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# HERITAGE HARBOUR COMMUNITY ASSOCIATION, INC.

# ADMINISTRATIVE RESOLUTION NO. 8 AMENDMENT 4

## FINANCIAL AND ACCOUNTING PROCEDURES

WHEREAS, on August 12, 2003, the Board of Directors adopted Administrative Resolution No. 8 to establish procedures for the receipt and disbursement of member assessments and other funds, the maintenance of adequate reserves, and the accounting for and safeguarding of all assets of the Association; and

WHEREAS, on October 14, 2003, the Board of Directors amended Administrative Resolution No. 8 to collect a one-time fee; and

WHEREAS, on September 12, 2007, the Board of Directors amended Administrative Resolution No. 8 to remove an outdated portion of Article V, Budgets, and limit the restrictions on borrowed funds for capital improvement in Article VII, Borrowed Funds, to one requirement, and

WHEREAS, on January 9, 2008, the Board of Directors amended Administrative Resolution No. 8 to clarify the requirements in Article V, Budgets, for preparation of annual budgets, to correct an editorial error in Article V, Budgets, and to add requirements to Article VIII, Borrowed Funds Board approval of any loan from the Replacements Reserve Fund for any purpose.

NOW, THEREFORE, BE IT RESOLVED that Administrative Resolution No. 8 is further amended to modify Section IX, Investments, to broaden the scope of the definition of authorized investments of non-current funds, clarify the requirement for "laddering" of long-term investments, and eliminate an unnecessary requirement. RURUING FEE

Section IX, Investments, is replaced by the following:

IX. INVESTMENTS A. Investments of current funds (amounts necessary to fund current year's activities) shall be

B. Non-current funds shall be invested in one or more U.S. Securities issued by the United States Government or any agency thereof or guaranteed as to principal and interest by the United States Government or any agency thereof or in time deposits with depository institutions whose accounts are insured by the Federal Deposit Insurance Corporation (FDIC).

deposited in interest-earning, federally insured bank accounts or money market funds.

C. Long-term investments shall be in financial products with different maturity dates.

D. All interest earned on investments shall accrue in the Operations Fund. Income taxes on earned interest shall be paid from the Operations Fund.

	Yes	No		Abstain
Tuckard & Smith				
Richard Smith, District 1				
/ feeled		•		
Bernard Rosenberg, District/2			<del></del>	
James & Chornfon		·		•
James Thornton, District 3			_	
absent		* * * * * * * * * * * * * * * * * * * *	••	
Donald Tyson, District 4			<del>-</del>	
agymond Garney	N.	<b>-</b> :		
Ray fond Garvey, District's				4
Talricea Darra hy	1			·
Patricia Garrahy, District 6		*. <del>***</del>	_	
Carthuy Alessandru	~			
Anthony Alessandrini, District 7	-			

Amendment 4 to Administrative Resolution No. 8 was duly approved at a regular meeting of the Board of Directors on February 13, 2008.

Patricia Garrahy, Secretary

Heritage Harbour Community Association, Inc.

# HERITAGE HARBOUR COMMUNITY ASSOCIATION, INC.

# ADMINISTRATIVE RESOLUTION NO. 8 AMENDMENT 4

## FINANCIAL AND ACCOUNTING PROCEDURES

**WHEREAS**, on August 12, 2003, the Board of Directors adopted Administrative Resolution No. 8 to establish procedures for the receipt and disbursement of member assessments and other funds, the maintenance of adequate reserves, and the accounting for and safeguarding of all assets of the Association; and

**WHEREAS**, on October 14, 2003, the Board of Directors amended Administrative Resolution No. 8 to collect a one-time fee; and

WHEREAS, on September 12, 2007, the Board of Directors amended Administrative Resolution No. 8 to remove an outdated portion of Article V, Budgets, and limit the restrictions on borrowed funds for capital improvement in Article VII, Borrowed Funds, to one requirement, and

WHEREAS, on January 9, 2008, the Board of Directors amended Administrative Resolution No. 8 to clarify the requirements in Article V, Budgets, for preparation of annual budgets, to correct an editorial error in Article V, Budgets, and to add requirements to Article VIII, Borrowed Funds Board approval of any loan from the Replacements Reserve Fund for any purpose.

**NOW, THEREFORE, BE IT RESOLVED** that Administrative Resolution No. 8 is further amended to modify Section IX, Investments, to broaden the scope of the definition of authorized investments of non-current funds, clarify the requirement for "laddering" of long-term investments, and eliminate an unnecessary requirement.

Section IX, Investments, is replaced by the following:

# IX. INVESTMENTS

- A. Investments of current funds (amounts necessary to fund current year's activities) shall be deposited in interest-earning, federally insured bank accounts or money market funds.
- B. Non-current funds shall be invested in one or more U.S. Securities issued by the United States Government or any agency thereof or guaranteed as to principal and interest by the United States Government or any agency thereof or in time deposits with depository institutions whose accounts are insured by the Federal Deposit Insurance Corporation (FDIC).
  - C. Long-term investments shall be in financial products with different maturity dates.

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D. All interest earned on investments shall accrue in the Operations Fund. Income taxes on earned interest shall be paid from the Operations Fund.

Dr (1 1 ( = 1))	Yes	No	Abstain
Dichard & Smith District 1	V		
Richard Smith, District 1			
for Colonial	4/	-	
Bernard Rosenberg, District 2			
Simes & Thornfan			
Vames Thornton, District 3		The transfer of the transfer o	
absent			
Donald Tyson, District 4		1	
agymond Sarry	W		
Raymond Garvey, District 5			
Fatricia Darrahy			
Patricia Garrahy, District 6			
July alessandru			
Anthony Alessandrini, District 7			

Amendment 4 to Administrative Resolution No. 8 was duly approved at a regular meeting of the Board of Directors on February 13, 2008.

Patricia Garrahy, Secretary

Heritage Harbour Community Association, Inc.

# AMENDMENT TO HOMEOWNERS DISCLOSURE STATEMENT FOR

# HERITAGE HARBOUR COMMUNITY ASSOCIATION, INC.

(Annapolis)

RECORDING FEE 25.00
TOTAL 25.00
REST AALE ROPE 1 SEATO
RFD KLC Blk 1 2218
Jan 24: 2008 92:70 pm

For deposit with the Circuit Court for Anne Arundel County this 17<sup>th</sup> day of January, 2008

1. **RESTATED Policy Resolution No. 5, Amendment 7, Architectural and Environmental Review Policies and Procedures** (includes all prior amendments thereto) – approved January 9, 2008

Administrative Resolution No. 8, Amendment 3, Financial and Accounting Procedures – approved January 9, 2008

Return original to:

Heritage Harbour Community Association, Inc.

959 River Strand Loop Annapolis, MD 21401

# HERITAGE HARBOUR COMMUNITY ASSOCIATION, INC.

# **ADMINISTRATIVE RESOLUTION NO. 8 AMENDMENT 3**

# FINANCIAL AND ACCOUNTING PROCEDURES

WHEREAS, on August 12, 2003, the Board of Directors adopted Administrative Resolution No. 8 to establish procedures for the receipt and disbursement of member assessments and other funds, the maintenance of adequate reserves, and the accounting for and safeguarding of all assets of the Association; and

WHEREAS, on October 14, 2003, the Board of Directors amended Administrative Resolution No. 8 to collect a one-time fee; and

WHEREAS, on September 12, 2007, the Board of Directors amended Administrative Resolution No. 8 to remove an outdated portion of Article V, Budgets, and limit the restrictions on borrowed funds for capital improvement in Article VII, Borrowed Funds, to one requirement.

NOW, THEREFORE, BE IT RESOLVED that Administrative Resolution No. 8 is further amended to clarify the requirements in Article V, Budgets, for preparation of annual budgets, to correct an editorial error in Article V, Budgets, and to add requirements to Article VIII, Borrowed Funds, for Board approval of any loan from the Replacements Reserve Fund for any purpose. OVER PAYMENT

Article V, Sections D and E are revised to read as follows:

## V. BUDGETS

- D. The Management Agent shall, not later than one hundred twenty (120) days prior to the end of the current fiscal year, prepare preliminary budgets for the Operations and Replacements Reserve Funds and for the amount to be allocated to the Capital Improvements Fund.
- E. Budgets for the Operations and Replacements Reserve Funds shall reflect the anticipated receipts, expenses and expenditures for the ensuing year, and estimates of receipts, expenses and expenditures shall be prepared for the four (4) succeeding years.

# Article VII, Section B is added to read as follows:

B. No funds shall be borrowed from the Replacement Reserve Fund for any purpose without the explicit approval by the Board of Directors for each case. The borrowing fund shall repay the loan, plus interest, by no later than the end of a term specified by the Board of Directors. The rate of interest shall be established by the Board of Directors, but shall not result in a reimbursement of interest that would have accrued to the Replacement Reserve Fund from the funds borrowed during the period of the loan. An amount equal to the interest shall be deposited in the Operations Fund as provided by Article IX, Section E. This Section is not intended to preclude

TOTAL

transfer of funds between the Operations, Replacements, and Capital Improvements Funds solely for the purpose of cash management. The three funds shall be balanced by the end of each fiscal year unless otherwise approved by the Board of Directors.

	Yes	No .	Abstain
Richard Smith, District 1			
Bernard Rosenberg, District 2			
absent/			
James Thornton, District 3			'.
Donald Tyson, District A	-	Maria de la companya	
Raymond Garvey/District 5	· ·	·	
Fallricea Dorraken	<u> </u>		
Patricia Garrahy District 6	V		
Anthony Alessandrini, District 7			-

Amendment 3 to Administrative Resolution No. 8 was duly approved at a regular meeting of the Board of Directors on January 9, 2008.

Patricia Garrahy, Secretary

Heritage Harbour Community Association, Inc.

# **AMENDMENT** TO HOMEOWNERS DISCLOSURE STATEMENT FOR

# HERITAGE HARBOUR COMMUNITY ASSOCIATION, INC.

(Annapolis)

RECORDING FEE Jan 24: 2008

For deposit with the Circuit Court for Anne Arundel County this 17<sup>th</sup> day of January, 2008

1. RESTATED Policy Resolution No. 5, Amendment 7, Architectural and Environmental Review Policies and Procedures (includes all prior amendments thereto) – approved January 9, 2008

2. Administrative Resolution No. 8, Amendment 3, Financial and Accounting Procedures – approved January 9, 2008

Return original to:

Heritage Harbour Community Association, Inc.

959 River Strand Loop Annapolis, MD 21401

# HERITAGE HARBOUR COMMUNITY ASSOCIATION, INC.

# **ADMINISTRATIVE RESOLUTION NO. 8 AMENDMENT 3**

## FINANCIAL AND ACCOUNTING PROCEDURES

WHEREAS, on August 12, 2003, the Board of Directors adopted Administrative Resolution No. 8 to establish procedures for the receipt and disbursement of member assessments and other funds, the maintenance of adequate reserves, and the accounting for and safeguarding of all assets of the Association; and

WHEREAS, on October 14, 2003, the Board of Directors amended Administrative Resolution No. 8 to collect a one-time fee; and

WHEREAS, on September 12, 2007, the Board of Directors amended Administrative Resolution No. 8 to remove an outdated portion of Article V, Budgets, and limit the restrictions on borrowed funds for capital improvement in Article VII, Borrowed Funds, to one requirement.

NOW, THEREFORE, BE IT RESOLVED that Administrative Resolution No. 8 is further amended to clarify the requirements in Article V, Budgets, for preparation of annual budgets, to correct an editorial error in Article V, Budgets, and to add requirements to Article VIII, Borrowed Funds, for Board approval of any loan from the Replacements Reserve Fund for any purpose. OVER PAYMENT

Article V, Sections D and E are revised to read as follows:

# V. BUDGETS

- D. The Management Agent shall, not later than one hundred twenty (120) days prior to the end of the current fiscal year, prepare preliminary budgets for the Operations and Replacements Reserve Funds and for the amount to be allocated to the Capital Improvements Fund.
- E. Budgets for the Operations and Replacements Reserve Funds shall reflect the anticipated receipts, expenses and expenditures for the ensuing year, and estimates of receipts, expenses and expenditures shall be prepared for the four (4) succeeding years.

# Article VII, Section B is added to read as follows:

B. No funds shall be borrowed from the Replacement Reserve Fund for any purpose without the explicit approval by the Board of Directors for each case. The borrowing fund shall repay the loan, plus interest, by no later than the end of a term specified by the Board of Directors. The rate of interest shall be established by the Board of Directors, but shall not result in a reimbursement of interest that would have accrued to the Replacement Reserve Fund from the funds borrowed during the period of the loan. An amount equal to the interest shall be deposited in the Operations Fund as provided by Article IX, Section E. This Section is not intended to preclude

Rest AA16

transfer of funds between the Operations, Replacements, and Capital Improvements Funds solely for the purpose of cash management. The three funds shall be balanced by the end of each fiscal year unless otherwise approved by the Board of Directors.

	1	Yes	No	Abstain
Richard Smith, District 1	/	<u> </u>		
Bernard Rosenberg, District 2			· · · · · · · · · · · · · · · · · · ·	
absent/				
James Thornton, District 3				
Strall 21/1/2		<u> </u>		
Donald Tyson, District A				
Olaymen of Lawy		in		
Raymond Garvey District 5				
tatricia Sarrakey		1		
Patricia Garrahy, District 6				
Carthup Allescambur				
Anthony Alessandrini, District 7			-	
Amendment 3 to Administrative Pecal				

Amendment 3 to Administrative Resolution No. 8 was duly approved at a regular meeting of the Board of Directors on January 9, 2008.

Patricia Garrahy, Secretary

Heritage Harbour Community Association, Inc.

# HERITAGE HARBOUR COMMUNITY ASSOCIATION

# ADMINISTRATIVE RESOLUTION NO. 8 AMENDMENT 2

# FINANCIAL AND ACCOUNTING PROCEDURES

WHEREAS, Article VI and Article VII of the Declaration of Covenants of the Heritage Harbour Community Association, Inc. contains provisions regarding Assessments and Charges and Reserve Funds; and

WHEREAS, Article X of the By-laws of the Heritage Harbour Community Association, Inc. contains provisions regarding Fiscal Management; and

WHEREAS, By Policy Resolution No. 1 the Board of Directors set forth its authority and intention to establish policies and procedures deemed necessary for the efficient and effective administration of the Association and for carrying out the affairs of the Association.

WHEREAS, on August 12, 3003, the Board of Directors adopted Administrative Resolution No. 8 to establish procedures for the receipt and disbursement of member assessments and other funds, the maintenance of adequate reserves, and the accounting for and safeguarding of all assets of the Association.

WHEREAS, a provision of Section V.A is outdated.

TOTAL 10.
Rest AA13 Rept # 9828

WHEREAS, the provisions of Section VII. BORROWED FUNDS, are unnecess restrictive.

**NOW THEREFORE, BE IT RESOLVED THAT** Administrative Resolution No. 8 is amended as follows:

Section V.A is revised by deleting all after "Any indicated surplus or deficit, for any year, shall be equal to less than one dollar (\$1.00) per month for each Class A Member" and adding a period at the end of the sentence.

Section VII is revised to read as follows:

## VII. BORROWED FUNDS

Any debt incurred for purposes of capital improvement must be serviced by funds available from the Capital Improvement Reserve.

$\alpha \cap \alpha \cap \alpha$	Yes	No	Abstain
Frank Richter, District 1	V		-
Bernard Rosenberg, District 2/7	V_	<u>.</u>	
James Thornton, District #	1		<del></del>
Donald Tyson, District 4			·
Daymond Garvey District 8	A		
Tatricia Darrahe			
Patricia Garraby, District 6			
Anthony Alessandrini, District 7	-		

Amendment 2 to Administrative Resolution No. 8 was duly approved at a regular meeting of the Board of Directors on <u>September 12, 2067</u>.

Patricia Garrahy, Secretary

Heritage Harbour Community Association, Inc.

# HERITAGE HARBOUR COMMUNITY ASSOCIATION

# **ADMINISTRATIVE RESOLUTION NO. 8 AMENDMENT 2**

## FINANCIAL AND ACCOUNTING PROCEDURES

WHEREAS, Article VI and Article VII of the Declaration of Covenants of the Heritage Harbour Community Association, Inc. contains provisions regarding Assessments and Charges and Reserve Funds; and

WHEREAS, Article X of the By-laws of the Heritage Harbour Community Association, Inc. contains provisions regarding Fiscal Management; and

WHEREAS, By Policy Resolution No. 1 the Board of Directors set forth its authority and intention to establish policies and procedures deemed necessary for the efficient and effective administration of the Association and for carrying out the affairs of the Association.

WHEREAS, on August 12, 3003, the Board of Directors adopted Administrative Resolution No. 8 to establish procedures for the receipt and disbursement of member assessments and other funds, the maintenance of adequate reserves, and the accounting for and safeguarding of all assets of the Association.

WHEREAS, a provision of Section V.A is outdated.

Rept # 30284 WHEREAS, the provisions of Section VII. BORROWED FUNDS, are unnecessarily restrictive.

NOW THEREFORE, BE IT RESOLVED THAT Administrative Resolution No. 8 is amended as follows:

Section V.A is revised by deleting all after "Any indicated surplus or deficit, for any year, shall be equal to less than one dollar (\$1.00) per month for each Class A Member" and adding a period at the end of the sentence.

Section VII is revised to read as follows:

## VII. BORROWED FUNDS

Any debt incurred for purposes of capital improvement must be serviced by funds available from the Capital Improvement Reserve.

	Yes	No	Abstain
Frank Richter, District 1	V		
Bernard Rosenberg, District 2/	V		
James Thornton, District 3			· · · · · · · · ·
Donald Tyson, District 4			
Maymond Larry	A		
Raymond Garvey/District 5			
Patricia Garraby, District 6	$\checkmark$		
Anthony Alessandrini, District 7	1		

Amendment 2 to Administrative Resolution No. 8 was duly approved at a regular meeting of the Board of Directors on <u>September 12, 2007</u>.

Patricia Garrahy, Secretary

Heritage Harbour Community Association, Inc.

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# AMENDMENT TO HOMEOWNERS DISCLOSURE STATEMENT FOR

# HERITAGE HARBOUR COMMUNITY ASSOCIATION, INC.

(Annapolis)

REDS AND THE MEDICAL COMMITTEE COMMI

ci.es Koro & Joens Bin & Ades Arona an

For deposit with the Circuit Court for Anne Arundel County this 24th day of October, 2003.

1. AMENDMENT 1 to ADMINISTRATIVE RESOLUTION NO. 8 - Financial and Accounting Procedures - inserting new Section VI.C. (Approved October 14, 2003).

2. AMENDMENT 3 to POLICY RESOLUTION NO. 3 - <u>Imposition of Sanctions</u> - revising Section 1.B.2. (Approved October 14, 2003).

Return original to: Heritage Harbour Community Association, Inc.

