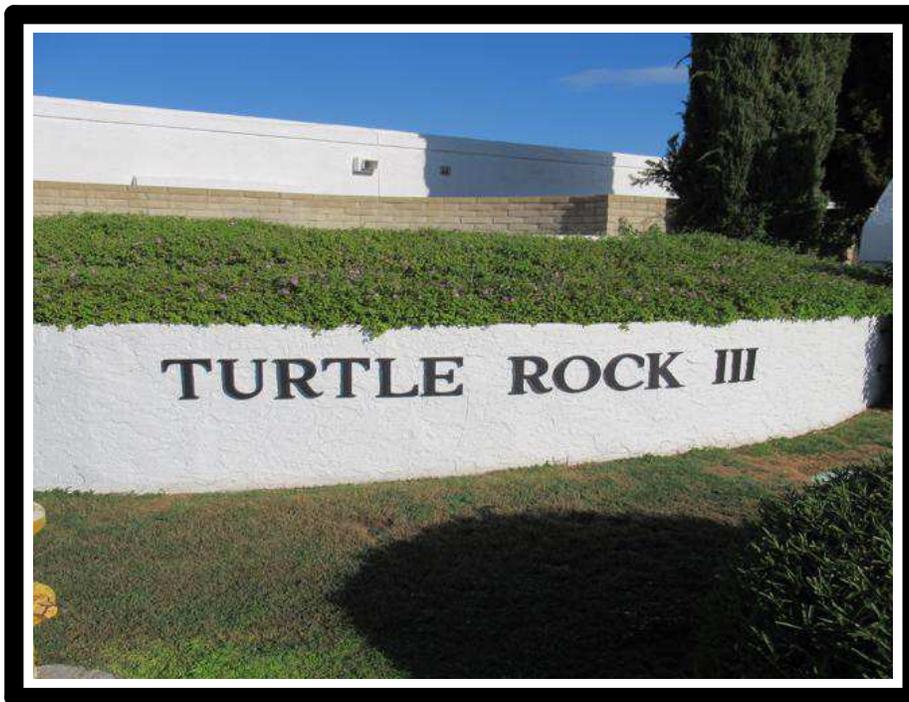




**RESERVE STUDY  
FOR  
TURTLE ROCK III HOMEOWNERS ASSOCIATION  
MAINTENANCE FUND**



**Management By:  
Vision Community Management  
16625 S Desert Foothills Pkwy  
Phoenix, AZ 85048**

Prepared By:  
FDReserve Studies, LLC  
Goodyear, AZ 85338

September 3, 2021



## EXECUTIVE SUMMARY

### TURTLE ROCK III HOMEOWNERS ASSOCIATION MAINTENANCE FUND

September 3, 2021

Starting Reserve Balance 1/1/2021	\$35,400
Projected Fully Funded Reserve Balance 1/1/2021	\$37,341
Percent Fully Funded 1/1/2021	95%
Current Annual Reserve Contribution	\$7,929

This study is based on the cash flow method of funding. This reserve analysis is based on an observation and assessment of the condition of the reserve fund based on a field assessment of the condition of the assets of the association, a projection of the useful life and remaining useful life of those assets, and the replacement costs for those assets. The general guideline used in our studies to determine whether the cost to replace or maintain an asset is paid from reserves or operations is if the replacement cost exceeds \$500 it is included in reserves. That can be modified at the direction of the Board.

Following are some key points relative to your study:

1. The study has a fiscal year beginning date of January 1, 2021.
2. The study reflects a beginning balance for the reserve fund of \$35,400 and an annual contribution of \$7,929. The financial information was provided by the association and was not audited. As reflected by the Current Assessment Funding Model Projection in the report on pages 2-1 and 2-2, the reserve fund is overfunded. Reserve funds are generally considered to be in a healthy condition if the reserve balance is at or above 70% of the fully funded balance.
3. An Alternate Funding Model is included in the report on pages 2-3 and 2-4 to show how the funding could be modified to reduce the overfunded condition. The model is included in the report for consideration by the Association. The model suggests annual contribution to the reserve fund of \$3,000 beginning in 2022 thru 2036, increase the annual contribution in 2037 to \$4,000 followed by an annual increase of 7% in 2038 and following years. With this funding alternative the reserve fund remains in a healthy condition for many years. Other funding alternatives can be prepared if desired by the Board.
4. Note that the study includes a 3% inflation on costs based on current construction cost indexes so some increase in funding over time is recommended to stay even with cost

increase from inflation.

4. This study should be compared with the operating budget to make sure there are no overlaps or gaps of items in this study and in the operating budget.
5. The physical assessment of components was based on field reviews conducted on July 24, 2020. The field review consisted of on-site observations of common areas and facilities. No sampling or destructive testing was performed. The on-site observation is not a comprehensive quality inspection. Quantification of assets was accomplished with a combination of on-site measurements, aerial photos and information provided by the association.
6. The consultant has no other involvement with the association that could be considered a conflict of interest. To our knowledge, there are no material issues that have not been disclosed that would cause a distortion of the association's reserve fund.

Report was prepared by:

- William A. Schlingen, PE, RS, APM, [bill@fdreservestudies.com](mailto:bill@fdreservestudies.com), 602-740-8730
- Barbie Augsburger, [barbie@fdreservestudies.com](mailto:barbie@fdreservestudies.com), 512-633-3012.

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# TURTLE ROCK III HOMEOWNERS ASSOCIATION MAINTENANCE FUND

## Part One

### Important Information

The client shall have the right to reproduce and distribute copies of this report, or the information contained within, as may be required for compliance with all applicable regulations.

This reserve analysis study and the parameters under which it has been completed are based upon information provided to us in part by representatives of the association, its contractors and vendors and our own experience with local costs. We also may rely on various construction pricing and scheduling manuals including, but not limited to: Marshall & Swift Valuation Service, RS Means Facilities Maintenance & Repair Cost Data, RS Means Repair & Remodeling Cost Data, National Construction Estimator, National Repair & Remodel Estimator, Dodge Cost Manual and McGraw-Hill Professional, if needed.

It has been assumed, unless otherwise noted in this report, that all assets have been designed and constructed properly and that each estimated useful life will approximate that of the norm per industry standards and/or manufacturer's specifications. In some cases, estimates may have been used on assets, which have an indeterminable but potential liability to the association. The decision for the inclusion of these as well as all assets considered is left to the client.

This reserve analysis study is a reflection of information provided to or assembled by the consultant for the association's use, not for the purpose of performing an audit, quality/forensic analyses or background checks of historical records. Information provided by the official representative of the association regarding financial, physical, quantity, or historical issues is deemed reliable by the consultant.

We recommend that your reserve analysis study be updated on an annual basis due to fluctuating interest rates, inflationary changes, and the unpredictable nature of the lives of many of the assets under consideration. All of the information collected during our inspection of the association and computations made subsequently in preparing this reserve analysis study are retained in our computer files. Therefore, annual updates may be completed quickly and inexpensively each year.

FDReserve Studies would like to thank you for using our services. We invite you to call us at any time, should you have questions, comments or need assistance. In addition, any of the parameters and estimates used in this study may be changed at your request, after which we will provide a revised study.

This reserve analysis is prepared under the supervision of William A. Schlimgen PE, a registered professional engineer in Arizona with more than 10 years of experience in preparation of reserve studies and more than 40 years of engineering management, design, inspection and construction management experience.

# TURTLE ROCK III HOMEOWNERS ASSOCIATION MAINTENANCE FUND

## Part One

### Part I

#### Document

This reserve analysis study is provided as an aid for planning purposes and not as an accounting tool. Since it deals with events yet to take place, there is no assurance that the results enumerated within it will, in fact, occur as described.

Preparing the annual budget and overseeing the association's finances are perhaps the most important responsibilities of board members. The annual operating and reserve budgets reflect the planning and goals of the association and set the level and quality of service for all of the association's activities.

#### Funding Options

When a major repair or replacement is required in a community, an association has essentially four options available to address the expenditure:

The first, and only logical means that the Board of Directors has to ensure its ability to maintain the assets for which it is obligated, is by **assessing an adequate level of reserves** as part of the regular membership assessment, thereby distributing the cost of the replacements uniformly over the entire membership. The community is not only comprised of present members, but also future members. Any decision by the Board of Directors to adopt a calculation method or funding plan which would disproportionately burden future members in order to make up for past reserve deficits, would be a breach of its fiduciary responsibility to those future members. Unlike individuals determining their own course of action, the board is responsible to the "community" as a whole.

Whereas, if the association was setting aside reserves for this purpose, using the vehicle of the regularly assessed membership dues, it would have had the full term of the life of the roof, for example, to accumulate the necessary moneys. Additionally, those contributions would have been evenly distributed over the entire membership and would have earned interest as part of that contribution.

The second option is for the association to **acquire a loan** from a lending institution in order to effect the required repairs. In many cases, banks will lend to an association using "future homeowner assessments" as collateral for the loan. With this method, the current board is pledging the future assets of an association. They are also incurring the additional expense of interest fees along with the original principal amount. In the case of a \$150,000 roofing replacement, the association may be required to pay back the loan over a three to five year period, with interest.

The third option, too often used, is simply to **defer the required repair or replacement**. This option, which is not recommended, can create an environment of declining property values due to expanding lists of deferred maintenance items and the association's financial inability to keep pace with the normal aging process of the common area components. This, in turn, can have a seriously negative impact on sellers in the association by making it difficult, or even impossible, for potential buyers to obtain financing from lenders. Increasingly, lending institutions are requesting copies of the association's most recent reserve study before granting loans, either for the association itself, a prospective purchaser, or for an individual within such an association.

The fourth option is to pass a "**special assessment**" to the membership in an amount required to cover the expenditure. When a special assessment is passed, the association has the authority and responsibility to collect the assessments, even by means of foreclosure, if necessary. However, an association

# TURTLE ROCK III HOMEOWNERS ASSOCIATION MAINTENANCE FUND

## Part One

considering a special assessment cannot guarantee that an assessment, when needed, will be passed. Consequently, the association cannot guarantee its ability to perform the required repairs or replacements to those major components for which it is obligated when the need arises. Additionally, while relatively new communities require very little in the way of major “reserve” expenditures, associations reaching 12 to 15 years of age and older, find many components reaching the end of their effective useful lives. These required expenditures, all accruing at the same time, could be devastating to an association’s overall budget.

