

Park Summit Homeowners Association, Inc.

c/o Vanguard Management Associates, Inc.
P.O. Box 39 • Germantown, Maryland 20875-0039
(301) 540-8600 x3015
<http://parksummit.net>

August, 2018

Dear Park Summit Homeowner,

The Board of Directors for the Park Summit Homeowners Association have prepared a proposed operating budget for the fiscal year beginning January 1, 2019. The budget proposes a monthly assessment increase of 3% to \$89.75 per home for the town home owners. The assessment for the condominium homes will also increase by 3% to \$25.00.



All homeowners are invited to submit **written comments** to the Board of Directors at the address shown above, or directly to any Board member. Please submit comments in writing before September 19, 2018 to allow the Board of Directors an opportunity to consider them prior to the September 19, 2018 meeting. Please note that written responses to these comments/questions will not be issued.

You are welcome to attend the Board meeting on September 19th, 7:00 p.m. at:

Fields Roads Elementary School
1 School Drive
Gaithersburg, Maryland 20878

There will be time available during the September 19th meeting for those homeowners wishing to comment on the FY2019 budget.

The Board will adopt a final 2019 budget at their September 19, 2018 meeting. The meeting will begin at 7:00pm and be held at Fields Road Elementary.

Thank you for your interest and attention.

For the Board of Directors,
PARK SUMMIT HOMEOWNERS ASSOCIATION, INC.

Timothy Clifton, CMCA[®]
Community Manager x3335
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Enclosures

PARK SUMMIT HOMEOWNERS ASSOCIATION, INC.

FY 2019 OPERATING BUDGET
 January 1st through December 31st
2019 BUDGET SUMMARY

Monthly Assessment:		
Townhouse Assessment	\$89.75	3% Increase over FY 2018
Condominiums:	\$25.00	3% Increase over FY 2018

	2019 DRAFT Budget	2018 Approved Budget	\$ Change	% Change
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INCOME:

Residential Assessments:

Townhome & Villa Assessments	\$347,871.00	\$339,150.00	\$8,721.00	2.57%
Condominium Assessments	\$21,600.00	\$20,908.80	\$691.20	3.31%
Late Fee Income	\$2,200.00	\$2,200.00	\$0.00	0.00%
Miscellaneous Income, Pool	\$216.00	\$72.00	\$144.00	200.00%
Interest Income	\$0.00	\$162.15	(\$162.15)	0.00%
ADJUSTED INCOME:	\$371,887.00	\$362,492.95	\$9,394.05	2.59%

EXPENSES:

Reserve Contributions: Based on 2012 Miller & Dodson Reserves Study.

Gross Contribution	\$48,662.00	\$48,662.00	\$0.00	0.00%
<i>Sub-Total:</i>	<i>\$48,662.00</i>	<i>\$48,662.00</i>	<i>\$0.00</i>	<i>0.00%</i>
Less: Reserve Interest:	(\$6,396.54)	(\$5,682.04)	(\$714.50)	12.57%
Net Reserve Contribution:	\$42,265.46	\$42,979.96	(\$714.50)	-1.66%

General & Administrative:

Management, Audit, Legal, Professional, Banking Fees	\$55,544.26	\$52,412.78	\$3,131.48	5.97%
Postage, Printing, Newsletter, Coupons	\$10,358.53	\$10,359.21	(\$0.68)	-0.01%
Insurance	\$11,601.92	\$11,164.17	\$437.75	3.92%
Bad Debt Expense	\$8,000.00	\$7,000.00	\$1,000.00	14.29%
Dues & Subscriptions	\$330.00	\$330.00	\$0.00	0.00%
Prop. Taxes/Water Qual. Protection	\$4,600.00	\$4,400.00	\$200.00	4.55%
Income Tax	\$959.48	\$852.31	\$107.18	12.57%
Record Storage, Miscellaneous, Meetings, Web Site	\$5,793.40	\$5,693.00	\$100.40	1.76%
Utilities: Electricity	\$4,622.64	\$6,877.00	(\$2,254.36)	-32.78%
Social & Recreation	\$300.00	\$300.00	\$0.00	0.00%
<i>Sub-Total:</i>	<i>\$102,110.23</i>	<i>\$99,388.47</i>	<i>\$2,721.76</i>	<i>2.74%</i>

Pool Operation:

Management, Pool Pass Admin.	\$58,278.90	\$57,151.50	\$1,127.40	1.97%
Repairs, Supplies	\$9,250.00	\$6,225.00	\$3,025.00	48.59%
Utilities: Telephone; Electric; Water & Sewer	\$12,089.76	\$11,831.71	\$258.05	2.18%
<i>Sub-Total:</i>	<i>\$79,618.66</i>	<i>\$75,208.21</i>	<i>\$4,410.45</i>	<i>5.86%</i>

Site Improvement:

Landscaping Improvements	\$10,500.00	\$9,500.00	\$1,000.00	10.53%
<i>Sub-Total:</i>	<i>\$10,500.00</i>	<i>\$9,500.00</i>	<i>\$1,000.00</i>	<i>10.53%</i>

General Maintenance:

Tree & Shrub Maintenance	\$9,500.00	\$8,390.00	\$1,110.00	13.23%
Street light Repair	\$2,100.00	\$2,100.00	\$0.00	0.00%
Site Maintenance & Repair	\$3,000.00	\$1,800.00	\$1,200.00	66.67%
<i>Sub-Total:</i>	<i>\$14,600.00</i>	<i>\$12,290.00</i>	<i>\$2,310.00</i>	<i>18.80%</i>

Contract Maintenance:

Grounds Maintenance	\$52,840.00	\$52,840.00	\$0.00	0.00%
Lot Inspections	\$4,295.90	\$3,846.15	\$449.75	11.69%
Trash Removal	\$39,394.80	\$41,390.25	(\$1,995.45)	-4.82%
Bulk Trash Removal	\$7,050.00	\$7,050.00	\$0.00	0.00%
Reserve Study	\$1,500.00	\$0.00	\$1,500.00	N/A
Snow Clearing	\$17,711.33	\$18,000.00	(\$288.67)	-1.60%
<i>Sub-Total:</i>	<i>\$122,792.03</i>	<i>\$123,126.40</i>	<i>(\$334.37)</i>	<i>-0.27%</i>

TOTAL EXPENSES:	\$371,886.38	\$362,493.05	\$9,393.34	2.59%
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NET INCOME/(LOSS)	\$0.62	(\$0.10)	\$0.71	
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PARK SUMMIT HOMEOWNERS ASSOCIATION

2019 OPERATING BUDGET SUMMARY NOTES

I. INCOME:

A. Residential Assessments:

1. Townhome & Villa Assessments: The total income generated from the monthly assessment charged to all homeowners in the villa homes and townhomes.
2. Condominium Assessments: Income generated from the assessments charged to the condominium units for their proportionate share of the recreational facility expenses.

B. Late Fee Income: Estimated funds collected from homeowners as a result of late payment of monthly assessments pursuant to the approved Association collection policy.

C. Miscellaneous Income, Pool: Estimate of income generated from guest fees paid during the pool season.

D. Interest Income: Estimated income earned from excess operating funds placed in demand deposits and certificates of deposit.

II. EXPENSES:

A. Reserve Contributions: The calculations of the reserve contributions are based upon the combination of a review of the available site plans, consultation with various qualified contractors and the experience of the preparer.

1. Less: Reserve Interest: Allocation of the interest income earned by the deposit of reserve funds to secure investment vehicles such as money market and certificate of deposit account. The earned interest thereby reduces the monthly cash deposit required to meet the funding goals shown in the reserve schedule. The amount of interest being earned is projected to be lower this year due to the continuing low interest rates.

2. Net Reserve Contribution: The actual cash outlay for deposit into reserve accounts which is necessary to meet the established funding goals as previously discussed.

B. General & Administrative Expenses:

1. Management, Audit, Legal, Professional, Banking 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; for expenses related to bank account fees and the printing of checks and deposit slips.

2. Postage, Printing, Newsletter, Coupons: 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 preparation and printing of a periodic newsletter (assumes distribution of the newsletter via first class mail); for the annual preparation and printing of assessment payment coupons for all homeowners.

3. Insurance: The estimated expense for providing all appropriate insurance coverage for the Association including:

- a. All-Risk/General Liability Coverage in the amount of \$1,000,000.00;
- b. Director's & Officer's Liability Coverage in the amount of \$1,000,000.00;
- c. Fidelity Bond coverage in the amount of \$500,000.00.
- d. Workmen's Compensation Coverage.

4. Bad Debt Expense: Allowance for uncollectible accounts due to homeowner bankruptcies and/or mortgage company foreclosures. The Board has been able to lower this expense as delinquencies continue to gradually improve.

5. Dues & Subscriptions: Allowance for membership in the Community Associations Institute (CAI), a national trade organization for homeowner associations and condominiums as well as an allowance for Board member attendance at various local seminars and conferences held by CAI.

