



CSA Budget Process

Timeline

Begins Early September

- ▶ CSA staff begins the budget process for spending initiatives for the following year with input from:
 - ▶ Department Directors goals and objectives and Committee recommendations (i.e. 3,5&7 year plans and recommendations)
 - ▶ The Long Range Strategic Plan
 - ▶ Reserve Study
 - ▶ Hydrology Study
- ▶ The initial draft of an expenditure budget is essentially a wish list
 - ▶ operating expenditures
 - ▶ needs for existing capital asset replacements
 - ▶ major repairs and replacements, such as road and leisure trail replacements or bridge repairs
 - ▶ enhancements or additions, such as new leisure trails or landscaping of major roadways
 - ▶ new capital assets related to new initiatives, such as Greenwood Gate reconfiguration.




- ▶ The initial draft is vetted with:
 - ▶ CSA President, Bret Martin,
 - ▶ CSA Director of Finance and Administration, Victoria Shanahan
 - ▶ CSA Board of Directors Treasurer, David Borghesi.

- ▶ The review is based on general ledger line item details within each department for operating expenses.

- ▶ Comparisons are made against the prior year budget and a forecast of actual current year expenditures to evaluate any significant changes.

- ▶ Salaries/wages (approximately 60% of operating costs, not including major projects, or about 45 – 50 % of all expenses including MRR even after outsourcing a significant portion of our maintenance department) are reviewed for FTE and staffing needs. A comparable updated competitive study of area wages for similar positions is reviewed and considered.

- ▶ Major projects and capital acquisitions is a major focus, as some of these projects can be prioritized for the upcoming year or a future year or the scope of the project may be altered.

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- ▶ To determine the adequacy of financial resources, the following are evaluated against a projected capital reserve fund balance:
 - ▶ long range 7 year forecast of future operating revenues and expenses
 - ▶ major projects
 - ▶ new and replacement capital expenditures


 - ▶ The capital reserve study performed in 2016 continues to be updated as:
 - ▶ replacement costs are realized
 - ▶ changes in scope of work are identified
 - ▶ and new projects or initiatives become known due to extraneous factors (e.g. hurricane damage and resulting future impacts), or address long term deferred maintenance issues.
 - ▶ Alternate scenarios are performed depending on the critical nature of replacements, the desirability or necessity of enhancements, etc.

- ▶ A revised budget draft is presented to the finance committee for detail review and comment.
 - ▶ the finance committee is currently comprised of residential property owners
 - ▶ officers of the board who are also residential property owners

- ▶ Issues of both operational and major projects are vetted
 - ▶ priorities are discussed
 - ▶ adjustments are recommended or spending is placed in abeyance until further information can be accumulated.

