

BELLASERA COMMUNITY ASSOCIATION
Budget & Finance Committee Meeting Minutes
January 19, 2012

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

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 (November 30, 2011) and to discuss the BCA Financial Statements for November 2011. Chairman Loiselle also introduced Ed Szkaradnik who will be officially appointed Treasurer of the Association at the next BOD meeting. He will replace the ailing Ted Dixon.

Minutes of the November 30, 2011 B&F Committee Meeting

The Minutes of the November 30, 2011 B&F Committee Meeting were unanimously approved as presented at the meeting without reading.

Review of BCA Financials for November 2011

See attached copy of Review for details. As per bank statements Operating Funds were at \$107,123.05 and Reserve balances both at Merrill Lynch and Mutual of Omaha Bank totaled \$1,056,629. Operating Owners' Equity stood at \$49,845 at month end November 2011. Copies of invoices were not yet available for the month. The same holds true for the month of December.

A/R Collection Status

Status reports, usually prepared by Paul Snyder, for the months of November and December were not available.

Reserve Study and Current Reserve Policy

Gregg Dittoe restated the decision of the Board that no outside reserve study was needed for FY2012/2013. The Board is looking to the B&F Committee to come up with a Reserve Policy recommendation by the March 2012 Board meeting.. Don Bowman and Marilyn Lillienfeld will begin to develop a proposal which would be an update of the prevailing Reserve Policy dated November 1, 2000. Don discussed a list he has compiled of issues that need to be dealt with in the policy. Gregg mentioned the 1/24/2012 meeting of the B&G Committee to discuss the current status of wear and tear and possible repair and replacement of BCA Reserve Plan components. This will provide important input for the BCA Reserve Plan/Budget for the next FY.

Reserve Investment Policy

In connection with the need to invest periodically additional Reserve Funds prudently and at a minimal risk of loss of principal by following existing governing BCA guide lines and prevailing statutes the Committee discussed the potential need to develop a specific *Reserve Investment Policy*. Marilyn Lillienfeld and Charles Schroeder agreed to begin work on developing a recommendation for the Board. This project includes research as to existing Arizona statutes and laws effecting such a policy and how other HOAs have codified their reserve investment policy. Also, it is necessary to find out whether there are statutes that define and govern the *fiduciary responsibility* of the BCA Board of Directors. Overall, the objective is to find out to which extent it may be possible to increase the return of reserve investments for BCA.

Other Business

Marilyn reported that for *Capital Leases* to qualify to be added to the list of reserve plan components they would have to contain an option to buy the leased equipment. Gregg had received an inquiry from a Bellasera resident whether a *putting green* could be built and whether reserve funds could be used to pay for it. Answers include: residents would have to approve; funding could be provided by special assessment, by increase in dues or, if available, through options of future alternative uses of existing Reserve Plan components.

The next Meeting Date

Wednesday, February 22, 2012 at 1:00 PM at the Clubhouse.¹

There being no other business the meeting was adjourned at 4:30 PM.

Enclosure: Review of BCA Financials for November 2011.

Prepared by:

Approved by:

Charles Schroeder
Recording Secretary, B&F Committee

Clayton Loiselle
Chairman of B&F Committee

¹ Originally scheduled for 2:00 PM.

Review of BCA Financials for November 2011

Comments: All of Bellasera's Operating Funds of \$107,123.05 and Reserve Funds of \$1,056,629.08 are covered by FDIC insurance except for a small amount of \$3,185.28 or 0.27% which is not.

Balance Sheet Items: *Accounts Receivable* (A/R's) from homeowners as a whole have decreased due to late payments by \$5,494 or 23.3% from the month before to \$18,117. This amount is 17.1% lower than the amount of \$21,856 a year ago.

GROWTH OF BELLASERA'S A/R's

Year	Dec. 31	Mar. 31	June 30	Sep. 30	Oct. 31	Nov. 30
2009/10	13,894	17,590	23,929	18,771	26,156	21,856
2010/11	18,820	19,124	13,993	13,780	23,611	18,117
% of ¼ Dues	10	10	7	7	13	10
YOY	35%	8.7%	-42%	-26.6%	-10.8%	-17.1%

Income: In line with budget. A new (restricted) account contains \$2,577.50 in Quick Pass receipts.

Salaries & Wages: \$1,769 or 75% above budget due to additional hours paid including retro-active payments.

Administrative & General: Over budget also Legal Fees \$633 or 506%.

Contract Services: Over budget. By \$3,200 or 14% mainly for Security.

Repairs & Maintenance: \$993 or 18% under budget.

Utilities: \$1,621 or 16% under budget due to mainly less water use.

Income Taxes: No taxes due.

Insurance: In line with budget.

Operating Owners' Equity: The balance is now \$49,845, a decrease of \$294.

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

As of November 30, 2011 the total balance as per AAM Statement is \$1,056,629 and yielding overall 0.55% p.a. Of this amount \$333,094 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 11/30/2011

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	\$283,094.27	0.70%	5-10-2012
	Total	\$333,094.27	1.02%	

prepared by: Charles Schroeder, January 5, 2012

BELLASERA COMMUNITY ASSOCIATION

Budget & Finance Committee Meeting Minutes

February 22, 2012

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

ABSENT: Don Bowman

GUEST: Viola Lanam (to discuss budget issues)

The Budget & Finance Committee Meeting was called to order at 1:10 PM. A quorum was present.

Purpose of the Meeting

To review / approve the minutes of our last meeting (January 19, 2012) and to discuss the BCA Financial Statements for December 2011 and January 2012. As well as following Chairman Loiselle's resignation to elect his successor. For other items see enclosed agenda.

Minutes of the January 19, 2012 B&F Committee Meeting

The Minutes of the January 19, 2012 B&F Committee Meeting were, with one addition, unanimously approved as presented at the meeting.

