

## 6 FINANCE



### *A. Background*

This section describes the key features of Rossmoor's financial management, with a focus on the GRF.

The Coupon consists of two portions: 1) the Mutual portion, and 2) the GRF portion. It is collected monthly by the Mutuals from each manor. GRF has three principal sources of operating cash: 1) the GRF portion of the Coupon, 2) payments for services provided by the Mutual Operations Division, and 3) fees and sales proceeds from residents, clubs, and non-residents for goods and services.

GRF's Trust Fund, comes primarily from membership transfer fees, \$7,000 per manor as of 2010. It is used for capital projects/equipment. When additional capital funds are required, loans can be taken out and are repaid from the Trust Fund.

The annual budgeting process includes review of operating expenses for each department, as well as the maintenance budget for Trust facilities/properties and retention of working capital to cover unforeseen expenditures. Budget principles are used annually to establish the GRF Board's approach to development of the budget. Revenue-enhancing opportunities are identified each year during the GRF budget process.

*B. Goals, Policies, and Actions*

<b>Goal FIN -1</b>	<b>A fiscally healthy GRF that plans for the future and responds to the needs and desires of Rossmoor residents, consistent with Rossmoor's standing as a premier adult community, including keeping the Coupon as low as possible.</b>
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**Policies**

Policy FIN-1.1      Balance the expenditure of capital and/or operating cost against the available funding, the cost effectiveness of the expenditure, the expected results in terms of meeting the needs and desires of residents, the projected usage, and the timing involved in fulfilling the recommendation.

Policy FIN-1.2      Keep the GRF portion of the Coupon as low as possible while providing a range of basic programs, services, and facilities. Balance the needs and desires for expansion and modification with their impact on the Coupon.

Policy FIN-1.3      Engage a qualified audit firm to conduct an annual audit using current recommended professional association guidelines.

- Policy FIN-1.4 Use the GRF budgeting process to review ongoing expenditures and one-time capital expenditures and to review specific needs and desires for new or improved facilities.
- Policy FIN-1.5 Ensure that expenditures, including those recommended by actions within this Plan, are as cost-effective as possible while also meeting the needs and desires of Rossmoor residents.
- Policy FIN-1.6 Undertake capital projects to the extent that they can be funded with available Trust funds or loans whose repayment through Trust funds can be projected using fiscally sound budget principles.
- Policy FIN-1.7 Review the impact of ongoing operating costs for new facilities on GRF's operating budget and Coupon charges when deciding whether to develop such facilities.
- Policy FIN-1.8 Systematically maintain GRF buildings and facilities to prolong their useful lives so long as that remains cost-effective.
- Policy FIN-1.9 Consider the costs and benefits of construction of new GRF facilities versus maintenance and upgrades for existing facilities.
- Policy FIN-1.10 Enhance manor sales and associated Membership Transfer Fees and dedicate the fees to fund capital projects.
- Policy FIN-1.11 Periodically review programs and services to ensure they are providing cost-effective, quality services and resulting in desired outcomes.
- Policy FIN-1.12 Review GRF obligations to employee salary and benefit programs, as well as the impact of these programs on the GRF portion of the Coupon and on recruitment and retention of employees.

### **Actions**

- Action FIN-1.1 Periodically evaluate services provided by GRF staff to assess whether services could be outsourced to contractors without

sacrificing quality or other aspects of the services important to Rossmoor residents and if cost savings can be effected.

**Goal FIN -2    An organizational culture that continually seeks entrepreneurial opportunities and expanded revenues consistent with the needs and expectations of Rossmoor residents.**

**Policies**

- Policy FIN-2.1    Develop programs to enhance “outside” revenue from GRF facilities and services utilizing existing activities and expertise. Focus additional revenue on the provision of basic services to residents with minimal increase of the GRF portion of the Coupon or other fees to residents.
  
- Policy FIN-2.2    Use the budgeting process and “outside” revenue enhancement to provide programs and services to residents and minimize increases to the GRF Coupon.
  
- Policy FIN-2.3    Encourage both private and GRF-run commercial activities in GRF’s facilities, consistent with Rossmoor’s values and with an emphasis on filling the needs of Rossmoor residents and attracting Rossmoor residents as patrons.
  
- Policy FIN-2.4    Utilize transparent annual budgeting and auditing processes, including development of Board budget principles, to ensure a fiscally sound GRF that provides cost-effective facilities and services.

**Actions**

- Action FIN-2.1    Review ideas for revenue enhancement, including those presented in this Plan, to determine which should be implemented consistent with GRF policies.
  
- Action FIN-2.2    Improve marketing of Rossmoor to enhance manor sales and associated Membership Transfer Fee revenue.