

Reserve Study and Funding Analysis Report

Southview Homeowners Association (HOA)

Florence, OR

Fiscal Year 2023 (May 1, 2023 – April 30, 2024)

Prepared: June 1, 2023

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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 manner in which management of the association is making provisions for non-annual maintenance requirements.
- Define explicit association decisions on how to provide for 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 a number of 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.

Summary

The Preparer's Report

This reserve study report is prepared using the *Reserve Funding Analyzer* software in accordance with 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 01 May 2023

Current Replacement Cost of All Components	\$ 241,739
Future Replacement Cost of All Components	\$ 818,711
Reserve Fund Balance at Start of Year 2023	\$ 88,000
100% Funded Amount as of start of year 2023	\$ 125,761
Percent Funded as of start of year 2023	70%
Reserve Surplus / Deficit of FFB - Average per Unit start of year 2023	-\$1,180
Projected Total Reserve Contribution in year 2023	\$ 19,862
Annual Reserve Contribution per unit in year 2023	\$ 621
Projected Special Assessments	\$ 0
Projected Inflation Rate (Operating Expenses)	3.0%
Projected Inflation Rate (Reserve Expenses)	3.0%
Projected Interest Rate for Earnings of Reserve Fund	3.8%
Current Reserve Funding Strength:	Fair
Current Risk of Special Assessment:	Low

The financial outlook for Southview is excellent. The current financial situation is good, with no assessment increases projected for at least two years. 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.

Included Components – Definition

Reserve expenses for components are major expenses which must be budgeted for in advance in order 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 is 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 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 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 organization 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: 01 May 2023

Community: Southview HOA	
Number of Units:	32
Start Year for Analysis:	2023
Reserve Fund Balance at SOY 2023:	\$ 88,000
Recommended 2023 Annual Reserve Contribution:	\$ 19,862
Reserve Fully Funded Balance (FFB) at SOY 2023:	\$ 125,761
Reserve Funding Percent of FFB at SOY 2023:	70%
Deficit or Surplus per unit of the FFB at SOY 2023: *	-\$ 1,180
Reserve Funding Strength at SOY 2023:	Fair
Risk of Special Assessment at SOY 2023:	Low
Outstanding Loan Balance:	\$ 0
Tax Liability Not Included in Analysis:	

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).

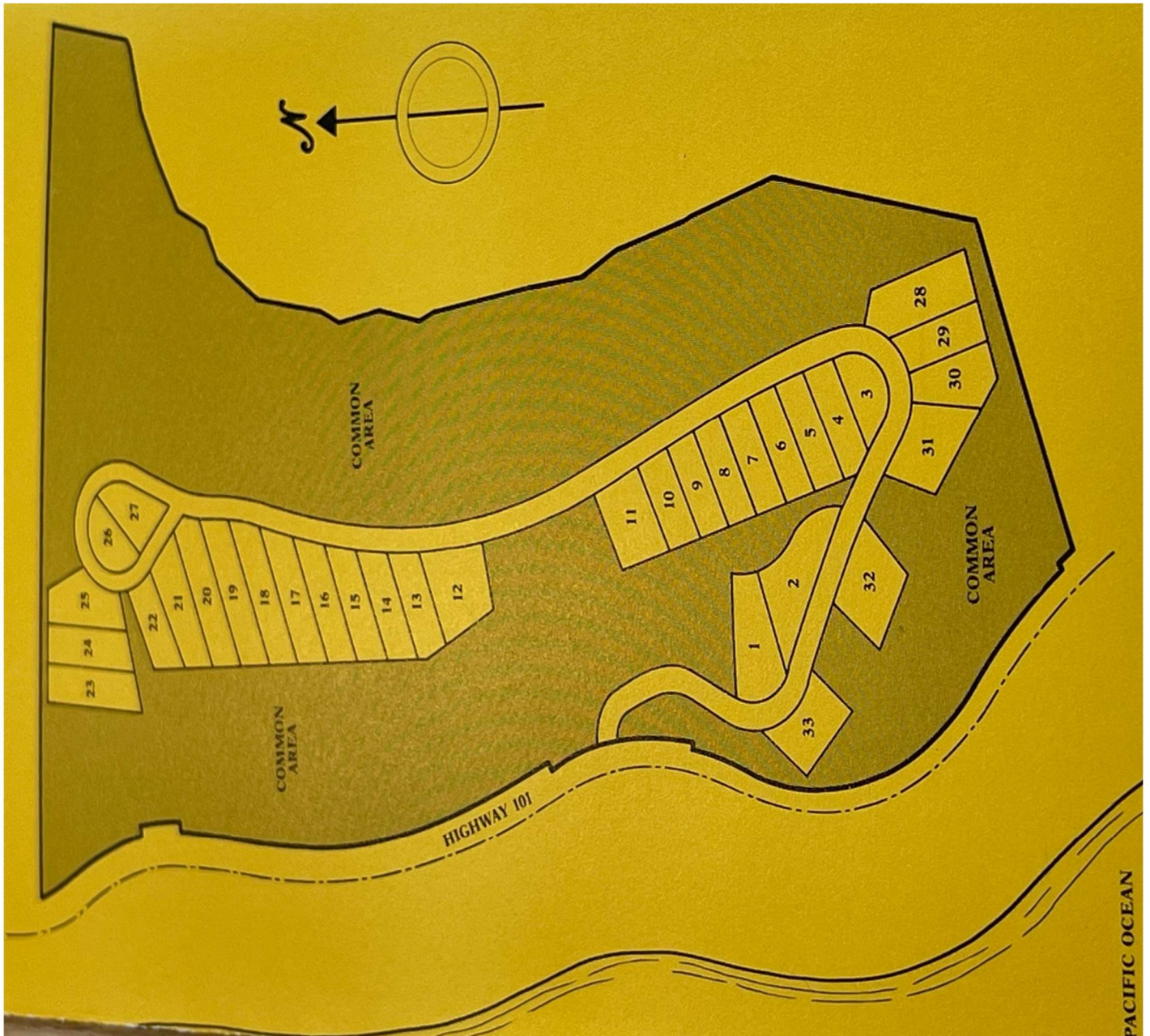
Financial Assumptions, Recommendations and Disclosure Summary

The 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:	32	
	Start Year for Analysis:	2023	
	Estimated First Year (2023) Reserve Contribution:	\$ 19,862	
	Maintenance Assessment Income for 2022:	\$ 16,500	
	Year 2023 Special Assessment:	\$ 0	
Economic Assumptions			
	Long-term inflation rate for Reserve Exp (CAPEX):	3.00%	
	Long-term inflation for Operating Exp (OPEX):	3.00%	
	Short-term Inflation for OPEX (only in year of 2023):	3.00%	
	Interest rate on Reserve Balance:	3.82%	
Current Reserve Status			
	Reserve Fund Balance at Start of Year 2023:	\$ 88,000	
	Reserve Fully Funded Balance (FFB) at SOY 2023:	\$ 125,761	
	Reserve Funding Percent of FFB at SOY 2023:	70%	
	Estimated First Year (2023) Reserve Contribution:	\$ 19,862	
Recommendations for next 10 Years			
	Total Special Assessments 2023 to 2033:	\$ 0	
	Avg Ann Reserve Contribution 2023 to 2033:	\$ 28,085	
	Avg Annual % Assessment Increase 2023 to 2033:	0.90%	
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 separately and is included as part of the ongoing income, therefore, the interest rate on the reserve fund is not included in the calculation of the Fully Funded Balance. - Estimated future reserve component major repair and replacement costs are based on current or actual replacement costs projected to the estimated repair or replacement date, applying an inflation rate of 3.00% for the entire 30-year financial period. - Operating Expenses are not included in this analysis			

Site Map



Reserve Study Parameters

Table 3: Reserve Study Parameters

Reserve Study Parameters	
Level of Reserve Study: Class II: Update with Site Visit	
Report Period:	Fiscal Year 2023
Interest rate on Reserve Balance:	3.82%
Long-term inflation rate for Reserve Exp (CAPEX):	3.00%
Long-term inflation for Operating Exp (OPEX):	3.00%
Short-term Inflation for OPEX (only in year of 2023):	3.00%
Funding Strategy:	Threshold Funding
Funding Methodology:	Cash Flow
As of Date:	1 May 2023

Preparation

- Prior reserve studies, if available, were used as references for this analysis as a baseline for identification of reserve asset components.
- The Association Manager, members of the Association Board or other party conducted an inventory of the reserve assets:
 - If available, prior reserve studies reserve assets inventory
 - Conduct current inventory of reserve assets
 - Verified that no assets were overlooked or if assets should be excluded
 - Condition of assets and useful life was evaluated by the association manager, knowledgeable members of the association and/or outside service providers
 - Review historical records for component maintenance frequency and costs
 - Assess 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.
- 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 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 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.

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 in excess of 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

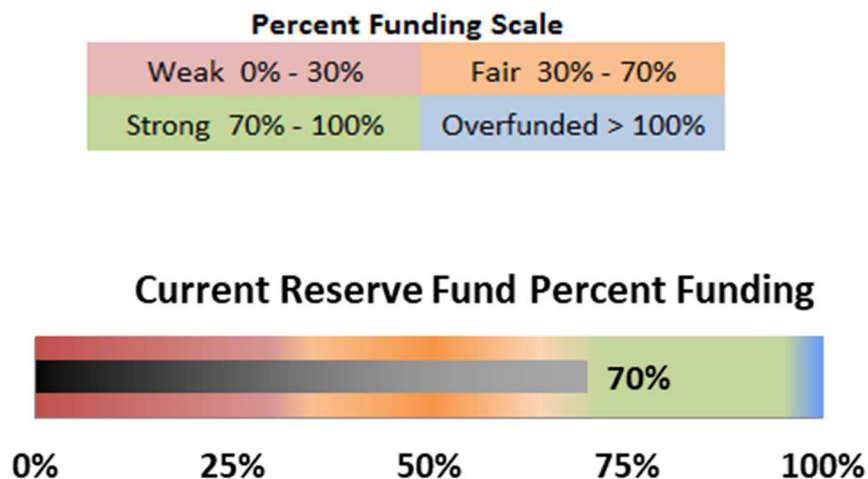
Once the components' estimated useful life, estimated remaining life, and estimated current replacement costs are identified, only then can the association develop a plan for funding the reserve account. This funding plan specifies future reserve cash needs and planned methods to offset the ongoing deterioration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

Figure 1: HOA Current Percent Funding



Current Income

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

Table 4: Current Income Sources

Current Funding Summary for Year 2023		
Income Type		Amount
Association Assessments Income for 2022:		\$ 16,500
Association Assessments Income for 2023:		\$ 16,500
Interest on Reserve Fund:		3.82%
Loans:		\$ 0
Other Annual Income:		\$ 0
Current Special Assessments		
Year	Amount	

Current Expenses

Table 5: Current Expenses

Current Expenses	
Operating Expenses for Year 2022:	Not Included
Estimated Operating Expenses for Year 2023:	Not Included
2022 to 2023 OPEX inflation (Short-term):	3.00%
2024 to 2053 OPEX inflation (Long-term):	3.00%
Current Loan Payments:	\$ 0

Reserve Components

Reserve expenses for components are major expenses which must be budgeted for in advance in order 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 in advance, 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 source 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

