

Bridgewood Manor HOA

Level 1 Reserve Study



Report Period – 01/01/2015 – 12/31/2015

Client Reference Number	18076
Property Type	Condominium
Number of Units	40
Fiscal Year End	12/31

Date of Property Inspection	3/18/2015
Prepared By	Dale Gifford
Analysis Method	Cash Flow
Funding Goal	Full Funding

Report prepared on – Saturday, March 21, 2015



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Glossary of Commonly used Words and Phrases

Executive Summary – Bridgewood Manor HOA - ID # 18076

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 01/01/2015	\$9,911
Ideal Reserve Balance as of 01/01/2015	\$187,970
Percent Funded as of 01/01/2015	5%
Recommended Reserve Contribution (months 1 – 12 / 13 – 360)	\$7,300 / \$1,425
Minimum Reserve Contribution (months 1 – 12 / 13 – 360)	\$7,300 / \$1,280
Recommended Special Assessment	\$0

Bridgewood Manor HOA is a 40-unit Condominium community. The community offers a playground area and landscaped areas as amenities. Construction on the community was completed in 1981.

Currently Programmed Projects

Projects programmed to occur this fiscal year (FY2015) include asphalt seal coat (Comp# 402), asphalt replace (Comp# 490), and chain link fencing repair/replace (Comp# 1003). We have programmed an estimated \$87,780 in reserve expenditures toward the completion of these projects. (See page 15)

Significant Reserve Projects

The association's significant reserve projects are asphalt overlay (Comp# 401), pitched roof Bldg. 1, 3, 4, 7 & 9 replace (Comp# 105), metal siding replace (Comp# 304), and pitched roof Bldg. 1, 4, 6, 10 & Pool replace (Comp# 105). The fiscal significance of these components is approximately 22%, 19%, 14%, and 13% 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 \$9,911 versus the ideal reserve balance of \$187,970 we find the association's reserve fund to be approximately 5% 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 \$7,300 (\$182.50/unit) per month for one year and then \$1,425 (\$35.63/Unit) per month for twenty-nine years. We have also included a minimum reserve contribution of \$7,300 (\$182.50/unit) for one year and then \$1,280 (\$32.00/Unit) per month for twenty-nine years. If the contribution falls below this rate, then the reserve fund may fall into a situation where special assessments, deferred maintenance, and lower property values are likely at some point in the future.

Introduction

Reserve Study Purpose

The purpose of this Reserve Study is to provide an educated estimate of the necessary reserve balance and allocation. The detailed schedules will serve as an advanced warning that major projects will need to be addressed in the future. This will allow the Board of Directors to have ample time to obtain competitive estimates and bids that will result in cost savings to the individual homeowners. It will also 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 12 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 700 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, operating and reserves. The operating budget includes all expenses that occur on an annual basis. These would include management fees, maintenance expenses, utilities, etc. The reserves are primarily made up of capital replacement items such as roofing, fencing, mechanical equipment, etc., that do not normally occur on an annual basis. Typically, the reserve contribution makes up 15% - 40% of the association's total budget. Therefore, reserves are considered to be a major part of the overall monthly association assessment.

Report Sections

The **Reserve Analysis 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).

The **Component Evaluation Section** contains information regarding the physical status and replacement cost of major common area 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

Why is it important to perform a Reserve Study?

As previously mentioned, the reserve allocation makes up a significant portion of the total monthly assessment. This report provides the essential information that is needed to guide the Board of Directors in establishing the budget in order to run the daily and long term operations of your association. It is suggested that a third party professionally prepare the Reserve Study since there is no vested interest in the property.

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

Hopefully, you will not look at this report and think it is too cumbersome to understand. Our intention is to make this Reserve Study easy to read and understand. Please take the time to review it carefully and make sure the “main ingredients” (component information) are complete and accurate. If there are any inaccuracies, please inform us immediately so we may revise the report.

Once you feel the report is an accurate tool to work from, use it to help establish your budget for the upcoming fiscal year. The reserve allocation makes up a large portion of the total monthly assessment and this report should help you determine the correct amount of money to go into the reserve fund. Additionally, the Reserve Study should act as a guide to obtain proposals in advance of pending projects. This will give you an opportunity to shop around for the best price available.

The Reserve Study should be readily available for real estate agents, brokerage firms, and lending institutions for potential future homeowners. As the importance of reserves becomes more of a household term, people are requesting homeowners associations reveal the strength of the reserve fund prior to purchasing a condominium, town home, or any property that belongs to an association.

How often do we update or review the Reserve Study?

Unfortunately, there is a misconception that these reports are good for an extended period of time since the report has projections for the next 30 years. Just like any major line item in the budget, the Reserve Study should be reviewed each year before the budget is established. Invariably, some assumptions have to be made during the compilation of this analysis. Anticipated events may not materialize and unpredictable circumstances could occur. Deterioration rates and repair/replacement costs will vary from causes that are unforeseen. Earned interest rates may vary from year to year. These variations could alter the content of the Reserve Study. Therefore, this analysis should be reviewed annually, and a property inspection should be conducted at least once every three years.

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 (for Reserve purposes less than 30 years), predictable remaining useful life, typically occurs on a cyclical basis that exceeds 1 year, and costs above a minimum threshold amount. An “Operating” expense is typically a fixed expense that occurs on an annual basis as well as general repairs and maintenance.

