



Board of Directors Approved

October 25, 2016

EXHIBIT

FY 2017

BUDGET NARRATIVE

REVENUE

Member dues increase by 2% (\$10) to \$485 using the CPI (W) for the 12-months ended August 31, 2016 (1.7%, rounded up). Section II Subsection 3. B. 1. of the Corporate Policy Manual (CPM), allows for an increase after taking into consideration all relevant factors including, but not limited to, projected operating costs, maintenance projects, and appropriate reserve funding. Member Dues revenue is calculated at 13,488 member households multiplied by the new dues amount of \$485 and equals \$6,541,680. Initial fees were increased by 1.7% and New Member Capital Fees were increased by the same 2% as member dues. No other fee increases proposed for 2017. Total proposed revenues are \$10,400,062.

NOTE: GVR relies on CPI (W) when considering fees. Social Security cost-of-living adjustments are calculated using a different formula and time frame.

EXPENSES

Expenses in the proposed 2017 budget include in the personnel line, wage increases for employees mandated by the Department of Labor's new overtime laws; increased funds for some staff positions in response to compensation study performed by CBIZ; pay equity adjustments for some staff positions per legal advice; 3% merit pool available to staff unaffected by CBIZ compensation study and pay equity adjustments; 9% increase in medical insurance (negotiated down from proposed 17% increase); and staff orientation and safety training. Expenses also include replacement of outdated AEDs (defibrillators) at all Centers; increased credit card fees; marketing and promotion (signage for policies, rules, centers; lead fulfillment; promotional brochure; collateral material design, printing; mailing); and funding for implementation of the new member database, PerfectMind™. Consistent with 2016 Reserve Study recommendations, many critical maintenance items are now being funded by the *Repair & Maintenance Reserves*. A total of \$915,000 is budgeted to add to the *Repair & Maintenance Reserves* at the rate of \$76,250 per month. Total proposed expenses are \$10,575,144.

CAPITAL BUDGET

As part of the Capital Budget process, it was determined the Planning & Evaluation Committee has \$100,000 available for capital GVR club requests. All other capital budget requests amount to \$57,918.

BUDGET SUMMARY

For the proposed 2017 budget, expenses of \$10,575,144 subtracted from revenue of \$10,400,062 leaves a deficit of \$175,082. When non-cash items (depreciation) are added back, there is a positive bottom line of \$1,162,918. This amount will fund capital projects of \$157,918 and Reserves of \$915,000. The proposed budget also includes \$90,000 of expected interest to be added to the reserve funds. The result is \$0 or a

**Green Valley Recreation
2017 Consolidated Budget**

APPROVED

	A	G	H	I	J	K
1						
2		2016	2017	2016-2017		
3		Budget	Budget	Variance		
4	REVENUES					
5	Member Dues Total	6,412,025	6,541,680	129,655	2.02%	
6	Life Care, Transfer & Tenant Fees Total	524,504	598,001	73,497	14.01%	
7	Guest Card Fees	117,298	75,000	42,298	-36.06%	
8	Facility Rent Total	21,000	21,000	0	0.00%	
9	Program Revenues Total	327,900	341,401	13,501	4.12%	
10	Instructional Revenues Total	349,373	345,740	3,633	-1.04%	
11	Advertising Income Total	6,600	48,000	41,400	627.27%	
12	Miscellaneous Income Total	68,784	89,004	20,220	29.40%	
13	Capital Revenue Total	1,684,664	2,185,136	500,472	29.71%	
14	Interest Income Total	76,857	155,100	78,243	101.80%	
15	TOTAL REVENUES	9,589,005	10,400,062	811,057	8.46%	
16						
17	EXPENSES					
18	Wages & Benefits Total	3,719,732	4,458,949	(739,216)	-19.87%	
19	Recognition Total	39,524	50,770	(11,246)	-28.45%	
20	Procurement, Conferences & Training Total	45,828	85,053	(39,225)	-85.59%	
21	Commercial Insurance Total	200,004	200,400	(396)	-0.20%	
22	Contracts - Program & Instruction Total	663,086	688,429	(25,343)	-3.82%	
23	Event Supplies Total	28,000	29,500	(1,500)	-5.36%	
24	Bank, Credit Card & Payroll Fees Total	19,740	118,504	(98,764)	-500.32%	
25	Fees & Assessments Total	33,240	75,150	(41,910)	-126.08%	
26	Permits, Inspections & Signs Total	27,720	30,276	(2,556)	-9.22%	
27	Professional & Legal Planning Total	125,004	173,504	(48,500)	-38.80%	
28	Planning & Development Total	68,196	30,004	38,192	56.00%	
29	Dues & Subscriptions Total	7,125	9,200	(2,075)	-29.12%	
30	Real Estate & Property Taxes Total	6,000	9,700	(3,700)	-61.67%	
31	Program Catering Total	52,750	52,500	250	0.47%	
32	Rentals Total	14,215	27,454	(13,239)	-93.13%	
33	Uniforms Total	20,048	41,844	(21,796)	-108.72%	
34	Information Technology Total	98,004	99,880	(1,876)	-1.91%	
35	Maint. Contracts & Contract Labor Total	402,336	586,522	(184,186)	-45.78%	
36	Postage, Printing & Public Relations Total	123,225	231,734	(108,509)	-88.06%	
37	Leased Equipment Total	0	0	-	0.00%	
38	Repair & Maintenance - Equipment Total	85,964	102,524	(16,560)	-19.26%	
39	Repair & Maintenance - Facility Total	374,540	468,670	(94,130)	-25.13%	
40	Repair & Maintenance - Projects Total	0	0	-	0%	
41	Operating Supplies Total	345,645	346,825	(1,180)	-0.34%	
42	Sales Tax & Freight - Purchasing Total	0	10,000	(10,000)	100%	
43	Lodging and Meals Total	20,500	24,000	(3,500)	-17.07%	
44	Furniture & Equipment Total	131,858	124,145	7,713	5.85%	
45	Water - Facilities Total	121,752	122,328	(576)	-0.47%	
46	Electricity - Facilities Total	438,660	454,776	(16,116)	-3.67%	
47	Gas - Facilities Total	494,064	467,568	26,496	5.36%	
48	Waste Management Total	29,604	36,012	(6,408)	-21.65%	
49	Energy Conservation Total	0	0	-	N/A	
50	Purchase Discounts, Other Op Exp's Total	35,604	55,000	(19,396)	-54.48%	
51	Depreciation Expense* Total	1,329,000	1,338,000	(9,000)	-0.68%	
52	Interest Expense Total	0	4,000	(4000)	100%	
53						
54	Total Operating Expenses	9,132,276	10,575,144	(1,442,868)	-15.80%	
55	Total Operating Revenue	(9,589,005)	(10,400,062)	811,057	-8.46%	
56	Sub-total (Revenue) LOSS	(456,729)	175,082			
57						
58	Add Back non-cash Depreciation	(1,329,000)	(1,338,000)			
59	Total Revenue after Depr	(1,785,729)	(1,162,918)			
60						
61	Capital Budget	885,729	57,918			
62	P&E Capital Budget		100,000			
63	Total Capital Expenses	885,729	157,918			
64	Total Operating & Capital Expenses	10,018,005	10,733,062			
65	Repair & Maint. Reserve Contributions		915,000			
66	Total Contribution to Reserves	900,000	915,000			
67	Interest to Investments		(90,000)			
68	Repair & Maint. Reserve		856,216			
69	Reserve Expenses		(856,216)			
70	Net (Revenue) / Expense	0	0			