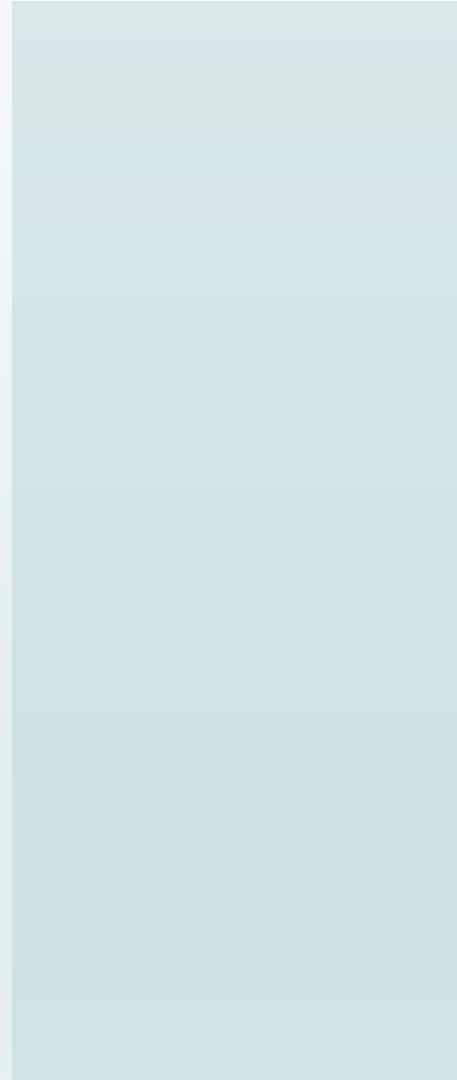




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# 2025-26 BUDGET PACKAGE

MAY 3, 2025  
MBA COMMUNITY MEETING





## Annual Assessment Summary

- ✓ Proposed 2025-26
- ✓ Reserve Projections

## Operating Budget

- ✓ Income
- ✓ Administrative Expenses
- ✓ Community Facility Expenses
- ✓ Beach & Community Patrol Expenses
- ✓ Utilities

## Reserve Sources & Uses

- ✓ Capital Reserves
- ✓ Beach Reserves





# Annual Assessment Summary

In summary, the proposed annual assessment for 2025-26 is \$3,325 or an increase of \$125 or 3.9% compared to last years assessment. This assessment is not only projected to adequately fund MBA operations, this assessment will also continue to build reserves for the future of MBA.

Projected Annual Assessment Summary							
Fiscal Year	Target Increase	Operating Fund	Capital Reserve	Beach Reserve	Total	% Increase	
2019-20		1,905	235	210	2,350	n/a	
2020-21		1,967	246	237	2,450	4.3%	
2021-22		2,204	284	262	2,750	12.2%	
2022-23		2,518	221	336	3,075	11.8%	
2023-24		2,518	221	336	3,075	0.0%	
2024-25		2,250	550	400	3,200	4.1%	
2025-26	4%	2,230	425	670	3,325	3.9%	
2026-27	4%	2,319	425	670	3,414	2.7%	
2027-28	4%	2,412	425	670	3,507	2.7%	
2028-29	4%	2,508	425	670	3,603	2.8%	
2029-30	4%	2,609	425	670	3,704	2.8%	
2030-31	4%	2,713	425	670	3,808	2.8%	
2031-32	4%	2,822	425	670	3,917	2.8%	
2032-33	4%	2,935	425	670	4,030	2.9%	
2033-34	4%	3,052	425	670	4,147	2.9%	
2034-35	4%	3,174	500	500	4,174	0.7%	
2035-36	4%	3,301	500	500	4,301	3.0%	
2036-37	4%	3,433	500	500	4,433	3.1%	
2037-38	4%	3,570	500	500	4,570	3.1%	

**2024-25:** Increased Cap reserve contribution & Beach Reserve with an objective to build reserves to appropriate levels.

- Operating budget reduced to reflect normal, recurring & routine expenses of MBA.
- Increased assessments collected for Capital and Beach Reserve accounts.

