

2010 KNC Operating Budget Summary

Note:	2008 Audited	2009 Budgeted	2009 Projected	2010 Proposed
1 Annual Real Estate Assessments (29 mills)	\$ 1,330,152	\$ 1,659,810	\$ 1,775,110	\$ 1,729,875
2 Real Estate Transfer Assessment (2%)	\$ 882,694	\$ 750,000	\$ 501,315	\$ 600,000
3 Sales Assessment (1/2%)	\$ 152,925	\$ 179,356	\$ 89,986	\$ 89,986
4 Recreation Assessments (1/2%)	\$ 21,131	\$ 27,060	\$ 26,794	\$ 28,133
5 Other Income	\$ 456,149	\$ 157,919	\$ 267,818	\$ 277,284
6 Community Events	\$ 230,207	\$ 215,752	\$ 203,483	\$ 195,100
7 Pavilion at Keystone	\$ 84,416	\$ 75,000	\$ 75,752	\$ 119,550
SUBTOTAL	\$ 3,157,674	\$ 3,064,897	\$ 2,940,257	\$ 3,039,928
Allocation to Reserves	\$ (241,862)	\$ 195,392	\$ (388,669)	\$ (304,405)
TOTAL REVENUE	\$ 2,915,812	\$ 3,260,289	\$ 2,551,587	\$ 2,735,523
8 General and Administration	\$ 488,072	\$ 412,109	\$ 387,919	\$ 455,092
9 Bad Debt Expense - Alders Tract A (Petters)	\$ -	\$ -	\$ -	\$ 170,624
10 Security / Transportation / Depreciation	\$ 393,263	\$ 392,774	\$ 389,374	\$ 116,877
11 Road Snow Removal & Maintenance	\$ 250,534	\$ 233,500	\$ 190,772	\$ 246,175
12 River Run Plaza Snow/Litter Removal	\$ 578,606	\$ 736,656	\$ 630,562	\$ 682,715
13 Common Area Maint./Land & Streetscape	\$ 213,988	\$ 230,800	\$ 203,678	\$ 219,950
14 Pool Maintenance	\$ 98,719	\$ 80,600	\$ 63,117	\$ 67,874
15 Community Events	\$ 368,102	\$ 346,450	\$ 320,112	\$ 359,092
16 Pavilion at Keystone	\$ 123,095	\$ 92,400	\$ 85,688	\$ 135,125
17 Other - DRB	\$ 33,767	\$ -	\$ -	\$ -
TOTAL OPERATING EXPENSES	\$ 2,548,147	\$ 2,525,289	\$ 2,271,221	\$ 2,453,523
18 CAPITAL EXPENDITURES	\$ 367,665	\$ 735,000	\$ 280,366	\$ 282,000
19 SURPLUS / (DEFICIT)	\$ -	\$ -	\$ -	\$ -

Notes to the Financials

REVENUE

1 AREA: Annual Real Estate Assessments (County Assessed Property Value x .029 = 29 mills)	\$ 1,729,875
Based on 2009 projections after taking into account 2009 protests. KNC may need to consider additional protests in 2010.	
2 RETA: Real Estate Transfer Assessment (2%)	\$ 600,000
Assumed a 20% decrease from 2009 Approved Budget. 2009 actuals are not projected to meet 2009 estimate of \$750,000.	
3 Sales Assessments (1/2%)	\$ 89,986
Based on 2009 projections. Merchant revenue is down significantly due to the economy.	
4 Recreation Assessments (1/2%)	\$ 28,133
Based on 2009 projections.	
5 Other Income	\$ 277,284
Interest Income: based on 2009 projections but estimate is considered conservative.	
Commercial Trash: 5% increase over 2009 projections	
Rent / PO Box: Based on 2009 projections	
Finance Charges: 5% increase over 2009	
Change in Value: 28% decrease over 3 yr average + additional 5% decrease due to capital allocation to Sprung.	
6 Community Events	\$ 195,100
Assumes similar event schedule as 2009 (no Mardi Gras or Blues & BBQ) but enhanced execution. Add another event in June, continue Festa in September. Revenue assumed to be similar to 2009 actuals and projections.	
7 Pavilion Revenue	\$ 119,550
Assumes 10 weddings / 2 private events / 2 non-profit events (VERY conservative). Also assumes winter operation during late Nov / Dec (theater, music, etc.)	

