

2018 BUDGET PRESENTATION



Montgomery Village Foundation

Stedwick Community Center

August 24, 2017

AGENDA

- ✘ Introduction/Goals
- ✘ 2018 Budget Review
 - + 10 Years Moving Forward
 - + Overview
 - + Revenue/Expenses
 - + Capital
 - + Reserves
- ✘ 5 Year Plan

Dave Humpton, EVP

Greg Snellings, CFO

BUDGET GOALS

The 2018 budget.....

- + Keeps assessments low and in sync with 5-Year plan
- + Funds major capital projects & reserves
- + Funds new/current staff positions to support current/future programs
 - × Board Intern (seasonal)
 - × Assistant EVP (early 2017)
 - × 2 FT Parks/Facilities Assistants

10 YEARS – MOVING FORWARD



LRFPC, Pool study and Vision 2030 are but a few of the major accomplishments of the Board and staff over the past 10 years.....

10 YEARS MOVING FORWARD

x <u>Operating Fund</u>	<u>Then</u>	<u>2018</u>	<u>CAGR</u>
x Assessments			
+ MVF	\$20.18	\$21.59	.68%
+ DU	\$23.94	\$35.57	4.04%
x Headcount/FTE	57	51	
x Revenue	\$7.9M	\$8.4M	0.59%
x Personnel costs	\$4.7M	\$4.9M	0.58%
x Operating costs	\$1.9M	\$2.4M	2.06%
x Undes. Reserves	\$(300k)	\$1.84M (July '17)	
x Loan from Reserves	\$(700k)	\$1.56M (July '17)	

10 YEARS MOVING FORWARD

Capital Contribution Fee

- × CCF Revenues generated since 2012 \$859,866
- × Major Projects:
 - × AR Pavilion, SVP Facility, Cricket Pitch, AR All-Inclusive play area (planned 2017), Digital Entrance sign (2018)

Replacement Reserves

- × Investments 2017: \$6.2M 2008: \$4.67M
- × **Contributions** **since '07: \$8.1M** **'05 – '07: \$38k**
- × Major Projects:
 - × Lawn Theater, Lake Whetstone dock, Theatre pond fountain
 - × WS & AR pool renovations, “Coolbrellas”, Heated pool

2018 BUDGET REVIEW

Greg Snellings

2018 BUDGET REVIEW

- ✘ Assessment increases LOWER than 2017 5-year plan:
 - ✘ MVF \$.55/month/unit vs. 2017 Plan: \$1.09
 - ✘ DU \$1.15/month/unit vs. 2017 Plan: \$1.18
 - ✘ MVF rolling over the '16 planned undesignated as it was not needed
- ✘ Planned uses of the MVF undesignated reserve:
 - ✘ Budget '17 \$343,698 and \$.25 increase (originally \$.85)
 - ✘ Budget '18 \$371,876 and \$.55 increase (re-eval in Oct)

2018 BUDGET REVIEW

Reserve study changes:

- ✘ Assumptions updated to include 3.5% ROI and CPI @ 2.2%

- ✘ Activity:

+ Contributions	\$1,250,918*
+ Expenditures	\$1,312,168
+ * Includes \$100,000 for “new” portion of future renovations via the Operating Fund	

- ✘ Capital Contribution Fee

+ Expected revenues	\$145,000
+ Planned Expenditures	\$100,000
✘ MVF digital entrance sign	

2018 BUDGET REVIEW

Assessments

	MVF Fund	DU Fund	Total
Current, per month	\$ 21.04	\$ 34.42	\$ 55.46
Assessment Increase	0.55	1.15	\$ 1.70
Proposed Assessment	\$ 21.59	\$ 35.57	\$ 57.16
Increase percentage	2.6%	3.3%	3.1%

Undesignated Reserves Summary

Undesignated as of Dec 31, 2016	\$ 1,162,477	\$ 378,310	\$ 1,540,787
Proposed use in 2017	(343,698)	-	(343,698)
Proposed use in 2018 (1)	(371,876)	-	(371,876)
Remaining Undesignated	\$ 446,903	\$ 378,310	\$ 825,213
	11.5%	10.3%	

