

**RECREATION CENTERS OF SUN CITY, INC.
BUDGET & FINANCE COMMITTEE MEETING SUMMARY**

May 20, 2022

At the Budget & Finance Committee meeting called to order by Chair Karen McAdam at 9:00am on May 20, 2022 at the Lakeview Board Room, the following took place:

PRESENT: Chair Karen McAdam, Co-Chair Darla Akins and Committee Members Denny Nichols, Les Bethany, Dave Wieland, Suchindran Chatterjee, Kim Wanek, Don Henrich, Norm Dickson,

RCSC BOARD: President Dale Lehrer, Secretary Allan Lenefsky, Directors Sue Wilson, Kat Fimmel, John Nowakowaski

RCSC STAFF: RCSC General Manager Bill Cook, RCSC Director of Finance Kevin McCurdy and RCSC Controller Angie Nelson

GUESTS: Cardholders Jean Totten, John Fast, Dennis Stakely, Tom Marone, Cheri Marchio, Patty Cramer, Mike Wendel, Joe Brouch

Election of 2022 Secretary: A nominations was made to appoint Norm Dixon as Secretary for 2022, with no other nominations, Norm Dixon was unanimously elected as Secretary.

Approval of Prior Meeting Summary: The Meeting Summary for November 5, 2021 was reviewed and discussed. A motion was made by Norm Dixon to modify the final motion from the 11/5/21 meeting summary as follows: "Norm Dixon made a motion to recommend to the RCSC Board of Directors that an Ad Hoc committee be created made up of members of the Long-Range Planning Committee, Budget & Finance Committee, Technology Committee, and RCSC Management to evaluate RCSC's long term financial position and make recommendations to the RCSC Board of Directors." This revised motion was passed unanimously.

Chair McAdam turned the meeting over to Director of Finance Kevin McCurdy for presentation of the RCSC Q1 2022 Budget Variance Analysis. The following was presented and discussed:

Q1 2022 Budget Variance Overview:

Through March of 2022, RCSC is favorable to budget. Year-to-Date Net Excess before Depreciation for the RCSC totals \$2,720,657 and is \$987,202 favorable to Budget. All cost centers except for Buildings & Infrastructure were favorable to budget in Q1 of 2022.

Building & Infrastructure: B&I's year-to-date Net Deficit was \$183,254 and unfavorable to budget by (\$6,846). A favorable variance in Wages & Benefits of \$8,102 was offset by an unfavorable variance of (\$16,788) in Equipment due to the prepurchase of water fountains and pool heaters.

Bowling: Bowling's year-to-date Net Excess was \$89,097 and favorable to budget by \$21,412. Bowling Gross Income was \$260,993 and favorable to budget by \$16,445 due to Open Bowling and Rental Lockers being favorable to budget by \$13,603 and \$5,091 respectively. Total Operating Expenses were \$4,967 favorable to budget due to a favorable Wages & Benefits variance of \$4,047.

Food & Beverage: Food & Beverage's Net Excess was \$39,172 and unfavorable to budget by \$12,408. Year to date, Gross Income is \$183,852 and favorable to budget by \$25,365 due to Food and Liquor Sales being \$37,603 above budget. Total Operating Expenses were (\$12,957) unfavorable to budget due primarily to (\$6,276) in unbudgeted Building and Equipment Repair expenses for the two Cafes.

General & Administrative: G&A's Net Deficit was (\$537,885) and favorable to budget by \$51,415. Operating Expenses were \$538,096, and \$51,204 favorable to budget due to a favorable Benefits variance of \$11,447, Legal and Bank Fees \$10,540 and \$9,407 favorable to budget, respectively, and Recording / Ownership Record fees \$10,117 favorable to budget.

Golf: Golf was significantly favorable to budget in Q1, with a Net Excess of \$1,592,089 that was favorable to budget by \$681,372. Golf Income was 3,034,551 and favorable to budget by \$569,671 primarily due to Public play – Public Greens Fees were \$252,599 favorable and Cart Rentals were \$64,948 favorable to budget. Prepaid Greens Fees for Residents and Non-Residents were \$114,319 favorable in total. Operating Expenses were \$113,813 favorable due to a favorable Benefits variance of \$51,913, and Chemicals \$50,021 favorable to budget.

Events: Year-to-date Net Excess was \$67,596 and favorable to budget by \$6,406. An unfavorable Ticket Sales variance of (\$15,168) was offset by an \$11,195 favorable variance in Wages and Benefits, and Licenses and Special Events favorable by \$2,149 and \$4,444 respectively.

Operations: Net Excess was \$1,653,847 and favorable to budget by \$221,040. Gross Income was \$82,590 favorable to budget due primarily to Property Assessments and Transfer Fees \$42,402 and \$39,600 favorable to budget, respectively. Total Operating Expenses were \$136,519 favorable to budget due to Wages & Benefits \$52,966 favorable, Building and Pool Projects \$39,322 favorable to budget, Preventive Maintenance \$33,419 favorable, and Furniture and Equipment a total of \$38,798 favorable to budget.

Other Discussions:

- Discussions after the presentation focused on Golf pricing and tee time booking, Carryforward balances, and the effects of inflation and labor availability on the 2023 Budget.
- The Capital and Operating Reserve, and Carryforward balances were discussed. RCSC Management will present a proposal for determining the appropriate reserve balances at the 2023 Budget Review later this year.
- There was a request for RCSC Management to distribute the 2020 Financial Audit Report to new Committee members, and a request for RCSC Management to distribute a chart showing annual Resale totals for the past ten years.

Adjournment: The meeting adjourned at approximately 10:30 am.

Next Meeting: November 4, 2022 at 9:00am – Lakeview Center Board Room

Respectfully submitted,

Norm Dickson, Secretary