

Spring View Farms HOA

Level 1 Reserve Study



Report Period – 01/01/2024 – 12/31/2024

Client Reference Number	18982
Property Type	Single Family Homes
Number of Units	400
Fiscal Year End	12/31

Type of Study	Full Study
Date of Property Inspection	04/12/2023
Prepared By	Dale Gifford
Analysis Method	Cash Flow
Funding Goal	Full Funding

Report prepared on – Monday, May 01, 2023



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

Component Evaluation

- Component Evaluation page 1 - 33

Glossary of Commonly used Words and Phrases

Executive Summary – Spring View Farms HOA - ID # 18982

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 01/01/2024	\$316,000
Ideal Reserve Balance as of 01/01/2024	\$394,375
Percent Funded as of 01/01/2024	80%
Recommended Reserve Contribution (per month)	\$5,165
Recommended Special Assessment	\$0

Spring View Farms HOA is a 400-unit Single Family Home community. The community offers landscaped areas as amenities. Construction on the community is ongoing.

Currently Programmed Projects

Projects programmed to occur this fiscal year (FY2024) include entrance water pump system replace (Comp# 713), and asphalt trails repair/seal (Comp# 1312). We have programmed an estimated \$13,500 in reserve expenditures toward the completion of these projects. (See page 15)

Significant Reserve Projects

The association's significant reserve projects are secondary water pump system east replace (Comp# 714), secondary water pump system west replace (Comp# 715), landscaping and irrigation system renovate (Comp# 1812), and entrance water pump system replace (Comp# 713). The fiscal significance of these components is approximately 26%, 26%, 11%, and 9% respectively (see page 9). A component's significance is calculated by dividing its replacement cost by its useful life. In this way, not only is a component's replacement cost considered but also the frequency of occurrence. These components most significantly contribute to the total monthly reserve contribution. As these components have a high level of fiscal significance the association should properly maintain them to ensure they reach their full useful lives.

Reserve Funding

In comparing the projected starting reserve balance of \$316,000 versus the ideal reserve balance of \$394,375 we find the association's reserve fund to be approximately 80% funded. This indicates a relatively strong reserve fund position. In order to continue to strengthen the account fund, we suggest adopting a monthly reserve contribution of \$5,165 (\$12.91/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 since 2002. Prior to taking a position as the Regional Project Manager covering the Utah region at Complex Solutions in 2010, 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.

- Personally, has prepared over 2,200 reserve studies in Utah
- Member of the Association of Professional Reserve Analysts (APRA).
- Professional Reserve Analyst (PRA) designation from Association of Professional Reserve Analysts (APRA), PRA #2320
- Member of the Utah Chapter of Community Associations Institute (UCCAI). Current member of the CAI Utah Legislative Action Committee. Former Board member, and former Utah Chapter President
- Reserve Specialist (RS) designation from Community Associations Institute (CAI), RS# 231
- Bachelor of Science in Chemistry from Emporia State University
- Professional Community Association Manager® (PCAM®) designation from Community Associations Institute (CAI), PCAM# 1740
- Association Management Specialist® (AMS®) designation from Community Associations Institute (CAI)

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	400
Fiscal Year End	31-Dec
Budgeted Monthly Reserve Allocation	\$3,777
Projected Starting Reserve Balance	\$316,000
Ideal Starting Reserve Balance	\$394,375

Economic Assumptions

Projected Inflation Rate	4.00%
Reported After-Tax Interest Rate	2.50%

Current Reserve Status

Current Balance as a % of Ideal Balance	80%
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Recommendations

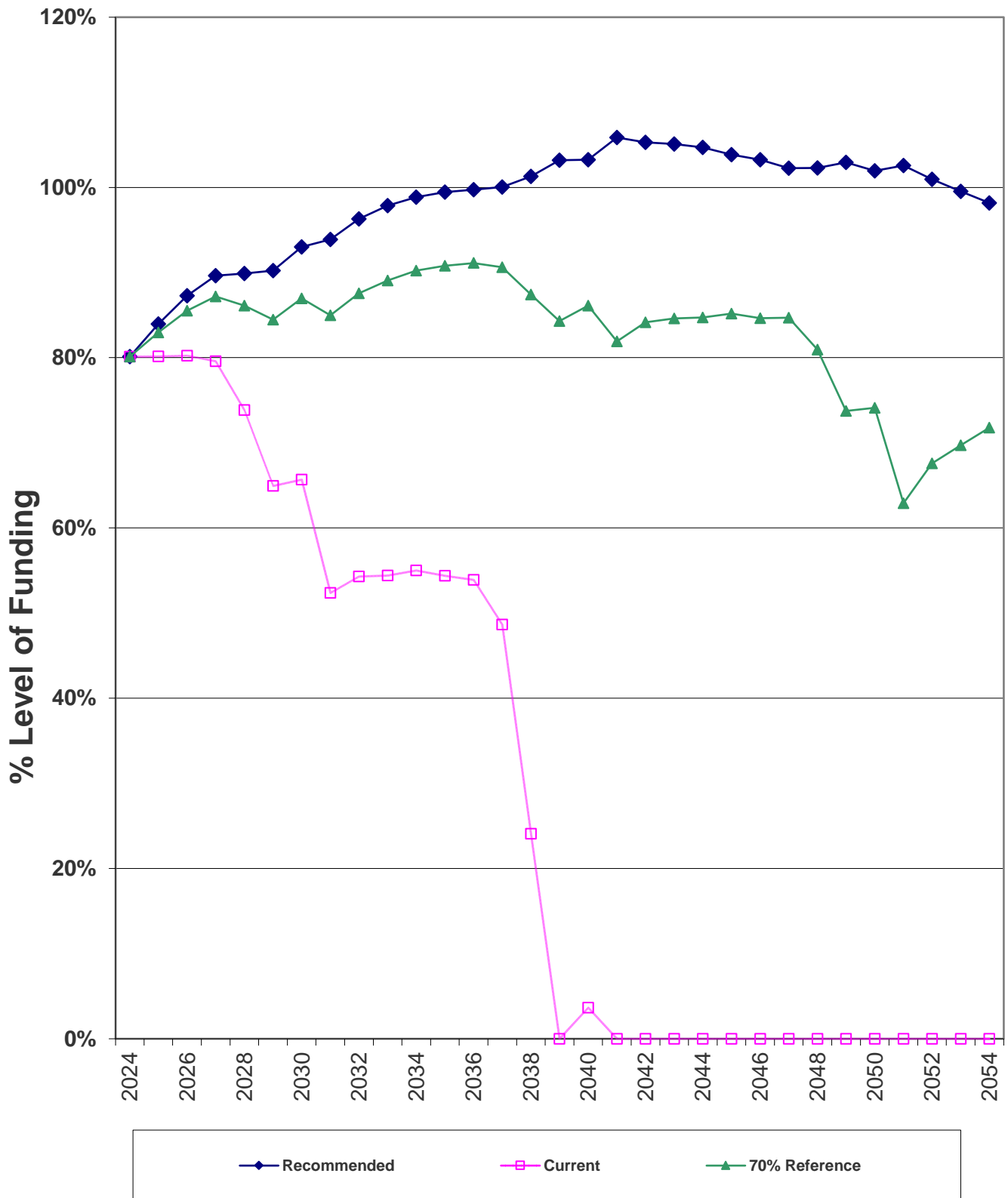
Recommended Monthly Reserve Allocation	\$5,165
Per Unit	\$12.91
Future Annual Increases	3.00%
For number of years:	30
Increases thereafter:	0.00%
70% Funded Monthly Reserve Allocation Reference	\$4,800
Per Unit	\$12.00
Future Annual Increases	3.00%
For number of years:	30
Increases thereafter:	0.00%

