



## FY2020 Budget Highlights

### REVENUE

1. 4000-4204 No change in fee rates in the proposed 2020 Fee Schedule.
  - A. Member Dues budget is based on dues for 13,625 properties at the 2019 rate of \$493/per member household.
  - B. New Member Capital Fees budget is decreased 15% and declined projected property transactions currently being experienced.
    - There is no rate change for New Member Capital Fees.
    - The budget is based on estimated property transactions with no change in current policy that exempts GVR member property owners from New Member Capital Fees.
  - C. There is no rate change for Initial Fees. The budget is based on anticipated property transactions.
  - D. Expense increase of \$2.18 expense to \$73.91 per member property (\$29,703 aggregate additional expense) for 2020 Reserve Study contribution furnished by Browning Reserve Group over 2019 contribution rate.
  - E. Loss of \$44,000 in revenue from financial impact of Board policy issuing free Annual Guest Cards (AGC) and Additional Cardholder Cards (ACC) to single-person GVR households. The FY2020 budget does not account for potential fraud and misuse of the free cards.
2. 4005- There is no rate change in Transfer Fees.
  - A. The budget includes a projected 850 properties at the current rate of \$350 per transfer.
  - B. Approximately \$776,952 of potential new revenue is available in 2020 if the Board adds GVR policy to allow charging GVR homeowners who buy additional GVR properties (297 properties X \$2,616). [NOTE: 297 is the number of GVR properties purchased by GVR members in 2018]
3. 4007-The Guest Card Fees budget is based on the new Board policy of issuing free AGC and ACC cards.
4. 4009 - No rate change for Tenant Fees; total budgeted income for 2020 budget reflects a \$47,790 reduction due to the Board directed free AGC and ACC cards policy.
5. 4015- Facility Rent Fees includes 'prime time' vs 'non-prime' rates and the SpotRx facility leases.
6. 4091-The Advertising Income includes GVR Now!, eBlast, Spot Rx and other opportunities.
7. 4100-Program Income is \$91,000 less than 2019 Budget; includes Concerts, Tours, Movies and Special Events:
  - A. Projected number of attendees of Performing Arts events is 12,800, a decrease from prior years based on actuals.
  - B. The projected number of class registrations is 9,121, a decrease from prior years based on actuals.
  - C. No 3-day special event planned for 2020.
  - D. Reduced member participation in Tours events.
8. 4102- Card Replacements budget for 2020 is reduced by \$2,000 due to the Board directed free AGC and ACC cards policy.
9. 4202-The Communication Income (cell tower/antennas) includes Sprint and Verizon leases.
10. 4205-Investment Income is budgeted for an increase to improved performance of new Funds Investment Advisor and larger invested fund balances.

