

East Mountain

Level 2 Reserve Study



Report Period – 01/01/2021 – 12/31/2021

Client Reference Number	18127
Property Type	Single Family Homes
Number of Units	97
Fiscal Year End	12/31

Type of Study	Update w/Site Visit
Date of Property Inspection	4/21/2020
Prepared By	Dale Gifford
Analysis Method	Cash Flow
Funding Goal	Full Funding

Report prepared on – Friday, June 26, 2020



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Draft

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Glossary of Commonly used Words and Phrases

Executive Summary – East Mountain - ID # 18127

Information to complete this Reserve Study was gathered by performing an on-site inspection of the common area elements. In addition, we also obtained information by contacting any vendors and/or contractors that have worked on the property recently, as well as communicating with the property representative (BOD Member and/or Community Manager). To the best of our knowledge, the conclusions and recommendations of this report are considered reliable and accurate insofar as the information obtained from these sources.

Projected Starting Balance as of 01/01/2021	\$127,228
Ideal Reserve Balance as of 01/01/2021	\$307,220
Percent Funded as of 01/01/2021	41%
Recommended Reserve Contribution (months 1 – 48 / 49 – 360)	\$3,590 / \$1,040
Recommended Special Assessment	\$0

East Mountain is a 97-unit Single Family Home community. The community offers basketball court, playground area, volleyball court, and landscaped areas as amenities. Construction on the community was completed in 1994.

Currently Programmed Projects

Projects programmed to occur this fiscal year (FY2021) include block wall replace (Comp# 1005), volleyball court replenish (Comp# 1208), play area groundcover sand refill (Comp# 1303), street light fixtures replace (Comp# 1609), and landscaping and irrigation system renovate (Comp# 1812). We have programmed an estimated \$227,000 in reserve expenditures toward the completion of these projects. (See page 15)

Significant Reserve Projects

The association's significant reserve projects are basketball court replace (Comp# 1206), landscaping and irrigation system renovate (Comp# 1812), play structure replace (Comp# 1301), and stucco wall courts area repair/repaint (Comp# 208). The fiscal significance of these components is approximately 22%, 15%, 11%, and 9% respectively (see page 9). A component's significance is calculated by dividing its replacement cost by its useful life. In this way, not only is a component's replacement cost considered but also the frequency of occurrence. These components most significantly contribute to the total monthly reserve contribution. As these components have a high level of fiscal significance the association should properly maintain them to ensure they reach their full useful lives.

Reserve Funding

In comparing the projected starting reserve balance of \$127,228 versus the ideal reserve balance of \$307,220 we find the association's reserve fund to be approximately 41% funded. This indicates a fair reserve fund position. In order to continue to strengthen the account fund, we suggest adopting a monthly reserve contribution of \$3,590 (\$37.01/unit) per month for one year and then \$1,040 (\$10.72/unit) per month for twenty-nine years. If the contribution falls below this rate, then the reserve fund may fall into a situation where special assessments, deferred maintenance, and lower property values are likely at some point in the future.

Introduction

Reserve Study Purpose

The purpose of this Reserve Study is to provide the Association with a budgeting tool to help ensure that there are adequate reserve funds available to perform future reserve projects. The detailed schedules will serve as an advance warning that major projects will need to be addressed in the future. This will allow the Association to have ample time to obtain competitive bids for each project. It will also help to ensure the physical well-being of the property and ultimately enhance each owner's investment, while limiting the possibility of unexpected major projects that may lead to special assessments.

Preparer's Credentials

Mr. Gifford has been working in the community association industry for the last 16 years. Prior to taking a position, as the Regional Project Manager covering the Utah region, at Complex Solutions, he worked in community association management in Utah. While in community association management his positions included, Maintenance Supervisor, Senior Portfolio Manager and Vice President of Community Management. His work in community association management gave him extensive experience with; budget creation, reserves and reserve budgeting, community inspections and analyzing common area components.

- Professional Reserve Analyst (PRA) designation from Association of Professional Reserve Analysts (APRA), PRA #2320
- Reserve Specialist (RS) designation from Community Associations Institute (CAI), RS# 231
- Personally has prepared over 1,400 reserve studies in Salt Lake City Utah and surrounding areas
- Bachelor of Science in Chemistry from Emporia State University
- Certified Manager of Community Associations® (CMCA®) designation from the National Board of Certification for Community Association Managers (NBC-CAM)
- Association Management Specialist® (AMS®) designation from Community Associations Institute (CAI)
- Professional Community Association Manager® (PCAM®) designation from Community Associations Institute (CAI), PCAM# 1740,
- Active member and former Board member and chapter President of the Utah Chapter of Community Associations Institute (UCCAI)
- Recipient of Community Associations Institute's (CAI) annual award of Excellence in Chapter Leadership for service an achievement in 2010

Budget Breakdown

Every association conducts their business within a budget. There are typically two main parts to this budget, the Operating budget and the Reserve budget. The operating budget includes all expenses that occur on an annual basis as well as general maintenance and repairs. Typical operating budget line items include management fees, maintenance expenses, utilities, etc. The reserve budget is primarily made up of replacement items such as roofing, fencing, mechanical equipment, etc., that do not normally occur on an annual basis.

Report Sections

Reserve Analysis: this section contains the evaluation of the association's reserve balance, income, and expenses. It includes a finding of the client's current reserve fund status (measured as percent funded) and a recommendation for an appropriate reserve allocation rate (also known as the funding plan).

Component Evaluation: this section contains information regarding the physical status and replacement cost of reserve components the association is responsible to maintain. It is important to understand that while the component inventory will remain relatively "stable" from year to year, the condition assessment and life estimates will most likely vary from year to year.

General Information and Frequently Asked Questions

Is it the law to have a Reserve Study conducted?

The Government requires a reserve study in approximately 20 states. Also, the Association's governing documents may require a reserve fund be established. This does not mean a Reserve Study is required, but how are you going to know if you have enough money in the reserve fund if you do not have the proper information?

Why is it important to perform a Reserve Study?

This report provides the essential information that is needed to guide the Association in establishing the reserve portion of the total monthly assessment. The reserve fund is critical to the future of the association because it helps ensure that reserve projects can be completed on time. When projects are completed on time, deferred maintenance and the lower property values that typically accompany it can be avoided. It is suggested that a third party professionally prepare the Reserve Analysis Study since there is no vested interest in the property.

After we have a Reserve Study, what do we do with it?

Please take the time to review the report carefully and make sure the component information is complete and accurate. If there are any inaccuracies, or changes such as a component that the association feels should be added, removed, or altered, please inform us immediately so we may revise the report. Use the report to help establish your budget for the upcoming fiscal year.

How often do we review and update our Reserve Study?

There is a misconception that a Reserve Study is good for an extended period of time since the report has projections for a thirty year period. The assumptions, interest rates, inflation rates and other information used to create this report change each year. Scheduled events may not happen, unpredictable circumstances could occur, deterioration rates can be unpredictable and repair/replacement costs will vary from causes that are unforeseen. These variations alter the results of the Reserve Study. The Reserve Study should be professionally reviewed each year by having a Level III "no site visit" update reserve study performed. The Reserve Study should be professionally updated every three years by having a Level II "site visit" update reserve study performed.

