Reserve Study and Funding Analysis Report

My Association Name

City / State

For Fiscal Year: 2025

Date Prepared: May 29, 2024

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Introduction

Association or HOA Responsibilities

Associations or HOAs 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 includes 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 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. HOAs 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 HOA will need to find additional funding.

Unless required by statute, the Straight Line (Component) method should not be used under any circumstances.

Funding Models

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

1. **Fully Funding Model:** The goal here 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 Model:** 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 Fully Funding Strategy. Associations choose this approach based on their tolerance for special assessments and risk management.

3. **Baseline Funding Model:** 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 Model:** 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 model depends on the specific needs and circumstances and the association's tolerance for special assessments and risk management. Remember that the Full Funding Model and the Threshold Funding Model 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:

- **Larger Associations** with a diverse infrastructure tend to face lower risks due to limited resources. A lower threshold percentage can be considered. These associations typically have a broader range of assets (such as common areas, amenities, and utilities) that contribute to their financial stability. A threshold percentage of 60% to 70% might be appropriate for such associations.

- **Smaller Associations** with less diversity in their infrastructure, face higher risks due to limited resources. To mitigate these risks, smaller associations are advised to target a higher threshold percentage. A threshold percentage of 70% to 80% may be more suitable for smaller associations.

Remember that 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 are significant in determining the optimal threshold for your association's reserve fund.

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. (Refer to *Table 3: Reserve Study Parameters* on *page 10*.) 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

The financial analysis assumes that the income generated from member assessments or dues is used to cover essential expenses. However, the analysis does not take into account 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 lots. 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.

My Association Name 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 $312,900. For all 30 years of the analysis, the total of the annual assessments is $15,995,594. 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	$ 1,237	$ 312,900
2026	$ 1,299	$ 328,545
2027	$ 1,364	$ 344,972
2028	$ 1,432	$ 362,221
2029	$ 1,482	$ 374,899
2030	$ 1,534	$ 388,020
2031	$ 1,587	$ 401,601
2032	$ 1,643	$ 415,657
2033	$ 1,700	$ 430,205
2034	$ 1,760	$ 445,262
2035	$ 1,822	$ 460,846
2036	$ 1,885	$ 476,976
2037	$ 1,951	$ 493,670
2038	$ 2,020	$ 510,948
2039	$ 2,090	$ 528,831
2040	$ 2,142	$ 542,052
2041	$ 2,196	$ 555,604
2042	$ 2,251	$ 569,494
2043	$ 2,307	$ 583,731
2044	$ 2,365	$ 598,324
2045	$ 2,424	$ 613,282
2046	$ 2,485	$ 628,614
2047	$ 2,547	$ 644,330
2048	$ 2,610	$ 660,438
2049	$ 2,676	$ 676,949
2050	$ 2,743	$ 693,873
2051	$ 2,811	$ 711,220
2052	$ 2,881	$ 729,000
2053	$ 2,953	$ 747,225
2054	$ 3,027	$ 765,906
	Total:	$ 15,995,594

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 Date 29 May 2024	
Current Replacement Cost of All Components at Start of Year 2025	$ 1,171,754
Replacement Costs of All Components at Next Service	$ 1,623,493
Replacement Costs of All Components for All Future Replacements *(over the next 30 years)*	$ 3,150,457
Reserve Fund Balance at Start of Year 2025	$ 345,000
Operational Fund Fund Balance at Start of Year 2025	$ 25,000
Total of Reseve Fund & Operational Expense Fund Balance at SOY 2025	$ 370,000
100% Funded Amount as of start of year 2025	$ 703,817
Percent Funded as of start of year 2025	53%
Reserve Surplus / Deficit of FFB - Average per Unit start of year 2025	-$1,418
Projected Total Reserve Contribution in year 2025	$ 501,278
Annual Reserve Contribution per unit in year 2025	$ 1,981
Projected Special Assessments	$ 0
Projected Inflation Rate (Operating Expenses)	3.0%
Projected Inflation Rate (Reserve Expenses)	3.2%
Projected Interest Rate for Earnings of Reserve Fund	2.1%
Current Reserve Funding Strength:	Fair
Current Risk of Special Assessment:	Low

<< THIS IS A SAMPLE SUMMARY STATEMENT OF POSITION. YOU NEED TO DRAFT YOUR OWN STATEMENT AND ENTER IT HERE. WHEN YOU HAVE FINISHED CREATING THE STATEMENT, ADJUST THE FORMATTING IN THE RESERVE STUDY REPORT WHICH WILL APPEAR IN RED ITALIC TEXT ON PAGE 2 OR PAGE 3 OF THE REPORT. RECOMMEND YOU EDIT THE STATEMENT HERE, ALTHOUGH YOU CAN PERFORM THE EDITING IN THE FINAL REPORT >>
< The financial outlook for the association is excellent. The current financial situation is good, and the projected funding plan for the next 30 years will provide the funding necessary to meet all anticipated expenses. The association is in a very good current financial state. And, if the funding plan presented here is followed, the projection for the next 30-years is also excellent. >
<< END OF SAMPLE STATEMENT >>

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 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 in Senate Bill 4-D 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:

- Roof
- Fireproofing & Fire Safety
- Electrical Systems
- Floor
- Exterior Painting & Water Proofing
- Windows
- Load Bearing Walls
- Plumbing
- Foundation
- Other elements over $10,000 that have an impact on the structural integrity of the building.

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. It is not clear if the State of Florida requires that funds for structural integrity components need to be maintained separately from other non-structural integrity 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 otherwise might affect the safety and/or security of community residents, they may be noted in this reserve study document.

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 19 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: 29 May 2024	
Community:	**My Association Name**
Number of Units:	**253**
Start Year for Analysis:	**2025**
Reserve Fund Balance at SOY 2025:	**$ 345,000**
Operational Expense Fund Balance at SOY 2025:	**$ 25,000**
Total of Reserve Fund & Operational Expense Fund Balance at SOY 2025:	**$ 370,000**
Recommended 2025 Annual Reserve Contribution:	**$ 501,278**
Reserve Fully Funded Balance (FFB) at SOY 2025:	**$ 703,817**
Reserve Funding Percent of FFB at SOY 2025:	**53%**
Deficit or Surplus per unit of the FFB at SOY 2025: *	**-$ 1,418**
Reserve Funding Strength at SOY 2025:	**Fair**
Risk of Special Assessment at SOY 2025:	**Low**
Outstanding Balance of Existing Loans (from years prior to 2024):	**$ 16,462**
Anticipated Loans in Current Year (2024):	**$ 0**
Latest Taxes Paid:	**$ 1,350**

** A surplus or deficit does not imply that a refund or assessment is suggested. The surplus or deficit represents the amount compared to the calculated value of the FFB.*

Note: Any surplus or deficit 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

Number of Units:	253
Start Year for Analysis:	2025
Estimated First Year (2025) Reserve Contribution:	$ 501,278
Annual Fees Income for 2024:	$ 298,000
Year 2025 Special Assessment:	$ 275,000

Economic Assumptions

Long-term inflation rate for Reserve Exp (CAPEX):	3.20%
Long-term inflation for Operating Exp (OPEX):	3.00%
Short-term Inflation for OPEX (only in year of 2025):	8.00%
Interest rate on Reserve Balance:	2.10%

Current Reserve Status

Reserve Fund Balance at Start of Year 2025:	$ 345,000
Operational Fund Fund Balance at Start of Year 2025: *	$ 25,000
Total of Reseve Fund & Operational Expense Fund Balance at SOY 2025:	$ 370,000
Reserve Fully Funded Balance (FFB) at SOY 2025:	$ 703,817
Reserve Funding Percent of FFB at SOY 2025:	53%
Estimated First Year (2025) Reserve Contribution:	$ 501,278

Recommendations for next 10 Years

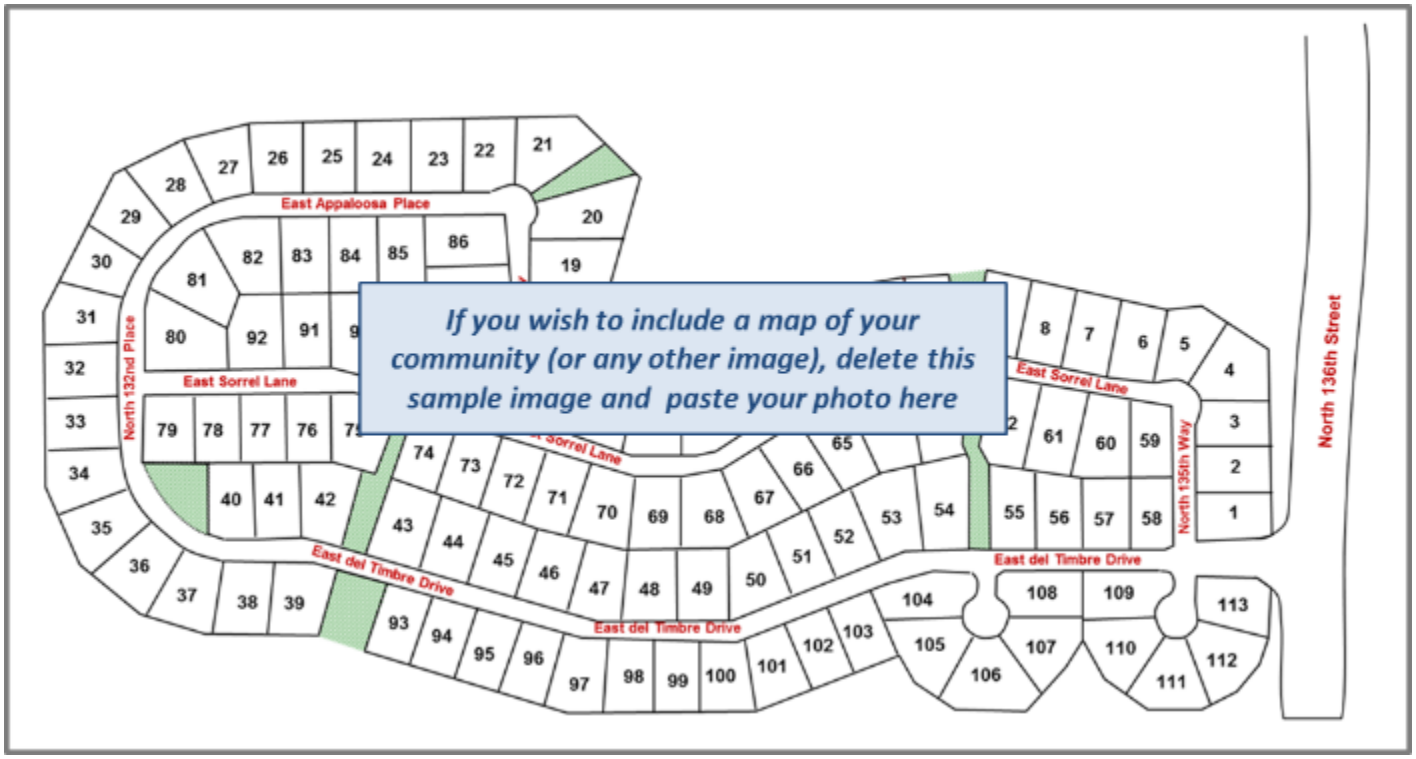
Total Special Assessments 2025 to 2035:	$ 275,000
Avg Ann Reserve Contribution 2025 to 2035:	$ 120,216
Avg Annual HOA fees % Increase 2025 to 2035:	4.10%

Disclosures

- 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 seperately 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 3.00%.

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



Reserve Study Parameters

Table 3: Reserve Study Parameters

Reserve Study Parameters	
Level of Reserve Study:	**Level 2: Update with Site Visit**
Report Period:	**Fiscal Year 2025**
Interest rate on Reserve Balance:	**2.10%**
Long-term inflation rate for Reserve Exp (CAPEX):	**3.20%**
Long-term inflation for Operating Exp (OPEX):	**3.00%**
Short-term Inflation for OPEX (only in year of 2025):	**8.00%**
Funding Methodology:	**Cash Flow**
Funding Strategy:	**Threshold Funding**
Funding Threshold Target:	**70%**
As of Date:	**29 May 2024**
No. of Reserve Components in this Analysis:	**55**
No. of Structural Integrity (SI) Components:	**15**

Note: Refer to Structural Integrity Reserve Study – Definition on page 6 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 reserve study is Level 2: Update with Site Visit. This reserve study updates a prior reserve study performed on 02 May 2020.

The Level 2 Reserve Study is referred to as an Update with a Site Visit Reserve Study. The Level 2 study is an update of a prior study. The prior study may be either a Level 1 or a Level 2 study. As in a Level 1 study, a thorough on-site inspection is conducted of every component within the community. This includes common areas, buildings, infrastructure, and other relevant elements. The purpose of this inspection is to verify or adjust the existing component list, assess each component's useful life, and refine the component valuation estimates. A full analysis of the association's finances is then conducted. The Level 2 Reserve Study provides a balance between comprehensiveness and practicality. It ensures that the association's reserve fund remains accurate and aligned with the community's needs. The Level 2 study assumes that a Level 1 study has been previously performed.

The following tasks are performed in a Level 2 Study:

- Component Inventory (does not require quantities to be re-established, however, it does require a review to ensure that the updated quantities conform to general standards)
- Components may be added that were not previously included. Likewise, components may be removed
- 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 HOA 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 percent funding target 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 percent funding are:

- Overfunded: Greater than 100%
  - Indication that steps should be taken to bring the fund back into balance
  - Continued over funded places an unfair burden on individual members to maintain a fund more than what is needed
  - Overfunding does not provide additional safeguards that could be obtained from a strong position
- Strong: 70% – 100%:
  - 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 assure adequate funding scheduled expenses
  - Unexpected expenses and economic downturns pose a moderate to high risk of special assessments or deferred maintenance
- Weak: 0% – 30%:
  - 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 an accurate physical analysis. To the extent practical, this reserve study consists of:

- Review of all components to assure 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, assure 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 amount of current assessments 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.

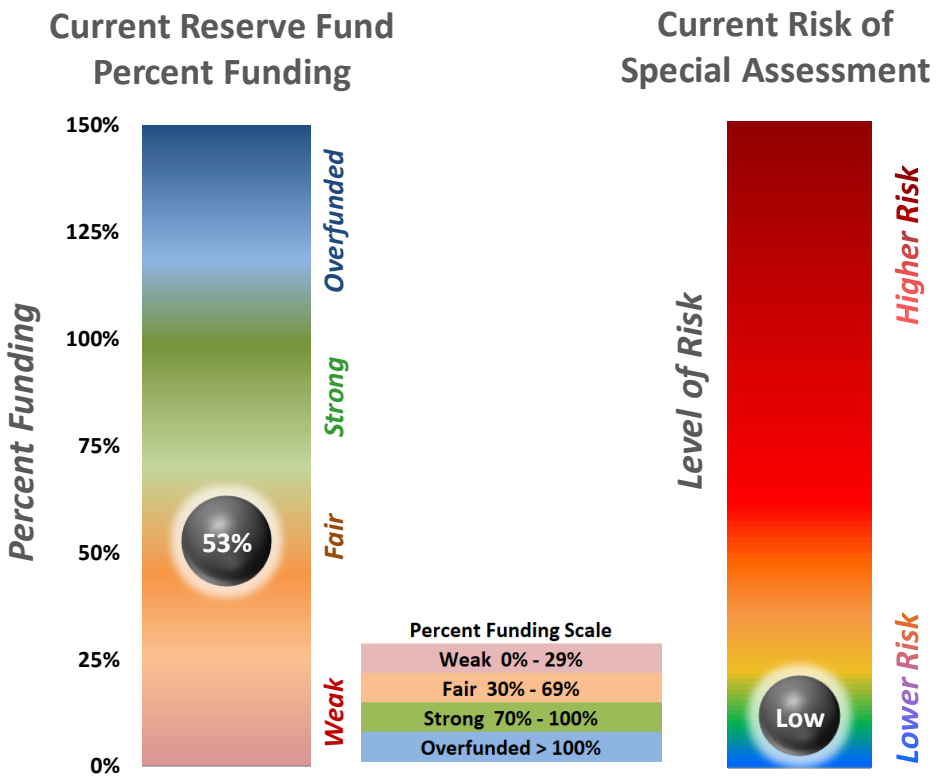
Current Reserve Fund Percent Funding and Risk of Special Assessment

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

- **Percent Funde**d: 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 is depicted in the following charts. Also, refer to *Risk of Special Assessment or Deferred Maintenance* on page *45* 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 is based on the assumption 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 *2* for further information.

Table 5: Current Income Sources

Current Funding Summary for Year 2025

Income Type	Amount
Association Annual Fees Income for 2024:	$ 298,000
Association Annual Fees Income for 2025: *	$ 312,900
Interest on Reserve Fund:	2.10%
Loans:	$ 100,000
Other Annual Income:	$ 86,000

** Using the Uniform Rate method for assessment allocation*

Current Special Assessments	
Year	Amount

Current Expenses

Table 6: Current Expenses

Current Expenses

Operating Expenses for Year 2024:	$ 250,000
Estimated Operating Expenses for Year 2025:	$ 270,000
2024 to 2025 OPEX inflation (Short-term):	8.00%
2026 to 2055 OPEX inflation (Long-term):	3.00%
Current Loan Payments:	$ 9,042

Operating expenses should not include reserve contributions

Future Income Sources

Income sources used in this reserve study financial analysis include:

- Annual maintenance assessments (fees) and annual maintenance assessment (fees) increases
- New loans
- Annual income from other sources such as facilities rentals
- Interest on reserve fund accounts
- Special assessments
- Other one-time incomes such as a sale of assets

Table 7: Future Income Sources

Future Income Sources

Fees Increase #1
% Increase: 5.00%
Start Year: 2025
Duration: 4 yrs

Fees Increase #2
% Increase: 3.50%
Start Year: 2029
Duration: 11 yrs

Fees Increase #3
% Increase: 2.50%
Start Year: 2040
Duration: 15 yrs

Interest on Reserve Fund
2.10%

Future Loans	
Year	Amount
2025	$ 100,000
2025	$ 275,000

New Special Assessments	
Year	Amount
2025	$ 275,000

Other Incomes			
Start Year	End Year	Amount	Description
2025	2055	$ 3,000	Cell Tower income
2025	2025	$ 79,500	Sale of vacant lot
2025	2055	$ 3,500	Club House rental

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:	**$ 366,316**
Maximum Reserve Fund Balance:	**$ 968,196**
Minimum Annual Reserve Fund Contribution:	**$ 47,294**
Maximum Annual Reserve Fund Contribution:	**$ 501,278**
Minimum Reserve Funding Percent of FFB:	**53%**
Maximum Reserve Funding Percent of FFB:	**79%**
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 likely have a significant impact on the budgetary process from one year to the next.

