Leisure Village® West Association

AT MANCHESTER, NEW JERSEY

2011 BUDGET

Dear Fellow Unit Owners:

We cordially invite you to attend the general meeting of unit owners that will be held in Willow Hall at 2:00pm on Wednesday, July 28, 2010. At the meeting, we will present the budget for next year and have a period of informal discussion in which you will have the opportunity to comment and ask questions about the budget. A live broadcast will be shown on Channel 15. The meeting will also be taped and played at a later time. Please watch the creeper for dates and times.

The proposed total fiscal year end budget reflects a $4.00 increase per unit per month. This increase is necessary to maintain the level of services and protect the common elements of our community and is being applied to the budget as follows:

Reserve Fund Budget Increase	$ 2.72
Operating Fund Budget Increase	1.28
Total Increase Per Unit Per Month	$ 4.00

Notable changes to the budget this year:

- Roof funding was increased by $70,000 to keep the fund solvent for each of the next 10 years, as mandated by the Reserve Funds Policy of LVWA.
- Retaining Wall funding has been decreased by $48,000 as the fund has reached a level to allow for the replacement of the remaining retaining walls.
- Administrative fee income was decreased by $24,000 due to fewer homes sales anticipated during the next fiscal year.
- Workers' compensation expense was decreased by $18,000 due to a decrease in premium rates.
- Sanitation service and bus lease expenses were decreased by $41,800 and $18,400, respectively, due to negotiated contract rates.
- An "Emergency Reserve Fund" has been established to fund emergency items such as snow removal costs.

If you have not already signed up for automatic payment of your maintenance fees, your new monthly payment book will be mailed to you. The first payment for the new fiscal year is due October 1, 2010. If any resident would like to pay his/her maintenance in full for the fiscal year, he/she will receive a 2% refund.

LVWA also offers an automatic payment plan for the payment of your monthly maintenance fees. **If you have not signed up already, simply fill out the attached "Authorization Agreement for Preauthorized Payments." Attach a voided check and deliver to the Association office, and we will withdraw your maintenance fees directly from your bank account *at any bank* on a monthly basis.**

Sincerely,

James Larsen, President
Board of Trustees

Salvatore Tozzi, Treasurer
Board of Trustees

959 BUCKINGHAM DRIVE, MANCHESTER, NEW JERSEY 08759

2011 BUDGET

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Notes on Fund Groups, Tables and Exhibits

Fund Groups

To understand our budget reports and accounting statements, think in terms of fund groups. In accordance with generally accepted accounting practices, we classify all of our financial transactions into fund groups, and use fund groups in our financial reports. This enables us to control the expenditure of funds in conformance with legal requirements and the requirements of our bylaws. All of our financial transactions are classified into one of the following four fund groups.

1. **Operating Fund**. This fund group represents the portion of expendable funds available for the general operation of the association.
2. **Property Fund.** This fund group represents all the activities associated with the purchase, depreciation, replacement and sale of the Association's tangible assets.
3. **Deferred Maintenance Fund**. The purpose of this fund group is to accumulate sufficient amounts so as to allow the Association to have the necessary resources to perform maintenance services that occur less frequently than annually (for example, painting dwelling unit siding).
4. **Capital Replacement Fund**. The purpose of this fund group is to accumulate funds over the lives of capital assets that are part of the common elements so that when their replacement is required, sufficient amounts are available to pay for their replacement (for example, roads and roofing on dwellings).

Table 1. Maintenance Fee Income and Use – by Fund Group

In Table 1 we show how much we expect to collect from monthly maintenance fees for the entire year, and the portion earmarked for each fund group.

Table 2. Condensed Operating Budget

We use most of the income from monthly fees for the general operation of the Association. In Table 2 we show a condensed version of the operation budget. Note that the total operating revenues consist of (1) the portion of total maintenance fees earmarked for the operating fund group, (2) other operating income such as income from transfer fees, reimbursement for snow removal and street lighting from Manchester Township and rental income, and (3) deferred revenue from prior years. Deferred income from prior years is the operating fund group surplus from the prior year; that is, the excess of total operating revenues minus total operating expenses.

Exhibit I – Monthly Maintenance Fees by Model Type

Here we show the monthly maintenance fees by model type and number of occupants.

Exhibit II – Operating Revenues and Expense Summary

Here we expand the summarized operating revenues and expenses shown in the Condensed Operating Budget, Table 2. We show the general ledger accounts included within the categories summarized in the Condensed Operating Budget (GL# and Description). For each account we show the amount budgeted in the current fiscal year (Current Budget), our present view of the actual amounts we project for the end of the current year (Annualized) and the amount in the budget for the upcoming year (Proposed Budget).

