



FINANCE COMMITTEE 2026 BUDGET OVERVIEW

Mark Neath
Treasurer

It sounds like a broken record, but SIPOA remains financially sound. In 2025, our financial performance was better than budgeted (details can be found in the SIPOA Annual Report). After much hard work by the Finance Committee, SIPOA staff, and the Board of Directors, I'm pleased to present this 2026 budget.

The 2026 budget calls for a modest 2.7% assessment increase. Recall there was no assessment increase in 2025, so the 2.7% increase is since 2024.

2026 SIPOA ASSESSMENT	Developed Property Assessment	\$3,133
	Undeveloped Property Assessment	\$1,723
	Bohicket Marina Assessment	\$1,033

This budget adequately funds anticipated SIPOA operating and capital expenses for the 2026 budget year and continues to set aside reserve contributions for future capital projects. Our aim is to minimize expenses without compromising the quality of our services, all while enhancing the financial standing of the community.

This budget utilizes a three-year window for anticipated capital projects and also sets an explicit goal of maintaining \$3 million in a general reserve fund for unanticipated or emergency expenses over that three year period.

A few comments regarding specific budget items:

Revenue:

- For the last several years, revenue from gate passes (contractors and renters) as well as capital contributions from the sale of property have exceeded expectations. For 2026, we again tried to be more realistic with what we expect from those revenue sources:
 - Significant construction activity continues on the island, and ARC has many projects in early stages of development. Therefore, we anticipate that gate pass revenue from contractors will remain healthy. We are projecting total commercial access and daily fee revenue of \$2,150,000—just a bit below 2025's projected total of \$2,285,000.
 - Real estate sales have softened recently, but our 2025 contribution to capital income increased slightly compared to 2024 as average sale prices continued to increase. The budget projects \$1,158,000 in 2026, which is the same as 2025's revenue.
- Our projected interest and miscellaneous income (\$550,000) continues to increase as our reserve fund balances increase.

Operating Expenses

Operating expenses continue to increase with inflation and contract escalators.

- Our insurance coverage was renewed in January. Notably, the insured value of the Lake House increased from \$9.9 million to \$18 million. Nevertheless, the total premium for all insurance increased only modestly (after a 15% increase in 2025) and totals \$436,000. However, the excess flood coverage for the Lake House has become prohibitively expensive, and we have dropped that coverage (the Lake House sits on some of the highest ground on the island and has never flooded). We do still retain \$500,000 of FEMA flood coverage + \$500,000 for contents.

Capital Expenses

For the last several years, our capital expenditures have primarily focused on addressing the flooding issues on the island. This continues to be the focus in 2026:

- \$870,000 is budgeted for an outfall project at the Finger Lakes.
- \$560,000 is budgeted for a stormwater rehab project on Old Forest.
- \$805,000 is budgeted for additional flood/drainage projects and a replacement of a pump at pump station #3.
- \$1,500,000 is budgeted for Master Plan Phase 0 projects at the Lake House (fitness room/studio + dry sauna).
- \$600,000 is budgeted for beach repairs/sand scraping.
- \$160,000 is budgeted for new trash receptacles.

The total capital expense budget is \$4,781,000.

Reserve Funding

Reserve funding is the way that we pre-fund major capital projects to minimize the need for special assessments or borrowing (SIPOA currently has no loans). The 2026 budget calls for a total of \$1,225,000 in reserve funding.

- \$1,100,000 for our road reserve fund (island-wide road repaving is scheduled for 2028).
- \$125,000 for a facilities repair/improvement reserve fund.
- The Captain Sams inlet project is now fully reserved for the anticipated \$2 million cost in 2028.
- We contributed \$500,000 in 2025 to the Beach Repair and Maintenance fund, which covers the planned \$250,000 contribution for 2025 + 2026. Those annual \$250,000 contributions are scheduled to begin again in 2027.

