

WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOCIATION, INC.

MONTHLY REPORT FOR THE PERIOD ENDING JUNE 30, 2017



The month of June marks the completion of eight months of our fiscal year. We will report on some circumstances that have arisen, mainly the latest development on the club house and provide an updated forecast (as compared to the budget). This month, we made significant positive changes to some costs components and a series of minor modifications to adjust our total year's forecast, when compared to last month's produced forecast.

Mr. Mongrain was at Waterside in May, June and the latest trip was from July 9 to the 15. On each occasion he either attended the Town meeting or met with Mayor Brown and continued to place pressure on a water and sewage agreement with the Town of Boynton. Development is looking positive. On the same occasion, Mr. Mongrain and our property manager, Stacey Casey, meet with the architect, engineer and contractors, beside the day to day operation matters.

No significant changes for our total expected revenue, from last month forecast of \$1,493,105.00 to \$1,493,367.00.

On the cost front, we increased our utilities expenses by an additional \$2,000.00 due to cable TV. We all remember last month's report, where we mentioned that the Fire Marshall made specific note about our power bar setup for the modulators and decoders needed to be modified. We had the modifications made and that is the main reason for the increase in this month forecast. We remain under pressure on water and sewage cost due to the increase in number of long term rentals.

The administration cost forecast was increase by \$2,650.00 due to payroll taxes (\$1,700.00) and employee benefits (\$1,300.00) due to worker compensation insurance, a reduction of our forecast for guards service (-\$2,000.00) and a series of minor adjustments.

On the maintenance cost, we decreased our forecast by \$15,800.00 mainly due to awning repairs -\$7,000.00 our program of using better quality materials and the way they are assembled is paying off. We also experienced a reduction of -\$9,000.00 on our painting program forecast and this is the last year of the 8 years program. As mentioned in last budget report in September 2016, we should be free of painting for a minimum of 2 years, due

to the warranty on paint and the control that is exercised during the whole process. There was also a series of cost centers that did move up or down.

In total we have improved our financial position by \$11,500.00 when compared to last month's forecast, this is a better position to be in, at the early stage of the hurricane season. ***So far we have not paid any interest during construction, so we may be able to use close to the \$15,000.00 that was set aside for this purpose to add to our working capital reserve.***

All of the reserve accounts are funded monthly and we monitor the cash flow very closely. We did use \$85,000.00 from the working capital reserve account in order to pay the insurance premium of \$290,500.00. We will reimburse the working capital reserve over the next three months, in addition to the normal monthly contribution per budget. As of today we have made a reimbursement of \$40,000.00.

SPECIFIC ITEMS

1. Security and surveillance issue

We have no incidents to report for the month of June, or for eleven consecutive months. Remember: ***"See something, say something"*** and call the Lantana Police at 561-540-5701 or 911 immediately.

On July 2017 "The Coastal Star" edition, a local newspaper reported increase in crime statistic in larger cities like Boca Raton, Boynton Beach, Delray Beach and Lantana and a reduction in smaller cities like Manalapan, South Palm, Hypoluxo and for sure our Village did contribute positively to these improvements. ***Where there was an increase it is mainly attributable to unlocked cars as reported by the various chief of police, Waterside did lead in term of verification and notice on this subject.***

2. Site maintenance

The summer projects list is available on our website. We have managed to repair the sprinkler pipe under the road between building 27 and building 31. This was a major task for our staff, as our contractor refused to take on that task due to the number of utilities that did originally use that path to cross the street, like FPL, ATT, Comcast, Waterside TV system. It was risky business, but it was well done by our maintenance staff and the repaving is part of the below mentioned contract.

The west pool deck was repainted, new signs were installed at both pools, the west side of the building was also painted, and the full surrounding will be done at same time as the painting program. We have to repair the roof and fascia on building 32 and one other roof on building 41, if we can have access to a qualified roofer they will be done.



