

The Victorian

ANNUAL BUDGET REPORT - 2025

January 27, 2025

Dear Homeowners,

We hope this letter finds you well. The Board of Directors has worked diligently with the MMS Management Team to prepare the annual budget for fiscal year 2025. This budget is essential for ensuring our community remains well-maintained and financially secure.

Impact on Homeowners

Starting March 1, 2025, there will be an assessment increase of ten (10) percent. In 2024, there was no increase in monthly assessments. This adjustment is necessary to accommodate rising costs to meet our financial obligations. On February 17th, management will issue a notice for the March HOA dues reflecting the updated amount for all homeowners. This advance notice allows everyone to have ample time to inform their banks about the change in dues. If you are enrolled in the automatic withdraw program offered by the HOA, we will take care of adjusting the amount for you.

Overview of the Budget Process

The budget was developed by collaborating with board members and the property management team. We carefully reviewed past expenditures and anticipated future expenses associated with the operation of the Victorian.

Budget Allocation

The Victorian budget is divided into three sections:

1. **Operating Budget:** This includes costs necessary for the day-to-day operations of our community, such as staffing, maintenance, utilities, landscaping, property insurance, Cable and Internet service, elevators maintenance and administrative expenses. The primary income for this budget comes from the regular monthly assessment. Effective March 1, 2025, Monthly Assessment Fees are:

- 1 Bed Room (474 sq. ft.) \$488.48
- 1 Bed Room (480 sq. ft.) \$494.34
- 2 Bed Rooms (721 sq.ft.) \$725.62

*Important: The amount stated above excludes any SBA payments. To clarify if this affects your monthly payments please contact Sarah Jackson at 409-939-2953.

2. **Commercial Facilities Budget:** This includes income and expenses related to vacation activities at the Victorian. The primary income for this budget comes from the facility fees charged when guests arrive. We also generate rental income from rentable spaces at Victorian. Expenses include the additional cost of water and security resulting from the high occupancy by vacationing guests.

Please note that the Facilities Fees effective March 1, 2025 are:

- \$35 for 1-7 days
- \$70 for 8-30 days
- \$70 per month for long term rentals

3. **Reserve Fund Budget:** This portion is allocated for capital improvements, replacements, and unexpected repairs to ensure the longevity of our community's infrastructure. The income for the Reserve Fund comes from the net income of the Operating and Commercial Facilities Budgets.

Attached, please find the detailed budgets for 2025.

Here's a chart summarizing all three budgets:

	Operating	Facilities	Reserve	
Total Income	\$2,182,652	\$385,083	\$348,892	From Operating and Facilities
Total Expenses	\$1,889,987	\$137,300	\$85,800	Capital Projects
Loan Service	\$101,496	\$90,060		
Net Income (contribution to Reserve)	\$191,169	\$157,723	\$263,092	This is the Victorian Projected Net Income for 2025.

Please submit any questions you may have to sjackson@mms-houston.com.

We will be happy to provide you with additional information.

Major Capital Projects

As we have reported to you at our regular board meetings in 2024, as well as the January 2025 board meeting, we are in the process of identifying the necessary value and cost of several major projects. These projects include the replacement of the fire alarm system and the elevators. The funding for these projects can come from a Special Assessment funding and/or a financing program by obtaining a loan to be repaid over a 10-year period. In the upcoming months, we will present this information to all homeowners for their consideration, and we will determine the best path forward for the Victorian TOGETHER.

