

Roberts Ridge Homeowners Association
Board of Directors

Budget Development Guidelines

The Roberts Ridge Homeowners Association Board of Directors (BOD) is responsible for setting and maintaining an annual budget. The BOD will draft a budget for the next year by October 31 and will post both the YTD actuals along with the draft proposal for electronic review by the homeowners prior to the Annual Meeting. Homeowners will vote on the draft budget proposal at the Annual Meeting.

Draft Budget proposal will be sent out with the Annual Dues notice on or before December 1. BOD will reasonably operate HOA using the previous annual budget until the Annual Meeting date.

Each annual budget will include the following:

- YTD accounting of current year budget including any changes made by the BOD during the year.
- Prior year budget actuals
- Draft proposal for next year
- Current Cash Reserves & account balances including bank name
- Budget narrative outlining any variance to budget with justification and any anticipated special assessments
- Statement of delinquent HOA fees & current liens as of December 31

Cash Reserves

Each annual budget is designed to cover expenses incurred to maintaining the Roberts Ridge community. As costs may fluctuate year-to-year and in an effort to mitigate the risk of levied special assessments, the BOD will maintain a cash reserve balance.

Cash reserve deposit will appear as a line item on the expense side of the budget. The deposit amount will be equal to exactly 15% of annual projected revenue or the remaining net positive balance after all expenses in the annual budget draft, whichever is greater. Additionally, any favorable variance to budget at the end of the year will be deposited into the cash reserves during that year's budget.

Cash reserves may be spent on unavoidable negative variances to budget, budget changes approved mid-year by the BOD, and in lieu of or offset to any special assessments as defined in the covenants, and may not exceed the reserve balance. The cash reserve balance will be capped at a one-year gross revenue from dues (i.e. total households x \$ current annual dues) carryover year to year. Any reserves in excess of the cap during budget construction will be deducted out of revenue as a credit to homeowners' accounts for the next fiscal year. The reserve policy and cap will be revisited and approved by the BOD annually.

[approved by BOD on 6/12/2018] [revised and approved 10/23/2018]