



AGENDA

Fiscal Affairs Committee

Tuesday, August 20, 2024

11am – 3:00pm MST

West Center Room 2 / Zoom

GVR's Mission Statement: "To provide excellent facilities and services that create opportunities for recreation, social activities, and leisure education to enhance the quality of our members' lives."

Committee: Carol Crothers (Chair), Dale Howard, Nellie Johnson, Bob Quast, Pat Reynolds, Steve Reynolds, Lanny Smith, Priscilla Spurgeon, Marge Garneau (ex-officio), Scott Somers (CEO), David Webster (CFO/Liaison)

Agenda Topic

1. **Call to Order / Roll Call - Establish Quorum**
2. **Approve Meeting Minutes:** June 18, 2024
3. **Chair Comments**
4. **Browning Maintenance Repair & Replacement Fund**
5. **Lunch Provided**
6. **Staff Reports**
 - a. Financial Report, July, 2024
 - b. Financial Policies
7. **Business**
 - a. Approve July 2024 Financial Report
 - b. Review and recommend Financial Policies
8. **Member Comments**
9. **Adjournment**

Next Meeting: Tuesday, September 17, 2024, 1:30-3:00pm, WC-Rm 2/Zoom



MINUTES

Fiscal Affairs Committee

Tuesday, June 18, 2024

1:30pm – 3:00pm MST

West Center Room 2 / Zoom

GVR's Mission Statement: "To provide excellent facilities and services that create opportunities for recreational, social activities, and leisure education to enhance the quality of our members' lives.

Committee: Carol Crothers, Treasurer and Chair, Dale Howard, Nellie Johnson, Bob Quast, Pat Reynolds, Steve Reynolds, Lanny Smith, Priscilla Spurgeon, Mandy Vernalia

Attendees: Scott Somers (CEO), David Webster (CFO/Liaison), Howey Murray (Controller)

Board Members: Jim Carden

1. **Call to Order / Roll Call** - Establish Quorum
2. Review/accept Minutes from meeting of May 21, 2024.
MOTION: Johnson moved / Quast seconded to approve and accept minutes from May 21, 2024.
Passed: unanimous
3. Chair Comments: None
4. Staff reports/ Financial report for May 2024
 - **Gross Surplus \$263,129 under budget YTD**
 - **May home sales (MCF) underbudget 94 actual compared to 103 budgeted**
 - **Appears June MCF will also be under budget**
 - **Total operating cash 4.74 million, strong cash position**
 - **Investment Income YTD \$188,922 (Dividends and interest)**
 - **Personnel over budget \$94,000**
 - **Adjusting for shift in Custodial services over budget \$5,000**
 - **Estimate MCF will be 18% under budget by year end**
 - **CFO met with all managers and directors to cut their expenses to address/balance for under budget MCF**
 - **New AZ house bill limits circumstances when MCF fee can be charged, estimate \$50,000 loss income in second half of 2024 and \$200,000 reduction annually thereafter**

Code of Conduct: GVR encourages the Board Directors and members to voice concerns and comments in a professional, business-like, and respectful manner.

MOTION: Quast moved/ Crothers seconded to approve the May 2024 financial statements.

Passed: unanimous

5. 2024-2025 FAC Work Plan

MOTION: Johnson moved/Quast seconded to approve 2024-2025 FAC work plan.

Passed: unanimous

6. Member Comments: No member comments

7. Adjourn

MOTION: Quast moved/Spurgeon seconded to adjourn.

Passed: unanimous

Next Meeting (**Work Session not formal FAC**): Tuesday July 16, 2024, 1:30 p.m. - 3:00 p.m. WC Room 2

DRAFT



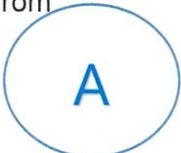
**Fiscal Affairs
Financial Report
As of July 31, 2024**

The enclosed Financial Statements and supplemental schedules provide relevant information Year to Date through July, 2024 and include the financial statements as of July 31, 2024. These statements include the Statement of Financial Position, Statement of Activities, Statement of Change in Net Assets, and Investment Portfolio.

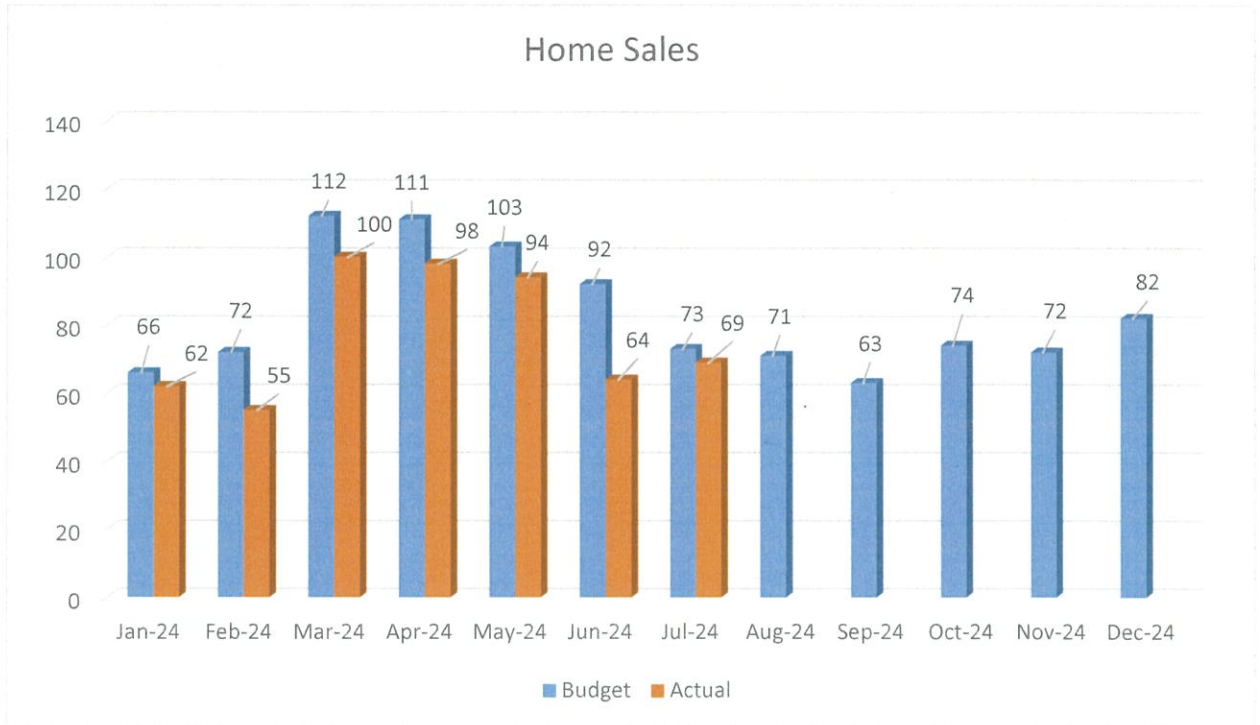
- The following table summarizes the July 31, 2024 total year to date Increase in Net Assets based on GVR's 2024 Financial Statements:

Month	Operating Increase Net Assets	Unrealized Gains on Investments	GVR 2024		Budget Variance	
			Total Increase in Net Assets	Homes Sold	Income Variance Favorable (Unfavorable)	Expense Variance Favorable (Unfavorable)
Jan-24	\$145,243	\$20,176	\$165,419	62	(\$58,362)	\$124,803
Feb-24	(\$77,024)	\$126,995	\$49,971	55	(\$21,136)	(\$211,318)
Mar-24	\$91,330	\$152,470	\$243,800	100	\$73,122	(\$60,989)
Apr-24	\$100,779	(\$270,279)	(\$169,500)	98	(\$59,876)	\$27,788
May-24	\$68,182	\$229,361	\$297,543	94	(\$72,867)	(\$4,294)
Jun-24	(\$81)	\$89,472	\$89,391	64	(\$75,917)	(\$64,657)
Jul-24	(\$12,431)	\$244,324	\$231,893	69	(\$17,506)	\$6,483
Aug-24			\$0			
Sep-24			\$0			
Oct-24			\$0			
Nov-24			\$0			
Dec-24	\$0	\$0	\$0	0	\$0	\$0
Total YTD '24	\$315,998	\$592,519	\$908,517	542	(\$232,542)	(\$182,184)

- While the preceding table illustrates the performance for the year 2024 according to the Financial Statements, it does not include any reduction for the necessary funding from Operations for Reserve Funds that are included in GVR's 2024 budget.



