



OPERATING & RESERVE FUNDING ACCOUNTS

Year	Amount Reserve Budgeted	Actual Reserve Contribution
2018	\$54,000.00	\$96,840.36
2019	\$76,004.00*	

*Allocated Reserve Budget Line Item + Sewer Line Item

Account	Balance**	APY
BOU – Checking	\$52,996.31	.00%
BOU – Savings	\$100,012.05	.20%
BOU – 90 Day CD	\$5,000.00	.41%
BOU – 182 Day CD	\$5,000.00	.62%
BOU – 12 Month CD	\$15,000.00	1.06%
BOU – 18 Month CD	\$15,000.00	1.19%
Total Operating & Reserve Funding	\$193,008.36	

**Balances As Of: 01/28/2019

2019 Recommendations:

Increase Monthly Assessment from \$146.00 to \$171.00

Maintain \$25,000 Operating Account Balance

If Savings is below \$100,000 minimum threshold, transfer funds to meet minimum liquidity requirement of \$100K

Make Quarterly Transfers Into CDs (Staggered Terms) 30/60/90/180 Days based on APY and future projects

2019 Stone Creek Canyon Reserve Funding Model

		Operating Account*	Savings Account	Certificate of Deposits
	12/31/2018	\$ 25,000.00	\$ 100,000.00	\$ 40,000.00
Jan		\$ 32,925.00	\$ 100,000.00	\$ 40,000.00
Feb		\$ 40,850.00	\$ 100,000.00	\$ 40,000.00
Mar		\$ 48,775.00	\$ 100,000.00	\$ 40,000.00
	03/31/2019 Sweep	\$ 23,775.00	\$ 100,000.00	\$ 23,775.00
Apr		\$ 32,925.00	\$ 100,000.00	\$ 63,775.00
May		\$ 40,850.00	\$ 100,000.00	\$ 63,775.00
Jun		\$ 48,775.00	\$ 100,000.00	\$ 63,775.00
	06/30/2019 Sweep	\$ 23,775.00	\$ 100,000.00	\$ 23,775.00
Jul		\$ 32,925.00	\$ 100,000.00	\$ 87,550.00
Aug		\$ 40,850.00	\$ 100,000.00	\$ 87,550.00
Sep		\$ 48,775.00	\$ 100,000.00	\$ 87,550.00
	9/30/2019 Sweep	\$ 23,775.00	\$ 100,000.00	\$ 23,775.00
Oct		\$ 32,925.00	\$ 100,000.00	\$ 111,325.00
Nov		\$ 40,850.00	\$ 100,000.00	\$ 111,325.00
December		\$ 48,775.00	\$ 100,000.00	\$ 111,325.00
	12/31/2019 Sweep	\$ 23,775.00	\$ 100,000.00	\$ 23,775.00
	12/31/2019	\$ 25,000.00	\$ 100,000.00	\$ 135,100.00

* Assumptions To Operating Account

131 Units @ \$171.00 = \$22,401.00
 Monthly Expenses = \$15,000.00

Asset Allocation



RESERVE STUDY & CONTRIBUTIONS

The Reserve Study was revised effective January 1, 2019; and since has uploaded to the community website.

The Board of Directors has adopted and approved threshold model funding; where the Reserve Study is compounded on multiple assumptions. The threshold-funding model calculates the minimum reserve assessments, with the restriction that the reserve balance is not allowed to go below \$0 or any other predetermined threshold, during the period examined. All funds for planned reserve expenditures will be available the first day of each fiscal year. The threshold-funding model allows the Board of Directors to choose the level of conservative funding they desire by choosing the threshold dollar amount.

