

# Jupiter Bay Condominium Association

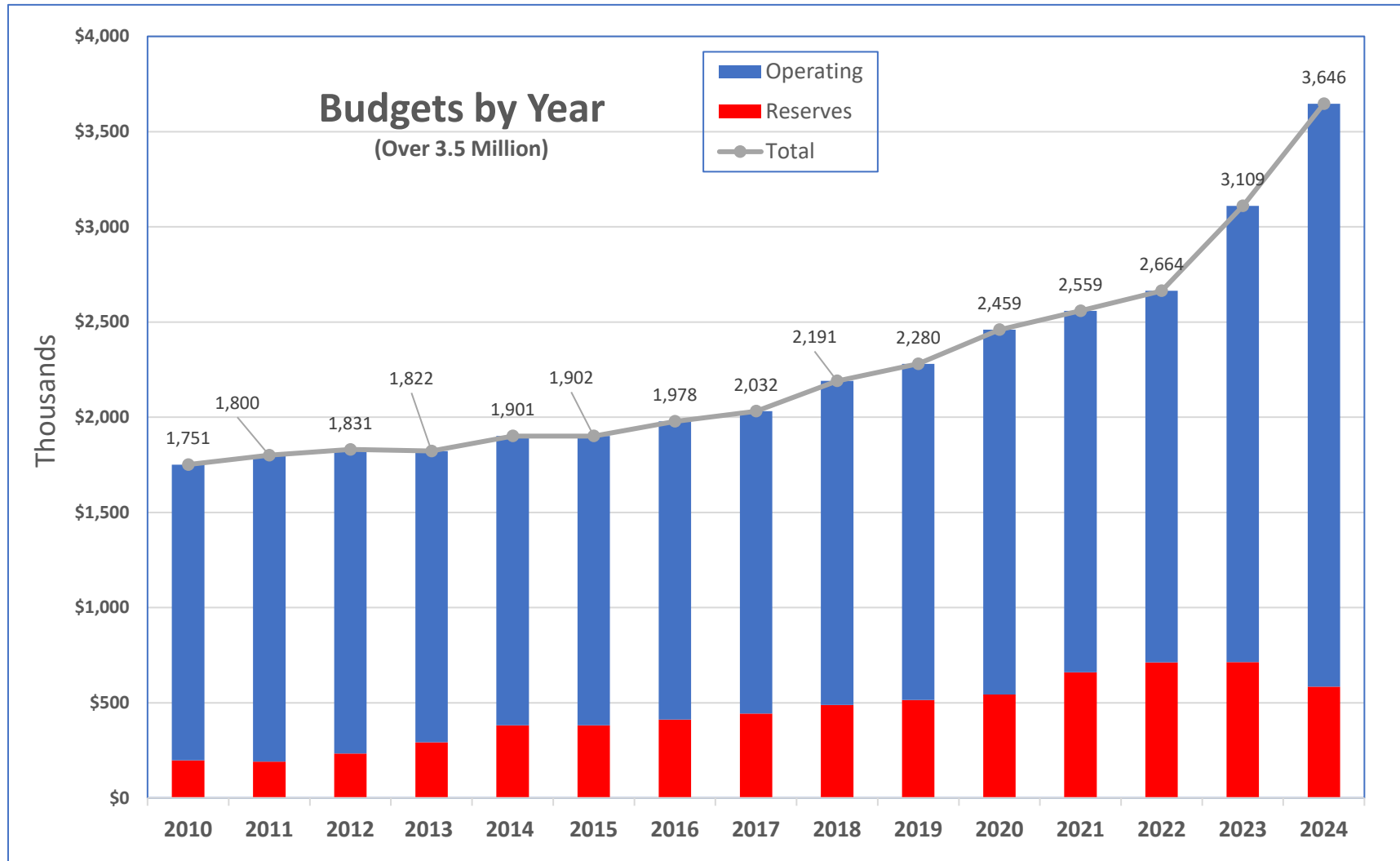
14 Year Financial Analysis

# Introduction

- This presentation provides perspective regarding the Jupiter Bay Condominium Association's finances over the past 14 years.
- Data for this analysis was obtained from the following four sources:
  - ✓ Annual Audit Reports
  - ✓ Published Approved Budgets
  - ✓ Monthly Financial Reports
  - ✓ QuickBooks
- The presentation's purpose is to inform Association management and members, increasing their historical understanding of our budgets, income, expenses, reserves and fees.
- This can assist future decision-making regarding these components of our finances.

# Jupiter Bay Budgets 2010 - 2024

# Annual Association Budgets

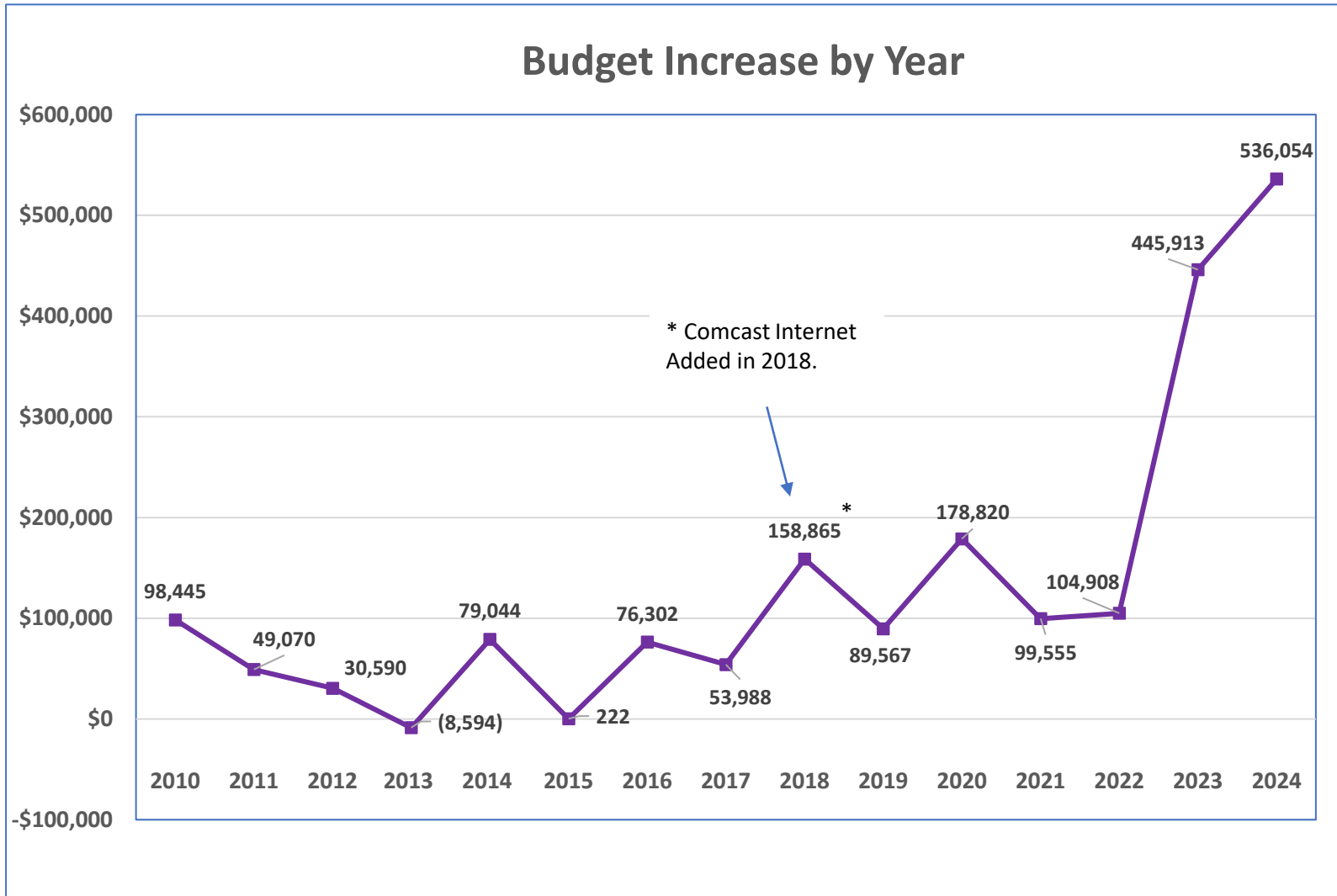


Jupiter Bay's budgets have increased every year except for 2013, where the budget was reduced by \$8,594.

Reserve contributions were reduced in 2011 and 2024 and kept the same in 2015.

The operating expense budget was reduced in 2012, 2013, 2014 & 2021.

# Association Budget Changes

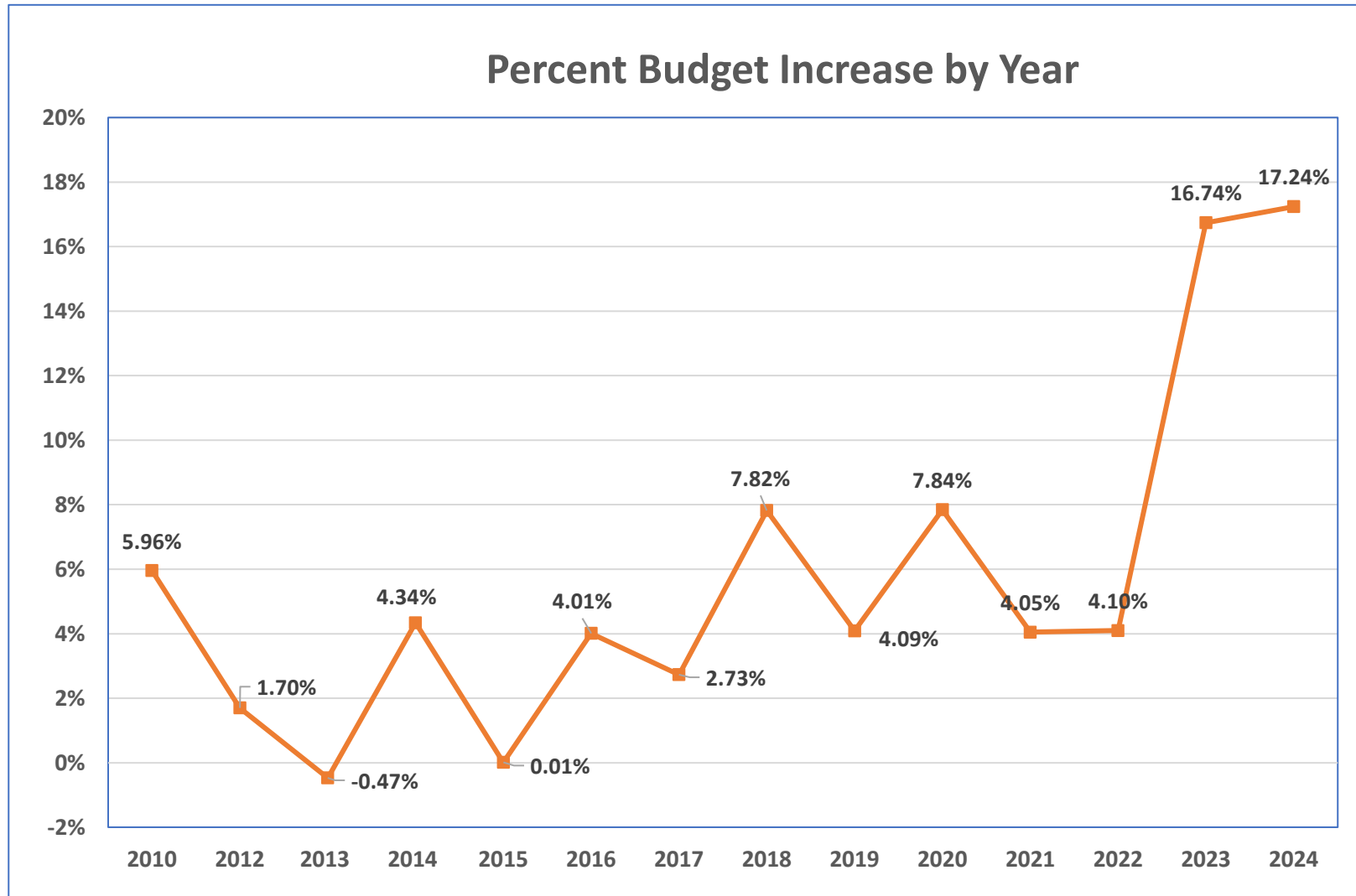


Due to skyrocketing insurance rates, the 2023 and 2024 budgets had the largest increase over this 14-year period. Special assessments were added to both and to the 2022 budget.

