

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**WHEREAS**, on September 12, 2007, the Board of Directors amended Administrative Resolution No. 8 to remove an outdated portion of Article V, Budgets, and limit the restrictions on borrowed funds for capital improvement in Article VII, Borrowed Funds, to one requirement, and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

RECORDING FEE 10.00  
TOTAL 10.00  
Reg# AA15 Rpt # 15507  
RFD JJ Blk # 350  
Mar 05, 2008 12:04 PM

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
<u>Richard C. Smith</u> Richard Smith, District 1	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>Bernard Rosenberg</u> Bernard Rosenberg, District 2	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>James E. Thornton</u> James Thornton, District 3	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>absent</u> Donald Tyson, District 4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>Raymond Garvey</u> Raymond Garvey, District 5	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>Patricia Garrahy</u> Patricia Garrahy, District 6	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>Anthony Alessandrini</u> Anthony Alessandrini, District 7	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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  
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**

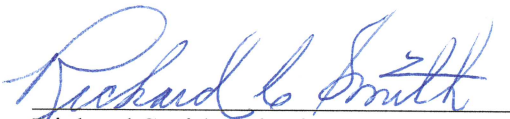
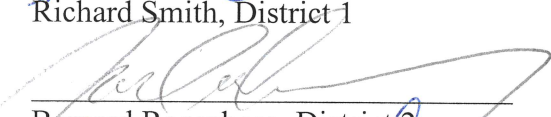
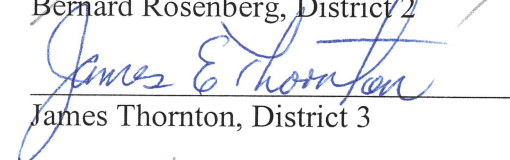
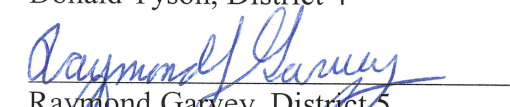
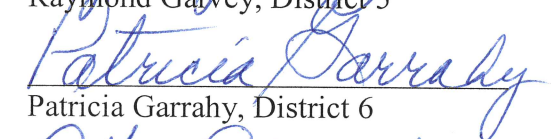
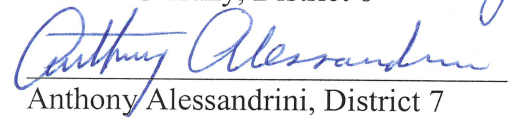
A. Investments of current funds (amounts necessary to fund current year's activities) shall be deposited in interest-earning, federally insured bank accounts or money market funds.

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).

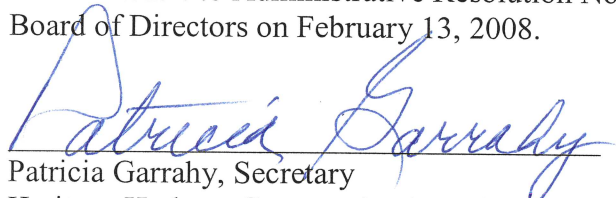
C. Long-term investments shall be in financial products with different maturity dates.

RECORDING FEE 10.00  
TOTAL 10.00  
Rept AA15 Rcpt # 15507  
RPD JJ Blk # 958  
Mar 05, 2008 12:04 PM

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
 Richard Smith, District 1	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
 Bernard Rosenberg, District 2	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
 James Thornton, District 3	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>absent</i> Donald Tyson, District 4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
 Raymond Garvey, District 5	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
 Patricia Garrahy, District 6	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
 Anthony Alessandrini, District 7	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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 # 416	Ref # 98478
RFD KLC	Att # 2218
Jan 24, 2008	02:20 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

✓ 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*

\*2008 JAN 24 P 3:46

RECEIVED FOR RECORD  
CIRCUIT COURT FOR ANNE ARUNDEL COUNTY

## 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.

**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:**

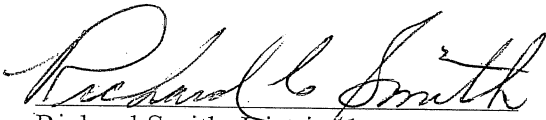
B. No funds shall be borrowed from the Replacement Reserve Fund for any purpose without the explicit approval by the Board of Directors for each case. The borrowing fund shall repay the loan, plus interest, by no later than the end of a term specified by the Board of Directors. The rate of interest shall 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

RECORDING FEE 10.00  
OVER PAYMENT 5.00  
TOTAL 15.00  
Rest AA16 Rcpt # 98476  
RFD KLC Bk # 2219  
Jan 24, 2008 02:20 PM

2008 JAN 31 P. 3:46

RECEIVED FOR RECORD  
CIRCUIT COURT FOR A.A. COUNTY

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.

  
Richard Smith, District 1

Yes

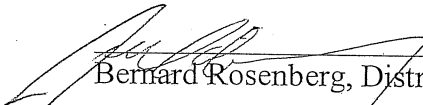
No

Abstain

✓

\_\_\_\_\_

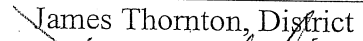
\_\_\_\_\_

  
Bernard Rosenberg, District 2  
absent

✓

\_\_\_\_\_


\_\_\_\_\_

  
James Thornton, District 3

\_\_\_\_\_

\_\_\_\_\_

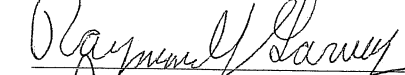
\_\_\_\_\_

  
Donald Tyson, District 4

✓

\_\_\_\_\_

\_\_\_\_\_

  
Raymond Garvey, District 5

✓

\_\_\_\_\_


\_\_\_\_\_

  
Patricia Garrahy, District 6

✓

\_\_\_\_\_

\_\_\_\_\_

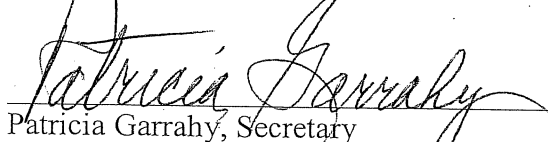
  
Anthony Alessandrini, District 7

✓

\_\_\_\_\_

\_\_\_\_\_

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 25.00  
TOTAL 25.00  
Rest AA16 Rpt # 98470  
RFD KLC Aik # 2218  
Jan 24, 2008 02:20 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

✓ 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*

RECEIVED FOR RECORD  
CIRCUIT COURT FOR ANNE ARUNDEL COUNTY  
2008 JAN 24 P 3:46

## 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.

**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


RECORDING FEE	10.00
OVER PAYMENT	5.00
TOTAL	15.00
Reg# AA16	Rcpt # 98470
RFD KLC	BLK # 2219
Jan 24, 2008	02:20 PM


2008 JAN 24 P 3:46

RECEIVED FOR RECORD  
CIRCUIT COURT FOR A. COUNTY


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.

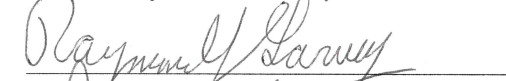
Yes	No	Abstain
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

  
Richard Smith, District 1


  
Bernard Rosenberg, District 2  
*absent*

James Thornton, District 3

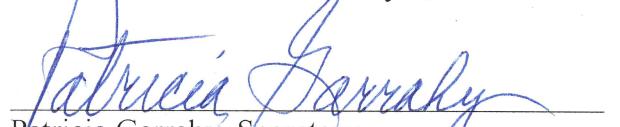
  
Donald Tyson, District 4

  
Raymond Garvey, District 5

  
Patricia Garrahy, District 6

  
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.



## 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.

**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.

RECORDING FEE 10.00  
TOTAL 10.00  
Rest AA13 Rcpt # 90284  
NE Blk # 1023  
OCT 16, 2007 09:49 am

2007 OCT 16 10:02

RECEIVED FOR RECORD  
CIRCUIT COURT OF THE 10TH JUDICIAL CIRCUIT

10

	Yes	No	Abstain
<u>Frank Richter</u> Frank Richter, District 1	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>Bernard Rosenberg</u> Bernard Rosenberg, District 2	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>James E. Thornton</u> James Thornton, District 3	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>Donald L. Tyson</u> Donald Tyson, District 4	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>Raymond Garvey</u> Raymond Garvey, District 5	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>Patricia Garrahy</u> Patricia Garrahy, District 6	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>Anthony Alessandrini</u> Anthony Alessandrini, District 7	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Amendment 2 to Administrative Resolution No. 8 was duly approved at a regular meeting of the Board of Directors on September 12, 2017.

Patricia Garrahy  
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.

**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.

RECORDING FEE 10.00  
TOTAL 10.00  
Rest AA13 Rcpt # 98284  
REC. NE B/L # 1023  
OCT 16, 2007 09:49 am

2001 OCT 16 A 10:02

RECEIVED FOR RECORD  
CIRCUIT COURT OF THE 11TH JUDICIAL CIRCUIT

10

Frank Richter  
Frank Richter, District 1

Yes No Abstain

✓

Bernard Rosenberg  
Bernard Rosenberg, District 2

✓

James E. Thornton  
James Thornton, District 3

✓

Donald Tyson  
Donald Tyson, District 4

✓

Raymond Garvey  
Raymond Garvey, District 5

✓

Patricia Garrahy  
Patricia Garrahy, District 6

✓

Anthony Alessandrini  
Anthony Alessandrini, District 7

✓

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

Patricia Garrahy  
Patricia Garrahy, Secretary  
Heritage Harbour Community Association, Inc.

BOOK -- 26 PAGE 436

**AMENDMENT  
TO HOMEOWNERS DISCLOSURE  
STATEMENT FOR**

**HERITAGE HARBOUR  
COMMUNITY ASSOCIATION, INC.  
(Annapolis)**

RECEIVED  
OCT 27 2003  
CLERK OF COURT  
ANNE ARUNDEL COUNTY  
MD

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 - Imposition of Sanctions - 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

## 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



	Yes	No	Abstain
<u>Janet Everette</u> Janet Everette, District 2	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>Edward Elliott</u> Edward Elliott, District 3	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>Michele Ryan Crofoot</u> Michele Crofoot, District 4	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>Charles Kennedy</u> Charles Kennedy, District 5	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>John Davis</u> John Davis, District 6	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>Arthur Rudmann</u> Arthur Rudmann, District 7	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

BOOK -- 26 PAGE .436

**AMENDMENT  
TO HOMEOWNERS DISCLOSURE  
STATEMENT FOR**

**HERITAGE HARBOUR  
COMMUNITY ASSOCIATION, INC.  
(Annapolis)**

RECEIVED FEE 25.00  
25.00  
REC'D W/12 REC'D # 55002  
RFD W/12 REC'D # 43003  
OCT 24, 2003 OCT 27 PM

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 - Imposition of Sanctions - 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

**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

\_\_\_\_\_

	Yes	No	Abstain
<u>Janet Everette</u> Janet Everette, District 2	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>Edward Elliott</u> Edward Elliott, District 3	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>Michele Ryan Crofoot</u> Michele Crofoot, District 4	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>Charles Kennedy</u> Charles Kennedy, District 5	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>John Davis</u> John Davis, District 6	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>Arthur C. Rudmann</u> Arthur Rudmann, District 7	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

**AMENDMENT  
TO HOMEOWNERS DISCLOSURE  
STATEMENT FOR**

**HERITAGE HARBOUR  
COMMUNITY ASSOCIATION, INC.  
(Annapolis)**

RECEIVED FOR RECORD  
CIRCUIT COURT, A.A. COUNTY  
SEP 22 2003  
SEP 22 2003

03 SEP - 2 PM 3:10  
RECEIVED FOR RECORD  
CIRCUIT COURT, A.A. COUNTY

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

1. ADMINISTRATIVE RESOLUTION NO. 8 - Financial and Accounting Procedures (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

**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
<u>Marguerite F. Garlick</u> Marguerite F. Garlick, District 1	<u>X</u>	<u>      </u>	<u>      </u>
<u>Janet W. Everette</u> Janet Everette, District 2	<u>✓</u>	<u>      </u>	<u>      </u>
<u>Edward M. Elliott</u> Edward Elliott, District 3	<u>✓</u>	<u>      </u>	<u>      </u>
<u>Michele K. Ryan (Crofoot)</u> Michele Crofoot, District 4	<u>✓</u>	<u>      </u>	<u>      </u>
<u>Charles Kennedy</u> Charles Kennedy, District 5	<u>✓</u>	<u>      </u>	<u>      </u>
<u>John Davis</u> John Davis, District 6	<u>✓</u>	<u>      </u>	<u>      </u>
<u>ABSENT</u> Arthur Rudmann, District 7	<u>      </u>	<u>      </u>	<u>      </u>

