

Reserve Study and Funding Analysis Report

Sample

For Fiscal Year: 2025

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Introduction

Terminology

In this document, the terms *Association*, *Condominium Community or Association*, *Housing Cooperatives* and *Homeowners Association (HOA)*, are used interchangeably to refer to the governing bodies responsible for managing residential communities, whether they are composed of single-family homes, townhouses, or condominium units. While these terms are specific to different types of communities, they all serve the purpose of overseeing maintenance, enforcing community rules, and ensuring the overall well-being of the property and its residents.

Association: A general term used to refer to any governing body of a residential community, including both HOAs and Condominium Associations.

Community Association: Another general term used to refer to any governing body of a residential community, including both HOAs and Condominium Associations.

Condominium Community or Association: Specifically refers to the governing body responsible for managing a condominium complex, which includes maintaining common areas and overseeing building structures.

Homeowners Association (HOA): Refers to the governing body managing a community of single-family homes, townhouses, or planned unit developments.

Housing Cooperative or "Co-op": Refers to a type of residential community where residents collectively own the building through shares in a corporation, essentially "renting" their individual units from the cooperative.

Board of Directors: This refers to the governing body of the association that makes decisions and oversees management.

Association Members: This term refers to all property owners who are members of the association.

Property Owners Association: This term has the same meaning as *Association Members* and is often used in the context of single-family home communities or planned developments.

The use of these terms is intended for general reference and clarity and does not imply legal distinctions or specific governance structures beyond their common understanding in community management contexts.

In the context of this reserve study, the terms ***“Fully Funded”***, and ***“Fully Funded Reserve”*** are synonymous. A fully funded reserve ensures that the funding goal is consistently met, maintaining a stable cash flow to replace each common element as it reaches the end of its useful life without waiving or deferring maintenance or funding. Achieving this level of funding indicates that the association and its reserve funds are fully funded. Essentially, a Fully Funded Reserve has sufficient funds to cover expenses when they are expected to arise.

This definition differs from the one promoted by the Community Associations Institute (CAI), which states that the actual or projected reserve balance should be equal to the Fully Funded Balance (FFB), or 100% of the FFB. This is misleading, as the CAI definition implies that the entire replacement or repair cost is available as cash on hand “now,” whenever that “now” is. The CAI is describing a sequential 100% funded amount (also known as the Component or Straight-Line Funding Method), whereas the threshold method is preferred.

For additional information refer to the *Funding Methodology and Models* section below.

Association Responsibilities

Community Associations have a responsibility to establish and maintain a Replacement Reserve Fund to provide the maintenance or replacement of association depreciable components. The objectives of a Reserve Study or Analysis include the following:

Provide a current estimate of the costs of repairing and replacing major common area components over the long term.

- All major repair and replacement costs will be covered by funds set aside by the association as reserves, so that funds are available when needed.
- An examination of the association's repair and replacement obligations is conducted.
- The costs and timing of replacement are determined.
- Distribute the contributions of old and new owners.
- Allows for the aesthetic qualities of the community to be maintained.
- Minimizes the need for special assessments.
- Shows owners and potential buyers a more accurate and complete picture of the association's financial strength and market value.
- Disclose to buyers, lenders, and others the way management of the association is making provisions for non-annual maintenance requirements.
- Define explicit association decisions on how to provide long-term funding.
- Provide or contribute to a maintenance planning tool for the association.

Description of Reserve Study Report

The purpose of a reserve study is to give those overseeing the maintenance of the property advanced notice of what major expenses are to expect and an educated estimate of when these expenses will

occur. With this knowledge, the homeowners' association board or manager can create a budget so association members will make their fair share of reserve contributions, designed to offset the slow but steady ongoing reserve component deterioration of the association assets, and avoid being surprised by components that deteriorated often in plain sight and over several years. In addition, the reserve study provides important annual disclosures to association members (and prospective buyers) about the condition of common area components, and the level of preparedness, or strength, of the reserve fund. A reserve study is a roadmap that allows decisions to be made which will be efficient and effective for the long term.

Funding Methodology and Models

Funding Methodologies

There are two fundamental methodologies for funding reserves:

1. **Cash Flow (Pooled) Method:** In this approach, the reserve fund is treated as a single large pool of money. Expenses for any individual component (such as maintenance, repairs, or replacements) are withdrawn from this shared reserve fund. The advantage of the Cash Flow method lies in its flexibility. Associations can manage expenses and funds more dynamically. However, a flexible reserve account can sometimes lead to overspending.
2. **Straight Line (Component) Method:** This method involves a straightforward calculation. It determines a reserve contribution based on each individual component (e.g., roofs, elevators, common areas). The benefit of the Straight-Line method is that each reserve asset has dedicated funding. However, if a project ends up costing more than initially estimated, the Association will need to find additional funding.

Unless required by statute, the Straight Line (Component) method should not be used as the Cash Flow method is preferred.

Funding Goals

Reserve Studies can be prepared using one of four different funding models or goals:

1. **100% Funding:** The goal is to keep the reserves at or near 100% of Fully Funded Balance (FFB). Essentially, this aligns with Threshold Funding if the threshold is set at 100%. This approach is the most conservative and significantly reduces the risk of special assessments.
2. **Threshold Funding:** In this model, the Reserve funding goal is to maintain the Reserve balance above a certain threshold. Generally, this threshold is set lower than the 100% Funding Model. Associations choose this approach based on their tolerance for special assessments and risk

management.

3. **Baseline Funding:** The objective here is to ensure that the reserve cash balance at the end of each year remains at or above \$0. It focuses on maintaining a minimum level of funding. Unfortunately, this approach exposes associations to a high risk of special assessments because unexpected events rarely align precisely with the plan.
4. **Statutory Funding:** This model is based on local statutes or regulations. Associations set aside specific cash amounts or adhere to predefined thresholds as required by the governing laws.

Ultimately, the most critical funding goal is to establish a cash flow projection that adequately covers estimated future expenditures. The choice of funding goal (or model) depends on the specific needs and circumstances and the association's tolerance for special assessments and risk management. Remember that the Full Funding goal and the Threshold Funding goal differ only in the threshold percentage.

The Threshold Funding Model is a crucial aspect of maintaining a healthy reserve fund for homeowners' associations. The recommended threshold percentages are based on association size and infrastructure diversity:

- Associations with a diverse infrastructure tend to face lower risks due to limited resources. A lower threshold percentage can be considered. A broader range of assets will help contribute to financial stability. A threshold percentage of 60% to 70% might be appropriate for such associations.
- Associations with less infrastructure diversity face higher risks due to limited resources. To mitigate these risks, target higher threshold percentages.

These percentages serve as general guidelines, and each association's specific circumstances should be considered. Factors like maintenance needs, replacement costs, and risk tolerance play a significant role in determining the optimal threshold for your association's reserve fund. Bottom line, examine the annual expenses and ensure that there are enough funds available to cover all expenses.

This reserve funding report is based on the Cash Flow Methodology using the Threshold Funding Model. The threshold percentage chosen in this funding model strikes a balance between maintaining a healthy reserve fund and managing risk. This approach ensures that the Association is adequately prepared for future maintenance, and replacement needs while minimizing the likelihood of special assessments. As with any financial analysis and projections, it is important to regularly review and adjust the reserve funding strategy as needed to align with changing circumstances.

Assessment Allocation

Disclaimer

This financial analysis assumes that all the income generated from member assessments or dues is used to cover all essential expenses. However, this analysis does not consider the distribution (i.e., allocation) of assessments, which is at the Association's discretion.

There are three common methods used to allocate annual assessment income:

1. **Uniform Rate.** Members pay the same amount regardless of the size of their units or their lot size. If you choose this method, the annual assessment will be uniform for each unit or lot. This is the most common method for the allocation of annual assessments or dues.
2. **Variable Rate.** Often referred to as a Pro Rata Rate. Assessments are levied on a percentage basis for each unit or lot. The percentage is often based on the unit or lot size, but other factors could come into play such as the number of cars or parking spaces, amenities that are provided, the purchase price of the unit, or even the view from the unit's location.
3. **Hybrid / Blended Rate.** Assessments are calculated using a uniform rate for some budget items and a percentage or variable rate for other expenses according to the unit/lot size or benefit each receives from the association. The two amounts are blended into an assessment levied against units/lots. Hybrid or Blended rates often result in short-term and long-term errors and careful consideration must be used when employing this method.

allocates assessments or dues using the Uniform Rate method. The Uniform Rate of assessment allocation is a method where members pay the same amount regardless of other factors. The Association's costs are evenly divided among all the members.

In 2025, the total assessment income is estimated to be \$229,475. For all 30 years of the analysis, the total of the annual assessments is \$10,652,410. Using the Uniform Rate for assessment allocation, the actual assessments will be evenly distributed across all members.

The following table shows the annual assessment using the Uniform Rate.

Uniform Rate Method for Allocation of Assessments		
Year	Per Unit Assessment Uniform Rate	Total Annual Assessment Uniform Rate
2025	\$ 525	\$ 229,475
2026	\$ 525	\$ 229,475
2027	\$ 551	\$ 240,949
2028	\$ 579	\$ 252,996
2029	\$ 593	\$ 259,321
2030	\$ 608	\$ 265,804
2031	\$ 623	\$ 272,449
2032	\$ 639	\$ 279,260
2033	\$ 655	\$ 286,242
2034	\$ 671	\$ 293,398
2035	\$ 688	\$ 300,733
2036	\$ 705	\$ 308,251
2037	\$ 727	\$ 317,499
2038	\$ 748	\$ 327,024
2039	\$ 771	\$ 336,835
2040	\$ 794	\$ 346,940
2041	\$ 818	\$ 357,348
2042	\$ 842	\$ 368,068
2043	\$ 868	\$ 379,110
2044	\$ 894	\$ 390,484
2045	\$ 920	\$ 402,198
2046	\$ 948	\$ 414,264
2047	\$ 976	\$ 426,692
2048	\$ 1,006	\$ 439,493
2049	\$ 1,036	\$ 452,677
2050	\$ 1,067	\$ 466,258
2051	\$ 1,099	\$ 480,245
2052	\$ 1,132	\$ 494,653
2053	\$ 1,166	\$ 509,492
2054	\$ 1,201	\$ 524,777
Total:	\$ 24,376	\$ 10,652,410

Summary

The Preparer's Report

This reserve study report is prepared using the *Reserve Funding Analyzer* software following generally accepted reserve study standards and software as recommended by the *International Capital Budgeting Institute*, the *Foundation for Community Association Research*, and the *Community Associations Institute*.

Current Financial Summary Position

Current Financial Summary Position

As of Start of Year 2025

Replacement Cost of All Reserve Components	\$ 920,740
Replacement Cost of SI components:	\$ 0
Replacement Cost of non-SI components:	\$ 920,740

Replacement Costs of All Components at Next Service	\$ 1,779,690
Replacement Costs of SI Components at Next Service	\$ 0
Replacement Costs of non-SI Components at Next Service	\$ 1,779,690

Replacement Costs of All Components for All Future Replacements <i>(over the next 30 years)</i>	\$ 2,422,172
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Reserve Fund Balance: As of Start of Year 2025	\$ 0
Operational Fund Fund Balance: As of Start of Year 2025	\$ 111,966
Total of Reserve Fund & Operational Expense Fund Balance: As of Start of Year 2025	\$ 111,966
100% Funded Amount: As of Start of Year 2025	\$ 420,623
Percent Funded: As of Start of Year 2025	27%
Reserve Surplus / Deficit of FFB - Average per Unit: As of Start of Year 2025	\$ (963)
Projected Total Reserve Contribution in year 2025	\$ 72,377
Annual Reserve Contribution per unit in year 2025	\$ 166
Currently Projected (Scheduled) Special Assessments	\$ 0
Projected Inflation Rate (Operating Expenses)	2.80%
Projected Inflation Rate (Reserve Expenses)	3.20%
Projected Interest Rate for Earnings of Reserve Fund	0.00%
Current Reserve Funding Strength:	Weak
Current Risk of Special Assessment:	Moderate

The association is strategically positioned within a robust financial framework, supported by significant recent capital expenditures. If executed with diligence, the funding strategy outlined here will guarantee the ongoing financial security of the association, ensuring that financial resources are readily available for all anticipated future expenses and obligations. There are more aggressive increases in the early years, as presented, but largely the ongoing increases are to keep pace with expected inflation. The association can largely offset these inflationary impacts but placing reserves in appropriate yield accounts.

Structural Integrity Reserve Study – Definition

A Structural Integrity Reserve Study (SIRS) is a form of reserve study that is designed to ensure that the association or community is reserving funds for the long-term maintenance and necessary replacement of critical structural and safety elements in the buildings. At a minimum, a structural integrity reserve study must identify the common areas that relate to the safety of building being visually inspected by a licensed engineer or architect and must:

- Identify the common areas being visually inspected.
- State the estimated remaining useful life and the estimated replacement cost or deferred maintenance expense of the common areas being visually inspected.
- Provide a recommended annual reserve amount that achieves the estimated replacement cost or deferred maintenance expense of each common area being visually inspected by the end of the estimated remaining useful life of each common area.

Recently enacted legislation in the State of Florida states that a SIRS must be completed every 10 years for each building on the association's property that is three stories or higher. It is highly likely that other states or regions will enact similar legislation to ensure the safety of residents and guests. The following elements must, at a minimum, be included in Florida's Structural Integrity Reserve Study:

- **Roofing** (membrane, decking, flashings, gutters, downspouts)
- **Plumbing** (water supply lines, water heaters, pumps, valves, drain/waste/vent systems)
- **Fireproofing and Fire Protection Systems** (fire resistant coatings and insulation, fire alarms, smoke detectors, fire extinguishers, fire suppression systems)
- **Exterior Doors & Windows** (part of the common area and are the responsibility of the Association to maintain)
- **Structural Systems** (floors, foundations, beams, columns, roof structures, parking structures, staircases, load-bearing walls)
- **Waterproofing and Exterior Painting** (sealants, membranes, flashings, drainage systems, exterior wall coatings)
- **Electrical Systems** (main electrical wiring, emergency lighting)
- **Other items with a deferred maintenance expense or replacement costs exceeding \$10,000.** (high value items that the failure to replace or maintain may negatively affect the structural integrity, safety, or security of the occupants)

These components can be characterized as those reserve components which may affect the security, safety, and/or structure of a building. In addition, the State of Florida has mandated that any funding for the repairs or servicing of components that have an impact on the building's structural integrity cannot be waived by agreement or vote of the board. From a financial perspective, the reserve study must demonstrate that adequate funds will be available to replace or service any SI components by the end of the useful life of all the critical components.

From an engineering or architectural perspective, only a professionally licensed engineer or architect may perform the inspection of critical components which may have an impact on structural integrity. The engineer or architect must also provide an assessment of each inspected component's physical state, the estimated remaining service life, and an estimate for each component's replacement cost.

Each association or community should consult with their local or regional government agencies to determine if a Structural Integrity Reserve Study is required and to fully understand what the requirements may be.

If any reserve components are considered important to the structural integrity of any structure or might affect the safety and/or security of community residents, they may be noted in this reserve study document.

Structural Integrity Reserve Funding

The State of Florida requires that funds for structural integrity components need to be maintained separately from other non-structural integrity components. Funds allocated for critical structural elements should not inadvertently be used for unrelated expenses. Florida's recent legislative action emphasizes the importance of this distinction. Funds that are earmarked for structural integrity components should not be diverted for non-SI expenditures. However, the statutes explicitly allow for the pooling of these funds if their intended use is documented and preserved. Consequently, it is crucial for associations to maintain transparent financial records. The association's balance sheet and reserve study should explicitly outline the amounts designated for SI and non-SI items, and it is recommended that these funds be held in separate accounts.

Included Components – Definition

Reserve expenses for components are major expenses that must be budgeted for in advance to provide the necessary funds in time for their occurrence. Reserve expenses are reasonably predictable both in terms of frequency and cost. They are expenses that when incurred would have a significant impact on the smooth operation of the budgetary process from one year to the next if they were not reserved for in advance.

A common concern when beginning a reserve study is what components are to be included and funded for in the Reserve Study. Nationally recognized reserve study standards indicate reserve components need to meet the following criteria:

- The component is part of the community's common elements.
 - The component is not already covered in a maintenance contract.
 - The component is not included in another part of the community's budget.
- The component's replacement or project costs are greater than the threshold amount imposed by the community.
- The component has a limited life expectancy.
- The component has a reasonably defined remaining useful life.

Refer to the *Reserve Components* section on page for an itemized listing of the included reserve components in this reserve study report.

Excluded Components – Definition

Some common area components may have been left out of the study or included in the component list but “Unfunded” and not considered in the mathematical models. These components will typically fall into one or more of the categories listed below.

- **Component Covered under Maintenance Contract** – The component's ongoing maintenance/replacement is performed as part of the services secured by a maintenance contract.
- **Component Costs Below Threshold** – Component repair and/or replacement costs that are deemed too small to be considered reserve expenses are typically included in the operational or maintenance budget and have not been funded for in this study.
- **Useful Life is One Year or Less** – These occur at least annually and can be effectively budgeted for each year as part of the operational expenses. They are characterized as being reasonably predictable both in terms of frequency and cost.
- **Useful Life is Very Long, Unpredictable** – Components which, when properly maintained, have an exceedingly long useful life with no predictable replacement cycle.
- **Useful Life Cannot be Determined** – Components where the useful life cannot be determined.
- **Not Part of Common Elements** – Improvements made to the property that fall outside the responsibility of the association. Typically, these are components where the responsibility falls to individuals or organizations other than the association such as individual unit owners or parties such as governmental agencies, utility companies, the US Postal Service, etc.

Community Profile and Account Summary

The following table is a summary of the community and the current financial status.

Table 1: Community Profile and Account Summary

Community Profile and Account Summary	
As-Of Date this Analysis: 31 December 2024	
Community:	Milford Chase
Number of Units:	437
Start Year for Analysis:	2025
Reserve Fund Balance: As of Start of Year 2025:	\$ 0
Operational Expense Fund Balance: As of Start of Year 2025:	\$ 111,966
Total of Res Fund & Op Expense Fund Balance: As of Start of Year 2025:	\$ 111,966
Recommended 2025 Annual Reserve Contribution:	\$ 72,377
Reserve Fully Funded Balance (FFB): As of Start of Year 2025:	\$ 420,623
Reserve Funding Percent of FFB: As of Start of Year 2025:	27%
Reserve fund in relation to the FFB: As of Start of Year 2025: (per unit): *	\$ (963)
Reserve Funding Strength: As of Start of Year 2025:	Weak
Risk of Special Assessment: As of Start of Year 2025:	Moderate
Outstanding Balance of Existing Loans (from years prior to 2025):	\$ 0
Anticipated Loans in Current Year (2025):	\$ 0
Tax Liability Not Included in Analysis:	

* Being greater than or less than the FFB does not automatically indicate a recommendation for a refund or assessment. Instead, this value reflects the per unit amount in relation to the

Note: Any difference noted in the above summary applies to the Fully Funded Balance and does not suggest that a refund should be applied (in the case of a surplus) or that an assessment is required (in the case of a deficit).

Financial Assumptions and Recommendations

Certain assumptions must be adopted to develop the financial analysis for this study. These include assumptions about the community and specific economic assumptions. The association must carefully monitor these assumptions and update the financial analysis should any of them change. The following table summarizes the basic recommendations which were derived from the use of the stated assumptions and disclosures about financial calculations used in this analysis.

Table 2: Assumptions, Recommendations and Disclosure Summary

Summary – Assumptions, Recommendations & Disclosures			
Beginning Assumptions		Recommendations for next 10 Years	
	Number of Units:	437	
	Start Year for Analysis:	2025	
	Estimated First Year (2025) Reserve Contribution:	\$ 72,377	
	Annual Fees Income for 2024:	\$ 229,475	
	Year 2025 Special Assessment:	\$ 0	
Economic Assumptions		Disclosures	
	Inflation rate for Reserve Exp (CapEx):	3.20%	
	Inflation for Operating Exp (OpEx):	2.80%	
	Interest rate on Reserve Balance:	0.00%	
Current Reserve Status as of 31-Dec-2024		- General calculations use Cash Flow Funding methodology. - The Percent Funded and the Fully Funded Balance determined using the Inflation Adjusted methodology as defined by the International Capital Budgeting Institute. - The earned interest on the reserve fund is calculated separately and is included as part of the ongoing income, therefore, the interest rate on the reserve fund is not included in the calculation of the Fully Funded Balance. - Estimated future reserve component major repair and replacement costs are based on current or actual replacement costs projected to the estimated repair or replacement date and then projected forward by applying an inflation rate of 3.20%. - Estimated future Operating Expenses are based upon the current expenses and then projected forward by applying an inflation rate of 2.80%.	
	Reserve Fund Balance: As of Start of Year 2025:	\$ 0	
	Operational Expense Fund Balance: As of Start of Year 2025: *	\$ 111,966	
	Total of Res Fund & Op Expense Fund Balance: As of Start of Year 2025:	\$ 111,966	
	Reserve Fully Funded Balance (FFB): As of Start of Year 2025:	\$ 420,623	
	Reserve Funding Percent of FFB: As of Start of Year 2025:	27%	
	Estimated First Year (2025) Reserve Contribution:	\$ 72,377	

The operations expense fund account is assumed to be a Zero Balance Account (ZBA). The account balance of \$0 is maintained and any funds needed in the account is automatically transferred from a central or master account. Any actual balance in the operations fund account is assumed, for analysis purposes, to be included in the Reserve Fund Account balance.

Site Map

REDACTED

Site map removed to protect client confidentiality

Reserve Study Parameters

Table 3: Reserve Study Parameters

Reserve Study Parameters	
Level of Reserve Study:	Level 1: Full Reserve Study
Report Period:	Fiscal Year 2025
Interest rate on Reserve Balance:	0.00%
Inflation rate for Reserve Exp (CapEx):	3.20%
Inflation for Operating Exp (OpEx):	2.80%
Funding Methodology:	Cash Flow
Funding Strategy:	Threshold Funding
Funding Threshold Target:	60%
As of Date:	31 December 2024
No. of Reserve Components in this Analysis:	66
No. of Structural Integrity (SI) Components:	0

Note: Refer to Structural Integrity Reserve Study – Definition on page for more information on Structural Integrity Reserve components.

Reserve Study Level

Four levels of reserve studies have been defined by the Community Associations Institute (CAI).

Table 4: Reserve Study Levels

	Level 1 Full Study	Level 2 Update with Site Visit	Level 3 Update with no Site Visit	Level 4 Preliminary
Onsite Visual Inspection	Established	Re-assessed	Reflects prior study	Not Applicable
Component Inventory	Established	Re-assessed	Reflects prior study	Estimated
Component Quantification	Established	Re-assessed	Reflects prior study	Estimated
Condition Assessments	Visual Inspection	Visual Inspection	Not Conducted	Not Applicable
Useful Life Assessments	Assessed	Re-assessed	Not Conducted	Based Industry Standards
Valuation/Cost Estimates	Established	Re-assessed	Updated	Based Industry Standards
Financial Plan	Analyzed	Analyzed	Analyzed	Analyzed

This Level 1 Reserve Study is the most labor-intensive Reserve Study. It is generally referred to as a Full Reserve Study. It is a comprehensive assessment that covers the physical and financial aspects of an association's reserve fund. The study involves creating a detailed inventory of all components within the community that the association is responsible for maintaining. Every component's on-site visual inspection is conducted to assess the physical condition and identify any maintenance or repair needs.

Each component's useful life and the valuation estimates for funding projections are determined. This Level 1 study is particularly relevant if the association has never conducted a reserve study or a substantial period has elapsed since a comprehensive full study was performed (e.g., 10 to 15 years). The Level 1 Reserve Study is the most comprehensive of any reserve study and provides a robust foundation for effective reserve planning. It ensures that the association is well-prepared for future maintenance and repairs.

The following tasks are performed in a Level 1 Study:

- Component Inventory (including quantification)
- Condition assessment (based on on-site observations)
- Life and valuation estimates
- Fund status
- Financial analysis

Preparation

- Prior reserve studies, if available, were used as references for this analysis as a baseline for the identification of reserve asset components.
- If relevant, architectural and/or engineering plans have been used as reference.
- If relevant, the inventory of the reserve assets consisted of:
 - Verification that no assets were overlooked or if assets should be excluded.
 - Condition of assets and useful life was evaluated.
 - Historical records for component maintenance frequency and costs were referenced.
 - Component useful life based on how long past component maintenance endured.

Assumptions

- The physical inventory and condition assessment of all physical assets is complete.
- The component replacement cost estimates are reasonably accurate.
- Projected future financial requirements to fund the reserve components are accumulated based on actual costs or current estimated costs. Future expenditures are thereby estimated using the inflation assumptions stated herein.
- If relevant, estimates for current and future operational expenses are reasonably accurate. This includes annual expenses such as insurance, administration, and maintenance. Future operational expenses are projected to rise at the projected inflation rate.

Funding Goals

- Provide sufficient funds when they are required
- Achieve and sustain a targeted percent funding of the Fully Funded Balance of the reserve fund
- Enable a stable contribution rate over the years
- Evenly distribute contributions over the years

- Minimize the need for special assessments
- Be fiscally responsible

It is a common misconception that an association or community should maintain 100% of the fully funded balance. As a performance indicator, percent funding is used as a measure of the health of the reserve fund and a percent funding range of 70% to 100% is commonly adopted as a target percentage as it has been statistically shown that communities that maintain their percent funding in this range are far less likely to experience emergency assessments or deferral of maintenance. They can easily weather unexpected expenses and economic downturns. The actual funding target percentage is used as a performance indicator and can vary according to unique circumstances.

Other than the performance indicator described above, percent funded has limited value, and that value is restricted to measuring current or projected balance against a theoretical 100% funded calculation. Other than already described, the only real purpose for calculating percent funded is to provide an indicator of the fairness of the reserve or maintenance assessments (fees). If an association is constantly 100%, that would provide an indication that current owners are paying for their fair share of use of the components, assuming a straight-line time decay factor of components. At any percentage less than 100%, it would indicate that current owners might be paying less than their fair share, and future owners will have to make up the difference.

