

**Forest Lakes Community Association**  
2007 Budget Category Descriptions

**Residential Assessments:** Income from homeowner assessments; level set annually by Board as part of budget process. Equal amount is charged per homeowner, per Forest Lakes governing legal documents. Calculated based on number of units as of beginning of year; new units if any are prorated and amounts would contribute to surplus.

**Commercial Assessments:** Fixed amounts for those properties within Forest Lakes. Rates; set by covenants with periodic increases. Also includes a storm water management fee established by the county for one specific property.

**Interest Income on Investments:** Includes interest from investing short term “unneeded” funds from operating budget and replacement reserves in money market, CD’s and others as appropriate.

**Newsletter Income:** Income from the sales of advertisements in the newsletter to offset the cost of the production and delivery of the newsletter.

**Miscellaneous Income:** Income primarily for keys sold to residents for the Fitness Center.

**Community Building Rentals:** Income from renting the Pavilion, Poolhouse and Swimming Pool for parties and other private or invitation-only events (rentals must involve a Forest Lakes resident – no rentals to “outside” groups or general public).

**Pool Guest Pass Income:** Income from the sales of guest passes. New category for 2007. Had been included as Miscellaneous Income in previous years.

**Swim Lesson Income:** Income from swim lessons, now collected by Community Group. New category for 2007. See offsetting costs below.

**Audit:** The annual fee to produce the Federal and State tax returns by an independent accounting firm and/or an audit of the Associations books, as approved by the Board of Directors.

**Legal/Professional:** Provides funds for any legal, engineering, or financial consulting services as necessary, including responding to various special issues that arise.

**Taxes on Invested Income:** Federal and state taxes primarily for investment income above.

**Office Expenses:** Internet domain name registration fees for association, office supplies and other miscellaneous administrative charges.

**Postage:** Mailing of special or general notices, annual meeting notices, accounts payable, homeowner correspondence, general correspondence, etc.

**Insurance:** Provides Property Insurance for the buildings and structures, Director's and Officer's Insurance for the Board of Directors, workers compensation, and Public Liability Insurance with a \$25M umbrella. A special sports policy is also provided for the swim team.

**Printing Expenses:** Includes costs to print special or general notices, annual meeting notices,

pool pass information, resident letters, the address/phone directory etc.

**Newsletter Expense:** The associated costs for compiling, printing and delivering the newsletter. Monthly printing cost, delivery and typesetting.

**Collection Related Expenses:** Preparation, printing and postage related to assessment coupon books and reminder and overdue notices. If all homeowners signed up for auto-pay this amount would be zero.

**Miscellaneous Administrative:** This includes the cost for the production of the Board meeting minutes, special deliveries and the post office box, and the annual registration fee for condominium and homeowner's associations required by the Commonwealth of Virginia.

**Swim Lesson Costs:** Payroll for swim lessons that are offset by income above.

**Social Programs:** An allowance for various activities and events for the homeowners.

**Communication:** Office, fitness center, pool, fax, and grill phones. This also includes Internet access, website fees, and cable expenses for the North and South facilities.

**Utilities:** The Association is responsible for the payment of common area water and sewer, gas, and electricity.

**Janitorial Contract:** Includes the cleaning contract for the association buildings - the fitness center, offices, Pavilion and Poolhouse.

**Landscaping Contract:** Contract for full service maintenance of the common areas. Includes but is not limited to mowing, fertilization, seeding, leaf collection, weed spraying and related.

**Fitness Equipment Lease:** Annual lease payments for the new/upgraded fitness equipment added in 2005.

**Salaries and Management:** Management services under contract with Community Group to provide for day-to-day operation of the association through on-site personnel. Includes providing the collection and processing of assessments, cash disbursements, producing monthly financial statements, supervising and reconciling cash accounts, bidding and placing insurance, handling administrative functions, developing bid specifications, providing counsel for the Board of Directors, participating at Board and Association meetings, and other activities as the Board of Directors instructs. The amount increases at the CPI at the time of budget approval plus 1.5%.

**Pool Contract:** This is the contract for operations and management of the pools, including lifeguard services and chemical treatment of the pools.

**Security Service Contract:** This contract provides for off-duty police officers for limited hours during the evenings and weekends.

**Tennis Court Contract:** This is the annual retainer for oversight, daily maintenance and upkeep of the courts.

**Refuse Removal:** This is for the cost with Allied for dumpsters and trash removal at the fitness center, Pavilion, and other common areas in the community. Homeowners are billed separately

and directly by the trash company(ies) for collection at individual homes.

**Common Area Maintenance:** Provides for repairs and maintenance to the range of common areas throughout the community, including walking trails, storm water drainage and related.

**Landscaping Repairs/Plantings:** This provides for plant materials and flowers in the community, tree removal, erosion repairs, repairs as necessary and upgrades as budgeted.

**Irrigation:** This is for maintenance, start up and winterization of the system.

**Lake Infrastructure:** Clearing lakes edges periodically and other maintenance of the five lakes in the community, as required.

**Building Maintenance:** Repairs to the Pavilion, office, poolhouse, fitness center and tennis shop.

**Recreational Maintenance/Supplies:** This includes miscellaneous repairs and supplies to keep the pool, tennis courts, and fitness center in good working order.

**Replacement Reserves:** This charge covers expected long-run replacement of major components in the community, such as buildings, pools, lakes, paved paths, storm water systems and other community amenities. In 2005 the association employed Miller, Dodson and Associates to review the association's capital assets, to project future replacement costs and to recommend a fixed annual contribution level. The review will be updated periodically to account for spending that has occurred and ongoing aging of the community's assets and amenities. Capital spending projects are separately budgeted and tracked, with the costs paid from the balances in this account, shown in the association financial reports.

**Operating Contingency Reserves:** This reserve is for unexpected events, which could include repairs from inclement weather, excessive tree removal, or other items, required to maintain and operate the association – a "rainy day" fund that is prudent to budget for annually.