

# RESERVE ANALYSIS REPORT

**Pecos North**  
Phoenix, Arizona  
Version 003  
January 4, 2024



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# Pecos North

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# Pecos North

## Preface

This preface is intended to provide an introduction to the enclosed reserve analysis as well as detailed information regarding the reserve analysis report format, reserve fund goals/objectives and calculation methods. The following sections are included in this preface:

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### ◆ ◆ ◆ ◆ INTRODUCTION TO RESERVE BUDGETING ◆ ◆ ◆ ◆

The Board of Directors of an association has a legal and fiduciary duty to maintain the community in a good state of repair. Individual unit property values are significantly impacted by the level of maintenance and upkeep provided by the association as well as the amount of the regular assessment charged to each owner.

A prudent plan must be implemented to address the issues of long-range maintenance, repair and replacement of the common areas. Additionally, the plan should recognize that the value of each unit is affected by the amount of the regular assessment charged to each unit.

There is a fine line between “not enough,” “just right” and “too much.” Each member of an association should contribute to the reserve fund for their proportionate amount of “depreciation” (or “use”) of the reserve components. Through time, if each owner contributes a “fair share” into the reserve fund for the depreciation of the reserve components, then the possibility of large increases in regular assessments or special assessments will be minimized.

An accurate reserve analysis and a “healthy” reserve fund are essential to protect and maintain association common areas and property values of individual unit owners. A comprehensive reserve analysis is one of the most significant elements of any association's long-range plan and provides the critical link between sound business judgment and good fiscal planning. The reserve analysis provides a “financial blueprint” for the future of an association.

### ◆ ◆ ◆ ◆ UNDERSTANDING THE RESERVE ANALYSIS ◆ ◆ ◆ ◆

In order for the reserve analysis to be useful, it must be understandable by a variety of individuals. Board members (from seasoned, experienced Board members to new Board members), property managers, accountants, attorneys and homeowners may ultimately review the reserve analysis. The reserve analysis must be detailed enough to provide a comprehensive analysis, yet simple enough to enable less experienced individuals to understand the results.

There are four key bits of information that a comprehensive reserve analysis should provide: Budget, Percent Funded, Projections and Inventory. This information is described as follows:

#### **Budget**

Amount recommended to be transferred into the reserve account for the fiscal year for which the reserve analysis is prepared. In some cases, the reserve analysis may present two or more funding plans based on different goals/objectives. The Board should have a clear understanding of the differences among these funding goals/objectives prior to implementing one of them in the annual budget.

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### **Percent Funded**

Measure of the reserve fund "health" (expressed as a percentage) as of the beginning of the fiscal year for which the reserve analysis is prepared. This figure is the ratio of the actual reserve fund on hand to the fully funded balance. A reserve fund that is "100% funded" means the association has accumulated the proportionately correct amount of money, to date, for the reserve components it maintains.

### **Projections**

Indicate "level of service" the association will provide the membership as well as a "road map" for the fiscal future of the association. Projections define the timetables for repairs and replacements, such as when buildings will be painted or when asphalt will be seal coated. Projections also show the financial plan for the association – when an underfunded association will "catch up" or how a properly funded association will remain fiscally "healthy."

### **Inventory**

Complete listing of reserve components. Key bits of information are available for each reserve component, including placed-in-service date, useful life, remaining life, replacement year, quantity, current cost of replacement, future cost of replacement and analyst's comments.

## ◆ ◆ ◆ ◆ RESERVE FUNDING GOALS / OBJECTIVES ◆ ◆ ◆ ◆

There are four reserve funding goals/objectives which may be used to develop a reserve funding plan that corresponds with the risk tolerance of the association: Full Funding, Baseline Funding, Threshold Funding and Statutory Funding. These goals/objectives are described as follows:

### **Full Funding**

Describes goal/objective to have reserves on hand equivalent to the value of the deterioration of each reserve component. The objective of this funding goal is to achieve and/or maintain a 100% percent funded reserve fund. Component calculation method or directed cash flow calculation method is typically used to develop a full funding plan.

### **Baseline Funding**

Describes goal/objective to have sufficient reserves on hand to never completely run out of money. The objective of this funding goal is to simply pay for all reserve expenses as they come due without regard to the association's percent funded. Minimum cash flow calculation method or directed cash flow calculation method s typically used to develop a baseline funding plan.

### **Threshold Funding**

Describes goal/objective other than the 100% level (full funding) or just staying cash-positive (baseline funding). This threshold goal/objective may be a specific percent funded target or a cash balance target. Threshold funding is often a value chosen between full funding and baseline funding. Minimum cash flow calculation method or directed cash flow calculation method is typically used to develop a threshold funding plan.

### **Statutory Funding**

Describes goal/objective as described or required by local laws or codes. Component calculation method, minimum cash flow calculation method or directed cash flow calculation method may be used to develop a statutory funding plan, depending on the requirements.

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### ◆ ◆ ◆ ◆ RESERVE FUNDING CALCULATION METHODS ◆ ◆ ◆ ◆

There are three funding methods which can be used to develop a reserve funding plan based on reserve funding goals/objectives: Component Calculation Method, Minimum Cash Flow Calculation Method and Directed Cash Flow Calculation Method.

Directed cash flow calculation method offers flexibility for developing custom funding plans. Directed cash flow calculation method funding plans can accommodate use of various contribution increases and/or special assessments (or loans) through time. As the name suggests, the user “directs” the funding plan as needed to achieve reserve funding goals or objectives. Because of this flexibility, the vast majority of reserve analyses are developed using the directed cash flow calculation method. Whereas component calculation method funding plans and minimum cash flow calculation method funding plans are typically used as reference information; usually considered the “floor” (minimum cash flow calculation method) and “ceiling” (component calculation method) of a reasonable reserve funding plan.

The three calculation methods are described as follows:

#### **Component Calculation Method**

Component calculation method develops a funding plan for each individual reserve component. The sum of the funding plan for each component equals the total funding plan for the association. This method is often referred to as the “straight line” method. This method structures a funding plan that enables the association to pay all reserve expenditures as they come due, enables the association to achieve the fully funded reserves in time, and then enables the association to maintain fully funded reserves through time. The following is a detailed description of component calculation method:

Step 1: Calculation of fully funded balance for each component

Fully funded balance is calculated for each component based on its age, useful life and current cost. The actual formula is as follows:

$$\text{Fully Funded Balance} = \frac{\text{Age}}{\text{Useful Life}} \times \text{Current Cost}$$

Step 2: Distribution of current reserve funds

Association’s current reserve funds are assigned to (or distributed amongst) reserve components based on each component’s remaining life and fully funded balance as follows:

Pass 1: Components are organized in remaining life order, from least to greatest, and the current reserve funds are assigned to each component up to its fully funded balance, until reserve funds are exhausted.

Pass 2: If all components are assigned their fully funded balance and additional funds exist, they are assigned in a “second pass.” Again, components are organized in remaining life order, from least to greatest, and remaining current reserve funds are assigned to each component up to its current cost, until reserve funds are exhausted.

Pass 3: If all components are assigned their current cost and additional funds exist, they are assigned in a “third pass.” Components with a remaining life of zero years are assigned double their current cost, until reserve funds are exhausted. After pass 3, if additional reserve funds remain, there are excess reserves.

Distributing, or assigning, reserve funds in this manner is the most efficient use of the funds on hand – it defers the make-up period of any underfunded reserves over the lives of the components with the largest remaining lives.

Step 3: Developing a funding plan

After step 2, all components have a “starting” balance. A calculation is made to determine what funding would be required to get from the starting balance to the future cost over the number of years remaining until replacement. The funding plan incorporates the contribution increase parameter to develop a “stair stepped” contribution.

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For example, if an association needs to accumulate \$100,000 in ten years, \$10,000 could be contributed each year. Alternatively, the association could contribute \$8,723 in the first year and increase the contribution by 3% each year thereafter until the tenth year.

In most cases, the contribution increase parameter should match the inflation parameter. Matching the contribution increase parameter to the inflation parameter indicates, in theory, that member contributions should increase at the same rate as the cost of living (inflation parameter). Due to the "time value of money," this creates the most equitable distribution of member contributions through time.

Using a contribution increase parameter that is greater than the inflation parameter will reduce the burden to current members at the expense of future members. Using a contribution increase parameter that is less than the inflation parameter will increase the burden to the current members to the benefit of future members. The following chart shows a comparison:

	0% Increase	3% Increase	10% Increase
Year 1	\$10,000.00	\$8,723.05	\$6,274.54
Year 2	\$10,000.00	\$8,984.74	\$6,901.99
Year 3	\$10,000.00	\$9,254.28	\$7,592.19
Year 4	\$10,000.00	\$9,531.91	\$8,351.41
Year 5	\$10,000.00	\$9,817.87	\$9,186.55
Year 6	\$10,000.00	\$10,112.41	\$10,105.21
Year 7	\$10,000.00	\$10,415.78	\$11,115.73
Year 8	\$10,000.00	\$10,728.25	\$12,227.30
Year 9	\$10,000.00	\$11,050.10	\$13,450.03
Year 10	\$10,000.00	\$11,381.60	\$14,795.04
TOTAL	\$100,000.00	\$100,000.00	\$100,000.00

One major benefit of using component calculation method is that for any single component (or group of components), reserve funding can be precisely calculated. For example, using this calculation method, the reserve analysis can indicate the exact amount of current reserve funds "in the bank" for the roofs and the amount of money being funded towards the roofs each month. This information is displayed on the Management Summary and Charts as well as elsewhere within the report.

### **Minimum Cash Flow Calculation Method**

Minimum cash flow calculation method develops a funding plan based on current reserve funds and projected expenditures during a specific timeframe (typically 30 years). This funding method structures a funding plan that enables the association to pay for all reserve expenditures as they come due, but is not concerned with the ideal level of reserves or percent funded through time.

This calculation method tests reserve contributions against reserve expenditures through time to determine the minimum contribution necessary (baseline funding). This calculation method will determine the minimum reserve contribution to ensure that the beginning reserve balance is sufficient to pay for the scheduled expenditures in each year. By definition, this calculation method will create a funding plan where, at some point over the projection period, the beginning reserve fund balance will equal the expenditures for that year. Under some conditions, based on reserve expenditure profile, this calculation method produces a funding plan that will take the association into an overfunded status through time; in these cases, directed cash flow calculation method can be used to optimize results.

Minimum cash flow calculation method is not without downsides... Unlike component calculation method, the minimum cash flow calculation method cannot precisely calculate reserve funding for any single component (or group of components). In order to work-around this issue to provide this bookkeeping information, a formula has been applied to component calculation method results to calculate a reasonable breakdown. This information is displayed on the Management Summary and Charts as well as elsewhere within the report. Using minimum cash flow calculation method typical-

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ly requires an annual reallocation of reserve funds (amongst reserve components) to ensure each component remains properly funded through time. Associations in states that require segregated reserve funds for certain components (i.e. roofs, painting, etc.), should pay special attention to this issue; it may be desirable to complete separate reserve analyses for segregated reserve components.

### **Directed Cash Flow Calculation Method**

Directed cash flow calculation method develops a funding plan based on current reserve funds and projected expenditures during a specific timeframe (typically 30 years). This funding method structures a funding plan that enables the association to pay for all reserve expenditures as they come due and, if possible, determine the optimal funding plan to achieve 100% funding over the projection period.

Directed cash flow calculation method offers flexibility for developing custom funding plans. Directed cash flow funding plans can accommodate use of various contribution increases and/or special assessments (or loans) through time. As the name suggests, the user “directs” the funding plan as needed to achieve any reserve funding goals or objectives. Because of this flexibility, the vast majority of reserve analyses are developed using this calculation method.

Directed cash flow calculation method is not without downsides... Unlike component calculation method, the directed cash flow calculation method cannot precisely calculate reserve funding for any single component (or group of components). In order to work-around this issue to provide this bookkeeping information, a formula has been applied to component calculation method results to calculate a reasonable breakdown. This information is displayed on the Management Summary and Charts as well as elsewhere within the report. Using directed cash flow calculation method typically requires an annual reallocation of reserve funds (amongst reserve components) to ensure each component remains properly funded through time. Associations in states that require segregated reserve funds for certain components (i.e. roofs, painting, etc.), should pay special attention to this issue; it may be desirable to complete separate reserve analyses for segregated reserve components.

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### ◆ ◆ ◆ ◆ READING THE RESERVE ANALYSIS ◆ ◆ ◆ ◆

In some cases, the reserve analysis may be a lengthy document of one hundred pages or more. A complete and thorough review of the reserve analysis is always a good idea. However, if time is limited, it is suggested that a thorough review of the summary pages be made. If a “red flag” is raised in this review, the reader should then check the detail information (“Component Detail”), of the component in question, for all relevant information. In this section, a description of most of the summary or report sections is provided along with comments regarding what to look for and how to use each section.