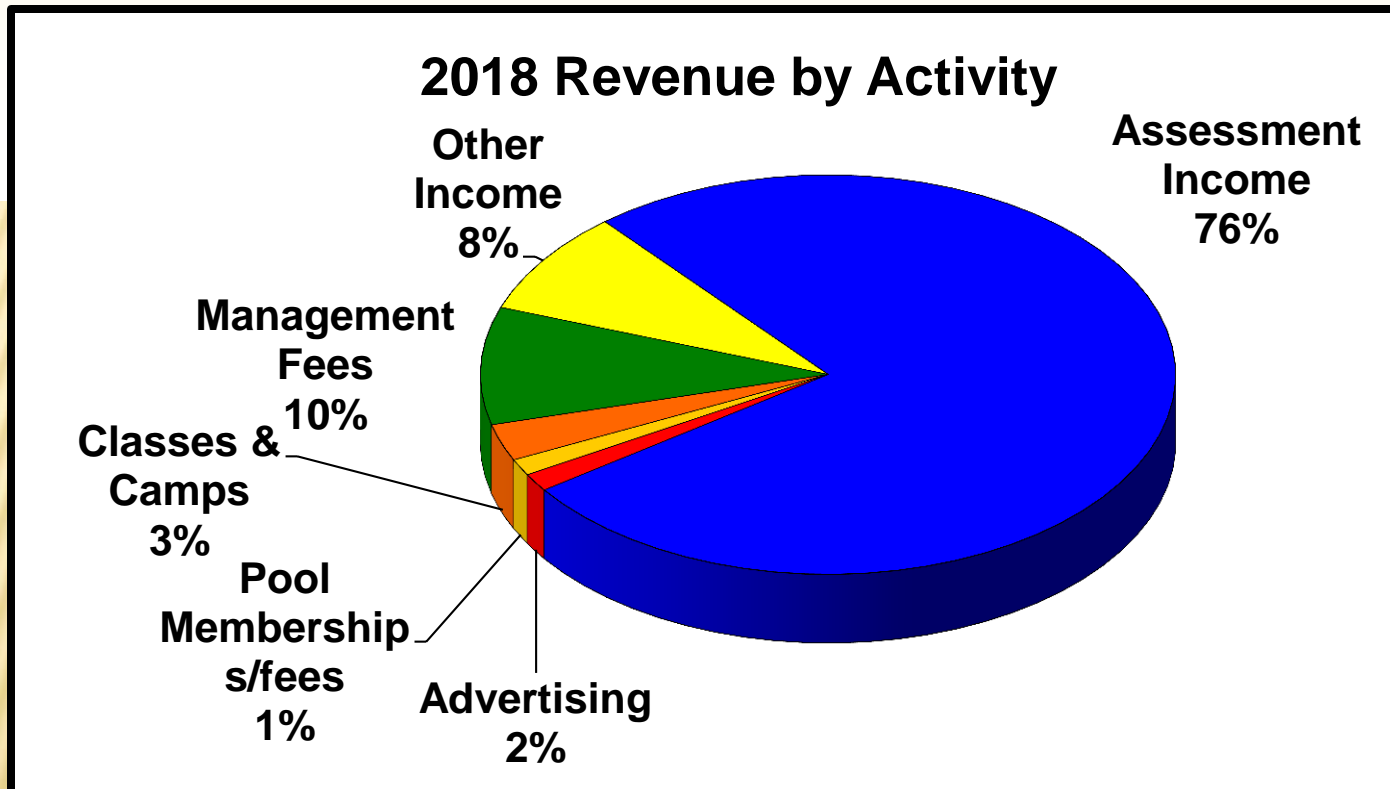
(1) Projected use of undesignated reserves in 2018:

\$ 283,876	Minimize MVF assessment increase
38,000	MVF subsidy of User fee camp programs
50,000	MVF homeowner document scan project

Operating Capital, CCF & Reserve Repair/replacement

Operating Capital	-	32,195	32,195
Capital Contribution Fees	100,000		100,000
Reserves	708,734	603,434	1,312,168
Total Capital Investment	808,734	635,629	1,444,363

