



Meeting of the Board of Directors
October 3, 2018
Anthem Civic Building
3701 W. Anthem Way
Meeting Room 3

5:30 p.m.
ACC Board Special Budget Meeting
With Fiscal and Resource Management Committee
Open Session

(Limited public comment will be accepted)

*The Board of Directors will be meeting in executive (closed) session starting at 4:00 p.m.
pursuant to A.R.S. Section 33-1804 (A) (1).*

AGENDA

1. **CALL TO ORDER**
2. **ESTABLISH QUORUM**
3. **ADOPT AGENDA**
4. **NEW BUSINESS**
 - A. 2019 DRAFT Budget Proposal Presentation and Discussion
5. **ADJOURNMENT**

anthem

community council

Memorandum

To: ACC Board of Directors

From: Neal Shearer, Community Executive Officer
Doug Greenstein, Community Finance and Operations Officer

Date: September 28, 2018

Re: Draft 2019 ACC Operating Fund Budget Proposal

Summary/Overview

ACC Staff presents a proposed 2019 Operating Fund Budget that is balanced and does not include an increase in assessments. While this is a DRAFT Budget and already includes the recommendations and guidance of the ACC FaRM Committee, it is still under careful review. Staff anticipates incorporating Board commentary into a final version, which will be presented for formal Board adoption at the Board's Oct. 24 Open Session.

Within this presentation, Staff is including a proposed list of Capital Expenditures (CapEx), which will provide operating and productivity gains in several of our operating departments through the acquisition of aerators, security equipment, a dump trailer and a Park Patrol cart. Staff would like to accelerate approximately \$60,000 of the overall CapEx request into 2018, covering a redundant swimming pool heater and a bunker rake. Through achieved cost savings, we have sufficient cash on hand in the Operating Fund to make these purchases this November and December.

The 2019 Operating Fund Budget presented several significant challenges and obstacles that were overcome in order to result in a balanced budget. These included:

- *The continuing impact on employee compensation as a result of AZ Prop 206.* 2019 will be the third year of mandatory increases to the minimum wage. The ACC utilizes tens of thousands of hours of seasonal and year-round staff in our Community Center, Park Patrol and Customer Service operations, placing just under a compounding \$100,000 annual additional burden on overall compensation.
- *AZ Prop 206 also has a trickle-down impact* on the costs of vendor services, as our community business partners and major contractors also have to include their escalating employment costs in the prices they charge us for services.
- *The 2018 Reserve Study* (just completed), added into the overall reserve funding requirement approximately \$8,000,000 in new assets since the prior study in 2013, including: Opportunity Way Park, the acquisition of the Civic Building, an expanded Adventure Playground, a remodeled Discovery Playground and a remodeled Community Center. The annual funding requirement has increased by \$151,000 to \$2,220,000 for 2019 forward to properly fund for the ACC infrastructure, and to maintain our focus on the highest standards of community care and operations.

- *Continued escalation of the costs of insurance and health care.* As business insurance markets harden, the ACC faces spiraling increases for property and liability coverage. Our continual focus on infrastructure and facility safety has significantly offset increased premiums. Health care costs rise by double digit percentages each year and ACC management continues to look for opportunities to provide our employees with market-competitive coverages at reasonable contribution rates in order to retain and attract highly qualified employees.
- *Consideration of unexpected issues.* Unplanned and unexpected issues require the allocation of significant Staff hours, and occasionally dollars, to address. In 2018, the ACC dedicated significant resources to support our neighbors in Desert Hills and New River by partnering with EPCOR to deliver a water hauling station to alleviate a severe potable water shortage facing those communities; extensive Board and Staff time to present its case before the Corporation Commission and RUCO in support of fair and reasonable water rates for east-side Anthem residents; and protecting Anthem's quality of life within our community by actively opposing a planned 286-unit residential housing development on the north side of Anthem, which would have resulted in adverse impacts to Anthem. As the economy continues to improve, Staff and the Board of Directors, with support from legal counsel, also are working on a number of private development issues within and adjacent to Anthem. The proposed 2019 Budget includes a small outlay for contingencies.

