

BELLASERA COMMUNITY ASSOCIATION

Budget & Finance Committee Meeting Minutes

January 26, 2010

PRESENT: Clayton Loisel, Theodore Dixon, Carlton Rooks, Charles Schroeder and Paul Snyder

GUESTS: Dennis Carson, Viola Lanam (during first part of meeting).

The Budget & Finance Committee Meeting was called to order at 1:45 PM. A quorum was present.

Purpose of the Meeting

To review / approve the minutes of our last meeting (December 9, 2010) and to review the BCA Financial Statements for November and December 2010. Also to discuss the Account Receivable status and the recommendation to recognize doubtful debt in BCA's Financial Statements. For other topics (mainly related to the new Budget) see enclosed Meeting Agenda.

Q & A Session with Viola Lanam related to bookkeeping and pending Expenses

The meeting began with questions to Viola as to the size of expected charges to the BCA Reserve Fund until the end of the Fiscal Year on 6/30/2011. Viola said she would have detailed information at our next Budget Working Session on 2/18/2011, but pointed out that several "Reserve Items" had been charged to Operations and would be reclassified to the Reserve Fund. There is also a pending expense of about \$29,000 for road repairs.

Minutes of the December 9, 2010 B&F Committee Meeting

The Minutes of the December 9, 2010 B&F Committee Meeting were reviewed and unanimously approved.

Review of BCA Financials for November and December 2010

See attached copies of Reviews for details. The December Statement understates the budget figure for *Salaries* by \$1,500 and, therefore, no overage exists. *Quick Pass* service has been delayed contributing to higher expenses not offset by reduced guard staff hours. An increase of 39.5% in *Repairs & Maintenance* impacted the YTD budget negatively. Operating Owners' Equity fell to a low of \$14,315 but is expected to gain from reclassifications to Reserve.

Association Reserves, Inc. New 3-Year Flat Fee Update Reserve Plan

Carlton Rooks made a detailed presentation of Association Reserves' new 3-Year Flat Fee Update Plan and offered a number of cogent suggestions. The Committee felt that much depends on the functionality of the Microsoft Excel Spreadsheet offered. If it is workable it would be possible to eliminate the WinReserve Software and expand the BCA end-user base to members of the Board and committees as well as AAM. The pricing of the new plan was not available. More study of this proposal is suggested.

Status of Collection of Accounts Receivable

Paul Snyder presented the *Summary of BCA's Accounts Receivable* at 12/31/2010 (copy attached) as well as his recommendation to establish a reasonable amount representing debt that the BCA Board considers doubtful to be fully collected (see enclosed memo by Paul). The Committee agreed to recommend to the BCA Board to re-instate a line item in the Income Statement called *Bad Debt* and an *Allowance for Doubtful Accounts* in the Balance Sheet. The initial amount was set at \$9,000. (Motion by B&F Committee Chair enclosed).¹

¹ At the time of this writing the Board of BCA had adopted the recommended resolution.

Investment of Idle Cash Reserves

The Committee in its ongoing efforts to obtain the highest interest rates possible for investments at the lowest possible risks discussed two offers:

a) one from Merrill Lynch to convert existing cash (currently about \$408,000) into an Insured Savings Account (ISA) allowing daily withdrawals with unlimited coverage by FDIC and paying twice the current interest, i.e., 10 Cents for every \$100;

b) one from Mutual of Omaha Bank offering to consider an additional deposit of \$250,000 as **new money** at the currently preferred rate of 1.19% p.a. for 6 months. The Committee was set to make a recommendation to the Board, but had to do some re-calculations due to the fact that available funds will be curtailed by pending expense bills and re-classifications.²

The Next BCA Compilation Report as of 6-30-2011

The Committee agreed that by the time the FYE Financial Statements become available The BCA Accountant should be approached to discuss the above report to avoid language in the report, if possible, that would shed a negative light on BCA.

The next Meeting Date

Wednesday, February 23, 2011 at 1:30 PM at the Clubhouse.

There being no other business the meeting was adjourned at 5:00 PM.

Enclosures: Agenda for B&F Committee Meeting on January 26, 2010;
Review of BCA Financials for November 2010;
Review of BCA Financials for December 2010;
Summary of BCA's Accounts Receivable at 12/31/2010;
Memorandum & Recommendation on BCA A/R's by Paul Snyder (2 pgs);
Motion by Chair of B&F Committee;
Association Reserve's New 3-Year Flat Fee Update Plan (3 pgs).

Prepared by:

Approved by:

Charles Schroeder
Recording Secretary, B&F Committee

Clayton Loiselle
Chairman, B&F Committee

² When Charles learned that ML had yet another better offer it was decided to withdraw any recommendation to the BCA Board at this time.

BELLASERA COMMUNITY ASSOCIATION
BUDGET & FINANCE COMMITTEE MEETING AGENDA
January 26, 2010 1:30 PM at Bellasera Clubhouse

1. Review / approve the minutes of our last meeting held on December 9, 2010.
2. Review the BCA Financial Statements prepared by AAM for November and December 2010.
3. Review Accounts Receivable status and recommended provision for “bad debt”.
4. Discuss DRAFT Reserve Plan Calculations.
5. Discuss / recommend investment strategy for Reserve Fund.
6. Discuss schedule for preparation of Operating Budget.
7. Other Business.
8. Set next B&FCommittee meeting date/time.
9. Adjourn.

Review of BCA Financials for November 2010

Comments: All of Bellasera's funds deposited with and through Mutual of Omaha Bank (Operating Funds of \$157,711 (high point) and Reserve Funds of \$602,149.85) are currently insured by the FDIC under various programs. The new rules effective 1/1/2011 inherent in the Dodd-Frank Financial Reform Bill eliminate unlimited coverage of interest bearing transaction accounts and will cause projected interest income for BCA to drop further. Please note the low interest rate of 0.61% for our total investment of Reserve Funds later in this report. B&F is working to find solutions to this problem.

Balance Sheet Items: *Accounts Receivable* (A/R's) as a whole have decreased by 16.4% from \$26,156 the month before by \$4,300 to \$21,856. However, this amount is 22% higher than the amount of \$17,965 a year ago. I have no data on the status of out-standing assessment delinquencies and understand that Paul Snyder will provide an update.

GROWTH OF BELLASERA'S A/R's

Year	May 31	Jun. 30	Jul. 31	Aug. 31	Sep. 30	Oct. 31	Nov. 30
2009/10	\$13,317	13,465	43,469	18,9001	12,577	22,063	17,965
2010/11	\$26,289	23,929	28,393	20,609	18,771	26,156	21,856
% of ¼ Dues	14%	13%	15%	11%	10	14%	12%
YOY	97%	78%	-35%	9%	49%	19%	22%

Income: In line with budget.

Salaries & Wages: In line with budget.

Administrative & General: : An excess of 9% over budget due to expenses in Office & Social.

Contract Services: 6% over budget due to new monthly cost of *Quick Pass*.

Repairs & Maintenance: 22% over budget due to various repairs. YTD overage of \$9,401 or 38%.

Utilities: YTD 13% over budget mainly due to 91% overage of water bill. Some water lines are still leaking.

Income Taxes: None due this month. B&F Committee needs copy of tax return when ready. It appears that Tax Counsel has already completed the returns as he has collected the fee for their preparation.

Insurance: In line with budget.

Operating Owners' Equity: The balance is now \$50,595, a decrease of \$567.

Replacement Reserve Accounts at Merrill Lynch & Mutual of Omaha Bank:

As of November 30, 2010 the total balance as per AAM Statement is \$966,261 yielding overall 0.61% p.a. Of this amount \$400,749 were invested in CD's. (See table below).

Next CD Maturity: July 28, 2011, \$351,000 + interest.

BCA Reserve Funds at M L & MOB invested in FDIC insured CDs as of 11/30/2010

Date Acquired	Bank	Amount	Interest Rate per annum	Maturity
7-29-10	MOB-CDARS	\$350,987.97	0.83%	7-28-2011
1-22-09	Amexco Centurion Bk	\$50,000.00	2.85%	1-30-2012
	Total	\$400,749.69	1.08%	

Prepared by: Charles Schroeder, December 16, 2010

Review of BCA Financials for December 2010

Comments: All of Bellasera's funds deposited with and through Mutual of Omaha Bank (Operating Funds of \$164,443 (high point) and Reserve Funds of \$602,673) are currently insured by the FDIC under various programs. Uninvested Reserve Fund cash at Merrill Lynch amounts to \$312,641 and earns 5 cents on every \$100. B&F plans to recommend to securely invest \$250,000 of that at considerably higher rates.

Balance Sheet Items: *Accounts Receivable* (A/R's) as a whole have decreased by \$3,036 or 13.9% from \$21,856 the month before to \$18,820. However, this amount is 35% higher than the amount of \$13,894 a year ago. The total amount of receivables, delinquent 90 and more days, is \$17,780 of which \$10,781 represent assessments.³

GROWTH OF BELLASERA'S A/R's

Year	May 31	Jun. 30	Aug. 31	Sep. 30	Oct. 31	Nov. 30	Dec. 31
2009/10	\$13,317	13,465	18,9001	12,577	22,063	17,965	13,894
2010/11	\$26,289	23,929	20,609	18,771	26,156	21,856	18,820
% of ¼ Dues	14	13	11	10	14	12	10
YOY	97%	78%	9%	49%	19%	22%	35%

Income: In line with budget.

Salaries & Wages: 63.2% over budget due to bonuses.

Administrative & General: : An excess of 19% over budget due to expenses in Office, Social, Legal and Equipment Lease.

Contract Services: \$9,500 or 41.9% over budget due to *Quick Pass*, Internet, Security and Bonuses

Repairs & Maintenance: \$2,335 or 50.9% over budget due to various repairs. YTD overage of \$11,736 or 39.5%.

Utilities: YTD 6.3% over budget. Monthly *Water bill* still running 30% over budget.

Income Taxes: None due this month.

Insurance: In line with budget.

Operating Owners' Equity: The balance is now \$36,180, a decrease of \$14,315.

Replacement Reserve Accounts at Merrill Lynch & Mutual of Omaha Bank:

As of December 31, 2010 the total balance as per AAM Statement is \$965,922 yielding overall 0.8% p.a. Of this amount \$401,235 were invested in CD's. (See table below).

Next CD Maturity: July 28, 2011, \$351,000 + interest.

BCA Reserve Funds at M L & MOB invested in FDIC insured CDs as of 12/31/2010

Date Acquired	Bank	Amount	Interest Rate per annum	Maturity
7-29-10	MOB-CDARS	\$351,235.39	0.83%	7-28-2011
1-22-09	Amexco Centurion Bk	\$50,000.00	2.85%	1-30-2012
	Total	\$401,235.39	1.08%	

Prepared by: Charles Schroeder, January 23, 2011

³ Please see Paul Snyder's monthly update for details.

Memorandum

B + Finance Committee (B&F) review of accounts receivable and its recommendations to the BCA Board to record a reserve in the financial statements for potential uncollectible amounts.

Background

The B&F Committee continuously reviews and analyzes the BCA accounts receivable. At Dec. 31, 2010, accounts receivable totaled \$18,470 and was comprised of the following delinquent balances:

1. 8 accounts still open since the end of fiscal year 2010 (June 30, 2010)	\$16,493
2. 2 accounts becoming delinquent in fiscal year 2011 (since July 1, 2010)	1,118
3. Miscellaneous balances due for fees, etc.	<u>859</u>
Total accounts receivable at 12/31/10	<u>\$18,470</u>

8 Accounts still open since the end of fiscal year 2010 (June 30, 2010). Balance is \$16,493.

1. There are 5 accounts with an aggregate balance of \$12,222 which have not made any material payments for the past 6 months, even though some of the accounts have agreements in place for continuing payments. Two of these 5 accounts are due from current residents, have a total balance due of \$7,213 and are being pursued by outside counsel. The remaining 3 accounts with an aggregate delinquent balance of \$5,009 are due from prior residents, with 2 of the accounts having been pursued through the small claims court, but without any success.
2. There are 3 accounts with a balance of \$4,271, which are making payments per agreements; however, the payments may not be current. In Dec., \$1,056 was received from these 3 accounts. The accounts are represented by 2 current and 1 former residents.

Accounts becoming delinquent since July 1, 2010. The balance is \$1,118.

There are 2 accounts, both current residents, that owe a total of \$1,118, which basically represents 1 quarter's dues each plus fees.

Recommendations

1. Legally pursue delinquent accounts immediately.

To minimize losses from the non payment of dues, it is recommended that accounts that are 2 quarters delinquent, or about \$1,000, should be pursued legally immediately unless an arrangement for catching up on past due amounts has been made with the homeowner. If the arrangement is broken for any reason, then legal action should be commenced.

Based on the above timing, legal collection efforts would be able to be commenced in about 90 days. By this timeframe, the homeowner has received 5 letters demanding payment and notifying the homeowner of a property lien and a pre-court action letter.

