



2020
PROPOSED BUDGET

2020 Budget Presentation Calendar

- Sept 18 Present Consolidated Budget Overview at Board meeting
- Oct 1 Department-level budget presentations 1-5:00 pm
(Ouachita Building)
Draft Agenda
 - 1:00 pm – 1:30 pm Administration – Lesley Nalley & Liz Mathis
 - 1:30 pm – 2:00 pm Sales, Development, & Discovery – Innovation Team
(Cheryl Dunson, Stephanie Heffer, Renee Haugen & Kevin Sexton)
 - 2:00 pm – 4:00 pm Marketing, Golf, F&B, Recreation, & Lakes – Jamie Caperton
 - 4:00 pm – 5:00 pm Board Discussion
- Oct 2 Department-level budget presentations – 1-5:00 pm
(Ouachita Building)
Draft Agenda
 - 1:00 pm – 1:30 am Public Safety – Ricky Middleton & Jason Miller
 - 1:30 pm – 2:30 pm Public Works – Jason Temple
 - 2:30 pm – 3:30 pm Public Utilities – Jason Temple
 - 3:30 pm – 5:00 pm Board Discussion
- Oct 16 Budget Adoption (October Board Meeting)



Hot Springs Village Property Owners Association 2020 Enterprise Goals

OVERALL GOAL: CREATING AND PROTECTING “VALUE” THROUGH SUSTAINABLE GROWTH

- A. Enterprise Goal 1: Protect Community-wide Property Owner Value & Life Style**
- B. Enterprise Goal 2: Strengthen Financial Health of the Village**
- C. Enterprise Goal 3: Build Property Owner Trust and Support**
- D. Enterprise Goal 4: Provide Welcoming Visitor Experiences that Encourage Property Ownership**

❖ Maintaining Current Value:

1. Ensure depreciation expense does not out pace capital spending on infrastructure **(A, B)**
2. Ensure owners' equity remains stable, at a minimum **(B, C)**
3. Ensure capital reserve balances equal 4/5th of the 5-year reserve plan (the plan began in 2017 and forecasted by 2021 total utility reserves of \$1.7mil and total non-utility reserves of \$2.3mil) **(B, C)**
4. Achieve 5% of culvert repairs identified in the ten-year culvert replacement plan (Current total estimate \$8MIL). **(A)**
5. Balboa Golf Course renovation progress that ensures a May 2021 course opening and December 2021 clubhouse completion **(A, D)**

❖ Addressing Service Gaps:

1. By May, present a timber management strategy that improves current property owner views, achieves community wide fire safety and supports overall forest health **(A, C)**
2. By June, present member satisfaction scores for all divisions to be used as benchmarks for future improvements **(A, C)**
3. By August, present a facility condition and needs strategy to the Board for 2021 budgeting. **(A, D)**

❖ Creating New Value through Innovation:

1. By May, rollout unimproved golf course lot construction incentive marketing strategy that involves area realtors, builders and lot owners in good standing. **(A, B)**
2. By December, sell 35 POA owned lots and ensure VH&L is breakeven or better. **(B)**
3. By December, increase number of improved properties by 75. **(B)**

Consolidated Budget Overview - 2020

	2020 Budget	2019 Budget	2019 Forecast	Incr/(Decr) PY Budget	Incr/(decr) PY Forecast
Revenue	\$ 37,152,663	\$ 36,516,375	\$ 33,859,337	636,288	3,293,326
Compensation	17,756,695	17,513,684	16,164,226	243,011	1,592,469
Operating Exp	12,917,896	15,077,187	15,056,033	(2,159,291)	(2,138,137)
Operational Profit	6,478,072	3,925,504	2,639,078	2,552,568	3,838,994
Usage of Prior Year Rollover Utility Funds		207,153	207,153	(207,153)	(207,153)
Usage of Prior Year Rollover Op Funds - Streets	450,000			450,000	450,000
Prior Years Capital Rollover			1,346,673		
Usage of Escrowed Non-Utility Funds	1,000,000	1,273,133	823,133	(273,133)	176,867
Balboa Debt	3,300,000		-	3,300,000	3,300,000
Remaining Bond Funds Used	-	-	32,000	-	(32,000)
Available for Cap Ex, Debt, & Reserves	11,228,072	5,405,790	5,048,037	5,822,282	6,180,035
Other Debt Service- Principle Only <i>(Total \$537,608)</i>	580,642	486,853	486,853	93,789	93,789
Balboa Debt Service - Principle Only <i>(Total \$735,567)</i>	603,963	-	-	603,963	603,963
Bond Debt Service- Principle Only <i>(Total \$354,425)</i>	280,000	270,000	270,000	10,000	10,000
Public Utility Reserves	308,828	411,375	411,375	(102,547)	(102,547)
Anticipated Rollover			856,955		
Capital	9,454,639	4,179,080	2,964,372	5,275,559	6,490,267
Available for Non-Utility Reserves	\$ 0	\$ 58,482	\$ 58,482		

