



Meeting of the Board of Directors  
October 15, 2019  
Anthem Civic Building  
3701 W. Anthem Way  
Meeting Room 3

6:00 p.m.  
ACC Board Budget Work Session  
With Fiscal and Resource Management Committee  
Open Session

### AGENDA

1. CALL TO ORDER
2. ESTABLISH QUORUM
3. ADOPT AGENDA
4. NEW BUSINESS
  - A. 2020 DRAFT Budget Proposal Presentation and Discussion
5. ADJOURNMENT

# anthem

## community council

### Memorandum

To: ACC Board of Directors

C: Fiscal & Resource Management (FaRM) Committee

From: Neal Shearer, Community Executive Officer

Date: October 14, 2019

Re: **ACC Draft 2020 Operating Budget**

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Staff is pleased to transmit the draft 2020 Operating Budget for the Board's review and discussion at the open work session on Oct. 15, 2019.

This budget reflects the Board's strategic priorities by providing for:

- The continuation of high-quality services and facilities;
- The continuation of involvement with community partners;
- Advocacy for Anthem on public safety and other issues impacting the community;
- The implementation of Facilities Master Plan projects (e.g., dog park); and
- Strengthening and stabilizing staffing to position the organization for future success.

**As presented, the draft budget does not include an assessment increase.** However, it sets the stage for focused and thoughtful discussions on the timing and level of future assessment increases that are needed to address cumulative cost pressures since the last ACC assessment increase in 2014.

In preparing this budget, department directors and the budget team reviewed, questioned and refined every expense line item. As a result of this deliberative process, the projected 2020 total operating costs are increasing by a 3% or \$294,000 over the 2019 budget, even with the following major cost factors adding over \$600,000 to the proposed budget:

- *Mandatory minimum wage increase.* 2020 will be the fourth year of mandatory increases to the minimum wage with the highest increase of \$1.00 per hour. Since 2016, the minimum wage in Arizona has increased almost \$4.00 per hour, from \$8.05 in 2016 to \$12.00 in 2020. Wages for over 100 seasonal and year-round ACC

employees have been positively impacted by the minimum wage increase, but it has caused year-over-year increases to payroll, with a 2020 impact of approximately \$85,000.

- *Merit pay.* In this very tight and competitive labor market, the ACC must continue to take steps to retain and attract talented employees, combat the high cost of turnover, promote staff stability, and create succession management options for key positions. The 2020 draft budget includes funding for a 3% merit increase (performance based, not cost of living) and limited equity pay adjustments in the amount of approximately \$115,000.
- *Executive staff restructuring.* The ACC is reimplementing the three-person executive team structure (CEO/CFO/COO) that existed from 2011-2018, due to the continuously high workload, a steady stream of external issues that require strategic attention, and the importance of leadership continuity and the separation of duties in finance and operations. Additionally, after more than ten years with the ACC, Neal Shearer will retire as CEO in mid-2020, and the Board intends to provide for a smooth transition of leadership by recruiting for and hiring a new CEO before his departure. The 2020 payroll budget is increased by approximately \$145,000 to add a COO position and allow for a dual-CEO overlap period.
- *Major contracts.* Approximately \$135,000 is added to the 2020 budget for increases in major service contracts, including IT (\$20,000), custodial (\$40,000, which includes the dog park) and landscaping (\$75,000, which includes the dog park and Paseo). In mid-2019, the Board directed staff to issue a comprehensive RFP for landscape maintenance services, the ACC's largest service contract, and nine reputable firms submitted proposals. The ACC and the Anthem Parkside Community Association collaborated on this RFP to leverage economies of scale and seamless service delivery. An increase in the base landscape contract is expected, as the ACC's contract for base landscape services has not increased for nine years. During that timeframe, there have been minimum wage increases and scope expansions to include Opportunity Way Park and the new dog park. The Board will consider the 2020-21 landscape services contract recommendation at its open meeting on Oct. 23, 2019. *(Please note that the landscape contract price is for base services; extra services that are provided on a unit pricing basis—such as plants, tree pruning, overseeding, sod, and special projects—are budgeted in other line items).*
- *Utilities.* Water bills are projected to increase by approximately \$80,000 due to the 2019 EPCOR interim water rate increase.
- *Legal fees.* \$60,000 is included in the budget for expert legal advocacy to protect Anthem rate payers during the 2020 EPCOR water rate case, an increase of \$36,000.
- *Master Plan projects.* The draft budget includes the initial full year of dog park operating costs, estimated at \$70,000, in various line items. This includes: Park Patrol hours at 36/week (\$23,000); utilities (\$10,000); supplies/repairs/misc. (\$8,000); custodial services (\$9,000—included in the custodial contract increase, above); and

landscape services (\$20,000—estimate only, as this cost is included in the landscape contract increase, above).

On the revenue side, the total assessments and income are projected to increase by \$613,000 or 7% over the 2019 budget, after transfers to the Enhancement Fund (\$749,860) and the Reserve Fund (\$1,800,000). This total reflects increases in several revenue categories, including but not limited to single family and multi-family residential assessments, resales and disclosures, and community programs. Modest fee increases are proposed for some Community Center programs including group fitness passes, Adventure Club, camp, and the swim team, as outlined in the department budgets, below. The Board approved a user fee of \$50 per household for dog park membership, which is included in the community program revenue at a conservative \$20,000.

A recommended revision to the ACC's Reserve Fund contribution retains \$420,000 in revenue to fund operating costs while keeping the Reserve Fund "fully funded" through 2048, as validated by Criterium-Kessler Engineers, the firm that conducted the 2018 Reserve Study (see attached letter, dated Oct. 3, 2019). The current Reserve Fund balance of \$16,700,000 reflects a stronger financial position than originally forecasted in the 2018 Reserve Study, and the preliminary indication is that the total Reserve Fund expenditures in 2019 and proposed 2020 will be less than forecasted (preliminary 2020 Reserve Fund projects are attached).

After proposed transfers to the Enhancement and Reserve Funds, the total proposed operating costs exceed the proposed total assessments and income by \$993,000. It is important to acknowledge that this deficit is not indicative of Operating Fund cash flow concerns for 2020, given the ACC's net cash reserves; funds that are owed to the Operating Fund for the accelerated Master Plan projects; anticipated new Enhancement Fees that could be used for operating expenses (if needed); and the ACC's consistent track record of controlling expenditures and underspending the budget to end the year with an Operating Fund surplus.

This unique time of transition with the ACC executive team affords a prime opportunity for the new CFO (recruitment underway) to work with the CEO, Board, and Fiscal and Resource Management (FaRM) Committee to take a fresh look at the ACC's short- and mid-range financial picture (and operations), in order to evaluate the following issues: the underlying need and justification for assessment and fee increases beyond 2020; the need to revamp and strengthen the annual budget process and how it is presented; the timing of the final approved Master Plan project (Skate Park expansion), tentatively scheduled for 2020-21; and the need to reassess options to strengthen FaRM Committee involvement, including a hybrid "finance committee" structure with Board and resident representation.

This budget incorporates many hours of work by the combined staff of all ACC departments, and includes a continuing challenge to department directors to refine actual performance throughout the year, as well as the commitment to embrace opportunities that generate cost savings without a sacrifice in service quality. While no budget can anticipate every

occurrence that would impact an operating year end-result, we believe that this budget presents a realistic and achievable objective, and presents both an opportunity and challenge to our dedicated staff at all levels to again demonstrate focused attention on utilizing community resources wisely and efficiently.

Attachments:

- Consolidated 2020 Draft Operating Fund Budget Summary
- Draft Operating Fund Budget Detail
- Preliminary 2020 Reserve Projects
- Letter from Criterium-Kessler Engineers dated Oct. 3, 2019

**Departmental Highlights**

Below are highlights by department; staff will be prepared to address any questions that the Board or residents may have regarding the budget proposals.

**40 – Administration**

Administration includes Finance/Accounting, Human Resources, office management and the office of the Community Executive Officer, Community Financial Officer (recruitment underway) and Community Operations Officer (recruitment underway). The mission is to create an organizational culture that promotes integrity, teamwork, and exceptional customer service.

Items	Notes
Revenue	<ul style="list-style-type: none"> <li>• Revenues reflect careful consideration to have an accurate budget for all line items while still remaining conservative.</li> <li>• Enhancement Fees are conservatively projected to be \$749,860, a reflection of the continuing strong resale housing market in Anthem and low mortgage rates. Through the first nine months of 2019, Enhancement Fees total \$736,000.</li> </ul>
Expenses	<ul style="list-style-type: none"> <li>• Professional Services Fees are up \$38,425 over 2019 budget, but below 2018 actuals; draft budget reflects increases in legal support for water rates, collections, and CPA services.</li> <li>• Insurances reflect the ACC portion only; past years reflected the entire bill including the HOA portions. This accounts as a budgetary reduction of \$91,120.</li> <li>• Salaries &amp; Wages shows an increase due to adding a COO; overlap for new CEO training and merit increases for current staff of 3% are included.</li> <li>• Vacant positions account for 2.5 full-time employees and provide an opportunity to re-evaluate and strengthen critical functions including IT coordination, contract administration and quality control, and selected accounting services.</li> <li>• Education Expenses are decreased by \$10,175 from the 2019 budget, but remain higher than 2018 actuals, due to the projected increase in safety trainings, employee development/supervisor training, and other professional development activities.</li> </ul>
Security Measures/IT	<ul style="list-style-type: none"> <li>• The remainder of 2019 will continue to see the planned expansion of physical security measures and video security, improvements to internal IT network backup and data protection, expansion of wireless access in common areas to benefit Anthem residents, and improved IT security at the desktop and network level.</li> <li>• With the above additions in 2019, the 2020 overall security budget will see a reduction of \$53,912, but the overall security that is in place will be stronger.</li> </ul>

**41, 42, 43 – Community Center Administration, Programs and Maintenance**

The Community Center budgets include routine maintenance, janitorial, programming and other administrative and operational expenses. Note that many of the programming costs are influenced by the amount of management salary allocated to that particular area.

