

**TREASURER'S REPORT**  
**May 11, 2002**

**Bills:** The Finance Committee met on May 4. The committee reviewed the bills on file and compared them with the "Unpaid Bills Summary." General Construction has submitted a bill in the amount of \$14,648 for the ferry dock cable replacements. As approved by the membership in March, surplus funds will be used to pay this expense for the month. The committee recommends that the bills be paid.

**Finance Updates:**

- **Property Insurance:** The insurance market continues to be quite volatile. We have had significant difficulty obtaining new property insurance since Safeco discontinued handling this type of coverage. Our new brokers at Acordia contacted 11 carriers without success (our marine related property is a significant concern from the carriers' perspective). We were finally able to obtain coverage through Lloyd's of London for a hefty increase in premium – from \$10,240 to \$17,368. Our broker will continue to try to place this business with another carrier next year – hopefully at a more reasonable cost.
- **Liability Insurance:** Our liability coverage continues through Safeco, however the premium has increased from \$2,989 to \$4,289.
- **Ferry Revenue:** Year to date \$55,992 vs. \$51,748 (01). Senior/Disabled Passes sold = 11; Crew Passes = 2.
- **Property Sale:** Immediately following the Board meeting last month, Dick Mowry presented a bid for the old KWM Trust property, which was unanimously accepted by the Board. Two HMC-owned properties remain for sale. For the Board's consideration – should the remaining properties be listed with a realtor?

**Budget Planning:** The Finance Committee, Departmental Chairs, Island Manager and the Board have spent significant time and energy over the last three months preparing a draft budget for 2002-2003. While several departmental budgets have decreased, Administration and Ferry budgets have increased. Increases in our property and liability insurance lines have had an adverse impact on the Administration budget. Ferry dry dock and wage/benefit expenses have lead to an increase in the Ferry budget. Fortunately the change in CPI has remained relatively low this year – currently 2% for the Bremerton/Tacoma/Seattle area. On the revenue side, projections of interest income and ferry revenue have decreased for next year. Total membership has declined to 369 (a decrease of 5); there are 353 members in good standing (a decrease from 356). With the Board's approval, the proposed budget will be published in the May Beachcomber with notes explaining any significant changes in expenses and revenue.

**Proposed Budget for 02-03**

	<b>FY 01/02</b>	<b>FY 02/03</b>	<b>% Difference</b>
<b>Administration</b>	\$113,858	\$119,629	↑ 5.1%
<b>Ferry</b>	\$263,543	\$283,754	↑ 7.7%
<b>Parks</b>	\$ 9,840	\$ 8,892	↓ 9.6%
<b>Docks</b>	\$10,000	\$ 9,000	↓ 10%
<b>Roads</b>	\$ 15,250	\$ 12,010	↓ 21.2%
<b>Water</b>	\$ 17,404	\$ 16,620	↓ 4%
<b>Total</b>	\$429,895	\$449,997	↑ 4.7%
<b>Assessment</b>	\$826	\$896	↑ 8.5%

