

# 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.

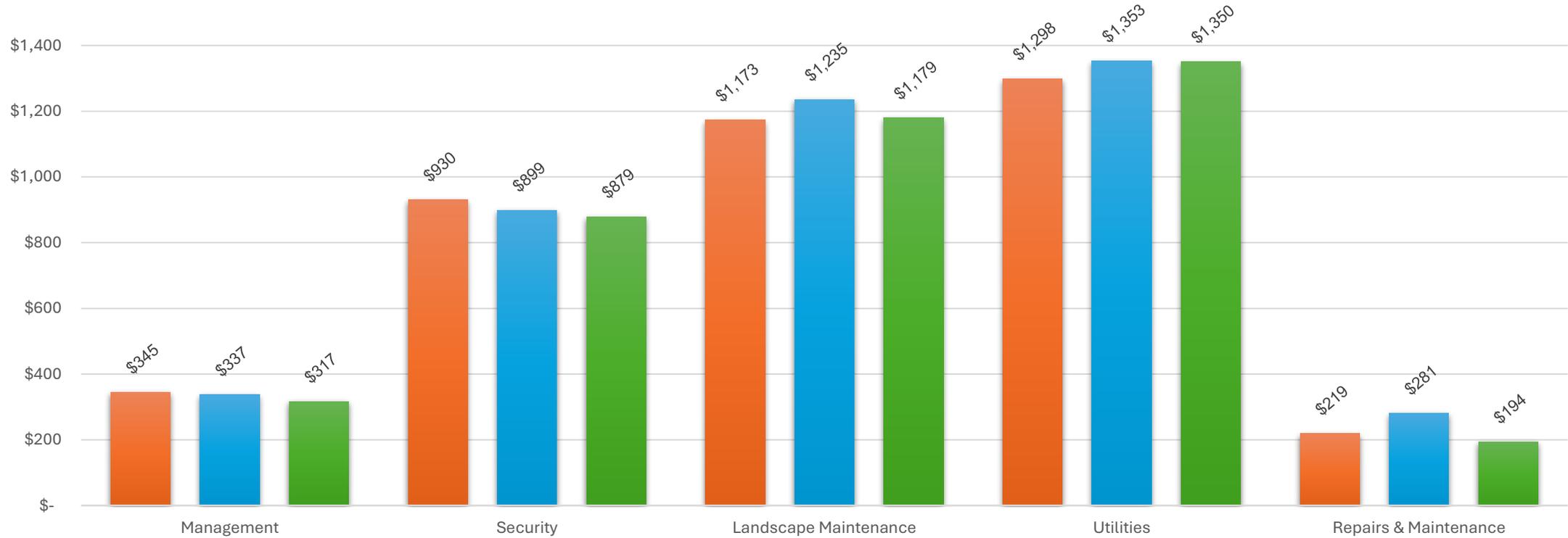
# 2024 Financial Review - Summary

- 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.