The common guidelines for percentage funding are:

- Overfunded: Greater than 100%
 - Indication that steps should be taken to bring the fund back into balance
 - Continual overfunding places an unfair burden on individual members to maintain a fund more than is needed
 - Overfunding does not provide additional safeguards that could be obtained from a strong position
- Strong: 70% – 100%:
 - The risk of special assessments or deferred maintenance is low
 - Higher marketability
 - Unexpected expense and economic downturns are easily overcome
- Fair: 30% – 70%:
 - Due diligence indicated to ensure adequate funding scheduled expenses
 - Unexpected expenses and economic downturns pose a moderate to high risk of special assessments or deferred maintenance
- Weak: 0% – 30%:
 - The risk of special assessments is high, especially in the case of unexpected expenses or an economic downturn

- Deferred maintenance of reserve components is common
- High stress and political turmoil are likely
- Lower marketability

Physical Analysis

The reserve funding plan is most contingent upon accurate physical analysis. To the extent practical, this reserve study consists of:

- Review of all components to ensure proper identification and quantity
- Identify any new components
- Inspect all reserve components to assess their condition
- Examine historical records of component maintenance and evaluate if the Component Useful Life is accurately represented in the inventory listing
- In cases where reserve components were serviced in the last few years, evaluate if the past costs, once adjusted for inflation, represent an accurate estimate of the current service cost
- Consult with knowledgeable vendors and service providers to evaluate current condition, ensure correct costs and useful lives are assessed

Funding Summary

Goals of Funding Analysis

The goals of a Funding Analysis are to:

- establish funding goals
- identify annual funding requirements
- disclose limitations and assumptions

Once the components' estimated useful life, estimated remaining life, and estimated current replacement costs are identified, only then can the association develop a plan for funding the reserve account. This funding plan specifies future reserve cash needs and planned methods to offset the ongoing deterioration of the reserve components.

In preparing the funding plan, the association will have to make decisions about the current assessments amount and the need for special assessments, balanced against projected liability. The law does not require the funding of projected replacement costs, only an explicit description of the plan for such funding, among other specific disclosures. The financial viability of the association will depend a great deal on the ability of the association to replace components as they wear out and not to defer major maintenance items.

A product of the Funding Analysis process is the development of a funding plan (cash flow forecast or projection) to estimate future reserve cash receipts and disbursements. This Reserve Study documents the funding plan with documented supporting assumptions and methodology.

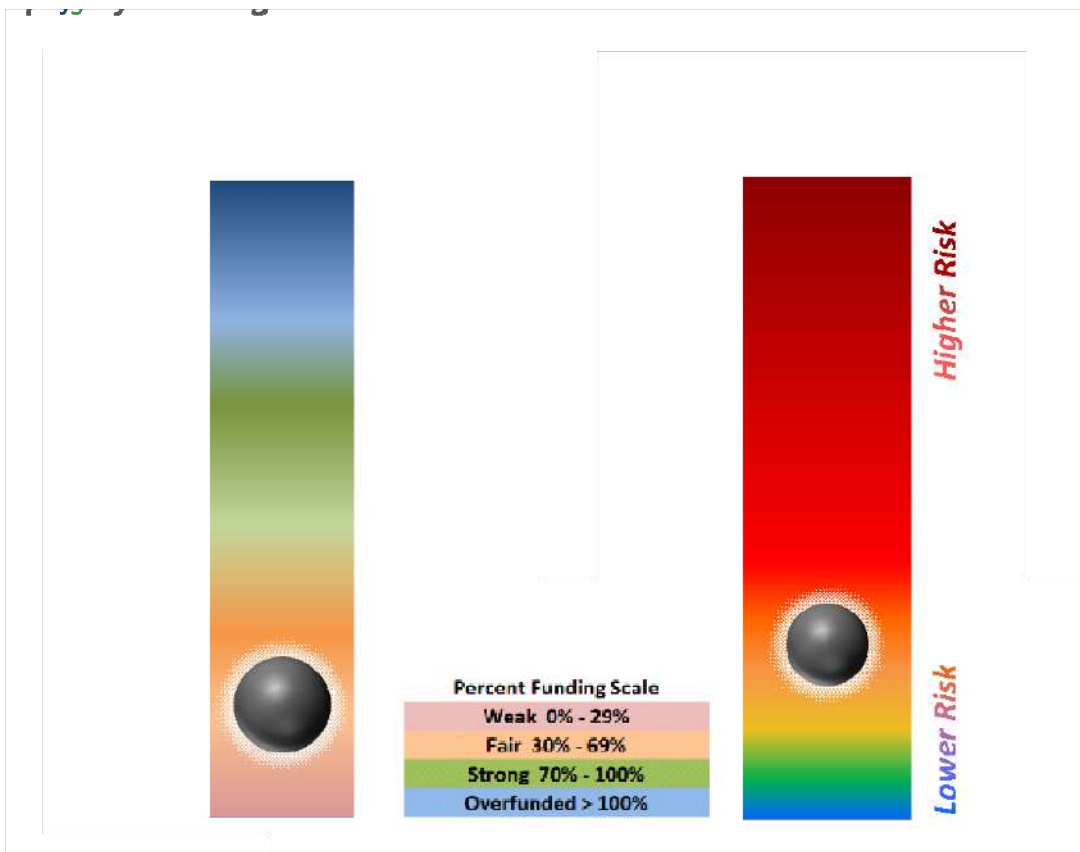
Current Reserve Fund Percent Funding and Risk of Special Assessment

As mentioned elsewhere in this report, the relationship between Reserve Fund percent funding and the risk of a special assessment is indeed significant.

- **Percent Funded:** This is a measure of the current Reserve Fund balance compared to the total anticipated expenses. It's calculated by dividing the current Reserve Fund balance by the Fully Funded Balance, which represents the total cost of deterioration of the components.
- **Risk of Special Assessment:** There is a correlation between the Percent Funded and the risk of a special assessment. Associations with a Percent Funded in the 0-30% range are considered weak and have a high risk of special assessments. Those in the 40-70% range have a medium risk, and those over 70% are strong and have a low risk.

It is important for associations to aim for a higher Percent Funded to minimize the risk of unexpected assessments and to ensure that there's enough in the reserves to cover future expenses. The current Reserve Fund percent funding and Risk of Special Assessment are depicted in the following charts. Also, refer to *Risk of Special Assessment or Deferred Maintenance* on page for additional details.

Figure 1: Current Percent Funding and Risk Charts



Current Income

The primary source of an association's income is from annual maintenance assessments or fees. Other sources can also include the sale of assets and rental of facilities. The following summarizes the sources of income used in this reserve study

Note: The Association's annual fee income requirement assumes that the Uniform Rate method is used for the allocation of assessments. If the Variable Rate or Hybrid/Blended Rate is utilized to allocate the annual assessments, please refer to *Assessment Allocation* on page for further information.

Table 5: Current Income Sources

Current Funding Summary for Year 2025			Current Special Assessments	
Income Type		Amount	Year	Amount
Association Annual Fees Income for 2024:		\$ 229,475		
Estimated Annual Fees Income for 2025: *		\$ 229,475		
Interest on Reserve Fund:		0.00%		
Loans:		\$ 0		
Other Annual Income:		\$ 0		

* Using the Uniform Rate method for assessment allocation

Current Expenses

Table 6: Current Expenses

Current Expenses	
Operating Expenses for Year 2024:	\$ 152,819
Estimated Operating Expenses for Year 2025:	\$ 157,098
2025 to 2055 OpEx inflation:	2.80%
Current Loan Payments:	\$ 0

Operating expenses should not include reserve contributions

Future Income Sources

Income sources used in this reserve study financial analysis include:

- Annual maintenance assessments (fees or dues) and annual maintenance assessments (fees or dues) increase
- New loans
- Annual income from other sources such as facilities rentals
- Interest earned from reserve fund accounts
- Special assessments
- Other one-time incomes such as sale of assets

Table 7: Future Income Sources

Future Income Sources							
Fees Increase #1		Fees Increase #2		Fees Increase #3		Future Loans	
% Increase: 5.00%		% Increase: 2.50%		% Increase: 3.00%		Year	Amount
Start Year: 2027		Start Year: 2029		Start Year: 2037			
Duration: 2 yrs		Duration: 8 yrs		Duration: 20 yrs			
Interest on Reserve Fund							
0.00%							

30-Year Financial Projection

The reserve fund characteristics will vary over the next 30 years:

- Reserve Fund Balance
- Reserve Fund Contribution
- Reserve Funding Percent of FFB

The following table summarizes these performance indicators.

Table 8: 30-Year Financial Projection

30-Year Financial Projection	
Minimum Reserve Fund Balance:	\$ 114,223
Maximum Reserve Fund Balance:	\$ 1,216,403
Minimum Annual Reserve Fund Contribution:	\$ 67,978
Maximum Annual Reserve Fund Contribution:	\$ 180,801
Minimum Reserve Funding Percent of FFB:	27%
Maximum Reserve Funding Percent of FFB:	86%
Average Annual Reserve Funding Percent of FFB:	63%

Reserve Components

Reserve expenses for components are major expenses which must be budgeted for in advance to provide the necessary funds in time to cover the necessary maintenance or replacement as components deteriorate. Reserve expenses are reasonably predictable both in terms of frequency and cost. They are expenses that, if not reserved, would have a significant impact on the budgetary process from one year to the next.

Components That Should be Included

A common concern is what components are to be included and funded for in the Reserve Study. Nationally recognized Reserve Study Standards indicate reserve components need to meet **ALL** the following criteria:

- The component is owned and maintained by the Association
- The component is NOT already covered in a maintenance contract
- The component has a limited life expectancy
- The component has a predictable and defined remaining useful life
- The component project cost is above a threshold amount imposed by the Association

Components That Should be Excluded

The following categories of reserve components are normally excluded from Reserve Studies:

- Below Threshold Costs: – Component repair and/or replacement costs that are too small to be considered reserve expenses are typically included in the operational or maintenance budget. Expenses that are below this threshold are generally not included in this study and should be part of the operational expense budget.
- Reserve assets which should be part of the operational expenses such as asset expenses that occur annually or assets that have an annual maintenance service contract and can generally be effectively budgeted for each year. They are characterized as being predictable both in terms of frequency and cost.
- Very Long or Unpredictable Useful Life Expectancy: – Components which, when properly maintained, have very long useful lives with no predictable replacement cycle. Examples include plumbing, electrical systems and retaining walls. Although there may be circumstances where an Association may wish to include items such as these.
- Unit Improvements: – Improvements made to the property that fall within the Governing Documents' unit description summary as the responsibility of the unit's owner.
- Other Non-Association/Organization Owned: – Improvements installed on the property, but which are owned by other parties such as governmental agencies, utility companies, the US Postal Service, etc.

Determining the Cost of Replacement

Replacement costs are obtained in various manners. All costs also include the cost of removing the existing component, if appropriate. Factors for estimating replacement costs include:

- Cost estimating manuals and guidelines, if appropriate

- Evaluating historical maintenance records and, where appropriate, adjusting for inflation
- Obtaining current estimates from reliable sources such as contractors, suppliers, or subject matter experts

Component Useful Life Estimates

“Useful life” is defined as the number of years the component is expected to serve its intended purpose if given regular and proper maintenance. Estimating the useful life of each of components includes the following factors:

- Material manufacturer’s warranty
- Commercially available published sources with estimates of useful life such as the US Department of Housing and Urban Development and Fannie Mae.
- Evaluating the Association’s past maintenance records

Component Remaining Useful Life Estimates

The “Remaining Life” is defined as the expected number of years the component will continue to serve its intended purpose prior to repair or replacement. Estimating the remaining useful life of each of components includes the following factors:

- Subtracting the year that the component was installed from the useful life estimate
- Evaluating the apparent physical condition by someone familiar with the component such as a service vendor and adjusting the remaining useful life as necessary
- Evaluating past maintenance records to determine if the useful life is accurately represented

In determining the remaining life of a component, a certain level of continued preventive maintenance is assumed. Any assumptions pertaining to these maintenance assumptions are explicitly stated so that proper maintenance can be continued throughout the component’s remaining life.

The remaining life of a component implicitly specifies the year in which maintenance or replacement is required. The analysis timeline shows the year of replacement for each component. The timeline serves as a schedule for expected component replacements and can be updated or changed when the Physical Analysis is updated or as components last for shorter or longer periods than expected.

Evaluating the General Condition of Reserve Components

The general condition of a reserve component can be assessed based on various factors, including age, visual appearance, maintenance history, and potential risk of failure. Objective criteria, such as sampling and testing, may also be utilized. Unless otherwise specified, any evaluations of reserve components’ conditions are based on the following criteria:

- **Good:** No Substantial Deterioration Observed AND No Dangerous Condition Exists
- **Fair:** Indication of Deterioration is Observed AND No Dangerous Condition Exists
- **Poor:** Substantial Deterioration is Observed OR Dangerous Condition Exists

Structural Integrity Reserve Components

Structural Integrity Reserve Components (SI) as defined by the State of Florida are components related to the structural integrity and safety of the building. They include:

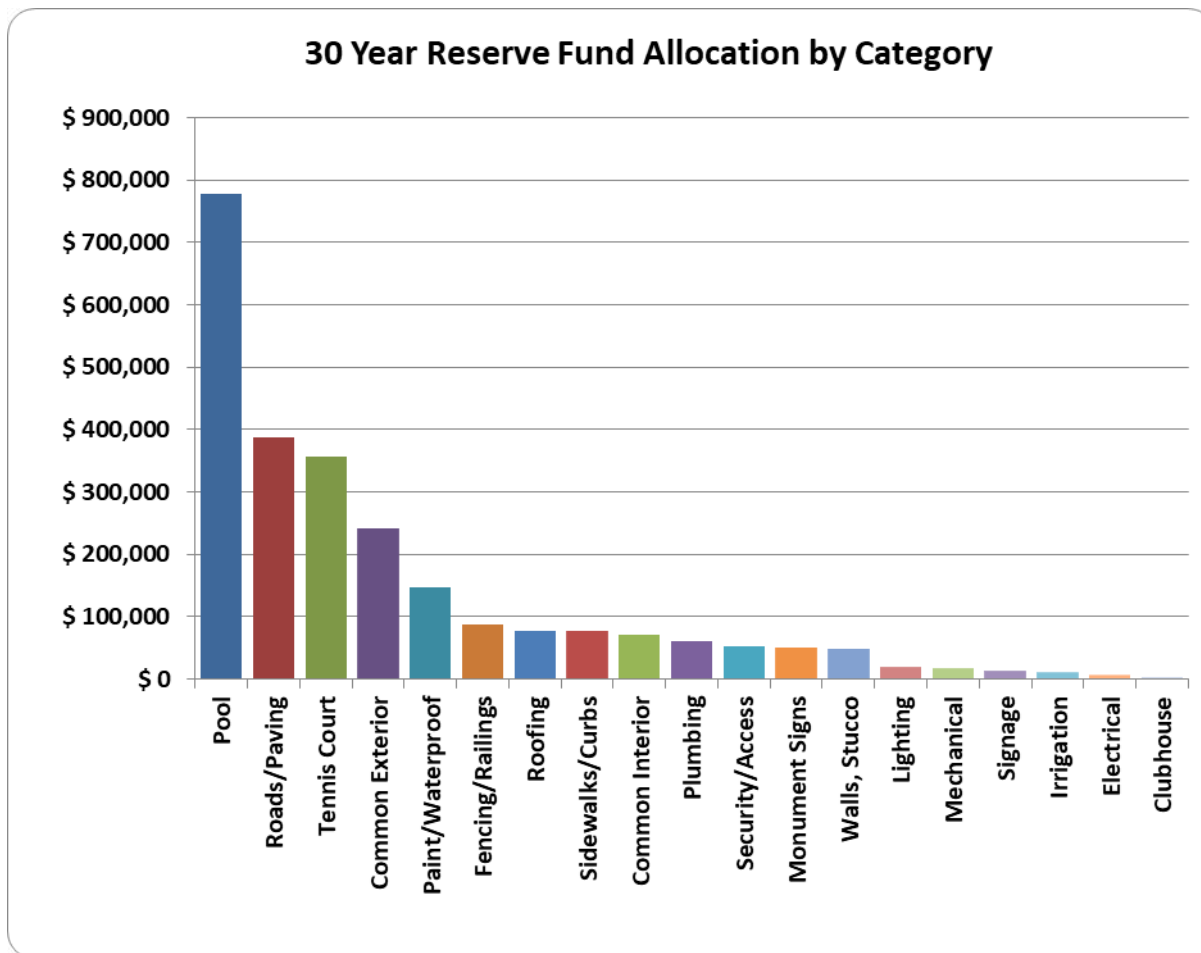
- Roof
- Structural Systems (e.g., floors, foundations, and load-bearing walls)
- Fireproofing or Fire Protection Systems
- Plumbing
- Electrical Systems
- Waterproofing and Exterior Painting
- Exterior Doors & Windows that are part of the Common Area and are the responsibility of the Association to maintain
- Other items with a deferred maintenance expense or replacement costs exceeding \$10,000. The intent is to identify items that are of high value or that the failure to replace or maintain may negatively affect the structural integrity, safety, or security of the occupants.

The State of Florida requires that any condominium or cooperative association perform an assessment and reserve study at least every 10 years after the association's creation for each building on the association's property that is three stories or higher. It is likely that other states and regions will implement similar requirements. During this analysis, the user(s) have the option to identify any of the reserve components such as SI, or Structural Integrity. Identification does not alter the financial analysis, but it will mark those components for easy identification. Refer to *Structural Integrity Reserve Study – Definition* on page for more information.

Reserve Fund Allocation

The following chart illustrates the reserve fund allocation of the included reserve components. Attention should be given to those component categories which are a large percentage of the allocated costs as these may require significant planning to adequately budget for their replacement. These large expenses may be well into the future during "Peak Year" cycles.

Figure 2: 30 Year Reserve Fund Allocation



Components Included in Analysis

The following components are included in this Reserve Study financial analysis.

Table 9: Reserve Component Inventory

Item	Zone	Area	Structural Integrity Component	Category	Reserve Component Name	General Condition	Replacement Cost	Replacement Cost Basis	Estimated Start of Year (2025) Replacement Cost	Last or Scheduled Service Year	Est Useful Life (yrs)	Useful Life Adjust (yrs)	Remaining Useful Life (yrs)	Qty	Unit of Measure	Next Service Year	Est Cost at Next Service
1	Zone 2	All		Common Exterior	Fencing, wood privacy (6' height)	Good	\$ 1,656	Current Est	\$ 1,656	2023	15		13	72	ft	2038	\$ 2,494
2	Zone 4	All		Common Exterior	Clean catch basins, inlets	Fair	\$ 4,000	Current Est	\$ 4,000	2006	10	+ 1 yrs	1	1	each	2026	\$ 4,128
3	Zone 4	All		Common Exterior	Fencing, dumpster enclosure (wood)	Good	\$ 546	Current Est	\$ 546	2023	12		10	26	ft	2035	\$ 748
4	Zone 4	All		Common Exterior	Landscape lighting	No Eval	\$ 2,000	Current Est	\$ 2,000	2006	10	+ 4 yrs	4	1	each	2029	\$ 2,269
5	Zone 4	All		Common Exterior	Mailbox	Good	\$ 900	Current Est	\$ 900	2006	15	+ 10 yrs	10	1	each	2035	\$ 1,233
6	Zone 4	All		Common Exterior	Retaining walls, timber (railroad t	Fair	\$ 53,400	Current Est	\$ 53,400	2006	25	+ 2 yrs	8	2136	sq-ft	2033	\$ 68,703
7	Zone 4	All		Irrigation	Repair Irrigation	No Eval	\$ 2,000	Current Est	\$ 2,000	2006	8	+ 3 yrs	3	1	each	2028	\$ 2,198
8	Zone 4	All		Roads/Paving	Asphalt Repair	Fair	\$ 7,709	Current Est	\$ 7,709	2006	4		0	593	sq-ft	2025	\$ 7,709
9	Zone 4	All		Roads/Paving	Asphalt Resurface	Fair	\$ 142,176	Current Est	\$ 142,176	2006	30	+ 5 yrs	16	11848	sq-ft	2041	\$ 235,343
10	Zone 4	All		Roads/Paving	Asphalt Seal Coat	Fair	\$ 4,740	Current Est	\$ 4,740	2027	8		2	11848	sq-ft	2027	\$ 5,048
11	Zone 4	All		Roads/Paving	Crack Seal	Fair	\$ 2,370	Current Est	\$ 2,370	2027	8		2	1185	sq-ft	2027	\$ 2,524
12	Zone 4	All		Roads/Paving	Striping and marking on parking	Fair	\$ 2,095	Current Est	\$ 2,095	2027	15		2	11848	each	2027	\$ 2,231
13	Zone 4	All		Sidewalks/Curbs	Repair Sdwk/Curbs - Annual	Good	\$ 1,500	Current Est	\$ 1,500	2026	1		1	1	other	2026	\$ 1,548
14	Zone 4	All		Signage	Replace Signs	Good	\$ 250	Current Est	\$ 250	2026	1		1	1	each	2026	\$ 258
15	Zone 3	Back Ent		Monument Signs	Replace Monument Sign - Back	Good	\$ 11,443	Actual Cost	\$ 11,809	2024	25		24	1	each	2049	\$ 25,150

Item	Zone	Area	Structural Integrity Component	Category	Reserve Component Name	General Condition	Replacement Cost	Replacement Cost Basis	Estimated Start of Year (2025) Replacement Cost	Last or Scheduled Service Year	Estimated Useful Life (yrs)	Useful Life Adjustment (yrs)	Remaining Useful Life (yrs)	Qty	Unit of Measure	Next Service Year	Est Cost at Next Service
16	Zone 2	Clubhouse		Common Exterior	Aluminum Gutters	Good	\$ 684	Current Est	\$ 684	2006	35		16	171	foot	2041	\$ 1,132
17	Zone 2	Clubhouse		Clubhouse	Batts, blankets, rolls, fiber glass	Good	\$ 3,948	Current Est	\$ 3,948	2006	60		41	1128	sq-ft	2066	\$ 14,363
18	Zone 2	Clubhouse		Walls, Masonry	Brick/block veneer	Good	\$ 3,591	Current Est	\$ 3,591	2006	60		41	189	sq-ft	2066	\$ 13,064
19	Zone 2	Clubhouse		Lighting	Building mounted exterior lighting	Good	\$ 2,500	Current Est	\$ 2,500	2028	10		3	1	each	2028	\$ 2,748
20	Zone 2	Clubhouse		Lighting	Lighting (pole mounted)	Good	\$ 500	Current Est	\$ 500	2006	25		6	1	each	2031	\$ 604
21	Zone 2	Clubhouse		Common Exterior	Outdoor Trash Receptacles	Good	\$ 2,400	Current Est	\$ 2,400	2006	40		21	4	each	2046	\$ 4,650
22	Zone 2	Clubhouse		Paint/Waterproof	Paints and stains, exterior	Good	\$ 25,056	Current Est	\$ 25,056	2024	8		7	3132	sq-ft	2032	\$ 31,237
23	Zone 2	Clubhouse		Clubhouse	Roof vents, passive	Good	\$ 500	Current Est	\$ 500	2006	40		21	1	each	2046	\$ 969
24	Zone 2	Clubhouse		Security/Access	Security access system and alarms,	Good	\$ 3,000	Current Est	\$ 3,000	2024	15	+ 5 yrs	19	1	each	2044	\$ 5,458
25	Zone 2	Clubhouse		Clubhouse	Slab, reinforced concrete	Good	\$ 15,792	Current Est	\$ 15,792	2006	100		81	1128	sq-ft	2106	\$ 202,532
26	Zone 2	Clubhouse		Walls, Stucco	Stucco, over wire mesh/lath	Good	\$ 2,592	Current Est	\$ 2,592	2024	50		49	324	sq-ft	2074	\$ 12,132
27	Zone 2	Clubhouse		Clubhouse	Wood frame and board or plywood she	Good	\$ 21,432	Current Est	\$ 21,432	2006	75		56	1128	sq-ft	2081	\$ 125,062

Item	Zone	Area	Structural Integrity Component	Category	Reserve Component Name	General Condition	Replacement Cost	Replacement Cost Basis	Estimated Start of Year (2025) Replacement Cost	Last or Scheduled Service Year	Estimated Useful Life (yrs)	Useful Life Adjust (yrs)	Remaining Useful Life (yrs)	Qty	Unit of Measure	Next Service Year	Est Cost at Next Service
28	Zone 2	Clubhouse		Common Interior	Bathroom: vanity	Good	\$ 3,200	Current Est	\$ 3,200	2006	10	+ 2 yrs	2	2	each	2027	\$ 3,408
29	Zone 2	Clubhouse		Common Interior	Interior, hollow core doors	Good	\$ 3,750	Current Est	\$ 3,750	2006	20	+ 5 yrs	6	5	each	2031	\$ 4,530
30	Zone 2	Clubhouse		Common Interior	Mirrors & medicine cabinets	Good	\$ 400	Current Est	\$ 400	2006	15	+ 5 yrs	5	2	each	2030	\$ 468
31	Zone 2	Clubhouse		Clubhouse	Refrigerator/freezer	Good	\$ 500	Current Est	\$ 500	2020	12		7	1	each	2032	\$ 623
32	Zone 2	Clubhouse		Common Interior	Resilient tile or sheet floor (viny	Good	\$ 15,228	Current Est	\$ 15,228	2006	15	+ 8 yrs	8	1128	sq-ft	2033	\$ 19,592
33	Zone 2	Clubhouse		Common Interior	Wood Trim	Good	\$ 14,664	Current Est	\$ 14,664	2006	35	+ 5 yrs	21	1128	sq-ft	2046	\$ 28,414
34	Zone 2	Clubhouse		Lighting	Lighting- interior common space	Good	\$ 2,500	Current Est	\$ 2,500	2028	15		3	1	each	2028	\$ 2,748
35	Zone 2	Clubhouse		Mechanical	Bathroom: vent / exhaust	Good	\$ 1,600	Current Est	\$ 1,600	2006	10		0	2	each	2025	\$ 1,600
36	Zone 2	Clubhouse		Mechanical	Packaged HVAC	Good	\$ 4,000	Current Est	\$ 4,000	2020	20		15	1	each	2040	\$ 6,416
37	Zone 2	Clubhouse		Plumbing	Bathroom: fixtures / faucets	Good	\$ 1,800	Current Est	\$ 1,800	2006	17	+ 2 yrs	2	4	each	2027	\$ 1,917
38	Zone 2	Clubhouse		Plumbing	Bathroom: toilet	Good	\$ 2,400	Current Est	\$ 2,400	2006	30		11	3	each	2036	\$ 3,394
39	Zone 2	Clubhouse		Plumbing	Bathroom: toilet tank components	Good	\$ 500	Current Est	\$ 500	2006	5	+ 2 yrs	2	2	each	2027	\$ 533