Background

Over the past eight years, the ACC has generated over \$4,000,000 in total cost savings in its continuing effort to streamline services and make best use of community funds, all without any deterioration in service quality or delivery. During that period, ACC Staff has generated over \$800,000 in ancillary new revenues by bringing formerly outsourced services in-house. Additionally, the ACC has maintained stability of the assessment rate for the six years since 2014. We are committed to a lean budget and efficient operations with a focus on maintaining and, when possible, improving our services to the public. Factors that influenced the budget for 2019 include, but are not limited to:

- *Board Direction and Strategic Priorities.* The Board's strategic priorities include a focus on ensuring that core services are provided in the highest quality, most cost-efficient manner. Additional priorities focus on the fostering positive organizational development; implementing the master plan projects; continuing to provide high quality services, facilities and programs; continuing to strengthen local and external relationships; and emphasizing both public and workplace safety.
- *Vendor Contracts.* As noted earlier, vendor contracts reflect increases resulting from AZ Prop 206 and inflationary impacts on materials costs. Among the key contracts servicing the ACC, janitorial services are increasing 3% in 2019, and our landscaping contract, which has not increased for seven (7) years, will be renegotiated or rebid in mid-2019 for the 2020 year.
- *Staffing.* In a tightening market for employers, competition for qualified workers is placing a strain on the ACC budget as competitive employers raise salary levels, improve benefit offerings and offer perks to attract more qualified staff. ACC management continues to explore ways to stabilize the organization, minimize the high cost of turnover and enhance succession management options for key positions.
- *Reductions in C-Level Management.* It is also noteworthy that the 2019 Budget reflects a concerted effort to streamline senior management and lead the organization with one less C-Level officer, by combining the COO and CFO positions and expanding the scope of the CEO.
- *Maintenance Cost Increases.* Almost 60% of the overall ACC annual spend is directed towards community maintenance, infrastructure repair and maintenance, landscaping and turf

maintenance and operational safety. Building materials and supplies, maintenance labor, and machinery and equipment are experiencing significant cost increases, and these have and will continue to escalate costs within the ACC. Additionally, the 2019 Budget includes a full year of operating costs for the Pickleball courts and three months of anticipated operating and maintenance expenses for the dog park project.

- *Program and Amenity Attendance and Participation Shifts.* We continue to monitor changing trends within the community as to amenities and programs offered, as well as try to balance revenue opportunities while not competing against Anthem businesses. Attendance in our internal sports programs, for example, is declining as a result of expanded third-party clubs, which offer more resources and different types of competitive experiences. Anthem and the surrounding areas offer a wider array of programs, including school and church-based options for parents and children, and the ACC is seeing a decline in the revenues and attendance of its programs as a result.

ACC Staff have, during the preparation and presentation of this budget, trimmed over \$400,000 of proposed cost items in order to reach a balanced budget. While Staff is proud to present this budget with no assessment increase, the Board and community owners should recognize that consideration of a potential assessment increase in 2020 or 2021 would be carefully reviewed as the impacts of continuing cost pressures cannot be funded with current assessment levels.

The ACC, in its budgeting process, incorporates a longer view of its financial stability and planning. The focus is to both analyze community needs and financial objectives for the upcoming budget year, but to forecast revenue and expense requirements over a five-year window, and to develop and deploy strategies to achieve multiple years of balanced budgets, stable cash flow and fiscal health.

Process

The annual budget preparation process includes a hybrid zero-based budgeting approach by each operating department. Annually, Staff begins by incorporating Board direction and priorities into the budget objectives, infrastructure reviews, community trends and community suggestions. Staff at all levels offer efficiency suggestions, improvements and cost-savings opportunities. As the departmental budgets take shape, they are continuously scrutinized, reviewed and challenged by the CEO and CFOO until the final document reflects our best thinking and a realistic inclusion of projected revenues and expenses. The budget document also includes a continuing challenge to department directors to refine actual performance throughout the year, and embrace all opportunities to generate cost savings without a sacrifice of service quality or delivery.

Prior to the initial public meeting on the annual budget, the proposed budget is analyzed by the Fiscal and Resource Management Committee (FaRM). After further refinements, the draft budget is presented in an open forum, when Staff will provide an overview of the proposed budget, and the Board and FaRM are invited to ask questions and provide feedback. Public comment is welcome per the Board Chair's discretion. Staff will make revisions based on this input, and the final 2019 Budget will come before the ACC Board for consideration, revision if/as necessary, and approval at your monthly meeting on Oct. 24, 6:30 p.m.

Department Budget Highlights

On the following pages, please find detailed highlights for our proposed 2019 Budget.

Conclusion

This proposed budget incorporates hundreds of hours of work by the combined Staff of all ACC departments, and careful scrutiny by ACC executive management. 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 and leadership to again demonstrate its focused attention on utilizing community resources wisely and efficiently. We are proud to present this budget for your consideration and approval.

Departmental Highlights

Below are highlights by department; Staff will be prepared to address any questions that you may have regarding the budget proposals.

