

Stay In the Loop

General Manager's Message

2012 Budget

Work began on the 2012 budget in July. The budget process is extensive with multiple layers of review and oversight. Finance Committee members and staff worked diligently through seven revisions to reduce expenses, continue quality services and properly maintain our large community. A Budget Workshop was held by the Board on November 9 and was open to homeowners for their input.

The IronOaks at Sun Lakes 2012 budget was approved by the Board during the regularly scheduled meeting of Wednesday, November 16, 2011. I would like to take this opportunity to thank your fellow homeowners, serving on various committees, who graciously volunteered countless hours of their time in the thorough review of the thousands of line items comprising the budget.

The 2012 Annual Dues Assessment will be \$1,520.00 or a \$44.00 (\$3.67 per month) increase. This is a 2.98% increase from 2011 based upon the following:

- Addition of two new staff positions (IT/Web/Communications Tech and Accounting Support)
- Wages and Benefits
- Utilities
- Cost of Goods and Services
- Insurance and Legal

Each homeowner's Annual Dues Assessment is comprised of 4 components:

1. **Annual Operations** - \$1,136.67 per year (\$94.72 per month). This amount represents the funding of \$4,567,140.06 required to maintain and operate the Association for the year 2012.

Exhibit B, 2011 to 2012 Annual Operations

| Item | 2012 Expense | 2011 Expense | Difference | Notes |
|----------------------------|--------------------|--------------------|----------------|-------|
| F & B | \$299,181 | \$275,979 | 23,202 | A |
| OW & IW Clubhouses | \$374,555 | \$370,290 | 4,265 | B |
| Pools | \$146,695 | \$179,385 | (32,690) | C |
| Recreation | \$171,953 | \$200,066 | (28,113) | D |
| Arts & Crafts | \$52,919 | \$50,697 | 2,222 | E |
| IW Tennis & Ball Field | \$37,724 | \$25,876 | 11,848 | F |
| Fitness & Tennis | \$74,629 | \$139,739 | (65,110) | G |
| Grounds | \$1,673,259 | \$1,644,402 | 28,857 | H |
| Streets | \$88,500 | \$104,600 | (16,100) | I |
| Patrol | \$267,097 | \$271,056 | (3,959) | J |
| Gates | \$263,110 | \$264,388 | (1,278) | K |
| General & Administration | \$1,152,703 | \$1,068,549 | 84,154 | L |
| Capital Improvement | \$150,000 | \$130,320 | 19,680 | M |
| Total Expense | \$4,752,325 | \$4,725,347 | 26,978 | |
| Income | \$195,560 | \$198,650 | (3,090) | |
| Funding Requirement | \$4,556,765 | \$4,526,697 | 30,068 | |

