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*Reserve Studies for Community Associations*

## “Full” Reserve Study



### Siena at Green Valley Fairfield, CA

**Report #:** 20168-0  
**For Period Beginning:** July 1, 2010  
**Expires:** June 30, 2011  
**Date Prepared:** July 22, 2010



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## **Hello, and welcome to your Reserve Study!**

**T**his Report is a valuable budget planning tool, for with it you control the future of your association. It contains all the fundamental information needed to understand your current and future Reserve obligations, the most significant expenditures your association will face.

**W**ith respect to Reserves, this Report will tell you “where you are”, and “where to go from here”.

**In this Report, you will find...**

- 1) A List of What you're Reserving For**
- 2) An Evaluation of your Reserve Fund Size and Strength**
- 3) A Recommended Multi-Year Reserve Funding Plan**

### **More Questions?**

Visit our website at [www.ReserveStudy.com](http://www.ReserveStudy.com) or call us at:

877/618-1955



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## 3- Minute Executive Summary

**Association:** Siena at Green Valley **Assoc. #: 20168-0**  
**Location:** Fairfield, CA  
**# of Units:** 148  
**Report Period:** July 1, 2010 through June 30, 2011

**Results as-of 7/1/2010:**

<b>Projected Starting Reserve Balance:</b> .....	<b>\$286,792</b>
<b>Fully Funded Reserve Balance:</b> .....	<b>\$202,021</b>
<b>Average Reserve Deficit (Surplus) Per Unit:</b> .....	<b>\$(573)</b>
<b>Percent Funded:</b> .....	<b>142.0%</b>
<b>Recommended 2010 monthly Reserve Contribution:</b> .....	<b>\$5,328</b>
<b>Recommended 2010 Special Assessment for Reserves:</b> .....	<b>\$0</b>
<b>Most Recent Reserve Contribution Rate:</b> .....	<b>\$4,897</b>

**Economic Assumptions:**

**Net Annual “After Tax” Interest Earnings Accruing to Reserves..... 0.50%**  
**Annual Inflation Rate..... 3.00%**

- This is a “Full” Reserve Study (original, created “from scratch”).
- The information in this Reserve Study is based on our site inspection on July 9, 2010.
- This Reserve Study was prepared by, or under the supervision of, a credentialed Reserve Specialist (RS).
- Because your Reserve Fund is (above 70%) at 142.0% Funded, this represents a surplus position. In perspective, associations funded 70% and above (strong position) enjoy less risk of special assessments, deferred maintenance projects and/or large increases to monthly dues.
- Your multi-year Funding Plan is designed to gradually bring you to the 100% level, or “Fully Funded”.
- Based on this starting point, your anticipated future expenses, and your historical Reserve contribution rate, our recommendation is to increase your Reserve contributions.
- No assets appropriate for Reserve designation were excluded.

# Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost	Future Average Cost
103 Concrete - Repair	5	1	\$5,500	\$5,665
201 Asphalt - Resurface	24	20	\$371,565	\$671,088
<b>202 Asphalt - Seal/Repair</b>	<b>4</b>	<b>0</b>	<b>\$25,845</b>	<b>\$29,089</b>
206 Stamped Concrete - Repair (Partial)	8	4	\$25,320	\$28,498
320 Pole Lights - Replace	20	16	\$54,000	\$86,654
403 Mailboxes - Replace	20	16	\$14,500	\$23,268
405 Play Equipment - Replace	20	16	\$22,000	\$35,304
409 Benches - Replace	15	11	\$1,650	\$2,284
412 Tot Lot Surface - Replenish	3	2	\$1,990	\$2,111
501 Sound Wall - Repair (Partial)	20	16	\$20,350	\$32,656
504 Wood/Wire Fence - Replace	20	16	\$25,410	\$40,776
505 Wood Fence - Replace	20	16	\$153,400	\$246,162
1001 Backflow Devices - Replace	20	16	\$4,350	\$6,980
1003 Irrigation Controllers - Replace	15	11	\$16,500	\$22,840
<b>1005 Irrigation System - Repair</b>	<b>1</b>	<b>0</b>	<b>\$1,250</b>	<b>\$1,288</b>
<b>1008 Landscaping/Trees - Remove/Replace</b>	<b>1</b>	<b>0</b>	<b>\$5,000</b>	<b>\$5,150</b>
1010 Retention Basin - Repair	20	16	\$19,015	\$30,513
1105 Sound Wall - Repaint	10	6	\$3,255	\$3,887
<b>1109 Wood Fence - Repaint</b>	<b>4</b>	<b>0</b>	<b>\$20,710</b>	<b>\$23,309</b>
1402 Signage - Replace	15	14	\$3,500	\$5,294
1925 Reserve Study - Update	3	2	\$1,755	\$1,862
<b>21 Total Funded Components</b>				

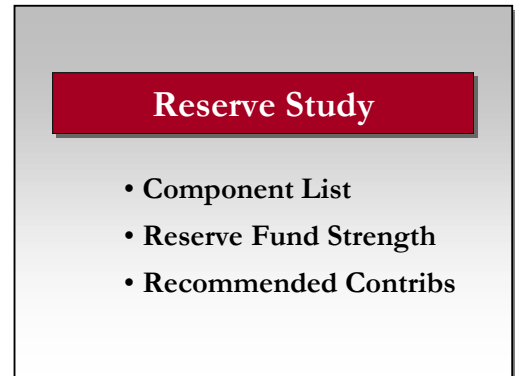
Note 1: Highlighted line items are expected to require attention in initial year.

Note 2: a Useful Life of "N/A" means a one-time expense, not expected to repeat.

## Introduction

A Reserve Study is the art and science of anticipating, and preparing for, an association's major common area repair and replacement expenses. Partially art, because in this field we are making projections about the future. Partially science, because our work is a process of research and analysis along well defined methodologies.

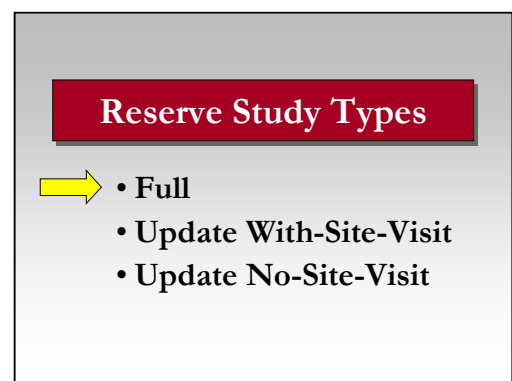
In this Report you will find the Reserve Component List (what you are reserving for). It contains our estimates for Useful Life, Remaining Useful Life, and the current repair or replacement cost for each major component the association is obligated to maintain. Based on that List and your starting balance we computed the association's Reserve Fund Strength (measured as "Percent Funded"), and created a recommended multi-year Reserve Funding Plan to offset future Reserve expenses.