What is a "Reserve Component" versus an "Operating Component"?

A "Reserve" component is an item that is the responsibility of the association to maintain, has a limited useful life, predictable remaining useful life, typically occurs on a cyclical basis that exceeds one year, and costs above a minimum threshold amount. An "Operating" component is typically a fixed expense that occurs on an annual basis.

What are the GREY areas of "maintenance" items that are often seen in a Reserve Study?

One of the most popular questions revolves around major "maintenance" items, such as painting the buildings or seal coating the asphalt. You may hear from your accountant that since painting or seal coating is not replacing a "capital" item, it cannot be considered a reserve component. However, it is the opinion of several major Reserve Study providers, including Complex Solutions, that these components meet the criteria of a reserve component.

Information and Data Gathered:

The information contained in this report is based on estimates and assumptions gathered from various sources. Estimated life expectancies are based upon conditions that were readily visible and accessible at the time of the site visit. While every effort has been made to ensure accurate results, this report reflects the judgment of Complex Solutions, Ltd. and should not be construed as a guarantee or assurance of predicting future events.

What happens during the Site Visit?

During the site visit we identify the common area components that we have determined require reserve funding. These components are quantified and a physical condition is observed. The site visit is conducted on the common areas as reported by client.

What is the Financial Analysis?

We project the starting balance by taking the most recent reserve fund balance as stated by the client and add expected reserve contributions to the end of the fiscal year. We then subtract the expenses of any pending projects. We compare this number to the Fully Funded Balance and arrive at the Percent Funded level. Based on that level of funding we then recommend a Funding Plan to help ensure the adequacy of funding in the future.

Measures of reserve fund financial strength are as follows:

- 0% - 30% Funded** is considered a “weak” financial position. Associations that fall into this category are more likely to have special assessments and deferred maintenance. Action should be taken to improve the financial strength of the reserve fund.
- 31% - 69% Funded** is considered a “fair” financial position. Associations that fall into this category are less likely to experience special assessments and deferred maintenance than being in a weak financial position. Action should be taken to improve the financial strength of the reserve fund.
- 70% - 99% Funded** is considered a “strong” financial position. Associations that fall into this category are less likely to experience special assessments and deferred maintenance than being in a fair financial position. Action should be taken to improve the financial strength of the reserve fund.
- 100% Funded** is considered an “ideal” financial position. Action should be taken to maintain the financial strength of the reserve fund.

Disclosures:

Information provided to the preparer of a reserve study by an official representative of the association regarding financial, historical, physical, quantitative or reserve project issues will be deemed reliable by the preparer. A reserve study will be a reflection of information provided to the preparer of the reserve study. The total of actual or projected reserves required as presented in the reserve study is based upon information provided that was not audited.

A reserve study is not intended to be used to perform an audit, an analysis of quality, a forensic study or a background check of historical records. An on-site inspection conducted in conjunction with a reserve study should not be deemed to be a project audit or quality inspection.

The results of this study are based on the independent opinion of the preparer and his experience and research during the course of his career in preparing Reserve Studies. In addition the opinions of experts on certain components have been gathered through research within their industry and with client's actual vendors. There is no implied warranty or guarantee regarding our life and cost estimates/predictions. There is no implied warranty or guarantee in any of our work product. Our results and findings will vary from another preparer's results and findings. A Reserve Study is necessarily a work in progress and subsequent Reserve Studies will vary from prior studies.

The projected life expectancy of the reserve components and the funding needs of the reserves of the association are based upon the association performing appropriate routine and preventative maintenance for each component. Failure to perform such maintenance can negatively impact the remaining useful life of the component and dramatically increase the funding needs of the reserves of the association.

This Reserve Study assumes that all construction assemblies and components identified herein are built properly and are free from defects in materials and/or workmanship. Defects can lead to reduced useful life and premature failure. It was not the intent of this Reserve Study to inspect for or to identify defects. If defects exist, repairs should be made so that the construction components and assemblies at the community reach the full and expected useful lives.

Site Visits: Should a site visit have been performed during the preparation of this reserve study no invasive testing was performed. The physical analysis performed during the site visit was not intended to be exhaustive in nature and may have included representative sampling. Estimated life expectancies and life cycles are based upon conditions that were readily accessible and visible at the time of the site visit. We have assumed any and all components have been properly built and will reach normal, typical life expectancies. A reserve study is not intended to identify or fund for construction defects. We did not and will not look for or identify construction defects during our site visit. In addition, environmental hazards (such as lead paint, asbestos, radon, etc.), have been excluded from this report.

Update Reserve Studies:

Level II Studies: Quantities of major components as reported in previous reserve studies are deemed to be accurate and reliable. The reserve study relies upon the validity of previous reserve studies.

Level III Studies: In addition to the above we have not visited the property when completing a Level III “No Site Visit” study. Therefore we have not verified the current condition of the components.

Insurance: We carry general and professional liability insurance as well as workers' compensation insurance.

Actual or Perceived Conflicts of Interest: There are no potential actual or perceived conflicts of interest that we are aware of.

Inflation and Interest Rates: The after tax interest rate used in the financial analysis may or may not be based on the clients reported after tax interest rate. If it is, we have not verified or audited the reported rate. The inflation rate may also be based on an amount we believe appropriate given the 30-year horizon of this study and may or may not reflect current or historical inflation rates.

Component Inventory

Category	ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Best Cost	Worst Cost
Roofing	107	Shake Roof - Replace	30	3	\$2,000	\$3,000
Painted Surfaces	208	Stucco Wall - Courts Area - Repair/Repai	8	2	\$4,000	\$6,000
	290	Gazebo - Repaint	N/A		\$0	\$0
Prop. Identification	801	Monument Signs - Replace	25	0	\$2,000	\$3,000
Fencing	1002	Metal Fencing - Replace	50	40	\$9,000	\$11,000
	1003	Chain Link Fencing - Replace	40	13	\$13,000	\$17,000
	1005	Block Wall - Replace	99	2	\$170,000	\$230,000
	1008	Vinyl Fencing - Replace	30	17	\$5,000	\$7,000
Courts	1206	Basketball Court - Replace	50	23	\$70,000	\$80,000
	1207	Basketball Equipment - Replace	15	0	\$1,500	\$2,500
	1208	Volleyball Court - Replenish	5	0	\$2,500	\$3,500
Recreation Equip.	1301	Play Structure - Replace	25	12	\$15,000	\$20,000
	1303	Play Area Groundcover - Sand - Refill	5	0	\$1,500	\$2,500
	1303	Play Area Groundcover - Woodchip - Ref	5	2	\$1,000	\$1,500
	1305	Barbecue Grills - Replace	15	3	\$1,500	\$2,000
	1306	Picnic Tables - Replace	15	3	\$2,400	\$3,000
	1309	Gazebo - Refurbish	10	8	\$1,500	\$2,500
	1390	Swing Set - Replace	40	13	\$6,000	\$8,000
Light Fixtures	1609	Street Light Fixtures - Replace	20	0	\$1,500	\$2,500
Landscaping	1809	Fountain - Replace	N/A		\$0	\$0
	1812	Landscaping & Irrigation System - Renov	20	0	\$15,000	\$25,000