**2025-26:**

- Operating budget reflects normal, recurring & routine expenses of MBA. Applied inflationary increases and known contractual increases for new fiscal year.
- Targeted increases in assessment to Reserve Accounts to continue building reserve balances consistent with Board Strategy.

**2026-38:**

- Balance target funding of reserves between Capital and Beach Reserves. Use Reserve Study as a guide in understanding range of needs in future years for Capital Reserves.
- Target Cap Reserve balance to sufficiently fund projected needs of community based on Reserve Study serving as a guide of future year needs. Balance should not fall below \$250K in any given year.
- Target Beach Reserves may need to accumulate to \$2M to \$3M by committing to systemic contributions to build reserves.

For illustrative purposes only, holding future operating expenses to inflationary increases and managing reserves prudently (barring catastrophic beach replenishment), annual increases to MBA assessments can be held to a minimum. More importantly, MBA Reserve balances can be managed to the benefit of the community.

The next page provides a summary of the MBA Reserve projections using the reserve assessments highlighted above.



# Reserve Projections

## Reserve Projections

**Purpose:** Reserves are established and used for the purpose of non-cyclical, non-recurring expenditures which allow MBA to set aside funds to be used in the future. Not only does it provide a financial plan to assist in the prioritization of capital projects, it provides stability to the community helping diminish unnecessary spikes in annual assessments. Below is an analysis using a consistent contribution strategy to grow both reserve accounts to fund extraordinary, non-recurring items (e.g. fencing, road repairs/replacements, landscaping, beach replacement). Reserve studies help validate managements effort to forecast the level of future contributions based on current reserves and projected future uses. Given the current reserve balances coupled with future contributions, MBA can use reserves in a manner that meets the needs of the community without significantly increasing the annual assessment.

Capital Improvement Fund (CIF) & Legal Fund									Beach Reserve Fund (BRF)						
Fiscal Year	Units	Assessment	Contribution	Interest	Proposed Uses		Projected Balance (Fiscal Y/E)	Interest Rate (Est)	Fiscal Year	Units	Assessment	Contribution	Interest	Use	Projected Balance (Fiscal Y/E)
							\$ 555,500								\$ 681,500
2024-25	259	550	141,900	23,772	(66,573)	(a)	654,600	4.00%	2024-25	259	400	219,200	36,771	-	937,471
2025-26	259	425	109,926	24,000	(125,000)		663,526	3.20%	2025-26	259	670	173,296	35,000	(8,500) (c)	1,137,267
2026-27	259	425	109,926	23,204	(120,000)		676,656	3.00%	2026-27	259	670	173,296	39,317	-	1,349,879
2027-28	259	425	109,926	23,597	(100,000)		710,179	3.00%	2027-28	259	670	173,296	45,695	-	1,568,870
2028-29	259	425	109,926	24,603	(36,000)		808,709	3.00%	2028-29	259	670	173,296	52,265	-	1,794,430
2029-30	259	425	109,926	27,559	(200,000)		746,194	3.00%	2029-30	259	670	173,296	59,032	-	2,026,757
2030-31	259	425	109,926	25,684	(450,000)		431,804	3.00%	2030-31	259	670	173,296	66,002	-	2,266,055
2031-32	259	425	109,926	16,252	(50,000)	(b)	507,982	3.00%	2031-32	259	670	173,296	73,181	-	2,512,531
2032-33	259	425	109,926	18,537	-		636,446	3.00%	2032-33	259	670	173,296	80,575	-	2,766,401
2033-34	259	425	109,926	22,391	(50,000)		718,763	3.00%	2033-34	259	670	173,296	88,191	-	3,027,887
2034-35	259	500	129,325	25,443	(510,000)		363,531	3.00%	2034-35	259	500	129,325	94,716	-	3,251,929
2035-36	259	500	129,325	14,786	(25,500)		482,141	3.00%	2035-36	259	500	129,325	101,438	-	3,482,691
2036-37	259	500	129,325	18,344	(10,000)		619,810	3.00%	2036-37	259	500	129,325	108,360	-	3,720,377
2037-38	259	500	129,325	22,474	(20,000)		751,609	3.00%	2037-38	259	500	129,325	115,491	-	3,965,193

NOTES: Consistent with Board approved Reserve Policy.

