

Muirfield HOA

Level 2 Reserve Study



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

Client Reference Number	12072
Property Type	Single Family Homes
Number of Units	189
Fiscal Year End	12/31

Type of Study	Update w/Site Visit
Date of Property Inspection	4/20/2020
Prepared By	Dale Gifford
Analysis Method	Cash Flow
Funding Goal	Full Funding

Report prepared on – Friday, May 15, 2020



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Glossary of Commonly used Words and Phrases

Executive Summary – Muirfield HOA - ID # 12072

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	\$147,448.38
Ideal Reserve Balance as of 01/01/2021	\$105,475
Percent Funded as of 01/01/2021	140%
Recommended Reserve Contribution (per month)	\$1,115
Recommended Special Assessment	\$0

Muirfield HOA is a 189-unit Single Family Home community. The community offers a playground, and landscaped areas as amenities. Construction on the community was completed in 1999.

Currently Programmed Projects

Projects programmed to occur this fiscal year (FY2021) include asphalt seal coat (Comp# 402), and parking signs replace (Comp# 808). We have programmed an estimated \$4,700 in reserve expenditures toward the completion of these projects. (See page 15)

Significant Reserve Projects

The association's significant reserve projects are pumps replace (Comp# 715), landscaping and irrigation system renovate (Comp# 1812), play structure replace (Comp# 1301), solar speed signs replace (Comp# 1390), and irrigation system replace (Comp# 1701). The fiscal significance of these components is approximately 17%, 10%, 10%, 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 \$147,448.38 versus the ideal reserve balance of \$105,475 we find the association's reserve fund to be approximately 140% funded. This indicates a strong reserve fund position. In order to continue to strengthen the account fund, we suggest adopting a monthly reserve contribution of \$1,115 (\$5.90/unit) per month. 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.

Funding Summary

Beginning Assumptions

# of units	189
Fiscal Year End	31-Dec
Budgeted Monthly Reserve Allocation	\$750
Projected Starting Reserve Balance	\$147,448
Ideal Starting Reserve Balance	\$105,475

Economic Assumptions

Projected Inflation Rate	3.00%
Reported After-Tax Interest Rate	1.00%

Current Reserve Status

Current Balance as a % of Ideal Balance	140%
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Recommendations

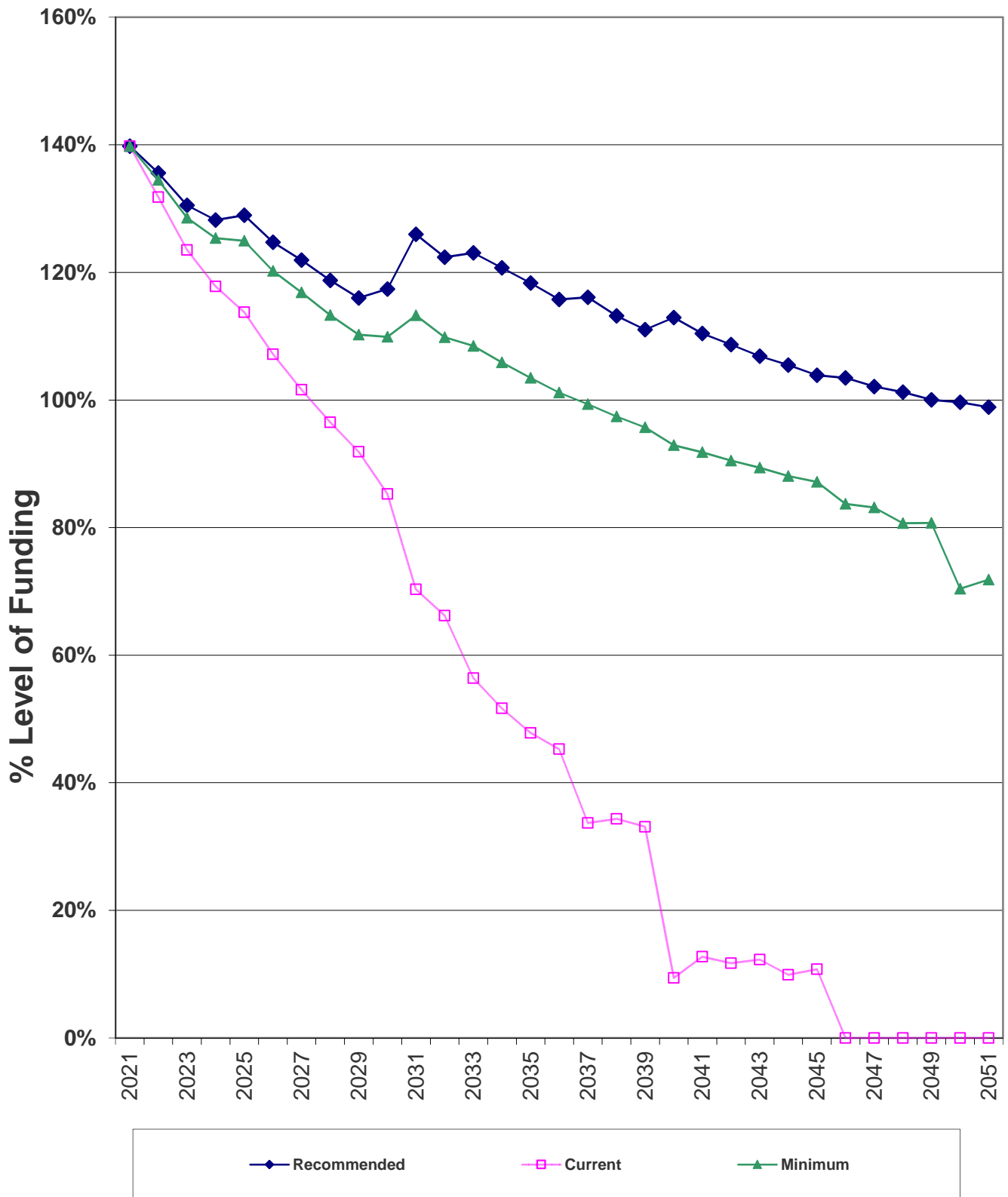
Recommended Monthly Reserve Allocation	\$1,115
Per Unit	\$5.90
Future Annual Increases	3.00%
For number of years:	30
Increases thereafter:	0.00%
70% Funded Monthly Reserve Allocation Reference	\$1,010
Per Unit	\$5.34
Future Annual Increases	3.00%
For number of years:	30
Increases thereafter:	0.00%