Even though historical data is limited with respect to which legal process is the most effective in collecting overdue amounts, it appears that the accounts should be pursued through attorneys, rather than through small claims court, for collection efforts.

(note to b&f committee members, the above procedures are in place, but legal action is not always commenced against the owner. In effect, the recommendation should be one for the board to just follow the in place procedures. Let's review if recommendation is appropriate).

2. Record a reserve for uncollectible accounts receivable in the financial statements.

In accordance with prudent business practice and to more accurately reflect the BCA's financial condition, it is recommended that a reserve for uncollectible accounts receivable be recorded in the financial statements. The effect of recording such a reserve is to reduce accounts receivable to an amount deemed collectible and to increase bad debt expense, which reduces operating income and operating equity.

The reserve to be recorded is an estimate of uncollectible amounts based on the Board's judgment, and the B&F Committee recommendation, of amounts that ultimately may be written off. The specific accounts which are being pursued for collection continue to be included in accounts receivable, continue to be legally pursued and will only be deleted from accounts receivable if it is ultimately determined that the account is not collectible.

The adequacy of the reserve for uncollectible accounts receivable in the future will be reviewed on a continuous basis by the B&F Committee, which will make recommendations to the Board to either increase or reduce the reserve based on its current determination of the collectability of the accounts receivable.

Based on the above, it is recommended that the Board:

- a. Approve the initial recording of a reserve for uncollectible accounts receivable in the amount of \$7,500 as of Jan. 31, 2010.
- b. Approve a monthly bad debt expense of \$500 for the 5 months of Feb. through June 2011. The total reserve would total \$10,000 at June 30, 2011, the fiscal year end. This amount may be adjusted by June 30, 2011 if there are substantial cash receipts or if there are accounts finally deemed uncollectible. Events such as these may affect the Committee's determination of the adequacy of the reserve.

Final comments follow:

- a. The B&F Committee anticipates that it will include a monthly bad debt expense in the preparation of the fiscal year 2012 budget. The amount of such estimated expense will be determined based on the status of the accounts receivable and the amount of the reserve at the time the budget is being prepared.
- b. The Board should be aware that the amount of the recommended reserve of at \$10,000 by 2011 fiscal year end is significant. The expense of \$10,000 will reduce the operating equity at Dec. 31, 2010 by 28% from \$36,180 to \$26,180.

Paul Snyder

Bellaser Community Association
Motion by the Chair of the
Budget and Finance Committee
January 27, 2011

The Chair of the Budget and Finance Committee moves the Board to adopt the following
RESOLUTION:

WHEREAS the Bellaser Community Association (“BCA”) is carrying Accounts Receivable in the amount of \$18,820.36 as of December 31, 2010, and

WHEREAS the Budget & Finance Committee (“BFC”) has closely monitored the amount of the Accounts Receivable for several months, and

WHEREAS it is the judgment of BFC that the outstanding amount of the Accounts Receivable will not be fully collectable, and

WHEREAS THE BFC RECOMMENDS TO THE Board of Directors that the BCA adjust its income statement and balance sheet to more realistically reflect this situation.

NOW THEREFORE BE IT RESOLVED

The books and records of the Bellaser Community Association shall be amended to include a Bad Debt Expense line item on the Income Statement and an Allowance for Doubtful Accounts line item on the Balance Sheet. The beginning entries in each account shall be \$9,000. The entries in these two accounts shall be adjusted from time to time as directed by the Treasurer, as such officer shall determine, to realistically reflect the value of the Accounts Receivable and the Operating Owners Equity. Nothing in this resolution shall constitute a forgiveness of any amount due the Bellaser Community Association.

FYI & RESERVE 411
ASSOCIATION RESERVES, INC SERVICES *

Type of Report used by BCA/BOD	BCA FISCAL YEAR	COMMENTS
Association Reserve Full Site Study	2007-2008	Professional Reserve Consultant Studied BCA's 88 common assets Report had Narrative & Picture of all assets
Used Previous Year Study	2008-2009	BOD used report as input for BCA's Reserve Contribution
Association Reserve No Site Reserve Study	2009-2010	BOD used Report # 8313-3
Used Previous Year No Site Reserve Study	2010-2011	BOD used report as input for BCA's Reserve Contribution
WinReserve (B& F) BOD Did In House Study	2011-2012	Input new cost & useful life for several high dollar assets, Roads, HVAC, Tennis & Basketball Courts. Other remain same BOD may used WinReserve report as input for BCA's Reserve Contribution
TBD	2012- ????????	Decisions Time

**BCA/BOD NEEDS DECISION FOR 2012-2014 and beyond
ON PLANNING RESERVES PROCESS & OBJECTIVES**

- A. Meet BCA/BOD – Fiduciary & Liability Responsibilities**
- B. AAM recommends Reserve Company Study every 3 years & 2 year interim done TBD**
- C. Review ASSOCIATION RESERVES, INC offerings**
 - 1. Full Reserve Study**
 - 2. Update Site Visit Reserve Study**
 - 3. Update With No Site Visit Reserve Study**
 - 4. Do It Yourself Kit**
 - 5. 3 Year Flat Fee Update Plan (New Plan Not Previous Offered)**

KEY MESSAGE & MY SUGGESTION

- * Contact ASSOCIATION RESERVE, INC and purchase 3 year flat fee update plan
- * Do not renew WinReserve Software
- * AR uses Microsoft Excel Spreadsheet & BCA/BOD, AAM and committees will have access to perform follow up manipulation for “what if scenarios”
- * AAM uses Microsoft software and using Association Reserve Microsoft Excel can assist in completing both Operating & Reserve Plans for computing Annual Homeowners Assessment.
- * AAM would be able set up due dates in advance with Association Reserves to insure needed information is available on time based on BCA Fiscal Year
- * B & F and other committees with BOD approval have access to Microsoft Excel to perform audit & analysis to be able to make recommendations to BOD
- * B & F and other communities would have a narrative description & pictures of the 88 Common Assets. This will everyone when there is discussion of the assets.
- * BCA/BOD can insert any consultant information & updates
 - Inflation Rate, Interest Earning Rate ,Percentage Funded, Cost to Replace Asset & Useful Life

*ASSOCIATION RESERVES INC-Report # 8313-3 - 3 Minute Executive Summary
WWW.RESERVESTUDY.COM phone 800-733-1365

Introducing the 3-Year Flat Fee Update Plan

You need a Reserve Study, you've forgotten when you had your last "with-site-visit" update, you think you need a "with-site-visit" but only budgeted for a "no-site-visit", and you're concerned about getting it done on time. **Sign up for the Association Reserves 3-yr Flat Fee Update Plan!** Make one good decision that lasts three years, saving money for the association and saving time for the Board/Manager.

- Stabilize your Reserve Study costs
- Obtain Reserve Study Updates each year for three years (includes one On-Site-Visit)
- Not a multi-year contract. This is a three-year series of renewing one-year engagements.*
- Get completed Reports when you want them. Tell us when you want it, and we'll start it in time to be done on time.
- Save time and paper – view your completed Reserve Studies on-line, anytime (password protected)!
- One file copy of Report mailed at completion of Reserve Study.
- State Disclosure Form preparation included (as appropriate)
- Simplified pay schedule. No holdups, no multiple check disbursements. Pay full balance upon completion, not one check at startup and one upon completion.
- Associations with reserve studies prepared by other companies are welcome to enroll in this Association Reserves program with no transfer fee.

California Associations: This plan conveniently allows you to comply with your annual updates and "every third year" on-site inspection requirement. We initiate the type of Reserve Study you need each year.

[Click Here](#) for the Sign-up Sheet to print out. Fill it in, and FAX it to our office. We'll take it from there!

*Associations deciding to not complete the three-year program will be charged an enrollment withdrawal fee equivalent to one annual fee.

(Form requires [Adobe Reader](#).)

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BELLASERA COMMUNITY ASSOCIATION

Budget & Finance Committee Meeting Minutes

February 23, 2010

PRESENT: Clayton Loisel, Theodore Dixon, Charles Schroeder and Paul Snyder

ABSENT: Carlton Rooks

GUESTS: Viola Lanam (during Budget part of meeting). Marcia Lefkowitz and Jeannine Dittoe with her husband Greg to request funds for the Social Committee.

The Budget & Finance Committee Meeting was called to order at 1:40 PM. A quorum was present.

Purpose of the Meeting

To review / approve the minutes of our last meeting (January 26, 2011) and to review the BCA Financial Statements for January 2011. Also to discuss the current Accounts Receivable status and Reserve Fund investment options as well as a related recommendation to the Board to adopt a resolution. For other topics see enclosed Meeting Agenda.

Social Committee

Both Mrs. Lefkowitz and Mrs. Dittoe pleaded for maintaining last year's budget for organizing several social events by their committee during the next fiscal year. Several members of the B&F Committee pointed out that Bellasera and its residents are currently affected not only by the recession but also by increased costs of maintaining the aging community causing shortfalls in the budget. The funding of such events is both an emotional and a business issue and the community is divided on it. Also, these activities are not prescribed in Bellasera's governing documents and, therefore, are outside of regular maintenance mandates. The Board will have to be the final arbiter.

Progress of BCA Operating Budget

The Committee discussed details of various revisions of line items with Viola Lanam, Community Manager, who will prepare a second draft incorporating the changes suggested by the Committee.

Minutes of the January 26, 2011 B&F Committee Meeting

The Minutes of the January 26, 2011 B&F Committee Meeting were reviewed and unanimously approved.

Review of BCA Financials for January 2011

See attached copy of Reviews for details. Following the Board's decision to establish a Reserve for Bad Debt of \$9,000 a new line item was created in each the Balance Sheet and the Income Statement. This contributed to the drop of Operating Owners' Equity by \$8,711 to \$27,569. While Reserve balances both at Merrill Lynch and Mutual of Omaha Bank totaled \$1,010,374 about \$30,000 is pending in outstanding checks and reclassifications reducing the amount to about \$980,000.

Status of Collection of Accounts Receivable

Paul Snyder presented the *Summary of BCA's Accounts Receivable* at 1/31/2011 (copy attached) and explained the various pending cases in detail. Based on collection experience so far and expectation for the next fiscal year BCA may have to add to the Reserve of Bad Debt again \$6,000 to \$9,000. AAM has been recommending to change law firms. Paul has talked to members of the Brown Law Group firm and said that they are more aggressive and focused. Also their charges and fees (\$250 per case and \$50/month for general inquiries)

are much lower and better suited to fit the needs of BCA. The firm would also go after cases that BCA's current lawyers would not pursue and they seem to have a much better feel for which cases will end in recovery and which do not and tell clients so right up front.

Investment of Idle Cash Reserves

The Committee in its ongoing efforts to obtain the highest interest rates possible for investments at the lowest possible risks discussed two offers:

a) a new one from Merrill Lynch to convert existing cash (currently about \$330,000 in an Insured Savings Account (ISA)) into a Preferred Business Deposit Account allowing daily withdrawals with coverage by FDIC up to \$7,000,000 and paying interest of 0.5% p.a.;

b) one from Mutual of Omaha Bank offering to consider an additional deposit of \$250,000 as **new money** at the currently preferred rate of 1.19% p.a. for 6 months. Clayton has been talking to the bank and is awaiting their confirmation of the offer.

Continuing Resolution by the BCA Board

The Committee agreed to recommend to the Board to adopt a continuing resolution to authorize the President or the Treasurer of the BCA Board to act quickly to upcoming investment opportunities to optimize the rate of return of existing cash reserves provided they are liquid up to 2 year terms and secure and either obligations of the US Treasury or insured by the FDIC. (Copy enclosed).¹

The next Meeting Date

Tuesday, March 22, 2011 at 1:30 PM at the Clubhouse.

There being no other business the meeting was adjourned at 5:10 PM.

Enclosures: Agenda for B&F Committee Meeting on February 23, 2011;
Review of BCA Financials for January 2011;
Motion by Chair of B&F Committee (Continuing Resolution);
Summary of BCA's Accounts Receivable at 1/31/2011.

Prepared by:

Approved by:

Charles Schroeder
Recording Secretary, B&F Committee

Clayton Loiselle
Chairman, B&F Committee

¹ At the writing the Continuing Resolution had been adopted by the Board including an amendment that requires that besides the President or the Treasurer another member of the Board has to concur.

BELLASERA COMMUNITY ASSOCIATION
BUDGET & FINANCE COMMITTEE MEETING AGENDA
February 23, 2010 1:30 PM at Bellasera Clubhouse

1. Review / approve the minutes of our last meeting held on January 26, 2010.
2. Review the BCA Financial Statements prepared by AAM for January 2011.
3. Review Accounts Receivable status.
 - a. Discuss invitation of potentially new collection lawyer.
4. Develop investment proposal for Reserve Funds and Recommend Board Resolution.
5. Progress BCA Operating Budget.
6. Any new business.
7. Set next B&F Committee meeting date/time.
8. Adjourn.

