Fairlington Villages
FY2027 Budget

Homeowners' Forum

July 22, 2026

7:00 – 9:00 p.m.

FY2027 Budget Forum Overview

- Forum Procedures
- Budget Process Timeline
- FY27 Budget Priorities and Principles
- Budget Components
  - Expense Accounts (Operating and Reserves)
  - Income Accounts
- Discussion

Forum Procedures

- Treasurer provides overview and answers questions on operating and reserves budget line items and income accounts with General Manager’s assistance
- Board members listen but do not comment
- Homeowners may ask questions within scope of any budget line item
- No monopolization of discussion

Budget Process Timeline

- ✓ MAY: INPUT

  from Committees & Board Members

- ✓ JUNE: DRAFT

  Analysis of past and current income and expenses, and upcoming needs

- ✓ JULY 1: BOARD APPROVES

  draft, which is mailed to homeowners

- ✓ JULY 22: HOMEOWNERS’ FORUM

Budget Process Timeline

- AUGUST 5: BOARD APPROVES
  final budget
- LATE AUGUST: MAILING
  of final budget if different from draft
- OCTOBER 1: NEW FEES
  for FY27 take effect

FY27 Budget Priorities

- Program operating funding to maintain our current level of community services while addressing persistent inflationary pressures, particularly continually rising property insurance costs
- Maintain full funding of our reserves in accordance with the recommendations of our recent 2024 Reserve Study Update
- Continue reserve spending at an accelerated rate following pandemic-driven decreases

Budget Principles

- Zero-based budgeting
- Five-year historical and future-based analysis of operating expenses
- Examination of all budget line items for potential operating savings
- Full funding of Reserve account in accordance with 2024 Reserve Study Update
- Inflation-based Reserve analysis
- In accordance with condominium industry best practices, program small annual fee increases to fund operations and reserves, and avoid special assessments

Budget Components

Expense Accounts

Operating Expenses

- Administrative
- Payroll
- Utilities
- General Maintenance
- Service Contracts
- Professional Services
- Taxes & Contingency

