

ROTONDA WEST ASSOCIATION

Budget & Finance Committee Meeting Minutes

Monday, September 12, 2022

Attendees Present: Sam Besase Treasurer and BOD Liaison, Gwen Grace, Jack Metz, RoseAnne Woodliff, Thom Lisk, Derrick Hedges **Absent:** Tom D'Abrosca (Chair),

Zoom & Owners Present: Cari Hale, Holly Carr, Bob Thibeault, Sheryl Nowicki, Hank Killion, Patti Cowin, Daryl Bulle, Jerry Eldred, Hank Killion, Craig Finck - Centennial Bank, Liz Carpet – Centennial Bank

Meeting was called to order by Jack Metz at 9:31am

1. **ROLL CALL:** Zoom connection was operational for any interested public attendees, attendees noted above.
2. **Approval of old minutes:** *Motion to approve August 8, 2022 minutes made by Gwen Grace & second by Sam Besase. Minutes were approved as written.*
3. **Owner Input** – None
4. **Centennial Bank HOA Presentation:**
 - a. **Liz Carpet** – Centennial Bank Representative provided background on serves available to reduce intensive RWA staff labor, ongoing education for staff, Board and Committee Members through association with CAI membership and integration with Caliber Software for accounting purposes. All serves reviewed indicated positive benefits for RWA owners and staff. Only downside is initial set up between staff and bank. Cost is \$2.00/property which can be reduced to \$1.00/property if owner enrolled in automatic bank transfer for annual payments. Craig Finck provided concurrence and benefits of CAI membership educational opportunities.
Manager Hedges noted our current bank does not offer any similar services. Further is will save a tremendous amount on postage, staff labor and offers better tracking.
 - b. ***Motion to recommend a transfer of Operating Account from Englewood Bank to Centennial Bank HOA Financial Management to the Board with consideration of Reserve and CDARS with comparison of Interest Rates over time was made by RoseAnne Woodliff and seconded by Gwen Grace. Motion unanimously approved.***
5. **REGULAR BUSINESS**
 - a. **Treasurer Report** – S. Besase presented August 2022 Treasurer's Report. See attached report.
 - b. **Income Analysis** – Income from Annual Assessments has exceeded Budget by ~\$16.8K. This overage is related to collection of arrears obtained through lien process and/or excess tax sell collections. Current 2022 collections are at 96%. Fee income does not reflect bad debt write off. S. Besase asked Manager Hedges to have auditor determine the historical approximate percentage of bad debt.
 - c. **Reserve Analysis** – S. Besase noted RWA transfer of a total of \$600K from operations into reserve funding has occurred. A review of additional transfer of money will be evaluated after third quarter numbers reviewed.

- d. **Delinquent Property Status Update** –Manager Hedges noted continued progress on arrears retrieval. Approximately 3.59% of properties are delinquent more than 90 days. Liens are in process on 50 properties. Next arrears review will happen in January 2023.
- e. **CDARS Spreadsheet Analysis** – CDs continue to rollover at monthly intervals. Treasurer Besase stated Englewood Bank anticipates next CDs will have interest rate of 2.71%.

6. OLD BUSINESS

- a. **Lien & Foreclosure Status** – Status update noted above
- b. **2021 Audit Status** –Completed Audit is available in RWA office for any interested owners. No changes were made from draft to final copy.
- c. **Audit Committee versus Random Cash Mid-Year Audit by Professional Auditor** – Auditor is scheduled to come in to review policies for handling of cash with RWA staff post audit. Manager Hedges noted Auditor cost would be based on labor time but scope has yet to be determined. S. Besase recommended a conference call be done with R. Woodliff and any other interested Committee Members to discuss their recommendation and Committee desires. Manager Hedges to follow up.
- d. **Budget 2023 Process**
 - i. **2022 Reserve Study Deep Dive** –No further discussion at this time.
 - ii. **Building and Grounds Three Year Capital Plan** - Board did not take any action on incorporating projected expenses into Reserve Study.

7. New Business:

- a. **2023 Budget Estimates:** Spreadsheets shall be sent via email. No changes were made from our last Committee Workshop. Suggestion was made to include interest revenue update.
- b. **Board & B&F Joint Workshop Date:** Thursday, September 22, 2022 from 10:00am – 12:00pm.

