

Parkfairfax Condominium Unit Owners Association
Fiscal Year 2018/2019 Budget Narrative
1 June 2018 thru 31 May 2019
Section 1: INCOME

<u>Account Number</u>	<u>Projected Income</u>	<u>Line Descriptor/Commentary</u>
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Assessment Income

4001 \$8,924,793

Assessments

Condominium assessment fee income which, along with the other income sources presented in this section is needed to meet the expenses set forth in Section 2: EXPENSES of this budget. This Fiscal Year 2018/2019 (FY19) Budget includes a 0.0% increase in the condominium assessment fee for each individual unit as compared with its FY18 rate. There is a total of 1,684 condominium units at Parkfairfax. The common interest percentages by which the assessment obligation of each condominium unit is determined are taken from the Association's governing documents.

Condominium Assessments from Unit Owner Owned Units

There is a total of 1,667-unit owner owned units. There are, in addition, 17 units owned by the Association (see Page 2), for a total of 1,684 condominium units. The unit owner owned units can be expected to provide income as calculated below:

<u>Type/Model/ Common Interest %age/ Number of Units Paying Assessments</u>			<u>2017/18 Monthly Assessment Obligation</u>	<u>2018/19 Monthly Assmt Obligation (0.0% Incr.)</u>	<u>2018/19 Total Assessment Income</u>
1A Jackson	0.000515	85	382.98	382.98	390,640
1B Jefferson	0.000558	102	414.98	414.98	507,935
1C Monroe	0.000545	168	405.31	405.31	817,104
1D Adams	0.000508	235	377.80	377.80	1,065,396
1E Garfield	0.000528	119	392.67	392.67	560,732
2A Lincoln	0.000609	167	452.89	452.89	907,592
2A1 Lincoln	0.000633	19	470.73	470.73	107,326
2B Madison	0.000630	425	468.50	468.50	2,389,350
2B1 Madison	0.000649	19	482.64	482.64	100,042
2C Washington	0.000630	226	468.50	468.50	1,270,572
2D Cleveland	0.000718	4	533.94	533.94	25,629
3A Van Buren	0.000754	46	560.72	560.72	309,517
3B Harrison	0.000792	46	588.99	588.99	325,122
3C Coolidge	0.000840	5	624.67	624.67	37,480
4A Roosevelt	0.001013	1	753.33	753.33	9,040
		1667			8,833,480

Condominium Assessments for Association Owned Units

There is a total of 17 Association owned units. The Association makes condominium assessment payments on all 17 units. Of these, 5 units constitute the present Management Office/Community Rooms complex (3360 Gunston Road), 2 units constitute the present Exercise Facility (1409 Martha Custis Drive), 6 units are available to rent, and 5 units are occupied by live-on Maintenance Department staff (4) or by a City of Alexandria Police Department police officer (1).

	2018/2019 Monthly Assessment <u>Obligation</u>	2018/19 Total Assessment <u>Income</u>
<u>Units Comprising the Management Office</u>		
Unit No. 73801/[3356 G.R.*/1B/Jefferson	414.98	4980.00
Unit No. 73802/[3358 G.R.]/1A/Jackson	382.98	4596.00
Unit No. 73803/3360 G.R./3B/Harrison	588.99	7068.00
Unit No. 73804/[3362 G.R.]/3A/Van Buren	560.72	6729.00
Unit No. 73805/[3366 G.R.]/1B/Jefferson	414.98	4980.00
<u>Subtotal</u> for 5 units		28,353.00
 <u>Units Comprising the Exercise Facility</u>		
Unit No. 40105/1409 M.C.*/1A/Jackson	382.98	4596.00
Unit No. 40106/1411 M.C./1B/Jefferson	414.98	4980.00
<u>Subtotal</u> for 2 units		9576.00
 <u>Units which the Association Rents Out</u>		
Unit No. 80201/3344 V.D./2A1/Lincoln	470.73	5649.00
Unit No. 30902/3546 M.C./1D/Adams	377.80	4534.00
Unit No. 30905/3552 M.C./1D/Adams	377.80	4534.00
Unit No. 40101/1401 M.C./1B/Jefferson	414.98	4980.00
Unit No. 40102/1403 M.C./1A/Jackson	382.98	4596.00
Unit No. 22304/3278 M.C./1E/Garfield	392.67	4712.00
<u>Subtotal</u> for 5 units		24705.00
 <u>Units Occupied by Employees/Police Officer</u>		
Unit No. 30906/3554 M.C./1D/Adams	377.80	4534.00
Unit No. 40104/1407 M.C./3B/Harrison	588.99	7068.00
Unit No. 40103/1405 M.C./3A/Van Buren	560.72	6729.00
Unit No. 80206/3354 V.D.*/2A1/Lincoln	470.73	5649.00
Unit No. 30901/3544 M.C./1D/Adams	377.80	4534.00
<u>Subtotal</u> for 5 units		24434.00
Total All Units		87068.00

TOTAL assessment fee income for all 1,684 units \$8,920,548.00
 *G.R. = Gunston Road; M.C. = Martha Custis Drive; V.D. = Valley Drive. A police officer occupies Unit No. 40103/1407 Martha Custis Drive; Parkfairfax employees occupy the other 4 units in the category of “Units Occupied by Employees/Police Officer”.

The anticipation of maintenance and repair expenses for all 17 Association owned units will be found in many expense account lines (#6410, #6430, #6450, etc.) and among elements covered by the Replacement Reserve.

Approved	FY18 Y-E	Proposed
<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>
\$8,924,793	\$8,924,973	\$8,821,938

4500-4515 \$140,048

Unit Rental Income

Based on the rental for 6 Association owned units and the 5 on-call and PD occupied units. The Association will charge market competitive rates as leases to new tenants are made and may increase rents somewhat more moderately when present leases are renewed. “M.C.” below = Martha Custis Drive & “V.D.”= Valley Drive.

<u>Units which the Association Rents Out</u>	Monthly Rent	Annual Rent
all less 2 months vacancy credit		
Unit No. 30906/3554 M.C./1D/Adams	rent	1490
Unit No. 30902/3546 M.C./1D/Adams	rent	1448
Unit No. 30905/3552 M.C./1D/Adams	rent	1446
Unit No. 40101/1401 M.C./1B/Jefferson	rent	1545
Unit No. 40102/1403 M.C./1A/Jackson	rent	1558
Unit No. 22304/3278 M.C./1E/Garfield	rent	1550
<u>Subtotal</u> for 5 units		90370

<u>Units Occupied by Employees/Police Officer</u>		
Unit No. 80201/3344 V.D./2A1/Lincoln	on-call	800
Unit No. 40104/1407 M.C./3B/Harrison	PD	975
Unit No. 40103/1405 M.C./3A/Van Buren	on-call	915
Unit No. 80206/3354 V.D.*/2A1/Lincoln	on-call	800
Unit No. 30901/3544 M.C./1D/Adams	on-call	650
<u>Subtotal</u> for 5 units		49680

Approved	FY18 Y-E	Approved
<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>
\$110,296	\$110,296	\$140,048