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

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

## HERITAGE HARBOUR COMMUNITY ASSOCIATION, INC.

DESCRIPTION OF LINE ITEM	2001 Actual	Budget 2002	Forecast 2002	Budget 2003	Forecast 2004	Forecast 2005	Forecast 2006	Forecast 2007
<b>INCOME</b>								
Assessments	\$ 1,620,930	\$ 1,620,200	\$ 1,620,060	\$ 1,620,520	\$ 1,678,980	\$ 1,776,340	\$ 1,835,000	\$ 1,874,090
Other Income	\$ 243,703	\$ 250,860	\$ 237,260	\$ 270,890	\$ 251,310	\$ 187,600	\$ 183,900	\$ 197,620
<b>Total Income</b>	<b>\$ 1,864,633</b>	<b>\$ 1,871,060</b>	<b>\$ 1,857,320</b>	<b>\$ 1,891,410</b>	<b>\$ 1,930,290</b>	<b>\$ 1,963,940</b>	<b>\$ 2,018,900</b>	<b>\$ 2,071,710</b>
<b>Income Distribution</b>								
Replacement Reserve Contribution	\$ 167,800	\$ 129,000	\$ 129,000	\$ 110,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000
Replacement Reserve Cont. Recre.	\$ 2,100	\$ 1,810	\$ 1,810	\$ 1,540	\$ 1,750	\$ 1,750	\$ 1,750	\$ 1,750
Capital Improvement Contribution	\$ 96,270	\$ 96,270	\$ 96,270	\$ 96,270	\$ 96,270	\$ 99,750	\$ 105,550	\$ 109,030
Total Income Distribution	\$ 266,170	\$ 227,080	\$ 227,080	\$ 207,810	\$ 223,020	\$ 226,500	\$ 232,300	\$ 235,780
<b>Net Income to Operations</b>	<b>\$ 1,598,463</b>	<b>\$ 1,643,980</b>	<b>\$ 1,630,240</b>	<b>\$ 1,683,600</b>	<b>\$ 1,707,270</b>	<b>\$ 1,737,440</b>	<b>\$ 1,786,600</b>	<b>\$ 1,835,930</b>
<b>EXPENSES</b>								
Administration	\$ 420,312	\$ 431,960	\$ 437,002	\$ 455,430	\$ 469,130	\$ 483,230	\$ 497,740	\$ 512,690
Bus System Operations	\$ 7,114	\$ 5,000	\$ 4,500	\$ 4,700	\$ 4,850	\$ 5,000	\$ 5,150	\$ 5,300
Utilities	\$ 149,748	\$ 144,900	\$ 152,055	\$ 146,230	\$ 150,620	\$ 155,140	\$ 159,800	\$ 164,580
Cable Television	\$ 200,695	\$ 223,510	\$ 223,125	\$ 227,600	\$ 234,430	\$ 241,460	\$ 248,710	\$ 256,170
Golf Course Repair / Maintenance	\$ 10,547	\$ 12,400	\$ 13,265	\$ 12,700	\$ 13,090	\$ 13,480	\$ 13,880	\$ 14,290
Clubhouse Cartshed Repair / Maint.	\$ 20,434	\$ 21,900	\$ 21,875	\$ 18,580	\$ 19,150	\$ 19,740	\$ 20,330	\$ 20,940
Grounds Care	\$ 55,422	\$ 73,200	\$ 71,625	\$ 68,000	\$ 69,290	\$ 70,620	\$ 76,980	\$ 83,390
Lodge Maint. Operation & Repairs	\$ 103,863	\$ 109,730	\$ 122,008	\$ 134,540	\$ 123,840	\$ 115,030	\$ 121,550	\$ 121,870
Service Agreements	\$ 508,243	\$ 577,500	\$ 552,981	\$ 581,040	\$ 598,480	\$ 616,430	\$ 634,930	\$ 653,990
Public Relations	\$ 506	\$ 3,000	\$ 3,000	\$ 2,500	\$ 2,580	\$ 2,660	\$ 2,740	\$ 2,820
Silver Anniversary Celebration	\$ -	\$ -	\$ -	\$ 7,000	\$ -	\$ -	\$ -	\$ -
Television Activity	\$ 9,285	\$ 8,000	\$ 7,700	\$ 8,200	\$ 8,440	\$ 8,700	\$ 8,960	\$ 9,240
Taxes & Licenses	\$ 28,305	\$ 27,350	\$ 18,090	\$ 18,100	\$ 18,640	\$ 19,200	\$ 19,780	\$ 20,380
Tennis Activity	\$ 4,169	\$ 3,600	\$ 2,508	\$ 2,500	\$ 2,580	\$ 2,660	\$ 2,740	\$ 2,820
Water Aerobics Activity	\$ 34,148	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Projects	\$ 11,500	\$ 1,500	\$ 1,500	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Operating Expense</b>	<b>\$ 1,564,291</b>	<b>\$ 1,643,550</b>	<b>\$ 1,631,234</b>	<b>\$ 1,687,120</b>	<b>\$ 1,715,120</b>	<b>\$ 1,753,350</b>	<b>\$ 1,793,290</b>	<b>\$ 1,843,480</b>
<b>Net Surplus (Deficit)</b>	<b>\$ 34,172</b>	<b>\$ 430</b>	<b>\$ (994)</b>	<b>\$ (3,520)</b>	<b>\$ (7,850)</b>	<b>\$ (15,910)</b>	<b>\$ (6,690)</b>	<b>\$ (7,550)</b>
<b>Monthly Cont. to Assessment</b>	<b>\$ 83</b>	<b>\$ 83</b>	<b>\$ 83</b>	<b>\$ 83</b>	<b>\$ 86</b>	<b>\$ 91</b>	<b>\$ 94</b>	<b>\$ 96</b>



## HERITAGE HARBOUR COMMUNITY ASSOCIATION, INC.

DESCRIPTION OF LINE ITEM	2001 Actual	Budget 2002	Forecast 2002	Budget 2003	Forecast 2004	Forecast 2005	Forecast 2006	Forecast 2007
<b>INCOME</b>								
<b>Assessments</b>								
Class A Member Assessments	\$ 1,604,551	\$ 1,604,560	\$ 1,604,560	\$ 1,604,560	\$ 1,662,550	\$ 1,759,210	\$ 1,817,210	\$ 1,855,870
Recreational Membership Fees	\$ 16,379	\$ 15,640	\$ 15,500	\$ 15,960	\$ 16,430	\$ 17,130	\$ 17,790	\$ 18,220
<b>Total Assessments</b>	<b>\$ 1,620,930</b>	<b>\$ 1,620,200</b>	<b>\$ 1,620,060</b>	<b>\$ 1,620,520</b>	<b>\$ 1,678,980</b>	<b>\$ 1,776,340</b>	<b>\$ 1,835,000</b>	<b>\$ 1,874,090</b>
<b>Other Income</b>								
Social Activities Income	\$ -	\$ 24,000	\$ 24,000	\$ 24,000	\$ 24,720	\$ 25,460	\$ 26,220	\$ 27,010
<i>Harbour Lights</i> Income	\$ 38,941	\$ 38,500	\$ 42,500	\$ 42,500	\$ 43,780	\$ 45,090	\$ 46,440	\$ 47,830
Copy Machine Income	\$ 2,537	\$ 2,300	\$ 2,300	\$ 2,300	\$ 2,370	\$ 2,440	\$ 2,510	\$ 2,590
Music (Chorus) Income	\$ 3,375	\$ 7,500	\$ 7,500	\$ 8,800	\$ 10,100	\$ -	\$ -	\$ -
Prior Year's Correction	\$ 6,380	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Greens Fees	\$ 10,902	\$ 8,500	\$ 8,500	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000
Unlimited Golf Fees	\$ 42,385	\$ 42,000	\$ 39,000	\$ 41,000	\$ 41,000	\$ 41,000	\$ 41,000	\$ 41,000
Interest Income-General	\$ 27,249	\$ 27,610	\$ 12,540	\$ 12,500	\$ 12,880	\$ 13,270	\$ 13,670	\$ 14,080
Interest Income-Government	\$ 70,933	\$ 61,850	\$ 60,320	\$ 49,790	\$ 51,280	\$ 52,820	\$ 54,410	\$ 56,040
Miscellaneous Income	\$ 12,084	\$ 4,000	\$ 6,000	\$ 6,000	\$ 6,180	\$ 6,370	\$ 6,560	\$ 6,760
Excess Operating Reserve		\$ 34,600	\$ 34,600	\$ 75,000	\$ 50,000	\$ (7,850)	\$ (15,910)	\$ (6,690)
Water Aerobic Fees	\$ 28,917	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Other Income</b>	<b>\$ 243,703</b>	<b>\$ 250,860</b>	<b>\$ 237,260</b>	<b>\$ 270,890</b>	<b>\$ 251,310</b>	<b>\$ 187,600</b>	<b>\$ 183,900</b>	<b>\$ 197,620</b>
<b>Income Distribution</b>								
Replacement Reserve Contribution	\$ 167,800	\$ 129,000	\$ 129,000	\$ 110,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000
Replacement Reserve Cont. Recre.	\$ 2,100	\$ 1,810	\$ 1,810	\$ 1,540	\$ 1,750	\$ 1,750	\$ 1,750	\$ 1,750
Capital Improvement Contributions	\$ 96,270	\$ 96,270	\$ 96,270	\$ 96,270	\$ 96,270	\$ 99,750	\$ 105,550	\$ 109,030
Total Income Distribution	\$ 266,170	\$ 227,080	\$ 227,080	\$ 207,810	\$ 223,020	\$ 226,500	\$ 232,300	\$ 235,780
<b>Net Income to Operations</b>	<b>\$ 1,598,463</b>	<b>\$ 1,643,980</b>	<b>\$ 1,630,240</b>	<b>\$ 1,683,600</b>	<b>\$ 1,707,270</b>	<b>\$ 1,737,440</b>	<b>\$ 1,786,600</b>	<b>\$ 1,835,930</b>

## HERITAGE HARBOUR COMMUNITY ASSOCIATION, INC.

DESCRIPTION OF LINE ITEM	2001 Actual	Budget 2002	Forecast 2002	Budget 2003	Forecast 2004	Forecast 2005	Forecast 2006	Forecast 2007
<b>EXPENSES</b>								
<b>Administrative</b>								
Advertising Help Wanted	\$ 458	\$ 500	\$ 245	\$ 250	\$ 260	\$ 270	\$ 280	\$ 290
Auto Mileage Reimbursement	\$ 520	\$ 500	\$ 600	\$ 600	\$ 620	\$ 640	\$ 660	\$ 680
Copying	\$ 1,312	\$ 1,500	\$ 1,150	\$ 1,250	\$ 1,290	\$ 1,330	\$ 1,370	\$ 1,410
Dues & Subscriptions	\$ 450	\$ 500	\$ 535	\$ 550	\$ 570	\$ 590	\$ 610	\$ 630
Coupons & Labels	\$ 3,272	\$ 3,200	\$ 2,900	\$ 3,000	\$ 3,090	\$ 3,180	\$ 3,280	\$ 3,380
Bank Fees	\$ 2,719	\$ 3,000	\$ 2,000	\$ 2,000	\$ 2,060	\$ 2,120	\$ 2,180	\$ 2,250
Harbour Lights Expenses	\$ 38,888	\$ 38,500	\$ 35,100	\$ 36,500	\$ 37,600	\$ 38,730	\$ 39,890	\$ 41,090
Directory	\$ 6,228	\$ 6,500	\$ 5,800	\$ 6,000	\$ 6,180	\$ 6,370	\$ 6,560	\$ 6,760
Office Equipment & Furniture	\$ 850	\$ 1,200	\$ 800	\$ 200	\$ 210	\$ 220	\$ 230	\$ 240
Computer Supplies	\$ 902	\$ 1,200	\$ 600	\$ 1,000	\$ 1,030	\$ 1,060	\$ 1,090	\$ 1,120
Internet Connections	\$ 441	\$ 450	\$ 450	\$ 1,200	\$ 1,240	\$ 1,280	\$ 1,320	\$ 1,360
Office Equipment Repairs & Maint.	\$ 412	\$ 1,100	\$ 700	\$ 1,000	\$ 1,030	\$ 1,060	\$ 1,090	\$ 1,120
Office Supplies	\$ 3,818	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,610	\$ 3,720	\$ 3,830	\$ 3,950
Postage and Printing	\$ 9,019	\$ 9,000	\$ 8,000	\$ 8,000	\$ 8,240	\$ 8,490	\$ 8,750	\$ 9,010
Uncollectible Charges	\$ 285	\$ 1,500	\$ 75	\$ 500	\$ 520	\$ 540	\$ 560	\$ 580
Administrative Miscellaneous	\$ 6,125	\$ 5,000	\$ 6,600	\$ 5,300	\$ 5,460	\$ 5,620	\$ 5,790	\$ 5,960
Auditor	\$ 5,425	\$ 5,430	\$ 5,000	\$ 5,100	\$ 5,250	\$ 5,410	\$ 5,570	\$ 5,740
Legal	\$ 15,051	\$ 8,000	\$ 13,768	\$ 10,000	\$ 10,300	\$ 10,610	\$ 10,930	\$ 11,260
Management Fees	\$ 132,000	\$ 134,900	\$ 152,154	\$ 159,270	\$ 164,050	\$ 168,970	\$ 174,040	\$ 179,260
Insurance	\$ 24,127	\$ 23,100	\$ 28,440	\$ 32,000	\$ 32,960	\$ 33,950	\$ 34,970	\$ 36,020
Survey	\$ -	\$ -	\$ 5,800	\$ -	\$ -	\$ -	\$ -	\$ -
Temporary Help	\$ 3,044	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,580	\$ 2,660	\$ 2,740	\$ 2,820
Payroll Reimbursement	\$ 164,966	\$ 180,880	\$ 160,285	\$ 175,710	\$ 180,980	\$ 186,410	\$ 192,000	\$ 197,760
<b>Total Administrative</b>	<b>\$ 420,312</b>	<b>\$ 431,960</b>	<b>\$ 437,002</b>	<b>\$ 455,430</b>	<b>\$ 469,130</b>	<b>\$ 483,230</b>	<b>\$ 497,740</b>	<b>\$ 512,690</b>
<b>Bus System Operations</b>								
Bus Repair / Maintenance	\$ 4,948	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,580	\$ 2,660	\$ 2,740	\$ 2,820
Fuel - Bus	\$ 2,166	\$ 2,500	\$ 2,000	\$ 2,200	\$ 2,270	\$ 2,340	\$ 2,410	\$ 2,480
<b>Total Bus System</b>	<b>\$ 7,114</b>	<b>\$ 5,000</b>	<b>\$ 4,500</b>	<b>\$ 4,700</b>	<b>\$ 4,850</b>	<b>\$ 5,000</b>	<b>\$ 5,150</b>	<b>\$ 5,300</b>

