

HMC Newsletter June 2009



http:/www.herronisland.org

### **President's Message**

I was unable to attend the Annual Meeting and want to thank Kathy Deuster (Vice-President) for running the meeting and Judy Greinke for presenting the proposed 2009-2010 HMC Budget. I would also like to thank everyone who voted with the result that I will remain as President, Janet Podell as Secretary, and Pat Pitt as the new member on the Board. Kathy Deuster remains as Vice-President and Judy Greinke will assume the duties of Treasurer. The Board is now engaged in finding a new Island Manager as our present Island Manager Doug Allen retired. He has agreed to help us through the transition by keeping up some contacts on projects and updating a new manager when hired. During this transition, our office manager Carolyn Snyder will be working extra hours to keep up on Island matters. During this interim period, we will be closing the office at noon on Fridays before the Board meetings on the second Saturday of each month to give Carolyn time to prepare all the materials needed for the meeting.

Included in this Beachcomber is the Auditors report for 2008. Of special note, the auditor did mention that HMC as a corporation did not perform full life estimates for our major assets. Many corporations estimate the life of their assets for depreciation and for replacement funding. We use budget and reserves for maintenance of assets but do not try to build large accounts for replacement. We use special assessments for replacement as it does not seem reasonable to build large reserves for uncertain life times. We considered reserves for engine replacements on the ferry but decided that our current engines would last many years with the overhaul schedule we have now. Rather than have all members pay into a replacement fund, we decided to let members keep the funds and use special assessments when the replacement time actually arrives. The same is true for the ferry, docks, community building, and water system. This is also the reason the

member equity decreases each year due to not replacing depreciation.

Another point one would notice from the audit report is that expenses in 2008 exceeded the revenue. When we budgeted for 2008, we used a carryover of funds from 2007. This reduced the assessments for 2008 (and thus the revenue). Thus, the "loss" in 2008 was not due to overspending but rather due to reducing the assessment income with excess funds from 2007. Also, accounting practice does not recognize use of reserve funds to even out the budget. Thus in years where we do engine overhaul and ferry drydock, it appears that expenditures exceed revenue while in years where we contribute to the reserves, revenue exceeds expense. In our budgeting, we do even out the multiyear expense using reserves.

Fred Fath President

### **Budget Ballot**

The ballot seeking membership approval of the FY 2009 - 2010 budget, as well as all future ballots to be voted on by the membership, will not be included in the Beachcomber. They will be mailed separately at least 14 days in advance of the special meeting at which votes will be counted.

### **Important Phone Numbers**

### **Island Manager**

Vacant

### **HMC Board of Trustees**

Fred Fath, President	(206) 246-7016
Kathy Deuster, Vice-President	(253) 884-6898
Janet Podell, Secretary	(253) 874-2452
Judy Greinke, Treasurer	(253) 857-5463
Patrick Pitt, Member-at-Large	(253) 884-2578

#### Additional Responsibilities

Additional Responsibilities	
Nick Huff, Co-Transportation Chair	(253) 884-4663
Mike Shettlesworth, Co-Transp. Chair	(253) 884-6919
Mike Davis, Water Operations	(253) 884-1423
Dick Mowry, Water Field Examiner	(253) 884-7663
Dick Zottman, Water Field Examiner	(253) 884-9071
Judy Greinke, Co-Water Comm. Chair	(253) 857-5463
Terrill Chillson, Co-Water Comm. Chair	
Scott Schultz, Water Repair	(253) 884-3196
Eric Bergson, Rules Chair	(253) 830-4413
Tracy Anspach, Parks Chair	(253) 588-1921
Allen Moren, Roads Chair	(253) 884-2721
Mike Davis, Emergency Prep. Chair	(253) 884-1423
Kathy Deuster, Land Use Chair	(253) 884-6898
Carolyn Snyder, Office Manager	(253) 884-9350
Ken Freeman, Beachcomber/Webmaster	(231) 544-2456

Herron Island Office Hours: Tuesday, Thursday, Friday 9:30 am to 5:30 pm. The office is CLOSED Monday, Wednesday, Saturday, and Sunday.

Office Phone: (253) 884-9350 Office Fax: (253) 884-5047

Website: http://www.herronisland.org

Office Email: Office@herronisland.org

Manager email: Vacant

Beachcomber: beachcomber@herronisland.org

Emergency 911
Ferry Cell phone (253) 691-1457

(Cell phone to be used for scheduling heavy loads, big vehicles or having something in tow, and for information regarding ferry services.)

### Delinquency List as of June 18, 2009

BALDWIN - DENNIS - FURGASON - HARPEL -HOUSTON - KENNISON - LAWRENCE - LITTLE -MARCINKO - MORRIS - PARKER-LAINE - SMITH II - TCHOCHIEV

#### **Ferry Business**

- Call ahead if you are planning to use the ferry for a trailer, boat, or large vehicle!
- Only those guests with valid passes will be allowed on the ferry.
- Plan your arrival at the dock at least 5 minutes before the scheduled time of departure.
- Walks-ons are not to be on the dock or ramp when cars are being loaded. Watch crew for permission to board.
- Only service and delivery people may charge fares.

WE HAVE EXPERIENCED GUESTS AND SERVICE PEOPLE EXPECTING TO COME OVER TO THE ISLAND WITHOUT GUEST PASSES. THIS VIOLATES THE ACCESS POLICY THAT WAS PUT IN PLACE FOR ALL OF OUR SECURITY. PLEASE MAKE SURE YOUR GUEST HAS A VALID GUEST PASS SIGNED BY YOU TO ENSURE THEY ARE ABLE TO RIDE THE FERRY. BLANK GUEST PASSES ARE AVAILABLE TO MEMBERS AT THE OFFICE, BY MAIL, AND ON THE FERRY.

Beachcomber news items must be submitted by 5:00 PM on the Wednesday after the monthly Board meeting on the second Saturday of the month. Items MUST be emailed in electronic format to beachcomber@herronisland.org. Include your name and phone number in case any questions arise. Paid advertisements are to be arranged with the HMC office PRIOR TO PUBLICATION.

### **Online Beachcomber**

If you wish to read your Beachcomber online at www.herronisland.org and save HMC the price of printing and postage, please notify the office.

### Rules Reminder

#### Fellow Islanders:

The busy season is upon us and it is a good time to remind everyone of a few applicable rules that will make it a more enjoyable summer for all:

- 1. Members will be held accountable for their guests' behavior. It is the member's responsibility to inform their guests of the rules of Herron Island.
- 2. Fireworks are restricted to the beach at North Beach Park ONLY and ONLY on the 4<sup>th</sup> of July. They are not allowed to be lit ANYWHERE ELSE on the island at any time (including on private property).
- 3. Please watch the reader boards at the Ferry Terminals and on the island for burn ban information. Island rules may supersede Pierce County rules and we will attempt to post burn ban information prior to Thursday Mornings.
- 4. Dogs are required to be on a leash at all times including on roads, beaches in parks or other common areas.
- 5. Please be respectful of your neighbors and observe the noise nuisance rules which includes a year-round 10:00 PM restriction on "Noise of any nature that can be heard beyond a member's lot"
- 6. There are many traffic revisions on the island this year including a new stop sign on West Herron Blvd at North Beach and two-way traffic on the "Single-Lane" Road. Please obey these changes and all of the posted traffic signs. ALL VEHICLES (cars, ATVs, golf carts, garbage trucks, etc) are bound by these rules.
- 7. There is a no wake zone that extends beyond the small boat dock around past the swim area over to the North-East point of the island. Additionally Washington State bans personal watercrafts (Sea Doos, for example) "when operating on saltwater, non-destination-bound repetitive maneuvers including, but not limited to, erratic speed and course changes, tight turns, and race course ovals and figure eights can only be done when in an area that is at least 500 yards from any shoreline."