The previous increase record was 2020, driven by higher contract prices, repair, utilities & insurance. This was in addition to a \$226,529 all-owner operating fund special assessment in October 2019.

The 4<sup>th</sup> largest budget increase occurred in 2018 due to a \$26.22 per unit monthly addition of Comcast Internet service to the Association's quarterly assessments.

# Percent Budget Changes



During this 14-year period, budget increases averaged 5.5%.

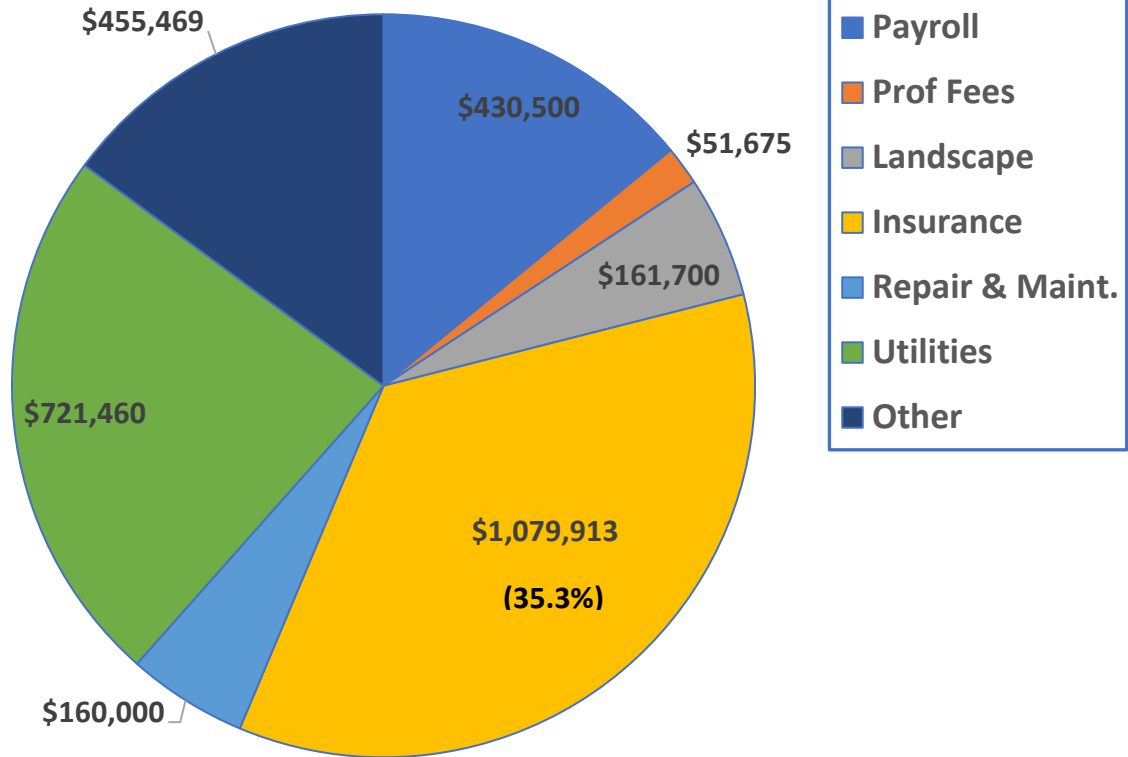
Major 2023 & 2024 increases were driven by insurance cost. Prior to this, budget increases averaged 3.8%.

The budget was only reduced in one year (2013) due to a projected reduction in common expense.

Many increases, exceeding the consumer price index for that year, were driven by the aging of our buildings and grounds.

# 2024 Operating Budget Pie Chart

2024 Operating Budget (\$3,060,717)



Insurance cost is 35.3% of the Association’s 2024 budget.

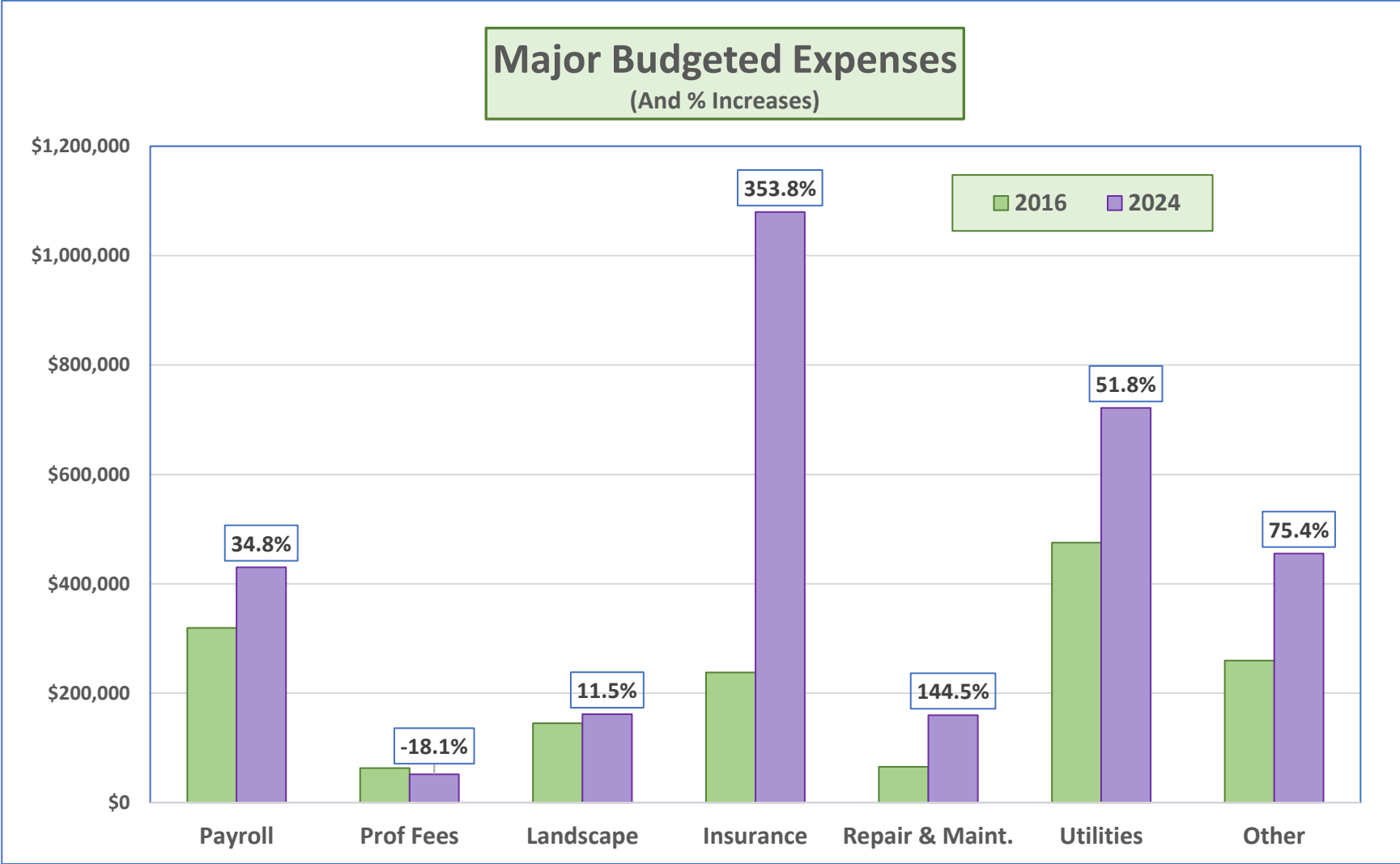
Insurance, Payroll, and Utilities together account for 72.9% of the 2024 budget.

The “Other” category is dominated by:

- Lake Irrigation (\$66K),
- Elevator Repair (\$65K),
- Security (\$59.9K),
- Fire Protection (\$58.6K), &
- Equipment Rental (\$52K).

Repair & Maintenance is up 39.1% from 2023.

# Operating Expense Increases over 8 Years



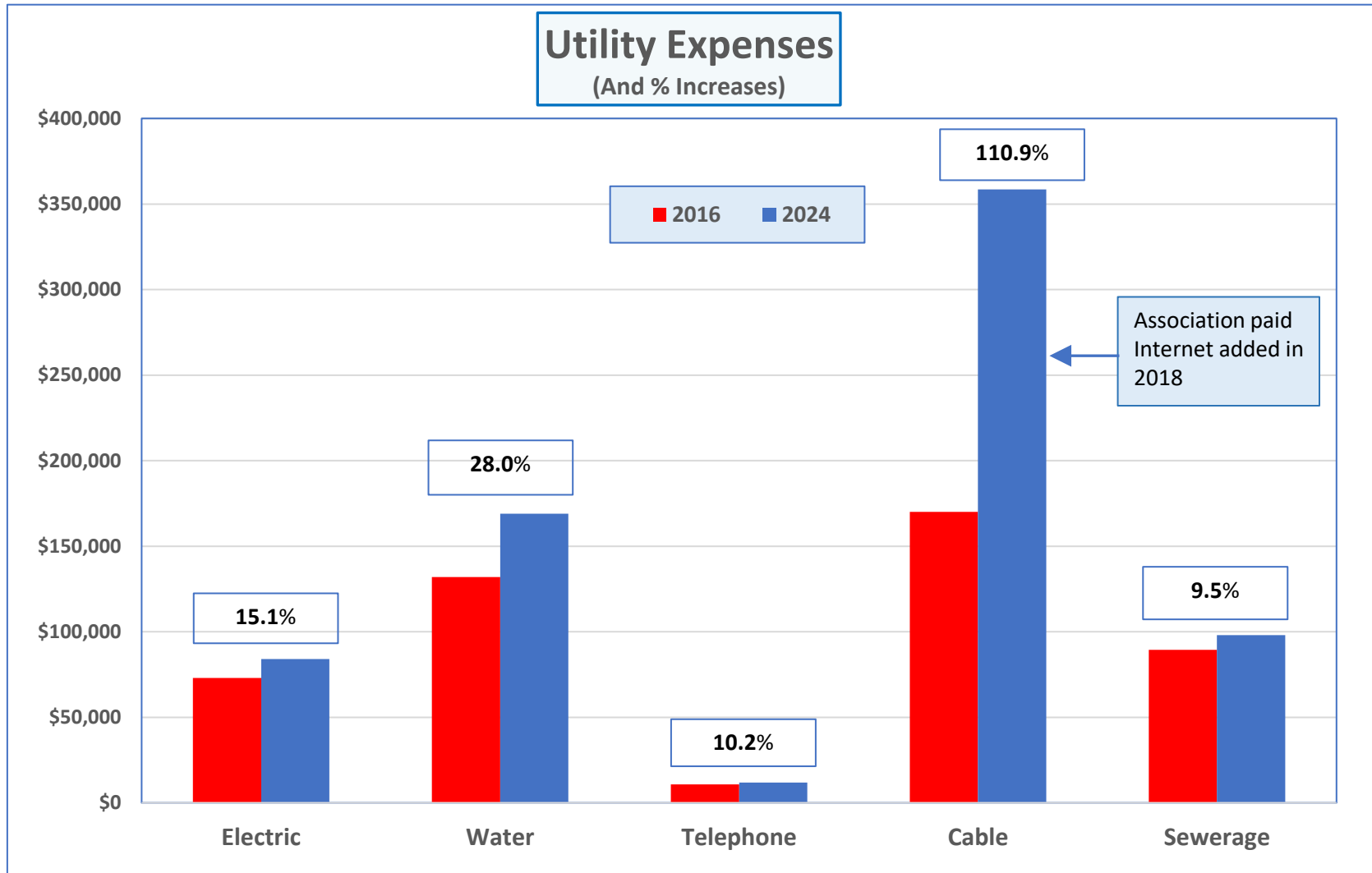
This chart shows budgeted expense increases over an 8-year period (2016-2024) for the top 6 expense categories.

