



November, 2017

Dear Johnson Ranch Members,

As required by the community documents, we recently adopted the 2018 community budget. Effective January 1, 2018, the community's assessment rate will increase by \$4.45/month. It is understood that for some people this is a significant increase; however, many factors contributed to our decision. Below are some of the major contributing factors.

- Legal Fees - Increased contract reviews for improvement projects (annual increase \$19,500)
- Management Fee - Reflective of new contract (annual increase \$15,900)
- Landscape Management - Reflective of new contract (annual decrease \$116,904)
- Landscape Extras - Added culvert cleaning & labor for turf aeration (annual increase \$37,675)
- Over Seed - Added more turf & new contractor costs higher (annual increase \$5,960)
- Storm Damage - Storm damage increased in 2017 plus higher costs from new contractor (annual increase \$33,500)
- Parking Patrol - Contractor requesting increase due to AZ Labor Law increase (\$3,666)
- Irrigation Repair - Aging system (valves, heads, nozzles) (annual increase \$6,160)
- Plant Replacement - Possible turf conversion & expanded plant palette (annual increase \$13,500)
- Water - Includes additional for over seed & unknown Johnson Utilities Central Arizona Groundwater Replenishment Districts fee (CAGR) (annual increase \$62,027)
- Reserve Contribution - Increase funding to 70% by 2022 vs. 2023 (annual increase \$116,196)
- Salaries & Benefits - Reflective of new management contract (annual increase \$37,001)
- Aquatics Staff - Reflective of new management contract (annual increase \$15,132)

2018 Johnson Ranch Community Association Assessment Rate: \$186/quarter (includes trash services)
(This assessment is paid by all Johnson Ranch Members including Lakeview, Stonegate and Solera residents)

In regards to Johnson Ranch's benefitted neighborhoods (Stonegate & Lakeview), whereby those owners are responsible to contribute an additional assessment to cover expenses for their private streets, it was determined that due to Lakeview's strong contingency and reserve funding, the minimal increase to their street sweeping contract did not impact their assessment rate. As for Stonegate's rate, they too had a minimal increase to their street sweeping contract and it is anticipated that their telephone service (for the vehicle gate) will increase slightly but with their healthy contingency and reserve funding there was no need to increase their assessment rate. Thus, both of their assessment rates will remain the same as the 2017 rate. Finally for Solera, they too pay an additional assessment; however, since that community falls under a separate corporation, their assessment rate is to be determined by their Board of Directors.

2018 Benefitted Neighborhood Assessment Rates: Lakeview = \$58.44/qtr. & Stonegate = \$55.80/qtr.

For your convenience, the approved budgets for the Johnson Ranch Community Association and each of the individual benefitted neighborhoods are now available on the community website at www.johnsonranch.com or by contacting the community office at 480-987-8073. Should you have any questions regarding the approved budgets, please plan to attend either the November 28, 2017 or January 23, 2018 Board Meeting.

The Board of Directors and CCMC would like to thank those residents whom are dedicated to the community by continually providing input, volunteering time on committees and attending community events. For those that wish to learn more about community living and what it takes to run an Association of over 20,000 residents, please attend the 2018 monthly board meetings and help us continue making Johnson Ranch a wonderful place to live.