## HERITAGE HARBOUR COMMUNITY ASSOCIATION, INC.

DESCRIPTION OF LINE ITEM	2001 Actual	Budget 2002	Forecast 2002	Budget 2003	Forecast 2004	Forecast 2005	Forecast 2006	Forecast 2007
<b>Utilities</b>								
Electricity - Street Lights	\$ 30,575	\$ 29,700	\$ 29,325	\$ 28,830	\$ 29,700	\$ 30,590	\$ 31,510	\$ 32,450
Electricity - Buildings	\$ 98,678	\$ 96,000	\$ 102,890	\$ 98,000	\$ 100,940	103,970	\$ 107,090	\$ 110,300
Gas	\$ 1,078	\$ 1,200	\$ 1,250	\$ 1,300	\$ 1,340	\$ 1,380	\$ 1,420	\$ 1,460
Water and Sewer	\$ 7,371	\$ 6,000	\$ 7,065	\$ 7,100	\$ 7,310	\$ 7,530	\$ 7,760	\$ 7,990
Telephone	\$ 12,046	\$ 12,000	\$ 11,525	\$ 11,000	\$ 11,330	\$ 11,670	\$ 12,020	\$ 12,380
<b>Total Utilities</b>	<b>\$ 149,748</b>	<b>\$ 144,900</b>	<b>\$ 152,055</b>	<b>\$ 146,230</b>	<b>\$ 150,620</b>	<b>\$ 155,140</b>	<b>\$ 159,800</b>	<b>\$ 164,580</b>
<b>Cable TV</b>								
Clubhouse Cable TV	\$ 234	\$ 290	\$ 275	\$ 290	\$ 300	\$ 310	\$ 320	\$ 330
Bulk Cable TV	\$ 200,461	\$ 223,220	\$ 222,850	\$ 227,310	\$ 234,130	\$ 241,150	\$ 248,390	\$ 255,840
<b>Total Cable TV</b>	<b>\$ 200,695</b>	<b>\$ 223,510</b>	<b>\$ 223,125</b>	<b>\$ 227,600</b>	<b>\$ 234,430</b>	<b>\$ 241,460</b>	<b>\$ 248,710</b>	<b>\$ 256,170</b>
<b>Golf Course Repair/Maintenance</b>								
Golf Course Non-Contract	\$ 7,952	\$ 9,200	\$ 10,500	\$ 9,500	\$ 9,790	\$ 10,080	\$ 10,380	\$ 10,690
Golf Equipment / Supplies	\$ 2,595	\$ 2,200	\$ 2,765	\$ 2,200	\$ 2,270	\$ 2,340	\$ 2,410	\$ 2,480
Animal Control	\$ -	\$ 1,000	\$ -	\$ 1,000	\$ 1,030	\$ 1,060	\$ 1,090	\$ 1,120
<b>Total Golf Course Rep./Maint.</b>	<b>\$ 10,547</b>	<b>\$ 12,400</b>	<b>\$ 13,265</b>	<b>\$ 12,700</b>	<b>\$ 13,090</b>	<b>\$ 13,480</b>	<b>\$ 13,880</b>	<b>\$ 14,290</b>
<b>Clubhouse/Chartshed Rep. Maint.</b>								
HVAC Repairs & Maintenance	\$ 5,484	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,580	\$ 2,660	\$ 2,740	\$ 2,820
Awning Over Side Patio	\$ -	\$ 3,500	\$ 3,575	\$ -	\$ -	\$ -	\$ -	\$ -
Spring/Fall Cleaning (Special)	\$ 875	\$ 2,400	\$ 2,200	\$ 2,200	\$ 2,270	\$ 2,340	\$ 2,410	\$ 2,480
Clubhouse/Chartshed Rep. Maint.	\$ 6,294	\$ 6,000	\$ 7,000	\$ 7,000	\$ 7,210	\$ 7,430	\$ 7,650	\$ 7,880
Dining Room Equipment/Supplies	\$ 2,015	\$ 3,500	\$ 3,500	\$ 5,030	\$ 5,180	\$ 5,340	\$ 5,500	\$ 5,670
Dining Room Special Maint. Projects	\$ 5,703	\$ 3,500	\$ 2,600	\$ 1,350	\$ 1,390	\$ 1,430	\$ 1,470	\$ 1,510
Clubhouse Furniture	\$ 63	\$ 500	\$ 500	\$ 500	\$ 520	\$ 540	\$ 560	\$ 580
<b>Total Clubhouse Dining Room Expenses</b>	<b>\$ 20,434</b>	<b>\$ 21,900</b>	<b>\$ 21,875</b>	<b>\$ 18,580</b>	<b>\$ 19,150</b>	<b>\$ 19,740</b>	<b>\$ 20,330</b>	<b>\$ 20,940</b>
<b>Grounds Care</b>								
RV Lot Projects	\$ -	\$ 2,500	\$ 1,000	\$ 1,000	\$ 1,030	\$ 1,060	\$ 1,090	\$ 1,120
Clubhouse Lighting Project	\$ -	\$ 3,700	\$ 3,925	\$ -	\$ -	\$ -	\$ -	\$ -
Grounds Non-Contract	\$ 45,378	\$ 40,000	\$ 40,000	\$ 40,000	\$ 41,200	\$ 42,440	\$ 43,710	\$ 45,020
Grounds Supplies	\$ 1,607	\$ 2,000	\$ 1,700	\$ 2,000	\$ 2,060	\$ 2,120	\$ 2,180	\$ 2,250
Replace Bradford Pear Trees	\$ -	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ -	\$ -
Storm Water Drain Maintenance	\$ 8,437	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
<b>Total Grounds</b>	<b>\$ 55,422</b>	<b>\$ 73,200</b>	<b>\$ 71,625</b>	<b>\$ 68,000</b>	<b>\$ 69,290</b>	<b>\$ 70,620</b>	<b>\$ 56,980</b>	<b>\$ 58,390</b>

## HERITAGE HARBOUR COMMUNITY ASSOCIATION, INC.

DESCRIPTION OF LINE ITEM	2001 Actual	Budget 2002	Forecast 2002	Budget 2003	Forecast 2004	Forecast 2005	Forecast 2006	Forecast 2007
<b>Lodge Maint. Oper. &amp; Repairs</b>								
Social Activities Committee	\$ -	\$ 24,000	\$ 24,000	\$ 24,000	\$ 24,720	\$ 25,460	\$ 26,220	\$ 27,010
HVAC Repairs & Maintenance	\$ 12,509	\$ 5,000	\$ 15,000	\$ 5,000	\$ 5,150	\$ 5,310	\$ 5,470	\$ 5,630
Exterminator Non Contact	\$ 265	\$ 550	\$ 580	\$ 600	\$ 620	\$ 640	\$ 660	\$ 680
Decorating	\$ 228	\$ 1,000	\$ 1,000	\$ 4,500	\$ 4,640	\$ 4,780	\$ 4,920	\$ 5,070
General Supplies	\$ 14,661	\$ 14,000	\$ 16,000	\$ 15,000	\$ 15,450	\$ 15,910	\$ 16,390	\$ 16,880
Medical Supplies (AED Maint. & Train)	\$ 7,307	\$ 1,000	\$ 1,000	\$ 3,400	\$ 3,500	\$ 3,610	\$ 3,720	\$ 3,830
Lodge Repairs & Maintenance	\$ 47,318	\$ 40,000	\$ 40,000	\$ 40,000	\$ 41,200	\$ 42,440	\$ 43,710	\$ 45,020
Energy Management Systems R&M	\$ -	\$ 500	\$ 250	\$ -	\$ -	\$ -	\$ -	\$ -
Pool Non Contract	\$ 9,246	\$ 8,000	\$ 8,500	\$ 8,000	\$ 8,240	\$ 8,490	\$ 8,750	\$ 9,010
Pool Supplies	\$ 768	\$ 500	\$ 560	\$ 500	\$ 520	\$ 540	\$ 560	\$ 580
Ionization System for Outdoor Pool				\$ 3,500	\$ -	\$ -	\$ -	\$ -
Exercise Room Repair & Maintenance	\$ 994	\$ 1,000	\$ 750	\$ 1,000	\$ 1,030	\$ 1,060	\$ 1,090	\$ 1,120
Billiards Equipment & Supplies	\$ 55	\$ 150	\$ 150	\$ 3,250	\$ 150	\$ 150	\$ 3,300	\$ 150
Chorus	\$ 4,935	\$ 8,100	\$ 8,336	\$ 11,800	\$ 12,100	\$ -	\$ -	\$ -
Library	\$ 748	\$ 730	\$ 582	\$ 700	\$ 720	\$ 740	\$ 760	\$ 780
Woodworking Shop	\$ 804	\$ 2,200	\$ 2,200	\$ 6,340	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
Sound & Stage Lights	\$ -	\$ -	\$ -	\$ 3,750	\$ 500	\$ 500	\$ 500	\$ 500
Uniforms and Mats	\$ 4,025	\$ 3,000	\$ 3,100	\$ 3,200	\$ 3,300	\$ 3,400	\$ 3,500	\$ 3,610
<b>Total Lodge Maint. Oper. &amp; Rep.</b>	<b>\$ 103,863</b>	<b>\$ 109,730</b>	<b>\$ 122,008</b>	<b>\$ 134,540</b>	<b>\$ 123,840</b>	<b>\$ 115,030</b>	<b>\$ 121,550</b>	<b>\$ 121,870</b>
<b>Service Agreements</b>								
Copier Maintenance Contracts	\$ 1,279	\$ 1,300	\$ 700	\$ 1,250	\$ 1,290	\$ 1,330	\$ 1,370	\$ 1,410
Snow Pushing Contract	\$ 6,259	\$ 15,000	\$ 1,000	\$ 15,000	\$ 15,450	\$ 15,910	\$ 16,390	\$ 16,880
Swim. Pool Management Contract	\$ 70,515	\$ 89,420	\$ 85,970	\$ 85,770	\$ 88,340	\$ 90,990	\$ 93,720	\$ 96,530
Golf Course Toilet Facility	\$ 1,370	\$ 1,400	\$ 1,370	\$ 1,400	\$ 1,440	\$ 1,480	\$ 1,520	\$ 1,570
Exercise Equipment Contract	\$ 1,375	\$ 1,420	\$ 1,340	\$ 1,400	\$ 1,440	\$ 1,480	\$ 1,520	\$ 1,570
Golf Professional Contract	\$ 44,846	\$ 43,950	\$ 43,946	\$ 44,980	\$ 46,330	\$ 47,720	\$ 49,150	\$ 50,630
Golf Course Maintenance Contract	\$ 175,359	\$ 179,250	\$ 179,215	\$ 183,430	\$ 188,930	\$ 194,600	\$ 200,440	\$ 206,450
HVAC Maintenance Contract	\$ 10,638	\$ 11,000	\$ 10,705	\$ 10,960	\$ 11,290	\$ 11,630	\$ 11,980	\$ 12,340
Elevator Contract	\$ 2,851	\$ 2,940	\$ 2,905	\$ 3,050	\$ 3,140	\$ 3,230	\$ 3,330	\$ 3,430
Energy Management Sys. Contract	\$ 3,600	\$ 3,680	\$ 3,600	\$ 3,600	\$ 3,710	\$ 3,820	\$ 3,940	\$ 4,060
Exterminator Contract	\$ 1,132	\$ 1,490	\$ 1,100	\$ 1,200	\$ 1,240	\$ 1,280	\$ 1,320	\$ 1,360
Clubhouse Cleaning Contract	\$ 8,000	\$ 7,800	\$ 7,665	\$ 6,200	\$ 6,390	\$ 6,580	\$ 6,780	\$ 6,980
Grounds Maintenance Contract	\$ 69,570	\$ 95,850	\$ 94,800	\$ 97,030	\$ 99,940	\$ 102,940	\$ 106,030	\$ 109,210
Security Contract	\$ 108,207	\$ 119,750	\$ 115,480	\$ 122,570	\$ 126,250	\$ 130,040	\$ 133,940	\$ 137,960
Trash Removal	\$ 3,242	\$ 3,250	\$ 3,185	\$ 3,200	\$ 3,300	\$ 3,400	\$ 3,500	\$ 3,610
<b>Total Services Agreements</b>	<b>\$ 508,243</b>	<b>\$ 577,500</b>	<b>\$ 552,981</b>	<b>\$ 581,040</b>	<b>\$ 598,480</b>	<b>\$ 616,430</b>	<b>\$ 634,930</b>	<b>\$ 653,990</b>

## HERITAGE HARBOUR COMMUNITY ASSOCIATION, INC.

DESCRIPTION OF LINE ITEM	2001 Actual	Budget 2002	Forecast 2002	Budget 2003	Forecast 2004	Forecast 2005	Forecast 2006	Forecast 2007
Public Relations								
Public Relations	\$ 506	\$ 3,000	\$ 3,000	\$ 2,500	\$ 2,580	\$ 2,660	\$ 2,740	\$ 2,820
<b>Total Public Relations</b>	<b>\$ 506</b>	<b>\$ 3,000</b>	<b>\$ 3,000</b>	<b>\$ 2,500</b>	<b>\$ 2,580</b>	<b>\$ 2,660</b>	<b>\$ 2,740</b>	<b>\$ 2,820</b>
Silver Anniversary Projects				\$ 7,000				
<b>Total Silver Anniversary</b>				<b>\$ 7,000</b>				
Television Activity								
TV Equipment and Supplies	\$ 6,585	\$ 5,000	\$ 5,000	\$ 5,100	\$ 5,250	\$ 5,410	\$ 5,570	\$ 5,740
Engineer Services	\$ 2,700	\$ 3,000	\$ 2,700	\$ 3,100	\$ 3,190	\$ 3,290	\$ 3,390	\$ 3,500
<b>Total TV Activity Expense</b>	<b>\$ 9,285</b>	<b>\$ 8,000</b>	<b>\$ 7,700</b>	<b>\$ 8,200</b>	<b>\$ 8,440</b>	<b>\$ 8,700</b>	<b>\$ 8,960</b>	<b>\$ 9,240</b>
Taxes & Licenses								
Income Taxes	\$ 25,209	\$ 23,500	\$ 15,000	\$ 15,000	\$ 15,450	\$ 15,910	\$ 16,390	\$ 16,880
Real Estate Tax	\$ 85	\$ -	\$ 90	\$ 100	\$ 100	\$ 110	\$ 110	\$ 120
Licenses, Fees and Permits	\$ 3,011	\$ 3,850	\$ 3,000	\$ 3,000	\$ 3,090	\$ 3,180	\$ 3,280	\$ 3,380
<b>Total Taxes &amp; Licenses</b>	<b>\$ 28,305</b>	<b>\$ 27,350</b>	<b>\$ 18,090</b>	<b>\$ 18,100</b>	<b>\$ 18,640</b>	<b>\$ 19,200</b>	<b>\$ 19,780</b>	<b>\$ 20,380</b>
Tennis Activity								
Tennis Court Repair & Maintenance	\$ 3,287	\$ 2,500	\$ 1,508	\$ 1,500	\$ 1,550	\$ 1,600	\$ 1,650	\$ 1,700
Tennis Courts Equipment & Supplies	\$ 882	\$ 1,100	\$ 1,000	\$ 1,000	\$ 1,030	\$ 1,060	\$ 1,090	\$ 1,120
<b>Total Tennis Activity Expense</b>	<b>\$ 4,169</b>	<b>\$ 3,600</b>	<b>\$ 2,508</b>	<b>\$ 2,500</b>	<b>\$ 2,580</b>	<b>\$ 2,660</b>	<b>\$ 2,740</b>	<b>\$ 2,820</b>
Water Aerobics Activity								
Instructor - Water Aerobics	\$ 20,349	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lifeguards	\$ 13,799	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Water Aerobics Expense</b>	<b>\$ 34,148</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Special Projects								
Special Projects	\$ 11,500	\$ 1,500						
<b>Total Special Projects</b>	<b>\$ 11,500</b>	<b>\$ 1,500</b>	<b>\$ 1,500</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Total Operating Expenses	\$ 1,564,291	\$ 1,643,550	\$ 1,631,234	\$ 1,687,120	\$ 1,715,120	\$ 1,753,350	\$ 1,793,290	\$ 1,843,480
Net Surplus (Deficit)	\$ 34,172	\$ 430	\$ (994)	\$ (3,520)	\$ (7,850)	\$ (15,910)	\$ (6,690)	\$ (7,550)



HERITAGE HARBOUR COMMUNITY ASSOCIATION, INC.