Other Income

4610	\$16,800	<p><u>Cable Revenue</u> Lump payment from Comcast of 168,000 for 10-year access and use agreement. Amortized over 10 years.</p> <table border="0" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;"><u>Approved</u></td> <td style="text-align: center;"><u>FY18 Y-E</u></td> <td style="text-align: center;"><u>Proposed</u></td> </tr> <tr> <td style="text-align: center;"><u>FY18 Budget</u></td> <td style="text-align: center;"><u>Projection</u></td> <td style="text-align: center;"><u>FY19 Budget</u></td> </tr> <tr> <td style="text-align: center;">\$16,800</td> <td style="text-align: center;">\$16,800</td> <td style="text-align: center;">\$16,800</td> </tr> </table>	<u>Approved</u>	<u>FY18 Y-E</u>	<u>Proposed</u>	<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>	\$16,800	\$16,800	\$16,800																					
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\$16,800	\$16,800	\$16,800																														
4615	\$18,000	<p><u>Late Charges</u> The Association collects late fees of 5% for monthly condominium assessment fee payments received after the 10th of the month.</p> <table border="0" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;"><u>Approved</u></td> <td style="text-align: center;"><u>FY18 Y-E</u></td> <td style="text-align: center;"><u>Proposed</u></td> </tr> <tr> <td style="text-align: center;"><u>FY18 Budget</u></td> <td style="text-align: center;"><u>Projection</u></td> <td style="text-align: center;"><u>FY19 Budget</u></td> </tr> <tr> <td style="text-align: center;">\$18,000</td> <td style="text-align: center;">\$15,000</td> <td style="text-align: center;">\$18,000</td> </tr> </table>	<u>Approved</u>	<u>FY18 Y-E</u>	<u>Proposed</u>	<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>	\$18,000	\$15,000	\$18,000																					
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\$18,000	\$15,000	\$18,000																														
4625	\$8,000	<p><u>Key/Card Income</u> Estimate income from the sale of tennis court keys @ \$5.00, Exercise Facility, Pools & Maintenance Yard Access Cards @ \$15.00, and laundry room keys @ \$5.00. The projection is that unit sales will be the same.</p> <table border="0" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;"><u>Approved</u></td> <td style="text-align: center;"><u>FY18 Y-E</u></td> <td style="text-align: center;"><u>Proposed</u></td> </tr> <tr> <td style="text-align: center;"><u>FY18 Budget</u></td> <td style="text-align: center;"><u>Projection</u></td> <td style="text-align: center;"><u>FY19 Budget</u></td> </tr> <tr> <td style="text-align: center;">\$8,000</td> <td style="text-align: center;">\$8,000</td> <td style="text-align: center;">\$8,000</td> </tr> </table>	<u>Approved</u>	<u>FY18 Y-E</u>	<u>Proposed</u>	<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>	\$8,000	\$8,000	\$8,000																					
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\$8,000	\$8,000	\$8,000																														
4630	\$40,000	<p><u>Unit Service Program (USP)</u> Projected FY18 income is based upon actuals</p> <table border="0" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;"><u>Service</u></td> <td style="text-align: center;"><u>FY18</u></td> <td style="text-align: center;"><u>FY19</u></td> </tr> <tr> <td></td> <td style="text-align: center;"><u>Rates</u></td> <td style="text-align: center;"><u>Rates</u></td> </tr> <tr> <td>Minimum charge</td> <td style="text-align: center;">\$25.00</td> <td style="text-align: center;">\$25.00</td> </tr> <tr> <td>Half-hour (members)</td> <td style="text-align: center;">70.00</td> <td style="text-align: center;">70.00</td> </tr> <tr> <td>45 minutes</td> <td style="text-align: center;">100.00</td> <td style="text-align: center;">100.00</td> </tr> <tr> <td>1 hour</td> <td style="text-align: center;">120.00</td> <td style="text-align: center;">120.00</td> </tr> <tr> <td>Special Trash pick-up</td> <td style="text-align: center;">70.00</td> <td style="text-align: center;">70.00</td> </tr> </table> <table border="0" style="margin-left: auto; margin-right: auto; margin-top: 10px;"> <tr> <td style="text-align: center;"><u>Approved</u></td> <td style="text-align: center;"><u>FY18 Y-E</u></td> <td style="text-align: center;"><u>Proposed</u></td> </tr> <tr> <td style="text-align: center;"><u>FY18 Budget</u></td> <td style="text-align: center;"><u>Projection</u></td> <td style="text-align: center;"><u>FY19 Budget</u></td> </tr> <tr> <td style="text-align: center;">\$50,000</td> <td style="text-align: center;">\$50,000</td> <td style="text-align: center;">\$40,000</td> </tr> </table>	<u>Service</u>	<u>FY18</u>	<u>FY19</u>		<u>Rates</u>	<u>Rates</u>	Minimum charge	\$25.00	\$25.00	Half-hour (members)	70.00	70.00	45 minutes	100.00	100.00	1 hour	120.00	120.00	Special Trash pick-up	70.00	70.00	<u>Approved</u>	<u>FY18 Y-E</u>	<u>Proposed</u>	<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>	\$50,000	\$50,000	\$40,000
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\$50,000	\$50,000	\$40,000																														
4635	\$48,000	<p><u>Laundry Commission</u> This is the income projected from the CS Service Works (old MacGrey) ten-year laundry lease agreement, which commenced in 2013. The projection is based upon usage of the present machines 102 washers and 102 dryers (total: 204 equipment pieces) in the Association's 50 laundry rooms, from which revenue the Association receives a 57% commission. The projection of income in FY18 is lower than the budgeted amount on</p>																														

the presumption that more unit owners have installed their own washers and dryers. We are still attempting to add larger over size machines.

		Approved <u>FY18 Budget</u> \$48,000	FY18 Y-E <u>Projection</u> \$45,000	Proposed <u>FY19 Budget</u> \$48,000
4645	\$40,000	<u>Advertising Income</u>		

Income in FY19 from the Association's monthly newsletter, the **Parkfairfax Forum**, is based upon expected income in FY18.

	<u>FY 18</u>	<u>FY19</u>
1/8 Page	\$ 49	\$ 49
1/4 Page	97	97
1/2 Page	190	190
Full Page	270	270

		Approved <u>FY18 Budget</u> \$40,000	FY18 Y-E <u>Projection</u> \$40,000	Proposed <u>FY19 Budget</u> \$40,000
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4650	\$5,000	<u>Facilities Rental Income</u>		
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Based on rental of the party rooms/meeting rooms owned by the Assoc. (Bldg. 738) @ \$150.00/rental, projecting 33 rentals during FY19 (note that there is also a \$200.00 refundable deposit requirement for each rental).

	Approved <u>FY18 Budget</u> \$5,000	FY18 Y-E <u>Projection</u> \$6,000	Proposed <u>FY19 Budget</u> \$5,000
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4655	\$68,000	<u>Storage Rental</u>		
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As availability permits, the Association rents storage spaces to unit owners and residents at rates set forth in Policy Resolution Number 12 (PR 12). There are 9 large rental closets, 83 standard rental closets and 84 rental bins = 176 rental spaces altogether. FY19 storage space rental income is based on the following fees: bin for 6 mos. = \$150.00; standard closet for 6 mos. = \$120.00; bin for 12 mos. = \$300.00; standard closet for 12 mos. = \$240.00; large closet for 12 mos. = \$1080. Increase for FY19 expected rental for additional storage units converted from (2) laundry rooms.

	Approved <u>FY18 Budget</u> \$60,000	FY18 Y-E <u>Projection</u> \$60,000	Proposed <u>FY19 Budget</u> \$66,000
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4660	\$48,000	<u>Resale Certificate Fees</u>		
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This is the income from unit owners (acting as prospective sellers of their condominium units), for the Association’s service (Homewise) of providing certificates of resale. The Association must provide such certificates as a matter of state law under the Virginia Condominium Act. A fee to recover the Association's cost is permitted by the Act. The fees are \$245/certificate, condo questionnaires etc. The FY19 budget figure is based the projection of income in FY18 and anticipates that conveyances of units in FY19 will probably remain at the pace seen in FY18.

