Treasurer's Report

By Van Rametta, OHCC Treasurer

What's Up with the Reserves?

A CPA friend of mine gets almost giddy talking about numbers. I realize most of you probably don't — but you'd likely agree with her on one thing: numbers tell a story. So, let's look at the real story behind reserves.

When we say "reserves," let's simplify it so we're all on the same page:

Reserves are NOT for major emergencies covered by insurance.

They are for known, predictable future expenses.

Let's bring this home, literally, by comparing reserves to your own family budget.

A Family Budget Example

Imagine you and your spouse are healthy, steadily employed, and have predictable income for the next 30 years. You have good insurance on your home and belongings. Now you sit down to plan for future expenses:

- College for three young children
- A new roof in about 10 years
- A special vacation for your 20th anniversary
- A new car in about 5 years

Let's say you want to save:

- $50,000 for each child's college ($150,000 total)
- $15,000 for the roof
- $10,000 for the trip
- $50,000 for the car

That's $225,000 total — but the money is needed at different times.

You could dump all $225,000 into a "reserve account" today…

But would you? Of course not. You'd instead plan out how much to save each month, so the money is there when you need it — not decades early. That keeps your everyday budget healthy.

So, you save monthly. In the beginning, your reserves might only be 1% of what you eventually need. Do you panic? No. You're following the plan.

Year 5

You've saved enough to fully pay for the car and have made progress toward the other goals.

You buy the car.

Your reserves go down.

Is this bad?

Not at all — you planned for it, and you have a new car; an asset.

Year 10

You replace the roof.

Reserves DROP again, in both actual money and percentage! But you now have a new roof — a major asset.

College Time

You move $50K from the general reserve into a college fund for your oldest child.

Child #2 panics: "The account dropped! We can't afford my college!" But you reassure him:

"We're still fully on track. We're no longer saving for your older sibling, so the funds for you will continue right on schedule. When it's time for you to enter college, we will have 100% of the funds you need."

Each family is different. Some may need a bigger cushion because of uncertain income or poor health. Others may save faster because they expect leaner years ahead. But the principle is the same:

You save gradually, use the funds when needed, and the reserve balance naturally rises and falls. All of that is normal AND healthy.

Now Let's Talk about our HOA

Unlike a family, an HOA doesn't have to worry about losing its "job" or its health. We have:

- steady monthly dues from 1,632 homeowners
- insurance for certain covered catastrophic events
- predictable long-term replacement costs that are budgeted for with reserves

Our priority is keeping the community attractive, functional, and well-maintained so our property values increase and our community is desirable.

And just like your family budget, HOA reserves are meant to go up and down as we use money for roofs, roads, buildings, pools, and other scheduled replacements.

This is exactly how reserves are supposed to work.

About That 100% Funding Idea…

Some people hear "100% funded" and think it must be the gold

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standard.

But think about what that actually means:

To be 100% funded, we would need to collect money NOW for expenses we know won't occur for 15–30 years!

Does that sound financially smart? Would it make us safer? Would it raise property values?

Would it make future buyers excited to live here?

No. In fact, any savvy buyer who saw an HOA insisting on 100% funding for expenses decades away would likely say: "Why are they collecting so much money so early? This HOA is overcharging."

The same is true of saying "EVERY HOA should have reserves of 70%." With a healthy income and a 40-year track record, 40-60% is healthy and 30-70% is adequate. Our outside financial experts have said in our situation, 40% is fine. We have 50% and the path ahead shows the percentage will increase steadily, at a healthy pace. To increase the percentage to 70% or 100% now, we'd be overcharging and taking money from you when it isn't necessary. Asking you to pay extra for improvements and expenditures not expected for 30 years would give you a real reason for questioning the Board and the Reserves!

Over-funding makes us less attractive, not more. And if this community is LESS attractive, then you should worry about not having 1,632 homes paying their assessments and the HOA not being healthy!

The Real Story Our Numbers Tell

Fortunately, this HOA has been managed wisely for 40 years. In that time: We understand we have never needed a special assessment. Not once. (One village issued a special assessment once in the past-but never the Master Board). That alone puts us in rare company among HOAs nationwide.

Our reserves have always done exactly what reserves should do:

- Rise when we save.
- Fall when we pay for scheduled replacements.
- Maintain steady long-term health.
- Support a community that remains highly desirable.

And that is the story our numbers tell. It's not only a great story… it's the FACTS.

SERT CLUB

(Safety & Emergency Response Team)

Neighbor-Helping-Neighbor

HAPPY NEW YEAR FROM THE SERT TEAM

By Tom Porter, President

Every year, I review my accomplishments. Some years the list is longer than others, often because some achievements have been carried over from previous years. This year, I am sharing my list of SERT safety-related goals for 2026:

- Test all our smoke and carbon monoxide detectors
- Test our Amazon Emergency Management System
- Review our insurance coverage to ensure it meets our needs
- Rotate my emergency supplies (out with the old and in with the new)
- Check my First Aid Kits and replace items used in 2025
- Review important documents (Wills, Trusts, Advanced Medical Directives) to ensure they are up to date and easily accessible in an emergency
- Update my emergency contacts and check with neighbors to ensure their information is current
- Update my medical history on my Vial of Life form and SMART911
- Review our house exit plan in case of a fire
- Check fire extinguishers to ensure they are fully charged
- Inspect the house for trip and fall hazards
- Have fun and enjoy retirement! (This may not be a SERT goal, but it's important)

In 2025, the SERT Club ended the year with 363 members, including 27 Lifetime members. Our goal for 2026 is to exceed 400 members. We encourage everyone to renew their membership or upgrade to Lifetime membership. While we have lost some members, we are grateful for the many new residents and encourage them to join SERT.

In 2026, SERT will continue to work towards a safer OHCC experience. Some initiatives may require approval from the Master Board of Directors, while others will only need time and effort to implement. Some ideas being discussed include:

- Assigning a Lead Safety Coordinator for each Village
- Purchasing 2-way radios for Safety Coordinators
- Investigating an emergency warning system for OHCC, like the Tsunami siren and loudspeaker system used in beach communities, or utilizing a group texting service

If you have any ideas, please share them by sending an email to OHCCSERT@gmail.com.

Thank you all for supporting SERT. Please stay safe and healthy in 2026!