

Swains Creek Pines Lot Owners Association

Level 2 Reserve Study



Report Period – 01/01/2023 – 12/31/2023

Client Reference Number	12327
Property Type	Single Family Homes
Number of Units	707
Fiscal Year End	12/31

Type of Study	Update w/Site Visit
Date of Property Inspection	6/3/2022
Prepared By	Dale Gifford
Analysis Method	Cash Flow
Funding Goal	Full Funding

Report prepared on – Monday, June 27, 2022



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Glossary of Commonly used Words and Phrases

Executive Summary – Swains Creek Pines Lot Owners Association - ID # 12327

Information to complete this Reserve Study was gathered by performing an on-site inspection of the common area elements. In addition, we also obtained information by contacting any vendors and/or contractors that have worked on the property recently, as well as communicating with the property representative (BOD Member and/or Community Manager). To the best of our knowledge, the conclusions and recommendations of this report are considered reliable and accurate insofar as the information obtained from these sources.

Projected Starting Balance as of 01/01/2023	\$145,000
Ideal Reserve Balance as of 01/01/2023	\$229,742
Percent Funded as of 01/01/2023	63%
Recommended Reserve Contribution (per month)	\$2,285
Recommended Special Assessment	\$0

Swains Creek Pines Lot Owners Association is a 707-unit Single Family Home community. The community offers horse pasture, picnic pavilion, playground area, runway landing strip, and stocked lake as amenities.

Currently Programmed Projects

Projects programmed to occur this fiscal year (FY2023) include concrete slab pavilion replace (Comp# 602). We have programmed an estimate \$35,000 in reserve expenditures towards the completion of these projects. (See page 15)

Significant Reserve Projects

The association's significant reserve projects are lake dredging (Comp# 2301), water truck replace (Comp# 1901), play area groundcover replace (Comp# 1303), and concrete slab pavilion replace (Comp# 602). The fiscal significance of these components is approximately 27%, 17%, 8%, and 7% respectively (see page 9). A component's significance is calculated by dividing its replacement cost by its useful life. In this way, not only is a component's replacement cost considered but also the frequency of occurrence. These components most significantly contribute to the total monthly reserve contribution. As these components have a high level of fiscal significance the association should properly maintain them to ensure they reach their full useful lives.

Reserve Funding

In comparing the projected starting reserve balance of \$145,000 versus the ideal reserve balance of \$229,742 we find the association's reserve fund to be approximately 63% funded. This indicates a fair reserve fund position. In order to continue to strengthen the account fund, we suggest adopting a monthly reserve contribution of \$2,285 (\$3.23/unit) per month. If the contribution falls below this rate, then the reserve fund may fall into a situation where special assessments, deferred maintenance, and lower property values are likely at some point in the future.

Introduction

Reserve Study Purpose

The purpose of this Reserve Study is to provide the Association with a budgeting tool to help ensure that there are adequate reserve funds available to perform future reserve projects. The detailed schedules will serve as an advance warning that major projects will need to be addressed in the future. This will allow the Association to have ample time to obtain competitive bids for each project. It will also help to ensure the physical well-being of the property and ultimately enhance each owner's investment, while limiting the possibility of unexpected major projects that may lead to special assessments.

Preparer's Credentials

Mr. Gifford has been working in the community association industry for the last 16 years. Prior to taking a position, as the Regional Project Manager covering the Utah region, at Complex Solutions, he worked in community association management in Utah. While in community association management his positions included, Maintenance Supervisor, Senior Portfolio Manager and Vice President of Community Management. His work in community association management gave him extensive experience with; budget creation, reserves and reserve budgeting, community inspections and analyzing common area components.

- Professional Reserve Analyst (PRA) designation from Association of Professional Reserve Analysts (APRA), PRA #2320
- Reserve Specialist (RS) designation from Community Associations Institute (CAI), RS# 231
- Personally has prepared over 1,400 reserve studies in Salt Lake City Utah and surrounding areas
- Bachelor of Science in Chemistry from Emporia State University
- Certified Manager of Community Associations® (CMCA®) designation from the National Board of Certification for Community Association Managers (NBC-CAM)
- Association Management Specialist® (AMS®) designation from Community Associations Institute (CAI)
- Professional Community Association Manager® (PCAM®) designation from Community Associations Institute (CAI), PCAM# 1740,
- Active member and former Board member and chapter President of the Utah Chapter of Community Associations Institute (UCCAI)
- Recipient of Community Associations Institute's (CAI) annual award of Excellence in Chapter Leadership for service an achievement in 2010

Budget Breakdown

Every association conducts their business within a budget. There are typically two main parts to this budget, the Operating budget and the Reserve budget. The operating budget includes all expenses that occur on an annual basis as well as general maintenance and repairs. Typical operating budget line items include management fees, maintenance expenses, utilities, etc. The reserve budget is primarily made up of replacement items such as roofing, fencing, mechanical equipment, etc., that do not normally occur on an annual basis.

Report Sections

Reserve Analysis: this section contains the evaluation of the association's reserve balance, income, and expenses. It includes a finding of the client's current reserve fund status (measured as percent funded) and a recommendation for an appropriate reserve allocation rate (also known as the funding plan).

Component Evaluation: this section contains information regarding the physical status and replacement cost of reserve components the association is responsible to maintain. It is important to understand that while the component inventory will remain relatively "stable" from year to year, the condition assessment and life estimates will most likely vary from year to year.

General Information and Frequently Asked Questions

Is it the law to have a Reserve Study conducted?

The Government requires a reserve study in approximately 20 states. Also, the Association's governing documents may require a reserve fund be established. This does not mean a Reserve Study is required, but how are you going to know if you have enough money in the reserve fund if you do not have the proper information?

Why is it important to perform a Reserve Study?

This report provides the essential information that is needed to guide the Association in establishing the reserve portion of the total monthly assessment. The reserve fund is critical to the future of the association because it helps ensure that reserve projects can be completed on time. When projects are completed on time, deferred maintenance and the lower property values that typically accompany it can be avoided. It is suggested that a third party professionally prepare the Reserve Analysis Study since there is no vested interest in the property.

After we have a Reserve Study, what do we do with it?

Please take the time to review the report carefully and make sure the component information is complete and accurate. If there are any inaccuracies, or changes such as a component that the association feels should be added, removed, or altered, please inform us immediately so we may revise the report. Use the report to help establish your budget for the upcoming fiscal year.

How often do we review and update our Reserve Study?

There is a misconception that a Reserve Study is good for an extended period of time since the report has projections for a thirty year period. The assumptions, interest rates, inflation rates and other information used to create this report change each year. Scheduled events may not happen, unpredictable circumstances could occur, deterioration rates can be unpredictable and repair/replacement costs will vary from causes that are unforeseen. These variations alter the results of the Reserve Study. The Reserve Study should be professionally reviewed each year by having a Level III "no site visit" update reserve study performed. The Reserve Study should be professionally updated every three years by having a Level II "site visit" update reserve study performed.

What is a "Reserve Component" versus an "Operating Component"?

A "Reserve" component is an item that is the responsibility of the association to maintain, has a limited useful life, predictable remaining useful life, typically occurs on a cyclical basis that exceeds one year, and costs above a minimum threshold amount. An "Operating" component is typically a fixed expense that occurs on an annual basis.

What are the GREY areas of "maintenance" items that are often seen in a Reserve Study?

One of the most popular questions revolves around major "maintenance" items, such as painting the buildings or seal coating the asphalt. You may hear from your accountant that since painting or seal coating is not replacing a "capital" item, it cannot be considered a reserve component. However, it is the opinion of several major Reserve Study providers, including Complex Solutions, that these components meet the criteria of a reserve component.