Leisure Village West Association

Budget For Year Ending September 30, 2011

Table 1. Maintenance Fee Income and Use - By Fund Group

(adjusted for rounding differences)

Allocated to the...	*2010 Budget* Dollars	*2011 Budget* Dollars	*2011 Budget* % of Total	*2011 Increase (Decrease)* Dollars	*2011 Increase (Decrease)* $s Per Unit Per Month*
Operating Fund	6,071,979	6,113,279	85.0%	$ 41,300	$ 1.28
Replacement Fund	703,423	755,833	10.5%	$ 52,410	1.62
Property Fund	127,000	127,000	1.8%	$ -	-
Deferred Maintenance Fund (Siding Painting)	160,000	160,000	2.2%	$ -	-
Emergency Reserve Fund	-	35,506	0.5%	$ 35,506	1.10
Capital Improvement Fund	-	-	0.0%	-	-
Total Income From Maintenance Fees	$ 7,062,402	$ 7,191,618	100.0%	$ 129,216	$ 4.00

Table 2. Condensed Operating Budget (Operating Fund Group)

(adjusted for rounding differences)

	2010 Budget Dollars	*2011 Budget* Dollars	*2011 Budget* % of Total	*2011 Increase (Decrease)* Dollars	*2011 Increase (Decrease)* $s Per Unit Per Month*
Operating Revenues					
Maintenance Fees	$ 6,071,979	$ 6,113,279	92.0%	$ 41,300	$ 1.27
Interest Income - Reserves	168,800	165,200	2.5%	$ (3,600)	(0.11)
Other Operating Income	344,700	321,400	4.8%	$ (23,300)	(0.72)
Deferred Revenue From Prior Years	42,363	44,163	0.7%	$ 1,800	0.06
Total Operating Revenues	$ 6,627,842	$ 6,644,042	100.0%	$ 16,200	$ 0.50
Operating Expenses					
Payroll					
Grounds Payroll	$ 825,300	$ 835,800	12.6%	$ 10,500	$ 0.33
Golf Course Payroll	63,900	65,200	1.0%	$ 1,300	0.04
Administrative Payroll	480,200	489,000	7.4%	$ 8,800	0.27
Clerical Payroll	266,900	272,500	4.1%	$ 5,600	0.17
Building Maintenance Payroll	759,800	763,800	11.5%	$ 4,000	0.12
Mechanics Payroll	192,800	196,600	2.9%	$ 3,800	0.12
Total Payroll	$ 2,588,900	$ 2,622,900	39.5%	$ 34,000	$ 1.05
Payroll Taxes and Benefits					
Payroll Taxes	$ 295,700	$ 307,100	4.6%	$ 11,400	$ 0.35
Benefits	$ 910,200	$ 911,700	13.7%	$ 1,500	0.05
Total Payroll Taxes+Benefits	$ 1,205,900	$ 1,218,800	18.3%	$ 12,900	$ 0.40
Total Payroll + PR Taxes + Benefits	$ 3,794,800	$ 3,841,700	57.8%	$ 46,900	$ 1.45
Other Operating Expenses	$ 2,619,800	$ 2,592,700	39.0%	$ (27,100)	$ (0.84)
Total Operating Expenses	$ 6,414,600	$ 6,434,400	96.8%	$ 19,800	$ 0.61
(A)Interest Allocated to Reserves	$ 168,800	$ 165,200	2.5%	$ (3,600)	$ (0.11)
(B)Contingency	$ 44,442	$ 44,442	0.7%	$ 0	$ 0.00
Total Operating Expenses Plus (A) and (B)	$ 6,627,842	$ 6,644,042	100%	$ 16,200	$ 0.50

* Dollars divided by the number of units divided by 12 months per year. Number of units = 2,692

Leisure Village West Association
Budget For Year Ending September 30, 2011

Supplemental Information About The Replacement Fund

1. Comparison of maintenance fee contributions to the Replacement Fund in the 2010 and 2011 budgets

The table shows the distribution of maintenance fees allocated to the Capital Replacement Fund by component

	2010 Budget	*2011 Budget*	*2011 Increase (Decrease)*	
Component	Dollars	Dollars	Dollars	$s Per Unit Per Month
Roofs	$ 400,000	$ 470,000	$ 70,000	$ 2.17
Roads	114,590	130,000	15,410	0.48
Concrete	20,833	20,833	-	-
Retaining Walls	48,000	-	(48,000)	(1.49)
Exterior	15,000	15,000	-	-
Well Motors	25,000	30,000	5,000	0.15
Common Buildings	80,000	90,000	10,000	0.31
Total Maintenance Fee Income Allotted to the Replacement Fund	$ 703,423	$ 755,833	$ 52,410	$ 1.62