### **Types of Reserve Studies**

Most reserve studies fit into one of three categories:

Full Reserve Study;

Update with site inspection; and

Update without site inspection.

In a **Full Reserve Study**, the reserve provider conducts a component inventory, a condition assessment (based upon on-site visual observations), and life and valuation estimates to determine both a “fund status” and “funding plan”.

In an **Update with site inspection**, the reserve provider conducts a component inventory (verification only, not quantification unless new components have been added to the inventory), a condition assessment (based upon on-site visual observations), and life and valuation estimates to determine both the “fund status and “funding plan.”

In an **Update without site inspection**, the reserve provider conducts life and valuation estimates to determine the “fund status” and “funding plan.”

### **The Reserve Study: A Physical and a Financial Analysis**

There are two components of a reserve study: a physical analysis and a financial analysis.

#### **Physical Analysis**

During the physical analysis, a reserve study provider evaluates information regarding the physical status and repair/replacement cost of the association’s major common area components. To do so, the provider conducts a component inventory, a condition assessment, and life and valuation estimates.

#### **Developing a Component List**

The budget process begins with full inventory of all the major components for which the association is responsible. The determination of whether an expense should be labeled as operational, reserve, or excluded altogether is sometimes subjective. Since this labeling may have a major impact on the financial plans of the association, subjective determinations should be minimized. We suggest the following considerations when labeling an expense.

# **TURTLE ROCK III HOMEOWNERS ASSOCIATION MAINTENANCE FUND**

## **Part One**

### **Operational Expenses**

Occur at least annually, no matter how large the expense, and can be budgeted for effectively each year. They are characterized as being reasonably predictable, both in terms of frequency and cost. Operational expenses include all minor expenses, which would not otherwise adversely affect an operational budget from one year to the next.

### **Reserve Expenses**

These are major expenses that occur other than annually, and which must be budgeted for in advance in order to ensure the availability of the necessary funds in time for their use. Reserve expenses are reasonably predictable both in terms of frequency and cost. However, they may include significant assets that have an indeterminable but potential liability that may be demonstrated as a likely occurrence. They are expenses that, when incurred, would have a significant effect on the smooth operation of the budgetary process from one year to the next, if they were not reserved for in advance.

### **Budgeting is Normally Excluded**

For expenses that are necessitated by acts of nature, accidents or other occurrences that are more properly insured for, rather than reserved for.

### **Financial Analysis**

The financial analysis assesses the association's reserve balance or "fund status" (measured in cash or as percent fully funded) to determine a recommendation for the appropriate reserve contribution rate in the future, known as the "funding plan".

### **Preparing the Reserve Study**

Once the reserve assets have been identified and quantified, their respective replacement costs, useful lives and remaining lives must be assigned so that a funding schedule can be constructed. Replacement costs and useful lives can be found in published manuals such as construction estimators, appraisal handbooks, and valuation guides. Remaining lives are calculated from the useful lives and ages of assets and adjusted according to conditions such as design, manufactured quality, usage, exposure to the elements and maintenance history.

By following the recommendations of an effective reserve study, the association should avoid any major shortfalls. However, to remain accurate, the report should be updated on an annual basis to reflect such changes as shifts in economic parameters, additions of phases or assets, or expenditures of reserve funds. The association can assist in simplifying the reserve analysis update process by keeping accurate records of these changes throughout the year.

# **TURTLE ROCK III HOMEOWNERS ASSOCIATION MAINTENANCE FUND**

## **Part One**

### **Funding Methods**

From the simplest to the most complex, reserve analysis providers use many different computational processes to calculate reserve requirements. However, there are two basic processes identified as industry standards: the cash flow method and the component method.

The cash flow method develops a reserve-funding plan where contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different reserve funding plans are tested against the actual anticipated schedule of reserve expenses until the desired funding goal is achieved. This method sets up a “window” in which all future anticipated replacement costs are computed, based upon the individual lives of the components under consideration. The Threshold and the Current Assessment funding models are based upon the cash flow method.

The component method develops a reserve-funding plan where the total contribution is based upon the sum of contributions for individual components. The component method is the more conservative of the two funding options, and assures that the association will achieve and maintain an ideal level of reserve over time. This method also allows for computations on individual components in the analysis. The Component Funding model is based upon the component methodology.

# TURTLE ROCK III HOMEOWNERS ASSOCIATION MAINTENANCE FUND

## Part One

### Funding Strategies

Once an association has established its funding goals, the association can select an appropriate funding plan. There are four basic strategies from which most associations select. It is recommended that associations consult professionals to determine the best strategy or combination of plans that best suit the association's need. Additionally, associations should consult with their financial advisor to determine the tax implications of selecting a particular plan. Further, consultation with the American Institute of Certified Public Accountants (AICPA) for their reporting requirements is advisable. The four funding plans and descriptions of each are detailed below. Associations will have to update their reserve studies more or less frequently depending on the funding strategy they select.

**Full Funding**--Given that the basis of funding for reserves is to distribute the costs of the replacements over the lives of the components in question, it follows that the ideal level of reserves would be proportionately related to those lives and costs. If an association has a component with an expected estimated useful life of ten years, it would set aside approximately one-tenth of the replacement cost each year. At the end of three years, one would expect three-tenths of the replacement cost to have accumulated, and if so, that component would be "fully-funded." This model is important in that it is a measure of the adequacy of an association's reserves at any one point of time, and is independent of any particular method which may have been used for past funding or may be under consideration for future funding. This formula represents a snapshot in time and is based upon current replacement cost, independent of future inflationary or investment factors:

Fully Funded Reserves = **Age** divided by **Useful Life** the results multiplied by **Current Replacement Cost**

When an association's total accumulated reserves for all components meet this criterion, its reserves are considered "fully-funded."

**The Threshold Funding Model (Minimum Funding).** The goal of this funding method is to keep the reserve cash balance above zero. This means that while each individual component may not be fully funded, the reserve balance overall does not drop below zero during the projected period. An association using this funding method must understand that even a minor reduction in a component's remaining useful life can result in a deficit in the reserve cash balance.

**The Threshold Funding Model.** This method is based upon the cash flow funding concept. The minimum reserve cash balance in threshold funding, however, is set at a predetermined dollar amount (other than \$0).

**The Current Assessment Funding Model.** This method is also based upon the cash flow funding concept. The initial reserve assessment is set at the association's current fiscal year funding level and a 30-year projection is calculated to illustrate the adequacy of the current funding over time.

**The Component Funding Model.** This is a straight-line funding model. It distributes the cash reserves to individual reserve components and then calculates what the reserve assessment and interest contribution (minus taxes) should be, again by each reserve component. The current annual assessment is then determined by summing all the individual component assessments, hence the name "Component Funding Model". This is the most conservative funding model. It leads to or maintains the fully funded reserve position. The following details this calculation process.

# TURTLE ROCK III HOMEOWNERS ASSOCIATION MAINTENANCE FUND

## Part One

### Component Funding Model Distribution of Accumulated Reserves

The “Distribution of Accumulated Reserves Report” is a “Component Funding Model” calculation. This distribution **does not** apply to the cash flow funding models.

When calculating reserves based upon the component methodology, a beginning reserve balance must be allocated for each of the individual components considered in the analysis, before the individual calculations can be completed. When this distribution is not available, or of sufficient detail, the following method is suggested for allocating reserves:

The first step the program performs in this process is subtracting, from the total accumulated reserves, any amounts for assets that have predetermined (fixed) reserve balances. The user can “fix” the accumulated reserve balance within the program on the individual asset’s detail page. If, by error, these amounts total more than the amount of funds available, then the remaining assets are adjusted accordingly. A provision for a contingency reserve is then deducted by the determined percentage used, and if there are sufficient remaining funds available.

The second step is to identify the ideal level of reserves for each asset. As indicated in the prior section, this is accomplished by evaluating the component’s age proportionate to its estimated useful life and current replacement cost. Again, the equation used is as follows:

Fully Funded Reserves = (Age/Useful Life) x Current Replacement Cost

The software program performs the above calculations to the actual month the component was placed-in-service. The program projects that the accumulation of necessary reserves for repairs or replacements will be available on the first day of the fiscal year in which they are scheduled to occur.

The next step the program performs is to arrange all of the assets used in the study in ascending order by remaining life, and alphabetically within each grouping of remaining life items. These assets are then assigned their respective ideal level of reserves until the amount of funds available is depleted, or until all assets are appropriately funded. If any assets are assigned a zero remaining life (scheduled for replacement in the current fiscal year), then the amount assigned equals the current replacement cost and funding begins for the next cycle of replacement. If there are insufficient funds available to accomplish this, then the software automatically adjusts the zero remaining life items to one year, and that asset assumes its new grouping position alphabetically in the final printed report.

If, at the completion of this task, there are additional moneys that have not been distributed, the remaining reserves are then assigned, in ascending order, to a level equal to, but not exceeding, the current replacement cost for each component. If there are sufficient moneys available to fund all assets at their current replacement cost levels, then any excess funds are designated as such and are not factored into any of the report computations. If, at the end of this assignment process there are designated excess funds, they can be used to offset the monthly contribution requirements recommended, or used in any other manner the client may desire.

Assigning the reserves in this manner defers the make-up period for any under-funding over the longest remaining life of all assets under consideration, thereby minimizing the impact of any deficiency. For example, if the report indicates an under funding of \$50,000, this under-funding will be assigned to components with the longest remaining lives in order to give more time to “replenish” the account. If the \$50,000 under-funding were to be assigned to short remaining life items, the impact would be felt

# TURTLE ROCK III HOMEOWNERS ASSOCIATION MAINTENANCE FUND

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immediately.

If the reserves are under-funded, the monthly contribution requirements, as outlined in this report, can be expected to be higher than normal. In future years, as individual assets are replaced, the funding requirements will return to their normal levels. In the case of a large deficiency, a special assessment may be considered. The program can easily generate revised reports outlining how the monthly contributions would be affected by such an adjustment, or by any other changes that may be under consideration.

### **Funding Reserves**

Three assessment and contribution figures are provided in the report, the “Monthly Reserve Assessment Required”, the “Average Net Monthly Interest Earned” contribution and the “Total Monthly Allocation to Reserves.” The association should allocate the “Monthly Reserve Assessment Required” amount to reserves each month when the interest earned on the reserves is left in the reserve accounts as part of the contribution. Any interest earned on reserve deposits, must be left in reserves and only amounts set aside for taxes should be removed.