Reserves

Projected Beginning Utility Capital Reserves <i>(current balance plus '19 budgeted)</i>	\$ 1,288,000	876,625		411,375	
Utility Reserve Additions	308,828	411,375		(102,547)	
Projected 2019 YE Utility Reserves	\$ 1,596,828	1,288,000		308,828	
Projected Beginning Non-Utility Reserves <i>(current balance plus '19 budgeted)</i>	\$ 1,933,314	1,874,832		58,482	
Non-Utility Reserve Additions	-	58,482		(58,482)	
Projected 2020 YE Non- Utility Reserves	\$ 1,933,314	1,933,314		-	
Investments	\$ 1,541,000				
Available Line of Credit	1,000,000				
Operating Reserves	\$ 2,541,000				

As directed by Chapter 1, Article 10 - Reserve Funds the five year plan to reach optimal reserve levels is:

Public Utility Reserve	\$ 1,730,000
Non-Utility Asset Reserves	\$ 2,388,000
Operating Reserves	\$ 2,452,000

The targeted amounts noted above are based on 2018 Depreciation.

Notes & Assumptions

- 1.1% CPI Increase to Assessments = \$259k
- 75 additional improved properties through building and sales initiatives
- Public Utility repayment of \$500k (\$3mil for waterplant over 6 years)
- 2% Staff Raise Grades 5-9 *(a target, not a guarantee)*
- Staff Increases for Min Wage for pay grades 2-4 - see summary sheet
- Shift from Operational spending to Capital in Public Works & Public Utilities
- Address 50% of total deferred maintenance (\$5,501,933)
- \$4.8mil for Balboa Renovation (Course & Clubhouse) - see summary sheet
- 3% Utility Rate Increase

Primary Fee Increases Include:

Utility Rates 3%	Surcharge for Balboa Renovation
Sanitation 2.7%	Reduction in Annual Rates for Tennis & Fitness
See Fee Schedule for all changes	5% Increase in P&I Fees

Major Capital Purchases Include:

Balboa Golf Course & Club House Renovation \$4.8mil	Public Utilities/Infrastructure \$2mil
Culvert Repairs, Street Maintenance \$1.45mil	

Compensation Overview

Headcount

	2020	2019	
Full time Employees	285	287	-2
Part time Employees	215	229	-14
Total Employee Count	500	516	-16

	2020 Budget	2019 Budget	Difference	Total Salaries	Total Taxes & Benefits, WC	Benefits %
Administration	\$ 1,714,685	\$ 1,720,769	\$ (6,084)	\$ 1,356,740	\$ 357,944	26%
Innovation	\$ 914,635	\$ 994,580	\$ (79,945)	\$ 720,909	\$ 193,725	27%
Public Safety	\$ 3,337,012	\$ 3,115,541	\$ 221,471	\$ 2,391,669	\$ 945,343	40%
Public Works	\$ 2,256,931	\$ 2,104,797	\$ 152,134	\$ 1,639,715	\$ 617,215	38%
Public Utilities	\$ 2,026,389	\$ 1,995,716	\$ 30,673	\$ 1,492,582	\$ 533,807	36%
Community Marketing	\$ 279,409	\$ -	\$ 279,409	\$ 228,486	\$ 50,923	22%
Lakes	\$ 166,561	\$ 194,564	\$ (28,003)	\$ 124,222	\$ 42,339	34%
Food & Beverage	\$ 730,179	\$ 728,755	\$ 1,424	\$ 600,632	\$ 129,547	22%
Golf	\$ 4,878,244	\$ 5,334,971	\$ (456,727)	\$ 3,691,501	\$ 1,186,743	32%
Recreation	\$ 1,452,651	\$ 1,323,991	\$ 128,660	\$ 1,148,561	\$ 304,090	26%
Total	\$ 17,756,695	\$ 17,513,684	\$ 243,011	\$ 13,395,019	\$ 4,361,676	33%