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 issue. However, it is the opinion of several major Reserve Study providers that these items are considered to be major expenses that occur on a cyclical basis. Therefore, it makes it very difficult to ignore a major expense that meets the criteria to be considered a reserve component. Once explained in this context, many accountants tend to agree and will include any expenses, such as these examples, as a reserve component.

What happens during the Site Visit?

The Site Visit was conducted of the common areas as reported by client. From our site visit we identified those common area components that we have determined require reserve funding. Based on information provided by the client, client's vendors, and our assessment of the components we have developed a component list and life and cost estimates.

Estimated life expectancies and life cycles are based upon conditions that were readily accessible and visible at the time of the inspection. We did not destroy any landscape work, building walls, or perform any methods of intrusive investigation during the inspection. In these cases, information may have been obtained by contacting the contractor or vendor that has worked on the property. We have assumed any and all components have been properly built and will reach normal, typical life expectancies. In general 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.

What is the Financial Analysis?

We projected the starting balance by taking the most recent balance statement, adding expected reserve contributions for the rest of the fiscal year, and subtracting any pending projects that will be paid for before the end of the current fiscal year. We compared this number to the ideal reserve balance and arrived at the percent funded level.

Measures of strength are as follows:

- 0% - 30% Funded** is generally considered to be a “weak” financial position. Associations that fall into this category are subject to special assessments and deferred maintenance, which could lead to lower property values. If the association is in this position, actions should be taken to improve the financial strength of the reserve fund.
- 31% - 69% Funded** is generally considered a “fair” financial position. The majority of associations fall into this category. While this doesn’t represent financial strength and stability, the likelihood of special assessments and deferred maintenance is diminished. Effort should be taken to continue strengthening the financial position of the reserve fund.
- 70% - 99% Funded** is generally considered a “strong” financial position. This indicates financial strength of a reserve fund and every attempt to maintain this level should be a goal of the association.
- 100% Funded** is considered an “ideal” financial position. This means that the association has the exact amount of funds in the reserve account.

Disclosures:

We will identify only those major components with a useful life of 30-years or less that generally meet industry standards for reserve funding.

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

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 warrantee or guarantee regarding our life and cost estimates/predictions. There is no implied warrantee 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.

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 “Financial Update” study. Therefore we have not verified the current condition of the common area 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 interest 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	40
Fiscal Year End	31-Dec
Budgeted Monthly Reserve Allocation	\$583
Projected Starting Reserve Balance	\$9,911
Ideal Starting Reserve Balance	\$187,970

Economic Assumptions

Projected Inflation Rate	3.00%
Reported After-Tax Interest Rate	0.25%

Current Reserve Status

Current Balance as a % of Ideal Balance	5%
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Recommendations (FY 2015)

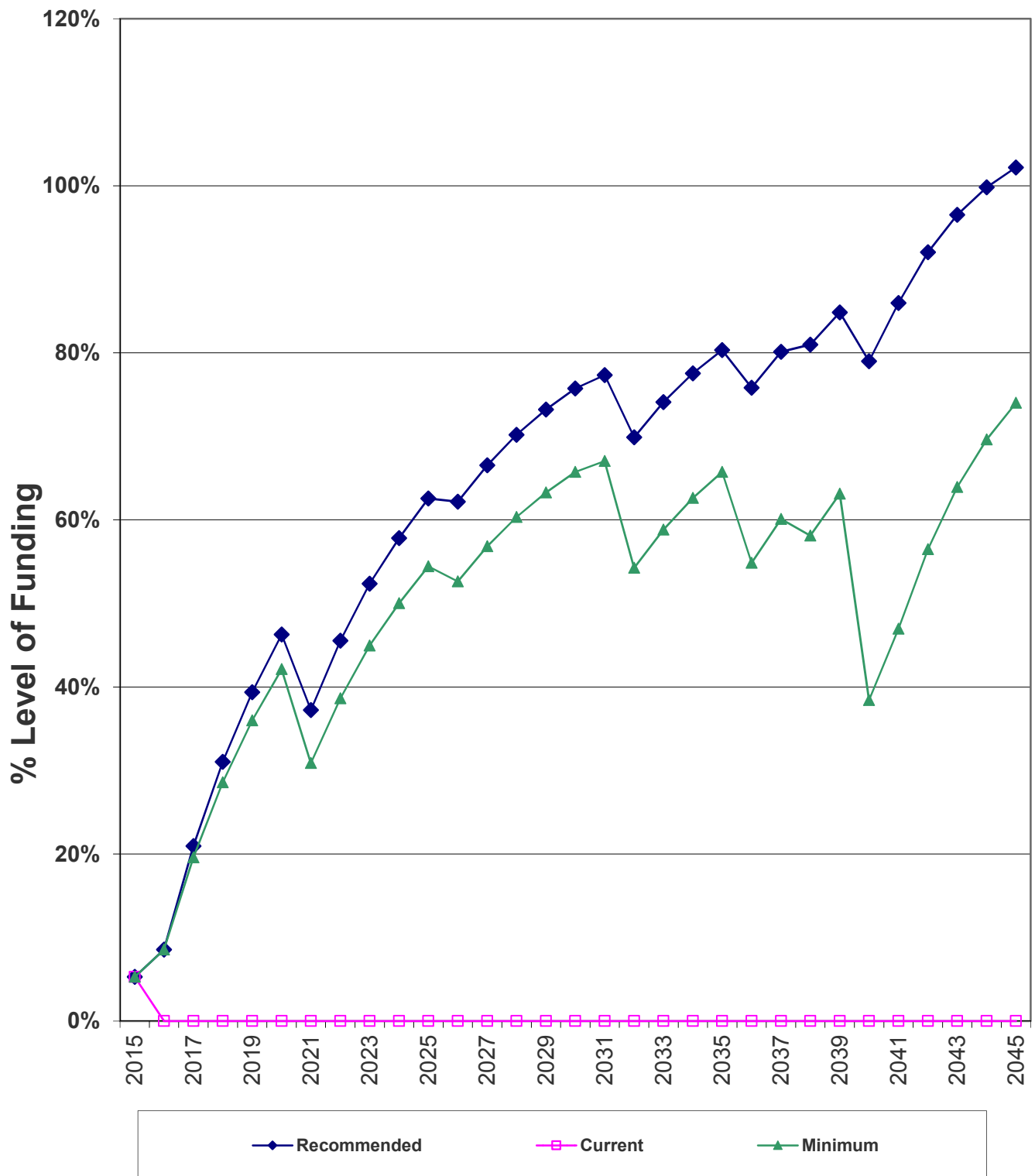
Recommended Monthly Reserve Allocation	\$7,300
Per Unit	\$182.50
Future Annual Increases	3.00%
For number of years:	1

