

**The Oceanage Association, Inc.**  
**Finance Committee Meeting**  
**January 31, 2024**  
**Meeting Minutes**

Attendance:

Committee Members Present:

Michael Crowley (272) – Chair  
David Burka (186/187)  
Jody Dreyfuss (107/108)  
John Pietrzak (111)  
Luis Sanchez (190)

Committee Members Not Present:

Marko Askic (212)  
Ed Paneque (164)

Property Manager Present:

Sean Arena

Agenda:

- 1) Review of December 2023 financials
- 2) 2024 Monthly Budget
- 3) Lakeside Roof Replacement Costs
- 4) 2024 50-Year Certification Costs
- 5) Spending Limits

Discussion:

1) Review of December 2023 financials:

- a. David Burka raised a question as to the purpose of account #3180-Def. Special Assmt. Inc. with a balance of \$7,276.12 as of 12/31/2023. Since no one on the committee could provide an answer, Mike Crowley will reach out to our accountants for a clarification.
- b. Mike Crowley noted that account #8390-Security expense for the month of December is approximately \$5,000 less than in previous months. Due to a change in the billing cycle during 2022/2023, our auditor made an adjustment of \$5,605.25 as of 12/31/2022 to move expense from 2023 to 2022. This was recorded as a reversing entry that was reversed in December 2023 and credited Security expense for \$5,605.25.
- c. David Burka requested a clarification of Note 1 related to the summary of the 50-year certification costs incurred during 2023. John Pietrzak also noted that the verbiage in Note 1 is not clear. After a lengthy discussion, it was decided to not change the verbiage in the note and Mike and David will follow up with David's concerns in a separate meeting.

- d. Jody Dreyfus expressed his concern that the purpose of the Finance Committee was not being followed during 2023. Besides noting the reasons for spending variances, the causes of the variances specifically in our controllable accounts were not being followed up with management in order to implement required changes to our spending. This needs to be implemented in 2024.
- 2) 2024 Monthly Budget:
- a. A proposed monthly 2024 budget was provided to the members for their review and recommendations for any specific changes to the timing of the expenses.
    - i. The timing of the 2024 office and maintenance payrolls were discussed and it was explained that the monthly budget reflects payrolls based on the number of payrolls during the month as well as the timing of budgeted pay increase and bonuses.
    - ii. The timing of payroll taxes should agree with the related payrolls.
    - iii. Postage machine expense should be heavier during the months leading up to board meetings.
    - iv. Water and sewer expense should be based on the timing of the 2023 usage with a correction for the excess usage by unit 206 in the fall season.
    - v. Beach reconstruction should be timed during the months following hurricane season.
- 3) Lakeside Roof Replacement Costs:
- a. Changes to the original contract include:
    - i. Additional plywood sheathing and fascia for \$21,692.50
    - ii. Additional air conditioning work for \$6,619.60, however, this cost may be reduced based on current discussions with the contractor.
    - iii. Photography for \$5,000.00
    - iv. Other items with costs not yet provided include:
      - 1. Additional gutters on the east side of the 3 buildings;
      - 2. Additional JBA Consulting cost;
      - 3. JB Paint related to the fascia and vents.
    - v. These additional costs currently totaling \$33,312.10 are well within our original project cost estimate that included a 10% (\$70,000) cushion for unknown costs.
- 4) 2024 50-year Certification Costs:
- a. It was noted that the 2024 budget does not include a specific line for the 50-year certification costs. At the time of the preparation of the 2024 budget, it was anticipated that the 50-year certification work would be completed in 2023 with the exception of the lakeside roof replacements.
  - b. Based on a schedule received from McBride Construction, their January billing, as of 1/30/2024, will be \$35,880. McBride also projects an additional \$25,000-\$30,000 for work not yet started. Also, there will be an additional undetermined cost for work that has not yet been estimated.
  - c. There will also be an additional cost for the electrical work at the front entrance/Guard House of approximately \$15,500.

- d. These costs will need to be tracked and accounted for in the separate 50-year certification expense accounts that we used in 2023. These accounts are reported within the Contingency section of the income statement.

5) Spending Limits:

- a. Various suggestions were presented for implementing spending limits for employees and board members. After much discussion, it was decided that a \$5,000 limit should be implemented for Sean with any requests over that amount to be approved by 2 board members. Individual board members should make their requests through Sean and follow the same approval guidelines.
- b. Mike and Luis will draft a spending policy document to be provided to the committee for approval. This policy will then need to be presented to the board for approval.

