

Role of the Spring Valley Lake Finance Committee

The role of the Finance Committee is primarily to serve as a financial advisory committee for the Association. The Finance Committee is fully engaged in an annualized budgeting process in cooperation with the General Manager. The tasks include budget and financial review.

Budget and Financial Review

1. Review the Association Budget as developed by the General Manager.
2. Make recommendations for changes as needed to assist the General Manager in developing a comprehensive budget for presentation to the Board for approval.
3. Monitor the budget against actual revenue and expense accounts on a quarterly basis at minimum.
4. Review a multi-year capital budget that integrates strategic plan objectives and initiatives.
5. Review all **Capital Expense Request Documents** for proper documentation to ensure all pertinent information is included and sent to the General Manager and Board for review.
6. Review the annual audit and discuss any recommendations or address management concerns provided by the auditors.

Reporting

The Finance Committee is dedicated to ensuring a financial information reporting system that best allows the General Manager to evaluate and clearly present financial information to the community. The Finance Committee should review existing financial reports with the General Manager; and furthermore, make recommendations or revisions to the General Manager regarding the financial reports and timelines for presentation to the Board. These reports should help to focus the Board's discussion about expected outcomes and potential strategies for overcoming setbacks or changes in the financial environment.

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1. Review existing report formats with the General Manager, especially in relation to the annual budget. Recommend any improvements and changes.
2. Develop an annual calendar for the Spring Valley Lake Finance Committee so the General Manager can plan for the type of financial information needed for review by the Finance Committee.
3. Ensure the financial reports presented to the Board contain all pertinent information.

Internal Controls and Accountability Policies

The Board carries full fiduciary responsibility for the Association and the Finance Committee assists to review and advise in the area of internal controls and policy. In accordance with the approved Operating Policy, the Committee will:

1. Review financial polices as needed to ensure practical application.
2. Evaluate appropriate internal control procedures to ensure financial transactions are properly documented.
3. Review the bid process as it relates to the Operating Policy and ensure it is followed to protect integrity of the Association in purchasing equipment or undertaking capital projects.
4. Work to develop a 5-year capital expenditure plan, whereby by the Association can plan and track future and ongoing projects.

Spring Valley Lake Association Annual Budget Review Process

Budget Review: The Finance Committee consists of up to seven members and meets throughout the year. It is preferred that committee members have a working knowledge of public or corporate budgets and financials. Their work on the budget review begins in July.

Goals:

1. Review the budget for accuracy and ensure that the board has all pertinent information to make a decision on passing the budget.
2. The Finance Committee (FC) does not vote on approval of the budget rather they are responsible for reviewing the budget, assisting the General Manager (GM) proofing budget line items for reasonability and communicating to the board any concerns they have.
3. The committee is provided with a draft budget and can ask questions or request other financial information they feel is necessary to support the budget from the GM.
4. The draft budget information is confidential and should not be discussed or shown to anyone with the exception of current board members and the GM.

Scope: The Committee at the direction of the board reviews Spring Valley Lake Association annual proposed budget which is prepared by the General Manager and staff.

1. The FC reviews the budget line by line compared to the previous year financial data and budget, taking into consideration changes and variances in year to year budget comparison as well as the actual recorded expenditures or revenues. It is helpful to also have information on external changes that will have an impact on the budget such as changes in the minimum wage, the volatile fuel pricing and other extraordinary items that could have significant impacts to the budget.
2. Attention should be given to all capital expenditure costs, justification for the project and confirming future year's cost for the project are addressed.

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3. The Committee reviews the budget to make sure all information within the budget is clearly defined and items the FC feels are important and significant are addressed.
4. It is not the responsibility of the Finance Committee to approve or reject the projects however they should express any concerns in their report to the Board.

Support and available information: The General Manager may be requested to attend the meetings as needed, and will present, explain and address questions the FC has concerning the budget. Request for any additional information from the General Manager and staff should be made by the committee chairperson either in person or via email. Additionally, historical financial information is also available on the Spring Valley Lake Association website.