Review of BCA Financials for January 2011

Comments: All of Bellasera's funds deposited with and through Mutual of Omaha Bank (Operating Funds of \$169,459 [high point] and Reserve Funds of \$603,174) are currently insured by the FDIC under various programs. Reserve Fund cash at Merrill Lynch totals \$358,942 (**now is 99.8% covered by FDIC**) and earns 10 cents on every \$100 versus only 4 cents before. B&F plans to recommend to securely invest \$250,000 of that at considerably higher rates.

Balance Sheet Items: *Accounts Receivable* (A/R's) as a whole have increased by \$9,234 or 49.1% from \$18,820 the month before to \$28,054. It appears that 5% of the dues are paid late. This amount is 15% higher than the amount of \$24,428 a year ago. The total amount of receivables, delinquent 90 and more days, held steady at \$17,797 of which \$10,663 represent assessments.²

GROWTH OF BELLASERA'S A/R's

Year	Jun. 30	Aug. 31	Sep. 30	Oct. 31	Nov. 30	Dec. 31	Jan. 31
2009/10	13,465	18,9001	12,577	22,063	17,965	13,894	24,428
2010/11	23,929	20,609	18,771	26,156	21,856	18,820	28,054
% of ¼ Dues	13	11	10	14	12	10	15
YOY	78%	9%	49%	19%	22%	35%	15%

Income: In line with budget.

Salaries & Wages: In line with budget.

Administrative & General: : An excess of 127% over budget due to expenses in Office, Social and \$9,000 in Bad Debt.

Contract Services: \$1,088 or 5% over budget due to *Quick Pass.*,

Repairs & Maintenance: In line with budget, however, YTD overage of \$10,946 or 31.7%.

Utilities: YTD in line with budget.

Income Taxes: None due this month.

Insurance: In line with budget.

Operating Owners' Equity: The balance is now \$27,569, a decrease of \$8,711.

Replacement Reserve Accounts at Merrill Lynch & Mutual of Omaha Bank:

As of January 31, 2011 the total balance as per AAM Statement is \$1,010,374 yielding overall 0.62% p.a. Of this amount \$401,483 were invested in CD's. (See table below). There appears to be a discrepancy between the Reserve balances of \$1,010,374 and the Reserve Owners Equity of \$943,798 shown by AAM totaling \$66,576. This is due to checks drawn and pending reclassifications to Reserve from OPS and will be corrected in February.

Next CD Maturity: July 28, 2011, \$351,000 + interest.

BCA Reserve Funds at M L & MOB invested in FDIC insured CDs as of 1/31/2011

Date Acquired	Bank	Amount	Interest Rate per annum	Maturity
7-29-10	MOB-CDARS	\$351,482.99	0.83%	7-28-2011
1-22-09	Amexco Centurion Bk	\$50,000.00	2.85%	1-30-2012
	Total	\$401,482.99	1.08%	

prepared by: Charles Schroeder, February 18, 2011

² Please see Paul Snyder's monthly update for details.

Bellasera Community Association
Motion by the Chair of the Budget and Finance Committee
February 24, 2011

The Chair of the Budget and Finance Committee moves the Board to adopt the following CONTINUING RESOLUTION:

WHEREAS the Bellasera Community Association (“BCA”) Reserve Fund is currently valued at approximately \$960,000, and

WHEREAS these funds are held in a combination of segregated, FDIC insured accounts at Mutual of Omaha Bank (“MOB”) and Merrill Lynch (“ML”), and

WHEREAS ongoing periodic contributions will be made to the Reserve Fund, and

WHEREAS from time to time, MOB and ML make available new investment vehicles and attractive investment rates.

NOW THEREFORE BE IT RESOLVED:

The Board of Directors of the Bellasera Community Association hereby approves a Continuing Resolution authorizing the President or the Treasurer of the Board of Directors to make various financial investments as appropriate from time to time in order to optimize the returns, liquidity, and safety of the Reserve Funds, PROVIDED HOWEVER, that such investments shall be insured by the FDIC or are direct obligations of the United States Treasury, that the term of such investments shall not exceed two years, and that such investments shall not result in a proliferation of unmanageable accounts.

BELLASERA COMMUNITY ASSOCIATION

Budget & Finance Committee Meeting Minutes

March 22, 2010

PRESENT: Clayton Loisel, Carlton Rooks, Charles Schroeder and Paul Snyder

ABSENT: Theodore Dixon

GUEST: Viola Lanam (briefly to answer several questions related to pending invoice payment procedures).

The Budget & Finance Committee Meeting was called to order at 1:35 PM. A quorum was present.

Purpose of the Meeting

To review / approve the minutes of our last meeting (February 23, 2011) and to review the BCA Financial Statements for February 2011. For other topics see enclosed Meeting Agenda.

Minutes of the February 23, 2011 B&F Committee Meeting

The Minutes of the February 23, 2011 B&F Committee Meeting were reviewed and unanimously approved.

Review of BCA Financials for February 2011

See attached copy of Reviews for details. As per AAM Reserve balances both at Merrill Lynch and Mutual of Omaha Bank totaled \$968,394 and Operating Owners' Equity stood at \$30,342. *Accounts Receivable* decreased by 25.6% and delinquent accounts declined by 4.9%.

Status of Collection of Accounts Receivable

Paul Snyder presented the *Summary of BCA's Accounts Receivable* at 2/28/2011 and explained the various pending cases in detail. Carpenter Hazelwood, lawyers, are handling 4 cases and will continue to do so. An additional 7 cases either have been turned over or are candidates for turnover to the Brown Law Group to determine potential for final collection.

The BCA Annual Budget for FY 2011/2012

- a) Case A reflects the last iteration of our Budget review process during our previous Budget Session. It would raise dues by 3% to \$535.50
- b) Case B was created by Clayton Loisel, chairman of the B&F Committee, for discussion purposes at the BOD *Study Session* on March 17, 2011 and to show the Board members that this scenario would make it possible to leave dues unchanged at \$520.00. This case reduced *Social Expense* to \$1,200; *Holiday Lights* to \$0; *Arroyo/Paseo* (mistletoe expense) to \$3,600 and *AAM Management Contract* to \$33,600. Clayton explained that the Board focused mainly on Case B during the Study Session.¹

Paul Snyder inquired about the possibility of reducing the quarterly amount of *Transfers to Reserves* in order to keep assessments unchanged. The Committee agreed that technically it

¹ On 3/24/2011 BOD met and adopted Case B with minor changes (Social Expense \$0 & Mistletoe \$4,800).

would be possible to cut the quarterly contribution to Reserves and such a proposal could be offered as Case C. While the difference between Case A and Case B amounts to \$22,320 annually and would cause the *Percent Funding Level* to decline by only 2%, a 10% reduction in the current contribution to Reserves would appear to be excessive.

Resolution by the BCA Board

The Committee agreed to recommend to the Board to adopt a resolution to recommend to the incoming new Board acceptance of the BCA Budget for Fiscal Year 2011/2012 as prepared by AAM and the B&F Committee and as reviewed and adopted by the current BOD. (Copy drafted by Clayton Loiselle enclosed).

Other Business

The B&F Committee plans to review investment opportunities for existing cash balances of the BCA Reserve fund at our next meeting.

The next Meeting Date

Wednesday, April 20, 2011 at 1:30 PM at the Clubhouse.

There being no other business the meeting was adjourned at 4:10 PM.

Enclosures: Agenda for B&F Committee Meeting on March 22, 2011;
Review of BCA Financials for February 2011;
Motion by Chair of B&F Committee (Resolution);
BCA FY 2011/2012 Budget subject to approval by new Board (earlier distributed).

Prepared by:

Approved by:

Charles Schroeder
Recording Secretary, B&F Committee

Clayton Loiselle
Chairman, B&F Committee

BELLASERA COMMUNITY ASSOCIATION
BUDGET & FINANCE COMMITTEE MEETING AGENDA
March 22, 2010 1:30 PM at Bellasera Clubhouse

1. Review / approve the minutes of last meeting held on February 23, 2010.
2. Review the BCA Financial Statements prepared by AAM for February 2011.
3. Review Accounts Receivable status.
4. The BCA Annual Budget for FY 2011/2012.
 - a) Case A
 - b) Case B
 - c) BOD Study Session Focus on Case B
5. Proposal for Resolution by BCA Board to recommend to new Board to accept BCA Budget for FY 2011/2012.
6. Other Business.
7. Set next B&F Committee meeting date/time.
8. Adjourn.

Review of BCA Financials for February 2011

Comments: All of Bellasera's funds deposited with and through Mutual of Omaha Bank (Operating Funds of \$143,870 [high point!] and Reserve Funds of \$603,523) are currently insured by the FDIC under various programs. Reserve Fund cash at Merrill Lynch totals \$325,742. After the completion of the 2011/12 Budget B&F plans to recommend the secure investment of up to \$250,000 at higher rates.

Balance Sheet Items: *Accounts Receivable* (A/R's) as a whole have decreased by \$7,188 or 25.6% from \$28,054 the month before to \$20,866, due mainly to payments received from "late" payers. The A/R amount is 8% higher than the amount of \$19,249 a year ago. The amount of receivables, delinquent 90 and more days, declined by 4.9% to \$16,929 of which \$9,375 represent assessments.²

GROWTH OF BELLASERA'S A/R's

Year	Jun. 30	Sep. 30	Oct. 31	Nov. 30	Dec. 31	Jan. 31	Feb. 28
2009/10	13,465	12,577	22,063	17,965	13,894	24,428	19,249
2010/11	23,929	18,771	26,156	21,856	18,820	28,054	20,866
% of ¼ Dues	13	10	14	12	10	15	8
YOY	78%	49%	19%	22%	35%	15%	11%

Income: In line with budget.

Salaries & Wages: In line with budget.

Administrative & General: : In line with budget, however, YTD in excess of 26% or \$13,756 over budget due to expenses in Office, Legal/Collections, X-mas pays, Consulting Fees and \$9,000 in Bad Debt.

Contract Services: In line with budget, however, YTD \$16,806 over budget mainly due to *Quick Pass*.

Repairs & Maintenance: In line with budget, however, YTD overage of \$9,090 or 23%.

Utilities: YTD in line with budget.

Income Taxes: None due this month.

Insurance: In line with budget.

Operating Owners' Equity: The balance is now \$30,342, an increase of \$2,773.

Replacement Reserve Accounts at Merrill Lynch & Mutual of Omaha Bank:

As of February 28, 2011 the total balance as per AAM Statement is \$968,394 yielding overall 0.63% p.a. Of this amount \$401,707 were invested in CD's. (See table below).

Next CD Maturity: July 28, 2011, \$351,000 + interest.

BCA Reserve Funds at M L & MOB invested in FDIC insured CDs as of 2/28/2011

Date Acquired	Bank	Amount	Interest Rate per annum	Maturity
7-29-10	MOB-CDARS	\$351,706.78	0.83%	7-28-2011
1-22-09	Amexco Centurion Bk	\$50,000.00	2.85%	1-30-2012
	Total	\$401,706.78	1.08%	

prepared by: Charles Schroeder, March 19, 2011

² Please see Paul Snyder's monthly update for details.

Bellasera Community Association
Motion by the Chair of the Budget and Finance Committee
March 24, 2011

The Chair of the Budget and Finance Committee moves that the Board adopt the following RESOLUTION:

WHEREAS AAM and the Budget & Finance Committee ("BFC") have collectively developed an operating budget for the Bellasera Community Association ("BCA") for the FY 7/1/2011 to 6/30/2012 on a line-by-line basis, and

WHEREAS the BFC has prepared an internal review of the BCA Reserve Plan based, in part, on the advice of experts in the matter of maintaining BCA's system of roads, pool decking, tennis courts and basketball court, and

WHEREAS the attached Annual Budget for FY 7/1/2011 to 6/30/2012 represents a fair and reasonable projection of our financial needs based on current information,

NOW THEREFORE BE IT RESOLVED:

The Board of the Bellasera Community Association hereby agrees to recommend the attached Annual Budget for FY 7/1/2011 to 6/30/2012 to the newly elected Board of Directors (pursuant to the Annual Meeting and Election scheduled to be held on April 17, 2011). It is hereby recognized that the newly elected Board of Directors will have the right to accept, reject or modify said Annual Budget.

BELLASERA COMMUNITY ASSOCIATION

Budget & Finance Committee Meeting Minutes

April 20, 2011

PRESENT: Clayton Loisel, Theodore Dixon , Carlton Rooks, Charles Schroeder & Paul Snyder

GUEST: Don Bowman (Don has expressed an interest in joining the Committee)

The Budget & Finance Committee Meeting was called to order at 1:35 PM. A quorum was present.

Purpose of the Meeting

To review / approve the minutes of our last meeting (March 22, 2011) and to review the BCA Financial Statements for March 2011. For other topics see enclosed Meeting Agenda.

Minutes of the March 22, 2011 B&F Committee Meeting

The Minutes of the March 22, 2011 B&F Committee Meeting were reviewed and unanimously approved.