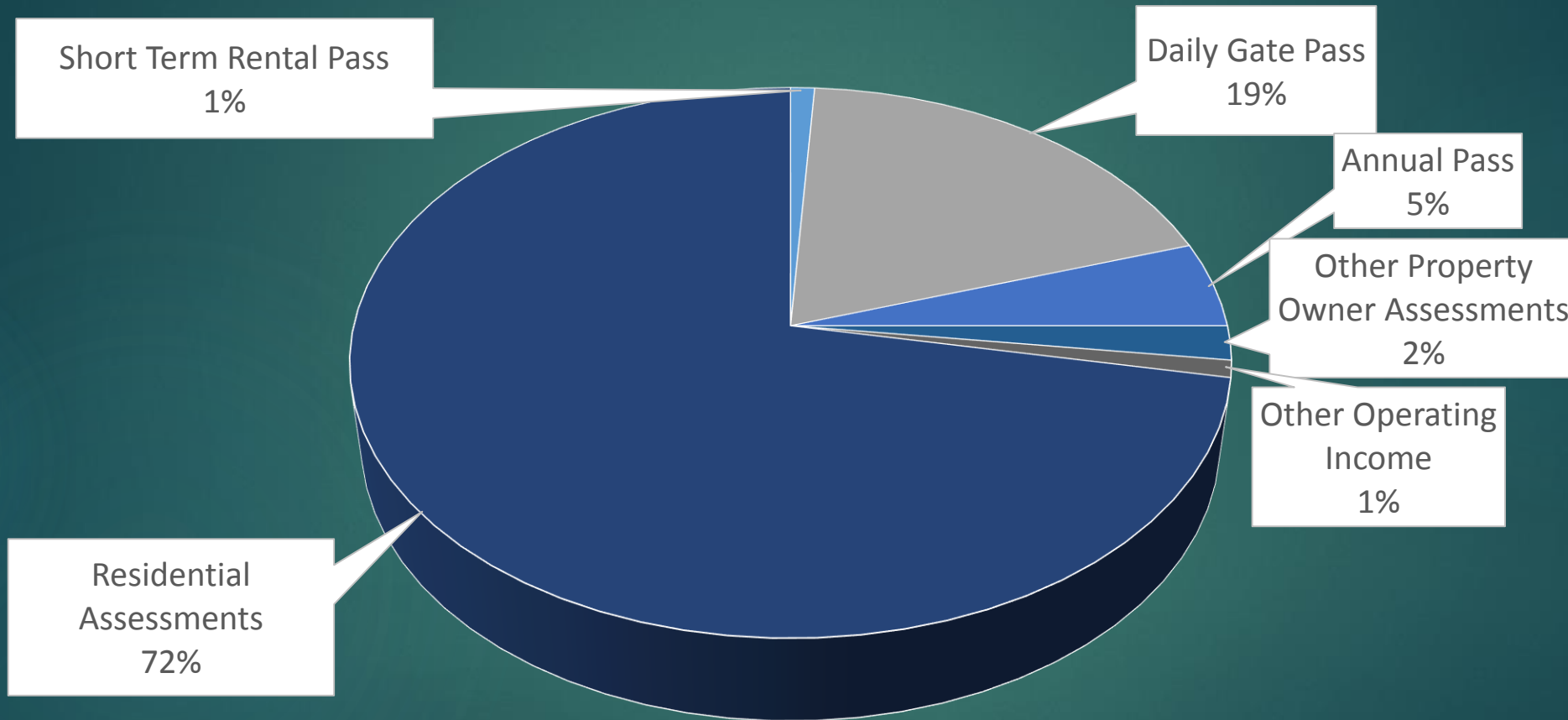
- ▶ Discussions on potential revenue increases are held and may be included to determine the necessary revenues needed to balance a long term financial plan.

- ▶ A second budget review is performed with input from committees as to:
 - ▶ level of expenditures and priorities
 - ▶ potential for revenue increases
 - ▶ future view of the long range financial sustainability of CSA.

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- ▶ The long term analysis of projected future capital reserve funds is reviewed to determine if the forecasted numbers, including the current proposed budget, falls within the policy guidelines of capital reserve funding.
 - ▶ If not, the finance committee may recommend delay in expenditures until additional funding sources can be realized.
 - ▶ If the Finance Committee is satisfied that the budget is sufficient to meet the operational and capital needs of CSA, it makes a formal recommendation to the CSA Board of Directors to accept the budget as presented.

