

# Anthem Council

## Level 3 Reserve Study



**Report Period - 1/1/2019 to 12/31/2019**

<b>Client Reference Number</b>	<b>11900</b>
<b>Property Type</b>	<b>Master</b>
<b>Number of Units</b>	<b>1</b>
<b>Fiscal Year End</b>	<b>12/31</b>
<b>Type of Study</b>	<b>Update without Site Visit</b>
<b>Date of Site Visit</b>	<b>N/A</b>
<b>Prepared By</b>	<b>Robert Forney</b>
<b>NV Permit #</b>	<b>RSS.0000004</b>
<b>Analysis Method</b>	<b>Cash Flow</b>
<b>Funding Goal</b>	<b>Full Funding</b>

**Report prepared on – November 14, 2018**



**Complex Solutions, Ltd.**  
TEL: (702) 361-0111 | Fax: (702) 361-6685  
[www.ComplexSolutionLtd.com](http://www.ComplexSolutionLtd.com)

# Table of Contents

## Introduction

---

- Executive Summary Page 1
- Introduction Page 2
- General Information and Frequently Asked Questions Page 3 - 5

## Reserve Analysis

---

- Funding Summary Page 6
- Percent Funded – Graph Page 7
- Component Funding Information Page 8
- Yearly Summary Page 9
- Reserve Contributions – Graph Page 10
- Significant Components Page 11
- Significant Components – Graph Page 12
- Yearly Cash Flow Page 13 - 14
- Yearly Reserve Expenditures – Graph Page 15
- Projected Reserve Expenditures by Year Page 16 - 18

## Glossary of Commonly used Words and Phrases

---

- Glossary Page 19 - 20

# Executive Summary - Anthem Council - ID # 11900

Information to complete this Update without Site Visit Study was gathered through research with the client as well as from the previous report. In addition, we may also have obtained information by contacting any vendors and/or contractors that have worked on the property recently. To the best of our knowledge, the conclusions and recommendations of this report are considered reliable and accurate insofar as the information obtained from these sources.

<b>Projected Starting Balance as of 1/1/2019</b>	<b>\$467,014</b>
<b>Ideal Reserve Balance as of 1/1/2019</b>	<b>\$1,299,159</b>
<b>Percent Funded as of 1/1/2019</b>	<b>36%</b>
<b>Recommended Reserve Contribution (per month)</b>	<b>\$25,000</b>
<b>Minimum Reserve Contribution (per month)</b>	<b>\$22,000</b>
<b>Recommended Special Assessment</b>	<b>\$0</b>

## Property Details

Anthem Council is responsible for the maintenance of the large water features at Anthem Parkway as well as the landscaping along the main arterial roadways of Anthem. Construction on the association began in approximately 1995.

## Currently Programmed Projects

Projects programmed to occur this fiscal year (FY 2019) include: Street Lights - Partial Replace (Comp #1609), Irrigation System - Retrofit (Phase 1) (Comp #1701) and Stucco Surfaces - Repaint (Comp #201). We have programmed an estimated \$200,925 in reserve expenditures toward the completion of these projects. (See Page(s) )

## Significant Reserve Projects

The association's significant reserve projects include: Street Lights - Partial Replace (Comp #1609), Charapal Plants - Remove (Comp #1803), (Comp #1812) and Water Features - Major Refurbish (Comp #2201). The fiscal significance of these components is approximately 16%, 9%, 8% and 4% respectively. 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. (See Page(s) )

## Reserve Funding

In comparing the projected starting reserve balance of \$467,014 versus the ideal reserve balance of \$1,299,159 we find the association's reserve fund to be approximately 36% funded. This indicates a fair reserve fund position. In order to continue to strengthen the account fund, we suggest adopting a monthly reserve contribution of \$25,000 (\$25,000.00/unit) per month. For comparison purposes, we have also set a minimum reserve contribution of \$22,000 (\$22,000.00/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.

## Starting Reserve Balance

The starting reserve balance was provided by the client and was calculated as follows: \$426,974 balance as of 9/30/18 plus three months of reserve contributions of \$16,880 minus \$10,600 in anticipated reserve expenditures for an estimated reserve balance of approximately \$467,014 at 1/1/2019.



# Introduction

## Reserve Study Purpose

The purpose of this Reserve Study is to provide the board with a budgeting tool to help ensure that there are adequate reserve funds available to perform future reserve projects. In this respect our estimates of the current and future Fully Funded balances are less significant than the recommended reserve contribution. The board should weigh carefully our recommendations when setting the Reserve Contribution. 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

This reserve study was prepared under the responsible charge of Robert Forney. Any persons assisting in the preparation of this study worked under his responsible charge and have appropriate experience and training. Mr. Forney has been preparing reserve studies since 2001. He serves on the board of the Association of Professional Reserve Analysts and is a frequent speaker on reserve study topics for trade organizations as well as management companies.

- Nevada permit number RSS.0000004
- Board member of The Association of Professional Reserve Analysts (APRA)
- Holds the APRA "Professional Reserve Analyst" designation
- Personally has prepared over 1,000 reserve studies.
- Created the proprietary software and databases used to prepare Complex Solutions' reserve studies. This proprietary software gives Complex Solutions the freedom and ability to create reports tailored to the individual clients needs.
- Projects have ranged in size from small apartment-style condominium communities to 1000+ Planned Unit Communities.
- Clients have ranged from developers interested in setting initial reserve accounts for communities under construction to high-rise communities, worship facilities, day schools and more.
- Active member of three local chapters of CAI (Nevada, Utah, and Channel Islands, CA).
- Gold Sponsor of the Nevada chapter of CAI, Platinum Sponsor of the Utah chapter of CAI.
- Guest speaker at two CAI events
- Three Articles published in Community Interests.
- Member of the Las Vegas High-rise and Condominiums Association
- Member of CAMEO (Community Association Management Executive Officers)

## 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 typically 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 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

## Is it the law to have a Reserve Study conducted?

The Government requires reserve analyses in approximately 20 States. Even if it is not currently governed by your State, the chances are very good that the documents of the association require the association to have a reserve fund established. This doesn't mean a Reserve Study is required, but how are you going to know if you have enough funds in the reserve account if you don't have the proper information? Some associations look at the Reserve fund and think that \$500,000 is a lot of money and they are in good shape. What they don't know is that the roof is going to need to be replaced within 5 years, and the cost of the roof is going to exceed \$750,000. So while \$500,000 sounds like a lot of money, in reality it won't even cover the cost of a roof, let alone all the other amenities the association is responsible to maintain.

