

Northlake Neighborhood Association Reserve Fund

Fiscal Year 2005	Year <u>Installed</u>	Column A	Life Expectancy <u>(Years)</u>	Years <u>Consumed</u>	Column B	Column C (A x B)
		Estimated Replacement Value			Percentage Consumed	End of Fiscal Year Reserved Replacement Value
<u>Asset</u>						
Sprinkler System	1997	\$ 45,800	20	8	40%	\$ 18,320
Tree Replacement	1997	\$ 60,350	30	8	27%	\$ 16,093
Tree Replacement	2004	\$ 3,400	30	1	3%	\$ 113
Sidewalks	1997	\$ 26,000	25	8	32%	\$ 8,320
Entrance Lighting	1997	\$ 5,250	20	8	40%	\$ 2,100
Entrance Sign Repairs (tuck pointing)	1997	\$ 3,150	20	8	40%	\$ 1,260
Total Required Reserve		\$ 143,950			32%	\$ 46,207
<u>less</u> Balance at End of Fiscal Year 2004						\$ (40,612)
Funding Required in Fiscal Year 2005						\$ 5,595
2005 Budget (Annual)						\$ 5,520
2005 Budget (Monthly)						\$ 460
2005 Annual Cost per Lot						\$ 20.15
Reserve Fund Over (Under) Funding at end of Fiscal Year 2005						\$ (75)

To calculate end of year reserve amount required, multiply Column A (yellow arrow) times Column B (blue arrow). Result is Column C (green arrow).

Purpose of the Reserve Fund: The reserve fund is established for time based budgeting of the replacement of capital assets of the Association. Funds are available for asset replacement without the need for special assessments (and their associated collection costs) to members of the Association. The reserve fund also distributes the cost of replacing the assets in proportion to the time each member belongs to the Association.

Asset Value, Funding and

Accounting Practices: The replacement value is updated annually to reflect current replacement costs. As assets become fully funded and not replaced, only the increase in value will require funding. Assets replaced prematurely are removed from the list of old assets and given a new line item for accounting purposes.