- There were 69 Home Resales during the month of July. This number of sales is 4 (6%) less than budgeted for July and 14 less than July of the prior year. Year to date, GVR is 87 (14%) homes under budget. GVR offsets these sales with an allowance for Membership Change Fee Refunds for Members who transition from a primary residence. The Property Report is on page 8 and the current allowance is \$220,235 (page 2). The following graph illustrates the actual compared to the monthly budgeted number of home sales with actual sales updated through July, 2024.



- The number of homes sold through the first 15 days of August are 24 and the pending closings for the remainder of the month equals 25. Therefore, GVR is expecting about 49 home sales for the month of July 2024 compared to the budgeted 71. The expected variance for July is 22 homes (71 – 49) which is 31% under budget for the month of July.
- The July 2024 Statement of Financial Position (page 2) reports the Total Net Assets to be \$33,590,657 which is a \$908,517 increase for the year (page 2 and 3) and includes \$592,519 of Unrealized Gains on Investments for July 2024 year to date.
- The July 31 Operational cash on hand is \$528,118 (page 2). When combined with Operational Cash Investments in both JP Morgan accounts, total Operational Cash equals \$3,868,503 which is a \$348,850 decrease during the month of July. The cash projections for 2024 are on pages 6 and 7.

- The Net Fixed Assets are \$22,627,560 as of July 31, 2024 (page 2). Total net Capital Purchases for the year to date are \$1,806,907. The summary report of the Capital Projects is included on page 9.
- Total Current Liabilities are \$3,909,859 (page 2). This includes 5 months of Deferred Dues revenue for 2024.
- Designated Net Assets equal \$10,617,392 (detailed on pages 4 – 5) which reflects a net decrease of \$25,976 for the month of July, 2024. The year-to-date net unrealized investment gain on investments are \$592,519 and are included in these balances.
- The Statement of Activities (page 3) indicates that Total Year to Date Revenue is \$6,990,892 which is 3.2% under budget and 0.05% less than the prior year. The primary driver of this negative variance is the Capital Revenue being under budget due to the lower than predicted sale of homes year to date, July 2024.
- The Cash Requirements Reports for 2024 are included on pages 6 through 7. GVR's cash collections and Operating Cash balances are reasonable as projected.
- The total expenses for the year are \$6,674,874 which is \$182,184 (2.8%) over budget and 5% more than the prior year (page 3). The following is a high-level summary of the amounts and percentage variance to budget for the year-to-date July 31, 2024:



EXPENSES YTD JULY 2024				
<u>Expense Category</u>	<u>Total Expenses</u>	<u>Variance Pos. (Neg.)</u>	<u>%</u>	<u>Summary</u>
Facilities & Equipment	2,073,908	11,478	1%	Utilities are over budget by 20% (primarily electric).
Program Expenses	432,128	(143,353)	-50%	Recreation Contracts are \$115,778 over budget and are offset with the \$141,787 of Recreational Income over budget
Communications	140,671	(6,577)	-5%	Includes cost for mailings to non-restricted deed residents
Operational Expenses	399,175	6,318	2%	Signage is under budget for 2024
Corporate Expenses	392,819	92,219	19%	Professional fees are \$34,524 (24%) under budget through July 2024
Personnel & Benefits	<u>3,236,193</u>	<u>(142,269)</u>	-5%	Wages 9% over budget and includes custodial labor. Benefits 19% under budget.
TOTAL EXPENSES	<u>6,674,894</u>	<u>(182,184)</u>	<u>-2.8%</u>	For analysis purposes, this total can be reduced by \$115,778 of Recreational Contracts for which there is income to offset these costs

- Of the \$182,184 of total expenses that are greater than budgeted, \$115,778 is for Recreation contracts that are more than budgeted. This is an acceptable overage because the corresponding Recreational Revenue is \$141,787 greater than budgeted.





Green Valley Recreation, Inc.

CONSOLIDATED FINANCIAL STATEMENTS

The accompanying pages are the Financial Reports for July 31, 2024. The four statements are:

Statement of Financial Position.

This is also known as a Balance Sheet or the Statement of Net Assets.

Statement of Activities

Also known as an Income and Expense statement. This report shows the types of Income, the categories of expense and the unrealized Investment Market changes for the year to date. The bottom line in this report is the net for all the reserve accounts maintained by GVR.

Statement of Changes in Net Assets

This report displays the financial activity of the four reserves that make up the Net Assets of Green Valley Recreation. These reserves are:

Unrestricted - These net assets include the Fixed Assets (land, buildings and equipment), undesignated current assets less the current liabilities and deferred revenue items.

Emergency - Designated by the Board of Directors, this reserve is held to provide liquidity when needed for operational emergencies.

Maint - Repair - Replacement - designated by the Board of Directors, this reserve is the accumulation of assets in support of the Reserve Study which is mandated for Common Interest Realty Associations like Green Valley Recreation. Annual amounts are budgeted and transferred into this reserve for the purposes of the name of this reserve.

MRR-B Pools and Spas - Board designated reserve for end of life replacement of Pools and Spas

Initiatives - This reserve is designated by the Board of Directors to help with the funding for new programs that evolve from member interests and demands. Innovation in programming enables GVR to respond to member expectations.

Investment Portfolios

This report displays the market values of investments at the beginning of the year, the dollar amounts of changes that occurred from January 1st to the date of the financial statements. The unrealized gain or loss on market value changes is shown on a separate line to result in the market value of investments as of the reporting month end. The investments related to each of the Reserves (Unrestricted and Designated) are included in separate columns.



Green Valley Recreation, Inc.
Statement of Financial Position
 As of Date: July 31, 2024 and Dec 31, 2023

	July 31, 2024	Dec 31, 2023
	Total	Total
ASSETS		
Current Assets		
Cash/Cash Equivalents	528,118	2,599,548
Accounts Receivable	339,807	220,589
Prepaid Expenses	76,392	218,015
Maintenance Inventory	-	22,003
Designated Investments (Charles S./SBH)		
Emergency - Fund	621,733 ⁽¹⁾	560,194 ⁽¹⁸⁾
MRR - Fund	8,044,393 ⁽²⁾	7,175,602 ⁽¹⁹⁾
Initiatives - Fund	779,359 ⁽³⁾	1,750,056 ⁽²⁰⁾
Pools & Spas - Fund	1,171,907 ⁽⁴⁾	814,765 ⁽²¹⁾
Total Designated Investments (CS/SBH)	10,617,392 ⁽⁵⁾	10,300,617 ⁽²²⁾
Undesignated Invest. (JP Morgan Long Term)	1,844,385 ⁽⁶⁾	1,699,386 ⁽²³⁾
Undesignated Invest. (JP Morgan)	1,496,000 ⁽⁷⁾	1,767,892 ⁽²⁴⁾
Investments	13,957,777 ⁽⁸⁾	13,767,895 ⁽²⁵⁾
Total Current Assets	14,902,095	16,828,050
Fixed Assets		
Contributed Fixed Assets	18,017,085	18,017,085
Purchased fixed Assets	32,810,944	31,004,036
Sub-Total	50,828,028	49,021,121
Less - Accumulated Depreciation	(28,200,469)	(27,464,438)
Net Fixed Assets	22,627,560 ⁽⁹⁾	21,556,682 ⁽²⁶⁾
Operating Lease ROU, Net of Accum. Amortization	-	-
Finance Lease ROU, Net of Accum. Amortization	72,483	72,483
Total Assets	37,602,137	38,457,215
LIABILITIES		
Current Liabilities		
Accounts Payable	375,557	727,655
Deferred Dues Fees & Programs	3,002,475	4,533,756
Accrued Payroll	268,623	156,036
Compensation Liability	-	-
MCF Refund Liability	217,230	211,700
In-Kind Lease Liability - Current	5,666	4,000
Operating ROU Liability - Current	-	-
Financing ROU Liability - Current	40,307	40,307
Total Current Liabilities	3,909,859	5,673,454
In-Kind Lease Liability - LT	46,667	46,667
Notes Payable	11,000	11,000
Financing ROU Liability - LT	43,954	43,954
Total Long Term Liabilities	101,621	101,621
TOTAL NET ASSETS	33,590,657 ⁽¹⁰⁾	32,682,140 ⁽²⁷⁾
NET ASSETS		
Temporarily Designated:		
Board Designated:		
Emergency	621,733 ⁽¹¹⁾	560,194 ⁽²⁸⁾
Maint - Repair - Replacement	8,044,394 ⁽¹²⁾	7,175,602 ⁽²⁹⁾
Initiatives	779,359 ⁽¹³⁾	1,750,056 ⁽³⁰⁾
Pools & Spas	1,171,907 ⁽¹⁴⁾	814,765 ⁽³¹⁾
Sub-Total	10,617,393 ⁽¹⁵⁾	10,300,617
Unrestricted Net Assets	22,064,747	22,381,524
Net change Year-to-Date	908,517 ⁽¹⁶⁾	-
Unrestricted Net Assets	22,973,264 ⁽¹⁷⁾	22,381,524
TOTAL NET ASSETS	33,590,657	32,682,140



