

CSA Board Meeting Treasurer's Report May 20, 2025

Discussion Agenda

- **Review and Discussion**

- Overview of Independent Audit Results
- Overview of Audited Year end Financial Statements*
- Overview of First Quarter March 31, 2025 Financial Statements*
- Overview of Capital Plan for 2025-2028

- Note* - action needed

Overview of Independent Audit Results

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

MANY THANKS TO THE STAFF FOR EXCELLENT OUTCOMES

Balance Sheet As Of December 31, 2024

- 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

Commentary on Trends of Results of Operations

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

See next pages for commentary

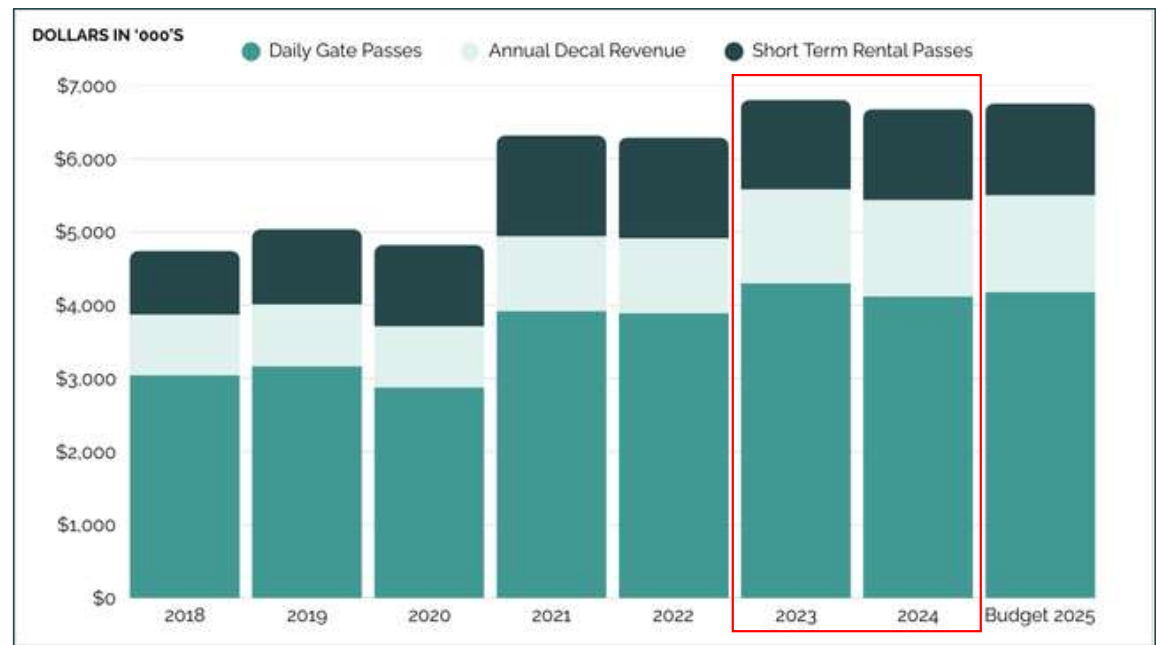
Commentary on Results of Operations, continued

- **Revenue trends from 2023 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 almost \$300K (governed by inflation factors and Sea Pines Resort revenue increases)
- Critical Infrastructure Assessments increased by almost \$150K (governed by inflation factors and commercial entities revenue growth)

Commentary on Results of Operations, continued

- Gate fees are down a bit from 2023 to 2024 and we are watching this trend
 - Of note, 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	2024 Annual
		Expenditures	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 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			\$ 742,814

Review of First Quarter Interim Financial Statements for the Period ended March 31, 2025

- First quarter financial statements are included in the Board Package
 - Major fluctuations are explained in the tickmarks on the statements
 - Interim financials preparation contains a change in revenue recognition whereby the assessments billed will be recognized ratably over the 12 months vs at the time of billing, just impacts the interim statements and attempts to better match the revenues with expenses over the course of the year
- Discussions held at the Finance Committee meeting on May 13, 2025
 - Executive committee recommends approval by the Board



Critical Infrastructure Estimated Collections And Spending Recap 2025 through 2028

Sea Pines Community Services Associates, Inc.							
Infrastructure Plan							
2025 through 2028							
	2020 Referendum Rev/Exp Estimates		2025 Amended Budget	2026	2027	2028	Totals
Revenue							
Critical Infrastructure Revenue	\$ 35,000,000		\$ 4,553,206	\$ 4,689,802	\$ 4,830,496	\$ 4,975,411	\$ 31,738,327
Operating Revenue	<u>16,000,000</u>		<u>2,372,633</u>	<u>1,335,582</u>	<u>2,406,250</u>	<u>285,000</u>	<u>12,105,152</u>
Total Revenues	<u>51,000,000</u>		<u>6,925,839</u>	<u>6,025,384</u>	<u>7,236,746</u>	<u>5,260,411</u>	<u>43,843,479</u>

Totals on this page include all amounts collected but prior to 2025 is not shown on this slide

Totals on this page include all amounts spent but prior to 2025 is not shown on this slide

Critical Infrastructure Estimated Collections And Spending Recap 2025 through 2028, continued

	2020 Referendum Rev/Exp Estimates		2025 Amended Budget	2026	2027	2028	Totals
				Funded through Critical Infrastructure			
Drainage Projects	See Footnote ** Below						
Ditch Cleanout	14,400,000		6,138,689	1,747,388	1,591,970	600,000	13,416,610
Stormwater Dredging and Bank Stabilization							
South Sea Pines Drive from Baynard Cove to Lands End							
Lighthouse Lane Area Reconstruction							
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
Greenwood Drive - Sea Pines Circle to Greenwood Gate	1,300,000		-	-	-	-	-
Greenwood Drive - Greenwood Gate to Club Course	600,000		-	-	-	-	-
Greenwood Drive - Plantation to Fraser Circle	1,700,000		100,000	3,548,418	-	-	3,648,418
Greenwood Drive Fraser Circle to Sea Pines Drive	2,000,000		100,000	-	3,481,750	-	3,581,750
Lighthouse Road - Plantation to North Sea Pines Drive	1,200,000		-	-	-	-	-
New Leisure Trail - Lighthouse Road from Harbour Town to Fraser Circle	2,000,000		-	-	-	744,000	744,000
Deer Island Bridge Replacement	2,700,000		-	-	-	265,000	265,000
Other Projects Funded through Operations	-		-	-	-	-	-
Total Funded through Critical Infrastructure	35,000,000		6,338,689	5,295,806	5,073,720	1,609,000	30,263,812
Total Funded through Operations	16,000,000	-	2,372,633	1,335,582	2,406,250	285,000	- 12,105,152
Total Project Expenditures	51,000,000		8,711,322	6,631,388	7,479,970	1,894,000	42,368,964
Net Results	\$ -		\$ (1,785,483)	\$ (606,004)	\$ (243,224)	\$ 3,366,411	\$ 1,474,515
Beginning Critical Infrastructure Fund Balance			742,814	(1,042,669)	(1,648,673)	(1,891,897)	-
Ending Critical Infrastructure Fund Balance			\$ (1,042,669)	\$ (1,648,673)	\$ (1,891,897)	\$ 1,474,515	\$ 1,474,515

Points Forward for 2025-2028 on Infrastructure

- **Next steps**

- Priorities for 2025 include continuation of Lighthouse Lane Rd and commencement of Otter Rd and Fawn Lane projects
- Greenwood Drive is next up
- Status on Spending Plan for 2025 will be closely monitored
- Refined engineering estimates are important to obtaining accurate estimates for future projects