The focus and daily emphasis of the Community Center is to provide a wide range of quality amenities for our residents and their families within a safe and inviting environment. ACC management continues to evaluate the types of programs and equipment that enhance the user experience. As part of that continual evaluation, the ACC is dedicated to balancing its staffing resources to complement its offerings to the community.

Items	Notes
Revenue	<p>Overall revenue for all programs is expected to be \$81,343 higher in 2020 than in 2019. Approximately 50% of this comes from the projected increase in revenue from the Youth Leagues. After a review of fees for selected programs and activities within the Community Center, the following fee increases are proposed for 2020:</p> <p><i>Group Fitness Passes (on Jan. 1, 2020)</i></p> <ul style="list-style-type: none"> <li>• Daily passes increase from \$5 to \$7</li> <li>• Monthly passes increase from \$49 to \$55</li> <li>• 12-punch passes increase from \$40 to \$45</li> <li>• 24-punch passes increase from \$65 to \$72</li> </ul> <p><i>Adventure Club (on Jan. 1, 2020):</i> Second hour increases from \$1 to \$2; first hour remains \$5.</p> <p><i>Camp (on Jan. 1, 2020)</i></p> <ul style="list-style-type: none"> <li>• Daily rate increases from \$45 to \$55</li> <li>• Weekly rate has been restructured based on field trip attendance. Weekly rate currently is \$179 and field trips are an additional cost (vary by trip). The new fee structure would be \$175/week without field trips and \$195/week with field trips.</li> </ul> <p><i>Swim Team (on April 1, 2020):</i> There is a proposed increase of 5%, the first increase in several years, to allow this popular legacy program to keep pace with expenses.</p>
Payroll and Benefits	<ul style="list-style-type: none"> <li>• The Community Center employs over 100 seasonal and variable-hour employees, all of whom are impacted by AZ Prop 206. With the increase of Prop 206 by \$1.00/hour in 2020 and 3% merit increases, the result is an annual increase of \$70,803.</li> <li>• The change in payroll also reflects the consolidation of Rock Wall staff with front desk staff &amp; fitness/sports monitors. It also reflects an increase in adding additional Park Patrol staff for the dog park and Adventure Playground during high activity times.</li> </ul>
Aquatics	<ul style="list-style-type: none"> <li>• The Aquatics budget shows a net loss, as that category includes the cost of lifeguards and related training to operate the pool and water park; these are expenses that are covered by assessments.</li> </ul>

	<ul style="list-style-type: none"> <li>• In 2018, the ACC added funding for one on-call guard each shift to address challenges with paid sick time (a new feature of the minimum wage law). The aquatics park cannot operate without sufficient guards, and the new law allows for staff to call in last-minute, necessitating the move to pay a guard to be on “standby.” This practice continues to remain in place as a necessity.</li> <li>• The ACC will continue to invest in lifeguard training and coverage to protect pool guests. This investment has proven to be successful as the Aquatics Team has consistently received the top five-star rating from the Starfish Aquatics Institute, an organization that conducts independent audits of lifeguard operations during the busy summer season.</li> <li>• In 2019, revenue from swim lessons has increased by over \$12,000 from what was budgeted, and is expected to remain at that level for 2020.</li> <li>• Although the Aquatics revenue shows a decrease of revenue of \$4,000 for 2020 from 2019 actual, this is due to the Junior Guard and Junior CABS classes being moved to Children’s Programs, where that same \$4,000 increase is in the revenue.</li> </ul>
Fitness and Rock Wall	<ul style="list-style-type: none"> <li>• Although there was an increase in fitness equipment and an expectation for 2019 that there would be increases in fitness equipment repair, the ACC has been able to reduce outside vendor repair. The ACC’s newest Aquatics Technician has extensive experience in fitness equipment repair and is now handling non-warrantied repairs.</li> <li>• Rock Wall continues to be promoted for increased opportunities in revenue and use of this amenity.</li> </ul>
Camp	<ul style="list-style-type: none"> <li>• Camp continues to be popular and operates at a reasonable net profit.</li> </ul>
Sports Programs	<ul style="list-style-type: none"> <li>• Anthem has seen an explosive growth in third-party club-sponsored sports, including multiple soccer organizations; lacrosse, flag football, and baseball. All of these organizations, along with the ACC’s own sponsored sports programs, compete for limited field availability. As club sports expand, the ACC’s internal programs experience declining revenue, attendance and participation.</li> <li>• Adult Sports have declined significantly and most programs have been removed for 2020. However, interest surveys will be pursued for possible additions to programs where there is most interest.</li> <li>• Overall, Youth League revenue is expected to increase \$43,000 over 2019; this is due to the Sports Program Manager introducing a Get Rec’d program in 2019, with even higher participation expected in 2020. Additionally, an adaptive recreational program will be added in 2020. Two club teams have also been added in 2019 and the response has been positive.</li> </ul>
Other Programs	<ul style="list-style-type: none"> <li>• Teen programs remain in place but have modest popularity.</li> <li>• Special events remain popular, including Parents’ Night Out, Monster Ball, Buddie the Elf, and the Valentine Dance.</li> </ul>



	<ul style="list-style-type: none"> <li>Adventure Club, the on-site drop-off daycare for children whose parents/caregivers are working out or attending a class, has seen a deficit for several years. There is a proposed increase of \$1.00 per hour for the second hour of use.</li> </ul>
Security	<ul style="list-style-type: none"> <li>Security, in the form of video, audio and live physical presence, continues to be an important part of the Community Center budget. Employee and resident safety and security are of paramount concern, and the ACC continues to invest in technologies and services so that residents may safely enjoy all that the Community Center and parks have to offer.</li> <li>This line includes Park Patrol, overnight third-party security, and the contract with off-duty Sheriff deputies. There are funding increases for additional Park Patrol staff, for both Adventure Playground and the dog park, during high-activity times.</li> </ul>
CivicRec	<ul style="list-style-type: none"> <li>New online registration software was successfully launched in 2019. The 2020 budget includes a 10% fee of monthly revenue for the system that was not previously included in the budget.</li> </ul>

#### **44 – Civic Building**

The Anthem Civic Building opened to the public in January 2014, and has been Anthem’s “living room” ever since, housing ACC and HOA staff, and serving as a gathering and meeting space for Anthem residents, businesses, clubs, and organizations. There are rooms for rent, drop-in space, a Business Center, diverse programming to complement what is offered at the Community Center, non-profit office space, and leased space for the Maricopa County Sheriff’s Office/Phoenix Police Department.

<b>Items</b>	<b>Notes</b>
Revenues	The building has seen a reduction in room rentals, so the revenue has been reduced by \$10,000 for 2020.
Operations and Maintenance	Overall, operating expenses reflect a nominal decrease.

#### **45 – Paseo**

The common areas within Paseo are owned and maintained by the ACC. The CC&Rs for Paseo authorize the ACC to charge a benefited assessment to cover the cost of maintaining the common areas and to apply the assessment equally to all 160 dwelling units. This benefited assessment is in addition to the assessments that Paseo homeowners pay to the ACC and Parkside.

The quarterly benefited assessment for Paseo has remained \$118.50/unit since 2013. When multiplied for all Paseo units for a full year, the total benefited assessments equal \$75,480. This total assessment is evaluated each year to cover the cost of the base landscape maintenance contract, general maintenance services, tree pruning and removal, new plants and trees, overseeding, granite installations, desert landscape conversion projects, common area maintenance, irrigation system repairs, lighting supplies/repairs, electricity, vandalism, insurance, and water for irrigation.

As part of the Fall 2019 landscape maintenance services RFP process, nine reputable commercial landscape contractors submitted proposals, and every contractor’s proposed pricing for Paseo came in considerably higher than the current BrightView contract of \$1,250/month, which has not increased for several years. For 2020, the landscape maintenance contract for Paseo is expected to increase to \$3,000/month, which will increase the total 2020 operating budget for Paseo to \$84,480 (as opposed to the current \$75,480), after some line item costs were trimmed or transferred to the ACC. **The new budget/total benefited assessment amount of \$84,480 will require an increase in the benefited assessment for each Paseo unit of \$4.50/month or \$13.50/quarter.**

The 2018 Reserve Study recommends that a Reserve Fund contribution in the amount of \$2.50/month or \$7.50/quarter be added to the special benefited assessment in each of the next four years, in order to begin to correct the long-term deficiencies in the fund. Staff is recommending to the Board that we delay implementation of this proposed 2020 Reserve Fund contribution until 2021, in order to more fully analyze the Reserve Study, and to differentiate the repairs and replacement costs that are paid by the annual operating budget for Paseo and the Reserve Fund. This one-year pause will also allow more time to communicate with Paseo homeowners on this matter.

Items	Notes
Revenue	<ul style="list-style-type: none"> <li>As explained above, the new budget/total benefited assessment amount of \$84,480 will require an increase in the benefited assessment for each Paseo unit of \$4.50/month or \$13.50/quarter.</li> </ul>
Expenses	<ul style="list-style-type: none"> <li>Projected Paseo expenses include: \$12,100 for utilities; \$36,000 for base landscape services; \$24,000 for tree pruning, granite, plants, and special landscape projects; \$8,780 for community area repairs, maintenance and lighting supplies; and \$3,600 for insurance.</li> </ul>

**46 – Parks and Facilities Maintenance**

Parks & Facilities has the largest budget and is responsible for maintenance of all ACC facilities and infrastructure, as well as: Community Park; Opportunity Way Park; Liberty Bell Park & Splash Pad; Community Center; Civic Building; Anthem Veterans Memorial; Anthem Dog Park (late 2019), entry features; common areas not maintained by HOAs; over 10 miles of roadsides and medians; 346 acres of landscaped common area; 1,540 acres of open space (mostly protected washes); over 4 million sq. ft. of common wall and view fence; over 15 miles of walking, biking and pedestrian trails; over 8 miles of barbed wire fence; and over 20,000 trees.