Funding Summary

Beginning Assumptions

# of units	97
Fiscal Year End	31-Dec
Budgeted Monthly Reserve Allocation	\$595
Projected Starting Reserve Balance	\$127,228
Ideal Starting Reserve Balance	\$307,220

Economic Assumptions

Projected Inflation Rate	3.00%
Reported After-Tax Interest Rate	0.10%

Current Reserve Status

Current Balance as a % of Ideal Balance	41%
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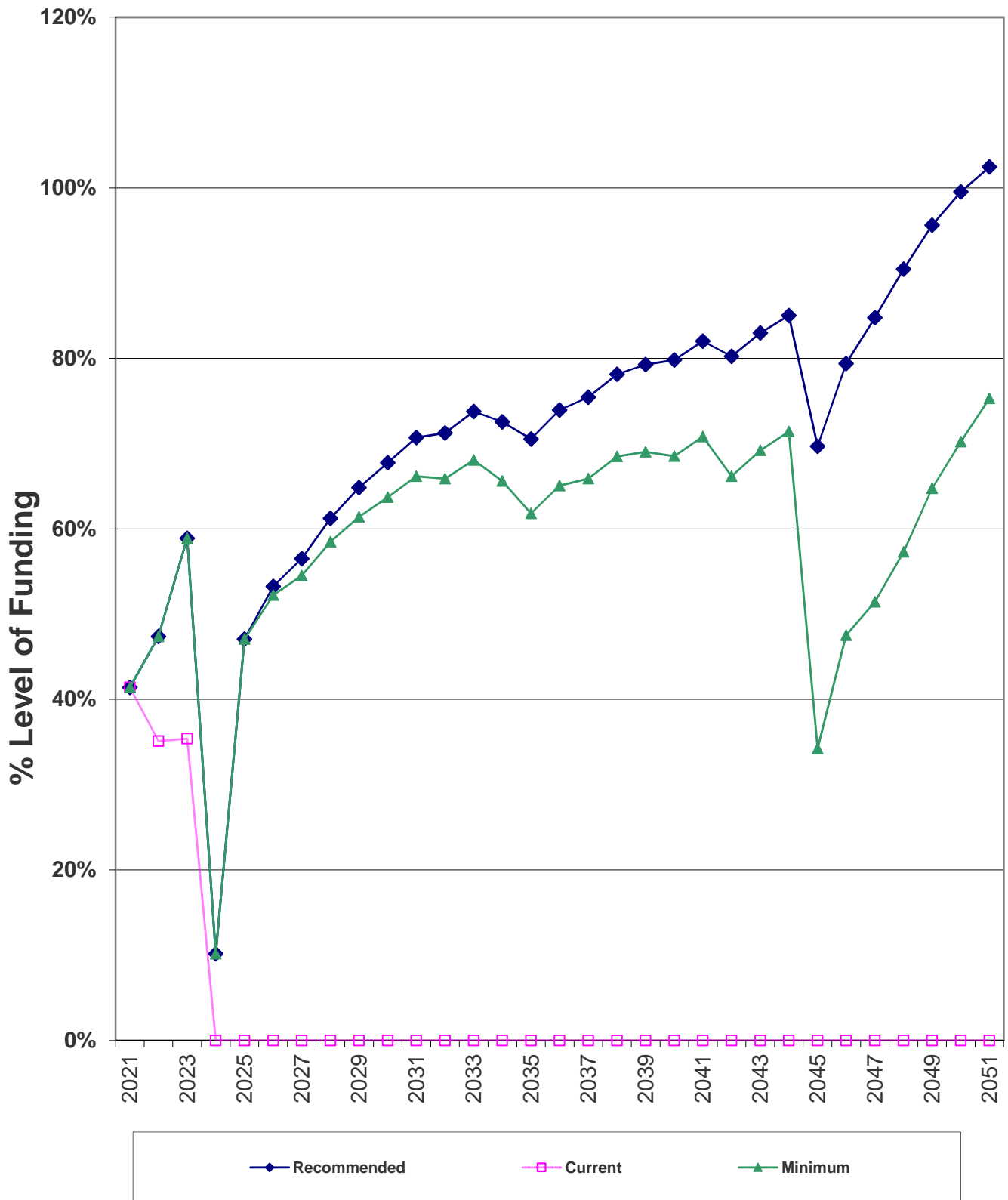
Recommendations (FY 2021-2024)

Recommended Monthly Reserve Allocation	\$3,590
Per Unit	\$37.01
Future Annual Increases	3.00%
For number of years:	4

Recommendations (FY 2025-2050)

Recommended Monthly Reserve Allocation	\$1,040
Per Unit	\$10.72
Future Annual Increases	3.00%
For number of years:	26
70% Funded Monthly Reserve Allocation Reference	\$940
Per Unit	\$9.69
Future Annual Increases	3.00%
For number of years:	26

