

**Santa Lucia Preserve  
Community Services District  
2018–2019 Operating Budget  
Executive Summary**

**FY 2017-2018 Results**

Revenues for the fiscal year ending June 30, 2018 are expected to finish slightly better than plan, by \$33K, primarily due to increased water sales over the prior year. Operating Expenses were better than planned by approximately \$85K. This is mainly due to circumstances involving attrition resulting from the departure of staff in both the SLPCO and CSD entities. Planned projects were under budget by approximately \$301K. This is due to better than expected bid results, a hold on the gate pedestal replacement project and infrastructure improvements on Lot 84 savings due to in-house labor. The final fiber deployment payment of \$650K was deferred to the FYE 2019.

**FY 2018-2019 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 \$191K over the prior year, with PRF increased by 4% and water meter billings up with more homes online. Total expenses, as well, have increased \$155K 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 \$1.28M. Capital and Reserve Expenditures of approximately \$952K are described in detail below.

Here is a list of the main Capital and Slurry Projects targeted for the year (Total = \$952K):

- Equipment - \$267K
- Gate Pedestals - \$120K
- Infrastructure improvements - Lot 84/New Well - \$126K
- Solar/Cell - \$150K
- Road Slurry (Cut-outs) - \$77K
- Water / Other Projects - \$212K

The District's overall Surplus of \$353K for the fiscal year will bring the District's estimated total Net Position at June 30, 2019, to \$4.38M. This will include the District having paid entirely for the Fiber Deployment costs while also having received the annual Monterey County tax billing installments of \$1.53K. 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**  
**2018-19 Operating Budget**

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	<u>Budget 17-18</u>	<u>Unaudited 17-18</u>	<u>Budget 18-19</u>	<u>% Rev</u>	<u>Variance \$ YOY</u>	<u>Variance % YOY</u>
<b>REVENUES (by Source):</b>						
Property Related Fees - Roads, Water & Security	5,056,218	5,056,218	5,258,478	83.3%	202,260	4.0%
Property Related Fees - Wastewater (Sewer & Septic)	333,957	333,957	351,681	5.6%	17,724	5.3%
Water Meter Charges	418,919	447,676	465,421	7.4%	17,745	4.0%
Security & Gatehouse Operations	37,894	25,631	17,731	0.3%	(7,900)	-30.8%
Road & Drainage Maintenance	233,255	249,405	210,493	3.3%	(38,912)	-15.6%
Housing Management Fee	7,200	7,200	7,200	0.1%	0	0.0%
Miscellaneous Income	0	0	0	0.0%	0	0.0%
<b>TOTAL REVENUES</b>	<b>6,087,443</b>	<b>6,120,087</b>	<b>6,311,004</b>	<b>100.0%</b>	<b>190,917</b>	<b>3.1%</b>
<b>EXPENSES (by Department):</b>						
Water Service	1,412,240	1,368,858	1,422,090	22.5%	(53,231)	-3.9%
Wastewater Collection & Treatment	226,200	198,353	208,263	3.3%	(9,910)	-5.0%
Road & Drainage Maintenance	917,237	961,545	906,387	14.4%	55,158	5.7%
Security & Gatehouse Operations	1,025,713	999,959	1,034,749	16.4%	(34,790)	-3.5%
General and Administrative	1,220,257	1,187,931	1,300,244	20.6%	(112,313)	-9.5%
<b>TOTAL EXPENSES</b>	<b>4,801,647</b>	<b>4,716,647</b>	<b>4,871,733</b>	<b>77.2%</b>	<b>(155,087)</b>	<b>-3.3%</b>
<b>OPERATING SURPLUS (DEFICIENCY) - Before Loan Pmts</b>	<b>1,285,795</b>	<b>1,403,440</b>	<b>1,439,270</b>	<b>22.8%</b>	<b>35,830</b>	<b>2.6%</b>
Loan Payments (Prin + Int)	159,801	159,802	159,804	2.5%	(2)	0.0%
<b>OPERATING SURPLUS (DEFICIENCY)</b>	<b>1,125,994</b>	<b>1,243,638</b>	<b>1,279,466</b>	<b>20.3%</b>	<b>35,828</b>	<b>2.9%</b>
<b>OTHER CASH FLOW (USE)</b>						
Interest Income	8,028	10,634	8,028	0.1%	(2,606)	-24.5%
Gain (Loss) on Sale of Fixed Assets	13,000	14,500	17,000	0.3%	2,500	17.2%
Fiber Deployment	(23,697)	736,522	977	0.0%	(735,545)	-99.9%
Considerations	(1,090,369)	(789,481)	(952,078)	-15.1%	(162,597)	-20.6%
<b>TOTAL OTHER CASH FLOW (USE)</b>	<b>(1,093,038)</b>	<b>(27,825)</b>	<b>(926,073)</b>	<b>-14.7%</b>	<b>(898,248)</b>	<b>-3228.2%</b>
<b>TOTAL SURPLUS (DEFICIENCY)</b>	<b>32,956</b>	<b>1,215,813</b>	<b>353,393</b>	<b>5.6%</b>	<b>(862,420)</b>	<b>70.9%</b>
<b>NET POSITION</b>						
<b>Beginning Unrestricted Net Position</b>	<b>2,815,445</b>	<b>2,810,416</b>	<b>4,026,229</b>			
Total Surplus (Deficiency)	32,956	1,215,813	353,393			
<b>Ending Unrestricted Net Position</b>	<b>2,848,401</b>	<b>4,026,229</b>	<b>4,379,622</b>			
<b>TOTAL COMBINED UNRESTRICTED NET POSITION</b>	<b>2,848,401</b>	<b>4,026,229</b>	<b>4,379,622</b>			