Included Components

A common concern is what components are to be included and funded for in the Reserve Study. Nationally recognized Reserve Study Standards indicates 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 reasonably defined remaining useful life
- The component project cost is above a threshold amount imposed by the Association

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.

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

Excluded Components

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

- Below Threshold Costs: – 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. 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 reasonably predictable both in terms of frequency and cost.
- Very Long or Unpredictable Useful Life Expectancy: – Components which, when properly maintained, have a very long useful life with no predictable replacement cycle. Examples include most plumbing, electrical systems and retaining walls. Although there may be circumstances where an Association may wish to include items in these categories.
- 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.

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:

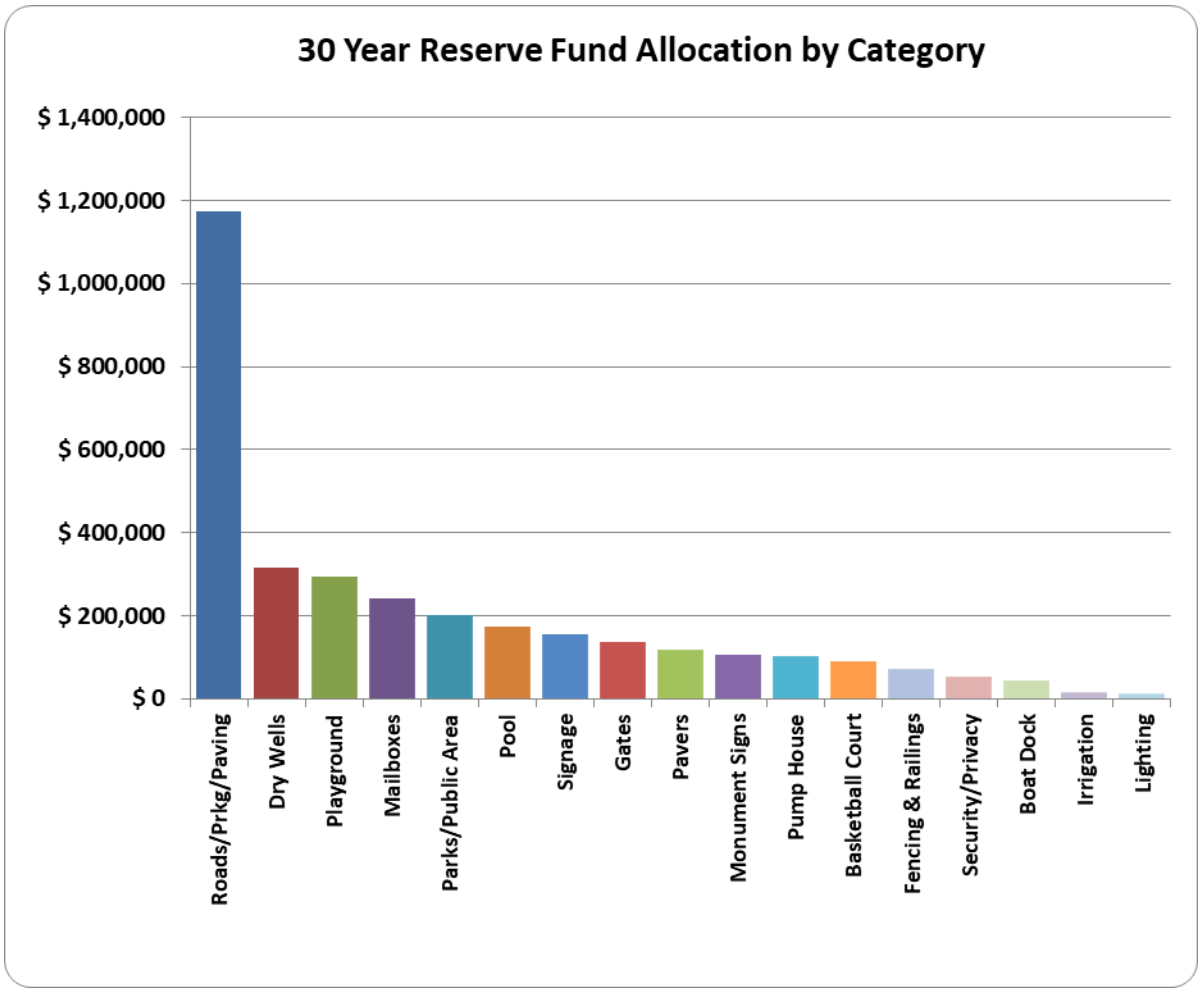
- Roof.
- Load-bearing walls or other primary structural members.
- Floor.
- Foundation.
- Fireproofing and fire protection systems.
- Plumbing.
- Electrical systems.
- Waterproofing and exterior painting.
- Windows.
- Any other item that has a deferred maintenance expense or replacement cost that exceeds $10,000 and the failure to replace or maintain such item negatively affects the items listed above as determined by the licensed engineer or architect performing the visual inspection portion of the structural integrity reserve study.

The State of Florida requires that any condominium or cooperative association perform an assessment and reserve study at least every 10 years after the associations' creation for each building on the association's property that is three stories or higher. It is expected that other states and regions will likely implement similar requirements. During this analysis, the user(s) have the option to identify any of the reserve components 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 6 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



Component Inventory Included in Analysis

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

Table 9: Reserve Component Inventory

Summary Component Analysis

Item	Zone	Area	Structural Integrity Component	Category	Reserve Component Name	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 1	CS		Basketball Court	Repair Basketball Court	$ 3,000	Current Est	$ 3,000	2020	15		10		sq-yd	2035	$ 4,111
2	Zone 1	CS		Basketball Court	Replace Basketball Court	$ 10,000	Actual Cost	$ 11,706	2020	8		3	1		2028	$ 12,866
3	Zone 1	LC		Boat Dock	Replace Boat Dock - LC	$ 4,749	Actual Cost	$ 6,110	2017	15		7	1	each	2032	$ 7,617
4	Zone 1	CS		Boat Dock	Replace Boat Dock - CS	$ 5,159	Actual Cost	$ 7,770	2012	15		2			2027	$ 8,275
5	Zone 1	All	SI	Dry Wells	Clean/repair Dry Wells	$ 17,500	Actual Cost	$ 19,850	2021	5		1	25	each	2026	$ 20,485
6	Zone 1	All	SI	Dry Wells	Replace Dry Wells	$ 55,000	Current Est	$ 55,000	2021	30		26	5	each	2051	$ 124,748
7	Zone 2	Main Ent		Fencing & Railings	Paint Iron Fence & Gates - Main	$ 1,110	Current Est	$ 1,110	2019	5		0	50	foot	2025	$ 1,110
8	Zone 2	Back Ent		Fencing & Railings	Paint Iron Fence & Gates - Back	$ 1,110	Current Est	$ 1,110	2019	5		0	50	foot	2025	$ 1,110
9	Zone 2	All		Fencing & Railings	Paint View Fence: lakes	$ 1,800	Current Est	$ 1,800	2010	20		5	18	each	2030	$ 2,107
10	Zone 2	Back Ent		Fencing & Railings	Replace Iron Fencing	$ 5,390	Actual Cost	$ 7,157	2016	15		6	93	foot	2031	$ 8,645
11	Zone 2	Main Ent		Fencing & Railings	Replace Iron Fencing	$ 6,120	Actual Cost	$ 13,034	2001	30		6	102	foot	2031	$ 15,745
12	Zone 2	Main Ent		Gates	Replace Gate Operators - Main	$ 6,500	Current Est	$ 6,500	2020	17		12	2	each	2037	$ 9,486
13	Zone 2	Back Ent		Gates	Replace Gate Operators - Back	$ 6,500	Current Est	$ 6,500	2020	17		12	2	each	2037	$ 9,486
14	Zone 2	Back Ent		Gates	Replace Gates (Back)	$ 14,500	Actual Cost	$ 30,880	2001	30		6	5	each	2031	$ 37,304
15	Zone 2	Main Ent		Gates	Replace Gates (Entry)	$ 14,500	Actual Cost	$ 30,880	2001	30		6	5	each	2031	$ 37,304
16	Zone 2	Main Ent		Gates	Replace KeyPad Box	$ 2,500	Actual Cost	$ 3,216	2017	15		7	1	each	2032	$ 4,010
17	Zone 2	All		Irrigation	Replace Irrigation Cntrls	$ 8,100	Actual Cost	$ 9,482	2020	18		13	6	each	2038	$ 14,280
18	Zone 2	All		Lighting	Replace low volt lights	$ 2,500	Actual Cost	$ 3,020	2019	17		11	1	other	2036	$ 4,271
19	Zone 2	All		Mailboxes	Repair Mailboxes	$ 22,000	Actual Cost	$ 25,753	2020	15		10	140	each	2035	$ 35,287
20	Zone 2	All		Mailboxes	Replace Mailboxes	$ 44,000	Current Est	$ 44,000	2018	15		8	140	each	2033	$ 56,610
21	Zone 2	Main Ent		Monument Signs	Replace Monument Sign - Main	$ 3,000	Actual Cost	$ 6,191	2002	25		2	1	each	2027	$ 6,593
22	Zone 2	Back Ent		Monument Signs	Replace Monument Sign - Back	$ 3,000	Actual Cost	$ 6,191	2002	25		2	1	each	2027	$ 6,593
23	Zone 2	LC		Monument Signs	Replace Monument Sign - LC	$ 3,000	Actual Cost	$ 6,191	2002	25		2	1	each	2027	$ 6,593
24	Zone 2	CS		Monument Signs	Replace Monument Sign - CS	$ 3,000	Actual Cost	$ 6,191	2002	25		2	1	each	2027	$ 6,593
25	Zone 2	BP		Monument Signs	Replace Monument Sign -BP	$ 3,000	Actual Cost	$ 6,191	2002	25		2	1	each	2027	$ 6,593
26	Zone 2	LC		Parks/Public Area	Replace Park Equip - LC	$ 3,000	Actual Cost	$ 3,403	2021	20		16	1	other	2041	$ 5,633

Summary Component Analysis

27	Zone 2	CS		Parks/Public Area	Replace Park Equip - CS	$ 3,000	Actual Cost	$ 3,403	2021	20		16	1	other	2041	$ 5,633
28	Zone 2	BP		Parks/Public Area	Replace Park Equip - BP	$ 3,000	Actual Cost	$ 3,403	2021	20		16	1	other	2041	$ 5,633
29	Zone 3	LC		Parks/Public Area	Replace Ramada - LC	$ 15,000	Actual Cost	$ 31,945	2001	30		6	1	each	2031	$ 38,591
30	Zone 3	CS		Parks/Public Area	Replace Ramada - CS	$ 15,000	Actual Cost	$ 31,945	2001	30		6	1	each	2031	$ 38,591
31	Zone 3	BP		Parks/Public Area	Replace Ramada - BP	$ 15,000	Actual Cost	$ 31,945	2001	30		6	1	each	2031	$ 38,591
32	Zone 3	LC	SI	Parks/Public Area	Replace Tile Roof -LC	$ 6,500	Actual Cost	$ 13,843	2001	30		6	1625	sq-ft	2031	$ 16,723
33	Zone 3	CS	SI	Parks/Public Area	Replace Tile Roof - CS	$ 6,500	Actual Cost	$ 13,843	2001	30		6	1625	sq-ft	2031	$ 16,723
34	Zone 3	BP	SI	Parks/Public Area	Replace Tile Roof - BP	$ 6,500	Actual Cost	$ 13,843	2001	30		6	1625	sq-ft	2031	$ 16,723
35	Zone 3	CS	SI	Parks/Public Area	Repl Tile Roof - BB Court	$ 6,500	Actual Cost	$ 13,843	2001	30		6	1625	sq-ft	2031	$ 16,723
36	Zone 2	Main Ent	SI	Pavers	Concrete Paver Replace	$ 35,000	Current Est	$ 35,000	2001	25		1	7050	sq-ft	2026	$ 36,120
37	Zone 4	LC		Playground	Repl Artificial Play Turf	$ 10,000	Actual Cost	$ 15,060	2012	10		0	1	each	2025	$ 15,060
38	Zone 4	LC		Playground	Repl Fabric Shade Struct	$ 15,000	Actual Cost	$ 17,559	2020	15		10	1	each	2035	$ 24,060
39	Zone 4	LC		Playground	Replace Park Equipment	$ 5,250	Current Est	$ 5,250	2021	20		16	1	each	2041	$ 8,690
40	Zone 4	LC		Playground	Replace Play Structure	$ 25,000	Current Est	$ 25,000	2001	25		1	1	each	2026	$ 25,800
41	Zone 4	LC		Playground	Replenish Playground Sand	$ 1,975	Current Est	$ 1,975	2020	3		0	1	each	2025	$ 1,975
42	Zone 4	LC		Pool	Replace Pool Pump	$ 10,000	Current Est	$ 10,000	2020	9		4	1	each	2029	$ 11,343
43	Zone 4	LC		Pool	Resurface Pool	$ 35,000	Current Est	$ 35,000	2020	15		10	1	each	2035	$ 47,958
44	Zone 3	Pump Hs		Pump House	Replace Pump Cntrlr/Filter	$ 11,000	Actual Cost	$ 18,791	2008	20		3	1	each	2028	$ 20,653
45	Zone 3	Pump Hs		Pump House	Replace Irrigation Pumps	$ 5,200	Actual Cost	$ 8,883	2008	20		3	2	each	2028	$ 9,763
46	Zone 3	Pump Hs		Pump House	Replace PM Pump	$ 2,250	Actual Cost	$ 3,844	2008	20		3	1	each	2028	$ 4,225
47	Zone 4	All	SI	Roads/Prkg/Paving	Asphalt Repair	$ 2,100	Actual Cost	$ 2,458	2020	4		0	1	other	2025	$ 2,458
48	Zone 4	All	SI	Roads/Prkg/Paving	Asphalt Seal Coat	$ 29,000	Current Est	$ 29,000	2020	4		0	512667	sq-ft	2025	$ 29,000
49	Zone 4	All	SI	Roads/Prkg/Paving	Crack Seal	$ 22,000	Current Est	$ 22,000	2020	4		0	512667	sq-ft	2025	$ 22,000
50	Zone 4	All	SI	Roads/Prkg/Paving	Asphalt Resurface	$ 350,000	Current Est	$ 350,000	2040	30	1	16	512667	sq-ft	2040	$ 561,388
51	Zone 4	All	SI	Roads/Prkg/Paving	Asphalt Repair	$ 2,196	Current Est	$ 2,196	2044	4		19	1	other	2044	$ 3,995
52	Zone 4	All	SI	Roads/Prkg/Paving	Asphalt Seal Coat	$ 29,000	Current Est	$ 29,000	2044	4		19	512667	sq-ft	2044	$ 52,761
53	Zone 4	All	SI	Roads/Prkg/Paving	Crack Seal	$ 22,000	Current Est	$ 22,000	2044	4		19	512667	sq-ft	2044	$ 40,026
54	Zone 2	Main Ent	SI	Security/Privacy	Routine maint guard house	$ 5,250	Current Est	$ 5,250	2027	5		2	1	each	2027	$ 5,591
55	Zone 4	All		Signage	Replace Street Signs	$ 25,000	Actual Cost	$ 53,242	2001	20		0	150	each	2025	$ 53,242

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 *22* (above).

Components Not Included in Funding

The below components have been excluded from funding in this reserve study. Note that the inclusion of any of these items later via a revision or update to this study will likely impact the funding strategies developed for this report.

Table 10: Components Not Included in Funding

Item	Major Component	Reason Not Considered for Analysis	Comments
1	Retaining Walls	Useful Life is Exceedingly Long	Inspected annually
2	Electrical Systems	Useful Life is Exceedingly Long	
3	Plumbing Systems	Useful Life or Remaining Life Cannot be Determined	Plumbing system replacement cannot be predicted
4	Entrance Gates	Useful Life is Exceedingly Long	Inspect during repaint & during routine maintenance of operators
5	Surveillance Cameras	Component Covered Under Maintenance Contract	
6		Other (add comments)	
7	Trees, plants & shrubs maint	Useful Life is One Year or Less	Add to Operating Expense budget
8	Replenish granite	Useful Life is One Year or Less	Add to Operating Expense budget
9	Repair Sdwlk/Curbs - Annual	Useful Life is One Year or Less	Add to Operating Expense budget
10	Replenish Sand	Useful Life is One Year or Less	Add to Operating Expense budget
11	Asphalt Repair	Useful Life is One Year or Less	Add to Operating Expense budget
12			
13			
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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 *2* for additional information. The Uniform Rate method is used for financial analysis as this assures 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

