



## **FY2021 2<sup>nd</sup> Draft Budget Highlights**

### **October 2, 2020**

The enclosed FY2021 Budget 2<sup>nd</sup> Draft on page 4 is the revised budget that updates and replaces the August 14, 2020 1<sup>st</sup> Preliminary Draft Budget. This budget is presented to provide FAC with the budgetary proposals developed with Department Managers to date. Staff has developed this 2<sup>nd</sup> Draft 2021 budget with 75% of the current year completed and openings and schedules that are not predictable. The goal is to present this budget to the Board of Directors in October with the most current housing information and government requirements with regard to the Pandemic. General highlights of the Preliminary Budget that compare the 2021 Preliminary Budget to 2019 actual expenses are discussed in the following narrative. This two year look back is the method used because 2019 was the most recent full year of full services without COVID and provides the best comparison. Additionally, there are descriptive comparisons of the 2021 Budget to the 2020 Budget discussed in this narrative. The 2020 projected income and expenses are inserted on page 4 for comparison purposes. Also included with this 2021 budget is a 3-year Projection of Income and Expenses for the period of 2022 through 2024 contained on page 4. These are projections only and are to be used for analysis and planning only and are not a part of the 2021 budget submittal.

### **REVENUE**

1. There are several changes to the fee schedule that are reflected in the Membership Section of the Revenue Budget. The rates are identified in the Fee Schedule found on page 5.
  - A. Member Dues budget is based on dues for 13,703 properties at the rate of \$505 / per member household. This includes only 10 additional households and a \$12 annual increase to the rate. To bring the Annual Dues back into alignment with CPM guidelines, the 2021 annual rate would be \$517. A multi-year analysis and projection of Members Dues is included on pages 6 through 7.
  - B. New Member Capital Fees:
    - The preliminary proposed rate change for New Member Capital Fees and Property Capital Acquisition Fee (PCAF) is to increase

the rate from \$2,616 to \$2,655 which reflects a \$39 (1.5%) increase.

- The 2021 budget is based on estimated 900 total property transactions with no change in current policy other than the rate.
- C. There is no rate change for Initial Fees. The budget is based on 29 anticipated property transactions.
- D. Guest Card Fees remain unchanged.
- E. The Tenant Fees on page 5 are revised as follow:
- 1 Week Tenant Fees increased from \$20 to \$25
  - 2 Week Tenant Fees increased from \$30 to \$35
  - 1 Month Tenant Fees increased from \$40 to \$50
  - 2 Month Tenant Fees increased from \$75 to \$85
  - 3 Month Tenant Fees increased from 115 to \$125
  - 4- 12 Month Tenant Fee remains \$150
2. There is no rate change in Transfer Fees.
- A. The budget includes a projected 1,204 properties at the current rate of \$350 per transfer.
3. The 2021 Program Income budget is \$192,911 less than 2019 Actual. This is partially offset by a \$150,962 reduction in Program Expenses. The 2021 Recreational Income Budget is \$328,914 (41.3%) less than the 2020 Budget. These decreases and Facility Rental Income reductions are due to the expected reduced utilization of programs by Members due to the carryover of COVID into the early part of 2021.

**The total Revenue decrease from 2019 Actual is \$190,578 or 1.7% for the two-year period. The 2021 Total Revenue Budget of \$11,070,153 reflects a \$323,323 or 2.8% decrease from the 2020 Budget.**

## **EXPENSES**

1. The Personnel budget reflects an increase of \$678,243 (14.3%) in the Total Wages & Benefits budget compared to 2019 actual, the total increase breakdown of this two-year increase is as follows:
- A. 2.7% - Increase of 8 Full Time Equivalentents in 2021.
  - B. 5.1% - Two years' worth of wage increases.
  - C. 3.2% - Benefits increase of 12% (Medical, Dental, Life, Disab, 401k, WC)
  - D. 3.3% - Deferred Compensation \$158,500 per year through Feb 2022  
14.3% total 2-year increase
  - E. The 2021 Budget for Personnel is \$725,391 more than the 2020 Budget which represents a 15.4% Increase. This significant budget increase is

due to the above listed increases for 1 year plus the additional cost a full complement of staff to bring the FTEs budget to 99 for the year to accommodate COVID requirements.

2. The Facilities & Equipment budget for 2021 reflects a \$237,548 (6.6%) increase over two years.
  - A. 2.5% of the total 6.6% increase is due to increased depreciation which is reflective of the increase in Capital Assets over the past several years.
  - B. Facilities Maintenance expenses includes \$259,034 of 2021 Maintenance Repair & Replace (MRR) expenses listed on page 13.
  - C. The 2021 Budget for Facilities and Equipment is \$316,897 less than the 2020 Budget which represents a 7.6% decrease. The \$38,988 of this decrease is from 2021 the MRR Study, \$77,736 is a reduction of non MRR related expenses, \$59,470 is due to a leveling off of Depreciation due to the aging of Assets, \$56,624 is a reduction of Furniture & Equipment Expenses from the 2020 Budget, and the balance is realized from a full year of Solar Gain utilities savings, slightly less in vehicles expenses, and minor reductions in Fees and Assessments expenses.
3. Capital Budget
  - A. Maintenance, Repair, and Replacement (MRR) Capital Budget is \$1,488,373 and is detailed on page 11.
  - B. A list of Non-Reserve Capital (NRC) activities listed on page 12 are included in the FY2021 budget for a total of \$205,000 Capital Projects. Potential NRC Purchases excluded from this budget equaled \$105,000.
4. Maintenance Repair & Replacement Reserve (MRR) funding is budgeted at \$1,048,192 as presented by the Browning Reserve Group, and is \$42,250 more than 2020 (see pages 14 through 18).
  - A. The 2021 Reserve Study report has calculated the MRR Reserve funding level to be 76.4% (page 14).
  - B. MRR Expense increase of \$3.11 to \$77.02 per member property (\$42,220 total aggregate additional contribution) for 2021 MRR Reserve Designated Account.
5. Program Expenses are \$150,962 (22%) less than two years ago.
  - A. This reduction is directly related to the anticipated reduction in Programs due to the COVID Pandemic carryover into 2021. The Performance schedule has been significantly reduced due to reduced availability of procurement of Performers.
  - B. The 2021 Budget for Program Expenses is \$237,274 less than the 2020 Budget which is a 30.7% decrease due to COVID related reductions of Recreation Contracts.

6. Communications Expenses are \$22,829 (12%) more than two years ago
  - A. Communications are increased by \$12,495 (13.2%)
  - B. Printing is increased by \$10,333 (10.9%)
  - C. The 2021 Budget for Communication Expenses are \$8,709 higher than 2020 which represents a 4.3% increase. This increase is found primarily in Printing Expenses.
7. The Operations Expenses budget includes an increase of \$182,100 (47.9%) from two years ago.
  - A. Direct COVID related Expenses are \$100,000 and account for 26.3% of the 47.9% increase.
  - B. Investment Expenses account for \$82,792 of the Operations Expenses and 19.1% of the 47.9% two-year increase and are anticipated to be offset with additional Investment Income.
  - C. The 2021 Operating Expense Budget is \$3,072 less than the 2020 Budget which is a 0.5% reduction. Within this category, the above \$100,000 COVID related supplies expenses are included and offset with a reduction of \$78,102 in the Operating Supplies – Hardware and the remainder of the reduction in the budget due to Event Supplies reductions due to COVID.
8. Corporate Expenses are budgeted to be \$62,850 (9.1%) less than the 2019 actual expenses.
  - A. IT Expenses are \$21,661 (33.4%) greater than 2 years ago.
  - B. Professional Fees are \$64,241 (21.9%) less than two years ago and most of the savings are related to legal fees in the Board of Directors department.
  - C. Commercial Insurance Expenses budget is \$13,925 (5.1%) more than two years prior.
  - D. Bad Debt Expenses are \$33,925 less than two year ago. GVR is not budgeting any additional bad debt expenses for 2021 in agreement with GVR Auditors and the relatively high level of bad debt allowance on the books (\$176,886 as of August 31, 2020).
  - E. The 2021 Corporate Expenses budget is \$125,195 less than the 2020 Budget. This represents a 16.7% reduction due primarily to the above discussed reduction in Bad Debt Expense (\$24,000), Professional Fees (\$82,172), and Information Technology (\$28,391).

