

RECREATION CENTERS OF SUN CITY, INC.
Finance, Budget & Audit Committee
March 19, 2025

At the Finance & Budget Committee meeting called to order by Chair Tom Foster at 1:00pm on March 19, 2025, in the Lakeview Board Room, the following took place:

Review/Amend Prior Meeting Summary: The February 19, 2025, Meeting Summary was accepted as presented.

Old Business:

- **Potential Auditor:** The individual previously discussed has been contacted and the committee prefers that this individual become a member of the committee. Discussed a Club that has requested an audit. Follow up needed with COC Chair to identify type of audit requested.
- **Status of 2026 Budget Process and 5-Year Plan**

Support/Finance Sr. Leader McCurdy shared the budget timeline is on track and there is another upcoming 5-year planning team meeting.

- The 5-Year Plan Team is addressing the 10-year PIF forecast and high level budget and project lists. This is due for completion by early April. Discussion held if BP 16 requires the RCSC board to act on the recommendation from the 5-year plan team. Currently the 10-year PIF forecast is accepted from LRP but not the 5-year forecast from the planning team.
- Main discussion was the timing of the South Golf Course renovation PIF project to replace the irrigation system and reduce turf for ADWR water reduction reasons. This course will be the most expensive of all RCSC courses due to acreage reduction /desert landscaping, installation of TifTuf grass, and replacement of the outdated irrigation system. The irrigation system was last replaced at South in 2010. Once Quail is completed, South will have the oldest irrigation system of all courses. Chair Foster inquired if the RCSC Water Attorney has provided a written opinion on the status of agreement between RCSC and ADWR. Support/Finance Sr. Leader McCurdy will follow up and request a written opinion.
- Revisited BP 16 and discussed having the FBA committee review capital projects at least two times a year. The first review will occur in April and second will occur in the Sept/Oct timeframe in order to make recommendations for the 2026 budget.
- Budget – The process starts in mid-April when accounting requests information from department heads. The reserve study is continually being updated. There has been turnover in the position responsible for management of the reserve study as it is a niche role and RCSC will be seeking to fill an individual with accounting experience with fixed asset experience. Clubs project list is due in April.
- **Simplifying Treasurer's Report** – Support/Finance Sr. Leader McCurdy sought clarity in goal. Discussion held and the Treasurer's Report will remain as is. The Management Report will be modified, and Support/Finance Sr. Leader McCurdy will be prepared to share back-up information at Exchange meetings. It was agreed that

Exchange meetings were the best forum for members to request and obtain financial information. Chair Foster discussed member education on how they can obtain information – website, attending various meetings, etc. Discussed open Finance Budget and Audit meetings and historical low member attendance.

New Business

- **February financial results** – format is new from new software package and committee members like the new format. Discussion held around variances:
 - **Property Assessments:** An increase seen in delayed payments. Member invoices now have a statement regarding assistance available from the Sun City Foundation. Support has increased in the past two years for members.
 - **Golf:** Decrease in prepaid passes, surcharge passes, and public rounds. Golf income year-to-date is below budget but higher than prior year. Discussed golfer education on financial benefits of prepaid passes. Revenue is down, yet expenses and net operating excess are favorable. Open positions were on hold but are now being filled.
 - **Wages:** Discussed open positions. Actively trying to hire 8-9 positions now. RCSC GM and HR identify priorities. The Sr. Golf position will be opened, and a replacement hired.
 - **Miscellaneous:**
 - *Bank service charges:* new software implemented to reconcile and is now an automatic process which was a onetime charge.
 - *Credit card fee:* RCSC pays a fair amount but the amount of time and money to not handle cash is worth the cost of accepting credit cards.
 - *Equipment:* it is a timing issue.
 - *PIF:* Discussed Auditors' direction to defer into this deferred revenue account on the balance sheet. PIF revenue is recognized when PIF money is spent on PIF projects. Collected 950K in PIF fees in Jan and Feb – on track with budget.
 - *Capital Fund:* Last year, all CIF fees were placed in a deferred revenue account. Spoke with auditors, and we will not defer then recognize CIF revenue using the same process as PIF. CIF Fees will be recognized as revenue in the month collected. An adjustment is being made in March when all 2024 CIF collections will be reclassified out of deferred revenue into Net worth. CIF investment income below budget because all capital reserve money was not transferred into the Reserve account on Jan 1 - investment income for Capital reserves should catch up later in 2025 as rates have stayed higher than anticipated in the budget.
 - *Unplanned Repairs and Maintenance:* An example is the water leak at Lakeview and various pool and spa needs. Based off prior years' experience to make sure enough is in budget to address as needs arise.
 - *Software and maintenance fees:* misclassified two invoices, will be reclassified in March to another line – Data Lines.
 - *Postage:* Sun City Update mailed to member homes in January expense – unbudgeted expense was \$8K.
 - *Employee Benefits:* Discussed current RCSC Health Benefits and cost to RCSC and Employee. Discussed golf incentive and costs.
 - *Guest Fees and Privilege Cards:* Will be reviewed as part of budget process and make sure fees align with the Bylaws Committee revisions.

- *Net Operating Excess/Deficit*: This is the bottom line that is monitored and Members educated on.
- **Date for review of Capital Project Report** – will address during the April 16th Finance Budget and Audit meeting. This will address the agreed upon strategy addressing this committee's obligation under BP 16.

Member Questions:

How do members receive an update of the current PIF 10 Year Forecast? Currently posted to RCSC Website. Discussed providing a hard copy at member meetings.

Discussed evaluating the cost of turnover as compared with 2024 wage increases – suggestion was to evaluate whether to not increase wages but rather keep wages at current level and deal with 40% or higher turnover.

Adjournment: The meeting was adjourned at approximately 3:00pm.

Next Meeting: Next scheduled meeting is April 16, 2025, at 1:00pm – Lakeview Center Board Room

Respectfully submitted,

Kim Wanek, Secretary