



# 2025 Final Budget

Approved by KICA Board at the 12/9/24 meeting



## Message from the Treasurer:

My thanks to the KICA staff, Dale Schoon our CFO and Shannon White our COO and all the rest of the team for their work in developing the 2025 budget. Staff conducted a thorough, detailed process, beginning in August of this year, to generate the 2025 KICA Budget. This process included a comprehensive review over several meetings with the Finance Committee (“FC”), deliberations by the Board in several meetings including a workshop and ultimately a membership budget forum. The process culminated with Board approval of the 2025 Budget at our December 9th meeting.

Over the course of the FC and Board meetings, there were several key considerations:

- The FC supported, and the Board Agreed, that we need to move increasingly to a balanced budget philosophy, adjusted for current circumstances and anticipating future impacts. For the 2025 budget, the Board strategically approved a net deficit Operating Fund budget for 2025 to draw down the undesignated cash reserve balance;
- It is also the recommendation of the FC and stated objective of the Board to maintain consistent, predictable assessment and access fee rate increases to stay ahead of the increased cost of doing business on Kiawah Island and anticipate volatile revenue streams;
- Going forward, we are agreed that we need to establish a philosophy with respect to our cash reserves and related designated resources;
- And we are all in agreement that we need to maintain a “% Funded” for the Reserve Fund between 50-100% while contemplating inflation and future revenue and expense projections.

The financial position of the Association is strong and the FC and the Board will continue to identify opportunities to make our processes even better and our position even stronger.

Thank you to the FC members and all those who participated in the process.

Lisa Mascolo  
703-945-9005

2025 Final Budget

# Two Distinct Budgets: Operating Fund & Reserve Fund





## TWO DISTINCT BUDGETS: OPERATING FUND & RESERVE FUND (MRR)

# Operating Fund

### DAILY OPERATIONS

The Operating Fund is used to account for KICA's general day-to-day operations such as Security, Land and Lakes Management, Recreation and Amenities, General Maintenance and Administration.

It also accounts for the activities of the Segments: V-gate, Ocean Park and the Preserve. Revenues from segment assessments are restricted to offset segment expenditures.

This budget is funded primarily by annual assessments paid by all property owners while personnel costs account for the majority of expenditures.

Generally, property and equipment purchases with useful lives of 7 years or less are capitalized and depreciated. KICA plans for the replacement of these assets by setting aside funds ("Asset Replacement \$") as they are depreciated.



TWO DISTINCT BUDGETS: OPERATING FUND & RESERVE FUND (MRR)

# Reserve Fund

## **MAJOR INFRASTRUCTURE REPAIR/REPLACEMENT**

The Reserve Fund is dedicated to activities related to major infrastructure repairs and replacements including road repaving, building repairs, drainage and landscape improvements.

Revenue sources include real estate transfer fees (known as Contribution to Reserves - CTR), Reserve assessments and commercial access fees.

Per industry standard and generally accepted accounting principles, expenditures are expensed in the year incurred rather than capitalized.

New long-lived assets are funded out of the Operating Fund, added to the Reserve Study component listing and included in the process for major repairs and replacement.



TWO DISTINCT BUDGETS: OPERATING FUND & RESERVE FUND (MRR)

# Reserve Fund

## **MAJOR INFRASTRUCTURE REPAIR/REPLACEMENT**

Other than a 15% administrative fee on CTR and access fees that is allocated to the Operating Fund, Reserve Fund resources are dedicated and may not be utilized by the Operating Fund.

An annual Reserve Study is conducted by an independent specialist who produces an annual report that is utilized to help manage the long-term nature of the Reserve Fund. The Study accounts for the useful life and replacement cost of major assets and infrastructure while considering inflation.

2025 Final Budget

# Operating Fund Budget



2025 Final Budget

# Operating Fund

<b>Operating Revenues</b>	
Assessments	13,877,027
Contributions to Reserve	375,000
Commercial Access Fees	510,878
Amenity User Fees	705,208
Other income	294,184
<b>Total Operating Revenues</b>	<b>15,762,296</b>
<b>Operating Expenses</b>	
Payroll Expense	8,601,212
Employee Benefits	1,711,963
Building/Equip R/M	879,399
Common Area Expenses	2,736,987
General Expenses	3,043,937
Capital Project- Landscape	0
Capital Project - MRR	0
<b>Total Operating Expenses</b>	<b>16,973,497</b>
<b>Excess (Deficit) Operating Revenue over Expense</b>	<b>(1,211,201)</b>
<b>Non-Operating Revenues</b>	
Investment Income	574,862
Comcast Revenue	333,656
<b>Total Non-Operating Revenues</b>	<b>908,518</b>
<b>Non-Operating Expenses</b>	
Community Programs Support	0
Interfund Transfers	(2)
Gains/Losses	(18,161)
Depreciation	333,013
<b>Total Non-Operating Expenses</b>	<b>314,850</b>
<b>Total Non-Operating Revenue (Expense)</b>	<b>593,668</b>
<b>Net Surplus/(Deficit)</b>	<b>(617,533)</b>
<b>Net CASH Surplus (Deficit)</b>	<b>(1,342,738)</b>







