

Grand Harbor Community Association (GHCA)

2024 Review & 2025 Budget



2024 Highlights

- New security cameras installed.
- New guest pass system for unattended gates implemented.
- Published Modifications Committee (ARC) standards.
- Completed comprehensive analysis of stormwater ponds.
- Demonstration project in 2024 on Ponds 18&17.
- Addressed repairs needed for roads & curbs.
- Rebuilt walls in Reclaim (effluent) Pond – still in progress.
- Litigation - appealed summary judgment by trial judge.
- Marina withdrew liveaboard application and closed boardwalk.



Financial Review - Background

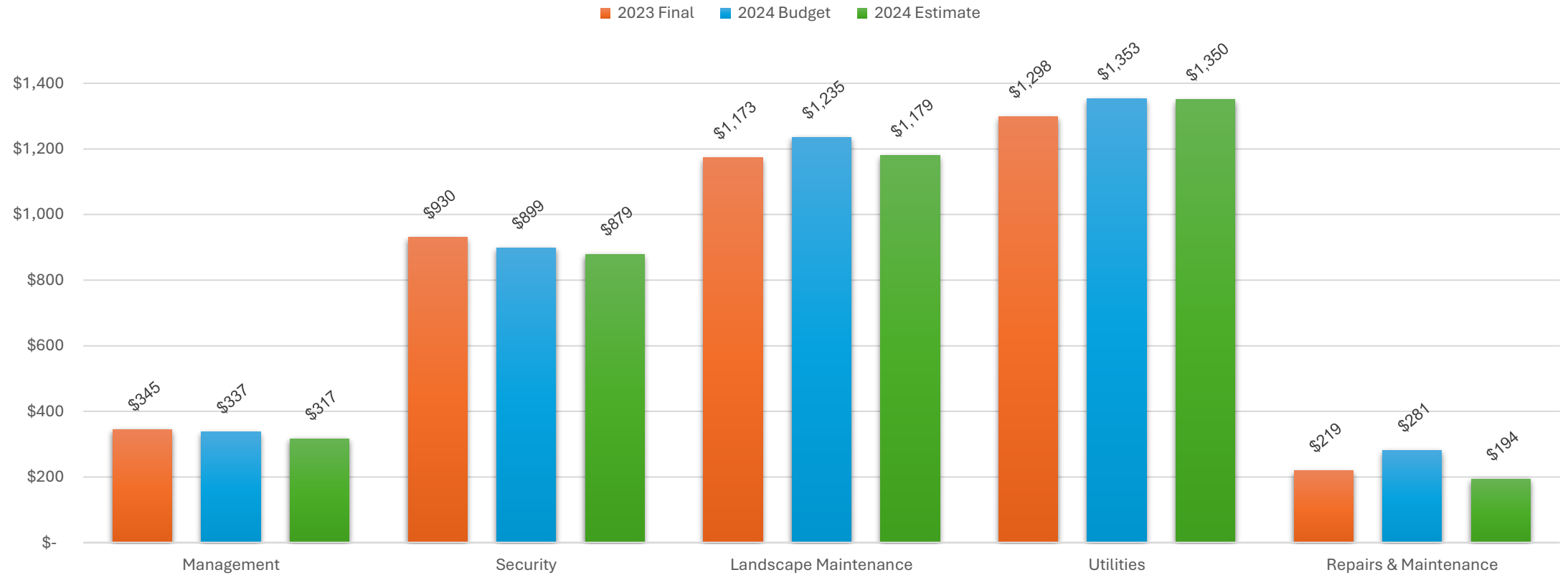
- Monthly financials and Audit Report separate our financial information into 3 different Funds
- Operating Fund – revenues and expenditures for normal maintenance of the common property in Grand/Oak Harbor.
- Replacement Fund – statutory reserve fund for repair and replacement of roadways that must be maintained.
- Deferred Maintenance Fund – discretionary reserve fund for all other common assets owned by GHCA. Funded by assessments and loans as a result of the poor condition of these assets and lack of reserves at turnover in 2020.

