

DANCING WILLOWS METROPOLITAN DISTRICT  
ADOPTED BUDGET  
FOR THE YEAR ENDING DECEMBER 31, 2006

	ACTUAL 2005	ADOPTED 2006
ASSESSED VALUATION	\$ -	\$ -
MILL LEVY General Fund	0.000	0.000
PROPERTY TAX REVENUE General Fund	0	0
ACTUAL TAXES	\$ -	\$ -

DANCING WILLOWS METROPOLITAN DISTRICT  
ADOPTED BUDGET  
GENERAL FUND  
FOR THE YEAR ENDING DECEMBER 31, 2006

District Organized: January 17, 2006

	ACTUAL 2005	ADOPTED 2006
Beginning Funds Available	\$ -	\$ -
Revenue		
Property Taxes	0	0
Specific Ownership Taxes	0	0
Developer Advance	0	50,000
Miscellaneous Income	0	0
Total Revenue	0	50,000
Total Funds Available	0	50,000
Expenditures		
Audit	0	0
Election	0	0
Insurance/SDA Dues	0	3,000
Legal	0	22,000
Management	0	22,000
Office Supplies/Miscellaneous	0	1,544
Treasurer's Fees	0	0
Total Expenditures	0	48,544
Emergency Reserve	0	1,456
Total expenditures requiring appropriation	0	50,000
Ending Funds Available	\$ -	\$ -

DANCING WILLOWS METROPOLITAN DISTRICT  
ADOPTED BUDGET  
CAPITAL PROJECTS FUND  
FOR THE YEAR ENDING DECEMBER 31, 2006

District Organized: January 17, 2006

	ACTUAL 2004	ESTIMATED 2005	ADOPTED 2006
Beginning Fund Balance	\$ -	\$ -	\$ -
Revenue			
Bond Proceeds	0	0	0
Developer Advance	0	0	0
Sub-Total	0	0	0
Total Available	0	0	0
Expenditures			
Legal	0	0	0
Management	0	0	0
Engineering	0	0	0
Total Expenditures	0	0	0
Ending Fund Balance	\$ -	\$ -	\$ -

# DANCING WILLOWS METROPOLITAN DISTRICT

141 Union Boulevard, Suite 150  
Lakewood, Colorado 80228-1898  
Tel: 303-987-0835 . 800-741-3254  
Fax: 303-987-2032

June 5, 2006

Division of Local Government  
1313 Sherman Street, Room 520  
Denver, Colorado 80203

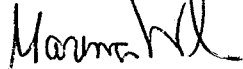
Re: Dancing Willows Metropolitan District;  
2006 Budget

Ladies and Gentlemen:

Enclosed is the 2006 Budget as certified by the Board of Directors of the Dancing Willows Metropolitan District of Jefferson County, Colorado, submitted pursuant to Section 29-1-113, C.R.S. The Organizational meeting for this District was held on April 17, 2006.

If there are any questions on the Budget, please contact Joel Meggers, District Manager, at (303)987-0835.

Sincerely,



Marina Wilson,  
Assistant to Lisa Johnson  
District Manager

Enclosure

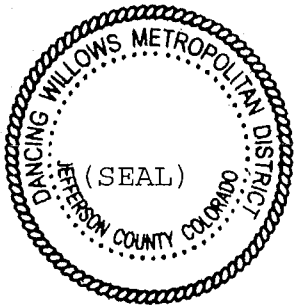
cc: McGeady Sisneros - Craig Sorensen

CERTIFICATION OF BUDGET

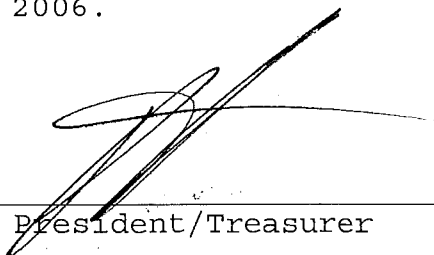
TO: THE DIVISION OF LOCAL GOVERNMENT

This is to certify that the budget, attached hereto, is a true and accurate copy of the budget for Dancing Willows Metropolitan District, for the budget year ending December 31, 2006 as adopted on May 15, 2006.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of Dancing Willows Metropolitan District in Jefferson County, Colorado, this 15th day of May, 2006.



By \_\_\_\_\_

  
President/Treasurer

DANCING WILLOWS METROPOLITAN DISTRICT  
ADOPTED BUDGET  
FOR THE YEAR ENDING DECEMBER 31, 2006

	ACTUAL 2005	ADOPTED 2006
ASSESSED VALUATION	\$ -	\$ -
MILL LEVY		
General Fund	0.000	0.000
PROPERTY TAX REVENUE		
General Fund	0	0
ACTUAL TAXES	\$ -	\$ -

DANCING WILLOWS METROPOLITAN DISTRICT  
ADOPTED BUDGET  
GENERAL FUND  
FOR THE YEAR ENDING DECEMBER 31, 2006

District Organized: January 17, 2006

	ACTUAL 2005	ADOPTED 2006
Beginning Funds Available	\$ -	\$ -
Revenue		
Property Taxes	0	0
Specific Ownership Taxes	0	0
Developer Advance	0	50,000
Miscellaneous Income	0	0
Total Revenue	0	50,000
Total Funds Available	0	50,000
Expenditures		
Audit	0	0
Election	0	0
Insurance/SDA Dues	0	3,000
Legal	0	22,000
Management	0	22,000
Office Supplies/Miscellaneous	0	1,544
Treasurer's Fees	0	0
Total Expenditures	0	48,544
Emergency Reserve	0	1,456
Total expenditures requiring appropriation	0	50,000
Ending Funds Available	\$ -	\$ -

DANCING WILLOWS METROPOLITAN DISTRICT  
 PROPOSED BUDGET  
 FOR THE YEAR ENDING DECEMBER 31, 2006

	ACTUAL 2005	PROPOSED 2006
ASSESSED VALUATION	\$ -	\$ -
MILL LEVY		
General Fund	0.000	0.000
PROPERTY TAX REVENUE		
General Fund	0	0
ACTUAL TAXES	\$ -	\$ -