## 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 reserve portion of the total monthly assessment. The reserve fund is critical to the future of the association because it helps ensure that significant reserve projects can be completed on time with quality contractors. In this way deferred maintenance can be avoided as well as the lower property values that typically accompanies it. 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 comprehend. 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 components that the association feels should be added, removed, or altered as well as any other inaccuracies or changes that should be made, please inform us immediately so we may revise the report. In order to ensure the Board understands its role in the completion of this report, all reports are labeled as "DRAFT" until their input has been given and the report has been approved as finalized.

**Note to user:** If this report has a "DRAFT" watermark it is not a finalized report and is not to be relied upon or used for budgeting purposes.

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.

## 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 professionally reviewed (Level III "no site visit" update study) 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 results of the Reserve Study. Because of this projected future Fully Funded balances cannot be relied upon (in other words the Fully Funded balance for the current year of a report prepared 3 years earlier cannot be considered accurate or reliable). Therefore, this analysis should be professionally reviewed annually, and a "site visit" reserve study 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, 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. For instance, minor repairs to a roof for damage caused by high winds or other weather elements would be considered an "Operating" expense. However, if the entire roof needs to be replaced because it has reached the end of its life expectancy, then the replacement would be considered a reserve expense.

## 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, including Complex Solutions, 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 are the GREY areas of major expenses that are not included in a Reserve Study?**

Some components may appear to satisfy the requirements of being a reserve component but are still not included in the reserve study. Several Reserve Study providers, including Complex Solutions, limit the component list to physical components of the common area that are owned by the association. Certain elements of an association's common area, such as leased items, or non-physical components such as future reserve studies, financial audits, inspection reports etc. are not included in our reserve studies. In addition we typically do not fund for utility systems, plumbing, or components with an extended useful life. Associations that feel any of these components should be included in our reserve study should notify us with their request. These components will be added to help the association better plan and prepare their own budget and will not necessarily reflect the professional opinions of Complex Solutions.

### **Information and Data Gathered**

It is important for the client, homeowners, and potential future homeowners to understand that the information contained in this analysis is based on estimates and assumptions gathered from various sources. Estimated life expectancies and cycles are based upon conditions that were readily visible and accessible at the time of the site visit. No destructive or intrusive methods (such as entering the walls to inspect the condition of electrical wiring, plumbing lines, and telephone wires) were performed. In addition, environmental hazards (such as lead paint, asbestos, radon, etc.), construction defects, and acts of nature have also been excluded from this report. If problem areas were revealed, a reasonable effort has been made to include these items within the report. 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? (Site Visit Studies Only)**

The Site Visit was conducted of the common areas as reported by client. There may be certain areas that are not located inside the community but still a part of the association's common area. This may include drainage easements or landscaped areas located outside of the community, such as across a street. It is the responsibility of the Association to inform us of all common area locations. 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.

### **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

**Percent Funded Breakdown:** The percentage of the current reserve fund balance versus the Fully Funded Balance. A "snap-shot" indicator of the general strength of the account at the time of report preparation. Because many variables affect the Fully Funded balance it is more important to maintain the recommended reserve contribution or "cash flow" moving forward rather than striving to attain a certain Fully Funded figure.

#### **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 higher frequencies of special assessments and deferred maintenance, which could lead to lower property values. Furthermore, should components fail sooner than expected our recommendations may not be enough to get the community into a better financial position. In this case additional actions beyond our initial recommendations may be necessary 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 theoretically has the exact amount of funds in the reserve account.

**100%+ Funded** is considered over-funded. This means that the association has more reserve funds than the theoretically ideal amount.

**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. A site visit 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 any 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.

Estimated life expectancies and life cycles are based upon conditions that were readily accessible and visible at the time of the site visit. We did not destroy any landscape work, building walls, or perform any methods of intrusive investigation during the site visit. In these cases, information may have been obtained by contacting the contractor or vendor that has worked on the property. The physical analysis performed during this site visit is not intended to be exhaustive in nature and may include representative sampling.

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 their full and expected useful lives.

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.

**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.

**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 common area components.

**Insurance:** We carry general and professional liability insurance as well as workers' compensation insurance.

**Actual or Perceived Conflicts of Interest:** Unless otherwise stated 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	1
Fiscal Year End	12/31
Budgeted Monthly Reserve Allocation	\$16,880
Projected Starting Reserve Balance	\$467,014
Ideal Starting Reserve Balance	\$1,299,159

## Economic Assumptions

---

Current Inflation Rate	3.00%
Reported After-Tax Interest Rate	0.50%

## Current Reserve Status

---

Current Balance as a % of Ideal Balance	36%
---	-----

## Recommendations

---

Recommended Special Assessment	\$0
Recommended Monthly Reserve Allocation	\$25,000
Per Unit	\$25,000.00
Future Annual Increases	3.00%
For number of years:	13
Increases thereafter:	1.75%
Minimum Recommended Monthly Reserve Allocation	\$22,000
Per Unit	\$22,000.00
Future Annual Increases	3.00%
For number of years:	13
Increases thereafter:	1.75%

