

CSA Annual Meeting Treasurer's Report May 6, 2025

Discussion Agenda

- **Review and Discussion**

- Overview of Independent Audit Results
- Overview of Year end Balance Sheets and Results of Operations Trends
- Critical Infrastructure Collections and Spending Recap thru Year End 2024
- Comments on 2025 Budgeted and Approved Capital Projects
- Overview of Capital Plan for 2025-2028

Overview of Independent Audit Results

- Year ended 2024 audit has been completed by Elliott Davis
- Final audited financial statements will be available on the website shortly
- No adjustments or errors
- No internal control issues

MANY THANKS TO THE STAFF FOR EXCELLENT OUTCOMES

Balance Sheets As Of December 31, 2024, 2023 and 2022

- Maintained strong cash and investments position
- Consistent collections from Property Owners and Commercial Entities
- No external debt outstanding, \$5 million line of credit available
- Strong capital reserves as mandated by Board policies
 - Capital replacement, updated capital reserve study to be performed in late 2025
 - Emergency Fund

Trends in Balance Sheets		(in millions)		
		2024	2023	2022
Total Assets		\$ 27.80	\$ 28.50	\$ 22.80
Total Liabilities		\$ 6.60	\$ 6.30	\$ 3.80
Total Fund Balances		\$ 21.20	\$ 22.20	\$ 19.00

Commentary on Trends of Results of Operations

Sea Pines Community Services Associates, Inc.						
Trends for Operations			(in millions)			
			2024		2023	2022
Results of Operations:			Actual	Budget	Actual	Actual
	Total Revenues		\$ 21.117	\$ 21.601	\$ 20.831	\$ 18.141
	Total Expenses		\$ 22.915	\$ 25.757	\$ 18.050	\$ 16.485
	MRR expenses		\$ 7.548	\$ 10.105	\$ 4.241	\$ 3.564
	Total expenses before					
	MRR expenses		\$ 15.367	\$ 15.652	\$ 13.809	\$ 12.921

See next pages for commentary

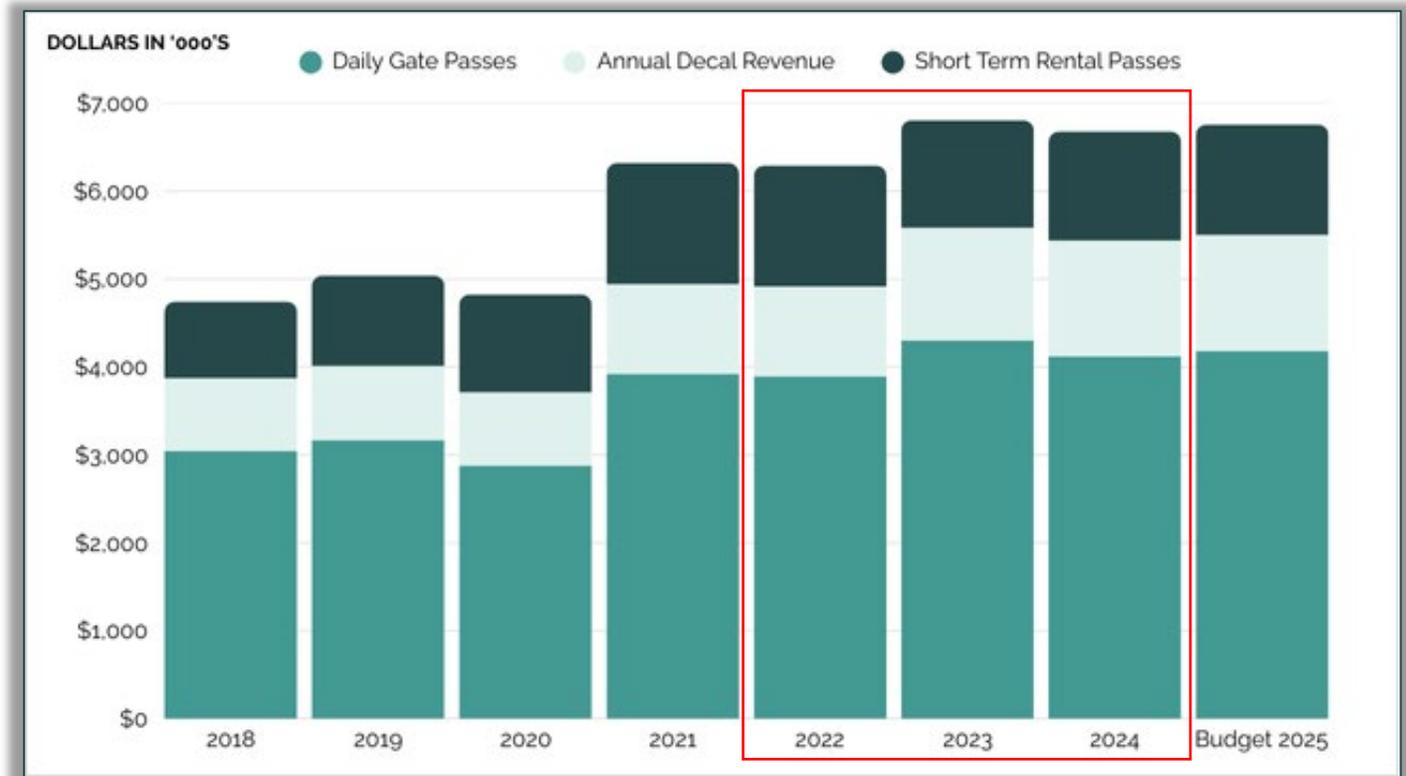
Commentary on Results of Operations, continued

