

SUBJECT: FINANCIAL PLANNING

ARR Number 1.4

AMENDED: August 1993

PURPOSE: To establish a Budget Committee to propose the following year's operating budget, and to review the reserve plan for adequacy in funding.

POLICY: No later than the October Board meeting, the President shall appoint a Chairperson and at least three other members to form a budget committee. The committee will include the Board treasurer, and at least two other Board members and one non-Board resident member.

The committee will present the recommended budget to the Board at its regularly scheduled December meeting. Since letters to the co-owners concerning the budget must be sent in January, any failure to approve the budget at the regular December meeting will require a special meeting to be held in December.

In presenting the budget, each line item must be evaluated in terms of the Board's responsibility to provide necessary services, timely maintenance, and appearance factors to maintain and/or enhance the market value of the units.

The committee must update the reserve plan to reflect outlooks for the next ten years. The plan is designed to cover costs of recurring major maintenance and repair items. It is also designed to reduce or eliminate the need for special assessments for these items. Capital improvement items that can be reasonably supported from funds generated in the operating budget, will be excluded from the reserve funding.