

# RESERVE ANALYSIS REPORT

## Ivyglen Townhouses Association

Mesa, Arizona

Version 001

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# Ivyglen Townhouses Association

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## 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 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 his "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 the association's common areas and the property values of the 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 even 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 was 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.

#### **Percent Funded**

Measure of the reserve fund "health" (expressed as a percentage) as of the beginning of the fiscal year for which the

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reserve analysis was 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 the "level of service" the association will provide the membership as well as a "road map" for the fiscal future of the association. The projections define the timetables for repairs and replacements, such as when the buildings will be painted or when the asphalt will be seal coated. The 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 the 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 the 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. The component calculation method or cash flow calculation method is typically used to develop a full funding plan.

### Baseline Funding

Describes the 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. The cash flow calculation method is typically used to develop a baseline funding plan.

### Threshold Funding

Describes the 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. The cash flow calculation method is typically used to develop a threshold funding plan.

### Statutory Funding

Describes the pursuit of an objective as described or required by local laws or codes. The component calculation method or cash flow calculation method is typically used to develop a statutory funding plan.

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

There are two funding methods which can be used to develop a reserve funding plan based on a reserve funding goal/objective: Component Calculation Method and Cash Flow Calculation Method. These calculation methods are described as follows:

### Component Calculation Method

This 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"

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method and is widely believed to be the most conservative reserve funding 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 ideal level of reserves in time, and then enables the association to maintain the ideal level of reserves through time. The following is a detailed description of the component calculation method:

### Step 1: Calculation of fully funded balance for each component

The 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

The association's current reserve funds are assigned to (or distributed amongst) the 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 reserves 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, the components are organized in remaining life order, from least to greatest, and the remaining current reserve funds are assigned to each component up to its current cost, until reserves 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.

Distributing, or assigning, the current 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 annual contribution increase parameter to develop a "stair stepped" contribution.

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, this rate should match the inflation parameter. Matching the annual 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 an annual contribution increase parameter that is greater than the inflation parameter will reduce the burden to the current membership at the expense of the future membership. Using an annual contribution increase parameter that is less than the inflation parameter will increase the burden to the current membership to the benefit of the future membership. The following chart shows a comparison:

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	<u>0% Increase</u>	<u>3% Increase</u>	<u>10% Increase</u>
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	<u>\$100,000.00</u>	<u>\$100,000.00</u>	<u>\$100,000.00</u>

This parameter is used to develop a funding plan only; it does not necessarily mean that the reserve contributions must be raised each year. There are far more significant factors that will contribute to a total reserve contribution increase or decrease from year to year than this parameter.

One of the major benefits of using this calculation method is that for any single component (or group of components), the accumulated balance and 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 / Accounting Summary and Charts as well as elsewhere within the report.

### **Cash Flow Calculation Method**

This 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 necessarily concerned with the ideal level of reserves through time.

This calculation method tests reserve contributions against reserve expenditures through time to determine the minimum contribution necessary (baseline funding) or some other defined goal/objective (full funding, threshold funding or statutory funding). Unlike the component calculation method, this calculation method cannot precisely calculate the 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 method results to calculate a reasonable breakdown. This information is displayed on the Management / Accounting Summary and Charts as well as elsewhere within the report.

The **Directed Cash Flow Calculation Method** is our primary calculation method. It allows for several funding strategies to be manually tested until the optimal funding strategy accomplishing three goals is created:

Goal #1: Ensures that all scheduled reserve expenditures are covered by keeping the reserve cash balance above zero during the projected period (typically 30 years)

Goal #2: Uniformly distributes the costs of replacements over time to benefit both current & future members of the association by using consistent, incremental contribution increases

Goal #3: Provides for the lowest reserve funding recommendation as possible over time with the goal of approaching, reaching and/or maintaining a 100% fully funded reserve balance

These very important aspects of the **Directed Cash Flow Calculation Method** will greatly aid the board of directors during the annual budgeting process.

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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, 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 the client, global parameters used in the calculation of the reserve analysis as well as the core results of the reserve analysis.

#### **Client Information**

Provides various client information including fiscal year for which the reserve analysis was prepared, number of units, phasing, etc.

#### **Global Parameters**

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

#### **Community Profile**

Provides brief description of the community, as well as other "global" type comments.

#### **Budget**

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

#### **Adequacy of Reserves**

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

Sample Homeowners Association Executive Summary Component Calculation Method			
<b>Client Information</b>		<b>Global Parameters</b>	
Account Number	00000	Salvage Rate	7.00%
Current Month	1	Annual Contribution Increase	2.00%
Address Date	7/1/2014	Investment Rate	1.00%
Fiscal Year	8/1/2014 to 5/31/2015	Rate of Inflation	3.00%
Number of Units	167	Contingency	1.00%
Phasing	4 of 5		
<b>Community Profile</b>			
This community consists of 167 attached units with private roadways, pool area and extensive landscaped areas.			
For budgeting purposes, unless otherwise indicated, we have used June 1995 as the average placed-in-service date for aging the original components of the community.			
APR) use units: March 1, 2014; January 2011; February 2009; April 2008; March 2005; March 2003; March 2002; April 2001; and March 2000.			
<b>Adequacy of Reserves as of June 30, 2014</b>			
Anticipated Reserve Balance		\$865,430.00	
Fully Funded Reserve Balance		\$1,011,276.83	
Percent Funded			85.56%
<b>Recommended Funding for the 2014-2015 Fiscal Year</b>			
	Annual	Monthly	Per Unit Per Month
Member Contributions	\$110,520	\$9,211.66	\$55.22
Interest Contribution	\$5,917	\$496.69	\$2.96
Total Contribution	\$116,436	\$9,708.35	\$58.18

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### Calculation of Percent Funded

Summary displays all reserve components, shown here in "category" order. Provides the remaining life, useful life, current cost and the fully funded balance at the beginning of the fiscal year for which the reserve analysis was 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 Homeowners Association  
Calculation of Percent Funded  
Sorted by Category**

