

CIELITO DE LINDO TUBAC HOA



Level 2 Reserve Study Update (With Site-Visit)

Prepared For Fiscal Year 2024

March 17, 2024

Contents

1	Title Page
2	Table of Contents
3	Preface
4	Reserve Disclosures (Part 1)
5	Reserve Disclosures (Part 2)
6	Cash Flow Analysis
7	Yearly Review Chart
8	Disbursement By Year
9	Reserve Balance Distribution
10	Allocation Breakdown
11	Category Breakdown Chart
12	Fully Funded Balance Breakdown
13	Category Summary
14	Component Details
15	Field Report (L1/L2)
16	Appendices

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Preface

This comprehensive reserve study report was produced using specialized web-based software powered by Global Reserves.

The individual responsible for report preparation and/or oversight is Rob Petrisin, RS.

Information contained in the report is considered reliable, but is not guaranteed. The report does not warrant against the contingency of unforeseen conditions or circumstances, unreliable information, or an unpredictable inflationary or deflationary spiral. The report is not intended to predict precise expectations, but rather to chart the expectations that a reasonable person might anticipate in planning for the fiscal future. The scope of this report is expressly limited to the components described herein.

It is strongly recommended by the Reserve Study Industry to have this reserve study report updated on an annual basis to ensure the security of a long-term funding plan. These necessary updates provide statutory compliance (as applicable) and allow for adjustments due to actual year-end inflation rate, actual year-end reserve balance and the unpredictable nature of the lives of many of the reserve components under consideration.

Reserve Disclosures

Profile

Name	Cielito de Lindo Tubac HOA
Location	Tubac, AZ 85640
Units/General Type	57 / Townhome
Base Year / Age	2000 / 24
Fiscal Year Ends	December-31

Parameters

Level of Service	Level 2 Reserve Study Update (With Site-Visit)
Prepared for Fiscal Year (FY)	2024
Most Recent On-Site Inspection Date	November 30, 2023
Allocation Increase Rate	ref Cash Flow Analysis
Contingency Rate	ref Component Details
Inflation Rate	3.0%
Interest Rate / Tax Rate	3.0% / 30.0%
Interest Rate (net effective)	2.1%
Current Reserve Allocation	\$12,831 per year
Current Reserve Balance	\$68,000 as of November 27, 2023
Funding Plan - Method / Goal	Cash Flow / Baseline - \$0 minimum FY End Balance

Summary

FY Start Balance	\$88,000 <i>(projected to current FY end/next FY start)</i>
Fully Funded Balance	\$247,442
Percent Funded	36%
<i>Proposed Budget</i>	<i>per year</i> <i>per month</i> <i>per unit per month</i>
Reserve Allocation	\$22,945 \$1,912 \$33.55

Association management/members need to understand that Percent Funded is a general indication of reserve strength and that the parameter fluctuates from year to year due to the Disbursement Schedule.

The Reserve Allocation was determined using the Funding Plan indicated above under the Parameters section. This allocation should be increased annually using the Allocation Increase Rate found in the Cash Flow Analysis.

Association management should budget the Reserve Allocation amount toward reserves for next fiscal year, to ensure the availability of reserves to fund future reserve component expenditures. This amount reflects an increase of 78.82% from the Current Reserve Allocation. The Reserve Allocation must be reviewed and adjusted for inflation (and other vital factors) in succeeding years to ensure the- Security of a Successful Plan!

Reserve Disclosures

<i>Reserve Component</i>	<i>Current Cost</i>	<i>Useful Life</i>	<i>Remaining Life</i>
01 Coat/Paint/Stain			
01.01 pool bldg,paint-oper bdgt	\$0	999	999
01.02 unit bldgs,paint-oper bdgt	\$0	999	999
02 Equipment			
02.01 bbq grill	\$1,987	12	3
02.02 doors/windows,pool bldg-unfund	\$0	999	999
02.03 fixtures,light,CH exterior	\$866	25	2
02.04 fixtures,light,street	\$21,797	30	7
02.05 signage,street/traffic	\$2,166	25	2
02.06 water heater,CH	\$1,911	12	1
03 Fencing			
03.01 metal fence/gate,replace	\$12,727	25	2
04 Pavement			
04.01 asphalt,major rehab	\$154,056	20	7
04.02 asphalt,repairs/sealcoat	\$22,008	4	3
04.03 concrete,repairs	\$4,412	10	1
05 Pools/Spas			
05.01 chlorine generator,salt cell,pool/spa	\$637	10	8
05.02 deck,kooldeck,pool area,rehab	\$12,108	10	7
05.03 filter,pool	\$1,428	8	5
05.04 filter,spa	\$1,428	8	2
05.05 furniture,pool area	\$4,412	5	1
05.06 heater,pool	\$4,499	6	2
05.07 heater,spa	\$3,200	6	3
05.08 lift,ADA,pool/spa	\$4,779	30	7
05.09 pumpset,pool	\$1,899	6	5
05.10 pumpset,spa	\$1,129	6	2
05.11 pumpset,spa jets	\$1,130	8	1
05.12 rehab,pool (PebbleTek)	\$14,628	15	4
05.13 rehab,spa (PebbleTek)	\$5,360	10	1
06 Restoration			
06.01 bar,cabinets/tile,rehab	\$1,987	30	2
06.02 bathrooms,pool area,rehab	\$10,058	25	2
06.03 fireplace,rehab	\$1,274	30	7
06.04 grandroom,CH,rehab	\$1,987	25	2
06.05 irrigation system,rehab	\$8,000	15	1
06.06 landscape,rehab	\$8,000	5	4

Reserve Disclosures

<i>Reserve Component</i>	<i>Current Cost</i>	<i>Useful Life</i>	<i>Remaining Life</i>
06 Restoration			
06.07 utility lines,pool bldg,rehab	\$19,119	60	37
07 Roofs			
07.01 low slope/flat roof,CH-protective coating	\$787	5	1
07.02 low slope/flat roof,CH-replace	\$3,150	15	1
07.03 tile roof,CH-underlayment/flashing	\$4,462	40	17
Grand Total:	\$337,391		

