

November 30, 2021

Dear South Hampton Property Owners,

The Board of Director along with Empress Management have been actively working on the budget process. Enclosed is a copy of the 2022 Approved Operating Budget for your review. Below is a summary of the adjustments you will notice in comparing the 2022 approved budget with the 2021 budget:

Income

- The income for the association primarily consists of the monthly regular assessments collected and a modest income from storage room rentals.
- **Overall, the income shows an increase of \$52,907.**

Repairs & Maintenance

- We combined Special Maintenance Projects, Painting, Plumbing Services, Electrical Services, and License & Permits into line item 43000; General Maintenance and Supplies.
- **Overall, the Repair and Maintenance Expense reflects a very slight increase year-over-year. The Board has been working hard to better manage these costs and will continue finding creative ways to control and reduce these costs.**

General & Administrative

- You will notice we added two (2) additional line items; Printing/Copies and Postage. We also reduced the amount in Office Supplies. Over-all, this group reflects a reduction of \$834.00. To achieve these savings, we intend on using email as our primary source of communication. We need all homeowners to ensure your email contact information is current.
- Legal Services and CPA Audit are moved to a new category called Legal/Professional Services
 - Legal shows an increase due to an on-going active lawsuit, and other issues related to the waterproofing project, as well as an allowance for our Attorney Retainer Agreement.
- We added a line called Bad Debt. Although we did not budget anything this year for this line item, we plan to keep our eye on any delinquency or collection concerns and have added this line item for tracking purposes. We appreciate how diligent our homeowners are in remaining current with their assessment payments. With your continued support, we should never need to use this category.
- The KPMA Master Association has notified us of an increase for 2022.
- We combined the Flood Insurance and Liability Insurance into one category called Insurance. We are thankful that this Hurricane Season has not directly impacted us along the Grand Strand and has been much quieter compared to the last several years. However, our insurance agent is still suggesting we budget an increase for next year. The Board and Empress are working together to find lower cost insurance alternatives.
- **Overall, the General and Administrative Expense reflects an increase of \$39k.**

Utilities

- Adjustments are based upon historical data from our annual audited financial statements along with YTD financial information and 12-month historical trends. You will see some variances in these line items such as Water/Sewer and Fuel. Water/sewage is our largest increase and is unknown how much more it may increase in 2022. The board is asking all homeowners to be mindful of water consumption and consider replacing old toilets with new water saving toilets. Every little bit will help us in conserving and controlling our costs.

Overall, the Utility Expense reflects a \$17,780 increase.

The General Reserve Contribution is remaining at previous years budgeted amount of \$320,000/yr.

Overall, Year-over-year expenses reflects an increase of \$52,741.

Your South Hampton Board of Directors, and

Sarah Morrow
Empress Management, LLC
Association Manager

Enclosures: as noted