Information and Data Gathered:

The information contained in this report is based on estimates and assumptions gathered from various sources. Estimated life expectancies are based upon conditions that were readily visible and accessible at the time of the site visit. While every effort has been made to ensure accurate results, this report reflects the judgment of Complex Solutions, Ltd. and should not be construed as a guarantee or assurance of predicting future events.

What happens during the Site Visit?

During the site visit we identify the common area components that we have determined require reserve funding. These components are quantified and a physical condition is observed. The site visit is conducted on the common areas as reported by client.

What is the Financial Analysis?

We project the starting balance by taking the most recent reserve fund balance as stated by the client and add expected reserve contributions to the end of the fiscal year. We then subtract the expenses of any pending projects. We compare this number to the Fully Funded Balance and arrive at the Percent Funded level. Based on that level of funding we then recommend a Funding Plan to help ensure the adequacy of funding in the future.

Measures of reserve fund financial strength are as follows:

- 0% - 30% Funded** is considered a “weak” financial position. Associations that fall into this category are more likely to have special assessments and deferred maintenance. Action should be taken to improve the financial strength of the reserve fund.
- 31% - 69% Funded** is considered a “fair” financial position. Associations that fall into this category are less likely to experience special assessments and deferred maintenance than being in a weak financial position. Action should be taken to improve the financial strength of the reserve fund.
- 70% - 99% Funded** is considered a “strong” financial position. Associations that fall into this category are less likely to experience special assessments and deferred maintenance than being in a fair financial position. Action should be taken to improve the financial strength of the reserve fund.
- 100% Funded** is considered an “ideal” financial position. Action should be taken to maintain the financial strength of the reserve fund.

Disclosures:

Information provided to the preparer of a reserve study by an official representative of the association regarding financial, historical, physical, quantitative or reserve project issues will be deemed reliable by the preparer. A reserve study will be a reflection of information provided to the preparer of the reserve study. The total of actual or projected reserves required as presented in the reserve study is based upon information provided that was not audited.

A reserve study is not intended to be used to perform an audit, an analysis of quality, a forensic study or a background check of historical records. An on-site inspection conducted in conjunction with a reserve study should not be deemed to be a project audit or quality inspection.

The results of this study are based on the independent opinion of the preparer and his experience and research during the course of his career in preparing Reserve Studies. In addition the opinions of experts on certain components have been gathered through research within their industry and with client’s actual vendors. There is no implied warranty or guarantee regarding our life and cost estimates/predictions. There is no implied warranty or guarantee in any of our work product. Our results and findings will vary from another preparer’s results and findings. A Reserve Study is necessarily a work in progress and subsequent Reserve Studies will vary from prior studies.

The projected life expectancy of the reserve components and the funding needs of the reserves of the association are based upon the association performing appropriate routine and preventative maintenance for each component. Failure to perform such maintenance can negatively impact the remaining useful life of the component and dramatically increase the funding needs of the reserves of the association.

This Reserve Study assumes that all construction assemblies and components identified herein are built properly and are free from defects in materials and/or workmanship. Defects can lead to reduced useful life and premature failure. It was not the intent of this Reserve Study to inspect for or to identify defects. If defects exist, repairs should be made so that the construction components and assemblies at the community reach the full and expected useful lives.

Site Visits: Should a site visit have been performed during the preparation of this reserve study no invasive testing was performed. The physical analysis performed during the site visit was not intended to be exhaustive in nature and may have included representative sampling. Estimated life expectancies and life cycles are based upon conditions that were readily accessible and visible at the time of the site visit. We have assumed any and all components have been properly built and will reach normal, typical life expectancies. A reserve study is not intended to identify or fund for construction defects. We did not and will not look for or identify construction defects during our site visit. In addition, environmental hazards (such as lead paint, asbestos, radon, etc.), have been excluded from this report.

Update Reserve Studies:

Level II Studies: Quantities of major components as reported in previous reserve studies are deemed to be accurate and reliable. The reserve study relies upon the validity of previous reserve studies.

Level III Studies: In addition to the above we have not visited the property when completing a Level III “No Site Visit” study. Therefore we have not verified the current condition of the components.

Insurance: We carry general and professional liability insurance as well as workers’ compensation insurance.

Actual or Perceived Conflicts of Interest: There are no potential actual or perceived conflicts of interest that we are aware of.

Inflation and Interest Rates: The after tax interest rate used in the financial analysis may or may not be based on the clients reported after tax interest rate. If it is, we have not verified or audited the reported rate. The inflation rate may also be based on an amount we believe appropriate given the 30-year horizon of this study and may or may not reflect current or historical inflation rates.

Funding Summary

Beginning Assumptions

# of units	707
Fiscal Year End	31-Dec
Budgeted Monthly Reserve Allocation	\$167
Projected Starting Reserve Balance	\$145,000
Ideal Starting Reserve Balance	\$229,742

Economic Assumptions

Projected Inflation Rate	3.50%
Reported After-Tax Interest Rate	0.10%

Current Reserve Status

Current Balance as a % of Ideal Balance	63%
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Recommendations

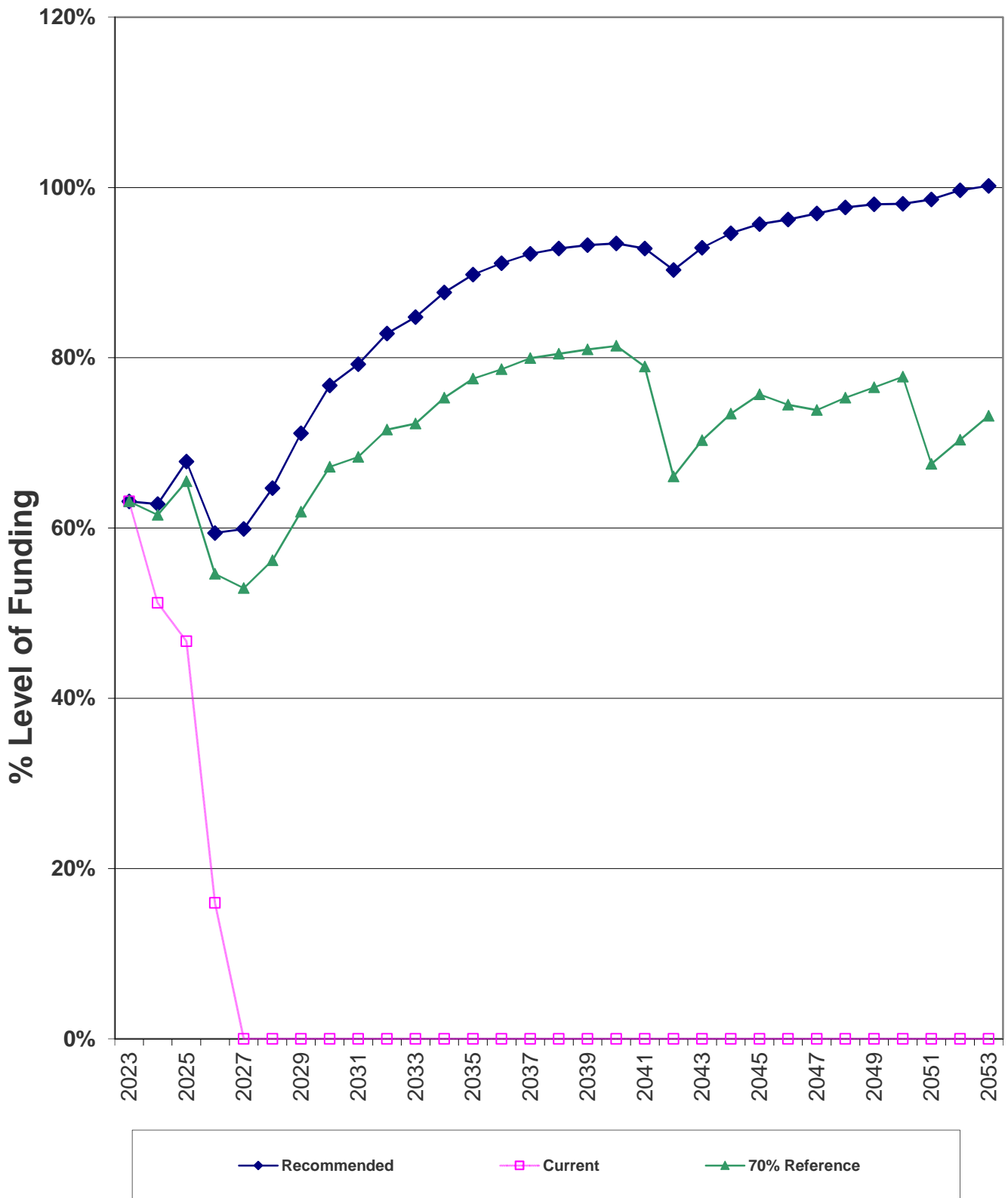
Recommended Monthly Reserve Allocation	\$2,285
Per Unit	\$3.23
Future Annual Increases	3.00%
For number of years:	30
Increases thereafter:	0.00%
70% Funded Monthly Reserve Allocation Reference	\$2,050
Per Unit	\$2.90
Future Annual Increases	3.00%
For number of years:	30
Increases thereafter:	0.00%