40 – Administration

Items	Notes
Revenue	<ul style="list-style-type: none">• Revenues, prior to Reserve Fund contributions are budgeted at \$9,512,502 vs. 2018 budgeted revenues of \$9,378,438.• Assessments began in 2018 for Anthem’s two new senior living facilities. Additionally, the 2019 revenue base is projected to include 110 of the 202 planned residences at Circle Mountain by the end of 2019.
Expenses	<ul style="list-style-type: none">• Professional fees, which include legal, audit, tax and consultancies, are planned to decrease approximately \$50,000 from 2018 Budget levels, which is attributable to the completion of the 2018 Reserve Study. All other professional expenses remain relatively constant across both budget years.• Financial expenses are planned to increase \$20,000 over 2018 levels, with insurance costs project to account for \$17,500 of that net increase.• General and Administrative expenses are planned to have a net \$10,000 increase over 2018 budgeted amounts. While compensation will increase as a result of planned merit increases and AZ Prop 206, and health costs will increase by approximately 10%, ACC management has budgeted for reductions in other Administrative categories to offset these increases.• The ACC plans to hire a successor to the Controller position, which has been unfilled for two years, and is evaluating adding an additional Management Analyst to support an extensive volume of projects, oversight of numerous key services contracts that are up for renewal in the next 24 months, and other administrative work that is currently straining existing Staff resources.• Inclusive of the above planned expense and revenue levels, the Administration Budget will show a net decrease of overall expenses by \$80,000 over the 2018 Budget.
Security Measures	<ul style="list-style-type: none">• The 2018 Budget initiated a \$50,000 spend for needed security and facility improvements resulting from the ongoing Vulnerability Threat Assessment originally initiated through MCSO. This project remains a priority, and unspent funds have been carried forward into the 2019 Budget. This Budget includes planned expenditures for 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.• Physical security at ACC special events, common areas and public meetings continues unchanged. The ACC has a relationship with several armed and unarmed security services to monitor ACC facilities, assets and public gatherings. Included in this category is the ACC’s long-standing relationship with the North Valley Posse, which provides a uniformed presence at ACC events and in other capacities. The draft budget includes \$30,000 for the Posse, which will be paid upon receipt of verified expenditures by the Posse on Anthem’s behalf.
Reserve Fund	<ul style="list-style-type: none">• Transfers to the 2019 Reserve are planned at \$2,220,000, an increase of approximately \$150,000 over estimated final 2018 actual contributions. This

	<p>reflects the guidance of the Reserve Study engineers, who have recently completed their study of Anthem’s common assets, and incorporates the addition of approximately \$8,000,000 in new common assets added to Anthem since the 2013 Reserve Study was completed. The ACC anticipates holding this level of funding consistent for no less than the next five years.</p> <ul style="list-style-type: none"> • Each year, ACC management reviews the list of assets projected for repair or replacement as determined by the reserve engineers, which is based on estimated useful lives and other relevant factors. Each line item is evaluated to justify “need” in the upcoming budget year, as well as evaluating which scheduled assets can be postponed without quality impairment, and which future scheduled assets may need to be accelerated into the upcoming budget year when their respective useful lives were shortened. There are over 1,200 line items comprising our current Reserve Schedule, inclusive of block wall repair, painting, HVAC, sidewalk repair, asphalt repair and maintenance of community amenities.
<p>Enhancement Fund</p>	<ul style="list-style-type: none"> • While the activity in the Enhancement Fund is a function of residential and commercial resales of property and is out of the direct control of the ACC, the historical trend has been that there are approximately 900 resale transactions that occur in the average year. The ACC is budgeting a slight increase in 2019 over the 2018 Budget, at \$679,960. Enhancement Fund activity includes a contribution from Pulte and Lennar for each home that is sold in Circle Mountain by the developer to the first private buyer.

41, 42, 43 – ACC Community Center (CC) 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 exciting 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	<ul style="list-style-type: none">• The ACC currently is undergoing an extensive fee review for programs, rentals and activities within the Community Center and its amenities. While the ACC recognizes that certain activities are historically covered under general community assessments, the long-term objective is that amenities, activities and programs that are optional, and which involve cost outlays by the ACC, should be priced at a level that does not create a deficit to the ACC, and essentially should not be subsidized through general assessments. It is anticipated that recommendations for appropriate changes in fee structures will be brought to the Board in mid-2019 for consideration into the 2020 Budget.• Within the 2019 Community Center Budget, there are limited fee increases proposed to cover the cost of camp field trips and away swim meets. These activities will be priced so that no net deficit is created.• As noted in this document, the demographics of users of Community Center amenities and programs continues to evolve as more local business options become available, and more established third-party sports clubs provide an alternative experience Anthem youth. These trends are indicative of an overall decline in Community Center revenues, and ACC management is focusing on redefining the Community Center experience to provide opportunities to the residents and their guests that minimize overall revenue deficits. Concurrently, ACC management continues to review staffing levels and direct expenses within the Community Center to offset these deficits.• As noted herein, we will continue to evaluate contracts with sports organizations and vendors for revenue implications, and to offset ACC costs.
Payroll and Benefits	<ul style="list-style-type: none">• The Community Center employs over 100 seasonal and variable-hour employees, all of whom are impacted by AZ Prop 206. This creates an annual additional expense of almost \$100,000 yearly, which is cumulative as the minimum wage rate escalates each year. Community Center management schedules coverage as prudently as possible to minimize the impact.• We plan to explore opportunities for efficiencies, such as consolidation of fitness and Rock Wall monitoring positions, to maximize staffing resources.
Aquatics	<ul style="list-style-type: none">• The Aquatics Budget shows a loss, as that category includes the cost of lifeguards and related training to operate the pool and water park; expenses that are covered by assessments.

