

**Colonial Village I Condominium**  
**BUDGET NARRATIVE AND EXPLANATION - FY2011**

1903 N. Key Boulevard  
Arlington, VA 22201  
(703) 525-5557 Office (703) 525-5558 Fax

November 18, 2010

Dear Colonial Village I Homeowner:

Please find enclosed your copy of the 2011 approved budget for Colonial Village I. Total Assessment income is 5.0% greater in 2011; therefore, your condominium fees will increase approximately 5.0%, *on average*, due to rounding to the nearest dollar. This increase is primarily due to decreased interest income on our investments, the operating and reserve costs in 2010 from the blizzard and damages associated with it, the big dig project at 1917 N. Rhodes Street, regular inflation, planned reserve expenditures for 2011 and higher costs from the loss of Colonial Village Commons' shared percentage.

The new assessment rate will commence on January 1, 2011. Please remember your payment is due on the first day of each month and considered late if received after the fifteenth day of the month. Your account is automatically assessed a late fee of \$35.00 if payment is received after the fifteenth of the month. Further delays in the timely payment of assessments will result in legal collection action, charges associated with collection action and the revocation of your (or your tenant's) parking privileges.

Remittance coupons and pre-addressed envelopes will be sent to you under separate cover by the coupon manufacturer.

If Legum & Norman, Inc. is presently collecting your monthly assessment through the electronic debiting program, your assessment will continue to be collected electronically on the first of each month. If you would like to have your assessment collected electronically, please complete the enclosed ACH form and return it along with a blank check marked **VOID** to the Management Office at 1903 N. Key Boulevard or the address on the form. If received by the tenth of the current month, automatic collection will begin with the next month's payment. Colonial Village I saves about \$25 per year for each owner who participates in this program.

The Board continues to be guided by the desire to fund the budget at appropriate levels while keeping in mind the current state of the economy. We hope this budget achieves that goal. As an owner, your thoughts and comments are

encouraged and welcomed. Please feel free to relay them to any one of us or, better still, stop by a monthly meeting.

**Please be reminded that the Move-In Fee is \$150.00. The Board believes the fee to be necessary to offset the damages done to the common hallways and to fund special trash removal services incurred when tenants move out of Colonial Village I.**

If you have any questions, please contact the Association Manager at (703) 525-5557. Have a happy and safe Holiday Season.

Sincerely,

Geoff Schwartzman, President  
Board of Directors

## **COLONIAL VILLAGE I BUDGET NARRATIVE – FY2011**

### **INCOME**

**Assessment Income** – Income derived from assessing all unit owners based on Board of Directors approved budget to meet the operational and reserve needs of the Association. FY2011 budget represents a proposed 5% increase to meet the needs of the Association based on the approved budget. Only \$5000 of this increase is going to operations, the remainder is going to reserves for capital improvements.

**Interest Income** – Income that is expected to be derived from investment of the Association's reserves in allowable financial instruments. FY2011 budget projections are a decrease over FY2010 to the amount of zero. This is due to reserve expenditures being extraordinary due to the bid dig project. This has depleted our reserves and any funds that come in will be used on deferred maintenance.

**Coin Laundry Machines Income** – Income derived from a multi-year contract with CoinMach Laundry Services. FY2011 budget projections are based on expected current year actual income. From this info income is predicted at \$1416 per month.

**46750 Move-In Fees** – Fees charged for move-ins. CVI has around 100 investor units. The average tenancy in Washington is two years. An average of 50 units is estimated to be turned over in 2011 along with 5 sales at \$150 each = \$8250.

**Bad Debt Recovery-** Income collected from debt that has already been written off.

**Miscellaneous Income** – Income that is derived from various sources not otherwise covered in the budget. FY2011 budget is based on FY2010 income projections at this time.

**Covenant Charges** – Income that is generated with fees are assessed for violating the By-laws or Rules and Regulations. Nothing is budgeted in this category.

**Attorney Fee Income** – Is removed because that income is put into the Legal Collections expense category as collected.

### **EXPENSES**

**Auditing & Tax Preparation** – Operational expenses associated with By-laws required audit and preparation of federal and state tax returns. FY2011 budget estimate is based on cost experience with the auditor including a slight increase projected based on the FY2010 budget figure.