Summary Table of Annual Incomes and Expenses

					Incomes						Expenses								
Year	Start of Year Reserve Balance [1]	Fully Funded Balance	Start Of Year Percent Funded	Reserve Fund Deficiency from FFB *(per unit)*	Special Assessments	Total Annual Maintenance Assessments Using Uniform Rate	Loans	Reserve Balance Interest Income	Other Incomes	Total Annual Income	Operating Expenses	Loan Expenses *(payments)*	Special Projects	Total All Reserve Expenses [2]	Estimated Annual Taxes	Total Expenses	Annual Reserve Contribution *(less loans)* [3]	Reserve Contrib as Pct of Total Income	EOY Reserve Balance [4]
2025	$ 370,000	$ 703,817	53%	-$ 1,319	$ 275,000	$ 312,900	$ 100,000	$ 7,770	$ 86,000	$ 781,670	$ 270,000	$ 9,042	$ 225,000	$ 125,955	$ 1,350	$ 631,347	$ 501,278	64%	$ 520,323
2026	$ 520,323	$ 662,818	79%	-$ 563	$ 0	$ 328,545	$ 0	$ 10,927	$ 6,660	$ 346,132	$ 278,100	$ 18,840	$ 0	$ 82,405	$ 1,898	$ 381,243	$ 47,294	14%	$ 483,314
2027	$ 483,314	$ 667,577	72%	-$ 728	$ 0	$ 344,972	$ 0	$ 10,150	$ 6,824	$ 361,946	$ 286,443	$ 18,840	$ 0	$ 46,831	$ 1,763	$ 353,877	$ 54,900	15%	$ 489,619
2028	$ 489,619	$ 711,393	69%	-$ 877	$ 0	$ 362,221	$ 0	$ 10,282	$ 6,992	$ 379,495	$ 295,036	$ 9,798	$ 0	$ 49,678	$ 1,786	$ 356,298	$ 72,875	19%	$ 511,029
2029	$ 511,029	$ 755,942	68%	-$ 968	$ 0	$ 374,899	$ 0	$ 10,732	$ 7,165	$ 392,795	$ 303,887	$ 9,798	$ 0	$ 71,979	$ 1,865	$ 387,529	$ 77,246	20%	$ 514,431
2030	$ 514,431	$ 781,238	66%	-$ 1,055	$ 0	$ 388,020	$ 0	$ 10,803	$ 7,342	$ 406,165	$ 313,004	$ 9,798	$ 0	$ 4,705	$ 1,877	$ 329,384	$ 81,487	20%	$ 589,336
2031	$ 589,336	$ 879,183	67%	-$ 1,146	$ 0	$ 401,601	$ 0	$ 12,376	$ 7,524	$ 421,501	$ 322,394	$ 9,798	$ 0	$ 308,028	$ 2,150	$ 642,370	$ 87,158	21%	$ 366,316
2032	$ 366,316	$ 669,724	55%	-$ 1,199	$ 0	$ 415,657	$ 0	$ 7,693	$ 7,710	$ 431,059	$ 332,066	$ 9,798	$ 0	$ 18,172	$ 1,337	$ 361,372	$ 87,859	20%	$ 434,667
2033	$ 434,667	$ 755,262	58%	-$ 1,267	$ 0	$ 430,205	$ 0	$ 9,128	$ 7,901	$ 447,234	$ 342,028	$ 9,798	$ 0	$ 125,389	$ 1,586	$ 478,801	$ 93,822	21%	$ 401,514
2034	$ 401,514	$ 735,542	55%	-$ 1,320	$ 0	$ 445,262	$ 0	$ 8,432	$ 8,097	$ 461,791	$ 352,289	$ 9,798	$ 0	$ 2,622	$ 1,465	$ 366,173	$ 98,239	21%	$ 495,667
2035	$ 495,667	$ 844,621	59%	-$ 1,379	$ 0	$ 460,846	$ 0	$ 10,409	$ 8,298	$ 479,553	$ 362,857	$ 9,798	$ 0	$ 135,094	$ 1,809	$ 509,558	$ 105,090	22%	$ 463,854
2036	$ 463,854	$ 823,304	56%	-$ 1,421	$ 0	$ 476,976	$ 0	$ 9,741	$ 8,505	$ 495,221	$ 373,743	$ 9,798	$ 0	$ 48,893	$ 1,692	$ 434,126	$ 109,988	22%	$ 523,256
2037	$ 523,256	$ 893,178	59%	-$ 1,462	$ 0	$ 493,670	$ 0	$ 10,988	$ 8,716	$ 513,374	$ 384,955	$ 9,798	$ 0	$ 107,529	$ 1,909	$ 504,191	$ 116,712	23%	$ 530,530
2038	$ 530,530	$ 907,784	58%	-$ 1,491	$ 0	$ 510,948	$ 0	$ 11,141	$ 8,933	$ 531,023	$ 396,504	$ 9,798	$ 0	$ 29,340	$ 1,936	$ 437,578	$ 122,785	23%	$ 622,039
2039	$ 622,039	$ 1,006,652	62%	-$ 1,520	$ 0	$ 528,831	$ 0	$ 13,063	$ 9,156	$ 551,050	$ 408,399	$ 9,798	$ 0	$ 0	$ 2,270	$ 420,467	$ 130,584	24%	$ 750,353
2040	$ 750,353	$ 1,142,165	66%	-$ 1,549	$ 0	$ 542,052	$ 0	$ 15,757	$ 9,384	$ 567,194	$ 420,651	$ 9,798	$ 0	$ 6,728	$ 2,738	$ 439,915	$ 134,007	24%	$ 874,895
2041	$ 874,895	$ 1,211,902	72%	-$ 1,332	$ 0	$ 555,604	$ 0	$ 18,373	$ 9,619	$ 583,595	$ 433,271	$ 0	$ 0	$ 637,799	$ 3,192	$ 1,074,262	$ 147,132	25%	$ 381,036
2042	$ 381,036	$ 702,381	54%	-$ 1,270	$ 0	$ 569,494	$ 0	$ 8,002	$ 9,859	$ 587,355	$ 446,269	$ 0	$ 0	$ 22,241	$ 1,390	$ 469,900	$ 139,696	24%	$ 497,101
2043	$ 497,101	$ 815,327	61%	-$ 1,258	$ 0	$ 583,731	$ 0	$ 10,439	$ 10,106	$ 604,276	$ 459,657	$ 0	$ 0	$ 3,482	$ 1,814	$ 464,953	$ 142,806	24%	$ 634,611
2044	$ 634,611	$ 954,877	66%	-$ 1,266	$ 0	$ 598,324	$ 0	$ 13,327	$ 10,359	$ 622,010	$ 473,447	$ 0	$ 0	$ 118,079	$ 2,315	$ 593,841	$ 146,248	24%	$ 660,464
2045	$ 660,464	$ 984,374	67%	-$ 1,280	$ 0	$ 613,282	$ 0	$ 13,870	$ 10,619	$ 637,771	$ 487,650	$ 0	$ 0	$ 132,410	$ 2,410	$ 622,470	$ 147,711	23%	$ 673,356
2046	$ 673,356	$ 1,003,891	67%	-$ 1,306	$ 0	$ 628,614	$ 0	$ 14,140	$ 10,886	$ 653,641	$ 502,280	$ 0	$ 0	$ 56,156	$ 2,457	$ 560,892	$ 148,904	23%	$ 763,648
2047	$ 763,648	$ 1,106,715	69%	-$ 1,356	$ 0	$ 644,330	$ 0	$ 16,037	$ 11,159	$ 671,526	$ 517,348	$ 0	$ 0	$ 49,144	$ 2,786	$ 569,278	$ 151,391	23%	$ 863,109
2048	$ 863,109	$ 1,224,183	71%	-$ 1,427	$ 0	$ 660,438	$ 0	$ 18,125	$ 11,440	$ 690,003	$ 532,868	$ 0	$ 0	$ 265,618	$ 3,149	$ 801,636	$ 153,986	22%	$ 748,327
2049	$ 748,327	$ 1,126,258	66%	-$ 1,494	$ 0	$ 676,949	$ 0	$ 15,715	$ 11,728	$ 704,392	$ 548,854	$ 0	$ 0	$ 4,206	$ 2,730	$ 555,791	$ 152,807	22%	$ 894,198
2050	$ 894,198	$ 1,299,361	69%	-$ 1,601	$ 0	$ 693,873	$ 0	$ 18,778	$ 12,023	$ 724,674	$ 565,320	$ 0	$ 0	$ 187,544	$ 3,263	$ 756,127	$ 156,092	22%	$ 859,483
2051	$ 859,483	$ 1,293,324	66%	-$ 1,715	$ 0	$ 711,220	$ 0	$ 18,049	$ 12,327	$ 741,595	$ 582,280	$ 0	$ 0	$ 305,859	$ 3,136	$ 891,275	$ 156,180	21%	$ 706,668
2052	$ 706,668	$ 1,169,661	60%	-$ 1,830	$ 0	$ 729,000	$ 0	$ 14,840	$ 12,638	$ 756,478	$ 599,748	$ 0	$ 0	$ 241,284	$ 2,578	$ 843,610	$ 154,152	20%	$ 616,957
2053	$ 616,957	$ 1,113,500	55%	-$ 1,963	$ 0	$ 747,225	$ 0	$ 12,956	$ 12,957	$ 773,139	$ 617,740	$ 0	$ 0	$ 7,295	$ 2,251	$ 627,287	$ 153,147	20%	$ 760,558
2054	$ 760,558	$ 1,301,993	58%	-$ 2,140	$ 0	$ 765,906	$ 0	$ 15,972	$ 13,285	$ 795,163	$ 636,273	$ 0	$ 0	$ 32,408	$ 2,775	$ 671,456	$ 156,115	20%	$ 881,490
2055	$ 881,490	$ 1,475,734	60%	-$ 2,349	$ 0	$ 765,906	$ 0	$ 18,511	$ 13,622	$ 798,039	$ 655,361	$ 0	$ 0	$ 49,539	$ 3,216	$ 708,116	$ 139,461	17%	$ 968,196

1. *Start of Year Reserve balance includes operations fund account balance*
2. *Total of ALL Reserve Expenses*
3. *Annual Reserve Contribution = Total Annual Income – Operating Expenses – Loan Amount – Loan Expenses – Taxes. The reserve contribution is a target or goal. Not an expense item. This value is a recommendation.*
4. *The EOY Reserve Balance is estimated based on total incomes and total 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.

$$Reserve\ Contribution = Total\ Income - Operational\ Expenses$$

The following table summarizes the projected reserve contributions for each year. These contributions are goals and should not be classified or considered as expenses or firm objectives. The actual contribution to the reserve fund will vary as circumstances are quite likely to change such as unexpected expenses or expenses which may be more or less than anticipated in the annual budget.

Table 12: Annual Reserve Contribution Summary

Annual Reserve Contribution Table

Year	Reserve Contribution	Year	Reserve Contribution	Year	Reserve Contribution
2025	$ 501,278	2035	$ 105,090	2045	$ 147,711
2026	$ 47,294	2036	$ 109,988	2046	$ 148,904
2027	$ 54,900	2037	$ 116,712	2047	$ 151,391
2028	$ 72,875	2038	$ 122,785	2048	$ 153,986
2029	$ 77,246	2039	$ 130,584	2049	$ 152,807
2030	$ 81,487	2040	$ 134,007	2050	$ 156,092
2031	$ 87,158	2041	$ 147,132	2051	$ 156,180
2032	$ 87,859	2042	$ 139,696	2052	$ 154,152
2033	$ 93,822	2043	$ 142,806	2053	$ 153,147
2034	$ 98,239	2044	$ 146,248	2054	$ 156,115

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

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								
Loan #	Loan Description	Loan Type	Loan Amount	Origination Year	Term of Loan	Current Balance	Annual Interest	Annual Payment
1	Construct Guard House	Future	$ 100,000	2025	15 Years		5.25%	$ 9,798
2	Existing Loan	Existing	$ 65,000	2017	10 Years	$ 16,462	6.50%	$ 9,042
3								
4								
5								
6								

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.

Based on user input,

- Taxes are included in this analysis.
- Taxes paid year 2024: $1,350
- Estimated tax rate: 17.37%

Disclaimer: Any estimated annual taxes or the estimated tax rate used in this analysis is a calculated estimate only that is based on information supplied by the association. The calculation cannot accurately account for the effect of final calculations which are done independently. The estimate provided is not to be construed as financial or other professional advice. If accounting, legal or other expert assistance is required, and you are not yourself a professional, you should seek the service of a competent professional before acting on any information provided herein.

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 occurrences. It is best to not 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 assure 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 26.
  - A graphical view of the monthly reserve fund contribution is displayed in *Figure 9: Average Monthly Reserve Fund* Contribution Rate on page 42.

The following table lists the year that the maximum reserve fund expenses (depreciable asset expenses) occur 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:	**2041**
Min Req'd % FFB at Start of 2041:	**53%**
This analysis, Start of Year % Funding in 2041:	**72%**
Reserve Fund Balance at Start of 2041:	**$ 874,895**
Estimated Reserve Contribution in 2041:	**$ 147,132**
Total Available Reserve Funds in 2041: *	**$ 1,022,027**
Total Reserve Expenses in 2041:	**$ 637,799**

** Does not include funds from anticipated annual maintenance assessments in year 2041*

Maximum Reserve Expenses & Reserve Contribution	
Year Maximum Reserve Expenses Occur:	**2041**
Min Req'd % FFB at Start of 2041:	**53%**
This analysis, Start of Year % Funding in 2041:	**72%**
Reserve Fund Balance at Start of 2041:	**$ 874,895**
Estimated Reserve Contribution in 2041:	**$ 147,132**
Total Available Reserve Funds in 2041: *	**$ 1,022,027**
Total Reserve Expenses in 2041:	**$ 637,799**

** Does not include funds from anticipated annual maintenance assessments in year 2041*

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
2025	$ 225,000	Construct New Guard House

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 29 May 2024, these components' scheduled services are complete.

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

Annual Reserve Component Expenditures

The following table lists the reserve component expenditure for each year of the analysis period, (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

Reserve Component Expenditures for Years 2025 to 2054

Year	Cost	Zone	Area	SI	Category	Component
2025	$ 1,110	Zone 2	Main Ent		Fencing & Railings	Paint Iron Fence & Gates - Main
	$ 1,110	Zone 2	Back Ent		Fencing & Railings	Paint Iron Fence & Gates - Back
	$ 15,060	Zone 4	LC		Playground	Repl Artificial Play Turf
	$ 1,975	Zone 4	LC		Playground	Replenish Playground Sand
	$ 2,458	Zone 4	All	SI	Roads/Prkg/Paving	Asphalt Repair
	$ 29,000	Zone 4	All	SI	Roads/Prkg/Paving	Asphalt Seal Coat
	$ 22,000	Zone 4	All	SI	Roads/Prkg/Paving	Crack Seal
	$ 53,242	Zone 4	All		Signage	Replace Street Signs
2025 Total:	**$ 125,955**					
2026	$ 20,485	Zone 1	All	SI	Dry Wells	Clean/repair Dry Wells
	$ 36,120	Zone 2	Main Ent	SI	Pavers	Concrete Paver Replace
	$ 25,800	Zone 4	LC		Playground	Replace Play Structure
2026 Total:	**$ 82,405**					
2027	$ 8,275	Zone 1	CS		Boat Dock	Replace Boat Dock - CS
	$ 6,593	Zone 2	Main Ent		Monument Signs	Replace Monument Sign - Main
	$ 6,593	Zone 2	Back Ent		Monument Signs	Replace Monument Sign - Back
	$ 6,593	Zone 2	LC		Monument Signs	Replace Monument Sign - LC
	$ 6,593	Zone 2	CS		Monument Signs	Replace Monument Sign - CS
	$ 6,593	Zone 2	BP		Monument Signs	Replace Monument Sign -BP
	$ 5,591	Zone 2	Main Ent	SI	Security/Privacy	Routine maint guard house
2027 Total:	**$ 46,831**					
2028	$ 12,866	Zone 1	CS		Basketball Court	Replace Basketball Court
	$ 2,171	Zone 4	LC		Playground	Replenish Playground Sand

Reserve Component Expenditures for Years 2025 to 2054

	$ 20,653	Zone 3	Pump Hs		Pump House	Replace Pump Cntrlr/Filter
	$ 9,763	Zone 3	Pump Hs		Pump House	Replace Irrigation Pumps
	$ 4,225	Zone 3	Pump Hs		Pump House	Replace PM Pump
2028 Total:	**$ 49,678**					
2029	$ 11,343	Zone 4	LC		Pool	Replace Pool Pump
	$ 2,788	Zone 4	All	SI	Roads/Prkg/Paving	Asphalt Repair
	$ 32,894	Zone 4	All	SI	Roads/Prkg/Paving	Asphalt Seal Coat
	$ 24,954	Zone 4	All	SI	Roads/Prkg/Paving	Crack Seal
2029 Total:	**$ 71,979**					
2030	$ 1,299	Zone 2	Main Ent		Fencing & Railings	Paint Iron Fence & Gates - Main
	$ 1,299	Zone 2	Back Ent		Fencing & Railings	Paint Iron Fence & Gates - Back
	$ 2,107	Zone 2	All		Fencing & Railings	Paint View Fence: lakes
2030 Total:	**$ 4,705**					
2031	$ 23,979	Zone 1	All	SI	Dry Wells	Clean/repair Dry Wells
	$ 8,645	Zone 2	Back Ent		Fencing & Railings	Replace Iron Fencing
	$ 15,745	Zone 2	Main Ent		Fencing & Railings	Replace Iron Fencing
	$ 37,304	Zone 2	Back Ent		Gates	Replace Gates (Back)
	$ 37,304	Zone 2	Main Ent		Gates	Replace Gates (Entry)
	$ 38,591	Zone 3	LC		Parks/Public Area	Replace Ramada - LC
	$ 38,591	Zone 3	CS		Parks/Public Area	Replace Ramada - CS
	$ 38,591	Zone 3	BP		Parks/Public Area	Replace Ramada - BP
	$ 16,723	Zone 3	LC	SI	Parks/Public Area	Replace Tile Roof -LC
	$ 16,723	Zone 3	CS	SI	Parks/Public Area	Replace Tile Roof - CS
	$ 16,723	Zone 3	BP	SI	Parks/Public Area	Replace Tile Roof - BP

Reserve Component Expenditures for Years 2025 to 2054

	$ 16,723	Zone 3	CS	SI	Parks/Public Area	Repl Tile Roof - BB Court
	$ 2,386	Zone 4	LC		Playground	Replenish Playground Sand
2031 Total:	**$ 308,028**					
2032	$ 7,617	Zone 1	LC		Boat Dock	Replace Boat Dock - LC
	$ 4,010	Zone 2	Main Ent		Gates	Replace KeyPad Box
	$ 6,545	Zone 2	Main Ent	SI	Security/Privacy	Routine maint guard house
2032 Total:	**$ 18,172**					
2033	$ 56,610	Zone 2	All		Mailboxes	Replace Mailboxes
	$ 3,163	Zone 4	All	SI	Roads/Prkg/Paving	Asphalt Repair
	$ 37,311	Zone 4	All	SI	Roads/Prkg/Paving	Asphalt Seal Coat
	$ 28,305	Zone 4	All	SI	Roads/Prkg/Paving	Crack Seal
2033 Total:	**$ 125,389**					
2034	$ 2,622	Zone 4	LC		Playground	Replenish Playground Sand
2034 Total:	**$ 2,622**					
2035	$ 4,111	Zone 1	CS		Basketball Court	Repair Basketball Court
	$ 1,521	Zone 2	Main Ent		Fencing & Railings	Paint Iron Fence & Gates - Main
	$ 1,521	Zone 2	Back Ent		Fencing & Railings	Paint Iron Fence & Gates - Back
	$ 35,287	Zone 2	All		Mailboxes	Repair Mailboxes
	$ 20,636	Zone 4	LC		Playground	Repl Artificial Play Turf
	$ 24,060	Zone 4	LC		Playground	Repl Fabric Shade Struct
	$ 47,958	Zone 4	LC		Pool	Resurface Pool
2035 Total:	**$ 135,094**					

