

# Ravens Crest East at Princeton Meadows Condominium Association, Inc.

## 2006 Operating Budget Account Details

Below are explanations of what each account or line item is used for during the course of the year.

### OPERATING INCOME

#### **Association Fees**

**\$1,339,920**

Represents a monthly fee per Unit to fund the Operating Budget, Deferred Maintenance, and Long Term Reserve accounts of the Association. The percentage of Ownership, which dictates the percentage of fees to be assessed for the one- and two-bedroom Units respectively, is set forth in the Association's Master Deed, Article 7, Section 2, and is detailed below. The Board was able to keep the fees the same for 2006, with no increase from 2004 and 2005.

320 One-Bedroom Units – \$171.00 per Month (.1529% Ownership)

292 Two-Bedroom Units – \$195.00 per Month (.1749% Ownership)

#### **Bad Debt Provision**

**(\$28,340)**

This amount is to anticipate a loss to income, when monies that are anticipated by the payment of Association fees and assessments are not received in a timely manner. By accounting for it in this way, there should be no unexpected budget discrepancies at the end of the year stemming from bad debts, uncollectible accounts or delayed payments. This amount is an estimate, based upon what we have experienced in the past. In general, most accounts end up being paid in full (including all expenses) as liens, lawsuits and foreclosures are implemented to protect the Association's position to ensure we receive full payment whenever possible.

#### **Late Fees**

**\$9,000**

Charges levied against delinquent accounts. The monthly fees and/or charges against Owners are due on the first of each month, and are considered delinquent if not **received** by the fifteenth. All accounts with a balance of twenty five dollars (\$25.00) or greater will receive a fifteen dollar (\$15.00) late fee if the payment is not received by the fifteenth of the month.

#### **Interest Income**

**\$71,500**

Represents the total anticipated interest earned on the Long Term Reserve and Deferred Maintenance savings funds. This amount is offset in the expense portion of the Budget, by having it transferred back into the respective account from which it was earned.

#### **Capital Contribution**

**\$54,000**

Represents a \$750.00 contribution charged to new Unit purchasers. This fee is collected only once from a new Owner at the time of closing; existing Unit Owners are not charged this fee. This amount was increased from \$300.00 to \$750.00 by the Initial Capital Contribution Amendment, which was approved by the Membership in May of 2004. This budget amount of \$54,000 is an estimate, based on an anticipated seventy two (72) Units being sold during the upcoming year.

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**Fine Income** **\$5,000**

Represents income for fines charged to Unit Owners for non-compliance of the Community's Rules and Regulations. Some examples of reasons for fining are failure to have annual chimney inspections conducted, failure to provide dryer vent cleaning certification, failure to submit proper leasing paperwork, failure to properly dispose of trash and/or recycling, storage of items on common elements, unauthorized and/or improper installation of satellite dishes into Common Elements such as siding and trim, failure to follow the parking rules, etc.

**Lease Administrative Processing Fee Income** **\$6,000**

A \$100.00 lease fee is charged to the Unit Owner every time there is a new tenant or lease change. Lease renewals incur no charge if the tenant remains the same. This is an estimate based upon the anticipation of sixty (60) new leases in the upcoming year.

**Other Income** **\$500**

This amount is for any miscellaneous income generated that is not accounted for by a specific line item, such as the sale of Public Offering Statements, etc.

**Special Assessment** **\$808,992**

Represents a monthly fee per Unit to replenish the Long Term Reserve account, in addition to the regular monthly deposits that come from the monthly association fee. In order to obtain bank financing from lending institutions for the upcoming Renovation Project, as well as favorable interest rates, this fund needs to be properly replenished and maintained. The percentage of Ownership in Common Elements specifies the share of fees each one- (1-) and two- (2-) bedroom Unit Homeowner pays and is calculated the same as the monthly Association Fees. It will run for the full year and will be re-evaluated when financing for the Renovation Project is determined. Please see the enclosed letter for more details.

