

**Santa Lucia Preserve
Community Services District
2017–2018 Operating Budget
Executive Summary**

FY 2016-2017 Results

Revenues for the fiscal year ending June 30, 2017 are expected to finish slightly better than plan, by \$10K, primarily due to increased water sales over the prior year. Operating Expenses were better than planned by approximately \$107K. This is mainly due to the transition relating to the COO position and circumstances involving attrition resulting from the departure of two tenured FTE's. Planned projects were under budget by approximately \$341K. This is due to better than expected bid results and a hold on infrastructure improvements on Lot 84.

FY 2017-2018 Budget

Staff began the budgeting process with a goal to closely match results in the recently prepared five-year plan, including the 4% Fee increase in Property Related Fees (PRF) and to assess the feasibility of potential capital project costs and the funding of such. Total Revenues improved by \$228K over the prior year, with PRF increased by 4%, water meter billings up with more homes online, and a slight improvement in Road Department revenues due to increased mowing and fuel management work orders. Total expenses, as well, have increased \$235K over the prior year. These increases are mostly due to the full-year impacts of replacing vacant FTE positions and adjustments relating to the Preserve Company staffing.

The Budget reflects an Operating Surplus, after \$160K in debt service, of approximately \$1.13M. Capital and Reserve Expenditures of approximately \$1.09M contribute to a modest total surplus of \$33K in the District's FYE 6/30/18 Net Position.

Here is a list of the main Capital and Slurry Projects targeted for the year (Total = \$1.09M):

- Fleet Trucks (3) - \$162K
- Gate Pedestals - \$120K
- Infrastructure improvements - Lot 84 - \$107K
- Mini-Dumptruck (delayed from 2016-17) - \$65K
- Road Slurry - \$400K
- Other Projects - \$236K

The District's overall Surplus of \$33K for the fiscal year will bring the District's estimated total Net Position at June 30, 2018, to \$2.85M. This will include the District having paid entirely for the Fiber Deployment costs of \$1.53M and having received one of two annual Monterey County tax billing installments of \$765k. 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
2017-18 Operating Budget**

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	<u>Budget 16-17</u>	<u>Unaudited 16-17</u>	<u>Budget 17-18</u>	<u>% Rev</u>	<u>Variance \$ YOY</u>	<u>Variance % YOY</u>
REVENUES (by Source):						
Property Related Fees - Roads, Water & Security	4,861,746	4,861,764	5,056,218	83.1%	194,454	4.0%
Property Related Fees - Wastewater (Sewer & Septic)	319,389	319,392	333,957	5.5%	14,565	4.6%
Water Meter Charges	389,589	400,911	418,919	6.9%	18,008	4.5%
Security & Gatehouse Operations	40,096	36,515	37,894	0.6%	1,379	3.8%
Road & Drainage Maintenance	231,218	233,308	233,255	3.8%	(53)	0.0%
Housing Management Fee	7,200	7,200	7,200	0.1%	0	0.0%
Miscellaneous Income	0	0	0	0.0%	0	0.0%
TOTAL REVENUES	5,849,238	5,859,090	6,087,443	100.0%	228,353	3.9%
EXPENSES (by Department):						
Water Service	1,350,732	1,322,427	1,412,240	23.2%	(89,814)	-6.8%
Wastewater Collection & Treatment	196,627	208,104	226,200	3.7%	(18,096)	-8.7%
Road & Drainage Maintenance	847,761	859,735	917,237	15.1%	(57,502)	-6.7%
Security & Gatehouse Operations	1,033,882	1,025,055	1,025,713	16.8%	(658)	-0.1%
General and Administrative	1,244,626	1,151,455	1,220,257	20.0%	(68,802)	-6.0%
TOTAL EXPENSES	4,673,629	4,566,776	4,801,647	78.9%	(234,871)	-5.1%
OPERATING SURPLUS (DEFICIENCY) - Before Loan Pmts	1,175,609	1,292,314	1,285,795	21.1%	(6,518)	-0.5%
Loan Payments (Prin + Int)	159,801	159,802	159,801	2.6%	1	0.0%
OPERATING SURPLUS (DEFICIENCY)	1,015,808	1,132,512	1,125,994	18.5%	(6,517)	-0.6%
OTHER CASH FLOW (USE)						
Non Operating Income/Expense	0	0	0	0.0%	0	0.0%
Corp Yard Borrowing	0	0	0	0.0%	0	0.0%
Interest Income	16,056	8,219	8,028	0.1%	(191)	-2.3%
Gain (Loss) on Sale of Fixed Assets	5,000	14,500	13,000	0.2%	(1,500)	-10.3%
Fiber Deployment	0	(662,973)	(23,697)	-0.4%	639,276	-96.4%
Capital Expenditures	(395,000)	(269,786)	(487,169)	-8.0%	(217,383)	-80.6%
Repairs & Replacements	(453,313)	(237,345)	(603,200)	-9.9%	(365,855)	-154.1%
TOTAL OTHER CASH FLOW (USE)	(827,257)	(1,147,385)	(1,093,038)	-18.0%	54,347	4.7%
TOTAL SURPLUS (DEFICIENCY)	188,551	(14,873)	32,956	0.5%	47,829	321.6%
NET POSITION						
Beginning Unrestricted Net Position	2,860,400	2,830,318	2,815,445			
Total Surplus (Deficiency)	188,551	(14,873)	32,956			
Ending Unrestricted Net Position	3,048,951	2,815,445	2,848,401			
Beginning Contingency Fund Balance	0	0	0			
Contingency Fund Contributions	0	0	0			
Contingency Fund Expenditures	0	0	0			
Ending Contingency Fund Balance	0	0	0			
TOTAL COMBINED UNRESTRICTED NET POSITION	3,048,951	2,815,445	2,848,401			

NOTE: In the year-over-year comparison of Expenses, there exists a \$44K increase beyond the amount which would allow expenses to match revenue "percent growth." The forecasted 2016/17 figures reflect a payroll/benefits savings to budget of \$131K for the District, contributing to the positive Operating Surplus variance to plan of \$117K. Vacant positions have been included in the 2017/18 fiscal year budget where necessary based on management's zero-based budgeting method.