

KING FARM CITIZENS ASSEMBLY

BUDGET & FINANCE COMMITTEE CHARTER

WHEREAS, to better carry out the duties and responsibilities of the Board of Trustees, the Board deems it necessary to establish a committee charter for a committee to advise and assist the Board with respect to policies and programs for protection and enhancement of the financial assets of the Assembly;

NOW, THEREFORE, BE IT RESOLVED THAT: the following committee charter is adopted for the Budget & Finance Committee:

RESPONSIBILITIES:

The primary responsibility of the Budget & Finance Committee (BFC) is to develop a draft annual budget and monitor its execution. The Committee shall also propose to the Board of Trustees any financial management policies it deems appropriate. The committee will not be able to alter approved budgets or commit funds without Board of Trustee's approval.

In fulfilling its responsibilities, the Budget & Finance Committee will work with the management agent in performing, at the Board's request or direction, functions, which include:

1. Budget Preparation:
 - a. Solicit input from other committees regarding their financial needs, with justification, for the ensuing fiscal year. The BFC will provide these needs and justifications to the BOT, along with any additional financial recommendations or feedback regarding the justification. Input to management should be completed no later than June 1.
 - b. Conduct a detailed review of the draft budget prepared by management and reach agreement on all budget line items to be proposed to the Board of Trustees. Such review should be completed no later than July 31.
 - c. The Chair of the Committee and management shall present the draft budget to the Board of Trustees at its August working session for review, and at the August BOT meeting for preliminary approval.

- d. Management and the Committee shall hold an open meeting for all residents in order to explain the draft budget for the upcoming fiscal year and to solicit input from any of the attendees.

This meeting should be held between the Board meeting in August and one week prior to the Board meeting in October. The Board of Trustees will vote on the final budget at the October BOT meeting. The Committee Chair and management shall report to the Board on the results of the open meeting and any changes in the budget resulting from that meeting and comment period.

- e. The Committee Chair shall review with management and the Treasurer of the BOT the long-range financial plan for the Assembly. The Chair of the Committee and management shall report on this review concurrent with the annual budget preparation and make any appropriate recommendations.

2. Budget and Investment Monitoring

- a. Monthly, the Committee shall review all financial statements provided by the management company and examine those line items which have significant variances between budgeted and actual expenses.
- b. At each Board meeting, the Chair of the Committee shall bring to the attention of the Board of Trustees any particular financial matter, which deserves the attention of the Board.
- c. Quarterly, the Committee shall review the accounting for the working capital income and the appropriateness of expenditures made there from. The BFC shall incorporate this analysis into their regular monthly report to the BOT.
- d. As needed, the BFC will review all investments to ensure that the King Farm (KF) investment policy is being properly implemented. In addition, the BFC will work with the KF investment advisor to recommend investment options one month prior to a current investment coming due.

3. Adequacy of Reserves

- a. At the appropriate time, the BFC should recommend to the BOT that a replacement reserve study be conducted by an independent qualified firm and assure that operating funds are included in the budget to fund such a study.
- b. The Committee should expect to update the replacement reserve study every two (2) years with each budget cycle.

4. Annual Audit

- a. Working with management the BFC shall obtain bids from independent audit firms and make a recommendation to the Board of Trustees for the engagement of a firm to perform an annual audit of the books and records of the Assembly.
- b. Review the draft audit report and management letter of the firm engaged to do the annual audit of the Assembly and make recommendations to the Board of Trustees as to the acceptability of the report and comment upon any recommendations made to the Board in its management letter.

5. Manner of Organization

- a. **Membership:** The committee shall consist of five citizens not in default in any obligation to the Assembly. Those five citizens will be appointed by the Treasurer and confirmed by a majority vote of the Board of Trustees. In addition, the President of the Assembly and the Treasurer of the BOT will be non-voting members of the committee. At least one of the appointed citizens must have significant budget preparation or financial planning experience.
- b. In order to obtain representation from a variety of interests, residents may hold no membership in any other committee.
- c. Upon initial committee stand up, three members of the committee will be appointed to a two year term and the other two will be appointed to a one year term. After the first year, all appointments will be for a two-year term ending December 31 or unless otherwise designated by the Board of Trustees. Committee membership is lost after three (3) consecutive absences from regular meetings. A member may be removed by the Board with or without cause, on its own volition or upon request of the Chairperson.
- d. **Chairperson:** The Treasurer of Board of Trustees, with the concurrence of the Board, shall designate the Chairperson. The Chairperson serves at the discretion of the Board. The Committee may vote to recommend to the Treasurer of the BOT the removal of the Chairperson with or without cause by a 2/3 majority vote. Vacancies created by removal, death or by resignation of the Chairperson shall be filled by the Board.
- e. Functions of the Chairperson include the following:
 - i. Conduct and effectively manage meetings using Roberts Rules of Order.
 - ii. Appointment of a Vice Chair to serve in his/her absence.

- iii. Appointment of a Recorder who shall be responsible for keeping the committee membership roster, recording minutes of all committee meetings and, in general, maintaining written documentation on committee decisions and activities.
- iv. Schedule committee meetings
 - v. At each BOT meeting, the Chair of the Committee shall bring to the attention of the Board of Trustees any particular financial matter, which the committee believes deserves the attention of the Board.

6. Meetings

Meetings of the Committee shall be governed by the latest edition of Roberts Rules of Order and shall operate within the following guidelines:

- a. Regular meetings of the full committee shall be held monthly, except during budget time, unless the chairperson shall determine that a meeting is necessary to carry out assignments and responsibilities.
- b. A majority of the members shall constitute a quorum necessary to conduct business.

7. Reporting and Channels of Communications

The Chairperson will submit to the Board a monthly written report, which will include the following:

- a. The minutes of the committee meetings, including recommendations and the estimated cost of implementing those recommendations;
- b. The budget item to which such costs are recommended to be charged; and
- c. The specifications for any material or equipment which would be purchased as a result of implementation of the recommendations.