



FOREST HEIGHTS HOMEOWNERS ASSOCIATION

BUDGET & FINANCE COMMITTEE

Meeting Minutes – May 19, 2008

Attendees:

Stephen Herr, Mary Shuhert, Bud Caro, Marcia Silwell, Bill Amadon, Don Bielen

Discussion Points

1. Reserves Investment Policy (operating & capital)

- a. Reviewed Board approved investment policy effective June 2007.
- b. Reviewed current balance of the various reserve accounts. Discussed the budget changes in reserve allocations of approximately \$54,000.
- c. Reviewed Steve's forecasted cash inflows relative to monthly operating budget outflows.
- d. Discussed and recommended a laddering approach to allocate current reserves to protect principal while maximizing current yield. Steve to coordinate with Schwab investment advisor for final allocation.

2. Annual Financial Audit – Review Discussion

- a. Discussed the need and costs verses the benefits of Audits verses Annual Reviews and/or Compilations. According to Steve, there is no requirement to complete formal annual audits. If changes are made in this regard, it may be beneficial to communicate to the board and the homeowner what is "customary" for comparable homeowner associations for comparative purposes.
- b. Committee will evaluate potential alternate accounting firms to reduce costs while maintaining quality. The ultimate timing of any change to our current approach been identified as near term.
- c. Steve will research our options in terms of audit verses reviews and accounting firm alternatives. Steve to follow up with the committee with his findings.
- d. This entire issued warrants a separate meeting to evaluate all options and costs prior to making a potential policy recommendation to the Board.

3. Amended Collection Policy Review

- a. Distributed the revised collection policy and discussed the integration of previous committee recommendations relative to the revised version. The committee will look into possible use of contingent fee collection agency in lieu of attorney paid on hourly basis.
- b. Committee to complete their individual final reviews and provide Steve with any additional comments by Sunday, May 25.
- c. Steve will create a summary of the collection policy with a timeline illustrating fees for the board and future communication to the homeowners.

4. Financial Statement & Budgetary Review

- a. Discussed the benefits and need to create consistent formatting for the financial statements and the budgets for comparison and review purposes. Steve will drive the effort to complete consistent formats.
- b. Discussed the potential need to amend the previously posted budget on the FHHOA website. General consensus was to reformat and update the budget to be consistent with the financials and repost it on the website. Steve and the members will provide recommendations to the committee. Mary will be the primary driver of this effort.
- c. As part of the above approach, Steve will review our policies and any reporting requirements relative to the budget communications and postings.

5. Committee Meeting Activities Reporting

- a. Decided B&F Committee meeting notes will be compiled monthly and posted on Forest Height website.
- b. Bud Caro volunteered to keep committee meeting notes for the committee. Upon confirmation of the meeting notes accuracy at the next committee meeting, the notes will be emailed to Krystal in the office to be posted.

Next Meeting – Potential Agenda Items

1. Review Steve's collection policy communication piece for presentation to the board.
2. Discuss how best to resolve the budget format inconsistency and format for the budget going forward.
3. Begin our Reserve Study review in terms of the status and the integration of the current excess reserves relative to future budgeting.
4. Complete our quarterly financial review of actual verses budgeted revenues and expenses.