The largest increases are in Repair & Maintenance (144.5%), driven by the aging of our physical assets, and insurance (353.8%).

This is budget data and does not include special assessments.



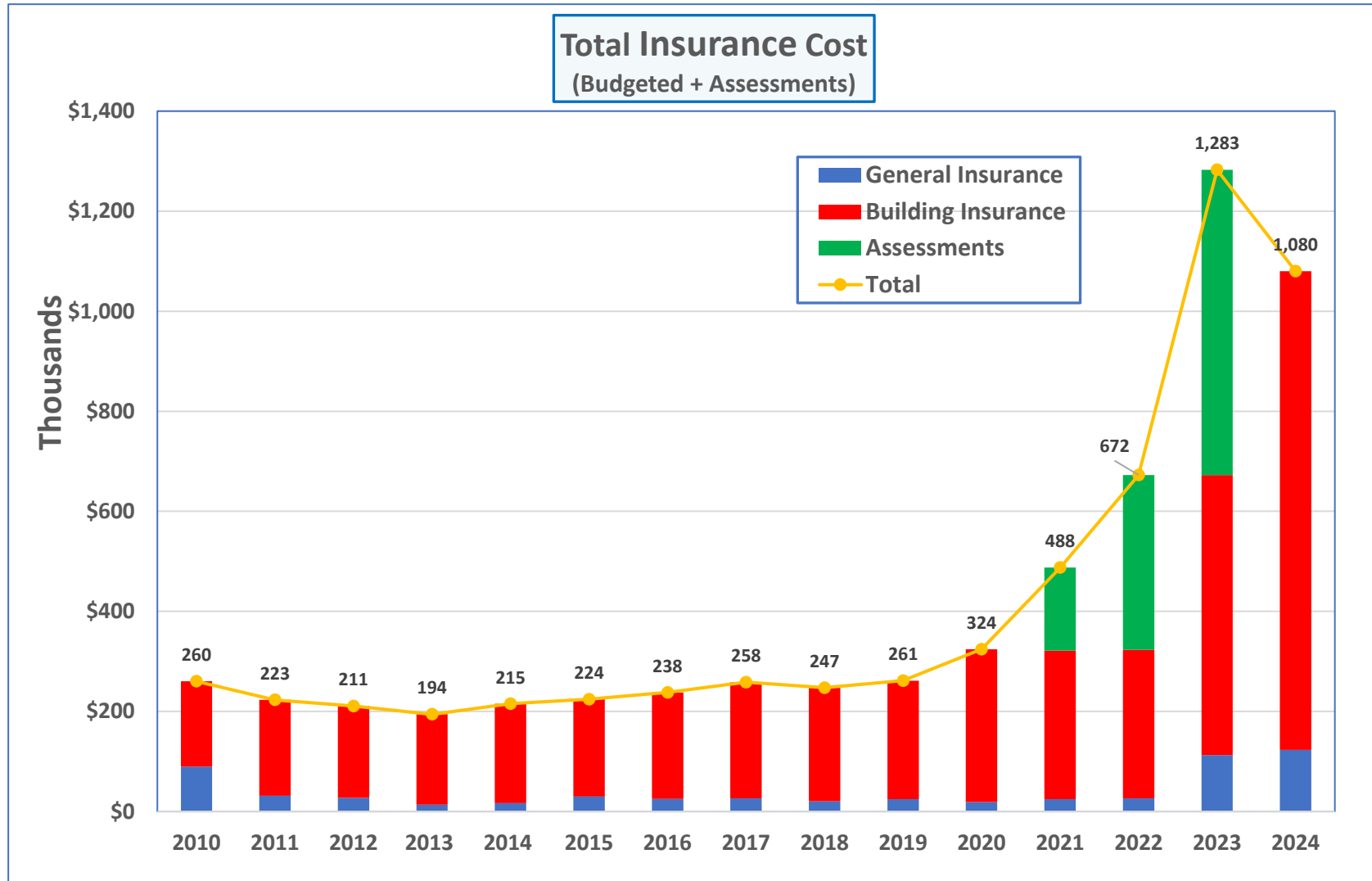
# The Utilities Budget is up 51.8% over 8 Years



The significant Comcast cable bill increase (110.9%) reflects the addition of Association paid Internet services in 2018. This added \$9,413 to the Association's monthly cable bill.

Jupiter water cost, driven by yearly rate increases, continues to consume a large part of the Association's budgets. This is partially offset by more efficient electricity usage through improved lighting and pumps.

# Insurance Cost has More than Tripled



Insurance cost increased 313% in the last 5 years (2020 through 2024).

Insurance now accounts for 35.3% of the Association's entire operating budget.

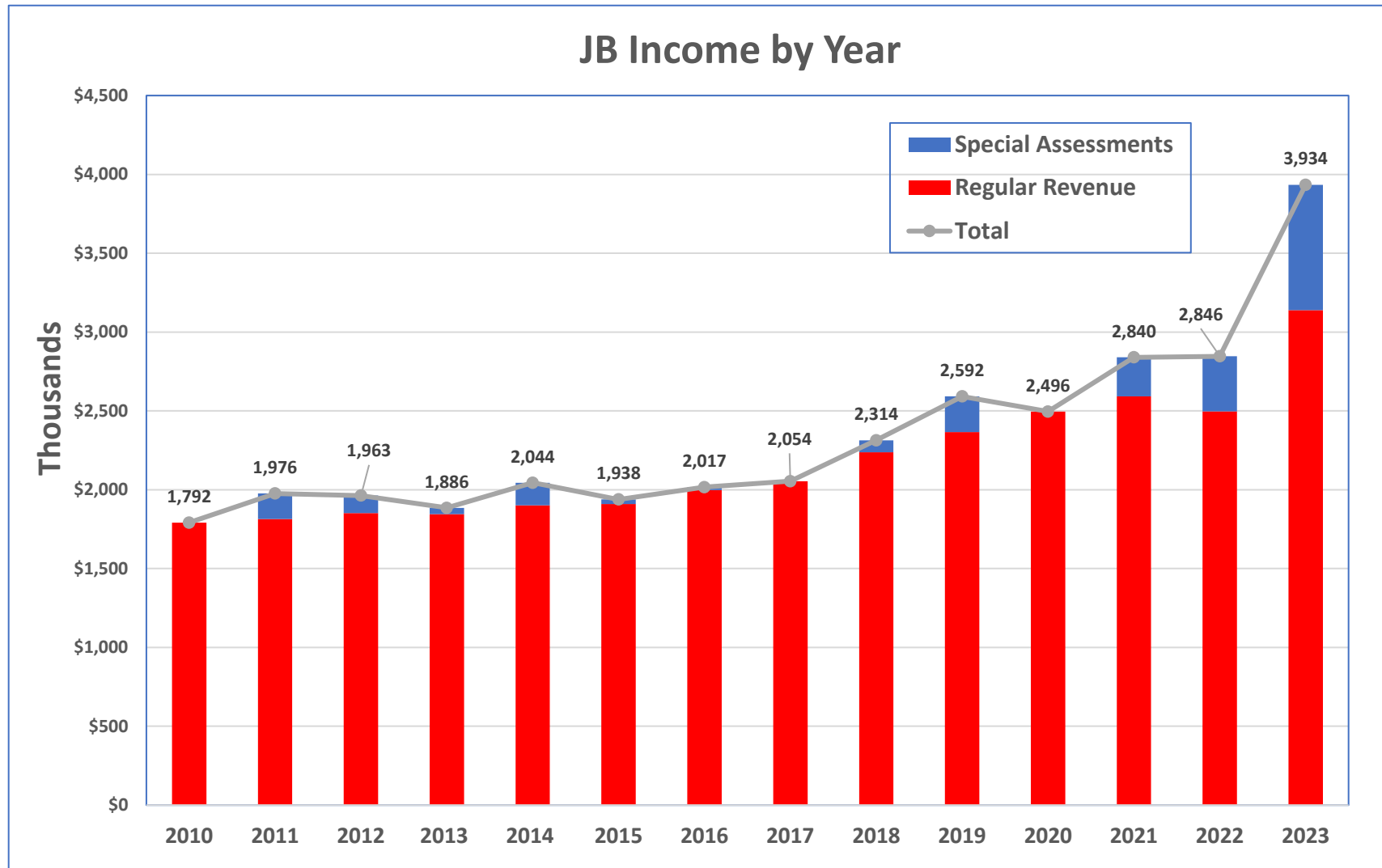
Special assessments to cover insurance overages were:

- \$165,796 in 2021
- \$349,181 in 2022
- \$610,309 in 2023

The 2024 budget was increased substantially to cover projected insurance costs.

# Revenue & Expense 2010 - 2023

# JB's Income nearly approached 4.0 Million in 2023

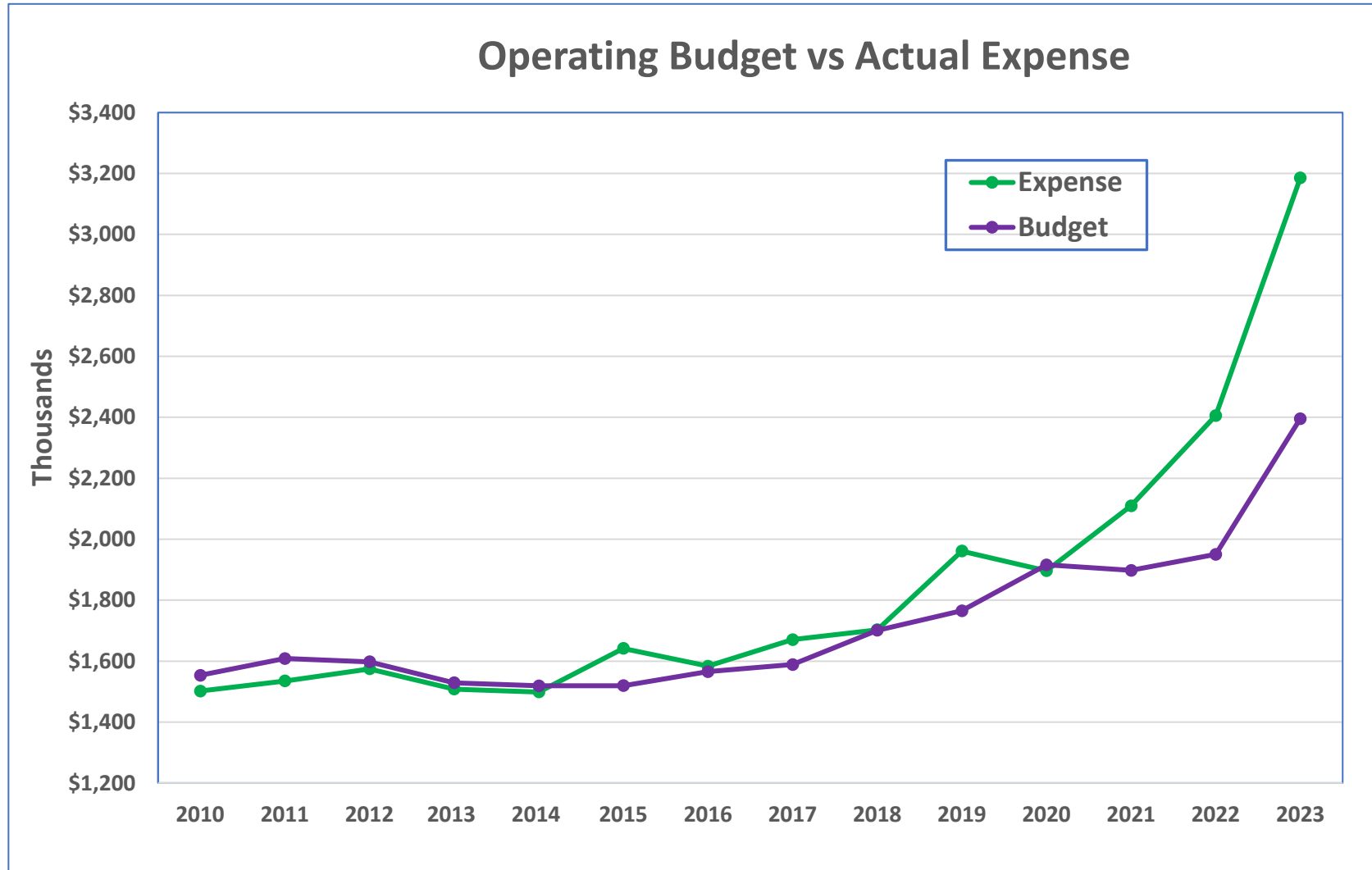


The Association received record income in 2023.

