



Montgomery Village Foundation

2016 PROPOSED BUDGET

Summary of the 2016 Proposed Budget

The Montgomery Village Foundation (MVF) 2016 Proposed Budget and updated 5-Year Plan continues implementation of the MVF Board's approved Strategic Goals as well as programs and services that benefit residents of the community. The budget is focused on four primary goals:

- 1) To minimize assessment increases for the MVF and Designated Users Funds;
- 2) To continue implementing major capital projects (Apple Ridge Pool renovation and Lake Whetstone amenities);
- 3) To maintain reserve contributions in accordance with the 2014 Reserve Study; and
- 4) To fairly compensate MVF employees.

In preparation for MVF's 50th Anniversary, the MVF Board appointed an advisory committee to make recommendations for events and projects to mark this special milestone. \$55,000 has been included in the operating budget to provide for a series of fun and celebratory events for all village residents. These funds will be sourced from existing Undesignated Reserves that remain unused from prior years' favorable results.

Capital funds (\$100,000) from CCF revenues are being allocated for improvements to Lake Whetstone Park, which would include a fountain at the north end of the lake to improve the lake's water quality.

User Fee Challenge

In this year's proposed budget, approximately \$29,000 of MVF's undesignated surplus is being used to support User Fee programs, which include camps and recreational classes. Since 2014, User Fee revenues have declined significantly, resulting in a deficit of \$3,498 for 2014 and a projected deficit of \$50,000 for 2015. Staff is currently re-evaluating all camp program and recreation class offerings to determine how to increase revenues or reduce costs.

2016 PROPOSED BUDGET

Pursuant to the 2015 5-Year Plan, the 2016 proposed budget proposes to increase assessments in both the MVF and Designated User Funds. The MVF Fund is proposed to increase \$.65 per unit per month while the Designated User Fund is proposed to increase \$1.25 per unit per month. Assessment increases are needed to support both the MVF and Designated User Funds. MVF's attention continues to focus on providing top-notch services and programs, renovation of existing pools and bathhouses, including implementing ADA requirements, ensuring replacement reserves are adequate and a minimum undesignated operating reserve is preserved as a contingency for unexpected expenditures. These goals will continue as the 5-year Plan is updated on an annual basis.

MVF Fund: The MVF Fund will increase from \$20.79 to \$21.44 to fund the 2016 budget. However, we will continue to analyze monthly financial results for the possibility of reducing the increase, as was done for the 2015 budget a year ago. Included in the 2016 budget is the use of approximately \$258,800 of the \$1,000,000+ operating reserves. The \$258,800 will fund the \$55,000 for the 50th anniversary, \$25,000 to fund an additional allocation for bad debts, \$28,800 to subsidize User Fee programs for one (1) year, and \$150,000 to minimize the assessment increase. The 3.1% increase will generate nearly \$90,000 in new assessment revenues.

Designated User Fund: As projected in the 5-Year Plan, an increase in the Designated User Fund is needed to fund increased operation costs at pools and community centers, as well as providing for adequate reserve funding. Based on the recently completed reserve study, additional reserve contributions are needed to adequately maintain our aging pools and other infrastructure. The 2016 proposed budget will increase the DU assessment from \$31.77 per unit per month to \$33.02 per unit per month. The \$1.25 per month increase is slightly higher than the 2015 5-Year Plan, which projected a \$.90 increase. The two main causes for the larger increase are: 1) the inclusion of approximately \$25,000 in capital requests for new equipment, and 2) a higher allocation of costs from the MVF Fund due to the significantly lower expenses of the User Fee Fund.

MVF 5-Year Plan: To enable the organization to engage in a longer planning horizon for both long-term operating and capital project needs, the 2016 budget includes an update of the 5-Year Plan. The 5-Year Plan includes conservative projections for assessments, operating costs, reserves and capital needs.

The financial plan also complements the MVF Board's Strategic Goals. A listing of the strategic goals and specific objectives for 2016 is included in the Appendix section of the Budget.

BUDGET CHANGES

REVENUES

MVF Assessments - The MVF assessment is slated to increase by \$.65 per unit per month for 2016. The assessment would have increased an additional \$1.10 per unit per month, but approximately \$150,000 will be used from undesignated reserves to limit the 2016 increase. The \$.65 increase represents \$88,000 of additional annual revenue.