**Uncollectible Charges**– Cost of projected write-offs of uncollected assessment fees that are considered uncollectible. FY2011 budget estimate is based on current delinquent accounts and the potential for writing off this figure at the end of the year.

**Dues & Subscriptions** – Cost of membership for the Association in the Community Associations Institute (CAI) and local civic association. FY2011 budget estimate is based on basic Association membership in CAI plus membership in Arlington Civic Association. No change.

**Management Fee** – Estimated cost for management based on contracted agreement. This is a multi-year contract with an automatic increase each July of 1.5% which results in a slight increase for FY2011.

**Legal Collection Expenses** – Anticipated legal expenses associated with routine legal collection related matters being handled through Chadwick, Washington. Collection matters costs are to be offset by reimbursed legal fees. FY2011 budget estimate is based on FY2010 cost projections with an anticipated increase in costs based off YTD.

**Legal General Expenses**- All legal expenses not related to collections. This number was based off attorney costs from similar associations.

**Miscellaneous Administrative** – Front office expenses not covered elsewhere in the budget. This Includes a-la-carte costs charged back to the Association like the costs for coupons, auto debit setup and so on. FY2011 budget estimate is based on FY2010 actual expenses plus known increases.

**Office Supplies** – Shared cost of paper, pens, ink, etc., to maintain a business office on behalf of the Association. FY2011 budget estimate is based on FY2010 budget with a slight decrease in expenses.

**Postage & Printing** – Cost of mailings on behalf of the Association; letters, proxies, meeting notices, budgets, etc. Shared cost of copier in Management Office also included. Costs also include professional printing costs for resale packets, annual meeting packets and other special printing. FY2011 budget estimate is based on FY2010 actual costs with slight decrease because of a new less expensive copier lease.

**Social Committee** – Costs associated with hosting of community-wide events on behalf of the Association. FY2011 budget estimate based on FY2010 budget.

**Internet Expense** – Costs associated with the creation and the hosting of a website on behalf of the Association. Also the share of office backup internet cost. FY2011 budget is based on the FY2010 budget plus actual costs YTD.

**Electricity** – Cost of the electrical public utility; lighting for the common areas include sidewalks, laundry rooms, hallways, storage rooms and security lighting. This number remains the same based off the assumption that FY2010 surplus will cover any increases in rates of FY2011.

**Gas – A Rate** – Cost of bulk rate gas negotiated on behalf of the Association on gas usage for hot water heaters and laundry room facilities. Gas price negotiated with Gas Mark, a major supplier and distributor through gas contracts. FY2011 budget estimate based on FY2010 budget with a \$10,000 across the board projected decrease expected at this time due to new wholesale fuel contract.

**Telephone** – Cost of Verizon, wireless phone access for the Maintenance Engineer. Expenses also include a pro-rata portion of the Management Office trunk lines phone. Slight increase due to the loss of the Commons contribution.

**Water & Sewer** –Utility costs for water and sewage usage in the common areas and in units. This number remains the same based off the assumption that FY2010 surplus will cover any increases in rates of FY2011.

**Cleaning Contract** – Cost of janitorial service to clean the hallways, trash rooms, laundry rooms and elsewhere in the common areas. A Contract is in place with Clean Advantage. FY2011 budget estimate is based on this contract.

**Consulting Fees** – Engineering consultant fees associated with investigation of special projects. Fees are half of last year's budget based off YTD.

**Extermination** –Contract with American Pest Management for twice a month service for pest control. FY2011 budget estimate is based on no increase per month for routine pest control services plus a small budget for special projects.

**Fire Extinguisher** – Service contract costs to annually service the fire extinguishers throughout the Association in the common areas. FY2011 budget estimate is based on FY2010 expenses plus a slight increase because some units will need to be replaced next year.

**Laundry Uniform** – Service contract costs to maintain and service the uniforms of the CVI Maintenance Engineer. FY2011 budget estimate is based solely on the FY2010 budget with no increase projected.

**Lawn Maintenance** – Line item expenses for a full-service landscape maintenance contract with Somerset Landscaping. FY2011 budget estimate is based on an estimated no increase over FY2010.

**Insect/Pest Management** – “IPM” Service to protect certain trees and plants from insects and disease. This is decreased \$5000 because the fertilization portion only happens every other year.

