

## Treasurer's Letter

In this letter I'd like to give you an overview of the RSFA's 24/25 budget.

Starting at the top, the RSFA's 24/25 budget keeps the assessment rate unchanged from last year at \$0.15/\$100 of County assessed property value. If we all paid the same amount, this works out to \$398/property per month ( $\$9,691,366 / 2,029 / 12$ ).

Earlier this year staff was able to modify the RSF Connect bank loan covenant to eliminate the need to assess Members \$0.025 to guarantee payment of the loan. Also, the RSF Connect fund accumulated enough money to pay off the RSF Connect loan 3 years earlier than last forecast, so the Association is moving the loan and funds into a new Capital Improvement Fund (see more about this below). Due to these factors, the Board decided to eliminate the \$65/month surcharge RSF Connect customers had been paying starting in the new fiscal year starting July 1st. Going forward, routine maintenance expenses related to RSF Connect will be paid out of the General Services budget via regular assessments.

Taken all together, this means the total dollars paid by Members through Assessments and surcharges will go down in this 24/25 budget by 3.8%. When you consider that in the current 23/24 fiscal year we had large unanticipated expenses of the PPP repayment and outsized legal expenses, this is a significant achievement.

The big organizational change this budget introduces is a new Capital Improvement Fund (CIF) and elimination of the RSF Connect Fund discussed above. The CIF will be used to pay for new non-Golf and non-Tennis capital projects. It will be funded via Member assessments set during each yearly budget and will itemize each capital project along with anticipated costs for that budget cycle. Following is the inaugural list of budgeted capital projects for fiscal 24/25. Note these aren't necessarily full project costs (although many are), but instead the costs anticipated to be spent in fiscal 24/25. Also note that just because something has a budget, doesn't mean planning is complete - for instance the Dog Park is still in very early stages. Projects under the Association's adopted Major Capital Projects policy will return to the Board for future approvals.

New IPADS for Patrol \$16,970

Dog Park \$20,000

Defender Max Lone Star Cab (Patrol) \$44,176

Sports field restroom construction \$220,000

Arroyo Restroom design \$80,000

Arroyo Camera / Security \$30,000

Arroyo pond aeration pump system \$48,000

Culvert repair near Tennis Courts \$10,000

Internal Association data network upgrades \$75,000

Upgrade security system at main Association offices \$7,000

RSF Connect flower pot box replacement \$110,000

Rancho Clubhouse Engineering & Design \$100,000  
Recreation Campus Parking Lot Engineering & Design \$50,000  
Design work to expand main Association offices \$75,000

That last one is to construct a new expansion of the main Association offices on the same land. This would save us over \$25K/month in rent that we are currently paying for rental offices in the village.

The Board must authorize each capital project and expenditure that gets paid out of the CIF. In future years when some of these larger projects get to the construction stage and require significantly more money, we anticipate being able to fund this through a mixture of loans and assessments. Staff is actively working on the development of a long-range CIP and accompanying forecast to enhance our planning for capital needs into the future.

On the day to day operational expense side, I had asked staff to come up with a realistic budget to perform at the service level the Board has asked staff to deliver. This is actually in contrast with many previous budgets which were trying to shoehorn expenses/capital spending into a fixed assessment rate. Trying to artificially constrain budgets to arbitrary dollar amounts results in deferred maintenance, band-aids and capital projects that never get done.

This was a good year to make this mental shift since our RSF Connect fund accumulated enough money to cover the loan and the bank relieved us of the \$0.025 assessment covenant, resulting in a "neutral" budget.

So, operationally, we expect the Association staff will have what they need to continue to deliver outstanding service to our community.

Phil Trubey

23/24 RSFA Treasurer