	<ul style="list-style-type: none"> • 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); we 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.” • The ACC invests heavily in lifeguard training and coverage, and has been a consistent five-star recipient of awards from Starfish Aquatics Institute, an organization that evaluates such programs. While expensive, there is no substitute for safety and diligence while residents and their families use the community pools and water park. • While the emphasis on safety will not be diminished in 2019, ACC management is planning to evaluate the overall organization and staffing of our aquatics and swim team programs, and recommend appropriate changes that could reduce costs without any sacrifice to resident safety, and without any reduction or impact on our highly successful Dolphins program.
Fitness and Rock Wall	<ul style="list-style-type: none"> • In 2018, the ACC invested in over 30 new pieces of fitness and weight training equipment. Our fitness floor continues to be a major amenity for community residents, even with significant local business competition. We continue to evaluate our array of fitness programs and fees. • With the recent remodeling of the Community Center, the ACC has added over 1,000 sq.-ft. of additional fitness space. • Rock Wall programming will be developed to increase opportunities and interest in this amenity. • With the expansion of fitness equipment, the ACC is budgeting for an increase in equipment maintenance.
Camp	<ul style="list-style-type: none"> • Camp continues to be a popular program and operates at a reasonable net profit. We are budgeting for limited additional staff hours to lower the staff-to-participant ratio for child safety, a ratio that we would like to improve even more in future budgets.
Sports Programs	<ul style="list-style-type: none"> • 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-sponsored sports expand, the ACC’s internal programs are seeing declining revenue, attendance and participation. However, the objective is to provide the best alternatives to Anthem youth, whether that is an internally or externally sponsored sports program, and to best utilize limited sports field availability.
Other Programs	<ul style="list-style-type: none"> • Teen programs are modestly increasing in popularity and the Community Center has added equipment and facilities, which are viewed as of interest to our teenage population. • Special events remain popular; including Parents’ Night Out, Monster Ball and the Father/Daughter Dance. • Adventure Club is the on-site drop-off daycare for children whose parents/caregivers are working out or attending a class. While the program has been in a deficit position for several years, its fee structure will be reviewed for potential modest recommended changes in 2019.

Security	<ul style="list-style-type: none"> • 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 our Community Center and parks have to offer. This includes Park Patrol, overnight third-party security, and our contract with off-duty Sheriff's deputies. We are also increasing funding for off-duty deputy security coverage and additional Park Patrol hours for the anticipated opening of the dog park in the fourth quarter of 2019.
Other	<ul style="list-style-type: none"> • CivicRec, the new recreational and program management software for the Community Center and Civic Building, went live in the second quarter of 2018. It will result in increased efficiencies in reservations, improved online program registration process, automated employee scheduling and much more. Additionally, it will provide advanced analytics so that the ACC can better understand trends in attendance, program usage, resident reactions to ACC offerings and other valuable data. With this data, the ACC can continue to refine its offerings and remain a viable source for community enjoyment in the future.

44 – Civic Building

The Anthem Civic Building (ACB) 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. We offer rooms for rent, drop-in space, a Business Center, diverse programming to complement what is offered at the Community Center, a public art gallery, non-profit office space, and leased space for the Maricopa County Sheriff’s Office.

Items	Notes
Revenues	<ul style="list-style-type: none">• The building continues to see consistent room rentals as well as free “drop-in” use, and the increasing rental revenues reflect this. The budget also accommodates costs of providing free use of space by organizations including the Fire District, HOAs and the North Valley Posse.• Overall, revenues are expected to increase 7% vs. 2018, resulting from rental and programming. The ACC has expanded its rentals to local non-profits in keeping with historical Board directives.• Currently, fees for rooms, services and programs are under careful review to better align facility costs to the per room and per-event fees charged. ACC Staff envisions making recommendations to the Board in early 2019 for selective fee adjustments; however, no increases are initially included in this budget.• ACC Staff continues to analyze rental trends as a precursor to recommendations for changes in programming and potential rental rates. Drop-in use (which is free for the Game Room, Arts & Crafts Room, and Lounge) continues to increase, and the Business Center is used consistently and was recently upgraded with newer computers and printers.
Operations and Maintenance	<ul style="list-style-type: none">• Overall, operating expenses are predicted to slightly decrease. While janitorial costs will increase, utility costs will benefit from an ongoing conversion to LED lighting throughout the building.• With the transition to Johnson Controls for fire maintenance and inspection, the costs in this area have increased, as has the cost of the elevator inspection contract.
Programming	<ul style="list-style-type: none">• The budget for the display of public art has decreased. As this is a partnership with the Sonoran Arts League, we are jointly planning two, instead of three, public art rotations in 2019.
Security	<ul style="list-style-type: none">• The safety of ACC employees, visitors, owners and guests remains a high priority in all ACC buildings. The Civic Building will continue to invest in video and audio security systems, and will continue to implement prudent physical security changes as recommended by security officials. The ACC provides monthly employee safety training and the regular fire /inspections by Daisy Mountain Fire.

