

Waterford Association, Inc.

2022 Budget Narrative

Narrative is required to be provided per 2020 Bylaws changes

INCOME:

Assessments, Associate Member, PB Stickers, etc

- The Finance committee is proposing the Assessment to be reduced to \$375 per household and eliminate the assessed member fee to align with the proposed bylaws changes.
- Income from the sales of PB Euro-Decal stickers fall into this section, also. The fee is \$5 each

Extra Badge Income:

- This is the estimated income from extra badges purchased by members over and above those provided with a members assessment.

New Member Fee Income:

- New members were allowed to spread out their new member fee over three years. This expected income is based on what is expected to be paid on current payment schedules.
- Being that we are over our maximum membership we are not expecting any additional new member fee income over that committed to in 2021 and prior years.

Interest Income:

- Minimal interest expected on money market assets based on current interest rate environments.
- *Further narrative on account and annuity details found in Asset Summary below*

Event Reimbursement Income:

- This is the estimated income expected from member payments toward attendance at events of the social committee after association subsidies.

Other Income & Transfer From Reserve:

- Utilizing the “zero-based budgeting” implemented by previous officers this illustrates the amount expected to be utilized/transferred from reserves to cover proposed budgeted items. For context – in 2021 our NET Income was \$40,497.98. This proposed budget proposes using \$28,755 of accumulated reserves.

Expenses:

****in an effort to make the budget more streamlined and workable we have summarized expense columns with detail provided in the below narrative****

Administrative:

- Categories included from previous budget:

- *General & Administrative*
 - Carry over estimate from last year inclusive of Office supplies, Employment posters, US PO Box rental, Copies & printing, filing fees, advertising, other
 - Newly included: \$600 for professional tax preparation. This is recommended due to inaccurate preparation of previous officers.
- *Legal Expenses*
 - *Estimate inclusive of legal guidance for: bylaw amendments, property law attorney consult, unresolved license agreement, resolution of issues created by past board members and other.*
- *Postage, Etc.*
- *Website & IT Expenses*
- *Badges, Parking Tags & PB Euro Decals – cost*
- *Beach Rental*
 - Rent in acknowledgement for use of the land owned by AMG Cottage, LLC, which bisects the two parcels of land owned by WAI.
- *Donations*
 - \$300 as standard split between Goshen Firehouse and Women’s Auxiliary

Associate Member Fee Reimbursements:

- The board voted to reimburse members who paid associate member fees in 2021 due to the confusion of the characterization, polarization of the topic and to align with the proposed bylaw committee changes. Checks will go out upon ratification of budget.

Beach Maintenance:

- Categories included from previous budget:
 - General Maintenance
 - Includes: beach grooming, beach raking, seaweed raking/removal, maintenance supplies, contingencies.
 - Latrine Rental
 - Rental fee, twice weekly cleaning, applicable taxes.
 - Members have voiced a desire for a more regular cleaning program and/or a nicer unit. The board has requested options and pricing.
 - Raft & Buoys
 - Includes installation, maintenance, cleaning and storage through Three Belles Marina. A contingency is built in for the need to replace parts.

Capital Expenditures:

- ***In an effort to allow the association members to have more input on individually budgeted line items the below items will be voted on INDIVIDUALLY with the final budget numbers to adjust upon the approved items only.*** We received a lot of feedback with frustrations that the budget last year was an ‘all or nothing’ document and that people felt forced into approval of it so to allow our association to operate. The board and finance committee unanimously agreed to allow more member input on individual items. Quotes from vendors, etc. can be found in attachments.
- **Carry over items from previous budget:**
 - The following items were approved in last years budget and due to hurdles still being overcome working with the town and state were not able to be executed last year. Many efforts have been put forth to allow for this to happen yet the work could not be done with approvals and coordination with the town and state.