		<u>Approved FY07 Budget</u>	<u>FY07 Y-E Projection</u>	<u>Proposed FY19 Budget</u>
		\$40,000	\$45,000	\$48,000
4690	\$9,500	<u>Other Income</u>		

This figure is based on income from bike registrations, coin income from the car vacuum at the Maintenance Yard, kayak storage, sale of old vehicles and equipment, etc.

		<u>Approved FY18 Budget</u>	<u>FY18 Y-E Projection</u>	<u>Proposed FY19 Budget</u>
		\$11,125	\$9,000	\$11,125
4695	\$5,000	<u>Interest Income</u>		

Parkfairfax’s interest income comes from 3 sources:

- Union Bank **checking account**
- Wells Fargo Advisors **money market account**
- Wells Fargo Advisors **bond (CDs & Treasury notes) investments**

Presume that the Association’s money market account maintains an average balance of \$250,000. In consultation with the Association’s Wachovia Securities investment advisor, Kevin O’Connor, use the following for budget purposes:

		<u>Approved FY18 Budget</u>	<u>FY18 Y-E Projection</u>	<u>Approved FY19 Budget</u>
		\$5,000	\$5,000	\$5,000
	Other Income Subtotals	\$301,925	\$301,925	\$305,925
		<u>Approved FY18 Budget</u>	<u>FY18 Y-E Projection</u>	<u>Approved FY19 Budget</u>
INCOME TOTALS:		\$9,337,014	\$9,352,014	\$9,267,911

Section 2: EXPENSES

<u>Account Number</u>	<u>Projected Expenses</u>	<u>Line Descriptor/Commentary</u>
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Administrative Expenses

5010	\$8,975	<u>Committees and Activities</u>		
		TLUC Committee		200
		<u>Activities Committee</u>		8725
		TOTAL		8,975
			<u>Approved</u>	<u>FY18 Y-E</u>
			<u>FY18 Budget</u>	<u>Projection</u>
			\$10,570	\$11,000
				<u>Proposed</u>
				<u>FY19 Budget</u>
				\$8,975
5011	\$7,500	<u>75TH Anniversary Committee</u>		
			<u>Approved</u>	<u>FY18 Y-E</u>
			<u>FY18 Budget</u>	<u>Projection</u>
			\$5,800	\$5,800
				<u>Proposed</u>
				<u>FY19 Budget</u>
				\$7,500
5020	\$30,000	<u>Computer Maintenance & Support</u>		
		Funding for all computer maintenance and support to include software. Dataprise IT Support, Cloud Services and TOPS		
			<u>Approved</u>	<u>FY18 Y-E</u>
			<u>FY18 Budget</u>	<u>Projection</u>
			\$30,000	\$30,000
				<u>Proposed</u>
				<u>FY19 Budget</u>
				\$30,000
5030	\$7,200	<u>Office Equipment Lease</u>		
		Funding is provided for the office equipment listed below:		
		Copy Machines		\$ 4,300
		Answering service contract		2,500
		Radio Repairs		400
		TOTAL		\$7,200

		Approved <u>FY18 Budget</u>	FY18 Y-E <u>Projection</u>	Proposed <u>FY19 Budget</u>
		\$7,200	\$7,200	\$7,200
5035	\$15,500	<u>Office Supplies</u> Provides for the purchase of office supplies for day-to-day operations; pens/pencils, paper/paper supplies, fax and computer supplies, water cooler, other office supplies.		
		Approved <u>FY18 Budget</u>	FY18 Y-E <u>Projection</u>	Proposed <u>FY19 Budget</u>
		\$15,500	\$15,500	\$15,500
5036	\$6,800	<u>Copying</u> Funding for expenses associated with the operation of the Association’s copy machine for Board and committee flyers, notices, etc.		
		Approved <u>FY18 Budget</u>	FY18 Y-E <u>Projection</u>	Proposed <u>FY19 Budget</u>
		\$6,800	\$6,800	\$6,800
5040	\$25,000	<u>Office Systems Services</u> M-Files, O365 and new firewall		
		Approved <u>FY18 Budget</u>	FY18 Y-E <u>Projection</u>	Proposed <u>FY19 Budget</u>
		\$20,000	\$20,000	\$25,000
5045	\$300	<u>Dues and Subscriptions</u> Funding for the dues and publications important to managers in their efforts to keep abreast of developments in their fields: Professional Grounds Management Society, Community Association Institute (CAI), Safety Newsletter, etc. CAI Membership for 3 Board members		
		Approved <u>FY18 Budget</u>	FY18 Y-E <u>Projection</u>	Proposed <u>FY19 Budget</u>
		\$300	\$300	\$300
5050	\$38,500	<u>Communications/Newsletter</u> Funding for the monthly production of the <u>Parkfairfax Forum</u> , the official newsletter of the Parkfairfax Condominium Unit Owners Association. Newsletter production expenses are significantly offset by advertising income (see income account #4055, “Advertising Income”).		
		Approved <u>FY18 Budget</u>	FY18 Y-E <u>Projection</u>	Proposed <u>FY19 Budget</u>
		\$38,500	\$38,500	\$38,500

5055	\$89,440	<p><u>Assessment Fees for Association Owned Units</u> Funding for the payment of condominium assessment fees on units that the Association owns. See income account #4001 for an itemization of these units and the condominium assessment fees that are due.</p>									
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<u>Approved</u>	<u>FY18 Y-E</u>	<u>Proposed</u>									
<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>									
\$89,440	\$89,440	\$89,440									
5060	\$20,000	<p><u>Postage</u> Funding for postage, including daily Association business, Annual Meeting mailings, etc.</p>									
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<u>Approved</u>	<u>FY18 Y-E</u>	<u>Proposed</u>									
<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>									
\$20,000	\$20,000	\$20,000									
5070	\$4,400	<p><u>Printing</u> Funding for materials that are commercially printed, such as election material, stationery including letterhead, envelopes, computer forms, etc. Bike decals, Business Cards, Door Hangers, Stationery/envelope, Election materials</p>									
		<table border="0"> <tr> <td style="text-align: center;"><u>Approved</u></td> <td style="text-align: center;"><u>FY18 Y-E</u></td> <td style="text-align: center;"><u>Proposed</u></td> </tr> <tr> <td style="text-align: center;"><u>FY18 Budget</u></td> <td style="text-align: center;"><u>Projection</u></td> <td style="text-align: center;"><u>FY19 Budget</u></td> </tr> <tr> <td style="text-align: center;">\$4,400</td> <td style="text-align: center;">\$4,400</td> <td style="text-align: center;">\$4,400</td> </tr> </table>	<u>Approved</u>	<u>FY18 Y-E</u>	<u>Proposed</u>	<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>	\$4,400	\$4,400	\$4,400
<u>Approved</u>	<u>FY18 Y-E</u>	<u>Proposed</u>									
<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>									
\$4,400	\$4,400	\$4,400									
5080	\$32,500	<p><u>Telephone</u> Funding for all Association telephone expenses, including the office telephones at the Management Office and Maintenance Facility, the emergency telephones and Wi-Fi at the swimming pools and Exercise Facility, and the cellular telephone and pager used by the Maintenance Department's on-call personnel.</p>									
		<table border="0"> <tr> <td style="text-align: center;"><u>Approved</u></td> <td style="text-align: center;"><u>FY18 Y-E</u></td> <td style="text-align: center;"><u>Proposed</u></td> </tr> <tr> <td style="text-align: center;"><u>FY18 Budget</u></td> <td style="text-align: center;"><u>Projection</u></td> <td style="text-align: center;"><u>FY19 Budget</u></td> </tr> <tr> <td style="text-align: center;">\$32,500</td> <td style="text-align: center;">\$32,500</td> <td style="text-align: center;">\$32,500</td> </tr> </table>	<u>Approved</u>	<u>FY18 Y-E</u>	<u>Proposed</u>	<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>	\$32,500	\$32,500	\$32,500
<u>Approved</u>	<u>FY18 Y-E</u>	<u>Proposed</u>									
<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>									
\$32,500	\$32,500	\$32,500									
5090	\$33,000	<p><u>Other Administrative Expense</u> Board Secretary, Courier service , Staff function/parties etc. Funding for expenses that do not fall into other expense lines.</p>									
		<table border="0"> <tr> <td style="text-align: center;"><u>Approved</u></td> <td style="text-align: center;"><u>FY18 Y-E</u></td> <td style="text-align: center;"><u>Proposed</u></td> </tr> <tr> <td style="text-align: center;"><u>FY18 Budget</u></td> <td style="text-align: center;"><u>Projection</u></td> <td style="text-align: center;"><u>FY19 Budget</u></td> </tr> <tr> <td style="text-align: center;">\$32,750</td> <td style="text-align: center;">\$33,000</td> <td style="text-align: center;">\$33,000</td> </tr> </table>	<u>Approved</u>	<u>FY18 Y-E</u>	<u>Proposed</u>	<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>	\$32,750	\$33,000	\$33,000
<u>Approved</u>	<u>FY18 Y-E</u>	<u>Proposed</u>									
<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>									
\$32,750	\$33,000	\$33,000									
Admin. Subtotals		<table border="0"> <tr> <td style="text-align: center;">\$313,760</td> <td style="text-align: center;">\$313,760</td> <td style="text-align: center;">\$319,115</td> </tr> </table>	\$313,760	\$313,760	\$319,115						
\$313,760	\$313,760	\$319,115									