Sincerely,

Johnson Ranch Board of Directors

**JOHNSON RANCH
2018 MONTHLY OPERATING BUDGET**

2015 Monthly Assessment Rate: \$51.45 (Trash 11.00 + Assn 40.45) = \$154.35 Quarterly

2016 Monthly Assessment Rate: \$52.55 (Trash 11.00 + Assn 41.55) = \$157.65 Quarterly

2017 Monthly Assessment Rate: \$57.55 (Trash 11.00 + Assn 46.55) = \$172.65 Quarterly

2018 Monthly Assessment Rate: \$62.00 (Trash 11.00 + Assn 51.00) = \$186.00 Quarterly

GL ACCT #	INCOME	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTALS	PRIOR YR	CHANGE
0401	Assessments	309,621	309,621	309,621	309,621	309,621	309,621	309,621	309,621	309,621	309,621	309,621	309,621	3,715,452	3,390,702	324,750
04060001	Activity Income	-	-	-	-	-	-	-	-	-	-	-	-	-	12,000	(12,000)
04060007	Movie Ticket Income	152	152	152	152	152	152	152	152	152	152	152	152	1,824	720	1,104
0412	Gate Cards/Transponders	25	25	25	25	25	25	25	25	25	25	25	25	300	312	(12)
0415	Reserve Supp Fee	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	300,000	244,000	56,000
0421	Lease Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0423	Less Bad Debt	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(24,000)	(24,000)	-
0434	Working Capital	25,800	25,800	25,800	25,800	25,800	25,800	25,800	25,800	25,800	25,800	25,800	25,800	309,600	251,808	57,792
0441	Late Charges	10	10	10	10	10	10	10	10	10	10	10	10	120	120	-
04410001	Collection Fee Revenue	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	168,000	99,600	68,400
04410002	Filing Fee Charges	300	300	300	300	300	300	300	300	300	300	300	300	3,600	1,200	2,400
0442	Advertising	1,175	-	-	-	-	-	-	-	-	-	-	-	1,175	6,000	(4,825)
0451	Interest	610	610	610	610	610	610	610	610	610	610	610	610	7,320	5,640	1,680
0454	Sanctions & Fees	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	15,000	15,000	-
0456	Solid Waste Fee	66,781	66,781	66,781	66,781	66,781	66,781	66,781	66,781	66,781	66,781	66,781	66,781	801,372	801,240	132
0459	Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
04590014	Legal Fee Revenue	4,886	4,886	4,886	4,886	4,886	4,886	4,886	4,886	4,886	4,886	4,886	4,886	58,632	45,816	12,816
	TOTAL INCOME	447,610	446,435	446,435	446,435	446,435	446,435	446,435	446,435	446,435	446,435	446,435	446,435	5,358,395	4,850,158	508,237
	EXPENSES															
GL ACCT #	ADMINISTRATIVE & GENERAL	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTALS	PRIOR YR	CHANGE
0553	Audit	4,113	-	-	-	-	4,113	-	-	-	-	-	-	8,226	8,226	-
0561	Legal Fees - Collection	4,886	4,886	4,886	4,886	4,886	4,886	4,886	4,886	4,886	4,886	4,886	4,886	58,632	45,816	12,816
05610001	Collection Fees	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	168,000	99,600	68,400
0562	Legal Fees - General Counsel	3,125	3,125	3,125	3,125	3,125	3,125	3,125	3,125	3,125	3,125	3,125	3,125	37,500	18,000	19,500
0563	License/Fees/Permits	1,850	160	160	160	1,035	2,460	160	1,460	380	170	160	410	8,565	7,225	1,340
0565	Management	8,150	8,150	8,150	8,150	8,150	8,150	8,150	8,150	8,150	8,150	8,150	8,150	97,800	81,900	15,900
0567	Meetings	3,020	6,500	1,520	420	320	320	420	320	320	420	320	100	14,000	14,000	-
0569	Office Supplies	1,380	1,380	739	1,384	1,384	739	1,384	1,384	739	2,634	1,384	739	15,270	15,270	-
05690002	Office Equip-Rental	520	520	1,230	520	520	1,230	520	520	1,230	520	520	1,230	9,080	10,400	(1,320)
0572	Postage	4,300	7,500	5,700	4,000	700	9,000	700	5,700	700	700	5,700	5,700	50,400	51,000	(600)
0573	Telephone	825	825	825	825	825	825	825	825	825	825	825	825	9,900	11,184	(1,284)
0575	Social Events	3,900	1,450	1,900	5,700	1,400	700	700	200	5,300	9,400	8,200	2,200	41,050	44,700	(3,650)
05750007	Movie Ticket Expense	420	-	-	420	-	-	420	-	-	420	-	-	1,680	1,640	40
0579	Miscellaneous	50	50	50	50	50	50	50	50	50	50	50	50	600	840	(240)
05790001	Mileage	1,475	1,475	1,475	1,475	1,475	1,475	1,475	1,475	1,475	1,475	1,475	1,475	17,700	17,700	-
05790006	Holiday Decorations	-	-	500	-	-	-	500	-	-	1,000	-	-	2,000	2,000	-
0590	Web Hosting	121	121	121	121	121	121	121	121	121	121	121	121	1,456	1,456	(0)
	TOTAL ADMINISTRATIVE & GENERAL	52,135	50,142	44,381	45,236	37,991	51,194	37,436	42,216	41,301	47,896	48,916	43,011	541,859	430,957	110,902