DANCING WILLOWS METROPOLITAN DISTRICT  
 PROPOSED BUDGET  
 GENERAL FUND  
 FOR THE YEAR ENDING DECEMBER 31, 2006

District Organized: January 17, 2006

	ACTUAL 2005	PROPOSED 2006
Beginning Funds Available	\$ -	\$ -
Revenue		
Property Taxes	0	0
Specific Ownership Taxes	0	0
Developer Advance	0	50,000
Miscellaneous Income	0	0
Total Revenue	0	50,000
Total Funds Available	0	50,000
Expenditures		
Audit	0	0
Election	0	0
Insurance/SDA Dues	0	3,000
Legal	0	22,000
Management	0	22,000
Office Supplies/Miscellaneous	0	1,544
Treasurer's Fees	0	0
Total Expenditures	0	48,544
Emergency Reserve	0	1,456
Total expenditures requiring appropriation	0	50,000
Ending Funds Available	\$ -	\$ -

DANCING WILLOWS METROPOLITAN DISTRICT  
2006 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS

The 2006 Budget of Dancing Willows Metropolitan District is prepared using a modified accrual basis of accounting.

Services Provided

The District was formed on January 6, 2006 (1) to finance and construct street improvements; (2) to finance and construct safety protection facilities and services; (3) to finance and construct a pool, spa and recreation improvements; and (4) to provide mosquito control.

Revenues

General Fund: The general fund receives funding from developer advances.

Expenditures

**General Fund** expenditures include administrative services based upon contracted amounts, legal services and expenses related to the statutory operations of a local government.

The District has provided for an Emergency Reserve Fund in the amount of 3% of the total fiscal year expenditures in the General Fund in accordance with the TABOR Amendment.

A RESOLUTION OF THE BOARD OF DIRECTORS  
OF DANCING WILLOWS METROPOLITAN DISTRICT  
TO ADOPT THE 2006 BUDGET  
AND APPROPRIATE SUMS OF MONEY

ADOPT BUDGET

WHEREAS, the Board of Directors of Dancing Willows Metropolitan District has appointed a budget committee to prepare and submit a proposed 2006 budget to the Board; and

WHEREAS, such budget committee has submitted a proposed budget to this Board for its consideration; and

WHEREAS, upon due and proper notice, published or posted in accordance with the law, said proposed budget was open for inspection by the public at a designated place, and a public hearing was held on May 15, 2006, and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, the budget has been prepared to comply with all terms, limitations and exemptions, including, but not limited to, reserve transfers and expenditure exemptions, under Article X, Section 20 of the Colorado Constitution ("TABOR") and other laws or obligations which are applicable to or binding upon the District; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues so that the budget remains in balance, as required by law.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Dancing Willows Metropolitan District:

1. That estimated expenditures for each fund are as follows:

General Fund:	\$50,000
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2. That estimated revenues for each fund are as follows:

General Fund:

From sources other than general property tax	\$50,000
From the general property tax levy	-0-
Total General Fund	<u>\$50,000</u>

3. That the budget, as submitted, amended and herein summarized by fund, be, and the same hereby is, approved and adopted as the budget of Dancing Willows Metropolitan District for the 2006 fiscal year.

4. That the budget, as hereby approved and adopted, shall be certified by the Treasurer and/or President of the District to all appropriate agencies and is made a part of the public records of the District.

APPROPRIATE SUMS OF MONEY

WHEREAS, the Board of Directors of the District has made provision therein for revenues in an amount equal to or greater than the total proposed expenditures as set forth in said budget; and

WHEREAS, it is not only required by law, but also necessary to appropriate the revenues provided in the budget to and for the purposes described below, as more fully set forth in the budget, including any interfund transfers listed therein, so as not to impair the operations of the District.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Dancing Willows Metropolitan District that the following sums are hereby appropriated from the revenues of each fund, to each fund, for the purposes stated:

General Fund: \$50,000

ADOPTED this 15th day of May, 2006.

  
Secretary

(SEAL)

NOTICE CONCERNING PROPOSED BUDGET  
DANCING WILLOWS METROPOLITAN DISTRICT

NOTICE is hereby given that a proposed budget has been submitted to the Board of Directors of the DANCING WILLOWS METROPOLITAN DISTRICT for the ensuing year of 2006; that a copy of such proposed budget has been filed in the office of the District at 141 Union Boulevard, Suite 150, Lakewood, Colorado, where the same is open for public inspection; and that such proposed budget will be considered at a public meeting of the Board of Directors of the District to be held at the offices of Remington Homes, 9468 W. 58<sup>th</sup> Avenue, Arvada, Colorado on May 15, 2006, at 3:00 o'clock P.M. Any elector within the District may, at any time prior to the final adoption of the budget, inspect the budget and file or register any objections thereto.

DANCING WILLOWS METROPOLITAN DISTRICT

By           /s/ Lisa Johnson            
Secretary

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**DANCING WILLOWS  
METROPOLITAN DISTRICT  
OPERATING & MAINTENANCE BUDGET AT BUILD-OUT**

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This budget covers all of the district owned asphalt roadways community wide  
and  
All improvements in Tract Y, W, and the entry improvements in X and G.