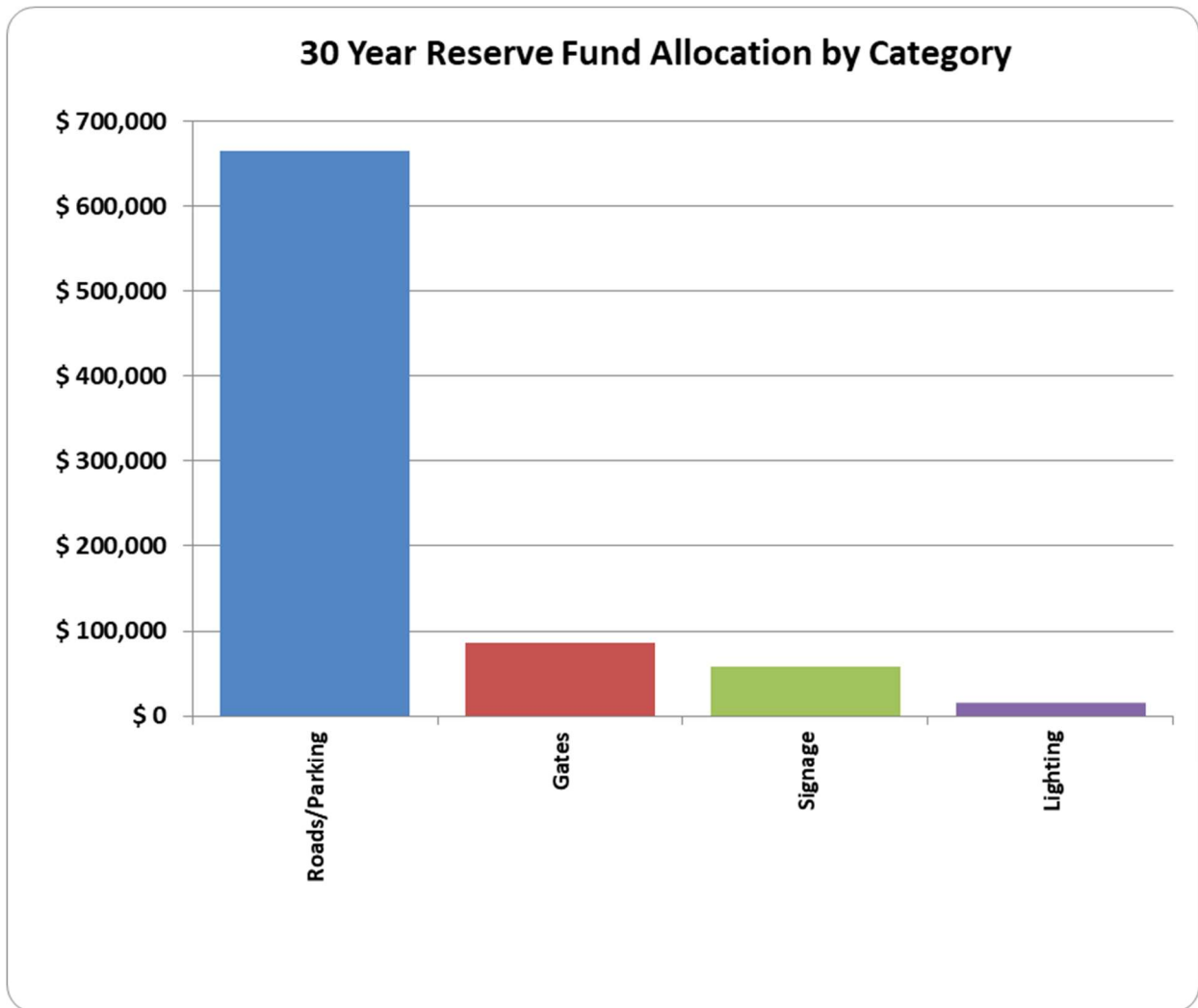
The following categories of reserve components are typically excluded from Reserve Studies:

- 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.

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 7: Reserve Component Inventory

Summary Component Analysis

Yellow highlighting indicates components with zero remaining useful life

Item	Replace	Maintain	Category	Reserve Component Name	Replacement Cost	Replacement Cost Basis	Estimated Start of Year (2023) 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		M	Gates	Entry Gates & Masonry	\$ 1,500	Current Est	\$ 1,500	2003	20	5	5	1	lump sum	2028	\$ 1,739
2		M	Gates	Omni Control Board	\$ 900	Current Est	\$ 900	2022	7		6	1	lump sum	2029	\$ 1,075
3		M	Gates	DC2000 Battery Back-up	\$ 1,600	Current Est	\$ 1,600	2022	4	3	6	1	lump sum	2029	\$ 1,910
4		M	Gates	Siren Controlled Sensor	\$ 950	Current Est	\$ 950	2022	7		6	1	lump sum	2029	\$ 1,134
5	R		Gates	Doorking Telephone Sys(Replc 2022)	\$ 4,200	Current Est	\$ 4,200	2022	15		14	1	lump sum	2037	\$ 6,353
6		M	Gates	Elite Loop Detectors	\$ 460	Current Est	\$ 460	2022	4	3	6	1	lump sum	2029	\$ 549
7		M	Gates	Securitron Maglock 62S-24	\$ 750	Current Est	\$ 750	2022	8	3	10	1	lump sum	2033	\$ 1,008
8	R		Gates	Lift Master CSW200 Mag Relay,24vdc	\$ 250	Current Est	\$ 250	2022	25		24	1	lump sum	2047	\$ 508
9		M	Gates	1/2 hp Motors(2)	\$ 1,410	Current Est	\$ 1,410	2022	7		6	1	lump sum	2029	\$ 1,684
10		M	Gates	Upper Gearbox	\$ 1,100	Current Est	\$ 1,100	2022	8		7	1	lump sum	2030	\$ 1,353
11		M	Gates	Lower Gearbox	\$ 650	Current Est	\$ 650	2022	8		7	1	lump sum	2030	\$ 799
12		M	Gates	Cut-In Style Loops	\$ 3,264	Current Est	\$ 3,264	2022	8		7	1	lump sum	2030	\$ 4,014
13		M	Gates	Multicode Receiver	\$ 205	Current Est	\$ 205	2022	7		6	1	lump sum	2029	\$ 245
14		M	Lighting	Curb Lighting System	\$ 12,000	Current Est	\$ 12,000	1999	30		6	1	lump sum	2029	\$ 14,329
15		#REF!	Roads/Parking	Road Repairs	\$ 15,000	Current Est	\$ 15,000	2016	30		23	1	lump sum	2046	\$ 29,604

Summary Component Analysis

Yellow highlighting indicates components with zero remaining useful life

Item	Replace	Maintain	Category	Reserve Component Name	Replacement Cost	Replacement Cost Basis	Estimated Start of Year (2023) 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
16		M	Roads/Parking	Road Inspection&Report	\$ 2,500	Current Est	\$ 2,500	2021	5		3	1	lump sum	2026	\$ 2,732
17		M	Roads/Parking	Road Slurry Seal	\$ 27,500	Current Est	\$ 27,500	2018	8		3	1	lump sum	2026	\$ 30,050
18		M	Roads/Parking	Road Overlay	\$ 110,000	Current Est	\$ 110,000	1983	68		28	1	lump sum	2051	\$ 251,672
19		M	Roads/Parking	Crack Sealing	\$ 7,500	Current Est	\$ 7,500	2022	2		1	1	lump sum	2024	\$ 7,725
20	R		Signage	Southview Entrance-Large Sign	\$ 18,000	Current Est	\$ 18,000	1983	44	5	9	1	lump sum	2032	\$ 23,486
21		M	Signage	Southview Entrance-Large Sign	\$ 900	Current Est	\$ 900	2022	6		5	1	lump sum	2028	\$ 1,043
22	R		Signage	Southview Entrance-Small Sign	\$ 7,500	Current Est	\$ 7,500	1983	60		20	1	lump sum	2043	\$ 13,546
23		M	Signage	Southview Entrance-Small Sign	\$ 600	Current Est	\$ 600	2021	6		4	1	lump sum	2027	\$ 675
24		M	Signage	Pilings Seal, Sign,Overlook,Ropes	\$ 3,000	Current Est	\$ 3,000	1983	18		0	1	lump sum	2023	\$ 3,000

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 at a later date via a revision or update to this study will likely impact the funding strategies developed for this report.

Table 8: Components Not Included in Funding

Item	Major Component	Reason Not Considered for Analysis	Comments
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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 incomes and expenses and indicates the recommended contributions to the reserve account. 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.

The following table summarizes each year's incomes and expenses: It includes the following elements to derive the Annual Maintenance assessments and Annual Reserve Contributions:

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

Table 9: Projected Income & Expenses Summary

Summary Table of Annual Incomes and Expenses																			
Incomes										Expenses									
Year	Start of Year Reserve Balance	Fully Funded Balance	Start Of Year Percent Funded	Reserve Fund Deficiency from FFB (per unit)	Special Assessments	Total Annual Maintenance Assessments	Loans	Reserve Balance Interest Income	Other Incomes	Total Annual Income	Operating Expenses	Loan Expenses (payments)	Special Projects	Reserve Expenses *	Estimated Annual Taxes	Total Expenses	Annual Reserve Contribution (less loans) **	Reserve Contrib as Pct of Total Income	EOY Reserve Balance
2023	\$ 88,000	\$ 125,761	70%	-\$ 1,180	\$ 0	\$ 16,500	\$ 0	\$ 3,362	\$ 0	\$ 19,862	\$ 0	\$ 0	\$ 0	\$ 3,000	\$ 0	\$ 3,000	\$ 19,862	100%	\$ 104,862
2024	\$ 104,862	\$ 139,781	75%	-\$ 1,091	\$ 0	\$ 16,500	\$ 0	\$ 4,006	\$ 0	\$ 20,506	\$ 0	\$ 0	\$ 0	\$ 7,725	\$ 0	\$ 7,725	\$ 20,506	100%	\$ 117,642
2025	\$ 117,642	\$ 149,755	79%	-\$ 1,004	\$ 0	\$ 16,995	\$ 0	\$ 4,494	\$ 0	\$ 21,489	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 21,489	100%	\$ 139,131
2026	\$ 139,131	\$ 168,396	83%	-\$ 915	\$ 0	\$ 17,505	\$ 0	\$ 5,315	\$ 0	\$ 22,820	\$ 0	\$ 0	\$ 0	\$ 40,977	\$ 0	\$ 40,977	\$ 22,820	100%	\$ 120,974
2027	\$ 120,974	\$ 145,815	83%	-\$ 776	\$ 0	\$ 18,030	\$ 0	\$ 4,621	\$ 0	\$ 22,651	\$ 0	\$ 0	\$ 0	\$ 675	\$ 0	\$ 675	\$ 22,651	100%	\$ 142,950
2028	\$ 142,950	\$ 164,505	87%	-\$ 674	\$ 0	\$ 18,030	\$ 0	\$ 5,461	\$ 0	\$ 23,491	\$ 0	\$ 0	\$ 0	\$ 11,477	\$ 0	\$ 11,477	\$ 23,491	100%	\$ 154,964
2029	\$ 154,964	\$ 173,080	90%	-\$ 566	\$ 0	\$ 18,030	\$ 0	\$ 5,920	\$ 0	\$ 23,950	\$ 0	\$ 0	\$ 0	\$ 20,926	\$ 0	\$ 20,926	\$ 23,950	100%	\$ 157,987
2030	\$ 157,987	\$ 172,644	92%	-\$ 458	\$ 0	\$ 18,030	\$ 0	\$ 6,035	\$ 0	\$ 24,065	\$ 0	\$ 0	\$ 0	\$ 15,390	\$ 0	\$ 15,390	\$ 24,065	100%	\$ 166,663
2031	\$ 166,663	\$ 178,373	93%	-\$ 366	\$ 0	\$ 18,030	\$ 0	\$ 6,367	\$ 0	\$ 24,397	\$ 0	\$ 0	\$ 0	\$ 3,167	\$ 0	\$ 3,167	\$ 24,397	100%	\$ 187,892
2032	\$ 187,892	\$ 197,357	95%	-\$ 296	\$ 0	\$ 18,030	\$ 0	\$ 7,177	\$ 0	\$ 25,207	\$ 0	\$ 0	\$ 0	\$ 33,272	\$ 0	\$ 33,272	\$ 25,207	100%	\$ 179,828
2033	\$ 179,828	\$ 186,410	96%	-\$ 206	\$ 0	\$ 18,030	\$ 0	\$ 6,869	\$ 0	\$ 24,899	\$ 0	\$ 0	\$ 0	\$ 1,814	\$ 0	\$ 1,814	\$ 24,899	100%	\$ 202,913
2034	\$ 202,913	\$ 208,057	98%	-\$ 161	\$ 0	\$ 18,030	\$ 0	\$ 7,751	\$ 0	\$ 25,781	\$ 0	\$ 0	\$ 0	\$ 49,694	\$ 0	\$ 49,694	\$ 25,781	100%	\$ 179,000
2035	\$ 179,000	\$ 181,575	99%	-\$ 80	\$ 0	\$ 18,030	\$ 0	\$ 6,838	\$ 0	\$ 24,868	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 24,868	100%	\$ 203,868
2036	\$ 203,868	\$ 206,037	99%	-\$ 68	\$ 0	\$ 18,030	\$ 0	\$ 7,788	\$ 0	\$ 25,818	\$ 0	\$ 0	\$ 0	\$ 22,800	\$ 0	\$ 22,800	\$ 25,818	100%	\$ 206,886
2037	\$ 206,886	\$ 208,321	99%	-\$ 45	\$ 0	\$ 18,030	\$ 0	\$ 7,903	\$ 0	\$ 25,933	\$ 0	\$ 0	\$ 0	\$ 6,353	\$ 0	\$ 6,353	\$ 25,933	100%	\$ 226,466
2038	\$ 226,466	\$ 228,200	99%	-\$ 54	\$ 0	\$ 18,030	\$ 0	\$ 8,651	\$ 0	\$ 26,681	\$ 0	\$ 0	\$ 0	\$ 19,497	\$ 0	\$ 19,497	\$ 26,681	100%	\$ 233,650
2039	\$ 233,650	\$ 235,743	99%	-\$ 65	\$ 0	\$ 18,030	\$ 0	\$ 8,925	\$ 0	\$ 26,955	\$ 0	\$ 0	\$ 0	\$ 963	\$ 0	\$ 963	\$ 26,955	100%	\$ 259,642
2040	\$ 259,642	\$ 263,226	99%	-\$ 112	\$ 0	\$ 18,030	\$ 0	\$ 9,918	\$ 0	\$ 27,948	\$ 0	\$ 0	\$ 0	\$ 13,884	\$ 0	\$ 13,884	\$ 27,948	100%	\$ 273,706
2041	\$ 273,706	\$ 278,866	98%	-\$ 161	\$ 0	\$ 18,030	\$ 0	\$ 10,456	\$ 0	\$ 28,486	\$ 0	\$ 0	\$ 0	\$ 9,363	\$ 0	\$ 9,363	\$ 28,486	100%	\$ 292,829
2042	\$ 292,829	\$ 300,293	98%	-\$ 233	\$ 0	\$ 18,030	\$ 0	\$ 11,186	\$ 0	\$ 29,216	\$ 0	\$ 0	\$ 0	\$ 61,372	\$ 0	\$ 61,372	\$ 29,216	100%	\$ 260,673
2043	\$ 260,673	\$ 269,474	97%	-\$ 275	\$ 0	\$ 18,030	\$ 0	\$ 9,958	\$ 0	\$ 27,988	\$ 0	\$ 0	\$ 0	\$ 23,526	\$ 0	\$ 23,526	\$ 27,988	100%	\$ 265,135
2044	\$ 265,135	\$ 277,415	96%	-\$ 384	\$ 0	\$ 18,030	\$ 0	\$ 10,128	\$ 0	\$ 28,158	\$ 0	\$ 0	\$ 0	\$ 15,347	\$ 0	\$ 15,347	\$ 28,158	100%	\$ 277,946
2045	\$ 277,946	\$ 294,740	94%	-\$ 525	\$ 0	\$ 18,030	\$ 0	\$ 10,618	\$ 0	\$ 28,648	\$ 0	\$ 0	\$ 0	\$ 1,150	\$ 0	\$ 1,150	\$ 28,648	100%	\$ 305,444
2046	\$ 305,444	\$ 327,953	93%	-\$ 703	\$ 0	\$ 18,030	\$ 0	\$ 11,668	\$ 0	\$ 29,698	\$ 0	\$ 0	\$ 0	\$ 61,012	\$ 0	\$ 61,012	\$ 29,698	100%	\$ 274,129
2047	\$ 274,129	\$ 301,271	91%	-\$ 848	\$ 0	\$ 18,030	\$ 0	\$ 10,472	\$ 0	\$ 28,502	\$ 0	\$ 0	\$ 0	\$ 508	\$ 0	\$ 508	\$ 28,502	100%	\$ 302,123
2048	\$ 302,123	\$ 336,897	90%	-\$ 1,087	\$ 0	\$ 18,030	\$ 0	\$ 11,541	\$ 0	\$ 29,571	\$ 0	\$ 0	\$ 0	\$ 15,703	\$ 0	\$ 15,703	\$ 29,571	100%	\$ 315,991
2049	\$ 315,991	\$ 358,754	88%	-\$ 1,336	\$ 0	\$ 18,030	\$ 0	\$ 12,071	\$ 0	\$ 30,101	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,101	100%	\$ 346,092
2050	\$ 346,092	\$ 398,279	87%	-\$ 1,631	\$ 0	\$ 18,030	\$ 0	\$ 13,221	\$ 0	\$ 31,251	\$ 0	\$ 0	\$ 0	\$ 90,017	\$ 0	\$ 90,017	\$ 31,251	100%	\$ 287,326
2051	\$ 287,326	\$ 347,134	83%	-\$ 1,869	\$ 0	\$ 18,030	\$ 0	\$ 10,976	\$ 0	\$ 29,006	\$ 0	\$ 0	\$ 0	\$ 258,765	\$ 0	\$ 258,765	\$ 29,006	100%	\$ 57,567
2052	\$ 57,567	\$ 121,534	47%	-\$ 1,999	\$ 0	\$ 18,030	\$ 0	\$ 2,199	\$ 0	\$ 20,229	\$ 0	\$ 0	\$ 0	\$ 29,693	\$ 0	\$ 29,693	\$ 20,229	100%	\$ 48,103
2053	\$ 48,103	\$ 126,025	38%	-\$ 2,435	\$ 0	\$ 18,030	\$ 0	\$ 1,838	\$ 0	\$ 19,868	\$ 0	\$ 0	\$ 0	\$ 3,641	\$ 0	\$ 3,641	\$ 19,868	100%	\$ 64,329

* Reserve expenses in 2023 includes all Reserve Component expenses incurred in 2023

** Annual Reserve Contribution = Total Annual Income – Operating Expenses – Loan Amount – Loan Expenses – Taxes

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 10: Loan Summary

Loan Summary						
<i>There are no loans in this analysis. If any current or new loans were included, they would appear in the list below.</i>						
<u>Loan #</u>	<u>Loan Description</u>	<u>Loan Type</u>	<u>Loan Amount</u>	<u>Origin Year</u>	<u>Term</u>	<u>Ann Interest Ann Payment</u>
1						
2						
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 9: Projected Income & Expenses Summary* for the estimated annual tax liability.

Based on user input,

- Taxes are not included in this analysis
- Not applicable
- Not applicable

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 and Reserve Contributions

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 expense. 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 70% 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 9: Projected Income & Expenses Summary* on page 19.
 - A graphical view of the monthly reserve fund contribution is displayed in *Figure 8: Average Monthly Reserve Fund Contribution Rate* on page 32.

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 11: Maximum Reserve Expenses and Contributions

Maximum Reserve Expenses & Reserve Contribution	
Year Maximum Reserve Expenses Occur:	2051
Min Req'd % FFB at Start of 2051:	75%
This analysis, Start of Year % Funding in 2051:	83%
Reserve Fund Balance at Start of 2051:	\$ 287,326
Reserve Contribution in 2051:	\$ 29,006
Total Available Reserve Funds in 2051: *	\$ 316,332
Total Reserve Expenses in 2051:	\$ 258,765

* Does not include funds from anticipated annual maintenance assessments in year 2051

Detailed Financial Analysis

Annual Projected Expenses

The annual projected reserve expenses are estimates based on 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 12: Special Projects Table

Year	Cost	Special Project or One-Time Expense
------	------	-------------------------------------

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 was already 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.

Table 13: Reserve Component Already Completed in First Year of Analysis Table

As of 01 May 2023, these components' scheduled services are complete

Year	Cost	Replace	Maintain	Category	Component
Total:	\$ 0				

Annual Reserve Component Expenditures

The following Summary Component Analysis table discloses each 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).

Table 14: Summary Component Expenditures Table

Reserve Component Expenditures for Years 2023 to 2052

Year	Cost	Replace	Maintain	Category	Component
2023	\$ 3,000		M	Signage	Pilings Seal, Sign, Overlook, Ropes
2023 Total:	\$ 3,000				
2024	\$ 7,725		M	Roads/Parking	Crack Sealing

Reserve Component Expenditures for Years 2023 to 2052

Year	Cost	Replace	Maintain	Category	Component
2024 Total:	\$ 7,725				
2025	No Reserve Expenses Anticipated				
2026	\$ 2,732		M	Roads/Parking	Road Inspection&Report
	\$ 30,050		M	Roads/Parking	Road Slurry Seal
	\$ 8,195		M	Roads/Parking	Crack Sealing
2026 Total:	\$ 40,977				
2027	\$ 675		M	Signage	Southview Entrance-Small Sign
2027 Total:	\$ 675				
2028	\$ 1,739		M	Gates	Entry Gates & Masonry
	\$ 8,695		M	Roads/Parking	Crack Sealing
	\$ 1,043		M	Signage	Southview Entrance-Large Sign
2028 Total:	\$ 11,477				
2029	\$ 1,075		M	Gates	Omni Control Board
	\$ 1,910		M	Gates	DC2000 Battery Back-up
	\$ 1,134		M	Gates	Siren Controlled Sensor
	\$ 549		M	Gates	Elite Loop Detectors
	\$ 1,684		M	Gates	1/2 hp Motors(2)
	\$ 245		M	Gates	Multicode Receiver
	\$ 14,329		M	Lighting	Curb Lighting System
2029 Total:	\$ 20,926				
2030	\$ 1,353		M	Gates	Upper Gearbox
	\$ 799		M	Gates	Lower Gearbox

Reserve Component Expenditures for Years 2023 to 2052

Year	Cost	Replace	Maintain	Category	Component
	\$ 4,014		M	Gates	Cut-In Style Loops
	\$ 9,224		M	Roads/Parking	Crack Sealing
2030 Total:	\$ 15,390				
2031	\$ 3,167		M	Roads/Parking	Road Inspection & Report
2031 Total:	\$ 3,167				
2032	\$ 9,786		M	Roads/Parking	Crack Sealing
	\$ 23,486	R		Signage	Southview Entrance-Large Sign
2032 Total:	\$ 33,272				
2033	\$ 1,008		M	Gates	Securitron Maglock 62S-24
	\$ 806		M	Signage	Southview Entrance-Small Sign
2033 Total:	\$ 1,814				
2034	\$ 38,066		M	Roads/Parking	Road Slurry Seal
	\$ 10,382		M	Roads/Parking	Crack Sealing
	\$ 1,246		M	Signage	Southview Entrance-Large Sign
2034 Total:	\$ 49,694				
2035 No Reserve Expenses Anticipated					
2036	\$ 1,322		M	Gates	Omni Control Board
	\$ 2,350		M	Gates	DC2000 Battery Back-up
	\$ 1,395		M	Gates	Siren Controlled Sensor
	\$ 676		M	Gates	Elite Loop Detectors
	\$ 2,071		M	Gates	1/2 hp Motors (2)
	\$ 301		M	Gates	Multicode Receiver

Reserve Component Expenditures for Years 2023 to 2052

Year	Cost	Replace	Maintain	Category	Component
	\$ 3,671		M	Roads/Parking	Road Inspection & Report
	\$ 11,014		M	Roads/Parking	Crack Sealing
2036 Total:	\$ 22,800				
2037	\$ 6,353	R		Gates	Doorlocking Telephone System
2037 Total:	\$ 6,353				
2038	\$ 1,714		M	Gates	Upper Gearbox
	\$ 1,013		M	Gates	Lower Gearbox
	\$ 5,085		M	Gates	Cut-In Style Loops
	\$ 11,685		M	Roads/Parking	Crack Sealing
2038 Total:	\$ 19,497				
2039	\$ 963		M	Signage	Southview Entrance-Small Sign
2039 Total:	\$ 963				
2040	\$ 12,396		M	Roads/Parking	Crack Sealing
	\$ 1,488		M	Signage	Southview Entrance-Large Sign
2040 Total:	\$ 13,884				
2041	\$ 4,256		M	Roads/Parking	Road Inspection & Report
	\$ 5,107		M	Signage	Pilings Seal, Sign, Overlook, Ropes
2041 Total:	\$ 9,363				
2042	\$ 48,221		M	Roads/Parking	Road Slurry Seal
	\$ 13,151		M	Roads/Parking	Crack Sealing
2042 Total:	\$ 61,372				