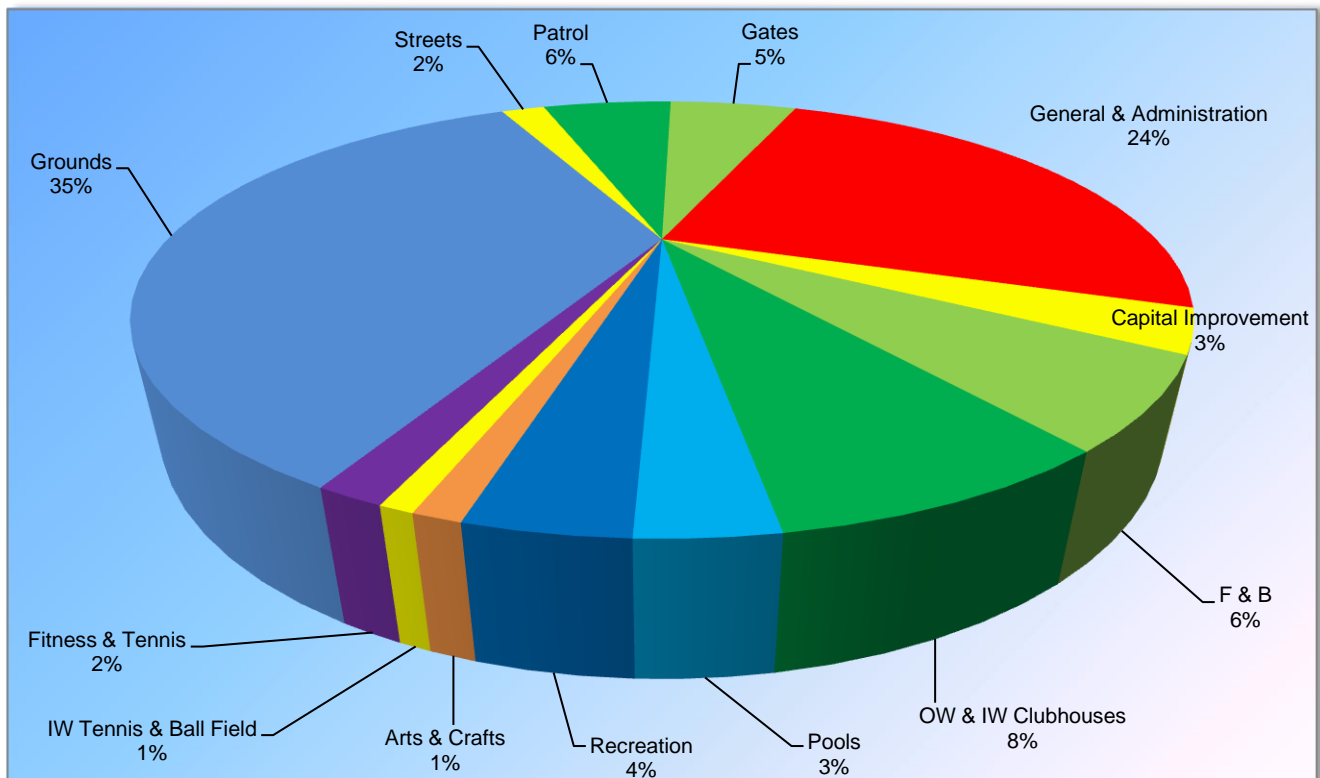


Exhibit B, Notes

2012 Budget Variances when Compared to the 2011 Budget

- A. F&B
 - \$23,202 - **Increases** in cost of utilities, food, supplies services and maintenance
- B. OW & IW Clubhouses
 - \$4,265 - **Increases** in utilities
- C. Pools
 - (\$32,690) - **Decrease** in utilities (Ironwood solar heating) and chemical expense
- D. Recreation
 - (\$28,113) - **Decrease** in overall expenses
- E. Arts and Crafts
 - \$2,222 - **Increases** in utilities
- F. IW Tennis and Softball Field
 - \$11,848 - **Increases** in the areas of repairs and maintenance
- G. Fitness & Tennis
 - (\$65,110) - **Decrease** due to enhanced revenue and operational savings
- H. Grounds
 - \$28,857 - **Increases** in utilities and contracted services expense
- I. Streets
 - (\$16,100) - **Savings** in repairs and maintenance based upon proactive seal coat and slurry sealing processes
- J. Patrol
 - (\$3,959) - Nominal **saving** across the department's budget
- K. Gates
 - (\$1,278) - Nominal **savings** across the department's budget
- L. General & Administration
 - \$84,154 - **Increase** in Services - Legal, Insurance, Audit, IT
- M. Capital Improvements
 - \$19,680 - **Increase** in Capital improvement funding

Note: Amounts shown represent a generalization of the various line items within each department which constituted the increase or decrease of the department's annual budget.

2. **Reserves** - \$300 per year (\$25 per month). \$1,205,400.00 per year toward future replacements of the Association's Assets.
3. **Capital** - \$37.33 per year (\$3.11 per month). \$149,991.94 per year towards the purchase of new equipment.
4. **Contingency** - \$46 per year (\$3.83 per month). \$184,828.00 per year for unforeseen and/or environmental losses. This amount represents 4% of the operations budget.

The Association remains in excellent financial health.

Frequently asked Questions

When are Assessment Payments due?

Annual Dues Assessments are billed on a biannual basis. The first payment of \$760.00 is due on January 1, 2012, and the second payment of \$760.00 is due on July 1, 2012. Payments are deemed outstanding if not received within 30 days of the due date. Please make your checks payable to: IronOaks at Sun Lakes

How are Golf operations funded?

Golf operations are funded by revenue received from memberships, greens fees and other related income. Golf has a projected surplus of \$207,406.00 for 2012.

What is the difference between Dues Assessments and Special Assessments?

Per the Association's governing documents, funds required to maintain and operate the community are called Assessments (Article VII of the CCR's). The Annual Dues Assessment should not be confused with the term "Special Assessment". Special Assessments are used in times of urgent need or to fund a specific one time purchase. At this time the Board foresees no requirement for a Special Assessment for 2012.

Can I use my Credit Card to pay my Dues Assessment?

Payments of Dues Assessments must be by check, cash, or debit card. Credit card payments are not available. This policy is in place because of the charges imposed by credit card companies. For example, if 500 homeowners were to pay their Annual Dues Assessments by credit card, processing fees to the Association could equal up to **\$22,800**. The Association would need to increase Dues Assessments to all homeowners by over \$5.67 a year in order to offset this cost.

Is the 2012 Dues Assessment increase related to the 2010 amenities purchase?

The 2011 Annual Dues Assessment was an increase in accordance with the business plan dated February 2010, for the Amenities purchase. We have seen the costs of utilities, insurance, food, and labor for services increase at home. The Association has taken every measure to control costs but is affected just as you are at home.

Are Real Estate values declining at IronOaks because of our Assessments?