**Total Expenditures increase from 2019 Actual is \$907,188 or 8.8% over the two-year period for a total 2021 Expense Budget of \$11,078,453. The Total Expenditures Budget for 2021 is \$51,662 (0.5%) more than the 2020 Budget**

The 2021 Draft Budget is based on a Net Zero Dollar Balance Approach. Adjustments to the Net Consolidated Accrual Basis Surplus are as follows:

1. Deduct Capital Purchases for Non-Reserve and Club Capital Projects.
2. Deduct Investment Income from Reserve Funds net of Fund Expenses.
3. Deducts Initiatives Funding required based on the CPM Formula.
4. Deduct any additional Reserve Funding to Initiatives included in the 5-year Capital Projects Plan.
5. Add back Depreciation Non-Cash expenses.
6. Add back Operating Expenses that are paid directly out of the MRR Reserve Fund.

The adjusting amounts to determine the Zero Balance budget are listed at the bottom of page 4.

An important and unique item included in the 2021 Budgeted is the line item labeled Additional Reserve Funding / Initiatives found at the bottom of page 4. This line item accomplishes several things:

1. This is an adjustment that allows for balancing the budget without arbitrarily adjusting the Expense or Income line items.
2. The Additional Initiatives Funding provides funding in addition to the prescribed CPM formula amount (\$495,539 for 2021) to address the Long-Term Capital Projects identified on page 8.
3. The Additional Initiatives Funding addresses the CPM requirement that "The objectives contained in the GVR 5-year plan shall provide the primary basis upon which annual budget recommendations are made".

In summary, this 2021 Budget Proposal accomplishes the Bylaws requirement that GVR "shall be guided by the actual expense of operating the recreational facilities of The Corporation, including a reasonable reserve for Capital Replacements with the objective of operating the facilities on a self-sustaining basis". Thank you for your time in reviewing this 2021 Budget.

