

BUDGET 2022-2023 COMMENTS

The following are short comments on the 2022-2023 budget (from November 1st, 2022, to October 31st, 2023).

Please keep up with upcoming email releases, the Budget meeting will be held on Thursday, October 27, 2022, at 7.30pm. Your Board has elected to hold the meeting at the club house. It will also be available via the internet using Zoom technology. Information on how you can join and the technical process you will need to follow, will be published during the month of October.

In total it is recommended that the monthly fee be raised from \$375.00 to \$450.00 a month for the coming fiscal year. Estimated budgets for the years 2023-2024 and 2024-2025 are for informational purposes only, the budget will be determined by the new Board of Directors. **Remember that modifications can be made to the amount in each account depending on what situational changes may occur before the end of October. The \$75.00 increase proposal cannot change.**

The reason for the increase is due to many inflationary pressures, with the insurance increase (which will come to \$603,000.00) having the greatest impact. Also, the necessary increases to our reserve fund contributions and increases in other accounts due to the general inflation. We will describe the main increases in the various budget headings below:

1. REVENUE

Account 104 “Estoppel fee”, is the fee paid at time of sale/purchase of a unit. We estimate that 12 units will change hands during the coming fiscal year, compared to the current near record year of 36 which will decrease income.

Account 107 “Screening Fee” is the \$100.00 charge when processing a lease or a purchase application. Remember that a long-term lease generates only a onetime \$100.00, even when it is a renewal. We hope to modify this at the next annual meeting. **This is an area that the Association needs to recover part of its cost from those owners that do yearly leases.**

2. UTILITIES EXPENSES

These utilities expenses increased dramatically after the approval of 2021/2022 budget, So the real increase, year over year, seems very large, but it really reflects the timing of the inflationary surge. We have therefore elected to compare utilities to the previous budget figure.

Account 200 “Electric” charges resulted in a substantial increase, from last year’s budget of \$44,300. It increased to \$53,000.00. The budget for the year 2022/2023 represents an increase of 36% when compared to the previous year’s average. All of us have experienced the same inflationary increase, and President Mongrain will meet FPL about the

Association's situation in an attempt to see if there are alternative ways to lower such a large increase..

Account 201 "Water and Wastewater", Since the city of Boynton did not increase the fixed fee, an increase in consumption must have been responsible for the fee increase. In addition, we will monitor sod watering by individual owners since this is a very costly process. For our snowbirds, please remember that water consumption is metered and s monitored by the Town of Boynton. They call the office when they see a change in pattern of consumption. Owners are asked to please minimize their water consumption and check faucet and toilets for leaks.

Account 202 "Garbage and Recycling", from last years budget of \$56,000.00 and last years actual of \$ 84,000.00 the expected increase is 4%. From the previous year result it is an increase of 68%. Again, inflation was a substantial contributor to this increase

This group of Utilities expenses account for \$96.30 of the monthly fee, compared to last years budget of \$84.02. This is equivalent to an increase of 14.6%.

3. ADMINISTRATIVE EXPENSES

This group of expenses is up from last years budget and from the expected actual budget for the current year. From last years budget it is up by 31.7% and by 20.9% from current year expected result.

Account # 301 "Payroll maintenance" up from an actual of \$70,000.00 to a budget of \$96,000.00. We are still searching for a full-time employee. Volunteers can help during the winter months, but are not available during the off-peak season, as our permanent residents are working regular jobs, and we have a high level of long-term renters.

Account 310 "Insurance" indicates a forecast cost of \$603,000.00 for the 2022/2023 fiscal year. It is equivalent to an increase of 34.6% when compared to 2021/2022 budget and an increase of 25% when compared to the actual cost for 2021/2022. **Remember that our insurance coverage goes from May to April. We still have some difficult hurdles to go over.**

We ordered a valuation report and received a draft of 163 pages. President Mongrain will have a meeting with the evaluator firm when he returns to Waterside on October 15th. He is currently reviewing the report and there are some issues to resolve. Construction costs have gone up by 16% in the last 12 months, which means valuation will go up and therefore the insurance cost will go up.