Changes From Prior Year

Recommended Increase to Reserve Allocation as Percentage	\$365 49%
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Percent Funded - Graph



Component Inventory

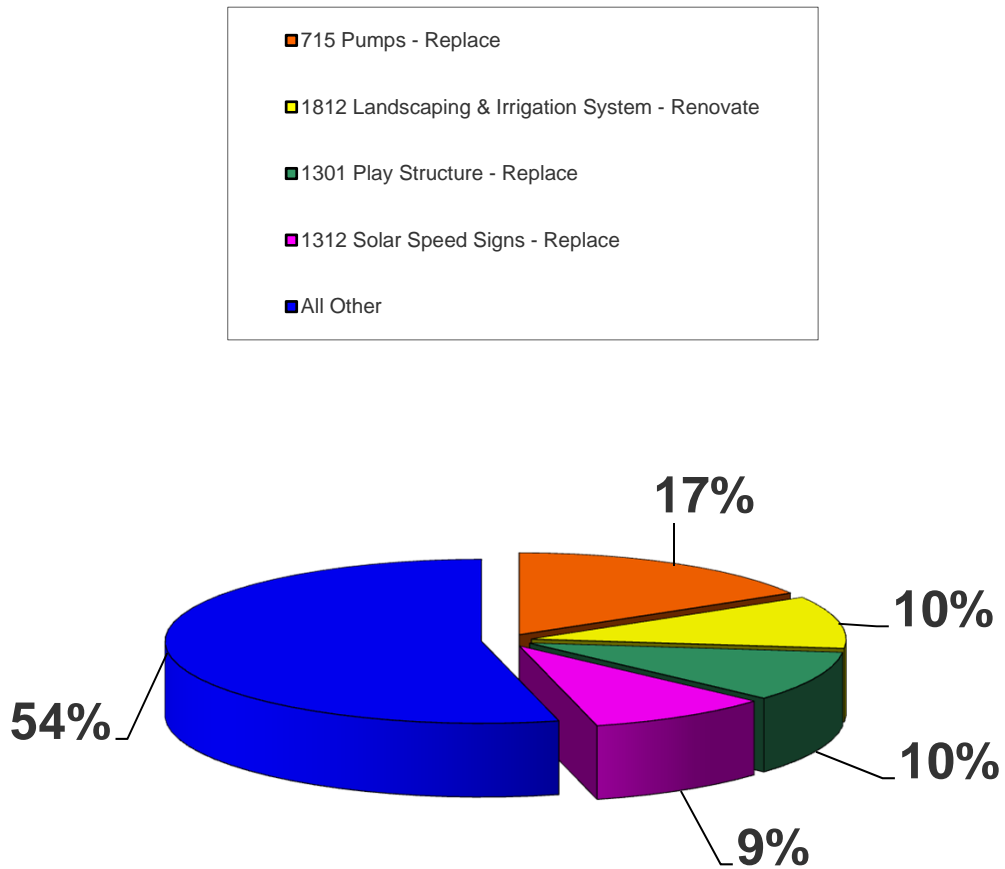
Category	ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Best Cost	Worst Cost
Roofing	105	Pump House Roof - Replace	25	17	\$800	\$1,200
Siding Materials	302	Vinyl Siding - Replace	40	18	\$2,500	\$3,500
Drive Materials	401	Asphalt - Major Rehab	30	15	\$16,000	\$20,000
	402	Asphalt - Seal Coat	5	0	\$2,500	\$3,500
	403	Concrete - Repair/Replace	10	8	\$3,000	\$5,000
Mechanical Equip.	710	Emergency Generator - Replace	25	3	\$15,000	\$20,000
	715	Pumps - Replace	15	9	\$25,000	\$35,000
	790	Generator Transfer Switch - Replace	25	3	\$3,000	\$5,000
Prop. Identification	808	Parking Signs - Replace	7	0	\$1,500	\$1,900
Fencing	1008	Vinyl Fencing - Replace	30	8	\$12,000	\$16,000
Courts	1207	Basketball Equipment - Replace	15	6	\$750	\$1,250
Recreation Equip.	1301	Play Structure - Replace	25	9	\$25,000	\$35,000
	1302	Swing Set - Replace	40	18	\$3,000	\$4,000
	1307	Benches - Replace	15	13	\$5,400	\$6,400
	1309	Pergola - Replace	30	28	\$12,000	\$14,000
	1310	Shade Structure Fabric - Replace	10	8	\$1,100	\$1,300
	1311	Shade Structure - Replace	30	28	\$9,000	\$10,000
	1312	Solar Speed Signs - Replace	15	11	\$16,000	\$18,000
Landscaping	1802	Tree - Maintenance	3	2	\$1,900	\$2,100
	1812	Landscaping & Irrigation System - Renov	20	18	\$20,000	\$30,000
Buildings / Structu	2302	Pedestrian Bridge - Playground - Replac	30	8	\$12,000	\$16,000