GVR Budget Worksheet Summary III



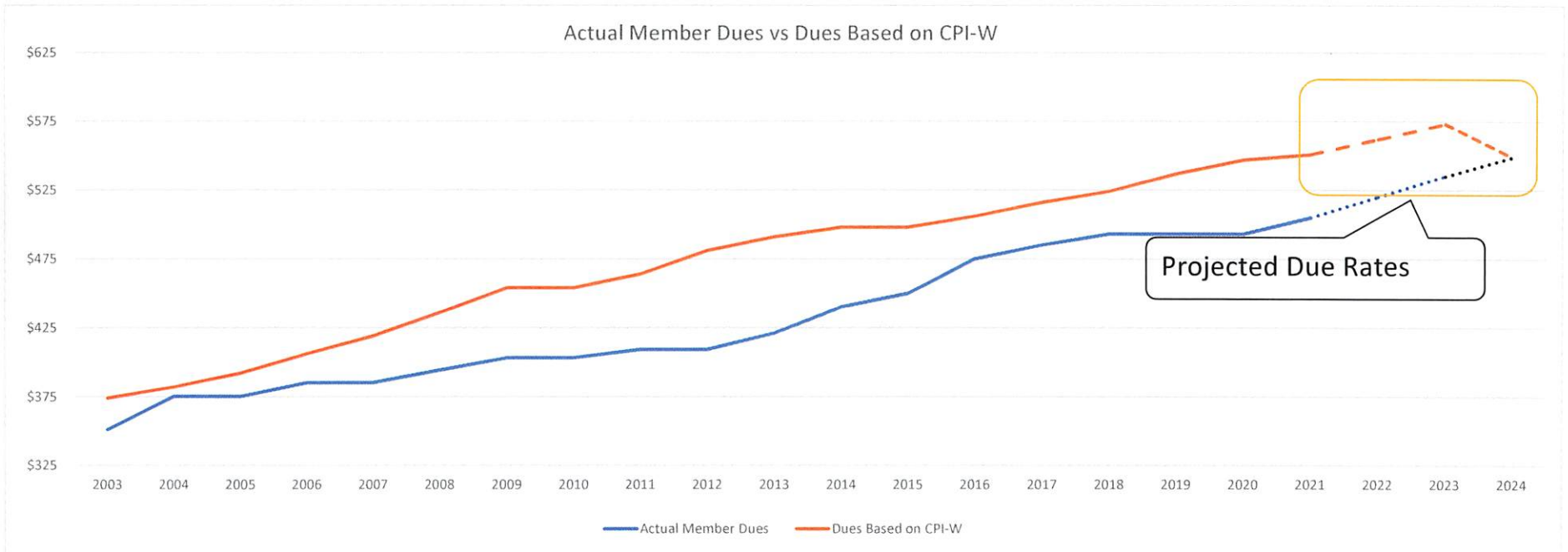
2021 Budget

	2019	2020	2020	2021	2021 Bud.		2021 Budget v		2022	2023	2024	
	1..12 Actuals	1..12 Projected	1..12 Budget	Budget	2019 Act.		2020 Budget			Projected Budgets		
<b>Revenue</b>	Member Dues	6,712,673	6,749,493	6,717,125	6,920,015				7,137,520	7,355,715	7,560,828	
	LC,Trans., Crd Fees.	777,911	507,730	618,000	719,139				789,690	799,300	812,237	
	Capital Revenue	2,423,079	2,284,007	2,535,200	2,460,099				2,554,954	2,662,480	2,773,032	
	Membership Revenue	9,913,663	9,541,229	9,870,325	10,099,253	185,590	1.9%	228,928	2.3%	10,482,164	10,817,495	11,146,097
	Programs	251,200	121,628	336,000	260,953					266,172	272,826	279,647
	Instructional	408,797	215,818	460,000	206,133					210,256	215,512	220,900
	Recreational Revenue	659,997	337,445	796,000	467,086	(192,911)	(29.2%)	(328,914)	-41.3%	476,427	488,338	500,547
	Investment Income	355,625	(23,556)	377,651	286,746	(90,905)	(24.1%)	(90,905)	-24.1%	301,083	316,137	331,944
	Advertising Income	129,559	109,621	110,000	71,257					72,683	74,500	76,362
	Cell Tower Lease Inc.	38,378	35,904	36,000	38,378					39,146	40,124	41,127
	Comm. Revenue	167,937	145,525	146,000	109,635	(58,301)	(34.7%)	(36,365)	-24.9%	111,828	114,624	117,489
	Other Income	91,492	66,343	100,500	91,433					93,262	95,593	97,983
	Facility Rent/Leases	72,017	24,617	100,000	16,000					16,320	16,728	17,146
	Marketing Events	-	-	3,000	-					-	-	-
	Other Revenue	163,509	90,959	203,500	107,433	(56,076)	(34.3%)	(96,067)	-47.2%	109,582	112,321	115,129
<b>Total Operating Revenue</b>	<b>11,260,731</b>	<b>10,091,604</b>	<b>11,393,476</b>	<b>11,070,153</b>	<b>(190,578)</b>	<b>(1.7%)</b>	<b>(323,323)</b>	<b>-2.8%</b>	<b>11,481,084</b>	<b>11,848,915</b>	<b>12,211,206</b>	
<b>Expenses</b>	Major Proj.-Rep. & Maint.	597,466	295,570	265,148	598,359				610,326	622,532	634,983	
	Facility Maintenance	160,960	549,092	704,554	254,620				259,712	264,907	270,205	
	Fees & Assessments	37,629	(2,145)	78,716	42,919				43,777	44,653	45,546	
	Utilities	871,509	797,927	892,031	865,734				881,830	898,236	914,958	
	Depreciation	1,603,077	1,762,911	1,869,644	1,810,173				1,846,377	1,883,304	1,920,970	
	Furniture & Equipment	255,750	158,306	264,764	189,667				193,091	196,584	200,148	
	Vehicles	67,644	48,847	73,624	70,112				72,670	75,322	78,070	
	Facilities & Equipment	3,594,036	3,610,509	4,148,481	3,831,584	(237,548)	(6.6%)	316,897	7.6%	3,907,783	3,985,538	4,064,880
	Wages, Benfts., PR Exp.	4,713,352	4,548,662	4,616,520	5,384,349					5,535,644	5,728,689	5,931,966
	Conferences & Training	38,318	14,537	88,000	45,563					46,887	48,251	49,655
	Personnel	4,751,669	4,563,199	4,704,520	5,429,912	(678,243)	(14.3%)	(725,391)	-15.4%	5,582,532	5,776,940	5,981,621
	Food & Catering	37,374	23,674	45,031	50,621					51,633	52,666	53,719
	Recreation Contracts	556,121	456,125	632,750	391,912					395,832	399,790	403,788
	Bank & Credit Card Fees	94,119	99,550	96,146	94,119					94,119	94,119	94,119
	Program	687,614	579,349	773,927	536,652	150,962	22.0%	237,274	30.7%	541,584	546,575	551,626
	Communications	94,690	106,657	104,149	107,185					109,048	110,945	112,878
	Printing	94,837	56,694	94,497	105,170					116,629	129,337	143,429
	Advertising	-	945	5,000	-					-	-	-
	Communications	189,526	164,296	203,646	212,355	(22,829)	(12.0%)	(8,709)	-4.3%	225,677	240,282	256,307
	Supplies	251,979	218,417	344,127	264,531					269,505	274,754	280,304
	Postage	15,965	12,871	18,500	18,258					20,449	22,903	25,651
	Dues & Subscriptions	12,820	8,129	8,102	15,558					15,869	16,186	16,510
	Travel & Entertainment	8,065	7,152	16,580	14,912					15,210	15,514	15,824
	Other Operating Expense	91,557	255,352	178,260	249,238					254,223	259,307	264,493
	Operations	380,386	501,920	565,568	562,496	(182,110)	(47.9%)	3,072	0.5%	575,255	588,664	602,782
	Information Technology	64,849	62,559	114,900	86,509					89,069	91,704	94,418
	Professional Fees	293,818	198,058	311,749	229,577					234,169	238,852	243,629
Commercial Insurance	273,075	292,816	280,000	287,000					301,635	317,016	333,181	
Taxes	20,367	126	18,000	20,367					20,367	20,367	20,367	
Provision for Bad Debt	33,925	-	24,000	-					-	-	-	
Corporate Expenses	686,034	553,558	748,649	623,454	62,580	9.1%	125,195	16.7%	645,239	667,939	691,595	
<b>Total Operating Expenses</b>	<b>10,289,265</b>	<b>9,972,832</b>	<b>11,144,791</b>	<b>11,196,453</b>	<b>(907,188)</b>	<b>(8.8%)</b>	<b>(51,662)</b>	<b>-0.5%</b>	<b>11,478,070</b>	<b>11,805,937</b>	<b>12,148,811</b>	
<b>Net</b>	Gross surplus(Rev-Exp)/ Net Cash Flow	971,466	118,772	248,685	(126,300)				3,014	42,978	62,395	
	Unrea. Gain/Loss on Invest.	724,387	472,273	-	-				-	-	-	
	Accrual Basis Net from Operations	1,695,853	591,044	248,685	(126,300)				3,014	42,978	62,395	
<b>Adj. to Cash Basis</b>	<b>Subtract:</b>											
	Club Capital Projects				-							
	Non-Reserve Capital Projects				(205,000)				(210,125)	(215,378)	(220,763)	
	New Capital Purchases		Pay directly from MRR		-				-	-	-	
	Income From Reserve Funds				(234,482)				(246,206)	(258,516)	(271,442)	
	Reserved Funding/Initiatives				(495,539)				(513,418)	(534,316)	(555,820)	
	Additional Reserve Funding - Initiatives				(42,487)				(125,730)	(131,214)	(69,033)	
	Reserved Funding/MRR				(1,048,192)				(1,092,216)	(1,138,089)	(1,185,889)	
	<b>Cash Basis Changed in Net Assets Net of Reserved</b>				<b>(2,152,000)</b>				<b>(2,184,680)</b>	<b>(2,234,535)</b>	<b>(2,240,551)</b>	
	<b>Add Back:</b>											
	MRR Operating Expenses.				259,034					253,028	263,397	229,112
Depreciation				1,810,173					1,846,377	1,883,304	1,920,970	
Expenses from Reserve Funds				82,792					85,276	87,834	90,469	
<b>Cash Basis Net Surplus (Deficit)</b>				<b>0</b>	<b>&lt;-- Oper. Surplus</b>				<b>(0)</b>	<b>-</b>	<b>(0)</b>	