The second alternative is to allocate the “Total Monthly Allocation” to reserves (this is the member assessment plus the anticipated interest earned for the fiscal year). This method assumes that all interest earned will be assigned directly as operating income. This allocation takes into consideration the anticipated interest earned on accumulated reserves regardless of whether or not it is actually earned. When taxes are paid, the amount due will be taken directly from the association’s operating accounts as the reserve accounts are allocated only those moneys net of taxes.

# TURTLE ROCK III HOMEOWNERS ASSOCIATION MAINTENANCE FUND

## Part One

### Users' Guide to your Reserve Analysis Study

Part II of your report contains the reserve analysis study for your association. There are seven types of reports in the study as described below.

#### Report Summaries

The Report Summary for all funding models lists all of the parameters that were used in calculating the report

The **Component Listing/Summary** lists all assets by category (i.e. roofing, painting, lighting, etc.) together with their remaining life, current cost, monthly reserve contribution, and net monthly allocation.

#### Detail Reports

The Detail Report itemizes each asset and lists all measurements, current and future costs, and calculations for that asset. Provisions for percentage replacements, salvage values, and one-time replacements can also be utilized. These reports can be sorted by category or group.

The numerical listings for each asset are enhanced by extensive narrative detailing factors such as design, manufactured quality, usage, exposure to elements and maintenance history.

The Detail Index is an alphabetical listing of all assets, together with the page number of the asset's detail report, the projected replacement year, and the asset number.

#### Projections

Thirty-year projections add to the usefulness of your reserve analysis study.

#### Definitions

##### Report I.D.

Includes the Report Date (example: November 15, 1992), Account Number (example: 9773), and Version (example: 1.0). Please use this information (displayed on the summary page) when referencing your report.

##### Budget Year Beginning/Ending

The budgetary year for which the report is prepared. For associations with fiscal years ending December 31<sup>st</sup>, the monthly contribution figures indicated are for the 12-month period beginning 1/1/20xx and ending 12/31/20xx.

##### Number of Units and/or Phases

If applicable, the number of units and/or phases included in this version of the report.

##### Inflation

This figure is used to approximate the future cost to repair or replace each component in the report. The current cost for each component is compounded on an annual basis by the number of remaining years to replacement, and the total is used in calculating the monthly reserve contribution that will be necessary to accumulate the required funds in time for replacement.

##### Annual Assessment Increase

This represents the percentage rate at which the association will increase its assessment to reserves at the end of each year. For example, in order to accumulate \$10,000 in 10 years, you could set aside \$1,000 per year. As an alternative, you could set aside \$795 the first year and increase that amount by 5% each

# TURTLE ROCK III HOMEOWNERS ASSOCIATION MAINTENANCE FUND

## Part One

year until the year of replacement. In either case you arrive at the same amount. The idea is that you start setting aside a lower amount and increase that number each year in accordance with the planned percentage. Ideally this figure should be equal to the rate of inflation. It can, however, be used to aide those associations that have not set aside appropriate reserves in the past, by making the initial year's allocation less formidable.

### **Investment Yield Before Taxes**

The average interest rate anticipated by the association based upon its current investment practices.

### **Taxes on Interest Yield**

The estimated percentage of interest income that will be set aside to pay income taxes on the interest earned.

### **Projected Reserve Balance**

The anticipated reserve balance on the first day of the fiscal year for which this report has been prepared. This is based upon information provided and not audited.

### **Percent Fully Funded**

The ratio, at the beginning of the fiscal year, of the actual (or projected) reserve balance to the calculated fully funded balance, expressed as a percentage.

### **Phase Increment Detail and/or Age**

Comments regarding aging of the components on the basis of construction date or date of acceptance by the association.

### **Monthly Assessment**

The assessment to reserves required by the association each month.

### **Interest Contribution (After Taxes)**

The interest that should be earned on the reserves, net of taxes, based upon their beginning reserve balance and monthly contributions for one year. This figure is averaged for budgeting purposes.

### **Total Monthly Allocation**

The sum of the monthly assessment and interest contribution figures.

### **Group and Category**

The report may be prepared and sorted either by group (location, building, phase, etc.) or by category (roofing, painting, etc.). The standard report printing format is by category.

### **Percentage of Replacement or Repairs**

In some cases, an asset may not be replaced in its entirety or the cost may be shared with a second party. Examples are budgeting for a percentage of replacement of streets over a period of time, or sharing the expense to replace a common wall with a neighboring party.

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

The month and year that the asset was placed-in-service. This may be the construction date, the first escrow closure date in a given phase, or the date of the last servicing or replacement.

### **Estimated Useful Life**

The estimated useful life of an asset based upon industry standards, manufacturer specifications, visual inspection, location, usage, association standards and prior history. All of these factors are taken into consideration when tailoring the estimated useful life to the particular asset. For example, the carpeting

# TURTLE ROCK III HOMEOWNERS ASSOCIATION MAINTENANCE FUND

## Part One

in a hallway or elevator (a heavy traffic area) will not have the same life as the identical carpeting in a seldom-used meeting room or office.

### **Adjustment to Useful Life**

Once the useful life is determined, it may be adjusted, up or down, by this separate figure for the current cycle of replacement. This will allow for a current period adjustment without affecting the estimated replacement cycles for future replacements.

### **Estimated Remaining Life**

This calculation is completed internally based upon the report's fiscal year date and the date the asset was placed-in-service.

### **Replacement Year**

The year that the asset is scheduled to be replaced. The appropriate funds will be available by the first day of the fiscal year for which replacement is anticipated.

### **Annual Fixed Reserves**

An optional figure which, if used, will override the normal process of allocating reserves to each asset.

### **Fixed Assessment**

An optional figure which, if used, will override all calculations and set the assessment at this amount. This assessment can be set for monthly, quarterly or annually as necessary.

### **Salvage Value**

The salvage value of the asset at the time of replacement, if applicable.

### **One-Time Replacement**

Notation if the asset is to be replaced on a one-time basis.

### **Current Replacement Cost**

The estimated replacement cost effective at the beginning of the fiscal year for which the report is being prepared

### **Future Replacement Cost**

The estimated cost to repair or replace the asset at the end of its estimated useful life based upon the current replacement cost and inflation.

### **Component Inventory**

The task of selecting and qualifying reserve components. This task can be accomplished through on-site visual, review of association design and organizational documents, a review of established association precedents, and discussion with appropriate association representative(s).

# TURTLE ROCK III HOMEOWNERS ASSOCIATION MAINTENANCE FUND

## Part One

### A Multi-Purpose Tool

Your Report is an important part of your association's budgetary process. Following its recommendations should ensure the association's smooth budgetary transitions from one fiscal year to the next, and either decrease or eliminate the need for "special assessments".

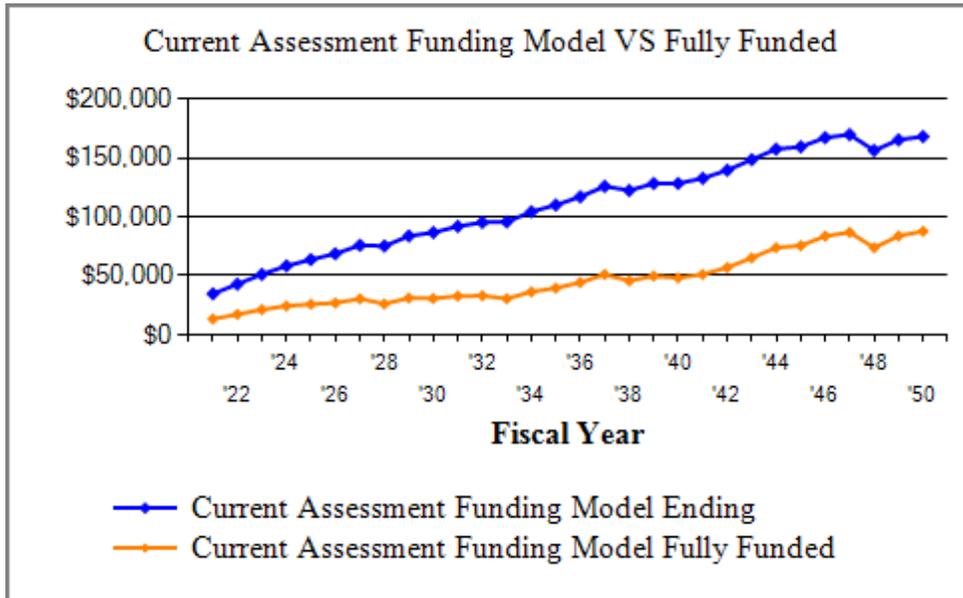
In addition, your reserve study serves a variety of useful purposes:

- Following the recommendations of a reserve study performed by a professional consultant can protect the Board of Directors in a community from personal liability concerning reserve components and reserve funding.
- A reserve analysis study is required by your accountant during the preparation of the association's annual audit.
- The reserve study is often requested by lending institutions during the process of loan applications, both for the community and, in many cases, the individual owners.
- Your Report is also a detailed inventory of the association's major assets and serves as a management tool for scheduling, coordinating and planning future repairs and replacements.
- Your Report is a tool that can assist the Board in fulfilling its legal and fiduciary obligations for maintaining the community in a state of good repair. If a community is operating on a special assessment basis, it cannot guarantee that an assessment, when needed, will be passed. Therefore, it cannot guarantee its ability to perform the required repairs or replacements to those major components for which the association is obligated.
- Since the reserve analysis study includes measurements and cost estimates of the client's assets, the detail reports may be used to evaluate the accuracy and price of contractor bids when assets are due to be repaired or replaced.
- The reserve study is an annual disclosure to the membership concerning the financial condition of the association, and may be used as a "consumers' guide" by prospective purchasers.

