

The Springs at Santa Rita HOA 2017 Capital Reserve Fund Executive Summary & Report

Living Document:

The reserve fund is a critical part of any HOA’s financial health. The purpose of the Capital Reserve Fund is to provide sufficient funding for future repair and maintenance of assets such as common areas and facilities, thereby protecting our individual property value and the function and beauty of our community.

The management of our Capital Reserve Fund is a dynamic project. 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 Committee Chairs. The Reserve Committee reports to the Board of Directors. Over the last 11 years the Reserve Committee has made several changes.

We have just completed the 12th year of a 2005 “30-year Reserve Fund plan.” This plan is now dynamically projected based on component Base Cost, Life Expectancy, and a 3% inflation factor. At the end of 2016 we were 55.9% funded on this plan which is considered a "fair" financial position within industry standards. Percent Funded is the actual Capital Reserve balance \$512,814 compared to the plan’s projected goal of \$899,459 for the 12th year. The “percent funded” will oscillate based on yearly expenditures, but will continue an upward trend over time.

Funding the Capital Reserve is a balance between raising dues and how much capital we actually need any given year. 100% funding would have required an estimated dues increase of \$180 per year beginning around the years 2007 or 2008.

The streets remain our primary expense with a base cost of \$1,245,579.

It is essential that our calculations are as accurate as possible in order to project Capital Reserve Fund needs. Therefore, we have made the following changes:

HOA Capital Reserve Components Modifications In 2017									
#	Description	Life	R-L	U-L	Base Cost				
204	Asphalt Paths - Patch/Repair	20			9600				
1002	Wolf Run Park #2 - Refurbish					Combined into component 1041 Granite Parks - Refurbish			
1004	S. Viva Park #4 - Refurbish					Combined into component 1041 Granite Parks - Refurbish			
1005	S Front Park #5 - Refurbish					Combined into component 1041 Granite Parks - Refurbish			
1006	Cristal Park #6- Refurbish					Combined into component 1041 Granite Parks - Refurbish			
1007	Florida Park #7- Refurbish					Combined into component 1041 Granite Parks - Refurbish			
1008	Fox-Fonda Park #8 - Refurbish					Combined into component 1041 Granite Parks - Refurbish			
1009	Fonda Heroe Park #9 - Refurbish					Combined into component 1041 Granite Parks - Refurbish			
1010	E Puma Park #10- Refurbish					Combined into component 1041 Granite Parks - Refurbish			
1011	W Puma Park #11 - Refurbish					Combined into component 1041 Granite Parks - Refurbish			
1013	Solmos Park #13 - Refurbish					Combined into component 1041 Granite Parks - Refurbish			
1014	NW Front Park #14 - Refurbish					Combined into component 1041 Granite Parks - Refurbish			
1015	S Encino Park #15 - Refurbish					Combined into component 1041 Granite Parks - Refurbish			
1017	N Encino Park #17 - Refurbish					Combined into component 1041 Granite Parks - Refurbish			
1018	Rambles Park #18 - Refurbish					Combined into component 1041 Granite Parks - Refurbish			
1020	Comica Park #20 - Refurbish					Combined into component 1041 Granite Parks - Refurbish			
1021	Cefiro Park #21- Refurbish					Combined into component 1041 Granite Parks - Refurbish			
1022	Squirrel Park #22- Refurbish					Combined into component 1041 Granite Parks - Refurbish			
1041	Granite Parks - Refurbish	50	50		50000	New component may save 150000 over life time			
1402	Street Signs - Repair	20	20		3600	New component			

HOA Capital Reserve Components		2017	Dynamic Projection						
#	Description			13th Year					
Capital Assets Common Area		Contrib	Spend	100% Goal	Base Cost	Life	R-L	U-L	Inf-Frac
103	Concrete - Repair	575	2,000	2,875	2,500	5	-	5	1.15
201A	Asphalt Street - Resurface	8,455	-	33,819	226,467	30	26	4	1.12
201B	Asphalt Street - Resurface	46,463	23,000	789,876	923,112	30	13	17	1.51
206	Asphalt Street - Crack Fill	11,845	38,000	11,845	46,000	4	-	1	1.03
208	Asphalt Street - Seal Coat	12,875	38,000	12,875	50,000	4	-	1	1.03
503	Metal Fences - Replace	368	-	9,937	6,100	30	3	27	1.81
601	Fountain Pump - Replace	106	-	637	900	10	4	6	1.18
703	Entry System - Replace	399	-	3,987	4,600	15	5	10	1.30
705	Gate Operators - Replace	286	-	2,860	6,600	30	20	10	1.30
912	Gatehouse Comp/Copy/Prntr - Replace	204	-	613	1,500	8	5	3	1.09
920	Gatehouse HVAC - Replace	169	-	1,186	2,800	20	13	7	1.21
1107	Metal Fences/Gates - Repaint	201	-	201	975	5	4	1	1.03
1113	Stucco Walls - Repair	515	-	2,061	2,300	5	1	4	1.12
1115	Gatehouse/Wall Stucco - Repair	1,210	6,370	8,470	8,000	8	1	7	1.21
1116	Gatehouse Wood - Repair	167	7,500	1,003	1,700	12	6	6	1.18
1120	Maintenance Building - Refurbish	109	25,000	327	600	6	3	3	1.09
1304	Tile Roof - Repair	82	-	1,712	1,500	30	9	21	1.63
1402	Street Signs - Repair	180	-	180	3,600	20	20	-	1.00
1500	Utl Trailer - Replace	40	-	439	600	20	9	11	1.33
1510	ATV - Replace	413	-	3,307	5,000	15	7	8	1.24
1520	Chipper - Replace	418	-	1,671	3,730	10	6	4	1.12
Parks & Landscape									
204	Asphalt Paths - Patch/Repair	494	-	494	9,600	20	19	1	1.03
410	Fitness Equipment Nature Park - Refurbish	54	-	1,141	1,000	30	9	21	1.63
411	Fitness Equipment Park #21 - Refurbish	54	-	1,141	1,000	30	9	21	1.63
412	Wood Timbers Park #21 - Replace	72	-	434	980	16	10	6	1.18
420	Furniture Park #13 - Refurbish	54	-	1,141	1,000	30	9	21	1.63
1003	Blue Fox Park #3 - Maintenance	192	-	958	2,000	12	7	5	1.15
1004	S. Viva Park #4 - Replenish		8,000		5,971				1.00
1040	Wash - Clean Out	1,090	3,270	3,270	3,000	3	-	3	1.09
1041	Granite Parks - Refurbish	1,000	-	1,000	50,000	50	50	-	1.00
		88,092	151,140	899,459	1,373,135				

Capital Reserve Fund Committee:
Gene McGaughey Chair
Jim Rusk Finance Oversight Committee Chair
Roger Olson Treasurer
Mark Koruga Grounds Committee
Michael Ford Streets & Buildings Committee Chair
Mike Kearns
Jeannie McGaughey