Reserve Component Expenditures for Years 2025 to 2054

2036	$ 16,553	Zone 1	CS		Basketball Court	Replace Basketball Court
	$ 28,069	Zone 1	All	SI	Dry Wells	Clean/repair Dry Wells
	$ 4,271	Zone 2	All		Lighting	Replace low volt lights
2036 Total:	**$ 48,893**					
2037	$ 9,486	Zone 2	Main Ent		Gates	Replace Gate Operators - Main
	$ 9,486	Zone 2	Back Ent		Gates	Replace Gate Operators - Back
	$ 2,882	Zone 4	LC		Playground	Replenish Playground Sand
	$ 3,587	Zone 4	All	SI	Roads/Prkg/Paving	Asphalt Repair
	$ 42,321	Zone 4	All	SI	Roads/Prkg/Paving	Asphalt Seal Coat
	$ 32,105	Zone 4	All	SI	Roads/Prkg/Paving	Crack Seal
	$ 7,662	Zone 2	Main Ent	SI	Security/Privacy	Routine maint guard house
2037 Total:	**$ 107,529**					
2038	$ 14,280	Zone 2	All		Irrigation	Replace Irrigation Cntrls
	$ 15,060	Zone 4	LC		Pool	Replace Pool Pump
2038 Total:	**$ 29,340**					
2039No Reserve Expenses Anticipated						
2040	$ 1,780	Zone 2	Main Ent		Fencing & Railings	Paint Iron Fence & Gates - Main
	$ 1,780	Zone 2	Back Ent		Fencing & Railings	Paint Iron Fence & Gates - Back
	$ 3,168	Zone 4	LC		Playground	Replenish Playground Sand
2040 Total:	**$ 6,728**					

Reserve Component Expenditures for Years 2025 to 2054

2041	$ 32,857	Zone 1	All	SI	Dry Wells	Clean/repair Dry Wells
	$ 5,633	Zone 2	LC		Parks/Public Area	Replace Park Equip - LC
	$ 5,633	Zone 2	CS		Parks/Public Area	Replace Park Equip - CS
	$ 5,633	Zone 2	BP		Parks/Public Area	Replace Park Equip - BP
	$ 8,690	Zone 4	LC		Playground	Replace Park Equipment
	$ 579,353	Zone 4	All	SI	Roads/Prkg/Paving	Asphalt Resurface
2041 Total:	**$ 637,799**					
2042	$ 13,273	Zone 1	CS		Boat Dock	Replace Boat Dock - CS
	$ 8,968	Zone 2	Main Ent	SI	Security/Privacy	Routine maint guard house
2042 Total:	**$ 22,241**					
2043	$ 3,482	Zone 4	LC		Playground	Replenish Playground Sand
2043 Total:	**$ 3,482**					
2044	$ 21,297	Zone 1	CS		Basketball Court	Replace Basketball Court
	$ 3,995	Zone 4	All	SI	Roads/Prkg/Paving	Asphalt Repair
	$ 52,761	Zone 4	All	SI	Roads/Prkg/Paving	Asphalt Seal Coat
	$ 40,026	Zone 4	All	SI	Roads/Prkg/Paving	Crack Seal
2044 Total:	**$ 118,079**					
2045	$ 2,084	Zone 2	Main Ent		Fencing & Railings	Paint Iron Fence & Gates - Main
	$ 2,084	Zone 2	Back Ent		Fencing & Railings	Paint Iron Fence & Gates - Back
	$ 28,277	Zone 4	LC		Playground	Repl Artificial Play Turf

Reserve Component Expenditures for Years 2025 to 2054

	$ 99,965	Zone 4	All		Signage	Replace Street Signs
2045 Total:	**$ 132,410**					
2046	$ 38,462	Zone 1	All	SI	Dry Wells	Clean/repair Dry Wells
	$ 13,867	Zone 2	Back Ent		Fencing & Railings	Replace Iron Fencing
	$ 3,827	Zone 4	LC		Playground	Replenish Playground Sand
2046 Total:	**$ 56,156**					
2047	$ 12,218	Zone 1	LC		Boat Dock	Replace Boat Dock - LC
	$ 6,432	Zone 2	Main Ent		Gates	Replace KeyPad Box
	$ 19,996	Zone 4	LC		Pool	Replace Pool Pump
	$ 10,498	Zone 2	Main Ent	SI	Security/Privacy	Routine maint guard house
2047 Total:	**$ 49,144**					
2048	$ 90,800	Zone 2	All		Mailboxes	Replace Mailboxes
	$ 38,778	Zone 3	Pump Hs		Pump House	Replace Pump Cntrlr/Filter
	$ 18,331	Zone 3	Pump Hs		Pump House	Replace Irrigation Pumps
	$ 7,932	Zone 3	Pump Hs		Pump House	Replace PM Pump
	$ 4,532	Zone 4	All	SI	Roads/Prkg/Paving	Asphalt Repair
	$ 59,845	Zone 4	All	SI	Roads/Prkg/Paving	Asphalt Seal Coat
	$ 45,400	Zone 4	All	SI	Roads/Prkg/Paving	Crack Seal
2048 Total:	**$ 265,618**					
2049	$ 4,206	Zone 4	LC		Playground	Replenish Playground Sand
2049 Total:	**$ 4,206**					

Reserve Component Expenditures for Years 2025 to 2054

2050	$ 6,593	Zone 1	CS		Basketball Court	Repair Basketball Court
	$ 2,440	Zone 2	Main Ent		Fencing & Railings	Paint Iron Fence & Gates - Main
	$ 2,440	Zone 2	Back Ent		Fencing & Railings	Paint Iron Fence & Gates - Back
	$ 3,956	Zone 2	All		Fencing & Railings	Paint View Fence: lakes
	$ 56,600	Zone 2	All		Mailboxes	Repair Mailboxes
	$ 38,591	Zone 4	LC		Playground	Repl Fabric Shade Struct
	$ 76,924	Zone 4	LC		Pool	Resurface Pool
2050 Total:	**$ 187,544**					
2051	$ 45,022	Zone 1	All	SI	Dry Wells	Clean/repair Dry Wells
	$ 124,748	Zone 1	All	SI	Dry Wells	Replace Dry Wells
	$ 79,385	Zone 2	Main Ent	SI	Pavers	Concrete Paver Replace
	$ 56,704	Zone 4	LC		Playground	Replace Play Structure
2051 Total:	**$ 305,859**					
2052	$ 27,400	Zone 1	CS		Basketball Court	Replace Basketball Court
	$ 14,491	Zone 2	Main Ent		Monument Signs	Replace Monument Sign - Main
	$ 14,491	Zone 2	Back Ent		Monument Signs	Replace Monument Sign - Back
	$ 14,491	Zone 2	LC		Monument Signs	Replace Monument Sign - LC
	$ 14,491	Zone 2	CS		Monument Signs	Replace Monument Sign - CS
	$ 14,491	Zone 2	BP		Monument Signs	Replace Monument Sign -BP
	$ 4,623	Zone 4	LC		Playground	Replenish Playground Sand
	$ 5,140	Zone 4	All	SI	Roads/Prkg/Paving	Asphalt Repair
	$ 67,881	Zone 4	All	SI	Roads/Prkg/Paving	Asphalt Seal Coat
	$ 51,496	Zone 4	All	SI	Roads/Prkg/Paving	Crack Seal
	$ 12,289	Zone 2	Main Ent	SI	Security/Privacy	Routine maint guard house
2052 Total:	**$ 241,284**					

Reserve Component Expenditures for Years 2025 to 2054

2053	$ 7,295	Zone 2	All	Lighting	Replace low volt lights
2053 Total:	**$ 7,295**				

2054	$ 16,204	Zone 2	Main Ent	Gates	Replace Gate Operators - Main
	$ 16,204	Zone 2	Back Ent	Gates	Replace Gate Operators - Back
2054 Total:	**$ 32,408**				

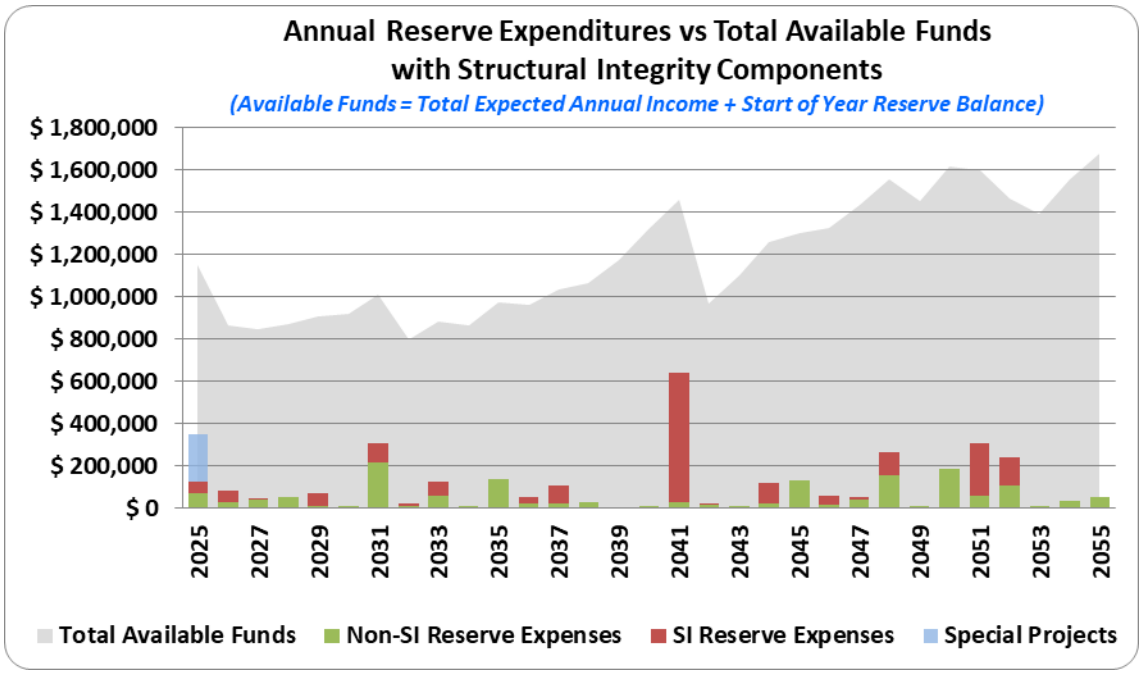
Reserve Fund Expenditures

The graph below shows 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. Expenses are projected 30 years into the future, using the Inflation rate assumptions stated earlier.

It is important to make note of large expenditure years (peak years) when there will be significant projected expenditures related to one or more component projects that will require repair/replacement. These large but infrequent component expenses during "peak" years are typically the most difficult to budget for as they are often overlooked or ignored due to the perception that the expenses are far in the future and there will be time to budget for them later.

Out of a total of 55 reserve components in this analysis, 15 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.

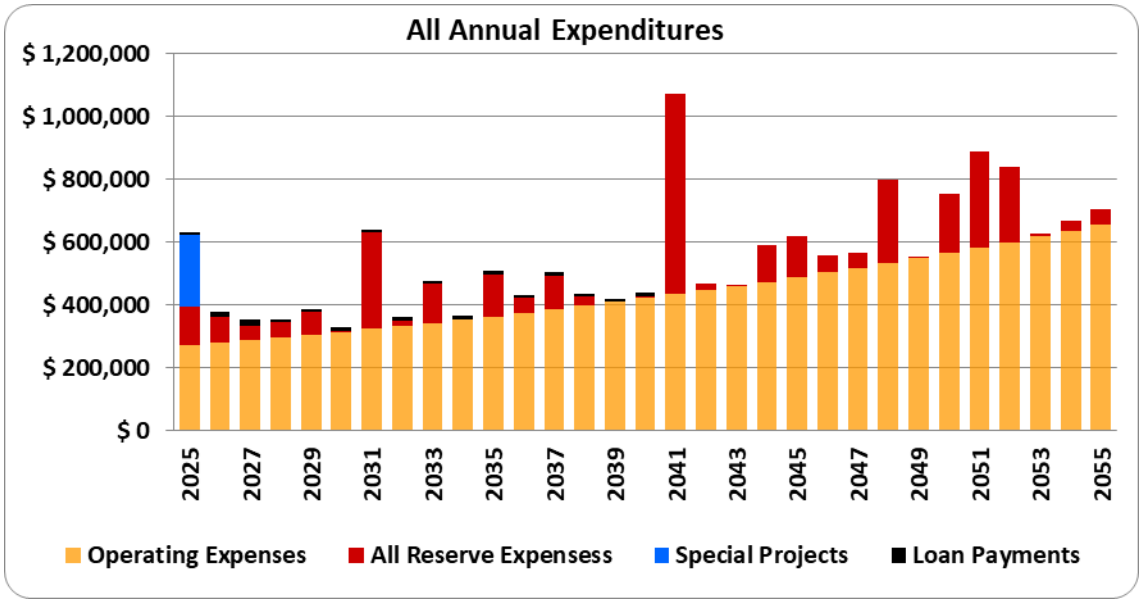
Figure 3: Reserve Fund Expenditures



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 annual expenditures that the association can expect over the next 30 years.

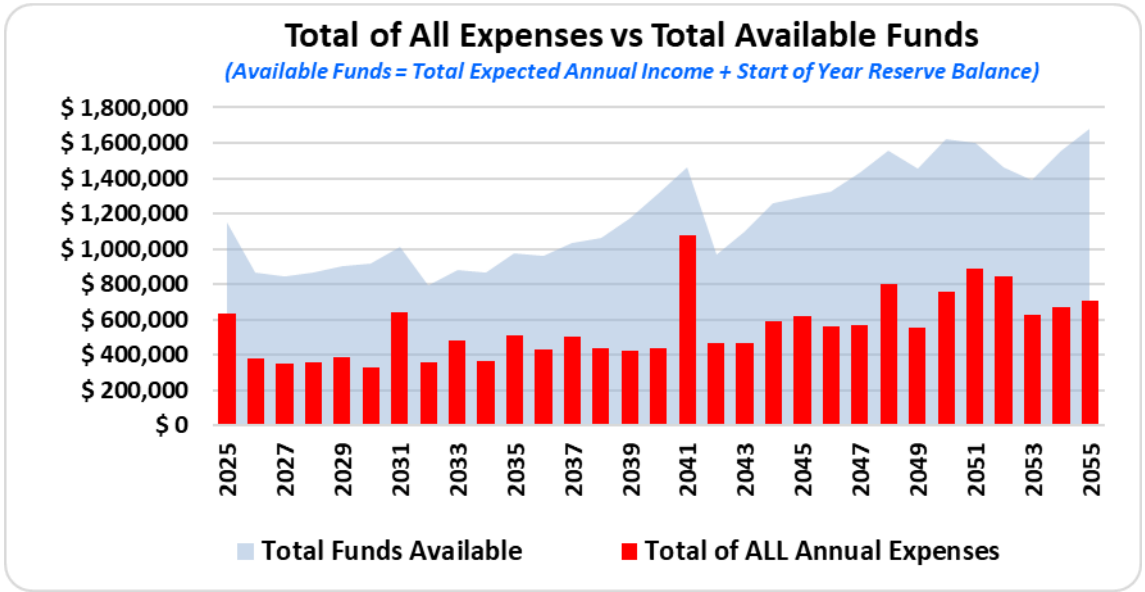
Figure 4: All Annual Expenses



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.

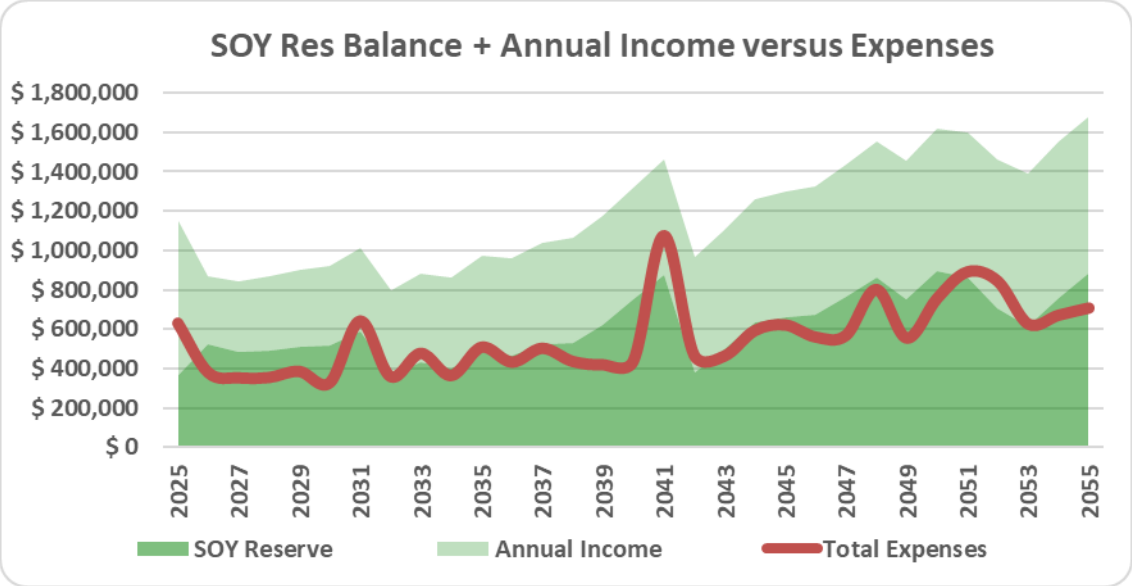
The following graph illustrates each year's anticipated expenses versus the available cash assets. The cash assets are assumed to be the total of the start of year reserve fund balance plus the anticipated annual income plus any additional income such as loans or other income types. In effect, this chart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

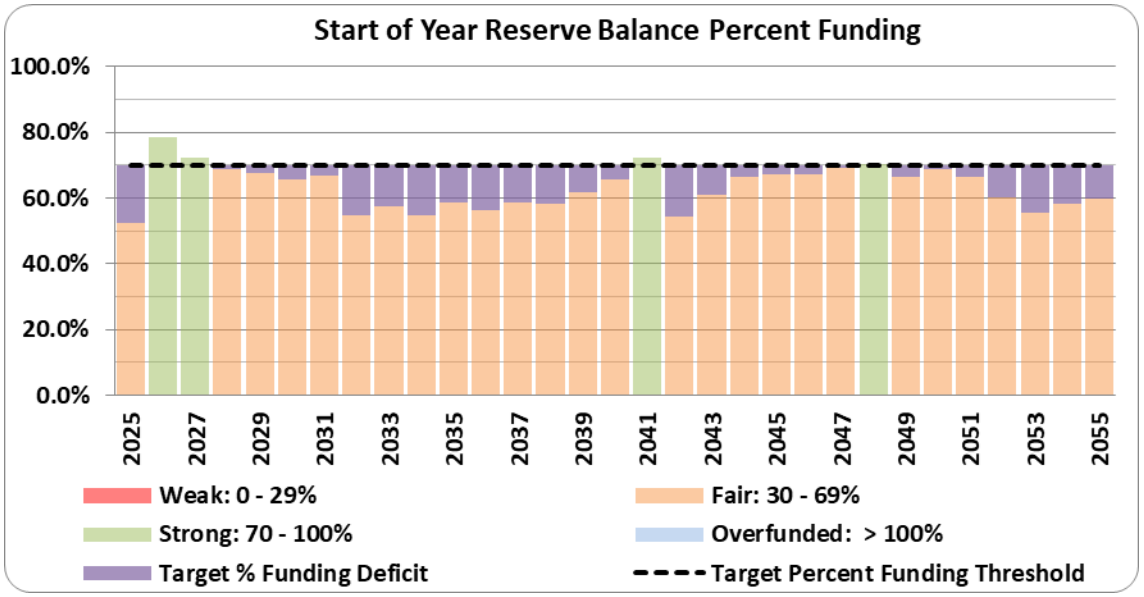
Figure 6: Start of Year Reserve Balance plus Annual Income versus Expenses



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 expenditures projected in any given year.

