

2014
RESERVE STUDY REVIEW

Per §38-33.3-209.4(2) of CCIOA, the Association (AIA) must make the following information available to unit owners, on an annual basis:

- a. Any amounts held in reserves for the fiscal year immediately preceding the current annual disclosure.
- b. The Association's responsible governance policies adopted under section 38-33.3-209.5, which includes the reserve study policy discussed above.
- c. This Review complies with §38-33.3-308 of the Colorado Common Interest Community Act ("CCIOA")

The review includes the oversight and reporting per §38-33.3-209.4(2) and §38-33.3-209.5 of CCIOA.

- a. Amounts held in reserve for the fiscal year immediately preceding the current annual disclosure.
- b. The status of the Association's responsibility to establish and implement the (9) governance policies adopted under CCIOA.

A. The 2014 Reserve Review Included:

- (1) An oversight review of the assets identified in the original schedule of values was conducted. *Those assets are part of the community the Association is obligated to maintain and manage the funds necessary to maintain, repair and replace. It is further understood that the assets identified may be subject to cost adjustments and estimated replacement forecasts by specific year(s).*
- (2) A Financial review
- (3) Determine if any of the assets need to have adjustments, to both costs and schedule replacement dates.
- (4) The Review confirms the funds are in a non-operating reserve.
- (5) Recommendations and actions

B The Financial Review Included:

- (1) A review and report of the current funds held by the Association (AIA) are included.
- (2) A review and determination if the future funding plan can be met to achieve the requirements of the Reserve Study.

C. 2014 Reserve Review Results and Recommended Actions:

- (1) As of this review date July 21, 2014 the current reserve (Members Contributions) bank held balances are:
 - Operation Reserve \$100,000 {Operational Deficit Reserve}
 - Members Contributions \$325,966.31 {Non-Operational Reserve for Replacements}
- (2) The review and adjustments to the current asset schedule.
- (3) 2014 reserve funding from the annual Net Income appears will be met.
- (4) The review called for the reserve schedule to be adjusted over the term period.
- (5) The review has determined the 2015 reserve needs should be met.
- (6) The following are the results of the review and recommended actions for 2015:
 - a. *Reviewed the estimated net income projections for the term. (net income needed reviewed for under or over expectations). Net Income projections are unreliable. It is recommended to budget for the Reserves.*
 - b. *Revised the current schedule showing a cost adjustment and elimination to the required funding requirement for (Line 22).*
 - c. *Elimination of the "Three-in-one vehicle", to reflect the no longer need to haul AIA owned trash compactor reducing the cost and the need for such a vehicle. It is recommended to continue to fund for a water truck replacement.*
 - d. *The original scheduled funded for a groomer and that was never removed. The schedule was revised to fund a replacement in 2014. The remaining balance of \$44,000 will be used to upgrade the machine in 2018 with a trade-in.*
 - e. *The revised 2014 schedule shows the ability to fund the reserves in the out years provided the assumptions of net income projections are met.*

- f. The revised schedule also demonstrates a low reserve at the end of the term however the needs over the term should be met provided the net income projections can be achieved.*
- g. It is recommended that each year the reserve funds needed are part of the annual budget.*
- h. If the Reserve budget amount cannot be met, Owners will need to be notified of the deficiency.*

D. Status of the (9) governance policies adopted under CCIOA.

2014 review per §38-33.3-209.5 of CCIOA. This review concludes the (9) governing policies required have been achieved.

E. Summary:

- The 2014 Net Income will be placed into reserves
- In the 2015 budget, assign a separate “Line” for the reserve amount required.
- Each year as per the study, an amount has been assigned to meet the period over the term. Owners must understand that achieving the reserve will be difficult and budget management must be diligent.
- Please note the reserves held must be a non-operational reserve as per CCIOA.

Respectfully Submitted,

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Chairman of the Reserve Study Committee