



FOUNTAIN HILLS COMMUNITY ASSOCIATION, INC.

Dear Fountain Hills Homeowners:

Enclosed is the draft 2022 general budget that calls for an increase in the general assessment as well as the supplemental assessments and trash expense. The below tables show the proposed assessment amounts for fiscal year 2022. Subsequently, Fountain Hills homeowners will see an increase for the 2022 budget year.

The Board will discuss the draft 2022 budget at the Board Meeting on Thursday, June 3, 2021 at 7:30 pm. Go to www.fountainhillscommunity.com for information to join the virtual meeting. It is the opportunity for homeowners to offer comments, ask questions and speak directly with the Board about the draft budget.

The general assessment is used to fund the common areas of the community and is the largest assessment. As required in the Bylaws, all assessments must be proportionate for each type of home. Please note: Fountain Hills Condominium does not pay for trash removal as they have their own service and that must be factored when determining assessment amounts.

General Assessments

Budget Year	Base	SF / TH Trash	Condo Assessment	SF/TH Assess. w/Trash
2021 Assessment	\$49.95	\$5.31	\$49.95	\$55.17
2022 Assessment	\$54.95	\$6.17	\$54.95	\$61.12

The townhome and village supplemental assessments are unique expenses for these house types and are therefore passed on to those homeowners.

Townhome & Village Supplemental Assessments

Budget Year	TH	Village
2021 Assessment	\$25.74	\$6.74
2022 Assessment	\$28.31	\$7.41

A full budget narrative can be viewed on the Association's website, www.fountainhillscommunity.com or the IKO portal. Contact IKO if you would like a copy mailed to you.

Homeowners should attend the **virtual Board Meeting at 7:30 pm Thursday, June 3, 2021** to provide comments and ask questions about the draft budgets. You can also email the Portfolio Manager, Delphine Matthews, at dmatthews@ikocm.com or Assistant Portfolio Manager, Marcy Grove, at mgrove@ikocm.com with any comments or questions before the June meeting. The Board will hear and consider all homeowner comments before final adoption of a 2022 budget.

c/o IKO Community Management, 3416 Olandwood Court, Suite 210, Olney, MD 20832

**FOUNTAIN HILLS COMMUNITY ASSOCIATION
2022 DRAFT
OPERATING BUDGET
GENERAL**

Monthly Assessment:	# of Units	2021 Assessment	2022 Assessment
Single Family Detached - \$54.95 + \$6.17 (trash)	15	\$55.26	\$61.12
Townhouses - \$54.95 + \$6.17 (trash) + \$28.31 (supplemental)	472	\$81.00	\$89.43
Village Homes - \$54.95 + \$6.17 (trash) + \$7.41 (supplemental)	163	\$62.00	\$68.53
Condominiums - \$54.95	222	\$49.95	\$54.95

		2021 Approved Budget	2022 Draft Budget
INCOME			
4025	Assessment - Single Family (15)	\$9,946.80	\$11,001.60
4026	Assessment - Village Homes (163)	\$108,088.56	\$119,550.72
4027	Assessment - Townhomes (472)	\$312,992.64	\$346,183.68
4028	Assessment - Condominiums (222)	\$133,066.80	\$146,386.80
4040	Late Fee Income	\$3,000.00	\$500.00
4054	Pool Income	\$100.00	\$100.00
4050	Interest Income	\$100.00	\$0.00
4070	Miscellaneous		
TOTAL		\$567,294.80	\$623,722.80

EXPENSES

RESERVE CONTRIBUTION

7150	Reserve Contribution-General	\$74,568.00	\$74,568.00
7152	Less Reserve Interest	(\$11,000.00)	\$0.00
TOTAL		\$63,568.00	\$74,568.00

GENERAL & ADMINISTRATION

6120	Management Fees	\$70,000.00	\$72,100.00
6010	Audit Fees	\$4,500.00	\$4,500.00
6070	Legal Fees - General	\$1,000.00	\$1,500.00
6100	Postage & Printing	\$13,000.00	\$15,000.00
6103	Mailing/Handling Fee	\$1,500.00	\$1,500.00
6060	Insurance	\$11,800.00	\$11,800.00
6021	Bad Debt	\$25,000.00	\$25,000.00
6158	Taxes	\$1,400.00	\$1,400.00
6157	Property Taxes/Water Quality Protection Charges	\$19,600.00	\$19,600.00
6040	Social & Recreation	\$1,600.00	\$1,700.00
6030	Record Storage	\$120.00	\$120.00
6130	Meeting Room Expense	\$600.00	\$600.00
6045	Meeting Minutes	\$1,800.00	\$1,800.00
6167	Website	\$150.00	\$150.00