As the physical assets age and deteriorate, it is important to accumulate financial assets to keep the two "in balance". A stable Reserve Funding Plan that offsets the irregular Reserve expenses will ensure that each owner pays their own "fair share" of ongoing common area deterioration.

## Methodology

First we establish what the projected expenses are, then we determine the association's financial status and create a Funding Plan. For this "Full" Reserve Study, we started with a review of your Governing Documents, recent Reserve expenditures, an evaluation of how expenditures are handled (ongoing maintenance vs Reserves), and research into any well-established association precedents. We performed an on-site inspection to quantify and evaluate your common areas, creating your Reserve Component List "from scratch".



### *Which Physical Assets are Covered by Reserves?*

There is a national-standard four-part test to determine which expenses should be funded through Reserves. First, it must be a common area maintenance responsibility. Second, the component must have a limited life. Third, the limited life must be predictable (or it by definition is a “surprise” which cannot be accurately anticipated). Fourth, the component must be above a minimum threshold cost. This limits Reserve

#### **Reserve Components**

- Common Area
- Limited Useful Life
- Predictable Life Limit
- Cost must be Significant

Components to major, predictable expenses. Within this framework, it is inappropriate to include “lifetime” components, unpredictable expenses (such as damage due to fire, flood, or earthquake), and expenses more appropriately handled from the Operational Budget or as an insured loss.

### *How are Useful Life and Remaining Useful Life established?*

- 1) Visual Inspection (observed wear and age)
- 2) Association Reserves database of experience
- 3) Client Component History
- 4) Vendor Evaluation and Recommendation

### *How are Cost Estimates Established?*

Financial projections are based on the average of our Best Case and Worst Case estimates, which are established in this order...

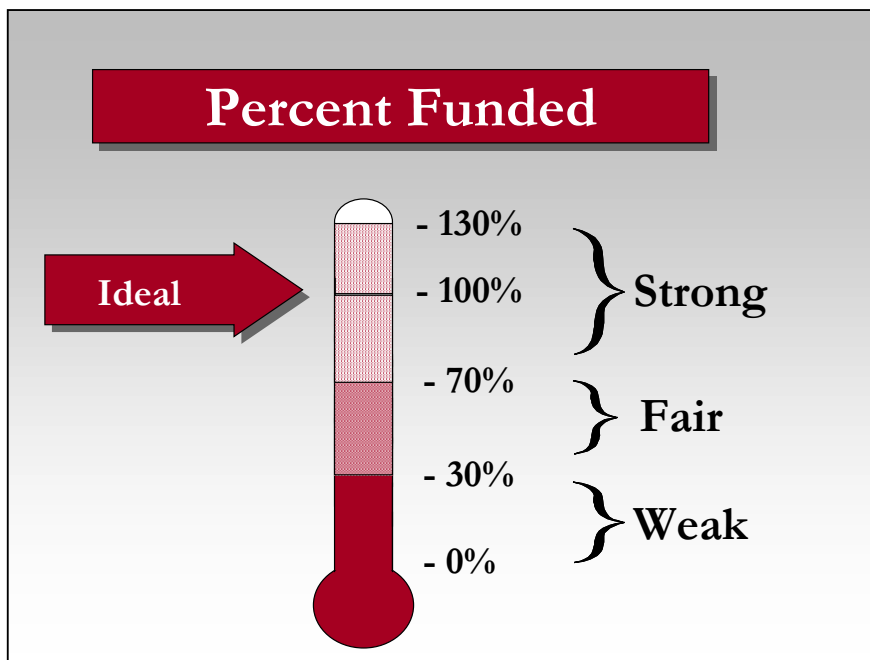
- 1) Client Cost History
- 2) Comparison to Association Reserves database of work done at similar associations
- 3) Vendor Recommendations
- 4) Reliable National Industry cost estimating guidebooks

*How much Reserves are enough?*

Your Reserve cash Balance can measure reserves, but the true measure is whether the funds are adequate. Adequacy is measured in a two-step process:

- 1) Calculate the association’s Fully Funded Balance (FFB).
- 2) Compare to the Reserve Fund Balance, and express as a percentage.

The FFB grows as assets age and the Reserve needs of the association increase, but shrinks when projects are accomplished and the Reserve needs of the association decrease. The Fully Funded Balance changes each year, and is a moving but predictable target.



Special assessments and deferred maintenance are common when the Percent Funded is below 30%. While the 100% point is Ideal, a Reserve Fund in the 70% -130% range is considered “strong” because in this range cash flow problems are rare.

Measuring your Reserves by Percent Funded tells how well prepared your association is for upcoming Reserve expenses. New buyers should be very aware of this important disclosure!

### *How much should we contribute?*

There are four Funding Principles that we balance in developing your Reserve Funding Plan. Our first objective is to design a plan that provides you with sufficient cash to perform your Reserve projects on time. A stable contribution rate is desirable because it is a hallmark of a proactive plan.

Reserve contributions that are evenly distributed over the owners, over the years, enable each owner to pay their “fair share” of the association’s Reserve expenses (this means we recommend special assessments only when all other options have been exhausted). And finally, we develop a plan that is fiscally responsible and “safe” for Boardmembers to recommend to their association.

**Funding Principles**

- Sufficient Cash
- Stable Contribution Rate
- Evenly Distributed
- Fiscally Responsible

### *What is our Recommended Funding Goal?*

Maintaining the Reserve Fund at a level equal to the physical deterioration that has occurred is called “Full Funding” the Reserves (100% Funded). As each asset ages and becomes “used up”, the Reserve Fund grows proportionally. **This is simple, responsible, and our recommendation.** As stated previously, associations in the 100% range rarely experience special assessments or deferred maintenance.

Allowing the Reserves to fall close to zero, but not below zero, is called Baseline Funding. In these associations, deterioration occurs without matching Reserve contributions. With a low Percent Funded, special assessments and deferred maintenance are common.

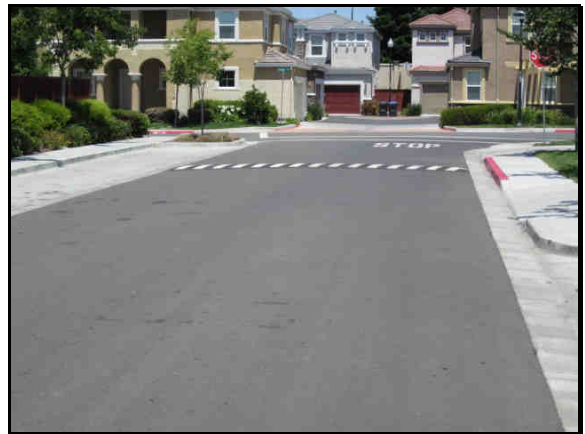
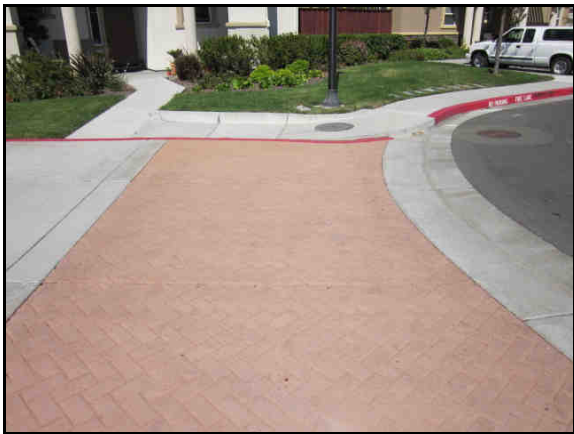
Threshold Funding is the title of all other objectives randomly selected between Baseline Funding and Full Funding.

