

## REPORT OF THE POALH BUDGET COMMITTEE-PROPOSED 2016-17 BUDGET

The Budget Committee submitted the attached fiscal 2016-17 Budget to the Board of Governors for their approval. The Board reviewed the operating budget, made several changes (discussed below) with the concurrence of the Budget Committee and voted to bring the Budget to Association members at the Annual Meeting on August 16, 2015 for approval. The Budget Committee, in a series of meetings, met with chairs and committee members, officers and other specific individuals responsible for line items in the budget. The end result was an Operating Budget the Budget Committee felt is reasonable, meets the needs of the Association and its members and maintains and improves the quality of Lake Hayward.

Here are the highlights of the 2016-2017 Operating Budget:

- **Mill Rate**-The mill rate to fund the 2016-17 Budget was set at .0035 mills consistent with the 2015-16 mill rate. The Budget Committee and the Board believe the successful collection of delinquent taxes should result in utilizing these funds to reduce taxes. The actual mill rate for 2016-17 will be set in the spring of 2016 after we receive the actual Association taxable grand list from the Town of East Haddam and we determine the rate of tax delinquencies from this year's tax levy.
- **Tax revenues** are projected to be \$150,000 (at .0035 mills) which represents a 98% collection rate. With the collection procedures instituted during the past six months, the Association should not have a significant collection problem in the future but this depends on the commitment of members to pay their taxes on time.
- The Board of Governors (your unpaid Board) took the direct responsibility of setting stipends for the Association's paid positions. Increases were made to the Treasurer, Tax Collector and the Communications Manager's (formerly the Webmaster) stipends to recognize the significant amount of time and effort involved in these positions as well as the critical and strategic importance of these positions to the viability of the Association. The stipends for the three positions were increased effective July 1, 2015 as follows: Treasurer-2015-16 (\$7,500); 2016-17 (\$8,250); Tax Collector-2015-16 (\$5,000);2016-17 (\$5,500); a one -time payment of \$5,000 paid in 2015 to the Tax Collector for the collection of \$71,000 of delinquent taxes, and the substantial amount of work in updating and installing a new tax billing and accounting system; and Communications Manager-\$2,000 for 2015-16 and 2016-17.
- The Association does not budget for or anticipate Town, state or Federal grant money for any grants we apply for. They are recognized when received. The LQIC Committee has applied for and received several Town of East Haddam grants in the past several years...
- The **Communications Budget** increased modestly to recognize increases in cost. These costs include the Spring Packet, Weekly Newsletter, the web site operational costs except for the Webmaster's salaries; the constant contact system and other costs of communicating with the members.
- The **Events and Recreation Committee Budget** involves all of the activities the Association holds for its members and their families. In 2016-17, the Committee plans a series of band concerts at the First Beach pavilion with specialty Food Truck concessions, Lake Hayward Days activities, Arts & Crafts, and many kids' activities. This budget line item is net of any revenues generated from the activities. A supplemental record of the revenues and expenses of each activity will be maintained by the Treasurer
- The **Insurance and Bonds** budget reflects a modest reduction reflecting a firming in pricing in the insurance market.

