

**Santa Lucia Preserve
Community Services District
2016–2017 Operating Budget
Executive Summary**

FY 2015-2016 Results

Revenues for the fiscal year ending June 30, 2016 are expected to finish slightly better than plan, by \$28K, primarily due to excellent results in reimbursements for work performed by our top-notch mechanics. Water conservation improved against the plan, lowering the Water revenue, and other departmental revenues were better. Expenses were over plan in total, by \$64K, mainly for the Preserve Marketing position created in October 2015 and other Administrative costs. The District's expenses would have improved against budget otherwise. Slurry costs exceeded plan by \$133K with two applications during the fiscal year and just one planned.

FY 2016-2017 Budget

Staff began the budgeting process with a goal to closely match results in the recently prepared five-year plan, created to substantiate the 4% Fee increase and to assess the feasibility of potential capital project costs and the funding of such. Total Revenues improve \$36K and \$211K over the five-year plan and prior year, respectively, with Fees up 4%, water meter billings up with more homes online, and mechanical service reimbursements continuing to increase. Expenses, as well, have increased, \$29K and \$163K over the five-year and prior year periods, respectively. These increases are mostly due to the full-year impacts of the Marketing position and Admin costs and the addition of an Administrative support FTE in the water department.

The Budget reflects an Operating Surplus, after \$160K in debt service, of approximately \$1.02M. Capital and Reserve Expenditures of approximately \$848K contribute a net increase for the fiscal year of \$189K in the District's Net Position.

Here is a list of the main Capital and Slurry Projects targeted for the year (Total = \$848K):

- Infrastructure improvements - Lot 84 - \$175K
- New generator - \$90K
- Paint Chamisal water tank - \$78K
- Mini-Dumptruck - \$70K
- Road Slurry - \$228K
- Other Projects - \$207K

The District's overall Surplus of \$189K for the fiscal year will bring the District's estimated total Net Position at June 30, 2017, to \$3.05M. 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
2016-17 Operating Budget

	<u>Budget 15-16</u>	<u>Unaudited 15-16</u>	<u>Budget 16-17</u>	<u>% Rev</u>	<u>Variance \$ YOY</u>	<u>Variance % YOY</u>
REVENUES (by Source):						
Property Related Fees - Roads, Water & Security	4,674,750	4,674,764	4,861,746	83.1%	186,982	4.0%
Property Related Fees - Wastewater (Sewer & Septic)	305,433	305,436	319,389	5.5%	13,953	4.6%
Water Meter Charges	394,735	373,668	389,589	6.7%	15,921	4.3%
Security & Gatehouse Operations	26,187	40,562	40,096	0.7%	(466)	-1.1%
Road & Drainage Maintenance	205,118	240,033	231,218	4.0%	(8,815)	-3.7%
Housing Management Fee	3,612	3,612	7,200	0.1%	3,588	99.3%
Miscellaneous Income	0	0	0	0.0%	0	0.0%
TOTAL REVENUES	5,609,835	5,638,075	5,849,238	100.0%	211,163	3.7%
EXPENSES (by Department):						
Water Service	1,308,508	1,306,119	1,350,732	23.1%	(44,613)	-3.4%
Wastewater Collection & Treatment	193,300	191,255	196,627	3.4%	(5,371)	-2.8%
Road & Drainage Maintenance	871,354	847,788	847,761	14.5%	26	0.0%
Security & Gatehouse Operations	980,290	1,005,198	1,033,882	17.7%	(28,684)	-2.9%
General and Administrative	1,092,973	1,160,481	1,244,626	21.3%	(84,145)	-7.3%
TOTAL EXPENSES	4,446,425	4,510,842	4,673,629	79.9%	(162,787)	-3.6%
OPERATING SURPLUS (DEFICIENCY) - Before Loan Pmts	1,163,409	1,127,233	1,175,609	20.1%	48,376	4.3%
Loan Payments (Prin + Int)	159,800	159,801	159,801	2.7%	0	0.0%
OPERATING SURPLUS (DEFICIENCY)	1,003,609	967,432	1,015,808	17.4%	48,376	5.0%
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	13,600	20,176	16,056	0.3%	(4,120)	-20.4%
Gain (Loss) on Sale of Fixed Assets	0	22,449	5,000	0.1%	(17,449)	-77.7%
Capital Expenditures	(1,496,800)	(1,472,695)	(395,000)	-6.8%	1,077,695	73.2%
Repairs & Replacements	(277,330)	(398,800)	(453,313)	-7.7%	(54,513)	-13.7%
TOTAL OTHER CASH FLOW (USE)	(1,760,530)	(1,828,870)	(827,257)	-14.1%	1,001,613	54.8%
TOTAL SURPLUS (DEFICIENCY)	(756,921)	(861,438)	188,551	3.2%	1,049,989	121.9%
NET POSITION						
Beginning Unrestricted Net Position	3,667,922	3,721,838	2,860,400			
Total Surplus (Deficiency)	(756,921)	(861,438)	188,551			
Ending Unrestricted Net Position	2,911,002	2,860,400	3,048,951			
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	2,911,002	2,860,400	3,048,951			