

Northlake Neighborhood Association Reserve Fund

	Column A ↓	Column B ↓	Column C (A x B) ↓
Fiscal Year	Estimated	Life	End of Fiscal Year
2007	Replacement	Expectancy	Reserved
<u>Asset</u>	<u>Value</u>	<u>(Years)</u>	<u>Replacement Value</u>
Year	Years	Consumed	Percentage
<u>Installed</u>	<u>Consumed</u>	<u>Consumed</u>	<u>Consumed</u>
Sprinkler System	\$ 46,000	20	\$ 23,000
Tree Replacement	\$ 61,770	30	\$ 20,590
Tree Replacement	\$ 3,480	30	\$ 348
Tree Replacement	\$ 725	30	\$ 48
Sidewalks	\$ 26,100	25	\$ 10,440
Entrance Lighting	\$ 5,305	20	\$ 2,652
<u>Entrance Sign Repairs (tuck pointing)</u>	<u>\$ 3,183</u>	<u>20</u>	<u>\$ 1,591</u>
Total Required Reserve	\$ 146,562	40%	\$ 58,670
Balance End of Year 2006			\$ 51,956
Funding Required in 2007			\$ 6,714
2007 Budget (Annual)			\$ 5,520
2007 Budget (Monthly)			\$ 460
2007 Annual Cost per Lot			\$ 20.15
Reserve Fund Over (Under) Funding at end of Fiscal Year 2007			\$ (1,194)

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 disbursement without 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.