

Board Meeting

The HCA Board of Directors will
hold a Regular Meeting on

Tuesday
November 27, 2018
6:00pm

The Board will Vote on the
2019 Budget

A Copy of the **Proposed** Budget is
attached. Any questions, please
contact Dave Grove @ 781-2281

Budget Inc & Exp yr comparison YTD projections for Annual Budget

	Budget 2019	Projected 2018	Budget 2018	\$ Change Budget 2019 to Projected 2018	% Change Budget 2019 to Projected 2018
Assessment Income Total	2,296,705	2,170,811	2,170,488	125,894	6%
Late Fee & Penalty Income Total	30,000	73,706	35,000	(43,706)	-59%
NSF Income Total	250	280	250	(30)	-11%
Lease Income Total	43,489	41,429	41,428	2,060	5%
Interest Income Total	70,000	71,282	62,255	(1,282)	-2%
Membership Income Total	64,000	63,713	86,400	287	0%
Program Income Total	117,600	155,384	173,520	(37,784)	-24%
Facility & Equip Rental Income Total	20,000	19,119	28,800	881	5%
Concession & Vending Machine Total	-	-	-	-	0%
Other Miscellaneous Income Total	3,600	4,219	3,000	(619)	-15%
TOTAL INCOME	2,645,644	2,596,566	2,601,141	49,078	2%
Payroll - Wages & Bonuses Total	1,054,774	1,077,666	1,140,829	(22,892)	-2%
Payroll Taxes - Employer Total	87,000	92,638	108,379	(5,638)	-6%
Employee Group Benefits Total	140,967	146,554	193,263	(5,587)	-4%
Add'l Employee Benefits Total	5,693	5,693	4,000	-	0%
Payroll Processing Expense Total	6,000	4,900	5,750	1,100	22%
Employee Business Expenses Total	32,940	31,637	15,960	1,303	4%
Board Meeting Expenses Total	2,000	1,965	600	35	2%
Conventions & Travel Total	3,600	9,960	2,000	(6,360)	-64%
Other Reimbursements Total	8,850	3,208	1,800	5,642	176%
TOTAL PERSONNEL EXPENSES	1,341,824	1,374,221	1,472,581	(32,397)	-2%
Administrative Expenses Total	3,600	-	-	3,600	0%
Professional Services Total	26,000	51,293	35,000	(25,293)	-49%
Collection & Lien Expense Total	30,000	30,607	36,000	(607)	-2%
Management Fees Total	-	-	-	-	0%
Employment Expenses Total	1,060	2,589	1,160	(1,529)	-59%
Bank Charges Total	9,000	8,788	525	212	2%
Insurance Expenses Total	229,000	199,663	195,000	29,337	15%
TOTAL ADMIN EXPENSES	298,660	292,940	267,685	5,720	2%
Contract Services Total	51,500	94,057	143,000	(42,557)	-45%
Office & Operating Supplies Total	33,000	42,380	50,000	(9,380)	-22%
Utilities Total	159,620	146,440	180,000	13,180	9%
Telephone & Internet Total	12,000	11,040	2,700	960	9%
Postage & Printing Total	30,000	33,962	36,320	(3,962)	-12%
Dues & Subscriptions Total	1,200	1,101	180	99	9%
Rent & Lease Expenses Total	15,000	11,499	12,000	3,501	30%
Bldg & Grounds Maintenance Total	214,750	54,115	90,400	160,635	297%
Technology Maintenance Total	15,000	28,346	13,460	(13,346)	-47%
Other Operating Expenses Total	15,200	42,679	34,000	(27,479)	-64%
Bad Debts & Write-offs Total	40,000	100,740	10,000	(60,740)	-60%
Depreciation Expense Total	160,000	158,942	156,000	1,058	1%
Taxes & Other Fees Total	1,200	1,230	1,500	(30)	-2%
Miscellaneous Expenses Total	9,500	9,462	5,750	38	0%
Reserve Contributions Total	240,000	(32,400)	125,000	272,400	-841%
TOTAL OPERATING EXPENSES	997,970	703,591	860,310	267,702	11%
TOTAL EXPENSES	2,638,454	2,370,752	2,600,576	(218,623)	-97%
NET INCOME	7,190	225,813	565		

2019 Budget

REVENUE

A. Assessment Income

Property Values - determined by Lexington and Richland County

Residential \$ 227,371,569. 1997 Single Family Homes
Apartments 150,575,983.
Commercial 496,334,436.

The following Income is projected:

Residential: \$ 227,371,569. 1997 Homes
X .0019 X \$ 175.
= \$ 432,006. \$ 349,475. = \$ 781,481.

Apartments \$ 150,575,983.
X .0038
= \$ 572,189. = \$ 572,189.