Figure 7: Start of 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 at 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 from 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 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

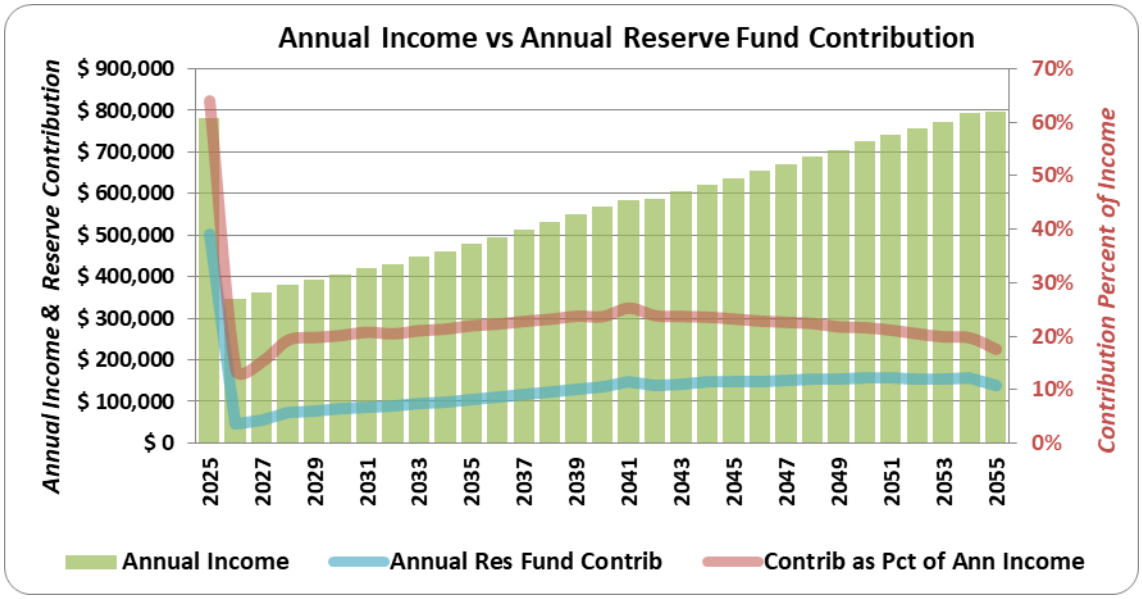
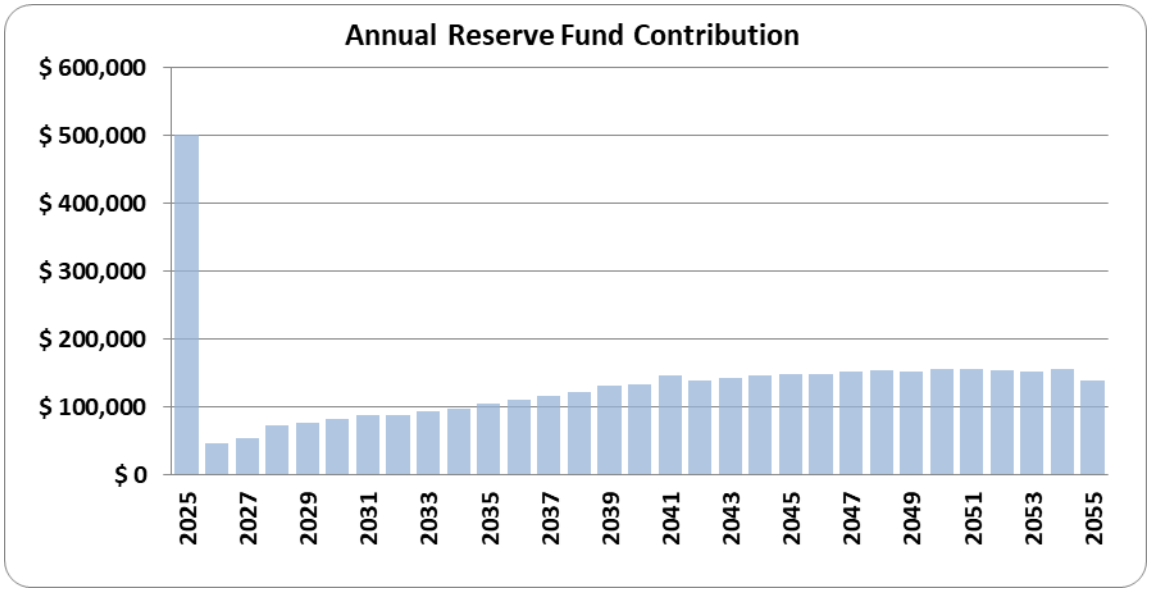


Figure 9: Average Monthly Reserve Fund Contribution Rate



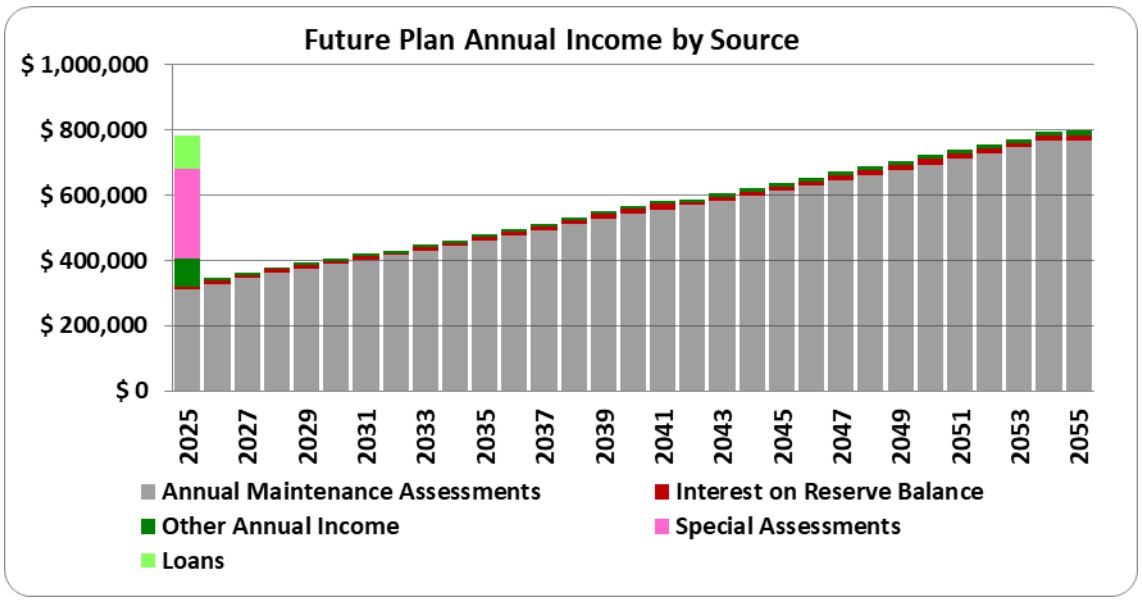
Income Sources

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.

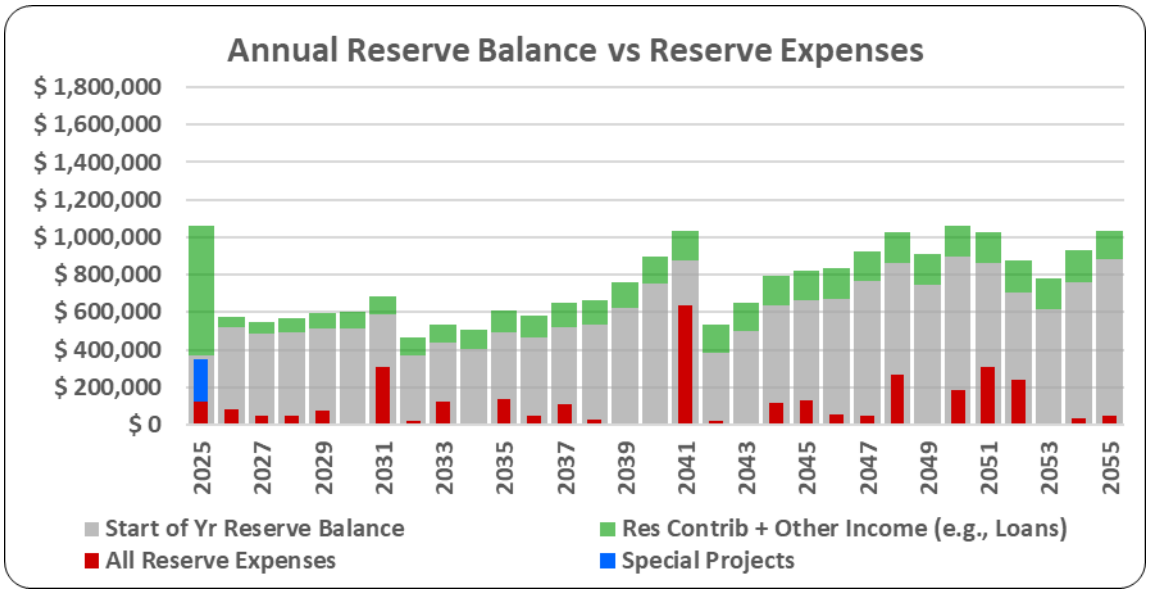
Figure 10: Annual Income by Source



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 of 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

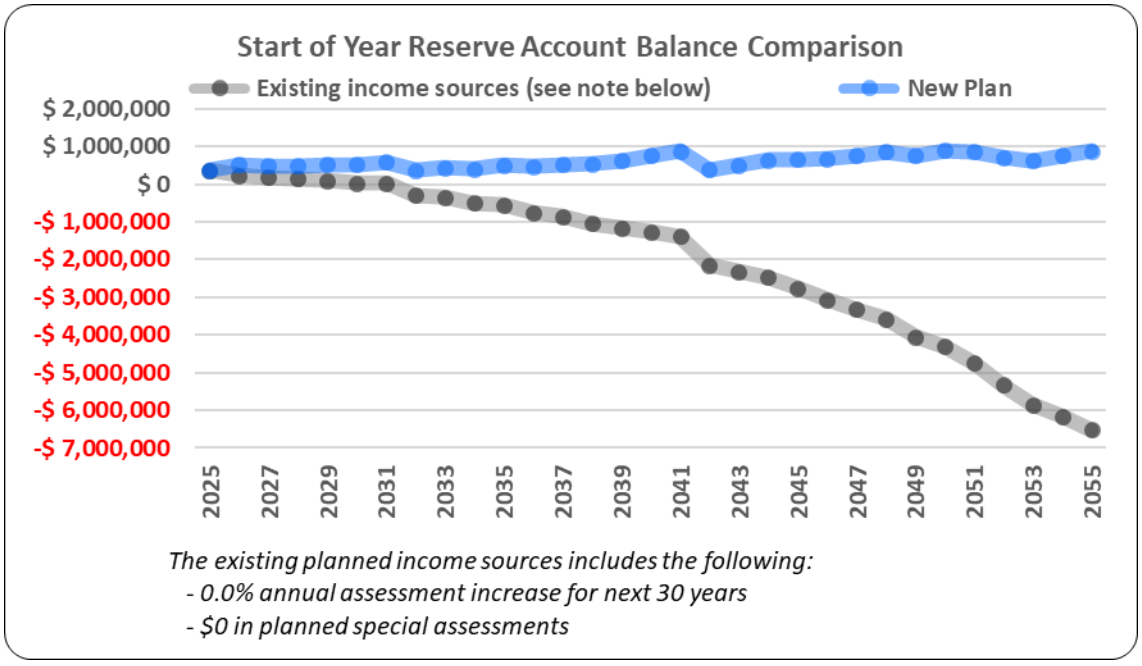
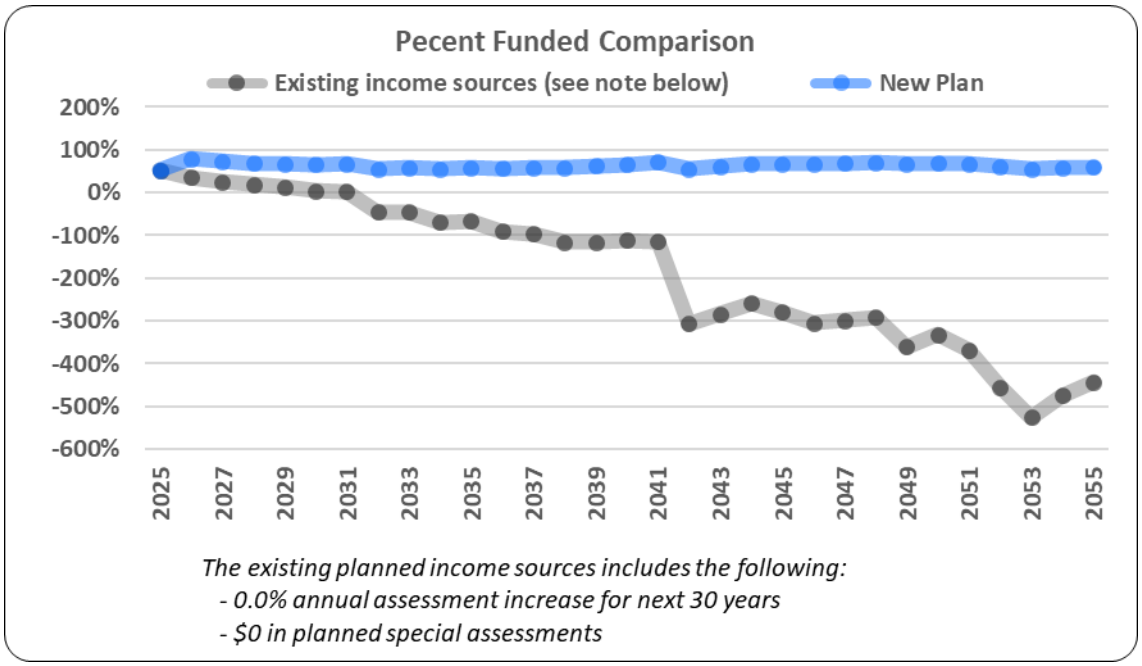


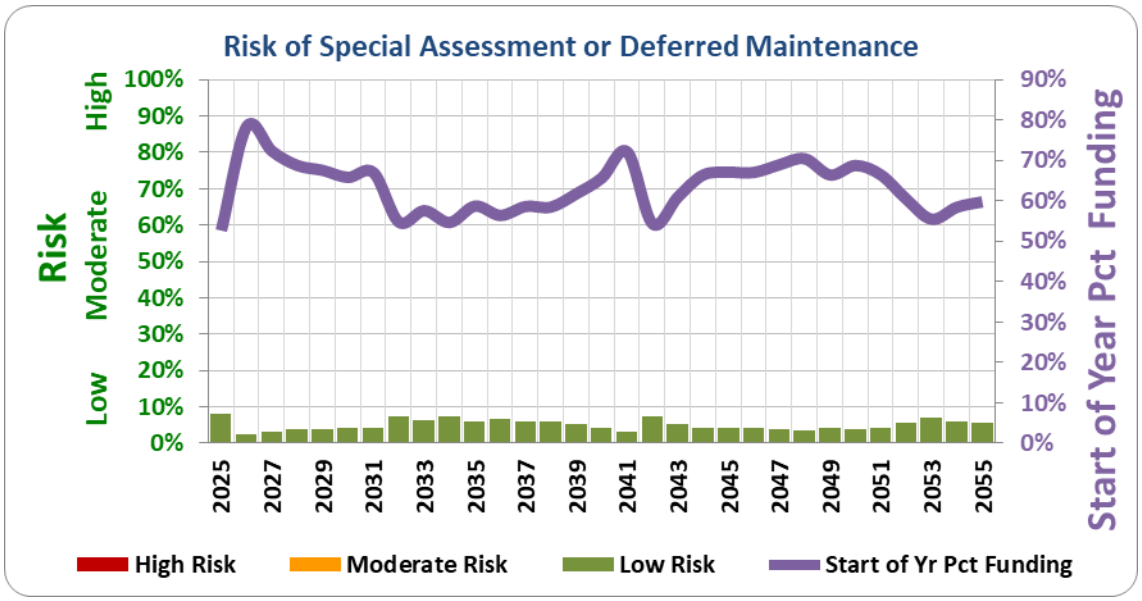
Figure 13: Percent Funded Comparison



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



Contingency Fund

The purpose of a contingency fund is to provide funds for unexpected expenses, unusually higher than anticipated expenses or other emergencies or shortfalls. A contingency fund can also be used to fund miscellaneous expenses that may be difficult to predict and plan. The contingency fund can be especially useful in situations where unexpected expenses may occur such as a burst water line or unexpected incidents such as pest infestations or emergency snow removal expenses.

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 percent 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.

