

Country Hills Square

Level 3 Reserve Study



Report Period – 01/01/2023 – 12/31/2023

Client Reference Number	12787
Property Type	Condominium
Number of Units	30
Fiscal Year End	12/31

Type of Study	Update No Site Visit
Date of Property Inspection	N/A
Prepared By	Dale Gifford
Analysis Method	Cash Flow
Funding Goal	Full Funding

Report prepared on – Wednesday, March 23, 2022



TEL: (888) 356-3783 | Fax: (866) 279-9662
WWW.COMPLEXSOLUTIONSLTD.COM

Table of Contents

Introduction

- Executive Summary page 1
- Introduction page 2
- General Information and Frequently Asked Questions page 3 - 4

Reserve Analysis

- Funding Summary page 5
- Percent Funded – Graph page 6
- Component Inventory page 7
- Significant Components page 8
- Significant Components – Graph page 9
- Yearly Summary page 10
- Yearly Reserve Contributions – Graph page 11
- Component Funding Information page 12
- Yearly Cash Flow page 13
- Yearly Reserve Expenditures – Graph page 14
- Projected Reserve Expenditures by Year page 15 - 16

Glossary of Commonly used Words and Phrases

Executive Summary – Country Hills Square - ID # 12787

Information to complete this Level III Reserve Study was gathered through research with the client as well as from the previous report. In addition, we also obtained information by contacting any vendors and/or contractors that have worked on the property recently. 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 01/01/2023	\$31,830.49
Ideal Reserve Balance as of 01/01/2023	\$287,948
Percent Funded as of 01/01/2023	11%
Recommended Reserve Contribution (months 1 – 24 / 25 – 360)	\$7,750 / \$2,600
Recommended Special Assessment	\$0

Country Hills Square is a 30-unit Condominium community. The community offers covered parking, and landscaped areas as amenities. Construction on the community was completed in 1974.

Currently Programmed Projects

There are multiple projects programmed to occur this fiscal year (FY2023). We have programmed an estimated \$56,175 in reserve expenditures toward the completion of these projects. (See page 15)

Significant Reserve Projects

The association's significant reserve projects are shingle roof replace (Comp# 105), asphalt major rehab (Comp# 401), metal siding replace (Comp# 304), and asphalt seal coat (Comp# 402). The fiscal significance of these components is approximately 12%, 10%, 10%, and 8% 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 \$31,830.49 versus the ideal reserve balance of \$287,948 we find the association's reserve fund to be approximately 11% funded. This indicates a weak reserve fund position. In order to continue to strengthen the account fund, we suggest adopting a monthly reserve contribution of \$7,750 (\$258.33/unit) per month for two years and then \$2,600 (\$86.67/unit) per month for twenty-eight 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.

Funding Summary

Beginning Assumptions

# of units	30
Fiscal Year End	31-Dec
Budgeted Monthly Reserve Allocation	\$600
Projected Starting Reserve Balance	\$31,830
Ideal Starting Reserve Balance	\$287,948

Economic Assumptions

Projected Inflation Rate	3.50%
Reported After-Tax Interest Rate	0.10%

Current Reserve Status

Current Balance as a % of Ideal Balance	11%
---	-----

Recommendations (FY 2023-2024)

Recommended Monthly Reserve Allocation	\$7,750
Per Unit	\$258.33
Future Annual Increases	3.00%
For number of years:	2

