

PIPOA Treasurer's Report
for the
Board Meeting held on June 27, 2023
Financial Report as of May 31, 2023

Category	YTD Budget	YTD Actual	Difference
Revenue	\$2,207,033	\$2,249,022	\$ 41,989
Expenses	\$ 862,965	\$ 644,931	\$ (218,034)
YTD Budget Variance – Favorable/(Unfavorable)			\$ 260,023
Cash Balances	American Bank		\$ 324,824
	Herndon, Plant & Oakley		\$ 1,203,383
	Total Cash On-Hand		\$ 1,528,207
Total HPO Balance			\$ 13,380,122

Significant items of note since the last Board meeting:

1. As of the writing of this report (June 20th), we are in possession of a draft 2022 audit report. However, it is unlikely that we will have a completed report in time for the June 27th meeting. If not presented at the June 27th meeting, the audit will be presented at the July monthly meeting. We plan to invite our new auditor to the July meeting to answer questions.
2. Referring to the Income Statement, as reported at the May meeting, Insurance expense was overstated, and Prepaid Insurance was understated due to a coding error. This was corrected in this month's financials resulting in a \$40,000 reduction in Insurance expense this month and a similar increase in Prepaid Insurance on the Balance Sheet.
3. As of the end of May, Bulkhead expense (our largest association expense) is underbudget by approximately \$\$200,000 or 55%. In large part, this is occurring because the budget was built expecting to have two full-time contractors. At this time, and since January, we have only had one contractor engaged. Although behind on the budget, given the amount and severity of bulkhead work to be done, we expect to narrow this situation during the remainder of this year. However, we will probably not "catch-up"; only narrow the

gap. We continue to need an on-staff project manager and hope to fill this void soon.

4. Currently, Contract Labor is overbudget by approximately \$11,400, or 171%. Contract Labor is overbudget because we are filling some office staff positions with contract labor (a temp agency). This is distorting both Contract Labor and Salaries expense categories. Salaries expense is underbudget by approximately \$26,000 (16%). I believe the appearance of being under budget is distorted for three reasons:
 - a. The Salaries budget was created expecting to have a highly compensated bulkhead project manager on staff. At present, a project manager has not been hired. I believe the Salaries budget is approximately \$70,000 per year greater than the current staff would justify.
 - b. Over the past several months, one or two office staff positions have been filled by temporary agency workers. These expenses are not reflected in Salaries expense but in Contract Labor, understating the actual cost of office staff.
 - c. Since mid-April, the true cost of temporary worker(s) has been in some cases lower and in some cases higher, than that paid to prior employees.

At this point, because of these three countervailing influences, we do not know where we are, or should be, both in terms of salaries or the Salaries budget.

5. I believe a budget workshop is advisable in the next few months to allow the Board to discuss, a.) funding requirements, b.) be better prepared for the upcoming budget process this fall, c.) be better informed of where we are on the budget, d.) should we adjust the budget for this year?