Changes From Prior Year

Recommended Increase to Reserve Allocation	\$1,388
as Percentage	37%



Percent Funded - Graph



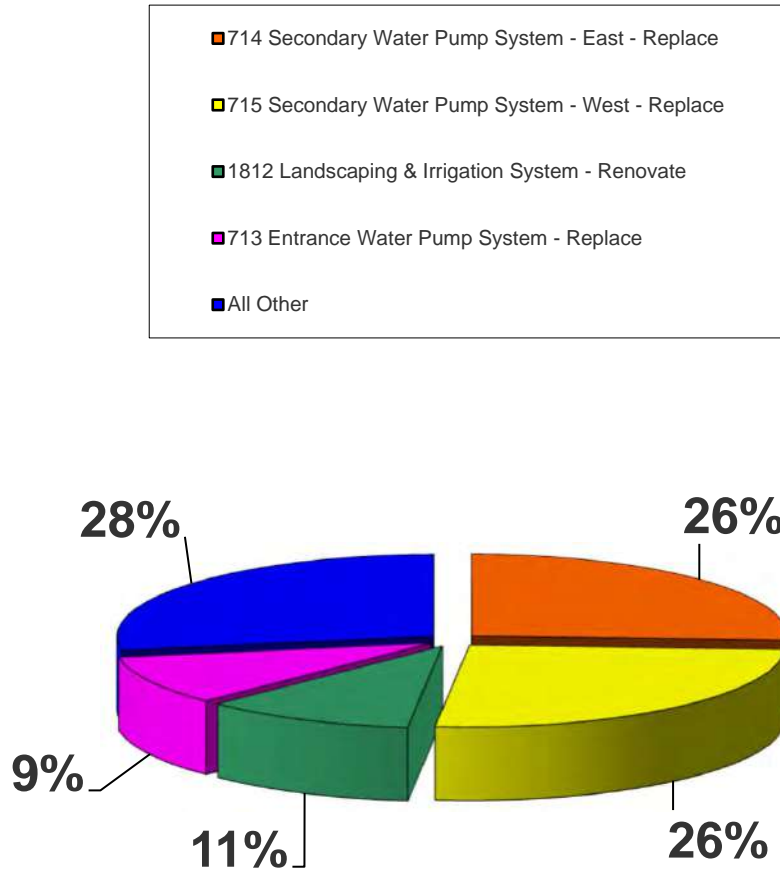
Component Inventory

Category	ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Best Cost	Worst Cost
Painted Surfaces	209	Wood Railing - Repaint	N/A		\$0	\$0
	212	Metal Railing - Repaint	N/A		\$0	\$0
Siding Materials	390	Stonework - Repair/Replace	N/A		\$0	\$0
Drive Materials	403	Concrete - Partial Repair/Replace	N/A		\$0	\$0
Mechanical Equip.	713	Entrance Water Pump System - Replace	2	0	\$8,000	\$10,000
	714	Secondary Water Pump System - East -	10	4	\$110,000	\$130,000
	715	Secondary Water Pump System - West -	10	6	\$110,000	\$130,000
	719	Sump Pump - Replace	N/A		\$0	\$0
Prop. Identification	801	Monument Sign - Refurbish	20	3	\$4,000	\$6,000
Fencing	1002	Metal Fencing - Replace	N/A		\$0	\$0
	1008	Vinyl Rail Fencing - 2006 - Replace	30	13	\$72,000	\$96,000
	1008	Vinyl Rail Fencing - 2014 - Replace	30	21	\$5,000	\$6,000
	1008	Vinyl Rail Fencing - 2018 - Replace	30	24	\$3,000	\$4,000
	1011	Retaining Wall - Replace	N/A		\$0	\$0
Recreation Equip.	1305	Barbecue Grills - Replace	N/A		\$0	\$0
	1306	Picnic Tables - 2006 - Replace	15	3	\$3,000	\$4,000
	1306	Picnic Tables - 2014 - Replace	15	3	\$6,000	\$8,000
	1307	Concrete Benches - Replace	N/A		\$0	\$0
	1307	Metal Benches - Replace	20	11	\$5,000	\$6,000
	1308	Trash Receptacle - Replace	N/A		\$0	\$0
	1312	Asphalt Trails - Repair/Seal	6	0	\$4,000	\$5,000
	1390	Asphalt Trails - 2005 - Replace	30	12	\$18,000	\$21,000
	1390	Asphalt Trails - 2014 - Replace	30	21	\$24,000	\$29,000
Light Fixtures	1602	Exterior Light Fixtures - Replace	20	3	\$5,000	\$7,000
	1604	Pole Lights - Replace	20	13	\$2,500	\$3,500
Landscaping	1812	Landscaping & Irrigation System - Renov	20	3	\$80,000	\$120,000
Lakes / Water Fea	2201	Entrance Pond Liner - East - Replace	30	13	\$80,000	\$120,000
	2201	Entrance Pond Liner - West - Replace	30	19	\$20,000	\$30,000
	2203	Bird Refuge Pond - Replace	N/A		\$0	\$0
	2203	Horseshoe Pond - Replace	N/A		\$0	\$0
Buildings / Structu	2302	Bridge - Bird Refuge - Replace	30	25	\$20,000	\$30,000
	2302	Bridge - Spring View - Replace	30	12	\$20,000	\$30,000
	2307	Silo - Replace	N/A		\$0	\$0