**TURTLE ROCK III HOMEOWNERS ASSOCIATION MAINTENANCE FUND**  
**Current Assessment Funding Model Summary**

Report Date	September 3, 2021
Budget Year Beginning	January 1, 2021
Budget Year Ending	December 31, 2021
Total Units	76

<i>Report Parameters</i>	
Inflation	3.00%
Annual Assessment Increase	0.00%
Interest Rate on Reserve Deposit	1.00%
Tax Rate on Interest	30.00%
2021 Beginning Balance	\$35,400



<i>Current Assessment Funding Model Summary of Calculations</i>	
Required Annual Contribution	\$7,929.00
<i>\$104.33 per unit annually</i>	
Average Net Annual Interest Earned	\$241.00
Total Annual Allocation to Reserves	\$8,170.00
<i>\$107.50 per unit annually</i>	

**TURTLE ROCK III HOMEOWNERS ASSOCIATION MAINTENANCE FUND**  
**Current Assessment Funding Model Projection**

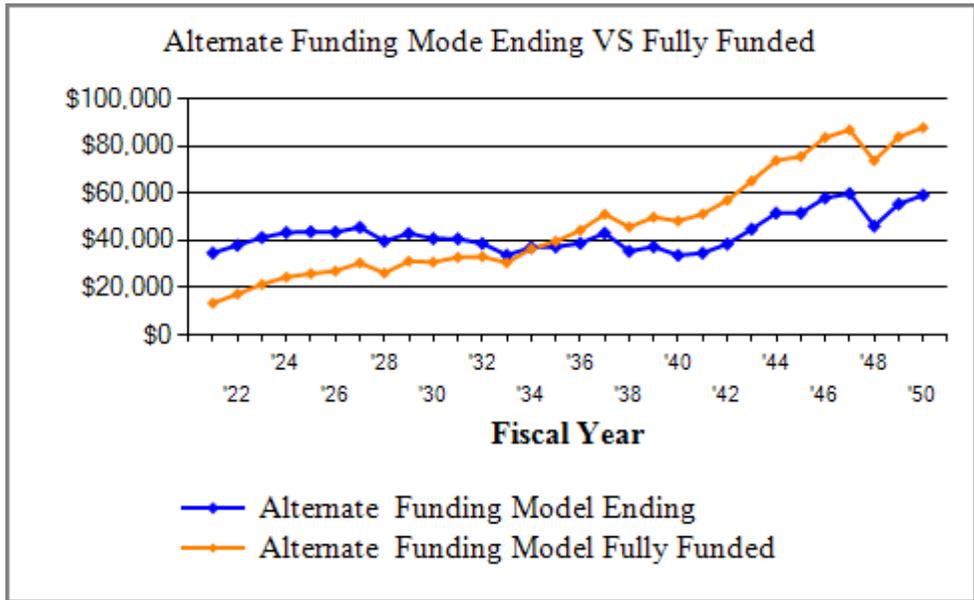
Beginning Balance: \$35,400

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2021	54,235	7,929	241	8,900	34,670	13,385	259%
2022	50,403	7,929	298		42,897	17,250	249%
2023	51,915	7,929	356		51,182	21,335	240%
2024	53,473	7,929	405	1,202	58,314	24,411	239%
2025	55,077	7,929	443	2,949	63,738	25,891	246%
2026	56,729	7,929	477	3,478	68,666	26,984	254%
2027	58,431	7,929	527	1,313	75,809	30,456	249%
2028	60,184	7,929	522	9,101	75,159	26,131	288%
2029	61,989	7,929	582		83,670	31,175	268%
2030	63,849	7,929	602	5,545	86,656	30,786	281%
2031	65,765	7,929	639	3,360	91,863	32,768	280%
2032	67,737	7,929	662	5,219	95,236	33,090	288%
2033	69,770	7,929	665	8,184	95,646	30,510	313%
2034	71,863	7,929	725		104,300	36,427	286%
2035	74,019	7,929	764	3,025	109,968	39,555	278%
2036	76,239	7,929	813	1,714	116,997	44,283	264%
2037	78,526	7,929	874		125,800	51,077	246%
2038	80,882	7,929	850	12,231	122,349	45,641	268%
2039	83,309	7,929	891	2,928	128,241	49,792	258%
2040	85,808	7,929	892	8,768	128,294	48,228	266%
2041	88,382	7,929	922	4,515	132,630	51,175	259%
2042	91,033	7,929	970	2,046	139,482	56,939	245%
2043	93,765	7,929	1,032		148,443	65,173	228%
2044	96,577	7,929	1,095		157,467	73,850	213%
2045	99,475	7,929	1,107	7,216	159,286	75,557	211%
2046	102,459	7,929	1,161	1,298	167,079	83,617	200%
2047	105,533	7,929	1,180	6,470	169,718	86,807	196%
2048	108,699	7,929	1,086	22,524	156,209	73,777	212%
2049	111,960	7,929	1,149		165,287	83,783	197%
2050	115,319	7,929	1,168	6,363	168,021	87,769	191%

**TURTLE ROCK III HOMEOWNERS ASSOCIATION MAINTENANCE FUND  
Alternate Funding Model Summary**

Report Date	September 3, 2021
Budget Year Beginning	January 1, 2021
Budget Year Ending	December 31, 2021
Total Units	76

<i>Report Parameters</i>	
Inflation	3.00%
Interest Rate on Reserve Deposit	1.00%
Tax Rate on Interest	30.00%
2021 Beginning Balance	\$35,400



The Alternate Funding Model is based on the following:

- Annual reserve fund contribution of \$3,000 in 2022 thru 2036.
- Increase the annual contribution to \$4,000 in 2037.
- Annual increase in the reserve contribution of 7% in 2038 and following years.

<i>Alternate Funding Model Summary of Calculations</i>	
Required Annual Contribution <i>\$104.33 per unit annually</i>	\$7,929.00
Average Net Annual Interest Earned	\$241.00
Total Annual Allocation to Reserves <i>\$107.50 per unit annually</i>	\$8,170.00

**TURTLE ROCK III HOMEOWNERS ASSOCIATION MAINTENANCE FUND**  
**Alternate Funding Model Projection**

Beginning Balance: \$35,400

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2021	54,235	7,929	241	8,900	34,670	13,385	259%
2022	50,403	3,000	264		37,934	17,250	220%
2023	51,915	3,000	287		41,220	21,335	193%
2024	53,473	3,000	301	1,202	43,319	24,411	177%
2025	55,077	3,000	304	2,949	43,674	25,891	169%
2026	56,729	3,000	302	3,478	43,499	26,984	161%
2027	58,431	3,000	316	1,313	45,502	30,456	149%
2028	60,184	3,000	276	9,101	39,676	26,131	152%
2029	61,989	3,000	299		42,975	31,175	138%
2030	63,849	3,000	283	5,545	40,713	30,786	132%
2031	65,765	3,000	282	3,360	40,635	32,768	124%
2032	67,737	3,000	269	5,219	38,686	33,090	117%
2033	69,770	3,000	235	8,184	33,736	30,510	111%
2034	71,863	3,000	257		36,994	36,427	102%
2035	74,019	3,000	259	3,025	37,227	39,555	94%
2036	76,239	3,000	270	1,714	38,783	44,283	88%
2037	78,526	4,000	299		43,082	51,077	84%
2038	80,882	4,280	246	12,231	35,377	45,641	78%
2039	83,309	4,580	259	2,928	37,288	49,792	75%
2040	85,808	4,900	234	8,768	33,655	48,228	70%
2041	88,382	5,243	241	4,515	34,623	51,175	68%
2042	91,033	5,610	267	2,046	38,454	56,939	68%
2043	93,765	6,003	311		44,768	65,173	69%
2044	96,577	6,423	358		51,550	73,850	70%
2045	99,475	6,873	358	7,216	51,565	75,557	68%
2046	102,459	7,354	403	1,298	58,024	83,617	69%
2047	105,533	7,869	416	6,470	59,838	86,807	69%
2048	108,699	8,419	320	22,524	46,054	73,777	62%
2049	111,960	9,009	385		55,448	83,783	66%
2050	115,319	9,639	411	6,363	59,136	87,769	67%

**TURTLE ROCK III HOMEOWNERS ASSOCIATION MAINTENANCE FUND**  
**Asset Summary Report**

Description	Date In Service	Replacement Date	Current Cost	Useful Life	Adjustment	Remaining	Future Cost	Quantity	Unit Cost
<b>Painting</b>									
<b>Stucco Block Walls - Paint</b> Asset ID: 1005	2019	2026	2,500	7	0	5	2,898	1 @	2,500.00
<b>Fencing/Security</b>									
<b>Brick &amp; Stucco Walls - Repair</b> Asset ID: 1006	2019	2026	500	7	0	5	580	1 @	500.00
<b>Lighting</b>									
<b>Lighting - Repair</b> Asset ID: 1024	2021	2021	5,300	1	0	0	5,300	1 @	5,300.00
<b>Lighting - Replace</b> Asset ID: 1007	1982	2032	3,150	30	20	11	4,360	9 @	350.00
<b>Solar Light Battery - Replace</b> Asset ID: 1019	2018	2021	1,100	3	0	0	1,100	4 @	275.00
<b>Solar Light Bricks - Replace</b> Asset ID: 1020	2018	2028	6,400	10	0	7	7,871	8 @	800.00
<b>Solar Light Controller - Replace</b> Asset ID: 1016	2018	2025	620	7	0	4	698	4 @	155.00
<b>Solar Light Module (Mailboxes) - Re..</b> Asset ID: 1022	2018	2028	1,000	10	0	7	1,230	1 @	1,000.00
<b>Solar Light Module - Replace</b> Asset ID: 1021	2018	2033	1,640	15	0	12	2,338	4 @	410.00
<b>Equipment</b>									
<b>Backflow Preventers - Replace</b> Asset ID: 1009	2010	2030	700	20	0	9	913	1 @	700.00
<b>Irrigation Controller - Replace</b> Asset ID: 1013	2015	2030	450	15	0	9	587	1 @	450.00
<b>Grounds Components</b>									
<b>Concrete Components - Repair</b> Asset ID: 1011	2020	2025	2,000	5	0	4	2,251	1 @	2,000.00
<b>Granite - Replenish</b> Asset ID: 1014	2010	2021	2,500	10	0	0	2,500	1 @	2,500.00
<b>Irrigation System - Replace - Phase 1</b> Asset ID: 1010	1982	2052	13,187	35	0	31	32,970	1 @	26,375.00
<b>Irrigation System - Replace - Phase 2</b> Asset ID: 1010	1982	2053	13,187	35	1	32	33,959	1 @	26,375.00
<b>Signs</b>									
<b>Monument Signs - Refurbish</b> Asset ID: 1001	1001	Unfunded							
<b>Street Signs - Replace</b> Asset ID: 1012	1012	Unfunded							

**TURTLE ROCK III HOMEOWNERS ASSOCIATION MAINTENANCE FUND**  
**Detail Report by Category**

**Stucco Block Walls - Paint**

		1 LS	@ \$2,500.00
Asset ID	1005	Asset Actual Cost	\$2,500.00
	Grounds	Percent Replacement	100%
	Painting	Future Cost	\$2,898.19
Placed in Service	May 2019		
Useful Life	7		
Replacement Year	2026		
Remaining Life	5		



Good condition. Painted stucco walls located at entrances and throughout community. Includes walls and monument lettering. According to the association walls were painted 5/2019 for \$2450.