Warmest regards,
Board of Directors

Victorian					
Operating Budget					
	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Budget
INCOME					10%
40011 - Assessment Income	1,776,996.90	1,798,407.36	1,880,842.68	1,888,336.80	2,045,698.20
40020 - SBA Income	86,713.32	86,713.32	86,713.32	86,713.32	86,713.32
Total Operating Income	1,863,710.22	1,885,120.68	1,967,556.00	1,975,050.12	2,132,411.52
Other Income					
40011 - Coin Op Laundry/Lending	8,022.06	8,635.45	7,270.81	7,959.48	8,000.00
40017 - Late Fees	4,655.00	7,190.00	245.00	17,020.00	18,000.00
40018 - Other Income	5,671.22	5,209.84	9,021.35	11,121.34	12,000.00
40122 - Transfer Fee	28,235.00	15,208.96	12,700.00	11,850.00	12,000.00
40123 - Pet Registration		650.00	350.00	200.00	240.00
Total Other Income	46,583.28	36,894.25	29,587.16	48,150.82	50,240.00
TOTAL INCOME	1,910,293.50	1,922,014.93	1,997,143.16	2,023,200.94	2,182,651.52
EXPENSE					
General / Administrative					
60110 - Office Supplies	11,136.64	7,248.16	5,551.65	10,010.39	9,000.00
60120 - Postage & Delivery			1,026.84	23.84	240.00
60130 - Printing	2,482.17	1,487.90	0.00	0.00	0.00
60140 - Property Taxes	1,282.86	597.55	0.00	1,098.32	1,200.00
60180 - Dues & Subscriptions	267.43	294.45	1,245.06	2,820.14	3,000.00
60190 - Information Technology	1,880.22	1,957.05	1,948.23	2,328.82	2,400.00
60210 - Audit & Tax	8,246.37	8,914.66	9,271.55	9,300.00	9,500.00
60220 - Management Fees	595,656.48	558,431.50	576,753.00	576,653.00	650,198.74
Reimbursement - Security from CF					(24,000.00)
60230 - Professional Fees (CPA)	41,383.06	35,350.00	35,120.00	35,193.00	36,000.00
60235 - Attorney Fees		13,245.05	14,280.21	15,104.21	6,000.00
60240 - Bank Charges	13,498.61	17,456.10	14,872.16	600.00	900.00
60250 - Miscellaneous		84.98	2,654.39	4,189.14	2,400.00
60300 - Write Off of Bad Debt	(4,838.87)	0.00	0.00	0.00	0.00
60320 - Other Association Expense	652.84	1,566.91	617.04	0.00	0.00
Total General / Administrative	671,647.81	646,634.31	663,340.13	657,320.86	696,838.74
Member & Community Relations					
60810 - Owner Relations		1,375.00	2,320.35	126.76	0.00
60820 - Annual Meeting	1,452.12	2,022.69	0.00	1,455.34	1,200.00
60830 - Board Meetings			162.36	1,072.15	900.00
Total Member & Comm Relations	1,452.12	3,397.69	2,482.71	2,654.25	2,100.00
Repairs & Maintenance					
63005 - Fire Alarm Inspection	21,642.88	41,986.41	21,220.50	8,787.54	15,000.00
63010 - Vehicle Expense	27.01	0.00	0.00	0.00	0.00
63015 - Camera System		5,563.52	16,257.54	15,806.45	18,000.00
63020 - License & Permits	1,669.92	(52.04)	1,047.43	2,160.00	2,400.00
63030 - Operating Supplies	21,525.32	15,464.65	27,924.31	13,020.32	14,000.00
63035 - Electrical Repair	3,370.31	8,563.94	7,457.47	14,598.04	9,000.00
63040 - Exterior Lighting	1,041.84	981.24	5,463.01	0.00	4,800.00
63050 - Lawn Maintenance Supplies	2,919.07	11,906.29	6,392.33	694.88	0.00
63060 - Equipment Repair & Rental	1,076.20	1,960.03	1,598.24	0.00	0.00
63065 - Housekeeping/Janitorial Supply	22,612.43	17,047.40	14,445.16	14,272.18	15,000.00
63069 - Plumbing	23,276.18	24,276.55	19,422.01	16,586.22	18,000.00
63070 - Pool Furniture & Equipment	18,614.63	1,938.59	0.00	1,974.21	2,400.00
63080 - Repairs to Common Area	34,671.18	13,573.48	25,338.00	36,000.00	30,000.00
63081 - Insurance Claims - Owners	380.43	0.00	0.00	4,898.20	0.00
63090 - Elevator Maintenance	26,100.02	29,979.81	41,311.49	79,579.60	30,000.00
63091 - Elevator Repairs	53,214.17	6,320.24	2,502.73	8,844.58	48,000.00
63100 - Pool Chemicals	16,550.99	18,601.20	22,129.79	14,198.22	15,000.00
63110 - Extermination / Pest Control	13,243.00	18,051.75	12,976.86	18,427.51	18,000.00
63120 - Refuse Disposal	40,667.65	38,828.71	49,815.32	72,505.21	48,000.00
63205 - Painting	81.46	0.00	910.84	2,315.53	2,400.00
63210 - Pool Cleaning			18.38	565.26	0.00
63211 - Pool Repair	11,377.67	10,329.60	8,854.96	72.75	2,400.00
63420 - Contract - Groundskeeper	32,215.20	30,945.59	30,083.74	29,633.44	60,000.00
63000 - Repair & Maintenance - Other		2,485.42	0.00	0.00	
Total Repairs & Maintenance	346,277.56	298,752.38	315,170.11	354,940.14	352,400.00
Insurance					
66318 - Crime	3,567.25	0.00			
66310 - Wind	169,004.52	0.00			
66311 - Property Wind/GLUmbrella	81,566.96	357,501.77	428,581.16	455,789.34	473,000.00
66312 - General Liability	42,407.40	0.00			
66313 - Directors & Officers	948.13	4,408.57	4,668.16	5,064.00	5,500.00
66314 - Umbrella	10,582.00	0.00			
66315 - Flood	38,469.35	38,329.67	39,429.83	40,693.26	42,000.00
66316 - Man Lift	789.53	840.46	653.40	0.00	
66317 - Worker's Comp	400.00	400.00	400.00	206.74	400.00
Total Insurance	347,735.14	401,480.47	473,732.55	501,753.34	520,900.00
Utilities					
70110 - Electricity	53,063.81	47,599.46	50,906.05	62,689.98	64,000.00
70130 - Water	15,091.52	112,932.75	193,349.55	176,372.35	177,000.00
70131 - Water Reimbursement					(48,000.00)
70140 - Gas	28,532.66	36,690.07	26,472.69	28,551.72	29,000.00
70150 - Satellite / Cable TV	86,598.60	97,166.38	92,441.58	82,983.39	86,868.00
70160 - Telecommunications	11,348.75	6,858.56	6,606.91	8,384.85	8,880.00
Total Utilities	194,635.34	301,247.22	369,776.78	358,982.29	317,748.00
TOTAL OPERATING EXPENSES	1,961,747.97	1,651,512.07	1,824,502.28	1,875,650.88	1,889,986.74
NET OPERATING INCOME	348,545.53	270,502.86	172,640.88	147,550.06	292,664.78
Other Expenses					
60280 - SBA Loan	55,458.60	50,056.71	47,559.54	101,496.00	101,496.00
67050 - Contribution to Reserve	293,000.00	220,000.00	125,000.00	46,000.00	191,000.00
NET INCOME	86.93	446.15	81.34	54.06	168.78

