



FY2021 4th Draft Budget Highlights October 15, 2020

The enclosed FY2021 Budget 4th Draft on page 4r is the revised budget that updates and replaces the October 12, 2020 3rd Preliminary Draft Budget. The adjustments to this budget are described below and the page number references are identified with the subscript of letter r to help with the tracking of changes. For example, the Budget was referenced as page number 4 at the October 9th meeting and it is now referenced as 4r. **If you see the reference "version D", it is the same as this 4th Draft.**

REVENUE

1. The fee rate changes suggested by the Fiscal Affairs Committee are identified in the Fee Schedule found on page 5r.
 - a. The Transfer Fee rate is to be increased from \$350 to \$400. This will increase the budgeted Revenue by \$60,200.
 - b. The Guest Card Fee rate is to be increased from \$65 to \$70. This will increase Revenue by \$8,815
 - c. The 4 to 12-month Tenant Fee rate is to be increased from \$150 to \$155. This will increase Revenue by \$1,680
 - d. The total of these fee increases increase the Revenue budget by \$70,695.

A request to explain the projected Dues rates increases was requested. The following projected dues rates is included on page 6r. This projection includes an estimated 1.5% CPI-W inflation factor through 2025 coupled with increases required to address the current difference between actual Dues and the Dues based on CPI-W which equals \$54 (\$547 - \$493) identified on page 6r.

Year	Prior Year Dues Rate	Projected Dues with CPI-W Increase	Rate Difference Adjustment	Projected Dues Amount
2021	\$ 493	\$ 500	\$ 5	\$ 505
2022	\$ 505	\$ 513	\$ 12	\$ 525
2023	\$ 525	\$ 532	\$ 12	\$ 544
2024	\$ 544	\$ 553	\$ 12	\$ 565
2025	\$ 565	\$ 573	\$ 12	\$ 585
Total Additional Increases over 5 years			\$ 53	

An additional adjustment to the 2021 Budget is the increase of the Investment Revenue projection for 2020. This estimate of revenue is adjusted from \$23,556 loss to a \$215,818 gain for the 2020 fiscal year. Accordingly, the Net Surplus from Operations is increased to \$901,598 for 2020. Keep in mind that this Net Surplus is a projection for analysis purposes only and the final actual amounts will not be available until after the 2020 Audit is complete and can easily differ by \$100s of thousands of dollars.

The revised total Revenue decrease from 2019 Actual is \$119,883 or 1.1% for the two-year period. The 2021 Total Revised Revenue Budget of \$11,140,848 reflects a \$252,628 or 2.2% decrease from the 2020 Budget.

EXPENSES

There was some discussion at the October 9th regarding the Personnel budget. To bring clarity to this category which represents 48% of the 2021 Budget, the following points of clarification are offered:

The 2021 Personnel Budget includes increasing the minimum hourly rates to \$15.00 per hour. Additionally, the Budget includes additional positions needed for COVID sanitation related demands. The summary description is repeated as follows:

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.

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

One final adjustment that requires explanation is that the net effect of increasing the Revenues discussed above result in an adjustment to the Additional Reserve Funding / Initiatives calculation. The previous budgeted additional funding the was \$42,487 and the revised amount that includes the additional revenue of \$70,695 results in a funding amount of \$113,182 to derive a Net Zero Budget on page 4r. This increase in funding is added to the Long-Term Capital Project Plan on page 8r.

Another issue that probably should be discussed is the “Surplus” calculation. Please be aware that there is disagreement between Finance staff and last year’s board about how to best use this calculation. This calculation is included on page 9 and it is the traditional calculation that GVR used in the past and includes historical calculations for reference. The current estimate that GVR staff calculates of the projected “Surplus” of 2020 is \$363,466 give or take \$100s of thousands. If you use what is referred to as the Vos calculation which, admittedly, was approve by last year board of directors, the projected surplus is \$1,301,529. The primary difference is that the Vos calculation includes transfers from Reserve accounts to Operating Account as additions to the “Surplus”. Now that projects are paid for directly out of the Reserve accounts (MRR, Emergency, and Initiatives) we believe these transfers are not relevant. However, since the board approved this method and we are already hearing that GVR staff’s numbers are wrong, we feel that new Committee Members should be made aware. A summary of the differences between the two calculations are as follows:

GVR estimate of “Surplus”	\$ 363,466
Transfers to Operations in 2020:	
Emergency East Center Project	\$ 15,000
Initiatives East Center Project	\$ 100,000
Initiatives Pickleball Transfer	<u>\$ 823,063</u>
Vos “Surplus” Calculation	<u>\$1,301,529</u>

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GVR Budget Worksheet Summary III



