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Update "With-Site-Visit" Reserve Study



Big Sky Glen Meadow Simi Valley, CA

Report #: 13144-5
For Period Beginning: June 1, 2019
Expires: May 31, 2020

Date Prepared: April 25, 2019



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:

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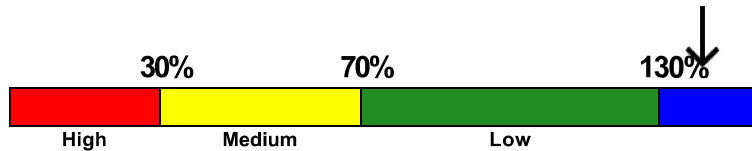
3- Minute Executive Summary

Association: Big Sky **Assoc. #: 13144-5**
 Glen Meadow
Location: Simi Valley, CA **# of Units: 59**
Report Period: June 1, 2019 through May 31, 2020

Findings/Recommendations as-of: June 1, 2019

Projected Starting Reserve Balance	\$670,774
Current Fully Funded Reserve Balance	\$290,893
Average Reserve Deficit (Surplus) Per Unit	(\$6,439)
Percent Funded	230.6 %
2019 Recommended Monthly Contributions	\$1,646
2019 Recommended Special Assessments for Reserves	\$0
Most Recent Reserve Contribution	\$1,646

Reserves % Funded: 230.6%



Special Assessment Risk:

Economic Assumptions:

Net Annual "After Tax" Interest Earnings Accruing to Reserves2.00 %
 Annual Inflation Rate3.00 %

This is a With-Site Visit update based on a prior Reserve Study prepared by Association Reserves, Inc. for your 2018/2019 Fiscal Year. We performed the site inspection on 4/9/2019.

This Reserve Study was prepared by a credentialed Reserve Specialist (RS #266).

Because your Reserve Fund is (above 130%) at 230.6 % Funded, this represents a surplus Reserve position. Associations in this range have a Low risk of Reserve cash-flow problems (such as special assessments and/or deferred maintenance) in the near future.

Based on this starting point, your anticipated future expenses, and your historical Reserve contribution rate, our recommendation is to maintain your Reserve contributions.

Your multi-year Funding Plan is designed to provide for timely execution of Reserve projects and to keep your association at or near the "Fully Funded" (100%) level.

# Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost
Inventory			
201 Asphalt - Remove/Replace	28	14	\$429,000
202 Asphalt - Seal/Repair	5	0	\$21,250
503 Metal Fence/Rail - Replace	24	11	\$7,600
503 Vehicle Gates - Replace	24	11	\$44,000
504 Vehicle Gates - Repair	8	7	\$2,100
704 Intercoms - Replace	15	14	\$17,150
705 Gate Operators - Replace	12	2	\$26,800
1107 Metal Fence/Rail - Repaint	5	4	\$3,600
1402 Entry Monument - Refurbish	15	5	\$4,100
9 Total Funded Components			

Note 1: Yellow highlighted line items are expected to require attention in this 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 combination of research and well-defined computations, following consistent National Reserve Study Standard principles.

The foundation of this and every Reserve Study is your Reserve Component List (what you are reserving for). This is because the Reserve Component List defines the *scope and schedule* of all your anticipated upcoming Reserve projects. Based on that List and your starting balance, we calculate the association's Reserve Fund Strength (reported in terms of "Percent Funded"). Then we compute a Reserve Funding Plan to provide for the Reserve needs of the association. These form the three results of your Reserve Study.



Reserve contributions are not “for the future”. Reserve contributions are designed to offset the ongoing, daily deterioration of your Reserve assets. Done well, a stable, budgeted Reserve Funding Plan will collect sufficient funds from the owners who enjoyed the use of those assets, so the association is financially prepared for the irregular expenditures scattered through future years when those projects eventually require replacement.

Methodology



For this [Update With-Site-Visit Reserve Study](#), we started with a review of your prior Reserve Study, then looked into recent Reserve expenditures, evaluated how expenditures are handled (ongoing maintenance vs Reserves), and researched any well-established association precedents. We performed an on-site inspection to evaluate your common areas, updating and adjusting your Reserve Component List as appropriate.

Which Physical Assets are Funded by Reserves?

There is a national-standard four-part test to determine which expenses should appear in your Reserve Component List. First, it must be a common area maintenance responsibility. Second, the component must have a limited life. Third, the remaining 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 (often between .5% and 1% of an association's total budget). 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.

How do we establish Useful Life and Remaining Useful Life estimates?

- 1) Visual Inspection (observed wear and age)
- 2) Association Reserves database of experience
- 3) Client History (install dates & previous life cycle information)
- 4) Vendor Evaluation and Recommendation

How do we establish Current Repair/Replacement Cost Estimates?

In this order...

- 1) Actual client cost history, or current proposals
- 2) Comparison to Association Reserves database of work done at similar associations
- 3) Vendor Recommendations
- 4) Reliable National Industry cost estimating guidebooks

How much Reserves are enough?

Reserve adequacy is not measured in cash terms. Reserve adequacy is found when the *amount* of current Reserve cash is compared to Reserve component deterioration (the *needs of the association*). Having *enough* means the association can execute its projects in a timely manner with existing Reserve funds. Not having *enough* typically creates deferred maintenance or special assessments.