## Changes From Prior Year

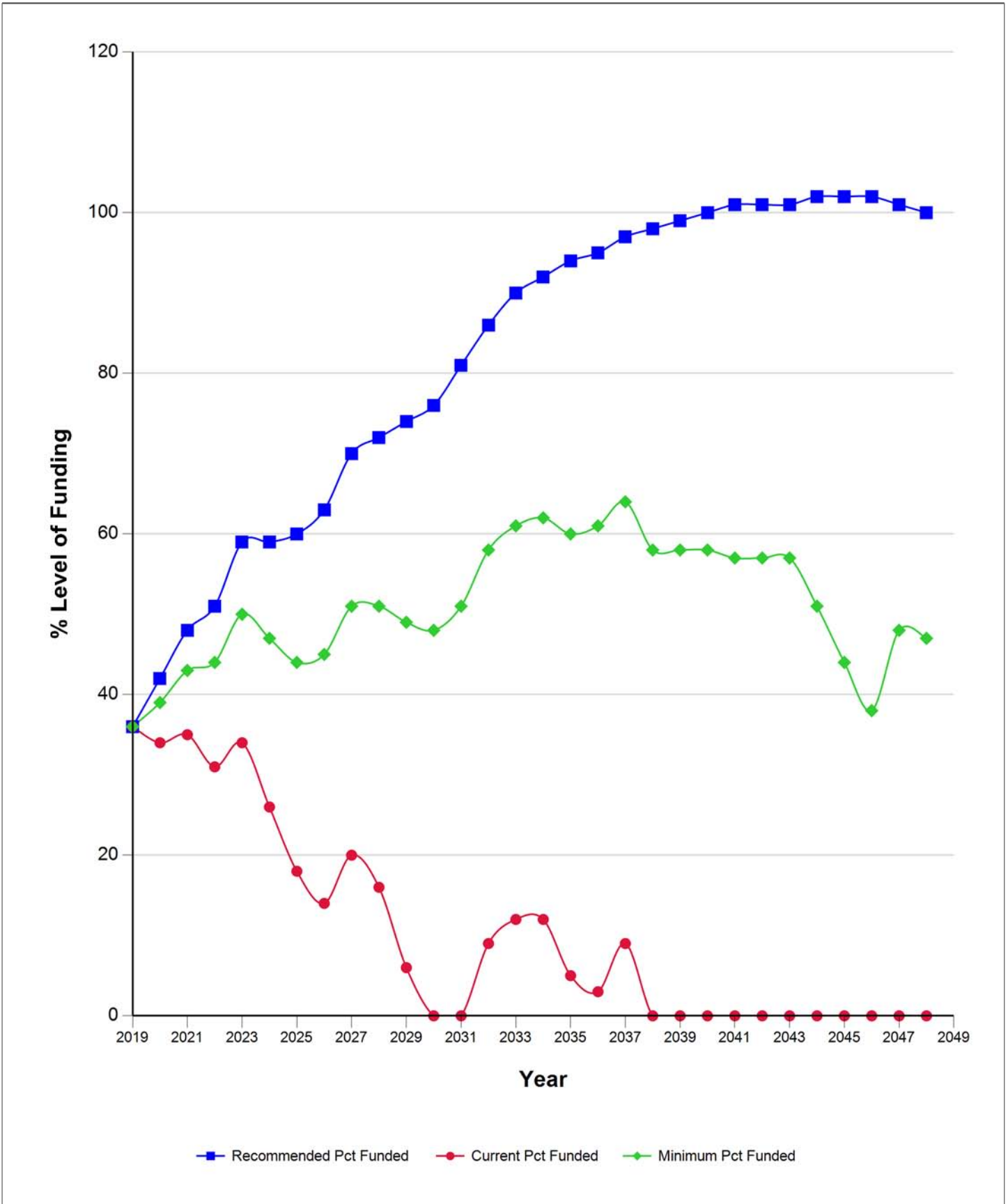
---

Recommended Increase to Reserve Allocation	\$8,120
as Percentage	48%
Minimum Recommended Increase to Reserve Allocation	\$5,120
as Percentage	30%





# Percent Funded - Graph



# Component Funding Information

ID	Component Name	UL	RUL	Quantity	Average Current Cost	Ideal Balance	Current Fund Balance	Monthly
<b>Common Area</b>								
201	Stucco Surfaces - Repaint	10	0	Approx 15,500 Sq.ft.	\$20,925	\$20,925	\$20,925	\$228.22
801	Monument Signs - Replace	20	4	(2) Signs	\$70,000	\$56,000	\$0	\$381.73
805	Direction Signs - Refurbish	10	9	(17) Signs	\$15,000	\$1,500	\$0	\$163.60
808	Street Signs - Replace (Operating Expense)	N/A	0	Approx 1,300 signs	\$0	\$0	\$0	\$0.00
903	Surveillance System - Replace	10	5	(1) System	\$4,100	\$2,050	\$0	\$44.72
1307	Benches - Replace	20	2	(6) Benches	\$4,200	\$3,780	\$3,780	\$22.90
1609	Street Lights - Partial Replace	2	0	(10) Every 5 years	\$75,000	\$75,000	\$75,000	\$4,090.02
<b>Subtotals:</b>					<b>\$189,225</b>	<b>\$159,255</b>	<b>\$99,705</b>	<b>\$4,931</b>
<b>Landscaping</b>								
1701	Irrigation System - Retrofit (Phase 1)	15	0	Extensive Linear ft.	\$105,000	\$105,000	\$105,000	\$763.47
1701	Irrigation System - Retrofit (Phase 2)	15	1	Extensive Linear ft.	\$105,000	\$98,000	\$98,000	\$763.47
1701	Irrigation System - Retrofit (Phase 3)	15	2	Extensive Linear ft.	\$105,000	\$91,000	\$91,000	\$763.47
1701	Irrigation System - Retrofit (Phase 4)	15	3	Extensive Linear ft.	\$105,000	\$84,000	\$0	\$763.47
1701	Irrigation System - Retrofit (Phase 5)	15	4	Extensive Linear ft.	\$105,000	\$77,000	\$0	\$763.47
1701	Irrigation System - Retrofit (Phase 6)	15	5	Extensive Linear ft.	\$105,000	\$70,000	\$0	\$763.47
1701	Irrigation System - Retrofit (Phase 7)	15	6	Extensive Linear ft.	\$105,000	\$63,000	\$0	\$763.47
1701	Irrigation System - Retrofit (Phase 8)	15	7	Extensive Linear ft.	\$105,000	\$56,000	\$0	\$763.47
1703	Irrigation Time Clocks - Replace	12	9	(32) Smart clocks	\$104,000	\$26,000	\$0	\$945.25
1801	Landscape Rock - Replenish (Area 1)	15	11	Approx 541,075 Sq.ft.	\$127,500	\$34,000	\$0	\$927.07
1801	Landscape Rock - Replenish (Area 2)	15	10	Approx 328,880 Sq.ft.	\$137,500	\$45,833	\$0	\$999.78
1801	Landscape Rock - Replenish (Area 3)	15	8	Approx 385,000 Sq.ft.	\$122,000	\$56,933	\$0	\$887.08
1801	Landscape Rock - Replenish (Area 4)	15	13	Approx 143,590 Sq.ft.	\$136,000	\$18,133	\$0	\$988.88
1801	Landscape Rock - Replenish (Area 5)	15	9	Approx 165,680 Sq.ft.	\$120,000	\$48,000	\$0	\$872.54
1803	Charapal Plants - Remove	5	4	Plants throughout	\$100,000	\$20,000	\$0	\$2,181.34
1804	Tree Trimming - Perform (Annual Operating Expense)	N/A	0	Trees throughout	\$0	\$0	\$0	\$0.00
1805	Trees - Replace	5	1	Trees throughout	\$50,000	\$40,000	\$40,000	\$1,090.67
1812	Landscaping - Renovate	10	5	Extensive Sq.ft.	\$175,000	\$87,500	\$0	\$1,908.67
<b>Subtotals:</b>					<b>\$1,912,000</b>	<b>\$1,020,400</b>	<b>\$334,000</b>	<b>\$16,909</b>