It may be difficult to pay the insurance premium on a cash basis as we have done for the past 16 years. It will be very important to monitor the cash flow closely to try to avoid a situation where we will need to borrow funds to pay the insurance bill and use future receipts to pay the loan back.

Following that meeting, we will meet with our insurance broker and see the options for next years renewal, taking into consideration that Waterside is now on a co-insurance

basis and not on declared value, which is a risky situation. Waterside, in accordance with owners that have a mortgage, the banks, Freddy Mack and Fanny Mae, ask for a minimum contribution of 10% of our total operating expenses to the reserves. The insurance cost requires us to take \$60,000 from the reserve, and repay it with future receipts.

This group of administrative expenses account for \$205.60 of the monthly fee. Just for the insurance it is \$ 122.26

4. MAINTENANCE EXPENSES

This group of Maintenance expenses account for \$108.35 of the monthly fee.

In total, costs are up from the current fiscal year, mainly due, to the addition of one maintenance employee and to a substantial increase in account #403 "Grass cutting", account #403.1 "Hedge trimming", account # 404.2 "New Trees and bushes".

Account #405 "Building Maintenance" is also a concern, with water infiltration and unit damage generating costly expenses. In addition, our aging infrastructure and buildings are requiring increasing financial investments.

Finally, the painting program for the building 1 to 9 will go ahead, taking into consideration the cash flow required to pay the insurance premium.

We hope also to paint the east pool during the summer month, taking funds from the reserve account, not from the operating budget

The existence of account #450 "contingency" allows Waterside to be able to react positively to potential situations or obligations.

5. RESERVE COMPONENTS

Please read a separate memo on this subject, as there is a specific item on the agenda for the Approval of the various reserve.

Thanks for reading and watch for further information that will be released about the meeting process and if can attend please do so.

Andre Mongrain President