Victorian

2025 Facilities Budget

	2024		2025 Final Budget	
	Actual		Annual	Rationale
INCOME	Total		Total	
40116.1 · Fee Including Hotel Tax	267,380.06		\$310,000.00	
40116 · Facilities Fees - Other				
Total 40116 Facilities Fee	267,380.06		310,000.00	
<u>Other Income</u>				
40117 · Late Fees				
40118 · Other Income				
40121 · Unit 1102	21,600.00		21,600.00	
40124 · Apartment Rental	13,200.00		13,200.00	
40125 · Efficiencies Rental	25,350.00		25,200.00	
40126 · Rental Texas Room				
40115 · Conference Room Rental				
40115.1 · Conf Room - Grand Ballroom	14,707.50		21,000.00	
40127 · Galley	19,200.00		19,200.00	
80810 · 1102/1105/1106 Fees	(25,116.84)		(25,116.84)	
Total Other Income	68,940.66		75,083.16	
Total Income	336,320.72		385,083.16	
GROSS PROFIT	336,320.72		385,083.16	
EXPENSE				
<u>General / Administrative</u>				
40116.2 · Hotel Tax	40,107.01		46,500.00	
Water Consumption			48,000.00	
Security Expense			24,000.00	
60240 · Bank Charges	13,500.00		15,000.00	
60309 · Wrist Bands / Parking Tickets	3,754.11		3,800.00	
Total General / Administrative	57,361.12		137,300.00	
TOTAL EXPENSES	57,361.12		137,300.00	
NET INCOME	278,959.60		247,783.16	
70250 · TFB Loan Interest & Principal	90,060.00		90,060.00	Interest and Prin. Will be paid off in 2026.
70170 · Comm Fac Contribute to Res	188,899.60		157,723.16	

Victorian
2025 Reserve Budget

	2024	2025 Budget	
	Actual	Annual	Rationale
<u>INCOME</u>	Total	Total	
40119 · Interest Income	297.18	\$300.00	
41003 · Contribution from Operating	46,000.00	\$191,000.00	
41004 · Contribution Commercial Fac	188,899.60	\$157,723.16	
Total 40116 Facilities Fee	235,196.78	349,023.16	
Total Income	235,196.78	349,023.16	
<u>EXPENSE</u>			
80500 Reserve Expenses			
80501 · Hurricane Expenses	99,776.97		
Fire Pumps and Fire Protection		60,000.00	
80510 · Air Conditioning	5,310.00	21,000.00	
80514 · Building Repairs	19,311.22		
80515 · Boilers	3,487.92	4,800.00	
80515.5 · Boilers - Bldg 9			
80517 · Concrete Repair			
80520 · Exterior Lighting			
80529 · Painting (Reserve Exp)	885.78		
80535 · Plumbing Inspect/ Rep	809.17		
80539 · Pools & Grounds	42,496.96		
80550 · Professional Fees			
80560 · Event Center & Kitchen			
80580 · Structural Repairs	52,240.00		
80585 · Waterproofing			
80590 · Roof Replace//Repairs	410,277.90		
80595 · Elevator Repair	111,854.36		
80700 · Remodel/Reconstruct			
Total 80500 Reserve Expenses	746,450.28	85,800.00	
Net Income	(511,253.50)	263,223.16	