Item	Zone	Area	Structural Integrity Component	Category	Reserve Component Name	General Condition	Replacement Cost	Replacement Cost Basis	Estimated Start of Year (2025) Replacement Cost	Last or Scheduled Service Year	Estimated Useful Life (yrs)	Useful Life Adjust (yrs)	Remaining Useful Life (yrs)	Qty	Unit of Measure	Next Service Year	Est Cost at Next Service
40	Zone 2	Clubhouse		Plumbing	Residential hot water heater	Fair	\$ 4,500	Current Est	\$ 4,500	2006	12		0	1	each	2025	\$ 4,500
41	Zone 2	Clubhouse		Plumbing	Tub/shower units or integrated asse	Poor	\$ 8,978	Current Est	\$ 8,978	2006	30		11	2	each	2036	\$ 12,696
42	Zone 2	Clubhouse		Plumbing	Water Fountain	Good	\$ 4,000	Current Est	\$ 4,000	2024	12		11	1	each	2036	\$ 5,656
43	Zone 2	Clubhouse		Roofing	Asphalt shingle	Good	\$ 25,803	Current Est	\$ 25,803	2006	20		1	2867	each	2026	\$ 26,629
44	Zone 2	Clubhouse		Security/Access	Surveillance Camera Maint	Good	\$ 4,000	Current Est	\$ 4,000	2024	4		3	1	each	2028	\$ 4,396
45	Zone 1	Entrance		Fencing/Railings	Fencing, steel or aluminum	Good	\$ 42,630	Current Est	\$ 42,630	2006	60		41	735	each	2066	\$ 155,090
46	Zone 1	Entrance		Walls, Stucco	Paint Stucco Walls	Good	\$ 9,728	Current Est	\$ 9,728	2024	8		7	1216	sq-ft	2032	\$ 12,128
47	Zone 1	Main Ent		Monument Signs	Replace Monument Sign - Main	Good	\$ 11,443	Actual Cost	\$ 11,809	2024	25		24	1	each	2049	\$ 25,150
48	Zone 2	Pool		Fencing/Railings	Fencing, steel or aluminum	Fair	\$ 29,116	Current Est	\$ 29,116	2006	20	+ 15 yrs	16	502	each	2041	\$ 48,196
49	Zone 2	Pool		Common Exterior	Storage sheds	Good	\$ 6,800	Current Est	\$ 6,800	2006	30		11	1	each	2036	\$ 9,616
50	Zone 2	Pool		Pool	Kiddie Pool Resurface - Plaster	Good	\$ 2,775	Current Est	\$ 2,775	2024	15		14	185	sq-ft	2039	\$ 4,313
51	Zone 2	Pool		Pool	Pool / spa deck	Fair	\$ 133,680	Current Est	\$ 133,680	2020	15		10	11140	sq-ft	2035	\$ 183,174
52	Zone 2	Pool		Pool	Pool / spa surface - plaster	Good	\$ 40,080	Current Est	\$ 40,080	2024	15		14	2672	sq-ft	2039	\$ 62,294
53	Zone 2	Pool		Pool	Pool/spa pumps and equipment	Good	\$ 12,300	Current Est	\$ 12,300	2024	10		9	3	each	2034	\$ 16,331
54	Zone 2	Rec		Electrical	Ceiling fans	Good	\$ 1,200	Current Est	\$ 1,200	2020	10		5	4	each	2030	\$ 1,405
55	Zone 2	Rec		Common Exterior	Replenish Mulch	Good	\$ 1,975	Current Est	\$ 1,975	2024	3		2	1	each	2027	\$ 2,103

Item	Zone	Area	Structural Integrity Component	Category	Reserve Component Name	General Condition	Replacement Cost	Replacement Cost Basis	Estimated Start of Year (2025) Replacement Cost	Last or Scheduled Service Year	Estimated Useful Life (yrs)	Useful Life Adjust (yrs)	Remaining Useful Life (yrs)	Qty	Unit of Measure	Next Service Year	Est Cost at Next Service
56	Zone 2	Rec		Common Exterior	Site Furniture	Good	\$ 53,427	Current Est	\$ 53,427	2020	20		15	1	each	2040	\$ 85,695
57	Zone 2	Rec		Roads/Paving	Concrete pavement on walkways	Good	\$ 16,356	Current Est	\$ 16,356	2006	50		31	1363	sq-ft	2056	\$ 43,426
58	Zone 2	Rec		Tennis Court	Repair/Replace Tennis Equipment	Good	\$ 4,780	Current Est	\$ 4,780	2024	4		3	10	each	2028	\$ 5,254
59	Zone 2	Rec		Tennis Court	Tennis Court Fencing	Good	\$ 34,560	Current Est	\$ 34,560	2006	20	+ 8 yrs	9	864	ft	2034	\$ 45,887
60	Zone 2	Rec		Tennis Court	Tennis Court Lights	Good	\$ 44,000	Current Est	\$ 44,000	2025	20		20	2	each	2045	\$ 82,613
61	Zone 2	Rec		Tennis Court	Tennis Court Screens	Good	\$ 6,558	Current Est	\$ 6,558	2024	4		3	864	ft	2028	\$ 7,208
62	Zone 2	Rec		Tennis Court	Tennis Courts Resurfacing	Good	\$ 25,400	Current Est	\$ 25,400	2023	25		23	25400	each	2048	\$ 52,416
63	Zone 2	Clubhouse		Common Exterior	Exterior Doors	Good	\$ 3,750	Current Est	\$ 3,750	2006	25		6	5	each	2031	\$ 4,530
64	Zone 2	Clubhouse		Paint/Waterproof	Interior Painting	Good	\$ 4,512	Current Est	\$ 4,512	2024	8		7	1128	sq-ft	2032	\$ 5,625
65	Zone 2	Pool		Pool	Pool Cover	Good	\$ 12,311	Actual Cost	\$ 12,311	2025	12		12	1	each	2037	\$ 17,966
66	Zone 2	Pool		Fencing/Railings	Clean and Paint Fencing	Poor	\$ 6,024	Current Est	\$ 6,024	2026	8		1	502	ft	2026	\$ 6,217

Structural Integrity Components Included in Analysis

If they were identified in the analysis as components which may affect the Structural Integrity, they are included and indicated in *Table 9: Reserve Component Inventory* on page (above).

Components Not Included in Analysis

The components below have been excluded from analysis in this reserve study.

Table 10: Components Not Included in Funding

Item	Major Component	Reason Not Considered for Analysis	Comments
1	Sidewalks	Not Part of Common Elements	Sidewalks are owner responsibility
2	Electrical Systems	Useful Life or Remaining Life Cannot be Determined	Electrical is largely hidden from inspection
3	Plumbing	Useful Life or Remaining Life Cannot be Determined	Plumbing failures cannot be predicted
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Income and Expenses

The funding plan of this reserve study will help the association's reserve account to be highly funded over the next 30 years. This requires a recommended allocation amount into the reserve account.

The following table summarizes each year's income and expenses and includes the following elements to derive the Annual Maintenance Assessments (or Fees) and Annual Reserve Contributions:

- Annual reserve balance
- The fully funded balance of all reserve components
- Total income
- Total expenses (reserve components, operational, and loans)

This funding plan considers four basic principles:

1. There are adequate reserves when needed.
2. The budget should remain stable but increasing to offset inflationary factors.
3. The costs are well distributed over time.
4. The funding plan must allow the Association to be fiscally responsible.

Note: The funding plan assumes that future income from assessments (or dues) is based upon the Uniform Rate method of assessment allocation. Refer to *Assessment Allocation* on page for additional information. The Uniform Rate method is used for financial analysis as this ensures that minimum required income is assumed whereas using either the Variable Rate or Hybrid/Blended Rate methods is less predictable.

Table 11: Projected Income & Expenses Summary

	Incomes									Expenses										
	Start of Year Reserve Balance	Fully Funded Balance	Start Of Year Percent Funded	Special Assessments	Total Annual Maintenance Assessments (dues)	Loans	Reserve Balance Interest Income	Other Incomes	Total Annual Income	Operating Expenses	Loan Expenses (payments)	Special Projects	Non Structural Integrity (SI) Reserve Expenses	Structural Integrity (SI) Reserve Expenses	Total All Reserve Expenses	Estimated Annual Taxes	Total Expenses	Annual Reserve Contrib (less/loans)	Reserve Contrib as Pct of Total Income	End of Year Reserve Balance
Year	Balance ^{1,2}	Balance ¹	Funded ¹	Assessments	(dues)				Income	Expenses			Expenses ³	Reserve Expenses ³	Expenses		Expenses			
2025	\$ 111,966	\$ 420,623	27%		\$ 229,475				\$ 229,475	\$ 157,098			\$ 70,120		\$ 70,120		\$ 227,218	\$ 72,377	32%	\$ 114,223
2026	\$ 114,223	\$ 415,333	28%		\$ 229,475				\$ 229,475	\$ 161,497			\$ 38,780		\$ 38,780		\$ 200,277	\$ 67,978	30%	\$ 143,422
2027	\$ 143,422	\$ 443,934	32%		\$ 240,949				\$ 240,949	\$ 166,019			\$ 19,628		\$ 19,628		\$ 185,647	\$ 74,930	31%	\$ 198,724
2028	\$ 198,724	\$ 494,984	40%		\$ 252,996				\$ 252,996	\$ 170,667			\$ 26,476		\$ 26,476		\$ 197,143	\$ 82,329	33%	\$ 254,577
2029	\$ 254,577	\$ 542,429	47%		\$ 259,321				\$ 259,321	\$ 175,446			\$ 12,998		\$ 12,998		\$ 188,444	\$ 83,875	32%	\$ 325,454
2030	\$ 325,454	\$ 607,186	54%		\$ 265,804				\$ 265,804	\$ 180,358			\$ 6,234		\$ 6,234		\$ 186,592	\$ 85,446	32%	\$ 404,666
2031	\$ 404,666	\$ 682,943	59%		\$ 272,449				\$ 272,449	\$ 185,408			\$ 11,778		\$ 11,778		\$ 197,186	\$ 87,041	32%	\$ 479,929
2032	\$ 479,929	\$ 757,410	63%		\$ 279,260				\$ 279,260	\$ 190,600			\$ 70,916		\$ 70,916		\$ 261,516	\$ 88,661	32%	\$ 497,674
2033	\$ 497,674	\$ 775,302	64%		\$ 286,242				\$ 286,242	\$ 195,937			\$ 103,006		\$ 103,006		\$ 298,943	\$ 90,305	32%	\$ 484,973
2034	\$ 484,973	\$ 762,788	64%		\$ 293,398				\$ 293,398	\$ 201,423			\$ 73,204		\$ 73,204		\$ 274,627	\$ 91,975	31%	\$ 503,744
2035	\$ 503,744	\$ 782,837	64%		\$ 300,733				\$ 300,733	\$ 207,063			\$ 199,487		\$ 199,487		\$ 406,550	\$ 93,670	31%	\$ 397,928
2036	\$ 397,928	\$ 675,481	59%		\$ 308,251				\$ 308,251	\$ 212,860			\$ 58,318		\$ 58,318		\$ 271,178	\$ 95,391	31%	\$ 435,001
2037	\$ 435,001	\$ 712,727	61%		\$ 317,499				\$ 317,499	\$ 218,820			\$ 44,174		\$ 44,174		\$ 262,994	\$ 98,678	31%	\$ 489,505
2038	\$ 489,505	\$ 768,188	64%		\$ 327,024				\$ 327,024	\$ 224,947			\$ 8,895		\$ 8,895		\$ 233,842	\$ 102,076	31%	\$ 582,687
2039	\$ 582,687	\$ 864,336	67%		\$ 336,835				\$ 336,835	\$ 231,246			\$ 80,479		\$ 80,479		\$ 311,725	\$ 105,589	31%	\$ 607,796
2040	\$ 607,796	\$ 892,271	68%		\$ 346,940				\$ 346,940	\$ 237,721			\$ 184,473		\$ 184,473		\$ 422,194	\$ 109,219	31%	\$ 532,542
2041	\$ 532,542	\$ 816,442	65%		\$ 357,348				\$ 357,348	\$ 244,377			\$ 301,157		\$ 301,157		\$ 545,534	\$ 112,971	32%	\$ 344,356
2042	\$ 344,356	\$ 620,523	55%		\$ 368,068				\$ 368,068	\$ 251,220			\$ 20,233		\$ 20,233		\$ 271,453	\$ 116,849	32%	\$ 440,971
2043	\$ 440,971	\$ 711,087	62%		\$ 379,110				\$ 379,110	\$ 258,254			\$ 23,552		\$ 23,552		\$ 281,806	\$ 120,857	32%	\$ 538,276
2044	\$ 538,276	\$ 804,054	67%		\$ 390,484				\$ 390,484	\$ 265,485			\$ 59,834		\$ 59,834		\$ 325,319	\$ 124,999	32%	\$ 603,440
2045	\$ 603,440	\$ 865,577	70%		\$ 402,198				\$ 402,198	\$ 272,918			\$ 107,084		\$ 107,084		\$ 380,002	\$ 129,280	32%	\$ 625,636
2046	\$ 625,636	\$ 883,428	71%		\$ 414,264				\$ 414,264	\$ 280,560			\$ 90,908		\$ 90,908		\$ 371,468	\$ 133,704	32%	\$ 668,432
2047	\$ 668,432	\$ 921,766	73%		\$ 426,692				\$ 426,692	\$ 288,416			\$ 4,591		\$ 4,591		\$ 293,007	\$ 138,276	32%	\$ 802,117
2048	\$ 802,117	\$ 1,053,734	76%		\$ 439,493				\$ 439,493	\$ 296,491			\$ 195,548		\$ 195,548		\$ 492,039	\$ 143,001	33%	\$ 749,570
2049	\$ 749,570	\$ 996,289	75%		\$ 452,677				\$ 452,677	\$ 304,793			\$ 106,247		\$ 106,247		\$ 411,040	\$ 147,884	33%	\$ 791,208
2050	\$ 791,208	\$ 1,032,706	77%		\$ 466,258				\$ 466,258	\$ 313,327			\$ 318,803		\$ 318,803		\$ 632,130	\$ 152,930	33%	\$ 625,335
2051	\$ 625,335	\$ 854,583	73%		\$ 480,245				\$ 480,245	\$ 322,101			\$ 31,834		\$ 31,834		\$ 353,935	\$ 158,145	33%	\$ 751,646
2052	\$ 751,646	\$ 970,682	77%		\$ 494,653				\$ 494,653	\$ 331,119			\$ 39,998		\$ 39,998		\$ 371,117	\$ 163,533	33%	\$ 875,181
2053	\$ 875,181	\$ 1,085,963	81%		\$ 509,492				\$ 509,492	\$ 340,391			\$ 26,849		\$ 26,849		\$ 367,240	\$ 169,102	33%	\$ 1,017,434
2054	\$ 1,017,434	\$ 1,222,518	83%		\$ 524,777				\$ 524,777	\$ 349,922			\$ 146,784		\$ 146,784		\$ 496,706	\$ 174,856	33%	\$ 1,045,506

1. The values for the year 2025 in this table are based upon the date: As of Start of Year 2025.

2. Start of Year Reserve balance includes operation's fund account balance.

3. Refer to the reserve items inventory listing for the identification of the Non-Structural Integrity components and the Structural Integrity components.

4. Annual Reserve Contribution = Total Annual Income - Operating Expenses - Loan Expenses - Taxes. The reserve contribution is a target or a goal. Not an expense item. This value is a recommendation.

5. The EOY Reserve Balance is estimated based on total annual incomes and total annual expenses

Reserve Contribution

The reserve contribution is predominantly composed of money remaining after you deduct the operational expenses from the total income. Where total income is comprised of the total of maintenance and special assessments, interest income, loans and other miscellaneous incomes. Operational expenses are typically those expenses that are not reserve expenses such as utilities, landscaping, administrative and other general annual expenses.

$$\text{Reserve Contribution} = \text{Total Income} - \text{Operational Expenses}$$

The table below outlines the projected reserve contributions for the selected years for display. These contributions are intended as goals and should not be viewed as expenses or firm objectives. Actual contributions to the reserve fund will vary due to potential changes in circumstances, such as unexpected expenses or variations from the annual budget.

Table 12: Annual Reserve Contribution Summary

Annual Reserve Contribution Table					
Year	Reserve Contribution	Year	Reserve Contribution	Year	Reserve Contribution
2025	\$ 72,377	2035	\$ 93,670	2045	\$ 129,280
2026	\$ 67,978	2036	\$ 95,391	2046	\$ 133,704
2027	\$ 74,930	2037	\$ 98,678	2047	\$ 138,276
2028	\$ 82,329	2038	\$ 102,076	2048	\$ 143,001
2029	\$ 83,875	2039	\$ 105,589	2049	\$ 147,884
2030	\$ 85,446	2040	\$ 109,219	2050	\$ 152,930
2031	\$ 87,041	2041	\$ 112,971	2051	\$ 158,145
2032	\$ 88,661	2042	\$ 116,849	2052	\$ 163,533
2033	\$ 90,305	2043	\$ 120,857	2053	\$ 169,102
2034	\$ 91,975	2044	\$ 124,999	2054	\$ 174,856

Annual contributions to the reserve fund are estimated goals and should not be classified as expenses or firm objectives. Actual contributions will vary.

Note: Reserve Contributions include any excess incomes such as loans.

Loans

Loans are considered an income source, and the loan payments are included in the annual operational expenses.

- The principal amount of **new** loans is considered a new, one-time income source.
- Loan payments are included in the annual operational expenses.
- Inflation is not applied to annual loan payments.

The following table summarizes both the current existing loans and any new loans that are planned.

Table 13: Loan Summary

Loan Summary								
<i>There are no loans in this analysis. If any current or new loans were included, they would appear in the list below.</i>								
Loan #	Loan Description	Loan Type	Loan Amount	Origination Year	Term of Loan	Current Balance	Annual Interest	Annual Payment
1								
2								
3								
4								
5								
6	Loan 6	na	\$ 0	0	0 Years		0.00%	\$ 0

Taxes

Within the United States, most associations will file Federal Tax Form 1120 or 1120-H. Managing the reserve fund is critical and every association should seek specific advice about their tax liability to minimize the amount of taxable income.

If estimated taxes are included in this analysis, refer to *Table 11: Projected Income & Expenses Summary* for the estimated annual tax liability.

Disclaimer: Any estimated annual taxes or tax rates used in this analysis are strictly estimates based on information provided by the association. The calculations used in this analysis do not capture final adjustments that may be made independently. This estimate must not be interpreted as financial or professional advice. If you require accounting, legal, or expert assistance and do not have the necessary qualifications, seek the counsel of a competent professional before taking any action based on the information presented.

Maximum Reserve Fund Expenses

The most important aspect of preparing a financial plan is to have confidence that you can meet all anticipated expenses in the year of their occurrence. It is best not to focus on percent funding as the key indicator of your ability to meet those expenses. Instead, focus on each year's total expenses versus the total resources available to meet those expenses. In addition, the following criteria should be considered:

- Regular contributions to the reserve fund should be established and maintained to ensure that funding is available to meet future reserve expenses.
- Maintain a percent funding threshold high enough so that the association's consumers pay for the resources. Generally, this is in the range of 50% to 100%.
- Maintain the reserve fund balance at a level high enough to not only meet each year's expenses, but also minimize the risks of special assessments and deferred maintenance.
 - The annual reserve fund contribution required to support this analysis is shown in *Table 11: Projected Income & Expenses Summary* on page .
 - A graphical view of the monthly reserve fund contribution is displayed in *Figure 9: Average Monthly Reserve Fund Contribution Rate* on page .

The following table lists the year that the maximum reserve fund expenses (depreciable asset expenses) occurs and the financial state of the reserve fund in that year.

Table 14: Maximum Reserve Expenses and Contributions

Maximum Reserve Expenses & Reserve Contribution

Year Maximum Reserve Expenses Occur:	2050
Min Req'd % FFB at Start of 2050:	31%
This analysis, Start of Year % Funding in 2050:	77%

Reserve Fund Balance at Start of 2050:	\$ 791,208
Estimated Reserve Contribution in 2050:	\$ 152,930
Total Available Reserve Funds in 2050: *	\$ 944,138
Total Reserve Expenses in 2050:	\$ 318,803

** Does not include funds from anticipated annual maintenance assessments in year 2050*

Maximum Reserve Expenses & Reserve Contribution

Year Maximum Reserve Expenses Occur:	2050
Min Req'd % FFB at Start of 2050:	31%
This analysis, Start of Year % Funding in 2050:	77%

Reserve Fund Balance at Start of 2050:	\$ 791,208
Estimated Reserve Contribution in 2050:	\$ 152,930
Total Available Reserve Funds in 2050: *	\$ 944,138
Total Reserve Expenses in 2050:	\$ 318,803

** Does not include funds from anticipated annual maintenance assessments in year 2050*

Detailed Financial Analysis

Annual Projected Expenses

The annual projected reserve expenses are estimates based on the estimated useful life of the components, the current cost estimates, and adjustments for inflation.

Special Project Expenditures

Any special projects are shown in the following table.

Table 15: Special Projects Table

Year	Cost	Special Project or One-Time Expense
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First Year of Analysis Reserve Components Services Complete

At the time the financial analysis was performed, if any reserve components' services which may have been due in the first year of analysis have already been completed, then funding during the first year of analysis would not be required for those components. Any components which have been completed will appear in the following table. Structural Integrity (SI) components are indicated if applicable.

Table 16: Reserve Component Already Completed in First Year of Analysis Table

As of 31 December 2024, these components' scheduled services are complete.

Year	Cost	Zone	Area	SI	Category	Component
Total:	\$ 0					

Annual Reserve Component Expenditures

The table below provides the reserve component expenditure for each year of the selected analysis years to display, including those components that were indicated as being complete at the time the financial analysis was performed. Structural Integrity (SI) components are indicated if applicable.

Table 17: Annual Reserve Component Expenditures Table

Reserve Component Expenditures for Years 2025 to 2054

Year	Cost	Zone	Area	SI	Category	Component
2025	\$ 7,709	Zone 4	All		Roads/Paving	Asphalt Repair
	\$ 1,600	Zone 2	Clubhouse		Mechanical	Bathroom: vent / exhaust
	\$ 4,500	Zone 2	Clubhouse		Plumbing	Residential hot water heater
	\$ 44,000	Zone 2	Rec		Tennis Court	Tennis Court Lights
	\$ 12,311	Zone 2	Pool		Pool	Pool Cover
2025 Total:	\$ 70,120					

2026	\$ 4,128	Zone 4	All		Common Exterior	Clean catch basins, inlets
	\$ 1,548	Zone 4	All		Sidewalks/Curbs	Repair Sdwlk/Curbs - Annual
	\$ 258	Zone 4	All		Signage	Replace Signs
	\$ 26,629	Zone 2	Clubhouse		Roofing	Asphalt shingle
	\$ 6,217	Zone 2	Pool		Fencing/Railings	Clean and Paint Fencing

Year	Cost	Zone	Area	SI	Category	Component
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2026 Total:	\$ 38,780
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2027	\$ 5,048	Zone 4	All		Roads/Paving	Asphalt Seal Coat
	\$ 2,524	Zone 4	All		Roads/Paving	Crack Seal
	\$ 2,231	Zone 4	All		Roads/Paving	Striping and marking on parking
	\$ 1,598	Zone 4	All		Sidewalks/Curbs	Repair Sdwk/Curbs - Annual
	\$ 266	Zone 4	All		Signage	Replace Signs
	\$ 3,408	Zone 2	Clubhouse		Common Interior	Bathroom: vanity
	\$ 1,917	Zone 2	Clubhouse		Plumbing	Bathroom: fixtures / faucets
	\$ 533	Zone 2	Clubhouse		Plumbing	Bathroom: toilet tank components
	\$ 2,103	Zone 2	Rec		Common Exterior	Replenish Mulch
2027 Total:	\$ 19,628					

2028	\$ 2,198	Zone 4	All		Irrigation	Repair Irrigation
	\$ 1,649	Zone 4	All		Sidewalks/Curbs	Repair Sdwk/Curbs - Annual
	\$ 275	Zone 4	All		Signage	Replace Signs
	\$ 2,748	Zone 2	Clubhouse		Lighting	Building mounted exterior lighting
	\$ 2,748	Zone 2	Clubhouse		Lighting	Lighting- interior common space
	\$ 4,396	Zone 2	Clubhouse		Security/Access	Surveillance Camera Maint
	\$ 5,254	Zone 2	Rec		Tennis Court	Repair/Replace Tennis Equipment

Year	Cost	Zone	Area	SI	Category	Component
	\$ 7,208	Zone 2	Rec		Tennis Court	Tennis Court Screens
2028 Total:	\$ 26,476					

2029	\$ 2,269	Zone 4	All		Common Exterior	Landscape lighting
	\$ 8,744	Zone 4	All		Roads/Paving	Asphalt Repair
	\$ 1,701	Zone 4	All		Sidewalks/Curbs	Repair Sdwk/Curbs - Annual
	\$ 284	Zone 4	All		Signage	Replace Signs
2029 Total:	\$ 12,998					

2030	\$ 1,756	Zone 4	All		Sidewalks/Curbs	Repair Sdwk/Curbs - Annual
	\$ 293	Zone 4	All		Signage	Replace Signs
	\$ 468	Zone 2	Clubhouse		Common Interior	Mirrors & medicine cabinets
	\$ 1,405	Zone 2	Rec		Electrical	Ceiling fans
	\$ 2,312	Zone 2	Rec		Common Exterior	Replenish Mulch
2030 Total:	\$ 6,234					

2031	\$ 1,812	Zone 4	All		Sidewalks/Curbs	Repair Sdwk/Curbs - Annual
	\$ 302	Zone 4	All		Signage	Replace Signs
	\$ 604	Zone 2	Clubhouse		Lighting	Lighting (pole mounted)

