

Ross Estates Treasurer Report - 2023

Covering The 2023 Fiscal Year and the 2024 Budget

Scott Tabar – RE HOA Treasurer
ross.estates.hoa.treasurer@gmail.com

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Overview

This document will cover the fiscal year of 2023, plus cover topics related to 2024’s budget and the 2024 fees.

Due to time constraints and many other factors, I don’t feel like this document is as complete as I would like it to be. It touches on a lot of details and topics, but it’s just not possible to anticipate all possible questions and provide the information needed to answer those questions. Therefore, if there are questions that come to mind, or are not answered within this document, then please reach out to me and send me an email and I’d be happy to better address your concerns.

2023 In Review

I became the treasurer right before the start of 2023, and as such, I was filling in as a temporary treasurer.

My primary initial goal was to get the 2023 invoices sent out but I also had to also figure out how to work with QuickBooks and put together a budget too. There was a lot to learn, but the biggest challenge was trying to learn how invoicing worked, and how to fix a lot of the roadblocks that it presented. We have 170 members in the community, and to get the invoices generated and printed, it required me to edit each member's records about 12 to 15 different times to address various challenges that I kept running in to and discovering. During this time, I also had to deal with work and other life related commitments too. So, the end result was that the invoices were about 6 weeks late (sort of...) in getting mailed. Pushing back the due date to April 1st hopefully helped.

When generating the invoices for 2024, they were once again late, but they were able to be sent out around Jan 1st, with the due date being set to Feb 15th. But it was a different set of challenges that presented itself.

I fully acknowledge that late invoices were an issue, but luckily for 2024 they were not quite as late. Being where we are right now, and as much as what I've learned and discovered, the invoicing for 2025 should be trivial. I hope.

To farther highlight and address some other mistakes, in the process of trying to get invoices sent out for 2024, I made a few mistakes on the budget. Those mistakes were related to either not having the correct information to set an accurate budget, to the rushing at the last minute and misunderstanding some key options to help lower the budgeted expenses. As a result, and with 20/20 hindsight, there are 2 or 3 budget items that I feel were mistakenly overstated. These issues are covered in greater detail later on in this report, but I just wanted to touch upon them right now so you're aware that I feel some mistakes were made.

The corollary to these budgeting errors, is that due to the unexpectedly high utilization of the two discounts that we offered this year, the effect of more discounts being used than expected will result in lower overall income from the collection of the dues. As such, this reduced income, actually helps to balances out the mistakes in over stating a couple of budget items. Therefore, as a result, it appears as if we are closer to being back on track for a balanced budget.

Aside from my adventures with a few crash courses in QuickBooks, invoicing, and a few other smaller achievements, the finances were pretty much non-eventful. Since I was initially thinking this was a temporary situation, I did not contact the attorney nor embark on anything significantly complicated, which would have been better suited for the full-time treasurer to deal with. Well, I'm still here... and so in 2024, some of those more complicated issues will be addressed.

I would like to also take this opportunity to invite anyone who has questions, or has issues related to invoicing, fees, or even the HOA in general, to please reach out to and send me an email. I'd be more than happy to help in any way that I can. If there are concerns about payments of any kind, both future or in the past, please, give me an opportunity to help stabilize what you owe and so we can protect you from additional late fees, liens, and more expenses. We have many possible options and ways we can help, and we can do so with solutions that are mutually agreed upon.

The budget and expenses for both 2023 and 2024 hopefully are explained well in this document. I tried to provide more information on each budgeted item, but due to time constraints and limitations, I don't think I covered everything. So therefore, when you are reviewing the profit & loss & budget documents, and if this document does not help answer all of your questions, then please send me an email and I'd be happy to help provide additional information.

My Background

I've lived in the community for about 18 years, and I have had some role with the HOA a number of times going back about 17 years. Initially, when the declarant had appointed the initial HOA Board of Directors, they reached out to me to share detailed information about how the HOA was being ran, and how the bylaws and declaration was being used and interpreted. They created a new role for myself, which had the title of Vice-President, which was an empty role since it had no real responsibilities. At that time, an outside management company managed the HOA, which took care of all responsibilities, including paying the bills, and reporting back to the HOA board. I also worked with the management company to better understand what they were doing, and how they handled the finances.

After a period of time, when they felt that the community was ready, they transitioned over to a homeowner ran board, and I was appointed to be the president. A few months after the initial transition, we had our first AGM and held elections for all board positions, and I then became the first elected president. Over the years, I had some other interactions by serving on the board as a member at large. I did not officially serve as treasurer in the early days, but initially, I performed some of the treasurer's duties and worked with a few different HOA boards to help establish the budgets.

Around May 2022, I helped out by taking on the role of managing the HOA's website. This led to a little more interaction with the board.

Around November 2023, the HOA Treasurer, Patti Eaton, had to step down as treasurer, and since I was familiar with a lot of the HOA general financial procedures, I offered to take on the role as treasurer so she could feel more comfortable with moving on, and to help the HOA transition to a new treasurer. Going through the finances, I cannot underscore how great of a job Patti had done with all the finances. It took me a while to better understand how QuickBooks worked, and how to do many of the things in QuickBooks, but everything was there, in QuickBooks, and was dead-on to the penny, for everything. Patti told me she really did not fully understand how QuickBooks worked, but she aced it. Thank you Patti for the great work you performed, and the hours you put in to everything, and how simple you made everything look. I found out, the hard way, there is a lot of time and effort that goes into being treasurer. A lot of time. So thank you greatly for your service to our community; I greatly appreciate everything that you've accomplished.

One important aspect about the treasurer's position is that I see it as a service role for the community. I do spend a lot of time working with the finances to help ensure everything is taken care of, but the primary

reason for the position is to serve our members. Therefore, if anyone has questions, I'd be happy to help in any way I can to get answers, or to take action where it is needed.

Vandalism & Bribery

One thing I think needs to be discussed, as one of the first topics, is the topic of vandalism and bribery.

Unfortunately, there have been a few situations where it appears like good intentions from neighbors have had unfortunate and unexpected outcomes that have caused both damage and unexpected expenses too.

Bare Flower Beds

One situation that has caused a lot of damage, was that someone sprayed the plants at the front entrance with herbicide, which resulted in killing off most of the plants, and has resulted in large bare areas. Those areas were planted with perennials to reduce the costs of having to replace the plants a few times per year, or even every year. It is not known if the individual who sprayed the plants were trying to outright kill the plants, or if they were trying to get rid of weeds, or if they mistook the perennials for weeds. But the end result was killing all of the plants. In 2023 we did not have any budgeted funds to replant the beds, so all we could do was to leave them bare.

Our landscaper, Ben Grow, is a certified horticulturist, and he was explaining that they have been treating the weeds that appear. But there are some types of weeds that can only be killed by chemical sprays, and then you must wait until they wither. Attempting to pull them would cause them to multiply due to the roots being left behind to grow new weeds. Their timing for cutting the grass is on a bi-weekly basis, so at times it may not appear as if the gardens are responding as quickly as we may like, but they are being treated.

The HOA did not have provisions in the budget for 2023 to replant the beds. And there currently isn't anything in the budget for replanting them in 2024 either because I was not aware of the permanent damage that was caused that resulted in the bare beds. I also was thinking it was intentional for the board to leave the beds bare, but that was a wrong assumption on my behalf.

The HOA Board will look into having something done to the beds for 2024.

Damage to the HOA's Sign

Unfortunately, there was a car accident that damaged the sign. It was pushed over and split some of the wood in both the posts and in the sign itself. It is unknown to the HOA's Board, or other neighbors who witnessed the accident, who the responsible party was that had the accident.

The HOA Board was looking into possible ways to address the damage to the sign. I personally reviewed the sign and determined that we (the HOA Board) could repair it at no cost to the HOA. A few days later, Jeff, our president, also reviewed the sign and based upon my comments, we both decided that we could make the repairs that weekend. We would have to dig out the sign, re-dig the post holes, apply some wood glue to the splits and cracks in the posts and the sign itself, then we could reset the posts and reattach the sign. It may have taken about a week or two to make the repairs, but it was something we were planning on doing.

Unfortunately, before Jeff and I could dig out the sign to make the repairs, a few homeowners who thought they were helping, and who mistakenly thought they had the consent of the board, took it upon themselves to cut the posts off at ground level, thus ruining the posts, and our plans to making repairs to the sign.

A police report was filed, but at the time of releasing this report, the board is still weighing their options on how to handle this situation.

At this point, it was decided that it was beyond our ability to repair the sign ourselves. We had the original sign company collect the sign, make repairs, repainted it, and mounted it.