Review of BCA Financials for March 2011

See attached copy of Reviews for details. As per AAM Reserve balances both at Merrill Lynch and Mutual of Omaha Bank totaled \$942,373 and Operating Owners' Equity stood at \$30,497. Overall *Accounts Receivable* decreased by 8.3% and delinquent accounts declined by 3.3%.

Status of Collection of Accounts Receivable

Paul Snyder presented his *Summary of BCA's Accounts Receivable* at 3/31/2011 and explained the various pending cases in detail. Carpenter Hazelwood, lawyers, are handling 4 cases and will continue to do so unless a decision is being made to have the Brown Group follow up on the collection part. An additional 7 cases either have been turned over or are candidates for turnover to the Brown Law Group to determine potential for final collection. Only 1 case¹ has been added during the this fiscal year all others became delinquent earlier. Several cases have stalled and need to move forward. Ted Dixon will take up the issue with BOD to take action based on Paul's March Report and his recommendations.

The BCA Annual Budget for FY 2011/2012

Clayton reported that the BOD in its meeting following the Annual Meeting on April 17, 2011 approved the BCA Annual Budget for FY 2011/2012 as recommended by the outgoing Board.²

Investment Options for the BCA Reserve Funds

The Committee reviewed investment opportunities for current cash balances of the BCA Reserve Fund. There is only a small opportunity to increase investment returns for FDIC covered funds under the existing extremely low interest rate conditions. It helped that MOB responded to inquiries by Clayton with an offer of a 1.1% p.a. 6 month special interest rate

¹ Has been repaid since.

² Subsequently Clayton distributed copies of the new Budget and Reserve Plan.

for up to \$250,000 in new funds in a newly established Money Market Account. To achieve this rate improvement it is necessary to close the existing M/M Account which contained about \$250,000 and transfer these funds to MOB's *CEDARS Program* (various certificates of deposit issued by other FDIC insured US banks). After completion of the above transactions \$280,000 would be transferred from Merrill Lynch (their current interest rates are not competitive!) to MOB with \$250,000 used to open a new M/M Account at MOB and \$30,000 added to the *CEDARS Program*. Clayton has subsequently summarized the sequence of transactions in a *B&F Committee Reserve Fund Investment Recommendation* (copy enclosed) which has been approved by two Board members as per *Continuing BCA Board Resolution dated February 24, 2011*.

Other Business

The Committee always looks at the broader financial market to see how competitive various US banks are in offering returns on investments. Clayton came across an on-line bank that offers a variety of investment plans. Its name is EverBank and offers not only rates slightly above the market, but also a *MarketSafe Diversified Commodities Certificate of Deposit* that is covered by FDIC insurance. While this is a unique idea of benefiting from higher commodity prices over time, there are several restrictions on this investment that seem unsuitable for BCA.

The next Meeting Date

Thursday, May 19, 2011 at 1:30 PM at the Clubhouse.

There being no other business the meeting was adjourned at 4:20 PM.

Enclosures: Agenda for B&F Committee Meeting on April 20, 2011;
Review of BCA Financials for March 2011;
Reserve Fund Investment Recommendation by Chair of B&F Committee.

Prepared by:

Approved by:

Charles Schroeder
Recording Secretary, B&F Committee

Clayton Loiselle
Chairman, B&F Committee

BELLASERA COMMUNITY ASSOCIATION
BUDGET & FINANCE COMMITTEE MEETING AGENDA
April 20, 2010 1:30 PM at Bellasera Clubhouse

1. Review / approve the minutes of last meeting held on March 22, 2010.
2. Review the BCA Financial Statements prepared by AAM for March 2011.
3. Review Accounts Receivable status and any action that might be required.
4. Discuss any Budget and/or Reserve issues that might arise from the Board meeting (that followed the annual meeting earlier this week).
5. Discuss investment options for the Reserve Funds.
6. Other Business.
7. Set next B&FCommittee meeting date/time.
8. Adjourn.

Review of BCA Financials for March 2011

Comments: All of Bellasera's funds deposited with and through Mutual of Omaha Bank (Operating Funds of \$151,226 [high point!] and Reserve Funds of \$603,910) are currently insured by the FDIC under various programs. Reserve Fund cash at Merrill Lynch and a CD of \$50,000 total \$338,463 and are also covered by FDIC Insurance.

Balance Sheet Items: *Accounts Receivable* (A/R's) as a whole have decreased by \$1,742 or 8.3% from \$20,866 the month before to \$19,124. The A/R amount is 8.7% higher than the amount of \$17,590 a year ago. The amount of receivables, delinquent 90 and more days, declined by \$561 to \$16,368 of which \$8,959 represent assessments.³

GROWTH OF BELLASERA'S A/R's

Year	Jun. 30	Sep. 30	Nov. 30	Dec. 31	Jan. 31	Feb. 28	Mar. 31
2009/10	13,465	12,577	17,965	13,894	24,428	19,249	17,590
2010/11	23,929	18,771	21,856	18,820	28,054	20,866	19,124
% of ¼ Dues	13	10	12	10	15	11%	10%
YOY	78%	49%	22%	35%	15%	8.4%	8.7%

Income: In line with budget.

Salaries & Wages: In line with budget.

Administrative & General: : 35% over budget due to overages in Postage/Copies, Legal & Fees, Licenses and Insurance. YTD in excess of 26% or \$15,989 over budget including expenses of \$9,000 of Bad Debt.

Contract Services: In line with budget, however, YTD \$16,841 over budget mainly due to *Quick Pass*.

Repairs & Maintenance: In line with budget, however, YTD overage of \$7,911 or 18%.

Utilities: YTD in line with budget.

Income Taxes: Estimated Federal Income Tax was paid.

Insurance: Overage of \$117 or 9%. However, an additional payment of \$759 was made this month, but not recorded in the *Budget Comparison Statement*. **Needs explanation!**⁴

Operating Owners' Equity: The balance is now \$30,497, an increase of \$155.

Replacement Reserve Accounts at Merrill Lynch & Mutual of Omaha Bank:

As of March 31, 2011 the total balance as per AAM Statement is \$942,373 yielding overall 0.67% p.a. Of this amount \$401,955 were invested in CD's. (See table below).

Next CD Maturity: July 28, 2011, \$351,000 + interest.

BCA Reserve Funds at M L & MOB invested in FDIC insured CDs as of 3/31/2011

Date Acquired	Bank	Amount	Interest Rate per annum	Maturity
7-29-10	MOB-CDARS	\$351,954.71	0.83%	7-28-2011
1-22-09	Amexco Centurion Bk	\$50,000.00	2.85%	1-30-2012
	Total	\$401,954.71	1.08%	

prepared by: Charles Schroeder, April 16, 2011

³ Please see Paul Snyder's monthly update for details when available.

⁴ Viola subsequently explained: \$759 is prepaid Insurance and \$117 includes February & March payments.

**Bellasera Community Association
Budget & Finance Committee
Reserve Fund Investment Recommendation
April 29, 2011**

Following is a summary of BCA's current Reserve Fund positions in Mutual of Omaha Bank ("MOB") and Merrill Lynch ("ML"):

1. BCA has approximately \$337,000 in cash held at ML in an Insured Savings Account ("ISA") which is currently earning 0.1 % interest.
2. BCA has a CD with a face value of \$50,000 held at ML which yields 2.85% and matures on Jan 30, 2012.
3. BCA has \$350,000 (principal) plus approximately \$1,955 (interest) in a CDARS account at MOB which yields 0.83% and will mature on July 28, 2011.
4. BCA has \$250,000 (principal) plus approximately \$1,816 (interest) in a MMA account at MOB which currently yields 0.65%.
5. MOB currently offers CDARS with a term of 52 weeks at a rate of 0.7%
6. MOB currently offers a New Money Market Account at a rate of 1.1%

In order to maximize BCA's return on its Reserve Funds and maintain FDIC insurance on all investments, the Budget & Finance Committee recommends transferring a substantial portion of the funds from ML to MOB, purchasing additional CDARS and establishing a New Money Market Account at MOB. This will result in an incremental effective APY of 0.325% (annualized) which will earn an estimated incremental \$1,460 in six months. This excludes the current CD held at ML.

The following steps are required:

1. Move \$280,000 from the ML ISA to the MOB transaction account, leaving approximately \$57,000 in the ML ISA account. There will be an additional \$56,000 deposited to the ML ISA account in July 2011 (regular quarterly contribution).
2. Terminate the existing MMA at MOB by transferring all funds therein to the MOB transaction account.
3. Establish a new MMA at MOB into which \$250,000 shall be deposited from the MOB transaction account. This new MMA account will be insured by FDIC up to \$250,000. The creation of a new MMA is required in order to qualify for the incentive rate of 1.1%.
4. Finally, purchase CDARS in the amount of \$282,000 (rounded up) for a term of 52 weeks at a rate of 0.7%, using funds from the MOB transaction account

The above recommendation is within the parameters as set forth in the Continuing Resolution dated March 24, 2011 and is therefore authorized by:

Theodore Dixon, Treasurer
BCA Board of Directors

Susan Loiselle, President
BCA Board of Directors

BELLASERA COMMUNITY ASSOCIATION

Budget & Finance Committee Meeting Minutes

May 19, 2011

PRESENT: Clayton Loiselle, Theodore Dixon , Carlton Rooks, Charles Schroeder

ABSENT: Paul Snyder

GUESTS: Don Bowman & Viola Lanam (briefly to have her input on A/R issues)

The Budget & Finance Committee Meeting was called to order at 1:35 PM. A quorum was present.

Purpose of the Meeting

To review / approve the minutes of our last meeting (April 20, 2011) and to review the BCA Financial Statements for April 2011. For other topics see enclosed Meeting Agenda.

Minutes of the April 20, 2011 B&F Committee Meeting

The Minutes of the April 20, 2011 B&F Committee Meeting were reviewed and unanimously approved.

Review of BCA Financials for April 2011

See attached copy of Reviews for details. As per AAM Reserve balances both at Merrill Lynch and Mutual of Omaha Bank totaled \$954,610¹ and Operating Owners' Equity stood at \$43,243. Overall *Accounts Receivable* increased by 16.6% due to mainly late payment of assessments, and one delinquent account of \$3,234 was collected in full.

Status of Collection of Accounts Receivable

Paul Snyder presented his *Summary of BCA's Accounts Receivable* at 4/30/2011 and explained the various pending cases in detail. He recommends that 5 accounts be turned over to Brown Law Group in addition to one they already handle. The B&F Committee supports Paul's recommendation that includes accounts that Carpenter Hazelwood, lawyers, have determined uncollectible. Clayton will write an informal memo to the Board to review the cases and take appropriate action.

The Committee also had initial discussions about the time frame prescribed by the current collection policy. Everyone agreed that it is too long and burdensome. Clayton will also write an informal summary of the position the Committee has taken for the Board to review.

Follow up on investment actions with MOB

All transfers/investments involving Merrill Lynch and MOB have been completed.

Unlimited FDIC Insurance for Non-Interest Bearing Transaction Accounts

This coverage is available over and above the normal deposit insurance of \$250,000 and expires on 12/31/2012.

¹ Reserve Owners' Equity + "Unearned" Balances = \$992,001 Reserve Fund Balances

Need for Petty Cash Account

Viola Lanam again stated that she felt it was important to keep the Petty Cash Account and does not present a burden for the staff. B&F decided to keep it.

The next Meeting Date

Wednesday, June 22, 2011 at 1:30 PM at the Clubhouse.²

There being no other business the meeting was adjourned at 3:20 PM.

Enclosures: Agenda for B&F Committee Meeting on May 19, 2011;
Review of BCA Financials for April 2011;

Prepared by:

Approved by:

Charles Schroeder
Recording Secretary, B&F Committee

Clayton Loiselle
Chairman, B&F Committee

² Was cancelled and rescheduled to July 20, 2011 at 1:30 PM.

BELLASERA COMMUNITY ASSOCIATION
BUDGET & FINANCE COMMITTEE MEETING AGENDA
May 19, 2011 1:30 PM at Bellasera Clubhouse

1. Review / approve the minutes of last meeting held on April 20, 2011.
2. Review the BCA Financial Statements prepared by AAM for April 2011.
3. Review Accounts Receivable status and any action that might be required.
4. Follow up on investment actions with MOB.
5. Transaction account unlimited FDIC coverage ends 12/31/2012.
6. Need for petty cash account.
7. Other Business
8. Set next B&FCommittee meeting date/time.
9. Adjourn.

Review of BCA Financials for April 2011

Comments: All of Bellasera's funds deposited with and through Mutual of Omaha Bank (Operating Funds of \$191,710 [high point!] and Reserve Funds of \$504,284) are currently insured by the FDIC under various programs. Reserve Fund cash at Merrill Lynch and a CD of \$50,000 total \$387,717 and are also covered by FDIC Insurance.

