



**2023 Operating and Capital Improvement
Fund Proposal**
October 19, 2022

Organization of Information:

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1. Overview of Budgeting Funds and Guiding Principles

Budgeting Funds: The Fields Club Board uses fund accounting to track the amount of money assigned to different purposes:

- **Operating Fund** - This fund is used to account for financial resources allocated to the general operations of the club
- **Capital Improvement Fund** - This fund is used to reserve financial resources designated for future major repairs and replacements and reserve funds for contingency expenses
 - **Note:** *The major repairs & replacement projects list is a working document and is reviewed and updated annually by the Board to reflect changing Fields Club needs, priorities, and funding opportunities.*

Key benefits include:

- Protect and preserve property values by maintaining physical assets with the timely repair/replacement of critical elements.
- Use the Capital Improvement Fund to help ensure that dues/special assessments are set to ensure both current and future homeowners equitably pay for the use and enjoyment of amenities.
- Reduce the probability of large or sudden assessments.

Guiding Principles: The Fields Club Board has adopted the following principles to guide decisions for the two funds:

- Maintain \$5k-\$10k in contingency reserves (allows for overages)
- Ensure Club can meet annual Capital Improvement project obligations (a fair or better rating)

2. Financial Summary for Fields Club

2022 Revenue (\$ in '000's)

The Fields Club's operating revenue of \$462 increased by \$25 compared to 2021. The increase is primarily the net effect of annual dues, an increase in swim team income, and outside membership fees. Annual dues increased by \$16.9 and swim team income increased by \$17.7 while outside membership declined by \$6.9. The annual dues increase of 5% was lower than the Consumer Price Index of 9.3%¹ in 2022.

2022 Expenses (\$ in '000's)

Operating expenses of \$423.4 increased by \$49.2 (or 13.2%) over the prior year's end. This increase was primarily a result of increases in pool expenses, social expenses, and tennis expenses.

- Pool expenses increased by \$29.2 (or 37%) with \$5.6 from pool management (this was after a rebate of \$7.7 for underused lifeguard hours throughout the season). Pool repairs also increased by \$11.9 against the prior year and swim team expenses increased by \$12.0 (offset by increased swim team income) against the prior year. Costs have increased by 50% for lifeguard labor, between 100% - 250% for chlorine, and 50% for chemicals.
- Social expenses increased by \$11.6 over the prior year's end. This increase was driven by additional social programming to make up for a reduced pandemic social calendar.
- Tennis expenses increased by \$15.2 against the previous year as a result of moving the tennis trailer from a one-time capital cost to an ongoing operating cost (\$9.9/yr).

1. Federal Planning Bureau

2022 Year-End Financial Position (\$ in '000's)

The 2022 year-end operating fund cash position of \$38.4 decreased by (\$24.2) over the prior year-end but remains positive for the year. This decrease is primarily due to the inflationary increases in expenses mentioned above. That said, the club's ongoing cost optimization of operating expenses and contract services reviews will continue to provide financial strength as well as work to free up cash for the club's capital-starved projects.

Total fund balances of \$83 are made up of \$5 in contingency reserves and \$78 for future major repairs and replacements. Capital expenditures amounted to \$55.8 in 2022. Major expenditures included the purchase of pool/tennis canopies (\$27.4), ball field refurbishment (\$1.2), and the final phase of the Amberfield erosion project (\$10). The capital amount is less than historical expenditures for two reasons: 1) the pool resurfacing project was moved to 2024, and 2) the influence of inflation on key components.

The following table details the Fields Club revenues and expenditures for 2022 FY (10 months actual and 2 months estimates) compared to 2021 FY Actuals.

THE FIELDS SWIM AND TENNIS CLUB, INC.				
2022 PRO FORMA REVENUES, EXPENSES AND CHANGES IN FUND BALANCES				
	2021 Actual	2022 (Actual + Estimates)		
	Total	Pro Forma Total	Operating Fund	Capital Improvement Fund
REVENUES				
Annual Dues	\$ 382,054	\$ 395,267	\$ 395,267	\$ -
Facility Rental Income	4,505	4,000	4,000	-
Tennis Income	23,955	21,589	21,589	-
Swim Team Income	22,876	40,553	40,553	-
Other Income (Sewer, etc.)	3,110		250	-
Interest Income	184	55	-	\$55
TOTAL REVENUES	\$ 436,684	\$ 461,714	\$ 461,659	\$ 55
EXPENSES				
Operating Expenses	374,139	423,360	423,360	-
Major Repairs and Replacements	142,475	55,753	-	55,753
TOTAL EXPENSES	\$ 516,614	\$ 479,113	\$ 423,360	\$ 55,753
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(79,930)	(17,399)	38,299	(55,698)
FUND BALANCES, BEGINNING OF YEAR	180,300	100,370	\$ -	100,370
Transfer between Funds	-	-	(38,299)	38,299
FUND BALANCES, END OF YEAR	\$ 100,370	\$ 82,972	\$ -	\$ 82,972

3. 2023 Budget Comparisons

2023 Budget compared to 2022 (9+3) (\$ in 000's)

- The Fields Swim and Tennis Club is requesting approval from the respective HOA Boards of Directors (Amberfield & Riverfield) for the 2023 Operating and Capital budget. The budgeted revenue of \$485.2 is \$24.6 greater than 2022 revenues. The increase is derived from a 5% increase in annual dues over 2022 and a decrease in swim team net \$0 (vs. +\$10 last year).