DU Assessments - The DU assessment is slated to increase by \$1.25 per unit per month for 2016. Continuing with MVF's 5-year plan, assessments must be increased to continue funding the pool, program and facility operations. The

\$1.25 increase represents \$121,000 of additional annual revenue.

Assessment Collection Fees - For the first time in many years, collection related revenues are expected to decrease in 2016. With the 2014 collection policy change, which uses MVF's "pool pass" policy in lieu of additional lawsuits, it is expected that fewer fees will be assessed to delinquent owners, thus yielding less revenue to the Foundation (MVF & DU funds).

Transfer/Resale Disclosure Fees - While resale disclosure fee revenue continued to rise to higher levels in 2014 and year-to-date 2015, it is anticipated that Maryland law will likely pass in 2016 and cap revenues related to this activity (MVF & CM funds).

Camps and Classes - As previously noted, the camp and class programs have declined significantly over the last two years. 2016 plans to be a re-evaluation year during which significantly less revenue is expected. Additionally, the condominium pool MVF has contracted to manage annually will not be renewed in 2016. While there is significant revenue lost, there will also be a significant reduction in expense, nearly offsetting the benefit of maintaining the contract (User Fee Fund).

EXPENSES

Personnel Costs: MVF's greatest asset is our employees who take pride in providing excellent customer service. Building and maintaining a professional staff with specialized skills and training requires fair compensation.

- Merit Increase: To reward those employees who have performed their responsibilities at a satisfactory or higher level, the 2016 budget proposes a 2% merit pool.

- MVF's Flexible Benefits Program: Flex dollars represent the fixed amount provided to MVF employees each pay period to select the benefits they need from MVF's cafeteria of benefits options such as healthcare, dental, vision, FSAs, etc. This structure enables MVF to cap its exposure to increased health insurance premiums, which are estimated to rise 5 to 10 percent for 2016. The contribution per pay period, per full-time employee, will increase \$20 per pay from \$345 to \$365.

- o Medical deductible: MVF funds up to \$1,000 (\$500 for employee only coverage) for employees on the medical plan. For 2016, \$7,000 is projected to be needed to fund this benefit. In previous years, this benefit was funded at higher amounts, but the medical plan has seen decreased enrollment over the last three years.

- o 401k Employer Match: MVF's matching employer contribution is proposed to remain at 6%.

- Employee Recognition Program: Established by the MVF Board in 2012, the

budget includes \$15,000 to allow managers the opportunity to reward employees who meet the stringent standards of the policy.

- Personnel Changes: There are no new full-time positions included in the proposed budget.

Operating Costs:

- Business Expenses - for 2016, business expenses includes the 50th anniversary funding of \$55,000.

- Occupancy - Increases are related to utility costs from water and gas heat as well as the final phase-in of the Water Quality Protection Fee.

- Financial - With the high level of actual write-off's in 2015 due to the rise in housing foreclosures, an additional \$25,000 in bad debt expense has been budgeted. This additional amount is offset by the planned use of MVF Undesignated Reserves.

Capital Needs:

- Apple Ridge Pool: As with the Whetstone Pool renovation, \$100,000 is projected to be used to improve the Apple Ridge Pool with new amenities during its renovation in 2016/17. This will be funded by the Designated Users Fund.

- Lake Whetstone Park Improvements/Fountain: \$100,000 Capital Contribution Fee (CCF) funds are proposed for park enhancements after the completion of the dredging project. Additionally, a new fountain to improve water quality will be installed in Lake Whetstone.

RESERVES

In line with the 2013 Reserve Study, the 2016 budget proposes to increase the Contribution to Reserves (CTR) to \$1,025,212 - MVF \$299,000; DU \$726,212.

The Reserve plan includes \$2,921,760 in reserve capital expenditures for 2016, of which \$2,540,666 relates to Designated Users; \$1,807,485 of this will be used to renovate the Apple Ridge Pool. Because not all items listed on the expenditure detail need to be repaired or replaced during the year, the detail list for each Fund provides a column that differentiates the items as "Potential" (asset replacement is due, but may still be in good working order) or "Necessary" (asset will be repaired or replaced in the year). The goal of this differentiation is to provide a further understanding as to the range of capital investment that is needed. Please see the Reserve Plan section later in this book which provides a summary and detailed list of projected expenditures from the different funds.