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	$ 312,900	$ 328,545	$ 344,972	$ 362,221	$ 374,899	$ 388,020	$ 401,601	$ 415,657	$ 430,205	$ 445,262	$ 3,804,281
Interest Income Reserve Balance	$ 7,770	$ 10,927	$ 10,150	$ 10,282	$ 10,732	$ 10,803	$ 12,376	$ 7,693	$ 9,128	$ 8,432	$ 98,292
Other Annual Income	$ 86,000	$ 6,660	$ 6,824	$ 6,992	$ 7,165	$ 7,342	$ 7,524	$ 7,710	$ 7,901	$ 8,097	$ 152,216
Special Assessments	$ 275,000										$ 275,000
Loans	$ 100,000										$ 100,000
Total Income	$ 781,670	$ 346,132	$ 361,946	$ 379,495	$ 392,795	$ 406,165	$ 421,501	$ 431,059	$ 447,234	$ 461,791	$ 4,429,788

Expenses Years 2025 to 2034

Operating and Loan Expenses	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Estimated Operating Expenses	$ 270,000	$ 278,100	$ 286,443	$ 295,036	$ 303,887	$ 313,004	$ 322,394	$ 332,066	$ 342,028	$ 352,289	$ 3,095,247
Estimated Annual Loan Payments	$ 9,042	$ 18,840	$ 18,840	$ 9,798	$ 9,798	$ 9,798	$ 9,798	$ 9,798	$ 9,798	$ 9,798	$ 115,305

Special Projects	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Construct New Guard House	$ 225,000	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 225,000

Estimated Tax Liability	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Est Taxes Based on Current Year's Taxes	$ 1,350	$ 1,898	$ 1,763	$ 1,786	$ 1,865	$ 1,877	$ 2,150	$ 1,337	$ 1,586	$ 1,465	$ 15,613

Totals	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Total Operating Expenses	$ 280,392	$ 298,838	$ 307,046	$ 306,620	$ 315,550	$ 324,679	$ 334,342	$ 343,200	$ 353,412	$ 363,551	$ 3,227,630
Special Projects	$ 225,000										$ 225,000
Total Reserve Fund Expenses	$ 125,955	$ 82,405	$ 46,831	$ 49,678	$ 71,979	$ 4,705	$ 308,028	$ 18,172	$ 125,389	$ 2,622	$ 835,764

Reserve Fund Years 2025 to 2034

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Start of Year Fully Funded Reserve	$ 703,817	$ 662,818	$ 667,577	$ 711,393	$ 755,942	$ 781,238	$ 879,183	$ 669,724	$ 755,262	$ 735,542
Start of Year Reserve Fund Balance *	$ 370,000	$ 520,323	$ 483,314	$ 489,619	$ 511,029	$ 514,431	$ 589,336	$ 366,316	$ 434,667	$ 401,514
Percent Funded at Start of Year	53%	79%	72%	69%	68%	66%	67%	55%	58%	55%
Annual Reserve Fund Contributions	$ 501,278	$ 47,294	$ 54,900	$ 72,875	$ 77,246	$ 81,487	$ 87,158	$ 87,859	$ 93,822	$ 98,239
Net Reserve Withdrawals	-$ 350,955	-$ 82,405	-$ 46,831	-$ 49,678	-$ 71,979	-$ 4,705	-$ 308,028	-$ 18,172	-$ 125,389	-$ 2,622
EOY Reserve Fund Balance	$ 520,323	$ 483,314	$ 489,619	$ 511,029	$ 514,431	$ 589,336	$ 366,316	$ 434,667	$ 401,514	$ 495,667

** 2025 balance as of 29-May-2024. Includes any balance in the operations fund account*

Reserve Expenses 2025 to 2034

Zone	Area	Type	Reserve Fund Withdrawals	Original Cost	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Zone 1	CS		Repair Basketball Court	$ 3,000											$ 0
Zone 1	CS		Replace Basketball Court	$ 10,000				$ 12,866							$ 12,866
Zone 1	LC		Replace Boat Dock - LC	$ 4,749								$ 7,617			$ 7,617
Zone 1	CS		Replace Boat Dock - CS	$ 5,159			$ 8,275								$ 8,275
Zone 1	All	SI	Clean/repair Dry Wells	$ 17,500		$ 20,485					$ 23,979				$ 44,464
Zone 1	All	SI	Replace Dry Wells	$ 55,000											$ 0
Zone 2	Main Ent		Paint Iron Fence & Gates - Main	$ 1,110	$ 1,110					$ 1,299					$ 2,409
Zone 2	Back Ent		Paint Iron Fence & Gates - Back	$ 1,110	$ 1,110					$ 1,299					$ 2,409
Zone 2	All		Paint View Fence: lakes	$ 1,800						$ 2,107					$ 2,107
Zone 2	Back Ent		Replace Iron Fencing	$ 5,390							$ 8,645				$ 8,645
Zone 2	Main Ent		Replace Iron Fencing	$ 6,120							$ 15,745				$ 15,745
Zone 2	Main Ent		Replace Gate Operators - Main	$ 6,500											$ 0
Zone 2	Back Ent		Replace Gate Operators - Back	$ 6,500											$ 0
Zone 2	Back Ent		Replace Gates (Back)	$ 14,500							$ 37,304				$ 37,304
Zone 2	Main Ent		Replace Gates (Entry)	$ 14,500							$ 37,304				$ 37,304
Zone 2	Main Ent		Replace KeyPad Box	$ 2,500								$ 4,010			$ 4,010
Zone 2	All		Replace Irrigation Cntrls	$ 8,100											$ 0
Zone 2	All		Replace low volt lights	$ 2,500											$ 0
Zone 2	All		Repair Mailboxes	$ 22,000											$ 0
Zone 2	All		Replace Mailboxes	$ 44,000									$ 56,610		$ 56,610
Zone 2	Main Ent		Replace Monument Sign - Main	$ 3,000			$ 6,593								$ 6,593
Zone 2	Back Ent		Replace Monument Sign - Back	$ 3,000			$ 6,593								$ 6,593
Zone 2	LC		Replace Monument Sign - LC	$ 3,000			$ 6,593								$ 6,593
Zone 2	CS		Replace Monument Sign - CS	$ 3,000			$ 6,593								$ 6,593
Zone 2	BP		Replace Monument Sign -BP	$ 3,000			$ 6,593								$ 6,593
Zone 2	LC		Replace Park Equip - LC	$ 3,000											$ 0
Zone 2	CS		Replace Park Equip - CS	$ 3,000											$ 0
Zone 2	BP		Replace Park Equip - BP	$ 3,000											$ 0
Zone 3	LC		Replace Ramada - LC	$ 15,000							$ 38,591				$ 38,591
Zone 3	CS		Replace Ramada - CS	$ 15,000							$ 38,591				$ 38,591
Zone 3	BP		Replace Ramada - BP	$ 15,000							$ 38,591				$ 38,591
Zone 3	LC	SI	Replace Tile Roof -LC	$ 6,500							$ 16,723				$ 16,723
Zone 3	CS	SI	Replace Tile Roof - CS	$ 6,500							$ 16,723				$ 16,723
Zone 3	BP	SI	Replace Tile Roof - BP	$ 6,500							$ 16,723				$ 16,723
Zone 3	CS	SI	Repl Tile Roof - BB Court	$ 6,500							$ 16,723				$ 16,723

Reserve Expenses 2025 to 2034

Zone 2	Main Ent	SI	Concrete Paver Replace	$ 35,000		$ 36,120								$ 36,120
Zone 4	LC		Repl Artificial Play Turf	$ 10,000	$ 15,060									$ 15,060
Zone 4	LC		Repl Fabric Shade Struct	$ 15,000										$ 0
Zone 4	LC		Replace Park Equipment	$ 5,250										$ 0
Zone 4	LC		Replace Play Structure	$ 25,000		$ 25,800								$ 25,800
Zone 4	LC		Replenish Playground Sand	$ 1,975	$ 1,975			$ 2,171			$ 2,386		$ 2,622	$ 9,154
Zone 4	LC		Replace Pool Pump	$ 10,000					$ 11,343					$ 11,343
Zone 4	LC		Resurface Pool	$ 35,000										$ 0
Zone 3	Pump Hs		Replace Pump Cntrlr/Filter	$ 11,000				$ 20,653						$ 20,653
Zone 3	Pump Hs		Replace Irrigation Pumps	$ 5,200				$ 9,763						$ 9,763
Zone 3	Pump Hs		Replace PM Pump	$ 2,250				$ 4,225						$ 4,225
Zone 4	All	SI	Asphalt Repair	$ 2,100	$ 2,458				$ 2,788				$ 3,163	$ 8,409
Zone 4	All	SI	Asphalt Seal Coat	$ 29,000	$ 29,000				$ 32,894				$ 37,311	$ 99,205
Zone 4	All	SI	Crack Seal	$ 22,000	$ 22,000				$ 24,954				$ 28,305	$ 75,259
Zone 4	All	SI	Asphalt Resurface	$ 350,000										$ 0
Zone 4	All	SI	Asphalt Repair	$ 2,196										$ 0
Zone 4	All	SI	Asphalt Seal Coat	$ 29,000										$ 0
Zone 4	All	SI	Crack Seal	$ 22,000										$ 0
Zone 2	Main Ent	SI	Routine maint guard house	$ 5,250			$ 5,591					$ 6,545		$ 12,136
Zone 4	All		Replace Street Signs	$ 25,000	$ 53,242									$ 53,242
			Total Reserve Expenses		$ 125,955	$ 82,405	$ 46,831	$ 49,678	$ 71,979	$ 4,705	$ 308,028	$ 18,172	$ 125,389	$ 2,622	$ 835,764

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	$ 460,846	$ 476,976	$ 493,670	$ 510,948	$ 528,831	$ 542,052	$ 555,604	$ 569,494	$ 583,731	$ 598,324	$ 5,320,476
Interest Income Reserve Balance	$ 10,409	$ 9,741	$ 10,988	$ 11,141	$ 13,063	$ 15,757	$ 18,373	$ 8,002	$ 10,439	$ 13,327	$ 121,240
Other Annual Income	$ 9,384	$ 9,619	$ 9,859	$ 10,106	$ 10,359	$ 10,619	$ 10,886	$ 11,159	$ 11,440	$ 11,728	$ 105,160
Special Assessments											
Loans											
Total Income	$ 480,640	$ 496,336	$ 514,518	$ 532,196	$ 552,254	$ 568,429	$ 584,862	$ 588,655	$ 605,610	$ 623,379	$ 5,546,877

Expenses Years 2035 to 2044

Operating and Loan Expenses	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	Total
Estimated Operating Expenses	$ 362,857	$ 373,743	$ 384,955	$ 396,504	$ 408,399	$ 420,651	$ 433,271	$ 446,269	$ 459,657	$ 473,447	$ 4,159,754
Estimated Annual Loan Payments	$ 9,798	$ 9,798	$ 9,798	$ 9,798	$ 9,798	$ 9,798					$ 58,786

Special Projects	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	Total
Construct New Guard House	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0

Estimated Tax Liability	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	Total
Est Taxes Based on Current Year's Taxes	$ 1,809	$ 1,692	$ 1,909	$ 1,936	$ 2,270	$ 2,738	$ 3,192	$ 1,390	$ 1,814	$ 2,315	$ 21,065

Totals	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	Total
Total Operating Expenses	$ 374,464	$ 385,233	$ 396,662	$ 408,238	$ 420,467	$ 433,187	$ 436,463	$ 447,659	$ 461,471	$ 475,762	$ 4,239,605
Special Projects											
Total Reserve Fund Expenses	$ 135,094	$ 48,893	$ 107,529	$ 29,340		$ 6,728	$ 637,799	$ 22,241	$ 3,482	$ 118,079	$ 1,109,185

Reserve Fund Years 2035 to 2044

Description	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Start of Year Fully Funded Reserve	$ 844,621	$ 823,304	$ 893,178	$ 907,784	$ 1,006,652	$ 1,142,165	$ 1,211,902	$ 702,381	$ 815,327	$ 954,877
Start of Year Reserve Fund Balance	$ 495,667	$ 463,854	$ 523,256	$ 530,530	$ 622,039	$ 750,353	$ 874,895	$ 381,036	$ 497,101	$ 634,611
Percent Funded at Start of Year	59%	56%	59%	58%	62%	66%	72%	54%	61%	66%
Annual Reserve Fund Contributions	$ 105,090	$ 109,988	$ 116,712	$ 122,785	$ 130,584	$ 134,007	$ 147,132	$ 139,696	$ 142,806	$ 146,248
Net Reserve Withdrawals	-$ 135,094	-$ 48,893	-$ 107,529	-$ 29,340		-$ 6,728	-$ 637,799	-$ 22,241	-$ 3,482	-$ 118,079
EOY Reserve Fund Balance	$ 463,854	$ 523,256	$ 530,530	$ 622,039	$ 750,353	$ 874,895	$ 381,036	$ 497,101	$ 634,611	$ 660,464

Reserve Expenses 2035 to 2044

Zone	Area	Type	Reserve Fund Withdrawals	Original Cost	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	Total
Zone 1	CS		Repair Basketball Court	$ 3,000	$ 4,111										$ 4,111
Zone 1	CS		Replace Basketball Court	$ 10,000		$ 16,553								$ 21,297	$ 37,850
Zone 1	LC		Replace Boat Dock - LC	$ 4,749											$ 0
Zone 1	CS		Replace Boat Dock - CS	$ 5,159								$ 13,273			$ 13,273
Zone 1	All	SI	Clean/repair Dry Wells	$ 17,500		$ 28,069					$ 32,857				$ 60,926
Zone 1	All	SI	Replace Dry Wells	$ 55,000											$ 0
Zone 2	Main Ent		Paint Iron Fence & Gates - Main	$ 1,110	$ 1,521					$ 1,780					$ 3,301
Zone 2	Back Ent		Paint Iron Fence & Gates - Back	$ 1,110	$ 1,521					$ 1,780					$ 3,301
Zone 2	All		Paint View Fence: lakes	$ 1,800											$ 0
Zone 2	Back Ent		Replace Iron Fencing	$ 5,390											$ 0
Zone 2	Main Ent		Replace Iron Fencing	$ 6,120											$ 0
Zone 2	Main Ent		Replace Gate Operators - Main	$ 6,500			$ 9,486								$ 9,486
Zone 2	Back Ent		Replace Gate Operators - Back	$ 6,500			$ 9,486								$ 9,486
Zone 2	Back Ent		Replace Gates (Back)	$ 14,500											$ 0
Zone 2	Main Ent		Replace Gates (Entry)	$ 14,500											$ 0
Zone 2	Main Ent		Replace KeyPad Box	$ 2,500											$ 0
Zone 2	All		Replace Irrigation Cntrls	$ 8,100				$ 14,280							$ 14,280
Zone 2	All		Replace low volt lights	$ 2,500		$ 4,271									$ 4,271
Zone 2	All		Repair Mailboxes	$ 22,000	$ 35,287										$ 35,287
Zone 2	All		Replace Mailboxes	$ 44,000											$ 0
Zone 2	Main Ent		Replace Monument Sign - Main	$ 3,000											$ 0
Zone 2	Back Ent		Replace Monument Sign - Back	$ 3,000											$ 0
Zone 2	LC		Replace Monument Sign - LC	$ 3,000											$ 0
Zone 2	CS		Replace Monument Sign - CS	$ 3,000											$ 0
Zone 2	BP		Replace Monument Sign -BP	$ 3,000											$ 0
Zone 2	LC		Replace Park Equip - LC	$ 3,000							$ 5,633				$ 5,633
Zone 2	CS		Replace Park Equip - CS	$ 3,000							$ 5,633				$ 5,633
Zone 2	BP		Replace Park Equip - BP	$ 3,000							$ 5,633				$ 5,633
Zone 3	LC		Replace Ramada - LC	$ 15,000											$ 0
Zone 3	CS		Replace Ramada - CS	$ 15,000											$ 0
Zone 3	BP		Replace Ramada - BP	$ 15,000											$ 0
Zone 3	LC	SI	Replace Tile Roof -LC	$ 6,500											$ 0
Zone 3	CS	SI	Replace Tile Roof - CS	$ 6,500											$ 0
Zone 3	BP	SI	Replace Tile Roof - BP	$ 6,500											$ 0
Zone 3	CS	SI	Repl Tile Roof - BB Court	$ 6,500											$ 0

Reserve Expenses 2035 to 2044

Zone 2	Main Ent	SI	Concrete Paver Replace	$ 35,000											$ 0
Zone 4	LC		Repl Artificial Play Turf	$ 10,000	$ 20,636										$ 20,636
Zone 4	LC		Repl Fabric Shade Struct	$ 15,000	$ 24,060										$ 24,060
Zone 4	LC		Replace Park Equipment	$ 5,250							$ 8,690				$ 8,690
Zone 4	LC		Replace Play Structure	$ 25,000											$ 0
Zone 4	LC		Replenish Playground Sand	$ 1,975			$ 2,882			$ 3,168			$ 3,482		$ 9,532
Zone 4	LC		Replace Pool Pump	$ 10,000				$ 15,060							$ 15,060
Zone 4	LC		Resurface Pool	$ 35,000	$ 47,958										$ 47,958
Zone 3	Pump Hs		Replace Pump Cntrlr/Filter	$ 11,000											$ 0
Zone 3	Pump Hs		Replace Irrigation Pumps	$ 5,200											$ 0
Zone 3	Pump Hs		Replace PM Pump	$ 2,250											$ 0
Zone 4	All	SI	Asphalt Repair	$ 2,100			$ 3,587								$ 3,587
Zone 4	All	SI	Asphalt Seal Coat	$ 29,000			$ 42,321								$ 42,321
Zone 4	All	SI	Crack Seal	$ 22,000			$ 32,105								$ 32,105
Zone 4	All	SI	Asphalt Resurface	$ 350,000							$ 579,353				$ 579,353
Zone 4	All	SI	Asphalt Repair	$ 2,196										$ 3,995	$ 3,995
Zone 4	All	SI	Asphalt Seal Coat	$ 29,000										$ 52,761	$ 52,761
Zone 4	All	SI	Crack Seal	$ 22,000										$ 40,026	$ 40,026
Zone 2	Main Ent	SI	Routine maint guard house	$ 5,250			$ 7,662					$ 8,968			$ 16,630
Zone 4	All		Replace Street Signs	$ 25,000											$ 0
			Total Reserve Expenses		$ 135,094	$ 48,893	$ 107,529	$ 29,340	$ 0	$ 6,728	$ 637,799	$ 22,241	$ 3,482	$ 118,079	$ 1,109,185

Years 2045 to 2055

Income Years 2045 to 2055

Estimated Incomes	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	Total	Total All Years
Maintenance Assessments Including Sched Increases	$ 613,282	$ 628,614	$ 644,330	$ 660,438	$ 676,949	$ 693,873	$ 711,220	$ 729,000	$ 747,225	$ 765,906	$ 765,906	$ 7,636,743	$ 16,761,500
Interest Income Reserve Balance	$ 13,870	$ 14,140	$ 16,037	$ 18,125	$ 15,715	$ 18,778	$ 18,049	$ 14,840	$ 12,956	$ 15,972	$ 18,511	$ 176,993	$ 396,525
Other Annual Income	$ 10,619	$ 10,886	$ 11,159	$ 11,440	$ 11,728	$ 12,023	$ 12,327	$ 12,638	$ 12,957	$ 13,285	$ 13,622	$ 132,684	$ 390,060
Special Assessments													$ 275,000
Loans													$ 100,000
Total Income	$ 637,771	$ 653,641	$ 671,526	$ 690,003	$ 704,392	$ 724,674	$ 741,595	$ 756,478	$ 773,139	$ 795,163	$ 798,039	$ 7,946,420	$ 17,923,085

Expenses Years 2045 to 2055

Operating and Loan Expenses	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	Total	Total All Years
Estimated Operating Expenses	$ 487,650	$ 502,280	$ 517,348	$ 532,868	$ 548,854	$ 565,320	$ 582,280	$ 599,748	$ 617,740	$ 636,273	$ 655,361	$ 6,245,722	$ 13,500,723
Estimated Annual Loan Payments													$ 174,091

