

Ocean Beach and Bay Club

P.O. Box 245 – Lavallette, NJ 08735

Phone (732)-793-3798

August 10, 2018
Monthly Trustee Meeting
Location: Clubhouse

Trustees Present: Ken Levine, Monica Anton, Ashley Swartz, Lorraine Polakowski, Mike Hanney, Pat O'Shea

Excused Absences: Frank Augustine, Sharon Andelora, Bobbie Mues, John Sorrentino

Meeting was called to order by Ken Levine at 8:02 p.m.

Ken Levine asked that the regular meeting schedule and the reading of all committee reports be suspended so as to use this meeting specifically to discuss the budget for 2019.

Ashley Swartz made a motion for Pat O'Shea to join the Board of Trustees to fill a position vacated by Kate Baun. Monica Anton seconded the motion. The motion carried by unanimous consent.

Financial Report

Audit has shown an improvement in our bookkeeping since quickbooks was updated to an online version and the balance sheet has been cleaned up and categories have been delineated.

Roads and road maintenance are operational expenses (as oppose to classifying them as capital expenses). Amount of \$10,000 will be considered fixed assets. Catch basins are a fixed asset. Anything over \$1000 is operational.

The expectation is that our bookkeeping will be much improved and an audit would go very smoothly and possibly cut costs for an audit.

Ashley Swartz made a motion to accept the audit and Mike Hanney seconded the motion. The motion carried by unanimous consent.

Ashley Swartz presented the TD bank statement and explained that balances will be updated. Fundraising, being a new entity to the Club, is being added to quickbooks and is shown on the bank statement. This is pure revenue and to date the fundraising balance is \$16,379.20.

Ashley Swartz has put approximately \$248,000 into a money market account and the Club has already made approximately \$1000 interest in that account. She rolled about \$200,000 payroll into that account. The pace at which we are spending needs to be monitored.

Ken Levine explained that the budget was developed last year but there were unexpected expenses as there always will be.

Mike Hanney explained that some lifeguard budget line items were not spent. Mike will be budgeting for 5 more lifeguards and 5 more badge checkers. He needs the manpower up at the beach. The beach is our selling point and we need to focus on safety.

At 8:30 p.m. Ken Levine opened the meeting to members present for comments.

- Dorothy Donoghue, 120 Cormorant, referred a question to Ashley Swartz regarding outside accountants and the audit. Ashley Swartz explained that by hiring a bookkeeper monthly, errors are less likely than having an office manager enter journal entries. Everything is reconciled now. Next year we may not have as much expense. Prior to this year we were operating on a 2014 edition of quickbooks.
- Dorothy Donoghue asked about additional lifeguards. She has been here since 2013 and she complimented the lifeguards. Mike Hanney is advocating for 6 lifeguard chairs instead of 5 to accommodate the beach after its replenishment. Entries 1 & 8 have typically been used as fishing and and surfing areas. She questioned badge checker's role and perhaps increase lifeguards in lieu of badge checkers. Mike Hanney said that badge checkers sometimes get harassed when walking the beach. For safety reasons he has asked them to sit at the walkways and check badges and coolers.
- A member asked why badge checkers don't sweep the walkways and mobi mats. According to the member, years ago, they were swept every day.
- Members residing around the boat basin like that the trees on Rt 35 south were removed. They claim it looks better and they do not want them replaced. It was explained that this is in the State's jurisdiction at this time. Due to the legal issues, this conversation was tabled.

Budget

Ashley Swartz made a motion to approve the 2019 assessment of \$598.00. Mike Hanney seconded the motion. The motion passed by unanimous consent. With dues of \$30.00, the invoice to members will total \$628.00.

Meeting was adjourned by Ken Levine at 10:15 p.m.

The following reports were submitted but not discussed due to focus on the budget:

Monthly Report submitted by Bobbie Mues.

RULES REPORT: The Blue Book is in the final stages of completion before being printed. Here is the first proposal from a printer I use:

1,200 manuals of 25 pages, 2 printed sides with 5 dividers printed in black. Covers of semi-hard material, laminated. \$4.17 each (\$5,002.00 plus tax and shipping).

