

*Churchill Village-South
Homeowners Association*



August 2018

Dear Churchill Village-South Homeowners,

The Board of Directors for the Churchill Village-South Homeowners Association Inc., has prepared a proposed operating budget for 2019. The budget proposes an increase in the monthly assessment to \$104.00. A copy of the proposed budget is attached for your review and consideration.



This year, the increase in assessments is driven by a number of factors, including:

1. Increase to funding for replacement reserves per the professional reserve study prepared for the Association;
2. Increased costs for the Association insurance coverages;
3. An increase in the expenses for management of the swimming pools relating to the rising minimum wage in Montgomery County;
4. Additional funds being allocated for the care of the trees throughout the community following the professional evaluation of trees throughout the community;
5. An increase (over 2018 budget) for the community-wide grounds maintenance services.

The Board of Directors invites **written comments** on this proposed budget to the address at the bottom of this letter or via email to randy@vanguardmgt.com. Homeowners are asked to submit written comments to the Board in advance of their September Board meeting. Please submit comments not later than Monday, September 10th. Please note that written replies will not be issued. The Board will also entertain oral comments at their meeting as follows:

Wednesday, September 12, 2018; 7:45p.m.
Churchill-South Community Center
13601 Wanegarden Drive • Germantown, Maryland 20874

The budget will be formally approved at the Board meeting on October 10, 2018.

Thank you for your cordial attention, understanding and cooperation.

For the Board of Directors,
Churchill Village South Homeowners Association, Inc.

Randy McClement

Randy McClement
Community Manager
(301)540-8600 x3336
randy@vanguardmgt.com

Enclosures

CHURCHILL VILLAGE-SOUTH HOMEOWNERS ASSOCIATION, INC.