A full copy of the rules is posted at <a href="http://herronisland.org/home/members/rules.pdf">http://herronisland.org/home/members/rules.pdf</a> and is also available during office hours.

Thank you,

Eric S. Bergson Rules Committee Chairperson <u>ebergson@gmail.com</u> 253-830-4413

### HMC WATER WORKS NEWS 6/17/09

• Progress is being made in the approval process for our Water System Plan (WSP). All findings are being addressed and we anticipate meeting our 90 day deadline to submit our final plan.

- A portion of the State of Washington, Department of Health (DOH) evaluation of our WSP includes a review of our Water Rights and our proposal to increase from 414 approved connections to 524 connections by the Department of Ecology (DOE). "It is Ecology's view that the HMC Management Water System has sufficient water rights to meet the projected population and water demand of 524 connections." Receiving this response is a huge hurdle in the process of working toward our final approval of the 524 connections we need to move ahead.
- Jennifer Kropack and John Ryding attended our Annual Meeting as guests and were able to answer
  membership questions and reported we are right on track for approval of our WSP which is a necessary element needed to move forward.
- There are many layers to the process as we develop plans to move ahead with our water distribution plan upgrade project. The first vote will be coming out and will allow members to vote on how to spread the costs of the upgrade among membership. A time for discussion and information about this very important vote will be provided at the Community Water Information Meeting on Saturday, July 25<sup>th</sup> at 10:00 am at the Community Center/Fire Hall.
- Let us hear from you email: HMCWaterWorks@yahoo.com

Committed to membership to move forward in a responsible way!

Our water quality continues to be within "green levels" which means we do not need to treat our water with any chemicals. Take time to read through our Water Confidence Report.

Board Election Results						
Sam Argo Steve Chapin Regina Everett Terrill Chilson (Farris) Fred Fath (reelected) Patrick Pitt (new board member) Janet Podell (reelected) Dick Mowry (write-in) Allen Moren (write-in)	79 88 80 83 112 96 92 1					
Regina Everett Terrill Chilson (Farris) Fred Fath (reelected) Patrick Pitt (new board member) Janet Podell (reelected) Dick Mowry (write-in)	80 83 112 96					

### **Online Beachcomber**

The current Beachcomber is available online at www.herronisland.org the second Monday following the board meeting and the link can be found on the home page. Previous issues of the Beachcomber are available by month in the Island Documents section by clicking the button for "Island Documents". The "Refresh" or "Reload" browser commands may be required to bring up the latest website page.

### Welcome, New Islanders!

HMC welcomes the following new members to Herron Island:

- David and Nicole Myers
- Taylor Allen

### Baseball, Hotdogs and Blue Sky

Yes baseball was back on the island over Memorial weekend. The weather was Hot! The baseball field was almost perfect; the new bases were easy to see and run. "Thanks Mike great job." Now let's talk about the game. Both teams played hard, and great plays were made. For the West I have to say that Phil Foster surprised everyone with his hitting and catching balls in the outfield. "Good Job Phil."

Robert was pitching for the East. He was placing balls and strikes across the plate, but the West players were hitting pretty good. For the West side our pitcher Bert (my brother-in-law) was pitching for the first time in 30 years. He walked two and struck out four, and when the East players were hitting, most of the balls went to the outfield and were caught by the West outfielders. The final score was East 4 and West 16. Finally the West won after three years of losing to the East. The trophy finally went to the West and the baseball game during the 4th of July celebration will determine its next home. Watch the Beachcomber for the next scheduled baseball game over the 4th.

Again thanks to Paul and his gang for doing the dogs and drinks. It is always a pleasure to have Paul "big man, big smile, and great food."

A big thanks goes out to Mary Turpin for her contribution. She donated t-shirts that she wanted to give to the team that lost. I think some of the West players wanted to switch to the East team to get one. My wife Rondi and her sister Sharon made sure the right team players got the t-shirts.

The Junior teams had a fun time playing baseball and ended with the West 9 and East 8.

Thank all of you for a great game and a wonderful day at the old baseball field.

Dallas Amidon Baseball Chairperson

### 2009 Memorial Day Sailboat Race Single-Hull Race Results

Number One Winner:Paul & Curt Bray1 hour & 33 minutesNumber Two Winner:Joe Lausten (14 years old)1 hour & 43 minutesNumber Three Winner:David Nonette & Ben Josie1 hour & 51 minutes

### SUMMER FERRY SCHEDULE (4/1 through 9/30)

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7:30	8:00	7:30	8:00	7:30	8:00	7:30	8:00	7:30	8:00				
8:30	9:00	8:30	9:00	8:30	9:00	8:30	9:00	8:30	9:00	8:30	9:00	8:30	9:00
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								7:30	8:00	7:30	8:00	7:30	8:00
								8:30	9:00				

Memorial Day, July 4th, Labor Day same as Sunday

### **INDEPENDENCE DAY FERRY RESTRICTIONS**

(Plan ahead: check low tide cancellations, delays and additions!)

Combinations of any length (vehicle towing anything) and single vehicles longer than 25 feet will <u>not</u> be transported after NOON, Thursday, July 2<sup>nd</sup> through Sunday, July 5<sup>th</sup>. Note: Saturday, July 4<sup>th</sup> the ferry will operate on holiday schedule same as Sunday.

### Technology Committee Volunteers Needed

The HI Board of directors has charged me with the task of creating the "Technology Committee" to serve the needs of our community. While our broad goal is to attempt to bring technological parity to the island in line with our mainland neighbors, our focus needs to be narrowed. If you would like to be involved in this process, please contact me prior to the July board meeting. Once we have a core group we will move forward in recommending both long and short term priorities that make our island a more efficient, effective and technologically advanced place to live and work.

Eric S. Bergson, Chairperson Technology Committee ebergson@gmail.com

2009 Low Tide Cancellations/Delays/Additions						
	June					
Sat, 6/20	9:30 am - 11:00 am cancelled, <i>ADD: 12:30 - 1:00 pm, 1:30 - 2:00 pm</i>					
Sun, 6/21	9:30 am - 12:00 pm cancelled					
Mon, 6/22	12:00 - 12:30 pm cancelled					
Tue, 6/23	12:00 - 12:30 pm cancelled, <i>ADD: 9:30 - 10:00 am</i>					
Wed, 6/24	12:00 - 12:30 pm cancelled					
Thu, 6/25	3:30 pm delayed					
Fri, 6/26	2:30 - 3:00 pm cancelled, 3:30 pm delayed					
	July					
Sat, 7/4	10:30 am - 11:00 am cancelled					
Sun, 7/5	10:30 am - 12:00 pm cancelled					
Mon, 7/6	12:00 pm - 12:30 pm cancelled					
Tue, 7/7	12:00 pm - 12:30 pm cancelled					
Wed, 7/8	12:00 pm - 12:30 pm no shuttles, 12:30 pm leaves early					
Sat, 7/18	8:30 am - 9:30 am cancelled, 9:30 am delayed					
Sun, 7/19	8:30 am - 11:00 am cancelled, <i>ADD: 12:30 pm - 1:00 pm</i>					
Mon, 7/20	9:30 am - 12:30 pm cancelled, <i>ADD: 1:30 pm - 2:00 pm</i>					
Tue, 7/21	12:00 pm - 12:30 pm cancelled					
Wed, 7/22	12:00 pm - 12:30 pm cancelled					
Thu, 7/23	12:00 pm - 12:30 pm cancelled					
Fri, 7/24	2:30 pm - 3:00 pm cancelled					
	August					
Mon, 8/17	8:30 am - 9:00 am leaves early, no shuttles, 9:30 am - 10:00 am cancelled					
Wed, 8/19	12:00 pm - 12:30 pm cancelled					
Thu, 8/20	12:00 pm - 12:30 pm cancelled, Final low tide adjustment this year					
	Definitions					
No shuttles	Operating on schedule / one boat load only					
Cancelled	No ferry run during time listed					
ADD	Additional ferry run added for date indicated					
Delayed	Ferry may depart late					

