

CKSE/HOA BOARD RESERVE STUDY

November 11, 2010

The CKS/E HOA Board has conducted a reserve study and setup a funding plan for areas of the community maintained, replaced, and improved by our association. Reserve accounts also include funding for covenant review reserve and litigation reserve.

There are two major physical areas of responsibility: Yarrow fence, located between Yarrow and South Wadsworth, and all brick entryway monuments and brick pillars. The latest maintenance costs for these areas were:

Brick monument/pillar repair & replacement 2008	\$5642.00
Yarrow fence post and slats replacement 2009	\$1707.00

Three reserve accounts were created in the 2009-2010 fiscal year. Funds were appropriated as follows:

Landscaping of entrances	\$6,000.00
Maintenance of brick monuments/pillars	\$3,500.00
Covenant Review	<u>\$1,000.00</u>
	\$13,500.00

For fiscal year 2010 - 2011 the reserve study was updated to include Yarrow fence, litigation reserve, and appropriation of additional funds for brick monuments/pillars. The reserve study will be reviewed annually and funds appropriated based on the results of the study.

Reserve Requirements	Amount Required	Date Required
Monument and Pillar Repair	\$6,500.00	6/30/2013
Monument and Pillar Repair	\$7,500.00	6/30/2018
Yarrow Fence Replacement	\$25,000.00	6/30/2020
Landscaping	\$6,000.00	6/30/2011
Covenant Review	\$1,000.00	10/1/2010
Litigation Reserve	\$4,000.00	10/1/2010
Reserve for Foothills Matching Funds	\$10,000.00	10/1/2013

Reserve Funding

Funded Monument and Pillar Repair with \$3500 on 10/1/2009.

Add \$1000 to this reserve account in FY 2011, 2012, 2013.

Fund \$2500 to Yarrow Fence Replacement reserve on 10/1/10 and subsequent years through FY 2020.

Fully funded reserve accounts for Landscaping and Covenant Review from Retained Earnings on 10/1/2009.

Fully fund Litigation Reserve on 10/1/10.

Fund Foothills Matching funds \$3333.33 on 1/30/2010 and subsequent years through 2013.

Projected Income

Projected net income for fiscal years 2011/2012 through 2019/2020 is \$4200.00 per year.

Reserve Account Balances as of October 1, 2010:

Monument and Pillar Repair	\$4,500.00
Yarrow Fence Replacement	\$2,500.00
Landscaping	\$6,000.00
Covenant Review	\$1,000.00
Litigation Reserve	<u>\$4,000.00</u>
	\$18,000.00

Retained Earnings (cash reserve) balance is \$ 42,447.00 less \$18,000.00 appropriated for reserve accounts = \$24,447.00 in Retained Earnings.