**COMMUNITY SERVICES DISTRICT**  
**Capital, Replacements, and Reserves**  
**2018-19 Operating Budget**

UPDATE ALL INFORMATION BELOW FOR 18/19 PROJECTS, in Other, Capital, and Replacement detail

2018-19 Budget Considerations	Reserves and:			Total	Spent	Over(Under)
	Other	Capital	Replacement			
1 Solar (Floating System) WWTP / Cell	\$0	\$150,000	\$0	\$150,000	\$0	\$150,000
2 Gate Pedestals	\$0	\$120,000	\$0	\$120,000	\$0	\$120,000
3 Two Tractors (OPS & Water)	\$0	\$0	\$165,000	\$165,000	\$0	\$165,000
4 4x4 Fleet Truck (Security)	\$0	\$44,000	\$0	\$44,000	\$0	\$44,000
5 Cell Phone Improvements	\$10,000	\$0	\$0	\$10,000	\$0	\$10,000
6 Generators (Transfer 3, Water Office)	\$0	\$0	\$22,000	\$22,000	\$0	\$22,000
7 Misc. Water Improvements (SCADA, N2)	\$57,000	\$0	\$0	\$57,000	\$0	\$57,000
8 Install Sewer - Lot 84	\$0	\$51,180	\$0	\$51,180	\$0	\$51,180
9 Booster 2A Pump Replacments	\$0	\$36,000	\$0	\$36,000	\$0	\$36,000
10 Future water supply - Engineering; Well	\$0	\$75,000	\$0	\$75,000	\$0	\$75,000
11 (Fire Suppresion units ~ 2)	\$3,250	\$0	\$0	\$3,250	\$0	\$3,250
12 Fuel Management	\$47,000	\$0	\$0	\$47,000	\$0	\$47,000
13 Gatehouse Fence (low profile)	\$11,000	\$0	\$0	\$11,000	\$0	\$11,000
14 Retaining Walls ~ Penon Trail	\$0	\$54,000	\$0	\$54,000	\$0	\$54,000
15 Road Cut-Outs (Pre-Slurry)	\$76,648	\$0	\$0	\$76,648	\$0	\$76,648
16 Legal Firm	\$30,000	\$0	\$0	\$30,000	\$0	\$30,000
<b>TOTAL</b>	<b>\$234,898</b>	<b>\$530,180</b>	<b>\$187,000</b>	<b>\$952,078</b>	<b>\$0</b>	<b>\$952,078</b>

SANTA LUCIA COMMUNITY SERVICES DISTRICT  
"Reserve" (Unrestricted Net Position) Projection  
FYE 2016 through FYE 2022

UPDATED VERSION

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**DRAFT - For Management & Board Discussion Purposes Only**

