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Update “No-Site-Visit” Reserve Study



The Glen of Pacific Grove HOA

Pacific Grove, CA

Report #: 7492-1
For Period Beginning: September 1, 2013
Expires: August 31, 2014

Date Prepared: June 26, 2013



Hello, and welcome to your Reserve Study!

This Report is a valuable budget planning tool, for with it you control the future of your association. It contains all the fundamental information needed to understand your current and future Reserve obligations, the most significant expenditures your association will face.

With respect to Reserves, this Report will tell you “where you are” and “where to go from here”.

In this Report, you will find...

- 1) A List of What you’re Reserving For**
- 2) An Evaluation of your Reserve Fund Size and Strength**
- 3) A Recommended Multi-Year Reserve Funding Plan**

More Questions?

Visit our website at www.ReserveStudy.com or call us at:

415/694-8931



Table of Contents

3-Minute Executive Summary	i
Reserve Study Summary	i
Reserve Component List – Table 1	ii
Introduction, Objectives, and Methodology	1
Which Physical Assets are Covered by Reserves?	2
How are Useful Life and Remaining Useful Life established?	2
How are Cost Estimates Established?	2
How much Reserves are enough?	3
How much should we contribute?	4
What is our Funding Goal?	4
Projected Expenses	5
Expense Graph – Figure 1	5
Reserve Fund Status & Recommended Funding Plan	6
Funding Plan Graph – Figure 2	6
Cash Flow Graph – Figure 3	7
% Funded Graph – Figure 4	7
Table Descriptions	8
Reserve Component List Detail – Table 2	9
Contribution & Fund Breakdown – Table 3	10
30 Year Reserve Plan Summary – Table 4	11
30 Year Reserve Plan Year by Year Detail – Table 5	12
Accuracy, Limitations, and Disclosures	18
Terms and Definitions	19

3-Minute Executive Summary

Association:	The Glen of Pacific Grove HOA	Assoc. #: 7492-1
Location:	Pacific Grove, CA	
# of Units:	60	
Report Period:	September 1, 2013 through August 31, 2014	

Results as-of 9/1/2013:

Projected Starting Reserve Balance:	\$377,261
Fully Funded (Theoretical) Reserve Balance:	\$393,991
Average Reserve Deficit (Surplus) Per Unit:.....	\$279
Percent Funded (Reserve Score):	95.8%
Recommended 2013/14 monthly Reserve Contribution:	\$6,365
Recommended 2013/14 Special Assessment for Reserves:	\$0
Most Recent Reserve Contribution Rate:.....	\$6,365

Economic Assumptions:

Net Annual "After Tax" Interest Earnings Accruing to Reserves	0.10%
Annual Inflation Rate	2.00%

- This is an "Update No-Site-Visit" Reserve Study, based on a prior Report prepared by Association Reserves for your 2012/13 Fiscal Year. No site inspection was performed as part of this Reserve Study.
- This Reserve Study was prepared by a credentialed Reserve Specialist (RS)
- Because your Reserve Fund is at 95.8% Funded, this represents a strong position.
- Your multi-year Funding Plan is designed to gradually bring you to the 100% level, or "Fully Funded".
- Based on this starting point, your anticipated future expenses, and your historical Reserve contribution rate, our recommendation is to maintain your current Reserve contributions.
- Funding for maintenance of the tennis court has been excluded from this study at the request of the Board.



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Table 1: Executive Summary

7492-1

# Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost	Future Average Cost
103 Concrete Surfaces - Repair	10	9	\$35,700	\$42,665
201 Asphalt - Resurface	30	29	\$108,435	\$192,564
202 Asphalt - Seal/Repair	5	4	\$9,395	\$10,169
320 Pole Lights - Replace	30	12	\$44,175	\$56,025
324 Wall Lights - Replace	25	8	\$11,425	\$13,386
403 Mailboxes - Replace	25	6	\$14,280	\$16,082
502 Chain Link Fence - Replace	30	9	\$12,850	\$15,357
503 Metal Fence - Replace	30	28	\$19,865	\$34,585
505 Wood Fence - Partial Replace	10	4	\$6,350	\$6,873
702 Vehicle Gates - Replace	30	12	\$14,280	\$18,110
704 Intercom - Replace	15	0	\$4,600	\$6,191
706 Gate Operators/Remotes - Replace	10	9	\$9,480	\$11,329
1001 Backflow Device - Replace	25	6	\$7,150	\$8,052
1009 Irrigation System - Repair/Replace	N/A	0	\$15,000	\$0
1009 Landscape - Replenish	N/A	0	\$20,000	\$0
1107 Metal Fence - Repaint	5	3	\$3,500	\$3,714
1116 Exterior Surfaces - Repaint	10	2	\$171,000	\$177,908
1121 Exterior Surfaces - Repair	10	2	\$21,500	\$22,369
1303 Comp Shingle Roof - Replace	30	25	\$454,500	\$745,655
1310 Gutters/Downspouts - Replace (ph.1)	30	16	\$59,650	\$81,887
1311 Gutters/Downspouts - Replace (ph.2)	30	21	\$29,850	\$45,243
1701 Creek Bridge - Replace	25	20	\$15,900	\$23,627
22 Total Funded Components				

Note 1: a Useful Life of "N/A" means a one-time expense, not expected to repeat.

Note 2: highlighted line items are expected to require attention in the initial year

Introduction

A Reserve Study is the art and science of anticipating, and preparing for, an association's major common area repair and replacement expenses. Partially art, because in this field we are making projections about the future. Partially science, because our work is a process of research and analysis along well defined methodologies.

In this Report you will find the Reserve Component List (what you are reserving for). It contains our estimates for Useful Life, Remaining Useful Life, and the current repair or replacement cost for each major component the association is obligated to maintain. Based on that List and your starting balance we computed the association's Reserve Fund Strength (measured as "Percent Funded"), and created a recommended multi-year Reserve Funding Plan to offset future Reserve expenses.

Reserve Study

- Component List
- Reserve Fund Strength
- Recommended Contribs

As the physical assets age and deteriorate, it is important to accumulate financial assets to keep the two "in balance". A stable Reserve Funding Plan that offsets the irregular Reserve expenses will ensure that each owner pays their own "fair share" of ongoing common area deterioration.

Methodology

First we establish what the projected expenses are, then we determine the association's financial status and create a Funding Plan. For this "Update No-Site-Visit" Reserve Study, we started with a review of your prior Reserve Study, recent Reserve expenditures, an evaluation of how expenditures are handled (ongoing maintenance vs Reserves), and research into any well-established association precedents. We adjusted life and cost factors based on time since the last Reserve Study and interviews with association representatives.

