



MEADOWS AT MORRIS FARM COMMUNITY ASSOCIATION

c/o SFMC, Inc.

9464 Innovation Drive

Manassas, Virginia 20110

Office (703) 392-6006 x281 Fax (703) 392-5039

TO: All Meadows at Morris Farm Homeowners
FROM: Board of Directors
DATE: December 1, 2021
SUBJECT: FY 2022 Assessment Notice, Operating Budget, and New Community Manager

Enclosed is the adopted FY 2022 Operating Budget for Meadows at Morris Farm Community Association. Effective January 1, 2022, the Association's monthly assessments will increase.

Townhomes/Dplx/Carr/Ctyd/Alley
Single Family w/out alley
Single Family w/ Pipestem/Alley

Monthly FEE= \$ 106.65
Monthly FEE= \$ 97.09
Monthly FEE= \$ 109.59

HOMEOWNER ACTION REQUIRED: Assessment coupons and envelopes will be mailed this month. Homeowners enrolled in the direct debit program will have the new amount automatically deducted from your account, starting with the January withdrawal; **homeowners using other means of automatic payments must take action to adjust the payments.**

Please remember that assessments are **due on the 1st of each month** and are subject to a **\$25 late fee if not paid by the 10th day of each month**. Please consider utilizing the automatic payment service (ACH Direct Debit) for making regular monthly payments. For more information about this service, visit www.sfmcinc.com. **If you have not received your coupon book by December 31st, please contact SFMC at (703) 392-6006.**

The Board of Directors does not take an increase in assessments lightly and worked to mitigate the increase through a variety of ways. However, *the Association has not had an increase in assessments in several years, and during that time costs have increased substantially.* Over the course of several weeks, the Board of Directors made many adjustments to the operating budget to reduce expenses where reasonable and to seek renewed competition for major service contracts, but it was not enough to cover the expected 2022 operations and maintain a level of service that the community has come to expect. You can find more detailed information about the reasons for the assessment increase at the end of this letter.

Additionally, the Board is excited to announce a new community manager from SFMC, Inc. **Effective December 1, Holly Gibson has replaced Darnell Robertson as community manager for Meadows at Morris Farm.** Holly is a long-tenured SFMC employee and she is familiar with many different facets of the industry from physical management to accounting and administrative support. We are excited to welcome Holly, and she is looking forward to working with the community.

If you have any questions, please do not hesitate to contact Holly at (703) 392-6006, x281 or hgibson@sfmcinc.com or attend the next Monthly Board of Directors Meeting on December 16, 2021 at 7 pm; you will receive the meeting link via email if you are opted in to receiving email communication from SFMC.

Sincerely,

Board of Directors
Meadows at Morris Farm Community Association

Why increase assessments this year?

The increase is based on several factors:

- **Increased Trash Contract**—Bi-weekly trash removal service, weekly recycling, and yard waste collection will increase to a rate of \$13.39 per town home and \$18.54 per single family home per month. The rate includes a 25% increase as a result of Prince William County's new yard waste disposal requirements. The increases to the service occurred too late in the year to assess all trash removal service options prior to budget adoption, but the Board will obtain additional proposals for trash removal from other vendors in the coming weeks to ensure the Association's members receive quality service at competitive industry rates.
- **Increased Cost of Living**—The rising cost of doing business is unavoidable, as the economy is currently experiencing higher than typical inflation. This October, the U.S. consumer price index hit a 31-year-high rate of increase, at 6.2% over one year ago. As a result, the Association has been subjected to price increases to many of our contracts and operational expenses.

Additionally, starting in January 2022, the minimum wage will increase from \$9.50 to \$11.00, an increase of 14%. Several of the Association's service providers have cited this rise in labor costs as the primary driver in increasing our contract service costs, including pool management, trash collection, and grounds maintenance. The Board pursued renewed competition for several of the Association's significant service contracts to seek best value. Moreover, with a community that is now over 15 years old in some sections, we're experiencing rising costs for general maintenance.

- **Funding Reserves**—The Association relies on properly funded reserves to pay for major common expenses such as the pool deck replacement, clubhouse renovations, asphalt and concrete replacements, and many more. Based on the independent 2021 reserve study, the Association's Reserve Contributions had an increase of \$19,122 for 2022. It is necessary to increase reserve funding contributions to avoid the need for a special assessment in the future.
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Meadows at Morris Farm Community Association, Inc.

Operating Budget

January 1, 2022 - December 31, 2022

Adopted 2021	Projected 2021	Approved 2022
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Townhomes/Dplx/Carr/Ctyd/Alley Monthly FEE=	\$ 99.67	\$ 106.65
Single Family w/out alley Monthly FEE=	\$ 90.74	\$ 97.09
Single Family w/ Pipestem/Alley Monthly FEE=	\$ 102.42	\$ 109.59