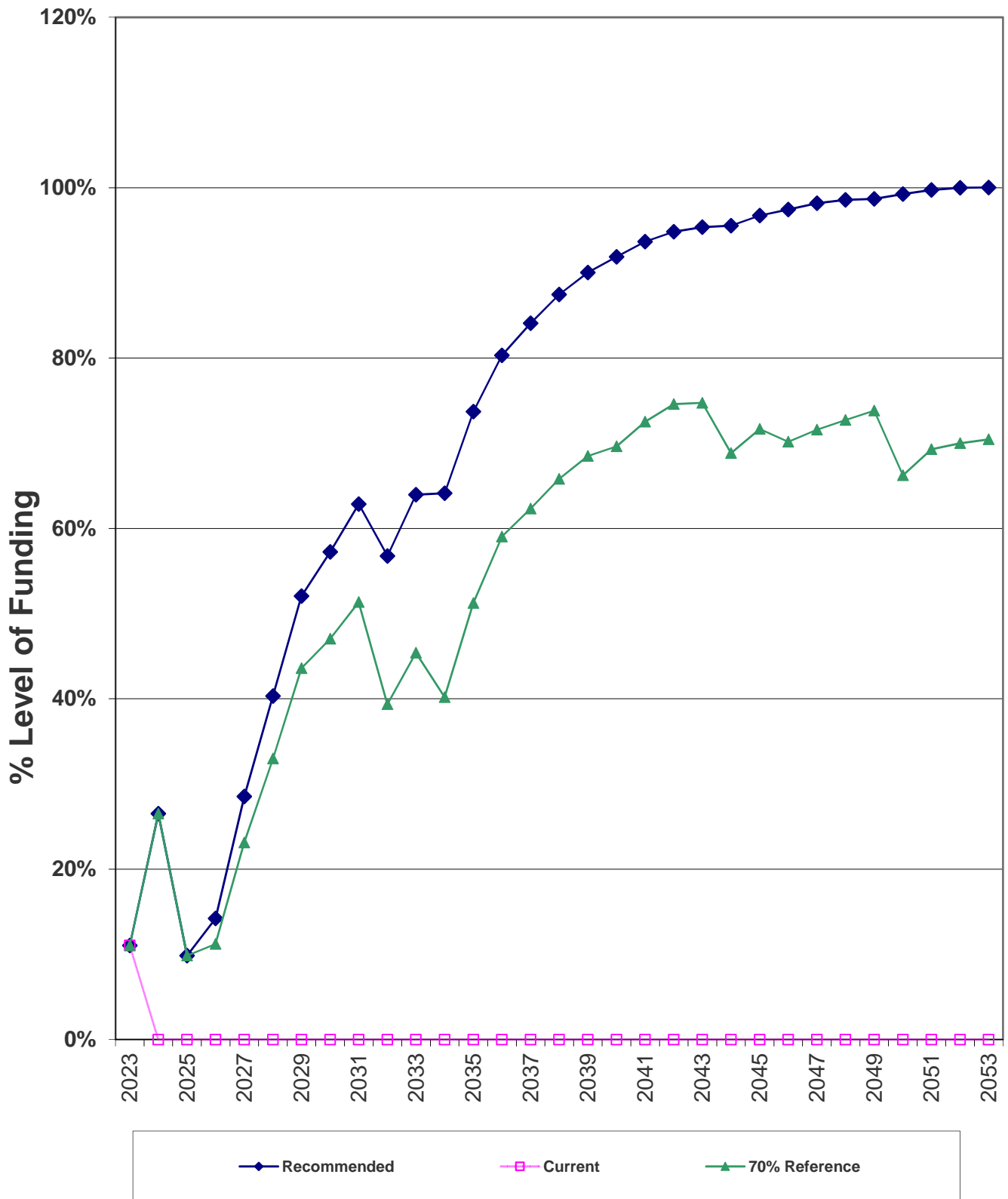
Recommendations (FY 2023-2024)

Recommended Monthly Reserve Allocation	\$2,600
Per Unit	\$86.67
Future Annual Increases	3.00%
For number of years:	28

70% Funded Monthly Reserve Allocation Reference	\$2,275
Per Unit	\$75.83
Future Annual Increases	3.00%
For number of years:	28



Percent Funded - Graph



Component Inventory

Category	ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Best Cost	Worst Cost
Roofing	104	Flat Roof - Replace	25	20	\$18,000	\$21,000
	105	Shingle Roof - Replace	25	1	\$51,000	\$57,000
	120	Rain Gutters/Downspouts - Replace	30	2	\$6,000	\$7,000
	121	Heat Tape - Replace	15	0	\$6,000	\$10,000
Painted Surfaces	212	Metal Railing - Repaint	N/A		\$0	\$0
	215	Building Exterior - Repair/Repaint	10	0	\$10,000	\$12,000
	216	Interior Surfaces - Repaint	10	0	\$12,000	\$14,000
	223	Carports - Repaint	10	6	\$6,000	\$7,000
Siding Materials	304	Metal Siding - Replace	50	1	\$82,000	\$103,000
Drive Materials	401	Asphalt - Major Rehab	25	8	\$43,000	\$54,000
	402	Asphalt - Seal Coat	5	4	\$7,000	\$8,000
	403	Concrete - Partial Repair/Replace	10	6	\$8,000	\$9,000
Decking	604	Balcony Decks - Replace	N/A		\$0	\$0
	690	Stairwell Flooring - Replace	20	3	\$6,000	\$10,000
Mechanical Equip.	703	Commercial Water Heater - 2015 - Repla	15	7	\$11,000	\$12,000
	703	Commercial Water Heater - 2020 - Repla	15	13	\$11,000	\$12,000
Prop. Identification	803	Mailboxes - Replace	25	8	\$10,000	\$11,000
	804	Awning - Replace	10	9	\$4,000	\$5,000
Interiors	1490	Ceiling Tiles - Replace	N/A		\$0	\$0
Flooring	1501	Carpeting - Replace	10	0	\$12,000	\$15,000
Light Fixtures	1601	Interior Light Fixtures - 1st & 2nd Floors -	25	0	\$4,000	\$5,000
	1601	Interior Light Fixtures - 3rd Floor - Replac	25	19	\$2,000	\$2,500
	1602	Exterior Light Fixtures - Stairwells - Repla	20	0	\$1,600	\$2,000
	1602	Exterior Light Fixtures - Wall - Replace	20	6	\$600	\$800
	1604	Pole Lights - Replace	20	0	\$3,000	\$3,500
	1690	Carport Light Fixtures - Replace	20	0	\$1,000	\$1,250
Landscaping	1812	Landscaping & Irrigation System - Renov	20	2	\$15,000	\$20,000