Reserve Component Expenditures for Years 2023 to 2052

Year	Cost	Replace	Maintain	Category	Component
2043	\$ 1,626		M	Gates	Omni Control Board
	\$ 2,890		M	Gates	DC2000 Battery Back-up
	\$ 1,716		M	Gates	Siren Controlled Sensor
	\$ 831		M	Gates	Elite Loop Detectors
	\$ 2,547		M	Gates	1/2 hp Motors (2)
	\$ 370		M	Gates	Multicode Receiver
	\$ 13,546	R		Signage	Southview Entrance-Small Sign
2043 Total:	\$ 23,526				
2044	\$ 1,395		M	Gates	Securitron Maglock 62S-24
	\$ 13,952		M	Roads/Parking	Crack Sealing
2044 Total:	\$ 15,347				
2045	\$ 1,150		M	Signage	Southview Entrance-Small Sign
2045 Total:	\$ 1,150				
2046	\$ 2,171		M	Gates	Upper Gearbox
	\$ 1,283		M	Gates	Lower Gearbox
	\$ 6,442		M	Gates	Cut-In Style Loops
	\$ 29,604		#REF!	Roads/Parking	Road Repairs
	\$ 4,934		M	Roads/Parking	Road Inspection & Report
	\$ 14,802		M	Roads/Parking	Crack Sealing
	\$ 1,776		M	Signage	Southview Entrance-Large Sign
2046 Total:	\$ 61,012				
2047	\$ 508	R		Gates	Lift Master CSW200 Mag Relay,24vdc
2047 Total:	\$ 508				
2048	\$ 15,703		M	Roads/Parking	Crack Sealing

Reserve Component Expenditures for Years 2023 to 2052

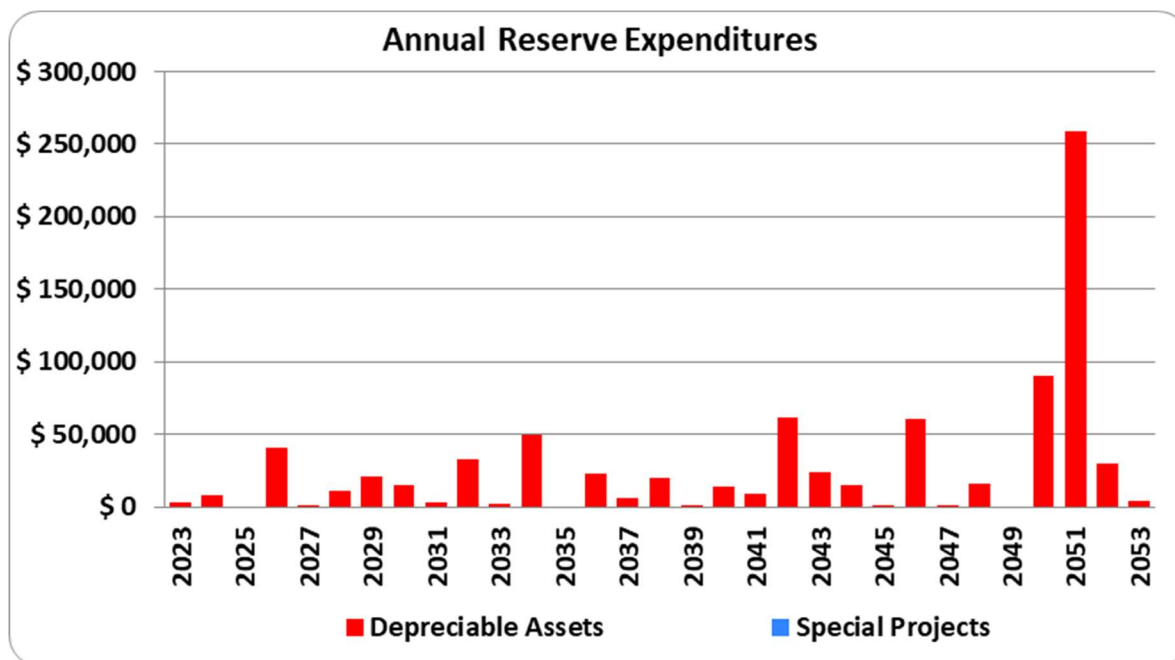
Year	Cost	Replace	Maintain	Category	Component
2048 Total:	\$ 15,703				
2049 No Reserve Expenses Anticipated					
2050	\$ 1,999		M	Gates	Omni Control Board
	\$ 3,554		M	Gates	DC2000 Battery Back-up
	\$ 2,110		M	Gates	Siren Controlled Sensor
	\$ 1,022		M	Gates	Elite Loop Detectors
	\$ 3,132		M	Gates	1/2 hp Motors (2)
	\$ 455		M	Gates	Multicode Receiver
	\$ 61,085		M	Roads/Parking	Road Slurry Seal
	\$ 16,660		M	Roads/Parking	Crack Sealing
2050 Total:	\$ 90,017				
2051	\$ 5,720		M	Roads/Parking	Road Inspection & Report
	\$ 251,672		M	Roads/Parking	Road Overlay
	\$ 1,373		M	Signage	Southview Entrance-Small Sign
2051 Total:	\$ 258,765				
2052	\$ 9,898	R		Gates	Doorjacking Telephone System
	\$ 17,674		M	Roads/Parking	Crack Sealing
	\$ 2,121		M	Signage	Southview Entrance-Large Sign
2052 Total:	\$ 29,693				

Reserve Fund Expenditures

The graph below shows the projected future reserve expenses that the association is responsible to fund. As with all computations in this report, the estimates in this figure are based on the estimated expense projections which are 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.

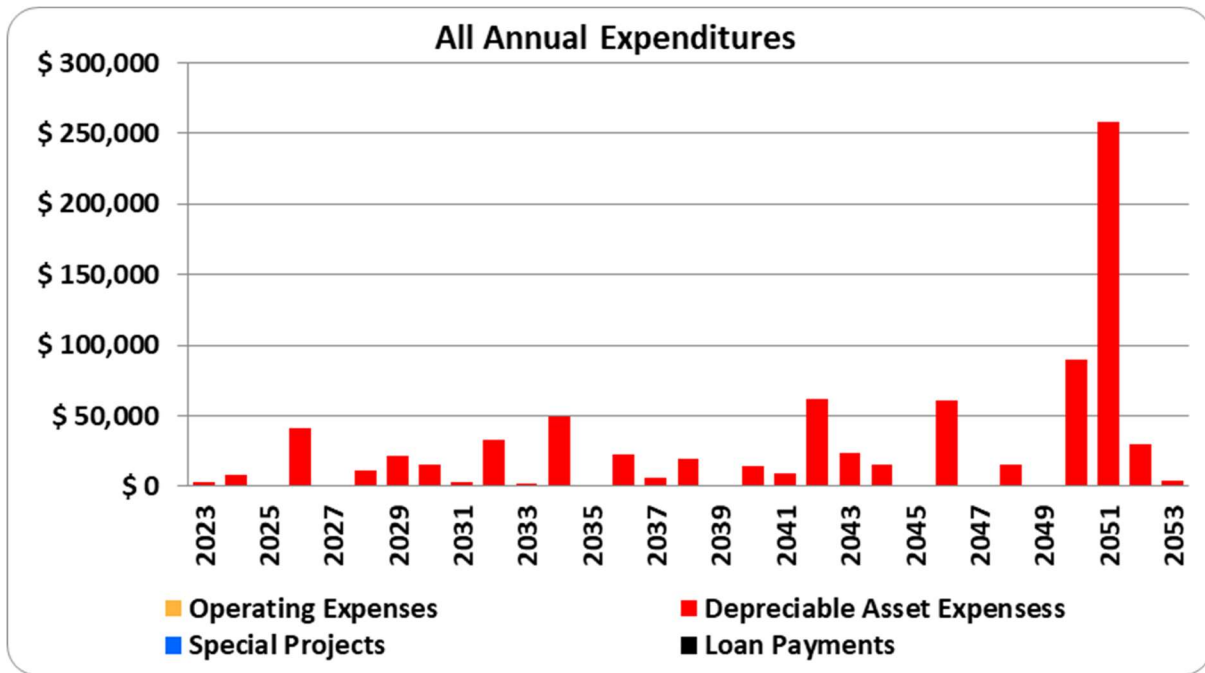
Figure 3: Reserve Fund Expenditures



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.

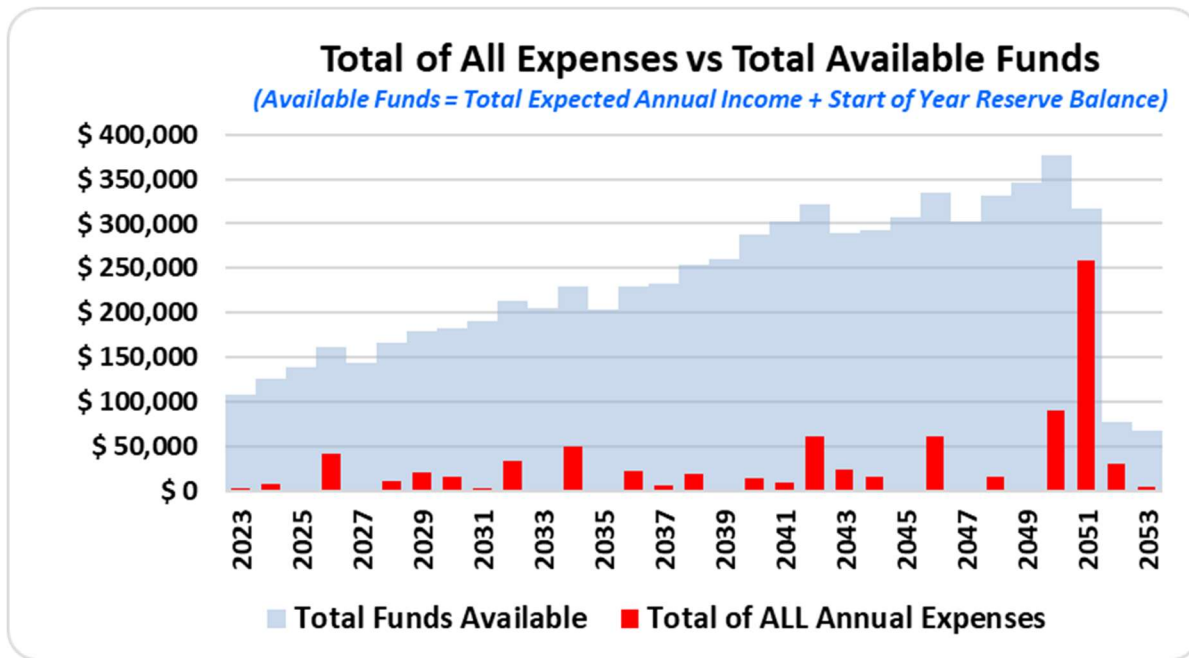
Figure 4: All Annual Expenses



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 verses total available funds in each year.