Cash Flow Analysis

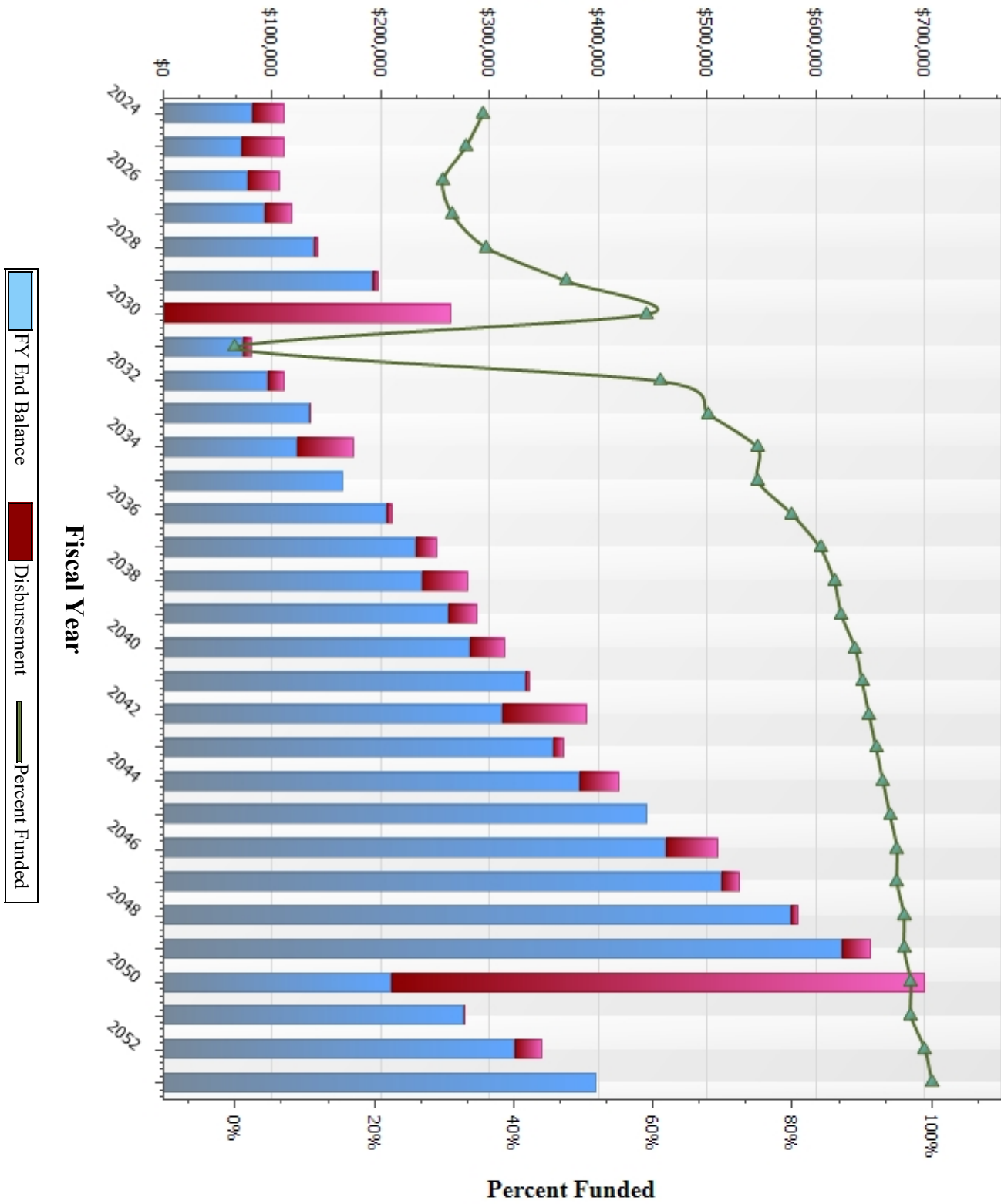
Fiscal Year	FY Start Balance	Interest Earned	Reserve Allocation	Allocation Increase Rate	Special Assessment	Disbursement	FY End Balance	Fully Funded Balance	Percent Funded
2023	--	--	--	--	--	\$0	\$88,000	\$215,272	--
2024	\$88,000	\$1,848	\$22,945	78.8%	\$0	\$30,037	\$82,757	\$247,442	36%
2025	\$82,757	\$1,738	\$27,535	20.0%	\$0	\$39,092	\$72,938	\$250,410	33%
2026	\$72,938	\$1,532	\$33,042	20.0%	\$0	\$29,716	\$77,796	\$244,930	30%
2027	\$77,796	\$1,634	\$39,650	20.0%	\$0	\$25,468	\$93,612	\$249,770	31%
2028	\$93,612	\$1,966	\$47,580	20.0%	\$0	\$3,857	\$139,301	\$259,977	36%
2029	\$139,301	\$2,925	\$57,096	20.0%	\$0	\$6,208	\$193,115	\$293,616	47%
2030	\$193,115	\$4,055	\$68,515	20.0%	\$0	\$265,686	\$0	\$326,727	59%
2031	\$0	\$0	\$82,219	20.0%	\$0	\$7,936	\$74,283	\$94,495	0%
2032	\$74,283	\$1,560	\$36,914	-55.1%	\$0	\$16,087	\$96,670	\$121,727	61%
2033	\$96,670	\$2,030	\$38,021	3.0%	\$0	\$1,919	\$134,803	\$142,351	68%
2034	\$134,803	\$2,831	\$39,162	3.0%	\$0	\$53,814	\$122,983	\$179,197	75%
2035	\$122,983	\$2,583	\$40,337	3.0%	\$0	\$0	\$165,903	\$164,742	75%
2036	\$165,903	\$3,484	\$41,547	3.0%	\$0	\$4,903	\$206,032	\$206,333	80%
2037	\$206,032	\$4,327	\$42,793	3.0%	\$0	\$20,614	\$232,539	\$245,237	84%
2038	\$232,539	\$4,883	\$44,077	3.0%	\$0	\$42,370	\$239,130	\$270,258	86%
2039	\$239,130	\$5,022	\$45,400	3.0%	\$0	\$26,236	\$263,316	\$274,776	87%
2040	\$263,316	\$5,530	\$46,762	3.0%	\$0	\$32,394	\$283,214	\$297,249	89%
2041	\$283,214	\$5,947	\$48,164	3.0%	\$0	\$3,515	\$333,811	\$315,301	90%
2042	\$333,811	\$7,010	\$49,609	3.0%	\$0	\$78,269	\$312,162	\$364,916	91%
2043	\$312,162	\$6,555	\$51,098	3.0%	\$0	\$10,165	\$359,650	\$340,330	92%
2044	\$359,650	\$7,553	\$52,631	3.0%	\$0	\$36,461	\$383,373	\$386,512	93%
2045	\$383,373	\$8,051	\$54,210	3.0%	\$0	\$0	\$445,634	\$408,383	94%
2046	\$445,634	\$9,358	\$55,836	3.0%	\$0	\$47,183	\$463,645	\$469,904	95%
2047	\$463,645	\$9,737	\$57,511	3.0%	\$0	\$16,262	\$514,631	\$486,145	95%
2048	\$514,631	\$10,807	\$59,236	3.0%	\$0	\$6,367	\$578,308	\$536,250	96%
2049	\$578,308	\$12,144	\$61,013	3.0%	\$0	\$26,430	\$625,036	\$599,610	96%
2050	\$625,036	\$13,126	\$62,844	3.0%	\$0	\$491,270	\$209,736	\$645,826	97%
2051	\$209,736	\$4,404	\$64,729	3.0%	\$0	\$1,457	\$277,413	\$216,303	97%
2052	\$277,413	\$5,826	\$66,671	3.0%	\$0	\$26,693	\$323,218	\$280,124	99%
2053	\$323,218	\$6,788	\$68,671	3.0%	\$0	\$0	\$398,678	\$321,626	100%

2.1% - Interest Rate
3.0% - Inflation

Min FY End Balance:	\$0
Avg FY End Balance:	\$256,790

Min % Funded:	0%
Avg % Funded:	74%

Reserve Balance



Disbursement By Year

<i>Fiscal Year</i>	<i>Disbursement</i>	<i>Disbursement Breakdown</i>		
2024	\$30,037	\$1,968	02.06	water heater,CH
		\$4,544	04.03	concrete,repairs
		\$4,544	05.05	furniture,pool area
		\$1,164	05.11	pumpset,spa jets
		\$5,521	05.13	rehab,spa (PebbleTek)
		\$8,240	06.05	irrigation system,rehab
		\$811	07.01	low slope/flat roof,CH-protective coating
		\$3,245	07.02	low slope/flat roof,CH-replace
2025	\$39,092	\$919	02.03	fixtures,light,CH exterior
		\$2,298	02.05	signage,street/traffic
		\$13,502	03.01	metal fence/gate,replace
		\$1,515	05.04	filter,spa
		\$4,773	05.06	heater,pool
		\$1,198	05.10	pumpset,spa
		\$2,108	06.01	bar,cabinets/tile,rehab
		\$10,671	06.02	bathrooms,pool area,rehab
		\$2,108	06.04	grandroom,CH,rehab
2026	\$29,716	\$2,171	02.01	bbq grill
		\$24,048	04.02	asphalt,repairs/sealcoat
		\$3,497	05.07	heater,spa
2027	\$25,468	\$16,464	05.12	rehab,pool (PebbleTek)
		\$9,004	06.06	landscape,rehab
2028	\$3,857	\$1,655	05.03	filter,pool
		\$2,202	05.09	pumpset,pool
2029	\$6,208	\$5,268	05.05	furniture,pool area
		\$940	07.01	low slope/flat roof,CH-protective coating

Disbursement By Year

<i>Fiscal Year</i>	<i>Disbursement</i>	<i>Disbursement Breakdown</i>		
2030	\$265,686	\$26,808	02.04	fixtures,light,street
		\$189,473	04.01	asphalt,major rehab
		\$27,068	04.02	asphalt,repairs/sealcoat
		\$14,892	05.02	deck,kooldeck,pool area,rehab
		\$5,878	05.08	lift,ADA,pool/spa
		\$1,567	06.03	fireplace,rehab
2031	\$7,936	\$807	05.01	chlorine generator,salt cell,pool/spa
		\$5,699	05.06	heater,pool
		\$1,430	05.10	pumpset,spa
2032	\$16,087	\$4,175	05.07	heater,spa
		\$1,474	05.11	pumpset,spa jets
		\$10,438	06.06	landscape,rehab
2033	\$1,919	\$1,919	05.04	filter,spa
2034	\$53,814	\$30,463	04.02	asphalt,repairs/sealcoat
		\$6,107	04.03	concrete,repairs
		\$6,107	05.05	furniture,pool area
		\$2,629	05.09	pumpset,pool
		\$7,419	05.13	rehab,spa (PebbleTek)
		\$1,089	07.01	low slope/flat roof,CH-protective coating
2036	\$4,903	\$2,806	02.06	water heater,CH
		\$2,097	05.03	filter,pool
2037	\$20,614	\$6,805	05.06	heater,pool
		\$1,708	05.10	pumpset,spa
		\$12,101	06.06	landscape,rehab
2038	\$42,370	\$3,096	02.01	bbq grill
		\$34,288	04.02	asphalt,repairs/sealcoat
		\$4,986	05.07	heater,spa

