

**FY 2008 BUDGET GUIDELINES**  
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The General Manager shall prepare and the Finance Committee shall review the FY 08 budget in accordance with the Operations Manual, Regulation XV and the following guidance. Meetings to review Operations center budgets should be coordinated with the General Manager and the Finance Committee Chairman, and the membership shall be notified of these meetings so they may attend.

**Salaries and other personnel costs**

*(The Board of Directors will appoint a Board member subcommittee to review salaries and other personnel costs.)*

1. The increase for employee's cost of living shall be appropriate for this area.
2. Continue the review and justification of employee's salaries shown not to be competitive.
3. Implement employee cost sharing for health insurance for new hires.
4. Prepare payroll at 100% occupancy and reduce by the vacancy average over the last two years.
5. All new staff positions must receive prior approval by the Board for inclusion in the draft budget submission.

**Contractual Services**

1. Fully fund all multi-year contracts approved by the Board of Directors.
2. View the Security contract and consider issuing an RFP for security services.
3. Continue to investigate and, where possible, propose implementation of additional outsourcing of services.

**Fees**

1. Road-related fees should be reviewed and adjusted to compensate for changes in the costs of materials.
2. Continue to negotiate and propose a multi-year rental contract with the Lake Co-op Nursery School.
3. Review all user fees and consider one fee for Activity and Wellness Activities.(Pools, Fitness Center, Tennis)

## **Reserves**

1. Contribution to Replacement Reserve (CTR) is to be composed of two factors:
  - a. Depreciation of capital assets and,
  - b. An additional assessment to make any adjustment the Board of Directors deems necessary to maintain reserves as appropriate.
2. LOWA employs the Alternative Depreciation System (ADS), which allows for straight-line depreciation of initial asset value using IRS-based asset classes and their associated economic lives, in accordance with Generally Accepted Accounting Principles (GAAP). An additional assessment for CTR may be identified for the Board of Directors' consideration whenever the projected end of fiscal year balance for the restricted replacement reserve is considered inadequate for repair, replacement, or maintenance to existing capital components.
3. The contribution to the Dam Replacement Reserve shall be \$100,000.
4. The contribution to the New Capital Reserve shall be \$150,000.
5. The LOWA Master Plan shall guide the budget for capital projects. The General Manager shall notify the Finance Committee of any scheduled projects that are not in the Draft budget, and any projects in the budget that are not in the Master Plan. In the case of the later, the General Manager shall provide the Finance and Planning Committees with supporting documentation.
6. Maintain at least \$1.5 million in the sum of the restricted reserve balances.
7. Road Fee income will be applied to the Road Reserve, less estimated cost of tar and chip program expenditures.
8. Depreciation from Road capital expenditures will be added to the Restricted Road Reserve balance beginning in the fiscal year following the completion of the Road capital projects.

## **Other**

1. Establish a "Contingency" line item under "Administration" that is funded at the level of actual prior year non-recurring expenditures.
2. Direct Operations Center Managers to grow usage, and thus revenue, through means of a marketing /business plan.
3. Consider a targeted increase in the assessment not to exceed 9%. If there is a proposed increase larger than 9%, then identify those items included in the budget that cause the assessment to increase by more than 9%.