Green Valley Recreation, Inc.
Summary Statement of Activities
 YTD Period: 7 month period ending July 31, 2024
 FY Budget Period: Jan 1, 2024 - Dec 31, 2024

	PRIOR YEAR COMPARISON				BUDGET COMPARISON				Fiscal Year Budget	Remaining FY Budget
	2023 YTD Actual	2024 YTD Actual	Year to Year Variance	%	YTD Actual	YTD Budget	YTD Variance	%		
Revenue										
Member Dues	4,116,757	4,165,068	48,311	1%	4,165,068	4,160,771	4,298	0.1%	7,132,750	2,967,682
LC, Trans., Crd Fees.	478,452	440,886	(37,566)	(8%)	440,886	439,212	1,674	0%	705,637	264,751
Capital Revenue	1,730,148	1,537,886	(192,262)	(11%)	1,537,886	1,939,379	(401,493)	(21%)	3,039,780	1,501,894
Programs	83,579	165,921	82,342	99%	165,921	69,645	96,276	138%	92,403	(73,518)
Instructional	223,564	290,377	66,813	30%	290,377	244,866	45,512	19%	393,000	102,623
Recreational Revenue	307,143	456,298	149,155	49%	456,298	314,511	141,787	45%	485,403	29,105
Investment Income	298,320	278,413	(19,907)	(7%)	278,413	248,184	30,229	12%	425,458	147,046
Advertising Income	-	-	-	0%	-	-	-	0%	-	-
Cell Tower Lease Inc.	27,496	28,381	885	3%	28,381	27,471	910	3%	47,093	18,711
Comm. Revenue	27,496	28,381	885	3%	28,381	27,471	910	3%	47,093	18,711
Other Income	53,894	63,802	9,908	18%	63,802	68,796	(4,994)	(7%)	87,072	23,270
Facility Rent	11,859	17,825	5,966	50%	17,825	11,667	6,158	53%	20,000	2,175
Marketing Events	-	-	-	0%	-	-	-	0%	-	-
In-Kind Contributions	2,333	2,333	-	0%	2,333	2,333	-	0%	4,000	1,667
Del Sol Café Revenue	-	-	-	0%	-	11,111	(11,111)	(100%)	25,000	25,000
Other Revenue	68,087	83,960	15,874	23%	83,960	93,907	(9,947)	(11%)	136,072	52,112
Total Revenue	7,026,403	6,990,892	(35,511)	(1%)	6,990,892	7,223,434	(232,542)	(3.2%)	11,972,193	4,981,301
Expenses										
Major Proj.-Rep. & Maint.	217,535	244,261	(26,726)	(12%)	244,261	285,315	41,054	14%	489,203	244,941
Facility Maintenance	161,606	171,447	(9,841)	(6%)	171,447	237,734	66,286	28%	405,251	233,804
Fees & Assessments	12,635	3,812	8,823	70%	3,812	749	(3,063)	(409%)	5,000	1,188
Utilities	636,456	683,577	(47,121)	(7%)	683,577	570,760	(112,818)	(20%)	1,000,134	316,557
Depreciation	793,933	736,031	57,902	7%	736,031	764,834	28,804	4%	1,275,000	538,969
Furniture & Equipment	189,979	179,012	10,966	6%	179,012	168,817	(10,195)	(6%)	268,945	89,933
Vehicles	56,466	55,767	699	1%	55,767	57,176	1,409	2%	98,000	42,233
Facilities & Equipment	2,068,610	2,073,908	(5,298)	(0%)	2,073,908	2,085,386	11,478	1%	3,541,533	1,467,625
Wages	2,243,394	2,562,346	(318,952)	(14%)	2,562,346	2,347,385	(214,962)	(9%)	4,047,812	1,485,466
Payroll Taxes	171,131	216,056	(44,925)	(26%)	216,056	182,929	(33,128)	(18%)	323,634	107,577
Benefits	522,474	457,790	64,684	12%	457,790	563,610	105,820	19%	964,545	506,755
Personnel	2,937,000	3,236,193	(299,193)	(10%)	3,236,193	3,093,923	(142,269)	(5%)	5,335,990	2,099,798
Food & Catering	14,165	39,652	(25,487)	(180%)	39,652	12,667	(26,985)	(213%)	21,386	(18,267)
Recreation Contracts	231,145	324,604	(93,460)	(40%)	324,604	208,826	(115,778)	(55%)	348,685	24,081
Bank & Credit Card Fees	60,961	67,871	(6,911)	(11%)	67,871	67,282	(589)	(1%)	77,000	9,129
Program	306,271	432,128	(125,857)	(41%)	432,128	288,775	(143,353)	(50%)	447,071	14,943
Communications	58,117	70,326	(12,209)	(21%)	70,326	58,037	(12,289)	(21%)	96,023	25,697
Printing	52,281	52,592	(312)	(1%)	52,592	64,637	12,045	19%	103,183	50,590
Advertising	16,755	17,753	(998)	(6%)	17,753	11,420	(6,333)	(55%)	17,920	167
Communications	127,153	140,671	(13,519)	(11%)	140,671	134,094	(6,577)	(5%)	217,126	76,454
Supplies	311,684	325,678	(13,994)	(4%)	325,678	323,679	(1,999)	(1%)	558,587	232,909
Postage	7,686	9,791	(2,105)	(27%)	9,791	5,964	(3,827)	(64%)	17,922	8,131
Dues & Subscriptions	9,211	8,493	718	8%	8,493	9,662	1,169	12%	17,091	8,598
Travel & Entertainment	1,120	-	1,120	100%	-	1,200	1,200	100%	1,600	1,600
Other Operating Expense	60,217	55,213	5,004	8%	55,213	64,988	9,775	15%	113,884	58,671
Operations	389,918	399,175	(9,257)	(2%)	399,175	405,493	6,318	2%	709,084	309,909
Information Technology	78,749	67,553	11,196	14%	67,553	79,129	11,576	15%	136,781	69,228
Professional Fees	217,712	108,471	109,240	50%	108,471	142,996	34,524	24%	213,816	105,345
Commercial Insurance	195,444	204,251	(8,808)	(5%)	204,251	206,973	2,722	1%	354,812	150,560
Taxes	24,694	(259)	24,953	101%	(259)	18,383	18,642	101%	33,000	33,259
Conferences & Training	14,141	6,658	7,482	53%	6,658	25,013	18,354	73%	34,127	27,469
Employee Recognition	2,349	6,144	(3,794)	(161%)	6,144	12,544	6,400	51%	21,500	15,356
Provision for Bad Debt	-	-	-	0%	-	-	-	0%	-	-
Corporate Expenses	533,088	392,819	140,269	26%	392,819	485,038	92,219	19%	794,036	401,216
Expenses	6,362,039	6,674,894	(312,855)	(5%)	6,674,894	6,492,710	(182,184)	(2.8%)	11,044,839	4,369,945
Gross Surplus(Rev-Exp)	664,364	315,998	(348,366)	(52%)	315,998	730,724	(414,726)	(57%)	927,354	611,356
Net Gain/Loss on Invest.	486,201	592,519	106,318		592,519	-	592,519		-	(592,519)
Net from Operations	1,150,565	908,517	(242,048)	(21%)	908,517	730,724	177,793		927,354	18,837



