



Homestead Owners Association Inc.

2011 Annual Assessment Distribution

ANNUAL ASSESSMENTS 2008-2011

The 2011 annual assessment is \$1080 per property, remaining the same for the fourth year in a row. Assessment contribution by fund is presented below (Cash Basis).

Total Homeowner Dues Collected

2008	\$891,965
2009	\$891,598
2010	\$893,667
2011	\$893,836

Replacement Reserve and Capital Fund

2008	\$504,843
2009	\$541,413
2010	\$522,262
2011	\$370,000 (Budgeted)

Operating Fund

2008	\$387,122
2009	\$350,185
2010	\$371,405
2011	\$523,836 (Budgeted)

Percentage of Dues and Monthly Dollar Amount Contributed to Reserve and Capital Fund

2008 **56%** \$50.40 of \$90
 2009 **60%** \$54.00 of \$90
 2010 **58%** \$52.20 of \$90
 2011 Budgeted **41%** \$36.90 of \$90

Reserve and Capital Fund Balance EOY (Income Tax Basis)

2008	\$1,557,454 (Reserve \$1,458,995 Capital \$98,459)
2009	\$1,916,698 (Reserve \$1,688,267 Capital \$228,431)
2010	\$2,234,746 (Reserve \$1,873,248 Capital \$361,498)

The Association's budget also reflects the fiduciary responsibility of management, the Board and all owners in protecting our investment in the Association, both for the upcoming 2011 budget year and into the future. The 2011 budget does not include an increase in the annual assessment, thus requiring a reduction in funding capital improvements, all opportunities to reduce costs and increase other revenues were thoroughly explored. A copy of the 2011 budget, 2010 budget, and the final cash basis income and expense report for 2009-2010 is attached to this report.

ASSOCIATION FUNDS

Operating Fund

The Operating Fund accounts for the revenue and expense activities of our amenity and homeowner association service functions. This fund is for expenses essential to our operation, including amenities. Capital improvements related and large maintenance expenditures are held in other funds. Operating Fund budgets for all departments were prepared with an emphasis on managing operating costs efficiently, while continuing to provide consistent levels of service. Detailed analyses of each department were prepared and evaluated by management before the budget was reviewed by the Board. Methods for optimizing revenue while maintaining favorable property-owner access and rates were also examined.

Replacement Reserve and Capital Fund

The Replacement Reserve Fund is used to account for the financial resources designated for the repair, restoration, replacement or maintenance of major common area components of the Association. In 2007 a 20-year reserve funding and expenditure plan was produced, for the purpose of scheduling and analyzing the Association's funding needs. An update of the study was performed in 2010 and is available on the website. Based upon the 2007 reserve study and other information available to the Board of Directors, Homestead budgeted in 2008 to increase the annual Reserve allocation by over 3 times the 2007 amount. The currently projected reserve account balances will be sufficient at the end of each year to meet the Association's obligation for repair and/or replacement of major components during the next 20 years. The 2011 budget meets the 2010 study's requirements.

In 2007 the Board created a capital improvements fund to save for community improvements and amenities. Any operating fund excess is placed in this reserve account once the study required reserve allocation is met.

The following outlines notable 2011 budget year expenditure items including carry-over projects:

- HCC playground improvements
- HCC school lease space remodel
- Repairs and replacements to Homestead owned units
- HCC daycare HVAC
- HCC outdoor court windscreens