

# Proposed 2010 Lake Holiday Commentary

## REVENUES DUES RELATED INCOME

Dues – Based upon 1998 billed members. 1728 X \$837 homes on lots and 270 X \$797-vacant lots.

Past Dues – Collection of prior year billed amounts based upon collection analysis.

Late Fees – \$50 Fee on accounts paid after the 1st day of March and 1.5% of balance due beginning April 1st.

## OTHER INCOME

Annual Rental Property Registration - \$300.00 fee.

Farm Rd. Access Fees – Collection of non-member resident road usage fees on Farm Road.

Force Mowing Fees – Fee for Association mowing of member owned lots.

Security Fines – Fines paid for citations issued.

Boat Registrations – Annual Registration Fees

Non – Motorized and all sailboats	\$15
1- 20 HP	\$35
21-100 HP	\$100
101- 200 HP	\$125
201 + HP	\$150
PWC	\$200

Camper Registrations – Annual site rental at \$185 per season.

Vehicle Sticker Fee - Each lot will be given up to 2 free stickers. Additional Stickers will be \$3 each. Members may now purchase vehicle stickers for immediate family guests who do not live at Lake Holiday.

Dock Permit Fees – Individual rental of mooring spaces at Association owned docks at \$490 per space for season.

Marina Dock Revenue – 5% of revenue on marina docks on Association property

Pavilion Fees – Exclusive rental of pavilions at Beach II and Beach III, at \$100 per day.

Lodge Rental – Exclusive rental of Lodge facilities for events.

Application Fees – Membership Application fees \$200 for new members and members who purchase lots.

Interest Earnings – Interest on general fund investments. Restricted funds receive interest accrual of the fund.

Miscellaneous – Miscellaneous receipts from non-specific sources.

Lien Fees – Return of extended fees in lien filings on delinquent accounts. Fee is \$300.

Building Fees – Building Permit Fees- Fewer new home starts anticipated

Newspaper Ad Revenue – Revenue received for advertising in Lake Holiday News.

Garage Sale Registration Fee - \$10. Lake Holiday will post a list of registered garage sales on the web site and television each week.

Lawn Waste Stickers - \$1.50 and Appliance Stickers - \$20.

## OPERATING EXPENSES, CAPITAL OUTLAY AND FUND CONTRIBUTIONS

### OPERATING EXPENSES - GENERAL PROPERTY DIVISION

Legal Expenses – Exposure in this area has been limited by careful risk management.

Unanticipated litigation could greatly impact this line item.

Audit Expenses – Based upon contracted amount. Includes 990 tax return preparation and filing.

Collection Fees – This account reflects costs extended in collections such as liens, small claim filings, summons service, title work and percentage collection fees to legal counsel. In many cases these costs are offset by judgments that are awarded by the court to cover collection costs.

Insurance Expense – Indemnification of Association assets and operations.

Water Expenses – Water expenses for beaches and other green areas. Based on recent years' consumption.

Electric Expenses – Common area and street lighting, exclusive of other specific areas such as lodge and maintenance buildings.

Real Estate Taxes – All properties purchased by Association in recent years have been recognized as common areas by LaSalle County.

Directors' Fees – Director remuneration for meeting attendance and reimbursement for attendance at education or Association related professional programs. May include post-annual meeting social gathering.

Vehicle License Fees – Registration and Licensing of Association vehicles.

Advertising – Cost of advertising in outside communications for recruitment of staff, community notices, etc.

Leash Ordinance Enforcement – Care or disposal of impounded animals by local veterinarians.

Miscellaneous – Small, unforeseen items of expenditure, not budgeted.

Contractor License Fees – Program discontinued for 2010.

Contracted Services – Expenditures for outside trade or professional services such as cleaning, small projects etc.

Election Expenses – Ballot printing, envelopes and postage.

Employee Benefits – Miscellaneous benefits and Holiday Party

Refuse Collection – 2010 contract amount based upon pick-up at all lots, dumpsters at Association facilities. Includes recycling and vegetative waste pickups for additional fees.

Recreation Programming – Recreation program costs.

Sanitary Facility Maintenance – Includes portable toilet placements and pumping of Beach III holding tanks.

## LAKE DIVISION

Water Quality Testing – Laboratory evaluation of water samples at beaches as required bi/weekly by Illinois Department of Public Health. Increase based on increased cost of shipping samples to meet new time restraints.