- **Revenue trends from 2022 to 2024**

- Rental registration fees were newly instituted in 2023 (\$1.2 mil annual increase in each 2023 and 2024)
 - Over 2,100 units rented within Sea Pines, which includes 286 timeshares
- Residential and Commercial assessments increased by \$800K (governed by inflation factors over the 3 years and Sea Pines Resort revenue increases)
- Critical Infrastructure Assessments increased by \$500K (governed by inflation factors and commercial entities revenue growth)

Commentary on Results of Operations, continued

- Gate fees increased by over \$500K over this 3 year period but the mix has changed
 - Almost 4.0 million vehicles went thru the gates in 2024, of which approx. 60 percent went thru property owner lane
 - Chart depicts mix of gate fees and decal payments and demonstrates the change in mix
 - Over 9,600 decals sold in 2024
 - ST rental passes sold were about the same number in 2023 and 2024
 - Daily gate passes sold and issued were lower in 2024



Commentary on Results of Operations, continued

Expense trends:

- Total expenses are largely driven by spending on Major Repairs and Replacements, which have increased significantly since 2022- discussed on a next slide
- Other changes in:
 - Maintenance- operations have expanded to include a Stormwater Division, Arbor Care Division, and a Beach Access Division as well as a reorganization of the Roadside Division to make community-wide maintenance enhancements
 - Safety and Security- due to cost increase in insurance premiums for armed personnel and retention-related wage increases for qualified candidates and existing personnel
 - General and administrative- due to cost increases in insurance premiums for all types of insurance and expansion of community standards division

Major Repairs and Replacements in 2024

Sea Pines Community Services Associates, Inc.			
Major Repairs and Replacements			
Year Ending December 31, 2024			
		Actual Expenditures	2024 Annual Budget
Project Description			
Roadways			
	South Sea Pines Drive - Baynard Cove to Lands End	4,053,409	4,663,883
	South Sea Pines Drive - Baynard Cove to Lands End	81,616	81,616
	South Sea Pines Drive - Baynard Cove to Lands End - Enhancements	32,400	600,000
	Sea Pines Drive - Lighthouse to Audubon Road	1,682	-
	Lighthouse Lane Area Reconstruction	2,048,595	3,016,922
	Lighthouse Lane Area Reconstruction	268,342	268,342
	Deer Island Road Speed Bump	1,190	-
	Ocean Gate Repave	59,250	59,250
	South Beach Lane Engineering	130,128	239,000
	Otter Road/Fawn Lane Engineering	218,524	275,000
	Bridges, Boardwalks & Leisure Trails- combined total	653,533	901,005
Facilities			
	Entrance Signs	-	38,518
	Reserve Study	-	45,000
	Totals	7,548,670	10,105,018
	Critical Infrastructure Funding	6,103,686	7,680,805

Spending on MRR in 2024 was significantly higher than in 2023. Some of the projects were not completed in 2024 and were rolled forward to 2025