45 – Paseo

The ACC is responsible for maintaining all common areas (up to the building walls) in the Paseo neighborhood, located south of the Safeway shopping center. Parkside performs code enforcement and parking oversight. Paseo homeowners pay a benefited assessment in addition to their ACC and Parkside assessments to fund this additional level of care.

The ACC will continue to perform landscaping conversions to desertscape in 2019, a project that was begun in 2017. Historic overplanting within Paseo has added shade, which has deteriorated the Bermuda grass and diminished the overall appearance of the landscaping. The desertscape project will align the community with a consistent look and feel, as well as conserve water and landscaping costs, which are absorbed exclusively by the Paseo property owners.

We are currently finalizing a 2018 Reserve Study for the Paseo common assets, which include driveway pavers, exterior lighting, and sidewalks and selected other common grounds assets. The previous Paseo Reserve Study was an update performed in 2013. The Reserve Fund for Paseo is funded exclusively by the Paseo property owners and is independent of the general ACC Reserve Fund, and the ACC projects increasing the required levels of funding starting in 2020 or 2021 to build a sufficient investment account to cover future repairs and replacements for Paseo’s unique assets.

Items	Notes
Revenue	<ul style="list-style-type: none">• The Paseo benefited assessment is not proposed to increase in 2019, and is projected at \$75,840. To date, only phase 1 (out of 3) of the 2014 Board-approved increase in Paseo’s benefited assessment has been implemented.
Expenses	<ul style="list-style-type: none">• Water costs are trending 80% lower than 2016 levels as the conversion from potable to effluent for landscaping/irrigation in the Paseo neighborhood continues to effectively allow expense dollars to be funneled into general landscaping and turf maintenance• The landscaping in Paseo continues to be an area of focus for Staff and BrightView. Starting in 2017, the ACC began to convert certain front yards in Paseo to low water-use desert landscaping, install new curbs, and remove overgrown and destructive trees. Landscape beautification projects will continue into 2019; \$25,000 is budgeted for this purpose.

46 – Parks and Facilities Maintenance

Parks & Facilities has the largest community 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; 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. Maintaining community assets is an ACC core service.

Items	Notes
Personnel	<ul style="list-style-type: none"> • A planned addition to Staff in 2018 has been delayed until early 2019, which will supplement gaps in weekly staff coverage, provide needed flexibility to fill in for shift vacancies and further succession management options. In late 2018, the Field Supervisor for Parks & Facilities will retire after a decade of service to the ACC, and the 2019 Budget will incorporate these changes and a restructuring of the team to continue to serve the community.
Landscaping/ Irrigation	<ul style="list-style-type: none"> • The Budget reflects the stability in the cost of the contract with BrightView Landscape, which is the largest contractual service in the ACC’s Budget. The 2019 Budget includes all turf management costs in maintaining all parks, commercial easements and common grounds, as well as timed granite replacements throughout the community. The contract with BrightView, which expires at the end of 2019, has included no cost escalations for seven (7) years, including no added costs when the 10-acre Opportunity Way Park came online. ACC Staff anticipates that a new contract beginning in 2020 will require an increased funding commitment. • Irrigation system repairs continue to increase at an accelerated rate, primarily due to aging valves, water lines and invasive root systems. The ACC will propose a future project to do a gradual, timed replacement of the irrigation infrastructure in order to preserve turf care, and to minimize both expensive repair costs and potentially costly line breaks.
Utilities	<ul style="list-style-type: none"> • Water costs are projected to have a small net increase in 2019 as rate increases are offset by cost savings measures, such as controlling water flow at the Adventure Playground splash pad. • Electricity costs are also decreasing as a result of ongoing conversions to LED lighting in our facilities, parking areas and other exterior lighting areas.
Maintenance	<ul style="list-style-type: none"> • The ACC will continue to invest in tree trimming, granite replacement, sod replacement and plant replacement at amounts consistent with 2018 levels. • Vandalism and damage to mailbox kiosks continue to accelerate, and the ACC is replacing the low-quality builder-installed mailboxes with more secure products through the Reserve Fund. • Block wall repair costs and sidewalk repair costs are funded through the ACC Reserve Fund, and these costs continue to escalate annually as the community ages.

