

CAPISTRANO BAY DISTRICT  
AGENDA REPORT  
January 31, 2012

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*Financial Reports*

ITEM G.4

Reserve Study Report

On September 26<sup>th</sup>, *Foresight Financial Services Inc.* was hired to prepare a Reserve Study for the District. The firm prepared and delivered a draft study that was reviewed by the Board in November and was returned to Foresight with comments and revisions.

Foresight Financial submitted their revision on January 19, part of which will be discussed at the board meeting. The entire document is about 30 pages and will take time to fully analyze. With three new Directors who have not seen the first draft, it may be necessary to bring this item back at the February meeting and have the reserve study engineer present to walk everyone through the document.

In any case, the pertinent part of the Reserve Study (6 pages) is attached for review.

*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.