



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 examined each year to determine if the reserves balance should be changed considering increasing costs, increases to annual property owner's assessments, and changes in risk factors.

## **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 184 parcels with current annual assessments set at \$450 per year totaling \$82,800. Annual assessment are used to maintain POA assets, emergency preparedness, snow removal, general administrative services, etc.

The purpose of the Assessments set aside is to cover incidents that are not planned into the annual budget. Examples include excessive snow events that greatly exceed the snow removal budget, fires that result in trees blocking roadways, and unknown unknowns. Unknown unknowns are risks of unforeseeable events or events that are unpredictable.

As an example, a significant snow storm during 2024 contributed to snow removal costs exceeding the annual snow removal budget by 275% or \$19,000 over budget. Multiple events of this nature would result in an annual budget overrun and possible special assessments to cover operating costs.

Based on historical events and best practices, this study recommends a set aside of 30% of the annual dues or \$24840.

## **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 31<sup>st</sup> of January each year. An examination of the January 2024 financial statements revealed unpaid dues totaling \$31,752.09 for 52 properties.

An examination of the financial statement from November 2024 (the most current data at the time of the writing of this document) reveal delinquent dues balance of \$13,720.78 from 9 properties or 15.7% of the annual budget. All multiple year or repeat offenders. The September 2023 delinquent dues balance was \$8,909.54, and September 2022 was \$4,344.99 for six properties. This is an increase of delinquencies of over 300% in since 2022.

Based on historical delinquent property owner assessments and the increasing delinquency rate, recommend a set aside of 15% of the annual dues income or \$12,420 ( $\$82,800 * 15\%$ ) 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 during the 2022 reserves study assessment. The 2024 valuation uses this data and factors in inflation based the 2022 and US Consumer Price Index. Based on this data, 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 \$3.1M. 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 \$33,424.25.

## **Summary of Results**

This study recommends increasing the reserves balance as follows:

- Assessments: 30% of annual assessments or \$24,840
- Delinquent Dues: \$12,420
- Assets: \$33,424.25
- Total: \$70,684.25

## **Funding**

As a rule of thumb, reserves accounts should be at least 70 percent funded with a goal of fully funding according to a board approved funding plan. The funding plan must include how the account will be funded including a reasonable timeline.

Methods to fund a reserves account include using unspent annual budget, grant funds, accrual of interest or special assessments. Special assessment should be a last resort as funding only used when significant events drain the reserves account.

## **References**

Colorado Common Interest Ownership Act (CCIOA)

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

BHR Reserve Study Detailed Assessment

[Consumer Price Index](#)

**Table 1 - Asset Analysis**

Asset	Est Value	Est Value 2024	Est Method	Risk Assessment	Risk Factor	Risk Value
<b>BHR Roads</b>	<b>\$2,754,267.27</b>	<b>\$3,161,898.83</b>		Low. One recent significant wash our on 4 Mile canyon road is an example of emergency road repair. Annual maintenance historically covers typical repairs	1%	\$31,618.99
Roads	\$1,994,250.00	<b>\$2,289,399.00</b>	Tab #2	Low		
Culverts	\$810,071.21	<b>\$929,961.75</b>	Tab #2	Low		
<b>BHR Front Gate</b>	<b>\$5,896.05</b>	<b>\$6,768.67</b>		Low. There is no history of emergency repair to the front gate	1%	\$67.69
Labor & Stone	\$4,971.50	<b>\$5,707.28</b>	Actual Cost	Low.		
Steel Rails	\$174.55	<b>\$200.38</b>	Actual Cost	Low		
Pep / Paint Gates	\$750.00	<b>\$861.00</b>	Actual Cost	Low		
<b>BHR Signage</b>	<b>\$9,840.54</b>	<b>\$11,296.94</b>	<b>No labor included</b>	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%	\$282.42
Street Signs / Posts	\$7,000.00	<b>\$8,036.00</b>	Costs	Low - med		
Fire Signs / Posts	\$1,200.00	<b>\$1,377.60</b>	Comparables	Low - med		
BHR Gate Signs / Posts	\$900.00	<b>\$1,033.20</b>	Compables	Low - med		
Road Safety Signs /	\$549.87	<b>\$631.25</b>	Actual Cost	Low - med		
Neighborhood Watch Signs	\$190.67	<b>\$218.89</b>	Actual Coast	Low - med		
<b>BHR Equipment / Tanks / Infrastructure</b>	<b>\$34,355.00</b>	<b>\$39,439.54</b>				
BHR Chipper	\$22,500.00	<b>\$25,830.00</b>	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%	\$1,291.50

Fire Water Tank / Valving	\$2,980.00	<b>\$3,421.04</b>	Replacement Cost	Low. The tank is set far enough off of the road to avoid damage from vehicle traffic.	1%	\$34.21
Fire Water Tank Pad	\$5,500.00	<b>\$6,314.00</b>	Actual Cost	Low. The tank is set far enough off of the road to avoid damage from vehicle traffic.	1%	\$63.14
Weed Spraying Trailer, Pump, Tank	\$2,775.00	<b>\$3,185.70</b>	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%	\$31.86
4 gal Backpack sprayers x 4	\$600.00	<b>\$688.80</b>	Estimated	Med. The sprayers are frequently used by the weed committee and occasionally rented to property owners increasing the risk of damage.	5%	\$34.44
<b>Grand Total</b>	<b>\$2,804,358.86</b>	<b>\$3,219,403.97</b>				<b>\$33,424.25</b>

Table 1, Asset Analysis - 4