# KICA

## Final 2025 Budget

### Segment Budgets

Description	V-Gate	Ocean Park	Preserve
<b>Operating Revenues</b>			
Assessments	218,626	198,735	118,788
Other income	0	0	49,446
<b>Total Operating Revenues</b>	<b>218,626</b>	<b>198,735</b>	<b>168,234</b>
<b>Operating Expenses</b>			
Payroll Expense	194,000	65,350	0
Building/Equip R/M	90,616	0	0
Common Area Expenses	8,700	124,075	164,820
General Expenses	11,825	0	0
<b>Total Operating Expenses</b>	<b>305,141</b>	<b>189,425</b>	<b>164,820</b>
<b>Excess (Deficit) Operating Revenue over Expense</b>	<b>(86,515)</b>	<b>9,310</b>	<b>3,414</b>
<b>Non-Operating Revenues</b>			
Investment Income	30,996	0	4,500
<b>Total Non-Operating Revenues</b>	<b>30,996</b>	<b>0</b>	<b>4,500</b>
<b>Non-Operating Expenses</b>			
Interfund Transfers	(40,000)	0	0
Gains/Losses	0	0	0
<b>Total Non-Operating Expenses</b>	<b>(40,000)</b>	<b>0</b>	<b>0</b>
<b>Total Non-Operating Revenue (Expense)</b>	<b>(9,004)</b>	<b>0</b>	<b>4,500</b>
<b>Net Surplus/(Deficit)</b>	<b>(95,519)</b>	<b>9,310</b>	<b>7,914</b>
<b>Projected Beginning Cash Reserve</b>	<b>305,211</b>	<b>16,364</b>	<b>13,856</b>
<b>Projected Ending Cash Reserve</b>	<b>209,692</b>	<b>25,674</b>	<b>21,770</b>



# Operating Fund

## Capital Equipment Purchases

Department	New Asset	Estimated Cost
General Admin	IT Switches, Firewall, Web Development, Salesforce App	136,500
General Admin	Bobcat Hall - Audio/Visual System	73,112
Security	Lockers, Main Gate Cabinets	18,000
Land	Gator, 3 Trucks	136,000
Lakes	Aeration	50,000
Recreation	Pump, Bar/Pool Furniture, RB Tables/Chairs	135,450
Recreation	Amenity Improvements	400,000
Recreation	Family Pool restroom HVAC	19,500
V-Gate	V-Gate Enclosure	40,000
		1,008,562



# Operating Fund

## 2025 Annual Assessment Rates

	Membership Impacted	Improved Property	Unimproved Property	% Change from 2024
<b>GENERAL ASSESSMENT</b>	All Members	\$2,480	\$1,240	6.4%
<b>RESERVE ASSESSMENT</b>	All Members	\$346	\$173	6.5%
<b>AMENITY ASSESSMENT</b>	All Residential Members	\$231	115.50	5.0%
<b>TOTAL</b>		<b>\$3,057</b>	<b>\$1,528.50</b>	<b>6.3%</b>
<b>SEGMENT ASSESSMENT: VANDERHORST GATE</b>	Members Living Behind the V-Gate	\$100	\$50	0.0%
<b>TOTAL</b>		<b>\$3,157</b>	<b>\$1,578.50</b>	
<b>SEGMENT ASSESSMENT: OCEAN PARK</b>	Members Living in Ocean Park	\$1,312	\$656	-8.6%
<b>TOTAL</b>		<b>\$4,469</b>	<b>\$2,234.50</b>	
<b>SEGMENT ASSESSMENT: PRESERVE</b>	Members Living in the Preserve	\$850	\$425	314.6%
<b>TOTAL</b>		<b>\$4,007</b>	<b>\$2,003.50</b>	
Joint Member Administrative Fee	Properties with Multiple Owners	\$266		6.40%

2025 Final Budget

# Reserve Fund (MRR) Budget





# Reserve Fund (MRR)

<b>Operating Revenues</b>	
Assessments	2,153,149
Contributions to Reserve	2,125,000
Commercial Access Fees	2,894,969
<b>Total Operating Revenues</b>	<b>7,173,118</b>
<b>Operating Expenses</b>	
Capital Project- Landscape	275,000
Capital Project - MRR	7,038,153
<b>Total Operating Expenses</b>	<b>7,313,153</b>
<b>Excess (Deficit) Operating Revenue over Expense</b>	<b>(140,035)</b>
<b>Non-Operating Revenues/(Expenses)</b>	
<b>Investment Income</b>	<b>987,487</b>
<b>Net Surplus/(Deficit)</b>	<b>847,452</b>