959 River Strand Loop Annapolis, Maryland 21401

Return certified copy to: Kathleen M. Elmore, Esquire

5 Riggs Avenue Severna Park, Maryland 21146 (410) 544-6644

10300.000/001

Return to: Heritage Harbour Comm. Assoc. 959 River Strand Loop Annapolis, MD. 21401

# HERITAGE HARBOUR COMMUNITY ASSOCIATION

# ADMINISTRATIVE RESOLUTION NO. 8 AMENDMENT 1

# FINANCIAL AND ACCOUNTING PROCEDURES

WHEREAS, Article VI and Article VII of the Declaration of Covenants of the Heritage Harbour Community Association, Inc. contains provisions regarding Assessments and Charges and Reserve Funds; and

WHEREAS, Article X of the By-laws of the Heritage Harbour Community Association, Inc. contains provisions regarding Fiscal Management; and

WHEREAS, By Policy Resolution No. 1 the Board of Directors set forth its authority and intention to establish policies and procedures deemed necessary for the efficient and effective administration of the Association and for carrying out the affairs of the Association.

WHEREAS, on August 12, 2003, the Board of Directors adopted Administrative Resolution No. 8 to establish procedures for the receipt and disbursement of member assessments and other funds, the maintenance of adequate reserves, and the accounting for and safeguarding of all assets of the Association; and

WHEREAS, the Board of Directors desires to collect a one-time fee to off-set the cost to the Association for establishing membership and billing records.

NOW THEREFORE, BE IT RESOLVED THAT Administrative Resolution No. 8 is amended as follows.

# Insert the following new Section VI.C:

C. Class A and Recreational Members shall be assessed a one-time fee to establish their individual membership and billing record. The amount of the fee shall be equal to the amount charged to the Association by the Management Agent.

	Yes	No	Abstain
ABSENT		•	
Marguerite F. Garlick, District 1	***************************************		

# BOOK -- 26 PAGE 438

	Yes	No	Abstain
Jant Everetto			
Janet Everette, District 2			
lowerd Ellot			
Edward Elliott, District 3			
Mileele Ryan Crofoot Michele Crofoot, District 4			
Charles Kennedy, District 5	<u></u>		
John Davis, District 6	1		
Meter a Rudman	V		
Arthur Rudmann, District 7			

Amendment 1 to Administrative Resolution No. 8 was duly approved at a regular meeting of the Board of Directors on October 14.2003.

Robert N. Bartel, Secretary, Heritage Harbour Community Association, Inc.

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# AMENDMENT TO HOMEOWNERS DISCLOSURE STATEMENT FOR

# HERITAGE HARBOUR COMMUNITY ASSOCIATION, INC.

(Annapolis)

Maria Rott & Seete A Anie Rott & Seete D Ann Blk & 4365 247 2003 - Anim H

For deposit with the Circuit Court for Anne Arundel County this 24th day of October, 2003.

1. AMENDMENT 1 to ADMINISTRATIVE RESOLUTION NO. 8 - Financial and Accounting Procedures - inserting new Section VI.C. (Approved October 14, 2003).

2. AMENDMENT 3 to POLICY RESOLUTION NO. 3 - <u>Imposition of Sanctions</u> - revising Section 1.B.2. (Approved October 14, 2003).

Return original to: Heritage Harbour Community Association, Inc.

959 River Strand Loop Annapolis, Maryland 21401

Return certified copy to: Kathleen M. Elmore, Esquire

5 Riggs Avenue Severna Park, Maryland 21146 (410) 544-6644

10300.000/001

# BOOK -- 26 PAGE 437

Return to: Heritage Harbour Comm. Assoc. 959 River Strand Loop Annapolis, MD. 21401

# HERITAGE HARBOUR COMMUNITY ASSOCIATION

# ADMINISTRATIVE RESOLUTION NO. 8 AMENDMENT 1

## FINANCIAL AND ACCOUNTING PROCEDURES

WHEREAS, Article VI and Article VII of the Declaration of Covenants of the Heritage Harbour Community Association, Inc. contains provisions regarding Assessments and Charges and Reserve Funds; and

WHEREAS, Article X of the By-laws of the Heritage Harbour Community Association, Inc. contains provisions regarding Fiscal Management; and

WHEREAS, By Policy Resolution No. 1 the Board of Directors set forth its authority and intention to establish policies and procedures deemed necessary for the efficient and effective administration of the Association and for carrying out the affairs of the Association.

**WHEREAS**, on August 12, 2003, the Board of Directors adopted Administrative Resolution No. 8 to establish procedures for the receipt and disbursement of member assessments and other funds, the maintenance of adequate reserves, and the accounting for and safeguarding of all assets of the Association; and

WHEREAS, the Board of Directors desires to collect a one-time fee to off-set the cost to the Association for establishing membership and billing records.

**NOW THEREFORE, BE IT RESOLVED THAT** Administrative Resolution No. 8 is amended as follows.

# Insert the following new Section VI.C:

C. Class A and Recreational Members shall be assessed a one-time fee to establish their individual membership and billing record. The amount of the fee shall be equal to the amount charged to the Association by the Management Agent.

ABSENT	Yes	No	Abstain
Marguerite F. Garlick, District 1			

# BOOK - - 26 PAGE 438

	Yes	No	Abstain
Havet Exercito			
Janet Everette, District 2			
Edward Elliott, District 3			
	/		
Muleele Ryan Cropoot	· ·		
Michele Crofoot, District 4			
Charles Kennedy, District 5			
Charles Kennedy, District 5	1		
has let and			
John Davis, District 6			
Meter Ca Rudman	$\checkmark$		
Arthur Rudmann, District 7			

Amendment 1 to Administrative Resolution No. 8 was duly approved at a regular meeting of the Board of Directors on October 14, 2003.

Robert N. Bartel, Secretary, Heritage Harbour Community Association, Inc.

# AMENDMENT TO HOMEOWNERS DISCLOSURE STATEMENT FOR

# HERITAGE HARBOUR COMMUNITY ASSOCIATION, INC.

(Annapolis)

CIRCUIT COURT, A.A. COUNTY

G3 SEP -2 PM 3: 10

For deposit with the Circuit Court for Anne Arundel County this 2nd day of September, 2003.

1. ADMINISTRATIVE RESOLUTION NO. 8 - <u>Financial and Accounting Procedures</u> (approved August 12, 2003) - including budget forecast, Notes to the Year 2003 Budget Package, the Recreational Member Assessment Calculation for 2003 Budget, and the Heritage Harbour Community Association, Inc. Financial Reports as of December 31, 2002.

Return original to: Heritage Harbour Community Association, Inc.

959 River Strand Loop Annapolis, Maryland 21401

Return certified copy to: Elmore & Associates, P.A.

5 Riggs Avenue

Severna Park, Maryland 21146

(410) 544-6644

10300.000/001

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# HERITAGE HARBOUR COMMUNITY ASSOCIATION

# ADMINISTRATIVE RESOLUTION NO. 8

# FINANCIAL AND ACCOUNTING PROCEDURES

WHEREAS, Article VI and Article VII of the Declaration of Covenants of the Heritage Harbour Community Association, Inc. contains provisions regarding Assessments and Charges and Reserve Funds; and

WHEREAS, Article X of the By-laws of the Heritage Harbour Community Association, Inc. contains provisions regarding Fiscal Management; and

WHEREAS, By Policy Resolution No. 1 the Board of Directors set forth its authority and intention to establish policies and procedures deemed necessary for the efficient and effective administration of the Association and for carrying out the affairs of the Association.

**NOW THEREFORE, BE IT RESOLVED THAT** the following procedures are hereby established for the receipt and disbursement of member assessments and other funds, the maintenance of adequate reserves, and the accounting for and safeguarding of all assets of the Association.

# I. RESPONSIBILITIES

- A. The Board of Directors shall have ultimate responsibility for the management and safeguarding of all assets of the Association.
- B. The Treasurer shall have responsibility for all funds and securities of the Association, and for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. Additionally, the Treasurer shall be responsible for ensuring that the provisions of the Resolution are followed, and shall advise the Board of Directors on all financial and accounting matters of the Association.
  - C. The Management Agent shall be responsible for the administration of these procedures.

# II. BOOKS AND RECORDS

A. The Books and Records of the Association shall include a Cash Receipts Journal, a Cash Disbursements Journal, a General Ledger and supporting Subsidiary Ledgers. The Books and Records, which shall be the property of the Association, shall be maintained by the Management Agent in accordance with generally accepted accounting principles as provided by Article X of the Association's By-Laws. Such Books and Records shall be retained as provided by the Association's Records Retention Schedule.

- B. A comprehensive system of accounts, capable of being modified from time to time, shall be maintained in sufficient detail to provide reports for each of the Operations, Replacements Reserve, and Capital Improvements funds.
- C. The Books and Records of the Association shall be audited each year by an independent Certified Public Accountant appointed by the Board of Directors.

# III. CASH MANAGEMENT

# A. Cash Receipts.

- 1. Assessments, members' charges or other cash received by the Association shall be deposited on a timely basis in one or more interest bearing, federally insured, bank accounts.
- 2. Assessments may be received by direct mail to a lock-box, electronic funds transfer or delivered to the Lodge Office, at the election of each member.
- 3. The Association shall take all steps necessary, including legal action, to collect all funds properly owed to the Association as provided by Policy Resolution No. 3.

# B. Cash Disbursements.

- 1. Cash shall be disbursed from the Operations Fund for the payment of all costs incurred by the Association, as delineated in Article VI. Section 1(a) of the Declaration of Covenants, including the funding of all reserves of the Association.
- 2. Cash shall be disbursed from the Replacements Reserve Fund for the replacement or major maintenance of the Association's real or personal property, for operating contingencies of a non-recurring nature or for exterior maintenance of Lots.
- 3. Cash shall be disbursed from the Capital Improvements Fund for the construction, acquisition, upgrade or improvement to the Association's real or personal property.
- 4. The Management Agent shall consult with the Treasurer, when necessary, on questions of which fund should be charged for a specific item of cost.
- 5. Upon the receipt of statements, the Management Agent shall make payment in a timely manner for goods and services received. Statements received from the Association's Attorney shall be reviewed by the President or his/her designee prior to payment.

# IV. RESERVE FUNDS

- A. The Treasurer shall include in each year's budget recommendations of amounts to be allocated to the Association's Reserve Funds. The Management Agent shall transfer funds each month from the current receipts to each of the Reserve Funds. The amounts transferred shall be approximately equal to one-twelfth (1/12) of the amounts included in the approved budget.
- B. The Operations Reserve Fund balance shall be established for each year by the Board of Directors, on the recommendation of the Treasurer. Such balance shall be adequate to cover any unanticipated costs incurred by the Association, but shall not exceed ten percent (10%) of budgeted operations costs. At the end of each year, any excess over the established balance shall be used to reduce future assessments or be refunded to the members.
- C. The end-of-year balance in the Replacement Reserve Fund shall not be lower than fifteen percent (15%) of the Total Asset Value of assets as reflected in the most recent Replacement Reserve Study. If the end-of-year balance falls below the guideline, the monthly contribution to the fund shall be adjusted during the next fiscal year to bring the balance to the minimum level-If the end-of-year balance falls sufficiently below the guideline to require more than one year to bring the balance up to the minimum level, the Board of Directors shall use its discretion to establish a monthly contribution to the fund that will bring the balance up to the minimum level in a reasonable period of time.
- D. The Capital Improvements Reserve Fund budget year-end balance shall be established for each fiscal year by the Board of Directors, on the recommendation of the Treasurer. Such balance shall be adequate to fund planned Capital Improvements.

# V. BUDGETS

- A. Budgets for the Operations, Replacements Reserve and Capital Improvements funds shall be prepared each year in the format presented in Attachment A to this Resolution. Such budgets shall be calculated so that total revenues and expenses are, for all practical purposes, equal. Any indicated surplus or deficit, for any year, shall be equal to less than one dollar (\$1.00) per month for each Class A Member; i.e. ( $$1.00 \times 1611 \times 12 = $19,332$ ).
- B. Each year at the first meeting of the Board following the election of Directors, or as soon thereafter as possible, the President shall appoint three Directors to serve as the Board Budget Committee. The President shall designate one of those appointed as the Chairperson of the Committee. The Treasurer shall serve as ex officio member of the Committee, unless the Treasurer is a member of the Board and is appointed to the Committee. The functions of the Board Budget Committee shall include, but not be limited to, the following.
  - 1. The Committee shall, by June 30 of the current year, establish budget guidelines and prepare a completion schedule.

- 2. The Committee shall review the preliminary budget estimates prepared by the General Manager and make such recommendations considered necessary.
- 3. The Committee shall participate in the prioritization of recommended capital improvements projects.
- 4. The Committee shall present its recommendations on any portion of the budget upon presentation of the budget to the Board.
- C. The Treasurer shall meet with committee chairmen to explain the preparation of budget requests.
- D. The Management Agent shall, not later than one hundred twenty (120) days prior to the end of the current fiscal year, prepare preliminary budgets for the three funds.
- E. Budgets for each fund shall reflect the anticipated receipts, expenses and expenditures for the ensuing year and estimates of receipts, expenses and expenditures shall be prepared for the four (4) succeeding years.
- F. Final Budgets shall be presented for approval no later than the November meeting of the Board of Directors.

# VI. ASSESSMENTS

- A. Class A Members' annual assessments shall be calculated to cover the Association's budgeted annual expenses as provided in Article VI of the Declaration of Covenants. Such budgeted expenses shall include all Operations expenses as well as transfers of revenues to Replacements Reserve and Capital Improvements funds, and shall be offset by all other budgeted revenues.
- B. Recreational Members' annual assessments shall be calculated as provided in an Arbitration Order dated November 8, 1993. Such calculation shall be prepared in the format as presented in Attachment B, to this Resolution.

# VII. BORROWED FUNDS

- A. Funds borrowed for Capital Improvements shall be repaid from funds available from the Capital Improvements Reserve.
- B. The amount of debt outstanding at any time shall be limited to an amount that can be repaid by dedicating not more than one-third (1/3) of the annual contribution of member assessments to Capital Improvements.

# VIII. FINANCIAL REPORTS

- A. The Management Agent shall furnish to the Treasurer, not later than twenty (20) days after the end of the month being reported, comprehensive financial reports for each fund reflecting the activity for the current month and for the year to date.
- B. The Monthly Financial Reports shall include a Balance Sheet and a comparative Income Statement (comparing actual to budget) for each fund. Also included shall be a list of Investments, a Disbursements Register, a list of Delinquent Assessments Accounts, a General Ledger (and any supporting ledgers) and a monthly spreadsheet showing the Income Statement by month with actual shown for current and prior months and budget shown for future months. This spreadsheet will show each month's anticipated annual results compared to budget for the year (based on year-to-date actual and remaining months' budget).
- C. The Treasurer shall prepare monthly Treasurer's Reports to the Board of Directors based upon the information contained in the comprehensive Financial Reports furnished by the Management Agent. The Treasurer's Reports shall be generally in the format as presented in Attachment C, to this Resolution.
- D. The Treasurer shall prepare annual Financial Statements to the Membership based upon the Audit Report of the Certified Public Accountant.

# IX. INVESTMENTS

- A. Investments of current funds (amounts necessary to fund current year's activities) shall be deposited in interest-earning, federally insured bank accounts or money market funds.
- B. Investment of non-current funds (principally Replacement Reserve funds) shall be invested only in U. S. Treasury Bills, Notes, or Bonds; U. S. Government Agency obligations: to include Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), Federal Home Loan Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA); and FDIC insured Certificates of Deposit.
- C. Maturity dates for Long-term Investments shall be "laddered" (each investment having a different maturity).
- D. Long-term Investments shall be held to maturity unless the Board of Directors unanimously agrees otherwise.
- E. All interest earned on investments shall accrue in the Operations Fund. Income taxes on earned interest shall be paid from the Operation Fund.

# X. TAXES AND OTHER REPORTS

A. The Management Agent shall, with the assistance of the independent auditor, prepare all necessary Tax Reports required in connection with income taxes, sales taxes, property taxes and other similar taxes.

B. The Management Agent shall prepare all required corporate information reports and returns for filing with the appropriate government agencies.

	Yes	No	Abstain
Marquerite & Garlick	Ж		
Marguerite F. Garlick, District 1			
Arnet W Everello Vanet Everette, District 2		. ————	-
Edward Elliott, District 3		· · · · · · · · · · · · · · · · · · ·	
Michele Crofoot, District 4			
Charles Kennedy, District 5			
John Davis, District 6			
ABSENT Arthur Rudmann District 7		-	

Robert N. Bartel, Secretary, Heritage Harbour Community Association, Inc.

Directors on August 12, 2003.

Administrative Resolution No. 8 was duly approved at a regular meeting of the Board of

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HERITAGE HARBOUR COMMINITY ASSOCIATION INC
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	HEKLIAGE HARBOUR	HAK	BOUF		MMU	VITY AS	SOC	COMMUNITY ASSOCIATION, INC		•				
DESCRIPTION OF THE HEAT	_		nagnna	ror	rorecast	Budget		Forecast		Forecast	-	Forecast	-	Forecast
INCOME	Actual		7007	7	2002	2003		2004	250	2005		2006		2007
							T		$\perp$		_			
Assessments	\$ 1,620,930	\$	,620,200	\$ 1.6	1.620.060	\$ 1620520	000	080 829 1 \$	6	1 776 340	+	000 200	-	000
Other Income	\$ 243,703	S	250,860	į	237,260		2 8	1	+	107 500	٩	000,558,	~   ·	,874,090
Total Income	\$ 1,864,633	S 1	1,871,060	-	1.857.320	-	3 5	-	+	1 063 040	A 6	183,900	- 1	197,620
				1		1		- 1	+	1,702,740	A	2,018,900	\$ 7	2,071,710
Income Distribution							$\dagger$		$\downarrow$		1			
Replacement Reserve Contribution	\$ 167,800	8	129,000	S	129.000	\$ 110,000	+	125 000	+	125,000	+	1000	€	1000
Replacement Reserve Cont. Recre.	\$ 2,100	ـــــ	1.810		1,810		+		9 6	1,750	+	123,000	٥	125,000
Captial Improvement Contribution	\$ 96,270	\$	┯		96.270	96	╁	06,770	+	00/1	+	105,550	A 6	1,750
Total Income Distribution	\$ 266,170	S	227,080	\$ 2	227,080	2	╁	2	+-	226,500	9 6	232 300	م و	109,030
Net Income to Operations	\$ 1,598,463	69	1,643,980	\$ 1,6	1,630,240	1-1	+		+-	1,737,440	1	1,786,600	- 1	1.835.930
SENERA					1								1	
Administration	-	- 1		- 1										
Die Gesten	4	\$ 43	1,960		437,002	455,	,430	\$ 469,130	8	483,230	8	497.740	Ç,	512 690
bus system Operations	ı	65	$\dashv$		4,500	4,	700	3 4,850	├-	5,000	65	5.150	÷	5 300
Othlities		\$		\$ 15	152,055	\$ 146,230	⊢	15	┿	155,140	64	159 800	Ì	164.500
Cable Television		S	223,510	\$ 22	223,125	\$ 227,600	00	Ĭ.,	65	241.460		248 710		256 170
Golf Course Repair / Maintenance		<del>⇔</del>			13,265	\$ 12,700	8 00	13,090	╀	13.480		13 880	-	14 200
Clubhouse Cartshed Repair / Maint.	\$ 20,434	€	-		21,875	\$ 18,580	_	19,150	┼	19,740	8	20,330	9	20 940
Urounds Care	\$ 55,422	8	700	\$	71,625	\$ 68,000	\$ 00	69,290	S	70,620	8	56,980	S	58.390
Louge Maint. Operation & Repairs	- 1	S	730		122,008		$\vdash$	123,840	8	115,030	69	121,550	S	121.870
Dublic Poletions	508,	57	200	\$ 55	552,981	\$ 581,040	-	598,480	8	616,430	l	634,930	8	553,990
Cilver Annivorcem Colobaction	\$ 206		3,000	54	3,000		$\dashv$	2,580	€\$	2,660	€>	2,740	8	2,820
Televicion Activity			$\dashv$		1		30	1	\$	ı	S		S	
Taxes & Licenses		φ e	+	ľ	7,700	l	-		65	8,700	<del>⇔</del>	8,960	s	9,240
Tennis Activity		İ	+		-+		$\dashv$		8	19,200	8	19,780	<del>6</del>	20,380
Water Aerobice Activity			3,600		2,508	\$ 2,500	00	2,580	\$	2,660	S	2,740	89	2,820
Chariel Preject	34,148	Α.	-		$\dashv$	۰ ج	\$	1	€>		\$	<u>'</u>	8	,
Total Occupies		- 1	$\dashv$	- 1	-	٠		1	S		8		8	
Total Operating Expense	\$ 1,564,291	\$ 1,64	,643,550	\$ 1,63	1,631,234	\$ 1,687,120	8 03	1,715,120	89	1,753,350	\$ 1,7	1,793,290	\$ 1,8	1,843,480
Net Surning Opticit)		1000												
_	34,1/2	0	430	A	(994)	\$ (3,520)		(7,850)	8	\$ (15,910)	\$	(069'9) \$	<b>S</b>	(7,550)
Monthly Cont. to Assessment		\$	83		S 83	5	83	38	S	107	6		6	
		_		Section 2007		M. C.	2			8	A	- Y4	2	96

