

Kiawah Island

COMMUNITY ASSOCIATION



2019

BUDGET PROPOSAL

Process



- Core services surveys (security, land & lakes, general maintenance, livability, & recreation)
- Summer: Department heads begin developing initial drafts
- September: draft budget distributed to Finance Committee and Board
- October 3: Finance Committee meets and discusses 1st draft
- October 3 – 24: Staff reviews finance committee feedback, continues to refine plan
- October 24: Finance Committee meets and votes to recommend budget for approval
- November 2: Board budget workshop
- November 5: Board Meeting

What is “The Budget”



Operating Budget & Reserve Budget

Operating Budget

Revenue Sources

- Member Assessments
- Commercial Access Fees
- User Fees
- Comcast Revenue
- Investment Income
- Miscellaneous Income

Characteristics

- Historically in balance or surplus
- Highly predictable expenses
- Highly predictable revenue
- Stable

Reserve Budget

Revenue Sources

- Contributions to Reserve (transfer fees)
- Commercial Access Fees
- Investment Income
- Reserve Assessment

Characteristics

- Sometimes in surplus; sometimes in deficit
- Expenses somewhat predictable due to Reserve Study
- Intended for existing infrastructure
- Revenue far less predictable

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OPERATING

BUDGET PROPOSAL

2019 Operating Budget



Operating Expenses: Building/Equipment repair and maintenance, Common Area repair and maintenance, Communication and Technology, Utilities, Professional services, Administrative expenses, including various insurance policies (non employee benefits)

KICA's biggest expense.....***Personnel***

Labor Market **Challenges & Budget Impact** (2018 and 2019)



2019 Operating Budget



Other Significant Items:

- Castle Grille Administrative Expense
- Technology Enhancements (gate enhancements, streaming/remote, generator)
- Segment Assessments (Ocean Park & Preserve)

Break Even Budget (projected)

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RESERVE

BUDGET PROPOSAL

2019 Reserve Budget



2019 Expenses (rounded): \$3.5 Million

- Drainage: 40%
- Streets/Bridges: 30%
- Leisure Trails & Boardwalks: 7.5%
- LCI: 8.5%
- Drainage & Sea Level Rise planning: 5.7%

2019 Reserve Budget



2019 Revenue (rounded): \$3.8 Million

- Contributions to Reserve: \$1.45 Million
- Reserve Assessments: \$1.5 Million
- Commercial Access Fees: \$500K
- Investment Income: \$130K
- Transfer from Operations: \$200k

Projected \$300k Surplus

10-Year Projection for MR&R Reserve Fund



MRR projected expenses (existing infrastructure): \$35 Million

- Projected revenue from property sales (CTR) \$15 Million
- Commercial Access Fees designated for Reserves \$5 million
- Earnings on Investments: \$3 Million

Total projected revenue from CTR's, Access Fees, and investments: \$23 Million

The Other \$12 Million? Reserve Assessment

Major (new) Capital Projects



- Drainage
 - Sea Level Rise
 - Wish List
 - Other
-
- Cost: Unknown
 - Funding currently available: None

2019 Proposed Assessments



	<u>2019</u>	<u>2018</u>	<u>Increase (\$)</u>	<u>%</u>
Total Assessment before Vanderhorst Gate	\$2335	\$2126	\$209	9.8
Total Assessment behind Vanderhorst Gate	\$2431	\$2222	\$209	9.4
Total Assessment in Ocean Park	\$3671	\$2222	\$1449	65
Total Assessment in Preserve	\$3671	\$2442	\$1229	50

The proposed increase to the annual assessment (equal proportionally across all member types) will result in the 2019 assessment representing 86% of the Maximum Annual Assessment, which is up from 83% in 2018, but back to where it was in 2017.

In 2018, there was no increase in the annual assessment from the prior year.

2019 Budget - Summary



- **Reserve Budget** expenses consistent in scope/cost relative to prior years. Income is projected to slightly exceed expense, so no change in fund balance anticipated
- **Operating Budget** dominated by wage pressure issues and security enhancements
- Implementation of **segment assessment** in Ocean Park and increase to Preserve segment assessment critical to this budget proposal
- Planning for **new infrastructure** related to drainage and sea level rise, along with studying funding sources for these and any other unfunded projects