DESCRIPTION OF LINE ITEM	2001 Actual	Budget 2002	Forecast 2002	Budget 2003	Forecast 2004	Forecast 2005	Forecast 2006	Forecast 2007
<b>REPLACEMENT RESERVES</b>								
<i>Replacement Reserve Expenses</i>								
Office Renovation	\$ -		\$ 26,300	\$ -	\$ -	\$ -	\$ -	\$ -
Lodge Office Copier	\$ -		\$ -	\$ -	\$ 12,000	\$ -	\$ -	\$ -
Lodge Office Computers	\$ -		\$ -	\$ -	\$ -	\$ -	\$ 6,000	\$ -
Ceilings	\$ -		\$ 31,740	\$ 4,000	\$ -	\$ -	\$ -	\$ -
Auditorium Ceiling	\$ 19,710		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Carpeting	\$ 3,763		\$ -	\$ -	\$ 51,000	\$ -	\$ -	\$ -
Lodge Exterior Doors and Jams	\$ -		\$ 26,325	\$ -	\$ -	\$ -	\$ -	\$ -
Elevator	\$ -		\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ -
Auditorium Lighting	\$ 28,138		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lodge HVAC	\$ 11,686	\$ 30,000	\$ 41,000	\$ 22,000	\$ -	\$ -	\$ -	\$ -
Hot Water Heaters	\$ 1,738	\$ 2,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Television Equipment	\$ -		\$ 1,000	\$ 10,200	\$ -	\$ -	\$ 15,000	\$ -
25 Passenger Bus	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ 85,000
Asphalt	\$ 4,981	\$ 80,000	\$ 115,000	\$ 7,000	\$ 50,000	\$ 82,000	\$ 50,000	\$ -
Concrete	\$ 21,935	\$ 10,000	\$ 1,780	\$ 10,000	\$ -	\$ 25,000	\$ -	\$ -
Retaining Walls	\$ 37,498	\$ 50,000	\$ 31,000	\$ 50,000	\$ -	\$ 36,000	\$ -	\$ -
Elevator		\$ 30,000						
Split Rail Fencing					\$ 10,000			
Exterior Furnishings						\$ 5,500		
Chain-link Fence at Stairs to Dock						\$ 13,000		
Pool Equipment	\$ 16,681	\$ 11,000	\$ 16,720	\$ 5,000	\$ -	\$ -	\$ -	\$ -
Locker Room Renovations	\$ -		\$ -	\$ 80,000	\$ -	\$ -	\$ -	\$ -
Lodge Deck Planters	\$ -	\$ 20,000	\$ 28,000	\$ -	\$ -	\$ -	\$ -	\$ -
Pool Area Concrete	\$ -		\$ 4,900	\$ 10,000	\$ -	\$ -	\$ 16,000	\$ -
Wood Shop	\$ 4,877	\$ 4,600	\$ 2,455	\$ 2,000	\$ -	\$ -	\$ -	\$ -
Built-Up Roof	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,000
Clubhouse Parking Lot Lighting	\$ -		\$ -	\$ -	\$ -	\$ -	\$ 14,200	
Dining Room (Small Refrigerator)	\$ -	\$ 2,500	\$ 3,472	\$ -	\$ -	\$ -	\$ -	\$ -
Dining Room Equipment	\$ 15,000		\$ 250	\$ -	\$ -	\$ -	\$ -	\$ -
Tennis Equipment	\$ 1,661		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Golf Course Bridges	\$ 18,481	\$ 20,000	\$ 21,540	\$ -	\$ -	\$ -	\$ -	\$ -
Rebuild #5 Men's Tee Box	\$ -	\$ 10,000	\$ -	\$ 25,000	\$ -	\$ -	\$ -	\$ -
Storm Water Drain Restoration	\$ -		\$ 35,000	\$ -	\$ -	\$ -	\$ -	\$ -

BOOK 0026 PAGE 359

HERITAGE HARBOUR COMMUNITY ASSOCIATION, INC.

DESCRIPTION OF LINE ITEM	2001 Actual	Budget 2002	Forecast 2002	Budget 2003	Forecast 2004	Forecast 2005	Forecast 2006	Forecast 2007
Overhaul Tennis Court Fence	\$ -	\$ 8,000	\$ 7,570	\$ -	\$ -	\$ -	\$ -	\$ -
Pier at South River	\$ 6,850		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation	\$ 21,326		\$ 18,900	\$ 16,500	\$ -	\$ -	\$ -	\$ -
Refurbish Entrance Sign	\$ -			\$ 5,000	\$ -	\$ -	\$ -	\$ -
Repair/Replacement Reserve Study	\$ -		\$ -	\$ 10,000	\$ -	\$ -	\$ -	\$ 5,000
Furnishings (Interior Décor)	\$ -		\$ -	\$ 19,500	\$ -	\$ 64,000	\$ -	\$ 64,000
<b>Total Repair/Replacement Fund</b>	<b>\$ 214,325</b>	<b>\$ 278,600</b>	<b>\$ 412,952</b>	<b>\$ 276,200</b>	<b>\$ 148,000</b>	<b>\$ 225,500</b>	<b>\$ 101,200</b>	<b>\$ 215,000</b>

BOOK 0026 PAGE 360

## HERITAGE HARBOUR COMMUNITY ASSOCIATION, INC.

DESCRIPTION OF LINE ITEM	2001 Actual	Budget 2002	Forecast 2002	Budget 2003	Forecast 2004	Forecast 2005	Forecast 2006	Forecast 2007
<b>CAPITAL IMPROVEMENT</b>								
Balance Forward	\$ 172,257	\$ 193,061	\$ 211,420	\$ 254,826	\$ (171,704)	\$ (116,434)	\$ (57,684)	\$ 6,866
Class A Assessments	\$ 96,270	\$ 96,270	\$ 96,270	\$ 96,270	\$ 96,270	\$ 99,750	\$ 105,550	\$ 109,030
<b>Total Contributions</b>	<b>\$ 268,527</b>	<b>\$ 289,331</b>	<b>\$ 307,690</b>	<b>\$ 351,096</b>	<b>\$ (75,434)</b>	<b>\$ (16,684)</b>	<b>\$ 47,866</b>	<b>\$ 115,896</b>
<i>Prior Year Encumbrances</i>								
Clubhouse Area Drainage	\$ 23,054	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Clubhouse Walkway	\$ 1,965	\$ 15,000	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ -
Clubhouse Handicapped Parking	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lodge Expansion Study	\$ 2,446	\$ 5,300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Soft Ice Cream Machine (Donations)	\$ (1,556)		\$ -	\$ (1,556)	\$ -	\$ -	\$ -	\$ -
Soft Ice Cream Machine	\$ -		\$ -	\$ 1,556	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 27,465</b>	<b>\$ 20,300</b>	<b>\$ 15,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Funds Available</b>	<b>\$ 241,062</b>	<b>\$ 269,031</b>	<b>\$ 292,690</b>	<b>\$ 351,096</b>	<b>\$ (75,434)</b>	<b>\$ (16,684)</b>	<b>\$ 47,866</b>	<b>\$ 115,896</b>
<i>Expenditures</i>								
<b>Clubhouse Projects</b>								
Clubhouse Patio Enclosure	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Walk-In Refrigerator/Freezer	\$ 22,815		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Back Room Sink	\$ (320)	\$ 750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cart Shed Expansion	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Stainless Steel Panels	\$ 1,875		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sound Absorbing Panels	\$ -	\$ 2,500	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Lodge Projects</b>								
Lodge Bar Shutter	\$ (500)		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TV8 Equipment	\$ 2,022	\$ 6,000	\$ 6,000	\$ -	\$ -	\$ -	\$ -	\$ -
Woodshop-Electrical Upgrade	\$ -	\$ 8,000	\$ 8,000	\$ -	\$ -	\$ -	\$ -	\$ -
Woodshop-Filtration or Floor	\$ -	\$ 8,000	\$ 8,000	\$ -	\$ -	\$ -	\$ -	\$ -
Office Expansion			\$ 5,321	\$ -	\$ -	\$ -	\$ -	\$ -
Create Conference Room			\$ 7,691	\$ -	\$ -	\$ -	\$ -	\$ -
Non-skid Safety Floor	\$ -			\$ 6,500	\$ -	\$ -	\$ -	\$ -
Walk-way to Outdoor Pool	\$ -			\$ -	\$ -	\$ -	\$ -	\$ -
Auditorium/Stage Renovations	\$ -		\$ -	\$ 320,000	\$ -	\$ -	\$ -	\$ -
Plant Room Renovations	\$ -		\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ -
Install Door & Finish Storage Room				\$ 10,000				
Relocate Aerobics Exercise Room				\$ 20,000				
Construct Out Building Behind Lodge	\$ -		\$ -	\$ 25,000	\$ -	\$ -	\$ -	\$ -

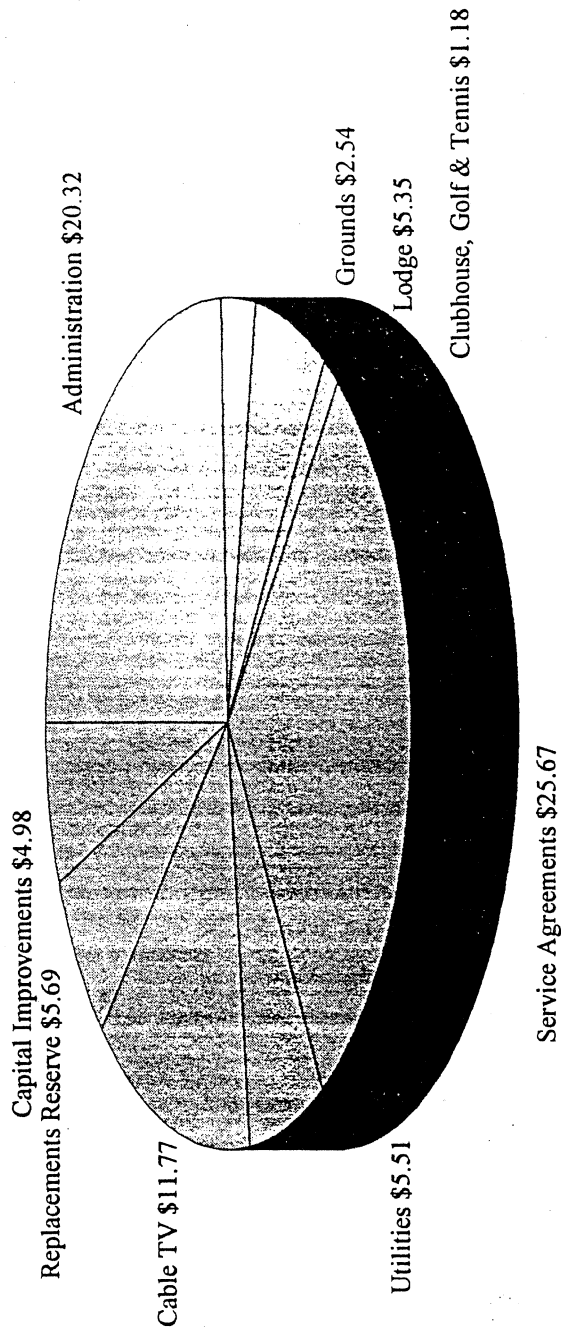


## HERITAGE HARBOUR COMMUNITY ASSOCIATION, INC.

DESCRIPTION OF LINE ITEM	2001 Actual	Budget 2002	Forecast 2002	Budget 2003	Forecast 2004	Forecast 2005	Forecast 2006	Forecast 2007
Exercise Room Projects		\$ 3,400			\$ -	\$ -	\$ -	\$ -
New Equipment	\$ 3,750		\$ -	\$ 3,600	\$ -	\$ -	\$ -	\$ -
Expansion of Locker Rooms/Exercise	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grounds Projects					\$ -	\$ -	\$ -	\$ -
Engineering Study for Entrance Design	\$ -	\$ 5,000	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -
Implement New Design of Entrance	\$ -			\$ 10,000	\$ -	\$ -	\$ -	\$ -
Relocate Clubhouse Driveway	\$ -			\$ 25,000	\$ -	\$ -	\$ -	\$ -
Lodge Pathway Lighting	\$ -			\$ 6,000	\$ -	\$ -	\$ -	\$ -
RV Lot Water & Sewer				\$ 5,700	\$ -	\$ -	\$ -	\$ -
Swimming Pool Projects				\$ -	\$ -	\$ -	\$ -	\$ -
Walkway, cover and heat Outdoor Pool	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cover indoor pool, convert to exercise	\$ -			\$ -	\$ -	\$ -	\$ -	\$ -
Tennis Activity Projects					\$ -	\$ -	\$ -	\$ -
All Weather Enclosure Study	\$ -	\$ 5,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
All Weather Enclosure				\$ -	\$ -	\$ -	\$ -	\$ -
Resurface Two Tennis Courts	\$ -	\$ 25,000	\$ -	\$ 41,000	\$ 41,000	\$ 41,000	\$ 41,000	\$ 20,500
Contingency Reserve				\$ -	\$ -	\$ -	\$ -	\$ -
					\$ -	\$ -	\$ -	\$ -
<b>Total Expenditure</b>	\$ 29,642	\$ 64,150	\$ 45,012	\$ 522,800	\$ 41,000	\$ 41,000	\$ 41,000	\$ 20,500
<b>Balance Forward</b>	\$ 211,420		\$ 247,678	\$ (171,704)	\$ (116,434)	\$ (57,684)	\$ 6,866	\$ 95,396

# HERITAGE HARBOUR COMMUNITY ASSOCIATION

Allocation of 2003 Operations Budget



**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 2006 and \$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 \$75,000

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.