Adequacy is measured in a two-step process:

- 1) Calculate the *value of deterioration* at the association (called Fully Funded Balance, or FFB).
- 2) Compare that to the Reserve Fund Balance, and express as a percentage.



Each year, the *value of deterioration* at the association changes. When there is more deterioration (as components approach the time they need to be replaced), there should be more cash to offset that deterioration and prepare for the expenditure. Conversely, the *value of deterioration* shrinks after projects are accomplished. The *value of deterioration* (the FFB) changes each year, and is a moving but predictable target.

There is a high risk of special assessments and deferred maintenance when the Percent Funded is *weak*, below 30%. Approximately 30% of all associations are in this high risk range. While the 100% point is Ideal (indicating Reserve cash is equal to the *value of deterioration*), a Reserve Fund in the 70% - 130% range is considered strong (low risk of special assessment).

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?



RESERVE FUNDING PRINCIPLES

According to National Reserve Study Standards, there are four Funding Principles to 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. Second, a stable contribution is desirable because it keeps these naturally irregular expenses from unsettling the budget.

Reserve contributions that are evenly distributed over current and future owners enable each owner to pay their fair share of the association's Reserve expenses over the years. And finally, we develop a plan that is fiscally responsible and safe for Boardmembers to recommend to their association. Remember, it is the Board's job to provide for the ongoing care of the common areas. Boardmembers invite liability exposure when Reserve contributions are inadequate to offset ongoing common area deterioration.

What is our Recommended Funding Goal?

Maintaining the Reserve Fund at a level equal to the *value* of deterioration is called "Full Funding" (100% Funded). As each asset ages and becomes "used up," the Reserve Fund grows proportionally. **This is simple, responsible, and our recommendation.** Evidence shows that associations in the 70 - 130% range *enjoy a low risk of special assessments or deferred maintenance.*



FUNDING OBJECTIVES

Allowing the Reserves to fall close to zero, but not below zero, is called Baseline Funding. Doing so allows the Reserve Fund to drop into the 0 - 30% range, where there is a high risk of special assessments & deferred maintenance. Since Baseline Funding still provides for the timely execution of all Reserve projects, and only the "margin of safety" is different, Baseline Funding contributions average only 10% - 15% less than Full Funding contributions. Threshold Funding is the title of all other Cash or Percent Funded objectives *between* Baseline Funding and Full Funding.

Site Inspection Notes

During our site visit on 4/9/2019, we started with a brief meeting with Chuck Moore, and then started the site inspection beginning with the main entry. We visually inspected the property, and were able to see all areas.

Please refer to the Photographic Inventory Appendix for additional information on each of your Reserve components.



Projected Expenses

While this Reserve Study looks forward 30 years, we have no expectation that all these expenses will all take place as anticipated. This Reserve Study needs to be updated annually because we expect the timing of these expenses to shift and the size of these expenses to change. We do feel more certain of the timing and cost of near-term expenses than expenses many years away. Please be aware of your near-term expenses, which we are able to project more accurately than the more distant projections.

The figure below summarizes the projected future expenses at your association as defined by your Reserve Component List. A summary of these components are shown in the Component Details table, while a summary of the expenses themselves are shown in the 30-yr Expense Summary table. Note the range of expenses.

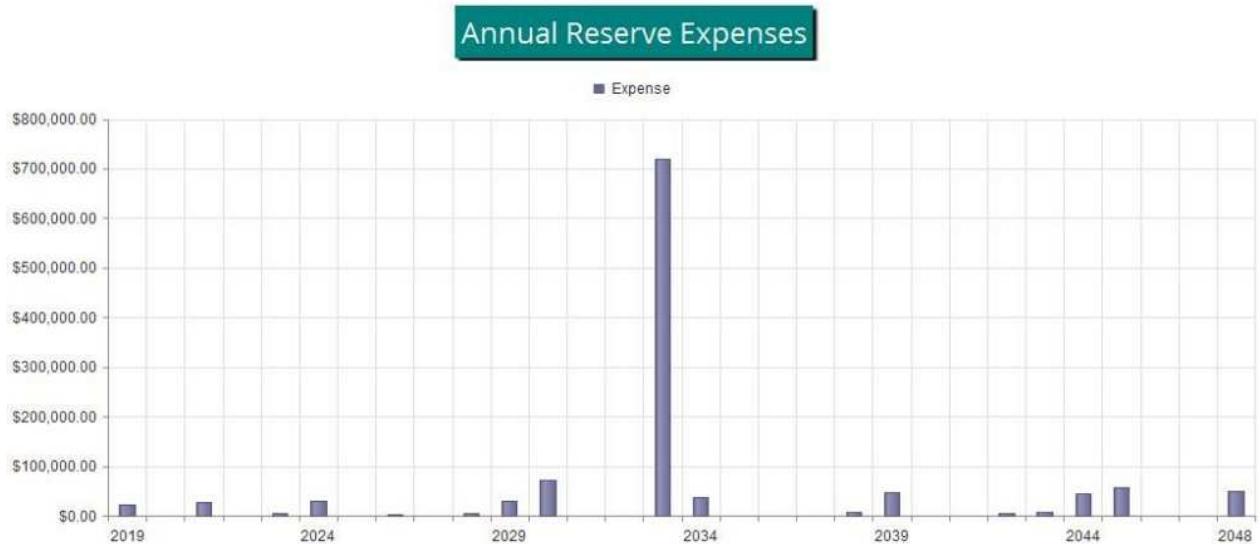


Figure 1

Reserve Fund Status

The starting point for our financial analysis is your Reserve Fund balance, projected to be \$670,774 as-of the start of your Fiscal Year on 6/1/2019. This is based on your actual balance on 5/1/2019 of \$670,774 and anticipated Reserve contributions (\$0.00) projected through the end of your Fiscal Year. As of your Fiscal Year Start, your Fully Funded Balance is computed to be \$290,893. This figure represents the deteriorated value of your common area components. Comparing your Reserve Balance to your Fully Funded Balance indicates your Reserves are 230.6 % Funded.

