To: Co-Owners of Fairlington Arbor

From: Rob Brockhaus, Treasurer

Date: September 1, 2011

Re: FY 2012 Proposed Operating Budget

Attached please find the proposed FY 2012 operating budget for Fairlington Arbor. As the Arbor treasurer, I worked closely with your neighbors on the finance committee to create this budget and incorporated community feedback received at the August 10th draft budget presentation.

The Arbor Finance Committee, Arbor Board of Directors and I look forward to meeting with the community to vote on the approval of the budget at the annual budget meeting scheduled for **Thursday, September 29th, at 7:30 pm at the Fairlington Community Center**. The Community Center is located in South Fairlington at 3308 South Stafford Street. It is important that owners attend this meeting or submit their signed proxy. Please see enclosed instructions and proxy form if you are unable to attend the September 29th meeting.

This year's budget continues the basic format and framework of the 2011 budget. It provides for the continued operation of Fairlington Arbor, and lays out a revised plan for expenditures from the reserve fund for the next five years.

A few highlights of the budget are:

- Reduced budget for pool maintenance due to the purchase of last year's pool covers
- Reduced budget for tree trimming due to the loss of several large trees
- New budget line-item for major bush trimming in six courts
- Increased funding for B-Unit paint touchups in targeted hallways
- Increased funding for concrete repairs
- Replacement of last concrete/asbestos roof in Court 6
- A 5% increase to homeowner assessments to allow for higher contributions to reserves

The budget presentation is on the Arbor's website along with updated maps of the sewer lateral lining and roof replacement projects. The website is: http://www.fairlington.org/arborindex.htm.

If you have any questions regarding the budget or the financial management of the Arbor, please contact me at 703-931-2643. You may also send written comments to the Arbor Board of Directors at 3472 A-1 S Utah Street, Arlington, VA 22206.

Sincerely,

Rob Brockhaus

Fairlington Arbor
FY2012 Monthly Assessment Schedule

	FY 2011	FY 2012	Change
Arlington	$ 308.58	$ 324.01	$15.43
Barcroft End	$ 203.46	$ 213.63	$10.17
Barcroft Inside	$ 198.38	$ 208.30	$9.92
Braddock End	$ 164.46	$ 172.68	$8.22
Braddock Inside	$ 159.38	$ 167.35	$7.97
Clarendon End	$ 247.55	$ 259.93	$12.38
Clarendon Inside	$ 242.46	$ 254.58	$12.12
Dominion	$ 286.55	$ 300.87	$14.33
Edgewood End	$ 220.42	$ 231.44	$11.02
Edgewood Inside	$ 214.48	$ 225.21	$10.72

- Proposed 5% assessment increase
- Average increase of $11.23 per unit per month
- Effective 1 November, pending budget approval

Fairlington Arbor
FY2012 Monthly Assessment Comparison

	Arbor	Mews	Meadows	Glen	Commons	Green	Villages
# of Units	367	277	342	352	229	169	1,703
Monthly HOA Fee - Inside Clarendon							
Current / Proposed	$242 / $254	$ 289	$ 287	$ 337	$ 337	$ 349	$ 334
Date Implemented	FY11/FY12	FY12	FY11	FY11	FY11	FY11	FY11

