

**Cottonwood Palo Verde
Audit & Finance Minutes
Date: January 2, 2025**

Board Liaison Present: Len Horst

Management Present: Brian Sage, Controller, Steve Hardesty, GM

Committee Members Present: Denise Orthen, Pat Duncan, Lauren Kingrey, Richard Bruno, Brian Shaw

Committee Members Absent: None

Homeowner Guests: Lynda Grendahl, Communication Committee

Called Meeting to Order at 2:00 p.m.

Approve/Modify Agenda: Agenda approved (Richard & Brian)

Approve/Modify December Minutes: Approved (Richard & Brian)

HOA Controller: Brian Sage

December Financials-

The association is \$258,000 better than budget year to date (YTD). House sale revenue is very good and has put \$796,000 into the reserve this year so far.

Contributing Factors Include:

- Golf's daily greens fees and lower maintenance costs.
- Recreation is doing very well with its TAD performances.
- Landscape kept its expenses well under budget and is \$108,000 to the good side of budget. Wages & benefits, lake maintenance and tree trimming all can in under budget.
- F&B had a break even month, but is still over budget by \$135,000 for the year. Revenue is lower than budget by \$333,000 but they have done a very good job of holding down costs to reduce this shortfall in revenue. Discussion ensued regarding no-shows and late cancellations for events and their impact on revenue/expense expectations.
- Admin is over budget due to recruiting costs, transitioning to the new phone system, and real estate taxes.
- The HOA has received a large refund from the taxing authority, and just recently received an \$11,000 credit from Cox which will hit the books in December 2024.

Other Items:

*The books will be closed around January 17, 2025.

* The audit will start the week of February 20, 2025. They will be on sight for a week.

* The Golf Inventory was right on as of the end of September 2024. Year end inventory to be completed Jan 2 and 3rd

Projected January Capital Requests- Brian Sage (Post meeting addendum)

1. Toro Work Carts Replacements HD - \$36K (\$18K each)

2. Water Heater Replacement PV: \$12K
3. CW Golf Course Piping Replacement: \$13K
4. Kiln Room Door Wheel Replacement: \$5K

Old Business:

- **Reserve Study Update: Steve Hardesty**
 - Now complete and being updated each month.
 - Board to receive asset financials in January along with asset values at this point in time

Committee Member Cost Center Comments

- **Administration/PV Gate:** Brian Shaw- Admin is over budget. Recreation is under budget. See comments above.
- **Facilities/Maintenance, Golf Maintenance, Landscaping:** Rich Bruno covered several important points of his previously published written reports. Managers are doing a good job of holding down costs.
- **Food/Beverage:** Pat Duncan talked about F&B having a good month, how the events really help the bottom line, and talked about how the HOA should consider developing certain metrics and benchmarks for F&B operations based on peer analysis, possibly hiring a consultant to aid in that effort (like the one provided to Steve and Len during the budget process last summer). Pat also went over some of the important points from his previously issued written report and talked about how Jennifer is doing very good in a very difficult job, if not the most difficult job in the HOA.
- **Golf Pro Shops:** Lauren Kingry- Lauren hit on some of the high points of his previously published written report, including Daily Fees helping out the annuals, sales are up, and overall revenue is doing well YTD. He asked if there was a correlation between the rounds of play and the number used for pro shop staff. Steve Hardesty said there was not a correlation for staffing purposes.
- **Comments:**
 - **Board Liaison: Len Horst-** Len gave us an update as to what is going on. Items included moving forward with version 3.5 of the Cottonwood pool conceptual, approval of the Golf Committee 5-year plan, and approval of the HOA Rules Document. (which is in first readings)
 - **General Manager: Steve Hardesty-** Steve answered many questions, ie, credit from Cox, past payments received from Cox and future payments to be received, as well as comments on the reserve study now complete.
- **Homeowner Comments-** Lynda Gryndahl of the Communications Committee was in attendance. She offered their committees help in passing out information from the Audit and Finance Committee to the community.
- **Recommendation(s) to Board-** none

- **Recommendation(s) to Management-** none
- **Meeting Adjourned at 3:00PM**

Next Meeting: February 6, 2025. CLC Meeting Room 1, 2:00 PM

Submitted by:

Brian Shaw, Secretary

Denise Orthen, Chairperson