Recommended Funding Plan

Based on your current Percent Funded and your near-term and long-term Reserve needs, we are recommending budgeted contributions of \$1,646 per month this Fiscal Year. The overall 30-yr plan, in perspective, is shown below. This same information is shown numerically in both the 30-yr Summary and the Cash Flow Detail tables.

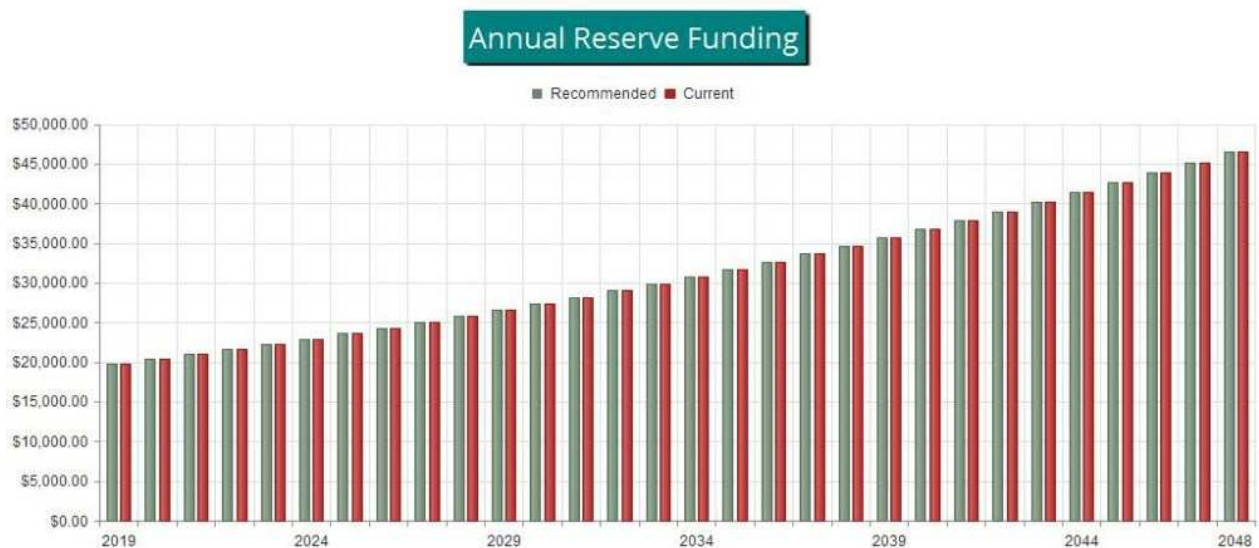


Figure 2

The following chart shows your Reserve balance under our recommended Full Funding Plan and at your current budgeted contribution rate, compared to your always-changing Fully Funded Balance target.

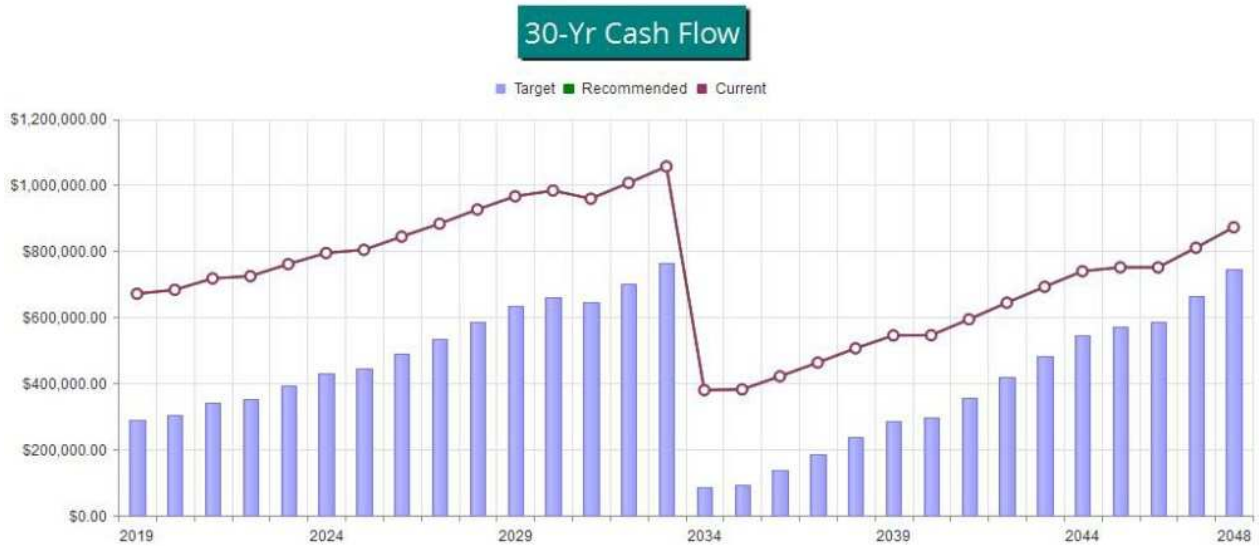


Figure 3

This figure shows the same information plotted on a Percent Funded scale. It is clear here to see how your Reserve Fund strength approaches the 100% Funded level under our recommended multi-yr Funding Plan.