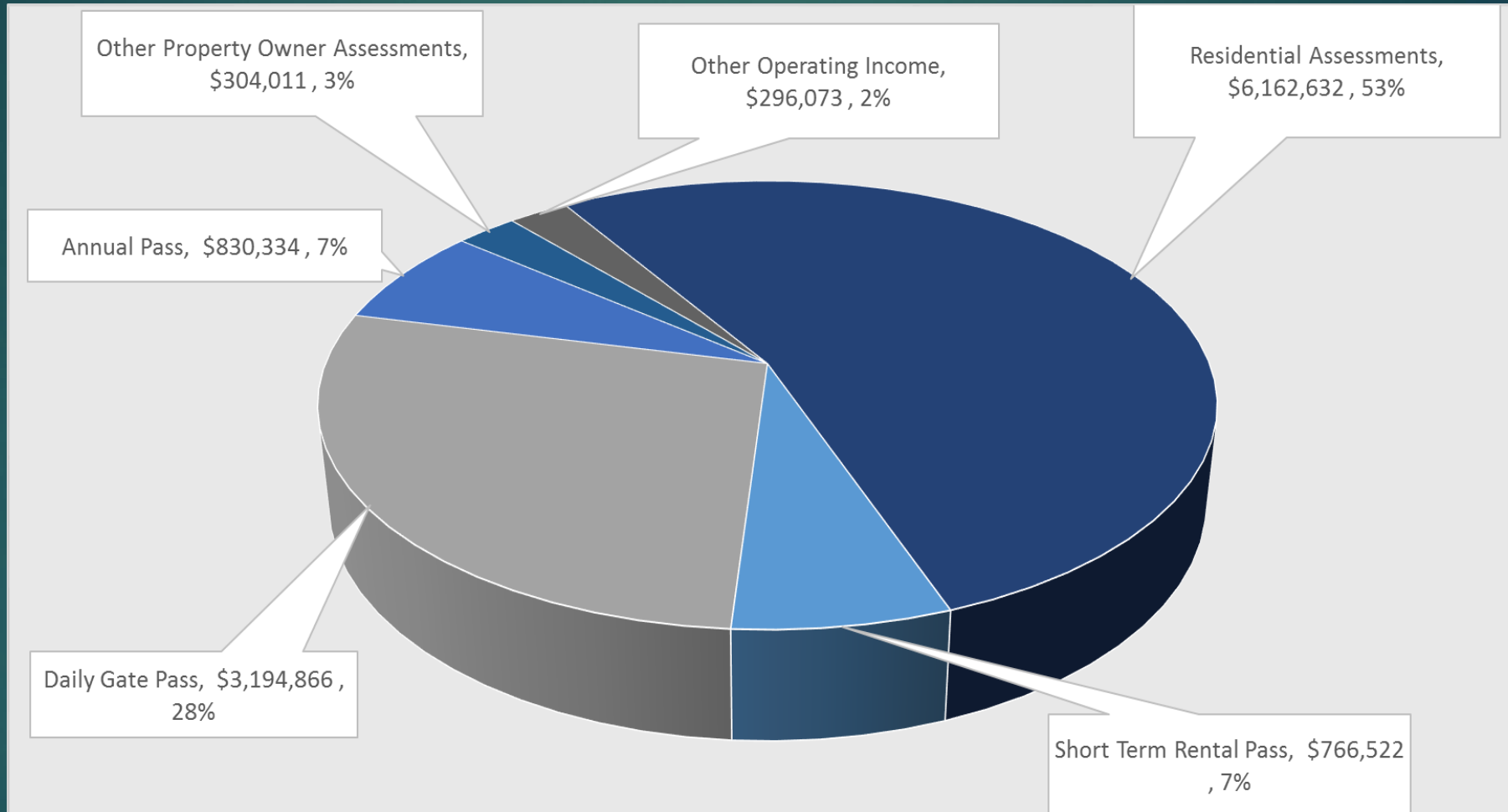
The Board of Directors either approves the budget or approves the budget with changes to the recommendation.