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
<b>010 Streets</b>				
Streets - Asphalt, Overlay / Major Repairs	0	27	\$101,957.10	\$71,584.91
Streets - Asphalt, Repair	0	8	\$3,421.75	\$3,421.75
Streets - Asphalt, Seal Coat	0	8	\$5,325.50	\$5,325.50
Streets - Concrete, Unlanded	n/a	n/a	\$0.00	\$0.00
<b>Sub Total</b>	<b>0.0</b>	<b>43.0</b>	<b>\$110,704.35</b>	<b>\$80,332.16</b>
<b>020 Roofs</b>				
Roofs - Tile				
<b>Sub Total</b>				
<b>030 Paints</b>				
Painting - Cabinet Interior				
Painting - Roof, Eaves				
Painting - Siding				
Painting - Woodwork & Trim				
Painting - Wrought Iron, Railings				
Painting - Wrought Iron, Pool Area				
<b>Sub Total</b>				
<b>040 Fencing</b>				
Fencing - Wrought Iron, Pool Area				
Fencing - Wrought Iron, Railings				
<b>Sub Total</b>				
<b>050 Lighting</b>				
Lighting - Buildings				
Lighting - Grounds				
<b>Sub Total</b>				
<b>060 Pool Area</b>				
Cabinet - Poolroom Tile				
Cabinet - Sinks				
Cabinet - Plumbing Fixtures				
Cabinet - Remodeling Partitions				
Cabinet - Water Heater				
Pool - Filter				
Pool - Heater				
Pool - Repelator & Tile Replac				
Pool Area - Materials				
<b>Sub Total</b>				
<b>070 Decks</b>				
Decks - Clean & Top Coat				
Decks - Resurfacing				
<b>Sub Total</b>				
<b>080 Misc. Appliances</b>				
Fire Extinguisher Cabinets				
Utility Control Boxes				
<b>Sub Total</b>				
<b>090 Misc. (General)</b>				
Landscaping - Highnoon Eliminator				
Landscaping - Maintenance, Unlanded	n/a	n/a	\$0.00	\$0.00
Maintenance				
<b>Sub Total</b>				
<b>100 Terrace, Concrete</b>				
Terrace Concrete	n/a	n/a	\$0.00	\$100,000.00
<b>Sub Total</b>	n/a	n/a	\$0.00	\$100,000.00
<b>Contingency</b>				
	n/a	n/a	n/a	\$25,453.29
<b>Total</b>	<b>0.01</b>	<b>2.30</b>	<b>\$1,801,333.70</b>	<b>\$1,011,228.83</b>
<b>Anticipated Reserve Balance</b>				<b>\$665,480.00</b>
<b>Percent Funded</b>				<b>36.94%</b>

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

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

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



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## Management / Accounting Summary and Charts

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

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

**Sample Homeowners Association  
Management / Accounting Summary  
Component Calculation Method; Sorted by Category**

	Balance at Fiscal Year Beginning	Monthly Member Contributions	Monthly Interest Contributions	Total Monthly Contributions
<b>010 Streets</b>				
Ceans - Asphalt (Curbs) / Major Repairs	\$17,537.80	\$440.00	\$13.37	\$453.37
Ceans - Asphalt - Heav	\$3,821.75	\$78.20	\$0.25	\$78.45
Severs - Asphalt - Seal Coat	\$5,220.00	\$127.96	\$0.41	\$128.37
Severs - Concrete - Unfunded	\$0.00	\$0.00	\$0.00	\$0.00
<b>Sub Total</b>	<b>\$27,109.15</b>	<b>\$1,139.84</b>	<b>\$14.04</b>	<b>\$1,153.88</b>

**Sample Homeowners Association  
Management / Accounting Summary  
Component Calculation Method; Sorted by Category**

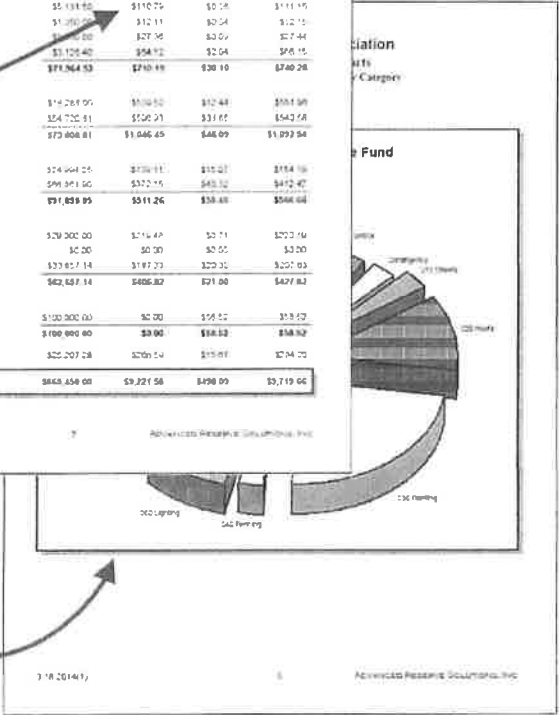
	Balance at Fiscal Year Beginning	Monthly Member Contributions	Monthly Interest Contributions	Total Monthly Contributions
<b>020 Pools</b>				
Pool - Heater	\$3,250.00	\$24.00	\$0.01	\$24.01
Pool - Resurfacing & Tile Replac	\$2,310.00	\$140.78	\$4.61	\$145.39
Pool Area - Gardeners	\$1,210.00	\$29.98	\$0.04	\$30.02
Pool Area - Ceramic Tile	\$7,713.20	\$43.27	\$4.09	\$47.36
Pool Area - Concrete Deck - Unfunded	\$0.00	\$0.00	\$0.00	\$0.00
Pool Area - Furniture (Hot/Unsh)	\$4,250.00	\$70.45	\$0.21	\$70.66
Pool Area - Furniture (Replac)	\$12,150.40	\$78.78	\$7.54	\$86.32
Pool Area - Mosaic	\$5,131.60	\$110.25	\$0.38	\$110.63
Spa - Filter	\$1,350.00	\$12.11	\$0.04	\$12.15
Spa - Heater	\$1,120.00	\$27.36	\$0.09	\$27.44
Spa - Resurfacing & Tile Replac	\$1,120.40	\$58.72	\$2.04	\$60.76
<b>Sub Total</b>	<b>\$31,964.53</b>	<b>\$740.49</b>	<b>\$30.10</b>	<b>\$770.59</b>

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

**Sample Homeowners Association  
Management / Accounting Summary  
Component Calculation Method; Sorted by Category**

	Balance at Fiscal Year Beginning	Monthly Member Contributions	Monthly Interest Contributions	Total Monthly Contributions
<b>030 Landscaping</b>				
Fencing - Wrought Iron - Pool Area				
Fencing - Wrought Iron - Backyard				
<b>Sub Total</b>				
<b>040 Landscaping</b>				
Lighting - Buildings				
Lighting - Grounds				
<b>Sub Total</b>				
<b>050 Pool Area</b>				
Cabana - Ceramic Tile				
Cabana - Doors				
Cabana - Plumbing Fixtures				
Cabana - Resurfacing Partitions				
Cabana - Water Heater				
Pool - Filter				
<b>Sub Total</b>				
<b>060 Pool Area</b>				
Fire Extinguisher Cabanets	\$24,954.25	\$70.11	\$10.01	\$80.12
Utility Closet Doors	\$99,951.50	\$372.15	\$43.32	\$415.47
<b>Sub Total</b>	<b>\$124,905.75</b>	<b>\$442.26</b>	<b>\$53.33</b>	<b>\$495.59</b>