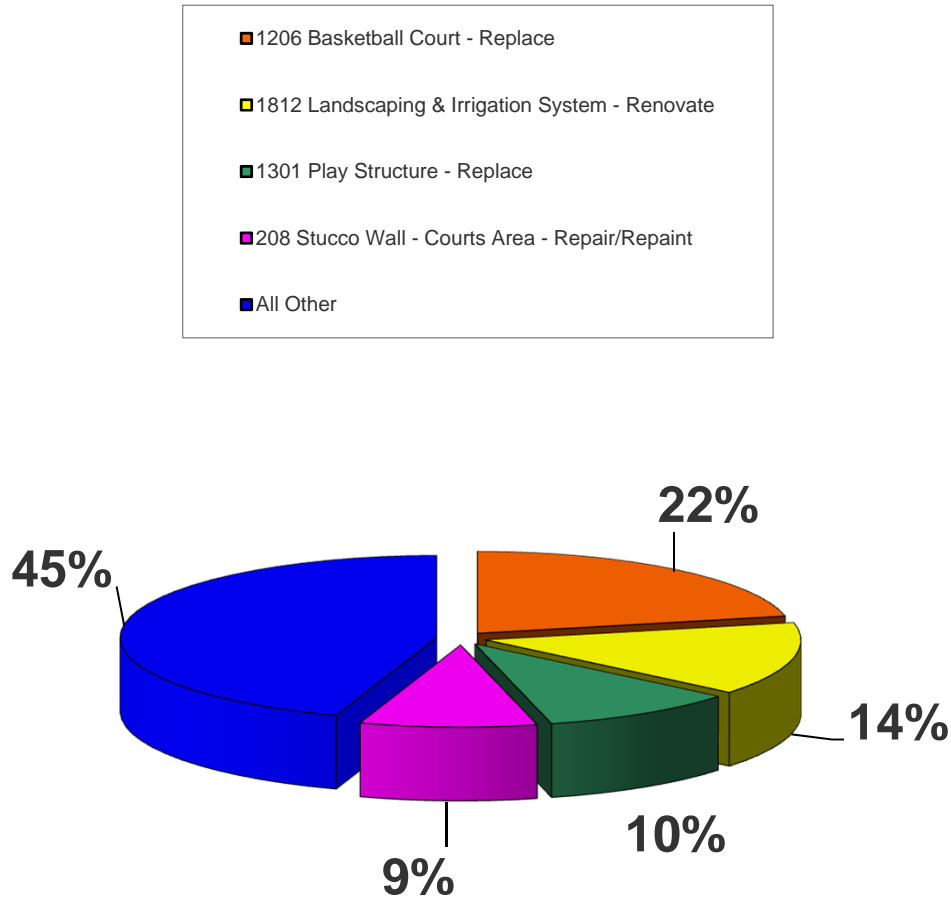
Percent Funded - Graph



Significant Components

ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Average Current Cost	Significance: (Curr Cost/UL)	
					As \$	As %
107	Shake Roof - Replace	30	3	\$2,500	\$83	1.2011%
208	Stucco Wall - Courts Area - Repair/Rep	8	2	\$5,000	\$625	9.0079%
801	Monument Signs - Replace	25	0	\$2,500	\$100	1.4413%
1002	Metal Fencing - Replace	50	40	\$10,000	\$200	2.8825%
1003	Chain Link Fencing - Replace	40	13	\$15,000	\$375	5.4048%
1005	Block Wall - Replace	99	2	\$200,000	\$0	0.0000%
1008	Vinyl Fencing - Replace	30	17	\$6,000	\$200	2.8825%
1206	Basketball Court - Replace	50	23	\$75,000	\$1,500	21.6190%
1207	Basketball Equipment - Replace	15	0	\$2,000	\$133	1.9217%
1208	Volleyball Court - Replenish	5	0	\$3,000	\$600	8.6476%
1301	Play Structure - Replace	25	12	\$17,500	\$700	10.0889%
1303	Play Area Groundcover - Sand - Refill	5	0	\$2,000	\$400	5.7651%
1303	Play Area Groundcover - Woodchip - R	5	2	\$1,250	\$250	3.6032%
1305	Barbecue Grills - Replace	15	3	\$1,750	\$117	1.6815%
1306	Picnic Tables - Replace	15	3	\$2,700	\$180	2.5943%
1309	Gazebo - Refurbish	10	8	\$2,000	\$200	2.8825%
1390	Swing Set - Replace	40	13	\$7,000	\$175	2.5222%
1609	Street Light Fixtures - Replace	20	0	\$2,000	\$100	1.4413%
1812	Landscaping & Irrigation System - Rend	20	0	\$20,000	\$1,000	14.4127%

Significant Components - Graph



ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Average Current Cost	Significance: (Curr Cost/UL)	
					As \$	As %
1206	Basketball Court - Replace	50	23	\$75,000	\$1,500	22%
1812	Landscaping & Irrigation System - Ren	20	0	\$20,000	\$1,000	14%
1301	Play Structure - Replace	25	12	\$17,500	\$700	10%
208	Stucco Wall - Courts Area - Repair/Re	8	2	\$5,000	\$625	9%
All Other	See Expanded Table For Breakdown				\$3,113	45%

Yearly Summary

Year	Fully Funded Balance	Starting Reserve Balance	% Funded	Reserve Contributions	Interest Income	Reserve Expenses	Ending Reserve Balance
2021	\$307,220	\$127,228	41%	\$43,080	\$133	\$31,500	\$138,941
2022	\$293,218	\$138,941	47%	\$44,372	\$161	\$0	\$183,475
2023	\$311,519	\$183,475	59%	\$45,704	\$97	\$218,811	\$10,465
2024	\$103,071	\$10,465	10%	\$47,075	\$30	\$7,594	\$49,975
2025	\$106,150	\$49,975	47%	\$12,480	\$56	\$0	\$62,511
2026	\$117,378	\$62,511	53%	\$12,854	\$66	\$5,796	\$69,635
2027	\$123,214	\$69,635	57%	\$13,240	\$76	\$0	\$82,952
2028	\$135,444	\$82,952	61%	\$13,637	\$89	\$1,537	\$95,141
2029	\$146,713	\$95,141	65%	\$14,046	\$101	\$2,534	\$106,754
2030	\$157,558	\$106,754	68%	\$14,468	\$114	\$0	\$121,336
2031	\$171,609	\$121,336	71%	\$14,902	\$122	\$13,439	\$122,921
2032	\$172,519	\$122,921	71%	\$15,349	\$131	\$0	\$138,400
2033	\$187,587	\$138,400	74%	\$15,809	\$133	\$26,733	\$127,610
2034	\$175,869	\$127,610	73%	\$16,284	\$120	\$32,308	\$111,705
2035	\$158,363	\$111,705	71%	\$16,772	\$120	\$0	\$128,597
2036	\$173,924	\$128,597	74%	\$17,275	\$132	\$10,906	\$135,099
2037	\$179,042	\$135,099	75%	\$17,793	\$144	\$0	\$153,036
2038	\$195,882	\$153,036	78%	\$18,327	\$156	\$11,983	\$159,537
2039	\$201,228	\$159,537	79%	\$18,877	\$159	\$19,493	\$159,080
2040	\$199,353	\$159,080	80%	\$19,443	\$169	\$0	\$178,693
2041	\$217,865	\$178,693	82%	\$20,027	\$164	\$48,765	\$150,119
2042	\$187,081	\$150,119	80%	\$20,628	\$161	\$0	\$170,907
2043	\$205,988	\$170,907	83%	\$21,246	\$180	\$2,395	\$189,938
2044	\$223,394	\$189,938	85%	\$21,884	\$127	\$148,019	\$63,930
2045	\$91,740	\$63,930	70%	\$22,540	\$75	\$0	\$86,546
2046	\$109,020	\$86,546	79%	\$23,216	\$90	\$15,703	\$94,149
2047	\$111,079	\$94,149	85%	\$23,913	\$101	\$10,783	\$107,380
2048	\$118,717	\$107,380	90%	\$24,630	\$118	\$2,777	\$129,352
2049	\$135,293	\$129,352	96%	\$25,369	\$140	\$4,576	\$150,285
2050	\$150,989	\$150,285	100%	\$26,130	\$163	\$0	\$176,579

