

## 2022 Proposed Budget Commentary Version 2

Changes made on Version 2 of the Proposed Budget are highlighted in yellow.

The budget is based on data from 2021 as well as new projected expenses and income. Some expense items are based on expenses year to date through December extrapolated for the full year. Other items, where we have actual projected expenses are based on quotes and known costs; like payroll, security, lawn service, cleaning service, copier lease, etc. We took a careful look at each budgeted item to reflect the most accurate budget we could. We are providing a document showing each P&L line item with last year's budget, the year to date amount, projected end of year amount and the new budget amount. For notable items we have comments as to why the budgeted amount was chosen. We hope this helps everyone understand where the amounts came from.

We are moving cable out of the monthly assessment and making it a semi-annual payment. The first payment of \$152 will be due May 1 and the second payment will be due October 1. This helps us make the budget accurate. Any rate hike that Mediacom makes can be added to the second cable payment. This way we don't have to guess how much the rate hike might be. Otherwise, we either have to over inflate the monthly assessment to accommodate a possible large rate hike, or if we under estimate, we risk not charging enough. The semi-annual payment makes the most sense; given the situation.

We are adding \$1/month to the water/sewer portion of the assessment to cover the anticipated water/sewer increase.

We are lowering the dues portion of the monthly assessment by \$4/month. We are trying to save money by keeping expenses low wherever we can and still provide services and keep WHP well maintained. We hope to not have to raise dues next year.

Total monthly assessment will be \$154.

### **Some notable income changes:**

1. Dues portion of the monthly assessment is being reduced by \$4/month.
2. Marina income is increasing partly due to increased boat slip fees from (\$500 to \$550) and increased jet-ski slip fees as well as more daily rentals versus what was budgeted in 2021.
3. We added clubhouse activities to the income budget; which helps offset most of the clubhouse expenses.

### **Some notable expense changes:**

1. The meeting expense is being lowered by \$2124. We are budgeting \$500 for the annual meeting and have plans to possibly not spend anything.
2. Printing costs were lowered by \$2204; mainly due to a new less expensive copier lease.
3. Dues and Subscriptions were lowered by \$961; mainly due to less expense monthly Zoom fees.
4. Legal fees were lowered by \$38,000.

5. Accounting fees were lowered by \$17,290 due to using less services from Bergey & Company starting March 1, 2022.
6. Grounds Repair Other was lowered from \$16,080 to a more realistic \$9000. The \$16,080 was a carryover from the front storm drain repair from a few years ago. Any major repair of this type would be capitalized and paid for with reserves.
7. Bad debt is being lowered from \$5000 to \$500. Unless we plan to write off debt, there is no need to have this budget item so high. We are placing liens on properties and will foreclose on non-paying owners in order to collect money owed to WHP. We plan to eventually collect all of the debt owed to WHP.
8. We are adding a cleaning service for ~~\$11,592~~ \$7,000 to keep the bath houses and other facilities clean and allow our maintenance staff to focus on maintenance projects. This should lower other contracted maintenance costs.
9. Payroll is increasing by ~~\$21,278~~ \$17,471. Some of this cost is to cover office work that previously was performed by Bergey & Company. This ~~\$21,278~~ \$17,471 increase is largely offset by the \$17,290 savings on accounting fees. This will give us more staff in the office to serve the members better and keep the security fees lower due to not requiring security on Thursday's in the summer.
10. The General Reserve contribution is being doubled from \$27,900 to \$55,800. The Marina Reserve contribution is being increased from \$40,535 to \$50,004. This brings the total reserve contribution to \$105,804.
11. Looking at the Reserve Study.
  - a. There are two erroneously items in the reserve study. The reserve study contains reserves for replacement of both the electric cart and 2<sup>nd</sup> F150 truck; neither of which we own nor plan to purchase. The annual reserve contribution for these two items is \$8,979.
  - b. There is also an annual electrical system allowance of \$3,374. Since these electrical repairs are gradual throughout the year we haven't been capitalizing them and using reserve funds to pay for them. Our year to date electrical repair costs through December were \$5410. We are proposing to budget \$6000 for electrical repairs.
  - c. There is also a water and sewer system allowance of \$7698. We are proposing to budget \$15,000 this year for water and sewer repairs. Our budget covers repairs that these water and sewer allowances are also allocated for.
  - d. Conclusion: The recommended contribution was \$121,050. If you subtract the erroneous items of \$8,979 and 50% of the electrical and water and sewer allowances (which are being covered in the budget) the total is \$106,735; which is very close to the \$105,804 contribution that the budget provides for.

Respectfully Submitted

Your Board of Directors

Pat, Brian, Jon, Tammy, and Terri