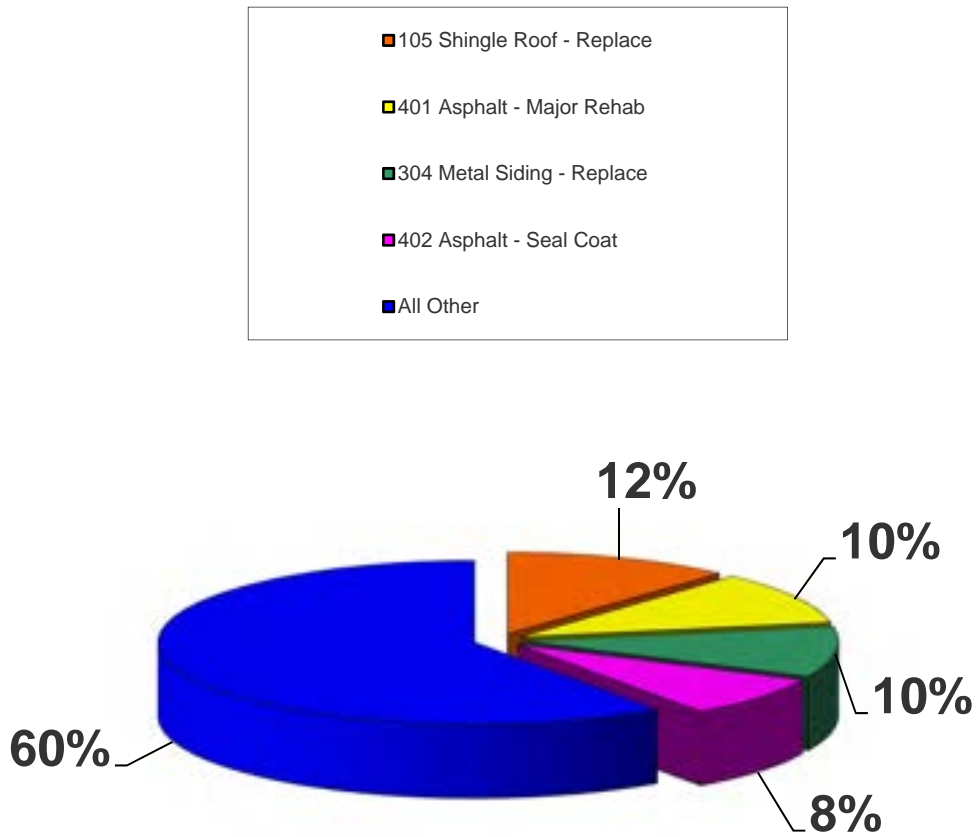


Significant Components

ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Average Current Cost	Significance: (Curr Cost/UL)	
					As \$	As %
104	Flat Roof - Replace	25	20	\$19,500	\$780	4.2112%
105	Shingle Roof - Replace	25	1	\$54,000	\$2,160	11.6618%
120	Rain Gutters/Downspouts - Replace	30	2	\$6,500	\$217	1.1698%
121	Heat Tape - Replace	15	0	\$8,000	\$533	2.8794%
215	Building Exterior - Repair/Repaint	10	0	\$11,000	\$1,100	5.9389%
216	Interior Surfaces - Repaint	10	0	\$13,000	\$1,300	7.0186%
223	Carports - Repaint	10	6	\$6,500	\$650	3.5093%
304	Metal Siding - Replace	50	1	\$92,500	\$1,850	9.9881%
401	Asphalt - Major Rehab	25	8	\$48,500	\$1,940	10.4740%
402	Asphalt - Seal Coat	5	4	\$7,500	\$1,500	8.0984%
403	Concrete - Partial Repair/Replace	10	6	\$8,500	\$850	4.5891%
690	Stairwell Flooring - Replace	20	3	\$8,000	\$400	2.1596%
703	Commercial Water Heater - 2015 - Rep	15	7	\$11,500	\$767	4.1392%
703	Commercial Water Heater - 2020 - Rep	15	13	\$11,500	\$767	4.1392%
803	Mailboxes - Replace	25	8	\$10,500	\$420	2.2676%
804	Awning - Replace	10	9	\$4,500	\$450	2.4295%
1501	Carpeting - Replace	10	0	\$13,500	\$1,350	7.2886%
1601	Interior Light Fixtures - 1st & 2nd Floors	25	0	\$4,500	\$180	0.9718%
1601	Interior Light Fixtures - 3rd Floor - Repla	25	19	\$2,250	\$90	0.4859%
1602	Exterior Light Fixtures - Stairwells - Rep	20	0	\$1,800	\$90	0.4859%
1602	Exterior Light Fixtures - Wall - Replace	20	6	\$700	\$35	0.1890%
1604	Pole Lights - Replace	20	0	\$3,250	\$163	0.8773%
1690	Carport Light Fixtures - Replace	20	0	\$1,125	\$56	0.3037%
1812	Landscaping & Irrigation System - Rend	20	2	\$17,500	\$875	4.7241%



