



Blackhawk Ranch
Property Owners Association
Reserve Study

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Introduction

A reserve study is a formal planning tool that helps the Blackhawk Ranch POA plan for repair and replacement of common assets. The study is an in-depth analysis of the property owner's assets, current reserve funds and risks.

The BHR Board of directors conducted this study to determine the appropriate amount of funds to retain in the BHR POA reserves financial account. A reserves account is maintained to respond to emergencies such as road wash outs or other unforeseen incidents.

This study should be reassessed each year to determine if the reserves balance should be changed considering increasing costs and any increase to annual property owner's assessments.

Requirements

According to Altitude Law, a reserve study should include:

- A listing of the components to be maintained, including their quality, useful life, remaining useful life, and current replacement cost.
- A projection of the reserve fund starting balance, reserve contributions needed, expected reserve expenses, and the estimated ending reserve fund balance going out at least 20 years.

Analysis

This study performed an analysis on three areas that present financial risks to the POA: assessments, delinquent dues and assets.

Assessments

Each year the BHR POA collects dues from the property owners to maintain the POA's assets. The POA consists of 185 parcels with current annual assessments set at \$450 per year. Best practice is to set aside between 15% and 40% of total assessments in reserves. This study recommends a set aside of 35% of the annual dues or \$29,137.50.

Delinquent Dues

During any given year, the POA has property owners that are late paying their annual dues or do not pay at all. The Annual assessments of \$450 are due the 31st of January each year. During 2022, an examination of the January financials revealed 48 of 185 or 26% of property owners had not paid their dues on time. This consisted of an outstanding balance of \$29,789.89 including interest and penalties. The June 2022 financial report indicated 13 property assessments remained outstanding for a total value of \$9,267.03.

The board of directors have improved the delinquent property owners process which is yielding positive results with outstanding balance at the date of report of \$4,755.66. This is an improvement of 62% over the balance of \$12,399.38 from the July 2021 financial report.

Based on historical delinquent property owner assessments, recommend a set aside of 9% or \$7,700 for delinquent dues.

Assets

Assets including roads, equipment, entry gate and road signs. Equipment included the chipper, noxious weeds sprayers, and fire mitigation water tank.

Each committee collected a list of assets and created their own method of valuation. Based on this input, a risk assessment was performed on each asset. Weighed factors were developed in three categories:

- Low: 1%
- Low – Medium: 3%
- Medium: 5%

The weighted factors were assessed against the value of the asset to determine the risk value. The greatest valued asset is the roads with a total of \$2.7M. The risks to the majority of BHR POA assets is low. The details of the assessment are included in Table 1.

The total risk weighted value of assets is \$29,115.20.

Summary of Results

This study recommends a maintaining a reserves balance of \$66K.

- Assessments: 35% of annual assessments or \$29,137.50
- Delinquent Dues: \$7,700
- Assets: \$29,137.50
- Total: \$65,952.70

References

Colorado Common Interest Ownership Act (CCIOA)

[Altitude Community Law – Reserve Funds 101](#)

BHR Reserve Study Detailed Assessment

Table 1 - Asset Analysis

Asset	Est Value	Est Method	Risk Assessment	Risk Factor	Risk Value
BHR Roads	\$2,754,267.27		Low. There is no significant history of emergency repair to roads and culverts. Annual maintenance historically covers typical repairs	1%	\$27,542.67
Roads	\$1,994,250.00	Tab #2	Low		
Culverts	\$810,071.21	Tab #2	Low		
BHR Front Gate	\$5,896.05		Low. There is no history of emergency repair to the front gate	1%	\$58.96
Labor & Stone	\$4,971.50	Actual Cost	Low.		
Steel Rails	\$174.55	Actual Cost	Low		
Pep / Paint Gates	\$750.00	Actual Cost	Low		
BHR Signage	\$9,840.54	No labor included	Low - Med. There is no history or significant repair to signage. But there is a risk of damage due to accidents and/or acts of nature.	3%	\$246.01
Street Signs / Posts	\$7,000.00	Costs	Low - med		
Fire Signs / Posts	\$1,200.00	Comparables	Low - med		
BHR Gate Signs / Posts	\$900.00	Compables	Low - med		
Road Safety Signs /	\$549.87	Actual Cost	Low - med		
Neighborhood Watch Signs	\$190.67	Actual Coast	Low - med		
BHR Equipment / Tanks / Infrastructure	\$34,355.00				

BHR Chipper	\$22,500.00	Actual Cost	Med. Risk of medium is assigned due to the chipper being available for rent to training POA members. Some damage has occurred when renting chipper. Fully depreciated.	5%	\$1,125.00
Fire Water Tank / Valving	\$2,980.00	Replacement Cost	Low. The tank is set far enough off of the road to avoid damage from vehicle traffic.	1%	\$29.80
Fire Water Tank Pad	\$5,500.00	Actual Cost	Low. The tank is set far enough off of the road to avoid damage from vehicle traffic.	1%	\$55.00
Weed Spraying Trailer, Pump, Tank	\$2,775.00	Parts Est Tab #3	Low. The trailer is used by the weed chair and has not been damaged in the past. The trailer does not get a lot of use.	1%	\$27.75
4 gal Backpack sprayers x 4	\$600.00	Estimated	Med. The sprayers are frequently used by the weed committee and occasionally rented to property owners increasing the risk of damage.	5%	\$30.00
Grand Total	\$2,804,358.86				\$29,115.20

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