

Churchill Village-South
Homeowners Association



September 2021

Dear Churchill Village-South Homeowners,

The monthly assessment is the basic mechanism through which the Churchill Village-South Homeowners Association (Association) can fund enhancement projects in the community and pay for its ongoing obligations. The Association's operating budget is a key planning tool to help ensure that the Association has adequate funds on hand to pay for those obligations as they arise. The Board of Directors (Board), in consultation with Management, has carefully considered the upcoming expenses and contract renewals for the Association as well as various requests from the community to prepare a draft operating budget for the fiscal year beginning January 1, 2022. The budget proposes a \$4.00 increase in the monthly assessment which would increase to \$110.00.



Through the budgeting process, the Board has reviewed its various contractual obligations with a goal of maximizing value while maintaining reasonable costs. The proposed budget includes an increase to the reserve contribution based on a recent study performed by a professional reserve engineering firm. The Board is excited to move forward with numerous repairs, including pathway repairs throughout the community scheduled to be completed in October 2021. Additionally, projects for 2022 include major repairs to the tennis courts and restriping selected streets. Other reasons for the proposed increase include a \$3,900 increase in the pool management agreement as a result of additional days in the 2022 season. Also, a \$10,500 increase for snow clearing to stay ahead of rising labor and materials costs. A copy of the proposed budget is attached for your review and consideration.

The Board of Directors will entertain written comments on this proposed budget. All homeowners are invited to submit their written comments on the draft budget by October 6, 2021 so that the Board members may have an adequate opportunity for review prior to the below referenced meeting. *Please note that responses will not be issued.*

Comments will be distributed to Board members for their review and consideration at the Board meeting scheduled at **7:00 p.m. on October 13, 2021**. This meeting will be held virtually via Zoom. All homeowners are welcome to participate/listen by dialing in to the meeting:



Call-in number: (301) 715-8592

Meeting Code: 444-655-774

Homeowners are welcome to attend this meeting and present their comments orally. Please understand that homeowners will enter the meeting on mute, will remain muted most of the meeting, except for the time that they may be recognized by the Board to provide a comment during Homeowner Open Forum. During Open Forum, homeowners will also be offered an opportunity to "raise their hand" (press *9 on your phone) to request to offer an oral comment and/or question. Similar to an in-person Board meeting, homeowners will be recognized by the meeting host and Board, at which time their microphone will be unmuted. Upon conclusion of comment(s)/question(s) or three (3) minutes, whichever is shorter, the caller will again be muted.

The budget will be formally approved at the Board meeting on October 13, 2021.

Thank you for your attention and understanding.

Sincerely,
Your Board of Directors,
Churchill Village South Homeowners Association, Inc.

Enclosures

CHURCHILL VILLAGE-SOUTH HOMEOWNERS ASSOCIATION, INC.

