

BUDGETING AND REPORTING FINANCING

The District manager shall be responsible for coordinating annual budgets and financial reports.

ANNUAL BUDGETS

The preliminary budget shall be presented to the Board not later than May prior to the budget year. The preliminary annual budget shall be distributed to the recipients the Friday before the board meeting. The preliminary annual budget shall be ready for review by the chairman, treasurer or any board member one week before the Friday distribution date to assure that the guidelines have been followed.

The preliminary budget guidelines include:

--Show no increase in resident assessment

-- adjust the Revenue Discount each year, as required, based upon prior year's experiences.

A preliminary adjustment will be made on the initial preliminary budget based upon prior completed budget years. Prior to final approval of the budget a final adjustment can be made, if necessary, based upon the current year revenue collections.

-- Indicate no staff salary increases

-- show net results of projected revenue and projected expenditures

Preliminary Budget review by the Board

The Board shall decide to what extent the preliminary budget is reviewed. After the review of the preliminary budget, the Board shall decide if any salary increases shall be given out and to what extent.

Upon noting the impact of the salary increase upon the budget, the Board shall determine if any other sources of revenue are available.

The final action of the Board shall be to determine to what extent the assessment must be increased to have a balanced budget.

TIBURON ACCESS CONTROL

As part of the Tiburon Access Control agreement, all cost associated with the incremental cost, would be kept separate from the general account. This would allow year over year comparisons for the general account

FINANCIAL REPORTS

Due to the accrual method of accounting, where the annual budgets for each line item are equalized for each month, the monthly financial report may not portray a realistic status of the end of month financial position.

To minimize the impact of the accrual accounting method, the following actions must be taken:

1) when a projected final payment of any line item is made, all annual budget for that line item must be moved to the YTD

2)When a monthly payment is made that represents 50% of the annual budget, sufficient annual budget funds shall be moved to the YTD budget to offset the actual YTD expenditure and minimize the impact upon the end of the month financial status.

Staff charges for Capital projects

All staff charges for Engineering, legal, or Dorrill management for capital projects must be charged to the capital project and not the normal line item for the staff charges.