	Increase	Audited FYE 2016	Audited FYE 2017	Unaudited FYE 2018	Budget FYE 2019	FYE 2020	FYE 2021	FYE 2022	Total
<b>Revenues</b>	<b>4.0%</b>	<b>2.29</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>	<b>3.00</b>	
Assessment - Roads, Water, Security		4,675	4,862	5,056	5,259	5,469	5,688	5,859	<b>41,452</b>
Assesment - Sewer & Septic		305	319	334	352	366	381	392	<b>2,745</b>
Water		364	392	448	465	482	501	519	<b>3,566</b>
Security, Roads & Gatehouse Ops		236	193	275	228	233	237	242	<b>1,825</b>
Other		59	58	7	7	7	7	7	<b>213</b>
<b>Total Revenues</b>		<b>5,639</b>	<b>5,824</b>	<b>6,120</b>	<b>6,311</b>	<b>6,558</b>	<b>6,814</b>	<b>7,020</b>	<b>49,801</b>
<b>Expenses</b>									
Operating Expenses	<b>3.0%</b>	(4,576)	(4,679)	(4,394)	(4,794)	(4,938)	(5,086)	(5,239)	<b>(38,037)</b>
Staff Increases (with growth and 3%/yr)		0	0	0	0	0	0	0	<b>0</b>
Slurry/Road Repair/Other		(299)	(116)	(323)	(77)	(277)	(285)	(294)	<b>(1,764)</b>
Extraordinary Items (e.g. Failed Wells)		0	0	0	0	0	0	0	<b>0</b>
<b>Total Expenses</b>		<b>(4,875)</b>	<b>(4,795)</b>	<b>(4,717)</b>	<b>(4,871)</b>	<b>(5,215)</b>	<b>(5,371)</b>	<b>(5,532)</b>	<b>(39,801)</b>
<b>Operating Income Before Depreciation</b>		<b>764</b>	<b>1,029</b>	<b>1,403</b>	<b>1,440</b>	<b>1,343</b>	<b>1,443</b>	<b>1,487</b>	<b>10,000</b>
<i>Operating Income Before Depreciation %</i>		<i>13.5%</i>	<i>17.7%</i>	<i>22.9%</i>	<i>22.8%</i>	<i>20.5%</i>	<i>21.2%</i>	<i>21.2%</i>	<i>20.1%</i>
Depreciation Expense		(1,751)	(1,808)	(1,875)	(1,925)	(1,995)	(2,065)	(2,115)	<b>(15,238)</b>
<b>Operating Income (Loss)</b>		<b>(987)</b>	<b>(779)</b>	<b>(472)</b>	<b>(485)</b>	<b>(652)</b>	<b>(622)</b>	<b>(628)</b>	<b>(5,238)</b>
<b>NonOperating Revenues (Expenses)</b>									
Interest Revenue		20	21	11	8	8	8	8	<b>105</b>
Gain (Loss) on Sale of Fixed Assets		27	8	14	17	5	5	5	<b>82</b>
Fiber Deployment		(75)	(663)	737	1	-	-	-	<b>0</b>
Interest - New Corp Yd Loan	<b>3.65%</b>	(60)	(56)	(56)	(52)	(48)	(44)	(40)	<b>(419)</b>
<b>Subtotal</b>		<b>(88)</b>	<b>(690)</b>	<b>706</b>	<b>(26)</b>	<b>(35)</b>	<b>(31)</b>	<b>(27)</b>	<b>(232)</b>
<b>CHANGE IN NET POSITION</b>		<b>(1,075)</b>	<b>(1,469)</b>	<b>234</b>	<b>(511)</b>	<b>(687)</b>	<b>(653)</b>	<b>(655)</b>	<b>(5,470)</b>
<b>Net Position - Beginning of Year</b>		<b>42,780</b>	<b>41,705</b>	<b>40,236</b>	<b>40,470</b>	<b>39,959</b>	<b>39,272</b>	<b>38,618</b>	<b>43,434</b>
<b>Net Position - End of Year</b>		<b>41,705</b>	<b>40,236</b>	<b>40,470</b>	<b>39,959</b>	<b>39,272</b>	<b>38,618</b>	<b>37,964</b>	<b>37,964</b>

Less Invested in net Capital Assets less related debt