

**Santa Lucia Preserve
Community Services District
2022–2023 Operating Budget
Executive Summary**

FY 2021-2022 Results

Revenues for the fiscal year ending June 30, 2021 are expected to finish lower than planned, by \$90K. 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 \$97K. This can be attributed to higher payroll (inflation adjustment) and higher fuel and utility expenses. The Board also approved a \$10k increase in audit expense. Planned projects were under budget by approximately \$411K. This can be attributed to delays in design and permitting expenses related to the new water treatment facility. Note: These expenses will carry forward into the 2022-23 plan.

FY 2022-2023 Budget

The proposed draft budget 2022-2023 includes a 4.4% fee revenue increase in Property Related Fees (PRF). This is an improvement over the prior year of \$309K. Total expenses are anticipated to increase by \$598K as compared to the prior year, due primarily to increases in Payroll, Insurance and the Admin Cost Reimbursement line. Significant increases are also planned in the lines of Fuel, Utilities and Contract Labor.

The Budget reflects an Operating Surplus, after \$160K in debt service, of approximately \$854K. Capital and Reserve Expenditures of approximately \$2.46M are described on the **Considerations** page. The major capital projects include development of the water treatment plant in the Potrero area (\$777K), two new wells (\$700K), and road repairs (\$380K). Approximately \$283K is planned for Fire and Safety equipment and prevention planning.

The District's overall deficiency of \$1.156M for the fiscal year will bring the District's estimated total Net Position at June 30, 2023, to \$2.038M. 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
2022-23 Operating Budget

	Budget 20-21	Budget 21-22	Forecasted 21-22	Budget 22-23	% Rev	Variance \$ YOY	Variance % YOY
REVENUES (by Source):							
Property Related Fees - Roads, Water & Security	5,687,562	5,915,058	5,915,058	6,151,674	83.7%	236,616	4.0%
Property Related Fees - Wastewater (Sewer & Septic)	384,405	401,205	401,205	417,981	5.7%	16,776	4.2%
Water Meter Charges	515,711	540,925	489,925	531,553	7.2%	41,628	8.5%
Security & Gatehouse Operations	20,916	14,234	15,535	19,101	0.3%	3,566	23.0%
Road & Drainage Maintenance	242,851	242,851	202,272	212,272	2.9%	10,000	4.9%
Housing Management Fee	7,200	7,200	7,200	7,200	0.1%	0	0.0%
Miscellaneous Income	0	6,000	6,000	6,000	0.1%	0	0.0%
TOTAL REVENUES	6,858,645	7,127,473	7,037,195	7,345,781	100.0%	308,586	4.4%
EXPENSES (by Department):							
Water Service	1,478,849	1,537,936	1,507,716	1,789,356	24.4%	(281,641)	-18.7%
Wastewater Collection & Treatment	207,909	187,552	175,777	180,318	2.5%	(4,541)	-2.6%
Road & Drainage Maintenance	913,362	976,616	1,088,130	1,096,294	14.9%	(8,164)	-0.8%
Security & Gatehouse Operations	1,200,834	1,294,854	1,322,602	1,404,850	19.1%	(82,249)	-6.2%
General and Administrative	1,473,277	1,639,883	1,639,883	1,895,342	25.8%	(255,460)	-15.6%
TOTAL EXPENSES	5,274,231	5,636,840	5,734,107	6,366,161	86.7%	(632,054)	-11.0%
OPERATING SURPLUS (DEFICIENCY) - Before Loan Pmts	1,584,414	1,490,633	1,303,088	979,620	13.3%	(323,468)	-24.8%
Loan Payments (Prin + Int)	159,804	159,804	159,804	159,804	2.2%	0	0.0%
OPERATING SURPLUS (DEFICIENCY)	1,424,610	1,330,829	1,143,284	819,816	11.2%	(323,468)	-28.3%
OTHER CASH FLOW (USE)							
Interest Income	24,000	9,258	(25,090)	9,000	0.1%	34,090	-135.9%
Gain (Loss) on Sale of Fixed Assets	15,000	17,000	17,110	42,000	0.6%	24,890	145.5%
Fiber Deployment		0	0	0	0.0%	0	0.0%
Considerations	(1,320,638)	(1,970,727)	(1,524,875)	(2,462,626)	-33.5%	(937,751)	61.5%
TOTAL OTHER CASH FLOW (USE)	(1,281,638)	(1,944,469)	(1,532,855)	(2,411,626)	-32.8%	(878,771)	57.3%
TOTAL SURPLUS (DEFICIENCY)	142,972	(613,640)	(389,571)	(1,591,810)	-21.7%	(1,202,239)	-308.6%
NET POSITION							
Beginning Unrestricted Net Position	4,573,737	4,599,428	3,985,788	3,596,217			
Total Surplus (Deficiency)	142,972	(613,640)	(389,571)	(1,591,810)			
Ending Unrestricted Net Position	4,716,709	3,985,788	3,596,217	2,004,407			
TOTAL COMBINED UNRESTRICTED NET POSITION	4,716,709	3,985,788	3,596,217	2,004,407			