**FOUNTAIN HILLS COMMUNITY ASSOCIATION
2022 DRAFT
OPERATING BUDGET
GENERAL**

		2021 Approved Budget	2022 Draft Budget
GENERAL & ADMINISTRATION (continued)			
6520	Water & Sewer	\$1,000.00	\$1,000.00
6510	Electricity	\$2,000.00	\$2,000.00
6150	Misc Administrative	\$1,500.00	\$2,097.72
6110	Commission on Common Ownership	\$3,250.00	\$3,250.00
6166	Operating Contingency	\$20,000.80	\$37,466.08
TOTAL		\$179,820.80	\$202,583.80
POOL			
6401	Pool Management	\$70,000.00	\$73,410.00
6425	Pool Repairs	\$5,500.00	\$5,500.00
6430	Pool Supplies	\$2,500.00	\$2,500.00
6435	Pool Telephone	\$800.00	\$800.00
6405	Pool Electricity	\$10,850.00	\$10,850.00
6440	Pool Water & Sewer	\$11,800.00	\$11,800.00
6415	Pool Gas	\$250.00	\$250.00
6410	Pool Pass Administration	\$2,400.00	\$2,126.00
TOTAL		\$104,100.00	\$107,236.00
GENERAL MAINTENANCE & REPAIRS			
6345	Tree Maintenance	\$10,000.00	\$10,000.00
6325	Site Maintenance & Repair	\$9,000.00	\$5,000.00
6320	Cyclical Repairs		
6326	Fountain Repairs	\$2,000.00	\$1,000.00
6327	Parking Lot Maintenance	\$1,000.00	\$1,000.00
6330	Chestnut Oaks Maint. Fee	\$4,600.00	\$4,600.00
6385	Site Improvements		
6315	Electrical Maintenance & Repairs	\$500.00	\$500.00
TOTAL		\$27,100.00	\$22,100.00
CONTRACT SERVICES			
6604	Lawn Maintenance	\$126,488.00	\$133,609.00
	Pet Waste Stations		\$6,700.00
6630	Trash removal	\$41,418.00	\$48,126.00
6636	Fountain Maintenance	\$3,800.00	\$3,800.00
6640	Snow Removal	\$21,000.00	\$25,000.00
TOTAL		\$192,706.00	\$217,235.00
TOTAL OPERATING EXPENSES		\$567,294.80	\$623,722.80
NET INCOME / LOSS (+/-)		\$0.00	\$0.00

**FOUNTAIN HILLS COMMUNITY ASSOCIATION
2022 DRAFT BUDGET
TOWNHOME SUPPLEMENTAL**

	2021 Approved Budget	2022 Draft Budget
INCOME		
14026 Townhome Supplemental Assessment	\$145,613.00	\$160,347.84
Parking Income	\$200.00	\$200.00
TOTAL	\$145,813.00	\$160,547.84

EXPENSES

RESERVE CONTRIBUTION

17150 Townhome Reserve Contribution	\$72,853.00	\$72,853.00
17152 Less: Reserve Interest (TH)	(\$14,050.00)	\$0.00
TOTAL	\$58,803.00	\$72,853.00

GENERAL & ADMINISTRATIVE

16021 Bad Debt	\$3,000.00	\$3,000.00
16102 Printing & Reproduction - Parking Permits		
16510 Electricity-Townhouses	\$8,000.00	\$8,000.00
TOTAL	\$11,000.00	\$11,000.00

MAINTENANCE & REPAIRS

16360 Streetlight Repair	\$1,000.00	\$1,000.00
16327 Parking Lot Maintenance	\$100.00	\$100.00
TOTAL	\$1,100.00	\$1,100.00

CONTRACT SERVICES

16604 Lawn Maintenance	\$42,110.00	\$39,875.00
16640 Snow Removal	\$31,800.00	\$31,800.00
16800 Operating Contingency	\$1,000.00	\$3,919.84
TOTAL	\$74,910.00	\$75,594.84