Stone Creek Canyon West Haven, Utah Threshold Funding Model Summary

<table style="width: 100%;"> <tr> <td style="width: 30%;">Report Date</td> <td>January 01, 2019</td> </tr> <tr> <td>Budget Year Beginning</td> <td>January 01, 2019</td> </tr> <tr> <td>Budget Year Ending</td> <td>December 31, 2019</td> </tr> <tr> <td>Total Units</td> <td style="text-align: right;">131</td> </tr> </table>	Report Date	January 01, 2019	Budget Year Beginning	January 01, 2019	Budget Year Ending	December 31, 2019	Total Units	131	<table style="width: 100%;"> <tr> <th colspan="2" style="text-align: center;"><i>Report Parameters</i></th> </tr> <tr> <td>Inflation</td> <td style="text-align: right;">3.22%</td> </tr> <tr> <td>Annual Assessment Increase</td> <td style="text-align: right;">3.00%</td> </tr> <tr> <td>Interest Rate on Reserve Deposit</td> <td style="text-align: right;">1.50%</td> </tr> <tr> <td>Tax Rate on Interest</td> <td style="text-align: right;">30.00%</td> </tr> <tr> <td>2019 Beginning Balance</td> <td style="text-align: right; border: 2px solid blue;">\$63,482</td> </tr> </table>	<i>Report Parameters</i>		Inflation	3.22%	Annual Assessment Increase	3.00%	Interest Rate on Reserve Deposit	1.50%	Tax Rate on Interest	30.00%	2019 Beginning Balance	\$63,482
Report Date	January 01, 2019																				
Budget Year Beginning	January 01, 2019																				
Budget Year Ending	December 31, 2019																				
Total Units	131																				
<i>Report Parameters</i>																					
Inflation	3.22%																				
Annual Assessment Increase	3.00%																				
Interest Rate on Reserve Deposit	1.50%																				
Tax Rate on Interest	30.00%																				
2019 Beginning Balance	\$63,482																				

Threshold Funding Model Summary of Calculations

Required Annual Contribution	\$145,088.48
<i>\$1,107.55 per unit annually</i>	
Average Net Annual Interest Earned	\$2,162.69
Total Annual Allocation to Reserves	\$147,251.17
<i>\$1,124.05 per unit annually</i>	

Stone Creek Canyon Threshold Funding Model Projection

Beginning Balance: \$63,482

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2019	2,142,683	145,088	2,163	2,600	208,133	697,975	30%
2020	2,211,677	149,441	3,526	21,779	339,321	804,958	42%
2021	2,282,893	153,924	4,876	28,826	469,295	912,191	51%
2022	2,356,403	158,542	6,592		634,429	1,056,208	60%
2023	2,432,279	163,298	4,831	337,632	464,927	876,806	53%
2024	2,510,598	168,197	6,415	22,186	617,353	1,022,143	60%
2025	2,591,439	173,243	8,286	1,451	797,431	1,198,071	67%
2026	2,674,884	178,441	10,203	4,120	981,955	1,381,564	71%
2027	2,761,015	183,794	12,240		1,177,989	1,580,020	75%
2028	2,849,920	189,308	14,357		1,381,654	1,789,824	77%
2029	2,941,687	194,987	16,517	3,570	1,589,588	2,007,817	79%
2030	3,036,409	200,836	17,676	107,027	1,701,073	2,131,323	80%
2031	3,134,182	206,861	10,847	874,845	1,043,937	1,491,576	70%
2032	3,235,102	213,067	13,199		1,270,203	1,740,512	73%
2033	3,339,273	219,459	15,641		1,505,303	2,003,933	75%
2034	3,446,797	226,043	17,859	30,460	1,718,746	2,251,074	76%
2035	3,557,784	232,824	19,923	54,130	1,917,364	2,488,632	77%
2036	3,672,345	239,809	22,591	5,656	2,174,108	2,790,989	78%
2037	3,790,594	247,003	25,422		2,446,533	3,116,263	79%
2038	3,912,651	254,414	28,360		2,729,306	3,459,592	79%
2039	4,038,639	262,046	20,056	1,081,211	1,930,198	2,705,774	71%
2040	4,168,683	269,907	7,236	1,510,977	696,364	1,492,154	47%
2041	4,302,915	278,005	9,660	54,334	929,695	1,751,339	53%
2042	4,441,468	286,345	12,768		1,228,808	2,083,557	59%
2043	4,584,484	294,935	15,999		1,539,742	2,435,355	63%
2044	4,732,104	303,783	18,918	41,818	1,820,626	2,764,484	66%
2045	4,884,478	312,897	22,402		2,155,924	3,156,837	68%
2046	5,041,758	322,283	25,940	7,765	2,496,382	3,563,577	70%
2047	5,204,103	331,952	15,135	1,386,910	1,456,559	2,569,942	57%
2048	5,371,675	341,911	3,590	1,456,558	345,501	1,482,828	23%