Review of BCA Financials for December 2011 and January 2012

See attached copies of Reviews for details. As per bank statements Operating Funds were at \$175,340.99 and Reserve balances both at Merrill Lynch and Mutual of Omaha Bank totaled \$1,113,928. Operating Owners' Equity stood at \$45,919 at month end January 2012.

Resignation of Chair and Election of New Chairperson for the B&F Committee

Marilyn Lillienfeld was unanimously elected Chairperson of the B&F Committee. Marilyn is considered an asset to the Committee due to her broad professional background in accounting and law.

Review of Collections of delinquent HOA Dues

Paul Snyder presented his Collection Status Report as of January 31, 2012 which has been updated to February 5, 2012. It shows that the Brown Law Group, now pb&j, has made good progress by bringing to bear its collection skills and expertise. Paul recommends that two cases totaling \$2,185 be turned over to the PB&J law firm and has asked the Board for quick authorization to do so.

Discussion of Cash Investment Options and Review of Current Position

Current cash investment options continue to be rather limited and Charles and Marilyn are working on a recommendation to the Board to invest BCA's cash balances. As of January 31, 2012 the following table reflects the cash balances and annual income:

Bank	Type	\$ Amount	Rate	Annual \$ Income
Merrill	Preferred	250,279.00	0.2%	500.56
Merrill	ISA	327,842.88	0.08%	262.27
MOB	M/M	251,770.46	0.5%	1,258.85
MOB	Cedars	283,430.99	0.7%	1,984.02
	Total	1,113,323.33	0.36%	4,005.70

Review Operating Budget Draft #3 and First Estimate of Reserve Contribution

Viola Lanam stated that she expects to have the Budget Draft #3 ready for our next meeting on Wednesday, February 29, 2012 @ 10:00 AM. Clayton Loiselle suggested that we schedule a separate meeting prior to the aforementioned meeting to update Ed Szkaradnik on the status of a First Estimate of the Contribution to Reserves as part of the next budget. This meeting has now been scheduled to take place one hour before the above mentioned working session on Wednesday.

The next Meeting Date

Wednesday, March 21, 2012 at 2:00 PM at the Clubhouse.

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

Enclosures: B&F Committee Meeting Agenda;
Review of BCA Financials for December 2011;
Review of BCA Financials for January 2012.

Prepared by:

Approved by:

Charles Schroeder
Recording Secretary, B&F Committee

Marilyn Lillienfeld
Chairperson of B&F Committee

BELLASERA COMMUNITY ASSOCIATION
BUDGET & FINANCE COMMITTEE MEETING AGENDA
February 22, 2012 @ 1:00 PM at Bellasera Clubhouse

1. Review / approve the minutes of our last meeting on January 19, 2012.
2. Review of the December 2011 and January 2012 financial statements prepared by AAM.
3. Resignation of Chair and Election of new chair person for the B&F Committee.
4. Review of collections of delinquent HOA dues
5. Discussion of cash investment options – review of current position and maturities plus rate structure.
6. Review operating budget Draft #3 and First Estimate of Reserve Contribution
7. Other business.
8. Set schedule for next meeting.
9. Adjourn.

Review of BCA Financials for December 2011

Comments: All of Bellasera's Operating Funds of \$142,976.78 and Reserve Funds of \$1,057,076.98 are covered by FDIC insurance except for a small amount of \$3,250.45 or 0.27% which is not.

Balance Sheet Items: *Accounts Receivable* (A/R's) from homeowners as a whole have decreased by \$3,000 or 16.6% from the month before to \$15,066. This amount is also 20 per cent lower than the amount of \$18,820 a year ago.

DEVELOPMENT OF BELLASERA'S A/R's

Year	Mar. 31	June 30	Sep. 30	Oct. 31	Nov. 30	Dec. 31
2009/10	17,590	23,929	18,771	26,156	21,856	18,820
2010/11	19,124	13,993	13,780	23,611	18,117	15,066
% of ¼ Dues	10	7	7	13	10	8
YOY	8.7%	-42%	-26.6%	-10.8%	-17.1%	-20 %

Income: In line with budget.

Salaries & Wages: In line with budget, however, YTD 14% above budget due to additional hours paid.

Administrative & General: Over budget by 87% mainly due to Legal Fees.

Contract Services: In line with budget.

Repairs & Maintenance: 45% under budget.

Utilities: 15% under budget covering all categories.

Income Taxes: No taxes due.

Insurance: In line with budget.

Operating Owners' Equity: The balance is now \$41,663, a decrease of \$8,182.

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

As of December 31, 2011 the total balance as per AAM Statement is \$1,057,076 and yielding overall 0.55% p.a. Of this amount \$333,263 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 12/31/2011

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	\$283,262.58	0.70%	5-10-2012
	Total	\$333, 262.58	1.02%	

Prepared by: Charles Schroeder, February 17, 2012

Review of BCA Financials for January 2012

Comments: All of Bellasera's Operating Funds of \$175,340.99 and Reserve Funds of \$1,113,928.47 are covered by FDIC insurance except for a small amount of \$3,500.63 or 0.27% which is not. **Recommended action:** Transfer proceeds of maturing Amexco CD of \$50,726 at ML to existing ISA Account bearing interest at 0.08%.¹

Balance Sheet Items: *Accounts Receivable* (A/R's) from homeowners as a whole have increased by \$5,366 or 35.6% from the month before to \$20,432 due to late payments of assessments. However, this amount is 27% lower than the amount of \$28,054 a year ago. Notable is a decline of hard core delinquent assessments (those outstanding 90 days or more) to \$8,160 to which an amount of \$2,734 for related charges has to be added for a total of \$10,894. Several strong collection efforts have resulted in successful recoveries.²

DEVELOPMENT OF BELLASERA'S A/R's

Year	Mar. 31	June 30	Sep. 30	Nov. 30	Dec. 31	Jan. 31
2010/11	17,590	23,929	18,771	21,856	18,820	28,054
2011/12	19,124	13,993	13,780	18,117	15,066	20,432
% of ¼ Dues	10	7	7	10	8	11
YOY	8.7%	-42%	-26.6%	-17.1%	-20 %	-27%

Income: In line with budget, except for additional \$1,683 collected for gate ID's.