Minimum wage increasing from \$9.25 - \$10.00 - 8% Increase budgeted for Paygrades 2-4 as part of gradual implementation of increasing minimum wage rates. A budgeted 2% merit increase for pay grades 5-9 and no salary increases budgeted at Level 10 up, to pay for minimum wage increases.

Balboa Club Renovation Funding Plan

	2020	2021	2022	2023	2024
Course Renovation Costs	\$ 4,600,000				
Club House Rebuild Costs	\$ 243,433	\$ 2,056,567			
Budgeted Capital/Prior year Escrow	\$ (1,000,000)	\$ (1,100,000)			
Sponsorships	\$ (129,000)				
Member Investment	\$ (150,000)				
*Golf Surcharge	\$ (1,000,000)	\$ (800,000)	\$ (600,000)	\$ (400,000)	\$ (400,000)
Debt	\$ (3,300,000)				
Debt Service	\$ 735,567	\$ 735,567	\$ 735,567	\$ 735,567	\$ 735,567
Existing Debt Service Expiring		\$ (299,799)	\$ (361,255)	\$ (549,689)	\$ (719,838)
Total	\$ -	\$ 592,335	\$ (225,688)	\$(214,122)	\$ (384,271)

Total Planned Impact

Golf - Rounds spread to other courses, golf maintenance grow-in budget for Balboa

Food & Beverage - Balboa Club not open in 2020; bar revenue and entertainment moved to DeSoto Club

Sales - Focused sales & builders program for Balboa area

Marketing - Golf & targeted Balboa area focus

Golf Surcharge Calculation - 5 Year Declining Surcharge Amount

	Daily Rounds	Annual Rounds	Total Rounds	Surcharge	
2020	150,000	50,000	200,000	\$5.00	\$1,000,000
2021	150,000	50,000	200,000	\$4.00	\$800,000
2022	150,000	50,000	200,000	\$3.00	\$600,000
2023	150,000	50,000	200,000	\$2.00	\$400,000
2024	150,000	50,000	200,000	\$2.00	\$400,000