BUDGET REVIEW - REVENUES



BUDGET REVIEW - REVENUES

✘ Revenue Drivers

+ Assessment increases

✘ MVF Fund + 77,000

✘ DU Fund + 111,500

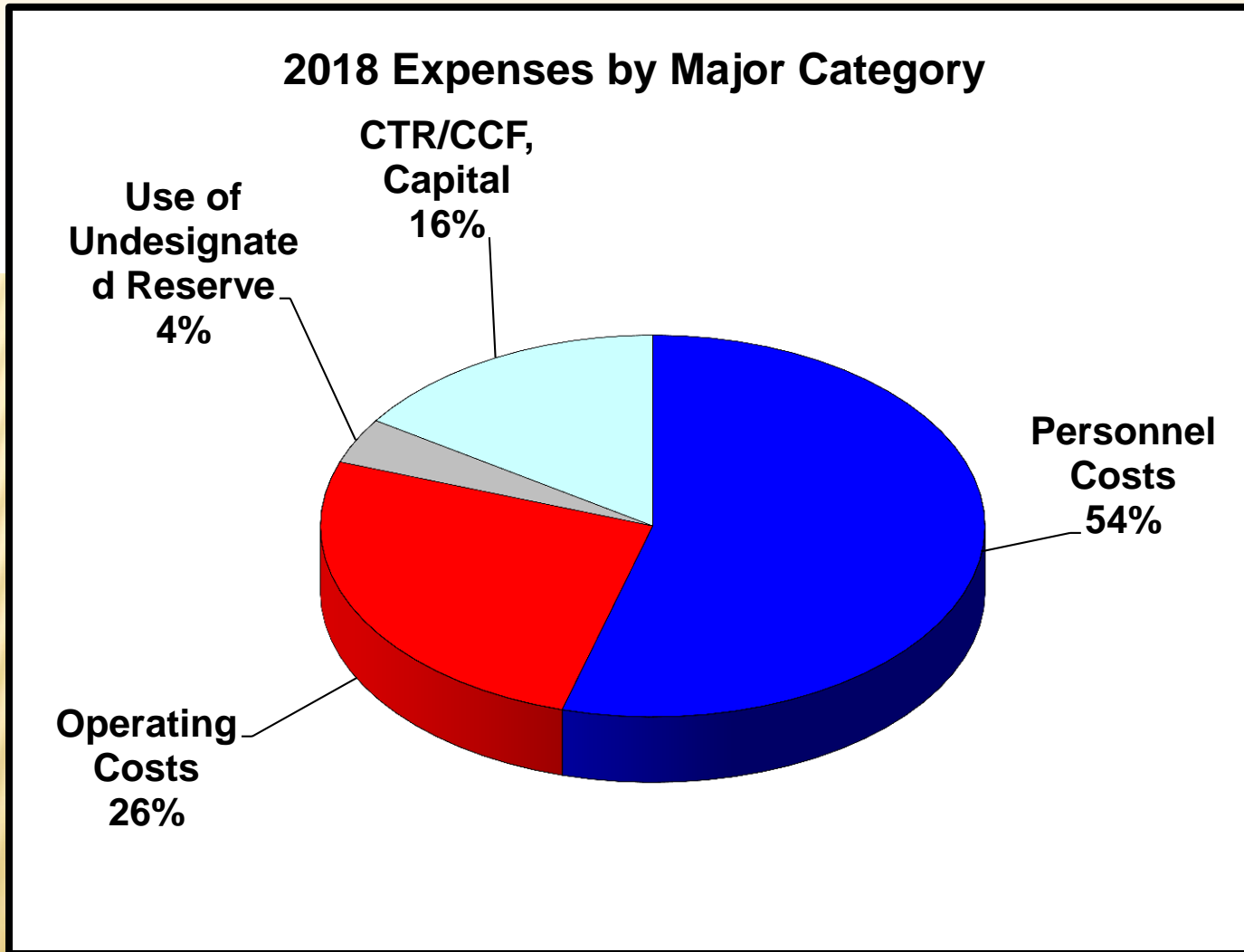
+ Collections fee income (delinq rate!!) (20,000)

+ VN Advertising (29,000)

+ Village-wide camp/after-school program + 29,000

+ Capital Contribution Fees + 25,000

BUDGET REVIEW - EXPENSES



BUDGET REVIEW - EXPENSES

× Personnel Costs

+ General merit and benefit assumptions

- × 3% merit increase, .25% discretionary pool
- × \$25/pay increase (6.5%) in Flex \$ benefit; healthcare expected to increase 12-14% for 2018.
- × 401k match remains at 6%

+ Personnel changes:

- × DU summer wages slight decrease/in line w/min wage and to remain competitive with local municipalities
- × 2 new Park/Facility Asst's - full-time (50% DU, 50% MVF)

BUDGET REVIEW - EXPENSES

× Operating costs

- + Occupancy – with 1st full year of solar costs, lower utility costs from electric and heating gas
- + Office Exp/Contracts – includes the \$50,000 estimate to scan all of the remaining homeowner documents.
- + Security – contract to be terminated in lieu of new Parks/Facility Assistants

BUDGET REVIEW - SUMMARY

MVF Fund 2018 Budget vs. 2017 Budget

	<u>2018 Budget</u>	<u>2017 Budget</u>	<u>Variance</u>
Revenue	3,566,964	3,452,650	114,314
Personnel costs	3,165,767	3,002,080	163,687
Operating costs	256,342	321,261	(64,919)
Other income/expense	478,731	443,007	35,724
Use undesignated reserves	<u>(333,876)</u>	<u>(313,698)</u>	<u>(20,178)</u>
	<u>3,566,964</u>	<u>3,452,650</u>	<u>114,314</u>
Change in net assets	-	-	-
Increase per month/unit	\$ 0.55	\$ 0.25	\$ 0.30

Increase in revenue is primarily derived from the proposed assessment increase but is offset by a significant drop in Advertising revenue.