Reserve Study Types

- Full
- Update With-Site-Visit
- • Update No-Site-Visit

Which Physical Assets are Covered by Reserves?

There is a national-standard four-part test to determine which expenses should be funded through Reserves. First, it must be a common area maintenance responsibility. Second, the component must have a limited life. Third, the limited life must be predictable (or it by definition is a “surprise” which cannot be accurately anticipated). Fourth, the component must be above a minimum threshold cost. This limits Reserve Components to major, predictable expenses. Within this framework, it is inappropriate to include “lifetime” components, unpredictable expenses (such as damage due to fire, flood, or earthquake), and expenses more appropriately handled from the Operational Budget or as an insured loss.

Reserve Components

- Common Area
- Limited Useful Life
- Predictable Life Limit
- Cost must be Significant

How are Useful Life and Remaining Useful Life established?

- 1) Reported Condition (wear and age since last report)
- 2) Association Reserves database of experience
- 3) Client Component History
- 4) Vendor Evaluation and Recommendation

How are Cost Estimates Established?

Financial projections are based on the average of our Best Case and Worst Case estimates, which are established in this order...

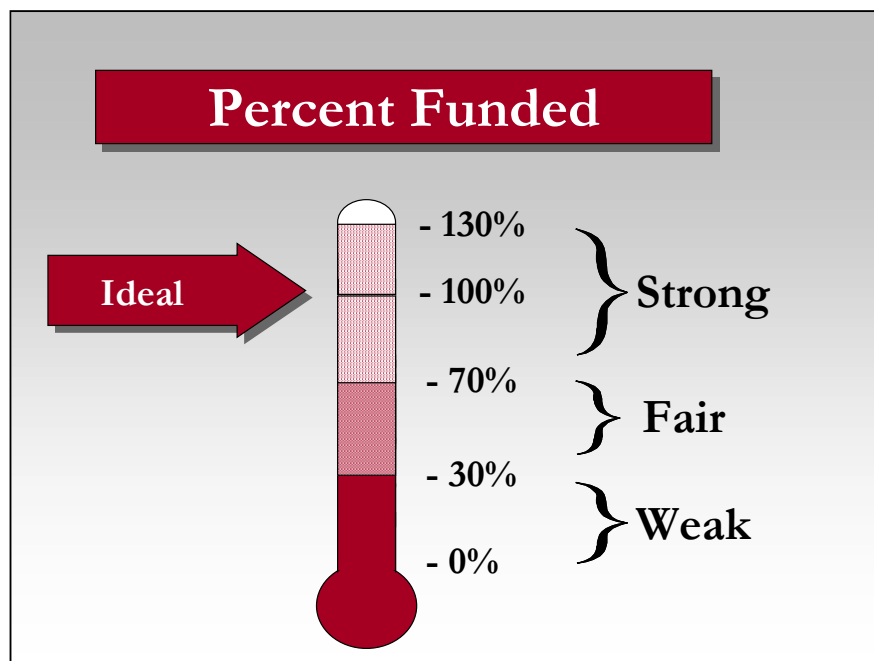
- 1) Client Cost History
- 2) Comparison to Association Reserves database or work done at similar associations
- 3) Vendor Recommendations
- 4) Reliable National Industry cost estimating guidebooks

How much Reserves are enough?

Your Reserve cash Balance can measure reserves, but the true measure is whether the funds are adequate. Adequacy is measured in a two-step process:

- 1) Calculate the association's Fully Funded Balance (FFB)
- 2) Compare to the Reserve Fund Balance, and express as a percentage.

The FFB grows as assets age and the Reserve needs of the association increase, but shrinks when projects are accomplished and the Reserve needs of the association decrease. The Fully Funded Balance changes each year, and is a moving but predictable target.



Special assessments and deferred maintenance are common when the Percent Funded is below 30%. While the 100% point is Ideal, a Reserve Fund in the 70% - 130% range is considered "strong" because in this range cash flow problems are rare.

Measuring your Reserves by Percent Funded tells how well prepared your association is for upcoming Reserve expenses. New buyers should be very aware of this important disclosure!

How much should we contribute?

There are four Funding Principles that we balance in developing your Reserve Funding Plan. Our first objective is to design a plan that provides you with sufficient cash to perform your Reserve projects on time. A stable contribution rate is desirable because it is a hallmark of a proactive plan.

Reserve contributions that are evenly distributed over the owners, over the years, enable each owner to pay their “fair share” of the association’s Reserve expenses (this means we recommend special assessments only when all other options have been exhausted). And finally, we develop a plan that is fiscally responsible and “safe” for Boardmembers to recommend to their association.

Funding Principles

- Sufficient Cash
- Stable Contribution Rate
- Evenly Distributed
- Fiscally Responsible

What is our Funding Goal?

Maintaining the Reserve Fund at a level equal to the physical deterioration that has occurred is called “Full Funding” the Reserves (100% Funded). As each asset ages and becomes “used up”, the Reserve Fund grows proportionally. This is simple, responsible, and our recommendation. As stated previously, associations in the 100% range rarely experience special assessments or deferred maintenance.

Allowing the Reserves to fall close to zero, but not below zero, is called Baseline Funding. In these associations, deterioration occurs without matching Reserve contributions. With a low Percent Funded, special assessments and deferred maintenance are common.