Changes From Prior Year

Recommended Increase to Reserve Allocation as Percentage	\$2,118 1271%
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Percent Funded - Graph



Component Inventory

Category	ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Best Cost	Worst Cost
Roofing	108	Metal Roofs - Replace	50	22	\$19,000	\$23,000
	108	Roof - Barn - Replace	50	48	\$9,000	\$10,000
Painted Surfaces	215	Barn Siding - Repair/Repaint	N/A		\$0	\$0
Siding Materials	304	Metal Siding - Replace	50	17	\$4,000	\$5,000
	390	Barn Siding - Replace	40	38	\$5,000	\$6,000
Decking	602	Concrete Slab - Pavilion - Replace	30	0	\$30,000	\$40,000
Prop. Identification	801	Entrance Arch - Replace	30	9	\$15,000	\$25,000
Life / Safety	903	Camera System - Replace	10	4	\$5,000	\$7,000
Fencing	1090	Boundary Fencing - Replace	N/A		\$0	\$0
	1090	Electric Fencing - Replace	N/A		\$0	\$0
Recreation Equip.	1301	Playground - Replace	25	17	\$20,000	\$30,000
	1303	Play Area Groundcover - Refill	5	2	\$6,000	\$8,000
	1306	Picnic Tables - Lake - Replace	20	3	\$8,000	\$12,000
	1306	Picnic Tables - Pavilion - Replace	20	3	\$11,000	\$16,000
	1307	Folding Tables - Replace	20	7	\$8,000	\$9,000
	1308	Folding Chairs - Replace	30	4	\$9,000	\$11,000
	1390	Pavilion Windscreen - Replace	15	2	\$4,000	\$5,000
Interiors	1413	Restrooms - Remodel	20	8	\$4,000	\$6,000
	1416	Office - Remodel	20	5	\$4,000	\$5,000
Vehicles / Equipm	1901	Water Truck - Replace	25	2	\$60,000	\$80,000
	1903	Weed Sprayer - Replace	15	3	\$2,500	\$3,000
	1905	Runway Roller - Replace	N/A		\$0	\$0
	1906	ATV - Replace	15	3	\$3,000	\$4,000
	1910	Pull Mower - Replace	10	7	\$3,500	\$4,000
	1911	Riding Mower - Replace	12	3	\$2,500	\$3,500
Lakes / Water Fea	2201	Lake - Dredging	25	18	\$105,000	\$126,000

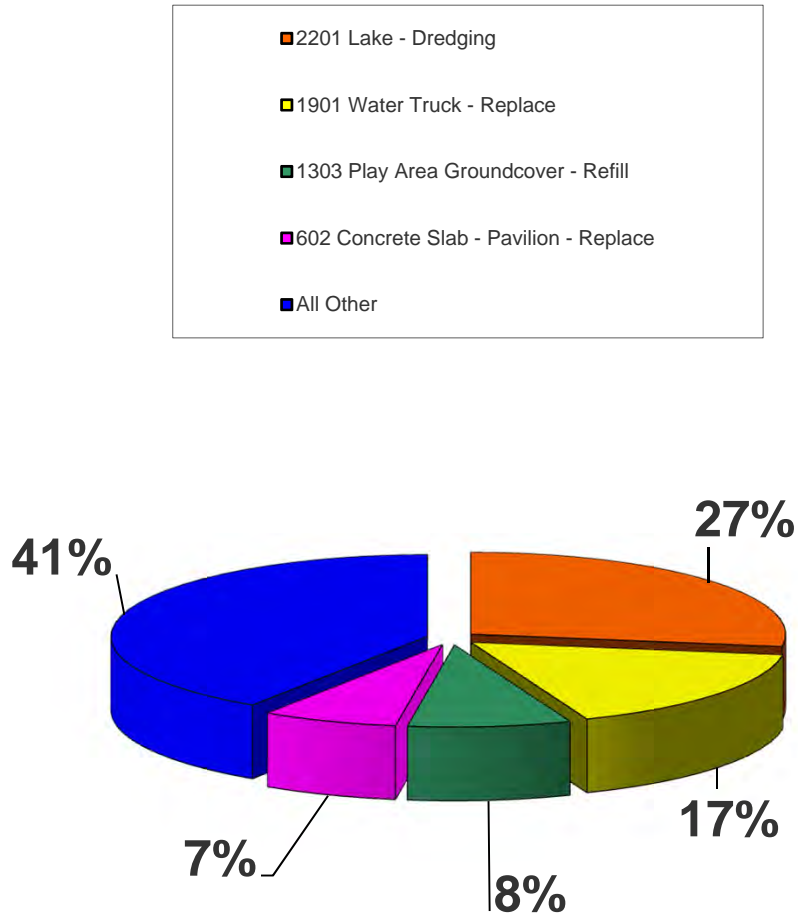


Significant Components

ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Average Current Cost	Significance: (Curr Cost/UL)	
					As \$	As %
108	Metal Roofs - Replace	50	22	\$21,000	\$420	2.4939%
108	Roof - Barn - Replace	50	48	\$9,500	\$190	1.1282%
304	Metal Siding - Replace	50	17	\$4,500	\$90	0.5344%
390	Barn Siding - Replace	40	38	\$5,500	\$138	0.8165%
602	Concrete Slab - Pavilion - Replace	30	0	\$35,000	\$1,167	6.9276%
801	Entrance Arch - Replace	30	9	\$20,000	\$667	3.9586%
903	Camera System - Replace	10	4	\$6,000	\$600	3.5628%
1301	Playground - Replace	25	17	\$25,000	\$1,000	5.9379%
1303	Play Area Groundcover - Refill	5	2	\$7,000	\$1,400	8.3131%
1306	Picnic Tables - Lake - Replace	20	3	\$10,000	\$500	2.9690%
1306	Picnic Tables - Pavilion - Replace	20	3	\$13,500	\$675	4.0081%
1307	Folding Tables - Replace	20	7	\$8,500	\$425	2.5236%
1308	Folding Chairs - Replace	30	4	\$10,000	\$333	1.9793%
1390	Pavilion Windscreen - Replace	15	2	\$4,500	\$300	1.7814%
1413	Restrooms - Remodel	20	8	\$5,000	\$250	1.4845%
1416	Office - Remodel	20	5	\$4,500	\$225	1.3360%
1901	Water Truck - Replace	25	2	\$70,000	\$2,800	16.6263%
1903	Weed Sprayer - Replace	15	3	\$2,750	\$183	1.0886%
1906	ATV - Replace	15	3	\$3,500	\$233	1.3855%
1910	Pull Mower - Replace	10	7	\$3,750	\$375	2.2267%
1911	Riding Mower - Replace	12	3	\$3,000	\$250	1.4845%
2201	Lake - Dredging	25	18	\$115,500	\$4,620	27.4333%