Total operating expenses from continuing operations are budgeted at \$456 -- \$32.7 (or 8%) increase over 2022 actuals/estimates with primary drivers being:

- Landscaping/ maintenance at \$13.4 (27% increase)
- Clubhouse/bathroom maintenance at \$6.7 (58% increase) includes pressure washing sidewalks, etc., and increases in cleaning services.
- Pool Management Agreement – lifeguards/chemicals at \$23.3 (31% increase).
- Pool Repairs/supplies are anticipated to decline by \$3.8 – based on the previous year's repair cycle.
- Tennis expenses are budgeted to decline by \$1.8.

Operating Income is projected at \$29.1, a \$9.2 decline from 2022.

Total Major Repairs/Replacements for 2023 are budgeted at \$60.1. This includes projects for both Amberfield and Riverfield (Details in the Capital Improvement Fund section). This amount is flat from 2022 actuals/estimates even though infrastructure projects continue to need focus and attention.

THE FIELDS SWIM AND TENNIS CLUB, INC.				
2023 PRO FORMA REVENUES, EXPENSES AND OPERATING INCOME DETAILS FROM OPERATIONS				
	2022	2022	2023	% Change
	Budget	(9+3)	Budget	2023 vs 2022
REVENUE				
Annual Dues				
Amberfield HOA	\$ 257,072	\$ 249,890	\$ 269,528	
Riverfield HOA	88,216	87,587	92,484	
Total HOA	\$ 345,288	\$ 337,477	\$ 362,012	
Outside Membership	60,800	54,590	63,840	
New Household Initiation Fee	-	3,200	-	
Facility Rental Income	4,700	4,000	4,700	
Tennis Income	26,780	21,589	22,668	
Swim Team Income	32,000	40,553	32,000	
Other Income (Sewer, etc)	2,815	250	-	
Interest Income	216	-	-	
TOTAL REVENUE	\$ 472,599	\$ 461,659	\$ 485,220	5%
OPERATING EXPENSES				
Administrative Expenses	68,300	70,213	72,856	4%
Buildings and Maintenance	171,551	150,631	168,948	12%
Marketing and Social Expenses	30,825	26,679	23,825	-11%
Pool Expenses	99,255	108,819	125,241	15%
Tennis Expenses	64,015	67,017	65,240	-3%
TOTAL EXPENSES	433,946	423,360	456,110	8%
OPERATING INCOME	\$ 38,653	\$ 38,299	\$ 29,110	-24%
CAPITAL EXPENDITURES				
Clubhouse and Pavillion	8,000	7,100	16,000	
Pool and surrounding area	47,000	13,702	26,900	
Tennis and surrounding area	28,000	23,806	-	
Field, trail, grounds, and parking	11,860	11,145	17,200	
TOTAL CAPITAL EXPENDITURES	\$ 94,860	\$ 55,753	\$ 60,100	

4. Budgeted Capital Improvement Fund – 2023 to 2027

The table below identifies items that are expected to have a remaining useful life of less than five (5) years or are advance payments to capital items that are found to need attention and must be repaired or replaced to maintain or preserve the useful life of the asset.

Key Project Highlights: The Field's Club has several capital improvements projects proposed for 2023:

- Lower parking lot resurface/stripping (Amberfield)
- Security system (Amberfield/Riverfield)¹
- Pool deck resurface (Riverfield) – to repair Kidde pool collapsed pipe
- Clubhouse water heater (Riverfield)
- Clubhouse interior repair (Riverfield)
- Storage buildings wood repair/painting (Amberfield/Riverfield)

In addition to the above-mentioned projects, the Board has discussed, \$380.5k in capital improvement spending over the next 5 years (2023 -2027).