RECREATIONAL MEMBER ASSESSMENT CALCULATION  
FOR 2003 BUDGET

<u>Line</u>	<u>Description</u>	<u>Amount</u>	<u>Source</u>
1	Total Operations Expenses	\$ 1,687,120	(2003 Budget)
2	Less: TV 8 Activity	\$ 8,200	Budget - Page 1
3	Taxes & Licenses	18,100	Budget - Page 1
4	Net Operations Expenses	\$ 1,660,820	Budget - Page 1
			Line 1 - (Li. 2 + Li.3)
5	Direct Recreation Related Operations Expenses		
6	Clubhouse & Golf Course R & M & Course Maint. Contr.	\$ 214,710	Budget - Pages 1 & 5
7	Clubhouse Cleaning Contract & Trash Removal	9,400	Budget - Page 5
8	Exercise Equipment Maint. Contract	1,400	Budget - Page 5
9	Electricity - Buildings	98,000	Budget - Page 4
10	Natural Gas	1,300	Budget - Page 4
11	Water & Sewer	7,100	Budget - Page 4
12	Golf Activity	46,380	Budget - Page 4 & 5
13	Lodge Maintenance, Operation & Repair	153,350	Budget - Page 5
14	Swimming Activity	85,770	Budget - Page 5
15	Tennis Activity	2,500	Budget - Page 1
16	Total Direct Recreation Related Expenses	\$ 619,910	Sum of Lines 6 through 15
17	Indirect Operations Expenses		
18	Administration	\$ 455,430	Budget - Page 1
19	Copier Maintenance Contract	1,250	Budget - Page 5
20	Public Relations	2,500	Budget - Page 1
21	Security Contract	122,570	Budget - Page 5
22	Silver Anniversary Project	7,000	Budget - Page 1
23	Telephone	11,000	Budget - Page 3
24	Less Bus System Labor included in Administration	(29,840)	Furnished
25	Total Indirect Operations Expenses	\$ 569,910	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	\$ 829,316	Line 16+ Line 27

RECREATIONAL MEMBER ASSESSMENT CALCULATION  
FOR 2003 BUDGET

BOOK 0026 PAGE 368

29	Offsetting Direct Recreation Related Operations Income				
30	Greens Fees	\$	9,000	Budget - Page 2	
31	Unlimited Golf Fees		41,000	Budget - Page 2	
32	Social Activities Income		24,000	Budget - Page 2	
33	Sub-total	\$	<u>74,000</u>	Sum of lines 30 through 32	
34	Offsetting Indirect Recreation Related Operations Income				
35	Harbour Lights Income	\$	42,500	Budget - Page 2	
36	Copy Machine Income		2,300	Budget - Page 2	
37	Miscellaneous Income		14,800	Budget - Page 2	
38	Excess Operations Reserve		75,000	Budget - Page 2	
39	Interest Income - General		12,500	Budget - Page 2	
40	Less Taxes on Interest - General		(3,010)	Line 39 X 24.08%	
41	Net Interest Income - General		<u>9,490</u>	Line 39 - Line 40	
42	Total Offsetting Indirect Recreation Related Operations Income	\$	<u>144,090</u>	Sum of Lines 35, 36, 37, 38 and Line 41	
43	Recreation Portion of Offsetting Indirect Operations Income	\$	<u>52,944</u>	Line 42 X Line 26	
44	Replacement Reserve Fund Income (Gov't Interest)	\$	49,790	Budget - Page 2	
45	Less Taxes		(11,989)	Line 44 X 24.08% **	
46	Net Replacement Reserve Fund Income	\$	<u>37,801</u>	Line 44 - Line 45	
47	Recreation Portion of Replacement Reserve Fund Income	\$	<u>28,679</u>	Line 46 X .7587 (See Page 4)	
48	Less: Recreational Member Allowance for Non-Ownership		(4,302)	Line 47 X 15%	
49	Recreational Member Portion of Fund Income	\$	<u>24,377</u>	Line 47 - Line 48	
50	Total Recreation Related Offsetting Income	\$	<u>151,321</u>	Line 33 + Line 43 + Line 49	
51	Net Recreation Related Expenses	\$	<u>677,995</u>	Line 28 - Line 50	

RECREATIONAL MEMBER ASSESSMENT CALCULATION  
FOR 2003 BUDGET

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



RECREATIONAL MEMBER ASSESSMENT CALCULATION  
FOR 2003 BUDGET

Replacements Reserve Factor

		\$	4,029,157	1999 Replacement Reserve Study
62	Total Replacement Cost of HHCA Inventory			
	Less Non-Recreational Assets			
63	Asphalt Paving	\$	406,173	"
64	Asphalt Paving Sealcoat		47,750	"
65	Concrete Curb & Gutter		72,387	"
66	Concrete, Ballast Way		)	"
67	Concrete, Boatwain's Way Pipe Stem		)	"
68	Concrete, Boatwain's Crescent		)	"
69	Concrete, Perry Landing Court		)	"
70	Concrete, Rudder Drive (2784 - 2792)		191,477	"
71	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	"
76	RV Storage Area, Cyclone Fencing		14,092	"
77	RV Storage Area, Asphalt Paving		24,440	"
78	Storm Drain Allowance		25,000	"
79	Wood Retaining walls, Berth Court		3,155	"
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	\$	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

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

**AMENDMENT  
TO HOMEOWNERS DISCLOSURE  
STATEMENT FOR**

**HERITAGE HARBOUR  
COMMUNITY ASSOCIATION, INC.  
(Annapolis)**

RECEIVING FEE  
TOTAL  
ACFT # 61500  
RFD VJT  
Ser 02, 2003  
03/12 -m

RECEIVED FOR RECORD  
CIRCUIT COURT, A.A. COUNTY  
03 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 - Financial and Accounting Procedures (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

**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
<u>Marguerite F. Garlick</u> Marguerite F. Garlick, District 1	<u>X</u>	_____	_____
<u>Janet W. Everette</u> Janet Everette, District 2	<u>✓</u>	_____	_____
<u>Edward F. Elliott</u> Edward Elliott, District 3	<u>✓</u>	_____	_____
<u>Michelle K. Ryan (Crofoot)</u> Michelle Crofoot, District 4	<u>✓</u>	_____	_____
<u>Charles Kennedy</u> Charles Kennedy, District 5	<u>✓</u>	_____	_____
<u>John Davis</u> John Davis, District 6	<u>✓</u>	_____	_____
<u>ABSENT</u> Arthur Rudmann, District 7	_____	_____	_____

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

Robert N. Bartel

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

## HERITAGE HARBOUR COMMUNITY ASSOCIATION, INC.

DESCRIPTION OF LINE ITEM	2001 Actual	Budget 2002	Forecast 2002	Budget 2003	Forecast 2004	Forecast 2005	Forecast 2006	Forecast 2007
<b>INCOME</b>								
Assessments	\$ 1,620,930	\$ 1,620,200	\$ 1,620,060	\$ 1,620,520	\$ 1,678,980	\$ 1,776,340	\$ 1,835,000	\$ 1,874,090
Other Income	\$ 243,703	\$ 250,860	\$ 237,260	\$ 270,890	\$ 251,310	\$ 187,600	\$ 183,900	\$ 197,620
<b>Total Income</b>	<b>\$ 1,864,633</b>	<b>\$ 1,871,060</b>	<b>\$ 1,857,320</b>	<b>\$ 1,891,410</b>	<b>\$ 1,930,290</b>	<b>\$ 1,963,940</b>	<b>\$ 2,018,900</b>	<b>\$ 2,071,710</b>
<b>Income Distribution</b>								
Replacement Reserve Contribution	\$ 167,800	\$ 129,000	\$ 129,000	\$ 110,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000
Replacement Reserve Cont. Recre.	\$ 2,100	\$ 1,810	\$ 1,810	\$ 1,540	\$ 1,750	\$ 1,750	\$ 1,750	\$ 1,750
Capital Improvement Contribution	\$ 96,270	\$ 96,270	\$ 96,270	\$ 96,270	\$ 96,270	\$ 99,750	\$ 105,550	\$ 109,030
Total Income Distribution	\$ 266,170	\$ 227,080	\$ 227,080	\$ 207,810	\$ 223,020	\$ 226,500	\$ 232,300	\$ 235,780
<b>Net Income to Operations</b>	<b>\$ 1,598,463</b>	<b>\$ 1,643,980</b>	<b>\$ 1,630,240</b>	<b>\$ 1,683,600</b>	<b>\$ 1,707,270</b>	<b>\$ 1,737,440</b>	<b>\$ 1,786,600</b>	<b>\$ 1,835,930</b>
<b>EXPENSES</b>								
Administration	\$ 420,312	\$ 431,960	\$ 437,002	\$ 455,430	\$ 469,130	\$ 483,230	\$ 497,740	\$ 512,690
Bus System Operations	\$ 7,114	\$ 5,000	\$ 4,500	\$ 4,700	\$ 4,850	\$ 5,000	\$ 5,150	\$ 5,300
Utilities	\$ 149,748	\$ 144,900	\$ 152,055	\$ 146,230	\$ 150,620	\$ 155,140	\$ 159,800	\$ 164,580
Cable Television	\$ 200,695	\$ 223,510	\$ 223,125	\$ 227,600	\$ 234,430	\$ 241,460	\$ 248,710	\$ 256,170
Golf Course Repair / Maintenance	\$ 10,547	\$ 12,400	\$ 13,265	\$ 12,700	\$ 13,090	\$ 13,480	\$ 13,880	\$ 14,290
Clubhouse Cartshed Repair / Maint.	\$ 20,434	\$ 21,900	\$ 21,875	\$ 18,580	\$ 19,150	\$ 19,740	\$ 20,330	\$ 20,940
Grounds Care	\$ 55,422	\$ 73,200	\$ 71,625	\$ 68,000	\$ 69,290	\$ 70,620	\$ 76,980	\$ 83,390
Lodge Maint. Operation & Repairs	\$ 103,863	\$ 109,730	\$ 122,008	\$ 134,540	\$ 123,840	\$ 115,030	\$ 121,550	\$ 121,870
Service Agreements	\$ 508,243	\$ 577,500	\$ 552,981	\$ 581,040	\$ 598,480	\$ 616,430	\$ 634,930	\$ 653,990
Public Relations	\$ 506	\$ 3,000	\$ 3,000	\$ 2,500	\$ 2,580	\$ 2,660	\$ 2,740	\$ 2,820
Silver Anniversary Celebration	\$ -	\$ -	\$ -	\$ 7,000	\$ -	\$ -	\$ -	\$ -
Television Activity	\$ 9,285	\$ 8,000	\$ 7,700	\$ 8,200	\$ 8,440	\$ 8,700	\$ 8,960	\$ 9,240
Taxes & Licenses	\$ 28,305	\$ 27,350	\$ 18,090	\$ 18,100	\$ 18,640	\$ 19,200	\$ 19,780	\$ 20,380
Tennis Activity	\$ 4,169	\$ 3,600	\$ 2,508	\$ 2,500	\$ 2,580	\$ 2,660	\$ 2,740	\$ 2,820
Water Aerobics Activity	\$ 34,148	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Projects	\$ 11,500	\$ 1,500	\$ 1,500	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Operating Expense</b>	<b>\$ 1,564,291</b>	<b>\$ 1,643,550</b>	<b>\$ 1,631,234</b>	<b>\$ 1,687,120</b>	<b>\$ 1,715,120</b>	<b>\$ 1,753,350</b>	<b>\$ 1,793,290</b>	<b>\$ 1,843,480</b>
<b>Net Surplus (Deficit)</b>	<b>\$ 34,172</b>	<b>\$ 430</b>	<b>\$ (994)</b>	<b>\$ (3,520)</b>	<b>\$ (7,850)</b>	<b>\$ (15,910)</b>	<b>\$ (6,690)</b>	<b>\$ (7,550)</b>
<b>Monthly Cont. to Assessment</b>	<b>\$ 83</b>	<b>\$ 83</b>	<b>\$ 83</b>	<b>\$ 83</b>	<b>\$ 86</b>	<b>\$ 91</b>	<b>\$ 94</b>	<b>\$ 96</b>

