



**DC Ranch Association
Board Report 11-6-17 #3**

Subject Matter: 2018 Operating Budget, Reserve Plan and Assessment Schedule

Background: The following schedule was adhered to during the budget development process, which started in August.

2018 Budget Timeline Ranch Association		
Date	Meeting	Description
Tuesday, August 8, 2017	Staff	Preliminary ideas / Changes for 2018
Tuesday, August 15, 2017	N/A	2017 forecasts due
Wednesday, September 6, 2017	Budget and Finance Committee	Key assumptions and possible changes Health care review and forecasts
Wednesday, September 6, 2017	N/A	2017 forecasts and 2018 budget worksheets set up
Monday, September 11, 2017	N/A	Detailed departmental expenses submitted to Director of Financial Operations
Monday, September 25, 2017	Budget and Finance Committee	Draft Budget Presentation
Monday, October 09, 2017	N/A	Insurance Package Review Payroll increases/changes Security increases/changes
Monday, October 16, 2017	Budget and Finance Committee	Final draft budget
Wednesday, October 25, 2017	Board work session	Presentation of final draft of budget
Monday, November 06, 2017	Board Meeting	Recommendation for approval
Monday, November 20, 2017	N/A	Approved 2018 budget /Letter to members

On October 16, the Association's Budget and Finance Committee members met and by consensus the committee approved the proposed operating budgets and reserve plans.

On October 25, the Board of Directors conducted a budget workshop at The Homestead Community Center; this workshop was open to all DC Ranch members. The operating budgets and reserve plans for the 15 neighborhoods and Master Association were reviewed. Questions and comments were welcomed and received during the presentation. After the budget workshop, neighborhood assessments were minimally adjusted to reflect cost allocations for water, insurance and employee expenses; however, the proposed consolidated budget's expense increase remained unchanged at 3.2 percent.

Ranch Consolidated				
	<u>2017</u>	<u>2018</u>	<u>Variance</u>	<u>Percent Variance</u>
REVENUE	7,555,521	7,800,362	\$ 244,841	3.2%
EXPENSES				
<i>ADMINISTRATION</i>	919,582	974,290	54,708	5.9%
<i>LANDSCAPE</i>	1,758,377	1,811,620	53,243	3.0%
<i>FACILITIES</i>	906,319	981,424	75,105	8.3%
<i>UTILITIES</i>	557,783	538,898	(18,885)	-3.4%
<i>SECURITY</i>	1,974,335	1,975,840	1,505	0.1%
<i>INSURANCE</i>	130,452	133,860	3,408	2.6%
<i>DEPRECIATION</i>	55,200	21,960	(33,240)	-60.2%
<i>TAXES</i>	30,400	34,850	4,450	14.6%
TOTAL OPERATING EXPENSES	<u>6,332,448</u>	<u>6,472,742</u>	<u>140,294</u>	<u>2.2%</u>
<i>EQUITY ADJUSTMENTS</i>	1,257	18,000	16,743	1332.0%
<i>RESERVE CONTRIBUTION</i>	<u>1,221,816</u>	<u>1,309,620</u>	<u>87,804</u>	<u>7.2%</u>
TOTAL EXPENSES	<u>7,555,521</u>	<u>7,800,362</u>	<u>244,841</u>	<u>3.2%</u>
NET REVENUE (LOSS)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	

The following assessment schedule is proposed for the 2018 fiscal year, beginning January 1, 2018.

	2017			2018					2017/2018 % change	
	Neighborhood	Master	Total	Assessment for Reserves	Assessment for Operating	Neighborhood	Master	Total		\$ change
Master		71.90	71.90	-	72.20	-	72.20	72.20	0.30	0.42%
Desert Haciendas	134.15	71.90	206.05	45.00	93.55	138.55	72.20	210.75	4.70	2.28%
Terrace West	87.05	71.90	158.95	11.35	86.45	97.80	72.20	170.00	11.05	6.95%
Terrace East	111.45	71.90	183.35	37.05	88.50	125.55	72.20	197.75	14.40	7.85%
Park and Manor	87.10	71.90	159.00	33.52	63.48	97.00	72.20	169.20	10.20	6.42%
Estates	69.90	71.90	141.80	9.73	63.32	73.05	72.20	145.25	3.45	2.43%
Market St Villas	337.15	71.90	409.05	165.00	200.90	365.90	72.20	438.10	29.05	7.10%
Montelana	132.00	71.90	203.90	43.50	97.35	140.85	72.20	213.05	9.15	4.49%
Camelot	102.80	71.90	174.70	43.00	61.95	104.95	72.20	177.15	2.45	1.40%
Rosewood	114.75	71.90	186.65	42.00	77.70	119.70	72.20	191.90	5.25	2.81%
Haciendas	78.70	71.90	150.60	17.98	61.67	79.65	72.20	151.85	1.25	0.83%
Country Club	138.85	71.90	210.75	44.43	99.62	144.05	72.20	216.25	5.50	2.61%
Horseshoe Canyon	154.45	71.90	226.35	41.57	113.23	154.80	72.20	227.00	0.65	0.29%
Parks at Silverleaf (Windgate)	217.50	71.90	289.40	60.08	160.72	220.80	72.20	293.00	3.60	1.24%
Sterling Estates	233.15	71.90	305.05	71.05	166.70	237.75	72.20	309.95	4.90	1.61%
Arcadia	290.95	71.90	362.85	52.00	240.85	292.85	72.20	365.05	2.20	0.61%

Article 8, Section 1 of the Association’s CC&R’s provides the following language: At least 45 days before the beginning of each fiscal year, the Board shall prepare a budget of the estimated Common Expenses for the coming year, including any contributions to be made to a reserve fund...The Board shall send a copy of the final budget and notice of the amount of the Base Assessment to be levied pursuant to such budget, to each Owner at least 30 days prior to the effective date of such budget. The effective date is January 1.

Once approved, the budget will be mailed to all members in accordance with the foregoing. The complete budget presentation will be posted to the DC Ranch website as well.

Recommendation: Approve the operating budgets, reserve plans and related assessment schedule for the 2018 fiscal year.



Darren Shaw, Executive Director