2019 OPERATING BUDGET

January 1 through December 31

BUDGET SUMMARY

Monthly Assessment:	\$104.00	4.05%	Increase over 2018	
	2019 DRAFT	2018 Approved	\$ Change	% Change
INCOME:				
Residential Assessments:				
CV-S General (SF, TH, WCTH & Villas)	\$903,552.00	\$868,365.60	\$35,186.40	4.05%
Willow Cove Manor Condominiums	\$122,304.00	\$117,541.20	\$4,762.80	4.05%
Interest to Homeowners for Late Payments	\$1,020.00	\$1,020.00	\$0.00	0.00%
Reimbursement - Condominium Grounds Maint.	\$16,139.30	\$15,118.78	\$1,020.52	6.75%
Swim Team Income	\$2,500.00	\$2,500.00	\$0.00	0.00%
Miscellaneous - Community Center, Pool	\$4,700.00	\$4,700.00	\$0.00	0.00%
Interest Income	\$0.00	\$0.00	\$0.00	0.00%
ADJUSTED INCOME:	\$1,050,215.30	\$1,009,245.58	\$40,969.72	4.06%
EXPENSES:				
Master Association Dues:				
Churchill Community Foundation	\$36,990.00	\$34,524.00	\$2,466.00	7.14%
<i>Sub-Total:</i>	<u>\$36,990.00</u>	<u>\$34,524.00</u>	<u>\$2,466.00</u>	<u>7.14%</u>
Reserve Contributions - Based upon 2014 Revised Reserve Study prepared by Miller Dodson:				
Gross Contribution	\$229,818.75	\$218,875.00	\$10,943.75	5.00%
Less: Reserve Interest:	(\$15,533.87)	(\$12,322.99)	(\$3,210.88)	26.06%
Net Reserve Contribution:	<u>\$214,284.88</u>	<u>\$206,552.01</u>	<u>\$7,732.87</u>	<u>3.74%</u>
General & Administrative:				
Management, Audit, Legal, Professional Fees	\$110,024.38	\$107,030.96	\$2,993.43	2.80%
Postage, Printing, Coupons, Web Site	\$14,449.83	\$14,048.74	\$401.09	2.85%
Insurance	\$10,500.00	\$9,000.00	\$1,500.00	16.67%
Bad Debt Expense	\$12,500.00	\$15,000.00	(\$2,500.00)	-16.67%
Dues & Subscriptions, Record Storage	\$2,316.00	\$2,227.20	\$88.80	3.99%
Taxes/Water Qual. Protection, Banking Fees	\$28,251.56	\$25,475.68	\$2,775.88	10.90%
Miscellaneous, Meetings/Recording Secr.	\$3,630.00	\$3,630.00	\$0.00	0.00%
Street Light Electricity	\$18,720.00	\$16,620.00	\$2,100.00	12.64%
Social & Recreation - General & Swim Team	\$9,500.00	\$9,500.00	\$0.00	0.00%
County Commission	\$2,530.00	\$2,530.00	\$0.00	0.00%
<i>Sub-Total:</i>	<u>\$212,421.77</u>	<u>\$205,062.57</u>	<u>\$7,359.20</u>	<u>3.59%</u>
Pool Operation:				
Management, Pool Pass Admin.	\$132,071.36	\$123,923.36	\$8,148.00	6.58%
Repairs, Supplies	\$11,250.00	\$11,600.00	(\$350.00)	-3.02%
Swim Team	\$2,500.00	\$2,500.00	\$0.00	0.00%
Utilities: Telephone; Electric; Gas; Water & Sewer	\$23,840.00	\$23,840.00	\$0.00	0.00%
<i>Sub-Total:</i>	<u>\$169,661.36</u>	<u>\$161,863.36</u>	<u>\$7,798.00</u>	<u>4.82%</u>
Community Center Operation:				
Repairs	\$2,400.00	\$2,400.00	\$0.00	\$0.00
HVAC & Fire Extinguisher Maintenance	\$5,075.00	\$5,075.00	\$0.00	0.00%
Administration, Supplies, Computer	\$3,218.35	\$3,218.35	\$0.00	0.00%
Utilities: Telephone & Electric	\$15,810.00	\$15,810.00	\$0.00	0.00%
<i>Sub-Total:</i>	<u>\$26,503.35</u>	<u>\$26,503.35</u>	<u>\$0.00</u>	<u>0.00%</u>
Site Improvement:				
Landscaping Improvements	\$24,396.58	\$22,000.00	\$2,396.58	10.89%
Community Bldg & Capital Improvements	\$3,500.00	\$3,500.00	\$0.00	0.00%
<i>Sub-Total:</i>	<u>\$27,896.58</u>	<u>\$25,500.00</u>	<u>\$2,396.58</u>	<u>9.40%</u>
General Maintenance:				
Tree & Shrub Maintenance	\$44,114.00	\$37,000.00	\$7,114.00	19.23%
Site Maintenance	\$17,400.00	\$17,400.00	\$0.00	\$0.00
Parking Lot & Street Light Maintenance	\$10,000.00	\$10,000.00	\$0.00	0.00%
<i>Sub-Total:</i>	<u>\$71,514.00</u>	<u>\$64,400.00</u>	<u>\$7,114.00</u>	<u>11.05%</u>
Contract Maintenance:				
Grounds Maintenance	\$142,801.92	\$133,772.29	\$9,029.63	6.75%
Trash Removal	\$48,925.44	\$46,968.00	\$1,957.44	4.17%
Ground Cleaning Maint, Pet Station	\$14,016.00	\$15,840.00	(\$1,824.00)	-11.52%
Snow Clearing	\$70,000.00	\$70,000.00	\$0.00	0.00%
Security System Maintenance	\$500.00	\$500.00	\$500.00	0.00%
Courtesy Patrol	\$0.00	\$3,060.00	(\$3,060.00)	-100.00%
Operating Contingency	\$14,700.00	\$14,700.00	\$0.00	0.00%
<i>Sub-Total:</i>	<u>\$290,943.36</u>	<u>\$284,840.29</u>	<u>\$6,103.07</u>	<u>2.14%</u>
TOTAL EXPENSES:	<u>\$1,050,215.30</u>	<u>\$1,009,245.57</u>	<u>\$40,969.72</u>	<u>4.06%</u>
NET INCOME/(LOSS)	<u>(\$0.00)</u>	<u>\$0.00</u>	<u>(\$0.01)</u>	