- **Professional fees** reflect an increase in the use of attorneys to deal with a number of issues and a small increase in the cost of the financial review performed by independent public accountants.
- The **Promotional Items Budget** is not included in the Operating Budget. It is now a reserve account- **Promotional Items Revolving Account** with a set amount of \$5,000 in it. This reserve accounts for the purchase of clothes and other items that are monogrammed with Lake Hayward insignia and sold to members and their guests. The Treasurer and the Chair of the Promotional Items Committee are responsible for controlling revenues and purchases.
- The **Properties Committee Budget** continues to fund an aggressive list of services to improve and maintain the facilities of the Association. Some of the projects planned include new boat racks, additional docks, new fencing at 3<sup>rd</sup> beach, new beach quality sand at each beach, new Kiosks at 2<sup>nd</sup> and 3<sup>rd</sup> beaches, a drinking fountain at 1<sup>st</sup> beach, purchase of a used John boat, motor and equipment to facilitate the establishment of swim lines, permanent anchors for rafts and swim lines.
- The **Public Safety Committee's** budget reflects the members' concerns about safety. These costs will include more police patrols at Association events and throughout Association properties to reduce vandalism and theft of property. Monitoring the use of parking facility at First Beach will be another priority. The new hanging parking tags have helped reduce the amount of unauthorized parking.
- **Real estate taxes** are estimated to remain the same as the 2015-16 budgeted amount. Twelve of the Association's 21 properties are taxed and the remaining nine are in the open space program and not taxed.
- **Tax Collection Expenses** are estimated to increase principally for the cost of the new computer system installed in 2015. This system is used by 130 towns in the State of Connecticut to bill and collect property taxes.
- **Utilities Expense** increased principally because of the proposal to create an e-mail system to satisfy the requirements of Connecticut's Freedom of Information laws. This e-mail system will be used by the officers, committee chairs and others involved in Association business to archive and contain all e-mail documentation of Association business so that the personal e-mail accounts of officers and others involved in Association business do not become subject to FOI requests.
- **Waste Management Expenses** are expected to increase about 3% over 2014-15 costs in accordance with the three year contract with the vendor
- **Lake Quality Improvement Committee Operating Expenses**-The LQIC has recommended the continuation of the very successful spot treatment by our contractor, Aquatic Control Technology, Inc. In addition, there are various other costs related to monitoring the quality of the water in the lake, seminars and training programs sponsored by LQIC for Association members to heighten awareness of how to improve lake quality
- **LQIC Capital Plan Reserve Charge**- LQIC presented a capital plan to the Budget Committee to establish a Capital Reserve to fund a series of projects that deal with beach outfall remediation (keeping the sediment runoff from reaching the lake) and beach lagoon dredging. LQIC recommends funding this reserve each year to build a reserve together with town, state and Federal grants that will provide funds to carry out these expensive projects. While the Budget Committee and the Board agree with the concept of building this reserve, they asked LQIC to focus this year and next on developing specific cost estimates of such projects. From an Association stand point no amount will be spent from this reserve without specific membership approval. In consideration of the magnitude of the Capital Plan, LQIC requested the transfer of the existing Lake Quality Reserve of \$65,000 to this new LQIC Capital Reserve Account. The Budget Committee and the Board together with the

LQIC Committee believe it is in the best interest of the Association to combine all Lake Quality reserves into one account.

### **SPECIFIC DESIGNATED RESERVES**

The Budget Committee reviewed the requests for specific reserves related to 2016-17. New specific reserves requested include: Properties Capital Maintenance Reserve of \$8,000; an Operating Budget Contingency Reserve for 2016-17 of \$15,000

Specific designated reserves carried over from 2014-15 include: the Lake Quality Reserve of \$65,000 now redesignated as the LQIC Capital Reserve Account; the 2015-16 Capital Maintenance Reserve for the Properties Committee projects of \$10,000; the Promotional Items revolving Account of \$5,000; and the Operating Budget Contingency Reserve for 2015-16.

The Budget Committee and the Board request the approval of the membership for the new 2016-17 reserve accounts and the redesignation of the Lake Quality Reserve and transfer of the \$65,000 into the new LQIC Capital Reserve Account.

### **UTILIZATION OF EXCESS OF REVENUES OVER EXPENSES FROM 2013-14 AND 2014-15**

Consistent with the membership vote two years ago to utilize any excess of revenues over expenses from the annual operating budget starting with the 2013-2014 year, we report to you that the excess in 2013-14 (\$44,086) was utilized to fund the 2<sup>nd</sup> beach dredging project (\$34,375) last year and to reduce the mill rate (\$9,711) in 2015-16. It is anticipated that the excess from 2014-2015 will be used to reduce the mill rate in 2016-17(as described in the 2016-17 Operating Budget (\$55,684).

Respectively submitted,  
Budget Committee  
Ed Bader, Chair  
Roland DePratti  
Dave Edgington  
Lee Griffin  
Kim Jonah