Green Valley Recreation, Inc.
Statement of Changes in Net Assets
 As of Date: July 31, 2024 and Dec 31, 2023

	Totals	Unrestricted		Emergency Reserve Fund	Maint - Repair - Replacement Reserve Fund	Initiatives Reserve Fund	Pools & Spas Reserve Fund
		Unrestricted	Fixed Assets				
Net change in net assets-GVR	908,517 (16)	908,517	-	-	-	-	-
Transfers between unrestricted and reserves:							
Reserve Study Allocation	-	-	-	-	-	-	-
Principal Transfers							
Transfers For Funding	-	(1,834,770)	-	-	1,220,295	315,075	299,400
Transfers Prev. Yr. Surplus	-	-	-	-	-	-	-
Transfers Curr. Yr. Surplus	-	-	-	-	-	-	-
Transfers Between Funds	-	-	-	-	-	-	-
Depreciation	-	736,031	(736,031)	-	-	-	-
Disposal of Fixed Assets	-	-	-	-	-	-	-
Purchase & Contributed Fixed Assets	-	(23,251)	1,516,515	-	(547,337)	(819,636)	-
Purchases Withdrawals Outstanding	-	733,210	-	-	(228,132)	(505,078)	-
Allocations of Net Change components:							
Investment income	-	(160,898)	-	5,949	120,004	19,626	15,318
Investment Expenses	-	57,383	-	(2,958)	(41,961)	(6,988)	(5,476)
Net Gains (Losses) in Investments	-	(478,675)	-	58,547	345,924	26,303	47,900
Net Change to July 31, 2024	908,517 (16)	(62,453)	780,484	61,539	868,792	(970,697)	357,142
Net Assets at, Dec 31, 2023	32,682,140 (27)	824,841	21,556,682 (26)	560,194 (28)	7,175,602 (29)	1,750,056 (30)	814,765 (31)
Net Assets as at, July 31, 2024	33,590,657 (10)	762,388	22,337,167 (9)	621,733 (11)	8,044,394 (12)	779,359 (13)	1,171,907 (14)
Footnotes refer to Statement of Financial Position and Statement of Activities		23,099,555 (17)		10,617,393 (15)			



Green Valley Recreation, Inc.
Investment Portfolios
Changes and Market Values
Beginning of Year and Current Month End

	Totals	Unrestricted	Emergency Reserve Fund	Maint - Repair - Replace Reserve Fund	Initiatives Reserve Fund	Pools & Spas Reserve Fund
Balance Dec 31, 2023 (at Market)	13,767,895 ⁽²⁵⁾	3,467,278 ⁽²⁴⁾	560,194 ⁽¹⁸⁾	7,175,602 ⁽¹⁹⁾	1,750,056 ⁽²⁰⁾	814,765 ⁽²¹⁾
Changes since Jan 1, 2023:						
Principal Transfers	2,634,770	800,000	-	1,220,295	315,075	299,400
Investment income	270,160	109,263	5,949	120,004	19,626	15,318
Withdrawals	(3,250,183)	(1,150,000)	-	(775,469)	(1,324,714)	-
Investment Expenses	(57,383)	-	(2,958)	(41,961)	(6,988)	(5,476)
Net Change for 7 Months	(402,636)	(240,737)	2,991	522,869	(997,000)	309,242
Balance before Market Change at July 31, 2024	13,365,259	3,226,541	563,186	7,698,470	753,056	1,124,007
7 Months Net Change in Investments Gain/(Loss)	592,519	113,844	58,547	345,924	26,303	47,900
Balance at July 31, 2024 (at Market)	\$ 13,957,778 ⁽⁸⁾	3,340,385 ⁽⁶⁾ ⁽⁷⁾	621,732.76 ⁽¹⁾	8,044,394 ⁽²⁾	779,359 ⁽³⁾	1,171,907 ⁽⁴⁾

10,617,393 ⁽¹⁵⁾

Footnotes refer to Statement of Financial Position and Statement of Activities

GVR Cash Requirements Report

FY 2024

ACTUAL / PROJECTED	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Projected	Projected	Projected	Projected	Projected
	<u>Jan-24</u>	<u>Feb-24</u>	<u>Mar-24</u>	<u>Apr-24</u>	<u>May-24</u>	<u>Jun-24</u>	<u>Jul-24</u>	<u>Aug-24</u>	<u>Sep-24</u>	<u>Oct-24</u>	<u>Nov-24</u>	<u>Dec-24</u>
Operating Cash at CHASE												
Beginning of Month Balance	2,599,548	687,320	440,036	640,817	832,509	704,891	562,670	528,787	591,720	669,477	778,586	1,403,878
Transfer In	-	-	650,000	500,000	400,000	400,000	400,000	500,000	500,000	500,000	500,000	-
Transfer Out	(3,519,695)	-	-	-	-	-	-	-	-	-	-	(3,000,000)
Cash Receipts	2,651,721	600,340	647,937	468,890	441,316	288,357	313,243	390,524	408,242	301,333	881,338	4,188,093
Cash Disbursements	(1,044,254)	(847,624)	(1,097,156)	(777,198)	(968,934)	(830,577)	(747,127)	(827,590)	(830,485)	(692,224)	(756,046)	(787,795)
Net Operating Cash Flow	1,607,467	(247,284)	(449,219)	(308,308)	(527,618)	(542,220)	(433,884)	(437,066)	(422,243)	(390,891)	125,292	3,400,299
Ending of Month Balance	687,320	440,036	640,817	832,509	704,891	562,670	528,787	591,720	669,477	778,586	1,403,878	1,804,176
Operating Investment Accounts (A&B)												
Beginning of Month Balance	3,467,278	5,479,125	5,521,619	4,935,278	4,388,227	4,039,180	3,651,278	3,340,384	2,845,952	2,350,695	1,854,613	1,357,704
Transfer In	2,000,000	-	-	-	-	-	-	-	-	-	-	3,000,000
Transfer Out	-	-	(650,000)	(500,000)	(400,000)	(400,000)	(400,000)	(500,000)	(500,000)	(500,000)	(500,000)	(65,000)
Earned Income on Investmer	11,847	42,495	63,658	(47,051)	50,953	12,098	89,106	5,567	4,743	3,918	3,091	2,263
Ending of Month Balance	5,479,125	5,521,619	4,935,278	4,388,227	4,039,180	3,651,278	3,340,384	2,845,952	2,350,695	1,854,613	1,357,704	4,294,367
MRR Reserve												
Beginning of Month Balance	7,175,602	8,347,416	8,293,467	8,299,606	8,138,604	8,018,197	8,074,214	8,044,394	7,727,083	7,501,384	7,293,035	7,137,618
Transfer In MRR Funding	1,220,295	-	-	-	-	-	-	-	-	-	-	-
Transfer Out	(68,487)	(134,658)	(93,639)	(29,450)	(280,783)	(18,770)	(162,469)	(332,596)	(240,380)	(222,602)	(169,273)	(39,957)
Net Earned Income on Invest	20,006	80,709	99,777	(131,552)	160,376	74,788	132,649	15,284	14,681	14,253	13,857	13,561
Ending of Month Balance	8,347,416	8,293,467	8,299,606	8,138,604	8,018,197	8,074,214	8,044,394	7,727,083	7,501,384	7,293,035	7,137,618	7,111,223
MRR - B Pool and Spa Replacement Reserve												
Beginning of Month Balance	814,765	1,113,273	1,123,864	1,137,015	1,113,602	1,141,932	1,156,993	1,171,907	1,174,133	1,176,364	1,178,599	1,180,838
Transfer In MRR B Pool & Spa Funding	299,400	-	-	-	-	-	-	-	-	-	-	-
Transfer Out	-	-	-	-	-	-	-	-	-	-	-	-
Net Earned Income on Invest	(892)	10,591	13,151	(23,413)	28,330	15,061	14,913	2,227	2,231	2,235	2,239	2,244
Ending of Month Balance	1,113,273	1,123,864	1,137,015	1,113,602	1,141,932	1,156,993	1,171,907	1,174,133	1,176,364	1,178,599	1,180,838	1,183,082
Initiatives Reserve												
Beginning of Month Balance	1,750,056	1,643,300	1,383,482	1,273,517	1,187,196	755,609	806,294	779,358	720,227	665,436	600,698	604,661
Transfer In	-	-	120,896	55,586	54,003	47,950	36,640	44,805	45,207	34,365	40,238	65,600
Other Funding	-	-	-	-	-	-	-	-	-	-	-	-
Other Payments	-	-	-	-	-	-	-	-	-	-	-	-
Net Earned Income on Invest	(626)	4,766	15,800	(11,871)	17,929	5,246	7,696	1,481	1,368	1,264	1,141	1,149
Transfer Out	(106,130)	(264,584)	(246,660)	(130,036)	(503,520)	(2,511)	(71,271)	(105,417)	(101,367)	(100,367)	(37,417)	(37,417)
Ending of Month Balance	1,643,300	1,383,482	1,273,517	1,187,196	755,609	806,294	779,358	720,227	665,436	600,698	604,661	633,993
Emergency Reserve												
Beginning of Month Balance	560,194	563,405	582,365	593,810	576,057	595,231	605,865	621,731	625,876	630,048	634,249	638,477
Transfer In	-	-	-	-	-	-	-	-	-	-	-	-
Transfer Out	-	-	-	-	-	-	-	-	-	-	-	-
Net Earned Income on Invest	3,211	18,960	11,445	(17,753)	19,174	10,633	15,866	4,145	4,173	4,200	4,228	4,257
Ending of Month Balance	563,405	582,365	593,810	576,057	595,231	605,865	621,731	625,876	630,048	634,249	638,477	642,733
Total Reserve Accounts												
Total Operating Cash	6,166,445	5,961,655	5,576,095	5,220,736	4,744,071	4,213,948	3,869,171	3,437,672	3,020,172	2,633,198	2,761,582	6,098,543
Grand Total Cash & Investments	17,833,839	17,344,833	16,880,043	16,236,195	15,255,040	14,857,314	14,486,561	13,684,991	12,993,404	12,339,779	12,323,176	15,669,574