GL ACCT #	UTILITIES	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTALS	PRIOR YR	CHANGE
0751	Electricity	7,004	6,695	6,695	6,901	6,798	8,240	8,446	9,167	9,167	8,137	7,828	7,210	92,288	89,528	2,760
07510001	Street Lights	7,107	7,107	7,107	7,107	7,107	7,416	7,416	7,416	7,416	7,416	7,416	7,107	87,138	84,383	2,755
0753	Gas	19,055	11,227	8,755	5,253	4,635	1,545	515	515	1,030	3,605	5,150	12,360	73,645	77,250	(3,605)
0755	Water & Sewer	9,085	9,086	7,585	25,586	81,086	63,086	63,086	64,085	65,085	55,086	42,086	20,085	505,027	443,000	62,027
0756	Refuse	180	180	180	180	180	180	180	180	180	180	180	180	2,160	2,160	-
07560001	Trash Removal Member	66,781	66,781	66,781	66,781	66,781	66,781	66,781	66,781	66,781	66,781	66,781	66,781	801,372	801,240	132
	TOTAL UTILITIES	109,212	101,076	97,103	111,808	166,587	147,248	146,424	148,144	149,659	141,205	129,441	113,723	1,561,630	1,497,561	64,069
GL ACCT #	TAXES	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTALS	PRIOR YR	CHANGE
0805	Real Estate Taxes	-	-	-	-	-	-	-	-	-	2,000	-	-	2,000	2,650	(650)
	TOTAL TAXES	-	-	-	-	-	-	-	-	-	2,000	-	-	2,000	2,650	(650)
GL ACCT #	INSURANCE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTALS	PRIOR YR	CHANGE
0851	Directors & Officers Ins.	533	533	533	533	533	533	640	640	640	640	640	640	7,038	7,038	-
0853	Assoc Master Policy	1,132	1,132	1,132	1,132	1,132	1,132	1,132	1,132	1,132	1,132	1,132	1,132	13,584	13,548	36
0855	Umbrella (Excess Liab)	790	790	790	790	790	790	950	950	950	950	950	950	10,440	9,960	480
0861	Worker's Compensation	78	78	78	78	78	78	94	94	94	94	94	94	1,032	1,014	18
	TOTAL INSURANCE	2,533	2,533	2,533	2,533	2,533	2,533	2,816	2,816	2,816	2,816	2,816	2,816	32,094	31,560	534
GL ACCT #	OTHER EXPENSES	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTALS	PRIOR YR	CHANGE
0498	Transfer to Reserves	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	300,000	244,000	56,000
04980332	Add'l Transfer Reserves	43,850	43,850	43,850	43,850	43,850	43,850	43,850	43,850	43,850	43,850	43,850	43,850	526,200	410,004	116,196
0505	Salaries & Benefits	47,800	47,800	47,800	47,800	47,800	47,800	47,800	47,800	47,800	47,800	47,800	47,800	573,600	536,599	37,001
0527	Common Area Monitors	12,495	12,495	12,495	12,495	12,495	12,495	12,495	12,495	12,495	12,495	12,495	12,495	149,940	134,808	15,132
0881	Improvements/Modifications	17,462	17,458	17,458	17,458	17,458	17,458	17,458	17,458	17,458	17,458	17,458	17,458	209,500	209,500	-
0890	Contingency	13,378	13,385	13,385	13,385	13,385	13,385	13,385	13,385	13,385	13,385	13,385	13,385	160,613	160,613	-
	TOTAL OTHER EXPENSES	159,985	159,988	159,988	159,988	159,988	159,988	159,988	159,988	159,988	159,988	159,988	159,988	1,919,853	1,695,524	224,329
	TOTAL EXPENSES	415,481	423,491	394,965	427,525	504,459	471,978	454,372	462,004	456,074	459,975	473,458	414,615	5,358,395	4,964,961	393,434
	NET PROFIT/(LOSS)	32,129	22,944	51,470	18,910	(58,024)	(25,543)	(7,937)	(15,569)	(9,639)	(13,540)	(27,023)	31,820	0	(114,803)	114,803