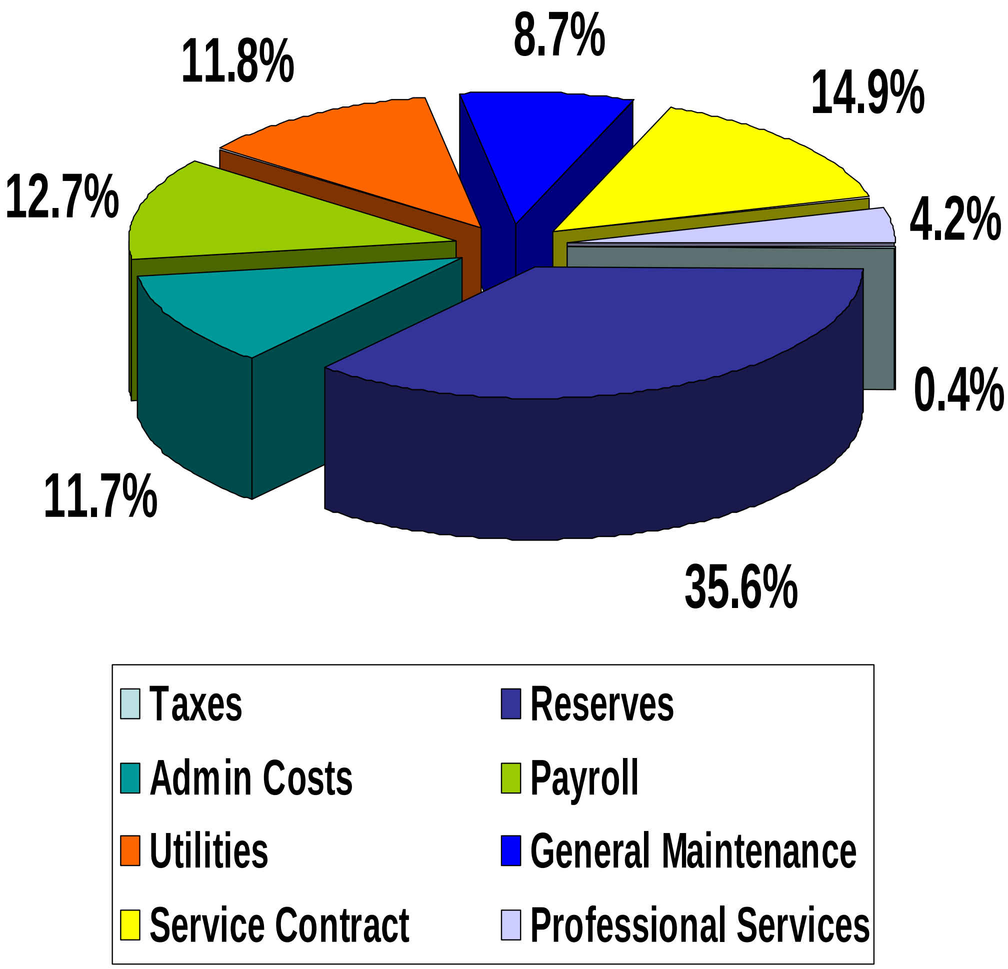
Reserves

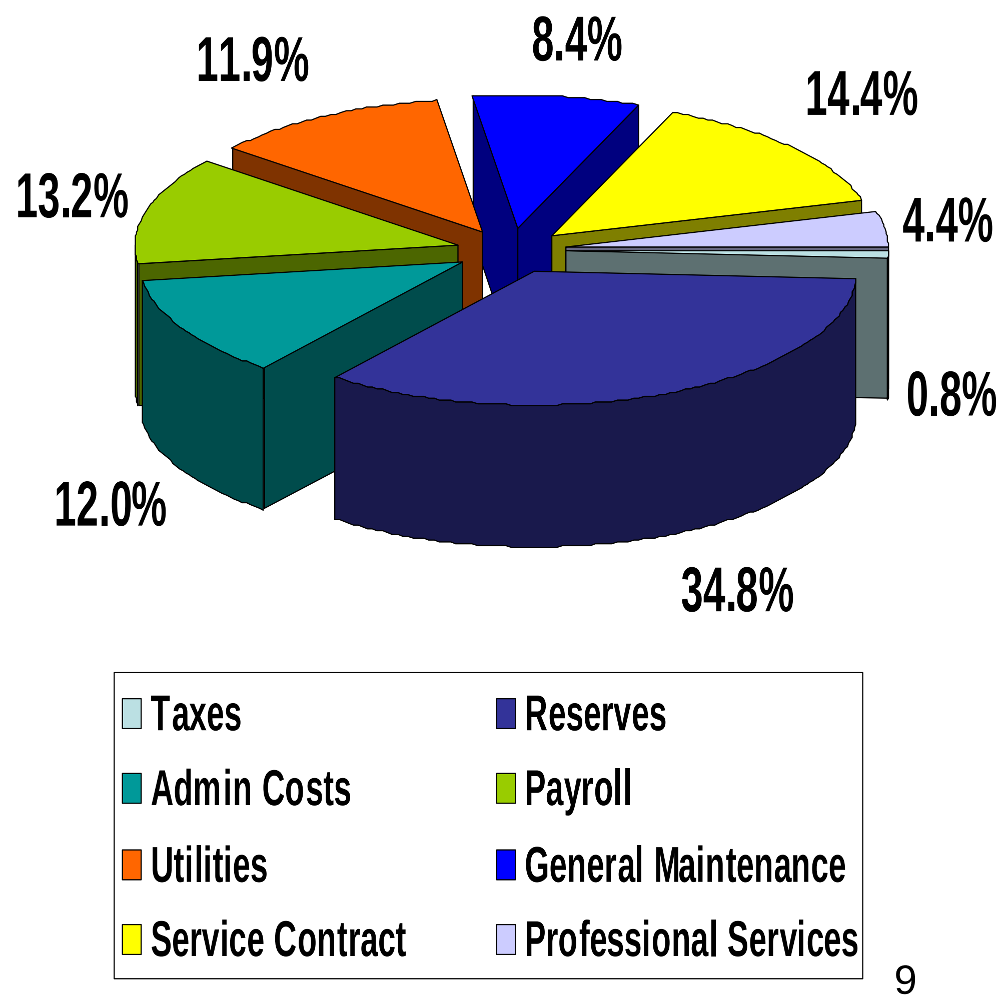
- Reserve Contributions
- Reserve Interest
- Reserve Expenditures