Significant Components

ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Average Current Cost	Significance: (Curr Cost/UL)	
					As \$	As %
105	Pump House Roof - Replace	25	17	\$1,000	\$40	0.3301%
302	Vinyl Siding - Replace	40	18	\$3,000	\$75	0.6189%
401	Asphalt - Major Rehab	30	15	\$18,000	\$600	4.9510%
402	Asphalt - Seal Coat	5	0	\$3,000	\$600	4.9510%
403	Concrete - Repair/Replace	10	8	\$4,000	\$400	3.3007%
710	Emergency Generator - Replace	25	3	\$17,500	\$700	5.7762%
715	Pumps - Replace	15	9	\$30,000	\$2,000	16.5034%
790	Generator Transfer Switch - Replace	25	3	\$4,000	\$160	1.3203%
808	Parking Signs - Replace	7	0	\$1,700	\$243	2.0040%
1008	Vinyl Fencing - Replace	30	8	\$14,000	\$467	3.8508%
1207	Basketball Equipment - Replace	15	6	\$1,000	\$67	0.5501%
1301	Play Structure - Replace	25	9	\$30,000	\$1,200	9.9021%
1302	Swing Set - Replace	40	18	\$3,500	\$88	0.7220%
1307	Benches - Replace	15	13	\$5,900	\$393	3.2457%
1309	Pergola - Replace	30	28	\$13,000	\$433	3.5757%
1310	Shade Structure Fabric - Replace	10	8	\$1,200	\$120	0.9902%
1311	Shade Structure - Replace	30	28	\$9,500	\$317	2.6130%
1312	Solar Speed Signs - Replace	15	11	\$17,000	\$1,133	9.3519%
1802	Tree - Maintenance	3	2	\$2,000	\$667	5.5011%
1812	Landscaping & Irrigation System - Rend	20	18	\$25,000	\$1,250	10.3146%
2302	Pedestrian Bridge - Playground - Repla	30	8	\$14,000	\$467	3.8508%
2390	Stone - Driving Bridges - Replace	10	2	\$7,000	\$700	5.7762%



Significant Components - Graph



ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Average Current Cost	Significance: (Curr Cost/UL)	
					As \$	As %
715	Pumps - Replace	15	9	\$30,000	\$2,000	17%
1812	Landscaping & Irrigation System - Ren	20	18	\$25,000	\$1,250	10%
1301	Play Structure - Replace	25	9	\$30,000	\$1,200	10%
1312	Solar Speed Signs - Replace	15	11	\$17,000	\$1,133	9%
All Other	See Expanded Table For Breakdown				\$6,535	59%

