



High Lonesome Ranch Estates Property Owners Association

# Reserve Fund Recommendation

## 2022 Annual Budget Input Strategy

- Existing reserve fund is:
  - Set at \$20,000.00
  - Designed to cover a percentage of total roadway repair/replacement (using cost of road construction)
  - Not adjusted to address inflation
- Recommendation:
  - Treasurer build a budget item input for the reserve fund and submit it for the 2022 annual budget
  - Build reserve fund budget item input to cover repair, replacement, removal, and/or disposition of association assets
  - Include all association assets, not just roads and easements
    - Windmill, entry gate, and other assets as acquired
    - If assets are insured, then use deductible amount
  - Task committees/members to provide cost estimates for the repair/replacement/removal/disposition of association assets to the treasurer no later than 20 September 2021
    - Task the Road Committee to provide a cost estimate for roadway and easement repair after catastrophic damage
    - Task the Windmill Committee to provide a cost estimate for repair/replacement/removal/disposition or the insurance deductible amount for the windmill
    - Task the Treasurer to determine a cost estimate for repair/replacement/removal/disposition or the insurance deductible amount for the subdivision entry gate
  - Set reserve amount to cover largest single expense
    - Most likely roadways and easements (costs to be provided by the Road Committee)
    - Assumes all expenses will not occur simultaneously
  - Establish sequence/priority of funds sourcing
    - Use budgeted funds first
    - Use budget transfers as available second
    - Use reserve funds as available third
    - Use special assessment as necessary last
  - Address reserve fund each year in budget deliberations
    - Increase reserve fund each year for inflation, if needed
    - Restore reserve funds if diminished by use