In summary, we are presenting a budget that meets the community's priorities, maintains and enhances facilities and parks and supports important programs, services and amenities. By working together, we can and will continue to move Montgomery Village Foundation forward - Montgomery Village is flourishing!

2016 MVF Proposed Total Operating Fund

Total Operating Fund				
	2014 ACTUALS	2015 BUDGET	2016 Proposed BUDGET	15B vs 16PB Inc/(Dec)
Full-time employees	47.0	48.0	48.0	-
Part-time employees	2.0	3.0	3.0	-
Revenue:				
Assessments	5,724,657	5,928,788	6,138,794	210,006
Allow for Bad Debts	-	0	0	-
Assessment Fees	271,932	290,013	253,509	(36,504)
Investment Income	2,838	3,000	3,000	-
Transfer Fees	32,475	34,000	34,000	-
Disclosure Fees	130,356	127,500	124,000	(3,500)
Advertising revenue	162,668	150,000	150,000	-
Pool Memberships/Fees	83,175	75,000	84,500	9,500
Camps & Classes	270,639	325,000	225,000	(100,000)
Management Fees	825,817	804,598	782,500	(22,098)
Capital Contribution Fee	225,154	105,000	108,150	3,150
Other Income	141,889	166,262	144,613	(21,649)
Total Revenue	7,871,600	8,009,161	8,048,066	38,905
Personnel Costs:				
Full-time Salaries	2,735,590	2,810,190	2,871,683	61,493
Other Wages	610,661	719,307	660,480	(58,827)
Payroll Taxes	325,384	336,566	351,809	15,243
Employee Benefits	571,813	595,024	618,705	23,681
Workers Comp	74,251	73,680	57,703	(15,977)
Personnel Costs	4,317,699	4,534,767	4,560,380	25,613
Operating Costs:				
Business Expenses	180,595	214,730	246,110	31,380
Office Supplies	61,015	52,225	51,975	(250)
Program/Maint Supplies	116,551	129,700	121,550	(8,150)
Occupancy	320,718	322,636	336,082	13,446
Office Expenses/Svc Contracts	252,947	293,781	303,718	9,937
Equip Maintenance	25,985	40,100	33,920	(6,180)
Vehicle Expenses	24,267	25,990	25,505	(485)
Financial & Legal	179,103	195,160	215,885	20,725
Insurance	112,689	118,002	118,259	257
Printing	86,020	91,075	91,075	-
Landscape/Maintenance	686,107	803,528	793,255	(10,273)
Security	137,740	147,820	151,590	3,770
Other	(263)	0	0	-
Operating Costs	2,183,472	2,434,747	2,488,924	54,177
Maint. & Overhead Allocations:				
Overhead Allocation (from MVF)	0	(0)	-	0
Total Operating & Allocations	6,501,171	6,969,513	7,049,304	79,790
Contribution to Reserves Fund	950,004	987,050	1,025,212	38,162
Contribution to CCF	227,694	105,000	108,150	3,150
Investment in property & Equip.	28,597	100,000	124,200	24,200
Use of Undesignated Reserves	-	(152,402)	(258,800)	(106,398)
Total Other (increases)/decreases	1,206,170	1,039,648	998,762	(40,886)
Total Operating Expenses	7,707,341	8,009,161	8,048,066	38,904
Excess/Deficit Revenue	164,259	(0)	0	1

Quick reference of MVF Funds

Montgomery Village Foundation, Inc (MVF) is a nonstock, nonprofit, 501(c)(4) corporation that was formed for the preservation, protection and enhancement of the values and amenities in Montgomery Village, a planned community. The MVF has been delegated and assigned the powers of owning, maintaining and administering the common properties and facilities, administering and enforcing the covenants and restrictions, and collecting and disbursing the assessments and charges associated with these responsibilities.

Although MVF is a single financial entity, the finances of the MVF are organized as five funds, as follows:

Montgomery Village Foundation Fund; Designated User Fund; Poplar Spring Fund; User Fee Fund; and Community Management Fund.