ID	Component Name	UL	RUL	Quantity	Average Current Cost	Ideal Balance	Current Fund Balance	Monthly
<b>Water Features</b>								
2201	Water Features - Major Refurbish	20	18	(2) Large water features	\$200,000	\$20,000	\$0	\$1,090.67
2201	Water Features - Minor Refurbish	4	2	(2) Large water features	\$9,000	\$4,500	\$4,500	\$245.40
2202	Pumps - Partial Rebuild	4	2	(2) Pumps every 4 years	\$5,000	\$2,500	\$2,500	\$136.33
2203	Pumps - Replace (25 HP)	8	2	(3) 25 HP pumps (Waterfall)	\$34,500	\$25,875	\$8,830	\$470.35
2203	Pumps - Replace (5 HP)	8	2	(5) 5 HP (1 Filter, 4 Waterfall)	\$17,500	\$13,125	\$13,125	\$238.58
2204	Pump Controllers - Replace	10	5	(1) System	\$40,000	\$20,000	\$0	\$436.27
2205	Filters - Replace	12	1	(2) 7.06 Sq.ft. filters	\$4,750	\$4,354	\$4,354	\$43.17
2206	Water Intakes - Steel - Replace	8	6	(2) 6.5 X 6.5 X 2 ft. Intake grate	\$4,600	\$1,150	\$0	\$62.71
2207	Fountain Lights - Replace	15	8	(1) Set	\$60,000	\$28,000	\$0	\$436.27
<b>Subtotals:</b>					<b>\$375,350</b>	<b>\$119,504</b>	<b>\$33,309</b>	<b>\$3,160</b>
<b>Grand Total:</b>					<b>\$2,476,575</b>	<b>\$1,299,159</b>	<b>\$467,014</b>	<b>\$25,000</b>

