

CAPISTRANO BAY DISTRICT
AGENDA REPORT
October 25, 2011

Financial Reports

ITEM G.4

Reserve Study Report

On September 26th, *Foresight Financial Services Inc.* was hired to prepare a Reserve Study for the District. The firm wanted 30 days to complete their work so it may not be ready in time for presentation at the Board meeting.

What is a Reserve Study?

A Reserve Study is a budget planning tool which identifies the current status of the Reserve fund and creates a stable and equitable funding plan to offset the anticipated future expenses of the District's major capital improvement projects. The study consists of two parts: a *physical analysis* of the existing condition of the District's infrastructure (pavement, curbs, gutters, sidewalks, buildings, fences, storm drains, etc.) and a *financial analysis* of the District's financial condition and ability to save money over time to pay for future repairs and replacements.

The purpose of the Reserve Study is to give those who oversee the maintenance of the property a better idea of what major expenses to expect and to provide a more educated estimate of when those expenses will occur. With this information the District can create a more effective budget and be better able to determine what dollar amounts to set aside each year in reserve for those planned property improvement/maintenance expenses.