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



# Preface

## Projections and Charts

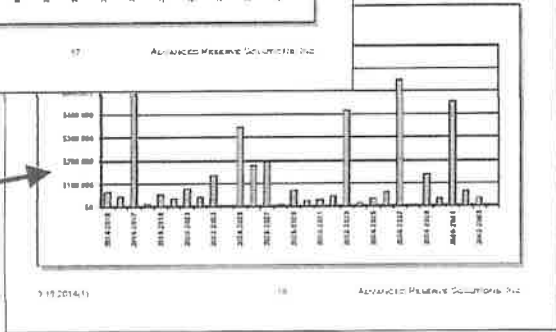
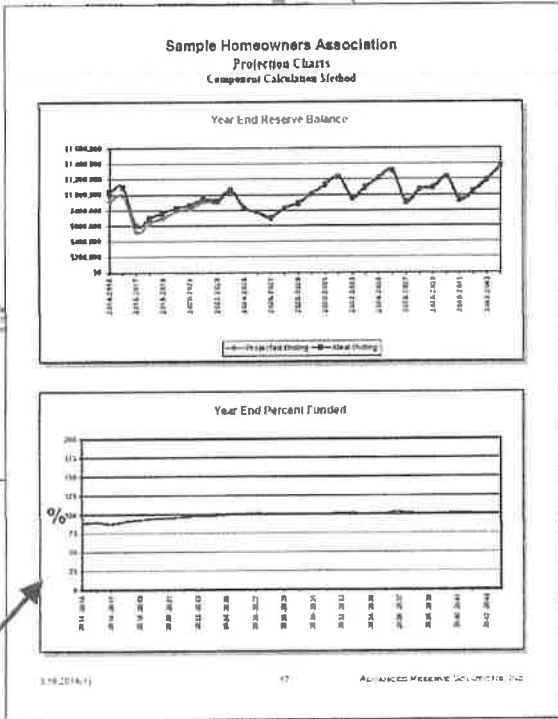
Summary displays projections of beginning reserve balance, member contribution, interest contribution, expenditures and ending reserve balance for each year of the projection period (shown here for 30 years). The two columns on the right-hand side provide the fully funded ending balance and the percent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

**Sample Homeowners Association  
Projections  
Component Calculation Method**

Final Year	Beginning Balance	Member Contributions	Interest Contributions	Expenditures	Ending Balance	Fully Funded Ending Balance	Percent Funded
2014-2015	\$851,400	\$17,000	\$5,877	\$84,940	\$117,108	\$1,548,150	8%
2015-2016	\$917,108	\$17,100	\$6,482	\$45,317	\$346,127	\$1,104,058	20%
2016-2017	\$960,127	\$17,000	\$3,170	\$261,049	\$318,258	\$298,839	37%
2017-2018	\$318,258	\$17,000	\$3,000	\$7,715	\$630,810	\$808,911	67%
2018-2019	\$630,810	\$17,000	\$4,431	\$52,473	\$648,577	\$755,512	86%
2019-2020	\$648,577	\$17,000	\$5,017	\$34,781	\$781,798	\$838,243	94%
2020-2021	\$781,798	\$17,000	\$2,331	\$80,731	\$828,821	\$889,179	95%
2021-2022	\$828,821	\$17,000	\$5,928	\$40,530	\$815,241	\$949,147	86%
2022-2023	\$815,241	\$17,000	\$6,277	\$42,999	\$828,458	\$1,009,115	82%
2023-2024	\$828,458	\$17,000	\$6,822	\$45,317	\$842,953	\$1,069,083	79%
2024-2025	\$842,953	\$17,000	\$7,473	\$47,586	\$858,809	\$1,129,051	76%
2025-2026	\$858,809	\$17,000	\$8,231	\$49,800	\$875,940	\$1,189,019	74%
2026-2027	\$875,940	\$17,000	\$9,098	\$51,964	\$894,372	\$1,248,987	72%
2027-2028	\$894,372	\$17,000	\$10,077	\$54,081	\$914,122	\$1,308,955	70%
2028-2029	\$914,122	\$17,000	\$11,170	\$56,147	\$935,231	\$1,368,923	68%
2029-2030	\$935,231	\$17,000	\$12,389	\$58,168	\$957,742	\$1,428,891	67%
2030-2031	\$957,742	\$17,000	\$13,737	\$60,140	\$981,707	\$1,488,859	66%
2031-2032	\$981,707	\$17,000	\$15,227	\$62,060	\$1,007,187	\$1,548,827	65%
2032-2033	\$1,007,187	\$17,000	\$16,862	\$63,934	\$1,034,257	\$1,608,795	64%
2033-2034	\$1,034,257	\$17,000	\$18,646	\$65,760	\$1,062,957	\$1,668,763	63%
2034-2035	\$1,062,957	\$17,000	\$20,583	\$67,535	\$1,103,442	\$1,728,731	63%
2035-2036	\$1,103,442	\$17,000	\$22,678	\$69,260	\$1,155,862	\$1,788,699	64%
2036-2037	\$1,155,862	\$17,000	\$24,935	\$70,935	\$1,220,930	\$1,848,667	66%
2037-2038	\$1,220,930	\$17,000	\$27,358	\$72,560	\$1,300,703	\$1,908,635	68%
2038-2039	\$1,300,703	\$17,000	\$29,950	\$74,135	\$1,396,478	\$1,968,603	70%
2039-2040	\$1,396,478	\$17,000	\$32,715	\$75,660	\$1,500,523	\$2,028,571	73%
2040-2041	\$1,500,523	\$17,000	\$35,658	\$77,135	\$1,614,958	\$2,088,539	76%
2041-2042	\$1,614,958	\$17,000	\$38,784	\$78,560	\$1,741,952	\$2,148,507	80%
2042-2043	\$1,741,952	\$17,000	\$42,097	\$79,935	\$1,883,024	\$2,208,475	84%
2043-2044	\$1,883,024	\$17,000	\$45,603	\$81,260	\$2,040,787	\$2,268,443	89%

Improved format makes the numbers as easy to read and understand as possible. The color-coded bar indicates the reserve fund status:

Green: Good  
Yellow: Fair  
Red: Poor



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

# Preface

## Component Detail

Summary provides detailed information about each reserve component. These pages display all information about each reserve component as well as comments from site observations and historical information regarding replacement or other maintenance.

**Lifespan Information**  
Displays placed-in-service date, useful life, remaining life and replacement year.

**Cost Information**  
Displays quantity, unit cost, percentage of replacement, current cost and future cost.

**Calculation Results**  
Displays assigned reserves and funding requirements.

**Comments**  
Useful information from site observations and historical expenses included here.

**Photos**  
Optional inclusion of photos adds an additional layer of detail to the reserve analysis.

**Streets - Asphalt Seal Coat**

Category	210 Streets	Quantity	65,000 sq. ft.
Photo Date	January 2011	Unit Cost	\$3,260
		% of Replacement	100.00%
Placed In Service	11/05	Current Cost	\$3,426,500
Useful Life	4	Future Cost	\$3,413,000
Remaining Life	3	Assigned Reserves at FYB	\$3,200,000
Replacement Year	2014-2015	Monthly Member Contribution	\$127.68
		Monthly Interest Contribution	\$0.41
		Total Monthly Contribution	\$128.09

**Painting - Woodwork & Trim**

Category	210 Painting	Quantity	31,275 sq. ft.
Photo Date	January 2011	Unit Cost	\$8,100
		% of Replacement	100.00%
Placed In Service	06/12	Current Cost	\$23,049,000
Useful Life	4	Future Cost	\$20,222,750
Remaining Life	3	Assigned Reserves at FYB	\$18,238,000
Replacement Year	2015-2017	Monthly Member Contribution	\$0.34
		Monthly Interest Contribution	\$10.54
		Total Monthly Contribution	\$10.88

**Pool - Register & Tile Replace**

Category	200 Pool Area	Quantity	1,000
Photo Date	January 2011	Unit Cost	\$15,315,000
		% of Replacement	100.00%
Placed In Service	01/10	Current Cost	\$15,276,000
Useful Life	10	Future Cost	\$15,644,000
Remaining Life	9	Assigned Reserves at FYB	\$12,700,000
Replacement Year	2019-2020	Monthly Member Contribution	\$148.19
		Monthly Interest Contribution	\$4.81
		Total Monthly Contribution	\$153.00

## Preface

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

#### **Annual Contribution Increase Parameter**

The rate used in the calculation of the 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 annual 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.

