

## SVEA Finance Committee

March 7, 2024 Meeting Minutes

### **Attendees:**

- Marlene Fletcher- Committee Co-Chair/Board Member
- Jeff Mihalic- Committee Co-Chair/ Board Member/Vice-President
- Tom Ecklund- Committee Member/ Board Member/Treasurer
- Dave Galloway- Committee member
- Karen Curry- Committee member
- Chuck Williamson- SVEA General Manager
- Sue Kwapich- SVEA Accountant
- Clark Furlow- SVEA Board President

### **Meeting Purpose:**

- Review SVEA Q1 Financial Statements
- Set Committee calendar for 2024
- Review updated Finance Committee Responsibilities
- Review approach to develop Master Amenity Plan and Long Term Capital Plan

### **Meeting Minutes:**

**SVEA Q1 Financial Statements-** The Committee reviewed SVEA's cash flow statement, income statement, Line Item P&L report , AR summary and Accounting Notes (Staff's summary of key points and deviations from plan). SVEA staff explained the deviations from plan to the satisfaction of the Committee. Notable items included:

- Income Statement- For Q1 SVEA had net income of \$315,744 as receipts from dues and special assessment payments exceeded expenses. This is \$53,307 worse than budget primarily due to the unexpected payment of a Harker Pool construction bill in 2024 versus 2023 (see note below).
- Payment of taxes on interest earned in 2023 caused an expense overrun of \$12,947 in Q1. This overrun may be offset during the year by continued better than plan realization of interest earned. For Q1 2024, interest earned was \$15,488 versus a budget of \$5,025. Given SVEA's non-profit status, the payment of taxes was previously questioned by the Committee and a satisfactory response was provided by SVEA's auditor.
- Harker Pool construction ran \$66,051 over budget for the quarter due to an unexpected payment in 2024 for excavation work completed in 2023. The overall project is still tracking to the \$2M budget as this payment was expected to occur in 2023.

- Balance Sheet- Our cash position increased by \$279,282 versus the end of the fiscal year. We have \$2,178,385 of cash and investments as of the end of Q1. Our total assets have increased commensurately, totaling \$7,806,443 at the end of Q1. Members' Equity has also risen commensurately, totaling \$6,615,912 at the end of Q1.
- The Village Pool loan balance has been reduced to \$1,104,400 as of the end of Q1. We are still targeting mid-year 2025 for retirement of the loan pending the results of the capital reserve update, our actual capital reserves available, interest rate differentials, and near-term capital needs.
- Committee requested Staff to update the Balance Sheet at least quarterly to reflect accumulated depreciation on existing assets and the increases in Construction in Progress to mirror Harker Pool construction expenses.
- Accounts Receivable have improved from \$125,713 as of last fiscal year-end to \$79,575 at the end of Q1. The improvement is primarily due to additional installment payments on the special assessment. Staff expects the AR balance to continue to improve as more installment payments are made. To encourage on-time payments by chronically delinquent members, the Committee requested the SVEA General Manager to develop an updated policy regarding late payments for review and approval by the Finance Committee/Board.
- The Committee Chairs and Staff confirmed that any unspent funds in this year's litigation budget will be ear-marked for litigation needs in future years.

#### **2024 Finance Committee Calendar** (Please confirm availability for these dates)

- Q1 Financial Review- Mar 7, 2024, 3pm, Harker Center (complete)
- Q2 Financial Review- May 23, 2024, 3pm, Harker Center
- Capital Reserve Update Review- Jul 24, 2024, 3pm, Harker Center
- Q3 Financial Review- Aug 22, 2024, 3pm, Harker Center
- 2024/25 Budget Review- Aug 29, 2024, 2pm, Harker Center
- Q4/Annual Financial Review- Nov 21, 2024, 3pm, Harker Center
- Annual Report to membership- Jan 11, 2025, TBD time and place

#### **Finance Committee Responsibilities**

- Committee Chairs reviewed updated Committee responsibilities to ensure full knowledge by the Committee. Staff will post these updated responsibilities on the SVEA website.
- Capital Reserve Study Update- The updated capital reserve study will be available for review in late July. It will include an updated list of capital assets, updated depreciation

expenses by month based on the updated list of capital assets and an updated capital reserve requirement based on updated asset life expectancies and replacement costs. The results of this update will be used to set our capital dues for the coming year.

- Master Amenity Plan- The Committee focused on our responsibility to produce a Master Amenity Plan and a Long-Term Capital Plan. A draft schedule of activities was reviewed, and the Committee generally concurred with the activities and timing, which start this Spring and extend through mid-2025. Committee Co-Chairs will present this schedule to the Full Board for their concurrence at the March Board meeting. The Committee also reviewed the last SVEA Master Amenity Plan, done in 2012, to better understand the historical breadth and depth of the plan. Clark Furlow commented that there may be a few high priority SVEA infrastructure items that should be included in the capital plan. Those items will be defined and included with the items generated from the various Committees.
- Financial Policy- The Committee discussed our responsibility to produce a Financial Policy in support of the annual budget. A template for the policy was reviewed by the Committee. From the template, a draft policy will be generated during the budgeting process and presented to the Committee for approval along with the proposed budget for the next fiscal year.

Jeff Mihalic

Marlene Fletcher

Finance Committee Co-Chairs