2012 OPERATING BUDGET - FAIRLINGTON ARBOR

	FY 2010 Actual	FY 2011 Budget	FY 2011 Year End Est.	FY 2012 Proposed
Income				
Assessments				
Residential Assessments	*$969,387*	*$1,017,318*	*$1,017,318*	*$1,068,200*
Total Assessments	*$969,387*	*$1,017,318*	*$1,017,318*	*$1,068,200*
Other Income				
Interest Income	$8,830	$8,500	$8,500	$8,500
NSF and Late Charges	$1,258	$0	$751	$0
Miscellaneous Income	$1,634	$0	$38,388	$0
Bad Debt	$0	$0	$5	$0
Total Other Income	**$11,722**	**$8,500**	**$47,644**	**$8,500**
Total Income	**$981,109**	**$1,025,818**	**$1,064,962**	**$1,076,700**
Expenses				
Administrative				
Postage	$1,319	$1,200	$1,200	$1,300
Printing and Copying	$0	$0	$0	$250
Misc. Administrative	$11,204	$12,000	$13,000	$13,000
Audit	$3,675	$4,000	$3,675	$4,000
Legal Expenses	$2,669	$4,500	$5,500	$5,000
Management Fees	$48,954	$50,429	$50,424	$51,963
Prop and Liability Insurance	$62,655	$63,500	$63,248	$64,823
Insurance Deductable	$28,791	$0	$0	$5,000
Uncollectable Charges	$0	$0	$0	$0
Condo Fees	$2,267	$2,381	$2,381	$2,500
Telephone & Internet Expenses	$3,195	$3,000	$3,000	$3,000
Community Outreach	$3,719	$4,000	$5,400	$5,400
TOTAL ADMINISTRATIVE	**$168,448**	**$145,010**	**$147,828**	**$156,236**
Payroll				
Payroll Taxes	$10,045	$10,900	$11,000	$11,686
Health Insurance	$22,522	$24,600	$25,000	$26,226
Employee Benefits	$0	$0	$0	$0
Workers Comp. Insurance	$4,207	$6,900	$3,250	$3,500
Maintenance Salaries	$131,954	$138,000	$140,000	$148,140
TOTAL PAYROLL EXPENSES	**$168,728**	**$180,400**	**$179,250**	**$189,552**
Utilities				
Electricity	$8,651	$10,000	$9,000	$10,000
Water/Sewer	$187,627	$190,000	$191,500	$202,000
TOTAL UTILITIES	**$196,278**	**$200,000**	**$200,500**	**$212,000**
Repairs & Maintenance				
Electrical Supplies	$55	$600	$700	$600
Sewer Maintenance	$8,746	$3,000	$19,142	$3,000
(Ext.) Painting & Décor	$51,325	$80,640	$80,000	$85,000
Interior Maintenance	$0	$1,600	$500	$3,500
Misc. Operations Maintenance	$11,589	$10,000	$10,000	$10,000
Gutter Porch & Dormer	$12,500	$10,000	$10,000	$10,000
Rep/Maint-Concrete	$7,684	$3,500	$3,500	$6,500
Rep/Maint Roof	$1,222	$10,000	$10,000	$9,000
Rep/Maint Vehicle	$3,339	$4,000	$4,000	$4,000
Rep/Maint Tennis Court	$0	$1,000	$200	$1,000
Rep/Maint Fence	$0	$500	$400	$1,000
TOTAL REPAIR & MAINT.	**$96,460**	**$124,840**	**$138,442**	**$133,600**
Pool Expenses				
Pool Management	$32,455	$32,455	$32,445	$33,104
Rep/Maint Pool	$8,023	$17,000	$18,513	$7,000
Pool Furniture	$157	$500	$500	$500
Pool Telephone	$87	$0	$0	$0
TOTAL POOL EXPENSES	**$40,722**	**$49,955**	**$51,458**	**$40,604**
Landscaping				
Landscaping Other	$3,622	$6,000	$4,000	$6,000
Tree Trimming	$7,440	$7,000	$7,000	$6,000
Brush Trimming	$0	$0	$0	$6,500
Landscaping Contract	$64,588	$67,500	$65,000	$67,500
TOTAL LANDSCAPING	**$75,650**	**$80,500**	**$76,000**	**$86,000**
Maintenance Service Agreements				
Snow Removal	$40,135	$8,000	$6,505	$7,000
Trash Removal	$68,004	$68,230	$68,229	$68,911
TOTAL SERVICE AGREEMENTS	**$108,139**	**$76,230**	**$74,734**	**$75,911**
Taxes & License				
Personal Property Taxes	$218	$500	$600	$600
Income Taxes	$0	$1,275	$9,115	$1,275
TOTAL TAXES AND LICENSES	**$218**	**$1,775**	**$9,715**	**$1,875**
TOTAL OPERATING EXPENSES	**$854,643**	**$858,709**	**$877,927**	**$895,778**
INCOME less EXPENSE	**$126,466**	**$167,108**	**$187,035**	**$180,922**
Contribution to Reserve	**$159,673**	**$167,108**	**$187,035**	**$180,922**
From Interest	$8,830	$8,500	$8,500	$8,500
From Assessments	$150,843	$158,608	$158,608	$172,422
From Elective Transfer			$19,927	

Fairlington Arbor Capital Reserves

5 Year Plan

2012 Budget Year

Key Assumptions:

1. Expenses will rise 3% each year. Water rate increases above 3% are complete. Salaries will reach market levels in FY12.
2. Remaining Roofs: 50yr avg. cost = $130K. 75yr avg. cost = $105K. 100yr avg cost = $106K. Inflated at 3% per year.
3. Interest earned = 2.0% over the long term.
4. Rate rise 5% in FY11-12; 4% in FY 13-17; 3% thereafter.