EXPENSES**8 General & Administrative** **\$ 455,092**

Assumes additional office administrative employee. 25% increase in Insurance for the Sprung. Remaining categories assume modest 5% increase over 2009.

Accounting / Administration	\$ 249,771
Audit / Tax Prep	\$ 15,015
Legal	\$ 15,527
Office Equipment & Expenses	\$ 50,254
Leasehold	\$ 54,108
Insurance	\$ 62,012
Member Expenses	\$ 8,404

9 Bad Debt Expense - Alders Tract A (Petters) **\$ 170,624**

Accounts for \$170,624 for bad debt expense for unrecoverable outstanding AREA for primarily the Petters properties (Alders Tract A & Brown's Cabin which are in receivership. KNC best case recoverable is 50% of these outstanding A/R thus requiring a bad debt recognition.

10 Security, Transportation & Depreciation **\$ 116,877**

Assumes 5% increase in Security over 2009. Zero (0) budgeted for Transportation due to cancellation of contract. Depreciation budgeted per recommendation of Auditor.

Security	\$ 95,277
Transportation	\$ -
Depreciation	\$ 21,600

11 Road Snow Removal & Maintenance **\$ 246,175**

Assumes above average snow conditions similar to 2008. Modest increases for Road Maintenance & TH Drive utilities due to nat gas prices (per Excel Energy).

Snow Plowing/Salting	\$ 85,000
Snow Hauling	\$ 16,500
Road Maintenance	\$ 4,500
Trail Head Drive Utilities	\$ 140,175

12 River Run Plaza Snow / Litter Removal **\$ 682,715**

1. **Ops Payroll:** assumes 12 summer / 15 winter employees + Ops Manager. Additionally, 2 cleaning employees to be added for the Pavilion / Restrooms. 28% benefits burden assumes for all employees.

2. **Commercial Trash:** 3 yr average assumed

3. **Fuel:** 10% increase over 2009 actuals per Keystone research.

4. **Snowmelt Utilities:** assumes average temperatures.

5. **Vehicles Maintenance:** 50% increase as some vehicles are aging a bit.

Operations Staffing Expense	\$ 555,915
Tools / Supplies	\$ 31,750
Equipment	\$ 24,082
Snowmelt Systems	\$ 28,650
Commercial Trash	\$ 42,400

13 Common Area Maintenance / Landscape **\$ 219,950**

All categories assume to remain similar to 2009 actuals. Landscape assumed half way between 2009 budget and actuals.

Plaza Maintenance	\$ 10,000
Lighting & Utilities	\$ 50,600
Restroom Cleaning	\$ 39,000
Signage	\$ 5,500
Landscaping	\$ 114,850

14 Pool Maintenance **\$ 67,874**

Assumed similar to 2009 actuals. Opening / Closing to be done by KNC night crew. Restrooms to be cleaned by KNC staff once year round Pavilion is complete.

Chemicals	\$ 12,000
Maint/Repair/Equip	\$ 8,350
Pool Opening/Closing	\$ -
Pool Utilities	\$ 40,524
Restroom Cleaning	\$ 7,000

15 Community Events **\$ 359,092**

Assumes additional event staff person 3 months additional over 2009 (May - Dec). Event cost fairly similar to 2008 so expenses increased back to 2008 levels. It was felt expenses were unnecessarily eliminated in this category that negatively affected event execution / success. See Event schedule discussion in Note 6.

16 Pavilion **\$ 135,125**

Incremental costs for Nov / Dec operation of Year round Pavilion. See Pavilion incremental cost spreadsheet. Also, increased private event business (weddings). See Note 8 above.

17 Other - DRB **\$ -**

DRB financials are now handled separately from KNC operations.

18 Total Capital Expenditures **\$ 282,000**

This is typical annual capital expenditures not including investment in the semi-permanent Pavilion facility.

Events Equipment and Supplies	\$ 5,000	popup tents, table skirts, buckets, misc event supplies
Dakota Pool	\$ 10,000	pool equipment, resurfacing, patios
Roads, Walkways, & Boardwalks etc	\$ 100,000	asphalt, concrete, wood work, railings, etc
Common Elements Maintenance	\$ 142,000	signs, vehicles, Dercum Square, landscaping, lighting, uniforms, benches, etc
Contingency	\$ 25,000	

19 SURPLUS / (DEFICIT) **\$ -**

All excess capital is allocated to Reserves each fiscal year per the KNC Declaration and membership vote each summer.