

**The Oceanage**  
**Finance Committee Meeting Minutes**  
**July 18, 2024**

**Attendance:**

Committee Members Present:

- Ed Paneque (#164) – Chair
- Mike Crowley (#272) - Treasurer
- Jody Dreyfuss (#107/108)
- David Burka (#186/187)

Committee Members Not Present:

- Luis Sanchez (#190)

President Present:

- Ed Nappa (#209)

Property Manager Present:

- Sean Arena

**Agenda:**

- 1) Introduction/Opening Remarks
- 2) Key Date Calendar
- 3) Accounting Reporting Procedures
- 4) Review June 2024 Financials
- 5) Capital Projects
- 6) Spending Authorization Procedures
- 7) Other Topics/Open Discussion

**Discussion:**

- 1) Key Date Calendar is a work in progress with key input from Sean, Ed N. and other committee members. Process will take some time to finalize and post on The Oceanage website.
- 2) On July 2<sup>nd</sup>, Ed P., Mike Crowley, Ed N. and Donna Doherty had a call with Jane (outside accountant) and discussed monthly reporting procedures and timing. A few procedures were refined and committed to, including methodology on accruals and review reports to be provided. Invoice approval and check signing procedures were discussed and a SOP to be prepared in the near future. More detailed notes were previously delivered to the Finance Committee.

Basic reporting timing is as follows – a) Jane will schedule her on site work between the 5<sup>th</sup> and 10<sup>th</sup> of each month, b) Finance Committee meetings will be between the 10<sup>th</sup> and 15<sup>th</sup> of each month and c) posting of financial reports will be on the Oceanage website by the 20<sup>th</sup> (each of these dates relate to the following month being reported on (year-end finalization will have an extended deadline).

- 3) Ed P. presented a Stmt of Cash Flow for the 6 months ended 6/30/24. The Oceanage cash balance increased by \$187,152. While overall, the operations are ahead of the operating budget by \$8,635, the principal driver of the increase in cash is the increase in Assessments Rec'd in Advance of \$281,069 (offset by timing of Insurance premium payments vs monthly insurance expense). This increase is mostly driven by 3Q assessments electronically collected in late June (many on 6/30). The total Assessments Rec'd in Advance at 6/30/24 is \$429,876 as some owners prepay their dues in advance (some by quarters, some annually, some more than that). Without advance due collections, our cash balance would be negative \$135,263. A discussion was had about whether or not we should be relying on advanced dues collections to maintain a positive cash balance. It was acknowledged that this practice has been going on for years. This practice will be continued to be monitored.

We also did collect the Mangrove CD deposit of \$17,108 in June, which had been identified a while back as no longer needing to be held as security.

Ed P. presented a YTD reserve balance analysis. Ed N. summarized the usages (mainly the expected roof work expenses) and gave an update on the Building Committee efforts to ensure proper monitoring and maintenance of our buildings and grounds. The tracking schedule mentioned in previous meetings is continuing to be fine-tuned. A joint meeting with the Building Committee and Finance Committee is being targeted for late August.

- 4) Mike presented the June 2024 Financials highlighting various balance sheet activities and a detailed Revenue and Expense (R&E) variance analysis.

Some items of note include:

- a) Cash Sweep account activity timing. It was also recommended that we should lower our sweep trigger balances to take as much advantage of the current high interest rate environment. Mike will follow up on this.
- b) Bank Fees being charged will be addressed by Sean with our banking relationships.
- c) Sea Wall BOA \$6,276 CD was released and collected and reflected on the R&E statement.
- d) Outside accounting over budget(\$2k) due to timing of billings.
- e) Computer expenses over budget (\$3k) due to significant upgrades done early in the year. Expect full year to remain within budget. Sean will monitor these expenses to gauge adherence to budget.
- f) Legal over budget (\$3k) – detail to be reviewed
- g) Payroll under budget \$6k due to timing of budgeted increases.
- h) Health insurance overbudget (\$7k) due to duplicate payments made in May and June. Sean working on getting credits applied to our account.

- i) Tree Trimming under budget \$9k due to timing of actual trimming work, which is being done in July.
  - j) Gutter repair overbudget (\$5.5k) due to various needed repairs mostly at the Clubhouse.
  - k) Termite control under budget \$7k due to timing of actual services being performed. Sean has saved the HOA approx.. \$4k on this annual maintenance program from previous years.
  - l) Security under budget \$5k. Sean to explore expected security invoice increases.
  - m) Water/sewer under budget \$19k. Jody Dreyfuss researching expected rate increases versus actual increases and usage variances from previous years.
  - n) Beach Reconstruction under budget \$15k due to timing. Any beach work deemed necessary at this point will have to wait until turtle season is over.
  - o) Contingency under budget \$61k/50 Certification over budget (\$75k) – continuing analysis of these items to be addressed by the Building Committee.
- 5) The Spending Limit Authorization policy was only discussed briefly as the meeting was already running long. A detailed discussion will be covered in the next Finance Committee call.
- 6) John Pietrzak brought up electronic banking, which had been discussed in the past. This topic had not been revisited and will be reviewed and discussed in the next Finance Committee call.