# Community Preservation Association - Reflection

## Level 2 Reserve Study

**Report Period – 01/01/2025 – 12/31/2025**

| | |
|---|---|
| Client Reference Number | 18313 |
| Property Type | Single Family Homes |
| Number of Units | 24 |
| Fiscal Year End | 12/31 |

| | |
|---|---|
| Type of Study | Update w/Site Visit |
| Date of Property Inspection | 8/8/2024 |
| Prepared By | Dale Gifford |
| Analysis Method | Cash Flow |
| Funding Goal | Full Funding |

**Report prepared on – Thursday, August 22, 2024**

COMPLEX SOLUTIONS, LTD.

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


## Component Evaluation


- Component Evaluation page 1 - 13


## Glossary of Commonly used Words and Phrases

# Executive Summary – Community Preservation Association - Reflection - ID # 18313

Information to complete a Level 1, and Level 2 Reserve Study was gathered by performing an in-person site visit of the community. Information to complete the Level 1, Level 2, and Level 3 Reserve Study was gathered by researching the expenditures of the community with the client. In addition, we may have also obtained information by contacting vendors and/or contractors that have worked with the community. To the best of our knowledge, the conclusions and recommendations of this report are considered reliable and accurate as far as the information obtained from these sources.

| | |
|---|---|
| **Projected Starting Balance as of 01/01/2025** | **$71,166.68** |
| **Ideal Reserve Balance as of 01/01/2025** | **$83,843** |
| **Percent Funded as of 01/01/2025** | **85%** |
| **Recommended Reserve Contribution (per month)** | **$2,115** |
| **Recommended Special Assessment 2025** | **$0** |

Community Preservation Association - Reflection is a 24-unit Single Family Home community. The community offers a gated entrance, and landscaped areas as amenities. Construction on the community is on-going.

**Currently Programmed Projects**
There are multiple projects programmed to occur this fiscal year (FY2025). We have programmed an estimated $4,000 in reserve expenditures toward the completion of these projects. (See page 15)

**Significant Reserve Projects**
The association's significant reserve projects are asphalt major rehab (Comp# 401), asphalt seal coat (Comp# 402), gate house and gates repaint/stain (Comp# 217), and vehicle gate operators replace (Comp# 507). The fiscal significance of these components is approximately 40%, 32%, 6%, and 4% 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 $71,166.68 versus the ideal reserve balance of $83,843 we find the association's reserve fund to be approximately 85% funded. This indicates a strong reserve fund position. In order to continue to strengthen the account fund, we suggest adopting a monthly reserve contribution of $2,115 ($88.13/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 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 experience with budget creation, reserves and reserve budgeting, community inspections, and analyzing common area components.

- Bachelor of Science in Chemistry from Emporia State University.
- Personally, has prepared over 2,500 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). Former Board member, and former Utah Chapter President.
- Reserve Specialist (RS) designation from Community Associations Institute (CAI), RS# 231.
- Professional Community Association Manager® (PCAM®) designation from Community Associations Institute (CAI), PCAM# 1740.
- Association Management Specialist® (AMS®) designation from Community Associations Institute (CAI).
- Recipient of Community Associations Institute's (CAI) annual award of Excellence in Chapter Leadership for service and achievement in 2010.
- Member of the CAI Utah Legislative Action Committee.

**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 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 twenty states. Also, the Association's governing documents may require a reserve fund to 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 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 frequently asked 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 identified 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 the 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 reflect 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 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 on any of our work products. 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 all components have been properly built and will reach normal, typical life expectancies. A reserve study is not intended to identify or fund 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 of which we are aware.

**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 | 24 |
| Fiscal Year End | 31-Dec |
| Budgeted Monthly Reserve Allocation | $8,292 |
| Projected Starting Reserve Balance | $71,167 |
| Ideal Starting Reserve Balance | $83,843 |

## Economic Assumptions

| | |
|---|---|
| Projected Inflation Rate | 4.00% |
| Reported After-Tax Interest Rate | 0.10% |