Administrative Resolution No. 8, Attachment A Page 1 of 14

in the second se	HERITAGE	E H	<b>IRBOU</b>	R CO	MMUI	YTI	ASSO	HARBOUR COMMUNITY ASSOCIATION, INC	Ĭ.	.· .·				
	2001		Budget	. For	Forecast		Budget	Forecast		Forecast	Forecast	cast	Kore	Horecast
DESCRIPTION OF LINE ITEM	Actual		2002	2	2002	2	2003	2004		2005		3000	2007	Cast.
INCOME												3	5	7
									$\vdash$					
Assessments									$\dagger$			T		I
Class A Member Assessments	\$ 1,604,55	\$	,604,560	\$ 1,6	,604,560	\$ 1.6	.604.560	\$ 1,662,550	205	1 759 210	18	817.210	-	0203
Recreational Membership Fees	\$ 16,379	8	15.640	62	15 500	1	15 960	Ί.	+		2,	7.700	7	0/0,000
Total Assessments	1 620 03	196	**************************************	0	20.000			10,4	+	17,130		_	ا ج	18,220
	0/60#061		00760706	767 0	000,020,1 C		070,070,1	3 1,678,980	+	\$ 1,776,340	\$ 1,835,000		\$ 1,874,090	4,090
Other Income		-							+					
Social Activities Income	·	62	24 000	S.	24 000	6	000 70	9CF PC 3	+	07.4.70		+		
Harbour Lights Income	\$ 38 941	+	38 500		42 500		42,400		+	72,400		+		27,010
Copy Machine Income		+	2300	9 64	2 300		2 200	4	+	45,090	4	+	4	47,830
Music (Chorus) Income	\$ 3375	64	7.500	9 64	7.500	9 6	0000,7		+	2,440		2,510		2,590
Prior Year's Correction		+	000,1	9	000,	9	8,800	\$ 10,100	+	ı	S	,	8	ı
Greens Fees		+	005 8	6	0020	6	000	l	+					ı
Unlimited Golf Fees		+	0,000	9 6	0,000		3,000		$\dashv$	9,000		9,000	8	000,6
Interest Income Concern		+	42,000	A .	39,000		41,000		-	41,000	\$	41,000	\$ 4	41,000
Trici est monne-deneral		_	27,610		12,540		12,500	\$ 12,880	\$ 08	13,270		├-	\$ 1,	14.080
Interest income-Government		-+	61,850		60,320	\$	49,790	\$ 51,280	\$ 03	52,820		+-		56.040
Miscellaneous Income	\$ 12,084	$\dashv$	4,000	8	6,000	\$	6,000	\$ 6,180	0.8	6,370		╁		6.760
Excess Operating Reserve		-	34,600		34,600	` <del>S</del>	75,000	\$ 50,000	0	(7,850)		╁		(069.9)
water Aerobic rees	\$ 28,917	69		\$	•	↔	•	ا چ	€>	1		+-		
		_												
Lotal Other Income	\$ 243,703	identity (1)	\$ 250,860	\$ 2	\$ 237,260	\$ 2.	\$ 270,890	\$ 251,310	\$ 0	187,600	\$ 18	183,900	\$ 197,620	7,620
Income Distribution									-			$\dagger$		
Replacement Reserve Contribution	\$ 167,800	8	129,000	\$	129,000	\$	110,000	\$ 125,000	6	125 000	5	\$ 000 \$01		105 000
	\$ 2,100	-	1,810	S	1,810		1,540		+	1.750	7	╁	1	1,000
ributions	\$ 96,270		96,270	\$	96,270	\$	96,270	\$ 96,270	+-	99,750	2	+	15	109 030
	\$ 266,170		227,080		227,080	\$ 20	207,810	\$ 223,020	$\vdash$	226,500	1	+	``	235.780
Net income to Operations	.\$ 1,598,463		\$ 1,643,980	\$ 1,6	\$ 1,630,240	\$ 1,68	3,600	\$ 1,683,600 \$ 1,707,270	—	\$ 1,737,440	\$ 1,786,600		\$ 1,835,930	,930

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	HEKITAG		HAR	E HARBOUR		MMU	NIT	ASSO	CIA	COMMUNITY ASSOCIATION, INC.	NC.	ĵ.				
			Budget	get	For	Forecast	B	Budget	F	Forecast	I	* Forecast		Forecast	N.	Forecast
DESCRIPTION OF DINE, HEM	Actual		2002	2	7	2002		2003		2004		2005		2006		2007
EXPENSES													_			
							L		L				-		1	
Administrative									$oldsymbol{\perp}$				$\downarrow$		_	
Advertising Help Wanted	S	458	S	500	\$	245	8	250	8	260	65	270	4	280	6	000
Auto Mileage Reimbursement		520	\$	200	ss.	009	S	009	65	620	65	640	+	099	9 64	089
Copying			<del>69</del>	1,500	S	1,150	8	1,250	8	1,290	8	1.330	8	1 370	9 6	1 410
Dues & Subscriptions		,		200	s	535	S	550	8	570	65	590	8	610	65	630
Coupons & Labels				3,200	S	2,900	8	3,000	s	3,090	8	3,180	╀	3.280	S	3 380
Bank Fees		- 1		3,000	ş	2,000	S	2,000	8	2,060	8	2,120	+	2,180	, c	2,260
Harbour Lights Expenses	6		\$	38,500	<del>⇔</del>	35,100	8	36,500	s	37,600	8	38,730	┿	39,890	S	41.090
Directory 6 Tr.	9			6,500	<b>م</b>	5,800	÷	6,000	\$	6,180	8	6,370	⊢	6,560	S	6.760
Office Equipment & Furniture				1,200	€5	800	S	200	S	210	8	220	┼	230	<u>د</u>	240
Computer Supplies			€	1,200	↔	009	\$	1,000	<del>69</del>	1,030	8	1,060	8	1.090	جئ ا	1 120
Internet Connections				450	<del>⇔</del>	450	<del>69</del>	1,200	8	1,240	S	1.280	8	1.320	, G	1 360
Office Equipment Repairs & Maint.	٠ ج			1,100	<del>\$</del>	700	S	1,000	8	1,030	S	1,060	8	1.090	بی (د	1,200
Office Supplies				3,500	s	3,500	8	3,500	S	3,610	65	3.720	8	3.830	. G	3 950
Postage and Printing		$\neg \neg$		9,000	\$	8,000	S	8,000	8	8,240	S	8,490	S	8.750	بي ا	9 010
	\$	285		1,500	s	75	S	500	8	520	8	540	<u>ح</u>	560	<u>د</u> ح	580
strative Miscellaneous	8	125		5,000	S	6,600	\$	5,300	s	5,460	S	5,620	69	5,790	8	5.960
Or	\$ 5,425	125		5,430	8	5,000	\$	5,100	S	5,250	8	5,410	s	5,570	65	5,740
	\$ 15,0	151	- 1	8,000		13,768	8	10,000	S	10,300	s	10,610	8	10,930	S	11,260
ent rees	\$ 132,(	00 5		34,900	$\neg$	52,154	8	159,270	S	164,050	S	168,970	S	174,040	S	179,260
Surray.	\$ 24,]	27		23,100		28,440	8	32,000	S	32,960	S	33,950	S	34,970	<del>⇔</del>	36,020
1 Tol.	×		1		<u>ا</u> رح	5,800	S	-	8	1	<del>⇔</del>	1	S	1	S	
	3,(	44		2,500	<b>∽</b>	2,500	<del>5</del>	2,500	S	2,580	↔	2,660	8	2,740	S	2.820
	\$ 164,9	990		80,880	\$	160,285	\$	175,710	<del>⇔</del>	180,980	5	186,410	S	192,000		197,760
Lotal Administrative	\$ 420,	2	<b>*</b>	431,960	8	437,002	\$	455,430	S	469,130	\$	483,230	S	497,740		512,690
Bus System Operations		T		T												
Bus Repair / Maintenance	\$ 4.9	4.948		2 500	C.	2 500	6	2 500	e	0020	6	077.0	6	0.77	6	000
Fuel - Bus		+-		┿	9 6	2,200	9 6	2,200	9 6	2,300	9	2,000	A .	7,740	Α.	7,820
Bus System	200	1477	9	766	9 6	2,000	9	2,200	A	0/7'7	A	2,340	<b>A</b>	2,410	<b>⇔</b>	2,480
10 mm (20 mm)	16/	588		nnos	9	4;200	2	4,/w	0	4,850	59	2,000	8	5,150	<i>S</i>	5,300

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	HERITAGE HARBOUR	SEE H	IARB	333	COMMUNITY			CIA1	ASSOCIATION, INC.	S				
DESCRIPTION OF TARESTON	7007		Dadget		rorecast	11	Budget	Fo	Forecast	Fo	Forecast	Forecast	47	Forecast
	Actual		7007		2002		2003		2004	7	2005	~ 2006	<b>100</b>	2007
Utilities		+		+										
Electricity - Street Lights	\$ 30,575	75 \$	29,	29,700 \$	29.325	+	28.830	Ç.	29 700	6	30 500	\$ 31 510	+	22 450
Electricity - Buildings		├-	96	┼		\$ 068		+-	100 940	•	103 970	107	9 6	110 200
Gas	\$ 1,0	-	1,	1,200 \$		+-		+-	1.340	6-5	1,380		+-	110,300
Water and Sewer	\$ 7,371		6,	\$ 000,9		7,065 \$		┼	7.310	8	7.530	7	+-	7 990
Telephone			12,	12,000 \$	11	,525		8	11,330	<u>ح</u> ي	11,670		+-	12 380
Total Utilifies	\$ 149,748	48 \$	144,900	<b>高級</b>	152,055	100	1	\$	150,620	10.004	\$ 155,140	T	9	164.580
Cable TV		+		-										
Clubhouse Cable TV	\$	234 \$		3 060		375	000	6	000	6	210		$\dashv$	
Bulk Cable TV	200	. [	223.220	+-	222	+	777	9 64	234 130	9 6	310	\$ 240,300	+	330
Total Cable TV		3 50	223,510	37720		7539	177	9 6	021,100	100	0.11170	25.55	- 1.	233,840
Golf Course Repair/Maintenance						_		9	0044407	Š.	741,400	3 248,/10	A	256,170
Golf Course Non-Contract	\$ 7,952		9,	9,200 \$	10,500	+-	9,500	S	9.790	8	10.080	\$ 10 380	4	10 690
Golf Equipment / Supplies	\$ 2,595	95 \$	2,7	2,200 \$	2,7	2,765 \$		8	2,270	S	2,340		+-	7 480
Animal Control			1,(	1,000 \$		├		S	1,030	. s			+-	1 120
Total Golf Course Rep./Maint	\$ 10,547	神機	12,	12,400   \$	13,265	65 \$	12,700	S	13,090		13,480		69	14,290
						_						3		
Clubhouse/Chartshed Rep. Maint.														
HVAC Repairs & Maintenance	\$ 5,484	$\dashv$	2,5	$\vdash$	2,500	-	2,500	<del>60</del>	2,580	8	2,660	\$ 2,740	8	2.820
Awning Over Side Patio	.	€>	3,5		3,575	-	1	<del>⇔</del>		8		\$	┼	-
Spring/Fall Cleaning (Special)		$\dashv$	2,4	-	2,200	-	2,200	€>	2,270	<del>6</del>	2,340	\$ 2,410	├-	2,480
Clubhouse/Chartshed Kep. Maint.		$\dashv$	9,0	$\dashv$	7,000	00		↔	7,210	S	7,430	\$ 7,650	S	7,880
Uning Koom Equipment/Supplies		$\dashv$	3,5	-+	3,500			↔	5,180	S	5,340	\$ 5,500	<u> </u>	5,670
Dining Koom Special Maint, Projects	\$ 5,703	3	3,500	$\dashv$	2,600	-+	1,350	S	1,390	ş	1,430	\$ 1,470	<del>\$</del>	1,510
Clubnouse Furniture	<u>م</u>	1	5	-				S	520	<b>&amp;</b>	540	\$ 260	<del>S</del>	580
Crounds Core	\$ 20,434	23.00 p.	21,900	S 00	21,875	75 \$	18,580	S	19,150	5	19,740	\$ 20,330	S	20,940
RV Lot Projects	9	6	40	\$ 002	-	6	000	€	000	ŀ	0,0		_	
Childhones Lighting Duringt	9 6	9 6	2,7	9 6	0,1	+	1,000	A .	1,030	20	1,060	\$ 1,090	8	1,120
Gramma Non Contract	1	-	3,700	+	3,925	25	-	sol.	1		•		€>	t
Grands Sumilian	4	+	40,000		40,000	$\dashv$	40,000	8	41,200		42,440	\$ 43,710	S	45,020
Oromids Supplies	\$ 1,607	-	2,000		1,700	-+	2,000	€	2,060	S	2,120	\$ 2,180	S	2,250
		\$ e	15,000		15,000	-+	15,000	\$	15,000		15,000	. \$	S	1
Storm Water Drain Maintenance	8,437	- 13	10,000	00	10,000	\$ 00					-			10,000
	55,422	2	73,200	8   8	71,625	5.	8 000 8		69,290	\$	70,620	\$ 56,980	\$	58,390

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	HER	HEKLIAGI	HA	E HAKBOUK	_	COMMUNITY		Y ASSO	CIA	ASSOCIATION, INC	Ċ					
		2001	B	Budget	E	Forecast		Budget	T.	Forecast	日歌劇	Forecast		Koracaet	TA	Waracast
DESCRIPTION OF LINE ITEM	Ac	Actual	Contract of	2002		2002		2003	_	2004	1	2005	-	2006	C	2007
Lodge Maint. Oper.& Repairs											Yalka olio					
Social Activities Committee			<del>S</del>	24,000	s	24,000	S	24,000	8	24,720	8	25,460	s	26,220	S	27.010
HVAC Repairs & Maintenance		12,509	<del>\$</del>	5,000	S	15,000	8	5,000	S	5,150	8	5,310	65	5,470	S	5.630
Exterminator Non Contact	€5	265	8	550	S	580	S	009	S	620	s	640	89	099	8	089
Decorating		228	S	1,000	s	1,000	S	4,500	S	4,640	S	4,780	S	4,920	S	5,070
General Supplies	<b>⇔</b>	14,661	<u>~</u>	14,000	S	16,000		15,000	S	15,450	જ	15,910	S	16,390	8	16,880
Medical Supplies (AED Maint. & Train)		7,307	60	1,000	s	1,000	S	3,400	s	3,500	S	3,610	s	3,720	8	3,830
Lodge Repairs & Maintenance		47,318	٠	40,000	8	40,000	S	40,000	S	41,200	S	42,440	s	43,710	8	45,020
Energy Management Systems R&M	S	•	8		S	250	\$	1	S	1	S		s	-	8	
Pool Non Contract	8	9,246	<b>∞</b>	8,000	S	8,500	S	8,000	S	8,240	S	8,490	s	8,750	8	9.010
Pool Supplies	8	768	€	200	S	260	\$	200	S	520	s	540	S	560	\$	580
Ionization System for Outdoor Pool							S	3,500	S	1	↔	1	S		S	,
Exercise Room Repair & Maintenance	6 <del>5</del> )	994	<b>∞</b>	1,000	S	750	S	1,000	S	1,030	S	1,060	S	1,090	60	1,120
billiards Equipment & Supplies	<b>∞</b> €	55	ه) ج	150	8	150	↔	3,250	S	150	\$	150	S	3,300	<del>S</del>	150
Cnorus r :1	æ	4,935	es	8,100	<b>⇔</b>	8,336	↔	11,800	8	12,100	↔		\$	-	↔	ı
Library	sa .	748	<u>م</u>		S	582	S	700	S	720	\$	740	S	760	8	780
Woodworking Shop	S	804	<b>∞</b>	2,200	S	2,200	S	6,340	\$	2,000	S	2,000	€5	2,000	8	2,000
Sound & Stage Lights	<b>S</b>	'	S	1	S	•	S	3,750	\$	500	69	200	<del>69</del>	500	ss	500
Unitorms and Mats	<del>⇔</del>	4,025	جئ	3,000	S	3,100	€>	3,200	\$	3,300	↔	3,400	S	3.500	8	3.610
Total Lodge Maint, Oper. & Rep.	\$ 103,863	03,863	S	109,730	\$	122,008	\$	134,540	S	123,840	8	115,030	S	121,550		121.870
Service Agreements																
Copier Maintenance Contracts	↔	1,279	\$	1,300	8	700	S	1,250	S	1,290	8	1,330	S	1,370	8	1,410
Snow Pushing Contract		6,259	<b>↔</b>	15,000	8	1,000	S	15,000	s	15,450	S	15,910	S	16,390	55	16,880
Swim. Pool Management Contract		70,515	60	89,420	8	85,970	8	85,770	S	88,340	\$	96,990	S	93,720		96,530
Golf Course Toilet Facility	so	1,370	<b>∞</b>	1,400	S	1,370	8	1,400	\$	1,440	S	1,480	S	1,520	<del>S</del>	1,570
Exercise Equipment Contract		1,375	60	1,420	<u>د</u>	1,340	\$	1,400	S	1,440	S	1,480	<del>\$</del>	1,520	\$	1,570
Golf Professional Contract	-	44,846	احد	43,950	ا ج	43,946	<b>∞</b>		<del>∞</del>	46,330	8	47,720		49,150	S	50,630
Tily A Martine Contract		175,359		79,250	ا <del>د</del> د	179,215	∞ .	183,430	<b>⇔</b>	188,930	<b>∞</b>	194,600		200,440		206,450
HVAC Maintenance Contract		10,638	ام	11,000	<u>~</u>	10,705	8	10,960	S	11,290	s l	11,630.	↔	11,980	S	12,340
Elevator Contract	<u>ب</u>	2,851	<b>S</b>	2,940	es	2,905	<u>م</u>	3,050	8	3,140	so l	3,230	€9	3,330	S	3,430
Energy Management Sys. Contract	ا م	3,600	ام	3,680	s .	3,600	8	3,600	8	3,710	S	3,820	<del>s</del>	3,940	<del>∽</del>	4,060
Exterminator Contract	£. €2	1,132	60	1,490	8	1,100	S	1,200	S	1,240	<del>S</del>	1,280	S	1,320	€S	1,360
Clubhouse Cleaning Contract		8,000	s .	7,800	<u>~</u>	7,665	S		s	6,390	S	6,580	<del>\$</del>	6,780	s	6,980
Grounds Maintenance Contract	ľ	69,570	s .	95,850	<u>ح</u>	94,800	S		\$	99,940	S	102,940	S	106,030	\$ 1	109,210
Security Contract	$\exists$	108,207	ا ح		60	115,480	8	122,570	S	126,250	S	130,040		133,940		137,960
_	A			_		3,185	S	3,200	S	3,300		3,400		3,500	\$	3,610
Lotal Services Agreements	508,243	State 1	S	277,500	8	552,981	S	581,040	8	598,480	S	616,430	8	634,930	9 \$	653,990