The \$3,934,248 total for 2023 consists of record special assessments of \$795,770 on top of regular revenue of \$3,138,478.

The \$795,770 special 2023 assessment includes a \$610,309 all owner insurance assessment and a \$185,461 West roof replacement assessment.

# Operating Expenses are Rarely on Budget



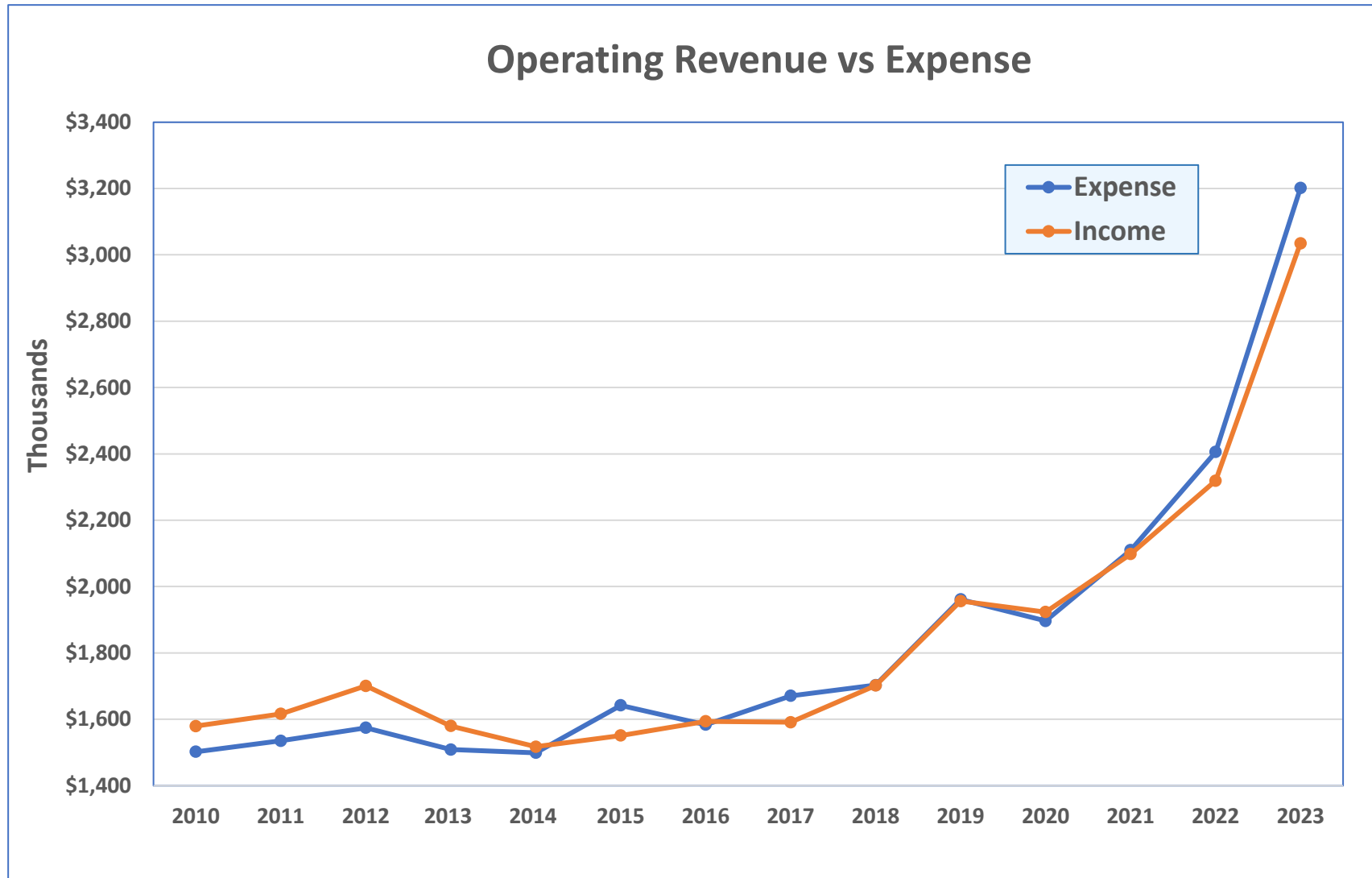
During the past 14 years, there were 4 budget surpluses, 7 budget deficits, and two years (2018 & 2020) on budget.

Significant unbudgeted Operating Expenses in 4 of the last 5 years were mostly covered by special assessments.

Insurance mostly caused the following budget deficits:

- 11.2% in 2021
- 23.3% in 2022
- 33.7% in 2023

# Goal: Provide Enough Revenue to Cover Expense

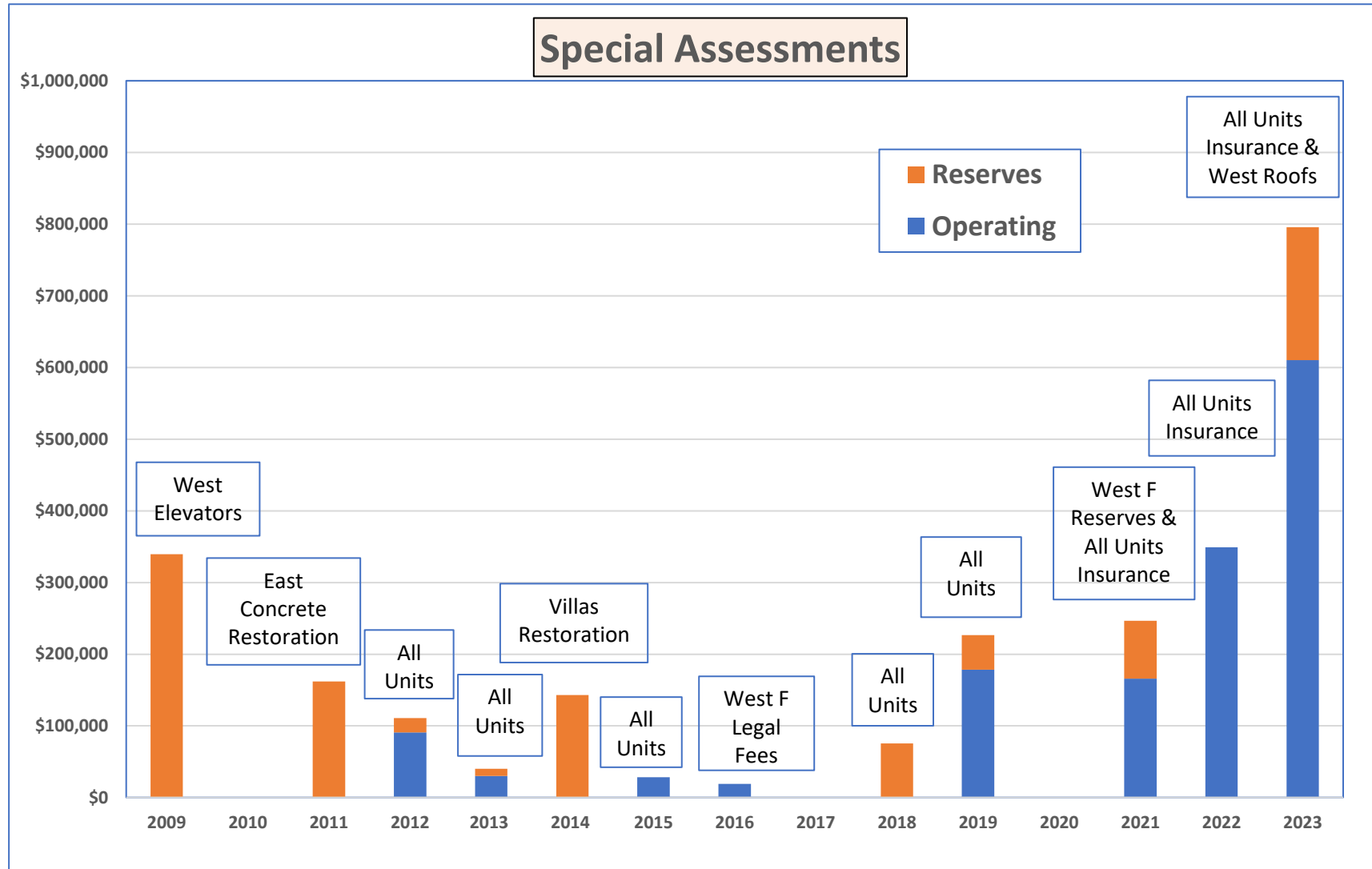


Operating expense exceeded revenue 6 times (2015, 2017, 2019, 2021, 2022 & 2023) over the last 14 years. In most of these years, special assessments helped cover expense overruns.

Major expense overruns occurred in:

- 2015 due to settlement of the rental agent lawsuits.
- 2017 mostly due to Bocce Ball construction costs.
- 2021, 2022 & 2023 due to insurance cost.

# The Last 15 Years had 12 Special Assessments

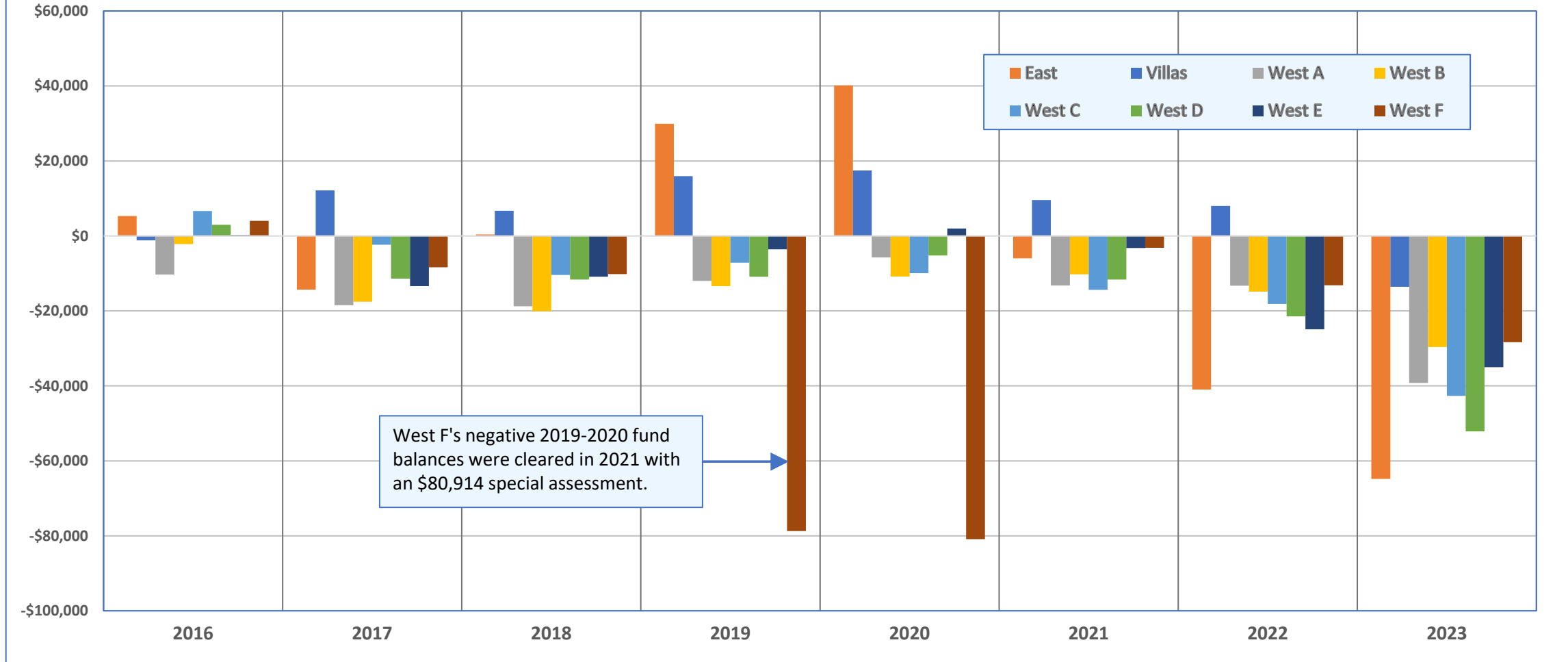


6 of the first 12 special assessments were to pay for capital improvement projects, 3 were to address reserve shortages, one (2015) for operating budget shortages and 2 addressed both needs.

