

**MAGNOLIA POINT
2011 Budget Assumptions**

INCOME

Maintenance Fee

<u>2010</u> <u>Budget</u>	<u>Thru</u> <u>08/31/10</u>	<u>2011</u> <u>Budget</u>
\$737,049.00	\$489,940.27	\$737,049.00

Assessments are based upon the total operating expenses less other sources of ancillary income. The 2011 budget assumes 842 lots contributing. The break down as follows:

Category #1 (767 lots contributing at \$222.48 per quarter = \$682,568.00 annually)

Category #2 (38 lots contributing at \$196.21 per quarter =\$29,824.00 annually)

Category #3 (36 lots contributing at \$171.23 per quarter =\$24,657.00 annually)

Total Assessment Revenue projected for 2009 = \$737,049 *Not including commercial Assessment below.

Commercial Assessments

<u>2010</u> <u>Budget</u>	<u>Thru</u> <u>08/31/10</u>	<u>2011</u> <u>Budget</u>
\$1,648.00	\$1,098.66	\$1,648.00

Real Estate Building pay per every 2000 sf of heated and cooled space for the commercial property, which has a total of 5000 sf.

Late Fees

<u>2010</u> <u>Budget</u>	<u>Thru</u> <u>08/31/10</u>	<u>2011</u> <u>Budget</u>
\$5,000.00	\$9,295.77	\$5,000.00

Late fees are charged to accounts whose assessment payment is not received on or before the due date and may or may not be collected in cases of foreclosure and or bankruptcy. As such late fee income should not be relied upon as a source of revenue and is estimated conservatively.

Gate Remote Sales

<u>2010</u> <u>Budget</u>	<u>Thru</u> <u>08/31/10</u>	<u>2011</u> <u>Budget</u>
\$3,000.00	\$2,835.00	\$3,500.00

Sale of gate remotes to homeowners, income offset by expense (purchase) of gate remotes.

ARC Review Fees

<u>2010</u> <u>Budget</u>	<u>Thru</u> <u>08/31/10</u>	<u>2011</u> <u>Budget</u>
\$3,500.00	\$1,180.00	\$3,500.00

Fees are charged to owners for reviews requested by them for changes or alterations to the exterior of their home or lot. These fees off set the expense of ARC administration.

Interest-Money Market (RSRVS)

<u>2010</u> <u>Budget</u>	<u>Thru</u> <u>08/31/10</u>	<u>2011</u> <u>Budget</u>
\$3,000.00	\$1,429.97	\$3,000.00

Interest income projected earnings reduced for 2011 due to lower reserve balance as a result of road and drainage project being expensed combined with reduced interest rates in market place

Allocate Reserve Interest

<u>2010</u> <u>Budget</u>	<u>Thru</u> <u>08/31/10</u>	<u>2011</u> <u>Budget</u>
\$-3,000.00	\$-1,429.97	\$-3,000.00

Interest – Checking

<u>2010</u> <u>Budget</u>	<u>Thru</u> <u>08/31/10</u>	<u>2011</u> <u>Budget</u>
\$0.00	\$192.45	\$0.00

Miscellaneous Income

<u>2010</u> <u>Budget</u>	<u>Thru</u> <u>08/31/10</u>	<u>2011</u> <u>Budget</u>
\$0.00	\$-990.15	\$0.00

EXPENSES

Administration Expenses

Management Fees

<u>2010</u> <u>Budget</u>	<u>Thru</u> <u>08/31/10</u>	<u>2011</u> <u>Budget</u>
\$56,000.00	\$37,136.00	\$56,000.00

Management services include financial reporting, assessment collection, covenant and restriction enforcement, supervision of contracts, etc. Current fee is based on \$5.50 per closed lot per month. No increase is budgeted for 2011.