Income Accounts

- Assessments
- Other Income

Comparative Expenditures by Category Percentages
FY26 Projected vs FY27 Budgeted





Comparison of Expenses Administrative

FY24 Audited	$878,173
FY25 Audited	$1,110,196
FY26 Budget	$1,161,120
FY26 Projected	$1,121,386
FY27 Budget	**$1,180,539**

- After increasing by 77.1% during three-year period from FY24 – FY27, cost of Master Insurance Policy for buildings rises by 1.6% ($11,204) as a result of our insurance broker’s successful effort to market our policy.
- Savings realized by adoption of TownSquare electronic voting system ($7,000) and elimination of second budget mailing ($3,500)

Payroll Expenses

Gregory Roby
General Manager
(Legum & Norman Employee)

Oscar Giron
Administrative Mgr.
Hired: 6/5/23

Mark Johnson
Operations Mgr.
Hired: 9/15/08

Miguel Galvez
Facilities Mgr.
Hired: 7/5/04

Two Administrative Staff Employees

One Grounds Staff Employee

Seven Maintenance Staff Employees

Comparison of Expenses
Payroll

FY24 Audited	$1,097,764
FY25 Audited	$1,245,236
FY26 Budget	$1,238,753
FY26 Projected	$1,214,418
FY27 Budget	**$1,290,446**

- FY27 includes 3.5% employee COLA
- Association covers health insurance benefits for all staff employees (13.7% FY27 increase projected), and contributes amount equal to 4% of wages to SEP plan for vested employees (3+ years service)

Comparison of Expenses
Utilities

FY24 Audited	$1,005,290
FY25 Audited	$1,086,591
FY26 Budget	$1,126,398
FY26 Projected	$1,127,696
FY27 Budget	**$1,168,926**

- Water/sewer costs about 90% of Association's utility expenses
- Water/sewer budget increased by 3.4% ($34,741) in FY27 due to increases in Arlington (1.4%) and Alexandria (5.7%) fees
- Annual water/sewer rate increases have offset decreased use as residents spend less time at home after Covid-19 pandemic
- Electricity up by 7.5% ($6,787) due to rate increases and use trends

Comparison of Expenses
General Maintenance

FY24 Audited	$689,646
FY25 Audited	$723,040
FY26 Budget	$794,036
FY26 Projected	$833,980
FY27 Budget	**$823,552**

- FY27 includes additional funding for grounds improvements, tree maintenance, exterior painting, roofing repairs, and vehicle repairs
- Spending increases partially offset by reduction in spending for pool repairs and supplies ($30,000) and building repairs ($5,000)

Service Contracts

Contract	Contractor	Expiration*
Pool Contract	High Sierra	12-31-28
Janitorial	Corporate Cleaning	01-31-29
Patrol Service	Master Security	09-30-26
Trash Removal	Capitol Services	03-31-30
Grounds Maint	Lancaster Landscapes	02-28-27
Uniform Rental	Cintas	Monthly
Exterminator	Luke’s Pest Control	Monthly

*Note: Expiration dates based on renewal of one-year options

Comparison of Expenses
Service Contracts

FY24 Audited	$1,271,498
FY25 Audited	$1,338,124
FY26 Budget	$1,365,270
FY26 Projected	$1,427,561
FY27 Budget	**$1,412,082**

- FY27 reflects increases in costs of all major service contracts
- Projected contract cost increases include trash (3.6%), grounds maintenance (2.6%), janitorial (4.7%), pool operations (3.8%), and patrol service (4.0%)
- Basic FY27 pool contract cost unchanged due to shorter season, but expense rises due to additional lifeguard services ($8,000)