Figure 5: All Annual Expenses versus Available Funds

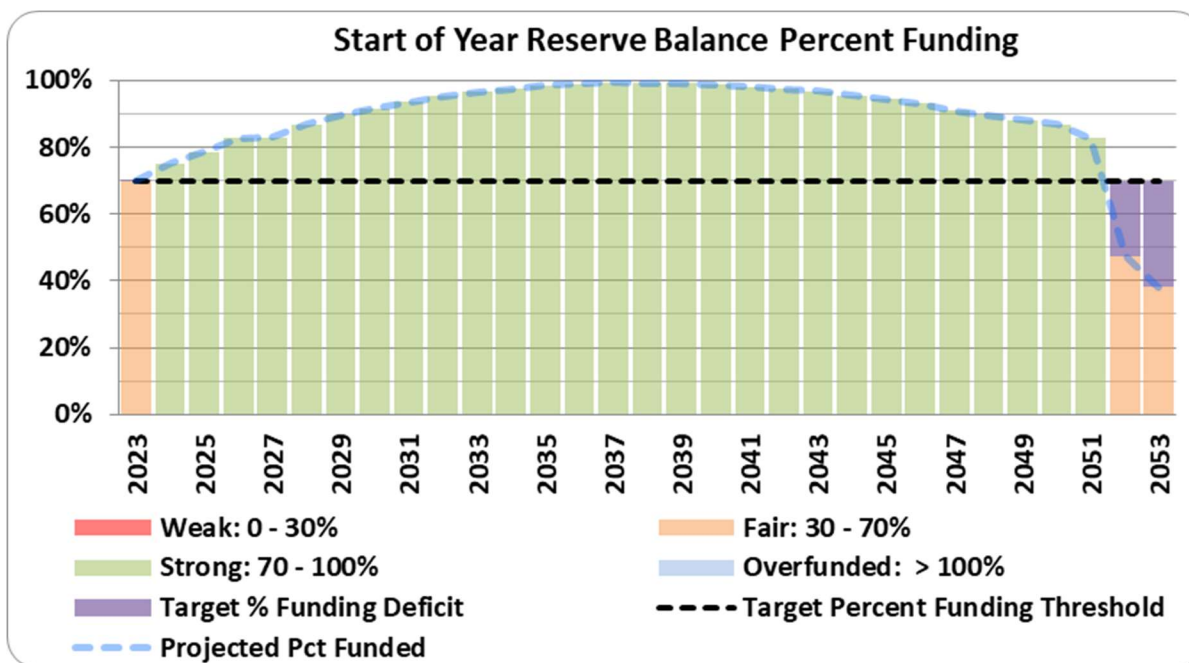


Reserve Balance

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 6: 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 over current and future owners in our inflationary economic environment, nominal annual increases should be expected in future years. Most authorities cite 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 7: Annual Income and Reserve Contribution

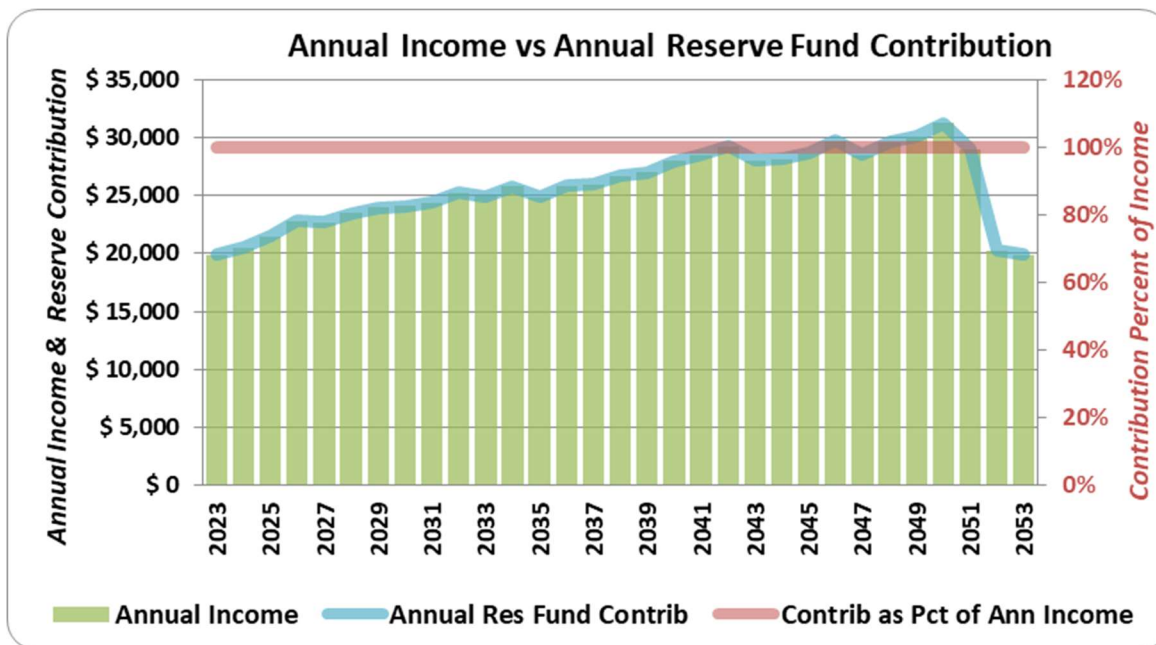
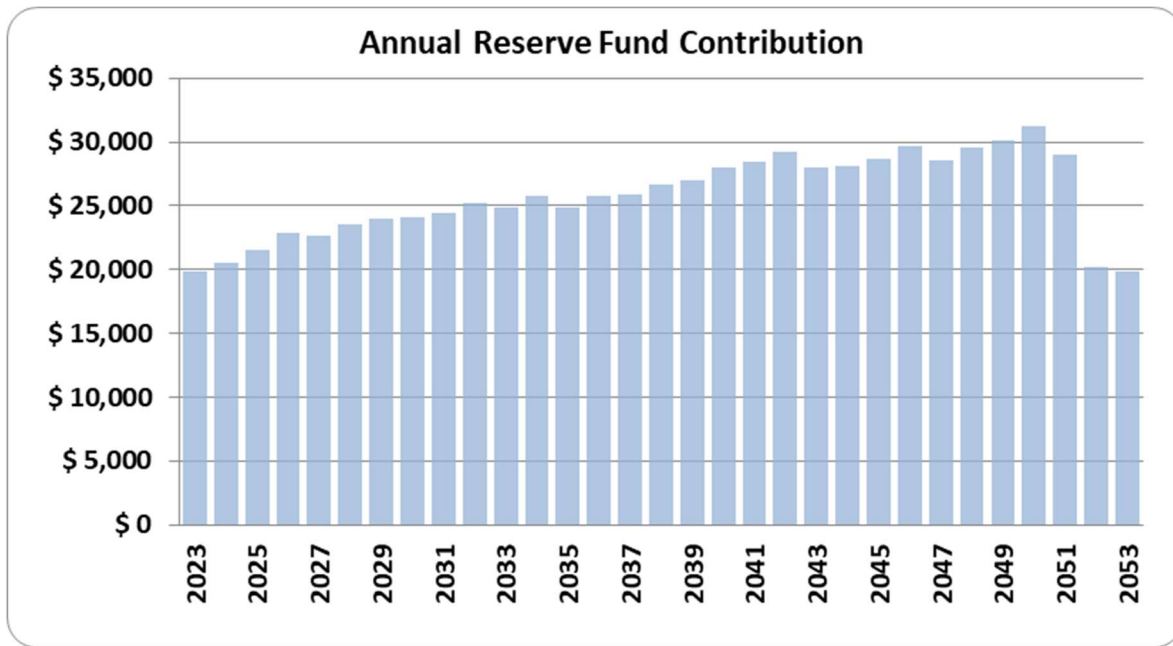


Figure 8: Average Monthly Reserve Fund Contribution Rate



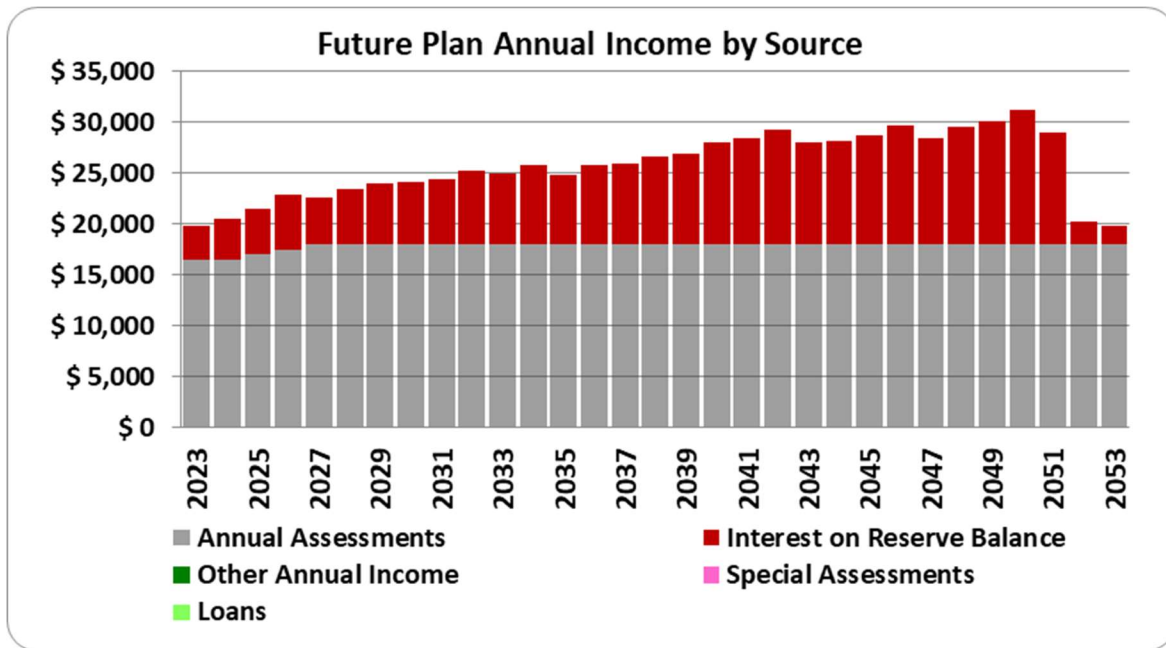
Income Sources

Income is derived from several potential sources:

- Annual maintenance assessments
- 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.

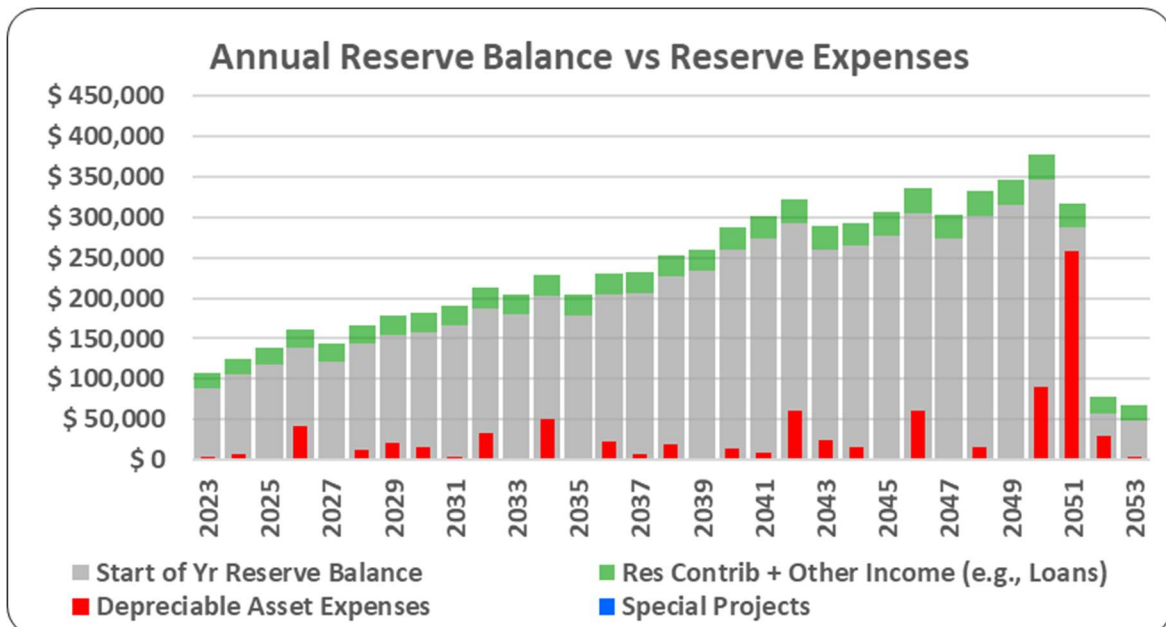
Figure 9: Annual Income by Source



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 assure 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 10: 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 increases and special assessments that the Association could levy. Refer to each graph’s notes for details.