(a) These are approved projects by the Board: (~\$54K) Fencing on Rte 1 Bridge to Evergreen, end of Short and Errett and new steel tubing frames for street gates, (\$13K) Landscaping for Bridge Road entrance, all pine side street signs and median.

(b) Used Reserve Replacement study per MillerDodson dated April 2024 for potential expenditures. Proposed Uses are for illustrative purposes only. All expenditures will be vetted by Board prior to approval.

NOTES:

(c) Pending Board approval, funding of 150' of mobi mats for Bayberry Road included in Operating Expense

**Capital Reserve Balance:** Balance should be driven by projected capital projects. Factoring in future annual contributions and projected expenditures from reserve studys (or other estimations), allows for management to project the level of future reserves. No funds to be used without approval of the Board.

**Beach Reserve Balance:** Balance should not drop below \$1.5M (estimate of one beach replenishment) and can continue to accumulate recognizing the inability to forecast the timing & financial estimate of each occurrence requiring its use. No funds to be used without approval of the Board.



# Operating Budget Summary

## Financial Summary:

- The attached chart reflects the actual income and expenses and budget for MBA for the full fiscal year of 2024-25. Additionally, it includes the proposed 2025-26 Budget.
- Excess funds at the end of the fiscal year will be transferred to Reserves upon Board approval.
- Details and comments for the proposed 2024-25 Budget categories are provided on the following pages.

	Year-to-Date Actuals March	2024-2025 Annual Budget	2025-2026 Full Year Budget
<b>Income</b>			
<b>Total Income</b>	\$ 617,052.18	\$ 600,000.00	\$ 598,550.00
<b>Expense</b>			
<b>Total 50000 · Administrative</b>	172,300.05	187,550.00	187,000.00
<b>Total 51000 · Construction</b>	1,800.00	1,200.00	1,200.00
<b>Total 57000 · Community Facilities</b>	67,153.41	104,700.00	92,250.00
<b>Total 58000 · Beach Activities</b>	144,924.92	146,500.00	154,700.00
<b>Total 60000 · Community Patrol</b>	75,656.60	79,200.00	81,550.00
<b>Total 61000 · Utilities</b>	77,089.16	80,850.00	81,850.00
<b>Total Operating Expense</b>	538,924.14	600,000.00	598,550.00
<b>Net Operating Income</b>	\$ 78,128.04	\$ -	\$ -



# 2025-26 Income

- ❑ MBA income is generated primarily from the collection of annual assessments to the homeowners and commercial property owners of Middlesex Beach.
- ❑ The assessment is calculated by allocating the overall operating costs and reserve contributions to each homeowner and commercial property owner.
- ❑ General Assessments of just under \$577,000 are used to fund the normal, recurring operating expenses of MBA. Details for Operating Expenses are provided on pages 5-9.
- ❑ Shared expenses for beach patrol services are invoiced and paid by neighboring beaches (Indian & North Indian Beach).

	Year-to-Date Actuals March	2024-2025 Annual Budget	2025-2026 Full Year Budget
<b>Income</b>			
10505 - Interest Income	3,633.91	1,000.00	2,500.00
40000 - General Operating Assessment	582,975.00	580,500.00	576,750.00
40250 - Beach Activity Shared Expense	10,500.00	10,500.00	10,800.00
40600 - Building Permit Fees	15,378.27	5,500.00	6,000.00
41610 - NSF Check Fee	10.00	-	-
41620 - Fines from Homeowners	300.00	-	-
41630 - Beach/Parking Pass Income	75.00	-	-
41700 - Misc Income	4,180.00	2,500.00	2,500.00
<b>Total Income</b>	<b>\$ 617,052.18</b>	<b>\$ 600,000.00</b>	<b>\$ 598,550.00</b>



# Administrative Expenses

- ❑ Administrative Expenses remain relatively flat with the prior year budget.
- ❑ Taxes are based on the interest earnings from investments and are taxed at 30 percent.
- ❑ Payroll taxes increase in relation to increased salaries.
- ❑ Legal fees are budgeted to increase as a greater reliance from outside counsel is expected. MBA has benefited in prior years from legal guidance from the Past President.
- ❑ Management contract expense is based on a renewed contract with SPM for the next two years.
- ❑ Clerical costs include costs to print, copy and mail materials to the community for the Spring and Fall community meetings.
- ❑ No Reserve Study in 2025 given the recent study completed in 2024.