Comparison of Expenses
Professional Services

FY24 Audited	$406,937
FY25 Audited	$383,279
FY26 Budget	$427,073
FY26 Projected	$403,227
FY27 Budget	**$431,494**

Service	Professional	Expiration
Legal Services	Chadwick Washington	Monthly
Audit Services	Johnson, Bremer & Ignacio	12-31-26
Management	Legum & Norman	09-30-28

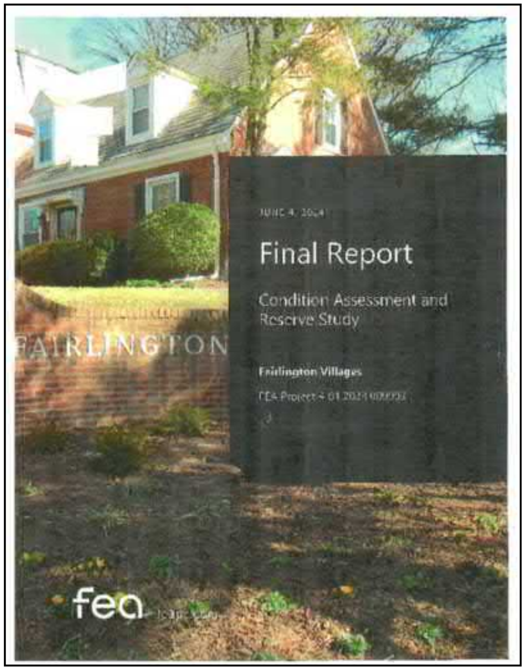
Comparison of Expenses
Taxes and Contingency

FY24 Audited	$69,797
FY25 Audited	$67,761
FY26 Budget	$85,028
FY26 Projected	$37,804
FY27 Budget	**$78,107**

- Federal and state tax payments projected to decrease due to declining interest rates and small decrease in funds available for investment as accumulated reserve funds drawn down
- No FY27 contribution to contingency because operating reserves are at sufficient levels

Reserve Contributions and Projects

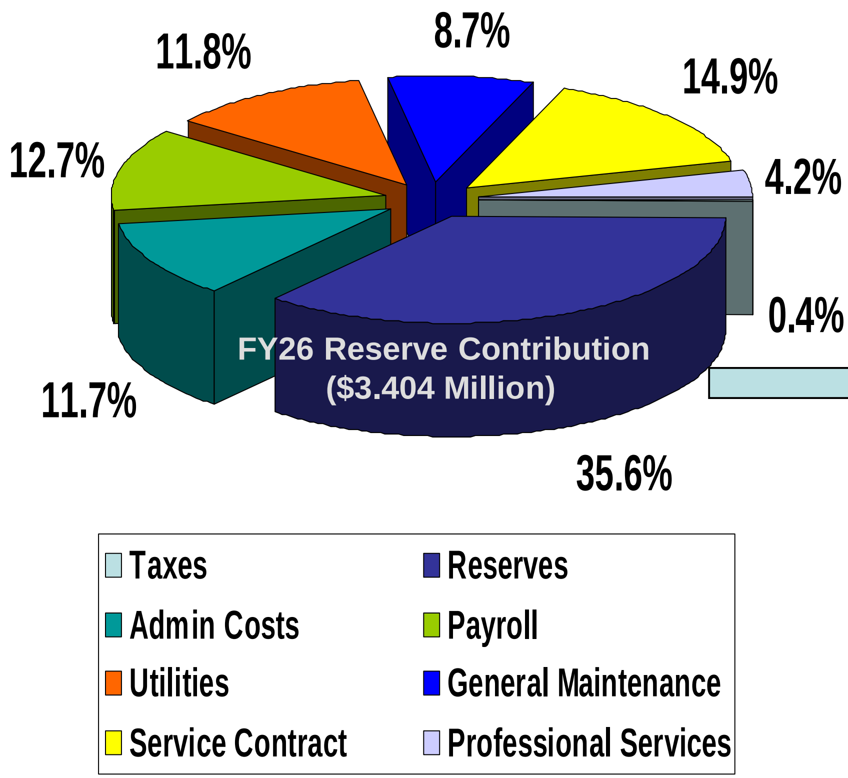
- Reserves fund major, long-term infrastructure replacement needs
- Independent reserve study conducted every five years – most recent Reserve Study Update completed in May 2024
  - Approved at June 5, 2024 Board meeting
  - Study recommends that condominium fee-funded reserve contributions *continue to be increased by 1% per year* to fund reserve account fully and execute recommended infrastructure projects