Recommendations (FY 2015)

Recommended Monthly Reserve Allocation	\$1,425
Per Unit	\$35.63
Future Annual Increases	3.00%
For number of years:	29
Minimum Recommended Monthly Reserve Allocation	\$1,280
Per Unit	\$32.00
Future Annual Increases	3.00%
For number of years:	29



Percent Funded - Graph



Component Inventory

Category	ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Best Cost	Worst Cost
Roofing	105	Pitched Roof - Bldg 1, 3, 4, 7 & 9 - Repla	25	20	\$46,200	\$52,800
	105	Pitched Roof - Bldg 1, 4, 6, 10 & Pool - R	25	5	\$32,638	\$37,300
	105	Pitched Roof - Bldg 2 & 5 - Replace	25	22	\$21,350	\$24,400
	105	Pitched Roof - Bldg 8 - Replace	25	24	\$10,675	\$12,200
	120	Rain Gutters/Downspouts - Replace	N/A		\$0	\$0
Siding Materials	304	Metal Siding - Replace	50	16	\$57,300	\$85,950
Drive Materials	401	Asphalt - Overlay	25	24	\$49,500	\$66,000
	402	Asphalt - Seal Coat	5	0	\$4,290	\$6,270
	490	Asphalt - Replace	99	0	\$60,000	\$100,000
Prop. Identification	801	Monument Sign - Refurbish	18	8	\$500	\$750
	803	Mailboxes - Replace	20	10	\$3,500	\$4,500
Fencing	1003	Chain Link Fencing - Repair/Replace	10	0	\$2,000	\$3,000
	1008	Vinyl Fencing - Replace	30	10	\$4,900	\$5,600
Recreation Equip.	1301	Play Structures - Replace	20	10	\$4,000	\$5,000
Light Fixtures	1604	Pole Lights - Replace	N/A		\$0	\$0
Buildings / Structu	2301	Shed - Refurbish	N/A		\$0	\$0

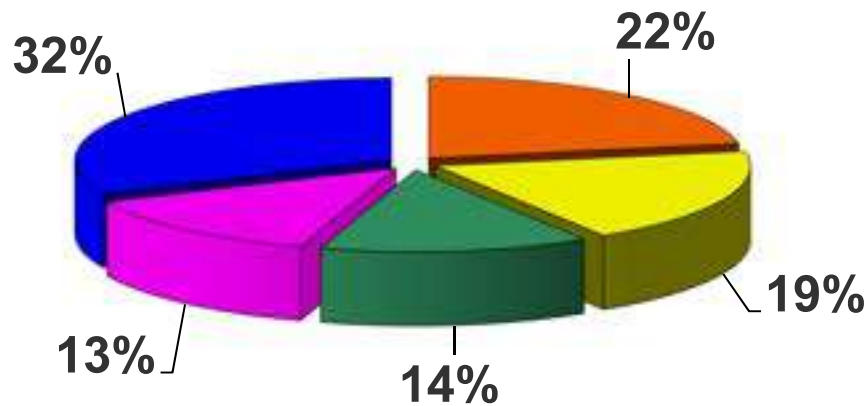
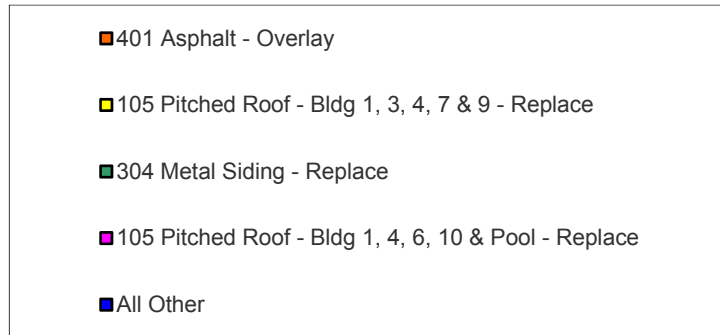