Significant Components

ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Average Current Cost	Significance: (Curr Cost/UL)	
					As \$	As %
713	Entrance Water Pump System - Replace	2	0	\$9,000	\$4,500	9.7000%
714	Secondary Water Pump System - East	10	4	\$120,000	\$12,000	25.8667%
715	Secondary Water Pump System - West	10	6	\$120,000	\$12,000	25.8667%
801	Monument Sign - Refurbish	20	3	\$5,000	\$250	0.5389%
1008	Vinyl Rail Fencing - 2006 - Replace	30	13	\$84,000	\$2,800	6.0356%
1008	Vinyl Rail Fencing - 2014 - Replace	30	21	\$5,500	\$183	0.3952%
1008	Vinyl Rail Fencing - 2018 - Replace	30	24	\$3,500	\$117	0.2515%
1306	Picnic Tables - 2006 - Replace	15	3	\$3,500	\$233	0.5030%
1306	Picnic Tables - 2014 - Replace	15	3	\$7,000	\$467	1.0059%
1307	Metal Benches - Replace	20	11	\$5,500	\$275	0.5928%
1312	Asphalt Trails - Repair/Seal	6	0	\$4,500	\$750	1.6167%
1390	Asphalt Trails - 2005 - Replace	30	12	\$19,500	\$650	1.4011%
1390	Asphalt Trails - 2014 - Replace	30	21	\$26,500	\$883	1.9041%
1602	Exterior Light Fixtures - Replace	20	3	\$6,000	\$300	0.6467%
1604	Pole Lights - Replace	20	13	\$3,000	\$150	0.3233%
1812	Landscaping & Irrigation System - Replace	20	3	\$100,000	\$5,000	10.7778%
2201	Entrance Pond Liner - East - Replace	30	13	\$100,000	\$3,333	7.1852%
2201	Entrance Pond Liner - West - Replace	30	19	\$25,000	\$833	1.7963%
2302	Bridge - Bird Refuge - Replace	30	25	\$25,000	\$833	1.7963%
2302	Bridge - Spring View - Replace	30	12	\$25,000	\$833	1.7963%

Significant Components - Graph



ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Average Current Cost	Significance: (Curr Cost/UL)	
					As \$	As %
714	Secondary Water Pump System - East	10	4	\$120,000	\$12,000	26%
715	Secondary Water Pump System - West	10	6	\$120,000	\$12,000	26%
1812	Landscaping & Irrigation System - Renovate	20	3	\$100,000	\$5,000	11%
713	Entrance Water Pump System - Replace	2	0	\$9,000	\$4,500	9%
All Other	See Expanded Table For Breakdown				\$12,892	28%

Yearly Summary

Year	Fully Funded Balance	Starting Reserve Balance	% Funded	Reserve Contributions	Interest Income	Reserve Expenses	Ending Reserve Balance
2024	\$394,375	\$316,000	80%	\$61,980	\$8,604	\$13,500	\$373,084
2025	\$444,357	\$373,084	84%	\$63,839	\$10,242	\$0	\$447,165
2026	\$512,309	\$447,165	87%	\$65,755	\$12,016	\$9,734	\$515,202
2027	\$574,862	\$515,202	90%	\$67,727	\$12,157	\$136,671	\$458,415
2028	\$509,990	\$458,415	90%	\$69,759	\$10,567	\$150,912	\$387,829
2029	\$429,884	\$387,829	90%	\$71,852	\$10,716	\$0	\$470,397
2030	\$505,780	\$470,397	93%	\$74,007	\$10,696	\$168,920	\$386,180
2031	\$411,382	\$386,180	94%	\$76,228	\$10,730	\$0	\$473,137
2032	\$491,328	\$473,137	96%	\$78,514	\$12,802	\$12,317	\$552,136
2033	\$564,201	\$552,136	98%	\$80,870	\$14,985	\$0	\$647,991
2034	\$655,440	\$647,991	99%	\$83,296	\$17,271	\$13,322	\$735,237
2035	\$739,220	\$735,237	99%	\$85,795	\$19,571	\$8,467	\$832,135
2036	\$834,258	\$832,135	100%	\$88,369	\$20,987	\$92,860	\$848,631
2037	\$848,299	\$848,631	100%	\$91,020	\$18,674	\$311,369	\$646,956
2038	\$638,743	\$646,956	101%	\$93,750	\$14,721	\$223,386	\$532,041
2039	\$515,520	\$532,041	103%	\$96,563	\$14,675	\$0	\$643,280
2040	\$623,032	\$643,280	103%	\$99,460	\$14,470	\$241,615	\$515,595
2041	\$487,040	\$515,595	106%	\$102,443	\$14,334	\$0	\$632,372
2042	\$600,503	\$632,372	105%	\$105,517	\$16,711	\$48,620	\$705,981
2043	\$671,699	\$705,981	105%	\$108,682	\$18,561	\$52,671	\$780,553
2044	\$745,438	\$780,553	105%	\$111,943	\$20,905	\$19,720	\$893,681
2045	\$860,463	\$893,681	104%	\$115,301	\$23,136	\$72,921	\$959,197
2046	\$928,988	\$959,197	103%	\$118,760	\$25,489	\$21,329	\$1,082,116
2047	\$1,058,308	\$1,082,116	102%	\$122,323	\$25,452	\$273,583	\$956,308
2048	\$935,029	\$956,308	102%	\$125,993	\$21,336	\$351,173	\$752,464
2049	\$730,883	\$752,464	103%	\$129,772	\$19,827	\$66,646	\$835,418
2050	\$819,427	\$835,418	102%	\$133,666	\$18,294	\$357,649	\$629,729
2051	\$614,013	\$629,729	103%	\$137,675	\$17,666	\$0	\$785,070
2052	\$777,689	\$785,070	101%	\$141,806	\$21,305	\$26,988	\$921,193
2053	\$925,408	\$921,193	100%	\$146,060	\$25,142	\$0	\$1,092,395