Salaries & Wages: Over budget YTD 18% due to additional hours paid and pay increase.

Administrative & General: Slightly under budget overall, but YTD 24% over budget mainly due to Legal Fees.

Contract Services: Over budget 8.9% mainly due to extra payday for Security.

Repairs & Maintenance: 41.6% under budget.

Utilities: 2.9% over budget.

Income Taxes: No taxes due.

Insurance: In line with budget.

Operating Owners' Equity: The balance is now \$45,919, an increase of \$4,255.

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

As of January 31, 2012 the total balance as per AAM Statement is \$1,113,928 and yielding overall 0.55% p.a. Of this amount \$283,431 were invested in CD's. (See table below).

Next CD Maturity: May 10, 2012, \$283,431 plus interest.

BCA Reserve Funds at M L & MOB invested in FDIC insured CDs as of 1/31/2012

Date Acquired	Bank	Amount	Interest Rate per annum	Maturity
5-11-11	MOB-CDARS	\$283,430.99	0.70%	5-10-2012
	Total	\$283,430.99	0.70%	

Prepared by: Charles Schroeder, February 17, 2012

¹ Has been done.

² For details refer to Paul Snyder's monthly BCA A/R Reports.

BELLASERA COMMUNITY ASSOCIATION

Budget & Finance Committee Meeting Minutes

April 24, 2012

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

The Budget & Finance Committee Meeting was called to order at 2:10 PM. A quorum was present.

Purpose of the Meeting

To review / approve the minutes of our last meeting (March 21, 2012) and to discuss the BCA Financial Statements for March 2012. For other items see enclosed agenda.

Minutes of the March 21, 2012 B&F Committee Meeting

The Minutes of the March 21, 2012 B&F Committee Meeting were unanimously approved as presented at the meeting.

Review of BCA Financials for March 2012

See attached copy of Review for details. As per BCA balance sheet Operating Funds were at \$165,769 and Reserve balances both at Merrill Lynch and Mutual of Omaha Bank totaled \$1,110,408. Operating Owners' Equity stood at \$50,683 at month end of March 2012. This includes \$7,144 of collected *Quick Pass Income* due to *Reserve Funds*.

Status Report of delinquent HOA dues

Paul Snyder presented his Collection Status Report as of March 31, 2012. It continues to show good progress of declining out-standing delinquent HOA dues. The *Reserve for Bad Debt* has sufficient funds to cover the contingency of writing off outstanding delinquent accounts. Paul recommends, and the B&F Committee agrees, to write off \$4,865 while the Pb&j law firm resumes collection efforts in one year from now. This leaves 4 delinquent accounts totaling \$6,145 and another amount of \$1,097 of uncollected fees (legal, violation and others).

Discussion of Cash Investment Options

Current cash investment options continue to be rather limited and Ed, Charles and Marilyn are exploring alternative options outside of the risk insurance by the FDIC. Ed discussed alternatives such as bond funds which contain mainly short term bonds including corporate bonds. Also, laddering of CDs over a period of 5 years is a possibility. These options would help raise the yield to 1.5% p.a. compared to 0.34% now. The Committee decided not to roll-over the CD's under the *CEDARS* program at MOB. Marilyn has informed Viola to communicate this decision to MOB. The amount of roughly \$284,000 will mature on May 12, 2012. Charles will talk to Manny San Miguel, AVP, whether he is available to talk to us about some of the options we have in mind.

Budget Update and Review of Final Version.

Viola Lanam presented the final Budget Draft #4. It incorporates the changes discussed at the last meeting. Gregg Ditto explained a key increase in *Salaries & Wages* of 36% as the result of added hours and pay increase on one hand and a 12% decrease of the contract with AAM on the other. There is also provision for shifting some prior tasks of the BOD president to the community manager and her staff in case the next president cannot devote his full time to the position. The B&F Committee unanimously voted to recommend approval of this budget to BOD.

Final Reserve Plan Review

Don Bowman presented the final Reserve Plan for FY 1012 – 1013. The plan provides a minimum of 80% funding of expenditures for future maintenance and replacements of plan assets throughout the entire 30 year plan period. The funding level is considered better than adequate. The B&F Committee unanimously voted to recommend approval of this Reserve Plan to BOD as part of the budget for the next FY.

Preparation for next BOD meeting and annual homeowners' meeting

At the next BOD meeting the BCA Board will review the new budget and, if accepted, recommend that the new Board approve it. At the annual homeowners' meeting the financial condition of BCA and its future outlook will be discussed.

The next Meeting Date

Tuesday, April 24, 2012 at 2:00 PM at the Clubhouse.

There being no other business the meeting was adjourned at 4:05 PM.

Enclosures: B&F Committee Meeting Agenda;
Review of BCA Financials for February 2012.

Prepared by:

Approved by:

Charles Schroeder
Recording Secretary, B&F Committee

Marilyn Lillienfeld
Chairperson of B&F Committee

BELLASERA COMMUNITY ASSOCIATION

Budget & Finance Committee Meeting Minutes

July 25, 2012

PRESENT: Marilyn Lillienfeld, Ed Szkaradnik, Don Bowman, Charles Schroeder
& Paul Snyder

ABSENT: Carlton Rooks

GUESTS: Gregg Dittoe, Joe Pruess & Viola Lanam

The Budget & Finance Committee Meeting was called to order at 3:15 PM. A quorum was present.

Purpose of the Meeting

To review / approve the minutes of our last meeting (May 23, 2012) and to discuss the BCA Financial Statements for May and June 2012. For other items see enclosed agenda.

