

**CSA Finance Committee  
Meeting Minutes  
Tuesday, March 8, 2016  
CSA Main Conference Room**

**1. Roll Call**

The March meeting of the Finance Committee was called to order at 9:00 a.m. in the main conference room of the CSA Building. Chairman Borghesi presided.

Present:      Dave Borghesi              Rob Marsac              Carolyn Adams  
                 Lisa Laudermilch              John Farrenkopf  
                 Michael Tucker              Ray Warco

Absent:        Maryann Bastnagel      Lee McCollum              Rich Speer

Ex-officio:    Mark Griffith

Staff:         Bret Martin              Victoria Shanahan      David Henderson  
                 Beau Barnett              Jeanne Pearse

**2. Approval of the January 22, 2016 Meeting Minutes**

A copy of the January 22, 2016 meeting minutes was included in the committee's package and reviewed. Mr. Marsac made the following motion, seconded by Mr. Tucker and unanimously passed:

"RESOLVED, the Finance Committee approves the January 22, 2016, meeting minutes as submitted."

**3. New Business**

**a. Approval of the Proposed Charter for 2016**

The Committee's charter that proposed slight revisions for 2016 was reviewed. Mr. Marsac made the following motion, seconded by Mr. Tucker and unanimously passed:

"RESOLVED, the Finance Committee recommends the CSA Board approve the proposed revised charter as submitted for 2016."

**b. Year End Summary**

A copy of the un-audited financial statement for December 2015 was reviewed in detail. Mr. Warco made the following motion which was seconded by Mr. Farrenkopf and unanimously passed:

“RESOLVED, the Finance Committee recommends the CSA Board accept the un-audited financial statement for December 2015 as submitted.”

**c. Results of the Financial Audit**

Mr. Warco said a meeting was held on February 26<sup>th</sup> with the outside auditing firm of Elliott Davis, Decosimo, LLC to review the findings of CSA’s audit for the year ending December 31, 2015. The firm reported that zero adjustments were needed and a management letter to the CSA Board was unnecessary for that year, the only exception being based on one we requested on sales procedures. Mr. Borghesi said the audited financial statements would be distributed to the CSA Board members. He further noted that the extended contract with the auditing firm was about to expire and he had asked them to submit a proposal to renew their contract for the Finance Committee to review. The past professionalism of the company, its staff, their accessibility and response time were given as the reasons for this decision.

**d. Acceptance of the Unaudited January 2016 Financial Statement**

The acceptance of the unaudited financial statement for January was waived until the new format was reviewed and more time provided for committee members to review the numbers.

**e. 2016 Financial Statement Format**

Victoria Shanahan, the Director of Finance and Administration, had prepared a new format for the monthly un-audited financial statements and presented the January 2016 statement in this format on-screen and distributed hard copies.

*A Summary Sheet, Balance Sheet, Income Statement and Statement of Cash Flows* were still included in the statement, but are more refined and easier to read. Investments continue to be stated at their Fair Market value. Graphic charts used in the new format were easier to read and relayed a pictorial view of the current financial status. The committee members liked the new format and recommended it to be used for future financial statements.

- f. Change in Accounting Policy for Investments** – Mr. Borghesi suggested to change the way investment income components are currently reflected on the Income Statement because CSA is not actually selling, but re-investing the funds in a laddering effect. It is a more effective way to present what is actually being practiced. Mr. Borghesi made the following motion, seconded by Mr. Farrenkopf and was unanimously passed:

“RESOLVED, the Finance Committee recommends the CSA Board approve the change in the CSA Accounting Policy for Investment Income.”



- g. **Maintenance, Enhancements & Major Projects Committee Recommendation**  
Some un-budgeted new maintenance projects have recently arisen that the Director of Maintenance, Beau Barnett, is recommending to move forward with, based on safety and need. Mr. Barnett listed a summary of the projects and their projected costs. Lengthy discussion was held on the current deficit in the 2016 budget, the cost-savings realized from other maintenance projects and the reimbursement for drainage work from the Town of Hilton Head. Following the discussion, it was the sense of the committee to recommend that unused funds budgeted for projects in 2016 could be used towards the new projects presented today, based on their priority. Mr. Borghesi made the following motion, seconded by Mr. Farrenkopf and was unanimously passed:

“RESOLVED, the Finance Committee recommends the CSA Board approve the re-allocation from the cost savings of budgeted funds for Major Repairs and Replacements to be reclassified to other unbudgeted projects, i.e. so long as the total expenditures for all projects not exceed the approved budgeted amount.”

#### 4. **Old Business**

a. **Reserve Study Update**

A draft of the capital reserve study was received on February 29<sup>th</sup> from the outside contractor and some updates were submitted back to them. Mr. Griffith asked Ms. Shanahan to request the contractor to make a presentation to the Finance Committee once the product is final.

b. **Revenue Tax Force Update**

Mr. McCollum, Chair of the task force, was not available to provide their report. Mr. Borghesi summarized that two of the basic ideas, among others, they are considering to increase CSA's revenue are: a transfer fee and increasing property owner assessments.

c. **Update Tax Status**

The IRS has not made a determination as of this date.

d. **Six Oaks Cemetery Debt Forgiveness**

Six Oaks Cemetery had purchased additional land and secured a loan from CSA. CSA had placed a lien on the cemetery property for an additional 2.75 acres at a cost of approximately \$229,000. In 2009, CSA forgave the balance of the loan plus unreimbursed operating costs of \$493,352. However, the lien was never released officially through Beaufort County and the CSA Board needs to formally take action and this item should be added to the CSA Board agenda for March. Mr. Borghesi made the following motion, seconded by Mrs. Adams and was unanimously passed:

“RESOLVED, the Finance Committee recommends the CSA Board formally release the lien with Beaufort County against the Six Oaks Cemetery.”

e. **Form 990 Public Access**

The question of CSA being required to publish its Form 990 for property owners had been raised late last year and it has been determined that CSA does not have to post it on the CSA website, but simply have it available upon request to property owners. This would be consistent with CSA's current policy for the audited financial statements and previous IRS Form 1020s.

f. **ASPPPO Service Agreement**


Mr. Martin said that ASPPPO is a totally separate organization and the agreement should spell out that CSA employees were performing the work as authorized by the ASPPPO Board and/or its President. The amount of time CSA employees are spending towards the other entities and their associated service agreements are also being reviewed in 2016.

The prior service agreement for ASPPPO has been slightly revised and will be on the CSA Board agenda for approval. The dollar amounts have not changed from those budgeted for 2016.

5. **Adjournment**

With no further business to conduct Chairman Borghesi adjourned the meeting at 10:20 a.m.

Respectfully submitted,

  
Dave Borghesi  
Chairman

The next meeting is scheduled for May 17, 2016, at 9:00 a.m. in the main conference room of the CSA Building.