2018 LAKEVIEW MONTHLY BUDGET

2016 Assessment Rate: \$21.70/Month

2017 Assessment Rate: \$19.48/Month

2018 Assessment Rate: \$19.48/Month

GL ACCT #	INCOME	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTALS	PRIOR YR	CHANGE
152600401	Assessments	1,130	1,130	1,130	1,130	1,130	1,130	1,130	1,130	1,130	1,130	1,130	1,130	13,558	13,558	0
152600498	Transfer to Reserves	(800)	(800)	(800)	(800)	(800)	(800)	(800)	(800)	(800)	(800)	(800)	(800)	(9,600)	(9,600)	-
	TOTAL INCOME	330	330	330	330	330	330	330	330	330	330	330	330	3,958	3,958	0
GL ACCT #	EXPENSES	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTALS	PRIOR YR	CHANGE
152600642	Street Sweeping	155	155	155	155	155	155	155	155	155	155	155	155	1,860	1,740	120
152600699	Misc Repairs	48	50	50	50	50	50	50	50	50	50	50	50	598	600	(2)
152600749	Misc Parts	25	25	25	25	25	25	25	25	25	25	25	25	300	295	5
152600890	Contingency	100	100	100	100	100	100	100	100	100	100	100	100	1,200	1,323	(123)
	TOTAL EXPENSES	328	330	330	330	330	330	330	330	330	330	330	330	3,958	3,958	-
	NET PROFIT/(LOSS)	2	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	0	-	0

**STONEGATE
2018 MONTHLY OPERATING BUDGET**

2016 Assessment Rate: \$18.60/Month																
2017 Assessment Rate: \$18.60/Month																
2018 Assessment Rate: \$18.60/Month																
GL ACCT #	INCOME	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTALS	PRIOR YR	CHANGE
152070401	Assessments	5,171	5,171	5,171	5,171	5,171	5,171	5,171	5,171	5,171	5,171	5,171	5,171	62,050	62,050	(0)
152070498	Transfer to Reserves	(3,605)	(3,605)	(3,605)	(3,605)	(3,605)	(3,605)	(3,605)	(3,605)	(3,605)	(3,605)	(3,605)	(3,605)	(43,260)	(42,000)	(1,260)
	TOTAL INCOME	1,566	1,566	1,566	1,566	1,566	1,566	1,566	1,566	1,566	1,566	1,566	1,566	18,790	20,050	(1,260)
GL ACCT #	EXPENSES	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTALS	PRIOR YR	CHANGE
152070573	Telephone	220	110	110	110	110	214	114	114	114	114	114	114	1,558	1,348	210
152070602	Gate Maint Contract	495	495	495	495	495	495	495	495	495	495	495	495	5,940	5,940	-
152070602	Street Sweeping	210	210	210	210	210	210	210	210	210	210	210	210	2,520	2,340	180
152070699	Misc Repairs	118	118	118	118	118	118	118	118	118	118	118	118	1,416	2,400	(984)
152070749	Misc Parts	63	63	63	63	63	63	63	63	63	63	63	63	756	1,200	(444)
152070890	Contingency	550	550	550	550	550	550	550	550	550	550	550	550	6,600	6,822	(222)
	TOTAL EXPENSES	1,656	1,546	1,546	1,546	1,546	1,650	1,550	1,550	1,550	1,550	1,550	1,550	18,790	20,050	(1,260)
	NET PROFIT/(LOSS)	(90)	20	20	20	20	(84)	16	16	16	16	16	16	(0)	-	(0)