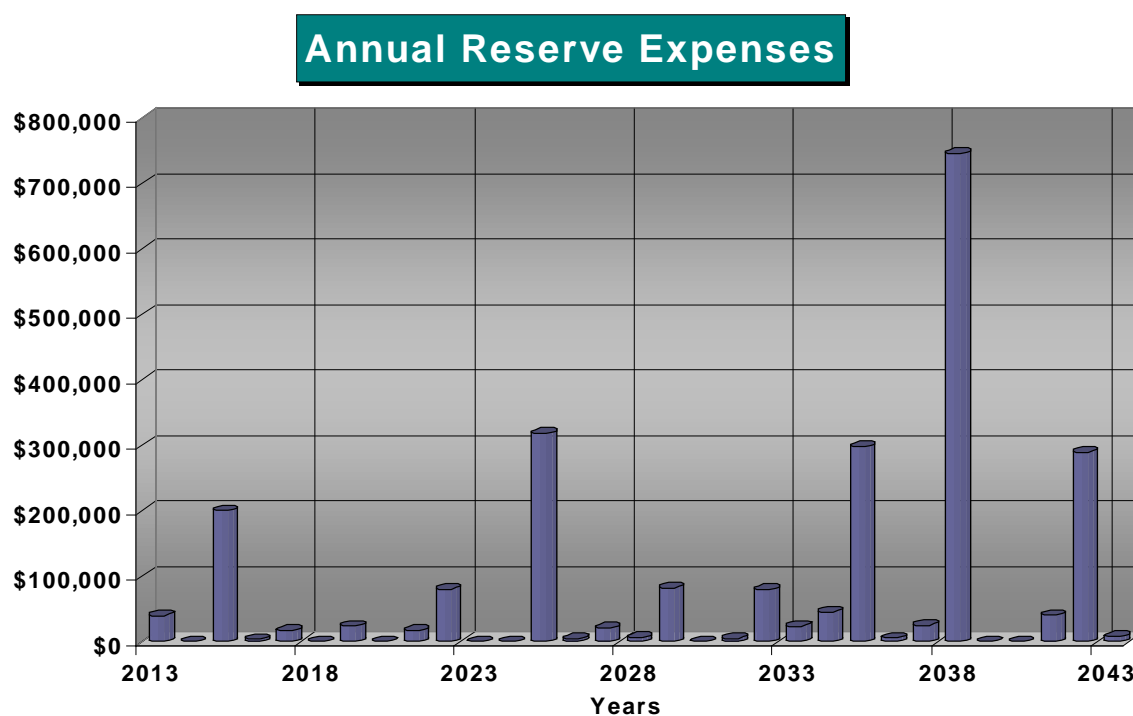
Threshold Funding is the title of all other objectives randomly selected between Baseline Funding and Full Funding.

Funding Goals

- 
- Full Funding
 - Threshold Funding
 - Baseline Funding

Projected Expenses

The figure below shows the array of the projected future expenses at your association. This figure clearly shows the near term and future expenses that your association will face.



re 1

A summary of this information is shown in Table 4, while details of the projects that make up this information are shown in Table 5. Since this is a projection about future events that may or may not take place as anticipated, we feel more certain about “near-term” projects than those many years away. While this Reserve Study is a one-year document, it is based on 30 years worth of looking forward into the future.

Reserve Fund Status

The starting point for our financial analysis is your Reserve Fund balance, projected to be \$377,261 as-of the start of your Fiscal Year on September 1, 2013. This is based on your actual balance on 3/31/2013 of \$472,592 and anticipated Reserve contributions totaling \$57,289 and expenses of \$128,550 projected through the end of your Fiscal Year. As of September 1, 2013, your Fully Funded Balance is computed to be \$393,991 (see Table 3). This figure represents the deteriorated value of your common area components. Comparing your Reserve Balance to your Fully Funded Balance indicates your Reserves are 96% Funded. As indicated earlier in the Executive Summary, this represents a strong status.

Recommended Funding Plan

Based on your current Percent Funded and your projected cash flow requirements, we are recommending Reserve contributions of \$6,365/month this Fiscal Year. This represents the first year of a 30-year Funding Plan. This same information is shown numerically in both Table 4 and Table 5.

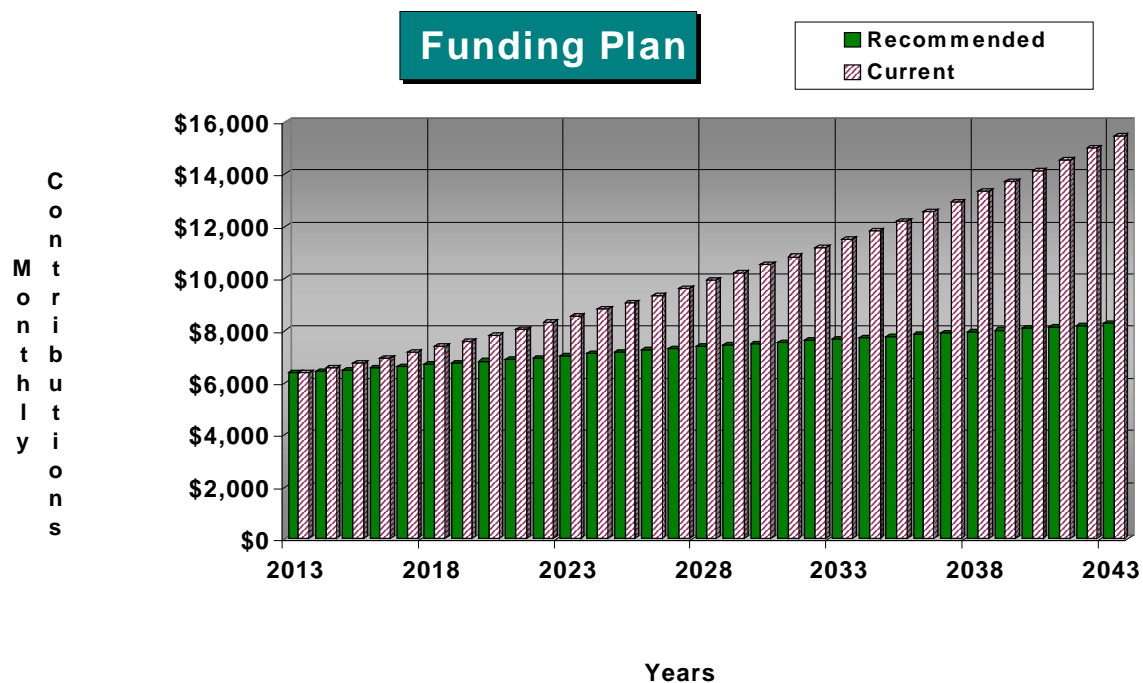


Figure 2

The following chart shows your Reserve Balance under our recommended Funding Plan and your current Funding Plan, and your always-changing Fully Funded Balance target.