Tides:McMicken Island, Case Inlet
based on Seattle (Madison St), Elliott Bay Washington (NOAA)
47° 14 48 N 122° 51 42 W

Average Tides Mean Range: 10.0 ft MHHW: 14.0 ft Mean Tide: 8.0 ft

July, 2009				August, 2009			September, 2009										
1	12:51a 14	.2H	16	7:20a	0.9L	1	1:39a	12.1H	16	12:36a	12.9H	1	3:22a	11.1H	16		12.1H
We	8:28a 0		Th		10.3H	Sa		-0.3L	Su	8:42a		Tu	10:38a		We	10:17a	
(PDT)	3:29p 10		(PDT)	6:46p	7.2L	(PDT)		13.0H	(PDT)	•	13.0H	(PDT)		13.5H	(PDT)		14.4H
2	7:58p 7 1:32a 13		17	12:21a	13 6H	2	10:25p	8.1L 11.8H	17	9:20p	8.4L 12.8H	2	11:31p	6.2L 11.4H	17	11:09p	4.4L 12.6H
2 Th	9:20a -0		Fr	8:15a		2 Su	10:26a		Mo		-1.8L	2 We	11:15a		Th	11:08a	
(PDT)	4:42p 12		(PDT)		11.4H	(PDT)		13.5H	(PDT)		13.9H	(PDT)		13.6H	(PDT)		14.6H
(1.5.)	9:17p 7		( )	8:02p		(. 5.)	11:18p			10:28p		(. 5.)	V [P		( ,	11:52p	
3	2:15a 13	.1H	18		13.6H	3	3:25a	11.8H	18	2:58a	13.0H	3	12:00a	5.4L	18	5:30a	
Fr	10:07a -0		Sa	9:09a		Мо	11:06a			10:37a		Th		11.7H	Fr	11:55a	
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4	10:29p 8 2:57a 12		19	9:22p	8.7L 13.6H	4	11:57p	7.5L 11.8H	19	11:22p	6.8L 13.2H	4 🔾	6:30p 12:28a	13.6H 4.5L	19	12:33a	1.51
1	10:49a -1		Su	10:02a		Tu	11:43a		I	4.07a		Fr		12.0H	Sa		13.5H
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1	11:27a -1			10:54a		We		11.9H	Th		13.3H	Sa		12.2H	Su		13.6H
(PDT)	7:04p 14	.1H	(PDT)	6:28p		(PDT)	12:16p		(PDT)	12:13p		(PDT)	12:54p		(PDT)	1:23p	I
6	12:13a 8	11 .	21	11:32p	8.3L 13.8H	6		14.1H 6.4L	21	6:58p 12:56a	15.1H 4.2I	6		13.7H 2.6L	21	7:06p 1:53a	14.3H
Mo	4:19a 12		_	11:43a		Th		11.9H	Fr		13.3H	Su		12.4H	Mo		13.5H
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	12:52a 7			12:25a		7		5.7L	22	1:41a		7	2:00a		22	2:35a	
Tu (DDT)	5:00a 12		We		13.7H	Fr		11.9H	Sa (SDT)		13.1H	Mo		12.5H	Tu		13.3H
(PDT)	12:37p -1		(PDT)	12:30p		(PDT)	1:20p		(PDT)	1:41p		(PDT)		3.5L	(PDT)	2:51p	
8	8:07p 14 1:29a 7		23	1:16a	15.5H 6.5I	8		14.2H 4.8L	23	2:26a	15.0H 1.8L	8		13.7H 0.9L	23		13.2H   -0.4L
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, ,	8:34p 14		,	8:16p		,	-	14.2H	` ′	8:31p	14.7H	,		13.6H	` ′		12.5H
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(PDT)	2:18p -0		(PDT)	2:46p		(PDT)	3:02p	2.8L	(PDT)	3:57p		(PDT)			(PDT)	5:53p	7.8L
	9:21p 14			9:24p				14.0H		•	13.5H			13.0H		10:14p	
11	3:23a 5		26	3:51a		11		2.3L	26	4:53a		11 <b>①</b>		-0.3L	26		
Sa  (PDT)	8:00a 10 2:53p 0		Su (PDT)		11.5H 1.7L	Tu (PDT)		10.9H 4.1L	We (PDT)	11:48a 4:51p		Fr (PDT)	12:12p	7.7L	Sa   (PDT)	7:33p	12.5H
(FD1)	9:46p 14		(FDI)	•	15.1H	(FDI)		13.8H	, ,	10:20p		(FDI)	10:05p		(FD1)	11:23p	
12	4:05a 5		27	4:45a		12		1.5L	27 <b>①</b>	5:51a		12		-0.4L	27	7:08a	
Su	8:56a 10	.4H	Мо	10:37a	10.8H	We	11:00a		Th	1:17p	11.4H	Sa	1:39p	12.3H	Su	2:56p	12.8H
(PDT)	3:29p 1		(PDT)	4:19p		(PDT)	4:24p		(PDT)	6:00p		(PDT)			(PDT)	8:59p	7.2L
1	10:12p 14		20	10:36p		12 (	10:11p			11:06p		12	11:07p		20	12.400	10.04
13 Mo	4:50a 4 10:00a 9		28 <b>Û</b> Tu	5:43a 12:05p		13 ① Th	5:37a 12:23p		28 Fr	6:56a	0.7L 11.8H	13 Su		-0.4L 12.9H	28 Mo	12:48a 8:13a	
Mo (PDT)	4:08p 2		(PDT)			(PDT)	5:18p		(PDT)	7:35p		(PDT)			(PDT)		13.0H
\ /	10:39p 14		,	11:16p		( 51)	10:48p		(, ,,	оор	J.JL	(, 51)	э.оор	5.52	(, 51)	9:50p	
14	5:37a 3		29	6:44a	0.9L	14		0.1L	29	12:04a		14	12:28a	11.8H	29		10.1H
	11:14a 9		We	1:43p	10.6H	Fr		11.2H	Sa	8:02a		Мо		-0.5L	Tu	9:10a	1.7L
	4:51p 4		(PDT)	•		(PDT)	6:28p		(PDT)		12.4H	(PDT)		13.5H	(PDT)		13.2H
15 ①	11:09p 14 6:28a 2		30	11:58p		15	11:36p 7:39a		30	9:11p	7.9L 11.0H	15	•	7.2L 11.7H	30	10:26p	5.6L 10.5H
	12:40p 9		30 Th	7:46a 3:14p	11.3H	Sa		12.1H	30   Su	9:03a		15 Tu		-0.5L	We	9:58a	
(PDT)	5:42p 5		(PDT)	7:39p		(PDT)	7:55p		(PDT)		12.9H	(PDT)		14.0H	(PDT)		13.3H
	11:43p 13		` ,	•		( 2 . )				10:15p	7.4L	( )	10:22p		( 2 . )	10:56p	
	•		31	12:46a					31		10.9H		•			•	
			Fr	8:45a					Mo	9:55a							
			(PDT)		12.2H				(PDT)		13.3H						
				_ 9:11p_	_o.∠L_	<u> </u>			L	10:57p_	o.9L_						



# Celebrate 4th of July Weekend

### Saturday - July 4 North Beach

11:30 Kevin's Burgers and Brats

Profits go to new swim float

11:30 - 2:00 Flea Market

1:00 **Parade** starts at Goodpastor Park

ends at North Beach Open to all! Join the fun!

