

How Do Things Get Done?

- ❖ **150+ Serving Volunteers:**
 - Officers
 - Board of Representatives
 - Committees
- ❖ **200+ Project Specific Volunteers**
- ❖ **4 Staff Members:**
 - Support Committee activity and assure implementation
 - Support volunteers
 - Give logistical support for EB and BOR meetings
 - Maintain corporate records
- ❖ **Coordinating with Other Organizations** - to carry out projects & services that benefit all of Green Valley.

GVC ...Your Community Voice

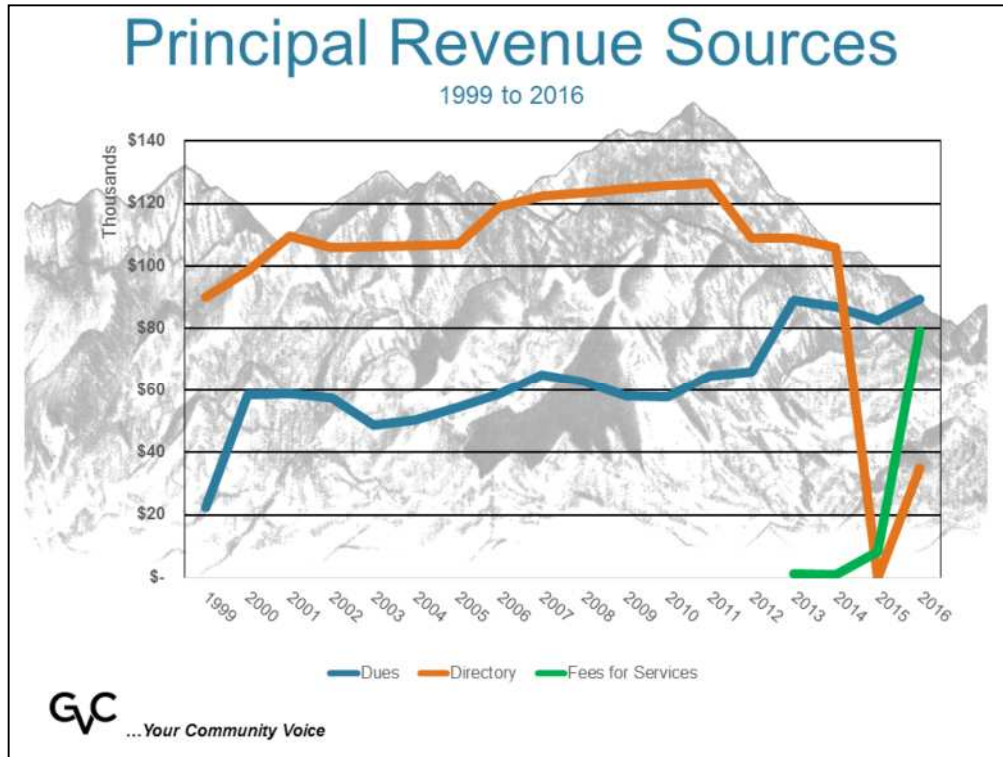
How Do : H Things Get Done?

Benefiting from participation of 150+ volunteers, the corporate body of the Council is managed by the Officers, th H Board of Representatives and 7 permanent committees

In addition, more than 200 people volunteer to execute the projects and events sponsored by the Council 6 X F K H O S and the delivery of the Community Directory.

To get all of this implemented efficiently these volunteers, most of whom are retirees not looking for employment, takes a dedicated staff. We have 4 full-time staff members who provide logistical and administrative support including the maintenance of all corporate records from correspondence and databases, to meeting minutes and resolutions.