The Board decided to put the sign off to the side so it would not interfere with traffic, or visibility when approaching the traffic island.

Attempted Bribery

Believe it or not, it was reported to the HOA Board that a homeowner attempted to bribe one of the contractors to try and get them to refuse to do their work.

In Ohio, bribery is a 3rd degree felony. It carries a sentence of incarceration of 9 months to 36 months. And a fine up to \$10,000.

Let it be known that if this happens again, we will press charges.

Lessons Learned

As a result of what appears to have been some good intentions going bad, and resulting in unexpected damages and unexpected expenses, it is strongly recommended not to take matters into your own hands.

Instead, please contact the HOA Board and raise your concerns. But be aware that it can take time to get things done due to coordinating communications between the board members, and the contractors. And it can take some time for the contractors to follow through too.

If you have doubts that anything is being done, then contact me personally at my email address and I'd be happy to personally address and work with the board on your behalf. It's far better to be safe than sorry, so please contact a board member if you have any questions about anything related to the HOA.

Problems with the Bank

As a short note, there were two situations where someone tried to put charges through on the HOA's debit card. The card information, as far as I know, was not lost, leaked, or hacked, and it was used at only a few trustworthy locations. So, it is unknown exactly how the account was compromised.

The short version of the situation was that the bank, 5/3rd, identified both transactions as fraud right away, and was able to cancel the cards and prevent any charges from going through, or at least they reimbursed the expenses while they got them reversed.

The two merchants that were used in the "scam" were Amazon and Hulu. The actual information provided to these two merchants was never shared with me, so I do not know how successful they were in trying to use the cards, or what information they were able to provide. If it was purely based upon guess work, which has been a solid foundation of many fraudulent crimes for decades, such as phreaking, carding, or other malicious activities that are based upon knowledge of account structures, which can lead to easy discovery of valid account numbers. But of course, if these "attacks" were based upon guess work, then they would have been unable to provide the correct names, CCVT codes, or expiration dates. Since the bank did not share that information with me, I can only wonder what happened.

As a side effect to the loss of these two cards, I was locked out of the bank account for one week for each event. Since these events happened early in the budgeting process, and right before we sent out invoices, the down time did have an adverse impact on invoicing which did contribute to the delays.

Unexpected Communications Opportunity – Emails

Throughout this document I'm going to be making references to the impact that email communications will have and has had upon various aspects of the budget and communications opportunities for the HOA. The response has been far better than expected, and it was a last minute idea that was made literally after the board initially finalized the budget. So because of the last minute addition of the discount for updating your contact information, and providing an email address, coupled with a low initial response, we did not factor in the impact of gathering the number of email addresses that we did.

These topics are discussed in other locations within this document, but I just wanted to provide a short note expressing how positively impactful this has been, and unexpected the great response would be.

Since this was thought of after the budget was originally finalized, and literally days before sending out the invoices, we could not fully plan or imagine how much this will help the HOA.

The 2023 Invoices

Unfortunately, as everyone was aware, they were late. The bylaws state the invoices should be sent out with at least a six week notice before the due date, and that the due date is on January 1st. I missed that date with flying colors, unfortunately. Primarily the delay was a combination of getting things transferred over to myself (bank accounts, and other accounts), and putting together the budget for 2023. But the biggest transition was trying to figure out how QuickBooks worked with budgets and invoicing. A fair amount of the financials were being tracked within Excel, so I was trying to do everything within QuickBooks, so there was a learning curve that effected everything. When I went to generate invoices, there was an option to generate invoices for all homeowners, but it did not work correctly the first few times I ran it. Overall, to get invoices to generate properly, and to be available for batch printing, I had to go in to every homeowner's account about 10 to 15 times to finally get invoicing to work properly. And related to printing, I found there were hundreds of unprinted invoices from past years that were trying to be included in the print job, all of which had to be manually changed to disable the "ready to print" status.

The invoices were generated on February 17th, 2023, with the due date being March 31st. The HOA Board regretted they were so late, but the later due date hopefully helped a little by shifting the expense away from the holidays.

The 2024 Invoices

I think overall the process was a bit smoother than the 2023 invoices, and even though the 2024 invoices are not strictly a part of the 2023 fiscal year, they had an impact on the end of 2023 nonetheless. Some of the challenges I ran into that impacted the sending of the 2024 invoices were: upgrading QuickBooks and migrating our data, realizing about 12 years of finances were in an open state so I had to find old bank statements going back to 2016 and reconcile a lot of months so get QuickBooks to recognize actual deposits. Had to deal with two random fraudulent charges to our HOA account, which locked me out of the bank account for about a week each, while in the midst of finalizing the budget and trying to generate the invoices. I was working on trying to finalize a few contracts, and trying to get extra savings so I could put down accurate figures on the budget. Trying to work out a couple of last minute discounts to help offset the need to raise our annual fees. The \$5 discount for updating contact information required a couple of days to get a better idea of how to actually make it happen with web technologies. So, overall, there were a lot of unexpected little things that pushed the generation of the 2024 invoices back.

The invoices were once again later than expected, with them being generated and printed on January 1st, with the due date being set to February 15th, 2024. The number of homeowners who initially updated their contact information was astounding. As such, 70 invoices were sent out through QuickBooks by email, which means only about 100 had to be printed and mailed. Compared to the 170 printed and mailed in 2023. So, getting some sent out via email was extra work, and delayed the invoices by a few days, but I think overall it was worth it.

The biggest impact of the 2024 invoice is the increase of the HOA fees. They have been increased from \$140 to \$170, with the option for a \$5 discount and a \$10 discount. Therefore with discounts, the lowest rate for 2024 would be \$155. Information on the increase is covered below.

Discounts for 2024

One new big change that we're exploring for 2024, is the usage of discounts. The purpose of discounts is to provide a reduction in the fees amount, while trying to serve a purpose or a goal.

There are two discounts being offered for 2024.

For an up to date status on both the discounts, and other details related to payments and contact information, please see the last section of this document since all of those detail are covered there.

\$5 Discount for Updating Contact Information

The purpose of this discount is to encourage the collection of email addresses so the HOA can improve communications and reduce expenses by eliminating a lot of usage of postage, printing, envelopes, paper, etc... a lot of time is consumed in printing, folding, stuffing, stamping, addressing envelopes, so sending communications electronically will save a lot of time, and also make it much easier to initiate communications. The \$5 incentive is to help encourage participation, and is also close to the amount saved per year by utilizing email communications, based upon two mailings per year. Increasing communications through the mail would be much more expensive, and naturally, the use of email will have a greater impact on savings.

Contact information can be updated at: <http://updateContactInfo.rossEstatesOhio.com>

The HOA fees for 2024 were partially increased by \$5 to cover this discount. Initially, it was only expected that 25% of all homeowners would take advantage of this discount, and that was being overly optimistic. As of 2024-02-11, the initial signup for email notifications was 70 homeowners (41.2%), and currently is at 108 homeowners (63.5%), which has far exceeded expectations. There will probably be more contact information updates through the end of February.

The benefits of more homeowners using email communications has a direct impact on lowering the budgeted amounts for Newsletters and Postage and Delivery expenses. So, although more are taking advantage of this discount than expected, the overall savings will more than payoff. These two expenses categories can be reduced significantly for the 2025 budget.

This \$5 discount is available to everyone and can be taken at any time. This discount is based upon the updating of contact information, with providing one or more email addresses, which grants us the ability to also provide communications to through those email addresses. The purpose for this discount is to increase the number of homeowners that we can communicate with electronically, instead of only through US Postal

Services. There are no limitations on timing as to when someone can get this discount. But the timing can affect the amount paid in 2024. For example, if the contact information is updated prior to paying the 2024 fees, then the 2024 fees will be reduced by \$5. But if the contact information is updated after paying the 2024 fees, then the \$5 discount will be applied to the homeowners account as a \$5 credit that will be applied to the next year's invoice.

One idea that I've had with this discount is to make it an annual discount. How it would work would be that everyone for whom we have email addresses would automatically receive a \$5 discount. Then when someone updates their information, then they too will get a \$5 discount. The goal is to have 100% participation, and when that is reached, then we can safely eliminate this discount and just incorporate the \$5 reduction in the fees for everyone.

[\\$10 Discount for Payment with Cash or Check by the Due Date](#)

The purpose of this discount is to provide a reduction in fees amount for homeowners who pay in cash or by check, by the due date, and for those who pay online, this discount will cover the transaction fees that will be charged for the online payment services.

Since payments with a check or cash does not result in a service charge, this allows the HOA to offer this amount as a discount. It was decided that this discount would be contingent upon payment by the due date, to provide an incentive to pay on time.