Balance Sheet Items: *Accounts Receivable* (A/R's) as a whole have increased by \$3,177 or 16.6% from \$19,124 the month before to \$22,301 due to late payments. However, the A/R amount is 33% lower than the amount of \$33,034 a year ago. Following the ordinary sale of a residence BCA received \$3,234 in full payment of one delinquent account.³

GROWTH OF BELLASERA'S A/R's

Year	Jun. 30	Sep. 30	Dec. 31	Jan. 31	Feb. 28	Mar. 31	Apr. 30
2009/10	13,465	12,577	13,894	24,428	19,249	17,590	33,034
2010/11	23,929	18,771	18,820	28,054	20,866	19,124	22,301
% of ¼ Dues	13	10	10	15	11%	10%	12%
YOY	78%	49%	35%	15%	8.4%	8.7%	-33%

Income: In line with budget.

Salaries & Wages: 5.4% over budget.

Administrative & General: : 11% under budget for the month but YTD in excess of 23% or \$15,325 over budget including expenses of \$9,000 for Bad Debt Allowance.

Contract Services: 5.5% under budget, however, YTD \$15,573 over budget due to *Quick Pass Contract*.

Repairs & Maintenance: Under budget 3% and YTD under budget \$6,200 or 15%.

Utilities: 29% under budget and YTD 5% under budget.

Income Taxes: None due this month.

Insurance: Overage of \$63 or 4.9% reflecting premium increase

Operating Owners' Equity: The balance is now \$43,243, an increase of \$12,746.

Replacement Reserve Accounts at Merrill Lynch & Mutual of Omaha Bank:

As of April 30, 2011 the total balance as per AAM Statement is \$954,610 yielding overall 0.64% p.a. Of this amount \$402,195 were invested in CD's. (See table below).

Next CD Maturity: July 28, 2011, \$352,000 + interest.

BCA Reserve Funds at M L & MOB invested in FDIC insured CDs as of 4/30/2011

Date Acquired	Bank	Amount	Interest Rate per annum	Maturity
7-29-10	MOB-CDARS	\$352,194.81	0.83%	7-28-2011
1-22-09	Amexco Centurion Bk	\$50,000.00	2.85%	1-30-2012
	Total	\$402,194.81	1.08%	

prepared by: Charles Schroeder, May 17, 2011

³ Please see Paul Snyder's BCA Summary of A/Rs as of April 30, 2011

BELLASERA COMMUNITY ASSOCIATION

Budget & Finance Committee Meeting Minutes

July 20, 2011

PRESENT: Clayton Loisel, Theodore Dixon , Don Bowman, Charles Schroeder

ABSENT: Carlton Rooks and Paul Snyder

GUESTS: Viola Lanam (briefly to have her input on collection issues)

The Budget & Finance Committee Meeting was called to order at 1:35 PM. A quorum was present.

Purpose of the Meeting

To review / approve draft investment proposal of maturing CDARS funds of about \$352,900 and to review / approve the minutes of our last meeting (May 19, 2011) and to review the BCA Financial Statements for May and June 2011. For other topics see enclosed Meeting Agenda.

Review/Approve Draft Investment Proposal of maturing CDARS funds

The enclosed proposal prepared by Clayton representing the final version of the Committee's recommendation to the Bellasera Board after a thorough discussion was agreed to without dissent. The proposal provides the best of currently available options in terms of security, liquidity and interest rate return.¹

Discuss Update of BCA HOA Dues Collection Policy and A/R Collection Status

It is clear that the current BCA Collection Policy needs updating. In particular as far as the timing of processing actions and due dates are concerned. Since Paul Snyder was absent Clayton said he would e-mail Paul a summary of our discussions and also Viola Lanam's comments on the status of A/R collections. (See enclosed copy of excerpt of Clayton's e-mail to Paul)

Minutes of the May 19, 2011 B&F Committee Meeting

The Minutes of the May 19, 2011 B&F Committee Meeting were reviewed and unanimously approved.

Review of BCA Financials for May and June 2011

See attached copies of Reviews for details. As per AAM Reserve balances both at Merrill Lynch and Mutual of Omaha Bank totaled \$974,161 and Operating Owners' Equity stood at \$47,512 at FYE 2011. Overall *Accounts Receivable* stood at \$13,993 reflecting a declining trend.

Formal Request for receiving CPA draft review of BCA financial statements

Tax Counsel has to prepare the BCA Balance Sheet and Income Statements in time for payment of income taxes for the prior fiscal year by 9/15/2011. In order to assist the Bellasera Board the B&F Committee would like to receive a draft copy of the financials, the review of it and the respective tax returns. Ted Dixon will pursue this matter with the CPA, Paul Hansen.

¹ In the meantime the recommendation has been adopted by the Board.

Other Business

Ted would like to communicate to the Bellasera Community his comments on the financial results as of FYE 2011 and also talk about the size and purpose of the Reserve Fund.

It is also not too early to talk about the next annual Reserve Plan. Don Bowman in coordination with Clayton will talk to outside consultants as to what they have to offer in terms of Full and Update Reserve Studies.

The next Meeting Date

Wednesday, August 24, 2011 at 1:30 PM at the Clubhouse.

There being no other business the meeting was adjourned at 3:30 PM.

Enclosures: Agenda for B&F Committee Meeting on July 20, 2011;
Reserve Fund Investment Recommendation 7-20-2011
Review of BCA Financials for May 2011;
Review of BCA Financials for June 2011;
Copy of Excerpt of E-mail by Clayton to Paul Snyder.

Prepared by:

Approved by:

Charles Schroeder
Recording Secretary, B&F Committee

Clayton Loiselle
Chairman, B&F Committee

BELLASERA COMMUNITY ASSOCIATION
BUDGET & FINANCE COMMITTEE MEETING AGENDA
July 20, 2011 1:30 PM at Bellasera Clubhouse

1. Review/Approve Draft investment Proposal of maturing CDARS funds.
2. BCA HOA dues collection policy.
3. Review / approve the minutes of last meeting held on May 19, 2011.
4. Review the BCA Financial Statements prepared by AAM for May and June 2011.
5. Formal request for receiving CPA draft review of BCA financial statements.
6. Other Business.
7. Set next B&FCommittee meeting date/time.
8. Adjourn.

**Bellasera Community Association
Budget & Finance Committee
Reserve Fund Investment Recommendation
July 20, 2011**

Following is a summary of BCA's current Reserve Fund positions held at Mutual of Omaha Bank ("MOB") and Merrill Lynch ("ML"):

1. BCA has approximately \$94,000 in cash held at ML in an Insured Savings Account ("ISA") which is currently earning 0.1 % interest.
2. BCA has a CD \$50,000 (face value) held at ML which yields 2.85% and matures on Jan 30, 2012.
3. BCA has \$350,000 (principal) plus approximately \$2,900 (interest) in a CDARS account at MOB which yields 0.83% and will **mature on July 28, 2011.**
4. BCA has \$282,000 (principal) plus approximately \$265 (interest) in a CDARS account at MOB which yields 0.70% and will mature on May 10, 2012.
5. BCA has \$250,000 (principal) plus approximately \$495 (interest) in a MMA account at MOB which currently yields 1.1% (introductory rate valid until November 08, 2011).

Given the current intransigent political positions in the US Congress relating to the debt ceiling plus uncertainties in European financial markets, it is reasonable to assume a scenario of rising interest rates reflective of increasing financial risk. Based on this scenario, the Budget and Finance Committee is recommending that BCA hold Reserve Funds (\$352,900) from maturing CDARS in a short, liquid, FDIC insured environment and be prepared to take further steps as investment opportunities evolve.

At this time, the best investment vehicle which meets these criteria is the Preferred Deposit Account for Business, available through BCA's existing relationship with Merrill Lynch. The minimum investment is \$100,000. This account is FDIC insured up to \$250,000 and is a direct obligation of the Bank of America. It currently yields 0.5%.

The Budget and Finance Committee further recommends that the balance of the Reserve Funds maturing from the CDARS (approximately \$103,000) should be held in the ISA account at ML along with the \$94,000 currently in the ISA account. The resulting total held in the ISA account will become approximately \$197,000. **HOWEVER, IT IS IMPERATIVE THAT THIS AMOUNT BE SHIFTED INTO A PARTICIPATING ISA BANK OTHER THAN BANK OF AMERICA TO ENSURE FULL FDIC DEPOSIT COVERAGE.**

The following steps are required in order to implement this recommendation:

1. The CDARS currently invested through MOB will mature on July 28, 2011 and should be deposited into BCA's transaction account at MOB. This account has unlimited FDIC insurance.
2. The entire amount of the maturing CDARS should then be transferred to Merrill Lynch for deposit into BCA's Account #72A-07C92.
3. Finally, Merrill Lynch should then be instructed to place \$250,000 into the Preferred Deposit Account for Business and the remaining funds into the ISA Account making sure that **ALL** the funds in the ISA account become the direct liability of a US bank **other than** Bank of America.

The above recommendation is within the parameters as set forth in the Continuing Resolution dated March 24, 2011 and is therefore authorized by:

Theodore Dixon, Treasurer
BCA Board of Directors

Susan Loiselle, President
BCA Board of Directors

Review of BCA Financials for May 2011

Comments: All of Bellasera's funds deposited with and through Mutual of Omaha Bank (Operating Funds of \$112,343 [high point!] and Reserve Funds, including CD's (CEDARS), of \$884,817 are currently insured by the FDIC under various programs. Reserve Fund cash at Merrill Lynch and a CD of \$50,000 totaling \$107,851 are also covered by FDIC Insurance.

Balance Sheet Items: *Accounts Receivable* (A/R's) as a whole have decreased by \$5,765 or 25.9% from \$22,301 the month before to \$16,536 and the A/R amount is 37% lower than the amount of \$26,289 a year ago. The amount of outstanding delinquent quarterly assessments is roughly unchanged.²

GROWTH OF BELLASERA'S A/R's

Year	Jun. 30	Sep. 30	Dec. 31	Mar. 31	Apr. 30	May 31
2009/10	13,465	12,577	13,894	17,590	33,034	26,289
2010/11	23,929	18,771	18,820	19,124	22,301	16,536
% of ¼ Dues	13	10	10	10%	12%	9%
YOY	78%	49%	35%	8.7%	-33%	-37%

Income: In line with budget, except for proceeds from sale of furniture of \$665.

Salaries & Wages: 3.5% over budget.

Administrative & General: : 20% under budget for the month but YTD in excess of 17% or \$14,208 over budget including expenses of \$9,000 for Bad Debt Allowance.

Contract Services: In line with budget and YTD \$14,930 over budget due to *Quick Pass*.

Repairs & Maintenance: Over budget \$4,940 or 108%, YTD under budget 1%.

Utilities: in line with budget and YTD 4.4% under budget.

Income Taxes: Final instalment of estimated AZ Income paid this month.

Insurance: Overage of \$63 or 4.9% reflecting premium increase.

Operating Owners' Equity: The balance is now \$44,306, an increase of \$1,063.

Replacement Reserve Accounts at Merrill Lynch & Mutual of Omaha Bank:

As of May 31, 2011 the total balance as per AAM Statement is \$992,667 yielding overall 0.92% p.a. Of this amount \$684,298 were invested in CD's. (See table below).

Next CD Maturity: July 28, 2011, \$352,000 + interest.

BCA Reserve Funds at M L & MOB invested in FDIC insured CDs as of 5/31/2011

Date Acquired	Bank	Amount	Interest Rate per annum	Maturity
7-29-10	MOB-CDARS	\$352,194.81	0.83%	7-28-2011
1-22-09	Amexco Centurion Bk	\$50,000.00	2.85%	1-30-2012
5-11-11	MOB-CDARS	\$282,102.76	0.70%	5-10-2012
	Total	\$684,297.57	0.92%	

prepared by: Charles Schroeder, June 21, 2011

² Please see Paul Snyder's monthly update for details.

Review of BCA Financials for June 2011

Comments: All of Bellasera's funds deposited with and through Mutual of Omaha Bank (Operating Funds of \$115,904 [high point!] and Reserve Funds, including CD's (CEDARS), of \$885,444 are currently insured by the FDIC under various programs. Reserve Fund cash at Merrill Lynch and a CD of \$50,000 totaling \$88,718 are also covered by FDIC Insurance.

Balance Sheet Items: *Accounts Receivable* (A/R's) as a whole have decreased by \$2,543 or 15.4% from \$16,536 to the month before to \$13,993 and the A/R amount is 42% lower than the amount of \$23,929 a year ago. The amount of outstanding delinquent quarterly assessments at \$8,764 is roughly unchanged from last month.³

GROWTH OF BELLASERA'S A/R's

Year	Jun. 30	Sep. 30	Dec. 31	Mar. 31	May 31	June 30
2009/10	13,465	12,577	13,894	17,590	26,289	23,929
2010/11	23,929	18,771	18,820	19,124	16,536	13,993
% of ¼ Dues	13	10	10	10%	9%	7%
YOY	78%	49%	35%	8.7%	-37%	-42%

Income: In line with budget, except for proceeds from sale of furniture of \$451 and \$1,090 from Gate Key sales.