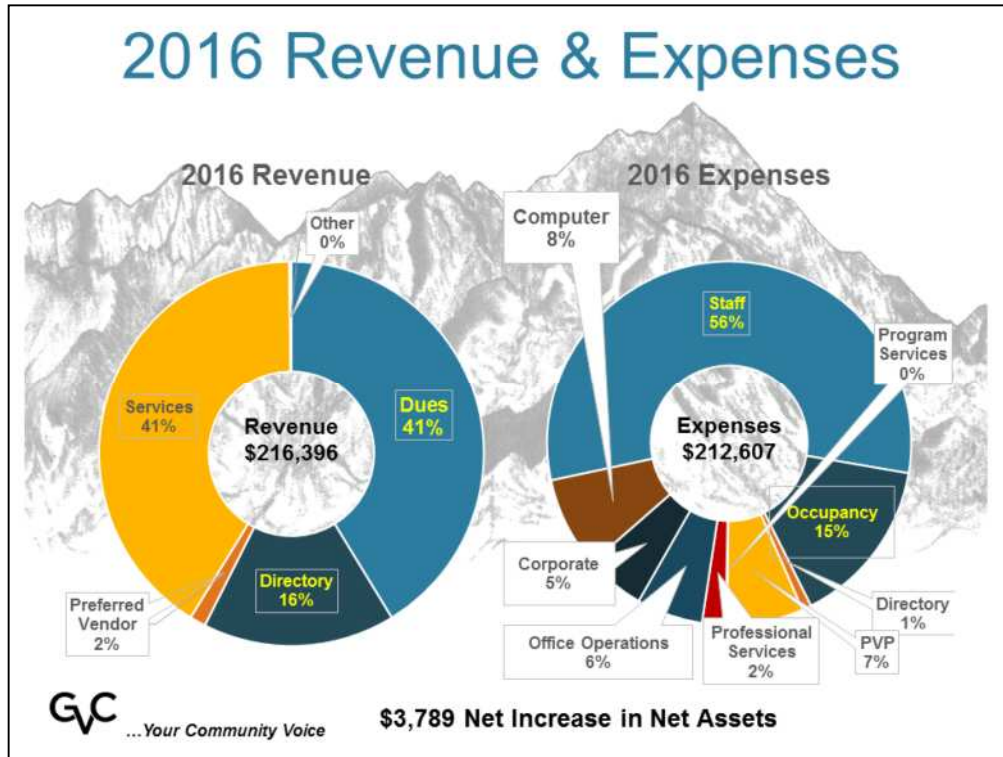
Finally, coordinating and collaborating with other organizations helps share the work as well as the credit and allows us to work on bigger issues. For example, leaders of several organizations here just met with Arizona officials to focus on help for the financial challenges of the Green Valley Hospital. There is also a GV Economic Development group that along with a number of for profit, nonprofit, and community leaders are working to make Green Valley economically sound.



This is a chart of principal revenue sources from 1999 to 2016. From inception, the Green Valley Council has been supported by HOAs with a vested interest in all that the Council does. As communities were developed and new HOAs created membership increased as can be seen from the upward climb of the total dues income line in blue.

Sometime before the beginning of this chart the Council provided much of the content of the Community Directory and with volunteers assured timely delivery of each volume to every home in Green Valley. The importance of this source of revenue to the Council is obvious. The council and the publisher were unable to find common ground at the end of 2014 and the Council provided none of the services and no revenue was provided. This was a devastating loss to the Council. To make it through 2015 required extreme cost cutting and the use of much of the Council's accumulated reserves. Survival of the Council was in question.

Recognizing the significant contribution made by the Council and the value of the services it had provided to Pima County for years at no cost to the County, the Board of Supervisors approved a service agreement to purchase those services for 2016 and into the future for \$75,000 per year. In addition, the Council and the Directory publisher and the Council renegotiated the delivery which the volunteers had so successfully accomplished in the past and restored \$35,000 for 2016. The combination enabled the Council to restore services and move forward with new programs and stay competitive with other employers in the area.



