

PROPOSED 2013/2014 BUDGET CHANGES

When the proposed budget failed to get Board approval during the regular Board Meeting, the Board met with members of the Finance Committee who were in attendance to work through specific areas where it was felt the budget could be revisited for further reductions. Following that meeting the 2013/2014 Proposed Budget was approved at the Annual Members Meeting with the following changes:

Administration: The Facilities and Grounds Maintenance hours have been reduced. The Gross Wages line item was originally recommended to be \$6,300. After further discussion this item was reduced to \$5,500. This change brought the amount needed for Payroll Taxes to \$800 from the original \$947.

Parks: In light of the fact that the Sport Court expenses are coming in below what was expected, the Parks Reserve contribution is being reduced this fiscal year from the original recommendation of \$2,000 to \$500.

Roads: The line item for the Dust Control Truck was reduced from \$2,500 to \$1,000. Given the inspection and the work that was completed last fall it is unlikely that HMC will be investing heavily in the truck in 2013/2014. The Roads Reserve contribution was reduced from \$14,000 to \$10,000.

These changes worked to reduce the proposed General Assessment to \$1,758 per assessable unit. The following pages are the revised 2013/2014 Budget going out for vote to the Membership.

HMC Management Profit & Loss Budget October 2013 through September 2014

	Oct '12 - Sep 13	Oct '13 - Sep 14
Assessable Units	394	394
Units minus delinquents	389	388
Total Income minus Assessments	277,278	219,570
Total Expenses and Reserves	927,686	901,609
Assessment per member	1,672	1,758
Total Assessments	650,408	682,039
	Current Budget	Proposed Budget
Ordinary Income/Expense		
Income		
Assessments	650,408	682,039
Ferry Fees	165,000	175,000
Other Income		
Beachcomber Ads	600	600
Renter's Fees, Copy, Fax and Notary	2,000	2,000
Nsf Fees	200	200
Postage	20	20
Property Transfer fee	1,000	1,000
Research Office Time Fees	500	250
Interest & Handling (Delinquent Accounts)	4,558	4,500
Member Credit Card Fees	1,000	1,000
Attorney Collections (see note 5)	10,000	10,000
Total Other Income	19,878	19,570
Reserve Transfer		
Ramp Cable Replacement - every 5 years	-	25,000
Shipyard (2 Years on even years)	92,000	-
Total Reserve Transfer	92,000	25,000
Interest Earned		
HMC Management Reserves	180	-
General Fund	220	-
Total Interest Earned	400	-
Total Income	927,686	901,609
Expense		
HMC Regular Operations		
Accountant/Auditor	6,000	5,000
Reserve Analysis	2,000	1,300
Bad Debt Write Off	-	2,000
Bank Fees	350	300
Community Building Maintenance	1,000	1,000
Community Asso. Institute	150	150
Contract Svcs for Junk Removal	500	150
Credit Card Fees - Member Payments	1,000	1,000
Emergency Preparedness	500	500
State and County Taxes	6,500	6,000
HMC Property Pre-Sale Expense	200	200
Removal of unsafe trees	2,500	5,000
Insurance (see Note 4)		
Directors/Officers Ins	2,700	2,785
Crime (Break-ins and Theft)	460	460
5 Million Excess Liability	10,500	10,300
14 Million Excess Liability	9,500	9,270
Total Insurance	23,160	22,815
Legal Fees (see note 5)		
Collection Costs	18,000	18,000
General	12,000	12,000

HMC Management

Profit & Loss Budget

October 2013 through September 2014

	Current Budget	Proposed Budget
Total Legal Fees	30,000	30,000
Office Equipment	1,500	1,000
Other		
Education and Training	100	150
CrystalTech-Web hosting	100	100
Mileage	200	250
Background Checks	200	200
Miscellaneous & copier contract	500	500
Total Other	1,100	1,200
Payroll Expenses	1,000	1,000
Pension Administration Ferry Crew	550	600
Postage		
Box Fee	80	80
Stamps & Postage	2,500	2,500
Total Postage	2,580	2,580
Printing	1,000	1,000
Admin Salaries		
Medical Insurance	10,000	10,300
Retirement	2,105	2,070
Gross Wages	67,051	69,230
Payroll Taxes	6,173	6,378
Total Admin Salaries	85,329	87,978
Island Security Costs	500	1,200
Office Supplies	1,200	1,200
Telephone/Fax	2,500	2,500
Utilities/Electric	2,000	1,500
Facilities and Grounds Maintenance		
Gross Wages	2,250	5,500
Payroll Taxes	300	800
Total HMC Regular Operations	175,669	183,473
Piles, Dolphins and Ferry Ramps		
Garbage - Ferry	225	250
Insurance - Docks and Piers (see note 4)	13,200	16,045
Ferry Ramp Generator Maintenance and Fuel	1,000	600
Other		
Annual DNR Lease	500	225
Parts and Supplies	1,000	1,000
Other/Inspection	1,000	1,000
Total Other	2,500	2,225
Repairs/Maintenance	3,000	3,000
Sanikans	3,000	3,000
Utilities	1,900	1,900
Cable Replacement	-	25,000
Total Ferry Docks and Ramps	24,825	52,020
Ferry		
Equipment	2,500	2,500
Fuel	90,000	85,500
Insurance (see note 4)		
Marine Package	19,000	19,160
Vessel Pollution Liability	1,100	1,130
Commercial Package	6,500	6,810
Total Insurance	26,600	27,100
Repairs	6,000	6,000