Significant Components - Graph



ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Average Current Cost	Significance: (Curr Cost/UL)	
					As \$	As %
2201	Lake - Dredging	25	18	\$115,500	\$4,620	27%
1901	Water Truck - Replace	25	2	\$70,000	\$2,800	17%
1303	Play Area Groundcover - Refill	5	2	\$7,000	\$1,400	8%
602	Concrete Slab - Pavilion - Replace	30	0	\$35,000	\$1,167	7%
All Other	See Expanded Table For Breakdown				\$6,854	41%

Yearly Summary

Year	Fully Funded Balance	Starting Reserve Balance	% Funded	Reserve Contributions	Interest Income	Reserve Expenses	Ending Reserve Balance
2023	\$229,742	\$145,000	63%	\$27,420	\$141	\$35,000	\$137,561
2024	\$218,988	\$137,561	63%	\$28,243	\$152	\$0	\$165,956
2025	\$244,693	\$165,956	68%	\$29,090	\$137	\$87,305	\$107,878
2026	\$181,568	\$107,878	59%	\$29,963	\$105	\$36,311	\$101,634
2027	\$169,667	\$101,634	60%	\$30,861	\$108	\$18,360	\$114,243
2028	\$176,604	\$114,243	65%	\$31,787	\$128	\$5,345	\$140,814
2029	\$197,955	\$140,814	71%	\$32,741	\$157	\$0	\$173,712
2030	\$226,310	\$173,712	77%	\$33,723	\$178	\$24,491	\$183,122
2031	\$231,058	\$183,122	79%	\$34,735	\$197	\$6,584	\$211,470
2032	\$255,283	\$211,470	83%	\$35,777	\$216	\$27,258	\$220,205
2033	\$259,762	\$220,205	85%	\$36,850	\$239	\$0	\$257,294
2034	\$293,441	\$257,294	88%	\$37,956	\$276	\$0	\$295,526
2035	\$329,159	\$295,526	90%	\$39,094	\$310	\$10,577	\$324,353
2036	\$356,070	\$324,353	91%	\$40,267	\$345	\$0	\$364,964
2037	\$395,792	\$364,964	92%	\$41,475	\$381	\$9,712	\$397,109
2038	\$427,807	\$397,109	93%	\$42,719	\$416	\$5,026	\$435,218
2039	\$466,780	\$435,218	93%	\$44,001	\$457	\$0	\$479,677
2040	\$513,342	\$479,677	93%	\$45,321	\$462	\$80,312	\$445,148
2041	\$479,467	\$445,148	93%	\$46,681	\$356	\$226,149	\$266,035
2042	\$294,561	\$266,035	90%	\$48,081	\$290	\$0	\$314,407
2043	\$338,380	\$314,407	93%	\$49,524	\$339	\$0	\$364,270
2044	\$384,906	\$364,270	95%	\$51,009	\$390	\$0	\$415,669
2045	\$434,274	\$415,669	96%	\$52,540	\$412	\$59,682	\$408,938
2046	\$424,855	\$408,938	96%	\$54,116	\$410	\$51,844	\$411,621
2047	\$424,520	\$411,621	97%	\$55,739	\$433	\$13,700	\$454,093
2048	\$464,998	\$454,093	98%	\$57,411	\$478	\$10,635	\$501,347
2049	\$511,458	\$501,347	98%	\$59,134	\$531	\$0	\$561,012
2050	\$571,993	\$561,012	98%	\$60,908	\$475	\$233,537	\$388,858
2051	\$394,428	\$388,858	99%	\$62,735	\$414	\$13,101	\$438,906
2052	\$440,343	\$438,906	100%	\$64,617	\$471	\$0	\$503,994



Reserve Contributions - Graph

Monthly Reserve Contributions



Component Funding Information

ID	Component Name	UL	RUL	Quantity	Average Current Cost	Ideal Balance	Current Fund Balance	Monthly
108	Metal Roofs - Replace	50	22	Approx 4,375 Sq.ft.	\$21,000	\$11,760	\$0	\$56.99
108	Roof - Barn - Replace	50	48	Approx 2,130 Sq.ft.	\$9,500	\$380	\$0	\$25.78
304	Metal Siding - Replace	50	17	Approx 875 Sq.ft.	\$4,500	\$2,970	\$0	\$12.21
390	Barn Siding - Replace	40	38	Approx 785 Sq.ft.	\$5,500	\$275	\$0	\$18.66
602	Concrete Slab - Pavilion - Replace	30	0	Approx 3,000 Sq.ft.	\$35,000	\$35,000	\$35,000	\$158.30
801	Entrance Arch - Replace	30	9	(1) Entrance Arch	\$20,000	\$14,000	\$0	\$90.45
903	Camera System - Replace	10	4	(1) Camera system	\$6,000	\$3,600	\$3,600	\$81.41
1301	Playground - Replace	25	17	(1) Playground	\$25,000	\$8,000	\$0	\$135.68
1303	Play Area Groundcover - Refill	5	2	Approx 5,700 Sq.ft.	\$7,000	\$4,200	\$4,200	\$189.95
1306	Picnic Tables - Lake - Replace	20	3	(10) Tables	\$10,000	\$8,500	\$8,500	\$67.84
1306	Picnic Tables - Pavilion - Replace	20	3	(13) Tables	\$13,500	\$11,475	\$11,475	\$91.59
1307	Folding Tables - Replace	20	7	(34) Tables	\$8,500	\$5,525	\$0	\$57.66
1308	Folding Chairs - Replace	30	4	(300) Folding chairs	\$10,000	\$8,667	\$6,675	\$45.23
1390	Pavilion Windscreen - Replace	15	2	Approx 125 Linear ft.	\$4,500	\$3,900	\$3,900	\$40.70
1413	Restrooms - Remodel	20	8	(2) Restrooms	\$5,000	\$3,000	\$0	\$33.92
1416	Office - Remodel	20	5	(1) Office	\$4,500	\$3,375	\$0	\$30.53
1901	Water Truck - Replace	25	2	(1) Water Truck	\$70,000	\$64,400	\$64,400	\$379.91
1903	Weed Sprayer - Replace	15	3	(1) Weed Sprayer	\$2,750	\$2,200	\$2,200	\$24.88
1906	ATV - Replace	15	3	(1) ATV	\$3,500	\$2,800	\$2,800	\$31.66
1910	Pull Mower - Replace	10	7	(1) Mower	\$3,750	\$1,125	\$0	\$50.88
1911	Riding Mower - Replace	12	3	(1) Mower	\$3,000	\$2,250	\$2,250	\$33.92
2201	Lake - Dredging	25	18	(1) Lake	\$115,500	\$32,340	\$0	\$626.85
					\$388,000	\$229,742	\$145,000	\$2,285

Current Fund Balance as a percentage of Ideal Balance: 63%



Yearly Cash Flow

Year	2023	2024	2025	2026	2027
Starting Balance	\$145,000	\$137,561	\$165,956	\$107,878	\$101,634
<i>Reserve Income</i>	\$27,420	\$28,243	\$29,090	\$29,963	\$30,861
<i>Interest Earnings</i>	\$141	\$152	\$137	\$105	\$108
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$172,561	\$165,956	\$195,182	\$137,945	\$132,604
Reserve Expenditures	\$35,000	\$0	\$87,305	\$36,311	\$18,360
Ending Balance	\$137,561	\$165,956	\$107,878	\$101,634	\$114,243

