

BUDGET REVIEW PRESENTATION

Presented to the BOT and residents of BBRD
on October 27, 2020

By John W. Coffey, ICMA-CM, Community Manager

BUDGET REVIEW PRESENTATION

Content

- Summary
- Tentative FY20 Year-end Review (unaudited numbers, bills still being paid, etc.)
 - Revenues/Sources
 - Expenditures/Uses
 - R&M/Capital Budget Roll-Forward into FY21
 - Estimated Fund Balance vs. (Spring) Projected Fund Balance

BUDGET REVIEW PRESENTATION

Content (continued)

- FY21 Budget
 - Revenues/Sources
 - Non-F&B/Golf-Pro Shop line-items
 - F&B/Golf-Pro Shop
 - Bank Loan
 - Expenditures/Uses
 - R&M/Capital Projects
- FYs22-26 Budgets: Decisions get more difficult over time

BUDGET REVIEW PRESENTATION

FY20 Summary

- Appears to have ended close to spring projections
 - Rightsizing the organization at the onset of the pandemic and continuing soft hiring freeze, however, painful have preserved BBRD's solid financial situation (FFCRA offset additional costs)
 - COVID-19 protective measures (sanitizing efforts, protective measures, temporary employees, etc.) cost have had minimal impact on Fund Balance
 - Higher than anticipated project roll forward into FY21 (zero net impact over the long run)

BUDGET REVIEW PRESENTATION

FY21 Impact Summary (Continued)

- Largely dependent upon duration of pandemic, level of re-opening, decision of next BOT regarding bank loan, large capital projects, willingness to continue to subsidize Food & Beverage and Golf-Pro Shop as desired by residents who use them.
- Estimated \$100,000.00 plus in temporary labor cost if current level of health screening and sanitation is required through Sept. 2021 (not budgeted)
- Hard decisions ahead for development of FY22 Budget amid uncertain future information (pandemic, economy, etc.)

BUDGET REVIEW PRESENTATION

Tentative FY20 Year-end Review (unaudited numbers, bills still being paid, etc.)

- Revenues/Sources
 - Total receipts of \$6,040,756 were \$188,240 or 3.22% higher than revised projections
 - Assessment receipts of \$3,945,805 were \$121,074 or 3.17% higher than projected due to purchase of tax certificates
 - Interest Income receipts of \$82,593.88 were \$65,794 or 391.63% higher than projected due to purchase of tax certificates
 - One-time Social Membership receipts of \$320,018 were 3.11% higher than revised projections (\$62,532 or 16.35% less than Budget)
 - Food & Beverage Dept. receipts of \$647,930 were 51.4% of Budget (8.02% lower than revised projections)

BUDGET REVIEW PRESENTATION

Tentative FY20 Year-end Review (unaudited numbers, bills still being paid, etc.) (continued)

- Expenditures/Uses
 - Total of \$5,706,687 (\$1,233,753 or 17.78% lower than revised projections)
 - Personnel of \$2,256,268 (\$116,106 or 4.89% lower than revised projections)
 - Operating of \$2,610,194 (\$28,862 or 1.01% lower than revised projections)

BUDGET REVIEW PRESENTATION

Tentative FY20 Year-end Review (unaudited numbers, bills still being paid, etc.) (continued)

- Expenditures/Uses
 - R&M/Capital Department of \$840,226 (\$1,088,784 or 56.44% lower than revised projections)
 - R&M/Capital Budget Roll-Forward of \$935,958 into FY21 (significant projects listed below)
 - \$490,744 Bldg. A Renovations (86% of project costs)
 - \$101,500 Shopping Center Electrical & Parking Lot Lights Upgrades (100% of project costs)
 - \$94,850 Pool #1 Heater Bldg. Relocate & Pit Replacement (100% of project costs)

BUDGET REVIEW PRESENTATION

Tentative FY20 Year-end Review (unaudited numbers, bills still being paid, etc.) (continued)