5100 **\$13,190** **Board Expense/Annual Meeting**
 Funding to conduct the Annual Meeting held at Charles Barrett School.

Electronic Voting	\$ 4,000
Debbie Ribis Computer Service	700
PO Box	250
mailing expenses	6,600
Awards	600
School rental, janitorial fee, tip, food	<u>1,240</u>
	\$13,190

Approved	FY19 Y-E	Proposed
<u>FY19 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>
\$12,040	\$13,190	\$13,190

Payroll and Related

5302 **\$242,576** **Payroll - Administrative**
 1 FT Covenants Director
 2 FT Service Coordinators
 1 FT USP Director
 1 FT Maint. Admin Coordinator
 1 PT Service Coordinator (May 18 to Sept 19)

The proposed FY19 Budget figure = full staffing at the FY19 Budget level + 2.5% **average** in annual raises effective 1Jun18.

Approved	FY18 Y-E	Proposed
<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>
\$219,713	\$219,713	\$242,576

5304 **\$1,161,888** **Payroll - Maintenance**
 For FY19, three full time (3 FT) positions have been cut from the FY18 staffing level of 26 FT employees, leaving 23 FT employees (24 with place holder for old head painter out on long term disability). One temp was made full time to fill the open (Community Services) custodial position. No seasonal help.

General Maintenance Department
 1 FT Inventory Control Specialist
 7 FT Plumbers (**8 FT positions in FY18**)
 1 USP Mechanic
 2 FT Exterior Crew members (**3 FT positions in FY18**)
 2 FT Community Services Crew members
 3 FT Painter
 2 FT Carpenters

1 FT Carpenters Helper

Landscape Department

4 FT Landscape Crew members

The Payroll - Maintenance figure in FY19 includes an across the board 2.5% increase for all classifications beginning 1Jun18 consistent with the Collective Bargaining Agreement (CBA).

<u>Approved FY18 Budget</u>	<u>FY18 Y-E Projection</u>	<u>Proposed FY19 Budget</u>
\$1,223,104	\$1,163,104	\$1,161,888

5306 \$324,127

Payroll - Management

1 FT General Manager
1 FT Assistant General Manager
1 FT Director of Operations (Maintenance Department)

The proposed FY08 Budget figure = full staffing at the FY19 budget level + 2.5% **average** in annual raises effective 1Jun18.

<u>Approved FY18 Budget</u>	<u>FY18 Y-E Projection</u>	<u>Proposed FY19 Budget</u>
\$313,169	\$313,169	\$324,127

<u>Total Payroll Approved FY18 Budget</u>	<u>Total Payroll FY18 Y-E Projection</u>	<u>Total Payroll Proposed FY19 Budget</u>
\$1,755,986	\$1,695,986	\$1,728,592

5325 \$1,000

Bonuses/Awards, Etc.

Employee functions/parties etc. are now budgeted under expense line #5090– Other Admin. Expenses (\$1,500) since the auditors do not recognize this as a payroll related expense and reclassify it during the audit. This covers the bi-annual employee recognition (4 @ 250)

Employee Bonuses \$ 1,000

<u>Approved FY18 Budget</u>	<u>FY18 Y-E Projection</u>	<u>Proposed FY19 Budget</u>
\$1,000	\$1,000	\$1,000

5330 \$493,622.98

Group Insurance

Major Medical Group Health Care and Dental. The present CareFirst/Delta Dental policy through Man-U (CBA) year (2017/2020)

commenced on June 1st, 2017 and expires on May 31st, 2020. 7 months in FY19) reflects a firm quoted **7.5%** increase and 5 months (Jan-May 19) estimate **15%** over current rates to cover a projected general increase in the cost of health care services to the Association. Total FY19 major medical group health care expenses are projected at:

Management (30%)/Admin (12.5%) =	\$129,864
Maintenance (less 12.5) =	
<u>\$347,155</u>	
Subtotal:	\$477,019

Life and Disability Coverage. The Association’s policy runs with the Association’s fiscal year and the Association’s insurance agent recommends a **25%** increase for FY19:

FY19 figure	\$ 16,603
TOTAL	\$493,622

5335 \$300

Mileage
Funding travel to classes/training

<u>Approved</u>	<u>FY18 Y-E</u>	<u>Proposed</u>
<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>
\$300	\$300	\$300

5340 \$33,482

Payroll Taxes, Etc. - Management
Funding for payroll taxes @ 10.3% of gross payroll.

<u>Approved</u>	<u>FY18 Y-E</u>	<u>Proposed</u>
<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>
\$32,350	\$32,350	\$33,482

5345 \$24,694

Payroll Taxes, Etc. - Administration
Funding for payroll taxes @ 10.3% of gross

<u>Approved</u>	<u>FY18 Y-E</u>	<u>Proposed</u>
<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>
\$22,696	\$22,696	\$24,694

5350 \$117,957

Payroll Taxes, Etc. - Maintenance
Funding for payroll taxes @ 10.3% of gross pay.

<u>Approved</u>	<u>FY18 Y-E</u>	<u>Proposed</u>
<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>
\$123,247	\$93,247	\$117,957