Year	2028	2029	2030	2031	2032
Starting Balance	\$114,243	\$140,814	\$173,712	\$183,122	\$211,470
<i>Reserve Income</i>	\$31,787	\$32,741	\$33,723	\$34,735	\$35,777
<i>Interest Earnings</i>	\$128	\$157	\$178	\$197	\$216
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$146,158	\$173,712	\$207,613	\$218,054	\$247,463
Reserve Expenditures	\$5,345	\$0	\$24,491	\$6,584	\$27,258
Ending Balance	\$140,814	\$173,712	\$183,122	\$211,470	\$220,205

Year	2033	2034	2035	2036	2037
Starting Balance	\$220,205	\$257,294	\$295,526	\$324,353	\$364,964
<i>Reserve Income</i>	\$36,850	\$37,956	\$39,094	\$40,267	\$41,475
<i>Interest Earnings</i>	\$239	\$276	\$310	\$345	\$381
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$257,294	\$295,526	\$334,930	\$364,964	\$406,821
Reserve Expenditures	\$0	\$0	\$10,577	\$0	\$9,712
Ending Balance	\$257,294	\$295,526	\$324,353	\$364,964	\$397,109

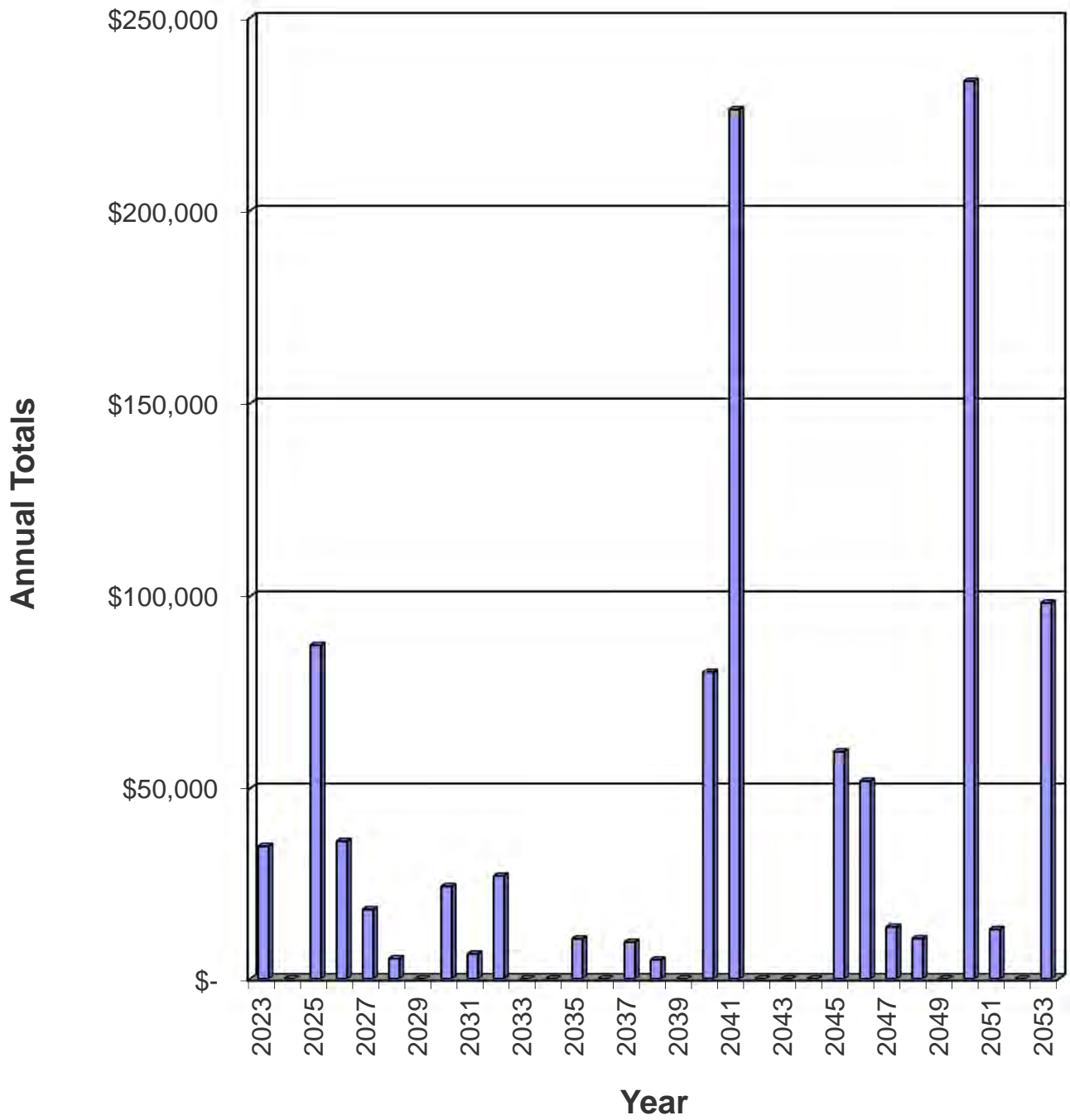
Year	2038	2039	2040	2041	2042
Starting Balance	\$397,109	\$435,218	\$479,677	\$445,148	\$266,035
<i>Reserve Income</i>	\$42,719	\$44,001	\$45,321	\$46,681	\$48,081
<i>Interest Earnings</i>	\$416	\$457	\$462	\$356	\$290
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$440,244	\$479,677	\$525,460	\$492,185	\$314,407
Reserve Expenditures	\$5,026	\$0	\$80,312	\$226,149	\$0
Ending Balance	\$435,218	\$479,677	\$445,148	\$266,035	\$314,407

Year	2043	2044	2045	2046	2047
Starting Balance	\$314,407	\$364,270	\$415,669	\$408,938	\$411,621
<i>Reserve Income</i>	\$49,524	\$51,009	\$52,540	\$54,116	\$55,739
<i>Interest Earnings</i>	\$339	\$390	\$412	\$410	\$433
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$364,270	\$415,669	\$468,621	\$463,464	\$467,793
Reserve Expenditures	\$0	\$0	\$59,682	\$51,844	\$13,700
Ending Balance	\$364,270	\$415,669	\$408,938	\$411,621	\$454,093

Year	2048	2049	2050	2051	2052
Starting Balance	\$454,093	\$501,347	\$561,012	\$388,858	\$438,906
<i>Reserve Income</i>	\$57,411	\$59,134	\$60,908	\$62,735	\$64,617
<i>Interest Earnings</i>	\$478	\$531	\$475	\$414	\$471
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$511,982	\$561,012	\$622,395	\$452,007	\$503,994
Reserve Expenditures	\$10,635	\$0	\$233,537	\$13,101	\$0
Ending Balance	\$501,347	\$561,012	\$388,858	\$438,906	\$503,994