- 320 One-Bedroom Units – \$103.00 per month (.1529% Ownership)
- 292 Two-Bedroom Units – \$118.00 per month (.1749% Ownership)

**Township Reimbursement** **\$6,300**

Represents anticipated reimbursement from Plainsboro Township for municipal services related to snow removal and street lighting. This is known as the Municipal Services Act, and also more commonly known as the Kelly Bill, which was enacted to prevent "double taxation" to those persons living in Community Associations.

## **OPERATING EXPENSE**

### **■ Grounds Maintenance**

#### **Landscaping Contract \$68,900**

Second year of a five-year contract with Landscape Maintenance Services (LMS) for weekly mowing and trimming of lawn areas; includes pruning of small ornamental trees and shrubbery, edging, and application of all chemicals, such as fertilizers and weed and pest controls. Spring, fall, and winter plantings of flowers at the front entrance, parking lot entrances, pool flower pots, and Management Office, which is being held with no increase for the five-year term. These services are provided from March through November.

This amount is greatly reduced this year, as the Board decided to postpone the application of mulch in 2006. Due to the upcoming Renovation Project, the landscaping and areas surrounding the buildings will be vulnerable to damage from all of the workers, equipment, and supplies. Landscape refurbishments and enhancements are scheduled to take place in phases as the project progresses.

#### **Landscape Enhancements & Repairs \$10,000**

Represents anticipated expense for removal and/or replacement of dead trees and shrubs, specialized treatments, over-seeding, enhancements to common elements, and storm damage. As indicated above, some landscaping enhancements will be put off until the Renovation Project has been completed on your Building, which may happen in the upcoming year, however emergency repairs, removals, etc. will still be performed year round.

#### **Snow Removal \$80,000**

Represents anticipated expense for clearing of snow accumulation two inches (2") or greater from all roadways, parking areas, sidewalks, and stairwells. As with Landscaping and Irrigation, the Association also contracts with LMS for these services. As recommended by Management, the Board decided to change to a "seasonal" contract for the five year contract term, as opposed to the "per-inch" contract as we had in 2004 and prior years. This means that the Association pays one fixed price, per season, for all snow storms ranging in depth of two to twelve inches (2"-12"); this contract price is also being held, with no increase, for the five-year term. We have currently started the second year of this contract. Ice storms and light snows less than two inches (2") will be removed at an additional cost. Additionally, storms in excess of twelve inches (12") will also incur an additional cost. We anticipate that this will eliminate the need for a special snow assessment at the end of the season.

#### **Irrigation \$10,000**

Anticipated expense for ongoing repair and maintenance services of the irrigation system; also includes irrigation system spring start-up and winterization. This service is also being provided by LMS for the five-year contract term at this rate with no increase along with Landscaping and Snow Removal. As with Landscaping and Snow Removal, we are in the second year of this contract term. This amount is slightly increased from last year, as we anticipate repairs being necessary from unpreventable damage done by Renovation Project equipment.

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■ **Other Property Maintenance**

**Common Property Maintenance** **\$17,000**  
Represents the expense of building materials and/or supplies for the repair and/or maintenance of all common elements, including light bulbs, caulk, shingles, doggie station bags, cleaning supplies, etc.

**Electrical Repairs** **\$5,000**  
Represents the expense for electrical repairs, such as the repair to common area light poles, security lights on the building exteriors, and breezeway light fixtures, etc.

**Exterminating** **\$6,000**  
Contract with JRG Termite and Pest Control for power spraying of outside perimeters of the clubhouse and all Units upon request for crawling insects, and wood destroying insects, such as termites and carpenter ants that originate from outside. Additionally included in this amount is service to trap and remove pigeons, mice, squirrels, and other assorted wildlife from the property, when it becomes necessary.

**Garbage Removal** **\$57,200**  
Contract expense for the disposal of household trash, recycling, and bulk waste pick up. The Association is currently in the second year of a five-year contract with Midco Waste, which allows for a three percent (3%) increase per year beginning January 1<sup>st</sup>.