Spring Valley Lake Budget Timeline:

1. July 1-Deadline for all Capital Expense Request Documents to be received by GM from departments and committees.
2. By July 15, the GM finalizes budget for FC that includes:
 - a. Two years of final audit issued revenue and expenses
 - b. Current fiscal year approved budget including current year actual revenue and expenses through June 30.
 - c. Proposed budget for the next fiscal year.
 - d. Variances of \$5,000 and/or 5% for proposed budget and previous year budget should be analyzed. The GM should be prepared to explain the reason for variances. Historical final audit data is included for comparison.
3. Capital Requests: The Board will review all capital requests at their July meeting and give recommendations on projects for possible inclusion in the proposed budget.
4. FC receives the above information and begins review meetings with the GM, no later than July 15. It is imperative that all above information is given to the committee by July 15 in preparation for the Semi-Annual Membership Budget meeting.

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5. The final Budget Review Worksheet (*example attached*) should be sent to the board for a final review two weeks prior to the semiannual members meeting so the board can seek clarification and ask questions of the General Manager.

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SPRING VALLEY LAKE FINANCE COMMITTEE CALENDAR FY2023-24

EXAMPLE-Calendar

Finance Committee

Meetings:

Function: Budget Preparation

Function: Actual Financial Review

January-1st Qtr		1. Review 2022-23 Final Audited Financials. 2. Review FY2023-24 actual revenue & expenditures to date; compare in relation to budget.
April-2nd Qtr	A. Committee & Departments-Share updated <i>Capital Budget Request Form, instructions and deadlines.</i>	3. Review FY2023-24 actual revenue & expenditures to date; compare in relation to budget.
May	B. Initial <i>Capital Budget Request Form</i> submitted to GM for review. (Example: Request for further details, recheck financial impact on operations, etc. GM and Committee make sure all pertinent information is available for futher review.)	
June	C. Final <i>Capital Budget Request Forms</i> submitted to GM/Budget Committee D. Review <i>Capital Budget Request Forms</i> for inclusion in the budget.	
July-3rd Qtr	E. Final <i>Capital Budget Request Forms</i> submitted to Board for recommendations for inclusion into new budget. F. Capital budget review-estimate carryover budget items from current fiscal year, not completed, if applicable.	4. Review FY2023-24 actual revenue & expenditures to date; compare in relation to budget. 5. <i>Current Year Capital Budget Review</i> -estimate carryover budget items from current fiscal year. Example: Not completed, not used, final budget used, if applicable.
August	G. Budget meetings with GM scheduled at least once per week or more often as needed H. Annual Membership Budget Meeting-Approx 25th I. Board Meeting Budget adoption if needed, separate from Annual Membership Budget Mtg.	6. The current to actual FY2023-24 revenue & expenditures to date are reviewed as part of the proposed budget in comparison.
September	J. Budget committee meets to recap budget adoption K. Consider outstanding items & new fiscal year preparation.	
November-(October-4th Qtr)		7. Review final 10/31/2023 actual revenue & expenditures, (FY 2022-23) closing fiscal year with GM.

