

## **OPERATING INCOME**

1. Annual Assessments- Total of all yearly assessments for the 668 homes in our neighborhood.
2. Late Fees - Fees collected from assessments that are not paid by Jan 31.
3. Collection Reimbursement – Lawyer costs to get residents to pay their dues. Not guaranteed to recuperate the money in the year it is spent.
4. Legal Fee Reimbursement, Mowing Reimbursement - Like Collections above. The cost is charged back to the responsible residents. When the fees/fines are paid, this is where it gets accounted.
5. Interest Income - Revenue accrued from saving account interest. This will be optimized in 2023 to an account with better rates.
6. Access Card Fees - Revenue collected from residents who need pool access cards reissued.
7. Miscellaneous Income - Income that is not planned and will not be recurring. The \$21,884 here for 2022 is the repayment from the Katy neighborhood who mistakenly had an electric meter on the Hayden Lakes account. It has been repaid in full.
8. Operating Transfer to RSRV - Intentionally saved for future expected and unexpected expenses. Most notably was the pool resurfacing project. Rather than have an \$80,000 expense in a single year that must be collected through a special assessment, large projects like this are saved up over several years.

## **OPERATING EXPENSES**

### **Audit & Tax**

1. Audit/Tax Prep - Higher in previous years, especially 2021 when the tax-exempt application was filed. Moving forward, anticipate \$900-1000 for annual tax-exempt form preparation.
2. Property Tax - The connecting lot between Hayden Lakes Dr and The Enclave was incorrectly classified as vacant residential versus reserve like the rest of our green spaces. This single lot accounts for roughly 90% of our tax bill. Working to reclassify it, but this may take some time.

### **Committees**

1. Social - Opportunities for all residents of all ages to gather and enjoy company around the holidays and throughout the summer.
2. Communications - A convenient, easy neighborhood website for residents to check for answers. Built in 2022 and looking forward to improvements.
3. Veteran's - Primarily flags for the community flagpole.
4. Welcoming - Welcoming packets and gift cards for new neighbors. Rather than have the management company send out a welcoming packet for \$25, residents volunteer to personally greet every new resident, let them know how to sign up for newsletters, fill out pool forms, and give them a welcoming gift card to a local establishment.
5. Yard of the Month - \$50 gift cards are given out eight months of the year for landscape appearance and holiday decorations. The Association buys \$250 worth, and Plants for All Seasons donates \$150.

### **Common Area Maintenance**

1. General Repairs - The Repair Committee tries to do as much as possible to save on labor and only pay for supplies. Most repairs to the neighborhood not classified under a specific category will be accounted for here.
2. Electrical Repairs - Burned out lights on the main Boudreaux entrance wall, the entrance tower, and horses at the entrance to The Enclave and roundabout will be replaced this year. Work was completed at the pool pavilion to add an electrical outlet outside of the main pump room so internet and surveillance camera equipment wouldn't be subjected to corrosive chlorine fumes.

3. Signage - New or replacement signs for the pool or around the neighborhood as needed. In 2022, new signs were purchased to open the pool for SAYOR. In 2023, the sign for the main park rules will be refurbished.
4. Fence Maintenance - The only community owned fences are those around the pool, dog park, and near Boatbill. The pool gate needed welding work this year. The fence on boatbill will need some upkeep in 2023.

#### **Insurance**

1. D&O - Director & Officer's liability, cyber liability, and crime.
2. Property - Property and general liability
3. Umbrella - Excess liability
4. Worker's Comp - Volunteer accident liability
5. Flood - Protects pool pavilion building

#### **Landscape**

1. Landscape Contract – The base contract for mowing, mulching, trash cleanup, fertilizations, pre- and post-emergent weed treatments, and twice annual color replacements. Each task is paid by month completed instead of the amount divided equally over 12 months, making accountability for jobs completed easier to track.
2. Landscape Improvements/Repairs - The Board continues work to repair damage from the 2021 freeze and previous sub-standard maintenance. The vision is for all shrub and flower beds to look full, vibrant, and healthy.
3. Irrigation Repairs – Recent proposals are \$2,000-\$2,500 monthly in sprinkler system maintenance. This covers labor and materials for replacing heads that are worn out, wiring issues, and decoders on the 2-wire system.
4. Arborist – The same arborist has been used for two years, but a different vendor or treatment option may be taken for 2023 as bagworms continue to be an issue. In the coming years, the community will need additional tree trimming and pruning as the trees mature and get larger.

#### **Lake Maintenance**

1. Lake Management Contract - The base contract covers the labor costs to check and treat our five lakes and clean up trash in the lakes and along the waterline.
2. Lake Chemicals and Supplies – Cost for actual chemicals used to treat algae and weeds in the lakes.
3. Fountain Maintenance and Repairs - All costs related to upkeep and repair of fountains including lights, wiring, motors, and associated labor. Our nine fountains were installed between 2015 and 2018 with a maximum expected lifespan of 10 years. Regular part replacement has begun, and costs will increase over the next few years. The fountains are necessary to keep water circulating for fish health and to reduce algae growth.

#### **Legal**

1. Assessment Collection – Pursuit of residents who do not pay dues by April or who have large outstanding balances. Costs incurred are charged back to the responsible household but may not be collected in the current year.
2. Legal Corporate – Board legal advice, documents, and new policies required to stay current with Texas laws. In 2022, some was spent for assistance to make our pool Swim At Your Own Risk.
3. Legal Deed Restriction - Certified letters due to deed restriction related violations. Fees will be charged back to the responsible homeowner through the Association, and costs incurred will be recuperated. The homeowner doesn't pay the law firm directly.