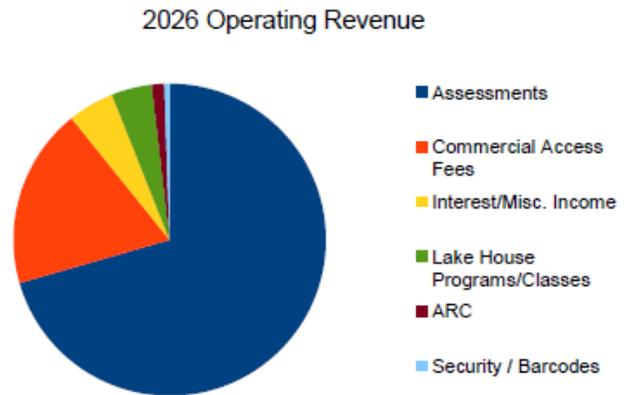
The attached schedule shows our projected reserve account contributions and balances over the next few years.

Summary

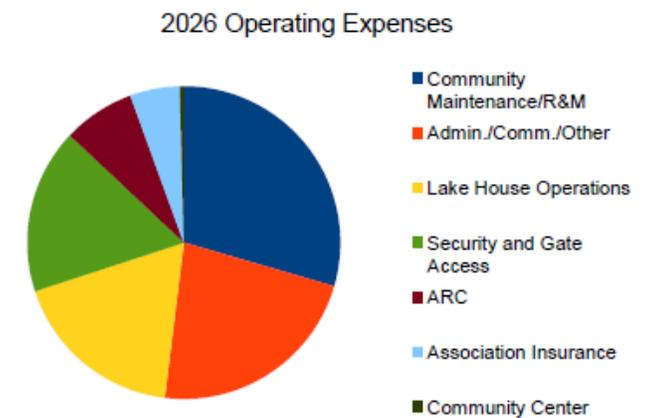
SIPOA remains financially sound. The 2026 budget adequately funds anticipated operating and capital expenses for the 2026 budget year and continues to set aside reserve contributions for future needs. Living on Seabrook is costly, but SIPOA does its best to minimize expenses while protecting our beach, preserving our roads, controlling flooding, and providing the amenities that we all love.

SIPOA 2026 BUDGET SUMMARY

Operating Revenue	2026 Budget
Assessments	\$8,121,000
Commercial Access Fees	2,150,000
Interest/Misc. Income	550,000
Lake House Programs/Classes	480,000
ARC	150,000
Security / Barcodes	62,000
Net Operating Revenue	\$11,513,000



Operating Expenses	2026 Budget
Community Maintenance/R&M	(\$2,532,000)
Admin./Comm./Other	(1,926,000)
Lake House Operations	(1,546,000)
Security and Gate Access	(1,462,000)
ARC	(639,000)
Association Insurance	(440,000)
Community Center	(35,000)
Net Operating Expenses	(\$8,580,000)



Capital	2026 Budget
Contributions to Capital	\$1,158,000
Capital Expenditures	(4,781,000)
Net Capital Expenses Over Revenue	(\$3,623,000)