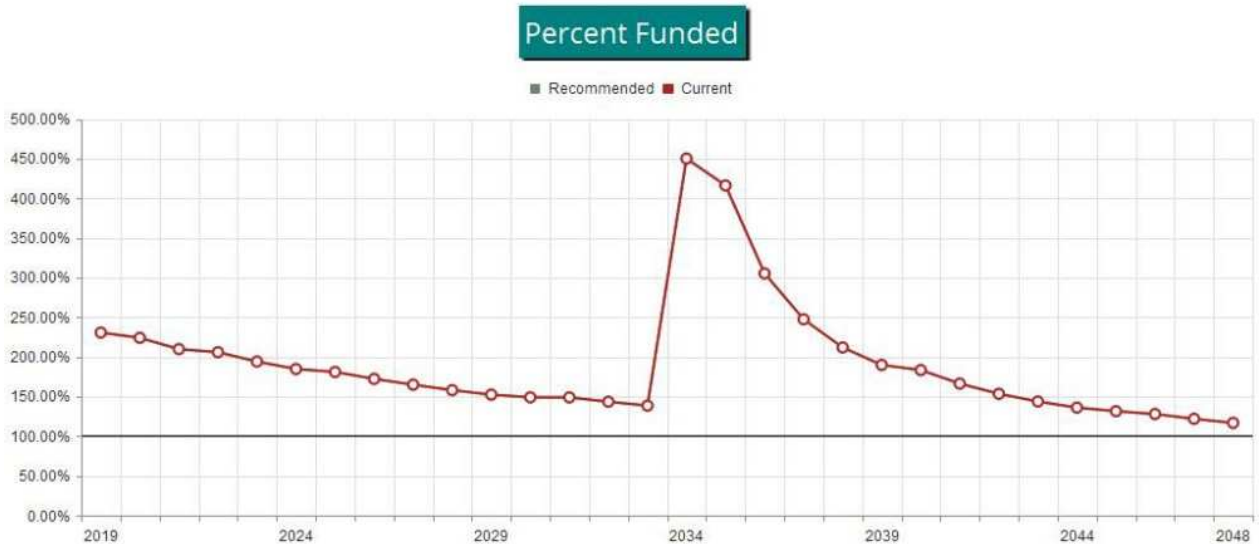


Figure 4

Table Descriptions

Executive Summary is a summary of your Reserve Components

Reserve Component List Detail discloses key Component information, providing the foundation upon which the financial analysis is performed.

Fully Funded Balance shows the calculation of the Fully Funded Balance for each of your components, and their contributions to the association total. For each component, the Fully Funded Balance is the fraction of life used up multiplied by its estimated Current Replacement Cost.

Component Significance shows the relative significance of each component to Reserve funding needs of the association, helping you see which components have more (or less) influence than others on your total Reserve contribution rate. The deterioration cost/yr of each component is calculated by dividing the estimated Current Replacement Cost by its Useful Life, then that component's percentage of the total is displayed.

Accounting-Tax Summary provides information on each Component's proportionate portion of key totals, valuable to accounting professionals primarily during tax preparation time of year.

30-Yr Reserve Plan Summary provides a one-page 30-year summary of the cash flowing into and out of the Reserve Fund, with a display of the Fully Funded Balance, Percent Funded, and special assessment risk at the beginning of each year.

30-Year Income/Expense Detail shows the detailed income and expenses for each of the next 30 years. This table makes it possible to see which components are projected to require repair or replacement in a particular year, and the size of those individual expenses.

Reserve Component List Detail

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#	Component	Quantity	Useful Life	Rem. Useful Life	Current Cost Estimate	
					Best Case	Worst Case
Inventory						
201	Asphalt - Remove/Replace	Approx. 140,000 GSF	28	14	\$358,000	\$500,000
202	Asphalt - Seal/Repair	Approx. 140,000 GSF	5	0	\$17,500	\$25,000
503	Metal Fence/Rail - Replace	Approx. 164 LF	24	11	\$6,800	\$8,400
503	Vehicle Gates - Replace	(4) Sets of Metal Gates	24	11	\$40,000	\$48,000
504	Vehicle Gates - Repair	(2) Sets of Vehicle Gates	8	7	\$1,900	\$2,300
704	Intercoms - Replace	(2) Liftmaster	15	14	\$14,100	\$20,200
705	Gate Operators - Replace	(8) Elite Swing Operators	12	2	\$24,000	\$29,600
1107	Metal Fence/Rail - Repaint	Approx. 250 LF	5	4	\$3,300	\$3,900
1402	Entry Monument - Refurbish	(10) Letters/Wall	15	5	\$3,100	\$5,100
9 Total Funded Components						