Reserve Contributions - Graph

Monthly Reserve Contributions



Component Funding Information

ID	Component Name	UL	RUL	Quantity	Average Current Cost	Ideal Balance	Current Fund Balance	Monthly
107	Shake Roof - Replace	30	3	Approx 325 Sq.ft.	\$2,500	\$2,250	\$0	\$43.12
208	Stucco Wall - Courts Area - Repair/Repaint	8	2	Approx 3,600 Sq.ft.	\$5,000	\$3,750	\$3,750	\$323.38
801	Monument Signs - Replace	25	0	(2) Signs	\$2,500	\$2,500	\$2,500	\$51.74
1002	Metal Fencing - Replace	50	40	Approx 100 Linear ft.	\$10,000	\$2,000	\$0	\$103.48
1003	Chain Link Fencing - Replace	40	13	Approx 500 Linear ft.	\$15,000	\$10,125	\$0	\$194.03
1005	Block Wall - Replace	99	2	Approx 6,500 Sq.ft.	\$200,000	\$195,960	\$91,978	\$0.00
1008	Vinyl Fencing - Replace	30	17	Approx 195 Linear ft.	\$6,000	\$2,600	\$0	\$103.48
1206	Basketball Court - Replace	50	23	(1) Court	\$75,000	\$40,500	\$0	\$776.12
1207	Basketball Equipment - Replace	15	0	(2) Backboards	\$2,000	\$2,000	\$2,000	\$68.99
1208	Volleyball Court - Replenish	5	0	(1) Court	\$3,000	\$3,000	\$3,000	\$310.45
1301	Play Structure - Replace	25	12	(1) Structure	\$17,500	\$9,100	\$0	\$362.19
1303	Play Area Groundcover - Sand - Refill	5	0	Approx 1,350 Sq.ft.	\$2,000	\$2,000	\$2,000	\$206.97
1303	Play Area Groundcover - Woodchip - Refill	5	2	Approx 900 Sq.ft.	\$1,250	\$750	\$0	\$129.35
1305	Barbecue Grills - Replace	15	3	(3) Grills	\$1,750	\$1,400	\$0	\$60.37
1306	Picnic Tables - Replace	15	3	(3) Picnic Tables	\$2,700	\$2,160	\$0	\$93.13
1309	Gazebo - Refurbish	10	8	(1) Gazebo	\$2,000	\$400	\$0	\$103.48
1390	Swing Set - Replace	40	13	(1) Swing Set	\$7,000	\$4,725	\$0	\$90.55
1609	Street Light Fixtures - Replace	20	0	(2) Fixtures	\$2,000	\$2,000	\$2,000	\$51.74
1812	Landscaping & Irrigation System - Renovate	20	0	Extensive Sq.ft.	\$20,000	\$20,000	\$20,000	\$517.42

Yearly Cash Flow

Year	2021	2022	2023	2024	2025
Starting Balance	\$127,228	\$138,941	\$183,475	\$10,465	\$49,975
<i>Reserve Income</i>	\$43,080	\$44,372	\$45,704	\$47,075	\$12,480
<i>Interest Earnings</i>	\$133	\$161	\$97	\$30	\$56
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$170,441	\$183,475	\$229,275	\$57,569	\$62,511
Reserve Expenditures	\$31,500	\$0	\$218,811	\$7,594	\$0
Ending Balance	\$138,941	\$183,475	\$10,465	\$49,975	\$62,511

Year	2026	2027	2028	2029	2030
Starting Balance	\$62,511	\$69,635	\$82,952	\$95,141	\$106,754
<i>Reserve Income</i>	\$12,854	\$13,240	\$13,637	\$14,046	\$14,468
<i>Interest Earnings</i>	\$66	\$76	\$89	\$101	\$114
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$75,432	\$82,952	\$96,678	\$109,288	\$121,336
Reserve Expenditures	\$5,796	\$0	\$1,537	\$2,534	\$0
Ending Balance	\$69,635	\$82,952	\$95,141	\$106,754	\$121,336

Year	2031	2032	2033	2034	2035
Starting Balance	\$121,336	\$122,921	\$138,400	\$127,610	\$111,705
<i>Reserve Income</i>	\$14,902	\$15,349	\$15,809	\$16,284	\$16,772
<i>Interest Earnings</i>	\$122	\$131	\$133	\$120	\$120
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$136,360	\$138,400	\$154,343	\$144,013	\$128,597
Reserve Expenditures	\$13,439	\$0	\$26,733	\$32,308	\$0
Ending Balance	\$122,921	\$138,400	\$127,610	\$111,705	\$128,597

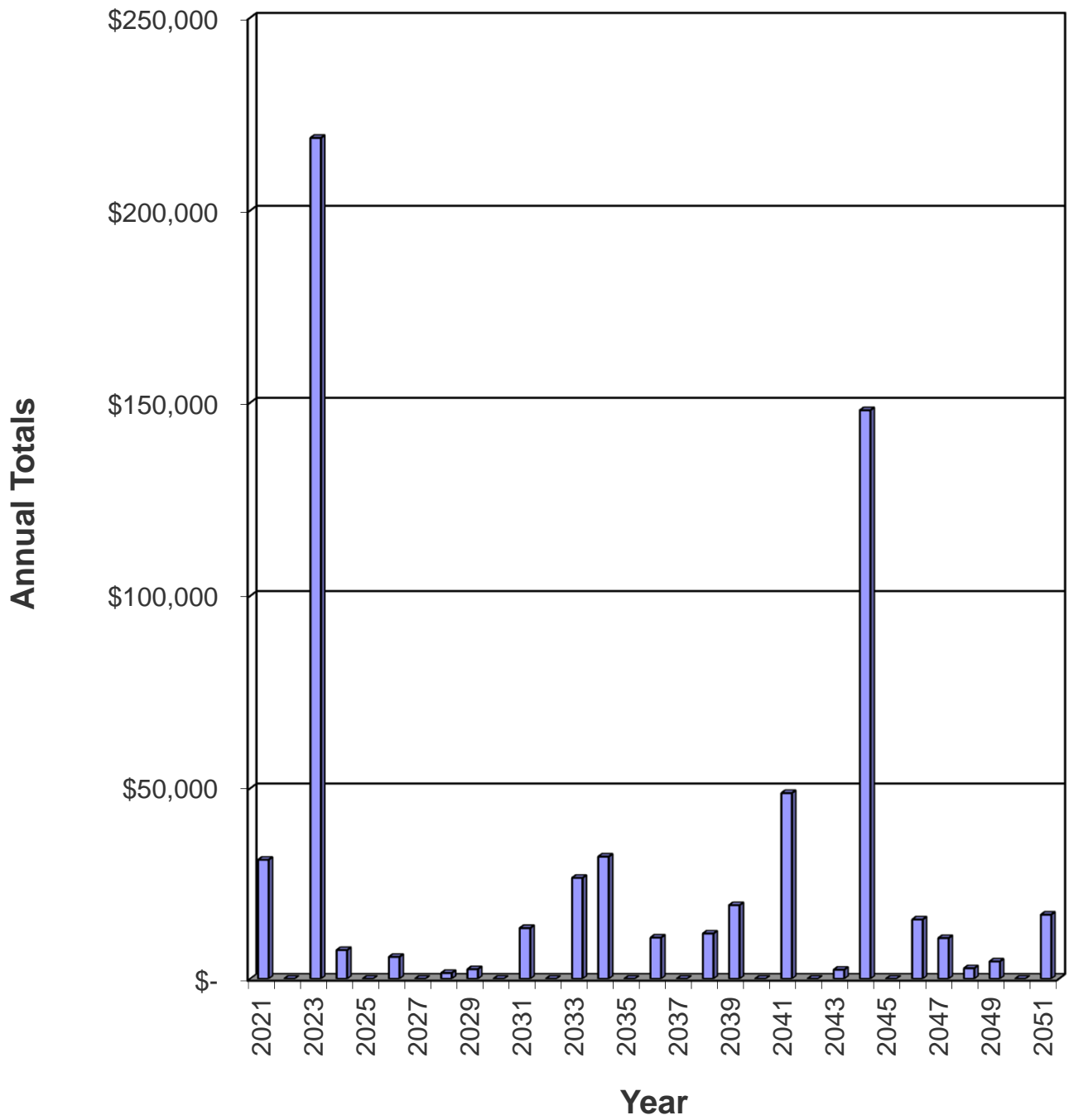
Year	2036	2037	2038	2039	2040
Starting Balance	\$128,597	\$135,099	\$153,036	\$159,537	\$159,080
<i>Reserve Income</i>	\$17,275	\$17,793	\$18,327	\$18,877	\$19,443
<i>Interest Earnings</i>	\$132	\$144	\$156	\$159	\$169
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$146,004	\$153,036	\$171,520	\$178,573	\$178,693
Reserve Expenditures	\$10,906	\$0	\$11,983	\$19,493	\$0
Ending Balance	\$135,099	\$153,036	\$159,537	\$159,080	\$178,693

