

HGI Treasurer Report
HGI Board Meeting
May 20, 2021

April 30, 2021 financial statement on HGI website

BB&T operating account	\$154,476.09
Fidelity Insurance deductible	\$107,789.05

BB&T reserve account	\$21,468.53
Fidelity reserve	\$1,018,494.10
Total Reserve	\$1,039,962.63

Treasurer Notes

1. All buildings have paid their April maintenance fees.
2. Steve Baccarella is in the process of being added to all HGI accounts including APM's new system.
3. APM is transitioning to CINC Systems and Center State Bank. Going forward, all building assessments and HGI invoice payments will be processed through the new system and bank. I emailed instructions to building Treasurers and HGI Directors providing options for paying future building assessments. APM and Center State Bank are in the process of printing and mailing new coupons to the building Treasurers.
4. Insurance premiums have been paid for 2021. Total insurance costs are \$273,425, insurance assessments collected was \$280,000, excess insurance assessments of \$6,575.
5. As mentioned in the March report, \$8,433 was transferred from BB&T operating account to the Capital Reserve account (amount represents excess income from 2020 tax return). I propose 3 possible options for allocating the transferred funds:
 - a) spread among all capital projects
 - b) apply to a single capital project
 - c) create new reserve line item, "Deferred Maintenance" and apply the funds to this item

In addition to the \$8,433 transferred, there is \$942 of interest from prior years that should be allocated, for a total of \$9,375.

The dollar amounts are not material to the total capital projects account so I don't recommend option (a).

Funds under option (b) would move to a particular project already established or used to establish a new project in the capital reserve schedule.

Under option (c), a "Deferred Maintenance" line item can be established and funded with the above amounts. Deferred maintenance means any maintenance or repair that will be performed less frequently than yearly, and will result in maintaining the useful life of an asset. The maintenance or repair item should not already be covered in the capital projects schedule. Since "Deferred Maintenance" is not specially allocated to a particular project, when considering an expense against this account, the HGI Board would need to vote to use these funds for the particular expense. While caution must be maintained in using "Deferred Maintenance" funds, this option does provide some flexibility for maintenance or repairs not anticipated.

I recommend either option (b) or (c). The HGI Board should discuss the options and make a Motion to allocate the funds based on that decision.