## HERITAGE HARBOUR COMMUNITY ASSOCIATION, INC.

DESCRIPTION OF LINE ITEM	2001 Actual	Budget 2002	Forecast 2002	Budget 2003	Forecast 2004	Forecast 2005	Forecast 2006	Forecast 2007
<b>INCOME</b>								
<b>Assessments</b>								
Class A Member Assessments	\$ 1,604,551	\$ 1,604,560	\$ 1,604,560	\$ 1,604,560	\$ 1,662,550	\$ 1,759,210	\$ 1,817,210	\$ 1,855,870
Recreational Membership Fees	\$ 16,379	\$ 15,640	\$ 15,500	\$ 15,960	\$ 16,430	\$ 17,130	\$ 17,790	\$ 18,220
<b>Total Assessments</b>	<b>\$ 1,620,930</b>	<b>\$ 1,620,200</b>	<b>\$ 1,620,060</b>	<b>\$ 1,620,520</b>	<b>\$ 1,678,980</b>	<b>\$ 1,776,340</b>	<b>\$ 1,835,000</b>	<b>\$ 1,874,090</b>
<b>Other Income</b>								
Social Activities Income	\$ -	\$ 24,000	\$ 24,000	\$ 24,000	\$ 24,720	\$ 25,460	\$ 26,220	\$ 27,010
<i>Harbour Lights</i> Income	\$ 38,941	\$ 38,500	\$ 42,500	\$ 42,500	\$ 43,780	\$ 45,090	\$ 46,440	\$ 47,830
Copy Machine Income	\$ 2,537	\$ 2,300	\$ 2,300	\$ 2,300	\$ 2,370	\$ 2,440	\$ 2,510	\$ 2,590
Music (Chorus) Income	\$ 3,375	\$ 7,500	\$ 7,500	\$ 8,800	\$ 10,100	\$ -	\$ -	\$ -
Prior Year's Correction	\$ 6,380	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Greens Fees	\$ 10,902	\$ 8,500	\$ 8,500	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000
Unlimited Golf Fees	\$ 42,385	\$ 42,000	\$ 39,000	\$ 41,000	\$ 41,000	\$ 41,000	\$ 41,000	\$ 41,000
Interest Income-General	\$ 27,249	\$ 27,610	\$ 12,540	\$ 12,500	\$ 12,880	\$ 13,270	\$ 13,670	\$ 14,080
Interest Income-Government	\$ 70,933	\$ 61,850	\$ 60,320	\$ 49,790	\$ 51,280	\$ 52,820	\$ 54,410	\$ 56,040
Miscellaneous Income	\$ 12,084	\$ 4,000	\$ 6,000	\$ 6,000	\$ 6,180	\$ 6,370	\$ 6,560	\$ 6,760
Excess Operating Reserve		\$ 34,600	\$ 34,600	\$ 75,000	\$ 50,000	\$ (7,850)	\$ (15,910)	\$ (6,690)
Water Aerobic Fees	\$ 28,917	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Other Income</b>	<b>\$ 243,703</b>	<b>\$ 250,860</b>	<b>\$ 237,260</b>	<b>\$ 270,890</b>	<b>\$ 251,310</b>	<b>\$ 187,600</b>	<b>\$ 183,900</b>	<b>\$ 197,620</b>
<b>Income Distribution</b>								
Replacement Reserve Contribution	\$ 167,800	\$ 129,000	\$ 129,000	\$ 110,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000
Replacement Reserve Cont. Recre.	\$ 2,100	\$ 1,810	\$ 1,810	\$ 1,540	\$ 1,750	\$ 1,750	\$ 1,750	\$ 1,750
Capital Improvement Contributions	\$ 96,270	\$ 96,270	\$ 96,270	\$ 96,270	\$ 96,270	\$ 99,750	\$ 105,550	\$ 109,030
Total Income Distribution	\$ 266,170	\$ 227,080	\$ 227,080	\$ 207,810	\$ 223,020	\$ 226,500	\$ 232,300	\$ 235,780
<b>Net Income to Operations</b>	<b>\$ 1,598,463</b>	<b>\$ 1,643,980</b>	<b>\$ 1,630,240</b>	<b>\$ 1,683,600</b>	<b>\$ 1,707,270</b>	<b>\$ 1,737,440</b>	<b>\$ 1,786,600</b>	<b>\$ 1,835,930</b>

## HERITAGE HARBOUR COMMUNITY ASSOCIATION, INC.

DESCRIPTION OF LINE ITEM	2001 Actual	Budget 2002	Forecast 2002	Budget 2003	Forecast 2004	Forecast 2005	Forecast 2006	Forecast 2007
<b>EXPENSES</b>								
<b>Administrative</b>								
Advertising Help Wanted	\$ 458	\$ 500	\$ 245	\$ 250	\$ 260	\$ 270	\$ 280	\$ 290
Auto Mileage Reimbursement	\$ 520	\$ 500	\$ 600	\$ 600	\$ 620	\$ 640	\$ 660	\$ 680
Copying	\$ 1,312	\$ 1,500	\$ 1,150	\$ 1,250	\$ 1,290	\$ 1,330	\$ 1,370	\$ 1,410
Dues & Subscriptions	\$ 450	\$ 500	\$ 535	\$ 550	\$ 570	\$ 590	\$ 610	\$ 630
Coupons & Labels	\$ 3,272	\$ 3,200	\$ 2,900	\$ 3,000	\$ 3,090	\$ 3,180	\$ 3,280	\$ 3,380
Bank Fees	\$ 2,719	\$ 3,000	\$ 2,000	\$ 2,000	\$ 2,060	\$ 2,120	\$ 2,180	\$ 2,250
<i>Harbour Lights</i> Expenses	\$ 38,888	\$ 38,500	\$ 35,100	\$ 36,500	\$ 37,600	\$ 38,730	\$ 39,890	\$ 41,090
Directory	\$ 6,228	\$ 6,500	\$ 5,800	\$ 6,000	\$ 6,180	\$ 6,370	\$ 6,560	\$ 6,760
Office Equipment & Furniture	\$ 850	\$ 1,200	\$ 800	\$ 200	\$ 210	\$ 220	\$ 230	\$ 240
Computer Supplies	\$ 902	\$ 1,200	\$ 600	\$ 1,000	\$ 1,030	\$ 1,060	\$ 1,090	\$ 1,120
Internet Connections	\$ 441	\$ 450	\$ 450	\$ 1,200	\$ 1,240	\$ 1,280	\$ 1,320	\$ 1,360
Office Equipment Repairs & Maint.	\$ 412	\$ 1,100	\$ 700	\$ 1,000	\$ 1,030	\$ 1,060	\$ 1,090	\$ 1,120
Office Supplies	\$ 3,818	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,610	\$ 3,720	\$ 3,830	\$ 3,950
Postage and Printing	\$ 9,019	\$ 9,000	\$ 8,000	\$ 8,000	\$ 8,240	\$ 8,490	\$ 8,750	\$ 9,010
Uncollectible Charges	\$ 285	\$ 1,500	\$ 75	\$ 500	\$ 520	\$ 540	\$ 560	\$ 580
Administrative Miscellaneous	\$ 6,125	\$ 5,000	\$ 6,600	\$ 5,300	\$ 5,460	\$ 5,620	\$ 5,790	\$ 5,960
Auditor	\$ 5,425	\$ 5,430	\$ 5,000	\$ 5,100	\$ 5,250	\$ 5,410	\$ 5,570	\$ 5,740
Legal	\$ 15,051	\$ 8,000	\$ 13,768	\$ 10,000	\$ 10,300	\$ 10,610	\$ 10,930	\$ 11,260
Management Fees	\$ 132,000	\$ 134,900	\$ 152,154	\$ 159,270	\$ 164,050	\$ 168,970	\$ 174,040	\$ 179,260
Insurance	\$ 24,127	\$ 23,100	\$ 28,440	\$ 32,000	\$ 32,960	\$ 33,950	\$ 34,970	\$ 36,020
Survey	\$ -	\$ -	\$ 5,800	\$ -	\$ -	\$ -	\$ -	\$ -
Temporary Help	\$ 3,044	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,580	\$ 2,660	\$ 2,740	\$ 2,820
Payroll Reimbursement	\$ 164,966	\$ 180,880	\$ 160,285	\$ 175,710	\$ 180,980	\$ 186,410	\$ 192,000	\$ 197,760
<b>Total Administrative</b>	<b>\$ 420,312</b>	<b>\$ 431,960</b>	<b>\$ 437,002</b>	<b>\$ 455,430</b>	<b>\$ 469,130</b>	<b>\$ 483,230</b>	<b>\$ 497,740</b>	<b>\$ 512,690</b>
<b>Bus System Operations</b>								
Bus Repair / Maintenance	\$ 4,948	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,580	\$ 2,660	\$ 2,740	\$ 2,820
Fuel - Bus	\$ 2,166	\$ 2,500	\$ 2,000	\$ 2,200	\$ 2,270	\$ 2,340	\$ 2,410	\$ 2,480
<b>Total Bus System</b>	<b>\$ 7,114</b>	<b>\$ 5,000</b>	<b>\$ 4,500</b>	<b>\$ 4,700</b>	<b>\$ 4,850</b>	<b>\$ 5,000</b>	<b>\$ 5,150</b>	<b>\$ 5,300</b>

## HERITAGE HARBOUR COMMUNITY ASSOCIATION, INC.

DESCRIPTION OF LINE ITEM	2001 Actual	Budget 2002	Forecast 2002	Budget 2003	Forecast 2004	Forecast 2005	Forecast 2006	Forecast 2007
<b>Utilities</b>								
Electricity - Street Lights	\$ 30,575	\$ 29,700	\$ 29,325	\$ 28,830	\$ 29,700	\$ 30,590	\$ 31,510	\$ 32,450
Electricity - Buildings	\$ 98,678	\$ 96,000	\$ 102,890	\$ 98,000	\$ 100,940	103,970	\$ 107,090	\$ 110,300
Gas	\$ 1,078	\$ 1,200	\$ 1,250	\$ 1,300	\$ 1,340	\$ 1,380	\$ 1,420	\$ 1,460
Water and Sewer	\$ 7,371	\$ 6,000	\$ 7,065	\$ 7,100	\$ 7,310	\$ 7,530	\$ 7,760	\$ 7,990
Telephone	\$ 12,046	\$ 12,000	\$ 11,525	\$ 11,000	\$ 11,330	\$ 11,670	\$ 12,020	\$ 12,380
<b>Total Utilities</b>	<b>\$ 149,748</b>	<b>\$ 144,900</b>	<b>\$ 152,055</b>	<b>\$ 146,230</b>	<b>\$ 150,620</b>	<b>\$ 155,140</b>	<b>\$ 159,800</b>	<b>\$ 164,580</b>
<b>Cable TV</b>								
Clubhouse Cable TV	\$ 234	\$ 290	\$ 275	\$ 290	\$ 300	\$ 310	\$ 320	\$ 330
Bulk Cable TV	\$ 200,461	\$ 223,220	\$ 222,850	\$ 227,310	\$ 234,130	\$ 241,150	\$ 248,390	\$ 255,840
<b>Total Cable TV</b>	<b>\$ 200,695</b>	<b>\$ 223,510</b>	<b>\$ 223,125</b>	<b>\$ 227,600</b>	<b>\$ 234,430</b>	<b>\$ 241,460</b>	<b>\$ 248,710</b>	<b>\$ 256,170</b>
<b>Golf Course Repair/Maintenance</b>								
Golf Course Non-Contract	\$ 7,952	\$ 9,200	\$ 10,500	\$ 9,500	\$ 9,790	\$ 10,080	\$ 10,380	\$ 10,690
Golf Equipment / Supplies	\$ 2,595	\$ 2,200	\$ 2,765	\$ 2,200	\$ 2,270	\$ 2,340	\$ 2,410	\$ 2,480
Animal Control	\$ -	\$ 1,000	\$ -	\$ 1,000	\$ 1,030	\$ 1,060	\$ 1,090	\$ 1,120
<b>Total Golf Course Rep./Maint.</b>	<b>\$ 10,547</b>	<b>\$ 12,400</b>	<b>\$ 13,265</b>	<b>\$ 12,700</b>	<b>\$ 13,090</b>	<b>\$ 13,480</b>	<b>\$ 13,880</b>	<b>\$ 14,290</b>
<b>Clubhouse/Chartshed Rep. Maint.</b>								
HVAC Repairs & Maintenance	\$ 5,484	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,580	\$ 2,660	\$ 2,740	\$ 2,820
Awning Over Side Patio	\$ -	\$ 3,500	\$ 3,575	\$ -	\$ -	\$ -	\$ -	\$ -
Spring/Fall Cleaning (Special)	\$ 875	\$ 2,400	\$ 2,200	\$ 2,200	\$ 2,270	\$ 2,340	\$ 2,410	\$ 2,480
Clubhouse/Chartshed Rep. Maint.	\$ 6,294	\$ 6,000	\$ 7,000	\$ 7,000	\$ 7,210	\$ 7,430	\$ 7,650	\$ 7,880
Dining Room Equipment/Supplies	\$ 2,015	\$ 3,500	\$ 3,500	\$ 5,030	\$ 5,180	\$ 5,340	\$ 5,500	\$ 5,670
Dining Room Special Maint. Projects	\$ 5,703	\$ 3,500	\$ 2,600	\$ 1,350	\$ 1,390	\$ 1,430	\$ 1,470	\$ 1,510
Clubhouse Furniture	\$ 63	\$ 500	\$ 500	\$ 500	\$ 520	\$ 540	\$ 560	\$ 580
<b>Total Clubhouse Dining Room Expenses</b>	<b>\$ 20,434</b>	<b>\$ 21,900</b>	<b>\$ 21,875</b>	<b>\$ 18,580</b>	<b>\$ 19,150</b>	<b>\$ 19,740</b>	<b>\$ 20,330</b>	<b>\$ 20,940</b>
<b>Grounds Care</b>								
RV Lot Projects	\$ -	\$ 2,500	\$ 1,000	\$ 1,000	\$ 1,030	\$ 1,060	\$ 1,090	\$ 1,120
Clubhouse Lighting Project	\$ -	\$ 3,700	\$ 3,925	\$ -	\$ -	\$ -	\$ -	\$ -
Grounds Non-Contract	\$ 45,378	\$ 40,000	\$ 40,000	\$ 40,000	\$ 41,200	\$ 42,440	\$ 43,710	\$ 45,020
Grounds Supplies	\$ 1,607	\$ 2,000	\$ 1,700	\$ 2,000	\$ 2,060	\$ 2,120	\$ 2,180	\$ 2,250
Replace Bradford Pear Trees	\$ -	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ -	\$ -
Storm Water Drain Maintenance	\$ 8,437	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
<b>Total Grounds</b>	<b>\$ 55,422</b>	<b>\$ 73,200</b>	<b>\$ 71,625</b>	<b>\$ 68,000</b>	<b>\$ 69,290</b>	<b>\$ 70,620</b>	<b>\$ 56,980</b>	<b>\$ 58,390</b>