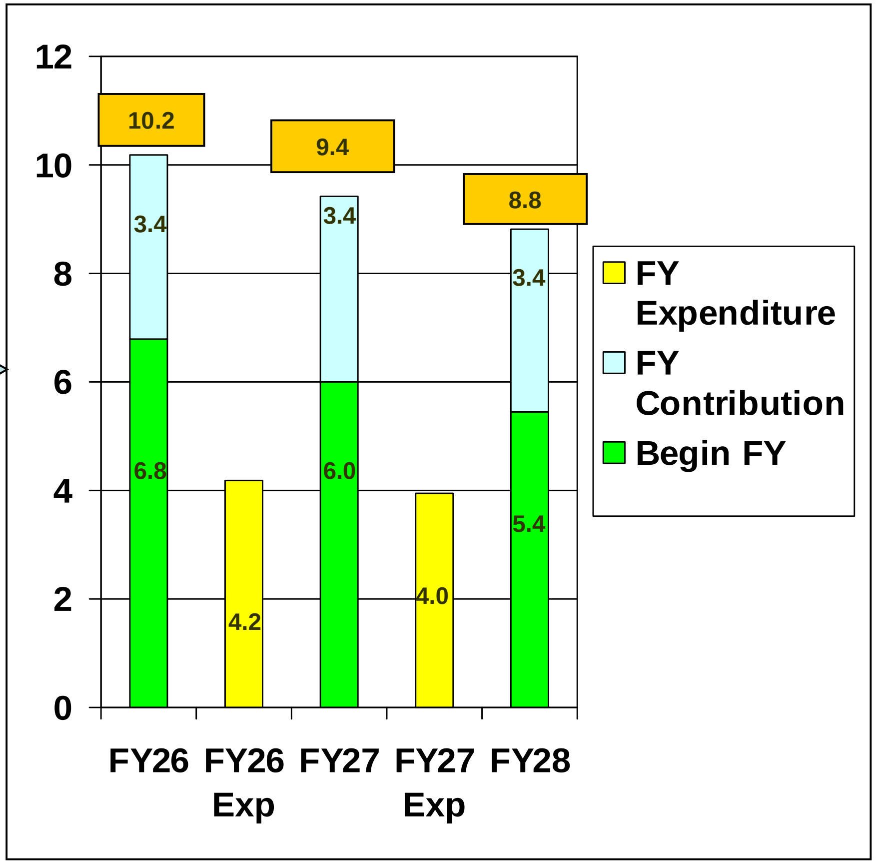


Reserve Contributions and Projects

- FY22, FY23, FY24, FY25, and FY26 budgets respectively increased reserve contributions by $30,790, $31,098, $31,409, $31,723, and $32,040 (1.0% per year) following FY21 decrease of $128,217 (-4.0%) that offset rise in operating expenses and kept fees at FY20 level during Covid-19 pandemic
- FY27 Budget continues full funding of our reserves in accordance with the recommendations of our 2024 Reserve Study Update and increases condominium fee-funded reserve contributions by 1.0% ($32,360)
- FY27 decrease (-$23,800) in reserve interest contribution
- FY27 spending continues at an accelerated rate following pandemic-driven decreases
- New five-year Reserve Study Update will be completed in FY29

Repair and Replacement Reserves





FY26 Projected Contribution

Repair and Replacement Reserves

Cash Flow ($ Millions)