CHURCHILL VILLAGE-SOUTH

HOMEOWNERS ASSOCIATION, INC.

www.churchillsouth.org

SUMMARY BUDGET NOTES

I. INCOME:

- A. **Residential Assessments:** Total Funds generated from the monthly assessment multiplied by the total number of settled homes within Churchill Village-South (CVS), including the condominium homes of The Villas at Willow Cove, A Condominium, Willow Cove Manor Condominium and Willow Cove Townhouse Condominium.
1. **CVS General:** The assessments charged directly to the single family homes, townhomes and the Condominium homes at the Villas at Willow Cove and Willow Cove Townhouse Condominiums.
 2. **Willow Cove Manor Condominiums:** The assessments charged to the homes that are part of The Willow Cove Manor Condominium. The assessments are paid through the Condominium.
- B. **Interest to Homeowners for Late Payments:** Estimated funds collected from interest charges applied for late assessment payments in accordance with Association's Declaration of Covenants and the approved collection policy.
- C. **Reimbursement - Condominium Grounds Maintenance:** Income generated from the reimbursement for grounds maintenance services performed for the Willow Cove Manor Condominium and the Villas at Willow Cove Condominium common areas. This income offsets a corresponding expense.
- D. **Swim Team Income:** Income generated by the swim team toward funding the expenses described below.
- E. **Misc. Income - Community Center:** Estimated income from the rental fees paid for private use of the Community Center.
- F. **Misc. Income - Swimming Pools:** Estimated income from fees collected from guest use of the swimming pools.
- G. **Interest Income:** Estimated income generated by interest earned on operating funds held in accounts other than the operating checking account.

II. EXPENSES:

- A. **MASTER ASSOCIATION DUES:**
1. **Churchill Community Foundation:** Fees paid to the Churchill Community Foundation, as required, for the maintenance of Lake Churchill, including future major maintenance, based upon an increased rate of \$3.75 per home per month for 2019.
- B. **RESERVE CONTRIBUTION:**
1. **Gross Contribution:** The total gross reserve contribution necessary to meet the funding goals established through the comprehensive reserve study, professionally prepared by Miller Dodson & Associates (updated in 2015), which has estimated the expected useful life and replacement cost of each community common element asset. Standard practice is to update this study every 5-6 years.
 2. **(Less) Reserve Interest:** Allocation of the interest income earned by the deposit of reserve funds in secure investment vehicles such as money market and certificate of deposit accounts. The earned interest thereby reduces the monthly cash deposit required to meet the funding goals (gross contribution) established through the professional reserve study. Earnings are projected based upon current market interest rates.
 3. **Net Reserve Contribution:** The actual cash outlay for deposit into reserve accounts as necessary to meet the established funding goals as noted above.
- C. **GENERAL & ADMINISTRATIVE EXPENSES:**
1. **Management, Audit, Legal & Professional Fees:** The expected expenses for professional community management services for property management, financial accounting and consultation services; for the services of a Certified Public Accountant (CPA) to prepare all annual tax returns and the conduct of an annual audit of the Association books and records; for retaining general legal counsel for such matters as legal document interpretation, collection assistance, violation enforcement and other legal assistance as may be required; for the services of an engineering professional for assistance with evaluation of common amenities and/or an architect for assistance in architectural control matters.