**DRAFT BUDGET PROPOSAL**

May 11, 2006

PREPARED BY

**MANAGEMENT SPECIALISTS, INC.**

**DANCING WILLOWS  
METROPOLITAN DISTRICT  
OPERATING & MAINTENANCE BUDGET AT BUILD-OUT**

296 Units

CATEGORY	PER UNIT	PER MONTH	PER YEAR	NOTES
<b>OPERATING EXPENSES</b>				
Water	0.72	213.74	2,564.92	1
Sewer	0.51	150.00	1,800.00	2
Gas/Electricity	2.05	607.83	7,294.00	3
Management	3.60	1,065.60	12,787.20	4
Administrative Expense	0.93	275.28	3,303.36	5
Postage	0.42	124.32	1,491.84	6
Legal	0.50	148.00	1,776.00	7
Taxes	0.11	33.33	400.00	8
Audit	0.42	125.00	1,500.00	9
Insurance	2.00	592.00	7,104.00	10
Grounds Maintenance	1.16	342.35	4,108.19	11
Fertilization/Weed/Insect Control	0.15	45.05	540.55	12
Grounds Repairs (Sprinkler)	0.15	44.30	531.54	13
Grounds Repairs (Other)	0.09	25.34	304.06	14
Grounds Improvements	0.10	30.50	366.00	15
Lighting Maintenance	0.50	148.00	1,776.00	16
Pool Maintenance	1.63	483.33	5,800.00	17
Pool Chemicals	0.86	255.42	3,065.00	18
Pool Supplies	0.30	87.92	1,055.00	19
Pool Repairs	0.42	124.58	1,495.00	20
Cabana Maintenance/Supplies	0.58	171.83	2,062.00	21
Telephone	0.02	6.25	75.00	22
Snow Removal	7.15	2,116.67	25,400.00	23
Asphalt Maintenance	5.63	1,666.67	20,000.00	24
Common Area Structure Maintenance	0.56	166.67	2,000.00	25
Miscellaneous	0.42	125.00	1,500.00	26
<b>TOTAL OPERATING EXPENSES</b>	<b>30.98</b>	<b>9,174.98</b>	<b>110,099.65</b>	
<b>RESERVE EXPENSES</b>				
Major Landscape Improvements	0.21	61.73	740.82	27
Cabana Reserves	0.20	60.53	726.42	28
Pool Reserves	1.74	514.84	6,178.13	29
Asphalt Reserves	10.54	3,120.23	37,442.79	30
Major Concrete Replacement	0.11	31.11	373.34	31
Monument Reserves	1.35	398.33	4,780.00	32
Common Area Structure Reserves	0.95	279.76	3,357.14	33
Other Contingency	0.28	83.33	1,000.00	34
<b>TOTAL RESERVE EXPENSES</b>	<b>15.38</b>	<b>4,549.86</b>	<b>54,598.63</b>	
<b>TOTAL EXPENSES</b>	<b>46.36</b>	<b>13,724.84</b>	<b>164,698.29</b>	

The percentage of assessments which is Reserves is: 33.2%

<b>MONTHLY ASSESSMENT:</b>	<b>46.00</b>
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**DANCING WILLOWS  
METROPOLITAN DISTRICT  
OPERATING & MAINTENANCE BUDGET AT BUILD-OUT  
NOTES**

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- 1 **Water** is used to irrigate common areas that are landscaped with bluegrass sod. There are 0.85 acres of landscaped common area. The irrigation requirement is 1.25 inches of water per week. The irrigation season is 22 weeks long. There are 1.94 acre-feet of water required for the season. This represents 683,978 gallons of water. It is estimated that the pool will use 51,750 gallons of water per year. Water is 3.75 per thousand gallons.
- 2 **Sewer** expense will be incurred as a result of the pool and cabana. The cost is estimated to be 150.00 per month.
- 3 **Gas/Electricity** is for lighting and heating the pool as well as monument lights and irrigation clocks.
- 4 The **Management** fee includes full service management. It is based on a base management fee of 3.60 per unit per month with a minimum fee of 800.00 per month. A transfer fee is paid to the management company at each initial closing. It is assumed that additional charges from the management company for specific services will average per year.
- 5 **Administrative Expense** includes postage, copies, files, binders, printing, and other related expenses. It is estimated that administrative expenses will be 0.93 per unit per month.
- 6 **Postage** is used for individual and mass mailings such as newsletters or meeting notices. It is estimated that the cost of postage will be 0.42 per unit per month.
- 7 **Legal Expense** is for filing fees for liens and lien releases and any attorney assistance necessary for delinquencies or covenant enforcement. Legal expense is also for occasional legal opinions which may be sought by the Board of Directors. It is estimated that legal expenses will be 0.50 per unit per month.
- 8 The Association must pay state and Federal Income **Taxes** on all "non-exempt" income subject to deductions.
- 9 The Association will have an annual **Audit** and tax preparation by a professional CPA.
- 10 **Insurance** is for policy premiums that provide hazard insurance, liability insurance, and Director's and Officers liability insurance. It is estimated that insurance will cost 2.00 per unit per month.

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**DANCING WILLOWS  
METROPOLITAN DISTRICT  
OPERATING & MAINTENANCE BUDGET AT BUILD-OUT  
NOTES**

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- 11 Grounds Maintenance** includes contract payments for mowing, trimming, edging; pruning, weed control in planting beds, and weekly pick-up of trash and debris in common areas. The annual cost of grounds maintenance is estimated to be 3,648.00 per landscaped acre. There are 1.13 acres of landscaped area.
- 12 Fertilization, Weed, and Insect Control** includes contract payments for chemical applications to common area plant materials. It includes fertilization and weed control in turf areas, fertilization of trees and shrubs, and chemical applications to control common insect pests and treat or prevent common diseases. The annual cost of fertilization, weed, and insect control is estimated to be 480.00 per landscaped acre.
- 13 Grounds Repairs (Sprinkler)** includes the cost of repair for any damage to the sprinkler system. The annual cost of this type of repair is estimated to be 472.00 per landscaped acre.
- 14 Grounds Repairs (Other)** includes the cost of repair for any damage to the common areas not involving the sprinkler system. Examples are correction of drainage problems and any landscape structures such as retaining walls or signage. The annual cost of this type of repair is estimated to be 270.00 per landscaped acre.
- 15 Grounds Improvements** is an allowance for additions to the landscaped common areas such as flowers, trees, or shrubs. The annual allowance is estimated to be 325.00 per acre per year.
- 16 Lighting Maintenance** includes replacement of light bulbs and repair to light fixtures for lighting. This includes entry monuments, and the pool area. The cost estimate is 0.50 per unit per month.
- 17 Pool Maintenance** provides for daily maintenance of the swimming pool. This includes cleaning of the pool, restrooms, and pool deck. Daily maintenance also includes monitoring the water chemistry to assure it is safe and applying chemicals as necessary. Also included in this account is the annual opening and closing of the pool for the season.
- 18 Pool Chemicals** is an allowance for all chemicals necessary to assure that pool water is properly balanced for PH and chlorine and that the water meets all safety standards.
- 19 Pool Supplies** is an allowance for necessary supplies related to pool operations. Examples are buoys, vacuum hose and heads, signs, and Shepard's hook.
- 20 Pool Repairs** is an allowance for any routine repairs to the pool or equipment.
- 21 Cabana Maintenance/Supplies** includes minor repairs to the cabana structure and cleaning supplies. It also includes toilet paper, soap and paper towels.
- 22 A Telephone** is provided at the pool for safety reasons. The monthly charge is estimated to be 75.00