Expense	Year-to-Date	2024-2025	2025-2026
	Actuals March	Annual Budget	Full Year Budget
<b>50000 · Administrative</b>			
50020 · Compilation & Tax Preparation	6,000.00	5,750.00	6,500.00
50075 · Social Event and Hospitality	1,477.92	3,500.00	2,000.00
50100 · Taxes - Federal	22,235.25	15,000.00	20,000.00
50110 · Taxes - State	-	-	-
50120 · Taxes - Franchise	203.00	150.00	250.00
50130 · Taxes - Payroll	19,571.96	19,500.00	21,500.00
50200 · Insurance Deductible	-	2,000.00	2,000.00
50205 · Insurance Umbrella	2,701.00	-	3,000.00
50210 · Insurance Workers Comp	5,606.00	5,500.00	7,000.00
50230 · Insurance D&O	4,508.00	5,200.00	5,000.00
50240 · Insurance Property/Liability	3,958.50	19,000.00	4,750.00
50250 · Legal Fees	10,559.54	15,000.00	16,000.00
50260 · Management Contract	58,800.00	58,800.00	61,000.00
50270 · Meetings/Misc	1,573.82	2,000.00	2,000.00
50300 · Bethany Beach VFC EMS Fees	13,980.00	15,000.00	15,000.00
50310 · Storage	1,755.00	4,020.00	1,500.00
50312 · MBA Directory & Passes	6,472.99	7,500.00	7,000.00
50320 · Recruiting	-	1,000.00	1,000.00
50321 · Payroll Processing Fees	2,506.10	1,650.00	2,500.00
50325 · Clerical	6,252.23	4,500.00	5,500.00
50345 · Reserve Study	-	-	-
50350 · Website	2,348.40	2,000.00	1,500.00
50355 · Bank Fees	186.20	480.00	300.00
50360 · Merchant Deposit Fees	1,604.14		1,700.00
<b>Total 50000 · Administrative</b>	<b>172,300.05</b>	<b>187,550.00</b>	<b>187,000.00</b>





# Community Facilities Expenses

- Maintenance costs (General, Beach, Road and Walkway) have decreased significantly over the last two years given the Board approved policy for the use of Reserves.
- Walkway maintenance is budgeted higher to allow for scraping, cleaning and mobi mat installation on 3 beach access paths in 2025.
- Guard House operations is limited to minor repairs/improvements and operational items.
- Community Clean up costs are based on two major cleanups per year.
- Landscape expense:
  - ✓ Landscape (mowing) contract has been finalized with Chester River. Budget includes increase for inflation as well as increased scope for swale maintenance.
  - ✓ Plantings and Tree Care are projected to decrease per discussion with Master Arborist regarding needs across the community.
  - ✓ Any Greenscape projects will be determined based on community interest.
- All other expenses remain consistent year-over-year.

Expense	Year-to-Date Actuals March	2024-2025 Annual Budget	2025-2026 Full Year Budget
<b>51000 · Construction</b>			
51600 · Construction Height Survey	1,800.00	1,200.00	1,200.00
<b>Total 51000 · Construction</b>	1,800.00	1,200.00	1,200.00
<b>57000 · Community Facilities</b>			
57010 · Maintenance & Repair	5,083.18	15,000.00	10,000.00
57020 · Beach Maintenance	152.86	5,000.00	5,000.00
57030 · Drainage	11,905.00	15,000.00	15,000.00
57040 · Guard House Operations	412.15	2,500.00	1,000.00
57050 · Road Maintenance	12.95	2,000.00	2,500.00
57060 · Walkway Maintenance	4,077.74	5,000.00	8,000.00
57070 · Signage - Traffic & Beach	494.26	2,000.00	2,000.00
57080 · Vehicle Operations & Maint	1,344.56	2,000.00	2,000.00
57090 · Community Clean Up	6,000.00	15,000.00	15,000.00
57100 · Snow Removal	2,200.00	2,200.00	2,250.00
57110 · Landscape (Turf) Contract	22,616.00	24,800.00	20,000.00
57120 · Plantings, Tree Care	9,106.47	10,200.00	2,500.00
57130 · Irrigation & Watering	3,748.24	1,000.00	4,000.00
57140 · Misc Plants, Tools	-	3,000.00	3,000.00
<b>Total 57000 · Community Facilities</b>	67,153.41	104,700.00	92,250.00