	<ul style="list-style-type: none"> • Due to Maricopa County requirements, we are now budgeting for wash/culvert outflow cleanup at \$15,000 in 2019. This will be an annual expense.
Supplies	<ul style="list-style-type: none"> • The ACC historically does price comparisons annually on its suppliers and attempts to balance its relationships with quality suppliers with obtaining fair and reasonable pricing and timely delivery. The ACC maintains a minimal supply of frequently used or consumed items so that cash flow is not tied up. In a market environment where the costs of construction materials and consumables are escalating significantly, the ACC has budgeted accordingly, but will continue to aggressively price shop. • Lighting supplies remain budgeted at \$35,000, consistent with 2018. • Sod for field and park repairs/replacement is budgeted at \$72,000, an increase of \$8,000 over 2018 levels.
Service Contracts	<ul style="list-style-type: none"> • The janitorial contract is currently being renegotiated, as it expires on Dec. 31. The ACC anticipates a net increase of 3%-4%, as it has been held steady for two years. • The ACC has retained its service contracts for pest control, park sweeping, lake maintenance, pump maintenance, HVAC preventative maintenance, fire monitoring and elevator maintenance without increases for 2019 vs. 2018.

Master Plan Projects

The ACC Board of Directors previously approved several large-scale master plan amenity projects for construction in the 2018 through 2021 window. These projects include: (a) an expansion of the Community Center; (b) the construction of a 10-court Pickleball amenity; (c) the construction of a community dog park; and (d) an expansion of the Skate Park. Each of these projects includes a capital cost component funded through the Enhancement Fund, and an ongoing operational and maintenance cost component, funded through the Operating Fund and part of each year's budget.

Items	Notes
Pickleball Courts	<ul style="list-style-type: none">• Construction is currently underway on ten Pickleball courts, which are located on the grounds of the Community Center. The courts are expected to be open for daily play in the late fourth quarter of 2018.• The 2019 Budget for the Community Center includes a full year of funding for the janitorial, utility, maintenance and upkeep costs for this amenity.
Dog Park	<ul style="list-style-type: none">• This project will be located on Meridian Drive. Construction is anticipated to begin in second quarter 2019 and be completed by the early part of the fourth quarter of 2019, although this schedule is dependent on further Board and external agency approvals.• The 2019 Budget includes three months of operating expenses for the dog park, including Park Patrol security, landscaping and janitorial services, utilities, general maintenance and supplies.

47 – Special Events

The Special Events Budget covers revenues and expenses associated with the ACC's major events, including Anthem Days, Music in May, Independence Day and Autumnfest. It also provides oversight and funding for the semi-annual Go Green event and a portion of the Veterans Memorial events. This department also provides oversight and support for all third-party events at Community Park. The Special Events Budget is relatively consistent from 2018 to 2019.

Items	Notes
Revenues	<ul style="list-style-type: none">• Sponsorships have been increased by \$3,000 to reflect historical trends.• Carnival and concession receipts are projected to increase slightly.• Overall revenues are projected to increase by approximately \$3,500 against the 2018 Budget.
Expenses	<ul style="list-style-type: none">• Expenses remain relatively consistent from 2018 to 2019, with slight increases in both Anthem Days and Music in May costs and overheads.• Approximately \$18,000 is included to fund the Memorial Day and Veterans Day ceremonies at the Anthem Veterans Memorial, as directed by the Board; this also considers the partnership with the Daisy Mountain Veterans for the Memorial Day Ceremony.

48 – Communications and Public Affairs

This department oversees all ACC communications, including, but not limited to social media, printed publications and collateral, the community website, and the Anthem Veterans Memorial. Staff also assists our 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">• Independent of advertising, this Budget had a modest net change of \$3,600, even with a proposed increase of \$13,000 in advertising for Special Events and a branding campaign for Anthem’s 20th Anniversary.• Additional dollars for resident relations, social media, photography and graphics tools account for the majority of the year-over-year change.• Other expenses, such as for business support, Anthem Veterans Memorial program costs, the employee Intranet and so on, are projected to be consistent with the 2018 Budget.
Publications	<ul style="list-style-type: none">• The Resource Guide and the Activity Guide are one combined document, and we budgeted the total cost for the publication in this department.• Page counts in the Resource Guide are projected to remain consistent with 2018 levels, inclusive of increased sponsorship ads for Special Events and additional pages for Activity Guide programs.• With the advent of new recreational and program software implemented this year, Staff will carefully monitor the analytics available, and will modify the ACC’s communication approach accordingly.• The annual Budget-in-Brief document will remain a two-page document and will be combined into the quarterly assessment mailing, with a comprehensive annual budget (and including the HOAs’ budgets) published in detail on the website.
Reductions	<ul style="list-style-type: none">• We removed a proposed additional LED sign from the Capital Expenses due to budget constraints.