## Current Reserve Status

| | |
|---|---|
| Current Balance as a % of Ideal Balance | 85% |

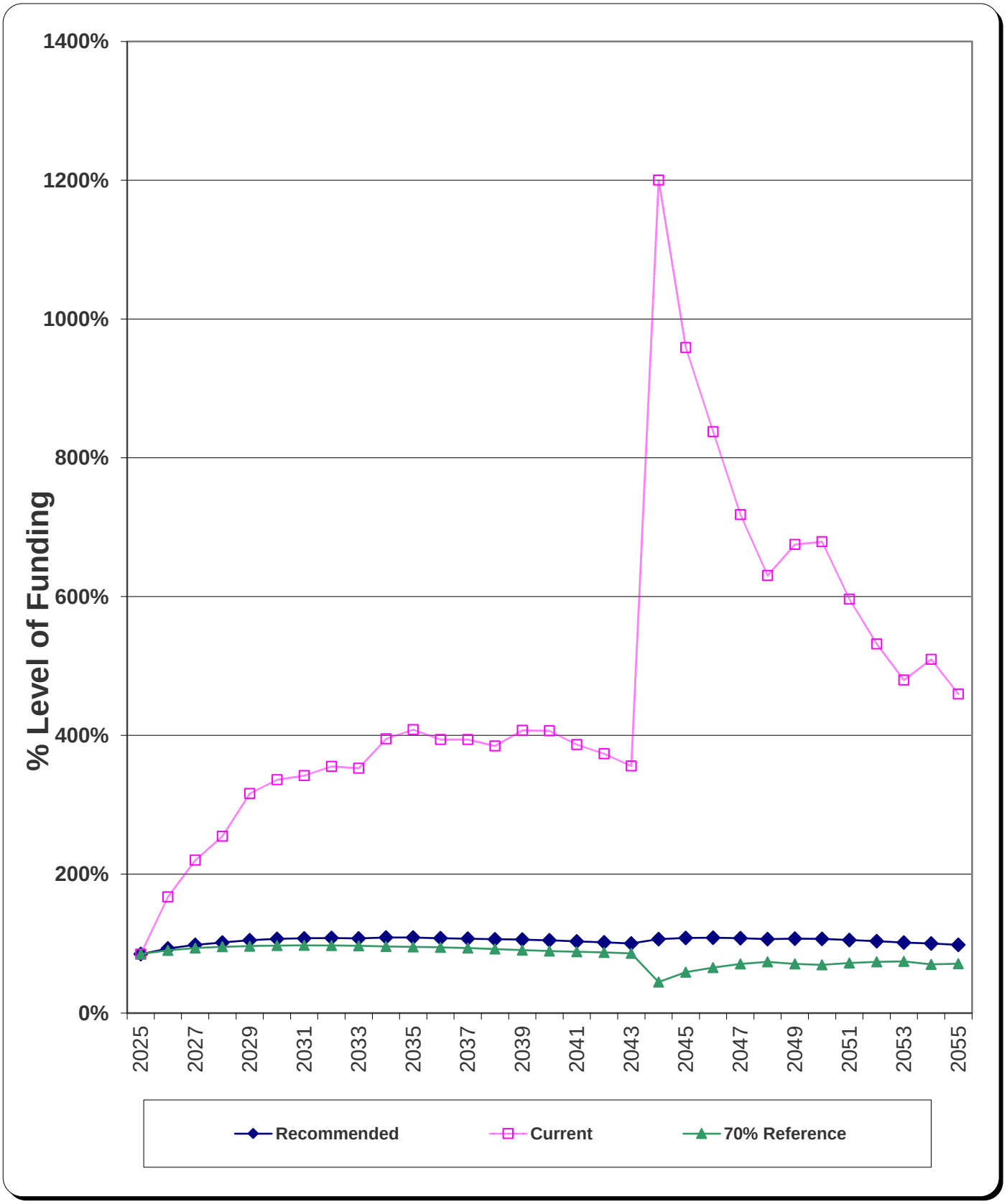
## Recommendations

| | |
|---|---|
| Recommended Monthly Reserve Allocation | $2,115 |
| Per Unit | $88.13 |
| Future Annual Increases | 3.00% |
| For number of years: | 30 |
| Increases thereafter: | 0.00% |
| | |
| 70% Funded Monthly Reserve Allocation Reference | $1,880 |
| Per Unit | $78.33 |
| Future Annual Increases | 3.00% |
| For number of years: | 30 |
| Increases thereafter: | 0.00% |

## Changes From Prior Year

| | |
|---|---|
| Recommended Increase to Reserve Allocation | -$6,177 |
| as Percentage | -74% |

