



How can you have a say in how the money is spent?

There are ways in which you can get involved in the budget process for PMCPOA. The most direct way is to join the Budget and Finance Committee, or attend the monthly meetings.

This committee advises the Board of Directors on all material aspects of the association's financial reporting and control and audit functions. Its role includes a focus on the qualitative aspects of financial reporting to members and on corporate processes for the management of business/financial risk and for compliance with significant applicable legal, ethical and regulatory requirements. It also coordinates with other committees and helps maintain strong, positive working relationships with management, auditors and other committee advisors.

In addition to reviewing and reporting on the annual budget, the Budget & Finance Committee also reviews the monthly financial statements prepared by management, the annual audit, the investment policy and the Reserve Fund.

All Budget & Finance Committee meetings are open to members in good standing, and member input is welcome. Meetings are held at 5 p.m. in the Pool Pavilion on the Wednesday prior to the monthly Board of Directors meeting.

All members in good standing are also welcome at the monthly Board of Directors meetings, and at the special budget meeting in March. For those who cannot attend the meetings, videos of the meetings are posted on the website. Numerous articles are also published in the Condor and on the website throughout the year; email blasts are sent out; and a financial packet is mailed to all members in May. It is important to take the time to read these materials.



The Project Approval Process

In the daily functioning of the association, projects arise that need to be developed and addressed in the annual budget, or that need to be undertaken during the fiscal year. When this happens, there is a procedure in place that must be followed in order to get a project approved. Business Policy A-2 spells out the steps that must be taken in order to receive funding for a particular project.

When a project materially affects the development and is not maintenance or a repair, the originator of the proposed project --whether a department manager, member of the Board, representative of a standing committee or a member of the Association -- must present the proposal in outline form. Upon initial approval, a detailed description then must be provided that includes: photos, plans, costs, rationale for the project, a statement as to which association goal the project addresses, a list of those affected by the project and statements from them indicating agreement or disagreement, an approximate time line and the name of the individual implementing the project.

All proposals are presented to the GM, who then places the project on the Planning Committee meeting agenda. The Planning Committee then makes recommendations regarding the project, and if necessary, holds a special meeting, and the results are published in the Condor newsletter.



Understanding the PMCPOA Budget Process

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PMCPOA Budget: The Early Days

The budgeting process for Pine Mountain Club Property Owners Association has its earliest roots in the Articles of Incorporation, which took affect on Oct. 22, 1975. In that eight-page document, the responsibility of improving and maintaining the association's common areas and oversight of the community as a whole was assigned to the association and its Board of Directors through the collection of assessments by its members.

Over the years, as the community grew, the Association Bylaws, Rules, CC&R's and Business Policy were formed to mandate how PMCPOA conducts business as a mutual benefit, nonprofit corporation, including the formation of an annual budget.

Today's Budgeting Process

Article 10 of the Association Bylaws spells out the authority of the nine-member Board of Directors to establish and collect reasonable use charges for any or all of the Association's property as deemed necessary or desirable. The annual assessment amount is determined after a painstaking and detailed yearly analysis of current budgetary status and needs. The Board works closely with association management -- particularly the general manager and the director of finance -- as well as the Budget & Finance Committee in formulating the annual budget and assessment amount.

Budget Time-line/Notification Schedule

The annual budget process begins in February of each year, when a draft budget and estimated assessment level is developed by the GM and staff and reviewed by the Budget & Finance Committee. This draft is published in the March issue of the Condor newsletter and posted on the association website. The association also mails a "Financial Statement of the Association as of Jan. 31" to every member in February that includes the proposed budget and assessment amount for the ensuing fiscal year, which begins in July.

Next, the membership is notified in February of an open Board meeting that is held the second Saturday of March dedicated solely to discussion of the budget, and of the formal March Board meeting on the third Saturday of the month in which the first order of business is the budget. Members are notified in a variety of ways, including articles in the Condor newsletter, email blasts, and postings on the association website and in the clubhouse lobby.

After the March meetings, a summary of the draft budget is run in the April Condor newsletter, and during the regular April meeting of the Board, a budget resolution is approved and the assessment amount is set.

During the first week in May, the association mails a packet to every member that includes the approved pro forma budget and assessment, the



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annual letter, a summary of the Reserve Fund status, the policy on delinquent accounts, a summary of the insurance policies for the association, the Alternative Dispute Resolution (ADR) policy, all other requirements of Civil Code 5300, and a form requesting that the member provide an email address.

What Does the Assessment Pay For?

PMCPOA comprises many common areas that require annual upkeep, and equipment that must be replaced as it ages.

There are two main parts to the PMCPOA budget: the operating budget and the reserve budget. Both of these budgets are funded through the annual assessments and user fees.

The operating budget addresses (but isn't limited to) all expenses that occur on an annual basis, as well as general maintenance and repairs. Typical operating budget line items include management fees, staff salaries, maintenance expenses, utility payments, etc. To keep members apprised of how money is spent, the association publishes monthly expenditure reports that are posted on the website.

The reserve budget is primarily made up of capital replacement items such as roofing, fencing, mechanical equipment, etc., that do not occur on an annual basis. For a detailed description of the Reserve Fund, please see the accompanying brochure titled "Understanding the Reserve Fund."