September 27, 2022

WATERSIDE BUDGET FROM NOVEMBER 1ST 2022 TO OCTOBER 31ST 2023
INCLUSIVE OF FORECAST FOR YEAR 2023/2024 AND 2024/2025
USING SEPTEMBER 30,2022 FORECAST NON-AUDITED

| <u>DESCRIPTION</u> | <u>2021/2022 NON AUDIT</u> | <u>Y 21/22 BUDGET</u> | <u>MONTHLY COST</u> | <u>Y 22/23 BUDGET</u> | <u>VARIANCE TO 21/22 FORC</u> | <u>Y 23/24 FORECAST</u> | <u>Y 24/25 FORECAST</u> |
|--------------------------|--------------------------------|---------------------------|-------------------------|---------------------------|-----------------------------------|-----------------------------|-----------------------------|
| | | | | | | | 495 |
| <u>REVENUE</u> | 375 | 375 | | 450 | | 465 | |
| NSF FEE | 280 | 0 | | 0 | -295 | 0 | 0 |
| 100 ASSESSMENTS ** | 1,849,500 | 1,849,500 | | 2,219,400 | 369,900 | 2,293,380 | 2,441,340 |
| 102 LATE FEE INCOME | 1,800 | 1,200 | | 1,200 | -800 | 1,200 | 1,200 |
| 103 INTEREST INCOME | 21,706 | 25,000 | | 25,000 | -705 | 27,500 | 30,000 |
| 104 ESTOPPEL FEE | 8,000 | 3,750 | | 3,000 | -5,000 | 3,000 | 3,000 |
| 106 ACCESS/GATE CARDS | 1,050 | 250 | | 400 | -500 | 400 | 400 |
| 107 SCREENING FEE | 26,000 | 20,000 | | 23,000 | -500 | 24,000 | 26,000 |
| 108 MISCELLANEOUS INCOME | 2,350 | 1,000 | | 1,000 | -1,000 | 1,000 | 1,000 |
| RESERVE ACCOUNT | -194,500 | -127,500 | | -188,500 | -19,000 | -191,000 | -191,000 |
| 2544 INTEREST TO RESERVE | -20,000 | -25,000 | | -25,000 | -1,000 | -27,500 | -30,000 |
| TOTAL REVENUE | 1,696,186 | 1,748,200 | | 2,059,500 | 341,100 | 2,131,980 | 2,281,940 |
| <u>EXPENSES</u> | | | | | | | |
| <u>UTILITIES</u> | | | | | | | |
| 200 ELECTRIC | 54,917 | 44,300 | | 57,000 | 2,083 | 60,000 | 64,000 |
| 201 WATER & WASTEWATER | 207,523 | 200,000 | 43.60 | 215,000 | 7,477 | 220,000 | 225,000 |
| 202 GARBAGE & RECYCLING | 81,218 | 56,000 | 17.64 | 87,000 | 5,782 | 91,000 | 94,500 |
| 203 PROPANE GAS | 110 | 300 | | 250 | 140 | 300 | 350 |
| 204 CABLE T.V. | 104,802 | 103,000 | 21.09 | 104,000 | -802 | 105,000 | 108,000 |
| 205 TELEPHONE | 6,995 | 7,300 | | 7,700 | 705 | 8,000 | 8,000 |
| 205.1 WIFI | 3,933 | 3,500 | | 4,000 | 67 | 4,100 | 3,500 |
| | 459,498 | 414,400 | 96.30 | 474,950 | 15,452 | 488,400 | 503,350 |