Yearly Summary

Year	Fully Funded Balance	Starting Reserve Balance	% Funded	Reserve Contributions	Interest Income	Reserve Expenses	Ending Reserve Balance
2021	\$105,475	\$147,448	140%	\$13,380	\$1,525	\$4,700	\$157,653
2022	\$116,281	\$157,653	136%	\$13,781	\$1,653	\$0	\$173,088
2023	\$132,626	\$173,088	131%	\$14,195	\$1,762	\$9,548	\$179,497
2024	\$140,012	\$179,497	128%	\$14,621	\$1,759	\$23,494	\$172,382
2025	\$133,654	\$172,382	129%	\$15,059	\$1,807	\$0	\$189,249
2026	\$151,712	\$189,249	125%	\$15,511	\$1,950	\$5,796	\$200,914
2027	\$164,764	\$200,914	122%	\$15,976	\$2,093	\$1,194	\$217,789
2028	\$183,381	\$217,789	119%	\$16,456	\$2,260	\$2,091	\$234,414
2029	\$202,081	\$234,414	116%	\$16,949	\$2,216	\$44,590	\$208,989
2030	\$178,027	\$208,989	117%	\$17,458	\$1,794	\$78,286	\$149,954
2031	\$119,020	\$149,954	126%	\$17,982	\$1,577	\$4,032	\$165,481
2032	\$135,213	\$165,481	122%	\$18,521	\$1,623	\$26,300	\$159,324
2033	\$129,458	\$159,324	123%	\$19,077	\$1,646	\$9,980	\$170,067
2034	\$140,859	\$170,067	121%	\$19,649	\$1,764	\$8,664	\$182,815
2035	\$154,491	\$182,815	118%	\$20,238	\$1,910	\$5,597	\$199,367
2036	\$172,242	\$199,367	116%	\$20,846	\$1,943	\$32,717	\$189,439
2037	\$163,157	\$189,439	116%	\$21,471	\$2,011	\$0	\$212,921
2038	\$188,082	\$212,921	113%	\$22,115	\$2,225	\$4,959	\$232,303
2039	\$209,248	\$232,303	111%	\$22,779	\$2,134	\$62,479	\$194,736
2040	\$172,422	\$194,736	113%	\$23,462	\$2,074	\$0	\$220,272
2041	\$199,483	\$220,272	110%	\$24,166	\$2,289	\$9,031	\$237,696
2042	\$218,710	\$237,696	109%	\$24,891	\$2,488	\$5,023	\$260,052
2043	\$243,319	\$260,052	107%	\$25,637	\$2,674	\$13,413	\$274,950
2044	\$260,720	\$274,950	105%	\$26,407	\$2,875	\$3,947	\$300,285
2045	\$289,111	\$300,285	104%	\$27,199	\$2,847	\$60,984	\$269,347
2046	\$260,345	\$269,347	103%	\$28,015	\$2,815	\$6,281	\$293,895
2047	\$287,821	\$293,895	102%	\$28,855	\$2,892	\$40,975	\$284,667
2048	\$281,170	\$284,667	101%	\$29,721	\$3,009	\$0	\$317,397
2049	\$317,332	\$317,397	100%	\$30,612	\$2,690	\$129,954	\$220,744
2050	\$221,557	\$220,744	100%	\$31,531	\$2,352	\$4,713	\$249,914



Reserve Contributions - Graph

Monthly Reserve Contributions



Component Funding Information

ID	Component Name	UL	RUL	Quantity	Average Current Cost	Ideal Balance	Current Fund Balance	Monthly
105	Pump House Roof - Replace	25	17	Approx 220 Sq.ft.	\$1,000	\$320	\$447	\$3.68
302	Vinyl Siding - Replace	40	18	Approx 430 Sq.ft.	\$3,000	\$1,650	\$2,307	\$6.90
401	Asphalt - Major Rehab	30	15	Approx 8,100 Sq.ft.	\$18,000	\$9,000	\$12,582	\$55.20
402	Asphalt - Seal Coat	5	0	Approx 8,100 Sq.ft.	\$3,000	\$3,000	\$4,194	\$55.20
403	Concrete - Repair/Replace	10	8	Minimal Sq.ft.	\$4,000	\$800	\$1,118	\$36.80
710	Emergency Generator - Replace	25	3	(1) Generator	\$17,500	\$15,400	\$21,528	\$64.40
715	Pumps - Replace	15	9	(3) Pumps	\$30,000	\$12,000	\$16,775	\$184.01
790	Generator Transfer Switch - Replace	25	3	(1) Transfer Switch	\$4,000	\$3,520	\$4,921	\$14.72
808	Parking Signs - Replace	7	0	Multiple Signs	\$1,700	\$1,700	\$2,377	\$22.34
1008	Vinyl Fencing - Replace	30	8	Approx 530 Linear ft.	\$14,000	\$10,267	\$14,352	\$42.94
1207	Basketball Equipment - Replace	15	6	(1) Backboard	\$1,000	\$600	\$839	\$6.13
1301	Play Structure - Replace	25	9	(1) Structure	\$30,000	\$19,200	\$26,841	\$110.41
1302	Swing Set - Replace	40	18	(1) Swing Set	\$3,500	\$1,925	\$2,691	\$8.05
1307	Benches - Replace	15	13	(7) Benches	\$5,900	\$787	\$1,100	\$36.19
1309	Pergola - Replace	30	28	(1) Pergola	\$13,000	\$867	\$1,212	\$39.87
1310	Shade Structure Fabric - Replace	10	8	(1) Structure	\$1,200	\$240	\$336	\$11.04
1311	Shade Structure - Replace	30	28	(1) Structure	\$9,500	\$633	\$885	\$29.14
1312	Solar Speed Signs - Replace	15	11	(5) Signs	\$17,000	\$4,533	\$6,337	\$104.27
1802	Tree - Maintenance	3	2	(1) Community	\$2,000	\$667	\$932	\$61.34
1812	Landscaping & Irrigation System - Renovate	20	18	(1) Community	\$25,000	\$2,500	\$3,495	\$115.01
2302	Pedestrian Bridge - Playground - Replace	30	8	(1) Bridge	\$14,000	\$10,267	\$14,352	\$42.94
2390	Stone - Driving Bridges - Replace	10	2	(3) Bridges	\$7,000	\$5,600	\$7,828	\$64.40
					\$225,300	\$105,475	\$147,448	\$1,115

