

## **SVEA Finance Committee**

### **May 23, 2024 Meeting Minutes**

#### **Attendees:**

- Marlene Fletcher- Committee Co-Chair/Board Member (via Zoom)
- Jeff Mihalic- Committee Co-Chair/ Board Member/Vice-President
- Tom Ecklund- Committee Member/ Board Member/Treasurer
- Karen Curry- Committee member
- Nancy Auseklis- Committee member
- Chuck Williamson- SVEA General Manager
- Sue Kwapich- SVEA Accounting Manager
- Clark Furlow- SVEA Board President

#### **Not Present:**

- Dave Galloway- Committee Member

#### **Meeting Purpose:**

- Review SVEA Q2 YTD Financial Statements
- Review progress on Harker Pool construction vs budget
- Review SVEA Q3 upcoming financial activities

#### **Meeting Minutes-**

**SVEA Q2 Financial Statements-** The Committee reviewed SVEA's cash flow statement, Balance Sheet, YTD P&L vs Budget and 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 include:

- Income Statement (P&L)- YTD thru Q2 SVEA had net income of \$115,664 versus a budget of (\$19,965). This is \$135,629 better than budget primarily due to below budget spending on Administrative Payroll, Legal and Harker Center water heater replacement.
- Cash Statement- Cash as of the end of Q2 stood at \$2,002,229, which is \$147,044 higher versus the end of last fiscal year, primarily due to better than plan spending and interest income thru Q2. Staff has consistently invested cash in short-term Treasuries, generating \$31,050 of income year to date which is \$21,000 better than plan.
- Balance Sheet- Total assets as of the end of Q2 were \$7,570,095. This is roughly \$43,000 higher versus the end of last fiscal year and includes approximately \$1.0 million of Treasuries. Construction in progress on the Harker Pool has increased to \$1,279,783, while the loan balance on the Village Pool has dropped to \$1,067,495. Total liabilities have been reduced to \$1,154,169 primarily due to loan payments made.

We are still targeting mid-2025 to pay off the loan as we continue to benefit from an after tax ½% positive spread between interest earned and interest paid.

- Accounts Receivable have improved from \$125,713 as of last fiscal year-end to \$61,223 at the end of Q2. This continued improvement is primarily due to additional installment payments on the special assessment. Only two installment payments remain on the special assessment (billed on 5/01/2024 and 11/01/2024). This will eliminate the majority of outstanding Accounts Receivable.
- Two accounting adjustments were made beginning in Q2 at the request of the Finance Committee. A budget line item was added for depreciation to match the actual expense (line 724). This is a non-cash item and this adjustment eliminates the distortion created by reporting depreciation expense without a commensurate budget.
- The other accounting adjustment is the recording of major capital project spending directly onto the Balance Sheet as Construction in Progress (line 135). Historically this had been recorded as Other Expense without a corresponding budget, then moved to Construction in Progress at year end. This practice also distorted the comparison of actual versus budget during the fiscal year. With these changes, the comparison of actual versus budget expense is now simplified and appropriate.
- Q2 YTD Financials will be reported to the Board at the July 12 meeting for approval.

**Harker Pool-** Construction and spending continue to progress on budget. Staff projects that total expenses including ancillary items (fencing, concrete/paver decking, synthetic turf and shade structures) will come in at the \$2.0M budget. The completion date is still projected for July 4<sup>th</sup>. Staff was recognized for their significant efforts to complete this large project on schedule and on budget.

### **Upcoming SVEA Financial Activities in Q3:**

- Capital Reserve Update- Staff confirmed that the 3<sup>rd</sup> party will begin the update in June and plan to be complete by mid-July to support the budgeting effort for next fiscal year and setting of capital dues.
- Master Amenity Plan- The committee discussed the timing to launch this effort. It was agreed that we should shift the timing so that any member-facing communications occur after next year's budget and dues levels have been communicated to the membership. The plan will need to be completed to support the budgeting process in July/August 2025 for fiscal 2025/2026
- Rental Amenity Fee- The Committee was advised that a separate committee had been formed to review the Rental Amenity Fee to ensure that the fee is best aligned with the actual load placed on SVEA amenities. The Committee advised that the load should include both capital and operations expense, and that any flexibility allowed must be

manageable by Staff. In addition, the Committee advised that resources and methodology to ensure compliance with the policy must be included in the scope.

### **2024 Finance Committee Calendar**

- ✓ Q1 Financial Review- Mar 7, 2024, 3pm, Harker Center
- ✓ Q2 Financial Review- May 23, 2024, 3pm, Harker Center
- Capital Reserve Update Review- Jul 24, 2024, 3pm, Harker Center (Co-Chairs & Staff)
- Q3 Financial Review- Aug 22, 2024, 3pm, Harker Center
- 2024/25 Budget Review- Aug 29, 2024, 2pm, Harker Center
  - Set Financial Policy for SVEA- August 29, 2024 (sets budgeting policy)
- Master Amenity Plan launch- Fall/Winter 2024 TBD following budget completion
- Q4/Annual Financial Review- Nov 21, 2024, 3pm, Harker Center
- Annual Report to membership- Jan 11, 2025, TBD time and place

Thank you to all Committee members for your participation and excellent questions and comments.

Jeff Mihalic & Marlene Fletcher  
Finance Committee Co-Chairs