EXAMPLE-Spring Valley Lake Draft Budget for FY2020
Budget Review Worksheet

Per Audited Financials

<u>SVL</u>				<u>Adopted Budget</u>	<u>Staff Proposed</u>	<u>Budget Var-</u>			
<u>Account</u>	<u>SVL Accounts</u>	<u>FY2018 Actuals</u>	<u>FY2017 Actuals</u>	<u>FY19</u>	<u>FY20</u>	<u>Adopted FY19-</u>	<u>Prop FY20</u>	<u>Variance</u>	<u>Explanation:</u>
Compensation									
5110	Gross Pay Regular	Amounts here.	Amounts here.	1,920,000	1,958,400	38,400		2.00%	Brief explanantion here.
5120	Gross Pay Overtime	Amounts here.	Amounts here.	19,500	20,000	500		2.56%	
5130	Employer Taxes	Amounts here.	Amounts here.	188,000	200,502	12,502		6.65%	Brief explanantion here.
5140	Group Health Etc	Amounts here.	Amounts here.	212,000	225,780	13,780		6.50%	Brief explanantion here.
5150	Workers Compensation	Amounts here.	Amounts here.	130,000	130,000	-		0.00%	
5180	Employer 401k Contribution	Amounts here.	Amounts here.	22,000	22,000	-		0.00%	
5750	HR PR Services-Pay Chex	Amounts here.	Amounts here.	26,000	26,000	-		0.00%	
		2,387,267	2,275,214	2,517,500	2,582,682	65,182		2.59%	Brief explanantion here.
Reserve Contribution									
5210	Reserve Contribution	Amounts here.	Amounts here.	403,200	420,000	16,800		4.17%	Brief explanantion here.
				403,200	420,000			4.17%	
Lake, Marina & Esquestrian									
5310	Lease Water	Amounts here.	Amounts here.	165,000	70,000	(95,000)		-57.58%	Brief explanantion here.
5315	Makeup Water	Amounts here.	Amounts here.	20,000	20,000	-		0.00%	
5320	Lake Stock/Fishery	Amounts here.	Amounts here.	30,000	30,000	-		0.00%	
5325	Water Purchase Loan	Amounts here.	Amounts here.	286,002	286,002	-		0.00%	
5330	Watermaster Bio/Admn Fee	Amounts here.	Amounts here.	12,000	12,000	-		0.00%	
5350	Fishing Maintenance & Supplies	Amounts here.	Amounts here.	50,000	50,000	-		0.00%	
5360	Lake Maintenance & Supplies	Amounts here.	Amounts here.	115,000	115,000	-		0.00%	
5370	Water Monitoring / Testing	Amounts here.	Amounts here.	5,000	5,000	-		0.00%	
5380	Horse Feed Equestrian	24,511	38,146	30,000	30,000	-		0.00%	
				713,002	618,002	(95,000)		-13.32%	
Professional Services									
5710	Accounting	Amounts here.	Amounts here.	100,000	100,000	-		0.00%	
5715	Accounting-Requested Service	Amounts here.	Amounts here.	3,000	3,000	-		0.00%	
5720	Legal	282,143	198,857	100,000	100,000	-		0.00%	
5730	Consulting	Amounts here.	Amounts here.	20,000	20,000	-		0.00%	
5740	Audit	Amounts here.	Amounts here.	6,200	6,200	-		0.00%	
5770	Website Maintenance/Design	Amounts here.	Amounts here.	2,500	2,500	-		0.00%	
5775	Fireworks-4th of July	Amounts here.	Amounts here.	22,000	22,000	-		0.00%	
5780	Service Contracts	Amounts here.	Amounts here.	105,000	106,000	1,000		0.95%	
5785	Reserve Study	2,900	2,900	2,900	2,900	-		0.00%	
5799	HR Admn	Amounts here.	Amounts here.	2,500	2,500	-		0.00%	
				364,100	365,100	1,000		0.27%	
Association Sponsored Events									
5910	Scheduled Events	Amounts here.	Amounts here.	37,000	43,000	6,000		16.22%	Brief explanantion here.
5915	Optional Events	Amounts here.	Amounts here.	2,000	2,000	-		0.00%	
5930	Rec & Seasonal Summer	Amounts here.	Amounts here.	11,000	4,000	(7,000)		-63.64%	Brief explanantion here.
5935	Concerts	Amounts here.	Amounts here.	4,300	4,300	-		0.00%	
5940	SVL Appreciation	Amounts here.	Amounts here.	6,000	6,500	500		8.33%	Brief explanantion here.
5950	Committee/Volunteer Appreciation	Amounts here.	Amounts here.	2,500	3,500	1,000		40.00%	Brief explanantion here.
				62,800	63,300	500		0.80%	

Remaining chart of expense accounts below and a similar spreadsheet for revenues...