# Beach & Community Patrol Expenses

- ❑ Beach Patrol expenses increase primarily due to inflationary increases in wages. Key points include:
  - ✓ Beach Patrol payrolls were aligned with other beaches in 2024. The proposed budget assumes wage increases of 4%.
  - ✓ All other expenses remain in line with prior year.

- ❑ Community Patrol activities increase primarily due to inflationary increases in wages. Key points include:
  - ✓ Community Patrol payroll is predicated on scheduling model for morning, afternoon and night shifts.
  - ✓ Discretionary bonus program continues to retain employees.
  - ✓ All other expenses remain in line with prior year.

Expense	Year-to-Date	2024-2025	2025-2026
	Actuals March	Annual Budget	Full Year Budget
<b>58000 · Beach Patrol Activities</b>			
58100 · Beach Patrol Payroll	128,048.65	127,500.00	133,200.00
58150 · Start-End Rentention/Bonuses	5,500.00	2,000.00	5,500.00
58200 · Certifications	2,945.00	4,000.00	3,000.00
58300 · Uniforms	4,255.80	5,500.00	5,500.00
58400 · Equipment	1,033.65	4,000.00	4,000.00
58500 · Beach Programs/Competitions	3,141.82	3,500.00	3,500.00
<b>Total 58000 · Beach Activities</b>	<b>144,924.92</b>	<b>146,500.00</b>	<b>154,700.00</b>
<b>60000 · Community Patrol</b>			
60100 · Community Patrol Payroll	67,828.34	68,500.00	70,750.00
60150 · Community Patrol Bonuses	4,085.43	5,200.00	5,500.00
60175 · Training/Employee Welfare	509.00	500.00	550.00
60300 · Uniforms	2,189.16	2,000.00	1,500.00
60400 · Supplies	486.23	1,000.00	1,000.00
60500 · Equipment	357.11	1,700.00	2,000.00
60600 · Telephone - Cell	201.33	300.00	250.00
<b>Total 60000 · Community Patrol</b>	<b>75,656.60</b>	<b>79,200.00</b>	<b>81,550.00</b>



# Utilities Expenses

☐ Utilities remain relatively consistent on a year-over-year basis. Key points:

- ✓ Trash Collection – based on the three-year contract with Republic Services.
- ✓ Trash Rebate Program is based on services included in annual assessment paid by all MBA properties that are not provided to Commercial Properties.

Expense	Year-to-Date Actuals March	2024-2025 Annual Budget	2025-2026 Full Year Budget
<b>61000 · Utilities</b>			
61100 · Electricity - Grd. Hs., St. Lt.	5,124.21	5,500.00	6,000.00
61200 · Water	893.91	1,500.00	1,500.00
61300 · Trash Collection	63,834.54	65,000.00	65,000.00
61400 · Trash Rebate Program	6,984.00	8,500.00	9,000.00
61500 - Sewer	252.50	350.00	350.00
<b>Total 61000 · Utilities</b>	77,089.16	80,850.00	81,850.00



# Reserve Sources & Uses

This schedule provides insight to the Sources (how much money is being put into our reserve accounts) and the Uses (how much is being taken out and the purpose of the expenditure) of the MBA Reserves.

## Capital Reserve:

- ✓ Capital projects vary from year to year based on the needs of the community and are considered by the Board as they are presented for approval.
- ✓ While not funded or approved at this time, it is anticipated that additional capital projects are likely to be considered for new culverts on select streets of MBA consistent with Reserve Study recommendations.
- ✓ Expenditures shown are for illustrative purposes only.

