

Long-Range Financial Plan

1-year Budget with 4-year Forecast

R&R Funds

Previous Boards set a goal to accumulate Operating Cash and R&R funds equal to 1 year's dues. Reserve funds are for emergencies as well as for R&R Projects.

BWFOA has two R&R accounts – **R&R Reserve** account slowly accumulates to the goal of 1 year's dues. **R&R Project** account is used to accumulate funds for specific projects.

- **R&R Reserve** – Funds will not be drawn from this account until the target of 1 year's dues is met. Starting in 2018, annually deposit at least \$2,000, until the account reaches the equivalent of one year's dues. This account is not intended for projects until target is met.
- **R&R Project** – At year end after funding R&R Reserve, transfer cash in operating cash account in excess of \$3,000 to R&R Projects. A project may be started once adequate cash is accumulated. This sub-account may be fully depleted for projects.

Annual Budget and Forecast Process

- **Long-Range Financial Plan** – Annually review and update Long-Range Financial Plan, as needed.
- **Annual Budget** – Adopt budgets that generate adequate funds for R&R Reserve & R&R Projects while maintaining adequate operating cash balances.
- **Non-R&R Projects** – Budget about \$25,000 annually for tree preservation, small projects and one-time activities, in addition recurring on-going activities.

Components of Annual Budget and Forecast

- **20 Year Renewal & Replacement Reserve Study** – Annually adopted by the board
- **Year 1 Budget** – Annual budget adopted by the board
 - Dues, fees and operating expenses
 - Include R&R Projects taken from R&R Reserve Study for the year.
- **Year 2-5 Forecast** – For planning and information only
 - Estimate operating expense for non-budget years calculated with COLA increase.
 - Include R&R Projects from the R&R Reserve Study.

Adopted November 12, 2018