**Total Revenue decrease from 2019 Budget: \$(309,865) or 2.7% to \$11,169,225.**

## EXPENSES

1. 5001/5018-Decrease of \$528,223 in the Total Wages & Benefits budget:
  - A. Reduced number of FTEs; FTE head count was 97.03 FTEs in 2018 and 90.86 FTEs in 2020.
  - B. Medical insurance increase of 10%.
2. 5020-Aggregate insurance coverage expenses (e.g., general liability, auto, D&O liability, property insurance, and umbrella) are increased 40% to \$280,000 in FY2020.
3. 5029-Conferences and Training, includes:
  - A. Cintas safety program (safety manuals and training).
  - B. Facilities training & IT training.
  - C. Increased \$20,000 expense for Board-directed policy governance training.
4. 5058-Credit card fees budget is decreased in 2020 by \$5,000.
  - A. Assumes no change in credit card usage policy.
  - B. In 2019, the actual expenses for Credit cards were higher than expected due to delay in adopting annual budget and sending 2019 dues invoices in late December.
5. The Facilities & Equipment budget for 2020 reflects \$896,693 (29%) increase.
  - A. Facilities Maintenance increase includes \$279,550 of 2020 MRR expenses.
  - B. Utilities reflect 2020 savings of \$140,266 that includes full-year activation of solar panel installations.
  - C. The Depreciation budget increases by \$436,497 for 2020 to \$1,745,606. This includes the significant investment in infrastructure over the past several years.
6. 5063- Professional & Legal Fees are increased:
  - A. Increased annual audit fees.
  - B. Increase Board legal expenses (additional attorney for governance matters).
7. 9025-The Operations group budget decreased 27%.
  - A. Other Operating Expenses decreased due to less signage cost than projected for 2019.
  - B. Budgeted IT Maintenance costs are reduced from 2019.
  - C. The 'Provision for Doubtful Account' of \$24,000 (per auditor recommendation) brings the total 'Provision for Doubtful Accounts' to \$224,000. As of July 31, 2019, the Gross total Accounts Receivable is \$413,227
8. Capital Budget
  - A. Maintenance, Repair, and Replacement (MRR) Capital Budget is \$768,142.
  - B. A list of potential Non-Reserve Capital (NRC) activities is prepared but not included in the FY2020 budget. Potential NRC expenses (\$410,400) have no previous 'actual expense' (Bylaws) to be compared to as required; it is discretionary and needs to be decided upon by the Board.
  - C. GVR Clubs Non-Reserve Capital Budget reduced to \$6,000 from 2019 (\$80,000)
    - 1) Two club related projects are included in the GVR Clubs Budget, as recommended by P&E Committee (Bocce courts and Pickleball shade structures).
    - 2) Board committee-driven ADA related accessibility upgrades and/or Compliance Audit is not included in this budget; requires Board determination.
9. Maintenance Repair & Replacement Reserve (MRR) funding is budgeted at \$1,005,942 as presented by the Browning Reserve Group, \$39,619 more than 2019.
  - A. Browning Reserve Group 2020 Reserve Study report has reduced MRR reserve funding level to 68.5%.
  - B. To bring the funding level up to 85% (minimum required by Board policy), additional \$1,361,020 of funding is required. This would increase the 2020 contribution per member household from \$73.91 to \$173.91.

**Total Expenditures increase from 2019 Budget: \$160,065 or 1.5% to \$10,677,527 for Operating Expenses**



GREEN VALLEY RECREATION, INC.

**FY 2020**

		<b>Difference 2018-2019</b>
ANNUAL DUES	\$493	(+\$0)
<b>Annual assessment</b>		
LIFE CARE MEMBER Annual Fee	\$493	(+\$0)
<b>Annual assessment for former GVR members residing in a residential care facility in the greater Green Valley area.</b>		
INITIAL FEE	\$2,427	(+\$0)
<b>Charged when a voluntary GVR deed restriction is placed on a property or when a developer sells a property in a mandatory GVR deed-restricted subdivision.</b>		
NEW MEMBER CAPITAL FEE (NMCF)	\$2,616	(+\$0)
<b>Charged when there is a change in title of a GVR property. If after the change in title, more than 50% of the new owners are currently or have been GVR members in the last 365 days, the New Member Capital Fee will not apply.</b>		
TRANSFER FEES		
<b>Charged whenever title to a GVR property is changed in addition to the Initial Fee or the NMCF.</b>		
• With NMCF or Initial Fee	\$350	(+\$ 0)
• Estate Planning	\$100	(+\$ 0)
TENANT FEES (per person)		
<b>Charged when an individual leases and pays rent to a GVR member for use of a GVR property.</b>		
• 1-7 day tenant card	\$20	(+\$0)
• 2 week tenant card	\$30	(+\$0)
• 1 month tenant card	\$40	(+\$0)
• 2 month tenant card	\$75	(+\$0)
• 3 month tenant card	\$115	(+\$0)
• 4-12 month tenant card	\$150	(+\$0)

GUEST FEES (under 18 years old no card required)