Salaries & Wages: Under budget.

Administrative & General: : 14% under budget for the month but YTD in excess of 16% or \$13,063 over budget including expenses of \$10,885 related to Bad Debt.

Contract Services: In line with budget but YTD \$16,562 over budget due to *Quick Pass*.

Repairs & Maintenance: In line with budget.

Utilities: In line with budget and YTD 4.6% under budget.

Income Taxes: Final IRS Estimated Income Tax payment of \$350 was made.⁴

Insurance: Overage of \$63 or 4.9% reflecting premium increase.

Operating Owners' Equity: The balance is now \$47,512, an increase of \$3,206.

Replacement Reserve Accounts at Merrill Lynch & Mutual of Omaha Bank:

As of June 30, 2011 the total balance as per AAM Statement is \$974,161 yielding overall 1.24% p.a. Of this amount \$684,949 were invested in CD's. (See table below).

Next CD Maturity: July 28, 2011, \$352,000 + interest.

BCA Reserve Funds at M L & MOB invested in FDIC insured CDs as of 6/30/2011

Date Acquired	Bank	Amount	Interest Rate per annum	Maturity
7-29-10	MOB-CDARS	\$352,683.51	0.83%	7-28-2011
1-22-09	Amexco Centurion Bk	\$50,000.00	2.85%	1-30-2012
5-11-11	MOB-CDARS	\$282,265.07	0.70%	5-10-2012
	Total	\$684,948.58	0.92%	

prepared by: Charles Schroeder, July 16, 2011

³ Please see Paul Snyder's monthly update for details.

⁴ An internal coding error caused records to show Tax was paid to AZ State instead of IRS. Error was corrected

Copy of Excerpt of E-mail by Clayton to Paul Snyder Dated July 21, 2011

Hi Paul,

Viola was able to join us yesterday for a while. She advised that all but two delinquent files have gone to Brown et al. So far, Brown has not advised us that any of these files are hopeless and should be written off. One of the delinquent files has been left at CH because it is being paid off by the ex-owner. The other file is in an escrow sale scheduled for the end of September. The hope is that BCA will be paid via escrow and that lawyers would only add to the complexity of the transaction at this point. Let's keep our fingers crossed for this one.

We discussed the Collection Policy. Generally, the feeling is that we should tighten up as much as possible on our Collection Policy. Viola has volunteered to try to find other examples of collection policies from other HOA's (on an anonymous basis). It appears that AZ law permits us to start proceedings 15 days after the "DUE DATE" which is, in our case, the first day of the first month of the quarter. Somehow, we have always given residents 30 days before taking any action. We also felt the late fee should be increased to \$50 -- under AZ law, the range is \$15 to \$52 (10% of billing amount). It was suggested that maybe BCA should send out a courtesy reminder letter around day 15 until residents transition to the new scheme. What happens after this point is not clear. To what extent will AZ law enable us to become more aggressive in the collection process? It seems that BCA has an automatic lien when dues are unpaid but there is still the issue of recording it etc. Viola felt that actually receiving a letter telling the resident that a lien is about to be filled will have a "motivating impact" on any resident considering default.

It was also noted that some of the existing policy (circa 2000) is redundant boiler plate and needs to be revised. I have also spotted a couple of "holes" relating to the amount of interest. I think that the rate of interest should be stated -- say LIBOR plus 5% or 10%.

Anyway, my question to you is -- would you please consider preparing a first draft of a new policy for internal review as you are the most knowledgeable person in our group. Please let me know your feeling on this matter. Once we are satisfied with a draft policy, it can be circulated externally for comment and legal compliance.

Clayton

BELLASERA COMMUNITY ASSOCIATION
Budget & Finance Committee Meeting Minutes
August 24, 2011

PRESENT: Clayton Loiselle, Theodore Dixon , Don Bowman, Carlton Rooks, Charles Schroeder, Paul Snyder

GUESTS: Viola Lanam (briefly to provide input on collection issues) & Marilyn Lillienfeld (interested in joining the Committee)

The Budget & Finance Committee Meeting was called to order at 1:35 PM. A quorum was present.

Purpose of the Meeting

To review / approve the minutes of our last meeting (May 19, 2011) and to review the BCA Financial Statements for July 2011. For other topics see enclosed Meeting Agenda.

A/R Collection Status

Paul Snyder & Viola Lanam commented on HOA delinquent dues cases. Only one case was left with law firm Carpenter Hazlewood and that has been paid. All other pending cases have been moved to the Brown Law Group (BLG) and are in various stages of pursuit. Experience with BLG has been satisfactory. They are following each case aggressively. While chances of collecting debt incurred prior to bankruptcy are slim BCA has a better chance of collecting on post bankruptcy debt. Paul identified 6 new potential delinquencies out of 24 late payments in July. The collection process as a whole has given rise to several questions and needed clarifications, e.g. does a lien stay with the property or with the owner etc. Viola suggested a meeting with AAM's Kevin DeBolske with the Committee and interested BOD members and will work out a schedule.

Comments on Proposed Revisions to BCA Collection Policy

Prior to the meeting Clayton had distributed a draft based on B&F member input as well as comments from AAM. Paul suggested that from a business point of view and also considering *relations with your neighbors* it would make sense to withhold hard legal actions until a subsequent non-payment of dues had occurred. Clayton who supports, as other members, a policy of strong deterrence said he would revisit the draft proposal to review timing of actions and the fee schedule.

Minutes of the July 20, 2011 B&F Committee Meeting

The Minutes of the July 20, 2011 B&F Committee Meeting were reviewed and unanimously approved.

Review of BCA Financials for July 2011

See attached copy of Review for details. As per AAM Reserve balances both at Merrill Lynch and Mutual of Omaha Bank totaled \$1,030,348 and Operating Owners' Equity stood at \$47,361 at monthend July 2011. Overall *Accounts Receivable* stood at \$27,845 reflecting an increase in late payments of dues.

Outline of Reserve Plan Preparation

Don Bowman presented a detailed outline of the tasks needed to develop the BCA Reserve Plan for the FY 2012/2013 (copy enclosed). The Committee discussed the components, the process and the timing of the work required.

Other Business

Ted Dixon is pursuing the receipt of drafts of audit of BCA's Annual Financial Report and Federal & Arizona Income Tax returns for FY ending June 30, 2011.

The next Meeting Date

Tuesday, September 20, 2011 at 1:30 PM at the Clubhouse.

There being no other business the meeting was adjourned at 4:00 PM.

Enclosures: Agenda for B&F Committee Meeting on August 24, 2011;
Review of BCA Financials for July 2011;
Draft Proposal prepared by Clayton: Assessment Collection Policy;
Outline of Reserve Plan Preparation authored by Don Bowman.

Prepared by:

Approved by:

Charles Schroeder
Recording Secretary, B&F Committee

Clayton Loiselle
Chairman, B&F Committee

BELLASERA COMMUNITY ASSOCIATION
BUDGET & FINANCE COMMITTEE MEETING AGENDA
August 24, 2011 1:30 PM at Bellasera Clubhouse

1. Review / approve the minutes of our last meeting on July 20, 2011.
2. Review of the July 2011 financial statements prepared by AAM.
3. Paul / Viola -- status report on HOA delinquent dues.
4. Paul / Viola -- comments on the proposed revisions to the Collection Policy.
5. Don -- skeletal outline of Reserve Plan preparation -- components / process / policy / timing.
6. New Business.
7. Set next B&FCommittee meeting date/time.
8. Adjourn.

Review of BCA Financials for July 2011

Comments: All of Bellasera's funds deposited with and through Mutual of Omaha Bank (Operating Funds of \$137,071 [adj. book balance] and Reserve Funds, including CD's (CEDARS), of \$533,942 are currently insured by the FDIC under various programs. Reserve Fund cash at Merrill Lynch and a CD of \$50,000 totaling \$497,188 is also covered by FDIC Insurance.

Balance Sheet Items: *Accounts Receivable* (A/R's) as a whole have increased due to growing *late payments of assessments* by \$13,543 or 99% from \$13,993 the month before to \$27,845. While this amount is 2% lower than the amount of \$28,393 a year ago the month to month increase in A/Rs is three times as high as a year ago. The amount of outstanding delinquent quarterly assessments at \$8,764 is unchanged from last month.¹

GROWTH OF BELLASERA'S A/R's

Year	Jun. 30	Sep. 30	Dec. 31	Mar. 31	June 30	Jul 31
2009/10	13,465	12,577	13,894	17,590	23,929	28,393
2010/11	23,929	18,771	18,820	19,124	13,993	27,845
% of ¼ Dues	13	10	10	10%	7%	15%
YOY	78%	49%	35%	8.7%	-42%	-1.9%

Income: In line with budget.

Salaries & Wages: 14% over budget.

Administrative & General: : 20% under budget.

Contract Services: Over budget 8.7% mainly due to extra payday for Security.

Repairs & Maintenance: Over budget 24.3 % mainly due to tree pruning budgeted for May.

Utilities: Under budget 23.5% due to less Water & Electricity use.

Income Taxes: No Estimated Taxes due this month.

Insurance: In line with budget.

Operating Owners' Equity: The balance is now \$47,361, a decrease of \$341.

Replacement Reserve Accounts at Merrill Lynch & Mutual of Omaha Bank:

As of July 31, 2011 the total balance as per AAM Statement is \$1,030,348 still yielding overall 1.24% p.a.² Of this amount \$332,433 were invested in CD's. (See table below).

Next CD Maturity: January 30, 2012, \$50,000.

BCA Reserve Funds at M L & MOB invested in FDIC insured CDs as of 7/31/2011

Date Acquired	Bank	Amount	Interest Rate per annum	Maturity
1-22-09	Amexco Centurion Bk	\$50,000.00	2.85%	1-30-2012
5-11-11	MOB-CDARS	\$282,432.88	0.70%	5-10-2012
	Total	\$332,432.88	1.02%	

prepared by: Charles Schroeder, August 22, 2011

¹ Please see Paul Snyder's monthly update for details.

² This yield is expected to come down due to deteriorating economy.

**BELLASERA COMMUNITY ASSOCIATION
ASSESSMENT COLLECTION POLICY
Amending and Restating all prior policies/rules regarding the subject matter**

Effective _____, 2011

Capitalized terms used in this Policy shall have the same meaning as used in the Amended and Restated Declaration of Covenants, Conditions and Restrictions dated November 28, 2007 (CC&Rs) for the Bellasera Community Association.

WHEREAS, pursuant to the applicable statutory authority including but not limited to the Planned Community Act and the Arizona Non-Profit Corporation Act, and the provisions of the Bellasera Community Association CC&Rs and the Bylaws at Article III, and

WHEREAS, Bellasera Community Association, Inc. has authority pursuant to Article X, Section 10.1 of the CC&Rs to levy assessments against property, and

WHEREAS, the Board of Directors of Bellasera Community Association, Inc., (Board) finds there is a need to establish orderly procedures for the collection of assessments levied against properties that remain unpaid beyond the prescribed due dates,

NOW THEREFORE, IT IS RESOLVED that the following procedures and practices are established for the collection of assessments owing and to become owing [how can we assess for future items?] to Bellasera Community Association, Inc. by the Owners. [Is this phrase to avoid this being applied only to those assessments due when this procedure is commenced or future assessment as they pay down current assessments? Or, does this refer to para 8d which states “unpaid indebtedness for the entire year....” At any rate it is certainly not clear as to its intend!]

1. GENERAL GUIDELINES. The collection of Assessments pursuant to the CC&Rs and this Assessment Collection Policy shall be governed by the following general guidelines:

- a. The Association shall pursue collection of Assessments from an Owner that is delinquent in the payment of the same. Should recovery of Assessments owing by a particular Owner require commencement of legal proceedings, those proceedings shall be initiated as determined by the Board in accordance with the provisions of this Policy.
- b. At each step within the collection process, the Board shall be advised of the facts and circumstances then known concerning a given delinquency in order that the Board may determine that an expedient course of collection efforts are being pursued.

2. OWNERSHIP INTERESTS. Pursuant to Article X of the CC&Rs, each Owner by acceptance of a deed or other conveyance, is deemed to covenant and agree to pay Assessments to the Association. Unpaid Assessments plus Collection Costs, as specified in Paragraph 4 below, (1) become a continuing lien against the Lot; (2) are the personal obligation of the Owner; (3) remain a lien against the Lot even if the ownership is transferred; and (4) remain the personal obligation of any successor Owner(s). [Does this mean that a NEW OWNER becomes responsible for any remaining delinquent assessments? Or, if there is a transfer to a related party (eg. The WIFE or CHILD), the Owner is still responsible?] ?] [Do we have a definition of “Owner” anywhere in the CC&Rs?]