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**DANCING WILLOWS  
METROPOLITAN DISTRICT  
OPERATING & MAINTENANCE BUDGET AT BUILD-OUT**

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**Notes**

- 23 **Snow Removal** is provided on all sidewalks in the master area. The cost of snow blowing and hand work is estimated to be 40.00 per hour. It is anticipated that there will be 10 storms requiring snow-blowing and hand work with a criteria of snow removal for storms of two inches or more. It is anticipated that snow-blowing and hand-work will require 5 hours per storm.
- Snow Removal** is provided on all private streets located throughout the community. It is estimated that it will take 60.0 hours per storm to remove snow. The cost of snow plowing is estimated to be 65.00 per hour. There are estimated to be 6 storms per year requiring snow removal with a criteria of snow removal for storms of four inches or more.
- 24 **Asphalt Maintenance** is provided on the private streets for minor pot holes and sweeping.
- 25 **Common Area Structure Maintenance** is an allowance for any routine maintenance or repair to the shade structure, planters, and main and secondary entry features.
- 26 **Miscellaneous** is an allowance for minor expenses which do not apply to any other expense category. It is estimated that this expense will be 0.27 per unit per month.
- 27 **Major Landscape Improvements** is an allowance in Reserves for periodic replacement or addition of plant materials or landscape structures such as retaining walls or drainage structures. An allowance of 3,500.00 per acre every 4 years is provided.
- 28 **Cabana Reserves** includes reroofing the cabana every 30 years at an estimated cost of 2.30 per square foot. There are 3,120 square feet of roofing. Reguttering will be done every 20 years at a cost of 1,744.34 each time. It also includes repainting inside and out every 5 years at a cost of 2,000 each time.
- 29 **Pool Reserves** includes replacement of the pool heater/boiler every 12 years at an estimated cost of 9,500.00, resurfacing the pool every 10 years at an estimated cost of 29,000.00, replacement of pool furniture every 6 years at an estimated cost of 8,000.00, and replacement of the pool cover every 8 years at an estimated cost of 9,225.00.
- 30 **Asphalt Reserves** are provided for the long-term maintenance of the private roads community wide. It is estimated that resurfacing will be required every 20 years at an estimated cost of 0.84 per square foot and seal-coating at a cost of 0.14 per square foot with a frequency of 4 years. There are 486,270 square feet of asphalt.

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**DANCING WILLOWS  
METROPOLITAN DISTRICT  
OPERATING & MAINTENANCE BUDGET AT BUILD-OUT**

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**Notes**

- 31 Major Concrete Replacement** is an allowance for periodic replacement of sections of concrete which may fail over time either through cracking, heaving, or spalling. This allowance is based on the assumption that 5% of the concrete sidewalks will require replacement every 7 years. There are 6,788 square feet of concrete. The cost of replacement is estimated to be 7.70 per square foot.
- 32 Monument Reserves** is an allowance for the major repair or rehabilitation of the monumentation every 5 years at a cost of 23,900.00 each time.
- 33 Common Structure Reserves** is an allowance for long term major repair or replacement of trellis shade structure and the planters. The cost is estimated at 23,500 every 7 years.
- 34 Other Contingency** is an allowance to cover potential unforeseen major expenses. This could be an unusually large unbudgeted operating expense. It could also be premature reserve expenditure for a reserve line item, or excessive reserve cost for the item.

All Reserve expenditures are based on estimated costs as of early 2006. It is assumed that the cost of inflation will be offset by interest earned in Reserve bank or investment accounts. If Management Specialists, Inc. is selected as the Association management company, a detailed Twenty Year Reserve Plan will be prepared and updated annually, if provided in the management agreement. This plan would include an adjustment for inflation and interest earned in the Reserve Plan.

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**DANCING WILLOWS  
MASTER OWNERS ASSOCIATION  
OPERATING BUDGET AT BUILD-OUT**