This discount has a direct impact on the 2024 fees, by raising it by \$10.

When paying online, there are two different ways that the transaction fees are applied. The way Venmo and PayPal handles them, is by subtracting them from the amount paid. This results in less than the invoice amount being paid to the HOA. In this case, a credit memo in the amount of the transaction fees will be created so when the invoice is paid, there will be a zero balance. The credit memo needs to be manually created, but the homeowners making the payment won't have to do anything special.

The other way the transaction fees are applied, is as a separate charge to the HOA. This is the method that is used by QuickBooks's Merchant Portal (the link that is included in emailed invoices). The benefit of this method is that the payment matches the invoice amount so there is no need to make adjustments with credit memos. The disadvantage of this method is that each transaction is not directly tied to each payment, but overall, that is not an issue.

For future fees, it is appears like this discount, to cover the online service fees, can be reduced to \$5.

[General Impact of the Discounts](#)

We had an overwhelming participation with the discounts, and it will be greatly reducing the total income from fees. The actual amounts, and the impact on the whole budget have yet to be calculated. Update: See the 2024 Q1 Financial update at the end of this document for all of the various details and stats.

Overall, we setup the budget with higher expense than income, by about \$2.120 which would result in a net loss. With a reduction in income from the discounts that have been earned and claimed, that loss for 2024 will increase. But due to a couple of "mistakes" in setting the budget, the expenses has a good chance to be a few

thousand dollars lower than initially expected. The “mistakes” are covered the topics of Accounting Software and Landscaping’s Ben Grow LLC; both of which were overstated due to a misunderstanding on my behalf.

The 2024 Fees

Yes, this is a document about the HOA’s 2023 finances, but the 2024 fees are relevant and is a hot topic for many. Therefore, it is being included in this report. This topic is somewhat complex, and I also recognize it as being controversial to many, so I want to give this the attention that it really needs.

For the first time in years, we’ve had to increase the fees. But to better understand why, it may help to better understand some of the situations that went in to the whole process.

The current fees are \$170 with no discounts. There are two discounts available, and if taken, the total fee would be only \$155.

More will be said about this fee increase, but the basis of the increase is based upon \$155, then with the two discounts being added this year, it raises the non-discounted amount to \$170.

The \$10 discount has a direct increase in the rate and is required to cover the online transaction fees that would be charged to the HOA.

The \$5 discount accounts for a partial increase by \$5 since it was not expected to be used by many homeowners, but at the same time, transitioning to email communications could save the HOA around \$5 per year.

Budget Acknowledgement of Concerns

One aspect of the budgeting process is that although the intentions may be good, that in hindsight, other perspectives, and approaches, may actually be more logical than what actually made it into the budget. In other words, given more time, more feedback, and better understanding of different line items, the budget could have been improved upon. But due to limitations, time constraints, and unknowns related to how many homeowners would be able to take advantage of the discounts, the budget for 2024 may not be perfect.

With as many discounts that are able to be applied, the 2024 budget will be bringing in far less than what was planned. On the surface this may not sound good, but honestly, I’m overly excited about how many homeowners have been able to take advantage of the discount.

Historical Fees

Perhaps, to better understand one aspect of needing to raise fees, is to better understand what the fees have been over the years. Within QuickBooks, we have the HOA fees that have been charged over the years, going back to 2010.

Allow me to present them in a table, along with conversions to the current 2024 value of the dollar. This may give us a better understanding of how the fees have been in the past, and perhaps show how inflation has impacted the value of our fees.

Year	Fees	In 2024 \$	\$ Amt => 2024's \$140	\$ Amt => 2024's \$155	\$ Amt => 2024's \$170	Yearly Inflation
2010	\$175.00	\$248.58	\$98.56	\$109.12	\$119.68	1.5%
2011	\$175.00	\$244.92	\$100.03	\$110.75	\$121.47	2.96%
2012	\$150.00	\$203.89	\$103.00	\$114.03	\$125.07	1.74%
2013	\$150.00	\$200.40	\$104.79	\$116.02	\$127.25	1.5%
2014	\$140.00	\$187.27	\$106.36	\$117.76	\$129.16	0.76%
2015	\$140.00	\$182.89	\$107.17	\$118.65	\$130.14	0.37%
2016	\$140.00	\$181.56	\$107.95	\$119.52	\$131.08	2.07%
2017	\$140.00	\$177.87	\$110.19	\$122.00	\$133.80	2.11%
2018	\$140.00	\$174.20	\$112.51	\$124.57	\$136.63	1.91%
2019	\$140.00	\$170.93	\$114.66	\$126.95	\$139.24	2.29%
2020	\$140.00	\$167.12	\$117.28	\$129.85	\$142.42	1.36%
2021	\$140.00	\$164.87	\$118.88	\$131.62	\$144.36	7.04%
2022	\$140.00	\$154.03	\$127.25	\$140.88	\$154.51	6.45%
2023	\$140.00	\$144.69	\$135.46	\$149.97	\$164.49	3.35%
2024	\$170.00 \$165.00 \$155.00		\$140.00	\$155.00	\$170.00	

NOTE: The calculations for transposing the dollar amounts to 2024 values and also the 2010 values, were taken from the following online website:

<https://www.amortization.org/inflation/amount.php?year=2010&amount=175>

Because there are effectively three different possible rates for 2024 due to the two discounts, there are three columns that shows the 2024 fees (155, 165, and 170) in terms of past year's dollars.

Unfortunately, due to inflation, the HOA fees have been having a smaller impact on being able to cover our expenses. Inflation has had a small cumulative impact on each year, with the exception with 2021, 2022, and 2023 that have had the largest impacts.

The impact of inflation is an aspect of budgeting that we do not have control over. As expenses rise, then it will be easier to adjust for those increases, but it's still difficult to predict what expenses may increase and by how much. Therefore, predicting increases in expenses, for the expenses that are not locked in, may be difficult to impossible to predict, all that can be done is to put a little more weight on the increase of the estimation.

One significant effort that the Board has been trying to accomplish, is to try to lock in our expenses to help prevent them from being increased. That is one of the primary purposes of contracts, and also the use of

prepayments. Generally, prepayments of expenses provides both stable expenses, but also affords us to receive the maximal discounts that are possible.

Some examples of these contracts are considered stable and won't be impacted by short term inflation, or unexpected increases. Groundskeeping (grass cutting), such as with Ben Grow is locked into rates from 2022 with a contract, that will remain in effect until the end of 2026. Oasis is another example of locking in expenses with a contract, but the contract is for only one year, and could change from year to year. With Oasis, rates could change mid season if not locked in, but more importantly we have received a significant discount for their services.

The utilities would be a good example of having no control over the rates that they charge us, and their rates can change at any time, and even multiple times throughout the year. These are also the expenses that are discussed in general media as being most likely to be increased, and at a higher level than most other consumer products because they are also tied to the fluctuations in the oil industries.

With some expenses, we have no idea what they may be, or how badly inflation could impact them. These would include Attorney fees since we have not used their services in 2023, so I have no idea what their rates are, or how sensitive they are to inflation overall. With the example of an Auditor & CPA we have not used their services before, so it is unknown what their rates would be.

Another type of example of expenses are ones that we have contracts for, that we've prepaid to lock in the rates, but their renewal is at the end of 2024 and we do not know how inflation will impact the next year's expenses. A couple of examples these types of contracts are with our insurance and with Oasis. To lock in a one year of expenses, we need to prepay for a full year, but that payment is made at the end of the current year. So for example with Oasis, we've prepaid for 2024 at the end of 2023 and locked in the 2024 expenses, but we have made that payment under 2023. The payment to Oasis in 2024, will be at the end of the year in Nov/Dec, and will cover their services in 2025. So with Oasis, the budget for 2024 applies to services in 2025, of which at the end of 2023 we are not sure how inflation will impact those expense. This may be somewhat confusing since we have 2024 locked in and prepaid, but the expenses we will incur at the end of 2024 will be for a new contract impacting 2025. Insurance is similar too, whereas the payments we need to make in 2024 will be in Nov/Dec and are unpredictable at the end of 2023. Therefore the projected expenses in 2024 is an estimate with a slight increase over the contractual rates for 2024, which were paid in 2023.

2024 Budget - Overview

The 2024 Budget also includes the 2023 Profit & Loss compared to the 2023 Budget.

The rows in the budget represents various accounts (cost centers) within QuickBooks. These accounts comprises the first column of the report. Efforts have been made to provide a fine grained account for each expense so it's easier to see the details. For example, instead of lumping Duke, Butler Rural, and Southwest

Regional in to a generic Utilities account, they are assigned their own accounts, all of which are grouped under the Utilities account.