Current Fund Balance as a percentage of Ideal Balance: 140%



Yearly Cash Flow

Year	2021	2022	2023	2024	2025
Starting Balance	\$147,448	\$157,653	\$173,088	\$179,497	\$172,382
<i>Reserve Income</i>	\$13,380	\$13,781	\$14,195	\$14,621	\$15,059
<i>Interest Earnings</i>	\$1,525	\$1,653	\$1,762	\$1,759	\$1,807
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$162,353	\$173,088	\$189,045	\$195,876	\$189,249
Reserve Expenditures	\$4,700	\$0	\$9,548	\$23,494	\$0
Ending Balance	\$157,653	\$173,088	\$179,497	\$172,382	\$189,249

Year	2026	2027	2028	2029	2030
Starting Balance	\$189,249	\$200,914	\$217,789	\$234,414	\$208,989
<i>Reserve Income</i>	\$15,511	\$15,976	\$16,456	\$16,949	\$17,458
<i>Interest Earnings</i>	\$1,950	\$2,093	\$2,260	\$2,216	\$1,794
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$206,710	\$218,983	\$236,504	\$253,579	\$228,241
Reserve Expenditures	\$5,796	\$1,194	\$2,091	\$44,590	\$78,286
Ending Balance	\$200,914	\$217,789	\$234,414	\$208,989	\$149,954

Year	2031	2032	2033	2034	2035
Starting Balance	\$149,954	\$165,481	\$159,324	\$170,067	\$182,815
<i>Reserve Income</i>	\$17,982	\$18,521	\$19,077	\$19,649	\$20,238
<i>Interest Earnings</i>	\$1,577	\$1,623	\$1,646	\$1,764	\$1,910
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$169,512	\$185,625	\$180,047	\$191,480	\$204,964
Reserve Expenditures	\$4,032	\$26,300	\$9,980	\$8,664	\$5,597
Ending Balance	\$165,481	\$159,324	\$170,067	\$182,815	\$199,367

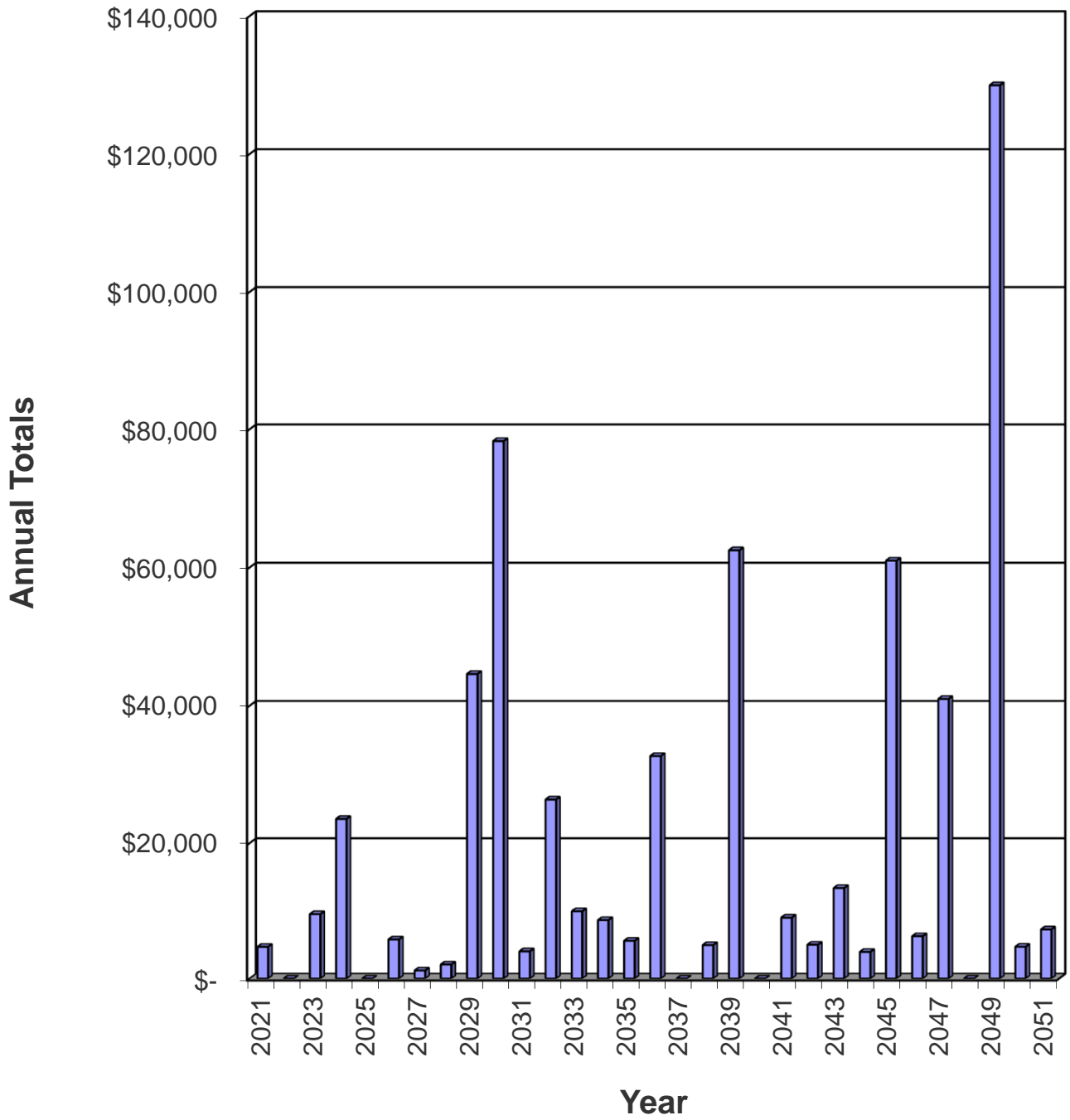
Year	2036	2037	2038	2039	2040
Starting Balance	\$199,367	\$189,439	\$212,921	\$232,303	\$194,736
<i>Reserve Income</i>	\$20,846	\$21,471	\$22,115	\$22,779	\$23,462
<i>Interest Earnings</i>	\$1,943	\$2,011	\$2,225	\$2,134	\$2,074
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$222,156	\$212,921	\$237,261	\$257,215	\$220,272
Reserve Expenditures	\$32,717	\$0	\$4,959	\$62,479	\$0
Ending Balance	\$189,439	\$212,921	\$232,303	\$194,736	\$220,272