Year	2041	2042	2043	2044	2045
Starting Balance	\$178,693	\$150,119	\$170,907	\$189,938	\$63,930
<i>Reserve Income</i>	\$20,027	\$20,628	\$21,246	\$21,884	\$22,540
<i>Interest Earnings</i>	\$164	\$161	\$180	\$127	\$75
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$198,884	\$170,907	\$192,333	\$211,949	\$86,546
Reserve Expenditures	\$48,765	\$0	\$2,395	\$148,019	\$0
Ending Balance	\$150,119	\$170,907	\$189,938	\$63,930	\$86,546

Year	2046	2047	2048	2049	2050
Starting Balance	\$86,546	\$94,149	\$107,380	\$129,352	\$150,285
<i>Reserve Income</i>	\$23,216	\$23,913	\$24,630	\$25,369	\$26,130
<i>Interest Earnings</i>	\$90	\$101	\$118	\$140	\$163
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$109,852	\$118,163	\$132,129	\$154,861	\$176,579
Reserve Expenditures	\$15,703	\$10,783	\$2,777	\$4,576	\$0
Ending Balance	\$94,149	\$107,380	\$129,352	\$150,285	\$176,579



Yearly Reserve Expenditures - Graph



Projected Reserve Expenditures by Year

Year	ID #	Component Name	Projected Cost	Total Per Annum
2021	801	Monument Signs - Replace	\$2,500	
	1207	Basketball Equipment - Replace	\$2,000	
	1208	Volleyball Court - Replenish	\$3,000	
	1303	Play Area Groundcover - Sand - Refill	\$2,000	
	1609	Street Light Fixtures - Replace	\$2,000	
	1812	Landscaping & Irrigation System - Renovate	\$20,000	\$31,500
2022		No Expenditures Projected		\$0
2023	208	Stucco Wall - Courts Area - Repair/Repaint	\$5,305	
	1005	Block Wall - Replace	\$212,180	
	1303	Play Area Groundcover - Woodchip - Refill	\$1,326	\$218,811
2024	107	Shake Roof - Replace	\$2,732	
	1305	Barbecue Grills - Replace	\$1,912	
	1306	Picnic Tables - Replace	\$2,950	\$7,594
2025		No Expenditures Projected		\$0
2026	1208	Volleyball Court - Replenish	\$3,478	
	1303	Play Area Groundcover - Sand - Refill	\$2,319	\$5,796
2027		No Expenditures Projected		\$0
2028	1303	Play Area Groundcover - Woodchip - Refill	\$1,537	\$1,537
2029	1309	Gazebo - Refurbish	\$2,534	\$2,534
2030		No Expenditures Projected		\$0
2031	208	Stucco Wall - Courts Area - Repair/Repaint	\$6,720	
	1208	Volleyball Court - Replenish	\$4,032	
	1303	Play Area Groundcover - Sand - Refill	\$2,688	\$13,439
2032		No Expenditures Projected		\$0
2033	1301	Play Structure - Replace	\$24,951	
	1303	Play Area Groundcover - Woodchip - Refill	\$1,782	\$26,733
2034	1003	Chain Link Fencing - Replace	\$22,028	
	1390	Swing Set - Replace	\$10,280	\$32,308
2035		No Expenditures Projected		\$0
2036	1207	Basketball Equipment - Replace	\$3,116	
	1208	Volleyball Court - Replenish	\$4,674	
	1303	Play Area Groundcover - Sand - Refill	\$3,116	\$10,906
2037		No Expenditures Projected		\$0
2038	1008	Vinyl Fencing - Replace	\$9,917	
	1303	Play Area Groundcover - Woodchip - Refill	\$2,066	\$11,983
2039	208	Stucco Wall - Courts Area - Repair/Repaint	\$8,512	
	1305	Barbecue Grills - Replace	\$2,979	
	1306	Picnic Tables - Replace	\$4,597	
	1309	Gazebo - Refurbish	\$3,405	\$19,493
2040		No Expenditures Projected		\$0
2041	1208	Volleyball Court - Replenish	\$5,418	
	1303	Play Area Groundcover - Sand - Refill	\$3,612	
	1609	Street Light Fixtures - Replace	\$3,612	
	1812	Landscaping & Irrigation System - Renovate	\$36,122	\$48,765

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Year	Comp ID	Component Name	Projected Cost	Total Per Annum
2042		No Expenditures Projected		\$0
2043	1303	Play Area Groundcover - Woodchip - Refill	\$2,395	\$2,395
2044	1206	Basketball Court - Replace	\$148,019	\$148,019
2045		No Expenditures Projected		\$0
2046	801	Monument Signs - Replace	\$5,234	
	1208	Volleyball Court - Replenish	\$6,281	
	1303	Play Area Groundcover - Sand - Refill	\$4,188	\$15,703
2047	208	Stucco Wall - Courts Area - Repair/Repaint	\$10,783	\$10,783
2048	1303	Play Area Groundcover - Woodchip - Refill	\$2,777	\$2,777
2049	1309	Gazebo - Refurbish	\$4,576	\$4,576
2050		No Expenditures Projected		\$0

Component Evaluation

Comp #: 107 Shake Roof - Replace



Location: Gazebo Roof

Quantity: Approx 325 Sq.ft.

Life Expectancy: 30 *Remaining Life:* 3

Best Cost: \$2,000

Estimate to replace

Worst Cost: \$3,000

Higher estimate

Source of Information: CSL Cost Database

Observations:

The wood shake roof is in fair condition. We recommend funding to replace this component approximately every 25 - 35 years. Remaining life based on current age.

General Notes:

Comp #: 208 Stucco Wall - Courts Area - Repair/Repaint



Location: **Basketball & Volleyball Courts Area**

Quantity: **Approx 3,600 Sq.ft.**

Life Expectancy: **8** *Remaining Life:* **2**

Best Cost: **\$4,000**

\$Estimate to repair/repaint

Worst Cost: **\$6,000**

Higher estimate

Source of Information: CSL Cost Database

Observations:

The stucco wall surfaces are in good to fair condition. We recommend funding to repair/repaint this component approximately every 8 - 10 years. Remaining life based on current age.

General Notes:

Comp #: 290 Gazebo - Repaint



Location: **Common Area**

Quantity: **(1) Gazebo**

Life Expectancy: **N/A** *Remaining Life:*

Best Cost: **\$0**

Worst Cost: **\$0**

General Notes:

Source of Information:

Observations:

Due to the minimal cost of repainting this component, reserve funding is not appropriate. Repaint as necessary as an operating expense. No reserve funding necessary.