The second column of the report represents what the 2023 Budget was set to. A value of zero indicates that the account did not have a representation on the budget.

The third through sixth columns represents the actual expenses that were incurred in each quarter in 2023, with the seventh column being the total amount for the 2023 fiscal year.

The eighth and ninth columns represent the difference and percentage between the fiscal year totals, compared to the 2023 budget.

The last column represents the 2024 budget.

Near the bottom of the first page of the budgets, are the balances of the two bank accounts, representing the first day of each quarter, and the last day of the fiscal year.

At the bottom of the first page is the Accounts Receivables (ARs), which are outstanding balances that are owed to the HOA from unpaid fees, which also includes late fees, interest and lawyer fees that have been charged to the HOA on behalf of some homeowners. The total amount may be overstated due to the possibility of that the HOA may have to write off about \$3000 (will be contacting the attorney to find out the status on what needs to be done).

2024 Budget – Income

The section at the top is related to “income” which is primarily the HOA fees.

There are other, non-planned for sources that would include things such as refunds.

Overall there are 170 homeowners, or members of the HOA, and the fees are \$170. This income is simply calculated, irrespective of the discounts, or late fees that may be collected or paid. Also there are no provisions to indicate any expected ARs being paid, since that is outside the control of anyone other than the homeowners that owe those sums.

Bank interest is hardly ever more than \$5, and generally less.

Ross Estates Home Owners Association
2023 Profit & Loss by Quarter With 2024 Budgets

January through December 2023 - Cash Basis

2024 HOA Fees: \$170

Members: 170

Due Date: 2024-02-15

Discount for Checks & Cash: \$10

\$10

2024-02-15

Discount for Contact Info Update \$5

\$5

Last edited 2024-03-21

	2023 Budget	2023 Jan - Mar	2023 Apr - Jun	2023 Jul - Sep	2023 Oct - Dec	2023 TOTAL	2023 \$ Over/Under Budget	2023 % of Budget	2024 Budget \$170
Income									
Bank Interest	5.00	1.22	1.24	1.25	1.25	4.96	-0.05	99.1%	5.00
Membership Dues	23,800.00	14,850.00	5,996.86	470.00	915.00	22,231.86	-1,568.14	93.41%	28,900.00
Optional \$10 Dues Discount (114 usage)									-1,140.00
Optional \$5 Dues Discount (122 usage)									-610.00
Miscellaneous Income									
Refunds					16.08	16.08	16.08	100.0%	
Service Fees Income			0.05			0.05	0.05	100.0%	
Total Miscellaneous Income		0.00	0.05	0.00	16.08	16.13	16.13	100.0%	
Total Income	23,805.00	14,851.22	5,998.15	471.25	932.33	22,252.95	-1,552.06	93.48%	27,155.00
Gross Income	23,805.00	14,851.22	5,998.15	471.25	932.33	22,252.95	-1,552.06	93.48%	27,155.00

2024 Budget – Income – Discounts

This 2023 P&L with 2024 Budgets has been updated to reflect the current status of the number of members who have been able to take advantage of these discounts. They are updated and correct as of the morning of 2024-03-21.

The total discount that has been taken to date have been reflected in this version of the P&L and 2024 Budget.

Miscellaneous Income

These include refunds, plus Service Fees Income which were used by PayPal to test access to the account by placing two small payments on the account. See Service Fee Expenses for the counter part to this entry.

2024 Budget – Expenses

Expenses are grouped into general categories to better classify what their purpose.

2024 Budget – Expenses – Community Expenses

In general, these community expenses are intended to help enrich our community, or to provide more value and esthetics.

Expense

Community Expenses									
	2023 Budget	2023 Jan - Mar	2023 Apr - Jun	2023 Jul - Sep	2023 Oct - Dec	2023 TOTAL	2023 \$ Over/Under Budget	2023 % of Budget	2024 Budget
Community Activity	100.00	100.00	0.00	0.00	0.00	100.00	0.00	100.0%	0.00
Contest Awards	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0%	100.00
Meeting and Community Expenses	50.00	0.00	0.00	0.00	0.00	0.00	-50.00	0.0%	50.00
Seasonal Decorations	500.00	0.00	0.00	0.00	0.00	0.00	-500.00	0.0%	500.00
Total Community Expenses	650.00	100.00	0.00	0.00	0.00	100.00	-550.00	15.39%	650.00

Community Activity

2023 Budget: \$100.00

2023 Expense: \$100.00

2024 Budget: \$100.00

This would be an expense to benefit the community with an activity or participation with some activity. I don't think this has been used for a few years, but I think in the past it was used to pay for snow cones for our neighborhood children.

Contest Awards

2023 Budget: \$0.00

2023 Expense: \$0.00

2024 Budget: \$100.00

A few years ago, the HOA started to give out an award for best decorated house for the Christmas season. The award was not used in 2023, but hopefully will be given out in 2024.

Meetings and Community Expenses

2023 Budget: \$50.00

2023 Expense: \$0.00

2024 Budget: \$50.00

The purpose of this expense is to cover expenses for meetings and/or community expenses. We've been fortunate enough to be able to have the meeting hall waive the meeting hall rental. But if we lose that opportunity, then we would have to pay for the hall rental. I'm not sure if \$50 would cover the rental, but this was the cost for a hall rental in Millville about 10 years ago. This has always been part of the budget, even though it's not used, because there is no guarantee that we can continue to get the free hall rentals.

For 2024, we were able to arrange our meeting at a location that will not be charging us. So for 2024, there will be no expenses charged to this category.

Seasonal Decorations

2023 Budget: \$500.00

2023 Expense: \$0.00

2024 Budget: \$500.00

This expense was not used in 2023 since it was partially used in 2022.

The purpose of this expense is to provide a little more holiday cheer for the front entrance. This won't be able to purchase much, but it's intended to be applied yearly to build up the decorations. Eventually it could apply to other seasonal holidays instead of just Christmas.

For the 2023-2024 season there were situations that would out of our control that prevented them from being put up, including a failed electrical outlet. There wasn't time to get everything fixed.

Computer Expenses

Expenses related to the website and accounting software.

An older laptop has been decommissioned, so there shouldn't be any additional expenses related to its usage going forward. Some of the software expenses included, but were not limited to MS Office, virus scanner tool, and other related expenses. Those will no longer be expenses.

Computer Expenses									
Accounting Software	1,000.00	0.00	0.00	0.00	135.95	135.95	-864.05	13.6%	2,600.00
Computer and Software Expenses	100.00	0.00	0.00	0.00	0.00	0.00	-100.00	0.0%	0.00
Website *	150.00	0.00	0.00	0.00	176.39	176.39	26.39	117.59%	185.00
Website Certificate *	130.00	0.00	0.00	0.00	149.99	149.99	19.99	115.38%	160.00
Total Computer Expenses	1,380.00	0.00	0.00	0.00	462.33	462.33	-917.67	33.5%	2,945.00

Accounting Software

2023 Budget: \$1,000.00

2023 Expense: \$135.95

2024 Budget: \$2,600.00 – Note: Was originally \$3,600.

Correction to the 2024 Budget: This may have been closer to about \$1,600, but it may be worth only reducing the amount down to \$2,600 instead of being too aggressive with it. See the following details.

In hindsight, this value is incorrect and should have been more around \$1600. It's, in my current opinion, overstated by about \$2,000 since there could have been other options available, instead of going with a "worst case" situation.

In 2023, it was budgeted to use \$1000 for upgrading the accounting software, QuickBooks. But due to deep discounts, we were able to get 50% off, and it was planned on prepaying that to get an additional discount, but due to the structure of the discount, we could not pay for a whole year to get that discount. So this shifted when the payments were made from 2023 to 2024. This resulted in about \$1600 being the projected actual cost for 2024. I should have left the budget at this value, but due to lack of time, and needing to get the invoices generated, I was thinking along the lines of "worst case" instead of what would be a more practical approach of being able to find alternative options that would prevent worst case situations from occurring.

At this time, I am unable to really speculate on what discounts will be available when it's time to renew the license at the end of 2024, or what new features will be introduced into their product line, which may allow us to safely downgrade our license to save even more money. Those options will have to be explored as we get closer to December 2024.

Overall, the estimates that I'm seeing is that with the greater usage of discounts than what was expected, the reduction in earnings will offset the reduction in this budget amount. It will be close, but I don't think we will see a drastic overall change in the net results of the budget versus the P&L at the end of the year.

As a note in mid March 2024, there was an email that stated that March would be the end of the discounted period. So, I will have to reach out to our customer service representative to make sure that the discount that they setup for us, remains in place. There was a change in payment methods, which could have generated the notifications, which were hopefully incorrect.