| <u>DESCRIPTION</u> | <u>2021/2022</u> <u>NON AUDIT</u> | <u>Y 21/22</u> <u>BUDGET</u> | <u>MONTHLY</u> <u>COST</u> | <u>Y 22/23</u> <u>BUDGET</u> | <u>VARIANCE TO</u> <u>21/22 FORC</u> | <u>Y 23/24</u> <u>FORECAST</u> | <u>Y 24/25</u> <u>FORECAST</u> |
|------------------------------|--------------------------------------|---------------------------------|-------------------------------|---------------------------------|---|-----------------------------------|-----------------------------------|
| <u>ADMINISTRATIVE</u> | | | | | | | |
| 300 PAYROLL-ADMINISTRATIVE | 132,265 | 120,000 | | 135,000 | 2,735 | 140,000 | 145,000 |
| 301 PAYROLL-MAINTENANCE | 66,579 | 94,000 | | 96,000 | 29,421 | 100,000 | 106,000 |
| 302 PAYROLL TAXES | 18,037 | 17,200 | | 19,500 | 1,463 | 20,500 | 22,500 |
| 302.1 EMPLOYEE BENEFITS | 7,024 | 6,500 | | 7,000 | -24 | 7,500 | 8,000 |
| 304 SECURITY GUARDS | 57,496 | 66,000 | 13.38 | 66,000 | 8,504 | 71,000 | 74,000 |
| 305 ACCOUNTING | 24,609 | 26,000 | | 26,000 | 1,391 | 27,000 | 28,000 |
| 305.1 BANK FEES | 70 | 300 | | 200 | 130 | 200 | 200 |
| 305.2 BAD DEBT | -5,795 | 9,000 | | 10,000 | 15,795 | 10,000 | 10,000 |
| 305.3 COLLECTIONS COST | -3,867 | 2,500 | | 2,500 | 6,367 | 2,500 | 2,500 |
| 306 AUDITING | 5,800 | 7,000 | | 6,500 | 700 | 7,500 | 8,000 |
| 307 LEGAL | 5,604 | 2,500 | | 2,500 | -3,104 | 3,000 | 3,250 |
| 308 PROPERTY TAX | 4,802 | 4,750 | | 4,750 | -52 | 5,000 | 5,200 |
| 309 INCOME TAX | 0 | 0 | | 0 | 0 | 0 | 0 |
| 310 INSURANCE | 482,448 | 448,000 | 122.26 | 603,000 | 120,552 | 665,000 | 745,000 |
| 310.1 INSURANCE CASH SHORT. | 0 | 0 | | 0 | 0 | 0 | 0 |
| 311 OFFICE SUPPLIES | 1,289 | 1,200 | | 1,200 | -89 | 1,500 | 1,600 |
| 312 POSTAGE & SHIPPING | 969 | 850 | | 850 | -119 | 950 | 1,000 |
| 313 LICENSES | 2,484 | 2,500 | | 2,500 | 16 | 2,600 | 2,700 |
| 314 TRAVEL & MILEAGE | 180 | 400 | | 300 | 120 | 350 | 400 |
| 315 MEETINGS & EDUCATION | 229 | 300 | | 300 | 71 | 300 | 300 |
| 316 SCREENING | 7,000 | 6,000 | | 7,000 | 0 | 7,000 | 7,500 |
| 317 ALARM SYSTEM | 340 | 600 | | 600 | 260 | 700 | 700 |
| 318 COMPUTER REPAIR/SERVICE | 461 | 2,000 | | 2,000 | 1,539 | 2,000 | 3,000 |
| 319 COPIER | 3,803 | 3,800 | | 3,800 | -3 | 4,000 | 4,200 |
| 320 JANITOR, WATER, MISC. | 9,102 | 5,000 | | 7,500 | -1,602 | 7,500 | 8,000 |
| 320.1 WEBSITE IMPROVEMENT | 2,664 | 3,000 | | 3,000 | 336 | 3,000 | 3,000 |
| 323 SOCIAL FACILITIES | 15,519 | 6,000 | | 6,000 | -9,519 | 6,000 | 7,000 |
| | 839,112 | 835,400 | 205.60 | 1,014,000 | 174,888 | 1,095,100 | 1,197,050 |