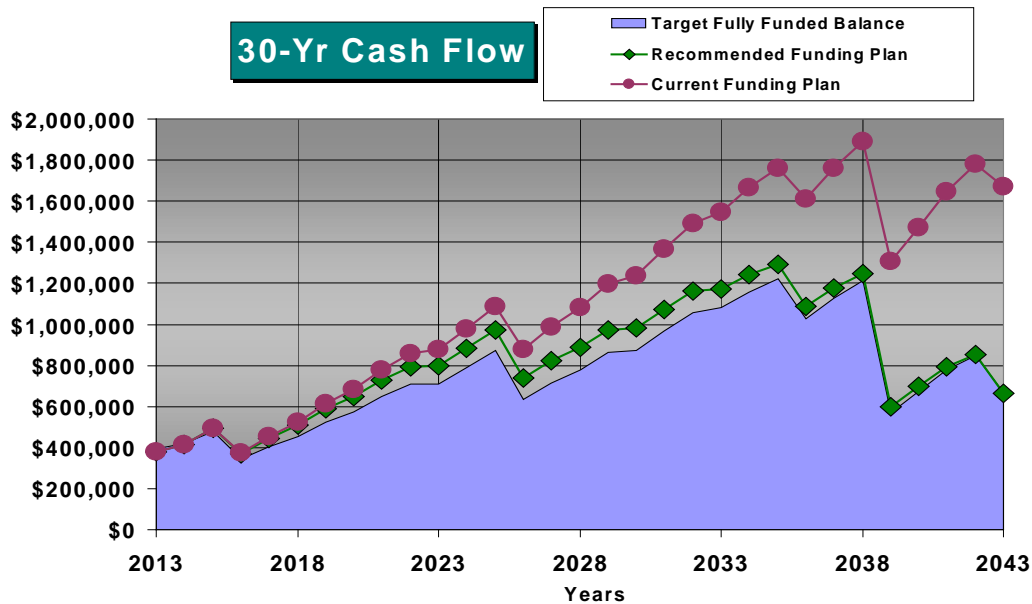


Figure 3

In this figure it is easy to see how your Reserve Fund gradually draws closer to the Fully Funded (100%) level.

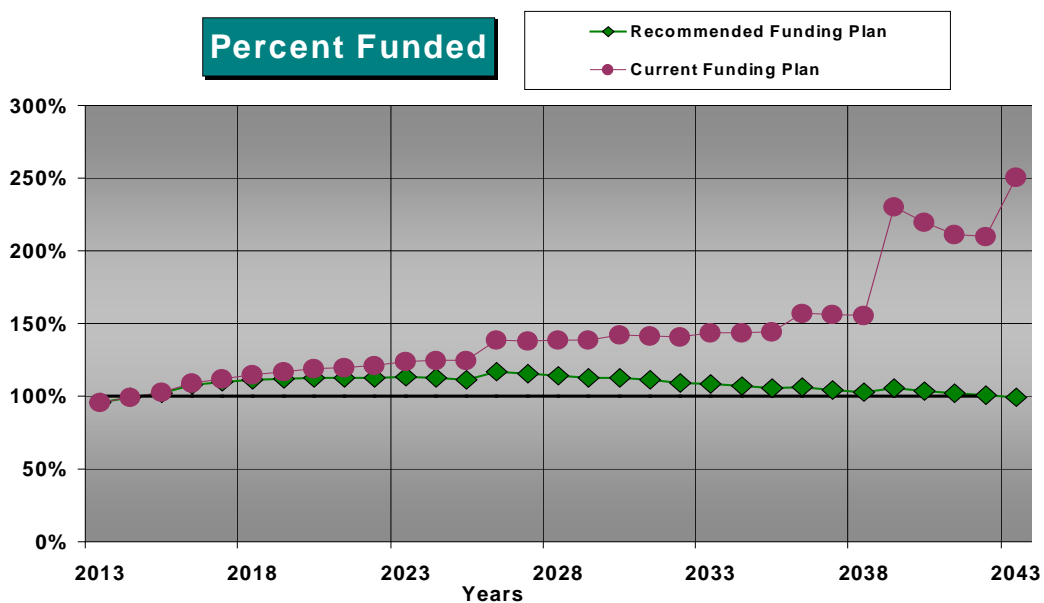


Figure 4

Table Descriptions

The tabular information in this Report is broken down into five tables.

Table 1 summarizes your funded Reserve Components, and is part of the Executive Report summary that appeared earlier in this Report.

Table 2 provides the main component description, life, and cost factors for all components determined to be appropriate for Reserve designation. This table represents the core information from which all other tables are derived.

Table 3 is presented primarily as an accounting summary page. The results of the individual line item Fully Funded Balance computations are shown. These individual quantities are summed to arrive at the Fully Funded Balance for the association as of the start date of the Report. The figures in the Current Fund Balance column and the Monthly Reserve Contribution column show our distribution throughout the line items. If the association is underfunded, Reserve Funds are distributed first to components with a short Remaining Useful Life. If the association's Reserve Balance is above 100% Funded, funds are distributed evenly for all components. Contribution rates for each component are a proportionate distribution of the total contribution on the basis of the component's significance to the association (current cost divided by useful life). This presentation is not meant to cause clients to redistribute association funds, it simply presents one way to evenly distribute the total among all the different line items.

Table 4: This table provides a one-page 30-year summary of the cash flowing into and out of the association, compared to the Fully Funded Balance for each year.

Table 5: This table shows the cash flow detail for the next 30 years. This table makes it possible to see what components are projected to require repair or replacement each year, and the size of those individual expenses.

Table 2: Reserve Component List Detail**7492-1**

# Component	Quantity	Useful Life	Rem. Useful Life	Best Cost	Current Worst Cost
103 Concrete Surfaces - Repair	Extensive LF	10	9	\$30,600	\$40,800
201 Asphalt - Resurface	Approx 40,960 GSF	30	29	\$98,580	\$118,290
202 Asphalt - Seal/Repair	Approx 40,960 GSF	5	4	\$8,350	\$10,440
320 Pole Lights - Replace	(19) Fixtures	30	12	\$39,900	\$48,450
324 Wall Lights - Replace	(64) Fixtures	25	8	\$9,790	\$13,060
403 Mailboxes - Replace	(4) Kiosks	25	6	\$12,240	\$16,320
502 Chain Link Fence - Replace	Approx 560 LF	30	9	\$11,420	\$14,280
503 Metal Fence - Replace	Approx 355 LF	30	28	\$18,050	\$21,680
505 Wood Fence - Partial Replace	Approx 370 LF x 33%	10	4	\$5,700	\$7,000
702 Vehicle Gates - Replace	(2) Gates	30	12	\$12,240	\$16,320
704 Intercom - Replace	(1) Intercom	15	0	\$4,100	\$5,100
706 Gate Operators/Remotes - Replace	(2) Operators, (60) Remotes	10	9	\$8,620	\$10,340
1001 Backflow Device - Replace	(4) Backflows	25	6	\$6,100	\$8,200
1009 Irrigation System - Repair/Replace	Extensive LF	N/A	0	\$14,000	\$16,000
1009 Landscape - Replenish	Extensive GSF	N/A	0	\$18,000	\$22,000
1107 Metal Fence - Repaint	Approx 355 LF	5	3	\$3,100	\$3,900
1116 Exterior Surfaces - Repaint	Approx 110,880 GSF	10	2	\$160,000	\$182,000
1121 Exterior Surfaces - Repair	Approx 110,880 GSF	10	2	\$18,500	\$24,500
1303 Comp Shingle Roof - Replace	Approx 99,000 GSF	30	25	\$404,000	\$505,000
1310 Gutters/Downspouts - Replace (ph.1)	Approx 6500 LF	30	16	\$53,000	\$66,300
1311 Gutters/Downspouts - Replace (ph.2)	Approx 3,250 LF	30	21	\$26,500	\$33,200
1701 Creek Bridge - Replace	Approx 120 GSF	25	20	\$14,700	\$17,100
22 Total Funded Components					