Figure 11: Reserve Account Comparison

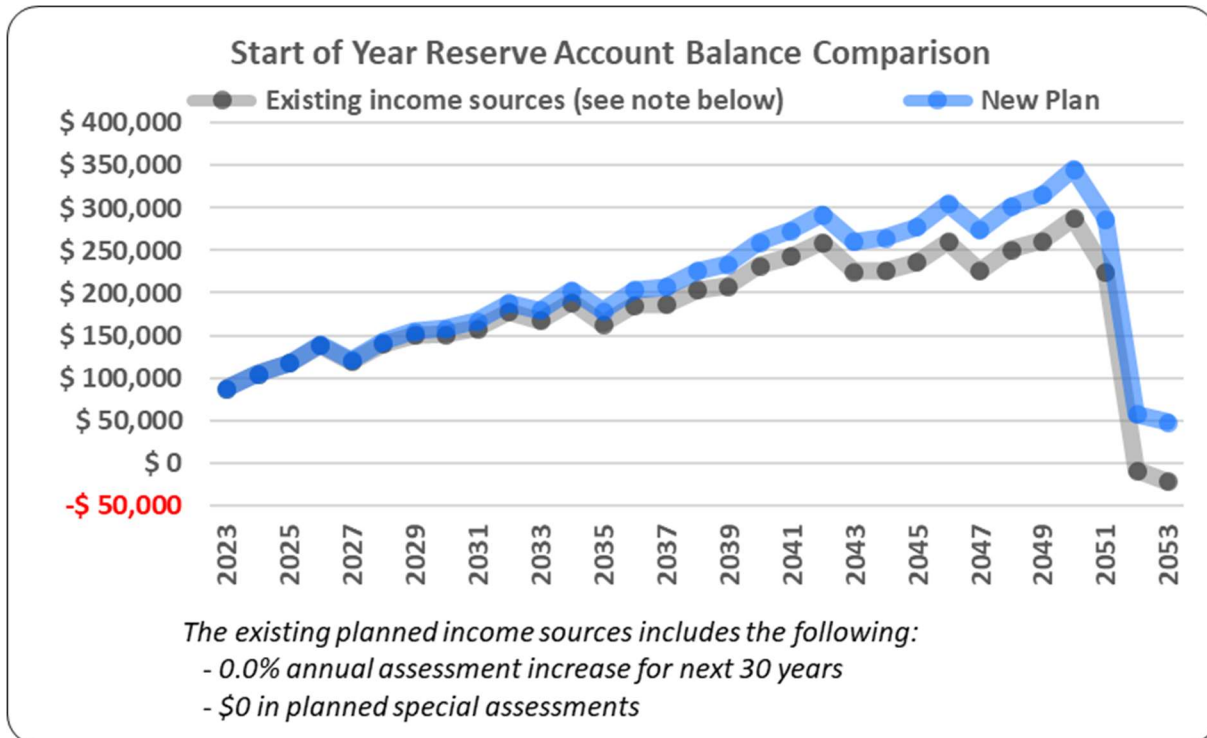
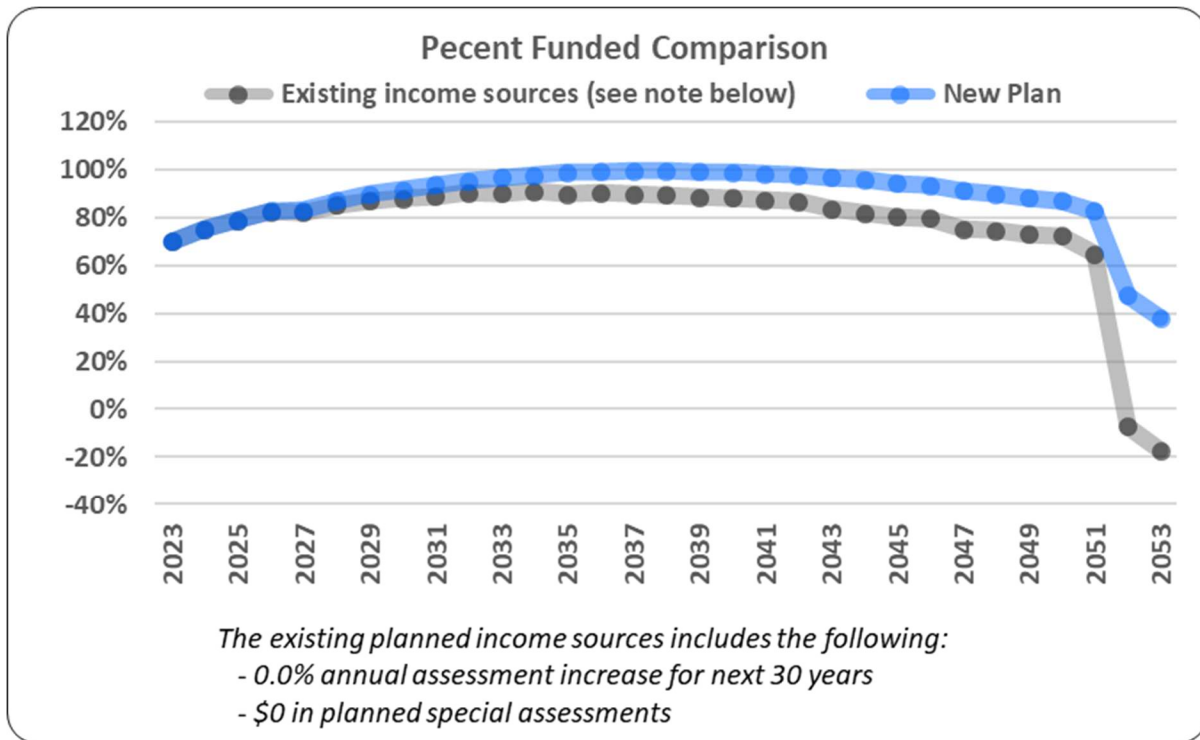


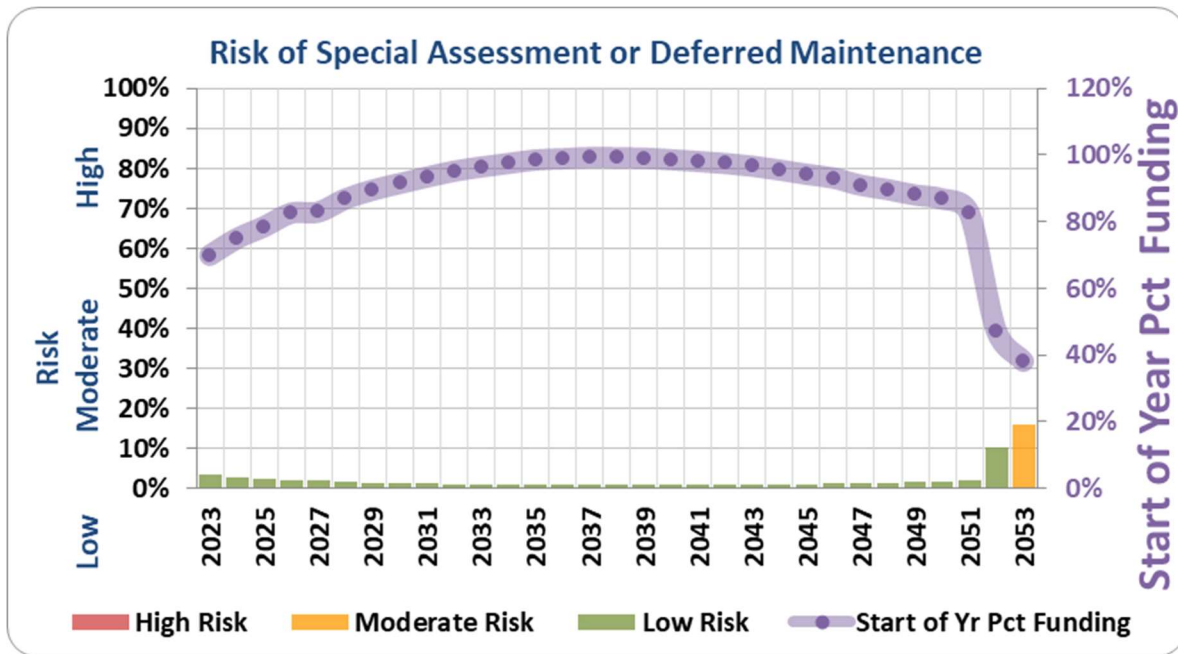
Figure 12: Percent Funded Comparison



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 table represents an estimate of the risk of a special assessment or deferred maintenance.

Figure 13: 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 2023 to 2032

Income Years 2023 to 2032

Estimated Incomes	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Total
Maintenance Assessments Including Sched Increases	\$ 16,500	\$ 16,500	\$ 16,995	\$ 17,505	\$ 18,030	\$ 18,030	\$ 18,030	\$ 18,030	\$ 18,030	\$ 18,030	\$ 175,680
Interest Income Reserve Balance	\$ 3,362	\$ 4,006	\$ 4,494	\$ 5,315	\$ 4,621	\$ 5,461	\$ 5,920	\$ 6,035	\$ 6,367	\$ 7,177	\$ 52,757
Other Annual Income											\$ 0
Special Assessments											
Loans											
Total Income	\$ 19,862	\$ 20,506	\$ 21,489	\$ 22,820	\$ 22,651	\$ 23,491	\$ 23,950	\$ 24,065	\$ 24,397	\$ 25,207	\$ 228,437

Expenses Years 2023 to 2032

Operating and Loan Expenses	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Total
Estimated Operating Expenses											
Estimated Annual Loan Payments											

Special Projects	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Total
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Estimated Tax Liability	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Total
Tax Liability not Included in Analysis											

Totals	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Total
Total Operating Expenses											
Special Projects											
Total Reserve Fund Expenses	\$ 3,000	\$ 7,725		\$ 40,977	\$ 675	\$ 11,477	\$ 20,926	\$ 15,390	\$ 3,167	\$ 33,272	\$ 136,609

Reserve Fund Years 2023 to 2032

Description	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Start of Year Fully Funded Reserve	\$ 125,761	\$ 139,781	\$ 149,755	\$ 168,396	\$ 145,815	\$ 164,505	\$ 173,080	\$ 172,644	\$ 178,373	\$ 197,357
Start of Year Reserve Fund Balance *	\$ 88,000	\$ 104,862	\$ 117,642	\$ 139,131	\$ 120,974	\$ 142,950	\$ 154,964	\$ 157,987	\$ 166,663	\$ 187,892
Percent Funded at Start of Year	70%	75%	79%	83%	83%	87%	90%	92%	93%	95%
Annual Reserve Fund Contributions	\$ 19,862	\$ 20,506	\$ 21,489	\$ 22,820	\$ 22,651	\$ 23,491	\$ 23,950	\$ 24,065	\$ 24,397	\$ 25,207
Net Reserve Withdrawals	-\$ 3,000	-\$ 7,725		-\$ 40,977	-\$ 675	-\$ 11,477	-\$ 20,926	-\$ 15,390	-\$ 3,167	-\$ 33,272
EOY Reserve Fund Balance	\$ 104,862	\$ 117,642	\$ 139,131	\$ 120,974	\$ 142,950	\$ 154,964	\$ 157,987	\$ 166,663	\$ 187,892	\$ 179,828

* 2023 balance as of 01-May-2023.

Reserve Expenses 2023 to 2032

Replace	Maintain	Reserve Fund Withdrawals	Original Cost	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Total
	M	Entry Gates & Masonry	\$ 1,500						\$ 1,739					\$ 1,739
	M	Omni Control Board	\$ 900							\$ 1,075				\$ 1,075
	M	DC2000 Battery Back-up	\$ 1,600							\$ 1,910				\$ 1,910
	M	Siren Controlled Sensor	\$ 950							\$ 1,134				\$ 1,134
R		Doorking Telephone System	\$ 4,200											\$ 0
	M	Elite Loop Detectors	\$ 460							\$ 549				\$ 549
	M	Securitron Maglock 62S-24	\$ 750											\$ 0
R		Lift Master CSW200 Mag Relay,24vdc	\$ 250											\$ 0
	M	1/2 hp Motors (2)	\$ 1,410							\$ 1,684				\$ 1,684
	M	Upper Gearbox	\$ 1,100								\$ 1,353			\$ 1,353
	M	Lower Gearbox	\$ 650								\$ 799			\$ 799
	M	Cut-In Style Loops	\$ 3,264								\$ 4,014			\$ 4,014
	M	Multicode Receiver	\$ 205							\$ 245				\$ 245
	M	Curb Lighting System	\$ 12,000							\$ 14,329				\$ 14,329
	#REF!	Road Repairs	\$ 15,000											\$ 0
	M	Road Inspection & Report	\$ 2,500				\$ 2,732					\$ 3,167		\$ 5,899
	M	Road Slurry Seal	\$ 27,500				\$ 30,050							\$ 30,050
	M	Road Overlay	\$ 110,000											\$ 0
	M	Crack Sealing	\$ 7,500		\$ 7,725		\$ 8,195		\$ 8,695		\$ 9,224		\$ 9,786	\$ 43,625
R		Southview Entrance-Large Sign	\$ 18,000										\$ 23,486	\$ 23,486
	M	Southview Entrance-Large Sign	\$ 900						\$ 1,043					\$ 1,043

Reserve Expenses 2023 to 2032

Replace	Maintain	Reserve Fund Withdrawals	Original Cost	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Total
R		Southview Entrance-Small Sign	\$ 7,500											\$ 0
	M	Southview Entrance-Small Sign	\$ 600					\$ 675						\$ 675
	M	Pilings Seal, Sign, Overlook, Ropes	\$ 3,000	\$ 3,000										\$ 3,000
Total Reserve Expenses				\$ 3,000	\$ 7,725	\$ 0	\$ 40,977	\$ 675	\$ 11,477	\$ 20,926	\$ 15,390	\$ 3,167	\$ 33,272	\$ 136,609