This parameter is used to develop a funding plan only; it does not necessarily mean that the reserve contributions must be raised each year. There are far more significant factors that will contribute to a total reserve contribution increase or decrease from year to year than this parameter. See the description of "reserve funding calculation methods" in this preface for more detail on this parameter.

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

The amount of money, as of a certain point in time, held by the 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)**

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

The 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.

#### **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.

#### **Component Calculation Method**

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

#### **Contingency Parameter**

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

#### **Current Replacement Cost**

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

#### **Fiscal Year**

Indicates the budget year for the association for which the reserve analysis was prepared. The fiscal year beginning (FYB) is the first day of the budget year; the fiscal year end (FYE) is the last day of the budget year.

#### **Fully Funded Reserve Balance (or Ideal Reserves)**

The 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:

## Preface

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

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

### **Future Replacement Cost**

The amount of money, as of the 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**

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

### **Inflation Parameter**

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

### **Interest Contribution**

The amount of money contributed to the reserve fund by the interest earned on the reserve fund and member contributions.

### **Investment Rate Parameter**

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

### **Membership Contribution**

The amount of money contributed to the reserve fund by the association's membership.

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

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

The 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)**

Indicates the number of units for which the reserve analysis was prepared. In "phased" developments (see phasing), this number represents the number of units, and corresponding common area components, that existed as of a certain point in time.

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

## Preface

### **One-Time Replacement**

Used for components that will be budgeted for only once.

### **Percent Funded**

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

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

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

### **Percentage of Replacement**

The percentage of the reserve component that is expected to be replaced.

For most reserve components, this percentage should be 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%.

### **Phasing**

Indicates the number of phases for which the reserve analysis was prepared and the total number of phases expected at build-out (i.e. Phase 4 of 7). In phased developments, the first number represents the number of phases, and corresponding common area components, that existed as of a certain point in time. The second number represents the number of phases that are expected to exist at build-out.

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

The date (month and year) that the reserve component was originally put into service or last replaced.

### **Remaining Life**

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

### **Remaining Life Adjustment**

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

If the 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, the 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, the useful life should remain at 4 years and a remaining life adjustment of +1 year should be used.

### **Replacement Year**

The fiscal year that a reserve component is scheduled to be replaced.

### **Reserve Components**

Line items included in the reserve analysis.

### **Taxes on Investments Parameter**

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

## Preface

### Total Contribution

The sum of the membership contribution and interest contribution.

### Useful Life

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

## ◆ ◆ ◆ ◆ 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.

The 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, 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 components.

# Ivyglen Townhouses Association

## Executive Summary

### Directed Cash Flow Calculation Method

**Client Information:**

Account Number	5161
Version Number	001
Analysis Date	05/22/2018
Fiscal Year	1/1/2019 to 12/31/2019
Number of Units	92
Phasing	1 of 1

**Global Parameters:**

Inflation Rate	2.60 %
Annual Contribution Increase	1.50 %
Investment Rate	0.40 %
Taxes on Investments	0.00 %
Contingency	0.00 %

**Community Profile:**

This community was built in 1986. Refer to the Component Detail section for the dates used to age the components examined in this analysis. We did not receive any historical reserve expenditure information from the client.

Reserve Balance as of May 7, 2018: \$89,436

Remaining 2018 Reserve Contributions: \$14,380 (\$1,797.50/month x 8 months)

Remaining 2018 Interest to be Earned (0.40%): \$258

Remaining 2018 Reserve Expenditures: None planned or anticipated

Projected January 1, 2019 Reserve Balance: \$104,074

REPORTS: 2018.

**Adequacy of Reserves as of January 1, 2019:**

Anticipated Reserve Balance	<b>\$104,074.00</b>
Fully Funded Reserve Balance	<b>\$144,601.67</b>
Percent Funded	<b>71.97%</b>

Recommended Funding for the 2019 Fiscal Year:	Annual	Monthly	Per Unit Per Month
Member Contribution	<b>\$21,800</b>	<b>\$1,816.67</b>	<b>\$19.75</b>
Interest Contribution	<b>\$375</b>	<b>\$31.29</b>	<b>\$0.34</b>
Total Contribution	<b>\$22,175</b>	<b>\$1,847.95</b>	<b>\$20.09</b>



**Ivyglen Townhouses Association**  
**Distribution of Current Reserve Funds**  
**Sorted by Remaining Life**

	Remaining Life	Fully Funded Balance	Assigned Reserves
Grounds - Monument Sign	0	\$5,000.00	\$5,000.00
Paint/Repair - Perimeter/Trash Walls	0	\$6,000.00	\$6,000.00
Paint/Repair - Ramada	0	\$2,000.00	\$2,000.00
Streets - Asphalt Seal Coat & Restripe	0	\$7,371.00	\$7,371.00
Grounds: Landscaping Improvements	1	\$97,058.82	\$83,703.00
Carport Structures (Repair)	3	\$4,687.50	\$0.00
Paint - Carport Support Structures	3	\$3,750.00	\$0.00
Roof - Ramada, Asphalt Shingle	7	\$2,847.00	\$0.00
Streets - Asphalt Repairs	11	\$1,642.34	\$0.00
Light Fixtures - Pole Mounted	18	\$700.00	\$0.00
Streets - Asphalt Rehabilitation	28	\$13,545.00	\$0.00
Grounds: Concrete Components (Unfunded)	n.a.	\$0.00	\$0.00
Laundry Building (Unfunded)	n.a.	\$0.00	\$0.00
Contingency	n.a.	\$0.00	\$0.00
<b>Total</b>	<b>0-28</b>	<b>\$144,601.67</b>	<b>\$104,074.00</b>
<b>Percent Funded</b>			<b>71.97%</b>