# Percent Funded - Graph



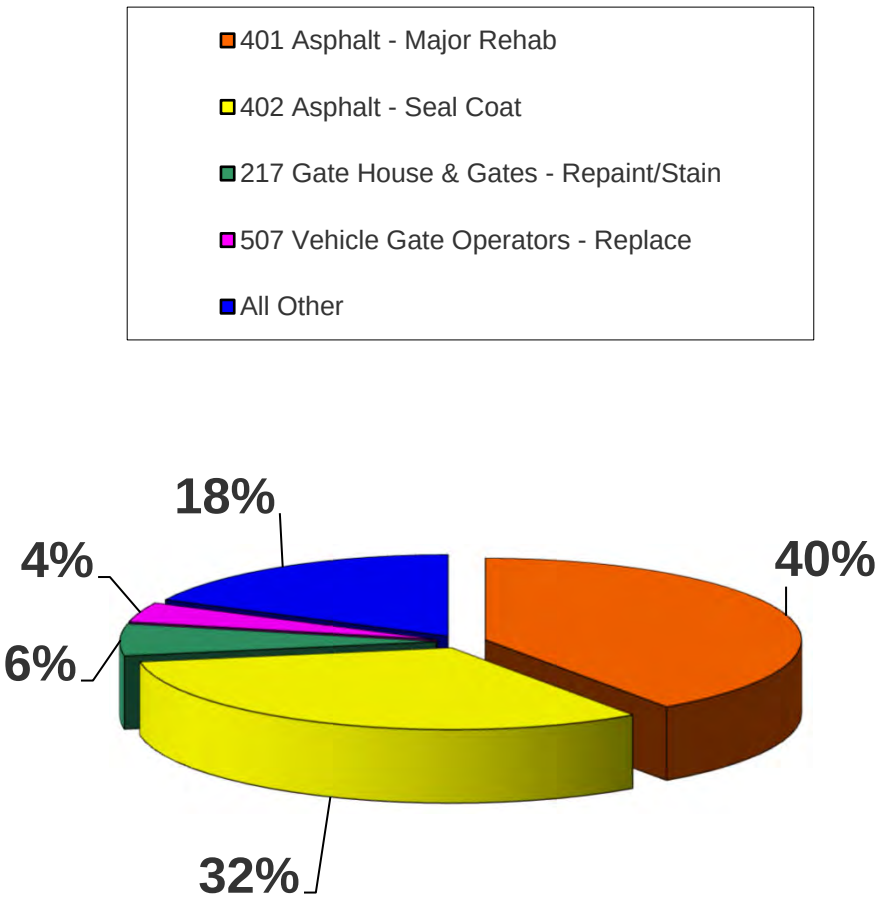
# Component Inventory

| Category | ID # | Component Name | Useful Life (yrs.) | Remaining Useful Life (yrs.) | Best Cost | Worst Cost |
|---|---|---|---|---|---|---|
| Roofing | 108 | Metal Roof - Replace | 50 | 41 | $11,000 | $14,000 |
| Painted Surfaces | 217 | Gate House & Gates - Repaint/Stain | 4 | 0 | $3,500 | $4,500 |
| Drive Materials | 401 | Asphalt - Major Rehab | 25 | 18 | $141,000 | $181,000 |
| | 402 | Asphalt - Seal Coat | 5 | 3 | $24,000 | $27,000 |
| Property Access | 504 | Vehicle Gates - Replace | 20 | 14 | $10,000 | $14,000 |
| | 507 | Vehicle Gate Operators - Replace | 12 | 6 | $7,000 | $8,000 |
| | 508 | Key Pad - Replace | N/A | | $0 | $0 |
| Prop. Identification | 801 | Entrance Monuments - Refurbish | 15 | 9 | $4,000 | $5,000 |
| Interiors | 1415 | Gate House - Remodel | 20 | 11 | $8,000 | $10,000 |
| Light Fixtures | 1602 | Exterior Light Fixtures - Replace | N/A | | $0 | $0 |
| Landscaping | 1812 | Landscaping & Irrigation System - Renov | 15 | 9 | $8,000 | $10,000 |
| Buildings / Structu | 2303 | Windows - Replace | 40 | 31 | $15,000 | $18,000 |
| | 2304 | Exterior Doors - Replace | 40 | 31 | $7,000 | $9,000 |

# Significant Components

| ID # | Component Name | Useful Life (yrs.) | Remaining Useful Life (yrs.) | Average Current Cost | Significance: (Curr Cost/UL) | |
|---|---|---|---|---|---|---|
| | | | | | As $ | As % |
| 108 | Metal Roof - Replace | 50 | 41 | $12,500 | $250 | 1.5647% |
| 217 | Gate House & Gates - Repaint/Stain | 4 | 0 | $4,000 | $1,000 | 6.2588% |
| 401 | Asphalt - Major Rehab | 25 | 18 | $161,000 | $6,440 | 40.3067% |
| 402 | Asphalt - Seal Coat | 5 | 3 | $25,500 | $5,100 | 31.9199% |
| 504 | Vehicle Gates - Replace | 20 | 14 | $12,000 | $600 | 3.7553% |
| 507 | Vehicle Gate Operators - Replace | 12 | 6 | $7,500 | $625 | 3.9118% |
| 801 | Entrance Monuments - Refurbish | 15 | 9 | $4,500 | $300 | 1.8776% |
| 1415 | Gate House - Remodel | 20 | 11 | $9,000 | $450 | 2.8165% |
| 1812 | Landscaping & Irrigation System - Renc | 15 | 9 | $9,000 | $600 | 3.7553% |
| 2303 | Windows - Replace | 40 | 31 | $16,500 | $413 | 2.5818% |
| 2304 | Exterior Doors - Replace | 40 | 31 | $8,000 | $200 | 1.2518% |