ANTHEM COMMUNITY COUNCIL
CONSOLIDATED - OPERATING FUND ONLY
BUDGET SUMMARY STATEMENT

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2 0 1 9 PROPOSED DRAFT Operating Fund Monthly Budget

Prepared as of: 9/28/2018

	2 0 1 9	2 0 1 8	2 0 1 7												
	DRAFT Budget	Approved Budget	Prior Year Full YR Actual	January	February	March	April	May	June	July	August	September	October	November	December
Assessments - All Sources	9,040,677	8,965,864	8,870,838	751,848	751,848	751,848	753,205	753,205	753,205	753,862	753,862	753,903	754,541	754,541	754,808
Community Center Program Revenues	713,577	842,127	688,999	72,965	19,904	59,000	43,743	46,767	158,067	109,849	38,079	93,605	25,534	18,750	27,310
Special Events Revenues	121,625	117,975	150,708	300	-	58,425	300	9,500	-	13,800	-	600	37,400	1,300	-
Rentals & All Other Revenue Sources	972,872	932,696	1,065,797	67,911	75,496	64,056	98,914	89,802	84,595	94,680	85,195	68,024	76,741	112,046	55,414
Enhancement Fees Anticipated	679,960	663,580	833,548	32,860	48,720	43,680	85,780	63,000	82,320	78,220	53,760	56,280	52,180	53,760	29,400
Transfers to Reserve Fund	(2,220,000)	(2,100,000)	(2,040,000)	(185,000)	(185,000)	(185,000)	(185,000)	(185,000)	(185,000)	(185,000)	(185,000)	(185,000)	(185,000)	(185,000)	(185,000)
Transfers to Enhancement Fund	(679,960)	(663,580)	(833,548)	(32,860)	(48,720)	(43,680)	(85,780)	(63,000)	(82,320)	(78,220)	(53,760)	(56,280)	(52,180)	(53,760)	(29,400)
TOTAL ASSESSMENTS & INCOME	8,628,751	8,758,662	8,736,341	708,024	662,248	748,329	711,162	714,274	810,866	787,192	692,136	731,133	709,215	701,637	652,532
Wages - Community Programs	651,605	632,315	608,640	29,960	30,654	36,689	45,420	46,002	123,889	122,151	92,708	37,693	29,370	29,025	28,045
Payroll Taxes - Community Center	113,266	90,086	86,733	9,439	9,439	9,439	9,439	9,439	9,439	9,439	9,439	9,439	9,439	9,439	9,439
Direct Community Program Expenses	287,919	314,765	283,841	29,235	16,853	27,321	26,448	23,962	28,374	30,819	22,548	24,715	18,843	16,392	22,410
Special Events Expense	165,475	158,460	138,138	125	125	39,040	8,855	24,750	125	51,975	125	875	39,230	125	125
JNITY CENTER TOTAL PROGRAM COSTS	1,218,265	1,195,626	1,117,353	68,758	57,071	112,488	90,162	104,153	161,827	214,384	124,820	72,721	96,882	54,981	60,019
TOTAL - COMMUNITY INVOLVEMENT	185,005	174,100	146,685	25,046	3,808	33,709	3,718	14,218	9,373	14,391	3,858	17,806	17,971	13,231	27,873
Electricity	496,800	480,800	475,419	40,137	40,137	40,137	40,137	40,137	45,189	45,189	42,663	40,137	40,137	40,137	42,663
Water & Sewer	476,900	455,136	433,832	33,575	30,075	33,575	36,075	33,575	40,575	51,075	51,075	51,075	44,075	30,075	42,075
Gas & Other	59,700	68,500	58,726	4,969	4,966	4,976	4,987	4,995	4,975	4,969	4,991	4,959	4,952	4,964	4,995
TOTAL UTILITIES	1,033,400	1,004,436	967,977	78,681	75,178	78,688	81,199	78,707	90,740	101,234	98,729	96,171	89,164	75,176	89,733
Legal Fees	186,500	168,200	152,572	11,500	12,500	15,500	12,500	19,500	19,000	18,000	20,700	15,800	12,500	17,000	12,000
Accounting, Tax & Auditing	31,300	38,300	22,188	2,300	-	-	-	17,000	-	-	-	12,000	-	-	-
All Other Professional & Consulting	102,675	166,475	82,353	5,925	9,375	11,100	9,975	8,550	8,775	7,650	8,550	6,375	8,100	7,650	10,650
TOTAL PROFESSIONAL	320,475	372,975	257,112	19,725	21,875	26,600	22,475	45,050	27,775	25,650	29,250	34,175	20,600	24,650	22,650