2021 & 2023 had 2 special assessments. Both years had an insurance assessment. In addition, 2021's assessment was for the West F owners to pay for a 2019 concrete restoration project, and 2023 was to pay for West Roof replacements.

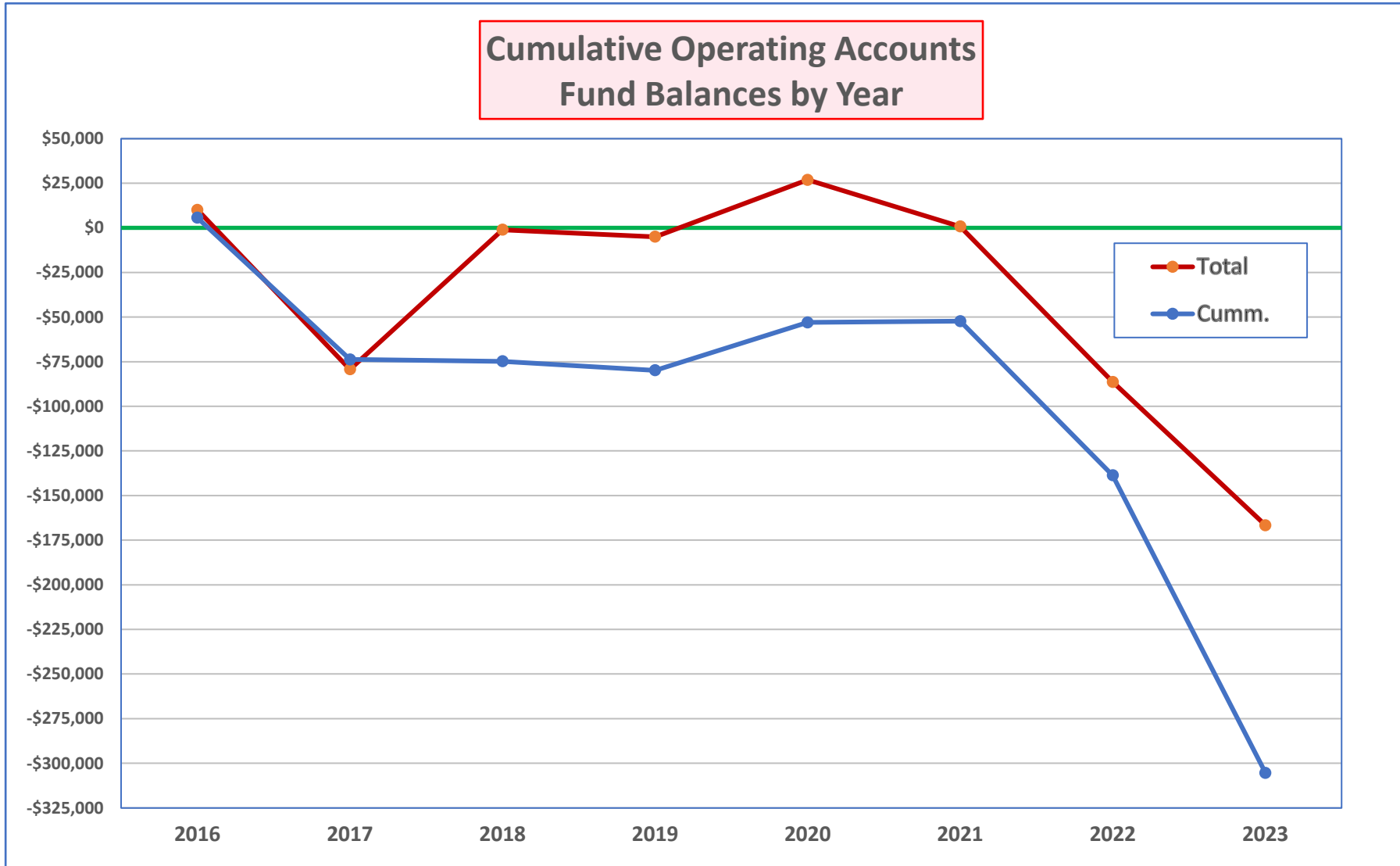
# Fund Balance = Income - Expense

Association Operating Accounts  
Fund Balances by Year





# Jupiter Bay Cumulative Fund Balances



Total Fund Balances were positive in 2016, 2020 & 2021.

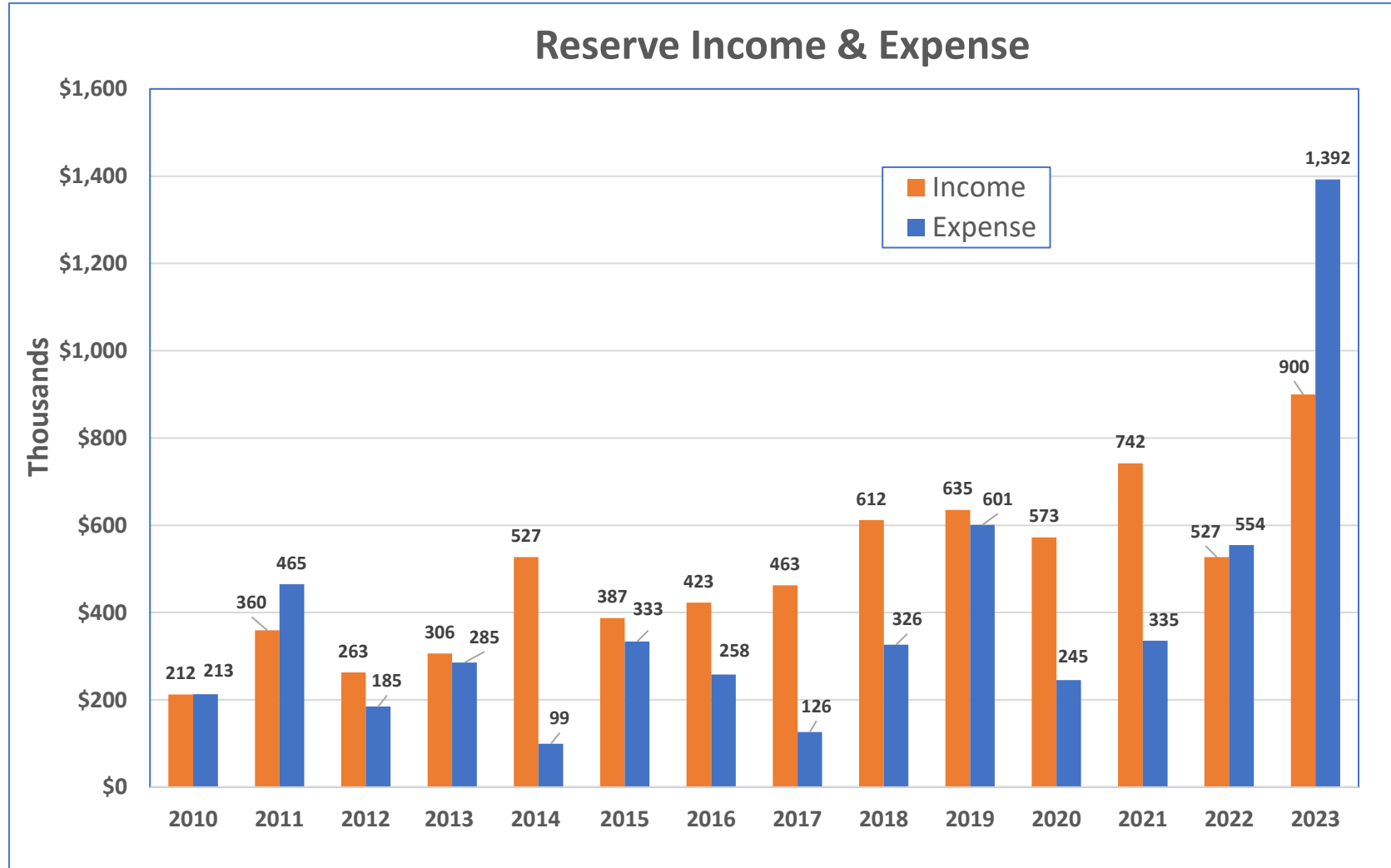
Cumulative Fund Balances were negative by at least \$50,000 since 2017.

There was significant overspending in 2022 & 2023.

The estimated cumulative Fund Balance at yearend 2023 is \$305,426 or \$850.77 per owner. This is 8.38% of our 2024 budget.

# Reserves

# Reserves Cover Asset Replacement & Deferred Maintenance

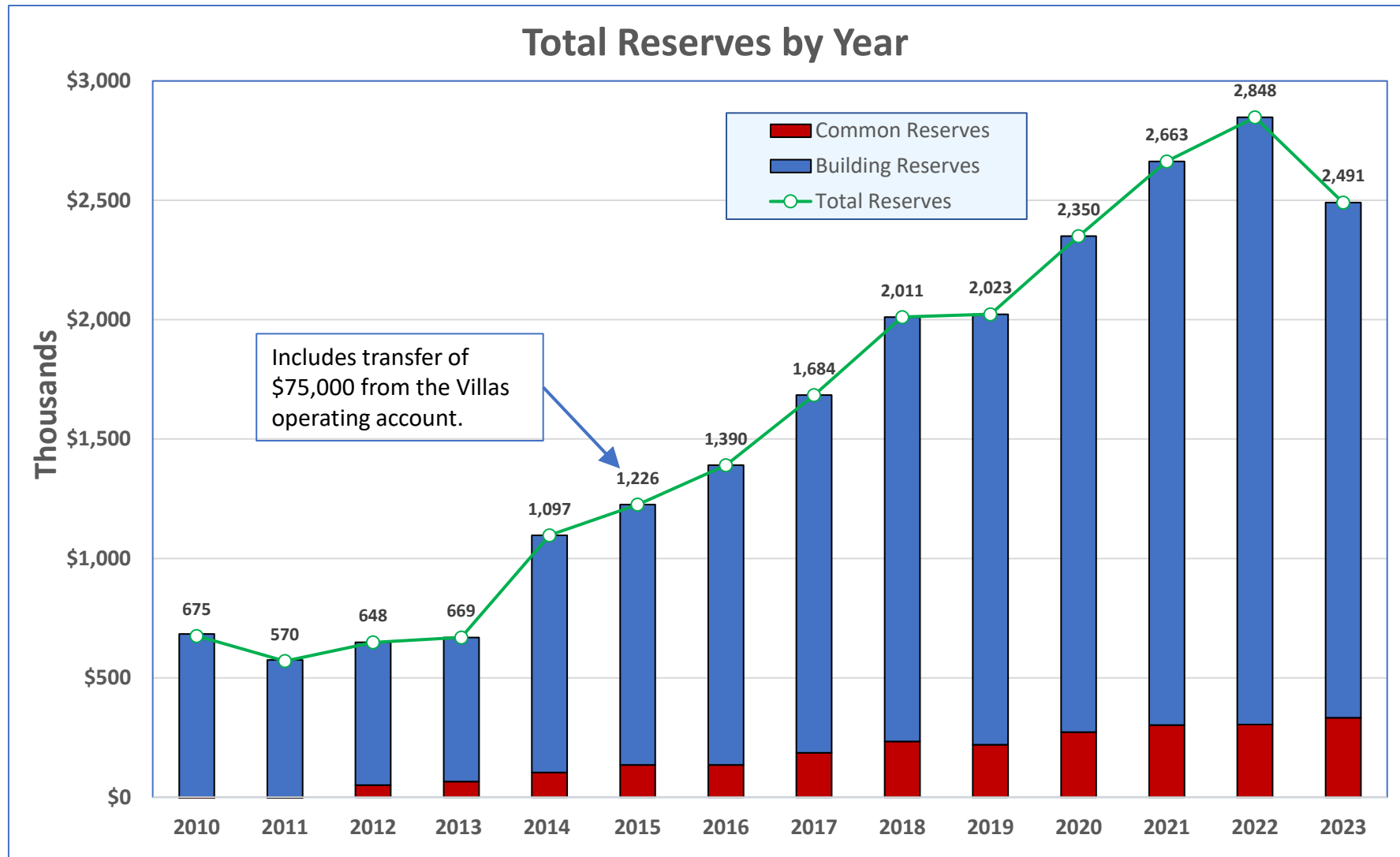


Reserve income exceeded expense in all years except 2010, 2011, 2022 & 2023.