## Beach Reserve:

- ✓ No significant uses are anticipated at this time.
- ✓ MobiMats and walkway improvements are targeted for improvements this next year.

<b><u>RESERVE SOURCES &amp; USES</u></b>	<b>Year-to-Date Actuals March</b>	<b>2024-2025 Annual Budget</b>	<b>2025-2026 Full Year Budget</b>
<b>Capital Reserve Sources</b>			
40100 · Capital Reserve Assessment	142,505.00	141,955.00	109,926.25
10525 · Interest Income Cap & Legal Reserves	23,772.46	23,000.00	24,000.00
<b>Total Capital Reserve Sources</b>	<b>166,277.46</b>	<b>164,955.00</b>	<b>133,926.25</b>
<b>Capital Reserve Expenditures</b>			
80100 - Roads	-	-	25,000.00
80200 - Landscape Projects	12,595.00	15,000.00	-
80300 - Fencing	53,977.90	60,000.00	-
80400 - Vehicles	-	-	-
80500 · Drainage/Culvert Improvements	-	-	100,000.00
<b>Total Capital Reserve Expenditures</b>	<b>66,572.90</b>	<b>75,000.00</b>	<b>125,000.00</b>
<b>Increase/(Decrease) to Capital Reserves</b>	<b>\$ 99,704.56</b>	<b>\$ 89,955.00</b>	<b>\$ 8,926.25</b>
<b>Beach Reserve Sources</b>			
40200 · Beach Reserve Assessment	103,640.00	103,200.00	173,295.50
10515 · Interest Income Beach Reserves	36,771.10	27,000.00	35,000.00
<b>Total Beach Reserve Sources</b>	<b>140,411.10</b>	<b>130,200.00</b>	<b>208,295.50</b>
<b>Beach Reserve Expenditures</b>			
81100 · Beach Walkways & Fencing	-	-	8,500.00
81200 · Beach & Dune Sand	-	-	-
<b>Total Beach Fund Expenditures</b>	<b>-</b>	<b>-</b>	<b>8,500.00</b>
<b>Increase/(Decrease) to Beach Reserves</b>	<b>\$ 140,411.10</b>	<b>\$ 130,200.00</b>	<b>\$ 199,795.50</b>



# Exhibit A: Approved Uses of Reserves

Expenditures to be funded from reserve accounts must have a useful life of greater than one year, be at least \$5,000 per instance and meet the purposes and uses described below. All other expenditures that occur in a recurring manner and are short-term or routine in managing MBA will be funded from the annual operating budget approved by the Board each year.

## Capital Reserves Fund Purposes and Uses

Generally, this fund is used to accumulate financial resources designated for the purchase of new assets and/or future major capital repairs and replacements. Examples include:

- 1) to surface, resurface or apply sealing to any roads of the Community,
- 2) to purchase vehicles to be used by the Board, Association staff and its committees to support Community activities,
- 3) to construct buildings, walkways, or other structures on any of the lands of the Community,
- 4) to install signage, fencing or other screening on any of the lands of the Community,
- 5) to install landscaping on any of the non-member property of the Community or on DelDOT property between the MBA pine side and beach side,
- 6) to improve community drainage, including but not limited to replacing driveway culverts or alterations to preexisting mainline drainage ditches regardless if such is located on lands of the Community
- 7) other expenditures that qualify for capitalization in accordance with Generally Accepted Accounting Principles.
- 8) to conduct a periodic reserve study performed by a professional, independent firm

## Beach Reserves Fund Purposes and Uses

Generally, this fund is used to accumulate financial resources for beach replenishment efforts. Examples include:

- 1) to participate in any type of beach nourishment projects, including the costs of dune grass, fencing and crossings (including stairways) associated with such a project,
- 2) to purchase, deliver and place sand on the beach or dunes in the event that conditions are such that could allow immediate damage to property or lives,
- 3) to repair beach/dune/walkway damage or cleanup beach debris, as well as the purchase of assets to improve walkways (e.g. mobi-mats) to improve walkways, or
- 4) to pay any engineering and legal costs associated with the use of this fund.