



Finance Committee Report
Paul Cyphers, Committee Chair

Written and submitted by: Paul Cyphers

Date: August 17, 2021

Charter: The Finance Committee shall oversee the accounting of BEMA per the governing documents of the Association including oversight of financial transactions; accounting processes; financial reports; annual budgeting and capital planning; loans and investments; member inquiries related to BEMA finances; and evaluation of expenses and cost effective alternatives.

Members:– Chair, Paul Cyphers – Scott Johnstone, Bobby Clevenger, Selina Davis, Curt Loomis, Cathy Faughnan

Finance Committee Meetings/Actions:

Committee meetings was held this month on August 17 with these members present:

The Board approved the 2021-2022 Budget This is to help cover a small shortfall projected resulting from additions to the budget on Lake Health and road base testing. Maintenance expenses and budget need to be reviewed.

Agenda:

Review FY 2020 EOY Financials – (*Budget vs. Actuals 2020-21 Budget - FY20 P&L*) Year ended healthy but concerned about under budget items The Treasurer's Report for two months ending May 31, 2021 is attached. Our Bank accounts are strong. The concerns are with maintenance expenditures and lack of spending on maintenance items. Most all are tracking below expected budget.

Current Treasurer Report The Treasurer's Report (*BEM Treasurer Report July 2021*) for two months ending July 31, 2021 is attached. Our Bank accounts are strong. There concerns are with maintenance expenditures and lack of spending on maintenance items. Most all are tracking below expected budget. (*Statement of Activity July 2021*)

Past Due Accounts - Over 90 days focus - Continue communications with members about past due accounts. We now have three accounts that are past 90 days and additional letter's and statements will be sent out. Several members have made payments on older accounts and we continue to work with them.

Current Budget(s) Reviews new issues have arisen that were not accounted for in approved budget requiring a review and possible changes to budget. The Board approved the 2021-2022 Budget This is to help cover a small shortfall projected resulting from additions to the budget on Lake Health and road base testing. Maintenance expenses and budget need to be reviewed. (*Budget vs. Actuals 2021-22 Budget - FY21 P&L*)



Banking Updates – Signatures Transferred, On-Line Banking established, New banking modules available on **Treasury Now** (*TN Snapshot_ TNOWOverview*)

Insurance Updates -current insurance renewed and policies updated

Reconstruction Updates – no news regarding FEMA closeout, discussed with Leslie Irwin regarding additional monies (Approximately \$200,000 may be available to further paydown CWCB loan for Sunset)

1. Continuing the process of reconciling QB's with reconstruction expenditures and reimbursements. Final stages - Paul Cyphers

Long Term Planning Updates – Curt Loomis, Curt providing recommendations for 2021-22 capital projects

Capital Projects Proposal – Updated List and further expenditures, capital items disposal (*Big Elk Meadows 2021 Capital Budget*)

HR Projects – reviews completed, establish operational definitions, update job descriptions, and determine bonuses for 20-21 programs

Legal Updates, Contracts – gathering of all current contracts to determine exposure and current status, Establishing legal contacts

Documentation Projects – doing a complete inventory of documents both physical and electronic to determine disposition and setting up files/drive systems for archiving, access and management of said documents.

Accounting Changes – need to find a treasurer, need to address current accounting/management of financial function, possible accountant/manager. Currently in discussions with Paro Solutions, Suzanne Anderson, Account Executive

Quickbooks adjustments are being completed as we start to work through the audit process with Clausen and Associates. Paul Cyphers is working with our accountant to complete this process. The audit needs to be completed by November 30, 2021.