Significant Components - Graph



ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Average Current Cost	Significance: (Curr Cost/UL)	
					As \$	As %
105	Shingle Roof - Replace	25	1	\$54,000	\$2,160	12%
401	Asphalt - Major Rehab	25	8	\$48,500	\$1,940	10%
304	Metal Siding - Replace	50	1	\$92,500	\$1,850	10%
402	Asphalt - Seal Coat	5	4	\$7,500	\$1,500	8%
All Other	See Expanded Table For Breakdown				\$11,072	60%



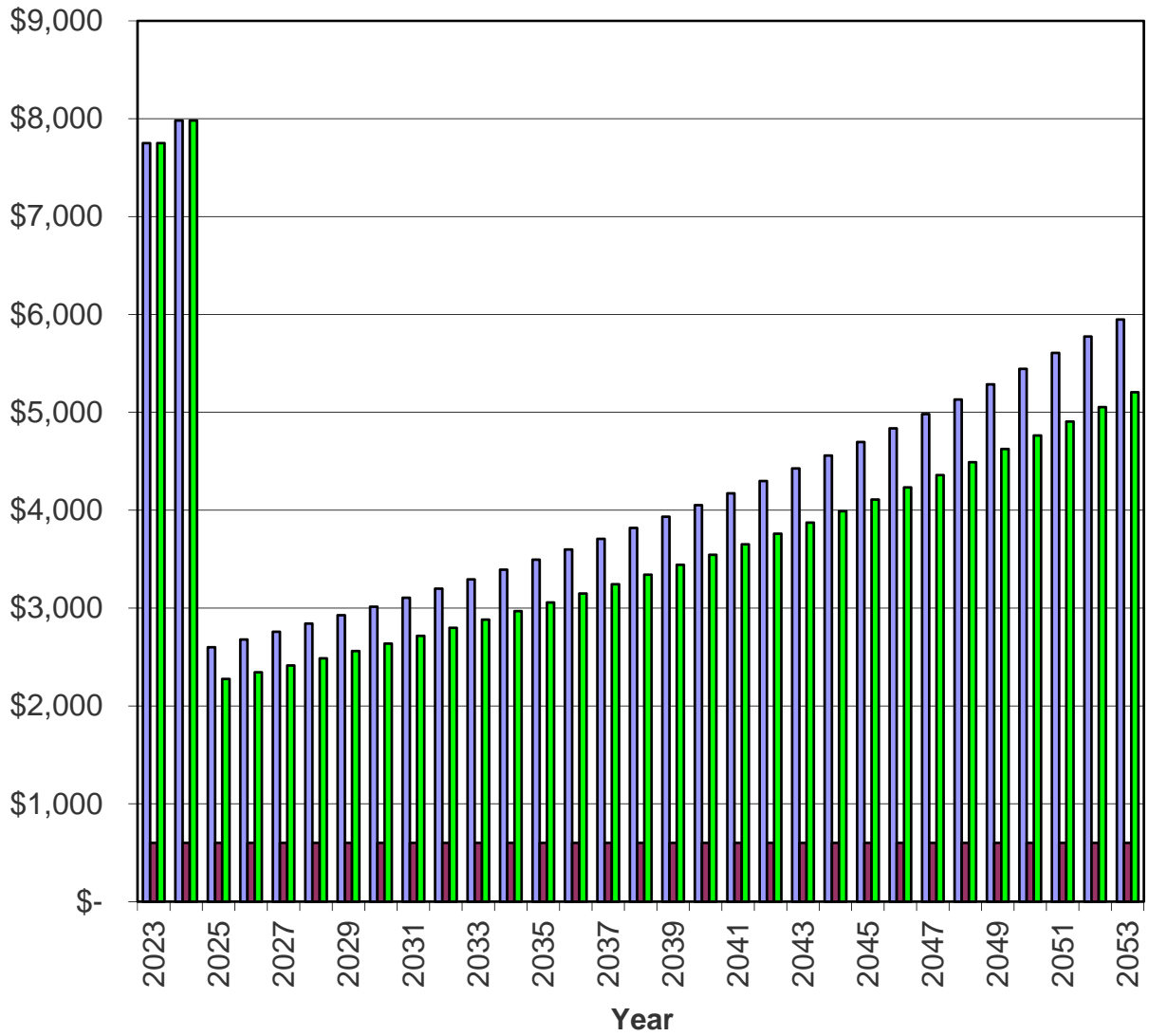
Yearly Summary

Year	Fully Funded Balance	Starting Reserve Balance	% Funded	Reserve Contributions	Interest Income	Reserve Expenses	Ending Reserve Balance
2023	\$287,948	\$31,830	11%	\$93,000	\$50	\$56,175	\$68,706
2024	\$259,056	\$68,706	27%	\$95,790	\$41	\$151,628	\$12,909
2025	\$131,030	\$12,909	10%	\$31,200	\$16	\$25,709	\$18,415
2026	\$129,542	\$18,415	14%	\$32,136	\$30	\$8,870	\$41,712
2027	\$146,150	\$41,712	29%	\$33,100	\$54	\$8,606	\$66,259
2028	\$164,356	\$66,259	40%	\$34,093	\$83	\$0	\$100,436
2029	\$192,877	\$100,436	52%	\$35,116	\$108	\$19,299	\$116,361
2030	\$203,219	\$116,361	57%	\$36,169	\$127	\$14,631	\$138,026
2031	\$219,578	\$138,026	63%	\$37,254	\$118	\$77,692	\$97,707
2032	\$172,096	\$97,707	57%	\$38,372	\$109	\$16,355	\$119,833
