

### Western Country Ranches HOA Reserve Statement

Based on the budget adopted on April 22, 2015, the WCRHOA conservatively anticipates a surplus of revenue over expenses of approximately \$792.00 per year (assuming all homeowners pay the annual dues and assuming current expenses). This type of surplus is also reflected in the HOA's historical funds on hand:

3/31/15	\$23,868.77
5/21/14	\$22,615.47
7/13/13	\$21,278.49
5/18/12	\$20,118.74
6/7/11	\$18,429.56
1/12/10	\$17,807.39
4/2/09	\$19,112.38
4/22/08	\$18,843.21
8/27/07	\$17,279.00

Between 2007 and 2015 the HOA funds on hand increased by \$6,859.00 for an average of \$857.37 per year. For careful fiduciary planning, the Board believes that the HOA should assume a more conservative \$792.00 per year surplus. Of course the Board continues to look for ways to minimize expenses to create greater surplus.

The only "monument" expenses (long-term expenses beyond the annual budget expenses) for which the HOA must budget are: Entryway fencing; mailboxes; the mailbox building; and greenbelt grading after major storms/flooding. Using historical expenses, the Board estimates these long-term costs as follows:

Entryway fencing:	\$640.00 every 10-15 years
Mailbox building:	\$400.00 every 5 years for maintenance and painting
Greenbelt grading:	\$200.00 every 2-3 years.

These three expense items are easily absorbed by each year's funds or with little invasion of the HOA reserves.

**Mailboxes:** The HOA is responsible for purchase, installation and maintenance of the mailbox cluster units. The current cluster units were installed in approximately 1992; prior to this each home had an individual mailbox. (There were many fewer homes in WCR prior to 1992.) It is reasonable to believe that mailboxes will need to be replaced every 20-25 years. The current cost for replacement and installation of new mailbox cluster units is \$12,780.18. There are currently minimal annual expenses for maintenance of the existing mailboxes (and parts are increasingly hard to obtain) and there should be negligible expenses for maintenance of new mailboxes.

At the current surplus (without adjusting for any inflation to the HOA expenses or increases in the dues assessed to the homeowners), every 10 years the HOA will realize an additional \$7,920.00 in surplus less anticipated monument expenses of \$2,240.00. Every 20 years the HOA will realize an additional surplus of \$15,840.00 less anticipated monument expenses of \$4,480.00.

Based on the budget adopted April 22, 2015 and the analysis above, the Board adopts the following:

1. Western Country Ranches HOA shall maintain reserve funds of no less than \$8,000.00 at all times. The Board finds that this level of reserves is sufficient, given the HOA annual budget and the limited monument/major expenses that have occurred historically and are anticipated in the future. This reserve represents more than the total of one year's current annual fixed expenses and all anticipated monument expenses for ten (10) years (other than new mailboxes).
2. No less frequently than every three (3) years at the last Board meeting prior to the annual meeting, the Board shall review the amount of reserve funds to determine if the then-current amount remains appropriate. At the annual meeting following the reserve determination, the Board shall report to the homeowners the reserve amount to be maintained. Having reviewed the reserve amount in 2015, the next regular review shall occur in 2018. There is nothing to prevent the Board from reviewing the reserve amount more frequently and the Board shall review the reserve amount should circumstances in the HOA change.

Approved in open meeting and effective April 22, 2015.  
*Western Country Ranches HOA Board.*