

ROTONDA WEST ASSOCIATION, INC.
Budget & Finance Meeting Minutes

July 19, 2024 – 9:30AM

1. CALL TO ORDER at 9:30am by Tom D’Abrosca
 - a. ROLL CALL: Tom D’Abrosca, Sam Besase, (RW Treasurer), Colleen Koppenhaver, Thom Lisk, RoseAnne Woodliff, Derrick Hedges, Jenny Bulle Absent/Excused: Timothy Houghton
 - b. Zoom was operational. Attendees: Andy Vanscyoc, Steve Gray, S Nowicki, N Schwechel
 - c. Recognize Jack Metz: Jack served on this Committee and contributed greatly, especially on simplifying the budgeting process. We greatly appreciated his efforts and will miss him. Condolences to his family.
2. Approval of minutes of June 13, 2024: Motion to approve Tom D’Abrosca, seconded by R. Woodliff. Approved as written.
 - a. Members – Property Owners Input – None.
3. Regular Business – RWA Treasurer Overview (**Sam Besase**) – See Attached Report for details.
Monthly Financial Review – June 2024
 - a. Income Analysis – June 2024: Total cash is \$2,843,970.95. Income is over budget by ~\$29K or ~1.6%. Estoppel and transfer fees have improved and are now ahead of budget.
 - b. Expense Analysis – June 2024: Expenses overall is under budget by ~\$89.6K or ~9.03%.
 - i. Federal and State Liability Tax Expense Line Item for Budget 2025: ***Derrick & Jenny discuss with Auditor when RWA should expect Tax liability from interest earned on CDRs. 2025 Budget will include an expense line item for tax liability per S. Besase with a guesstimate of \$12,000.***
 - c. Reserves Study: Discussed what effect the addition
 - i. Reserve Study Update: C. Koppenhaver recommended the reserve study develop a “what if” scenario with the addition of the new expansions planned to the building to assess future impact to reserve balances. S. Besase provided input that cash funds within operating could fund new Administration addition. ***Derrick to request updated with Reserve Study author, Pierre Del Rosario, RSS, RS given Board approved Building Project using a figure of \$500K. Follow up by manager at Aug meeting.***
 - ii. C. Koppenhaver noted 2023 Year End financials reported \$286,000 was approved and moved into reserves but 2023 Audit noted \$200,000 moved into reserves. What caused the discrepancy? ***Follow up by Manager to be done and reported back to Committee at August 2024 meeting for Educational Purpose. Follow up in August.***
 - d. CDAR Operations & Reserves – Analysis – Manager and Treasurer are following interest rates offered with different banks. Laddering of CDR’s being done to get best interest going forward.
4. Old Business:
 - a. RWA Manager update on Liens/Foreclosures: Manager noted several properties are in foreclosure process. One developer has seven properties in foreclosure. Suspension notices were sent to 100 individuals with 34 either paid or on installment payment plan. Six notices of intents to file liens sent out in June.
 - b. Delinquent Property Owners Analysis –June 2024: ~96.44% of owners have paid 2024 assessments.
 - c. Budget 2025: The question of how Delinquency amounts that are collected should be tracked for budget purpose still needs clarification. The committee still needs to understand where bad debt recovered monies received are recorded after being written off. With the Budget of 2024, we noted income in various categories, i.e., legal fees reimbursed, fine reimbursement, etc. but it does not appear those are being broken out of money received in current monthly financials. ***We also need input from Auditors on how to do accounting for non-collectables.*** When reviewing 2023 audited financial statements, the reserve for doubtful accounts or credit losses was \$221K on our year end financials but

auditors reduced that to \$173K. We need to understand why the auditors adjusted the amount what to expect when developing 2025 budget for bad debt. **August Follow Up (Derrick/Jenny): Manager noted Auditors have not provided answers requested.**

- d. Three Year Building and Grounds Plan (**Sam**): S. Besase noted awaiting on Board approval on most projects. New truck has been purchased. A question on who might be tapping the Reserve Study to include was not answered.
- e. 2024 Mid-Year Audit Update: There was some confusion on whether or not the Committee Mid-Year Audit recommendation was presented at a Board meeting. Annual Audit "Agreed Upon Procedures Report" were presented by C. Koppenhaver. Mid-year reviews were completed with 2023 less descriptive. Previous cost of mid-year audit was to be provided by Manager. This Committee approved recommendation is noted below in.

April 2024 Motion: Similar to the 2022 mid-year audit, the B&F Committee recommends the Board approval that auditors perform an Agreed Upon Procedures engagement, and that they issue a written report based on that engagement. Procedures recommended to be included are as follows:

- a. Review bank reconciliations for appropriateness.***
 - b. Track a selection of deposits, transfers, and disbursements to appropriate supporting documentation and review proper accounting treatment, including builder's clean site deposits and cash receipt procedures.***
 - c. Determine that previous year proposed adjusting journal entries are appropriately recorded.***
- f. Annual Audit 2025 Contract: T. D'Abrosca and C. Koppenhaver to meet and review recommendations for 2024 Audit and bring forth by October meeting.

5. NEW BUSINESS:

- a. Budget Workshop to follow this meeting.

6. RWA BUDGET & FINANCE COMMITTEE INPUT: None.

7. Adjourned at 10:04AM. Being no further business the meeting was adjourned by Chairman Tom D'Abrosca.

8. Next Meeting Date – MONDAY, August 12, 2024 AT 9:30AM

Respectfully Submitted:

RoseAnne Woodliff, Secretary Budget & Finance Committee

ROTONDA WEST ASSOCIATION, INC.
TREASURER'S REPORT
06/01/2024 THRU 06/30/2024 (HALF YEAR)

1001 – CREWS Bank (8283) Checking-Operations	\$ 10,577.39 (1)
1003 - Petty Cash - Operations	\$ 200.00
1007 - CDARS Program – Operations	\$ 1,641,416.08
1011 - Centennial Operations #2	<u>\$ 240,673.71 (1)</u>

Total CASH IN OPERATIONS ACCTS as of 06/30/2024: \$ 1,892,867.18

(1) = \$130K transferred from 1001 to 1011 to achieve higher interest rates.