2:00 Sailboat Race

The start and finish is an Imaginary line from North Beach flag pole to the mainland ferry ramp.

Sunday - July 5

9:00 North Beach Clean Up

Coffee & pastries provided for volunteers

**Baseball at Goodpastor Park** 

11:30 -12:15 Sign-up

12:15 Warm-up for adult game 12:30 Adults East vs West

2:30 Kids Game

\$2.50 gets you a hot dog, chips and choice of soda or water. Profits go to support Baseball club needs.





### Independence Day Weekend

Herron Island (Boosters) Inventory Sellout

Sunday, 5th July

Noon to 2.30 PM

At the HMC Office Building

T. Shirts—\$5.00 Other Merchandise—25% Off

The only chance this Summer to purchase Herron Island merchandise!!!!

### Free Classified Ads

Non-commercial ads of 100 words or less will be accepted for inclusion in this section free of charge. Please email your ad to beach-comber@herronisland.org, Subject: Beachcomber Ad. The ad must be resubmitted for each issue in which it is to be printed.

### **Tide Tables**

Plots of the monthly tide tables are available on our website (herronisland.org). The plots are for nearby McMicken Island, which is the NOAA data point closest to Herron Island.

### Herron Island

Summer Time & Life is Great on Herron Island
There are waterfront lots and Cabins
waiting for your review and offer.
Prices have been reduced; Great Deals

A Peek-a-Boo view lot has been listed, With septic installed, water on property.

Give us a call and view these properties.

Check this and all our listings on our website.

Always listing and selling here on our special island.

DALLAS AMIDON, Island Resident Realtor Cell: 253-606-0972 Home: 253-884-6166

Janette Wiester, Realtor

Cell: **253-355-0495** 

E-mail: HerronIsland@hotmail.com

Windermere Key Realty, Inc. 253-857-3304

Working hard for you & our community since 1994!

(Paid Advertisement)

### HERRON ISLAND YARD MAINTENANCE

ALLEN MOREN 253-884-2721 ESTIMATES BY THE YARD

- \*Also works with Tansy
- \*Appliance Disposal
- \*Deck Cleaning
- \*Restaining

(Paid Advertisement)



### Herron Island Properties For Sale:

- 309 East Madrona: 2 beds/1 bath—new construction and Green Built, with bamboo floors, beautiful kitchen with Ice Stone Countertops—You have to see it to believe it! Priced at only \$179,500 Check it out: www.johnlscott.com/61072
- 730 Madrona Blvd: .36 acre lot with 2 bedroom approved septic design. Backs on to Goodpastor Park. Priced at \$27,950
- 1005 Yew Blvd: .41 acre lot. Build tall for an incredible water/mountain view! 2 bed approved septic design. Priced at \$44,950
- 826 East Herron Blvd: .32 acre lot with 2 bed approved septic design. Priced at \$39,950
- 828 East Herron Blvd: .32 acre lot with 2 bed approved septic design. Priced at \$34,950 (Purchase 826/828 together for only \$69,950)
- 1115 East Madrona Blvd: .32 acre lot with 2 bed septic system installed. Partial view! Priced at \$69,995
- 807 West Herron Blvd: .45 acre lot with approved septic and partial view! Priced at \$42,500
   www.DiscoverHerronIsland.com



Karen Dorans, Realtor, John L. Scott Real Estate Karen@DiscoverHerronIsland.com Island Residence: (253) 884-2578 Cell: (253) 219-4076 Office: (253) 858-7500

(Paid Advertisement)

### May Mobile Marine Tech

Monty will be on the island to perform maintenance/tune-ups
June 26 & 27, 2009

Motors, Generators, Boats Email or Call for appointment Special parts, etc.

360.621.1239

Email: mriley@wavecable.com

Monty Riley, Owner, Licensed & Insured Complete Service for Evinrude, Johnson, Mer cury, Honda, Yamaha, Jet Skies Mobile 360.621.1239

### MICHAEL KANDER CPA

7406 27<sup>TH</sup> Street West Suite 14, University Place, WA 98466

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### INDEPENDENT AUDITOR'S REPORT

Board of Directors HMC Management P.O. Box 119 Lakebay, WA 98349

Dear President and Members of the Board:

We have audited the accompanying Balance Sheet of HMC Management (a Washington State Homeowners Association) as of September 30, 2008, and the related Statements of Revenues and Expenses (including the Functional Expense Schedule) and Cash Flows, and Changes in Members' Equity for the year then ended. These financial statements are the responsibility of HMC management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HMC Management as of September 30, 2008, and the results of operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

HMC Management has not estimated the remaining lives and replacement costs of the common property and, therefore, has not presented this information that accounting principles generally accepted in the United States of America has determined is required to supplement, although not required to be a part of, the basic financial statements. (See Note C)

