

Innsbrook Owners Association

For The Year Ended November 30, 2018

Notes to November 30, 2018 (2017-18)

Income Statement (Receipts and Expenses)

1) Maintenance: These fees provide the basis for the general operating expenses of the Innsbrook Owners Association. In addition to the assessment fees, the property owners paid \$375,877 in water fees. Of the funds, \$167,057 was disbursed to the Public Water Supply District No. 2 and the remaining balance of \$208,820 was paid to the Innsbrook Corporation for its water supply system. There will be an \$8 Water assessment increase for fiscal 2018/19. Also paid, was \$382,812 in central alarm monitoring system fees to the Innsbrook Corporation, which maintains the monitoring system and pays the CenturyLink lease line charges. In fiscal 2017/18, the Innsbrook Corporation paid \$50,004 to the property owners for their share of maintenance and security. One account from fiscal 2010/11 has an unpaid assessment totaling \$1,949. One account from fiscal 2011/12 has an unpaid assessment totaling \$1,955. One account from fiscal 2012/13 has an unpaid assessment totaling \$1,981. One account from fiscal 2013/14 has an unpaid assessment totaling \$1,986. One account from fiscal 2014/15 has an unpaid assessment totaling \$2,195. One account from fiscal 2015/16 has an unpaid assessment totaling \$2,195. One account from fiscal 2016/17 has an unpaid assessment totaling \$2,394. Two accounts from fiscal 2017/18 have unpaid assessments totaling \$4,826. Attorney's fees, filing fees and finance charges have been assessed and will accrue until paid in full. For fiscal 2018/19, there will be a \$65 Maintenance assessment increase.

2) Security Department: These fees provide for the operating expenses and management of the security department, excluding the central alarm monitoring system noted above. There will be no increase for fiscal 2018/19.

3) Activities: These fees provide for the general operating expenses of the Innsbrook Activities department. Activities assessment generated \$197,531. Camps, workshops and other activities collected \$28,676 in revenue associated with the events. This year, \$118,721 was donated from property owners and vendors for the Fireworks Display. Thank you for the support; without it the show would not be possible! For fiscal 2018/19, there will be no Activities assessment increase.

4) The Facilities Capital Fund was established in the 2014/15 fiscal year. These funds are used to pay the debt and debt service for capital expenditures such as the upcoming pickleball courts, as well as the recreational complex, bridges, buildings and additional facilities for the use of Innsbrook property owners. For fiscal 2018/19, there will be a \$7 Facilities Capital Fund assessment increase.

5) Reserve: This will be re-established in the fiscal 2018/19 year with a \$25 Reserve assessment. This fund will be utilized for unexpected or extraordinary expenses not budgeted for and thus not covered by other assessment fees.

	Final	Budget
	2017-18	2018-19
Revenue		
Maintenance Assessment Income (1)	1,909,109	2,031,369
Security Department Income (2)	537,882	541,766
Activities Fee Income (3)	344,928	343,395
Facilities Capital Fund (4)	336,235	350,564
Reserve (5)	0	40,019
Miscellaneous Income (6)	87,381	88,900
Rental Income (7)	9,497	9,500
Total Revenue	<u>3,225,032</u>	<u>3,405,513</u>
Expenses		
Operating Expenses		
Payroll (8)	523,254	572,400
Activities (9)	345,667	340,400
Insurance (10)	228,045	255,517
Road Maintenance (11)	335,781	402,500
Professional Fees (12)	70,225	70,000
Office (13)	92,538	98,000
Payroll Taxes (14)	20,348	22,000
Landscape Maintenance (15)	99,705	97,000
Lake Maintenance (16)	125,086	116,000
Security Department (17)	523,333	554,540
Utilities (18)	101,454	113,000
Vehicle Repairs & Maintenance (19)	50,092	53,000
Taxes and Licenses (20)	6,658	7,000
Recreation (21)	197,160	200,000
Other Expenses		
Interest (22)	188,460	190,408
Extraordinary (23)	125,276	104,000
Total Expenses	<u>3,033,082</u>	<u>3,195,765</u>
Cash Available for Principal Payments Not on Above Statement	191,950	209,748
Principal Payments Reducing Cash		
Property Management Building	13,243	13,775
Charrette Creek Commons	132,853	139,149
Pickleball Courts	0	6,124
Vehicles and Equipment	47,702	9,256
Total Principal Payments	<u>193,798</u>	<u>168,304</u>
Net Fund Difference	-1,848	41,444
Fund Balance - Beginning of Year	498,125	496,277
Fund Balance - End of Year	496,277	537,721

6) Miscellaneous: Interest income is earned on the balance of money market accounts, as well as from finance charges paid on delinquent accounts. Other income streams include marina rental, boat storage and moving.

7) Rental Income: This is income generated by renting Innsbrook Corporation a portion of Charrette Creek Commons for operating the Summerhaus. For fiscal 2017/18 the rents received were \$9,497.