## HERITAGE HARBOUR COMMUNITY ASSOCIATION, INC.

DESCRIPTION OF LINE ITEM	2001 Actual	Budget 2002	Forecast 2002	Budget 2003	Forecast 2004	Forecast 2005	Forecast 2006	Forecast 2007
<b>Lodge Maint. Oper. &amp; Repairs</b>								
Social Activities Committee	\$ -	\$ 24,000	\$ 24,000	\$ 24,000	\$ 24,720	\$ 25,460	\$ 26,220	\$ 27,010
HVAC Repairs & Maintenance	\$ 12,509	\$ 5,000	\$ 15,000	\$ 5,000	\$ 5,150	\$ 5,310	\$ 5,470	\$ 5,630
Exterminator Non Contact	\$ 265	\$ 550	\$ 580	\$ 600	\$ 620	\$ 640	\$ 660	\$ 680
Decorating	\$ 228	\$ 1,000	\$ 1,000	\$ 4,500	\$ 4,640	\$ 4,780	\$ 4,920	\$ 5,070
General Supplies	\$ 14,661	\$ 14,000	\$ 16,000	\$ 15,000	\$ 15,450	\$ 15,910	\$ 16,390	\$ 16,880
Medical Supplies (AED Maint. & Train)	\$ 7,307	\$ 1,000	\$ 1,000	\$ 3,400	\$ 3,500	\$ 3,610	\$ 3,720	\$ 3,830
Lodge Repairs & Maintenance	\$ 47,318	\$ 40,000	\$ 40,000	\$ 40,000	\$ 41,200	\$ 42,440	\$ 43,710	\$ 45,020
Energy Management Systems R&M	\$ -	\$ 500	\$ 250	\$ -	\$ -	\$ -	\$ -	\$ -
Pool Non Contract	\$ 9,246	\$ 8,000	\$ 8,500	\$ 8,000	\$ 8,240	\$ 8,490	\$ 8,750	\$ 9,010
Pool Supplies	\$ 768	\$ 500	\$ 560	\$ 500	\$ 520	\$ 540	\$ 560	\$ 580
Ionization System for Outdoor Pool				\$ 3,500	\$ -	\$ -	\$ -	\$ -
Exercise Room Repair & Maintenance	\$ 994	\$ 1,000	\$ 750	\$ 1,000	\$ 1,030	\$ 1,060	\$ 1,090	\$ 1,120
Billiards Equipment & Supplies	\$ 55	\$ 150	\$ 150	\$ 3,250	\$ 150	\$ 150	\$ 3,300	\$ 150
Chorus	\$ 4,935	\$ 8,100	\$ 8,336	\$ 11,800	\$ 12,100	\$ -	\$ -	\$ -
Library	\$ 748	\$ 730	\$ 582	\$ 700	\$ 720	\$ 740	\$ 760	\$ 780
Woodworking Shop	\$ 804	\$ 2,200	\$ 2,200	\$ 6,340	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
Sound & Stage Lights	\$ -	\$ -	\$ -	\$ 3,750	\$ 500	\$ 500	\$ 500	\$ 500
Uniforms and Mats	\$ 4,025	\$ 3,000	\$ 3,100	\$ 3,200	\$ 3,300	\$ 3,400	\$ 3,500	\$ 3,610
<b>Total Lodge Maint. Oper. &amp; Rep.</b>	<b>\$ 103,863</b>	<b>\$ 109,730</b>	<b>\$ 122,008</b>	<b>\$ 134,540</b>	<b>\$ 123,840</b>	<b>\$ 115,030</b>	<b>\$ 121,550</b>	<b>\$ 121,870</b>
<b>Service Agreements</b>								
Copier Maintenance Contracts	\$ 1,279	\$ 1,300	\$ 700	\$ 1,250	\$ 1,290	\$ 1,330	\$ 1,370	\$ 1,410
Snow Pushing Contract	\$ 6,259	\$ 15,000	\$ 1,000	\$ 15,000	\$ 15,450	\$ 15,910	\$ 16,390	\$ 16,880
Swim. Pool Management Contract	\$ 70,515	\$ 89,420	\$ 85,970	\$ 85,770	\$ 88,340	\$ 90,990	\$ 93,720	\$ 96,530
Golf Course Toilet Facility	\$ 1,370	\$ 1,400	\$ 1,370	\$ 1,400	\$ 1,440	\$ 1,480	\$ 1,520	\$ 1,570
Exercise Equipment Contract	\$ 1,375	\$ 1,420	\$ 1,340	\$ 1,400	\$ 1,440	\$ 1,480	\$ 1,520	\$ 1,570
Golf Professional Contract	\$ 44,846	\$ 43,950	\$ 43,946	\$ 44,980	\$ 46,330	\$ 47,720	\$ 49,150	\$ 50,630
Golf Course Maintenance Contract	\$ 175,359	\$ 179,250	\$ 179,215	\$ 183,430	\$ 188,930	\$ 194,600	\$ 200,440	\$ 206,450
HVAC Maintenance Contract	\$ 10,638	\$ 11,000	\$ 10,705	\$ 10,960	\$ 11,290	\$ 11,630	\$ 11,980	\$ 12,340
Elevator Contract	\$ 2,851	\$ 2,940	\$ 2,905	\$ 3,050	\$ 3,140	\$ 3,230	\$ 3,330	\$ 3,430
Energy Management Sys. Contract	\$ 3,600	\$ 3,680	\$ 3,600	\$ 3,600	\$ 3,710	\$ 3,820	\$ 3,940	\$ 4,060
Exterminator Contract	\$ 1,132	\$ 1,490	\$ 1,100	\$ 1,200	\$ 1,240	\$ 1,280	\$ 1,320	\$ 1,360
Clubhouse Cleaning Contract	\$ 8,000	\$ 7,800	\$ 7,665	\$ 6,200	\$ 6,390	\$ 6,580	\$ 6,780	\$ 6,980
Grounds Maintenance Contract	\$ 69,570	\$ 95,850	\$ 94,800	\$ 97,030	\$ 99,940	\$ 102,940	\$ 106,030	\$ 109,210
Security Contract	\$ 108,207	\$ 119,750	\$ 115,480	\$ 122,570	\$ 126,250	\$ 130,040	\$ 133,940	\$ 137,960
Trash Removal	\$ 3,242	\$ 3,250	\$ 3,185	\$ 3,200	\$ 3,300	\$ 3,400	\$ 3,500	\$ 3,610
<b>Total Services Agreements</b>	<b>\$ 508,243</b>	<b>\$ 577,500</b>	<b>\$ 552,981</b>	<b>\$ 581,040</b>	<b>\$ 598,480</b>	<b>\$ 616,430</b>	<b>\$ 634,930</b>	<b>\$ 653,990</b>

## HERITAGE HARBOUR COMMUNITY ASSOCIATION, INC.

DESCRIPTION OF LINE ITEM	2001 Actual	Budget 2002	Forecast 2002	Budget 2003	Forecast 2004	Forecast 2005	Forecast 2006	Forecast 2007
<b>Public Relations</b>								
Public Relations	\$ 506	\$ 3,000	\$ 3,000	\$ 2,500	\$ 2,580	\$ 2,660	\$ 2,740	\$ 2,820
<b>Total Public Relations</b>	<b>\$ 506</b>	<b>\$ 3,000</b>	<b>\$ 3,000</b>	<b>\$ 2,500</b>	<b>\$ 2,580</b>	<b>\$ 2,660</b>	<b>\$ 2,740</b>	<b>\$ 2,820</b>
Silver Anniversary Projects				\$ 7,000				
<b>Total Silver Anniversary</b>				<b>\$ 7,000</b>				
<b>Television Activity</b>								
TV Equipment and Supplies	\$ 6,585	\$ 5,000	\$ 5,000	\$ 5,100	\$ 5,250	\$ 5,410	\$ 5,570	\$ 5,740
Engineer Services	\$ 2,700	\$ 3,000	\$ 2,700	\$ 3,100	\$ 3,190	\$ 3,290	\$ 3,390	\$ 3,500
<b>Total TV Activity Expense</b>	<b>\$ 9,285</b>	<b>\$ 8,000</b>	<b>\$ 7,700</b>	<b>\$ 8,200</b>	<b>\$ 8,440</b>	<b>\$ 8,700</b>	<b>\$ 8,960</b>	<b>\$ 9,240</b>
<b>Taxes &amp; Licenses</b>								
Income Taxes	\$ 25,209	\$ 23,500	\$ 15,000	\$ 15,000	\$ 15,450	\$ 15,910	\$ 16,390	\$ 16,880
Real Estate Tax	\$ 85	\$ -	\$ 90	\$ 100	\$ 100	\$ 110	\$ 110	\$ 120
Licenses, Fees and Permits	\$ 3,011	\$ 3,850	\$ 3,000	\$ 3,000	\$ 3,090	\$ 3,180	\$ 3,280	\$ 3,380
<b>Total Taxes &amp; Licenses</b>	<b>\$ 28,305</b>	<b>\$ 27,350</b>	<b>\$ 18,090</b>	<b>\$ 18,100</b>	<b>\$ 18,640</b>	<b>\$ 19,200</b>	<b>\$ 19,780</b>	<b>\$ 20,380</b>
<b>Tennis Activity</b>								
Tennis Court Repair & Maintenance	\$ 3,287	\$ 2,500	\$ 1,508	\$ 1,500	\$ 1,550	\$ 1,600	\$ 1,650	\$ 1,700
Tennis Courts Equipment & Supplies	\$ 882	\$ 1,100	\$ 1,000	\$ 1,000	\$ 1,030	\$ 1,060	\$ 1,090	\$ 1,120
<b>Total Tennis Activity Expense</b>	<b>\$ 4,169</b>	<b>\$ 3,600</b>	<b>\$ 2,508</b>	<b>\$ 2,500</b>	<b>\$ 2,580</b>	<b>\$ 2,660</b>	<b>\$ 2,740</b>	<b>\$ 2,820</b>
<b>Water Aerobics Activity</b>								
Instructor - Water Aerobics	\$ 20,349	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lifeguards	\$ 13,799	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Water Aerobics Expense</b>	<b>\$ 34,148</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Special Projects</b>								
Special Projects	\$ 11,500	\$ 1,500						
<b>Total Special Projects</b>	<b>\$ 11,500</b>	<b>\$ 1,500</b>	<b>\$ 1,500</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Operating Expenses</b>	<b>\$ 1,564,291</b>	<b>\$ 1,643,550</b>	<b>\$ 1,631,234</b>	<b>\$ 1,687,120</b>	<b>\$ 1,715,120</b>	<b>\$ 1,753,350</b>	<b>\$ 1,793,290</b>	<b>\$ 1,843,480</b>
<b>Net Surplus (Deficit)</b>	<b>\$ 34,172</b>	<b>\$ 430</b>	<b>\$ (994)</b>	<b>\$ (3,520)</b>	<b>\$ (7,850)</b>	<b>\$ (15,910)</b>	<b>\$ (6,690)</b>	<b>\$ (7,550)</b>

**HERITAGE HARBOUR COMMUNITY ASSOCIATION, INC.**

DESCRIPTION OF LINE ITEM	2001 Actual	Budget 2002	Forecast 2002	Budget 2003	Forecast 2004	Forecast 2005	Forecast 2006	Forecast 2007
<b>REPLACEMENT RESERVES</b>								
<i>Replacement Reserve Expenses</i>								
Office Renovation	\$ -		\$ 26,300	\$ -	\$ -	\$ -	\$ -	\$ -
Lodge Office Copier	\$ -		\$ -	\$ -	\$ 12,000	\$ -	\$ -	\$ -
Lodge Office Computers	\$ -		\$ -	\$ -	\$ -	\$ -	\$ 6,000	\$ -
Ceilings	\$ -		\$ 31,740	\$ 4,000	\$ -	\$ -	\$ -	\$ -
Auditorium Ceiling	\$ 19,710		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Carpeting	\$ 3,763		\$ -	\$ -	\$ 51,000	\$ -	\$ -	\$ -
Lodge Exterior Doors and Jams	\$ -		\$ 26,325	\$ -	\$ -	\$ -	\$ -	\$ -
Elevator	\$ -		\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ -
Auditorium Lighting	\$ 28,138		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lodge HVAC	\$ 11,686	\$ 30,000	\$ 41,000	\$ 22,000	\$ -	\$ -	\$ -	\$ -
Hot Water Heaters	\$ 1,738	\$ 2,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Television Equipment	\$ -		\$ 1,000	\$ 10,200	\$ -	\$ -	\$ 15,000	\$ -
25 Passenger Bus	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ 85,000
Asphalt	\$ 4,981	\$ 80,000	\$ 115,000	\$ 7,000	\$ 50,000	\$ 82,000	\$ 50,000	\$ -
Concrete	\$ 21,935	\$ 10,000	\$ 1,780	\$ 10,000	\$ -	\$ 25,000	\$ -	\$ -
Retaining Walls	\$ 37,498	\$ 50,000	\$ 31,000	\$ 50,000	\$ -	\$ 36,000	\$ -	\$ -
Elevator		\$ 30,000						
Split Rail Fencing					\$ 10,000			
Exterior Furnishings						\$ 5,500		
Chain-link Fence at Stairs to Dock						\$ 13,000		
Pool Equipment	\$ 16,681	\$ 11,000	\$ 16,720	\$ 5,000	\$ -	\$ -	\$ -	\$ -
Locker Room Renovations	\$ -		\$ -	\$ 80,000	\$ -	\$ -	\$ -	\$ -
Lodge Deck Planters	\$ -	\$ 20,000	\$ 28,000	\$ -	\$ -	\$ -	\$ -	\$ -
Pool Area Concrete	\$ -		\$ 4,900	\$ 10,000	\$ -	\$ -	\$ 16,000	\$ -
Wood Shop	\$ 4,877	\$ 4,600	\$ 2,455	\$ 2,000	\$ -	\$ -	\$ -	\$ -
Built-Up Roof	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,000
Clubhouse Parking Lot Lighting	\$ -		\$ -	\$ -	\$ -	\$ -	\$ 14,200	
Dining Room (Small Refrigerator)	\$ -	\$ 2,500	\$ 3,472	\$ -	\$ -	\$ -	\$ -	\$ -
Dining Room Equipment	\$ 15,000		\$ 250	\$ -	\$ -	\$ -	\$ -	\$ -
Tennis Equipment	\$ 1,661		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Golf Course Bridges	\$ 18,481	\$ 20,000	\$ 21,540	\$ -	\$ -	\$ -	\$ -	\$ -
Rebuild #5 Men's Tee Box	\$ -	\$ 10,000	\$ -	\$ 25,000	\$ -	\$ -	\$ -	\$ -
Storm Water Drain Restoration	\$ -		\$ 35,000	\$ -	\$ -	\$ -	\$ -	\$ -