**On-Site Maintenance Staff** **\$126,000**  
Represents the expense of staff members to provide repair, maintenance, and cleaning services of all common elements and areas. It consists of two (2) full-time skilled maintenance technicians on-site five (5) days per week for eight (8) hours per day each. Also, as in past years, the Association has re-signed with Worthmore Construction for one (1) year, as we have been pleased with the work that Scott Batey, Maintenance Supervisor, and Jeff Shatusky, Maintenance Technician, have provided. Funding for this account has been increased to allow for the option to pursue hiring our own maintenance staff. Increased expenses would be incurred for the acquisition of a vehicle, purchase of tools, health insurance, payroll taxes, etc.

**Plumbing Repairs** **\$5,000**  
Estimated expense for repairs and maintenance of all common pipe plumbing areas, including underground pipe breaks and sewer clogs and back-ups of these common lines.

**Signs** **\$500**  
Estimated expense for miscellaneous signage, flags, and replacement breezeway notice holders. Since these notice holders are expensive, please remind your children not to vandalize them!

■ **Recreation**

**Pool Area Repairs** **\$2,500**  
Represents the expense for the repair and maintenance of the community pool. It also includes the costs for the Plainsboro Township swimming pool license, and Plainsboro Township health and electrical inspections and permits.

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**Pool Contract** **\$26,000**

The contract with Sparkling Pool Services for pool management services, including the pool chemicals and lifeguards. The year 2006 marks the third year of a three-year contract. The amount has been increased to allow for extra costs associated with keeping the pool open one hour later during the summer months since we have installed lights on the back of the Clubhouse for this purpose, and postponing the pool's closing by one week.

**Social Committee** **\$10,000**

Represents estimated funding for social events to promote morale and to recruit volunteers from the Community. Events last year include a Valentine's Day Party, Summer Barbeque at the pool, Raven-Palooza Pool Party, the Volley Ball League, Annual Yard Sale, and Annual Holiday and Christmas Party.

■ **Utilities**

**Electricity** **\$24,500**

Estimated expense for common electrical systems, such as the clubhouse electric, sprinkler system electric, street lighting, breezeway lighting, and any other common area lighting.

**Fire Hydrants** **\$2,000**

Estimated expense for fire hydrant maintenance performed by Elizabethtown Water Company.

**Telephone, Internet & Website** **\$3,700**

Represents estimated expenses for the office telephone and fax lines, pool telephone, internet, and website services ([www.RavensCrestEast.com](http://www.RavensCrestEast.com)).

**Water** **\$115,000**

Estimated expense based on water usage for the sprinkler system, pool, clubhouse, and all Units. While the monthly Association fee includes your water usage, it does not include sewer expense.

■ **Administrative**

**Insurance** **\$150,000**

Represents expense for property damage, general liability, umbrella liability, directors and officers liability, workers compensation, and fidelity bond insurance coverages, as required by the Association's Governing Documents. This is an estimated amount based upon what we are currently paying now, and what our insurance agent tells us the increase may be based on industry trends for similar condominium associations. The final number will be determined in late December once all bids are received and reviewed.

**Insurance Deductible** **\$5,000**

Represents the payment of one insurance deductible should there be an Association insurance claim.

**Management Fee** **\$161,568**

Contract with Executive Property Management to perform Community Management services. Includes one full-time On-Site Senior District Manager (Susan Cunningham) and one full-time On-Site Community Manager (Ramona Schilling) as well as accounting services based out of their main office in North Brunswick, NJ. This is the third year of a three-year contract.