#	Component	Current Cost Estimate	X	Effective Age	/	Useful Life	=	Fully Funded Balance
Inventory								
201	Asphalt - Remove/Replace	\$429,000	X	14	/	28	=	\$214,500
202	Asphalt - Seal/Repair	\$21,250	X	5	/	5	=	\$21,250
503	Metal Fence/Rail - Replace	\$7,600	X	13	/	24	=	\$4,117
503	Vehicle Gates - Replace	\$44,000	X	13	/	24	=	\$23,833
504	Vehicle Gates - Repair	\$2,100	X	1	/	8	=	\$263
704	Intercoms - Replace	\$17,150	X	1	/	15	=	\$1,143
705	Gate Operators - Replace	\$26,800	X	10	/	12	=	\$22,333
1107	Metal Fence/Rail - Repaint	\$3,600	X	1	/	5	=	\$720
1402	Entry Monument - Refurbish	\$4,100	X	10	/	15	=	\$2,733
								\$290,893

Component Significance

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#	Component	Useful Life (yrs)	Current Cost Estimate	Deterioration Cost/Yr	Deterioration Significance
Inventory					
201	Asphalt - Remove/Replace	28	\$429,000	\$15,321	58.14 %
202	Asphalt - Seal/Repair	5	\$21,250	\$4,250	16.13 %
503	Metal Fence/Rail - Replace	24	\$7,600	\$317	1.20 %
503	Vehicle Gates - Replace	24	\$44,000	\$1,833	6.96 %
504	Vehicle Gates - Repair	8	\$2,100	\$263	1.00 %
704	Intercoms - Replace	15	\$17,150	\$1,143	4.34 %
705	Gate Operators - Replace	12	\$26,800	\$2,233	8.47 %
1107	Metal Fence/Rail - Repaint	5	\$3,600	\$720	2.73 %
1402	Entry Monument - Refurbish	15	\$4,100	\$273	1.04 %
9	Total Funded Components			\$26,354	100.00 %

# Component	UL	RUL	Current Cost Estimate	Fully Funded Balance	Proportional Reserve Contribs
Inventory					
201 Asphalt - Remove/Replace	28	14	\$429,000	\$214,500	\$956.94
202 Asphalt - Seal/Repair	5	0	\$21,250	\$21,250	\$265.44
503 Metal Fence/Rail - Replace	24	11	\$7,600	\$4,117	\$19.78
503 Vehicle Gates - Replace	24	11	\$44,000	\$23,833	\$114.51
504 Vehicle Gates - Repair	8	7	\$2,100	\$263	\$16.40
704 Intercoms - Replace	15	14	\$17,150	\$1,143	\$71.41
705 Gate Operators - Replace	12	2	\$26,800	\$22,333	\$139.49
1107 Metal Fence/Rail - Repaint	5	4	\$3,600	\$720	\$44.97
1402 Entry Monument - Refurbish	15	5	\$4,100	\$2,733	\$17.07
9 Total Funded Components				\$290,892	\$1,646

30-Year Reserve Plan Summary

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Fiscal Year Start: 2019

Interest:

2.00 %

Inflation:

3.00 %

Reserve Fund Strength Calculations: (All values of Fiscal Year Start Date)

Projected Reserve Balance Changes

Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Special Assmt Risk	% Increase		Loan or Special Assmts	Interest Income	Reserve Expenses
					In Annual Reserve Contribs.	Reserve Contribs.			
2019	\$670,774	\$290,893	230.6 %	Low	0.00 %	\$19,752	\$0	\$13,524	\$21,250
2020	\$682,800	\$304,876	224.0 %	Low	3.00 %	\$20,345	\$0	\$13,987	\$0
2021	\$717,132	\$341,981	209.7 %	Low	3.00 %	\$20,955	\$0	\$14,399	\$28,432
2022	\$724,054	\$351,754	205.8 %	Low	3.00 %	\$21,584	\$0	\$14,832	\$0
2023	\$760,470	\$391,968	194.0 %	Low	3.00 %	\$22,231	\$0	\$15,533	\$4,052
2024	\$794,182	\$430,105	184.6 %	Low	3.00 %	\$22,898	\$0	\$15,965	\$29,388
2025	\$803,657	\$444,207	180.9 %	Low	3.00 %	\$23,585	\$0	\$16,459	\$0
2026	\$843,701	\$489,945	172.2 %	Low	3.00 %	\$24,292	\$0	\$17,249	\$2,583
2027	\$882,660	\$535,367	164.9 %	Low	3.00 %	\$25,021	\$0	\$18,068	\$0
2028	\$925,749	\$585,814	158.0 %	Low	3.00 %	\$25,772	\$0	\$18,898	\$4,697
2029	\$965,722	\$633,968	152.3 %	Low	3.00 %	\$26,545	\$0	\$19,472	\$28,558
2030	\$983,181	\$660,052	149.0 %	Low	3.00 %	\$27,341	\$0	\$19,400	\$71,426
2031	\$958,496	\$643,859	148.9 %	Low	3.00 %	\$28,162	\$0	\$19,631	\$0
2032	\$1,006,289	\$701,876	143.4 %	Low	3.00 %	\$29,006	\$0	\$20,604	\$0
2033	\$1,055,899	\$762,795	138.4 %	Low	3.00 %	\$29,877	\$0	\$14,339	\$720,825
2034	\$379,291	\$84,288	450.0 %	Low	3.00 %	\$30,773	\$0	\$7,599	\$36,379
2035	\$381,284	\$91,637	416.1 %	Low	3.00 %	\$31,696	\$0	\$8,016	\$0
2036	\$420,996	\$137,945	305.2 %	Low	3.00 %	\$32,647	\$0	\$8,827	\$0
2037	\$462,471	\$186,950	247.4 %	Low	3.00 %	\$33,626	\$0	\$9,674	\$0
2038	\$505,771	\$238,770	211.8 %	Low	3.00 %	\$34,635	\$0	\$10,494	\$6,313
2039	\$544,588	\$287,029	189.7 %	Low	3.00 %	\$35,674	\$0	\$10,890	\$45,785
2040	\$545,368	\$297,508	183.3 %	Low	3.00 %	\$36,745	\$0	\$11,379	\$0
2041	\$593,491	\$356,930	166.3 %	Low	3.00 %	\$37,847	\$0	\$12,361	\$0
2042	\$643,699	\$419,649	153.4 %	Low	3.00 %	\$38,982	\$0	\$13,344	\$4,145
2043	\$691,881	\$481,542	143.7 %	Low	3.00 %	\$40,152	\$0	\$14,297	\$7,318
2044	\$739,011	\$543,630	135.9 %	Low	3.00 %	\$41,356	\$0	\$14,885	\$44,493
2045	\$750,760	\$570,946	131.5 %	Low	3.00 %	\$42,597	\$0	\$15,000	\$57,797
2046	\$750,560	\$587,084	127.8 %	Low	3.00 %	\$43,875	\$0	\$15,592	\$0
2047	\$810,027	\$664,992	121.8 %	Low	3.00 %	\$45,191	\$0	\$16,806	\$0
2048	\$872,024	\$747,046	116.7 %	Low	3.00 %	\$46,547	\$0	\$17,578	\$48,899