2024 Financial Review - Summary

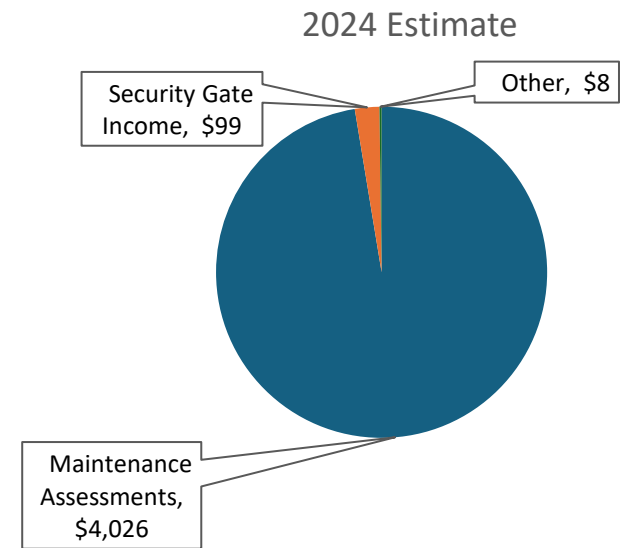
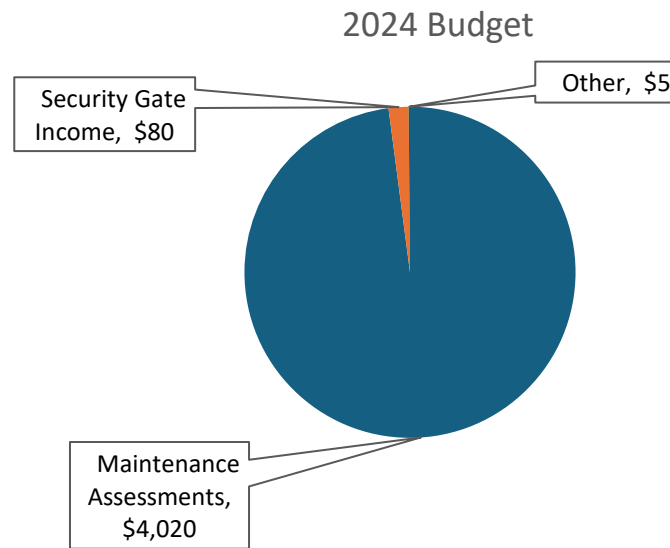
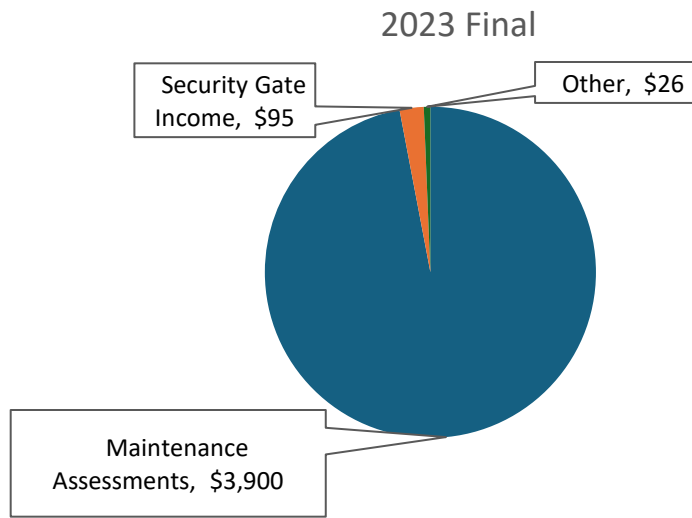
- 2023 Operations finished with a surplus of \$55,428
- 2024 Estimate is based on actual results through September.
 - Revenues \$28K better than budget – bar code sales
 - Expenses \$185K better than budget –
 - Management \$20K better – general legal expenses
 - Security \$20K better – lower guardhouse expenses than budgeted
 - Landscape \$56K better – primarily \$40K budgeted for mulch not spent
 - Repairs & Maintenance \$87K better – mostly contingency surplus
 - Overall surplus estimated \$214K – expected, but only an estimate!
 - Does not include spending or income from Replacement (Road Reserve) or Deferred Maintenance Funds.