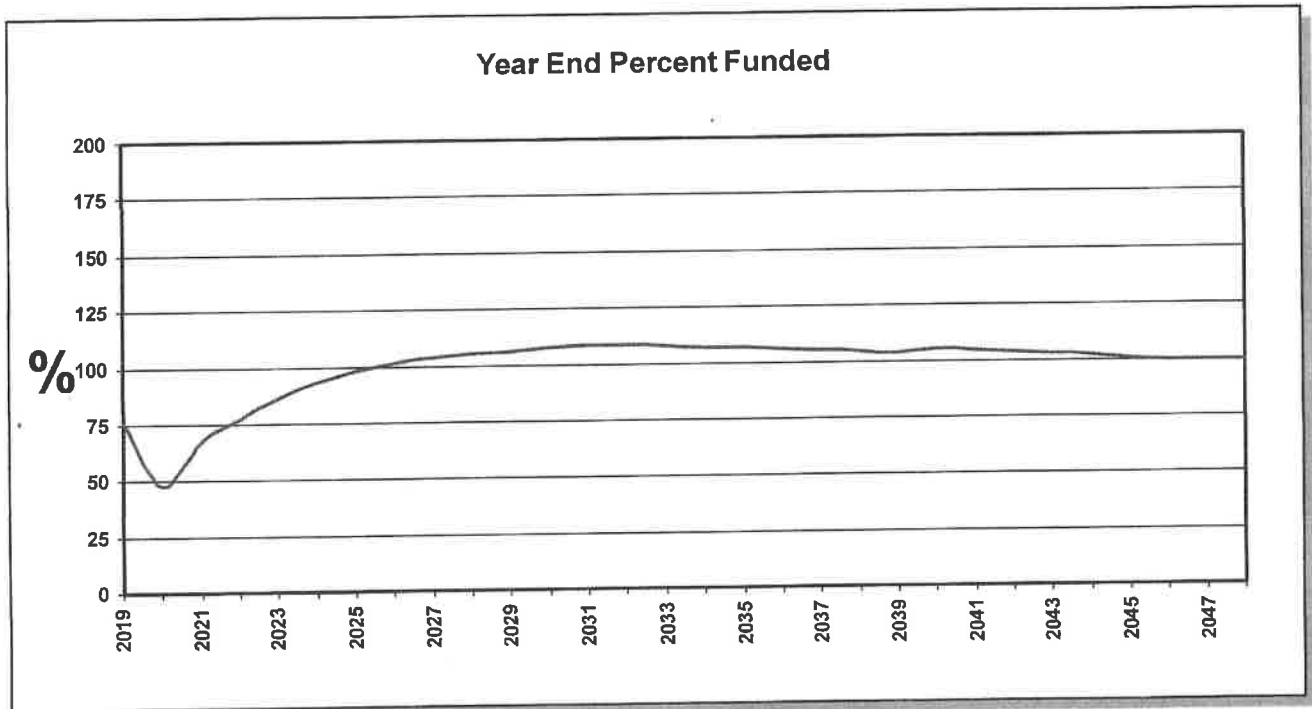
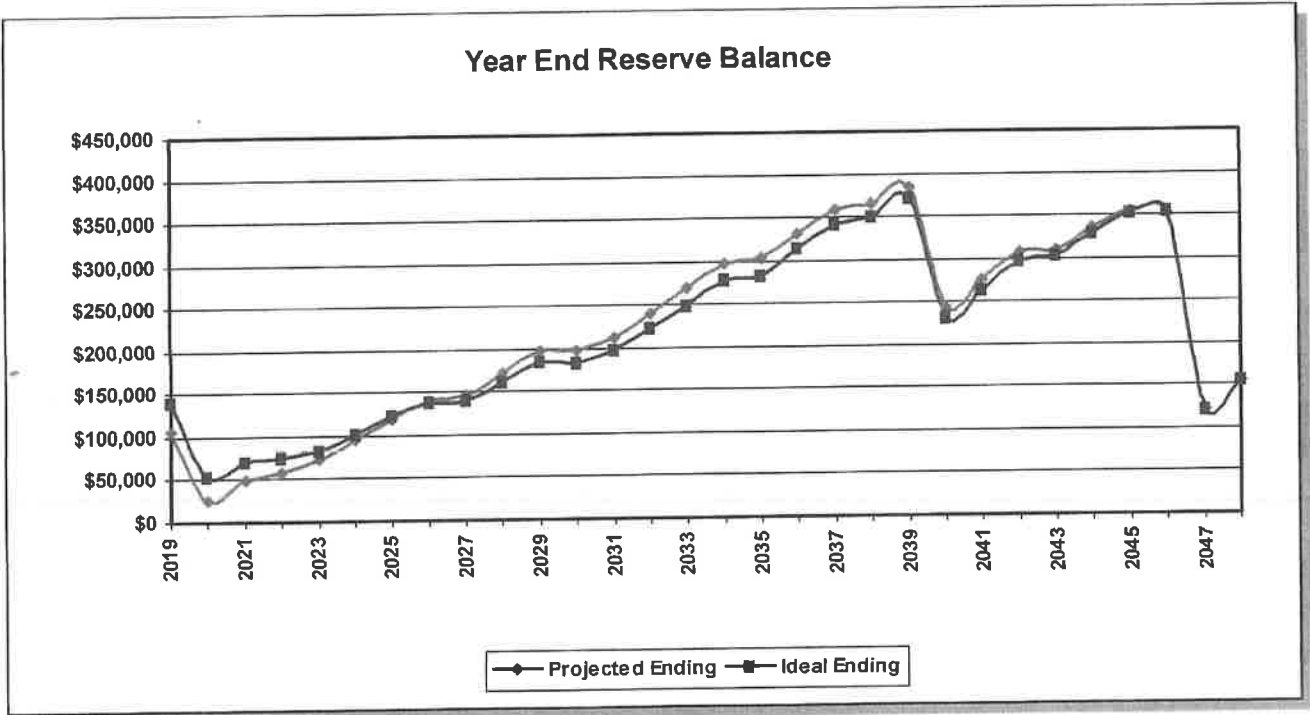
**Ivyglen Townhouses Association**  
**Projections**  
**Directed Cash Flow Calculation Method**

Fiscal Year	Beginning Balance	Member Contribution	Interest Contribution	Expenditures	Ending Balance	Fully Funded Ending Balance	Percent Funded
2019	\$104,074	\$21,800	\$375	\$20,371	\$105,878	\$140,111	76%
2020	\$105,878	\$22,127	\$54	\$102,600	\$25,459	\$53,633	47%
2021	\$25,459	\$22,459	\$143	\$0	\$48,061	\$70,567	68%
2022	\$48,061	\$22,796	\$176	\$14,581	\$56,453	\$73,387	77%
2023	\$56,453	\$23,138	\$236	\$8,168	\$71,658	\$83,273	86%
2024	\$71,658	\$23,485	\$330	\$0	\$95,473	\$102,222	93%
2025	\$95,473	\$23,837	\$426	\$0	\$119,737	\$122,101	98%
2026	\$119,737	\$24,195	\$503	\$5,242	\$139,192	\$137,565	101%
2027	\$139,192	\$24,558	\$527	\$18,875	\$145,402	\$139,904	104%
2028	\$145,402	\$24,926	\$628	\$0	\$170,957	\$162,140	105%
2029	\$170,957	\$25,300	\$732	\$0	\$196,988	\$185,439	106%
2030	\$196,988	\$25,679	\$729	\$26,928	\$196,468	\$182,189	108%
2031	\$196,468	\$26,064	\$795	\$10,030	\$213,298	\$196,702	108%
2032	\$213,298	\$26,455	\$903	\$0	\$240,656	\$222,404	108%
2033	\$240,656	\$26,852	\$1,014	\$0	\$268,522	\$249,309	108%
2034	\$268,522	\$27,255	\$1,126	\$0	\$296,903	\$277,463	107%
2035	\$296,903	\$27,664	\$1,148	\$23,177	\$302,538	\$283,133	107%
2036	\$302,538	\$28,079	\$1,264	\$0	\$331,881	\$313,308	106%
2037	\$331,881	\$28,500	\$1,366	\$3,968	\$357,779	\$340,789	105%
2038	\$357,779	\$28,928	\$1,399	\$21,985	\$366,120	\$351,108	104%
2039	\$366,120	\$29,361	\$1,472	\$12,316	\$384,637	\$372,241	103%
2040	\$384,637	\$29,802	\$909	\$171,433	\$243,915	\$231,309	105%
2041	\$243,915	\$30,249	\$1,033	\$0	\$275,197	\$263,261	105%
2042	\$275,197	\$30,703	\$1,159	\$0	\$307,058	\$296,718	103%
2043	\$307,058	\$31,163	\$1,174	\$28,460	\$310,935	\$302,536	103%
2044	\$310,935	\$31,631	\$1,266	\$9,498	\$334,333	\$328,671	102%
2045	\$334,333	\$32,105	\$1,346	\$13,262	\$354,522	\$352,352	101%
2046	\$354,522	\$32,587	\$1,337	\$35,756	\$352,690	\$354,317	100%
2047	\$352,690	\$33,075	\$411	\$265,243	\$120,934	\$121,519	100%
2048	\$120,934	\$33,572	\$546	\$0	\$155,051	\$155,591	100%