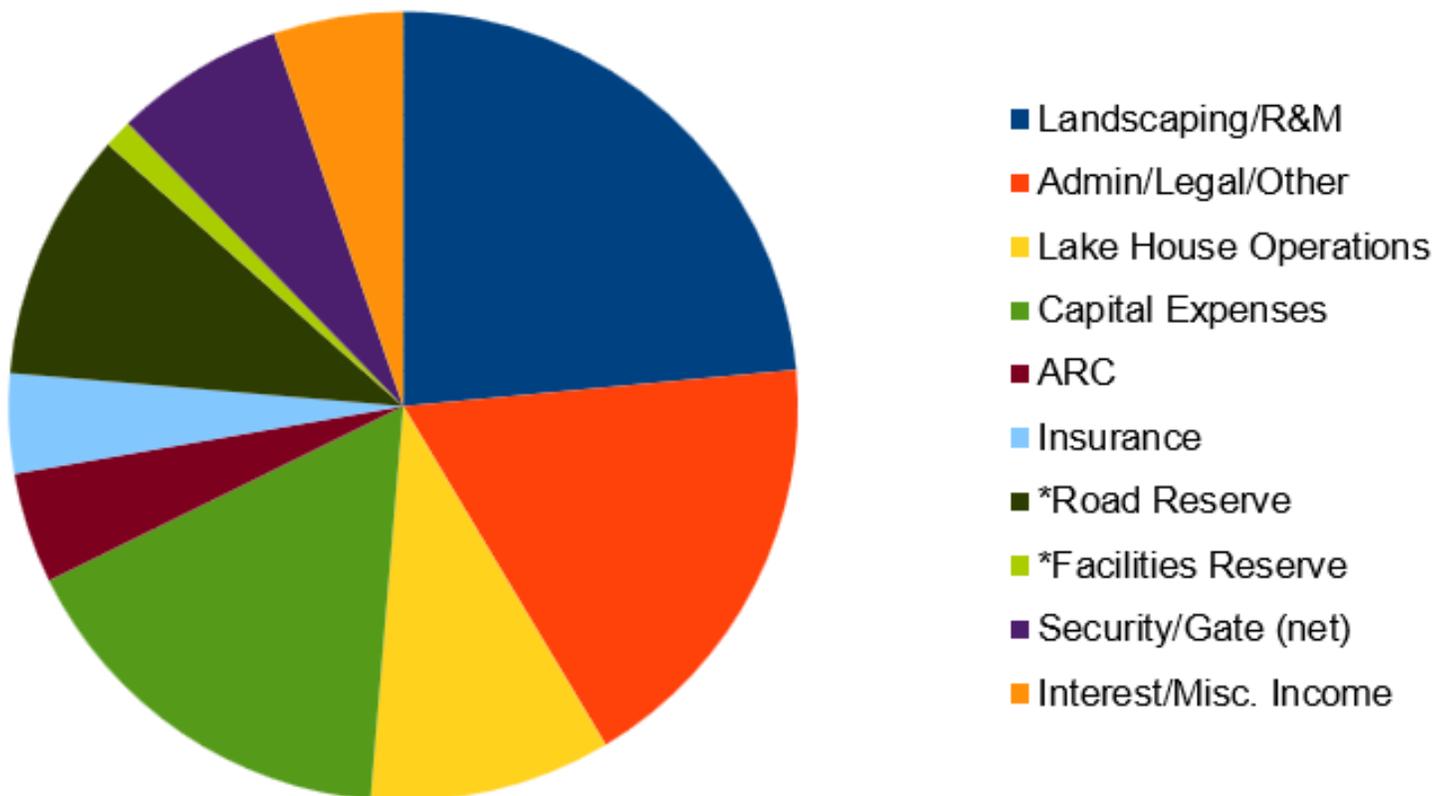
Net Change in Cash Balances (\$690,000)

Cash Balances	2026 Budget	2027 Projected	2028 Projected
Designated Capital Reserves	\$9,877,481	\$12,123,806	\$2,306,520
Undesignated (Operating) Cash & General/Storm Reserve (Goal of \$3 million)	\$3,025,593	\$3,990,008	\$3,628,816
Net Cash Balances (excl. ARC escrow)	\$12,903,074	\$16,113,814	\$5,935,336

Road & Inlet
Projects Complete

Where Your Assessment Dollars Go (2026 Budget)

Landscaping/R&M	\$977	31.2%
Admin/Legal/Other	743	23.7%
Lake House Operations	411	13.1%
Capital Expenses	681	21.7%
ARC	189	6.0%
Insurance	170	5.4%
*Road Reserve	424	13.5%
*Facilities Reserve	48	1.5%
Security/Gate (net)	(289)	-9.2%
Interest/Misc. Income	(221)	-7.1%
Total	\$3,133	



Proposed 2026 Operating Budget

	<u>Projected 12/31/25</u>	<u>2026 Budget</u>
Revenue		
Assessments and Misc. Income	\$8,343,067	\$8,671,000
Lake House Operations		
Program and Class Revenue	480,000	480,000
Less: expenses	(1,455,608)	1,546,000
Net Lake House Operations	<u>(\$975,608)</u>	<u>(\$1,066,000)</u>
Community Center		
Utilities and R & M	(80,000)	(35,000)
Security		
Net Security Revenue	2,347,507	2,212,000
Less: expenses	(1,498,074)	(1,462,000)
Net Security	<u>\$849,433</u>	<u>\$750,000</u>
ARC		
Fee and Violation Income	106,124	150,000
Less: expenses	(634,781)	(639,000)
Net ARC	<u>(\$528,657)</u>	<u>(\$489,000)</u>
Community Maint. & Infrastructure	(\$2,351,472)	(\$2,532,000)
Administration & Insurance	(\$2,501,877)	(\$2,366,000)
Net Operating Income	<u><u>\$2,754,885</u></u>	<u><u>\$2,933,000</u></u>