As shown on page 3 of the Annual Report, revenues totaled \$216,396 with 4 principal types of sources. Dues are from HOAs that have joined the Council to assure that the Community Voice continues to speak loudly and effectively. The Services category includes the Pima County agreement and the Utility Warranty program that has been helpful in warranting the aging infrastructure serving homes in Green Valley. The directory delivery and preferred vendor program were the other important sources in 2016.

Expenses aggregated \$212,607 with staff expense representing 56% of the total and includes the usual items associated with employees. As noted earlier, their focus is on the objectives of the Council and supporting the volunteers. Computer costs, office operations and corporate expenses were included as well.

When the Council's finances were closed for 2016, there was \$3,789 more revenue than expenses. A much better outcome than the \$76 K deficit from 2015.

| Statement of Activities | | | |
|------------------------------------|----------------|--------------------|--------------------|
| | Budget 2017 | Projection 2018 | Projection 2019 |
| INCOME: | | | |
| Membership | \$ 89,300 | \$ 89,300 | \$ 89,300 |
| Government Contracts | 75,000 | 75,000 | 75,000 |
| Contracts & Agreements | 49,568 | 43,700 | 43,700 |
| Program Services | 28,600 | 30,765 | 33,810 |
| Other | 255 | 355 | 405 |
| Investment income | | | |
| Total Income | 242,723 | 239,120 | 242,215 |
| EXPENSES: | | | |
| Staff | 154,082 | 162,500 | 167,500 |
| Occupancy | 30,791 | 32,331 | 33,947 |
| Corporate I (Fixed costs) | 20,902 | 21,999 | 23,099 |
| Corporate II (Discretionary Costs) | 10,098 | 22,415 | 23,400 |
| GVC Program Services | 16,500 | 17,450 | 20,950 |
| Office Operations | 5,400 | 6,500 | 6,500 |
| Computer | 4,950 | 5,500 | 8,500 |
| Total Expense | 242,723 | 268,695 | 283,896 |
| Net Income (Expense) | \$ - | \$ (29,575) | \$ (41,681) |

This exhibit compares the 2017 budget that was approved by the Board of Representatives at its November 2016 meeting to the projections for 2018 and 2019. This is the first year that the Council has made a forecast so many months in advance. The final budget for 2018 will be drafted in September and reviewed by a team of BOR members for submission to the Board of Representatives in October. The amounts for 2018 in this exhibit are projections based on current estimates of revenue sources and the expenses to execute the programs, events and activities which are expected of the Council.

The following slides take a closer look at these factors.

| | Budget 2017 | Projection 2018 | Projection 2019 |
|------------------------|----------------|--------------------|--------------------|
| INCOME: | | | |
| Membership | \$ 89,300 | \$ 89,300 | \$ 89,300 |
| Government Contracts | 75,000 | 75,000 | 75,000 |
| Contracts & Agreements | 49,568 | 43,700 | 43,700 |
| Program Services | 28,600 | 30,765 | 33,810 |
| Other | 255 | 355 | 405 |
| Investment income | | | |
| Total Income | 242,723 | 239,120 | 242,215 |

GVC ...Your Community Voice

Here are the revenue sources projected for 2018 and 2019. To facilitate dues calculations this exhibit starts off with no increase.

Pima County's purchase of service agreement amount is set at \$75,000 and is renewable annually through 2020. Each year's renewal is dependent on the County's financial state and political considerations can affect the nature and amount of any agreement. The Council must provide the services called for in the agreement in the most direct, efficient and effective way every month to help secure a continuation of this agreement beyond 2020.

The Contracts & Agreements category includes the Community Directory delivery and the Utility Warranty Program. The actual amount of the Directory is determined by the publisher. In fact, this relationship provided a majority of the Council's revenue until it ceased in 2015. Restoration of the contract for 2016 was at a significantly reduced amount. The same amount is projected for 2018, but there is no certainty on this amount until the Fall.