COMMUNITY SERVICES DISTRICT
CONSOLIDATED STATEMENT OF OPERATIONS
2022-23 Operating Budget + New Departments

	<u>Budget</u> <u>20-21</u>	<u>Budget</u> <u>21-22</u>	<u>Unaudited</u> <u>21-22</u>	<u>Budget</u> <u>22-23</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	5,915,058	5,915,058	6,151,674	76.5%	236,616	4.0%
Property Related Fees - Wastewater (Sewer & Septic)	384,405	401,205	401,205	417,981	5.2%	16,776	4.2%
Water Meter Charges	515,711	540,925	477,936	531,553	6.6%	53,617	11.2%
Security & Gatehouse Operations	20,916	14,234	15,535	19,101	0.2%	3,566	23.0%
Road & Drainage Maintenance	242,851	242,851	202,272	212,272	2.6%	10,000	4.9%
Housing Management Fee	7,200	7,200	7,200	7,200	0.1%	0	0.0%
Trash Service		0	0	252,252	3.1%	252,252	0.0%
Brush Management & Fire Infrastructure	0	445,872	445,872	445,872	5.5%	0	0.0%
Miscellaneous Income	0	6,000	6,000	6,000	0.1%	0	0.0%
TOTAL REVENUES	6,858,645	7,573,345	7,471,078	8,043,905	100.0%	572,827	7.7%
EXPENSES (by Department):							
Water Service	1,478,849	1,537,936	1,507,716	1,789,356	22.2%	(281,641)	-18.7%
Wastewater Collection & Treatment	207,908	187,552	175,777	180,318	2.2%	(4,541)	-2.6%
Road & Drainage Maintenance	915,365	976,616	1,088,130	1,096,294	13.6%	(8,164)	-0.8%
Security & Gatehouse Operations	1,200,834	1,294,854	1,322,602	1,404,850	17.5%	(82,249)	-6.2%
General and Administrative	1,469,367	1,639,883	1,639,883	1,895,342	23.6%	(255,460)	-15.6%
Trash Service			0	288,984	3.6%	(49,087)	-20.5%
Brush Management & Fire Infrastructure			239,897	446,070	5.5%	(206,173)	
TOTAL EXPENSES	5,272,323	5,636,840	5,974,004	7,101,215	88.3%	(1,127,211)	-18.9%
OPERATING SURPLUS (DEFICIENCY) - Before Loan Pmts	1,586,322	1,699,142	1,497,074	942,689	11.7%	(554,384)	-37.0%
Loan Payments (Prin + Int)	159,804	159,804	159,804	159,804	2.0%	0	0.0%
OPERATING SURPLUS (DEFICIENCY)	1,426,518	1,539,338	1,337,270	782,885	9.7%	(554,384)	-41.5%
OTHER CASH FLOW (USE)							
Interest Income	24,000	9,258	(25,090)	9,000	0.1%	34,090	-135.9%
Gain (Loss) on Sale of Fixed Assets	17,000	17,000	17,111	17,000	0.2%	(111)	-0.6%
Fiber Deployment		0	0	0	0.0%	0	0.0%
Considerations	(523,174)	(1,970,727)	(1,774,875)	(2,462,626)	-30.6%	(687,751)	38.7%
TOTAL OTHER CASH FLOW (USE)	(482,174)	(1,944,469)	(1,782,854)	(2,436,626)	-30.3%	(653,772)	36.7%
TOTAL SURPLUS (DEFICIENCY)	944,344	(405,131)	(445,584)	(1,653,741)	-20.6%	(1,208,157)	-271.1%
NET POSITION							
Beginning Unrestricted Net Position		4,333,936	3,985,788	3,540,204			
Total Surplus (Deficiency)		(405,131)	(445,584)	(1,653,741)			
Ending Unrestricted Net Position		3,928,805	3,540,204	1,886,463			
TOTAL COMBINED UNRESTRICTED NET POSITION		3,985,788	3,540,204	1,886,463			