2. **Postage, Printing, Coupons & Web Site:** Allowances for the postage needs for several community-wide mailings to members and general postage; for the printing requirements associated with the community-wide mailings and general copying; for the annual preparation and printing of assessment payment coupons for all homeowners; and for the hosting and maintenance of the Association's web site (www.churchillsouth.org).
3. **Insurance:** Expense for carrying the insurance coverage required by the Association legal documents and Maryland law, including:
 - a. General Liability (\$1,000,000.00)
 - b. Buildings & All-Risk (Replacement Cost)
 - c. Fidelity Bond Insurance sufficient to cover the Association's cash accounts pursuant to MD law
 - d. Directors' & Officers' Liability (\$1,000,000.00)
 - e. General Liability for Swim Team (\$2,000,000.00)
4. **Bad Debt Expense:** Allowance for uncollectible delinquent accounts due to homeowner bankruptcies or mortgage foreclosures by lenders. As older delinquencies continue "cycling" out of the system, by either collecting them or writing them off, the Association has been able to, again, reduce this allowance for 2019.
5. **Dues & Subscriptions, Record Storage:** Allowance for annual membership dues to the Community Associations Institute (CAI) as well as funds for educational opportunities for the Board members or other volunteer participants as well as an allocation for the cost to store Association archive records.
6. **Taxes/Water Quality Protection Charge, Bank Fees:** Allocation of funds for payment of applicable income taxes as well as property taxes, the Montgomery County water quality protection charge, expected to increase again, on common parcels owned by the Association and an allowance for service charges on the Association's commercial bank account for item transactions and direct debit fees.
7. **Miscellaneous, Meetings and Recording Secretary:** Funds allocated for miscellaneous Board expenses as well as fees paid for a recording secretary for attendance at monthly Board meetings and preparation of the minutes for these meetings.
8. **Street Light Electricity:** Expenses for the operation of the CVS owned street lights on some private streets within the community as well as a fee to Potomac Edison for the operation, repair, and/or replacement of street lights on other private streets within the community.

NOTE: *All street lighting on streets serving single family detached homes are publicly owned, operated and maintained. Report problems to Montgomery County: 3-1-1 or <http://www.montgomerycountymd.gov/mc311/>*

9. **Social & Recreation - Community Events & Swim Team:** Funds allocated for social events that are available to all community members. Recommendations for the use of these funds is provided by the Recreation Committee to the Board of Directors; funds allocated for the Churchill Village-South Swim Team to help defray operating costs.
 10. **County Commission:** The allowance for the payment of fees assessed by the Montgomery County Commission on Common Ownership Communities (CCOC) which was established to provide certain dispute resolution and educational support services to community associations within the County. Payment of the annual \$5.00 per home fee will be made in July as billed by the County.
- D. **POOL OPERATION:**
1. **Pool Management; Pool Pass Administration:** Payment to a pool management company for complete management of the two (2) community swimming pools from opening day (Memorial Day) to closing (Labor Day). The pool management company provides "turnkey" operation and maintenance of the facilities, including lifeguards, chemicals, supplies and supervision of the facilities, including additional funding for the mandated higher minimum wage in Montgomery County; funding for contracting out the distribution of swimming pool passes as well as for the cost of printing the passes.
 2. **Repairs, Supplies:** Allowance for repairs to the pool facilities including skimmer replacement, minor concrete repair, and minor repairs to the bathhouse and miscellaneous office supplies and other items required for daily operation of the pool.
 3. **Swim Team Expenses:** The projected expenses for the operation of the swim team (offset by above described income generated by the swim team).

4. **Utilities: Telephone, Electric, Water & Sewer:** Expenses for the emergency telephones at the each pool as required by Maryland law as well as the expenses for electricity required to operate the pump motors, lighting and other equipment at the swimming pools and bathhouses, and the expense for water to fill the swimming pools in the spring, maintain the water level during the season, and fulfill the other water needs at the pools and bathhouses.

E. **COMMUNITY BUILDING OPERATION:**

1. **Repairs:** Expense for miscellaneous repairs to the community center facilities. This covers such items as door adjustment, plumbing repairs, siding repair and other minor work.

2. **HVAC Maintenance & Fire Alarm Maintenance:** Allowance for a service contract for the preventative maintenance of the heating, ventilation and air conditioning (HVAC) equipment serving the community center building and funds for the regular inspection and annual testing of the building fire alarm system.