Significant Components

ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Average Current Cost	Significance: (Curr Cost/UL)	
					As \$	As %
105	Pitched Roof - Bldg 1, 3, 4, 7 & 9 - Rep	25	20	\$49,500	\$1,980	18.9756%
105	Pitched Roof - Bldg 1, 4, 6, 10 & Pool -	25	5	\$34,969	\$1,399	13.4051%
105	Pitched Roof - Bldg 2 & 5 - Replace	25	22	\$22,875	\$915	8.7690%
105	Pitched Roof - Bldg 8 - Replace	25	24	\$11,438	\$458	4.3845%
304	Metal Siding - Replace	50	16	\$71,625	\$1,433	13.7285%
401	Asphalt - Overlay	25	24	\$57,750	\$2,310	22.1382%
402	Asphalt - Seal Coat	5	0	\$5,280	\$1,056	10.1203%
490	Asphalt - Replace	99	0	\$80,000	\$0	0.0000%
801	Monument Sign - Refurbish	18	8	\$625	\$35	0.3328%
803	Mailboxes - Replace	20	10	\$4,000	\$200	1.9167%
1003	Chain Link Fencing - Repair/Replace	10	0	\$2,500	\$250	2.3959%
1008	Vinyl Fencing - Replace	30	10	\$5,250	\$175	1.6771%
1301	Play Structures - Replace	20	10	\$4,500	\$225	2.1563%



Significant Components - Graph



ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Average Current Cost	Significance: (Curr Cost/UL)	
					As \$	As %
401	Asphalt - Overlay	25	24	\$57,750	\$2,310	22%
105	Pitched Roof - Bldg 1, 3, 4, 7 & 9 - Rep	25	20	\$49,500	\$1,980	19%
304	Metal Siding - Replace	50	16	\$71,625	\$1,433	14%
105	Pitched Roof - Bldg 1, 4, 6, 10 & Pool	25	5	\$34,969	\$1,399	13%
All Other	See Expanded Table For Breakdown				\$3,313	32%

Yearly Summary

Year	Fully Funded Balance	Starting Reserve Balance	% Funded	Reserve Contributions	Interest Income	Reserve Expenses	Ending Reserve Balance
2015	\$187,970	\$9,911	5%	\$87,600	\$25	\$87,780	\$9,756
2016	\$113,943	\$9,756	9%	\$17,100	\$46	\$0	\$26,901
2017	\$128,431	\$26,901	21%	\$17,613	\$89	\$0	\$44,604
2018	\$143,686	\$44,604	31%	\$18,141	\$134	\$0	\$62,879
2019	\$159,741	\$62,879	39%	\$18,686	\$181	\$0	\$81,746
2020	\$176,629	\$81,746	46%	\$19,246	\$170	\$46,659	\$54,503
2021	\$146,328	\$54,503	37%	\$19,824	\$161	\$0	\$74,488
2022	\$163,551	\$74,488	46%	\$20,418	\$212	\$0	\$95,118
2023	\$181,676	\$95,118	52%	\$21,031	\$263	\$792	\$115,621
2024	\$199,925	\$115,621	58%	\$21,662	\$316	\$0	\$137,599
2025	\$219,946	\$137,599	63%	\$22,312	\$336	\$28,935	\$131,312
2026	\$211,186	\$131,312	62%	\$22,981	\$357	\$0	\$154,651
2027	\$232,399	\$154,651	67%	\$23,670	\$417	\$0	\$178,738
2028	\$254,694	\$178,738	70%	\$24,381	\$478	\$0	\$203,596
2029	\$278,118	\$203,596	73%	\$25,112	\$541	\$0	\$229,249
2030	\$302,718	\$229,249	76%	\$25,865	\$596	\$8,226	\$247,484
2031	\$320,071	\$247,484	77%	\$26,641	\$509	\$114,937	\$159,697
2032	\$228,534	\$159,697	70%	\$27,440	\$434	\$0	\$187,572
2033	\$253,154	\$187,572	74%	\$28,264	\$505	\$0	\$216,340
2034	\$279,046	\$216,340	78%	\$29,112	\$578	\$0	\$246,030
2035	\$306,263	\$246,030	80%	\$29,985	\$524	\$103,454	\$173,084
2036	\$228,304	\$173,084	76%	\$30,885	\$472	\$0	\$204,441
2037	\$255,147	\$204,441	80%	\$31,811	\$497	\$43,831	\$192,918
2038	\$238,249	\$192,918	81%	\$32,765	\$524	\$0	\$226,207
2039	\$266,608	\$226,207	85%	\$33,748	\$432	\$140,644	\$119,744
2040	\$151,590	\$119,744	79%	\$34,761	\$329	\$11,055	\$143,779
2041	\$167,254	\$143,779	86%	\$35,804	\$403	\$1,348	\$178,637
2042	\$194,061	\$178,637	92%	\$36,878	\$493	\$0	\$216,008
2043	\$223,756	\$216,008	97%	\$37,984	\$588	\$0	\$254,580
2044	\$255,059	\$254,580	100%	\$39,124	\$686	\$0	\$294,390