Administrative Resolution No. 8, Attachment A
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		E HARBOUR	A)	COMMUNITY		ASSOCIATION, INC	VC.		
		Budget		Horecast	Budget	Forecast	Forecast	Forecast	Forecast
DESCRIPTION OF LINE ITEM	- Actual	2002		2002	~ 2003	2004	2005	2006	2007
Public Relations									
Public Relations	\$ 506	\$ 3,0	3,000 \$	3,000	\$ 2,500	\$ 2,580	\$ 2.660	\$ 2.740	\$ 2.820
	905 🐪 😮	S	3,000	3,000	\$ 2,500	\$ 2,580	S	- \$	\$
					\$ 7,000				
Total Silver Anniversary					3				
Televison Activity	-	-							
TV Equipment and Supplies	\$ 6,585	\$ 5,0	5,000 \$	5,000	\$ 5,100	\$ 5,250	\$ 5,410	\$ 5.570	\$ 5.740
Engineer Services	\$ 2,700		3,000 \$	2,700					
Total IV Activity Expense	\$ 9,285	.S. 8,0	8,000	7,700	\$ 8,200	\$ 8.440		- 5	
Taxes & Licenses								2730	
Income Taxes	\$ 25,209	\$ 23,500	├	15,000	\$ 15,000	\$ 15,450	\$ 15,910	\$ 16.390	\$ 16.880
Real Estate Tax	\$ 85	\$	<b>\$</b>	06		\$ 100	١.		
Licenses, Fees and Permits	\$ 3,011	3,	\$ 058	3,000	\$ 3,000	\$ 3,090	\$ 3,180	\$ 3.280	3
Total Laxes & Licenses	S 28,305	\$ 27,3	27,350 8	18,090	\$ 18,100	4000		\$	に影響
Tennis Activity									
Tennis Court Repair & Maintenance	3,		2,500 \$	1,508	\$ 1,500	\$ 1,550	\$ 1,600	\$ 1,650	\$ 1,700
Tennis Courts Equipment & Supplies	\$ 882	\$	,100 \$	1,000	\$ 1,000	\$ 1,030	\$ 1,060		
Total Tennis Activity Expense	\$ 4,169	8	3,600   \$	2,508	\$ 2,500	\$ 2,580	\$ 2,660	\$ 2.740	
Water Aerobics Activity								: 1	
Instructor - Water Aerobics			<u>چ</u> -		-	-	-	-	. 8
	\$ 13,799	\$	<del>-</del>	1	- \$	- \$	 <del>S</del>	·	· ·
Total Water Aerobics Expense	\$ 34,148	<b>S</b>	- 8		- S	- S	· - · S	S :	- \$
Cross Decisets	İ								
Special Ligitus	000,11	C.1	000;1						
Total Special Projects	\$ 11,500	\$ 1,5	1,500 \$	1,500	· - · · · · · · · · · · · · · · · · · ·	- \$	S	- S	
Lotal Operating Expenses	3 1,564,291	5 1,643,550	20	5 1,631,234	\$ 1,687,120	\$ 1,715,120	\$ 1,753,350	\$ 1,793,290	\$ 1,843,480
Net Surplus (Deficit)	\$ 34,172	S 4	430 \$		(994) \$ (3,520)	\$ (7,850)	\$ (15,910)	(069'9) \$ (0.220)	\$ (7,550)

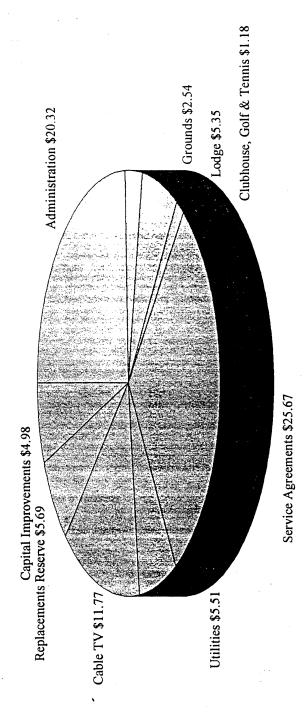
Administrative Resolution No. 8, Attachment A Page 6 of 14

	Forecast Forecast Forecast	2005 2006 2007			ſ		6,000			- \$			•			- \$ 15,000 \$ -	1	82,000; \$ 50,000 \$ · -	25,000 \$ - \$ -	96,000 \$ - \$ 000,58			5,500	13,000	- \$ -	- \$ -	\$	2 - \$ 000'91 \$ -	- \$	\$ - \$ -	- \$ 14,200 mi		1	\$ - \$ -		- <del>-</del> - <del>-</del> -
TION, INC.	* Forecast Fo	2004			٠	12,000 \$	۱	٠	-	51,000 \$	-	25,000 \$	<del>\$</del>	٠	٠	<del>6∕3</del>	-	\$ 000,03	٠	-		10,000	\$	\$	\$	\$	-	\$	\$	۲	-	٠	-	-		-
FY ASSOCIATION	Budget   F	, 2003		Sec.	-	-	·	4,000 \$	-	-	<del>69</del>	\$	<del>69</del>	22,000 \$	-	10,200 \$	<del>\$</del>	7,000 \$	10,000 \$	\$ 000,05		\$			5,000 \$	\$ 000,08	<b>\$</b>	10,000 \$	2,000 \$	<del>دې</del>	٠	-	-	-	71.1	<b>∽</b>
COMMUNITY	Forecast	2002			26,300	ı		31,740 \$	ı		26,325	1	1	41,000	1	1,000	1	115,000 \$	1,780	31,000					16,720	1	28,000	4,900	2,455		-	3,472	250	-		21,540
HARBOUR	Budget =	2002			S	\$	\$	\$	S	\$	\$	\$	\$	30,000	\$ 2,500 \$	\$	\$	\$ 000,08 \$	\$ 10,000 \$	\$ 50,000 \$	\$ 30,000				\$ 11,000 \$	\$	\$ 20,000 \$	€\$	\$ 4,600 \$	\$	\$	\$ 2,500 \$	8	\$	0000	\$ 20,000   \$
HERITAGE	2001	Actual			-	. 8	-	-	\$ 19,710	\$ 3,763	- \$	- \$	\$ 28,138	11,686	\$ 1,738	- 8	- \$	\$ 4,981	\$ 21,935	\$ 37,498					\$ 16,681	- \$	- \$		\$ 4,877	-	-		\$ 15,000	\$ 1,661	10 101	\$ 18,481
		DESCRIPTION OF LINE ITEM	REPLACEMENT RESERVES	Replacement Reserve Expenses	Office Renovation	er	iters		um Ceiling		Lodge Exterior Doors and Jams	Elevator	Auditorium Lighting	Lodge HVAC	leaters	Television Equipment	25 Passenger Bus			Retaining Walls	Elevator	Split Rail Fencing	Exterior Furnishings	Chain-link Fence at Stairs to Dock	Pool Equipment	Locker Room Renovations	Lodge Deck Planters			Jo	king Lot Lighting	r)				Golf Course Bridges

	HERITAGI	HERITAGE HARBOUR COMMUNITY ASSOCIATION, INC.	R COMMU	NITY ASSO	CIATION, I	NC.		
	2001	- Budget	Forecast	Budget	Forecast	Forecast	Forecast	Forecast
DESCRIPTION OF LINE ITEM	Actual	2007	2007	<b>2003</b>	2004	2005	2006	2007
Overhaul Tennis Court Fence	- \$	\$ 8,000	\$ 7,570	- \$	\$	- \$	- -	- -
Pier at South River	\$ 6,850		- \$	- \$	\$	- \$	- ∽	-
Depreciation	\$ 21,326		\$ 18,900	\$ 16,500	-\$	- \$	- &	-
Refurbish Enrance Sign	- \$			\$ 5,000	- \$	- \$	- ج	- \$
Repair/Replacement Reserve Study	- \$		\$	\$ 10,000	- \$	- \$	ı ج	\$ 5,000
Furnishings (Interior Décor)	- \$		<b>-</b> \$	\$ 19,500	- \$	\$ 64,000	۱ 😪	\$ 64,000
Total Repair/Replacement Fund	\$ 214,325	S 278,600   S	\$ 412,952	\$ 00 <b>2'9</b> 27 \$		148,000   \$ 225,500   3	\$ 101,200	\$ 215,000

200	HERITAGE		16	OMMU	COMMUNITY ASSOCIATION	CIATION,	INC.				
	2001	Budget		Forecast	Budget	Forecast	Fo	Forecast	Forecast	Forecast	t
DESCRIPTION OF LINE ITEM	Actual	2002		2002	2003	2004	=   2	2005	2006	2007	
CAPITAL IMPROVEMENT											
Dolones Dominard	73C CF1 &	30 COL &	+	011 400	- 1	+	6	(17, 42.4)			
Dalalice I of wall		1		711,470	079,4070	1/1)	4	(110,434)	(2)	1	8
		8		96,270		S	<del>⇔</del>	99,750	\$ 105,550		30
Total Contributions	\$ 268,527	\$ 289,331	8 T	307,690	\$ 351,096	8 (75,434)	\$	(16,684)	\$ 47,866	\$ 115,896	96
Prior Year Encumbrances											
Clubhouse Area Drainage	\$ 23,054		S	1	، ج	ı €9	69		- -	\$	
Clubhouse Walkway	\$ 1,965	_	├	15,000	S	ا ج	8		-	\$	
Clubhouse Handicapped Parking	. \$	\$	\$	1	- \$	ر ج	8		S	\$	
Lodge Expansion Study	\$ 2,446	5,	300 \$	I	- <del>S</del>	· •	89	1	, S	\$	
Soft Ice Cream Machine (Donations)	\$ (1,556)		\$		\$ (1,556)	<del>-</del>	8	1	ج	\$	
Soft Ice Cream Machine	- \$	,	S	ı	\$ 1,556	├─	89	1	· •	\$	
. Total	\$ 27,465	\$ 20,300	W. C. P.	15,000	- 8		8			8	
Total Funds Available	\$ 241,062	\$ 269,031	S 18	292,690	\$ 351,096	\$ (75,434)	4) \$	(16,684)	\$ 47,866	\$ 115,896	96
Expenditures	-										
Clubhouse Projectes			_								
Clubhouse Patio Enclosure			<del>⇔</del>	1	∽	ı <del>S</del>	S	,	· •	59	
Walk-In Refrerator/Freezer	\$ 22,815		<del>⇔</del>	1	<del>S</del>	، ج	89	1	- S	\$	
Back Room Sink	\$ (320)	\$	750 \$	•	-	\$	8	1	- \$	<del>\$</del>	
Cart Shed Expansion	- \$		<del>\$</del>		- \$	\$	S	ı	- \$	\$	
Stainless Steel Panels	\$ 1,875		↔	ſ	- \$	- 	S	1	- &	- ج	
Sound Absorbing Panels		\$ 2,500	$\vdash$	5,000	ج	ا چ	S	1	-	ا ج	
Lodge Projects						· •	8	1	- S	€9	
Lodge Bar Shutter	\$ (500)		<del>\$</del>	1	- \$	- \$	S		· -	٠	
TV8 Equipment	\$ 2,022	\$ 6,000	\$ 00	6,000	- \$	- \$	S	ı	-	\$	
Woodshop-Electrical Upgrade	-	\$ 8,000		8,000	- \$	- \$	\$	-	- \$	-	
Woodshop-Filtration or Floor	- \$	\$ 8,000	-	8,000	- \$	- \$	\$		- \$	\$	
Office Expansion			8	5,321	- \$	\$	\$	٠	- \$	-	
Create Conference Room			\$	7,691	- \$	\$	s	1	- \$	\$	
Non-skid Safety Floor					\$ 6,500	- -	S	1	ا ج	\$	
Walk-way to Outdoor Pool	- \$				- \$	· \$	S		\$	\$	
Auditorum/Stage Renovation	- \$		↔	1	\$ 320,000	- \$	\$	1	- \$	-	
Plant Room Renovations	- \$		↔	•			\$	1	- \$	<b>-</b>	
Install Door & Finish Storage Room						1,					
Relocate Aerobics Exercise Room			$\vdash$		\$ 20,000						
Construct Out Bulding Behind Lodge			S	•		- ~	S	ı	, <del>S</del>	۱ ج	

	DEKLIAG	E HAKBOU	K COMIMO	MILY ASSO	HEKLIAGE HARBOUR COMMUNILY ASSOCIATION, INC.	ز		
	2001	Budget	Forecast	Budget	Forecast	Forecast	* Forecast	Forecast
DESCRIPTION OF LINE ITEM	Actual		2002	2003	2004	2005	2006	2007
Exercise Room Projects		\$ 3,400			\$	- \$	· \$	-
New Equipment	\$ 3,750		- \$	\$ 3,600	\$	· \$	- \$	- €9
Expansion of Locker Rooms/Exercise	\$		- \$	- \$	- \$	-	- \$	- &
Grounds Projects					- \$	-	-	۱ ج
Engineering Study for Entrance Design	- \$	\$ 5,000	\$ 5,000	- \$	\$	- S	-	-
Implement New Design of Entrance	. \$			\$ 10,000	- \$	-	- <del>69</del>	-
Relocate Clubhouse Driveway	- \$			\$ 25,000	\$	- \$	- <del>S</del>	- &
Lodge Pathway Lighting	- \$			000'9 \$	<del>S</del>	- \$	- <del>S</del>	٠
RV Lot Water & Sewer				\$ 5,700	\$	- \$	- \$	-
Swimming Pool Projects				\$	\$	- \$	- \$	-
Walkway, cover and heat Outdoor Pool	- \$		- \$	- \$	- \$	- \$	- \$	٠
Cover indoor pool, convert to exercise	- \$			- \$	\$	- \$	- \$	۔ ج
Tennis Activity Projects					\$	- \$	- \$	- \$
All Weather Enclosure Study	<del>∽</del>	\$ 5,500	-	\$	· \$	- \$	- \$	- \$
All Weather Enclosure				\$	\$	- \$	-	· ~
Resurface Two Tennis Courts	. \$		- \$	\$ 41,000	\$ 41,000	\$ 41,000	\$ 41,000	\$ 20,500
Contingency Reserve		\$ 25,000	-	- \$	٠	- \$	- \$	- \$
					٠	\$ -	- \$	- \$
					۰ ج		-	
Total Expenditure	\$ 29,642	\$ 64,150	\$ 45,012	\$ 522,800	\$ 41,000	\$ 41,000	\$ 41,000	\$ 20,500
						·		
Balance Forward	\$ 211,420		\$ 247,678	S 247,678 S (171,704) S (116,434) S (57,684) S	\$ (116,434)	\$ (57,684)		6,866 \$ 95,396



Administrative Resolution No. 8, Attachment A Page 11 of 14.

### HERITAGE HARBOUR COMMUNITY ASSOCIATION Notes to the Year 2003 Budget Package

These notes accompany, and are a part of the Heritage Harbour Community Association 2003 Budget. The Budget Package includes separate sections for Operations, Replacements and Capital Improvement funds. It also includes a pie chart showing the allocation of the monthly assessment.

In addition to the budget for the year 2003, Estimates for the years 2004 through 2007 are included. The Operations Budget for 2003 is considered firm. The Operations estimates for the following years are included to guide future planning and are subject to change in future budgets. The proposed expenditures in the Replacements and Capital Improvements Funds Budgets are merely recommendations for expenditures. The timing and need for the expenditures will be determined by the Board of Directors at a future time, guided by the recommendations of the General Manager, the Planning Committee for Capital Improvements, and the respective Committee for Replacements.

A significant highlight for the 2003 Budget is Class A Members' Monthly Assessments continue at \$83.00.

### **Budget Process for 2003**

After a budget orientation for committee chairs, Association Committees prepared and submitted recommendations for expenses and expenditures to be included in the budgets for the years 2003 through 2007. The General Manager incorporated the various recommendations into a forecast of costs, entered the data into the budget spreadsheets and prepared a preliminary budget for review by the ad hoc Budget Review Committee (BRC). The BRC, made up of the Association Treasurer, Ed Smallwood, Walter Foster, Chuck McIntosh, Mort Merewitz and Cliff Suer reviewed the preliminary budget and recommended revisions. After several meetings and consultations with the General Manager, the budget for 2003 and the estimates for the four ensuing years were finalized.

### **2003 Operations Fund Budget** (Pages 1 through 6)

### **INCOME**

Income is derived principally from:

- Class A Members' Assessments budgeted at \$83.00 per month for 2003, estimated at \$86.00 per month for 2004, \$91.00 per month for 2005, \$94.00 per month for 2006and \$96.00 per month for 2007. The number of Class A Members is 1,611.
- Recreational Members' Assessments budgeted at \$37.99 per month for 2003, estimated at \$39.13 per month for 2004, \$40.78 per month for 2005, \$42.35 per month for 2006 and \$43.38 per month for 2007. The number of Recreational Members is estimated to be 35.
- For the year 2003:
  - Interest Income is budgeted at \$62,290
  - Unlimited Golf Fees are budgeted at \$41,000
  - Harbour Lights Revenues are budgeted at \$42,500
  - Social Activities Revenues are budgeted at \$24,000
  - Excess Operations Fund Reserve is budgeted at \$75000

Interest Income is budgeted lower than last year reflecting lower interest rates, in general. The Operations Reserve Fund has an excess of approximately \$125,000. This excess is planned to be eliminated by reflecting \$75,000 as an income item in 2003, and reflecting \$50,000 as an income item in 2004. In future years the difference between the actual Reserve Fund balance at the end of the year and the appropriate fund balance approved by the Board of Directors (\$150,000) will be reflected as income or expense to adjust to the approved level.

