

The proposed budget for 2008 creates an increase in the dues that cover the general operating expenses. The format in which these numbers are presented has been restructured to separate the general operating revenue and expenses from the marina and water system expenses. Mixing all three elements, as has been done in the past, presents a distorted projection of the “bottom line” for the operating expense budget. The marina and water system revenues less expenses are funded and tracked separately from the general operating expenses and are listed after the operating expense budget information.

The operating expense portion of the yearly dues and assessments has not been increased since 2001. At January, 2001 the dues were increased from \$200 to \$260, a 30% increase. The dues have remained at \$260 with the exception of 2002 when they were reduced to \$200.

The increases for 2008 are due to several factors:

1. Overall increases in costs for maintenance of facilities and equipment
2. Comments from members indicating desire for increased security presence
3. Paying realistic, fair, living wage to our employees

1. The costs of everything have increased substantially in the last seven years. For the last four years the board has used a cash surplus from prior years to keep from raising dues. If we had not had that surplus, the annual operating expense portion of your dues would have been increased each year.

2 & 3. During 2007 the association board hired William D. Collins (Willie) as Assistant Caretaker. The job descriptions and employment agreements for the Caretaker and Assistant Caretaker were revised/created. Compensation structures were changed to be more in line with what it would cost to replace these employees in today’s dollars. A housing allowance, for the use of cabin #96, was computed to be appropriately reported as income and then deducted from net wages paid. Allowances for auto use and propane were discontinued; the association now pays for the propane at cabin #96. The caretaker’s use of his own vehicle to deliver water samples, attend meetings away from cabin #96 board room, and to accomplish other business of the association is compensated at a standard mileage rate. Effective September 1, 2007 (beginning of our coverage year) Willie is enrolled in the employee medical insurance plan.

<b>Proposed Assessments-2008:</b>	<b>Operating Expense Budget</b>	<b>\$ 440</b>
	<b>Water System</b>	<b>\$ 75</b>
	<b>North County EMS</b>	<b>\$ 10</b>
	<b>SCFPD#6</b>	<b>\$ 8</b>
	<b>Total of proposed assessments for 2008</b>	<b>\$ 533</b>

Cathryn Hodl, Treasurer  
For the Board of Directors  
The North Woods Association, Inc.