Audit of Financial Statement

<u>2010</u> <u>Budget</u>	<u>Thru</u> <u>08/31/10</u>	<u>2011</u> <u>Budget</u>
\$3,600.00	\$0.00	\$3,600.00

Budget of \$3,600.00 to perform CPA audit of financial statement as required by Florida Statute as income is in excess of \$400,000.00. (2009 Audit expensed in September 10 at \$3,600 per CPA cost to remain same for 2011)

Insurance

<u>2010</u> <u>Budget</u>	<u>Thru</u> <u>08/31/10</u>	<u>2011</u> <u>Budget</u>
\$13,000.00	\$7,266.96	\$12,000.00

Property Insurance at \$2,869.95 includes Tower Park parcel, General Liability insurance at \$4,693.00, Umbrella at \$673.00 and Directors and Officers Insurance at \$2,577.62 all policies Total \$10,833.57 run January 2010 – January 2011.

Bad Debt Write – Off

<u>2010</u> <u>Budget</u>	<u>Thru</u> <u>08/31/10</u>	<u>2011</u> <u>Budget</u>
\$23,500.00	\$15,666.64	\$37,000.00

Due to the current mortgage and lending climate and the current rate of delinquent association accounts, it is recommended that an allowance be made for foreclosures and bad debt per attached schedule.

ARC Expense

<u>2010 Budget</u>	<u>Thru 08/31/10</u>	<u>2011 Budget</u>
\$3,500.00	\$1,180.00	\$3,500.00

ARC fees collected offset the ARC administration costs.

Legal

<u>2010 Budget</u>	<u>Thru 08/31/10</u>	<u>2011 Budget</u>
\$29,547.00	\$6,014.80	\$10,547.00

Legal services as may be required to pursue past due collection accounts and review documents as needed and to enforce covenant violations as needed. Legal fees for collections are paid in advance to the attorney and then charged back to the delinquent owners as a reimbursable expense to the Association, except in the case of bankruptcy and bank foreclosure in which cases these cost become part of the Associations bad debt. Legal cost may be incurred to pursue proposed legal action against owners in regards to covenant violations which cost may or may not be recordable depending on outcome.

Professional Fees and Reserve Study Update

<u>2010 Budget</u>	<u>Thru 08/31/10</u>	<u>2011 Budget</u>
\$15,000.00	\$5,030.00	\$10,000.00

Funds budgeted for the services of an engineer to continue working with Board on Community drainage issues. Reserve Study was completed in 2010 and it will be updated again in 2012.

Taxes & Licenses

<u>2010 Budget</u>	<u>Thru 08/31/10</u>	<u>2011 Budget</u>
\$500.00	\$112.25	\$500.00

Annual Corporate Report (\$61.25), and Income Tax Preparation at (\$150.00) and any tax liability on reserve interest earnings. Tower Park sign permit with DEP at \$250.00

Web Site Maintenance

<u>2010 Budget</u>	<u>Thru 08/31/10</u>	<u>2011 Budget</u>
\$1,000.00	\$280.00	\$1,000.00

Funds budgeted for quarterly maintenance of web-site as well as any updates and changes required to website.

Office Supply

<u>2010 Budget</u>	<u>Thru 08/31/10</u>	<u>2011 Budget</u>
\$15,000.00	\$8,197.11	\$15,000.00

Funds budgeted to cover cost of mailing quarterly statements, accounts payable, letters to owners, membership mail outs to include annual meeting notices, copies, postage etc.

Miscellaneous

<u>2010 Budget</u>	<u>Thru 08/31/10</u>	<u>2011 Budget</u>
\$1,000.00	\$876.00	\$2,332.00

Miscellaneous expenses not covered by another category for fees in conjunction with annual meeting room rental set up, holiday decorations and to cover the cost associated with providing Rules & Regulations booklet to new members following closing.

Utilities

Electric

<u>2010 Budget</u>	<u>Thru 08/31/10</u>	<u>2011 Budget</u>
\$28,000.00	\$15,985.47	\$25,000.00

Electric consumption for streetlights, landscape lighting, electric for irrigation controllers/pumps and guardhouse.

