

**KING CITY CIVIC ASSOCIATION**

**FINANCE AND BUDGET COMMITTEE**

**CHARTER**

**Purpose:**

The Finance and Budget Committee is a standing Board committee that reports to the KCCA Board of Directors.

The purpose of the Finance responsibility of this committee is to provide financial oversight and assist the KCCA Board of Directors in matters relating to fiscal management and to assist the Board of Directors in planning and administering a program of asset management for the Association.

The purpose of the Budget responsibility of this committee is twofold; to provide recommendations consistent with sound business practices and transparency regarding Association budget matters and to assist the Board of Directors in the review and preparation of the annual Operating and Reserve budget, including sustainability analysis of receipts and expenditures.

The presence of a fully engaged financial and budget committee is a strong indication that KCCA is committed to good stewardship and is actively building and preserving the financial resources necessary to support our Association.

**Responsibilities:**

1. The Finance and Budget Committee is responsible for following appropriate laws and KCCA's governing document including but not limited to KCCA Resolution 2012-301 "Committees Serving the Board of Directors".
2. Provide oversight of the Associations financial statements and reports, capital expenditures and financial policies and procedures.
3. Recommend cash flow planning for the Association, including the timely investment in programs in such amounts and maturities so as to maximize the investment income of the Association while providing adequate cash for meeting its financial obligations.
4. Monitor Operations and Reserve spending by the Association regularly during the course of the year. Review and spot-audit all financial documents, records and contracts of the Association, subject to confidentiality requirements, in order to promote effective and efficient financial practices of the Association.
5. Annually, the Committee, in conjunction with the KCCA Community Manager and/or the management company that handles Association financials, will develop the proposed annual Operating and Reserve Budgets for the ensuing fiscal year. Each budget season, the Committee will take the lead in budget development, or will function in a support role, as directed by the Board of Directors. After review and amendment, if necessary,

The Committee will recommend a final Operating and Reserve Budget and Association assessment to the Board of Directors for approval.

6. Compare actual income and expenditures to the current year's budget, monitoring adherence to the budget and recommend any needed action to the Board. Report to the Board regarding the status and variances of the budget, if any.
7. Assist in the administration of the Reserve Fund, including monitoring home sales and transfer fee income, expenditures from the Reserve Fund and ensuring maintenance of an adequate Reserve Balance. Review as necessary the Reserve Budget and/or Reserve Study and make recommendations to the Board.
8. Review estimates for routine services to ensure that the Association is acquiring the best value for its needs and contractual terms are being met. Ensure all contracts are clearly defining both parties' responsibilities with respect to the desired outcome to the level of detail necessary to make both parties comfortable with respect to the relationship. Provide contractual recommendations to the Board. Oversee and review a minimum of three bids for any potential service contract(s) unless there are only one or two companies providing the goods or contract. Evaluate bids for operating and reserve expenses and make recommendations to the Board of Directors.
9. Assist the Board in selecting an auditor and to review annual audits.
10. Review the most recent Reserve Study performed and make recommendations to the Board to ensure the Association's reserves are properly funded to support necessary maintenance and unexpected expenses.
11. Based on the Reserve Study, develop a five-year plan for the Association and recommending long-term financial goals for the Association. This may include recommendations to set aside an appropriate level of revenue or replacement funds each year for the replacement of major components of the Association's common property or equipment for long-term projects or for future repairs. This will be the primary focus of the Budgeting section of the Committee Meetings throughout the year except during budget preparation.
12. Update the Budget Committee manual, if necessary, which outlines the processes of the Budget and Finance Committee.
13. To assist in anything else as deemed necessary by the Board of Directors that will promote effective and efficient financial practices for the Association.
14. Provide notice to the Board of Directors of any change violating KCCA restrictions.

#### **Membership:**

1. The Treasurer chairs the Finance and Budget Committee per Resolution 2012-401 and as recommended by CPA's Treasurers Accounting Handbook and Procedures. The KCCA Board Director chairing the Finance and Budget Committee will act as liaison between the Board, Administration, and the committee.
2. The committee members must be approved by the Board annually.

3. The Finance and Budget Committee shall consist of no more than two (2) Board Directors, no fewer than three (3) total resident members and no more than nine (9) total members.
4. The Committee Chair shall appoint a vice-chair who will serve when the Chair is not available and a secretary who will record and submit minutes of meetings. The vice-chair must be a Board Director. If there is no Board Director available or willing to accept the vice-chair role, the Chair will engage a Board Director on an ad hoc basis to serve as substitute chair when the Chair is not available.
5. Members approved to the committee by the Board shall be members of the Association.
6. Committee members shall serve a one-year term. Committee members may be reappointed.

#### **Meetings:**

1. Meetings will be held twice a month on a regular schedule, or more or less frequently as needed to carry out its obligations. Committee Members are expected to attend meetings regularly.
2. During the preparation of the annual budget, the Committee will meet weekly beginning the first week of September and continuing through October and longer if necessary to meet their obligations.
3. Committee meetings will be held in KCCA public rooms or virtually and will be open to KCCA members unless the chair (or substitute chair) deems the subject to be of a confidential nature.
4. The Chair of the Finance and Budget Committee shall report Committee findings and recommendations to the KCCA Board monthly and will provide to the KCCA Community Manager copies of the most recent meeting minutes that can be accessed by Board Directors and KCCA resident-members on the KCCA website, [www.mykcca.com](http://www.mykcca.com).
5. Minutes to be recorded and reports generated as shown under Minutes and Reports.

#### **Minutes and Reports:**

1. The Committee secretary will prepare minutes of the meeting and submit them to the Association Office within 3 business days following each meeting (see 2. below).
2. Committee minutes must be approved by the committee Chair or substitute Chair and be clearly labeled "Approved" before submission to the office for posting on the website and Clubhouse bulletin board.
3. The Committee Chair has the option of providing a written report to the Board and/or reporting verbally on committee activities at a Board meeting. Recommendations and findings that require Board action must be provided to Board members in writing, along with the facts and rationale related to the proposed action, prior to the Board meeting.

4. Reporting should be designed to communicate information specific to the organization's current circumstances in a format that matches the knowledge level and role of board members.
5. Areas of potential reports to KCCA Board of Directors:
  - a. Expenditure requests approved/unapproved
  - b. Compliance and information i.e. how resources are used, ensuring operational efficiency and controls. Financial compliance issues needing Board action
  - c. Provide accountability to the use of Association funds
  - d. Concerns about the quality of accounting practices
  - e. Report projected future needs including assumptions for use in future plans
6. The Committee will continually review and advise management regarding the form, content and frequency of financial information necessary for it to fulfill its responsibilities described herein.
7. The Committee will advise management regarding key financial information and performance indicators necessary to evaluate the various internal business units throughout the organization.

Approved 2-28-2023