Income includes the following major special assessments:

- \$162,000 in 2011 for East buildings Concrete Restoration.
- \$143,104 in 2014 for Villa buildings Restoration.
- \$75,390 in 2018 for Lake Irrigation.
- \$80,914 in 2021 for prior years West F concrete restoration.
- \$185,461 in 2023 for West roof replacements.

# Condo Statutes Require Fully-Funded Reserves



Reserves grew 269% since 2010 and 23.1% over the last 5 years.

Reserves only grew by 0.6% in 2019 due to:

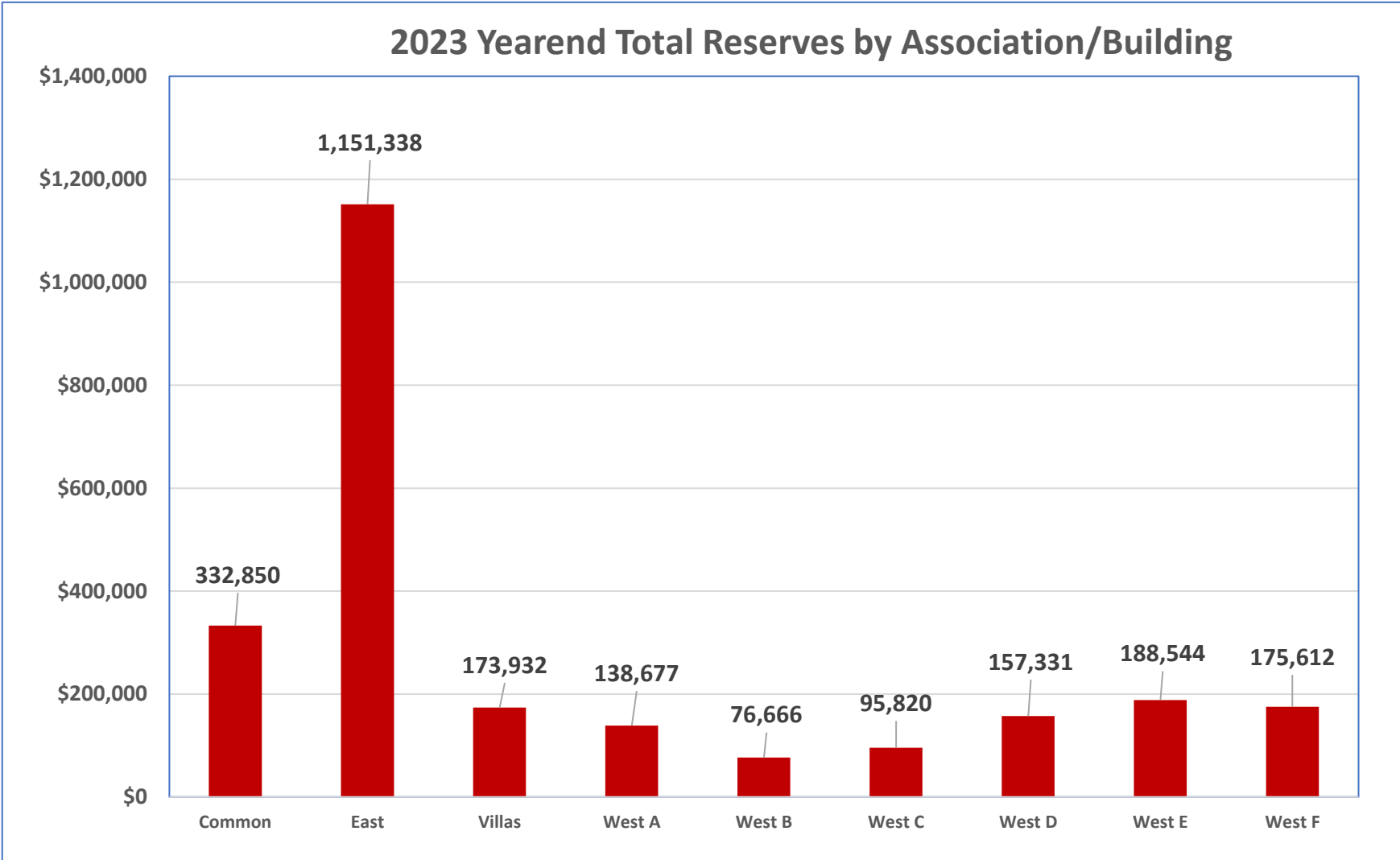
- East building painting,
- West pool restroom repairs, and
- Various concrete restoration projects.

Reserves decreased by 12.5% in 2023 due to:

- West building roof replacements,
- Elevator repairs, and
- West A-D Concrete Restoration.

In 2023 the reserve balance was 32.5% of the estimated Replacement Cost.

# Building Variations in Reserve Balances

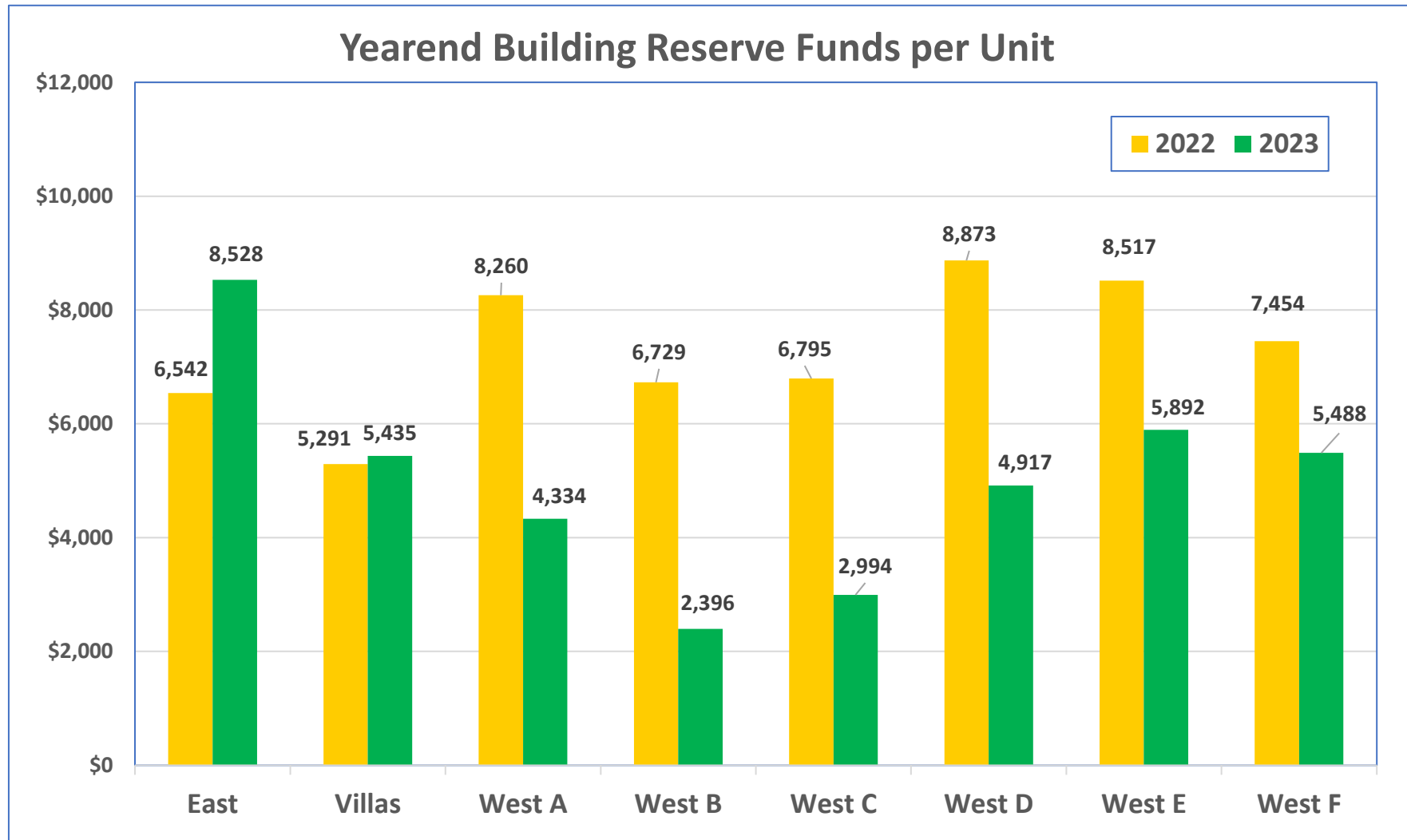


West Building Reserves average \$138,775 at yearend 2023, with West B & C less due to low prior balances and roof & concrete restoration work.

East Reserves are higher, reflecting minimal reserve expenditures and its 135 units versus 32 units.

Common reserves need to be increased to reduce future special assessments.

# Owners Have an Equity Stake in Their Building(s)

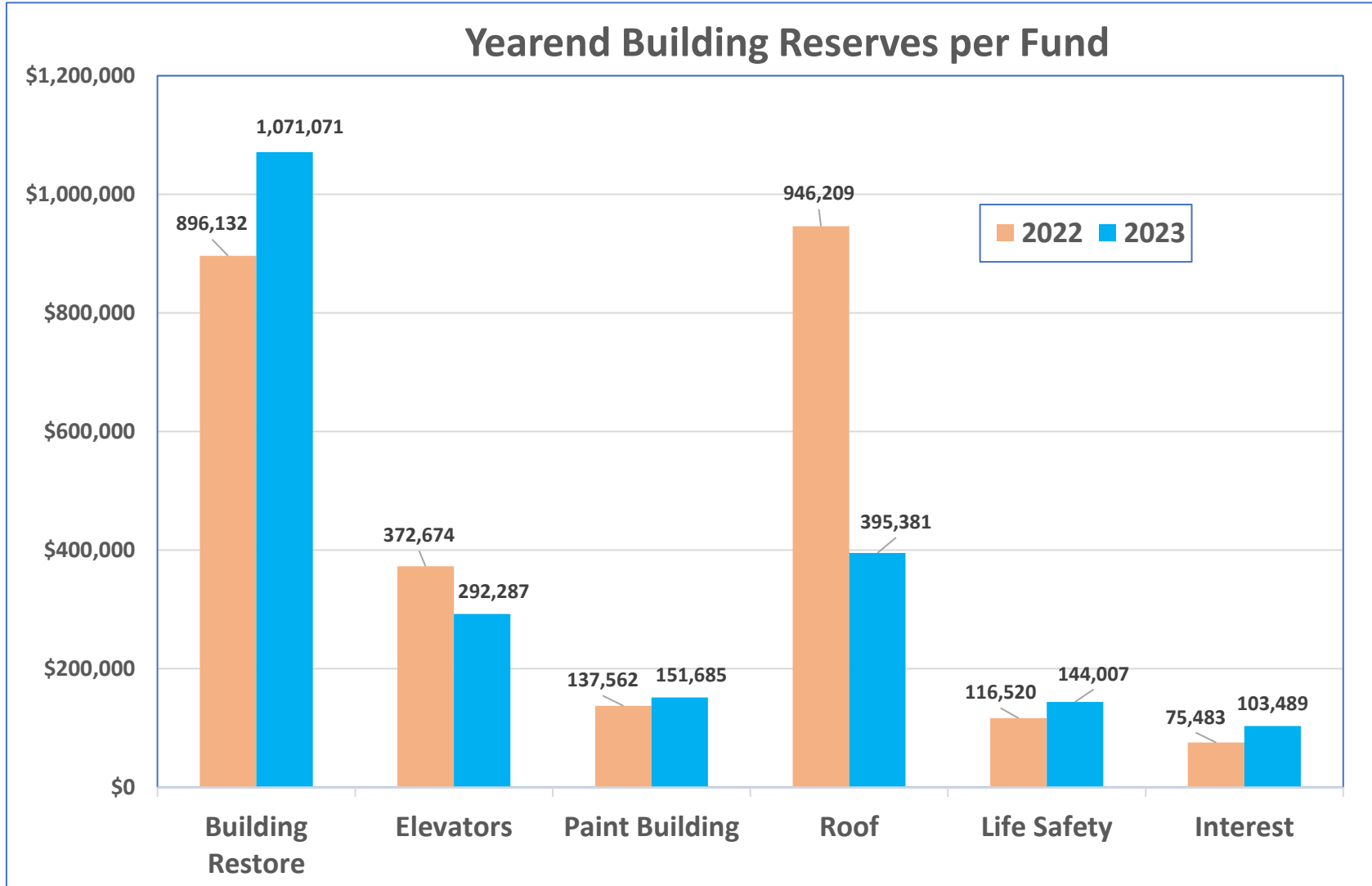


Available Reserves per unit averaged \$6,011 in 2023, \$1,077 less than 2022.