3. DUE DATES. The due date for a given Assessment shall be the first day of the first month of the quarter of the year for which the Assessment is levied, or as specifically designated in the CC&Rs. If not paid within fifteen (15) days after its due date, each such Assessment shall be deemed late and shall have added to it a late fee in the amount of fifty dollars (\$50.00) [the maximum is 10% of the Assessment]

4. COLLECTION COSTS. As authorized by the CC&Rs, the Association shall recoup all costs incurred as a result of collecting delinquent Assessments. Collection costs shall include but are not limited to the following:

- a. Interest on the Assessment from the Due Date until such time as the Assessment is fully paid at a rate 10%. or other rate that shall be set by the Board of Directors from time to time.
- b. Late fees [how to determine late charges?], attorney's fees, court costs, any related collection costs and/or fees.
- c. Any handling charges, administrative fees, postage, or other expenses incurred by the Association in connection with the collection of any Assessment.
- d. A returned check fee of twenty-five dollars \$25.00 charged for any check tendered to Bellasera Community Association, Inc. for the payment of Assessments by or on behalf of an Owner, if such check is dishonored by the drawee bank.
- e. Any fee or charge becoming due and payable pursuant to this paragraph four (4) shall be added to the amount outstanding and shall be collectible to the same extent and in the same manner as the delinquent Assessment. [sounds to me like redundant boiler plate]

5. APPLICATION OF FUNDS RECEIVED. All moneys received by Bellasera Community Association, Inc. shall be applied to amounts outstanding to the extent of and in the following order: [If all funds rec'd are applied and a small balance remains, do we write it off or spend a bunch of effort to collect it? Such a practice should not be stated in this procedure, but is practical.]

6.

- a. First, to the unpaid assessment amounts;
- b. Next, to late fees, collection costs and attorney's fees incurred by or on behalf of the Association;
- c. Last, to interest accrued.

6. **OWNERSHIP RECORDS.** All collection notices and communications shall be directed to those persons [or legal entity ?] shown by the records of the Association as being the Owner of the Lot for which Assessments are due and shall be sent to the most recent address of such Owner solely as reflected in the records of the Association. Any notice or communication directed to a person [or legal entity ?] at an address, reflected in the records of the Association as being the Owner and address for a given property, shall be valid and effective for all purposes pursuant to the CC&Rs and this Policy until such time as there is actual receipt by the Association of written notification of any change in the identity or status of such Owner or its address or both.

7. **NOTIFICATION OF OWNER'S REPRESENTATIVE.** Where the interest of an Owner in a Lot has been handled by a representative or agent of such Owner or where an Owner has otherwise acted so as to put the Association on notice that its interest in a Property is being handled by a representative or agent, any notice or communication from the Association pursuant to the Policy shall be deemed full and effective for all purposes if given to such representative or agent.

8. **NOTIFICATION TO OWNER.**

- a. **LATE NOTICE.** If payment is not received within fifteen (15) days after the due date, it is deemed delinquent and a late notice shall be sent to the Owner or his representative or agent. The Owner's account shall be charged a fifty (50) dollar Notice Fee. [see Para 3 above]
- b. **INITIAL LATE LETTER.** No sooner than thirty (30) days after the due date, if payment has not been received, the Association shall send an Initial Late Letter to the Owner or his representative or agent setting forth the amount of the delinquent Assessment [plus the Notice Fee] owing. The Initial Late Letter shall be sent via regular first-class mail. All fees associated with this letter shall be charged to the Owner's account. [What are the typical fees for this letter – time to compose / send, postage ??] [Seems to me that charging for issuing the letter is kind of picky! Let's let the \$50 'late fee' cover this. Keep it simple....]
- c. **PRE-LIEN DEMAND.** No sooner than forty-five (45) days beyond the due date, the Association shall send a Demand-Lien Letter to the Owner making formal demand for immediate payment of all outstanding amounts. The Demand-Lien Letter shall be sent via both regular and certified mail, return receipt requested. All fees associated with this letter shall be charged to the

Owner's account. [Again, what are the typical fees?] [Seems to me that charging for issuing the letter is kind of picky! Let's let the \$50 'notice fee' cover this. Keep it simple....]

- d. NOTICE OF LIEN. Sixty (60) days after the due date, if an Owner fails to pay in full the entire amount covered in the Demand Lien Letter by the date specified, the Board shall cause to be prepared and recorded with the Maricopa County Recorder a written Notice and Claim of Lien. If applicable, the unpaid indebtedness for the entire year shall be accelerated [What the heck does this mean. It certainly is not clear!!!] and comprise the amount of Assessments secured by the lien. [Can we accelerate this part of the process? That is, somehow combine the Notice of Lien and the Pre-Court Action Letter into one document? or simultaneous documents ??.] [Rather than the 'all fees' statement in e, can we simply fix a fee for this action (like the late fee? Call it a "Lien Fee"? Again, do we have to detail bill all this small items or can we keep it simple.]
 - e. PRE-COURT ACTION LETTER. A copy of the Notice and Claim of Lien shall be sent to the Owner and/or Owner's agent, whichever is applicable, contemporaneously with the recording of same with the Maricopa County Recorder's Office, together with an additional demand for payment in full of all Assessments then outstanding [if we can combine d. and e. then the next phrase is unnecessary] informing the Owner that if payment is not received within fifteen (15) days from the date of the demand letter, that legal action shall be filed against him in a court of competent jurisdiction ("Pre-Court Action Letter"). The Pre-Court Action Letter and Notice of Lien shall be sent both regular and certified mail return receipt requested. All fees associated with the Notice and Claim of Lien and the Pre-Court Action Letter shall be charged to the Owner's account. [Again, can we combine some of these actions to accelerate the process?]
9. COLLECTION OPTIONS - LITIGATION. In the event the collection letters set forth above do not result in payment of Assessments by the Owner, the Board, acting with input and recommendation from the Association's managing agent and legal counsel, shall evaluate and decide the course of legal action which is in the best interest of the Association for the recovery of unpaid Assessments. The legal action(s) that may be initiated include but are not limited to the following: 1) an action to foreclose the Association's Assessment Lien, and/or 2) an action for personal judgment against the delinquent Owner.
10. VERIFICATION OF INDEBTEDNESS. Where an Owner requests verification of the indebtedness, the Association or the Association's managing agent or legal counsel, whichever is applicable, shall, upon written notification of the Owner's request, supply such verification within fifteen (15) business days from the date of the request.

Suggested Outline for Reserve Plan Preparation

1. September Meeting

- a. Review current Reserve Policy – Changes?
- b. Review Association Reserves proposal
 - i. Flexibility in using BOA inputs? Road study?
 - ii. Options available

2. October Meeting

- a. Recommend a Study Contract to Board – Board must sign contract

3. November Meeting

- a. Review status of Study
- b. Receive draft, if possible, before finalized
- c. Discuss issues which have been raised regarding Study

4. December Meeting

- a. Receive & Review Study from consultant
- b. Challenge Study results?

5. January Meeting

- a. Incorporate Study results in budget.

6. February Meeting

- a. Recommend final Reserve Plan & Budget to Board

Don Bowman

BELLASERA COMMUNITY ASSOCIATION

Budget & Finance Committee Meeting Minutes

September 20, 2011

PRESENT: Clayton Loiselle, Don Bowman, Carlton Rooks, Charles Schroeder & Paul Snyder

ABSENT: Ted Dixon due to illness

The Budget & Finance Committee Meeting was called to order at 1:35 PM. A quorum was present.

Purpose of the Meeting

To review / approve the minutes of our last meeting (August 24, 2011) and to review the BCA Financial Statements for August 2011. For other topics see enclosed Meeting Agenda.

Minutes of the August 24, 2011 B&F Committee Meeting

The Minutes of the August 24, 2011 B&F Committee Meeting were reviewed prior to the meeting and were unanimously approved at the meeting.

Review of BCA Financials for August 2011

See attached copy of Review for details. As per AAM Reserve balances both at Merrill Lynch and Mutual of Omaha Bank totaled \$1,018,630 and Operating Owners' Equity stood at \$50,805 at month end August 2011. *Accounts Receivable* stood at \$18,308 reflecting a decrease due to payments of late dues.

A/R Collection Status

Paul Snyder presented his chart summarizing the A/R collection status for August. He noted that one case had been fully collected and another partially for a total of \$1,936 which will be reflected in the next AAM Financial Report. The Brown Law Group (BLG) continues to show results and is very good in pursuing even difficult cases. It is important that BLG is fully informed about all case histories, in particular, if bankruptcies had occurred.

BCA Collection Policy

Clayton had made some revisions to the proposed Collection Policy. Paul wanted to be sure that the initiation of legal action would be held up until the next dues payment date passed without payment or 105 days after the first due date. Clayton said it would be up to the Board to make a decision about that.¹

¹ The BCA Board met on September 22, 2011 and decided to ask Legal Counsel for an opinion on entire draft proposal.

Discuss Outline of Reserve Study Schedule Prepared by Don Bowman

Don Bowman had previously distributed a detailed outline of the tasks needed to develop the BCA Reserve Plan for the FY 2012/2013 and the Committee is in agreement with the components, the process and the timing of the work required.

Develop a Revised Reserve Policy for Presentation to BOD

First question is which firm is to be selected for the Reserve Study. In past BCA used Association Reserves, Inc. (ARI). AAM mentioned that there are others that would be able to handle the assignment. Who are they? Other questions are: Would consultant allow to accept comprehensive Road Study BCA already has? To what extent is there an opportunity for BCA to discuss study prior to completion? What should be the % Funding target? Don and Clayton will ask AAM for answers to some of foregoing questions.

Other Business

According to Viola Lanam of AAM BCA's Annual Financial Compilation Report and Federal & Arizona Income Tax returns for FY ending June 30, 2011 are in preparation. The Committee members will get draft copies.

The next Meeting Date

Wednesday, October 19, 2011 at 1:30 PM at the Clubhouse.

There being no other business the meeting was adjourned at 4:45 PM.

Enclosures: Agenda for B&F Committee Meeting on September 20, 2011;
Review of BCA Financials for August 2011.

Prepared by:

/s/

Charles Schroeder
Recording Secretary, B&F Committee

Approved by:

/s/ Gregg Dittoe

Clayton Loiselle
Chairman, B&F Committee

BELLASERA COMMUNITY ASSOCIATION
BUDGET & FINANCE COMMITTEE MEETING AGENDA
September 20, 2011 @ 1:30 PM at Bellasera Clubhouse

1. Review / approve the minutes of our last meeting on August 24, 2011.
2. Review of the August 2011 financial statements prepared by AAM.
3. Review of BCA August accounts receivable.
4. Discussion / recommendation of Reserve Study Schedule prepared by Don Bowman.
5. Develop a revised reserve policy for presentation to BOD.
6. Collection Policy status.
7. New Business
8. Set next B&FCommittee meeting date/time.
9. Adjourn.

Review of BCA Financials for August 2011

Comments: All of Bellasera's funds deposited with and through Mutual of Omaha Bank (Operating Funds of \$102,412 and Reserve Funds, including CD's, of \$533,560) are currently insured by the FDIC under various programs. Reserve Fund cash at Merrill Lynch and a CD of \$50,000 totaling \$485,070 is also covered by FDIC Insurance.

Balance Sheet Items: *Accounts Receivable* (A/R's) from homeowners as a whole have decreased due to collection of *late payments of assessments* by \$9,538 or 34% from \$27,845 the month before to \$18,308. This amount is 11% lower than the amount of \$20,609 a year ago. The amount of outstanding delinquent quarterly assessments at \$8,764 is unchanged from last month.²

GROWTH OF BELLASERA'S A/R's

Year	Sep. 30	Dec. 31	Mar. 31	June 30	Jul 31	Aug 31
2009/10	12,577	13,894	17,590	23,929	28,393	20,609
2010/11	18,771	18,820	19,124	13,993	27,845	18,308
% of ¼ Dues	10	10	10%	7%	15%	10%
YOY	49%	35%	8.7%	-42%	-1.9%	-11.1%

Income: In line with budget.

Salaries & Wages: In line with budget.

Administrative & General: : 32% over budget due to 2 tax related payments budgeted for September.

Contract Services: Under budget 2.8% due to varying payroll.

Repairs & Maintenance: Under budget 27.6 % for the month and YTD about even.

Utilities: In line with budget.

Income Taxes: Appears \$325 paid in Fed Income taxes due in September. Tax Return seems finished (?)

Insurance: In line with budget.

Operating Owners' Equity: The balance is now \$50,805, an increase of \$3,444.

Replacement Reserve Accounts at Merrill Lynch & Mutual of Omaha Bank:

As of August 31, 2011 the total balance as per AAM Statement is \$1,018,630 and yielding overall 0.7% p.a. Of this amount \$332,601 were invested in CD's. (See table below).

Next CD Maturity: January 30, 2012, \$50,000.

BCA Reserve Funds at M L & MOB invested in FDIC insured CDs as of 8/31/2011

Date Acquired	Bank	Amount	Interest Rate per annum	Maturity
1-22-09	Amexco Centurion Bk	\$50,000.00	2.85%	1-30-2012
5-11-11	MOB-CDARS	\$282,600.79	0.70%	5-10-2012
	Total	\$332,600.79	1.02%	

prepared by: Charles Schroeder, September 17, 2011

² Please see Paul Snyder's monthly update for details.