Reserve Contributions - Graph

Monthly Reserve Contributions



Component Funding Information

ID	Component Name	UL	RUL	Quantity	Average Current Cost	Ideal Balance	Current Fund Balance	Monthly
713	Entrance Water Pump System - Replace	2	0	(2) Systems	\$9,000	\$9,000	\$9,000	\$501.01
714	Secondary Water Pump System - East - Repl	10	4	(1) System	\$120,000	\$72,000	\$72,000	\$1,336.02
715	Secondary Water Pump System - West - Rep	10	6	(1) System	\$120,000	\$48,000	\$48,000	\$1,336.02
801	Monument Sign - Refurbish	20	3	(1) Sign	\$5,000	\$4,250	\$4,250	\$27.83
1008	Vinyl Rail Fencing - 2006 - Replace	30	13	Approx 2,400 Sq.ft.	\$84,000	\$47,600	\$47,600	\$311.74
1008	Vinyl Rail Fencing - 2014 - Replace	30	21	Approx 130 Linear ft.	\$5,500	\$1,650	\$0	\$20.41
1008	Vinyl Rail Fencing - 2018 - Replace	30	24	Approx 90 Linear ft.	\$3,500	\$700	\$0	\$12.99
1306	Picnic Tables - 2006 - Replace	15	3	(2) Tables	\$3,500	\$2,800	\$2,800	\$25.98
1306	Picnic Tables - 2014 - Replace	15	3	(4) Tables	\$7,000	\$5,600	\$5,600	\$51.96
1307	Metal Benches - Replace	20	11	(2) Benches	\$5,500	\$2,475	\$2,475	\$30.62
1312	Asphalt Trails - Repair/Seal	6	0	Approx 8,300 Sq.ft.	\$4,500	\$4,500	\$4,500	\$83.50
1390	Asphalt Trails - 2005 - Replace	30	12	Approx 3,500 Sq.ft.	\$19,500	\$11,700	\$11,700	\$72.37
1390	Asphalt Trails - 2014 - Replace	30	21	Approx 4,800 Sq.ft.	\$26,500	\$7,950	\$0	\$98.35
1602	Exterior Light Fixtures - Replace	20	3	(10) Fixtures	\$6,000	\$5,100	\$5,100	\$33.40
1604	Pole Lights - Replace	20	13	(1) Pole Light	\$3,000	\$1,050	\$1,050	\$16.70
1812	Landscaping & Irrigation System - Renovate	20	3	Extensive Sq.ft.	\$100,000	\$85,000	\$85,000	\$556.67
2201	Entrance Pond Liner - East - Replace	30	13	(1) Pond	\$100,000	\$56,667	\$1,925	\$371.12
2201	Entrance Pond Liner - West - Replace	30	19	(1) Pond	\$25,000	\$9,167	\$0	\$92.78
2302	Bridge - Bird Refuge - Replace	30	25	(1) Bridge	\$25,000	\$4,167	\$0	\$92.78
2302	Bridge - Spring View - Replace	30	12	(1) Bridge	\$25,000	\$15,000	\$15,000	\$92.78
					\$697,500	\$394,375	\$316,000	\$5,165

Current Fund Balance as a percentage of Ideal Balance: 80%

Yearly Cash Flow

Year	2024	2025	2026	2027	2028
Starting Balance	\$316,000	\$373,084	\$447,165	\$515,202	\$458,415
<i>Reserve Income</i>	\$61,980	\$63,839	\$65,755	\$67,727	\$69,759
<i>Interest Earnings</i>	\$8,604	\$10,242	\$12,016	\$12,157	\$10,567
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$386,584	\$447,165	\$524,937	\$595,086	\$538,741
Reserve Expenditures	\$13,500	\$0	\$9,734	\$136,671	\$150,912
Ending Balance	\$373,084	\$447,165	\$515,202	\$458,415	\$387,829

Year	2029	2030	2031	2032	2033
Starting Balance	\$387,829	\$470,397	\$386,180	\$473,137	\$552,136
<i>Reserve Income</i>	\$71,852	\$74,007	\$76,228	\$78,514	\$80,870
<i>Interest Earnings</i>	\$10,716	\$10,696	\$10,730	\$12,802	\$14,985
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$470,397	\$555,100	\$473,137	\$564,453	\$647,991
Reserve Expenditures	\$0	\$168,920	\$0	\$12,317	\$0
Ending Balance	\$470,397	\$386,180	\$473,137	\$552,136	\$647,991