**Charged for temporary visitors of a member, assigned member, Continuing Residential Care Facility member or tenant, who lives more than 20 miles outside GVR's corporate jurisdiction. Tenants may only purchase the daily guest pass.**

- Annual card for the year with unlimited guests and unlimited visits \$65 (+\$0)
  - Guest card-unlimited guests per day \$10 (+\$0)
- ADDITIONAL CARDHOLDER CARD \$100 (+\$0)

**Charged to an individual who shares a common household with a GVR member to have the right to use GVR's facilities. Proof of residency is required.**

## GVR Budget Worksheet Summary III



### 2020 Budget

	2018 Actuals	2019 Projected	2019 Budget	2019 Proj. vs 2019 Bud.	2020 Budget	2020 Bud. Vs 2019 Bud.	Notes
<b>Revenue</b>							
Member Dues	6,690,385	6,715,010	6,701,349		6,717,125		13,625 Properties * 493
LC,Trans., Crd Fees.	746,853	803,623	752,640		583,000		
Capital Revenue	2,345,508	2,522,409	2,693,151		2,273,600		Based on anticipated property transactions.
<b>Membership Revenue</b>	<b>9,782,747</b>	<b>10,041,041</b>	<b>10,147,140</b>	<b>(1%)</b>	<b>9,573,725</b>	<b>(573,415) (5.7%)</b>	Board's new policy
Programs	360,835	306,308	427,000		336,000		\$30K Reduct. due to 3-day event not sched. in 2020.
Instructional	375,673	460,839	431,450		460,000		Reduced Tour participation.
<b>Recreational Revenue</b>	<b>736,508</b>	<b>767,147</b>	<b>858,450</b>	<b>(12%)</b>	<b>796,000</b>	<b>(62,450) (7.3%)</b>	
<b>Investment Income</b>	<b>239,173</b>	<b>247,561</b>	<b>215,000</b>	<b>13%</b>	<b>450,000</b>	<b>235,000 109.3%</b>	Increased returns on Investment due to New Advisor
Advertising Income	108,861	105,396	75,000		110,000		Including MedAvail
Cell Tower Lease Inc.	43,358	32,890	57,000		36,000		
<b>Comm. Revenue</b>	<b>152,220</b>	<b>138,286</b>	<b>132,000</b>	<b>5%</b>	<b>146,000</b>	<b>14,000 10.6%</b>	
Other Income	106,351	102,267	100,500		100,500		
Facility Rent/Leases	25,543	86,147	23,000		100,000		
Marketing Events	-	-	3,000		3,000		
<b>Other Revenue</b>	<b>131,894</b>	<b>188,414</b>	<b>126,500</b>	<b>33%</b>	<b>203,500</b>	<b>77,000 60.9%</b>	
<b>Total Revenue</b>	<b>11,042,542</b>	<b>11,382,448</b>	<b>11,479,090</b>	<b>(1%)</b>	<b>11,169,225</b>	<b>(309,865) (2.7%)</b>	
<b>Expenses</b>							
Major Proj.-Rep. & Maint.	500,790	740,369	237,229		265,148		
Facility Maintenance	260,507	169,178	483,468		704,554		Includes \$279,550 from Reserve Study
Fees & Assessments	13,710	17,099	34,600		78,716		
Utilities	933,502	927,542	751,765		892,031		Includes Solar Savings
Depreciation	1,474,941	1,675,405	1,309,109		1,745,606		Includes Deprec. of Cap. Purch. per MRR, Clubs
Furniture & Equipment	239,916	313,719	230,975		264,764		Fitness and IT Equip. includes \$18,472 from MRR
Vehicles	59,869	68,977	80,604		73,624		
<b>Facilities &amp; Equipment</b>	<b>3,483,235</b>	<b>3,912,290</b>	<b>3,127,750</b>	<b>(20%)</b>	<b>4,024,443</b>	<b>(896,693) (28.7%)</b>	
Wages, Benfts., PR Exp.	4,601,298	4,821,381	5,004,031		4,475,809		Medical Insurance when up by 10%