# Significant Components - Graph

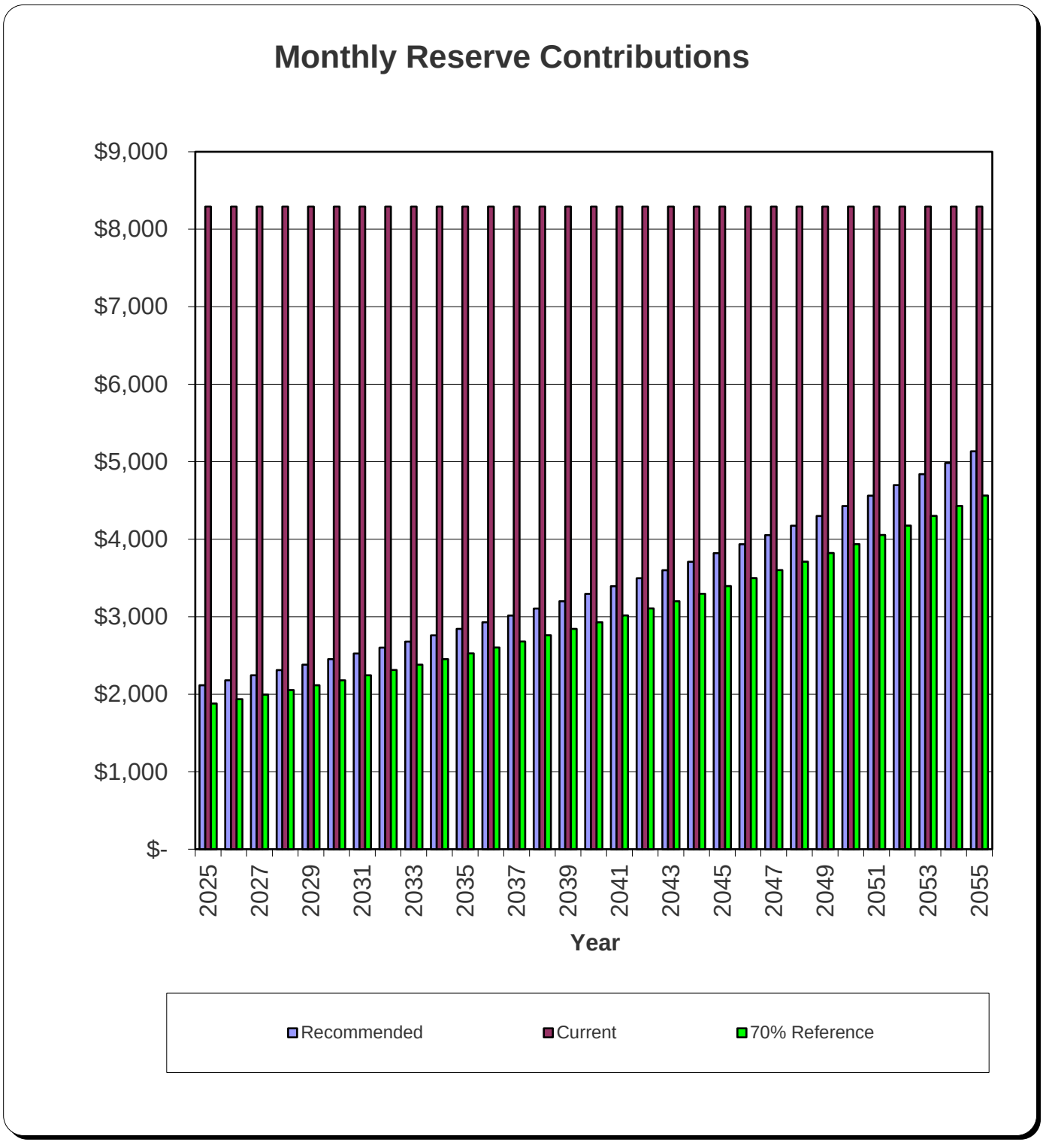



| ID # | Component Name | Useful Life (yrs.) | Remaining Useful Life (yrs.) | Average Current Cost | Significance: (Curr Cost/UL) | |
|---|---|---|---|---|---|---|
| | | | | | As $ | As % |
| 401 | Asphalt - Major Rehab | 25 | 18 | $161,000 | $6,440 | 40% |
| 402 | Asphalt - Seal Coat | 5 | 3 | $25,500 | $5,100 | 32% |
| 217 | Gate House & Gates - Repaint/Stain | 4 | 0 | $4,000 | $1,000 | 6% |
| 507 | Vehicle Gate Operators - Replace | 12 | 6 | $7,500 | $625 | 4% |
| All Other | See Expanded Table For Breakdown | | | | $2,813 | 18% |

# Yearly Summary

| Year | Fully Funded Balance | Starting Reserve Balance | % Funded | Reserve Contributions | Interest Income | Reserve Expenses | Ending Reserve Balance |
|---|---|---|---|---|---|---|---|
| 2025 | $83,843 | $71,167 | 85% | $25,380 | $82 | $4,000 | $92,629 |
| 2026 | $99,653 | $92,629 | 93% | $26,141 | $106 | $0 | $118,876 |
| 2027 | $120,920 | $118,876 | 98% | $26,926 | $132 | $0 | $145,934 |
| 2028 | $143,729 | $145,934 | 102% | $27,733 | $146 | $28,684 | $145,129 |
| 2029 | $138,339 | $145,129 | 105% | $28,565 | $157 | $4,679 | $169,172 |
| 2030 | $158,445 | $169,172 | 107% | $29,422 | $184 | $0 | $198,778 |
| 2031 | $184,999 | $198,778 | 107% | $30,305 | $209 | $9,490 | $219,803 |
| 2032 | $203,555 | $219,803 | 108% | $31,214 | $236 | $0 | $251,252 |
| 2033 | $233,563 | $251,252 | 108% | $32,151 | $247 | $40,373 | $243,277 |
| 2034 | $223,659 | $243,277 | 109% | $33,115 | $250 | $19,215 | $257,428 |
| 2035 | $236,273 | $257,428 | 109% | $34,109 | $275 | $0 | $291,811 |
| 2036 | $270,320 | $291,811 | 108% | $35,132 | $303 | $13,855 | $313,391 |
| 2037 | $292,304 | $313,391 | 107% | $36,186 | $328 | $6,404 | $343,501 |
| 2038 | $323,940 | $343,501 | 106% | $37,271 | $341 | $42,459 | $338,654 |
| 2039 | $320,408 | $338,654 | 106% | $38,390 | $348 | $20,780 | $356,611 |
| 2040 | $340,387 | $356,611 | 105% | $39,541 | $377 | $0 | $396,529 |
| 2041 | $383,928 | $396,529 | 103% | $40,727 | $413 | $7,492 | $430,178 |
| 2042 | $422,616 | $430,178 | 102% | $41,949 | $451 | $0 | $472,578 |
| 2043 | $471,889 | $472,578 | 100% | $43,208 | $298 | $393,008 | $123,075 |
| 2044 | $115,698 | $123,075 | 106% | $44,504 | $145 | $0 | $167,725 |
| 2045 | $155,334 | $167,725 | 108% | $45,839 | $186 | $8,764 | $204,986 |
| 2046 | $188,842 | $204,986 | 109% | $47,214 | $229 | $0 | $252,429 |
| 2047 | $234,261 | $252,429 | 108% | $48,631 | $277 | $0 | $301,336 |
| 2048 | $283,011 | $301,336 | 106% | $50,090 | $295 | $62,850 | $288,871 |
| 2049 | $269,922 | $288,871 | 107% | $51,592 | $292 | $44,858 | $295,898 |
| 2050 | $276,660 | $295,898 | 107% | $53,140 | $323 | $0 | $349,360 |
| 2051 | $332,024 | $349,360 | 105% | $54,734 | $377 | $0 | $404,471 |
| 2052 | $391,374 | $404,471 | 103% | $56,376 | $433 | $0 | $461,281 |
| 2053 | $454,941 | $461,281 | 101% | $58,068 | $446 | $88,462 | $431,333 |
| 2054 | $430,966 | $431,333 | 100% | $59,810 | $461 | $0 | $491,604 |