5365	\$12,491	<p><u>Retirement (401(k) Employer Contributions) - Management</u> Calculate the employer match @ 3% of gross pay. Presume employee participation @ 100% as in FY19.</p>									
		<table border="0"> <tr> <td style="text-align: center;">Approved</td> <td style="text-align: center;">FY18 Y-E</td> <td style="text-align: center;">Proposed</td> </tr> <tr> <td style="text-align: center;"><u>FY18 Budget</u></td> <td style="text-align: center;"><u>Projection</u></td> <td style="text-align: center;"><u>FY19 Budget</u></td> </tr> <tr> <td style="text-align: center;">\$11,896</td> <td style="text-align: center;">\$11,896</td> <td style="text-align: center;">\$12,491</td> </tr> </table>	Approved	FY18 Y-E	Proposed	<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>	\$11,896	\$11,896	\$12,491
Approved	FY18 Y-E	Proposed									
<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>									
\$11,896	\$11,896	\$12,491									
5370	\$6813	<p><u>Retirement (401(k) Employer Contributions) - Administrative</u> Calculate the employer match @ 3% of gross pay. Full participation in FY19.</p>									
		<table border="0"> <tr> <td style="text-align: center;">Approved</td> <td style="text-align: center;">FY18 Y-E</td> <td style="text-align: center;">Proposed</td> </tr> <tr> <td style="text-align: center;"><u>FY18 Budget</u></td> <td style="text-align: center;"><u>Projection</u></td> <td style="text-align: center;"><u>FY19 Budget</u></td> </tr> <tr> <td style="text-align: center;">\$6489</td> <td style="text-align: center;">\$6489</td> <td style="text-align: center;">\$6813</td> </tr> </table>	Approved	FY18 Y-E	Proposed	<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>	\$6489	\$6489	\$6813
Approved	FY18 Y-E	Proposed									
<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>									
\$6489	\$6489	\$6813									
5375	\$29,494	<p><u>Retirement (401(k) Employer Contributions) - Maintenance</u> Calculate the employer match @ 3% of gross pay. Presume participation @ 69%, participation in FY19.</p>									
		<table border="0"> <tr> <td style="text-align: center;">Approved</td> <td style="text-align: center;">FY18 Y-E</td> <td style="text-align: center;">Proposed</td> </tr> <tr> <td style="text-align: center;"><u>FY18 Budget</u></td> <td style="text-align: center;"><u>Projection</u></td> <td style="text-align: center;"><u>FY19 Budget</u></td> </tr> <tr> <td style="text-align: center;">\$25,956</td> <td style="text-align: center;">\$25,956</td> <td style="text-align: center;">\$29,494</td> </tr> </table>	Approved	FY18 Y-E	Proposed	<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>	\$25,956	\$25,956	\$29,494
Approved	FY18 Y-E	Proposed									
<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>									
\$25,956	\$25,956	\$29,494									
5380	\$400	<p><u>Employee Recruitment</u> Cost for online employment ads</p>									
		<table border="0"> <tr> <td style="text-align: center;">Approved</td> <td style="text-align: center;">FY18 Y-E</td> <td style="text-align: center;">Proposed</td> </tr> <tr> <td style="text-align: center;"><u>FY18 Budget</u></td> <td style="text-align: center;"><u>Projection</u></td> <td style="text-align: center;"><u>FY19 Budget</u></td> </tr> <tr> <td style="text-align: center;">\$400</td> <td style="text-align: center;">\$639</td> <td style="text-align: center;">\$400</td> </tr> </table>	Approved	FY18 Y-E	Proposed	<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>	\$400	\$639	\$400
Approved	FY18 Y-E	Proposed									
<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>									
\$400	\$639	\$400									
5390	\$64,500	<p><u>Workers Compensation</u> Current MOD is now 1.39, but due to number of claims this past year our Broker has suggest a possible 40% increase which is reflected in the FY19 proposed budget.</p>									
		<table border="0"> <tr> <td style="text-align: center;">Approved</td> <td style="text-align: center;">FY18 Y-E</td> <td style="text-align: center;">Proposed</td> </tr> <tr> <td style="text-align: center;"><u>FY18 Budget</u></td> <td style="text-align: center;"><u>Projection</u></td> <td style="text-align: center;"><u>FY19 Budget</u></td> </tr> <tr> <td style="text-align: center;">\$41,917</td> <td style="text-align: center;">\$41,917</td> <td style="text-align: center;">\$64,500</td> </tr> </table>	Approved	FY18 Y-E	Proposed	<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>	\$41,917	\$41,917	\$64,500
Approved	FY18 Y-E	Proposed									
<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>									
\$41,917	\$41,917	\$64,500									
5395	\$11,000	<p><u>Education/Training Benefit/Safety Programs</u> Asbestos Operations/Respirator Certification, OSHA Training CAI Property Management Development Courses and some additional money for landscaping classes, CPR/First Aid training, mold and mildew remediation, etc.</p>									
		<table border="0"> <tr> <td style="text-align: center;">Approved</td> <td style="text-align: center;">FY18 Y-E</td> <td style="text-align: center;">Proposed</td> </tr> <tr> <td style="text-align: center;"><u>FY18 Budget</u></td> <td style="text-align: center;"><u>Projection</u></td> <td style="text-align: center;"><u>FY19 Budget</u></td> </tr> </table>	Approved	FY18 Y-E	Proposed	<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>			
Approved	FY18 Y-E	Proposed									
<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>									

	\$11,000	\$11,000	\$11,000
	<u>Approved FY18 Budget</u> \$860,250	<u>FY18 Y-E Projection</u> \$750,250	<u>Proposed FY19 Budget</u> \$795,755
Payroll Subtotals	<u>\$2,616,236</u>	<u>\$2,446,236</u>	<u>\$2,524,347</u>

Utility Expenses

6010 \$1,263,995

Water and Sewer

Funding for potable water and sanitary sewer expenses for all units. These numbers reflect the new sewer rates put forth by Alexandria ReNew in FY18 to cover costs for sewer and storm water separation. Review of water and sewer expenses over the past 5 years is below.

2013:	1,018,866
2014:	993,937
2015:	998,560
2016:	1,009,751
2017:	1,128,165

	<u>Approved FY18 Budget</u> \$1,227,180	<u>FY18 Y-E Projection</u> \$1,160,180	<u>Proposed FY19 Budget</u> \$1,263,995
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6020 \$260,000

Natural Gas

The Association provides and pays for the natural gas needed to heat the water supplied from the Association's common element water heaters to the hot water spigots in the kitchens and bathrooms of the individual condominium units, to the kitchen stoves which use natural gas in the individual condominium units and gas dryers in the laundry rooms. A review of audited gas expenses over the past 5 years is presented below.

2013:	302,230
2014:	290,383
2015:	305,573
2016:	291,597
2017:	258,709

Natural gas bills present charges in 2 components. The first component (the "product" total) covers both the cost per therm of the natural gas

itself (“commodity”) and the transcontinental pipeline charges to get the gas to the Northern Virginia area. The second component (the “local distribution” total) covers local delivery (“utility”) charges.

The Association entered into a new gas services contract with Direct Energy Corporation commencing December 1, 2017 in which Direct Energy will provide “product” at a lower therm cost and Washington Gas Energy Services, a wholly owned subsidiary of Washington Gas Light Company, will provide distribution services. We have the ability each year to revisit if rates go lower and then agree to a new blended contract.

Approved <u>FY18 Budget</u>	FY18 Y-E <u>Projection</u>	Proposed <u>FY19 Budget</u>
\$260,000	\$240,000	\$260,000

6030 \$105,485

Electricity

This expense line covers funding for electric power to the Association’s Management Office and Maintenance Facility, for all exterior lighting, and for electric power to laundry rooms/storage rooms. **Each condominium unit is individually metered for electric power. The owners/tenants/occupants of the individual condominium units are responsible to pay the electric power expenses associated with their respective units; this responsibility includes the tenants/occupants who, under lease agreements, live in units owned by the Association.** A review of audited electricity expenses over the past 5 years is presented below

2013:	91,733
2014:	109,425
2015:	114,917
2016:	101,701
2017:	96,057

The costs in a Dominion Virginia Power bill are a composite of 2 cost elements: a “basic rate” component and a “field costs” component.

Approved <u>FY18 Budget</u>	FY07 Y-E <u>Projected</u>	Proposed <u>FY19 Budget</u>
\$105,485	\$95,000	\$105,485

6035 \$324,640

Trash Removal Services

Funding for both residential trash removal services from the individual

unit front stoops/porches (Capitol Services, Smithfield, VA) and for commercial trash removal and recycling services at the Maintenance Yard (IDS and ESI).