Table 3: Contribution and Fund Breakdown**7492-1**

# Component	Useful Life	Rem. Useful Life	Current (Avg) Cost	Fully Funded Balance	Current Fund Balance	Reserve Contributions
103 Concrete Surfaces - Repair	10	9	\$35,700	\$3,570	\$3,570.00	\$420.62
201 Asphalt - Resurface	30	29	\$108,435	\$3,615	\$0.00	\$425.87
202 Asphalt - Seal/Repair	5	4	\$9,395	\$1,879	\$1,879.00	\$221.39
320 Pole Lights - Replace	30	12	\$44,175	\$26,505	\$26,505.00	\$173.49
324 Wall Lights - Replace	25	8	\$11,425	\$7,769	\$7,769.00	\$53.84
403 Mailboxes - Replace	25	6	\$14,280	\$10,853	\$10,852.80	\$67.30
502 Chain Link Fence - Replace	30	9	\$12,850	\$8,995	\$8,995.00	\$50.47
503 Metal Fence - Replace	30	28	\$19,865	\$1,324	\$0.00	\$78.02
505 Wood Fence - Partial Replace	10	4	\$6,350	\$3,810	\$3,810.00	\$74.82
702 Vehicle Gates - Replace	30	12	\$14,280	\$8,568	\$8,568.00	\$56.08
704 Intercom - Replace	15	0	\$4,600	\$4,600	\$4,600.00	\$36.13
706 Gate Operators/Remotes - Replace	10	9	\$9,480	\$948	\$948.00	\$111.70
1001 Backflow Device - Replace	25	6	\$7,150	\$5,434	\$5,434.00	\$33.70
1009 Irrigation System - Repair/Replace	N/A	0	\$15,000	\$15,000	\$15,000.00	\$0.00
1009 Landscape - Replenish	N/A	0	\$20,000	\$20,000	\$20,000.00	\$0.00
1107 Metal Fence - Repaint	5	3	\$3,500	\$1,400	\$1,400.00	\$82.48
1116 Exterior Surfaces - Repaint	10	2	\$171,000	\$136,800	\$136,800.00	\$2,014.76
1121 Exterior Surfaces - Repair	10	2	\$21,500	\$17,200	\$17,200.00	\$253.32
1303 Comp Shingle Roof - Replace	30	25	\$454,500	\$75,750	\$63,958.53	\$1,785.00
1310 Gutters/Downspouts - Replace (ph.1)	30	16	\$59,650	\$27,837	\$27,836.67	\$234.27
1311 Gutters/Downspouts - Replace (ph.2)	30	21	\$29,850	\$8,955	\$8,955.00	\$117.23
1701 Creek Bridge - Replace	25	20	\$15,900	\$3,180	\$3,180.00	\$74.93
22 Total Funded Components				\$393,991	\$377,261	\$6,365

Table 4: 30-Year Reserve Plan Summary Recommended by Association Reserves

7492-1

Fiscal Year Beginning: 09/01/13

Interest: 0.10% Inflation: 2.0%

Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Rating	% Increase In Annual Reserve Contribs	Annual Reserve Contribs.	Loans or Special Assmts	Interest Income	Projected Reserve Expenses
2013	\$377,261	\$393,991	95.8%	Strong	0.00%	\$76,385	\$0	\$396	\$39,600
2014	\$414,442	\$416,585	99.5%	Strong	1.00%	\$77,149	\$0	\$453	\$0
2015	\$492,044	\$481,125	102.3%	Strong	1.00%	\$77,920	\$0	\$431	\$200,277
2016	\$370,118	\$343,798	107.7%	Strong	1.00%	\$78,700	\$0	\$408	\$3,714
2017	\$445,512	\$405,364	109.9%	Strong	1.00%	\$79,487	\$0	\$477	\$17,043
2018	\$508,432	\$455,737	111.6%	Strong	1.00%	\$80,281	\$0	\$549	\$0
2019	\$589,262	\$525,693	112.1%	Strong	1.00%	\$81,084	\$0	\$618	\$24,134
2020	\$646,831	\$573,649	112.8%	Strong	1.00%	\$81,895	\$0	\$688	\$0
2021	\$729,414	\$648,422	112.5%	Strong	1.00%	\$82,714	\$0	\$762	\$17,487
2022	\$795,404	\$708,119	112.3%	Strong	1.00%	\$83,541	\$0	\$797	\$80,579
2023	\$799,163	\$705,948	113.2%	Strong	1.00%	\$84,377	\$0	\$842	\$0
2024	\$884,381	\$787,241	112.3%	Strong	1.00%	\$85,220	\$0	\$927	\$0
2025	\$970,529	\$871,504	111.4%	Strong	1.00%	\$86,073	\$0	\$855	\$318,272
2026	\$739,185	\$634,185	116.6%	Strong	1.00%	\$86,933	\$0	\$781	\$4,528
2027	\$822,371	\$713,536	115.3%	Strong	1.00%	\$87,803	\$0	\$856	\$20,775
2028	\$890,255	\$779,327	114.2%	Strong	1.00%	\$88,681	\$0	\$932	\$6,191
2029	\$973,677	\$862,765	112.9%	Strong	0.75%	\$89,346	\$0	\$978	\$81,887
2030	\$982,114	\$872,145	112.6%	Strong	0.75%	\$90,016	\$0	\$1,028	\$0
2031	\$1,073,157	\$966,750	111.0%	Strong	0.75%	\$90,691	\$0	\$1,117	\$4,999
2032	\$1,159,966	\$1,059,691	109.5%	Strong	0.75%	\$91,371	\$0	\$1,166	\$79,505
2033	\$1,172,998	\$1,080,069	108.6%	Strong	0.75%	\$92,056	\$0	\$1,208	\$23,627
2034	\$1,242,635	\$1,159,456	107.2%	Strong	0.75%	\$92,747	\$0	\$1,267	\$45,243
2035	\$1,291,407	\$1,220,020	105.9%	Strong	0.75%	\$93,442	\$0	\$1,190	\$297,601
2036	\$1,088,438	\$1,026,061	106.1%	Strong	0.75%	\$94,143	\$0	\$1,133	\$5,519
2037	\$1,178,195	\$1,127,849	104.5%	Strong	0.75%	\$94,849	\$0	\$1,214	\$25,325
2038	\$1,248,933	\$1,213,210	102.9%	Strong	0.75%	\$95,561	\$0	\$924	\$745,655
2039	\$599,763	\$567,313	105.7%	Strong	0.75%	\$96,277	\$0	\$648	\$0
2040	\$696,689	\$670,875	103.8%	Strong	0.75%	\$97,000	\$0	\$746	\$0
2041	\$794,434	\$778,353	102.1%	Strong	0.75%	\$97,727	\$0	\$823	\$40,679
2042	\$852,305	\$848,368	100.5%	Strong	0.75%	\$98,460	\$0	\$757	\$289,480