2026 SIPOA Capital Budget

	2026 Budget	2027 Projected	2028 Projected
Contribution to Capital (from property transfers)	\$ 1,158,000	\$ 1,192,740	\$ 1,228,522
Expenses			
New Trash Receptacles	160,000		
Master Plan Design Work	90,000		
Stormwater Rehab Old Forest	560,000		
Finger Lakes Outfall	870,000		
Marsh Outfall Projects	160,000	250,000	250,000
Captain Sams Outfall	80,000		
Beach Repairs/Sand Relocation	600,000		
Lake House Improvements	1,500,000		
Wood Duck Outfall	275,000		
PS #3 Pump Motor Repl.	150,000		
Stormwater Pipe Rehab (3)	110,000		
Crab Dock & Viewing Platform	90,000		
Lake House HVAC	30,000		
Boardwalk #1 Extension	20,000		
Stormwater Check Valve	30,000	15,000	
Lake House Roof		350,000	
Stormwater Junction Box Rehab		300,000	
Community Center Pool/Shade			85,000
Lake House Fishing Dock			150,000
Boat Ramp Bridge			60,000
Marsh Restoration Living Shoreline			100,000
Hidden Oaks Trail Boardwalk			195,000
Captain Sams Inlet Relocation			2,000,000
Roadway Repaving			11,500,000
Vehicle & Equipment Purchases	56,000		
Net Capital Expenses	4,781,000	915,000	14,340,000
Net Capital Revenue Over (Under) Expenses	(\$3,623,000)	\$277,740	(\$13,111,478)
			Road & Inlet Projects Complete

SIPOA Projected Capital Reserve Fund Contributions

	2025	2026	2027	2028	2029	2030
Road Reserve						
Beginning Balance	4,829,943	5,974,841	7,254,087	8,671,709	860	460,886
Contribution	1,000,000	1,100,000	1,200,000	2,569,000	460,000	460,000
Interest Income	144,898	179,245	217,623	260,151	26	13,827
Withdrawal				(11,500,000)		
Balance	\$5,974,841	\$7,254,087	\$8,671,709	\$860	\$460,886	\$934,713
Capt. Sam's Inlet						
Beginning Balance	1,651,093	1,925,626	1,983,395	2,042,896	104,183	307,309
Contribution	225,000				200,000	200,000
Interest Income	49,533	57,769	59,502	61,287	3,125	9,219
Withdrawal				(2,000,000)		
Balance	\$1,925,626	\$1,983,395	\$2,042,896	\$104,183	\$307,309	\$516,528
Beach Repair & Maintenance						
Beginning Balance	0	500,000	515,000	780,450	1,053,864	1,585,479
Contribution	500,000		250,000	250,000	500,000	500,000
Interest Income	0	15,000	15,450	23,414	31,616	47,564
Withdrawal						
Balance	\$500,000	\$515,000	\$780,450	\$1,053,864	\$1,585,479	\$2,133,044
Facilities						
Beginning Balance			125,000	628,750	1,147,613	1,682,041
Contribution		125,000	500,000	500,000	500,000	500,000
Interest Income			3,750	18,863	34,428	50,461
Withdrawal						
Balance	\$0	\$125,000	\$628,750	\$1,147,613	\$1,682,041	\$2,232,502
Total Designated Capital Reserves	8,400,467	9,877,481	12,123,806	2,306,520	4,035,715	5,816,787
Annual Contributions	\$1,725,000	\$1,225,000	\$1,950,000	\$3,319,000	\$1,660,000	\$1,660,000
Annual Withdrawals		\$0		(\$13,500,000)		
General / Storm Reserve & Undesignated (Operating) Fund Balances		\$3,025,593	\$3,990,008	\$3,628,816		

(Goal of \$3 million)