Reserve balances per unit dropped for all West buildings and increased for the East units (by \$1,986) and Villas (by \$144).

Average 2024 building reserve contributions of \$1,463 per unit will help, even with the overall 2024 reserve contribution reduction of \$129,487.

# Building Reserves are Comprised of these 6 Funds



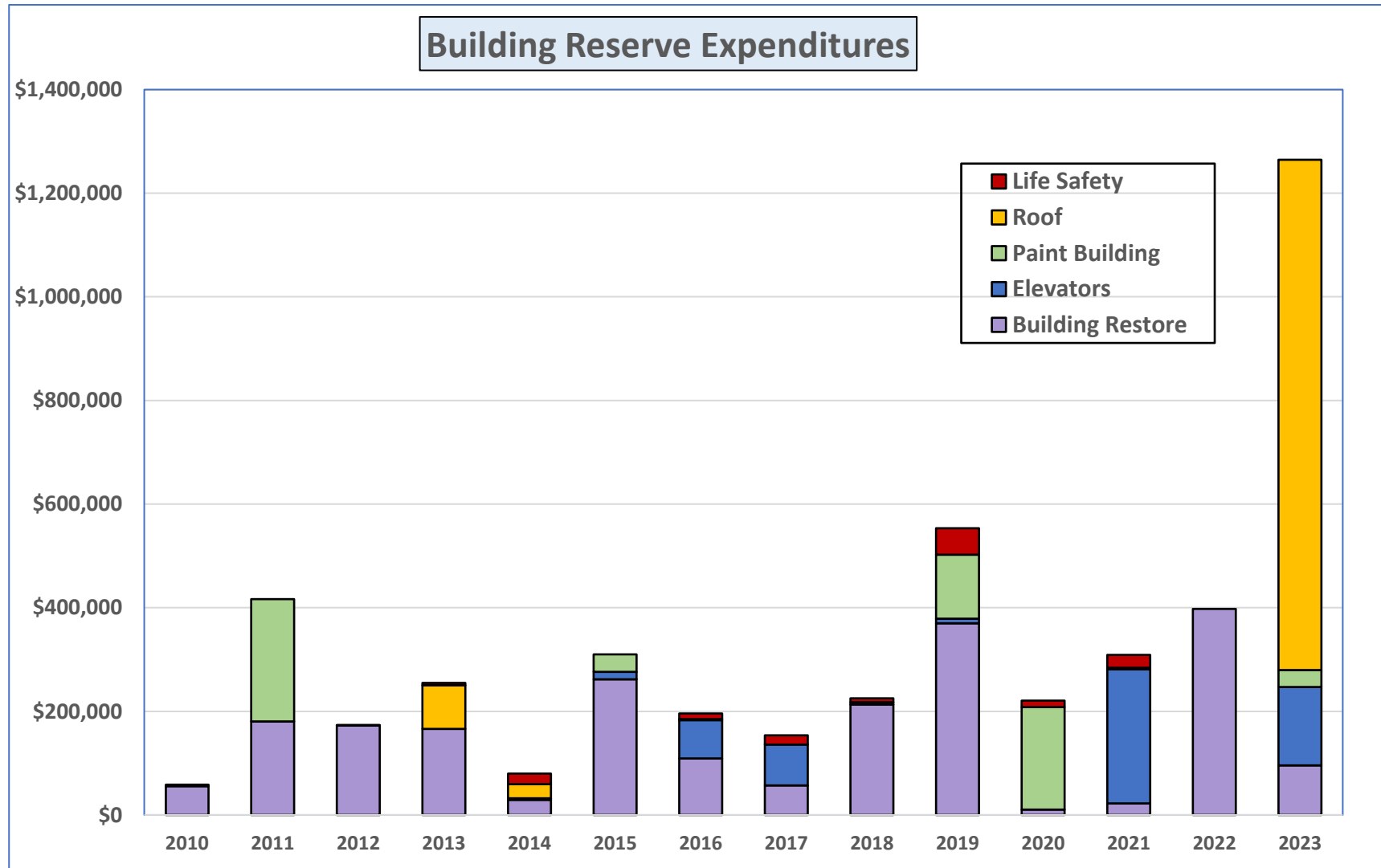
Even though \$104,359 was spent in 2023 for concrete restoration, reserves for this fund increased \$174,939.

\$151,500 was spent in 2023 for elevator repairs more than using up the \$71,113 contribution.

\$984,615 was spent in 2023 to replace West building roofs. This fully depleted roof reserves for the 6 West buildings.

The remaining roof reserves consists of \$313,682 for the East and \$81,699 for the Villas.

# Cost of 14 Years of Building Restoration Projects



Jupiter Bay has spent \$4,577,291 on building restoration projects over this 14-year period.

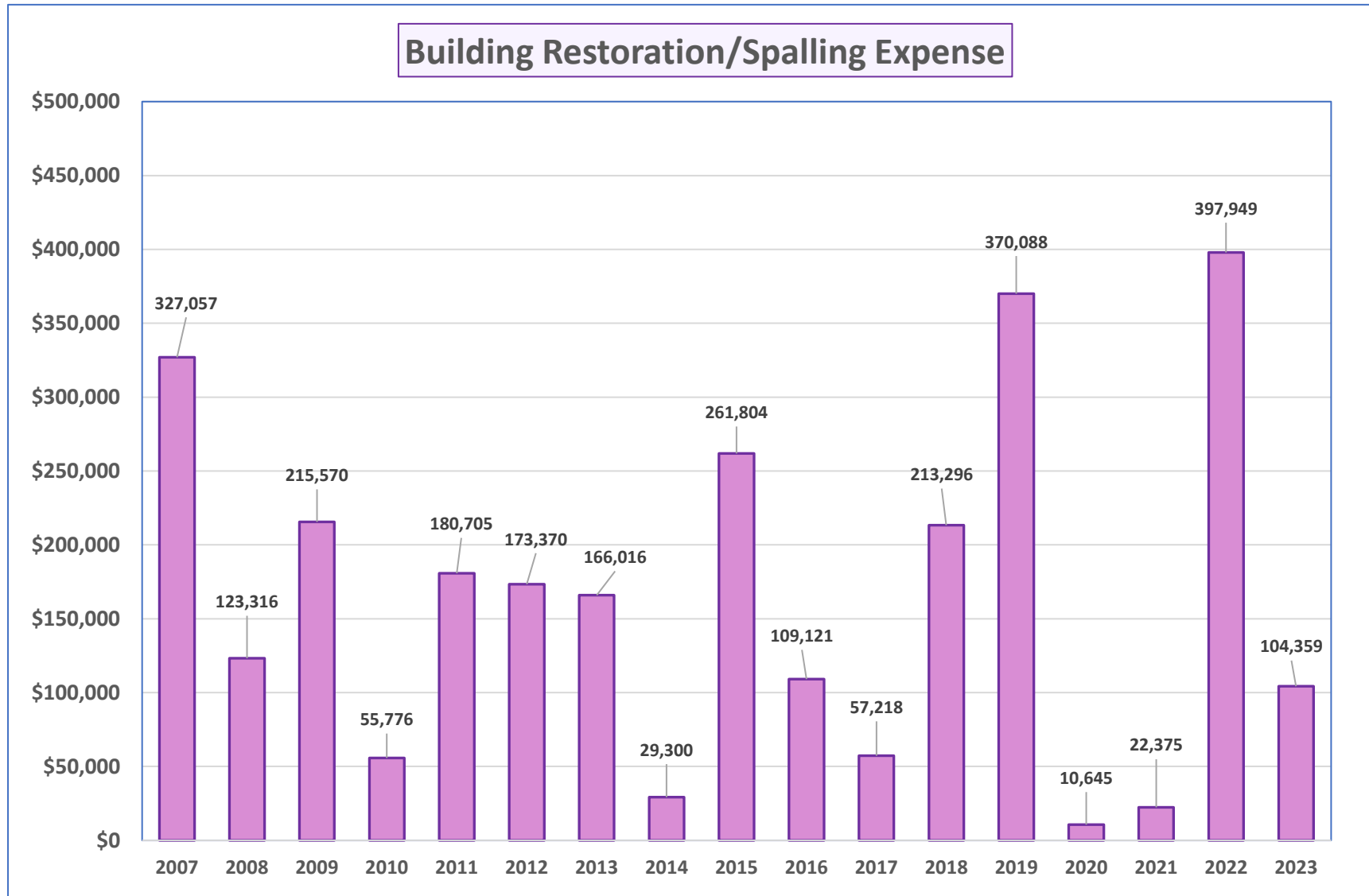
Average annual expenditure is \$326,949.

Most money is spent on Building Restoration, and the least amount is spent on East Generators/Life Safety.

Notice the increase in expenditures as our buildings age. Over twice as much was spent in the last 7 years as was spent in the first 7.



# Reserve Money is Spent Every Year on Concrete Restoration



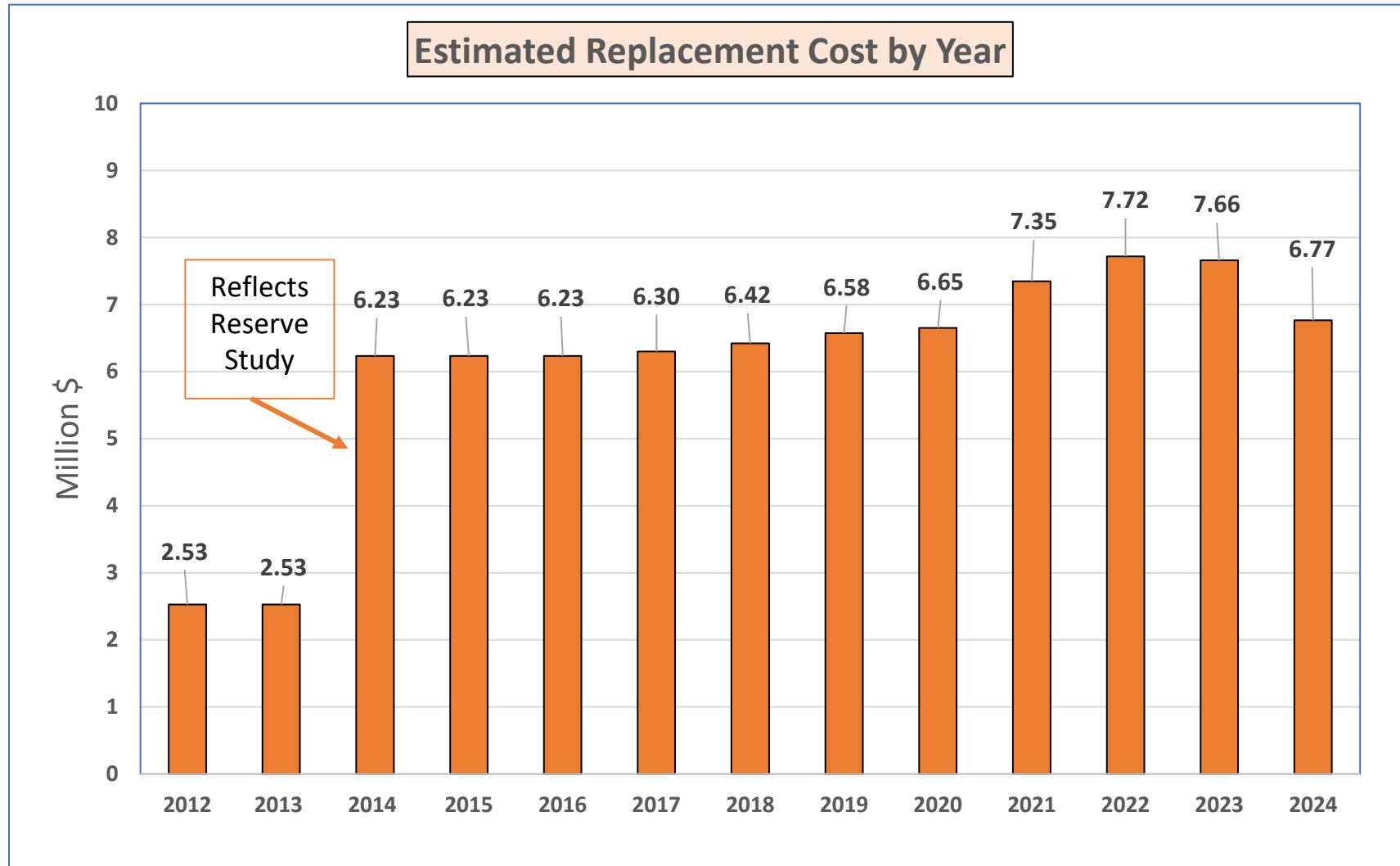
Jupiter Bay has spent \$2,817,965 on restoration/spalling projects over this 17-year period.