Year	Cost	Zone	Area	SI	Category	Component
	\$ 4,530	Zone 2	Clubhouse		Common Interior	Interior, hollow core doors
	\$ 4,530	Zone 2	Clubhouse		Common Exterior	Exterior Doors
2031 Total:	\$ 11,778					

2032	\$ 1,870	Zone 4	All		Sidewalks/Curbs	Repair Sdwlk/Curbs - Annual
	\$ 312	Zone 4	All		Signage	Replace Signs
	\$ 31,237	Zone 2	Clubhouse		Paint/Waterproof	Paints and stains, exterior
	\$ 623	Zone 2	Clubhouse		Clubhouse	Refrigerator/freezer
	\$ 4,987	Zone 2	Clubhouse		Security/Access	Surveillance Camera Maint
	\$ 12,128	Zone 1	Entrance		Walls, Stucco	Paint Stucco Walls
	\$ 5,959	Zone 2	Rec		Tennis Court	Repair/Replace Tennis Equipment
	\$ 8,175	Zone 2	Rec		Tennis Court	Tennis Court Screens
	\$ 5,625	Zone 2	Clubhouse		Paint/Waterproof	Interior Painting
2032 Total:	\$ 70,916					

2033	\$ 68,703	Zone 4	All		Common Exterior	Retaining walls, timber (railroad t
	\$ 9,918	Zone 4	All		Roads/Paving	Asphalt Repair
	\$ 1,930	Zone 4	All		Sidewalks/Curbs	Repair Sdwlk/Curbs - Annual
	\$ 322	Zone 4	All		Signage	Replace Signs
	\$ 19,592	Zone 2	Clubhouse		Common Interior	Resilient tile or sheet floor (vinyl)

Year	Cost	Zone	Area	SI	Category	Component
	\$ 2,541	Zone 2	Rec		Common Exterior	Replenish Mulch
2033 Total:	\$ 103,006					
2034	\$ 1,992	Zone 4	All		Sidewalks/Curbs	Repair Sdwk/Curbs - Annual
	\$ 332	Zone 4	All		Signage	Replace Signs
	\$ 664	Zone 2	Clubhouse		Plumbing	Bathroom: toilet tank components
	\$ 16,331	Zone 2	Pool		Pool	Pool/spa pumps and equipment
	\$ 45,887	Zone 2	Rec		Tennis Court	Tennis Court Fencing
	\$ 7,998	Zone 2	Pool		Fencing/Railings	Clean and Paint Fencing
2034 Total:	\$ 73,204					
2035	\$ 748	Zone 4	All		Common Exterior	Fencing, dumpster enclosure (wood)
	\$ 1,233	Zone 4	All		Common Exterior	Mailbox
	\$ 6,495	Zone 4	All		Roads/Paving	Asphalt Seal Coat
	\$ 3,247	Zone 4	All		Roads/Paving	Crack Seal
	\$ 2,055	Zone 4	All		Sidewalks/Curbs	Repair Sdwk/Curbs - Annual
	\$ 343	Zone 4	All		Signage	Replace Signs
	\$ 2,192	Zone 2	Clubhouse		Mechanical	Bathroom: vent / exhaust
	\$ 183,174	Zone 2	Pool		Pool	Pool / spa deck
2035 Total:	\$ 199,487					

Year	Cost	Zone	Area	SI	Category	Component
2036	\$ 2,121	Zone 4	All		Sidewalks/Curbs	Repair Sdwlk/Curbs - Annual
	\$ 354	Zone 4	All		Signage	Replace Signs
	\$ 3,394	Zone 2	Clubhouse		Plumbing	Bathroom: toilet
	\$ 12,696	Zone 2	Clubhouse		Plumbing	Tub/shower units or integrated asse
	\$ 5,656	Zone 2	Clubhouse		Plumbing	Water Fountain
	\$ 5,656	Zone 2	Clubhouse		Security/Access	Surveillance Camera Maint
	\$ 9,616	Zone 2	Pool		Common Exterior	Storage sheds
	\$ 2,793	Zone 2	Rec		Common Exterior	Replenish Mulch
	\$ 6,759	Zone 2	Rec		Tennis Court	Repair/Replace Tennis Equipment
	\$ 9,273	Zone 2	Rec		Tennis Court	Tennis Court Screens
2036 Total:		\$ 58,318				
2037	\$ 5,837	Zone 4	All		Common Exterior	Clean catch basins, inlets
	\$ 11,250	Zone 4	All		Roads/Paving	Asphalt Repair
	\$ 2,189	Zone 4	All		Sidewalks/Curbs	Repair Sdwlk/Curbs - Annual
	\$ 365	Zone 4	All		Signage	Replace Signs
	\$ 6,567	Zone 2	Clubhouse		Plumbing	Residential hot water heater
	\$ 17,966	Zone 2	Pool		Pool	Pool Cover
2037 Total:		\$ 44,174				

Year	Cost	Zone	Area	SI	Category	Component
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2038	\$ 2,494	Zone 2	All		Common Exterior	Fencing, wood privacy (6' height)
	\$ 2,259	Zone 4	All		Sidewalks/Curbs	Repair Sdwlk/Curbs - Annual
	\$ 377	Zone 4	All		Signage	Replace Signs
	\$ 3,765	Zone 2	Clubhouse		Lighting	Building mounted exterior lighting
2038 Total:	\$ 8,895					

2039	\$ 3,108	Zone 4	All		Irrigation	Repair Irrigation
	\$ 2,331	Zone 4	All		Sidewalks/Curbs	Repair Sdwlk/Curbs - Annual
	\$ 389	Zone 4	All		Signage	Replace Signs
	\$ 4,974	Zone 2	Clubhouse		Common Interior	Bathroom: vanity
	\$ 4,313	Zone 2	Pool		Pool	Kiddie Pool Resurface - Plaster
	\$ 62,294	Zone 2	Pool		Pool	Pool / spa surface - plaster
	\$ 3,070	Zone 2	Rec		Common Exterior	Replenish Mulch
2039 Total:	\$ 80,479					

2040	\$ 2,406	Zone 4	All		Sidewalks/Curbs	Repair Sdwlk/Curbs - Annual
	\$ 401	Zone 4	All		Signage	Replace Signs
	\$ 40,189	Zone 2	Clubhouse		Paint/Waterproof	Paints and stains, exterior

Year	Cost	Zone	Area	SI	Category	Component
	\$ 6,416	Zone 2	Clubhouse		Mechanical	Packaged HVAC
	\$ 6,416	Zone 2	Clubhouse		Security/Access	Surveillance Camera Maint
	\$ 15,603	Zone 1	Entrance		Walls, Stucco	Paint Stucco Walls
	\$ 1,925	Zone 2	Rec		Electrical	Ceiling fans
	\$ 85,695	Zone 2	Rec		Common Exterior	Site Furniture
	\$ 7,667	Zone 2	Rec		Tennis Court	Repair/Replace Tennis Equipment
	\$ 10,518	Zone 2	Rec		Tennis Court	Tennis Court Screens
	\$ 7,237	Zone 2	Clubhouse		Paint/Waterproof	Interior Painting
2040 Total:	\$ 184,473					

2041	\$ 12,761	Zone 4	All		Roads/Paving	Asphalt Repair
	\$ 235,343	Zone 4	All		Roads/Paving	Asphalt Resurface
	\$ 2,483	Zone 4	All		Sidewalks/Curbs	Repair Sdwlk/Curbs - Annual
	\$ 414	Zone 4	All		Signage	Replace Signs
	\$ 1,132	Zone 2	Clubhouse		Common Exterior	Aluminum Gutters
	\$ 828	Zone 2	Clubhouse		Plumbing	Bathroom: toilet tank components
	\$ 48,196	Zone 2	Pool		Fencing/Railings	Fencing, steel or aluminum
2041 Total:	\$ 301,157					

2042	\$ 3,579	Zone 4	All		Roads/Paving	Striping and marking on parking
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Year	Cost	Zone	Area	SI	Category	Component
	\$ 2,562	Zone 4	All		Sidewalks/Curbs	Repair Sdwlk/Curbs - Annual
	\$ 427	Zone 4	All		Signage	Replace Signs
	\$ 3,374	Zone 2	Rec		Common Exterior	Replenish Mulch
	\$ 10,291	Zone 2	Pool		Fencing/Railings	Clean and Paint Fencing
2042 Total:	\$ 20,233					

2043	\$ 3,526	Zone 4	All		Common Exterior	Landscape lighting
	\$ 8,356	Zone 4	All		Roads/Paving	Asphalt Seal Coat
	\$ 4,178	Zone 4	All		Roads/Paving	Crack Seal
	\$ 2,644	Zone 4	All		Sidewalks/Curbs	Repair Sdwlk/Curbs - Annual
	\$ 441	Zone 4	All		Signage	Replace Signs
	\$ 4,407	Zone 2	Clubhouse		Lighting	Lighting- interior common space
2043 Total:	\$ 23,552					

2044	\$ 2,729	Zone 4	All		Sidewalks/Curbs	Repair Sdwlk/Curbs - Annual
	\$ 455	Zone 4	All		Signage	Replace Signs
	\$ 5,458	Zone 2	Clubhouse		Security/Access	Security access system and alarms,
	\$ 910	Zone 2	Clubhouse		Clubhouse	Refrigerator/freezer
	\$ 7,277	Zone 2	Clubhouse		Security/Access	Surveillance Camera Maint
	\$ 22,378	Zone 2	Pool		Pool	Pool/spa pumps and equipment

Year	Cost	Zone	Area	SI	Category	Component
	\$ 8,696	Zone 2	Rec		Tennis Court	Repair/Replace Tennis Equipment
	\$ 11,931	Zone 2	Rec		Tennis Court	Tennis Court Screens
2044 Total:	\$ 59,834					

2045	\$ 14,474	Zone 4	All		Roads/Paving	Asphalt Repair
	\$ 2,816	Zone 4	All		Sidewalks/Curbs	Repair Sdwk/Curbs - Annual
	\$ 469	Zone 4	All		Signage	Replace Signs
	\$ 3,004	Zone 2	Clubhouse		Mechanical	Bathroom: vent / exhaust
	\$ 3,708	Zone 2	Rec		Common Exterior	Replenish Mulch
	\$ 82,613	Zone 2	Rec		Tennis Court	Tennis Court Lights
2045 Total:	\$ 107,084					

2046	\$ 2,906	Zone 4	All		Sidewalks/Curbs	Repair Sdwk/Curbs - Annual
	\$ 484	Zone 4	All		Signage	Replace Signs
	\$ 4,650	Zone 2	Clubhouse		Common Exterior	Outdoor Trash Receptacles
	\$ 969	Zone 2	Clubhouse		Clubhouse	Roof vents, passive
	\$ 28,414	Zone 2	Clubhouse		Common Interior	Wood Trim
	\$ 3,488	Zone 2	Clubhouse		Plumbing	Bathroom: fixtures / faucets
	\$ 49,997	Zone 2	Clubhouse		Roofing	Asphalt shingle
2046 Total:	\$ 90,908					

Year	Cost	Zone	Area	SI	Category	Component
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2047	\$ 1,092	Zone 4	All		Common Exterior	Fencing, dumpster enclosure (wood)
	\$ 2,999	Zone 4	All		Sidewalks/Curbs	Repair Sdwlk/Curbs - Annual
	\$ 500	Zone 4	All		Signage	Replace Signs
2047 Total:	\$ 4,591					

2048	\$ 8,255	Zone 4	All		Common Exterior	Clean catch basins, inlets
	\$ 3,095	Zone 4	All		Sidewalks/Curbs	Repair Sdwlk/Curbs - Annual
	\$ 516	Zone 4	All		Signage	Replace Signs
	\$ 5,159	Zone 2	Clubhouse		Lighting	Building mounted exterior lighting
	\$ 51,706	Zone 2	Clubhouse		Paint/Waterproof	Paints and stains, exterior
	\$ 1,032	Zone 2	Clubhouse		Plumbing	Bathroom: toilet tank components
	\$ 8,255	Zone 2	Clubhouse		Plumbing	Water Fountain
	\$ 8,255	Zone 2	Clubhouse		Security/Access	Surveillance Camera Maint
	\$ 20,075	Zone 1	Entrance		Walls, Stucco	Paint Stucco Walls
	\$ 4,076	Zone 2	Rec		Common Exterior	Replenish Mulch
	\$ 9,864	Zone 2	Rec		Tennis Court	Repair/Replace Tennis Equipment
	\$ 13,533	Zone 2	Rec		Tennis Court	Tennis Court Screens
	\$ 52,416	Zone 2	Rec		Tennis Court	Tennis Courts Resurfacing
	\$ 9,311	Zone 2	Clubhouse		Paint/Waterproof	Interior Painting

Year	Cost	Zone	Area	SI	Category	Component
2048 Total:	\$ 195,548					
2049	\$ 16,418	Zone 4	All		Roads/Paving	Asphalt Repair
	\$ 3,195	Zone 4	All		Sidewalks/Curbs	Repair Sdwlk/Curbs - Annual
	\$ 532	Zone 4	All		Signage	Replace Signs
	\$ 25,150	Zone 3	Back Ent		Monument Signs	Replace Monument Sign - Back
	\$ 9,584	Zone 2	Clubhouse		Plumbing	Residential hot water heater
	\$ 25,150	Zone 1	Main Ent		Monument Signs	Replace Monument Sign - Main
	\$ 26,218	Zone 2	Pool		Pool	Pool Cover
2049 Total:	\$ 106,247					
2050	\$ 4,396	Zone 4	All		Irrigation	Repair Irrigation
	\$ 3,297	Zone 4	All		Sidewalks/Curbs	Repair Sdwlk/Curbs - Annual
	\$ 549	Zone 4	All		Signage	Replace Signs
	\$ 879	Zone 2	Clubhouse		Common Interior	Mirrors & medicine cabinets
	\$ 293,805	Zone 2	Pool		Pool	Pool / spa deck
	\$ 2,637	Zone 2	Rec		Electrical	Ceiling fans
	\$ 13,240	Zone 2	Pool		Fencing/Railings	Clean and Paint Fencing
2050 Total:	\$ 318,803					

Year	Cost	Zone	Area	SI	Category	Component
2051	\$ 10,751	Zone 4	All		Roads/Paving	Asphalt Seal Coat
	\$ 5,376	Zone 4	All		Roads/Paving	Crack Seal
	\$ 3,402	Zone 4	All		Sidewalks/Curbs	Repair Sdwlk/Curbs - Annual
	\$ 567	Zone 4	All		Signage	Replace Signs
	\$ 7,258	Zone 2	Clubhouse		Common Interior	Bathroom: vanity
	\$ 4,480	Zone 2	Rec		Common Exterior	Replenish Mulch
2051 Total:	\$ 31,834					
2052	\$ 3,511	Zone 4	All		Sidewalks/Curbs	Repair Sdwlk/Curbs - Annual
	\$ 585	Zone 4	All		Signage	Replace Signs
	\$ 9,363	Zone 2	Clubhouse		Security/Access	Surveillance Camera Maint
	\$ 11,189	Zone 2	Rec		Tennis Court	Repair/Replace Tennis Equipment
	\$ 15,350	Zone 2	Rec		Tennis Court	Tennis Court Screens
2052 Total:	\$ 39,998					
2053	\$ 4,000	Zone 2	All		Common Exterior	Fencing, wood privacy (6' height)
	\$ 18,622	Zone 4	All		Roads/Paving	Asphalt Repair
	\$ 3,623	Zone 4	All		Sidewalks/Curbs	Repair Sdwlk/Curbs - Annual
	\$ 604	Zone 4	All		Signage	Replace Signs

Year	Cost	Zone	Area	SI	Category	Component
2053 Total:	\$ 26,849					
2054	\$ 3,739	Zone 4	All		Sidewalks/Curbs	Repair Sdwk/Curbs - Annual
	\$ 623	Zone 4	All		Signage	Replace Signs
	\$ 6,918	Zone 2	Pool		Pool	Kiddie Pool Resurface - Plaster
	\$ 99,917	Zone 2	Pool		Pool	Pool / spa surface - plaster
	\$ 30,663	Zone 2	Pool		Pool	Pool/spa pumps and equipment
	\$ 4,924	Zone 2	Rec		Common Exterior	Replenish Mulch
2054 Total:	\$ 146,784					

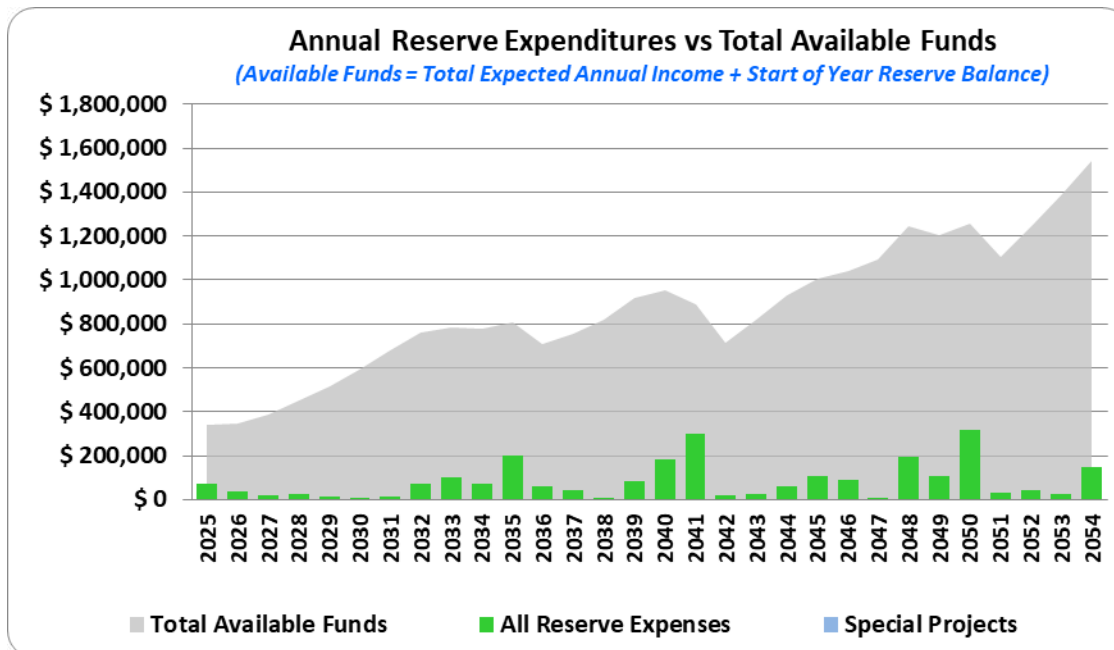
Reserve Fund Expenditures

The graph(s) below show(s) the projected future reserve expenses that the association is responsible for funding. As with all computations in this report, the estimates in this figure are based on the estimated expense projections which are a combination of historical expenditures and current estimates. All expenses are projected 30 years into the future, utilizing the inflation rate assumptions. However, for the sake of conciseness, the graphical results may display less than 30 years.

It is crucial to highlight peak years with substantial projected expenditures related to one or more component projects requiring repair or replacement. These infrequent but significant expenses during "peak" years are often challenging to budget for, as they are commonly overlooked or disregarded due to the perception that the expenses are distant and can be budgeted for later.

A total of 66 reserve components are included in this analysis. None of the components have been identified as Structural Integrity (SI) Components. Refer to Structural Integrity Reserve Study – Definition on page 2 for more information about Structural Integrity (SI) components.

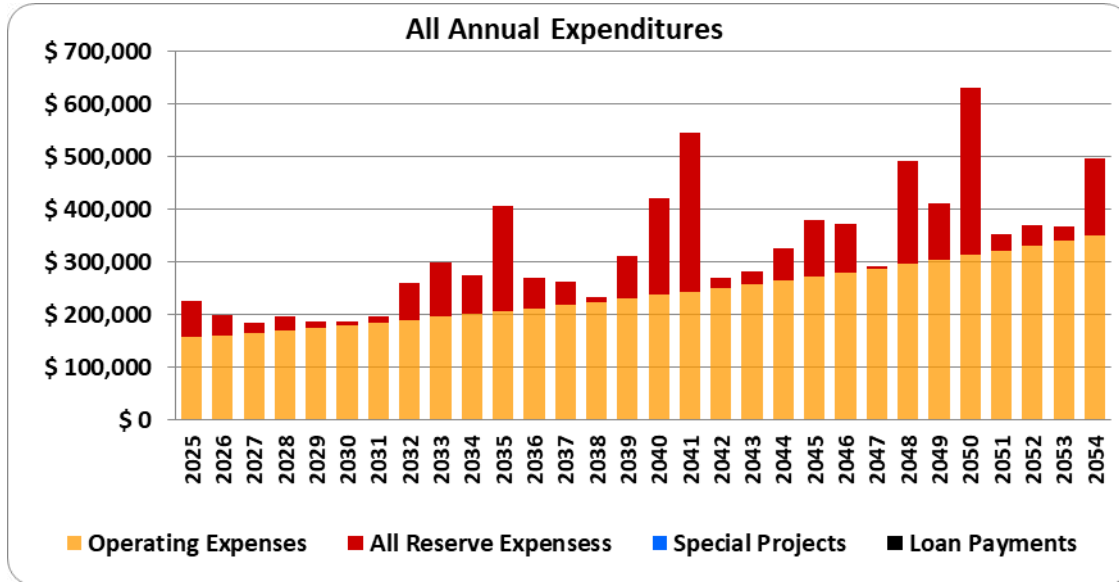
Figure 3: Reserve Fund Expenditures



All Expenses

In addition to reserve expenditures, the association needs to cover operational expenses, costs for special projects and any loan payments. The following graph depicts all the annual expenditure that the association can expect over the next 30 years.

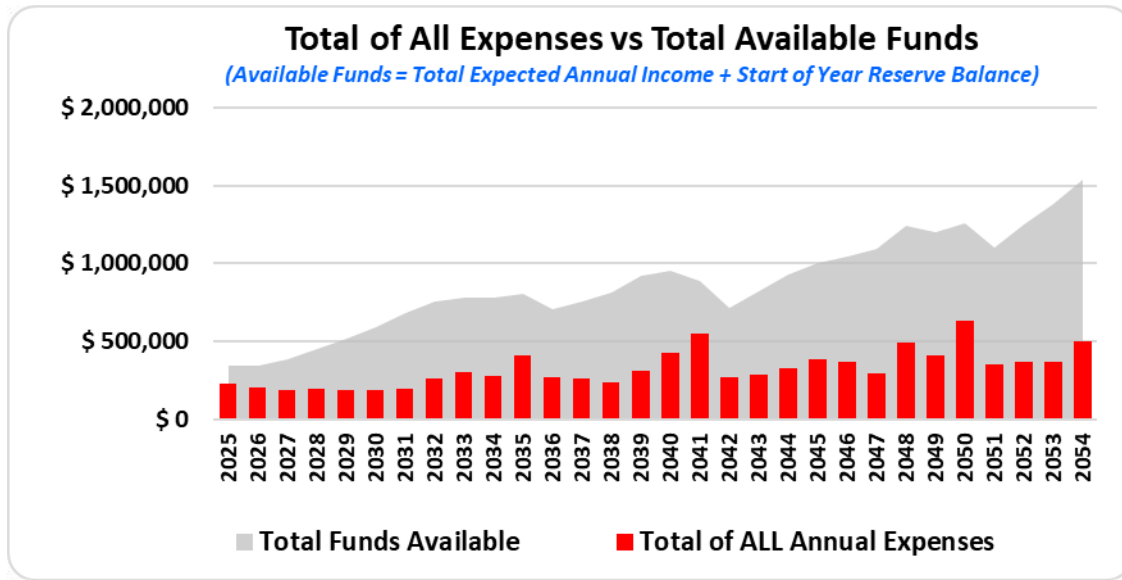
Figure 4: All Annual Expenses



As with any projections of future expenditures, “near-term” projects will be more accurate than events in the future, especially events projected many years away.

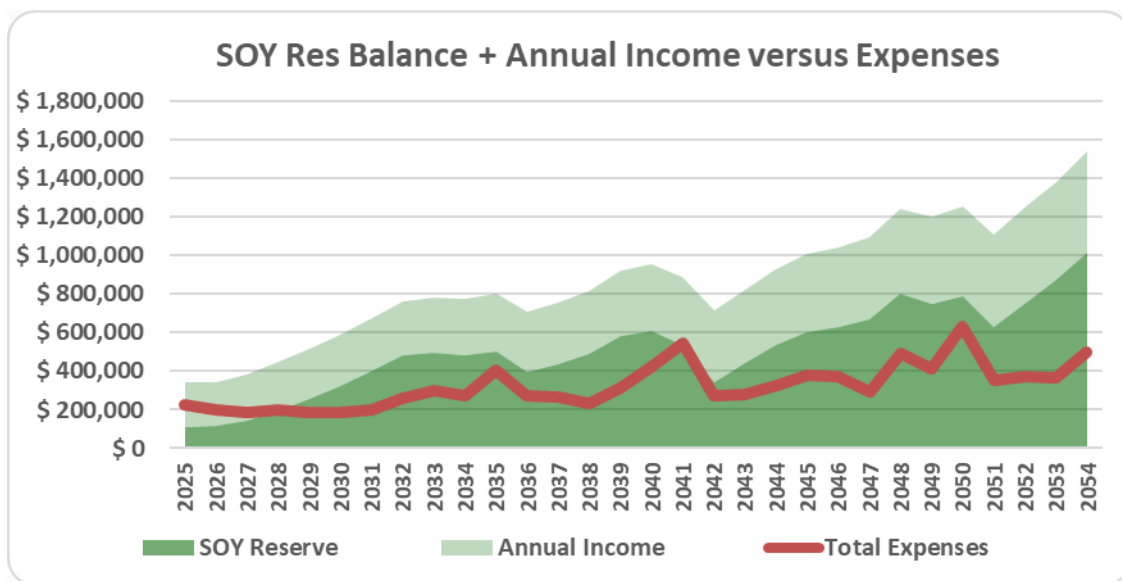
The following graph illustrates each year’s anticipated expenses versus the available cash assets. The cash assets are assumed to be the total of the start-of-year reserve fund balance plus the anticipated annual income plus any additional income such as loans or other income types. In effect, this chart shows you the total expenses versus total available funds in each year.