** Rounds estimates are well below average rounds.

**Hot Springs Village POA 2020 Budget
Revenue in Excess of \$50k**

DESCRIPTION	2018 ACTUAL	2019 YE FORECAST	2019 BUDGET	2020 BUDGET	Change from '19 Budget	% Change	Change from '19 Forecast	% Change
ASSESSMENT INCOME	(17,487,642)	(17,890,123)	(17,899,662)	(18,048,127)	148,465	0.8%	158,005	0.9%
SEWER SERVICE	(3,786,853)	(3,973,491)	(3,851,105)	(4,030,112)	179,007	4.6%	56,621	1.4%
RESIDENTIAL WATER	(2,359,602)	(2,410,043)	(2,761,872)	(2,531,888)	(229,984)	-8.3%	121,845	5.1%
GREEN FEES MEMBERS	(1,649,809)	(1,478,669)	(2,200,002)	(2,036,710)	(163,292)	-7.4%	558,041	37.7%
SANITATION FEES	(1,523,675)	(1,633,658)	(1,552,314)	(1,678,140)	125,826	8.1%	44,482	2.7%
CART RENTALS-MEMBERS	(1,442,321)	(1,379,407)	(1,883,707)	(1,416,833)	(466,874)	-24.8%	37,426	2.7%
GREENS FEE-NPO	(877,261)	(993,541)	(1,159,548)	(1,370,571)	211,023	18.2%	377,030	37.9%
MISCELLANEOUS	(1,260,487)	(1,425,220)	(1,148,206)	(1,209,846)	61,640	5.4%	(215,375)	-15.1%
ANNUAL GOLF MEMBERSHIPS	(1,008,145)	(1,094,283)	(1,108,935)	(1,063,910)	(45,025)	100.0%	(30,373)	100.0%
GOLF SURCHARGES - BALBOA PROJECT				(1,000,000)	1,000,000	100.0%	1,000,000	100.0%
AMBULANCE INCOME	(783,651)	(812,744)	(789,155)	(814,200)	25,045	3.2%	1,456	0.2%
FOOD SALES	(648,157)	(721,736)	(885,992)	(717,347)	(168,645)	-19.0%	(4,389)	-0.6%
OTHER UTILITY SERVICE REVENUE	(487,563)	(428,797)	(536,577)	(532,518)	(4,059)	-0.8%	103,720	24.2%
GAIN/LOSS ON ASSET DISPOSAL	(187,500)	(262,500)		(375,000)	375,000	100.0%	112,500	100.0%
FITNESS DAILY - MEMBERS	(214,482)	(272,223)	(238,340)	(266,066)	27,726	11.6%	(6,157)	-2.3%
ROOM RENTALS	(198,072)	(189,148)	(218,579)	(205,196)	(13,383)	-6.1%	16,048	8.5%
ANNUAL-NATATORIUM MEMBERSHI	(203,829)	(154,712)	(212,222)	(196,018)	(16,204)	-7.6%	41,306	26.7%
BEER SALES	(158,078)	(201,061)	(198,641)	(193,557)	(5,084)	-2.6%	(7,504)	-3.7%
CONTRACTUAL RECEIPTS	(261,646)	(190,190)	(198,051)	(186,940)	(11,111)	-5.6%	(3,250)	-1.7%
COMMERCIAL WATER	(163,500)	(140,717)	(145,822)	(159,370)	13,548	9.3%	18,653	13.3%
DECAL REVENUE	(104,305)	(142,989)	(157,000)	(157,000)	0	0.0%	14,011	9.8%
COMMERCIAL SANITATION FEES	(121,700)	(150,253)	(140,137)	(154,124)	13,987	100.0%	3,872	100.0%
MEMBER INVESTMENT - BALBOA PROJECT				(150,000)	150,000	100.0%	150,000	100.0%
MEMBERSHIP TRANSFER FEE	(139,500)	(149,871)	(143,750)	(150,000)	6,250	4.3%	129	0.1%
BOAT REGISTRATION, PASSES & FEES	(121,992)	(134,552)	(124,944)	(144,868)	19,924	15.9%	10,315	7.7%
REAL ESTATE SALES	(86,290)	(118,740)	(92,970)	(143,050)	50,080	53.9%	24,310	20.5%
MIXED DRINK SALES	(95,845)	(131,785)	(137,799)	(137,137)	(662)	-0.5%	5,352	4.1%
SPONSORSHIPS				(129,000)	129,000	100.0%	129,000	100.0%
CART REGISTRATION UNLIMITED		(125,601)	(127,000)	(117,300)	(9,700)	-7.6%	(8,301)	-6.6%
ACC - INSPECTIONS		(71,705)		(115,350)	115,350	100.0%	43,645	60.9%
DONATIONS	(18,823)	(20,604)	(22,300)	(108,900)	86,600	388.3%	88,296	428.5%
DRIVING RANGE REVENUE	(97,583)	(110,521)	(135,900)	(105,300)	(30,600)	-22.5%	(5,221)	-4.7%
WINE SALES	(71,933)	(77,457)	(95,947)	(102,895)	6,948	7.2%	25,438	32.8%
GREEN FEES-FAMILY	(43,100)	(41,596)	(99,935)	(102,607)	2,672	2.7%	61,011	146.7%