2033	\$187,319	\$119,833	64%	\$39,523	\$113	\$52,897	\$106,572
2034	\$166,168	\$106,572	64%	\$40,709	\$127	\$0	\$147,407
2035	\$199,972	\$147,407	74%	\$41,930	\$168	\$0	\$189,506
2036	\$235,939	\$189,506	80%	\$43,188	\$202	\$17,985	\$214,911
2037	\$255,564	\$214,911	84%	\$44,484	\$231	\$12,140	\$247,486
2038	\$282,974	\$247,486	87%	\$45,818	\$264	\$13,403	\$280,165
2039	\$311,123	\$280,165	90%	\$47,193	\$291	\$26,010	\$301,639
2040	\$328,334	\$301,639	92%	\$48,609	\$326	\$0	\$350,574
2041	\$374,230	\$350,574	94%	\$50,067	\$376	\$0	\$401,016
2042	\$422,937	\$401,016	95%	\$51,569	\$413	\$27,396	\$425,603
2043	\$446,240	\$425,603	95%	\$53,116	\$389	\$125,705	\$353,403
2044	\$369,899	\$353,403	96%	\$54,709	\$381	\$0	\$408,493
2045	\$422,325	\$408,493	97%	\$56,351	\$406	\$61,814	\$403,436
2046	\$413,991	\$403,436	97%	\$58,041	\$424	\$17,649	\$444,252
2047	\$452,506	\$444,252	98%	\$59,782	\$466	\$17,125	\$487,376
2048	\$494,392	\$487,376	99%	\$61,576	\$513	\$10,635	\$538,830
2049	\$545,993	\$538,830	99%	\$63,423	\$486	\$170,483	\$432,255
2050	\$435,542	\$432,255	99%	\$65,326	\$465	\$0	\$498,046
2051	\$499,317	\$498,046	100%	\$67,286	\$517	\$30,132	\$535,717
2052	\$535,837	\$535,717	100%	\$69,304	\$554	\$32,543	\$573,033