#### **Executive Summary**

Provides general information about project, global parameters used in the calculation of the reserve analysis as well as the core results of the reserve analysis.

#### **Client Information**

Provides information including fiscal year for which reserve analysis is prepared, number of units, etc.

#### **Global Parameters**

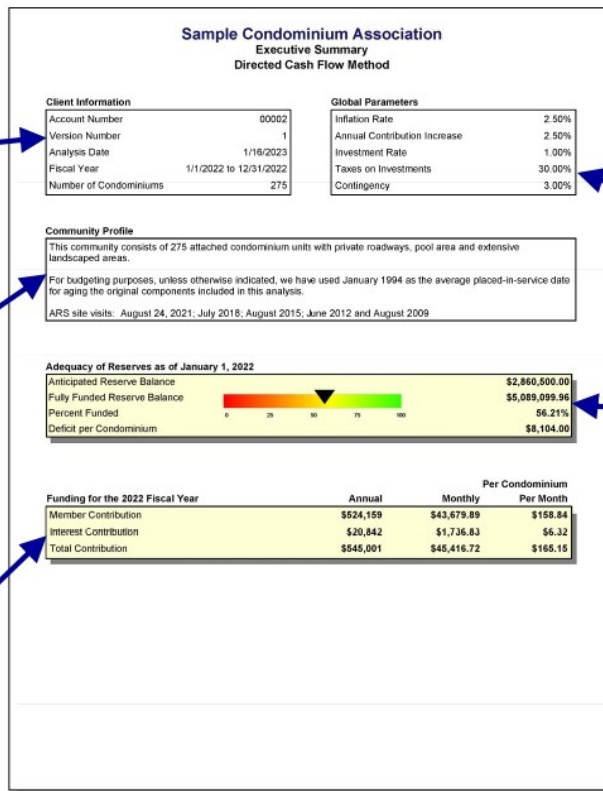
Displays calculation parameters that were used to calculate reserve analysis including inflation, contribution increase, investment rate, tax rate and contingency.

#### **Community Profile**

Provides brief description of community as well as other “global” comments.

#### **Budget**

Provides recommended funding for fiscal year for which reserve analysis is prepared. Indicates reserve funding from membership, anticipated interest contribution and total contribution requirement.



#### **Adequacy of Reserves**

Displays results of calculations with regard to “health” of reserve fund as of beginning of fiscal year for which the reserve analysis is prepared. Provides anticipated reserve balance, fully funded reserve balance and percent funded.



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### Calculation of Percent Funded

Summary displays all reserve components, shown here in “category” order. Provides remaining life, useful life, current cost and fully funded balance at beginning of fiscal year for which the reserve analysis is prepared.

**Reserve Components**  
All components are displayed (shown here in “category” order).

**Lifespans**  
Remaining life and useful life are displayed. And, these columns are conveniently sub totaled to show range.

**Sample Condominium Association  
Calculation of Percent Funded  
Sorted by Category; Alphabetical**

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
<b>010 Streets</b>				
Streets - Asphalt, Overlay / Major Rehab	6	24	\$360,300.00	\$321,176.47
Streets - Asphalt, Repair	2	4	\$24,300.00	\$12,100.00
Streets - Asphalt, Seal Coat	2	4	\$14,580.00	\$7,290.00
Streets - Concrete	2	4	\$20,300.00	\$10,000.00
<b>Sub Total</b>	<b>2-6</b>	<b>4-24</b>	<b>\$448,880.00</b>	<b>\$350,616.47</b>
<b>020 Roofs</b>				
Roofs - Rain Gutters	12	40	\$123,785.00	\$66,648.50
Roofs - Tie, Clean & Maintain	0	1	\$37,500.00	\$37,500.00
Roofs - Tie, Replace				
<b>Sub Total</b>				
<b>030 Painting</b>				
Painting - Cabena Interior				
Painting - Red Curbs				
Painting - Stucco				
Painting - Woodwork				
Painting - Wrought Iron, Buildings				
Painting - Wrought Iron, Pool Area				
<b>Sub Total</b>				
<b>040 Fencing, Railing &amp; Walls</b>				
Fencing - Glass Sound Attenuation				
Fencing - Wrought Iron, Pool Area				
Railing & Gates - Wrought Iron, Units				
Walls - Stucco, Repair				
<b>Sub Total</b>				
<b>050 Lighting</b>				
Lighting - Buildings				
Lighting - Landscape				
Lighting - Streets & Walkways				
<b>Sub Total</b>				
<b>060 Pool Area</b>				
Cabana - Ceramic Tile, Interior				
Cabana - Ceramic Tile, Showers				
Cabana - Doors				
Cabana - Plumbing Fixtures%				
Cabana - Restroom Partitions				
Cabana - Water Heater				
<b>Sub Total</b>				

**Sample Condominium Association  
Calculation of Percent Funded  
Sorted by Category; Alphabetical**

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
Pool - Filters	2	12	\$4,000.00	\$3,538.48
Pool - Heater	7	12	\$4,750.00	\$1,959.79
Pool - Replaster & Tile	7	10	\$34,387.50	\$9,486.21
Pool Area - Furniture	4	6	\$15,400.00	\$4,529.41
Pool Area - Paver Deck, Repair	17	20	\$20,000.00	\$2,564.10
Pool Area - Wood Patio Covers	7	20	\$15,125.00	\$9,631.25
Spa - Filter	2	10	\$2,000.00	\$1,724.14
Spa - Heater	4	10	\$4,750.00	\$2,850.00
Spa - Replaster & Tile	7	10	\$8,475.00	\$2,337.93
<b>Sub Total</b>	<b>2-17</b>	<b>6-30</b>	<b>\$152,107.50</b>	<b>\$69,326.48</b>
<b>070 Decks</b>				
Decks/Stairs - Clean & Seal	2	4	\$103,868.25	\$45,695.27
Decks/Stairs - Resurface	6	20	\$728,900.00	\$552,196.97
<b>Sub Total</b>	<b>2-6</b>	<b>4-20</b>	<b>\$832,768.25</b>	<b>\$598,092.24</b>
<b>080 Termite Control &amp; Wood Repair</b>				
Termite Control	n.a.	n.a.	\$0.00	\$300,000.00
Wood Repair - Paint Cycle	4	5	\$58,000.00	\$6,444.44
Wood Repair - Shutters	4	20	\$44,900.00	\$39,287.50
<b>Sub Total</b>	<b>4</b>	<b>5-20</b>	<b>\$102,900.00</b>	<b>\$345,731.94</b>
<b>090 Landscape</b>				
Landscape - Irrigation Controllers	7	12	\$24,150.00	\$9,450.00
Landscape - Renovation	0	1	\$17,500.00	\$17,500.00
<b>Sub Total</b>	<b>0-7</b>	<b>1-12</b>	<b>\$41,650.00</b>	<b>\$28,950.00</b>
<b>100 Miscellaneous</b>				
Fire Safety - Control Panels	1	20	\$126,000.00	\$121,655.17
Fire Safety - Extinguisher Cabinets	9	30	\$64,900.00	\$49,113.51
Matboxes	18	20	\$67,000.00	\$6,700.00
Signage	0	20	\$75,000.00	\$75,000.00
Utility Closet Doors	4	20	\$157,100.00	\$137,487.50
<b>Sub Total</b>	<b>0-18</b>	<b>20-30</b>	<b>\$490,000.00</b>	<b>\$389,931.18</b>
Contingency	n.a.	n.a.	n.a.	\$148,226.21
<b>Total</b>	<b>0-18</b>	<b>1-40</b>	<b>\$7,044,161.25</b>	<b>\$6,088,099.96</b>
Anticipated Reserve Balance				<b>\$2,840,800.00</b>
Percent Funded				<b>56.21%</b>

**Current Cost**  
Displays current cost to replace or otherwise maintain each component. This column is conveniently sub totaled.

**Fully Funded Balance**  
Displays fully funded balance for each component. This column is conveniently sub totaled.

Total current cost to replace or otherwise maintain all components, total fully funded balance, anticipated reserve balance and percent funded are provided at bottom of this summary. Also shown is range of reserve component remaining lives and useful lives.

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### Management Summary and Charts

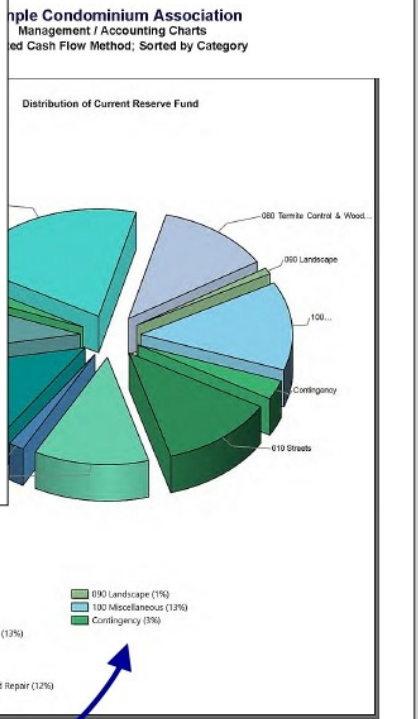
Summary displays all reserve components, shown here in "category" order. Provides assigned reserve funds at beginning of fiscal year for which reserve analysis is prepared along with monthly member contribution, interest contribution and total contribution for each component and category. Pie charts show graphically how reserve fund is distributed amongst reserve component categories and how each category is funded on a monthly basis.

	Balance at Beginning of Year	Monthly Member Contribution	Monthly Interest Contribution	Total Monthly Contribution
<b>010 Streets</b>				
Streets - Asphalt, Overlay / Major Rehab	\$321,178.47	\$1,150.31	\$188.16	\$1,338.46
Streets - Asphalt, Repair	\$42,150.00	\$414.00	\$8.63	\$422.73
Streets - Asphalt, Seal Coat	\$7,200.00	\$248.45	\$5.18	\$253.64
Streets - Concrete	\$10,000.00	\$340.82	\$7.11	\$347.92
<b>Sub Total</b>	<b>\$350,616.47</b>	<b>\$2,153.67</b>	<b>\$209.08</b>	<b>\$2,362.75</b>
<b>020 Roofs</b>				
Roofs - Rain Gutters	\$86,649.50	\$321.53	\$50.81	\$372.34
Roofs - Tile, Clean & Maintain	\$37,500.00	\$2,448.57	\$10.02	\$2,458.59
Roofs - Tile, Replace	\$228,722.83	\$19.25		\$19.25
<b>Sub Total</b>	<b>\$352,872.33</b>	<b>\$22.05</b>		<b>\$22.05</b>
<b>030 Painting</b>				
Painting - Cabana Interior	\$94.21	\$1		\$1
Painting - Red Curbs	\$2,557.50	\$8		\$8
Painting - Stucco	\$20,230.79	\$2.85		\$2.85
Painting - Woodwork	\$19,001.11	\$2.05		\$2.05
Painting - Wrought Iron, Buildings	\$4,277.78	\$57		\$57
Painting - Wrought Iron, Pool Area	\$670.83	\$4		\$4
<b>Sub Total</b>	<b>\$46,832.22</b>	<b>\$6.10</b>		<b>\$6.10</b>
<b>040 Fencing, Railing &amp; Walls</b>				
Fencing - Glass Sound Attenuation	\$38,027.03	\$13		\$13
Fencing - Wrought Iron, Pool Area	\$19,456.88	\$68		\$68
Railing & Gates - Wrought Iron, Units	\$298,472.22	\$1.08		\$1.08
Walls - Stucco, Repair	\$8,368.84	\$2		\$2
<b>Sub Total</b>	<b>\$364,325.97</b>	<b>\$1.31</b>		<b>\$1.31</b>
<b>050 Lighting</b>				
Lighting - Buildings	\$154,994.23	\$81		\$81
Lighting - Landscape	\$11,340.00	\$12		\$12
Lighting - Streets & Walkways	\$77,437.60	\$27		\$27
<b>Sub Total</b>	<b>\$243,771.73</b>	<b>\$1.21</b>		<b>\$1.21</b>
<b>060 Pool Area</b>				
Cabana - Ceramic Tile, Interior	\$10,847.94	\$3		\$3
Cabana - Ceramic Tile, Showers	\$6,342.19	\$9		\$9
Cabana - Doors	\$2,030.36	\$1		\$1
Cabana - Plumbing Fixtures%	\$7,404.12	\$2		\$2
Cabana - Restroom Partitions	\$3,609.57	\$2		\$2
Cabana - Water Heater	\$175.00	\$1		\$1

**Balance at FYB**  
Shows amount of reserve funds assigned to each reserve component. And, this column is conveniently sub totaled.