Minutes of the May 23, 2012 B&F Committee Meeting

Marilyn stated that she would prepare and provide the Minutes of the May 23, 2012 B&F Committee Meeting at a later date.

Review of BCA Financials for May and June 2012

Charles stated that he did not receive the usual underlying data supporting the May financials and, therefore, was only able to make cursory review. On that basis the May Financial Statements look OK. See attached copy of the review of the June financials for details. As per BCA balance sheet Operating Funds were at \$136,907 and Reserve balances both at Merrill Lynch and Mutual of Omaha Bank totaled \$1,140,507. Operating Owners' Equity stood at \$35,799 at month end of June 2012, a decline of \$3,399 from the previous month.

Status Report of delinquent HOA dues

Paul presented his Collection Status Report as of June 30, 2012. It continues to show excellent progress of declining delinquent HOA dues, now down to \$5,525. At least another amount of \$2,370 has been collected in July. An amount of \$4,865 has been written off as previously recommended by the B&F Committee.

Discussion of Reserve Fund Cash Investment Options

Marilyn distributed a Status Report of BCA's Reserve Fund Investments authored by her. BCA now has available about \$1,000,000 in cash reserves and the B&F Committee recommends to the Board of Directors to approve the investment of these funds in short term up to 6 months FDIC insured CD's. (Approval has in the meantime been given). The B&F Committee also agreed to continue to obtain offers from major financial institutions for longer term investments to stay on top of market developments while in the process of formulating a suitable investment policy for BCA. In this connection the

B&F Committee plans to invite two potential investment advisors later in August to make presentations on investment options.

Reserve Plan Update

Don discussed several changes in the planned cost of some of the Reserve Projects. Viola handed out a current Status Summary of Reserve Projects that also included the aforementioned changes.

Discussion of Annual Audit for FYE June 30, 2012

The B&F Committee recommended to the Board to approve an Engagement Letter to be sent to a qualified CPA firm to conduct an audit of BCA's Financial Statements as of June 30, 2012. Marilyn offered to write a recommendation to the Board. (done).

The next Meeting Date

Wednesday, August 29, 2012 at 2:00 PM at the Clubhouse.

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

Enclosures: B&F Committee Meeting Agenda;
Review of BCA Financials for June 2012.

Prepared by:

Approved by:

Charles Schroeder
Recording Secretary, B&F Committee

Marilyn Lillienfeld
Chairperson of B&F Committee

BELLASERA COMMUNITY ASSOCIATION
BUDGET & FINANCE COMMITTEE MEETING----AGENDA
JULY 25, 2012 @ 3PM at BELLASERA CLUBHOUSE

1. Review/approve minutes of last meeting
2. Review of May and June 2012 financial statements
3. Report on delinquent HOA dues including recommendations for any fiscal year-end actions and adjustments
4. Review of Reserve status including current and planned expenditures
5. Discussion of annual audit for FYE June 30, 2012 including fiscal year-end accounting adjustments and special items
6. Discussion of investment policy and options for investment of Reserve Fund cash
7. New business
8. Set date for next meeting
9. Adjourn

Review of BCA Financials for June 2012

Comments: Bellasera's Operating Funds of \$136,906.86 (as adjusted by AAM for checks outstanding) and Reserve Funds of \$853,887.45 are covered by FDIC insurance while an additional amount of Reserve Funds of \$286,685.45 is not. Corrective action is currently being taken by transferring excess funds from the M/M Account at Mutual of Omaha Bank (MOB) to BCA's regular Operating Account at MOB which has unlimited FDIC coverage.

Balance Sheet Items: *Accounts Receivable* (A/R's) as a whole have declined by \$1,275 or 8.7% from the month before to \$13,230 mainly due to collection of delinquent dues.¹

DEVELOPMENT OF BELLASERA'S A/R's

Year	June 30	Sep. 30	Dec. 31	Mar. 31	Jun. 30
2010/11	23,929	18,771	18,820	19,124	13,993
2011/12	13,993	13,780	15,066	12,107	13,230
% of ¼ Dues	7	7	8	6	7
YOY	-42%	-26.6%	-20 %	-37%	-5.5%

Income: In line with budget.

Salaries & Wages: Over budget YTD 28.8% due to additional hours paid and pay increase.

Administrative & General: Over budget 6,447 due to Salaries & Wages, Legal and Bad Debt. YTD 26.6% over budget.

Contract Services: In line with budget .

Repairs & Maintenance: YTD 25.7% under budget.

Utilities: YTD 4.2% under budget

Income Taxes: Paid as scheduled by BAC tax counsel. BAC likely will receive a refund!

Insurance: In line with budget.

Operating Owners' Equity: The balance is now \$35,799, a decrease of \$3,399.

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

As of June 30, 2012 the total balance as per AAM Statement is \$1,140,577.

Prepared by: Charles Schroeder, July 23, 2012

¹ For details see Paul Snyder's monthly Status Report.

BELLASERA COMMUNITY ASSOCIATION

Budget & Finance Committee Meeting Minutes

August 29, 2012

PRESENT: Marilyn Lillienfeld, Joe Pruess, Don Bowman, Carlton Rooks
& Charles Schroeder

ABSENT: Paul Snyder

GUEST: Gregg Dittoe

The Budget & Finance Committee Meeting was called to order at 2:00 PM. A quorum was present. At the beginning of the meeting a representative of Chase brought account application forms which then were signed by Bellasera Board members Dittoe and Pruess.

Purpose of the Meeting

To review / approve the minutes of our last meeting (July 25, 2012) and to discuss the BCA Financial Statements for July 2012. For other items see enclosed agenda.

Minutes of the July 25, 2012 B&F Committee Meeting

The Minutes of the July 25, 2012 B&F Committee Meeting were approved unanimously.