BOOK 0026 PAGE 359



**HERITAGE HARBOUR COMMUNITY ASSOCIATION, INC.**

DESCRIPTION OF LINE ITEM	2001 Actual	Budget 2002	Forecast 2002	Budget 2003	Forecast 2004	Forecast 2005	Forecast 2006	Forecast 2007
Overhaul Tennis Court Fence	\$ -	\$ 8,000	\$ 7,570	\$ -	\$ -	\$ -	\$ -	\$ -
Pier at South River	\$ 6,850		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation	\$ 21,326		\$ 18,900	\$ 16,500	\$ -	\$ -	\$ -	\$ -
Refurbish Entrance Sign	\$ -			\$ 5,000	\$ -	\$ -	\$ -	\$ -
Repair/Replacement Reserve Study	\$ -		\$ -	\$ 10,000	\$ -	\$ -	\$ -	\$ 5,000
Furnishings (Interior Décor)	\$ -		\$ -	\$ 19,500	\$ -	\$ 64,000	\$ -	\$ 64,000
<b>Total Repair/Replacement Fund</b>	<b>\$ 214,325</b>	<b>\$ 278,600</b>	<b>\$ 412,952</b>	<b>\$ 276,200</b>	<b>\$ 148,000</b>	<b>\$ 225,500</b>	<b>\$ 101,200</b>	<b>\$ 215,000</b>

BOOK 0026 PAGE 360

## HERITAGE HARBOUR COMMUNITY ASSOCIATION, INC.

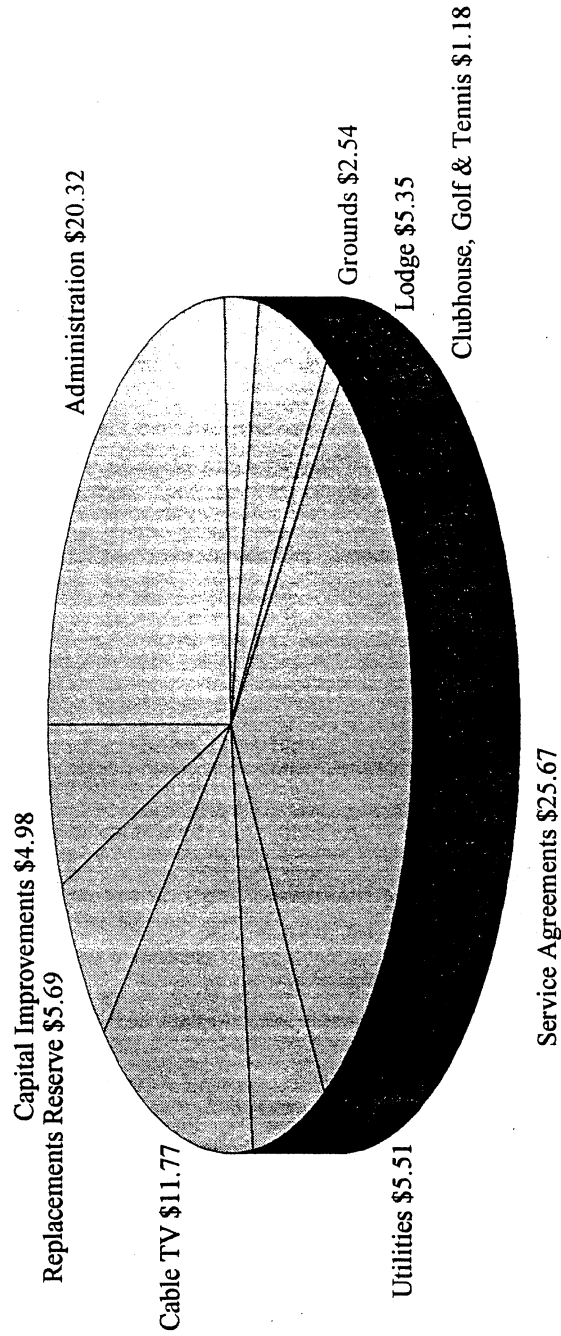
DESCRIPTION OF LINE ITEM	2001 Actual	Budget 2002	Forecast 2002	Budget 2003	Forecast 2004	Forecast 2005	Forecast 2006	Forecast 2007
<b>CAPITAL IMPROVEMENT</b>								
Balance Forward	\$ 172,257	\$ 193,061	\$ 211,420	\$ 254,826	\$ (171,704)	\$ (116,434)	\$ (57,684)	\$ 6,866
Class A Assessments	\$ 96,270	\$ 96,270	\$ 96,270	\$ 96,270	\$ 96,270	\$ 99,750	\$ 105,550	\$ 109,030
<b>Total Contributions</b>	<b>\$ 268,527</b>	<b>\$ 289,331</b>	<b>\$ 307,690</b>	<b>\$ 351,096</b>	<b>\$ (75,434)</b>	<b>\$ (16,684)</b>	<b>\$ 47,866</b>	<b>\$ 115,896</b>
<i>Prior Year Encumbrances</i>								
Clubhouse Area Drainage	\$ 23,054	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Clubhouse Walkway	\$ 1,965	\$ 15,000	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ -
Clubhouse Handicapped Parking	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lodge Expansion Study	\$ 2,446	\$ 5,300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Soft Ice Cream Machine (Donations)	\$ (1,556)		\$ -	\$ (1,556)	\$ -	\$ -	\$ -	\$ -
Soft Ice Cream Machine	\$ -		\$ -	\$ 1,556	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 27,465</b>	<b>\$ 20,300</b>	<b>\$ 15,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Funds Available</b>	<b>\$ 241,062</b>	<b>\$ 269,031</b>	<b>\$ 292,690</b>	<b>\$ 351,096</b>	<b>\$ (75,434)</b>	<b>\$ (16,684)</b>	<b>\$ 47,866</b>	<b>\$ 115,896</b>
<i>Expenditures</i>								
<b>Clubhouse Projects</b>								
Clubhouse Patio Enclosure	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Walk-In Refrigerator/Freezer	\$ 22,815		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Back Room Sink	\$ (320)	\$ 750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cart Shed Expansion	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Stainless Steel Panels	\$ 1,875		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sound Absorbing Panels	\$ -	\$ 2,500	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Lodge Projects</b>								
Lodge Bar Shutter	\$ (500)		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TV8 Equipment	\$ 2,022	\$ 6,000	\$ 6,000	\$ -	\$ -	\$ -	\$ -	\$ -
Woodshop-Electrical Upgrade	\$ -	\$ 8,000	\$ 8,000	\$ -	\$ -	\$ -	\$ -	\$ -
Woodshop-Filtration or Floor	\$ -	\$ 8,000	\$ 8,000	\$ -	\$ -	\$ -	\$ -	\$ -
Office Expansion			\$ 5,321	\$ -	\$ -	\$ -	\$ -	\$ -
Create Conference Room			\$ 7,691	\$ -	\$ -	\$ -	\$ -	\$ -
Non-skid Safety Floor	\$ -			\$ 6,500	\$ -	\$ -	\$ -	\$ -
Walk-way to Outdoor Pool	\$ -			\$ -	\$ -	\$ -	\$ -	\$ -
Auditorium/Stage Renovation	\$ -		\$ -	\$ 320,000	\$ -	\$ -	\$ -	\$ -
Plant Room Renovations	\$ -		\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ -
Install Door & Finish Storage Room				\$ 10,000				
Relocate Aerobics Exercise Room				\$ 20,000				
Construct Out Building Behind Lodge	\$ -		\$ -	\$ 25,000	\$ -	\$ -	\$ -	\$ -

## HERITAGE HARBOUR COMMUNITY ASSOCIATION, INC.

DESCRIPTION OF LINE ITEM	2001 Actual	Budget 2002	Forecast 2002	Budget 2003	Forecast 2004	Forecast 2005	Forecast 2006	Forecast 2007
<b>Exercise Room Projects</b>		\$ 3,400			\$ -	\$ -	\$ -	\$ -
New Equipment	\$ 3,750		\$ -	\$ 3,600	\$ -	\$ -	\$ -	\$ -
Expansion of Locker Rooms/Exercise	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Grounds Projects</b>					\$ -	\$ -	\$ -	\$ -
Engineering Study for Entrance Design	\$ -	\$ 5,000	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -
Implement New Design of Entrance	\$ -			\$ 10,000	\$ -	\$ -	\$ -	\$ -
Relocate Clubhouse Driveway	\$ -			\$ 25,000	\$ -	\$ -	\$ -	\$ -
Lodge Pathway Lighting	\$ -			\$ 6,000	\$ -	\$ -	\$ -	\$ -
RV Lot Water & Sewer				\$ 5,700	\$ -	\$ -	\$ -	\$ -
<b>Swimming Pool Projects</b>				\$ -	\$ -	\$ -	\$ -	\$ -
Walkway, cover and heat Outdoor Pool	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cover indoor pool, convert to exercise	\$ -			\$ -	\$ -	\$ -	\$ -	\$ -
<b>Tennis Activity Projects</b>					\$ -	\$ -	\$ -	\$ -
All Weather Enclosure Study	\$ -	\$ 5,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
All Weather Enclosure				\$ -	\$ -	\$ -	\$ -	\$ -
Resurface Two Tennis Courts	\$ -		\$ -	\$ 41,000	\$ 41,000	\$ 41,000	\$ 41,000	\$ 20,500
<b>Contingency Reserve</b>		\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
					\$ -	\$ -	\$ -	\$ -
					\$ -	\$ -	\$ -	\$ -
<b>Total Expenditure</b>	\$ 29,642	\$ 64,150	\$ 45,012	\$ 522,800	\$ 41,000	\$ 41,000	\$ 41,000	\$ 20,500
<b>Balance Forward</b>	\$ 211,420		\$ 247,678	\$ (171,704)	\$ (116,434)	\$ (57,684)	\$ 6,866	\$ 95,396

# HERITAGE HARBOUR COMMUNITY ASSOCIATION

Allocation of 2003 Operations Budget



**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 2006 and \$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 \$75,000

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.

RECREATIONAL MEMBER ASSESSMENT CALCULATION  
FOR 2003 BUDGET

BOOK 0026 PAGE 367

<u>Line</u>	<u>Description</u>	<u>Amount</u>	<u>Source</u>
1	Total Operations Expenses	\$ 1,687,120	(2003 Budget)
2	Less: TV 8 Activity	\$ 8,200	Budget - Page 1
3	Taxes & Licenses	18,100	Budget - Page 1
4	Net Operations Expenses	\$ 1,660,820	Budget - Page 1
			Line 1 - (Li. 2 + Li.3)
5	Direct Recreation Related Operations Expenses		
6	Clubhouse & Golf Course R & M & Course Maint. Contr.	\$ 214,710	Budget - Pages 1 & 5
7	Clubhouse Cleaning Contract & Trash Removal	9,400	Budget - Page 5
8	Exercise Equipment Maint. Contract	1,400	Budget - Page 5
9	Electricity - Buildings	98,000	Budget - Page 4
10	Natural Gas	1,300	Budget - Page 4
11	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
14	Swimming Activity	85,770	Budget - Page 5
15	Tennis Activity	2,500	Budget - Page 1
16	Total Direct Recreation Related Expenses	\$ 619,910	Sum of Lines 6 through 15
17	Indirect Operations Expenses		
18	Administration	\$ 455,430	Budget - Page 1
19	Copier Maintenance Contract	1,250	Budget - Page 5
20	Public Relations	2,500	Budget - Page 1
21	Security Contract	122,570	Budget - Page 5
22	Silver Anniversary Project	7,000	Budget - Page 1
23	Telephone	11,000	Budget - Page 3
24	Less Bus System Labor included in Administration	(29,840)	Furnished
25	Total Indirect Operations Expenses	\$ 569,910	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	\$ 829,316	Line 16+ Line 27



RECREATIONAL MEMBER ASSESSMENT CALCULATION  
FOR 2003 BUDGET

29	Offsetting Direct Recreation Related Operations Income			
30	Greens Fees	\$	9,000	Budget - Page 2
31	Unlimited Golf Fees		41,000	Budget - Page 2
32	Social Activities Income		24,000	Budget - Page 2
33	Sub-total	\$	74,000	Sum of lines 30 through 32
34	Offsetting Indirect Recreation Related Operations Income			
35	Harbour Lights Income	\$	42,500	Budget - Page 2
36	Copy Machine Income		2,300	Budget - Page 2
37	Miscellaneous Income		14,800	Budget - Page 2
38	Excess Operations Reserve		75,000	Budget - Page 2
39	Interest Income - General		12,500	Budget - Page 2
40	Less Taxes on Interest - General		(3,010)	Line 39 X 24.08%
41	Net Interest Income - General		9,490	Line 39 - Line 40
42	Total Offsetting Indirect Recreation Related Operations Income	\$	144,090	Sum of Lines 35, 36, 37, 38 and Line 41
43	Recreation Portion of Offsetting Indirect Operations Income	\$	52,944	Line 42 X Line 26
44	Replacement Reserve Fund Income (Gov't Interest)			
45	Less Taxes	\$	49,790	Budget - Page 2
46	Net Replacement Reserve Fund Income		(11,989)	Line 44 X 24.08% **
47	Recreation Portion of Replacement Reserve Fund Income	\$	37,801	Line 44 - Line 45
48	Less: Recreational Member Allowance for Non-Ownership		28,679	Line 46 X .7587 (See Page 4)
49	Recreational Member Portion of Fund Income	\$	(4,302)	Line 47 X 15%
		\$	24,377	Line 47 - Line 48
50	Total Recreation Related Offsetting Income	\$	151,321	Line 33 + Line 43 + Line 49
51	Net Recreation Related Expenses	\$	677,995	Line 28 - Line 50

RECREATIONAL MEMBER ASSESSMENT CALCULATION  
FOR 2003 BUDGET

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

RECREATIONAL MEMBER ASSESSMENT CALCULATION  
FOR 2003 BUDGET

<u>Replacements Reserve Factor</u>				
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	"	
66	Concrete, Ballast Way	)	"	
67	Concrete, Boatwain's Way Pipe Stem	)	"	
68	Concrete, Boatwain's Crescent	)	"	
69	Concrete, Perry Landing Court	)	"	
70	Concrete, Rudder Drive (2784 - 2792)	191,477	"	
71	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	"	
76	RV Storage Area, Cyclone Fencing	14,092	"	
77	RV Storage Area, Asphalt Paving	24,440	"	
78	Storm Drain Allowance	25,000	"	
79	Wood Retaining walls, Berth Court	3,155	"	
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	\$ 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

BOOK 0026 PAGE 371

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