BUDGET REVIEW - SUMMARY

Designated Users 2018 Budget vs. 2017 Budget

	<u>2018 Budget</u>	<u>2017 Budget</u>	<u>Variance</u>
Revenue	3,675,758	3,560,355	115,403
Personnel costs	976,404	954,930	21,474
Operating costs	1,749,972	1,728,474	21,498
Other income/expense	949,382	876,951	72,431
Use undesignated reserves	-	-	-
	<u>3,675,758</u>	<u>3,560,355</u>	<u>115,403</u>
Change in net assets	-	-	-
Increase per month/unit	\$ 1.15	\$ 1.40	\$ (0.25)

Increase in revenue is the proposed assessment increase.

Notable decrease in Occupancy expenses with a full year of solar in place.

CAPITAL PROJECTS

× 2018 Capital projects:

+ MVF: None

+ CCF: Addition of a new digital entrance sign \$100,000

+ DU: Capital requested \$27,000

× New PA systems at Apple Ridge and North Creek BR


× New chairs/lounges, picnic tables, umbrellas and a coolbrella

CAPITAL CONTRIBUTION FEE (CCF)

✦ Activity summary

+ Balance, Dec 31 2016	\$291,135
+ 2017 Budgeted revenue	\$120,000
+ Projected projects (1)	<u>(\$162,500)</u>
+ Available for 2018	\$248,635
+ 2018 Projected income	\$145,000
+ 2018 Digital Entrance sign	(\$100,000)
+ Remaining after 2018	\$293,635
+ (1) Includes Cricket pitch at AR ball fields (completed) and the new 'All Access' play area at AR Park (in process)	

Reserves

The image features a gold gradient background. A prominent white, wavy line with a slight 3D effect curves across the lower right portion of the frame. The word "Reserves" is centered in the upper half of the image in a bold, black, sans-serif font.

RESERVES

2018 Contributions:

MVF Fund	\$333,731
Designated Users Fund	\$917,187

* DU addt'l "new pool" funding \$100,000

Total **\$1,250,918**

Assumptions:

- + Reserve Study updated for recent changes
- + ROI of 3.50% and Inflation of 2.2%
- + CTR based on funding 75% of replacement cost @ 30 years

RESERVES - EXPENDITURES

2018 Expenditures

	Necessary	Potential	Total
MVF Fund	\$220,897	\$487,837	\$708,734
Designated Users	\$203,208	\$400,227	\$603,434
Total	\$424,105	\$888,064	\$1,312,168

RESERVES - EXPENDITURES

2018 Major Replacements

× MVF:

+ Parks/MVF Facility \$461,052

× Includes replacement of Hurley Park play area and SVP football field restoration and goal posts

+ Office equipment & technology \$247,682

× DU:

+ Community Centers \$392,946

× Includes general repairs and maintenance/asphalt work

+ Pool replacements \$210,489

× Includes general repairs of pool lighting, caulking, dive boards, CAT controller probes, and misc. equipment

RESERVES – POOL REBUILD SCHEDULE

<u>Pool</u>	<u>Design</u>	<u>Rebuild</u>	<u>Cost (\$M)</u>
Whetstone	Complete	2014	\$2.0
Apple Ridge	Complete	2017	\$2.5
North Creek	2019	2020	\$2.6 - \$3.0
Stedwick	2025	2026	\$2.2 - \$2.5
Hurley Park	2027	2028	\$2.0 - \$2.2
Lake Marion	2030	2031	\$3.0 - \$3.4
Watkins Mill	2033	2034	\$2.2 - \$2.5

5 Year Plan



5 YEAR PLAN – MVF ASSESSMENT

Assessment Summary	2018PB	2019	2020	2021	2022
Assessment	\$ 21.04	\$ 21.59	\$ 22.69	\$ 23.94	\$ 24.69
Assessment increase needed	0.55	1.10	1.25	0.75	0.25
New Assessment	\$ 21.59	\$ 22.69	\$ 23.94	\$ 24.69	\$ 24.94
Assessment increase %	2.6%	5.1%	5.5%	3.1%	1.0%

MVF Assessment ceiling \$24.29 set in 2011 to get through 2014

5 YEAR PLAN – DU ASSESSMENT

Assessment Summary	2018PB	2019	2020	2021	2022
Assessment	\$ 34.42	\$ 35.57	\$ 36.57	\$ 37.57	\$ 37.94
Assessment increase needed	1.15	1.00	1.00	0.37	0.30
New Assessment	\$ 35.57	\$ 36.57	\$ 37.57	\$ 37.94	\$ 38.24
Assessment increase %	3.3%	2.8%	2.7%	1.0%	0.8%

QUESTIONS ?