2024 Operating Costs

OPERATING COSTS (\$000)



2024 Operation Revenues



Replacement Fund (Roadway)

	<u>Actual YE 2023</u>	<u>Budget YE 2024</u>	<u>Estimate YE 2024</u>	
Cash	\$ 468,876	\$ 517,633	\$ 495,890	Invested in CDs
Other	\$ (1,852)	\$ 976	\$ 976	Non cash miscellaneous
Total	<u>\$ 467,024</u>	<u>\$ 518,609</u>	<u>\$ 496,866</u>	
Assessment	\$ 49,034	\$ 30,713	\$ 30,713	Total included in assessment
Interest	\$ 6,404	\$ 20,686	\$ 20,244	4.5% in 2024
Road Repairs	\$ -	\$ -	\$ (21,115)	Fixed roads & curbs in 2024
Net Funding	<u>\$ 55,437</u>	<u>\$ 51,399</u>	<u>\$ 29,842</u>	
Replacement Cost		\$1,341,000		Total to replace roads
Est. Fund at YE		\$ 467,209		2023 estimated balance
Remaining Life		\$ 17		Remaining useful life
Funding Required		\$ 51,399		Required funding



Deferred Maintenance Fund

- Reserve fund for special (capital) projects not included in routine annual maintenance.
- Funded by assessments, operating surpluses, and long-term debt.
- 2 Loans outstanding - \$2M for bridge and \$1M for reclaim pond.
- Used for major repair/replacement projects, debt service, and litigation expenses.
- Budget for 2025 includes \$650K for pond remediation work, \$261K for debt service – cash balance of \$402K at year end.

Deferred Maintenance Fund – Sources/Uses

	<u>2023 Final</u>	<u>2024 Budget</u>	<u>2024 Estimate</u>	
Sources				
Assessment	\$ 302,139	\$ 664,891	\$ 664,891	Included in total Assessment
Interest Income	\$ 3,082	\$ -	\$ 1,833	
Loan Proceeds	\$ 668,000	\$ 1,000,000	\$ 1,000,000	Marine Bank Loans
Interfund Transfers	\$ 139,968	\$ 200,000	\$ 200,000	Transfer from Operations
	<u>\$ 1,113,190</u>	<u>\$ 1,864,891</u>	<u>\$ 1,866,724</u>	
Uses				
Bridge	\$ 89,819	\$ -	\$ -	Completed in 2023
Reclaim Pond	\$ 19,144	\$ 1,200,000	\$ 1,200,000	In progress
Stormwater	\$ 7,960	\$ 350,000	\$ 363,000	Ponds 18&17 in 2024
Irrigation Pump	\$ 225,689	\$ -	\$ 27,390	Completed this year
Security	\$ 106,479	\$ 60,000	\$ 1,753	Completed in 2023
Guardhouses	\$ 10,000	\$ -	\$ -	
Guardrails	\$ -	\$ -	\$ 35,000	Replace Harbor Village rail
Interest Exp	\$ 82,948	\$ 120,403	\$ 92,924	Interest on \$3M loans
Loan Principal	\$ -	\$ 84,488	\$ 84,488	Principal portion of repayment
Litigation	\$ 701,670	\$ 50,000	\$ 84,207	Appeal decision rendered
	<u>\$ 1,243,708</u>	<u>\$ 1,864,891</u>	<u>\$ 1,888,762</u>	
Net Change	\$ (130,519)	\$ -	\$ (22,038)	