Computer and Software Expenses

2023 Budget: \$100.00

2023 Expense: \$0.00

2024 Budget: \$0.00

At this time, the HOA does not think that spending money on physical computer equipment, and it's related software, is a good idea. Such hardware, and their related software, is not worth the expenses, especially considering the limited life span and risks of loss from such devices.

Instead, the HOA feels that personal equipment can be used within reasonable means, without loss of security or risk of failure. One of the driving factors to support this shift in perspective is that cloud related services provides minimal risk of loss to hardware, software, or even the HOA's data, such as the financials.

The older laptop that was being used, was nearing its end of useful service, and so any reasonable justification for it's replacement was not able to be presented.

This grouping will be eliminated in the future, or at least kept at a zero budget level.

Website

2023 Budget: \$150.00

2023 Expense: \$176.39

2024 Budget: \$185.00

This is the cost of operating the website. It includes the cost for the domain renewal, managed website hosting, and domain protection. Actual costs were \$176.39 in 2023, with about \$9 figured for inflation.

Website Certificate

2023 Budget: \$130.00

2023 Expense: \$149.00

2024 Budget: \$160.00

This is the cost of having a managed certificate for the site. They monitor and fix any issues that should arise. And they manage the updates as they are released/required.

Actual costs were \$149.99 in 2023, with what should have been a \$10 increase planned for 2024.

Landscaping and Groundskeeping

Landscaping and Groundskeeping

Ben Grow L & L	8,000.00	0.00	2,527.80	1,263.00	2,527.60	6,318.40	-1,681.60	78.98%	6,500.00
Misc Landscaping Expenses	2,450.00	1,266.90	73.30	2,450.00	0.00	3,790.20	1,340.20	154.7%	1,800.00
Oasis Turf & Tree *	0.00	0.00	97.02	220.67	916.91	1,234.60	1,234.60	100.0%	700.00
Other Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0%	0.00
Total Landscaping and Groundskeeping	10,450.00	1,266.90	2,698.12	3,933.67	3,444.51	11,343.20	893.20	108.55%	9,000.00

Ben Grow

2023 Budget: \$8,000.00

2023 Expense: \$6,318.40

2024 Budget: \$6,500.00

This is for grass cutting and some cleanup of the flower beds at a few different times throughout the year. This does not include any plantings, or weed control within the grassy areas.

The actual amount charged for 2023 was \$6,318.40. These charges were invoiced in about 10 equal amounts.

It should be noted that I was informed that the contract amount was \$8,000, but after finalizing the budgets for 2024, I found out that the actual contract amount is about \$6,400. So this budget amount is incorrect, and was over stated, and can be reduced going forward. For the sake of reasonable expectations, the 2024 budget was adjusted to \$6,500.

This rate was the contract rate from 2022, and it was initially setup for a three year period. Due to inflationary concerns, we were able to extend the 2022 rates through 2026.

For what it's worth, a few years ago the HOA was paying about \$12,000 per year for landscaping, which got a lot of negative feedback from homeowners for those costs, so the HOA Board felt compelled to look for other bids. From what I understand, the board sent out many requests for quotes, but only a couple replied.

Misc Landscaping Expenses

2023 Budget: \$2,450.00

2023 Expense: \$3,790.20

2024 Budget: \$1,800

In the first quarter of 2023, \$1,266 was paid for the bills originating from October and November, 2022. This also includes about \$2450 which was spent on storm damage tree removal and trimming. In total, \$3,790.20 was the actual expenses, with the 2023 budget set at \$2,400.

There are plans for the removal of at least one storm damaged tree in the first half of 2024.

2022 payments : \$1,266.90

2023 Tree trimming and removal : \$2450

Oasis Turf and Tree

2023 Budget: \$0

2023 Expense: \$1,234.60

2024 Budget: \$700

We had to get the services of Oasis to deal with the weeds, which took off in the spring. Initially the board purchased a large bad of weed and feed and tried to apply it ourselves, our costs were slightly less than what Oasis quoted us, plus they would apply it and would provide additional spot treatments as needed. They even

stand behind their service; I had them reapply one treatment since I noticed they made a mistake, and they took care of it the next day.

For 2023, they billed us for 5 treatments as they provided them, for a total of about \$558. In order to get a larger discount for 2024, we paid in advance in November 2023 with the amount of \$667.16. The total spent in 2023 was for 5 treatments in 2023 and then prepaying for 6 treatments for 2024.

Therefore in 2024, the budget entered is for the payment in November 2024 that will cover 2025. We do not know what rates they will offer in November, so this budget amount is an estimate.

2023 services – 5 applications : \$557.44

2024 services, prepayment – 6 applications : \$677.16

Miscellaneous Expenses

This section is a general catchall in case such expenses arise throughout the year.

The use of a Service Fee in 2023 was the result of PayPal issuing a couple of test deposits (see Service Fees Income above) and then repeating the same transactions as withdrawals to ensure they have the correct accounts setup for the specified PayPal account, plus confirming they have full access to the ACH routing and services.

Miscellaneous Expenses									
Service Fees Expenses	0.00	0.00	0.05	0.00	0.00	0.05	0.05	100.0%	0.00
Total Miscellaneous Expenses	0.00	0.00	0.05	0.00	0.00	0.05	0.05	100.0%	0.00

Operational Expenses

Operational Expenses									
Attorney	1,000.00	0.00	0.00	0.00	0.00	0.00	-1,000.00	0.0%	1,200.00
Auditor & CPA	1,500.00	0.00	0.00	0.00	0.00	0.00	-1,500.00	0.0%	1,100.00
Bank Service Charges	0.00	0.00	0.00	0.00	16.08	16.08	16.08	100.0%	0.00
Insurance Expense *	1,300.00	0.00	0.00	0.00	1,367.20	1,367.20	67.20	105.17%	1,400.00
Newsletters	400.00	0.00	0.00	0.00	0.00	0.00	-400.00	0.0%	150.00
Office Supplies	500.00	0.00	0.00	0.00	106.68	106.68	-393.32	21.34%	300.00
PO BOX	175.00	0.00	166.00	0.00	0.00	166.00	-9.00	94.86%	170.00
Postage and Delivery	500.00	0.00	0.00	0.00	264.00	264.00	-236.00	52.8%	350.00
Professional Fees	0.00	25.00	0.00	0.00	0.00	25.00	25.00	100.0%	0.00
Total Operational Expenses	5,375.00	25.00	166.00	0.00	1,753.96	1,944.96	-3,430.04	36.19%	4,670.00

Attorney

2023 Budget: \$1,000.00

2023 Expense: \$0

2024 Budget: \$1,200.00

In 2023 there was no communication with the attorney, so no expenses were incurred.

For 2024, we're going to have to start filing liens for outstanding balances that preceded the 2024 fiscal year.

In reviewing past expenses related to Attorney fees, they have accounted for a relatively large percentage of all expenditures for those prior fiscal years. So not having contacted them yet, we do not know what their current fee structures are, so this budget may be greatly understated.

At this time, there are about 10 homeowners who will be subject to liens. I will send out one last letter and we will give everyone a chance to contact us and prevent being liened. If there is no reply, then they will be handed over to the attorney.

In 2022 the cost for the attorney to send out a letter via registered mail was over \$100. The attorney generally sends at least one letter, if not two or more, prior to placing a lien. I do not know how much liens would cost, but the costs would include not only the county's fees, but also the attorney fees. I do know that to release a lien, it cost more than \$180 in 2021. In the next few weeks, I will be contacting the attorney and will try to get current estimates on the current expenses involved in trying to resolve unpaid debt owed to the HOA.

But it should be made clear that although the HOA is billed for these services, and the HOA pays these fees, these expenses are added to the debt owed by the homeowner. These expenses could more than double outstanding fees in a matter of a few weeks.

In my opinion, I really dislike the idea of having to get an attorney involved to try to collect any late fees because in the short term, the cost to the HOA is very high, and there is a slight risk that the HOA could never collect the monies that are lost, nor the fees the HOA has paid to the attorney.

As a last effort to mitigate too much of a risk of loss, our bylaws allow the HOA to initiate foreclosure proceedings. I don't think we are quite to the point where the HOA should consider such a drastic action, but if conditions show that the HOA is at risk of losing a few thousand dollars, then this option should be considered since it would not be fair for all of the other homeowners to cover the expenses and lack of contributions from someone who is actively avoiding their fair contribution to the community.