	FY 2011 Projection	FY 2012 Budget	FY 2013 Forecast	FY 2014 Forecast	FY 2015 Forecast	FY 2016 Forecast
Assessment Change	**5%**	**5%**	**4%**	**4%**	**4%**	**4%**
Beginning Balance	**560,473**	**485,382**	**431,304**	**453,635**	**454,127**	**503,088**
Income						
Interest Earned	8,500	8,500	8,762	8,988	9,477	10,249
Annual Contribution	178,535	172,422	179,319	186,492	193,951	201,709
Total Income	**187,035**	**180,922**	**188,081**	**195,479**	**203,429**	**211,958**
Capital Expenditures						
Roofs	(135,140)	(135,000)	(83,200)	(149,968)	(154,467)	(159,101)
Sewer Laterals	(100,000)	(100,000)	(57,550)			
Asphalt/Paving				(22,510)		
Vehicle			(25,000)			
B-Unit Interiors						
Pool/Tennis Courts						(23,880)
Patio Fences						
Tot Lot				(22,510)		
Signage	(26,986)					
General Operating						
Total Expenditures	**(262,126)**	**(235,000)**	**(165,750)**	**(194,987)**	**(154,467)**	**(182,982)**
Ending Balance	**485,382**	**431,304**	**453,635**	**454,127**	**503,088**	**532,065**
Percent of Annual Assessments		50%	41%	39%	36%	44%

Fairlington Arbor Website: http://www.fairlington.org/arborindex.htm

Arlington County Website:http://www.arlingtonva.us/

Fairlington Arbor
Annual Budget Meeting Notice &
Proxy Instructions

Co-Owners of Fairlington Arbor,

The Annual Budget Meeting of the Fairlington Arbor Council of Co-Owners is scheduled for **Thursday, September 29, 2011 at 7:30 P.M. at the Fairlington Community Center located at 3308 South Stafford Street, Arlington VA, 22206**.

IF YOU ARE UNABLE TO ATTEND THE MEETING, PLEASE TAKE A FEW MINUTES AT THIS TIME TO FILL OUT THE ENCLOSED PROXY, HAVE IT WITNESSED AND RETURN IT IN THE ENCLOSED ENVELOPE TO OUR MANAGEMENT AGENT. You may delegate voting authority to the Board of Directors. It is imperative that we obtain a quorum; therefore, your proxy is IMPORTANT.

As a special incentive to encourage owners to *either attend the annual budget meeting or submit a proxy*, we will have a raffle for ONE MONTH 'FREE' CONDO FEE. The winning name will be drawn from the ballot box of votes/proxies. If we do not achieve a quorum, no condo fee drawing will be held. Light refreshments will be served.

In conclusion, the Board of Directors urges you to attend the Annual Budget Meeting or submit your proxy in the enclosed return envelope or to a member of the Board of Directors.

SEE YOU THURSDAY, SEPTEMBER 29, 2011 AT 7:30 P.M.

Enclosures

Fairlington Arbor Council of Co-Owners
Annual Budget Meeting

September 29, 2011

AGENDA

The order of business will proceed as directed by the Bylaws of Fairlington Arbor Condominium:

A. Roll Call

B. Proof of notice of meeting or waiver of notice

C. Reading of minutes of preceding meeting

D. Reports of Officers

E. Presentation of 2012 Annual Budget for approval

F. New business

G. Old business

H. Adjournment

Fairlington Arbor Council of Co-Owners
Annual Budget Meeting

September 29, 2011

PROXY FORM

This proxy form should be executed only if you will *not* be able to attend the Annual Budget Meeting. Please mail your proxy in the supplied envelope or give it to an Arbor Board member, your court representative, or other person attending the Annual Budget Meeting.

Unit Type _____ **Inside** _____ **End** _____ (please check✓)

Unit Address _____

KNOW ALL PERSONS BY THESE PRESENT THAT I/we, the undersigned co-owner(s), subscribers to the Bylaws of Fairlington Arbor Condominium, Inc., do hereby constitute and appoint the Board of Directors/ _____ * my/our true and lawful attorney, substitute, and proxy for me/us in my/our name(s), place, and stead to represent me/us at the Annual Budget Meeting of the Fairlington Arbor Condominium, Inc., to be held on September 29, 2011 at 7:30 PM at the **Fairlington Community Center**, or at any adjournment thereof, with the right to vote and exercise all power that I/we, the undersigned, would possess if personally present. * *To appoint a person other than the Board of Directors as your proxy, please insert the name, printed clearly.*

Co-owner signature _____ Print **name** _____

Co-owner signature _____ Print **name** _____

I/We vote FOR approval of the 2012 Budget as submitted_____

I/We vote AGAINST approval of the 2012 Budget as submitted _____

Leaving a proxy uninstructed authorizes the proxy holder to vote as the proxy holder sees fit on all issues that come before the meeting.

To be valid, this proxy must be signed, dated, and witnessed by a person other than the co-owner(s) or the proxy holder. All information below must be completed.

Witness signature _____ ***Print name*** _____

Witness address _____

_____ *Date* _____

Co owners holding proxies are requested to arrive at the meeting by 7:15 PM to facilitate handling of same.