Figure 5: All Annual Expenses versus Available Funds



Another method of graphical representation is to view the annual reserve fund balance as a combination of the start of year reserve balance plus the anticipated annual income versus total annual expenses as the following graph illustrates.

Figure 6: Start of the Year Reserve Balance plus Annual Income versus Expenses

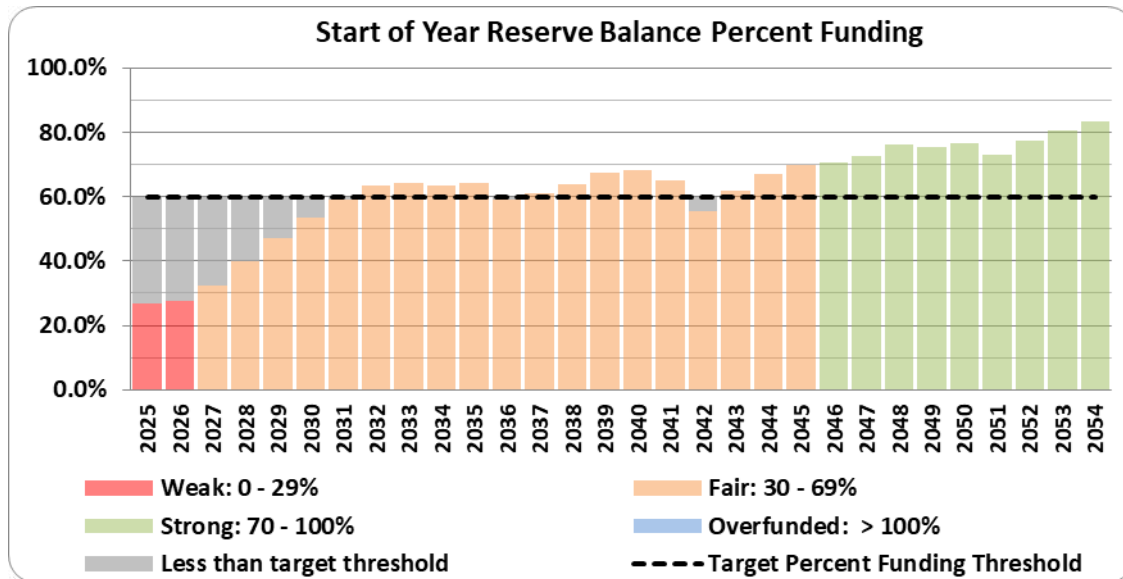


Reserve Balance

This graph illustrates the key elements of the funding model proposed in this assessment. Over the timeframe of this reserve

study, the allocation rates and the percent funding will fluctuate based on the expenditure projected in any given year.

Figure 7: Start of the Year Reserve Balance Percent Funding



Annual Income and Contribution to Reserve Fund

Based on the current percent funded and the projected cash flow requirements, the recommended reserve contributions should be established per month this fiscal year. This represents the first year of a 30-year Funding Plan. The actual contribution to the reserve fund will vary year-to-year depending on the anticipated reserve expenses. To most fairly spread out the contribution burden on current and future owners in our inflationary economic environment, nominal annual increases should be expected in future years. Most authorities say that the annual reserve contribution should be at least 10% of the annual income. Associations with a contribution rate of less than 10% can expect future special assessments.

This recommended reserve contribution rate is depicted in the following two graphs.

Figure 8: Annual Income and Reserve Contribution

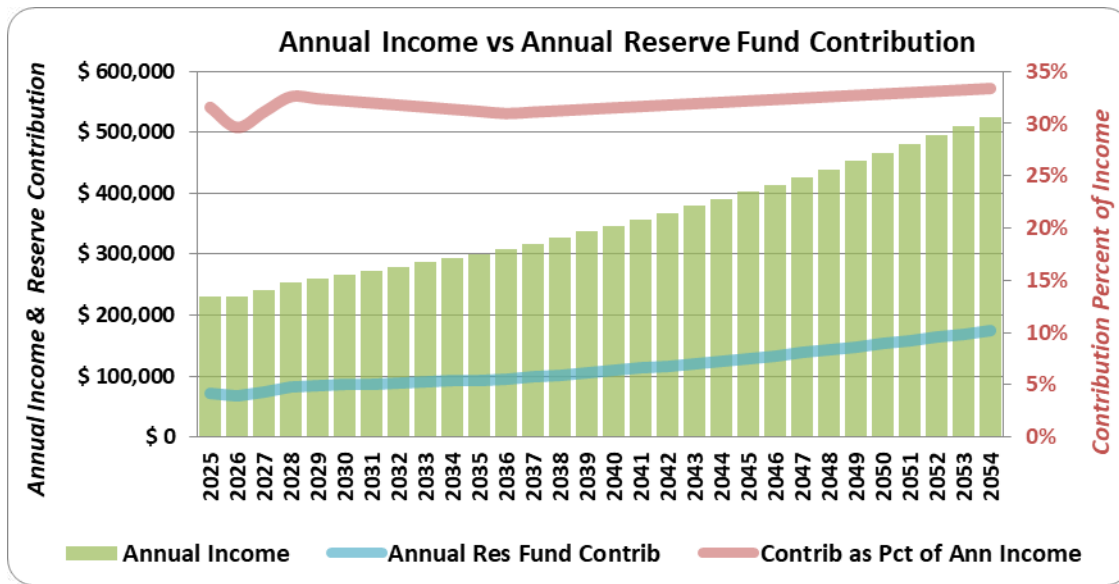
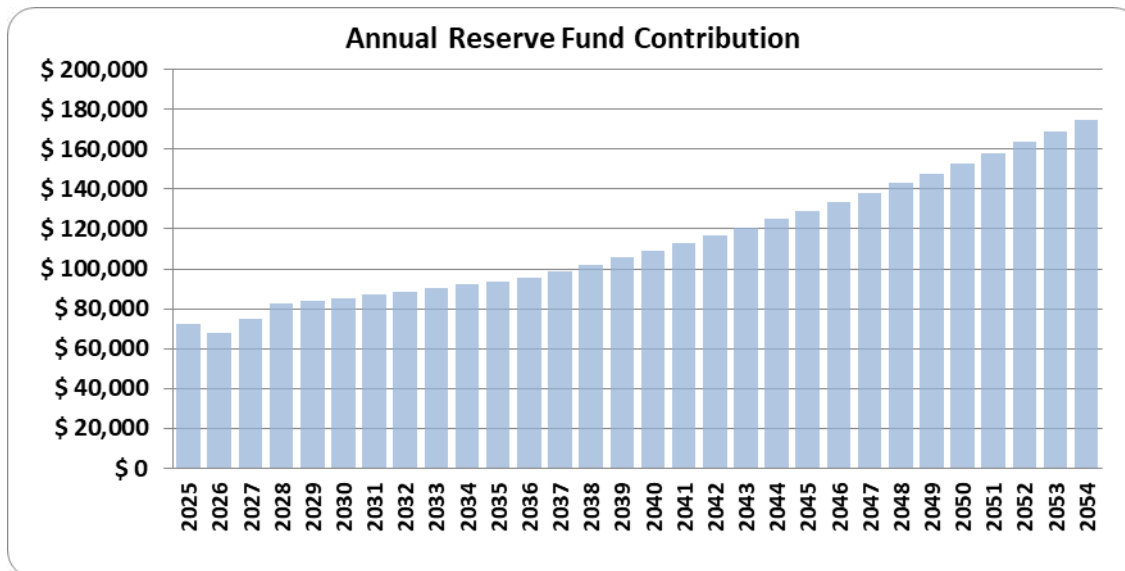


Figure 9: Average Monthly Reserve Fund Contribution Rate



Income Sources

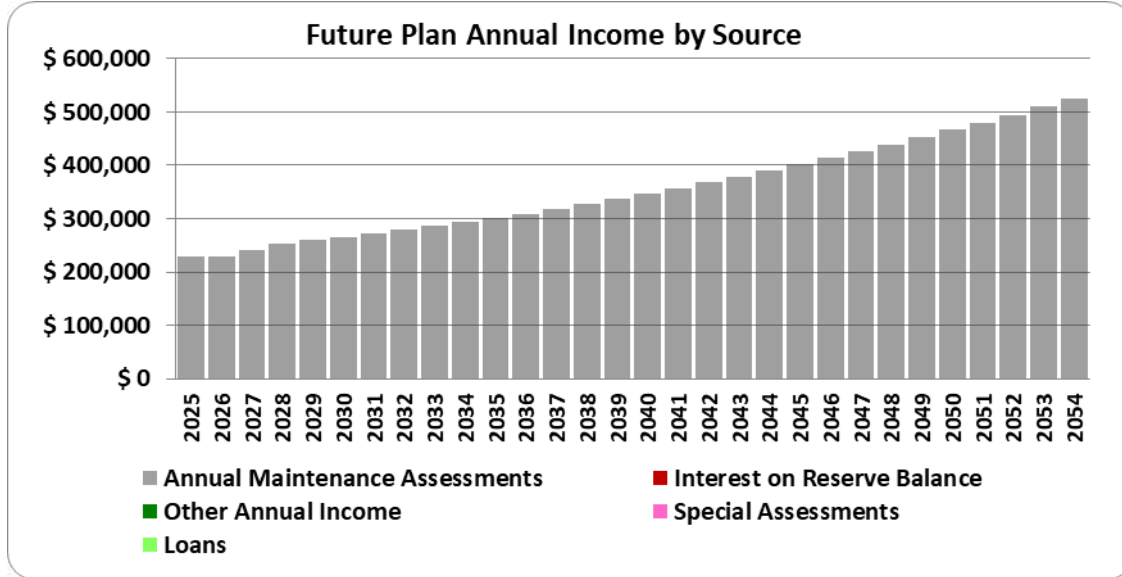
Income is derived from several potential sources:

- Annual maintenance assessments (or fees)
- Special assessments
- Interest on reserve account
- Interest on other bank accounts

- One-time income (e.g., Loans)
- Other annual income sources (e.g., rentals and fees)

The future annual incomes are depicted in the following graph.

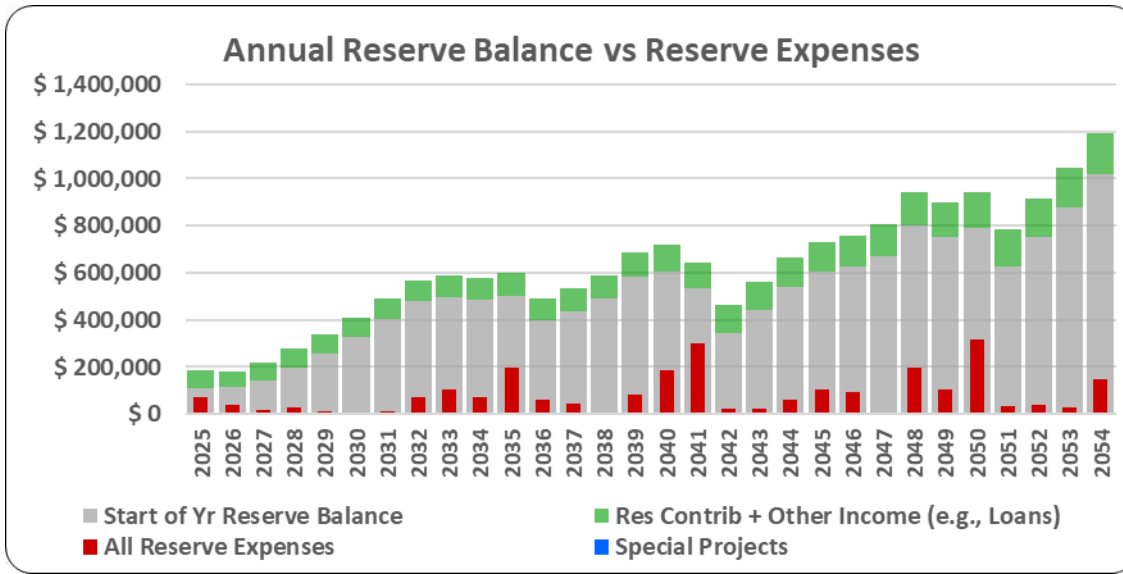
Figure 10: Annual Income by Source



Annual Reserve Balance and Reserve Expenses

The following graph is often cited as the most important statistic for the Association's financial analysis. This graph depicts the estimated reserve expenses compared to the estimated reserve fund balance in each year of the analysis. The Association's key responsibility is to ensure that the Reserve Fund is adequate to provide for the maintenance or replacement of depreciable components. This graph provides a quick and vivid view.

Figure 11: Annual Reserve Balance vs Reserve Expenses



Current Funding versus Recommend Funding Plans

The following two graphs compare the current funding plan to the proposed funding plan for this reserve study. The comparisons shown here illustrate both the Start of Year Reserve Balances and the Percent Funding comparisons. The term, “current plan”, as used here is simplified in that it accounts for planned maintenance assessments (fees) increases and special assessments that the Association could levy. Refer to each graph’s notes for details.

Figure 12: Reserve Account Comparison

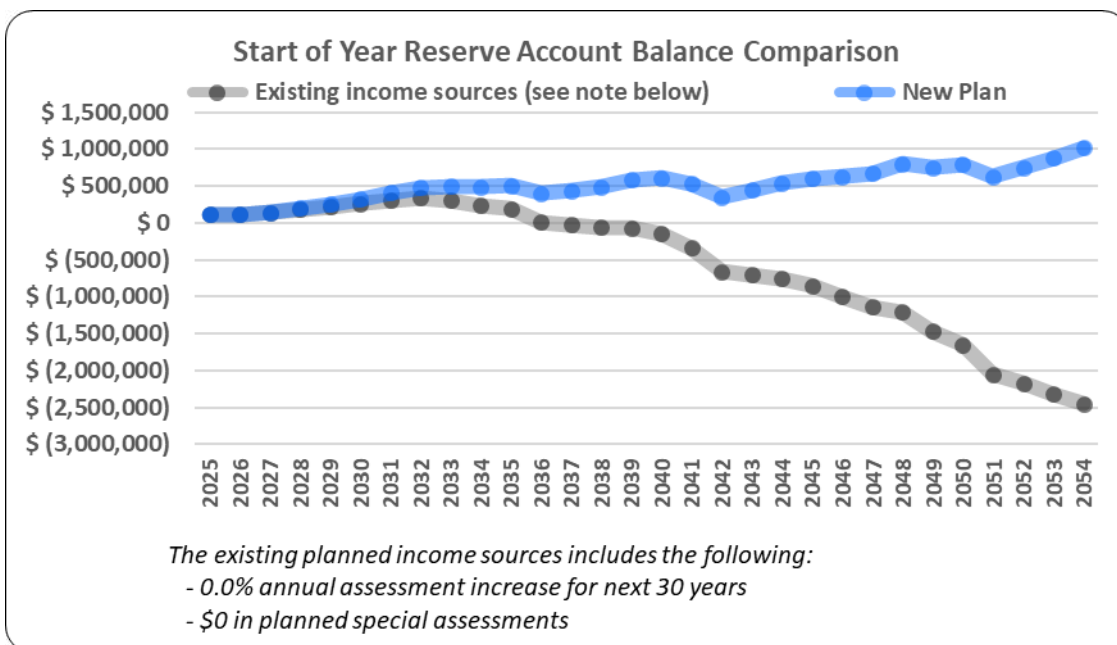
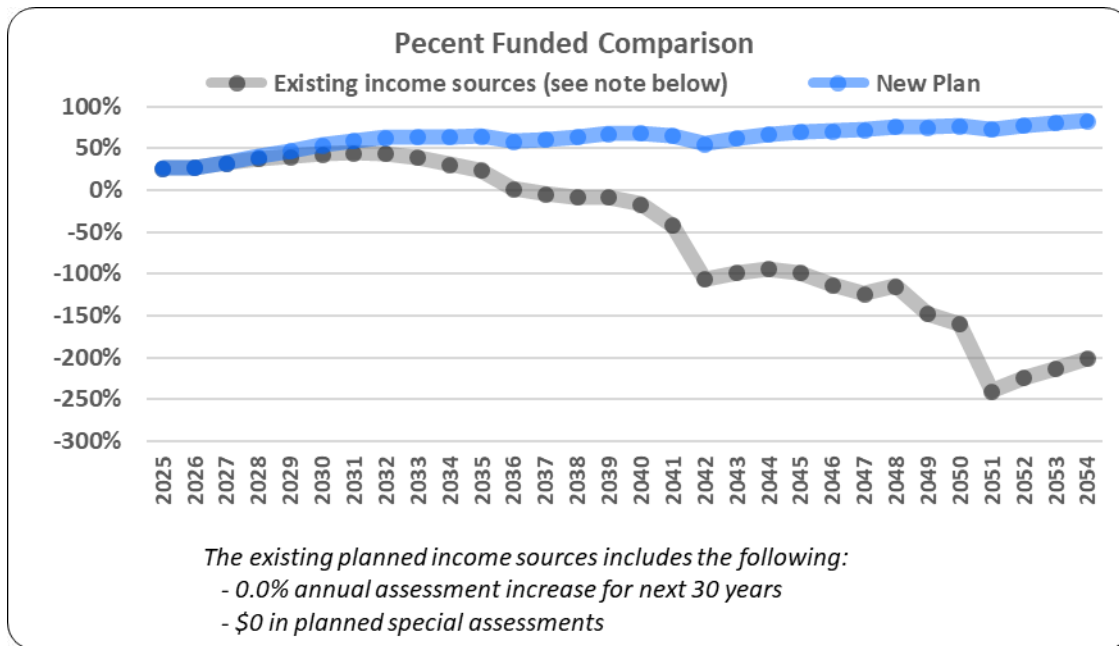


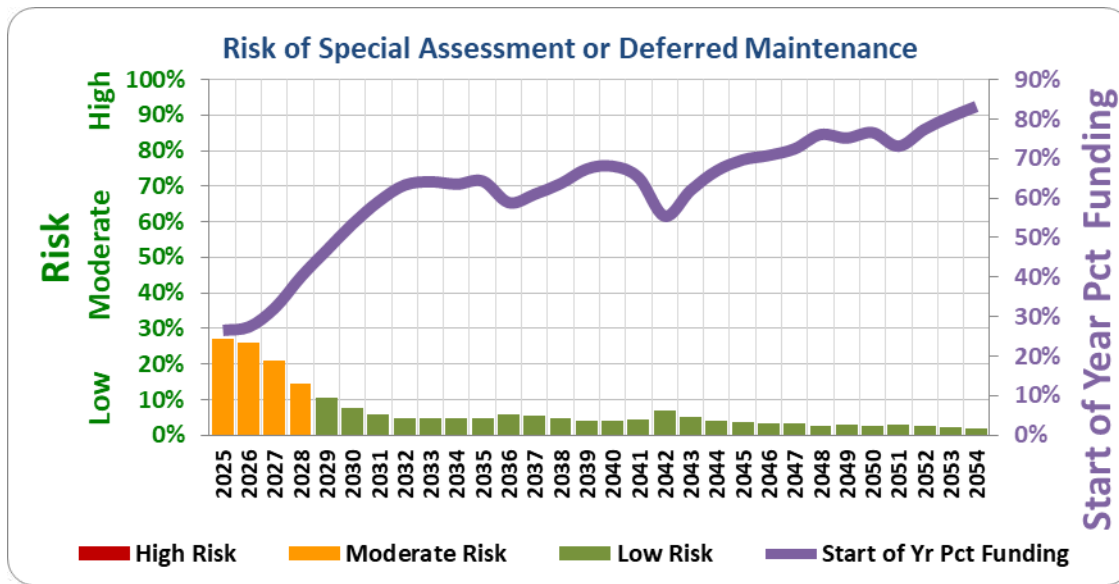
Figure 13: Percent Funded Comparison



Risk of Special Assessment or Deferred Maintenance

Calculating the risk of a special assessment is not an exact science. However, it is well understood that percent funding is a reliable predictor of the likelihood of a special assessment or the deferral of maintenance of reserve components. Associations above 70% funded have less than a 4% chance of ever needing a special assessment, whereas associations less than 30% funded are likely to need a special assessment every 2 to 4 years. The following chart represents an estimate of the risk of a special assessment or deferred maintenance.

Figure 14: Risk of Special Assessment or Deferred Maintenance



Comparison of Cash-Flow Funding and Component Funding

In reserve studies, Cash Flow Funding and Component Funding are two primary approaches to reserve funding, each with different strategies and implications for planning and budgeting.

Component Funding Method

This method allocates funds to each individual component separately. Every asset (e.g., roof, elevators, HVAC, etc.) in an association's reserve inventory has its own timeline and projected replacement cost. Reserve contributions are calculated specifically for each component based on its expected life and cost.

Pros:

- Precise targeting of funds, as each component's funding is managed individually.
- Simplifies planning for associations with large assets where separate funding is preferred.

Cons:

- Less flexible. If an unanticipated expense arises or a component fails prematurely, funds allocated to other components might not be easily redirected.
- Potentially results in the need for frequent analysis or adjustments to ensure adequate funding which can lead to higher administrative efforts and costs.
- Some assets may end up overfunded if replacement or repair costs decrease or if components last longer than expected.
- Without proactive measures, the component method may overlook expenses for special projects and one-time expenditures.
- Does not consider earned interest on the reserve account or annual inflation.

Cash Flow Funding Method

Under the cash flow method, funds are pooled together and managed collectively rather than separately. A schedule of contributions is developed to ensure that the overall reserve balance remains sufficient over time to meet the anticipated expenses as they arise.

Pros:

- More Flexible. Funds are available to address any reserve component, making it easier to handle unexpected repairs or replacements.
- Aggregates all reserve contributions, making it simpler to manage and administer.
- This approach often leads to lower reserve contributions by strategically leveraging the timing of expenses and the collective reserve balance to optimize funding.
- Considers interest earned on the reserve account and inflation on all items.

Cons:

- Less precise in tracking individual component needs, which may complicate long-term planning if not managed carefully.
- Requires diligent reserve study updates to ensure that overall funding levels remain adequate, as underfunding could become a risk if projections change, or unexpected expenses arise.

Key Differences

- Funding Precision: Component funding is highly precise but can be restrictive, while cash flow funding provides flexibility by pooling resources.
- Contribution Levels: Cash flow funding often leads to lower contribution levels compared to component funding, due to the pooling effect and optimized use of available reserves.
- Administrative Complexity: Component funding can be more complex to administer due to the individual tracking of each asset. Cash flow funding requires more holistic and ongoing monitoring to ensure overall financial health.

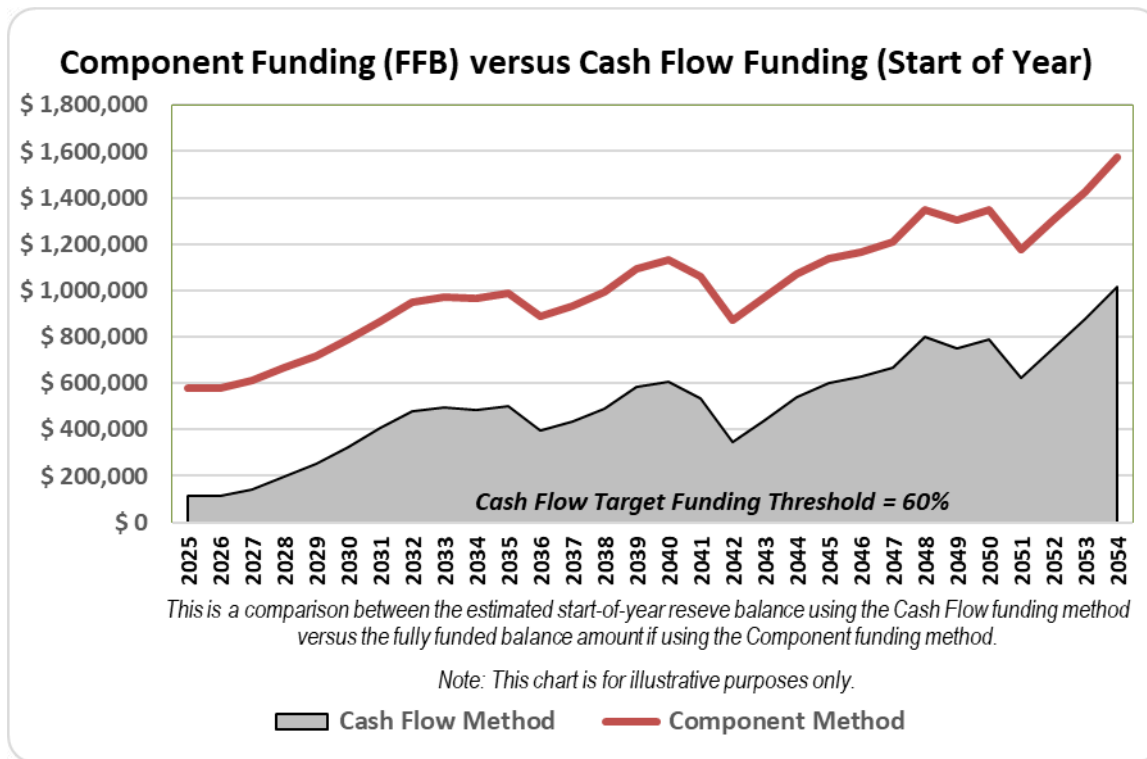
Which Method Is Better?

In most situations, the cash flow method is considered a better funding method compared to the component method, as it offers more flexibility, typically results in lower reserve contributions, and is better suited to managing fluctuations in major repair costs over time, making it the preferred choice for most associations and communities.

- Component Funding would be preferred for Associations that want more detailed, conservative planning, or if members want clarity on where funds are allocated.
- Cash Flow Funding is more practical for Associations or communities with stable, predictable expenses, though it requires diligent monitoring to ensure future liabilities are covered. Keep in mind that if the target funding threshold is 100%, Cash Flow funding effectively mirrors the Component funding method.

The chart below visually compares the total available funds calculated using two distinct methodologies: the cash flow funding method with the chosen target threshold and the component funding method using 100% of the fully funded balance. It illustrates how overall funding can vary depending on the chosen calculation approach. Please note, this comparison is for illustrative purposes only and should not be construed as a financial recommendation.

Figure 15: Cash Flow vs Component Funding



The preferred method of funding for a reserve study is typically the Cash Flow Method. This method is favored because it handles funding more efficiently, offers greater flexibility and simplifies the funding process by focusing on overall cash flow compared to the Component Method. This financial analysis was created targeting a threshold funding of 60% and using the Cash Flow funding methodology.

