

**2011 BUDGET WORKSHOP
October 30, 2010**

Phil Winn opened the Workshop at 1:00 p.m. There were 5 Board members and 13 members present. Phil said there would be no decisions made today. Phil turned the workshop over to Chuck Greco.

Chuck Greco said that the Finance Committee had spent many hours putting this Budget together. The biggest thing was to get people to submit their budget requests by the Deadline of May 31st.

INCOME:

Assessments: \$351,348 (same as 2010). Chuck noted that figure is 1273 lots X \$278.

Penalties: \$2,500 (same as 2010). Rae Bressler said she would be able to show penalties and attorney's fees separately.

Document Fees: \$3,500 (same as 2010).

Transfer Fees: \$3,500 (same as 2010). Chuck Greco said that the Transfer Fee's of \$100 each go to the Building Fund. Phil Winn said that the actual 2010 figure is projected to be over \$10,000 by the end of this year.

Printing Revenue / Advertising: \$4,600 (same as 2010).

Interest Earned: \$600 (same as 2010). Phil Winn said that the total was \$4,000 last year. \$270 as of the end of April this year.

Kitchen Activities: \$30,500 (\$18,400 less than 2010). Chuck Greco said that it was set too high last year. Paul Herman asked if the \$30,500 included the summer meals income. Chuck Greco said that the summer and winter meals income is not separate.

Clubhouse Activities: \$17,213 (same as 2010). Phil Winn said that this total has been between \$16,900 and \$23,300. Even though there won't be as many Ice Cream Socials next year, he feels that \$17,213 is too low.

Social Membership: \$3,000 (same as 2010). Chuck Greco explained that there are some Vista Hermosa members who chose to pay our assessment amount for privileges.

Key Card / Name Tag: \$902 (same as 2010). Chuck Greco said that there should be a very high price on Key Cards. Phil Winn said that we are compassionate to the members who are in hardship. Chuck thinks that the proposed memory card reader system is too expensive. We should get the same card reader for the Annex and issue new cards. Phil said that we need a way to cancel a member's card and membership privileges. There was a discussion about the miss-use of key cards.

Vending and Ice Sales: \$3,650 (same as 2010). Phil Winn said that we're on track with last year. There was a discussion about the ice cream bars. Chuck said that the Coke machine shows a better income than it used to.

Donations and Memorials: \$1,215 (same as 2010). Chuck explained that it could be money or improvements such as pool area chairs.

RV Rental Fees: \$36,000 (\$1,000 more than 2010). Rae Bressler reported that as of November 1st, the 45' spaces have 8 vacancies down \$1,394; the 36' spaces have 33 vacancies down \$5,073.75; and the 10' spaces have 26 vacancies down \$1,332.50; totaling \$7,800.25 down due to vacancies. Chuck Greco said that the most we've ever

gotten was \$45,000. Rae said that we need to remind the Class 2 neighboring park members of our available RV Storage.

Other Income: \$4,150 (same as 2010). Phil Winn said that if we make money and there's no line item for it, it goes under Other Income.

Total Income: \$462,678 (\$17,400 less than 2010 due to lower Kitchen Activities and RV Rental Income).

EXPENSE:

Dues and Seminars: \$750 (new for 2011). Chuck Greco said that CAI charges \$25 per person for a seminar and lunch. Rae Bressler said that it is figured on a graduating scale depending on how many we have attending the seminar. Chuck said this \$750 would cover the annual fees for our 7 Board members to attend the CAI seminars. Phil Winn encouraged the Board members to attend the seminars and stay current with the rules. Chuck said that if a Board members cannot attend a seminar, they could offer it to someone else.

General Liability Insurance: \$22,500 (\$1,002 more than 2010). Phil Winn asked if this includes D & O. Chuck Greco said that the premium will stay the same for the next 3 years.

Taxes and Licenses: \$2,300 (new for 2011). Phil Winn explained that we pay 2-½ % tax on RV Storage Income. We pay for licenses for the kitchen, the pools, and to sell tickets.

RV Lot Lease: \$16,348 (\$358 more than 2010). Chuck Greco said that the State can possibly raise our Lease by 10% per year. Rae Bressler said that the rate is based according to the index.

Travel Expenses: \$500 (new for 2011). Chuck Greco explained that this reimburses business related mileage rate.