2021 Budget

	2019	2020	2020	2021	2021 Bud.	2021 Budget v	2022	2023	2024			
	1..12	1..12	1..12	Budget		2020 Budget		Projected				
	Actuals	Projected	Budget		2019 Act.			Budgets				
Revenue	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	789,834			849,890	859,500	872,437		
	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	10,169,948	256,285	2.6%	299,623	3.0%	10,542,364	10,877,695	11,206,297
	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	286,998	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
Total Operating Revenue	11,260,731	10,402,158	11,393,476	11,140,848	(119,883)	(1.1%)	(252,628)	-2.2%	11,541,284	11,909,115	12,271,406	
Expenses	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	
Total Operating Expenses	10,289,265	9,972,832	11,144,791	11,196,453	(907,188)	(8.8%)	(51,662)	-0.5%	11,478,070	11,805,937	12,148,811	
Net	Gross surplus(Rev-Exp)/ Net Cash Flow	971,466	429,326	248,685	(55,605)			63,214	103,178	122,595		
	Unrea. Gain/Loss on Invest.	724,387	472,273	-	-			-	-	-		
	Accrual Basis Net from Operations	1,695,853	901,598	248,685	(55,605)			63,214	103,178	122,595		
Adj. to Cash Basis	Subtract:											
	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				(113,182)			(185,930)	(191,414)	(129,233)		
	Reserved Funding/MRR				(1,048,192)			(1,092,216)	(1,138,089)	(1,185,889)		
	Cash Basis Changed in Net Assets Net of Reserved				(2,152,000)			(2,184,680)	(2,234,535)	(2,240,551)		
	Add Back:											
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			
Cash Basis Net Surplus (Deficit)				-	<- Balance		(0)	-	(0)			

Fee Schedule

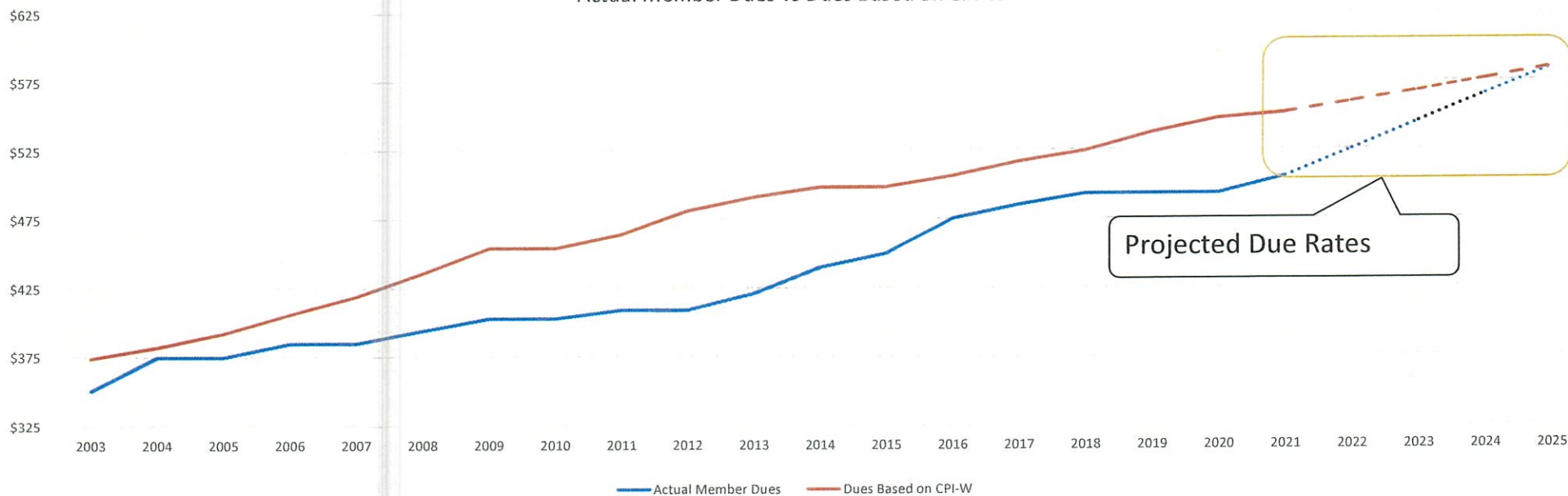
	2019 as of 05/31/20			2021			Sun City Fees	Per CPI- W	2022			2023			2024		
	#			#					#			#			#		
	Fee	Transact.	Revenue	Fee	Transact.	Revenue			Fee	Transact.	Revenue	Fee	Transact.	Revenue	Fee	Transact.	Revenue
4000 - Annual Dues per Household	\$ 493	13,680	\$ 6,744,240	\$ 505	13,703	\$ 6,920,015	\$ 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	\$ 400	1,204	\$ 481,600	\$ 300		\$ 400	1,204	\$ 481,600	\$ 400	1,204	\$ 481,600	\$ 400	1,204	\$ 481,600
4007 - Guest Card Fees	\$ 65	1,763	\$ 114,595	\$ 70	1,763	\$ 123,410			\$ 75	1,763	\$ 132,225	\$ 80	1,763	\$ 141,040	\$ 80	1,763	\$ 141,040
4009 - Tenant Fees			\$ 169,185			\$ 139,159					\$ 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	\$ 155	336	\$ 52,080	\$ 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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Actual Member Dues vs Dues Based on CPI-W