Commercial \$ 496,334,436.
X .0019
= \$ 943,035. = \$ 943,035.

Projected Assessment Income (2019 Formulas) = \$ 2,296,705.

Other Projected Income - 2019

B. Late Fee & Penalty Income

9/30/18 YTD - \$ 55,279. Projected 12/31/18 \$ 73,706.
Projection 2019 \$ 30,000. (\$ - 43,706 or 59% decrease)

Note: Less Delinquency projected; Also, Magistrate reduced allowable fees to HCA when Liens / Judgments are sought

C. NSF (Not Sufficient Funds) Income

9/30/18 YTD - \$ 210. Projected 12/31/18 \$ 280.
Projection 2019 \$ 250. (\$ - 30 or 11% decrease)

Note: Reduction due to less bad checks (\$35.00 / check)

D. Lease Income (Adlerian Child Care)

9/30/18 YTD - \$ 31,881. Projected 12/31/18 \$ 41,429.
Projection 2019 \$ 43,489. (\$ + 2,060 or + 5% increase)

Note: Increase included in Lease, which expires 12/2021

E. Interest Income

9/30/18 YTD - \$ 70,390. Projected 12/31/18 \$ 71,282.
Projection 2019 \$ 70,000. (\$ - 1,282 or - 2% decrease)

Note: 12% Late Charge if not paid in 6 months; interest from Bank accounts

F. Membership Income

9/30/18 YTD - \$ 47,785. Projected 12/31/18 \$ 63,713.

Projection 2019 \$ 64,000. (\$ + 287 increase)

Note: Funds from Non Residents help to reduce costs to Residents

G. Program Income

9/30/18 YTD - \$ 116,537. Projected 12/31/18 \$ 155,383.

Projection 2019 \$ 117,600. (\$ - 37,784 or - 24% decrease)

Note: Water Aerobics Income was a major portion of this Income. However, it is now Free to Residents. We anticipate making some other programs Free to Residents

H. Facility Rental Income

9/30/18 YTD - \$ 14,341. Projected 12/31/18 \$ 19,119.

Projection 2019 \$ 20,000. (\$ + 881 or + 5% increase)

Note: Palmetto Aquatics Swim Team, Multi Purpose Room, Birthday parties and others. No alcohol is permitted in Center - which causes some potential renters to go elsewhere

I. Concession & Vending Machine Income

Note: HCA receives no income from two vending machines but Vendor provides free water bottles and snacks to HCA for community events (example: Annual Picnic)

J. Other Miscellaneous Income

9/30/18 YTD - \$ 3,164. Projected 12/31/18 \$ 4,219.

Projection \$ 3,600. (\$ - 619 or 15% decrease)

Note: Funds come from ID replacement cards, use of Copier, court restitution fees

EXPENSES

A. Payroll -

9/30/18 YTD - \$ 808,304. Projected 12/31/18 \$ 1,077,666.
Projected 2019 - \$ 1,054,774. (\$ - 22,892 or - 2.1% decrease)

Note: Reduction due to 3 Less Full Time employees; 3% average wage increase included in Budget. As of 11/12/18 HCA had 21 Full Time and 21 Part Time employees. Several Summer Camp Counselors will be added for the 10 week program but otherwise, HCA employment is not projected to increase in 2019

B. Payroll Taxes

9/30/18 YTD \$ 69,478. Projected 12/31/18 - \$ 92,638.

Projected 2019 \$ 87,000. (\$ - 5,638 or - 6% decrease)

Note: Taxes include HCA's portion of Medicare, Social Security

C. Employee Group Benefits

9/30/18 YTD \$ 109,915. Projected 12/31/18 - \$ 146,554.

Projected 2019 - \$ 140,967. (\$ - 5,587 or - 4% decrease)

Note: Reduction due to less employees. Medical increased 8% for remaining Full Time employees

D. Additional Employee Benefits

9/30/18 YTD \$ 4,269. Projected 12/31/18 - \$ 5,693.

Projected 2019 \$ 5,693.

Note: Executive Director elected to keep his Retiree Insurance
(Instead of taking HCA Insurance, saving HCA \$ 4,549)

E. Payroll Processing Expense

9/30/18 YTD \$ 3,675. Projected 12/31/18 - \$ 4,900.

Projected 2019 \$ 6,000. (\$ + 1,100 or + 22% increase)

Note: Palmetto Payroll Solutions handles all payroll & income tax
statements for employees. After several years they have
increased their costs slightly. It is cost effective for HCA to
outsource payroll

F. Employee Business Expense

9/30/18 YTD \$ 23,727. Projected 12/31/18 - \$ 31,637.