HMC Management

Profit & Loss Budget

October 2013 through September 2014

	Current Budget	Proposed Budget
Other		
Rentals for fill in Captains/Deck Hands	500	500
Sheds (waiting, oil and school)	300	300
Cellphone	600	600
Drug Testing	600	300
Inspections and Licensing	2,300	1,500
Miscellaneous	2,000	2,000
Tickets & Passes & Stickers	1,100	1,500
Uniforms	1,200	1,300
Legal Fees - IBU Attorney	500	500
Total Other	9,100	8,500
Passenger Vessel Asso.	450	450
Routine Maintenance & Supplies	5,500	6,000
Ferry Salaries & Benefits		
Medical Insurance	40,000	41,200
Retirement-Employer	15,545	15,648
Payroll Taxes	23,721	23,584
Gross Wages	267,168	267,087
Total Ferry Salaries & Benefits	346,434	347,519
Ship Yard	92,000	-
Supplies, Paper Products, Water	2,000	2,150
Personal Property & Excise	3,000	2,600
Total Ferry	583,584	488,319
Parks		
Maintenance		
Lawn Equipment	200	200
General upkeep including park parking	2,800	2,800
Total Maintenance	3,000	3,000
Other		
Garbage Pick Up	600	600
Misc.	-	100
Sanikans	3,600	3,300
Total Other	4,200	4,000
Small Boat Dock Floats		
equipment	1,000	2,000
Maint & Improvements	750	750
Total Small Boat Dock	1,750	2,750
Supplies & Equipment Repairs	1,000	1,000
Utilities	900	700
Total Parks	10,850	11,450
Roads (ferry island/mainland lots)		
Auto Insurance (water truck)	850	847
Dust Control Truck	1,700	1,000
Road Maintenance (Contract Costs)	15,000	17,000
Road & Ditch Materials & Supplies	8,000	8,000
Salaries		
Payroll taxes	108	-
Tansy	600	-
Total Salaries	708	-
Total Roads	26,258	26,847
Total Expense	821,186	762,109

HMC Management Profit & Loss Budget October 2013 through September 2014

RESERVE FUND BUDGET Note 3

HMC REGULAR OPERATIONS AREA

Reserve - Legal (Cap is \$35,000 - Balance is \$34,550)

- -

Reserve - Community Building & Sheds and Septic (Cap is \$20,000 - Balance is \$1,000)

1,000 1,500

Total HMC Regular Operations Reserve Fund Budget

1,000 1,500

PILES, DOLPHINS AND FERRY RAMPS

Dock Piles and Ferry Dolphins (Cap is \$768,000 - Balance is \$108,478)

9,000 9,000

Ramp Painting (Cap is \$212,000 - Balance is \$19,000)

19,000 33,500

Reserve - Inspection of Ramps (Cap is \$12,000 - Balance is \$6,000.00)
Required by Pierce County.

6,000 3,000

Reserve - Ramp Cable Replacement (Cap is \$25,000 - Balance is \$5,000.00)
Recurring 5 year expense cycle previously not budgeted.

5,000 20,000

Total Piles, Dolphins and Ferry Ramps Reserve Fund Budget

39,000 65,500

FERRY

Reserve - Shipyard (Cap is \$95,000 - Balance is \$46,000) Note 1

46,000 49,000

Reserve - Engine Overhaul/Replacement (Cap is \$200,000 - Balance is \$0)
Note 2

12,000 9,000

Reserve - Ferry Replacement (Cap is 1,000,000 - Balance is \$1,000)

1,000 1,000

Total Ferry Reserve Fund Budget

59,000 59,000

PARKS

Reserves - Parks (Cap is \$36,000 - Balance is \$30,700) For items such as
Lawn mower, weed eater, playground equipment. Note 6

4,000 500

ROADS (FERRY ISLAND/MAINLAND LOTS)

Reserves - Roads General (Cap is \$50,000 - Balance is \$35,240) Note 7

3,000 10,000

Reserves - Water Truck (Cap is \$30,000 - Balance is \$500.00)

500 3,000

Total Roads Reserve Fund Budget

3,500 13,000

TOTAL RESERVE FUND BUDGET

106,500 139,500

TOTAL EXPENSES AND RESERVES

927,686 901,609

General note: This budget was generated based on analysis of the last five years of actually expenses. This budget follows the accounting requirements and format used by HMC.