Contingency Fund

A contingency fund serves as a financial cushion to address unexpected expenses or unforeseen circumstances that aren't covered by planned reserve allocations. These funds help associations deal with emergencies, fluctuations in maintenance costs, or other financial risks without needing to impose special assessments or increase regular dues. The use of a contingency fund helps keep the financial health of the association stable by reducing the need for sudden, burdensome financial contributions from members.

Should the Association decide to create a contingency fund, the following guidelines are recommended:

- Maintain your contingency fund in a separate account from reserve and operational expenses.
- Set a policy for maintenance of the contingency fund. For example, a minimum and/or maximum balance, a percentage of the annual operational expense budget or a percent of the annual reserve fund balance.
- Document all deposits and withdrawals from the contingency fund.

Income and Expense Summaries

Income and expenses summaries are presented on the following pages.

NOTE: This report may display less than 30 years of analysis in the charts, tables, and graphics in some instances. This is intentionally concise to emphasize a shorter analysis. A thorough financial analysis spanning 30 years has been conducted, and the comprehensive results are presented on the following pages.

Years 2025 to 2034

Income Years 2025 to 2034

Estimated Incomes	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Maintenance Assessments Including Sched Increases	\$ 229,475	\$ 229,475	\$ 240,949	\$ 252,996	\$ 259,321	\$ 265,804	\$ 272,449	\$ 279,260	\$ 286,242	\$ 293,398	\$ 2,609,370
Interest Income Reserve Balance											
Other Annual Income											\$ 0
Special Assessments											
Loans											
Total Income	\$ 229,475	\$ 229,475	\$ 240,949	\$ 252,996	\$ 259,321	\$ 265,804	\$ 272,449	\$ 279,260	\$ 286,242	\$ 293,398	\$ 2,609,370

Expenses Years 2025 to 2034

Operating and Loan Expenses	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Estimated Operating Expenses	\$ 157,098	\$ 161,497	\$ 166,019	\$ 170,667	\$ 175,446	\$ 180,358	\$ 185,408	\$ 190,600	\$ 195,937	\$ 201,423	\$ 1,784,452
Estimated Annual Loan Payments											

Special Projects	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Estimated Tax Liability	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Tax Liability not Included in Analysis											

Totals	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Total Operating Expenses	\$ 157,098	\$ 161,497	\$ 166,019	\$ 170,667	\$ 175,446	\$ 180,358	\$ 185,408	\$ 190,600	\$ 195,937	\$ 201,423	\$ 1,784,452
Special Projects											
Total Reserve Fund Expenses	\$ 70,120	\$ 38,780	\$ 19,628	\$ 26,476	\$ 12,998	\$ 6,234	\$ 11,778	\$ 70,916	\$ 103,006	\$ 73,204	\$ 433,140

Reserve Fund Years 2025 to 2034

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Start of Year Fully Funded Reserve	\$ 420,623	\$ 415,333	\$ 443,934	\$ 494,984	\$ 542,429	\$ 607,186	\$ 682,943	\$ 757,410	\$ 775,302	\$ 762,788
Start of Year Reserve Fund Balance *	\$ 111,966	\$ 114,223	\$ 143,422	\$ 198,724	\$ 254,577	\$ 325,454	\$ 404,666	\$ 479,929	\$ 497,674	\$ 484,973
Percent Funded at Start of Year	27%	28%	32%	40%	47%	54%	59%	63%	64%	64%
Annual Reserve Fund Contributions	\$ 72,377	\$ 67,978	\$ 74,930	\$ 82,329	\$ 83,875	\$ 85,446	\$ 87,041	\$ 88,661	\$ 90,305	\$ 91,975
Net Reserve Withdrawals	\$ (70,120)	\$ (38,780)	\$ (19,628)	\$ (26,476)	\$ (12,998)	\$ (6,234)	\$ (11,778)	\$ (70,916)	\$ (103,006)	\$ (73,204)
EOY Reserve Fund Balance	\$ 114,223	\$ 143,422	\$ 198,724	\$ 254,577	\$ 325,454	\$ 404,666	\$ 479,929	\$ 497,674	\$ 484,973	\$ 503,744

* 2025 balance as of 31-December-2024. Includes any balance in the operations fund account

Zone	Area	Type	Reserve Fund Withdrawals	Original Cost	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Zone 2	All		Fencing, wood privacy (6' height)	\$ 1,656											\$ 0
Zone 4	All		Clean catch basins, inlets	\$ 4,000		\$ 4,128									\$ 4,128
Zone 4	All		Fencing, dumpster enclosure (wood)	\$ 546											\$ 0
Zone 4	All		Landscape lighting	\$ 2,000					\$ 2,269						\$ 2,269
Zone 4	All		Mailbox	\$ 900											\$ 0
Zone 4	All		Retaining walls, timber (railroad t	\$ 53,400									\$ 68,703		\$ 68,703
Zone 4	All		Repair Irrigation	\$ 2,000				\$ 2,198							\$ 2,198
Zone 4	All		Asphalt Repair	\$ 7,709	\$ 7,709				\$ 8,744				\$ 9,918		\$ 26,371
Zone 4	All		Asphalt Resurface	\$ 142,176											\$ 0
Zone 4	All		Asphalt Seal Coat	\$ 4,740			\$ 5,048								\$ 5,048
Zone 4	All		Crack Seal	\$ 2,370			\$ 2,524								\$ 2,524
Zone 4	All		Striping and marking on parking	\$ 2,095			\$ 2,231								\$ 2,231
Zone 4	All		Repair Sdwk/Curbs - Annual	\$ 1,500		\$ 1,548	\$ 1,598	\$ 1,649	\$ 1,701	\$ 1,756	\$ 1,812	\$ 1,870	\$ 1,930	\$ 1,992	\$ 15,856
Zone 4	All		Replace Signs	\$ 250		\$ 258	\$ 266	\$ 275	\$ 284	\$ 293	\$ 302	\$ 312	\$ 322	\$ 332	\$ 2,644
Zone 3	Back Ent		Replace Monument Sign - Back	\$ 11,443											\$ 0
Zone 2	Clubhouse		Aluminum Gutters	\$ 684											\$ 0
Zone 2	Clubhouse		Building mounted exterior lighting	\$ 2,500				\$ 2,748							\$ 2,748
Zone 2	Clubhouse		Lighting (pole mounted)	\$ 500							\$ 604				\$ 604
Zone 2	Clubhouse		Outdoor Trash Receptacles	\$ 2,400											\$ 0
Zone 2	Clubhouse		Paints and stains, exterior	\$ 25,056								\$ 31,237			\$ 31,237
Zone 2	Clubhouse		Roof vents, passive	\$ 500											\$ 0

Zone	Area	Type	Reserve Fund Withdrawals	Original Cost	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Zone 2	Clubhouse		Security access system and alarms,	\$ 3,000											\$ 0
Zone 2	Clubhouse		Bathroom: vanity	\$ 3,200			\$ 3,408								\$ 3,408
Zone 2	Clubhouse		Interior, hollow core doors	\$ 3,750							\$ 4,530				\$ 4,530
Zone 2	Clubhouse		Mirrors & medicine cabinets	\$ 400						\$ 468					\$ 468
Zone 2	Clubhouse		Refrigerator/freezer	\$ 500								\$ 623			\$ 623
Zone 2	Clubhouse		Resilient tile or sheet floor (viny	\$ 15,228									\$ 19,592		\$ 19,592
Zone 2	Clubhouse		Wood Trim	\$ 14,664											\$ 0
Zone 2	Clubhouse		Lighting- interior common space	\$ 2,500				\$ 2,748							\$ 2,748
Zone 2	Clubhouse		Bathroom: vent / exhaust	\$ 1,600	\$ 1,600										\$ 1,600
Zone 2	Clubhouse		Packaged HVAC	\$ 4,000											\$ 0
Zone 2	Clubhouse		Bathroom: fixtures / faucets	\$ 1,800			\$ 1,917								\$ 1,917
Zone 2	Clubhouse		Bathroom: toilet	\$ 2,400											\$ 0
Zone 2	Clubhouse		Bathroom: toilet tank components	\$ 500			\$ 533							\$ 664	\$ 1,197
Zone 2	Clubhouse		Residential hot water heater	\$ 4,500	\$ 4,500										\$ 4,500
Zone 2	Clubhouse		Tub/shower units or integrated asse	\$ 8,978											\$ 0
Zone 2	Clubhouse		Water Fountain	\$ 4,000											\$ 0
Zone 2	Clubhouse		Asphalt shingle	\$ 25,803		\$ 26,629									\$ 26,629
Zone 2	Clubhouse		Surveillance Camera Maint	\$ 4,000			\$ 4,396					\$ 4,987			\$ 9,383
Zone 1	Entrance		Paint Stucco Walls	\$ 9,728								\$ 12,128			\$ 12,128
Zone 1	Main Ent		Replace Monument Sign - Main	\$ 11,443											\$ 0
Zone 2	Pool		Fencing, steel or aluminum	\$ 29,116											\$ 0

Zone	Area	Type	Reserve Fund Withdrawals	Original Cost	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Zone 2	Pool		Storage sheds	\$ 6,800											\$ 0
Zone 2	Pool		Kiddie Pool Resurface - Plaster	\$ 2,775											\$ 0
Zone 2	Pool		Pool / spa deck	\$ 133,680											\$ 0
Zone 2	Pool		Pool / spa surface - plaster	\$ 40,080											\$ 0
Zone 2	Pool		Pool/spa pumps and equipment	\$ 12,300										\$ 16,331	\$ 16,331
Zone 2	Rec		Ceiling fans	\$ 1,200						\$ 1,405					\$ 1,405
Zone 2	Rec		Replenish Mulch	\$ 1,975			\$ 2,103			\$ 2,312			\$ 2,541		\$ 6,956
Zone 2	Rec		Site Furniture	\$ 53,427											\$ 0
Zone 2	Rec		Repair/Replace Tennis Equipment	\$ 4,780				\$ 5,254				\$ 5,959			\$ 11,213
Zone 2	Rec		Tennis Court Fencing	\$ 34,560										\$ 45,887	\$ 45,887
Zone 2	Rec		Tennis Court Lights	\$ 44,000	\$ 44,000										\$ 44,000
Zone 2	Rec		Tennis Court Screens	\$ 6,558				\$ 7,208				\$ 8,175			\$ 15,383
Zone 2	Rec		Tennis Courts Resurfacing	\$ 25,400											\$ 0
Zone 2	Clubhouse		Exterior Doors	\$ 3,750							\$ 4,530				\$ 4,530
Zone 2	Clubhouse		Interior Painting	\$ 4,512								\$ 5,625			\$ 5,625
Zone 2	Pool		Pool Cover	\$ 12,311	\$ 12,311										\$ 12,311
Zone 2	Pool		Clean and Paint Fencing	\$ 6,024		\$ 6,217								\$ 7,998	\$ 14,215
Total Reserve Expenses					\$ 70,120	\$ 38,780	\$ 19,628	\$ 26,476	\$ 12,998	\$ 6,234	\$ 11,778	\$ 70,916	\$ 103,006	\$ 73,204	\$ 433,140

Years 2035 to 2044

Income Years 2035 to 2044

Estimated Incomes	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	Total
Maintenance Assessments Including Sched Increases	\$ 300,733	\$ 308,251	\$ 317,499	\$ 327,024	\$ 336,835	\$ 346,940	\$ 357,348	\$ 368,068	\$ 379,110	\$ 390,484	\$ 3,432,291
Interest Income Reserve Balance											
Other Annual Income											\$ 0
Special Assessments											
Loans											
Total Income	\$ 300,733	\$ 308,251	\$ 317,499	\$ 327,024	\$ 336,835	\$ 346,940	\$ 357,348	\$ 368,068	\$ 379,110	\$ 390,484	\$ 3,432,291

Expenses Years 2035 to 2044

Operating and Loan Expenses	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	Total
Estimated Operating Expenses	\$ 207,063	\$ 212,860	\$ 218,820	\$ 224,947	\$ 231,246	\$ 237,721	\$ 244,377	\$ 251,220	\$ 258,254	\$ 265,485	\$ 2,351,992
Estimated Annual Loan Payments											

Special Projects	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	Total
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Estimated Tax Liability	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	Total
Tax Liability not Included in Analysis											

Totals	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	Total
Total Operating Expenses	\$ 207,063	\$ 212,860	\$ 218,820	\$ 224,947	\$ 231,246	\$ 237,721	\$ 244,377	\$ 251,220	\$ 258,254	\$ 265,485	\$ 2,351,992
Special Projects											
Total Reserve Fund Expenses	\$ 199,487	\$ 58,318	\$ 44,174	\$ 8,895	\$ 80,479	\$ 184,473	\$ 301,157	\$ 20,233	\$ 23,552	\$ 59,834	\$ 980,602

Reserve Fund Years 2035 to 2044

Description	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Start of Year Fully Funded Reserve	\$ 782,837	\$ 675,481	\$ 712,727	\$ 768,188	\$ 864,336	\$ 892,271	\$ 816,442	\$ 620,523	\$ 711,087	\$ 804,054
Start of Year Reserve Fund Balance	\$ 503,744	\$ 397,928	\$ 435,001	\$ 489,505	\$ 582,687	\$ 607,796	\$ 532,542	\$ 344,356	\$ 440,971	\$ 538,276
Percent Funded at Start of Year	64%	59%	61%	64%	67%	68%	65%	55%	62%	67%
Annual Reserve Fund Contributions	\$ 93,670	\$ 95,391	\$ 98,678	\$ 102,076	\$ 105,589	\$ 109,219	\$ 112,971	\$ 116,849	\$ 120,857	\$ 124,999
Net Reserve Withdrawals	\$ (199,487)	\$ (58,318)	\$ (44,174)	\$ (8,895)	\$ (80,479)	\$ (184,473)	\$ (301,157)	\$ (20,233)	\$ (23,552)	\$ (59,834)
EOY Reserve Fund Balance	\$ 397,928	\$ 435,001	\$ 489,505	\$ 582,687	\$ 607,796	\$ 532,542	\$ 344,356	\$ 440,971	\$ 538,276	\$ 603,440

Zone	Area	Type	Reserve Fund Withdrawals	Original Cost	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	Total
Zone 2	All		Fencing, wood privacy (6' height)	\$ 1,656				\$ 2,494							\$ 2,494
Zone 4	All		Clean catch basins, inlets	\$ 4,000			\$ 5,837								\$ 5,837
Zone 4	All		Fencing, dumpster enclosure (wood)	\$ 546	\$ 748										\$ 748
Zone 4	All		Landscape lighting	\$ 2,000									\$ 3,526		\$ 3,526
Zone 4	All		Mailbox	\$ 900	\$ 1,233										\$ 1,233
Zone 4	All		Retaining walls, timber (railroad t	\$ 53,400											\$ 0
Zone 4	All		Repair Irrigation	\$ 2,000					\$ 3,108						\$ 3,108
Zone 4	All		Asphalt Repair	\$ 7,709			\$ 11,250				\$ 12,761				\$ 24,011
Zone 4	All		Asphalt Resurface	\$ 142,176							\$ 235,343				\$ 235,343
Zone 4	All		Asphalt Seal Coat	\$ 4,740	\$ 6,495								\$ 8,356		\$ 14,851
Zone 4	All		Crack Seal	\$ 2,370	\$ 3,247								\$ 4,178		\$ 7,425
Zone 4	All		Striping and marking on parking	\$ 2,095								\$ 3,579			\$ 3,579
Zone 4	All		Repair Sdwlk/Curbs - Annual	\$ 1,500	\$ 2,055	\$ 2,121	\$ 2,189	\$ 2,259	\$ 2,331	\$ 2,406	\$ 2,483	\$ 2,562	\$ 2,644	\$ 2,729	\$ 23,779
Zone 4	All		Replace Signs	\$ 250	\$ 343	\$ 354	\$ 365	\$ 377	\$ 389	\$ 401	\$ 414	\$ 427	\$ 441	\$ 455	\$ 3,966
Zone 3	Back Ent		Replace Monument Sign - Back	\$ 11,443											\$ 0
Zone 2	Clubhouse		Aluminum Gutters	\$ 684							\$ 1,132				\$ 1,132
Zone 2	Clubhouse		Building mounted exterior lighting	\$ 2,500				\$ 3,765							\$ 3,765
Zone 2	Clubhouse		Lighting (pole mounted)	\$ 500											\$ 0
Zone 2	Clubhouse		Outdoor Trash Recepticles	\$ 2,400											\$ 0
Zone 2	Clubhouse		Paints and stains, exterior	\$ 25,056						\$ 40,189					\$ 40,189

Zone	Area	Type	Reserve Fund Withdrawals	Original Cost	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	Total
Zone 2	Clubhouse		Roof vents, passive	\$ 500											\$ 0
Zone 2	Clubhouse		Security access system and alarms,	\$ 3,000										\$ 5,458	\$ 5,458
Zone 2	Clubhouse		Bathroom: vanity	\$ 3,200					\$ 4,974						\$ 4,974
Zone 2	Clubhouse		Interior, hollow core doors	\$ 3,750											\$ 0
Zone 2	Clubhouse		Mirrors & medicine cabinets	\$ 400											\$ 0
Zone 2	Clubhouse		Refrigerator/freezer	\$ 500										\$ 910	\$ 910
Zone 2	Clubhouse		Resilient tile or sheet floor (vinyl)	\$ 15,228											\$ 0
Zone 2	Clubhouse		Wood Trim	\$ 14,664											\$ 0
Zone 2	Clubhouse		Lighting- interior common space	\$ 2,500									\$ 4,407		\$ 4,407
Zone 2	Clubhouse		Bathroom: vent / exhaust	\$ 1,600	\$ 2,192										\$ 2,192
Zone 2	Clubhouse		Packaged HVAC	\$ 4,000						\$ 6,416					\$ 6,416
Zone 2	Clubhouse		Bathroom: fixtures / faucets	\$ 1,800											\$ 0
Zone 2	Clubhouse		Bathroom: toilet	\$ 2,400		\$ 3,394									\$ 3,394
Zone 2	Clubhouse		Bathroom: toilet tank components	\$ 500							\$ 828				\$ 828
Zone 2	Clubhouse		Residential hot water heater	\$ 4,500			\$ 6,567								\$ 6,567
Zone 2	Clubhouse		Tub/shower units or integrated asse	\$ 8,978		\$ 12,696									\$ 12,696
Zone 2	Clubhouse		Water Fountain	\$ 4,000		\$ 5,656									\$ 5,656
Zone 2	Clubhouse		Asphalt shingle	\$ 25,803											\$ 0
Zone 2	Clubhouse		Surveillance Camera Maint	\$ 4,000		\$ 5,656				\$ 6,416				\$ 7,277	\$ 19,349
Zone 1	Entrance		Paint Stucco Walls	\$ 9,728						\$ 15,603					\$ 15,603
Zone 1	Main Ent		Replace Monument Sign - Main	\$ 11,443											\$ 0

Zone	Area	Type	Reserve Fund Withdrawals	Original Cost	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	Total
Zone 2	Pool		Fencing, steel or aluminum	\$ 29,116							\$ 48,196				\$ 48,196
Zone 2	Pool		Storage sheds	\$ 6,800		\$ 9,616									\$ 9,616
Zone 2	Pool		Kiddie Pool Resurface - Plaster	\$ 2,775					\$ 4,313						\$ 4,313
Zone 2	Pool		Pool / spa deck	\$ 133,680	\$ 183,174										\$ 183,174
Zone 2	Pool		Pool / spa surface - plaster	\$ 40,080					\$ 62,294						\$ 62,294
Zone 2	Pool		Pool/spa pumps and equipment	\$ 12,300										\$ 22,378	\$ 22,378
Zone 2	Rec		Ceiling fans	\$ 1,200						\$ 1,925					\$ 1,925
Zone 2	Rec		Replenish Mulch	\$ 1,975		\$ 2,793			\$ 3,070			\$ 3,374			\$ 9,237
Zone 2	Rec		Site Furniture	\$ 53,427						\$ 85,695					\$ 85,695
Zone 2	Rec		Repair/Replace Tennis Equipment	\$ 4,780		\$ 6,759				\$ 7,667				\$ 8,696	\$ 23,122
Zone 2	Rec		Tennis Court Fencing	\$ 34,560											\$ 0
Zone 2	Rec		Tennis Court Lights	\$ 44,000											\$ 0
Zone 2	Rec		Tennis Court Screens	\$ 6,558		\$ 9,273				\$ 10,518				\$ 11,931	\$ 31,722
Zone 2	Rec		Tennis Courts Resurfacing	\$ 25,400											\$ 0
Zone 2	Clubhouse		Exterior Doors	\$ 3,750											\$ 0
Zone 2	Clubhouse		Interior Painting	\$ 4,512						\$ 7,237					\$ 7,237
Zone 2	Pool		Pool Cover	\$ 12,311			\$ 17,966								\$ 17,966
Zone 2	Pool		Clean and Paint Fencing	\$ 6,024								\$ 10,291			\$ 10,291
Total Reserve Expenses					\$ 199,487	\$ 58,318	\$ 44,174	\$ 8,895	\$ 80,479	\$ 184,473	\$ 301,157	\$ 20,233	\$ 23,552	\$ 59,834	\$ 980,602

Years 2045 to 2055

Income Years 2045 to 2054

Estimated Incomes	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	Total	30 Yrs Total
Maintenance Assessments Including Sched Increases	\$ 402,198	\$ 414,264	\$ 426,692	\$ 439,493	\$ 452,677	\$ 466,258	\$ 480,245	\$ 494,653	\$ 509,492	\$ 524,777	\$ 4,610,749	\$ 10,652,410
Interest Income Reserve Balance												
Other Annual Income											\$ 0	\$ 0
Special Assessments												
Loans												
Total Income	\$ 402,198	\$ 414,264	\$ 426,692	\$ 439,493	\$ 452,677	\$ 466,258	\$ 480,245	\$ 494,653	\$ 509,492	\$ 524,777	\$ 4,610,749	\$ 10,652,410

Expenses Years 2045 to 2054

Operating and Loan Expenses	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	Total	30 Yrs Total
Estimated Operating Expenses	\$ 272,918	\$ 280,560	\$ 288,416	\$ 296,491	\$ 304,793	\$ 313,327	\$ 322,101	\$ 331,119	\$ 340,391	\$ 349,922	\$ 3,100,038	\$ 7,236,482
Estimated Annual Loan Payments												
Special Projects												
Estimated Tax Liability												
Tax Liability not Included in Analysis												
Total Operating Expenses	\$ 272,918	\$ 280,560	\$ 288,416	\$ 296,491	\$ 304,793	\$ 313,327	\$ 322,101	\$ 331,119	\$ 340,391	\$ 349,922	\$ 3,100,038	\$ 7,236,482
Special Projects												
Total Reserve Fund Expenses	\$ 107,084	\$ 90,908	\$ 4,591	\$ 195,548	\$ 106,247	\$ 318,803	\$ 31,834	\$ 39,998	\$ 26,849	\$ 146,784	\$ 1,068,646	\$ 2,482,388

Reserve Fund Years 2045 to 2054

Description	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Start of Year Fully Funded Reserve	\$ 865,577	\$ 883,428	\$ 921,766	\$ 1,053,734	\$ 996,289	\$ 1,032,706	\$ 854,583	\$ 970,682	\$ 1,085,963	\$ 1,222,518
Start of Year Reserve Fund Balance	\$ 603,440	\$ 625,636	\$ 668,432	\$ 802,117	\$ 749,570	\$ 791,208	\$ 625,335	\$ 751,646	\$ 875,181	\$ 1,017,434
Percent Funded at Start of Year	70%	71%	73%	76%	75%	77%	73%	77%	81%	83%
Annual Reserve Fund Contributions	\$ 129,280	\$ 133,704	\$ 138,276	\$ 143,001	\$ 147,884	\$ 152,930	\$ 158,145	\$ 163,533	\$ 169,102	\$ 174,856
Net Reserve Withdrawals	\$ (107,084)	\$ (90,908)	\$ (4,591)	\$ (195,548)	\$ (106,247)	\$ (318,803)	\$ (31,834)	\$ (39,998)	\$ (26,849)	\$ (146,784)
EOY Reserve Fund Balance	\$ 625,636	\$ 668,432	\$ 802,117	\$ 749,570	\$ 791,208	\$ 625,335	\$ 751,646	\$ 875,181	\$ 1,017,434	\$ 1,045,506

Zone	Area	Type	Reserve Fund Withdrawals	Original Cost	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	Total	30 Yrs Total
Zone 2	All		Fencing, wood privacy (6' height)	\$ 1,656									\$ 4,000		\$ 4,000	\$ 6,494
Zone 4	All		Clean catch basins, inlets	\$ 4,000				\$ 8,255							\$ 8,255	\$ 18,220
Zone 4	All		Fencing, dumpster enclosure (wood)	\$ 546			\$ 1,092								\$ 1,092	\$ 1,840
Zone 4	All		Landscape lighting	\$ 2,000											\$ 0	\$ 5,795
Zone 4	All		Mailbox	\$ 900											\$ 0	\$ 1,233
Zone 4	All		Retaining walls, timber (railroad t	\$ 53,400											\$ 0	\$ 68,703
Zone 4	All		Repair Irrigation	\$ 2,000						\$ 4,396					\$ 4,396	\$ 9,702
Zone 4	All		Asphalt Repair	\$ 7,709	\$ 14,474				\$ 16,418				\$ 18,622		\$ 49,514	\$ 99,896
Zone 4	All		Asphalt Resurface	\$ 142,176											\$ 0	\$ 235,343
Zone 4	All		Asphalt Seal Coat	\$ 4,740							\$ 10,751				\$ 10,751	\$ 30,650
Zone 4	All		Crack Seal	\$ 2,370							\$ 5,376				\$ 5,376	\$ 15,325
Zone 4	All		Striping and marking on parking	\$ 2,095											\$ 0	\$ 5,810
Zone 4	All		Repair Sdwk/Curbs - Annual	\$ 1,500	\$ 2,816	\$ 2,906	\$ 2,999	\$ 3,095	\$ 3,195	\$ 3,297	\$ 3,402	\$ 3,511	\$ 3,623	\$ 3,739	\$ 32,583	\$ 72,218
Zone 4	All		Replace Signs	\$ 250	\$ 469	\$ 484	\$ 500	\$ 516	\$ 532	\$ 549	\$ 567	\$ 585	\$ 604	\$ 623	\$ 5,429	\$ 12,039
Zone 3	Back Ent		Replace Monument Sign - Back	\$ 11,443					\$ 25,150						\$ 25,150	\$ 25,150
Zone 2	Clubhouse		Aluminum Gutters	\$ 684											\$ 0	\$ 1,132
Zone 2	Clubhouse		Building mounted exterior lighting	\$ 2,500				\$ 5,159							\$ 5,159	\$ 11,672
Zone 2	Clubhouse		Lighting (pole mounted)	\$ 500											\$ 0	\$ 604