Residential Trash Removal Service

1,677 units @ \$12.75/month	\$256,581
Oct 1 st , 2018 1% increase (9 months)	<u>1710.00</u>
<u>Subtotal</u>	\$258,291

Note: There are a total of 1,684 residential units at Parkfairfax minus 7 units (main office and fitness units).

IDS and ESI

Commercial Trash and Recycling Removal Service

6 8-yard containers twice/week @ \$2483/month	\$ 29,796
2 30 yard container av. 10/mo @ \$2,060/month	24,724
1 30 yard brush container av. 2/mo @ \$986/month	11,829
<u>Subtotal</u>	\$ <u>66,349</u>
<u>Total</u>	\$324,640

	Approved FY18 Budget	FY18 Y-E Projection	Proposed FY19 Budget
	\$301,120	\$301,120	\$324,640
Utility Subtotals	<u>\$1,893,786</u>	<u>\$1,952,411</u>	<u>\$1,954,120</u>

Contracted Services and Supplies

6100 **\$288,460** **Landscaping Contract**
 Funding (\$277,460) for contracted landscape maintenance and care services. The Association’s landscaper at this time has yet to be determined. The budget figure used here is the contracted fee of Community Landscape Services (Sterling, VA), Additional \$11,000 for landscape design services. Please refer to contract specifications for description.

Approved FY18 Budget	FY18 Y-E Projection	Proposed FY19 Budget
\$297,434	\$285,000	\$288,460

6115 **\$15,000** **USP Parts and Materials**

All parts and supplies used to support the USP program. A surcharge of 20% is passed along to the customer on most parts and fixtures. Decrease reflects removal of some offerings and less demand for USP.

		Approved <u>FY18 Budget</u>	FY18 Y-E <u>Projection</u>	Proposed <u>FY19 Budget</u>
6120	\$120,000	\$20,000	\$15,000	\$15,000
		<u>Tree Maintenance</u>		
		Costs for outside contractor to prune, trim and remove trees. Increase due to major trimming program to remove dead and declining limbs and trees.		
		Approved <u>FY18 Budget</u>	FY18 Y-E <u>Projection</u>	Proposed <u>FY19 Budget</u>
6130	\$135,750	\$120,000	\$157,000	\$140,000
		<u>Landscape - Other</u>		
		Spring/Fall flower rotations at focal areas/pools. Grass seed, fertilizers, Hay, mulch, irrigation repairs, retaining wall installs, erosion control, Replacement trees, bushes, and shrubs, transformer screening and sod.		
		Approved <u>FY18 Budget</u>	FY18 Y-E <u>Projection</u>	Proposed <u>FY19 Budget</u>
6140	\$100,000	\$135,750	\$130,000	\$130,000
		<u>Pest Control/Exterminating</u>		
		This expense line provides funding for pest control and eradication services to unit owners and tenants upon request, and for regular services to common areas such as the Management Office, the Maintenance Facility, the Exercise Facility, Association owned units, the laundry rooms, etc. Requirement to treat the entire building when termites are found has increased the total cost as well as additional funds for rodent control. Currently well over budget due to increase rodent activity. Cost increase for FY19 due to additional bait stations and burrow dusting and sealing.		
		Approved <u>FY18 Budget</u>	FY18 Y-E <u>Projection</u>	Proposed <u>FY19 Budget</u>
6150	\$18,000	\$45,000	\$135,000	\$100,000
		<u>Uniforms</u>		
		Safety shoes (23 employees @ \$150/reimbursement)		\$ 3450
		Uniform Service (Cintas)		13,000
		Caps, insulated overalls, rain gear, etc.		1,550
		Approved <u>FY18 Budget</u>	FY18 Y-E <u>Projection</u>	Proposed <u>FY19 Budget</u>
		\$15,000	\$20,000	\$18,000

6160	\$20,000	<u>Snow Removal Services</u> Funding for the fees of snow clearing contractors when needed to augment the efforts of Association staff, and for supplies necessary to facilitate the Association's snow clearing plan. Overtime labor expenses for Parkfairfax staff, which may be incurred in connection with snow clearing services, are found in expense account #5304.									
		<table border="0" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;"><u>Approved</u></td> <td style="text-align: center;"><u>FY18 Y-E</u></td> <td style="text-align: center;"><u>Proposed</u></td> </tr> <tr> <td style="text-align: center;"><u>FY18 Budget</u></td> <td style="text-align: center;"><u>Projection</u></td> <td style="text-align: center;"><u>FY19 Budget</u></td> </tr> <tr> <td style="text-align: center;">\$20,000</td> <td style="text-align: center;">\$20,000</td> <td style="text-align: center;">\$20,000</td> </tr> </table>	<u>Approved</u>	<u>FY18 Y-E</u>	<u>Proposed</u>	<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>	\$20,000	\$20,000	\$20,000
<u>Approved</u>	<u>FY18 Y-E</u>	<u>Proposed</u>									
<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>									
\$20,000	\$20,000	\$20,000									
6170	\$3,000	<u>Exercise Facility Equipment R&M</u> Funding for the quarterly service contract with Life Fitness and parts.									
		<table border="0" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;"><u>Approved</u></td> <td style="text-align: center;"><u>FY18 Y-E</u></td> <td style="text-align: center;"><u>Proposed</u></td> </tr> <tr> <td style="text-align: center;"><u>FY18 Budget</u></td> <td style="text-align: center;"><u>Projection</u></td> <td style="text-align: center;"><u>FY19 Budget</u></td> </tr> <tr> <td style="text-align: center;">\$3,000</td> <td style="text-align: center;">\$3,000</td> <td style="text-align: center;">\$3,000</td> </tr> </table>	<u>Approved</u>	<u>FY18 Y-E</u>	<u>Proposed</u>	<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>	\$3,000	\$3,000	\$3,000
<u>Approved</u>	<u>FY18 Y-E</u>	<u>Proposed</u>									
<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>									
\$3,000	\$3,000	\$3,000									
6190	\$19,000	<u>Vehicle Maintenance/Repair</u> Provision for repair and maintenance expenses to/for Association owned vehicles.									
		<table border="0" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;"><u>Approved</u></td> <td style="text-align: center;"><u>FY18 Y-E</u></td> <td style="text-align: center;"><u>Proposed</u></td> </tr> <tr> <td style="text-align: center;"><u>FY18 Budget</u></td> <td style="text-align: center;"><u>Projection</u></td> <td style="text-align: center;"><u>FY19 Budget</u></td> </tr> <tr> <td style="text-align: center;">\$19,000</td> <td style="text-align: center;">\$19,000</td> <td style="text-align: center;">\$19,000</td> </tr> </table>	<u>Approved</u>	<u>FY18 Y-E</u>	<u>Proposed</u>	<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>	\$19,000	\$19,000	\$19,000
<u>Approved</u>	<u>FY18 Y-E</u>	<u>Proposed</u>									
<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>									
\$19,000	\$19,000	\$19,000									
6195	\$21,500	<u>Vehicle/Equipment Fuel/Oil</u> Funding for gasoline and diesel fuel used in the Association's vehicles and equipment. Preventative maintenance, oil changes, inspections									
		<table border="0" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;"><u>Approved</u></td> <td style="text-align: center;"><u>FY18 Y-E</u></td> <td style="text-align: center;"><u>Proposed</u></td> </tr> <tr> <td style="text-align: center;"><u>FY18 Budget</u></td> <td style="text-align: center;"><u>Projection</u></td> <td style="text-align: center;"><u>FY19 Budget</u></td> </tr> <tr> <td style="text-align: center;">\$30,000</td> <td style="text-align: center;">\$30,000</td> <td style="text-align: center;">\$30,000</td> </tr> </table>	<u>Approved</u>	<u>FY18 Y-E</u>	<u>Proposed</u>	<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>	\$30,000	\$30,000	\$30,000
<u>Approved</u>	<u>FY18 Y-E</u>	<u>Proposed</u>									
<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>									
\$30,000	\$30,000	\$30,000									
Contract Service Subtotals		<table border="0" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;"><u>\$705,184</u></td> <td style="text-align: center;"><u>\$825,000</u></td> <td style="text-align: center;"><u>\$763,460</u></td> </tr> </table>	<u>\$705,184</u>	<u>\$825,000</u>	<u>\$763,460</u>						
<u>\$705,184</u>	<u>\$825,000</u>	<u>\$763,460</u>									

