

Proposed Budget for May 1, 2010 – April 30, 2011

Attached is the proposed operating budget of \$4,539,461 which results in annual dues amount of \$599 (villas \$120) and I request your approval of this budget.

Management and the Budget Committee have worked diligently to review all costs and identify savings where appropriate. Last year we were able to reduce operating costs for the ongoing departments by 4% and in this budget year we have reduced operating costs by an additional 4%. Some of the additional cost reductions are from difficult choices and some are from smart thinking such as the tax exempt status. In addition, we have projected additional non-dues revenues such as the \$100,000 projected for the sale of CRRA lots. However, with all of the foreclosures and bankruptcies, collections remain an issue. To make up for the dollars not collectible (both specific and general reserves) we must therefore increase the dues by \$32 to \$599 to balance the budget.

A snapshot of the operating dues of \$599 by department is:

<u>Department</u>		
1X-Admin*	154	26%
2X-Villas	25	4%
3X-Amenities	55	9%
4X-Public Safety	133	22%
5X-Roads & Grounds	232	39%
7X-General Store	0	0%
	599	100%

*Admin does include several costs such as all of the phone costs and the liability insurance, etc. that are for all departments and often recorded by department in other businesses.

In addition to the operating budget of \$4,539,461, the capital expenditures budget is projected at \$646,500. As these are funded through the capital reserve fund and only a small contribution of \$677 is required for the capital reserve fund this year, there is actually no impact to THIS YEAR'S dues amount for the capital expenditure items. Other funding for the capital reserve fund comes from interest income and capital transfer fees.

If we cannot approve a new budget by March 15, 2010 (45 days requirement in bylaws), the prior year's budget will become the budget for the new year. That budget was actually for more dollars than this year's budget and since we have fewer lots this year, this would result in a new dues amount of \$615 which I believe would create an unnecessary hardship on our property owners.

I request your approval of the attached budget. Thank you.

Betty Reece, CRRA Treasurer