Review of BCA Financials for July 2012

See attached copy of the review of the July financials for details. All of Bellasera's Reserve and Operating Funds are covered by FDIC insurance except for \$2,566.07 which includes the balance in the *Petty Cash Account* (\$1,927.07) and interest overages (\$638.96) in 2 Reserve Accounts above the \$250,000 FDIC limit. As per BCA balance sheet Operating Funds were at \$141,373 and Reserve balances both at Merrill Lynch and Mutual of Omaha Bank totaled \$1,156,235. Operating Owners' Equity stood at \$42,296 at month end of July 2012, an increase of \$6,497 from the previous month. Charles suggested that the new cash account # 1103.002 labeled *CASH-OPERATING SAVINGS – MERRILL LYNCH* be relabeled ***CASH-OPERATING RESERVE – MUTUAL OF OMAHA***. The funds in this account represent Reserve Funds awaiting investment and are on deposit at the Mutual of Omaha Bank.

The Committee discussed guide lines for distribution of BCA's Financial Statements to B&F Committee members and Marilyn will communicate with AAM on this subject.

Status Report of delinquent HOA dues

Paul was away and will present his update at the next meeting. It should be noted that total outstanding delinquent assessments declined during July, however, there were several outstanding late payments of assessments due on July 1, 2012.

Reserve Plan Update

Don discussed several changes in the planned cost of some of the Reserve Projects.

Annual Audit for FYE June 30, 2012

The Board has instructed BCA's tax counsel, Butler Hansen P.C., CPA's, to audit BCA's Financial Statements for the FYE June 30, 2012. Paul Hansen, CPA & Director, has also filed for extension of BCA's Federal and Arizona Income Taxes due 9/15/2012 and 10/15/2012, respectively.

Investment Options for Reserve Fund Cash

Following presentations by JPMorganChaseBank and Merrill Lynch the Board has selected JPMorganChaseBank as Financial Advisor. The initial investment will involve \$1,000,000 of which 70% is to be invested in FDIC insured certificates of deposit having a maturity of from one to three years and \$300,000 in a pool of rated, investment grade non-equity non-FDIC insured marketable debt securities. All investments need prior approval by a quorum of the BCA Board of Directors.

The next Meeting Date

Tuesday, September 18, 2012 at 2:00 PM at the Clubhouse.

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

Enclosures: B&F Committee Meeting Agenda;
Review of BCA Financials for July 2012.

Prepared by:

Approved by:

Charles Schroeder
Recording Secretary, B&F Committee

Marilyn Lillienfeld
Chairperson of B&F Committee

BELLASERA COMMUNITY ASSOCIATION
BUDGET & FINANCE COMMITTEE MEEETING—AGENDA
AUGUST 29, 2012@ 2PM @ CLUBHOUSE

1. Review & approve minutes of last meeting
2. Review of July 2012 financial statements
 - a. What AAM produced financials and detailed analysis should be distributed to all or some committee members?
3. Report on status of HOA dues collection
4. Review of Reserve status plan
5. Discussion re annual audit for FYE June 30, 2012
6. Discussion of investment options for Reserve Fund cash
7. New business
8. Set date for next meeting
9. Adjourn

Review of BCA Financials for July 2012

Comments: All of Bellasera's Reserve and Operating Funds are covered by FDIC insurance except for \$2,566.07 which includes the balance in the *Petty Cash Account* (\$1,927.07) and interest overages (\$638.96) in 2 Reserve Accounts above the \$250,000 limit. I suggest that the description of the cash account # 1103.002 CASH-OPERATING SAVINGS – MERRILL LYNCH be changed to **CASH-OPERATING RESERVE – MUTUAL OF OMAHA** to indicate that the funds are part of BCA's Reserve Funds and are maintained at the Mutual of Omaha Bank.

Balance Sheet Items: *Accounts Receivable* (A/R's) as a whole have increased by \$2,383 or 18% from the month before to \$15,613 mainly due to late payments of dues.

DEVELOPMENT OF BELLASERA'S A/R's

Year	June 30	Sep. 30	Dec. 31	Mar. 31	Jun. 30	Jul. 31
2010/11	23,929	18,771	18,820	19,124	13,993	27,845
2011/12	13,993	13,780	15,066	12,107	13,230	15,613
% of ¼ Dues	7	7	8	6	7	8
YOY	-42%	-26.6%	-20 %	-37%	-5.5%	-43.9%

Income: In line with budget.

Salaries & Wages: 10% under budget.

Administrative & General: 7% under budget.

Contract Services: 8.5% over budget .

Repairs & Maintenance: 28% under budget.

Utilities: 7% under budget

Income Taxes: None due.

Insurance: 7.5% under budget.

Operating Owners' Equity: The balance is now \$42,296 after various reclassifications and the usual FY end adjustments..

Reserve Owners' Equity:

As of July 31, 2012 the total balance as per AAM Statement is \$1,156,235 after various reclassifications and the usual FY end adjustments.¹

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Charles Schroeder, August 22, 2012

¹ When closing the books the accounting software used by AAM (Jenark) ends the fiscal year by automatically combining surplus/deficit balances of the two *Owners' Equity Accounts* into one General Ledger account. Therefore, AAM has to manually divide the balance into the two *Operating Owners' Equity* and *Reserve Owners' Equity* accounts to obtain the beginning balances for the new fiscal year.

BELLASERA COMMUNITY ASSOCIATION

Budget & Finance Committee Meeting Minutes

September 18, 2012

PRESENT: Joe Pruess, Don Bowman, Carlton Rooks, Charles Schroeder
& Paul Snyder

ABSENT: Marilyn Lillienfeld

GUESTS: Gregg Dittoe & Viola Lanam (second half of meeting)

The Budget & Finance Committee Meeting was called to order at 2:00 PM. A quorum was present. In the absence of Marilyn, Charles chaired the meeting.