Years 2033 to 2042

Income Years 2033 to 2042

Estimated Incomes	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	Total
Maintenance Assessments Including Sched Increases	\$ 18,030	\$ 18,030	\$ 18,030	\$ 18,030	\$ 18,030	\$ 18,030	\$ 18,030	\$ 18,030	\$ 18,030	\$ 18,030	\$ 180,300
Interest Income Reserve Balance	\$ 6,869	\$ 7,751	\$ 6,838	\$ 7,788	\$ 7,903	\$ 8,651	\$ 8,925	\$ 9,918	\$ 10,456	\$ 11,186	\$ 86,286
Other Annual Income											\$ 0
Special Assessments											
Loans											
Total Income	\$ 24,899	\$ 25,781	\$ 24,868	\$ 25,818	\$ 25,933	\$ 26,681	\$ 26,955	\$ 27,948	\$ 28,486	\$ 29,216	\$ 266,586

Expenses Years 2033 to 2042

Operating and Loan Expenses	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	Total
Estimated Operating Expenses											
Estimated Annual Loan Payments											

Special Projects	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	Total
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Estimated Tax Liability	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	Total
Tax Liability not Included in Analysis											

Totals	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	Total
Total Operating Expenses											
Special Projects											
Total Reserve Fund Expenses	\$ 1,814	\$ 49,694		\$ 22,800	\$ 6,353	\$ 19,497	\$ 963	\$ 13,884	\$ 9,363	\$ 61,372	\$ 185,740

Reserve Fund Years 2033 to 2042

Description	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
Start of Year Fully Funded Reserve	\$ 186,410	\$ 208,057	\$ 181,575	\$ 206,037	\$ 208,321	\$ 228,200	\$ 235,743	\$ 263,226	\$ 278,866	\$ 300,293
Start of Year Reserve Fund Balance	\$ 179,828	\$ 202,913	\$ 179,000	\$ 203,868	\$ 206,886	\$ 226,466	\$ 233,650	\$ 259,642	\$ 273,706	\$ 292,829
Percent Funded at Start of Year	96%	98%	99%	99%	99%	99%	99%	99%	98%	98%
Annual Reserve Fund Contributions	\$ 24,899	\$ 25,781	\$ 24,868	\$ 25,818	\$ 25,933	\$ 26,681	\$ 26,955	\$ 27,948	\$ 28,486	\$ 29,216
Net Reserve Withdrawals	-\$ 1,814	-\$ 49,694		-\$ 22,800	-\$ 6,353	-\$ 19,497	-\$ 963	-\$ 13,884	-\$ 9,363	-\$ 61,372
EOY Reserve Fund Balance	\$ 202,913	\$ 179,000	\$ 203,868	\$ 206,886	\$ 226,466	\$ 233,650	\$ 259,642	\$ 273,706	\$ 292,829	\$ 260,673

Reserve Expenses 2033 to 2042

Replace	Maintain	Reserve Fund Withdrawals	Original Cost	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	Total
	M	Entry Gates & Masonry	\$ 1,500											\$ 0
	M	Omni Control Board	\$ 900				\$ 1,322							\$ 1,322
	M	DC2000 Battery Back-up	\$ 1,600				\$ 2,350							\$ 2,350
	M	Siren Controlled Sensor	\$ 950				\$ 1,395							\$ 1,395
R		Doorking Telephone System	\$ 4,200					\$ 6,353						\$ 6,353
	M	Elite Loop Detectors	\$ 460				\$ 676							\$ 676
	M	Securitron Maglock 62S-24	\$ 750	\$ 1,008										\$ 1,008
R		Lift Master CSW200 Mag Relay,24vdc	\$ 250											\$ 0
	M	1/2 hp Motors (2)	\$ 1,410				\$ 2,071							\$ 2,071
	M	Upper Gearbox	\$ 1,100						\$ 1,714					\$ 1,714
	M	Lower Gearbox	\$ 650						\$ 1,013					\$ 1,013
	M	Cut-In Style Loops	\$ 3,264						\$ 5,085					\$ 5,085
	M	Multicode Receiver	\$ 205				\$ 301							\$ 301
	M	Curb Lighting System	\$ 12,000											\$ 0
	#REF!	Road Repairs	\$ 15,000											\$ 0
	M	Road Inspection & Report	\$ 2,500				\$ 3,671					\$ 4,256		\$ 7,927
	M	Road Slurry Seal	\$ 27,500		\$ 38,066								\$ 48,221	\$ 86,287
	M	Road Overlay	\$ 110,000											\$ 0
	M	Crack Sealing	\$ 7,500		\$ 10,382		\$ 11,014		\$ 11,685		\$ 12,396		\$ 13,151	\$ 58,628
R		Southview Entrance-Large Sign	\$ 18,000											\$ 0
	M	Southview Entrance-Large Sign	\$ 900		\$ 1,246						\$ 1,488			\$ 2,734

Reserve Expenses 2033 to 2042

Replace	Maintain	Reserve Fund Withdrawals	Original Cost	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	Total
R		Southview Entrance-Small Sign	\$ 7,500											\$ 0
	M	Southview Entrance-Small Sign	\$ 600	\$ 806						\$ 963				\$ 1,769
	M	Pilings Seal, Sign, Overlook, Ropes	\$ 3,000									\$ 5,107		\$ 5,107
Total Reserve Expenses				\$ 1,814	\$ 49,694	\$ 0	\$ 22,800	\$ 6,353	\$ 19,497	\$ 963	\$ 13,884	\$ 9,363	\$ 61,372	\$ 185,740

Years 2043 to 2053

Income Years 2043 to 2053

Estimated Incomes	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	Total	Total All Years
Maintenance Assessments Including Sched Increases	\$ 18,030	\$ 18,030	\$ 18,030	\$ 18,030	\$ 18,030	\$ 18,030	\$ 18,030	\$ 18,030	\$ 18,030	\$ 18,030	\$ 18,030	\$ 198,330	\$ 554,310
Interest Income Reserve Balance	\$ 9,958	\$ 10,128	\$ 10,618	\$ 11,668	\$ 10,472	\$ 11,541	\$ 12,071	\$ 13,221	\$ 10,976	\$ 2,199	\$ 1,838	\$ 104,688	\$ 243,731
Other Annual Income												\$ 0	\$ 0
Special Assessments													
Loans													
Total Income	\$ 27,988	\$ 28,158	\$ 28,648	\$ 29,698	\$ 28,502	\$ 29,571	\$ 30,101	\$ 31,251	\$ 29,006	\$ 20,229	\$ 19,868	\$ 303,018	\$ 798,040

Expenses Years 2043 to 2053

Operating and Loan Expenses	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	Total	Total All Years
Estimated Operating Expenses													
Estimated Annual Loan Payments													
Special Projects													
Estimated Tax Liability													
Tax Liability not Included in Analysis													
Total Operating Expenses													
Special Projects													
Total Reserve Fund Expenses	\$ 23,526	\$ 15,347	\$ 1,150	\$ 61,012	\$ 508	\$ 15,703		\$ 90,017	\$ 258,765	\$ 29,693	\$ 3,641	\$ 499,362	\$ 821,711

Reserve Fund Years 2043 to 2053

Description	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053
Start of Year Fully Funded Reserve	\$ 269,474	\$ 277,415	\$ 294,740	\$ 327,953	\$ 301,271	\$ 336,897	\$ 358,754	\$ 398,279	\$ 347,134	\$ 121,534	\$ 126,025
Start of Year Reserve Fund Balance	\$ 260,673	\$ 265,135	\$ 277,946	\$ 305,444	\$ 274,129	\$ 302,123	\$ 315,991	\$ 346,092	\$ 287,326	\$ 57,567	\$ 48,103
Percent Funded at Start of Year	97%	96%	94%	93%	91%	90%	88%	87%	83%	47%	38%
Annual Reserve Fund Contributions	\$ 27,988	\$ 28,158	\$ 28,648	\$ 29,698	\$ 28,502	\$ 29,571	\$ 30,101	\$ 31,251	\$ 29,006	\$ 20,229	\$ 19,868
Net Reserve Withdrawals	-\$ 23,526	-\$ 15,347	-\$ 1,150	-\$ 61,012	-\$ 508	-\$ 15,703		-\$ 90,017	-\$ 258,765	-\$ 29,693	-\$ 3,641
EOY Reserve Fund Balance	\$ 265,135	\$ 277,946	\$ 305,444	\$ 274,129	\$ 302,123	\$ 315,991	\$ 346,092	\$ 287,326	\$ 57,567	\$ 48,103	\$ 64,329

Reserve Expenses 2043 to 2053

Replace	Maintain	Reserve Fund Withdrawals	Original Cost	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	Total	Total All Years
	M	Entry Gates & Masonry	\$ 1,500											\$ 3,641	\$ 3,641	\$ 5,380
	M	Omni Control Board	\$ 900	\$ 1,626							\$ 1,999				\$ 3,625	\$ 6,022
	M	DC2000 Battery Back-up	\$ 1,600	\$ 2,890							\$ 3,554				\$ 6,444	\$ 10,704
	M	Siren Controlled Sensor	\$ 950	\$ 1,716							\$ 2,110				\$ 3,826	\$ 6,355
R		Doorking Telephone System	\$ 4,200										\$ 9,898		\$ 9,898	\$ 16,251
	M	Elite Loop Detectors	\$ 460	\$ 831							\$ 1,022				\$ 1,853	\$ 3,078
	M	Securitron Maglock 62S-24	\$ 750		\$ 1,395										\$ 1,395	\$ 2,403
R		Lift Master CSW200 Mag Relay,24vdc	\$ 250					\$ 508							\$ 508	\$ 508
	M	1/2 hp Motors (2)	\$ 1,410	\$ 2,547							\$ 3,132				\$ 5,679	\$ 9,434
	M	Upper Gearbox	\$ 1,100				\$ 2,171								\$ 2,171	\$ 5,238
	M	Lower Gearbox	\$ 650				\$ 1,283								\$ 1,283	\$ 3,095
	M	Cut-In Style Loops	\$ 3,264				\$ 6,442								\$ 6,442	\$ 15,541
	M	Multicode Receiver	\$ 205	\$ 370							\$ 455				\$ 825	\$ 1,371
	M	Curb Lighting System	\$ 12,000												\$ 0	\$ 14,329
	#REF!	Road Repairs	\$ 15,000				\$ 29,604								\$ 29,604	\$ 29,604
	M	Road Inspection & Report	\$ 2,500				\$ 4,934					\$ 5,720			\$ 10,654	\$ 24,480
	M	Road Slurry Seal	\$ 27,500								\$ 61,085				\$ 61,085	\$ 177,422
	M	Road Overlay	\$ 110,000									\$ 251,672			\$ 251,672	\$ 251,672
	M	Crack Sealing	\$ 7,500		\$ 13,952		\$ 14,802		\$ 15,703		\$ 16,660		\$ 17,674		\$ 78,791	\$ 181,044
R		Southview Entrance-Large Sign	\$ 18,000												\$ 0	\$ 23,486

Reserve Expenses 2043 to 2053

Replace	Maintain	Reserve Fund Withdrawals	Original Cost	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	Total	Total All Years
	M	Southview Entrance-Large Sign	\$ 900				\$ 1,776						\$ 2,121		\$ 3,897	\$ 7,674
R		Southview Entrance-Small Sign	\$ 7,500	\$ 13,546											\$ 13,546	\$ 13,546
	M	Southview Entrance-Small Sign	\$ 600			\$ 1,150						\$ 1,373			\$ 2,523	\$ 4,967
	M	Pilings Seal, Sign, Overlook, Ropes	\$ 3,000												\$ 0	\$ 8,107
Total Reserve Expenses				\$ 23,526	\$ 15,347	\$ 1,150	\$ 61,012	\$ 508	\$ 15,703	\$ 0	\$ 90,017	\$ 258,765	\$ 29,693	\$ 3,641	\$ 499,362	\$ 821,711

Component Details

Note: If the Last Service Year is greater than the start year entered for analysis (2023), 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.