Codes	INCOME			\$	-
6313	TH/Dup/Car/Crtyd/Alley Assessment Income	393,497.16	393,497.16	421,041.96	
6314	SF w/out Alley Assessment Income	338,641.68	338,641.68	362,346.60	
6319	SF w/Pipestem Assessment Income	24,580.80	24,580.80	26,301.46	
6340	Late Fee Income	10,000.00	8,000.00	8,400.00	
6350	Legal Fee Reimbursement	10,000.00	9,631.27	10,000.00	
6380	Owner Admin Fees Income	0.00	45.00	0.00	
6390	Owner Interest Income	0.00	50.25	0.00	
6810	ARC Violation Income	0.00	1,230.00	0.00	
6820	Pool Passes	1,250.00	1,395.00	1,400.00	
6910	Interest Income	30,000.00	16,632.68	13,140.00	
6998	Prior Year Surplus	89,568.64	89,568.64	0.00	
	TOTAL INCOME	897,538.28	883,272.48	842,630.01	

	EXPENSES				
	GENERAL & ADMINISTRATIVE				
7010	Management Fees	31,680.00	31,838.40	32,793.55	
7015	On-Site Administrator	80,000.00	79,414.06	80,401.56	
7140	Audit/Tax Prep Fees	6,200.00	6,229.00	6,300.00	
7150	Architect & Engineering Services	3,550.00	7,550.00	0.00	
7160	Legal - General	15,000.00	13,274.44	15,000.00	
7165	Legal - Collections	25,000.00	19,313.32	20,000.00	
7260	Postage & Mail	10,000.00	3,986.13	4,000.00	
7280	Insurance	11,241.00	11,487.75	11,868.12	
7290	Insurance Loss/Deductible	1,000.00	0.00	1,000.00	
7320	Office Supplies	500.00	166.67	250.00	
7400	Printing & Reproduction	12,000.00	8,157.15	6,000.00	
7415	Website Expense	2,000.00	3,280.40	1,115.40	
7416	Activity Charges	15,700.00	20,054.96	5,000.00	
7420	Pool Pass Expense	200.00	0.00	0.00	
7430	Income Taxes	6,500.00	7,100.00	7,100.00	
7440	Licenses, Permits & Fees	950.00	1,523.55	1,550.00	
7500	Annual Meeting Expenses	500.00	500.00	250.00	
7890	Miscellaneous Expenses	3,000.00	3,013.28	3,000.00	
7915	Depreciation Expense	0.00	213.12	213.12	
7990	Bad Debt Expense	5,000.00	1,199.06	2,500.00	
	Total General & Administrative	230,021.00	218,301.30	198,341.75	

Meadows at Morris Farm Community Association, Inc.
Operating Budget
January 1, 2022 - December 31, 2022

		Adopted 2021	Projected 2021	Approved 2022
CONTRACT SERVICES				
9610	Grounds Maintenance	133,188.00	133,188.00	137,183.64
9630	Pond Maintenance	6,900.00	6,125.00	7,000.00
9665	Pet Waste Stations	10,000.00	11,617.75	12,880.00
9700	Trash Removal	110,844.00	121,067.00	144,092.88
9800	Snow Removal - SF w/alley 10%	3,500.00	3,210.11	4,000.00
9801	Snow Removal - SF w/Pipestem 7%	2,750.00	2,247.05	2,929.93
9802	Snow Removal - TH/Ctyard 83%	30,000.00	26,643.94	24,000.00
	Total Contract Services	297,182.00	304,098.85	332,086.45
GEN MAINT & REPAIR				
9020	Landscape Enhancements	40,000.00	43,531.33	30,000.00
9025	Tree Maintenance	10,000.00	10,837.00	10,000.00
9110	General Maintenance and Repair	8,000.00	11,844.49	12,000.00
9165	Irrigation Repairs	10,000.00	7,166.50	7,000.00
	Total Maintenance	68,000.00	73,379.32	59,000.00
POOL EXPENSES				
9300	Pool Supplies	6,500.00	507.95	4,000.00
9302	Pool Repair	9,000.00	1,457.58	4,500.00
9710	Pool Management	69,500.00	91,506.96	80,200.00
	Total Pool Expenses	85,000.00	93,472.49	88,700.00
UTILITIES				
8910	Electricity	12,000.00	7,414.43	8,000.00
8930	Water & Sewer Expense	18,000.00	14,013.27	16,000.00
8990	Telephone Service	2,318.28	2,472.95	1,461.81
	Total Utilities	32,318.28	23,900.65	25,461.81
	TOTAL OPERATING EXPENSES	712,521.28	713,152.61	703,590.01
RESERVES				
9910	Monthly Reserve Contributions	122,200.00	122,200.00	125,900.00
9920	Capital Imp. Reserve Contribution	42,817.00	42,817.00	0.00
9930	Reserve Interest Allocation	0.00	0.00	13,140.00
9940	Operating Contingency	20,000.00	20,000.00	0.00
9996	Transfer from Capital Improvement Reserves	(30,000.00)	(59,369.44)	0.00
9997	Capital Imp. Reserve Expenses	30,000.00	59,369.44	0.00
9998	Transfer from Replacement Reserves	(106,903.00)	(163,984.09)	(252,535.00)
9999	Replacement Reserve Expenses	106,903.00	163,984.09	252,535.00
	Total Reserves	185,017.00	185,017.00	139,040.00
	TOTAL EXPENSES	897,538.28	898,169.61	842,630.01
	SURPLUS / (DEFICIT)	0.00	(14,897.13)	0.00