2022 OPERATING BUDGET
January 1 through December 31

BUDGET SUMMARY

Monthly Assessment:	\$110.00	3.8%	Increase over 2021	
	2022	2021	\$	%
	Proposed	Approved	Change	Change
INCOME:				
Residential Assessments:				
CV-S General (SF, TH, WCTH & Villas)	\$955,680.00	\$920,928.00	\$34,752.00	3.77%
Willow Cove Manor Condominiums	\$129,360.00	\$124,656.00	\$4,704.00	3.77%
Interest from Late Payments	\$1,200.00	\$1,200.00	\$0.00	0.00%
Reimbursement - Condominium Grounds Maint.	\$16,274.70	\$16,274.70	\$0.00	0.00%
Swim Team Income	\$4,600.00	\$4,600.00	\$0.00	0.00%
Miscellaneous - Community Center, Pool	\$4,400.00	\$2,300.00	\$2,100.00	91.30%
Prior Years' Income Excess	\$13,074.95	\$13,181.19	(\$106.24)	-0.81%
Interest Income	\$70.01	\$70.01	\$0.00	0.00%
ADJUSTED INCOME:	\$1,124,659.66	\$1,083,209.90	\$41,449.76	3.83%
EXPENSES:				
Master Association Dues:				
Churchill Community Foundation	\$36,990.00	\$36,990.00	\$0.00	0.00%
<i>Sub-Total:</i>	<u>\$36,990.00</u>	<u>\$36,990.00</u>	<u>\$0.00</u>	<u>0.00%</u>
Reserve Contributions - Based upon 2014 Revised Reserve Study prepared by Miller Dodson:				
Gross Contribution	\$292,672.00	\$247,318.45	\$45,353.55	18.34%
Reserves Excess Eqty	(\$16,161.46)	\$0.00	(\$16,161.46)	
Less: Reserve Interest:	(\$18,849.99)	(\$18,344.43)	(\$505.56)	2.76%
Net Reserve Contribution:	<u>\$257,660.55</u>	<u>\$228,974.02</u>	<u>\$28,686.53</u>	<u>12.53%</u>
General & Administrative:				
Management, Audit, Legal, Professional Fees	\$117,790.31	\$115,727.46	\$2,062.86	1.78%
Postage, Printing, Coupons, Web Site	\$12,870.74	\$12,574.82	\$295.92	2.35%
Insurance	\$9,818.91	\$10,731.63	(\$912.72)	-8.50%
Bad Debt / (Recovery)	\$11,500.00	\$11,500.00	\$0.00	0.00%
Dues & Subscriptions, Record Storage	\$2,395.20	\$2,395.20	\$0.00	0.00%
Taxes/Water Qual. Protection, Banking Fees	\$32,929.00	\$32,764.69	\$164.31	0.50%
Miscellaneous, Recording Secr.	\$3,630.00	\$3,630.00	\$0.00	0.00%
Street Light Electricity	\$14,025.00	\$14,025.00	\$0.00	0.00%
Social & Recreation - General & Swim Team	\$8,500.00	\$8,500.00	\$0.00	0.00%
County Commission	\$2,530.00	\$2,530.00	\$0.00	0.00%
<i>Sub-Total:</i>	<u>\$215,989.16</u>	<u>\$214,378.80</u>	<u>\$1,610.36</u>	<u>0.75%</u>
Pool Operation:				
Management, Pool Pass Admin.	\$138,947.12	\$135,009.68	\$3,937.44	2.92%
Repairs, Supplies	\$9,450.00	\$11,150.00	(\$1,700.00)	-15.25%
Swim Team	\$4,600.00	\$4,600.00	\$0.00	0.00%
Utilities: Telephone; Electric; Gas; Water & Sewer	\$31,595.00	\$31,595.00	\$0.00	0.00%
<i>Sub-Total:</i>	<u>\$184,592.12</u>	<u>\$182,354.68</u>	<u>\$2,237.44</u>	<u>1.23%</u>
Community Center Operation:				
Repairs	\$3,600.00	\$2,400.00	\$1,200.00	\$0.00
HVAC & Fire System Maintenance	\$4,200.00	\$4,700.00	(\$500.00)	-10.64%
Administration, Supplies, Computer	\$3,218.35	\$3,218.35	\$0.00	0.00%
Utilities: Telephone & Electric	\$17,440.00	\$18,340.00	(\$900.00)	-4.91%
<i>Sub-Total:</i>	<u>\$28,458.35</u>	<u>\$28,658.35</u>	<u>(\$200.00)</u>	<u>-0.70%</u>
Site Improvement:				
Landscaping Improvements	\$22,500.00	\$24,396.58	(\$1,896.58)	-7.77%
Community Bldg & Capital Improvements	\$3,500.00	\$3,500.00	\$0.00	0.00%
<i>Sub-Total:</i>	<u>\$26,000.00</u>	<u>\$27,896.58</u>	<u>(\$1,896.58)</u>	<u>-6.80%</u>
General Maintenance:				
Tree & Shrub Maintenance	\$44,655.00	\$44,655.00	\$0.00	0.00%
Site Maintenance	\$12,000.00	\$13,200.00	(\$1,200.00)	\$0.00
Parking Lot & Street Light Maintenance	\$5,350.00	\$4,750.00	\$600.00	12.63%
<i>Sub-Total:</i>	<u>\$62,005.00</u>	<u>\$62,605.00</u>	<u>(\$600.00)</u>	<u>-0.96%</u>
Contract Maintenance:				
Grounds Maintenance	\$144,000.00	\$144,000.00	\$0.00	0.00%
Trash Removal	\$49,044.48	\$49,044.48	\$0.00	0.00%
Ground Cleaning Maint, Pet Station Maint.	\$18,520.00	\$18,108.00	\$412.00	2.28%
Snow Clearing	\$85,500.00	\$75,000.00	\$10,500.00	14.00%
Security System Maintenance	\$1,200.00	\$500.00	\$700.00	140.00%
Operating Contingency	\$14,700.00	\$14,700.00	\$0.00	0.00%
<i>Sub-Total:</i>	<u>\$312,964.48</u>	<u>\$301,352.48</u>	<u>\$11,612.00</u>	<u>3.85%</u>
TOTAL EXPENSES:	<u>\$1,124,659.66</u>	<u>\$1,083,209.91</u>	<u>\$41,449.75</u>	<u>3.83%</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.
- 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.
- D. **Swim Team Income:** This reflects the income generated by the swim team toward funding the expenses described below.
- E. **Misc. Income - Community Center:** Estimated income generated from the rental fees paid for private use of the Community Center.
- F. **Misc. Income - Swimming Pools:** Estimated income generated from fees collected from guest use of the swimming pools.
- G. **Prior Years Income Excess:** Use of surplus operating cash from prior fiscal years to defray a larger assessment increase and balance the budget as determined by the Board of Directors.
- H. **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 a 0% increase over 2020.
- 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 2021), which has estimated the expected useful life and replacement cost of each community common element asset. Maryland law (2021) requires the study to be updated every five (5) years.
 2. **(Less) Reserves Excess Eqty:** Use of surplus operating cash from prior fiscal years to defray a larger reserve contribution as determined by the Board of Directors.
 3. **(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