Disbursement By Year

<i>Fiscal Year</i>	<i>Disbursement</i>	<i>Disbursement Breakdown</i>		
2039	\$26,236	\$7,080	05.05	furniture,pool area
		\$12,838	06.05	irrigation system,rehab
		\$1,263	07.01	low slope/flat roof,CH-protective coating
		\$5,055	07.02	low slope/flat roof,CH-replace
2040	\$32,394	\$20,012	05.02	deck,kooldeck,pool area,rehab
		\$3,139	05.09	pumpset,pool
		\$1,868	05.11	pumpset,spa jets
		\$7,375	07.03	tile roof,CH-underlayment/flashing
2041	\$3,515	\$1,084	05.01	chlorine generator,salt cell,pool/spa
		\$2,431	05.04	filter,spa
2042	\$78,269	\$38,591	04.02	asphalt,repairs/sealcoat
		\$25,650	05.12	rehab,pool (PebbleTek)
		\$14,028	06.06	landscape,rehab
2043	\$10,165	\$8,126	05.06	heater,pool
		\$2,039	05.10	pumpset,spa
2044	\$36,461	\$8,208	04.03	concrete,repairs
		\$2,657	05.03	filter,pool
		\$8,208	05.05	furniture,pool area
		\$5,953	05.07	heater,spa
		\$9,971	05.13	rehab,spa (PebbleTek)
		\$1,464	07.01	low slope/flat roof,CH-protective coating
2046	\$47,183	\$43,435	04.02	asphalt,repairs/sealcoat
		\$3,748	05.09	pumpset,pool
2047	\$16,262	\$16,262	06.06	landscape,rehab
2048	\$6,367	\$4,001	02.06	water heater,CH
		\$2,366	05.11	pumpset,spa jets

Disbursement By Year

<i>Fiscal Year</i>	<i>Disbursement</i>	<i>Disbursement Breakdown</i>		
2049	\$26,430			
		\$3,080	05.04	filter,spa
		\$9,515	05.05	furniture,pool area
		\$9,703	05.06	heater,pool
		\$2,435	05.10	pumpset,spa
		\$1,697	07.01	low slope/flat roof,CH-protective coating
2050	\$491,270			
		\$4,414	02.01	bbq grill
		\$1,924	02.03	fixtures,light,CH exterior
		\$4,811	02.05	signage,street/traffic
		\$28,270	03.01	metal fence/gate,replace
		\$342,205	04.01	asphalt,major rehab
		\$48,886	04.02	asphalt,repairs/sealcoat
		\$26,896	05.02	deck,kooldeck,pool area,rehab
		\$7,108	05.07	heater,spa
		\$22,342	06.02	bathrooms,pool area,rehab
		\$4,414	06.04	grandroom,CH,rehab
2051	\$1,457			
		\$1,457	05.01	chlorine generator,salt cell,pool/spa
2052	\$26,693			
		\$3,365	05.03	filter,pool
		\$4,475	05.09	pumpset,pool
		\$18,853	06.06	landscape,rehab
Grand Total:	\$1,350,409			

Reserve Balance Distribution

<i>Note- This distribution is based on the disbursement by year in ascending order.</i>	\$88,000 : FY Start Balance \$88,000 : Distributed Funds
	\$0 : Remaining Funds

<i>Reserve Component</i>	<i>Distribution</i>	<i>Percentage</i>
01 Coat/Paint/Stain		
01.01 pool bldg,paint-oper bdgt		
01.02 unit bldgs,paint-oper bdgt		
02 Equipment		
02.01 bbq grill	\$2,171	2.4670%
02.02 doors/windows,pool bldg-unfund		
02.03 fixtures,light,CH exterior	\$919	1.0443%
02.04 fixtures,light,street		
02.05 signage,street/traffic	\$2,298	2.6114%
02.06 water heater,CH	\$1,968	2.2364%
03 Fencing		
03.01 metal fence/gate,replace	\$13,502	15.3432%
04 Pavement		
04.01 asphalt,major rehab		
04.02 asphalt,repairs/sealcoat	\$16,700	18.9773%
04.03 concrete,repairs	\$4,544	5.1636%
05 Pools/Spas		
05.01 chlorine generator,salt cell,pool/spa		
05.02 deck,kooldeck,pool area,rehab		
05.03 filter,pool		
05.04 filter,spa	\$1,515	1.7216%
05.05 furniture,pool area	\$4,544	5.1636%
05.06 heater,pool	\$4,773	5.4239%
05.07 heater,spa		
05.08 lift,ADA,pool/spa		
05.09 pumpset,pool		
05.10 pumpset,spa	\$1,198	1.3614%
05.11 pumpset,spa jets	\$1,164	1.3227%
05.12 rehab,pool (PebbleTek)		
05.13 rehab,spa (PebbleTek)	\$5,521	6.2739%
06 Restoration		
06.01 bar,cabinets/tile,rehab	\$2,108	2.3955%
06.02 bathrooms,pool area,rehab	\$10,671	12.1261%
06.03 fireplace,rehab		

Reserve Balance Distribution

<i>Note- This distribution is based on the disbursement by year in ascending order.</i>	\$88,000 : FY Start Balance \$88,000 : Distributed Funds
	\$0 : Remaining Funds

<i>Reserve Component</i>	<i>Distribution</i>	<i>Percentage</i>
06 Restoration		
06.04 grandroom,CH,rehab	\$2,108	2.3955%
06.05 irrigation system,rehab	\$8,240	9.3636%
06.06 landscape,rehab		
06.07 utility lines,pool bldg,rehab		
07 Roofs		
07.01 low slope/flat roof,CH-protective coating	\$811	0.9216%
07.02 low slope/flat roof,CH-replace	\$3,245	3.6875%
07.03 tile roof,CH-underlayment/flashing		