Items	Notes
Personnel	<ul style="list-style-type: none"> <li>In 2019, employee headcount did not change, but department leadership structure was modified to incorporate additional managers. This enhances succession planning needs and day-to-day management of contracts and vendors. The new Landscape Manager oversees landscape and fields, and was commissioned with a focus on the landscape contract and to ensure obligations are completed in a timely manner and with high quality.</li> </ul>

	The filling of this position, adjustment of responsibilities, merit increases, and Prop 206 realignment result in an increase of \$72,029.
Utilities	<ul style="list-style-type: none"> <li>• Due to the EPCOR interim water rate increase, there is a projected increase of \$62,000.</li> </ul>
Maintenance	<ul style="list-style-type: none"> <li>• The ACC will continue to invest in tree trimming, granite replacement, and plant replacement at amounts consistent with 2019 levels.</li> <li>• Overall, the total increase in repairs and maintenance is approximately \$50,000 over the 2019 budget.</li> </ul>
Supplies	<ul style="list-style-type: none"> <li>• The lighting supplies budget remained consistent with the last two years, but the LED replacements should all be in place by the end of 2020, resulting in future savings.</li> </ul>
Service Contracts	<ul style="list-style-type: none"> <li>• The janitorial contract includes a 3% increase over 2019.</li> <li>• The ACC has retained its service contracts for pest control, parking lot sweeping, lake maintenance, pump maintenance, HVAC preventative maintenance, fire monitoring, and elevator maintenance without any significant increases for 2020 vs. 2019.</li> </ul>

The Parks & Facilities 2020 budget also includes Capital Expenditures of \$18,000 for a secure Genie trailer for electrical and lighting repairs, which will provide a more efficient and safe way to conduct such repairs.

#### **47 – Special Events**

The Special Events budget covers revenues, expenses, and oversight associated with the ACC’s signature events: Anthem Days, Music in May, Independence Day Celebration, and Autumnfest. The Veterans Day Ceremony, support services for the Memorial Day Ceremony, and the semi-annual Go Green recycling events also are included.

<b>Items</b>	<b>Notes</b>
Revenues	<ul style="list-style-type: none"> <li>• Overall revenues are projected to increase by approximately \$3,275 against the 2019 budget.</li> </ul>
Expenses	<ul style="list-style-type: none"> <li>• Expenses are anticipated to increase by approximately \$17,000 overall for Anthem Days, Music n May, Independence Day Celebration, and Autumnfest. \$14,000 of this overall expense is directly related to event security; these funds are a direct transfer from Dept. 40 to Dept. 47 and are not a net increase to the overall budget.</li> </ul>

#### **48 – Communications and Public Affairs; Business Services**

This department oversees all ACC communications, including, but not limited to social media, printed publications and collateral, the community website (including all three HOAs), and the Anthem Veterans Memorial. Staff also assists HOA partners and community members with communications, rate cases, special events, Community Center and Civic Building programs, and other cross-promotional services.

Items	Notes
Expenses	<ul style="list-style-type: none"> <li>• No significant changes.</li> </ul>
Personnel	<ul style="list-style-type: none"> <li>• In late 2019 or early 2020, the Communications Department will add a part-time Content Management Specialist (CMS). The CMS will handle primarily website content, as well as Intranet and analytics, and will serve as an additional CivicRec administrator. This is not an additional position being added, but rather a part-time position approved in the 2018 and 2019 Finance Department budgets being re-allocated to the Communications Department.</li> <li>• Late in 2019, Business Services and Code Compliance moved under the umbrella of this department.</li> </ul>
Publications	<ul style="list-style-type: none"> <li>• The current publications and frequency of those publications will remain the same in 2020 (The Anthem Way/Activities Guide and the Budget-in-Brief), with no significant change in costs.</li> </ul>

# ANTHEM COMMUNITY COUNCIL

## 2020 CONSOLIDATED OPERATING FUND BUDGET

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**DRAFT**  
10/11/2019

	BUDGET PROPOSED 2020	BUDGET APPROVED 2019	2019 YEAR-TO-DATE Jan. - Sept.	ACTUAL RESULTS 2018
Assessments - Residential	8,249,955	8,201,505	6,280,159	8,174,749
Assessments - Commercial/non-residential	447,732	447,732	335,800	447,733
Assessments - Apartments & MultiUnit	331,830	315,600	236,708	315,611
Assessments - Benefited/Paseo	84,480	75,840	56,880	76,205
Community Programs Revenues	803,095	721,752	608,115	682,588
Special Events Revenues	124,900	121,625	96,381	141,810
Other "Hard" and "Soft" Revenues	13,975	37,175	17,235	22,722
Reimbursements - Legal & Other	155,000	155,000	218,825	217,047
Revenues - Rentals	403,180	384,800	279,155	383,786
Revenues - Resale & Disclosures	359,160	280,685	297,608	372,915
Enhancement Fees	749,860	679,960	736,084	921,621
Transfers to Enhancement Fund	(749,860)	(679,960)	(736,084)	(921,623)
Transfers to Reserve Fund	(1,800,000)	(2,220,000)	(1,665,000)	(2,100,000)
Other Non-Classified Incomes	82,904	121,212	88,796	155,422
<b>TOTAL ASSESSMENTS &amp; INCOME</b>	<b>9,256,210</b>	<b>8,642,926</b>	<b>6,850,661</b>	<b>8,890,585</b>
Salaries & Payroll	721,243	650,439	574,948	643,654
Medical, Benefits & Taxes	92,178	121,111	77,413	97,597
Direct CC Program Expenses	285,490	285,374	198,169	277,617
Direct Special Events Expenses	183,010	165,475	116,978	131,990
<b>TOTAL COMMUNITY PROGRAMS &amp; EVENTS</b>	<b>1,281,920</b>	<b>1,222,399</b>	<b>967,509</b>	<b>1,150,858</b>
<b>TOTAL COMMUNITY INVOLVEMENT</b>	<b>171,535</b>	<b>185,005</b>	<b>104,836</b>	<b>149,663</b>
<b>TOTAL UTILITIES</b>	<b>1,110,800</b>	<b>1,038,100</b>	<b>754,820</b>	<b>992,063</b>
<b>TOTAL HUMAN RESOURCES</b>	<b>112,885</b>	<b>109,934</b>	<b>64,339</b>	<b>76,395</b>
Salaries & Payroll - Parks / Facilities / Maintenance	714,406	642,377	480,108	639,487
Medical, Benefits & Taxes	178,744	169,221	117,467	160,861
Common Area Maintenance	13,880	11,500	10,165	8,010
R&M - Park Buildings	4,250	15,000	2,818	5,227
Community Center Maintenance	16,300	35,350	2,741	6,185
HVAC & Plumbing	50,868	48,420	31,921	36,999
Pools, Spas & Water Features	98,850	93,250	63,635	61,391
Irrigation	77,800	78,740	39,797	82,003
Tools, Janitorial Supplies, Lighting, Other	83,104	84,604	60,713	91,345
R&M - Facilities & Equipment	37,900	55,200	30,379	50,606
R&M - Grounds & Other	266,850	237,200	176,284	191,170
Repair, Replace & Maintain - All Other	132,650	158,274	118,904	194,002
<b>TOTAL REPAIRS &amp; MAINTENANCE</b>	<b>1,675,601</b>	<b>1,629,135</b>	<b>1,134,932</b>	<b>1,527,285</b>
General Legal & Specialized Legal	220,400	186,500	187,990	203,805
CPA, Consulting, Professional & Other	138,500	133,975	96,830	183,647
<b>TOTAL PROFESSIONAL</b>	<b>358,900</b>	<b>320,475</b>	<b>284,819</b>	<b>387,451</b>
Property, Business, D&O Insurances	263,780	354,900	160,407	240,535
Bad Debt Expense	54,540	39,540	51,335	(23,658)
All Other Financial Expenses	119,715	116,378	82,455	63,863
<b>TOTAL FINANCIAL</b>	<b>438,035</b>	<b>510,818</b>	<b>294,196</b>	<b>280,739</b>
Landscape Contract	1,208,000	1,167,000	835,344	1,125,774
Janitorial and Sanitation Contract	440,836	391,387	296,118	378,036
Security & Other Service & Support Contracts	429,635	459,830	228,837	318,346
<b>TOTAL CONTRACT SERVICES</b>	<b>2,078,471</b>	<b>2,018,217</b>	<b>1,360,299</b>	<b>1,822,157</b>
Payroll - Civic Bldg & Community Center Admin	2,117,431	1,917,419	1,147,386	1,647,251
Medical, Benefits & Taxes	520,266	485,965	209,114	254,661
401k Programs & Administration	70,000	69,900	48,620	63,839
Office Consumables	30,200	47,248	18,489	27,537
Postage & Copies & Mailings	48,456	88,856	23,814	30,779
Office Equipment	12,500	14,180	7,404	5,302
Reimbursements	2,135	2,420	557	1,670
Dues & Subscriptions	9,700	15,184	5,940	14,812
Equipment Lease & Rentals	27,880	29,900	19,748	32,860
Voice, Cell & Data Services	88,145	153,035	52,864	70,040
Signs - Community Common Areas	4,485	5,700	4,582	10,129
Other General & Administrative	89,864	91,434	(62,484)	46,147
<b>TOTAL GENERAL &amp; ADMIN - CIVIC BLDG &amp; COMM CNTR</b>	<b>3,021,062</b>	<b>2,921,242</b>	<b>1,476,034</b>	<b>2,205,027</b>
<b>TOTAL OPERATING COSTS</b>	<b>10,249,210</b>	<b>9,955,325</b>	<b>6,441,784</b>	<b>8,591,637</b>
<b>GROSS SURPLUS (DEFICIT)</b>	<b>(993,000)</b>	<b>(1,312,400)</b>	<b>408,877</b>	<b>298,948</b>
LESS - Depreciation Expense	834,000	842,400	576,370	743,855
PLUS - Interest Income, Expense, Tax Accrual	68,000	30,000	64,562	66,895
LESS - Income Taxes - Federal & State	23,000	55,200	18,600	(36,603)
<b>NET BOOK SURPLUS / (DEFICIT)</b>	<b>(1,782,000)</b>	<b>(2,180,000)</b>	<b>(121,530)</b>	<b>(341,409)</b>
LESS - PROPOSED CAPEX	18,000	40,000	0	0
<b>PLUS - BASE RESERVE CONTRIBUTION</b>	<b>1,800,000</b>	<b>2,220,000</b>	<b>2,220,000</b>	<b>2,220,000</b>
<b>BALANCE AFTER RESERVE PAYMENT</b> (shortfall) or excess	<b>0</b>	<b>0</b>	<b>-</b>	<b>-</b>
<b>BALANCED BUDGET [ += Surplus ]</b>	<b>0</b>	<b>0</b>	<b>1,878,591</b>	<b>1,878,591</b>

