

FLCA Budget process

August Board meeting – determine dates for meetings and process

September 10 – detail process and dates in monthly newsletter

September 15 – CG to develop full year cost and revenue projections for current year, based on 8 month actuals through August. For categories that are not purely based on “level of effort” or board judgment, CG to develop projections for budget year, based on inflation or other methods. For “level of effort” / judgment areas, assume straight-line levels to start.

September Board meeting – (nothing scheduled)

Late September - Board work session: review categories and determine any changes needed; update category descriptions document. Note: no attempt is made to adjust current year or prior year to match the new/changed categories. Review CG projections and make adjustments as needed. Develop initial list of discretionary items (e.g., annual maintenance items) and any desired changes in “level of effort” areas. Develop list capital expenditure / reserve items to be addressed in coming year, and ensure that level is supportable by existing reserves balance plus budget year contributions. No budgetary “limit” – focus should be on what needs to be done. Get cost estimates through CG or otherwise. Establish reserve contribution (incl. contingency fund) to include in budget: start with current year level, unless new reserves study has just been completed, and add amounts to cover any new items – ones not in reserve study at all, e.g., amenity improvements – and cost overruns of recently completed, on schedule items. Take the full cost and divide by 10 (assumes useful life of 10 years on average) – and add that amount to the budget year’s contribution level. Think of it as a first year down-payment on amounts that were “borrowed” from the reserves balances to do those new items or to cover those cost overruns – which also provides some discipline to the process of suggesting new capital projects that are not in the reserve study at all. For items that are being accelerated from future reserve study years, there is no impact on the budget year contribution. In the next reserve study, those accelerations will be accounted for – and could increase or decrease future contribution needs. This process helps ensure discipline for “new” capital items suggested for inclusion – as it requires some cost to be reflected associated with them. Include commercial assessment level per formula. Determine residential assessment level based on results of above. Ensure that assessment level falls within allowable increase levels. Ensure that assessment is evenly divisible by four (and by 12?).

October 1 – post draft budget and list of planned reserves items on website and in office.

Mid October – hold homeowner budget forum to solicit input/feedback.

Mid October – board work session to finalize budget and assessment. Can be on same date as the budget forum. Refine cost estimates for reserves items, get input from directors regarding “priorities” – primarily to determine if some proposed items are unnecessary, rather than to try to stay within some specific “budget level” since unlike

the operating budget there is no real “balancing” to be done. If the final capital spending plan changes in any substantial way, the draft operating budget’s contribution level could be further adjusted, but this is complicated as it would further change assessments and may introduce unnecessary confusion – as long as the principle of including a cost associated with new items is followed, that should be fine. Most significant items should already have been identified in the September process above.

October Board meeting – formally agree to operating budget (incl. assessment) and reserves projects list.

November 1 – required completion date for budget.

November 10 - provide budget highlights in monthly newsletter and post on web and in office. Show bridge from prior year, and note those items that are most significant in the annual budget.

November Board meeting – (nothing scheduled)

December – notify homeowners of next year’s assessment level by mail, with other homeowner required mailings (annual meeting notice)