Critical Infrastructure Collections And Spending Recap

Critical Infrastructure				
Through 2024- spending started in 2021, collections in 2022				
		2020 Referendum Rev/Exp Estimates		Actual Total through 2024
Revenue				
Critical Infrastructure Revenue		\$ 35,000,000		\$ 12,689,411
Operating Revenue		<u>16,000,000</u>		<u>5,705,687</u>
Total Revenues		<u>51,000,000</u>		<u>18,395,098</u>

Critical Infrastructure Collections And Spending Recap, continued

Project Expenditures	2020 Referendum Rev/Exp Estimates	Actual Total through 2024
Primary Road Mills and Overlay Only	\$ 13,000,000	\$ 3,352,400
Leisure Trail and Bridge Resurfacing	2,000,000	895,627
Facilities	-	580,547
Safety and Additional Enhancements	-	165,297
Beach Access	<u>1,000,000</u>	<u>711,816</u>
Total Funded through Operations	16,000,000	5,705,687

Note-Original referendum amounts were for 10 years at \$1.6 million per year from the operating budget and no sunset provision was provided; the remaining funds were to come from the assessment approved through the referendum

Critical Infrastructure Spending Summary through December 2024

	2020 Referendum Rev/Exp Estimates	Actual Total through 2024
Drainage Projects	14,400,000	
Ditch Cleanout		396,588
Stormwater Dredging and Bank Stabilization		-
South Sea Pines Drive from Baynard Cove to Lands End		2,048,595
Lighthouse Lane Area Reconstruction		893,380
Otter Road Area Reconstruction		-
North Sea Pines Drive - Ocean Gate to Lighthouse Road - Catbird Lane, Mockingbird Lane and Spotted Sandpiper	2,500,000	2,581,527
Sea Pines Drive - Lighthouse Road to Baynard Cove Road - Red Cardinal Road, Snowy Egret Road and Wagon Road *	3,400,000	2,232,629
South Sea Pines Drive - Baynard Cove Road to Lands End - Scaup Court *	3,200,000	3,793,878
Other projects in future years	11,500,000	-
Total Funded through Critical Infrastructure	35,000,000	11,946,597
Funded through Operations	16,000,000	5,705,687
Total Project Expenditures	51,000,000	17,652,284
Net Results	\$ -	\$ 742,814
Beginning Critical Infrastructure Fund Balance		-
Ending Critical Infrastructure Fund Balance		<u>\$ 742,814</u>

Comments on 2025 Budgeted Capital Projects

- 2025 Operating and Capital Budgets were approved by the Board in November 2024 and shared with the community at the Board meeting
- 2024 rollforward amounts relate to timing of work not completed in 2024 and pushed into 2025

Year Ending December 31, 2025				
Description		2024 rollforward for budget amendment	Original 2025 Budget	Total amended for 2025
Major Projects and Repairs				
South Sea Pines Drive - Baynard Cove to Lands End		\$ 610,474		\$ 610,474
South Sea Pines Drive - Baynard Cove to Lands End -		\$ 567,600		\$ 567,600
Lighthouse Lane Area Reconstruction - Phase One		\$ 968,327	\$ 3,146,367	\$ 4,114,694
South Beach Lane Engineering		\$ 108,872		\$ 108,872
Otter Road/Fawn Lane Engineering		\$ 56,476	\$ 1,013,521	\$ 1,069,997
Otter Road and Fawn Lane			\$ 1,230,926	\$ 1,230,926
Club Course Drive/Ivy Road Leisure Trail		\$ 205,241		\$ 205,241
Entrance Signs		\$ 38,518		\$ 38,518
Stormwater Bank Stabilization and Dredging			\$ 400,000	\$ 400,000
Greenwood Drive Engineering			\$ 200,000	\$ 200,000
Beachwalk repairs and enhancements			\$ 120,000	\$ 120,000
Reserve Study		\$ 45,000		\$ 45,000
blue- funded by infrastructure	Total	\$ 2,600,508	\$ 6,110,814	\$ 8,711,322

Points Forward for 2025-2028 on Infrastructure

- **Next steps**

- Update to the Board on Critical Infrastructure Spending and Collections is planned for May Board Meeting
- Three-year capital spending plan to bring forward calendar years 2026-2028 MRR spending is in progress
- Refined engineering estimates are important to obtaining accurate estimates for future projects