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**DRAFT BUDGET PROPOSAL**

March 30, 2006

PREPARED BY

**MANAGEMENT SPECIALISTS, INC.**

**DANCING WILLOWS  
MASTER OWNERS ASSOCIATION  
OPERATING BUDGET AT BUILD-OUT**

296 Units

CATEGORY	PER UNIT	PER MONTH	PER YEAR	NOTES
<b>OPERATING EXPENSES</b>				
Water	0.72	213.74	2,564.92	1
Sewer	0.51	150.00	1,800.00	2
Gas/Electricity	2.05	607.83	7,294.00	3
Management	3.60	1,065.60	12,787.20	4
Administrative Expense	0.93	275.28	3,303.36	5
Postage	0.42	124.32	1,491.84	6
Legal	0.50	148.00	1,776.00	7
Taxes	0.11	33.33	400.00	8
Audit	0.42	125.00	1,500.00	9
Insurance	2.00	592.00	7,104.00	10
Grounds Maintenance	1.16	342.35	4,108.19	11
Fertilization/Weed/Insect Control	0.15	45.05	540.55	12
Grounds Repairs (Sprinkler)	0.15	44.30	531.54	13
Grounds Repairs (Other)	0.09	25.34	304.06	14
Grounds Improvements	0.10	30.50	366.00	15
Lighting Maintenance	0.50	148.00	1,776.00	16
Pool Maintenance	1.63	483.33	5,800.00	17
Pool Chemicals	0.86	255.42	3,065.00	18
Pool Supplies	0.30	87.92	1,055.00	19
Pool Repairs	0.42	124.58	1,495.00	20
Cabana Maintenance/Supplies	0.58	171.83	2,062.00	21
Telephone	0.02	6.25	75.00	22
Snow Removal	3.86	1,141.67	13,700.00	23
Asphalt Maintenance	1.13	333.33	4,000.00	24
Trash Removal	8.88	2,628.48	31,541.76	25
Common Area Structure Maintenance	0.56	166.67	2,000.00	26
Miscellaneous	0.42	125.00	1,500.00	27
<b>TOTAL OPERATING EXPENSES</b>	<b>32.07</b>	<b>9,495.12</b>	<b>113,941.41</b>	
<b>RESERVE EXPENSES</b>				
Major Landscape Improvements	0.21	61.73	740.82	28
Cabana Reserves	0.20	60.53	726.42	29
Pool Reserves	1.74	514.84	6,178.13	30
Asphalt Reserves	3.06	906.96	10,883.57	31
Major Concrete Replacement	0.11	31.11	373.34	32
Monument Reserves	1.35	398.33	4,780.00	33
Common Area Structure Reserves	0.95	279.76	3,357.14	34
Other Contingency	0.28	83.33	1,000.00	35
<b>TOTAL RESERVE EXPENSES</b>	<b>7.90</b>	<b>2,336.59</b>	<b>28,039.41</b>	
<b>TOTAL EXPENSES</b>	<b>39.97</b>	<b>11,831.71</b>	<b>141,980.82</b>	

The percentage of assessments which is Reserves is: 19.7%

<b>MONTHLY ASSESSMENT:</b>	<b>40.00</b>
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*public streets*

**DANCING WILLOWS**  
**MASTER OWNERS ASSOCIATION**  
**OPERATING BUDGET AT BUILD-OUT**

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**NOTES**

- 1 **Water** is used to irrigate common areas that are landscaped with bluegrass sod. There are 0.85 acres of landscaped common area. The irrigation requirement is 1.25 inches of water per week. The irrigation season is 22 weeks long. There are 1.94 acre-feet of water required for the season. This represents 683,978 gallons of water. It is estimated that the pool will use 51,750 gallons of water per year. Water is 3.75 per thousand gallons.
- 2 **Sewer** expense will be incurred as a result of the pool and cabana. The cost is estimated to be 150.00 per month.
- 3 **Gas/Electricity** is for lighting and heating the pool as well as monument lights and irrigation clocks.
- 4 The **Management** fee includes full service management. It is based on a base management fee of 3.60 per unit per month with a minimum fee of 800.00 per month. A transfer fee is paid to the management company at each initial closing. It is assumed that additional charges from the management company for specific services will average - per year.
- 5 **Administrative Expense** includes postage, copies, files, binders, printing, and other related expenses. It is estimated that administrative expenses will be 0.93 per unit per month.
- 6 **Postage** is used for individual and mass mailings such as newsletters or meeting notices. It is estimated that the cost of postage will be 0.42 per unit per month.
- 7 **Legal Expense** is for filing fees for liens and lien releases and any attorney assistance necessary for delinquencies or covenant enforcement. Legal expense is also for occasional legal opinions which may be sought by the Board of Directors. It is estimated that legal expenses will be 0.50 per unit per month.
- 8 The Association must pay state and Federal Income **Taxes** on all "non-exempt" income subject to deductions.
- 9 The Association will have an annual **Audit** and tax preparation by a professional CPA.
- 10 **Insurance** is for policy premiums that provide hazard insurance, liability insurance, and Director's and Officers liability insurance. It is estimated that insurance will cost 2.00 per unit per month.

**DANCING WILLOWS**  
**MASTER OWNERS ASSOCIATION**  
**OPERATING BUDGET AT BUILD-OUT**

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**NOTES**

- 11 Grounds Maintenance** includes contract payments for mowing, trimming, edging, pruning, weed control in planting beds, and weekly pick-up of trash and debris in common areas. The annual cost of grounds maintenance is estimated to be 3,648.00 per landscaped acre. There are 1.13 acres of landscaped area.
- 12 Fertilization, Weed, and Insect Control** includes contract payments for chemical applications to common area plant materials. It includes fertilization and weed control in turf areas, fertilization of trees and shrubs, and chemical applications to control common insect pests and treat or prevent common diseases. The annual cost of fertilization, weed, and insect control is estimated to be 480.00 per landscaped acre.
- 13 Grounds Repairs (Sprinkler)** includes the cost of repair for any damage to the sprinkler system. The annual cost of this type of repair is estimated to be 472.00 per landscaped acre.
- 14 Grounds Repairs (Other)** includes the cost of repair for any damage to the common areas not involving the sprinkler system. Examples are correction of drainage problems and any landscape structures such as retaining walls or signage. The annual cost of this type of repair is estimated to be 270.00 per landscaped acre.
- 15 Grounds Improvements** is an allowance for additions to the landscaped common areas such as flowers, trees, or shrubs. The annual allowance is estimated to be 325.00 per acre per year.
- 16 Lighting Maintenance** includes replacement of light bulbs and repair to light fixtures for lighting. This includes entry monuments, and the pool area. The cost estimate is 0.50 per unit per month.
- 17 Pool Maintenance** provides form daily maintenance of the swimming pool. This includes cleaning of the pool, restrooms, and pool deck. Daily maintenance also includes monitoring the water chemistry to assure it is safe and applying chemicals as necessary. Also included in this account is the annul opening and closing of the pool for the season.
- 18 Pool Chemicals** is an allowance for all chemicals necessary to assure that pool water is properly balanced for PH and chlorine and that the water meets all safety standards.
- 19 Pool Supplies** is an allowance for necessary supplies related to pool operations. Examples are buoys, vacuum hose and heads, signs, and Shepard's hook.
- 20 Pool Repairs** is an allowance for any routine repairs to the pool or equipment.
- 21 Cabana Maintenance/Supplies** includes minor repairs to the cabana structure and cleaning supplies. It also includes toilet paper, soap and paper towels.
- 22 A Telephone** is provided at the pool for safety reasons. The monthly charge is estimated to be 75.00 .