The Utility Warranty program was initiated in the Fall of 2015 and has had some start up challenges. The amount budgeted from this program for 2017 is \$7,068 but here too the projections for 2018 are uncertain. The two programs together are projected to provide \$2,000 less than the 2017 budget.

| | Budget 2017 | Projection 2018 | Projection 2019 |
|------------------------------------|----------------|--------------------|--------------------|
| EXPENSES: | | | |
| Staff | 154,082 | 162,500 | 167,500 |
| Occupancy | 30,791 | 32,331 | 33,947 |
| Corporate I (Fixed costs) | 20,902 | 21,999 | 23,099 |
| Corporate II (Discretionary Costs) | 10,098 | 22,415 | 23,400 |
| GVC Program Services | 16,500 | 17,450 | 20,950 |
| Office Operations | 5,400 | 6,500 | 6,500 |
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| Total Expense | 242,723 | 268,695 | 283,896 |

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This exhibit summarizes the expense amounts budgeted for 2017 and compared to the projected amounts for 2018. The 2018 total is \$25,972 greater than the 2017 budget. That is an increase of 10.7%. While this seems dramatic, let's look at the more significant increases.

| | |
|---|-------------------------------|
| <u>Corporate I (Fixed costs)</u> | <u>GVC Program Services</u> |
| Internet access | Preferred Vendor Program |
| Web Hosting | Committee Expenses |
| Insurance | Directory expenses |
| Depreciation | |
| Communications (phone & copier) | <u>Office Operations</u> |
| | Supplies |
| | Postage, dues & miscellaneous |
| <u>Corporate II (Discretionary Costs)</u> | |
| Education | <u>Computer</u> |
| Travel | Lease/purchase |
| Consultants | Software |

GVC ...Your Community Voice

In addition to Staff and Occupancy, these are the components of the expense categories included in the 2017 budget and the projected amounts for 2018 and 2019.

| | 2018 | Increase | 2017 | |
|--|----------------|---------------|----------------|--|
| Staff | 162,500 | 8,418 | 154,082 | 5.5% |
| Executive director - Increase after two years at hiring salary | | | | |
| Regular Compensation increases | | | | |
| Additional employees qualifying for retirement SEP/IRA rate set quarterly - 5% currently | | | | |
| Additional employees with medical coverage - max \$150 per month | | | | |
| | 2018 | Increase | 2017 | |
| Discretionary | | | | |
| Education | 7,500 | 4,651 | 2,849 | From virtually no education of community to a wide variety of educational programs and events. |
| Professional Accountants | 6,000 | 6,000 | - | Part time CPA 2018 |
| Auditor | - | (4,500) | 4,500 | Required only in odd years |
| Computer Consultant | 5,000 | 3,500 | 1,500 | Website update and revision |
| Computer System Upgrades | 2,315 | 2,315 | - | Deferred Purchases from 2015 + 2016 |
| Travel & Storage | 1,600 | 351 | 1,249 | increased travel to Tucson - County agreement |
| | <u>22,415</u> | <u>12,317</u> | <u>10,098</u> | 122.0% |
| Explained | 184,915 | 20,735 | 164,180 | 12.6% |
| All Other | <u>83,780</u> | <u>5,237</u> | <u>78,543</u> | 6.67% |
| Total expenses | <u>268,695</u> | <u>25,972</u> | <u>242,723</u> | 10.700% |

The two most significant areas of increase are staff costs and Discretionary.

Staff -- In 2015 when the Directory revenue evaporated the Executive director took a pay cut and the three staff members were placed in part time positions. In 2016 a new Executive Director was employed and while performing in an outstanding manner she deferred an increase for 2017. The projection for 2018 anticipates that situation will be rectified in 2018. In addition, the other staff members, now numbering 4, will receive performance increases. Their assignments have increased exponentially with the enhancement of the website, the increased reporting requirements with Pima County, education of the Community about the Council and HOA programs.

In 2018 employee benefits will apply to all staff as they will have reached the qualifying criteria of age and service. This will increase medical and retirement benefit costs.

