2015 POA Budget

Impact of Assessment Proposal

Keith Keck
President, HSV POA Board of Directors
Assessment Collection History

Billed vs Collected ($ millions)

- $13 million not collected since 2006
- $3.2 million not collected in 2013
- Assessment Bump $4
Two Budgets Prepared

- **Budget 1: No Two-Tiered Assessment**
  - Consumer Price Increase of 2.3%
  - Golf Fees raised $1/round
  - Water Usage Rates returned to 2012 levels ($10.62/month)
  - NET REVENUE INCREASE of $1M/year

- **Budget 2: Two-tiered Assessment**
  - Improved Lots: $65; Unimproved Lots: $36.68
  - No increases in golf or water usage rates
  - NET REVENUE INCREASE of $2.9M/year
Budget Priority Decisions

• Need to address Water/Sewer Infrastructure
  • Made a Priority Item in both Budgets

• DeSoto Events Center
  • DeSoto Pool Reserve & Insurance used
  • Additional funding directed ($1M in 2015)

• Need to Build Emergency Cash Reserves
  • Large cash reserve exhausted on Water Plant Expansion
  • Previous Gate Reserve used to cover 2014 operating expenses
  • Lacking cash flow to handle tornado/ice storm type cleanups

• Deferred Large Capital Rolling Stock Expenditures until 2016
Two Budgets

- **Budget 1: No Two-Tiered Assessment**
  - 2015 Total Revenue: $29.4M
  - 2015 Total Spending: $30.2M
  - Capital Spending (2015-17): $12.9M
    - Capital Outstanding thru 2019: $14.2M

- **Budget 2: Tier-tiered Assessment**
  - 2015 Total Revenue: $31.3M
  - 2015 Total Spending: $30.9M
  - Capital Spending (2015-17): $18.3M
    - Capital Outstanding thru 2019: $8.8M
Budget Differences: Employee Compensation

• **Budget 1**
  - Employee Compensation
    • 2015: 2.5% raise
    • 2016/17: No raises

• **Budget 2**
  - Employee Compensation
    • 2015: 2.5% raise
    • 2016/17: 2% raise

![Employee Compensation Chart](chart.png)
Budget Differences: Maintenance/Operating Expense

**Budget 1**
- Street Maintenance: $1.1M/year
- Recycling Program eliminated
- Gate Access Improvements deferred
- *Sewer/Water Infrastructure Maintenance Increased*

**Budget 2**
- Street Maintenance: $1.4M/year
- Consolidated Self-Service Recycling Center
- Gate Access Improvements funded
- *Sewer/Water Infrastructure Maintenance Increased*
Budget Differences: Capital Expenditures

- **Budget 1**
  - No Balboa Golf Course Renovation
  - No Balboa Clubhouse Renovation
  - No Golf Bunker Renovations
  - *Large Capital Expenditures for Auto/Large Equipment deferred until 2016*

- **Budget 2**
  - 2016: Balboa Golf Course Renovation ($2.7M) -- Irrigation/Cart Paths/Fairways
  - 2017: Balboa Clubhouse Renovation ($2M)
  - Golf Bunker Renovations for all courses ($250K/year)
  - *Large Capital Expenditures for Auto/Large Equipment deferred until 2016*
Operating Cash Reserves

- Audit Requirements: Minimum $2M Reserve
- Restricted Reserves (Workers/Bond): $870K
- Emergency & Building Reserves: $950K
- Replenish Cash Reserves in 2015
  - Create Reserves for Planned Major Capital Projects (Balboa Projects, Pickleball Complex)
- Monthly Payroll Requirements: $1.25M
Summary of Budget Differences

• **Budget 1**
  - Street Maintenance: $1.1M/year
  - Employee Compensation
    - 2015: 2.5% raise
    - 2016/17: No raises
  - No Balboa Golf Course Renovation
  - No Balboa Clubhouse Renovation
  - Recycling Program Eliminated
  - No Golf Bunker Renovations
  - Gate Access Improvements deferred
    - *Large Capital Expenditures for Auto/Large Equipment deferred until 2016*

• **Budget 2**
  - Street Maintenance: $1.4M/year
  - Employee Compensation
    - 2015: 2.5% raise
    - 2016/17: 2% raise
  - 2016: Balboa Golf Course Renovation
  - 2017: Balboa Clubhouse Renovation
  - Consolidated Self-Service Recycling Center
  - Golf Bunker Renovations for all courses
  - Gate Access Improvements Funded
    - *Large Capital Expenditures for Auto/Large Equipment deferred until 2016*
QUESTIONS????

### Assessment Collection History

**Assessments Billed vs. Received from 2001-2013**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Receipts</th>
<th>% of Assessments Received to Billed</th>
<th>Billed Assessments for Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>$10,103,579</td>
<td>90.94%</td>
<td>$11,107,154</td>
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<tr>
<td>2002</td>
<td>$10,053,765</td>
<td>94.68%</td>
<td>$11,351,800</td>
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<td>2003</td>
<td>$10,405,286</td>
<td>92.56%</td>
<td>$11,306,400</td>
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<td>2004</td>
<td>$11,996,148</td>
<td>95.58%</td>
<td>$11,504,500</td>
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<td>2005</td>
<td>$12,710,608</td>
<td>96.77%</td>
<td>$13,146,148</td>
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<tr>
<td>2006</td>
<td>$13,162,669</td>
<td>99.88%</td>
<td>$13,178,000</td>
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<tr>
<td>2007</td>
<td>$12,895,642</td>
<td>98.09%</td>
<td>$13,158,450</td>
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<tr>
<td>2008</td>
<td>$12,418,660</td>
<td>94.09%</td>
<td>$13,196,250</td>
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<td>2009</td>
<td>$11,804,947</td>
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<td>$13,236,704</td>
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<td>2010</td>
<td>$12,388,883</td>
<td>83.48%</td>
<td>$14,851,448</td>
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<tr>
<td>2011</td>
<td>$11,993,959</td>
<td>80.68%</td>
<td>$14,632,712</td>
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<td>2012</td>
<td>$11,890,735</td>
<td>80.18%</td>
<td>$14,840,883</td>
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<td>2013</td>
<td>$11,732,461</td>
<td>78.92%</td>
<td>$14,840,883</td>
</tr>
</tbody>
</table>

79%