30-Year Income/Expense Detail

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Fiscal Year	2019	2020	2021	2022	2023
Starting Reserve Balance	\$670,774	\$682,800	\$717,132	\$724,054	\$760,470
Annual Reserve Contribution	\$19,752	\$20,345	\$20,955	\$21,584	\$22,231
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$13,524	\$13,987	\$14,399	\$14,832	\$15,533
Total Income	\$704,050	\$717,132	\$752,486	\$760,470	\$798,234
# Component					
Inventory					
201 Asphalt - Remove/Replace	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$21,250	\$0	\$0	\$0	\$0
503 Metal Fence/Rail - Replace	\$0	\$0	\$0	\$0	\$0
503 Vehicle Gates - Replace	\$0	\$0	\$0	\$0	\$0
504 Vehicle Gates - Repair	\$0	\$0	\$0	\$0	\$0
704 Intercoms - Replace	\$0	\$0	\$0	\$0	\$0
705 Gate Operators - Replace	\$0	\$0	\$28,432	\$0	\$0
1107 Metal Fence/Rail - Repaint	\$0	\$0	\$0	\$0	\$4,052
1402 Entry Monument - Refurbish	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$21,250	\$0	\$28,432	\$0	\$4,052
Ending Reserve Balance	\$682,800	\$717,132	\$724,054	\$760,470	\$794,182

Fiscal Year	2024	2025	2026	2027	2028
Starting Reserve Balance	\$794,182	\$803,657	\$843,701	\$882,660	\$925,749
Annual Reserve Contribution	\$22,898	\$23,585	\$24,292	\$25,021	\$25,772
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$15,965	\$16,459	\$17,249	\$18,068	\$18,898
Total Income	\$833,045	\$843,701	\$885,242	\$925,749	\$970,420
# Component					
Inventory					
201 Asphalt - Remove/Replace	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$24,635	\$0	\$0	\$0	\$0
503 Metal Fence/Rail - Replace	\$0	\$0	\$0	\$0	\$0
503 Vehicle Gates - Replace	\$0	\$0	\$0	\$0	\$0
504 Vehicle Gates - Repair	\$0	\$0	\$2,583	\$0	\$0
704 Intercoms - Replace	\$0	\$0	\$0	\$0	\$0
705 Gate Operators - Replace	\$0	\$0	\$0	\$0	\$0
1107 Metal Fence/Rail - Repaint	\$0	\$0	\$0	\$0	\$4,697
1402 Entry Monument - Refurbish	\$4,753	\$0	\$0	\$0	\$0
Total Expenses	\$29,388	\$0	\$2,583	\$0	\$4,697
Ending Reserve Balance	\$803,657	\$843,701	\$882,660	\$925,749	\$965,722

Fiscal Year	2029	2030	2031	2032	2033
Starting Reserve Balance	\$965,722	\$983,181	\$958,496	\$1,006,289	\$1,055,899
Annual Reserve Contribution	\$26,545	\$27,341	\$28,162	\$29,006	\$29,877
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$19,472	\$19,400	\$19,631	\$20,604	\$14,339
Total Income	\$1,011,740	\$1,029,923	\$1,006,289	\$1,055,899	\$1,100,115
# Component					
Inventory					
201 Asphalt - Remove/Replace	\$0	\$0	\$0	\$0	\$648,901
202 Asphalt - Seal/Repair	\$28,558	\$0	\$0	\$0	\$0
503 Metal Fence/Rail - Replace	\$0	\$10,520	\$0	\$0	\$0
503 Vehicle Gates - Replace	\$0	\$60,906	\$0	\$0	\$0
504 Vehicle Gates - Repair	\$0	\$0	\$0	\$0	\$0
704 Intercoms - Replace	\$0	\$0	\$0	\$0	\$25,941
705 Gate Operators - Replace	\$0	\$0	\$0	\$0	\$40,537
1107 Metal Fence/Rail - Repaint	\$0	\$0	\$0	\$0	\$5,445
1402 Entry Monument - Refurbish	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$28,558	\$71,426	\$0	\$0	\$720,825
Ending Reserve Balance	\$983,181	\$958,496	\$1,006,289	\$1,055,899	\$379,291

