

# Fairlington Meadows Budget Outlook 2023

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August 3, 2022

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## Agenda

7:00 - 7:10 – Capital Reserve Study Overview

7:10 - 7:20 – FY 2023 Budget Overview

7:20 - 7:30– Emailed Questions

7:30 - 7:55 - General Q&A

7:55 – 8:00 – Final Remarks, Meeting Conclusion

# Capital Reserves Study

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- Risk Tool
- Engineer projection of life expectancy of 60 items
- Don't have to keep track of each line item
- We track items that will be replaced in 1-2 years
- Should have suggested amount of money in reserves
- Projected ending balance for FY 22: \$638K vs nominal threshold of \$371K
- Study suggests we put away \$326K - \$396K a year
- We have put away ~ \$450K the last 2-3 years.

# Capital Reserve Overview

	<b>Actual Spend: Jan-June 2022</b>	<b>Projected to Spend: July 2022-Dec 2023</b>
<b>Capital Reserve - Expenditures</b>	\$310,871.80	\$523,000.00
Roof Replacements	\$83,636.00	\$200,000.00
Court Repaving	\$ -	\$250,000.00
Pool Covers	\$ -	\$25,000.00
Pool Pump	\$ -	\$3,000.00
B-Building Lights Replacement	\$ -	\$45,000.00
Pool Resurfacing	\$32,954.00	\$ -
Pool Furniture	\$9,763.00	\$ -
Tuck Pointing	\$20,175.00	\$ -
Sewer Lines	\$38,275.00	\$ -
Carpentry & Gutter	\$9,220.00	\$ -
Painting	\$104,280.00	\$ -
Misc	\$12,568.80	\$ -

# Capital Reserve Overview

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<b>CAPITAL RESERVE - OWNER'S EQUITY</b>	<b>Projected 2022</b>	<b>Projected 2023</b>
Beginning Balance	\$494,737.63	\$638,865.83
Capital Reserve - Contributions	\$455,000.00	\$480,000.00
Capital Reserve - Expenditures	\$310,871.80	\$523,000.00
Ending Balance	\$638,865.83	\$595,865.83

# CD Ladder

CD Maturity Schedule		
Amount	Maturity Date	Coupon Rate %
\$40,000	8/1/2022	2.65
\$100,000	8/9/2022	2.35
\$30,000	8/15/2022	2.95
\$30,000	10/25/2022	3.05
\$60,000	5/22/2023	1.8
\$30,000	7/31/2022	3.05
\$30,000	9/8/2023	1.75
\$100,000	7/25/2024	3.3
\$50,000	8/9/2024	2.5
\$50,000	11/25/2024	2.5
\$50,000	4/2/2025	2.8
\$570,000	Total CD	
\$177,012	Money Market	
\$747,012	Total Investments	

# Operating Reserve Overview

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<b>Operating Reserve Calculation as Required by By-Laws</b>	
2022 Assessed Amount	\$1,521,710.26
Amount Needed in Operating Reserve (25% of \$1,506,936.37)	\$380,427.56
Balance expected on 12/31/22	\$266,530.57
Remaining Amount. \$10K to contributed per annum until threshold met	\$113,896.99

# 2023 Meadows Budget Proposal

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- Personnel: Only 1 FTE (Ricky) + as-needed part time help
- 3% raise for personnel
- 1 day of recycling saves \$20K
- EV chargers \$45K
- \$480K to Capital Reserve
- \$10K to Operating Reserve
- Roof \$200K from Capital Reserve
- Account for \$200K of projected \$638K of Capital Reserves for emergency roof repair



# FY 2023 Meadows Big Picture

	Jan-Jun Actual	Projected FY	Budget	Proposed Budget	% Change	Notes
<b>INCOME</b>						
Assessment Income						
Unit-Owner Assessments	\$ 738,695.70	\$ 1,477,388.60	\$ 1,477,388.60	\$ 1,521,710.26	3.00%	3.0% increase
Non Assessment Revenue	\$ 9,851.65	\$ 19,466.30	\$ 14,275.00	\$ 19,275.00		Cable income and interest earnings
<b>TOTAL REVENUES</b>	<b>\$ 748,547.35</b>	<b>\$ 1,496,854.90</b>	<b>\$ 1,491,663.60</b>	<b>\$ 1,540,985.26</b>	<b>3.31%</b>	
<b>EXPENSES</b>						
Administrative - Total	\$ 11,641.53	\$ 19,966.58	\$ 16,400.00	\$ 17,027.66	3.83%	
Payroll & Benefits - Total	\$ 29,241.55	\$ 68,263.84	\$ 110,600.00	\$ 71,896.00	-34.99%	
Insurance - Total	\$ 70,810.80	\$ 151,621.60	\$ 146,238.00	\$ 160,000.00	9.41%	Anticipate 10% increase in Insurance costs
Utilities - Total	\$ 109,688.45	\$ 219,376.90	\$ 195,250.00	\$ 268,250.00	37.39%	Increased water due to landscaping, increased electrical
Landscaping - Total	\$ 45,344.81	\$ 117,721.05	\$ 117,721.60	\$ 117,721.60	0.00%	
Operations - Total	\$ 46.75	\$ 250.00	\$ 500.00	\$ 500.00	0.00%	
Contracted Services - Total	\$ 88,545.81	\$ 147,708.52	\$ 172,400.00	\$ 155,150.00	-10.01%	1 day of recycling saves \$20K
Repair & Maintenance - Total	\$ 37,661.44	\$ 148,507.62	\$ 149,190.00	\$ 149,890.00	0.47%	
Professional Services - Total	\$ 51,183.41	\$ 96,603.34	\$ 111,114.00	\$ 106,550.00	-4.11%	Anticipate higher CMC costs, lower legal services costs
Taxes - Total	\$ 4,000.00	\$ 4,000.00	\$ 7,250.00	\$ 4,000.00	-44.83%	Fewer FTE means less payroll tax paid
Other Expenses - Total	\$ 232,500.00	\$ 465,000.00	\$ 465,000.00	\$ 490,000.00	5.38%	Repair & Replacement & Operating Reserve Contributions
<b>TOTAL EXPENSES</b>	<b>\$ 680,664.55</b>	<b>\$ 1,439,019.45</b>	<b>\$ 1,491,663.60</b>	<b>\$ 1,540,985.26</b>	<b>3.31%</b>	

# Next steps

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- Call for Board candidacy to be sent week of August (8/8)
- Board finalizes budget proposal at August meeting (8/17)
- Annual meeting notices with proposed budget mailed NLT Sept. 20
- Annual Meeting: October 19 via Zoom

# Questions?

Questions emailed prior to meeting given first priority

# References

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## Capital Reserves

\$326K - \$396K range comes from Page 3 N-2 Executive Summary

\$371K amount comes from C-24 Page 37

Guidelines for the Development of Reserve Studies for Capital Components Adopted by the Virginia Common Interest Community Board, 2019:

[https://www.dpor.virginia.gov/sites/default/files/boards/CIC/Guidelines%20 Develop Re  
serve Studies Capital Components.pdf](https://www.dpor.virginia.gov/sites/default/files/boards/CIC/Guidelines%20Develop%20Reserve%20Studies%20Capital%20Components.pdf)

Chapter 19. Virginia Condominium Act » Article 3. Management of Condominium » § 55.1-1965. Annual budget; reserves for capital components

<https://law.lis.virginia.gov/vacode/title55.1/chapter19/section55.1-1965/>