# Ivyglen Townhouses Association

## Projection Charts

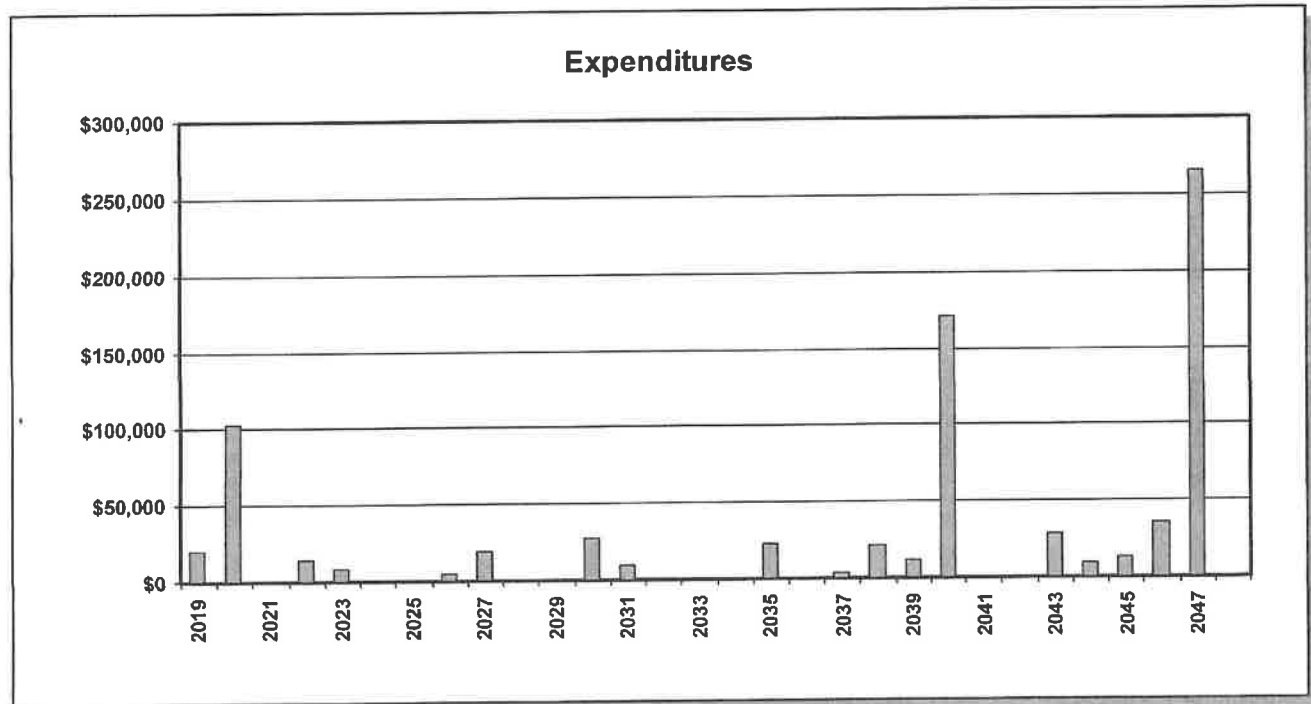
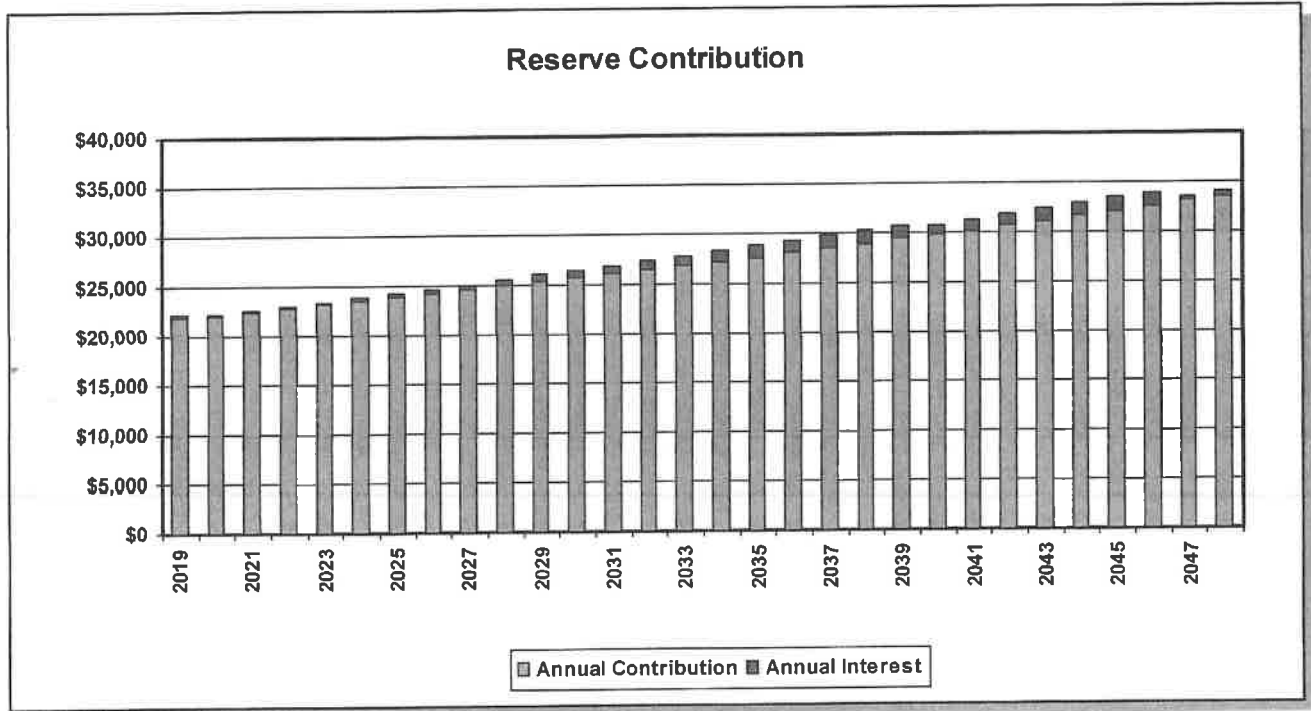
### Directed Cash Flow Calculation Method