The Reserve Study is an important part of our HOA's budgetary process. Following its recommendations should ensure the associations smooth budgetary transitions from one fiscal year to the next and in most scenarios will either decrease or eliminate the need for "special assessments."

Reserve Expenses

These are major expenses that occur other than annually, and which must be budgeted for in advance in order to ensure the availability of the necessary funds in time for their use. Reserve expenses are reasonably predictable both in terms of frequency and cost. However, they may include significant assets that have an indeterminable but potential liability that may be demonstrated as a likely occurrence. They are expenses that, when incurred, would have a significant effect on the smooth operation of the budgetary process from one year to the next, if they were not reserved for in advance. Examples of reserve expenses include:

Roof Replacements	Park/Play Equipment
Painting	Pool/Spa Re-plastering
Deck Resurfacing	Pool Equipment Replacement
Fencing Replacement	Pool Furniture Replacement
Asphalt Seal Coating	Tennis Court Resurfacing
Asphalt Repairs	Lighting Replacement
Asphalt Overlays	Insurance(s)
Equipment Replacement	Reserve Study
Interior Furnishings	

Stone Creek Canyon Annual Expenditure Detail

Description	Expenditures
Replacement Year 2019	
Pool/Spa Pumps - Replace	2,600
Total for 2019	\$2,600
Replacement Year 2020	
Pool/Spa Heaters - Replace	9,909
Pool/Spa Salt System - Replace	1,548
Sewer - Clean	10,322
Total for 2020	\$21,779
Replacement Year 2021	
Asphalt -Slurry Seal/Crack Seal	23,621
Pool/Spa Filter - Replace	3,516
Spa - Resurface	1,690
Total for 2021	\$28,826
<i>No Replacement in 2022</i>	
Replacement Year 2023	
Stucco/Wood (1)- Repair/Repaint	337,632
Total for 2023	\$337,632
Replacement Year 2024	
Pool - Resurface	19,140
Pool/Spa Pumps - Replace	3,046
Total for 2024	\$22,186
Replacement Year 2025	
Water Heater - Replace	1,451
Total for 2025	\$1,451
Replacement Year 2026	
Pool/Spa Filter - Replace	4,120
Total for 2026	\$4,120

**Stone Creek Canyon
Annual Expenditure Detail**

Description	Expenditures
Replacement Year 2029	
Pool/Spa Pumps - Replace	3,570
Total for 2029	<u>\$3,570</u>
Replacement Year 2030	
Furnace - Replace	5,243
Metal Fence - Replace	10,416
Metal Railing - Replace	1,290
Pool/Spa Heaters - Replace	13,604
Pool/Spa Salt System - Replace	2,126
Sewer - Clean	14,171
Vinyl Fence - Replace	60,177
Total for 2030	<u>\$107,027</u>
Replacement Year 2031	
Asphalt -Slurry Seal/Crack Seal	32,429
Pool/Spa Filter - Replace	4,827
Spa - Resurface	2,320
Stucco/Wood (1)- Repair/Repaint	435,065
Stucco/Wood (2) - Repair/Repaint	400,205
Total for 2031	<u>\$874,845</u>
<i>No Replacement in 2032</i>	
<i>No Replacement in 2033</i>	
Replacement Year 2034	
Pool - Resurface	26,277
Pool/Spa Pumps - Replace	4,182
Total for 2034	<u>\$30,460</u>
Replacement Year 2035	
Exercise Equipment - Replace	20,921
Monument Signs - Replace	33,209
Total for 2035	<u>\$54,130</u>
Replacement Year 2036	
Pool/Spa Filter - Replace	5,656
Total for 2036	<u>\$5,656</u>