Purpose of the Meeting

To review / approve the minutes of our last meeting (August 29, 2012) and to discuss the BCA Financial Statements for August 2012. For other items see enclosed agenda.

Minutes of the August 29, 2012 B&F Committee Meeting

The Minutes of the August 29, 2012 B&F Committee Meeting were approved unanimously.

Review of BCA Financials for August 2012

See attached copy of the review of the August financials for details. All of Bellasera's Reserve and Operating Funds are covered by FDIC insurance except for \$3,467.94. The BCA Bank Balances as of August 31, 2012 were as follows:

Bank	A/C Type	\$ Balance	Designation
MOB	OPS	104,935.54	OPS
	Petty Cash	2,746.28	OPS
	OPS	286,201.10	Reserve
	M/M	250,164.27	Reserve
	Subtotal	107,681.82	OPS
	Subtotal	536,365.37	Reserve
ML	Cash	97.39	Reserve
	Pref. Dep.	250,555.00	Reserve
	ISA BA RI	161,694.00	Reserve
	ISA BOA	246,029.00	Reserve
	Subtotal	658,375.39	Reserve
Chase	Pref. Dep.	0.00	Reserve
	Grand Total	107,681.82	OPS
	Grand Total	1,194,740.76	Reserve

Status Report of delinquent HOA dues

Paul presented his monthly report at the meeting. Current FY delinquent accounts total \$3,660 and Paul recommends that these 5 accounts be turned over to **the** attorney for collection **once the Oct. 1 dues are assessed and the accounts are still past due**. Party that owes payment since last year of \$2,638 has yet to be located. Smaller outstandings total \$1,049. Overall situation looks great.

Reserve Plan Update

Don discussed several changes in the planned cost of some of the Reserve Projects. He also handed out a revised table of Reserve Plan Projections which include changes based on an approved Dog Park. However, we do not know yet if the community will accept the plan, if so, there will be additional adjustments. Gregg passed out map designs of the proposed Dog Park Project.

Status Report on New Investment Account

Joe confirmed that all of BCA's Accounts at Merrill Lynch have been closed and an amount of \$1,000,000 has been transferred to Chase Bank. This leaves roughly \$195, 000 in the Money Market Account at Mutual of Omaha Bank (MOB). AAM has been instructed to transfer the quarterly contribution to Reserves for the October to December 2012 period to the Money Market Account at MOB. AAM needs to obtain a checkbook for the M/M Account to pay for ongoing Reserve expenses. It is anticipated that the account at Chase will take over the functions of the MOB account beginning in January 2013.

Investment Options for Reserve Fund Cash

Joe obtained a very detailed investment proposal from Chase offering various investment plans. The Committee feels that it would help the Committee and the Board to receive a more specific plan tailored to BCA's need for a reasonable investment return (let's say 3.5% p.a.) over a period of up to 3 years in acceptable investment grade securities. Joe will ask Chase to make some recommendations which we have scheduled to discuss on 10/05/2012 (Friday) at 2:00 PM at the Clubhouse.

The next Meeting Date

Tuesday, October 23, 2012 at 2:00 PM at the Clubhouse.

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

Enclosures: B&F Committee Meeting Agenda;
Review of BCA Financials for August 2012.

Prepared by:

Approved by:

Charles Schroeder
Recording Secretary, B&F Committee

Joe Pruess
Treasurer & ex officio Member of B&F
Committee

BELLASERA COMMUNITY ASSOCIATION
BUDGET & FINANCE COMMITTEE MEETING—AGENDA
SEPTEMBER 18, 2012@ 2PM @ CLUBHOUSE

1. Review & approve minutes of last meeting
2. Review of August 2012 financial statements
3. Report on delinquent HOA dues
4. Review of Reserve status including current and planned expenditures
5. Status report on new investment account
6. Discussion of investment options for Reserve Fund cash
7. New business
8. Set date for next meeting
9. Adjourn

Review of BCA Financials for August 2012

Comments: All of Bellasera's Reserve and Operating Funds are covered by FDIC insurance except for \$3,467.94 which includes the balance in the *Petty Cash Account* (\$2,746.28) and interest overages (\$721.66) in 2 Reserve Accounts above the \$250,000 limit.

Balance Sheet Items: *Accounts Receivable* (A/R's) as a whole have decreased by \$5,046 or 32% from the month before to \$10,567 mainly due to late payments of dues. The collection of delinquent payments – mainly assessments in arrears 90 days or longer – shows excellent progress with outstandings down to \$4,635, and, as of September 6, 2012, further reduced by \$1,835 to \$2,800.¹

DEVELOPMENT OF BELLASERA'S A/R's

FY	Sep. 30	Dec. 31	Mar. 31	Jun. 30	Jul. 31	Aug. 31
2011/12	18,771	18,820	19,124	13,993	27,845	18,308
2012/13	13,780	15,066	12,107	13,230	15,613	10,567
% of ¼ Dues	7	8	6	7	8	6
YOY	-26.6%	-20 %	-37%	-5.5%	-43.9%	-42.3%

Income: In line with budget.

Salaries & Wages: Slightly under budget.

Administrative & General: 7% under budget.

Contract Services: Slightly under budget .

Repairs & Maintenance: 49% under budget.

Utilities: 6% under budget

Income Taxes: None due.

Insurance: 7% under budget.

Operating Owners' Equity: The balance is now \$46,699, an increase of \$4,404.

Reserve Owners' Equity:

As of August 31, 2012 the total balance as per AAM Statement is \$1,174,521, an increase of \$18,286.

Charles Schroeder, September 15, 2012

¹ For details refer to Paul Snyder's monthly Status Report.

BELLASERA COMMUNITY ASSOCIATION
Budget & Finance Committee Meeting Minutes (Revised)
October 23, 2012

PRESENT: Marilyn Lillienfeld, Joe Pruess, Don Bowman, Carlton Rooks, Charles Schroeder & Paul Snyder

GUEST: Gregg Dittoe

The Budget & Finance Committee Meeting was called to order at 2:00 PM. A quorum was present.