**Funding Goals**

- ➔ • Full Funding
- Threshold Funding
- Baseline Funding

## Site Inspection Notes

During our site visit on July 9, 2010, we started with a brief meeting with Rich Cardosi (Property Manager), and then started the site inspection beginning with the Tot Lot. We visually inspected all the buildings, and were able to see all/some areas. We were not able to inspect the retention basin.



### Projected Expenses

The figure below shows the array of the projected future expenses at your association. All expenses are based on the average of our Best Case and Worst Case projections, inflated appropriately for future years. Note the distribution of expenses.

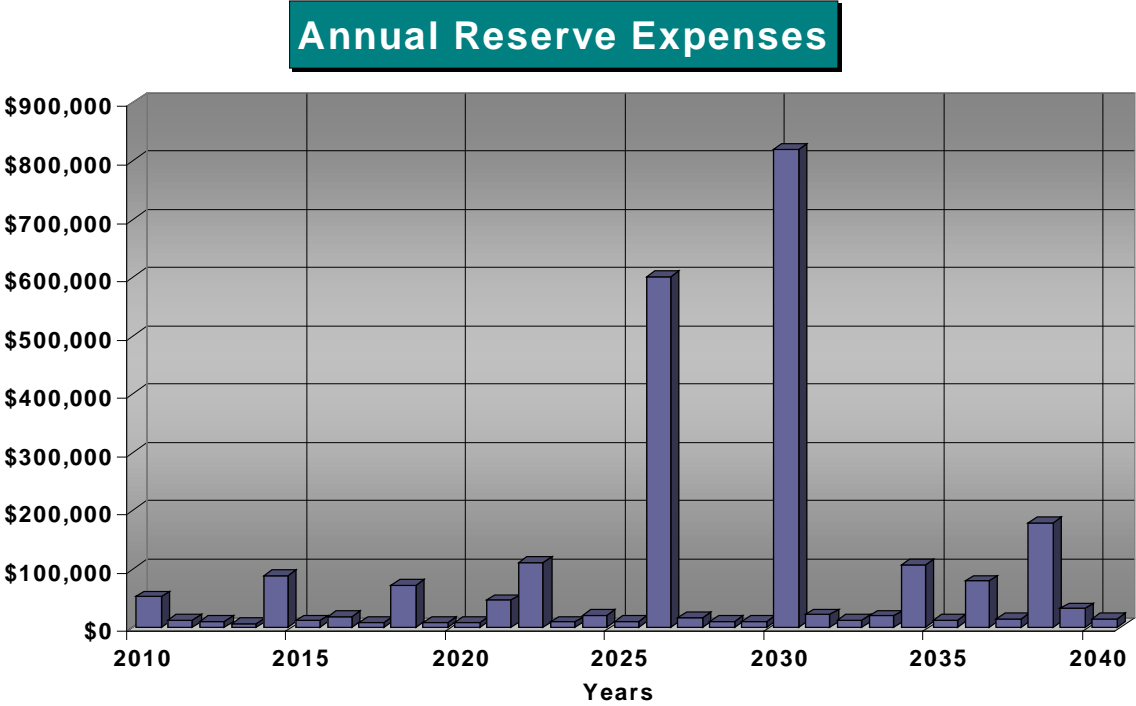


Figure 1

A summary of this information is shown in Table 4, while details of the projects that make up this information are shown in Table 5. Since this is a projection about future events that may or may not take place as anticipated, we feel more certain about “near-term” projects than those many years away. While this Reserve Study is a one-year document, it is based on 30 years worth of looking forward into the future.

### Reserve Fund Status

The starting point for our financial analysis is your Reserve Fund balance, projected to be \$286,792 as-of the start of your Fiscal Year on July 1, 2010. This is based on your actual balance on 4/30/2010 of \$276,998 and anticipated Reserve contributions totaling \$9,794 and no expenses projected through the end of your Fiscal Year. As of July 1, 2010, your Fully Funded Balance is computed to be \$202,021 (see Table 3). This figure represents the deteriorated value of your common area components. Comparing your Reserve Balance to your Fully Funded Balance indicates your Reserves are 142% Funded. As indicated earlier in the Executive Summary, this represents a surplus status.

### Recommended Funding Plan

Based on your current Percent Funded and your projected cash flow requirements, we are recommending Reserve contributions of \$5,328/month this Fiscal Year. This represents the first year of the 30-year Funding Plan shown below. This same information is shown numerically in both Table 4 and Table 5.

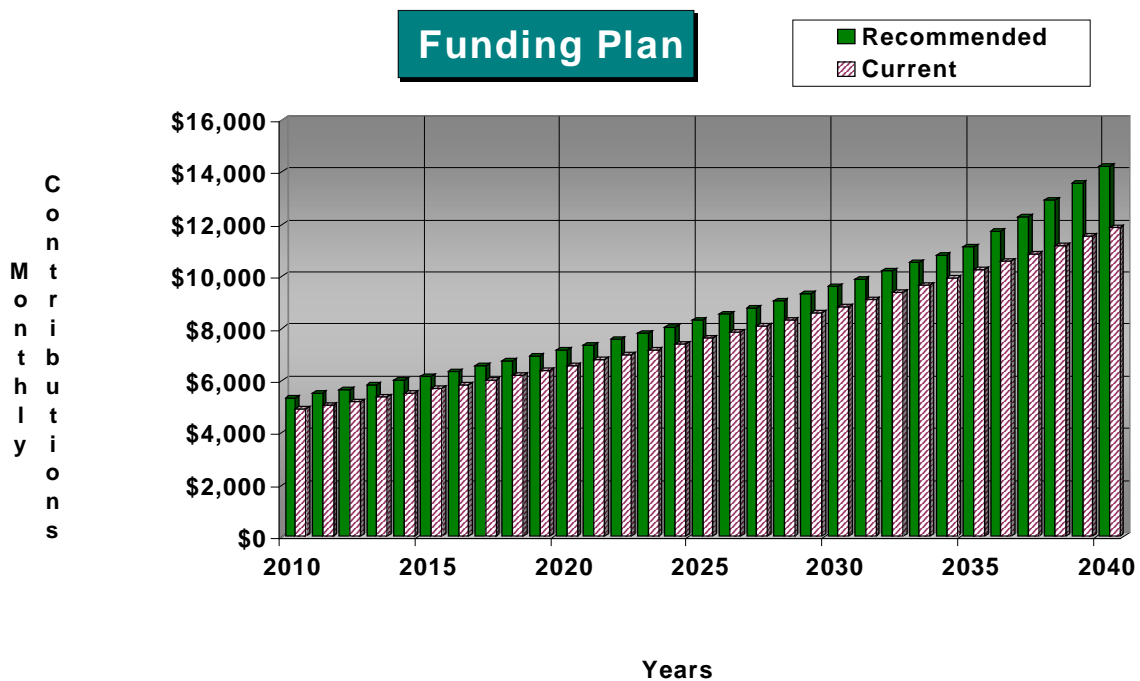


Figure 2

The following chart shows your Reserve balance under our recommended Funding Plan and your current Funding Plan, and your always-changing Fully Funded Balance target.