	Balance at Beginning of Year	Monthly Member Contribution	Monthly Interest Contribution	Total Monthly Contribution
<b>070 Decks</b>				
Decks/Stairs - Clean & Seal	\$45,895.27	\$1,901.90	\$34.24	\$1,936.22
Decks/Stairs - Resurface	\$62,136.97	\$2,641.42	\$326.21	\$2,967.63
<b>Sub Total</b>	<b>\$98,032.24</b>	<b>\$4,543.32</b>	<b>\$360.45</b>	<b>\$4,903.85</b>
<b>080 Termite Control &amp; Wood Repair</b>				
Termite Control	\$300,000.00	\$0.00	\$171.35	\$171.35
Wood Repair - Paint Cycle	\$6,444.44	\$871.43	\$7.25	\$878.68
Wood Repair - Shutters	\$39,287.50	\$139.06	\$23.01	\$162.06
<b>Sub Total</b>	<b>\$345,731.94</b>	<b>\$1,010.48</b>	<b>\$201.61</b>	<b>\$1,212.09</b>
<b>090 Landscape</b>				
Landscape - Irrigation Controllers	\$9,450.00	\$155.33	\$6.03	\$161.36
Landscape - Renovation	\$17,500.00	\$1,142.95	\$4.67	\$1,147.54
<b>Sub Total</b>	<b>\$26,950.00</b>	<b>\$1,297.99</b>	<b>\$10.71</b>	<b>\$1,308.70</b>
<b>100 Miscellaneous</b>				
Fire Safety - Control Panels	\$121,656.17	\$423.02	\$71.22	\$494.24
Fire Safety - Extinguisher Cabinets	\$48,113.51	\$179.05	\$28.79	\$207.83
Mailboxes	\$0.00	\$281.30	\$1.15	\$282.45
Signage	\$75,000.00	\$288.18	\$1.18	\$289.36
Utility Closet Doors	\$137,462.50	\$485.94	\$80.51	\$567.05
<b>Sub Total</b>	<b>\$382,231.19</b>	<b>\$1,658.08</b>	<b>\$182.84</b>	<b>\$1,840.92</b>
Contingency	\$83,315.33	\$1,272.23	\$52.79	\$1,325.02
<b>Total</b>	<b>\$2,860,500.30</b>	<b>\$43,679.89</b>	<b>\$1,736.83</b>	<b>\$45,416.72</b>

**Monthly Funding**  
Displays monthly funding for each component from members and interest. Total monthly funding is also indicated. And, these columns are conveniently sub totaled.



**Pie Charts**  
Show graphically how reserve fund is distributed amongst reserve components and how components are funded.

# Pecos North

## Preface

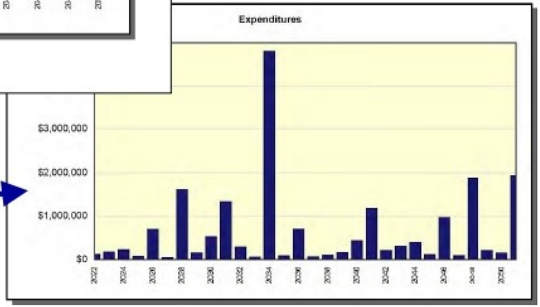
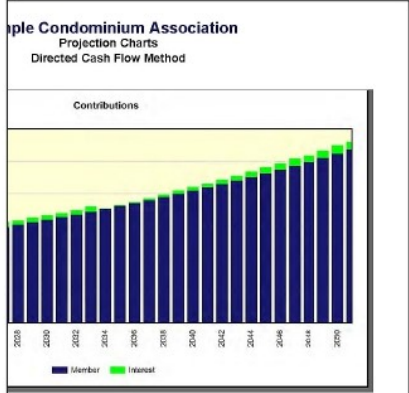
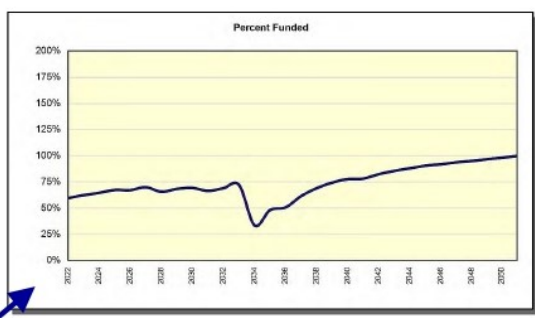
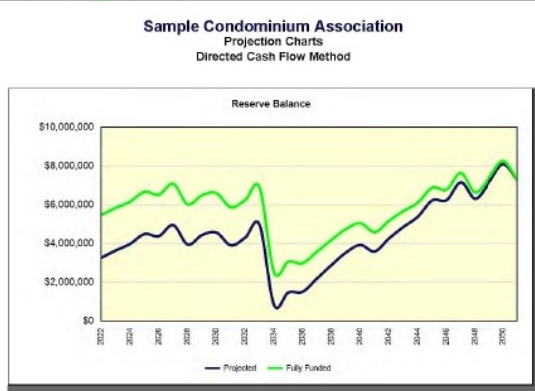
### Projections and Charts

Summary displays projections of beginning reserve balance, member contribution, interest contribution, expenditures and ending reserve balance for each year of projection period (shown here for 30 years). Two columns on the right-hand side provide fully funded ending balance and percent funded for each year. Charts show the same information in an easy-to-understand graphic format.

Sample Condominium Association Projections Directed Cash Flow Method							
Fiscal Year	Beginning Balance	Member Contribution	Interest Contribution	Expenses	Ending Balance	Fully Funded Balance	Percent Funded
2022	\$2,860,500	\$524,159	\$20,842	\$132,558	\$3,272,943	\$5,483,426	60%
2023	\$3,272,943	\$537,263	\$23,408	\$185,525	\$3,648,089	\$5,844,082	62%
2024	\$3,648,089	\$550,694	\$26,719	\$237,782	\$3,966,740	\$6,166,025	65%
2025	\$3,966,740	\$564,462	\$29,203	\$86,653	\$4,493,752	\$6,666,405	67%
2026	\$4,493,752	\$578,573	\$28,443	\$708,377	\$4,392,391	\$6,531,322	67%
2027	\$4,392,391	\$593,037	\$32,315	\$62,227	\$4,955,515	\$7,086,290	70%
2028	\$4,955,515	\$607,863	\$26,318	\$1,028,558	\$3,960,138	\$6,027,958	66%
2029	\$3,960,138	\$623,060	\$28,629	\$108,690	\$4,443,167	\$6,496,358	68%
2030	\$4,443,167	\$638,636	\$29,479	\$537,690	\$4,503,502	\$6,889,444	69%
2031	\$4,503,502	\$654,602	\$24,850	\$1,334,626	\$3,739,228	\$6,300,000	67%
2032	\$3,739,228	\$670,967	\$27,555	\$301,723	\$4,135,967	\$6,711,000	69%
2033	\$4,135,967	\$687,742	\$32,008	\$72,165	\$4,733,552	\$7,142,000	70%
2034	\$4,733,552	\$704,935	\$3,259	\$4,821,403	\$3,615,231	\$7,593,000	71%
2035	\$3,615,231	\$722,559	\$7,600	\$98,150	\$4,236,140	\$8,064,000	72%
2036	\$4,236,140	\$740,623	\$7,798	\$710,165	\$3,573,200	\$8,555,000	73%
2037	\$3,573,200	\$759,138	\$12,554	\$79,656	\$4,246,137	\$9,056,000	74%
2038	\$4,246,137	\$778,117	\$17,274	\$108,305	\$5,139,233	\$9,567,000	75%
2039	\$5,139,233	\$797,569	\$21,663	\$179,342	\$6,038,052	\$10,088,000	76%
2040	\$6,038,052	\$817,509	\$24,333	\$448,099	\$6,382,763	\$10,619,000	77%
2041	\$6,382,763	\$837,946	\$21,842	\$1,101,590	\$5,090,821	\$11,160,000	78%
2042	\$5,090,821	\$858,895	\$26,523	\$217,211	\$5,647,004	\$11,711,000	79%
2043	\$5,647,004	\$880,367	\$30,606	\$313,830	\$6,211,147	\$12,272,000	80%
2044	\$6,211,147	\$902,377	\$34,200	\$409,227	\$6,782,097	\$12,843,000	81%
2045	\$6,782,097	\$924,936	\$39,968	\$125,640	\$7,611,501	\$13,424,000	82%
2046	\$7,611,501	\$948,059	\$39,966	\$972,832	\$6,516,684	\$14,015,000	83%
2047	\$6,516,684	\$971,761	\$46,285	\$101,967	\$7,533,763	\$14,616,000	84%
2048	\$7,533,763	\$996,055	\$40,299	\$1,881,629	\$5,587,489	\$15,227,000	85%
2049	\$5,587,489	\$1,020,956	\$46,111	\$220,077	\$6,334,579	\$15,848,000	86%
2050	\$6,334,579	\$1,046,480	\$52,534	\$164,158	\$7,483,441	\$16,479,000	87%
2051	\$7,483,441	\$1,072,642	\$46,633	\$1,951,295	\$6,568,311	\$17,120,000	88%

Format makes numbers as easy to read and understand as possible. Color-coded bar indicates reserve fund status:

Green	Good	> 65%
Yellow	Fair	40% - 65%
Red	Poor	< 40%



**Charts**  
Show graphically reserve funding plan through time.



# Pecos North

## Preface

### ◆ ◆ ◆ ◆ GLOSSARY OF KEY TERMS ◆ ◆ ◆ ◆

#### **Anticipated Reserve Balance (or Reserve Funds)**

Amount of money, as of a certain point in time, held by association to be used for the repair or replacement of reserve components. This figure is “anticipated” because it is calculated based on the most current financial information available as of the analysis date, which is almost always prior to the fiscal year beginning date for which the reserve analysis is prepared.

#### **Assigned Funds (and “Fixed” Assigned Funds)**

Amount of money, as of fiscal year beginning date for which reserve analysis is prepared, that a reserve component has been assigned.

Assigned funds are considered “fixed” when the normal calculation process is bypassed and a specific amount of money is assigned to a reserve component. For example, if the normal calculation process assigns \$10,000 to the roofs, but the association would like to show \$20,000 assigned to roofs, “fixed” funds of \$20,000 can be assigned.

#### **Component Calculation Method**

Reserve funding calculation method developed based on each individual reserve component. A more detailed description of the actual calculation process is included in the “reserve funding calculation methods” section of the preface.

#### **Contingency Parameter**

Rate used as a built-in buffer in the calculation of a reserve funding plan. This rate will assign a percentage of reserve funds, as of the fiscal year beginning, as contingency funds and will also determine the level of funding toward contingency each month.

#### **Contribution Increase Parameter**

Rate used in calculation of funding plan. This rate is used on an annual compounding basis. This rate represents, in theory, the rate the association expects to increase contributions each year.

In most cases, this rate should match the inflation parameter. Matching the contribution increase parameter to the inflation parameter indicates, in theory, that member contributions should increase at the same rate as the cost of living (inflation parameter). Due to the “time value of money,” this creates the most equitable distribution of member contributions through time.

#### **Current Replacement Cost**

Amount of money, as of fiscal year beginning date for which reserve analysis is prepared, that a reserve component is expected to cost to replace.

#### **Directed Cash Flow Calculation Method**

Reserve funding calculation method developed based on total annual expenditures. A more detailed description of the actual calculation process is included in the “reserve funding calculation methods” section of the preface.

#### **Fiscal Year**

Budget year for association for which reserve analysis is prepared. Fiscal year beginning (FYB) is first day of budget year; fiscal year end (FYE) is last day of budget year.

#### **Fully Funded Reserve Balance**

Amount of money that should theoretically have accumulated in the reserve fund as of a certain point in time. Fully funded reserves are calculated for each reserve component based on the current replacement cost, age and useful life:

$$\text{Fully Funded Reserves} = \frac{\text{Age}}{\text{Useful Life}} \times \text{Current Replacement Cost}$$

Fully funded reserve balance is the sum of the fully funded reserves for each reserve component. An association that has accumulated the fully funded reserve balance does not have all of the funds necessary to replace all of its reserve components immediately; it has the proportionately appropriate reserve funds for the reserve com-

# Pecos North

## Preface

ponents it maintains, based on each component's current replacement cost, age and useful life.