Fee Schedule	2019 as of 05/31/20			2021			Sun City Fees	Per CPI- W	2022			2023			2024		
	#			#					#			#			#		
	Fee	Transact.	Revenue	Fee	Transact.	Revenue			Fee	Transact.	Revenue	Fee	Transact.	Revenue	Fee	Transact.	Revenue
4000 - Annual Dues per Household	\$ 493	13,680	\$ 6,744,240	\$ 505	13,703	\$ 6,920,015	\$ 496	\$ 517	\$ 520	13,726	\$ 7,137,520	\$ 535	13,749	\$ 7,355,715	\$ 549	13,772	\$ 7,560,828
Life Care, Transfer, Tenant & Addl Card Fees																	
4004 - Annual Life Care Member Dues	\$ 493	53	\$ 26,129	\$ 505	53	\$ 26,765	\$ 496		\$ 520	53	\$ 27,560	\$ 535	53	\$ 28,355	\$ 549	53	\$ 29,097
4005 - Transfer Fee	\$ 350	1,266	\$ 443,100	\$ 350	1,204	\$ 421,400	\$ 300		\$ 350	1,204	\$ 421,400	\$ 350	1,204	\$ 421,400	\$ 350	1,204	\$ 421,400
4007 - Guest Card Fees	\$ 65	1,763	\$ 114,595	\$ 65	1,763	\$ 114,595			\$ 75	1,763	\$ 132,225	\$ 80	1,763	\$ 141,040	\$ 80	1,763	\$ 141,040
4009 - Tenant Fees			\$ 169,185			\$ 137,479					\$ 183,305			\$ 183,305			\$ 195,500
1-7 Days	\$ 20	128	\$ 2,560	\$ 25	96	\$ 2,400			\$ 25	128	\$ 3,200	\$ 25	128	\$ 3,200	\$ 30	128	\$ 3,840
2 Weeks	\$ 30	134	\$ 4,020	\$ 35	101	\$ 3,518			\$ 35	134	\$ 4,690	\$ 35	134	\$ 4,690	\$ 40	134	\$ 5,360
1 Month	\$ 40	522	\$ 20,880	\$ 50	392	\$ 19,575	\$ 75		\$ 50	522	\$ 26,100	\$ 50	522	\$ 26,100	\$ 55	522	\$ 28,710
2 Months	\$ 75	319	\$ 23,925	\$ 85	239	\$ 20,336	\$ 150		\$ 85	319	\$ 27,115	\$ 85	319	\$ 27,115	\$ 90	319	\$ 28,710
3 Months	\$ 115	440	\$ 50,600	\$ 125	330	\$ 41,250	\$ 225		\$ 125	440	\$ 55,000	\$ 125	440	\$ 55,000	\$ 130	440	\$ 57,200
4-12 Months	\$ 150	448	\$ 67,200	\$ 150	336	\$ 50,400	\$ 248		\$ 150	448	\$ 67,200	\$ 150	448	\$ 67,200	\$ 160	448	\$ 71,680
4102 - Card Replacement	\$ 15	230	\$ 3,450	\$ 20	173	\$ 3,450			\$ 20	230	\$ 4,600	\$ 20	230	\$ 4,600	\$ 20	230	\$ 4,600
4103 - Additional Card Fees	\$ 100	206	\$ 20,600	\$ 100	155	\$ 15,450			\$ 100	206	\$ 20,600	\$ 100	206	\$ 20,600	\$ 100	206	\$ 20,600
Capital Revenue			\$ 2,422,167			\$ 2,460,099					\$ 2,554,954			\$ 2,662,480			\$ 2,773,032
4203 - NMCF	\$ 2,616	747	\$ 1,954,152	\$ 2,655	300	\$ 796,572	\$ 3,500		\$ 2,695	-	\$ -	\$ 2,735	-	\$ -	\$ 2,777	-	\$ -
4206 - PACF	\$ 2,616	152	\$ 397,632	\$ 2,655	600	\$ 1,593,144	\$ 3,500		\$ 2,695	930	\$ 2,506,414	\$ 2,735	960	\$ 2,626,075	\$ 2,777	990	\$ 2,748,762
4204 - Initial Fee	\$ 2,427	29	\$ 70,383	\$ 2,427	29	\$ 70,383			\$ 2,427	20	\$ 48,540	\$ 2,427	15	\$ 36,405	\$ 2,427	10	\$ 24,270

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GVR	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Actual Member Dues	\$ 351	\$ 375	\$ 375	\$ 385	\$ 385	\$ 394	\$ 403	\$ 403	\$ 409	\$ 409	\$ 421	\$ 440	\$ 450	\$ 475	\$ 485	\$ 493	\$ 493	\$ 493	\$ 505	\$ 520	\$ 535	\$ 549
Dues Based on CPI-W	\$ 374	\$ 382	\$ 392	\$ 406	\$ 419	\$ 436	\$ 454	\$ 454	\$ 464	\$ 481	\$ 491	\$ 498	\$ 498	\$ 506	\$ 516	\$ 524	\$ 537	\$ 547	\$ 551	\$ 562	\$ 573	\$ 549





## Green Valley Recreation 2003 - 2020 Dues Increase Based on CPI-W\*

Year	Membership	Amount Dues	Amount Increased	Revenue	CPI-W	CPI-W Based Dues	Would-Be Revenue	Loss Revenue
1978		\$ 150.00						
1979		\$ 150.00						
1 1980	4,222	\$ 174.00	\$ 24.00	\$ 734,628	13.49%	\$ 174.00	\$ 734,628	\$ -
2 1981	4,368	\$ 174.00	\$ -	\$ 760,032	10.25%	\$ 192.00	\$ 838,656	\$ 78,624
3 1982	4,434	\$ 189.00	\$ 15.00	\$ 838,026	5.99%	\$ 203.00	\$ 900,102	\$ 62,076
4 1983	4,792	\$ 189.00	\$ -	\$ 905,688	3.04%	\$ 209.00	\$ 1,001,528	\$ 95,840
5 1984	5,069	\$ 189.00	\$ -	\$ 958,041	3.42%	\$ 216.00	\$ 1,094,904	\$ 136,863
6 1985	5,637	\$ 204.00	\$ 15.00	\$ 1,149,948	3.54%	\$ 224.00	\$ 1,262,688	\$ 112,740
7 1986	6,206	\$ 204.00	\$ -	\$ 1,266,024	1.55%	\$ 227.00	\$ 1,408,762	\$ 142,738
8 1987	6,471	\$ 204.00	\$ -	\$ 1,320,084	3.60%	\$ 235.00	\$ 1,520,685	\$ 200,601
9 1988	6,708	\$ 204.00	\$ -	\$ 1,368,432	3.97%	\$ 244.00	\$ 1,636,752	\$ 268,320
10 1989	6,803	\$ 204.00	\$ -	\$ 1,387,812	4.82%	\$ 256.00	\$ 1,741,568	\$ 353,756
11 1990	6,899	\$ 237.00	\$ 33.00	\$ 1,635,063	5.25%	\$ 269.00	\$ 1,855,831	\$ 220,768
12 1991	7,071	\$ 237.00	\$ -	\$ 1,675,827	4.05%	\$ 280.00	\$ 1,979,880	\$ 304,053
13 1992	7,190	\$ 237.00	\$ -	\$ 1,704,030	2.91%	\$ 288.00	\$ 2,070,720	\$ 366,690
14 1993	7,310	\$ 255.00	\$ 18.00	\$ 1,864,050	2.82%	\$ 296.00	\$ 2,163,760	\$ 299,710
15 1994	4,664	\$ 255.00	\$ -	\$ 1,189,320	2.52%	\$ 303.00	\$ 1,413,192	\$ 223,872
16 1995	8,029	\$ 255.00	\$ -	\$ 2,047,395	2.83%	\$ 312.00	\$ 2,505,048	\$ 457,653
17 1996	8,500	\$ 260.00	\$ 5.00	\$ 2,210,000	2.93%	\$ 321.00	\$ 2,728,500	\$ 518,500
18 1997	8,961	\$ 296.00	\$ 36.00	\$ 2,652,456	2.22%	\$ 328.00	\$ 2,939,208	\$ 286,752
19 1998	9,390	\$ 296.00	\$ -	\$ 2,779,440	1.33%	\$ 332.00	\$ 3,117,480	\$ 338,040
20 1999	9,829	\$ 300.00	\$ 4.00	\$ 2,948,700	2.24%	\$ 339.00	\$ 3,332,031	\$ 383,331
21 2000	10,259	\$ 329.00	\$ 29.00	\$ 3,375,211	3.47%	\$ 351.00	\$ 3,600,909	\$ 225,698
22 2001	10,675	\$ 329.00	\$ -	\$ 3,512,075	2.74%	\$ 361.00	\$ 3,853,675	\$ 341,600
23 2002	11,065	\$ 336.00	\$ 7.00	\$ 3,717,840	1.36%	\$ 366.00	\$ 4,049,790	\$ 331,950
24 2003	11,430	\$ 351.00	\$ 15.00	\$ 4,011,930	2.24%	\$ 374.00	\$ 4,274,820	\$ 262,890
25 2004	11,752	\$ 375.00	\$ 24.00	\$ 4,407,000	2.20%	\$ 382.00	\$ 4,489,264	\$ 82,264
26 2005	12,107	\$ 375.00	\$ -	\$ 4,540,125	2.60%	\$ 392.00	\$ 4,745,944	\$ 205,819
27 2006	10,500	\$ 385.00	\$ 10.00	\$ 4,042,500	3.50%	\$ 406.00	\$ 4,263,000	\$ 220,500
28 2007	12,749	\$ 385.00	\$ -	\$ 4,908,365	3.20%	\$ 419.00	\$ 5,341,831	\$ 433,466
29 2008	12,898	\$ 394.00	\$ 9.00	\$ 5,081,812	4.10%	\$ 436.00	\$ 5,623,528	\$ 541,716
30 2009	13,022	\$ 403.00	\$ 9.00	\$ 5,247,866	4.10%	\$ 454.00	\$ 5,911,988	\$ 664,122
31 2010	13,154	\$ 403.00	\$ -	\$ 5,301,062	0.00%	\$ 454.00	\$ 5,971,916	\$ 670,854
32 2011	13,218	\$ 409.00	\$ 6.00	\$ 5,406,162	2.10%	\$ 464.00	\$ 6,133,152	\$ 726,990
33 2012	12,318	\$ 409.00	\$ -	\$ 5,038,062	3.60%	\$ 481.00	\$ 5,924,958	\$ 886,896
34 2013	13,338	\$ 421.00	\$ 12.00	\$ 5,615,298	2.10%	\$ 491.00	\$ 6,548,958	\$ 933,660
35 2014	13,388	\$ 440.00	\$ 19.00	\$ 5,890,720	1.40%	\$ 498.00	\$ 6,667,224	\$ 776,504
36 2015	13,461	\$ 450.00	\$ 10.00	\$ 6,057,450	0.00%	\$ 498.00	\$ 6,703,578	\$ 646,128
37 2016	13,488	\$ 475.00	\$ 25.00	\$ 6,406,800	1.70%	\$ 506.00	\$ 6,824,928	\$ 418,128
38 2017	13,504	\$ 485.00	\$ 10.00	\$ 6,549,440	1.90%	\$ 516.00	\$ 6,968,064	\$ 418,624
39 2018	13,549	\$ 493.00	\$ 8.00	\$ 6,679,657	1.60%	\$ 524.00	\$ 7,099,676	\$ 420,019
40 2019	13,593	\$ 493.00	\$ -	\$ 6,701,349	2.40%	\$ 537.00	\$ 7,299,441	\$ 598,092
41 2020	13,680	\$ 493.00	\$ -	\$ 6,744,240	1.90%	\$ 547.00	\$ 7,482,960	\$ 738,720
42 2021	13,686	\$ 505.00	\$ 12.00	\$ 6,911,430	0.80%	\$ 551.00	\$ 7,540,986	\$ 629,556
43 2022	13,686	\$ 520.00	\$ 15.00	\$ 7,116,720	2.00%	\$ 562.00	\$ 7,691,532	\$ 574,812
44 2023	13,686	\$ 535.00	\$ 15.00	\$ 7,322,010	2.00%	\$ 573.00	\$ 7,842,078	\$ 520,068
45 2024	13,686	\$ 549.00	\$ 14.00	\$ 7,513,614	2.00%	\$ 584.00	\$ 7,992,624	\$ 479,010

