



November 21, 2024. Finance Committee Meeting Notes

Attendees:

Marlene Fletcher- Co-Chair (via Zoom)

Jeff Mihalic- Co-Chair

Tom Ecklund- Treasurer, non-voting board member

Dave Galloway

Karen Curry- via Zoom

Linda Horensavitz- SVEA General Manager (Staff, not a Committee member)

Sue Kwapich- SVEA Finance Director (Staff, not a Committee member)

The Meeting began at 3:00 PM and concluded at 4:40 PM. Discussions summarized below:

1. **2023/2024 FY DRAFT Financial Statements** - The Finance Committee moved to approve the 2023/24 Draft financial statements with the following adjustments:
 - a. Staff will include a final invoice worth approximately \$80,000 for the Harker Pool. Staff will add the amount of this invoice to our year-end accounts payable and our Construction in Progress accounts and advise the Auditor.
 - b. Auditor and staff will examine the \$85,952 transfer from capital to operations, which shows offsetting entries under "Equity" on the balance sheet, to ascertain the necessity of these adjustments. In other words, do these entries correspond to an earlier one-time decrease/increase of this same amount in our capital and operations current asset accounts? (Note: Subsequent to the meeting, Auditor has recommended combining the member's equity accounts and eliminating the transfer entries).
2. **2023/2024 AUDITED FINAL Financial Statements**- The Auditor is now on site and his review of our DRAFT financials is proceeding well. Staff will receive the AUDITED FINAL financial statements from our Auditor in mid-December. The Finance Committee will review these financial statements and, if deemed acceptable, recommend their approval to the board at the January board meeting.



3. **Accounts Receivable-** The Committee reviewed our Accounts Receivable balance, which totaled \$54,169 as of year-end. Staff noted that roughly 100 accounts have a balance of \$250, which reflects the final installment payment on the special assessment, which just became due in November. We expect those accounts to be paid up this month or next, which will reduce AR by roughly \$25,000. The remainder of the outstanding AR (net of credits) is comprised mostly of accounts that are more than 90 days delinquent. Staff will increase the collections efforts on those accounts. The Committee suggested that our collections policy should be updated to increase the late fees and lien fees to reflect our estimated costs of enforcing the policy and encourage on-time payments. Staff is preparing a revision to the policy for review by the Committee, and if approved, it will be recommended for board approval. The Committee also discussed a procedural change whereby all liens would be prepared and filed by our attorney, Jim Laski. The Committee also noted that staff must be consistent with its enforcement of the Collections Policy, granting no extensions or preferential treatment in order to protect enforcement of the policy. Staff will continue to operate under the existing policy until the new policy is approved by the board and communicated to all homeowners.
4. **Investment Account:** Staff described the current issues with our Treasury Direct Account, which has been used exclusively to purchase Treasuries with our capital reserve funds. Staff recommended that we consider alternative types of investment accounts that may work better for SVEA. Staff is now evaluating offers from local banks as well as brokerage firms. We are seeking an account that will allow us to continue investing in a ladder of Treasuries and CDs, with uninvested cash earning interest in a government-based money market account with check writing capability. The Committee suggested that we consider having two such accounts: one for capital reserves and one for operational reserves, in order to keep the funds separated and hold reserves in both accounts to minimize or eliminate the need to transfer money back and forth. Staff will present the results of their investigation to the Finance Committee for review and approval. The Committee would then recommend approval to the full board at the January board meeting. Subsequent to the meeting, Board President Clark Furlow indicated that our board packet would need to include the proposed communication



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of the new policy, the notice letters and the process for implementing the new policy so board members would have the full picture.

5. **Treasury Direct account-** On a parallel path, Staff will engage the assistance of Jim Laski to expedite the release of our cash from the Treasury Direct account. Our funds are currently being held due to the departure of our GM, who was listed as the primary account holder. Jim Laski will prepare a notarized letter to be sent to Treasury Direct to formalize the transfer of the primary account holder to our new GM, who would then withdraw the funds (approximately \$645,000) and redeposit them into our new investment accounts following board approval of the new accounts in January.

Jeff