

## James Squires

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**From:** Andy Jones [REDACTED]@tritoncam.com>  
**Sent:** Monday, January 5, 2026 10:29 AM  
**To:** bvela50@att.net  
**Cc:** Alex Leonardo; Jupiter Lakes Villas Property Manager; James Squires  
**Subject:** RE: Audit Inquiry – Use of Reserve and Special Assessment Funds (Jupiter Lakes Villas Condominium Association)

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

Barbara,

See below the responses in red to your inquiries and statements.

### Andy Jones

**Director of Accounting**

**Triton Property Management**

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**From:** Barbara Vela <[bvela50@att.net](mailto:bvela50@att.net)>  
**Sent:** Thursday, January 1, 2026 10:05:05 PM  
**To:** Alex Leonardo <[AlexL@\[REDACTED\]](mailto:AlexL@[REDACTED])>  
**Cc:** Barbara Vela <[bvela50@att.net](mailto:bvela50@att.net)>  
**Subject:** Audit Inquiry – Use of Reserve and Special Assessment Funds (Jupiter Lakes Villas Condominium Association)

Dear Leonardo & Company Audit Team,

I am a unit owner at Jupiter Lakes Villas Condominium Association, Inc. and am writing on behalf of myself and other concerned owners regarding the Association's recent financial activity reflected in the January 2025 bank statements and general ledger.

After reviewing the Association's records, we respectfully request clarification on the following audit-related concerns, as they appear to have material implications for financial reporting, internal controls, and owner disclosures:

#### 1. Use of Special Assessment Funds

January 2025 records show transfers totaling \$5,606.12 from the Special Assessment account into the Operating account, reflected as an uncleared transfer on the bank reconciliation and later absorbed into operating cash flow. **The transfer was from the operating account to the special assessment account due to unit owners paying their roof assessment to the wrong bank account. We must keep the funds balanced and when an owner pays to the incorrect**

account, it necessitates a transfer to put the money into the correct account therefore keeping the operating and special assessment funds balanced. I have to make the entry in the month of the financials (January) , and the transfer occurs in the following month (February). The transfer from operating to special assessment occurred on 2/10/2025.

- Are Special Assessment funds permitted to be used as operating liquidity, even temporarily? **No, and this was not the case.**

- If so, should this activity be specifically disclosed in the financial statements or audit notes?

- If not, how should this be treated from an audit and internal-control standpoint?

## 2. Operating Deficits Supported by Reserves

The January 2025 general ledger reflects that operating expenses exceeded operating income, with the shortfall covered by: **The operating income statement loss for 1 month (January 2025) of \$3,549.88 includes the budgeted reserve transfer of \$21,219.41 from the operating fund to the reserve fund.**

- A \$21,219.41 transfer from reserves, and

- The \$5,606.12 Special Assessment transfer noted above. **This is a bank transfer as explained above and has nothing to do with the operating loss for January 2025.**

- Does this indicate an operating deficit for the period? **Operating deficit for the month of January 2025 only**

- Should recurring reliance on reserve transfers be disclosed as a going-concern or budgetary risk? **The reserve transfers are in the operating budget and are required to be transferred as an expense of the operating fund and income of the reserve fund.**

- How should this be evaluated when assessing financial health representations made to owners? **The financial "health" is measured by the fund balance in the operating fund on the balance sheet on a monthly basis.**

## 3. Pooled Reserves and Contingency Funding

More than 50% of all January reserve contributions were allocated to a "Contingency" reserve, rather than to specific reserve components (roof, painting, roads, etc.).

- From an audit perspective, does a large discretionary contingency reserve raise concerns regarding transparency or owner understanding? **No**

- Are there best-practice disclosures recommended when pooled reserves are heavily weighted toward non-component categories? **Contingency can be used for any reserve shortfalls**

## 4. Deferred Maintenance Accounting

The general ledger reflects over \$100,000 credited to Deferred Maintenance through journal entries that do not correspond with cash movement. **Deferred maintenance is when you have quarterly maintenance assessments but produce monthly financials. 1/3 of the quarterly assessment is allocated to each month of the quarter. The balance in deferred maintenance on the balance in January represents 2/3 of the remaining quarters assessments (Feb and Mar). The balance sheet on the last month of a calendar quarter shows no deferred maintenance as the quarter is complete and the quarterly maintenance assessments have been fully allocated to the financials. The cash is received and accounted for in the operating account.**

- Does this accounting treatment affect the perceived availability of funds? **No, the money received is fully available to pay the association's obligations.**

- Should owners be informed that deferred maintenance entries do not represent available cash for projects? **The cash**

received for quarterly maintenance assessments is fully available

## 5. Owner Communications and Financial Representations

Owners have been advised by the Board that the Association is “fully funded” and that new capital projects can proceed without special assessments. The reserve study suggested a \$591,161 balance in reserves at the end of 2025. The actual reserve balance total at 12/31/2025 is \$638,584. This represents a surplus of \$47,423 in reserve funds as estimated from the reserve study professional

- Based on the January 2025 records, would such statements be consistent with generally accepted accounting principles and audit standards? Yes
- Are there disclosure obligations when cash flow is supported by reserve and assessment reallocations? The reserves are disclosed with supporting schedules in the annual audit of the association supported by the reserve study.

We are not requesting privileged audit materials, but rather your professional perspective on whether the above activity:

- Raises audit or disclosure concerns,
- Warrants enhanced footnotes or management discussion, or
- Should be addressed through improved internal controls.

Your guidance will help owners better understand the Association’s financial position and ensure transparency and compliance with proper accounting standards. A subjective calculation to determine the financial position of an association is the amount of the operating fund balance. A measurement that as a previous auditor myself is the operating fund balance should be 1 to 2 months of the average monthly operating expenses. The monthly average of operating expenses is \$31,858. The amount of 1 to 2 months of operating expenses is \$31,858-\$63,716. The unaudited operating fund balance at 12/31/2025 is \$142,756.16. This represents 4.5 months of operating expenses.

Thank you for your time and attention. We appreciate your professionalism and are happy to provide supporting documents if helpful.

Sincerely,

Barbara Vela  
Unit Owner, Jupiter Lakes Villas  
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Jupiter, Florida