Preliminary Proposed 2021 Increase \$ 12.00

Net Money Left on the Table in Last 18 years \$ 10,274,948

Money Left on the Table in Last 18 years \$ 8,246,704

1.90% CPI-W Average up to May-2020.

0.80% Current estimate increase for 2021 Social Security.

\*The CPI for urban wage earners & clerical workers

**GVR**  
**Long Term Capital Project Plan**  
**Funding Projections**

All Amounts Are Projections

  = Shelved (select projects have been shelved but for forecasting purposes are included in this analysis)

		2020	2021	2022	2023	2024	2025	
<b>Inv. Initiatives</b>								
Rate	Beginning Balance	\$ 2,500,602	\$ 1,159,734	\$ 750,707	\$ 625,293	\$ 905,494	\$ 1,599,390	
	Annual Funding	\$ 484,000	\$ 495,539	\$ 513,418	\$ 534,316	\$ 555,820	\$ 516,619	
	Additional GVR Funding (Estimate)		\$ 42,487	\$ 125,730	\$ 131,214	\$ 69,033	\$ 92,116	Private Fundraising
	Additional Private Funding							
5.8%	Net Investment Earnings	\$ 103,751	\$ 52,946	\$ 35,438	\$ 39,670	\$ 69,043	\$ 108,384	
	Projects:							
	East Center (2019)	\$ (100,000)						from prior year authorization
	Pickleball	\$ (1,288,619)						from prior year authorization
	Clay Studio Expansion	\$ (80,000)						Complete approved expansion into Fiesta room
	Canoa Hills Club House & Parking							Confidential
	GVR Gathering Space/Coffee Shop							Staff recomennds locating at Las Campanas
	Woodshop Expansion							soft budget number (\$700,000)
	Major Fitness Center Expansion							Tenative start 2023-2024 - Budget \$1,200,000
	East Center Pool							Approximatly \$100,000 funding available from MRR
	Glass Arts & Ceramics Buildout							Based on Div II budget estimate, WSM architect fees and \$100,000 continge
	New Classroom							New classroom to be included with the Fitness addition at LC
	New Meeting Room							Convert part of the Ceramic Studio after relocation to CHCH
	Arts & Crafts Room							TBD
	Desert Hills Fitness Expansion							Expand into Poker Room after relocation to CHCH
	Metal Workers Shop							Replace two metal storage boxes at WC parking lot - new location TBD
	Artisan Shop							Dependent of Lapidary Project
	Lapidary/Silversmith - DH Expansion							Lapidary to move into Ceramics Sspace
	Ending Balance	\$ 1,159,734	\$ 750,707	\$ 625,293	\$ 905,494	\$ 1,599,390	\$ 2,316,509	Total Shelved
<b>Emergency</b>								
	Beginning Balance	\$ 880,329	\$ 924,848	\$ 987,377	\$ 1,054,134	\$ 1,125,404	\$ 1,201,492	
	Annual Funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	Additional Funding							
6.8%	Net Investment Earnings	\$ 59,519	\$ 62,529	\$ 66,757	\$ 71,270	\$ 76,089	\$ 60,000	
	Projects:							
	East Center (2019)	\$ (15,000)						
	Ending Balance	\$ 924,848	\$ 987,377	\$ 1,054,134	\$ 1,125,404	\$ 1,201,492	\$ 1,261,492	
<b>MRR</b>								
	Beginning Balance	\$ 7,055,756	\$ 7,387,359	\$ 6,823,944	\$ 6,367,804	\$ 5,909,647	\$ 5,719,684	
	Annual Funding (per Reserve Study)	\$ 1,005,942	\$ 1,047,186	\$ 1,090,121	\$ 1,134,816	\$ 1,181,343	\$ 1,228,597	
	Additional Funding							
6.1%	Net Investment Earnings (2.5% per Rese	\$ 208,309	\$ 175,461	\$ 162,912	\$ 151,690	\$ 143,785	\$ 286,000	
	Projects:							
	Per Reserve Study	\$ (882,648)	\$ (1,786,062)	\$ (1,709,173)	\$ (1,744,663)	\$ (1,515,091)	\$ (1,515,091)	
	Ending Balance	\$ 7,387,359	\$ 6,823,944	\$ 6,367,804	\$ 5,909,647	\$ 5,719,684	\$ 5,719,190	
	Total Board Designated Funds	\$ 9,471,941	\$ 8,562,028	\$ 8,047,231	\$ 7,940,544	\$ 8,520,566	\$ 9,297,191	