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|-------------------------------|--------------------------------|---------------------------|-------------------------|---------------------------|-----------------------------------|-----------------------------|-----------------------------|
| <u>MAINTENANCE</u> | | | | | | | |
| 400 GASOLINE | 1,144 | 1,100 | | 1,100 | -44 | 1,200 | 1,200 |
| 401 SPRINKLERS | 20,254 | 8,000 | | 8,000 | -12,254 | 9,000 | 10,000 |
| 402 PEST CONTROL | 15,418 | 14,000 | | 17,500 | 2,082 | 19,000 | 21,000 |
| 402.6 MISC. MAINT.EXP. | 3,743 | 2,000 | | 2,000 | -1,743 | 2,000 | 2,000 |
| 403 GRASS CUTTING | 81,518 | 88,000 | 20.61 | 101,640 | 20,122 | 120,500 | 124,000 |
| 403.1 FERTILIZATION-WEED-BUGS | 28,695 | 25,000 | 5.74 | 27,000 | -1,695 | 27,000 | 30,000 |
| 403.2 HEDGE TRIMMING | 41,366 | 39,000 | 8.82 | 43,560 | 2,194 | 52,000 | 53,000 |
| 404 TREE TRIMING | 23,731 | 14,000 | | 32,000 | 8,269 | 17,000 | 18,000 |
| 404.2 NEW TREES & BUSHES | 19,822 | 20,000 | 7.09 | 35,000 | 15,178 | 20,000 | 20,000 |
| 405 BUILDING MAINTENANCE | 85,830 | 70,000 | 17.23 | 85,000 | -830 | 80,000 | 85,000 |
| 406 FENCE, SIDEWALK, SIGNS | 12,730 | 9,000 | | 13,000 | 270 | 10,000 | 11,000 |
| 406.1 DIRT, SODS & MULCH | 10,973 | 10,000 | | 15,000 | 4,027 | 13,000 | 15,000 |
| 407 SECURITY GATE EXPENSE | 2,966 | 5,000 | | 5,000 | 2,034 | 5,000 | 5,000 |
| 407.1 MAJOR GATES EXPENSES | 0 | 18,000 | | 0 | 0 | 0 | 0 |
| 408 CAMERA & VIDEO EXP. | 694 | 5,000 | | 5,000 | 4,306 | 5,000 | 3,000 |
| 409 PLUMBING EXP. | 1,455 | 4,000 | | 2,000 | 545 | 3,000 | 4,000 |
| 410 ELECTRICAL EXP. | 3,700 | 5,000 | | 3,000 | -700 | 3,000 | 4,000 |
| 411 POOL SUPPLIES & REPAIR | 22,851 | 20,000 | | 25,000 | 2,149 | 26,000 | 28,000 |
| 411.1 POOLS MAJOR REPAIRS | 0 | 0 | | 0 | 0 | 0 | 0 |
| 412 STREET MAINTENANCE | 8,907 | 5,000 | | 10,000 | 1,093 | 5,000 | 5,000 |
| 413 UNIFORMS | 0 | 300 | | 300 | 300 | 300 | 300 |
| 414 GOLF CARTS/GROUND EQUIP. | 4,284 | 1,500 | | 1,500 | -2,784 | 1,750 | 2,000 |
| 415 LOCKSMITH | 199 | 300 | | 300 | 101 | 300 | 300 |
| 416 FIRE SAFETY | 10,083 | 4,750 | | 5,500 | -4,583 | 6,000 | 6,500 |
| 417 JANITORIAL SUPPLIES | 2,735 | 2,000 | | 2,500 | -235 | 3,000 | 3,000 |
| 418 AWNINGS REPAIRS | 3,350 | 8,000 | | 10,000 | 6,650 | 10,000 | 10,000 |
| 420 PAINTING PROGRAM | 0 | 42,000 | 15.21 | 75,000 | 75,000 | 80,000 | 85,000 |
| 421 STREET LIGHT | 391 | 500 | | 500 | 109 | 500 | 500 |
| 422 SHUFFLE BOARD CANOPY | 0 | 0 | | 0 | 0 | 0 | 0 |
| 424 TENNIS COURT RESURFACING | 0 | 0 | | 0 | 0 | 0 | 0 |
| 425 POOL CHAIRS/TABLES | 2,354 | 2,500 | | 2,500 | 146 | 2,800 | 3,000 |
| 427 RESTROOM ADA UPGRADE | -7,500 | 25,000 | | 0 | 7,500 | 0 | 0 |
| 428.1 INFRASTRUCTURE | 0 | 10,000 | | 5,000 | 5,000 | 5,000 | 5,000 |
| 429 BENCHES REPLACEMENT | 390 | 500 | | 500 | 110 | 500 | 500 |
| 434 PETANQUE CANOPY | 0 | 0 | | 0 | 0 | 0 | 0 |
| 477 PERGOLA | 0 | 0 | | 0 | 0 | 0 | 0 |
| 479 LIGHTS RETENTION POUND | 0 | 0 | | 0 | 0 | 0 | 0 |
| | 402,083 | 459,450 | 108.35 | 534,400 | 132,317 | 527,850 | 555,300 |