Year	2034	2035	2036	2037	2038
Starting Balance	\$647,991	\$735,237	\$832,135	\$848,631	\$646,956
<i>Reserve Income</i>	\$83,296	\$85,795	\$88,369	\$91,020	\$93,750
<i>Interest Earnings</i>	\$17,271	\$19,571	\$20,987	\$18,674	\$14,721
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$748,559	\$840,602	\$941,490	\$958,325	\$755,428
Reserve Expenditures	\$13,322	\$8,467	\$92,860	\$311,369	\$223,386
Ending Balance	\$735,237	\$832,135	\$848,631	\$646,956	\$532,041

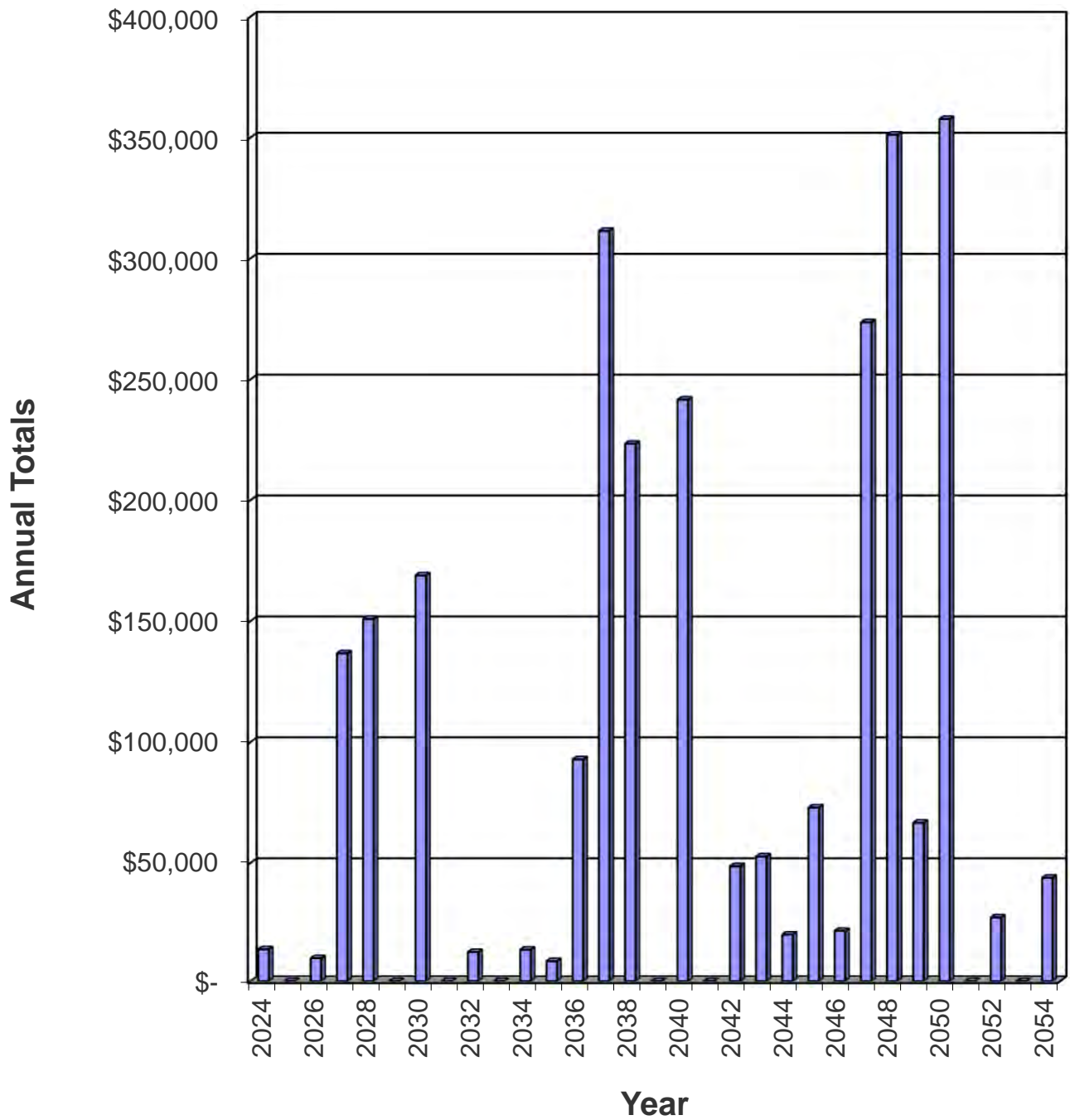
Year	2039	2040	2041	2042	2043
Starting Balance	\$532,041	\$643,280	\$515,595	\$632,372	\$705,981
<i>Reserve Income</i>	\$96,563	\$99,460	\$102,443	\$105,517	\$108,682
<i>Interest Earnings</i>	\$14,675	\$14,470	\$14,334	\$16,711	\$18,561
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$643,280	\$757,209	\$632,372	\$754,600	\$833,224
Reserve Expenditures	\$0	\$241,615	\$0	\$48,620	\$52,671
Ending Balance	\$643,280	\$515,595	\$632,372	\$705,981	\$780,553

Year	2044	2045	2046	2047	2048
Starting Balance	\$780,553	\$893,681	\$959,197	\$1,082,116	\$956,308
<i>Reserve Income</i>	\$111,943	\$115,301	\$118,760	\$122,323	\$125,993
<i>Interest Earnings</i>	\$20,905	\$23,136	\$25,489	\$25,452	\$21,336
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$913,401	\$1,032,118	\$1,103,446	\$1,229,892	\$1,103,637
Reserve Expenditures	\$19,720	\$72,921	\$21,329	\$273,583	\$351,173
Ending Balance	\$893,681	\$959,197	\$1,082,116	\$956,308	\$752,464