Administrative Expenses: \$15,700 (\$700 more than 2010). Chuck Greco explained that this covers all office expenses.

Professional Services: \$5,500 (\$3,000 less than 2010). Chuck Greco explained that this is for lawyer fees. Phil Winn suggested that it should be \$8,500 (same as 2010).

Furniture and Equipment: \$9,319 (\$3,819 more than 2010). Phil Winn asked for a list of items requested. Chuck Greco said that Lapidary is requesting \$6,000. There was a discussion about Lapidary's request for \$6,000 to replace their 20" rock saw.

Repairs and Maintenance: \$38,500 (\$5,170 more than 2010). Chuck Greco said that prices are going up for pool chemicals and cleaning supplies. Bob Sorcic mentioned the upcoming repairs to the Library subflooring. Paul Herman asked why things aren't being re-painted.

Utilities: \$86,185 (\$6,665 less than 2010). Chuck Greco said that they budgeted \$50,000 for gas pool heating in 2010, when it is actually be approx. \$32,932. He took 2 billed amounts from the warmest part of the year and 2 billed amounts from the coldest part of the year, and averaged it out for the whole year. Paul Herman started a discussion about the proposed solar heating system and how it would affect the natural gas expense.

Wages: \$163,369 (\$32,255 more than 2010). Phil Winn said that the 2010 budget amount was too low. Maintenance added a 3rd employee, and, the office added a 3rd employee.

Accountant: \$1,000 (new for 2011). Phil Winn said this is to pay for tax preparation.

Payroll Taxes and Insurance: \$14,369 (\$2,917 less than 2010). Phil Winn said that it should be \$17,000. He said this 2011 budget figure doesn't include Workman's Comp., and, it is based on only 4 employees instead of 6 employees.

Federal Taxes: \$1,000 (new for 2011). Phil Winn explained that we have to pay Federal taxes on RV Storage Rent, ticket sales, entertainment income, and profit from the Musical.

Capital Improvement: \$7,784 (\$26,886 less than 2010). Chuck Greco said this figure was just thrown in there.

Kitchen Activities: \$25,000 (\$7,570 less than 2010). Compared to the 2011 Income figure, there is a projected \$5,500 profit.

Clubhouse Activities: \$9,277 (837 less than 2010). Compared to the 2011 Income figure, there is a projected \$7,936 profit.

RV Storage Lot: \$3,500 (new for 2011). Chuck Greco explained that Office and Maintenance time spent related to the RV Storage Lot is kept separate.

Replacement / Reserve Fund: \$30,000 (\$10,750 less than 2010). Chuck Greco said that the BOC does the yearly inventory of everything that was bought for more than \$2,500. Chuck said that any extra money from the 2010 Budget should be put into the Reserve Fund. Phil Winn said that this is a way to set aside money without being taxed on it. Rae Bressler said that as of September 30, 2010 there is \$83,080 in the Reserve Fund. Chuck said that CAI recommends that the Reserve Fund be 80% of our total Capital. He said that a Reserve Study needs to be done. He has a friend who might give us a break on the price of a Reserve Study. Rae Bressler said that a Reserve Study can't be done until we get a complete Inventory List from the BOC.

Building Fund: \$1,000 (\$13,007 less than 2010). Phil Winn asked about budgeting for a Maintenance Building and pool cover storage. Chuck Greco said that the BOC estimated \$12,000, but he has not received a written Budget Request.

Security: \$400 (new for 2011). There was a discussion about the security cameras and the addition of key card readers with data recorders. Chuck said that he hasn't gotten any good figures from the BOC. Phil Winn suggested that these security items should come out of Capital Improvement.

Reserve Study: \$5,285 (new for 2011). Chuck said that this is an estimate of what we will have to pay a company to do the Reserve Study for us.

Total Expenses: \$459,586 (\$3,092 less than Total Income). Suggested revisions would add \$6,000. That would make it \$2,908 less than Total Income.

There was a discussion about the idea of hiring a Management Company. It would cost us \$2 - \$5 per lot per month for about \$60,000 per year. Phil Winn said that the new members are younger and are not as willing to volunteer their time. We need to consider putting aside money to hire a Management Company.

Phil Winn adjourned the workshop at 2:55 p.m.

Respectfully submitted by June Lewis, Recording Secretary