# Reserve Contributions - Graph



# Component Funding Information

| ID | Component Name | UL | RUL | Quantity | Average Current Cost | Ideal Balance | Current Fund Balance | Monthly |
|---|---|---|---|---|---|---|---|---|
| 108 | Metal Roof - Replace | 50 | 41 | Approx 500 SF | $12,500 | $2,250 | $0 | $33.09 |
| 217 | Gate House & Gates - Repaint/Stain | 4 | 0 | (1) Gate House | $4,000 | $4,000 | $4,000 | $132.37 |
| 401 | Asphalt - Major Rehab | 25 | 18 | Approx 80,155 SF | $161,000 | $45,080 | $40,167 | $852.49 |
| 402 | Asphalt - Seal Coat | 5 | 3 | Approx 80,155 SF | $25,500 | $10,200 | $10,200 | $675.11 |
| 504 | Vehicle Gates - Replace | 20 | 14 | (2) Gates | $12,000 | $3,600 | $3,600 | $79.42 |
| 507 | Vehicle Gate Operators - Replace | 12 | 6 | (2) Operators | $7,500 | $3,750 | $3,750 | $82.73 |
| 801 | Entrance Monuments - Refurbish | 15 | 9 | (3) Monuments | $4,500 | $1,800 | $1,800 | $39.71 |
| 1415 | Gate House - Remodel | 20 | 11 | (1) Gatehouse | $9,000 | $4,050 | $4,050 | $59.57 |
| 1812 | Landscaping & Irrigation System - Renovate | 15 | 9 | Minimal SF | $9,000 | $3,600 | $3,600 | $79.42 |
| 2303 | Windows - Replace | 40 | 31 | (10) Windows | $16,500 | $3,713 | $0 | $54.60 |
| 2304 | Exterior Doors - Replace | 40 | 31 | (2) Doors | $8,000 | $1,800 | $0 | $26.47 |
| | | | | | $269,500 | $83,843 | $71,167 | $2,115 |

Current Fund Balance as a percentage of Ideal Balance: 85%

# Yearly Cash Flow

| Year | 2025 | 2026 | 2027 | 2028 | 2029 |
|---|---|---|---|---|---|
| **Starting Balance** | $71,167 | $92,629 | $118,876 | $145,934 | $145,129 |
| *Reserve Income* | $25,380 | $26,141 | $26,926 | $27,733 | $28,565 |
| *Interest Earnings* | $82 | $106 | $132 | $146 | $157 |
| *Special Assessments* | $0 | $0 | $0 | $0 | $0 |
| **Funds Available** | $96,629 | $118,876 | $145,934 | $173,813 | $173,851 |
| **Reserve Expenditures** | $4,000 | $0 | $0 | $28,684 | $4,679 |
| **Ending Balance** | $92,629 | $118,876 | $145,934 | $145,129 | $169,172 |

| Year | 2030 | 2031 | 2032 | 2033 | 2034 |
|---|---|---|---|---|---|
| **Starting Balance** | $169,172 | $198,778 | $219,803 | $251,252 | $243,277 |
| *Reserve Income* | $29,422 | $30,305 | $31,214 | $32,151 | $33,115 |
| *Interest Earnings* | $184 | $209 | $236 | $247 | $250 |
| *Special Assessments* | $0 | $0 | $0 | $0 | $0 |
| **Funds Available** | $198,778 | $229,292 | $251,252 | $283,650 | $276,643 |
| **Reserve Expenditures** | $0 | $9,490 | $0 | $40,373 | $19,215 |
| **Ending Balance** | $198,778 | $219,803 | $251,252 | $243,277 | $257,428 |

