

2024-2025 Proposed Budget Commentary

The budget is based on data from 2023 as well as new projected expenses and income. Some expense items are based on expenses year-to-date through December or January extrapolated for the full year. Other items, where we have actual projected expenses are based on quotes and known costs, like payroll, security, lawn service, copier lease, etc. We took a careful look at each budgeted item to reflect the most accurate budget we could. We are providing a document showing each P&L line item with last year's budget, the year to date amount, projected end of year amount and the new budget amount. For notable items we have comments as to why the budgeted amount was chosen. We hope this helps everyone understand where the amounts came from. I am sure everyone is aware of the high inflation the country has been experiencing. This high inflation has impacted our budget.

The cable budget is only an estimate at this point. We should get the actual cost in early March before the final budget approval. Since the cost is passed directly to owners, it doesn't affect the amount of the dues.

Security costs have increased by \$9,286 vs last year's budget. We are using security less days than previously budgeted because the office is open 6 days year round; decreasing the need for security on Thursdays in the off season. However, the security hourly rate has increased from \$18.20 to \$20 per hour and we are projecting another \$1 increase this coming fall. Despite using less hours of security, the annual cost has still increased.

Since inflation has been high and we hadn't given raises to any of our present employees since they were hired, we felt it was time to increase pay for the longer-term employees to keep pace with inflation. We also had to hire a new maintenance worker to replace the one that retired. Last year's budget had the office closed on Thursday in the offseason as mentioned above. With the increased hours to keep the office open (which lowers security costs) and pay rate increases, the payroll budget has increased by \$22,861.

Last year we added \$1/month to dues for the previous year's water increase. We didn't anticipate another increase in the fall of 2023. We were wrong, the water company increased water by about \$2 per lot in October 2023. We are now anticipating another potential increase this coming fall. Therefore, the water & sewer portion of the assessment will need to increase by \$3 to cover this increase. The new water and sewer portion will be \$52/month. Unfortunately, there is nothing we can do about this. This cost must be passed on to the owners.

We were able to slightly increase the overall reserve contributions. We also reallocated the reserve contributions, putting more in General Reserves and less in the Marina Reserves. One reason for doing this was that we try to make the marina sustain itself. We only contribute the income that the marina generates after its expenses to its reserves. As a reminder for previous owners and to inform new owners about the MD law that requires us to make contributions to our reserves according to the amount in our reserve study, our reserve study calls for contributions of \$121,050 per year. We will meet this requirement with our reserve contributions from dues to \$110,400 and adding the interest earned of about \$14,000. In 2025 we will need to update our reserve study. This is also MD law that reserve studies are updated every 5 years.

The proposed total monthly assessment is \$173.

Notable income changes:

1. The dues portion of the monthly assessment is being increased by \$5/month to \$121.
2. Water/sewer portion is increasing by \$3/month to \$52.
3. More consistent assessment of late fees in increasing our budgeted income by \$5,500.

Other Notable expense changes:

- This coming year we will be performing a “Financial Review”, as required by the bylaws. This is the \$5,500 of Professional Fees to hire an outside accounting firm to perform this “Financial Review”.
- Trash costs have decreased thanks to Janice for keeping the number of dumpsters to a minimum in the off season.

Respectfully Submitted

Your Board of Directors

Pat, Tammy, Brian, Terry, and Valerie