Finalize capital asset List - Enter into QuickBooks

Audit Preparation - completing entries to QuickBooks for reconstruction capitalization by year and project

Finding of Diligence November 2016 to November 2022

Finding of Diligence: The subject conditional water right is part of Applicant's integrated water supply system. This system currently serves, or will serve, approximately 166 homes, and consists of decreed wells, a surface spring, five reservoirs, plus Canyon Lake, and the Big Elk Meadows Pipeline water right. During the subject diligence period, Applicant has completed work necessary to put the subject conditional water right to beneficial use, including the following:

Between October 2015 and May 2017, the dam and spillway, of Rainbow Lake was replaced and upgraded to handle 100-year weather events, at a cost of \$962,227. Applicant obtained a grant from the Federal Emergency Management Agency to cover a portion of this cost. The project was completed in January 2020 when a bridge was built across the spillway at a cost of \$114,448.

Between October 2017 and January 2018, the dam and spillway, of Willow Lake was replaced and upgraded to handle 100-year weather events, at a cost of \$1,055,534. Applicant obtained a Colorado Community Development Block Grant to cover a portion of this cost.

Between September 2018 and September 2019, the dam and spillway, of Meadow Lake was replaced and upgraded to handle 100-year weather events, at a cost of \$1,618,670. Applicant obtained Colorado and Larimer County Community Development Block Grants to cover a portion of this cost. The project includes the replacement and upgrade of a flume and the installation of monitoring equipment on the lake outlet and flume.

Between November 2019 and July 2020, the dam and spillway, of Sunset Lake was replaced and upgraded to handle 100-year weather events, at a cost of \$1,145,011. Applicant obtained a Boulder County Community Development Block Grant to cover a portion of this cost. The project was completed in January 2020 when a bridge was built across the spillway at a cost of \$114,448.

In October 2017, the Applicant obtained a Colorado Community Development Block Grant of \$599,719 to repair and establish the riparian zones surrounding their lakes. The project was completed in June 2020.

The Applicant spends an average of \$18,200 per year on employee and professional services along with over 700 volunteer hours to operate their exchanges and to prepare and submit their water rights accounting to the state.

Finding of Diligence November 2010 to November 2016

12. **Finding of Diligence:** The subject conditional water right is part of Applicant's integrated water supply system. This system currently serves, or will serve, approximately 166 homes, and consists of decreed wells, a surface spring, five reservoirs, plus Canyon Lake, and the Big Elk Meadows Pipeline water right. During the subject diligence period, Applicant has completed work necessary to put the subject conditional water right to beneficial use, including the following:

12.1. In November 2012, Applicant completed construction on an upgrade to the Meadow Lake Dam headworks and monitoring equipment at a cost of approximately \$277,000. The existing 6" pipe was removed and replaced with a 12" pipe and gate to facilitate more rapid releases. The creek and structure at the base of the dam was rerouted and reinforced to handle increased flow and to protect the base of the dam. New digital recording devices were installed above and below the series of reservoirs, and a larger meter was installed at the point of release below Meadow Dam to more accurately measure inflows, outflows and releases.

12.2. The Applicant expended approximately \$18,700 on legal fees related to development and maintenance of all components of its integrated water storage and delivery system, including expenditures more specifically described herein. Applicant also expended approximately \$3,600 on legal fees specifically related to the structures described herein and associated legal actions.

12.3. Applicant spent approximately \$96,400 to improve and upgrade its water rights accounting, including the development of new management practices to utilize the upgraded accounting for the subject rights of exchange, and the continued support of technical consultants to develop and implement such practices.

12.4. Applicant constructed a release structure that allows it to release water from Ish Reservoir to the Little Thompson River, as further described herein, so that Applicant may operate the subject right of exchange. This effort included the negotiation of a contract with the River Glen Homeowners Association, technical engineering work, legal fees, and construction costs. Applicant spent approximately \$16,900 on this effort.

12.5. In September of 2013, an unprecedented massive flood destroyed Applicant's integrated water supply system. Since the flood, Applicant has expended approximately \$1,735,000 to rebuild, repair, and improve its integrated water supply system. This work has included applications for financing for rebuilding and improving the integrated water supply system, hydrological and feasibility studies for Applicant's reservoirs, construction of several dams, and improvement of measuring structures.