Year	2041	2042	2043	2044	2045
Starting Balance	\$220,272	\$237,696	\$260,052	\$274,950	\$300,285
<i>Reserve Income</i>	\$24,166	\$24,891	\$25,637	\$26,407	\$27,199
<i>Interest Earnings</i>	\$2,289	\$2,488	\$2,674	\$2,875	\$2,847
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$246,727	\$265,075	\$288,363	\$304,232	\$330,331
Reserve Expenditures	\$9,031	\$5,023	\$13,413	\$3,947	\$60,984
Ending Balance	\$237,696	\$260,052	\$274,950	\$300,285	\$269,347

Year	2046	2047	2048	2049	2050
Starting Balance	\$269,347	\$293,895	\$284,667	\$317,397	\$220,744
<i>Reserve Income</i>	\$28,015	\$28,855	\$29,721	\$30,612	\$31,531
<i>Interest Earnings</i>	\$2,815	\$2,892	\$3,009	\$2,690	\$2,352
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$300,176	\$325,642	\$317,397	\$350,699	\$254,627
Reserve Expenditures	\$6,281	\$40,975	\$0	\$129,954	\$4,713
Ending Balance	\$293,895	\$284,667	\$317,397	\$220,744	\$249,914



Yearly Reserve Expenditures - Graph



Projected Reserve Expenditures by Year

Year	ID #	Component Name	Projected Cost	Total Per Annum
2021	402	Asphalt - Seal Coat	\$3,000	\$4,700
	808	Parking Signs - Replace	\$1,700	
2022		No Expenditures Projected		\$0
2023	1802	Tree - Maintenance	\$2,122	\$9,548
	2390	Stone - Driving Bridges - Replace	\$7,426	
2024	710	Emergency Generator - Replace	\$19,123	\$23,494
	790	Generator Transfer Switch - Replace	\$4,371	
2025		No Expenditures Projected		\$0
2026	402	Asphalt - Seal Coat	\$3,478	\$5,796
	1802	Tree - Maintenance	\$2,319	
2027	1207	Basketball Equipment - Replace	\$1,194	\$1,194
2028	808	Parking Signs - Replace	\$2,091	\$2,091
2029	403	Concrete - Repair/Replace	\$5,067	\$44,590
	1008	Vinyl Fencing - Replace	\$17,735	
	1310	Shade Structure Fabric - Replace	\$1,520	
	1802	Tree - Maintenance	\$2,534	
	2302	Pedestrian Bridge - Playground - Replace	\$17,735	
2030	715	Pumps - Replace	\$39,143	\$78,286
	1301	Play Structure - Replace	\$39,143	
2031	402	Asphalt - Seal Coat	\$4,032	\$4,032
2032	1312	Solar Speed Signs - Replace	\$23,532	\$26,300
	1802	Tree - Maintenance	\$2,768	
2033	2390	Stone - Driving Bridges - Replace	\$9,980	\$9,980
2034	1307	Benches - Replace	\$8,664	\$8,664
2035	808	Parking Signs - Replace	\$2,571	\$5,597
	1802	Tree - Maintenance	\$3,025	
2036	401	Asphalt - Major Rehab	\$28,043	\$32,717
	402	Asphalt - Seal Coat	\$4,674	
2037		No Expenditures Projected		\$0
2038	105	Pump House Roof - Replace	\$1,653	\$4,959
	1802	Tree - Maintenance	\$3,306	
2039	302	Vinyl Siding - Replace	\$5,107	\$62,479
	403	Concrete - Repair/Replace	\$6,810	
	1302	Swing Set - Replace	\$5,959	
	1310	Shade Structure Fabric - Replace	\$2,043	
	1812	Landscaping & Irrigation System - Renovate	\$42,561	
2040		No Expenditures Projected		\$0
2041	402	Asphalt - Seal Coat	\$5,418	\$9,031
	1802	Tree - Maintenance	\$3,612	
2042	808	Parking Signs - Replace	\$3,163	\$5,023
	1207	Basketball Equipment - Replace	\$1,860	
2043	2390	Stone - Driving Bridges - Replace	\$13,413	\$13,413
2044	1802	Tree - Maintenance	\$3,947	\$3,947
2045	715	Pumps - Replace	\$60,984	\$60,984