**Stone Creek Canyon
Annual Expenditure Detail**

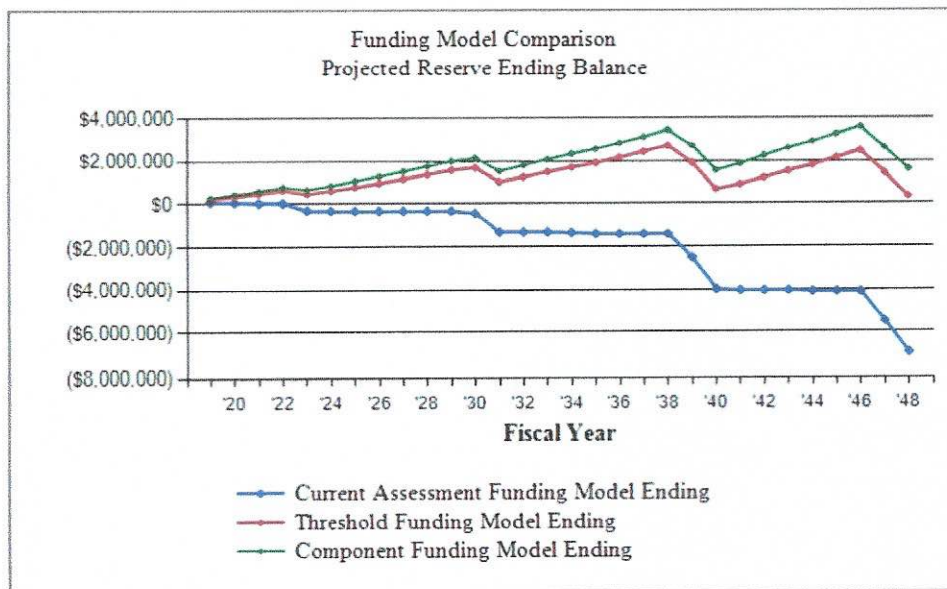
Description	Expenditures
Replacement Year 2029	
Pool/Spa Pumps - Replace	3,570
Total for 2029	<u>\$3,570</u>
Replacement Year 2030	
Furnace - Replace	5,243
Metal Fence - Replace	10,416
Metal Railing - Replace	1,290
Pool/Spa Heaters - Replace	13,604
Pool/Spa Salt System - Replace	2,126
Sewer - Clean	14,171
Vinyl Fence - Replace	60,177
Total for 2030	<u>\$107,027</u>
Replacement Year 2031	
Asphalt -Slurry Seal/Crack Seal	32,429
Pool/Spa Filter - Replace	4,827
Spa - Resurface	2,320
Stucco/Wood (1)- Repair/Repaint	435,065
Stucco/Wood (2) - Repair/Repaint	400,205
Total for 2031	<u>\$874,845</u>
<i>No Replacement in 2032</i>	
<i>No Replacement in 2033</i>	
Replacement Year 2034	
Pool - Resurface	26,277
Pool/Spa Pumps - Replace	4,182
Total for 2034	<u>\$30,460</u>
Replacement Year 2035	
Exercise Equipment - Replace	20,921
Monument Signs - Replace	33,209
Total for 2035	<u>\$54,130</u>
Replacement Year 2036	
Pool/Spa Filter - Replace	5,656
Total for 2036	<u>\$5,656</u>