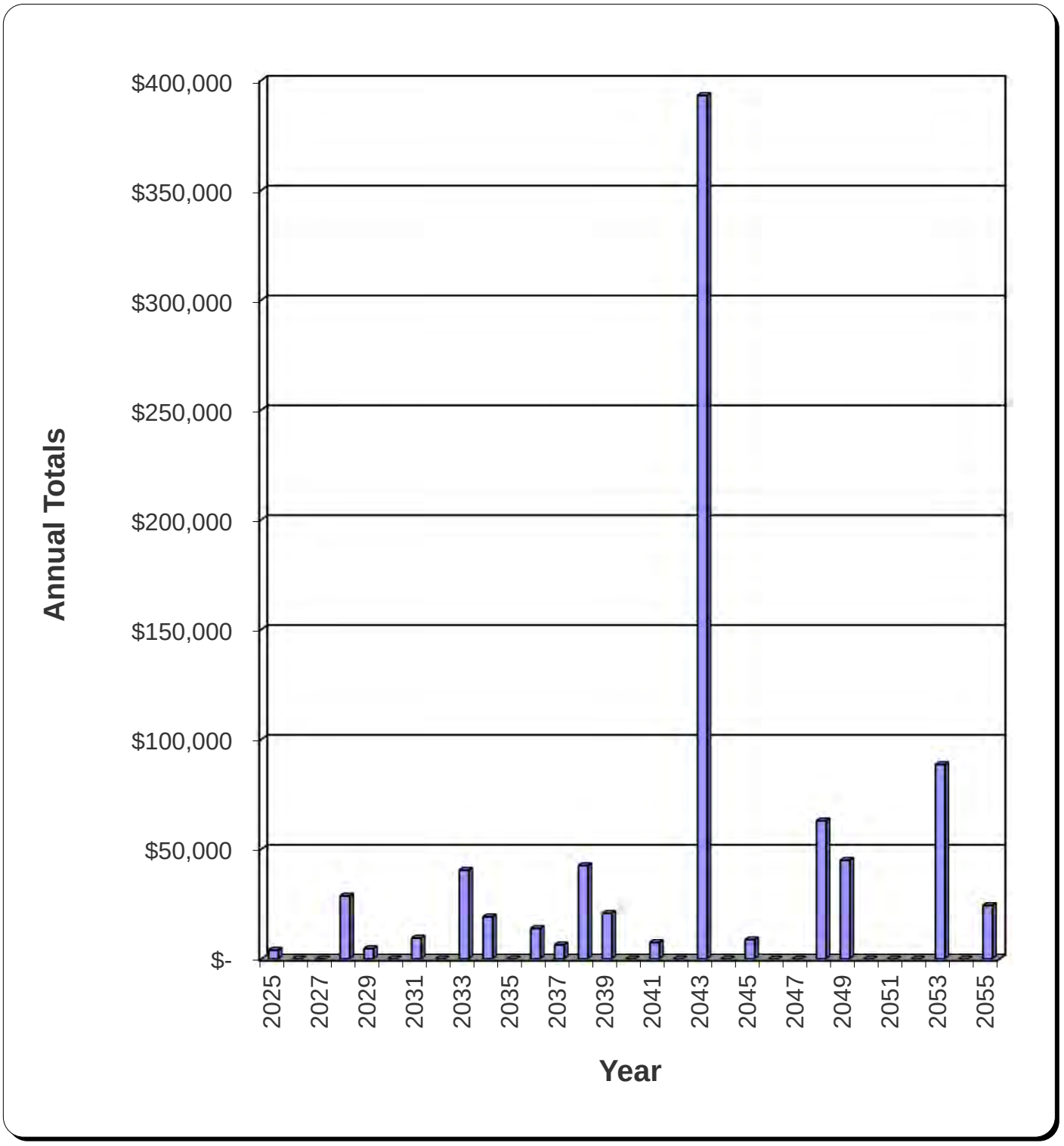
| Year | 2035 | 2036 | 2037 | 2038 | 2039 |
|---|---|---|---|---|---|
| **Starting Balance** | $257,428 | $291,811 | $313,391 | $343,501 | $338,654 |
| *Reserve Income* | $34,109 | $35,132 | $36,186 | $37,271 | $38,390 |
| *Interest Earnings* | $275 | $303 | $328 | $341 | $348 |
| *Special Assessments* | $0 | $0 | $0 | $0 | $0 |
| **Funds Available** | $291,811 | $327,246 | $349,905 | $381,113 | $377,391 |
| **Reserve Expenditures** | $0 | $13,855 | $6,404 | $42,459 | $20,780 |
| **Ending Balance** | $291,811 | $313,391 | $343,501 | $338,654 | $356,611 |

| Year | 2040 | 2041 | 2042 | 2043 | 2044 |
|---|---|---|---|---|---|
| **Starting Balance** | $356,611 | $396,529 | $430,178 | $472,578 | $123,075 |
| *Reserve Income* | $39,541 | $40,727 | $41,949 | $43,208 | $44,504 |
| *Interest Earnings* | $377 | $413 | $451 | $298 | $145 |
| *Special Assessments* | $0 | $0 | $0 | $0 | $0 |
| **Funds Available** | $396,529 | $437,669 | $472,578 | $516,084 | $167,725 |
| **Reserve Expenditures** | $0 | $7,492 | $0 | $393,008 | $0 |
| **Ending Balance** | $396,529 | $430,178 | $472,578 | $123,075 | $167,725 |

| Year | 2045 | 2046 | 2047 | 2048 | 2049 |
|---|---|---|---|---|---|
| **Starting Balance** | $167,725 | $204,986 | $252,429 | $301,336 | $288,871 |
| *Reserve Income* | $45,839 | $47,214 | $48,631 | $50,090 | $51,592 |
| *Interest Earnings* | $186 | $229 | $277 | $295 | $292 |
| *Special Assessments* | $0 | $0 | $0 | $0 | $0 |
| **Funds Available** | $213,750 | $252,429 | $301,336 | $351,721 | $340,755 |
| **Reserve Expenditures** | $8,764 | $0 | $0 | $62,850 | $44,858 |
| **Ending Balance** | $204,986 | $252,429 | $301,336 | $288,871 | $295,898 |

| Year | 2050 | 2051 | 2052 | 2053 | 2054 |
|---|---|---|---|---|---|
| **Starting Balance** | $295,898 | $349,360 | $404,471 | $461,281 | $431,333 |
| *Reserve Income* | $53,140 | $54,734 | $56,376 | $58,068 | $59,810 |
| *Interest Earnings* | $323 | $377 | $433 | $446 | $461 |
| *Special Assessments* | $0 | $0 | $0 | $0 | $0 |
| **Funds Available** | $349,360 | $404,471 | $461,281 | $519,795 | $491,604 |
| **Reserve Expenditures** | $0 | $0 | $0 | $88,462 | $0 |
| **Ending Balance** | $349,360 | $404,471 | $461,281 | $431,333 | $491,604 |