Zone	Area	Type	Reserve Fund Withdrawals	Original Cost	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	Total	30 Yrs Total
Zone 2	Clubhouse		Outdoor Trash Receptacles	\$ 2,400		\$ 4,650									\$ 4,650	\$ 4,650
Zone 2	Clubhouse		Paints and stains, exterior	\$ 25,056				\$ 51,706							\$ 51,706	\$ 123,132
Zone 2	Clubhouse		Roof vents, passive	\$ 500		\$ 969									\$ 969	\$ 969
Zone 2	Clubhouse		Security access system and alarms,	\$ 3,000											\$ 0	\$ 5,458
Zone 2	Clubhouse		Bathroom: vanity	\$ 3,200							\$ 7,258				\$ 7,258	\$ 15,640
Zone 2	Clubhouse		Interior, hollow core doors	\$ 3,750											\$ 0	\$ 4,530
Zone 2	Clubhouse		Mirrors & medicine cabinets	\$ 400						\$ 879					\$ 879	\$ 1,347
Zone 2	Clubhouse		Refrigerator/freezer	\$ 500											\$ 0	\$ 1,533
Zone 2	Clubhouse		Resilient tile or sheet floor (viny	\$ 15,228											\$ 0	\$ 19,592
Zone 2	Clubhouse		Wood Trim	\$ 14,664		\$ 28,414									\$ 28,414	\$ 28,414
Zone 2	Clubhouse		Lighting- interior common space	\$ 2,500											\$ 0	\$ 7,155
Zone 2	Clubhouse		Bathroom: vent / exhaust	\$ 1,600	\$ 3,004										\$ 3,004	\$ 6,796
Zone 2	Clubhouse		Packaged HVAC	\$ 4,000											\$ 0	\$ 6,416

Zone	Area	Type	Reserve Fund Withdrawals	Original Cost	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	Total	30 Yrs Total
Zone 2	Clubhouse		Bathroom: fixtures / faucets	\$ 1,800		\$ 3,488									\$ 3,488	\$ 5,405
Zone 2	Clubhouse		Bathroom: toilet	\$ 2,400											\$ 0	\$ 3,394
Zone 2	Clubhouse		Bathroom: toilet tank components	\$ 500				\$ 1,032							\$ 1,032	\$ 3,057
Zone 2	Clubhouse		Residential hot water heater	\$ 4,500					\$ 9,584						\$ 9,584	\$ 20,651
Zone 2	Clubhouse		Tub/shower units or integrated asse	\$ 8,978											\$ 0	\$ 12,696
Zone 2	Clubhouse		Water Fountain	\$ 4,000				\$ 8,255							\$ 8,255	\$ 13,911
Zone 2	Clubhouse		Asphalt shingle	\$ 25,803		\$ 49,997									\$ 49,997	\$ 76,626
Zone 2	Clubhouse		Surveillance Camera Maint	\$ 4,000				\$ 8,255				\$ 9,363			\$ 17,618	\$ 46,350
Zone 1	Entrance		Paint Stucco Walls	\$ 9,728				\$ 20,075							\$ 20,075	\$ 47,806
Zone 1	Main Ent		Replace Monument Sign - Main	\$ 11,443					\$ 25,150						\$ 25,150	\$ 25,150
Zone 2	Pool		Fencing, steel or aluminum	\$ 29,116											\$ 0	\$ 48,196
Zone 2	Pool		Storage sheds	\$ 6,800											\$ 0	\$ 9,616
Zone 2	Pool		Kiddie Pool Resurface - Plaster	\$ 2,775										\$ 6,918	\$ 6,918	\$ 11,231
Zone 2	Pool		Pool / spa deck	\$ 133,680						\$ 293,805					\$ 293,805	\$ 476,979
Zone 2	Pool		Pool / spa surface - plaster	\$ 40,080										\$ 99,917	\$ 99,917	\$ 162,211

Zone	Area	Type	Reserve Fund Withdrawals	Original Cost	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	Total	30 Yrs Total
Zone 2	Pool		Pool/spa pumps and equipment	\$ 12,300										\$ 30,663	\$ 30,663	\$ 69,372
Zone 2	Rec		Ceiling fans	\$ 1,200						\$ 2,637					\$ 2,637	\$ 5,967
Zone 2	Rec		Replenish Mulch	\$ 1,975	\$ 3,708			\$ 4,076			\$ 4,480			\$ 4,924	\$ 17,188	\$ 33,381
Zone 2	Rec		Site Furniture	\$ 53,427											\$ 0	\$ 85,695
Zone 2	Rec		Repair/Replace Tennis Equipment	\$ 4,780				\$ 9,864				\$ 11,189			\$ 21,053	\$ 55,388
Zone 2	Rec		Tennis Court Fencing	\$ 34,560											\$ 0	\$ 45,887
Zone 2	Rec		Tennis Court Lights	\$ 44,000	\$ 82,613										\$ 82,613	\$ 126,613
Zone 2	Rec		Tennis Court Screens	\$ 6,558				\$ 13,533				\$ 15,350			\$ 28,883	\$ 75,988
Zone 2	Rec		Tennis Courts Resurfacing	\$ 25,400				\$ 52,416							\$ 52,416	\$ 52,416
Zone 2	Clubhouse		Exterior Doors	\$ 3,750											\$ 0	\$ 4,530
Zone 2	Clubhouse		Interior Painting	\$ 4,512				\$ 9,311							\$ 9,311	\$ 22,173
Zone 2	Pool		Pool Cover	\$ 12,311					\$ 26,218						\$ 26,218	\$ 56,495
Zone 2	Pool		Clean and Paint Fencing	\$ 6,024						\$ 13,240					\$ 13,240	\$ 37,746
Total Reserve Expenses					\$ 107,084	\$ 90,908	\$ 4,591	\$ 195,548	\$ 106,247	\$ 318,803	\$ 31,834	\$ 39,998	\$ 26,849	\$ 146,784	\$ 1,068,646	\$ 2,482,388

Reserve Fund Disclosure Summary

*This form is provided as a means of disclosing the level of deficiencies (if any) in the Association's reserves expressed on a per unit basis.
This form meets the requirements of the State of California Davis-Stirling Act (Civil Code §§ 4000 – 6150) requiring that a reserve summary accompany the Association's annual budget report.*

Milford Chase

Assessment and Reserve Funding Disclosure Summary — Fiscal Year 2025

1. For the year 2024, the regular assessment per ownership interest is \$525. The current number of units or owners in the association is 437.
The Operations Expenses (OpEx) annual inflation is estimated to be 2.80% per year. The Reserve or Capital Expenditure (CapEx) annual inflation is estimated to be 3.20% per year.

2. If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found within the attached report or summary.

3. If approved by the board or members, the following annual maintenance assessments will assure adequate income to meet current and future expenses.

Year	Total Amt of Annual Maintenance (Dues)	Percent Increase from Prior Year	Amount of Ownership Interest
2025	\$ 229,475	0.0%	\$ 525
2026	\$ 229,475	0.0%	\$ 525
2027	\$ 240,949	5.0%	\$ 551
2028	\$ 252,996	5.0%	\$ 579
2029	\$ 259,321	2.5%	\$ 593

In addition to annual maintenance or special assessments, the following new or existing loans will supplement annual income to meet current or future expenses.

Origin Year	Loan Amount	Term of Loan	Annual Payment
0	\$ 0	0 Years	\$ 0

4. If they have been approved by the board and/or members, regardless of purpose, the following table are special assessments that have been scheduled to be imposed or charged:

Assessment Date (Year)	Total Amount of Assessment	Amount of Ownership Interest	Purpose

5. Based upon the most recent reserve study and other information available to the board of directors, will currently projected reserve account balances be sufficient at the end of each year to meet the association's obligation for repair and/or replacement of major components during the next 30 years?

Yes ☒ No ☐

6. If the answer to Number 5 (above) is 'No', these additional assessments or other contributions to reserves are necessary to ensure that sufficient reserve funds will be available each year during the next 30 years:

Assessment Date (Year)	Total Amount of Assessment	Amount of Ownership Interest	Purpose

7. All major components are included in the reserve study and are included in its calculations.

8. Based on the method of calculation described in Number 9. b) ... below ... the estimated reserve fund balances for each of the next five budget years is shown in the following table:

Year	Start of Year Reserve Fund Balance	Percent Funded at Start of Year	Estimated Operations Expenses	Estimated Structural Integrity (SI) Reserve Expenses	Est Non-Structural Integrity (Non-SI) Reserve Expenses	Total Estimate of All Reserve Expenses	Estimated Contribution to Reserve Fund	End of Year Reserve Fund Balance
2025	\$ 111,966	27%	\$ 157,098	\$ 0	\$ 70,120	\$ 70,120	\$ 72,377	\$ 114,223
2026	\$ 114,223	28%	\$ 161,497	\$ 0	\$ 88,780	\$ 88,780	\$ 67,978	\$ 143,422
2027	\$ 143,422	32%	\$ 166,019	\$ 0	\$ 19,628	\$ 19,628	\$ 74,930	\$ 198,724
2028	\$ 198,724	40%	\$ 170,667	\$ 0	\$ 26,476	\$ 26,476	\$ 82,329	\$ 254,577
2029	\$ 254,577	47%	\$ 175,446	\$ 0	\$ 12,998	\$ 12,998	\$ 83,875	\$ 325,454

If the reserve funding plan approved by the association is implemented, the projected reserve fund cash balance for each of the next five years will be as shown in this table.

9. For the purposes of preparing this summary:

- a) "Major component" means those components that the association is obligated to repair, replace, restore, or maintain. Unless otherwise indicated in the reserve study, the major components, as of the date of the study, have a remaining useful life of less than 30 years.
- b) The amount of reserves needed to be accumulated for a component at a given time is computed as the current cost of replacement or repair, multiplied by (1 + the CapEx inflation rate), multiplied by the number of years the component has been in service, divided by the useful life of the component. This shall not be construed to require the board to fund reserves in accordance with this calculation.
- c) "Estimated remaining useful life" means the time reasonably calculated to remain before a major component will require repair, service or replacement.

Component Details

Note: If the Last Service Year is greater than the start year entered for analysis (2025), this indicates that the item is a future scheduled item. In which case the Last Service Year will be the same as the Next Service Year.

If a component has been identified as a Structural Integrity component, it will have the notation (SI) and be highlighted in pink.

The following key is used as an indicator for Remaining Useful Life and General Asset Condition.

Remaining Useful Life Key	Condition Key
Less than 30% Life Remaining	Good — And — No Deterioration Observed No Dangerous Condition Exists
30% to 70% Life Remaining	Fair — And — Some Indication of Deterioration Observed No Dangerous Condition Exists
Greater than 70% Life Remaining	Poor — Or — Substantial Deterioration Observed A Dangerous Condition Exists

Item 1: Fencing, wood privacy (6' height) Zone 2 All Category: Common Exterior

Component Qty: 72	Unit of Measure: ft	Estimated Current Cost: \$1,656
Estimated Future Cost (at next svc yr): \$2,494		Current General Condition: Good
Estimated Useful Life (yrs) 15		Useful Life Adjustment (yrs)
Service Year 2023	Regular painting/staining will extend the life of this asset - Includes front of clubhouse, front entrance	
Next Service Year 2038		
Remaining Useful Life (yrs) 13		



Item 2: Clean catch basins, inlets Zone 4 All Category: Common Exterior

Component Qty: 1	Unit of Measure: each	Estimated Current Cost: \$4,000
Estimated Future Cost (at next svc yr): \$4,128		Current General Condition: Fair
Estimated Useful Life (yrs) 10		Useful Life Adjustment (yrs) + 1 years
Service Year 2006	Allowance for cleaning parking lot and pool drains - Drains show signs of need in 2026	
Next Service Year 2026		
Remaining Useful Life (yrs) 1		



Item 3: Fencing, dumpster enclosure (wood) Zone 4 All Category: Common Exterior

Component Qty: 26	Unit of Measure: ft	Estimated Current Cost: \$546
Estimated Future Cost (at next svc yr): \$748		Current General Condition: Good
Estimated Useful Life (yrs) 12		Useful Life Adjustment (yrs)
Service Year 2023	Maintenance items include painting/staining and door repairs to be covered under OPEX	
Next Service Year 2035		
Remaining Useful Life (yrs) 10		



Item 4: Landscape lighting Zone 4 All Category: Common Exterior

Component Qty: 1	Unit of Measure: each	Estimated Current Cost: \$2,000
Estimated Future Cost (at next svc yr): \$2,269		Current General Condition: Not Evaluated
Estimated Useful Life (yrs) 10		Useful Life Adjustment (yrs) + 4 years
Service Year 2006		
Next Service Year 2029		
Remaining Useful Life (yrs) 4		Allowance for repairs or partial replacement of low voltage lighting at entrances and community center



Item 5: Mailbox Zone 4 All Category: Common Exterior

Component Qty: 1	Unit of Measure: each	Estimated Current Cost: \$900
Estimated Future Cost (at next svc yr): \$1,233		Current General Condition: Good
Estimated Useful Life (yrs) 15		Useful Life Adjustment (yrs) + 10 years
Service Year 2006		
Next Service Year 2035		
Remaining Useful Life (yrs) 10		



Item 6: Retaining walls, timber (railroad t Zone 4 All Category: Common Exterior

Component Qty: 2136	Unit of Measure: sq-ft	Estimated Current Cost: \$53,400
Estimated Future Cost (at next svc yr): \$68,703		Current General Condition: Fair
Estimated Useful Life (yrs) 25		Useful Life Adjustment (yrs) + 2 years
Service Year 2006		
Next Service Year 2033		
Remaining Useful Life (yrs) 8		Retaining wall in fair shape - replacement cost can be distributed across multiple years to accommodate replacement



Item 7: Repair Irrigation Zone 4 All Category: Irrigation

Component Qty: 1	Unit of Measure: each	Estimated Current Cost: \$2,000
Estimated Future Cost (at next svc yr): \$2,198		Current General Condition: Not Evaluated
Estimated Useful Life (yrs) 8		Useful Life Adjustment (yrs) + 3 years
Service Year 2006		
Next Service Year 2028		
Remaining Useful Life (yrs) 3		Allowance to cover irrigation controls and plumbing repairs across the community - smaller repairs under \$2,000 will be covered under OPEX



Item 8: Asphalt Repair Zone 4 All Category: Roads/Paving

Component Qty: 593	Unit of Measure: sq-ft	Estimated Current Cost: \$7,709
Estimated Future Cost (at next svc yr): \$7,709		Current General Condition: Fair
Estimated Useful Life (yrs) 4		Useful Life Adjustment (yrs)
Service Year 2006		
Next Service Year 2025		
Remaining Useful Life (yrs) 0		Repair/patch 5% of the parking area



Item 9: Asphalt Resurface Zone 4 All Category: Roads/Paving

Component Qty: 11848	Unit of Measure: sq-ft	Estimated Current Cost: \$142,176
Estimated Future Cost (at next svc yr): \$235,343		Current General Condition: Fair
Estimated Useful Life (yrs) 30		Useful Life Adjustment (yrs) + 5 years
Service Year 2006		
Next Service Year 2041		
Remaining Useful Life (yrs) 16		Defer resurface to build reserve fund



Item 10: Asphalt Seal Coat Zone 4 All Category: Roads/Paving

Component Qty: 11848	Unit of Measure: sq-ft	Estimated Current Cost: \$4,740
Estimated Future Cost (at next svc yr): \$5,048		Current General Condition: Fair
Estimated Useful Life (yrs) 8		Useful Life Adjustment (yrs)
Service Year 2027		
Next Service Year 2027		
Remaining Useful Life (yrs) 2		Asphalt seal coat will extend the life and defer resurfacing - will extend the useful life of the asphalt



Item 11: Crack Seal Zone 4 All Category: Roads/Paving

Component Qty:	1185	Unit of Measure:	sq-ft	Estimated Current Cost:	\$2,370
Estimated Future Cost (at next svc yr):	\$2,524			Current General Condition:	Fair
Estimated Useful Life (yrs)	8			Useful Life Adjustment (yrs)	
Service Year	2027				
Next Service Year	2027				
Remaining Useful Life (yrs)	2				

Crack seal to be done in conjunction with seal coat - assumes 10% of the area will need crack sealing



Item 12: Striping and marking on parking Zone 4 All Category: Roads/Paving

Component Qty:	11848	Unit of Measure:	each	Estimated Current Cost:	\$2,095
Estimated Future Cost (at next svc yr):	\$2,231			Current General Condition:	Fair
Estimated Useful Life (yrs)	15			Useful Life Adjustment (yrs)	
Service Year	2027				
Next Service Year	2027				
Remaining Useful Life (yrs)	2				

Lot striping to take place during sealcoat



Item 13: Repair Sdwk/Curbs - Annual Zone 4 All Category: Sidewalks/Curbs

Component Qty:	1	Unit of Measure:	other	Estimated Current Cost:	\$1,500
Estimated Future Cost (at next svc yr):	\$1,548			Current General Condition:	Good
Estimated Useful Life (yrs)	1			Useful Life Adjustment (yrs)	
Service Year	2026				
Next Service Year	2026				
Remaining Useful Life (yrs)	1				

Allowance for repairs under capital threshold



Item 14: Replace Signs Zone 4 All Category: Signage

Component Qty:	1	Unit of Measure:	each	Estimated Current Cost:	\$250
Estimated Future Cost (at next svc yr):	\$258			Current General Condition:	Good
Estimated Useful Life (yrs)	1			Useful Life Adjustment (yrs)	
Service Year	2026				
Next Service Year	2026				
Remaining Useful Life (yrs)	1				

Replacement/Repairs of signs under capital threshold



Item 15: Replace Monument Sign - Back Zone 3 Back Ent Category: Monument Signs

Component Qty:	1	Unit of Measure:	each	Estimated Current Cost:	\$11,809
Estimated Future Cost (at next svc yr):	\$25,150			Current General Condition:	Good
Estimated Useful Life (yrs)	25			Useful Life Adjustment (yrs)	
Service Year	2024				
Next Service Year	2049				
Remaining Useful Life (yrs)	24				



Item 16: Aluminum Gutters Zone 2 Clubhouse Category: Common Exterior

Component Qty:	171	Unit of Measure:	foot	Estimated Current Cost:	\$684
Estimated Future Cost (at next svc yr):	\$1,132			Current General Condition:	Good
Estimated Useful Life (yrs)	35			Useful Life Adjustment (yrs)	
Service Year	2006				
Next Service Year	2041				
Remaining Useful Life (yrs)	16				



Item 18: Brick/block veneer Zone 2 Clubhouse Category: Walls, Masonry

Component Qty:	189	Unit of Measure:	sq-ft	Estimated Current Cost:	\$3,591
Estimated Future Cost (at next svc yr):	\$13,064			Current General Condition:	Good
Estimated Useful Life (yrs)	60			Useful Life Adjustment (yrs)	
Service Year	2006				
Next Service Year	2066				
Remaining Useful Life (yrs)	41				

Brick in good condition - Asset exceeds life of the study



Item 19: Building mounted exterior lighting Zone 2 Clubhouse Category: Lighting

Component Qty: 1	Unit of Measure: each	Estimated Current Cost: \$2,500
Estimated Future Cost (at next svc yr): \$2,748		Current General Condition: Good
Estimated Useful Life (yrs) 10		Useful Life Adjustment (yrs)
Service Year 2028		
Next Service Year 2028		
Remaining Useful Life (yrs) 3		Allowance for repair and replacement of exterior lighting



Item 20: Lighting (pole mounted) Zone 2 Clubhouse Category: Lighting

Component Qty: 1	Unit of Measure: each	Estimated Current Cost: \$500
Estimated Future Cost (at next svc yr): \$604		Current General Condition: Good
Estimated Useful Life (yrs) 25		Useful Life Adjustment (yrs)
Service Year 2006		
Next Service Year 2031		
Remaining Useful Life (yrs) 6		Allowance for repairs under capital threshold



Item 21: Outdoor Trash Receptacles Zone 2 Clubhouse Category: Common Exterior

Component Qty: 4	Unit of Measure: each	Estimated Current Cost: \$2,400
Estimated Future Cost (at next svc yr): \$4,650		Current General Condition: Good
Estimated Useful Life (yrs) 40		Useful Life Adjustment (yrs)
Service Year 2006		
Next Service Year 2046		
Remaining Useful Life (yrs) 21		Exterior fixed trash receptables are in good shape



Item 22: Paints and stains, exterior Zone 2 Clubhouse Category: Paint/Waterproof

Component Qty: 3132	Unit of Measure: sq-ft	Estimated Current Cost: \$25,056
Estimated Future Cost (at next svc yr): \$31,237		Current General Condition: Good
Estimated Useful Life (yrs) 8		Useful Life Adjustment (yrs)
Service Year 2024		
Next Service Year 2032		
Remaining Useful Life (yrs) 7		Paint and stains in good condition - includes clubhouse, cabana, shed, tennis spectator area - Sealing and coating the exterior will extend the life of assets



Item 23: Roof vents, passive Zone 2 Clubhouse Category: Clubhouse

Component Qty: 1	Unit of Measure: each	Estimated Current Cost: \$500
Estimated Future Cost (at next svc yr): \$969		Current General Condition: Good
Estimated Useful Life (yrs) 40		Useful Life Adjustment (yrs)
Service Year 2006		
Next Service Year 2046		
Remaining Useful Life (yrs) 21		Allowance to replace roof vents - work to be completed when roof replacement is required



Item 24: Security access system and alarms, Zone 2 Clubhouse Category: Security/Access

Component Qty: 1	Unit of Measure: each	Estimated Current Cost: \$3,000
Estimated Future Cost (at next svc yr): \$5,458		Current General Condition: Good
Estimated Useful Life (yrs) 15		Useful Life Adjustment (yrs) + 5 years
Service Year 2024		
Next Service Year 2044		
Remaining Useful Life (yrs) 19		Access control system cost is estimated per entry - does not include subscription costs



Item 25: Slab, reinforced concrete Zone 2 Clubhouse Category: Clubhouse

Component Qty: 1128	Unit of Measure: sq-ft	Estimated Current Cost: \$15,792
Estimated Future Cost (at next svc yr): \$202,532		Current General Condition: Good
Estimated Useful Life (yrs) 100		Useful Life Adjustment (yrs)
Service Year 2006		
Next Service Year 2106		
Remaining Useful Life (yrs) 81		Assume good condition - Asset exceeds life of the study



Item 26: Stucco, over wire mesh/lath Zone 2 Clubhouse Category: Walls, Stucco

Component Qty:	324	Unit of Measure: sq-ft	Estimated Current Cost: \$2,592
Estimated Future Cost (at next svc yr):	\$12,132	Current General Condition:	Good
Estimated Useful Life (yrs)	50	Useful Life Adjustment (yrs)	
Service Year	2024	Asset exceeds life of the study - regular sealing and coating will extend the life of this asset	
Next Service Year	2074		
Remaining Useful Life (yrs)	49		



Item 27: Wood frame and board or plywood she Zone 2 Clubhouse Category: Clubhouse

Component Qty:	1128	Unit of Measure: sq-ft	Estimated Current Cost: \$21,432
Estimated Future Cost (at next svc yr):	\$125,062	Current General Condition:	Good
Estimated Useful Life (yrs)	75	Useful Life Adjustment (yrs)	
Service Year	2006	Assume good condition - Asset exceeds life of the study	
Next Service Year	2081		
Remaining Useful Life (yrs)	56		



Item 28: Bathroom: vanity Zone 2 Clubhouse Category: Common Interior

Component Qty:	2	Unit of Measure: each	Estimated Current Cost: \$3,200
Estimated Future Cost (at next svc yr):	\$3,408	Current General Condition:	Good
Estimated Useful Life (yrs)	10	Useful Life Adjustment (yrs)	+ 2 years
Service Year	2006	Bathroom vanity replacement should include faucets and fixtures to best utilize CAPEX	
Next Service Year	2027		
Remaining Useful Life (yrs)	2		



Item 30: Mirrors & medicine cabinets Zone 2 Clubhouse Category: Common Interior

Component Qty:	2	Unit of Measure: each	Estimated Current Cost: \$400
Estimated Future Cost (at next svc yr):	\$468	Current General Condition:	Good
Estimated Useful Life (yrs)	15	Useful Life Adjustment (yrs)	+ 5 years
Service Year	2006	Cost to replace mirrors is under capital threshold	
Next Service Year	2030		
Remaining Useful Life (yrs)	5		



Item 31: Refrigerator/freezer Zone 2 Clubhouse Category: Clubhouse

Component Qty:	1	Unit of Measure: each	Estimated Current Cost: \$500
Estimated Future Cost (at next svc yr):	\$623	Current General Condition:	Good
Estimated Useful Life (yrs)	12	Useful Life Adjustment (yrs)	
Service Year	2020	Replacement cost under capital threshold	
Next Service Year	2032		
Remaining Useful Life (yrs)	7		



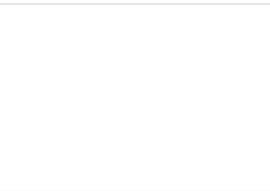
Item 32: Resilient tile or sheet floor (vinyl Zone 2 Clubhouse Category: Common Interior

Component Qty:	1128	Unit of Measure: sq-ft	Estimated Current Cost: \$15,228
Estimated Future Cost (at next svc yr):	\$19,592	Current General Condition:	Good
Estimated Useful Life (yrs)	15	Useful Life Adjustment (yrs)	+ 8 years
Service Year	2006	Flooring is in good shape	
Next Service Year	2033		
Remaining Useful Life (yrs)	8		



