

**Santa Lucia Preserve
Community Services District
2021–2022 Operating Budget
Executive Summary**

FY 2020-2021 Results

Revenues for the fiscal year ending June 30, 2021 are expected to finish lower than planned, by \$57K. This is primarily due to lower water sales over the prior year and less work orders in the Roads department (mowing). Operating expenses were higher than planned by approximately \$173K. This can be attributed to higher payroll in Security and Gatehouse operations due to the pandemic and a significant increase in property/liability premiums for the Preserve Company. Planned projects were slightly better than planned by \$5K.

FY 2021-2022 Budget

The proposed draft budget 2021-2022 includes the 4% fee increase in Property Related Fees (PRF) and an assessment of potential capital project costs and replacments. Total Revenues are anticipated to improve by \$326K over the prior year. Total expenses are anticipated to increase by \$190K as compared to the prior year, due primarily to increases to General and Administration costs, including Payroll (New FT Mechanic plus Retention Plan) and the Admin Cost Reimbursement line.

The Budget reflects an Operating Surplus, after \$160K in debt service, of approximately \$1.291M. Capital and Reserve Expenditures of approximately \$1.971M are described on the **Considerations** page. The major capital projects include a water treatment plant in the Potrero area (\$850K), gate upgrades (\$127K) and road paving (\$299K). If the Fire Safety Fee is approved, approximately \$943K of additional capital expenditures are planned.

The District's overall deficiency of \$614K for the fiscal year will bring the District's estimated total Net Position at June 30, 2022, to \$3.982M. If fire safety improvments occur in the next budget cycle, the Net Position isestimated at \$3.039M. The management team, as always, will consistently explore options to reduce costs of the District at every opportunity so as to increase its financial resources wherever possible.

**COMMUNITY SERVICES DISTRICT
CONSOLIDATED STATEMENT OF OPERATIONS
2020-21 Operating Budget**

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	Budget 20-21	Unaudited 20-21	Budget 21-22	% Rev	Variance \$ YOY	Variance % YOY
REVENUES (by Source):						
Property Related Fees - Roads, Water & Security	5,687,562	5,687,573	5,915,058	83.0%	227,485	4.0%
Property Related Fees - Wastewater (Sewer & Septic)	384,405	368,989	401,205	5.6%	32,216	8.7%
Water Meter Charges	515,711	500,221	540,925	7.6%	40,704	8.1%
Security & Gatehouse Operations	20,916	17,133	14,234	0.2%	(2,899)	-16.9%
Road & Drainage Maintenance	242,851	214,340	242,851	3.4%	28,511	13.3%
Housing Management Fee	7,200	7,200	7,200	0.1%	0	0.0%
Miscellaneous Income	0	6,500	6,000	0.1%	(500)	-7.7%
TOTAL REVENUES	6,858,645	6,801,956	7,127,473	100.0%	325,517	4.8%
EXPENSES (by Department):						
Water Service	1,478,849	1,532,095	1,547,204	21.7%	(15,109)	-1.0%
Wastewater Collection & Treatment	207,909	206,718	187,552	2.6%	19,167	9.3%
Road & Drainage Maintenance	913,362	933,863	986,417	13.8%	(52,555)	-5.6%
Security & Gatehouse Operations	1,200,834	1,231,374	1,307,214	18.3%	(75,840)	-6.2%
General and Administrative	1,473,277	1,539,733	1,641,822	23.0%	(102,088)	-6.6%
TOTAL EXPENSES	5,274,231	5,443,783	5,670,209	79.6%	(226,426)	-4.2%
OPERATING SURPLUS (DEFICIENCY) - Before Loan Pmts	1,584,414	1,358,173	1,457,264	20.4%	99,091	7.3%
Loan Payments (Prin + Int)	159,804	159,804	159,804	2.2%	0	0.0%
OPERATING SURPLUS (DEFICIENCY)	1,424,610	1,198,369	1,297,460	18.2%	99,091	8.3%
OTHER CASH FLOW (USE)						
Interest Income	24,000	9,258	9,258	0.1%	0	0.0%
Gain (Loss) on Sale of Fixed Assets	15,000	2,500	17,000	0.2%	14,500	580.0%
Fiber Deployment		0	0	0.0%	0	0.0%
Considerations	(1,320,638)	(1,327,408)	(1,946,240)	-27.3%	(618,832)	46.6%
TOTAL OTHER CASH FLOW (USE)	(1,281,638)	(1,315,650)	(1,919,982)	-26.9%	(604,332)	45.9%
TOTAL SURPLUS (DEFICIENCY)	142,972	(117,281)	(622,522)	-8.7%	(505,241)	-430.8%
NET POSITION						
Beginning Unrestricted Net Position	4,573,737	4,716,709	4,599,428			
Total Surplus (Deficiency)	142,972	(117,281)	(622,522)			
Ending Unrestricted Net Position	4,716,709	4,599,428	3,976,906			
TOTAL COMBINED UNRESTRICTED NET POSITION	4,716,709	4,599,428	3,976,906			