Special Projects	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	Total	Total All Years
Construct New Guard House	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 225,000

Estimated Tax Liability	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	Total	Total All Years
Est Taxes Based on Current Year's Taxes	$ 2,410	$ 2,457	$ 2,786	$ 3,149	$ 2,730	$ 3,263	$ 3,136	$ 2,578	$ 2,251	$ 2,775	$ 3,216	$ 30,752	$ 67,429

	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	Total	Total All Years
Total Operating Expenses	$ 490,060	$ 504,736	$ 520,134	$ 536,018	$ 551,585	$ 568,583	$ 585,416	$ 602,326	$ 619,992	$ 639,048	$ 658,577	$ 6,276,474	$ 13,743,709
Special Projects													$ 225,000
Total Reserve Fund Expenses	$ 132,410	$ 56,156	$ 49,144	$ 265,618	$ 4,206	$ 187,544	$ 305,859	$ 241,284	$ 7,295	$ 32,408	$ 49,539	$ 1,331,463	$ 3,276,412

Reserve Fund Years 2045 to 2055

Description	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055
Start of Year Fully Funded Reserve	$ 984,374	$ 1,003,891	$ 1,106,715	$ 1,224,183	$ 1,126,258	$ 1,299,361	$ 1,293,324	$ 1,169,661	$ 1,113,500	$ 1,301,993	$ 1,475,734
Start of Year Reserve Fund Balance	$ 660,464	$ 673,356	$ 763,648	$ 863,109	$ 748,327	$ 894,198	$ 859,483	$ 706,668	$ 616,957	$ 760,558	$ 881,490
Percent Funded at Start of Year	67%	67%	69%	71%	66%	69%	66%	60%	55%	58%	60%
Annual Reserve Fund Contributions	$ 147,711	$ 148,904	$ 151,391	$ 153,986	$ 152,807	$ 156,092	$ 156,180	$ 154,152	$ 153,147	$ 156,115	$ 139,461
Net Reserve Withdrawals	-$ 132,410	-$ 56,156	-$ 49,144	-$ 265,618	-$ 4,206	-$ 187,544	-$ 305,859	-$ 241,284	-$ 7,295	-$ 32,408	-$ 49,539
EOY Reserve Fund Balance	$ 673,356	$ 763,648	$ 863,109	$ 748,327	$ 894,198	$ 859,483	$ 706,668	$ 616,957	$ 760,558	$ 881,490	$ 968,196

Reserve Expenses 2045 to 2055

Zone	Area	Type	Reserve Fund Withdrawals	Original Cost	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	Total	Total All Years
Zone 1	CS		Repair Basketball Court	$ 3,000						$ 6,593						$ 6,593	$ 10,704
Zone 1	CS		Replace Basketball Court	$ 10,000								$ 27,400				$ 27,400	$ 78,116
Zone 1	LC		Replace Boat Dock - LC	$ 4,749			$ 12,218									$ 12,218	$ 19,835
Zone 1	CS		Replace Boat Dock - CS	$ 5,159												$ 0	$ 21,548
Zone 1	All	SI	Clean/repair Dry Wells	$ 17,500		$ 38,462					$ 45,022					$ 83,484	$ 188,874
Zone 1	All	SI	Replace Dry Wells	$ 55,000							$ 124,748					$ 124,748	$ 124,748
Zone 2	Main Ent		Paint Iron Fence & Gates - Main	$ 1,110	$ 2,084					$ 2,440					$ 2,856	$ 7,380	$ 13,090
Zone 2	Back Ent		Paint Iron Fence & Gates - Back	$ 1,110	$ 2,084					$ 2,440					$ 2,856	$ 7,380	$ 13,090
Zone 2	All		Paint View Fence: lakes	$ 1,800						$ 3,956						$ 3,956	$ 6,063
Zone 2	Back Ent		Replace Iron Fencing	$ 5,390		$ 13,867										$ 13,867	$ 22,512
Zone 2	Main Ent		Replace Iron Fencing	$ 6,120												$ 0	$ 15,745
Zone 2	Main Ent		Replace Gate Operators - Main	$ 6,500										$ 16,204		$ 16,204	$ 25,690
Zone 2	Back Ent		Replace Gate Operators - Back	$ 6,500										$ 16,204		$ 16,204	$ 25,690
Zone 2	Back Ent		Replace Gates (Back)	$ 14,500												$ 0	$ 37,304
Zone 2	Main Ent		Replace Gates (Entry)	$ 14,500												$ 0	$ 37,304
Zone 2	Main Ent		Replace KeyPad Box	$ 2,500			$ 6,432									$ 6,432	$ 10,442
Zone 2	All		Replace Irrigation Cntrls	$ 8,100												$ 0	$ 14,280
Zone 2	All		Replace low volt lights	$ 2,500									$ 7,295			$ 7,295	$ 11,566
Zone 2	All		Repair Mailboxes	$ 22,000						$ 56,600						$ 56,600	$ 91,887
Zone 2	All		Replace Mailboxes	$ 44,000				$ 90,800								$ 90,800	$ 147,410
Zone 2	Main Ent		Replace Monument Sign - Main	$ 3,000								$ 14,491				$ 14,491	$ 21,084
Zone 2	Back Ent		Replace Monument Sign - Back	$ 3,000								$ 14,491				$ 14,491	$ 21,084
Zone 2	LC		Replace Monument Sign - LC	$ 3,000								$ 14,491				$ 14,491	$ 21,084
Zone 2	CS		Replace Monument Sign - CS	$ 3,000								$ 14,491				$ 14,491	$ 21,084
Zone 2	BP		Replace Monument Sign -BP	$ 3,000								$ 14,491				$ 14,491	$ 21,084
Zone 2	LC		Replace Park Equip - LC	$ 3,000												$ 0	$ 5,633
Zone 2	CS		Replace Park Equip - CS	$ 3,000												$ 0	$ 5,633
Zone 2	BP		Replace Park Equip - BP	$ 3,000												$ 0	$ 5,633
Zone 3	LC		Replace Ramada - LC	$ 15,000												$ 0	$ 38,591
Zone 3	CS		Replace Ramada - CS	$ 15,000												$ 0	$ 38,591
Zone 3	BP		Replace Ramada - BP	$ 15,000												$ 0	$ 38,591
Zone 3	LC	SI	Replace Tile Roof -LC	$ 6,500												$ 0	$ 16,723
Zone 3	CS	SI	Replace Tile Roof - CS	$ 6,500												$ 0	$ 16,723
Zone 3	BP	SI	Replace Tile Roof - BP	$ 6,500												$ 0	$ 16,723
Zone 3	CS	SI	Repl Tile Roof - BB Court	$ 6,500												$ 0	$ 16,723

Reserve Expenses 2045 to 2055

Zone 2	Main Ent	SI	Concrete Paver Replace	$ 35,000							$ 79,385					$ 79,385	$ 115,505
Zone 4	LC		Repl Artificial Play Turf	$ 10,000	$ 28,277										$ 38,746	$ 67,023	$ 102,719
Zone 4	LC		Repl Fabric Shade Struct	$ 15,000						$ 38,591						$ 38,591	$ 62,651
Zone 4	LC		Replace Park Equipment	$ 5,250												$ 0	$ 8,690
Zone 4	LC		Replace Play Structure	$ 25,000							$ 56,704					$ 56,704	$ 82,504
Zone 4	LC		Replenish Playground Sand	$ 1,975		$ 3,827			$ 4,206			$ 4,623			$ 5,081	$ 17,737	$ 36,423
Zone 4	LC		Replace Pool Pump	$ 10,000			$ 19,996									$ 19,996	$ 46,399
Zone 4	LC		Resurface Pool	$ 35,000						$ 76,924						$ 76,924	$ 124,882
Zone 3	Pump Hs		Replace Pump Cntrlr/Filter	$ 11,000				$ 38,778								$ 38,778	$ 59,431
Zone 3	Pump Hs		Replace Irrigation Pumps	$ 5,200				$ 18,331								$ 18,331	$ 28,094
Zone 3	Pump Hs		Replace PM Pump	$ 2,250				$ 7,932								$ 7,932	$ 12,157
Zone 4	All	SI	Asphalt Repair	$ 2,100												$ 0	$ 11,996
Zone 4	All	SI	Asphalt Seal Coat	$ 29,000												$ 0	$ 141,526
Zone 4	All	SI	Crack Seal	$ 22,000												$ 0	$ 107,364
Zone 4	All	SI	Asphalt Resurface	$ 350,000												$ 0	$ 579,353
Zone 4	All	SI	Asphalt Repair	$ 2,196				$ 4,532				$ 5,140				$ 9,672	$ 13,667
Zone 4	All	SI	Asphalt Seal Coat	$ 29,000				$ 59,845				$ 67,881				$ 127,726	$ 180,487
Zone 4	All	SI	Crack Seal	$ 22,000				$ 45,400				$ 51,496				$ 96,896	$ 136,922
Zone 2	Main Ent	SI	Routine maint guard house	$ 5,250			$ 10,498					$ 12,289				$ 22,787	$ 51,553
Zone 4	All		Replace Street Signs	$ 25,000	$ 99,965											$ 99,965	$ 153,207
			Total Reserve Expenses		$ 132,410	$ 56,156	$ 49,144	$ 265,618	$ 4,206	$ 187,544	$ 305,859	$ 241,284	$ 7,295	$ 32,408	$ 49,539	$ 1,331,463	$ 3,276,412

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.

My Association Name

Assessment and Reserve Funding Disclosure Summary — Fiscal Year 2025

1. **For the year 2024, the regular assessment per ownership interest is $1,178. The current number of units or owners in the association is 253.**
   The Operations Expenses (OPEX) annual inflation is estimated to be 3.00% per year. The Reserve or Capital Expenses (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	Amount of Ownership Interest
2025	$ 312,900	5.0%	$ 1,237
2026	$ 328,545	5.0%	$ 1,299
2027	$ 344,972	5.0%	$ 1,364
2028	$ 362,221	5.0%	$ 1,432
2029	$ 374,899	3.5%	$ 1,482

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
2025	$ 100,000	15 Years	$ 9,798
2017	$ 65,000	10 Years	$ 9,042

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
2025	$ 275,000	$ 1,087	Assure adequate funding

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 X **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	$ 370,000	53%	$ 270,000	$ 53,458	$ 72,497	$ 125,955	$ 501,278	$ 520,323
2026	$ 520,323	79%	$ 278,100	$ 56,605	$ 25,800	$ 82,405	$ 47,294	$ 483,314
2027	$ 483,314	72%	$ 286,443	$ 5,591	$ 41,240	$ 46,831	$ 54,900	$ 489,619
2028	$ 489,619	69%	$ 295,036	$ 0	$ 49,678	$ 49,678	$ 72,875	$ 511,029
2029	$ 511,029	68%	$ 303,887	$ 60,636	$ 11,343	$ 71,979	$ 77,246	$ 514,431

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.

Item 1: Repair Basketball Court Zone 1 CS Category: Basketball Court

Component Qty		Estimated Current Cost	$ 3,000
Unit of Measure	sq-yd	Estimated Future Cost (at next svc yr)	$ 4,111
Estimated Useful Life (yrs)	15	Useful Life Adjustment (yrs)	
Service Year	2020		
Next Service Year	2035		
Remaining Useful Life (yrs)	10		

Item 2: Replace Basketball Court Zone 1 CS Category: Basketball Court

Component Qty	1	Estimated Current Cost	$ 11,706
Unit of Measure		Estimated Future Cost (at next svc yr)	$ 12,866
Estimated Useful Life (yrs)	8	Useful Life Adjustment (yrs)	
Service Year	2020		
Next Service Year	2028	*This is an item comment for the basketball court. Comments can be up to 190 characters.*	
Remaining Useful Life (yrs)	3		

Item 3: Replace Boat Dock - LC Zone 1 LC Category: Boat Dock

Component Qty	1	Estimated Current Cost	$ 6,110
Unit of Measure	each	Estimated Future Cost (at next svc yr)	$ 7,617
Estimated Useful Life (yrs)	15	Useful Life Adjustment (yrs)	
Service Year	2017		
Next Service Year	2032	*This is another comment for a boat dock. Do not attempt to edit the comments on the Reserve Component Details sheet.*	
Remaining Useful Life (yrs)	7		

Item 4: Replace Boat Dock - CS Zone 1 CS Category: Boat Dock

Component Qty		Estimated Current Cost	$ 7,770
Unit of Measure		Estimated Future Cost (at next svc yr)	$ 8,275
Estimated Useful Life (yrs)	15	Useful Life Adjustment (yrs)	
Service Year	2012		
Next Service Year	2027	*Yet another comment for another boat dock*	
Remaining Useful Life (yrs)	2		

Item 5: Clean/repair Dry Wells Zone 1 All (SI) Category: Dry Wells

Component Qty	25	Estimated Current Cost	$ 19,850
Unit of Measure	each	Estimated Future Cost (at next svc yr)	$ 20,485
Estimated Useful Life (yrs)	5	Useful Life Adjustment (yrs)	
Service Year	2021		
Next Service Year	2026		
Remaining Useful Life (yrs)	1		

Item 6: Replace Dry Wells Zone 1 All (SI) Category: Dry Wells

Component Qty	5	Estimated Current Cost	$ 55,000
Unit of Measure	each	Estimated Future Cost (at next svc yr)	$ 124,748
Estimated Useful Life (yrs)	30	Useful Life Adjustment (yrs)	
Service Year	2021		
Next Service Year	2051	*The dry well was visually assessed during last cleanout in 2021. Concluded no defects were present and that the full useful life of 30 years remains.*	
Remaining Useful Life (yrs)	26		

Item 7: Paint Iron Fence & Gates - Main Zone 2 Main Ent Category: Fencing & Railings

Component Qty	50	Estimated Current Cost	$ 1,110
Unit of Measure	foot	Estimated Future Cost (at next svc yr)	$ 1,110
Estimated Useful Life (yrs)	5	Useful Life Adjustment (yrs)	
Service Year	2019		
Next Service Year	2025		
Remaining Useful Life (yrs)	0		

Item 8: Paint Iron Fence & Gates - Back Zone 2 Back Ent Category: Fencing & Railings

Component Qty	50	Estimated Current Cost	$ 1,110
Unit of Measure	foot	Estimated Future Cost (at next svc yr)	$ 1,110
Estimated Useful Life (yrs)	5	Useful Life Adjustment (yrs)	
Service Year	2019		
Next Service Year	2025		
Remaining Useful Life (yrs)	0		

Item 9: Paint View Fence: lakes Zone 2 All Category: Fencing & Railings

Component Qty	18	Estimated Current Cost	$ 1,800
Unit of Measure	each	Estimated Future Cost (at next svc yr)	$ 2,107
Estimated Useful Life (yrs)	20	Useful Life Adjustment (yrs)	
Service Year	2010		
Next Service Year	2030		
Remaining Useful Life (yrs)	5		

Item 10: Replace Iron Fencing Zone 2 Back Ent Category: Fencing & Railings

Component Qty	93	Estimated Current Cost	$ 7,157
Unit of Measure	foot	Estimated Future Cost (at next svc yr)	$ 8,645
Estimated Useful Life (yrs)	15	Useful Life Adjustment (yrs)	
Service Year	2016		
Next Service Year	2031		
Remaining Useful Life (yrs)	6		

Item 11: Replace Iron Fencing Zone 2 Main Ent Category: Fencing & Railings

Component Qty	102	Estimated Current Cost	$ 13,034
Unit of Measure	foot	Estimated Future Cost (at next svc yr)	$ 15,745
Estimated Useful Life (yrs)	30	Useful Life Adjustment (yrs)	
Service Year	2001		
Next Service Year	2031		
Remaining Useful Life (yrs)	6		

Item 12: Replace Gate Operators - Main Zone 2 Main Ent Category: Gates

Component Qty	2	Estimated Current Cost	$ 6,500
Unit of Measure	each	Estimated Future Cost (at next svc yr)	$ 9,486
Estimated Useful Life (yrs)	17	Useful Life Adjustment (yrs)	
Service Year	2020		
Next Service Year	2037		
Remaining Useful Life (yrs)	12		

Item 13: Replace Gate Operators - Back Zone 2 Back Ent Category: Gates

Component Qty	2	Estimated Current Cost	$ 6,500
Unit of Measure	each	Estimated Future Cost (at next svc yr)	$ 9,486
Estimated Useful Life (yrs)	17	Useful Life Adjustment (yrs)	
Service Year	2020		
Next Service Year	2037		
Remaining Useful Life (yrs)	12		

Item 14: Replace Gates (Back) Zone 2 Back Ent Category: Gates

Component Qty	5	Estimated Current Cost	$ 30,880
Unit of Measure	each	Estimated Future Cost (at next svc yr)	$ 37,304
Estimated Useful Life (yrs)	30	Useful Life Adjustment (yrs)	
Service Year	2001		
Next Service Year	2031		
Remaining Useful Life (yrs)	6		

Item 15: Replace Gates (Entry) Zone 2 Main Ent Category: Gates

Component Qty	5	Estimated Current Cost	$ 30,880
Unit of Measure	each	Estimated Future Cost (at next svc yr)	$ 37,304
Estimated Useful Life (yrs)	30	Useful Life Adjustment (yrs)	
Service Year	2001		
Next Service Year	2031		
Remaining Useful Life (yrs)	6		

Item 16: Replace KeyPad Box Zone 2 Main Ent Category: Gates

Component Qty	1	Estimated Current Cost	$ 3,216
Unit of Measure	each	Estimated Future Cost (at next svc yr)	$ 4,010
Estimated Useful Life (yrs)	15	Useful Life Adjustment (yrs)	
Service Year	2017		
Next Service Year	2032		
Remaining Useful Life (yrs)	7		

Item 17: Replace Irrigation Cntrls Zone 2 All Category: Irrigation

Component Qty	6	Estimated Current Cost	$ 9,482
Unit of Measure	each	Estimated Future Cost (at next svc yr)	$ 14,280
Estimated Useful Life (yrs)	18	Useful Life Adjustment (yrs)	
Service Year	2020		
Next Service Year	2038		
Remaining Useful Life (yrs)	13		

Item 18: Replace low volt lights Zone 2 All Category: Lighting

Component Qty	1	Estimated Current Cost	$ 3,020
Unit of Measure	other	Estimated Future Cost (at next svc yr)	$ 4,271
Estimated Useful Life (yrs)	17	Useful Life Adjustment (yrs)	
Service Year	2019		
Next Service Year	2036		
Remaining Useful Life (yrs)	11		

Item 19: Repair Mailboxes Zone 2 All Category: Mailboxes

Component Qty	140	Estimated Current Cost	$ 25,753
Unit of Measure	each	Estimated Future Cost (at next svc yr)	$ 35,287
Estimated Useful Life (yrs)	15	Useful Life Adjustment (yrs)	
Service Year	2020		
Next Service Year	2035		
Remaining Useful Life (yrs)	10		

