

RIVER OAKS HOMEOWNERS ASSOCIATION

NOTICE OF ANNUAL BUDGET MEETING

On behalf of the Board of Directors of the River Oaks Homeowners Association, we hereby notify every Association member that the Board of Directors is holding its annual Budget Meeting on November 29, 2022. The meeting shall be held in the driveway of Board Member Tony Ruberto, 404 Sharwood Drive at 6:00 pm. Attached you will find a copy of the proposed Operating Budget and Reserve Budget.

The Board of Directors held an Open Discussion on the Budget on October 17, 2022, in which the format allowed open questions and discussions concerning the budget process along with the many other topics as raised by the Association's Members. This budget reflects the matters discussed in this meeting.

The Agenda for the Meeting shall be as follows:

1. Call to Order and Roll Call of Board
2. Approval of prior meeting minutes
3. Unfinished business from last meeting
 - a. Committee Members
 - b. Committee Reports
4. Board Ratification of Budget
5. New Business
6. Open to the Floor
7. Adjournment

The following narrative is offered to assist in the understanding of the Proposed Budget:

2022 has brought a lot of changes to the Association, all of which has been conducted to afford fiscal responsibility and transparency to the Association members. With such operational changes, financial reporting also demands changes and accepting the responsibility of prudent financial management. An important disclosure that is required with the budget concerns reserves. Florida Statutes require that since our Association has established reserves, we need to disclose the condition of our reserves. Our reserve methodology is that we have a pooled reserve fund, in which we do not have individual reserves set up for individual planned expenditures. This is contrary to what was misrepresented in prior financial reporting. The HOA has one management duty, that is to maintain the waterways, namely the bodies known as Lake Sharwood and Lake Oakwood. Therefore all monies set aside for reserves are planned to address those capital needs surrounding those two lakes. The current planned budget will allow \$100,000 to be set aside in 2023 for such lakes. At the time of this publication, the Board feels that only limited expenditures for the lakes will occur until a plan is established to determine the course of action and the funding requirements required for such requested plan of action. Furthermore, in conjunction with Florida Statutes, any expenditure greater than 10% of our budget will require competitive bids. With Hurricane Ian cleanup, timing and available contractors to review our needs will most likely be delayed for another 45-60 days. While the planned funding required may exceed the \$100,000 currently projected as available, it is deemed plausible that the required funding necessary will be met with current and future regular assessments over the next two years.

The Board wants to stress that any past reference to street sign expenditures or cul-de-sac curb expenditures should not be the responsibility of the Association. The Board has entered into discussions with Collier County that establishes the financial burden for those items onto the

County, as they were intended to with the recording of the plat of River Oaks. Therefore, any funds previously identified for these capital improvements have been reclassified to our Reserve Account for lake management capital needs.

With prudent financial management, the Board has projected that 100% of this year's annual assessment and any funds received from the County past due amounts (explained below) will be totally transferred into the Reserve Account. With the decrease in planned operational spending, this will allow the Reserves to increase over 475%.

Individual Budget line items of interest are explained below:

Revenues: In prior years, there was the belief that 169 lots compose River Oaks Homeowners Association. After the Board and members conducted an internal audit, it was determined that Lot #44 of Block A (Sharwood Drive) has been omitted from the assessment rolls. This property was sold by an individual to Collier County in 2003 and Collier County has never paid its deed authorized assessments. Through our Treasurer, a demand letter was made to the County for past assessments, late fees, and assessments. The Board has been in active discussions and expect payment, which may be subject to negotiations. The Budget includes the estimated amount that demand has been presented. As stated, all planned 2023 assessment income and the County past due amounts are planned to be transferred into the Reserve Fund.

Operating Expenses: Significant Operating Expenses include the following:

Management Fees- Currently Pegasus Management is under contract for \$1,000 per month.

Legal Fees- It is anticipated that the Board will seek Legal assistance in addressing stormwater runoff from neighboring properties and to assist and advise on Bylaw revisions. Of particular note will be exploring the options of short-term rentals in the community and presenting viable options for the Membership to consider.

Insurance- The Association carries General Liability, Umbrella Liability, and E & O Directors Coverage.

Summary: While the Budget is simply a projection, actual income and expenses may not materialize as planned. For example, if the Association does not collect the assessments in a timely basis, then funds may not be available for planned expenditures in either Operating or Reserve accounts. If the Board approves the attached budget, the annual assessment of \$330 per lot will remain the same for 2023. We look forward to meeting all Association members at this Budget Meeting.

Respectfully Submitted,

The Board of Directors
River Oaks Homeowners' Association