COMMUNITY SERVICES DISTRICT
CONSOLIDATED STATEMENT OF OPERATIONS
2020-21 Operating Budget

	<u>Budget</u> <u>20-21</u>	<u>Unaudited</u> <u>20-21</u>	<u>Budget</u> <u>21-22</u>	<u>% Rev</u>	<u>Variance \$</u> <u>YOY</u>	<u>Variance %</u> <u>YOY</u>
REVENUES (by Source):						
Property Related Fees - Roads, Water & Security	5,687,562	5,687,573	5,915,058	78.1%	227,485	4.0%
Property Related Fees - Wastewater (Sewer & Septic)	384,405	368,989	401,205	5.3%	32,216	8.7%
Water Meter Charges	515,711	500,221	540,925	7.1%	40,704	8.1%
Security & Gatehouse Operations	20,916	17,133	14,234	0.2%	(2,899)	-16.9%
Road & Drainage Maintenance	242,851	214,340	242,851	3.2%	28,511	13.3%
Housing Management Fee	7,200	7,200	7,200	0.1%	0	0.0%
Brush Management			445,872	5.9%	445,872	0.0%
Miscellaneous Income	0	6,500	6,000	0.1%	(500)	-7.7%
TOTAL REVENUES	6,858,645	6,801,956	7,573,345	100.0%	771,389	11.3%
EXPENSES (by Department):						
Water Service	1,478,849	1,532,095	1,547,204	20.4%	(15,109)	-1.0%
Wastewater Collection & Treatment	207,908	206,718	187,552	2.5%	19,167	9.3%
Road & Drainage Maintenance	915,365	933,863	986,417	13.0%	(52,555)	-5.6%
Security & Gatehouse Operations	1,200,834	1,231,374	1,307,214	17.3%	(75,840)	-6.2%
General and Administrative	1,469,367	1,539,733	1,641,822	21.7%	(102,088)	-6.6%
Brush Management			237,363	3.1%	(237,363)	0.0%
TOTAL EXPENSES	5,272,323	5,443,783	5,907,572	78.0%	(463,789)	-8.5%
OPERATING SURPLUS (DEFICIENCY) - Before Loan Pmts	1,586,322	1,358,173	1,665,773	22.0%	307,600	22.6%
Loan Payments (Prin + Int)	159,804	159,804	159,804	2.1%	0	0.0%
OPERATING SURPLUS (DEFICIENCY)	1,426,518	1,198,369	1,505,969	19.9%	307,600	25.7%
OTHER CASH FLOW (USE)						
Interest Income	24,000	9,258	9,258	0.1%	0	0.0%
Gain (Loss) on Sale of Fixed Assets	17,000	2,500	17,000	0.2%	14,500	580.0%
Fiber Deployment		0	0	0.0%	0	0.0%
Considerations	(523,174)	(1,338,871)	(1,946,240)	-25.7%	(607,369)	45.4%
TOTAL OTHER CASH FLOW (USE)	(482,174)	(1,327,113)	(1,919,982)	-25.4%	(592,869)	44.7%
TOTAL SURPLUS (DEFICIENCY)	944,344	(128,744)	(414,013)	-5.5%	(285,269)	-221.6%
NET POSITION						
Beginning Unrestricted Net Position		4,462,680	4,333,936			
Total Surplus (Deficiency)		(128,744)	(414,013)			
Ending Unrestricted Net Position		4,333,936	3,919,923			
TOTAL COMBINED UNRESTRICTED NET POSITION		4,333,936	3,919,923			