

Finance Committee Meeting Minutes

Location: Charleston Pool Office

Date: Wednesday April 25, 2007

Time: 10:00 am – 11:50 am

Attendees:

Ron Murphy (chairman)

Frank Ingrassia (communications)

Cheryl Anderson (ad hoc)

Alasdair MacLauchlan (ad hoc Engineering Study)

Unable to attend:

Jean Gregory (HOA Treasurer)

Ron Weismehl (RFPs, procedures)

Roy Sethna (accounting)

Shannon Gerard (contracts)

DISCUSSION

First Quarter 2007 Review

Ron reviewed the first quarter 2007 budget vs. actual numbers, and discussed the anomalies, outliers, over- and under-runs to date.

Under **Revenue**, the **CR-Contingency Carryover** was thought to be \$4201 from last year. However, this has proven inaccurate. The actual amount from 2006 was only \$2400, This lack of revenue causes an overrun of \$1,800 for the Carriage Run Homeowners.

As for **Expenses**, the **Printing and Postage** expenses are slightly elevated in 1st quarter, due to extra work done on the water issues, over by \$522.

There is a 'newly discovered' **corporate tax liability** of \$1700 for the HOA. This does not include \$600 of real estate taxes we had budgeted for. Thus, we are \$1700 short. Frank will investigate further.

The **Legal Fees - General** category is running over, based on expenses from the lawsuit with one particular homeowner who refuses to pay HOA fees. Those costs have already exceeded our estimates, and we are still pending the decision after a trial.

The **Legal-Water Issue** final expense is still awaiting resolution as we negotiate the written contract with the developer.

The **Water License Fees** – after paying the first two months at our reduced rates, the rest of these monies are a savings, since our agreement stops any further payments (close to \$7K).

Grounds expenses have been put on hold until detailed plans have been developed by subcategory, and these plans are nearly done and awaiting board approval. For now, most

grounds categories are under-running their budgets, but that will change once the plans are implemented. The Finance Committee has approved an analysis showing the funds that we feel are currently available to the grounds committee to implement their 2007 plan (attached).

The **Fountains** have about \$1500 in repair bills pending. Also some fountains are not on the proper timer schedule and this should be reviewed ASAP.

The **Pools Maintenance & Repair** has been lower than expected, probably due to most of last year's expenses being actually vandalism, but booked against this account. The **Pool Heating** is seasonally higher, but that should even out as the warm weather begins.

For the **Recreation Center**, the only change is the maintenance contract for the exercise equipment, not previously forecast at \$1065.

There is \$4842 of additional expenses for **Maintenance** of the **CR** property, much of that due to an additional payment for the December maintenance contract, sod replacement and other smaller charges. Since there was nothing budgeted for this expense, this is pure overrun. This condition, combined with the reduced revenue (discussed in above), has caused an overrun of about \$6,500 for the Carriage Run Homeowners so far this year.

Finance Committee Members: Shannon Gerard has resigned from the committee. She is simply too busy with her children and in continuing her education. She has expertise that the committee needs and she has agreed to be an ad hoc member and work on special projects. We will be looking for a person with some background in accounting to take her place.

Summary

All in all, we have only used 19% of the total budget thus far, and are 25% through the year. That's the good news, for now.

Bill Coding Review

Alasdair will join Ron Murphy in the twice-monthly review of the bills to ensure proper encoding at AMI before being posted to our accounts.

Line of Credit

Since the first quarter expenses have been met, and we are in a surplus condition relative to ongoing expenses, the need for a Line of Credit has been obviated for the time being, and the Finance Committee recommends that the Board of Directors table obtaining a Line of Credit, and the associated costs thereof, for the immediate future.

Capital Replacement Study

On May 1st, the company commissioned to perform the capital replacement study will be meeting with Ron onsite to review the plans, including insurance coverage, and walk the property, as a precursor to filing their report next month.

Next Meeting

The next meeting is tentatively scheduled for Wednesday May 16 at 10:30 am at the Charleston Pool office.

FJI 04/25/07