

THE SEA RANCH ASSOCIATION

SUMMARY INFORMATION

ADOPTED BUDGET - FISCAL YEAR 2008-09

Estimated Budgets 2009-10 & 2010-11

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THE SEA RANCH ASSOCIATION RESERVE FUNDING STATEMENT

State law requires preparation of and reporting on a plan for maintenance, repair and replacement of major components that the Association is obligated to maintain. The Association's plan is referred to as the 30-Year Plan. The table below summarizes the plan.

Major Component	Estimated Remaining Useful Life	Estimated Current Replacement Cost
Recreation Facilities	0-30	1,172,522
Community Centers	0-30	187,051
Office Buildings	0-30	341,081
Equipment	0-25	636,027
Roads	0-7	<u>1,299,652</u>
Total		3,636,333
Current Reserves (at January 31, 2008) (excludes Cluster CarBarn and Verdant View Reserves)		632,197
Current Reserves as a percent of the estimated current replacement cost		17.39%
Projected Beginning Reserve Balance 5/1/2008		667,180
Plus: Current Year Income (Fiscal Year 08-09)		<u>500,070</u>
Funds Available		1,167,250
Less: Repl expenditures budgeted for FY 08-09		<u>(441,050)</u>
Projected Ending Reserve Balance		<u>726,200</u>

The long term nature of reserve funding requires that certain assumptions be made about future events. Each item within a major component has to be evaluated as to its present age, projected useful life, remaining useful life, projected useful life after it is replaced and current replacement costs. Actual replacement costs will be affected by overall inflation, pricing changes in certain industries and any variance from the planned and actual useful life of the components. All of the foregoing factors were integrated into a spreadsheet that calculates the funding required over a 30 year period.

Funding for the 30-Year Plan is expected to come from three sources: 1) interest earned on the replacement fund balances, 2) the annual member assessment, and 3) receipt of a contribution from rental agents based on rental fees. The annual assessment for funding the 30-Year Plan will be established at a level that provides adequate funds for the completion of the planned projects. Current policy targets 100% of the cost of one average year's expenditures under the Plan, or 3% of the total estimated replacement cost. No projects have been deferred. No loans are outstanding for any project. No special assessments are anticipated for the completion of projects.

**THE SEA RANCH ASSOCIATION
ANNUAL ASSESSMENT HISTORY**

FISCAL YEAR	OPERATING FUNDS	CAPITAL FUNDS	TOTAL ASSESSMENT	MONTHLY RATE
2008-09	1,920.60	239.40	2,160.00	180.00
2007-08	1,812.00	144.00	1,956.00	163.00
2006-07	1628.04	267.96	1,896.00	158.00
2005-06	1537.08	184.92	1,722.00	143.50
2004-05	1437.72	112.68	1,550.40	129.20
2003-04	1195.32	274.68	1,470.00	122.50
2002-03	1192.44	295.56	1,488.00	124.00
2001-02	1015.32	436.68	1,452.00	121.00
2000-01	1018.20	193.80	1,212.00	101.00
1999-00	852.00	288.00	1,140.00	95.00
1998-99	780.00	360.00	1,140.00	95.00
1997-98	810.00	354.00	1,164.00	97.00
1996-97	751.32	314.28	1,065.60	88.80
1995-96	631.32	256.68	888.00	74.00
1994-95	965.52	202.32	1,167.84	97.32
1993-94	723.48	249.72	973.20	81.10
1992-93	842.88	130.32	973.20	81.10
1991-92	769.56	163.68	933.24	77.77
1990-91	564.00	240.00	804.00	67.00
1989-90	647.28	156.72	804.00	67.00
1988-89	691.20	0.00	691.20	57.60
1987-88	482.76	93.24	576.00	48.00
1986-87	437.76	102.24	540.00	45.00
1985-86	411.84	104.16	516.00	43.00
1984-85	455.90	24.10	480.00	40.00
1983-84	427.20	52.80	480.00	40.00
1982-83	427.20	4.80	432.00	36.00
1981-82	420.00	0.00	420.00	35.00
1980-81	420.00	0.00	420.00	35.00
1979-80	360.00	0.00	360.00	30.00
1978-79	360.00	0.00	360.00	30.00
1977-78	354.00	6.00	360.00	30.00
1976-77	252.22	0.00	252.00	21.00
1975-76	216.00	0.00	216.00	18.00
1974-75	216.00	10.00	226.00	18.83
1973-74	182.00	32.00	214.00	17.83
1972-73	144.00	36.00	180.00	15.00
1971-72	144.00	36.00	180.00	15.00
1970-71	144.00	36.00	180.00	15.00
1969-70	132.00	0.00	132.00	11.00
1968-69	132.00	0.00	132.00	11.00
1967-68	132.00	0.00	132.00	11.00
1966-67	144.00	0.00	144.00	12.00
1965-66	144.00	0.00	144.00	12.00