<b>Current Fund Balance as a percentage of Ideal Balance: 36%</b>
---

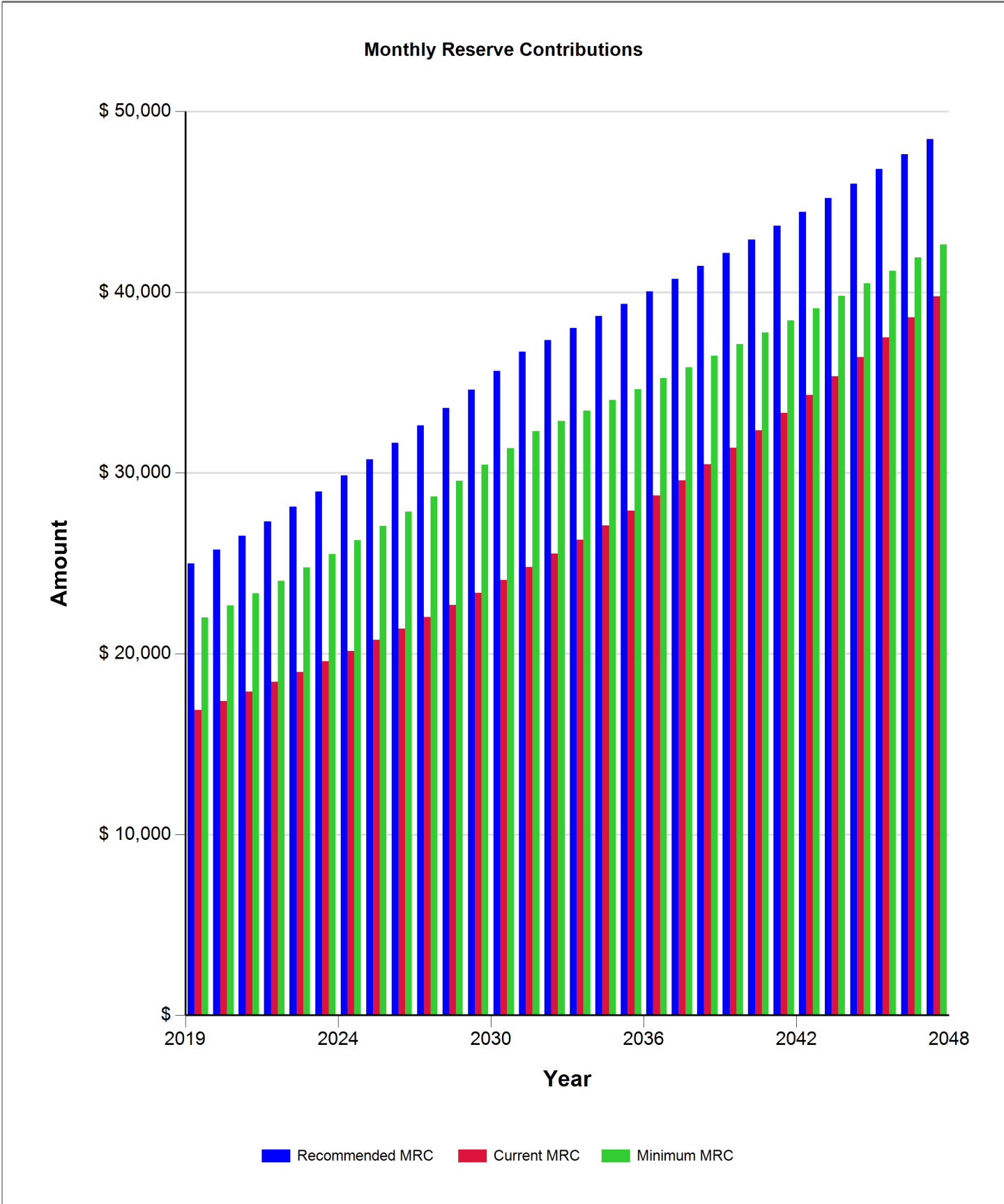


# Yearly Summary

Year	Beginning Fully Funded Balance	Beginning Reserve Balance	Beginning % Funded	Reserve Contributions	Interest Income	Reserve Expenses	Ending Reserve Balance
2019	\$1,299,159	\$467,014	36%	\$300,000	\$2,589	\$200,925	\$568,678
2020	\$1,367,274	\$568,678	42%	\$309,000	\$3,212	\$164,543	\$716,347
2021	\$1,481,990	\$716,347	48%	\$318,270	\$3,722	\$265,437	\$772,902
2022	\$1,503,520	\$772,902	51%	\$327,818	\$4,407	\$114,736	\$990,391
2023	\$1,688,433	\$990,391	59%	\$337,653	\$4,822	\$393,928	\$938,938
2024	\$1,599,065	\$938,938	59%	\$347,782	\$4,635	\$375,721	\$915,635
2025	\$1,533,741	\$915,635	60%	\$358,216	\$4,742	\$296,841	\$981,752
2026	\$1,555,915	\$981,752	63%	\$368,962	\$5,521	\$129,137	\$1,227,098
2027	\$1,759,946	\$1,227,098	70%	\$380,031	\$6,286	\$325,560	\$1,287,855
2028	\$1,776,493	\$1,287,855	72%	\$391,432	\$6,327	\$442,318	\$1,243,296
2029	\$1,682,248	\$1,243,296	74%	\$403,175	\$6,233	\$402,402	\$1,250,301
2030	\$1,635,531	\$1,250,301	76%	\$415,270	\$6,691	\$245,702	\$1,426,561
2031	\$1,758,333	\$1,426,561	81%	\$427,728	\$7,953	\$106,932	\$1,755,310
2032	\$2,037,555	\$1,755,310	86%	\$440,560	\$9,383	\$206,696	\$1,998,557
2033	\$2,232,496	\$1,998,557	90%	\$448,270	\$10,405	\$292,837	\$2,164,394
2034	\$2,354,959	\$2,164,394	92%	\$456,115	\$10,724	\$504,937	\$2,126,296
2035	\$2,273,348	\$2,126,296	94%	\$464,097	\$10,894	\$369,082	\$2,232,205
2036	\$2,340,255	\$2,232,205	95%	\$472,218	\$11,935	\$173,549	\$2,542,809
2037	\$2,621,933	\$2,542,809	97%	\$480,482	\$12,045	\$759,285	\$2,276,051
2038	\$2,320,460	\$2,276,051	98%	\$488,891	\$11,665	\$385,771	\$2,390,835
2039	\$2,406,720	\$2,390,835	99%	\$497,446	\$12,319	\$362,893	\$2,537,707
2040	\$2,531,553	\$2,537,707	100%	\$506,151	\$12,779	\$481,816	\$2,574,820
2041	\$2,550,430	\$2,574,820	101%	\$515,009	\$13,220	\$388,586	\$2,714,464
2042	\$2,679,080	\$2,714,464	101%	\$524,022	\$14,016	\$359,193	\$2,893,310
2043	\$2,855,434	\$2,893,310	101%	\$533,192	\$13,977	\$741,970	\$2,698,509
2044	\$2,656,797	\$2,698,509	102%	\$542,523	\$12,987	\$756,587	\$2,497,432
2045	\$2,451,543	\$2,497,432	102%	\$552,017	\$12,178	\$686,874	\$2,374,753
2046	\$2,326,765	\$2,374,753	102%	\$561,678	\$13,308	\$0	\$2,949,739
2047	\$2,921,000	\$2,949,739	101%	\$571,507	\$15,005	\$482,753	\$3,053,498
2048	\$3,051,559	\$3,053,498	100%	\$581,508	\$16,081	\$271,005	\$3,380,082



# Reserve Contributions - Graph



# Significant Components

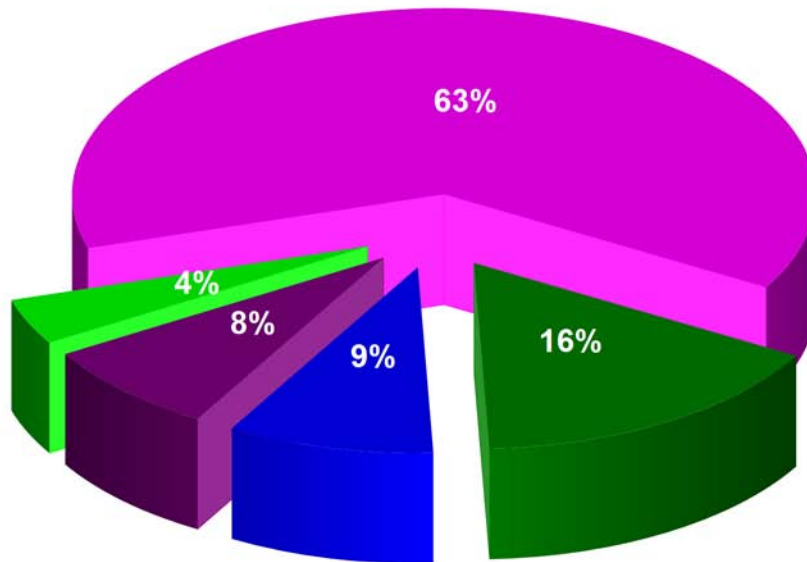
ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Average Current	Significance: (Curr Cost/UL)	
					As \$	As %
<b>Common Area</b>						
201	Stucco Surfaces - Repaint	10	0	\$20,925	\$2,093	0.9100%
801	Monument Signs - Replace	20	4	\$70,000	\$3,500	1.5300%
805	Direction Signs - Refurbish	10	9	\$15,000	\$1,500	0.6500%
808	Street Signs - Replace (Operating Expense)	Unfunded	0	\$0	\$0	0.0000%
903	Surveillance System - Replace	10	5	\$4,100	\$410	0.1800%
1307	Benches - Replace	20	2	\$4,200	\$210	0.0900%
1609	Street Lights - Partial Replace	2	0	\$75,000	\$37,500	16.3600%
<b>Landscaping</b>						
1701	Irrigation System - Retrofit (Phase 1)	15	0	\$105,000	\$7,000	3.0500%
1701	Irrigation System - Retrofit (Phase 2)	15	1	\$105,000	\$7,000	3.0500%
1701	Irrigation System - Retrofit (Phase 3)	15	2	\$105,000	\$7,000	3.0500%
1701	Irrigation System - Retrofit (Phase 4)	15	3	\$105,000	\$7,000	3.0500%
1701	Irrigation System - Retrofit (Phase 5)	15	4	\$105,000	\$7,000	3.0500%
1701	Irrigation System - Retrofit (Phase 6)	15	5	\$105,000	\$7,000	3.0500%
1701	Irrigation System - Retrofit (Phase 7)	15	6	\$105,000	\$7,000	3.0500%
1701	Irrigation System - Retrofit (Phase 8)	15	7	\$105,000	\$7,000	3.0500%
1703	Irrigation Time Clocks - Replace	12	9	\$104,000	\$8,667	3.7800%
1801	Landscape Rock - Replenish (Area 1)	15	11	\$127,500	\$8,500	3.7100%
1801	Landscape Rock - Replenish (Area 2)	15	10	\$137,500	\$9,167	4.0000%
1801	Landscape Rock - Replenish (Area 3)	15	8	\$122,000	\$8,133	3.5500%
1801	Landscape Rock - Replenish (Area 4)	15	13	\$136,000	\$9,067	3.9600%
1801	Landscape Rock - Replenish (Area 5)	15	9	\$120,000	\$8,000	3.4900%
1803	Charapal Plants - Remove	5	4	\$100,000	\$20,000	8.7300%
1804	Tree Trimming - Perform (Annual Operating Expense)	Unfunded	0	\$0	\$0	0.0000%
1805	Trees - Replace	5	1	\$50,000	\$10,000	4.3600%
1812	Landscaping - Renovate	10	5	\$175,000	\$17,500	7.6300%
<b>Water Features</b>						
2201	Water Features - Major Refurbish	20	18	\$200,000	\$10,000	4.3600%
2201	Water Features - Minor Refurbish	4	2	\$9,000	\$2,250	0.9800%
2202	Pumps - Partial Rebuild	4	2	\$5,000	\$1,250	0.5500%
2203	Pumps - Replace (25 HP)	8	2	\$34,500	\$4,313	1.8800%
2203	Pumps - Replace (5 HP)	8	2	\$17,500	\$2,188	0.9500%
2204	Pump Controllers - Replace	10	5	\$40,000	\$4,000	1.7500%



ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Average Current	Significance: (Curr Cost/UL)	
					As \$	As %
<b>Water Features</b>						
2205	Filters - Replace	12	1	\$4,750	\$396	0.1700%
2206	Water Intakes - Steel - Replace	8	6	\$4,600	\$575	0.2500%
2207	Fountain Lights - Replace	15	8	\$60,000	\$4,000	1.7500%



## Significant Components - Graph



ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Average Current Cost	Significance: (Curr Cost/UL)	
					As \$	As %
1609	Street Lights - Partial Replace	2	0	\$75,000	\$37,500	16%
1803	Charapal Plants - Remove	5	4	\$100,000	\$20,000	9%
1812	Landscaping - Renovate	10	5	\$175,000	\$17,500	8%
2201	Water Features - Major Refurbish	20	18	\$200,000	\$10,000	4%
All Other	See Expanded Table For Breakdown				\$85,000	63%



# Yearly Cash Flow

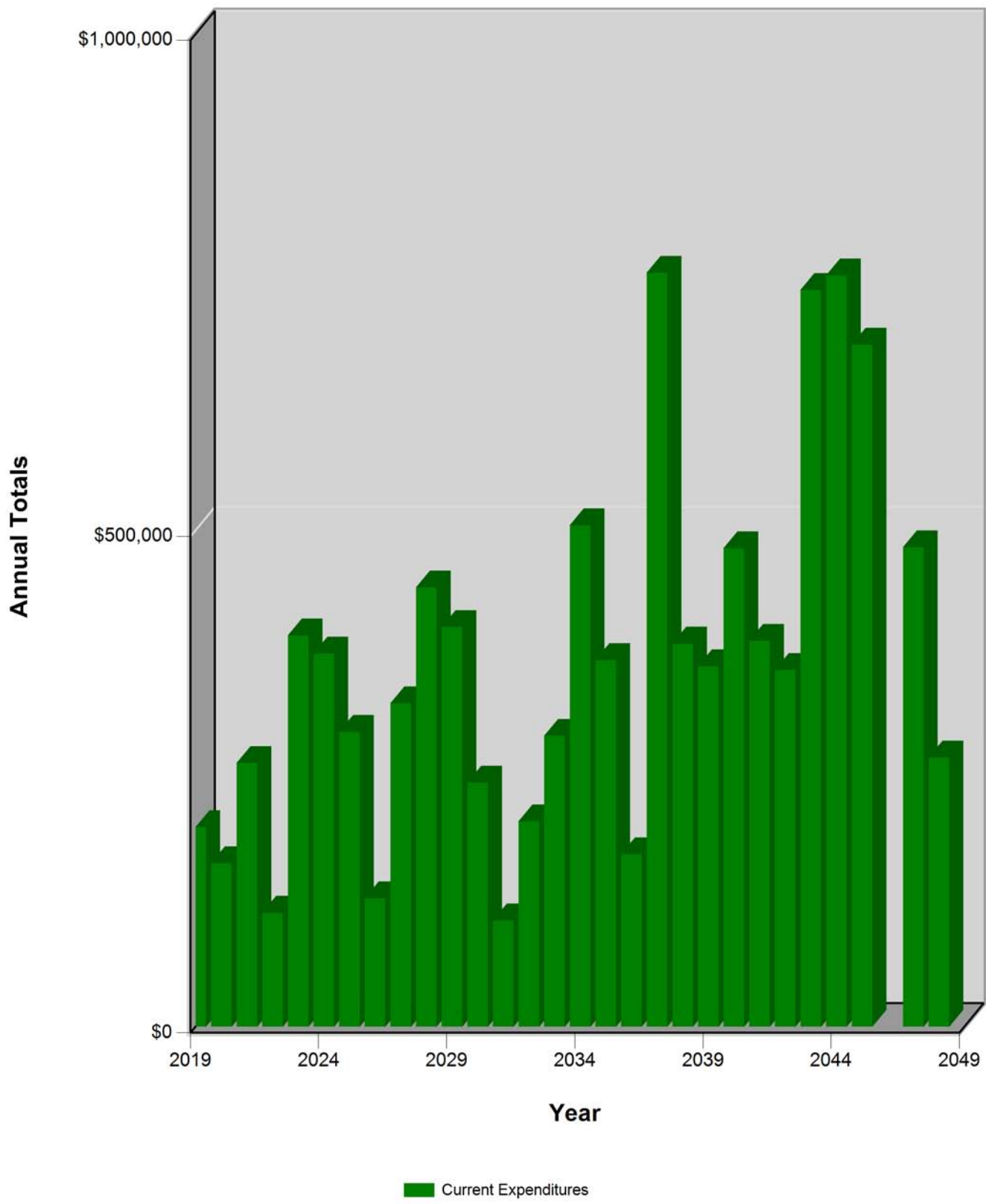
Year	2019	2020	2021	2022	2023
<b>Starting Balance</b>	\$467,014	\$568,678	\$716,347	\$772,902	\$990,391
<i>Reserve Income</i>	\$300,000	\$309,000	\$318,270	\$327,818	\$337,653
<i>Interest Earnings</i>	\$2,589	\$3,212	\$3,722	\$4,407	\$4,822
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$769,603	\$880,890	\$1,038,339	\$1,105,128	\$1,332,866
<b>Reserve Expenditures</b>	\$200,925	\$164,543	\$265,437	\$114,736	\$393,928
<b>Ending Balance</b>	\$568,678	\$716,347	\$772,902	\$990,391	\$938,938
Year	2024	2025	2026	2027	2028
<b>Starting Balance</b>	\$938,938	\$915,635	\$981,752	\$1,227,098	\$1,287,855
<i>Reserve Income</i>	\$347,782	\$358,216	\$368,962	\$380,031	\$391,432
<i>Interest Earnings</i>	\$4,635	\$4,742	\$5,521	\$6,286	\$6,327
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$1,291,356	\$1,278,593	\$1,356,235	\$1,613,415	\$1,685,614
<b>Reserve Expenditures</b>	\$375,721	\$296,841	\$129,137	\$325,560	\$442,318
<b>Ending Balance</b>	\$915,635	\$981,752	\$1,227,098	\$1,287,855	\$1,243,296
Year	2029	2030	2031	2032	2033
<b>Starting Balance</b>	\$1,243,296	\$1,250,301	\$1,426,561	\$1,755,310	\$1,998,557
<i>Reserve Income</i>	\$403,175	\$415,270	\$427,728	\$440,560	\$448,270
<i>Interest Earnings</i>	\$6,233	\$6,691	\$7,953	\$9,383	\$10,405
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$1,652,704	\$1,672,262	\$1,862,242	\$2,205,253	\$2,457,232
<b>Reserve Expenditures</b>	\$402,402	\$245,702	\$106,932	\$206,696	\$292,837
<b>Ending Balance</b>	\$1,250,301	\$1,426,561	\$1,755,310	\$1,998,557	\$2,164,394
Year	2034	2035	2036	2037	2038
<b>Starting Balance</b>	\$2,164,394	\$2,126,296	\$2,232,205	\$2,542,809	\$2,276,051
<i>Reserve Income</i>	\$456,115	\$464,097	\$472,218	\$480,482	\$488,891
<i>Interest Earnings</i>	\$10,724	\$10,894	\$11,935	\$12,045	\$11,665
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$2,631,233	\$2,601,287	\$2,716,358	\$3,035,336	\$2,776,606
<b>Reserve Expenditures</b>	\$504,937	\$369,082	\$173,549	\$759,285	\$385,771
<b>Ending Balance</b>	\$2,126,296	\$2,232,205	\$2,542,809	\$2,276,051	\$2,390,835