Auditor & CPA

2023 Budget: \$1,500.00

2023 Expense: \$0

2024 Budget: \$1,100.00

Plans are to have an audit in 2024. With QuickBooks online, it will make it much easier to share everything with an auditor. It is unknown how much this will cost, so the budget amount is an estimate.

Bank Service Charges

2023 Budget: \$0

2023 Expense: \$16.06

2024 Budget: \$0

Due to a combined balance of over \$50,000, 5/33rd is waiving the \$50 monthly service fees for our account. If we are at risk of dropping below that threshold the initial preventative measure to prevent service fees is to downgrade our account to a lower quality checking account to keep it free, or at least to reduce the service charges. I have not had time to discuss with the branch manager what these benefits actually are, and to find out how much of those services we actually use. Since we are above that threshold for now, it's a

conversation we don't need to have, since if we need to make changes, their programs will probably have also changed by then.

So if needed, there are options to prevent monthly charges, as the need may arise in the future, but until then, we are able to take advantage of better services on our account.

Insurance Expenses

2023 Budget: \$1,300.00

2023 Expense: \$1,367.20

2024 Budget: \$1,400.00

The insurance renews in December, and is paid in full for the next fiscal year in order to get additional discounts. Rates went up from what we paid in 2022 (\$1,107.00). We can assume they may increase more by the time we need to pay the next bill at the end of 2024, of which that budget amount is only estimated, but is expected to be on the lower side of the actual amount.

The board made efforts to get comparable quotes from other companies. They either did not respond in time, or they came in much higher than what we are being currently charged. One of the larger insurance agencies in Cincinnati would not provide us with an actual quote since they said it came in at over \$4000 so they did not want to share the actual quote.

Due to running out of time, confirmation from a couple of agencies that we were not overpaying for services we did not need or were not being used, we did go ahead and renew for 2024.

Newsletters

2023 Budget: \$400.00

2023 Expense: \$0

2024 Budget: \$150.00

No newsletters were mailed in 2024 so we had no expenses.

Each newsletter cost the HOA around \$1.00 to print and mail. In the past, the newsletters were sent to printers so they could be printed in color, and as such, in the past they cost a lot more than just \$1.00 to get them dropped in the mail. Therefore the 2023 budget was based upon about 2 mailings. The 2024 budget was based upon about only 1 mailing, with no printer services.

When formulating the 2024 budget, we had no idea that we would have collected so many email addresses that we could utilize for communications, such as newsletters. This is a serious game changer, and will help reduce this expense.

By the time the 2024 newsletters were mailed, on February 4th, 2024, only 67 were mailed, out of 170. That means 103 were able to be delivered electronically.

Printing, folding, stuffing, and stamping return addresses, and placing a stamp on each letter was much easier to process.

Since the newsletters were sent out electronically, we gained about another 19 homeowners, for a total of 122 homeowners, with whom we can electronically communicate with. This means the next newsletter would only need to have 49 copies mailed. Hopefully we can continue to reduce the number of hard copies that would need to be mailed out in the future.

Office Supplies

2023 Budget: \$500.00

2023 Expense: \$106.68

2024 Budget: \$300.00

Office supplies are materials and expenses incurred in performing the daily business of the HOA. Most charges are incurred by the treasurer, but other board members could also incur reimbursable expenses too.

For the treasurer's related expenses, example include, but are not limited to, expenses for printing, scanning, mailing, and general record keeping, such as the purchase of binders and related supplies consumed in record keeping.

For 2023, my expenses were for a binder, binder tabs, and then reimbursements for printing B&W, color pages, special 3-hole paper for the binders, printing envelopes, and scanning many documents. For expenses related to printing and scanning, it was based upon a per use amount. I did not "trade" ink/toner for actual usage. As a result, I was able to help keep these expenses low.

It should also be noted that shifting to an electronic form of communications, and also more electronic payments, this has resulted in a reduction in the number of pages needing to be printed, scanned, and copied.

Potentially, if new computer equipment is purchased, such as a laptop or printer, it could be allocated to this expense category. It is our intention, as an HOA, not to outright purchase any computer equipment in the near future. As such, if such computing services are needed, personal device will need to be used instead, with the understanding that reimbursement could be provided for consumables.

PO Box

2023 Budget: \$175.00

2023 Expense: \$166.00

2024 Budget: \$170.00

This covers the yearly rental and usage of the PO Box. It's renewed annually.

After the budgets were set for 2024, there was a notice that expense for our PO Box was increasing in 2024. So we may end 2024 with an overbudget condition on this expense.

Postage and Delivery

2023 Budget: \$500.00

2023 Expense: \$264.00

2024 Budget: \$350.00

This expense covers the cost of postage, such as rolls of stamps. It would also include the expenses incurred to send certified mail if we need to establish that we provided due diligence in contacting homeowners prior to taking any needed legal action against them.

It should be noted that at the time of creating this budget, we did not expect to be shifting communications over to electronic communications. That will greatly reduce our need to buy stamps.

In October, 400 stamps were purchased to prepare for sending out invoices, and to help cover newsletters in 2024. At 170 addresses, 400 stamps would only be enough for 2.3 mailings. The stamps would also be used for bill payments, and other communications with homeowners and vendors.

In the future, this expenses will continue to be reduced as more homeowners update their contact information.

Professional Fees

2023 Budget: \$0

2023 Expense: \$25.00

2024 Budget: \$0

These would be fees related to conducting daily business, and operations.

The incurred expense of \$25 was the fee charged by the State of Ohio Secretary to update the Statutory Agent for the HOA. This is the person for whom will receive all communications related to governmental or legal matters for the HOA. The State of Ohio requires that the Statutory Agent is current and a representative of the current board.

Since I am the treasurer, and since I frequently check the PO BOX, I was designated to be the statutory agent for the HOA. A statutory agent is someone who is appointed by a legal entity (such as a non-profit corporate, which is what the HOA is) who is on record to accept legal documents, government correspondences, and other legal compliance paperwork. A statutory agent helps to provide a direct point of contact for a legal entity, whereas otherwise the government may have only PO BOX address, or street addresses for a corporation. Failure to maintain a current statutory agent can result in fines being levied against a corporation, or even having their legal status, such as non-profit status revoked. Once a statutory agent is lapsed, and out of date, it could cost more to reestablish an agent due to penalties and late fees.

These charges are relatively uncommon, and generally cannot be planned for in advanced. So no budgets are generally set for this category.

Repairs and Maintenance

Repairs and Maintenance									
Misc Pond Expenses	0.00	0.00	559.86	0.00	0.00	559.86	559.86	100.0%	
Misc Repairs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0%	1,100.00
Pond Expense *	2,100.00	0.00	1,275.37	0.00	605.00	1,880.37	-219.63	89.54%	1,600.00
Sprinkler System	400.00	0.00	250.00	0.00	250.00	500.00	100.00	125.0%	500.00
Total Repairs and Maintenance	2,500.00	0.00	2,085.23	0.00	855.00	2,940.23	440.23	117.61%	3,200.00

Miscellaneous Pond Expenses

2023 Budget: \$0

2023 Expense: \$559.86

2024 Budget: \$0

These pond expenses account for unexpected repairs to the fountain, timer, or pond in general.

In May 2023, for the amount of \$258.09, there was an unexpected service call to repair the fountain which resulted in the replacement of the electrical pigtail which was punctured in numerous places by fishing hooks. The fountain was also detangled to remove fishing line that had gotten caught in the intake screens and impeller. This repair was due to fishing activities within the pond.

Near the end of June 2023, for the amount of \$274.77, there was a service call to repair the fountain's breaker panel since it was frequently tripping. The fountain, pigtail, and timer were inspected and the issue was located within the timer. Repairs were made, and the circuit breaker amperage was increased slightly to prevent excessive tripping.

Although there are fairly good odds that something else related to the pond, that falls outside of the maintenance contract will happen, we did not want to allocate a budget to this category since the total budget was too high. Hopefully unexpected pond related repairs will be minimal in 2024, if not nonexistent.

Miscellaneous Repairs

2023 Budget: \$0

2023 Expense: \$0

2024 Budget: \$1,100.00

This is a new category that was being added to allow for better isolation of expenses so its easier to track.

This budget was set for the repair of the sign, which was originally quoted to be \$1,100 to make repairs, and to repaint the sign, and then to mount it. The work on the sign was completed, and the sign was mounted to the gate. The actual bill that was submitted to the HOA included a \$50 discount due to "help" that I provided the sign company. Not sure if I agree with that, but I appreciated the discount nonetheless. So final bill was \$1050.

