

## UPCOMING Residential Deed Restriction INSPECTIONS

During July and August, the Association's Community Standards Coordinators will be out performing deed restriction inspections in the following villages/neighborhoods:

**July: Sawmill Lake Shipman's Landing, and Sienna Oaks**

**August: Steep Bank East, Steep Bank West, Waters Lake**

The Association encourages all residents to take a few minutes and look over their property for any potential Deed Restriction issue that may result in a violation.



## ASSOCIATION AUDITS Available

The 2023 audits for the Sienna Associations are now complete.

These audits are available online at Siennanet > Administration by Association.

For further information or questions, please contact Michael Dei, Director of Finance, via email at [michaeld@clubsienna.com](mailto:michaeld@clubsienna.com).

## RESERVE FUNDS - Why & How

Association reserve funds are essential financial resources set aside by associations to cover future costs related to repairing, replacing, and maintaining common elements within the community. These common elements can include amenities like playgrounds, fences, pools, buildings and other critical components. Let's dive deeper into the details:



### 1. Purpose of Reserve Funds:

- Long-Term Planning: Reserve funds serve as a strategic financial planning tool. They help to ensure the Association is prepared for significant expenses that don't generally occur annually.
- Asset Preservation: By allocating funds to reserves, the Association safeguards its assets and maintains the overall quality of the community.
- Mitigating Special Assessments: Having well-funded reserves minimizes the need for sudden special assessments on homeowners, which can be burdensome.

### 2. Difference Between Reserve Funds and Operating Funds:

- Operating Fund: Used for day-to-day expenses, routine maintenance, and ongoing operations. Most transactions occur in this account.
- Reserve Fund: Essentially a savings account, to set aside funds for more substantial repairs, replacements, and unexpected major repairs.

### 3. Ideal Funding Level:

- Reserve Specialists often encourage associations to be 100% funded but no less than 70% funded; however they also recognize that the appropriate amount for associations varies so they encourage boards to adopt funding goals.
- To be 100% funded means that there are enough funds to cover all costs should everything need replacement or repair based on the reserve study schedule. For large associations, such as SCA and SRA, this can mean significant funds are set aside beyond what is realistically needed in the near term.
- For smaller associations if they are only 70% funded it may increase the need for a special assessment.
- The SCA and SRA Boards of Directors have established a policy on reserve funding goals as follows:

Annually each Association, except as indicated in paragraph D below, will establish their funding goal for the next year during the budget process, which will use one of the follow approaches unless otherwise determined by the Board and/or recommended by the Finance Advisory Committee.

1. For Associations which development is close to completion and the association is at least 5 years old, fund reserves equal to the expected reserve expenditures for the next year. This is the least preferred option.
2. Fund reserves equal to the average reserve expenditure (based on reserve study) over 5-20 years.
3. Fund reserves to end the next fiscal year no less than 25% funded based on the reserve report.
4. Fund reserves to end the next fiscal year with an ending balance no less than the equivalent of 1 year's expense in the reserve study, based on the average over 5-20 years equal to the annual reserve expenditures based plus 1 year's reserve expense.

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## RESERVE FUNDS - Why & How (cont'd)

The goal for any of the associations (specifically townhome and condo), or neighborhoods which reserve for individual property maintenance or private roads, will be 100% of the fully funded recommendation in the reserve report.

### 2024 Funding levels against the goals:

- SRA meets 3 out of the 4 goals above
- SCA meets all 4 funding goals as noted above
- All SCA/SRA gated neighborhoods and townhome units (including STHA) are at or above 50% with some more than 100%. The Finance Advisory Committee is further evaluating the need to be 100% for these neighborhoods.

### 4. Common Uses of Reserve Funds:

- Major Repairs and Replacements: Community building roofs, HVAC systems, pools, parking lots, association vehicles, and equipment.
- Infrastructure Maintenance: Common area sidewalks, fences, lighting, and landscaping. For gated neighborhoods, infrastructure maintenance would also include private streets and gate systems. For townhome units, infrastructure maintenance would include exterior materials.
- Amenities and Common Areas: Playground equipment, tennis and racquetball courts, and other shared spaces.
- Unforeseen Emergencies: Natural disasters (if not covered by insurance) and other unexpected damages.

### 5. Reserve Studies:

- Professional Evaluation: Regular reserve studies, prepared by third party reserve specialists would assess major assets and estimate repair/replacement timelines and estimate associated replacement costs.
- Frequency: On-site evaluations performed every 3 years and in the other years, a financial update is prepared. Reserve studies are complete in advance of each year's annual budget to incorporate current reserve estimates into the annual budget projections.
- Critical Insights: Helps the association plan for future expenses and adjust funding levels as needed.

### 6. Consequences of Underfunded Reserves:

- Special Assessments: When reserves fall short, homeowners may face special assessments to cover expenses; or the condition of the assets deteriorates if not maintained.
- Increased Dues: Associations may have to raise assessments to compensate for inadequate reserves.

In summary, an association's reserve funds are a crucial aspect of responsible financial management; and associations must prioritize maintaining healthy reserves to ensure the long-term well-being of the community. The Sienna Management Team, Finance Advisory Committee, and Boards of Directors actively monitor and evaluate the reserve fund levels so that there are sufficient funds in place to handle needed repairs and replacement without a special assessment or allowing the assets to go into disrepair.

If you would like additional information on the Sienna Associations reserve funds, please contact Michael Dei at [michaeld@clubsienna.com](mailto:michaeld@clubsienna.com)

## Association NEW POLICIES AND UPDATES

At the recent Board of Directors meetings for the Sienna Residential Association (SRA) and the Sienna Community Association (SCA), Board members approved the following combined policies (meaning, applicable to all associations):

- **Parking Policy** - (update) establishes a systematic procedure for enforcing parking related restrictions within the property subject to the jurisdiction of SRA and SCA.
- **Racquet Sports Complex Policy** - (updates) related to reservations and potential loss of access due to non-cancellation of reservations (habitual issues).
- **Sawmill Beach Club Rules** - (new) establishes rules and guidelines for this new amenity.

Once recorded, these new policies and updates will be housed on Siennanet under the Resource Library.



## 60+ GROUP

*Interested in joining other adults  
in a variety of activities -  
game nights, lunch outings,  
pot luck suppers, men's breakfasts,  
pool party and much more?*

Contact Adrienne Streckfus at  
[adestreck@gmail.com](mailto:adestreck@gmail.com)  
or visit us  
on Facebook under Sienna 60+ Group.