- Expenditures/Uses
 - R&M/Capital Budget Roll-Forward projects (continued)
 - \$89,215 Replacement of Damaged Concrete (100% of FY20 Revised Budget)
 - \$56,528 Truck purchase and replacement (100% of project costs)
 - \$50,834 NRP (43% of FY20 Revised Budget)
 - \$49,074 Pool #2 Pit Replacement (67% of project costs)

BUDGET REVIEW PRESENTATION

Tentative FY20 Year-end Review (unaudited numbers, bills still being paid, etc.) (continued)

- Estimated Fund Balance vs. (Spring) Projected Fund Balance

	Spring Proj.	Current Proj.	Difference
Total Fund Balance	1,048,443	2,470,436	1,421,993
CIP Roll-Forward	45,800	935,952	890,152
Undesign. F.B.	972,643	1,504,478	531,835
Fund Bal. %	16.51%	25.53%	9.02%

- Excess Undesignated Fund Balance will be used in FY21 for roll forward R&M/Capital projects (unless otherwise directed by the BOT)

BUDGET REVIEW PRESENTATION

FY21 Budget

- Revenues/Sources
 - Too early to predict anything certain (only 7.4% through FY21) but some general trends/assumptions appear likely
 - Non-F&B/Golf-Pro Shop receipts appear to have a high likelihood of meeting budget levels absent additional economic shocks
 - F&B receipts are largely dependent upon level of re-opening (whether Principles of Operations are revised...or BOT makes ad hoc changes)
 - Potential to lose \$250,000 plus if we try to operate as normal with less demand/attendance due to COVID-19
 - Efforts to reduce historic subsidy levels will likely be opposed by residents who frequent F&B locations/events

BUDGET REVIEW PRESENTATION

FY21 Budget

- Revenues/Sources (cont.)
 - Golf-Pro Shop receipts are likely to be down due to majority of Canadian snowbirds staying home this season
 - Bank Loan decision (along with required validation) must be made no later than end of January if Lounge/Lakeside Expansion Phase 1 and Golf Course Irrigation Replacement Phase 1 projects are to happen in summer of 2021
 - Validation costs must be paid up front due to small size of bank loan (and prior BOT start and stop of process)

BUDGET REVIEW PRESENTATION

FY21 Budget

- Expenditures/Uses
 - Estimated \$100,000.00 plus in temporary labor cost if current level of health screening and sanitation is required through Sept. 2021 (not budgeted)
 - This number can be reduced by limiting hours of amenities but will be unpopular with residents
 - Every shut down due to COVID-19 exposure costs BBRD in salary and wages of those sent home to get tested and to wait for test results
 - Current soft hiring freeze is not attainable long-term
 - Resident level of understanding of BBRD finances causes unneeded controversy during shutdowns and reduced hours of operations (perception of assessments paying for everything and demands for partial refund and perception of F&B losing money without large crowds)

BUDGET REVIEW PRESENTATION

FY21 Budget

- R&M/Capital Projects
 - Two largest projects (Lounge/Lakeside Expansion Phase 1 and Golf Course Irrigation Replacement, Phase 1) cannot be accomplished without bank loan receipts in FY21
 - Unpopular to say during election season, but true (unless major gutting of other projects and/or services occur)
 - 31 R&M/Capital projects budgeted at cost of \$1,536,115 of which these 2 projects cost \$1,000,000 or 65.10% of entire R&M/Capital Budget

BUDGET REVIEW PRESENTATION

FYs22-26 Budgets

- Decisions get more difficult over time (cumulative effect of assessment cap)
- Tendency to focus on “next year” only
- Many “funded” R&M/Capital projects will probably become unfunded due to new assessment increase cap
- Many residents do not understand inflationary/wage/operating cost increase pressures (used to hidden increase of property taxes by ad valorem taxing entities [i.e. tax rate stays the same, but tax revenue goes up due to increased property values and new construction])
- \$15/hour minimum wage law will require \$13-\$30/month increase in the assessment rate just for BBRD personnel (depending on how compression is handled) not counting increased vendor costs

BUDGET REVIEW PRESENTATION

Questions?