2016 Per Unit Assessment Cost/Revenue Analysis

Montgomery Village Foundation									
2016 Per Unit Assessment Cost/Revenue Analysis									
Expense Description	MVF		Designated User		Poplar Spring		Community Mgmt		
	Budget \$	Assess \$\$ per month	Budget \$	Assess \$\$ per month	Budget \$	Assess \$\$ per month	Budget \$	Revenue	
Equivalent units/Revenue		11,383.5		8,096.0		18.0		860,613	
Salaries & Wages (year round staff)	2,035,595	\$ 14.90	334,070	\$ 3.44	-	\$ -	458,309	53.3%	
Other/temp/seasonal wages	205,321	1.50	370,527	3.81	-	-	24,632	2.9%	
Employee Benefits	417,907	3.06	86,214	0.89	-	-	102,418	11.9%	
Payroll Taxes	222,820	1.63	70,074	0.72	-	-	48,482	5.6%	
Other Personnel	36,547	0.27	11,493	0.12	-	-	7,952	0.9%	
Personnel Costs	2,918,189	21.36	872,377	8.98	-	-	641,793	74.6%	
Business Expenses	169,945	\$ 1.24	9,755	\$ 0.10	0	\$ -	5,700	0.7%	
Office Supplies	47,975	0.35	-	-	-	-	4,000	0.5%	
Program/Maint Supplies	31,850	0.23	84,000	0.86	0	-	-	0.0%	
Utilities	85,512	0.63	249,160	2.56	0	-	1,410	0.2%	
Office Expenses/Svc Contracts	259,965	1.90	26,075	0.27	971	4.50	15,406	1.8%	
Equip Maintenance	19,570	0.14	6,850	0.07	0	-	-	0.0%	
Vehicle Expenses	18,395	0.13	5,810	0.06	0	-	1,000	0.1%	
Financial & Legal	164,982	1.21	26,641	0.27	0	-	10,262	1.2%	
Insurance	50,734	0.37	38,034	0.39	25	0.12	13,771	1.6%	
Printing	91,075	0.67	-	-	0	-	-	0.0%	
Landscape/Maintenance	525,333	3.85	266,722	2.75	1,200	5.56	-	0.0%	
Security	86,590	0.63	65,000	0.67	0	-	-	0.0%	
Other	0	-	0	-	0	-	0	0.0%	
Operating Costs	1,551,927	11.36	778,046	8.01	2,196	10.17	51,549	6.0%	
Contribution to Reserve/CCF	407,150	\$ 2.98	726,212	\$ 7.48	-	\$ -	0	0.0%	
Other (income)/expense	(230,000)	\$ (1.68)	-	\$ -	0	-	-	0.0%	
Capital Expense	-	-	124,200	1.28	0	-	-	0.0%	
Reserve/Replacement	177,150	1.30	850,412	8.75	-	-	-	0.0%	
Overhead Allocation	(1,133,268)	(8.30)	935,423	9.63	-	-	167,271	19.4%	
	(1,133,268)	(8.30)	935,423	9.63	-	-	167,271	0.19	
Total Expenses	3,513,998	\$ 25.72	3,436,259	\$ 35.37	2,196	\$ 10.17	860,613	100.0%	
Other (income)/expense	(585,659)	(4.29)	(228,000)	(2.35)	-	-	(860,613)	-100.0%	
User Fee net (income)/loss	0	0.00	-	-	-	-	\$	0.0%	
Total Budget & Assessment	2,928,339	\$ 21.44	3,208,259	\$ 33.02	2,196	\$ 10.17	0	0.0%	