BELLASERA COMMUNITY ASSOCIATION

Budget & Finance Committee Meeting Minutes

October 19, 2011

PRESENT: Don Bowman, Gregg Dittoe, Marilyn Lillienfeld, Carlton Rooks, Charles Schroeder & Paul Snyder

ABSENT: Ted Dixon & Clayton Loiselle

The Budget & Finance Committee Meeting was called to order at 1:30 PM. A quorum was present.

Purpose of the Meeting

To review / approve the minutes of our last meeting (September 20, 2011) and to review the BCA Financial Statements for September 2011. For other topics see enclosed Meeting Agenda.

Minutes of the August 24, 2011 B&F Committee Meeting

The Minutes of the August 20, 2011 B&F Committee Meeting were reviewed and unanimously approved at the meeting.

Review of BCA Financials for September 2011

See attached copy of Review for details. As per bank statements Reserve balances both at Merrill Lynch and Mutual of Omaha Bank totaled \$1,016,854. Operating Owners' Equity stood at \$52,513 at month end September 2011. *Accounts Receivable* stood at \$13,780 reflecting a decrease due to collection of delinquent accounts. The Committee discussed the purchase of 1000 gate transponders for \$17,459 which was charged against reserves. A separate account has been established to keep track of the flow of funds. This transaction is to be considered a short term loan to Operating Funds and is to be repaid to reserves as soon as payment is received from residents for the new gate transponders. Gregg Dittoe asked about details of a legal bill for \$1,054.50 from Carpenter & Hazelwood. Since I did not receive a copy of the invoice I could not answer.¹

A/R Collection Status

Paul Snyder presented his chart summarizing the A/R collection status for September. He noted that one other case dating back to October 2008 had been fully collected and pointed to the success of The Brown Law Group (BLG). Paul also stated that he is ready to recommend the suspension of the monthly charge of \$750 for allowance of bad debt due to improved collection results. Marilyn would like clarification as to whether or not a lien on the property still stands after bankruptcy. This is important, since pursuit of an invalid claim may be considered harassment and expose BCA to lawsuits. It would be great if Paul Snyder could talk directly to Brown Law Group. Gregg will find out who currently the BCA contact person is.

¹ Upon inquiry later Viola stated that the Board was aware and approved it.

Current Reserve Policy

Don Bowman handed out a BCA Board Resolution dated November 1, 2000 and stated that after a number of changes during the years the policy had reverted to the original one. But several issues should be considered such as *Full Funding and how often a Onsite Reserve Study should be prepared.*

Review of Reserve Study Consultants

Viola had provided 3 additional names of Reserve Plan Consultants, but Don said it came down to D. Vleming of ARI. He meets the condition of accepting existing Road, Tennis Court and other professional studies. Among the various offers the 3 year study program with one full base study and two updates at \$1,600 per year serves BCA's needs best. The Committee is ready to recommend to the Board to accept the 3 year study program of ARI.

The next Meeting Date

Wednesday, November 30, 2011 at 1:30 PM at the Clubhouse.

There being no other business the meeting was adjourned at 4:00 PM.

Enclosures: Agenda for B&F Committee Meeting on October 19, 2011;
Review of BCA Financials for September 2011.

Prepared by:

Approved by:

Charles Schroeder
Recording Secretary, B&F Committee

Gregg Dittoe
Member of B&F Committee & AT of BCA

BELLASERA COMMUNITY ASSOCIATION
BUDGET & FINANCE COMMITTEE MEETING AGENDA
October 19, 2011 @ 1:30 PM at Bellasera Clubhouse

1. Review / approve the minutes of our last meeting on September 20, 2011.
2. Review of the September 2011 financial statements prepared by AAM.
3. Review of BCA September accounts receivable.
4. Continue preparing reserve policy for presentation to BOD .
5. Review of Reserve Study Consultants.
6. Set next B&FCommittee meeting date/time.
7. Adjourn.

Review of BCA Financials for September 2011

Comments: All of Bellasera's Operating Funds of \$146,167.74 and Reserve Funds of \$1,016,854.02 are covered by FDIC insurance except for a small amount of \$3,658.36 or 0.32% which is not.

Balance Sheet Items: *Accounts Receivable* (A/R's) from homeowners as a whole have decreased by \$4,527 or 24.7% from \$18,308 the month before to \$13,780. This amount is 27% lower than the amount of \$18,771 a year ago. The amount of outstanding delinquent quarterly assessments at \$9,266 increased by \$502 from last month.²

GROWTH OF BELLASERA'S A/R's

Year	Dec. 31	Mar. 31	June 30	Jul 31	Aug 31	Sep 30
2009/10	13,894	17,590	23,929	28,393	20,609	18,771
2010/11	18,820	19,124	13,993	27,845	18,308	13,780
% of ¼ Dues	10	10	7	15	10	7
YOY	35%	8.7%	-42%	-1.9%	-11.1%	-26.6%

Income: In line with budget. It includes \$6,969 of annual Lease Fee income.

Salaries & Wages: In line with budget.

Administrative & General: In line with budget.

Gate Transponders: BCA used the Reserve Fund to pay \$17,459 for new transponders. As transponders are **not** qualified common assets the intent is to repay the Reserve Fund from proceeds of the sale of the new transponders..

Contract Services: In line with budget.

Repairs & Maintenance: \$990 over budget mainly due to replacement of A/C capacitors at guard- & clubhouse.

Utilities: All utilities under budget totaling \$1,473.

Income Taxes: For FY ending 6/30/2011 BCA overpaid a total of \$593 for AZ & IRS.

Insurance: In line with budget.

Operating Owners' Equity: The balance is now \$52,513, an increase of \$1,708.

Replacement Reserve Accounts at Merrill Lynch & Mutual of Omaha Bank:

As of September 30, 2011 the total balance as per AAM Statement is \$1,017,104 and yielding (unchanged) overall 0.7% p.a. Of this amount \$332,763 were invested in CD's. (See table below).

Next CD Maturity: January 30, 2012, \$50,000.

BCA Reserve Funds at M L & MOB invested in FDIC insured CDs as of 9/30/2011

Date Acquired	Bank	Amount	Interest Rate per annum	Maturity
1-22-09	Amexco Centurion Bk	\$50,000.00	2.85%	1-30-2012
5-11-11	MOB-CDARS	\$282,763.38	0.70%	5-10-2012
	Total	\$332,763.38	1.02%	

prepared by: Charles Schroeder, October 17, 2011

² Please see Paul Snyder's monthly update for details.

BELLASERA COMMUNITY ASSOCIATION

Budget & Finance Committee Meeting Minutes

November 30, 2011

PRESENT: Clayton Loiselle, Don Bowman, Gregg Dittoe, Marilyn Lillienfeld, Carlton Rooks, Charles Schroeder & Paul Snyder

ABSENT: Ted Dixon

The Budget & Finance Committee Meeting was called to order at 1:35 PM. A quorum was present.

Purpose of the Meeting

To review / approve the minutes of our last meeting (October 19, 2011) and to review the BCA Financial Statements for October 2011. For other topics see enclosed Meeting Agenda.

Minutes of the October 19, 2011 B&F Committee Meeting

The Minutes of the October 19, 2011 B&F Committee Meeting were unanimously approved at the meeting.

Review of BCA Financials for October 2011

See attached copy of Review for details. As per bank statements Reserve balances both at Merrill Lynch and Mutual of Omaha Bank totaled \$1,065,027. Operating Owners' Equity stood at \$50,139 at month end October 2011. *Accounts Receivable* stood at \$23,611 reflecting an increase due mainly to late payments of assessments. The Committee discussed the increase of 27% in *Salaries & Wages* which is due to a permanent increase in hours worked. This increase may cause this line item to exceed the budget up to 40%. Charles Schroeder will follow up with Viola with regard to overage in CPA services.

A/R Collection Status

Paul Snyder presented his chart summarizing the A/R collection status for October. He recommended that 3 delinquencies be acted upon: two of which to be handed over to the Brown Group and one unit which is for sale to place a lien and await sale for collection. Paul again recommends the suspension of the monthly charge of \$750 for allowance of bad debt due to improved collection results. Marilyn got clarification that a lien on the property still stands after bankruptcy but, certainly, is inferior to the lien of the mortgagor. The lien itself is eliminated upon sale of the property. Gregg Dittoe clarified the communications channel between BCA and the Brown Group: The BCA contact is Viola Lanam **after** authorization by the BCA Board president.

Revisit Reserve Study Recommendation to the Board

The B&F Committee Recommendation prepared during the last B&F Meeting was not acceptable to the Board for two main reasons: 1) The consultant required additional terms and conditions previously unknown and 2) the proposed 3 year contract would limit the

actions of the Board too far into the future beyond what is required by prevailing statutes and CC&R's. No further action was taken as the Committee was not clear as to the position of the BCA Board.¹

Current Reserve Policy

Current Reserve Policy dates back to a BCA Board Resolution dated November 1, 2000. The B&F Committee did not have time to start preparing a recommendation to the Board with respect to updating this policy. Work will begin at the next scheduled Committee meeting.

Review CD / CDARS maturities for possible reinvestment recommendation

The next maturities will occur at the end of January 2012 and will be discussed at the next meeting.

The next Meeting Date

Thursday, January 19, 2011 at 1:30 PM at the Clubhouse.

There being no other business the meeting was adjourned at 4:45 PM.

Enclosures: Agenda for B&F Committee Meeting on November 30, 2011;
Review of BCA Financials for October 2011.

Prepared by:

Approved by:

Charles Schroeder
Recording Secretary, B&F Committee

Clayton Loiselle
Chairman of B&F Committee

¹ In the meantime Gregg Dittoe clarified the position of the Board, i.e., no outside reserve study needed for FY2012.

BELLASERA COMMUNITY ASSOCIATION
BUDGET & FINANCE COMMITTEE MEETING AGENDA
November 30, 2011 @ 1:30 PM at Bellasera Clubhouse

1. Review / approve the minutes of our last meeting on October 19, 2011.
2. Review of the October 2011 financial statements prepared by AAM.
3. Update status of the overdue assessments.
4. Revisit Reserve Study recommendation to the Board.
5. Review CD / CDARS maturities for possible reinvestment recommendation.
6. Set next B&FCommittee meeting date/time.
7. Adjourn.

Review of BCA Financials for October 2011

Comments: All of Bellasera's Operating Funds of \$154,112.30 and Reserve Funds of \$1,065,027.44 are covered by FDIC insurance except for a small amount of \$3,491.35 or 0.33% which is not.

Balance Sheet Items: *Accounts Receivable* (A/R's) from homeowners as a whole have increased due to late payments by \$9,832 or 71.3% from the month before to \$23,611. This amount is 10.8% lower than the amount of \$26,156 a year ago. The amount of outstanding delinquent quarterly assessments (90 days & older) at \$8,746 decreased by \$502 from last month.²

GROWTH OF BELLASERA'S A/R's

Year	Dec. 31	Mar. 31	June 30	Aug 31	Sep 30	Oct 31
2009/10	13,894	17,590	23,929	20,609	18,771	26,156
2010/11	18,820	19,124	13,993	18,308	13,780	23,611
% of ¼ Dues	10	10	7	10	7	13
YOY	35%	8.7%	-42%	-11.1%	-26.6%	-10.8%

Income: In line with budget.

Salaries & Wages: 27% above budget due to additional hours paid.

Administrative & General: Over budget \$4,619 or 59% due to +57% for copies and correspondence, +23% in CPA services and +\$3,350 in Carpenter Legal Fees. YTD Actual expenditures for CPA services are \$3,475 or 111% over budget.³

Contract Services: Slightly under budget.

Repairs & Maintenance: \$1,953 under budget.

Utilities: Total under budget 11.5%, but Gas over by 9%.

Income Taxes: Federal estimated taxes of \$339 paid.

Insurance: In line with budget.

Operating Owners' Equity: The balance is now \$50,139, a decrease of \$2,374.

Replacement Reserve Accounts at Merrill Lynch & Mutual of Omaha Bank:

As of October 31, 2011 the total balance as per AAM Statement is \$1,065,027 and yielding overall 0.64% p.a. Of this amount \$332,931 were invested in CD's. (See table below).

Next CD Maturity: January 30, 2012, \$50,000.

BCA Reserve Funds at M L & MOB invested in FDIC insured CDs as of 10/31/2011

Date Acquired	Bank	Amount	Interest Rate per annum	Maturity
1-22-09	Amexco Centurion Bk	\$50,000.00	2.85%	1-30-2012
5-11-11	MOB-CDARS	\$282,931.49	0.70%	5-10-2012
	Total	\$332, 931.49	1.02%	

prepared by: Charles Schroeder, November 23, 2011

² Please see Paul Snyder's monthly update for details, if available.

³ I have asked Viola to check this out.