Reserve Cash Flow

Fiscal Year	Beginning Reserve Balance	Yearly Contribution	Capital Expenditures	Ending Reserve Balance
2026	$6,778,674	$3,404,037	$4,178,860	$6,003,851
2027	**$6,003,851**	**$3,412,597**	**$3,960,405**	**$5,456,043**
2028	$5,456,043	$3,350,220	$4,173,704	$4,632,558

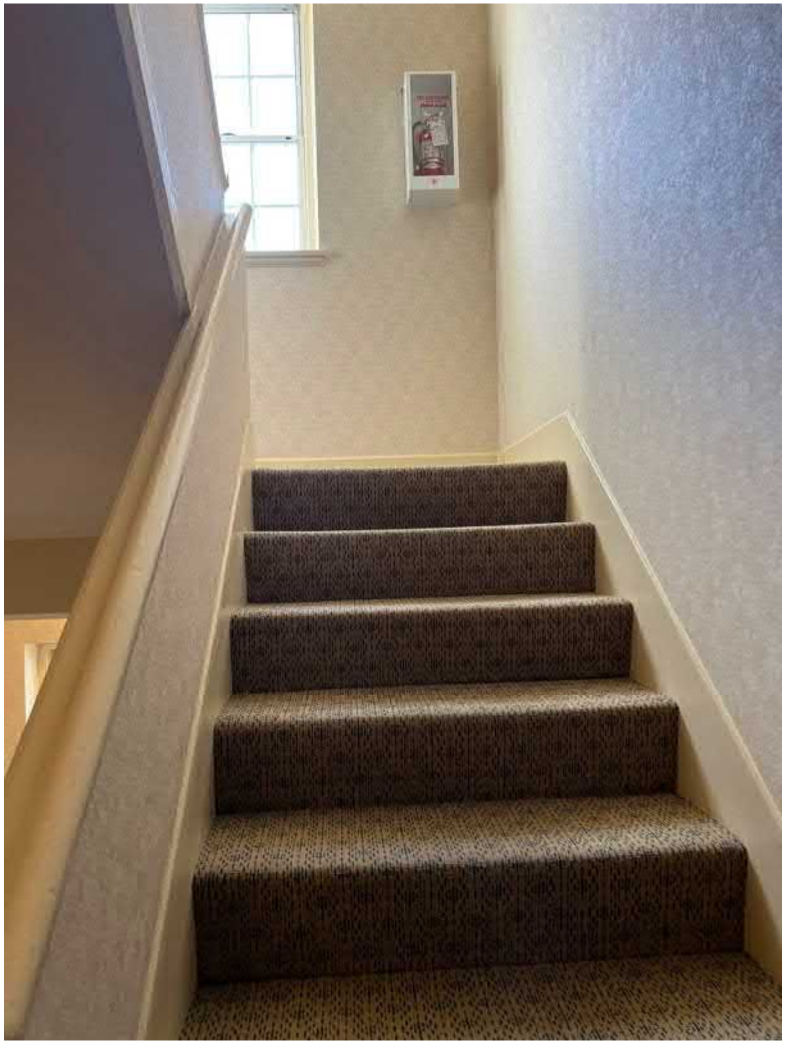
FY26 Programmed Reserve Expenditures

Parking Lot & Pavement Renovations	$213,260
Pool House 2 Renovations & Pool Equipment	$262,600
Multi-Unit Condo Interior Renovations – Ward II	$1,293,985
Slate Roof Replacement	$444,690
Backyard Fence Replacement – Ward VI	$813,050
Masonry Repair Project – Phase 12	$431,500
Wood Trim Replacement – Ward III	$229,878
Vehicle Replacement, Retaining Walls & Misc.	$174,828
TOTAL - 2024 Reserve Study (2024 Prices)	**$3,863,591**
TOTAL – 2026 (4.0%/Yr Inflation Adjustment)	**$4,178,860**