2016 MVF Proposed Operating Budget by Fund

	Montgomery Village Fund			User Fee Fund			Designated User Fund			15B vs 16PB Inc/(Dec)
	2014 ACTUALS	2015 BUDGET	2016 Proposed BUDGET	2014 ACTUALS	2015 BUDGET	2016 Proposed BUDGET	2014 ACTUALS	2015 BUDGET	2016 Proposed BUDGET	
Full-time employees	32.0	32.0	32.0	1.0	1.0	1.0	7.0	7.0	7.0	-
Part-time employees	1.0	2.0	2.0	0	0	-	0	-	-	-
Revenue:										
Assessments	2,805,963	2,839,956	2,928,339	0	0	0	2,916,495	3,086,636	3,208,259	121,623
Allow for Bad Debts	-	0	0	0	0	0	-	0	0	-
Assessment Fees	127,757	128,426	111,509	0	-	-	144,175	161,587	142,000	(19,587)
Investment Income	1,419	1,500	1,500	0	0	0	1,419	1,500	1,500	-
Transfer Fees	29,775	31,000	31,000	0	0	0	0	0	0	-
Disclosure Fees	105,009	102,500	99,000	0	0	0	0	0	0	-
Advertising revenue	162,688	150,000	150,000	0	0	0	0	0	0	-
Pool Memberships/Fees	0	0	0	0	0	0	83,175	75,000	84,500	9,500
Camps & Classes	0	0	0	270,639	325,000	225,000	0	0	0	-
Management Fees	0	0	0	40,373	38,000	-	0	0	0	-
Capital Contribution Fee	225,154	105,000	108,150	0	0	0	0	0	0	-
Other Income	90,744	87,500	84,500	10,650	11,000	10,000	1,600	0	0	-
Total Revenue	3,548,489	3,445,881	3,513,998	321,663	374,000	235,000	3,146,863	3,324,723	3,436,259	111,536
Personnel Costs:										
Full-time Salaries	1,920,112	1,981,335	2,035,595	42,234	42,852	43,709	313,884	319,457	334,070	14,613
Other Wages	149,692	219,590	205,321	95,886	90,000	60,000	340,637	387,300	370,527	(16,773)
Payroll Taxes	195,815	209,670	222,820	13,231	12,817	10,433	68,478	67,000	70,074	3,074
Employee Benefits	379,348	398,498	417,907	12,820	11,819	12,167	81,330	83,939	86,214	2,274
Workers Comp	43,408	39,785	36,547	2,842	3,653	1,711	21,446	16,795	11,493	(5,302)
Personnel Costs	2,688,375	2,848,878	2,918,189	167,013	161,142	128,020	825,776	874,492	872,377	(2,115)
Operating Costs:										
Business Expenses	103,073	121,265	169,945	70,711	80,610	60,710	2,866	6,655	9,755	3,100
Office Supplies	56,842	47,825	47,975	-	-	-	36	-	-	-
Program/Maint Supplies	24,706	32,700	31,850	9,575	15,000	5,700	82,270	82,000	84,000	2,000
Occupancy	77,082	82,576	85,512	-	-	-	242,513	239,160	249,160	10,000
Office Expenses/Svc Contracts	210,299	255,829	259,965	2,641	2,700	1,300	22,558	22,803	26,075	3,272
Equip Maintenance	11,780	19,600	19,570	11,117	15,000	7,500	3,087	5,500	6,850	1,350
Vehicle Expenses	17,856	17,840	18,395	427	300	300	5,669	6,250	5,810	(440)
Financial & Legal	143,627	141,350	164,982	3,865	14,000	14,000	19,949	29,500	26,641	(2,859)
Insurance	55,555	56,495	50,734	14,948	16,980	15,696	29,139	30,713	38,034	7,321
Printing	85,437	91,075	91,075	-	-	-	-	-	-	-
Landscaping/Maintenance	426,004	526,028	525,333	8,650	4,800	-	250,253	271,500	266,722	(4,778)
Security	76,958	86,820	86,590	-	-	-	60,783	61,000	65,000	4,000
Other	(263)	0	0	-	0	0	-	0	0	-
Operating Costs	1,288,957	1,479,203	1,551,927	121,934	149,390	105,206	719,123	755,081	778,046	22,965
Maint. & Overhead Allocations:										
Overhead Allocation (from MVF)	(1,075,415)	(1,108,889)	(1,133,268)	36,213	37,559	30,574	879,064	908,100	935,423	27,323
Total Operating & Allocations	2,901,916	3,219,193	3,336,848	325,159	348,091	263,800	2,423,963	2,537,674	2,585,847	48,173
Contribution to Reserves Fund	299,999	300,000	299,000	-	0	0	650,005	687,050	726,212	39,162
Contribution to CCF	227,694	105,000	108,150	-	0	0	-	0	0	-
Investment in property & Equip.	23,397	-	-	-	-	-	5,200	100,000	124,200	24,200
Use of Undesignated Reserves	-	(152,402)	(230,000)	-	-	(28,800)	-	-	-	-
Total Other (increases)/decreases	550,965	252,598	177,150	325,159	348,091	235,000	655,205	787,050	850,412	63,362
Total Operating Expenses	3,452,881	3,471,791	3,513,998	325,159	348,091	235,000	3,079,168	3,324,724	3,436,259	111,535
Excess/Deficit Revenue	95,608	(25,909)	0	(3,496)	25,909	(0)	67,696	(0)	(0)	0

