



c/o Community Group
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Office: (804) 270-1800 Fax: (804) 346-8640

December 9, 2009

Dear Collington Homeowners:

Included for your review is a copy of the 2010 budget for Collington. Please note that the Board of Directors is happy to report the annual homeowner assessments have not been increased. In addition, the assessment fees will be payable quarterly instead of semi-annually. The homeowner assessment fee for 2010 is \$646.00 annually, which is payable in four quarterly payments of \$161.50 on January 1, April 1, July 1 and October 1. The first payment will be due on January 1 in the amount of \$161.50. Your coupon booklet for 2010 will be forwarded to you under separate cover.

Listed below is a description of the budget line items for Collington.

Collington Community Association, Inc. - 2010 Budget Narrative

Income:

Assessments: Semi-annual assessments paid by the homeowners. Anticipate 959 homes by 2112. The annual assessment of \$646.00 per year is payable in four installments of \$161.50.

Working Capital: This includes the \$300 working capital received at the closing of every new home sold in Collington. Based on the projected new home sales for 2010.

Late Charges: Income earned from assessments paid after the 31st of the month in which they are due.

Expenses:

Audit/Tax Preparation: Annual fee for an accounting firm to produce Federal and State tax returns and perform a balance sheet audit.

Accounting: Provides for collection and processing of assessment payments; coordinating collection of past due accounts; management and reconciliation of cash accounts; supervising and disbursing accounts payable; preparation of complete quarterly financial statements; preparation of an annual budget; coordinating the annual financial review and tax return.

Collection Fees: Covers the cost to administer first and final late notices to past due accounts, and the handling of delinquent accounts over to a collection attorney.

Corporate Fees: covers the cost of the Association's yearly registration with the State Corporation Commission and the Virginia Real Estate Board.

Income Taxes: Cost associated with paying State and Federal taxes for the Association.

Insurance-GL, Property, D & O: Covers General Liability insurance for the common areas and building coverage for the recreational facilities. Covers Director's and Officers' insurance for the Board of Directors and Fidelity Bond.

Legal/Professional: This account primarily covers the cost of a registered agent, fees which are not legally transferable to a delinquent account for a collection attorney, in addition to any other professional consultations required by the Association.

Postage: Covers the cost of mailing invoices, Annual Meeting notices, assessment coupon statements, general correspondence, etc.

Printing: Printing of notices, Annual Meeting notices, assessment statements, general correspondence, welcome package information, costs associated with printing of a community newsletter, etc.

Other Administrative: This account is used to pay for certified mailings and other miscellaneous administrative charges.

Social Activities: Covers social functions planned throughout the year and costs associated with welcoming new owners to Collington by the social committee.

Electricity-Common Area: Provides electricity for the irrigation systems, neighborhood entrances, landscaping lights, etc.

Water - Irrigation: Covers the water for the irrigation systems throughout the community.

Lawn Maintenance: The association contracts with a Landscaping Service which provides for mowing and edging of grass in the common area during the growing season; turf, shrub and tree fertilizations; lime application; seeding and aerating; weed control; trimming and pruning of shrubs; mulching of the common area mulch beds; leaf removals; and weekly policing for trash.

Management: Management services include handling administrative association functions, correspondence with the Board of Directors, overseeing the site office and the contractors, developing bid specifications, providing supervision and support to the site office, participating at Board and Annual Homeowner meetings, and providing counsel for the Board of Directors.

Irrigation Systems Maintenance: Includes starting up and shutting down the irrigation systems as well as performing any needed repairs to the system.

Grounds Improvement and Repairs: Covers repairs or improvements for contracted labor and/or materials to maintain the common areas. This includes the seasonal color at the entrance/recreational areas of the community, removal of trees as well as sign repair or replacement, erosion repairs, replacement of dead plant materials in common areas mulching of new areas, etc.

Clubhouse Cleaning: Provides for weekly cleaning of the clubhouse, occasional cleaning of the clubhouse carpets, and special party cleaning (offset by Clubhouse Cleaning Charge).

Clubhouse Electricity: Covers the electricity usage at the clubhouse.

Clubhouse/Pool Cable/TV: Provides telephone, TV cable and wireless internet service at the clubhouse and telephone service at the pool.

Clubhouse and Pool Water/Sewer: Covers the water and sewer usage at the clubhouse and pool.

Clubhouse Trash: Provides weekly trash pick up.

Pool Management Contract: The contracted cost to operate the pool during the pool season.

Pool Maintenance/Repairs: This account pays for maintenance to the pool; it's equipment, miscellaneous supplies, and plumbing repairs to the pool bathrooms, and initial expenses for opening and closing the pool.

Pool Furniture/Misc: Provides for lounge chairs, tables, umbrellas, and other miscellaneous items needed in order for the pool to function efficiently.

Security System Monitoring: Costs associated with a clubhouse alarm system.

Replacement Reserves: A reserve fund set up for long-term repair/replacement expenses for the Association's capital components such as the swimming pool, tennis courts, basketball courts, street signs, elements within the Collington clubhouse, the water main to the clubhouse and pool, community entrance signs, dumpster enclosure replacement, fencing replacement throughout the community, seal coating of the clubhouse and pool parking lot, and to replace curbing and gutter as necessary.

Operating Contingency Reserves: A reserve fund to help provide for any shortfalls or large unexpected expenses not provided for in the budget.

**The Board of Directors feel that the 2010 budget will meet the needs of the homeowners/lot owners in the Collington community. If you have any questions regarding the attached budget, please submit your concerns in writing to the management office.
Have a safe and happy holiday season!**

Sincerely,

Collington Board of Directors

Enclosures

Collington Community Association, Inc.

Adopted 2010 Budget

\$161.50 Per Quarter Per Unit

		Budget
<u>INCOME</u>		
Assessments	\$	211,888
ASSESSMENT INCOME	\$	211,888
Working Capital Contribution	\$	3,600
Late Charges		3,000
Recreation Center Rental		2,700
Newsletter Income Ads		800
OTHER INCOME	\$	10,100
TOTAL INCOME	\$	221,988
<u>EXPENSES & RESERVES</u>		
Audit/Tax Return	\$	1,800
Accounting Fee		14,220
Collection Fees		3,000
Corporate Fees		135
Insurance		9,350
Legal/Professional Fees		500
Postage		1,500
Printing		1,500
Other Administrative		3,000
Social Activities		3,500
ADMINISTRATIVE	\$	38,505
Electricity	\$	16,050
Water-Irrigation		12,893
COMMON UTILITIES	\$	28,943
Lawn Maintenance	\$	50,000
Management		30,993
CONTRACTED EXPENSES	\$	80,993
Irrigation Systems Maintenance	\$	2,500
Grounds Improvements & Repairs		11,572
OTHER GROUNDS	\$	14,072
Clubhouse Maintenance	\$	1,500
Clubhouse Cleaning		2,000
Clubhouse Cable TV		2,500
Clubhouse Trash Removal		500
Pool Management Contract		37,000
Pool Maintenance/Repairs		1,500
Pool Furniture/Misc.		1,480
Security System Monitoring		400
RECREATIONAL EXPENSES	\$	46,880
TOTAL EXPENSES	\$	209,393
Replacement Reserves	\$	6,670
Operating Contingency Reserve		5,925

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Adopted 2010 Budget

\$161.50 Per Quarter Per Unit

	Budget
RESERVES	<u>\$ 12,595</u>
TOTAL RESERVES	<u>\$ 12,595</u>
TOTAL EXPENSES & RESERVES	<u>\$ 221,988</u>
NET CASH FLOW	<u>\$ 0</u>