**TURTLE ROCK III HOMEOWNERS ASSOCIATION MAINTENANCE FUND**  
**Detail Report by Category**

**Brick & Stucco Walls - Repair**

		1 LS	@ \$500.00
Asset ID	1006	Asset Actual Cost	\$500.00
	Grounds	Percent Replacement	100%
	Fencing/Security	Future Cost	\$579.64
Placed in Service	May 2019		
Useful Life	7		
Replacement Year	2026		
Remaining Life	5		



Good condition. This component is for repairs to walls inconjunction with painting.

**TURTLE ROCK III HOMEOWNERS ASSOCIATION MAINTENANCE FUND**  
**Detail Report by Category**

**Lighting - Repair**

		1 LS	@ \$5,300.00
Asset ID	1024	Asset Actual Cost	\$5,300.00
	Grounds	Percent Replacement	100%
	Lighting	Future Cost	\$5,300.00
Placed in Service	December 2021		
Useful Life	1		
Replacement Year	2021		
Remaining Life	0		



Good condition. Decorative carriage type lights on top of block walls located at entrances/exits of community. Association is repairing rather than replacing the lights in 2021. This budget is for a one-time repair.

**Lighting - Replace**

		9 EA	@ \$350.00
Asset ID	1007	Asset Actual Cost	\$3,150.00
	Grounds	Percent Replacement	100%
	Lighting	Future Cost	\$4,360.34
Placed in Service	December 1982		
Useful Life	30		
Adjustment	20		
Replacement Year	2032		
Remaining Life	11		

**TURTLE ROCK III HOMEOWNERS ASSOCIATION MAINTENANCE FUND  
Detail Report by Category**

*Lighting - Replace continued...*



Good condition. Decorative carriage type lights on top of block walls located at entrances/exits of community. Association is repairing rather than replacing the lights in 2021. This component budgets to replace the lights in 2032.

**Solar Light Battery - Replace**

Asset ID	1019	4 EA	@ \$275.00
	Grounds	Asset Actual Cost	\$1,100.00
	Lighting	Percent Replacement	100%
Placed in Service	July 2018	Future Cost	\$1,100.00
Useful Life	3		
Replacement Year	2021		
Remaining Life	0		



The Sentinel lighting system by Solar King. Batteries have a 2 year warranty.

**TURTLE ROCK III HOMEOWNERS ASSOCIATION MAINTENANCE FUND**  
**Detail Report by Category**

**Solar Light Bricks - Replace**

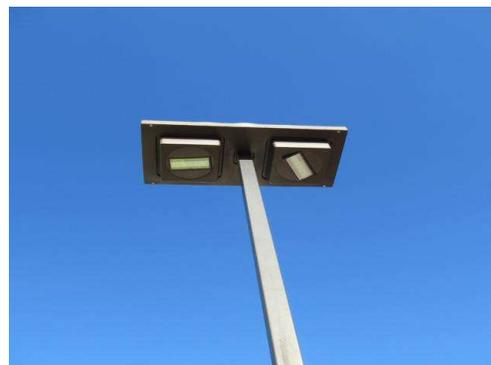
		8 EA	@ \$800.00
Asset ID	1020	Asset Actual Cost	\$6,400.00
	Grounds	Percent Replacement	100%
	Lighting	Future Cost	\$7,871.19
Placed in Service	July 2018		
Useful Life	10		
Replacement Year	2028		
Remaining Life	7		



The Sentinel lighting system by Solar King. Bricks have a 3 year warranty. Solar King indicates that the light bricks have a typical useful of 10 years.

**Solar Light Controller - Replace**

		4 EA	@ \$155.00
Asset ID	1016	Asset Actual Cost	\$620.00
	Grounds	Percent Replacement	100%
	Lighting	Future Cost	\$697.82
Placed in Service	July 2018		
Useful Life	7		
Replacement Year	2025		
Remaining Life	4		



The Sentinel lighting system by Solar King. Controllers have a 5 year warranty.

**TURTLE ROCK III HOMEOWNERS ASSOCIATION MAINTENANCE FUND**  
**Detail Report by Category**

**Solar Light Module (Mailboxes) - Replace**

		1 EA	@ \$1,000.00
Asset ID	1022	Asset Actual Cost	\$1,000.00
	Grounds	Percent Replacement	100%
	Lighting	Future Cost	\$1,229.87
Placed in Service	July 2018		
Useful Life	10		
Replacement Year	2028		
Remaining Life	7		



Solar light at mailboxes. Install date unknown. Looks to be in good condition.

**Solar Light Module - Replace**

		4 EA	@ \$410.00
Asset ID	1021	Asset Actual Cost	\$1,640.00
	Grounds	Percent Replacement	100%
	Lighting	Future Cost	\$2,338.25
Placed in Service	July 2018		
Useful Life	15		
Replacement Year	2033		
Remaining Life	12		



The Sentinel lighting system by Solar King. Modules have a 15 year warranty.

**TURTLE ROCK III HOMEOWNERS ASSOCIATION MAINTENANCE FUND**  
**Detail Report by Category**

**Backflow Preventers - Replace**

		1 EA	@ \$700.00
Asset ID	1009	Asset Actual Cost	\$700.00
	Grounds	Percent Replacement	100%
	Equipment	Future Cost	\$913.34
Placed in Service	January 2010		
Useful Life	20		
Replacement Year	2030		
Remaining Life	9		



Looks to be in good condition. Febco 1" 765 backflow preventer. Date in service estimated based on physical condition.

**Irrigation Controller - Replace**

		1 EA	@ \$450.00
Asset ID	1013	Asset Actual Cost	\$450.00
	Grounds	Percent Replacement	100%
	Equipment	Future Cost	\$587.15
Placed in Service	January 2015		
Useful Life	15		
Replacement Year	2030		
Remaining Life	9		



Appears to be in good condition. Unable to access. Unit cost includes removal of old controller,

**TURTLE ROCK III HOMEOWNERS ASSOCIATION MAINTENANCE FUND**  
**Detail Report by Category**

*Irrigation Controller - Replace continued...*

installation and re-wiring. In service date estimated based on appearance.

**TURTLE ROCK III HOMEOWNERS ASSOCIATION MAINTENANCE FUND**  
**Detail Report by Category**

**Concrete Components - Repair**

		1 LS	@ \$2,000.00
Asset ID	1011	Asset Actual Cost	\$2,000.00
	Grounds	Percent Replacement	100%
	Grounds Components	Future Cost	\$2,251.02
Placed in Service	January 2020		
Useful Life	5		
Replacement Year	2025		
Remaining Life	4		



Good condition. Noted some minimal cracking and some repair work performed. Includes sidewalks and curbing. This component provides a budget for concrete repairs on a 5 year recurring cycle.

**Granite - Replenish**

		1 LS	@ \$2,500.00
Asset ID	1014	Asset Actual Cost	\$2,500.00
	Grounds	Percent Replacement	100%
	Grounds Components	Future Cost	\$2,500.00
Placed in Service	July 2010		
Useful Life	10		
Replacement Year	2021		
Remaining Life	0		

**TURTLE ROCK III HOMEOWNERS ASSOCIATION MAINTENANCE FUND**  
**Detail Report by Category**

*Granite - Replenish continued...*



Good condition. Granite located near 9th and 12th street entrances and around mailbox area.

**Irrigation System - Replace - Phase 1**

			1 LS	@ \$26,375.00
Asset ID	1010	Asset Actual Cost		\$13,187.50
	Grounds	Percent Replacement		50%
	Grounds Components	Future Cost		\$32,969.81
Placed in Service	December 1982			
Useful Life	35			
Replacement Year	2052			
Remaining Life	31			

The irrigation system is the originally installed system. The Association has an estimate of \$26,375 for replacing the irrigation system.

**Irrigation System - Replace - Phase 2**

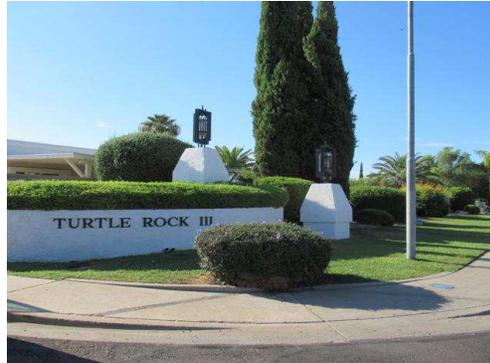
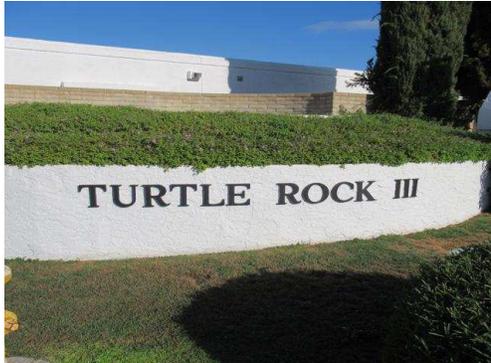
			1 LS	@ \$26,375.00
Asset ID	1010	Asset Actual Cost		\$13,187.50
	Grounds	Percent Replacement		50%
	Grounds Components	Future Cost		\$33,958.90
Placed in Service	December 1982			
Useful Life	35			
Adjustment	1			
Replacement Year	2053			
Remaining Life	32			

The irrigation system is the originally installed system. The Association has an estimate of \$26,375 for replacing the irrigation system.

**TURTLE ROCK III HOMEOWNERS ASSOCIATION MAINTENANCE FUND  
Detail Report by Category**

**Monument Signs - Refurbish**

Asset ID	1001	Asset Actual Cost	2 EA
Placed in Service	December 1982	Percent Replacement	100%
No Useful Life		Future Cost	



Unfunded. Good condition. Long life on metal lettering "Turtle Rock III". May need to paint in future, assumption would be to operationally fund paint. If the community wishes to add this component, we will gladly do so with unit cost and useful life provided by community.