- **Electric Service Trench from CTDEEP property to WAI lot - \$5,800**
 - **Purchase of new parking lot gate (gate would have ability to be automated in the future if budgeted for and approved) - \$5,650**
- **Shed with porch for security/lot attendant in the parking lot - \$15,000**
 - Valiant efforts have been made to upkeep the shed in the path across the clam pond. Foliage, weather and critters/rodents have not made this easy. The board recommends the purchase of a new shed to be placed in the parking lot for the following reasons:
 - The majority of guards and staff access the beach primarily through the lot. Ready access to supplies without having to wade them across the clam pond will enhance efficiencies of staff.
 - The condition of supplies and association property will be improved as less natural elements will come into play.
 - With increased prevalence of hot dog cookouts and functions members and volunteers will have access to supplies/grill/tents/trash cans without having to drive it back and forth to the path.
 - A small porch will provide a space for the lot attendant/security to sit with a reprieve from the heat/elements.
 - With the electrical trenching we could add an outlet and lighting in the future.
 - A battery powered security cam can be installed as can a battery powered keypad door lock to ensure security.
 - We estimate at most we'd lose 2-3 parking spots. We feel the tradeoff for the above benefits is worth the loss.
- **Commercial propane grill - \$3,000**
 - Our current grill is on it's last leg
 - We rented a grill such as the proposed purchase and we were able to cook for the entire association who attended the annual beach picnic without a line waiting or the need to "borrow" a handful of members grills. The rental required driving to Old Saybrook with the usage of a members truck and required the return to be when Taylor Rental was open – Monday morning – which required members to take time away from work and family to return the rental.
 - With the increased frequency of hot dog days and proposed shed purchase for the parking lot we feel this is a prudent investment for the association and its social functions.
- **"Whisper" generator - \$1,000**
 - With such positive reviews of the movie nights this would provide power for events such as that.
 - The inverter provides a quiet "whisper" experience to not have noise draw away from the experience.
 - Last season we borrowed a members property on an occasion and rented one on another.

Insurance:

- Directors and Officers insurance, General Liability & Umbrella, & Worker's Compensation policies brokered via Swanson Insurance

Payroll Expenses:

- Payroll & taxes estimates for lifeguards, beach manager, gate attendant, etc. with contingency built in
 - Estimated hourly rate of \$14-16 per hour for guards and gate attendance

- \$7,500 salary for beach manager
- Schedule of guards:
 - 1 guard on Monday – Friday 11:00am – 5:00pm
 - 2 guards on Saturday & Sunday 10:30am – 5:30pm
 - 3 guards on holidays 10:30am – 5:30pm
 - Parking Lot attendant Saturday & Sunday only – 10:30am – 5:30pm.
- Payroll processing expense

Real Estate Taxes:

- This is an estimate based on a 6% increase from 2021 for all property owned by WAI, Inc.

Social Events:

- This is a broad budget to be allocated at the discretion of the Social Committee. We reduced the budget from last years as there will be no 75th anniversary party. This can included but is not limited to:
 - Annual Beach Picnic
 - Cocktail Party
 - Hot dog roasts
 - Ice Cream Social
 - Food trucks
 - Lights out party
 - Themed event
 - Children’s activities
 - Movie nights

Contingency:

- This is to allow the board to operate in one off situations that don’t fall in lockstep with the approved budget and bylaw restrictions for the betterment of and/or at the request of members. Last year we ran into several situations of limitations due to over specificity that we are trying to avoid within a reasonable contingency.

Association accounts (03/13/2022)

- Current breakdown of association assets and investments:
 - Liberty Bank Payback Business Checking x2925: **\$31,259.30**
 - Liberty Bank Max Money Market Business (0.20% interest) x5784: **\$46,736.76**
 - Fidelity and Guaranty Life fixed annuity via Liberty Bank:
 - Principle Invested: **\$30,000**
 - 3 year contract
 - 2.00% interest
 - Maturity 03/2024
 - Policy #BM000084
 - Annuitant*: David Cavasino
 - Owner and beneficiary: WAI
 - Athene Fixed annuity via Peoples United Bank:
 - Principle Invested: **\$100k**
 - 5 year contract
 - 2.40% fixed interest
 - Maturity date 09-30-2025
 - Annuitant*: David Lewis
 - Owner and beneficiary: WAI

*Annuities **require** a living, breathing human to serve as the annuitant of a contract. Fidelity allowed WAI to update the annuitant to a current board member. Athene does not allow annuitants to be changed during the life of the contract.