## **Administrative Management**

1. Management Services – The base contract for Sterling’s professional management services including the services of our property manager, who helps the Board on a weekly basis with advice and guidance.
2. Bank Charges/Fees - Returned check fees, if any. Charge will be forwarded to the resident's account.
3. Copies and Printing – Cost of \$0.15 for each page printed or copied by Sterling for business related to Hayden Lakes, monthly inspection letters, ARC approvals/denials, or any other individual mailings that Sterling does on the Board’s behalf.
4. Statements/Mailouts - The end of the year statement with dues notice, costing \$3/mailout, is a negotiated charge done by a third party through Sterling. This category would include any other community-wide mailout.
5. Miscellaneous Office Expenses - Stationary such as envelopes that are used exclusively for Hayden Lakes. Vendor meetings and mileage for meetings which include our property manager. Previously anything that was bought by Sterling at the Board’s request and then charged back to the community, but these charges are now properly coded to the category in which the expense was incurred.
6. Meeting Expense - Expense for yearly and quarterly meetings. This will primarily be used for in person meetings.
7. Postage - Direct expenses Sterling makes on our behalf to send out the letters mentioned in copies and printing.
8. Record Storage Fees – Retainage of certain records for a set amount of time. This is a fee paid to Sterling equating to seven boxes at \$5 per box per month.
9. Elections - Funds spent for Board candidate election mailings and online voting if desired.

## **Pool/Pavilion**

1. Pool Management Contract - The base contract that includes twice weekly cleanings and equipment checks year-round plus lifeguards during the summer.
2. Pool Chemicals - Previous contracts have had these billed separately or surcharged when industry supplies are variable. For the 2023 contract, pool chemicals are included in the contract.
3. Pool Equipment - Any items that are required to operate the pool such as safety equipment, cleaning brushes, and first aid supplies.
4. Pool Repairs/Improvements - Costs associated with the pool contractor repairing or enhancing pool equipment such as pumps and lights.
5. Pool Telephones/Internet – Required by law to have a hardline emergency phone, provided by Kings III, which is located outside the main gate and set up to call 911 directly. Also at the pool is internet to operate the pool chemical monitoring system and cameras. The internet has been with Comcast Business since the developer set it up. This is an expensive service with speeds just enough to run our equipment. Changing providers to AT&T is in the works. It will cost less, provide better speeds, and will allow residents to have Wi-Fi while enjoying the pool.
6. Access Card System - Maintenance associated with the key card system. The current system is nearly end of life. The system is no longer supported or replacement parts made. A new system is needed within the next two years - current cost estimates are \$18,000-25,000.
7. Pool Furniture - All furniture in the pavilion area such as chairs, tables, umbrellas, and water loungers. Some umbrella replacements are planned for 2023.
8. Security and Camera Monitoring - Currently provided by Alarm 360 through April 2023. Following that contract, the camera system will be expanded with better quality cameras and additional views of both the pool and entrance. The new cameras will not carry a monthly fee or

long-term contract. Camera upgrades are a priority since teens have been caught accessing the pool after hours on multiple occasions. This is a liability for the entire neighborhood.

9. Clubhouse Repairs and Cleaning Supplies - All repairs to the pavilion building, bathrooms, and plumbing, including starting a preventative maintenance routine for the cedar pergolas to retain their beauty and structural integrity. Long term preventative maintenance will cost less than replacement. This is also useable items such as toilet paper, paper towels, and trash bags.
10. Exterminating - GreenForce Pest Solutions sprays for wasps, spiders, and treats for ants around the pool and pavilion. A small amount of funds have been allocated to trap nutria in 2023, if necessary.
11. Janitorial/Cleaning Services – A dedicated cleaner after complaints about the upkeep of the bathroom facilities and addition of swim at your own risk when lifeguards aren't present. This is weekly cleanings from mid-March to the end of October.
12. Playground Maintenance and Repairs - Any repairs or cleanings for the two playgrounds. The most common damage is clearly intentional to the swing chains and seats.
13. Dog Park Maintenance - Any costs to maintain the Bark Park including dog waste bags. The only costs attributed to the dog park over the last several years has been repairs to the water bowl.

#### **Utilities**

1. Electric - Multiple accounts and meters throughout the neighborhood operate our fountains, irrigation system, sign lighting, pool, and pavilion as well as two accounts that have a set usage and rates for the streetlights. All maintenance for the streetlights is performed by CenterPoint at no additional cost.
2. Water & Sewer – The association is only responsible for the metered water used to operate the pool and irrigation system. The Association is not responsible for any water used from fire hydrants.

#### **Other**

1. Bad Debt Expense - Receivable assessments and fees that are being written off. These are not direct costs that are being paid out but revenue that is being removed from potential future collections. There is a 4-year statute of limitations for collections if the process has not been started. The Board's position is to get lawyers involved early with any residents who have not paid dues or set up a payment plan by April or who are behind by more than \$1,000. All lawyer fees to collect these funds are charged back to the household being pursued. This policy is done to protect the resources of all residents with hope to write off fewer receivables than in years past.
2. Deed Restriction Maintenance/Force Mow - Costs associated with the Board authorizing a forced mow or other clean-up of a resident whose yard or lot care is sub-standard. Costs are charged back to the responsible household.
3. Holiday Decorating - Yearly Christmas light installation and removal.
4. Mosquito Spraying - Weekly spraying from March-November to proactively mitigate mosquitos. Funds allocated for additional twice weekly treatment for 8 weeks as needed.