Michael J. Kander, CPA University Place, WA May 16, 2009

### **Balance Sheet**

As of September 30, 2008 and 2007

Current Assets	ASSETS	2008	2007
Cash Certificate of Deposit Total Cash and Cash Equivilants         \$103,585 1,180 1,180         \$133,785 139,785           Accounts Receivable from Active Members         7,871         587           Total Current Assets         112,636         140,373           Long Term and Other Assets Investment in Vanguard Funds (see Note B) Delinquent Members Receivables, net (see Note D) Delinquent Members Receivables, net (see Note D) Note Receivable (See Note E) Total Long Term Assets         303,637 290,873	Current Assets		
Certificate of Deposit         1,180         1,132           Total Cash and Cash Equivilants         104,765         139,785           Accounts Receivable from Active Members         7,871         587           Total Current Assets         112,636         140,373           Long Term and Other Assets         Investment in Vanguard Funds (see Note B)         303,637         290,873           Delinquent Members Receivables, net (see Note D)         35,194         45,322           Note Receivable (See Note E)         17,590         18,435           Total Long Term Assets         356,421         354,630           Plant, Property and Equipment         27,300         27,300           Land - Common Use (See Note A)         27,300         27,300           Fixed Assets         2,108,732         2,104,931           Ferry/Docks         2,108,732         2,104,931           Water System         108,217         108,217           Small Boat Dock (Parks)         65,003         65,003           Roads         31,895         40,245           Office/Equipment         33,635         34,213           less Accumulated Depreciation         (1,252,087)         (1,203,543)           Total Net Fixed Assets         1,095,395         1,149,067 <td>Cash and Cash Equivilants (See Note A)</td> <td></td> <td></td>	Cash and Cash Equivilants (See Note A)		
Total Cash and Cash Equivilants			
Accounts Receivable from Active Members         7,871         587           Total Current Assets         112,636         140,373           Long Term and Other Assets	•		
Total Current Assets	Total Cash and Cash Equivilants	104,765	139,785
Long Term and Other Assets   Investment in Vanguard Funds (see Note B)   303,637   290,873   Delinquent Members Receivables, net (see Note D)   35,194   45,322   Note Receivable (See Note E)   17,590   18,435   Total Long Term Assets   356,421   354,630   Total Long Term Assets   356,421   354,630   Total Long Term Assets   27,300   27,300   27,300   Fixed Assets   Ferry/Docks   2,108,732   2,104,931   Water System   108,217   108,217   Small Boat Dock (Parks)   65,003   65,003   Roads   31,895   40,245   Office/Equipment   33,635   34,213   Iess Accumulated Depreciation   (1,252,087)   (1,203,543)   Total Net Fixed Assets   1,095,395   1,149,067   Total Plant, Property, and Equipment   1,122,695   1,176,367   TOTAL ASSETS   1,591,752   1,671,369   LIABILITIES   Short Term Liabilities   Accounts Payable - Trade   12,546   36,414   Prepaid Assessments   6,000   5,095   Security Deposits   8,257   6,498   Total Short Term Liabilities   26,803   48,007   Long Term Liability   Deferred Gain (See Note E)   15,002   15,556   Total Long Term Liability   15,002   15,556	Accounts Receivable from Active Members	7,871	587
Investment in Vanguard Funds (see Note B)   303,637   290,873   Delinquent Members Receivables, net (see Note D)   35,194   45,322   Note Receivable (See Note E)   17,590   18,435   Total Long Term Assets   356,421   354,630      Plant, Property and Equipment   Land - Common Use (See Note A)   27,300   27,300     Fixed Assets   Ferry/Docks   2,108,732   2,104,931   Water System   108,217   108,217   Small Boat Dock (Parks)   65,003   65,003   Roads   31,895   40,245   Office/Equipment   33,635   34,213   less Accumulated Depreciation   (1,252,087)   (1,203,543)   Total Net Fixed Assets   1,095,395   1,149,067    Total Plant, Property, and Equipment   1,122,695   1,176,367   TOTAL ASSETS   1,591,752   1,671,369    LIABILITIES Short Term Liabilities   Accounts Payable - Trade   12,546   36,414   Prepaid Assessments   6,000   5,095   Security Deposits   8,257   6,498   Total Short Term Liabilities   26,803   48,007   Long Term Liability   Deferred Gain (See Note E)   15,002   15,556   Total Long Term Liability   15,002   15,556	Total Current Assets	112,636	140,373
Investment in Vanguard Funds (see Note B)   303,637   290,873   Delinquent Members Receivables, net (see Note D)   35,194   45,322   Note Receivable (See Note E)   17,590   18,435   Total Long Term Assets   356,421   354,630      Plant, Property and Equipment   Land - Common Use (See Note A)   27,300   27,300     Fixed Assets   Ferry/Docks   2,108,732   2,104,931   Water System   108,217   108,217   Small Boat Dock (Parks)   65,003   65,003   Roads   31,895   40,245   Office/Equipment   33,635   34,213   less Accumulated Depreciation   (1,252,087)   (1,203,543)   Total Net Fixed Assets   1,095,395   1,149,067    Total Plant, Property, and Equipment   1,122,695   1,176,367   TOTAL ASSETS   1,591,752   1,671,369    LIABILITIES Short Term Liabilities   Accounts Payable - Trade   12,546   36,414   Prepaid Assessments   6,000   5,095   Security Deposits   8,257   6,498   Total Short Term Liabilities   26,803   48,007   Long Term Liability   Deferred Gain (See Note E)   15,002   15,556   Total Long Term Liability   15,002   15,556	Long Term and Other Assets		
Note Receivable (See Note E)		303,637	290,873
Total Long Term Assets   356,421   354,630	Delinquent Members Receivables, net (see Note D)	35,194	45,322
Plant, Property and Equipment         27,300         27,300           Fixed Assets         2,108,732         2,104,931           Ferry/Docks         2,108,732         2,104,931           Water System         108,217         108,217           Small Boat Dock (Parks)         65,003         65,003           Roads         31,895         40,245           Office/Equipment         33,635         34,213           less Accumulated Depreciation         (1,252,087)         (1,203,543)           Total Net Fixed Assets         1,095,395         1,149,067           Total Plant, Property, and Equipment         1,122,695         1,176,367           TOTAL ASSETS         1,591,752         1,671,369           LIABILITIES         Short Term Liabilities         4,245           Accounts Payable - Trade         12,546         36,414           Prepaid Assessments         6,000         5,095           Security Deposits         8,257         6,498           Total Short Term Liabilities         26,803         48,007           Long Term Liability         15,002         15,556           Total Long Term Liability         15,002         15,556	Note Receivable (See Note E)	17,590	18,435
Land - Common Use (See Note A)       27,300       27,300         Fixed Assets       Ferry/Docks       2,108,732       2,104,931         Water System       108,217       108,217         Small Boat Dock (Parks)       65,003       65,003         Roads       31,895       40,245         Office/Equipment       33,635       34,213         less Accumulated Depreciation       (1,252,087)       (1,203,543)         Total Net Fixed Assets       1,095,395       1,149,067         TOTAL ASSETS       1,591,752       1,671,369         LIABILITIES       36,414       1,591,752       1,671,369         LIABILITIES       Accounts Payable - Trade       12,546       36,414         Prepaid Assessments       6,000       5,095         Security Deposits       8,257       6,498         Total Short Term Liabilities       26,803       48,007         Long Term Liability       15,002       15,556         Total Long Term Liability       15,002       15,556	Total Long Term Assets	356,421	354,630
Land - Common Use (See Note A)       27,300       27,300         Fixed Assets       Ferry/Docks       2,108,732       2,104,931         Water System       108,217       108,217         Small Boat Dock (Parks)       65,003       65,003         Roads       31,895       40,245         Office/Equipment       33,635       34,213         less Accumulated Depreciation       (1,252,087)       (1,203,543)         Total Net Fixed Assets       1,095,395       1,149,067         TOTAL ASSETS       1,591,752       1,671,369         LIABILITIES       36,414       1,591,752       1,671,369         LIABILITIES       Accounts Payable - Trade       12,546       36,414         Prepaid Assessments       6,000       5,095         Security Deposits       8,257       6,498         Total Short Term Liabilities       26,803       48,007         Long Term Liability       15,002       15,556         Total Long Term Liability       15,002       15,556	Plant, Property and Equipment		
Ferry/Docks   2,108,732   2,104,931   Water System   108,217   108,217   Small Boat Dock (Parks)   65,003   65,003   Roads   31,895   40,245   A0,245   A0		27,300	27,300
Water System         108,217         108,217           Small Boat Dock (Parks)         65,003         65,003           Roads         31,895         40,245           Office/Equipment         33,635         34,213           less Accumulated Depreciation         (1,252,087)         (1,203,543)           Total Net Fixed Assets         1,095,395         1,149,067           Total Plant, Property, and Equipment         1,122,695         1,176,367           TOTAL ASSETS         1,591,752         1,671,369           LIABILITIES         Short Term Liabilities         4,000         5,095           Accounts Payable - Trade         12,546         36,414         9,000         5,095           Security Deposits         8,257         6,498         6,498           Total Short Term Liabilities         26,803         48,007           Long Term Liability         15,002         15,556           Total Long Term Liability         15,002         15,556	Fixed Assets		
Small Boat Dock (Parks)         65,003         65,003           Roads         31,895         40,245           Office/Equipment         33,635         34,213           less Accumulated Depreciation         (1,252,087)         (1,203,543)           Total Net Fixed Assets         1,095,395         1,149,067           Total Plant, Property, and Equipment         1,122,695         1,176,367           TOTAL ASSETS         1,591,752         1,671,369           LIABILITIES         Short Term Liabilities         4,000         5,095           Accounts Payable - Trade         12,546         36,414         36,414           Prepaid Assessments         6,000         5,095         5,095           Security Deposits         8,257         6,498           Total Short Term Liabilities         26,803         48,007           Long Term Liability         15,002         15,556           Total Long Term Liability         15,002         15,556	Ferry/Docks	2,108,732	2,104,931
Roads Office/Equipment         31,895 33,635         40,245 34,213           less Accumulated Depreciation Total Net Fixed Assets         (1,252,087) 1,095,395         (1,203,543) 1,149,067           Total Plant, Property, and Equipment         1,122,695         1,176,367           TOTAL ASSETS         1,591,752         1,671,369           LIABILITIES Short Term Liabilities Accounts Payable - Trade Accounts Payable - Trade Prepaid Assessments Security Deposits         12,546 6,000 5,095 Security Deposits         36,414 Prepaid Assessments 6,000 5,095 Security Deposits         48,007           Long Term Liability Deferred Gain (See Note E)         15,002 15,556         15,556           Total Long Term Liability         15,002 15,556         15,556	Water System	108,217	108,217
Office/Equipment         33,635         34,213           less Accumulated Depreciation         (1,252,087)         (1,203,543)           Total Net Fixed Assets         1,095,395         1,149,067           Total Plant, Property, and Equipment         1,122,695         1,176,367           TOTAL ASSETS         1,591,752         1,671,369           LIABILITIES         Short Term Liabilities         36,414           Accounts Payable - Trade         12,546         36,414           Prepaid Assessments         6,000         5,095           Security Deposits         8,257         6,498           Total Short Term Liabilities         26,803         48,007           Long Term Liability         26,803         48,007           Long Term Liability         15,002         15,556           Total Long Term Liability         15,002         15,556	Small Boat Dock (Parks)	65,003	65,003
less Accumulated Depreciation         (1,252,087)         (1,203,543)           Total Net Fixed Assets         1,095,395         1,149,067           Total Plant, Property, and Equipment         1,122,695         1,176,367           TOTAL ASSETS         1,591,752         1,671,369           LIABILITIES AND MEMBERS' EQUITY         Short Term Liabilities         40,000         36,414           Accounts Payable - Trade         12,546         36,414         36,414           Prepaid Assessments         6,000         5,095         5095           Security Deposits         8,257         6,498           Total Short Term Liabilities         26,803         48,007           Long Term Liability         15,002         15,556           Total Long Term Liability         15,002         15,556	Roads	31,895	40,245
Total Net Fixed Assets         1,095,395         1,149,067           Total Plant, Property, and Equipment         1,122,695         1,176,367           TOTAL ASSETS         1,591,752         1,671,369           LIABILITIES AND MEMBERS' EQUITY         11,591,752         1,671,369           LIABILITIES Short Term Liabilities         2,546         36,414           Accounts Payable - Trade Prepaid Assessments Fourity Deposits         6,000         5,095           Security Deposits         8,257         6,498           Total Short Term Liabilities         26,803         48,007           Long Term Liability Deferred Gain (See Note E) Deferred Gain (See Note E) T5,002         15,556           Total Long Term Liability         15,002         15,556	Office/Equipment	33,635	34,213
Total Plant, Property, and Equipment         1,122,695         1,176,367           TOTAL ASSETS         1,591,752         1,671,369           LIABILITIES AND MEMBERS' EQUITY         LIABILITIES             Short Term Liabilities             Accounts Payable - Trade	less Accumulated Depreciation	(1,252,087)	(1,203,543)
TOTAL ASSETS         1,591,752         1,671,369           LIABILITIES AND MEMBERS' EQUITY           LIABILITIES           Short Term Liabilities         12,546         36,414           Prepaid Assessments         6,000         5,095           Security Deposits         8,257         6,498           Total Short Term Liabilities         26,803         48,007           Long Term Liability         26,803         15,556           Total Long Term Liability         15,002         15,556	Total Net Fixed Assets	1,095,395	1,149,067
LIABILITIES AND MEMBERS' EQUITY         LIABILITIES Short Term Liabilities Accounts Payable - Trade Prepaid Assessments 6,000 5,095 Security Deposits 8,257 6,498         Total Short Term Liabilities 26,803 48,007         Long Term Liability Deferred Gain (See Note E) 15,002 15,556         Total Long Term Liability 15,002 15,556	Total Plant, Property, and Equipment	1,122,695	1,176,367
LIABILITIES         Short Term Liabilities       12,546       36,414         Accounts Payable - Trade       12,546       36,414         Prepaid Assessments       6,000       5,095         Security Deposits       8,257       6,498         Total Short Term Liabilities       26,803       48,007         Long Term Liability       15,002       15,556         Total Long Term Liability       15,002       15,556	TOTAL ASSETS	1,591,752	1,671,369
Short Term Liabilities       12,546       36,414         Accounts Payable - Trade       12,546       36,414         Prepaid Assessments       6,000       5,095         Security Deposits       8,257       6,498         Total Short Term Liabilities       26,803       48,007         Long Term Liability       15,002       15,556         Total Long Term Liability       15,002       15,556	LIABILITIES AND MEMBERS' EQUITY		
Accounts Payable - Trade       12,546       36,414         Prepaid Assessments       6,000       5,095         Security Deposits       8,257       6,498         Total Short Term Liabilities       26,803       48,007         Long Term Liability       5,002       15,556         Total Long Term Liability       15,002       15,556	LIABILITIES		
Prepaid Assessments         6,000         5,095           Security Deposits         8,257         6,498           Total Short Term Liabilities         26,803         48,007           Long Term Liability         5,002         15,556           Total Long Term Liability         15,002         15,556			
Security Deposits         8,257         6,498           Total Short Term Liabilities         26,803         48,007           Long Term Liability         5002         15,556           Total Long Term Liability         15,002         15,556		•	•
Total Short Term Liabilities 26,803 48,007  Long Term Liability Deferred Gain (See Note E) 15,002 15,556  Total Long Term Liability 15,002 15,556	•	•	•
Long Term Liability Deferred Gain (See Note E) Total Long Term Liability  15,002 15,556	Security Deposits	8,257	6,498
Deferred Gain (See Note E)         15,002         15,556           Total Long Term Liability         15,002         15,556	Total Short Term Liabilities	26,803	48,007
Deferred Gain (See Note E)         15,002         15,556           Total Long Term Liability         15,002         15,556	Long Term Liability		
,		15,002	15,556
TOTAL LIABILITIES \$41,805 \$63,563	Total Long Term Liability	15,002	15,556
	TOTAL LIABILITIES	\$41,805	\$63,563