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|------------------------------|--------------------------------------|---------------------------------|-------------------------------|---------------------------------|---|-----------------------------------|-----------------------------------|
| 450 CONTINGENCY | 0 | 38,950 | | 36,150 | 36,150 | 20,630 | 26,240 |
| | 0 | 38,950 | 7.33 | 36,150 | 36,150 | 20,630 | 26,240 |
| GRAND TOTAL EXPENSES | 1,699,842 | 1,748,200 | 354 | 2,059,500 | 358,807 | 2,131,980 | 2,281,940 |
| EXPENSES OVER REVENUE | -4,507 | 0 | | 0 | 0 | 0 | 0 |

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|------------------------------|--------------------------------------|---------------------------------|-------------------------------|---------------------------------|---|-----------------------------------|-----------------------------------|
| RESERVES | | | | | | | |
| 2510 ROOFS | 43,000 | 43,000 | | 58,000 | 15,000 | 58,000 | 58,000 |
| 2515 PAINTING | 42,000 | 0 | | 0 | -42,000 | 0 | 0 |
| 2530 ASPHALT | 41,000 | 41,000 | | 61,000 | 20,000 | 61,000 | 61,000 |
| 2542 POOLS | 4,000 | 4,000 | | 5,000 | 1,000 | 5,000 | 5,000 |
| 2546 SPRINKLERS | 4,500 | 4,500 | | 4,500 | 0 | 4,500 | 4,500 |
| 2547 TV CABLE INFRASTRUCTURE | 5,000 | 5,000 | | 5,000 | 0 | 5,000 | 5,000 |
| 2545 WORKING CAPITAL | 20,000 | 20,000 | | 45,000 | 25,000 | 20,000 | 20,000 |
| 2544 INTEREST REV. RESERVE | 25,000 | 25,000 | | 0 | -25,000 | 27,500 | 30,000 |
| 2550 INFRASTRUCTURE | 10,000 | 10,000 | | 10,000 | 0 | 10,000 | 10,000 |
| | 194,500 | 152,500 | 38.22 | 188,500 | -6,000 | 191,000 | 183,500 |

28-Oct-22

Andre Mongrain President

RESERVES FOR THE FISCAL YEAR 2022/2023

In this document, we wish to bring to your attention updates concerning the budgetary reserve, in particular the information under the heading's "ROOF" and "ASPHALT". In each of these cases, we have increased the base cost for their replacement. In addition, we will use some of the Pool reserve funds to repair the East pool.

Thanks to Jean-Guy Corbeil, a former owner, who reviewed my calculation of the total areas of the roofs on all our buildings, it come close to 300,000 square feet. The replacement cost will be reviewed on a yearly basis if the current cost increase follows the same trend. We are increasing the yearly contribution from \$43,000.00 to \$58,000.00.

With respect to the asphalt, both owner Gaby Bélanger and I calculated the total area of asphalt many years ago, namely 356,000 square feet, with an allocation made between parking space asphalt and roadway. Our owner Yves Marchand provided the formula for calculating the tons of asphalt required given the thickness to be spread. This reserve is very difficult to calculate, due to the fluctuation in the price of fuel. As a result, we have moved the yearly contribution from \$41,000.00 to \$61,000.00.

These two components alone represent a fee increase of \$7.00 a month per unit out of the \$75.00 increase.

Thanks for reading,

Andre Mongrain

September 27, 2022

RESERVE FOR FUTURE MAJOR REPAIRS AND REPLACEMENT

| <u>COMPONENTS</u> | <u>ESTIMATED LIFE</u> | <u>ESTIMATED REMAINING</u> | <u>ESTIMATED REPLACEMENT \$</u> | <u>FUND BAL. 10/31/2022</u> | <u>2022/2023 MIN. FUNDING</u> |
|----------------------------------|---------------------------|--------------------------------|-------------------------------------|---------------------------------|-----------------------------------|
| ROOF | 30 | 12 | 1,300,000 | 602,729 | 58,000 |
| PAINTING | 4 | 1 | 12,450 | 54,879 | 0 |
| ASPHALT | 12 | 8 | 870,000 | 380,128 | 61,000 |
| POOLS AND SPA | 40 | 9 | 142,724 | 97,724 | 5,000 |
| AWNING | 4 | 1 | 83,500 | 83,572 | 0 |
| SPRINKLERS | 4 | 4 | 96,000 | 78,005 | 4,500 |
| TV INFRASTRUCTURE | 6 | 5 | 117,000 | 92,073 | 5,000 |
| WORKING CAPITAL | | 1 | 276,000 | 231,122 | 45,000 |
| INFRASTRUCTURE | TBD | TBD | 50,000 | 10,000 | 10,000 |
| SUB-TOTAL RESERVE FUNDING | | | 2,947,674 | 1,630,232 | 188,500 |
| INTEREST | | | | 25,000 | 25,000 |
| TOTAL RESERVES | | | 2,947,674 | 1,655,232 | 213,500 |

Andre Mongrain

28/oct./22