

# FULL RESERVE STUDY

## Trails West Homeowners Association, Inc.



DeLand, Florida  
September 30, 2020



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Trails West Homeowners Association, Inc.  
DeLand, Florida

Dear Board of Directors of Trails West Homeowners Association, Inc.:

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Full Reserve Study* of Trails West Homeowners Association, Inc. in DeLand, Florida and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, September 30, 2020.

This *Full Reserve Study* exceeds the Association of Professional Reserve Analysts (APRA) standards fulfilling the requirements of a "Level I Full Reserve Study."

An ongoing review by the Board and an Update of this Reserve Study are necessary to ensure an equitable funding plan since a Reserve Study is a snapshot in time. We recommend the Board budget for an Update to this Reserve Study in two- to three-years. We look forward to continuing to help Trails West Homeowners Association, Inc. plan for a successful future.

As part of our long-term thinking and everyday commitment to our clients, we are available to answer any questions you may have regarding this study.

Respectfully submitted on November 9, 2020 by

*Reserve Advisors, LLC*

Visual Inspection and Report by: Joseph Coffee and Ashley Doucet, RS<sup>1</sup>

Reviewed by: Nicole L. Lowery, PRA<sup>2</sup>, RS, Associate Director of Quality Assurance



<sup>1</sup> RS (Reserve Specialist) is the reserve provider professional designation of the Community Associations Institute (CAI) representing America's more than 300,000 condominium, cooperative and homeowners associations.

<sup>2</sup> PRA (Professional Reserve Analyst) is the professional designation of the Association of Professional Reserve Analysts. Learn more about APRA at <http://www.apra-usa.com>.

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# 1. RESERVE STUDY EXECUTIVE SUMMARY

**Client:** Trails West Homeowners Association, Inc. (Trails West)

**Location:** DeLand, Florida

**Reference:** 201392

**Property Basics:** Trails West Homeowners Association, Inc. is a homeowners association, which is responsible for the common elements shared by 353 single family homes. The community was built in 1981. The community contains a clubhouse and pool.

**Reserve Components Identified:** 42 Reserve Components.

**Inspection Date:** September 30, 2020.

**Funding Goal:** The Funding Goal of this Reserve Study is to maintain reserves above an adequate, not excessive threshold during one or more years of significant expenditures. Our recommended Funding Plan recognizes these threshold funding years in 2030 and 2050 due to replacement of asphalt pavement.

**Cash Flow Method:** We use the Cash Flow Method to compute the Reserve Funding Plan. This method offsets future variable Reserve Expenditures with existing and future stable levels of reserve funding. Our application of this method also considers:

- Current and future local costs of replacement
- 0.9% anticipated annual rate of return on invested reserves
- 2.1% future Inflation Rate for estimating Future Replacement Costs

**Sources for Local Costs of Replacement:** Our proprietary database, historical costs and published sources, i.e., R.S. Means, Incorporated.

**Cash Status of Reserve Fund:**

- \$375,247 as of July 31, 2020
- 2020 budgeted Reserve Contributions of \$35,000
- A potential deficit in reserves might occur by 2026 based upon continuation of the most recent annual reserve contribution of \$35,000 and the identified Reserve Expenditures.

**Recommended Reserve Funding:** We recommend the following in order to achieve a stable and equitable Funding Plan:

- Phased increases of \$28,000 from 2021 through 2025
- Inflationary increases from 2026 through 2030
- Decrease to \$140,000 by 2031 due to fully funding for replacement of asphalt pavement
- Inflationary increases through 2050, the limit of this study's Cash Flow Analysis
- Initial adjustment in Reserve Contributions of \$28,000 represents an average quarterly increase of \$19.83 per homeowner and about an eleven percent (11.0%) adjustment in the 2020 total Operating Budget of \$254,160.

### Trails West Recommended Reserve Funding Table and Graph

Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2021	63,000	295,074	2031	140,000	124,257	2041	172,300	1,257,397
2022	91,000	352,575	2032	142,900	268,918	2042	175,900	1,388,852
2023	119,000	475,284	2033	145,900	359,329	2043	179,600	1,576,899
2024	147,000	531,066	2034	149,000	469,503	2044	183,400	1,730,407
2025	175,000	691,794	2035	152,100	608,678	2045	187,300	1,840,400
2026	178,700	135,385	2036	155,300	738,846	2046	191,200	1,089,782
2027	182,500	319,925	2037	158,600	904,809	2047	195,200	740,219
2028	186,300	466,706	2038	161,900	955,121	2048	199,300	834,841
2029	190,200	661,962	2039	165,300	1,052,236	2049	203,500	1,037,594
2030	194,200	86,399	2040	168,800	1,188,568	2050	207,800	213,837