Reserve Contributions - Graph

Monthly Reserve Contributions



Component Funding Information

ID	Component Name	sq	sq ft	Quantity	Average Current Cost	Ideal Balance	Current Fund Balance	Monthly
105	Pitched Roof - Bldg 1, 3, 4, 7 & 9 - Replace	25	20	Approx 13,200 Sq. ft.	\$49,500	\$9,900	\$0	\$1,385.22
105	Pitched Roof - Bldg 1, 4, 6, 10 & Pool - Replace	25	5	Approx 9,325 Sq. ft.	\$34,969	\$27,975	\$0	\$978.57
105	Pitched Roof - Bldg 2 & 5 - Replace	25	22	Approx 6,100 Sq. ft.	\$22,875	\$2,745	\$0	\$640.14
105	Pitched Roof - Bldg 8 - Replace	25	24	Approx 3,050 Sq. ft.	\$11,438	\$458	\$0	\$320.07
304	Metal Siding - Replace	50	16	Approx 14,325 Sq. ft.	\$71,625	\$48,705	\$0	\$1,002.18
401	Asphalt - Overlay	25	24	Approx 33,000 Sq. ft.	\$57,750	\$2,310	\$0	\$1,616.09
402	Asphalt - Seal Coat	5	0	Approx 33,000 Sq. ft.	\$5,280	\$5,280	\$5,280	\$738.78
490	Asphalt - Replace	99	0	Approx 33,000 Sq. ft.	\$80,000	\$80,000	\$4,631	\$0.00
801	Monument Sign - Refurbish	18	8	(1) Sign	\$625	\$347	\$0	\$24.29
803	Mailboxes - Replace	20	10	(4) Clusters	\$4,000	\$2,000	\$0	\$139.92
1003	Chain Link Fencing - Repair/Replace	10	0	Approx 1,235 Linear ft.	\$2,500	\$2,500	\$0	\$174.90
1008	Vinyl Fencing - Replace	30	10	Approx 175 Linear ft.	\$5,250	\$3,500	\$0	\$122.43
1301	Play Structures - Replace	20	10	(2) Structures	\$4,500	\$2,250	\$0	\$157.41
					\$350,311	\$187,970	\$9,911	\$7,300

Current Fund Balance as a percentage of Ideal Balance:

5%



Yearly Cash Flow

Year	2015	2016	2017	2018	2019
Starting Balance	\$9,911	\$9,756	\$26,901	\$44,604	\$62,879
<i>Reserve Income</i>	\$87,600	\$17,100	\$17,613	\$18,141	\$18,686
<i>Interest Earnings</i>	\$25	\$46	\$89	\$134	\$181
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$97,536	\$26,901	\$44,604	\$62,879	\$81,746
Reserve Expenditures	\$87,780	\$0	\$0	\$0	\$0
Ending Balance	\$9,756	\$26,901	\$44,604	\$62,879	\$81,746

Year	2020	2021	2022	2023	2024
Starting Balance	\$81,746	\$54,503	\$74,488	\$95,118	\$115,621
<i>Reserve Income</i>	\$19,246	\$19,824	\$20,418	\$21,031	\$21,662
<i>Interest Earnings</i>	\$170	\$161	\$212	\$263	\$316
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$101,162	\$74,488	\$95,118	\$116,412	\$137,599
Reserve Expenditures	\$46,659	\$0	\$0	\$792	\$0
Ending Balance	\$54,503	\$74,488	\$95,118	\$115,621	\$137,599

Year	2025	2026	2027	2028	2029
Starting Balance	\$137,599	\$131,312	\$154,651	\$178,738	\$203,596
<i>Reserve Income</i>	\$22,312	\$22,981	\$23,670	\$24,381	\$25,112
<i>Interest Earnings</i>	\$336	\$357	\$417	\$478	\$541
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$160,247	\$154,651	\$178,738	\$203,596	\$229,249
Reserve Expenditures	\$28,935	\$0	\$0	\$0	\$0
Ending Balance	\$131,312	\$154,651	\$178,738	\$203,596	\$229,249