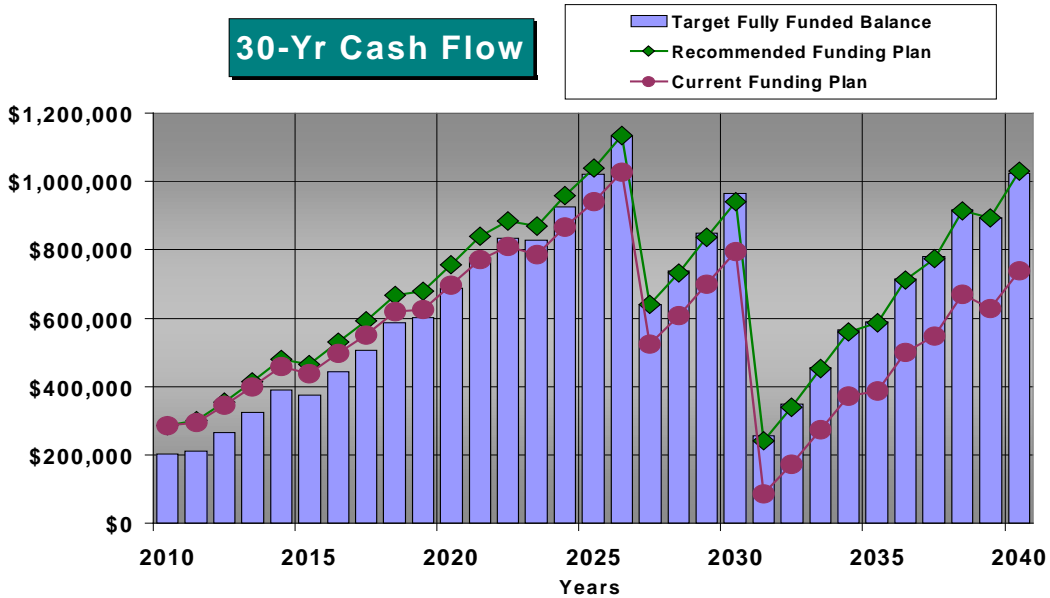


Figure 3

In this figure it is easy to see how your Reserve Fund gradually draws closer to the Fully Funded (100%) level.

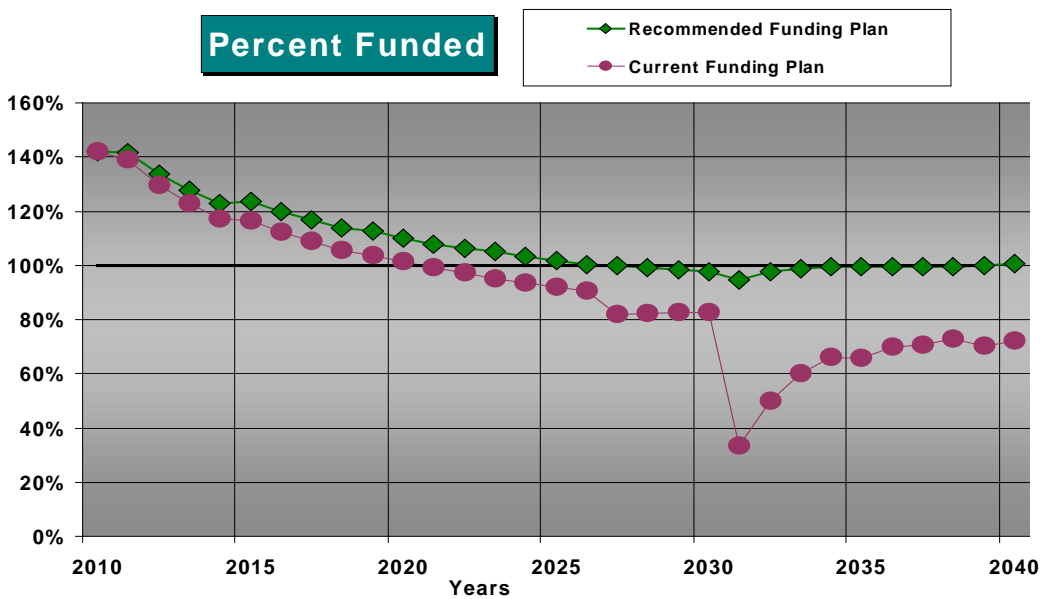


Figure 4

## Table Descriptions

The tabular information in this Report is broken down into five tables.

Table 1 summarizes your funded Reserve Components, and is part of the Executive Report summary that appeared earlier in this Report.

Table 2 provides the main component description, life, and cost factors for all components determined to be appropriate for Reserve designation. This table represents the core information from which all other tables are derived.

Table 3 is presented primarily as an accounting summary. The results of the individual line item Fully Funded Balance computations are shown. These individual quantities are summed to arrive at the Fully Funded Balance for the association as of the start date of the Report. The figures in the Current Fund Balance column and the Monthly Reserve Contribution column show our distribution throughout the line items. If the association is underfunded, Reserve Funds are distributed first to components with a short Remaining Useful Life. If the association's Reserve Balance is above 100% Funded, funds are distributed evenly for all components. Contribution rates for each component are a proportionate distribution of the total contribution on the basis of the component's significance to the association (current cost divided by useful life). This presentation is not meant to cause clients to redistribute association funds, it simply presents one way to evenly distribute the total among all the different line items.

Table 4: This table provides a one-page 30-year summary of the cash flowing into and out of the association, compared to the Fully Funded Balance for each year.

Table 5: This table shows the cash flow detail for the next 30 years. This table makes it possible to see what components are projected to require repair or replacement each year, and the size of those individual expenses.