Income is distributed to the Replacements Reserve Fund and the Capital Improvements Fund. The amount distributed to the Replacements Reserve Fund is less than distributed in previous years, because the fund is beyond the recommended limit of \$1,200,000 (30% of Asset Value). The distribution of \$110,000 in 2003 and \$125,000 over the ensuing four years offset against the planned expenditures for the same period will reduce the overfunding by almost \$300,000.

The distribution to the Capital Improvements Fund reflects the limitation on Capital Improvements contributions from the monthly assessments. The \$96,270 for the year 2003 is 6% of the 2002 monthly assessment (\$83.00) on an annual basis.

The amount of Income available for 2003 Operations is budgeted at \$1,683,600

### **EXPENSES**

Expenses for the year 2003 are budgeted to be 2.34% higher than last year's budget. Expenses for future years are estimated to grow by about 3% (estimated rate of inflation) per year. Budgeted amounts for 2003 are based on current levels of costs, as well as any known changes from contractors or the marketplace.

The Chorus activity has both revenues and associated expenses. The revenues are budgeted at \$8,800 and include participant contributions. The expenses are budgeted at \$11,800 and reflect the cost of a Professional Director and Accompanist. It is the intent of the Chorus to become a Registered Activity and fund their own activities. The net cost to the Association is estimated to be \$2,000 in 2004 and nothing in 2005.

### RESULTS

The Income Available for Operations (\$1,683,600) offset by Operations Expenses (\$1,687,120) results in a deficit of \$3,520. It is a goal of the BRC to present a balanced budget. Small deficits or surpluses are acceptable.

### 2003 Replacements Reserve Budget

(Pages 7 & 8)

### **CONTRIBUTIONS**

Contributions in the amount of \$110,000 in 2003 and \$125,000 for all ensuing years are from transfers from members' assessments (see Distributions, Page 1).

### **EXPENDITURES**

Expenditures amounting to \$276,200 are projected for 2003. Over the five years, the expected expenditures will be \$965,900. This exceeds anticipated contributions by \$355,900 and is intended to bring the fund balance back into line with the guidelines for Replacements Reserve Funds. Significant expenditures in 2003 are for renovating the Men's and Ladies' Locker Rooms at the Lodge (\$80,000), rebuilding the #5 Tee Box at the Golf Course, replacing a HVAC unit at the Lodge (\$22,000), and conducting a new Replacements Reserve Study (\$10,000). All of these amounts indicate that the Community is aging and major repairs and replacements are needed. This trend will continue for several years until our Community is once again in excellent shape. All of these proposals, however, will need to be presented to the Board of Directors for approval at the appropriate time.

### 2003 Capital Improvements Budget

(Pages 8 & 9)

### **CONTRIBUTIONS**

Contributions to the Capital Improvements Budget are limited to 6% of the prior year's Class A Members' monthly assessment. For 2003, the contribution is \$96,270 based on the 2002 assessment of \$83.00 per month. The contributions for the ensuing years are \$96,270 for 2004, \$98,590 for 2005, \$105,550 for 2006 and \$109,030 for 2007. These projected contributions are not firm, but are included for planning purposes.

### **EXPENDITURES**

Expenditures totaling \$522,800 are projected for 2003. The budgeted expenditures exceed the funds available by approximately \$172,000. Major projects in 2003 include Expanding the Stage Area (\$320,000), converting the Plant Room

into a meeting room and storage room (\$50,000), relocating the Clubhouse Driveway(\$25,000) and resurfacing two Tennis Courts (\$41,000). All Capital Improvements proposed expenditures must be presented to the Board of Directors for approval at the appropriate time.

### Allocation of Monthly Assessment (Page 11)

A Pie chart allocating the \$83.00 monthly assessment is included to graphically show how the assessment will be spent in 2003.

### **Financial Condition of the Association**

The Heritage Harbour Community Association is in excellent financial condition. There are sufficient reserves for major repairs and/or replacements of major assets, and to cover unforeseen operating expenses. Additionally, the Association has adequate insurance coverage for insurable disasters. Further, the Association Documents limit the amount that can be contributed to Capital Improvements. And, all future operating surpluses will be used to reduce monthly assessments.

Line	Description	∢i	Amount	Source
~	Total Operations Expenses	<del>S</del>	1,687,120	Budget - Page 1
9 0	Less: TV 8 Activity Taxes & Licenses	€	8,200	Budget - Page 1 Budget - Page 1
4	Net Operations Expenses	↔	1,660,820	Line 1 - (Li. 2 + Li.3)
5	Direct Recreation Related Operations Expenses			· W
9	Clubhouse & Golf Course R & M & Course Maint. Contr.	↔	214,710	Budget - Pages 1 & 5
<b>~</b> •	Clubhouse Cleaning Contract & Trash Removal		9,400	Budget - Page 5
<b>о</b>	Exercise Equipment Maint. Contract Electricity - Buildings		1,400	Budget - Page 5
٠ 9	Natural Gas		300 1 300	Budget - Page 4
7	Water & Sewer		7,100	Budget - Page 4
12	Golf Activity		46,380	Budget - Pages 4 & 5
13	Lodge Maintenance, Operation & Repair		153,350	Budget - Page 5
4	Swimming Activity		85,770	Budget - Page 5
15	Tennis Activity		2,500	Budget - Page 1
16	Total Direct Recreation Related Expenses	S	619,910	Sum of Lines 6 through 15
17	Indirect Operations Expenses			
18	Administration	↔	455,430	Budget - Page 1
<u>6</u>	Copier Maintenance Contract		1,250	Budget - Page 5
20	Public Relations		2,500	Budget - Page 1
7	Security Contract		122,570	Budget - Page 5
55	Silver Anniversary Project		2,000	
5 73	l elephone		11,000	Budget - Page 3
1 4		€	(29.840)	Furnished
70	i otal indirect Operations Expenses	n	018,800	Sum of Lines 17 through 24
26	Apportionment Factor for Indirect Operations Expenses		0.3674	Line 16 / Line 1
27	Recreation Portion of Indirect Operations Expenses	↔	209,406	Line 25 X Line 26
28	Total Recreation Related Expenses	8	829,316	Line 16+ Line 27

Administrative Resolution No. 8, Attachment B Page 2 of 4

52 53 54	Number of Class A Members Estimated Number of Recreational Members Total Number of Members Assessed		1611 35 1646	Actual for 2002 Line 52 + Line 53
55 56	<ul><li>55 Annual Pro-rata Share of Recreation Related Expenses</li><li>56 Monthly Pro-rata Share</li></ul>	<del>\$</del> \$	411.90 34.33	Line 51 / Line 54 Line 54 / 12
57 58 59	Monthly Assessment per Class A Member (Repl. Reserve) Recreation Related Portion of Class A Assessment Recreational Member Allowance for Non-Ownership	<i>ទ</i> ទ ទ	5.69 4.32 0.65	Furnished Line 57 X .7587 (See Page 4) Line 58 X 15%
9	Recreational Member Assessment for Replacement Reserve	↔	3.67	Line 58 - Line 59
61	61 Total Recreational Member Assessment	↔	37.99	Line 56 + Line 60

### Replacements Reserve Factor

62	Total Replacement Cost of HHCA Inventory	↔	4,029,157	1999 Replacement Reserve Study
	Less Non-Recreational Assets			
63	Asphalt Paving	↔	406.173	= .
64	Asphalt Paving Sealcoat		47.750	=
65	Concrete Curb & Gutter		72.387	=
99	Concrete, Ballast Way			=
29	Concrete, Boatswain's Way Pipe Stem		~ ~	= .
89	Concrete, Boatswain's Crescent		~ ~	=
69	Concrete, Perry Landing Court		~	=
2	Concrete, Rudder Drive (2784 - 2792)		191.477	=
7	Concrete, Rudder Drive (2784 - 2792)			=
72	Concrete, Rudder Drive (2787 - 2791)		~ ~	Ξ
73	Concrete, Rudder Way		~ ~	=
74	Concrete, Sandy Run Court Driveway		_	Ξ
75	Concrete Sidewalks		184,618	Ξ
9/	RV Storage Area, Cyclone Fencing		14,092	Ξ
11	RV Storage Area, Asphalt Paving		24,440	=
28			25,000	Ξ
79	Wood Retaining walls, Berth Court	•	3,155	Ξ
80	Wood Retaining Walls, Riversedge Circle		3,298	=
81	Total Replacement Cost of Non-Recreation Assets	↔	972,390	Sum of Lines 63 through 80
82	Replacement Cost of Recreation Related Assets	8	3,056,767	Line 62 - Line 81
83	Apportionment Factor for Replacement Reserve Expenses		0.7587	Line 82 / Line 62

YEAR TO DATE 2001	1,604,551 16,379 98,224 145,775 1,864,929	1,559,595 169,900 96,270 1,825,765	39,164 227,978 51,617	
•	<del>\$\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\exitt{\$\exitt{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\exitt{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\exititt{\$\text{\$\text{\$\text{\$\text{\$\texititt{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\tex</del>	<del>७ ७ ७ ७</del>	<del>6</del> 6 6 6	
YEAR TO DATE BUDGET	1,604,560 15,640 89,460 161,400 1,871,060	1,643,550 130,810 96,270 1,870,630	430 278,600 84,450	
, — —·	<del> </del>	<b>↔ ↔ ↔</b>	<del>\$</del>	
YEAR TO DATE ACTUAL	1,604,556 15,492 77,988 151,978 1,850,014	1,629,054 130,810 96,270 1,856,134	(6,120) 394,276 57,021	260,329 40,004 252,259
Η 41	<del>•••••••</del>	<del>Ф</del> <del>Ф</del> <del>Ф</del>	<del>ω</del>	<del>6</del> 6 6
BUDGET	\$ 133,717 \$ 1,307 \$ 2,310 \$ 5,255 \$ 142,589	\$ 138,292 \$ 10,901 \$ 8,023 \$ 157,216	\$ (14,627) \$ - \$ 6,250	
ACTUAL	133,713 1,303 576 2,635 138,227	162,844 10,901 8,023 181,768	(43,541) 34,328 5,440 5,440	
∢ı	<del>•</del> • • • • •	မှ မှ မှ	φ	
	INCOME From Class A Assessments From Recreational Assessments From Investments From Other Sources Totals	PAYMENTS FROM INCOME For Operating Expenses To Replacements Reserve Fund To Capital Improvements Fund Totals	INDICATED SURPLUS / (DEFICIT)  PAYMENTS FROM RESERVE FUNDS  For Replacements  For Capital Improvements	CASH AVAILABLE For Operations For Replacements For Capital Improvements

Administrative Resolution No. 8, Attachment C Page 1 of 1

### AMENDMENT TO HOMEOWNERS DISCLOSURE STATEMENT FOR

### HERITAGE HARBOUR COMMUNITY ASSOCIATION, INC.

(Annapolis)

CIRCUIT COURT, A.A. COUNTY

O3 SEP -2 PM 3: 10

For deposit with the Circuit Court for Anne Arundel County this 2nd day of September, 2003.

1. ADMINISTRATIVE RESOLUTION NO. 8 - <u>Financial and Accounting Procedures</u> (approved August 12, 2003) - including budget forecast, Notes to the Year 2003 Budget Package, the Recreational Member Assessment Calculation for 2003 Budget, and the Heritage Harbour Community Association, Inc. Financial Reports as of December 31, 2002.

Return original to: Heritage Harbour Community Association, Inc.

959 River Strand Loop Annapolis, Maryland 21401

Return certified copy to: Elmore & Associates, P.A.

5 Riggs Avenue

Severna Park, Maryland 21146

(410) 544-6644

10300.000/001

### BOOK 0026 PAGE 347

Return to: Heritage Harbour Comm. Assoc. 959 River Strand Loop Annapolis, MD. 21401

### HERITAGE HARBOUR COMMUNITY ASSOCIATION

### ADMINISTRATIVE RESOLUTION NO. 8

### FINANCIAL AND ACCOUNTING PROCEDURES

WHEREAS, Article VI and Article VII of the Declaration of Covenants of the Heritage Harbour Community Association, Inc. contains provisions regarding Assessments and Charges and Reserve Funds; and

WHEREAS, Article X of the By-laws of the Heritage Harbour Community Association, Inc. contains provisions regarding Fiscal Management; and

WHEREAS, By Policy Resolution No. 1 the Board of Directors set forth its authority and intention to establish policies and procedures deemed necessary for the efficient and effective administration of the Association and for carrying out the affairs of the Association.

**NOW THEREFORE, BE IT RESOLVED THAT** the following procedures are hereby established for the receipt and disbursement of member assessments and other funds, the maintenance of adequate reserves, and the accounting for and safeguarding of all assets of the Association.

### I. RESPONSIBILITIES

- A. The Board of Directors shall have ultimate responsibility for the management and safeguarding of all assets of the Association.
- B. The Treasurer shall have responsibility for all funds and securities of the Association, and for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. Additionally, the Treasurer shall be responsible for ensuring that the provisions of the Resolution are followed, and shall advise the Board of Directors on all financial and accounting matters of the Association.
  - C. The Management Agent shall be responsible for the administration of these procedures.

### II. BOOKS AND RECORDS

A. The Books and Records of the Association shall include a Cash Receipts Journal, a Cash Disbursements Journal, a General Ledger and supporting Subsidiary Ledgers. The Books and Records, which shall be the property of the Association, shall be maintained by the Management Agent in accordance with generally accepted accounting principles as provided by Article X of the Association's By-Laws. Such Books and Records shall be retained as provided by the Association's Records Retention Schedule.

- B. A comprehensive system of accounts, capable of being modified from time to time, shall be maintained in sufficient detail to provide reports for each of the Operations, Replacements Reserve, and Capital Improvements funds.
- C. The Books and Records of the Association shall be audited each year by an independent Certified Public Accountant appointed by the Board of Directors.

### III. CASH MANAGEMENT

### A. Cash Receipts.

- 1. Assessments, members' charges or other cash received by the Association shall be deposited on a timely basis in one or more interest bearing, federally insured, bank accounts.
- 2. Assessments may be received by direct mail to a lock-box, electronic funds transfer or delivered to the Lodge Office, at the election of each member.
- 3. The Association shall take all steps necessary, including legal action, to collect all funds properly owed to the Association as provided by Policy Resolution No. 3.

### B. Cash Disbursements.

- 1. Cash shall be disbursed from the Operations Fund for the payment of all costs incurred by the Association, as delineated in Article VI. Section 1(a) of the Declaration of Covenants, including the funding of all reserves of the Association.
- 2. Cash shall be disbursed from the Replacements Reserve Fund for the replacement or major maintenance of the Association's real or personal property, for operating contingencies of a non-recurring nature or for exterior maintenance of Lots.
- 3. Cash shall be disbursed from the Capital Improvements Fund for the construction, acquisition, upgrade or improvement to the Association's real or personal property.
- 4. The Management Agent shall consult with the Treasurer, when necessary, on questions of which fund should be charged for a specific item of cost.
- 5. Upon the receipt of statements, the Management Agent shall make payment in a timely manner for goods and services received. Statements received from the Association's Attorney shall be reviewed by the President or his/her designee prior to payment.

### IV. RESERVE FUNDS

- A. The Treasurer shall include in each year's budget recommendations of amounts to be allocated to the Association's Reserve Funds. The Management Agent shall transfer funds each month from the current receipts to each of the Reserve Funds. The amounts transferred shall be approximately equal to one-twelfth (1/12) of the amounts included in the approved budget.
- B. The Operations Reserve Fund balance shall be established for each year by the Board of Directors, on the recommendation of the Treasurer. Such balance shall be adequate to cover any unanticipated costs incurred by the Association, but shall not exceed ten percent (10%) of budgeted operations costs. At the end of each year, any excess over the established balance shall be used to reduce future assessments or be refunded to the members.
- C. The end-of-year balance in the Replacement Reserve Fund shall not be lower than fifteen percent (15%) of the Total Asset Value of assets as reflected in the most recent Replacement Reserve Study. If the end-of-year balance falls below the guideline, the monthly contribution to the fund shall be adjusted during the next fiscal year to bring the balance to the minimum level. If the end-of-year balance falls sufficiently below the guideline to require more than one year to bring the balance up to the minimum level, the Board of Directors shall use its discretion to establish a monthly contribution to the fund that will bring the balance up to the minimum level in a reasonable period of time.
- D. The Capital Improvements Reserve Fund budget year-end balance shall be established for each fiscal year by the Board of Directors, on the recommendation of the Treasurer. Such balance shall be adequate to fund planned Capital Improvements.

### V. BUDGETS

- A. Budgets for the Operations, Replacements Reserve and Capital Improvements funds shall be prepared each year in the format presented in Attachment A to this Resolution. Such budgets shall be calculated so that total revenues and expenses are, for all practical purposes, equal. Any indicated surplus or deficit, for any year, shall be equal to less than one dollar (\$1.00) per month for each Class A Member; i.e. ( $$1.00 \times 1611 \times 12 = $19,332$ ).
- B. Each year at the first meeting of the Board following the election of Directors, or as soon thereafter as possible, the President shall appoint three Directors to serve as the Board Budget Committee. The President shall designate one of those appointed as the Chairperson of the Committee. The Treasurer shall serve as ex officio member of the Committee, unless the Treasurer is a member of the Board and is appointed to the Committee. The functions of the Board Budget Committee shall include, but not be limited to, the following.
  - 1. The Committee shall, by June 30 of the current year, establish budget guidelines and prepare a completion schedule.

- 2. The Committee shall review the preliminary budget estimates prepared by the General Manager and make such recommendations considered necessary.
- 3. The Committee shall participate in the prioritization of recommended capital improvements projects.
- 4. The Committee shall present its recommendations on any portion of the budget upon presentation of the budget to the Board.
- C. The Treasurer shall meet with committee chairmen to explain the preparation of budget requests.
- D. The Management Agent shall, not later than one hundred twenty (120) days prior to the end of the current fiscal year, prepare preliminary budgets for the three funds.
- E. Budgets for each fund shall reflect the anticipated receipts, expenses and expenditures for the ensuing year and estimates of receipts, expenses and expenditures shall be prepared for the four (4) succeeding years.
- F. Final Budgets shall be presented for approval no later than the November meeting of the Board of Directors.

### VI. ASSESSMENTS

- A. Class A Members' annual assessments shall be calculated to cover the Association's budgeted annual expenses as provided in Article VI of the Declaration of Covenants. Such budgeted expenses shall include all Operations expenses as well as transfers of revenues to Replacements Reserve and Capital Improvements funds, and shall be offset by all other budgeted revenues.
- B. Recreational Members' annual assessments shall be calculated as provided in an Arbitration Order dated November 8, 1993. Such calculation shall be prepared in the format as presented in Attachment B, to this Resolution.

### VII. BORROWED FUNDS

- A. Funds borrowed for Capital Improvements shall be repaid from funds available from the Capital Improvements Reserve.
- B. The amount of debt outstanding at any time shall be limited to an amount that can be repaid by dedicating not more than one-third (1/3) of the annual contribution of member assessments to Capital Improvements.