6) To-do:

- a. Mike to follow-up with our accountant to determine the nature of the Deferred Special Assessment Inc account.
- b. Mike and David to meet separately to discuss his concerns related to the presentation in the income statement.
- c. Mike to make requested changes to the timing of specific expenses in the 2024 monthly budget
- d. Mike and Luis to prepare a spending limit policy document for distribution to the committee for approval.



**The Oceanage Association, Inc.**  
**Finance Committee Meeting**  
**March 15, 2024**  
**Meeting Minutes**

Attendance:

Committee Members Present:

Michael Crowley (272) – Chair  
David Burka (186/187)  
Jody Dreyfuss (107/108)  
Ed Paneque (164)  
John Pietrzak (111)  
Luis Sanchez (190)

Committee Members Not Present:

Marko Askic (212)

Auditor Present:

Marilyn Campbell

Property Manager Present:

Sean Arena

Agenda:

- 1) 2023 Audited Financial Statements
- 2) February 2024 Financial Statements

Discussion:

1) 2023 Audited Financial Statements:

a. Discussion of the Adjusted Trial Balance:

- i. Adjusting Journal Entry (AJE) 6 is a year-end entry recording of the annual depreciation of our fixed assets.
- ii. AJE 7 is a required year-end journal entry to record the asset value and remaining lease liability for the Association's leases of office and maintenance equipment and is primarily a balance sheet entry.
- iii. Marilyn Campbell explained that AJE 5 debiting Prepaid Insurance and crediting Insurance expense for \$71,978.45 adjusts the prepaid insurance balance to agree with the remaining unamortized balance. The adjustment is required to account for the premium credit that the Association received from the insurance carrier earlier in 2023 related to the certification of our roofs for insurance requirements.
- iv. Marilyn explained that AJE 3 crediting Prepaid Expense for \$4,900 is a write-off to correct a deposit from 2021.
- v. Mike explained that AJE 4 crediting Accrued Leave Liability and Payroll expense for \$5,951.99 records vacation pay earned in 2023 and paid in January 2024.

2) Discussion of the Audited Financial Statements:

- a. Marilyn noted that a \$1,000 disbursement related to the mangrove special assessment was charged against the pooled reserve. It was requested that this payment be reclassified from the Pooled Reserve to the Deferred Special Assessment account. Marilyn agreed to make the adjustment.
- b. Marilyn explained how NOTE A Contract Liabilities agrees with the balance sheet.
- c. The \$65,924 installment payment referenced in NOTE E was questioned in that it does not agree with the \$70,121 monthly expense being recorded in the general ledger in 2023. Marilyn explained that the \$70,121 is a journal entry and not the actual payment. The actual payment of \$65,924 agrees with the monthly invoices as well as the calculation of the remaining payments due during 2024.
- d. A discussion ensued related to the verbiage in NOTE H Concentration of Credit Risk. The statement that the Association has approximately \$524,000 invested in a money market fund which is not covered by FDIC insurance may be misleading to the uninformed reader. Since the fund is backed by US Treasury securities, it was requested that the wording be revised to describe the actual investment (i.e. the Association has approximately \$524,000 invested in a money market mutual fund invested in short-term US Government Securities). Marilyn agreed to make the revision.
- e. Marilyn stated that although the audit report still needs to be reviewed by Chuck Krblich, she is confident that there will be no adjustments to the financial statements discussed. She also stated that Chuck will review the report over the weekend.

3) February 2024 Financial Statements:

- a. Assessments Receivable with a balance of \$1,977 relates to several owners who erroneously paid the prior year's assessment amount for the 1<sup>st</sup> quarter of 2024 and is not a concern.
- b. BOD expense of \$4,065.76 relates primarily to the cost of the caterer for the March annual meeting. It appears that the cost of the caterer was budgeted and should be reclassified to Administrative Expense.
- c. Administrative payroll is unfavorable to the budget by \$546 due to additional time required of Lucinda related to preparations for the annual meeting.
- d. Overtime is unfavorable to budget due to additional time required of Winsor for painting.
- e. Water and sewer is favorable to budget by \$5,736 primarily related to the reimbursement from Unit 206 for a prior month's excess use of water.
- f. Unbudgeted 50-year certification expense of \$30,150 relates to the completion of the 50-year certification remediation with the exception of work to be performed on Units 112/212 in April.
- g. The 1<sup>st</sup> quarter 2024 funding of the Reserve cash account occurred on March 1<sup>st</sup> rather than during February as originally anticipated.