# HMC MANAGEMENT Balance Sheet

As of September 30, 2008 and 2007

Continued	2008	2007
MEMBERS' EQUITY		*****
Unrestricted Balance	\$1,206,309	\$1,316,932
Board Designated (See Note B)	40.000	
Major Maintenance (Dry Dock) 2009	40,000	
Members' Savings Reserves	303,637_	290,873
Total Board Designated	343,637	290,873
TOTAL MEMBERS' EQUITY	1,549,946	1,607,806
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$1,591,752	\$1,671,369

### Statement of Revenues and Expenses For the Years Ended September 30, 2008 and 2007

	2008	2007
REVENUES AND OTHER SUPPORT		
General Assessments, net	\$470,400	\$456,328
Ferry Fees	139,029	152,057
Deliquent Accounts (Current Year)	36,051	31,112
Miscellaneous	5,243	13,043
Donation for Improvements	0	5,639
HMC Interest & Handling Charges	8,563	1,771
TOTAL REVENUES AND OTHER SUPPORT	659,286	659,950
EXPENSES BY DEPARTMENT (See Schedule 1)		
Ferry	453,564	382,729
Ferry Docks	42,302	79,064
Administration	163,614	168,404
Water	27,768	21,413
Parks	16,367	23,914
Roads	29,305	37,025
TOTAL EXPENSES	732,920	712,550
REVENUES EXCEEDING EXPENSES (LOSS)	(73,634)	(52,600)
OTHER INCOME		516
Interest Earned	15,220	23,436
Gain on Installment Sale (See Note E)	554	516
TOTAL OTHER INCOME	15,774	23,952
REVENUES EXCEEDING EXPENSES (LOSS)	(\$57,859)	(\$28,385)

### Statement of Functional Expenses - Schedule 1 October 2007 - September 2008 with Comparative Totals for Prior Period (2007)