Beach Electricity – Operation of Beach II fountain and shelter electricity.

Carp Removal/ Fish Stocking - Funds to enhance fishery.

Equipment Repairs – Repairs of lake equipment including safety, beach and water treatment equipment.

Supplies – Supplies and equipment acquisition for beach and lake operations.

Algae Control – chemical or non- chemical control of algae.

Telephone – Telephone as required by Illinois Dept of Public Health.

## MAINTENANCE DIVISION

Salaries – Maintenance Supervisor, (2) full time maintenance men, (7) seasonal employees, and overtime for special events, emergencies and snowplowing.

Payroll Taxes – Based upon employee payroll calculations

Health & Disability Insurance – Health and disability coverage for full-time employees.

Pension – SIMPLE Employee Pension payment of 3% of annual salary to all eligible employees

Road Materials – Maintenance of roadways including shoulder stone, salt and concrete drainage devices.

Road Patching - As the roads age, areas of heavy usage need patching.

Petroleum – Fuel for maintenance vehicles and equipment.

Telephone – Phone service to maintenance facility, 3 pagers for call ins. Historical data.

Electricity – Electrical service to Maintenance and Security facility.

Heating – Fuel for heat at Maintenance and Security facility. Cost is subject to the

weather conditions for the heating season.

Equipment – Minor – Small equipment purchases.

Equipment Repairs – Repair of vehicles and maintenance equipment. Based upon 2009 experience and increased age of equipment.

Supplies – General maintenance materials for cleaning and upkeep of common properties. This also includes short life items such as soap, toilet paper, etc. used in restroom facilities throughout the development.

Water – Water billing for Maintenance and Security facility.

Radio Repair – Repair of portable and vehicle installed 2-way radios operated by maintenance.

## SECURITY DIVISION

Salaries – 24 hour patrol coverage, Chief, Patrol officers and part-time staff. Includes extra patrol officer's evenings for all year and on weekend days in the summer. Also includes Beach Patrol officer and Water Safety Patrol.

Payroll Taxes – Based upon employee payroll calculations

Health & Disability Insurance – Health and disability coverage for full-time employees. Pension - SIMPLE Employee Pension payment of 3% of annual salary to eligible employees

Radio Maintenance – Repair of department communication equipment.

Vehicle Maintenance Repairs – Maintenance and repair of two primary patrol cars and patrol boat.

Supplies – Printed supplies, office supplies, etc.

Uniforms – Uniform replacements for security staff.

Petroleum – Gas and oil to fuel two patrol cars and the patrol boat.

Telephone – Four conventional phone lines, two cellular phones. Based upon 2009 expenditure.

Equipment, Maintenance and Repairs - Repair and maintenance of general department property.

Training – To provide for training of officers.

Security Boat Dock Rental - to dock boat in covered lift at Marina

Professional Liability Insurance – Liability coverage against civil claims for Division operations.

## OFFICE DIVISION

Salaries – Personnel include General Manager, Property Manager + three full time employees.

Payroll Taxes – Based upon employee payroll calculations

Health & Disability Insurance – Health and disability coverage for full-time employees.

Pension - SIMPLE Employee Pension payment of 3% of annual salary to eligible employees

Newspaper Printing – Printing and postage costs for Lake Holiday News.

Postage – Postage requirements in Association mailings. Billings, notices and correspondence.

Office Supplies – Office related supply acquisitions (short lived, historical basis).

Equipment Repairs – Maintenance agreements on copier, postage machine, and needed repairs of other office equipment.

Annual I.D. Expense – Membership I.D. cards, boat decals, vehicle stickers and red numbers.

Telephone – Telephone services for Association Business Office. Includes three conventional lines, fax line, one cell phone, lodge pay phone.

Gas – Heating – Heating of Lodge and Office areas.

Electricity – Electrical service to Lodge and Office areas.

Mileage – Reimbursement for staff business mileage.

Miscellaneous – Unforeseen miscellaneous expense items.

Water Expense – Billing for Lodge and Bathers Prep area. Based upon historical data.

Education – Funding of staff training and manager certification.

Printed Supplies – Purchase of preprinted forms and contract printing for the Association.

Computer Services – Computer repairs and special services.