**ANTHEM COMMUNITY COUNCIL**  
**OPERATING FUND ONLY**  
**BUDGET DETAIL STATEMENT**

**DRAFT**  
**10/11/2019**

	2020 NEXT YEAR BUDGET	2019 Approved Budget	2019 Current Year 9 Mo Actual	2018 Prior Year Full YR Actual
<b>ASSESSMENTS &amp; INCOMES</b>				
Assessments - Residential	8,249,955	8,201,505	6,280,159	8,174,749
Assessments - Commercial	447,732	447,732	335,800	447,733
Assessments - Apts & Multi-Unit	331,830	315,600	236,708	315,611
Assessments - Benefited/Paseo	84,480	75,840	56,880	76,205
Aquatics Revenue	21,800	20,340	25,110	29,337
Swim Team Revenue	161,625	177,665	125,784	139,787
Swim Lessons Revenue	45,300	34,048	46,916	35,926
Youth League Revenue	143,480	105,930	100,738	103,639
Adult League Revenue	2,400	15,300	-	16,055
Adventure Club Revenue	20,700	19,650	13,435	14,336
Children's Programs Revenue	17,171	13,700	4,857	14,245
Youth Camps	185,225	166,964	161,890	158,352
Teen Programs Revenue	15,550	9,650	2,150	5,340
Rock Wall Revenue	6,504	6,000	4,389	4,874
Fitness/Wellness Revenue	96,840	86,005	67,946	86,776
Tennis & Pickleball Revenue	86,500	66,500	54,899	73,921
Events - Anthem Days	58,125	58,125	65,362	64,143
Events - Music In May	9,500	9,500	10,640	10,476
Events - July 4th	14,800	13,800	18,153	16,351
Events - AutumnFest	38,750	37,400	-	46,096
Events - Other	3,725	2,800	2,226	4,745
Internal Collections	45,000	45,000	60,398	52,257
Legal Collections Rebill Fees	87,500	87,500	111,196	118,661
Late Charges & Fees	22,500	22,500	47,230	46,129
Guest Fees/Passes	47,004	41,328	50,353	37,732
Non-Resident Revenue	15,000	3,504	16,710	19,034
Park Facility Rentals	160,972	184,180	105,959	161,815
ACB Room Rentals	35,000	45,000	27,286	48,009
Resale & Disclosure Revenue	359,160	280,685	297,608	372,915
Rental Income	207,208	155,620	145,911	173,961
ACB Program Revenue	1,600	2,000	2,627	3,879
Community Center Room Rent	12,296	12,380	8,950	12,402
NSF Fees Reimbursed	2,700	900	1,875	1,650
Vending Income / Sales	5,275	10,275	5,410	7,307
Architectural Fees	6,000	6,000	9,950	13,765
Other Income / Misc.	7,004	82,000	10,156	82,376
Enhancement Fees	749,860	679,960	736,084	921,621
Transfers to Reserve Fund (ACC)	(1,800,000)	(2,220,000)	(1,665,000)	(2,100,000)
Transfers to Enhancement Fund	(749,860)	(679,960)	(736,084)	(921,623)
<b>TOTAL ASSESSMENTS &amp; INCOME</b>	<b>9,256,210</b>	<b>8,642,926</b>	<b>6,850,661</b>	<b>8,890,585</b>

**PROGRAMS**

Payroll - Aquatics	278,149	255,653	269,342	272,423
Payroll - Swim Team	106,666	113,019	63,371	102,357
Payroll - Swim Lessons	29,450	11,400	25,826	14,414
Payroll - Youth League	99,277	52,224	55,185	70,760
Payroll - Adult League	486	33,128	-	-
Payroll - Adventure	46,060	40,040	35,753	34,237
Payroll - Children/Teen Prog	3,187	3,812	35,670	55,415
Payroll - Youth Camp	140,205	125,719	77,838	68,924

**ANTHEM COMMUNITY COUNCIL**  
**OPERATING FUND ONLY**  
**BUDGET DETAIL STATEMENT**

**DRAFT**  
**10/11/2019**

	2020 NEXT YEAR BUDGET	2019 Approved Budget	2019 Current Year 9 Mo Actual	2018 Prior Year Full YR Actual
Payroll - Fitness/Rockwall	17,762	15,444	11,963	25,124
Payroll Taxes & Benefits - Aquatics	33,676	35,366	32,147	45,892
Payroll Taxes & Benefits - Swim Team	9,600	30,432	14,398	16,445
Payroll Taxes & Benefits - Swim Lessons	2,650	-	2,479	1,384
Payroll Taxes & Benefits - Youth League	23,953	16,263	11,149	14,084
Payroll Taxes & Benefits - Adult League	2,593	3,975	-	-
Payroll Taxes & Benefits - Adventure	364	-	3,432	3,287
Payroll Taxes & Benefits - Children's/Teen Prog	4,300	13,218	5,171	7,373
Payroll Taxes & Benefits - Youth Camp	13,442	19,539	7,472	6,617
Payroll Taxes & Benefits - Fitness / Rockwall	1,599	2,317	1,164	2,516
Aquatics Program Expense	29,255	27,285	30,928	32,466
Swim Team Expense	44,000	61,200	29,013	40,761
Swim Lesson Expense	3,000	1,200	2,360	952
Youth League Expense	49,356	23,627	14,434	23,848
Adult League Expense	-	6,542	-	5,133
Adventure Club Expense	640	640	737	756
Children/Teen Prog. Expense	8,103	11,292	2,563	10,392
Youth Camp Expense	21,718	21,233	14,781	17,754
Fitness/Rockwall Expense	74,442	77,879	53,998	73,656
Specialty Class Expense	1,500	1,000	2,288	3,736
Tennis Program Expense	53,476	53,476	43,014	59,045
User Credits / Other	-	-	4,053	9,117
Events - Anthem Days	40,075	38,165	35,857	34,962
Events - Music In May	29,175	23,925	24,643	19,258
Events - July 4th	60,500	51,550	54,027	43,856
Events - AutumnFest	32,600	31,375	-	25,550
Events - Other	20,660	20,460	2,451	8,365
<b>TOTAL PROGRAM COSTS</b>	<b>1,281,920</b>	<b>1,222,399</b>	<b>967,509</b>	<b>1,150,858</b>

**COMMUNITY INVOLVEMENT**

Meeting & Community	9,000	10,660	6,939	7,481
Resident Relations	16,400	25,715	8,736	23,384
Blockwatch	5,000	5,000	1,904	5,413
Website Expense	13,530	17,205	12,470	12,329
Resource Guide	59,325	59,175	46,995	57,988
Economic Development	800	2,000	4,213	8,948
Advertising & Marketing	50,480	51,450	22,143	18,711
All Other Community Involvement	17,000	13,800	1,435	15,410
<b>TOTAL - COMMUNITY INVOLVEMENT</b>	<b>171,535</b>	<b>185,005</b>	<b>104,836</b>	<b>149,663</b>

**UTILITIES**

Electricity	492,600	501,500	331,359	481,930
Water & Sewer	555,900	476,900	378,271	446,993
Gas	44,200	39,700	31,177	42,632
Gasoline/Propane	18,100	20,000	14,014	20,508
<b>TOTAL UTILITIES</b>	<b>1,110,800</b>	<b>1,038,100</b>	<b>754,820</b>	<b>992,063</b>

**PROFESSIONAL**

Legal Fees - General & Other	80,400	95,000	54,807	84,340
Legal Fees - Water	60,000	24,000	164	11,250
Legal Fees - Collections	80,000	67,500	133,019	108,215
CPA Services	45,000	31,300	30,495	27,328
Consulting Fees	10,000	24,000	750	11,087
Reserve Study	-	-	-	53,877

**ANTHEM COMMUNITY COUNCIL**  
**OPERATING FUND ONLY**  
**BUDGET DETAIL STATEMENT**

**DRAFT**  
**10/11/2019**

	2020 NEXT YEAR BUDGET	2019 Approved Budget	2019 Current Year 9 Mo Actual	2018 Prior Year Full YR Actual
Arch Review Expenses	-	12,000	2,820	11,150
Property Resale Fee Sharing	83,500	66,675	62,764	80,205
<b>TOTAL PROFESSIONAL/CONSULTING</b>	<b>358,900</b>	<b>320,475</b>	<b>284,819</b>	<b>387,451</b>