Year	2049	2050	2051	2052	2053
Starting Balance	\$752,464	\$835,418	\$629,729	\$785,070	\$921,193
<i>Reserve Income</i>	\$129,772	\$133,666	\$137,675	\$141,806	\$146,060
<i>Interest Earnings</i>	\$19,827	\$18,294	\$17,666	\$21,305	\$25,142
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$902,064	\$987,378	\$785,070	\$948,181	\$1,092,395
Reserve Expenditures	\$66,646	\$357,649	\$0	\$26,988	\$0
Ending Balance	\$835,418	\$629,729	\$785,070	\$921,193	\$1,092,395



Yearly Reserve Expenditures - Graph



Projected Reserve Expenditures by Year

Year	ID #	Component Name	Projected Cost	Total Per Annum
2024	713	Entrance Water Pump System - Replace	\$9,000	
	1312	Asphalt Trails - Repair/Seal	\$4,500	\$13,500
2025		No Expenditures Projected		\$0
2026	713	Entrance Water Pump System - Replace	\$9,734	\$9,734
2027	801	Monument Sign - Refurbish	\$5,624	
	1306	Picnic Tables - 2006 - Replace	\$3,937	
	1306	Picnic Tables - 2014 - Replace	\$7,874	
	1602	Exterior Light Fixtures - Replace	\$6,749	
	1812	Landscaping & Irrigation System - Renovate	\$112,486	\$136,671
2028	713	Entrance Water Pump System - Replace	\$10,529	
	714	Secondary Water Pump System - East - Replace	\$140,383	\$150,912
2029		No Expenditures Projected		\$0
2030	713	Entrance Water Pump System - Replace	\$11,388	
	715	Secondary Water Pump System - West - Replace	\$151,838	
	1312	Asphalt Trails - Repair/Seal	\$5,694	\$168,920
2031		No Expenditures Projected		\$0
2032	713	Entrance Water Pump System - Replace	\$12,317	\$12,317
2033		No Expenditures Projected		\$0
2034	713	Entrance Water Pump System - Replace	\$13,322	\$13,322
2035	1307	Metal Benches - Replace	\$8,467	\$8,467
2036	713	Entrance Water Pump System - Replace	\$14,409	
	1312	Asphalt Trails - Repair/Seal	\$7,205	
	1390	Asphalt Trails - 2005 - Replace	\$31,220	
	2302	Bridge - Spring View - Replace	\$40,026	\$92,860
2037	1008	Vinyl Rail Fencing - 2006 - Replace	\$139,866	
	1604	Pole Lights - Replace	\$4,995	
	2201	Entrance Pond Liner - East - Replace	\$166,507	\$311,369
2038	713	Entrance Water Pump System - Replace	\$15,585	
	714	Secondary Water Pump System - East - Replace	\$207,801	\$223,386
2039		No Expenditures Projected		\$0
2040	713	Entrance Water Pump System - Replace	\$16,857	
	715	Secondary Water Pump System - West - Replace	\$224,758	\$241,615
2041		No Expenditures Projected		\$0
2042	713	Entrance Water Pump System - Replace	\$18,232	
	1306	Picnic Tables - 2006 - Replace	\$7,090	
	1306	Picnic Tables - 2014 - Replace	\$14,181	
	1312	Asphalt Trails - Repair/Seal	\$9,116	\$48,620
2043	2201	Entrance Pond Liner - West - Replace	\$52,671	\$52,671
2044	713	Entrance Water Pump System - Replace	\$19,720	\$19,720
2045	1008	Vinyl Rail Fencing - 2014 - Replace	\$12,533	
	1390	Asphalt Trails - 2014 - Replace	\$60,387	\$72,921
2046	713	Entrance Water Pump System - Replace	\$21,329	\$21,329
2047	801	Monument Sign - Refurbish	\$12,324	
	1602	Exterior Light Fixtures - Replace	\$14,788	

Year	Comp ID	Component Name	Projected Cost	Total Per Annum
	1812	Landscaping & Irrigation System - Renovate	\$246,472	\$273,583
2048	713	Entrance Water Pump System - Replace	\$23,070	
	714	Secondary Water Pump System - East - Replace	\$307,597	
	1008	Vinyl Rail Fencing - 2018 - Replace	\$8,972	
	1312	Asphalt Trails - Repair/Seal	\$11,535	\$351,173
2049	2302	Bridge - Bird Refuge - Replace	\$66,646	\$66,646
2050	713	Entrance Water Pump System - Replace	\$24,952	
	715	Secondary Water Pump System - West - Replace	\$332,696	\$357,649
2051		No Expenditures Projected		\$0
2052	713	Entrance Water Pump System - Replace	\$26,988	\$26,988
2053		No Expenditures Projected		\$0

Component Evaluation

Comp #: 209 Wood Railing - Repaint



Location: Common Area

Quantity: Approx 170 Linear ft.

Life Expectancy: N/A *Remaining Life:*

Best Cost: \$0

Worst Cost: \$0

Source of Information:

Observations:

Research with the client reveals this component is painted as necessary as an operating expense.

General Notes:

Quantity description:

90 LF - South Entrance, East Side
80 LF - Walking Trail Bridge, East Side

Comp #: 212 Metal Railing - Repaint



Location: Common Area

Quantity: 420 Linear ft.

Life Expectancy: N/A Remaining Life:

Best Cost: \$0

Worst Cost: \$0

Source of Information:

Observations:

Research with the client reveals this component is painted as necessary as an operating expense.

General Notes:

Quantity description:

80 LF - Railing, Trex Bridge, East Side

340 LF - Fencing, South Entrance, East Side



Comp #: 390 Stonework - Repair/Replace



Location: Common Area

Quantity: (2) Locations

Life Expectancy: N/A Remaining Life:

Best Cost: \$0

Worst Cost: \$0

Source of Information:

Observations:

Research with the client reveals this component is repaired and replaced as necessary as an operating expense.