SUMMARY
THE SEA RANCH ASSOCIATION
ADOPTED BUDGET 2008-09
ESTIMATED BUDGETS 2009-10 AND 2010-11
SCHEDULE OF INCOME, EXPENSES AND
ASSESSMENTS

	FY 2007-08		FY 2008-09		FY 2009-10		FY 2010-11	
	Monthly Assm't		Monthly Assm't		Monthly Assm't		Monthly Assm't	
Operating Fund Expenditures								
Security	665,865		728,805		765,692		802,218	
Facilities and Resources	1,902,812		2,108,327		2,141,706		2,234,554	
Des Compliance & Env Mgmt	632,049		624,808		662,238		690,814	
Finance & Human Resources	170,078		167,757		175,837		180,767	
Administrative Services	329,947		217,759		225,249		234,220	
Liability & Earthquake Insurance	232,461		211,883		222,477		233,601	
Emergency Management Director	95,180		142,998		110,987		119,563	
Communication Director			186,111		187,897		195,586	
Community Manager & BOD	533,370		683,218		772,352		809,653	
Total Op Expenses and Assessment Required	4,561,762	166.08	5,071,665	184.56	5,264,435	191.57	5,500,976	200.18
Less: Operating Fund Revenue								
Miscellaneous Revenue:								
Design Review Fees	200,000		240,000		240,000		240,000	
Performance Deposit Interest	2,575		6,000		6,000		6,000	
Operating Fund Interest Earnings	18,000		30,000		30,000		30,000	
Miscellaneous Income	60,542		70,200		70,200		70,200	
Soundings Advertising	11,500		17,500		17,500		17,500	
Cluster Assessments	25,328		25,328		25,328		25,328	
Total Misc. Revenue	317,945	(10.16)	389,028	(13.91)	389,028	(13.49)	389,028	(13.45)
Reduce Op Fund Ending Balance								
Prior Year Surplus Available*	135,026.00	(4.92)	291,944	(10.60)				
Net other funding Sources	452,971	(15.08)	680,972	(24.51)	389,028	(13.49)	389,028	(13.45)
Net Assessment Required**	4,125,856	151.00	4,382,174	160.05	4,877,913	178.09	5,115,340	186.73
Other Fund Expenditures								
P and E Replacement	144,425	7.00	441,050	8.00	579,053	9.00	588,915	11.00
Development and Reserve	316,973	5.00	401,140	11.95	246,225	8.70	202,675	7.05
Total Capital Expenses	461,398		842,190		825,278		791,590	
TOTAL ALL EXPENSES***	5,023,160	163.00	5,913,855	180.00	6,089,713	195.79	6,292,566	204.78
Specific Assessments	Expenditures	Assm'l	Expenditures	Assm'l	Expenditures	Assm'l	Expenditures	Assm'l
Clusters Car barn	0	6.00	4,500	6.00	500	6.00	10,500	6.00
Verdant View	0	0.00	12,352	0.00	352	0.00	3,852	0.00
Max Allowed Increase (20%)		189.60		195.60		216.00		234.94
Each \$ of Assessment = \$27,480 (2,290 lots)								

* Reduction of current year Operating Fund assessment made possible by available surplus funds from prior year

** Includes \$16,000 reduction for allowance of prepayment discounts

*** Estimated assessments for 2009-10 and 2010-11 do not include the cost of a new Deputy Community Manager position (\$3.96 for 2009-10 and \$4.27 for 2010-11) and related office expansion (\$2.87 in fiscal 2009-10 only). The Board has requested that these proposals be discussed during the 2009-10 budget process.

SUMMARY
THE SEA RANCH ASSOCIATION
ADOPTED BUDGET 2008-09
SCHEDULE OF INCOME, EXPENSES AND ASSESSMENTS
TEN-YEAR PROJECTION