1008 - CDARS Program - Reserves - CAPITAL	\$ 729,036.67
1105 – Centennial Sweep–Reserves – 7343 OPERATIONS	\$ 174,811.36
1106 - CREWS Bank (3864) – BAR Reserves-CAPITAL	<u>\$ 47,255.74</u>

Total CASH IN RESERVE ACCTS as of 06/30/2024: \$ 951,103.77

TOTAL CASH IN OPERATIONS & RESERVES as of 06/30/2024: \$2,843,970.95

Builders Deposits – New Construction

1103 – Centennial 6065 Builders Clean Site Escrow = \$173,000.00

Approximately 283 homes are currently under construction in RWA. ~3.52%

2024 YTD INCOME:	ACTUAL	BUDGET	UNDER/OVER
2024 YTD Income	\$1,827.0K	\$1,798.0K	OVER BY ~\$29.0K ~+1.6%

4111-ASSESSMENT INCOME at ~99.98% of EOY 2023 budget	~\$1,527,220.00
4120/4125/4150 INTEREST INCOME~56.8% of EOY 2024 budget	~+\$ 6,550.00
4200-ESTOPPEL YTD INCOME at ~56.8% of EOY 2024 budget	~+\$10,200.00
(Average 46.2 vs 42 per month = ~+34 cumulative.) 286/252	
4210-TRANSFER YTD INCOME at ~56.5% of EOY 2024 budget	~+\$ 9,900.00
(Average 45.8 vs 42 per month = ~+33 cumulative.) 285/252	
4300-FINING INCOME YTD at ~67.2% of EOY 2024 budget	<u>~+\$15,500.00</u>
6/12ths = 50.00% (one half) of the 2024 budget year. ~88.38%	<u>~+\$42,150.00</u>

2024 YTD EXPENSES:	ACTUAL	BUDGET	UNDER/OVER
6000 Line-Item Series	\$559.1K	\$620.5K	UNDER BY ~\$ 61.4K
7000 Line-Item Series	\$253.8K	\$279.0K	UNDER BY ~\$ 25.2K
8000 Line-Item Series	<u>\$ 19.0K</u>	<u>\$ 22.0K</u>	<u>UNDER BY ~\$ 3.0K</u>
2024 YTD Expenses	\$831.9K*	\$921.5K*	UNDER BY ~\$ 89.6K*
*9.03% under the 6-month RWA 2024 budget.			

Respectfully - Sam Besase – RWA Treasurer – July 06, 2024

ROTONDA WEST ASSOCIATION, INC.

TREASURER'S REPORT – SUMMARY

06/01/2024 THRU 06/30/2024

- APPROXIMATELY ~96.44% OF PROPERTIES HAVE PAID 2024 ASSESSMENTS.
- ~7,754 paid = ~96.44% ~249/~37/~286 ACCOUNTS DELINQUENT = ~3.56%
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- APPROX 161 PROPERTIES ARE IN LIEN/FORECLOSURE PROCESS = ~19.9%
- ~13 L; ~16 NOIL; ~24 NOIFL; ~4 MF; ~4 LF; ~107 DL; ~25 PP; ~4 IP; ~0 B = ~197
- Note that many properties show up in duplicate categories. ~\$281,039.06
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- Latest CDAR interest rates are ~5.10%. (vs 0.17% in 2022)
- Higher interest rates translate to ~\$3.0K income per week ~\$150K a year
- Some = 52 weeks which extend into 2025. Expect average 4.75% = 2025
- FED meeting on 06/12/24 – kept interest rates the same.
- Next 2024 FED RESERVE meetings: 4 more this year: July/Sep/Nov/Dec.
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- CARRY OVER – EXCESS FUNDS (Net Income) as of 06/30/24 is: \$840,758.30
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- Halfway thru 2024 – RWA budget continues to be in excellent financial shape!!!!
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- RWA INCOME IS ~88.38% OF THE RWA END OF YEAR BUDGET - 6/12ths OF THE YEAR.
- RWA EXPENSE IS ~44.8% OF THE RWA END OF YEAR BUDGET - 6/12ths OF THE YEAR.

Stolen checks issue RESOLVED

2023 Annual Audit & 2024 3-Year Reserve Study, both were approved by RWA BOD-April of 2024

RESPECTFULLY, SAM BESASE - RWA TREASURER, JULY 06, 2024

ROTONDA WEST ASSOCIATION, INC.
Budget & Finance Budget Workshop Minutes

July 19, 2024 – 10:40AM

1. CALL TO ORDER at 9:30am by Tom D’Abrosca
 - a. ROLL CALL: Tom D’Abrosca, Sam Besase, (RW Treasurer), Colleen Koppenhaver, Thom Lisk, RoseAnne Woodliff, Derrick Hedges, Jenny Bulle Absent/Excused: Timothy Houghton
 - b. Zoom was operational. Attendees: Andy Vanscyoc, S Nowicki, N Schwechel
2. Utilizing the draft Budget spreadsheet of Tom D’Abrosca, each line item was reviewed with Manager Hedges and Accounting Jenny Bulle for appropriateness and based upon anticipated 2025 expenses. Notes were made along the process by Colleen Koppenhaver and RoseAnne Woodliff on the computer. Copies will be sent to Tom D’Abrosca for review and distribution.
3. Meeting Adjourned at 12:00 noon.

Respectfully Submitted by:

RoseAnne Woodliff