**GVR Cash Requirements Report
FY 2024**

ACTUAL / PROJECTED

Actual Days Oper. Cash on Hand (net of MCF Allowance)

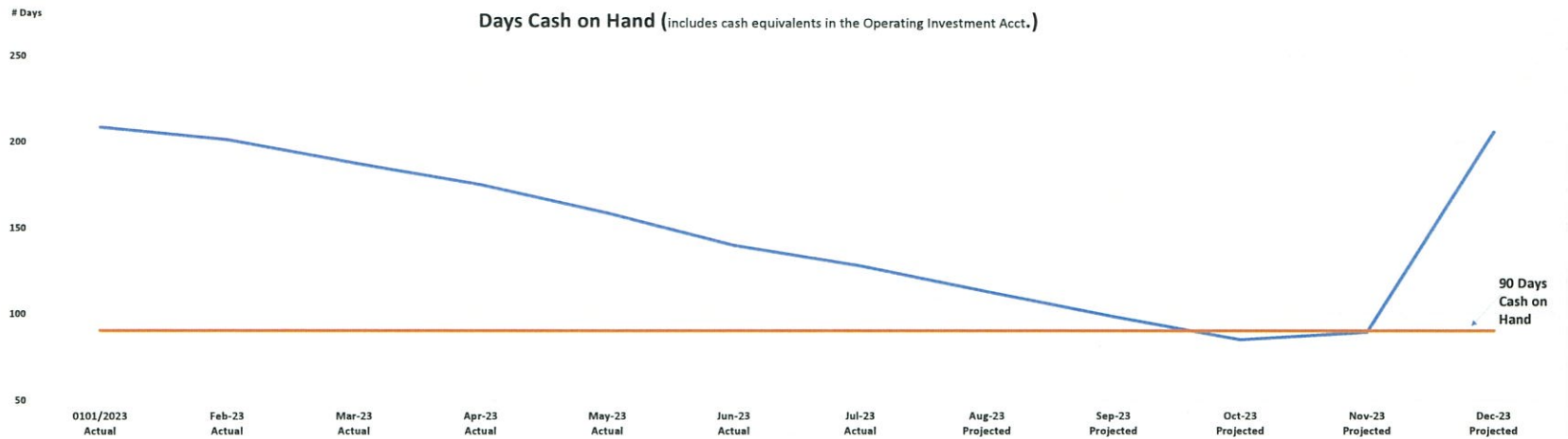
Actual Jan-24	Actual Feb-24	Actual Mar-24	Actual Apr-24	Actual May-24	Actual Jun-24	Actual Jul-24	Projected Aug-24	Projected Sep-24	Projected Oct-24	Projected Nov-24	Projected Dec-24
208	201	187	175	158	140	128	113	98	85	89	206

January 1, 2024 Beg. Balance:	
Total Reserve Accounts	9,485,852
Total Operating Cash	<u>6,066,826</u>
Grand Total Cash & Investme	15,552,678

Projected Ending Balance 2024	
Total Reserve Accounts	8,387,949
Total Operating Cash	<u>6,098,543</u>
Grand Total Cash & Investments	14,486,492

Operating Cash (CHASE)	6,166,445	5,961,655	5,576,095	5,220,736	4,744,071	4,213,948	3,869,171	3,437,672	3,020,172	2,633,198	2,761,582	6,098,543
Invested Total (SBH & JP MORGAN)	17,146,519	16,904,797	16,239,226	15,403,686	14,550,149	14,294,644	13,957,774	13,093,270	12,323,927	11,561,194	10,919,298	13,865,398

The Cash Requirements Report is for projecting cash balances of the Operating and Designated Cash Accounts only. This report is exclusively for the purpose of determining cash requirements and short term investment planning.





GVR MEMBER PROPERTIES MONTLY REPORT

2024	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	YTD
NEW MEMBERS	2	1	4	1	4	-							12
Total Members (2024)	13,852	13,853	13,857	13,858	13,862	13,862	13,862	13,862	13,862	13,862	13,862	13,862	13,862
Members Last Year (2023)	13,825	13,829	13,832	13,833	13,834	13,835	13,837	13,841	13,842	13,844	13,847	13,850	13,850
Members Before Last Year (2022)	13,781	13,789	13,792	13,799	13,802	13,805	13,809	13,812	13,813	13,818	13,823	13,823	13,823
Membershi Change Fee	62	55	100	98	94	64	69	-	-	-	-	-	542
Initial Fee	1	-	2	-	3	-	1	-	-	-	-	-	7
Transfer Fee (new build no Initial fee)	1	1	2	1	-	-	-	-	-	-	-	-	5
Transfer Fee (Voluntary Deed Restriction w/Initial fee)	1		2		3		1						7
Transfer Fee (estate planning)	-	-	1	-	-	-	1	-	-	-	-	-	2
Transfer Fee (resale)	62	55	100	98	94	64	69	-	-	-	-	-	542
Transfer Fee Non-Resale	14	4	-	2	2	-	1	-	-	-	-	-	23
Budget Monthly Resales (2024)	66	72	112	111	103	92	73	71	63	74	72	84	993
Monthly Resales (2024)	62	55	100	98	94	64	69	-	-	-	-	-	542
Monthly Delta Actual vs Budget (2024)	↓ (4)	↓ (17)	↓ (12)	↓ (13)	↓ (9)	↓ (28)	↓ (4)						↓ (87)
Monthly Resales Last Year (2023)	75	63	103	118	121	94	83	80	58	75	64	71	1,005
Monthly Resales 2 years prior (2022)	105	88	150	147	126	93	73	56	63	72	67	55	1,095
YTD Budget (2024)	66	138	250	361	464	556	629	700	763	837	909	993	993
YTD Resales (2024)	62	117	217	315	409	473	542	-	-	-	-	-	542
YTD Over/(Under) Budget	↓ (4)	↓ (21)	↓ (33)	↓ (46)	↓ (55)	↓ (83)	↓ (87)						↓ (451)
YTD Over/(Under) Budget	(6%)	(15%)	(13%)	(13%)	(12%)	(15%)	(14%)						(45%)
YTD Resales Last Year (2023)	75	138	241	359	480	574	657	737	795	870	934	1,005	1,005
YTD Resales Before 2 years prior (2022)	105	193	343	490	616	709	782	838	901	973	1,040	1,095	1,095
Total Sales (new and resale) (2024)	64	56	104	99	98	64	69	-	-	-	-	-	554
Total Sales (new and resale) Last Year (2023)	72	65	103	116	118	93	84	76	59	74	67	74	1,001
Total Sales (new and resale) Before 2 years prior (2022)	110	92	158	150	133	96	76	60	66	73	72	60	1,146
MCF Refund	8	6	12	10	20	3	5	-	-	-	-	-	-