Reserve Contributions - Graph

Monthly Reserve Contributions



Component Funding Information

ID	Component Name	UL	RUL	Quantity	Average Current Cost	Ideal Balance	Current Fund Balance	Monthly
104	Flat Roof - Replace	25	20	Approx 3,000 Sq.ft.	\$19,500	\$3,900	\$0	\$326.37
105	Shingle Roof - Replace	25	1	Approx 12,650 Sq.ft.	\$54,000	\$51,840	\$0	\$903.79
120	Rain Gutters/Downspouts - Replace	30	2	Approx 780 Linear ft.	\$6,500	\$6,067	\$0	\$90.66
121	Heat Tape - Replace	15	0	(1) Building	\$8,000	\$8,000	\$8,000	\$223.16
215	Building Exterior - Repair/Repaint	10	0	Approx 6,350 Sq.ft.	\$11,000	\$11,000	\$11,000	\$460.26
216	Interior Surfaces - Repaint	10	0	Approx 9,080 Sq.ft.	\$13,000	\$13,000	\$12,830	\$543.95
223	Carports - Repaint	10	6	Approx 5,500 Sq.ft.	\$6,500	\$2,600	\$0	\$271.97
304	Metal Siding - Replace	50	1	Approx 10,250 Sq.ft.	\$92,500	\$90,650	\$0	\$774.08
401	Asphalt - Major Rehab	25	8	Approx 21,500 Sq.ft.	\$48,500	\$32,980	\$0	\$811.73
402	Asphalt - Seal Coat	5	4	Approx 21,500 Sq.ft.	\$7,500	\$1,500	\$0	\$627.63
403	Concrete - Partial Repair/Replace	10	6	Minimal Sq.ft.	\$8,500	\$3,400	\$0	\$355.66
690	Stairwell Flooring - Replace	20	3	Approx 630 Sq.ft.	\$8,000	\$6,800	\$0	\$167.37
703	Commercial Water Heater - 2015 - Replace	15	7	(1) Water Heater	\$11,500	\$6,133	\$0	\$320.79
703	Commercial Water Heater - 2020 - Replace	15	13	(1) Water Heater	\$11,500	\$1,533	\$0	\$320.79
803	Mailboxes - Replace	25	8	(3) Clusters	\$10,500	\$7,140	\$0	\$175.74
804	Awning - Replace	10	9	(1) Awning	\$4,500	\$450	\$0	\$188.29
1501	Carpeting - Replace	10	0	Approx 2,490 Sq.ft.	\$13,500	\$13,500	\$0	\$564.87
1601	Interior Light Fixtures - 1st & 2nd Floors - Replace	25	0	(20) Fixtures	\$4,500	\$4,500	\$0	\$75.32
1601	Interior Light Fixtures - 3rd Floor - Replace	25	19	(10) Fixtures	\$2,250	\$540	\$0	\$37.66
1602	Exterior Light Fixtures - Stairwells - Replace	20	0	(8) Fixtures	\$1,800	\$1,800	\$0	\$37.66
1602	Exterior Light Fixtures - Wall - Replace	20	6	(4) Fixtures	\$700	\$490	\$0	\$14.64
1604	Pole Lights - Replace	20	0	(5) Pole Lights	\$3,250	\$3,250	\$0	\$67.99
1690	Carport Light Fixtures - Replace	20	0	(5) Light Fixtures	\$1,125	\$1,125	\$0	\$23.54
1812	Landscaping & Irrigation System - Renovate	20	2	Minimal Sq.ft.	\$17,500	\$15,750	\$0	\$366.12
					\$366,125	\$287,948	\$31,830	\$7,750

Current Fund Balance as a percentage of Ideal Balance: 11%



Yearly Cash Flow

Year	2023	2024	2025	2026	2027
Starting Balance	\$31,830	\$68,706	\$12,909	\$18,415	\$41,712
<i>Reserve Income</i>	\$93,000	\$95,790	\$31,200	\$32,136	\$33,100
<i>Interest Earnings</i>	\$50	\$41	\$16	\$30	\$54
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$124,881	\$164,537	\$44,125	\$50,581	\$74,866
Reserve Expenditures	\$56,175	\$151,628	\$25,709	\$8,870	\$8,606
Ending Balance	\$68,706	\$12,909	\$18,415	\$41,712	\$66,259

Year	2028	2029	2030	2031	2032
Starting Balance	\$66,259	\$100,436	\$116,361	\$138,026	\$97,707
<i>Reserve Income</i>	\$34,093	\$35,116	\$36,169	\$37,254	\$38,372
<i>Interest Earnings</i>	\$83	\$108	\$127	\$118	\$109
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$100,436	\$135,660	\$152,657	\$175,398	\$136,187
Reserve Expenditures	\$0	\$19,299	\$14,631	\$77,692	\$16,355
Ending Balance	\$100,436	\$116,361	\$138,026	\$97,707	\$119,833

Year	2033	2034	2035	2036	2037
Starting Balance	\$119,833	\$106,572	\$147,407	\$189,506	\$214,911
<i>Reserve Income</i>	\$39,523	\$40,709	\$41,930	\$43,188	\$44,484
<i>Interest Earnings</i>	\$113	\$127	\$168	\$202	\$231
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$159,469	\$147,407	\$189,506	\$232,896	\$259,626
Reserve Expenditures	\$52,897	\$0	\$0	\$17,985	\$12,140
Ending Balance	\$106,572	\$147,407	\$189,506	\$214,911	\$247,486