**Table 2: Reserve Component List Detail****20168-0**

# Component	Quantity	Useful Life	Rem. Useful Life	Best Cost	Current Worst Cost
103 Concrete - Repair	Extensive GSF	5	1	\$5,000	\$6,000
201 Asphalt - Resurface	Approx 129240 GSF	24	20	\$323,100	\$420,030
202 Asphalt - Seal/Repair	Approx 129240 GSF	4	0	\$23,260	\$28,430
206 Stamped Concrete - Repair (Partial)	Approx 11510 GSF	8	4	\$23,020	\$27,620
320 Pole Lights - Replace	(40) Fixtures	20	16	\$48,000	\$60,000
403 Mailboxes - Replace	(10) Kiosks	20	16	\$13,000	\$16,000
405 Play Equipment - Replace	(1) Structure	20	16	\$20,000	\$24,000
409 Benches - Replace	(3) Benches	15	11	\$1,500	\$1,800
412 Tot Lot Surface - Replenish	Approx 1385 GSF	3	2	\$1,730	\$2,250
501 Sound Wall - Repair (Partial)	Approx 370 LF	20	16	\$18,500	\$22,200
504 Wood/Wire Fence - Replace	Approx 770 LF	20	16	\$23,100	\$27,720
505 Wood Fence - Replace	Approx 3835 LF	20	16	\$145,730	\$161,070
1001 Backflow Devices - Replace	(3) Backflows	20	16	\$3,900	\$4,800
1003 Irrigation Controllers - Replace	(3) 48-Station	15	11	\$15,000	\$18,000
1005 Irrigation System - Repair	Irrigation System	1	0	\$1,000	\$1,500
1008 Landscaping/Trees - Remove/Replace	Numerous Trees	1	0	\$4,550	\$5,450
1010 Retention Basin - Repair	Approx 1170 LF	20	16	\$17,550	\$20,480
1105 Sound Wall - Repaint	Approx 2960 GSF	10	6	\$2,960	\$3,550
1109 Wood Fence - Repaint	Approx 23010 GSF	4	0	\$18,410	\$23,010
1402 Signage - Replace	Numerous Signs	15	14	\$3,000	\$4,000
1925 Reserve Study - Update	(1) With Site Visit	3	2	\$1,560	\$1,950
21 Total Funded Components					

**Table 3: Contribution and Fund Breakdown****20168-0**

# Component	Useful Life	Rem. Useful Life	Current (Avg) Cost	Fully Funded Balance	Current Fund Balance	Reserve Contributions
103 Concrete - Repair	5	1	\$5,500	\$4,400	\$6,246.30	\$104.09
201 Asphalt - Resurface	24	20	\$371,565	\$61,928	\$87,913.12	\$1,465.04
202 Asphalt - Seal/Repair	4	0	\$25,845	\$25,845	\$36,689.91	\$611.42
206 Stamped Concrete - Repair (Partial)	8	4	\$25,320	\$12,660	\$17,972.31	\$299.50
320 Pole Lights - Replace	20	16	\$54,000	\$10,800	\$15,331.83	\$255.50
403 Mailboxes - Replace	20	16	\$14,500	\$2,900	\$4,116.88	\$68.61
405 Play Equipment - Replace	20	16	\$22,000	\$4,400	\$6,246.30	\$104.09
409 Benches - Replace	15	11	\$1,650	\$440	\$624.63	\$10.41
412 Tot Lot Surface - Replenish	3	2	\$1,990	\$663	\$941.68	\$62.77
501 Sound Wall - Repair (Partial)	20	16	\$20,350	\$4,070	\$5,777.83	\$96.29
504 Wood/Wire Fence - Replace	20	16	\$25,410	\$5,082	\$7,214.48	\$120.23
505 Wood Fence - Replace	20	16	\$153,400	\$30,680	\$43,553.75	\$725.81
1001 Backflow Devices - Replace	20	16	\$4,350	\$870	\$1,235.06	\$20.58
1003 Irrigation Controllers - Replace	15	11	\$16,500	\$4,400	\$6,246.30	\$104.09
1005 Irrigation System - Repair	1	0	\$1,250	\$1,250	\$1,774.52	\$118.29
1008 Landscaping/Trees - Remove/Replace	1	0	\$5,000	\$5,000	\$7,098.07	\$473.15
1010 Retention Basin - Repair	20	16	\$19,015	\$3,803	\$5,398.79	\$89.97
1105 Sound Wall - Repaint	10	6	\$3,255	\$1,302	\$1,848.34	\$30.80
1109 Wood Fence - Repaint	4	0	\$20,710	\$20,710	\$29,400.20	\$489.94
1402 Signage - Replace	15	14	\$3,500	\$233	\$331.24	\$22.08
1925 Reserve Study - Update	3	2	\$1,755	\$585	\$830.47	\$55.36
21 Total Funded Components				\$202,021	\$286,792	\$5,328

**Table 4: 30-Year Reserve Plan Summary**

**20168-0**

**Fiscal Year Beginning: 07/01/10**

**Interest: 0.50%**

**Inflation: 3.0%**

Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Rating	Annual Reserve Contribs.	Loans or Special Assmts	Interest Income	Projected Reserve Expenses
2010	\$286,792	\$202,021	142.0%	Surplus	\$63,936	\$0	\$1,465	\$52,805
2011	\$299,388	\$211,686	141.4%	Surplus	\$65,854	\$0	\$1,635	\$12,103
2012	\$354,775	\$265,304	133.7%	Surplus	\$67,830	\$0	\$1,921	\$10,604
2013	\$413,922	\$323,866	127.8%	Strong	\$69,865	\$0	\$2,232	\$6,830
2014	\$479,189	\$389,918	122.9%	Strong	\$71,961	\$0	\$2,361	\$87,930
2015	\$465,581	\$376,319	123.7%	Strong	\$74,119	\$0	\$2,490	\$11,587
2016	\$530,603	\$442,904	119.8%	Strong	\$76,343	\$0	\$2,806	\$17,917
2017	\$591,835	\$506,984	116.7%	Strong	\$78,633	\$0	\$3,144	\$7,687
2018	\$665,925	\$585,601	113.7%	Strong	\$80,992	\$0	\$3,361	\$71,636
2019	\$678,642	\$602,848	112.6%	Strong	\$83,422	\$0	\$3,590	\$8,155
2020	\$757,499	\$688,202	110.1%	Strong	\$85,925	\$0	\$3,990	\$8,399
2021	\$839,015	\$778,134	107.8%	Strong	\$88,502	\$0	\$4,310	\$46,573
2022	\$885,254	\$833,784	106.2%	Strong	\$91,157	\$0	\$4,386	\$111,388
2023	\$869,410	\$826,753	105.2%	Strong	\$93,892	\$0	\$4,569	\$9,178
2024	\$958,693	\$927,267	103.4%	Strong	\$96,709	\$0	\$4,996	\$20,412
2025	\$1,039,985	\$1,021,780	101.8%	Strong	\$99,610	\$0	\$5,437	\$9,737
2026	\$1,135,295	\$1,132,756	100.2%	Strong	\$102,599	\$0	\$4,440	\$601,099
2027	\$641,235	\$640,668	100.1%	Strong	\$105,676	\$0	\$3,437	\$16,520
2028	\$733,828	\$738,726	99.3%	Strong	\$108,847	\$0	\$3,924	\$10,640
2029	\$835,959	\$848,658	98.5%	Strong	\$112,112	\$0	\$4,443	\$10,959
2030	\$941,554	\$964,521	97.6%	Strong	\$115,476	\$0	\$2,956	\$818,954
2031	\$241,032	\$254,676	94.6%	Strong	\$118,940	\$0	\$1,451	\$21,858
2032	\$339,564	\$347,687	97.7%	Strong	\$122,508	\$0	\$1,979	\$11,976
2033	\$452,075	\$456,903	98.9%	Strong	\$126,183	\$0	\$2,532	\$19,726
2034	\$561,065	\$564,747	99.3%	Strong	\$129,969	\$0	\$2,868	\$107,342
2035	\$586,560	\$589,016	99.6%	Strong	\$133,868	\$0	\$3,242	\$13,086
2036	\$710,584	\$714,632	99.4%	Strong	\$140,561	\$0	\$3,714	\$79,578
2037	\$775,281	\$779,173	99.5%	Strong	\$147,589	\$0	\$4,220	\$13,883
2038	\$913,207	\$917,069	99.6%	Strong	\$154,969	\$0	\$4,517	\$178,744
2039	\$893,949	\$893,158	100.1%	Strong	\$162,717	\$0	\$4,808	\$31,802

