

MEMORANDUM

DATE: October 20, 2008
TO: Board of Directors
FROM: Ron Phipps, CCAM, PCAM, CONTROLLER
RE: **For the 5 Months Ending September 30, 2008**

Board,

Please find a brief description on the variances in the budget for the 5 months ending September 30, 2008. The variances that will be described are on the last line of the data set and they are labeled "(Over)/Under Budget". For the purposes of this analysis we will look at each area that exceeded a **\$15,000 and 5% variance** in either direction.

- A. Corporate** - \$106,830 or 17.35% **under** budget.
This variance is related to greater revenue within the Accounting Department. This revenue is generated from late charges, collection costs, and a greater number of members choosing to pay monthly, which in turn generate installment charge revenue.
- B. Lake Operations** - \$148,695 or 40.53% **over** budget.
This variance was due to one major reason. The amount is related to the Lake Lease expense which is \$105,909 more than the budgeted amount. This is due to the fact that amount charged by EVMWD increased more than could be anticipated by the Association.
- C. Member Services** - \$23,187 or 42.74% **under** budget.
The majority of the favorable variance is due to a larger number of escrows closing during the 5 month period which accounted for additional transfer fees in the amount of approximately \$34,311.
- D. ACC** - \$24,845 or 968.63% **under** budget.
The majority of the favorable variance is due to more members taking advantage of the Associations lot clearing program, which amounted to positive variance of \$5,441. In addition we have experienced greater than expected revenue in relation to Building permit fees, which account for \$9,489 of the variance. Lastly we have experienced a reduction in the amount of legal expenses as they relate to the ACC department in the amount of \$7,474.

E. Golf Course - \$33,112 or 11.09% **over** budget.

This department has experienced lower than expected revenue, by approximately \$28,724, the entire amount is in relation to annual memberships. As of September 30, 2008 we now have 386 members signed up compared to our budget which contemplated 423 annual members. The shortage of the 37 members will equate to a shortfall on an annual basis of approximately \$40,700. Additionally Utilities, in particular Water, has a negative variance of \$15,660.

D. Lighthouse - \$93,533 or 527.84% **over** budget.

The Board made the decision to close the restaurant for the remainder of the Fiscal Year. The above loss should remain constant for the remainder of the year, as the facility was closed effective September 29, 2008 and employee related costs were paid out before the end of the month.

Summary

For the 5 months ending September 30, 2008 the Association had a budget of \$3,139,196 and actual expenditures amounted to \$3,234,428. The difference of \$95,232 or 3.03% is what the Association was **OVER** budget for the 5 months ending September 30, 2008.