RENTALS & ADMISSIONS	(111,906)	(125,403)	(98,295)	(94,000)	(4,295)	-4.4%	(31,403)	-25.0%
COMMISSION REVENUE - REAL ESTATE	(49,217)	(56,447)	(112,000)	(90,000)	(22,000)	100.0%	33,553	59.4%
WATER CONNECTION FEES	(22,260)	(23,100)	(25,200)	(83,100)	57,900	229.8%	60,000	259.7%
SEWER CONNECTION FEES	(24,980)	(25,850)	(28,200)	(81,600)	53,400	189.4%	55,750	215.7%
ANNUAL CART LEASE CONTRACT	(187,043)	(84,835)	(180,771)	(79,552)	(101,219)	-56.0%	(5,283)	-6.2%
ACC PERMITS - ADDITIONS	(136,920)	(82,054)	(116,500)	(68,645)	(47,855)	-41.1%	(13,409)	-16.3%
SEMI ANNUAL GOLF MEMBERSHIP	(128,350)	(23,732)	(34,448)	(57,000)	22,552	65.5%	33,268	140.2%
ALL OTHERS BELOW \$50k	(728,772)	(702,908)	(709,549)	(709,761)	212	0.0%	6,852	1.0%
TOTAL	(36,992,794)	(38,052,265)	(39,571,375)	(41,113,537)				

**Hot Springs Village POA 2020 Budget
Expenses in Excess of \$50k**

DESCRIPTION	2018 ACTUAL	2019 YE		2020 BUDGET	Change from		Change from	
		FORECAST	2019 BUDGET		'19 Budget	% Change	'19 Forecast	% Change
UNCOLLECTABLE ASSESSMENTS	3,160,085	3,000,000	3,851,653	3,904,874	53,222	1.8%	904,874	30.2%
ELECTRICITY	1,320,568	1,473,412	1,624,280	1,682,298	58,018	3.9%	208,886	14.2%
FERTILIZERS AND CHEMICALS	1,317,475	1,196,293	1,136,148	1,124,438	(11,710)	-1.0%	(71,855)	-6.0%
CONTRACTS	1,314,218	1,038,950	1,032,878	888,750	(144,128)	-13.9%	(150,200)	-14.5%
AMBULANCE CONTRACT	720,067	756,000	741,669	756,000	14,331	1.9%	-	0.0%
GENERAL INSURANCE	708,878	689,309	696,034	739,709	43,675	6.3%	50,400	7.3%
WATER SEWER & SANITATION	384,169	328,196	460,198	480,706	20,508	6.2%	152,510	46.5%
RENTAL-LAND,BLDG & EQUIP	447,685	472,425	576,297	455,891	(120,406)	-25.5%	(16,534)	-3.5%
TAXES	397,297	403,928	415,392	418,428	3,036	0.8%	14,500	3.6%
TELEPHONE	276,187	299,517	357,604	371,938	14,334	4.8%	72,421	24.2%
LEGAL & PROFESSIONAL FEES	407,385	480,180	329,889	355,000	25,111	5.2%	(125,180)	-26.1%
MAINT OF LAND & STREETS	1,011,597	1,429,879	1,889,664	348,934	(1,540,730)	-107.8%	(1,080,945)	-75.6%
FUEL & OIL	301,441	324,051	266,864	323,496	56,632	17.5%	(555)	-0.2%
COST OF GOODS SOLD - FOOD	319,175	351,011	375,849	311,745	(64,104)	-18.3%	(39,266)	-11.2%
PUB RELAT, ADVERT,PUBLICATIONS	129,423	270,050	249,075	311,500	62,425	23.1%	41,450	15.3%
MAINT OF EQUIPMENT	405,256	359,590	330,218	306,801	(23,417)	-6.5%	(52,789)	-14.7%
BANK CHARGES	294,762	281,026	287,651	304,700	17,049	6.1%	23,674	8.4%
OPERATING SUPPLIES	299,886	309,516	291,020	283,002	(8,018)	-2.6%	(26,514)	-8.6%
MAINT OF LAKES & DAMS	88,912	562,500	579,549	276,500	(303,049)	-53.9%	(286,000)	-50.8%
INTEREST EXPENSE	152,927	132,218	134,777	252,603	117,826	89.1%	120,385	91.1%
SPECIAL PROGRAMS & EVENTS	209,625	210,850	163,828	235,450	71,622	34.0%	24,600	11.7%
MAINT OF BUILDINGS	239,526	257,000	216,376	200,000	(16,376)	-6.4%	(57,000)	-22.2%
DIESEL FUEL	172,309	176,527	178,421	193,164	14,743	8.4%	16,637	9.4%
FRANCHISE LICENSES & PERMITS	189,340	175,138	169,208	176,273	7,065	4.0%	1,135	0.6%
COMPUTER SOFTWARE	130,101	112,450	79,943	160,000	80,057	71.2%	47,550	42.3%
TRAVEL EXPENSE	86,721	133,085	90,606	141,270	50,664	38.1%	8,185	6.2%
HOUSEKEEPING SUPP. & EXPENSE	144,774	158,032	135,010	139,527	4,517	2.9%	(18,505)	-11.7%
ARCHITECTUAL & ENG SERVICES	116,008	130,500	148,084	130,500	(17,584)	-13.5%	-	0.0%
MAINT OF AUTOS & TRUCKS	141,740	117,000	127,131	130,000	2,869	2.5%	13,000	11.1%
MAINT- PUMP STATION	327,367	215,500	324,412	110,500	(213,912)	-99.3%	(105,000)	-48.7%
MAINT- WW SYSTEM (SLUDGE MGMT)	78,359	110,000	173,926	110,000	(63,926)	-58.1%	-	0.0%
RECRUITING & TRAINING	86,109	98,488	94,896	105,424	10,528	10.7%	6,936	7.0%
NAT GAS PROPANE BUTANE	100,252	74,750	114,854	101,100	(13,754)	-18.4%	26,350	35.3%
COST OF GOODS SOLD - BEER	73,302	77,939	103,563	87,101	(16,462)	-21.1%	9,162	11.8%
MEMBERSHIP DUES & PERIODICALS	76,769	75,700	71,225	81,220	9,995	13.2%	5,520	7.3%
NON-CAP. EQUIPMENT	88,653	151,200	96,954	81,050	(15,904)	-10.5%	(70,150)	-46.4%
POSTAGE/FREIGHT	133,039	79,375	67,942	75,700	7,758	9.8%	(3,675)	-4.6%
SAND & TOP SOIL	72,812	75,954	83,854	75,150	(8,704)	-11.5%	(804)	-1.1%