**Stone Creek Canyon
Annual Expenditure Detail**

Description	Expenditures
<i>No Replacement in 2037</i>	
<i>No Replacement in 2038</i>	
Replacement Year 2039	
Pool/Spa Pumps - Replace	4,901
Stucco/Wood (1)- Repair/Repaint	560,615
Stucco/Wood (2) - Repair/Repaint	515,695
Total for 2039	<u>\$1,081,211</u>
Replacement Year 2040	
Asphalt - Overlay with 2" Mill Edge	186,908
Clubhouse - Remodel	48,639
Mailboxes - Replace	26,946
Pool/Spa Heaters - Replace	18,677
Pool/Spa Salt System - Replace	2,918
Roofs (1) - Remove/Replace	1,146,071
Sewer - Clean	19,455
Stone Wall - Replace	59,028
Water Heater - Replace	2,335
Total for 2040	<u>\$1,510,977</u>
Replacement Year 2041	
Asphalt -Slurry Seal/Crack Seal	44,522
Pool/Spa Filter - Replace	6,627
Spa - Resurface	3,185
Total for 2041	<u>\$54,334</u>
<i>No Replacement in 2042</i>	
<i>No Replacement in 2043</i>	
Replacement Year 2044	
Pool - Resurface	36,076
Pool/Spa Pumps - Replace	5,742
Total for 2044	<u>\$41,818</u>
<i>No Replacement in 2045</i>	
Replacement Year 2046	
Pool/Spa Filter - Replace	7,765
Total for 2046	<u>\$7,765</u>

The chart below compares the projected reserve ending balances of the three funding models (Current Assessment Funding Model, Threshold Funding Model and Component Funding Model) over 30 years.

**Stone Creek Canyon
Funding Model Reserve Ending Balance Comparison Chart**



A complete copy of the Reserve Study and operating budget can be found on stonecreekcanyonhoa.org website under the financial tab.

To assist in maximizing the ability to grow our Reserve Funding, the board is committed to ensuring we look at cost saving options when they make sense to the community as a whole.

- *Implementation of Parking Pass/Revenue Stream*
 - (25 Parking Passes x \$25.00 / month x 12 months = \$7500 Year) x 5 years
 - **\$37,500.00 in potential additional reserve funding over 5 Years**
- *Increasing the "Buy-In" AKA "Transfer-Fee" as it makes sense for future sustainability.*

Year	Transfer Fee Charged	Admin Fee Charged	Homes Sold	Net Gain To Reserves
15-17	\$250.00	\$250.00	10	\$0.00
18	\$500.00	\$150.00	10	\$5,000.00
19	\$1000.00	\$150.00	10	\$10,000.00

- **\$50,000.00 in potential additional reserve funding over 5 Years**

- *In-House Payment Processing (ACH Debit / Credit Cards)*
 Previous Payment Processing Fees Billed By 3rd Party Vendor, Resulting In \$0.00 to HOA

Assumption: Reduced Rate from previous charge of 3%- 3.5%, now average fee of \$2.95 x 15 people/month x 12 months = \$531 year potentially added back into the HOA Operating Account

Assumption: Reduced Rates from \$2.00 on ACH Debit to \$0.00 based on banking relationship with Bank of Utah, resulting in additional savings to HOA and its Operating Account

- **\$2,600 in potential additional reserve funding over 5 Years**

- *Implementation of Sewer Contribution \$7.00/Monthly*
 - (131 Units x \$7.00 /month x 12 months = \$11004.00 Year) x 5 Years

- **\$55,020 in potential additional reserve funding over 5 Years**

Current Project: Currently looking into cost savings approach with new insurance agency, looking for additional coverage at less premium based on community size, development, and limited claim rating. More information to come. Preliminary figures suggest a monthly savings of \$2,000.00. If approved, this could ultimately put \$24,000.00 into the reserves if the board adopts and approves the measure on an annual basis.

5 Year Time Frame Based On Dedication Of Board:

	Potential Additional Reserve Funding
Implementation of Parking Pass/Revenue Stream	\$7500.00
Increasing the "Buy-In" AKA "Transfer-Fee"	\$50,000.00
In-House Payment Processing (ACH Debit / Credit Cards)	\$2600.00
Implementation of Sewer Contribution \$7.00/Monthly	\$55,020.00
Current Project: Master Insurance Policy	\$24,000-\$120,000.00
Total Additional Reserve Funding Over 5 Years	\$115,120.00