**Street Signs - Replace**

Asset ID	1012	Asset Actual Cost	4 EA
Placed in Service	December 1982	Percent Replacement	100%
No Useful Life		Future Cost	



Unfunded. Good condition. Long life.

**TURTLE ROCK III HOMEOWNERS ASSOCIATION MAINTENANCE FUND**  
**Category Detail Index**

Asset ID	Description	Replacement	Page
<b>Painting</b>			
1005	Stucco Block Walls - Paint	2026	2-6
<b>Fencing/Security</b>			
1006	Brick & Stucco Walls - Repair	2026	2-7
<b>Lighting</b>			
1024	Lighting - Repair	2021	2-8
1007	Lighting - Replace	2032	2-8
1019	Solar Light Battery - Replace	2021	2-9
1020	Solar Light Bricks - Replace	2028	2-10
1016	Solar Light Controller - Replace	2025	2-10
1022	Solar Light Module (Mailboxes) - Replace	2028	2-11
1021	Solar Light Module - Replace	2033	2-11
<b>Equipment</b>			
1009	Backflow Preventers - Replace	2030	2-12
1013	Irrigation Controller - Replace	2030	2-12
<b>Grounds Components</b>			
1011	Concrete Components - Repair	2025	2-14
1014	Granite - Replenish	2021	2-14
1010	Irrigation System - Replace - Phase 1	2052	2-15
1010	Irrigation System - Replace - Phase 2	2053	2-15
<b>Signs</b>			
1001	Monument Signs - Refurbish	2021	2-16
1012	Street Signs - Replace	2021	2-16
	Total Funded Assets	15	
	Total Unfunded Assets	<u>2</u>	
	Total Assets	17	

**TURTLE ROCK III HOMEOWNERS ASSOCIATION MAINTENANCE FUND**  
**Annual Expenditure Detail**

Description	Expenditures
<b>Replacement Year 2021</b>	
<b>Lighting</b>	
1024     Lighting - Repair	5,300
1019     Solar Light Battery - Replace	1,100
<b>Grounds Components</b>	
1014     Granite - Replenish	2,500
<b>Total for 2021</b>	<b><u>\$8,900</u></b>
 <i>No Replacement in 2022</i>	
<i>No Replacement in 2023</i>	
 <b>Replacement Year 2024</b>	
<b>Lighting</b>	
1019     Solar Light Battery - Replace	1,202
<b>Total for 2024</b>	<b><u>\$1,202</u></b>
 <b>Replacement Year 2025</b>	
<b>Lighting</b>	
1016     Solar Light Controller - Replace	698
<b>Grounds Components</b>	
1011     Concrete Components - Repair	2,251
<b>Total for 2025</b>	<b><u>\$2,949</u></b>
 <b>Replacement Year 2026</b>	
<b>Painting</b>	
1005     Stucco Block Walls - Paint	2,898
<b>Fencing/Security</b>	
1006     Brick & Stucco Walls - Repair	580
<b>Total for 2026</b>	<b><u>\$3,478</u></b>
 <b>Replacement Year 2027</b>	
<b>Lighting</b>	
1019     Solar Light Battery - Replace	1,313
<b>Total for 2027</b>	<b><u>\$1,313</u></b>

**TURTLE ROCK III HOMEOWNERS ASSOCIATION MAINTENANCE FUND**  
**Annual Expenditure Detail**

Description	Expenditures
<b>Replacement Year 2028</b>	
<b>Lighting</b>	
1020 Solar Light Bricks - Replace	7,871
1022 Solar Light Module (Mailboxes) - Replace	1,230
<b>Total for 2028</b>	<b><u>\$9,101</u></b>
<i>No Replacement in 2029</i>	
<b>Replacement Year 2030</b>	
<b>Lighting</b>	
1019 Solar Light Battery - Replace	1,435
<b>Equipment</b>	
1009 Backflow Preventers - Replace	913
1013 Irrigation Controller - Replace	587
<b>Grounds Components</b>	
1011 Concrete Components - Repair	2,610
<b>Total for 2030</b>	<b><u>\$5,545</u></b>
<b>Replacement Year 2031</b>	
<b>Grounds Components</b>	
1014 Granite - Replenish	3,360
<b>Total for 2031</b>	<b><u>\$3,360</u></b>
<b>Replacement Year 2032</b>	
<b>Lighting</b>	
1007 Lighting - Replace	4,360
1016 Solar Light Controller - Replace	858
<b>Total for 2032</b>	<b><u>\$5,219</u></b>
<b>Replacement Year 2033</b>	
<b>Painting</b>	
1005 Stucco Block Walls - Paint	3,564
<b>Fencing/Security</b>	
1006 Brick & Stucco Walls - Repair	713
<b>Lighting</b>	
1019 Solar Light Battery - Replace	1,568

**TURTLE ROCK III HOMEOWNERS ASSOCIATION MAINTENANCE FUND**  
**Annual Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2033 continued...</i>	
1021 Solar Light Module - Replace	2,338
<b>Total for 2033</b>	<b><u>\$8,184</u></b>
 <i>No Replacement in 2034</i>	
<b>Replacement Year 2035</b>	
<b>Grounds Components</b>	
1011 Concrete Components - Repair	3,025
<b>Total for 2035</b>	<b><u>\$3,025</u></b>
 <b>Replacement Year 2036</b>	
<b>Lighting</b>	
1019 Solar Light Battery - Replace	1,714
<b>Total for 2036</b>	<b><u>\$1,714</u></b>
 <i>No Replacement in 2037</i>	
<b>Replacement Year 2038</b>	
<b>Lighting</b>	
1020 Solar Light Bricks - Replace	10,578
1022 Solar Light Module (Mailboxes) - Replace	1,653
<b>Total for 2038</b>	<b><u>\$12,231</u></b>
 <b>Replacement Year 2039</b>	
<b>Lighting</b>	
1019 Solar Light Battery - Replace	1,873
1016 Solar Light Controller - Replace	1,056
<b>Total for 2039</b>	<b><u>\$2,928</u></b>
 <b>Replacement Year 2040</b>	
<b>Painting</b>	
1005 Stucco Block Walls - Paint	4,384
<b>Fencing/Security</b>	
1006 Brick & Stucco Walls - Repair	877

**TURTLE ROCK III HOMEOWNERS ASSOCIATION MAINTENANCE FUND**  
**Annual Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2040 continued...</i>	
<b>Grounds Components</b>	
1011 Concrete Components - Repair	3,507
<b>Total for 2040</b>	<b><u>\$8,768</u></b>
 <b>Replacement Year 2041</b>	
<b>Grounds Components</b>	
1014 Granite - Replenish	4,515
<b>Total for 2041</b>	<b><u>\$4,515</u></b>
 <b>Replacement Year 2042</b>	
<b>Lighting</b>	
1019 Solar Light Battery - Replace	2,046
<b>Total for 2042</b>	<b><u>\$2,046</u></b>
 <i>No Replacement in 2043</i>	
<i>No Replacement in 2044</i>	
 <b>Replacement Year 2045</b>	
<b>Lighting</b>	
1019 Solar Light Battery - Replace	2,236
<b>Equipment</b>	
1013 Irrigation Controller - Replace	915
<b>Grounds Components</b>	
1011 Concrete Components - Repair	4,066
<b>Total for 2045</b>	<b><u>\$7,216</u></b>
 <b>Replacement Year 2046</b>	
<b>Lighting</b>	
1016 Solar Light Controller - Replace	1,298
<b>Total for 2046</b>	<b><u>\$1,298</u></b>
 <b>Replacement Year 2047</b>	
<b>Painting</b>	
1005 Stucco Block Walls - Paint	5,391

**TURTLE ROCK III HOMEOWNERS ASSOCIATION MAINTENANCE FUND**  
**Annual Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2047 continued...</i>	
<b>Fencing/Security</b>	
1006      Brick & Stucco Walls - Repair	1,078
<b>Total for 2047</b>	<u><b>\$6,470</b></u>
 <b>Replacement Year 2048</b>	
<b>Lighting</b>	
1019      Solar Light Battery - Replace	2,443
1020      Solar Light Bricks - Replace	14,216
1022      Solar Light Module (Mailboxes) - Replace	2,221
1021      Solar Light Module - Replace	3,643
<b>Total for 2048</b>	<u><b>\$22,524</b></u>
 <i>No Replacement in 2049</i>	
 <b>Replacement Year 2050</b>	
<b>Equipment</b>	
1009      Backflow Preventers - Replace	1,650
<b>Grounds Components</b>	
1011      Concrete Components - Repair	4,713
<b>Total for 2050</b>	<u><b>\$6,363</b></u>

**TURTLE ROCK III HOMEOWNERS ASSOCIATION MAINTENANCE FUND**  
**Spread Sheet**

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>ID Description</b>										
Painting										
1005 Stucco Block Walls - Paint						2,898				
<b>Painting Total:</b>						<b>2,898</b>				
Fencing/Security										
1006 Brick & Stucco Walls - Repair						580				
<b>Fencing/Security Total:</b>						<b>580</b>				
Lighting										
1024 Lighting - Repair	5,300									
1007 Lighting - Replace										
1019 Solar Light Battery - Replace	1,100			1,202			1,313			1,435
1020 Solar Light Bricks - Replace								7,871		
1016 Solar Light Controller - Replace					698					
1022 Solar Light Module (Mailboxes) - Replace								1,230		
1021 Solar Light Module - Replace										
<b>Lighting Total:</b>	<b>6,400</b>			<b>1,202</b>	<b>698</b>		<b>1,313</b>	<b>9,101</b>		<b>1,435</b>
Equipment										
1009 Backflow Preventers - Replace										913
1013 Irrigation Controller - Replace										587
<b>Equipment Total:</b>										<b>1,500</b>
Grounds Components										
1011 Concrete Components - Repair					2,251					2,610
1014 Granite - Replenish	2,500									
1010 Irrigation System - Replace - Phase 1										
1010 Irrigation System - Replace - Phase 2										
<b>Grounds Components Total:</b>	<b>2,500</b>				<b>2,251</b>					<b>2,610</b>
Signs										
1001 Monument Signs - Refurbish	<i>Unfunded</i>									
1012 Street Signs - Replace	<i>Unfunded</i>									
<b>Year Total:</b>	<b>8,900</b>			<b>1,202</b>	<b>2,949</b>	<b>3,478</b>	<b>1,313</b>	<b>9,101</b>		<b>5,545</b>