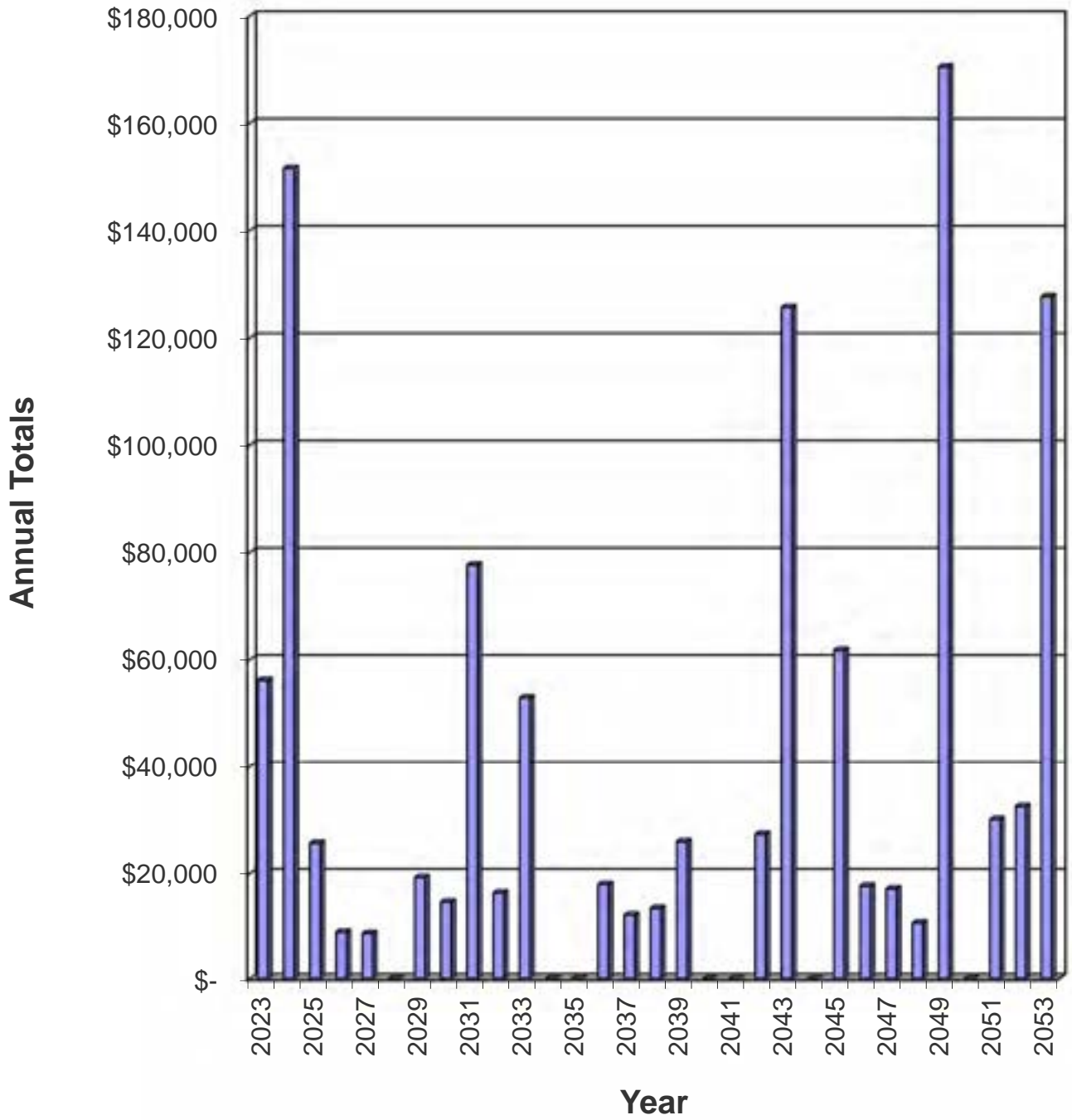
Year	2038	2039	2040	2041	2042
Starting Balance	\$247,486	\$280,165	\$301,639	\$350,574	\$401,016
<i>Reserve Income</i>	\$45,818	\$47,193	\$48,609	\$50,067	\$51,569
<i>Interest Earnings</i>	\$264	\$291	\$326	\$376	\$413
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$293,568	\$327,649	\$350,574	\$401,016	\$452,998
Reserve Expenditures	\$13,403	\$26,010	\$0	\$0	\$27,396
Ending Balance	\$280,165	\$301,639	\$350,574	\$401,016	\$425,603

Year	2043	2044	2045	2046	2047
Starting Balance	\$425,603	\$353,403	\$408,493	\$403,436	\$444,252
<i>Reserve Income</i>	\$53,116	\$54,709	\$56,351	\$58,041	\$59,782
<i>Interest Earnings</i>	\$389	\$381	\$406	\$424	\$466
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$479,108	\$408,493	\$465,250	\$461,901	\$504,501
Reserve Expenditures	\$125,705	\$0	\$61,814	\$17,649	\$17,125
Ending Balance	\$353,403	\$408,493	\$403,436	\$444,252	\$487,376