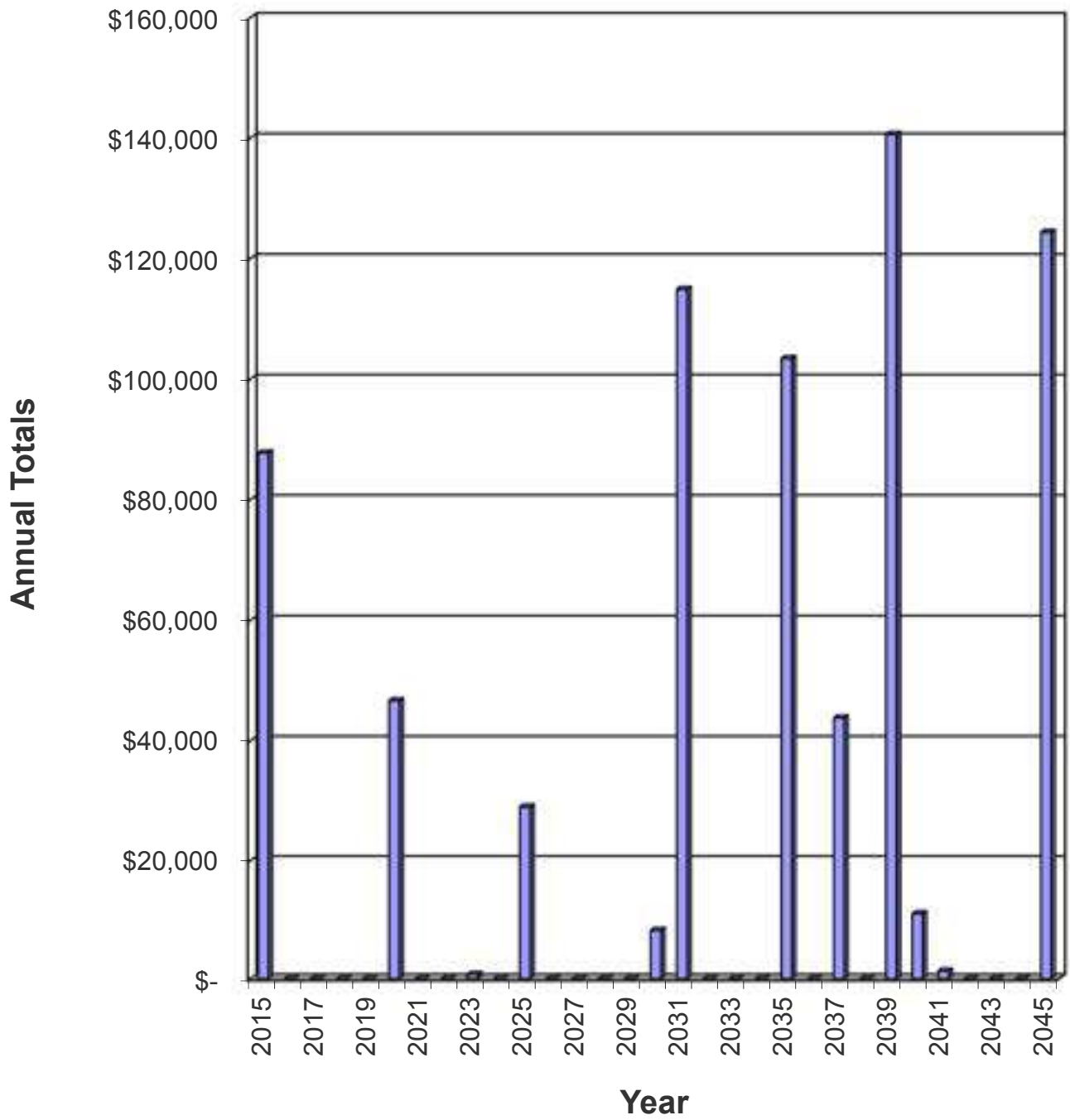
Year	2030	2031	2032	2033	2034
Starting Balance	\$229,249	\$247,484	\$159,697	\$187,572	\$216,340
<i>Reserve Income</i>	\$25,865	\$26,641	\$27,440	\$28,264	\$29,112
<i>Interest Earnings</i>	\$596	\$509	\$434	\$505	\$578
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$255,710	\$274,634	\$187,572	\$216,340	\$246,030
Reserve Expenditures	\$8,226	\$114,937	\$0	\$0	\$0
Ending Balance	\$247,484	\$159,697	\$187,572	\$216,340	\$246,030

Year	2035	2036	2037	2038	2039
Starting Balance	\$246,030	\$173,084	\$204,441	\$192,918	\$226,207
<i>Reserve Income</i>	\$29,985	\$30,885	\$31,811	\$32,765	\$33,748
<i>Interest Earnings</i>	\$524	\$472	\$497	\$524	\$432
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$276,538	\$204,441	\$236,748	\$226,207	\$260,387
Reserve Expenditures	\$103,454	\$0	\$43,831	\$0	\$140,644
Ending Balance	\$173,084	\$204,441	\$192,918	\$226,207	\$119,744

Year	2040	2041	2042	2043	2044
Starting Balance	\$119,744	\$143,779	\$178,637	\$216,008	\$254,580
<i>Reserve Income</i>	\$34,761	\$35,804	\$36,878	\$37,984	\$39,124
<i>Interest Earnings</i>	\$329	\$403	\$493	\$588	\$686
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$154,834	\$179,985	\$216,008	\$254,580	\$294,390
Reserve Expenditures	\$11,055	\$1,348	\$0	\$0	\$0
Ending Balance	\$143,779	\$178,637	\$216,008	\$254,580	\$294,390



Yearly Reserve Expenditures - Graph



Projected Reserve Expenditures by Year

Year	ID #	Component Name	Projected Cost	Total Per Annum
2015	402	Asphalt - Seal Coat	\$5,280	
	490	Asphalt - Replace	\$80,000	
	1003	Chain Link Fencing - Repair/Replace	\$2,500	\$87,780
2016		No Expenditures Projected		\$0
2017		No Expenditures Projected		\$0
2018		No Expenditures Projected		\$0
2019		No Expenditures Projected		\$0
2020	105	Pitched Roof - Bldg 1, 4, 6, 10 & Pool - Replace	\$40,538	
	402	Asphalt - Seal Coat	\$6,121	\$46,659
2021		No Expenditures Projected		\$0
2022		No Expenditures Projected		\$0
2023	801	Monument Sign - Refurbish	\$792	\$792
2024		No Expenditures Projected		\$0
2025	402	Asphalt - Seal Coat	\$7,096	
	803	Mailboxes - Replace	\$5,376	
	1003	Chain Link Fencing - Repair/Replace	\$3,360	
	1008	Vinyl Fencing - Replace	\$7,056	
	1301	Play Structures - Replace	\$6,048	\$28,935
2026		No Expenditures Projected		\$0
2027		No Expenditures Projected		\$0
2028		No Expenditures Projected		\$0
2029		No Expenditures Projected		\$0
2030	402	Asphalt - Seal Coat	\$8,226	\$8,226
2031	304	Metal Siding - Replace	\$114,937	\$114,937
2032		No Expenditures Projected		\$0
2033		No Expenditures Projected		\$0
2034		No Expenditures Projected		\$0
2035	105	Pitched Roof - Bldg 1, 3, 4, 7 & 9 - Replace	\$89,403	
	402	Asphalt - Seal Coat	\$9,536	
	1003	Chain Link Fencing - Repair/Replace	\$4,515	\$103,454
2036		No Expenditures Projected		\$0
2037	105	Pitched Roof - Bldg 2 & 5 - Replace	\$43,831	\$43,831
2038		No Expenditures Projected		\$0
2039	105	Pitched Roof - Bldg 8 - Replace	\$23,250	
	401	Asphalt - Overlay	\$117,394	\$140,644
2040	402	Asphalt - Seal Coat	\$11,055	\$11,055
2041	801	Monument Sign - Refurbish	\$1,348	\$1,348
2042		No Expenditures Projected		\$0
2043		No Expenditures Projected		\$0
2044		No Expenditures Projected		\$0