**DANCING WILLOWS**  
**MASTER OWNERS ASSOCIATION**  
**OPERATING BUDGET AT BUILD-OUT**

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**Notes**

- 23 Snow Removal** is provided on all sidewalks in the master area. The cost of snow blowing and hand work is estimated to be 40.00 per hour. It is anticipated that there will be 10 storms requiring snow-blowing and hand work with a criteria of snow removal for storms of two inches or more. It is anticipated that snow-blowing and hand-work will require 5 hours per storm.
- Snow Removal** is provided on all private streets located throughout the community. It is estimated that it will take 30.0 hours per storm to remove snow. The cost of snow plowing is estimated to be 65.00 per hour. There are estimated to be 6 storms per year requiring snow removal with a criteria of snow removal for storms of four inches or more.
- 24 Asphalt Maintenance** is provided on the private streets for minor pot holes and sweeping.
- 25** The Association is responsible for **Trash Removal** by use of dumpsters. It is estimated that the monthly cost of weekly service is 8.88 per unit per month.
- 26 Common Area Structure Maintenance** is an allowance for any routine maintenance or repair to the shade structure, planters, and main and secondary entry features.
- 27 Miscellaneous** is an allowance for minor expenses which do not apply to any other expense category. It is estimated that this expense will be 0.27 per unit per month.
- 28 Major Landscape Improvements** is an allowance in Reserves for periodic replacement or addition of plant materials or landscape structures such as retaining walls or drainage structures. An allowance of 3,500.00 per acre every 4 years is provided.
- 29 Cabana Reserves** includes reroofing the cabana every 30 years at an estimated cost of 2.30 per square foot. There are 3,120 square feet of roofing. Reguttering will be done every 20 years at a cost of 1,744.34 each time. It also includes repainting inside and out every 5 years at a cost of 2,000 each time.
- 30 Pool Reserves** includes replacement of the pool heater/boiler every 12 years at an estimated cost of 9,500.00, resurfacing the pool every 10 years at an estimated cost of 29,000.00, replacement of pool furniture every 6 years at an estimated cost of 8,000.00, and replacement of the pool cover every 8 years at an estimated cost of 9,225.00.
- 31 Asphalt Reserves** are provided for the long-term maintenance of the private roads community wide. It is estimated that resurfacing will be required every 20 years at an estimated cost of 0.84 per square foot and seal-coating at a cost of 0.14 per square foot with a frequency of 4 years. There are 141,345 square feet of asphalt.

**DANCING WILLOWS  
MASTER OWNERS ASSOCIATION  
OPERATING BUDGET AT BUILD-OUT**

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**Notes**

- 32 Major Concrete Replacement** is an allowance for periodic replacement of sections of concrete which may fail over time either through cracking, heaving, or spalling. This allowance is based on the assumption that 5% of the concrete sidewalks will require replacement every 7 years. There are 6,788 square feet of concrete. The cost of replacement is estimated to be 7.70 per square foot.
- 33 Monument Reserves** is an allowance for the major repair or rehabilitation of the monumentation every 5 years at a cost of 23,900.00 each time.
- 34 Common Structure Reserves** is an allowance for long term major repair or replacement of trellis shade structure and the planters. The cost is estimated at 23,500 every 7 years.
- 35 Other Contingency** is an allowance to cover potential unforeseen major expenses. This could be an unusually large unbudgeted operating expense. It could also be premature reserve expenditure for a reserve line item, or excessive reserve cost for the item.

All Reserve expenditures are based on estimated costs as of early 2006. It is assumed that the cost of inflation will be offset by interest earned in Reserve bank or investment accounts. If Management Specialists, Inc. is selected as the Association management company, a detailed Twenty Year Reserve Plan will be prepared and updated annually, if provided in the management agreement. This plan would include an adjustment for inflation and interest earned in the Reserve Plan.

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**DANCING WILLOWS  
METROPOLITAN DISTRICT  
OPERATING BUDGET AT BUILD-OUT**

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**PRELIMINARY BUDGET PROPOSAL**

