

# The Springs HOA

## 2012 Annual Reserve Funds Report

### Living Document:

The purpose of the HOA Reserve Fund is to provide sufficient funding for future repair and maintenance of HOA assets such as grounds and facilities, thereby protecting our individual property value and the function and beauty of our community. It was created in 2004 by the Board of Directors with the help of a professional group. At that time they established a Reserve Fund "Cost Base" for each component (asset) and built in an annual inflation factor of 3%.

The management of the reserve fund is a dynamic 30 year projection. Therefore, we can think of it as a living document that needs to be adjusted annually based on estimated and actual costs and the forever fluctuating financial world. Changes are decided by committee consulting with the Treasurer, Finance Oversight, Streets & Buildings, and Grounds Committees' The Reserve Committee reports to the Board of Directors.

### Changes in 2011:

This year, at the request of the Reserve Committee the Board of Directors commissioned an update Reserve Study "With-Site-Visit" to tell us 'where we are', and 'where we are going.' This was done by "Associates Reserves, Inc. (ARI)" the same company that set up our original 30-Year Reserve Fund beginning in 2005. This update has reaffirmed that we are "on-track" and shows that our Reserve Fund is 58.4% funded; this represents a fair, mid-range position based on industry standards. Even though we are in a fair position financially it is understood that all assets will never have to be replaced or repaired at one time. With this understanding we feel the Reserve Fund is in a good financial position.

It is necessary that we have as accurate as possible cost estimates and calculations in order to project our reserve needs. Therefore, we have made some changes to our reserve fund documents and calculations.

HOA Reserve Components Modifications In 2012									
#	Description	Life	Rem L	Cost					
<b>Common Area</b>									
205	Asphalt Seal Coat - Resurface		2						Extended Remaining Life 1 year
206	Asphalt Crack Fill	4	0						Reduced Life 1 year
912	Gatehouse Computer	5	4	1,500					Change description: "Gatehouse Computer/Copier/Printer"
									Change in useful life
913	Gatehouse Copier								Combined with #912
601	Fountain Pump - Replace	10	9	900					New Component added
703	Entry System - Replace	15	10	4,600					New Component added
705	Gate Operators - Replace	15	10	7,200					New Component added
1116	Gatehouse Eaves - Repaint	12	11	1,700					Change description: "Gatehouse Wood - Repaint"
									Change in useful life
1117	Gatehouse Wood Under Roof Stain								Combined with #1116
1500	Utility Trailer - Replace	20	14	600					New Component added
1510	ATV - Replace	10	4	5,000					New Component added
<b>Parks &amp; Landscape</b>									
1002-22	All refurbished Rock Parks	20							Change in useful life
1010	E Puma Park #10A								Change description: "E Puma Park #10"
1014	NW Front Park #14B								Change description: "NW Front Park #14"
1025	Puma Wash #10B								Combined with # 1010
1026	NE Front Park # 14A								Combined with # 1014
1040	Wash Clean Out	3	1	3,000					Old Component added back in
The Reserve Committee made the following resolution:									
All Granite Parks have a life of 20 years after they have been replenished.									

Respectfully submitted by the Reserve Committee: Gene McGaughey Chair, Mike Kearns, Jeannie McGaughey and Jim Rusk