Going in to 2024, we had the sign out for repairs, and the work was clearly going to extend in to 2024, so this was a perfect opportunity to be able to set the budget off of a quote. But that said, if there are other miscellaneous repairs that are needed during the remainder of the 2024 year, they will not have been budgeted for since there is not an easy, or clear way to plan for them. Since we already set a known budget

for this expense category, I did not want to bump it up to help other unexpected expenses, although there may be others.

Pond Expenses

2023 Budget: \$2,100.00

2023 Expense: \$1,880.37

2024 Budget: \$1,600.00

This pond expense covers the contract price to maintain the fountain, the treatment of algae, and to help prevent the proliferation of mosquitoes.

Sprinkler System

2023 Budget: \$400.00

2023 Expense: \$500.00

2024 Budget: \$500.00

This expense covers the work done on the sprinkler system in the spring and in the fall. In the winter, the sprinkler system is winterized so it is not at risk of being damaged by ice.

Utilities

Utilities									
Butler Rural Electric	3,850.00	552.00	706.00	1,346.00	1,143.00	3,747.00	-103.00	97.33%	4,000.00
Duke Energy	2,450.00	568.87	573.70	685.55	686.72	2,514.84	64.84	102.65%	2,600.00
Southwest Regional Water Dist	450.00	54.45	54.45	87.59	110.00	306.49	-143.51	68.11%	350.00
Total Utilities	6,750.00	1,175.32	1,334.15	2,119.14	1,939.72	6,568.33	-181.67	97.31%	6,950.00

Butler Rural Electric

2023 Budget: \$3,850.00

2023 Expense: \$3,747.00

2024 Budget: \$4,000.00

Electric usage from part of the lamp posts in the community, the electrical outlets at the front entrance, and the pond's fountain.

The lamp posts are predominantly on Ross Estates Drive, and first part of Pond Ridge Cir. Not exactly sure which lamp posts are included.

There has been a lot warnings about utility rates going up, so the budget was set a little higher than what it would be otherwise, since there is a great chance that costs will rise throughout the year, at any time.

Duke Energy

2023 Budget: \$2,450.00

2023 Expense: \$2,514.84

2024 Budget: \$2,600.00

The Duke electric bill covers the lamp posts within most of phase 2, plus phase 3 and 4 of the community. Not exactly sure which lamp posts are included, but they would be within the service area of Duke electric.

The budget was increased by a small amount to take into consideration any possible increases.

Southwest Regional Water District

2023 Budget: \$450.00

2023 Expense: \$306.49

2024 Budget: \$350.00

The water is used at the front gate and is turned off during the winter.

2024 Budget – Totals

Overall, with the adjustments to the P&L and the 2024 Budget with adding the discounts, and making changes to a couple of expenses (Accounting Software and Ben Grow L & L), it brings the overall budget with \$260 of being balanced, with expenses being the heavier component.

Total Income	23,805.00	14,851.22	5,998.15	471.25	932.33	22,252.95	-1,552.06	93.48%	27,155.00
Gross Income	23,805.00	14,851.22	5,998.15	471.25	932.33	22,252.95	-1,552.06	93.48%	27,155.00
Total Expense	27,105.00	2,567.22	6,283.50	6,052.81	8,455.52	23,359.05	-3,745.95	86.18%	27,415.00
Net Income	-3,300.00	12,284.00	-285.35	-5,581.56	-7,523.20	-1,106.11	2,193.90	33.52%	-260.00

As a reminder, there is no exact way to predict what every expense will be, just as we have no idea how to predict when ARs may be received. As such, the income vs. expenses will never be predictable or identical in opposite values.

2024 Budget – Bank Account Balances

Bank Account Balances - First Day per Quarter & Last Day of the Year	2023 Jan 1	2023 April 1	2023 July 1	2023 Oct 1	2023 Dec 31
5/3rd Checking	7,356.90	19,499.68	19,235.53	13,651.92	6,341.48
5/3rd Savings	50,018.73	50,019.95	50,021.19	50,022.44	50,024.69
Total Bank Account Balances	57,375.63	69,519.63	69,256.72	63,674.36	56,366.17

2024 Budget – Accounts Receivables (ARs)

Accounts Receivables	Home-owners	Amount
AR - Year End	20	7,994.82
Credits - Homeowners that are owed money	7	-97.49
Homeowners owing less than \$5 from the 2023 payment (PayPal & Venmo)	6	18.14
Total Accounts Receivables	33	7,915.47

Current 2024 Financial Status – 2024 Q1 YTD

The following information represents the year to date status of the HOA’s status with contact information, discounts, payment details, and payment methods. This information is based upon reports generated outside of QuickBooks, so they are not directly tied to actual budgets, payments, or expenses. Any dollar amounts presented within this section may not be accurate because it’s been manually tracked and calculated so mistakes could exist. Take these values as relative measurements.

The period of time these details cover, are for the full months of January and February, 2024, plus the first few weeks of March 2024, up to March 21st, 2024. Therefore, as per being related to Q1, it’s somewhat incomplete.

The following report was generated for the HOA Board on 2024-03-20 and has been reformatted to fit this document’s layout. I’ve been providing semi-informal updates to the board at least quarterly, and sometimes more frequently so they are appraised of current situations, especially if there are a deviations from the norm.

Updates to Contact Information

Contact information updates have been amazing, and exceeded all of my expectations a few times over. It's stalled out over the last few weeks with no new updates. But we can hope for a few more updates before we send out invoices at the end of the year, or even by the time we send out our next newsletter. I think with our next newsletter we can try to share the URL for the Google form, and explain why this has been very important, and how we will continue to benefit from expanding the use of better communications.

The following chart shows the counts of how many homeowners have participated in providing updates, and various metrics that we are able to track.

Reason for this Update	Count	Members	Other Members	Primary eMail	Secondary eMail	Phones Numbers	Updated in QB
New Homeowner	8	8	7	8	7	8	8
Update Contact Information	114	114	99	114	64	101	114
Grand Total	122	122	106	122	71	109	122

NOTE: "New Homeowner" is self-reported, but we actually only had ONE new homeowner that I was not aware of. So I'm glad we were able to ensure their contact information was updated prior to sending out invoices.

It should be noted that with 122 homeowners that have provided updates, they provided 106 others to be included (86.9%), to help ensure everyone who needs to be recognized as joint homeowners, are properly identified. Also out of 122 primary email addresses, there has been 71 others added (58.2%) to be included in all communications. This includes all transactions through QuickBooks, use of survey money, etc... everyone will get the same communications so everyone who needs to be kept informed, will be automatically.

Impact	
Total out of 170 homes:	122
Percent of 170 homeowners:	71.76%
Total email addresses:	193
Total \$5 Credit Value:	\$610.00

We're down to only 48 homeowner who have yet to share their contact information. Not bad overall.

Potential Savings for Homeowners and the HOA

As a note, all 122 households received either a \$5 discount, or a \$5 credit if they updated their contact information after making a payment. This resulted in a total of \$610 saving for all homeowners combined. This is in no way a "loss" of income for the HOA, since the printing, folding, stuffing envelopes, addressing them, and stamping them, costs about \$4 or more per invoice just to mail, not to mention consumes a lot of time. So with two mailings eliminated per homeowner, will result in a significant savings that will accumulate for years to come. Trying to move away from physically printed materials will save the HOA a lot of money, but yet, will also allow us to provide all homeowners with higher quality service too.

The above reports are from the Google Sheet that I'm using to track responses. This sheet is our "proof" and the homeowner's consent that they have given us permission to use their contact information for business purposes through the HOA. This is critically important when using a service like mail chimp. Note: we do not have an automated way of updating mail chimp with email addresses. I found a way to do it, but it turned out that after a month or so, they were wanting a paid subscription so I dumped them.

I realize I said early on that I would not print and email receipts, but what I've been doing is sending receipts for everyone who we did not have contact information for, informing them that they could save an additional \$5 by updating their contact info. We did get a few more responses because of those mailings. But overall, I would say that "paper" has cost us about \$8 per invoice for the 2 stamps, 2 envelopes, paper, etc... but if we can get more folks to switch over to emails, then that's a long term savings.

Forms of communications:

This is a break down of how invoices were sent out to our members, and when they updated their contact information from the perspective of when they actually made their payments. The following codes and descriptions will hopefully explain that better.

	Total	Paid	%	
email:	69	64	92.75%	Invoices sent out by email. This number cannot change.
eMail/Mail:	41	40	97.56%	Invoice sent via mail, but updated contact info before making payment.
mail:	49	36	73.47%	Invoice sent via mail, but paid with no updates to contact info.
mail/eMail:	11	11	100.00%	Invoice sent via mail and paid before updating contact info. Contact info updated after the fact.
Totals	170	151	88.82%	

There are only two forms of communication: email and mail. Email is a fixed value and represents the number of invoices that were initially sent via emails. Everything else was sent by mail.