4) To-do:

- a. Marilyn Campbell to revise and reissue the 2023 audit report based on requested changes

- b. Due to the adjustment in 1.a.iii. the monthly amortization in 2024 needs to be revised, so that this amount reduces to zero by the maturity date of our current policy.
- c. Mike to request Jane Krblich to adjust the February 2024 financial statements to reclassify the cost of the caterer for the annual meeting from BOD Expense to Administrative Expense.
- d. Upon the finalization of the 2023 audited financial statements, Jane Krblich to record the December 2023 adjusting journal entries reflecting changes in the January and February 2024 financial statements.



**The Oceanage  
Finance Committee Meeting Minutes  
June 24, 2024**

**Attendance:**

Committee Members Present:

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

Committee Members Not Present:

- David Burka (#186/187)
- Luis Sanchez (#190)

President Present:

- Ed Nappa (#209)

Property Manager Present:

- Sean Arena

**Agenda:**

- 1) Introduction/Opening Remarks
- 2) Key Date Calendar
  - Financial Reporting – monthly/quarterly
  - Annual Budget
  - Annual audit
  - Tax return
  - Board Meetings
  - Finance Committee
  - Building Committee
  - Special Projects/Major Repairs
- 3) Accounting Reporting Procedures
- 4) Spending Authorization Procedures
- 5) Capital Projects
  - Updated Reserve Study
  - Flat Roofs repairs/replacements
  - Electrical Metering Infrastructure
  - Cash Flow Analysis
- 6) Other Topics/Open Discussion

**Discussion:**

- 1) Ed P. led discussion on his new role as Finance Committee Chair and transition from Mike Crowley and including Mike Crowley's continuing ongoing role as Treasurer.

- 2) Ed P. introduced his goal of creating a Key Dates Calendar for Oceanage. Once a first draft is prepared, he will solicit input from the board and committee members. Once finalized, calendar will be posted on the Oceanage website for all owners to be able to view.
- 3) Ed P. and Mike Crowley have been working on financial reporting deadlines and procedures. They will have a call with Jane (outside accountant) to discuss the same. The main goal being timing of when she prepares the initial accounting, our review/communication of comments and ultimately posting of financial reports on the Oceanage website by the 20<sup>th</sup> of the following month being reported on (year-end finalization will have an extended deadline).

Jody will be working with Sean on breaking out payroll overtime for both admin and maintenance personnel.

- 4) The Spending Limit Authorization policy, which was worked on last year, is being revisited. Ed N. had already provided comments to Mike prior to this meeting, which will be shared with all Finance Committee members. Suggestions/comments will be gathered prior to next meeting, so we can have a more meaningful discussion.
- 5) Ed N. led a discussion regarding the efforts he and the building committee have been undertaking to assess the physical condition of our property and upcoming needs both in terms of timing and costs. The 3 significant concerns include the a) Flat Roof repairs (and ultimate replacement), b) Electrical metering infrastructure, especially given the long 6 month lead time. (Each building can be done in stages. Ed N. is working on getting an engineering study to enable us to get bids. Additionally, Ed N. is having his company give us pricing as a reference against the bids), and c) Stucco repairs.

Ed P. will be preparing a cash flow projection analysis incorporating the current cash position, the current operating budget, updated reserve study and then adjust for appropriate revisions based on needs as now being determined.

**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.



**The Oceanage  
Finance Committee Meeting Minutes  
August 16, 2024**

**Attendance:**

Committee Members Present:

- Ed Paneque (#164) – Chair
- Mike Crowley (#272) - Treasurer
- Jody Dreyfuss (#107/108)
- David Burka (#186/187)
- Luis Sanchez (#190)

President Present:

- Ed Nappa (#209)

Property Manager Present:

- Sean Arena

**Agenda:**

- 1) Introduction/Opening Remarks
- 2) Review July 2024 Financials
- 3) Financial/Operating Procedures
- 4) Spending Authorization Procedures Policy
- 5) Capital Projects
- 6) Other Topics/Open Discussion