GREEN VALLEY RECREATION
CAPITAL PROJECTS REPORT
7/31/2024

			TOTAL	2024	Project to Date		
<u>Project ID</u>	<u>Center</u>	<u>Description</u>	Total Project Budget	2024 Budget	Total Project Spent to Date	2024 Spent to Date	Project Budget Balance
NON RESERVE CAPITAL							
ALL		2024 Unplanned Unbudgeted Items	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ 100,000
CR		Shade Structure for Canoa Ranch pool	\$ 16,000	\$ 16,000	\$ -	\$ -	\$ 16,000
CP1 / ABS		Deck shade structures for CP1 and Abr	\$ 26,000	\$ 26,000	\$ -	\$ -	\$ 26,000
ALL		Accessibility Initiatives	\$ 67,023	\$ 50,000	\$ 17,023	\$ -	\$ 50,000
PBC		Pickleball Fencing	\$ 35,000	\$ 35,000	\$ -	\$ -	\$ 35,000
WC		Vacuum System for Woodshop	\$ 90,000		\$ 33,315	\$ 21,168	\$ 56,685
INITIATIVES							
SRS		Remodel for Glass Arts	\$ 900,000		\$ 828,605	\$ (24,224)	\$ 71,395
DH		Desert Hills Fitness Center	\$ 1,127,744		\$ 1,128,161	\$ -	\$ (417)
DH		DH Locker-room Expansion	\$ 299,355	\$ 299,355	\$ 9,591	\$ -	\$ 289,764
DH		Desert Hills Stage Removal	\$ 15,000	\$ 15,000	\$ -	\$ -	\$ 15,000
DSCH		Del Sol Clubhouse Note Payable	\$ 110,000	\$ 11,000	\$ 22,000	\$ 11,000	\$ 88,000
DSCH		Del Sol Clubhouse Renovation	\$ 1,900,000	\$ -	\$ 1,738,960	\$ 1,226,676	\$ 161,040
WC		West Center Expansion (Lap, Wood, Ar	\$ 158,835	\$ 100,000	\$ 17,657	\$ 3,599	\$ 141,178
DH		Ceramics Kiln room	\$ 90,000	\$ 90,000	\$ -	\$ -	\$ 90,000
WC		West Center Lobby improvements	\$ 150,000	\$ 150,000	\$ -	\$ -	\$ 150,000
ALL		Security Cameras	\$ 50,000	\$ -	\$ 49,974	\$ 49,974	\$ 26



Green Valley Recreation, Inc.

Fiscal Affairs Committee Meeting

Financial Policies

Prepared By: Scott Somers, CEO

Meeting Date: August 20, 2024

Presented By: Scott Somers, CEO

Consent Agenda: No

Originating Department:

Administration

Action Requested:

Review and discuss 3rd draft of recommended Finance Policies for inclusion into the CPM; consider recommendation to the Board.

Strategic Plan:

Goal #4: Cultivate and maintain a sound financial base that generates good value for our members

Background Information:

Staff has provided an updated redlined edit of recommended Finance Policies to the Corporate Policy Manual (CPM) based on feedback provided by the FAC. As was previously, the recommended changes can be found in the following sections, which are attached:

1. Edits and relocation of Section 1, Budget Development Policy from the Appendix to Part 5 Fiscal/Accounting, Section 5.
2. Section 1.1.7, Other Fees

Among creating and amending additional policies, these edits amend and incorporate the Capital Improvement Project Policy Process and assessment tool pilot program, and item 4 of the Board Goals for CEO, 2024, into the CPM.

Board Goals for CEO, 2024

4. *(Capital) Include usage, trade-offs, and justification as part of the annual budget and capital planning process to provide the Board of Directors (BOD) with the necessary information to make capital planning decisions.*

Fiscal Impact:

No direct fiscal impact.

Fiscal Affairs Committee Options:

- 1) Review and discuss recommended Finance Policy changes to the CPM; consider recommendation to the Board of directors.

Staff Recommendation:

Option 1

Attachments:

- 1) Relevant portions of the CPM, redlined

solicitation of support/opposition regarding candidates or ballot issues, is NOT permitted on GVR property except as follows:

1. Within rented meeting space during the rental period; or
2. In public areas and parking lots of a GVR facility being used as a polling place on election day or as an early voting site during the period of early voting.

1.2.8 Special Uses

- A. Use of Hobby Shops and Studios
 1. Clubs have the right to restrict use of club facilities to club members only.
- B. Use of Kitchens
 1. Kitchens are available for use by reservation only. Kitchens and grills are subject to non-refundable cleaning fees as outlined in the reservation agreement.
 2. GVR kitchens are classified as catering kitchens. Food preparation and cooking is not allowed. Kitchen facilities may be used for warming pre-cooked food or for chilling cold entrées.
- C. Use of Caterers
 1. Users engaging caterers who do not appear on GVR's authorized caterers' list must submit a copy of the caterer's health department issued license at the time the reservation agreement is finalized.
- D. Use of Storage
 1. GVR may provide clubs small storage space, at no cost, if space is available.
 2. Clubs may provide locks, but must provide access capabilities to GVR staff.
 3. GVR is not liable for any property lost, damaged or stolen while in storage.
- E. GVR Pool Management Policies
 1. GVR pools shall operate in compliance with Pima County Code Title 8, Chapter 8.322, "Swimming Pool and Spas," and any other applicable Pima County regulations.
 2. GVR staff has authority to close a swimming pool or spa if they determine that its operation and use presents danger to individuals.
 3. GVR follows the guidelines provided by the National Lightning Safety Institute (NLSI) to determine when to close indoor and outdoor swimming pools, and spas as a safety precaution. Per NLSI guidelines:
 - a. Both outdoor and indoor pools will be evacuated before or when lightning is within five miles.
 - b. At the first signs of thunder or lightning occurring within five miles of an aquatic facility, all pool decks will close until 30 minutes after the last observed thunder or lightning.

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1.2.9 Rentals and Fees

day-to-day management of the organization. Such fees fall in the following broad categories.

- a. **Programmatic Fees:** These fees are established to provide cost recovery of direct expenses related to entertainment, participation, and instructional programs. Whenever possible, the goal is to make the fee-supported programs break-even.
- b. **Facility Fees:** These fees are established to provide cost recovery related exclusively to the use of facility space and/or equipment by outside groups and member usage beyond the basic services of GVR. Such fees include, but are not limited to, reservations, time incremental facility usage, equipment, custodial, technician, and catering. Damage deposits are required.
- c. **Administrative Fees:** These fees are established to provide cost recovery for miscellaneous services provided to members and outside parties. Such fees include but are not limited to, photocopying, facsimile, computer, facility keys, card replacement and publications.
- d. **Processing Fees:** These fees are established to provide cost recovery for labor and overhead generated through business transaction to members and outside parties. Such fees will be attached to all transactional business including, but not limited to, member dues, programs, instructional courses, and rentals.

Commented [SS3]: Maybe this isn't even needed since it's stated above? Nellie J

Commented [SS4]: Steve R

Commented [SS5]: Inconsistent with 1.2.9.A since it says Board approves such facility fees.

1.1.8 Member Payment Transactions

Member payment transactions, such as Credit card transaction/service fees are subject to a processing fee.

Commented [SS6]: Steve R

SECTION 2 - USE OF GVR FACILITIES

1.2.1 Identification Cards

- A. It is the policy of GVR that each authorized user of GVR facilities be issued a GVR membership identification card (ID) as set forth herein.
 1. An ID card shall be issued to each GVR Member, each Assigned Member, each CRCF Resident, and each Life Care Member.
 2. A spouse of a GVR Member shall be issued an ID card unless the spouse has disclaimed interest in the property.
 3. If a GVR property is held in a trust, each trustee shall be issued an ID card unless the trust specifies otherwise.
 4. If a GVR property is owned by a corporation, LLC, or similar entity, an ID card shall be issued to up to two (2) officers or managing partners.
 5. Additional Card Holder:

- the trustees of the trust immediately prior to the transfer.
2. A person or legal entity who acquires ownership of a legal or beneficial interest of the GVR property resulting from death, sells it within six (6) months of the date of death will be exempt from the Membership Change Fee (and Transfer Fee) provided they do not elect to utilize the facilities or have Tenants in the property who wish to utilize the facilities.