Montgomery Village Foundation Fund: This fund provides for the general Village governance, operation and maintenance of the common properties, architectural standards, government relations and communications.

User Fee Fund: This fund provides recreation activities for a fee.

Designated User Fund: This fund provides for the operation and maintenance of the community centers, pools and tennis courts owned by the MVF.

2016 MVF Proposed Operating Budget by Fund

	Poplar Spring Fund			Community Management Fund			Total Operating Fund		
	2014 ACTUALS	2015 BUDGET	2016 Proposed BUDGET	2014 ACTUALS	2015 BUDGET	2016 Proposed BUDGET	2014 ACTUALS	2015 BUDGET	2016 Proposed BUDGET
Full-time employees	0	0	-	0	0	-	0	0	-
Part-time employees	0	0	-	0	0	-	0	0	-
Revenue:									
Assessments	2,199	2,196	2,196	0	0	0	5,724,657	5,928,788	6,138,794
Allow for Bad Debts	0	0	0	0	0	0	-	0	0
Assessment Fees	0	0	0	-	-	-	271,932	290,013	253,509
Investment Income	0	0	0	-	-	-	2,838	3,000	3,000
Transfer Fees	0	0	0	2,700	3,000	3,000	32,475	34,000	34,000
Disclosure Fees	0	0	0	25,347	25,000	25,000	130,356	127,500	124,000
Advertising revenue	0	0	0	0	0	0	162,668	150,000	150,000
Pool Memberships/Fees	0	0	0	0	0	0	83,175	75,000	84,500
Camps & Classes	0	0	0	0	0	0	270,639	325,000	225,000
Management Fees	0	0	0	785,444	766,598	782,500	825,817	804,598	782,500
Capital Contribution Fee	0	0	0	0	0	0	225,154	105,000	108,150
Other Income	0	0	0	38,895	67,762	50,113	141,889	166,262	144,613
Total Revenue	2,199	2,196	2,196	852,386	862,360	860,613	7,871,600	8,009,161	8,048,066
Personnel Costs:									
Full-time Salaries	-	-	-	459,360	466,546	458,309	2,735,590	2,810,190	2,871,683
Other Wages	-	-	-	24,447	22,416	24,632	610,661	719,307	660,480
Payroll Taxes	-	-	-	47,860	47,078	48,482	325,384	336,566	351,809
Employee Benefits	-	-	-	98,314	100,768	102,418	571,813	595,024	618,705
Workers Comp	-	-	-	6,555	13,446	7,952	74,251	73,680	57,703
Personnel Costs	-	-	-	636,536	650,254	641,793	4,317,699	4,534,767	4,560,380
Operating Costs:									
Business Expenses	-	0	0	3,945	6,200	5,700	180,595	214,730	246,110
Office Supplies	-	-	-	4,138	4,400	4,000	61,015	52,225	51,975
Program/Maint Supplies	-	0	0	-	-	-	116,551	129,700	121,550
Occupancy	-	0	0	1,122	900	1,410	320,718	322,636	336,082
Office Expenses/Svc Contracts	966	971	971	16,483	11,478	15,406	252,947	293,781	303,718
Equip Maintenance	-	0	0	-	-	-	25,985	40,100	33,920
Vehicle Expenses	-	0	0	315	1,800	1,000	24,267	25,990	25,505
Financial & Legal	-	0	0	11,661	10,310	10,262	179,103	195,160	215,885
Insurance	33	25	25	13,013	13,789	13,771	112,689	118,002	118,259
Printing	-	0	0	583	-	-	86,020	91,075	91,075
Landscape/Maintenance	1,200	1,200	1,200	-	-	-	686,107	803,528	793,255
Security	-	0	0	-	-	-	137,740	147,820	151,590
Other	-	0	0	-	0	0	(263)	0	0
Operating Costs	2,199	2,196	2,196	51,260	48,877	51,549	2,183,472	2,434,747	2,488,924
Maint. & Overhead Allocations:									
Overhead Allocation (from MVF)	-	-	-	160,139	163,229	167,271	0	(0)	0
Total Operating & Allocations	2,199	2,196	2,196	847,934	862,361	860,613	6,501,171	6,969,513	7,049,304
Contribution to Reserves Fund	-	-	-	-	0	0	950,004	987,050	1,025,212
Contribution to CCF	-	0	0	-	0	0	227,694	105,000	108,150
Investment in property & Equip.	-	0	0	-	-	-	28,597	100,000	124,200
Use of Undesignated Reserves	-	0	0	-	-	-	-	(152,402)	(258,800)
Total Other (increases)/decreases	-	-	-	-	-	-	1,206,170	1,039,648	998,762
Total Operating Expenses	2,199	2,196	2,196	847,934	862,361	860,613	7,707,341	8,009,161	8,048,066
Excess/Deficit Revenue	(0)	0	0	4,452	(0)	(0)	164,259	(0)	0
									1