2. Estimated Components of Fund Balances at September 30, 2011

		October 1, 2010 to September 30, 2011				
Component	*Estimated Balance at 10/1/10*	*Estimated Funding Contributions*	*Estimated Investment Income Net Of Bank Fees*	*Estimated Expenditures*	*Estimated Federal Income Tax Expense*	*Estimated Balance At 9/30/11*
Roads	$ 1,752,000	130,000	89,000	(60,000)	(13,350)	1,897,650
Roofs	1,102,000	470,000	65,000	(92,000)	(9,750)	1,535,250
Retaining Walls	244,000	-	8,000	(161,000)	(1,200)	89,800
Common Buildings	266,000	90,000	8,000	(290,000)	(1,200)	72,800
Concrete	219,000	20,833	11,000	(26,000)	(1,650)	223,183
Well Motors	23,000	30,000	500	(10,000)	(75)	43,425
Exterior	18,000	15,000	250	(10,000)	(38)	23,212
	3,624,000	755,833	181,750	(649,000)	(27,263)	3,885,320

Monthly Maintenance Fees by Model Type
October 1, 2010 through September 30, 2011

	One Occupant	Two Occupants	Three Occupants
	TOTAL	TOTAL	TOTAL
MODEL:			
ETON	164.00	175.00	
GREENBRIAR	178.00	189.00	200.00
CAMBRIDGE	193.00	204.00	215.00
BARONET	206.00	217.00	228.00
WINFIELD	216.00	227.00	238.00
REGENCY	239.00	250.00	261.00
CONCORD	165.00	176.00	187.00
FALMOUTH	172.00	183.00	194.00
NANTUCKET	178.00	189.00	200.00
WHEATON	197.00	208.00	219.00
OXFORD	207.00	218.00	229.00
STRATFORD	215.00	226.00	237.00
BLAIR	225.00	236.00	247.00
ST TROPEZ	227.00	238.00	249.00
HASTINGS	235.00	246.00	257.00
ROXY	211.00	222.00	233.00
SAVOY	223.00	234.00	245.00
RITZ	228.00	239.00	250.00
PICKFORD	229.00	240.00	251.00
WALDORF	242.00	253.00	264.00
VICTORIA	249.00	260.00	271.00

Leisure Village West Assn.

INCOME SUMMARY__

GL #	GL DESCRIPTION	CURRENT BUDGET	ANNUALIZED	PROPOSED BUDGET	VAR	% OVER PREVIOUS YEAR	PAGE #
5100	RESIDENTIAL ASSESSMENTS	$ 6,071,979	$ 6,071,979	$ 6,113,279	$ 41,300	1%	1
5108	ADMINISTRATIVE FEE INCOME	$ 124,000	$ 100,000	$ 100,000	$ (24,000)	-19%	2
5109	LEASE FEE INCOME	$ 18,100	$ 13,700	$ 13,700	$ (4,400)	-24%	3
5230	PRINTING REIMBURSEMENT	$ 2,000	$ 2,000	$ 2,500	$ 500	25%	4
5331	UNIT SERVICES INCOME	$ 17,400	$ 15,300	$ 16,900	$ (500)	-3%	5
5441	INTEREST INCOME - OPERATING	$ 8,400	$ 43,292	$ 6,000	$ (2,400)	-29%	6
5442	INTEREST INCOME - RESERVES	$ 168,800	$ 127,908	$ 165,200	$ (3,600)	-2%	6.1
5771	LATE FEE INCOME	$ 17,000	$ 17,000	$ 17,000	$ -	0%	8
5991	MISC. INCOME	$ 5,400	$ 48,700	$ 4,700	$ (700)	-13%	9
5993	PARKING INCOME	$ 1,800	$ 2,400	$ 2,400	$ 600	33%	10
5994	TWP SUBSIDY	$ 67,600	$ 73,000	$ 73,000	$ 5,400	8%	11
5995	RENTAL INCOME	$ 83,000	$ 81,800	$ 85,200	$ 2,200	3%	12
	SUBTOTAL OF REVENUES	**$ 6,585,479**	**$ 6,597,079**	**$ 6,599,879**	**$ 14,400**	**0%**	
5661	DEFFERED REVENUE-P/Y	$ 42,363	$ 62,842	$ 44,163	$ 1,800	**4%**	7
	TOTAL REVENUES	**$ 6,627,842**	**$ 6,659,921**	**$ 6,644,042**	**$ 16,200**	**0%**	