SAFETY EQUIPMENT & SUPPLIES	60,952	74,888	76,119	73,117	(3,002)	-4.0%	(1,771)	-2.4%
PLANT MAINTENANCE	135,039	113,000	62,693	70,500	7,807	6.9%	(42,500)	-37.6% *
UNIFORMS & ACCESSORIES	68,338	68,417	55,606	69,561	13,955	20.4%	1,144	1.7%
SOD,SHRUBS LANDSCAPE SUPPLY	62,937	68,141	68,227	63,371	(4,856)	-7.1%	(4,770)	-7.0%
SOFTWARE MAINTENANCE	41,391	50,000	94,553	60,000	(34,553)	-69.1%	10,000	20.0%
COPIER SUPPLIES	65,575	60,710	54,350	59,367	5,017	8.3%	(1,343)	-2.2%
PRINTED FORMS	88,662	62,500	61,342	57,660	(3,682)	-5.9%	(4,840)	-7.7%
MAINT-WATER SYSTEM	77,934	58,797	83,204	54,543	(28,661)	-48.7%	(4,254)	-7.2%
BANDS & MUSICIANS	59,724	70,500	58,054	53,000	(5,054)	-7.2%	(17,500)	-24.8%
BOARD EXPENSES	47,186	60,000	50,000	50,000	-	0.0%	(10,000)	-16.7%
ALL OTHERS BELOW \$50k	244,188	464,395	233,282	36,909				
TOTAL	16,876,122	17,738,887	18,964,372	16,878,770				

*Previously budgeted in operating expenses - reclassified/budgeted as Capital in 2020.