Annual Operating Budget Process & Procedure

Overview

This document describes the roles, responsibilities, and the process for preparing, presenting, and consenting on the annual operating budget.

Note: Wherever a commonly used term is referenced, the term is linked to Key Terms at the end of this document.

The budget process ensures the following:

- That all committees are provided an opportunity to present their budget items, and to respond to any questions and concerns.

- That the community can see throughout the budget presentation a close approximation of their monthly association fees (MAFs).

- That the community works cooperatively to prioritize the budget items to ensure that MAF increases for the next year are reasonable.

- That an option is available for the association to receive private financial donations from individual TS community members to fund additional budget items.

Some key features of our budget process:

- Committees are required to wrap up all their spending for the year by the end of November, which includes submitting all receipts for reimbursement by November 30th. This does not change our bookkeeping, which goes from January to December, or our twelve-month MAF payment spread.

- All monies in the budget that are not spent by November 30th will carry over to the following year's general budget.

- Committees are responsible for submitting budget items, which means individual TS members who want to suggest a budget submission must route to the appropriate committee.

Roles & Responsibilities

- Finance & Legal (F&L) Committee

    - Sends out on announce@touchstonecohousing.org notification of the budget cycle kick off with instructions for committees and reminders throughout the budget process.

    - Sends budget income and expense reports to committees at least annually on their specific budget expenditures.

    - Schedules budget presentation dates for Plenary through Steering.

    - Prepares the budget spreadsheet for presentation at Plenary and works closely with the facilitator(s).

- Touchstone Committees

  - Review and create a plan to finalize any purchases and submit receipts to Finance & Legal by November 30th.

  - Review and determine what budget items to submit.

  - Have at least one member of the committee present to champion the item at plenary.

  - Log their committee budget items into the [Committee Budget Items Submission Tracker](#) where they can provide an actual or estimated cost for their budget item(s), including a good description of the item and any pertinent links to the purchase or service where applicable.

  - Review the draft budget prior to the first Plenary presentation to ensure all committee budget items submitted are listed.

  - Ensure that money spent by their committee is within budget and spent on the specific budget item(s) approved by the community. Any leftover funds when the budget item is purchased will go back to the community as carry over to the following year's budget.

  - Assign a treasurer role to a committee member to review and follow up on committee budget items throughout the year.

- Process Committee Facilitators

  - Choose a facilitator(s) who can be available to facilitate all of the budget presentations.

  - Work with F&L to coordinate the presentation and address community concerns both during and between Plenaries.

- Touchstone Community (All of Us)

  - Be present at the budget presentations at Plenaries and/or read the minutes to ensure you have a voice in decisions and ask your questions in time for the committees to respond.

Budget Presentation Timeline

Budget Preparation, Presentation, and Finalization Timelines

	August			September			October			November			December		
Set plenary dates for budget presentation		■														
Share dates w/ Steering				■	■											
Email committees with their current budget & request they discuss at their September committee meeting				■	■											
Committees review submissions and submit to F&L by deadline date (approximately the first week of October)				■	■	■	■	■								
First budget plenary									■							
Second budget plenary											■					
Third budget plenary													■			
Finalize Year End Budget ; final carry over															■	■
Finalize MAFs for 2018																■

- Key Deadlines

  - Final Budget Item(s) Submission Date: This cutoff date for submitting budget items will be communicated to the community to allow sufficient time for committees to review their budget items prior to the first presentation of the draft budget.

  - November 30th: The cut off date by which committees must spend any money on approved budget items. Any items purchased after November 30th must be paid out of the new year's budget if a budget line item exists. The association cannot reimburse for budget items not funded in the current year's budget.

Presenting the Budget at Plenary

- F&L creates a budget spreadsheet using a Google spreadsheet template that has been created to calculate the following (see the 2019 Budget - FINAL for an example) :
  - Columns for the current year's budget and the proposed following year's budget
  - Net income / carry forward income
  - The monthly association fees (MAFs) for each unit based on our MAF policy

- The budget spreadsheet is presented (electronically) and projected on the wall at Plenary to allow members to view each item and see any changes to the MAFs in real time.

- All budget items are discussed starting with the core operating budget items and continuing through the non-core budget items.

- Committees with larger budget requests (for example the cost is high or the budget item has some complexity), can make a formal presentation at plenary prior to the first budget presentation by bringing to Steering to schedule for a Plenary.

- Any questions or concerns raised at Plenary are noted and those budget items are flagged in the spreadsheet so that the relevant committee can follow up and address the concerns before the next Plenary presentation.

- Committees can request that budget items be removed or reduced but cannot increase the original amount requested.

Final Approved Budget Responsibilities

- F&L ensures that the final approved budget is saved in Google Drive and linked in the Touchstone Wiki so it can be accessed by committees / community members.

- F&L provides committees with updates on their expenditures as needed throughout the year and sends out a report in the 3rd quarter prior to the next budget cycle.

- Committees track their expenditures in a simple spreadsheet and are encouraged to create a committee treasurer role (see individual committee D&Rs for specific committee roles).

Key Terms

- **Core budget items:** Included in the budget every year. They are generally operating costs that are required to manage the association such as water, waste removal, recycling, snow removal, association insurance but also includes costs that the community agrees to fund every year such as process / community education and marketing & membership.

- **Non-core budget items:** One-time annual budget purchases, such as a lawn mower or a specialized legal cost (i.e., bylaws revision). More costly non-core budget items may spread over several budget years until fully funded at which time it can be spent.

- **Net income:** The amount of all income (from MAFs) minus the total spent from the budget for all expenses that year.

- **Carry forward income**: The net income that carries over to the following year's budget and reduces the amount of association fees assessed to the community.

- **Special assessments**: Community approved assessments that are generally consented on outside the annual budget process, such as the common house special assessment.

- **Budget Items funded over multiple years.** Any budget item that the community agrees to budget (collect towards) over several years until fully funded at which time it can be spent. Generally big ticket items.