B. The Membership Change Fee shall be refunded if the following apply:

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1. A Member has owned and occupied a GVR property within 365 days of transfer of title, provided that the Member demonstrates that she/he has moved from one owner-occupied primary GVR residence to another owner-occupied primary GVR residence and has presented GVR with background material showing this was a change in primary residence.
2. The Member(s) has owned and occupied the GVR property being sold for at least one (1) year.
3. A tenant card has not been issued on the property within the twelve (12) months immediately prior to the sale of the owner-occupied property.
4. The Member(s) submit a refund request for the Membership Change Fee. GVR will review the property transaction details to confirm ownership and eligibility for both properties. Refunds will be processed upon verification.

C. Revenue from the Membership Change Fee may be used as will most effectively further the general purpose of The Corporation to provide for current and future needs. A portion of the revenue from Membership Change Fee is to be used to fund contributions to the Initiatives Reserve Fund as determined by the Board.

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1.1.7 Other Fees

A. A fee for service is payment for the work involved in an operation that benefits individual members, as distinct from the entire membership. Cost recovery should be based on direct costs, including personnel costs specifically related to delivering the service.

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Commented [SS2]: Nellie asked this to be put back in. 2.a discusses "direct expenses." Separately, I don't know we want to include "indirect" costs such as administrative and overhead such as utilities. Thoughts?

1. The Board has established fees for services:
 - a. **Transfer Fees:** There shall be a charge for the processing of the documents upon a change in the title of a membership property.
 - b. **Tenant Fees:** Upon application, tenant cards shall be issued to a person leasing GVR membership property. There will be a charge for a tenant card.
2. The authority to establish and modify operational fees is delegated to GVR Administration as part of the ongoing

APPENDIX 1 – BOARD POLICIES

SECTION 1-5 - BUDGET DEVELOPMENT POLICY

Commented [SS10]: Move to Part 5, Section 5

1.1.1 Objective

This Policy Statement provides the framework for annual budget development, review, and adoption. Included in this Statement are the budget development milestones and the recommended timetable for their completion to ensure that all necessary contributions and approvals are completed and on schedule.

The financial integrity and security of the organization is of the utmost importance. Resources should be used wisely to ensure adequate funding for services, programs, and facilities to meet the organization's present and future needs.

Commented [SS11]: Steve R

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Written and adopted budget policies have many benefits, such as assisting the Board of Directors and the CEO in the financial management of the organization, saving time and energy when discussing financial matters, engendering member confidence, and providing continuity over time as Directors and staff members change. While these policies will be amended periodically, they will provide the basic foundation and framework for many of the issues and decisions facing the organization. They will promote sound financial management and assist in the organization's stability, efficiency, and effectiveness to accomplish the Strategic Plan, Mission, Vision, Goals and Objectives.

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1.1.2 Policy

A. References

1. Bylaws Article III Sections 1-5: Dues and Assessments
2. Bylaws Article VI Section 2: Limits of Authority and Indebtedness
3. Bylaws Article VII Section 4: Responsibilities of Officers
4. CPM Part 1 Section 1: 1.1.1-1.1.6 - Dues and Fees
- ~~5.1. CPM Part 5: Fiscal/Accounting~~
5. CPM Part 4 Section 1: 4.1.2 – Fiscal Authority
 - a. Bylaws Article III Section 1 above states: "Membership dues and operating and capital budgets shall be established by the Board of Directors."
6. CPM Part 4 Section 2: 4.2.1.A.2 and 3 - Responsibilities
- ~~7.1. CPM Part 4 Section 1: 4.1.2 – Fiscal Authority~~
~~Bylaws Article III Section 1 above states: "Membership dues and operating and capital budgets shall be established by the Board of Directors."~~
7. CPM Part 5: Fiscal/Accounting

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E. B. Schedule for annual budget preparation and approved annual Operating & Capital Budget implementation approval process (structured for a calendar year): Annually, staff will prepare a tentative budget calendar based on a required budget approval of no later than November 15 of each year. Once the annual operating and capital budgets receives Board approval, the CEO is authorized to execute any changes required by the new budget, the budgets within the overall budget totals.

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Commented [SS12]: Steve, can you explain this further?

Commented [SS13]: I suggest removing from "any" to "budget"

1. ~~January/February:~~
 - a. ~~CEO/staff will solicit any capital or operational needs from GVR Clubs and programs. A list of operational and capital needs will be developed. Staff will provide cost estimates for these projects.~~
 - b. ~~Staff begin the annual Facilities Center Assessments process.~~
2. ~~March:~~
 - a. ~~The Planning & Evaluation (P&E) Committee reviews and prioritizes Club requests greater than \$2,500 for current Fiscal Year implementation. Projects less than \$2,500 are included in the Center Assessments. Clubs will be notified by P&E (or designee) of the status of their projects (either funded or unfunded).~~
3. ~~April/May:~~
 - a. ~~Staff prepare, prioritize and provide cost estimates for Center Assessments' maintenance and capital replacement project lists.~~
4. ~~June/July:~~
 - a. ~~CEO/staff prepare operations and capital budgets.~~
5. ~~August/September:~~
 - a. ~~Staff provides recommendations for Center Assessments' priorities from Center Assessments and Reserve Study. (maintenance and capital replacements)~~
 - b. ~~P&E Committee considers 10 Year Strategic Master Plan projects for upcoming fiscal year.~~
 - c. ~~FAC considers staff proposal for fiscal year operating budget, and schedule of dues and fees. After review, FAC will forward to the Board with the recommendation that the budget be accepted as presented.~~
 - d. ~~FAC considers P&E Committee recommendations for new capital improvement projects from the 10 Year Strategic Master Plan.~~
 - e. ~~Staff determines and notifies the P&E Committee of budget available for capital club requests for the following calendar year.~~
6. ~~September/October:~~
 - a. ~~The Board will approve the Schedule of Dues and Assessments; the Board reviews and approves annual operating and capital budgets.~~

Commented [SS14]: Steve R
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b. ~~The Board will have an approved budget available for execution no later than November 15.~~

Commented [SS16]:

7-2. Approved Annual Operating & Capital Budget Implementation:

a. ~~Once the annual operating and capital budget is approved, the CEO will execute the budgets within the overall budget totals. Any proposed additions to the annual budget after approval by the Board will be forwarded to the Board for authorization prior to execution.~~

Commented [SS17]: See 1.1.3 Limitations

C. Balanced Operating Budget

GVR shall annually adopt a balanced budget where operating revenues are equal to, or exceed, operating expenditures. Any increase in expenses, decrease in revenues, or combination of the two that would result in a budget deficit will require revision, rather than spending unappropriated surpluses or designated contingencies to support ongoing operations. Any year end operating surpluses will either remain in the Operations Fund, be transferred to a Reserve Fund, or will be available for "one-time only" expenditures. Non-recurring revenue sources should not be used to fund ongoing operational expenses. Decreases in spending should be placed in the following order when cutback or contingency plans are necessary:

Commented [SS18]: Steve R

Commented [SS19]: Nellie, I believe this would apply when there is a deficit, and as such, operating cash reserves (90 day cash policy) is relied upon. This being the case, it would seem reasonable to rely upon those cash reserves within reason and per the CFO recommendation. Therefore, it may be appropriate to remove this sentence.

1. Non-Reserve Capital Projects
2. Nonessential hiring for staff vacancies
3. Other Nonessential expenses
4. Training and travel Expenses
- 4.5. Decreases in transfers to reserve accounts, with Board approval

Commented [SS20]: Nellie J

Commented [SS21]: Steve R

D. Capital Improvement Program and Capital Budget

1. The Capital Budget is the annual appropriations for capital projects and acquisitions, which are approved by the Board of Directors. A Capital Improvement Program (CIP) is a forecast of major capital projects over a selected period of time. If a capital project remains a high priority, it is eventually placed in the Capital Budget for funding approval by the Board. The first year of the Capital Improvement Program becomes the basis for the Capital Budget. Both shall be prepared and adopted as part of the annual budget process. Board approval of the Capital Improvement Program (CIP) indicates not only the Board's acceptance of the CIP, but also its recognition that the document represents the general direction that the organization plans to take in meeting future capital needs.