Table 5: 30-Year Income/Expense Detail (yrs 0 through 4)	7492-1
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Fiscal Year	2013	2014	2015	2016	2017
Starting Reserve Balance	\$377,261	\$414,442	\$492,044	\$370,118	\$445,512
Annual Reserve Contribution	\$76,385	\$77,149	\$77,920	\$78,700	\$79,487
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$396	\$453	\$431	\$408	\$477
Total Income	\$454,042	\$492,044	\$570,395	\$449,226	\$525,475
# Component					
103 Concrete Surfaces - Repair	\$0	\$0	\$0	\$0	\$0
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$0	\$0	\$0	\$0	\$10,169
320 Pole Lights - Replace	\$0	\$0	\$0	\$0	\$0
324 Wall Lights - Replace	\$0	\$0	\$0	\$0	\$0
403 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
502 Chain Link Fence - Replace	\$0	\$0	\$0	\$0	\$0
503 Metal Fence - Replace	\$0	\$0	\$0	\$0	\$0
505 Wood Fence - Partial Replace	\$0	\$0	\$0	\$0	\$6,873
702 Vehicle Gates - Replace	\$0	\$0	\$0	\$0	\$0
704 Intercom - Replace	\$4,600	\$0	\$0	\$0	\$0
706 Gate Operators/Remotes - Replace	\$0	\$0	\$0	\$0	\$0
1001 Backflow Device - Replace	\$0	\$0	\$0	\$0	\$0
1009 Irrigation System - Repair/Replace	\$15,000	\$0	\$0	\$0	\$0
1009 Landscape - Replenish	\$20,000	\$0	\$0	\$0	\$0
1107 Metal Fence - Repaint	\$0	\$0	\$0	\$3,714	\$0
1116 Exterior Surfaces - Repaint	\$0	\$0	\$177,908	\$0	\$0
1121 Exterior Surfaces - Repair	\$0	\$0	\$22,369	\$0	\$0
1303 Comp Shingle Roof - Replace	\$0	\$0	\$0	\$0	\$0
1310 Gutters/Downspouts - Replace (ph.1)	\$0	\$0	\$0	\$0	\$0
1311 Gutters/Downspouts - Replace (ph.2)	\$0	\$0	\$0	\$0	\$0
1701 Creek Bridge - Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$39,600	\$0	\$200,277	\$3,714	\$17,043
Ending Reserve Balance:	\$414,442	\$492,044	\$370,118	\$445,512	\$508,432

Table 5: 30-Year Income/Expense Detail (yrs 5 through 9)	7492-1
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Fiscal Year	2018	2019	2020	2021	2022
Starting Reserve Balance	\$508,432	\$589,262	\$646,831	\$729,414	\$795,404
Annual Reserve Contribution	\$80,281	\$81,084	\$81,895	\$82,714	\$83,541
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$549	\$618	\$688	\$762	\$797
Total Income	\$589,262	\$670,965	\$729,414	\$812,891	\$879,742
# Component					
103 Concrete Surfaces - Repair	\$0	\$0	\$0	\$0	\$42,665
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$0	\$0	\$0	\$0	\$11,228
320 Pole Lights - Replace	\$0	\$0	\$0	\$0	\$0
324 Wall Lights - Replace	\$0	\$0	\$0	\$13,386	\$0
403 Mailboxes - Replace	\$0	\$16,082	\$0	\$0	\$0
502 Chain Link Fence - Replace	\$0	\$0	\$0	\$0	\$15,357
503 Metal Fence - Replace	\$0	\$0	\$0	\$0	\$0
505 Wood Fence - Partial Replace	\$0	\$0	\$0	\$0	\$0
702 Vehicle Gates - Replace	\$0	\$0	\$0	\$0	\$0
704 Intercom - Replace	\$0	\$0	\$0	\$0	\$0
706 Gate Operators/Remotes - Replace	\$0	\$0	\$0	\$0	\$11,329
1001 Backflow Device - Replace	\$0	\$8,052	\$0	\$0	\$0
1009 Irrigation System - Repair/Replace	\$0	\$0	\$0	\$0	\$0
1009 Landscape - Replenish	\$0	\$0	\$0	\$0	\$0
1107 Metal Fence - Repaint	\$0	\$0	\$0	\$4,101	\$0
1116 Exterior Surfaces - Repaint	\$0	\$0	\$0	\$0	\$0
1121 Exterior Surfaces - Repair	\$0	\$0	\$0	\$0	\$0
1303 Comp Shingle Roof - Replace	\$0	\$0	\$0	\$0	\$0
1310 Gutters/Downspouts - Replace (ph.1)	\$0	\$0	\$0	\$0	\$0
1311 Gutters/Downspouts - Replace (ph.2)	\$0	\$0	\$0	\$0	\$0
1701 Creek Bridge - Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$0	\$24,134	\$0	\$17,487	\$80,579
Ending Reserve Balance:	\$589,262	\$646,831	\$729,414	\$795,404	\$799,163

