

Finance Committee Minutes

February 15, 2024

SROA Board Room

Members Present: In person: Michael Applegate, Gerhard Beenen, Clark Pederson Via zoom: Brad Banta, Luis Bayol, Veronica Jacknow, Keith Mobley, Corey Wright.

Alternate Members Present: Steve Murray

Staff Present: Joe Healy, Keith Kessar, James Lewis

Clark Pederson called the meeting to order at 9:00 a.m.

First Interest Wealth

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

Approve Minutes from December 14, 2023

The Committee unanimously approved the Finance Committee minutes of December 14, 2023, with corrections.

Review of December 16, 2023 SROA Board Actions

There were no comments on the December 16, 2023 SROA Board Actions Items

Review of January 20, 2024 SROA Board Actions

There were no comments on the January 20, 2024 Board Action Items.

Approve December 31, 2023 Unaudited Financial Statements

For the month ended December 31, 2023, there was a net operating deficit of \$140,117 which was \$143,667 worse than the budget. Total operating revenues were over budget by \$17,936. Total operating expenses were over budget by \$161,603. Salaries and burden were over budget by \$49,557 due to a severance payout. Material and services were over budget by \$108,154 due to several factors:

- Boiler repair at SHARC
- IT equipment
- Road deicer
- Timing of utility payments (two months posted)
- Natural Resources restoration work
- Collection fees for past due accounts

For the year ended December 31, 2023, there was a net operating surplus of \$79,128, which was \$188,018 better than budgeted. Operating revenues were over budget by \$163,065 mainly due to a Caldera expansion payment, interest income, and positive variances in design review fees, park reservations and ladder fuel reduction fines. These positive variances were partially offset by shortfalls in special program, gate admissions and event space rental. Year-to-date MPP and RPP net revenues are at 101.2% and 100.1% of their respective annual goal. Salaries & burden were under budget by a combined \$109,110 due to open f/t and p/t positions in recreation and public works. Material and services expenditures were over budget by \$102,598 for the year. This negative variance is mainly from higher than budgeted utility charges, Member Pool & SHARC equipment maintenance, cinder/deicer, pool chemicals and bank fees. Total interest income for 2023 was \$745,601.

There was a total of \$639,656 spent on road projects and a net of \$297,250 on ladder fuel reduction. As of December 31, 2023, there was a combined operating and non-operating surplus of \$1,356,098 which was \$618,901 better than budget.

Total assets as of December 31, 2023, were \$37,830,399. Cash and investments totaled \$16,408,742, an increase of \$2,402,510 from November. As of the end of December, there was \$15,806,312 invested in Federated Hermes Government Obligations Fund and US Treasuries with durations between 90-day and 5-year and combined yield of 5.07%. A \$1,500,000 five-year treasury note was purchased in December with an annual yield of 3.88%. Receivables for owner's fees (maintenance fund, storage space, fines) \$130,799, of which \$84,284 are over 90-days past due. There is \$90,000 in reserve for uncollectible accounts against owners' receivables. Construction in progress included public works yard and GIS platform design. Assets placed into service included: Ford F-250, fuel system, annex building roof replacement, SHARC indoor water feature.

Approve 4th Quarter Capital Transfer

The Committee unanimously approved the fourth quarter reserve transfer of \$1,064,377.81 from the Regular Reserves to Operations.

The Committee unanimously approved the fourth quarter reserve transfer of \$29,435.00 from the SHARC Reserves to Operations.

Skypark 2023 Year End Transfer

The Committee unanimously approved the Skypark 2023 year end reserve transfer of \$20,850.85 from the operating account.

Approve January 31, 2024 Unaudited Financial Statements

For the month ended January 31, 2024, there was a net operating deficit of \$174,171 which was \$44,191 worse than budget. Operating revenues were under budget by \$21,566 due to Recreation Plus sales being behind plan. At the end of January, there were 102 less home sales than at the same point last year. Salaries and burden were over budget by a combined \$18,750 due to overtime in public works staff during the winter storm. Material and services are under budget by \$41,000 due to timing of payments. Legal fees are over budget \$46,502 for the month.

As of January 31, 2024, there was a combined operating and non-operating surplus of \$121,402 which was \$32,380 behind budget.

Total assets as of January 31, 2024, were \$40,933,945. Cash and investments totaled \$18,542,080, an increase of \$2,133,338 from December. As of January 31, 2024, there was \$17,572,828 invested in Federated Hermes Government Obligations Fund and US Treasuries with durations between 90-day and 5-years with an annual yield of 5.06%. Deferred revenue increased by \$2,852,487 due to annual maintenance dues payment, RPP & MPP sales. Construction in progress included \$323,123 spent on the public works building.

Cash Flow Update

As of January 31, 2024, there was \$18,542,080 in total cash and investments of which \$4,324,637 was in the operating fund.

Updated 2024 Reserve Budget

The Committee unanimously approved the 2024 Reserve Budget including carry forward items of \$5,979,684.

The meeting adjourned at 10:33AM

The next Finance Committee meeting is set for March 14, 2024 at 9AM

Submitted by Joe Healy