Parking Lot Renovations

Pool House 2 Renovation

Multi-Unit Condo Interior Renovations – Ward II



Slate Roof Replacement

Backyard Fence Replacement – Ward VI

Masonry Repair Project – Phase 12

Masonry Repair Project – Phase 12

Masonry Repair Project – Phase 12

Wood Trim Replacement - Ward III

Retaining Wall Replacement

FY27 Budgeted Reserve Expenditures

Parking Lot & Pavement Renovations	$190,200
Pool House 6 Renovation & Pool Fixtures	$397,900
Gutter Guards Installation & Louver Replacement	$220,000
Slate Roof Replacement	$440,000
Backyard Fence Replacement – Ward VI	$1,332,000
Masonry Repair Project – Phase 13	$450,000
Wood Trim Replacement – Ward II	$250,000
Vehicle Replacement, Retaining Walls & Misc.	$240,686
TOTAL - 2024 Reserve Study (2024 Prices)	**$3,520,786**
TOTAL – 2026 (4.0%/Yr Inflation Adjustment)	**$3,960,405**

FY27 Budget Summary

Operating Expenses	
Administrative	$1,180,539
Payroll	$1,290,446
Utilities	$1,168,926
General Maintenance	$823,552
Service Contracts	$1,412,082
Professional Services	$431,494
Tax/Contingency	$78,107

Operating Expenses	**$6,385,146**
Reserve Contribution	**+ $3,412,597**
Total Expenditures	**$9,797,743**

FY27 Budget Summary

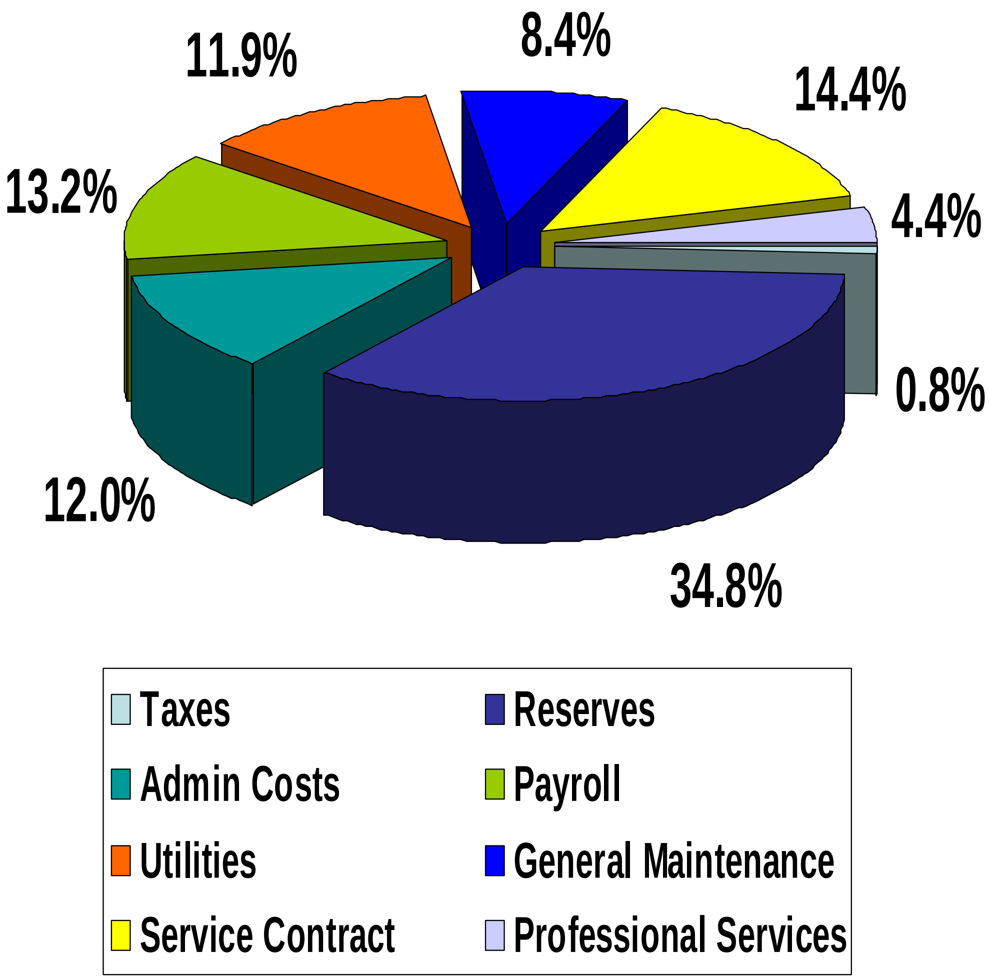
Income Offset	
Total Expenditures	**$9,797,743**
"Other Income" • Interest ($257,500) • Rentals, Resale Packets, etc. ($125,158)	-$382,658
Condo Fees to Balance Budget	**$9,415,084**