### **Future Replacement Cost**

Amount of money, as of fiscal year during which replacement of a reserve component is scheduled, that a reserve component is expected to cost to replace. This cost is calculated using the current replacement cost compounded annually by the inflation parameter.

### **Global Parameters**

Financial parameters used to calculate reserve analysis. See also "inflation parameter," "contribution increase parameter," "investment rate parameter" and "taxes on investments parameter."

### **Inflation Parameter**

Rate used in calculation of future costs for reserve components. This rate is used on an annual compounding basis. This rate represents rate the association expects the cost of goods and services relating to their reserve components to increase each year.

### **Interest Contribution**

Amount of money contributed to reserve fund by interest earned on reserve fund and member contributions.

### **Investment Rate Parameter**

Gross rate used in calculation of interest contribution (interest earned) from reserve balance and member contributions. This rate (net of taxes on investments parameter) is used on a monthly compounding basis. This parameter represents the weighted average interest rate association expects to earn on their reserve fund investments.

### **Membership Contribution**

Amount of money contributed to reserve fund by association's membership.

### **Minimum Cash Flow Calculation Method**

Reserve funding calculation method developed based on total annual expenditures. A more detailed description of the actual calculation process is included in the "reserve funding calculation methods" section of the preface.

### **Monthly Contribution (and "Fixed" Monthly Contribution)**

Amount of money, for fiscal year which reserve analysis is prepared, that a reserve component will be funded.

Monthly contribution is considered "fixed" when the normal calculation process is bypassed and a specific amount of money is funded to a reserve component. For example, if the normal calculation process funds \$1,000 to the roofs each month, but the association would like to show \$500 funded to roofs each month, a "fixed" contribution of \$500 can be assigned.

### **Number of Units (or other assessment basis)**

Number of units for which reserve analysis is prepared. In "phased" developments, this number represents the number of units, and corresponding common area components, that exist as of a certain point in time.

For some associations, assessments and reserve contributions are based on a unit of measure other than number of units. Examples include time-interval weeks for timeshare resorts or lot acreage (or square feet) for commercial/ industrial developments.

### **One-Time Replacement**

Used for components that will be budgeted for only once.

### **Percent Funded**

Measure of association's reserve fund "health," expressed as a percentage, as of a certain point in time. This number is the ratio of anticipated reserve fund balance to fully funded reserve balance:

$$\text{Percent Funded} = \frac{\text{Anticipated Reserve Fund Balance}}{\text{Fully Funded Reserve Balance}}$$

# Pecos North

## Preface

Reserve fund health:

Green	Good	> 65%
Yellow	Fair	40% to 65%
Red	Poor	< 40%

An association that is 100% funded does not have all reserve funds necessary to replace all of its reserve components immediately; it has the proportionately appropriate reserve funds for reserve components it maintains, based on each component's current replacement cost, age and useful life.

### **Percentage of Replacement**

Percentage of reserve component that is expected to be replaced.

For most reserve components, this percentage is 100%. In some cases, this percentage may be more or less than 100%. For example, fencing which is shared with a neighboring community may be set at 50%. Another example would be a component where partial replacement is expected, such as interior doors.

### **Placed-In-Service Date**

Date (month and year) that a reserve component was originally put into service or last replaced.

### **Remaining Life**

Length of time, in years, until a reserve component is scheduled to be replaced.

### **Remaining Life Adjustment**

Length of time, in years, that a reserve component is expected to last in excess (or deficiency) of its useful life for current cycle of replacement (only).

If current cycle of replacement for a reserve component is expected to be greater than or less than the "normal" life expectancy, the reserve component's life should be adjusted using a remaining life adjustment.

For example, if wood trim is painted normally on a 4 year cycle, useful life should be 4 years. However, when it comes time to paint the wood trim and it is determined that it can be deferred for an additional year, useful life should remain at 4 years and a remaining life adjustment of +1 year should be used.

### **Replacement Year**

Fiscal year that a reserve component is scheduled to be replaced.

### **Reserve Components**

Line items included in the reserve analysis.

### **Taxes on Investments Parameter**

Rate used to offset investment rate parameter in the calculation of interest contribution. This parameter represents the marginal tax rate association expects to pay on interest earned by reserve funds and member contributions.

### **Total Contribution**

Sum of membership contribution and interest contribution.

### **Useful Life**

Length of time, in years, that a reserve component is expected to last each time it is replaced. See also "remaining life adjustment."

# Pecos North

## Preface

### ◆ ◆ ◆ ◆ LIMITATIONS OF RESERVE ANALYSIS ◆ ◆ ◆ ◆

This reserve analysis is intended as a tool for the association's Board of Directors to be used in evaluating the association's current physical and financial condition with regard to reserve components. The results of this reserve analysis represent the independent opinion of the preparer. There is no implied warranty or guarantee of this work product.

For the purposes of this reserve analysis, it has been assumed that all components have been installed properly, no construction defects exist and all components are operational. Additionally, it has been assumed that all components will be maintained properly in the future.

Representations set forth in this reserve analysis are based on the best information and estimates of the preparer as of the date of this analysis. These estimates are subject to change. This reserve analysis includes estimates of replacement costs and life expectancies as well as assumptions regarding future events. Some estimates are projections of future events based on information currently available and are not necessarily indicative of the actual future outcome. The longer the time period between the estimate and the estimated event, the more likely the possibility of error and/or discrepancy. For example, some assumptions inevitably will not materialize and unanticipated events and circumstances may occur subsequent to the preparation of this reserve analysis. Therefore, the actual replacement costs and remaining lives may vary from this reserve analysis and the variation may be significant. Additionally, inflation and other economic events may impact this reserve analysis, particularly over an extended period of time and those events could have a significant and negative impact on the accuracy of this reserve analysis and, further, the funds available to meet the association's obligation for repair, replacement or other maintenance of major components during their estimated useful life. Furthermore, the occurrence of vandalism, severe weather conditions, climate change, earthquakes, floods, acts of nature or other unforeseen events cannot be predicted and/or accounted for and are excluded when assessing life expectancy, repair and/or replacement costs of the reserve components.



# Pecos North

## Executive Summary

### Directed Cash Flow Method

#### Client Information

Account Number	1952
Version Number	003
Analysis Date	1/4/2024
Fiscal Year	1/1/2024 to 12/31/2024
Number of Units	168

#### Global Parameters

Inflation Rate	3.00%
Annual Contribution Increase	3.00%
Investment Rate	4.00%
Taxes on Investments	0.00%
Contingency	0.00%

#### Community Profile

This community was built in 1987. Refer to the Component Detail section of this report for the dates used to age each reserve component. The projected reserve balance calculation follows:

Reserve Balance as of 10/31/2023: \$498,469  
 Remaining 2023 Contribution to Reserves: \$3,898 (\$1,948.80/month x 2 months remaining)  
 Remaining 2023 Reserve Expenses: \$0  
 Projected 1/1/2024 Reserve Balance: \$502,367

The investment rate is an average of the rates provided on the update checklist.

Completed Reports: 2003, 2013, 1/2024 (updated with site visit)

#### Adequacy of Reserves as of January 1, 2024

Anticipated Reserve Balance	<b>\$502,367.00</b>
Fully Funded Reserve Balance	<b>\$579,080.61</b>
Percent Funded	<b>86.75%</b>

Funding for the 2024 Fiscal Year	Annual	Monthly	Per Unit Per Month
Member Contribution	<b>\$47,750</b>	<b>\$3,979.17</b>	<b>\$23.69</b>
Interest Contribution	<b>\$19,714</b>	<b>\$1,642.79</b>	<b>\$9.78</b>
Total Contribution	<b>\$67,464</b>	<b>\$5,621.96</b>	<b>\$33.46</b>

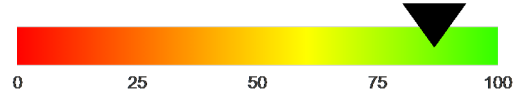


## Pecos North

Phoenix, Arizona

168 Units

12/31/2024 Fiscal Year End



### Adequacy of Reserves as of 01/01/2024

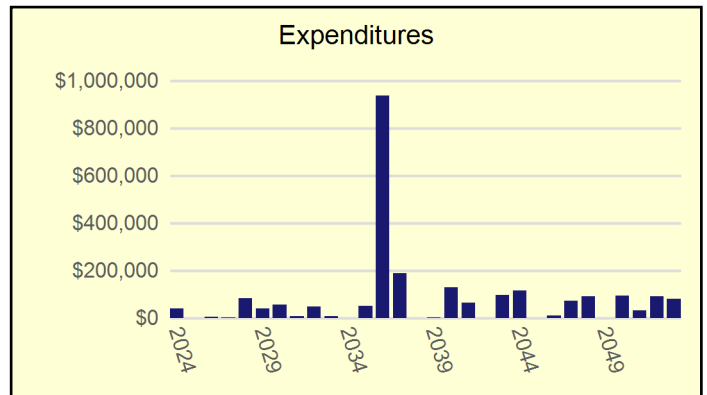
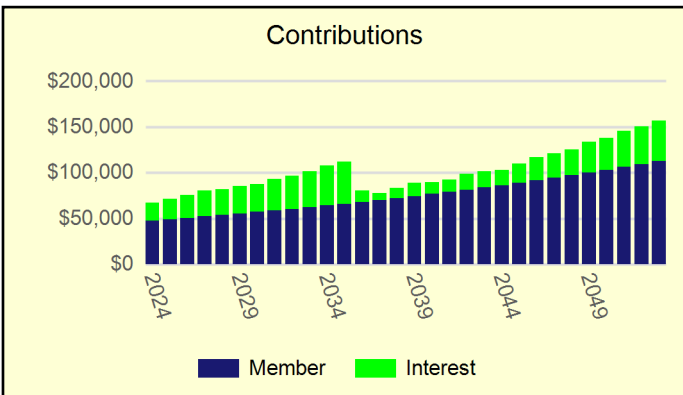
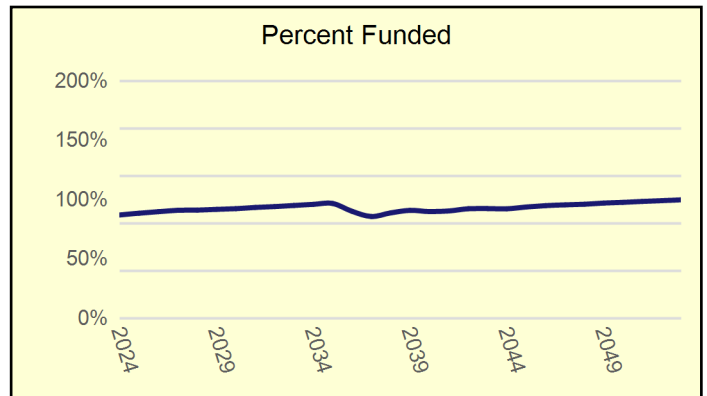
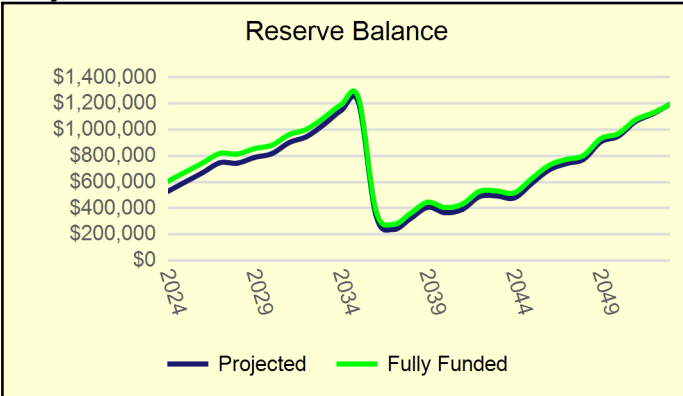
Percent Funded	<b>86.75%</b>
Reserve Fund Balance	<b>\$502,367.00</b>
Fully Funded Balance	<b>\$579,080.61</b>
Deficit per Unit	<b>\$456.63</b>

### Reserve Funding for 2024

#### Directed Cash Flow Method

	Annual	Monthly	Per Unit Per Month
Member Contribution	<b>\$47,750</b>	<b>\$3,979.17</b>	<b>\$23.69</b>
Interest Contribution	<b>\$19,714</b>	<b>\$1,642.79</b>	<b>\$9.78</b>
Total Contribution	<b>\$67,464</b>	<b>\$5,621.96</b>	<b>\$33.46</b>