Conferences & Training	58,098	50,788	58,000		88,000		
<b>Personnel</b>	<b>4,659,396</b>	<b>4,872,169</b>	<b>5,062,031</b>	<b>4%</b>	<b>4,563,809</b>	<b>498,223 9.84%</b>	
Food & Catering	44,018	39,657	51,600		45,031		
Recreation Contracts	622,585	678,971	700,731		632,750		
Bank & Credit Card Fees	70,539	121,471	100,000		96,146		
<b>Program</b>	<b>737,143</b>	<b>840,100</b>	<b>852,331</b>	<b>1%</b>	<b>773,927</b>	<b>78,404 9.2%</b>	
Communications	93,552	93,927	102,480		104,149		
Printing	93,288	73,235	96,353		94,497		
Advertising	3,734	-	15,000		5,000		
<b>Communications</b>	<b>190,575</b>	<b>167,161</b>	<b>213,833</b>	<b>28%</b>	<b>203,646</b>	<b>10,187 4.8%</b>	
Supplies	260,274	276,847	445,923		344,127		
Postage	19,120	15,094	37,240		18,500		
Dues & Subscriptions	11,084	7,990	6,550		8,102		
Travel & Entertainment	5,220	11,259	23,400		16,580		
Other Operating Expense	31,981	48,297	62,154		35,745		
<b>Operations</b>	<b>327,679</b>	<b>359,487</b>	<b>575,267</b>	<b>(60%)</b>	<b>423,054</b>	<b>152,213 26.5%</b>	
Information Technology	360,325	78,321	141,150		114,900		
Professional Fees	225,219	267,190	291,400		251,749		
Commercial Insurance	196,848	256,270	215,000		280,000		Based on actual quote
Taxes	20,750	18,400	14,700		18,000		
Provision for Bad Debt	80,744	29,927	24,000		24,000		
<b>Corporate Expenses</b>	<b>883,887</b>	<b>650,107</b>	<b>686,250</b>	<b>6%</b>	<b>688,649</b>	<b>(2,399) (0.3%)</b>	
<b>Expenses</b>	<b>10,281,914</b>	<b>10,801,314</b>	<b>10,517,462</b>	<b>(3%)</b>	<b>10,677,527</b>	<b>(160,065) (1.5%)</b>	
Gross surplus(Rev-Exp)	760,628	581,135	961,628		491,698		
Unrea. Gain/Loss on Invest.	265,464	430,908	(18,000)		-		
<b>Net from Operations</b>	<b>1,026,092</b>	<b>1,012,042</b>	<b>943,628</b>		<b>491,698</b>		
Reserved Funding-Initiatives			(542,488)		(457,220)		20% of NMCF + 25% of Initial Fees
Unrealized Gain/Losses			(150,000)				
Club Cap. Purchases			(80,000)		(6,000)		P&E
Reserved Funding/MRR			(966,323)		(1,005,942)		Per Browning Reserved Study.
<b>Changed in Net Assets Net of Reserved</b>			<b>(795,183)</b>		<b>(977,464)</b>		
Add Back Depreciation			1,309,109		1,745,606		
Deduct New Purchase			(513,926)		(768,142)		New Purchases including in MRR Study,
<b>Net Surplus (Deficit)</b>			<b>(0)</b>		<b>0</b>		Non Reserved Capital and Clubs

## Reserve Study Transmittal Letter

Date: August 06, 2019  
To: Melanie Stephenson, Green Valley Recreation Inc  
From: Browning Reserve Group (BRG)

**Re: Green Valley Recreation Inc; Update w/ Site Visit Review**

Attached, please find the reserve study for Green Valley Recreation Inc. To assist in your understanding of the study, and to highlight key information you may need quickly, we have listed below some of the important information contained in the study. At BRG our goal is to bring clarity from complexity, so should you have any questions, please do not hesitate to contact us anytime.

