



HSVPOA F & P Committee Quarterly Update by Larry Siener

Description

Larry Siener, Chair of the Finance and Planning (F & P) Committee, gave his Quarterly Report to the Hot Springs Village Property Owners' Association Board on October 20, 2021.

Good morning. My name is Larry Siener and I am the current Chairman of the Finance and Planning Committee. Finance and Planning assists and advises the Board on governance and oversight responsibilities related to fiscal management and planning.

We work extensively with the Controller and POA staff to ensure that proposed annual capital and operating budgets align with the strategic intent of the Board of Directors.

Policies

In addition, we can, upon the request of the Board and or the General Manager, review and recommend new policies, policy or bylaw modifications related to financial matters or review proposed unbudgeted capital expenditures.

We were tasked by the Board in May to review the Cash Management Policies for the Village. This wide-ranging review began with an evaluation of the Village investment policies. We did not recommend any adjustments to those policies following our review.

We next reviewed the Reserve Policy. In this area there were multiple adjustments. The Reserve Policy is in the process of being renamed to the Emergency Reserve Policy to emphasize that the funds in our reserve accounts are not intended to be used for day-to-day expenses.

During that review, we discovered that the Village line of credit was being collateralized by the Village investment fund. This limited our flexibility in the event of an emergency to bring all of our assets to bear to a potential problem.

Coreena [Fetterhoff], our Controller, was able to successfully negotiate with the bank to utilize accounts receivable and future revenue streams as collateral for the line of credit, freeing up the village investments for other uses, should we need them.

Finally, we discovered that the recently-established working capital accounts currently have little documented guidance regarding their establishment and management. We're in the process of developing policy guides regarding these funds.

2022 Budget, Fee Schedules, Budget Prioritization Policy

Another major effort in the committee in the last quarter was tied to the 2022 budget. We reviewed the legacy budget guidance and provided an update to the POA staff for their use in 2022 budget development.

We also reviewed the 2022 Proposed Fee Schedules in advance of the budget reviews. A key aspect of this review was to ensure that the fee schedule adjustments align to the FRATF recommendations of the \$350,000 increase in amenity fees.

In addition, we reviewed the Village 2022 budget proposals prior to their presentation to the Board. This was somewhat complicated this year, because the staff needed to develop two budgets.

The baseline budget contained the [Southern] CPI permitted assessment rate increase and other adjustments recommended by FRATF. The V2 budget projected additional revenues that would be available should the upcoming assessment vote pass.

Finally, F and P reviewed the draft budget prioritization policy created by FRATF, originally, that established special accounting treatment for critical Village high-priority budget areas, providing commentary to the final document that you all accepted a few weeks ago.

Other

All of the seats on the Finance and Planning Committee are now full. Beckie De Young, a retired mechanical engineer, who brings many years of experience as a

member of working groups in the Board of Directors from her previous community in Michigan, joined F and P in August. Ford Williams is a retired Ernst Young partner, who brings more than 30 years of experience in tax accounting and audits to the committee, joining in September. During his last few years of employment, Ford led audit teams, evaluating multi-billion dollar multi-national corporations.

Finance and Planning meets the second and fourth Mondays of the month at 1:00 p.m. in the Ouachita Room at the Ponce de Leon Center.

All Village residents are welcome to attend and our sessions are recorded for later playback on the Village YouTube site.

Thank you for the opportunity. This concludes my report. Any questions?

No questions were asked.

Transcribed by Cheryl Dowden, October 28, 2021

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