Yearly Reserve Expenditures - Graph



Projected Reserve Expenditures by Year

Year	ID #	Component Name	Projected Cost	Total Per Annum
2023	602	Concrete Slab - Pavilion - Replace	\$35,000	\$35,000
2024		No Expenditures Projected		\$0
2025	1303	Play Area Groundcover - Refill	\$7,499	
	1390	Pavilion Windscreen - Replace	\$4,821	
	1901	Water Truck - Replace	\$74,986	\$87,305
2026	1306	Picnic Tables - Lake - Replace	\$11,087	
	1306	Picnic Tables - Pavilion - Replace	\$14,968	
	1903	Weed Sprayer - Replace	\$3,049	
	1906	ATV - Replace	\$3,881	
	1911	Riding Mower - Replace	\$3,326	\$36,311
2027	903	Camera System - Replace	\$6,885	
	1308	Folding Chairs - Replace	\$11,475	\$18,360
2028	1416	Office - Remodel	\$5,345	\$5,345
2029		No Expenditures Projected		\$0
2030	1303	Play Area Groundcover - Refill	\$8,906	
	1307	Folding Tables - Replace	\$10,814	
	1910	Pull Mower - Replace	\$4,771	\$24,491
2031	1413	Restrooms - Remodel	\$6,584	\$6,584
2032	801	Entrance Arch - Replace	\$27,258	\$27,258
2033		No Expenditures Projected		\$0
2034		No Expenditures Projected		\$0
2035	1303	Play Area Groundcover - Refill	\$10,577	\$10,577
2036		No Expenditures Projected		\$0
2037	903	Camera System - Replace	\$9,712	\$9,712
2038	1911	Riding Mower - Replace	\$5,026	\$5,026
2039		No Expenditures Projected		\$0
2040	304	Metal Siding - Replace	\$8,076	
	1301	Playground - Replace	\$44,867	
	1303	Play Area Groundcover - Refill	\$12,563	
	1390	Pavilion Windscreen - Replace	\$8,076	
	1910	Pull Mower - Replace	\$6,730	\$80,312
2041	1903	Weed Sprayer - Replace	\$5,108	
	1906	ATV - Replace	\$6,501	
	2201	Lake - Dredging	\$214,540	\$226,149
2042		No Expenditures Projected		\$0
2043		No Expenditures Projected		\$0
2044		No Expenditures Projected		\$0
2045	108	Metal Roofs - Replace	\$44,762	
	1303	Play Area Groundcover - Refill	\$14,921	\$59,682
2046	1306	Picnic Tables - Lake - Replace	\$22,061	
	1306	Picnic Tables - Pavilion - Replace	\$29,783	\$51,844
2047	903	Camera System - Replace	\$13,700	\$13,700
2048	1416	Office - Remodel	\$10,635	\$10,635
2049		No Expenditures Projected		\$0

Year	Comp ID	Component Name	Projected Cost	Total Per Annum
	1303	Play Area Groundcover - Refill	\$17,721	
	1307	Folding Tables - Replace	\$21,518	
	1901	Water Truck - Replace	\$177,210	
	1910	Pull Mower - Replace	\$9,493	
	1911	Riding Mower - Replace	\$7,595	\$233,537
2051	1413	Restrooms - Remodel	\$13,101	\$13,101
2052		No Expenditures Projected		\$0

Component Evaluation

Comp #: 108 Metal Roofs - Replace



Location: Barn Area

Quantity: Approx 4,375 Sq.ft.

Life Expectancy: 50 *Remaining Life:* 22

Best Cost: \$19,000

Estimate to replace

Worst Cost: \$23,000

Higher estimate

Source of Information: Research with Client

Observations:

The metal roofs are in good condition. We recommend funding to replace this component approximately every 40 - 50 years. Remaining life based on current age.

General Notes:

Quantity description:

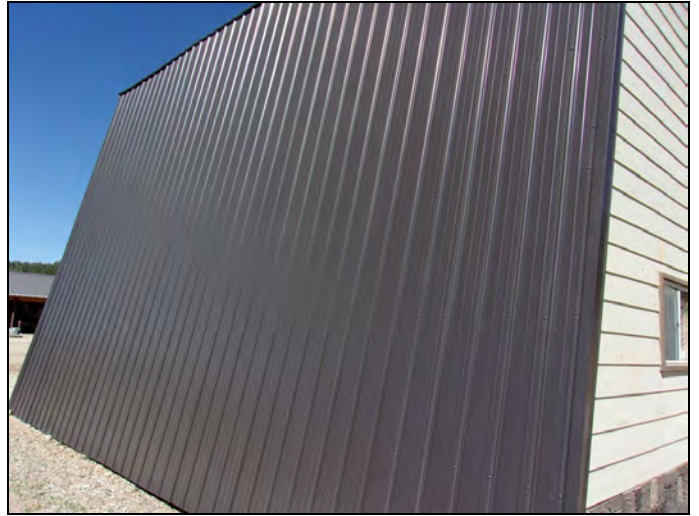
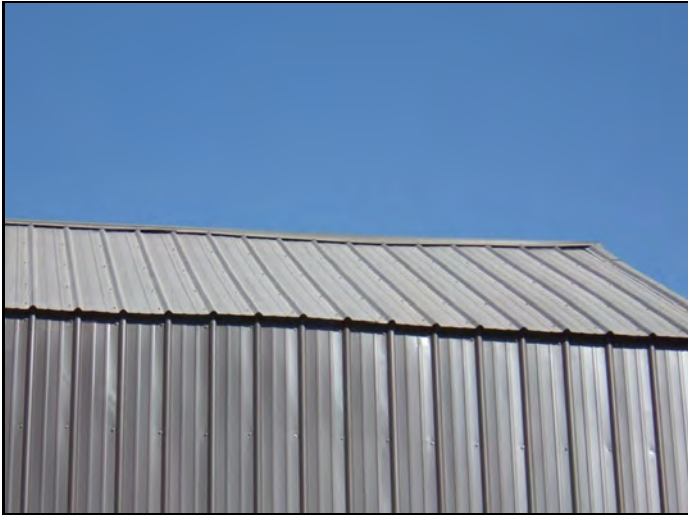
3,350 Sq.ft. - Pavilion

400 Sq.ft. - Restrooms

625 Sq.ft. - Storage

4,375 Sq.ft. - Total

Comp #: 108 Roof - Barn - Replace



Location: **Barn Roof**

Quantity: **Approx 2,130 Sq.ft.**

Life Expectancy: **50** *Remaining Life:* **48**

Best Cost: **\$9,000**

Estimate to replace

Worst Cost: **\$10,000**

Higher estimate

Source of Information: Research with Client

Observations:

The metal roof is in good condition. We recommend funding to replace this component approximately every 40 - 60 years. Remaining life based on current age.

General Notes:

Comp #: 215 Barn Siding - Repair/Repaint



Location: **Barn**

Quantity: **Approx 700 Sq.ft.**

Life Expectancy: **N/A** *Remaining Life:*

Best Cost: **\$0**

Worst Cost: **\$0**

Source of Information:

Observations:

Research with the client reveals this component is repainted as necessary as an operating expense.

General Notes:

Comp #: 304 Metal Siding - Replace



Location: **Storage Buildings**

Quantity: **Approx 875 Sq.ft.**

Life Expectancy: **50** *Remaining Life:* **17**

Best Cost: **\$4,000**

Estimate to replace

Worst Cost: **\$5,000**

Higher estimate

Source of Information: Research with Client

Observations:

The metal siding is in fair condition. We recommend funding to replace this component approximately every 40 - 50 years. Remaining life based on current age.

General Notes:

Comp #: 390 Barn Siding - Replace



Location: **Barn**

Quantity: **Approx 785 Sq.ft.**

Life Expectancy: **40 Remaining Life: 38**

Best Cost: **\$5,000**

Estimate to replace

Worst Cost: **\$6,000**

Higher estimate

Source of Information: Research with Client

Observations:

The siding is in good condition. We recommend funding to replace this component approximately every 40 - 50 years. Remaining life based on current age.

General Notes:

Quantity description:
700 Sq.ft. - Hardi
85 Sq.ft. - Faux Stone

Comp #: 602 Concrete Slab - Pavilion - Replace



Location: **Pavilion**

Quantity: **Approx 3,000 Sq.ft.**

Life Expectancy: **30** *Remaining Life:* **0**

Best Cost: **\$30,000**

Estimate to replace

Worst Cost: **\$40,000**

Higher estimate

Source of Information: CSL Cost Database

Observations:

Research with the client reveals plans to replace this project in 2023. We recommend funding to replace this component every 30 - 40 years. Remaining life based on current age.