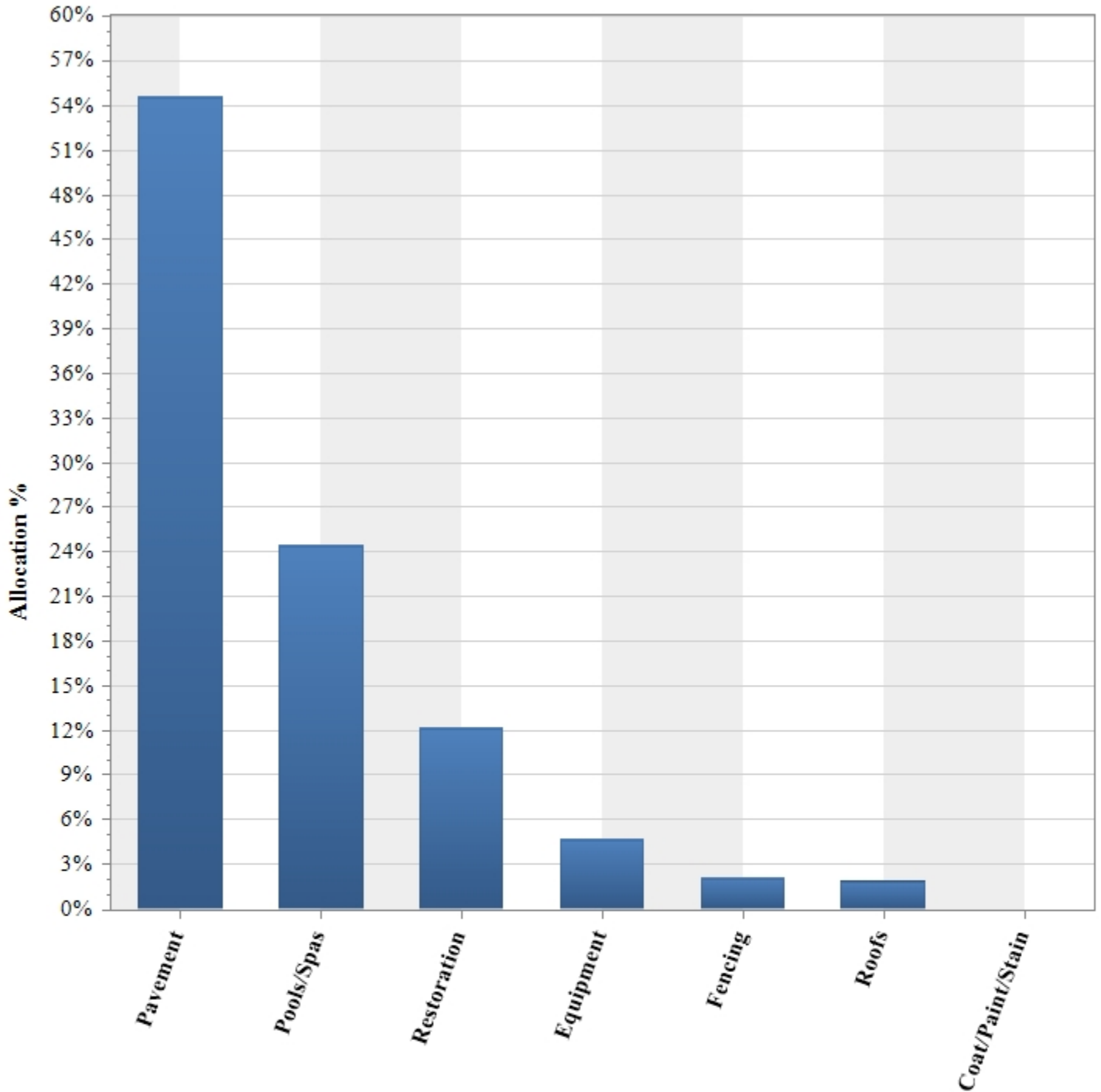
Allocation Breakdown

<i>Reserve Component</i>		<i>Reserve Allocation (per year)</i>	<i>Reserve Allocation (per month)</i>	<i>Reserve Allocation (per unit per month)</i>	<i>Allocation %</i>
01	Coat/Paint/Stain	\$0.00	\$0.00	\$0.00	0.00%
01.01	pool bldg,paint-oper bdgt	\$0.00	\$0.00	\$0.00	0.00%
01.02	unit bldgs,paint-oper bdgt	\$0.00	\$0.00	\$0.00	0.00%
02	Equipment	\$1,077.90	\$89.82	\$1.58	4.70%
02.01	bbq grill	\$152.20	\$12.68	\$0.22	0.66%
02.02	doors/windows,pool bldg-unfund	\$0.00	\$0.00	\$0.00	0.00%
02.03	fixtures,light,CH exterior	\$31.84	\$2.65	\$0.05	0.14%
02.04	fixtures,light,street	\$667.84	\$55.65	\$0.98	2.91%
02.05	signage,street/traffic	\$79.64	\$6.64	\$0.12	0.35%
02.06	water heater,CH	\$146.38	\$12.20	\$0.21	0.64%
03	Fencing	\$467.93	\$38.99	\$0.68	2.04%
03.01	metal fence/gate,replace	\$467.93	\$38.99	\$0.68	2.04%
04	Pavement	\$12,543.03	\$1,045.25	\$18.33	54.67%
04.01	asphalt,major rehab	\$7,080.20	\$590.02	\$10.35	30.86%
04.02	asphalt,repairs/sealcoat	\$5,057.29	\$421.44	\$7.39	22.04%
04.03	concrete,repairs	\$405.54	\$33.79	\$0.59	1.77%
05	Pools/Spas	\$5,619.35	\$468.27	\$8.23	24.51%
05.01	chlorine generator,salt cell,pool/spa	\$58.55	\$4.88	\$0.09	0.26%
05.02	deck,kooldeck,pool area,rehab	\$1,112.93	\$92.74	\$1.63	4.85%
05.03	filter,pool	\$164.07	\$13.67	\$0.24	0.72%
05.04	filter,spa	\$164.07	\$13.67	\$0.24	0.72%
05.05	furniture,pool area	\$811.08	\$67.59	\$1.19	3.53%
05.06	heater,pool	\$689.23	\$57.44	\$1.01	3.00%
05.07	heater,spa	\$490.23	\$40.85	\$0.72	2.14%
05.08	lift,ADA,pool/spa	\$146.42	\$12.20	\$0.21	0.64%
05.09	pumpset,pool	\$290.92	\$24.24	\$0.43	1.27%
05.10	pumpset,spa	\$172.96	\$14.41	\$0.25	0.75%
05.11	pumpset,spa jets	\$129.83	\$10.82	\$0.19	0.57%
05.12	rehab,pool (PebbleTek)	\$896.38	\$74.70	\$1.31	3.91%
05.13	rehab,spa (PebbleTek)	\$492.68	\$41.06	\$0.72	2.15%
06	Restoration	\$2,796.57	\$233.05	\$4.10	12.20%

Allocation Breakdown

<i>Reserve Component</i>		<i>Reserve Allocation (per year)</i>	<i>Reserve Allocation (per month)</i>	<i>Reserve Allocation (per unit per month)</i>	<i>Allocation %</i>
06	Restoration	\$2,796.57	\$233.05	\$4.10	12.20%
06.01	bar,cabinets/tile,rehab	\$60.88	\$5.07	\$0.09	0.27%
06.02	bathrooms,pool area,rehab	\$369.80	\$30.82	\$0.54	1.61%
06.03	fireplace,rehab	\$39.03	\$3.25	\$0.06	0.17%
06.04	grandroom,CH,rehab	\$73.06	\$6.09	\$0.11	0.32%
06.05	irrigation system,rehab	\$490.23	\$40.85	\$0.72	2.14%
06.06	landscape,rehab	\$1,470.68	\$122.56	\$2.15	6.41%
06.07	utility lines,pool bldg,rehab	\$292.89	\$24.41	\$0.43	1.28%
07	Roofs	\$440.24	\$36.69	\$0.64	1.92%
07.01	low slope/flat roof,CH-protective coating	\$144.68	\$12.06	\$0.21	0.63%
07.02	low slope/flat roof,CH-replace	\$193.03	\$16.09	\$0.28	0.84%
07.03	tile roof,CH-underlayment/flashing	\$102.53	\$8.54	\$0.15	0.45%
Grand Total:		\$22,945	\$1,912.07	\$33.56	100%

Category Breakdown Chart



Fully Funded Balance Breakdown - Next FY

Reserve Component	Current Cost	Useful Life	Remaining Life	Fully Funded Balance
01 Coat/Paint/Stain	\$0			\$0
01.01 pool bldg,paint-oper bdt	\$0	999	998	\$0
01.02 unit bldgs,paint-oper bdt	\$0	999	998	\$0
02 Equipment	\$29,589			\$24,633
02.01 bbq grill	\$2,047	12	2	\$1,706
02.02 doors/windows,pool bldg-unfund	\$0	999	998	\$0
02.03 fixtures,light,CH exterior	\$892	25	1	\$856
02.04 fixtures,light,street	\$22,451	30	6	\$17,961
02.05 signage,street/traffic	\$2,231	25	1	\$2,142
02.06 water heater,CH	\$1,968	12	0	\$1,968
03 Fencing	\$13,109			\$12,584
03.01 metal fence/gate,replace	\$13,109	25	1	\$12,584
04 Pavement	\$185,890			\$126,953
04.01 asphalt,major rehab	\$158,678	20	6	\$111,074
04.02 asphalt,repairs/sealcoat	\$22,668	4	2	\$11,334
04.03 concrete,repairs	\$4,544	10	0	\$4,544
05 Pools/Spas	\$58,336			\$42,108
05.01 chlorine generator,salt cell,pool/spa	\$656	10	7	\$197
05.02 deck,kooldeck,pool area,rehab	\$12,471	10	6	\$4,988
05.03 filter,pool	\$1,471	8	4	\$735
05.04 filter,spa	\$1,471	8	1	\$1,287
05.05 furniture,pool area	\$4,544	5	0	\$4,544
05.06 heater,pool	\$4,634	6	1	\$3,862
05.07 heater,spa	\$3,296	6	2	\$2,197
05.08 lift,ADA,pool/spa	\$4,922	30	6	\$3,938
05.09 pumpset,pool	\$1,956	6	4	\$652
05.10 pumpset,spa	\$1,163	6	1	\$969
05.11 pumpset,spa jets	\$1,164	8	0	\$1,164
05.12 rehab,pool (PebbleTek)	\$15,067	15	3	\$12,053
05.13 rehab,spa (PebbleTek)	\$5,521	10	0	\$5,521
06 Restoration	\$51,938			\$34,351
06.01 bar,cabinets/tile,rehab	\$2,047	30	1	\$1,978
06.02 bathrooms,pool area,rehab	\$10,360	25	1	\$9,945
06.03 fireplace,rehab	\$1,312	30	6	\$1,050