Discretionary costs – As noted, education program are being increased. In order for the Council to continue to be the backbone, squeaky wheel of the Community, the populace has a right to learn about the Council, its services and where and how to get them. This has been missing for many years. It is our intention to effectively and efficiently inform the Community at large about the services rendered for the County and for our members to know what the Council does and how it can benefit the HOA members.

With the term end of the Treasurer, the Council will engage a professional accountant to assure accurate and timely financial statements and monitoring. The Audit in 2017 is required only in the odd numbered years. Website updating and computer upgrades are in line for 2018. The many other items increase by \$5,237. As you will see on the next slide, however, Expense will be reduced at budget time.

| Statement of Activities | | | |
|-------------------------|----------------|--------------------|--------------------|
| | Budget 2017 | Projection 2018 | Projection 2019 |
| INCOME: | | | |
| Total Income | 242,723 | 239,120 | 242,215 |
| EXPENSES: | | | |
| Total Expense | 242,723 | 268,695 | 283,896 |
| Net Income (Expense) | \$ - | \$ (29,575) | \$ (41,681) |

| | # of Rooftops | Totals | Annual Increase |
|-------------------|------------------|---------------|--------------------|
| Quail Creek | 1,832 | 1,832 | 1.00 |
| Green Valley HOAs | 11,152 | 27,743 | 2.49 |
| | | <u>29,575</u> | |

Here is a summary of the income and expense projections together with a calculation of the impact on dues.

Since all the other forms of revenue have been set at what is currently expected, the remaining income source is Dues. These are the "backbone" of the Council enabling it to provide needed services to the community. The projected shortfall in 2018 is \$29,575. While Quail Creek is part of Sahuarita, they voluntarily participate in supporting the Green Valley Council. Currently their dues are \$2.50 per home per year. We have projected that they will continue their membership with an increase of \$1.00 to a total of \$3.50 per home per year.

That will leave \$27,743 remaining for the HOA members of the Council which represent 11,152 homes (rooftops). To cover that shortfall completely would require the dues to increase by \$2.49.

The Executive Board recognized that there would be some resistance to such a large increase and voted to recommend an increase of only \$2.00. That will require the staff and financial volunteers to reduce the projected expenses by a minimum of \$5,439 (the amount not covered by all projected revenue sources).

The next slide shows the revenue and expense exhibit with the dues set at \$9.50 per home per year and the Quail Creek dues at \$3.50 per home per year.

| Statement of Activities | | | |
|------------------------------------|----------------|--------------------|--------------------|
| | Budget 2017 | Projection 2018 | Projection 2019 |
| INCOME: | | | |
| Membership | \$ 89,300 | \$ 113,436 | \$113,436 |
| Government Contracts | 75,000 | 75,000 | 75,000 |
| Contracts & Agreements | 49,568 | 43,700 | 43,700 |
| Program Services | 28,600 | 30,765 | 33,810 |
| Other | 255 | 355 | 405 |
| Investment income | | | |
| Total Income | 242,723 | 263,256 | 266,351 |
| EXPENSES: | | | |
| Staff | 154,082 | 162,500 | 167,500 |
| Occupancy | 30,791 | 32,331 | 33,947 |
| Corporate I (Fixed costs) | 20,902 | 21,999 | 23,099 |
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| GVC Program Services | 16,500 | 17,450 | 20,950 |
| Office Operations | 5,400 | 6,500 | 6,500 |
| Computer | 4,950 | 5,500 | 8,500 |
| Total Expense | 242,723 | 268,695 | 283,896 |
| Net Income (Expense) | \$ - | \$ (5,439) | \$ (17,545) |

This exhibit shows the adjusted dues total reflecting the increased levels. There still remains a shortfall, which will have to be eliminated in the budget building process in the Fall of 2017. To assure transparency a budget task force from the Board of Representatives membership will be convened to review the assumptions and impacts of building the budget.