	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
	Monthly Assmt'l	Monthly Assmt'l	Monthly Assmt'l	Monthly Assmt'l	Monthly Assmt'l	Monthly Assmt'l	Monthly Assmt'l	Monthly Assmt'l	Monthly Assmt'l	Monthly Assmt'l
Operating Fund Expenditures										
Security	728,805	765,692	802,218	826,285	851,073	876,605	929,991	957,890	986,827	995,771
Facilities and Resources	2,108,327	2,141,706	2,234,554	2,301,591	2,370,638	2,441,757	2,515,010	2,590,461	2,668,174	2,748,220
Des Compliance & Env Mgmt	624,808	662,238	690,814	711,538	732,885	754,871	777,517	800,843	824,868	849,614
Finance & Human Resources	167,757	175,837	180,767	186,190	191,775	197,529	203,455	209,558	215,845	222,320
Administrative Services	217,759	225,249	234,220	241,247	248,484	255,939	263,617	271,525	279,671	288,061
Liability & Earthquake Insurance	142,998	222,477	233,601	240,609	247,827	255,262	262,920	270,808	278,932	287,300
Emergency Management Director	110,987	110,987	119,563	123,150	126,844	130,650	134,569	138,606	142,764	147,047
Communication Director	186,111	187,897	195,586	201,454	207,497	213,722	220,134	226,738	233,540	240,546
Community Manager & BOD	683,218	772,352	809,653	833,943	858,961	884,720	911,272	938,610	966,768	995,771
Total Op Expenses and Assessment Required	5,071,665	5,264,435	5,500,976	5,666,005	5,835,985	6,011,065	6,191,397	6,377,139	6,568,453	6,765,506
Less: Operating Fund Revenue										
Miscellaneous Revenue:										
Total Misc. Revenue	389,028	389,028	389,028	389,028	389,028	389,028	389,028	389,028	389,028	389,028
Reduce Op Fund Ending Balance										
Prior Year Surplus Available	291,944	(110,60)	(110,60)	(110,60)	(110,60)	(110,60)	(110,60)	(110,60)	(110,60)	(110,60)
Net other funding sources	680,972	(24,51)	(24,51)	(24,51)	(24,51)	(24,51)	(24,51)	(24,51)	(24,51)	(24,51)
Net Assessment Required	4,382,174	4,877,913	5,087,028	5,287,507	5,446,957	5,622,065	5,802,427	5,986,640	6,177,071	6,372,506
Other Fund Expenditures P and E Replacement Development and Reserve**	441,050	579,053	588,915	663,254	488,950	659,288	423,430	674,522	551,527	571,713
Total Capital Expenses	842,190	825,278	971,290	795,754	616,450	806,788	557,930	807,022	679,027	699,213
TOTAL ALL EXPENSES	5,913,855	6,089,713	6,422,266	6,461,759	6,452,435	6,817,853	6,749,327	7,184,161	7,247,480	7,464,719
Estimated % increase Over Previous Year	10.4%	8.8%	4.6%	2.7%	2.7%	3.2%	2.6%	2.8%	2.8%	2.9%
Max Allowed increase (20%)	195.60	216.00	234.94	245.74	252.35	259.21	267.38	274.33	281.99	289.76
Each \$ of Assessment = \$27,480 (2,290 lots)										

**Based on most current revision of The Sea Ranch Association 30-Year Plan
 --Based on 30-Year Commons Management Plan (less projects funded via Operating Fund) plus \$50,000 per year Board Special Projects Fund

FUND RECONCILIATION
FY 2007-08, 08-09, 09-10 & 10-11

2007-08 FUND	BEGINNING BALANCE 5/1/2007	EST REVENUE 07-08	EST EXPENSE 07-08	EST BALANCE 4/30/2008	CHANGE FROM 5/1/07 BAL
Operating	361,272	4,578,837	4,589,839	350,270	-11,002
P&E Replacement	356,354	488,776	177,950	667,180	310,826
Development & Reserve	286,224	149,748	321,092	114,881	-171,344
Cluster Carbarns	76,350	7,318	500	83,168	6,818
Verdant View	59,469	2,788	352	61,905	2,436
TOTAL	1,139,669	5,227,467	5,089,733	1,277,403	137,734

2008-09 FUND	BEGINNING BALANCE 5/1/2008	EST REVENUE 08-09	EST EXPENSE 08-09	EST BALANCE 4/30/2009	CHANGE FROM 5/1/08 BAL
Operating	350,270	4,771,202	5,071,665	49,806	-300,463
P&E Replacement	667,180	500,070	441,050	726,200	59,020
Development & Reserve	114,881	336,386	401,140	50,127	-64,754
Cluster Carbarns	83,168	7,296	4,500	85,964	2,796
Verdant View	61,905	2,800	12,352	52,353	-9,552
TOTAL	1,277,403	5,617,754	5,930,707	964,450	-312,954