Projected 2019 \$ 32,940. (\$ + 1,303 or + 4% increase)

Note: Expense due to Gas/Oil for Maintenance vehicles, auto
repairs, cell phone for three employees

G. Board Meeting Expense

9/30/18 YTD \$ 1,474. Projected 12/31/18 \$ 1,965.

Projected 2019 \$ 2,000. (\$ + 35 or + 2% increase)

Note: Includes Board Meetings, Annual Meeting & Member
Input Meetings

H. Conventions / Travel

9/30/18 YTD \$ 7,460. Projected 12/31/18 \$ 9,960.
Projected 2019 \$ 3,600. (\$ - 6,360 or - 64% decrease)

Note: 2018 expense due to attendance at Annual Association Meeting and Meeting on new Financial software for HCA. Attendance in 2019 projected to be mainly within South Carolina

I. Other Reimbursements

9/30/18 YTD \$ 2,406. Projected 12/31/18 \$ 3,208.
Projected 2019 \$ 8,850. (\$ + 5,642 or + 176% increase)

Note: Supplies, Catering - Community events (Meetings with Law Enforcement, Sub Associations, training, education, fire & security alarm inspections, uniforms for employees (employees to pay a portion of uniform cost)

J. Administration Expense

9/30/18 YTD \$ 0. Projected 12/31/18 \$ 0.
Projected 2019 \$ 3,600. (\$ + 3,600. Increase)

Note: Expense due to ID Cards & Printer, Punch Cards, Guest Cards, Credit Card supplies

K. Professional Services

9/30/18 YTD \$ 33,970. Projected 12/31/18 \$ 51,293.
Projected 2019 \$ 26,000. (\$ - 21,693 or - 42% decrease)

Note: Reduction in use of Attorney, Accounting Consultant, IT & Web Site Consulting

L. Collection & Lien Expense

9/30/18 YTD \$ 22,955. Projected 12/31/18 \$ 30,607.
Projected 2019 \$ 30,000. (\$ - 607 or - 2% decrease)

Note: Expense due to Certified Letters, Court Costs for Liens & Judgments, Sheriff Sales, E-File Documents (all Costs related to delinquency collections)

M. Management Fees

HCA does not use a Management Company.

N. Employment Expenses

9/30/18 YTD \$ 1,942. Projected 12/31/18 \$ 2,589.
Projected 2019 \$ 1,060. (\$ - 1,529 or 59% decrease)

Note: Costs due to Applicant Processing (SLED checks, Drug Screens)

O. Bank Charges

9/30/18 YTD \$ 6,591. Projected 12/31/18 \$ 8,788.
Projected 2019 \$ 9,000. (\$ + 212 or + 2% increase)

Note: Currently, our Financial system is TOPS PRO and HCA pays the credit card fee when Members pay by credit card. The Projected cost above reflects this expense. However, we are upgrading to TOPS ONE which will allow Owners another option of paying their assessment on line through PayLease. If an Owner elects that preference - then they pay the credit card usage fee.

P. Insurance Expenses

9/30/18 YTD \$ 149,747. Projected 12/31/18 \$ 199,663.
Projected 2019 \$ 229,000. (\$ + 29,337 or +15% increase)

Note: We have several policies that cover all aspects of our Business but the biggest expense is for Liability Insurance Coverage (\$165,000+ currently). HCA is included in a pool of statistics applicable to YWCA, YMCA and others where swimming pools, weight rooms, forest trails, lakes, children / adults / seniors are present and we are impacted somewhat by this statistical pool.

Q. Contract Services

9/30/18 YTD \$ 70,542. Projected 12/31/18 \$ 94,057.
Projected 2019 \$ 51,500. (\$ - 42,557 or - 45% decrease)

Note: HVAC, Roof, Dumpster are typical operational Expenses on a defined contract. Additional expenses occur when repairs / replacements occur outside of contract so new contracts are awarded (example: replacing HVAC Unit in gym)

R. Office & Operating Supplies

9/30/18 YTD \$ 31,785. Projected 12/31/18 \$ 42,380.
Projected 2019 \$ 33,000. (\$ -9,380 or \$ -22% decrease)

Note: Expense due to Pool supplies (example - Salt), Custodial Supplies, paper, envelopes & related office supplies

S. Utilities

9/30/18 YTD \$ 109,830. Projected 12/31/18 \$ 146,440.
Projected 2019 \$ 159,620. (\$ + 13,180 or + 9% increase)

Note: Savings from energy saving devices may not appear until late 2019 (example: LED lights in Gym)

T. Telephone & Internet

9/30/18 YTD \$ 8,279. Projected 12/31/18 \$ 11,040.
Projected 2019 \$ 12,000. (\$ + 960 or + 9% increase)

Note: Our contract with Time Warner is for a "bundle" of services

U. Postage & Printing

9/30/18 YTD \$ 25,471. Projected 12/31/18 \$ 33,962.
Projected 2019 \$ 30,000. (\$ - 3,962 or - 12% decrease)