Year	Comp ID	Component Name	Projected Cost	Total Per Annum
2046	402	Asphalt - Seal Coat	\$6,281	\$6,281
2047	1312	Solar Speed Signs - Replace	\$36,662	
	1802	Tree - Maintenance	\$4,313	\$40,975
2048		No Expenditures Projected		\$0
2049	403	Concrete - Repair/Replace	\$9,152	
	710	Emergency Generator - Replace	\$40,039	
	790	Generator Transfer Switch - Replace	\$9,152	
	808	Parking Signs - Replace	\$3,889	
	1307	Benches - Replace	\$13,499	
	1309	Pergola - Replace	\$29,743	
	1310	Shade Structure Fabric - Replace	\$2,746	
	1311	Shade Structure - Replace	\$21,735	\$129,954
2050	1802	Tree - Maintenance	\$4,713	\$4,713

Component Evaluation

Comp #: 105 Pump House Roof - Replace



Location: Pump House Roof

Quantity: Approx 220 Sq.ft.

Life Expectancy: 25 *Remaining Life:* 17

Best Cost: \$800

Estimate to replace

Worst Cost: \$1,200

Higher estimate

Source of Information: CSL Cost Database

Observations:

The roof 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 #: 302 Vinyl Siding - Replace



Location: Pump House Exterior

Quantity: Approx 430 Sq.ft.

Life Expectancy: 40 *Remaining Life:* 18

Best Cost: \$2,500

Estimate to replace

Worst Cost: \$3,500

Higher estimate

Source of Information: CSL Cost Database

Observations:

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

General Notes:

Comp #: 401 Asphalt - Major Rehab



Location: **Parking Areas**

Quantity: **Approx 8,100 Sq.ft.**

Life Expectancy: **30** *Remaining Life:* **15**

Best Cost: **\$16,000**

Estimate for major rehab

Worst Cost: **\$20,000**

Higher estimate

Source of Information: CSL Cost Database

Observations:

The asphalt surfaces are in good condition. We recommend funding for a major rehab of this component approximately every 25 - 30 years. Remaining life based on current condition.

General Notes:

Comp #: 402 Asphalt - Seal Coat



Location: **Parking Areas**

Quantity: **Approx 8,100 Sq.ft.**

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

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

Estimate for seal coat

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

Higher estimate

Source of Information: CSL Cost Database

Observations:

Research with the client reveals this component will be sealed 2021. We recommend funding to seal this component approximately every 3 - 5 years. Remaining life based on current age.

General Notes:

Comp #: 403 Concrete - Repair/Replace



Location: **Playground Area**

Quantity: **Minimal Sq.ft.**

Life Expectancy: **10** *Remaining Life:* **8**

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

Allowance to repair/replace

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

Higher allowance

Source of Information: CSL Cost Database

Observations:

The concrete is in good condition. This component has an extended useful life under normal conditions. We recommend funding to make repairs and partially replace this component approximately every 10 years. Remaining life based on current age.

General Notes:

Comp #: 710 Emergency Generator - Replace



Location: **Pump House**

Quantity: **(1) Generator**

Life Expectancy: **25** *Remaining Life:* **3**

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

Estimate to replace

Worst Cost: **\$20,000**

Higher estimate

Source of Information: CSL Cost Database

Observations:

According to the Client the emergency generator is in working condition. Due to minimal use this component has a relatively long life. However we recommend funding to replace this generator approximately every 25 years to ensure the availability of parts and to keep up with modern technology and emission requirements. Perform twice yearly maintenance and weekly exercise program to ensure full life from this component. Remaining life based on current age

General Notes:

Comp #: 715 Pumps - Replace



Location: **Pump House**

Quantity: **(3) Pumps**

Life Expectancy: **15** *Remaining Life:* **9**

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

Estimate to replace

Worst Cost: **\$35,000**

Higher estimate

Source of Information: CSL Cost Database

Observations:

The pumps are in working condition. We recommend funding to replace this component approximately every 10 - 15 years. Remaining life based on current age.

General Notes:

Comp #: 790 Generator Transfer Switch - Replace



Location: Pump House

Quantity: (1) Transfer Switch

Life Expectancy: 25 *Remaining Life:* 3

Best Cost: \$3,000

Estimate to replace

Worst Cost: \$5,000

Higher estimate

Source of Information: CSL Cost Database

Observations:

The generator transfer switch is in working condition. We recommend funding to replace this component approximately every 20 - 25 years. Remaining life based on current age.