2009-10 FUND	BEGINNING BALANCE 5/1/2009	EST REVENUE 09-10	EST EXPENSE 09-10	EST BALANCE 4/30/2010	CHANGE FROM 5/1/09 BAL
Operating	49,806	5,266,941	5,264,435	52,313	2,506
P&E Replacement	726,200	535,506	579,053	682,653	-43,547
Development & Reserve	50,127	247,076	246,225	50,978	851
Cluster Carbarns	85,964	7,296	500	92,760	6,796
Verdant View	52,353	2,800	352	54,801	2,448
TOTAL	964,450	6,059,620	6,090,565	933,504	-30,946

2010-11 FUND	BEGINNING BALANCE 5/1/2010	EST REVENUE 10-11	EST EXPENSE 10-11	EST BALANCE 4/30/2011	CHANGE FROM 5/1/10 BAL
Operating	52,313	5,504,368	5,500,976	55,705	3,393
P&E Replacement	682,653	598,662	588,915	692,400	9,747
Development & Reserve	50,978	201,734	202,675	50,037	-941
Cluster Carbarns	92,760	7,296	10,500	89,556	-3,204
Verdant View	54,801	2,800	3,852	53,749	-1,052
TOTAL	933,504	6,314,860	6,306,918	941,447	7,943

THE SEA RANCH ASSOCIATION - PROJECT EXPENSE MATRIX
 A MULTIFUNDS DIRECT COST REPORT FOR BUDGET YEAR 2008-09 -- ANNUAL BUDGET DISTRIBUTION

- Criteria for Inclusion:
- a) The project costs are contained in more than one Fund
 - b) The project cost is estimated at more than \$50,000
 - c) The duration of the project is expected to last for more than one year

OPS ----- P & E ----- D&R----

Line Items/Projects	Fuel Mgmt Plan a,b,c	CC&R Enforcement b, c	General Operations Fund 01	Roads Program Fund 11	All P&E Repl Fund 11	Hedgerow Replanting b,c	Disaster Ops Equip b,c	Other D&R Fund 22	Sub-Total
Employee Payroll	211,198		2,368,606	28,685	7,969		5,443	13,144	2,635,045
Benefits & Taxes	70,300		632,272	11,156	3,099		2,117	4,475	723,419
Supplies/Materials			288,594		41,634			15,970	346,198
Utilities			268,743						268,743
Insurance/Taxes			211,883						211,883
Office Expense			286,391						286,391
Contract Services	116,750	110,000	353,450	276,957		63,000		33,341	953,498
Miscellaneous			53,478		2,900			2,150	58,528
Capital Outlay	51,800				68,650		75,700	84,000	280,150
Special Projects			100,000					50,000	150,000
Total Project									
Direct Costs	450,048	110,000	4,563,417	316,798	124,252	63,000	83,260	203,080	5,913,855
Adopted/Working Budget	450,048	110,000	4,563,417	316,798	124,252	63,000	83,260	203,080	5,913,855
Variance									
Percent Completed	0%	0%	0%	0%	0%	0%	0%	0%	0%

* The Polybutylene Replacement Program is jointly funded by the Water Company and the Association, with \$60,000 being provided from the TSRA and \$40,000 from the WC. To the extent possible that ratio will be used to split costs. Therefore the figure shown on the matrix needs to be multiplied by 5/3rds to obtain the total PRP costs or multiplied by 2/3rds to obtain the WC portion.

FUND ACTIVITY SUMMARY

OPERATING FUND	FY2006-07	FY2006-07	FY2007-08	FY2007-08	FY2008-09	FY2009-10	FY2010-11
	ADOPTED	ACTUAL	ADOPTED	PROJECTED	ADOPTED	ESTIMATE	ESTIMATE
Assessment Rate	138.89	138.89	155.92	155.92	170.65	178.09	186.73
Reduction of Prior Year Surplus	(3.22)	(3.22)	(4.92)	(4.92)	(10.60)		
Assessment Income	3,708,917	3,709,708	4,125,856	4,125,856	4,382,174	4,877,913	5,115,340
Design Review Fees	379,008	237,135	200,000	294,947	240,000	240,000	240,000
CCR Violations Settlement	0	66,833	0	0	0	0	0
Performance Dep Interest	2,500	10,242	2,575	5,902	6,000	6,000	6,000
Op Fund Int Income	18,000	32,467	18,000	34,000	30,000	30,000	30,000
Miscellaneous	66,095	63,115	60,542	69,704	70,200	70,200	70,200
Soundings Advertising Income	11,500	18,474	11,500	17,424	17,500	17,500	17,500
Clusters Assessment	24,590	24,344	25,328	31,004	25,328	25,328	25,328
Current Year Revenue	4,210,610	4,177,550	4,443,801	4,578,837	4,771,202	5,266,941	5,504,368
Beginning Balance	128,056	231,198	176,287	361,272	350,270	49,806	52,312
Total Funds Available	4,338,666	4,408,748	4,620,088	4,940,109	5,121,472	5,316,748	5,556,681
Expenditures	4,297,405	4,047,476	4,561,762	4,589,839	5,071,665	5,264,435	5,500,976
Estimated Ending Balance	41,261	361,272	58,326	350,270	49,806	52,312	55,705