General Notes:

Quantity description:

South Entrance, East Side
Walking Trail Bridge, East Side



Comp #: 403 Concrete - Partial Repair/Replace



Location: **Common Area**

Quantity: **Minimal Sq.ft.**

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

Best Cost: **\$0**

Worst Cost: **\$0**

Source of Information:

Observations:

Research with the client reveals this component is repaired and replaced as necessary as an operating expense.

General Notes:

Comp #: 713 Entrance Water Pump System - Replace



Location: **Common Area**

Quantity: **(2) Systems**

Life Expectancy: **2** *Remaining Life:* **0**

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

Estimate to replace

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

Higher estimate

Source of Information: Research with Client

Observations:

The pump systems are in working condition. Research with the client reveals this component is replace every 2 - 3 years. Remaining life based on current age.

General Notes:

Comp #: 714 Secondary Water Pump System - East - Replace



Location: Common Area

Quantity: (1) System

Life Expectancy: 10 *Remaining Life:* 4

Best Cost: \$110,000

Estimate to replace

Worst Cost: \$130,000

Higher estimate

Source of Information: CSL Cost Database

Observations:

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

General Notes:

Comp #: 715 Secondary Water Pump System - West - Replace



Location: Common Area

Quantity: (1) System

Life Expectancy: 10 *Remaining Life:* 6

Best Cost: \$110,000

Estimate to replace

Worst Cost: \$130,000

Higher estimate

Source of Information: CSL Cost Database

Observations:

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

General Notes:

Comp #: 719 Sump Pump - Replace



Location: **Sage Park South**

Quantity: **(1) Pump**

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

Best Cost: **\$0**

Worst Cost: **\$0**

Source of Information:

Observations:

Research with the client reveals this component is replaced as necessary as an operating expense.

General Notes:

Comp #: 801 Monument Sign - Refurbish



Location: **Community Entrance, East Side**

Quantity: **(1) Sign**

Life Expectancy: **20** *Remaining Life:* **3**

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

Estimate to refurbish

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

Higher estimate

Source of Information: CSL Cost Database

Observations:

The monument sign is in fair to poor condition. We recommend funding to refurbish this component approximately every 15 - 20 years. Remaining life is based on current age.

General Notes:

Comp #: 1002 Metal Fencing - Replace



Location: **Bird Refuge**

Quantity: **Approx 2,720 Linear ft.**

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

Best Cost: **\$0**

Worst Cost: **\$0**

Source of Information:

Observations:

Research with the client reveals this component is not a responsibility of the association.

General Notes:

Comp #: 1008 Vinyl Rail Fencing - 2006 - Replace



Location: Common Area

Quantity: Approx 2,400 Sq.ft.

Life Expectancy: 30 *Remaining Life:* 13

Best Cost: \$72,000

Estimate to replace

Worst Cost: \$96,000

Higher estimate

Source of Information: CSL Cost Database

Observations:

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

General Notes:

Quantity description:

1,680 LF - Spring View
350 LF - Pheasant Tail
370 LF - South Entrance

Comp #: 1008 Vinyl Rail Fencing - 2014 - Replace



Location: **Common Area**

Quantity: **Approx 130 Linear ft.**

Life Expectancy: **30** *Remaining Life:* **21**

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

Estimate to replace

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

Higher estimate

Source of Information: CSL Cost Database

Observations:

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

General Notes:

Quantity description:

130 LF - Sage Park South

Comp #: 1008 Vinyl Rail Fencing - 2018 - Replace



Location: **Common Area**

Quantity: **Approx 90 Linear ft.**

Life Expectancy: **30** *Remaining Life:* **24**

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

Estimate to replace

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

Higher estimate

Source of Information: CSL Cost Database

Observations:

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

General Notes:

Quantity description:

90 LF - Bird Refuge

Comp #: 1011 Retaining Wall - Replace



Location: **South Entrance, East Side**

Quantity: **Approx 320 Linear ft.**

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

Best Cost: **\$0**

Worst Cost: **\$0**

Source of Information:

Observations:

This component has an extended useful life. Make repairs as necessary as an operating expense. No reserve funding necessary.

General Notes:

Comp #: 1305 Barbecue Grills - Replace



Location: **Common Area**

Quantity: **(2) Grills**

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

Best Cost: **\$0**

Worst Cost: **\$0**

Source of Information:

Observations:

Due to the minimal cost of replacing this component, reserve funding is not appropriate. Replace as necessary as an operating expense.

General Notes:

Quantity description:

(2) - Sage Park North

Comp #: 1306 Picnic Tables - 2006 - Replace



Location: Common Area

Quantity: (2) Tables

Life Expectancy: 15 *Remaining Life:* 3

Best Cost: \$3,000

Estimate to replace

Worst Cost: \$4,000

Higher estimate

Source of Information: CSL Cost Database

Observations:

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

General Notes:

Quantity description:

(2) - Picnic Table, Horseshoe

Comp #: 1306 Picnic Tables - 2014 - Replace



Location: **Common Area**

Quantity: **(4) Tables**

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

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

Estimate to replace

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

Higher estimate

Source of Information: CSL Cost Database

Observations:

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

General Notes:

Quantity description:

(2) - Sage Park, North

(2) - Sage park, South

Comp #: 1307 Concrete Benches - Replace



Location: **Common Area**

Quantity: **(8) Benches**

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

Best Cost: **\$0**

Worst Cost: **\$0**

Source of Information:

Observations:

Due to the extended useful life of this component, reserve funding is not appropriate. No reserve funding necessary.

General Notes:

Quantity description:

- (4) - Benches, Spring View**
- (2) - Benches, Pheasant Tail**
- (2) - Benches, South Entrance, East Side**

Comp #: 1307 Metal Benches - Replace



Location: **Common Area**

Quantity: **(2) Benches**

Life Expectancy: **20** *Remaining Life:* **11**

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

Estimate to replace

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

Higher estimate

Source of Information: CSL Cost Database

Observations:

The benches are in good condition. We recommend funding to replace this component approximately every 15 - 20 years. Remaining life based on current age.