### VIII. FINANCIAL REPORTS

- A. The Management Agent shall furnish to the Treasurer, not later than twenty (20) days after the end of the month being reported, comprehensive financial reports for each fund reflecting the activity for the current month and for the year to date.
- B. The Monthly Financial Reports shall include a Balance Sheet and a comparative Income Statement (comparing actual to budget) for each fund. Also included shall be a list of Investments, a Disbursements Register, a list of Delinquent Assessments Accounts, a General Ledger (and any supporting ledgers) and a monthly spreadsheet showing the Income Statement by month with actual shown for current and prior months and budget shown for future months. This spreadsheet will show each month's anticipated annual results compared to budget for the year (based on year-to-date actual and remaining months' budget).
- C. The Treasurer shall prepare monthly Treasurer's Reports to the Board of Directors based upon the information contained in the comprehensive Financial Reports furnished by the Management Agent. The Treasurer's Reports shall be generally in the format as presented in Attachment C, to this Resolution.
- D. The Treasurer shall prepare annual Financial Statements to the Membership based upon the Audit Report of the Certified Public Accountant.

### IX. INVESTMENTS

- A. Investments of current funds (amounts necessary to fund current year's activities) shall be deposited in interest-earning, federally insured bank accounts or money market funds.
- B. Investment of non-current funds (principally Replacement Reserve funds) shall be invested only in U. S. Treasury Bills, Notes, or Bonds; U. S. Government Agency obligations: to include Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), Federal Home Loan Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA); and FDIC insured Certificates of Deposit.
- C. Maturity dates for Long-term Investments shall be "laddered" (each investment having a different maturity).
- D. Long-term Investments shall be held to maturity unless the Board of Directors unanimously agrees otherwise.
- E. All interest earned on investments shall accrue in the Operations Fund. Income taxes on earned interest shall be paid from the Operation Fund.

### X. TAXES AND OTHER REPORTS

- A. The Management Agent shall, with the assistance of the independent auditor, prepare all necessary Tax Reports required in connection with income taxes, sales taxes, property taxes and other similar taxes.
- B. The Management Agent shall prepare all required corporate information reports and returns for filing with the appropriate government agencies.

	Yes	No	Abstair
Marguerite & Garlick	X		
Marguerite F. Garlick, District 1			
Janet Everette, District 2			
Edward Elliott, District 3			
Michele Crofoot, District 4			
Charles Kennedy, District 5			
John Davis, District 6	_		
ABSENT Arthur Rudmann, District 7			

Administrative Resolution No. 8 was duly approved at a regular meeting of the Board of Directors on Paul 12, 2003.

Robert N. Bartel, Secretary, Heritage Harbour Community Association, Inc.

	HERITAGE HARBOUR	EHARI	OUR	COMM	LIND	COMMUNITY ASSOCIATION,	CIAT		INC.					
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PESCRIPTION OF LINE HEM	Actual	2002		2002		2003	7	2004	2005		2006	-	2007	100 100 10
INCOINE														05.04
Assessments	\$ 1 620 930	\$ 1,620,200	+	070 069 1 \$	+	1 (20 100	- 1		- 1		1			_
Other Income	\$ 243,793	9 6	+	٦	+	1,020,520	1	1,678,980	-1	340	\$ 1,835,000	S	1,874,090	
Total Income	-	9 6	+	- 1	$\dashv$	270,890		251,310	\$ 187,600	009	\$ 183,900	8	197.620	
	3 1,004,033	3 1,8/1,060	+	\$ 1,857,320	<u> </u>	1,891,410	\$ 1,	1,930,290	\$ 1,963,940	940	\$ 2,018,900	<del>\$3</del>	2,071,710	_
Income Distribution					+							4		
Replacement Reserve Contribution	\$ 167,800	\$ 129	129.000	129 000	6	110 000	e	125 000		9	1	$\dashv$		
Replacement Reserve Cont. Recre.	\$ 2,100	S	┿		+-	1 540		1 750	000,521	30,5	[7]	-	125,000	
Captial Improvement Contribution		8	96,270 \$	6	S	96.270	e e e	96,270	00	90 750	105 550	+	1,750	
I otal Income Distribution	\$ 266,170		227,080 \$	227,080	┼	207,810		223 020	1			9 6	109,030	
Net Income to Operations	\$ 1,598,463		+		89	1,683,600	1-	1,707,270	1,	3 4	\$ 252,500 \$ 1,786,600	A 80	1.835,930	
ANDENZE			$\dagger$		1									
					+									
Administration	\$ 420312	\$ 431.060	090	427 000	+	455 400		3			- 1			_
Bus System Operations		7	+	5	+	455,430	<b>S</b>	469,130	48	230	\$ 497,740	S	512,690	
Utilities	-	٠ ر <u>د</u>	+	l	+	4,700		4,850		5,000	\$ 5,150	_	5,300	
Cable Television	1	-	+	152,055	$\dashv$	146,230		150,620	\$ 155,140	140	\$ 159,800	8	164,580	
Golf Course Renair / Mointenance	1	1	+	223,125	$\dashv$	227,600	7	234,430	\$ 241,460	091	\$ 248,710	S	256,170	
Cliphonee Cartched Renair / Maint	00,247		-	13,265	-	12,700		13,090	\$ 13,480	081	\$ 13,880	┼	14.290	
Grands Care	\$ 20,434		-	21,875	$\dashv$	18,580	8	19,150	\$ 19,740	40	\$ 20,330	S	20.940	
Indge Maint Operation & Denoise	1		+	71,625	-	000,89		69,290	\$ 70,620	20	\$ 56,980	├-	58,390	
Service Agreements	\$ 103,803 \$ 500,042		+	122,008	$\dashv$	134,540		123,840	\$ 115,030	30	\$ 121,550	s	121,870	
Public Relations		$\hat{c}$	000,	552,981	+	581,040		598,480	61	30	\$ 634,930	S	653,990	
Silver Anniversary Celebration		٥,٠	1	3,000	ع د	2,500	ارج ج	2,580	\$ 2,660	-	\$ 2,740	-	2,820	
Television Activity	\$ 9.285		8 000	7 700	+	000,7	ρG	1 0	59 6	$\dashv$	·	-+	1	
Taxes & Licenses	10	1	+	18 090	+	18 100	9 6	0,440		+		-	9,240	
Tennis Activity	\$ 4,169		┿	2.508	+-	2 500	9 64	7 580		-		<b>∞</b> €	20,380	
Water Aerobics Activity	(,,		+		+	2000	9 6	2,700	4,000	+	2,740	۽ ۾	7,870	
Special Projects			500	1 500	9		9 6	1	A 6		- l	<i>A</i>		
Total Operating Expense	1	1.643	╁	1 631 234	- 1	+	- 1	+	- 1	+	- 1		,	
		1	+	190010061		1,00/,140	1,/1	1,/13,120	3 1,733,350	+	\$ 1,793,290	8	1,843,480	
Net Surplus (Deficit)	\$ 34,172	8	430 S	(994)	\$	(3,520)	8	(7,850)	\$ (15,910)	11/1/50	(069'9) §	<b>€</b>	(7.550)	
			-									Ó.		
Monthly Cont. to Assessment	\$ 83	8	83 \$	83	\$	83	<del>69</del>	98	S	\$ 16	5 94	G.	96	

	HERITAGE	EH	HARBOUR COMMUNITY ASSOCIATION, INC	R CON	AMON	III	ASSOC	IATIO	Ž	ت ن				
	2001		Budget	Fore	Forecast	Bu	Budget	Forecast	st	Forecast	1	Forecast	Fo	Forecast
DESCRIPTION OF LINE ITEM	Actual		2002	20	2002	7	2003	2004		2002		2006	7	2007
INCOME														
Assessments		$\perp$												
Class A Member Assessments	\$ 1,604,551	\$	1,604,560	\$ 1,6	1,604,560	\$ 1,6	1,604,560	\$ 1,662,550	┿	\$ 1,759,210	8	1.817,210	\$ 1.	1.855.870
Recreational Membership Fees	\$ 16,379	\$	15,640	€5	15,500	S	15,960	\$ 16,	╁	\$ 17,130	╁	17.790	1	18.220
Total Assessments	\$ 1,620,930	09900	\$ 1,620,200	\$ 1,620,060	20031	\$ 1,6	\$ 1,620,520	\$ 1,678,980	200	\$ 1,776,340	S	1,835,000	S 1,	1,874,090
Other Income														
Social Activities Income	· •>	8	24,000	89	24,000	8	24,000	\$ 24,	24,720	\$ 25,460	S	26,220	S	27,010
Harbour Lights Income	\$ 38,941		38,500	\$	42,500	S	42,500		43,780		┼	46,440	S	47,830
Copy Machine Income	\$ 2,537	$\vdash$	2,300	\$	2,300	S	2,300	\$ 2,	2,370	\$ 2,440	├	2,510	8	2,590
Music (Chorus) Income			7,500	S	7,500	s	8,800	\$ 10,	10,100	ı \$	S		S	
Prior Year's Correction	\$ 6,380		ı					S		ı €9	S		8	
Greens Fees	\$ 10,902		8,500	\$	8,500	<del>S</del>	9,000	\$ 9,	9,000	\$ 9,000	-	9,000	S	9,000
Unlimited Golf Fees		<del>⇔</del>	42,000		39,000	\$	41,000	\$ 41,	41,000   9	\$ 41,000	↔	41,000	<del>S</del>	41,000
Interest Income-General	\$ 27,249		27,610	S	12,540	<del>⇔</del>	12,500	\$ 12,	12,880	\$ 13,270	_	13,670	\$	14,080
Interest Income-Government	\$ 70,933	-	61,850	\$	60,320	S	49,790	\$ 51,	51,280	\$ 52,820	↔	54,410	↔	56,040
Miscellaneous Income	\$ 12,084	-	4,000	S	6,000	\$	6,000	\$ 6,	6,180	\$ 6,370	€>	6,560	↔	6,760
Excess Operating Reserve		S	34,600	8	34,600	8	75,000	\$ 50,	50,000	\$ (7,850)		(15,910)	↔	(06969)
Water Aerobic Fees	\$ 28,917	-	E.	<b>⇔</b>	1	\$	J	\$		. \$	↔	•	s	1
Total Other Income	\$ 243,703	S	250,860	\$ 2.	237,260	8	270,890	\$ 251,310	200	\$ 187,600	\$	183,900	\$	197,620
Income Distribution														
Replacement Reserve Contribution	\$ 167,800	<del>⇔</del>	129,000	\$ 12	129,000	\$ 1	110,000	\$ 125,000		\$ 125,000	S	125,000	₩.	125,000
Replacement Reserve Cont. Recre.	\$ 2,100		1,810	S	1,810	€9	1,540	\$ 1,	1,750 \$	3 1,750	જ	1,750	S	1,750
Capital Improvement Conributions		S	96,270		96,270	S	96,270	\$ 96,270	\$ 023	3 99,750	S	105,550	\$	109,030
Total Income Distribution	\$ 266,170	S	227,080	\$ 22	227,080	\$	207,810	\$ 223,020	30   \$	3 226,500	S	232,300	\$	235,780
Net Income to Operations	\$ 1,598,463	2000 S	\$ 1,643,980	\$ 1,6	1,630,240	\$ 1°6	\$ 1,683,600	\$ 1,707,270	2-304-3-30	\$ 1,737,440	guwy.c.	\$ 1,786,600	\$ 1,	\$ 1,835,930

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	IBBNAC		7007		700		200	+007		2007		7000	7	3
EXPENSES									H					
Administrativa									+					
Advertising Help Wanted	\$ 458	+	500	\$	245	S	250	\$ 260	8	270	8	280	85	290
Auto Mileage Reimbursement		60	500	65)	009	S	009		-	640	8	099	S	089
Copying	\$ 1,312	-	1,500	S	1,150	<del>69</del>	1,250	\$ 1,290	├-	1,330	S	1,370	S	1,410
Dues & Subscriptions	\$ 450	-	200	S	535	S	550	\$ 570	<del>\$</del>	590	<del>⇔</del>	610	S	630
Coupons & Labels	\$ 3,272	-	3,200	S	2,900	<del>⇔</del>	3,000	\$ 3,090	8	3,180	8	3,280	S	3,380
Bank Fees		-	3,000	S	2,000	S	2,000	\$ 2,060	$\vdash$	2,120	S	2,180	S	2,250
Harbour Lights Expenses	\$ 38,888	-	38,500	S	35,100	<del>\$</del>	36,500	\$ 37,600	-	38,730	S	39,890	s	41,090
Directory	\$ 6,228		6,500	S	5,800	\$	6,000	\$ 6,180	-	6,370	↔	6,560	S	6,760
Office Equipment & Furniture			1,200	S	800	\$	200	\$ 210	_	220	\$	230	S	240
Computer Supplies	\$ 902		1,200	€9	009	S	1,000	\$ 1,030		1,060	_	1,090	\$	1,120
Internet Connections	\$ 441	$\vdash$	450	S	450	\$	1,200	\$ 1,240	-	1,280	↔	1,320	S	1,360
Office Equipment Repairs & Maint.	\$ 412	-	1,100	€>	700	\$	1,000	\$ 1,030	\$ 0	1,060	\$	1,090	\$	1,120
Office Supplies	\$ 3,818		3,500	S	3,500	\$	3,500	\$ 3,610		3,720	\$	3,830	\$	3,950
Postage and Printing	6		9,000	\$	8,000	\$	8,000	\$ 8,240	\$ 0	8,490	S	8,750	\$	9,010
Uncollectible Charges	\$ 285	-	1,500	↔	75	\$	500	\$ 520	\$ 0	540	S	260	\$	580
Administrative Miscellaneous	\$ 6,125		5,000	S	6,600	∽	5,300	\$ 5,460	<b>\$</b>	5,620	€9	5,790	\$	5,960
Auditor	\$ 5,425		5,430	S	5,000	89	5,100	\$ 5,250	\$ 0	5,410	8	5,570	\$	5,740
Legal	\$ 15,051		8,000	S	13,768	\$	10,000	\$ 10,300		10,610	8	10,930	S	11,260
Management Fees	_		134,900	S	152,154	€>	159,270	1	\$	168,970	S	174,040	S	179,260
Insurance	\$ 24,127	↔	23,100	S	28,440	\$	32,000	\$ 32,960	$\vdash$	33,950	S	34,970	<del>⇔</del>	36,020
Survey			1	S	5,800	€9	1		-	1	S	1	S	
Temporary Help			2,500	↔	2,500	€9	2,500		-	2,660	S	2,740	8	2,820
Payroll Reimbursement	\$ 164,966	_	180,880	S	160,285	\$	175,710	\$ 180,980	\$ 0	186,410	S	192,000		197,760
Total Administrative	S 420,312	8	431,960	s	437,002	S	455,430	\$ 469,130	S	483,230	\$	497,740	S	512,690
Bus System Operations									-					
Bus Repair / Maintenance	\$ 4,948	_	2,500	S	2,500	8	2,500			2,660	S	2,740	8	2,820
Fuel - Bus	\$ 2,166	S	2,500	S	2,000	S	2,200	\$ 2,270	<b>&amp;</b>	2,340	S	2,410	↔	2,480
Total Bus System			5,000	\$	4,500	s	4,700	\$ 4,850		2,000	e٩	5,150	\$	5,300

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	HERITAG	w 🖺	HAKBOUR	835	COMMUNITY		V ASSOCIATION,	MATI	ON, IN	INC.					
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DESCRIPTION OF LINE HEM	Actual		2002		2002		2003	2004	40	2005	05	2006	91	20	2007
Utilities		-				-									
Electricity - Street Lights	\$ 30,575	Н	29,700	S	29,325	8	28,830	\$	29,700	\$	30,590	\$ 3	31,510	S	32,450
Electricity - Buildings	6	% &	96,000	S	102,890	€>	98,000	\$ 10	100,940	10	103,970	Γ	107,090		110,300
Gas		-	1,200	S	1,250	S	1,300	8	1,340		1,380		1,420		1.460
Water and Sewer	\$ 7,371	$\dashv$	6,000		7,065	S	7,100	€>	7,310	8	7,530		7,760	8	7,990
Telephone			12,000	S	11,525	-	11,000	\$	1,330	8	1,670	\$ 12	12,020	S	12,380
Total Utilities	\$ 149,748	2804	144,900	S	152,055	S	146,230	\$ 15	50,620	\$ 15	55,140	\$ 159	159,800	Г	164,580
Cable TV		-													
Clubhouse Cable TV	\$ 234	-	290	S	275	8	290	8	300	S	310	8	320	€5.	330
Bulk Cable TV	\$ 200,461	1	223,220	S	222,850	S	227,310		234,130		241,150		248.390		255.840
Total Cable TV	\$ 200,695	0.40	223,510	100	223,125	S	227,600		234,430		241,460		248.710		256.170
Golf Course Repair/Maintenance															
Golf Course Non-Contract	\$ 7,952	$\vdash$	9,200	↔	10,500	S	9,500	S	9,790		10,080		10,380		10.690
Golf Equipment / Supplies	\$ 2,595	ş \$	2,200	S	2,765	S	2,200		2,270	8	2,340	\$	2,410	S	2,480
Animal Control	۱ چ	8	1,000			S	1,000	S	1,030	S	1,060		1.090	\$	1.120
Total Golf Course Rep./Maint.	\$ 10,547	Section .	12,400	S	13,265	\$	12,700		13,090		13,480		13,880		14,290
Clubhouse/Chartshed Rep. Maint.		-													
HVAC Repairs & Maintenance	\$ 5,484	$\dashv$	2,500	ક્ક	2,500	S	2,500		2,580	8	2,660	\$ 2	2,740	S	2,820
Awning Over Side Patio			3,500	S	3,575	8	1	\$	-	€	1		-	\$	
Spring/Fall Cleaning (Special)	\$ 875	2	2,400	S	2,200	S	2,200	\$	2,270	69	2,340	\$ 2	2,410	S	2,480
Clubhouse/Chartshed Rep. Maint.			6,000	S	7,000	S	7,000		<u> </u>		7,430		7,650	8	7,880
Dining Room Equipment/Supplies		-+	3,500	S	3,500	S	5,030		-	\$	5,340		-	\$	5,670
Dining Room Special Maint. Projects	5,7	-+	3,500	S	2,600	S	1,350	\$	1,390	\$	1,430		1,470	8	1,510
Clubhouse Furniture		-	200	S	500	S	500	<del>\$</del>	520	\$	540	S	├	S	580
Total Clubhouse Dining Room Expenses	\$ 20,434		21,900	S)	21,875	\$	18,580	\$ 1	19,150		19,740		20,330	\$	20,940
Grounds Care															
RV Lot Projects	· \$	S	2,500	S	1,000	S	1,000		1,030		1,060	\$ 1	1,090	€9	1,120
Clubhouse Lighting Project		-	3,700	S	3,925	↔	ı		-	\$	ı	\$	1	8	
Grounds Non-Contract	4		40,000	S	40,000	S	40,000		41,200		42,440	\$ 43,	710		45,020
Grounds Supplies	\$ 1,607	$\rightarrow$	2,000	S	1,700	<del>⇔</del>	2,000		-		$\vdash$		2,180	S	2,250
Replace Bradford Pear Trees		8	15,000	\$	15,000	S	15,000		-		Н		Н		
Storm Water Drain Maintenance		. 8	10,000	S	10,000	S	-		-	\$ 10	_	\$ 10	_	\$ 1	10,000
Total Grounds	\$ 55,422	580 SE	73,200	S	71,625	S	08,000	9 \$	062'69	) <i>L</i> §	70,620	\$ 56	26,980	\$ 5	58,390