Note: Poly binders printed one color would be an additional cost of \$3.35 each.

I feel we can obtain a better price than the above. I will continue to gather additional ideas and prices. We are interested in a binder in order to be able to remove and add pages. I would like to include a map of our streets.

MEMBERSHIP: Interviews continue for new ownership, but has slowed down.

GROUNDS: The grounds chairperson has resigned and I was assigned the remainder of the term. The VP has taken over with both the writing of suspension letters for weed violations that were never followed up on in the spring, and the writing of letters for abandoned properties and houses.

Social submitted by Sharon Andelora.

The social activity schedule is going along smoothly. Arts and crafts is still a big hit as well as the tie dye shirts activity. Other activities are good—ice cream social is still a good night out.

The fund raising activities have added to the social calendar a good mix for the summer events.

We still have three bands and a DJ scheduled for August.

The snack bar does ok when we have planned activities there, but not during the other times. Because of the jelly fish, the bay beach isn't full of bathers.

Respectfully submitted,

Lorraine Polakowski
Secretary

Dear OB3 Community,

Thank you for your feedback, support and input throughout 2018, particularly as a newly appointed Treasurer and member of the Board. As promised in our Spring Member Meeting, transparency and accountability are two things that I believe to be important in serving you. Given this, I thought it would be valuable to provide you with some details about the budget provided herein for your review and consideration for 2019.

The proposed assessment for 2019 is \$598 per member, as you can see by the enclosed budget. I have worked closely with all of the department heads and overseen all of our expenses over the last 8 months, and as a result feel confident that this amount reflects responsible planning and consideration for our cost of operations in the future. I process all expenses and pay all bills as treasurer, and oversee all incoming revenue as well, therefore have a strong handle on how money flows in OB3.

What I have witnessed is a team that is efficient and frugal, and makes every dollar we spend go as far as possible. This is reflected in no better way than in prior year's assessment amounts. Let's start with some history in regards to prior year assessments:

- 2016 Assessment: \$542/member
- 2017 Assessment: \$509/member
- 2018 Assessment: \$457/member

Despite the increasing costs of labor, road maintenance and operations overall, we have a history of reducing assessments each year when there was a surplus. In other words, if we asked you for money and did not spend it, we have returned it to you. The background for the numbers above is as follows:

- In 2016, we had a surplus of \$85,000 because we did not dredge the boat basin or complete other road work for which we have budgeted, partly attributable to the board's efforts to save money. As a result, we carried

over this surplus into 2017, which the deficit assessment by \$33 per member (to \$509), thereby reducing costs to members. This occurred in spite of increasing costs and extended operations to provide year-around security and needed maintenance.

- In 2017, as a result of continued efficient operations and foregone expenditures, a \$45,000 surplus remained, which we returned in its entirety to members by reducing the 2018 assessment by \$52 per member to \$457.
- This is a combined reduction in assessment of \$95 per member over two years.
- Our labor, operations and maintenance costs have increased over the last 3 years, year over year, despite the decrease in assessment dues to members.
- Had we not reduced our annual assessments in 2017 and 2018, an annual increase of only 3.37% per year would put us at the proposed assessment for 2019 of \$598 per member.
 - To further clarify, if we had increased 2017 (from 2016) by 3.37%, then the subsequent 2018 by 3.37% from 2017, a 3.37% increase in 2019 would result in the proposed amount of \$598 per member; or what would be 3.37% compound increase in assessment amount.

Much of the proposed budget increase is attributable to the concerns for the safety on the beach, our need to ensure accessibility to all members and renters and the feedback [complaints] from members in regards to the beach. Our board member and Head of the Beach, Mike Hanney has experience Lifeguarding at Sea Girt immediately upon completion of beach replenishment, in addition to continuous open dialogue with other Captains and Beach Heads with all of the alliances on the island. Experience suggests that next year we will have stronger rip tides, resulting in greater hazards and more rescues. Higher dunes will require additional staff support to ensure the beach is accessible to all members. The 2019 budget includes an increase of 5 guards and 4 beach patrol staff, enabling us to add one lifeguard stand and extend the patrol to ensure coverage at each

walkway and to walk the beach, as well as to sweep the walkways. We have heard many complaints from members

about the lack of beach patrol staff enforcing our rules and checking for badges on the beach, and have presented a staffing plan that will allow us coverage at all walkways and additional resources to walk the beach throughout the day.