November 18, 2004

PREPARED BY

**MANAGEMENT SPECIALISTS, INC.**

**DANCING WILLOWS  
METROPOLITAN DISTRICT  
OPERATING BUDGET AT BUILD-OUT**

296 Units

CATEGORY	PER UNIT	PER MONTH	PER YEAR	NOTES
<b>OPERATING EXPENSES</b>				
Water	8.57	2,535.32	30,423.83	1
Sewer	0.51	150.00	1,800.00	2
Gas/Electricity	2.05	607.83	7,294.00	3
Management	3.63	1,073.93	12,887.20	4
Administrative Expense	1.01	298.96	3,587.52	5
Postage	0.36	106.56	1,278.72	6
Legal	1.10	325.60	3,907.20	7
Taxes	0.11	33.33	400.00	8
Audit	0.42	125.00	1,500.00	9
Insurance	1.02	301.92	3,623.04	10
Grounds Maintenance	8.24	2,440.38	29,284.50	11
Fertilization/Weed/Insect Control	1.31	386.75	4,641.00	12
Native Area Maintenance	0.29	85.41	1,024.96	13
Grounds Repairs (Sprinkler)	0.86	253.75	3,045.00	14
Grounds Repairs (Other)	0.55	163.63	1,963.50	15
Grounds Improvements	0.77	229.25	2,751.00	16
Lighting Maintenance	3.00	888.00	10,656.00	17
Pool Maintenance	1.99	589.17	7,070.00	18
Pool Chemicals	0.95	281.50	3,378.00	19
Pool Supplies	0.57	167.42	2,009.00	20
Pool Repairs	0.52	153.08	1,837.00	21
Cabana Maintenance/Supplies	0.58	171.83	2,062.00	22
Telephone	0.02	5.00	60.00	23
Street Sign Maintenance	0.84	250.00	3,000.00	24
Retaining Wall Maintenance	0.25	75.00	900.00	25
Shade Structure/Pergola Maintenance	0.56	166.67	2,000.00	26
Snow Removal	6.11	1,808.33	21,700.00	27
Asphalt Maintenance	0.70	208.33	2,500.00	28
Mosquito Control	1.06	312.50	3,750.00	29
Miscellaneous	0.42	125.00	1,500.00	30
<b>TOTAL OPERATING EXPENSES</b>	<b>48.37</b>	<b>14,319.45</b>	<b>171,833.47</b>	
<b>RESERVE EXPENSES</b>				
Major Landscape Improvements	2.59	765.63	9,187.50	31
Cabana Reserves	0.15	43.80	525.55	32
Pool Reserves	1.74	514.84	6,178.13	33
Street Sign Reserves	0.20	58.33	700.00	34
Asphalt Reserves	7.28	2,154.08	25,848.90	35
Major Concrete Replacement	1.03	305.92	3,671.03	36
Shade Structure/Pergola Reserves	0.43	128.13	1,537.50	37
Underdrain Maintenance	0.68	200.00	2,400.00	38
Monument Reserves	1.28	378.33	4,540.00	39
Other Contingency	0.28	83.33	1,000.00	40
<b>TOTAL RESERVE EXPENSES</b>	<b>15.66</b>	<b>4,632.39</b>	<b>55,588.60</b>	
<b>TOTAL EXPENSES</b>	<b>64.03</b>	<b>18,951.84</b>	<b>227,422.07</b>	

The percentage of assessments which is Reserves is:

24.4%

<b>MONTHLY ASSESSMENT:</b>	<b>64.00</b>
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**DANCING WILLOWS  
METROPOLITAN DISTRICT  
OPERATING BUDGET AT BUILD-OUT**

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**NOTES**

- 1 **Water** is used to irrigate common areas that are landscaped with bluegrass sod. There are 10.50 acres of landscaped common area. The irrigation requirement is 1.25 inches of water per week. The irrigation season is 22 weeks long. There are 24.06 acre-feet of water required for the season. This represents 7,840,790 gallons of water. Water is 3.75 per thousand gallons.  
  
**Water** is also used to irrigate common areas that are landscaped with native grasses. There are 1.47 acres of landscaped native area. The irrigation requirement is 0.31 inches of water per week. The irrigation season is 22 weeks long. There are 0.84 acre-feet of water required for the season. This represents 272,232 gallons of water. Water is 3.75 per thousand gallons.
- 2 **Sewer** expense will be incurred as a result of the pool and cabana. The cost is estimated to be 150.00 per month.
- 3 **Gas/Electricity** is for lighting and heating the pool as well as monument lights and irrigation clocks.
- 4 The **Management** fee includes full service management. It is based on a base management fee of 3.60 per unit per month with a minimum fee of 800.00 per month. A transfer fee is paid to the management company at each initial closing. It is assumed that additional charges from the management company for specific services will average 100.00 per year.
- 5 **Administrative Expense** includes postage, copies, files, binders, printing, and other related expenses. It is estimated that administrative expenses will be 1.01 per unit per month.
- 6 **Postage** is used for individual and mass mailings such as newsletters or meeting notices. It is estimated that the cost of postage will be 0.36 per unit per month.
- 7 **Legal Expense** is for filing fees for liens and lien releases and any attorney assistance necessary for delinquencies or covenant enforcement. Legal expense is also for occasional legal opinions which may be sought by the Board of Directors. It is estimated that legal expenses will be 1.10 per unit per month.
- 8 The Association must pay state and Federal Income **Taxes** on all "non-exempt" income subject to deductions.
- 9 The Association will have an annual **Audit** and tax preparation by a professional CPA.
- 10 **Insurance** is for policy premiums that provide hazard insurance, liability insurance, and Director's and Officers liability insurance. It is estimated that insurance will cost 1.02 per unit per month.