Purpose of the Meeting

To review / approve the minutes of our last meeting (September 18, 2012) and to discuss the BCA Financial Statements for September 2012. For other items see enclosed agenda.

Minutes of the September 18, 2012 B&F Committee Meeting

The Minutes of the September 18, 2012 B&F Committee Meeting, as amended, were approved unanimously.

Review of BCA Financials for September 2012

See attached copy of the review of the September financials for details. All of Bellasera's Reserve and Operating Funds were covered by FDIC insurance except for the balance in the petty cash account of \$2,676.38. The BCA Bank Balances as of September 30, 2012, after adjustments for outstanding checks etc., were as follows:

Bank	A/C Type	\$ Balance	Designation
MOB	OPS	143,963.55	OPS
	Petty Cash	2,676.38	OPS
	M/M	191,444.81	Reserve
	Subtotal	146,639.93	OPS
	Subtotal	191,444.81	Reserve
Chase	Transaction	774,967.00	Reserve
	CD – Ally Bank	225,003.00	Reserve
	Grand Total	146,639.93	OPS
	Grand Total	1,191,414.81	Reserve

Status Report of delinquent HOA dues

Paul presented his monthly report at the meeting. Paul recommends that two delinquent accounts totaling \$1,360 be turned over to the attorney for collection . The party that owes payment since last year of \$2,638 has yet to be located. Smaller outstandings total \$492. An amount of \$680 has been collected after September 30, 2012. Overall situation looks very good.

Reserve Plan Update

Don discussed several changes in the planned cost of some of the Reserve Projects. He also handed out an updated table of Reserve Plan Projections. There will be a joint

meeting of the B&F and B&G committees with members of the Board on November 13, 2012 in the Clubhouse. The purpose is to update the existing Bellasera Reserve Plan. In the meantime Viola is obtaining vendor estimates for the next FY and Don will update the Reserve Plan and distribute copies. He will also be in touch with the Win-Reserve people to find out what their price would be for an update.

Report on Costs of Dog Park Proposal

A discussion took place about Reserve Funds for possible change of use in the contemplated Dog Park, which is currently being voted upon by the community. No action was taken.

Review of Draft Audited BCA Financial Statements as of June 30, 2012

Several items from the draft BCA audit report were identified as requiring further discussions with the CPA firm. The accountant overstates in Note 4 the *concentration of credit risk* by pointing out that the source of revenues (dues) is from a small geographic area that may be adversely impacted by similar economic conditions. The fact is that Bellasera just went through such adverse economic conditions during the last few years without any material impact whatsoever. In Note 6 the accountant refers to an internal study of future repairs and replacement expenses dated April 3, 2011 while this study was updated by BCA a year later. The unaudited supplemental information on the Reserve Plan needs to be updated and revised for adequate disclosures related to replacement cost vs. reserves. It also appears that Accounts Receivable and the related reserve do not reflect BOD approved chargeoffs."

Review of Investments of Reserve Fund

Joe obtained a status report from Chase as of 10/22/2012. It reflects the investment of \$225,000 in a Certificate of Deposit at Ally Bank maturing on 10/29/2012 at a Rate of 0.15%, \$120,000 invested in JPMorgan Bond Fund and \$59,896.47 invested in PIMCO Total Return Fund. This leaves \$594,937 in cash in the Chase Transaction Account and Brokerage Account.

The next Meeting Date

Tuesday, December 11, 2012 at 1:00 PM at the Clubhouse. (Revised from 2:00 PM)

There being no other business the meeting was adjourned at 4:15 PM.

Enclosures: B&F Committee Meeting Agenda;
Review of BCA Financials for September 2012.

Prepared by:

Approved by:

Charles Schroeder
Recording Secretary, B&F Committee

Marilyn Lillienfeld
Chairman of B&F Committee

**BELLASERA COMMUNITY ASSOCIATION
AGENDA FOR BUDGET & FINANCE COMMITTEE MEETING
OCTOBER 23, 2012 @ 2PM @ CLUBHOUSE**

1. Review & approve minutes of last meeting
2. Review of September, 2012 financial statements
3. Report on status of HOA dues collection
4. Report on costs of dog park proposals
5. Review of draft audited financial statements
6. Review of investments of Reserve Fund
7. New business
8. Set date for next meeting
9. Adjourn

Review of BCA Financials for October 2012

Comments: As of October 31, 2012 all three accounts opened with JPMorganChase, substituting for accounts previously held at Merrill Lynch, are active and contain the following Balances: Business Plus A/C \$319,965.66 (in the meantime \$200,000 have been invested with Ally Bank in a 6 month CD), Investment A/C \$501,788.03 and Brokerage A/C 180,098.60 for a total of \$1,001,852.29. All investments follow strict guidelines by the Board. At the beginning of next year the expanded FDIC coverage of bank balances will revert back to the \$250,000 limit in existence prior to the recession. The B&F Committee will review the need for adjustments in current arrangements.

Balance Sheet Items: *Accounts Receivable* (A/R's) as a whole have increased by \$6,360 or 105% from the prior month to \$12,440 mainly due to late payments of dues.

DEVELOPMENT OF BELLASERA'S A/R's

FY	Dec. 31	Mar. 31	Jun. 30	Sep. 30	Oct. 31
2011/12	18,820	19,124	13,993	13,780	23,611
2012/13	15,066	12,107	13,230	6,080	12,440
% of ¼ Dues	8	6	7	3	7
YOY	-20 %	-37%	-5.5%	-55.9%	-47.3%

Income: In line with budget.

Salaries & Wages: In line with budget.

Administrative & General: 30% under budget. Mainly due to a lower legal fees & taxes.

Contract Services: 8.2% over budget mainly due to extra pay period of security contract.

