

Tellico Village POA

Finance Advisory Committee Minutes

February 14, 2020

Bob Coates called the meeting to order at 9:00 a.m.

Present: Bob Coates, Linda Bailey, Brad Spiegel, Marty Hulett, Jeff McMillan, Kevin Ellsworth, Parker Owen

Absent: Michael Comer and Mike Poulsen

January Meeting Minutes

The January minutes will be sent to all FAC members within the next week.

Rotate Minutes Among FAC Members

Jeff McMillan will take minutes for this meeting.

Financial Analysis

Kevin presented the January numbers for revenue and expenses, as well as some on-financial measurements. The net income variance from plan was favorable by \$255K. Revenue was favorable by \$69K and Expenses were favorable by \$186K. The single largest revenue variance was "Installed Tanks", but this is offset in expenses. Most of the favorable variance in Expense was for "Maintenance". This is mainly due to timing of projects. Golf had a good month in January, with a positive \$43K in net income. Food also had a good month with a favorable net income of \$69K.

CFO's Report on Current Activities

The 2020 Budget has been updated for end-of-year actual cash and other balance sheet items to re-run the projected cash flow statements for all years and to project balance sheets throughout the 11-year planning horizon. Budget books have now been printed and distributed. The Balance Sheet projections will be done as a supplement to the Budget book.

Adjustments from the November Budget Review for approval include the following:

Wellness Center Roof carries over as a Capital Work in Process, with \$304, booked as CWIP in 2019 and \$304, added to the 2020 Capital Plan.

Dock slips at Tanasi were moved below the line as a contingent project of \$180,000 per Board directive on November 20th. The \$180,000 debt financing was also removed from the statement of cash flows.

We have trued-up all beginning cash balances for reserves and operating accounts as of January 1, 2020. Also trued-up future depreciation schedules for 2019 year-end asset base. The Wellness Center Roof and Toqua Golf Clubhouse are slotted for April 2020 capitalization and depreciation.

Removed \$45,000 for Toqua Cart Batteries from 2020 Capital Plan as these were replaced by Yamaha in 2019 under warranty at no cost to TVPOA.

Adjusted the timing of horticulture supplies to match expected order patterns and new inventory policy.

The Audit Committee met on January 31 and signed the Audit Engagement Letter with the firm Coulter & Justus to conduct the 2019 audit.

Capital & Major Maintenance Funding Requests

The following projects were discussed and approved by the FAC:

Ford F-350 Truck equipped with a dump bed, snowplow, and spreader for Public Works for \$69,365. This replaces a worn out 1990 F-350.

Ford F-350 Truck equipped with a dump bed, snowplow, and spreader for Building Maintenance for \$69,365. This replaces a worn out 1981 GMC C3500.

Ford F-150 4x4 truck for the Water Department for \$38,908. This replaces a worn out 1998 F-250.

High Flow Skid Steer Loader for Public Works for \$81,575. This is an additional machine to be used with special attachments such as a disk mulcher, mill machine, clam bucket and bush-hog.

10 Hydroports Lifts for Jet Skis for \$19,892. These units will replace 10 older ones which are at end of life and are damaging jet skis when loading and unloading. All present units are occupied, with one person on the waiting list.

Walk-in Freezer at the Tanasi Clubhouse for \$14,342. The present freezer is beyond repair.

Maintenance Project Funding Request for HA5 Pavement Preservation for \$830,222. This will cover 301,898 square yards of roadway.

Maintenance Project Funding Request for Street Paving Willow Oak and Linden Lane for \$49,260. The approval of this project is contingent upon clarification of who is responsible for these streets – POA or 5 Star.

The following projects did not require FAC approval, but were reviewed:

61" Zero Turn Mower, 52" Walk Behind Mower, & a Ride-on Hurricane Blower for \$26,657. The two mowers are replacing older units that have reached end of life. The blower is an addition and is needed to increase efficiency of grass removal after mowing and leaf removal in the fall.

Ford Ranger truck 4x4 for Public Works for \$29,740. This vehicle will replace a worn out 2005 Chevy Colorado.

Ford Transit Van for Building Maintenance Housekeeping for \$25,415. This is an additional vehicle to enable the housekeeping crew to have three teams of two people, which is needed to handle the early mornings.

Decorative Street Signposts for Toqua Coves, Chota Shores and Kahite for \$32,613. This is the third phase of a five-phase project to replace all street signs within the Village with high quality decorative signposts.

Replace Gas Convection Oven at the Yacht Club for \$7,718. This unit will replace the 15 year old unit which has reached the end of life.

Cash Self-Sufficiency Check

It is very early in the year to accurately predict year-end operating cash, but through one month we are within the plan.

Golf Pro Shop Merchandise Changes

There was a brief discussion on the changes expected for managing the merchandise within the pro shops. This included the process for inventory counts and managing losses.

2020 FAC Goals

One possible goal discussed was a cost of service study for water and sewer. Additional goals are to be linked with the Board's goals once they are established.

Committee Reports

Communication - Brad Spiegel stated the committee was considering equipping the POA conference room with cameras so committee meetings could be live streamed.

Golf - Mitzi reported discussions are underway regarding staffing and responsibility changes within the Gold Department.

Long Range Planning – Marty reported the LRPC is “accessing the Needs”.

Public Works – Public Works ahs approve goals for 2020, including improving preventive maintenance of rolling stock equipment and investigation means of reducing cost for lighting.

Recreation – No report

Audit – Covered under CFO's report above.

Marty Hulett will attend the February Board Meeting.

Meeting adjourned.

Next meeting date is Friday, March 13, 2019.