

**Finance Committee Minutes
Inspiration Metropolitan District
Monday, February 7, 2022
4:30 – 5:30 PM**

STANDING BUSINESS

1. Call to Order / Quorum - In attendance were Committee Members: Russ Paper (Chair), Peter Schreck (Vice-Chair), Debbie Hardesty (Secretary), Dennis Colwell, Sharon Macway, Steve Harms, and Barbara Shahapurkar. A quorum was obtained. In attendance, Kate Innes from Public Alliance, Mark Berkstresser, Chair of the Common Area Committee, Holly Svetz, Board President, and Rea Heatherington, Chair of the Social Committee, and **two** residents participated in the call. The meeting was called to order at 4:30 PM.
2. Agenda had no changes, and the minutes of the January Financial Committee Meeting similarly had no changes, and both were unanimously approved.
3. Community Comment – No community comments received.

OLD BUSINESS

1. Review of Financial Statements – January through December 2021 (with actuals through December 2021 and the budget for December 2021) Comparative Financial Statements and the 2021 Amended Budget were previously distributed to the Committee. Member Colwell provided a brief review of the 2021 Comparative Financials and noted a phone call with Dawn Jones of CLA, who confirmed all the expected 2021 expenses had been posted, recorded and included in the December Financials provided to the committee. Member Colwell noted Year-To-Date Revenue was \$137.5K or 7.4% above previous projections and Year-To-Date Expenses were \$80.9K or 4.37% above previous projections. The adjusted revenue surplus over expenses was \$218.4K more than projections. Member Colwell reviewed for the committee each of the 4 Funds. Explaining significant variances +/- in each fund. Overall, it was a good year, and Revenue exceeded Expenses in each Fund.

Member Colwell explained that the district collects taxes in the General Fund and transfers them to other Funds. We are generating total revenue of \$755K this year, expenses of \$225K. The dynamics of this account will always produce excess revenue, in this case, \$529.6K. Annually we transfer money out; this year with a gross transfer amount of \$499K. Of the \$499K, \$325K transfers to Capital Projects and \$174K transfers to the Operating Fund. After these transfers, we leave a reasonable fund balance for starting costs next year.

The Operating Fund had some one-time, non-recurring Revenue in 2021. Revenue of \$56,000 from developer contributions and \$93,029 in Billing adjustments contributed to Builders buying from the Developer Newland/Brookfield additional lots, and the district was not informed until, after the fact, billings outside of the quarterly bills were generated. The Operating Fund had total Revenue of \$1,987K and Total Expenses of \$1,768.5K leaving an excess of \$218K. There is a Net change in fund balance of \$392.4K and an ending fund balance of \$1,244K. This fund balance is before any contribution to the Reserve Fund. Per the Reserve Fund Study, the Finance Committee will recommend a Reserve Contribution for 2021 of \$213K.

The Debt Service Fund captures all the numbers in our Bond refinance in 2021.

Member Colwell summarized the fact that it was a good year. Paying off all the old debt. The \$2,000K was a proceed from the Bond Issuance proceeds of the Sub Bond and is transferred to the Capital Projects Fund (As a condition of the Bond Refi, there is an IRS restriction to use in 3 years). The district has a much lower all-in cost for expenditures for all the other bonds.

Capital Projects Fund in review shows a transfer from the General Fund of \$325K plus the \$2,000K from the Bond Refinance ending the year 2021 with a \$2,339.8K balance.

As a recap, the various Fund balance, ending balance, and allocations for the beginning year 2022 needed balances.

	General Fund	Operations Fund	Debt Service Fund	Capital Projects Fund	Total
Ending fund balances 12/31/21	\$ 58,496	\$ 1,243,977	\$ 463,113	\$ 2,339,845	\$ 4,105,431
Nonspendable					
Prepaid expenses	9,427	32,755	-	-	42,182
Restricted					
Estimated Tabor Emergency Reserve	22,700	59,700	-	-	82,400
Debt	-	-	463,113	-	463,113
Committed					
Screen tree planting within gas easement	-	6,502	-	-	6,502
Committed by Board Resolution	-	420,900	-	-	420,900
Regional Trail Connection	-	-	-	2,339,845	2,339,845
Assigned					
Operations	-	-	-	-	-
Designated for subsequent year's budget	452	-	-	-	452
Unassigned					
Available for operations	\$ 25,917	\$ 724,120	\$ -	\$ -	\$ 750,037

2. Status of Current Projects

- Long-Range Financial Model (LRFM) - The Committee utilized its detailed EXCEL LRFM financial model to provide inputs to the 2022 Budget. The results of the 2021 Reserve Study, the 2020 Actual Financial Results, the 2021 Amended Budgeted Financial Statements, and the 2022 Budget have been incorporated into the model. With the receipt of the final expense, the refinance information has also been detailed and is included in the LRFM. With the receipt of the year-end December Financials, Member Schreck will incorporate those financials into the LRFM and distribute them to the Committee - **OPEN**
- Benchmark Peer Group –Chair Paper has exhausted internet research on DOLA and other sites to find sufficient information and comparable peer groups to move this group forward. Despite efforts and with despair, this group will be removed from Current Projects. - **CLOSED**

