

Key Points in KPMG Report regarding 2000 figures

- Based on the account structure used, there is no differentiation made between costs which should be borne by the company and those which should be recharged to homeowners
- Security costs used in the calculation of community charges include all security charges from PTROLS Inc. and Guardian Security, except those cost for the boatyard. Included in the community charge are guards stationed in the Shopping Area, Golf Course and Sewage Plant.
- Security Salaries relates to Security Manager overseeing the two security companies. There were 6 months actual cost and six months estimated costs. Effective July 2000 the services of Security Manager were terminated. However in April 2001 Jolly Beach billed \$9,460 for services from July to December 2000. Because CDAL continued to reflect a monthly charge of \$6,3532 for the period July to December 2000, the cost for these services was overcharged by approx. \$28,655
- Landscaping included costs of \$2,620 not related to landscaping.
- The sewage treatment plant collects sewage waste and drainage water from both Jolly Beach Resort and Jolly Harbour. The treated water (gray water) is used by Jolly Harbour mainly for maintaining the lawn at the golf course. The 90% allocation to the villa community is questionable. No portion of the savings resulting from the use of treated water is used to reduce the charge to villa owners. In addition Jolly Beach Hotel is charged monthly by CDAL at seventy-five cents per head. The charge to villa owners should be reduced.
- It was not possible to test the basis of allocation for Equipment Rental, as invoices did not provide a breakdown of expenditures.
- It was difficult to ascertain Maintenance-Infrastructure costs as it related specifically to the villa community, as there is no distinction made on the invoices.
- Furniture Villas expenses relate to an audit adjustment to write off furniture considered obsolete as they were damaged during a hurricane.
- Barge Maintenance includes costs for spare parts for the barge.
- Cleaning Supplies & Merchandise Cost of Sales relate to golf expenditures and should not be reflected as community charges.
- Security Salaries allocation of 100% to community is not justified.
- Only block villas have been considered in the division factor.
- Recoveries from the Commercial Center tenants were not deducted from the cots allocated to the community.