1. Where do I find the recommended reserve contribution for next year's budget?

This is found in *Section III, "30 Year Reserve Funding Plan, Cash Flow Method."* **\$1,005,942** is the annual amount. Directly under the annual amount is the amount per ownership interest, per month, or other period, as applicable. **\$73.91 Household/yr @ 13,610.** For any other funding related issues, if any, see *Section III, "30 Year Reserve Funding Plan, Cash Flow Method."*

2. Where do I find the status of the reserve fund, based on the Percent Funded calculation?

This is found for the 30-year term of the study in *Section IV, "30 Year Reserve Funding Plan, Including Fully Funded Balance and % Funded."* For the year for which the study was prepared, 2020, the Project is **68.5%** funded.

Based on the 30 year cash flow projection, GVR's reserves appear adequately funded as the reserve fund ending balances remain positive throughout the replacement of all major components during the next 30 years.

Although one or more of the reserve fund percentages expressed in this report may be less than one hundred percent, those percentages do not necessarily indicate that GVR's reserves are inadequately funded.

3. Where do I find the assumptions for interest and inflation factors?

While this information is in various places in the study, it can always be found in *Section III, "30 Year Reserve Funding Plan, Cash Flow Method."* For this study the assumption is **2.50%** for the interest rate and **2.50%** for the inflation factor. Please be advised these rates estimate the values that will stand the test of time over the 30-year term of the study, not simply only next year.

Please read the two helpful sections entitled "Glossary" and "Notes to the Auditor." The glossary explains common reserve study terms as well as BRG specific terminology. The Notes to the Auditor while intended to assist the auditor, has useful information for the casual reader on how year zero, (2019) the current fiscal year is dealt with in the study.



**Analysis of the Impact of Issuing GVR ID Cards to  
Single Member Households at No Cost**  
(data as of June 30, 2019)

Overview

In March 2019, the GVR Board of Directors approved giving single member households an additional membership ID card at no cost (choice of an 'Annual Guest Card'/AGC for one (1) individual only or an 'Additional Card Holder Card' upon proof of residence, effective January 1, 2020. Further, the Board directed staff to analyze and report on the financial impact of this Board decision during FY 2020 budget development. The analysis is based on an 'Opt-In' assumption to receive a free card.

Financial impact of this policy is determined by:

- # of members who will no longer purchase Annual Guest Cards who purchased AGCs in the past.
- # of members who will no longer purchase Additional Card Holder Cards who purchased ACH in the past.
- ID card printing expense @ \$2.25/per ID card.

Single-person Annual Guest Cards

GVR does not maintain a staff presence at the entrances to its facilities, and paid staff do not monitor access to its facilities during all operating hours. It is nearly impossible to ensure that free Annual Guest Cards intended for use by one (1) person at a time will be limited to just one person at a time.

1. There are 5,148 Single Member GVR Households as of June 30, 2019, representing 37.8% of all member properties (13,610).
  - a) If all single member households who purchased an Annual Guest Card (AGC) in 2019 obtained a free AGC for one (1) individual only in FY2020, the impact would be a reduction in revenue of \$22,750.
  - b) If all single member households who purchased an Additional Card Holder Card (ACH) in 2019 obtained a free ACH in FY2020, the impact would be a reduction in revenue of \$22,100.
  - c) If all single member households obtain a free AGC in 2020 instead of purchasing a AGC, the impact will be a reduction in revenue of \$310,580.
  - d) If all single member households obtain a free ACH cost the impact will be a reduction in revenue of \$430,589.