Fully Funded Balance Breakdown - Next FY

<i>Reserve Component</i>	<i>Current Cost</i>	<i>Useful Life</i>	<i>Remaining Life</i>	<i>Fully Funded Balance</i>
06 Restoration	\$51,938			\$34,351
06.04 grandroom,CH,rehab	\$2,047	25	1	\$1,965
06.05 irrigation system,rehab	\$8,240	15	0	\$8,240
06.06 landscape,rehab	\$8,240	5	3	\$3,296
06.07 utility lines,pool bldg,rehab	\$19,693	60	36	\$7,877
07 Roofs	\$8,651			\$6,813
07.01 low slope/flat roof,CH-protective coating	\$811	5	0	\$811
07.02 low slope/flat roof,CH-replace	\$3,245	15	0	\$3,245
07.03 tile roof,CH-underlayment/flashing	\$4,596	40	16	\$2,758
Grand Total:	\$347,513			\$247,442

Category Summary - Next FY

<i>Category</i>	<i>Current Cost</i>	<i>Useful Life (Min - Max)</i>	<i>Remaining Life (Min - Max)</i>	<i>Fully Funded Balance</i>
01 Coat/Paint/Stain	\$0	999 - 999	998 - 998	\$0
02 Equipment	\$29,589	12 - 999	0 - 998	\$24,633
03 Fencing	\$13,109	25 - 25	1 - 1	\$12,584
04 Pavement	\$185,890	4 - 20	0 - 6	\$126,953
05 Pools/Spas	\$58,336	5 - 30	0 - 7	\$42,108
06 Restoration	\$51,938	5 - 60	0 - 36	\$34,351
07 Roofs	\$8,651	5 - 40	0 - 16	\$6,813
Grand Total:	\$347,513			\$247,442

Component Details

<i>Reserve Component</i>	<i>Quantity</i>	<i>Unit of Measure</i>	<i>Unit Cost</i>	<i>Source Code</i>	<i>Rplc %</i>	<i>Cont %</i>	<i>Extended Cost</i>
01 Coat/Paint/Stain							
01.01 pool bldg,paint-oper bdgt UL: 999 RL: 999	1	each	\$0.00	3	100%	5%	\$0
01.02 unit bldgs,paint-oper bdgt UL: 999 RL: 999	57	units	\$0.00	3	100%	5%	\$0
Note0 the association paints approxm7-8 homes per year on an 8 year cycle.							
02 Equipment							
02.01 bbq grill UL: 12 RL: 3 Bullet	1	each	\$1,892.56	6	100%	5%	\$1,987
02.02 doors/windows,pool bldg-unfund UL: 999 RL: 999 2- doors,single pane (CH) 2- doors,solid (bathrooms) 2- windows,72"x60" 1- window,72"x18"	1	each	\$0.00	3	100%	5%	\$0
02.03 fixtures,light,CH exterior UL: 25 RL: 2 2- ceiling 6- wall mount	8	each	\$103.18	6	100%	5%	\$866
02.04 fixtures,light,street UL: 30 RL: 7	9	each	\$2,306.67	3	100%	5%	\$21,797
02.05 signage,street/traffic UL: 25 RL: 2 15- street 2- stop	17	each	\$121.39	6	100%	5%	\$2,166
02.06 water heater,CH UL: 12 RL: 1 BW #MI403T6EN12;snTJ6897729	1	each	\$1,820.88	6	100%	5%	\$1,911
03 Fencing							

Component Details

<i>Reserve Component</i>	<i>Quantity</i>	<i>Unit of Measure</i>	<i>Unit Cost</i>	<i>Source Code</i>	<i>Rplc %</i>	<i>Cont %</i>	<i>Extended Cost</i>
03 Fencing							
03.01		metal fence/gate,replace UL: 25 RL: 2					\$12,727
03.01.1	8	lin ft fence,main entry	\$60.56	6	100%	5%	\$508
03.01.2	25	lin ft fence,pool equipment,2' hgt top-of-wall	\$28.39	6	100%	5%	\$745
03.01.3	13	lin ft fence,rear entry,1' hgt top-of-wall	\$28.39	6	100%	5%	\$387
03.01.4	1	each gate,pedestrian entry approx 4 lin ft	\$485.57	6	100%	5%	\$509
03.01.5	3	each gate,pool/equipment entry approx 4 lin ft each	\$485.57	6	100%	5%	\$1,529
03.01.6	71	lin ft gates,vehicular entry	\$121.39	6	100%	5%	\$9,049
04 Pavement							
04.01	52,400	sq ft asphalt,major rehab UL: 20 RL: 7	\$2.80	3	100%	5%	\$154,056
04.02	52,400	sq ft asphalt,repairs/sealcoat UL: 4 RL: 3 fy2022- \$20,613 sealcoat & R/R 696 sq ft of deteriorated asphalt fy2017- completed	\$0.40	3	100%	5%	\$22,008
04.03	1	each concrete,repairs UL: 10 RL: 1	\$4,201.97	3	100%	5%	\$4,412
05 Pools/Spas							
05.01	1	each chlorine generator,salt cell,pool/spa UL: 10 RL: 8 Pentair #300	\$606.96	9	100%	5%	\$637
05.02	2,222	sq ft deck,kooldeck,pool area,rehab UL: 10 RL: 7 fy2020- completed fy2010- \$2,640 coating application	\$5.19	10	100%	5%	\$12,108
05.03	1	each filter,pool UL: 8 RL: 5 Sta-Rite #S8S70;sn1F99X	\$1,360.63	9	100%	5%	\$1,428
05.04	1	each filter,spa UL: 8 RL: 2 Sta-Rite #S7M120;sn4100033150025Z (2/2/15)	\$1,360.63	3	100%	5%	\$1,428
05.05	1	each furniture,pool area UL: 5 RL: 1 fy2020- cushions replaced fy2013- \$495 chair cushions fy2011- \$507 chair cushions	\$4,201.95	1	100%	5%	\$4,412

Component Details

<i>Reserve Component</i>	<i>Quantity</i>	<i>Unit of Measure</i>	<i>Unit Cost</i>	<i>Source Code</i>	<i>Rplc %</i>	<i>Cont %</i>	<i>Extended Cost</i>
05 Pools/Spas							
05.06 heater,pool UL: 6 RL: 2 #C-R406A-EN-C;sn1903483325	1	each	\$4,285.71	3	100%	5%	\$4,499
05.07 heater,spa UL: 6 RL: 3 #B-R266A-EN-C;sn2001500293	1	each	\$3,047.62	3	100%	5%	\$3,200
05.08 lift,ADA,pool/spa UL: 30 RL: 7	1	each	\$4,552.20	6	100%	5%	\$4,779
05.09 pumpset,pool UL: 6 RL: 5 Pentair SuperFlo;sn03390482206970	1	each	\$1,809.52	3	100%	5%	\$1,899
05.10 pumpset,spa UL: 6 RL: 2 Pentair SuperFlo #SF-N1-1;sn03260891501480	1	each	\$1,076.19	3	100%	5%	\$1,129
05.11 pumpset,spa jets UL: 8 RL: 1 Pentair	1	each	\$1,076.44	10	100%	5%	\$1,130
05.12 rehab,pool (PebbleTek) UL: 15 RL: 4 122 lin ft; 3.5-5-3.5' depth	1	each	\$13,931.55	6	100%	5%	\$14,628
05.13 rehab,spa (PebbleTek) UL: 10 RL: 1 24 lin ft; 3.5' depth	1	each	\$5,105.07	6	100%	5%	\$5,360
06 Restoration							
06.01 bar,cabinets/tile,rehab UL: 30 RL: 2 1 @ 12.5 lin ft x 3', w/lower cabinets 1 @ 6 lin ft x 28" (bbq grill)	1	each	\$1,892.56	1	100%	5%	\$1,987
06.02 bathrooms,pool area,rehab UL: 25 RL: 2 106- mens 122- womens	228	sq ft	\$42.01	6	100%	5%	\$10,058
06.03 fireplace,rehab UL: 30 RL: 7	1	each	\$1,213.92	1	100%	5%	\$1,274
06.04 grandroom,CH,rehab UL: 25 RL: 2	1	each	\$1,892.57	6	100%	5%	\$1,987
06.05 irrigation system,rehab UL: 15 RL: 1	1	each	\$7,619.05	1	100%	5%	\$8,000