Note 1: Ferry goes into dry dock every two years on the even year

Note 2: New engines and transmissions will be completed in Sept 2013 which will deplete the reserves. Next yard service estimated in 2016.

Note 3: Reserve accounts are recommended to total 10% of operating budget for HOA's. Refer to Annual Reserve Fund Budget Disclosure.

Note 4: Insurance was broken down per actual policy and allocated to appropriate departments for the 2013-2014 budget cycle.

Note 5: Legal fee expense is partially off set by legal fee income. This allows for accounting requirements.

Note 6: The Parks Reserve will be reduced by actual cost of the Basketball Court once that project has been completed.

Note 7: It is expected most of the Roads Reserve will be utilized in the 2012/2013 FY for purchase of rock and restoration of roads.

HMC WATER

Assessable Connections

Connections minus delinquents

Base Fee per Connection
Reserve Fee per Connection
Assessment per Connection - Annual
Assessment per Connection - Monthly
Total Assessments - All Connections

Current Budget	Proposed Budget
Oct '12 - Sep 13	Oct 13 - Sep 14
399	397
394	390
156	154
84	98
240	252
20	21
94,276	98,300

Water

Ordinary Income/Expense

Base Fees	61,276	60,250
Reserves	33,000	38,050
New Water Connection	-	2,000
USDA Water Special Assessment	-	53,278
Total Income	94,276	153,578

Expense

Accountant/Auditor	1,000	1,000
Bad Check	200	200
Bank Fee	50	50
Contract Manager	15,000	12,000
Insurance	1,800	1,800
Legal	1,700	1,500
Mailings	1,000	1,500
Membership Fees	200	200
Mileage Reimbursement	100	400
Other Expenses		
Excise Tax	1,000	2,100
Miscellaneous	400	500
Permits & License	1,000	500
Water Samples	500	500
Total Other Expenses	2,900	3,600
Repairs - Parts	2,000	2,000
Supplies & Repairs - Contractors	3,000	2,000
Utilities	3,000	3,000
Wages - Administrative and Meter Reading	24,400	27,800
Taxes	2,420	2,600
Insurance	1,980	-
New Water Connection	-	2,000
Pension	526	600
USDA Water Special Assessment	-	53,278
Total Expense	61,276	115,528
To Water Reserve (Cap is \$1,800,000.00 - Balance is \$110,123)	33,000	38,050
Total Expense and Reserve	94,276	153,578

Proposed 2013/14 HMC and Herron Island Water Fee Schedule

Monthly Handling Fee for Delinquent Accounts:

For balances of \$60.00 or less	\$ 15.00
For balances of \$60.01 or more	\$ 30.00

Interest	1% Monthly or 12% per Annum
Non-Sufficient Funds (NSF)	\$ 35.00
Office/Research per hour	\$ 40.00
Placing and Releasing Liens	HMC Attorney Rates at the time
Lost Vehicle Decal Replacement	\$ 5.00
Special Ferry Run (per run)	\$175.00
Copies: Black/White each	\$ 0.20
Color each	\$ 1.00
FAX – Incoming/Outgoing per page	\$ 1.00
Member Credit Card Fee	4%
Renter's Application Fee	\$ 60.00
Renter's Annual Renewal Fee (billed in full in October)	\$ 30.00
Beachcomber Ads – per ¼ page	\$ 20.00
Beachcomber Mailing	\$ 18.00/year or \$2.00 per issue
Returned Mail	Post Office Rate
Notary Services	\$ 10.00
Community Center Building Rental + Damage Deposit	\$100.00

(Applies only to private parties – up to \$50.00 refundable). See HMC Rule D-2. (Events open to the entire community need member signature, \$50 deposit; \$50 deposit will be refunded if hall is left clean.)

Property and Water Account Transfer Ownership Fee	\$175.00
Water Availability Letter (Completed by Island Manager)	\$ 50.00
Water Connection Repair Admin Fee	\$ 50.00
(Repair expense will be actual cost charged by approved contractor)	
New Water Connection fee includes 3 components:	
1. Admin Fee	\$ 50.00
2. New Water Connection Installation expense will be actual cost charged by approved contractor.	
3. Capital Cost Recovery	
a. 2012/2013 Water Project Special Assessment of \$178.20 prorated since inception April 2013. Plus monthly charge of \$14.85, billed quarterly at \$44.55 for the next 39 years.	
<u>OR:</u>	
b. Pay the total balance of \$7,128.20, the per-connection proportionate share.	

Water Cross Connection Administration Fee	\$ 50.00
Water Shut-Off Fee	\$ 50.00
Water Reestablish Connection Fee	\$ 50.00
Water Inactive Status/install lock	\$ 50.00
Return Water to Active Status/remove lock	\$ 50.00