Repair & Maintenance

6410	\$40,000	<u>General Maintenance Repairs</u> Funding for maintenance and repairs not readily classified under any
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other operations budget expense line, and not itemized in the Replacement Reserve, including: Repairs to Association units/buildings, Fire extinguisher testing, Tot lot repairs, HVAC repairs in Association staff/rental units, HVAC repairs, etc. in Association offices, Carpet cleaning in Association owned units

Approved	FY18 Y-E	Proposed
<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>
\$40,000	\$40,000	\$40,000

6415 **\$20,000**

Electrical/Lighting Repairs

Funding for lighting and wiring improvements (other funding is found in Reserve line items).

Approved	FY18 Y-E	Proposed
<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>
\$20,000	\$20,000	\$20,000

6320 **\$1,000**

Equipment Rental/Repair and Maintenance

Funding for repair and maintenance of tools and equipment owned by the Association. Equipment covered under this expense line is usually gasoline or electric powered, and includes backhoes, tractors, sand/chemical spreaders, concrete mixers, water jets, sewer line snaking equipment, hedge trimmers, chippers, etc. Maintenance and repairs to Association owned vehicles are covered under expense account #6190

Approved	FY18 Y-E	Proposed
<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>
\$1,000	\$1,000	\$1,000

6430 **\$60,000**

General Repair and Maintenance

This expense line covers a combination of in-house and contracted wood repairs on buildings, including replacement of damaged fascia boards, columns, doorframes, doors, etc. (not included in reserve cycle) A significant amount of outside carpentry work may still be needed for work beyond the wood trim replacement anticipated including corrections of building settlement problems at doors and windows and other replacement necessities.

Approved	FY18 Y-E	Proposed
<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>
\$60,000	\$60,000	\$60,000

6440 **\$35,000**

Maintenance/Repair Supplies

Funding for supplies necessary for the ongoing repair and maintenance of the building exteriors, general common area improvements and for repairs within Association owned units and equipment in FY19), including: Window glass/window/glazing supplies

Plumbing supplies, fittings, wire, etc.
 Gutter maintenance supplies, spikes caulk, etc. Pavement repair supplies, crack, sealant, etc. Concrete/masonry repair supplies, Thorocrete, etc. Lock repair supplies, cylinders, hardware, keys, etc. Sanitary supplies, hand soap, paper towels, tissue, etc. Laundry accessories

Approved	FY18 Y-E	Proposed
<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>
\$35,000	\$35,000	\$35,000

6445 **\$20,000** **Janitorial and Cleaning Supplies**
 Cost associated for materials and supplies to maintain Association offices, party room, fitness center, pools and employee areas.

Approved	FY18 Y-E	Proposed
<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>
\$18,000	\$21,000	\$20,000

6450 **\$196,300** **Painting Services (Contracted)**
 All 61 Buildings and 9 Laundry Rooms in Ward 1
 + one (1) complete and three (3) partial white sand brick buildings.
 2019 bid solicitations have been sent out. Anticipate 3% increase

Approved	FY18 Y-E	Proposed
<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>
\$196,300	\$201,300	\$202,180

6452 **\$15,000** **Painting Supplies**
 Paint supplies for staff painters working on the common areas and interior repairs under Association responsibility, street painting, etc.

Approved	FY18 Y-E	Proposed
<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>
\$15,000	\$15,000	\$15,000

6455 **\$30,000** **Plumbing Supplies**
 Supplies associated with internal work, fittings, PEX, copper, pvc lines. Related supplies

Approved	FY18 Y-E	Proposed
<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>
\$30,000	\$30,000	\$30,000

	Pool Expenses Subtotals	\$85,000	\$106,600	\$106,000
<u>Professional Services</u>				
6110	\$13,000	<u>Audit Expense</u>	Funding for an annual audit of the Association's books and records.	
		<u>Approved FY18 Budget</u>	<u>FY19 Y-E Projection</u>	<u>Proposed FY19 Budget</u>
		\$13,000	\$18,500	\$14,500
6620	\$15,000	<u>Engineering Services</u>	Funding for services outside of the settlement work reserves 1.006	
		<u>Approved FY18 Budget</u>	<u>FY19 Y-E Projection</u>	<u>Proposed FY19 Budget</u>
		\$15,000	\$15,000	\$15,000
6630	\$15,000	<u>Legal Fees Collections</u>	Funding for legal work and other assistance needed on past due accounts. Most of these expenses should be recovered through the ultimate payment of arrearages by debtors.	
		<u>Approved FY18 Budget</u>	<u>FY18 Y-E Projection</u>	<u>Proposed FY19 Budget</u>
		\$10,000	\$10,000	\$15,000
6640	\$40,000	<u>Legal Fees-General Counsel</u>	Funding for general counsel legal services to the Association under a retainer arrangement with Chadwick, Washington, Olters, Moriarty & Lynn. The Projected FY18 figure was higher due to litigation costs from 726 (2015) building fire.	
		<u>Approved FY18 Budget</u>	<u>FY18 Y-E Projection</u>	<u>Proposed FY19 Budget</u>
		\$35,000	\$50,000	\$40,000
6650	\$40,000	<u>Legal Fees-Labor</u>	Funding for counsel for labor legal services to the Association under a retainer arrangement with ShulmanRodgers. The Projected FY18 figure was lower due to the settling of the CBA sooner than anticipated.	
		<u>Approved FY18 Budget</u>	<u>FY18 Y-E Projection</u>	<u>Proposed FY19 Budget</u>
		\$65,000	\$45,000	\$40,000

6550 **\$68,802** **Management Contract**
 Funding for the professional management services of Klingbeil, Powell & Alrutz, Inc. (KPA) under the management agreement. KPA provides budgeting, financial accounting, financial reporting, and support to the Board of Directors as needed.

<u>Approved FY18 Budget</u>	<u>FY18 Y-E Projection</u>	<u>Proposed FY19 Budget</u>
\$67,453	\$67,453	\$68,802

6660 **\$0** **Professional Fees**

<u>Approved FY18 Budget</u>	<u>FY18 Y-E Projection</u>	<u>Proposed FY19 Budget</u>
\$0	\$0	\$0

Subtotal Professional Fees	<hr/>	<hr/>	<hr/>
	\$205,453	\$180,000	193,301

Other Expenses

6710 **\$10,000** **Bad Debt Expense**
 Funding primarily for unpaid assessment fees, late fees, etc., which the Association’s collections attorney advises, are legally uncollectible, and which are subsequently written off the Association’s financial records following Board approval.

<u>Approved FY18 Budget</u>	<u>FY18 Y-E Projection</u>	<u>Proposed FY19 Budget</u>
\$10,000	\$10,000	\$10,000

6720 **\$351,000** **Insurance - Building, Liability, D&O, Vehicles, Etc.**
 This expense line funds the Association’s package (general liability/property damage), commercial auto (vehicles), workers compensation, boiler and machinery, fidelity bond, crime, excess crime, umbrella, and directors and officers (D&O) insurance policies. The policy year coincides with the Association’s fiscal year (1Jun- 31May).

