurance	70,000	39,357	19,679	59,036	72,000
7093 Flood Insurance	15,300	7,709	3,854	11,563	15,300
7120 Management Fees	18,096	12,064	6,032	18,096	18,096
7140 Office Expenses	5,000	4,392	2,196	6,587	6,000
7430 Bad Debt Expense	3,600	-	-	-	3,600
Grounds Maintenance					
8010 Lawn Maintenance Contract	53,196	35,464	17,732	53,196	53,196
8022 Tree Trimming	-	4,896	2,448	7,344	7,000
8030 Ground Cover	5,000	4,200	2,100	6,300	5,000
8060 Shrubs/Plants	7,000	1,152	576	1,728	10,000
8070 Grounds - Pest Control	10,000	5,452	2,726	8,178	10,000
8080 Storm Damage	3,000	123,540	1,876,460	2,000,000	3,000
Pool Maintenance					
8210 Pool cleaning Contract	3,900	2,600	1,300	3,900	3,900
8215 Pool Permits/License	500	500	250	751	500
8220 Pool Repairs	3,000	125	63	188	3,000
Utilities					
8905 Cable	72,346	47,367	23,684	71,051	75,963
8910 Electricity	14,293	9,208	4,604	13,811	14,000
8930 Water & Sewer	1,335	781	391	1,172	1,200
Maintenance					
9010 Building Maintenance	20,000	23,953	11,977	35,930	50,000
9011 Building Janitorial Contract	12,000	8,000	4,000	12,000	12,000
9015 Roof Repairs/Maintenance	10,000	-	-	-	1,000
9135 Fire Safety/Inspections	1,000	2,264	1,132	3,395	1,500
9137 Lake Maintenance	2,900	1,225	613	1,838	2,900
9138 Fountain Maintenance	1,300	790	-	-	1,300
9220 Irrigation Maintenance	1,000	6,112	3,056	9,168	3,000
9225 Irrigation Well	900	150	75	225	900
9251 Contingency Fund	3,399	-	-	-	19,914
Total Operating Expenses	347,915	558,509	1,987,577	2,545,297	404,144
Reserve - Interest	-	2,889	1,445	4,334	-
Reserve Funding	113,765	85,324	28,441	113,765	140,592
Total Common Expenses	461,680	646,723	2,017,463	2,663,396	544,736
Net Income/(Expense)	-	1,852,467	(1,866,650)	(13,393)	-

Windsor Place

Budget Reserves For Capital Expenditure And Deferred Maintenance

For the Period January 1, 2019 through December 31, 2019

Proposed Budget 2019

116 Units

10/30/2018 Item	Estimated Life When New (Years)	Current Estimated Replacement Cost	Year last updated or Scheduled to be maintained	2019 Estimated Remaining Life (Years)	8/31/2018 Current Reserve Balance	Add'l Reserve Funding 12/31/2018	Estimated Reserve Balance 1/1/2019	Additional Reserves Required	Board Proposed Funding 2019
5013-Small Project/Pressure Cleaning(Building)	3	\$ 8,500	2018	3	5,267	-	5,267	3,233	1,220
5015-Tree Trimming	10	\$ 17,500	2016	10	8,250	2,750	11,000	6,500	660
5020-Painting	9	\$ 108,680	End of 2016	5	17,854	4,388	22,242	86,438	24,120
5040-Pavement	15	\$ 121,770		8	62,615	1,850	64,465	57,305	9,784
5045-Paving/Reseal	3	\$ 18,942	2018	3	1,800	600	2,400	16,542	5,988
5050-Pool (Marcite/Tile)	15	\$ 6,588	2018	10	56,475	1,749	58,225	-	-
5210-Roofs	30	\$ 1,900,000	2018	29	426,494	16,328	442,822	1,457,178	94,480
5220-Well Pump	25	\$ 60,000	2016	20	6,401	777	7,178	52,822	4,340
5255-Unallocated Interest					6,625	1,892	8,517		
		2,241,980			591,783	30,333	622,116	1,680,018	140,592

113,765

WAIVING OF RESERVES, IN WHOLE OR IN PART, OR ALLOWING ALTERNATIVE USES OF EXISTING RESERVES MAY RESULT IN UNIT OWNER LIABILITY FOR PAYMENT OF UNANTICIPATED SPECIAL ASSESSMENTS REGARDING THOSE ITEMS.

26,827

Windsor Place

Reserve & Operating Assessment Schedules

For the Period January 1, 2019 through December 31, 2019

Proposed Budget 2019

	ANNUALLY	QUARTERLY
OPERATING ASSESSMENT	\$ 3,484.00	\$ 871.00
RESERVE ASSESSMENT	\$ 1,212.00	\$ 303.00
TOTAL:	\$ 4,696.00	\$ 1,174.00

2018 Figures For Reference

	ANNUALLY	QUARTERLY
<i>Operating Assessment</i>	\$ 2,999.27	\$ 749.82
<i>Reserve Assessment</i>	\$ 980.73	\$ 245.18
	\$ 3,980.00	\$ 995.00

FUNDING SCHEDULE	
TOTAL EXPENSES	\$ 404,144
BUDGETED RESERVES	\$ 140,592
OTHER INCOME	\$ -
OPERATING ASSESSMENTS REQUIRED	\$ 544,736

Units 116