### Projections



**Pecos North**  
**Distribution of Current Reserve Funds**  
**Sorted by Remaining Life; Alphabetical**

	<b>Remaining Life</b>	<b>Fully Funded Balance</b>	<b>Assigned Reserves</b>
Asphalt: Crack Seal & Seal Coat	0	\$34,980.00	\$34,980.00
Asphalt: Repairs	0	\$5,247.00	\$5,247.00
Pool: Pumps & Motors	2	\$3,000.00	\$3,000.00
Grounds: Monument Signs (Replace)	3	\$3,700.00	\$3,700.00
44th Street Entrance: Access Phone	4	\$4,956.52	\$4,956.52
44th Street Entrance: Gate Operators	4	\$9,000.00	\$9,000.00
Frye Road Entrance: Access Phone	4	\$4,956.52	\$4,956.52
Frye Road Entrance: Gate Operators	4	\$9,000.00	\$9,000.00
Spa: Filter	4	\$1,322.22	\$1,322.22
Paint: Community Exteriors	5	\$5,891.67	\$5,891.67
Grounds: Granite Replenishment	6	\$16,560.00	\$16,560.00
Pool: Deck Recoat (A)	6	\$1,114.29	\$1,114.29
Spa: Heater	7	\$100.00	\$100.00
Pool: Filter	9	\$1,000.00	\$1,000.00
Pool: Furniture (Replace)	9	\$2,000.00	\$2,000.00
Pool: Restrooms	11	\$800.00	\$800.00
Asphalt: Remove & Repave	12	\$375,188.71	\$375,188.71
44th Street Entrance: Gates	13	\$9,213.00	\$9,213.00
Fencing: Wrought Iron (Perimeter)	13	\$71,639.40	\$4,566.93
Frye Road Entrance: Gates	13	\$9,213.00	\$9,213.00
Pool: Deck Recoat (B)	13	\$557.14	\$557.14
Pool: Resurface (Pebble)	19	\$3,744.00	\$0.00
Spa: Resurface (Pebble)	19	\$1,440.00	\$0.00
Fencing: Wrought Iron (Pool)	20	\$3,600.00	\$0.00
Pool: Deck Resurface	20	\$857.14	\$0.00
Grounds: Concrete Components (Unfunded)	n.a.	\$0.00	\$0.00
Grounds: Irrigation System (Unfunded)	n.a.	\$0.00	\$0.00
Grounds: Tree Trimming (Unfunded)	n.a.	\$0.00	\$0.00
Roofs: Metal, Ramadas (Unfunded)	n.a.	\$0.00	\$0.00
Grounds: Lighting (Unfunded)	n.a.	\$0.00	\$0.00
Contingency	n.a.	\$0.00	\$0.00

**Pecos North**  
**Distribution of Current Reserve Funds**  
**Sorted by Remaining Life; Alphabetical**

<b>Total</b>	<b>0-20</b>	<b>\$579,080.61</b>	<b>\$502,367.00</b>
<b>Percent Funded</b>			<b>86.75%</b>

**Pecos North**  
**Calculation of Percent Funded**  
**Sorted by Category; Alphabetical**

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
<b><u>010 Asphalt</u></b>				
Asphalt: Crack Seal & Seal Coat	0	4	\$34,980.00	\$34,980.00
Asphalt: Remove & Repave	12	32	\$612,150.00	\$375,188.71
Asphalt: Repairs	0	4	\$5,247.00	\$5,247.00
<b>Sub Total</b>	<b>0-12</b>	<b>4-32</b>	<b>\$652,377.00</b>	<b>\$415,415.71</b>
<b><u>020 Roofs</u></b>				
Roofs: Metal, Ramadas (Unfunded)	n.a.	n.a.	\$0.00	\$0.00
<b>Sub Total</b>	<b>n.a.</b>	<b>n.a.</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b><u>030 Painting</u></b>				
Paint: Community Exteriors	5	6	\$35,350.00	\$5,891.67
<b>Sub Total</b>	<b>5</b>	<b>6</b>	<b>\$35,350.00</b>	<b>\$5,891.67</b>
<b><u>040 Fencing/Walls</u></b>				
Fencing: Wrought Iron (Perimeter)	13	50	\$96,810.00	\$71,639.40
Fencing: Wrought Iron (Pool)	20	40	\$7,200.00	\$3,600.00
<b>Sub Total</b>	<b>13-20</b>	<b>40-50</b>	<b>\$104,010.00</b>	<b>\$75,239.40</b>
<b><u>060 Pool</u></b>				
Pool: Deck Recoat (A)	6	21	\$7,800.00	\$1,114.29
Pool: Deck Recoat (B)	13	21	\$7,800.00	\$557.14
Pool: Deck Resurface	20	21	\$18,000.00	\$857.14
Pool: Filter	9	18	\$2,000.00	\$1,000.00
Pool: Furniture (Replace)	9	15	\$5,000.00	\$2,000.00
Pool: Pumps & Motors	2	5	\$5,000.00	\$3,000.00
Pool: Restrooms	11	15	\$3,000.00	\$800.00
Pool: Resurface (Pebble)	19	25	\$15,600.00	\$3,744.00
Spa: Filter	4	18	\$1,700.00	\$1,322.22
Spa: Heater	7	8	\$1,500.00	\$100.00
Spa: Resurface (Pebble)	19	25	\$6,000.00	\$1,440.00
<b>Sub Total</b>	<b>2-20</b>	<b>5-25</b>	<b>\$73,400.00</b>	<b>\$15,934.79</b>
<b><u>080 Frye Road Entrance</u></b>				
Frye Road Entrance: Access Phone	4	15	\$6,000.00	\$4,956.52
Frye Road Entrance: Gate Operators	4	15	\$11,000.00	\$9,000.00
Frye Road Entrance: Gates	13	50	\$12,450.00	\$9,213.00
<b>Sub Total</b>	<b>4-13</b>	<b>15-50</b>	<b>\$29,450.00</b>	<b>\$23,169.52</b>
<b><u>081 44th Street Entrance</u></b>				
44th Street Entrance: Access Phone	4	15	\$6,000.00	\$4,956.52
44th Street Entrance: Gate Operators	4	15	\$11,000.00	\$9,000.00

**Pecos North**  
**Calculation of Percent Funded**  
**Sorted by Category; Alphabetical**

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
44th Street Entrance: Gates	13	50	\$12,450.00	\$9,213.00
<b>Sub Total</b>	<b>4-13</b>	<b>15-50</b>	<b>\$29,450.00</b>	<b>\$23,169.52</b>
<b><u>100 Grounds</u></b>				
Grounds: Concrete Components (Unfunded)	n.a.	n.a.	\$0.00	\$0.00
Grounds: Granite Replenishment	6	10	\$41,400.00	\$16,560.00
Grounds: Irrigation System (Unfunded)	n.a.	n.a.	\$0.00	\$0.00
Grounds: Lighting (Unfunded)	n.a.	n.a.	\$0.00	\$0.00
Grounds: Monument Signs (Replace)	3	40	\$4,000.00	\$3,700.00
Grounds: Tree Trimming (Unfunded)	n.a.	n.a.	\$0.00	\$0.00
<b>Sub Total</b>	<b>3-6</b>	<b>10-40</b>	<b>\$45,400.00</b>	<b>\$20,260.00</b>
Contingency	n.a.	n.a.	n.a.	\$0.00
<b>Total</b>	<b>0-20</b>	<b>4-50</b>	<b>\$969,437.00</b>	<b>\$579,080.61</b>
Anticipated Reserve Balance				<b>\$502,367.00</b>
Percent Funded				<b>86.75%</b>

**Pecos North**  
**Projections**  
**Directed Cash Flow Method**

<b>Fiscal Year</b>	<b>Beginning Balance</b>	<b>Member Contribution</b>	<b>Interest Contribution</b>	<b>Expenses</b>	<b>Ending Balance</b>	<b>Fully Funded Balance</b>	<b>Percent Funded</b>
2024	\$502,367	\$47,750	\$19,714	\$40,227	\$529,604	\$605,904	87%
2025	\$529,604	\$49,183	\$22,489	\$0	\$601,275	\$676,492	89%
2026	\$601,275	\$50,658	\$25,220	\$5,305	\$671,848	\$745,307	90%
2027	\$671,848	\$52,178	\$28,161	\$4,371	\$747,816	\$818,767	91%
2028	\$747,816	\$53,743	\$27,982	\$85,457	\$744,085	\$813,445	91%
2029	\$744,085	\$55,355	\$29,672	\$40,980	\$788,131	\$855,517	92%
2030	\$788,131	\$57,016	\$30,773	\$58,747	\$817,173	\$881,434	93%
2031	\$817,173	\$58,726	\$34,056	\$7,994	\$901,961	\$962,212	94%
2032	\$901,961	\$60,488	\$35,793	\$50,958	\$947,284	\$1,003,037	94%
2033	\$947,284	\$62,303	\$39,377	\$9,133	\$1,039,830	\$1,090,099	95%
2034	\$1,039,830	\$64,172	\$43,554	\$0	\$1,147,556	\$1,191,172	96%
2035	\$1,147,556	\$66,097	\$45,816	\$53,085	\$1,206,384	\$1,242,651	97%
2036	\$1,206,384	\$68,080	\$12,227	\$937,262	\$349,428	\$386,178	90%
2037	\$349,428	\$70,122	\$7,788	\$190,190	\$237,148	\$275,364	86%
2038	\$237,148	\$72,226	\$11,001	\$0	\$320,375	\$359,325	89%
2039	\$320,375	\$74,393	\$14,336	\$2,337	\$406,767	\$445,670	91%
2040	\$406,767	\$76,625	\$12,656	\$130,987	\$365,061	\$404,434	90%
2041	\$365,061	\$78,923	\$13,619	\$66,692	\$390,911	\$430,594	91%
2042	\$390,911	\$81,291	\$17,433	\$0	\$489,636	\$528,713	93%
2043	\$489,636	\$83,730	\$17,529	\$97,495	\$493,399	\$531,913	93%
2044	\$493,399	\$86,242	\$16,886	\$118,168	\$478,359	\$516,547	93%
2045	\$478,359	\$88,829	\$21,136	\$0	\$588,324	\$625,146	94%
2046	\$588,324	\$91,494	\$25,142	\$12,838	\$692,122	\$726,572	95%
2047	\$692,122	\$94,239	\$26,982	\$72,727	\$740,617	\$772,233	96%
2048	\$740,617	\$97,066	\$28,228	\$91,937	\$773,973	\$802,440	96%
2049	\$773,973	\$99,978	\$33,386	\$0	\$907,337	\$931,301	97%
2050	\$907,337	\$102,977	\$34,974	\$95,753	\$949,536	\$968,546	98%
2051	\$949,536	\$106,067	\$39,313	\$32,875	\$1,062,040	\$1,074,909	99%
2052	\$1,062,040	\$109,249	\$41,545	\$92,036	\$1,120,797	\$1,126,863	99%
2053	\$1,120,797	\$112,526	\$44,355	\$83,305	\$1,194,373	\$1,192,805	100%

# Pecos North

## Annual Expenditures

### Sorted by Alphabetical

#### 2024 Fiscal Year

Asphalt: Crack Seal & Seal Coat	\$34,980.00
Asphalt: Repairs	\$5,247.00
<b>Sub Total</b>	<b>\$40,227.00</b>

#### 2026 Fiscal Year

Pool: Pumps & Motors	\$5,304.50
<b>Sub Total</b>	<b>\$5,304.50</b>

#### 2027 Fiscal Year

Grounds: Monument Signs (Replace)	\$4,370.91
<b>Sub Total</b>	<b>\$4,370.91</b>

#### 2028 Fiscal Year

44th Street Entrance: Access Phone	\$6,753.05
44th Street Entrance: Gate Operators	\$12,380.60
Asphalt: Crack Seal & Seal Coat	\$39,370.30
Asphalt: Repairs	\$5,905.54
Frye Road Entrance: Access Phone	\$6,753.05
Frye Road Entrance: Gate Operators	\$12,380.60
Spa: Filter	\$1,913.37
<b>Sub Total</b>	<b>\$85,456.51</b>

#### 2029 Fiscal Year

Paint: Community Exteriors	\$40,980.34
<b>Sub Total</b>	<b>\$40,980.34</b>

#### 2030 Fiscal Year

Grounds: Granite Replenishment	\$49,433.77
Pool: Deck Recoat (A)	\$9,313.61
<b>Sub Total</b>	<b>\$58,747.37</b>

#### 2031 Fiscal Year

Pool: Pumps & Motors	\$6,149.37
Spa: Heater	\$1,844.81
<b>Sub Total</b>	<b>\$7,994.18</b>

#### 2032 Fiscal Year

Asphalt: Crack Seal & Seal Coat	\$44,311.62
Asphalt: Repairs	\$6,646.74
<b>Sub Total</b>	<b>\$50,958.36</b>



