

# Village on the Green Homeowners Association

## 2021 Reserve Analysis Summary

### General Description

- 1 - Pursuant to Utah state law, HOAs are required to conduct a new reserve analysis at least every six years and update it at least every three years. A reserve analysis consists of a **physical analysis** and a **financial analysis**. The **physical analysis** identifies the individual **capital assets** or components, their useful lives, future replacement costs and timing. This report uses component cost and useful life information from the original 2011-12 AMASS, LLC (AMASS) Reserve Analysis report with some modifications & additions. The individual components are grouped into three major categories:
  - a) Clubhouse and pool -- 25 items, b) Grounds -- 7 items, c) Streets and Utilities -- 14 items
- 2 - The **financial analysis** portion of the Reserve Analysis **determines the level of reserve funding** required to **preserve and replace common capital assets** of the Village on the Green (VOG) Homeowners Association as needed. The Reserve Analysis includes the replacement of some assets and the maintenance/sub-component replacement for other assets.
- 3 - Data from the Reserve Analysis is used to **prepare the annual budget**, which **includes capital expenses** and **capital funding**. Any increase in the monthly homeowner fee is based on the combined revenue requirement to meet Operating & Maintenance Expenses and Capital Expenses:

#### Budgeted Income

Revenues (incl. homeowner fees & clubhouse use fees)
- Operating & Maintenance Expenses
= Operating Income or Capital Funding
- Capital Expenses
= Savings or Addition to Reserve Balance

- 4 - This Reserve Analysis uses a cash flow methodology over a 10 year period, with the goal of finding a reserve funding stream that keeps the Reserve Balance above a minimum threshold of \$100,000. Projected component costs are based on the estimated AMASS report costs or actual costs, inflated annually at 3.0%.

### Summary

Based on the forecast schedule of component replacement costs from the physical analysis, **annual gross reserve funding of about \$35,000 with periodic increases is needed** to adequately cover the preservation and replacement of VOG capital assets over the next 10 years. Over time changing circumstances may require a different funding level.

	2020	2021 * forecast	#	Component Description	Useful Life	Projected Cost
Reserve Balance (beginning)	\$170,253	\$144,251	1	HVAC, 75K BTU	19	\$ 5,250
+ Capital Funding	\$13,790	\$11,010 *	2	Sprinkler Timers	11	\$ 10,000
- Capital Expenses	\$39,792	\$36,050 *	3	Tree replacement	1	\$ 1,500
= Reserve Balance (ending)	\$144,251	\$119,211 *	4	Entry Gates <small>strip &amp; repaint</small>	6	\$ 3,300
			5	Gate operators (x4)	15	\$ 16,000
						\$ 36,050