**FINANCIAL**

Bank Charges	1,560	32,200	22,720	23,453
Insurances	263,780	354,900	160,407	240,535
Collection Support Tools	4,540	4,540	1,573	4,346
Bad Debt Expenses	50,000	35,000	49,762	(28,004)
Taxes, Licenses & Fees	88,155	69,178	59,735	38,702
Insurance Claims	30,000	15,000	-	1,708
<b>TOTAL FINANCIAL</b>	<b>438,035</b>	<b>510,818</b>	<b>294,196</b>	<b>280,739</b>

**REPAIRS & MAINT**

Payroll	714,406	642,377	480,108	639,487
Payroll Taxes & Benefits	178,744	169,221	117,467	160,861
Common Area Maintenance & OWP	13,880	16,500	10,165	8,010
R & M - Park Buildings	4,250	10,000	2,818	5,227
Community Center Maintenance	16,300	35,350	2,741	6,185
Tools	9,000	12,000	7,625	18,133
Janitorial Supplies	28,600	27,800	22,379	25,064
R & M - Lighting	45,504	44,804	30,709	48,149
R & M - Landscaping-Tree Pruning/Plants/Seed/Sod	175,000	103,200	107,649	125,045
R & M - Sprinklers / Irrigation	77,800	78,740	39,797	82,003
R & M - HVAC & Plumbing	50,868	48,420	31,921	36,999
R & M - Pool/Spa Maintenance & Supplies	98,850	93,250	63,635	61,391
R & M - Playground & Equipment	16,700	20,500	14,979	24,044
R & M - Rock Wall - Maintenance / Inspection	1,200	2,000	923	3,243
R & M - Mailboxes	8,000	9,000	6,914	9,981
R & M - Fitness Equipment	12,000	23,700	7,563	13,337
R & M - Pest Control	5,050	7,150	2,433	6,348
R & M - Sports Fields	35,000	30,000	39,292	30,720
R & M - Tennis/Pickleball Courts	3,600	-	3,210	144
R & M - Lake	7,000	7,000	8,705	20,284
R & M - Hardware & Materials	1,200	1,400	638	666
R & M - Facilities Building	15,100	22,900	7,787	12,116
R & M - Facilities FF&E	3,800	1,000	1,614	3,511
R & M - Landscaping Other	43,000	64,000	18,112	23,871
R & M - Grounds Parks	10,250	40,000	8,021	11,390
R & M - Grounds - Granite	79,000	79,000	79,964	105,847
R & M - All Other	4,500	18,824	1,616	4,577
Vehicle Maintenance	8,500	9,500	9,509	15,042
Vandalism/Theft	8,500	11,500	6,637	25,611
<b>TOTAL REPAIRS &amp; MAINTENANCE</b>	<b>1,675,601</b>	<b>1,629,135</b>	<b>1,134,932</b>	<b>1,527,285</b>

**HUMAN RESOURCES**

Recruitment & On-Boarding Services	9,740	8,588	4,708	7,230
Payroll / 401k Processing Fees	33,710	30,576	23,887	29,204
Employee Benefits & Incentives	30,100	21,750	21,100	19,409
Educational Expenses	29,200	39,375	9,595	13,205
Medical Supplies	3,085	3,045	561	1,176
Uniforms	7,050	6,600	4,488	6,170
<b>TOTAL HR</b>	<b>112,885</b>	<b>109,934</b>	<b>64,339</b>	<b>76,395</b>

**SECURITY & INFRASTRUCTURE**

Park Patrol Wages	88,822	68,227	42,889	65,276
Park Patrol Taxes	7,994	8,187	4,168	5,974
Outside Security Services	142,852	171,167	86,978	120,590



**ANTHEM COMMUNITY COUNCIL**  
**OPERATING FUND ONLY**  
**BUDGET DETAIL STATEMENT**

**DRAFT**  
**10/11/2019**

	2020 NEXT YEAR BUDGET	2019 Approved Budget	2019 Current Year 9 Mo Actual	2018 Prior Year Full YR Actual
Infrastructure Security Systems	32,000	78,000	16,920	21,743
<b>TOTAL SECURITY</b>	<b>271,669</b>	<b>325,581</b>	<b>150,954</b>	<b>213,583</b>

**CONTRACT SERVICES**

Sanitation & Janitorial Contract	440,836	391,387	296,118	378,036
Exterminating Contract	8,660	8,460	6,215	8,220
Landscape Contract	1,208,000	1,167,000	835,344	1,125,774
Lake Maint Contract	7,500	7,680	5,400	7,200
Pump Maint Contract	6,200	5,650	2,571	4,150
Fire Monitoring Contract	11,850	11,195	3,876	10,371
Window Cleaning Contract	13,920	13,920	8,965	11,145
Elevator Maintenance Contract	6,142	3,280	4,391	5,669
Data / IT Contract	91,968	73,000	38,784	45,973
Fitness Equip Contract	6,000	5,988	3,992	5,988
Street Sweeping Contract	5,727	5,076	3,690	6,047
<b>TOTAL CONTRACT SERVICES</b>	<b>1,806,803</b>	<b>1,692,636</b>	<b>1,209,345</b>	<b>1,608,573</b>

**GENERAL & ADMIN**

Wages - Administrative	2,117,431	1,917,419	1,147,386	1,647,251
Payroll Taxes & Benefits	520,266	485,965	209,114	254,661
401K Program	70,000	69,900	48,620	63,839
Office Expense	30,200	47,248	18,489	27,537
Printing & Copies	25,710	41,950	11,436	17,685
Postage	22,746	46,906	12,378	13,095
Office Equipment	12,500	14,180	7,404	5,302
Employee Relations	18,790	23,340	12,195	15,626
Mileage Reimb	2,135	2,420	557	1,670
Dues & Subscriptions	9,700	15,184	5,940	14,812
Equipment Lease	23,280	24,900	17,187	21,295
Equipment Lease/Rental	4,600	5,000	2,561	11,564
Telephone / Data / IT	88,145	153,035	52,864	70,040
Signs	4,485	5,700	4,582	10,129
Property Taxes	1,500	650	-	1,298
Gain or Loss on Operating Investment	(3,000)	(2,820)	(74,679)	29,223
Contingency	72,574	70,264	-	-
<b>TOTAL GENERAL &amp; ADMIN</b>	<b>3,021,062</b>	<b>2,921,242</b>	<b>1,476,034</b>	<b>2,205,027</b>

<b>TOTAL OPERATING COSTS</b>	<b>10,249,210</b>	<b>9,955,325</b>	<b>6,441,784</b>	<b>8,591,637</b>
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<b>GROSS SURPLUS (DEFICIT)</b>	<b>(993,000)</b>	<b>(1,312,400)</b>	<b>408,877</b>	<b>298,948</b>
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Less - Depreciation Expense	834,000	842,400	576,370	743,855
Plus - Interest Income & Interest Expense	68,000	30,000	64,562	66,895
Less - Income Taxes - Federal & State	23,000	55,200	18,600	(36,603)

<b>NET BOOK SURPLUS / (DEFICIT)</b>	<b>(1,782,000)</b>	<b>(2,180,000)</b>	<b>(121,530)</b>	<b>(341,409)</b>
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<b>LESS PROPOSED CAPEX</b>	<b>18,000</b>	<b>40,000</b>	<b>-</b>	<b>-</b>
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<b>SURPLUS / (DEFICIT) - FINAL (Cash Adjusted)</b>	<b>(1,800,000)</b>	<b>(2,220,000)</b>	<b>(121,530)</b>	<b>(341,409)</b>
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<b>BASE RESERVE CONTRIBUTION</b>	<b>1,800,000</b>	<b>2,220,000</b>	<b>2,220,000</b>	<b>2,220,000</b>
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<b>BALANCE AFTER RESERVE PAYMENT</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>1,878,591</b>
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(SHORTFALL) or EXCESS

**Anthem Community Council, Inc. - DRAFT**  
**2020 Projected Capital Expenditures - Reserve Fund**

**2018 Reserve Study - Schedule for 2020** **1,977,530**  
**2020 Projected CapEx / Reserve Total** **1,463,457**

Line Item Description	Anticipated Cost
CC - Bldg - Family Locker Room Remodel	25,200
CC - Bldg - Flooring - Wood Group Fitness	16,809
CC - FF&E - Cushion Chairs	10,985
CC - Fitness - LF Stretch Trainer	1,300
CC - Fitness - Precor Rec. Bike	10,000
CC - Fitness - Precor Upright Bikes	15,000
CC - Gym - Basket Winch Systems	3,183
CC - Kid Zone - Fencing (Wr. Iron) - Paint	435
CC - Kid Zone - Furniture	13,792
CC Unit 01 - Paint Common Walls	4,092
CC Unit 02 - Paint Common Walls	7,072
CC Unit 02A/ 19 - Paint Common Walls	7,072
CC Unit 03 - Paint Common Walls	6,123
CC Unit 04 - Paint Common Walls	151
CC Unit 04 - Paint Wrought Iron	16,469
CC Unit 05 - Paint Common Walls	3,944
CC Unit 06 - Paint Common Walls	4,719
CC Unit 09 - Paint Wrought Iron	15,488
CC Unit 10 - Paint Common Walls	3,744
CC Unit 11 - Paint Common Walls	4,069
CC Unit 12 - Paint Common Walls	10,876
CC Unit 13 - Paint Wrought Iron	19,693
CC Unit 15 - Paint Common Walls	11,115
Civic - Bldg - Fire Suppression System	15,450
Civic - Bldg - Interior HVAC Units	7,500
Civic - Bldg - Landscape (General)	5,000
Civic - Bldg - Poles, re-set out-of-plumb	6,365
Civic - Bldg - Riser Room Valves/Gauges	11,680
Civic - FF&E - General - AV Ipad Controllers (2)	1,500
Civic - FF&E - Kitchen - Microwave	800
Civic - Tech - Dell PowerEdge R5 Servers	31,000
Civic - Tech - Epson Projector	1,500
Civic - Tech - External HardDrive Raid 10	13,500
Civic - Tech - Floor 1 Welcome Computers (3)	3,090
Civic - Tech - Laptop Computers (13)	13,000
Civic - Tech - Laptop Computers (2)	4,200
Civic - Tech - Office Printers (13)	5,000
Civic - Tech - Security Hardware / Software	18,750
Civic - Tech - Sony Bravia 42" Monitors (2)	2,900
CP - Adventure Park - Splash Pad Reclaimed Water System - Replace	55,000
CP - Adventure PG - Paint Wrought Iron	2,500
CP - Adventure PG - Restroom - Repaint	2,228
CP - Adventure PG - Shade Fabric	2,875
CP - Adventure PG - Wrought Iron Fence	12,440
CP - Asphalt Seal Coat	31,744
CP - Concrete Repairs (Unscheduled)	10,000
CP - Grounds - Memorial (Unfunded)	3,183
CP - Hockey - Paint Light Poles	1,000
CP - Hockey - Paint Wrought Iron	1,000
CP - Hockey - Scoreboard	8,446
CP - LL Field #1 - Fencing and Gates (4)	24,000
CP - LL Field #2 - Fencing and Gates (7)	24,720
CP - Paint Metal Poles	1,652
CP - Paint Ramadas	16,974
CP - Paint Wrought Iron	1,500
CP - Park Equipment - BBQ Grills Double (2)	1,289
CP - Park Equipment - BBQ Grills Single (6)	3,000
CP - Park Equipment - Picnic Tables (18)	18,000
CP - Sail Shades	5,750
CP - SB Field #1 - Lighting (6 standards)	95,000
CP - SB Fields - Ice Machine	4,120
<b>Sub-total</b>	<b>678,988</b>