# Ivyglen Townhouses Association

## Projection Charts

### Directed Cash Flow Calculation Method



**Ivyglen Townhouses Association**  
**Annual Expenditure Detail**  
Sorted by Description

<b>2019 Fiscal Year</b>	
Grounds - Monument Sign	\$5,000.00
Paint/Repair - Perimeter/Trash Walls	\$6,000.00
Paint/Repair - Ramada	\$2,000.00
Streets - Asphalt Seal Coat & Restripe	\$7,371.00
<b>Sub Total</b>	<b>\$20,371.00</b>
<b>2020 Fiscal Year</b>	
Grounds: Landscaping Improvements	\$102,600.00
<b>Sub Total</b>	<b>\$102,600.00</b>
<b>2022 Fiscal Year</b>	
Carport Structures (Repair)	\$8,100.34
Paint - Carport Support Structures	\$6,480.27
<b>Sub Total</b>	<b>\$14,580.62</b>
<b>2023 Fiscal Year</b>	
Streets - Asphalt Seal Coat & Restripe	\$8,168.00
<b>Sub Total</b>	<b>\$8,168.00</b>
<b>2026 Fiscal Year</b>	
Roof - Ramada, Asphalt Shingle	\$5,242.10
<b>Sub Total</b>	<b>\$5,242.10</b>
<b>2027 Fiscal Year</b>	
Paint/Repair - Perimeter/Trash Walls	\$7,367.67
Paint/Repair - Ramada	\$2,455.89
Streets - Asphalt Seal Coat & Restripe	\$9,051.18
<b>Sub Total</b>	<b>\$18,874.74</b>
<b>2030 Fiscal Year</b>	
Carport Structures (Repair)	\$9,946.77
Paint - Carport Support Structures	\$7,957.42
Streets - Asphalt Repairs	\$9,023.71
<b>Sub Total</b>	<b>\$26,927.91</b>
<b>2031 Fiscal Year</b>	
Streets - Asphalt Seal Coat & Restripe	\$10,029.86
<b>Sub Total</b>	<b>\$10,029.86</b>
<b>2035 Fiscal Year</b>	
Paint/Repair - Perimeter/Trash Walls	\$9,047.09

**Ivyglen Townhouses Association**  
**Annual Expenditure Detail**  
**Sorted by Description**

Paint/Repair - Ramada	\$3,015.70
Streets - Asphalt Seal Coat & Restripe	\$11,114.35
<b>Sub Total</b>	<b>\$23,177.14</b>
<b>2037 Fiscal Year</b>	
Light Fixtures - Pole Mounted	\$3,968.19
<b>Sub Total</b>	<b>\$3,968.19</b>
<b>2038 Fiscal Year</b>	
Carport Structures (Repair)	\$12,214.09
Paint - Carport Support Structures	\$9,771.27
<b>Sub Total</b>	<b>\$21,985.36</b>
<b>2039 Fiscal Year</b>	
Streets - Asphalt Seal Coat & Restripe	\$12,316.11
<b>Sub Total</b>	<b>\$12,316.11</b>
<b>2040 Fiscal Year</b>	
Grounds: Landscaping Improvements	\$171,433.06
<b>Sub Total</b>	<b>\$171,433.06</b>
<b>2043 Fiscal Year</b>	
Paint/Repair - Perimeter/Trash Walls	\$11,109.33
Paint/Repair - Ramada	\$3,703.11
Streets - Asphalt Seal Coat & Restripe	\$13,647.81
<b>Sub Total</b>	<b>\$28,460.25</b>
<b>2044 Fiscal Year</b>	
Grounds - Monument Sign	\$9,498.48
<b>Sub Total</b>	<b>\$9,498.48</b>
<b>2045 Fiscal Year</b>	
Streets - Asphalt Repairs	\$13,261.59
<b>Sub Total</b>	<b>\$13,261.59</b>
<b>2046 Fiscal Year</b>	
Carport Structures (Repair)	\$14,998.23
Paint - Carport Support Structures	\$11,998.58
Roof - Ramada, Asphalt Shingle	\$8,758.97
<b>Sub Total</b>	<b>\$35,755.78</b>

**Ivyglen Townhouses Association**  
**Annual Expenditure Detail**  
**Sorted by Description**

**2047 Fiscal Year**

Streets - Asphalt Rehabilitation	\$250,119.54
Streets - Asphalt Seal Coat & Restripe	\$15,123.51
<b>Sub Total</b>	<b>\$265,243.05</b>

# Ivyglen Townhouses Association

## Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

### Streets - Asphalt Rehabilitation

Category	010 Streets	Quantity	56,700 sq. ft.
		Unit Cost	\$2.150
		% of Replacement	100.00%
		Current Cost	\$121,905.00
		Future Cost	\$250,119.54
Placed In Service	07/15	Assigned Reserves at FYB	\$0.00
Useful Life	32	Monthly Member Contribution	\$354.84
Remaining Life	28	Monthly Interest Contribution	\$0.99
Replacement Year	2047	Total Monthly Contribution	\$355.83

#### Comments:



The asphalt (drive lanes, covered parking spaces, uncovered parking spaces) appears to have been removed & repaved about three years ago. This component budgets for similar work every 30 years or so.



**Ivyglen Townhouses Association**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted by Category**

**Streets - Asphalt Repairs**

Category	010 Streets	Quantity	56,700 sq. ft.
		Unit Cost	\$3.000
		% of Replacement	4.00%
		Current Cost	\$6,804.00
		Future Cost	\$9,023.71
Placed In Service	07/15	Assigned Reserves at FYB	\$0.00
Useful Life	15	Monthly Member Contribution	\$38.39
Remaining Life	11	Monthly Interest Contribution	\$0.10
Replacement Year	2030	Total Monthly Contribution	\$38.49

Comments:



**Ivyglen Townhouses Association**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted by Category**

**Streets - Asphalt Seal Coat & Restripe**

Category	010 Streets	Quantity	56,700 sq. ft.
		Unit Cost	\$0.130
		% of Replacement	100.00%
		Current Cost	\$7,371.00
		Future Cost	\$8,168.00
Placed In Service	07/15	Assigned Reserves at FYB	\$7,371.00
Useful Life	4	Monthly Member Contribution	\$102.14
Remaining Life	0	Monthly Interest Contribution	\$0.28
Replacement Year	2019	Total Monthly Contribution	\$102.42

Comments:



This component is for a continuous four year seal coating & restriping cycle beginning in 2019.

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

**Ivyglen Townhouses Association**  
**Component Detail**  
 Directed Cash Flow Calculation Method; Sorted by Category

**Roof - Ramada, Asphalt Shingle**

Category	020 Roofing	Quantity	1,460 sq. ft.
		Unit Cost	\$3.000
		% of Replacement	100.00%
		Current Cost	\$4,380.00
		Future Cost	\$5,242.10
Placed In Service	01/06	Assigned Reserves at FYB	\$0.00
Useful Life	20	Monthly Member Contribution	\$36.40
Remaining Life	7	Monthly Interest Contribution	\$0.10
Replacement Year	2026	Total Monthly Contribution	\$36.51

Comments:



This component budgets to replace the asphalt shingle roof atop the ramada. We have estimated a placed in service date of 2006 for this component.