**DANCING WILLOWS  
METROPOLITAN DISTRICT  
OPERATING BUDGET AT BUILD-OUT**

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**NOTES**

- 11 **Grounds Maintenance** includes contract payments for mowing, trimming, edging, pruning, weed control in planting beds, and weekly pick-up of trash and debris in common areas. The annual cost of grounds maintenance is estimated to be 2,789.00 per landscaped acre.
- 12 **Fertilization, Weed, and Insect Control** includes contract payments for chemical applications to common area plant materials. It includes fertilization and weed control in turf areas, fertilization of trees and shrubs, and chemical applications to control common insect pests and treat or prevent common diseases. The annual cost of fertilization, weed, and insect control is estimated to be 442.00 per landscaped acre.
- 13 **Native Area Maintenance** is for maintenance of non-irrigated native areas which are the responsibility of the Association to maintain. Maintenance includes policing of the area weekly to remove trash and debris and periodic mowing approximately six times per season. The cost of this maintenance is estimated to be 697.25 per acre per year. There are 1.47 acres of native area.
- 14 **Grounds Repairs (Sprinkler)** includes the cost of repair for any damage to the sprinkler system. The annual cost of this type of repair is estimated to be 290.00 per landscaped acre.
- 15 **Grounds Repairs (Other)** includes the cost of repair for any damage to the common areas not involving the sprinkler system. Examples are correction of drainage problems and any landscape structures such as retaining walls or signage. The annual cost of this type of repair is estimated to be 187.00 per landscaped acre.
- 16 **Grounds Improvements** is an allowance for additions to the landscaped common areas such as flowers, trees, or shrubs. The annual allowance is estimated to be 262.00 per acre per year.
- 17 **Lighting Maintenance** includes replacement of light bulbs and repair to light fixtures for lighting. This includes street lights, monuments, and the pool area. The cost estimate is 3.00 per unit per month. There are 47 street lights and 5 monuments.
- 18 **Pool Maintenance** provides for daily maintenance of the swimming pool. This includes cleaning of the pool, restrooms, and pool deck. Daily maintenance also includes monitoring the water chemistry to assure it is safe and applying chemicals as necessary. Also included in this account is the annual opening and closing of the pool for the season.
- 19 **Pool Chemicals** is an allowance for all chemicals necessary to assure that pool water is properly balanced for PH and chlorine and that the water meets all safety standards.
- 20 **Pool Supplies** is an allowance for necessary supplies related to pool operations. Examples are buoys, vacuum hose and heads, signs, and Shepard's hook.
- 21 **Pool Repairs** is an allowance for any routine repairs to the pool or equipment.
- 22 **Cabana Maintenance/Supplies** includes minor repairs to the cabana structure and cleaning supplies. It also includes toilet paper, soap and paper towels.
- 23 A **Telephone** is provided at the pool for safety reasons. The monthly charge is estimated to be 60.00 .

**DANCING WILLOWS  
METROPOLITAN DISTRICT  
OPERATING BUDGET AT BUILD-OUT**

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**Notes**

- 24 Street Sign Maintenance** includes routine maintenance and repair of the street signs district wide. There are 47 combination street signs and stop signs.
- 25 Retaining Wall Maintenance** is an allowance for routine repairs to the retaining walls. The walls should not require replacement, but may need repairs in specific areas or graffiti removal.
- 26 Shade Structure/Pergola Maintenance** is an allowance for any routine maintenance or repair to the pool area shade structure and the pergola at the foothills park entrance.
- 27 Snow Removal** is provided on all sidewalks in the community. The cost of snow blowing and hand work is estimated to be 40.00 per hour. It is anticipated that there will be 10 storms requiring snow-blowing and hand work with a criteria of snow removal for storms of two inches or more. It is anticipated that snow-blowing and hand-work will require 25 hours per storm.
- Snow Removal** is provided on all private streets located throughout the community. It is estimated that it will take 30.0 hours per storm to remove snow. The cost of snow plowing is estimated to be 65.00 per hour. There are estimated to be 6 storms per year requiring snow removal with a criteria of snow removal for storms of four inches or more.
- 28 Asphalt Maintenance** is provided on the private streets for minor pot holes and sweeping.
- 29 Mosquito Control** will be provided where needed on the common areas.
- 30 Miscellaneous** is an allowance for minor expenses which do not apply to any other expense category. It is estimated that this expense will be 0.27 per unit per month.
- 31 Major Landscape Improvements** is an allowance in Reserves for periodic replacement or addition of plant materials or landscape structures such as retaining walls or drainage structures. An allowance of 3,500.00 per acre every 4 years is provided.
- 32 Cabana Reserves** includes reroofing the cabana every 30 years at an estimated cost of 2.30 per square foot. There are 1,200 square feet of roofing. Reguttering will be done every 20 years at a cost of 670.90 each time. It also includes repainting inside and out every 5 years at a cost of 2,000 each time.
- 33 Pool Reserves** includes replacement of the pool heater/boiler every 12 years at an estimated cost of 9,500.00, resurfacing the pool every 10 years at an estimated cost of 29,000.00, replacement of pool furniture every 6 years at an estimated cost of 8,000.00, and replacement of the pool cover every 8 years at an estimated cost of 9,225.00.
- 34 Street Sign Reserves** is an allowance for the replacement of the 40 street signs in the district. The frequency of replacement is 20 years at a cost of 14,000.00 each time.
- 35 Asphalt Reserves** are provided for the long-term maintenance of the private roads community wide. It is estimated that resurfacing will be required every 20 years at an estimated cost of 0.84 per square foot and seal-coating at a cost of 0.14 per square foot with a frequency of 4 years. There are 335,700 square feet of asphalt.

**DANCING WILLOWS  
METROPOLITAN DISTRICT  
OPERATING BUDGET AT BUILD-OUT**

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**Notes**

- 36 Major Concrete Replacement** is an allowance for periodic replacement of sections of concrete which may fail over time either through cracking, heaving, or spalling. This allowance is based on the assumption that 5% of the concrete sidewalks will require replacement every 7 years. There are 66,746 square feet of concrete. The cost of replacement is estimated to be 7.70 per square foot.
- 37 Shade Structure/Pergola Reserves** is an allowance for long term major repair to the the pool shade structure and the pergola. The cost is estimated at 18,450 every 12 years. Routine repairs to the pergola will be handled in Grounds Repair Other and the shade structure will be routinely painted with the cabana.
- 38** The Association is responsible for **Underdrain Maintenance** of the underdrain system installed in the community for the purpose of draining off excessive groundwater as it presents a danger to foundations. An allowance of 10,000.00 every 5 years is provided for clean-out or other repairs.
- 39 Monument Reserves** is an allowance for the major repair or rehabilitation of the monumentation every 5 years at a cost of 22,700.00 each time.
- 40 Other Contingency** is an allowance to cover potential unforeseen major expenses. This could be an unusually large unbudgeted operating expense. It could also be premature reserve expenditure for a reserve line item, or excessive reserve cost for the item.

All Reserve expenditures are based on estimated costs as of mid 2006. It is assumed that the cost of inflation will be offset by interest earned in Reserve bank or investment accounts. If Management Specialists, Inc. is selected as the Association management company, a detailed Twenty Year Reserve Plan will be prepared and updated annually, if provided in the management agreement. This plan would include an adjustment for inflation and interest earned in the Reserve Plan.