Water

<u>2010 Budget</u>	<u>Thru 08/31/10</u>	<u>2011 Budget</u>
\$6,500.00	\$2,579.22	\$5,000.00

Irrigation water and water /sewer for guardhouse.

Telephone

<u>2010 Budget</u>	<u>Thru 08/31/10</u>	<u>2011 Budget</u>
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\$8,500.00

\$5,202.10

\$8,500.00

Phone lines for guardhouse and for automated entry gate system. Includes additional costs associated with dedicated DSL connections for the operation of the security camera system.

Repairs & Maintenance

General Repairs & Maintenance

<u>2010</u> <u>Budget</u>	<u>Thru</u> <u>08/31/10</u>	<u>2011</u> <u>Budget</u>
\$10,000.00	\$4,359.68	\$10,000.00

Funds have been budgeted for the repair/maintenance of signage, lighting, roadway repairs, etc. To include maintenance of all common property within the community.

Lake/Fountain Maintenance

<u>2010</u> <u>Budget</u>	<u>Thru</u> <u>08/31/10</u>	<u>2011</u> <u>Budget</u>
\$14,000.00	\$11,833.95	\$14,000.00

The Association shares the expense of maintaining retention ponds in the community with the club. The HOA's contribution is \$984.00 per month. Fountain maintenance at \$150 per quarter and additional funds as may be needed for minor repair and maintenance of fountain. (YTD 2010 higher than would normally be expected due to one time non-recurring expense for the replacement of the fountain motor and the fish clean up in February 2010).

Landscape Maintenance

<u>2010</u> <u>Budget</u>	<u>Thru</u> <u>08/31/10</u>	<u>2011</u> <u>Budget</u>
\$104,600.00	\$67,260.00	\$104,600.00

Routine weekly maintenance of turf and plant beds, to include fertilization 4x on turf and 2x on shrubs and insect control. Additionally annuals are changed out 4 times per year as part of contract. Current contract with Nanak's landscaping at a rate of \$8,370 monthly. Contract runs 6/15/10 – 6/14/11 inflationary increase allowance included in 2011.

Landscape Improvements

<u>2010</u> <u>Budget</u>	<u>Thru</u> <u>08/31/10</u>	<u>2011</u> <u>Budget</u>
\$15,000.00	\$9,527.40	\$15,000.00

Removal of dead trees as needed, plant additions or replacements, sod replacement, mulch and pine straw in natural areas at estimated cost of \$8,000.00 per year. Additional funds budgeted for any plant or sod replacement as may be needed.

Irrigation – Repairs/Maintenance

<u>2010 Budget</u>	<u>Thru 08/31/10</u>	<u>2011 Budget</u>
\$5,000.00	\$2,077.92	\$5,000.00

Irrigation system maintenance to include replacement of irrigation heads as required, repair of valves, broken lines, pump repairs etc.

Access Control

Gate Remote Expense

<u>2010 Budget</u>	<u>Thru 08/31/10</u>	<u>2011 Budget</u>
\$3,000.00	\$2,771.00	\$3,500.00

Purchase of gate remotes, expense offset by income generated from sale of gate remotes.

Security Contract

<u>2010 Budget</u>	<u>Thru 08/31/10</u>	<u>2011 Budget</u>
\$155,650.00	\$102,694.32	\$155,650.00

Based on contract with Dave Richard Group two year contract that runs February 24, 2009 thru February 23, 2011 for providing access control services twenty-four (24) hours per day, seven (7) days a week. At rate of \$145,020 annually plus applicable taxes. (Pending 3% increase currently under negotiation)

Gate Repair/Maintenance

<u>2010 Budget</u>	<u>Thru 08/31/10</u>	<u>2011 Budget</u>
\$5,000.00	\$6,788.00	\$10,000.00

Funds budgeted for repairs to gate system and operators as may be required throughout the year.

Guard House Repair/Maintenance

<u>2010 Budget</u>	<u>Thru 08/31/10</u>	<u>2011 Budget</u>
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