

Centennial Glen HOA

Reserve Study Update October 2020

In accordance with our Amended and Restated Bylaws, 23 March, 2018, and Resolution 2016-4, the Board of Directors conducted a Bi-Annual Review of our initial/supplemental reserve study. Our existing study was completed in 2016.

We determined our existing reserve funding is adequate, however we did modify the study to make it a more meaningful planning document. Our initial study included an allocation of approximately \$15,000 every four years (beginning in 2016) to paint our perimeter fencing. The fencing is steel, and we do not intend to ever paint it. We are concerned painting would result in peeling from sun exposure, making the fence a potential eyesore.

Additionally, the study included an expense of approximately \$8700 to replace two sprinkler controllers. We replaced the controllers last year with a single, higher technology controller for \$1200.

We therefore removed fence painting from our common property inventory, and replaced the sprinkler controller line item with the higher technology, less costly controller. We added a new more meaningful line-item – Replacement of trees and shrubs and infrastructure losses on our common property. Based on experience from tree removal and replacement this year, we forecast a life span of approximately 5 years for most of our common property landscaping, at a cost of approximately \$10,000

We feel we now have a more meaningful planning document.

Assumptions

1. Based on original Study performed in 2016.
2. Used same financial factors in calculations.
 - a. Inflation rate of 3.5%
 - b. Interest rate of .50%
3. Revisions – Asset analysis

- a. Eliminated assumption of repainting of iron fence every five years as unrealistic. Fence has not been painted and remains in good condition. Original study assumed \$15,538 expenditure in 2016 and \$17,830 in 2020 for repainting. This was not performed and the Board has no intention of painting the fence before replacement.
 - b. Eliminated assumption of replacing irrigation controllers every 14 years at the cost of \$8,000 to 10,000. The two controllers were replaced in 2019 for \$1,200 with one controller that is much more efficient and reliable. This expense was covered out of operating expense. Therefore there is no need to include this amount in the reserve calculations.
 - c. An Asset category for unexpected landscape and infrastructure losses in the amount of \$7,000 to \$10,000 is assumed to be added beginning in 2021 with a five year useful life. This category better reflects the issues Centennial Glen is facing going forward. There will be continued needs to replace aging assets in the neighborhood. This will allow for additional funds to keep the neighborhood in good condition.
4. These revisions reduce the ideal funding for 2021 from \$15,000 to \$11,000. Which would result in 80% funded level. This is in the middle of the Funded Category of 70% -99.

**Centennial Glen HOA
Reserve Study Balances
October, 2020**

Year	2016	2017	2018	2019	2020	
Starting balance	\$ 51,851	\$ 51,961	\$ 58,070	\$ 68,357	\$ 84,489	
Reserve income	-	6,000	10,112	15,277	8,627	
Interest Income	110	109	175	855	390	
Funds Available	51,961	58,070	68,357	84,489	93,506	
Reserve Expenditures	-	-	-	-	-	
Ending Balance	\$ 51,961	\$ 58,070	\$ 68,357	\$ 84,489	\$ 93,506	Actuals
	80,169	93,366	107,389	122,279	119,626	

Year	2021	2022	2023	2024	2025
Starting balance	\$ 93,506	\$ 105,216	\$ 117,655	\$ 130,859	\$ 142,172
Reserve income	11,242	11,913	12,616	13,226	13,907
Interest Income	468	526	588	654	711
Funds Available	105,216	117,655	130,859	144,740	156,789
Reserve Expenditures	-	-	-	2,568	9,754
Ending Balance	\$ 105,216	\$ 117,655	\$ 130,859	\$ 142,172	\$ 147,035

Year	2026	2027	2028	2029	2030
Starting balance	\$ 147,035	\$ 162,141	\$ 178,153	\$ 146,009	\$ 162,010
Reserve income	14,370	15,202	16,075	15,271	16,170
Interest Income	735	811	891	730	810
Funds Available	162,141	178,153	195,119	162,010	178,990
Reserve Expenditures	-	-	49,110	-	11,585
Ending Balance	\$ 162,141	\$ 178,153	\$ 146,009	\$ 162,010	\$ 167,405

Year	2031	2032	2033	2034	2035
Starting balance	\$ 167,405	\$ 184,951	\$ 30,181	\$ 42,820	\$ 56,534
Reserve income	16,708	17,684	12,639	13,500	14,405
Interest Income	837	925	-	214	283
Funds Available	184,951	203,559	42,820	56,534	71,222
Reserve Expenditures	-	173,378	-	-	19,286
Ending Balance	\$ 184,951	\$ 30,181	\$ 42,820	\$ 56,534	\$ 51,936

Year	2036	2037	2038	2039	2040
Starting balance	\$ 51,936	\$ 66,878	\$ 82,509	\$ 99,611	\$ 117,880
Reserve income	14,683	15,297	16,689	17,771	18,907
Interest Income	260	334	413	498	589
Funds Available	66,878	82,509	99,611	117,880	137,376
Reserve Expenditures	-	-	-	-	16,341
Ending Balance	\$ 66,878	\$ 82,509	\$ 99,611	\$ 117,880	\$ 121,035

Year	2041	2042	2043	2044	2045
Starting balance	\$ 121,035	\$ 141,014	\$ 162,322	\$ 185,028	\$ 209,205
Reserve income	19,374	20,603	21,895	23,251	24,676
Interest Income	605	705	812	925	1,046
Funds Available	141,014	162,322	185,028	209,205	234,927
Reserve Expenditures	-	-	-	-	19,408
Ending Balance	\$ 141,014	\$ 162,322	\$ 185,028	\$ 209,205	\$ 215,519