**Discussion:**

- 1) Ed P. provided a quick overview of some of the challenges on getting financials and responses to questions raised in a timely fashion, some of which were not fully resolved prior to this meeting. Please note that 2 adjustments were made to the financials post-finance call as of 8/28/24– a) 3Q Reserve collections made in July were not transferred to the Reserve account and were not recorded as income or expense nor reflected in the Due to/from accounts. These entries were made to properly reflect this; b) It was determined that we are still paid 2 months in advance on Health Insurance. Entries were made to properly reflect that.
- 2) Mike C. led the review of financial activity:
  - a) Cash balance sweep accounts – Centennial Bank has a minimum \$250,000 balance requirement. Amounts above this balance get swept daily into an interest-bearing account utilizing the “Intrafi” system that is common among many banks. The minimum balances act as compensating balances to reduce/eliminate operational banking fees. Mike C. will investigate further if there are any options with the bank.
  - b) Due to/from Operating Reserve accounts of (\$142,919) are mostly due to 1) 50 year certification costs totaling \$51,870 that were paid from the Reserve fund, but coded to operating expense (account #8530) and 2) 3Q Reserve Income of \$95,250

collected but not transferred to the Reserve account until August. The 50 yr Cert cost expense coding is consistent with prior year tracking of these costs. Total 50 yr Cert. costs over 2023/2024 are approximately, \$307K. Some discussion on whether these types of costs (or some of them) should be reserve costs or operating cost ensued. Determination on such was tabled until we complete our full analysis on the Reserve Study, current expected capital needs, all cash balances and reprojection of operating budget and reserve accounts.

- c) Operating Cash at 7/31 was approx. \$429K, which includes \$117K of Assessments Rec'd in Advance and \$143K of amounts due the Reserve account, resulting in "effective" cash balance of \$169K.
  - d) Overall July Operating P&L is over budget by \$47K due and YTD July overbudget \$36K mainly to the 50 yr Certification costs incurred prior to the timing of these amounts expected to be incurred. Other major variances will be discussed below.
  - e) Dock Income is unfavorable (YTD \$1.2K) due to roll over. July is basically on budget. However, we need to follow up on the current Dock leasing list.
  - f) Insurance variances are due to timing of payments made.
  - g) Payroll overbudget July \$9K/ YTD \$2K due mostly to retaining admin help. Other payroll items to be analyzed and are confidential as it contains personal information.
  - h) Health premiums were paid in advance. Still researching getting proper credit from carrier.
  - i) Fire Extinguishers over budget (\$1.8K for July; \$3.2K YTD) due to replacements required as a result of inspection findings.
  - j) Security favorable (YTD \$6K) as expected increases in rates have not been realized.
  - k) Beach Reconstruction favorable (YTD \$15K) due to timing/need.
  - l) Contingency/50 Yr Cert Overbudget July \$41K; YTD \$56K, due mostly to timing of budget versus actual. Total 2024 budget is \$125K, which would account for the variance. Research is being done to verify if any more 50 yr cert. costs will be incurred.
- 3) Ed P. led a discussion on electronic banking. Regarding Collections, we currently have approx. 75% of owners pay electronically. The owners that pay manually are typically long-time older owners that value the manual payment process. We do not have collections issue, so no need to further investigation into requiring electronic payment is deemed necessary at this time.

Regarding disbursements, Ed P. explored this with Sean and Kathy(at Centennial Bank). Electronic signatures will require the use of a 3<sup>rd</sup> party software, such as BillPay, and will have costs associated with it (per item charge and a flat monthly fee). It would require some initial set up time and training as well. Some operational efficiencies should be realized, but a potential risk of proper review and authorization may also be realized. We currently have on-site board members that have been signing checks, so disbursements are getting out timely. Further investigation will be done.

- 4) Ed P. led a discussion on the Spending Limit Authorization Policy. Ed P. prepared and shared a revised version of the Policy that was presented earlier in the year, which was the result of various discussions and input from Mike C, Ed N. and David Ploog (and others throughout the last few months). The revised version attempted to clarify the Purpose of the Policy and restructured what would be considered "Guidelines" and "Required Authorizations".

The Required Authorizations, including vendor approvals, contract approvals and check signing, was discussed at some length. It was decided to table the discussions to allow for further analysis of the structure of the policy to ensure that it is clear and allow for a proper adherence to the policy. John P. mentioned that adherence to state law regarding HOA contract approval be considered when revising the policy.