JOHNSON RANCH										
2018 RESERVE EXPENDITURE BUDGET										
BUDGET YEAR EXPENSES										
Fencing - Vinyl Rail Fencing - Partial Replace (25%)						\$	49,368			
Fencing - Block Walls - Repaint						\$	38,760			
Granite - Area 10B (Hunt Highway)						\$	132,580			
Drip Irrigation - Retrofit Drip - Area A						\$	144,203			
Tree Trimming - (1 yr. Cycle)						\$	41,942			
Tree Trimming - (3 yr. Cycle)						\$	7,630			
Asphalt Pavement - Crack Fill/Seal/Repair (Lakeview Parking Lot)						\$	1,652			
Asphalt Pavement - Crack Fill/Seal/Repair (Indigo Sky Parking Lot)						\$	1,883			
Asphalt Pavement - Crack Fill/Seal/Repair (Stardust Parking Lot)						\$	945			
Asphalt Pavement - Crack Fill/Seal/Repair (Community Office Parking Lot)						\$	1,048			
Pool Deck (Seal/Repair) - Lakeview						\$	7,834			
Pool Deck (Seal/Repair) - Indigo						\$	7,014			
Pool Deck (Seal/Repair) - Stardust						\$	5,606			
Repaint Community Office Exterior						\$	3,060			
Replace Office Computer Equipment						\$	3,570			
Lake Shoreline - Repair						\$	10,200			
Resurface N Amira Way Tot Lot Turf						\$	6,528			
Sand Replenishment - Throughout						\$	10,328			
Shade Screen Replace - Pathfinder						\$	4,957			
Stonegate - Vehicle Gate Repair						\$	3,296			
Stonegate - Telephone System Replace						\$	3,090			
Irrigation System Retrofit (2017 carry-over)						\$	250,000			
Asphalt Pavement - Crack/Fill/Seal/Repair (Lakeview Streets) (2017 carry-over)						\$	6,318			
Asphalt Pavement - Crack/Fill/Seal/Repair (Stonegate Streets) (2017 carry-over)						\$	25,340			
Projected Budget Year Expenses						\$	767,152			

2018 Expenditures by Month	JAN	FEB	MAR	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	Total
Fencing - Vinyl Rail Fencing - Partial Replace (25%)						\$ 49,368							\$ 49,368
Fencing - Block Walls - Repaint	\$ 3,230	\$ 3,230	\$ 3,230	\$ 3,230	\$ 3,230	\$ 3,230	\$ 3,230	\$ 3,230	\$ 3,230	\$ 3,230	\$ 3,230	\$ 3,230	\$ 38,760
Granite - Area 10B (Hunt Highway)			\$ 132,580										\$ 132,580
Drip Irrigation - Retrofit Drip - Area A									\$ 144,203				\$ 144,203
Tree Trimming - (1 yr. Cycle)			\$ 41,942										\$ 41,942
Tree Trimming - (3 yr. Cycle)			\$ 7,630										\$ 7,630
Asphalt Pavement - Crack Fill/Seal/Repair (Lakeview Parking Lot)		\$ 1,652											\$ 1,652
Asphalt Pavement - Crack Fill/Seal/Repair (Indigo Sky Parking Lot)		\$ 1,883											\$ 1,883
Asphalt Pavement - Crack Fill/Seal/Repair (Stardust Parking Lot)		\$ 945											\$ 945
Asphalt Pavement - Crack Fill/Seal/Repair (Community Office Parking Lot)		\$ 1,048											\$ 1,048
Pool Deck (Seal/Repair) - Lakeview			\$ 7,834										\$ 7,834
Pool Deck (Seal/Repair) - Indigo			\$ 7,014										\$ 7,014
Pool Deck (Seal/Repair) - Stardust			\$ 5,606										\$ 5,606
Repaint Community Office Exterior				\$ 3,060									\$ 3,060
Replace Office Computer Equipment					\$ 3,570								\$ 3,570
Lake Shoreline - Repair		\$ 10,200											\$ 10,200
Resurface N Amira Way Tot Lot Turf								\$ 6,528					\$ 6,528
Sand Replenishment - Throughout		\$ 10,328											\$ 10,328
Shade Screen Replace - Pathfinder			\$ 4,957										\$ 4,957
Stonegate - Vehicle Gate Repair						\$ 3,296							\$ 3,296
Stonegate - Telephone System Replace						\$ 3,090							\$ 3,090
Irrigation System Retrofit (2017 carry-over)									\$ 250,000				\$ 250,000
Asphalt Pavement - Crack/Fill/Seal/Repair (Lakeview Streets) (2017 carry-over)		\$ 6,318											\$ 6,318
Asphalt Pavement - Crack/Fill/Seal/Repair (Stonegate Streets) (2017 carry-over)		\$ 25,340											\$ 25,340
TOTAL	\$ 3,230	\$ 35,604	\$ 210,793	\$ 6,290	\$ 6,800	\$ 58,984	\$ 3,230	\$ 9,758	\$ 397,433	\$ 3,230	\$ 3,230	\$ 3,230	\$ 767,152