November 2019 FAC Highlights

After months of work between the administrative staff and the Fiscal Affairs Committee and with the guidance of our financial consultant, Susan Vos, the FAC recommended and the GVR board approved the 2020 budget.

Highlights include keeping our dues and fees flat, moving more money into areas that directly benefit our members such as new initiatives, providing salary increases for our employees and focusing on areas where we can limit increases in our overhead costs.

To accomplish this, we went back to our bylaw guidelines and hired an outside consultant that could give us "best practices" in setting up budgets and managing overall financial resources.

Our bylaws state that we are to have both operational and capital budgets and they are to be based on actuals, not previous year budgets. This year we started looking at monthly figures compared to 2018 year to date actuals and encouraged the administration to reset the 2019 budget projection based on actuals.

Based on our consultant's recommendations we set up four cash-based budgets rather than budgeting from a "Statement of Activities". In doing this, we clearly see where our money comes from and where it is being spent, especially as it relates to operational and capital expenses from our Initiatives (new facilities/activities) and Maintenance, Repair and Replace (MR&R) accounts.

The 2020 budget calls for revenue to stay about the same as our 2019 revenue projections and 3% over 2018 actuals. Revenue comes from three major sources: member dues and fees at 73%, capital fees (when a GVR property is purchased) 23% and "other" 4% which includes returns on our substantial financial assets and things like leases for cell towers and the SpotX dispensers. The level of monthly property purchases has been dropping slightly so we budgeted for a decrease in this area, but we are seeing a substantial increase in investment returns now that our reserves funds are professionally managed and our excess operating funds are in higher yield accounts (thanks to the hard work of the Investment Committee).

Expenses will grow 6% from 2018. Our largest expense areas are personnel at $4,704,520 and Facilities. Would you believe it costs almost $1M just to buy things like pool supplies and gasoline for our cars and trucks so we can keep our facilities in the tip top shape? Major maintenance, repairs and replacements are extra and that money comes out of our MR&R account. We will contribute $1,005,942 to MR&R and are budgeting to spend $1,066,164.

Utilities are a large expense at $892,031 but thanks to the solar installations this reflects a savings of over $100K/yr in electricity costs. Because of the identified savings in our new budgeting process, the FAC was able to recommend a 2.5% increase to our wage line item to be sure our employees get wage increases. The FAC also recommended putting part of our income from SpotX ($25K) towards our Member Assistance Program (MAP), designating $50K for a new 5-year plan that will include a financial projection, adding $300K of administration requested projects such as new air conditioning at the Administrative Offices and safety fencing at Santa Rita Springs, and adding an extra $150K into our Initiatives Account for our highest priority member needs.

Speaking of Initiatives, we are about to complete our new pickleball facility. This is a major capital project, but we have budgeted for it by building up funds in our Initiatives Account. And, we are now budgeting for other member needs such as expansion of the Clay Studio area and remodeling space at Desert Hills. The P&E (Planning and Evaluation Committee) is gathering member requirements and this year is adding a focus on fitness centers and aquatics.

Bottom line?? GVR is in excellent financial shape. We have over $13M in financial assets and are increasing our facilities to better serve our members while looking carefully at areas where we can save overhead dollars.

Year to date, as of October 31, 2019, we are about equal to our 2018 actuals and are 3% under the 2019 budget. Expenses are $418,094 over 2018 and 1% under the 2019 budget. Using our new budgeting methodology, we are projecting a net positive cashflow in operations.

Based on our consultant's analysis of surplus and deficits and after an analysis of our available yearend cash, the FAC recommended and the board passed moving the 2018 surplus of $600K from operations to MR&R. This will bring our 2019 MR&R funding level to over 72% and into the "strong" category.