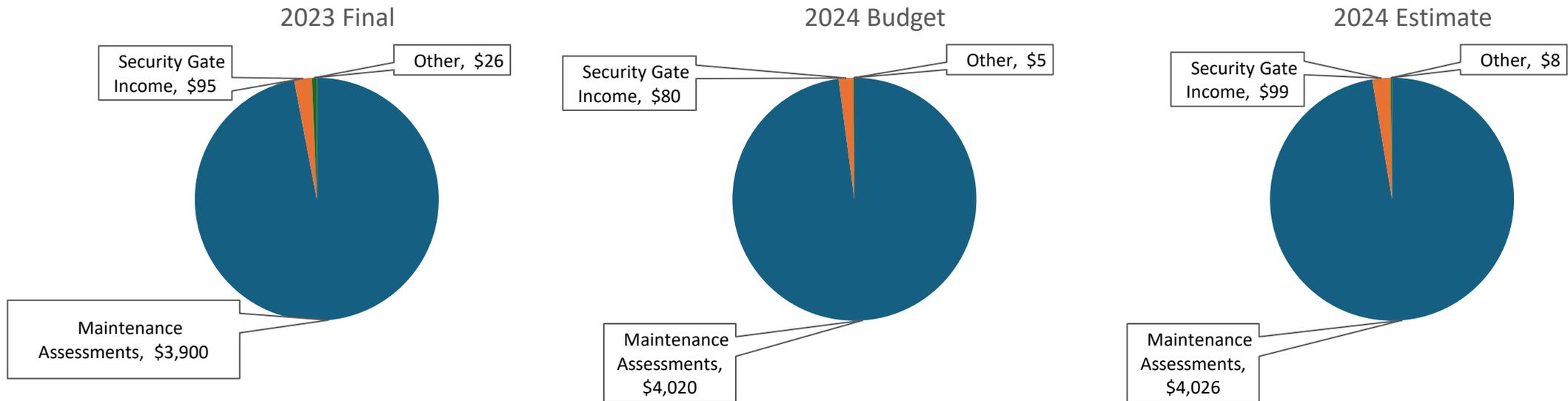
# 2024 Operating Costs

## OPERATING COSTS (\$000)

2023 Final 2024 Budget 2024 Estimate



# 2024 Operation Revenues



# Replacement Fund (Roadway )

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

# Deferred Maintenance Fund – Balance Sheet

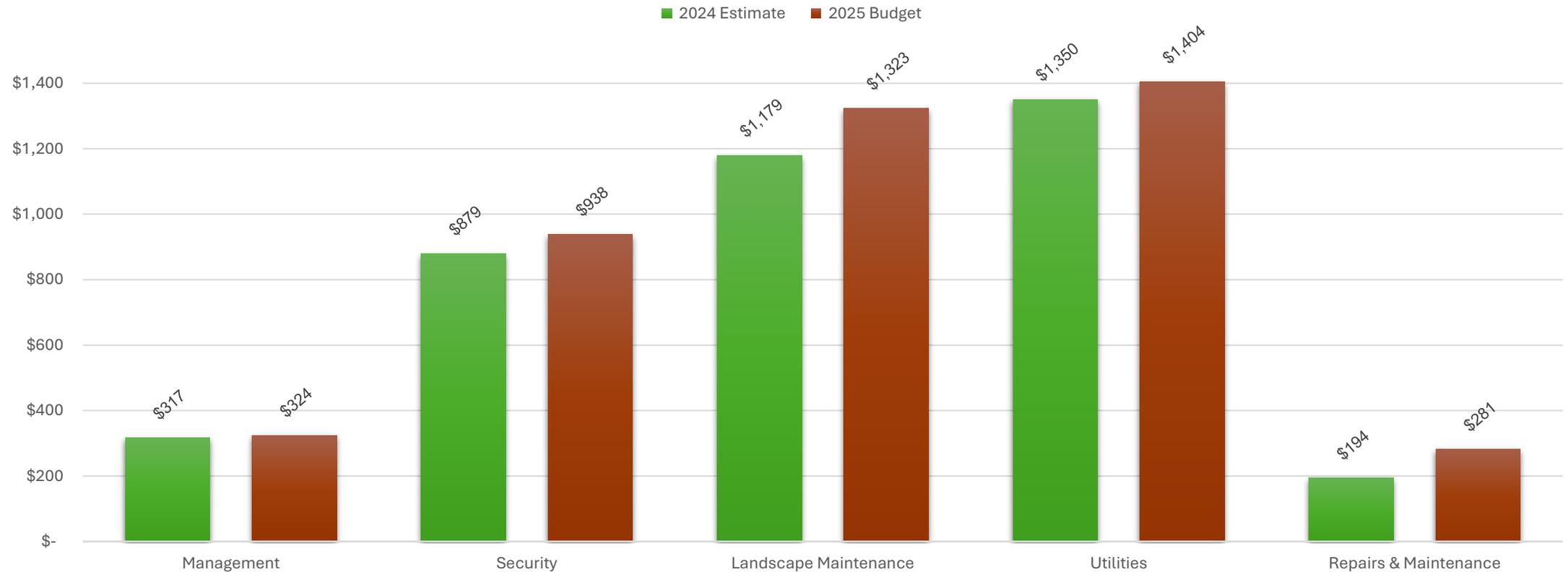
|                         | <u>2023 Final</u> | <u>2024 Budget</u> | <u>2024 Estimate</u> |
|-------------------------|-------------------|--------------------|----------------------|
| <b>Assets</b>           |                   |                    |                      |
| <b>Cash</b>           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