## CONSERVATION AND PROPERTY IMPROVEMENT DIVISION

Picnic Tables – Repair of existing tables

Boat Dock Repairs – Repair of existing docks

Drain Improvements – Correction of existing minor drainage problems.

Lodge Repair – General Lodge maintenance repairs of structure.

Shoreline and Beach Work – Additional rip rap to shorelines or sand for beaches.

Property Improvements – General property improvements or necessary repairs to common property

Dam Inspection – Annual engineer's inspection and evaluation of dam integrity. Required by IDNR.

Landscaping – Improved landscaping of Association Property.

Tree Removal - Removal of dead or damaged trees on Association owned property that are too large for staff to remove.

## CAMPGROUND DIVISION

Telephone Expense – Public telephone cost at campground.

Water Expense – Cost of water service to hydrants and bathhouse facility.

Electric Expense – Outside lighting and service to bathhouse.

Gas Heating Expense – Natural Gas service for water heating.

Facility Repairs – Building and grounds repair at Campground.

## CAPITAL OUTLAY

These proposed purchases represent new Association property acquisitions or improvements to existing assets. The total expenditure is projected at \$288,000. Includes \$15,000 for the stabilization of green area shorelines and \$273,000 for dam repairs based upon recommendations made by the dam engineer after the 2008 dam inspection. Monies not spent through the year will be reserved for future dam repairs or possible spillway replacement.

## FUND CONTRIBUTIONS

These amounts are part of the proposed annual charges and represent monies to be placed in "restricted" funds to be used only for the purpose described.

Lake Maintenance Fund - \$163,535 - A reserve of \$50,000 will be set aside for future dredging which will be determined after the north end of the lake is measured in 2010 using the same grid that was used in the 2008 lake study. Lake Maintenance will also be improving shorelines on green areas.

Capital Reserve Fund - \$29,251 – The framework for this fund was established in the 1993 budget process and was created through a required reserve study and a future replacement schedule of Association assets. The concept of this fund is to accrue monies for future replacements as portions of assets are used up from year to year. The adopted plan eliminates the need for large special assessments when an expensive item needs replacement. It also creates dues level consistency for Association stability.

Current accounting practices as set forth by the American Institute of Certified Public Accountants (AICPA) require information relating to Association reserves to be set forth in financial audits. By not having adequate reserves, property values, a member's ability

Commentary continued from page 13

to sell his property and willingness of lenders to finance purchases may all be negatively impacted. If this occurs, a Board has not met its financial responsibilities to the Association.

The proposed 2010 contribution to the Capital Reserve Fund is \$29,251 to replace \$51,005 in assets. Assets to be replaced include - maintenance additional docks, a John Deere 4115 tractor and mower and Security Vehicle Unit #1.

Operating Reserve – contribution - \$1506 - In 2001 the Board established an operating reserve fund that will be available to provide funds necessary to pay for unexpected required operating expenditures that were not anticipated in the preparation of the budget. The fund so established shall be 5% of the budgeted operating expenses.

Road Fund For Retirement of Debt. The contribution of \$138,000 for 2010 includes annual principal and interest payments.

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**LAKE HOLIDAY PROPERTY OWNERS' ASSOCIATION  
ANNUAL MEETING AGENDA  
December 13, 2009 – 2 pm**

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|--|---|
| A. Declaration of Quorum               | F. President's Address                    |
| B. Call Meeting to Order               | G. Business-Approval of 2010 Budget       |
| C. Pledge of Allegiance                | H. Installation of Directors and Officers |
| D. Approval of Minutes of 2008 Meeting | I. Meeting Adjournment                    |
| E. Treasurer's Report                  |   |

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**2010 PROPOSED BUDGET SUMMARY**

In accordance with the governing documents of the Lake Holiday Property Owners' Association, the Board of Directors respectfully submits the following proposed budget for 2010 for approval by the membership at the December 13, 2009 Annual Meeting.

This presentation consists of a balanced budget that includes operating expenses, capital outlay (new assets) and fund contributions for the year 2010. Operating expenses are anticipated to increase from \$1,442,587 in 2009 to a proposed amount of \$1,473,449 in 2010, an increase of 2.14%. The following table summarizes budgeted operating expenses by major expense categories.

