

Finance Committee Minutes
February 17, 2022
SROA Board Room

Members Present: In person: Clark Pederson, Corey Wright; members present via zoom: Brad Banta, Luis Bayol, Gerhard Beenen, Brian Dunham, Veronica Jacknow and Keith Mobley

Alternate Members Present: None

Staff Present: Joe Healy, James Lewis

Gerhard Beenen called the meeting to order at 9:00 a.m.

First Interstate Wealth Quarterly Update

Representatives from First Interstate Wealth presented an update of the overall financial markets and on SROA investments.

Approve Minutes from December 16, 2021

The Committee unanimously approved the Finance Committee minutes of December 16, 2021 with no corrections.

Review of December 18, 2021 SROA Board Actions

There were no comments on the December 18, 2021 Board Action items.

Review of January 15, 2022 SROA Board Actions

There were no comments on the January 15, 2022 Board Action items.

Approve December 31, 2021 Unaudited Financial Statements

For the year-ended December 31, 2021, there was a net operating deficit of \$314,534 which was \$653,768 better than budget. Operating revenues were over budget by \$245,765 as a result of MPP and RPP sales, a lot unconsolidation, compliance fines and Scene revenue. For the year, MPP and RPP sales finished at 114.9% and 103.6% of their respective budgets. Salaries and burden were under budget by \$360,705 due to savings in part-time labor, open full-time positions, and a SAIF dividend. Material and services were under budget \$230,128 primarily due from the SHARC closure and limited days/hours of operations, contract services and Natural Resource operating expenses.

In 2021, there was a total of \$1,032,996 spent on road projects and ladder fuel reductions which was under budget by \$62,004.

Total assets as of December 31, 2021 were \$34,929,812. Cash and investments totaled \$12,507,307 an increase of \$2,312,569 from November. As of December 31, 2021, investments included \$5,283,169 in short-term US Treasuries of one year or less, \$1,250,000 in a two-year treasury, and \$2,750,097 invested in the CDARS program. Assets placed into service included a 2021 Ford Ranger, 2021 F-250, Bobcat Toolcat, Fiber to Ft. Rock Park and SHARC chemical controllers. Overall deferred revenue increased by \$2,902,870 from November as a result of 2022 annual maintenance dues payments along with RPP and MPP sales.

Approve 4th Quarter 2021 Capital Transfer

The Committee unanimously approved the 2021 4th quarter capital transfer of \$998,995.82

Approve Skypark 2021 Year-End Transfer

The Committee unanimously approved the 2021 of \$15,615.03 from the SROA operating account to the Skypark reserve account.

Approve January 31, 2022 Unaudited Financial Statements

For the month ended January 31, 2022, there was a net operating deficit of \$94,140 which was \$54,121 better than budget. Operating revenues were over budget by \$25,224 due to ladder fuel fines and community development revenue. Through the end of January, Recreation Plus (RPP) sales were at 63.9% of their annual goal and Member Preference (MPP) sales were at 21.3% which both are pacing ahead of 2021 at the same point. Other revenue was over budget by \$6,305 due to a Midstate Electric Capital Disbursement. Salaries and burden were over budget by \$4,080. Materials and services were under budget by \$20,133 due to timing of invoices. January's legal invoice had not been received at the time these reports were generated. A Ford F-250 truck that was replaced in 2021 was sold in January for \$24,000. As of January 31, 2022, there was a combined operating and non-operating surplus of \$156,476.

Total assets as of January 31, 2022 were \$37,493,466. Cash and investments totaled \$14,544,737 an increase of \$2,037,430 from December. As January 31, 2022, investments included \$6,516,640 in US Treasuries and \$4,250,183 First Interstate Banks CDARS program. There is \$330,000 in prepaid insurance due to be refunded from cancelled policies. 60% of homeowners have prepaid their 2022 maintenance dues which is in alignment of recent history.

Cash Flow Update

As of January 31, 2022 there was \$14,544,738 in total cash and investments of which \$4,440,372 in the operating fund.

Reserve Bulk Purchase Discussion

The Committee continued the review on the capitalization of bulk purchases. After discussion it was agreed that bulk purchases in which the individual items do not meet the capitalization threshold of \$3,000 will be expensed going forward.

By unanimous approval, the meeting was adjourned at 10:45 a.m.

The next Finance Committee meeting is set for March 17, 2022 at 9 a.m.

Submitted by Joe Healy