GVR Single Member Households (as of June 30, 2019) 5,148

2019 Single Member AGC-Free	518 @ \$0.00	\$ 0
2019 Single Member AGC-Paid	<u>350</u> @ \$65/each	\$22,750
	868	
2019 Single Member ACH-Free	932 @ \$0.00	\$ 0
2019 Single Member ACH-Paid	<u>221</u> @ \$100/each	<u>\$22,100</u>
	1,153 Total:	\$44,850 <u>less revenue</u>
All Single Members AGC (less Free)	4,630 @ \$65/ea.	\$310,580 (4280x2.25)
All Single Members ACH (less Free)	4,216 @ \$100/ea.	<u>\$430,589(3995x2.25)</u>
	Total:	\$741,169 <u>less revenue</u>

AGC if more Free Card 'Opt-ins'

<u>+10%</u>	<u>+20%</u>	<u>+30%</u>	<u>+40%</u>	<u>+50%</u>	
868 + 10%	868+ 20%	868+30%	868+40%	868+50%	
955	1,042	1,128	1,215	1,302	
-518	-518	-518	-518	-518	
<u>437@\$65</u>	<u>524@\$65</u>	<u>610@\$65</u>	<u>697@\$65</u>	<u>784@\$65</u>	
\$28,405	\$34,060	\$39,650	\$45,305	\$50,960	<\$ Revenue
<u>87@2.25</u>	<u>174@2.25</u>	<u>260@2.25</u>	<u>347@2.25</u>	<u>434@2.25</u>	>\$ Exp./Card Print
+ 196	+ 392	+ 585	+ 781	+ 977	
\$28,601	\$34,452	\$40,235	\$46,086	\$51,937	(Total Cost)

ACH if more Free Card 'Opt-ins'

<u>+10%</u>	<u>+20%</u>	<u>+30%</u>	<u>+40%</u>	<u>+50%</u>	
1,153+10%	1,153+20%	1,153+30%	1,153+40%	1,153+50%	
1,268	1,384	1,499	1,614	1,730	
-932	-932	-932	-932	-932	
<u>336@\$100</u>	<u>452@\$100</u>	<u>567@\$100</u>	<u>682@\$100</u>	<u>798@\$100</u>	
\$33,600	\$45,200	\$56,700	\$68,200	\$79,800	<\$ Revenue
<u>115@2.25</u>	<u>231@2.25</u>	<u>346@2.25</u>	<u>461@2.25</u>	<u>577@2.25</u>	>\$ Exp./Card Print
+ 259	+ 520	+ 779	+1,037	+1,298	
\$33,859	\$45,720	\$57,479	\$69,237	\$81,098	(Total Cost)

## Potential 2020 Non-Reserve Capital Projects (not in proposed budget)

<b>Abrego South</b>	
Pave east parking lot – 10 Yr. Master Plan Item	
<b>Casa Paloma 1</b>	
Install porcelain floor tile in recreation room	\$11,000
New window coverings	\$7,000
LED Lighting upgrades - Energy	\$6,000
<b>Madera Vista</b>	
Install porcelain floor tile in recreation room	\$11,000
<b>FMB</b>	
New Fleet Vehicle	\$35,000
Lighting Storage Shed	\$5,400
Scissor lift	\$16,000
<b>AO</b>	
Rehab of Offices: HVAC ducting, indoor air quality	\$65,000
<b>CH</b>	
LED Lighting upgrades - Energy	\$15,000
Bocce courts - full replacement - Club	\$80,000
<b>EC</b>	
Window Upgrades - Energy Conservation	\$25,000
<b>DH</b>	
Lapidary exhaust hood - torch stations - Safety	\$12,000
Lapidary suspended ceiling & LED Lighting - Energy	\$15,000
<b>PBC</b>	
Shade structures	\$60,000
<b>SRS</b>	
Guard Rail along wash - Safety	\$13,000
Clear Comfort for pool and spa	\$9,000
<b>Various Centers</b>	
Prox readers and CCTV - Security & Safety	\$25,000
Accessibility Upgrades and/or ADA Compliance Audit	
<b>Total</b>	<b>\$410,400</b>