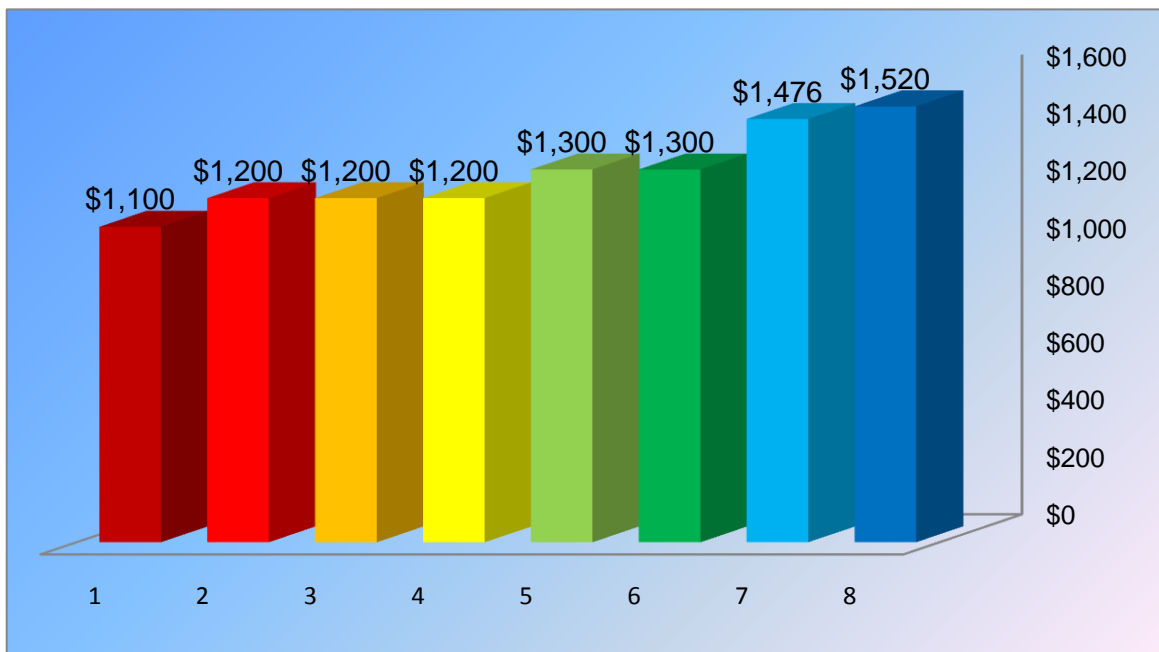
Assessments provide the funding for the continual maintenance of the community. We are actually seeing our real estate values climbing while those in surrounding markets continue to decline. We are on track for 200 homes to sell this year with stronger resale values than seen in the previous couple of years.

Common Misunderstandings and Rumors

One rumor abounds that Dues Assessments have increased by over 50% in the last 10 years. This is **FALSE**. Assessments in 2002 were \$1,100 per year. Based upon the 2012 Assessment of \$1,520, this is an increase of 38%. Of note in 2006, Assessments were increased by \$100 during our transition from the Developer (when the Developer was subsidizing the Association to promote sales). Then, in 2011, there was the \$176 increase associated with the purchase of the amenities. These two increases represent over 25% of the 38% increases. Assessments have increased but, by comparison, a loaf of bread was about 97cents in 2002 and now, on sale, you may find the same brand at \$2.50. This is an increase of over 150%. A gallon of gas in 2002 was around \$1.36 and is now about \$3.21 for a 136% increase.

Exhibit C, 8 Year Recap of Annual Assessments

| | Increase From | | | | Notes |
|---|---------------|------------|---------------|------------|----------------------|
| | Year | Assessment | Previous Year | % Increase | |
| 1 | 2005 | \$1,100 | \$0 | | |
| 2 | 2006 | \$1,200 | \$100 | 9.09% | Developer Transition |
| 3 | 2007 | \$1,200 | \$0 | 0.00% | |
| 4 | 2008 | \$1,200 | \$0 | 0.00% | |
| 5 | 2009 | \$1,300 | \$100 | 8.33% | |
| 6 | 2010 | \$1,300 | \$0 | 0.00% | |
| 7 | 2011 | \$1,476 | \$176 | 13.54% | Amenties Purchase |
| 8 | 2012 | \$1,520 | \$44 | 2.98% | |



Another rumor is that our Dues Assessments are greater than comparable communities. This is **FALSE**:

Pebble Creek \$1,740 - We are \$220 less!

Saddle Brook Ranch \$1,800 - We are \$280 less!

Robson Ranch at Casa Grande \$1,769 - We are \$249 less!

Palo Verde \$1,530 - We are \$10 less!

Reminder: The Budget is extensive and is discussed at many levels beginning with our 15 Standing Committees. All Committee Meetings and Board Meetings are open to all homeowners. Board and Committee Meeting schedules are posted and I encourage you to attend. Comments and feedback are solicited from your fellow homeowners at these meetings.