Item 33: Wood Trim Zone 2 Clubhouse Category: Common Interior

Component Qty:	1128	Unit of Measure: sq-ft	Estimated Current Cost: \$14,664
Estimated Future Cost (at next svc yr):	\$28,414	Current General Condition:	Good
Estimated Useful Life (yrs)	35	Useful Life Adjustment (yrs)	+ 5 years
Service Year	2006	Regular painting/staining will extend the life of this asset	
Next Service Year	2046		
Remaining Useful Life (yrs)	21		



Item 34: Lighting- interior common space Zone 2 Clubhouse Category: Lighting

Component Qty: 1	Unit of Measure: each	Estimated Current Cost: \$2,500
Estimated Future Cost (at next svc yr): \$2,748		Current General Condition: Good
Estimated Useful Life (yrs) 15		Useful Life Adjustment (yrs)
Service Year 2028		
Next Service Year 2028		
Remaining Useful Life (yrs) 3		Allowance to replace interior lighting - most maintenance would be covered on a per fixture basis under OPEX

Item 35: Bathroom: vent / exhaust Zone 2 Clubhouse Category: Mechanical

Component Qty: 2	Unit of Measure: each	Estimated Current Cost: \$1,600
Estimated Future Cost (at next svc yr): \$1,600		Current General Condition: Good
Estimated Useful Life (yrs) 10		Useful Life Adjustment (yrs)
Service Year 2006		
Next Service Year 2025		
Remaining Useful Life (yrs) 0		Replacement cost of exhaust fans does not exceed capital threshold

Item 36: Packaged HVAC Zone 2 Clubhouse Category: Mechanical

Component Qty: 1	Unit of Measure: each	Estimated Current Cost: \$4,000
Estimated Future Cost (at next svc yr): \$6,416		Current General Condition: Good
Estimated Useful Life (yrs) 20		Useful Life Adjustment (yrs)
Service Year 2020		
Next Service Year 2040		
Remaining Useful Life (yrs) 15		Mini Split HVAC appears to be in good shape



Item 37: Bathroom: fixtures / faucets Zone 2 Clubhouse Category: Plumbing

Component Qty: 4	Unit of Measure: each	Estimated Current Cost: \$1,800
Estimated Future Cost (at next svc yr): \$1,917		Current General Condition: Good
Estimated Useful Life (yrs) 17		Useful Life Adjustment (yrs) + 2 years
Service Year 2006		
Next Service Year 2027		
Remaining Useful Life (yrs) 2		Fixtures include sink and showers - under capital threshold - will be covered by OPEX



Item 38: Bathroom: toilet Zone 2 Clubhouse Category: Plumbing

Component Qty: 3	Unit of Measure: each	Estimated Current Cost: \$2,400
Estimated Future Cost (at next svc yr): \$3,394		Current General Condition: Good
Estimated Useful Life (yrs) 30		Useful Life Adjustment (yrs)
Service Year 2006		
Next Service Year 2036		
Remaining Useful Life (yrs) 11		Toilet replacement under capital threshold - will be covered by OPEX



Item 39: Bathroom: toilet tank components Zone 2 Clubhouse Category: Plumbing

Component Qty: 2	Unit of Measure: each	Estimated Current Cost: \$500
Estimated Future Cost (at next svc yr): \$533		Current General Condition: Good
Estimated Useful Life (yrs) 5		Useful Life Adjustment (yrs) + 2 years
Service Year 2006		
Next Service Year 2027		
Remaining Useful Life (yrs) 2		Toilet tank components under capital threshold - will be covered by OPEX



Item 40: Residential hot water heater Zone 2 Clubhouse Category: Plumbing

Component Qty: 1	Unit of Measure: each	Estimated Current Cost: \$4,500
Estimated Future Cost (at next svc yr): \$4,500		Current General Condition: Fair
Estimated Useful Life (yrs) 12		Useful Life Adjustment (yrs)
Service Year 2006		
Next Service Year 2025		
Remaining Useful Life (yrs) 0		Hot water heater age unable to be verified during site visit

Item 41: Tub/shower units or integrated asse Zone 2 Clubhouse Category: Plumbing

Component Qty: 2	Unit of Measure: each	Estimated Current Cost: \$8,978
Estimated Future Cost (at next svc yr): \$12,696		Current General Condition: Poor
Estimated Useful Life (yrs) 30		Useful Life Adjustment (yrs)
Service Year 2006		
Next Service Year 2036		
Remaining Useful Life (yrs) 11		Shower stalls in need of repair or replacement with pre-fabricated unit



Item 42: Water Fountain Zone 2 Clubhouse Category: Plumbing

Component Qty: 1	Unit of Measure: each	Estimated Current Cost: \$4,000
Estimated Future Cost (at next svc yr): \$5,656		Current General Condition: Good
Estimated Useful Life (yrs) 12		Useful Life Adjustment (yrs)
Service Year 2024		
Next Service Year 2036		
Remaining Useful Life (yrs) 11		Water fountain in good shape - cost estimate includes complete replacement



Item 43: Asphalt shingle Zone 2 Clubhouse Category: Roofing

Component Qty: 2867	Unit of Measure: each	Estimated Current Cost: \$25,803
Estimated Future Cost (at next svc yr): \$26,629		Current General Condition: Good
Estimated Useful Life (yrs) 20		Useful Life Adjustment (yrs)
Service Year 2006		
Next Service Year 2026		
Remaining Useful Life (yrs) 1		Roofing of unknown age but appears to be in good shape - total area includes clubhouse, cabana, shed, tennis spectator area



Item 44: Surveillance Camera Maint Zone 2 Clubhouse Category: Security/Access

Component Qty: 1	Unit of Measure: each	Estimated Current Cost: \$4,000
Estimated Future Cost (at next svc yr): \$4,396		Current General Condition: Good
Estimated Useful Life (yrs) 4		Useful Life Adjustment (yrs)
Service Year 2024		
Next Service Year 2028		
Remaining Useful Life (yrs) 3		



Item 46: Paint Stucco Walls Zone 1 Entrance Category: Walls, Stucco

Component Qty: 1216	Unit of Measure: sq-ft	Estimated Current Cost: \$9,728
Estimated Future Cost (at next svc yr): \$12,128		Current General Condition: Good
Estimated Useful Life (yrs) 8		Useful Life Adjustment (yrs)
Service Year 2024		
Next Service Year 2032		
Remaining Useful Life (yrs) 7		Painting Stucco signs and columns at both entrances - sealing and painting these assets will extend the life



Item 47: Replace Monument Sign - Main Zone 1 Main Ent Category: Monument Signs

Component Qty: 1	Unit of Measure: each	Estimated Current Cost: \$11,809
Estimated Future Cost (at next svc yr): \$25,150		Current General Condition: Good
Estimated Useful Life (yrs) 25		Useful Life Adjustment (yrs)
Service Year 2024		
Next Service Year 2049		
Remaining Useful Life (yrs) 24		



Item 48: Fencing, steel or aluminum Zone 2 Pool Category: Fencing/Railings

Component Qty: 502	Unit of Measure: each	Estimated Current Cost: \$29,116
Estimated Future Cost (at next svc yr): \$48,196		Current General Condition: Fair
Estimated Useful Life (yrs) 20		Useful Life Adjustment (yrs) + 15 years
Service Year 2006		
Next Service Year 2041		
Remaining Useful Life (yrs) 16		Fence surrounding pool is structurally in good shape. Regular cleaning/painting will extend the life of this asset



Item 49: Storage sheds Zone 2 Pool Category: Common Exterior

Component Qty: 1	Unit of Measure: each	Estimated Current Cost: \$6,800
Estimated Future Cost (at next svc yr): \$9,616		Current General Condition: Good
Estimated Useful Life (yrs) 30		Useful Life Adjustment (yrs)
Service Year 2006		
Next Service Year 2036		
Remaining Useful Life (yrs) 11		Regular painting and required roof repair will extend the asset life of the shed



Item 50: Kiddie Pool Resurface - Plaster Zone 2 Pool Category: Pool

Component Qty: 185	Unit of Measure: sq-ft	Estimated Current Cost: \$2,775
Estimated Future Cost (at next svc yr): \$4,313		Current General Condition: Good
Estimated Useful Life (yrs) 15		Useful Life Adjustment (yrs)
Service Year 2024		
Next Service Year 2039		
Remaining Useful Life (yrs) 14		Kids pool appears to be in good shape, with some repairs needed on the coping - resurfacing should take place with larger pool work



Item 51: Pool / spa deck Zone 2 Pool Category: Pool

Component Qty: 11140	Unit of Measure: sq-ft	Estimated Current Cost: \$133,680
Estimated Future Cost (at next svc yr): \$183,174		Current General Condition: Fair
Estimated Useful Life (yrs) 15		Useful Life Adjustment (yrs)
Service Year 2020		
Next Service Year 2035		
Remaining Useful Life (yrs) 10		Pool deck appears to be in fair shape. Some areas have been repaired. Keeping drains clear will extend the life of this asset. Some repairs needed on coping



Item 52: Pool / spa surface - plaster Zone 2 Pool Category: Pool

Component Qty: 2672	Unit of Measure: sq-ft	Estimated Current Cost: \$40,080
Estimated Future Cost (at next svc yr): \$62,294		Current General Condition: Good
Estimated Useful Life (yrs) 15		Useful Life Adjustment (yrs)
Service Year 2024		
Next Service Year 2039		
Remaining Useful Life (yrs) 14		Pool appears to be in good shape, with some repairs needed on coping



Item 53: Pool/spa pumps and equipment Zone 2 Pool Category: Pool

Component Qty: 3	Unit of Measure: each	Estimated Current Cost: \$12,300
Estimated Future Cost (at next svc yr): \$16,331		Current General Condition: Good
Estimated Useful Life (yrs) 10		Useful Life Adjustment (yrs)
Service Year 2024		
Next Service Year 2034		
Remaining Useful Life (yrs) 9		Pumps and filters appear to be in good shape. Unknown installation date for existing equipment.



Item 54: Ceiling fans Zone 2 Rec Category: Electrical

Component Qty: 4	Unit of Measure: each	Estimated Current Cost: \$1,200
Estimated Future Cost (at next svc yr): \$1,405		Current General Condition: Good
Estimated Useful Life (yrs) 10		Useful Life Adjustment (yrs)
Service Year 2020		
Next Service Year 2030		
Remaining Useful Life (yrs) 5		Exterior ceiling fans do not exceed the capital threshold



Item 55: Replenish Mulch Zone 2 Rec Category: Common Exterior

Component Qty: 1	Unit of Measure: each	Estimated Current Cost: \$1,975
Estimated Future Cost (at next svc yr): \$2,103		Current General Condition: Good
Estimated Useful Life (yrs) 3		Useful Life Adjustment (yrs)
Service Year 2024		
Next Service Year 2027		
Remaining Useful Life (yrs) 2		Allowance to replace mulch at picnic area



Item 56: Site Furniture Zone 2 Rec Category: Common Exterior

Component Qty: 1	Unit of Measure: each	Estimated Current Cost: \$53,427
Estimated Future Cost (at next svc yr): \$85,695		Current General Condition: Good
Estimated Useful Life (yrs) 20		Useful Life Adjustment (yrs)
Service Year 2020	Site furniture includes: 3 fixed benches, 1 picnic table, 11 plastic benches, 2 table sets, 11 tables, 1 teak table, 1 tile table set, 27 chairs and 36 loungers	
Next Service Year 2040		
Remaining Useful Life (yrs) 15		



Item 58: Repair/Replace Tennis Equipment Zone 2 Rec Category: Tennis Court

Component Qty: 10	Unit of Measure: each	Estimated Current Cost: \$4,780
Estimated Future Cost (at next svc yr): \$5,254		Current General Condition: Good
Estimated Useful Life (yrs) 4		Useful Life Adjustment (yrs)
Service Year 2024	Tennis court nets and equipment are in good shape	
Next Service Year 2028		
Remaining Useful Life (yrs) 3		



Item 59: Tennis Court Fencing Zone 2 Rec Category: Tennis Court

Component Qty: 864	Unit of Measure: ft	Estimated Current Cost: \$34,560
Estimated Future Cost (at next svc yr): \$45,887		Current General Condition: Good
Estimated Useful Life (yrs) 20		Useful Life Adjustment (yrs) + 8 years
Service Year 2006		
Next Service Year 2034		
Remaining Useful Life (yrs) 9		



Item 60: Tennis Court Lights Zone 2 Rec Category: Tennis Court

Component Qty: 2	Unit of Measure: each	Estimated Current Cost: \$44,000
Estimated Future Cost (at next svc yr): \$82,613		Current General Condition: Good
Estimated Useful Life (yrs) 20		Useful Life Adjustment (yrs)
Service Year 2025	Tennis court lighting in fair shape. The timer was malfunctioning during the site visit. LED upgrades are more cost effective than replacement and have a life span of >50k hours	
Next Service Year 2045		
Remaining Useful Life (yrs) 20		



Item 61: Tennis Court Screens Zone 2 Rec Category: Tennis Court

Component Qty: 864	Unit of Measure: ft	Estimated Current Cost: \$6,558
Estimated Future Cost (at next svc yr): \$7,208		Current General Condition: Good
Estimated Useful Life (yrs) 4		Useful Life Adjustment (yrs)
Service Year 2024		
Next Service Year 2028		
Remaining Useful Life (yrs) 3		



Item 62: Tennis Courts Resurfacing Zone 2 Rec Category: Tennis Court

Component Qty: 25400	Unit of Measure: each	Estimated Current Cost: \$25,400
Estimated Future Cost (at next svc yr): \$52,416		Current General Condition: Good
Estimated Useful Life (yrs) 25		Useful Life Adjustment (yrs)
Service Year 2023	Tennis court resurfacing scoped due to proximity of trees. Painting expense will be 25% less.	
Next Service Year 2048		
Remaining Useful Life (yrs) 23		



Item 63: Exterior Doors Zone 2 Clubhouse Category: Common Exterior

Component Qty: 5	Unit of Measure: each	Estimated Current Cost: \$3,750
Estimated Future Cost (at next svc yr): \$4,530		Current General Condition: Good
Estimated Useful Life (yrs) 25		Useful Life Adjustment (yrs)
Service Year 2006	Exterior doors are in good shape. Regular cleaning and painting will extend the life of this asset	
Next Service Year 2031		
Remaining Useful Life (yrs) 6		



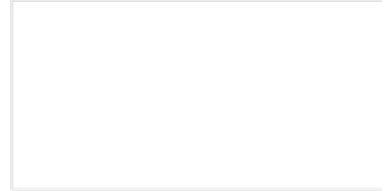
Item 64: Interior Painting Zone 2 Clubhouse Category: Paint/Waterproof

Component Qty: 1128	Unit of Measure: sq-ft	Estimated Current Cost: \$4,512
Estimated Future Cost (at next svc yr): \$5,625		Current General Condition: Good
Estimated Useful Life (yrs) 8		Useful Life Adjustment (yrs)
Service Year 2024		
Next Service Year 2032		
Remaining Useful Life (yrs) 7		



Item 65: Pool Cover Zone 2 Pool Category: Pool

Component Qty: 1	Unit of Measure: each	Estimated Current Cost: \$12,311
Estimated Future Cost (at next svc yr): \$17,966		Current General Condition: Good
Estimated Useful Life (yrs) 12		Useful Life Adjustment (yrs)
Service Year 2025		
Next Service Year 2037		
Remaining Useful Life (yrs) 12		Actual cost - replaced in 2025



Item 66: Clean and Paint Fencing Zone 2 Pool Category: Fencing/Railings

Component Qty: 502	Unit of Measure: ft	Estimated Current Cost: \$6,024
Estimated Future Cost (at next svc yr): \$6,217		Current General Condition: Poor
Estimated Useful Life (yrs) 8		Useful Life Adjustment (yrs)
Service Year 2026		
Next Service Year 2026		
Remaining Useful Life (yrs) 1		Fencing needs cleaning and painting. Regularly completing this will extend the life of this asset



Appendix

Analysis Class

Four classes (or levels) of reserve studies are defined:

- Class I: A comprehensive study
 - Component Inventory established
 - Component quantities and measurements established
 - Condition Assessments performed
 - Life and Valuation Estimates
 - Funding Status Statement
 - Develop a Funding Plan
- Class II: An updated study based on a site inspection
 - Verifies Component Inventory from Previous Study
 - Verifies Component quantities and measurements from Previous Study
 - Condition Assessments performed
 - Life and Valuation Estimates
 - Funding Status Statement
 - Develop a Funding Plan
- Class III: An updated study that does not include a site inspection.
 - Verifies Component Inventory from Previous Study
 - Verifies Component quantities and measurements from Previous Study
 - Condition Assessments estimated
 - Life and Valuation Estimates
 - Funding Status Statement
 - Develop a Funding Plan
- Class IV: Preliminary study for communities not yet constructed.
 - Component inventory based on site plans
 - Life and Valuation Estimates based on industry standards
 - Funding Status Statement
 - Develop a Funding Plan for budgeting purposes

Terms and Definitions

A reserve study contains a number of industry-related terms and phrases. The following are definitions for the most used terms.

- Annual Reserve Contribution
 - A regular amount of money that is set aside or is a line item in the Association's budget to add to the reserve fund to cover the depreciation expenses associated with the reserve components.
- Annual Reserve Fund Contribution
 - The amount that should be saved during the current year for future component replacements. Provided for each component and summed for all components.
- Baseline Funding
 - Establishing a reserve funding goal of keeping the reserve cash balance above zero. See Funding Models.
- Cash Flow Funding Method
 - The preferred method of developing a reserve funding plan where the contributions to the reserve fund are pooled together allowing money to be used for any necessary reserve expense as needed.
- 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. Have limited useful life expectancies
 3. Have predictable remaining life expectancies
 4. Are above a minimum threshold cost
 5. Required by local codes.
- Component Funding Method
 - Refers to a method where each individual component (like roofs, pools, or elevators) is assigned to its own separate reserve account, meaning funds are calculated and tracked individually for each component, rather than being pooled together. This approach is sometimes referred to as "straight-line" funding where each component is treated independently.
- 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, review of established association precedents and discussion with appropriate association representative(s) of the association or cooperative.
- Contingency
 - An allowance for miscellaneous components, unpredictable expenses and/or costs that were higher than expected.
- Deficit
 - An actual (or projected reserve balance), which is less than the fully funded balance.
- Fully Funded Balance Percent
 - The reserve balance expressed as a percentage of the total fully funded balance of all components.

- Fully Funded Balance

The Fully Funded Balance as used in reserve studies is 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 and represents the total depreciation over the life of the components. In other words, the amount that should have been saved during the life of the components. Without considering the effect of inflation, the calculation for FFB is:

$$FFB = \frac{\text{Current Cost} \times \text{Effective Age}}{\text{Useful Life}}$$
 - A 100% FFB does not imply that the association or the reserve fund is fully funded.
- Fully Funded Reserve
 - A fully funded reserve is one in which the funding goal is set to consistently maintain reserves, ensuring a stable cash flow to replace each common element when it reaches the end of its life without waiving or deferring maintenance or funding. Achieving this level of funding indicates that an association (and its reserve fund) is fully funded. It's important to note that this differs from the concept of Fully Funded Balance (see above).
- Funding Methods
 - Two methods of funding are Cash Flow and Component (or Straight Line).
 1. Cash Flow: The reserve fund is considered one large pool of money. Expenses for any individual component are withdrawn from the single, shared reserve fund.
 2. Component (or Straight Line): A simple calculation that calculates a reserve contribution based on each individual component. Expenses for any individual component are withdrawn only from that component's fund. Funds are not shared across multiple components.
- Funding Models
 - The four funding models are:
 1. Fully Funding Model: Setting a reserve funding goal of keeping the reserves at or near 100% of FFB. This is the same as Threshold Funding if the threshold is set at 100%.
 2. Threshold Funding Model: Setting a Reserve funding goal of keeping the Reserve balance near some threshold, generally less than the Fully Funding Strategy.
 3. Baseline Funding Model: Setting a reserve funding goal of keeping the reserve cash balance at the end of each year in the overall reserve funding projection at or above \$ 0.
 4. Statutory Funding Model: Based on local statutes where associations set aside specific cash amounts, or specific thresholds are set, as required by statutes.
- Funding Plan
 - An association's plan to provide income to a reserve fund to offset anticipated expenditures from that fund.

- Inflation

Inflation is the decline of purchasing power of a given currency over time. A quantitative estimate of the rate at which the decline in purchasing power occurs can be reflected in the increase of the average price level of a basket of selected goods and services in an economy over some period. The rise in the general level of prices, often expressed as a percentage, means that a unit of currency effectively buys less than it did in prior periods.

Two types of inflation are used in this analysis:

1. Reserve Item Expense Inflation: Sometimes referred to as CapEx (Capital Expenditures) inflation. CapEx inflation generally runs higher than OpEx inflation and is commonly tied to the Construction Cost Index (CCI). This index is published by various major construction firms and is a good measure for long-term construction and capital equipment costs. Reserve Item expenses tend to be related to capital equipment.
2. Operating Expense Inflation: Generally referred to as OpEx (Operating Expenses) inflation. OpEx inflation is commonly tied to the Core Inflation Rate which is part of the Consumer Price Index but excludes unstable costs such as food and energy. Operating expenses tend to be service related.

- Percent Funded

The ratio, at a particular point of time (typically the beginning of the fiscal year), of the actual (or projected) reserve balance to the fully funded balance, expressed as a percentage. Percent funding is used a measure of the “health” of the reserve fund. As one of several key performance indicators, the percent funding must be viewed considering other indicators, such as available funds to meet expenses.

The measures of strength for percent funded of the FFB are:

- 0% – 30% Funded: 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.
- 31% – 69% Funded: Considered a “fair” financial position. Compared to the “weak” position, the likelihood of special assessments and deferred maintenance is diminished. Associations that find themselves in this position should be taking measures to strengthen their position.
- 70% – 99% Funded: This range is considered a “strong” financial position. Associations should strive to maintain their percent funded in this range.
- 100% Funded: If the association is 100% funded, theoretically they have the exact amount of funds equal to the Fully Funded Balance
- Greater than 100% Funded: If in this situation, the association has more than the Fully Funded Balance. The impact on the community is that the members’ annual payments are likely more than is required to meet annual expenses.

- Projected Start-of-Year or End-of-Year Reserve Balance

- Projected reserve balance at the start of the fiscal year or end of the fiscal year. Calculated using the estimated reserve balance, contributions to reserves before year-end, and planned expenses before year-end.

- Recommended Reserve Contribution

- Recommended amount that the association should allocate into reserves to offset future expenses. This is frequently and incorrectly classified as an expense item in the association’s budget. This is not an expense item. It should be considered a goal or objective.

- Remaining Useful Life

- Expected remaining useable life of component. (0 years remaining life means the component will be serviced in the upcoming fiscal year)

- 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.
- Replacement Year
 - The year that a component is projected to be replaced or repaired.
- Reserve Balance
 - Actual or projected funds as of a particular point in time (typically the beginning or end 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 the information provided and is not audited.
- Reserve Contribution
 - A regular amount of money that is set aside or is a line item in the Association’s budget to add to the reserve fund to cover the depreciation expenses associated with the reserve components.
- Reserve Study
 - A long-term capital budget planning tool which identifies the current status of the reserve fund and a stable and equitable funding plan to offset ongoing deterioration, resulting in sufficient funds when those anticipated major common area expenditures actually occur. A reserve study is in essence a planning tool designed to help the board anticipate, and prepare for, the property's major repair and replacement projects.
- Special Assessment
 - An assessment levied on the members of an association in addition to regular assessments. Special assessments are often regulated by governing documents or local statutes.
- Statutory Funding
 - Establishing a reserve funding goal of setting aside specific minimum amounts of reserves required by local statutes
- Structural Integrity Reserve Study (SIRS)
 - A Structural Integrity Reserve Study (SIRS) is a form of reserve study, required by Florida Statute that is designed to ensure that Condo Owners Associations are reserving funds for the long-term maintenance and necessary replacement of critical structural elements in their buildings.
- Threshold Funding
 - Used with the Cash-Flow Methodology. Establishing a reserve funding goal of keeping the reserve balance above a specified dollar or percent funded amount.
- Useful Life
 - Typical useable life for a component.

Funding Methodologies

Cash Flow Methodology

The Cash Flow Reserve Funding methodology is used in this analysis as it allows reserve funds to be used efficiently and evenly spreads costs among the community owners over the years.

- The reserve fund is considered one large pool of money.
- Contributions are established by testing and retesting different contribution rates until the desired funding objective is achieved.
- Encourages the use of threshold levels to test various funding strategies with respect to funding requirements.
- May increase risk of underfunding and special assessments, but this is mitigated by understanding of component costs and useful life, setting reasonable threshold funding levels and careful analysis of annual cash flows
- Typically, it results in a lower rate of reserve contributions as the funds can be used more efficiently; and the contributions are more evenly spread over the years.

Threshold Funding Model

The Threshold Funding strategy is employed with a threshold, or goal, of keeping the reserve balance above a specified percent funded amount. Use of this strategy requires examining the estimated annual reserve component costs against the anticipated reserve balance to ensure that costs do not exceed available funds. The Threshold Funding Strategy consists of setting a funding goal of keeping the reserve balance above some threshold, generally less than the Fully Funding Model.

- The Threshold Funding strategy reduces the annual contribution (compared to Full Funding) for maintaining the reserve. The threshold funding strategy must be used rationally to ensure that under funding does not occur in any years. It also requires careful analysis of expenses and funding over all the years. A key benefit is that it reduces the annual contribution to the reserve fund compared to the Full Funding strategy.

Performance Indicators

Two key performance indicators used in this analysis are “Fully Funded Balance” and “Percent Funded”.

The Fully Funded Balance of all reserve components is individually determined and summed together. Each component’s FFB is determined for each year using the following formula:

$$FFB = \frac{\text{Current Cost} \times \text{Effective Age}}{\text{Useful Life}} \times (1 + \text{Inflation Rate})^{\text{Effective Age}}$$

Where: $\text{Effective Age} = \text{Useful Life} - \text{Remaining Useful Life}$

The Percent Funding for each year in the analysis is computed using the following formula:

$$\% \text{ Funded} = \frac{\text{Estimated Reserve Fund Balance}}{\text{Estimated Fully Funded Balance}}$$

All future cost estimates are based on the current costs with provision for inflation. The reserve fund and contingency fund balance is assumed to earn interest at the rate provided by the association.