General Notes:

Comp #: 808 Parking Signs - Replace



Location: Common Area

Quantity: Multiple Signs

Life Expectancy: 7 Remaining Life: 0

Best Cost: \$1,500

Estimate to replace

Worst Cost: \$1,900

Higher estimate

Source of Information: Research with Client

Observations:

Research with the client. Although this component may have an extended useful life, the client has requested this be included in the reserve study every 7 years. Remaining life based on current age.

General Notes:



Comp #: 1008 Vinyl Fencing - Replace



Location: **Park Area**

Quantity: **Approx 530 Linear ft.**

Life Expectancy: **30** *Remaining Life:* **8**

Best Cost: **\$12,000**

Estimate to replace

Worst Cost: **\$16,000**

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:

Comp #: 1207 Basketball Equipment - Replace



Location: **Park Area**

Quantity: **(1) Backboard**

Life Expectancy: **15** *Remaining Life:* **6**

Best Cost: **\$750**

Estimate to replace

Worst Cost: **\$1,250**

Higher estimate

Source of Information: CSL Cost Database

Observations:

The basketball equipment is in fair condition. We recommend funding to replace this component approximately every 10 - 15 years. Remaining life is based on current condition.

General Notes:

Comp #: 1301 Play Structure - Replace



Location: **Playground Area**

Quantity: **(1) Structure**

Life Expectancy: **25** *Remaining Life:* **9**

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

Estimate to replace

Worst Cost: **\$35,000**

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 condition.

General Notes:

Comp #: 1302 Swing Set - Replace



Location: **Playground Area**

Quantity: **(1) Swing Set**

Life Expectancy: **40** *Remaining Life:* **18**

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

Estimate to replace

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

Higher estimate

Source of Information: CSL Cost Database

Observations:

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

General Notes:

Comp #: 1307 Benches - Replace



Location: **Playground Area**

Quantity: **(7) Benches**

Life Expectancy: **15** *Remaining Life:* **13**

Best Cost: **\$5,400**

Estimate to replace

Worst Cost: **\$6,400**

Higher estimate

Source of Information: Research with Client

Observations:

The benches are in good condition. We recommend funding to replace this component approximately every 10 - 15 years. Remaining life based on current age.

General Notes:

Comp #: 1309 Pergola - Replace



Location: **Playground Area**

Quantity: **(1) Pergola**

Life Expectancy: **30** *Remaining Life:* **28**

Best Cost: **\$12,000**

Estimate to replace

Worst Cost: **\$14,000**

Higher estimate

Source of Information: Research with Client

Observations:

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

General Notes:

Comp #: 1310 Shade Structure Fabric - Replace



Location: **Playground Area**

Quantity: **(1) Structure**

Life Expectancy: **10** *Remaining Life:* **8**

Best Cost: **\$1,100**

Estimate to replace

Worst Cost: **\$1,300**

Higher estimate

Source of Information: Research with Client

Observations:

Unable to inspect this component at the time of the site visit. We recommend funding to replace this component approximately every 10 years. Remaining life based on current age.

General Notes:

Comp #: 1311 Shade Structure - Replace



Location: **Playground Area**

Quantity: **(1) Structure**

Life Expectancy: **30** *Remaining Life:* **28**

Best Cost: **\$9,000**

Estimate to replace

Worst Cost: **\$10,000**

Higher estimate

Source of Information: Research with Client

Observations:

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

General Notes:

Comp #: 1312 Solar Speed Signs - Replace



Location: **Common Area**

Quantity: **(5) Signs**

Life Expectancy: **15** *Remaining Life:* **11**

Best Cost: **\$16,000**

Estimate to replace

Worst Cost: **\$18,000**

Higher estimate

Source of Information: Research with Client

Observations:

The speed signs are in good condition. We recommend funding to replace this component approximately every 12 - 15 years. Remaining life based on current age.

General Notes:

Comp #: 1802 Tree - Maintenance



Location: **Common Area**

Quantity: **(1) Community**

Life Expectancy: **3** *Remaining Life:* **2**

Best Cost: **\$1,900**

Allowance to trim and replace

Worst Cost: **\$2,100**

Higher allowance

Source of Information: Research with Client

Observations:

Research with the client reveals this component will be maintained in 2023. The client reveals plans to trim and make replacements to this component approximately every 3 years. Remaining life based on current age.

General Notes:

Comp #: 1812 Landscaping & Irrigation System - Renovate



Location: **Common Area**

Quantity: **(1) Community**

Life Expectancy: **20** *Remaining Life:* **18**

Best Cost: **\$20,000**

Allowance to renovate

Worst Cost: **\$30,000**

Higher allowance

Source of Information: Research with Client

Observations:

The landscaping and irrigation system are in generally 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:

Comp #: 2302 Pedestrian Bridge - Playground - Replace



Location: **Adjacent to Park**

Quantity: **(1) Bridge**

Life Expectancy: **30** *Remaining Life:* **8**

Best Cost: **\$12,000**

Estimate to replace

Worst Cost: **\$16,000**

Higher estimate

Source of Information: CSL Cost Database

Observations:

The bridge appears to be in good condition. We recommend funding to rebuild the bridge approximately every 25 - 30 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.