Fiscal Year	2034	2035	2036	2037	2038
Starting Reserve Balance	\$379,291	\$381,284	\$420,996	\$462,471	\$505,771
Annual Reserve Contribution	\$30,773	\$31,696	\$32,647	\$33,626	\$34,635
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$7,599	\$8,016	\$8,827	\$9,674	\$10,494
Total Income	\$417,663	\$420,996	\$462,471	\$505,771	\$550,901
# Component					
Inventory					
201 Asphalt - Remove/Replace	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$33,107	\$0	\$0	\$0	\$0
503 Metal Fence/Rail - Replace	\$0	\$0	\$0	\$0	\$0
503 Vehicle Gates - Replace	\$0	\$0	\$0	\$0	\$0
504 Vehicle Gates - Repair	\$3,272	\$0	\$0	\$0	\$0
704 Intercoms - Replace	\$0	\$0	\$0	\$0	\$0
705 Gate Operators - Replace	\$0	\$0	\$0	\$0	\$0
1107 Metal Fence/Rail - Repaint	\$0	\$0	\$0	\$0	\$6,313
1402 Entry Monument - Refurbish	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$36,379	\$0	\$0	\$0	\$6,313
Ending Reserve Balance	\$381,284	\$420,996	\$462,471	\$505,771	\$544,588

Fiscal Year	2039	2040	2041	2042	2043
Starting Reserve Balance	\$544,588	\$545,368	\$593,491	\$643,699	\$691,881
Annual Reserve Contribution	\$35,674	\$36,745	\$37,847	\$38,982	\$40,152
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$10,890	\$11,379	\$12,361	\$13,344	\$14,297
Total Income	\$591,153	\$593,491	\$643,699	\$696,026	\$746,329
# Component					
Inventory					
201 Asphalt - Remove/Replace	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$38,380	\$0	\$0	\$0	\$0
503 Metal Fence/Rail - Replace	\$0	\$0	\$0	\$0	\$0
503 Vehicle Gates - Replace	\$0	\$0	\$0	\$0	\$0
504 Vehicle Gates - Repair	\$0	\$0	\$0	\$4,145	\$0
704 Intercoms - Replace	\$0	\$0	\$0	\$0	\$0
705 Gate Operators - Replace	\$0	\$0	\$0	\$0	\$0
1107 Metal Fence/Rail - Repaint	\$0	\$0	\$0	\$0	\$7,318
1402 Entry Monument - Refurbish	\$7,405	\$0	\$0	\$0	\$0
Total Expenses	\$45,785	\$0	\$0	\$4,145	\$7,318
Ending Reserve Balance	\$545,368	\$593,491	\$643,699	\$691,881	\$739,011

Fiscal Year	2044	2045	2046	2047	2048
Starting Reserve Balance	\$739,011	\$750,760	\$750,560	\$810,027	\$872,024
Annual Reserve Contribution	\$41,356	\$42,597	\$43,875	\$45,191	\$46,547
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$14,885	\$15,000	\$15,592	\$16,806	\$17,578
Total Income	\$795,252	\$808,357	\$810,027	\$872,024	\$936,149
# Component					
Inventory					
201 Asphalt - Remove/Replace	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$44,493	\$0	\$0	\$0	\$0
503 Metal Fence/Rail - Replace	\$0	\$0	\$0	\$0	\$0
503 Vehicle Gates - Replace	\$0	\$0	\$0	\$0	\$0
504 Vehicle Gates - Repair	\$0	\$0	\$0	\$0	\$0
704 Intercoms - Replace	\$0	\$0	\$0	\$0	\$40,415
705 Gate Operators - Replace	\$0	\$57,797	\$0	\$0	\$0
1107 Metal Fence/Rail - Repaint	\$0	\$0	\$0	\$0	\$8,484
1402 Entry Monument - Refurbish	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$44,493	\$57,797	\$0	\$0	\$48,899
Ending Reserve Balance	\$750,760	\$750,560	\$810,027	\$872,024	\$887,250

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 - Gold Coast, LLC., and its employees have no ownership, management, or other business relationships with the client other than this Reserve Study engagement. 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.

Terms and Definitions

BTU	British Thermal Unit (a standard unit of energy)
DIA	Diameter
GSF	Gross Square Feet (area). Equivalent to Square Feet
GSY	Gross Square Yards (area). Equivalent to Square Yards
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 value of the deterioration of the Reserve Components. This is the fraction of life "used up" of each component multiplied by its estimated Current Replacement. While calculated for each component, it is summed together for an association total.
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 the "30-yr Income/Expense Detail" table.
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.
Percent Funded	The ratio, at a particular point in time (the first day of the Fiscal Year), of the actual (or projected) Reserve Balance to the Fully Funded Balance, expressed as a percentage.
Remaining Useful Life (RUL)	The estimated time, in years, that a common area component can be expected to continue to serve its intended function.
Useful Life (UL)	The estimated time, in years, that a common area component can be expected to serve its intended function.

