

**MF FINANCE TEAM: 2017 BUDGET OVER-EXPENDITURE WORKSHEET**

**This is our first use of the newly designed process and form – the information in italics is the filled in content**    *Solution approved by the board 9/16/17*

SECTION ONE (for use by the individual/group with expense authority)

Description of the expected over-expenditure: *Significant additional cost of the siding, bridges, and decks preparation for the Bodie units painting (painting reserve) project - see the detail found in the top section of Attachment One*

Budget expense line item (items) involved: *The painting reserve component of the Reserve Plan & Reserve Fund*

Estimated amount of over-expenditure: *\$1,300*

Other comments: *The partnership of B&G and FIN had a good discussion on what makes up each of the three components of the Reserve Plan & Reserve Fund approach. We decided to document this as the second section of Attachment One*

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SECTION TWO (for use by the finance team)

Date over-expenditure information received: *Tuesday, 9/12/17*

Date action taken: Finance team: *Tuesday, 9/12/17*

Action taken (approve or disapprove or return for more information): *Approved*

Proposed solution for source of funds: *Transfer in, and use, unspent monies from the projects reserve component (\$5,000 targeted for fencing/landscaping/signage needs – no current needs)*

Board approval needed? YES *X* NO      (if the decision can be handled at the finance team level, then check NO and stop here; otherwise check YES and do the next step)

Date over-expenditure taken to the board for action: *Saturday, 9/16/17*

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**Financial Policy: *No individual (or group), when executing their expense authority, may authorize expenditures that will cause the approved annual budget for that expense line item to be exceeded without prior approval. This approval may only be granted by the Treasurer or the Finance Committee chairman.***

**ATTACHMENT ONE**

**Detail On The Projects & Project Costs**

1) There are five separate B&G projects that will be charged to the Painting Reserve component. The five projects and their respective cost estimates follow:

- a) the normal Brodie five year cycle painting project **\$20,200**
- b) a special one time deck stripping & painting project **\$4,800** (to get back to the desired architectural design and control status)
- c) a special 2017 out of cycle painting cost for one of our golf course units southern siding **\$800**
- d) a special one time Brodie siding major repairs project **\$3,500** (\$500 sunk cost + \$3,000 new bid)
- e) a special one time Brodie decks & bridges major repairs project **\$3,000**

2) The total budget in this reserve component is \$31,000, which is made up of \$28,000 Brodie painting and \$3,000 miscellaneous (which was planned to cover special cases like b/c/d/e). The total of these five projects is \$32,300.

3) The resulting over-expenditure is estimated to be \$1,300. This planning work recognizes that the actual costs can, and likely will, vary from planned costs [could be either more or less]

**Background On Our Three Components Of The RESERVE PLAN & RESERVE FUND**

***While the following is an oversimplification to some degree, it will help the reader understand the approach for our Reserve Plan & Reserve Fund material being split up into three components – at a later time this information will be incorporated into the official Plan material***

Roof reserve

Provides for roof replacement, roof major repairs, and replacement and/or major repairs to skylights and gutters for each of our 30 units.

Paint reserve

Could easily be renamed the siding & decks & bridges reserve. Painting is the technique used to avoid having to do wholesale siding (& deck & bridge) replacement analogous to roof replacement.

Provides for siding & deck and bridge (Brodie units) major repairs and painting on a defined cycle (current cycle is every five years) for each of our 30 units. The painting of porches is also included when the painting work is done.

Projects reserve

Could easily be renamed the basement & porches & grounds reserve.

Provides for basement (aka crawl space) & porch major repairs for our 30 units. Also provides for grounds related major repairs and/or replacement, with the three key grounds areas being landscaping & fencing & signage. Dealing with drainage projects when drainage issues occur also falls in the scope of this reserve component.