Table 5: 30-Year Income/Expense Detail (yrs 10 through 14)**7492-1**

Fiscal Year	2023	2024	2025	2026	2027
Starting Reserve Balance	\$799,163	\$884,381	\$970,529	\$739,185	\$822,371
Annual Reserve Contribution	\$84,377	\$85,220	\$86,073	\$86,933	\$87,803
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$842	\$927	\$855	\$781	\$856
Total Income	\$884,381	\$970,529	\$1,057,457	\$826,899	\$911,030
# Component					
103 Concrete Surfaces - Repair	\$0	\$0	\$0	\$0	\$0
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$0	\$0	\$0	\$0	\$12,397
320 Pole Lights - Replace	\$0	\$0	\$56,025	\$0	\$0
324 Wall Lights - Replace	\$0	\$0	\$0	\$0	\$0
403 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
502 Chain Link Fence - Replace	\$0	\$0	\$0	\$0	\$0
503 Metal Fence - Replace	\$0	\$0	\$0	\$0	\$0
505 Wood Fence - Partial Replace	\$0	\$0	\$0	\$0	\$8,379
702 Vehicle Gates - Replace	\$0	\$0	\$18,110	\$0	\$0
704 Intercom - Replace	\$0	\$0	\$0	\$0	\$0
706 Gate Operators/Remotes - Replace	\$0	\$0	\$0	\$0	\$0
1001 Backflow Device - Replace	\$0	\$0	\$0	\$0	\$0
1009 Irrigation System - Repair/Replace	\$0	\$0	\$0	\$0	\$0
1009 Landscape - Replenish	\$0	\$0	\$0	\$0	\$0
1107 Metal Fence - Repaint	\$0	\$0	\$0	\$4,528	\$0
1116 Exterior Surfaces - Repaint	\$0	\$0	\$216,869	\$0	\$0
1121 Exterior Surfaces - Repair	\$0	\$0	\$27,267	\$0	\$0
1303 Comp Shingle Roof - Replace	\$0	\$0	\$0	\$0	\$0
1310 Gutters/Downspouts - Replace (ph.1)	\$0	\$0	\$0	\$0	\$0
1311 Gutters/Downspouts - Replace (ph.2)	\$0	\$0	\$0	\$0	\$0
1701 Creek Bridge - Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$0	\$0	\$318,272	\$4,528	\$20,775
Ending Reserve Balance:	\$884,381	\$970,529	\$739,185	\$822,371	\$890,255

Table 5: 30-Year Income/Expense Detail (yrs 15 through 19)**7492-1**

Fiscal Year	2028	2029	2030	2031	2032
Starting Reserve Balance	\$890,255	\$973,677	\$982,114	\$1,073,157	\$1,159,966
Annual Reserve Contribution	\$88,681	\$89,346	\$90,016	\$90,691	\$91,371
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$932	\$978	\$1,028	\$1,117	\$1,166
Total Income	\$979,868	\$1,064,000	\$1,073,157	\$1,164,965	\$1,252,503
# Component					
103 Concrete Surfaces - Repair	\$0	\$0	\$0	\$0	\$52,008
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$0	\$0	\$0	\$0	\$13,687
320 Pole Lights - Replace	\$0	\$0	\$0	\$0	\$0
324 Wall Lights - Replace	\$0	\$0	\$0	\$0	\$0
403 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
502 Chain Link Fence - Replace	\$0	\$0	\$0	\$0	\$0
503 Metal Fence - Replace	\$0	\$0	\$0	\$0	\$0
505 Wood Fence - Partial Replace	\$0	\$0	\$0	\$0	\$0
702 Vehicle Gates - Replace	\$0	\$0	\$0	\$0	\$0
704 Intercom - Replace	\$6,191	\$0	\$0	\$0	\$0
706 Gate Operators/Remotes - Replace	\$0	\$0	\$0	\$0	\$13,811
1001 Backflow Device - Replace	\$0	\$0	\$0	\$0	\$0
1009 Irrigation System - Repair/Replace	\$0	\$0	\$0	\$0	\$0
1009 Landscape - Replenish	\$0	\$0	\$0	\$0	\$0
1107 Metal Fence - Repaint	\$0	\$0	\$0	\$4,999	\$0
1116 Exterior Surfaces - Repaint	\$0	\$0	\$0	\$0	\$0
1121 Exterior Surfaces - Repair	\$0	\$0	\$0	\$0	\$0
1303 Comp Shingle Roof - Replace	\$0	\$0	\$0	\$0	\$0
1310 Gutters/Downspouts - Replace (ph.1)	\$0	\$81,887	\$0	\$0	\$0
1311 Gutters/Downspouts - Replace (ph.2)	\$0	\$0	\$0	\$0	\$0
1701 Creek Bridge - Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$6,191	\$81,887	\$0	\$4,999	\$79,505
Ending Reserve Balance:	\$973,677	\$982,114	\$1,073,157	\$1,159,966	\$1,172,998

Table 5: 30-Year Income/Expense Detail (yrs 20 through 24)**7492-1**

Fiscal Year	2033	2034	2035	2036	2037
Starting Reserve Balance	\$1,172,998	\$1,242,635	\$1,291,407	\$1,088,438	\$1,178,195
Annual Reserve Contribution	\$92,056	\$92,747	\$93,442	\$94,143	\$94,849
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$1,208	\$1,267	\$1,190	\$1,133	\$1,214
Total Income	\$1,266,262	\$1,336,649	\$1,386,039	\$1,183,714	\$1,274,258
# Component					
103 Concrete Surfaces - Repair	\$0	\$0	\$0	\$0	\$0
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$0	\$0	\$0	\$0	\$15,111
320 Pole Lights - Replace	\$0	\$0	\$0	\$0	\$0
324 Wall Lights - Replace	\$0	\$0	\$0	\$0	\$0
403 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
502 Chain Link Fence - Replace	\$0	\$0	\$0	\$0	\$0
503 Metal Fence - Replace	\$0	\$0	\$0	\$0	\$0
505 Wood Fence - Partial Replace	\$0	\$0	\$0	\$0	\$10,214
702 Vehicle Gates - Replace	\$0	\$0	\$0	\$0	\$0
704 Intercom - Replace	\$0	\$0	\$0	\$0	\$0
706 Gate Operators/Remotes - Replace	\$0	\$0	\$0	\$0	\$0
1001 Backflow Device - Replace	\$0	\$0	\$0	\$0	\$0
1009 Irrigation System - Repair/Replace	\$0	\$0	\$0	\$0	\$0
1009 Landscape - Replenish	\$0	\$0	\$0	\$0	\$0
1107 Metal Fence - Repaint	\$0	\$0	\$0	\$5,519	\$0
1116 Exterior Surfaces - Repaint	\$0	\$0	\$264,363	\$0	\$0
1121 Exterior Surfaces - Repair	\$0	\$0	\$33,239	\$0	\$0
1303 Comp Shingle Roof - Replace	\$0	\$0	\$0	\$0	\$0
1310 Gutters/Downspouts - Replace (ph.1)	\$0	\$0	\$0	\$0	\$0
1311 Gutters/Downspouts - Replace (ph.2)	\$0	\$45,243	\$0	\$0	\$0
1701 Creek Bridge - Replace	\$23,627	\$0	\$0	\$0	\$0
Total Expenses	\$23,627	\$45,243	\$297,601	\$5,519	\$25,325
Ending Reserve Balance:	\$1,242,635	\$1,291,407	\$1,088,438	\$1,178,195	\$1,248,933

