

Village on the Green Homeowners Association

2022 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 -- 27 items, b) Grounds -- 7 items, c) Streets and Utilities -- 13 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 as shown below:

Budgeted Income Statement

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 forecast 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

Annual reserve funding of \$35,000 with periodic increases is needed to cover the preservation/replacement of VOG capital assets over the next 10 years. Over time changing circumstances may require a different funding level.

	Actual 2021	Budget 2022		Component # Description	Useful Life	Budget Cost
Reserve Balance (beginning)	\$170,253	\$154,967		1 Spa Filter	20	\$ 5,537
+ Capital Funding	\$13,790	\$25,791		2 Website development	10	\$ 3,500
- Capital Expenses	\$39,792	\$30,537	⇒	3 Additional Sprinkler Timer:	1	\$ 14,400
= Reserve Balance (ending)	\$154,967	\$150,221		4 Tree trimming	10	\$ 7,100
						\$ 30,537