General Notes:

Quantity description:

(1) - Sage Park North

(1) - Sage Park South

Comp #: 1308 Trash Receptacle - Replace



Location: **Common Area**

Quantity: **(2) Receptacles**

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

Best Cost: **\$0**

Worst Cost: **\$0**

Source of Information:

Observations:

Due to the minimal cost of replacing this component, reserve funding is not appropriate. Replace as necessary as an operating expense.

General Notes:

Quantity description:

(2) - Sage Park North

Comp #: 1312 Asphalt Trails - Repair/Seal



Location: **Common Area**

Quantity: **Approx 8,300 Sq.ft.**

Life Expectancy: **6** *Remaining Life:* **0**

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

Estimate to repair/seal

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

Higher estimate

Source of Information: CSL Cost Database

Observations:

The asphalt trail repair/seal is in poor condition. We recommend funding to repair/seal this component approximately every 6 years. Remaining life based on current condition.

General Notes:

Quantity description:

3,500 SF - Peacock Midge

4,800 SF - Sage Park South

Comp #: 1390 Asphalt Trails - 2005 - Replace



Location: **Common Area**

Quantity: **Approx 3,500 Sq.ft.**

Life Expectancy: **30** *Remaining Life:* **12**

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

Estimate to replace

Worst Cost: **\$21,000**

Higher estimate

Source of Information: CSL Cost Database

Observations:

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

General Notes:

Quantity description:

3,500 SF - Peacock Midge

Comp #: 1390 Asphalt Trails - 2014 - Replace



Location: **Common Area**

Quantity: **Approx 4,800 Sq.ft.**

Life Expectancy: **30** *Remaining Life:* **21**

Best Cost: **\$24,000**

Estimate to replace

Worst Cost: **\$29,000**

Higher estimate

Source of Information: CSL Cost Database

Observations:

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

General Notes:

Quantity description:

4,800 SF - Sage Park South

Comp #: 1602 Exterior Light Fixtures - Replace



Location: **Common Area**

Quantity: **(10) Fixtures**

Life Expectancy: **20** *Remaining Life:* **3**

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

Estimate to replace

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

Higher estimate

Source of Information: CSL Cost Database

Observations:

The exterior light fixtures are in fair condition. We recommend funding to replace this component approximately every 16 - 20 years. Remaining life based on current age.

General Notes:

Quantity description:

(6) - Fixtures, South Entrance, East Side

(4) - Fixtures, Walking Trail Bridge, East Side

Comp #: 1604 Pole Lights - Replace



Location: **Sage Park South**

Quantity: **(1) Pole Light**

Life Expectancy: **20** *Remaining Life:* **13**

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

Estimate to replace

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

Higher estimate

Source of Information: CSL Cost Database

Observations:

The pole light is in good condition. We recommend funding to replace these pole light fixtures, poles and to refurbish the electrical approximately every 16 - 20 years. Remaining life based on current age.

General Notes:

Comp #: 1812 Landscaping & Irrigation System - Renovate



Location: Common Area

Quantity: Extensive Sq.ft.

Life Expectancy: 20 *Remaining Life:* 3

Best Cost: \$80,000

Allowance to renovate

Worst Cost: \$120,000

Higher allowance

Source of Information: CSL Cost Database

Observations:

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

General Notes:

Comp #: 2201 Entrance Pond Liner - East - Replace



Location: **Common Area**

Quantity: **(1) Pond**

Life Expectancy: **30** *Remaining Life:* **13**

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

Estimate the replace

Worst Cost: **\$120,000**

Higher estimate

Source of Information: CSL Cost Database

Observations:

The ponds appear to be in good to fair condition. We recommend funding to replace this component approximately every 30 years. Remaining life based on current age.

General Notes:

Comp #: 2201 Entrance Pond Liner - West - Replace



Location: **Common Area**

Quantity: **(1) Pond**

Life Expectancy: **30** *Remaining Life:* **19**

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

Estimate the replace

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

Higher estimate

Source of Information: CSL Cost Database

Observations:

The pond appears to be in good condition. We recommend funding to replace this component approximately every 30 years. Remaining life based on current age.

General Notes:

Comp #: 2203 Bird Refuge Pond - Replace



Location: **Common Area**

Quantity: **(1) Pond**

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

Best Cost: **\$0**

Worst Cost: **\$0**

Source of Information:

Observations:

Research with the client reveals this is a natural pond and any maintenance is performed as necessary as an operating expense.

General Notes:

Comp #: 2203 Horseshoe Pond - Replace



Location: **Common Area**

Quantity: **(1) Pond**

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

Best Cost: **\$0**

Worst Cost: **\$0**

Source of Information:

Observations:

Research with the client reveals this is a natural pond and any maintenance is performed as necessary as an operating expense.

General Notes:

Comp #: 2302 Bridge - Bird Refuge - Replace



Location: **Common Area**

Quantity: **(1) Bridge**

Life Expectancy: **30** *Remaining Life:* **25**

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

Estimate to replace

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

Higher estimate

Source of Information: CSL Cost Database

Observations:

The bridge appears to be in good condition. We recommend funding to replace this component approximately every 20 - 30 years. Remaining life based on current age.

General Notes:

Comp #: 2302 Bridge - Spring View - Replace



Location: **Common Area**

Quantity: **(1) Bridge**

Life Expectancy: **30** *Remaining Life:* **12**

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

Estimate to replace

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

Higher estimate

Source of Information: CSL Cost Database

Observations:

The bridge appears to be in fair condition. We recommend funding to replace this component approximately every 20 - 30 years. Remaining life based on current age.

General Notes:

Comp #: 2307 Silo - Replace



Location: **Common Area**

Quantity: **(1) Silo**

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

Best Cost: **\$0**

Worst Cost: **\$0**

Source of Information:

Observations:

Due to the extended useful life of this component, reserve funding is not appropriate. No reserve funding necessary.

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.