BUDGETS REFLECT AN ESTIMATED PROJECTION OF ANTICIPATED EXPENSES AND REVENUES AND, AS SUCH, ARE SUBJECT TO CHANGE BASED UPON ACTUAL CIRCUMSTANCES.

4. **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 Fee, 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 to conduct 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 architect, engineering or similar professionals to assist with evaluation of common amenities and/or processes.

2. **Postage, Printing, Coupons and Web Site:** Allowances for the postage needs for necessary community-wide mailings to members and general postage needs; for the printing requirements associate with the community-wide mailings and general copying; for the annual preparation and printing of assessment payment coupons for homeowners who are identified as making payments via mail; and payment of fees associated with the web domain, hosting and support services from Vanguard Management. The web site address is www.churchillvillagesouth.org.

3. **Insurance:** Expense for carrying the insurance coverage required by the Association Declaration. Coverage includes:

- a. General Liability (\$1,000,000.00),
- b. Buildings & All-Risk (Replacement Cost),
- c. Fidelity Bond Insurance (\$1,250,000.00), and
- d. Directors' & Officers' Liability (\$1,000,000.00).
- e. General Liability for Swim Team (\$2,000,000.00)

4. **Bad Debt/(Recovery):** Allowance for uncollectible delinquent accounts due to homeowner bankruptcies or mortgage foreclosures by lenders. As older delinquencies have been “cycling” out of the system, by either collecting them or charging them off, the Association has been able to keep this rate stable.

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; the expense for the storage of the Association’s historical archive records.

6. **Taxes/Water Quality Protection, Bank Fees:** Allocation of funds for payment of applicable income and/or property taxes and the Montgomery County water quality protection charge on common parcels owned by the Association; .an allowance for service charges on the Association’s commercial checking account for transaction and direct debit fees.