Insurances	359,550	366,700	242,141	29,225	29,225	29,225	29,225	29,225	29,225	30,700	30,700	30,700	30,700	30,700	30,700
Bad Debt & Collections Expenses	44,540	56,140	(109,677)	10,170	3,295	2,670	4,170	3,295	2,670	10,170	3,295	2,670	5,170	(4,205)	1,170
All Other Financial Costs	116,378	128,203	64,332	8,376	4,992	12,417	22,776	5,292	10,957	8,376	5,892	8,692	14,926	4,992	8,692
TOTAL FINANCIAL	520,468	551,043	196,796	47,771	37,512	44,312	56,171	37,812	42,852	49,246	39,887	42,062	50,796	31,487	40,562
Salaries & Wages	642,377	619,303	577,886	53,531	53,531	53,531	53,531	53,531	53,531	53,531	53,531	53,531	53,531	53,531	53,531
Payroll Taxes & Benefits	169,221	145,111	131,780	14,102	14,102	14,102	14,102	14,102	14,102	14,102	14,102	14,102	14,102	14,102	14,102
Community-Wide Repairs & Maintenance	811,814	752,799	735,356	77,285	69,023	144,587	51,087	61,230	77,025	51,126	38,210	74,444	50,239	40,966	76,592
TOTAL REPAIRS & MAINTENANCE	1,623,411	1,517,213	1,445,022	144,918	136,656	212,220	118,720	128,863	144,658	118,759	105,844	142,077	117,872	108,599	144,225
TOTAL HUMAN RESOURCES	109,934	112,015	75,458	7,931	13,056	6,834	4,381	12,981	8,934	6,881	13,056	9,634	5,131	7,231	13,884
Park Patrol Wages & Taxes	75,514	77,538	57,292	6,023	6,023	6,023	6,023	6,023	6,023	6,023	6,023	6,023	6,023	7,102	7,105
Outside & Event Security Services	249,167	285,486	189,884	19,914	19,689	22,689	19,914	19,689	22,689	19,914	19,689	22,689	19,914	19,689	22,689
TOTAL SECURITY	324,681	363,024	247,175	25,937	25,712	28,712	25,937	25,712	28,712	25,937	25,712	28,712	27,016	26,794	29,791
Sanitation & Janitorial Contract	391,387	383,798	363,420	31,862	31,862	31,862	31,862	31,862	36,385	36,385	31,862	31,862	31,862	31,862	31,862
Landscaping Contract	1,167,000	1,112,000	1,113,792	97,250	97,250	97,250	97,250	97,250	97,250	97,250	97,250	97,250	97,250	97,250	97,250
All Other Service Contracts	134,249	128,508	126,297	10,244	9,894	10,597	10,244	9,894	10,231	11,219	9,894	14,252	9,869	10,269	17,644
TOTAL CONTRACT SERVICES	1,692,636	1,624,306	1,603,509	139,355	139,005	139,709	139,355	139,005	143,866	144,853	139,005	143,364	138,980	139,380	146,756
Salaries & Wages - Administrative	1,923,174	1,846,494	1,571,190	159,805	159,805	161,183	159,805	159,805	161,183	159,805	159,805	161,183	159,805	159,805	161,183
Payroll Taxes & Benefits	561,238	574,505	327,315	46,770	46,770	46,770	46,770	46,770	46,770	46,770	46,770	46,770	46,770	46,770	46,770
All Other Administrative Expenses	416,463	380,411	204,363	46,606	40,483	42,243	32,302	36,685	29,468	31,195	37,618	27,552	25,720	39,768	26,823
TOTAL GENERAL & ADMIN	2,900,875	2,801,410	2,102,868	253,182	247,058	250,196	238,878	243,260	237,421	237,771	244,193	235,505	232,296	246,343	234,776
TOTAL OPERATING COSTS	9,929,150	9,716,147	8,159,955	811,304	756,930	933,468	780,996	829,761	896,158	939,105	824,353	822,227	796,708	727,872	810,269
GROSS SURPLUS (DEFICIT)	(1,300,400)	(957,486)	576,386	(103,279)	(94,682)	(185,138)	(69,833)	(115,486)	(85,292)	(151,914)	(132,217)	(91,094)	(87,492)	(26,236)	(157,736)
Depreciation, Taxes, Interest & CAPEX	919,600	901,800	758,457	94,050	92,550	73,300	73,300	73,300	73,300	73,300	73,300	73,300	73,300	73,300	73,300
NET BOOK SURPLUS / (DEFICIT)	(2,220,000)	(1,859,286)	(182,072)	(197,329)	(187,232)	(258,438)	(143,133)	(188,786)	(158,592)	(225,214)	(205,517)	(164,394)	(160,792)	(99,536)	(231,036)