**Table 5: 30-Year Income/Expense Detail (yrs 0 through 4) 20168-0**

Fiscal Year	2010	2011	2012	2013	2014
Starting Reserve Balance	\$286,792	\$299,388	\$354,775	\$413,922	\$479,189
Annual Reserve Contribution	\$63,936	\$65,854	\$67,830	\$69,865	\$71,961
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$1,465	\$1,635	\$1,921	\$2,232	\$2,361
<b>Total Income</b>	<b>\$352,193</b>	<b>\$366,877</b>	<b>\$424,526</b>	<b>\$486,019</b>	<b>\$553,511</b>
# Component					
103 Concrete - Repair	\$0	\$5,665	\$0	\$0	\$0
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$25,845	\$0	\$0	\$0	\$29,089
206 Stamped Concrete - Repair (Partial)	\$0	\$0	\$0	\$0	\$28,498
320 Pole Lights - Replace	\$0	\$0	\$0	\$0	\$0
403 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
405 Play Equipment - Replace	\$0	\$0	\$0	\$0	\$0
409 Benches - Replace	\$0	\$0	\$0	\$0	\$0
412 Tot Lot Surface - Replenish	\$0	\$0	\$2,111	\$0	\$0
501 Sound Wall - Repair (Partial)	\$0	\$0	\$0	\$0	\$0
504 Wood/Wire Fence - Replace	\$0	\$0	\$0	\$0	\$0
505 Wood Fence - Replace	\$0	\$0	\$0	\$0	\$0
1001 Backflow Devices - Replace	\$0	\$0	\$0	\$0	\$0
1003 Irrigation Controllers - Replace	\$0	\$0	\$0	\$0	\$0
1005 Irrigation System - Repair	\$1,250	\$1,288	\$1,326	\$1,366	\$1,407
1008 Landscaping/Trees - Remove/Replace	\$5,000	\$5,150	\$5,305	\$5,464	\$5,628
1010 Retention Basin - Repair	\$0	\$0	\$0	\$0	\$0
1105 Sound Wall - Repaint	\$0	\$0	\$0	\$0	\$0
1109 Wood Fence - Repaint	\$20,710	\$0	\$0	\$0	\$23,309
1402 Signage - Replace	\$0	\$0	\$0	\$0	\$0
1925 Reserve Study - Update	\$0	\$0	\$1,862	\$0	\$0
<b>Total Expenses</b>	<b>\$52,805</b>	<b>\$12,103</b>	<b>\$10,604</b>	<b>\$6,830</b>	<b>\$87,930</b>
Ending Reserve Balance:	\$299,388	\$354,775	\$413,922	\$479,189	\$465,581

**Table 5: 30-Year Income/Expense Detail (yrs 5 through 9) 20168-0**

Fiscal Year	2015	2016	2017	2018	2019
Starting Reserve Balance	\$465,581	\$530,603	\$591,835	\$665,925	\$678,642
Annual Reserve Contribution	\$74,119	\$76,343	\$78,633	\$80,992	\$83,422
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$2,490	\$2,806	\$3,144	\$3,361	\$3,590
<b>Total Income</b>	<b>\$542,190</b>	<b>\$609,752</b>	<b>\$673,612</b>	<b>\$750,278</b>	<b>\$765,654</b>
# Component					
103 Concrete - Repair	\$0	\$6,567	\$0	\$0	\$0
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$0	\$0	\$0	\$32,740	\$0
206 Stamped Concrete - Repair (Partial)	\$0	\$0	\$0	\$0	\$0
320 Pole Lights - Replace	\$0	\$0	\$0	\$0	\$0
403 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
405 Play Equipment - Replace	\$0	\$0	\$0	\$0	\$0
409 Benches - Replace	\$0	\$0	\$0	\$0	\$0
412 Tot Lot Surface - Replenish	\$2,307	\$0	\$0	\$2,521	\$0
501 Sound Wall - Repair (Partial)	\$0	\$0	\$0	\$0	\$0
504 Wood/Wire Fence - Replace	\$0	\$0	\$0	\$0	\$0
505 Wood Fence - Replace	\$0	\$0	\$0	\$0	\$0
1001 Backflow Devices - Replace	\$0	\$0	\$0	\$0	\$0
1003 Irrigation Controllers - Replace	\$0	\$0	\$0	\$0	\$0
1005 Irrigation System - Repair	\$1,449	\$1,493	\$1,537	\$1,583	\$1,631
1008 Landscaping/Trees - Remove/Replace	\$5,796	\$5,970	\$6,149	\$6,334	\$6,524
1010 Retention Basin - Repair	\$0	\$0	\$0	\$0	\$0
1105 Sound Wall - Repaint	\$0	\$3,887	\$0	\$0	\$0
1109 Wood Fence - Repaint	\$0	\$0	\$0	\$26,235	\$0
1402 Signage - Replace	\$0	\$0	\$0	\$0	\$0
1925 Reserve Study - Update	\$2,035	\$0	\$0	\$2,223	\$0
<b>Total Expenses</b>	<b>\$11,587</b>	<b>\$17,917</b>	<b>\$7,687</b>	<b>\$71,636</b>	<b>\$8,155</b>
Ending Reserve Balance:	\$530,603	\$591,835	\$665,925	\$678,642	\$757,499