8. Individual Committee Member – none.

9. Adjournment - Meeting adjourned at 11:05am. Next meeting will be Monday, October 10, 2022 at 9:30am.

Submitted by:

RoseAnne Woodliff

Budget & Finance Committee Secretary

ROTONDA WEST ASSOCIATION, INC.

TREASURER'S REPORT – SUMMARY for BOD & B&F only

08/01/2022 THRU 08/31/2022

-
- 4111-YEAR-TO-DATE 2022 RWA ACTUAL ASSESSMENT INCOME HAS EXCEEDED 2022 YEARLY BUDGET BY ~\$16.8K. \$1,544.4K VS \$1,527.6K
 - \$16.8K = ~\$16.8K projected year end - ASSESSMENT income OVER budget)
 -
 - 4200-ESTOPPEL INCOME HAS EXCEEDED YTD BUDGET BY ~\$54.7K.
 - (\$174.7K VS \$120.0K) (699 ESTOPPELS YTD = 87 per mo. vs 60 per mo.)
 - (\$60.0K = projected year end ESTOPPEL income OVER budget)
 -
 - 4210-TRANSFER INCOME HAS EXCEEDED YTD BUDGET BY ~\$36.3K.
 - (\$108.3K VS \$72.0K) (722 Transfers YTD = 90 per mo. vs 60 per mo.)
 - (\$40.2K = projected year end TRANSFER income OVER budget)
 -
 - 4300-FINING INCOME HAS EXCEEDED YTD BUDGET BY ~\$68.4K
 - (\$73.7K VS \$14.0K) (\$9.2K per mo. vs \$1.2K per mo.)
 - (\$70.0K = projected year end FINES income OVER budget)
 -
 - ~\$16.8 + ~\$60.0 + ~\$40.2 + ~\$70.0 = ~\$187.0K income YTD OVER budget!
 - APPROXIMATELY 96 % OF PROPERTIES HAVE PAID 2022 RWA ASSESSMENTS.
 - ~289 ACCOUNTS ARE DELINQUENT --- NOT PAID BY 08/31/22 ~7,751 HAVE PAID
 - 3rd NOTICES WERE MAILED TO DELINQUENT RESIDENTS. SUSPENSION LETTERS SENT TO ABOUT 375 PROPERTY OWNERS-ABOUT 85 HAVE PAID IN THE LAST 120 DAYS
 - ~3.59 OF PROPERTIES ARE DQ OVER 90 DAYS APPROX 50 LIENS IN PROCESS
 - 6180-YTD EMPLOYEE WAGES/BENEFITS EXPENSES WERE UNDER BUDGET BY ABOUT ~\$1.2K THRU 08/31/22. ~\$423.3K BUDGET VS ~\$422.1K YTDTHRU 8/31/22.
 -
 - RESPECTFULLY, SAM BESASE – RWA TREASURER, SEPTEMBER 09, 2022
-

ROTONDA WEST ASSOCIATION - TREASURER'S REPORT

for BOD & B&F only

SUMMARY - 08/01/22 THRU 08/31/22

SUPPLEMENTAL FINANCIAL INFORMATION:

NOTES

~\$300K transfer from Operations to Reserves- 2022 RWA BOD approved 3/22

~\$300K transfer to Reserves in late July of 2022. BOD approved 6/22

RWA might consider another \$200K transfer in 4Q of 2022

CARRY OVER - EXCESS FUNDS (Net Income) as of 08/31/22 is: ~\$846.3K

RWA manager & RWA treasurer are monitoring perhaps 20+ line items for inflation impacts for remainder of 2022 & budget for 2023.

The 2022 overall budget is being managed well by the RWA Manager and staff.

The RWA is in excellent financial condition –

~\$ 134.4K in Cash	(1001)
~\$1,499.5K in CDARS – Operating	(1007)
<u>~\$ 900.0K in CDARS Reserves</u>	(1008)
~\$2,533.9K in cash and CDARS	

Respectfully - Sam Besase

RWA Treasurer

September 9, 2022

ROTONDA WEST ASSOCIATION - TREASURER'S REPORT
for BOD & B&F only - SUMMARY - 08/01/22 THRU 08/31/22

NO KEY INCOME ACCOUNTS - WERE UNDER BUDGET:

N O N E

4111 ASSESSMENTS (1,544.4 vs 1,528) OVER BUDGET BY ~\$16,800.00
4200 ESTOPPEL FEES (174.7 vs 120.0) OVER BUDGET BY ~\$54,700.00
4210 TRANSFER FEES (108.3 vs 72.0) OVER BUDGET BY ~\$36,300.00
4300 FINES INCOME (73.7 VS 14.0) OVER BUDGET BY ~\$59,700.00
4400 ATTY-BOOKS-TAX (16.8 VS 0) OVER BUDGET BY ~\$16,800.00
5 KEY INCOME ACCOUNTS - EXCEEDED BUDGET BY~\$174,300.00

+++++
8 KEY EXPENSE ACCOUNTS – UNDER BUDGET:

6000 LEGAL UNDER BUDGET BY~ \$ 28,800.00
6360 PRINTING/POSTAGE ESTIMATE UNDER BUDGET BY~\$ 7,000.00
6140 COMMUNITY OUTREACH UNDER BUDGET BY ~\$ 9,200.00
6180 EMPLOYEE WAGES, ETC UNDER BUDGET BY ~\$ 1,200.00
6220 INDEPENDENT CONTRACTORS UNDER BUDGET BY ~\$ 3,600.00
7820 R&M COMMON AREAS UNDER BUDGET BY ~\$ 2,400.00
7860 BRAZ. PEPPER TREES UNDER BUDGET BY ~\$ 6,500.00
8000 UTILITIES UNDER BUDGET BY ~\$ 6,300.00
8 KEY EXPENSE ACCOUNTS - UNDER BUDGET BY ~\$64,200.00

+++++
8 KEY EXPENSE ACCOUNTS – OVER BUDGET:

6220 INDEPENDENT CONTRACTORS OVER BUDGET BY ~\$ 3,900.00
6260 TAXES & LICENSES ESTIMATE OVER BUDGET BY ~ \$ 3,000.00
6240 INSURANCES OVER BUDGET BY ~ \$ 5,000.00
6300 OFFICE EQUIPMENT OVER BUDGET BY ~\$ 3,000.00
6420 TECH SUPPORT OVER BUDGET BY ~\$ 5,500.00
7560 FUEL EXPENSES OVER BUDGET BY ~\$ 7,200.00
7710 LANDSCAPE MAINTENANCE OVER BUDGET BY ~\$ 7,300.00
7760 MOW MAIN/PARTS/REP/REPLAC OVER BUDGET BY ~\$13,200.00
8 KEY EXPENSE ACCOUNTS - OVER BUDGET BY ~\$46,100.00

+++++

The above 21-line items are the important ones that MOVE THE NEEDLE -- significantly impacting the budget. All remaining line items really DON'T MOVE THE NEEDLE much.
BOTTOM LINE: RWA INCOME received YTD are significantly OVER budget projections.
BOTTOM LINE: RWA EXPENSES paid YTD are significantly UNDER budget projections.
Respectfully - Sam Besase RWA Treasurer September 09, 2022

ROTONDA WEST ASSOCIATION - TREASURER'S REPORT
for BOD & B&F only - SUMMARY - 08/01/22 THRU 08/31/22

The RWA Manager can provide the list of properties currently in the LIENS & FORECLOSURES process (~ 80), by address and amount owed, to the RWA BOD and RWA B&F committee members upon request. (Less than 1% of RWA properties) (Phases I-II, III & IV)

The RWA Manager can provide the list of DELINQUENT PROPERTY OWNERS (about 289), by address and amount owed, to the RWA BOD and RWA B&F committee members upon request. (3.59% of RWA properties.) (3rd notices sent and SUSPENSION letters sent.)

The DETAILED information on pages 2 thru 5 are provided by the RWA Treasurer to assist the RWA BOD & RWA B&F as we draw nearer to finalizing the 2023 budget over the course of the next 2 weeks.

Some INCOME line items are on an ACCRUAL ACCOUNTING basis per the Independent Outside Auditor.

Questions are solicited by the RWA Treasurer, please, from both groups in advance of the combined 2023 budget workshop, the 3rd week in September, 2022. (SEPTEMBER 22, 10AM-NOON)

The RWA received the annual TRIM notices (25) from the Charlotte County Property Appraiser in late August of 2022.

Respectfully, Sam Besase – RWA Treasurer

September 9, 2022