	2010	2009	Percent Increase (Decrease)
Employee compensation & benefits	\$ 774,308	\$ 763,854	1.37%
Refuse collection	247,962	236,155	5.00
Insurance	97,932	96,710	1.26
Utilities-gas, water, electric & telephone	47,300	46,250	2.27
Repairs & maintenance	105,400	108,300	(2.68)
Supplies	80,000	77,000	3.90
All other	120,547	114,318	5.45
<b>TOTAL OPERATING EXPENSES</b>	<u><u>\$1,473,449</u></u>	<u><u>\$1,442,587</u></u>	2.14%

Employee compensation and benefits account for 52.5% of the total operating budget, a slight reduction from last year. The increased budget for employee compensation and benefits is mostly driven by increased Health and disability insurance, resulting in a net overall increase of \$10,454 – 1.37%. This increase is comprised of group health and disability insurance - \$95,715 (28.15%) and pension costs - \$11,118 (14.26%); despite decreases in both direct compensation - \$606,486 (-1.57%) and payroll taxes – \$55,329 (-4.04 %).

Our second largest operating expense is refuse collection, which accounts for 16.82% of the 2010 budget. 2010 will be the 2nd year of 5 one year options to renew our contract that guarantees our rate increases will not exceed 5% a year during the contract period.

We anticipate our insurance costs to increase in 2010 by 1.26%.

As our roads age, we anticipate the need for continued patching and maintenance to keep them in good condition. The budget for repairs and maintenance include \$30,000 for this line item as well as \$10,000 for repairs to the lodge.

**PRIOR YEAR SURPLUS**

We are anticipating a budget surplus of \$99,000 in 2009 which is being used to reduce the dues requirement for 2010. The surplus is mainly due to lower operating expenses experienced throughout the 2009 budget year.

**CAPITAL OUTLAY AND RESERVE FUNDS**

The proposed 2010 Budget for capital outlay and reserve fund contributions totals \$621,157 vs. \$767,074 budgeted for 2009, a decrease of \$ 145,917. Included in the capital outlay budget is \$15,000 for additional shoreline stabilization and \$273,000 for dam repair. The extent of dam modifications is being reviewed by the board, dam committee, and finance committee.

**Lake Maintenance Fund (\$3,437 funding increase)**

It is believed by the Lake Committee staff and Board that dredging at the mouth of the creek every 3-4 years will be sufficient to remove materials deposited in the lake from the watershed. In 2010, the 3 year cycle of removal of materials from the spoils basin and maintenance dredging will be reevaluated. Pending results from this investigation, \$50,000 for future dredging has been set aside. The Lake Maintenance fund also includes labor costs for the Lake Maintenance crew who will be doing shoreline protection work during 2010.

**Capital Reserve Fund (\$50,202 funding decrease)**

This fund is used to provide for future replacement of certain assets and is based on a study performed each year that estimates such future costs taking into account the effects of inflation and future earnings on the amounts in the fund. The 2010 contribution from dues to the fund will be \$ 29,251. We are anticipating replacing assets from the fund costing \$51,005. The reduction in the contribution is mainly because of a re-evaluation of the useful life of the major assets owned by the Association.

**Operating Reserve (\$72 funding increase)**

The addition to the reserve is \$1,506, which is necessary to bring the Operating Reserve balance equal to 5% of the budgeted operating expenses in accordance with a Board policy adopted in 2001.

**Road Fund (no change in funding)**

This fund is used to provide funds to retire the loan made to pave all of our roads in 2000. Since the original loan was taken out in 2000, we have modified twice resulting in reduced interest rates. Annual principal and interest payments under the loan are \$138,865.

**DUES ASSESSMENT**

The total dues to be paid by members for 2010 are \$1,636,603; this is the same level as 2009. The proposed 2010 dues are \$837 for a lot with a home and \$797 for a vacant lot, which reflects no increase from the 2009 budget. This can be accomplished due to the reduction of construction projects scheduled for 2010 while contributing to funding for future capital projects. The proposed 2010 budget is targeted at holding assessments to a minimum amount that recognizes the effects of inflation, the increasing service demands, and the obligations of maintaining Association property and amenities to insure continued high property values. The Board believes that this proposed budget meets these objectives and asks your support by returning the enclosed proxy or attending the 2009 Annual Meeting. Any questions regarding the 2010 budget should be directed to Treasurer Condon at