

TREASURER'S REPORT FOR MAY: June 16, 2010

1. The Colby Financial Statement

The May financial statements were received June 12, 2010, and were accepted as presented with minor corrections.

2. Delinquent Homeowners

The total amount in arrears is \$31,934, and this compares with \$43,886 the previous month although some debt was written off as uncollectable.

The number of residents owing more than \$227.40 has remained at 26, and the number owing more than \$1,000 is down by one to 10 after a debt was written off. Two owe more than \$2,000 and one owes \$3,028. The rest owe less than \$227.40.

This continues to be of considerable concern. Four more properties have reached the end of the debt collection path without recovery and are in danger of being declared uncollectable.

3. Expenditure status – master

The good news is that we currently ahead of the game in operating revenue by \$13,998 out of an annual budget of \$1,442,250. We are also ahead of the game in our total expenditures by \$42,228 out of the budgeted \$1,326,043 for all of 2010. Together this means we have an operating surplus of \$56,216. Absent significant unforeseen expenditures it appears possible the association could end 2010 in the black.

Among items over the operating budget year to date are legal costs, by \$5,807; consulting, by \$2,655; janitorial supplies by \$6,942; maintenance by outside contractors, by \$3,613; and lake system maintenance, by \$6,942. However, reserve interest revenue is ahead of budget by \$6,740 and the transfer fee income to date of \$28,000 is ahead of the predicted pace by \$8,000. Yet unanticipated reserve expenses, approved by the board, are significant. They include \$8,873 for irrigation renovation; \$3,465 for kitchen repair; \$2,308 for welding; and \$1,111 for mold remediation.

Some unusual variations in our reported utility expenses for April are still uncorrected on the balance sheet. They were the result of incorrectly coded bills being charged improperly for April to telephones rather than to other utilities. Colby assures this problem will be corrected in June, and that it has no overall financial effect on the association.

4. Expenditure status – gardens

The Gardens operating expenditures for the first five months of 2010 total \$53,559, meaning spending has exceeded the budget by \$14,108 because of expenditures approved by the board of directors. Among the budgets in which spending has exceeded original predictions are irrigation repairs, by \$2,222; landscaping, by \$2,000; Plant/shrub replacement, by \$2,172; and granite replenishment, by \$2,349. Gardens revenue year to date is \$43,256 or \$8.40 ahead of the budgeted pace.

5. Master reserve and cash balance:

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| WF CD Brokerage initial value | \$684,637 |
| Current Value of WF CDs | \$594,637 |
| WF money market | \$90,429 |
| 7 Additional CDs | \$443,600 |
| Total operating cash | \$153,821 |
| MOB Money Market | \$90,552 |
| M&I Money Market | \$200,000 |
| Colby Total Master Reserve | \$1,401,397 (plus interest to be added) |

6. Gardens reserve and cash balance

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| CD Brokerage initial value Wells Fargo | \$273,808 |
| Current Value of WF CDs | \$178,439 |
| WF Money Market | \$99,613 |
| Colby total Gardens reserves | \$278,052 |

7. Insurance

Our master property insurance policy is in hand and technical drafting errors have been rectified. The board needs to schedule an executive session to conclude its evaluation of our other insurance coverage.

8. Interest on investments

Recently \$400,000 in cash was moved from the brokerage account at Wells Fargo into other accounts bearing a rate of return higher than 0.06%. M & I Bank has opened a money market account for us which is guaranteed to \$250,000 and pays 1.5% interest compounded monthly on our deposit of \$200,000. The other cash went to a \$100,000 CD through Wells Fargo at 0.3% interest for three months and the remaining \$100,000 went into a six-month CD through Wells Fargo at 0.4% interest. I am considering whether to move the Gardens cash from Wells Fargo to M & I next month for the higher return, and am awaiting the board's impending decision on implementing the Reserve Study recommendations on spending for the remainder of 2010 and for 2011.