Poplar Spring Fund: This fund provides general governance, covenant and architectural standards and maintenance of an entrance sign and land for this group of homes.

Community Management Fund: This fund provides management services at cost to the homes corporations and condominium associations within Montgomery Village that contract for the service.

2016 Proposed Expense Budget (detail)

Montgomery Village Foundation 2016 Capital Contribution Fee & Operating Capital Budget Summary

	Capital Requested		Annual Operating				
	Budget 2016	Project Total	Budget 2016	2017	2018	2019	2020
MVF:							
LW fountain & park amenity (CTR/maint)	-	-	2,000	4,120	4,244	4,371	4,502
Total MVF	-	-	2,000	4,120	4,244	4,371	4,502
DU:							
Pool enhancements	100,000	400,000	3,333	3,536	3,642	3,752	3,864
Misc pool/CC equipment	24,200	24,200	1,936	2,054	2,244	2,526	2,928
Total Designated Users	124,200	424,200	5,269	5,590	5,887	6,278	6,793
CCF:							
Lake Whetstone fountain & park amenity	100,000	100,000	-	-	-	-	-
Total Capital Contribution Fee	100,000	100,000	-	-	-	-	-
Total Operating Capital/CCF Requests	\$ 224,200	\$ 524,200	\$ 7,269	\$ 9,710	\$ 10,130	\$ 10,649	\$ 11,295

CCF Assessment savings	\$ 0.73	\$ 0.73	\$ 0.01	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.03
MVF Assessment Impact (per unit/month)	\$ -	\$ -	\$ 0.05	\$ 0.06	\$ 0.06	\$ 0.06	\$ 0.07
DU Assessment Impact (per unit/month)	\$ 1.28	\$ 4.37	\$ 0.06	\$ 0.06	\$ 0.06	\$ 0.06	\$ 0.07

Capital Contribution Fee Reserve Summary

	2014	2015	2016	2017	2018	2019	2020
Beg. Balance	246,845	430,300	202,300	210,700	272,352	336,237	402,400
Revenue	257,461	125,000	108,400	111,652	113,885	116,163	118,486
Project expenses	(74,006)	(353,000)	(100,000)	(50,000)	(50,000)	(50,000)	(50,000)
	183,455	(228,000)	8,400	61,652	63,885	66,163	68,486
Ending Balance	430,300	202,300	210,700	272,352	336,237	402,400	470,886

2016 Proposed Reserve Contributions

MVF Reserve Plan - 2016

Circa 1994, a reserve study was developed for assets owned by the Foundation. The purpose of the study was to determine an appropriate amount of money to set aside each year for the future repair/replacement of assets as they were needed, rather than having to take the full brunt of the cost replacing the asset against the current year operating budget. The study was updated annually through a process of asset evaluation, market research and on-site inspections. The original study was used with much success over a 10 year period, although throughout this time differing opinions were noted about how to best allocate the necessary contributions – by cost center, by fund, etc. As MVF grew and additional assets were accumulated, the need for a more sophisticated system was evident.

