Treasurers Report   January 19 2022

1. Savings/checking account balances as of January 19 were:

Account 0408-insurance escrow account- $105,314 - Last report was $70,313

Account 8764- reserves interest account - $2,220 -Last report was $2144

Account 0394-reserves savings account- $15,142- Last report was $20,142

Account 6029-banking account-$78,123 –Last report was $54,235

2. We have $1,620,000 invested in 8 CD’s at Truist Investment Services. We also have $240,324.60 in the Truist Investment Services cash account. I have just begun holding cash as CD’s mature in anticipation of roofing in villa 11 and maybe all of Barkley in the near future and for soffit costs in excess of the $250,000 line of credit. We have another $720,000 of CD’s coming due in February.

3. Other banking transactions since 11/17/2021:

-On November 29 and on December 27, I moved $8000 from operating account to reserves savings, in accordance with our budget

-On December 17, I transferred $21,000 from Reserves savings to operating to reimburse for soffits repairs already paid in accordance with directions from the Directors. On December 20, I moved $20,000 of those dollars to insurance escrow since we are short in that account.

-On January 3, I moved $15,000 from account 6029 to insurance escrow to help prepare for our property insurance bill.

4. In December, we earned $76.03 in interest on our CDs at Truist Investment Services.

5. The financial statement for December reported that we were over budget by $5,927 for the month and $79,922 over budget for the year.

6. This month we received a check from our collections company $2966.73 to bring unit 2651H up to date on maintenance fees.

7. The overall financial situation for Barkley is as follows:

A. You will recall that our property insurance premiums increased drastically on May 1, 2021 and this was not anticipated when we did the 2021 budget. This increased our total annual insurance premiums to about $320,000. As a result, we were far over budget in 2021 and had to use all of our emergency cash from the Irma settlement in order to pay the $252,000 property insurance bill. We should have been setting aside about $26,000 each month in order to pay for the May 1, 2022 bill if the rate did not increase. Due to other unplanned costs we were only able to set aside about $10,000 per month in the last 8 months of 2022. Our insurance is expected to increase again by 20 to 40 % on May 1, 2022. We budgeted for a total insurance cost in 2022 of $390,000. This means we should be setting aside $32,500 each month in 2022 to pay the bill.

That is about double the amount we had to set aside each month just a couple of years ago. However, we only collect higher maintenance for the 4 months before the bill is due to be paid so, we will likely need to borrow money to pay the bill on May 1, 2022. Hopefully, the insurance industry will recoup their losses soon so our rates will return to normal. I am told this situation happened about 10 years ago so we can hope.

B. Regarding reserves, as I began the Treasurer role nearly 6 years ago there had been a recent Reserves Study done which helped identify the life span of assets and estimated costs to replace them. I used this data as I prepared my Reserves Timetable for the first time. It appeared that we would be short of reserves savings so we increased reserves allocations from $70,000 per year to $96,000 per year. We also added $250,000 to reserves from the Irma settlement. We obtained estimates for Paving and Sealing and for pool coating, etc. for planning purposes. It appeared we were on track for full finding as projects came due. The Reserves Study report from 2015 indicated the cost of roofing to be about 1.5 million dollars factored for inflation at 3% per year for several years we expected a fee of about 1.875 million dollars. About one year ago, we got three estimates on roofing and they were much higher than anticipated. Based on those estimates, the total needed by 2025 factored for inflation is about 2.85 million or about one million dollars more than planned. These estimates were gotten during covid when lumber prices, etc. skyrocketed so there is some hope of lesser cost when things return to normal. However, from recent estimates we received for villa 11 roofs it appears the estimates from a year ago are still in the ballpark. In addition, we have learned that the cost of the Dudley roof job was about 5 million dollars and involved total replacement of shingles and plywood and some rafter repair from termite damage. At the current projection of 2.85 million for our shingle and gutter replacement, this would call for a substantial special assessment when we do the job. This year I came upon a different way of looking at reserves and it is available as a handout here today. It gives a clearer picture of reserves funding status and I plan to use this in future reports.

C. Next we need to consider the soffit issue in villa 11. We have had two soffits fall to the ground and 9 soffits demolished and rebuilt to date in villa 11. There was an engineering study done in late 2018 and another study done this past November. Both studies recommend the removal of the stucco soffits on all 80 units in villa 11 and replacement with a lighter weight material. The current costs of the soffits replaced were for about $4000. If you multiply that times 80 soffits, our projection has been for a cost of $320,000. This is for the fronts only and we have at least three rear soffits which need to be replaced as they are sagging and are held up with temporary posts. If we have to replace half of the rear soffits at $4000 per soffit that adds another $160,000 for roughly $480,000 in total costs. The one engineering report offered a post option but did not endorse it as the best way to go. It would cost about $1000 per post for 80 posts and that totals $80,000. They suggest posts in addition to the soffit replacement which adds to the $480,000 so that totals $560,000. The current engineering study does not call for the posts at all. There has been considerable thought to using just posts to stop or delay the deterioration of the soffits but neither engineering firm recommends it. These costs will need to be paid by another special assessment. Further bidding for soffits is in progress and it appears the costs are rising.