Note: Major repairs and replacement projects list is a working document and is reviewed and updated annually by the Board to reflect changing Fields Club needs, priorities, and funding opportunities

Location	Capital Items	2022	2023	2024	2025	2026	2027
Amberfield	Total Tennis Court Resurfacing	\$0	\$0	\$15,000	\$15,000	\$15,000	\$0
Amberfield	Pool Deck Resurfacing	\$0	\$0	\$0	\$0	\$0	\$22,082
Amberfield	Tennis Bleacher Upgrade	\$3,000	\$0	\$0	\$0	\$0	\$0
Amberfield	Pool Cover Replacement	\$0	\$0	\$0	\$0	\$11,907	\$0
Amberfield	Pool Resurfacing	\$0	\$0	\$36,414	\$0	\$0	\$0
Amberfield	Canopies	\$13,702	\$0	\$0	\$0	\$0	\$0
Amberfield	Courts 3&4 Erosion/Streambank Stabilization	\$9,958	\$0	\$0	\$0	\$0	\$0
Amberfield	Parking Lot Repair/Resurface (Lower)	\$0	\$17,200	\$0	\$0	\$0	\$0
Amberfield	Parking Lot Repair/Resurface (Upper)	\$0	\$0	\$0	\$0	\$3,798	\$0
Amberfield	Pool Pump, Filter	\$0	\$0	\$0	\$0	\$5,412	\$0
Amberfield	Fence Replacement	\$0	\$0	\$11,444	\$0	\$0	\$0
Amberfield	Clubhouse Gutter & Downspouts	\$0	\$0	\$0	\$0	\$0	\$11,041
Amberfield	Security System	\$0	\$8,500	\$0	\$0	\$0	\$0
Amberfield	Clubhouse Maintenance (painting, wood repair, interior)	\$0	\$0	\$0	\$0	\$0	\$16,561
Amberfield	Other Pool/Grounds Area maintenance not listed	\$0	\$0	\$0	\$8,490	\$0	\$0
Amberfield	Playground Equipment	\$0	\$0	\$0	\$0	\$0	\$0
Amberfield	Scoreboards	\$2,052	\$0	\$0	\$0	\$0	\$0
Amberfield	Pool Lifeguard Stands	\$0	\$0	\$0	\$2,653	\$0	\$0
Amberfield	Pavillion Kitchen	\$0	\$0	\$0	\$0	\$5,412	\$0
Riverfield	Total Tennis Court Resurfacing	\$0	\$0	\$15,000	\$15,000	\$15,000	\$0
Riverfield	Pool Deck Resurfacing/New pad	\$0	\$17,500	\$0	\$0	\$0	\$0
Riverfield	Pool Cover	\$0	\$0	\$12,485	\$0	\$0	\$0
Riverfield	HVAC Replacement	\$0	\$0	\$0	\$0	\$7,036	\$0
Riverfield	Parking Lot Repair/Resurface	\$0	\$0	\$0	\$0	\$0	\$14,248
Riverfield	Clubhouse Hot water Heater	\$0	\$2,500	\$0	\$0	\$0	\$0
Riverfield	Playground Equipment	\$0	\$0	\$0	\$26,530	\$0	\$0
Riverfield	Canopies	\$13,702	\$0	\$0	\$0	\$0	\$0
Riverfield	Field/Trail Refurbish	\$1,187	\$0	\$0	\$0	\$0	\$0
Riverfield	Field/Trail Refurbish (2)	\$0	\$0	\$0	\$0	\$0	\$5,520
Riverfield	Tennis Bleacher Upgrade	\$3,000	\$0	\$0	\$0	\$0	\$0
Riverfield	Tennis Windcreens Replacement	\$0	\$0	\$0	\$0	\$0	\$0
Riverfield	Clubhouse Maintenance (painting, repair, interior)	\$0	\$5,000	\$0	\$0	\$0	\$0
Riverfield	Clubhouse Maintenance (painting, repair, interior) (2)	\$0	\$0	\$0	\$0	\$10,824	\$0
Riverfield	Clubhouse Maintenance (painting, wood repair, exterior)	\$7,100	\$0	\$0	\$0	\$0	\$0
Riverfield	Pool Pump, Filter	\$0	\$0	\$0	\$0	\$0	\$0
Riverfield	Fence Replacement	\$0	\$0	\$0	\$0	\$0	\$13,249
Riverfield	Security System	\$0	\$6,000	\$0	\$0	\$0	\$0
Riverfield	Clubhouse Gutter & Downspouts	\$0	\$0	\$0	\$0	\$0	\$0
Riverfield	Scoreboards	\$2,052	\$0	\$0	\$0	\$0	\$0
Riverfield	Other Pool/Grounds Area maintenance not listed	\$0	\$0	\$0	\$5,306	\$0	\$0
Riverfield	Shed Repairs (Pool/Tennis)	\$0	\$3,400	\$0	\$0	\$0	\$0
Total		\$55,753	\$60,100	\$90,343	\$72,979	\$74,389	\$82,701

1. Please note updated security camera estimates were not available for this proposal (based on the previous 2020 proposal). FC will update and provide new estimates when available.