We have signed a \$48,500.00 contract with Economy Paving and Maintenance for the asphalt. It will include not only a special rubberized sealcoating procedure, it will also include repairs to our asphalt,

the white parking lot stripping, the various signs on asphalt and the painting of car stoppers. Funds from the asphalt reserve will be used in order to do this project.

Mid-South Painting as started the painting program as we write this report.

The overall site is in a fair condition and we all hope to have more rain to help our grass and bushes.

3. Clubhouse

Stacey and Mr. Mongrain continue to have meetings with the architect firm and also with three contractors that are still on our list after the elimination of three others. Pricing from two of them are very close, not even a differential of \$2.00 per square foot or a total of \$13,000.00 differential. Final selection of the contractor will be based on the following criteria; 1. Pricing 2. Who we think can do the project within a given time frame. 3. Experience of the contractor on this type of job. 4. One that can expedite of the permit process. 5. Produce the right performance bond and contract terms.

We are expecting to get 80% of the drawing completed by July 21 and then one more formal review will be done and a selection of the contractor will be made before the completion of the last 20% so we can have the contractor input before finalizing the drawings.

Now we can affirm that we remain not only in line with budget objective but even below. Mr. Mongrain will return to Waterside as required to make an update with the architect and the various contractors. One more meeting of the working group will be schedule before the end of July. We managed a tight cash situation and did not use Desjardins Bank so far to pay related expenses of the club house. We have opened the financing bank account during the visit of Mr. Mongrain, from which all payments related to the club house will be processed. So far, we have used our operating cash flow for the payment of the architectural firm. This means a potential savings of close to \$15,000.00, which can be transferred to the working capital reserve following a motion of the Board.

For our permanent resident, the club house construction specification may end up as a qualified ***“shelter”***. If this happens, Waterside will be one of the first sites to have such a designation for the benefit of our residents. In order to fulfill this objective we have added a propane generator to our specifications to support the electrical need of the club house. Final decision will be made when we have a firm price budget.

The next steps are: 1. the release of 80% of the drawing, 2. discussion with contractors on what can be done in order to reduce cost, 3. have the remaining 20% of the drawing completed, 4. sign contract with the contractor and finally the selected contractor will file with the appropriate authority in order to get a building permits. Only then we will be in a position to start construction, at this time it is hard to determine exactly when.

As an example of permits delay, one more article in the Coastal Star stated that the possible new Publix at Plaza del Mar, south/west corner of A1A and Ocean took 7 months just for a sign on the building.

4. Unit sale

Over the last eight months 23 units were sold or are under contract. Our owners are our best real estate agents, please always mention Waterside and please maintain your price, the demand is there. Two more possible transactions are in the works. ***To our new owners we welcome them*** and know that if they need info our long term residents will be there to help.

5. Property insurance

From information received, owners may expect a premium increase of close to 10% when coverage is provided by Citizen and from other insurance companies. The reason to justify the increase is related to claims following a water damage, where the tendency is to claim heavy loss, due to the contractor

and lawyer inflating the claim value. We have seen some residents changing their water heater, but we do believe that we should see a lot more.

6. Miscellaneous

TV antenna, some of our residents did transfer their TV service from Direct TV, Dish Network, Hughes Network or Shaw Direct, please report that situation to the office so we can remove those antennas and the cabling, thank you for your collaboration.

It will be a busy month with the asphalt repair and sealcoating and the painting contract, your cooperation is required in order to help the contractors doing the jobs.

Thanks for reading.