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	HERITA	3	HARBO	UR (	HARBOUR COMMUNITY ASSOCIATION,		Y ASSO	CIATIO	N, I	INC.				
DESCRIPTION OF LINE ITEM	Actual		John	-	rorecast		Budget	Forecast	ast	Forecast	1	Forecast	_	Forecast
Lodge Maint. Oper.& Repairs			7007		7007		20005	2004	_	2005		2006		2007
Social Activities Committee	€5	8	24,000	+-	24.000	U	24 000		700		-+		$\vdash$	
HVAC Repairs & Maintenance	\$ 12,509	├-	5,000	S	15,000	+	5,000	9 9	5 150		+	7	$\dashv$	27,010
Exterminator Non Contact	\$ 26	265		╁	580	+-	2,000		001,0	٠, ر	+	5	0	5,630
Decorating		8		┿	1 000	+	000		079		-+		-	089
General Supplies	\$ 14.661	+		9 6	16,000	+	4,500	ľ	4,640		$\dashv$	\$ 4,920	-	5,070
Medical Supplies (AED Maint. & Train)		1		+	1 000	9 6	000,51		5,450		$\dashv$		$\vdash$	16,880
Lodge Repairs & Maintenance	\$ 47,318	+	4	+-	40,000	9 6	3,400	ľ	3,500	-	$\dashv$	\$ 3,720	$\vdash$	3,830
Energy Management Systems R&M		+-		6	250	9 6	40,000	1	41,200	\$ 42,440	$\dashv$	\$ 43,710	-	45,020
Pool Non Contract	\$ 9,246	9	8	+	8 500	9 6	, 000	ه د	1 0	<b>S</b>	-+	· ·	-	E
Pool Supplies	89/ \$	$\vdash$		64	5,500	9 6	9,000		8,240	×)	-+	8,750	$\dashv$	9,010
Ionization System for Outdoor Pool		┢		┿	Soc	9 6	2 500	A 6	075		540	\$ 560	\$	580
Exercise Room Repair & Maintenance	\$ 994	4	1 000	6	750	9 6	2,300				$\dashv$		S	ı
Billiards Equipment & Supplies	\$ 55	+	150	+	150	9 6	1,000	ج آ	1,030	[]	-+		8	1,120
Chorus	4.9	+-	8 100	+	8 336	9 6	11 900		200		150 \$	3,300	-	150
Library		+-	730		507	9 6	11,800		12,100		$\dashv$		€>	1
Woodworking Shop		+-	0000	_	700	9 6	00/	× (	720		$\dashv$	92	-	780
Sound & Stage Lights	· (c)	+-	4,400	_	7,200	٩	0,340		2,000	\$ 2,000		2,000	┝	2,000
Uniforms and Mats		+-	3 000	$\top$	- 100	۹	3,750		200	\$ 5(	500 \$	500	65	500
Total Lodge Maint. Oper. & Rep.	\$ 103.863	9 6	100 730	9 6	3,100	٥	3,200	3,	3,300		_	3,500	<u> </u>	3,610
Service Agreements		City	00/5/01	12.170	122,000	A	134,540	\$ 123,840	340	\$ 115,030	\$ 0.	121,550	\$	121,870
Copier Maintenance Contracts	\$ 1.279	65	1 300	6	700	6	0.50				-			
Snow Pushing Contract		_	15,000	9 6	1 000	٥	1,250	ľ	$\dashv$		$\neg$		-	1,410
Swim. Pool Management Contract		-	80 420	9 6	0,000	9 6	13,000		$\dashv$		$\neg$		S	16,880
Golf Course Toilet Facility		65	1 400	9 6	1 370	ء اه	65,770	\$ 88,340	$\dashv$	6	$\dashv$	6	ક્ક	96,530
Exercise Equipment Contract			1,420	9 64	1,370	9 64	1,400		+	\$ 1,480	0 0		-+	1,570
Golf Professional Contract	\$ 44,846	1	43,950	8	43,946	54	44 980	1/8	+	1,480	+		s)	1,570
Golf Course Maintenance Contract			179,250	8	+-	- S	183,430		+	-	+		<b>∞</b>	50,630
HVAC Maintenance Contract	\$ 10,638		11,000	S	+-	S	10,960		+	1	+	200,440	<i>y</i>	206,450
Elevator Contract		_	2,940	S	+-	8	3,050		+		9 6	11,980	A 6	12,340
Extermination Contract	\$ 3,600	_	3,680	<del>69</del>	├	8	3,600	\$ 3.710	+		-	3 040	9 6	3,450
Clubbonse Cleaning Contact		-	1,490	S	$\vdash$	8	1,200		+		+-	1 320	9 64	1 360
Grounds Maintenance Contract		-	7,800	S	-	€\$	$\vdash$	\$ 6,390	+	\$ 6,580	8	6.780	€ €	6 980
Security Contract	\$ 108 207	5A 6	95,850	<b>€</b> 5 €	+	5	$\vdash$		$\vdash$	1 1	+-	106,030	S	109,210
Trash Removal		+	3.250	<u>α</u> ε	115,480	ء احد	$\dashv$	\$ 126,250	-	13	$\vdash$	133,940	€>	137,960
Total Services Agreements	\$ 508.243	385	577.500	٥	38	A 6	99	3,300	- 10	200		3,500	S	3,610
Biological and experience (in exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and exercise and e		100 100	0006//0				281,040	\$ 598,48	80 8	616,430	69	634,930		653,990

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	7007	Budget		Forecast	Budget	get	Forecast	Forecast	Forecast	ast	Forecast	1
DESCRIPTION OF LINE ITEM	Actual	2002		2002	2003	13	2004	2005	2006	9	2007	
Public Relations												
Public Relations	905 \$	\$ 3,000	\$ 00	3,000	s	2,500	\$ 2,580	\$ 2,660	€9	2,740	\$ 2,8	2,820
Total Public Relations	90S S	3,000	\$ 00	3,000	s	2,500	\$ 2,580	\$ 2,660	s	2,740	\$ 2,8	2,820
Silver Anniversary Projects					\$	7,000						
Total Silver Anniversary					\$	7,000						
Televison Activity												
TV Equipment and Supplies	\$ 6,585	\$ 5,000	\$ 00	5,000	\$	5,100	\$ 5,250	\$ 5,410	↔	5,570	\$ 5,7	5,740
Engineer Services	\$ 2,700	\$ 3,000	\$ 00	2,700	s	3,100	\$ 3,190	\$ 3,290	↔	3,390		3,500
Total TV Activity Expense	\$ 9,285	1000	\$ 00	7,700	<b>S</b>	8,200		8 8,700	S	8,960	S 9,2	9,240
Taxes & Licenses												
Income Taxes	\$ 25,209	\$ 23,500	\$ 00	15,000	\$	15,000	\$ 15,450	\$ 15,910	S	16,390	\$ 16,880	088
Real Estate Tax	\$ \$2	\$	\$	06	s	100	\$ 100	\$ 110	S	110	\$	120
Licenses, Fees and Permits	\$ 3,011	\$ 3,850	\$ 05	3,000	S	3,000	\$ 3,090	\$ 3,180	S	3,280	\$ 3,3	3,380
Total Taxes & Licenses	\$ 28,305	1000	\$ 05	18,090	8	18,100	\$ 18,640	\$ 19,200	s	19,780	\$ 20,380	980
Tennis Activity												
Tennis Court Repair & Maintenance	\$ 3,287		2,500   \$	1,508	\$	1,500	\$ 1,550	\$ 1,600	\$	1,650	\$ 1,7	1,700
Tennis Courts Equipment & Supplies	882	\$ 1,1	1,100   \$	1,000	\$	1,000	\$ 1,030	\$ 1,060	\$	1,090	\$ 1,1	1,120
Total Tennis Activity Expense	\$ 4,169	15000	\$ 00	2,508	\$	2,500	\$ 2,580	\$ 2,660	8	2,740	\$ 2,8	2,820
Water Aerobics Activity												
Instructor - Water Aerobics	\$ 20,349	\$		1	\$	1	٠	- -	S	-		
Lifeguards	\$ 13,799	\$	\$		\$	•	- \$	- \$	\$	1		
Total Water Aerobics Expense	\$ 34,148	が現代	\$	•	\$		- 8	. · · · · · · · · · · · · · · · · · · ·	8	ı	\$	
Special Projects	\$ 11,500	\$ 1,5	1,500									
Total Special Projects	S 11,500	8 1,500	S 00	1,500	s		-   S	· \$	S		- 8	
Total Operating Expenses	\$ 1,564,291	\$ 1,643,550	₩.	1,631,234	8 1,68	1,687,120	\$ 1,715,120	\$ 1,753,350	\$ 1,793,290	3,290	\$ 1,843,480	08
Net Surplus (Deficit)	\$ 34,172	8	430 \$	(994)	S	(3,520)	\$ (7,850)	\$ (15,910)	S	(069'9)	S (7,5	(7,550)

Administrative Resolution No. 8, Attachment A Page 6 of 14

Administrative Resolution No. 8, Attachment A Page 7 of 14

	4					Cast		Dudget		rorecast			rorecast	CASI	5	しつしてになって
DESCRIPTION OF LINE ITEM	A	Actual		2002	2002	)2	2003	03	2004	94	20	2005	130	2006	2	2007
REPLACEMENT RESERVES																
A STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STA																
Replacement Reserve Expenses																
Office Renovation	↔	1				26,300	\$	1	\$	ı	8	1	S	1	↔	1
Lodge Office Copier	S	1			\$	-	\$	,	\$ 1	2,000	S	1	89	1	S	ı
Lodge Office Computers	↔	I			\$	-	\$	1	S	1	<del>ss</del>	ı	S	000,9	€9	1
Ceilings	S					31,740	S	4,000	\$	ı	S	1	€>	1	8	1
Auditorium Ceiling	S	19,710			S	1	€9	1	8	1	S	'	8	ı	8	
Carpeting	S	3,763			\$	-	\$	1	\$	51,000	S	1	89	ı	8	-
Lodge Exterior Doors and Jams	S	1				26,325	S	1	\$	ı	8		S	ı	S	-
Elevator	\$				\$	-	€	1		25,000	8	,	8	1	s	1
Auditorium Lighting	↔	28,138			8	,	€5	1	8	1	8	1	S		8	١.
Lodge HVAC	↔	11,686	€>	30,000		41,000		22,000	8	1	€	1	S	ı	8	ı
Hot Water Heaters	S	1,738	S	2,500	8	1	€3		S	ı	S		S		8	-
Television Equipment	S	1			8	1,000		10,200	8	1	8		\$	15,000	69	ı
25 Passenger Bus	S	1			S	,	<del>\$</del>		\$	,	S		8	1	8	85,000
Asphalt	S	4,981	S	80,000		115,000	89	7,000		50,000		82,000	\$	50,000	69	
Concrete	\$	21,935	\$	10,000	↔	1,780		10,000	S	1		25,000	\$	ı	S	ı
Retaining Walls	S	37,498	\$	50,000		31,000		50,000	S	ı		36,000	€>	١.	S	
Elevator			S	30,000												
Split Rail Fencing									\$ 1	10,000						
Exterior Furnishings											S	5,500				
Chain-link Fence at Stairs to Dock												13,000				
Pool Equipment	\$	16,681	S	11,000		16,720		5,000	\$		\$		\$		ss	1
Locker Room Renovations	S	ľ			\$	ı		80,000	\$	1	S	ı	8	1	es.	ī
Lodge Deck Planters	\$		\$	20,000		28,000	\$	1	\$	1	S	ı	8	ı	€	ı
Pool Area Concrete	S	ı				4,900		10,000	\$	1	<del>69</del>	1	\$	16,000	S	1
Wood Shop	S	4,877	\$	4,600		2,455	S	2,000	S	1	S	,	<del>69</del>	1	S	ı
Built-Up Roof	S	1			\$	ı	S	1	\$	ı	S	1	8	t	S	61,000
Clubhouse Parking Lot Lighting	s	ı			\$		\$	1	\$	i	S	1	\$	14,200		
Dining Room (Small Refrigerator)	\$	1	\$	2,500		3,472	<b>S</b>	1	\$	5	€9		S	ı	S	ı
Dining Room Equipment	\$	15,000			\$	250	\$	•	\$	1	\$	1	\$	ı	S	ı
Tennis Equipment	\$	1,661			\$	ı	€	1	\$	1	S		S	-	<del>S</del>	ı
Golf Course Bridges	8	18,481	8	20,000	\$ 21	,540	\$	1	\$	ı	\$	ı	\$	ı	8	ı
Rebuild #5 Men's Tee Box	<del>63</del>	ı	S	10,000				25,000	\$	ı	S	,	S	ı	€9	1

	HEKITAGE		HAKBOUR COMMONII Y ASSOCIATION, INC.	XIIX	ADDOC	LATION,	ز ا			
	2001	Budget	Forecast	Bu	Budget	Forecast	Forecast	Forecast	3.	Forecast
DESCRIPTION OF LINE ITEM	Actual	2007	2002	2	2003	2004	2005	2006		2007
Overhaul Tennis Court Fence	- \$	000'8 \$	\$ 7,570	<del>6</del>	ı	ı <del>6</del>	⇔	€\$	\$	I
Pier at South River	\$ 6,850			\$	1	، ج	€	S	\$	ı
Depreciation	\$ 21,326		\$ 18,900	\$	16,500	- \$	ı <del>⇔</del>	8	8	1
Refurbish Enrance Sign	- \$			\$	5,000	\$	٠ ×	€9	5	1
Repair/Replacement Reserve Study	\$		- \$	\$	10,000	<b>↔</b>	€A	€\$	\$	5,000
Furnishings (Interior Décor)	- \$		- \$	\$	19,500	- \$	\$ 64,000	\$	<del>60</del>	64,000
Total Repair/Replacement Fund	\$ 214,325	8 278,600   \$	8 412,952	\$	276,200   \$	\$ 148,000 \$	\$ 225,500	S	101,200	215,000

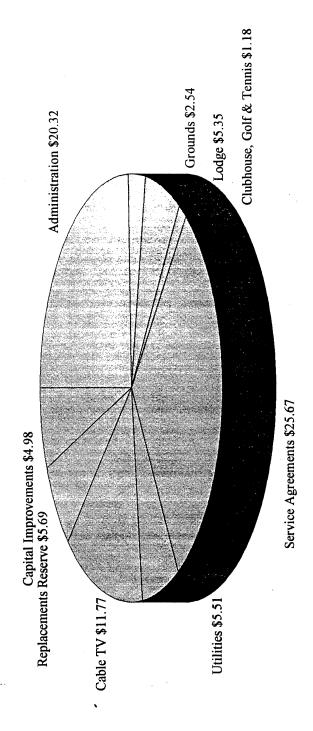
	HE	HERITAGI 2001	E HA	HAKBOUR		COMMUNITY			ASSOCIATION.	inc.	C. Foregast		Downsta	<u> </u>	
		1007	5	nger over		n crast		nagen	I OI CLAS		roletasi		Urcası	rorecast	ast
CAPITAL IMPROVEMENT	e.	Actual	7	7007		7007		5007	7007		SD07		9007	2007	7
										T		+			
Balance Forward	S	172,257	S	193,061	S	211,420	8	254,826	\$ (171,704)	ـــ	\$ (116,434)	<del>\$</del>	(57,684)	8	998'9
Class A Assessments	\$	96,270	S	96,270	S	96,270	S	96,270	\$ 96,270	<u> </u>	\$ 99,750	<del>\$</del>	105,550	\$ 10	109,030
Total Contributions	\$	268,527		289,331	s	307,690	s	351,096	\$ (75,434)	92,400.70	\$ (16,684)	500000	47,866		115,896
Prior Year Encumbrances															
Clubhouse Area Drainage	\$	23,054	S	1	S	1	↔	ī	s-S-S		1 60	€>	ı	\$	,
Clubhouse Walkway	\$	1,965	S	15,000	S	15,000	S	1	S		60	69	ı	8	,
Clubhouse Handicapped Parking	\$	ı	S	ŧ	S	1	S	ī	\$		ا ج	<del>69</del>	J	8	1
Lodge Expansion Study	S	2,446	s	5,300	\$	,	S	1	\$		·	↔	5	€>	1
Soft Ice Cream Machine (Donations)	S	(1,556)			\$	1	S	(1,556)	· •		· &	€>	1	₩.	I
Soft Ice Cream Machine	S	•			S	ı	S	1,556	∽		ı €€	€9		8	1
Total	\$	27,465	S	20,300	S	15,000	s	•	<b>S</b>		- 9	S	ľ	8	1
Total Funds Available	8	241,062	\$	269,031	\$	292,690	\$	351,096	\$ (75,434)		\$ (16,684)	<b>8</b> (t	47,866	\$ 11.	115,896
Expenditures			:												
Clubhouse Projectes										ļ					
Clubhouse Patio Enclosure	S	ı			∽	1	8	1	S		S	69		89	ı
Walk-In Refrerator/Freezer	\$	22,815			↔	ī	\$	ſ	\$		-	↔	-	S	1
Back Room Sink	S	(320)	S	750	<del>⇔</del>		\$	•	\$		- \$	89	-	\$	i
Cart Shed Expansion	S	ı			↔	1	S	ı	<del>S</del>		٠ ج	€>	1	\$	1
Stainless Steel Panels	S	1,875			€9	1	S	1	€		ا چ	↔	1	\$	ı
Sound Absorbing Panels	\$	ı	S	2,500	S	5,000	\$	1	\$			S	-	\$	I
Lodge Projects									\$		· \$	S	J	\$	ı
Lodge Bar Shutter	S	(500)			S	1	S	1	\$			S	1	\$	
TV8 Equipment	S	2,022	S	6,000	S	6,000	↔	r	\$			S	1	\$	ı
Woodshop-Electrical Upgrade	S		S	8,000	S	8,000	∽	ſ	· ~		- \$	S	1	S	1
Woodshop-Filtration or Floor	S	ı	S	8,000	<del>⇔</del>	8,000	↔	1	•>		ı \$	↔	1	S	ı
Office Expansion					↔	5,321	↔	I	• \$		ı ج	S	I	S	ı
Create Conference Room					↔	7,691	8	ı	∻>		,	S	1	S	1
Non-skid Safety Floor	\$	ŧ					↔	6,500			- 8	S	1	8	1
Walk-way to Outdoor Pool	\$	ı					↔	1	\$		٠	S	ı	\$	1
Auditorum/Stage Renovation	S	1			∽	1	S	320,000	\$		- \$	S		\$	1
Plant Room Renovations	S	ı			S	1	↔	50,000	-	-	- \$	↔		8	ı
Install Door & Finish Storage Room							69	10,000							
Relocate Aerobics Exercise Room							S	20,000							
Construct Out Bulding Behind Lodge	8	-			8	-	8	25,000	\$		·	\$	1	S	

Administrative Resolution No. 8, Attachment A
Page 9 of 1₲

	HERITAGE HARBOUR COMMUNITY ASSOCIATION, INC.	E HAKBU	UK COM	MOM	II Y ASSU	CIALIU	Y, INC	•		
	2001	Budget	Forecast	ast	Budget	Forecast	-	Forecast	Forecast	Forecast
DESCRIPTION OF LINE HEM	Actual	2002	2002	7	2003	2004		2005	2006	2007
Exercise Room Projects		\$ 3,400	0			\$	\$	1	- \$	ا ج
New Equipment	\$ 3,750		\$	-	\$ 3,600	\$	<del>\$</del>	1	- \$	
Expansion of Locker Rooms/Exercise	\$		\$	•	- \$	\$	\$	1	- \$	\$
Grounds Projects						\$	<u>\$</u>	1	- \$	•
Engineering Study for Entrance Design	. \$	\$ 5,000	\$	5,000	٠ \$	\$	-	1	- \$	- \$
Implement New Design of Entrance	- \$				\$ 10,000	\$	8		- \$	\$
Relocate Clubhouse Driveway	- \$				\$ 25,000	\$	-	I	- \$	- \$
Lodge Pathway Lighting	- \$				\$ 6,000	\$	\$	1	- \$	۱ 🚓
RV Lot Water & Sewer					\$ 5,700	\$		I	- \$	- \$
Swimming Pool Projects					1 59	\$	\$	ľ	- \$	- \$
Walkway, cover and heat Outdoor Pool	- \$		S	ı	ı چ	\$	\$	1	- \$	
Cover indoor pool, convert to exercise					\$	\$	-	.1	- \$	- \$
Tennis Activity Projects						\$		1	- \$	-
All Weather Enclosure Study	- \$	\$ 5,500	\$ 0	-	۰ \$	8	-	ı	- \$	. \$
All Weather Enclosure					. \$	\$	\$	1	- \$	
Resurface Two Tennis Courts	- \$		\$	-	\$ 41,000	\$ 41,000	\$ 000	41,000	\$ 41,000	\$ 20,500
Contingency Reserve		\$ 25,000	\$ 0	-	- \$	\$	\$	,	- \$	·- \$
						\$	<del>\$</del>	1	- \$	۰ &
						\$	\$	1		\$
Total Expenditure	\$ 29,642	\$ 64,150	\$	45,012	\$ 522,800	\$ 41,000	\$ 000	41,000	\$ 41,000	\$ 20,500
Balance Forward	\$ 211,420		\$ 247	247,678	\$ (171,704)	) \$ (116,434)	34) \$	(57,684)	\$ 6,866	\$ 95,396

# HERITAGE HARBOUR COMMUNITY ASSOCIATION

Allocation of 2003 Operations Budget



Administrative Resolution No. 8, Attachment A Page 11 of 14.