But "mail" has three types. Just "mail" means we never got their email address. "eMail/mail" means we mailed the invoice, but they updated their contact info before paying (some still have yet to pay). And "mail/eMail" means they updated their contact info AFTER they paid.

I have a pivot table that is based upon invoice amounts. I'm skipping it since it's somewhat confusing and does not provide much helpful information. Mainly because who cares what they were billed, it's more important what they paid.

Payments by forms of communications:

Row Labels	eMail		eMail/Mail		mail		mail/eMail		Total Count	Total Sum
	Count	Sum	Count	Sum	Count	Sum	Count	Sum		
Check	35	\$5,854.19	33	\$5,341.09	32	\$5,745.00	11	\$1,685.00	111	\$18,625.28
QBPay	25	\$4,459.19	5	\$825.00					30	\$5,284.19
Venmo	3	\$647.18	1	\$166.67	3	\$696.67			7	\$1,510.52
Cash	1	\$155.00	1	\$155.00	1	\$150.00			3	\$460.00
Grand Total	64	\$11,115.56	40	\$6,487.76	36	\$6,591.67	11	\$1,685.00	151	\$25,879.99

This table shows payments for the 2024 invoices. We have 151 who have paid so far, and 19 who have not. This is a breakdown of forms of payments.

Notice there were no payments through PayPal this year. Also review the Cash row; there were three payments in total, broken down by each form of communication.

Contact Information Updates by Street and Forms of Communication

Each street is listed with various modes of communication. It should be noted that the form/mode of communications does not imply their payment status.

Contact information Updates by Streets					
Count of Method Se Column Labels					
Row Labels	eMail	eMail/Mail	mail	mail/eMail	Grand Total
BLUE JACKET DR			1		2
HORSE TRAIL CT	7	2	8		17
POND RIDGE CIR	30	12	21	5	68
ROSS ESTATES DR	18	19	9	3	49
SADDLE HORN DR	1				1
SCHUELER DR	7	3	7		17
STIRRUP CT	6	4	4	2	16
Grand Total	69	41	49	11	170

General Overview of Various Statuses

Total Homeowners:	170	
emails - Initial:	69	40.59%
mailings - Initial:	101	59.41%
Total emails:	121	71.18%
Emails needed:	49	28.82%
Total payments:	151	88.82%
Total Payment amt:	\$25,879.99	
Percent paid:	88.82%	
Pay by check:	111	
Pay by QBPAY:	30	
Pay by PayPal:		
Pay by Venmo:	7	
pay by cash:	3	
Newsletters Mailed:	67	2024 Q1

Note: as it is right now, if we mail out newsletters, we will only have to mail 49.

Information about Accounts Receivables – Those Who Owe the HOA

For accounts receivables (AR), we have 20 homeowners that owe the HOA about \$10,061.93. “About” because some of this amount may need to be written off as a loss, with the actual amount being an unknown value. In the next few weeks, I will meet with our attorneys to figure this out, and to update our records.

It should be noted that the stated amount of \$10,061.93 does not yet include the calculated percentage late fee that will be applied to all AR accounts that have outstanding balances that predate the 2024 season. For those who may enter in to a payment plan, or who may initiate efforts to repay the outstanding balances, they will not be subjected to this late fee, nor will they be included with submission for Liens.

These AR values also do not include charges that will be applied later in the year when these accounts may be handed over to the attorney to for collection efforts and Liens. All such incurred expenses will be applied to these accounts, so the total AR amount will increase substantially as those events occur.

Homeowners with Credits

Homeowners with credits total 50 homeowners for a sum of \$570.69. These homeowners over paid because they did not apply the discounts or did not see the actual amount they owed as printed on their invoices.

I am personally considering this a failure on my behalf, and is my fault, because I failed to properly convey either what was owed, or how to properly claim all discounts.

Discounts, I feel, were a major benefit to 2024, of which without them, we probably would not have been able to collect so many contact information updates. I honestly was hopeful to only have 20 members for 2024, but there are 121! This will change so much for the HOA, and in a very positive way too.

But the side effect with these discounts was overpayments. And I'm not happy about that.

With these overpayments, most are in the system as credits, so all future invoices will automatically apply them to reduce the amount due. Some are in the system as credit memos, so before invoices are generated in the fall of 2024, I will go through all accounts and apply the credit memos to turn them in to actual credits. This is needed since invoices will ignore credit memos and will not reduce the amount that is due.

The \$5 Discount – Impact So Far

The \$5 discount is a discount given to all homeowners who have updated their contact information and provided at least one email address. This discount has no ending date, so anyone can claim it, even after paying their fees, at which point, it will be given to the as a credit to reduce the next year's invoice.

Contact information can be updated here:

<http://updateContactInfo.rossEstatesOhio.com>

Has been 122 discounts given, for a total of \$610.00 credit.

The \$10 Discount – Impact So Far

This discount was limited to paying with cash or a check by the due date.

The reason for this discount, was not only to help reduce the increase in fees for those who could take advantage of it, but also the \$10 when not claimed when paying online, using Venmo, PayPal, or QuickBooks Merchant Portal, would help cover the costs of the online transaction fees.

With Venomo and PayPal, they take their transaction fees out of the monies paid, and passes the difference to the HOA. So then to apply full credit for using these two services, a credit memo has to be created and applied in the amount of the transaction fees that Venmo and PayPal "took". This ensures that if someone paid \$165 through Venmo, then they get the full credit for \$165 although the HOA only received about \$160 or less as a deposit in the HOA's bank account.

With QuickBooks Merchant Portal, the amount that is paid, is the amount that is transferred to the HOA's bank account, and what is recorded in QuickBooks. It's nice and easy, since the amount paid is not being reduced by

any transaction fees. QuickBooks then creates a separate charge to the HOA to cover their transaction fees. Such transaction fees are not directly linked to any particular transaction, but can be combined to cover multiple transactions with one lump sum of a fee. The agreement with QuickBooks is setup so they are able to “take” their transaction fees without any effort from my part; I don’t have to pay any bills to cover the fees, they are pulled automatically, which keeps simple and easy.

Therefore, the reason why we could give a \$10 discount for payment in cash or check, is because the HOA does not have to pay transaction fees, and therefore can return the credit to the homeowners.

For the \$10 discount, there were three who paid cash, and 111 who paid with a check. The total amount saved by our members is \$1,140.

Row Labels	Count of Discount Applied	Sum of Discount Applied	Avg Amt
Cash	3	\$30.00	\$10.00
Check	111	\$1,110.00	\$10.00
Grand Total	114	\$1,140.00	

Future Discounts

I cannot fully speak of how the board will decide what to do about future discounts, but based upon my observations and doing a lot of manual entry and adjustments to get them to apply successfully and correctly, I will probably be making these recommendations.

Contact Information Discount - \$5 to \$10?

I will suggest that we keep the Contact Information Update \$5 discount for anyone who updates their contact information. As such, for everyone who already has, we should automatically extend the discount to them by reducing their invoice amount by \$5. Therefore, setting their initial invoice amount to include the discount, would prevent a lot of manual work to get it to apply to everyone.

Hopefully the \$5 discount would be incentive to encourage other homeowners to share their contact information updates so we can expand the ability to communicate through email, and etc.

Depending upon how many we have left to collect, it may make sense to increase the discounted amount to \$10 to provide a little more incentive.

Transaction Fees Discount – \$5

I will be recommending that we reduce the transaction fees discount from \$10 to just \$5.

The reason for this is to ensure there is a better equilibrium for members who pay with cash or check, in relationship to those who pay online. In most cases, \$5 should cover most online transaction fees and therefore the HOA should net closer to zero for either method of payment.

Currently, there are more funds that apply to the HOA when a homeowner pays online than what is spent on transaction fees. Therefore its costing homeowners slightly more to use online payments than if they are

paying with a check or cash. Reducing it to \$5 will reduce the income for the HOA, but it will also, more importantly, reduce the total amount of the fees for 2025.

In Closing

There is, at least for what I feel, a lot more that I could cover and add to this document. But due to the lack of time, and resulting in a too much information, it may make this document much more difficult to review and understand.

So if there are any questions that are not answered by this document, or questions that are raised by this document, please contact me through my HOA email address as listed on page one at the top, or under my signature. I look forward to any and all conversations, and opportunities to better serve the community.

Sincerely,

Scott Tabar

Ross Estates HOA Treasurer

ross.estates.hoa.treasurer@gmail.com

<https://rossestatesohio.com>

PO BOX 14, Ross, OH 45061