Item 1 - Gates: Entry Gates & Masonry: M

Component Qty	1
Unit of Measure	lump sum
Estimated Useful Life (yrs)	20
Service Year	2003
Next Service Year	2028
Remaining Useful Life (yrs)	5

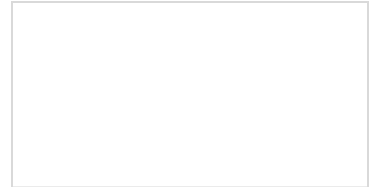
Estimated Current Cost	\$ 1,500
Estimated Future Cost (at next svc yr)	\$ 1,739
Useful Life Adjustment (yrs)	+ 5 years



Item 2 - Gates: Omni Control Board: M

Component Qty	1
Unit of Measure	lump sum
Estimated Useful Life (yrs)	7
Service Year	2022
Next Service Year	2029
Remaining Useful Life (yrs)	6

Estimated Current Cost	\$ 900
Estimated Future Cost (at next svc yr)	\$ 1,075
Useful Life Adjustment (yrs)	



Item 3 - Gates: DC2000 Battery Back-up: M

Component Qty	1
Unit of Measure	lump sum
Estimated Useful Life (yrs)	4
Service Year	2022
Next Service Year	2029
Remaining Useful Life (yrs)	6

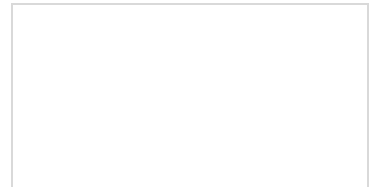
Estimated Current Cost	\$ 1,600
Estimated Future Cost (at next svc yr)	\$ 1,910
Useful Life Adjustment (yrs)	+ 3 years



Item 4 - Gates: Siren Controlled Sensor: M

Component Qty	1
Unit of Measure	lump sum
Estimated Useful Life (yrs)	7
Service Year	2022
Next Service Year	2029
Remaining Useful Life (yrs)	6

Estimated Current Cost	\$ 950
Estimated Future Cost (at next svc yr)	\$ 1,134
Useful Life Adjustment (yrs)	



Item 5 - Gates: Doorking Telephone Sys(Replc 2022): R

Component Qty	1
Unit of Measure	lump sum
Estimated Useful Life (yrs)	15
Service Year	2022
Next Service Year	2037
Remaining Useful Life (yrs)	14

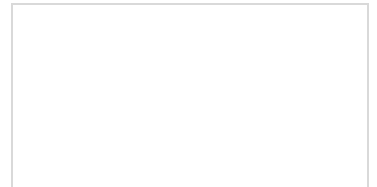
Estimated Current Cost	\$ 4,200
Estimated Future Cost (at next svc yr)	\$ 6,353
Useful Life Adjustment (yrs)	



Item 6 - Gates: Elite Loop Detectors: M

Component Qty	1
Unit of Measure	lump sum
Estimated Useful Life (yrs)	4
Service Year	2022
Next Service Year	2029
Remaining Useful Life (yrs)	6

Estimated Current Cost	\$ 460
Estimated Future Cost (at next svc yr)	\$ 549
Useful Life Adjustment (yrs)	+ 3 years



Item 7 - Gates: Securitron Maglock 62S-24: M

Component Qty	1	Estimated Current Cost	\$ 750
Unit of Measure	lump sum	Estimated Future Cost (at next svc yr)	\$ 1,008
Estimated Useful Life (yrs)	8	Useful Life Adjustment (yrs)	+ 3 years
Service Year	2022		
Next Service Year	2033		
Remaining Useful Life (yrs)	10		

Item 8 - Gates: Lift Master CSW200 Mag Relay,24vdc: R

Component Qty	1	Estimated Current Cost	\$ 250
Unit of Measure	lump sum	Estimated Future Cost (at next svc yr)	\$ 508
Estimated Useful Life (yrs)	25	Useful Life Adjustment (yrs)	
Service Year	2022		
Next Service Year	2047		
Remaining Useful Life (yrs)	24		

Item 9 - Gates: 1/2 hp Motors(2): M

Component Qty	1	Estimated Current Cost	\$ 1,410
Unit of Measure	lump sum	Estimated Future Cost (at next svc yr)	\$ 1,684
Estimated Useful Life (yrs)	7	Useful Life Adjustment (yrs)	
Service Year	2022		
Next Service Year	2029		
Remaining Useful Life (yrs)	6		

Item 10 - Gates: Upper Gearbox: M

Component Qty	1	Estimated Current Cost	\$ 1,100
Unit of Measure	lump sum	Estimated Future Cost (at next svc yr)	\$ 1,353
Estimated Useful Life (yrs)	8	Useful Life Adjustment (yrs)	
Service Year	2022		
Next Service Year	2030		
Remaining Useful Life (yrs)	7		

Item 11 - Gates: Lower Gearbox: M

Component Qty	1	Estimated Current Cost	\$ 650
Unit of Measure	lump sum	Estimated Future Cost (at next svc yr)	\$ 799
Estimated Useful Life (yrs)	8	Useful Life Adjustment (yrs)	
Service Year	2022		
Next Service Year	2030		
Remaining Useful Life (yrs)	7		

Item 12 - Gates: Cut-In Style Loops: M

Component Qty	1	Estimated Current Cost	\$ 3,264
Unit of Measure	lump sum	Estimated Future Cost (at next svc yr)	\$ 4,014
Estimated Useful Life (yrs)	8	Useful Life Adjustment (yrs)	
Service Year	2022		
Next Service Year	2030		
Remaining Useful Life (yrs)	7		

Item 13 - Gates: Multicode Receiver: M

Component Qty	1	Estimated Current Cost	\$ 205
Unit of Measure	lump sum	Estimated Future Cost (at next svc yr)	\$ 245
Estimated Useful Life (yrs)	7	Useful Life Adjustment (yrs)	
Service Year	2022		
Next Service Year	2029		
Remaining Useful Life (yrs)	6		

Item 14 - Lighting: Curb Lighting System: M

Component Qty	1	Estimated Current Cost	\$ 12,000
Unit of Measure	lump sum	Estimated Future Cost (at next svc yr)	\$ 14,329
Estimated Useful Life (yrs)	30	Useful Life Adjustment (yrs)	
Service Year	1999		
Next Service Year	2029		
Remaining Useful Life (yrs)	6		



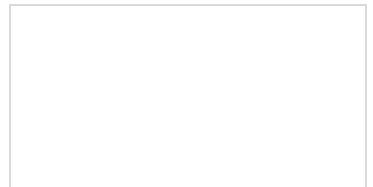
Item 15 - Roads/Parking: Road Repairs: M

Component Qty	1	Estimated Current Cost	\$ 15,000
Unit of Measure	lump sum	Estimated Future Cost (at next svc yr)	\$ 29,604
Estimated Useful Life (yrs)	30	Useful Life Adjustment (yrs)	
Service Year	2016		
Next Service Year	2046		
Remaining Useful Life (yrs)	23		



Item 16 - Roads/Parking: Road Inspection&Report: M

Component Qty	1	Estimated Current Cost	\$ 2,500
Unit of Measure	lump sum	Estimated Future Cost (at next svc yr)	\$ 2,732
Estimated Useful Life (yrs)	5	Useful Life Adjustment (yrs)	
Service Year	2021		
Next Service Year	2026		
Remaining Useful Life (yrs)	3		



Item 17 - Roads/Parking: Road Slurry Seal: M

Component Qty	1	Estimated Current Cost	\$ 27,500
Unit of Measure	lump sum	Estimated Future Cost (at next svc yr)	\$ 30,050
Estimated Useful Life (yrs)	8	Useful Life Adjustment (yrs)	
Service Year	2018		
Next Service Year	2026		
Remaining Useful Life (yrs)	3		



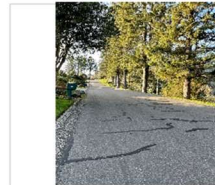
Item 18 - Roads/Parking: Road Overlay: M

Component Qty	1	Estimated Current Cost	\$ 110,000
Unit of Measure	lump sum	Estimated Future Cost (at next svc yr)	\$ 251,672
Estimated Useful Life (yrs)	68	Useful Life Adjustment (yrs)	
Service Year	1983		
Next Service Year	2051		
Remaining Useful Life (yrs)	28		



Item 19 - Roads/Parking: Crack Sealing: M

Component Qty	1	Estimated Current Cost	\$ 7,500
Unit of Measure	lump sum	Estimated Future Cost (at next svc yr)	\$ 7,725
Estimated Useful Life (yrs)	2	Useful Life Adjustment (yrs)	
Service Year	2022		
Next Service Year	2024		
Remaining Useful Life (yrs)	1		



Item 20 - Signage: Southview Entrance-Large Sign: R

Component Qty	1	Estimated Current Cost	\$ 18,000
Unit of Measure	lump sum	Estimated Future Cost (at next svc yr)	\$ 23,486
Estimated Useful Life (yrs)	44	Useful Life Adjustment (yrs)	+ 5 years
Service Year	1983		
Next Service Year	2032		
Remaining Useful Life (yrs)	9		



Item 21 - Signage: Southview Entrance-Large Sign: M

Component Qty	1	Estimated Current Cost	\$ 900
Unit of Measure	lump sum	Estimated Future Cost (at next svc yr)	\$ 1,043
Estimated Useful Life (yrs)	6	Useful Life Adjustment (yrs)	
Service Year	2022		
Next Service Year	2028		
Remaining Useful Life (yrs)	5		



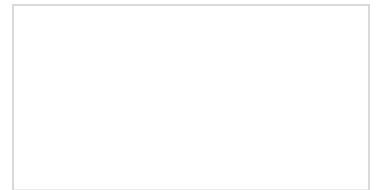
Item 22 - Signage: Southview Entrance-Small Sign: R

Component Qty	1	Estimated Current Cost	\$ 7,500
Unit of Measure	lump sum	Estimated Future Cost (at next svc yr)	\$ 13,546
Estimated Useful Life (yrs)	60	Useful Life Adjustment (yrs)	
Service Year	1983		
Next Service Year	2043		
Remaining Useful Life (yrs)	20		



Item 23 - Signage: Southview Entrance-Small Sign: M

Component Qty	1	Estimated Current Cost	\$ 600
Unit of Measure	lump sum	Estimated Future Cost (at next svc yr)	\$ 675
Estimated Useful Life (yrs)	6	Useful Life Adjustment (yrs)	
Service Year	2021		
Next Service Year	2027		
Remaining Useful Life (yrs)	4		



Item 24 - Signage: Pilings Seal, Sign,Overlook,Ropes: M

Component Qty	1	Estimated Current Cost	\$ 3,000
Unit of Measure	lump sum	Estimated Future Cost (at next svc yr)	\$ 3,000
Estimated Useful Life (yrs)	18	Useful Life Adjustment (yrs)	
Service Year	1983		
Next Service Year	2023		
Remaining Useful Life (yrs)	0		



Appendix

Analysis Class

Three classes of reserve studies are defined:

- **Class I:** A comprehensive study
 - Component Inventory
 - Condition Assessments
 - 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
 - Condition Assessments
 - Life and Valuation Estimates
 - Funding Status Statement
 - Develops Funding Plan
- **Class III:** An updated study that does not include a site inspection.
 - Life and Valuation Estimates
 - Funding Status Statement
 - Develop a Funding Plan

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** The amount that should be allocated to each component using the recommended funding plan.
- **Annual Reserve Fund Contribution** Amount that should be saved during 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)** A method of developing a reserve funding plan where contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different reserve funding plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.
- **Component** Also referred to as an “Asset.” Individual line items in the Reserve Study developed or updated in the physical analysis. These elements form the building blocks for the Reserve Study. Components typically are:
 1. Association responsibility
 2. 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** Setting a reserve funding goal of attaining and maintaining reserves at or near 100% funded.

- **Fully Funded Balance** The Fully Funded Balance as used in reserve studies is an indicator against which the actual (or projected) reserve balance can be compared. The reserve balance that is in direct proportion to the fraction of life “used up” of the current repair or replacement cost of a reserve component. This number is calculated for each component, and then summed together for an association total and represents the total depreciation over the life of the components. In other words, the amount that should have been saved during the life of the components. Without considering the effect of inflation, the calculation for FFB is:

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

A more correct term that is often used is to refer to this as “100% 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% funded. 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 an 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 as 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.

- **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 the specific minimum amount of reserves required by local statutes
- **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 assure 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 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:

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

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

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

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

All future costs 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.