Component Details

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.

Inventory

Comp #: 201 Asphalt - Remove/Replace**Quantity: Approx. 140,000 GSF**

Location: Streets within gated community

Funded?: Yes.

History: Installed in 2005.

Comments: Moderate wear/tear and traffic patterns observed throughout. In fair overall condition at this time.

Useful Life:
28 yearsRemaining Life:
14 years

Best Case: \$ 358,000

Worst Case: \$ 500,000

Cost Source: ARI Cost Database

Comp #: 202 Asphalt - Seal/Repair**Quantity: Approx. 140,000 GSF**

Location: Streets within gated community

Funded?: Yes.

History: Sealed in 2014.

Comments: Regular cycles of seal coating (along with any needed repair) has proven to be the best program in our opinion for the long term care of asphalt pavement.

Useful Life:
5 yearsRemaining Life:
0 years

Best Case: \$ 17,500

Worst Case: \$ 25,000

Cost Source: ARI Cost Database

Comp #: 206 Stamped Concrete - Replace

Quantity: Approx. 4,500 GSF

Location: Just outside entry gates to Glenmeadow

Funded?: No.

History: Original.

Comments: Stamped concrete is faded and worn at this time. Association will reportedly replace as needed as an operating expense. No Reserve funding is required.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

Comp #: 320 Pole Lights - Replace

Quantity: (20) Fixtures

Location: Adjacent to streets within gated community

Funded?: No.

History:

Comments: Inspected during daylight hours, but assumed to be fully functional. Poles are expected to have an extended useful life under normal conditions. Handle necessary bulb and fixture replacements as needed as an Operating expense. No Reserve funding is required.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

Comp #: 503 Metal Fence/Rail - Replace

Quantity: Approx. 164 LF

Location: Main entry and exit areas, enclosing development

Funded?: Yes.

History: Original (2006).

Comments: Fencing is upright and stable at this time. No significant damage witnessed. In fair condition. Plan on eventual replacement.

Useful Life:
24 years

Remaining Life:
11 years



Best Case: \$ 6,800

Worst Case: \$ 8,400

Cost Source: ARI Cost Database

Comp #: 503 Vehicle Gates - Replace

Quantity: (4) Sets of Metal Gates

Location: Entries and exits to the Glen Meadows development

Funded?: Yes.

History: Original (2006).

Comments: Gates are intact and appear to be aging normally. No advanced damage or abuse detected. In fair condition. Plan on eventual replacement due to age and heavy usage.

Useful Life:
24 years

Remaining Life:
11 years



Best Case: \$ 40,000

Worst Case: \$ 48,000

Cost Source: ARI Cost Database

Comp #: 504 Vehicle Gates - Repair

Quantity: (2) Sets of Vehicle Gates

Location: Throughout the association

Funded?: Yes.

History: Repaired in 2018.

Comments: Funding has been provided for periodic repairs to help maintain this asset.

Useful Life:
8 years

Remaining Life:
7 years



Best Case: \$ 1,900

Worst Case: \$ 2,300

Cost Source: Estimate Provided by Client

Comp #: 704 Intercoms - Replace

Quantity: (2) Liftmaster

Location: Entry areas of the Glen Meadows development

Funded?: Yes.

History: Replaced in 2018.

Comments: Intercoms show minor wear and are aging well at this time. In good and functional condition.

Useful Life:
15 years

Remaining Life:
14 years



Best Case: \$ 14,100

Worst Case: \$ 20,200

Cost Source: Estimate Provided by Client

Comp #: 705 Gate Operators - Replace

Quantity: (8) Elite Swing Operators

Location: Entry/exit to Glen Meadows development

Funded?: Yes.

History: Original from 2006, but rebuilt in 2018.

Comments: Operators are serviceable, but are all older and worn. Anticipate the need to replace in the near future to ensure proper function. Remaining useful life has been adjusted to reflect 2018 repairs. Date: 2/21/2006.

Useful Life:
12 years

Remaining Life:
2 years



Best Case: \$ 24,000

Worst Case: \$ 29,600

Cost Source: ARI Cost Database

Comp #: 1107 Metal Fence/Rail - Repaint

Quantity: Approx. 250 LF

Location: Perimeter fencing and vehicle gates

Funded?: Yes.

History: Painted in 2018.

Comments: Surfaces are bright and aging well. Paint coverage is in good overall condition. Stick to repaint cycles to maintain this asset.

Useful Life:
5 years

Remaining Life:
4 years



Best Case: \$ 3,300

Worst Case: \$ 3,900

Cost Source: ARI Cost Database

Comp #: 1402 Entry Monument - Refurbish

Quantity: (10) Letters/Wall

Location: Western entry

Funded?: Yes.

History:

Comments: Wall and letters are sturdy and attractive. No advanced deterioration witnessed during inspection. In fair condition.

Useful Life:
15 years

Remaining Life:
5 years



Best Case: \$ 3,100

Worst Case: \$ 5,100

Cost Source: Estimate Provided by Client