Table 5: 30-Year Income/Expense Detail (yrs 25 through 29)**7492-1**

Fiscal Year	2038	2039	2040	2041	2042
Starting Reserve Balance	\$1,248,933	\$599,763	\$696,689	\$794,434	\$852,305
Annual Reserve Contribution	\$95,561	\$96,277	\$97,000	\$97,727	\$98,460
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$924	\$648	\$746	\$823	\$757
Total Income	\$1,345,418	\$696,689	\$794,434	\$892,984	\$951,522
# Component					
103 Concrete Surfaces - Repair	\$0	\$0	\$0	\$0	\$63,398
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$192,564
202 Asphalt - Seal/Repair	\$0	\$0	\$0	\$0	\$16,684
320 Pole Lights - Replace	\$0	\$0	\$0	\$0	\$0
324 Wall Lights - Replace	\$0	\$0	\$0	\$0	\$0
403 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
502 Chain Link Fence - Replace	\$0	\$0	\$0	\$0	\$0
503 Metal Fence - Replace	\$0	\$0	\$0	\$34,585	\$0
505 Wood Fence - Partial Replace	\$0	\$0	\$0	\$0	\$0
702 Vehicle Gates - Replace	\$0	\$0	\$0	\$0	\$0
704 Intercom - Replace	\$0	\$0	\$0	\$0	\$0
706 Gate Operators/Remotes - Replace	\$0	\$0	\$0	\$0	\$16,835
1001 Backflow Device - Replace	\$0	\$0	\$0	\$0	\$0
1009 Irrigation System - Repair/Replace	\$0	\$0	\$0	\$0	\$0
1009 Landscape - Replenish	\$0	\$0	\$0	\$0	\$0
1107 Metal Fence - Repaint	\$0	\$0	\$0	\$6,094	\$0
1116 Exterior Surfaces - Repaint	\$0	\$0	\$0	\$0	\$0
1121 Exterior Surfaces - Repair	\$0	\$0	\$0	\$0	\$0
1303 Comp Shingle Roof - Replace	\$745,655	\$0	\$0	\$0	\$0
1310 Gutters/Downspouts - Replace (ph.1)	\$0	\$0	\$0	\$0	\$0
1311 Gutters/Downspouts - Replace (ph.2)	\$0	\$0	\$0	\$0	\$0
1701 Creek Bridge - Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$745,655	\$0	\$0	\$40,679	\$289,480
Ending Reserve Balance:	\$599,763	\$696,689	\$794,434	\$852,305	\$662,042

Accuracy, Limitations, and Disclosures

Because we have no control over future events, we cannot claim that all the events we anticipate will occur as planned. We expect that inflationary trends will continue, and we expect that financial institutions will provide interest earnings on funds on-deposit. We believe that reasonable estimates for these figures are much more accurate than ignoring these economic realities. The things we can control are measurements, which we attempt to establish within 5% accuracy. Your starting Reserve Balance and current Reserve interest earnings are also numbers that can be identified with a high degree of certainty. These figures have been provided to us, and were not confirmed by our independent research. Our projections assume a stable economic environment and lack of natural disasters.

Because both the physical status and financial status of the association change each year, this Reserve Study is by nature a “one-year” document. This information can and should be adjusted annually as part of the Reserve Study Update process so that more accurate estimates can be reflected in the Reserve plan. Reality often differs from even the best assumptions due to changing economic factors, physical factors, or ownership expectations. Because many years of financial preparation help the preparation for large expenses, this Report shows expenses for the next 30 years. We fully expect a number of adjustments will be necessary through the interim years to both the cost and timing of distant expense projections. It is our recommendation and that of the American Institute of Certified Public Accountants (AICPA) that your Reserve Study be updated annually.

Association Reserves – SF, LLC, and its employees have no ownership, management, or other business relationships with the client other than this Reserve Study engagement. Derek Eckert, R.S., company president, is a credentialed Reserve Specialist (#114). All work done by Association Reserves is performed under his Responsible Charge. There are no material issues to our knowledge that have not been disclosed to the client that would cause a distortion of the association’s situation.

We have relied upon the client to provide the current (or projected) Reserve Balance, the estimated net-after-tax current rate of interest earnings, and to indicate if those earnings accrue to the Reserve Fund. In addition, we have considered the association’s representation of current and historical Reserve projects reliable, and we have considered the representations made by its vendors and suppliers to also be accurate and reliable.

Component quantities indicated in this Report were derived from the prior Reserve Study, unless otherwise noted in our “Site Inspection Notes” comments. No destructive or intrusive testing was performed, nor should the site inspection be assumed to be anything other than for budget purposes.

Terms and Definitions

BTU	British Thermal Unit (a standard unit of energy)
DIA	Diameter
GSF	Gross Square Feet (area)
GSY	Gross Square Yards (area)
HP	Horsepower
LF	Linear Feet (length)

Effective Age: The difference between Useful Life and Remaining Useful Life. Note that this is not necessarily equivalent to the chronological age of the component.

Fully Funded Balance (FFB): The Reserve Balance that is in direct proportion to the fraction of life “used up” of the current Repair or Replacement cost. This benchmark balance represents the value of the deterioration of the Reserve Components. This number is calculated for each component, then summed together for an association total.

$$\text{FFB} = (\text{Current Cost} \times \text{Effective Age}) / \text{Useful Life}$$

Inflation: Cost factors are adjusted for inflation at the rate defined in the Executive Summary and compounded annually. These increasing costs can be seen as you follow the recurring cycles of a component on Table 5.

Interest: Interest earnings on Reserve Funds are calculated using the average balance for the year (taking into account income and expenses through the year) and compounded monthly using the rate defined in the Executive Summary. Annual interest earning assumption appears in the Executive Summary, page ii.

Percent Funded: The ratio, at a particular point in time (typically the beginning of the Fiscal Year), of the actual (or projected) Reserve Balance to the Fully Funded Balance, expressed as a percentage.

Remaining Useful Life: The estimated time, in years, that a common area component can be expected to continue to serve its intended function.

Useful Life: The estimated time, in years, that a common area component can be expected to serve its intended function.