Repairs & Maintenance: In line with budget.

Utilities: Slightly under budget.

Income Taxes: None due.

Insurance: 7% under budget.

Operating Owners' Equity: The balance is now \$56,154, an increase of \$513.

Reserve Owners' Equity:

As of October 31, 2012 the total balance as per AAM Statement is \$1,211,570, an increase of \$19,608.

Charles Schroeder, December 7, 2012

BELLASERA COMMUNITY ASSOCIATION

Budget & Finance Committee Meeting Minutes

December 11, 2012

PRESENT: Marilyn Lillienfeld, Joe Pruess, Don Bowman, Charles Schroeder

ABSENT: Carlton Rooks, Paul Snyder

GUESTS: Gregg Dittoe, Viola Lanam

The Budget & Finance Committee Meeting was called to order at 1:05 PM. A quorum was present.

Purpose of the Meeting

To review / approve the minutes of our last meeting (October 23, 2012) and to discuss the BCA Financial Statements for October 2012. For other items see enclosed agenda.

Minutes of the October 23, 2012 B&F Committee Meeting

The Minutes of the October 23, 2012 B&F Committee Meeting, as amended, were approved unanimously.

Review of BCA Financials for October 2012

See attached copy of the review of the October financials for details. As of October 31, 2012 all three accounts opened with JPMorganChase, substituting for accounts previously held at Merrill Lynch, are active and totalling \$1,001,852.29. All investments follow strict guidelines established by the Board.

Review of Final Audit Report for YE 6/30/2012

The B&F Committee Chair had several discussions with the auditors providing clarifications for a number of issues and changes were made while in compliance with auditing standards.

Status Report of Delinquent HOA Dues

Paul had circulated his monthly report prior to the meeting. Two delinquent accounts totaling \$2,520 were turned over to the attorney for collection. Owners of one account owing payment since last year of \$2,638 have yet to be located. \$4,128 were collected after statement date, bringing total down to \$8,312. Overall situation looks very good.

Reserve Plan Update

Don has requested a bid from Win Reserve to compare to existing bid from ARS. In the meantime, the bid from Win Reserve has arrived and will be discussed at the next meeting. Also the payment dates for road maintenance & repair and the new dog park were discussed. Gregg mentioned that the B&G Committee/BCA Board is looking into the possibility to install a more durable and, thus, more economical surface for the 2 tennis courts. Marilyn will discuss the accounting treatment of BCA's investment in the dog park with the accountant.

Reserve Fund Investments

Joe obtained a status report from Chase as of 12/11/2012. It reflects among others the investment on November 21, 2012 of \$200,000 in a Certificate of Deposit at Discover Bank maturing on 5/21/2012 at a Rate of 0.40%. The report also reflects unrealized gains so far of nearly \$4,000, a solid improvement over recent earnings on CD's. Charles handed out a table of BCA Bank balances as of 10/31/2012 and the discussion turned to decisions to be made early next year to adapt to the new FDIC coverage rules. The Committee recommends to retain the OPS account at MOB. This means to transfer the Money Market account balance of about \$250,000 from there by year-end 2012.

Planning for Budget Preparation Cycle for YE 6/30/2014

Viola described the procedures and timing thereof. Work begins in January and by the end of January/the beginning of February the first draft budget should be available. Then additional working sessions will be scheduled to fine-tune the draft. Already scheduled is a Budget meeting for February 19, 2013 at 3:00p with Viola. The final budget draft should be ready for a meeting with members of BOD on March 13, 2013. Then BOD will in its meeting approve a recommendation to the new Board to accept the budget at its first meeting in April. The Committee recommends that the recommended draft budget be made available to BOD candidates.

Other Business

The chairman of the Communications Committee, Keith Christian, would like to know what information the Committee wants to make available to Bellasera residents over and above information already available, e.g.,: Meeting Minutes. This info. would be accessible only thru password. The Committee does not think it necessary to add more info. Only a few residents are interested, for instance, to look at Reserve Plans and already have the opportunity to get this info. Marilyn will also speak to Carlton and Paul who were absent.

The next Meeting Date

Thursday, January 17, 2013 at 2:00 PM at the Clubhouse.

There being no other business the meeting was adjourned at 2:45 PM.

Enclosures: B&F Committee Meeting Agenda;
Review of BCA Financials for October 2012.

Prepared by:

Approved by:

Charles Schroeder
Recording Secretary, B&F Committee

Marilyn Lillienfeld
Chairman of B&F Committee

**BELLASERA COMMUNITY ASSOCIATION
AGENDA FOR BUDGET & FINANCE COMMITTEE MEETING
DECEMBER 11, 2012 @ 1PM @ CLUBHOUSE**

1. Review & approve minutes of last meeting & discuss October Financials
2. Review of final audit report for YE 6/30/2012
3. Report on delinquent HOA dues
4. Review of Reserve Plan
 - a. Timing of payments for road repair and dog park construction
5. Reserve Fund investments
 - a. Cash flow analysis (Charles)
 - b. Options for cash management under reduced FDIC insurance coverage
6. Planning for budget preparation cycle for YE 6/30/2014
7. New business
8. Set date for next meeting
9. Adjourn

Review of BCA Financials for October 2012

Comments: As of October 31, 2012 all three accounts opened with JPMorganChase, substituting for accounts previously held at Merrill Lynch, are active and contain the following Balances: Business Plus A/C \$319,965.66 (in the meantime \$200,000 have been invested with Discover Bank in a 6 month CD), Investment A/C \$501,788.03 and Brokerage A/C 180,098.60 for a total of \$1,001,852.29. All investments follow strict guidelines by the Board. At the beginning of next year the expanded FDIC coverage of bank balances will revert back to the \$250,000 limit in existence prior to the recession. The B&F Committee will review the need for adjustments in current arrangements.

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Charles Schroeder, December 7, 2012