

# Budgets

PLANNING, PREPARATION AND APPROVAL

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# What is a Budget

- Estimate/Guesstimate /Conjecture in time
- Plan for allocating resources and controlling them
- Control tool on people and events
- Budget types: operating, capital, staffing, construction etc.
- Different people and time will produce different budgets
- Opportunity for input from multiple parties

# How to Start a Budget

- Consider assumptions based on economics of association
- Get the latest Reserve Study
- Consider association capital plan/budget
- Last year's budget and current year to date
- Big ticket pricing and volumes (utilities, insurance, staff, contracts, repairs)
- Print the appropriate general ledger for current year
- Think it all out before starting

# Mechanics of the Budget - Presentation

- Use a spreadsheet – flexibility to tailor result
- Create the budget skeleton from association system (2H + 1A + B)
- Notes, documentation and backup
- Make it attractive and easy to read
- Take ownership: name, date, version
- Create a contingency/unallocated cost line
- 80-90% of a budget is simple

# Example



**Eaglemont Condominium Association**  
**2014 Budget**  
 RK - Version 2.0 - August 15, 2013

	2011 Actual	2012 Actual	2013 YTD (7) Actual	2013 Projected	2013 Budget	2014 Budget	Notes
<b>Assessment Income</b>							
4001 -- Residential Assessments	1,083,437	1,437,133	927,225	1,590,754	1,592,469	1,592,469	For start keep same assessments as 2013
4018 -- Master Assn Common Garage Assm	201,568	201,600	112,832	196,672	201,216	201,216	Keep garage assessments the same
4025 -- Master Assn General Common Asse	120,783	126,791	81,175	133,938	126,630	126,630	Master common assume same as 2013
4120 -- Owner One-Time Assessments	55,753	36,249	1,856	1,856	-	-	- All units sold so no one time assessments
4125 -- Developer Assessments	418,284	115,089	2,124	2,124	-	-	- All units sold so no one time assessments
<b>Total Assessment Income</b>	<b>1,879,824</b>	<b>1,916,862</b>	<b>1,125,213</b>	<b>1,925,344</b>	<b>1,920,315</b>	<b>1,920,315</b>	
<b>Other Income</b>							
4200 -- Keys, Fobs & Garage Openers	6,275	7,915	3,980	5,647	4,000	3,000	Run rate higher but all units sold so less fobs needed
4240 -- Move-In & Out Fees	1,400	8,360	4,200	7,200	7,200	7,200	Based on 2 per month at \$300/move
4245 -- Newsletter Advertising	200	-	-	125	300	300	Use same as 2013 nominal amount
4400 -- Room Rental Fees	13,775	19,500	9,860	20,694	26,000	22,000	Rental of club room assuming more use
4710 -- Late Fees & Interest	1,260	4,876	1,798	3,048	3,000	3,000	Assume same as 2013 run rate and budget
4805 -- Charges Assessed for Violations	50	-	-	-	-	-	
4820 -- Guest Suite Income	16,948	16,910	16,475	28,142	28,000	28,000	Use same as 2013, two suites and quite busy
4835 -- Miscellaneous Income	681	745	631	839	500	500	Nominal amount from bells and lights
4900 -- Interest Income	6,867	8,242	4,578	10,703	10,937	5,625	Assume \$450K at 1.25%
<b>Total Other Income</b>	<b>47,456</b>	<b>66,548</b>	<b>41,521</b>	<b>76,396</b>	<b>79,937</b>	<b>69,625</b>	
<b>Total Eaglemont Condominium Income</b>	<b>1,927,280</b>	<b>1,983,410</b>	<b>1,166,734</b>	<b>2,001,739</b>	<b>2,000,252</b>	<b>1,989,940</b>	

# Mechanics of the Budget – Line Items

- Last year budget amount
- Run rate for this year plus factor
- Contract amounts
- Off line budget calculations (staff, utilities and some revenues)
- Unit calculations
- Time series and other exotic methods



# Validation

- Common sense
- Reasonableness to cross check items
- Use peer assessment and comments
- Share the result with “committee” well ahead of approval

# Cycle

- Include changes in each version with notes
- Point of diminishing returns
- Get approval from key decision maker or input person



# Not Finished Yet

- File working versions and papers in common drive or file
- Upload budget from spreadsheet to financial system (spread factors)
- Prepare the necessary assessment documentation
- Document for next year