7. **Miscellaneous G&A, Recording Secretary:** Funds allocated for miscellaneous Board expenses; fees paid to a recording secretary for attendance at annual and monthly Board meetings and preparation of the meeting minutes.

8. **Electricity - Street Lights:** Expenses for the operation of the CVS owned street lights on some private streets within the community as well as a fee to Allegheny Power 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. This line item also includes funds allocated to help support other community-sponsored events such as the community yard sale and a spring “clean-up” day around Lake Churchill; funds allocated for the Churchill Village-South swim team to help defray operating costs.

10. **Montgomery 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. The cost is impacted by the increasing minimum wage level adopted by the Montgomery County Council; the allocation of funding for an annual lease with electronic pool pass company along with a fee for processing of passes electronically.
2. **Repairs, Supplies:** Allowance for pre-season repairs as well as minor, day-to-day repairs at both pools. Such repairs may include skimmer repair, minor concrete repair, and minor repairs to the bathhouse facilities; funds for miscellaneous office supplies and other supplies (e.g. hoses, clocks, first aid supplies) needed for the daily operation of the pools.
3. **Swim Team:** The projected expenses for the operation of the swim team (offset by above described income generated by the swim team).
4. **Utilities: Telephone, Electric, Gas, Water & Sewer:** Allowance of the funds for internet services and required telephones at the pools; expenses for electricity required to operate the pump motors, lighting and other equipment at the Winterspoon pool (electric for the Wanegarden pool is included under Community Building Electricity); the expenses 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. **Community Bldg. Repairs/Maint.:** Allocation of funds for miscellaneous repairs to the community center facilities such as door adjustment, plumbing repairs, siding repair and other minor work.
2. **Comm. Bldg. HVAC & Fire Security System:** Allocation of funds for regular maintenance of the heating, ventilation & air-conditioning equipment; for the annual inspection and testing of the fire security system.
3. **Comm. Bldg. 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; allocation of funds for miscellaneous supplies for the office at the community center as well as the maintenance of the computer equipment.
4. **Community Bldg. Utilities: Telephone, Electric:** Allowance for the funds for telephone and the internet at the Community Center; expenses for the operation of the lighting, HVAC equipment and office equipment at the community center building as well as the pump/circulation/filter systems and lighting for the Wanegarden swimming pool facility.

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.
2. **Community Building & Capital Improvements:** Allowance for improvements at the community building such as furniture, entrance features and mats, as well as an allowance for computer upgrade; allowance for special projects as may be determined by the Board of Directors.

G. **GENERAL ASSOCIATION MAINTENANCE:**

1. **Tree & Shrub Maintenance:** Funds allocated for the maintenance/pruning of common area trees/shrubs as well as removal of large trees and emergency tree maintenance.
2. **Site Maintenance & Repair:** Expenses for minor repair to common areas, tot lots and grounds, policing for trash, repair of common area fencing, etc.
3. **Parking Lot Maintenance, Street Light Repair:** Funds allocated for the cleaning of sand and debris from Association owned streets, typically performed in April/May; 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 as well as the common areas within the Willow Cove Manor and Villas at Willow Cove Condominiums for which the Condominiums reimburse CVS as noted in Income above..
2. **Trash Removal:** Allowance for twice weekly curbside pickup of homeowner generated trash by current contractor - Ecology Services. Current pickup days are Mondays and Thursdays. Includes two community wide bulk item picks

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
101 Monroe Street, 6th Floor • Rockville, Maryland 20850
Contact Montgomery County: 3-1-1 or <http://www.montgomerycountymd.gov/mc311/>

3. **Grounds Cleaning/Maintenance, Pet Station Maintenance:** Allowance for the costs related to the removal of bulk trash that is dumped upon the Association common areas; the costs related to the servicing of the several pet waste stations throughout the community including the collection of waste and re-stocking of bags in the dispensers.
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 Hardware:** Allocation for the costs related to servicing the surveillance camera systems in place at the Community Center and Winterspoon pool facilities.
6. **Operating Contingency:** Provision for those unexpected expenses encountered by the Association which exceed the above budgeted amounts.