Note: Decrease projected obtained by reducing from 4 to 2 Newsletters; TOPS ONE (new financial system) will offer owners an opportunity to receive bulletins, notices by email (reducing postage / printing)

V. Dues & Subscriptions

9/30/18 YTD \$ 825. Projected 12/31/18 \$ 1,101.
Projected 2019 \$ 1,200. (\$ + 99 or + 9% increase)

Note: Expense due to membership in USTA (Tennis Assoc.) and Community Association Institute

W. Rent & Lease Expenses

9/30/18 YTD \$ 8,624. Projected 12/31/18 \$ 11,499.
Projected 2019 \$ 15,000. (\$ + 3,501 or + 30% increase)

Note: Expense due to leased copiers (2), rental equipment
Used by Maintenance Dept. Copier costs include
replacement supplies and extra costs for color copies

X. Bldg. & Grounds Maintenance

9/30/18 YTD \$ 40,586. Projected 12/31/18 \$ 54,115.
Projected 2019 \$ 224,750. (\$ + 170,000 or + ---% increase)

Note: Normal Maintenance - expenses projected \$ 24,200.
Concrete trail repair - \$ 100,000.
Woodcross Dam (DHEC work required) \$ 8,000.
Picnic Tables (wood) replacement \$ 2,000.
Stair Treads replacement \$ 1,500.
Tunnels (repairs including clean outs) \$ 1,750.
Replace Gym Lights to LED Lights \$ 3,500.
Handwashing/Eyewash Stations \$ 1,000.
Repairs to Adlerian Building (permanent) \$ 3,500.
Tree Removal \$ 40,000.
Bridges - repairs \$ 5,000.
Time Clock (new location) & security alarms \$ 1,000.
Playground repairs \$ 7,500.
Street Signs - repairs \$ 6,000.
Landscaping of entrances \$ 10,000.
Total \$ 214,750.

Many of the above expenses would be paid
from Reserve Funds. Also, some projects
scheduled to be repaired or replaced in
late 2018 (example: build new Sauna) may
go into 2019 but most expense would occur in 2018

Y. Technology Maintenance

9/30/18 YTD \$ 21,259. Projected 12/31/18 \$ 28,346.
Projected 2019 \$ 15,000. (\$ - 13,346 or - 47% decrease)

Note: Reduction due to use of In-House (employees) personnel performing work previously done by IT Company

Z. Other Operating Expenses

9/30/18 YTD \$ 32,009. Projected 12/31/18 \$ 42,679.
Projected 2019 \$ 15,200. (\$ - 27,479 or - 64% decrease)

Note: Expense due to Annual Picnic, advertising, program expenses, Summer Camp expenses, discounts to residents

A1. Bad Debts & Write Offs

9/30/18 YTD \$ 75,555. Projected 12/31/18 \$ 100,740.
Projected 2019 \$ 40,000. (\$ - 60,740 or - 60% decrease)

Note: Less delinquency projected to write off, due to Bankruptcy / Foreclosure with more Owners on payment plans

B1. Depreciation Expense

9/30/18 YTD \$119,200. Projected 12/31/18 \$ 158,942.
Projected 2019 \$ 160,000. (\$ + 1,058 or + 1% increase)

Note: Equipment / facilities with life expectancy projected over two years is depreciated, on a Straight Line projection. Reserve Fund helps to offset reduction

C1. Taxes & Other Fees

9/30/18 YTD \$ 922. Projected 12/31/18 \$ 1,230.
Projected 2019 \$ 1,200. (\$ - 30 or - 2% decrease)

Note: HCA pays Admission Tax based on Guests; vehicle tags; Landfill fees

D1. Miscellaneous Expenses

9/30/18 YTD \$ 7,096. Projected 12/31/18 \$ 9,462.
Projected 2019 \$ 9,500. (\$ + 38)

Note: Purchases from Sams, Walmart, supplies for Senior activities, fans for weight rooms, etc.

E1. Reserve Contributions

9/30/18 \$- 32,400. Projected 12/31/18 \$ - 32,400.
Projected 2019 \$ 240,000. (\$ + 272,400)

Note: Reserve Fund Study revealed replacement costs for equipment / facilities to be \$1.3M. As a general rule, we should have 50% in Reserve Funds available for repairs / replacement. An ideal situation would be for HCA to have \$ 650,000 available in a Reserve Fund

HCA will have by 12/31/18 about \$500,000 in our Reserve Fund. In 2019 projected maintenance projects could cost up to several hundred thousand dollars, thus reducing the Reserve Fund Balance, as much of the cost will be taken from the Reserve Fund.

In order to build up the Reserve Fund, additional revenue will have to be obtained.