



September 1, 2017

A copy of the 2018 Budget and maintenance fees is included in this mailing. Fees will remain flat, as promised over the 3-year time horizon for paying for the pool. 2018 will be the second year of the 3-year plan.

Overall, operating revenues in 2018 (\$631,813) are budgeted with a 0.5% increase over the 2017 budget, reflective of actual 2017 results. Amenities Construction Income is similarly consistent with 2017, and represents the second-year of the three-year Amenities Construction Fee. Reserve Income, reflective of the portion of your annual maintenance fee that is for improving facilities and the financial stability of the Neptune House is also consistent with 2017. Rental income in 2018 is budgeted \$6,200 higher than in 2017, reflective of 2017 actual results. Other changes in revenue are either minor, or are presented differently than in 2017 to improve clarity.

The total costs to run the resort, which include the Operating Costs, Administrative Expenses, Fixed Expenses, and Payroll Expenses, are budgeted at \$643,800 in 2018, and now include the Amenities Operating Costs, which were broken out separately in 2017. This represents a 5.3% increase over the similar group of expenses in 2017, and is offset by marginally higher fee and rental income, and lower expected bad-debt expenses.

Phase II of the pool construction project, described in more detail in the September newsletter, is budgeted for \$83,200. That leaves \$64,560 for planned additional repairs and improvements, and increasing the Reserve Fund.

The fees that apply to you are reflected in the bill that is included in this mailing. The temporary recreational amenities construction fee will be in effect for one more year (2019). Beginning in 2020, the Amenities Construction Fee will be gone, but the plan remains to increase the Reserve Fee to allow for needed long-term improvements to the resort. The net impact would still be a modest decrease to fees in 2020, and should leave the Neptune House on solid financial ground. However, there is still much to be accomplished before then.

The Board has endeavored to create a responsible budget that keeps us on the path to maintaining the long-term financial and physical health of the resort. Ongoing operations are being managed efficiently; the reserve plan has appropriate funding for long-term maintenance and periodic refreshing of the living units; and the pool will be open next year and fully paid for in 2019. We are continuing efforts to get the shares that the Owners Association currently owns in the 30-week resort season into the hands of paying owners so we can fund additional recreational amenities and spread future expenses over a broader base, thereby making lower maintenance fees possible.

If you have any questions, please send them to board@neptunehouse.com.

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