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	2015	2016	2017	2018	2019	2020
	1..12	1..12	1..12	1..12	1..12	1..7
4004 Life Care Fees	17,594	13,177	19,348	24,471	26,521	14,706
4005 Transfer Fees	66,600	373,900	473,800	458,950	443,000	247,650
4007 Guest Card Fees	97,523	56,865	92,740	82,670	114,650	45,361
4009 Tenant Fees	176,344	166,155	168,000	160,105	169,690	78,824
4102 Card Replacements	4,335	4,070	4,785	4,365	3,450	1,440
4103 Additional Card Fee	4,156	11,881	18,909	16,292	20,600	4,200
<b>Life Care, Guest Cards, Transfer, Tenant &amp; Add'l Card Fees</b>	<b>366,552</b>	<b>626,047</b>	<b>777,582</b>	<b>746,853</b>	<b>777,911</b>	<b>392,182</b>

	Fee Schedule per Year					
Life Care Fees	\$ 440	\$ 475	\$ 485	\$ 493	\$ 493	\$ 493
Transfer Fees (Some Solo Fees are at \$100)	\$100 - \$350	\$100 - \$350	\$100 - \$350	\$100 - \$350	\$100 - \$350	\$100 - \$350
Number of transactions	270	1,090	1,362	1,318	1,285	709
Guest Card Fees	\$15 - \$25	\$ 50	\$ 50	\$ 60	\$ 65	\$ 65
Tenant Fees	\$ 25	\$15 - \$135	\$15 - \$135	\$15 - \$135	\$20 - \$150	\$20 - \$150
Card Replacements	\$ 10	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15
Additional Card Fee	\$ 80	\$ 80	\$ 85	\$ 85	\$ 100	\$ 100

GVR Inc. SUPPLUS ANALYSIS  
 FY 2016- 2019  
 Calculations Based on Surplus Calculation used by GVR

	PROJECTED FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	5 Year Total	Notes:
OPERATING REVENUE	\$ 10,563,877	\$ 11,932,002	\$ 11,042,541	\$ 11,015,589	\$ 10,085,938		
OPERATING EXPENSES	<u>\$ 9,884,832</u>	<u>\$ 10,236,148</u>	<u>\$ 10,547,381</u>	<u>\$ 9,306,226</u>	<u>\$ 8,944,585</u>		
INCREASE IN OPER. NET ASSETS PER AUDIT	\$ 679,044	\$ 1,695,854	\$ 495,160	\$ 1,709,363	\$ 1,141,353		This amount comes from the audited financial statements and includes all funds, does not include unrealized gain/loss
DEPRECIATION	\$ 1,662,911	\$ 1,603,077	\$ 1,474,941	\$ 1,262,126	\$ 1,293,504		Depreciation is a non-cash expense
CAPITAL PURCHASES OF PROP. PLANT & EQUIP.	\$ (205,000)	\$ (2,640,783)	\$ (1,414,545)	\$ (1,600,745)	\$ (1,381,288)		Cash outflows for capital assets
INITIATIVES FUNDING	\$ (488,476)	\$ (643,391)					
PROVISIONS FOR MRR RESERVES	\$ (1,005,942)	\$ (966,323)	\$ (940,003)	\$ (914,400)	\$ (900,000)		
RESERVE INVESTMENT INCOME	<u>\$ (238,111)</u>	<u>\$ (940,794)</u>	<u>\$ (208,659)</u>	<u>\$ (173,059)</u>	<u>\$ (118,805)</u>		Investment Expenses are netted against earnings
<b>RECALCUALTED SURPLUS</b>	<u><b>\$ 404,427</b></u>	<u><b>\$ (1,892,360)</b></u>	<u><b>\$ (593,106)</b></u>	<u><b>\$ 283,285</b></u>	<u><b>\$ 34,764</b></u>	\$ (1,762,990)	
Actual Disbursements	<u>\$ -</u>	<u>\$ 600,000</u>	<u>\$ -</u>	<u>\$ 283,285</u>	<u>\$ 34,764</u>	<u>\$ 918,049</u>	



# Green Valley Recreation Inc

## 2 Year Expense Plan Update-Worksheet

Prepared for the 2021 Fiscal Year

\*\*\*\*\* 772 08/06/2020 v5.0;

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2020 Update- 2



Component



Inflation Rate:

2.5%



U/L



R/L

m Most Recent St  
Projected

Fund	Acct.	Dep	Ctr	Level	CID	Major	Sub w/Description	Cost	U/L	R/L	2020	2021
3			1	010-Member Services Center (MSC)	3040 28000	- Water System	134 - Backflow Valves 4" Backflow	8,127	12	1	8,330	
3			1	010-Member Services Center (MSC)	2637 25000	- Flooring	400 - Tile 1,096 sf Floors	12,099	20	1	12,401	
3			1	010-Member Services Center (MSC)	2560 22000	- Office Equipment	200 - Computers, Misc. 5 IT Servers (20%)	12,453	1	0	12,764	
3			1	800-General	2748 22000	- Office Equipment	100 - Miscellaneous Facility Maintenance Shop Contex Scanner	6,458	5	1	6,619	
3			2	030-East Social Center (EC)	2398 25000	- Flooring	220 - Carpeting 850 Sq. Yds. East Center Carpet	33,150	10	1	33,979	
3			2	030-East Social Center (EC)	2399 25000	- Flooring	610 - Vinyl 160 Sq. Yds. Art Room, Lobby, Kitchen	6,181	15	1	6,336	
3			2	030-East Social Center (EC)	2780 24600	- Safety / Access	100 - Fire Equipment Alarm & Sprinkler System	18,911	20	1	19,384	
3			2	030-East Social Center (EC)	2677 24500	- Audio / Visual	300 - PA System Sound Rack- Sound System	7,368	10	1	7,553	
3			4	090-Abrego South (ABS)	2276 12000	- Pool	758 - Equipment: Replacement Pool & Spa Equipment (50%)	17,200	5	1	17,630	
3			5	020-West Social Center (WC)	3046 28000	- Water System	158 - Backflow Valves 4" Backflow	7,021	12	1	7,197	
3			5	020-West Social Center (WC)	2517 25000	- Flooring	210 - Carpeting 448 Sq. Yds. West Center Carpet	17,472	10	1	17,909	
3			5	020-West Social Center (WC)	2520 24500	- Audio / Visual	400 - Stage Lights Stage Lighting	9,934	20	1	10,183	
3			5	020-West Social Center (WC)	2993 24000	- Furnishings	504 - Miscellaneous 500 Auditorium Unpadded Chairs	30,000	10	1	30,750	
3			5	020-West Social Center (WC)	2532 23000	- Mechanical Equipment	204 - HVAC 2 Rooftop Carrier Units- 2006	51,250	15	1	52,531	
3			5	020-West Social Center (WC)	2544 12000	- Pool	730 - Equipment: Replacement Pool & Spa Equipment (50%)	26,181	5	1	26,836	
3			5	020-West Social Center (WC)	2523 08000	- Rehab	550 - Operable Wall/Partition 320 sf Auditorium/Room 1	14,130	25	1	14,483	
3			6	120-Casa Paloma I (CPI)	2286 02000	- Concrete	460 - Pool Deck 6,128 sf Pool/Spa Area Concrete Repair (8%)	11,192	2	1	11,472	
3			6	120-Casa Paloma I (CPI)	2285 12000	- Pool	660 - Deck: Re-Surface 6,128 sf Pool/Spa Deck Coating	50,752	15	1	52,021	
3			7	130-Casa Paloma II (CPII)	2303 20000	- Lighting	260 - Pole Lights 8 Shuffleboard Lights	10,597	30	1	10,862	
3			7	130-Casa Paloma II (CPII)	2299 12000	- Pool	774 - Equipment: Replacement Pool & Spa Equipment (50%)	19,552	5	1	20,041	
3			7	130-Casa Paloma II (CPII)	2302 05000	- Roofing	348 - Low Slope: Vinyl 53 Squares- Pool Building Roofs	29,879	20	1	30,626	
3			7	130-Casa Paloma II (CPII)	2296 12000	- Pool	666 - Deck: Re-Surface 4,933 sf Pool/Spa Deck Coating	40,855	15	1	41,876	
3			8	050-Desert Hills (DH)	2900 25000	- Flooring	244 - Carpeting 300 Sq. Yds. Clubhouse Carpet	9,946	10	1	10,195	
3			8	050-Desert Hills (DH)	2369 14000	- Recreation	740 - Billiard Table 5 Billiards Room Tables	43,076	25	1	44,153	
3			8	050-Desert Hills (DH)	2392 12000	- Pool	742 - Equipment: Replacement Pool & Spa Equipment (50%)	26,668	5	1	27,335	
3			8	050-Desert Hills (DH)	2371 08000	- Rehab	324 - Restrooms 2 Auditorium Lobby Restrooms	30,750	20	1	31,519	
3			8	050-Desert Hills (DH)	2365 04500	- Decking/Balconies	200 - Resurface 1,778 sf Second Floor Deck	27,337	18	1	28,020	
3			8	050-Desert Hills (DH)	2798 14000	- Recreation	140 - Sauna: Wood Kit Sauna	6,304	25	1	6,461	
3			9	110-Madera Vista (MV)	2327 05000	- Roofing	616 - Pitched: Tile 39 Squares- Pool Building Roof	25,984	30	1	26,633	
3			10	100-Continental Vistas (CV)	2314 05000	- Roofing	612 - Pitched: Tile 13 Squares- Pool Building Roof	8,661	30	1	8,878	
3			10	100-Continental Vistas (CV)	2308		87654 648 - Deck: Re-Surface 4,748 sf Pool/Spa Deck Coating	39,323	15	1	40,306	
3			10	100-Continental Vistas (CV)	2692 13000	- Spa	142 - Resurface Spa	7,175	8	1	7,354	
3			11	060-Canoa Hills (CH)	2332 25000	- Flooring	450 - Tile 6,475 sf Clubhouse Walls & Floors	86,279	20	1	88,436	
3			11	060-Canoa Hills (CH)	2581 23000	- Mechanical Equipment	340 - HVAC Rooftop Carrier Unit #5- 2005	13,658	15	1	14,000	
3			11	060-Canoa Hills (CH)	2582 23000	- Mechanical Equipment	364 - HVAC Rooftop Carrier Unit #10- 2006	13,658	15	1	14,000	
3			11	060-Canoa Hills (CH)	2357 08000	- Rehab	224 - Locker Rooms 2 Men's, Women's & Outdoor Shower	161,745	20	1	165,789	
3			11	060-Canoa Hills (CH)	2340 08000	- Rehab	330 - Restrooms 2 Restrooms	71,904	20	1	73,701	
3			11	060-Canoa Hills (CH)	2632 03500	- Painting: Interior	130 - Building 22,750 sf All Interior Spaces	18,888	10	1	19,360	
3			12	040-Las Campanas (LC)	2645 25000	- Flooring	740 - Hardwood Floors 2,925 sf Agave & Ocotillo Floor- Replace	67,788	40	1	69,483	
3			12	040-Las Campanas (LC)	2438 24600	- Safety / Access	210 - Fire Control Misc Fire Alarm System	18,911	20	1	19,384	
3			12	040-Las Campanas (LC)	2459 12000	- Pool	738 - Equipment: Replacement Pool & Spa Equipment (50%)	23,849	5	1	24,445	
3			12	040-Las Campanas (LC)	2456 12000	- Pool	416 - ADA Chair Lift 2 Pool & Spa ADA Chairs	9,714	10	1	9,956	
3			12	040-Las Campanas (LC)	2447 01000	- Paving	320 - Asphalt: Overlay w/ Interlayer 26,000 sf North Parking Lot	45,838	25	1	46,984	
3			13	070-Santa Rita Springs (SRS)	2471 27000	- Appliances	780 - Miscellaneous 10 Kitchen Appliances (33%)	12,040	5	1	12,341	
3			13	070-Santa Rita Springs (SRS)	2478 24600	- Safety / Access	240 - Fire Control Misc Fire Alarm System	31,519	20	1	32,307	
3			13	070-Santa Rita Springs (SRS)	2473 24000	- Furnishings	600 - Miscellaneous Anza Room Furniture	56,515	10	1	57,928	
3			13	070-Santa Rita Springs (SRS)	2466 04000	- Structural Repairs	600 - Metal Railings 1,410 lf Deck, Stair & Bridge Railings (50%)	23,348	10	1	23,932	
3			13	070-Santa Rita Springs (SRS)	2772 13000	- Spa	130 - Resurface Spa	6,458	8	1	6,619	
3			14	080-Canoa Ranch (CR)	2642 25000	- Flooring	470 - Tile 2,231 sf Clubhouse Walls & Floors	28,127	20	1	28,831	
3			14	080-Canoa Ranch (CR)	2499 12000	- Pool	754 - Equipment: Replacement Pool & Spa Equipment (50%)	21,338	5	1	21,871	
3			15	800-General	2750 30000	- Miscellaneous	848 - Maintenance Truck 2011 Ford Ranger- #27	35,875	10	1	36,772	
3			15	800-General	2618 30000	- Miscellaneous	824 - Maintenance Truck 2011 Ford F150 Pickup- #18	33,114	10	1	33,942	
3			15	800-General	2565 30000	- Miscellaneous	700 - Trailer Load Trail	5,519	15	1	5,657	
											1,488,373	

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## Potential 2021 Non-Reserve Capital Projects

	Amount
<b>East Center &amp; Desert Hills</b>	
LED lighting upgrades.	\$ 15,000
<b>Casa Paloma 2</b>	
Carpet and tile Recreation Room and Kitchenette	\$ -
<b>Desert Hills and Las Capanas</b>	
Design costs for walking path.	\$ -
<b>Canoa Ranch</b>	
Shade for Aquatics equipment room	\$ 20,000
<b>Casa Paloma 1 &amp; 2, and Madera Vista</b>	
Pool and Spa lift chairs w/solar charges.	\$ -
<b>Pickleball Center</b>	
Shades	\$ -
<b>General</b>	
Clear comfort sanitation system for pool and spa	\$ -
Proximity Readers for centers - security	\$ -
CCTV for centers - security	\$ 20,000
Continue accessibilty efforts	\$ -
Membership Database	\$ 150,000
<b>Total</b>	<b>\$ 205,000</b>

# Green Valley Recreation Inc

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## 2 Year Expense Plan Update-Worksheet

