Administrative Policy 2014-6
New Capital Asset Reserve Fund Policy
Lake of the Woods Association

Purpose:

To establish a policy on the process for setting aside funds for the acquisition of New Capital Assets, that is, assets that do not currently exist and are not included in the Formal Reserve Study or accounting records of LOWA.

Background:

LOWA was established primarily as both a residential and recreational lake community by the developer who transferred ownership to LOWA (a Home Owners Association) that offered amenities, e.g. golf course, lakes and marina, common areas, parks, roads, etc. for the benefit of its members. LOWA also provides adequate ingress and Common Area security for its members. However the need can arise for LOWA to acquire new assets that will benefit the community. Since it is not possible to know exactly what these assets will be, LOWA will set aside some restricted funds to accommodate the purchase of such new assets.

Responsibility:

It will be the responsibility of the LOWA Board of Directors to state the process to be followed in determining what new assets LOWA should acquire that would benefit the community and that would maintain or enhance the members' property values. It will be the responsibility of the LOWA Board of Directors to establish a Restricted Cash Reserve fund account to be recorded in the accounting records of LOWA.

Procedure:

The General Manager of LOWA, under the direction of the Board of Directors, is delegated the responsibility to ensure all new assets of LOWA are properly recorded on the accounting records of LOWA.

The amount to be funded for the acquisition of new assets will be proposed by the General Manager to the Board, and the amount to be established and maintained must be approved by the Board. The cash Reserve Fund for New Capital Assets is to be included in a sub account of Restricted Cash account, separate from other Restricted Cash accounts, and recorded in LOWA’s accounting records, and any interest earned on this Restricted Cash is to be added to the Reserve Fund balance.
Disbursements from Reserves:

The Board of Directors is responsible for ensuring that all disbursements from the New Capital Asset Reserve Fund are in accordance with this policy and for the purposes allowed by this policy. The New Capital Asset Reserve Fund is not to be used to pay for normal operating costs and expenses; for normal repair and maintenance; or for property, buildings or equipment that currently exist or are included in the Repair and Replacement study. Disbursements will be only for those items that are not included in the most recent Reserve Study but are included in the annual capital budget for that year as approved by the Board of Directors.

Effective Date:

LAKE OF THE WOODS ASSOCIATION, INC.

By: [Signature]

James Walsh, President

ATTEST:

I, as Secretary for Lake of the Woods Association, Inc., hereby attest that the foregoing Administrative Resolution 2014-6 was adopted by the Board of Directors at a duly-held and noticed Board of Directors meeting held on the 20th day of August, 2014.

[Signature]

Loisina Rucker, Secretary