- **Proposed FY27 budget increases expenditures by 2.0%, including 3.0% increase in operating expenses**
- **After allowing for anticipated "Other Income", the Association must raise $9,415,084 in condo fees in FY27**
- **Raising this amount requires a 2.50% condo fee increase, since "Other Income" is $34,609 lower in FY27 than in FY26**

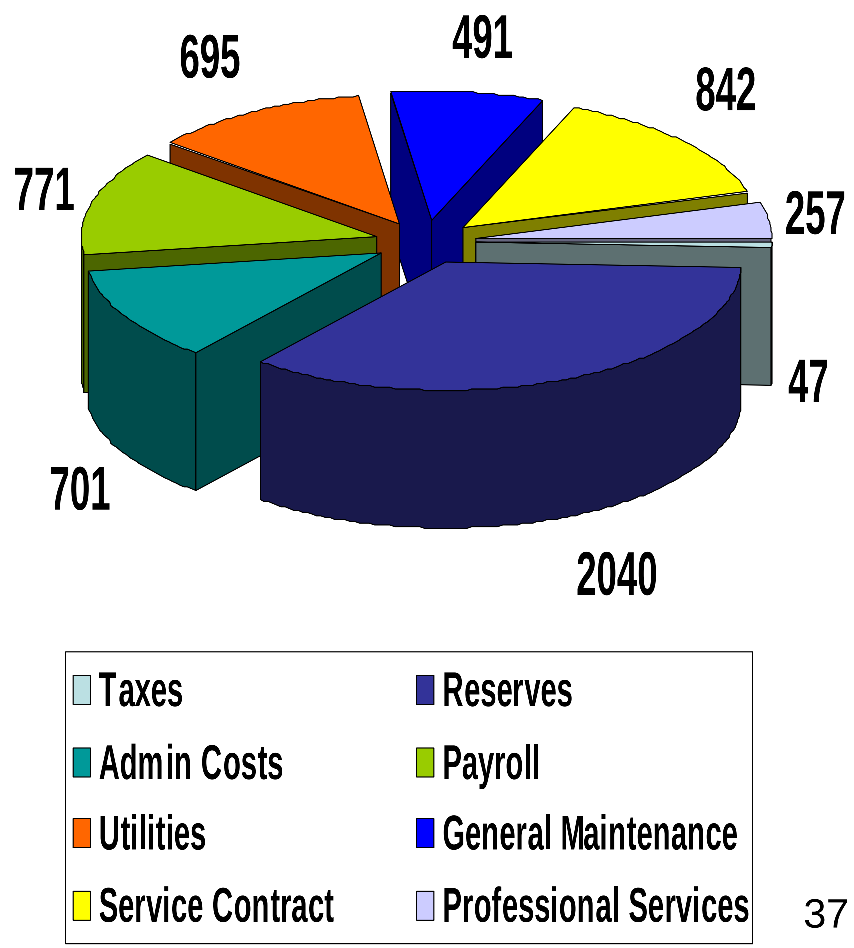
The FY27 Budget and Your Condo Fee

- Fees assessed based on unit's share of Association equity
- 27 unit types with FY27 fees ranging from $3,504 to $8,412
- Most common unit type is Clarendon II -- $5,844 FY27 fee

FY27 Condo Fee (%)



FY27 Clarendon II Fee ($)



DISCUSSION