**TURTLE ROCK III HOMEOWNERS ASSOCIATION MAINTENANCE FUND**  
**Spread Sheet**

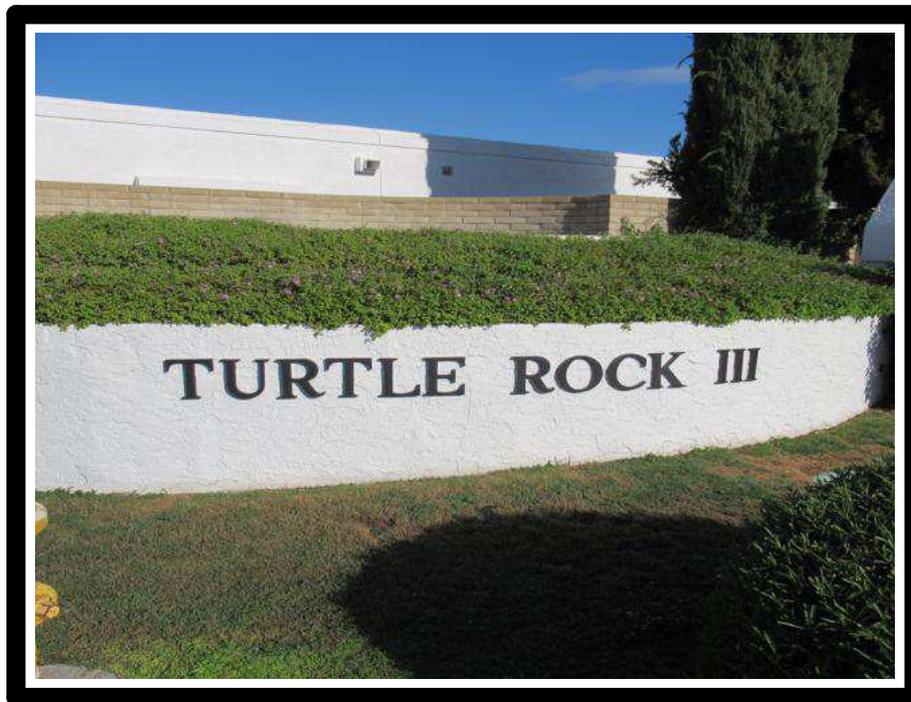
	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
<b>ID Description</b>										
Painting										
1005 Stucco Block Walls - Paint			3,564							4,384
<b>Painting Total:</b>			<b>3,564</b>							<b>4,384</b>
Fencing/Security										
1006 Brick & Stucco Walls - Repair			713							877
<b>Fencing/Security Total:</b>			<b>713</b>							<b>877</b>
Lighting										
1024 Lighting - Repair										
1007 Lighting - Replace		4,360								
1019 Solar Light Battery - Replace			1,568			1,714			1,873	
1020 Solar Light Bricks - Replace								10,578		
1016 Solar Light Controller - Replace		858							1,056	
1022 Solar Light Module (Mailboxes) - Replace								1,653		
1021 Solar Light Module - Replace			2,338							
<b>Lighting Total:</b>		<b>5,219</b>	<b>3,907</b>			<b>1,714</b>		<b>12,231</b>	<b>2,928</b>	
Equipment										
1009 Backflow Preventers - Replace										
1013 Irrigation Controller - Replace										
<b>Equipment Total:</b>										
Grounds Components										
1011 Concrete Components - Repair					3,025					3,507
1014 Granite - Replenish	3,360									
1010 Irrigation System - Replace - Phase 1										
1010 Irrigation System - Replace - Phase 2										
<b>Grounds Components Total:</b>	<b>3,360</b>				<b>3,025</b>					<b>3,507</b>
Signs										
1001 Monument Signs - Refurbish	<i>Unfunded</i>									
1012 Street Signs - Replace	<i>Unfunded</i>									
<b>Year Total:</b>	<b>3,360</b>	<b>5,219</b>	<b>8,184</b>		<b>3,025</b>	<b>1,714</b>		<b>12,231</b>	<b>2,928</b>	<b>8,768</b>

**TURTLE ROCK III HOMEOWNERS ASSOCIATION MAINTENANCE FUND**  
**Spread Sheet**

	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050
<b>ID Description</b>										
Painting										
1005 Stucco Block Walls - Paint							5,391			
<b>Painting Total:</b>							<b>5,391</b>			
Fencing/Security										
1006 Brick & Stucco Walls - Repair							1,078			
<b>Fencing/Security Total:</b>							<b>1,078</b>			
Lighting										
1024 Lighting - Repair										
1007 Lighting - Replace										
1019 Solar Light Battery - Replace		2,046			2,236			2,443		
1020 Solar Light Bricks - Replace								14,216		
1016 Solar Light Controller - Replace						1,298				
1022 Solar Light Module (Mailboxes) - Replace								2,221		
1021 Solar Light Module - Replace								3,643		
<b>Lighting Total:</b>		<b>2,046</b>			<b>2,236</b>	<b>1,298</b>		<b>22,524</b>		
Equipment										
1009 Backflow Preventers - Replace										1,650
1013 Irrigation Controller - Replace					915					
<b>Equipment Total:</b>					<b>915</b>					<b>1,650</b>
Grounds Components										
1011 Concrete Components - Repair					4,066					4,713
1014 Granite - Replenish	4,515									
1010 Irrigation System - Replace - Phase 1										
1010 Irrigation System - Replace - Phase 2										
<b>Grounds Components Total:</b>	<b>4,515</b>				<b>4,066</b>					<b>4,713</b>
Signs										
1001 Monument Signs - Refurbish										<i>Unfunded</i>
1012 Street Signs - Replace										<i>Unfunded</i>
<b>Year Total:</b>	<b>4,515</b>	<b>2,046</b>			<b>7,216</b>	<b>1,298</b>	<b>6,470</b>	<b>22,524</b>		<b>6,363</b>



**RESERVE STUDY  
FOR  
TURTLE ROCK III HOMEOWNERS ASSOCIATION  
ROAD FUND**



**Management By:  
Vision Community Management  
16625 S Desert Foothills Pkwy  
Phoenix, AZ 85048**

Prepared By:  
FDReserve Studies, LLC  
Goodyear, AZ 85338

November 23, 2020



## EXECUTIVE SUMMARY

### TURTLE ROCK III HOMEOWNERS ASSOCIATION ROAD FUND

November 23, 2020

Starting Reserve Balance 1/1/2021	\$29,644
Projected Fully Funded Reserve Balance 1/1/2021	\$28,813
Percent Fully Funded 1/1/2021	103%
Current Annual Reserve Contribution	\$4,560

This study is based on the cash flow method of funding. This reserve analysis is based on an observation and assessment of the condition of the reserve fund based on a field assessment of the condition of the assets of the association, a projection of the useful life and remaining useful life of those assets, and the replacement costs for those assets. The general guideline used in our studies to determine whether the cost to replace or maintain an asset is paid from reserves or operations is if the replacement cost exceeds \$500 it is included in reserves. That can be modified at the direction of the Board.

Following are some key points relative to your study:

1. The study has a fiscal year beginning date of January 1, 2021.
2. The study reflects a beginning balance for the reserve fund of \$29,644 and a current annual contribution of \$4,560. The financial information was provided by the association and was not audited. As reflected by the Current Assessment Funding Model Projection in the report on pages 2-1 and 2-2, the reserve fund is underfunded. Reserve funds are generally considered to be in a healthy condition if the reserve balance is at or above 70% of the fully funded balance.
3. Because of the underfunded condition based on the current funding, an Alternate Funding Model was prepared and included in the report on pages 2-3 and 2-4 for consideration by the Association. The model suggests increasing the annual funding to \$9,000 in 2022 followed by a 10% annual increase in the funding in 2023 through 2029 to build the reserve fund into a healthy condition. The annual funding can then be reduced to \$8,000 in 2031 and to \$5,000 in 2039. With this funding alternative the reserve fund will remain in a healthy balance for many years. Other funding alternatives can be prepared if desired by the Board.
4. Note that the study includes a 3% inflation on costs based on current construction cost indexes so some increase in funding over time is recommended to stay even with cost

increase from inflation.

5. The study is based on the Holbrook Asphalt 30 year plan for pavement maintenance. It should be noted that the plan does not include any maintenance/replacement cost beyond 2050 so should major repairs/replacement be required after 2050, those costs could have a significant impact on the projections in this report. For that reason the pavement plan and this study should be updated on a regular basis.
6. This study should be compared with the operating budget to make sure there are no overlaps or gaps of items in this study and in the operating budget.
7. The physical assessment of components was based on field reviews conducted on July 24, 2020. The field review consisted of on-site observations of common areas and facilities. No sampling or destructive testing was performed. The on-site observation is not a comprehensive quality inspection. Quantification of assets was accomplished with a combination of on-site measurements, aerial photos and information provided by the association.
8. The consultant has no other involvement with the association that could be considered a conflict of interest. To our knowledge, there are no material issues that have not been disclosed that would cause a distortion of the association's reserve fund.

Report was prepared by:

- William A. Schlimgen, PE, RS, APM, [bill@fdreservestudies.com](mailto:bill@fdreservestudies.com), 602-740-8730
- Barbie Augsburger, [barbie@fdreservestudies.com](mailto:barbie@fdreservestudies.com), 512-633-3012.

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# TURTLE ROCK III HOMEOWNERS ASSOCIATION ROAD FUND

## Part One

### Important Information

The client shall have the right to reproduce and distribute copies of this report, or the information contained within, as may be required for compliance with all applicable regulations.

This reserve analysis study and the parameters under which it has been completed are based upon information provided to us in part by representatives of the association, its contractors and vendors and our own experience with local costs. We also may rely on various construction pricing and scheduling manuals including, but not limited to: Marshall & Swift Valuation Service, RS Means Facilities Maintenance & Repair Cost Data, RS Means Repair & Remodeling Cost Data, National Construction Estimator, National Repair & Remodel Estimator, Dodge Cost Manual and McGraw-Hill Professional, if needed.