Component Evaluation

Comp #: 105 Pitched Roof - Bldg 1, 3, 4, 7 & 9 - Replace



Location: Building 1, 3, 4, 7 & 9 Roofs

Quantity: Approx 13,200 Sq.ft.

Life Expectancy: 25 **Remaining Life:** 20

Best Cost: \$46,200

\$3.50/Sq.ft.; Estimate to replace

Worst Cost: \$52,800

\$4.00/Sq.ft.; Higher estimate

Source of Information: CSL Cost Database

Observations:

The roofs are in good condition. No problems were noted at the time of the inspection. Typically this type of roofing material has a useful life of approximately 20 - 25 years. Inspect this component regularly and make local repairs as necessary as an operating expense to ensure full life from this component. Remaining life based on current age.

General Notes:

Quantity description:

Full Roofs: Buildings 3, 7 & 9
9,150 Sq.ft. - (3) @ 3,050 Sq.ft. per Building

Half Roofs: Building 1 & 4
1,575 Sq.ft. - Rear Half Bldg 1
1,575 Sq.ft. - Front Half Bldg 4

13,200 Sq.ft. - Total

Comp #: 105 Pitched Roof - Bldg 1, 4, 6, 10 & Pool - Replace



Location: Building 1, 4, 6 & 10 Roofs

Quantity: Approx 9,325 Sq.ft.

Life Expectancy: 25 *Remaining Life:* 5

Best Cost: \$32,638
\$3.50/Sq.ft.; Estimate to replace

Worst Cost: \$37,300
\$4.00/Sq.ft.; Higher estimate

Source of Information: CSL Cost Database

Observations:

The roofs are in fair condition. Typically this type of roofing material has a useful life of approximately 20 - 25 years. Inspect this component regularly and make local repairs as necessary as an operating expense to ensure full life from this component. Remaining life based on current age.

General Notes:

Quantity description:

Full Roofs: Buildings 6 & 10
6,100 Sq.ft. - (2) @ 3,050 Sq.ft. per Building

Half Roofs: Building 1 & 4
1,575 Sq.ft. - Front Half Bldg 1
1,575 Sq.ft. - Rear Half Bldg 4

175 Sq.ft. - Pool Building

9,325 Sq.ft. - Total

Comp #: 105 Pitched Roof - Bldg 2 & 5 - Replace



Location: **Building 2 & 5 Roofs**

Quantity: **Approx 6,100 Sq.ft.**

Life Expectancy: **25** *Remaining Life:* **22**

Best Cost: **\$21,350**
\$3.50/Sq.ft.; Estimate to replace

Worst Cost: **\$24,400**
\$4.00/Sq.ft.; Higher estimate

Source of Information: CSL Cost Database

Observations:

The roofs are in good condition. Typically this type of roofing material has a useful life of approximately 20 - 25 years. Inspect this component regularly and make local repairs as necessary as an operating expense to ensure full life from this component. Remaining life based on current age.

General Notes:

Quantity description:

6,100 Sq.ft. - (2) @ 3,050 Sq.ft. per Building

Comp #: 105 Pitched Roof - Bldg 8 - Replace



Location: **Building 8 Roof**

Quantity: **Approx 3,050 Sq.ft.**

Life Expectancy: **25** *Remaining Life:* **24**

Best Cost: **\$10,675**

\$3.50/Sq.ft.; Estimate to replace roof

Worst Cost: **\$12,200**

\$4.00/Sq.ft.; Higher estimate

Source of Information: CSL Cost Database

Observations:

The roof is in good condition. No problems were noted at the time of the inspection. Typically this type of roofing material has a useful life of approximately 20 - 25 years. Inspect this component regularly and make local repairs as necessary as an operating expense to ensure full life from this component. Remaining life based on current age.

General Notes:

Comp #: 120 Rain Gutters/Downspouts - Replace



Location: **Building Roofs**

Quantity: **Approx 2,260 Linear ft.**

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

Best Cost: **\$0**

Worst Cost: **\$0**

Source of Information:

Observations:

The rain gutters and downspouts are in good to poor condition. The association has been replacing this component as necessary as an operating expense.

General Notes:

Comp #: 304 Metal Siding - Replace



Location: **Building Exteriors**

Quantity: **Approx 14,325 Sq.ft.**

Life Expectancy: **50 Remaining Life: 16**

Best Cost: **\$57,300**

\$4.00/Sq.ft.; Estimate to replace

Worst Cost: **\$85,950**

\$6.00/Sq.ft.; Higher estimate

Source of Information: CSL Cost Database

Observations:

The metal siding is in fair condition. Areas of fading and missing paint were noted at the time of the inspection. Although this component may reach an extended life, we recommend funding to replace this component every 40 - 50 years to maintain appearance. Remaining life based on current age.