Also included in the budget are the addition of a beach showers, increased road maintenance done in response to a large number of member complaints in 2018, small cost of living increases for our staff (seasonal and year-round) and the assumption that the new playground will be wholly funded by fundraised monies, in lieu of assessment monies.

It is important to remember that before we even turn on the lights, our cost of insurance and legal fees have exceeded \$150,000 annually for the past 3 years. These are expenses that are beyond our control and the result litigation and overall increases for insurance coverage, not just to OB3.

You will find attached details for the 2019 budget to support the explanations provided herein. I welcome an opportunity to answer your questions and provide any additional understanding you may require as a community on September 9th at our member meeting. We are excited to have online voting in place for our Fall meeting, enabling more members to participate and take an active role in our wonderful community.

All of my best and with gratitude,
Ashley

Comparisons

Consolidated Budget

Office Budget

General Welfare

Security Budget

Life Guards Budget

Soc

| | 2016 budget | 2016 actual | 2017 actual | 2018 budget | 2019 budget |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Membership Initiation Fees | 15,000 | 16,000 | 25,000 | 15,000 | 15,000 |
| Membership Dues | 19,720 | 19,700 | 20,360 | 19,720 | 19,720 |
| Membership Beach Lease | 9,860 | 9,850 | 10,180 | 9,860 | 9,860 |
| Membership Budget Deficit Assessment | 534,412 | 533,870 | 518,162 | 450,698 | 589,000 |
| Building Permits, Late Fees & Fines | 15,000 | 6,223 | 15,170 | 7,000 | 7,000 |
| Boat Basin Income | 5,000 | 4,300 | 1,620 | 1,500 | 1,500 |
| Vendors Fees | 6,000 | 5,236 | 8,600 | 8,000 | 8,000 |
| Clubhouse and Youth Activities Income | 5,000 | 9,691 | 0 | 3,000 | 0 |
| Interest | 200 | 343 | 3,817 | 600 | 500 |
| Badges & Decal Income | 180,000 | 174,453 | 166,046 | 162,000 | 165,000 |
| Ocean Beach Merchandise | 10,000 | 0 | 14,032 | 12,000 | 0 |
| Miscellaneous Income | 588 | 12,522 | 15,711 | | 1,000 |
| Fundraising | | | | | 0 |
| Sublease Rent | 0 | 778 | 778 | 0 | 778 |
| Total Income | 800,780 | 792,966 | 799,476 | 689,378 | 817,358 |