TOTAL EXPENSES	\$145,813.00	\$160,547.84
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NET INCOME / LOSS (+/-)	\$0.00	\$0.00
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2021 TH Supplemental \$25.74

2022 TH Supplemental \$28.31

**FOUNTAIN HILLS COMMUNITY ASSOCIATION
2022 DRAFT BUDGET
VILLAGE SUPPLEMENTAL**

		2021 Approved Budget	2022 Draft Budget
INCOME			
24027	Village Supplemental Assessment	\$13,183.44	\$14,493.96
TOTAL		\$13,183.44	\$14,493.96
EXPENSES			
RESERVE CONTRIBUTION			
27150	Reserve Contribution	\$5,405.00	\$5,405.00
27152	Less Reserve Interest	(\$421.56)	\$0.00
TOTAL		\$4,983.44	\$5,405.00
MAINTENANCE & REPAIRS			
26327	Parking Lot Maintenance		
26640	Snow Removal-Village	\$7,200.00	\$7,200.00
26800	Operating Contingency	\$1,000.00	\$1,888.96
TOTAL		\$8,200.00	\$9,088.96
TOTAL EXPENSES		\$13,183.44	\$14,493.96
NET INCOME / LOSS (+/-)		\$0.00	\$0.00

2021 Village Supplemental - \$6.74

2022 Village Supplemental - \$7.41

**FOUNTAIN HILLS COMMUNITY ASSOCIATION
FISCAL YEAR 2022 BUDGET NOTES
GENERAL ASSOCIATION BUDGET**

I. INCOME

1. Assessment Income – The total income generated from the monthly assessment charged to all homeowners pursuant to the Declaration of Covenants, Conditions and Restrictions (Declaration).

Each neighborhood is billed based on the following number of homes:

Village single family homes	163 homes
All other single-family homes	15 homes
Townhomes/piggyback condominiums	472 homes
Condominiums	222 homes

The assessment charged to Fountain Hill Condominium covers the same expenses as the assessment charged to all other homeowners, less the amount for trash collection. For FY’ 2022, the estimated trash collection cost is \$6.17 per unit to include servicing pet waste stations.

Note: the budget reflects accrued income, and not actual cash received.

2. Late Fee Income - Income derived from fees charged to homeowners for late assessment payments.
3. Pool Income – The income received from the sale of guest passes and the replacement of lost or stolen passes.
4. Interest Income – Operating - Interest generated on operating funds deposited in interest bearing accounts. Note, this does not include interest earned on reserve funds.
5. Miscellaneous Income – The amount that is allotted to adjust expenses on owner accounts and other income that doesn’t fall under any other category.

II. EXPENSES - RESERVE CONTRIBUTION

1. Reserve Contribution – The reserve study was updated in 2012, and the Association has elected to use the cash flow method of funding. This account reflects the total gross reserve contribution necessary to meet the funding goals established through the Miller Dodson reserve study which has estimated the expected useful life and replacement cost of each community asset.
2. Less Reserve Interest – No funds have been budgeted for reserve interest for FY’ 2021.

The FY' 2021 budget assumes that the interest earned on the reserve funds would net against the gross reserve contribution recommended per the reserve study.

III. EXPENSES - GENERAL AND ADMINISTRATIVE

1. Management Fees – The annual fee for a professional management company.
2. Audit- The cost to audit the Association's financial records and prepare the tax returns.
3. Legal Fees - General – Legal expenses incurred to address non-delinquency related issues which may arise, such as legal document interpretation and violation enforcement.
4. Postage and Printing – The postage cost for mailings and miscellaneous correspondence, including community-wide mailings, coupon booklets at \$5.00 per unit and the cost for processing mailings (envelopes, labels, handling).
5. Mailing/Handling Fees – The costs required to mail, handle and/or pack and ship items.
6. Insurance - This item represents the cost to maintain property, general liability, umbrella and Directors and Officers insurance.
7. Bad Debt –This line item represents an allowance for uncollectible amounts due to homeowner bankruptcies, foreclosures and/or other extraordinary circumstances that may make it impossible to collect amounts due. The funding for this expense recognizes those accounts that, pursuant to the standards of the American Institute of Certified Public Accountants (AICPA), may be deemed uncollectible by your auditors.
8. Taxes – The Association pays federal and state income tax on reserve fund interest and other non-member income that may be earned. The amount budgeted is based on the actual taxes paid in 2019.
9. Property Taxes/Water Quality Protection Charges- The Association pays Water Quality Protection Charges (WQPC) to Montgomery County. The WQPC charge is determined by the Montgomery County Council each year.
10. Social and Recreation – The amount budgeted is based on the estimate provided by the Social Committee to host community events per year.
11. Record Storage – The fee charged by IKO to store the Association's books and records, including those for prior years.
12. Meeting Room Expense – The cost to rent the meeting room at the Upcounty Government Services Center a rate of \$40/meeting.
13. Meeting Minutes – An allowance of \$150/month to transcribe the meeting minutes.