<b>Year</b>	<b>2039</b>	<b>2040</b>	<b>2041</b>	<b>2042</b>	<b>2043</b>
<b>Starting Balance</b>	\$2,390,835	\$2,537,707	\$2,574,820	\$2,714,464	\$2,893,310
<i>Reserve Income</i>	\$497,446	\$506,151	\$515,009	\$524,022	\$533,192
<i>Interest Earnings</i>	\$12,319	\$12,779	\$13,220	\$14,016	\$13,977
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$2,900,600	\$3,056,637	\$3,103,050	\$3,252,503	\$3,440,479
<b>Reserve Expenditures</b>	\$362,893	\$481,816	\$388,586	\$359,193	\$741,970
<b>Ending Balance</b>	\$2,537,707	\$2,574,820	\$2,714,464	\$2,893,310	\$2,698,509
<b>Year</b>	<b>2044</b>	<b>2045</b>	<b>2046</b>	<b>2047</b>	<b>2048</b>
<b>Starting Balance</b>	\$2,698,509	\$2,497,432	\$2,374,753	\$2,949,739	\$3,053,498
<i>Reserve Income</i>	\$542,523	\$552,017	\$561,678	\$571,507	\$581,508
<i>Interest Earnings</i>	\$12,987	\$12,178	\$13,308	\$15,005	\$16,081
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$3,254,019	\$3,061,627	\$2,949,739	\$3,536,251	\$3,651,087
<b>Reserve Expenditures</b>	\$756,587	\$686,874	\$0	\$482,753	\$271,005
<b>Ending Balance</b>	\$2,497,432	\$2,374,753	\$2,949,739	\$3,053,498	\$3,380,082



# Yearly Reserve Expenditures - Graph



## Projected Reserve Expenditures by Year

Year	Subgroup	Comp. Id	Component Name	Projected Cost	Total Per Annum
2019	Common Area	201	Stucco Surfaces - Repaint	\$20,925	
	Common Area	1609	Street Lights - Partial Replace	\$75,000	
	Landscaping	1701	Irrigation System - Retrofit (Phase 1)	\$105,000	\$200,925
2020	Landscaping	1701	Irrigation System - Retrofit (Phase 2)	\$108,150	
	Landscaping	1805	Trees - Replace	\$51,500	
	Water Features	2205	Filters - Replace	\$4,893	\$164,543
2021	Common Area	1307	Benches - Replace	\$4,456	
	Common Area	1609	Street Lights - Partial Replace	\$79,568	
	Landscaping	1701	Irrigation System - Retrofit (Phase 3)	\$111,395	
	Water Features	2201	Water Features - Minor Refurbish	\$9,548	
	Water Features	2202	Pumps - Partial Rebuild	\$5,305	
	Water Features	2203	Pumps - Replace (5 HP)	\$18,566	
	Water Features	2203	Pumps - Replace (25 HP)	\$36,601	\$265,437
2022	Landscaping	1701	Irrigation System - Retrofit (Phase 4)	\$114,736	\$114,736
2023	Common Area	801	Monument Signs - Replace	\$78,786	
	Common Area	1609	Street Lights - Partial Replace	\$84,413	
	Landscaping	1701	Irrigation System - Retrofit (Phase 5)	\$118,178	
	Landscaping	1803	Charapal Plants - Remove	\$112,551	\$393,928
2024	Common Area	903	Surveillance System - Replace	\$4,753	
	Landscaping	1701	Irrigation System - Retrofit (Phase 6)	\$121,724	
	Landscaping	1812	Landscaping - Renovate	\$202,873	
	Water Features	2204	Pump Controllers - Replace	\$46,371	\$375,721
2025	Common Area	1609	Street Lights - Partial Replace	\$89,554	
	Landscaping	1701	Irrigation System - Retrofit (Phase 7)	\$125,375	
	Landscaping	1805	Trees - Replace	\$59,703	
	Water Features	2201	Water Features - Minor Refurbish	\$10,746	
	Water Features	2202	Pumps - Partial Rebuild	\$5,970	
	Water Features	2206	Water Intakes - Steel - Replace	\$5,493	\$296,841
2026	Landscaping	1701	Irrigation System - Retrofit (Phase 8)	\$129,137	\$129,137