FY19 premium payments, representing no increase in the aggregate over FY18 payments, are those recommended by Raley, Watts & O’Neill, the Association’s insurance agent. The replacement limit under the blanket building coverage is \$242,812,400.

<u>Approved FY18 Budget</u>	<u>FY018 Y-E Projection</u>	<u>Proposed FY19 Budget</u>
\$351,000	\$351,000	\$351,000

6430	\$5,000	<p><u>Permits & Licenses</u> Funding for City of Alexandria for licenses and permit fees (sewer, water and gas lines, etc.) Christmas Tree lighting. Hazardous Use permits (yard).</p>									
		<table border="0" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;"><u>Approved</u></td> <td style="text-align: center;"><u>FY18 Y-E</u></td> <td style="text-align: center;"><u>Proposed</u></td> </tr> <tr> <td style="text-align: center;"><u>FY18 Budget</u></td> <td style="text-align: center;"><u>Projection</u></td> <td style="text-align: center;"><u>FY19 Budget</u></td> </tr> <tr> <td style="text-align: center;">\$5,000</td> <td style="text-align: center;">\$5,000</td> <td style="text-align: center;">\$5,000</td> </tr> </table>	<u>Approved</u>	<u>FY18 Y-E</u>	<u>Proposed</u>	<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>	\$5,000	\$5,000	\$5,000
<u>Approved</u>	<u>FY18 Y-E</u>	<u>Proposed</u>									
<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>									
\$5,000	\$5,000	\$5,000									
6740	\$15,000	<p><u>Income Taxes</u> Based on the audit of the Association’s books and records annual income tax expenses.</p>									
		<table border="0" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;"><u>Approved</u></td> <td style="text-align: center;"><u>FY18 Y-E</u></td> <td style="text-align: center;"><u>Proposed</u></td> </tr> <tr> <td style="text-align: center;"><u>FY18 Budget</u></td> <td style="text-align: center;"><u>Projection</u></td> <td style="text-align: center;"><u>FY19 Budget</u></td> </tr> <tr> <td style="text-align: center;">\$15,000</td> <td style="text-align: center;">\$15,000</td> <td style="text-align: center;">\$15,000</td> </tr> </table>	<u>Approved</u>	<u>FY18 Y-E</u>	<u>Proposed</u>	<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>	\$15,000	\$15,000	\$15,000
<u>Approved</u>	<u>FY18 Y-E</u>	<u>Proposed</u>									
<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>									
\$15,000	\$15,000	\$15,000									
6750	\$23,000	<p><u>Property/Real Estate Taxes</u> Funding for property and real estate taxes on the residential units owned and vehicles and equipment by the Association.</p>									
		<table border="0" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;"><u>Approved</u></td> <td style="text-align: center;"><u>FY18 Y-E</u></td> <td style="text-align: center;"><u>Proposed</u></td> </tr> <tr> <td style="text-align: center;"><u>FY18 Budget</u></td> <td style="text-align: center;"><u>Projection</u></td> <td style="text-align: center;"><u>FY19 Budget</u></td> </tr> <tr> <td style="text-align: center;">\$23,000</td> <td style="text-align: center;">\$23,000</td> <td style="text-align: center;">\$23,000</td> </tr> </table>	<u>Approved</u>	<u>FY18 Y-E</u>	<u>Proposed</u>	<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>	\$23,000	\$23,000	\$23,000
<u>Approved</u>	<u>FY18 Y-E</u>	<u>Proposed</u>									
<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>									
\$23,000	\$23,000	\$23,000									
6780	\$10,325	<p><u>Owned Unit Mortgage Interest</u> Funds to cover monthly/annual interest on mortgage for unit 3278 Martha Custis</p>									
		<table border="0" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;"><u>Approved</u></td> <td style="text-align: center;"><u>FY18 Y-E</u></td> <td style="text-align: center;"><u>Proposed</u></td> </tr> <tr> <td style="text-align: center;"><u>FY18 Budget</u></td> <td style="text-align: center;"><u>Projection</u></td> <td style="text-align: center;"><u>FY19 Budget</u></td> </tr> <tr> <td style="text-align: center;">\$10,235</td> <td style="text-align: center;">\$10,235</td> <td style="text-align: center;">\$10,325</td> </tr> </table>	<u>Approved</u>	<u>FY18 Y-E</u>	<u>Proposed</u>	<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>	\$10,235	\$10,235	\$10,325
<u>Approved</u>	<u>FY18 Y-E</u>	<u>Proposed</u>									
<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>									
\$10,235	\$10,235	\$10,325									
6780	\$25,500	<p><u>Insurance Claims/Insurance Losses</u> Funding for insurance deductibles and for insured losses that are less than the \$50,000 deductible (plumbing malfunctions, roof leaks, gutter overflows, etc.)</p>									
		<table border="0" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;"><u>Approved</u></td> <td style="text-align: center;"><u>FY18 Y-E</u></td> <td style="text-align: center;"><u>Proposed</u></td> </tr> <tr> <td style="text-align: center;"><u>FY18 Budget</u></td> <td style="text-align: center;"><u>Projection</u></td> <td style="text-align: center;"><u>FY19 Budget</u></td> </tr> <tr> <td style="text-align: center;">\$50,000</td> <td style="text-align: center;">\$50,000</td> <td style="text-align: center;">\$50,000</td> </tr> </table>	<u>Approved</u>	<u>FY18 Y-E</u>	<u>Proposed</u>	<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>	\$50,000	\$50,000	\$50,000
<u>Approved</u>	<u>FY18 Y-E</u>	<u>Proposed</u>									
<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>									
\$50,000	\$50,000	\$50,000									

Other Expenses Subtotal \$ 464,325 \$ 464,325 \$ 464,325

6900 Reserves Repair & Replacement

In 2015 the Association approved a study to determine the amount of money which the Association should contribute to a single purpose fund, termed a Replacement Reserve (Reserve Fund), to adequately anticipate the eventual repair and replacement expenses of building elements and other commonly owned capital and other assets which have predictable average useful lives. A firm expert in reserve study analyses, Reserve Advisors, conducted the study and wrote a report, referred to as a Replacement Reserve Report. The findings of the report, dated March 5th, 2016 were implemented in the Association’s FY17 budget year. A subsequent update was provided on May 11, 2017. The current FY18 and proposed FY19 follow the guidelines set forth in these studied.

Contributions to the Replacement Reserve. Data in the updated Replacement Reserve Report indicate that the amount of money, which must be contributed to the Replacement Reserve in each 30 successive years beginning with FY16 increase annually by 3%. This can be adjusted up or down per anticipated work by the Board. Each monthly contribution to the Reserve fund is written from the Association’s operating account to an investment account managed by Parkfairfax’s certified investment advisor, and the money is invested very conservatively until the money is needed to pay for the repair/replacement work specified in the report.

Expenditures from the Replacement Reserve. The updated Replacement Reserve Report has also projected expenditures from the updated Replacement Reserve over the next 30 years. The individual elements identified and enumerated in the report can be moved forward or backward within the sequence of years covered by the report as the Association’s needs may warrant without harming the report’s ultimate utility.

The updated Replacement Reserve Report, dated May 11th, 2017, projected expenditures in FY18 of **\$2,701,800**. The Board voted to lower this by 2% (\$54,036) to cover anticipated increases in the annual sewer charges. The actual need for expenditures once items already completed, deferred or added to the FY18 list are likely to be on the order of \$2,550,000.

Approved	FY18 Y-E	Proposed
<u>FY18 Budget</u>	<u>Projection</u>	<u>FY19 Budget</u>
\$2,647,764	\$2,550,000	\$2,512,010

TOTAL OPERATING

EXPENSE

\$9,363,849

\$9,263,849

\$9,276,01