The committee is recommending approval of the attached 2027 proposed budget and assessments.

Some highlights of the attached budget –

- Total operating expenses for 2027 are budgeted at $1,516,969 and are increasing $30,602 over the 2026 budgeted operating expenses, a 2% increase. This increase is in line with the total projected operating expense for 2026, which are $1,518,301. Please note the following within the operating expenses -
    - The budget does not include an audit in 2027 as we are assuming owners will vote for "no audit" and it is only required every other year.
    - The budget includes a "Contingency" expense line within the admin expenses at the recommendation of Leslie. This is a 1% overall contingency and we agree with her suggested addition.
    - Legal Expenses are budgeted at $15,000. This is a $5,000 increase over prior year and is based on the actual legal expense incurred over the prior year.
    - The increase in insurance premiums is noted next to each line. These increases are per the recommendation of our insurance agent.
    - Payroll is based on current staff, pay rates, and schedules, as well as upcoming 2027 annual raises.
    - Landscaping has increase by $25,000 due to the quote to trim palms that was deferred. We suggest having the caretaker complete as much of this as possible, rather than spend the full budget amount.
    - Ferry Gas and Utilities expenses have been increased accordingly.
- The 2027 annual maintenance assessment is $12,884 per owner, an $804 increase over the 2026 maintenance assessment. The increase is mainly within the Insurance, Payroll, Ferry Gas and Utility expenses.
- The 2027 annual reserve assessment is $1,835 per owner and is a $469 decrease over the 2026 reserve assessment. With the completion of the unexpected rebuild of the mainland dock and the significant repairs to the wastewater plant, the reserve assessment for 2027 is now based on the last reserve study (as it should be). The projected $507,909 balance in reserves at the end of 2027 is approximately $50,000 greater than the reserve study projected.
- Overall, the budgeted 2027 annual assessment is $14,719 per unit owner or $3,680 per quarter. This is an $84 increase per quarter, which is roughly 2.33% increase.

Note, the schedule at the bottom of the page shows the breakout of expenses by category and that roughly 47.5% of the overall assessment is for Insurance Premiums.

Thanks,
Scott Almand / Finance Committee Chair