**Table 5: 30-Year Income/Expense Detail (yrs 10 through 14) 20168-0**

Fiscal Year	2020	2021	2022	2023	2024
Starting Reserve Balance	\$757,499	\$839,015	\$885,254	\$869,410	\$958,693
Annual Reserve Contribution	\$85,925	\$88,502	\$91,157	\$93,892	\$96,709
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$3,990	\$4,310	\$4,386	\$4,569	\$4,996
<b>Total Income</b>	<b>\$847,414</b>	<b>\$931,827</b>	<b>\$980,798</b>	<b>\$967,871</b>	<b>\$1,060,398</b>
# Component					
103 Concrete - Repair	\$0	\$7,613	\$0	\$0	\$0
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$0	\$0	\$36,849	\$0	\$0
206 Stamped Concrete - Repair (Partial)	\$0	\$0	\$36,100	\$0	\$0
320 Pole Lights - Replace	\$0	\$0	\$0	\$0	\$0
403 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
405 Play Equipment - Replace	\$0	\$0	\$0	\$0	\$0
409 Benches - Replace	\$0	\$2,284	\$0	\$0	\$0
412 Tot Lot Surface - Replenish	\$0	\$2,755	\$0	\$0	\$3,010
501 Sound Wall - Repair (Partial)	\$0	\$0	\$0	\$0	\$0
504 Wood/Wire Fence - Replace	\$0	\$0	\$0	\$0	\$0
505 Wood Fence - Replace	\$0	\$0	\$0	\$0	\$0
1001 Backflow Devices - Replace	\$0	\$0	\$0	\$0	\$0
1003 Irrigation Controllers - Replace	\$0	\$22,840	\$0	\$0	\$0
1005 Irrigation System - Repair	\$1,680	\$1,730	\$1,782	\$1,836	\$1,891
1008 Landscaping/Trees - Remove/Replace	\$6,720	\$6,921	\$7,129	\$7,343	\$7,563
1010 Retention Basin - Repair	\$0	\$0	\$0	\$0	\$0
1105 Sound Wall - Repaint	\$0	\$0	\$0	\$0	\$0
1109 Wood Fence - Repaint	\$0	\$0	\$29,528	\$0	\$0
1402 Signage - Replace	\$0	\$0	\$0	\$0	\$5,294
1925 Reserve Study - Update	\$0	\$2,429	\$0	\$0	\$2,655
<b>Total Expenses</b>	<b>\$8,399</b>	<b>\$46,573</b>	<b>\$111,388</b>	<b>\$9,178</b>	<b>\$20,412</b>
Ending Reserve Balance:	\$839,015	\$885,254	\$869,410	\$958,693	\$1,039,985

**Table 5: 30-Year Income/Expense Detail (yrs 15 through 19) 20168-0**

Fiscal Year	2025	2026	2027	2028	2029
Starting Reserve Balance	\$1,039,985	\$1,135,295	\$641,235	\$733,828	\$835,959
Annual Reserve Contribution	\$99,610	\$102,599	\$105,676	\$108,847	\$112,112
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$5,437	\$4,440	\$3,437	\$3,924	\$4,443
<b>Total Income</b>	<b>\$1,145,033</b>	<b>\$1,242,334</b>	<b>\$750,349</b>	<b>\$846,599</b>	<b>\$952,514</b>
# Component					
103 Concrete - Repair	\$0	\$8,826	\$0	\$0	\$0
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$0	\$41,474	\$0	\$0	\$0
206 Stamped Concrete - Repair (Partial)	\$0	\$0	\$0	\$0	\$0
320 Pole Lights - Replace	\$0	\$86,654	\$0	\$0	\$0
403 Mailboxes - Replace	\$0	\$23,268	\$0	\$0	\$0
405 Play Equipment - Replace	\$0	\$35,304	\$0	\$0	\$0
409 Benches - Replace	\$0	\$0	\$0	\$0	\$0
412 Tot Lot Surface - Replenish	\$0	\$0	\$3,289	\$0	\$0
501 Sound Wall - Repair (Partial)	\$0	\$32,656	\$0	\$0	\$0
504 Wood/Wire Fence - Replace	\$0	\$40,776	\$0	\$0	\$0
505 Wood Fence - Replace	\$0	\$246,162	\$0	\$0	\$0
1001 Backflow Devices - Replace	\$0	\$6,980	\$0	\$0	\$0
1003 Irrigation Controllers - Replace	\$0	\$0	\$0	\$0	\$0
1005 Irrigation System - Repair	\$1,947	\$2,006	\$2,066	\$2,128	\$2,192
1008 Landscaping/Trees - Remove/Replace	\$7,790	\$8,024	\$8,264	\$8,512	\$8,768
1010 Retention Basin - Repair	\$0	\$30,513	\$0	\$0	\$0
1105 Sound Wall - Repaint	\$0	\$5,223	\$0	\$0	\$0
1109 Wood Fence - Repaint	\$0	\$33,233	\$0	\$0	\$0
1402 Signage - Replace	\$0	\$0	\$0	\$0	\$0
1925 Reserve Study - Update	\$0	\$0	\$2,901	\$0	\$0
<b>Total Expenses</b>	<b>\$9,737</b>	<b>\$601,099</b>	<b>\$16,520</b>	<b>\$10,640</b>	<b>\$10,959</b>
Ending Reserve Balance:	\$1,135,295	\$641,235	\$733,828	\$835,959	\$941,554

**Table 5: 30-Year Income/Expense Detail (yrs 20 through 24) 20168-0**

Fiscal Year	2030	2031	2032	2033	2034
Starting Reserve Balance	\$941,554	\$241,032	\$339,564	\$452,075	\$561,065
Annual Reserve Contribution	\$115,476	\$118,940	\$122,508	\$126,183	\$129,969
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$2,956	\$1,451	\$1,979	\$2,532	\$2,868
<b>Total Income</b>	<b>\$1,059,986</b>	<b>\$361,422</b>	<b>\$464,051</b>	<b>\$580,791</b>	<b>\$693,902</b>
<b># Component</b>					
103 Concrete - Repair	\$0	\$10,232	\$0	\$0	\$0
201 Asphalt - Resurface	\$671,088	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$46,679	\$0	\$0	\$0	\$52,538
206 Stamped Concrete - Repair (Partial)	\$45,731	\$0	\$0	\$0	\$0
320 Pole Lights - Replace	\$0	\$0	\$0	\$0	\$0
403 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
405 Play Equipment - Replace	\$0	\$0	\$0	\$0	\$0
409 Benches - Replace	\$0	\$0	\$0	\$0	\$0
412 Tot Lot Surface - Replenish	\$3,594	\$0	\$0	\$3,927	\$0
501 Sound Wall - Repair (Partial)	\$0	\$0	\$0	\$0	\$0
504 Wood/Wire Fence - Replace	\$0	\$0	\$0	\$0	\$0
505 Wood Fence - Replace	\$0	\$0	\$0	\$0	\$0
1001 Backflow Devices - Replace	\$0	\$0	\$0	\$0	\$0
1003 Irrigation Controllers - Replace	\$0	\$0	\$0	\$0	\$0
1005 Irrigation System - Repair	\$2,258	\$2,325	\$2,395	\$2,467	\$2,541
1008 Landscaping/Trees - Remove/Replace	\$9,031	\$9,301	\$9,581	\$9,868	\$10,164
1010 Retention Basin - Repair	\$0	\$0	\$0	\$0	\$0
1105 Sound Wall - Repaint	\$0	\$0	\$0	\$0	\$0
1109 Wood Fence - Repaint	\$37,405	\$0	\$0	\$0	\$42,099
1402 Signage - Replace	\$0	\$0	\$0	\$0	\$0
1925 Reserve Study - Update	\$3,170	\$0	\$0	\$3,464	\$0
<b>Total Expenses</b>	<b>\$818,954</b>	<b>\$21,858</b>	<b>\$11,976</b>	<b>\$19,726</b>	<b>\$107,342</b>
<b>Ending Reserve Balance:</b>	<b>\$241,032</b>	<b>\$339,564</b>	<b>\$452,075</b>	<b>\$561,065</b>	<b>\$586,560</b>