Item 20: Replace Mailboxes Zone 2 All Category: Mailboxes

Component Qty	140	Estimated Current Cost	$ 44,000
Unit of Measure	each	Estimated Future Cost (at next svc yr)	$ 56,610
Estimated Useful Life (yrs)	15	Useful Life Adjustment (yrs)	
Service Year	2018		
Next Service Year	2033		
Remaining Useful Life (yrs)	8		

Item 21: Replace Monument Sign - Main Zone 2 Main Ent Category: Monument Signs

Component Qty	1	Estimated Current Cost	$ 6,191
Unit of Measure	each	Estimated Future Cost (at next svc yr)	$ 6,593
Estimated Useful Life (yrs)	25	Useful Life Adjustment (yrs)	
Service Year	2002		
Next Service Year	2027		
Remaining Useful Life (yrs)	2		

Item 22: Replace Monument Sign - Back Zone 2 Back Ent Category: Monument Signs

Component Qty	1	Estimated Current Cost	$ 6,191
Unit of Measure	each	Estimated Future Cost (at next svc yr)	$ 6,593
Estimated Useful Life (yrs)	25	Useful Life Adjustment (yrs)	
Service Year	2002		
Next Service Year	2027		
Remaining Useful Life (yrs)	2		

Item 23: Replace Monument Sign - LC Zone 2 LC Category: Monument Signs

Component Qty	1	Estimated Current Cost	$ 6,191
Unit of Measure	each	Estimated Future Cost (at next svc yr)	$ 6,593
Estimated Useful Life (yrs)	25	Useful Life Adjustment (yrs)	
Service Year	2002		
Next Service Year	2027		
Remaining Useful Life (yrs)	2		

Item 24: Replace Monument Sign - CS Zone 2 CS Category: Monument Signs

Component Qty	1	Estimated Current Cost	$ 6,191
Unit of Measure	each	Estimated Future Cost (at next svc yr)	$ 6,593
Estimated Useful Life (yrs)	25	Useful Life Adjustment (yrs)	
Service Year	2002		
Next Service Year	2027		
Remaining Useful Life (yrs)	2		

Item 25: Replace Monument Sign -BP Zone 2 BP Category: Monument Signs

Component Qty	1	Estimated Current Cost	$ 6,191
Unit of Measure	each	Estimated Future Cost (at next svc yr)	$ 6,593
Estimated Useful Life (yrs)	25	Useful Life Adjustment (yrs)	
Service Year	2002		
Next Service Year	2027		
Remaining Useful Life (yrs)	2		

Item 26: Replace Park Equip - LC Zone 2 LC Category: Parks/Public Area

Component Qty	1	Estimated Current Cost	$ 3,403
Unit of Measure	other	Estimated Future Cost (at next svc yr)	$ 5,633
Estimated Useful Life (yrs)	20	Useful Life Adjustment (yrs)	
Service Year	2021		
Next Service Year	2041		
Remaining Useful Life (yrs)	16		

Item 27: Replace Park Equip - CS Zone 2 CS Category: Parks/Public Area

Component Qty	1	Estimated Current Cost	$ 3,403
Unit of Measure	other	Estimated Future Cost (at next svc yr)	$ 5,633
Estimated Useful Life (yrs)	20	Useful Life Adjustment (yrs)	
Service Year	2021		
Next Service Year	2041		
Remaining Useful Life (yrs)	16		

Item 28: Replace Park Equip - BP_Zone 2_BP Category: Parks/Public Area

Component Qty	1	Estimated Current Cost	$ 3,403
Unit of Measure	other	Estimated Future Cost (at next svc yr)	$ 5,633
Estimated Useful Life (yrs)	20	Useful Life Adjustment (yrs)	
Service Year	2021		
Next Service Year	2041		
Remaining Useful Life (yrs)	16		

Item 29: Replace Ramada - LC_Zone 3_LC Category: Parks/Public Area

Component Qty	1	Estimated Current Cost	$ 31,945
Unit of Measure	each	Estimated Future Cost (at next svc yr)	$ 38,591
Estimated Useful Life (yrs)	30	Useful Life Adjustment (yrs)	
Service Year	2001		
Next Service Year	2031		
Remaining Useful Life (yrs)	6		

Item 30: Replace Ramada - CS_Zone 3_CS Category: Parks/Public Area

Component Qty	1	Estimated Current Cost	$ 31,945
Unit of Measure	each	Estimated Future Cost (at next svc yr)	$ 38,591
Estimated Useful Life (yrs)	30	Useful Life Adjustment (yrs)	
Service Year	2001		
Next Service Year	2031		
Remaining Useful Life (yrs)	6		

Item 31: Replace Ramada - BP_Zone 3_BP Category: Parks/Public Area

Component Qty	1	Estimated Current Cost	$ 31,945
Unit of Measure	each	Estimated Future Cost (at next svc yr)	$ 38,591
Estimated Useful Life (yrs)	30	Useful Life Adjustment (yrs)	
Service Year	2001		
Next Service Year	2031		
Remaining Useful Life (yrs)	6		

Item 32: Replace Tile Roof -LC_Zone 3_LC_(SI) Category: Parks/Public Area

Component Qty	1,625	Estimated Current Cost	$ 13,843
Unit of Measure	sq-ft	Estimated Future Cost (at next svc yr)	$ 16,723
Estimated Useful Life (yrs)	30	Useful Life Adjustment (yrs)	
Service Year	2001		
Next Service Year	2031	*The roofing is considered a Structural Integrity item*	
Remaining Useful Life (yrs)	6		

Item 33: Replace Tile Roof - CS_Zone 3_CS_(SI) Category: Parks/Public Area

Component Qty	1,625	Estimated Current Cost	$ 13,843
Unit of Measure	sq-ft	Estimated Future Cost (at next svc yr)	$ 16,723
Estimated Useful Life (yrs)	30	Useful Life Adjustment (yrs)	
Service Year	2001		
Next Service Year	2031	*The roofing is considered a Structural Integrity item*	
Remaining Useful Life (yrs)	6		

Item 34: Replace Tile Roof - BP_Zone 3_BP_(SI) Category: Parks/Public Area

Component Qty	1,625	Estimated Current Cost	$ 13,843
Unit of Measure	sq-ft	Estimated Future Cost (at next svc yr)	$ 16,723
Estimated Useful Life (yrs)	30	Useful Life Adjustment (yrs)	
Service Year	2001		
Next Service Year	2031	*The roofing is considered a Structural Integrity item*	
Remaining Useful Life (yrs)	6		

Item 35: Repl Tile Roof - BB Court Zone 3 CS (SI) Category: Parks/Public Area

Component Qty	1,625	Estimated Current Cost	$ 13,843
Unit of Measure	sq-ft	Estimated Future Cost (at next svc yr)	$ 16,723
Estimated Useful Life (yrs)	30	Useful Life Adjustment (yrs)	
Service Year	2001		
Next Service Year	2031	*The roofing is considered a Structural Integrity item*	
Remaining Useful Life (yrs)	6		

Item 36: Concrete Paver Replace Zone 2 Main Ent (SI) Category: Pavers

Component Qty	7,050	Estimated Current Cost	$ 35,000
Unit of Measure	sq-ft	Estimated Future Cost (at next svc yr)	$ 36,120
Estimated Useful Life (yrs)	25	Useful Life Adjustment (yrs)	
Service Year	2001		
Next Service Year	2026	*Pavers may not be an SI item, but for purposes of analysis, consider it so.*	
Remaining Useful Life (yrs)	1		

Item 37: Repl Artificial Play Turf Zone 4 LC Category: Playground

Component Qty	1	Estimated Current Cost	$ 15,060
Unit of Measure	each	Estimated Future Cost (at next svc yr)	$ 15,060
Estimated Useful Life (yrs)	10	Useful Life Adjustment (yrs)	
Service Year	2012		
Next Service Year	2025		
Remaining Useful Life (yrs)	0		

Item 38: Repl Fabric Shade Struct Zone 4 LC Category: Playground

Component Qty	1	Estimated Current Cost	$ 17,559
Unit of Measure	each	Estimated Future Cost (at next svc yr)	$ 24,060
Estimated Useful Life (yrs)	15	Useful Life Adjustment (yrs)	
Service Year	2020		
Next Service Year	2035		
Remaining Useful Life (yrs)	10		

Item 39: Replace Park Equipment Zone 4 LC Category: Playground

Component Qty	1	Estimated Current Cost	$ 5,250
Unit of Measure	each	Estimated Future Cost (at next svc yr)	$ 8,690
Estimated Useful Life (yrs)	20	Useful Life Adjustment (yrs)	
Service Year	2021		
Next Service Year	2041		
Remaining Useful Life (yrs)	16		

Item 40: Replace Play Structure Zone 4 LC Category: Playground

Component Qty	1	Estimated Current Cost	$ 25,000
Unit of Measure	each	Estimated Future Cost (at next svc yr)	$ 25,800
Estimated Useful Life (yrs)	25	Useful Life Adjustment (yrs)	
Service Year	2001		
Next Service Year	2026		
Remaining Useful Life (yrs)	1		

Item 41: Replenish Playground Sand Zone 4 LC Category: Playground

Component Qty	1	Estimated Current Cost	$ 1,975
Unit of Measure	each	Estimated Future Cost (at next svc yr)	$ 1,975
Estimated Useful Life (yrs)	3	Useful Life Adjustment (yrs)	
Service Year	2020		
Next Service Year	2025		
Remaining Useful Life (yrs)	0		

Item 42: Replace Pool Pump Zone 4 LC Category: Pool

Component Qty	1	Estimated Current Cost	$ 10,000
Unit of Measure	each	Estimated Future Cost (at next svc yr)	$ 11,343
Estimated Useful Life (yrs)	9	Useful Life Adjustment (yrs)	
Service Year	2020		
Next Service Year	2029		
Remaining Useful Life (yrs)	4		

Item 43: Resurface Pool Zone 4 LC Category: Pool

Component Qty	1	Estimated Current Cost	$ 35,000
Unit of Measure	each	Estimated Future Cost (at next svc yr)	$ 47,958
Estimated Useful Life (yrs)	15	Useful Life Adjustment (yrs)	
Service Year	2020		
Next Service Year	2035		
Remaining Useful Life (yrs)	10		

Item 44: Replace Pump Cntrlr/Filter Zone 3 Pump Hs Category: Pump House

Component Qty	1	Estimated Current Cost	$ 18,791
Unit of Measure	each	Estimated Future Cost (at next svc yr)	$ 20,653
Estimated Useful Life (yrs)	20	Useful Life Adjustment (yrs)	
Service Year	2008		
Next Service Year	2028		
Remaining Useful Life (yrs)	3		

Item 45: Replace Irrigation Pumps Zone 3 Pump Hs Category: Pump House

Component Qty	2	Estimated Current Cost	$ 8,883
Unit of Measure	each	Estimated Future Cost (at next svc yr)	$ 9,763
Estimated Useful Life (yrs)	20	Useful Life Adjustment (yrs)	
Service Year	2008		
Next Service Year	2028		
Remaining Useful Life (yrs)	3		

Item 46: Replace PM Pump Zone 3 Pump Hs Category: Pump House

Component Qty	1	Estimated Current Cost	$ 3,844
Unit of Measure	each	Estimated Future Cost (at next svc yr)	$ 4,225
Estimated Useful Life (yrs)	20	Useful Life Adjustment (yrs)	
Service Year	2008		
Next Service Year	2028		
Remaining Useful Life (yrs)	3		

Item 47: Asphalt Repair Zone 4 All (SI) Category: Roads/Prkg/Paving

Component Qty	1	Estimated Current Cost	$ 2,458
Unit of Measure	other	Estimated Future Cost (at next svc yr)	$ 2,458
Estimated Useful Life (yrs)	4	Useful Life Adjustment (yrs)	
Service Year	2020		
Next Service Year	2025	*Remove from service in 2040 when asphalt resurface performed*	
Remaining Useful Life (yrs)	0		

Item 48: Asphalt Seal Coat Zone 4 All (SI) Category: Roads/Prkg/Paving

Component Qty	512,667	Estimated Current Cost	$ 29,000
Unit of Measure	sq-ft	Estimated Future Cost (at next svc yr)	$ 29,000
Estimated Useful Life (yrs)	4	Useful Life Adjustment (yrs)	
Service Year	2020		
Next Service Year	2025	*Remove from service in 2040 when asphalt resurface performed*	
Remaining Useful Life (yrs)	0		

Item 49: Crack Seal Zone 4 All (SI) Category: Roads/Prkg/Paving

Component Qty	512,667	Estimated Current Cost	$ 22,000
Unit of Measure	sq-ft	Estimated Future Cost (at next svc yr)	$ 22,000
Estimated Useful Life (yrs)	4	Useful Life Adjustment (yrs)	
Service Year	2020		
Next Service Year	2025	*Remove from service in 2040 when asphalt resurface performed*	
Remaining Useful Life (yrs)	0		

Item 50: Asphalt Resurface Zone 4 All (SI) Category: Roads/Prkg/Paving

Component Qty	512,667	Estimated Current Cost	$ 350,000
Unit of Measure	sq-ft	Estimated Future Cost (at next svc yr)	$ 561,388
Estimated Useful Life (yrs)	30	Useful Life Adjustment (yrs)	+ 1 years
Service Year	2040		
Next Service Year	2040		
Remaining Useful Life (yrs)	16		

Item 51: Asphalt Repair Zone 4 All (SI) Category: Roads/Prkg/Paving

Component Qty	1	Estimated Current Cost	$ 2,196
Unit of Measure	other	Estimated Future Cost (at next svc yr)	$ 3,995
Estimated Useful Life (yrs)	4	Useful Life Adjustment (yrs)	
Service Year	2044		
Next Service Year	2044	*Resume service in 2044 four years after resurface*	
Remaining Useful Life (yrs)	19		

Item 52: Asphalt Seal Coat Zone 4 All (SI) Category: Roads/Prkg/Paving

Component Qty	512,667	Estimated Current Cost	$ 29,000
Unit of Measure	sq-ft	Estimated Future Cost (at next svc yr)	$ 52,761
Estimated Useful Life (yrs)	4	Useful Life Adjustment (yrs)	
Service Year	2044		
Next Service Year	2044	*Resume service in 2044 four years after resurface*	
Remaining Useful Life (yrs)	19		

Item 53: Crack Seal Zone 4 All (SI) Category: Roads/Prkg/Paving

Component Qty	512,667	Estimated Current Cost	$ 22,000
Unit of Measure	sq-ft	Estimated Future Cost (at next svc yr)	$ 40,026
Estimated Useful Life (yrs)	4	Useful Life Adjustment (yrs)	
Service Year	2044		
Next Service Year	2044	*Resume service in 2044 four years after resurface*	
Remaining Useful Life (yrs)	19		

Item 54: Routine maint guard house Zone 2 Main Ent (SI) Category: Security/Privacy

Component Qty	1	Estimated Current Cost	$ 5,250
Unit of Measure	each	Estimated Future Cost (at next svc yr)	$ 5,591
Estimated Useful Life (yrs)	5	Useful Life Adjustment (yrs)	
Service Year	2027		
Next Service Year	2027	*All security items are considered Structural Integrity items*	
Remaining Useful Life (yrs)	2		

Item 55: Replace Street Signs Zone 4 All Category: Signage

Component Qty	150	Estimated Current Cost	$ 53,242
Unit of Measure	each	Estimated Future Cost (at next svc yr)	$ 53,242
Estimated Useful Life (yrs)	20	Useful Life Adjustment (yrs)	
Service Year	2001		
Next Service Year	2025		
Remaining Useful Life (yrs)	0		

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 that includes 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.**
  - Componenti 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 (or HOA's) budget to add to the reserve fund to cover the depreciation expenses associated with the reserve components.
- **Annual Reserve Fund Contribution**
  - 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 Method (aka, Component Method)**
  - The preferred method of developing a reserve funding plan where contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different reserve funding plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.
- **Component**
  - Also referred to as an "Asset." Individual line items in the Reserve Study developed or updated in the physical analysis. These elements form the building blocks for the Reserve Study. Components typically are:
    1. Association responsibility
    2. Have limited useful life expectancies
    3. Have predictable remaining life expectancies
    4. Are above a minimum threshold cost
    5. Required by local codes.
- **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.
- **Full Funded Balance Percent**
  - The reserve balance expressed as a percentage of the total fully funded balance of all components.
- **Full Funding**
  - A fully funded reserve is one where the funding goal is set to attain and maintain the reserves to provide a stable cash flow to replace each common element when it reaches the end of its life without waiving or deferring the maintenance or the funding.
- **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:

    $$FFB = \frac{Current\ Cost\ \times Effective\ Age}{Useful\ Life}$$

  - A 100% FFB does not imply that the association or the reserve fund is fully funded.
- **Fund Status**
  - The status of the reserve fund as compared to an established benchmark, such as percent funded.

- Funding Methods
  - Two methods of funding are Cash Flow and Straight Line.
    - 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.
    - 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:
    - Fully Funding Model: Setting a reserve funding goal of keeping the reserves at or near 100% of FFB. This is same as Threshold Funding if the threshold is set at 100%.
    - Threshold Funding Model: Setting a Reserve funding goal of keeping the Reserve balance above some threshold, generally less than the Fully Funding Strategy.
    - 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.
    - 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 Expenses) 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 capital equipment related.
    2. Operating Expense Inflation: Generally referred to as OPEX inflation. OPEX inflation is commonly tied to the Consumer Price Index (CPI) although in reserve studies this value will generally be slightly lower than the CPI as some components which make up the CPI are not typically part of what an HOA or community association will experience. E.g., the price of food. 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 to 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-year 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
  - Year that component is projected to be replaced or repaired.
- Reserve Balance
  - Actual or projected funds as of a particular point in time (typically the beginning of the fiscal year) that the association has identified for use to defray the future repair or replacement of those major components that the association is obligated to maintain. Also known as "reserves," "reserve accounts," or "cash reserves." In this report the reserve balance is based upon information provided and is not audited.
- Reserve Contribution
  - A regular amount of money that is set aside or is a line item in the Association's (or HOA'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 statues
• Structural Integrity Reserve Study (SIRS)	• A Structural Integrity Reserve Study (SIRS) is a newly developed form of reserve study, required by Florida Statue SB 4D 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	• 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, 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 assure that costs do not exceed available funds. The Threshold Funding Strategy consists of setting a reserve 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 are individually determined and summed together. Each component’s FFB is determined for each year using the following formula:

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

Where: $Effective\ Age = Useful\ Life - Remaining\ Useful\ Life$

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

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

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.