General Notes:

Quantity description:

14,000 Sq.ft. - (10) @ 1,400 Sq.ft. per Residential Building

325 Sq.ft. - Pool Building

14,325 Sq.ft. - Total

Comp #: 401 Asphalt - Overlay



Location: **Community Parking Areas & Streets**

Quantity: **Approx 33,000 Sq.ft.**

Life Expectancy: **25** *Remaining Life:* **24**

Best Cost: **\$49,500**

\$1.50/Sq.ft.; Estimate for overlay

Worst Cost: **\$66,000**

\$2.00/Sq.ft.; Higher estimate

Source of Information: CSL Cost Database

General Notes:

Observations:

The asphalt surfaces are in poor condition. We recommend funding to replace the asphalt surfaces in fiscal year 2015. The life and cost information for this component are based upon this replacement in 2015. We recommend funding to overlay this component approximately every 20 - 25 years. Maintain seal coat schedule to ensure full useful life (see Comp# 402 Asphalt - Seal Coat). Remaining life based on current age.

Comp #: 402 Asphalt - Seal Coat



Location: **Community Parking Areas & Streets**

Quantity: **Approx 33,000 Sq.ft.**

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

Best Cost: **\$4,290**

\$0.13/Sq.ft.; Estimate for seal coat

Worst Cost: **\$6,270**

\$0.19/Sq.ft.; Higher estimate

Source of Information: CSL Cost Database

General Notes:

Observations:

The asphalt seal coat is in poor condition. We recommend funding to replace the asphalt surfaces in fiscal year 2015. The life and cost information for this component are based upon this replacement in 2015. Seal asphalt surfaces regularly to prevent premature overlay (see Comp# 401 Asphalt - Overlay). We recommend funding to seal this component approximately every 3 - 5 years. Remaining life based on current condition.

Comp #: 490 Asphalt - Replace



Location: **Community Parking Areas & Streets**

Quantity: **Approx 33,000 Sq.ft.**

Life Expectancy: **99** *Remaining Life:* **0**

Best Cost: **\$60,000**

Estimate to replace

Worst Cost: **\$100,000**

Higher estimate

Source of Information: CSL Cost Database

Observations:

The asphalt surfaces are in poor condition. We recommend funding to replace the asphalt surfaces in fiscal year 2015. This component is a one time project to replace the asphalt surfaces.

General Notes:

Comp #: 801 Monument Sign - Refurbish



Location: Community Entrance

Quantity: (1) Sign

Life Expectancy: 18 *Remaining Life:* 8

Best Cost: \$500

Allowance to refurbish sign

Worst Cost: \$750

Higher allowance

Source of Information: CSL Cost Database

Observations:

The monument sign is in good condition. We recommend funding to refurbish this component approximately every 18 years to ensure appearance. Remaining life is based on current condition.

General Notes:

Comp #: 803 Mailboxes - Replace



Location: Common Area

Quantity: (4) Clusters

Life Expectancy: 20 *Remaining Life:* 10

Best Cost: \$3,500

Estimate to replace mailbox clusters

Worst Cost: \$4,500

Higher estimate

Source of Information: CSL Cost Database

Observations:

The mailboxes are in fair condition. We recommend funding to replace this component approximately every 18 - 20 years assuming normal use and wear. Remaining life based on current condition.

General Notes:

Comp #: 1003 Chain Link Fencing - Repair/Replace



Location: **Community Perimeter**

Quantity: **Approx 1,235 Linear ft.**

Life Expectancy: **10** *Remaining Life:* **0**

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

Allowance to repair/replce

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

Higher allowance

Source of Information: CSL Cost Database

Observations:

The chain link fencing is in good to poor condition. Areas of damage, broken slats and missing slats were noted at the time of the inspection. Typically this component has an extended useful life under normal conditions. We are funding for an allowance to make repairs/replacements to this component approximately every 10 years. Remaining life based on current condition.

General Notes:

Comp #: 1008 Vinyl Fencing - Replace



Location: **Play Area Perimeter**

Quantity: **Approx 175 Linear ft.**

Life Expectancy: **30** *Remaining Life:* **10**

Best Cost: **\$4,900**
\$28/Linear ft.; Estimate to replace vinyl fence

Worst Cost: **\$5,600**
\$32/Linear ft.; Higher estimate

Source of Information: CSL Cost Database

Observations:

The vinyl fencing is in good to fair condition. Areas of minor damage were noted at the time of the inspection. We recommend funding to replace this component approximately every 25 - 30 years. Remaining life based on current age

General Notes:

Comp #: 1301 Play Structures - Replace



Location: **Play Area**

Quantity: **(2) Structures**

Life Expectancy: **20** *Remaining Life:* **10**

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

Estimate to replace

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

Higher estimate

Source of Information: CSL Cost Database

Observations:

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

General Notes:

Comp #: 1604 Pole Lights - Replace



Location: **Community Entrance**

Quantity: **(3) Fixtures**

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

Best Cost: **\$0**

Worst Cost: **\$0**

Source of Information:

Observations:

The pole lights are in poor condition. Due to the minimal replacement cost of this component, we recommend replacing as necessary as an operating expense. No reserve funding necessary.

General Notes:

Comp #: 2301 Shed - Refurbish



Location: **Common Area**

Quantity: **(1) Shed**

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

Best Cost: **\$0**

Worst Cost: **\$0**

Source of Information:

Observations:

The shed exterior is in poor condition. Due to the minimal cost of roofing and painting this component, we recommend roofing and painting as necessary as an operating expense. 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.

