

PRODUCT OVERVIEW

This Budget/Reserve Tool allows the user to specify an operating budget for a calendar or fiscal year and develop a ten year plan for reserve accumulation and expenditures. The operating budget is compared to the current year's budget and combined with the reserve cash flow requirements to produce a projected maintenance fee for the upcoming plan year. The user can prioritize the maintenance fee based upon the operating expenses ("Operating Budget Prioritized") or the user can specify a percent reserve funding target ("Reserve Funding Prioritized") and the Tool will calculate the necessary maintenance fee to meet that percent funding requirement. Under Operating Budget Prioritization, the user specifies a maintenance fee (increase or decrease) and the allocation of funds is prioritized to cover the operating expenses first. The balance of maintenance fee funds are then allocated to the reserve pool. Alternatively, under Reserve Funding Prioritization, a percent reserve funding is specified and the maintenance fee (increase or decrease) is calculated to cover all the operating expenses and provide a reserve contribution that achieves the specified reserve funding level. A key advantage of using this Tool is that one can develop what-if scenarios for different maintenance fee increases and/or percent funding targets and project out requirements for ten years based upon a particular reserve profile. This reserve profile along with percent funding targets can be revised annually to optimize cash flow and smooth out or reduce maintenance fee increases. *[Note, percent funding is defined as the ratio of the actual funds available to meet the reserve accumulation and expenditure requirements versus the funds that would be required to be fully funded each year. Example, if a car cost \$50,000 and a new car was purchased every five years, then to be fully (100%) funded each year, an individual would have to place \$10,000 in the bank each of the five years. If in any of the five years an individual placed only \$5,000 in the bank, then for that year they would be 50% funded.]*

How to Specify an Operating Budget Prioritized Plan

Select the General Information Entry screen (from the Main Menu press the Enter/Modify General Information button) and enter "OP" in the second column of the line entitled "OP BUDGET OR % RESERVE FUNDING PRIORITIZED." Then enter the desired percent maintenance fee increase in the second column of the line entitled "PLANNED 'Year' MAINTENANCE FEE INCREASE."

How to Specify a Reserve Funding Prioritized Plan

Select the General Information Entry screen (from the Main Menu press the Enter/Modify General Information button) and enter "%" in the second column of the line entitled "OP BUDGET OR % RESERVE FUNDING PRIORITIZED." Then select the Percent Funding Entry and Modification screen (from the Main Menu press the Enter/Modify Percent Funding button or from the General Information Entry screen press the Adjust % Funding button) and enter the desired percent reserve funding for the plan year. (Note, percent funding entries for the remaining nine years of the projected reserve plan can be made at this time or deferred for later entry or modification.) Note, the user can also switch between the Operating Budget Prioritized mode and the Reserve Funding Prioritized mode, from the Percent Funding Entry and Modification screen, by simply pressing the change mode button.

Overall Functionality

The Budget/Reserve Tool navigation and functionality are designed to be intuitive in nature. Moving from one screen to another or invoking specific functionality is accomplished by pressing the appropriate button or set of words for the particular action desired. For example, to move from the General Information screen to the Percent Funding and Modification Entry screen, simply press (left mouse button click) the Adjust % Funding button on the General Information screen. Or to view the Product Instructions from the Main Menu, simply move the cursor over the word Instructions and left mouse button click. Note, a hand will appear whenever the cursor is moved over an item that can invoke a screen change or specific function.

Shrinking or Enlarging a Screen

Certain screens may be reduced in size to accommodate lower resolution (800 x 600) computer screens or larger CRTs or LCDs set at lower resolutions. To reduce a screen size, simply move the cursor over the words Shrink View (a hand will appear) and left mouse button click. The screen size will be reduced to a preset size to accommodate the lower resolution and fit the entire screen within the viewing device, eliminating the need for horizontal scrolling. To return the screen to its original size, left mouse button click the words Enlarge View. Note, there are only two sizes of shrinkable screens, the reduced size and the original size. Clicking on the Shrink or Enlarge words sequentially more than once will have no effect. When the workbook is saved, the state of the screen (reduced or normal) will be saved as well.