# Yearly Reserve Expenditures - Graph



# Projected Reserve Expenditures by Year

| Year | ID # | Component Name | Projected Cost | Total Per Annum |
|---|---|---|---|---|
| 2025 | 217 | Gate House & Gates - Repaint/Stain | $4,000 | $4,000 |
| 2026 | | No Expenditures Projected | | $0 |
| 2027 | | No Expenditures Projected | | $0 |
| 2028 | 402 | Asphalt - Seal Coat | $28,684 | $28,684 |
| 2029 | 217 | Gate House & Gates - Repaint/Stain | $4,679 | $4,679 |
| 2030 | | No Expenditures Projected | | $0 |
| 2031 | 507 | Vehicle Gate Operators - Replace | $9,490 | $9,490 |
| 2032 | | No Expenditures Projected | | $0 |
| 2033 | 217 | Gate House & Gates - Repaint/Stain | $5,474 | |
| | 402 | Asphalt - Seal Coat | $34,899 | $40,373 |
| 2034 | 801 | Entrance Monuments - Refurbish | $6,405 | |
| | 1812 | Landscaping & Irrigation System - Renovate | $12,810 | $19,215 |
| 2035 | | No Expenditures Projected | | $0 |
| 2036 | 1415 | Gate House - Remodel | $13,855 | $13,855 |
| 2037 | 217 | Gate House & Gates - Repaint/Stain | $6,404 | $6,404 |
| 2038 | 402 | Asphalt - Seal Coat | $42,459 | $42,459 |
| 2039 | 504 | Vehicle Gates - Replace | $20,780 | $20,780 |
| 2040 | | No Expenditures Projected | | $0 |
| 2041 | 217 | Gate House & Gates - Repaint/Stain | $7,492 | $7,492 |
| 2042 | | No Expenditures Projected | | $0 |
| 2043 | 401 | Asphalt - Major Rehab | $326,156 | |
| | 402 | Asphalt - Seal Coat | $51,658 | |
| | 507 | Vehicle Gate Operators - Replace | $15,194 | $393,008 |
| 2044 | | No Expenditures Projected | | $0 |
| 2045 | 217 | Gate House & Gates - Repaint/Stain | $8,764 | $8,764 |
| 2046 | | No Expenditures Projected | | $0 |
| 2047 | | No Expenditures Projected | | $0 |
| 2048 | 402 | Asphalt - Seal Coat | $62,850 | $62,850 |
| 2049 | 217 | Gate House & Gates - Repaint/Stain | $10,253 | |
| | 801 | Entrance Monuments - Refurbish | $11,535 | |
| | 1812 | Landscaping & Irrigation System - Renovate | $23,070 | $44,858 |
| 2050 | | No Expenditures Projected | | $0 |
| 2051 | | No Expenditures Projected | | $0 |
| 2052 | | No Expenditures Projected | | $0 |
| 2053 | 217 | Gate House & Gates - Repaint/Stain | $11,995 | |
| | 402 | Asphalt - Seal Coat | $76,467 | $88,462 |
| 2054 | | No Expenditures Projected | | $0 |

# Component Evaluation

Comp #: 108 Metal Roof - Replace

*Location:* **Gate House Roof**

*Quantity:* **Approx 500 SF**

*Life Expectancy:* **50** *Remaining Life:* **41**

*Best Cost:* **$11,000**
Estimate to replace

*Worst Cost:* **$14,000**
Higher estimate

*Source of Information:* CSL Cost Database

*General Notes:*

*Observations:*

The metal roof is in good condition. We recommend funding to replace this component approximately every 50 - 60 years. Remaining life based on current age.

## Comp #: 217 Gate House & Gates - Repaint/Stain

*Location:* **Community Entrance**

*Quantity:* **(1) Gate House**

*Life Expectancy:* **4** *Remaining Life:* **0**

*Best Cost:* **$3,500**
Estimate to repaint/stain

*Worst Cost:* **$4,500**
Higher estimate

*Source of Information:* CSL Cost Database

*General Notes:*

*Observations:*

Research with the client reveals this component will be stained in 2023. We recommend funding to repair/repaint this component approximately every 3 - 5 years. Remaining life based on current age.

## Comp #: 401 Asphalt - Major Rehab

*Location:* **Community Streets**

*Quantity:* **Approx 80,155 SF**

*Life Expectancy:* **25** *Remaining Life:* **18**

*Best Cost:* **$141,000**
Estimate for major rehab

*Worst Cost:* **$181,000**
Higher estimate

*Source of Information:* CSL Cost Database

*General Notes:*

*Observations:*

The asphalt surfaces are in good condition. We recommend funding for a major rehab of this component approximately every 20 - 25 years. Remaining life based on current age.