3. **Administration, Supplies, Computer:** Funds allocated for payment of a stipend to an administrator to schedule, monitor and control the use of the community center facilities; funds for miscellaneous supplies for the office at the community center as well as the maintenance of the computer equipment used for the video surveillance.

4. **Utilities: Telephone & Electricity:** Expenses for the emergency telephone and the business line for the office and the electricity for the operation of the lighting, HVAC equipment and office equipment at the community center building.

F. **SITE IMPROVEMENT:**

1. **Landscaping Improvements:** Allowance for major common ground landscaping maintenance and improvement projects, including the replacement of trees that have been lost through attrition or other reasons. Additional funds have been included to allow for some replacement of trees pending the results of the professional community tree survey commissioned by the Association.

2. **Community Building Improvements:** Allowance for improvements at the community building such as furniture, entrance features and mats, as well as upgrades and maintenance of the CVS computer.

3. **Capital Improvements:** Allowance for special projects as may be determined by the Board of Directors.

G. **GENERAL MAINTENANCE:**

1. **Tree & Shrub Maintenance:** Funds allocated for the maintenance/pruning of common area trees, removal of large trees and emergency tree maintenance. The Association has commissioned a professional evaluation of the common area trees throughout the community in order to develop a long-term tree care plan to maintain the mature tree canopy.

2. **Site Maintenance:** Expenses for minor repair to common areas, tot lots and grounds, policing for trash, repair of common area fencing, etc.

3. **Parking Lot & Street Light Maintenance:** Funds allocated for the cleaning of sand and debris from Association owned streets typically performed in April/May as well as an allowance for the repair and/or replacement of Association privately owned street lights.

H. **CONTRACT MAINTENANCE:**

1. **Grounds Maintenance:** Funds allocated for regular grounds maintenance services such as turf mowing, trimming, edging as well as weed control and fertilization of all CVS owned common areas.

2. **Trash Removal:** The budget incorporates an increased cost, the first increase in several years, for twice weekly curbside pickup of homeowner generated trash by current contractor - Ecology Services. The Board evaluated reduction in collection frequency to a single weekly pick-up, but the cost savings was negligible. ***Current pickup days are Mondays and Thursdays.***

Also included is the cost for a dumpster placed at the Community Center for trash generated from use of the facilities as well as a seasonal dumpster placed at the Winterspoon swimming pool facility for trash generated at the pool facility during the season.

NOTE - Recycling is not a part of your Association dues. The recycling collection is performed by the Montgomery County Government through contracted service and is a part of your County property tax bill.

Contact information: Montgomery County Division of Solid Waste Services

Department of Public Works and Transportation

Contact Montgomery County: 3-1-1 or <http://www.montgomerycountymd.gov/mc311/>

3. **Grounds Cleaning & Pet Station Maintenance:** Funding allocated for routine patrol and cleaning of the common areas of the community as well as the maintenance of the several pet waste stations throughout the community.
4. **Snow Clearing:** Funding has been allocated during the winter season for the plowing and sanding of the common driveways, private streets and a limited number of sidewalks, particularly those **that are not directly in front of an individual home** as well as some within the Montgomery County owned rights-of-way.

The laws requires private homeowners, including those in townhomes, to clear the sidewalks at the front of their homes, even though they may actually be common sidewalks.

NOTE: The streets serving all single family detached homes are maintained and plowed by the Montgomery County Department of Public Works & Transportation (DPW&T).

Contact Montgomery County: 3-1-1 or <http://www.montgomerycountymd.gov/mc311/>

5. **Security System Maintenance:** Funding allocated for the maintenance of the video surveillance systems that operate at both pools and the clubhouse.
6. **Courtesy Patrol:** This service has been discontinued.
7. **Operating Contingency:** This line provides an allocation for those unexpected expenses encountered by the Association which exceed the above budgeted amounts.