Line Item Description	Anticipated Cost
CP - Skate Park - Bleachers	3,024
CP - Skate Park - Paint Wrought. Iron	3,500
CP - Train Station - Paint Wrought Iron	2,500
CP - Volleyball Sand	8,359
General Playground Repairs	10,000
Ground - Brush clearance for Painting Projects	20,000
Grounds - Bollard Lights ( 336 ea @ \$2,700 ea )	84,000
Grounds - Brush clearance	20,000
Grounds - Exterior Irrigation Lines	25,000
Grounds - Pillar Lights ( 250 ea @ \$200 ea )	2,575
LB Park - Playstructures	20,000
LB Park - Sail Shades	24,720
LB Park - Water Feature Equipment	12,662
Mailbox - Annual Repair / Replace in Lieu of EUL Replace	50,000
Maintenance - Block Wall Repairs	80,000
Maintenance - Desktop Computers (2)	3,520
Maintenance - Laptop Computers (1)	1,650
Maintenance - Vehicle - 2003 KAWS KAF30 ATV	14,000
Maintenance - Vehicle - 2005 Suzuki ATV	18,000
Maintenance - Vehicle - JD GatorPro	26,400
Miscellaneous Landscape Repairs	15,000
OWP - Granite Refresh	5,305
Pool - Coping Stones (Replace)	2,652
Pool - Shade Structure in Lieu of Umbrellas	7,725
Pool - Surge Tanks - Controllers	11,330
Pool - Surge Tanks - Modular Float Valve	7,004
Pool - Waterpark (Ongoing Repairs)	16,391
Pool Deck - Lane Line Rollers	6,695
Pool Deck - Plastic Chairs	3,825
Pool Equipment - Acid Room Repairs	1,639
Pool Equipment - Cover Motor (Lap)	2,266
Pool Equipment - Pump (Leisure)	21,218
Pool Equipment - Pump (Slides)	15,450
Pool Equipment - Pump (Wader)	1,485
Pool Play Area - Sail Shade	5,150
PS Unit 10 - Paint Wrought Iron	8,907
PS Unit 12 - Paint Wrought Iron	4,600
PS Unit 15 - Paint Wrought Iron	15,524
PS Unit 16 - Paint Wrought Iron	8,330
PS Unit 17 - Paint Wrought Iron	20,050
PS Unit 19 - Paint Wrought Iron	6,762
PS Unit 20A - Paint Block Walls	5,217
PS Unit 20A - Paint Wrought Iron	2,132
PS Unit 20B - Paint Block Walls	6,755
PS Unit 20B - Paint Wrought Iron	9,240
PS Unit 20C - Paint Block Walls	6,004
PS Unit 20C - Paint Wrought Iron	6,886
PS Unit 21A - Paint Block Walls	3,060
PS Unit 21A - Paint Wrought Iron	14,165
PS Unit 21B - Paint Block Walls	6,419
PS Unit 21B - Paint Wrought Iron	11,377
PS Unit 23 - Paint Wrought Iron	24,152
PS Unit 31 - Paint Block Walls	3,844
PS Unit 43 - Paint Block Walls	9,885
PS Unit 55 - Paint Block Walls	14,240
PS Unit 77 - Paint Wrought Iron - Retention Basin	1,234
PS Unit W32 - Paint Block Walls	8,282
Sidewalk Repair	25,000
Tennis Courts - Paint Tennis Bldg	4,856
Tennis Courts - Paint Walls	2,336
Tennis Courts - Paint Wrought Iron	685
Tennis Courts - Shade Structures(B)	1,485
<b>Sub-total</b>	<b>784,469</b>

# CRITERIUM<sup>®</sup> KESSLER ENGINEERS

CRITERIUM-KESSLER ENGINEERS  
*Independently Owned and Operated*  
14539 W. Indian School Road, Suite #880  
Goodyear, Arizona 85395  
TEL 480 218-1969

October 3, 2019

Mr. Neal Shearer  
Community Executive Officer  
Anthem Community Council (ACC)  
3701 W. Anthem Way, Ste. #201  
Anthem, Arizona 85086

**PROPERTY:** ANTHEM PLANNED UNIT DEVELOPMENT  
ANTHEM, ARIZONA

**SERVICE:** FUNDING UPDATE - FULL PROPERTY EVALUATION AND RESERVE FUND ANALYSIS

**ATTACHMENT:** UPDATED FUNDING PLAN FINANCIALS

Dear Members of the Anthem Community Council:

As requested, Criterium-Kessler Engineers has reassessed and updated the reserve study contribution plan to provide a more gradual increase in contribution rates for the next five years (2020 – 2024). The revised and recommended plan results in a fully funded reserve allocation over the 30-year planning period (ending in 2048), while providing the ACC more flexibility to prioritize and allocate annual operating funds to meet near-term community needs. This letter outlines the changes and includes the attached revised financial analysis charts for the ACC's consideration and use.

Please note that this is not a full reserve study update. To ensure consistency of data and results, the financial analysis for this update was performed using the same data that was collected and utilized during the original study in 2018. No assets were added or removed; no prices were adjusted nor estimates changed. No other changes have been made to the original study provided by Criterium-Kessler Engineers on October 24, 2018 other than those made to the funding contribution plan listed below.

The ACC has an actual Reserve Fund Balance of \$16.7M as of August 2019. This exceeds the original projections and reflects an even stronger financial position for the community than anticipated in the current funding plan.

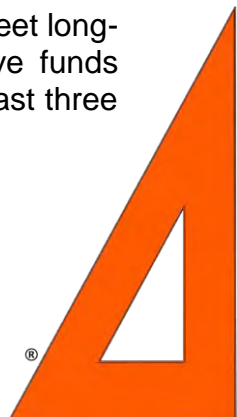
### Current Funding Plan:

The current funding plan, implemented for fiscal 2019, results in sufficient funding to meet long-term reserve requirements throughout the planning period (through 2048). Reserve funds remain above the recommended \$7.5M minimum threshold with the exception of the last three years (2045 – 2048). Key points of the current funding plan include:

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- ✓ \$2.221M allocated annually for the reserve fund between 2018 and 2028 (11 Years with no projected increase)
- ✓ Beginning in Year 12 (2029), this amount would be increased at 3% annually (projected rate of inflation) for the remainder of the 30-year planning period

For detailed data, please refer to the attached tables and graphs titled “Capital Reserve Fund – Current Adopted Funding Plan”

Recommended Funding Plan:

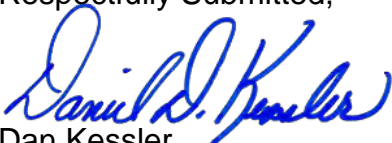
The revised and recommended plan continues to maintain sufficient funding to meet long-term reserve requirements through the planning period (through 2048). Key points of the modified funding plan include:

- ✓ The total annual allocation of funds directed to the reserve fund is initially reduced, and then slowly increased according to the following schedule:
  - \$1.8M allocation to the reserve fund in Year 3 (2020)
  - \$1.9M allocation to the reserve fund in Year 4 (2021)
  - \$2.0M allocation to the reserve fund in Year 5 (2022)
  - \$2.1M allocation to the reserve fund in Year 6 (2023)
  - \$2.2M annual allocation to the reserve fund in beginning in Year 7 and continuing through Year 10 (2024 - 2028) – no increases
  - Beginning in Year 11 (2029), this amount would be increased 3% annually (projected rate of inflation) for the remainder of the 30-year planning period
- ✓ The original minimum threshold of \$7.5M was higher than a typical conservative threshold, and in Criterium-Kessler Engineers’ professional opinion, it was reasonable and prudent to reduce it to \$5.0M