General Notes:

Comp #: 801 Entrance Arch - Replace



Location: **Community Entrance**

Quantity: **(1) Entrance Arch**

Life Expectancy: **30** *Remaining Life:* **9**

Best Cost: **\$15,000**

Estimate to replace

Worst Cost: **\$25,000**

Higher estimate

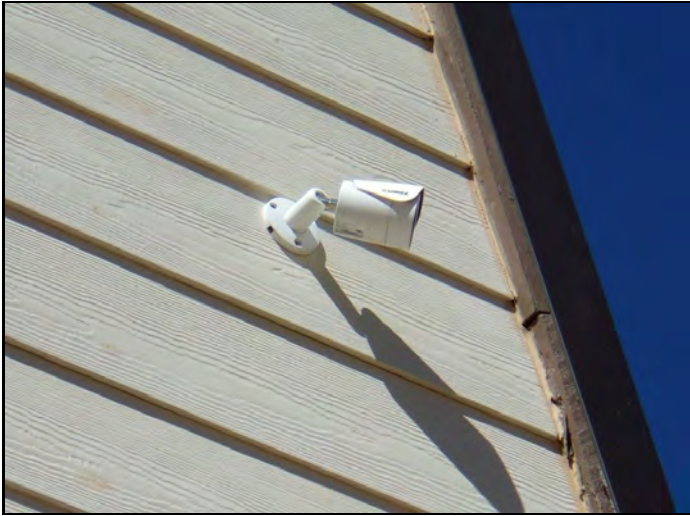
Source of Information: CSL Cost Database

Observations:

The entrance arch is in good to fair condition. We recommend funding to replace this component approximately every 30 - 40 years. Remaining life is based on current age.

General Notes:

Comp #: 903 Camera System - Replace



Location: **Barn Exterior**

Quantity: **(1) Camera system**

Life Expectancy: **10** *Remaining Life:* **4**

Best Cost: **\$5,000**

Estimate to replace

Worst Cost: **\$7,000**

Higher estimate

Source of Information: CSL Cost Database

Observations:

The security camera system is in working condition. We recommend funding to replace this component approximately every 10 - 12 years. Remaining life based on current age.

General Notes:

Comp #: 1090 Boundary Fencing - Replace



Location: **Community Perimeter**

Quantity: **Approx 8 Miles**

Life Expectancy: **N/A** *Remaining Life:*

Best Cost: **\$0**

Worst Cost: **\$0**

Source of Information:

Observations:

Research with the client reveals this component is maintained on a maintenance contract from the operating budget.

General Notes:

Comp #: 1090 Electric Fencing - Replace



Location: **Horse Pasture**

Quantity: **(1) Fence**

Life Expectancy: **N/A** *Remaining Life:*

Best Cost: **\$0**

Worst Cost: **\$0**

Source of Information:

Observations:

Research with the client reveals this component is maintained as necessary as an operating expense.

General Notes:

Comp #: 1301 Playground - Replace



Location: **Common Area**

Quantity: **(1) Playground**

Life Expectancy: **25** *Remaining Life:* **17**

Best Cost: **\$20,000**

Estimate to replace

Worst Cost: **\$30,000**

Higher estimate

Source of Information: CSL Cost Database

Observations:

The play structure is in good condition. We recommend funding to replace this component approximately every 20 - 25 years. Remaining life based on current age.

General Notes:

Quantity description:

- (1) - Dome Climber**
- (1) - PlayLab See Saw**
- (1) - Structure**
- (1) - Swing Set**

Comp #: 1303 Play Area Groundcover - Refill



Location: **Common Area**

Quantity: **Approx 5,700 Sq.ft.**

Life Expectancy: **5** *Remaining Life:* **2**

Best Cost: **\$6,000**

Estimate to replace

Worst Cost: **\$8,000**

Higher estimate

Source of Information: CSL Cost Database

Observations:

The play area groundcover is in fair condition. We recommend funding to refill this component approximately every 3 - 5 years. Remaining life is based on current age.

General Notes:

Comp #: 1306 Picnic Tables - Lake - Replace



Location: **Around Lake**

Quantity: **(10) Tables**

Life Expectancy: **20** *Remaining Life:* **3**

Best Cost: **\$8,000**

Estimate to replace

Worst Cost: **\$12,000**

Higher estimate

Source of Information: CSL Cost Database

Observations:

This component has passed its useful life, but is still in functional condition. We recommend funding to replace this component approximately every 15 - 20 years. Remaining life based on current age and condition.

General Notes:

Comp #: 1306 Picnic Tables - Pavilion - Replace



Location: **Pavilion**

Quantity: **(13) Tables**

Life Expectancy: **20** *Remaining Life:* **3**

Best Cost: **\$11,000**

Estimate to replace

Worst Cost: **\$16,000**

Higher estimate

Source of Information: CSL Cost Database

Observations:

This component has passed its useful life, but is still in functional condition. We recommend funding to replace this component approximately every 15 - 20 years. Remaining life based on current age and condition.

General Notes:

Comp #: 1307 Folding Tables - Replace



Location: **Barn & Storage Buildings**

Quantity: **(34) Tables**

Life Expectancy: **20** *Remaining Life:* **7**

Best Cost: **\$8,000**

Estimate to replace

Worst Cost: **\$9,000**

Higher estimate

Source of Information: CSL Cost Database

Observations:

The folding tables are in good condition. We recommend funding to replace this component approximately every 15 - 20 years. Remaining life based on current age.

General Notes:

Comp #: 1308 Folding Chairs - Replace



Location: **Storage Building**

Quantity: **(300) Folding chairs**

Life Expectancy: **30** *Remaining Life:* **4**

Best Cost: **\$9,000**

Estimate to replace

Worst Cost: **\$11,000**

Higher estimate

Source of Information: CSL Cost Database

Observations:

The folding chairs are in good to fair condition. We recommend funding to replace this component approximately every 20 - 30 years. Remaining life based on current age.

General Notes:

Comp #: 1390 Pavilion Windscreen - Replace



Location: Pavilion

Quantity: Approx 125 Linear ft.

Life Expectancy: 15 *Remaining Life:* 2

Best Cost: \$4,000

Estimate to replace

Worst Cost: \$5,000

Higher estimate

Source of Information: Research with Client

Observations:

The windscreen is in fair condition. We recommend funding to replace this component approximately every 10 - 15 years. Remaining life based on current age.

General Notes:

Comp #: 1413 Restrooms - Remodel



Location: Restroom Building

Quantity: (2) Restrooms

Life Expectancy: 20 *Remaining Life:* 8

Best Cost: \$4,000

Estimate to remodel

Worst Cost: \$6,000

Higher estimate

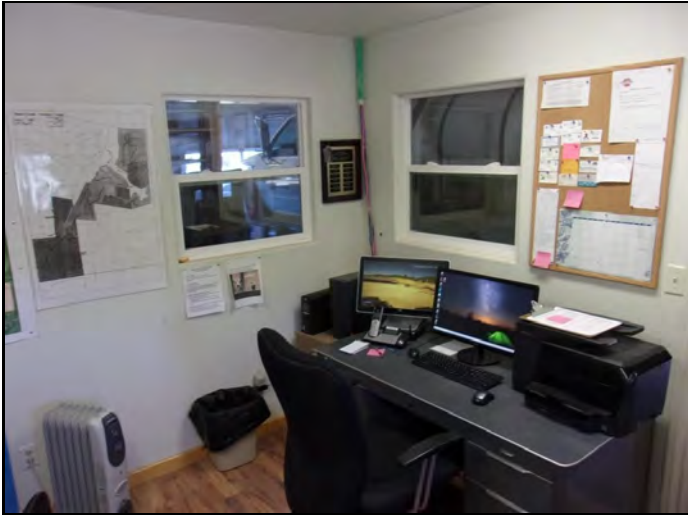
Source of Information: CSL Cost Database

Observations:

The restrooms are in good to fair condition. We recommend funding to remodel this component approximately every 20 years. Remaining life based on current age.

