

BUDGET & FINANCE ADVISORY COMMITTEE MEETING

09-22-2021 MEETING MINUTES

Attendees: Dick Keiling (Chairman), Tom Piatti, George Solyak, Don Nederostek, Doug Parks, Steve Phillips

Meeting called to order

1. No Public Comments
2. Minutes from the June meeting and July Q&A were approved.
3. Review of August financials (OPA and Matt Ortt)
 - Overall, August has a \$155K positive Net Operating variance for OPA, mostly from increased revenues.
 - The (\$21K) unfavorable variance in General Maintenance relates to the timing of the payment for accounting fees. YTD General Maintenance has a favorable variance is \$78K.
 - For Aquatics we are reporting an unfavorable monthly and YTD variance for Coupon revenue vs budget. The previously extended coupons expire on 10/1/21. An accounting should be done following October's close to remove the outstanding deferred charges for coupons on the balance sheet with a positive offset to Aquatics.
 - Great Net Operating turn around in Aquatics, \$42K favorable for the month and \$188K favorable for the year. YTD revenues are up \$103K and costs are down (\$85K).
 - General maintenance continues to reflect favorable Repairs and Maintenance variances. These are mostly timing items occurring in out months.
 - Golf Revenues are favorable \$11K for the month and \$177K favorable YTD. Expenses are (\$4K) under budget for the month and (\$52K) under budget YTD. The monthly favorable (\$11K) variance for wages/benefits for golf is mostly on the benefits side. Our good course condition continues to support positive outside play.
 - Service/Supplies is slightly over budget for the month with a \$94K favorable YTD variance in part do to the COVID grant.
 - An adjustment needs to be made for missing food costs at the Clubhouse Grill. It appears these costs are captured under the beverage line for the month.
 - Beach Club Net Operating was (\$6K) unfavorable for August and \$64K favorable YTD.
 - Steve is going to check to see what bonus accrual we have booked for Matt Ortt Group and adjust as needed.

- Last year, YTD Marina fuel cost was 76% of fuel sales and likewise our budget was set at 76% fuel cost as a percentage of sales. In August fuel cost is 88% of sales and YTD fuel cost is 82% of sales. YTD this equates to a (\$47K) in margin deterioration. Steve will reconcile and review the pricing practice. Formula driven vs competitive pricing? This certainly merits a full discussion as we set next year's budget.
- Roads Reserve balance is \$8K. What are the plans to contribute from the unappropriated prior year surplus? This will also be a major discussion item as part of the DMA review.
- Steve is having difficulty finding a good local match to replace Union Bank's low interest money market account. It was suggested that he check with Don Bonafede's contact for helpful input.
- Matt Ortt's payroll taxes at the YC are \$100K YTD. This equates to 21% of total labor. This type of variance is seen at the Beach Club and Clubhouse as well. Steve will review with Matt Ortt. An employer is responsible for unemployment taxes (usually small) and the employer FICA share. Could this difference be increased employer FICA taxes given tip income? This should be reconciled.

4. Review DMA Agenda

- Skipped this agenda item as Linda and John were not present

5. Updated outstanding Excel Action Items

6. Other Comments and Questions

- Dick agreed to provide additional background to Doug Parks on F-02 recommended changes.

7. Meeting adjourned