**Snow Removal** – Line item established to cover the cost of snow removal expenses and to augment the efforts of the on-site Maintenance Engineer. Snow season runs from November to March. Same amount as last year with high hopes for a mild winter.

**Refuse Removal** – Line item for trash removal services six days a week from the trash rooms of the Association. Costs also include special pickups and bulk items one time per month. FY2011 budget estimate reflects a decrease of \$2185 from trash contractor, Thompson Hauling because less non-contracted extra pickups are needed.

**Building Maintenance**– Line item covers all building repair components and supplies necessary to maintain the upkeep of the common areas of the buildings. Supplies and components include light fixtures, door parts, gutter supplies, electrical supplies, plumbing supplies, general hardware and paint. FY2011 budget estimate is based on FY2010 budget with a slight decrease based off YTD expenses.

**Cleaning – Special** – Line item covers annual window, drainage cleaning/inspection and carpet cleaning on behalf of Association members. Cost of window cleaning is on a per-unit basis and is predicated on the number of windows cleaned. FY2011 budget based on FY2010 budget.

**Electrical Maintenance** – Line item covers employment of professional services to handle electrical problems that cannot be handled by the Maintenance Engineer. FY2011 budget estimate is based on FY2010 budget amount with a decrease of \$2,250.

**Landscaping** – Line item established to cover costs of flowering annuals, other special plantings and special landscaping projects. FY2011 budget figure is increased based on the FY2010 YTD expenditure and 2011 landscaping plan.

**Parcel 9 Maintenance** – Cost of maintaining the dedicated parklands for CVIII under the Master Service Agreement. FY2011 budget estimate is based on the FY2010 budget.

**Plumbing Maintenance** – Line item covers costs of contracted plumbing services to handle plumbing emergencies, back-ups, large pipe leaks, etc. FY2011 budget figure is based on the FY2010 budget figure, decreased over \$16,000 due to YTD expenditures.

**Roof Maintenance** – Line item established to handle professional roofing repairs on an as needed basis. FY2011 expense projections includes over a 200% increase. This is an area where repairs are done frequently that are not reserve expenditures.

**Sign Maintenance** – Line item established to maintain building and street signs. FY2011 budget estimate is based on the FY2010 budget.

**Tree Maintenance** – Line item established to handle tree repairs as well as tree and stump removals in the common areas. FY2011 budget is based on FY2010 budget with a slight increase.

**On-site Salaries** - Line item covers Maintenance Engineer's salary and CVI's portion of the office employee's salaries of 33%. This has increased from the loss of the Commons percentage. FY2011 budget estimate is based on FY2010 budget to include overtime, possible bonuses plus increases at different times of the year related to yearly reviews.

**60800 FICA** – Employer's share of contributions to government mandated social security and medicare. 7.65% X Gross Pay.

**60820 Federal Unemployment** – Employer's contribution to federal unemployment insurance will be the same, .8% of 1st \$7000.00 per employee.

**60840 State Unemployment** - Employer's contribution to state unemployment insurance will be slightly higher, 2.43% of 1st \$8,000 per employee.

**60850 Group Health & Life Insurance** – Line item covers health, life and dental insurance coverage for the Maintenance Engineer and the onsite employees. FY2011 budget estimate is based on the FY2010 budget adjusted for YTD plus a 25% expected increase in premium costs.

**60900 Retirement Benefit** – Retirement contributions made by the Association toward an individual retirement plan for the Maintenance Engineer. FY2011 budget estimate is based on the FY2010 budget.

**Insurance** – Line item covers the comprehensive insurance package maintained by the Association to include Director's & Officers (D&O), commercial liability, fire, theft and property coverage. This amount is based off policy amounts and includes a slight increase for next year's renewal.

**Income Taxes** – Line item covers federal and state taxes on any income earned by the Association during the year after the audit of operations is completed. FY2011 budget estimate is based on having very little interest income.

**Insurance Claim** – Line item established to cover any adverse claims against the Association for which the Association may want to handle directly and not make a claim with the insurance company. FY2011 budget estimate is based off FY2010 with a slight decrease.

**Reserve Contribution** – Line item established to cover set-asides or contributions to the Association's reserves as mandated by the By-laws of CVI. The FY2010 budget had a contribution of \$164,597 per year. FY2011 budget calls for \$194,440. This increase is needed to catch up on deferred maintenance delayed during the big dig.