2. Preliminary planning and design for a capital project, excluding Maintenance, Repair, and Replacement Reserve Fund (MRR-A only) projects, since they are addressed separately, typically occurs before the project is approved; the cost for this work is usually charged to the Operations Fund. If the project is approved, the preliminary planning and design costs for it may be charged to the project, with the project budget reimbursing the fund to which the work was originally charged. If a project is not approved, the cost of the preliminary planning and design for it are absorbed by the fund originally charged, typically the Operations Fund.

3. **Policy and Process**

The Board of Directors, advisory committees, and staff consider any master plans, needs assessments, feasibility studies, the strategic plan, member surveys, etc. when assessing and prioritizing projects.

Staff develops the recommended Five-Year Capital Improvement Plan (CIP) and the Capital Improvement Budget (the first year of the CIP, including estimated costs). However, any member in good standing may submit a proposal for a capital improvement project. There are two paths to fund capital improvement projects:

Type I: CURRENT YEAR UNPLANNED/UNBUDGETED CAPITAL IMPROVEMENT PROJECTS - Each year, when the budget allows, GVR will earmark an identified amount in the Non-Reserve Capital Budget for the purpose of funding unplanned and unbudgeted non-reserve capital improvement projects. Funding and inception of these projects begin in the current year. These projects tend to be smaller in scope and do not generally require much planning or lead time. Proposal rounds for these funds open twice each year, given funds remain available for Round 2.

Round 1: January 1, with funding allocated and scheduled April 1

Round 2: June 1, with funding allocated and scheduled September 1

Staff provides an initial review by following the listed process:

1. Does the proposed project meet the definition of a capital improvement project? See Part 5, Section 1, Subsection 5.1.1. If yes, then proceed to #2.

2. Is the proposed project:

i. unplanned and unbudgeted?

- ii. under an estimated cost of \$50,000?
- iii. anticipated to begin in current year?
- iv. not included in the MRR Reserve study?
- v. not a club responsibility per the CPM and Club Agreement?

If all questions can be answered in the affirmative, the proposal may qualify as a Type I capital improvement project. Proceed to Assessment Phase.

Type II: FUTURE AND LONG-TERM CAPITAL IMPROVEMENT PROJECTS - Each year, GVR staff will develop a recommended Five-Year Capital Improvement Plan (CIP) and Capital Improvement Budget accordingly for such capital improvement projects from capital reserve funds and capital non-reserve funds. Funding and inception of these projects begin in subsequent years. These projects tend to be larger in scope and require significant planning.

Staff provides an initial review by following the listed process:

1. Does the proposed project meet the definition of a capital improvement project? See Part 5, Section 1, Subsection 5.1.1. If yes, then proceed to #2.
2. Is the proposed project:
 - i. unplanned and unbudgeted?
 - ii. anticipated to begin in a future year?
 - iii. not a club responsibility per the CPM and Club Agreement?

If all questions can be answered in the affirmative, the proposal may qualify as a Type II capital improvement project. Proceed to Assessment Phase.

Assessment Phase

Staff completes the Capital Improvement Project Assessment (include in Appendix or approved by the Board annually?) for all completed and timely applications.

The following apply only to Type I Capital Improvement Projects:

1. Staff evaluates proposals and notifies the Board of Directors of the approved project proposals. Project(s) moves forward with no further review or approval required.

2. If funding is left over after round one, members will be invited to apply again for round two (opening June 1 each year) and all steps will be repeated.

The following apply only to Type II Capital Improvement Projects:

1. Upon annual staff assessment and recommendation of projects and plans, Staff presents the recommended Five-Year Capital Improvement Plan (CIP) to the Planning and Evaluation Committee (P&E). The P&E Committee develops a recommendation of the Five-Year Capital Improvement Plan (CIP) to the Board of Directors for consideration during the annual budget approval process.
2. Staff presents the recommended Five-Year Capital Improvement Plan (CIP) and the Capital Improvement Budget to the Fiscal Affairs Committee (FAC). The FAC develops funding recommendations of the Five-Year Capital Improvement Plan (CIP) and the Capital Improvement Budget to the Board of Directors during the annual budget approval process.
3. Staff presents the P & E and FAC recommendations to the Board of Directors, and notes any discrepancies with staff recommendations, of the Five-Year Capital Improvement Plan (CIP) and the Capital Improvement Budget. The Board of Directors considers approval of the Five-Year Capital Improvement Plan (CIP) and Capital Improvement Budget as part of the annual budget approval process.

Project Planning

1. Begins in January of the project inception year.
2. Staff conducts member/user groups outreach, if necessary.
3. If necessary, staff works with an architect to develop high-level concept drawings and cost estimates.

4. Staff presents any concept drawings and associated cost estimates to the Board of Directors for approval.
5. If rejected, staff repeats steps 3 and 4 until a concept is approved by the Board of Directors, or until the Board of Directors provides alternative direction.
6. Once and if approved, Staff pursues construction documents and permits and goes out for bid per policy.
7. Staff reviews bids or proposals and brings a recommendation to the Board of Directors for consideration.
8. Board of Directors awards a contract.

4. **Prioritizing**

1. Project prioritization is based on the following: Experience based judgment – based on the judgement of professional staff, governing board members, committee members, members, etc.
2. Broad categories of need
 - a. High: projects that are essential and impending
 - b. Medium: essential but do not need to be funded immediately
 - c. Low: create benefit but not enough to merit inclusion.

5. **Miscellaneous**

Financial forecasting shall be utilized when developing the CIP to ensure a financially sound program. Estimated costs should include inflation, planning and architectural fees, legal fees, permitting, etc. Estimated project timelines and anticipated funding sources should be identified. Carryover funds for capital projects from one year are put into the next year's budget and approved again by the Board of Directors.

E. Budget Document

The Operating and Capital Budgets shall serve as the annual financial plan for the organization. They will serve as a policy document of the Board of Directors for implementing Board goals and objectives.

The budget will be presented by fund, with logical breakdown of programs and expenditures. The budget will focus on policy issues and will summarize expenditures at the Personnel, Materials and Services, Capital, and Interfund Transfer Level.

Commented [SS22]: Suggest removal since it may be overly prescriptive since the current language does not specify how to present the budget, ie. consolidated or by fund.

Multi-year revenue and operating cost projections shall be prepared and included in the Budget Document to identify impact on resources.

1.1.3 Limitations

- A. The CEO is guided by references cited in the Policy Statement in developing dues and assessments. These should not be exceeded unless approved by the Board.
- B. The CEO is guided by the development process cited in ~~Appendix 1~~ Section 1:1.1.2. ~~From time to time the CEO will apprise the Board of the status of the budgets being developed.~~
- C. Once approved by the Board, the CEO ~~may~~ will execute the annual budgets within the overall budgeted amount. In no case may total expenditures of a particular fund exceed that which is appropriated by the Board of Directors without a budget amendment.
- D. The CEO may shift amounts between line items within the Board-approved Operations Budget to meet current or anticipated needs. ~~Any line item that is decreased or increased by more than 15% or \$15,000, whichever is greater, should be reported to the Board.~~
- E. The status of Reserve Funds will be reported in the annual budget development process. After Board approval, Reserve Funds will be an integral part of GVR budget development. With the exception of the MRR-A Fund, capital line items require a budget amendment to exceed Board appropriated amounts. The CEO is encouraged to bring the most appropriate funds and their execution forward for approval.

Commented [SS23]: Steve R

Commented [SS24]: Should a different amount be added? Nellie J Scott: Does C above suffice?

SECTION 2-1 - GVR FACILITIES POLICY STATEMENT

1.2.1 Resolution

- A. **WHEREAS**, Green Valley Recreation, Inc. (GVR) recognizes that planning and development of all GVR facilities and dedicated space is predicated on 'Peak Season' use; and
- B. **WHEREAS**, The Corporation also acknowledges that all of its facilities and dedicated space were established with great intention and financial commitment for sanctioned GVR Club, sport, and other activities 'that enhances the quality of our members' lives' (from GVR Mission Statement); and