Average annual expenditures for spalling is \$165,763.

Record 2022 expenditures were for major Villas and West A-D restoration projects which continued into 2023.

Restoration of the East buildings and West E & F were addressed in 2019.

# Replacement Cost Drives Reserve Contributions



Capital Replacement Costs were significantly underestimated prior to the 2014 engineering reserve study.

In 2017 through 2022, Replacement Costs were adjusted annually for inflation:

- ✓ 1.1% in 2017,
- ✓ 1.9% in 2018,
- ✓ 2.4% in 2019,
- ✓ 1.2% in 2020,
- ✓ 10.5% in 2021, &
- ✓ 5.0% in 2022.

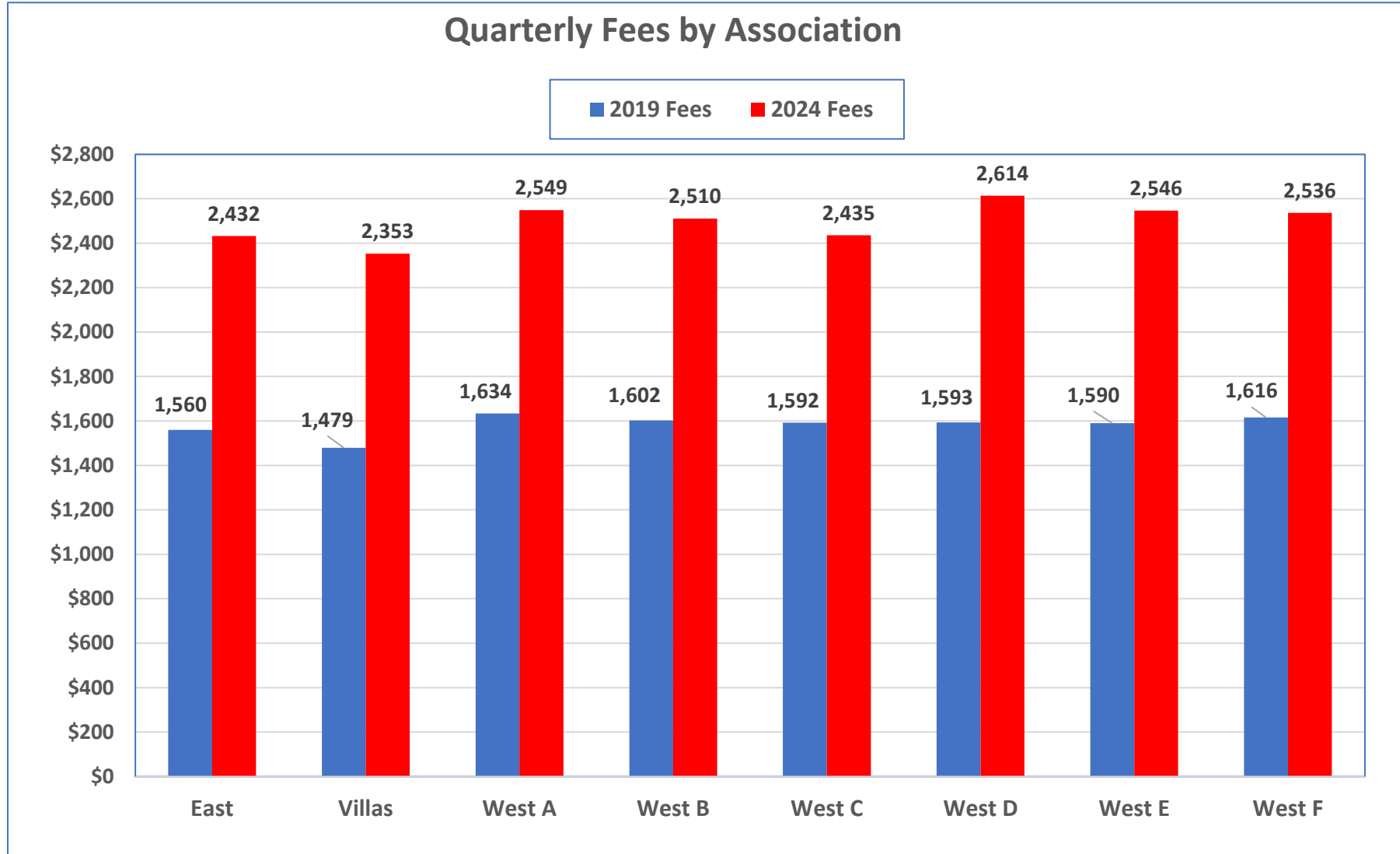
Replacement cost was wrongly reduced in 2023 (-0.76%) and 2024 (-11.64%)

# Quarterly Maintenance Assessment Fees

# Maintenance Fees

- Jupiter Bay's maintenance fees cover many of the basic costs associated with home ownership. They pay the cable TV, Internet, water, sewage, trash collection, master insurance, landscaping, pest control, security, fire protection, and property management/maintenance bills.
- A portion of the fees are set aside and invested as reserve funds for financial protection against the cost of major common replacement items -- concrete restoration, general restoration (pools, tennis courts, bocce ball court, common buildings, lake bridge & waterfall), elevators, building painting, roof replacement, parking lot paving, and irrigation systems.
- Maintenance fees pay the salaries of a property manager, office staff employees, and maintenance employees.

# Building-Specific Expenses Drive Fee Variations

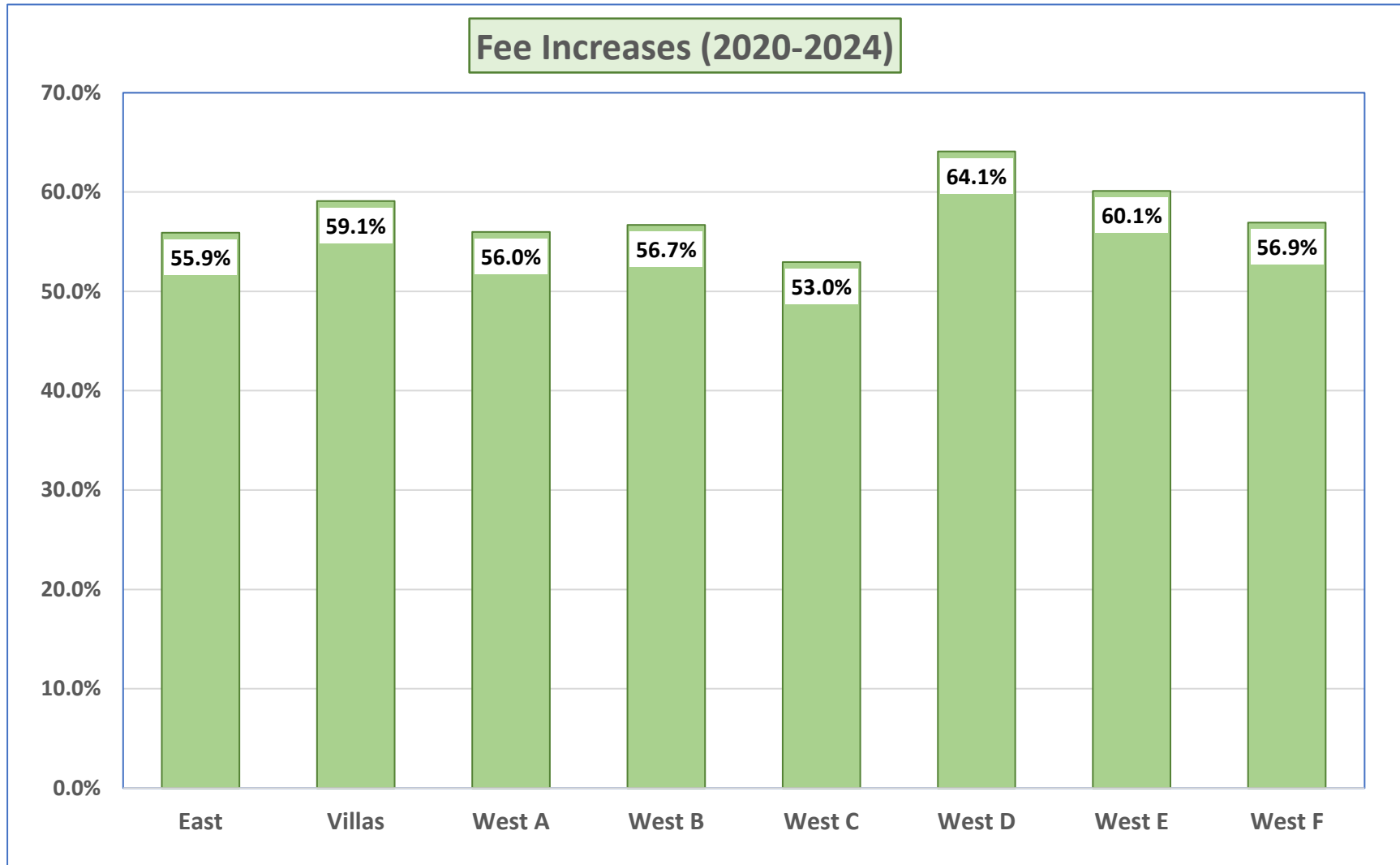


The Average Quarterly Maintenance Assessment in 2024 is \$2,478.

All West buildings except “C” exceed the average Quarterly Fee. Villas are significantly (\$125) lower than average.

2024’s average Quarterly Assessment is \$336 higher than 2023’s and \$902 higher than 2019.

# 5-Year Fee Increases Average 57.2%



West C had the lowest Fee increase over 5 years, and West D had the highest.

Fee increases over the past 3 years is primarily driven by skyrocketing insurance costs.

Maintenance fees in 2021, 2022 & 2023 were insufficient to cover insurance costs requiring special assessments.

Also contributing to higher maintenance fees is our ageing buildings and infrastructure.

# Summary

- Jupiter Bay's fees are heavily influenced by insurance cost (now 35.3% of our operating budget) and the age of our community, our amenities (lake, 2 pools, spa, tennis courts, & bocce ball court) and the size of our campus (30+ acres).
- With good property management, board oversight, and fiscal management, our maintenance fees remain competitive with those of neighboring communities.
- Our buildings and grounds are well maintained, condominiums are continuously being upgraded and property values are increasing.
- The Jupiter Bay Community provides a good lifestyle and investment for our 359 condominium owners.