**Pecos North**  
**Annual Expenditures**  
**Sorted by Alphabetical**

**2033 Fiscal Year**

Pool: Filter	\$2,609.55
Pool: Furniture (Replace)	\$6,523.87
<b>Sub Total</b>	<b>\$9,133.41</b>

**2035 Fiscal Year**

Paint: Community Exteriors	\$48,932.67
Pool: Restrooms	\$4,152.70
<b>Sub Total</b>	<b>\$53,085.37</b>

**2036 Fiscal Year**

Asphalt: Crack Seal & Seal Coat	\$49,873.12
Asphalt: Remove & Repave	\$872,779.53
Asphalt: Repairs	\$7,480.97
Pool: Pumps & Motors	\$7,128.80
<b>Sub Total</b>	<b>\$937,262.41</b>

**2037 Fiscal Year**

44th Street Entrance: Gates	\$18,283.24
Fencing: Wrought Iron (Perimeter)	\$142,168.75
Frye Road Entrance: Gates	\$18,283.24
Pool: Deck Recoat (B)	\$11,454.56
<b>Sub Total</b>	<b>\$190,189.80</b>

**2039 Fiscal Year**

Spa: Heater	\$2,336.95
<b>Sub Total</b>	<b>\$2,336.95</b>

**2040 Fiscal Year**

Asphalt: Crack Seal & Seal Coat	\$56,132.63
Asphalt: Repairs	\$8,419.89
Grounds: Granite Replenishment	\$66,434.85
<b>Sub Total</b>	<b>\$130,987.37</b>

**2041 Fiscal Year**

Paint: Community Exteriors	\$58,428.16
Pool: Pumps & Motors	\$8,264.24
<b>Sub Total</b>	<b>\$66,692.40</b>

**2043 Fiscal Year**

44th Street Entrance: Access Phone	\$10,521.04
44th Street Entrance: Gate Operators	\$19,288.57

**Pecos North**  
**Annual Expenditures**  
**Sorted by Alphabetical**

Frye Road Entrance: Access Phone	\$10,521.04
Frye Road Entrance: Gate Operators	\$19,288.57
Pool: Resurface (Pebble)	\$27,354.69
Spa: Resurface (Pebble)	\$10,521.04
<b>Sub Total</b>	<b>\$97,494.94</b>

**2044 Fiscal Year**

Asphalt: Crack Seal & Seal Coat	\$63,177.77
Asphalt: Repairs	\$9,476.67
Fencing: Wrought Iron (Pool)	\$13,004.00
Pool: Deck Resurface	\$32,510.00
<b>Sub Total</b>	<b>\$118,168.44</b>

**2046 Fiscal Year**

Pool: Pumps & Motors	\$9,580.52
Spa: Filter	\$3,257.38
<b>Sub Total</b>	<b>\$12,837.89</b>

**2047 Fiscal Year**

Paint: Community Exteriors	\$69,766.28
Spa: Heater	\$2,960.38
<b>Sub Total</b>	<b>\$72,726.66</b>

**2048 Fiscal Year**

Asphalt: Crack Seal & Seal Coat	\$71,107.14
Asphalt: Repairs	\$10,666.07
Pool: Furniture (Replace)	\$10,163.97
<b>Sub Total</b>	<b>\$91,937.18</b>

**2050 Fiscal Year**

Grounds: Granite Replenishment	\$89,282.88
Pool: Restrooms	\$6,469.77
<b>Sub Total</b>	<b>\$95,752.65</b>

**2051 Fiscal Year**

Pool: Deck Recoat (A)	\$17,326.05
Pool: Filter	\$4,442.58
Pool: Pumps & Motors	\$11,106.45
<b>Sub Total</b>	<b>\$32,875.08</b>

**2052 Fiscal Year**

Asphalt: Crack Seal & Seal Coat	\$80,031.71
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**Pecos North**  
**Annual Expenditures**  
**Sorted by Alphabetical**

Asphalt: Repairs	\$12,004.76
<b>Sub Total</b>	<hr/> <b>\$92,036.47</b>

**2053 Fiscal Year**

Paint: Community Exteriors	\$83,304.59
<b>Sub Total</b>	<hr/> <b>\$83,304.59</b>

**Pecos North**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Asphalt: Crack Seal & Seal Coat**

Category	010 Asphalt	Quantity	174,900 sq. ft.
		Unit Cost	\$0.20
		% of Replacement	100.00%
		Current Cost	\$34,980.00
Placed In Service	01/2020	Future Cost	\$39,370.30
Useful Life	4		
		Assigned Reserves at FYB	\$34,980.00
Remaining Life	0	Monthly Member Contribution	\$714.74
Replacement Year	2024	Monthly Interest Contribution	\$13.44
		Total Monthly Contribution	\$728.18

This component budgets for a continuous four (4) year crack seal and seal coating cycle.

It should be noted that the repair/seal coat and repaving assets are budgeted to occur in the same budget year. It is recommended that the asphalt is seal coated within 6 months of repaving. Therefore, this component appears in the same year as the repaving project. If the Association chooses not to seal coat within 6 months of repaving, the accumulated funds can be used for any additional expenses associated with the major project or remain in the reserve account to be reallocated to other projects in the future.

Instead of using a typical seal coat maintenance program, the Association has the option to go with a High Density Mineral Bond (HA5) surface treatment. This product, sold in AZ by Holbrook Asphalt, provides a durable surface that reduces the frequency of "coating", preserves the underlying asphalt, and can significantly extend the timeframe for the major asphalt rehabilitation project, or likely eliminate the need for it at a single point in time. If the Association would like us to create an alternative reserve study that assumes an HA5 program, we can do so at the Board's request for an additional fee of \$300. Please note, this is not included as part of the free revision process.

Note that we are not endorsing Holbrook Asphalt, but presenting the HA5 program as an alternative option to a typical seal coat maintenance program. We recommend that the Association contact Holbrook Asphalt (602.377.5406) to have the community asphalt evaluated to determine if the HA5 program is a viable option.

**Pecos North**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Asphalt: Remove & Repave**

Category	010 Asphalt	Quantity	174,900 sq. ft.
		Unit Cost	\$3.50
		% of Replacement	100.00%
		Current Cost	\$612,150.00
Placed In Service	01/2005	Future Cost	\$872,779.53
Useful Life	32		
Adjustment	-1	Assigned Reserves at FYB	\$375,188.71
Remaining Life	12	Monthly Member Contribution	\$1,222.60
Replacement Year	2036	Monthly Interest Contribution	\$1,295.94
		Total Monthly Contribution	\$2,518.54

This component includes a provision to pulverize the existing asphalt, removing excess materials, grade and compact pulverized material, and repave with 2.5" - 3" of new asphalt.

The asphalt was overlaid in 2005.

**Pecos North**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Asphalt: Repairs**

Category	010 Asphalt	Quantity	174,900 sq. ft.
		Unit Cost	\$6.00
		% of Replacement	0.50%
		Current Cost	\$5,247.00
Placed In Service	01/2020	Future Cost	\$5,905.54
Useful Life	4		
		Assigned Reserves at FYB	\$5,247.00
Remaining Life	0	Monthly Member Contribution	\$107.21
Replacement Year	2024	Monthly Interest Contribution	\$2.02
		Total Monthly Contribution	\$109.23

It is estimated that a percentage of the asphalt areas will require repair or replacement. These repairs are not specifically predictable in terms of nature, location or cost. The actual condition of the asphalt should be monitored over time and these estimates adjusted accordingly. Funds allocated to repairs in the year that removal and repaving is set to occur should be used for repairs to the base as needed. If not needed, these funds should remain in the reserve account to be reallocated to other projects.

**Pecos North**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Roofs: Metal, Ramadas (Unfunded)**

Category	020 Roofs	Quantity	1 comment
		Unit Cost	\$0.00
		% of Replacement	0.00%
		Current Cost	\$0.00
Placed In Service	01/1987	Future Cost	\$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	\$0.00
Remaining Life	n.a.	Monthly Member Contribution	\$0.00
Replacement Year	n.a.	Monthly Interest Contribution	\$0.00
		Total Monthly Contribution	\$0.00

We are not budgeting to replace the metal ramada roof(s) because this type of roof has an indefinite useful life, and should last for the life of the ramada if properly maintained. Any required repairs should be handed on an as needed basis and the expense paid for out of the annual operating budget.

**Pecos North**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Paint: Community Exteriors**

Category	030 Painting	Quantity	1 total
		Unit Cost	\$35,350.00
		% of Replacement	100.00%
		Current Cost	\$35,350.00
Placed In Service	01/2023	Future Cost	\$40,980.34
Useful Life	6		
		Assigned Reserves at FYB	\$5,891.67
Remaining Life	5	Monthly Member Contribution	\$473.92
Replacement Year	2029	Monthly Interest Contribution	\$28.90
		Total Monthly Contribution	\$502.82

Last painted by Clouse Legacy Coatings in late 2022/early 2023 for \$33,667.04. Cost has been adjusted to account for inflation.

This project included repairs and painting of stucco walls, painting wrought iron fencing and gates, and all components in the pool area.

We are budgeting to paint the community every six (6) years.

Measurements per Clouse Legacy proposal:

- 22,404 SF (walls)
- 7,986 SF wrought iron



**Pecos North**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Fencing: Wrought Iron (Perimeter)**

Category	040 Fencing/Walls	Quantity	1 total
		Unit Cost	\$96,810.00
		% of Replacement	100.00%
		Current Cost	\$96,810.00
Placed In Service	01/1987	Future Cost	\$142,168.75
Useful Life	50		
		Assigned Reserves at FYB	\$4,566.93
Remaining Life	13	Monthly Member Contribution	\$549.14
Replacement Year	2037	Monthly Interest Contribution	\$25.82
		Total Monthly Contribution	\$574.97

1,383 LF of 5'10" fencing	@	\$70.00	=	<u>\$96,810.00</u>
		TOTAL	=	\$96,810.00

This fencing is in very good condition. We have not been advised that it has ever been replaced. Therefore, we have continued to use the original placed in service date and have used a longer useful life.

**Pecos North**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Fencing: Wrought Iron (Pool)**

Category	040 Fencing/Walls	Quantity	1 total
		Unit Cost	\$7,200.00
		% of Replacement	100.00%
		Current Cost	\$7,200.00
Placed In Service	01/2004	Future Cost	\$13,004.00
Useful Life	40		
		Assigned Reserves at FYB	\$0.00
Remaining Life	20	Monthly Member Contribution	\$27.03
Replacement Year	2044	Monthly Interest Contribution	\$0.51
		Total Monthly Contribution	\$27.54

80 LF of 5'0" fencing	@	\$60.00	=	\$4,800.00
2 gates	@	\$1,200.00	=	\$2,400.00
		TOTAL	=	<u>\$7,200.00</u>

**Pecos North**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Pool: Deck Recoat (A)**

Category	060 Pool	Quantity	2,600 sq. ft.
		Unit Cost	\$3.00
		% of Replacement	100.00%
		Current Cost	\$7,800.00
Placed In Service	01/2023	Future Cost	\$9,313.61
Useful Life	21		
Adjustment	-14	Assigned Reserves at FYB	\$1,114.29
Remaining Life	6	Monthly Member Contribution	\$89.16
Replacement Year	2030	Monthly Interest Contribution	\$5.46
		Total Monthly Contribution	\$94.62

This component includes a provision to repair and recoat (repaint) the pool deck seven (7) years after every full resurface cycle.

**Pecos North**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Pool: Deck Recoat (B)**

Category	060 Pool	Quantity	2,600 sq. ft.
		Unit Cost	\$3.00
		% of Replacement	100.00%
		Current Cost	\$7,800.00
Placed In Service	01/2023	Future Cost	\$11,454.56
Useful Life	21		
Adjustment	-7	Assigned Reserves at FYB	\$557.14
Remaining Life	13	Monthly Member Contribution	\$42.95
Replacement Year	2037	Monthly Interest Contribution	\$2.70
		Total Monthly Contribution	\$45.64

This component includes a provision to repair and recoat (repaint) the pool deck 14 years after every full resurface cycle.

**Pecos North**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Pool: Deck Resurface**

Category	060 Pool	Quantity	1 total
		Unit Cost	\$18,000.00
		% of Replacement	100.00%
		Current Cost	\$18,000.00
Placed In Service	01/2023	Future Cost	\$32,510.00
Useful Life	21		
		Assigned Reserves at FYB	\$0.00
Remaining Life	20	Monthly Member Contribution	\$67.58
Replacement Year	2044	Monthly Interest Contribution	\$1.27
		Total Monthly Contribution	\$68.85

This component includes a provision to resurface the pool deck (includes removal of the existing deck surface and application of new acrylic lace texture overlay).