2008	_		Department-				2008	2007
EXPENSE	Ferry	Ferry Docks	Administration	Water	Parks	Roads	Total	Total
Payroll (Wages, taxes, and benefits)	\$260,603		84,633	7,088	1,396	653	\$354,373	\$322,690
Major Repairs and Maintenance	29,537					13,334	42,871	53,231
Repairs and Maintenance	2,469	668	824	5,561	3,744	12,202	25,468	54,960
Insurance	41,096		22,438				63,534	62,538
Ferry Fuel	68,849						68,849	53,432
Professional Services			29,430	5,898			35,328	38,480
Miscellaneous Service & Supplies	9,053	1,658	7,466	1,962	6,385	1,521	28,045	24,809
Taxes and DNR Lease	3,665	611	2,816	640			7,732	5,365
Postage, Printing, Copying			7,777				7,777	8,880
Utilities	519	111	2,018	2,290	2,330		7,268	6,388
Bad Debt Expense			6,000				6,000	6,000
Total Expenses by Department								
before Depreciation	415,791	3,048	163,402	23,439	13,855	27,710	647,245	630,773
Depreciation	37,773	39,254	212	4,329	2,512	1595	85,675	81,777
Total Expenses by Department after								
Depreciation	453,564	42,302	163,614	27,768	16,367	29,305	\$732,920	\$712,550

### **HMC MANAGEMENT** Statement of Changes in Members' Equity As of September 30, 2008 and 2007

			<b>Total Membe</b>	rs' Equity
	Members' Savings Reserves	Unrestricted Net Assets	2008	2007
MEMBERS' EQUITY				
BEGINNING OF YEAR	\$290,872	1,316,934	1,607,806	1,636,455
Excess of Revenues over Expenses (Loss) before Other				
Income		(73,634)	(73,634)	(52,600)
Transfers from Operating				
Account to Savings Reserves	3,000	(3,000)	0	0
Allocation of Other Income				
- Interest Earned	10,970	4,250	15,220	23,435
- Gain on Installment Sale		554	554	516
MEMBERS' EQUITY END OF YEAR	304,842	1,245,104	1,549,946	\$1,607,806

## HMC Management Statement of Cash Flows

For the Years Ended September 2008 and 2007

	2008	2007
OPERATING ACTIVITIES		
Net Income (Loss)	(\$57,859)	(\$28,385)
Adjustments to reconcile Net Income	•	
to net cash provided by operations: Increase(Decrease)		
Transfer to Investment Account (Reserves)	(3,000)	(57,000)
Interest Earned (Investment Accounts)	(11,018)	(13,629)
Depreciation	85,675	82,610
Delinquent Accounts Receivable, net (SEE NOTE D)	10,128	63,678
Note Receivable	845	780
Accounts Receivable	(7,206)	78
Accounts Payable	(23,868)	28,579
Prepaid Assessments	905	283
Security Deposits, net	1,759	2,176
Net cash provided by Operating Activities	(3,639)	79,170
INVESTING ACTIVITIES		
Deferred Gain	(554)	(516)
Capital Additions/Improvements	(30,827)	(36,911)
Net cash provided by Investing Activities	(31,381)	(37,427)
Net cash increase(decrease) for period	(35,020)	41,743
Cash at beginning of period	139,785	98,042
Cash at end of period	\$104,765	\$139,785

### **Notes to Financial Statements**

For the Fiscal Year Ended September 30, 2008

### NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### **Organization and Nature of Activities**

HMC Management was incorporated on May 1, 1958, in the State of Washington, as a non-profit corporation. HMC Management operates and maintains the common property (including roads, parks, and water service) on Herron Island and the associated private ferry service and wharfs. HMC Management levies annual and special assessments on 405 "assessable" units. (Assessable units are adjacent, contiguous units that are owned by one member.)

### **Basis of Accounting**

The financial statements have been prepared in accordance with generally accepted accounting principles and accordingly reflect all significant receivables, payables and other liabilities.

Disbursements from the operating account are generally at the discretion of the board. Disbursements from the reserve savings accounts may be generally made only for specific purposes designated by the board. (See Note B)

### **Cash and Cash Equivalents**

HMC Management considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The certificate of deposit is included in this asset category because it may be readily redeemed with an immaterial early withdrawal penalty.

#### Investments

The Vanguard Money Market Funds (Reserves) are considered as long-term assets because management intends to hold these for more than one year. The balance exceeds the Federal Depository Insurance Corporation coverage by approximately \$53,000. Management accepts this risk because Vanguard has not defaulted on any accounts.

### **Fixed Assets**

The HMC Company capitalizes property and equipment over \$500 and depreciates fixed assets and improvements over their useful life using straight-line depreciation methodology. At acquisition, the estimated useful life of the ferry and ferry docks were 20 years and 40 years respectively. The estimated useful life of capitalized equipment is five to seven years.

### **Notes to Financial Statements**

For the Fiscal Year Ended September 30, 2008

### Land

HMC Management owns 16 lots that are for common use by the organization and by members. Original acquisition costs were not available. The organization used lowest assessed values for 2001 thru 2005 to fairly value the property.

### **Member Assessments**

HMC Management's members are subject to annual assessments (\$1200 per assessable unit in 2008) to provide funds for general operating expenses, future capital acquisitions, and major repairs and replacements. Accounts receivable at the balance sheet date represents fees due from active owners. HMC Management considers these accounts receivable (active members) as fully collectable and, accordingly, does not deem it necessary to establish an allowance for uncollectible accounts (active members). HMC Policy is to classify assessments older than 30 days as delinquent and to begin legal proceedings as soon as practical. See Note D for discussion of delinquent accounts.

### **Income Taxes**

Homeowners' associations may be taxed either as homeowners' associations or as regular corporations. As a homeowner's association, most exempt function income, which consists primarily of member assessments, is not taxable.

### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires HMC Management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

### Insurance

Management has elected to expense insurance costs when paid. This procedure does not significantly change the financial position or operating results.

### **NOTE B – Board Designated Savings Reserves**

These reserves are board designated and consist of investments to be held for the purpose of capital projects, major repairs and improvements (docks, ferry, roads, water), and legal and insurance reserves. These assets are held in a Vanguard Money Market account specified for those purposes. (See Note A)

### **Notes to Financial Statements**

For the Fiscal Year Ended September 30, 2008

### **NOTE C – Future Major Repairs and Replacements**

HMC Management's governing documents do not require the accumulation of funds to finance estimated future major repairs and replacements. However, the budget includes a portion for reserves. HMC Management has not completed a study to determine the remaining useful lives of the components of common property and future associated costs of major repairs and replacement.

To fund future projects, HMC Management maintains reserves designated by the board for specific purposes. (See Note B) Whether these funds are sufficient to finance future major repairs and replacements, either directly or through borrowing, has not been determined.

The Board has determined that the water distribution system may need replacing in order to comply with recent Washington State laws. Other near-term capital projects include replacement of the dolphins with an estimated cost of \$81,000, the re-engine of the ferry for \$80,000, and a reserve for parks improvements of \$6,600.

### **NOTE D – Delinquent Accounts**

The position of the Board of Directors is that the Association will ultimately prevail against the remaining homeowners whose assessments are delinquent. Nonetheless, management has provided an estimate for doubtful accounts (delinquent accounts receivable). That account is reported at a net value and includes \$6,000 for uncollectable accounts in 2008 and \$4,883 in 2007.

### **NOTE E – Note Receivable**

The seven percent note is for the sale of Herron Island property on July 26, 2005. Terms are monthly payments of \$175 with a balloon payment of \$15,839 due on July 29, 2010.

### **CONSUMER CONFIDENCE REPORT**

### **June 2009**

As part of the federal Safe Drinking Water Act of 1996, drinking water providers are required to furnish a Consumer Confidence Report to their customers on an annual basis beginning 1999. The purpose of this report is to tell you about your water, where your water comes from and how it compares to stringent standards set by regulatory agencies.