6. Prop. Taxes/Water Quality Protection: Allocation for payment of applicable property taxes, front foot benefits (FFB) and the Montgomery County water quality protection charge on parcels owned by the Association.

7. Income Tax: Allowance for making quarterly estimated income tax payments as determined by the auditing firm for tax liability from non-assessment income.

8. Record Storage, Miscellaneous, Meetings, Web Site: Allocation for the cost to store the Association's archive records; for the cost to implement and maintain the community web site; for miscellaneous Board expenses; and for the cost of renting a meeting room and a recording secretary drafting the minutes of each Board of Directors meeting.

9. Utilities: Electricity: Expenses for the operation of the privately owned street lights within the community. PEPCO has filed for a rate increase of 8%.

10. Social & Recreation: Allowance for social events during the year.

C. Pool Operation:

1. Pool Management, Pool Pass Admin.: Allowance for the expense to retain a professional, full service pool management company to provide staff and supplies for the "turn-key" operation of the swimming pool facility; for the provision of pool passes and supplies as well as the labor cost for handling distribution of the swimming pool passes. The expense is higher for 2018 due to the increase in the minimum wage for Montgomery County.

2. Pool Repairs: Allowance for the preseason preparation of the swimming pool and bathhouse facilities including such repairs as skimmer replacement, minor caulking, minor plumbing repairs and miscellaneous other repairs to the facilities.

3. Repairs, Supplies: Allowance for the preseason preparation of the swimming pool and bathhouse facilities including such repairs as skimmer replacement, minor caulking, minor plumbing repairs and miscellaneous other repairs to the facilities; for the purchase of miscellaneous supplies necessary for the operation of the facilities including, pens, notebooks, signboard, etc. and an allowance for the printing of pool passes in the spring.

4. Utilities: Telephone, Electric, Water & Sewer: Allocation of funding for a public telephone at the pool facility which is required by County code; for the electrical consumption of the electric pump motors and the filtration system, lighting and other electricity needs as may be needed for the safe operation of the facility; for the water needs for the facilities including the spring "fill-up", maintenance of the pool water level during the season and bathhouse needs for showers and toilets.

D. Site Improvement:

1. Landscaping Improvements: Allowance of funding for the planting of annual flowers within the community during the spring and fall planting seasons and other landscaping improvements.

2. Miscellaneous Improvements: Allowance for miscellaneous improvements to community facilities.

E. General Maintenance:

1. Tree & Shrub Maintenance: Allocation of funding necessary for the proper care of trees and shrubs located upon the common areas of the community. Such maintenance includes pruning and fertilization during the proper season as well as pest management of diseases and insects and the removal of larger, dead trees as may be necessary.

2. Street Light Repair: Allocation of funding necessary for the repair and re-lamping of the privately owned street lighting within the community.

3. Site Maintenance & Repair: Allocation of funding necessary for miscellaneous maintenance needs throughout the community such as minor tot lot repair, removal of dead landscaping, and other miscellaneous grounds repairs.

F. Contract Maintenance:

1. Grounds Maintenance: Funds allocated for the regular maintenance of the common areas including mowing, trimming, edging of common sidewalks, mulching of common area trees and shrubs and a complete chemical application package including fertilization and weed control. Funds have also been allocated to allow for the regular maintenance of the landscaping along Muddy Branch Road to maintain the visibility as required by the Montgomery County Department of Transportation inspectors.

2. Lot Inspections: Allocated funds for exterior maintenance inspections to be performed by management at the request of the Board of all units within the Association.

3. Trash Removal: Funds allocated for twice weekly curb trash removal services for all homeowners. The cost for this service is increasing for 2018 due to an increased dumping fee in Montgomery County, the increase in the minimum wage for Montgomery County and the new State of Maryland requirement that workers earn "sick leave..

4. Bulk Trash Removal: Allocation of funding for periodic removal of "bulk" trash items that have been improperly discarded in the common areas by residents and to clean the storm water ponds twice annually.

5. Reserve Study: Allowance for the completion of a reserve study by an engineering professional to establish funding goals through the comprehensive reserve analysis to estimate the expected useful life and replacement cost for each community asset.

6. Snow Clearing: Funds allocated for clearing of snow from various common sidewalks within the community to comply with City of Gaithersburg codes. ***Clearing of snow from all streets within the community will be performed by the City of Gaithersburg. Therefore, no street clearing will be required of or provided by the Association.***