Year	2048	2049	2050	2051	2052
Starting Balance	\$487,376	\$538,830	\$432,255	\$498,046	\$535,717
<i>Reserve Income</i>	\$61,576	\$63,423	\$65,326	\$67,286	\$69,304
<i>Interest Earnings</i>	\$513	\$486	\$465	\$517	\$554
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$549,465	\$602,739	\$498,046	\$565,849	\$605,575
Reserve Expenditures	\$10,635	\$170,483	\$0	\$30,132	\$32,543
Ending Balance	\$538,830	\$432,255	\$498,046	\$535,717	\$573,033



Yearly Reserve Expenditures - Graph



Projected Reserve Expenditures by Year

Year	ID #	Component Name	Projected Cost	Total Per Annum
2023	121	Heat Tape - Replace	\$8,000	
	215	Building Exterior - Repair/Repaint	\$11,000	
	216	Interior Surfaces - Repaint	\$13,000	
	1501	Carpeting - Replace	\$13,500	
	1601	Interior Light Fixtures - 1st & 2nd Floors - Replace	\$4,500	
	1602	Exterior Light Fixtures - Stairwells - Replace	\$1,800	
	1604	Pole Lights - Replace	\$3,250	
	1690	Carport Light Fixtures - Replace	\$1,125	\$56,175
2024	105	Shingle Roof - Replace	\$55,890	
	304	Metal Siding - Replace	\$95,738	\$151,628
2025	120	Rain Gutters/Downspouts - Replace	\$6,963	
	1812	Landscaping & Irrigation System - Renovate	\$18,746	\$25,709
2026	690	Stairwell Flooring - Replace	\$8,870	\$8,870
2027	402	Asphalt - Seal Coat	\$8,606	\$8,606
2028		No Expenditures Projected		\$0
2029	223	Carports - Repaint	\$7,990	
	403	Concrete - Partial Repair/Replace	\$10,449	
	1602	Exterior Light Fixtures - Wall - Replace	\$860	\$19,299
2030	703	Commercial Water Heater - 2015 - Replace	\$14,631	\$14,631
2031	401	Asphalt - Major Rehab	\$63,865	
	803	Mailboxes - Replace	\$13,826	\$77,692
2032	402	Asphalt - Seal Coat	\$10,222	
	804	Awning - Replace	\$6,133	\$16,355
2033	215	Building Exterior - Repair/Repaint	\$15,517	
	216	Interior Surfaces - Repaint	\$18,338	
	1501	Carpeting - Replace	\$19,043	\$52,897
2034		No Expenditures Projected		\$0
2035		No Expenditures Projected		\$0
2036	703	Commercial Water Heater - 2020 - Replace	\$17,985	\$17,985
2037	402	Asphalt - Seal Coat	\$12,140	\$12,140
2038	121	Heat Tape - Replace	\$13,403	\$13,403
2039	223	Carports - Repaint	\$11,271	
	403	Concrete - Partial Repair/Replace	\$14,739	\$26,010
2040		No Expenditures Projected		\$0
2041		No Expenditures Projected		\$0
2042	402	Asphalt - Seal Coat	\$14,419	
	804	Awning - Replace	\$8,651	
	1601	Interior Light Fixtures - 3rd Floor - Replace	\$4,326	\$27,396
2043	104	Flat Roof - Replace	\$38,801	
	215	Building Exterior - Repair/Repaint	\$21,888	
	216	Interior Surfaces - Repaint	\$25,867	
	1501	Carpeting - Replace	\$26,862	
	1602	Exterior Light Fixtures - Stairwells - Replace	\$3,582	
1604	Pole Lights - Replace	\$6,467		

Year	Comp ID	Component Name	Projected Cost	Total Per Annum
	1690	Carport Light Fixtures - Replace	\$2,239	\$125,705
2044		No Expenditures Projected		\$0
2045	703	Commercial Water Heater - 2015 - Replace	\$24,512	
	1812	Landscaping & Irrigation System - Renovate	\$37,301	\$61,814
2046	690	Stairwell Flooring - Replace	\$17,649	\$17,649
2047	402	Asphalt - Seal Coat	\$17,125	\$17,125
2048	1601	Interior Light Fixtures - 1st & 2nd Floors - Replace	\$10,635	\$10,635
2049	105	Shingle Roof - Replace	\$132,082	
	223	Carports - Repaint	\$15,899	
	403	Concrete - Partial Repair/Replace	\$20,791	
	1602	Exterior Light Fixtures - Wall - Replace	\$1,712	\$170,483
2050		No Expenditures Projected		\$0
2051	703	Commercial Water Heater - 2020 - Replace	\$30,132	\$30,132
2052	402	Asphalt - Seal Coat	\$20,339	
	804	Awning - Replace	\$12,203	\$32,543

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.