14. Website – The cost for web hosting services and domain name registration.
15. Water & Sewer – The water and sewer costs associated with the fountains at Cub Run Way and Lake Geneva Way. The Association does not receive a separate bill for the fountain at Fountain Club Drive.
16. Electricity – The electricity costs associated with the fountains at Cub Run Way and Lake Geneva Way. The Association does not receive a separate bill for the fountain at Fountain Club Drive.
17. Miscellaneous Administrative - This line item sets aside funds for miscellaneous expenses which may arise.
18. Commission on Common Ownership - The cost for Commission fees (\$5.00 per unit per year). This fee is not paid for the 222 units in Fountain Hills Condominium.
19. Operating Contingency – Funding has been included in the budget for unanticipated expenses.

IV. **POOL**

1. Pool Management Contract – The cost for a professional, full-service pool management company to provide staff and supplies for the “turn-key” operation of the swimming pool facility. The budget reflects the actual contract cost with RSV Pools.
2. Pool Repairs - The cost for non-reserve related repairs such as skimmer replacement, minor caulking, minor plumbing repairs and miscellaneous other repairs.
3. Pool Supplies - The cost for miscellaneous pool supplies that are not included in the pool management contract, such as office supplies, janitorial supplies and pool equipment.
4. Pool Telephone – The bundled cost for telephone and internet service (needed for the pool pass system).
5. Pool Electricity – The cost for electricity related to the pool.
6. Pool Water and Sewer – The cost for all water and sewer expenses related to the pool.
7. Pool Gas – The cost for gas service to the pool.
8. Pool Pass Administration – The cost for prepare and process pool passes and administer the computerized pool pass system. This line item also covers supplies and hardware needed to operate system.

V. GENERAL MAINTENANCE AND REPAIRS

1. Tree Maintenance – The cost to prune, remove or replace common area trees.
2. Site Maintenance and Repair – The cost to address needed repairs to the common elements (e.g. repairing fences and signs, picking up trash, minor tot lot repairs and removing graffiti).
3. Cyclical Repairs – The cost for non-reserve cyclical repairs such as rechipping the tot lots, pointing up the stone work, cleaning the vinyl fences and painting the poolhouse.
4. Fountain Repairs – The cost for non-reserve repairs to the fountains.
5. Parking Lot Maintenance – The cost to repaint parking logos on a 2-3-year cycle and to sweep the streets annually.
6. Townes at Chestnut Oaks Fee – Allocation for the payment of a contract fee to the Townes at Chestnut Oaks Homeowners Association (TACO) for shared maintenance expenses (e.g. snow plowing, street lighting and reserves for future resurfacing of the roadway) for that portion of Harmony Woods Lane owned by TACO and over which the Fountain Hills residents of Harmony Woods Lane must travel as access in and out of the Fountain Hills owned portion of Harmony Woods Lane.
7. Site Improvements - Funds set aside for maintenance or beautification of the common areas.
8. Electrical Maintenance and Repairs – The cost for electrical repairs needed to the fountains at Cub Run Way, Fountain Club Drive and Lake Geneva Way.

VI. CONTRACT SERVICES

1. Lawn Maintenance – Represents a one-year (2021-2022) contract with Brightview Landscaping., LLC. Note: the contract cost is split between the general budget and the townhome cluster budget. The contractor bills the townhouse service separately.
2. Trash Removal – The budget reflects the actual cost charged by Potomac Disposal of \$3,451.50 per month.
3. Fountain Maintenance – The cost for RSV Pools to maintain the three fountains.
4. Snow Removal – Funding allocated for the clearing and sanding of walkways that, per Montgomery County law, are the responsibility of the Association to clear (35% of all expenses incurred in the FY).