Comp #: 801 Monument Signs - Replace



Location: **Community Entrance**

Quantity: **(2) Signs**

Life Expectancy: **25** *Remaining Life:* **0**

Best Cost: **\$2,000**

Estimate to replace

Worst Cost: **\$3,000**

Higher estimate

Source of Information: CSL Cost Database

Observations:

Research with the client reveals this component will be replaced in 2021. We recommend funding to replace this component approximately every 20 - 25 years. Remaining life is based on current condition.

General Notes:

Comp #: 1002 Metal Fencing - Replace



Location: Common Area

Quantity: Approx 100 Linear ft.

Life Expectancy: 50 *Remaining Life:* 40

Best Cost: \$9,000

Estimate to replace

Worst Cost: \$11,000

Higher estimate

Source of Information: CSL Cost Database

Observations:

The metal fencing is in good condition. We recommend funding to replace this component approximately every 40 - 50 years. Remaining life based on current age.

General Notes:

Comp #: 1003 Chain Link Fencing - Replace



Location: **Courts Area**

Quantity: **Approx 500 Linear ft.**

Life Expectancy: **40** *Remaining Life:* **13**

Best Cost: **\$13,000**

Estimate to replace

Worst Cost: **\$17,000**

Higher estimate

Source of Information: CSL Cost Database

Observations:

The chain link fencing is in fair condition. We recommend funding to replace this component approximately every 30 - 40 years. Remaining life based on current age.

General Notes:

Comp #: 1005 Block Wall - Replace



Location: **Community Entrance**

Quantity: **Approx 6,500 Sq.ft.**

Life Expectancy: **99** *Remaining Life:* **2**

Best Cost: **\$170,000**

Estimate to replace

Worst Cost: **\$230,000**

Higher estimate

Source of Information: CSL Cost Database

Observations:

Research with the client reveals this component will be replaced in 2023. We recommend the client look into replacing with a pre-fab concrete wall to lower maintenance cost in the future. This is a one time project.

General Notes:

Comp #: 1008 Vinyl Fencing - Replace



Location: **Common Area**

Quantity: **Approx 195 Linear ft.**

Life Expectancy: **30** *Remaining Life:* **17**

Best Cost: **\$5,000**

Estimate to replace

Worst Cost: **\$7,000**

Higher estimate

Source of Information: CSL Cost Database

Observations:

The vinyl fencing is in good condition. We recommend funding to replace this component approximately every 25 - 30 years. Remaining life based on current age.

General Notes:

Quantity description:

120 Linear ft. - Court Side Area

75 Linear ft. - Play Side Area

195 Linear ft. - Total

Comp #: 1206 Basketball Court - Replace



Location: **Common Area**

Quantity: **(1) Court**

Life Expectancy: **50** *Remaining Life:* **23**

Best Cost: **\$70,000**

Estimate to replace

Worst Cost: **\$80,000**

Higher estimate

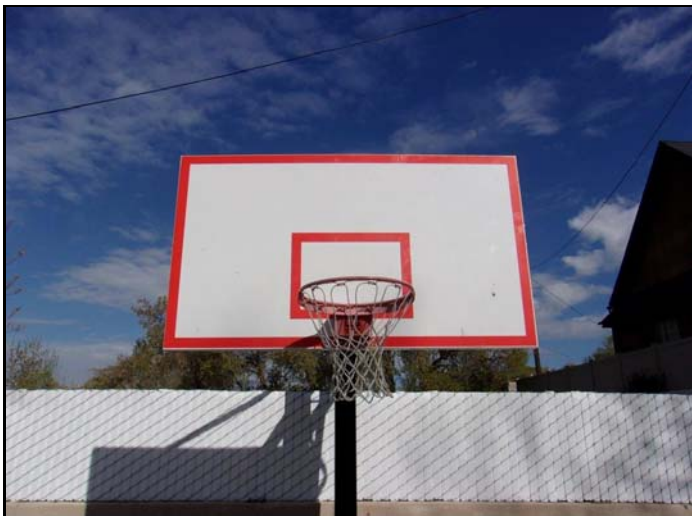
Source of Information: CSL Cost Database

Observations:

The basketball court is in fair condition. We recommend funding to replace this component approximately every 40 - 50 years. Remaining life based on current age.

General Notes:

Comp #: 1207 Basketball Equipment - Replace



Location: Common Area

Quantity: (2) Backboards

Life Expectancy: 15 *Remaining Life:* 0

Best Cost: \$1,500

Estimate to replace

Worst Cost: \$2,500

Higher estimate

Source of Information: CSL Cost Database

Observations:

Research with the client reveals this component will be replaced in 2021. We recommend funding to replace this component approximately every 10 - 15 years. Remaining life is based on current age.

General Notes:

Comp #: 1208 Volleyball Court - Replenish



Location: **Common Area**

Quantity: **(1) Court**

Life Expectancy: **5** *Remaining Life:* **0**

Best Cost: **\$2,500**

Allowance to replenish

Worst Cost: **\$3,500**

Higher allowance

Source of Information: CSL Cost Database

Observations:

The volleyball court is in poor condition. We recommend funding an allowance to replenish this component approximately every 3 - 5 years. Remaining life based on current condition.

General Notes:

Comp #: 1301 Play Structure - Replace



Location: Common Area

Quantity: (1) Structure

Life Expectancy: 25 *Remaining Life:* 12

Best Cost: \$15,000

Estimate to replace

Worst Cost: \$20,000

Higher estimate

Source of Information: CSL Cost Database

Observations:

The play structure is in good condition. We recommend funding to replace this component approximately every 20 - 25 years. Remaining life based on current age.

General Notes:

Comp #: 1303 Play Area Groundcover - Sand - Refill



Location: **Play Area**

Quantity: **Approx 1,350 Sq.ft.**

Life Expectancy: **5** *Remaining Life:* **0**

Best Cost: **\$1,500**

Estimate to refill

Worst Cost: **\$2,500**

Higher estimate

Source of Information: CSL Cost Database

Observations:

The play area groundcover is in fair to poor condition. We recommend funding to refill this component approximately every 3 - 5 years. Remaining life is based on current age.

General Notes:

Comp #: 1303 Play Area Groundcover - Woodchip - Refill



Location: **Play Area**

Quantity: **Approx 900 Sq.ft.**

Life Expectancy: **5** *Remaining Life:* **2**

Best Cost: **\$1,000**

Estimate to refill

Worst Cost: **\$1,500**

Higher estimate

Source of Information: CSL Cost Database

Observations:

The play area groundcover is in good condition. We recommend funding to refill this component approximately every 3 - 5 years. Remaining life is based on current age.

General Notes:

Comp #: 1305 Barbecue Grills - Replace



Location: **Common Area**

Quantity: **(3) Grills**

Life Expectancy: **15** *Remaining Life:* **3**

Best Cost: **\$1,500**

Estimate to replace

Worst Cost: **\$2,000**

Higher estimate

Source of Information: CSL Cost Database

Observations:

The barbecue grills are in fair condition. We recommend funding to replace this component approximately every 12 - 15 years. Remaining life based on current condition.

