

BUDGET COMMITTEE ANYONE?

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You know you need to start working on the 2011 budget, but where do you start? Rather than try to put the whole burden on the Manager or the Treasurer, experience has shown that the TEAM approach to the annual budget really works. It not only gets more of the members involved, but provides for more analysis and input from more owners.

There is perhaps no more significant board responsibility than that of preparing annual budgets and overseeing the financial management system of the association. Each individual owner is affected by this process through the establishment of the annual assessment. The Board may delegate to management the authority to take on some or all of the functions associated with the financial management and budget process. However, the board has an obligation and a responsibility to oversee that this process is consistent with the standards of a fiduciary.

We are going to make an assumption that you are on a calendar year for discussion purposes. The following time-lines work effectively to have the budget ready for distribution to the owners in time for the required owners' meeting and their ratification prior to necessary implementation.

Actions by Month

Each month has a critical activity that contributes to the whole process. We have detailed below the activities that should happen each month.

In **February**, determine if an Updated Reserve Study needs to be performed this year and put it on the next agenda to either go out for bids or get the cost of an update from the current provider. Don't wait until a month before you have to have the budget for the Board meeting to ask for this Update as you WON'T get it that fast at that time of year. Start now.

In **JUNE** the Treasurer seeks out volunteers for the Ad Hoc Budget Committee through contact with other Association Committees and notice in the newsletter. The Treasurer submits the names of at least five (5) proposed committee members for July Board meeting action/approval. He or she also ensures that a professional reserve study has been conducted or is in the process of being conducted for use in preparing the reserve portion of the budget planning.

In **JULY** of each year, the first draft of the next year's budget should be prepared by Management or the Treasurer.

It is marked "draft" and given to each Committee Chair and each Board Member for review and their important contributions at the August Meeting.

In **AUGUST**, all of the Committee's reports back to the Budget Committee with all of their specific requirements and/or requests for the following years activities. This can be called a "Wish List" of each Committee.

In **SEPTEMBER**, The Budget Committee provides accumulated information to the Manager or Treasurer for inclusion in the "draft" budget.

At the **OCTOBER** Board Meeting, the Board reviews the “draft” budget presented by the Budget Committee and recommends final changes. If no changes, they could adopt at this meeting and the agenda should reflect this so that owners are clear what action(s) could be taken.

The final revised budget is adopted by the Board of Director at their **NOVEMBER** Board meeting. A summary is then distributed to the owners along with the notice of a special meeting which must be scheduled within 60 days from Board adoption, but not less than 14 or 30 days from the mailing date (NRS 116.3103).

The owners meet in the first part of **DECEMBER** to approve the 2011 budget and unless a majority of the owners attend and vote against the budget, it is deemed approved. If a majority of owners vote against the budget, the prior budget stays in effect until a new budget is adopted by the Board and approved by the owners.

On December 15th (or the amount of time specified by the governing documents), the statements (or coupons) are sent advising owners of their first installment of the 2011 assessment.

We know it is hard to find the volunteers who wish to serve on any committee, but owners who are critical of the assessments and necessary increases will be part of the solution rather than the problem when involved in researching the budget and finding solutions. Ask for their help. It will surprise you when they say yes.

It’s August and you are one month behind, but it is not too late to catch up.