Component Details

<i>Reserve Component</i>	<i>Quantity</i>	<i>Unit of Measure</i>	<i>Unit Cost</i>	<i>Source Code</i>	<i>Rplc %</i>	<i>Cont %</i>	<i>Extended Cost</i>
06 Restoration							
06.06	landscape, rehab UL: 5 RL: 4 fy2022- \$8,000 rock replenish	1 each	\$7,619.05	3	100%	5%	\$8,000
06.07	utility lines, pool bldg, rehab UL: 60 RL: 37 electric/gas/storm-drain/wate/water	1 each	\$18,208.80	1	100%	5%	\$19,119
07 Roofs							
07.01	low slope/flat roof, CH-protective coating UL: 5 RL: 1	6 square	\$125.00	6	100%	5%	\$787
07.02	low slope/flat roof, CH-replace UL: 15 RL: 1	6 square	\$500.00	3	100%	5%	\$3,150
07.03	tile roof, CH-underlayment/flashing UL: 40 RL: 17	5 square	\$850.00	6	100%	5%	\$4,462

Grand Total: 40

Field Report

**Note- Field observations are normally based on an inspection of all accessible reserve components under consideration. Roofing system observations (if applicable) are normally based on a minimum inspection of at least 15% of the total number of units within the complex. Level 1 Reserve Studies normally provide for reserve component identification, quantification and specification via actual field observations and/or measurements. Recommend that association management institute a log book to record "Reserve Fund Disbursements" to facilitate future reserve studies. The log should include copy of all contracts/invoices.*

COAT/PAINT/STAIN

Metal- Visible rust must be completely removed/converted on metal substrates (e.g. wrought iron) & then primed prior to high quality coating application to afford protection from the elements. High gloss is recommended for maximum durability.

Stucco- The term stucco is widely used to describe the cement plaster used for coating exterior surfaces of buildings. Three-coat work (scratch- 3/8" thick, brown- 3/8" thick, and finish- 3/8" thick) is normally applied over metal reinforced wood-frame structures. The finish coat (decorative surface) is integrally colored & frequently applied over metal reinforced wood-frame structures. The finish coat (decorative surface) is integrally colored & frequently textured.

Minimal care will keep a stucco surface attractive for many years. Cracks should be filled with a stucco patching compound to match the existing finish coat. This product is available in many colors at most building supply centers. Periodic pressure cleaning will keep the stucco clean & the finish coat bright for many years. In time, however, the stucco will eventually require recoat, paint or fog-coat application.

Wood- Deteriorated or damaged wood must be removed/replaced & then primed prior to high quality coating application to afford protection from the elements.

**Note- Ninety percent (90%) of failures are due to either moisture related problems or inadequate preparation of the surface.*

**Note- Touch-up applications are recommended between useful life expectancies of the component.*

DECK COMPOUND

All deck coatings require periodic maintenance. The time interval depends on coating life, traffic patterns & exposure to the elements. The deck surface must be inspected/repaired/sealed under an annual maintenance program to prevent water infiltration.

DRAINAGE SYSTEMS

Drainage systems & flood control basins should be inspected, repaired, and cleared of debris (in the spring & fall) under a semi-annual maintenance program.

EQUIPMENT

Unable to verify proper operation of all items. If properly maintained per manufacturer's recommendations and/or industry standards, these components should obtain useful life expectancy.

FENCING

Various fencing materials exists on the market today & include: aluminum, block, chain link, vinyl, wood, wood-crete & wrought iron. Wood fence is by far the most common fencing material & wood fence posts are especially vulnerable to rapid deterioration unless elevated to eliminate earth-to-wood contact.

Field Report

PAVEMENT

Weather, traffic & time work to erode the asphalt pavement. The sun dries out the natural oils, while the unprotected surface is left to oxidize. The brittle blacktop surface cracks, allowing moisture penetration (the primary cause of pavement failure). A surface seal (sealcoat) fills in minor cracks & depressions that lead to larger ones. It also penetrates & resaturates the dried out surface with natural oils & solids to create a protective shield that guards the pavement from weathering & further deterioration. A sealcoat can substantially increase the pavements useful life expectancy. When the sealcoat starts to change from a deep black to a dull gray, it generally indicates that it's time to re-coat. Cracks in concrete driveway/curbs/gutters/sidewalks must be filled under an annual maintenance program to deter further deterioration due to erosion or sectional replaced with a base/pavement designed to prevent recurrence.

POOL/SPA

Coping- Coping (cast stone) is used to top off the side of a pool/spa & finish the edge to the adjacent decking. Coping is subject to deterioration over a period of years & can be retarded by periodically treating the cast stone with a silicone-based compound.

Coping/Deck Joint- A major cause of tile/coping problems may be the sealed joint between the coping & deck. If this is not watertight, water runs under the coping & behind the tile causing coping/tile movement & damage. Sealant (e.g. Deck-O-Seal) should be periodically installed to prevent problems.

Deck- Recommend filling of cracks to prevent further deterioration due to erosion or sectional replacement with a base/pavement designed to prevent recurrence.

Equipment- Unable to verify proper operation of all items. If properly maintained, these items should obtain useful life. Pool/spa filter elements should be inspected/cleaned at least once a year under an annual maintenance program. Recommend replacement of the pool/spa filter pump timer (when it fails) with a timer that has an additional heater circuit designed to turn off gas fired heater approximately 25 minutes before the filter pump turns off, eliminating the problem of pounding/knocking due to overheated water & reducing scale/lime deposits which decrease the useful life of heater. Pump/motor assemblies should be periodically cleared of debris to allow for heat dissipation.

Furniture- Recommend replacement (when necessary) during the fall/winter months to take advantage of year end close-out deals.

Plaster- Although plaster finishes have lasted 20 years, the life of the finish depends upon the quality of the original work & careful control of the water chemistry. The pool/spa water should be emptied & refilled periodically (as determined by water analysis) to ensure/extend the useful life of the plaster. The water should also be clear (not turbid), colorless, and low in scale-forming chemicals.

Tile- Many concrete pools/spas include a tile trim (or border) around the perimeter or a tile-trimmed gutter. Although tile is almost indestructible, problems are almost invariably associated with grouting. Unless water chemistry is watched carefully, the grout between the tile (& coping) slowly erodes. The scum that forms on the tile at the waterline is a combination of oil & dust. There are special tile cleaners available that can be applied with a brush. Remove light scale deposits from the tile with solution of muriatic acid (1 part acid to 6 parts water; prevent possible injury by consulting with proper authorities/experts prior to mixing any solutions). Proper maintenance will prevent any problems occurring.

**Note- In a spa, the maximum recommended temperature is 104° Fahrenheit. In a pool, the ideal range for water temperature is 78°-82° Fahrenheit.*

**Note-Recommend that association management institute a log book to record "Pool/Spa Maintenance & Repairs" to facilitate future reserve studies.*

Field Report

ROOFS

Built-up Roofing (BUR)- Commonly used on flat or very-low slope roofs where a completely impervious membrane is required. A properly maintained BUR will normally have a service life of from 10 to 20 years. Deterioration occurs due to ultraviolet rays from the sun which oxidize & shrink the coating. As the coatings shrink & pull back from the edges of the roof, the underlying roofing felt is exposed & begins to rot. The sun also bakes out the roofing oils, which cause a pliable roof to turn hard & brittle.

Composition Shingle- Easy to maintain/repair & normally designed to last a minimum of 15 to 20 years.