Last resurfaced in late 2022 by Coral Pools for \$17,065. Cost has been adjusted to account for inflation.

**Pecos North**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Pool: Filter**

Category	060 Pool	Quantity	1 filter
		Unit Cost	\$2,000.00
		% of Replacement	100.00%
		Current Cost	\$2,000.00
Placed In Service	01/2015	Future Cost	\$2,609.55
Useful Life	18		
		Assigned Reserves at FYB	\$1,000.00
Remaining Life	9	Monthly Member Contribution	\$7.98
Replacement Year	2033	Monthly Interest Contribution	\$3.54
		Total Monthly Contribution	\$11.52

This is a Triton II, 4.91 sq. ft. sand filter. We did not have access to the pool equipment enclosure. We have estimated the placed in service date of the pool filter.

**Pecos North**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Pool: Furniture (Replace)**

Category	060 Pool	Quantity	1 total
		Unit Cost	\$5,000.00
		% of Replacement	100.00%
		Current Cost	\$5,000.00
Placed In Service	01/2018	Future Cost	\$6,523.87
Useful Life	15		
		Assigned Reserves at FYB	\$2,000.00
Remaining Life	9	Monthly Member Contribution	\$24.81
Replacement Year	2033	Monthly Interest Contribution	\$7.25
		Total Monthly Contribution	\$32.06

This is an estimate for replacement of the pool furniture including lounges, table and chairs. We have estimated the placed in service date.

**Pecos North**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Pool: Pumps & Motors**

Category	060 Pool	Quantity	1 total
		Unit Cost	\$5,000.00
		% of Replacement	100.00%
		Current Cost	\$5,000.00
Placed In Service	01/2021	Future Cost	\$5,304.50
Useful Life	5		
		Assigned Reserves at FYB	\$3,000.00
Remaining Life	2	Monthly Member Contribution	\$79.99
Replacement Year	2026	Monthly Interest Contribution	\$11.68
		Total Monthly Contribution	\$91.67

This component will accumulate funds for the major repair/replacement of pool and spa pumps and motors.



**Pecos North**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Pool: Restrooms**

Category	060 Pool	Quantity	1 total
		Unit Cost	\$3,000.00
		% of Replacement	100.00%
		Current Cost	\$3,000.00
Placed In Service	01/2020	Future Cost	\$4,152.70
Useful Life	15		
		Assigned Reserves at FYB	\$800.00
Remaining Life	11	Monthly Member Contribution	\$15.06
Replacement Year	2035	Monthly Interest Contribution	\$3.00
		Total Monthly Contribution	\$18.06

This component will acculate \$3,000 every 15 years to be used as needed for pool restroom interiors.

**Pecos North**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Pool: Resurface (Pebble)**

Category	060 Pool	Quantity	1 total
		Unit Cost	\$15,600.00
		% of Replacement	100.00%
		Current Cost	\$15,600.00
Placed In Service	01/2018	Future Cost	\$27,354.69
Useful Life	25		
		Assigned Reserves at FYB	\$0.00
Remaining Life	19	Monthly Member Contribution	\$61.99
Replacement Year	2043	Monthly Interest Contribution	\$1.17
		Total Monthly Contribution	\$63.15

We have estimated that the pool was resurfaced in 2018.

1,300 SF of (IA) of resurfacing	@	\$10.00	=	\$13,000.00
130 LF of trim tile	@	\$20.00	=	\$2,600.00
60 LF of bench tile	@	\$18.00	=	\$1,080.00
		TOTAL	=	<u>\$16,680.00</u>

This component budgets to resurface the swimming pool with a new pebble surface, replace the waterline trim tile and replace the bench tile.

The waterline trim tile may require replacement prior to resurfacing the pebble surface. Accumulated funds should be used as needed if this is the case.

**Pecos North**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Spa: Filter**

Category	060 Pool	Quantity	1 total
		Unit Cost	\$1,700.00
		% of Replacement	100.00%
		Current Cost	\$1,700.00
Placed In Service	01/2010	Future Cost	\$1,913.36
Useful Life	18		
		Assigned Reserves at FYB	\$1,322.22
Remaining Life	4	Monthly Member Contribution	\$6.57
Replacement Year	2028	Monthly Interest Contribution	\$4.61
		Total Monthly Contribution	\$11.18

This is a Triton II, 3.14 sq. ft. sand filter (11/23/2009).

**Pecos North**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Spa: Heater**

Category	060 Pool	Quantity	1 heater
		Unit Cost	\$1,500.00
		% of Replacement	100.00%
		Current Cost	\$1,500.00
Placed In Service	07/2023	Future Cost	\$1,844.81
Useful Life	8		
		Assigned Reserves at FYB	\$100.00
Remaining Life	7	Monthly Member Contribution	\$16.00
Replacement Year	2031	Monthly Interest Contribution	\$0.64
		Total Monthly Contribution	\$16.65

This is an electric heater for the spa. Replaced in 7/2023 for \$1,450. Cost has been adusted to account for inflation.

**Pecos North**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Spa: Resurface (Pebble)**

Category	060 Pool	Quantity	1 total
		Unit Cost	\$6,000.00
		% of Replacement	100.00%
		Current Cost	\$6,000.00
Placed In Service	01/2018	Future Cost	\$10,521.04
Useful Life	25		
		Assigned Reserves at FYB	\$0.00
Remaining Life	19	Monthly Member Contribution	\$23.84
Replacement Year	2043	Monthly Interest Contribution	\$0.45
		Total Monthly Contribution	\$24.29

We have estimated that the spa was resurfaced in 2018.

**Pecos North**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Frye Road Entrance: Access Phone**

Category	080 Frye Road Entrance	Quantity	1 phone
		Unit Cost	\$6,000.00
		% of Replacement	100.00%
		Current Cost	\$6,000.00
Placed In Service	01/2005	Future Cost	\$6,753.05
Useful Life	15		
Adjustment	+8	Assigned Reserves at FYB	\$4,956.52
Remaining Life	4	Monthly Member Contribution	\$17.03
Replacement Year	2028	Monthly Interest Contribution	\$17.14
		Total Monthly Contribution	\$34.17

This is a Door King entrance access phone.

**Pecos North**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Frye Road Entrance: Gate Operators**

Category	080 Frye Road Entrance	Quantity	2 operators
		Unit Cost	\$5,500.00
		% of Replacement	100.00%
		Current Cost	\$11,000.00
Placed In Service	01/2006	Future Cost	\$12,380.60
Useful Life	15		
Adjustment	+7	Assigned Reserves at FYB	\$9,000.00
Remaining Life	4	Monthly Member Contribution	\$33.07
Replacement Year	2028	Monthly Interest Contribution	\$31.16
		Total Monthly Contribution	\$64.23

This is a Door King entrance access phone.

**Pecos North**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Frye Road Entrance: Gates**

Category	080 Frye Road Entrance	Quantity	1 total
		Unit Cost	\$12,450.00
		% of Replacement	100.00%
		Current Cost	\$12,450.00
Placed In Service	01/1987	Future Cost	\$18,283.24
Useful Life	50		
		Assigned Reserves at FYB	\$9,213.00
Remaining Life	13	Monthly Member Contribution	\$11.43
Replacement Year	2037	Monthly Interest Contribution	\$31.47
		Total Monthly Contribution	\$42.91

2 5'7" x 3'5" pedestrian gates	@	\$1,150.00	=	\$2,300.00
2 5'7" x 15'2" vehicle gates	@	\$5,075.00	=	\$10,150.00
		TOTAL	=	<u>\$12,450.00</u>



**Pecos North**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**44th Street Entrance: Access Phone**

Category	081 44th Street Entrance	Quantity	1 phone
		Unit Cost	\$6,000.00
		% of Replacement	100.00%
		Current Cost	\$6,000.00
Placed In Service	01/2005	Future Cost	\$6,753.05
Useful Life	15		
Adjustment	+8	Assigned Reserves at FYB	\$4,956.52
Remaining Life	4	Monthly Member Contribution	\$17.03
Replacement Year	2028	Monthly Interest Contribution	\$17.14
		Total Monthly Contribution	\$34.17

This is a Door King entrance access phone.

**Pecos North**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**44th Street Entrance: Gate Operators**

Category	081 44th Street Entrance	Quantity	2 operators
		Unit Cost	\$5,500.00
		% of Replacement	100.00%
		Current Cost	\$11,000.00
Placed In Service	01/2006	Future Cost	\$12,380.60
Useful Life	15		
Adjustment	+7	Assigned Reserves at FYB	\$9,000.00
Remaining Life	4	Monthly Member Contribution	\$33.07
Replacement Year	2028	Monthly Interest Contribution	\$31.16
		Total Monthly Contribution	\$64.23

This is a Door King entrance access phone.

**Pecos North**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**44th Street Entrance: Gates**

Category	081 44th Street Entrance	Quantity	1 total
		Unit Cost	\$12,450.00
		% of Replacement	100.00%
		Current Cost	\$12,450.00
Placed In Service	01/1987	Future Cost	\$18,283.24
Useful Life	50		
		Assigned Reserves at FYB	\$9,213.00
Remaining Life	13	Monthly Member Contribution	\$11.43
Replacement Year	2037	Monthly Interest Contribution	\$31.47
		Total Monthly Contribution	\$42.91

2 5'7" x 3'6" pedestrian gates	@	\$1,150.00	=	\$2,300.00
2 5'7" x 15'10" vehicle gates	@	\$5,075.00	=	\$10,150.00
		TOTAL	=	<u>\$12,450.00</u>

**Pecos North**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Grounds: Concrete Components (Unfunded)**

Category	100 Grounds	Quantity	1 comment
		Unit Cost	\$0.00
		% of Replacement	0.00%
		Current Cost	\$0.00
Placed In Service	01/1987	Future Cost	\$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	\$0.00
Remaining Life	n.a.	Monthly Member Contribution	\$0.00
Replacement Year	n.a.	Monthly Interest Contribution	\$0.00
		Total Monthly Contribution	\$0.00

We are not budgeting for repair or replacement of concrete components in this analysis. It is anticipated that any repairs/replacements required will be addressed immediately due to safety concerns. There should not be a need for complete replacement at a single point in time, and good maintenance practice won't allow the need for repairs to accumulate to a point of major expense. We recommend that a line item be set up in the annual operating budget to account for potential concrete repairs/replacements on an as needed basis. However, should the client wish to include budgeting for concrete components as a reserve expense, we will do so at their request (cost and useful life to be provided by client).

**Pecos North**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Grounds: Granite Replenishment**

Category	100 Grounds	Quantity	460 tons
		Unit Cost	\$90.00
		% of Replacement	100.00%
		Current Cost	\$41,400.00
Placed In Service	01/2020	Future Cost	\$49,433.77
Useful Life	10		
		Assigned Reserves at FYB	\$16,560.00
Remaining Life	6	Monthly Member Contribution	\$320.51
Replacement Year	2030	Monthly Interest Contribution	\$62.21
		Total Monthly Contribution	\$382.72

This is an estimate for common area landscape granite replenishment. The cost includes an estimate for purchase, delivery and spreading and is based on adding a 1" layer to the existing base.

**Pecos North**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Grounds: Irrigation System (Unfunded)**

Category	100 Grounds	Quantity	1 comment
		Unit Cost	\$0.00
		% of Replacement	0.00%
		Current Cost	\$0.00
Placed In Service	01/1987	Future Cost	\$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	\$0.00
Remaining Life	n.a.	Monthly Member Contribution	\$0.00
Replacement Year	n.a.	Monthly Interest Contribution	\$0.00
		Total Monthly Contribution	\$0.00

Irrigation systems are one of the most difficult items to budget for without specific information provided by an expert who is specifically familiar with the system inventory and system condition.

We have been advised by irrigation system experts that most system components (piping, sprinkler heads, valves, etc) have a useful life of 20+ years. However, budgeting for the replacement of an irrigation system requires evaluation of the present condition (to identify remaining useful life) and replacement cost - both of which call for expert evaluation, but fall outside the scope of a reserve study.

Therefore, we recommend that the Association board and/or management company have the system evaluated to determine the appropriate scope of work, projected replacement cost and remaining life, all of which are necessary, so that budgeting can be included in a revision or future update of this analysis.

