

To: BML Board of Directors
From: Finance Committee
Date: July 10, 2007
Subject: Recommendations

The Finance Committee met today, along with our General Manager, Larry Grove. We met to discuss the various titles of our cash accounts and the suggested definitions of our reserve accounts and their parameters.

We hereby recommend the following account title changes:

Account #	New Title
10060	Legal Collection Trust Account
10100	Operating - (checking)
10125	Builder's Escrow Account - (checking)
10250	Merrill Lynch - Operating - (savings)
10251	Building Replacement Fund - Merrill (savings)
10305	Short Term Capital Reserve - Legacy (savings)
10510	Capital Improvement Fund - Legacy (savings)

We are also recommending that account 10200 - Property/Swale be closed and the balance transferred to the operating account.

The following is a suggested purpose of our three (3) major reserve accounts:

1. Building Replacement Fund - Unbudgeted replacement of existing structure or part of existing structure - Only,
2. Short Term Capital Reserve - Unbudgeted replacement of existing Capital items that have a useful life of 1 to 6 years and,
3. Capital Improvement Fund - Funding of new and existing capital items with a minimum life span of 7 years or more.

We feel the accounts should be funded as follows:

Past Dues Collected - to Short Term Capital Reserve
Transfer Fees - to Capital Improvement Fund
Year End Budget Surpluses - As recommended to Board by Finance Committee and General Manager in accordance with Manager's next year Capital Budget Project recommendation.
Resale Certificate Income - to Building Replacement Fund

The following funding structure is suggested:

Fund	% of Total Funds
Building Replacement	25%
Short Term Capital Reserve	25%
Capital Improvement Fund	50%

The committee would be welcome to discuss this matter with you if you deem it necessary!

Respectfully submitted,



Catherine Cregan
Finance Committee Chairman

AT THE JULY 31, 2007 BOARD OF DIRECTORS MEETING, JAMES MCGUIRE MADE A MOTION TO ACCEPT THE FOLLOWING RECOMMENDATIONS MADE BY THE FINANCE COMMITTEE. BRYAN HAMILTON SECONDED THE MOTION. All were in favor.

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From: RWKCPA@aol.com

Date: Wed, 18 Apr 2007 09:24:24 EDT

Subject: Account designations & use

To: beechlakes@yahoo.com

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Hi Larry,

Here is the response to the email that you sent me on April 6.

Account#10251 Building Replacement Funds - we feel that that this account could be used for existing repairs to building roofs, building windows, carpeting and any existing fixtures with in the building that need to updated or replaced.

Account#10305 Account #10305 Capital Reserves should not be used for any shortfalls. It is only to be used for replacement of existing capital items (defined as having a a useful life existing beyond 1 year) Example: building components, equipment, Roads, Recreation areas, Tennis and Basketball Courts etc...

Capital Improvement fund almost the same account except that this account can be used for new and existing capital items as described in the above account which would include New buildings and construction.

The decision to charge any of these accounts for incurred expenses should be governed by the board of directors when the annual budget is adopted each year. However the budgeted amounts should not conflict with Beech Mountains governing documents. Beech Mountain should have a formal written policy made up of what actually these accounts are intended to do so when future board members are seated there would not be any questions arising.

Rob