Metal- A properly constructed metal roof generally requires little maintenance (however, prime/paint may be required periodically), is fireproof & normally will have a service life of 50+ years.

Tile- A properly constructed concrete or clay tile roof generally requires little maintenance, is fireproof & normally will have a service life of 50+ years.

Wood Shake/Shingle- Fire hazard with a normal service life of about 20 to 25 years. Recommend reroofing with an alternative roofing material (i.e. composition shingle, aluminum shingle, tile, etc.) to reduce/eliminate the fire hazard & funding requirement for this component.

Flashing- Flashing is used to protect seams or joints from water seepage. It is installed at the junction formed by the roof & a vertical wall, along roof rakes & eaves, along ridges, in roof valleys, around chimneys, vent pipes & stacks, at intersections of different roof planes, and at other points on the roof where water from rain could penetrate the roof & enter the structure. Leaks frequently occur at the joint where a minor roof intersects with a major roof or where the roof deck meets a vertical wall.

Gutters/Downspouts/Drain Inlets- Inspect gutters/downspouts/drain inlets (in the fall- after the leaves fall & before the rains begin) under an annual maintenance program. Clean out debris that may prevent adequate drainage. Flush with a garden hose & check for leaks.

*Note- Recommend roof surface be inspected/repared by qualified personnel under an annual maintenance program.

*Note- Recommend that association management institute a log book to record "Roof Maintenance & Repairs" to facilitate future reserve studies.

SLOPE STABILIZATION/EROSION CONTROL

Surface Saturation- Heavy rains can cause street flooding and minor mudslides, while longer-term problems occur when the soil gets oversaturated. The following may serve as a general guideline:

- 1) When rainfall is less than 6 inches, there tend to be few problems.
- 2) With more than 6 inches of rain, soil begins to saturate and can absorb less water. Small mudslides with a few feet of soil erosion can occur.
- 3) With more than 10 inches of rain, more serious problems begin. These include large mudslides during storms and, later in the year, the chance of massive mudslides, as water undermines bedrock layers of compacted earth.

Drainage- Concrete bench drains (V-ditches) are designed to channel water off the slope and down to the storm drain or natural drainage channel. These drains must be kept free of debris to allow for proper drainage. Baffles are railroad ties or timber partly buried in the hillside that work best on slight to medium slopes, slowing the flow of water runoff and giving it more time to soak into the ground. Riprap stones or concrete rubble cover the slope to slow the flow of water runoff.

*Note- Contact your local Fire Department's Forestry Division and/or a local University to obtain additional information on erosion control and fire safe planting for your area. Many internet websites offer valuable information on preventing accelerated soil erosion &

Field Report

minimizing sedimentation.

WOOD DESTROYING ORGANISMS

The association is normally responsible for the repair & maintenance of the common area occasioned by the presence of wood destroying organisms (e.g. termites) unless the governing documents indicate otherwise. Reserves to fund this item may be considered optional, because when & where an infestation will occur & the severity of the infestation is difficult to predict. Therefore, annual inspections by qualified personnel are recommended to discover any infestation in its early stages before it becomes a serious problem. Any visible areas of earth-to-wood contact must be eliminated.

The parameters and assumptions under which this study was completed, is based on information provided by the association/client, its representatives, its management company (as applicable), its contractors, other contractors, specialists and independent consultants, the State Department of Real Estate (or other state agency, as applicable), the Community Associations Institute (CAI), construction pricing and estimating manuals, and the preparer's own experience gained in the preparation of reserve study reports.

The reserve funding program reflects assumptions about future events. Some may not materialize, and unanticipated events/circumstances may develop. Therefore, the actual component cost and/or remaining life of a reserve component may vary from the reserve funding program. The preparer of this report does not express an opinion on the probability that actual item cost and/or remaining life may or may not approximate the reserve funding program.

It is assumed, unless otherwise indicated to the preparer, that all reserve items have been constructed properly, and that each estimated useful life will approximate that of the norm per industry standards and manufacturers specifications. Arbitrary estimates may have been used on reserve components with an indeterminable but potential liability to the association. The decision for the inclusion of these reserve components, and other assets considered or not, is ultimately left to the association/client.

The remaining life of the reserve components does not have a variance factor for unusual weather or natural disasters. It is assumed that a reasonable schedule of maintenance/repair will be conducted. The level of maintenance/repair any particular component receives may serve to prolong or shorten that components useful life. The actual life of any given component may vary due to quality of construction, original design, workmanship, intensity of use, maintenance/repair, and unusual weather. This study only addresses the maintenance and replacement of those reserve components listed, the associated costs/lives, and a reserve funding program.

Various percentage rate factors are generally used in the Cash Flow Analysis. A low-conservative net effective interest rate is normally used to compensate for any applicable federal and state taxes imposed. The annual inflation rate is normally determined using the national "CPIU", the Consumer Price Index for all urban consumers in the United States. Because it is difficult to accurately predict these factors over time, it is vital to update them annually.

Life-of-the-project items (e.g. building foundation/structure, concrete pavement, utilities, etc.) are generally excluded from this report. However, if the association has reason to expect the component to wear out or fail before the project does and if, due to the age of the units, the item may wear out within thirty (30) years, then that item should be included as a reserve component. Generally excluded are minor expenses which may be funded by a contingency and/or general maintenance/repair fund. Also excluded are expenses incurred due to natural disasters, accidents, or other occurrences, which are more properly insured for.

Calculations

1) Allocation % =

Reserve Allocation (Component Method) / Total Reserve Allocation (Component Method) x 100

2) Current Cost =

Extended Cost (for a component without subcomponents)

-or-

Sum of subcomponent Extended Costs (for a component with subcomponents)

3) Extended Cost =

Quantity x Unit Cost x Replacement % x (1+Contingency Rate)

4) Fully Funded Balance =

Current Cost / Useful Life x (Useful Life - Remaining Life)

5) FY End Balance (same as Next FY Start Balance) =

Initial or current fiscal year-

Current Reserve Balance + Interest Earned + Reserve Allocation to Fund + Special Assessment to Fund + Funds Due from Operating - Approved Funds to Disburse - Disbursements

Subsequent fiscal years-

FY Start Balance + Interest Earned + (Reserve Allocation (from previous year) x (1 + Reserve Allocation Rate)) - Disbursements

6) Interest Earned=

Initial fiscal year-

Current Reserve Balance x (Interest Rate (net effective)/12 x Number of funding months remaining in current fiscal year)

Subsequent fiscal years-

FY Start Balance x Interest Rate (net effective)

7) Percent Funded =

(FY Start Balance / Fully Funded Balance) x 100

8) Reserve Allocation (Component Method) =

Current Cost / Useful Life

Definitions

Abbreviations

bldgs = <i>buildings</i>	lf or lin ft = <i>lineal feet</i>	sy or sq yd = <i>square yard</i>
ea = <i>each</i>	RL = <i>remaining life</i>	UL = <i>useful life</i>
FY = <i>fiscal year</i>	sf or sq ft = <i>square feet</i> (100 sq ft = 1 square)	% = <i>percent</i>

1) Age

The approximate age of the complex. This parameter is provided for information only.

2) Allocation %

A percentage of the total Reserve Allocation. See Calculations- APPENDIX B.

3) Allocation Increase Rate

Expressed as a percentage rate that reflects the increase of a given year's Reserve Allocation over the previous year's Reserve Allocation and utilized only in the Cash Flow Analysis.

4) Base Year

The year in which the governing documents were recorded and/or the buildings constructed (average year may be used for phases built over a period of time), and utilized to determine the approximate complex age. This parameter is provided for information only.

5) Common Interest Development (CID)

Defined by shared property and restrictions in the deed on use of the property. A CID is governed by a mandatory Association of homeowners which administers the property and enforces its restrictions. The Association Board is responsible for repairing, replacing, or maintaining the common areas, other than the exclusive use common areas, and the owner of each separate interest is responsible for maintaining that separate interest and any exclusive use common area appurtenant to the separate interest. The following are two typical CID subdivision types:

- A) Condominium- In general, the recorded owner has title to the unit (or airspace). They are typically responsible for the interior of their individual unit/garage, all utilities that service their unit and any exclusive use common area associated with their unit (e.g. balcony, doors/windows, patio yard, etc.).
- B) Planned Development- In general, the recorded owner has title to the lot. They are typically responsible for the maintenance and repair of any structure or improvement located on their respective lot.