In March 2007, a firm was retained to perform MVF's first professional reserve study including a new system that offered a component level detail that allowed MVF to organize the various assets in a number of different ways – by fund, by type of asset, by year of replacement, etc. This new software and the analysis derived were first used for the preparation of the 2008 budget.

During 2012, the results of a facilities study that focused on MVF pools revealed that the 2007 study did not include the cost to replace the pool itself – it had only included pool components and equipment. The reserve program database was increased by \$7,000,000 to account for the replacement of each of MVF's aging pools. The facility study also noted that three of MVF's pools were beginning to fail and would need to be totally renovated within the next five years. Adjustments to reflect all of the facility study findings were made as part of the 2013 budget process, and the Designated User reserve contribution was increased significantly.

In June 2013, MVF solicited bids from numerous vendors to perform a reserve study update. Design/Management Associates was eventually hired and completed MVF's reserve study update in May 2014. The purpose of the update was to ensure that all relevant assets were properly included in the study and that costs

Reserve Assumptions:

Inflation	2.0%
30 year annualized ROI	3.75%

Contributions to Reserves:

MVF Fund	299,000
Designated Users Fund	726,212

Total Contributions

1,025,212

Reserve Expenditures by Fund:

MVF Fund	381,094
Designated Users Fund	2,540,666

Total Expenditures

2,921,760

Reserve Expenditures by Category:

MVF:	Facility Repairs	42,112
	Technology	22,500
	Equipment	15,351
	Parks	301,131
	Vehicles	-
	Total MVF	<u>381,094</u>

DU:	Apple Ridge pool renovation	1,807,485
	Community Centers repair/replacements	56,487
	General repairs/maintenance	15,563
	Hurley Park pool	46,000
	Lake Marion community center & pool	90,883
	Pool repair/replacements	74,500
	North Creek community center & pool	173,114
	Stedwick community center & pool	74,583
	Tennis Courts	26,461
	Watkins Mill pool	71,312
	Whetstone community center	104,278
		<u>2,540,666</u>

Total Reserve Expenditures

2,921,760

associated with each are updated based on current, known cost. The new study has been used in the preparation of the 2016 budget and the results were in line with the previous study.

With a Board-directed goal of funding its Reserves at 75 percent of the projected value 30 years into the future, the budget is calculated

using the Direct Cash Flow – Component method which provides for a gradual build-up in the contribution amount over the long-term period rather than within the first few years of the target period. This calculation methodology best matches the goal set by the MVF Board.

2016 Combined Five-Year Plan (Assessments)

	2016	2017	2018	2019	2020	2015 v 2020
Assessment--MVF	\$ 21.44	\$ 22.30	\$ 23.14	\$ 23.95	\$ 24.56	\$ 3.77
Assessment--DU	31.27	32.21	33.29	34.44	35.72	5.70
Combined Assessment	\$ 52.71	\$ 54.51	\$ 56.43	\$ 58.39	\$ 60.28	\$ 9.47
Assessment increase included	1.90	1.80	1.92	1.96	1.89	\$ 9.47

Comments welcomed on the 2016 Proposed Budget

The Montgomery Village Foundation, Inc. (MVF) 2016 Proposed Budget can be viewed in its entirety and is available for download on the Foundation website at www.montgomeryvillage.com. A full copy of the budget may also be viewed at the MVF Office, 10120 Apple Ridge Road, during regular business hours. Residents are encouraged to review the budget. For the next 30 days, comments or questions can be directed to Greg Snellings via e-mail at budget@mvf.org or in writing to Montgomery Village Foundation, Inc., ATTN: 2016 Proposed Budget, 10120 Apple Ridge Road, Montgomery Village, MD 20886.



Whetstone Community Center, 1970

50 YEARS
 (600 months)
 that's **18,250 days** and nights
438,000 HOURS
26 MILLION
 two hundred & eighty thousand minutes



First Montgomery Village Home, 1967



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