**FOUNTAIN HILLS COMMUNITY ASSOCIATION
FISCAL YEAR 2022 BUDGET NOTES**

TOWNHOUSE SUPPLEMENTAL BUDGET

I. INCOME

1. Supplemental Assessment - Townhouses – The total income generated from the monthly assessment charged to all townhome owners pursuant to the Declaration of Covenants, Conditions and Restrictions (Declaration), including the “piggyback” townhomes that make up the Clopper Hills Condominium and Harmony Woods Condominium.
2. Parking Income – The income received from the replacement of lost or stolen parking permits.

II. EXPENSES - RESERVE CONTRIBUTION

1. Reserve Contribution - Townhomes – The reserve study was updated in 2012, and the Association has elected to use the cash flow method of funding. The budget reflects 100% of the funding level recommended by the engineers per the 2012 reserve study.
2. Reserve Interest – No funds have been budgeted for reserve interest for FY’ 2021.

The FY’ 2021 budget assumed that the interest earned on the reserve funds would net against the gross reserve contribution recommended per the reserve study.

III. EXPENSES - GENERAL AND ADMINISTRATIVE

1. Bad Debt - Townhomes – This line item represents an allowance for uncollectible amounts due to homeowner bankruptcies, foreclosures and/or other extraordinary circumstances that may make it impossible to collect amounts due. The funding for this expense recognizes those accounts that, pursuant to the standards of the American Institute of Certified Public Accountants (AICPA), may be deemed uncollectible by your auditors.
2. Printing and Reproduction - Townhomes – The cost to print parking permits.
3. Electricity - Townhomes – The electricity costs associated with the street lights on the townhome streets.

IV. GENERAL MAINTENANCE AND REPAIRS

1. Street Light Repairs – The cost for electrical repairs needed to the street lights in the townhome sections of the community.
2. Parking Lot Maintenance- The cost to repaint parking logos on a 2-3-year cycle and to sweep the streets annually.

VII. CONTRACT SERVICES

1. Lawn Maintenance - Townhomes – Represents a one-year (2019-2020) contract with Brightview Landscaping, LLC. Note, the contract cost is split between the general budget and the townhouse supplemental budget.
2. Snow Removal – Funding allocated for the clearing and sanding of all drive lanes and certain sidewalks that, per Montgomery County law, are the responsibility of the Association to clear.
3. Operating Contingency – Townhomes – An operating contingency of \$1,000.00 was included in the FY' 2021 operating budget.

**FOUNTAIN HILLS COMMUNITY ASSOCIATION
FISCAL YEAR 2022 BUDGET NOTES**

SUPPLEMENTAL VILLAGE BUDGET

I. INCOME

1. Supplemental Assessment – Village – The total income generated from the monthly assessment charged to all Village homeowners pursuant to the Declaration of Covenants, Conditions and Restrictions (Declaration). The supplemental assessment is intended to pay those costs attributable to the Village Facilities, comprising of the Village alleyways and circular/horse shoe driveways located within the Village section of the community, including snow clearing; as well as the Village Greens.

II. EXPENSES - RESERVE CONTRIBUTION

1. Reserve Contribution – Village Property – The reserve study was updated in 2012, and the Association has elected to use the cash flow method of funding.
2. Reserve Interest – No funds have been budgeted for reserve interest for FY’ 2021.

The FY’ 2021 budget assumed that the interest earned on the reserve funds would net against the gross reserve contribution recommended per the reserve study.

III. GENERAL MAINTENANCE AND REPAIRS

1. Parking Lot Maintenance – Village - The cost to maintain the alleys. The 2021 budget includes the cost of the Village’s proportionate share of the cost to sweep the streets.
2. Snow Removal - Village – Funding allocated for the clearing and sanding of all alleys and certain sidewalks that, per Montgomery County law, are the responsibility of the Association to clear (12% of the total expenses within the FY).
3. Operating Contingency – Village – Funding of \$1,000 has been included in the budget for unanticipated expenses.