**Pecos North**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Grounds: Lighting (Unfunded)**

Category	100 Grounds	Quantity	1 comment
		Unit Cost	\$0.00
		% of Replacement	0.00%
		Current Cost	\$0.00
Placed In Service	01/2000	Future Cost	\$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	\$0.00
Remaining Life	n.a.	Monthly Member Contribution	\$0.00
Replacement Year	n.a.	Monthly Interest Contribution	\$0.00
		Total Monthly Contribution	\$0.00

We are not budgeting to replace any ground level landscape, monument or pathway lighting systems. Individual light fixtures are most often replaced as needed using operating funds due to frequent damage by pedestrians, landscape personnel, and/or weather conditions. Should complete replacement of the lighting system(s) be required, expert evaluation will be necessary to provide replacement cost information.

**Pecos North**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Grounds: Monument Signs (Replace)**

Category	100 Grounds	Quantity	2 signs
		Unit Cost	\$2,000.00
		% of Replacement	100.00%
		Current Cost	\$4,000.00
Placed In Service	01/1987	Future Cost	\$4,370.91
Useful Life	40		
		Assigned Reserves at FYB	\$3,700.00
Remaining Life	3	Monthly Member Contribution	\$5.01
Replacement Year	2027	Monthly Interest Contribution	\$12.65
		Total Monthly Contribution	\$17.66

These are wood signs (2) with raised, painted letters that indicate "PECOS NORTH".



**Pecos North**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Grounds: Tree Trimming (Unfunded)**

Category	100 Grounds	Quantity	1 comment
		Unit Cost	\$0.00
		% of Replacement	0.00%
		Current Cost	\$0.00
Placed In Service	01/1987	Future Cost	\$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	\$0.00
Remaining Life	n.a.	Monthly Member Contribution	\$0.00
Replacement Year	n.a.	Monthly Interest Contribution	\$0.00
		Total Monthly Contribution	\$0.00

We were previously advised that tree trimming is paid for out of the operating budget.

**Pecos North**  
**Cross-Tabular Summary**  
**Directed Cash Flow Method; Sorted by Category**

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
<b>BEGINNING RESERVE BALANCE</b>	\$502,367	\$529,604	\$601,275	\$671,848	\$747,816	\$744,085	\$788,131	\$817,173	\$901,961	\$947,284
<b>Member Contribution</b>	\$47,750	\$49,183	\$50,658	\$52,178	\$53,743	\$55,355	\$57,016	\$58,726	\$60,488	\$62,303
<b>Interest Contribution</b>	\$19,714	\$22,489	\$25,220	\$28,161	\$27,982	\$29,672	\$30,773	\$34,056	\$35,793	\$39,377
<b>Expenditures (detailed below)</b>	\$40,227	\$0	\$5,305	\$4,371	\$85,457	\$40,980	\$58,747	\$7,994	\$50,958	\$9,133
<b>ENDING RESERVE BALANCE</b>	\$529,604	\$601,275	\$671,848	\$747,816	\$744,085	\$788,131	\$817,173	\$901,961	\$947,284	\$1,039,830
Asphalt: Crack Seal & Seal Coat	\$34,980				\$39,370				\$44,312	
Asphalt: Remove & Repave										
Asphalt: Repairs	\$5,247				\$5,906				\$6,647	
Roofs: Metal, Ramadas (Unfunded)										
Paint: Community Exteriors						\$40,980				
Fencing: Wrought Iron (Perimeter)										
Fencing: Wrought Iron (Pool)										
Pool: Deck Recoat (A)							\$9,314			
Pool: Deck Recoat (B)										
Pool: Deck Resurface										
Pool: Filter										\$2,610
Pool: Furniture (Replace)										\$6,524
Pool: Pumps & Motors			\$5,305					\$6,149		
Pool: Restrooms										
Pool: Resurface (Pebble)										
Spa: Filter					\$1,913					
Spa: Heater								\$1,845		
Spa: Resurface (Pebble)										
Frye Road Entrance: Access Phone					\$6,753					
Frye Road Entrance: Gate Operators					\$12,381					
Frye Road Entrance: Gates										
44th Street Entrance: Access Phone					\$6,753					
44th Street Entrance: Gate Operators					\$12,381					
44th Street Entrance: Gates										
Grounds: Concrete Components (Unfunded)										

**Pecos North**  
**Cross-Tabular Summary**  
**Directed Cash Flow Method; Sorted by Category**

	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
<b>BEGINNING RESERVE BALANCE</b>	\$1,039,830	\$1,147,556	\$1,206,384	\$349,428	\$237,148	\$320,375	\$406,767	\$365,061	\$390,911	\$489,636
<b>Member Contribution</b>	\$64,172	\$66,097	\$68,080	\$70,122	\$72,226	\$74,393	\$76,625	\$78,923	\$81,291	\$83,730
<b>Interest Contribution</b>	\$43,554	\$45,816	\$12,227	\$7,788	\$11,001	\$14,336	\$12,656	\$13,619	\$17,433	\$17,529
<b>Expenditures (detailed below)</b>	\$0	\$53,085	\$937,262	\$190,190	\$0	\$2,337	\$130,987	\$66,692	\$0	\$97,495
<b>ENDING RESERVE BALANCE</b>	\$1,147,556	\$1,206,384	\$349,428	\$237,148	\$320,375	\$406,767	\$365,061	\$390,911	\$489,636	\$493,399
Asphalt: Crack Seal & Seal Coat			\$49,873				\$56,133			
Asphalt: Remove & Repave			\$872,780							
Asphalt: Repairs			\$7,481				\$8,420			
Roofs: Metal, Ramadas (Unfunded)										
Paint: Community Exteriors		\$48,933						\$58,428		
Fencing: Wrought Iron (Perimeter)				\$142,169						
Fencing: Wrought Iron (Pool)										
Pool: Deck Recoat (A)										
Pool: Deck Recoat (B)				\$11,455						
Pool: Deck Resurface										
Pool: Filter										
Pool: Furniture (Replace)										
Pool: Pumps & Motors			\$7,129					\$8,264		
Pool: Restrooms		\$4,153								
Pool: Resurface (Pebble)										\$27,355
Spa: Filter										
Spa: Heater						\$2,337				
Spa: Resurface (Pebble)										\$10,521
Frye Road Entrance: Access Phone										\$10,521
Frye Road Entrance: Gate Operators										\$19,289
Frye Road Entrance: Gates				\$18,283						
44th Street Entrance: Access Phone										\$10,521
44th Street Entrance: Gate Operators										\$19,289
44th Street Entrance: Gates				\$18,283						
Grounds: Concrete Components (Unfunded)										

**Pecos North**  
**Cross-Tabular Summary**  
**Directed Cash Flow Method; Sorted by Category**

	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053
<b>BEGINNING RESERVE BALANCE</b>	\$493,399	\$478,359	\$588,324	\$692,122	\$740,617	\$773,973	\$907,337	\$949,536	\$1,062,040	\$1,120,797
<b>Member Contribution</b>	\$86,242	\$88,829	\$91,494	\$94,239	\$97,066	\$99,978	\$102,977	\$106,067	\$109,249	\$112,526
<b>Interest Contribution</b>	\$16,886	\$21,136	\$25,142	\$26,982	\$28,228	\$33,386	\$34,974	\$39,313	\$41,545	\$44,355
<b>Expenditures (detailed below)</b>	\$118,168	\$0	\$12,838	\$72,727	\$91,937	\$0	\$95,753	\$32,875	\$92,036	\$83,305
<b>ENDING RESERVE BALANCE</b>	\$478,359	\$588,324	\$692,122	\$740,617	\$773,973	\$907,337	\$949,536	\$1,062,040	\$1,120,797	\$1,194,373
Asphalt: Crack Seal & Seal Coat	\$63,178				\$71,107				\$80,032	
Asphalt: Remove & Repave										
Asphalt: Repairs	\$9,477				\$10,666				\$12,005	
Roofs: Metal, Ramadas (Unfunded)										
Paint: Community Exteriors				\$69,766						\$83,305
Fencing: Wrought Iron (Perimeter)										
Fencing: Wrought Iron (Pool)	\$13,004									
Pool: Deck Recoat (A)								\$17,326		
Pool: Deck Recoat (B)										
Pool: Deck Resurface	\$32,510									
Pool: Filter								\$4,443		
Pool: Furniture (Replace)					\$10,164					
Pool: Pumps & Motors			\$9,581					\$11,106		
Pool: Restrooms							\$6,470			
Pool: Resurface (Pebble)										
Spa: Filter			\$3,257							
Spa: Heater				\$2,960						
Spa: Resurface (Pebble)										
Frye Road Entrance: Access Phone										
Frye Road Entrance: Gate Operators										
Frye Road Entrance: Gates										
44th Street Entrance: Access Phone										
44th Street Entrance: Gate Operators										
44th Street Entrance: Gates										
Grounds: Concrete Components (Unfunded)										

**Pecos North**  
**Cross-Tabular Summary**  
**Directed Cash Flow Method; Sorted by Category**

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
<b>BEGINNING RESERVE BALANCE</b>	\$502,367	\$529,604	\$601,275	\$671,848	\$747,816	\$744,085	\$788,131	\$817,173	\$901,961	\$947,284
<b>Member Contribution</b>	\$47,750	\$49,183	\$50,658	\$52,178	\$53,743	\$55,355	\$57,016	\$58,726	\$60,488	\$62,303
<b>Interest Contribution</b>	\$19,714	\$22,489	\$25,220	\$28,161	\$27,982	\$29,672	\$30,773	\$34,056	\$35,793	\$39,377
<b>Expenditures (detailed below)</b>	\$40,227	\$0	\$5,305	\$4,371	\$85,457	\$40,980	\$58,747	\$7,994	\$50,958	\$9,133
<b>ENDING RESERVE BALANCE</b>	\$529,604	\$601,275	\$671,848	\$747,816	\$744,085	\$788,131	\$817,173	\$901,961	\$947,284	\$1,039,830
Grounds: Granite Replenishment							\$49,434			
Grounds: Irrigation System (Unfunded)										
Grounds: Lighting (Unfunded)										
Grounds: Monument Signs (Replace)				\$4,371						
Grounds: Tree Trimming (Unfunded)										

**Pecos North**  
**Cross-Tabular Summary**  
**Directed Cash Flow Method; Sorted by Category**

	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
<b>BEGINNING RESERVE BALANCE</b>	\$1,039,830	\$1,147,556	\$1,206,384	\$349,428	\$237,148	\$320,375	\$406,767	\$365,061	\$390,911	\$489,636
<b>Member Contribution</b>	\$64,172	\$66,097	\$68,080	\$70,122	\$72,226	\$74,393	\$76,625	\$78,923	\$81,291	\$83,730
<b>Interest Contribution</b>	\$43,554	\$45,816	\$12,227	\$7,788	\$11,001	\$14,336	\$12,656	\$13,619	\$17,433	\$17,529
<b>Expenditures (detailed below)</b>	\$0	\$53,085	\$937,262	\$190,190	\$0	\$2,337	\$130,987	\$66,692	\$0	\$97,495
<b>ENDING RESERVE BALANCE</b>	\$1,147,556	\$1,206,384	\$349,428	\$237,148	\$320,375	\$406,767	\$365,061	\$390,911	\$489,636	\$493,399
Grounds: Granite Replenishment							\$66,435			
Grounds: Irrigation System (Unfunded)										
Grounds: Lighting (Unfunded)										
Grounds: Monument Signs (Replace)										
Grounds: Tree Trimming (Unfunded)										

**Pecos North**  
**Cross-Tabular Summary**  
**Directed Cash Flow Method; Sorted by Category**

	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053
<b>BEGINNING RESERVE BALANCE</b>	\$493,399	\$478,359	\$588,324	\$692,122	\$740,617	\$773,973	\$907,337	\$949,536	\$1,062,040	\$1,120,797
<b>Member Contribution</b>	\$86,242	\$88,829	\$91,494	\$94,239	\$97,066	\$99,978	\$102,977	\$106,067	\$109,249	\$112,526
<b>Interest Contribution</b>	\$16,886	\$21,136	\$25,142	\$26,982	\$28,228	\$33,386	\$34,974	\$39,313	\$41,545	\$44,355
<b>Expenditures (detailed below)</b>	\$118,168	\$0	\$12,838	\$72,727	\$91,937	\$0	\$95,753	\$32,875	\$92,036	\$83,305
<b>ENDING RESERVE BALANCE</b>	\$478,359	\$588,324	\$692,122	\$740,617	\$773,973	\$907,337	\$949,536	\$1,062,040	\$1,120,797	\$1,194,373
Grounds: Granite Replenishment							\$89,283			
Grounds: Irrigation System (Unfunded)										
Grounds: Lighting (Unfunded)										
Grounds: Monument Signs (Replace)										
Grounds: Tree Trimming (Unfunded)										

# Pecos North

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