**Ivyglen Townhouses Association**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted by Category**

**Carport Structures (Repair)**

Category	025 Structures	Quantity	1 total
		Unit Cost	\$7,500.000
		% of Replacement	100.00%
		Current Cost	\$7,500.00
		Future Cost	\$8,100.34
Placed In Service	01/14		
Useful Life	8		
		Assigned Reserves at FYB	\$0.00
Remaining Life	3	Monthly Member Contribution	\$136.34
Replacement Year	2022	Monthly Interest Contribution	\$0.38
		Total Monthly Contribution	\$136.72

Comments:



This component budgets for repairs to the corrugated metal carport roofs, metal trim, and/or metal support structures in conjunction with the repainting of the carports. However, the accumulated funds should be used "as needed". The budgeted amount should be adjusted over time as conditions dictate.

**Ivyglen Townhouses Association**  
**Component Detail**  
 Directed Cash Flow Calculation Method; Sorted by Category

**Laundry Building (Unfunded)**

Category	025 Structures	Quantity	1 comment
		Unit Cost	\$0.000
		% of Replacement	0.00%
		Current Cost	\$0.00
Placed In Service	01/86	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

Comments:



The client has advised us that the small building in front of the ramada used to be a laundry room. This building has been permanently shut down due to vandalism, and the board does not intend to restore this building to make it operational.

**Ivyglen Townhouses Association**  
**Component Detail**  
 Directed Cash Flow Calculation Method; Sorted by Category

**Paint - Carport Support Structures**

Category	030 Painting	Quantity	1 total
		Unit Cost	\$6,000.000
		% of Replacement	100.00%
		Current Cost	\$6,000.00
		Future Cost	\$6,480.27
Placed In Service	01/14	Assigned Reserves at FYB	\$0.00
Useful Life	8	Monthly Member Contribution	\$109.07
Remaining Life	3	Monthly Interest Contribution	\$0.30
Replacement Year	2022	Total Monthly Contribution	\$109.37

Comments:



This component budgets to repaint the metal carport support structures (92 covered spaces).

**Ivyglen Townhouses Association**  
**Component Detail**  
 Directed Cash Flow Calculation Method; Sorted by Category

**Paint/Repair - Perimeter/Trash Walls**

Category	030 Painting	Quantity	1 total
		Unit Cost	\$6,000.000
		% of Replacement	100.00%
		Current Cost	\$6,000.00
		Future Cost	\$7,367.67
Placed In Service	01/10	Assigned Reserves at FYB	\$6,000.00
Useful Life	8	Monthly Member Contribution	\$44.35
Remaining Life	0	Monthly Interest Contribution	\$0.12
Replacement Year	2019	Total Monthly Contribution	\$44.47

Comments:



This component includes a provision to repair & repaint the perimeter & trash enclosure walls (total of approximately 9,500 sq. ft. of block and stucco walls) every eight years.

**Ivyglen Townhouses Association**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted by Category**

**Paint/Repair - Ramada**

Category	030 Painting	Quantity	1 total
		Unit Cost	\$2,000.000
		% of Replacement	100.00%
		Current Cost	\$2,000.00
		Future Cost	\$2,455.89
Placed In Service	01/10	Assigned Reserves at FYB	\$2,000.00
Useful Life	8	Monthly Member Contribution	\$14.78
Remaining Life	0	Monthly Interest Contribution	\$0.04
Replacement Year	2019	Total Monthly Contribution	\$14.82

Comments:



This component includes a provision to repair & repaint the stucco & wood exteriors of the large ramada at the front of the property.



**Ivyglen Townhouses Association**  
**Component Detail**  
 Directed Cash Flow Calculation Method; Sorted by Category

**Light Fixtures - Pole Mounted**

Category	050 Lighting	Quantity	5 fixtures
		Unit Cost	\$500.000
		% of Replacement	100.00%
		Current Cost	\$2,500.00
		Future Cost	\$3,968.19
Placed In Service	01/12	Assigned Reserves at FYB	\$0.00
Useful Life	25	Monthly Member Contribution	\$9.65
Remaining Life	18	Monthly Interest Contribution	\$0.03
Replacement Year	2037	Total Monthly Contribution	\$9.67

Comments:



This component budgets to replace the pole mounted, lantern style light fixtures in the common area next to the ramada. No provision has been included at this time to replace the metal poles. Two of these poles/fixtures appear to have been installed in 2012 based on the description on the metal plate at the base of the two poles. For budgeting purposes we have used 2012 as the basis for aging all five of these light fixtures.

**Ivyglen Townhouses Association**  
**Component Detail**  
 Directed Cash Flow Calculation Method; Sorted by Category

**Grounds - Monument Sign**

Category	100 Grounds	Quantity	1 total
		Unit Cost	\$5,000.000
		% of Replacement	100.00%
		Current Cost	\$5,000.00
		Future Cost	\$9,498.48
Placed In Service	01/86	Assigned Reserves at FYB	\$5,000.00
Useful Life	25	Monthly Member Contribution	\$15.54
Remaining Life	0	Monthly Interest Contribution	\$0.05
Replacement Year	2019	Total Monthly Contribution	\$15.59

Comments:



The current monument signage consists of letters & numbers painted onto a crumbling stucco wall at the east entrance to the property. The sign indicates "IVYGLEN 465".

This component includes a provision to remove the crumbling wall (approximately 3' x 24') & to fabricate and install some type of new monument signage. We have scheduled this project to occur in 2019, and then on a 25 year cycle for monument signage replacement.

**Ivyglen Townhouses Association**  
**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
		Future Cost	\$0.00
Placed In Service	01/86		
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

Comments:



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).

**Ivyglen Townhouses Association**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted by Category**

**Grounds: Landscaping Improvements**

Category	100 Grounds	Quantity	1 total
		Unit Cost	\$100,000.00
		% of Replacement	100.00%
		Current Cost	\$100,000.00
		Future Cost	\$102,600.00
Placed In Service	01/86		
Useful Life	20		
Adjustment	+14	Assigned Reserves at FYB	\$83,703.00
Remaining Life	1	Monthly Member Contribution	\$955.17
Replacement Year	2020	Monthly Interest Contribution	\$28.90
		Total Monthly Contribution	\$984.06

Comments:



The landscaping throughout the property is grass. Currently, the overall appearance/condition of the grass areas is poor. The community manager has advised us that the board is looking in Xeriscaping, but didn't provide any further information. As a general provision, this component budgets \$100,000 for landscaping improvements in 2020, and then on a 20 year cycle.

Please note that the \$100,000 budget amount is not based on a bid. This is a general provision. We recommend that the client obtains specific bids for the landscaping improvements that they intend to make, and then have the reserve study revised, or updated, to reflect the specific cost & plan.

# Ivyglen Townhouses Association

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Number of components included in this reserve analysis is 13.