General Notes:

Comp #: 1416 Office - Remodel



Location: **Barn Interior**

Quantity: **(1) Office**

Life Expectancy: **20** *Remaining Life:* **5**

Best Cost: **\$4,000**

Allowance to remodel

Worst Cost: **\$5,000**

Higher allowance

Source of Information: CSL Cost Database

Observations:

The office is in good condition. We recommend funding to remodel this component approximately every 15 - 20 years. Remaining useful life based on current age.

General Notes:

Comp #: 1901 Water Truck - Replace



Location: **Barn**

Quantity: **(1) Water Truck**

Life Expectancy: **25** *Remaining Life:* **2**

Best Cost: **\$60,000**

Estimate to replace

Worst Cost: **\$80,000**

Higher estimate

Source of Information: CSL Cost Database

Observations:

The water truck is in working condition. Typically we recommend funding to replace this component approximately every 10 - 15 years, but due to low usage we increasing the useful life to 20 - 25 years. Remaining life based on current age.

General Notes:

Comp #: 1903 Weed Sprayer - Replace



Location: **Storage Building**

Quantity: **(1) Weed Sprayer**

Life Expectancy: **15** *Remaining Life:* **3**

Best Cost: **\$2,500**

Estimate to replace

Worst Cost: **\$3,000**

Higher estimate

Source of Information: CSL Cost Database

Observations:

The weed sprayer is in working condition. We recommend funding to replace this component approximately every 10 - 15 years. Remaining life based on current age and condition.

General Notes:

Comp #: 1905 Runway Roller - Replace



Location: Runway

Quantity: (1) Runway Roller

Life Expectancy: N/A *Remaining Life:*

Best Cost: \$0

Worst Cost: \$0

Source of Information:

Observations:

Research with the client reveals no plans to replace this component. The component is not in working condition, but is still usable for runway compaction when towed behind another vehicle.

General Notes:

Comp #: 1906 ATV - Replace



Location: **Storage Building**

Quantity: **(1) ATV**

Life Expectancy: **15** *Remaining Life:* **3**

Best Cost: **\$3,000**

Estimate to replace

Worst Cost: **\$4,000**

Higher estimate

Source of Information: CSL Cost Database

Observations:

The four wheeler is in working condition. We recommend funding to replace this component approximately every 10 - 15 years. Remaining life based on current age and condition.

General Notes:

Comp #: 1910 Pull Mower - Replace



Location: **Barn**

Quantity: **(1) Mower**

Life Expectancy: **10** *Remaining Life:* **7**

Best Cost: **\$3,500**

Estimate to replace

Worst Cost: **\$4,000**

Higher estimate

Source of Information: CSL Cost Database

Observations:

The mower is in working condition. We recommend funding to replace this component approximately every 8 - 10 years. Remaining life based on current age.

General Notes:

Comp #: 1911 Riding Mower - Replace



Location: **Barn**

Quantity: **(1) Mower**

Life Expectancy: **12** Remaining Life: **3**

Best Cost: **\$2,500**

Estimate to replace

Worst Cost: **\$3,500**

Higher estimate

Source of Information: Actual Cost History

Observations:

The riding mower is in working condition. We recommend funding to replace this component approximately every 10 - 12 years. Remaining life based on current age and condition.

General Notes:

Comp #: 2201 Lake - Dredging



Location: **Common Area**

Quantity: **(1) Lake**

Life Expectancy: **25** *Remaining Life:* **18**

Best Cost: **\$105,000**

Estimate to dredge

Worst Cost: **\$126,000**

Higher estimate

Source of Information: Research with Client

Observations:

The lake dredge is in good condition. We recommend funding to dredge this component approximately every 25 years. Remaining life based on current age.

General Notes:

Glossary of Commonly Used Words And Phrases

(Provided by the National Reserve Study Standards of the Community Associations Institute)

Cash Flow Method – A method of developing a reserve funding plan where contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different reserve funding plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.

Component – Also referred to as an “Asset.” Individual line items in the Reserve Study developed or updated in the physical analysis. These elements form the building blocks for the Reserve Study. Components typically are: 1) Association responsibility, 2) with limited useful life expectancies, 3) have predictable remaining life expectancies, 4) above a minimum threshold cost, and 5) required by local codes.

Component Full Funding – When the actual (or projected) cumulative reserve balance for all components is equal to the fully funded balance.

Component Inventory – The task of selecting and quantifying reserve components. This task can be accomplished through on-site visual observations, review of association design and organizational documents, a review of established association precedents, and discussion with appropriate association representatives.

Deficit – An actual (or projected reserve balance), which is less than the fully funded balance.

Effective Age – The difference between useful life and remaining useful life (UL - RUL).

Financial Analysis – The portion of the Reserve Study where current status of the reserves (measured as cash or percent funded) and a recommended reserve contribution rate (reserve funding plan) are derived, and the projected reserve income and expenses over time is presented. The financial analysis is one of the two parts of the Reserve Study.

Fully Funded Balance – An indicator against which the actual (or projected) reserve balance can be compared. The reserve balance that is in direct proportion to the fraction of life “used up” of the current repair or replacement cost of a reserve component. This number is calculated for each component, and then summed together for an association total.

$$\text{FFB} = \text{Current Cost} * \text{Effective Age} / \text{Useful Life}$$

Fund Status – The status of the reserve fund as compared to an established benchmark, such as percent funded.

Funding Goals – Independent of calculation methodology utilized, the following represent the basic categories of funding plan goals:

- *Baseline Funding*: Establishing a reserve-funding goal of keeping the reserve balance above zero.
- *Component Full Funding*: Setting a reserve funding goal of attaining and maintaining cumulative reserves at or near 100% funded.
- *Threshold Funding*: Establishing a reserve funding goal of keeping the reserve balance above a specified dollar or percent funded amount.

Funding Plan – An association’s plan to provide income to a reserve fund to offset anticipated expenditures from that fund.



Funding Principles –

- Sufficient funds when required
- Stable contributions through the year
- Evenly distributed contributions over the years
- Fiscally responsible

GSF - Gross Square Feet

Life and Valuation Estimates – The task of estimating useful life, remaining useful life, and repair or replacement costs for the reserve components.

LF - Linear Feet

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 ideal fund balance, expressed as a percentage.

Physical Analysis – The portion of the Reserve Study where the component evaluation, condition assessment, and life and valuation estimate tasks are performed. This represents one of the two parts of the Reserve Study.

Remaining Useful Life (RUL) – Also referred to as “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 have a “0” remaining useful life.

Replacement Cost – The cost of replacing, repairing, or restoring a reserve component to its original functional condition. The current replacement cost would be the cost to replace, repair, or restore the component during that particular year.

Reserve Balance – Actual or projected funds as of a particular point in time (typically the beginning of the fiscal year) that the association has identified for use to defray the future repair or replacement of those major components that the association is obligated to maintain. Also known as “reserves,” “reserve accounts,” or “cash reserves.” In this report the reserve balance is based upon information provided and is not audited.

Reserve Study – A budget-planning tool, which identifies the current status of the reserve fund and a stable and equitable funding plan to offset the anticipated future major common area expenditures. The Reserve Study consists of two parts: The Physical Analysis and the Financial Analysis.

Special Assessment – An assessment levied on the members of an association in addition to regular assessments. Governing documents or local statutes often regulate special assessments.

Surplus – An actual (or projected) reserve balance that is greater than the fully funded balance.

Useful Life (UL) – Also known as “life expectancy.” The estimated time, in years, that a reserve component can be expected to serve its intended function if properly constructed and maintained in its present application of installation.