PROPERTY AND EQUIP. REPLACEMENT FUND	FY2006-07	FY2006-07	FY2007-08	FY2007-08	FY2008-09	FY2009-10	FY2010-11
	ADOPTED	ACTUAL	ADOPTED	PROJECTED	ADOPTED	ESTIMATE	ESTIMATE
Assessment Rate	7.00	7.00	7.00	7.00	8.00	9.00	11.00
Income	192,192	192,192	192,192	192,192	219,840	247,320	302,280
Rental Fees	250,004	240,932	257,504	278,218	265,230	273,186	281,382
Interest Earnings	5,000	16,075	5,000	18,366	15,000	15,000	15,000
Current Year Revenue	447,196	449,199	454,696	488,776	500,070	535,506	598,662
Beginning Balance	441,826	450,140	318,633	356,355	667,181	726,200	682,654
Total Funds Available	889,022	899,339	773,329	845,131	1,167,250	1,261,707	1,281,316
Expenditures	435,588	540,165	142,025	175,050	438,150	576,153	586,015
Income Tax Allowance	1,200	2,819	2,400	2,900	2,900	2,900	2,900
Estimated Ending Balance	452,234	356,355	628,904	667,181	726,200	682,654	692,401

DEVELOPMENT AND RESERVE FUND	FY2006-07	FY2006-07	FY2007-08	FY2007-08	FY2008-09	FY2009-10	FY2010-11
	ADOPTED	ACTUAL	ADOPTED	PROJECTED	ADOPTED	ESTIMATE	ESTIMATE
Assessment Rate	15.33	15.33	5.00	5.00	11.95	8.70	7.05
Income	420,900	420,900	137,280	137,280	328,386	239,076	193,734
Interest Earnings	1,500	11,879	1,500	12,468	8,000	8,000	8,000
Current Year Revenue	422,400	432,779	138,780	149,748	336,386	247,076	201,734
Beginning Balance	168,904	250,103	232,561	286,225	114,882	50,128	50,979
Total Funds Available	591,304	682,883	371,341	435,973	451,268	297,204	252,713
Expenditures	539,219	394,574	315,125	318,942	398,990	244,075	200,525
Income Tax Allowance	1,100	2,083	1,848	2,150	2,150	2,150	2,150
Estimated Ending Balance	50,985	286,225	54,368	114,882	50,128	50,979	50,038

FUND ACTIVITY SUMMARY

CLUSTER CARBARN RESERVE FUND	FY2006-07 ADOPTED	FY2006-07 ACTUAL	FY2007-08 ADOPTED	FY2007-08 PROJECTED	FY2008-09 ADOPTED	FY2009-10 ESTIMATE	FY2010-11 ESTIMATE
Assessment Rate	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Income	3,096	3,096	3,096	3,096	3,096	3,096	3,096
Interest Earnings	1,100	3,566	1,100	4,222	4,200	4,200	4,200
Current Year Revenue	4,196	6,662	4,196	7,318	7,296	7,296	7,296
Beginning Balance	81,641	82,903	76,350	76,350	83,168	85,964	92,760
Total Funds Available	85,837	89,565	80,546	83,668	90,464	93,260	100,056
Expenditures	200	13,215	500	500	4,500	500	10,500
Estimated Ending Balance	85,637	76,350	80,046	83,168	85,964	92,760	89,556

VERDANT VIEW RESERVE FUND	FY2006-07 ADOPTED	FY2006-07 ACTUAL	FY2007-08 ADOPTED	FY2007-08 PROJECTED	FY2008-09 ADOPTED	FY2009-10 ESTIMATE	FY2010-11 ESTIMATE
Assessment Rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Income	0	0	0	0	0	0	0
Interest Earnings	950	2,652	950	2,788	2,800	2,800	2,800
Current Year Revenue	950	2,652	950	2,788	2,800	2,800	2,800
Beginning Balance	56,469	57,273	59,469	59,469	61,905	52,353	54,801
Total Funds Available	57,419	59,925	60,419	62,257	64,705	55,153	57,601
Expenditures	170	456	352	352	12,352	352	3,852
Estimated Ending Balance	57,249	59,469	60,067	61,905	52,353	54,801	53,749