Drinking water, including bottled water, may reasonably be expected to contain at least small amounts of some contaminants. The presence of contaminants does not necessarily indicate that water poses a health risk. More information about contaminants and potential health effects can is obtained by calling the EPA's Safe Drinking Water Hotline (800-426-4791).

Some people may be more vulnerable to contaminants in drinking water than the general population. Immuno-compromised persons such as persons with cancer-undergoing chemotherapy, persons who have undergone organ transplants, people with HIV/AIDS or other immune system disorders, some elderly, and infants can be particularly at risk from infections. These people should seek advice about drinking water from their health care providers. EPA/CDC guidelines on appropriate means to lesson the risk of infection by Cryptosporidium and other microbial contaminants are available from the Safe Drinking Hotline (800-426-4791).

Contaminants that may be present in source water before it is treated include:

- \*Microbial contaminants, such as viruses and bacteria, which may come from sewage treatment plants, septic systems, agriculture livestock operations and wildlife.
- \*Inorganic contaminants, such as salts and metals, which can be naturally-occuring or result from urban stormwater runoff, industrial or domestic wastewater discharges, oil and gas production, mining or farming.
- \*Pesticides and herbicides, which may come from a variety of sources such as agriculture and residential uses.
- \*Radioactive contaminants, which are naturally occurring.
- \*Organic chemical contaminants, including synthetic and volatile organic chemicals, which are by-products of industrial processes and petroleum production, and can also come from gas stations, urban stormwater runoff, and septic systems.

The sources of drinking water (both tap water and bottled water) include rivers, lakes, streams, ponds, reservoirs, springs, and wells. As water travels over the surface of the land or through the ground, it dissolves naturally occurring minerals and in some cases, radioactive material and can pick up substances resulting from the presence of animals or from human activity.

Your water comes from a single well field on Herron Island that contains two wells. After the water comes from the wells it is distributed to your home, normally without treatment.

Listed below are the results from the 2007/2008 laboratory tests (other than coliform):

<b>Inorganic Contaminants</b>	MCL/AL	SRL	HMC Water	
Arsenic	0.0	0.0	Less than 0.002	October, 2007
Nitrate	10	0.5	1.8	April, 2008
Lead	0.015	0.002	Less than 0.002	August, 2008
Copper	1.3	0.02	See 5 tests, below	August, 2008
Copper values at five locations: 0.52, 0.22, 0.67, 0.23, 0.11				

### Volatile Organic Chemicals

Tested for 62 VOC's; none were detected

June, 2007

As a result of Herron Island's consistently high water quality the Washington Department of Health has granted waivers for much of the sampling and testing except for coliform bacteria and a few chemicals such as nitrate and arsenic. Though not a serious threat to health, coliform bacteria is an indicator of vulnerability to more serious bacterial contamination. All monthly coliform tests in 2008 were satisfactory.

In early October, 2005 a new 99,000-gallon reservoir was placed in service. The new reservoir was designed to not only alleviate any contamination problems related to the old reservoir, but to also meet current Washington Department of Health and Pierce County Fire Marshal capacity requirements. Inside the new reservoir is a state-of-the art water circulation system that ensures optimal "first in, first out" water movement. That is, water that has been in the tank longest is the first to be drawn out, minimizing the potential for the tank retaining "stale" water that could lead to possible bacterial problems.

The two underground pumps that fill the new reservoir are controlled by state-of-the art devices that sense water pressure in the tank. These controls are easily adjusted if necessary and eliminate the need for electrical connections to the reservoir as well as eliminating water level-sensing floats inside. In conjunction with the reservoir construction, new large-diameter pipes and valves were installed nearby. These are the beginning point of a future replacement of the island water distribution system. Planning for the new distribution system continues. This is a major capital project for which adequate funding must be developed.

For additional information, please contact the Island Manager at (253) 884-9350.

<sup>\*</sup>Maximum Contaminant Level Goal (MCLG): the level of a contaminant in drinking water below which there is no known or expected risk to health. MCLG's allow for a margin of safety. \*Maximum Contaminant Level (MCL): the level of a contaminant that is allowed in drinking water. MCL's are set as close to the MCLG's as feasible using the best available treatment technology.

<sup>\*</sup>Action Level (AL): the concentration of a contaminant which, when exceeded, triggers treatment or other requirements which a water system must follow.

<sup>\*</sup>State Reporting Level (SRL): the minimum reporting level for Department of Health.

<sup>\*</sup>N/A: not applicable \*ND: not detectable at testing limit \*ppb: parts per billion or micrograms per liter \*ppm: parts per million or milligrams per liter \*pCi/l: picocuries per liter (a measure of radiation).

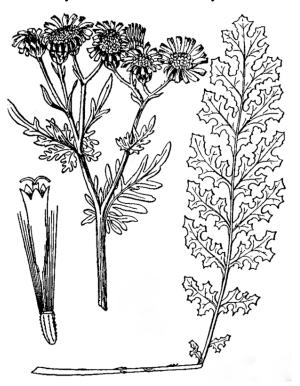
### Tansy Ragwort threatens Herron Island Ecosystem

Did you know that non-native, invasive plant species are a serious threat to wildlife habitat and biodiversity, second only to development? Residents and property owners on Herron Island are fortunate to enjoy the natural beauty and tranquility of this quintessentially northwest place. Unfortunately, this tiny paradise is not immune.

One especially pernicious noxious weed, tansy ragwort, has taken hold here (as many of you are only too well aware!) Weed scientists believe tansy blew in from the mainland on fuzzy parachutes attached to the seeds, like dandelions. Each plant sets 150-200,000 seeds, which rapidly colonize any bare patch of ground or disturbed area.

Controlling Tansy Ragwort is a high priority for Pierce County and the state for many reasons:

- Highly poisonous, tansy causes cumulative liver damage in animals and humans, resulting in illness and death
- Grazing animals, including deer can't avoid eating tansy in spring when the rosettes are small and indistinguishable from surrounding vegetation.
- Tansy ragwort toxin can enter the human food chain through tainted milk or honey
- Tansy is so vigorous it out-competes native plants
- Nothing can eat tansy! Its spread disrupts the food chain by displacing the natives that produce seeds, fruits or berries which feed the resident bugs, birds and critters
- If left unchecked, tansy creates a large 'monoculture' meaning a big colony where it is the only plant species around!
- Tansy destroys the biological distinctiveness of the Pacific Northwest.
- Infested areas provide seed sources for invasion of neighboring land.



<u>Tansy Control</u>: If you have a few plants, hand pulling works well, but be sure to get as much of the tap root as possible, and check the area for re-growth later in the season. Bigger infestations may require herbicides. Be sure to apply them exactly as instructed on the label! In lawns, use a product like Weed-B-Gone or Weed Master, which kills broadleaved weeds like tansy without harming grass. In other areas you can spot spray or wipe plants with Round-up, just be careful as products containing glyphosate will kill everything it comes in contact with. If you aren't sure if the plant with yellow flowers in your back yard is tansy, there are useful reference photos on the following web address: <a href="http://www.kingcounty.gov/environment/animalsAndPlants/noxious-weeds/weed-identification/tansy-ragwort.aspx">http://www.kingcounty.gov/environment/animalsAndPlants/noxious-weeds/weed-identification/tansy-ragwort.aspx</a>

Please call us at the Pierce County Weed Board if you have any further questions, or need any additional information regarding tansy ragwort at 253-798-7263.

### MECCOME ALL NEWCOMERS!



# HERRON ISLAND

### The Beachcomber

HMC MANAGEMENT P.O. Box 119 Lakebay, WA 98349

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- 2009 Audit
- Water Committee Report

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