Year	Subgroup	Comp. Id	Component Name	Projected Cost	Total Per Annum
2027	Common Area	1609	Street Lights - Partial Replace	\$95,008	
	Landscaping	1801	Landscape Rock - Replenish (Area 3)	\$154,546	
	Water Features	2207	Fountain Lights - Replace	\$76,006	\$325,560
2028	Common Area	805	Direction Signs - Refurbish	\$19,572	
	Landscaping	1703	Irrigation Time Clocks - Replace	\$135,696	
	Landscaping	1801	Landscape Rock - Replenish (Area 5)	\$156,573	
	Landscaping	1803	Charapal Plants - Remove	\$130,477	\$442,318
2029	Common Area	201	Stucco Surfaces - Repaint	\$28,121	
	Common Area	1609	Street Lights - Partial Replace	\$100,794	
	Landscaping	1801	Landscape Rock - Replenish (Area 2)	\$184,788	
	Water Features	2201	Water Features - Minor Refurbish	\$12,095	
	Water Features	2202	Pumps - Partial Rebuild	\$6,720	
	Water Features	2203	Pumps - Replace (5 HP)	\$23,519	
	Water Features	2203	Pumps - Replace (25 HP)	\$46,365	\$402,402
2030	Landscaping	1801	Landscape Rock - Replenish (Area 1)	\$176,490	
	Landscaping	1805	Trees - Replace	\$69,212	\$245,702
2031	Common Area	1609	Street Lights - Partial Replace	\$106,932	\$106,932
2032	Landscaping	1801	Landscape Rock - Replenish (Area 4)	\$199,721	
	Water Features	2205	Filters - Replace	\$6,976	\$206,696
2033	Common Area	1609	Street Lights - Partial Replace	\$113,444	
	Landscaping	1803	Charapal Plants - Remove	\$151,259	
	Water Features	2201	Water Features - Minor Refurbish	\$13,613	
	Water Features	2202	Pumps - Partial Rebuild	\$7,563	
	Water Features	2206	Water Intakes - Steel - Replace	\$6,958	\$292,837
2034	Common Area	903	Surveillance System - Replace	\$6,388	
	Landscaping	1701	Irrigation System - Retrofit (Phase 1)	\$163,587	
	Landscaping	1812	Landscaping - Renovate	\$272,644	
	Water Features	2204	Pump Controllers - Replace	\$62,319	\$504,937
2035	Common Area	1609	Street Lights - Partial Replace	\$120,353	
	Landscaping	1701	Irrigation System - Retrofit (Phase 2)	\$168,494	
	Landscaping	1805	Trees - Replace	\$80,235	\$369,082



Year	Subgroup	Comp. Id	Component Name	Projected Cost	Total Per Annum
2035					
2036	Landscaping	1701	Irrigation System - Retrofit (Phase 3)	\$173,549	\$173,549
2037	Common Area	1609	Street Lights - Partial Replace	\$127,682	
	Landscaping	1701	Irrigation System - Retrofit (Phase 4)	\$178,755	
	Water Features	2201	Water Features - Major Refurbish	\$340,487	
	Water Features	2201	Water Features - Minor Refurbish	\$15,322	
	Water Features	2202	Pumps - Partial Rebuild	\$8,512	
	Water Features	2203	Pumps - Replace (5 HP)	\$29,793	
	Water Features	2203	Pumps - Replace (25 HP)	\$58,734	\$759,285
2038	Common Area	805	Direction Signs - Refurbish	\$26,303	
	Landscaping	1701	Irrigation System - Retrofit (Phase 5)	\$184,118	
	Landscaping	1803	Charapal Plants - Remove	\$175,351	\$385,771
2039	Common Area	201	Stucco Surfaces - Repaint	\$37,793	
	Common Area	1609	Street Lights - Partial Replace	\$135,458	
	Landscaping	1701	Irrigation System - Retrofit (Phase 6)	\$189,642	\$362,893
2040	Landscaping	1701	Irrigation System - Retrofit (Phase 7)	\$195,331	
	Landscaping	1703	Irrigation Time Clocks - Replace	\$193,471	
	Landscaping	1805	Trees - Replace	\$93,015	\$481,816
2041	Common Area	1307	Benches - Replace	\$8,048	
	Common Area	1609	Street Lights - Partial Replace	\$143,708	
	Landscaping	1701	Irrigation System - Retrofit (Phase 8)	\$201,191	
	Water Features	2201	Water Features - Minor Refurbish	\$17,245	
	Water Features	2202	Pumps - Partial Rebuild	\$9,581	
	Water Features	2206	Water Intakes - Steel - Replace	\$8,814	\$388,586
2042	Landscaping	1801	Landscape Rock - Replenish (Area 3)	\$240,778	
	Water Features	2207	Fountain Lights - Replace	\$118,415	\$359,193
2043	Common Area	801	Monument Signs - Replace	\$142,296	
	Common Area	1609	Street Lights - Partial Replace	\$152,460	
	Landscaping	1801	Landscape Rock - Replenish (Area 5)	\$243,935	
	Landscaping	1803	Charapal Plants - Remove	\$203,279	\$741,970
2044	Common Area	903	Surveillance System - Replace	\$8,584	



Year	Subgroup	Comp. Id	Component Name	Projected Cost	Total Per Annum
2044	Landscaping	1801	Landscape Rock - Replenish (Area 2)	\$287,894	
	Landscaping	1812	Landscaping - Renovate	\$366,411	
	Water Features	2204	Pump Controllers - Replace	\$83,751	
	Water Features	2205	Filters - Replace	\$9,945	\$756,587
2045	Common Area	1609	Street Lights - Partial Replace	\$161,744	
	Landscaping	1801	Landscape Rock - Replenish (Area 1)	\$274,965	
	Landscaping	1805	Trees - Replace	\$107,830	
	Water Features	2201	Water Features - Minor Refurbish	\$19,409	
	Water Features	2202	Pumps - Partial Rebuild	\$10,783	
	Water Features	2203	Pumps - Replace (5 HP)	\$37,740	
	Water Features	2203	Pumps - Replace (25 HP)	\$74,402	\$686,874
	2046		No Expenditures Projected	\$0	\$0
2047	Common Area	1609	Street Lights - Partial Replace	\$171,595	
	Landscaping	1801	Landscape Rock - Replenish (Area 4)	\$311,158	\$482,753
2048	Common Area	805	Direction Signs - Refurbish	\$35,348	
	Landscaping	1803	Charapal Plants - Remove	\$235,657	\$271,005
2049	Common Area	201	Stucco Surfaces - Repaint	\$50,790	
	Common Area	1609	Street Lights - Partial Replace	\$182,045	
	Landscaping	1701	Irrigation System - Retrofit (Phase 1)	\$254,863	
	Water Features	2201	Water Features - Minor Refurbish	\$21,845	
	Water Features	2202	Pumps - Partial Rebuild	\$12,136	
	Water Features	2206	Water Intakes - Steel - Replace	\$11,165	\$532,845



# 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.

$FFB = \text{Current Cost} * \text{Effective Age} / \text{Useful Life}$

**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.