| EXPENSES | | | | | |
|--|----------------|----------------|----------------|--------------------|-------------------|
| Payroll Office Personnel | 60,000 | 53,072 | 38,388 | 36,000 | 36,500 |
| Payroll Roads | 3,000 | 0 | 0 | 20,000 | 9,200 |
| Payroll Security | 60,000 | 48,630 | 32,784 | 47,484 | 50,527 |
| Payroll Beach Patrol | 60,000 | 69,044 | 40,959 | 48,883 | 99,807 |
| Payroll Lifeguards | 117,000 | 125,316 | 112,599 | 122,000 | 143,000 |
| Payroll Maintenance | 55,000 | 45,784 | 49,166 | 36,000 | 43,800 |
| Payroll Social and Fundraising | 5,000 | 15,537 | 6,898 | 16,605 | 17,500 |
| Payroll OB Merchandise | 1,000 | 0 | 0 | 1,400 | |
| Subtotal Payroll | 361,000 | 357,383 | 280,794 | 328,372 | 400,334 |
| Payroll Taxes | 61,370 | 38,742 | 33,216 | 48,546.471 | 57,541.75 |
| Insurance Expense | 72,000 | 79,754 | 77,426 | 85,000 | 80,000 |
| Utilities Expense | 11,000 | 15,840 | 17,026 | 15,500 | 16,000 |
| Security Supplies | 2,000 | 4,830 | 2,512 | 3,500 | 5,500 |
| Vehicle & Equipment Repairs | 10,000 | 7,879 | 11,659 | 20,000 | 13,000 |
| Lifeguard Supplies and Expense | 10,000 | 11,462 | 10,886 | 10,000 | 10,410 |
| Legal & Accounting Expense & Professional Fees | 75,000 | 67,835 | 90,563 | 80,000 | 75,000 |
| Computer Expense | 1,000 | 1,490 | 2,742 | 9,000 | 1,500 |
| Computer Maintenance | 5,500 | 14,587 | 7,343 | | |
| Computer | 4,000 | 5,439 | 6,705 | 11,000 | 20,000 |
| Clubhouse and Youth Activities Expense | 9,000 | 10,706 | 1,081 | 17,200 | 13,800 |
| Clubhouse and Grounds | 6,000 | 1,288 | 6,672 | 6,000 | 0 |
| Playground Supplies & Equipment | 7,500 | 889 | 0 | | 0 |
| Road Repair and Drainage Expense/boat basin | 80,000 | 18,294 | 32,151 | 30,000 | 30,000 |
| General Maintenance Expense | 11,000 | 9,605 | 11,270 | 15,000 | 36,705 |
| Whale's Tale Printing, Postage | 4,030 | 0 | 0 | | 0 |
| Office Supplies & Equipment | 12,000 | 13,396 | 8,611 | 10,000 | 10,000 |
| Badge & Decals Expense | 8,500 | 9,611 | 9,975 | 10,000 | 10,000 |
| Beach Lease Payment | 9,780 | 9,780 | 9,780 | 9,860 | 9,860 |
| Membership Mailings/Misc. Expense | 2,500 | 0 | 0 | 1,000 | 1,000 |
| Bank, Credit Card and Collection Fees | 2,600 | 808 | 176 | 500 | 500 |
| Lifeguard & Tournament Expense | 1,500 | 0 | 0 | 3,500 | 3,500 |
| Ocean Beach Merchandise | 8,000 | 0 | 13,145 | 11,500 | 2,500 |
| Beach Patrol Supply Expense | 3,000 | 0 | 0 | 2,300 | 5,000 |
| Miscellaneous | | 8,490 | 7,945 | 600 | |
| Depreciation | | | 45,826 | | 0 |
| Total Expenses | 778,280 | 688,108 | 687,504 | 728,378.471 | 802,150.75 |

| Capital Additions | | | | | |
|----------------------------|---------------|---------------|----------------|---------------|-----------------|
| Surplus utilization | | 0 | 85,000 | 50,000 | 0 |
| Capital expenditures | 0 | 0 | 0 | 0 | 0 |
| Vehicles Reserve | 7,500 | 7,500 | 7,500 | 10,000 | 10,000 |
| Beach & Dunes | 1,000 | 1,000 | 0 | 0 | 0 |
| Roads & Drains | 4,000 | 4,000 | 23,400 | | |
| New Club Signs | 4,000 | 4,000 | 0 | 0 | 0 |
| Boat/other | | 0 | 9,650 | 1,000 | 0 |
| ATV | | 0 | 10,000 | 0 | 0 |
| Bay Net | 3,000 | 3,000 | 5,000 | 0 | 0 |
| Mobi mats | 3,000 | 3,000 | 3,850 | 0 | 0 |
| Total Capital | 22,500 | 22,500 | 59,400 | 11,000 | 10,000 |
| Ending Cash Balance | 0 | 82,358 | 137,572 | -0.471 | 5,207.25 |

| | | | | | |
|--|------------|------------|------------|------------|------------|
| Lease | 542 | 542 | 509 | 457 | 598 |
| Membership Dues | 20 | 20 | 20 | 20 | 20 |
| Total "dues" Invoice to members | 572 | 572 | 539 | 487 | 628 |