Deferred Maintenance Fund – Balance Sheet

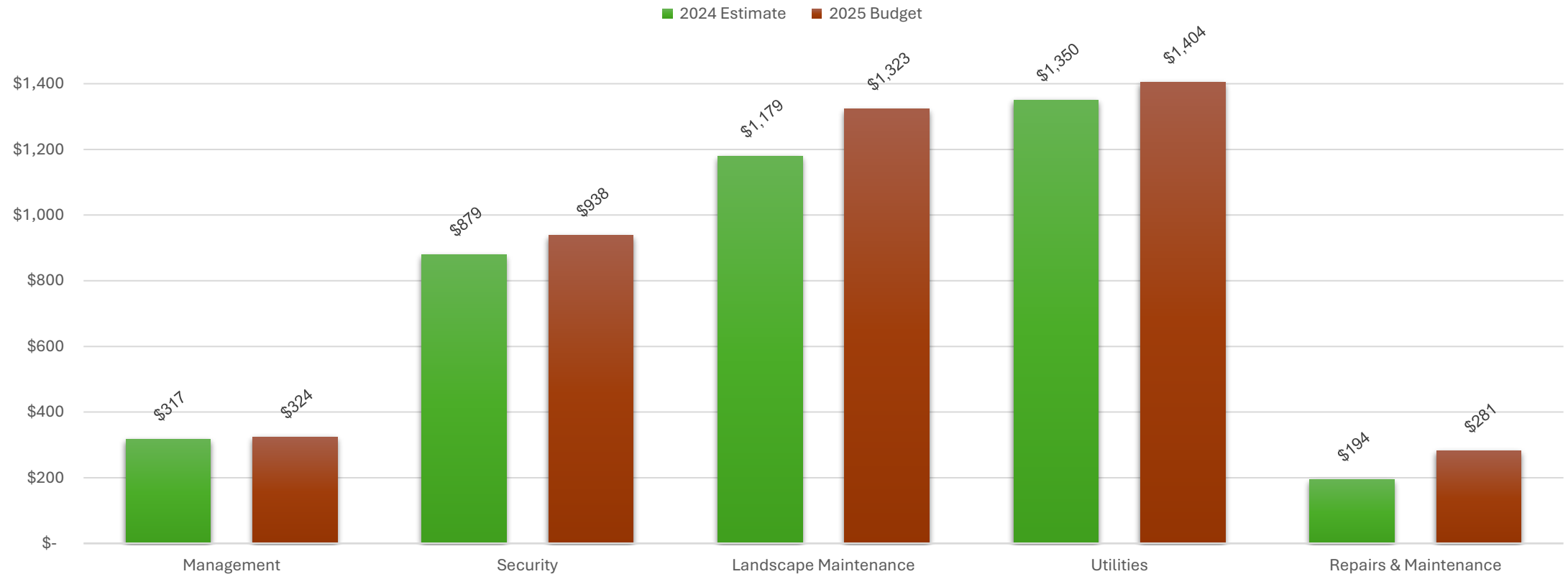
	<u>2023 Final</u>	<u>2024 Budget</u>	<u>2024 Estimate</u>
Assets			
Cash	\$ 321,286	\$ 61,395	\$ 284,987
Other	\$ (14,261)	\$ -	\$ -
Total	<u>\$ 307,025</u>	<u>\$ 61,395</u>	<u>\$ 284,987</u>
Liabilities			
Deferred Revenue	\$ 115,290	\$ 76,860	\$ 76,860
Loans Payable	\$ 1,972,469	\$ 2,887,981	\$ 2,887,981
Fund Balance	\$ (1,780,734)	\$ (2,903,447)	\$ (2,679,854)
Total	<u>\$ 307,025</u>	<u>\$ 61,395</u>	<u>\$ 284,987</u>

GHCA

2025 Budget

Operating Costs 2025

OPERATING COSTS (\$000)





Operating Assessment 2025

- Total operating costs budgeted are \$4,270,162
- Security Gate Income budgeted at \$97,000
- Working Capital Contributions (Closings) at \$6,000
- Operating Assessment is budgeted costs minus other revenue.
- Net Operating Assessment is \$4,167,162
- Per unit per month is \$240.60 (for Operations only)



Replacement Fund 2025

- Estimated balance from 2024 YE is \$498,866
- Estimated cost of replacement is 2% increase over 2024 estimate.
- Replacement cost in 2025 dollars is \$1,367,820.
- 17-year life is the same as 2024 based on repairs made in 2024.
- Calculation results in required funding of \$51,233.
- Budgeted interest income on Fund CDs at 3.5% is \$16,894.
- Assessment required is \$34,338 for 2025 Budget.



Deferred Maintenance Fund 2025 Budget

- Budgeted spending of \$650,000 for pond restoration.
- Potential for grants or low-interest loans for future pond restoration beginning in 2026.
- Debt service for \$3M loans is \$151,002 in interest and \$109,224 in principal repayments – total of \$260,226.
- Assessment budgeted at \$1,100,000.
- Balance of \$189,774 remains for increasing funds in reserve.
- Result is a cash balance of \$474,761 at 2025 year-end.



Summary 2025 Budget

- Total assessment is \$5,301,500 for 3 funds.
- Assessment rate is \$299.70 per unit per month.
- Increase over 2024 is 12.3%.
- Provides full funding for Operations and Replacement Fund.
- Provides only a modest increase for Deferred Maintenance Fund.