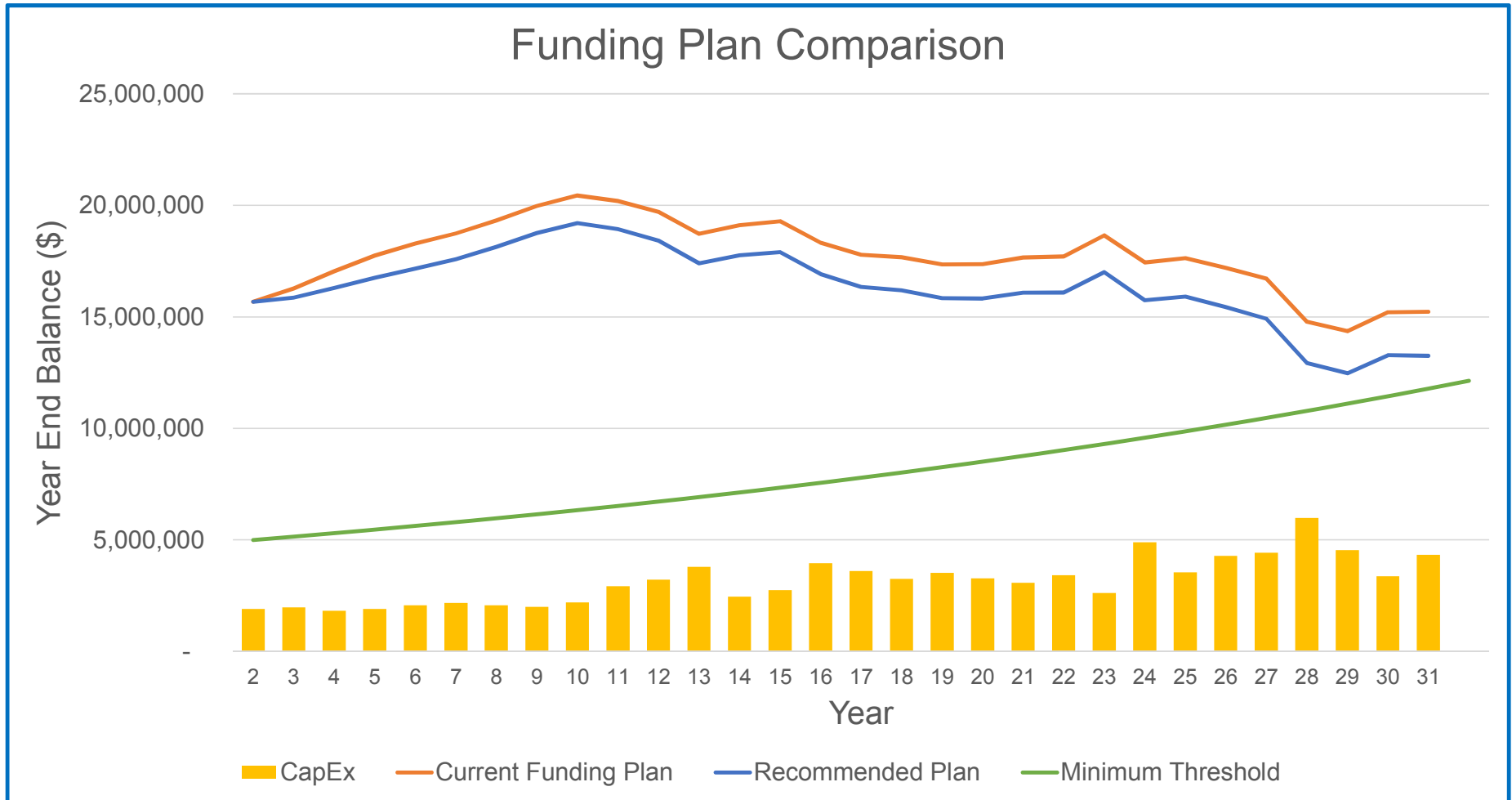
Reserve funds remain above the recommended and revised \$5.0M minimum threshold through the entire 30-year planning period, resulting in a fully funded reserve allocation for the community. For detailed data, please refer to the attached tables and graphs titled “Capital Reserve Fund – Funding Plan – Recommended”

Thank you for your continued confidence in Criterium-Kessler Engineers.

Respectfully Submitted,

  
Dan Kessler  
President  
Criterium-Kessler Engineers





Capital Reserve Fund - Current Adopted Funding Plan  
 No Change to Contribution



**Contribution Details**

	Total/Month	Total Annual	Per Unit/Month	Per Unit/Year
First Year	\$ 185,083	\$ 2,221,000	\$ 17.80	\$ 213.56
Last Year	\$ 334,281	\$ 4,011,373	\$ 32.14	\$ 385.71

Number of Units:	10400
Fiscal Year starts:	01/01/19
Reserve Funds at start	\$ 15,024,329
Rate of Return on Reserve Funds (%)	2.25%
Inflation Rate (%)	3.00%
Initial Minimum Threshold	\$ 7,500,000

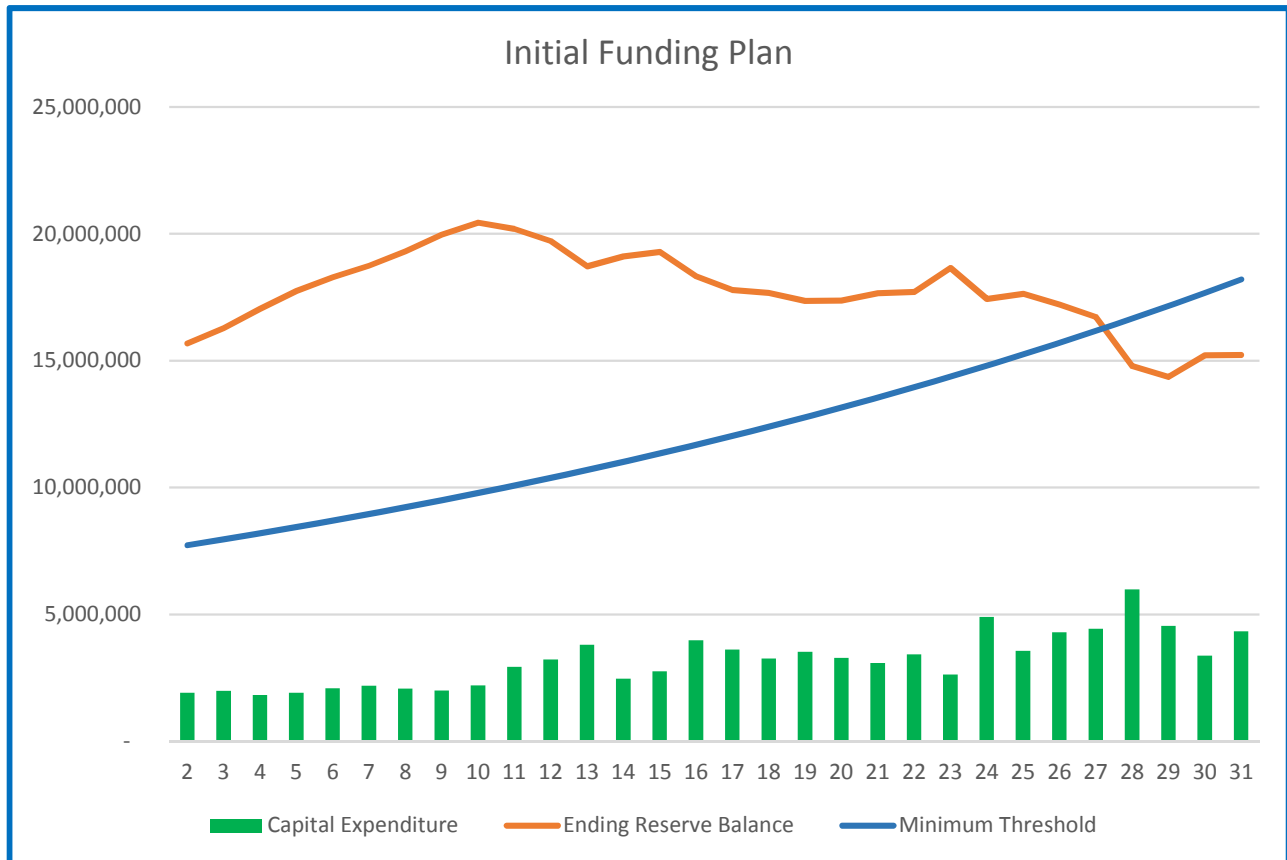
Special Assessments		
Year	Total/Year	Per Unit
		\$ -
		\$ -
		\$ -

**SUMMARY**

No change to the currently adopted plan of

*"Increase Annual Contribution to \$2,221,000 YR 2 (2019) then Annual increase with inflation (3%) YRS 12 - 30 (2029 - 2048)"*