GVR	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Actual Member Dues	\$ 351	\$ 375	\$ 375	\$ 385	\$ 385	\$ 394	\$ 403	\$ 403	\$ 409	\$ 409	\$ 421	\$ 440	\$ 450	\$ 475	\$ 485	\$ 493	\$ 493	\$ 493	\$ 505	\$ 525	\$ 544	\$ 565	\$ 585
Dues Based on CPI-W	\$ 374	\$ 382	\$ 392	\$ 406	\$ 419	\$ 436	\$ 454	\$ 454	\$ 464	\$ 481	\$ 491	\$ 498	\$ 498	\$ 506	\$ 516	\$ 524	\$ 537	\$ 547	\$ 551	\$ 559	\$ 567	\$ 576	\$ 585

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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
Inv. Initiatives						
Rate						
Beginning Balance	\$ 2,500,602	\$ 1,622,861	\$ 1,311,549	\$ 1,279,057	\$ 1,657,600	\$ 2,455,577
Annual Funding	\$ 484,000	\$ 495,539	\$ 513,418	\$ 534,316	\$ 555,820	\$ 516,619
Additional GVR Funding (Estimate)		\$ 113,182	\$ 185,930	\$ 191,414	\$ 129,233	\$ 154,940
Additional Private Funding						\$ -
5.8% Net Investment Earnings	\$ 116,878	\$ 79,967	\$ 68,160	\$ 77,813	\$ 112,923	\$ 158,336
Projects:						
East Center (2019)	\$ (100,000)					
Pickleball	\$ (1,288,619)					
Clay Studio Expansion	\$ (80,000)					
Canoa Hills Club House & Parking	\$ -					
GVR Gathering Space/Coffee Shop	\$ (10,000)					
Woodshop Expansion		\$ -	\$ -	\$ -		
Major Fitness Center Expansion		\$ (500,000)				
East Center Pool		\$ (500,000)				
Glass Arts & Ceramics Buildout		\$ (500,000)	\$ (800,000)	\$ (100,000)		
New Classroom			\$ -			
New Meeting Room				\$ (75,000)		
Arts & Crafts Room				\$ -		
Desert Hills Fitness Expansion				\$ (50,000)		
Metal Workers Shop					\$ -	
Artisan Shop					\$ -	
Lapidary/Silversmith - DH Expansion				\$ (200,000)		
						\$ (1,525,000) Total Shelved
Ending Balance	\$ 1,622,861	\$ 1,311,549	\$ 1,279,057	\$ 1,657,600	\$ 2,455,577	\$ 3,285,471
Emergency						
Rate						
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
MRR						
Rate						
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	\$ 9,935,068	\$ 9,122,870	\$ 8,700,994	\$ 8,692,650	\$ 9,376,752	\$ 10,266,153

Private Fundraising

from prior year authorization
from prior year authorization

Complete approved expansion into Fiesta room

Confidential

Staff recomennds locating at Las Campanas soft budget number (\$700,000)

Tenative start 2023-2024 - Budget \$1,200,000

Approximatly \$100,000 funding available from MRR

Based on Div II budget estimate, WSM architect fees and \$100,000 continge

New classroom to be included with the Fitness addition at LC

Convert part of the Ceramic Studio after relocation to CHCH

TBD

Expand into Poker Room after relocation to CHCH

Replace two metal storage boxes at WC parking lot - new location TBD

Dependent of Lapidary Project

Lapidary to move into Ceramics Sspace

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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	\$ 10,874,430	\$ 11,932,002	\$ 11,042,541	\$ 11,015,589	\$ 10,085,938		
OPERATING EXPENSES	\$ 9,972,832	\$ 10,236,148	\$ 10,547,381	\$ 9,306,226	\$ 8,944,585		
INCREASE IN OPER. NET ASSETS PER AUDIT	\$ 901,598	\$ 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	\$ 1,762,911	\$ 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	\$ (495,539)	\$ (643,391)					
PROVISIONS FOR MRR RESERVES RESERVE INVESTMENT INCOME	\$ (1,005,942)	\$ (966,323)	\$ (940,003)	\$ (914,400)	\$ (900,000)		
	\$ (594,563)	\$ (940,794)	\$ (208,659)	\$ (173,059)	\$ (118,805)		Investment Expenses are netted against earnings for Res
RECALCUALTED SURPLUS	\$ 363,466	\$ (1,892,360)	\$ (593,106)	\$ 283,285	\$ 34,764	\$ (1,803,951)	
Actual Disbursements	\$ -	\$ 600,000	\$ -	\$ 283,285	\$ 34,764	\$ 918,049	

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