### HERITAGE HARBOUR COMMUNITY ASSOCIATION Notes to the Year 2003 Budget Package

These notes accompany, and are a part of the Heritage Harbour Community Association 2003 Budget. The Budget Package includes separate sections for Operations, Replacements and Capital Improvement funds. It also includes a pie chart showing the allocation of the monthly assessment.

In addition to the budget for the year 2003, Estimates for the years 2004 through 2007 are included. The Operations Budget for 2003 is considered firm. The Operations estimates for the following years are included to guide future planning and are subject to change in future budgets. The proposed expenditures in the Replacements and Capital Improvements Funds Budgets are merely recommendations for expenditures. The timing and need for the expenditures will be determined by the Board of Directors at a future time, guided by the recommendations of the General Manager, the Planning Committee for Capital Improvements, and the respective Committee for Replacements.

A significant highlight for the 2003 Budget is Class A Members' Monthly Assessments continue at \$83.00.

### **Budget Process for 2003**

After a budget orientation for committee chairs, Association Committees prepared and submitted recommendations for expenses and expenditures to be included in the budgets for the years 2003 through 2007. The General Manager incorporated the various recommendations into a forecast of costs, entered the data into the budget spreadsheets and prepared a preliminary budget for review by the ad hoc Budget Review Committee (BRC). The BRC, made up of the Association Treasurer, Ed Smallwood, Walter Foster, Chuck McIntosh, Mort Merewitz and Cliff Suer reviewed the preliminary budget and recommended revisions. After several meetings and consultations with the General Manager, the budget for 2003 and the estimates for the four ensuing years were finalized.

### 2003 Operations Fund Budget

(Pages 1 through 6)

### **INCOME**

Income is derived principally from:

- Class A Members' Assessments budgeted at \$83.00 per month for 2003, estimated at \$86.00 per month for 2004, \$91.00 per month for 2005, \$94.00 per month for 2006and \$96.00 per month for 2007. The number of Class A Members is 1,611.
- Recreational Members' Assessments budgeted at \$37.99 per month for 2003, estimated at \$39.13 per month for 2004, \$40.78 per month for 2005, \$42.35 per month for 2006 and \$43.38 per month for 2007. The number of Recreational Members is estimated to be 35.
- For the year 2003:
  - Interest Income is budgeted at \$62,290
  - Unlimited Golf Fees are budgeted at \$41,000
  - Harbour Lights Revenues are budgeted at \$42,500
  - Social Activities Revenues are budgeted at \$24,000
  - Excess Operations Fund Reserve is budgeted at \$75000

Interest Income is budgeted lower than last year reflecting lower interest rates, in general. The Operations Reserve Fund has an excess of approximately \$125,000. This excess is planned to be eliminated by reflecting \$75,000 as an income item in 2003, and reflecting \$50,000 as an income item in 2004. In future years the difference between the actual Reserve Fund balance at the end of the year and the appropriate fund balance approved by the Board of Directors (\$150,000) will be reflected as income or expense to adjust to the approved level.

Income is distributed to the Replacements Reserve Fund and the Capital Improvements Fund. The amount distributed to the Replacements Reserve Fund is less than distributed in previous years, because the fund is beyond the recommended limit of \$1,200,000 (30% of Asset Value). The distribution of \$110,000 in 2003 and \$125,000 over the ensuing four years offset against the planned expenditures for the same period will reduce the overfunding by almost \$300,000.

The distribution to the Capital Improvements Fund reflects the limitation on Capital Improvements contributions from the monthly assessments. The \$96,270 for the year 2003 is 6% of the 2002 monthly assessment (\$83.00) on an annual basis.

The amount of Income available for 2003 Operations is budgeted at \$1,683,600

### **EXPENSES**

Expenses for the year 2003 are budgeted to be 2.34% higher than last year's budget. Expenses for future years are estimated to grow by about 3% (estimated rate of inflation) per year. Budgeted amounts for 2003 are based on current levels of costs, as well as any known changes from contractors or the marketplace.

The Chorus activity has both revenues and associated expenses. The revenues are budgeted at \$8,800 and include participant contributions. The expenses are budgeted at \$11,800 and reflect the cost of a Professional Director and Accompanist. It is the intent of the Chorus to become a Registered Activity and fund their own activities. The net cost to the Association is estimated to be \$2,000 in 2004 and nothing in 2005.

### RESULTS

The Income Available for Operations (\$1,683,600) offset by Operations Expenses (\$1,687,120) results in a deficit of \$3,520. It is a goal of the BRC to present a balanced budget. Small deficits or surpluses are acceptable.

### 2003 Replacements Reserve Budget

(Pages 7 & 8)

### **CONTRIBUTIONS**

Contributions in the amount of \$110,000 in 2003 and \$125,000 for all ensuing years are from transfers from members' assessments (see Distributions, Page 1).

### **EXPENDITURES**

Expenditures amounting to \$276,200 are projected for 2003. Over the five years, the expected expenditures will be \$965,900. This exceeds anticipated contributions by \$355,900 and is intended to bring the fund balance back into line with the guidelines for Replacements Reserve Funds. Significant expenditures in 2003 are for renovating the Men's and Ladies' Locker Rooms at the Lodge (\$80,000), rebuilding the #5 Tee Box at the Golf Course, replacing a HVAC unit at the Lodge (\$22,000), and conducting a new Replacements Reserve Study (\$10,000). All of these amounts indicate that the Community is aging and major repairs and replacements are needed. This trend will continue for several years until our Community is once again in excellent shape. All of these proposals, however, will need to be presented to the Board of Directors for approval at the appropriate time.

### 2003 Capital Improvements Budget

(Pages 8 & 9)

### **CONTRIBUTIONS**

Contributions to the Capital Improvements Budget are limited to 6% of the prior year's Class A Members' monthly assessment. For 2003, the contribution is \$96,270 based on the 2002 assessment of \$83.00 per month. The contributions for the ensuing years are \$96,270 for 2004, \$98,590 for 2005, \$105,550 for 2006 and \$109,030 for 2007. These projected contributions are not firm, but are included for planning purposes.

### **EXPENDITURES**

Expenditures totaling \$522,800 are projected for 2003. The budgeted expenditures exceed the funds available by approximately \$172,000. Major projects in 2003 include Expanding the Stage Area (\$320,000), converting the Plant Room

into a meeting room and storage room (\$50,000), relocating the Clubhouse Driveway(\$25,000) and resurfacing two Tennis Courts (\$41,000). All Capital Improvements proposed expenditures must be presented to the Board of Directors for approval at the appropriate time.

### Allocation of Monthly Assessment (Page 11)

A Pie chart allocating the \$83.00 monthly assessment is included to graphically show how the assessment will be spent in 2003.

### **Financial Condition of the Association**

The Heritage Harbour Community Association is in excellent financial condition. There are sufficient reserves for major repairs and/or replacements of major assets, and to cover unforeseen operating expenses. Additionally, the Association has adequate insurance coverage for insurable disasters. Further, the Association Documents limit the amount that can be contributed to Capital Improvements. And, all future operating surpluses will be used to reduce monthly assessments.

Amount Source (2003 Budget)	1,687,120 Budget - Page 1 8,200 Budget - Page 1 18,100 Budget - Page 1		214,710 Budget - Pages 1 & 5		1,400 Budget - Page 5			Bu		85,770 Budget - Page 5		619,910 Sum of Lines 6 through 15		- Budget -	- Budget -	Budget - Page		Budget - Page	Buc	(29,840) Furnished	569,910 Sum of Lines 17 through 24	0.3674 Line 16 / Line 1	209,406 Line 25 X Line 26	829,316 Line 27
∢I	<b>⇔</b> ₩ ₩	•	€9									မ		↔							8		€	φ.
Description	Total Operations Expenses Less: TV 8 Activity Taxes & Licenses	Direct Recreation Related Operations Expenses	Clubhouse & Golf Course R & M & Course Maint. Contr.	Clubhouse Cleaning Contract & Trash Removal	Exercise Equipment Maint. Contract Electricity - Buildings	Natural Gas	Water & Sewer	Golf Activity	Lodge Maintenance, Operation & Repair	Swimming Activity	Tennis Activity	Total Direct Recreation Related Expenses	Indirect Operations Expenses	Administration	Copier Maintenance Contract	Public Relations	Security Contract	Silver Anniversary Project	Telephone	Less Bus System Labor included in Adninistration	Total Indirect Operations Expenses	Apportionment Factor for Indirect Operations Expenses	Recreation Portion of Indirect Operations Expenses	Total Recreation Related Expenses
Line	- 0 m 4	9	9	7	ထတ	9	7	12	13	14	15	9	17	18	19	70	21	22	23	24	52	<b>5</b> 6	27	<b>58</b>

Administrative Resolution No. 8, Attachment B Page 1 of 4

\$ 9,000 Budget - Page 2 41,000 Budget - Page 2 24,000 Budget - Page 2		75,000 12,500 ( <u>3,010)</u> 9,490	e <u>\$ 144,090</u> Sum of Lines 35, 36, 37, 38 and Line 41 \$ 52,944 Line 42 X Line 26	\$ 49,790 Budget - Page 2  (11,989) Line 44 X 24.08% **  \$ 37,801  \$ Line 44 - Line 45  \$ 28,679 Line 46 X .7587 (See Page 4)  (4,302) Line 47 X 15%  \$ 24,377 Line 48	\$ 151,321 Line 33 + Line 43 + Line 49 \$ 677,995 Line 28 - Line 50
<ul> <li>29 Offsetting Direct Recreation Related Operations Income</li> <li>30 Greens Fees</li> <li>31 Unlimited Golf Fees</li> <li>32 Social Activities Income</li> <li>33 Social Activities Income</li> <li>34 Social Activities Income</li> <li>35 Social Activities Income</li> <li>36 Social Activities Income</li> <li>37 Social Activities Income</li> <li>38 Social Activities Income</li> <li>39 Social Activities Income</li> <li>30 Social Activities Income</li> <li>31 Social Activities Income</li> <li>32 Social Activities Income</li> <li>33 Social Activities Income</li> <li>34 Social Activities Income</li> <li>35 Social Activities Income</li> <li>36 Social Activities Income</li> <li>37 Social Activities Income</li> <li>38 Social Activities Income</li> <li>39 Social Activities Income</li> <li>31 Social Activities Income</li> <li>32 Social Activities Income</li> <li>33 Social Activities Income</li> <li>34 Social Activities Income</li> <li>35 Social Activities Income</li> <li>36 Social Activities Income</li> <li>37 Social Activities Income</li> <li>38 Social Activities Income</li> <li>39 Social Activities Income</li> <li>30 Social Activities Income</li> <li>31 Social Activities Income</li> <li>32 Social Activities Income</li> <li>33 Social Activities Income</li> <li>34 Social Activities Income</li> <li>35 Social Activities Income</li> <li>36 Social Activities Income</li> <li>37 Social Activities Income</li> <li>38 Social Activities Income</li> <li>39 Social Activities Income</li> <li>30 Social Activities Income</li> <li>31 Social Activities Income</li> <li>32 Social Activities Income</li> <li>33 Social Activities Income</li> <li>34 Social Activities Income</li> <li>35 Social Activities Income</li> <li>36 Social Activities Income</li> <li>37 Social Activities Income</li> <li>38 Social Activities Income</li> <li>39 Social Activities Income</li> <li>30 Social Activities Income</li> <li>31 Social Activities Income</li> <li>32 Social Activities Income</li> <li>33 Social Activities Income</li> <li>34 Social Activities Income</li></ul>	Offsett Har Cop	<ul> <li>38 Excess Operations Reserve</li> <li>39 Interest Income - General</li> <li>40 Less Taxes on Interest - General</li> <li>41 Net Interest Income - General</li> <li>42 Total Offsetting Indirect Recreation Related Operations Income</li> </ul>	43 Recreation Portion of Offsetting Indirect Operations Income	<ul> <li>44 Replacement Reserve Fund Income (Gov't Interest)</li> <li>45 Less Taxes</li> <li>46 Net Replacement Reserve Fund Income</li> <li>47 Recreation Portion of Replacement Reserve Fund Income</li> <li>48 Less: Recreational Member Allowance for Non-Ownership</li> <li>49 Recreational Member Portion of Fund Income</li> </ul>	<ul><li>50 Total Recreation Related Offsetting Income</li><li>51 Net Recreation Related Expenses</li></ul>

52 53 54	<ul><li>52 Number of Class A Members</li><li>53 Estimated Number of Recreational Members</li><li>54 Total Number of Members Assessed</li></ul>		1611 35 1646	Actual for 2002 Line 52 + Line 53
55 56	<ul><li>55 Annual Pro-rata Share of Recreation Related Expenses</li><li>56 Monthly Pro-rata Share</li></ul>	<del>6</del> 69	411.90 34.33	Line 51 / Line 54 Line 54 / 12
57 58 59	<ul> <li>Monthly Assessment per Class A Member (Repl. Reserve)</li> <li>Recreation Related Portion of Class A Assessment</li> <li>Recreational Member Allowance for Non-Ownership</li> </ul>	<del>6 6 6</del>	5.69 4.32 0.65	Furnished Line 57 X .7587 (See Page 4) Line 58 X 15%
09	60 Recreational Member Assessment for Replacement Reserve	↔	3.67	Line 58 - Line 59
61	61 Total Recreational Member Assessment	↔	37.99	Line 56 + Line 60

### Replacements Reserve Factor

62	Total Replacement Cost of HHCA Inventory	မှာ	4,029,157	1999 Replacement Reserve Study
	Less Non-Recreational Assets			
63	Asphalt Paving	↔	406,173	=
64	Asphalt Paving Sealcoat		47,750	=
65	Concrete Curb & Gutter		72,387	=
99	Concrete, Ballast Way			=
29	Concrete, Boatswain's Way Pipe Stem		· ~	=
89	Concrete, Boatswain's Crescent		~	=
69	Concrete, Perry Landing Court			=
20	Concrete, Rudder Drive (2784 - 2792)		191,477	Ξ
7	Concrete, Rudder Drive (2784 - 2792)			=
72	Concrete, Rudder Drive (2787 - 2791)		~	=
73	Concrete, Rudder Way		· ~	=
74	Concrete, Sandy Run Court Driveway		· ~	=
75	Concrete Sidewalks		184,618	=
9/	RV Storage Area, Cyclone Fencing		14,092	=
11	RV Storage Area, Asphalt Paving		24,440	=
28	Storm Drain Allowance		25,000	=
6/	Wood Retaining walls, Berth Court		3,155	=
80	Wood Retaining Walls, Riversedge Circle		3,298	=
81	Total Replacement Cost of Non-Recreation Assets	8	972,390	Sum of Lines 63 through 80
82	Replacement Cost of Recreation Related Assets	€	3,056,767	Line 62 - Line 81
83	Apportionment Factor for Replacement Reserve Expenses		0.7587	Line 82 / Line 62

HERITAGE HARBOUR COMMUNITY ASSOCIATION FINANCIAL REPORTS AS OF DECEMBER 31, 2002

	∢ı	ACTUAL	BUDGET	H	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	IR ATE <u>3ET</u>	70	YEAR TO DATE <u>2001</u>	
INCOME										
From Class A Assessments	↔	133,713	\$ 133,717		1,604,556	\$ 1,604,560	4,560		1,604,551	
From Recreational Assessments	↔	1,303	\$ 1,307		15,492		15,640	↔	16,379	
From Investments	↔	576	\$ 2,310		77,988	<b>∞</b>	89,460	₩	98,224	
From Other Sources	တ	2,635	\$ 5,255	55	151,978		161,400	<del>s</del>	145,775	
Totals	8	138,227	\$ 142,589		1,850,014		1,871,060		,864,929	•
PAYMENTS FROM INCOME										
For Operating Expenses	ઝ	162,844	\$ 138,292		1,629,054	\$ 1,643	1,643,550	<del>⇔</del>	1,559,595	
To Replacements Reserve Fund	↔	10,901	\$ 10,901				130,810		169,900	
To Capital Improvements Fund	4	8,023	\$ 8,023	23 \$	96,270		96,270	↔	96,270	
Totals	8	181,768	\$ 157,216		1,856,134	\$ 1,87(	1,870,630		,825,765	
INDICATED SURPLUS / (DEFICIT)	₩	(43,541)	\$ (14,627	27) \$	(6,120)	₩.	430	€	39,164	
PAYMENTS FROM RESERVE FUNDS										
For Replacements	ક્ક	34,328	↔	<b>↔</b> '	394,276		278,600	↔	227,978	
For Capital Improvements	S	5,440	9	,250 \$	57,021	\$	84,450	8	51,617	
CASH AVAILABLE										
For Operations				↔	260,329					
For Replacements				↔	40,004					
For Capital Improvements				<del>(</del>	252,259					