General Notes:

Comp #: 1306 Picnic Tables - Replace



Location: Common Area

Quantity: (3) Picnic Tables

Life Expectancy: 15 *Remaining Life:* 3

Best Cost: \$2,400

Estimate to replace

Worst Cost: \$3,000

Higher estimate

Source of Information: CSL Cost Database

Observations:

The picnic tables are in fair condition. We recommend funding to replace this component approximately every 10 - 15 years. Remaining life based on current condition.

General Notes:

Comp #: 1309 Gazebo - Refurbish



Location: Common Area

Quantity: (1) Gazebo

Life Expectancy: 10 *Remaining Life:* 8

Best Cost: \$1,500

Allowance to refurbish

Worst Cost: \$2,500

Higher allowance

Source of Information: CSL Cost Database

Observations:

The gazebo is in good to fair condition. We recommend funding to refurbish this component approximately every 10 - 15 years. Remaining life based on current age.

General Notes:

Comp #: 1390 Swing Set - Replace



Location: **Common Area**

Quantity: **(1) Swing Set**

Life Expectancy: **40** *Remaining Life:* **13**

Best Cost: **\$6,000**

Estimate to replace

Worst Cost: **\$8,000**

Higher estimate

Source of Information: CSL Cost Database

Observations:

The swing set is in good to fair condition. We recommend funding to replace this component approximately every 30 - 40 years. Remaining life based on current age.

General Notes:

Comp #: 1609 Street Light Fixtures - Replace



Location: **Common Area**

Quantity: **(2) Fixtures**

Life Expectancy: **20** *Remaining Life:* **0**

Best Cost: **\$1,500**

Estimate to replace

Worst Cost: **\$2,500**

Higher estimate

Source of Information: CSL Cost Database

Observations:

The street light fixtures are in working condition. No expectation to replace the light poles. Paint poles as necessary as an operating expense. We recommend funding to replace this component approximately every 20 years. Remaining life based on current age.

General Notes:

Comp #: 1809 Fountain - Replace



Location: **Common Area**

Quantity: **(1) Fountain**

Life Expectancy: **N/A** *Remaining Life:*

Best Cost: **\$0**

Worst Cost: **\$0**

Source of Information:

Observations:

Due to the minimal cost of replacing this component, reserve funding is not appropriate. Make repairs as necessary as an operating expense. No reserve funding necessary.

General Notes:

Comp #: 1812 Landscaping & Irrigation System - Renovate



Location: **Common Area**

Quantity: **Extensive Sq.ft.**

Life Expectancy: **20** *Remaining Life:* **0**

Best Cost: **\$15,000**

Allowance to renovate

Worst Cost: **\$25,000**

Higher allowance

Source of Information: CSL Cost Database

Observations:

The landscaping and irrigation system are in good condition. We recommend funding for an allowance to renovate the landscaping and irrigation system approximately every 20 years. Remaining life based on current age.

General Notes:

Glossary of Commonly Used Words And Phrases

(Provided by the National Reserve Study Standards of the Community Associations Institute)

Cash Flow Method – A method of developing a reserve funding plan where contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different reserve funding plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.

Component – Also referred to as an “Asset.” Individual line items in the Reserve Study developed or updated in the physical analysis. These elements form the building blocks for the Reserve Study. Components typically are: 1) Association responsibility, 2) with limited useful life expectancies, 3) have predictable remaining life expectancies, 4) above a minimum threshold cost, and 5) required by local codes.

Component Full Funding – When the actual (or projected) cumulative reserve balance for all components is equal to the fully funded balance.

Component Inventory – The task of selecting and quantifying reserve components. This task can be accomplished through on-site visual observations, review of association design and organizational documents, a review of established association precedents, and discussion with appropriate association representatives.

Deficit – An actual (or projected reserve balance), which is less than the fully funded balance.

Effective Age – The difference between useful life and remaining useful life (UL - RUL).

Financial Analysis – The portion of the Reserve Study where current status of the reserves (measured as cash or percent funded) and a recommended reserve contribution rate (reserve funding plan) are derived, and the projected reserve income and expenses over time is presented. The financial analysis is one of the two parts of the Reserve Study.

Fully Funded Balance – An indicator against which the actual (or projected) reserve balance can be compared. The reserve balance that is in direct proportion to the fraction of life “used up” of the current repair or replacement cost of a reserve component. This number is calculated for each component, and then summed together for an association total.

$$\text{FFB} = \text{Current Cost} * \text{Effective Age} / \text{Useful Life}$$

Fund Status – The status of the reserve fund as compared to an established benchmark, such as percent funded.

Funding Goals – Independent of calculation methodology utilized, the following represent the basic categories of funding plan goals:

- *Baseline Funding*: Establishing a reserve-funding goal of keeping the reserve balance above zero.
- *Component Full Funding*: Setting a reserve funding goal of attaining and maintaining cumulative reserves at or near 100% funded.
- *Threshold Funding*: Establishing a reserve funding goal of keeping the reserve balance above a specified dollar or percent funded amount.

Funding Plan – An association’s plan to provide income to a reserve fund to offset anticipated expenditures from that fund.

Funding Principles –

- Sufficient funds when required
- Stable contributions through the year
- Evenly distributed contributions over the years
- Fiscally responsible

GSF - Gross Square Feet

Life and Valuation Estimates – The task of estimating useful life, remaining useful life, and repair or replacement costs for the reserve components.

LF - Linear Feet

Percent Funded – The ratio, at a particular point in time (typically the beginning of the fiscal year), of the actual (or projected) reserve balance to the ideal fund balance, expressed as a percentage.

Physical Analysis – The portion of the Reserve Study where the component evaluation, condition assessment, and life and valuation estimate tasks are performed. This represents one of the two parts of the Reserve Study.

Remaining Useful Life (RUL) – Also referred to as “remaining life” (RL). The estimated time, in years, that a reserve component can be expected to continue to serve its intended function. Projects anticipated to occur in the current fiscal year have a “0” remaining useful life.

Replacement Cost – The cost of replacing, repairing, or restoring a reserve component to its original functional condition. The current replacement cost would be the cost to replace, repair, or restore the component during that particular year.

Reserve Balance – Actual or projected funds as of a particular point in time (typically the beginning of the fiscal year) that the association has identified for use to defray the future repair or replacement of those major components that the association is obligated to maintain. Also known as “reserves,” “reserve accounts,” or “cash reserves.” In this report the reserve balance is based upon information provided and is not audited.

Reserve Study – A budget-planning tool, which identifies the current status of the reserve fund and a stable and equitable funding plan to offset the anticipated future major common area expenditures. The Reserve Study consists of two parts: The Physical Analysis and the Financial Analysis.

Special Assessment – An assessment levied on the members of an association in addition to regular assessments. Governing documents or local statutes often regulate special assessments.

Surplus – An actual (or projected) reserve balance that is greater than the fully funded balance.

Useful Life (UL) – Also known as “life expectancy.” The estimated time, in years, that a reserve component can be expected to serve its intended function if properly constructed and maintained in its present application of installation.