André Mongrain, President
Claude Comtois, Treasurer
July 18, 2017

WATERSIDE FINANCIAL RESULT
AS OF JUNE 30, 2017

	<u>YTD</u>	<u>YTD</u>	<u>TOTAL YEAR</u>	<u>2016/2017</u>	
<u>REVENUE</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>FORECAST</u>	<u>BUDGET</u>	<u>VARIANCE</u>
				315	
NSF FEE	25	0	25	0	25
100 ASSESSMENTS **	974,053	974,053	1,461,080	1,461,080	0
102 LATE FEE INCOME	500	2,000	1,000	3,000	-2,000
103 INTEREST INCOME	62	0	62	0	62
104 TRANSFER FEE	2,700	1,000	3,750	1,500	2,250
106 ACCESS/GATE CARDS	650	133	850	200	650
107 APPLICATION FEE	17,600	16,000	25,000	24,000	1,000
108 MISCELLANEOUS INCOME	1,450	1,000	1,600	1,500	100
TOTAL REVENUE	997,040	994,186	1,493,367	1,491,280	2,087
<u>EXPENSES</u>					
<u>UTILITIES</u>					
200 ELECTRIC	31,994	32,667	49,000	49,000	0
201 WATER & SEWER	168,181	167,333	254,000	251,000	3,000
202 GARBAGE & RECYCLING	29,807	31,333	49,000	47,000	2,000
203 PROPANE GAS	48	133	200	200	0
204 CABLE T.V.	54,123	44,667	77,000	67,000	10,000
205 TELEPHONE	5,038	4,800	7,500	7,200	300
205.1 WIFI	2,035	1,667	3,000	2,500	500
	291,226	282,600	439,700	423,900	15,800

<u>ADMINISTRATIVE</u>	<u>DESCRIPTION</u>	<u>YTD</u> <u>ACTUAL</u>	<u>YTD</u> <u>BUDGET</u>	<u>TOTAL YEAR</u> <u>FORECAST</u>	<u>2016/2017</u> <u>BUDGET</u>	<u>VARIANCE</u>
	300 PAYROLL-ADMINISTRATIVE	71,824	68,933	105,400	103,400	2,000
	301 PAYROLL-MAINTENANCE	59,969	61,000	92,000	91,500	500
	302 PAYROLL TAXES	10,545	7,867	13,500	11,800	1,700
	302.1 EMPLOYEE BENEFITS	6,354	3,667	7,000	5,500	1,500
	304 SECURITY GUARDS	37,563	39,333	59,000	59,000	0
	305 ACCOUNTING	16,673	17,333	25,000	26,000	-1,000
	305.1 BANK FEES	541	833	1,250	1,250	0
	305.2 BAD DEBT	5,291	4,000	6,000	6,000	0
	305.3 COLLECTION COST	4,426	2,667	6,000	4,000	2,000
	306 AUDITING	4,400	3,067	4,400	4,600	-200
	307 LEGAL	723	1,000	1,250	1,500	-250
	308 PROPERTY TAX	3,753	2,533	3,753	3,800	-47
	309 INCOME TAX	0	333	0	500	-500
	310 INSURANCE	195,678	196,667	292,000	295,000	-3,000
	311 OFFICE SUPPLIES	2,491	1,667	2,900	2,500	400
	312 POSTAGE & SHIPPING	535	400	700	600	100
	313 LICENSES	2,104	2,133	3,200	3,200	0
	314 TRAVEL & MILEAGE	621	500	750	750	0
	315 MEETINGS & EDUCATION	101	333	400	500	-100
	316 SCREENING	6,774	5,000	8,000	7,500	500
	317 ALARM SYSTEM	315	333	500	500	0
	318 COMPUTER REPAIR/SERVICE	540	1,333	2,000	2,000	0
	319 COPIER	3,115	2,667	4,000	4,000	0
	320 MISCELLANEOUS ADMIN.EXP.	5,677	4,667	7,000	7,000	0
	320.1 WEBSITE IMPROVEMENT	959	1,333	2,000	2,000	0
	323 SOCIAL FACILITIES	9,530	7,334	11,000	11,000	0
		450,502	436,933	659,003	655,400	3,603