Note- CIDs & subdivision types are general and may not apply or may vary, based on your local.

6) Component Inventory

The task of selecting and quantifying reserve items. 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 representatives.

7) Condition Assessment

The task of evaluating the current condition of the component based on observed or reported characteristics and normally documented in the field report for a Level 1 or Level 2 Reserve Study.

Definitions

8) Contingency Rate

Expressed as a percentage rate that reflects a factor added to the unit cost to prepare for an event that is liable to occur, but not with certainty.

9) Current Cost

The current fiscal year's estimated cost to maintain, replace, repair, or restore a reserve component to its original functional condition. Sources utilized to obtain estimates may include: the association, its contractors, other contractors, specialists and independent consultants, the State department of Real Estate (or other state department as applicable), construction pricing and estimating manuals, and the preparer's own experience and/or database of costs formulated in the preparation of other reserve study reports. See Calculations- APPENDIX B.

10) Disbursement

The funds expected to be paid or expended from the Reserve Balance.

11) Extended Cost

See Calculations- APPENDIX B.

12) Fiscal Year (FY)

A 12-month period for which an organization plans the use of its funds. There are two distinct types:

A) *Calendar Fiscal Year (ends December 31)*

B) *Non-Calendar Fiscal Year (does not end December 31)*

13) Full Funded Balance (FFB)

Total Accrued Depreciation. An indicator against which the FY Start Balance can be compared.

The balance that is in direct proportion to the fraction of life "used up" of the cost.

See Calculations- APPENDIX B.

14) Funding Goal

Independent of methodology utilized, the following represents the basic categories of funding plan goals:

A) *Baseline Funding*- Maintaining a Net Reserve Balance at or near zero.

B) *Full Funding*- Maintaining a Reserve Balance at or near Percent Funded of 100%.

C) *Statutory Funding*- Maintaining a specified Reserve Balance/Percent Funded per statutes.

D) *Threshold Funding*- Establishing and maintaining a set Net Reserve Balance or Percent Funded.

15) Funding Method (or Funding Plan)

An association's plan to provide income to the reserve fund to offset expected disbursements from that fund. The following represents two (2) basic methodologies used to fund reserves:

A) *Cash Flow Method*- A method of developing a reserve funding plan where allocations 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.

B) *Component Method*- A method of developing a reserve funding plan where the total reserve allocation is based on the sum of allocations for individual components.

Definitions

16) **Funding Plan**

The combined Funding Method & Funding Goal.

17) **FY End Balance (same as next FY Start Balance)**

The balance in reserves at end of applicable fiscal year. See Calculations- Appendix B.

18) **FY Start Balance (same as prior year FY End Balance)**

The balance in reserves at start of applicable fiscal year.

19) **Inflation Rate**

Expressed as a percentage rate that reflects the increase of this year's costs over the previous year's costs. Also known as a 'cost increase factor'.

20) **Interest Earned**

The annual earning of reserve funds that have been deposited in certificates of deposit (CDs), money market accounts or other investment vehicles. See Calculations- Appendix B.

21) **Interest Rate**

The ratio of the gain received from an investment and the investment over a period of time (usually one year), prior to any federal or state imposed taxes.

22) **Interest Rate (net effective)**

The ratio of the gain received from an investment and the investment over a period of time (usually one year), after any federal or state imposed taxes.

23) **Levels of Service**

A) **Level 1 Reserve Study (Full or Comprehensive)**- A Reserve Study in which the following five Reserve Study tasks are performed:

- a) Component Inventory
- b) Condition Assessment (based upon on-site visual observations)
- c) Life and Valuation Estimates
- d) Fund Status
- e) Funding Plan

B) **Level 2 Reserve Study (Update, With-Site-Visit/On-Site Review)**- A Reserve Study update in which the following five tasks are performed:

- a) Component Inventory
- b) Condition Assessment (based upon on-site visual observations)
- c) Life and Valuation Estimates
- d) Fund Status
- e) Funding Plan

**Note- Updates are reliant on the validity of prior Reserve Studies.*

Definitions

C) Level 3 Reserve Study (Update, No-Site-Visit/Off-Site Review)- A Reserve Study update with no on-site visual observations in which the following three tasks are performed:

- a) Life and Valuation Estimates
- b) Fund Status
- c) Funding Plan

**Note- Updates are reliant on the validity of prior Reserve Studies.*

24) Percent Funded

A comparison of the Fully Funded Balance to the FY Start Balance expressed as a percentage, and used to provide a 'general indication' of reserve strength. See Calculations- APPENDIX B.

25) Quantity

The number or amount of a particular reserve component or subcomponent.

26) Remaining Life (RL)

The estimated time, in years, that a reserve component can be expected to continue to serve its intended function. Projects anticipated to occur in the current fiscal year (but have not been approved) have a remaining life of "zero".

27) Replacement %

A percentage of the total replacement for a particular reserve component or subcomponent. This parameter is normally 100%.

28) Reserve Allocation

The amount to be annually budgeted towards reserves based on a Funding Plan.

29) Reserve Component (or subcomponent)

The individual line items in the reserve study, developed or updated in the physical analysis that form the building blocks of the reserve study. They typically are:

- A) association responsibility,
- B) with limited useful life expectancies,
- C) predictable remaining useful life expectancies,
- D) above a minimum threshold cost,
- E) and, as required by statutes.

30) Restoration

Defined as *to bring back to an unimpaired or improved condition*. General types follow:

- A) Building- In general, funding utilized to defray the cost (in whole or part) of major building components that are not necessarily included as line items and may include termite treatment.
- B) Irrigation System- In general, funding utilized to defray the cost (in whole or part) of sectional irrigation system areas including modernization to improve water management.
- C) Landscape- In general, funding utilized to defray the cost (in whole or part) of sectional landscape areas including modernization to improve water conservation & drainage.

Definitions

31) Risk Factor

The associated risk of the availability of reserves to fund expenditures by interpreting the Percent Funded parameter as follows:

- A) 70% and above- *LOW*
- B) 31% to 69%- *MODERATE*
- C) 30% and below- *HIGH*

32) Source Code

The source of information utilized to obtain cost and/or life estimates.

- 0- Actual Cost
- 1- Arbitrary Estimate
- 2- Architect/Engineer
- 3- Association
- 4- Bid/Proposal
- 5- Builder/Developer
- 6- Contractor
- 7- Cost Estimating Manual
- 8- Industry Standard
- 9- Manufacturer
- 10- Prior Reserve Study
- 11- Reserve Study Firm
- 12- Specialist/Expert
- 13- Vendor/Rep

33) Unit Cost

The current fiscal year's estimated cost to maintain, replace, repair, or restore an individual "unit of measure" of a reserve component or subcomponent to its original functional condition.

34) Unit of Measure

A system of units used in measuring a reserve component or subcomponent (i.e. each, lineal feet, square feet, etc.).

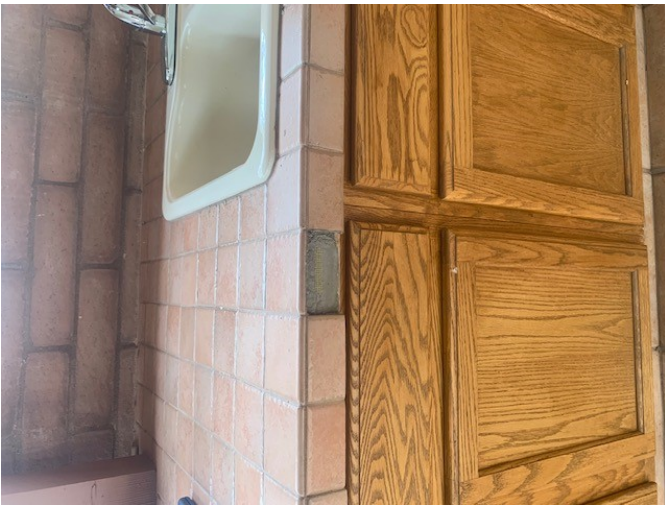
35) Useful Life (UL)

Total Useful Life or Depreciable Life. The estimated time, in years, that a reserve item can be expected to serve its intended function if properly constructed and maintained in its present application or installation.

Supplemental Photos- Field Report



Tile missing at countertop.



Tile missing at countertop.



Concrete bench deterioration/crack observed.



Isolated pavement cracks.



Isolated areas of deteriorated pavement.