## Comp #: 402 Asphalt - Seal Coat

*Location:* **Community Streets**

*Quantity:* **Approx 80,155 SF**

*Life Expectancy:* **5** *Remaining Life:* **3**

*Best Cost:* **$24,000**
Estimate for seal coat

*Worst Cost:* **$27,000**
Higher estimate

*Source of Information:* CSL Cost Database

*General Notes:*

*Observations:*

The asphalt seal coat is in fair condition. We recommend funding to seal this component approximately every 3 - 5 years. Remaining life based on current age.

## Comp #: 504 Vehicle Gates - Replace

*Location:* **Entrance**

*Quantity:* **(2) Gates**

*Life Expectancy:* **20** *Remaining Life:* **14**

*Best Cost:* **$10,000**
Estimate to replace

*Worst Cost:* **$14,000**
Higher estimate

*Source of Information:* CSL Cost Database

*General Notes:*

*Observations:*

The vehicle gates are in good condition. We recommend funding to completely replace this component approximately every 20 - 25 years. Remaining life based on current age.

## Comp #: 507 Vehicle Gate Operators - Replace

*Location:* **Entrance**

*Quantity:* **(2) Operators**

*Life Expectancy:* **12** *Remaining Life:* **6**

*Best Cost:* **$7,000**
Estimate to replace

*Worst Cost:* **$8,000**
Higher estimate

*Source of Information:* CSL Cost Database

*General Notes:*

*Observations:*

The vehicle gate operators are in working condition. We recommend funding to replace this component approximately every 12 years. Remaining life based on current age.

## Comp #: 508 Key Pad - Replace

*Location:* **Entrance**

*Quantity:* **(1) System**

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

*Best Cost:* **$0**

*Worst Cost:* **$0**

*Source of Information:*

*General Notes:*

*Observations:*

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

## Comp #: 801 Entrance Monuments - Refurbish

*Location:* **Community Entrance**

*Quantity:* **(3) Monuments**

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

*Best Cost:* **$4,000**
Estimate to refurbish

*Worst Cost:* **$5,000**
Higher estimate

*Source of Information:* CSL Cost Database

*General Notes:*

*Observations:*

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

## Comp #: 1415 Gate House - Remodel

*Location:* **Community Entrance**

*Quantity:* **(1) Gatehouse**

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

*Best Cost:* **$8,000**
Estimate to remodel

*Worst Cost:* **$10,000**
Higher estimate

*Source of Information:* CSL Cost Database

*General Notes:*

*Observations:*

The gate house is in good to poor condition. We recommend funding to remodel the component approximately every 15 - 20 years. Remaining life based on current age.

## Comp #: 1602 Exterior Light Fixtures - Replace

*Location:* Gate House Exterior

*Quantity:* (2) Fixtures

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

*Best Cost:* $0

*Worst Cost:* $0

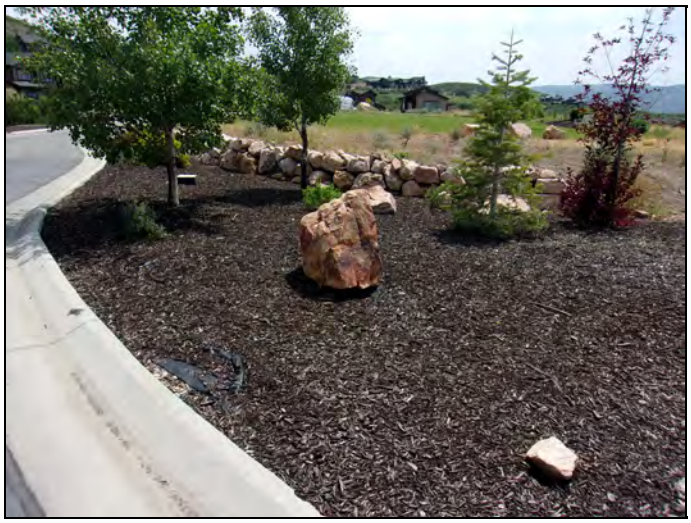
*Source of Information:*

*General Notes:*

*Observations:*

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

## Comp #: 1812 Landscaping & Irrigation System - Renovate



*Location:* **Common Area**

*Quantity:* **Minimal SF**

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

*Best Cost:* **$8,000**
Allowance to renovate

*Worst Cost:* **$10,000**
Higher allowance

*Source of Information:* CSL Cost Database

*General Notes:*

*Observations:*

The landscaping and irrigation system appear to be in good condition. We recommend funding for an allowance to renovate this component approximately every 15 - 20 years. Remaining life based on current age.

## Comp #: 2303 Windows - Replace

*Location:* **Gate House**

*Quantity:* **(10) Windows**

*Life Expectancy:* **40** *Remaining Life:* **31**

*Best Cost:* **$15,000**
Estimate to replace

*Worst Cost:* **$18,000**
Higher estimate

*Source of Information:* CSL Cost Database

*General Notes:*

*Observations:*

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

## Comp #: 2304 Exterior Doors - Replace

*Location:* **Gate House**

*Quantity:* **(2) Doors**

*Life Expectancy:* **40** *Remaining Life:* **31**

*Best Cost:* **$7,000**
Estimate to replace

*Worst Cost:* **$9,000**
Higher estimate

*Source of Information:* CSL Cost Database

*General Notes:*

*Observations:*

The doors are in fair to poor condition. We recommend funding to replace this component approximately every 40 - 50 years. Remaining life based on current age.

# 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.

FFB = Current Cost * Effective Age / 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.