

## Actual vs Budget- 2024

The explanations below correspond to the numbers reflected in the attached financial statement of Actual vs Budget. Such items are considered significant in amount or nature of the item.

1. Decrease in Total Income - Primarily consists of 9 units that are continually not making timely or any payments of fees on their units. The Association's attorney is in the process of placing liens on the units for which payment plans have not been accepted by the Board.
2. Decrease in Equipment, Furniture, Tools expense- The budget had anticipated the potential purchase of more mowers, water blasters, weed whackers for maintaining the complex and the expansion of storage area to accommodate them. Those purchases were not made.
3. Health Insurance not Budgeted – We were finally able to secure health insurance coverage for our staff during the second half of 2024. It was not anticipated that this would happen in 2024, if at all.
4. Increase in Payroll Expenses – Related to increase in Operations Manager's pay plus the hiring of another hourly maintenance worker.
5. Increase in Pool Repair and Maintenance – About 25% of the increase was related to locating and fixing a leak in the system when the pool was first filled with water. The rest was the decision to remove the tiles and coat the pool with Super Blue Diamond Brite material.
6. Decrease in Elevator Services expense – The budget anticipated the renovation of the interiors for three elevators but only one was partially completed. Additionally, the Association's President had extensive background on working with Otis over the last 6 years on the other two properties he managed and was able to question their decisions for replacing specific parts and the cost of their services which reduced our overall repair bills.

(A note to owners re the elevators – During Typhoon Marwar all our elevator pits had flooded with water and the elevators were inoperable for several months. After the water was removed from the pits, minimal repairs were performed to get the elevators into operation. Otis then provided the Board a quotation of approximately \$347,000 covering all six elevators to basically replace most parts that had been affected by water, replace electronics within the elevators that required replacement and obtain their recertification. They also estimated that to totally renovate one elevator would cost approximately \$125,000 and that it would require 2-3 months of down-time per elevator to accomplish the work. Facing incurring a cost of approximately \$58,000 per elevator to keep them running or incurring \$750,000 along with significant elevator down-time and special assessments to the owners, the Board was struggling with determining the way forward. Fortunately, the Association President's knowledge and background combined with our new Operations Manager's ability to perform some of the work rather than the vendor doing so, brought the \$347,000 down to approximately \$150,000, of which \$100,000 carried over to 2024 and was

included in the budget. While the Board hopes that this renovation will extend the life of the elevators 5+ years, we cannot continue to kick the can down the road forever. A replacement strategy needs to be finalized soon.)

7. Increase in Fire Alarm System expense – Increase in annual fire alarm testing and inspection fees and \$18,000 of emergency repairs fixing the fire hydrant piping that had rusted out.
8. Decrease in Repairs and Maintenance – Other expense – The budget included \$125,000 for work in stripping the old coating from 2 roofs, fixing cracks and recoating them with silicone. The roof budget assumed third party contractors performing the work. Subsequent to hiring the Operations Manager, the Board decided to utilize our staff to perform this work. We only completed one roof during 2024 at a cost of approximately \$35,000 in materials but learned lessons that should speed up the process at a reduced cost. Other major expenses incurred during the year were:
  - a. Back parking lot construction materials, lighting and bumpers - \$25,000
  - b. Additional solar lighting, flood lights for buildings and common areas - \$23,500
  - c. Rewinding sewage transfer pumps - \$8,000
  - d. Rental of boom lift and excavator for various projects - \$6,500
  - e. Cleaning dryer vents - \$5,000
  - f. Advance purchase of silicone paint for second roof - \$5,000
9. Increase in Telephone – Elevator expense – The elevator phone system was brought up to code which requires a separate telephone line for each elevator vs our previous system of utilizing on one telephone line for all of them.