<u>DESCRIPTION</u>	<u>YTD</u> <u>ACTUAL</u>	<u>YTD</u> <u>BUDGET</u>	<u>TOTAL YEAR</u> <u>FORECAST</u>	<u>2016/2017</u> <u>BUDGET</u>	<u>VARIANCE</u>
<u>MAINTENANCE</u>					
400 GASOLINE	380	334	500	500	0
401 SPRINKLERS	21,984	5,334	27,000	8,000	19,000
402 PEST CONTROL	9,161	14,000	17,000	21,000	-4,000
402.6 MISC. MAINT.EXP.	1,058	667	1,200	1,000	200
403 LANDSCAPING	82,000	82,000	123,000	123,000	0
403.1 FERTILIZATION-WEED CONT.	15,719	16,667	20,000	25,000	-5,000
404 TREE TRIMING	6,028	6,667	10,000	10,000	0
404.2 NEW TREES & BUSHES	4,410	5,333	7,000	8,000	-1,000
405 BUILDING MAINTENANCE	14,711	16,667	28,000	25,000	3,000
406 GROUNDS MAINTENANCE	10,455	13,333	20,000	20,000	0
407 SECURITY GATE EXPENSE	13,899	6,000	17,000	9,000	8,000
408 CAMERA & VIDEO EXP.	-518	2,667	3,000	4,000	-1,000
409 PLUMBING EXP.	1,610	3,333	4,000	5,000	-1,000
410 ELECTRICAL EXP.	4,816	3,333	5,500	5,000	500
411 POOL SUPPLIES & REPAIR	12,044	7,333	16,000	11,000	5,000
412 STREET MAINTENANCE	740	2,333	3,500	3,500	0
413 UNIFORMS	378	267	400	400	0
414 GOLF CARTS	966	1,333	2,000	2,000	0
415 LOCKSMITH	53	133	200	200	0
416 FIRE SAFETY	2,605	3,333	4,000	5,000	-1,000
417 JANITORIAL SUPPLIES	1,566	2,000	3,000	3,000	0
418 AWNINGS REPAIRS	550	12,000	8,000	18,000	-10,000
420 PAINTING PROGRAM	965	31,333	38,000	47,000	-9,000
421 STREET LIGHT	-1,980	2,000	-1,000	3,000	-4,000
425 POOL CHAIRS/TABLES	856	1,667	3,500	2,500	1,000
429 BENCHES REPLACEMENT	0	333	0	500	-500
	204,456	240,400	360,800	360,600	200

<u>DESCRIPTION</u>	<u>YTD</u> <u>ACTUAL</u>	<u>YTD</u> <u>BUDGET</u>	<u>TOTAL YEAR</u> <u>FORECAST</u>	<u>2016/2017</u> <u>BUDGET</u>	<u>VARIANCE</u>
450 CONTINGENCY	6,112	24,253	18,864	36,380	-17,516
INTEREST DURING BUILT	0	10,000	15,000	15,000	
487 EAST WELL	860	0	0	0	0
CLUB HOUSE PROJECT	31,808	0	0	0	0
	38,780	34,253	33,864	51,380	-17,516
<u>GRAND TOTAL EXPENSES</u>	984,965	994,186	1,493,367	1,491,280	2,087
<u>EXPENSES OVER REVENUE</u>	12,075	0	0	0	0

<u>DESCRIPTION</u>	<u>YTD</u> <u>ACTUAL</u>	<u>YTD</u> <u>BUDGET</u>	<u>TOTAL YEAR</u> <u>FORECAST</u>	<u>2016/2017</u> <u>BUDGET</u>	<u>VARIANCE</u>
<u>RESERVES</u>					
2510 ROOFS	22,667	22,667	34,000	34,000	0
2515 PAINTING	0	0	0	0	0
2530 ASPHALT	19,333	19,333	29,000	29,000	0
2542 POOLS	3,000	3,000	4,500	4,500	0
2543 AWNINGS	0	0	0	0	0
2546 SPRINKLERS	1,667	1,667	2,500	2,500	0
2547 TV CABLE INFRASTRUCTURE	8,333	8,333	12,500	12,500	0
2545 WORKING CAPITAL	6,667	6,667	10,000	10,000	0
2544 INTEREST REV. RESERVE	8,196	6,667	12,000	10,000	2,000
	69,863	68,334	104,500	102,500	2,000

Andre Mongrain President **Claude Comtois Treasurer**

July-10-2017