Budgeted Capital Improvement Fund – 2023 to 2027, cont'd

The below table provides a recap of the financial state of the Capital Improvement fund. The Clubs guiding principles are to:

- **Maintain \$5k-\$10k in contingency reserves (allows for overages):** The Club is meeting this principle with \$5000 from 2022-2025, then increases to \$7,500 in 2026
- **Ensure Club can meet annual Capital Improvement project obligations (a fair or better rating):** The Club maintains a Fair or better rating in 2022 and 2023. However, even with an annual 5% dues increase, the funded rate in 2024-2026 falls below 20% for a weak rating. That said, the Club continues to persistently manage the operating fund and capital fund for future years.

Table: Fully Funded Balance Calculations

Year	Starting Balance	Fully Funded Balance	Percent Funded	Reserve Status	Total Revenue	Operating Expenses	Reserve Contribution	Special Assessment	Interest	Project and Reserve Expenses	EOY Contingency Reserve	Ending Balance
2022	\$100,370	\$290,714	35%	Fair	\$461,659	\$423,360	\$38,299	\$0	\$55	\$55,753	\$5,000	\$77,972
2023	\$77,972	\$268,823	29%	Fair	\$485,220	\$456,110	\$29,110	\$0	\$49	\$60,100	\$5,000	\$47,031
2024	\$47,031	\$267,882	18%	Weak	\$507,646	\$448,112	\$59,535	\$0	\$25	\$90,343	\$5,000	\$16,248
2025	\$16,248	\$233,974	7%	Weak	\$531,194	\$454,558	\$76,636	\$0	\$14	\$72,979	\$5,000	\$19,919
2026	\$19,919	\$213,465	9%	Weak	\$555,918	\$465,165	\$90,753	\$0	\$22	\$74,389	\$7,500	\$33,805
2027	\$33,805	\$159,554	21%	Fair	\$581,879	\$468,038	\$113,841	\$0	\$39	\$82,701	\$7,500	\$64,984

Fully funded Balance = maintains reserve fund at a level equal to the physical deterioration (100% funded)

Interest Earned = Interest Rate * (1 – Tax Rate) * (Beginning Balance + (0.5 * (Reserve Contributions – Reserve Expenditures)))

EOY Contingency Reserve is a one time cost (2022)

THE FIELDS SWIM AND TENNIS CLUB, INC.
FY2022 Actuals and FY2023 Budget

	2022	2023	% Change
	Actual	Budget	2023 vs 2022
REVENUE			
Annual Dues			
Amberfield HOA	\$ 250,465	\$ 253,076	
Riverfield HOA	87,587	85,768	
Total Base HOA	\$ 338,052	\$ 338,844	
Tennis - AHOA	-	13,125	
Tennis - RHOA	-	7,875	
Outside Membership	56,190	65,520	
New Household Initiation Fee	4,000	-	
Facility Rental Income	6,225	6,250	
Social Activity Income	6,240	-	
Tennis Income	13,400	20,900	
Swim Team Income	40,553	32,000	
Other Income (Sewer, etc)	95	651	
Interest Income	70	55	
TOTAL REVENUE	\$ 464,825	\$ 485,220	4%
OPERATING EXPENSES			
Administrative Expense			
Club Operations Director	44,952	22,000	
Finance Manager	-	15,000	
Accounting, Legal Fees, Architect Fees	6,165	3,000	
Capital Improvement Study	-	-	
Insurance - Fire, Liab, D&O	7,092	7,698	
Property Taxes	6,937	7,259	
Office, Postage, Website Maintenance	5,362	5,000	
Total Admin Expenses	70,508	59,957	-15%
Building and Grounds Expense			
Property Manager	42,840	42,840	
Landscape Maintenance	49,515	42,420	
Landscaping (other)	-	20,000	
Utilities	38,048	39,000	
Clubhouse and bathrooms	11,494	18,263	
Security	3,671	3,325	
Supplies/Trash Removal	5,096	3,100	
Total Buildings and Maintenance	150,665	168,948	12%
Marketing and Social Expenses			
Marketing Material	-	3,000	
Social Events	21,388	20,825	
Total Marketing and Social Expenses	21,388	23,825	11%
Pool Expenses			
Lifeguards, Pool Management	63,018	81,180	29%
Aquatics Manager	-	13,000	
Pool Repairs and Supplies	14,956	11,054	
Permits and Licenses	900	907	
Swim Team Expenses	30,918	32,000	
Total Pool Expenses	109,793	138,141	26%
Tennis Expenses			
Tennis Director	42,840	42,840	
Maintenance, Repairs & Misc.	24,560	12,500	
Trailer Rental	-	9,300	
Reservation System	825	600	
Total Tennis Expenses	68,225	65,240	-4%
TOTAL EXPENSES	420,578	456,110	8%
OPERATING INCOME	\$ 44,248	\$ 29,110	-53%