**Table 5: 30-Year Income/Expense Detail (yrs 25 through 29) 20168-0**

Fiscal Year	2035	2036	2037	2038	2039
Starting Reserve Balance	\$586,560	\$710,584	\$775,281	\$913,207	\$893,949
Annual Reserve Contribution	\$133,868	\$140,561	\$147,589	\$154,969	\$162,717
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$3,242	\$3,714	\$4,220	\$4,517	\$4,808
<b>Total Income</b>	<b>\$723,670</b>	<b>\$854,859</b>	<b>\$927,090</b>	<b>\$1,072,693</b>	<b>\$1,061,474</b>
# Component					
103 Concrete - Repair	\$0	\$11,861	\$0	\$0	\$0
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$0	\$0	\$0	\$59,131	\$0
206 Stamped Concrete - Repair (Partial)	\$0	\$0	\$0	\$57,930	\$0
320 Pole Lights - Replace	\$0	\$0	\$0	\$0	\$0
403 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
405 Play Equipment - Replace	\$0	\$0	\$0	\$0	\$0
409 Benches - Replace	\$0	\$3,558	\$0	\$0	\$0
412 Tot Lot Surface - Replenish	\$0	\$4,292	\$0	\$0	\$4,690
501 Sound Wall - Repair (Partial)	\$0	\$0	\$0	\$0	\$0
504 Wood/Wire Fence - Replace	\$0	\$0	\$0	\$0	\$0
505 Wood Fence - Replace	\$0	\$0	\$0	\$0	\$0
1001 Backflow Devices - Replace	\$0	\$0	\$0	\$0	\$0
1003 Irrigation Controllers - Replace	\$0	\$35,584	\$0	\$0	\$0
1005 Irrigation System - Repair	\$2,617	\$2,696	\$2,777	\$2,860	\$2,946
1008 Landscaping/Trees - Remove/Replace	\$10,469	\$10,783	\$11,106	\$11,440	\$11,783
1010 Retention Basin - Repair	\$0	\$0	\$0	\$0	\$0
1105 Sound Wall - Repaint	\$0	\$7,020	\$0	\$0	\$0
1109 Wood Fence - Repaint	\$0	\$0	\$0	\$47,383	\$0
1402 Signage - Replace	\$0	\$0	\$0	\$0	\$8,248
1925 Reserve Study - Update	\$0	\$3,785	\$0	\$0	\$4,136
<b>Total Expenses</b>	<b>\$13,086</b>	<b>\$79,578</b>	<b>\$13,883</b>	<b>\$178,744</b>	<b>\$31,802</b>
Ending Reserve Balance:	\$710,584	\$775,281	\$913,207	\$893,949	\$1,029,672

## Accuracy, Limitations, and Disclosures

Because we have no control over future events, we cannot claim that all the events we anticipate will occur as planned. We expect that inflationary trends will continue, and we expect that financial institutions will provide interest earnings on funds on-deposit. We believe that reasonable estimates for these figures are much more accurate than ignoring these economic realities. The things we can control are measurements, which we attempt to establish within 5% accuracy. Your starting Reserve Balance and current Reserve interest earnings are also numbers that can be identified with a high degree of certainty. These figures have been provided to us, and were not confirmed by our independent research. Our projections assume a stable economic environment and lack of natural disasters.

Because both the physical status and financial status of the association change each year, this Reserve Study is by nature a “one-year” document. This information can and should be adjusted annually as part of the Reserve Study Update process so that more accurate estimates can be reflected in the Reserve plan. Reality often differs from even the best assumptions due to changing economic factors, physical factors, or ownership expectations. Because many years of financial preparation help the preparation for large expenses, this Report shows expenses for the next 30 years. We fully expect a number of adjustments will be necessary through the interim years to both the cost and timing of distant expense projections. It is our recommendation and that of the American Institute of Certified Public Accountants (AICPA) that your Reserve Study be updated annually.

Association Reserves, Inc., and its employees have no ownership, management, or other business relationships with the client other than this Reserve Study engagement. Derek Eckert, R.S., company president, is a credentialed Reserve Specialist (#114). All work done by Association Reserves is performed under his Responsible Charge. There are no material issues to our knowledge that have not been disclosed to the client that would cause a distortion of the association’s situation.

We have relied upon the client to provide the current (or projected) Reserve Balance, the estimated net-after-tax current rate of interest earnings, and to indicate if those earnings accrue to the Reserve Fund. In addition, we have considered the association’s representation of current and historical Reserve projects reliable, and we have considered the representations made by its vendors and suppliers to also be accurate and reliable.

Component quantities indicated in this Report were developed by Association Reserves unless otherwise noted in our “Site Inspection Notes” comments. No destructive or intrusive testing was performed, nor should the site inspection be assumed to be anything other than for budget purposes.

## Terms and Definitions

<b>BTU</b>	British Thermal Unit (a standard unit of energy)
<b>DIA</b>	Diameter
<b>GSF</b>	Gross Square Feet (area)
<b>GSY</b>	Gross Square Yards (area)
<b>HP</b>	Horsepower
<b>LF</b>	Linear Feet (length)

**Effective Age:** The difference between Useful Life and Remaining Useful Life. Note that this is not necessarily equivalent to the chronological age of the component.

**Fully Funded Balance (FFB):** The Reserve Balance that is in direct proportion to the fraction of life “used up” of the current Repair or Replacement cost. This benchmark balance represents the value of the deterioration of the Reserve Components. This number is calculated for each component, then summed together for an association total.

$$\text{FFB} = (\text{Current Cost} \times \text{Effective Age}) / \text{Useful Life}$$

**Inflation:** Cost factors are adjusted for inflation at the rate defined in the Executive Summary and compounded annually. These increasing costs can be seen as you follow the recurring cycles of a component on Table 5.

**Interest:** Interest earnings on Reserve Funds are calculated using the average balance for the year (taking into account income and expenses through the year) and compounded monthly using the rate defined in the Executive Summary. Annual interest earning assumption appears in the Executive Summary, page ii.

**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 Fully Funded Balance, expressed as a percentage.

**Remaining Useful Life:** The estimated time, in years, that a common area component can be expected to continue to serve its intended function.

**Useful Life:** The estimated time, in years, that a common area component can be expected to serve its intended function.

**Photographic Inventory Appendix**