8) Payroll: This expense represents the gross wages paid to employees who worked on the maintenance of all common areas such as roads, beaches, dams, nature trails, fences and grass cutting. Included in this account is the \$50 per lot management fee, implemented in 1995/96, that is paid to the Innsbrook Corporation.

9) Activity Expense: Includes the Memorial Day Anniversary Party, the Fireworks Display, movies, tennis tournaments, summer workshops, Camp Innsbrook, Summer Breeze concerts, and much more; as well as the Innsbrook Institute – where your financial support helped produce the Innsbrook Institute Music Academy and Festival. The payroll, payroll taxes and benefits for all activity related staff, including Camp Innsbrook workers, is also included.

10) Insurance: Insurance includes General Liability on roads, corporation facilities used during events and common grounds; Group Health Insurance; Vehicle Collision and Comprehensive; Worker's Compensation; Equipment Coverage; Accounting Errors; and Fraud Coverage.

11) Road Maintenance: Expenses include asphalt overlay and repairs, replacement gravel, grading, ditching, culvert repairs, dust control, and street signs. Asphalt overlay totaled \$235,201. Replacement gravel expenses totaled \$49,394; and snow removal/salt totaled \$612.

12. Professional Fees: Legal fees totaled \$12,000. Accounting expenses of \$58,225, which include \$46,225 paid for independent accounting fees provided by Wade Stables PC and \$12,000 in fees paid to the Innsbrook Corporation.

13) Office Expense: Expenses for the Architectural Review Board, publications and general office expenses such as papers, copying and postage are included. Additionally IT labor and material costs are included in office expense.

14) Payroll Taxes: Included is actual payroll taxes paid to Innsbrook Corporation for FICA, FUTA and Missouri Unemployment Tax on Property Management employees.

15) Landscape Maintenance: Landscape Maintenance includes all expenses for landscaping, plant beds, mowing and general upkeep of the development's appearance.

16) Lake Maintenance: Silt projects were conducted at locations within the following lakes: Innsbrook, Castelenovo, Silver Fox, Heidi, Cardinal, Whitetail, Charrette, Audubon and Aspen.

17) Security Department Expense: This includes the payroll and contract services for our security director, gate and patrol officers; general gate house supplies and expense; access control; security vehicle gas and maintenance; and animal control expenses. Included in this account are also the \$25-per-lot security management fee, implemented in 1995/96, that is paid to the Innsbrook Corporation. For fiscal 2018/19, there will be a no Security assessment increase.

18) Utilities: Includes trash hauling and all utilities for the Innsbrook Owners Associations' Property Management Department (PMD) building, green house, Charrette Creek Commons, security entrances and facilities.

19) Vehicle Repairs & Maintenance: This includes the maintenance of the fleet of trucks, tractors and specialty equipment used to maintain the common grounds of the development. Also includes fuel and oil.

20) Taxes & Licenses: The association must pay property tax and income taxes on all earned income such as interest and rental. Taxes are paid annually in December and February, respectively.

21) Recreation: Expenses include payroll and payroll taxes for the complex manager, cleaning staff and fitness instructors; as well as fixtures, supplies and maintenance of the entire complex.

22) Principal/Interest: The current balance due on the Property Management Building is \$312,173. Current outstanding balance on the Charrette Creek Commons loan is \$3,689,119. There was \$188,460 paid in debt service in 2017/18 for loans on both the PMB and Commons, as well as the vehicle and equipment loans.

23) Extraordinary: For fiscal 2017/18 crack-filling, painting and striping of three tennis courts; as well as asphalt overlay, painting and striping of the basketball court occurred. Additionally \$76,392 in drilling and \$27,461 in electric charges to run the well related to the Alpine Lake seepage was incurred. For fiscal 2018/19 there is \$104,000 budgeted for well electric charges and repairs related to Alpine Lake.

For Informational Purposes Only:

A) Sewer: These fees are paid to Innsbrook Corporation for the operation and maintenance of the wastewater treatment facility and infrastructure. For fiscal 2018/19, there will be a \$258 Sewer assessment increase.

B) Sewer, Security, Security Payroll, and Water availability fees are associated with undeveloped lots only. Innsbrook Corporation was paid \$6,883 for sewer availability and \$4,590 each for security and water availability. For fiscal 2018/19, the assessment will remain the same.

C) In fiscal year 2014/15 all association assets, along with their corresponding depreciation, were added to the balance sheet. It was later determined that due to the nature of a home owners association's assets, depreciation is not applicable thus not recorded. In fiscal year 2015/16 to offset the addition of the assets with depreciation, the amount previously shown as accumulated depreciation on the balance sheet was adjusted to the fund balance thus indicating a larger-than-actual fund balance on the system-generated balance sheet. Please note, the difference in system generated versus reported fund amounts are not liquid monies, but rather an internal bookkeeping entry over two years.