No Special Assessments



Capital Reserve Fund - Current Adopted Funding Plan  
No Change to Contribution



Year	Fiscal Year	Beginning Reserve Balance	Revenue	Special Assessment	Investment Earnings	Capital Expenditure	Ending Reserve Balance	Minimum Threshold
2018	1	14,405,276	2,221,000	-	324,119	1,926,066	15,024,329	7,500,000
2019	2	15,024,329	2,221,000	-	338,047	1,900,350	15,683,027	7,725,000
2020	3	15,683,027	2,221,000	-	352,868	1,977,530	16,279,365	7,956,750
2021	4	16,279,365	2,221,000	-	366,286	1,822,545	17,044,106	8,195,453
2022	5	17,044,106	2,221,000	-	383,492	1,899,592	17,749,006	8,441,316
2023	6	17,749,006	2,221,000	-	399,353	2,080,946	18,288,413	8,694,556
2024	7	18,288,413	2,221,000	-	411,489	2,178,970	18,741,933	8,955,392
2025	8	18,741,933	2,221,000	-	421,693	2,070,428	19,314,198	9,224,054
2026	9	19,314,198	2,221,000	-	434,569	1,997,973	19,971,795	9,500,776
2027	10	19,971,795	2,221,000	-	449,365	2,200,660	20,441,500	9,785,799
2028	11	20,441,500	2,221,000	-	459,934	2,927,999	20,194,434	10,079,373
2029	12	20,194,434	2,287,630	-	454,375	3,222,330	19,714,109	10,381,754
2030	13	19,714,109	2,356,259	-	443,567	3,795,088	18,718,847	10,693,207
2031	14	18,718,847	2,426,947	-	421,174	2,461,861	19,105,107	11,014,003
2032	15	19,105,107	2,499,755	-	429,865	2,746,741	19,287,986	11,344,423
2033	16	19,287,986	2,574,748	-	433,980	3,967,878	18,328,835	11,684,756
2034	17	18,328,835	2,651,990	-	412,399	3,605,037	17,788,188	12,035,298
2035	18	17,788,188	2,731,550	-	400,234	3,252,426	17,667,546	12,396,357
2036	19	17,667,546	2,813,496	-	397,520	3,524,677	17,353,885	12,768,248
2037	20	17,353,885	2,897,901	-	390,462	3,276,129	17,366,120	13,151,295
2038	21	17,366,120	2,984,838	-	390,738	3,077,910	17,663,786	13,545,834
2039	22	17,663,786	3,074,383	-	397,435	3,425,000	17,710,605	13,952,209
2040	23	17,710,605	3,166,615	-	398,489	2,622,368	18,653,341	14,370,776
2041	24	18,653,341	3,261,613	-	419,700	4,897,636	17,437,018	14,801,899
2042	25	17,437,018	3,359,462	-	392,333	3,552,295	17,636,518	15,245,956
2043	26	17,636,518	3,460,246	-	396,822	4,294,009	17,199,576	15,703,334
2044	27	17,199,576	3,564,053	-	386,990	4,429,640	16,720,980	16,174,435
2045	28	16,720,980	3,670,975	-	376,222	5,985,319	14,782,857	16,659,668
2046	29	14,782,857	3,781,104	-	332,614	4,538,876	14,357,700	17,159,458
2047	30	14,357,700	3,894,537	-	323,048	3,367,693	15,207,592	17,674,241
2048	31	15,207,592	4,011,373	-	342,171	4,332,845	15,228,291	18,204,469

Capital Reserve Fund - Funding Plan - Recommended  
 Lump Sum Decrease Year 3 (2020)  
 Lump Sum Increase Years 4 - 7  
 Annual Increase with Inflation Years 12 - 31



**Contribution Details**

	Total/Month	Total Annual	Per Unit/Month	Per Unit/Year
Third Year	\$ 150,072	\$ 1,800,864	\$ 14.43	\$ 173.16
Last Year	\$ 334,281	\$ 4,011,373	\$ 32.14	\$ 385.71

Number of Units:	10400
Fiscal Year starts:	01/01/19
Reserve Funds at start	\$ 15,024,329
Rate of Return on Reserve Funds (%)	2.25%
Inflation Rate (%)	3.00%
Initial Minimum Threshold	\$ 5,000,000

**SUMMARY**

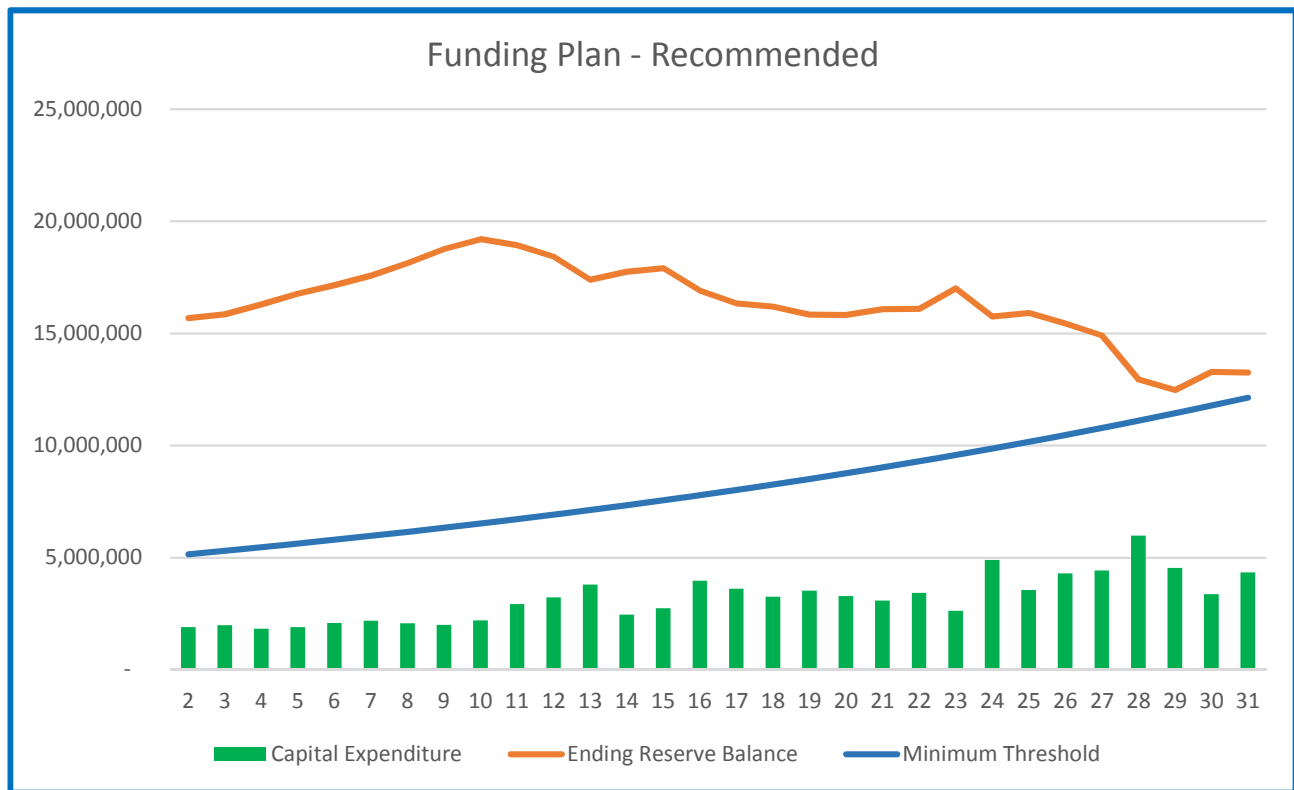
Decrease Annual Contribution to \$1,800,864 YR 3 (2020)

Increase Annual Contribution by ~\$100,000 YRS 4 - 6 (2021 - 2023)

Increase Annual Contribution to \$2,221,000 YRS 7 - 11 (2024 - 2028)

Annual increases with inflation (3%) YRS 12 - 31 (2029 - 2048)

Special Assessments		
Year	Total/Year	Per Unit
		\$ -
		\$ -
		\$ -





Capital Reserve Fund - Funding Plan - Recommended  
 Lump Sum Decrease Year 3 (2020)  
 Lump Sum Increase Years 4 - 7  
 Annual Increase with Inflation Years 12 - 31



Year	Fiscal Year	Beginning Reserve Balance	Revenue	Special Assessment	Investment Earnings	Capital Expenditure	Ending Reserve Balance	Minimum Threshold
2019	2	15,024,329	2,221,000	-	338,047	1,900,350	15,683,027	5,150,000
2020	3	15,683,027	1,800,864	-	352,868	1,977,530	15,859,229	5,304,500
2021	4	15,859,229	1,900,704	-	356,833	1,822,545	16,294,221	5,463,635
2022	5	16,294,221	2,000,544	-	366,620	1,899,592	16,761,793	5,627,544
2023	6	16,761,793	2,100,384	-	377,140	2,080,946	17,158,371	5,796,370
2024	7	17,158,371	2,221,000	-	386,063	2,178,970	17,586,465	5,970,261
2025	8	17,586,465	2,221,000	-	395,695	2,070,428	18,132,732	6,149,369
2026	9	18,132,732	2,221,000	-	407,986	1,997,973	18,763,746	6,333,850
2027	10	18,763,746	2,221,000	-	422,184	2,200,660	19,206,270	6,523,866
2028	11	19,206,270	2,221,000	-	432,141	2,927,999	18,931,412	6,719,582
2029	12	18,931,412	2,287,630	-	425,957	3,222,330	18,422,668	6,921,169
2030	13	18,422,668	2,356,259	-	414,510	3,795,088	17,398,349	7,128,804
2031	14	17,398,349	2,426,947	-	391,463	2,461,861	17,754,898	7,342,669
2032	15	17,754,898	2,499,755	-	399,485	2,746,741	17,907,397	7,562,949
2033	16	17,907,397	2,574,748	-	402,916	3,967,878	16,917,183	7,789,837
2034	17	16,917,183	2,651,990	-	380,637	3,605,037	16,344,773	8,023,532
2035	18	16,344,773	2,731,550	-	367,757	3,252,426	16,191,655	8,264,238
2036	19	16,191,655	2,813,496	-	364,312	3,524,677	15,844,787	8,512,165
2037	20	15,844,787	2,897,901	-	356,508	3,276,129	15,823,067	8,767,530
2038	21	15,823,067	2,984,838	-	356,019	3,077,910	16,086,014	9,030,556
2039	22	16,086,014	3,074,383	-	361,935	3,425,000	16,097,333	9,301,473
2040	23	16,097,333	3,166,615	-	362,190	2,622,368	17,003,770	9,580,517
2041	24	17,003,770	3,261,613	-	382,585	4,897,636	15,750,332	9,867,933
2042	25	15,750,332	3,359,462	-	354,382	3,552,295	15,911,881	10,163,971
2043	26	15,911,881	3,460,246	-	358,017	4,294,009	15,436,136	10,468,890
2044	27	15,436,136	3,564,053	-	347,313	4,429,640	14,917,862	10,782,956
2045	28	14,917,862	3,670,975	-	335,652	5,985,319	12,939,169	11,106,445
2046	29	12,939,169	3,781,104	-	291,131	4,538,876	12,472,529	11,439,638
2047	30	12,472,529	3,894,537	-	280,632	3,367,693	13,280,004	11,782,828
2048	31	13,280,004	4,011,373	-	298,800	4,332,845	13,257,332	12,136,312