Where the Money USED to Come From



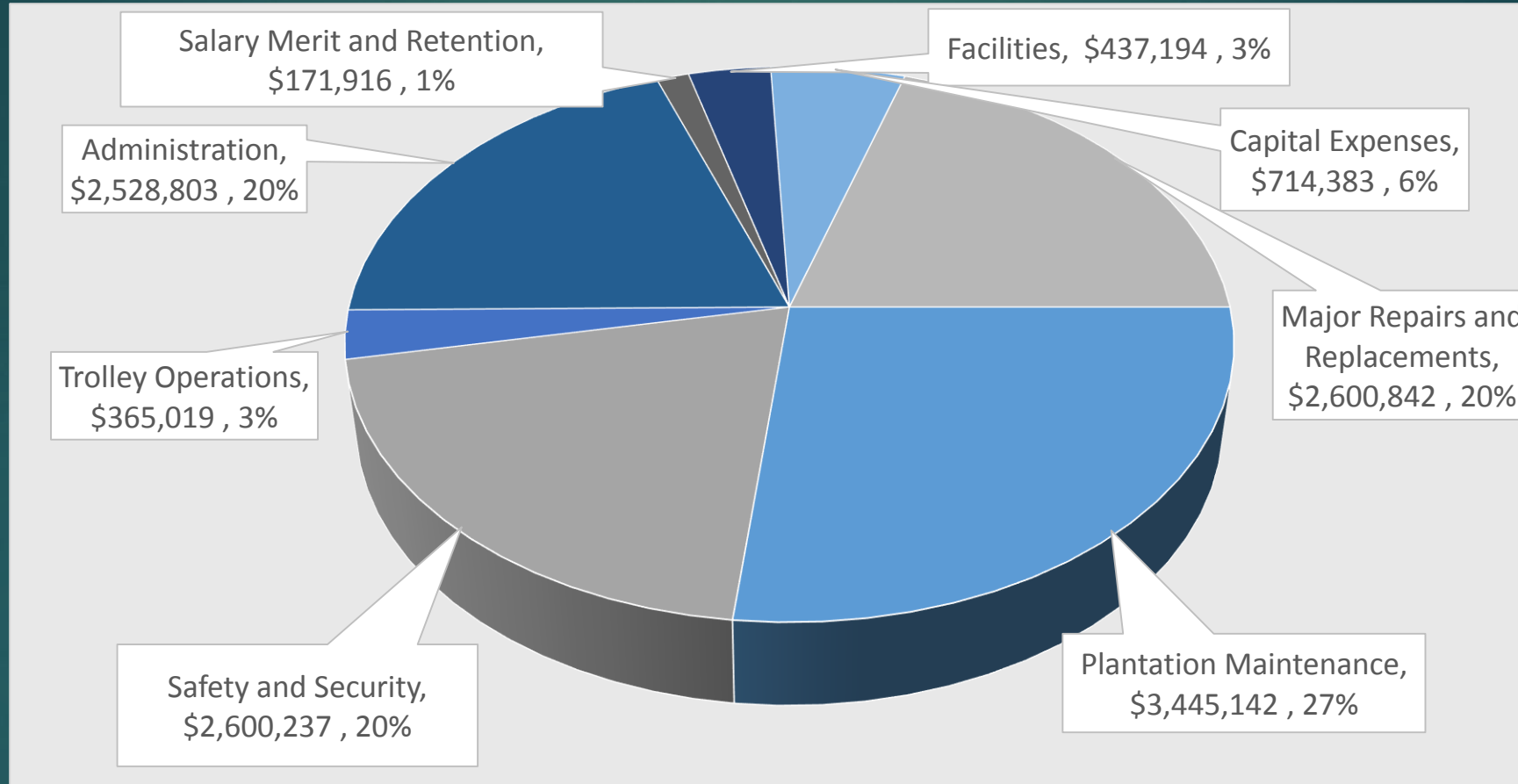
1997 Revenues

Where the Money Comes From



2018 Budgeted Revenues

Where the Money Goes



2018 Budgeted Expenditures

2018 Operations Budget

	Annual Draft Budget December 31, 2018
OPERATING REVENUES	
Residential Assessments	\$ 6,162,632
Other Property Owner Assessments	
Sea Pines Resort	234,556
Other Commercial Assessments	69,455
Gate Entry and Permit Fees	
Daily Gate Pass	2,842,103
Short Term Rental	766,522
Annual Permit	830,334
Grand Ocean	305,490
Sea Pines Country Club	16,586
Other Gate Pass	30,687
Other Operating Revenue	<u>296,073</u>
Total Operating Revenue	11,554,438
OPERATING EXPENDITURES	
Maintenance Department	
Salaries and Benefits	1,656,573
Operations	1,615,680
Stormwater/Lagoon Maintenance	172,889
Safety and Security	
Salaries and Benefits	2,268,544
Operations	331,693
Trolley Operations	
Salaries and Benefits	192,975
Operations	172,044
General Administration	
Salaries and Benefits	1,377,745
Administration	703,052
Communications	188,270
Human Resources	92,250
Information Technology	284,686
(Less NetSuite Grant)	(117,200)
Salary Merit and Retention	171,916
Facilities	
Tower Beach	88,575
Administration Building	66,529
Other Programs and Services	95,667
Community Center	
Salaries and Benefits	52,060
Operations	<u>134,363</u>
Total Operating Expenditures	<u>9,548,311</u>
Income from Operations before Depreciation and Major Repairs and Replacements	2,006,127

Other Income, Expenses and Uses of Funds

Income from Operations before Depreciation and Major Repairs and Replacements	2,006,127
OTHER INCOME, EXPENSES AND USES OF FUNDS	
Depreciation	641,261
Rebuild Greenwood Drive	2,050,000
Major Repairs and Replacements	<u>550,842</u>
Income from Operations	(1,235,976)
Hurricane Irma	-
OTHER INCOME	
Non-Operating Income (Expenditure)	31,541
SIDA Dredging Expenditures	(228,000)
Interest Expense on Deficit	(36,000)
Gain on Disposal of Fixed Assets	-
Investment Income	375,293
Change in Market Value of Investments	<u>(85,893)</u>
Total Other Income	<u>56,942</u>
REVENUES OVER EXPENDITURES	<u><u>\$ (1,179,034)</u></u>
CASH FLOW ANALYSIS	
Expenditures over Revenues	\$ (1,179,034)
Adjustments to Income	
Depreciation	641,261
Change in Market Value of Investments	85,893
Dredging Expenditures (Fund Balance)	-
Capital Expenditures	<u>(714,383)</u>
Budgeted Cash Receipt (Use)	<u><u>\$ (1,166,264)</u></u>

Cash Analysis

2017 -2018

Forecasted year end 2017 non property and equipment fund balance	\$9,246,262
2018 Budgeted cash receipt (use)	(\$1,166,264)
2018 Forecasted year end non property and equipment fund balance	\$8,079,998