

EMERALD LAKES - THE QUAYS CTS 33891

Comments on the Financials for the Year Ended 31 March 2024 - items of concern as prioritised	Priority
1. Balance Sheet a) Corresponding figures for the previous financial year are missing. These are required by S165(5) of the Regulation. b) The normal "Notes to Financial Statements" were not supplied - as qualified in para 2 of the Audit Report ; and there are no references to Notes in the balance sheet . c) The Balance Sheet shows an Admin. surplus of \$65,034 being the b/f balance from 2022/23 of \$21,588 plus the 2023/24 surplus of \$43,446, which includes that frivolous and unnecessary Special Levy for "cash flow purposes" of \$10,848. This surplus of \$65,034 should be used to reduce the 2024/25 Admin Levies but should also be offset by an increase in Sinking Fund Levies. Please see the comments in 4. b) below.	HIGH HIGH HIGH
2. Administrative & Sinking Funds Statements (items common to both) a) In the "This Year Budget" column why are there are no amounts for the line item "Discount on Levies" to compare with the amounts in the "TOTAL THIS YEAR" column? b) "Discount on Levies" is not an expense. It must be shown in Income as an offset to "Levy Income". There is a line item in Income specifically for this purpose - why is it not being used? c) The normal "Notes to Financial Statements" were not supplied - as qualified in para 2 of the Audit Report; and there are no references to Notes in the Inc & Exp Statements.	HIGH MED HIGH
3. Administrative Fund Inc & Exp Statement (items exclusive to the Admin Fund) a) GST is not normally an Income/Expense item as it is revenue-neutral and is normally shown only in Balance Sheets. Can you please explain why we have incurred a "GST Allowance" expense of \$1,643? Is it a fine? b) i. Can you please explain why an "Insurance Claim" would cost us \$6,708 as noted in Expenses? ii. Can you please explain why we have an item of \$4,050 in Income listed as an "Insurance Claim Refund"? c) Can you please explain why we have a negative item (i.e. an income item) in Expenses for a relatively large amount of \$6,294 and called "Sundries"? And what is the item for please? d) In our history we have never incurred "Travel Expenses". Can you please explain who incurred this cost of \$102 and why we are paying for it? e) In regard to Water Usage can you please explain how we have managed for 2 consecutive years to collect more than we have paid out? In 22/23 we collected an excess of \$4,249 and in 23/24 we collected an excess of \$2,377. Has the BC overcharged Owners? The accounting for this function should be a very simple and accurate Zero-Sum exercise.	HIGH LOW LOW HIGH LOW MED
4. Sinking Fund Inc & Exp Statement (items exclusive to the Sinking Fund) a) The payment \$1,233 for a new "Sinking Fund Forecast" is an Admin Expense, not a SF expense. b) I have been advising you regularly, since before last year's AGM, that the SF balance was well short of its 31/3/24 target balance due incorrect calculation of our levies.. The SFF forecast applicable to the 23/24 year had a target year-end balance of \$880,388 (not \$860,492 as an early version of the current SSF suggested) and we have only \$695,431 in our accounts - a shortfall of \$184,957. <u>I believe you now have an independent, corroborative opinion on this issue.</u> The new SFF has a 24/25 year-end target of \$919,732, meaning that our SF levies will need to raise \$224,301 plus the total of the SF expense budget. It is critical that the Committee instruct the BCM to calculate levies correctly as follows. AF Levies - Opening Balance + Budget Expenses <u>less</u> Any Additional Revenue + Planned Surplus + Discount + GST = Budget Levy. SF Levies - Opening Balance + Budget Expenses as per the SFF + & any known other expenses <u>less</u> Any Additional Revenue + Planned Surplus as per the SFF + Discount + GST = Budget Levy.	LOW HIGH HIGH HIGH
5. Auditor's Report a) The auditor could not give an opinion on our compliance with accounting policies as "accounting policy notes" were <u>not</u> included or disclosed in our financial statements - see page1/para 2 for this qualification in the Auditor's report. b) Also, the 3 paragraphs under "Responsibilities of Those Charged with Governance for the Financial Report" on page 1 of the Auditor's Report, are a worthwhile read. c) Please note that in the standard BC audit the Auditors do not check budgets or levy calculations or enquire into the reasons for expenses or if they are accurate or within budget. These things should be checked initially by the Treasurer and then by the Committee.	HIGH HIGH MED

From Andy Doves, Lot 3006, Emerald Lakes - The Quays, 12 May 2024