

TO: Deerlake Village Community Members
SUBJECT: 2010 Budget
FROM: Bob Gibson, Treasurer
DATE: November 1, 2009

INTRODUCTION

The financial condition of Deerlake Village remains quite healthy. As we approach the end of the year, it is clear that we will finish the year under budget and with a small amount of cash left over.

Enclosed with this letter are copies of the Operating Budget for 2010, the Reserve Budget for 2010 and the White Squirrel Lane Budget for 2010.

Of course, we did not earn a great deal from our investments this year, due to the national economy. Fortunately, the majority of our income comes not from investments but from assessments, so we have been able to weather the national downturn quite well.

The budget process here in Deerlake is long and involved. Special thanks are due to the Committee Chairs, the Finance Committee and the Board of Deerlake for their hours of effort in creating, reviewing and revising the budget.

ANNUAL ASSESSMENT

The annual assessment for the coming year will remain at \$400. Lower interest rates have been offset by tight budget controls and extended maturities on some of our investments. But the real secret of our continuing financial success is the spirit of volunteerism that pervades Deerlake. Without so many residents being willing to help in so many ways, our costs would be significantly higher.

HIGHLIGHTS OF THE 2010 BUDGET

The budget for the coming year predicts expenditures in 2010 of \$92,468. This is actually a reduction of more than \$11,000 over last year. There are several reasons for the decline in expenses. We are expecting to spend fewer dollars for the pool, the lake and the clubhouse in the coming year. The biggest reduction, however, will come in spending on the grounds. We have completed the first phase of the Master Landscape Plan, and the biggest expenditures are already behind us. Again, special thanks to Committee Chairs in these areas for their hard work in containing costs.

We are also in good shape with our reserve budget. (You will recall that we have a reserve budget so that we can set aside funds for major expenses anticipated in future years. See enclosed Reserve Budget.) We were able to fund all the reserves last year from our Working Reserves and we have every confidence that we can do that again in the coming year. From previous years we have \$167,629 set aside already and anticipate funding another \$29,344 in January.

ADDITIONAL INFORMATION

Residents of White Squirrel Lane will continue to pay an additional assessment of \$250 for ongoing road maintenance and to accumulate funds for the day when major road repairs are necessary.

There are no pending suits or judgments in which Deerlake or the Board is a party.

Insurance coverage maintained by Deerlake is at the minimum levels specified in the Declaration of Covenants with the exception of the Umbrella Liability Policy. Coverage under the Umbrella is \$4 million vs. a required minimum of \$2 million.

The hard-working Finance Committee of the Board consists of the following members in addition to myself: Jack Hart, Don Herman, Bill Jones and Gary Newkirk. Special thanks to them.