- Quarterly Dashboard – Chair Paper reported the Committee plans to incorporate the 2021 Educational Series slides with comparative charts and graphs and other germane summary information will lend themselves to a Quarterly Dashboard and add in the build-out information as we get closer to total build-out. As announced during the FC meeting on February 7, 2022, the current resident-owned home of 1,405 will lend itself to a chart with this and other comparable information for the Dashboard to share with the Board quarterly. - **OPEN**
 - Master Schedule of Contracts – Member Macway has updated the 2022 spreadsheet through the January Board meeting and has been sent to Kate with PA to validate the information contained in the spreadsheet. A column has also been added to identify the contact for each contract. Member Macway and Kate are determining a process to maintain, update the contract master list and potentially link contracts within the file via the IMD Website. – **OPEN**
 - Executive Summary – Chair Paper reported this was an abbreviated version of the Finance Committee meeting and is presented to the Board for review during the Board Meeting; however, this month, the schedule prevents getting this summary into the Board packet but will be used for Chair Paper talking points. The summary will include the recommendation by the Finance Committee for the \$213,000 contribution to the Reserve Fund. Also included will be the request for approval for Steve Harms to serve another 3-year term on the Finance Committee. – **OPEN**
3. Tract Turnover – Resident Mark Berkstresser, Chair of the Common Area Committee, discussed the process or framework that has been agreed to with the Board/Committee and Newland/Brookfield. Includes these items:
- a. Newland/Brookfield will nominate an area
 - b. Sarah, Committee, and residents will walk these tracts and create a punch list.
 - c. If mature enough to be turned over recommendation will be made, and Board will vote.
 - d. No tracts will be accepted outside of the growing season. The first opportunity for approval would be June 15.
 - e. The Committee is not willing to accept unless ready.
- There is a part of Tracts 15, 17, and Inspiration Lane that may be accepted sometime between Feb and June, per a statement from President Svetz of the Board. – **OPEN**
4. Process for Disbursement of Reserves – Member Macway is working on a form and determining all pertinent information needed to establish a procedure for the approval, details, tracking, and accounting for the expenses from the Reserve Fund. CLA is also seeking input as to how will it be coded. Additional input will also be requested from CLA, Public Alliance (Sarah), and the Common Area Committee. – **OPEN**

NEW BUSINESS

Review 2022 Goals

- Review 2021 Year-end Financial Statements and Support Audit – Audit is annually in May
- Review 2022 IMD Financial Statements monthly – continue for new calendar year
- Review 2022 IMD Financials quarterly and provide periodic updates for Board – this goes in conjunction with Quarterly Dashboard
- Expand communication and interaction with other committees – Join in on the Common Area Committee meeting. Consider a liaison for each of the Board Committee to attend meetings.
- Develop a process for disbursing and tracking reserve and capital expenditures – in progress
- Assist Board in educating residents on financial items – update previous presentations, brainstorm for ways to increase attendance, work on time of day, month, eblast, NAC meeting, Budget – modular, before starting 2023 Budget, reach out in June to the Common Area Committee for a joint presentation, go through the core areas, review of the new bonds, disbursement of reserves
- Utilize Long-Range Financial Model to support Board requests – carrying over this valuable tool
- Review 2023 proposed budget and provide related recommendations to the Board – ongoing

Adjournment

A motion was made to adjourn the meeting and was approved unanimously, closing the meeting at 5:57 PM.

Next Meeting:

Monthly Finance Committee March 7, 2022, 4:30 to 6:00 PM Zoom Meeting

 (Mar 7, 2022 17:24 MST)






Finance Committee 02.07.22 Minutes

Final Audit Report

2022-03-08

Created:	2022-03-08
By:	Kate Innes (kate@publicalliancellc.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAA1tjBhHwA9FjkGJVepwgrHg2KrCf2-W0E

"Finance Committee 02.07.22 Minutes" History

-  Document created by Kate Innes (kate@publicalliancellc.com)
2022-03-08 - 0:08:37 AM GMT- IP address: 71.205.154.135
-  Document emailed to Russ Paper (russellpaper94@gmail.com) for signature
2022-03-08 - 0:09:00 AM GMT
-  Email viewed by Russ Paper (russellpaper94@gmail.com)
2022-03-08 - 0:23:18 AM GMT- IP address: 104.28.48.78
-  Document e-signed by Russ Paper (russellpaper94@gmail.com)
Signature Date: 2022-03-08 - 0:24:47 AM GMT - Time Source: server- IP address: 73.34.154.212
-  Agreement completed.
2022-03-08 - 0:24:47 AM GMT