

Chapter 4 - Section 4.1

Board Approved: 10/13/10

TITLE: ANNUAL BUDGET DEVELOPMENT

I. POLICY:

The RWA Board of Directors is empowered to make and collect, as well as use and expend annual and/or special assessment charges, fees and fines in accordance with the provisions of the RWA Bylaws and the Declaration of Restrictions.

The RWA Board of Directors will prepare an annual budget which determines the annual assessment and details the revenues and expenses for the operating and reserve funds.

II. APPLICATION:

BUDGET GUIDELINES AND TIMELINE

With approval from the Board of Directors, the Treasurer shall prepare recommended budget guidelines to be followed by the Committee Chairpersons and RWA staff. The guidelines shall give consideration to the general economic climate and shall emphasize any goals or objectives of the Board that may impact the budget. The budget guidelines will also establish criteria for determining budget priorities, based on the priorities of the Board.

The Treasurer shall prepare a schedule for the preparation of the Budget in May of each year and submit it to the Board. The schedule shall provide a method of soliciting public input in the earliest stages of budget preparation. The Board shall hold at least one (1) meeting prior to budget approval to solicit input from Association members.

The Board will adopt the Operating, Reserves, and new Capital Projects Budgets for the following year not later than the November Board meeting of each year.

III. PRIORITIES

1. Existing operations
2. Reserves, including buildings, common areas, and canals
3. New Capital Projects

IV. RESPONSIBILITIES

- a) The Treasurer, with the assistance of the Manager, will prepare a draft of the Annual Budget for Board review and approval. The Treasurer may enlist the assistance of the Budget and Finance Committee in the budget process.
- b) The role of the Board of Directors is to review the budget to ensure that the budget meets the needs of the Association, and adopt a budget that addresses those needs in a fiscally responsible manner.
- c) The Staff and Committee Chairpersons submit budget requests to the Manager for incorporation into the Annual Budget. The Manager prepares a preliminary draft of the Budget for review by the Treasurer.
- d) The Treasurer updates the Reserve requirements and prepares a Reserve Budget for the July Board meeting. The Reserve requirements and Reserve Budget will be based on a Reserve Study prepared by an independent contractor. The Reserve Study will be updated every three years. The Reserve Budget will also incorporate new Capital Projects recommended by RWA committees and approved by the RWA Board. The Treasurer will recommend a plan to the Board to fund the Reserve Budget.
- e) The Board reviews Staff and Committee Chairpersons' budget requests, recommends priorities for competing needs, and recommends for Board approval a budget that addresses the needs and priorities of the Association within funding levels acceptable to the Association.

V. NEW INITIATIVES (OPERATING OR CAPITAL)

Each new initiative, (Operating or Capital) proposed in the Budget must be fully justified. The justification must include:

- a) A detailed description of the initiative;
- b) The benefits to be derived from the initiative;
- c) Specific tasks and resources needed to accomplish the initiative;
- d) A discussion of alternative solutions;
- e) A reference to the goals and objectives in the RWA Strategic Plan.

The Board will review the benefits and costs of new initiatives, and determine the importance and priority of each initiative.

VI. BUDGET APPROVAL AND PRESENTATION

The Operating and Reserve Budgets, and assessment increases will be approved at the November Board meeting. A Budget presentation will be made to the public at the November meeting with an explanation of Budget changes and the justification for assessment increases. A brief Budget presentation will be made at the Annual Meeting as part of the Treasurer's Report.

VII. SOURCES:

CAI. Board member's Toolkit. www.lmoa.org.
Policy Manual