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<b>Legal Fees – Retainer</b>	<b>\$12,000</b>
Contract with Greenbaum, Rowe, Smith & Davis, LLP to provide general legal services, including attendance at monthly Board Meetings, contract preparation and review, legal opinions, initial review of lawsuits commenced against the Association, etc.; however excludes litigation and collection matters.	
<b>Legal Fees – Collection</b>	<b>\$30,000</b>
Represents legal expenses for collection of outstanding monies due to the Association by Unit Owners. This service is also provided by Greenbaum, Rowe, Smith & Davis, LLP. However, these expenses are charged back to the Unit Owners if they are delinquent and require legal collection services.	
<b>Legal Fees – Charged to Unit Owners</b>	<b>(\$25,000)</b>
Represents legal expenses charged back to the Unit Owner for collection services provided by the Association’s general counsel (see above) when Association Fees become delinquent, as per the Association’s Collection Policy.	
<b>Legal Fees – Other/Miscellaneous</b>	<b>\$5,000</b>
Represents legal expenses for services outside the parameters of the retainer agreement, such as general disbursements including postage, copying, and filing fees, and attendance at meetings beyond the retainer allowance.	
<b>Accounting &amp; Audit</b>	<b>\$5,000</b>
Contract with Wilkin & Guttenplan to provide annual audit services and the preparation of the Association’s income tax return, as required by the Association’s Governing Documents. The Audit is generally completed in March and then made available to Homeowners. The Audit is available on our website at <a href="http://www.RavensCrestEast.com">www.RavensCrestEast.com</a> .	
<b>Dues &amp; Subscriptions</b>	<b>\$500</b>
Estimated expenses for various membership fees and subscriptions for the Association such as Community Associations Institute (CAI), a national, nonprofit organization dedicated to fostering vibrant, responsive, competent, community associations and helping them promote harmony, community, and responsible leadership.	
<b>Newsletter</b>	<b>\$5,000</b>
Estimated expenses to publish and mail a Community Newsletter. The second issue will be published shortly, and will be mailed to all Unit Owners and Community Residents. The Association will make every effort to offset the printing and mailing costs by soliciting advertisers.	
<b>Office Expense &amp; Supplies</b>	<b>\$36,500</b>
Estimated expense for office supplies, postage, coupon booklets, printing costs, bank fees, administrative expenses, community mailings, etc.	
<b>Office Equipment</b>	<b>\$12,000</b>
Represents anticipated expenses for rental and maintenance of office equipment such as the copier, postage meter, etc.	

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**Professional Fees** **\$5,000**

Estimated expense for community engineering consulting services relating to repairs and maintenance of buildings and grounds.

■ **Other / Miscellaneous**

**Long Term Reserve** **\$280,000**

Represents reserve funding for the repair and/or replacement of major community components, such as roofing, siding, concrete sidewalks, patios, curbs, street lights, recreational facilities, etc. The amounts required to be saved are based upon the most current Capital Reserve Study, as performed by a licensed engineer, and as required by the Association's Governing Documents. Reserve Fund amounts are also based on the necessity for the upcoming Renovation Project to start in 2006.

**Transfer Interest to Long Term Reserve** **\$65,000**

As indicated above in the Operating Income section, this amount represents the transfer of all interest earned by the Long Term Reserve savings, back into the respective account from which it was earned. This amount, combined with the Deferred Maintenance account interest, equal the total combined figure of the Interest Earned operating income line item.

**Deferred Maintenance** **\$130,000**

Represents funding for cyclical repairs and maintenance of buildings and grounds, but those which are not performed yearly, such as seal coating and striping of roadways and parking lots, wood trim painting, DCA inspections, etc.

**Transfer Interest to Deferred Maintenance** **\$6,500**

As with the Long Term Reserve interest, all interest earned by the Deferred Maintenance fund is returned to the Deferred Maintenance account. This amount, combined with the Long Term Reserve account interest, equal the total combined figure of the Interest Earned operating income line item.

**Transfer Special Assessment (SPA) to Long Term Reserve** **\$808,992**

Represents transfer of Special Assessment Fund contributions into the Long Term Reserve Account.

**Miscellaneous / Contingency** **\$10,262**

Represents funding of unknown, unbudgeted expenses, which are not accounted for in any other accounts.

**Income Taxes** **\$250**

Represents Federal Income Taxes due based on prior year's interest earned income or other transactions.