Prepared for the 2021 Fiscal Year

2020 Update- 2

Major	Component	Sub w/Description	Cost	U/L	R/L	2020	From Most Recent Study		Enter Actual 2021
							Baseline 2020	Projected 2021	
22000 - Office Equipment	240 - Computers, Misc.	Office Computer Work Stations	18,500	1	0	18,500	18,500	18,963	-
24500 - Audio / Visual	160 - Projector	3 Projectors (33%)	1,281	4	1	-	-	1,313	-
01000 - Paving	100 - Asphalt: Sealing	27,762 sf Parking Lots- Seal, Stripe	5,691	5	1	-	-	5,833	-
03500 - Painting: Interior	112 - Building	17,350 sf All Interior Spaces	14,405	10	1	-	-	14,765	-
17500 - Basketball / Sport Court	210 - Seal & Striping	18,200 sf [8] Pickleball Courts	12,904	2	1	-	-	13,227	-
01000 - Paving	147 - Asphalt: Sealing	15,000 sf 2020 Addition Area (2021 Only)[nr:1]	2,550	5	1	-	-	2,614	-
03500 - Painting: Interior	106 - Building	24,000 sf All Interior Spaces	19,926	10	1	-	-	20,424	-
17000 - Tennis Court	100 - Reseal	43,200 sf [6] Tennis Courts	28,905	4	1	-	-	29,628	-
03500 - Painting: Interior	124 - Building	26,950 sf All Interior Spaces	22,375	10	1	-	-	22,935	-
05000 - Roofing	946 - Coating	13,700 sf Low Slope Roof Recoating	13,888	5	1	-	-	14,235	-
03500 - Painting: Interior	118 - Building	21,900 sf All Interior Spaces	18,182	10	1	-	-	18,637	-
03500 - Painting: Interior	136 - Building	35,500 sf All Interior Spaces	29,474	10	1	-	-	30,211	-
03000 - Painting: Exterior	406 - Wrought Iron	614 lf Metal Fencing & Railings	6,098	4	1	-	-	6,251	-
03500 - Painting: Interior	142 - Building	26,200 sf All Interior Spaces	21,753	10	1	-	-	22,296	-
01000 - Paving	170 - Asphalt: Sealing	39,629 sf Parking Lot	6,737	5	1	-	-	6,905	-
02000 - Concrete	472 - Pool Deck	4,523 sf Pool/Spa Area Concrete Repair (6%)	5,992	5	1	-	-	6,141	-
02000 - Concrete	442 - Pool Deck	5,565 sf Pool/Spa Area Concrete Repair (5%)	6,143	2	1	-	-	6,297	-
02000 - Concrete	412 - Pool Deck	4,731 sf Pool/Spa Area Concrete Repair (7.5%)	7,834	2	1	-	-	8,030	-
02000 - Concrete	430 - Pool Deck	5,975 sf Pool/Spa Area Concrete Repair (6%)	10,078	2	1	-	-	10,330	-
								259,034	-

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## Reserve Study Transmittal Letter

Date: August 06, 2020  
To: Melanie Stephenson, Green Valley Recreation Inc  
From: Browning Reserve Group (BRG)

**Re: Green Valley Recreation Inc; Update w/o 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."* **\$1,048,192** is the annual amount. Directly under the annual amount is the amount per ownership interest, per month, or other period, as applicable. **\$77.02 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, 2021, the Project is **76.4%** 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, (2020) the current fiscal year is dealt with in the study.



## Green Valley Recreation Inc

2020 Update- 2

Published - August 06, 2020

Prepared for the 2021 Fiscal Year

### Reserve Study Summary

A Reserve Study was conducted of Green Valley Recreation Inc (the "**Project**"). An **Update Without Site-Visit Review** is an update with no on-site visual observation upon where the following tasks are performed:

- life and valuation estimates;
- fund status;
- and a funding plan.

Green Valley Recreation Inc is a project with a total of 13,610 households.

### Physical Inspection

Browning Reserve Group ("**BRG**") conducted a physical inspection of the Project. The inspection encompassed those major components that the Project is required to maintain. For this study components are determined to be major components if:

1. As of the date of the study, they have a remaining useful life of less than 30 years, and a value greater than \$5,000.00.
2. Such additional components, if any, determined by the Project Manager.

### Summary of Reserves

For the fiscal year in which the Reserve Study was prepared in, 2020, the reserve contribution was per the existing 2020 budget unless otherwise noted in "*Section III, Reserve Funding Plan.*" In addition BRG relied on the Project to provide an accurate 2020 Beginning Reserve Balance.

**The status of the Project's reserves, as reflected in the following Reserve Study, is as follows:**

1. **The Expenditure Forecast of the following Reserve Study identifies the major components which the Project is obligated to repair, replace, restore or maintain, as determined in accordance with the criteria specified above, and specifies for each such component:**
  - a. **Its current estimated replacement cost;**
  - b. **Its estimated useful life; and**
  - c. **Its estimated remaining useful life.**

2. It is estimated that the total cash reserves necessary to repair, replace, restore or maintain such major components (in the aggregate) during and at the end of their first remaining useful life is \$8,931,600.
  - [For purposes of this calculation, "necessary" is defined as the Fully Funded Balance (FFB) (Component Current Cost X Effective Age / Useful Life, including a provision for interest and inflation in future years.)]
3. The current amount of accumulated cash reserves actually set aside to repair, replace, restore, or maintain such major components as of the fiscal year ending December 31, 2021 is estimated to be \$6,824,950, constituting 76.4% of the total expenditures anticipated for all such major components through their first end of useful life replacement.
4. Based upon the schedule of annual reserve contributions necessary to defray the cost of repairing, replacing, restoring or maintaining such major components in the years such expenditures are estimated to be required, it is estimated that annual reserve contributions in the initial amount of \$1,048,192 [*\$77.02 Household per yr (average)*] for the fiscal year ending December 31, 2021 (the first full fiscal year following first distribution of this report) will be necessary in order to meet all such reserve expenditures when they are projected to come due.

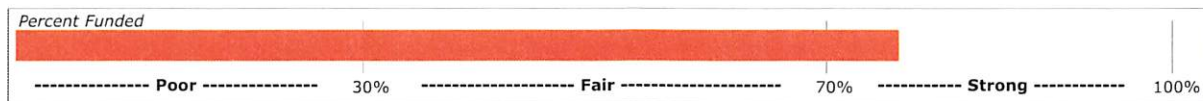
### Funding Assessment

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.

### Percent Funded Status

Based on paragraphs 1 - 3 above, the Project is 76.4% funded in the fiscal year for which the study is prepared for, 2021. The following scale can be used as a measure to determine the Project's 2021 financial picture whereas the lower the percentage, the higher the likelihood of the Project requiring future special assessments and/or large reserve contribution increases.



### Methodology

The above recommended reserve contribution for the next fiscal year (and future fiscal years as outlined in *Section III, Reserve Fund Balance Forecast*) was developed using the Cash Flow method. This is a method of developing a reserve funding plan where the contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different reserve funding plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.

## Funding Goals

The funding goal employed for Green Valley Recreation Inc is

**Threshold Funding:** Establishing a Reserve funding goal of keeping the Reserve balance above a specified dollar or Percent Funded amount. Depending on the threshold, this may be more or less conservative than "Fully Funding."

## Limitations

The intention of the Reserve Study is to forecast Green Valley Recreation's (GVR's) ability to repair or replace major components as they wear out in future years. The Reserve Study is not an engineering report, and no destructive testing was performed. The costs outlined in the study are for budgetary and planning purposes only, and actual bid costs would depend upon the defined scope of work at the time repairs are made. Also, any latent defects are excluded from this report.

## Supplemental Disclosures

### General:

BRG has no other involvement(s) with the Project which could result in actual or perceived conflicts of interest.

### Personnel Credentials:

BRG is a licensed general building contractor in California, #768851, and the owner, Robert W Browning, holds the Reserve Specialist designation, #46 from the Community Associations Institute.

### Completeness:

BRG has found no material issues which, if not disclosed, would cause a distortion of the Project's situation.

### Reliance on Client Data:

Information provided by the official representative of the Project regarding financial, physical, quantity, or historical issues will be deemed reliable by BRG.

### Scope:

This Reserve Study is a reflection of information provided to BRG and assembled for the Project's use, not for the purpose of performing an audit, quality/forensic analysis, health and safety inspection, or background checks of historical records.

### Reserve Balance:

The actual 2020 beginning reserve fund balance in this Reserve Study is based upon information provided and was not audited (by BRG).

**Reserve Projects:**

Information provided about reserve projects will be considered reliable. Any on-site inspection should not be considered a project audit, quality inspection, or health and safety review.



*Browning Reserve Group*