

The Springs at Santa Rita HOA 2018 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 13th 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 2017 we were 54.7% funded on this plan which is considered a "fair" financial position within industry standards. “Percent funded” is the actual Capital Reserve balance of \$491,565 compared to the plan’s projected goal of \$899,459 for the 13th 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 \$1,149,579.

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 2018						
#	Description	Life	R-L	U-L	Base Cost	
103	Concrete - Repair	5	4	1	20,000	Adjusted base cost to 20,000 based on expenses & started life over again
201A	Asphalt Street - Resurface					Changed Component description to "Asphalt Street - Replace
201B	Asphalt Street - Resurface					Changed Component description to "Asphalt Street - Replace
1114	Tower Stucco - Repair	5	4	1	4,000	New Component: base cost 4,000; life 5 years
1120	Maintenance Building - Refurbish			1	3,500	Adjusted base cost to 3,000 life 5 years
1511	Mower - Replace	10	9	1	1,400	New component: base cost 1,400; life 10 years

HOA Capital Reserve Components			2018	Dynamic Projection					
#	Description			14th year					
Capital Assets	Common Area	Contrib	Spend	100% Goal	Base Cost	Life	R-L	U-L	Inf-Frac
103	Concrete - Repair	4,120	10,000	4,120	20,000	5	4	1	1.03
201A	Asphalt Street - Replace	8,228	-	24,685	226,467	30	27	3	1.09
201B	Asphalt Street - Replace	45,540	-	728,643	923,112	30	14	16	1.48
206	Asphalt Street - Crack Fill	11,845	-	11,845	46,000	4	3	1	1.03
208	Asphalt Street - Seal Coat	12,875	-	12,875	50,000	4	3	1	1.03
503	Metal Fences - Replace	362	-	9,410	6,100	30	4	26	1.78
601	Fountain Pump - Replace	109	-	762	900	10	3	7	1.21
703	Entry System - Replace	408	-	4,487	4,600	15	4	11	1.33
705	Gate Operators - Replace	293	-	3,219	6,600	30	19	11	1.33
912	Gatehouse Comp/Copy/Prntr - Replace	210	-	840	1,500	8	4	4	1.12
920	Gatehouse HVAC - Replace	174	-	1,389	2,800	20	12	8	1.24
1107	Metal Fences/Gates - Repaint	207	-	413	975	5	3	2	1.06
1113	Frontage Stucco Walls - Repair	474	4,000	474	2,300	5	4	1	1.03
1114	Tower Stucco - Repair	824	18,000	824	4,000	5	4	1	1.03
1115	Gatehouse/Wall Stucco - Repair	824	-	824	4,000	5	4	1	1.03
1116	Gatehouse Wood - Repair	171	-	1,200	1,700	12	5	7	1.21
1120	Maintenance Building - Refurbish	601	-	601	3,500	6	5	1	1.03
1304	Tile Roof - Repair	83	-	1,826	1,500	30	8	22	1.66
1402	Street Signs - Repair	185	-	185	3,600	20	19	1	1.03
1500	Utl Trailer - Replace	41	-	490	600	20	8	12	1.36
1510	ATV - Replace	423	-	3,810	5,000	15	6	9	1.27
1511	Mower - Replace	144	-	144	1,400	10	9	1	1.03
1520	Chipper - Replace	429	-	2,145	3,730	10	5	5	1.15
Parks & Landscape									
204	Asphalt Paths - Patch/Repair	509	-	1,018	9,600	20	18	2	1.06
410	Fitness Equipment Nature Park - Refurbish	55	-	1,217	1,000	30	8	22	1.66
411	Fitness Equipment Park #21 - Refurbish	55	-	1,217	1,000	30	8	22	1.66
412	Wood Timbers Park #21 - Replace	74	-	519	980	16	9	7	1.21
420	Furniture Park #13 - Refurbish	55	-	1,217	1,000	30	8	22	1.66
1003	Blue Fox Park #3 - Maintenance	197	-	1,180	2,000	12	6	6	1.18
1040	Wash - Clean Out	1,030	-	1,030	3,000	3	2	1	1.03
1041	Granite Parks - Refurbish	1,030	-	1,030	50,000	50	49	1	1.03
		91,575	32,000	823,639	1,388,964				

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