It has been assumed, unless otherwise noted in this report, that all assets have been designed and constructed properly and that each estimated useful life will approximate that of the norm per industry standards and/or manufacturer's specifications. In some cases, estimates may have been used on assets, which have an indeterminable but potential liability to the association. The decision for the inclusion of these as well as all assets considered is left to the client.

This reserve analysis study is a reflection of information provided to or assembled by the consultant for the association's use, not for the purpose of performing an audit, quality/forensic analyses or background checks of historical records. Information provided by the official representative of the association regarding financial, physical, quantity, or historical issues is deemed reliable by the consultant.

We recommend that your reserve analysis study be updated on an annual basis due to fluctuating interest rates, inflationary changes, and the unpredictable nature of the lives of many of the assets under consideration. All of the information collected during our inspection of the association and computations made subsequently in preparing this reserve analysis study are retained in our computer files. Therefore, annual updates may be completed quickly and inexpensively each year.

FDReserve Studies would like to thank you for using our services. We invite you to call us at any time, should you have questions, comments or need assistance. In addition, any of the parameters and estimates used in this study may be changed at your request, after which we will provide a revised study.

This reserve analysis is prepared under the supervision of William A. Schlimgen PE, a registered professional engineer in Arizona with more than 10 years of experience in preparation of reserve studies and more than 40 years of engineering management, design, inspection and construction management experience.

# TURTLE ROCK III HOMEOWNERS ASSOCIATION ROAD FUND

## Part One

### Part I

#### Document

This reserve analysis study is provided as an aid for planning purposes and not as an accounting tool. Since it deals with events yet to take place, there is no assurance that the results enumerated within it will, in fact, occur as described.

Preparing the annual budget and overseeing the association's finances are perhaps the most important responsibilities of board members. The annual operating and reserve budgets reflect the planning and goals of the association and set the level and quality of service for all of the association's activities.

When a major repair or replacement is required in a community, an association has essentially four options available to address the expenditure:

The first, and only logical means that the Board of Directors has to ensure its ability to maintain the assets for which it is obligated, is by **assessing an adequate level of reserves** as part of the regular membership assessment, thereby distributing the cost of the replacements uniformly over the entire membership. The community is not only comprised of present members, but also future members. Any decision by the Board of Directors to adopt a calculation method or funding plan which would disproportionately burden future members in order to make up for past reserve deficits, would be a breach of its fiduciary responsibility to those future members. Unlike individuals determining their own course of action, the board is responsible to the "community" as a whole.

Whereas, if the association was setting aside reserves for this purpose, using the vehicle of the regularly assessed membership dues, it would have had the full term of the life of the roof, for example, to accumulate the necessary moneys. Additionally, those contributions would have been evenly distributed over the entire membership and would have earned interest as part of that contribution.

The second option is for the association to **acquire a loan** from a lending institution in order to effect the required repairs. In many cases, banks will lend to an association using "future homeowner assessments" as collateral for the loan. With this method, the current board is pledging the future assets of an association. They are also incurring the additional expense of interest fees along with the original principal amount. In the case of a \$150,000 roofing replacement, the association may be required to pay back the loan over a three to five year period, with interest.

The third option, too often used, is simply to **defer the required repair or replacement**. This option, which is not recommended, can create an environment of declining property values due to expanding lists of deferred maintenance items and the association's financial inability to keep pace with the normal aging process of the common area components. This, in turn, can have a seriously negative impact on sellers in the association by making it difficult, or even impossible, for potential buyers to obtain financing from lenders. Increasingly, lending institutions are requesting copies of the association's most recent reserve study before granting loans, either for the association itself, a prospective purchaser, or for an individual within such an association.

The fourth option is to pass a "**special assessment**" to the membership in an amount required to cover the expenditure. When a special assessment is passed, the association has the authority and responsibility to collect the assessments, even by means of foreclosure, if necessary. However, an association

# TURTLE ROCK III HOMEOWNERS ASSOCIATION ROAD FUND

## Part One

considering a special assessment cannot guarantee that an assessment, when needed, will be passed. Consequently, the association cannot guarantee its ability to perform the required repairs or replacements to those major components for which it is obligated when the need arises. Additionally, while relatively new communities require very little in the way of major “reserve” expenditures, associations reaching 12 to 15 years of age and older, find many components reaching the end of their effective useful lives. These required expenditures, all accruing at the same time, could be devastating to an association’s overall budget.

### **Types of Reserve Studies**

Most reserve studies fit into one of three categories:

Full Reserve Study;

Update with site inspection; and

Update without site inspection.

In a **Full Reserve Study**, the reserve provider conducts a component inventory, a condition assessment (based upon on-site visual observations), and life and valuation estimates to determine both a “fund status” and “funding plan”.

In an **Update with site inspection**, the reserve provider conducts a component inventory (verification only, not quantification unless new components have been added to the inventory), a condition assessment (based upon on-site visual observations), and life and valuation estimates to determine both the “fund status and “funding plan.”

In an **Update without site inspection**, the reserve provider conducts life and valuation estimates to determine the “fund status” and “funding plan.”

### **The Reserve Study: A Physical and a Financial Analysis**

There are two components of a reserve study: a physical analysis and a financial analysis.

#### **Physical Analysis**

During the physical analysis, a reserve study provider evaluates information regarding the physical status and repair/replacement cost of the association’s major common area components. To do so, the provider conducts a component inventory, a condition assessment, and life and valuation estimates.

#### **Developing a Component List**

The budget process begins with full inventory of all the major components for which the association is responsible. The determination of whether an expense should be labeled as operational, reserve, or excluded altogether is sometimes subjective. Since this labeling may have a major impact on the financial plans of the association, subjective determinations should be minimized. We suggest the following considerations when labeling an expense.

# **TURTLE ROCK III HOMEOWNERS ASSOCIATION ROAD FUND**

## **Part One**

### **Operational Expenses**

Occur at least annually, no matter how large the expense, and can be budgeted for effectively each year. They are characterized as being reasonably predictable, both in terms of frequency and cost. Operational expenses include all minor expenses, which would not otherwise adversely affect an operational budget from one year to the next.

### **Reserve Expenses**

These are major expenses that occur other than annually, and which must be budgeted for in advance in order to ensure the availability of the necessary funds in time for their use. Reserve expenses are reasonably predictable both in terms of frequency and cost. However, they may include significant assets that have an indeterminable but potential liability that may be demonstrated as a likely occurrence. They are expenses that, when incurred, would have a significant effect on the smooth operation of the budgetary process from one year to the next, if they were not reserved for in advance.

### **Budgeting is Normally Excluded**

For expenses that are necessitated by acts of nature, accidents or other occurrences that are more properly insured for, rather than reserved for.

### **Financial Analysis**

The financial analysis assesses the association's reserve balance or "fund status" (measured in cash or as percent fully funded) to determine a recommendation for the appropriate reserve contribution rate in the future, known as the "funding plan".

### **Preparing the Reserve Study**

Once the reserve assets have been identified and quantified, their respective replacement costs, useful lives and remaining lives must be assigned so that a funding schedule can be constructed. Replacement costs and useful lives can be found in published manuals such as construction estimators, appraisal handbooks, and valuation guides. Remaining lives are calculated from the useful lives and ages of assets and adjusted according to conditions such as design, manufactured quality, usage, exposure to the elements and maintenance history.

By following the recommendations of an effective reserve study, the association should avoid any major shortfalls. However, to remain accurate, the report should be updated on an annual basis to reflect such changes as shifts in economic parameters, additions of phases or assets, or expenditures of reserve funds. The association can assist in simplifying the reserve analysis update process by keeping accurate records of these changes throughout the year.

### **Funding Methods**

From the simplest to the most complex, reserve analysis providers use many different computational processes to calculate reserve requirements. However, there are two basic processes identified as industry standards: the cash flow method and the component method.

The cash flow method develops a reserve-funding plan where contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different reserve funding plans are tested against the actual anticipated schedule of reserve expenses until the desired funding goal is achieved. This method sets up a "window" in which all future anticipated replacement costs are computed, based upon the individual lives of the components under consideration. The Threshold and

# **TURTLE ROCK III HOMEOWNERS ASSOCIATION ROAD FUND**

## **Part One**

the Current Assessment funding models are based upon the cash flow method.

The component method develops a reserve-funding plan where the total contribution is based upon the sum of contributions for individual components. The component method is the more conservative of the two funding options, and assures that the association will achieve and maintain an ideal level of reserve over time. This method also allows for computations on individual components in the analysis. The Component Funding model is based upon the component methodology.

# TURTLE ROCK III HOMEOWNERS ASSOCIATION ROAD FUND

## Part One

### Funding Strategies

Once an association has established its funding goals, the association can select an appropriate funding plan. There are four basic strategies from which most associations select. It is recommended that associations consult professionals to determine the best strategy or combination of plans that best suit the association's need. Additionally, associations should consult with their financial advisor to determine the tax implications of selecting a particular plan. Further, consultation with the American Institute of Certified Public Accountants (AICPA) for their reporting requirements is advisable. The four funding plans and descriptions of each are detailed below. Associations will have to update their reserve studies more or less frequently depending on the funding strategy they select.

**Full Funding**--Given that the basis of funding for reserves is to distribute the costs of the replacements over the lives of the components in question, it follows that the ideal level of reserves would be proportionately related to those lives and costs. If an association has a component with an expected estimated useful life of ten years, it would set aside approximately one-tenth of the replacement cost each year. At the end of three years, one would expect three-tenths of the replacement cost to have accumulated, and if so, that component would be "fully-funded." This model is important in that it is a measure of the adequacy of an association's reserves at any one point of time, and is independent of any particular method which may have been used for past funding or may be under consideration for future funding. This formula represents a snapshot in time and is based upon current replacement cost, independent of future inflationary or investment factors:

Fully Funded Reserves = **Age** divided by **Useful Life** the results multiplied by **Current Replacement Cost**

When an association's total accumulated reserves for all components meet this criterion, its reserves are considered "fully-funded."

**The Threshold Funding Model (Minimum Funding).** The goal of this funding method is to keep the reserve cash balance above zero. This means that while each individual component may not be fully funded, the reserve balance overall does not drop below zero during the projected period. An association using this funding method must understand that even a minor reduction in a component's remaining useful life can result in a deficit in the reserve cash balance.

**The Threshold Funding Model.** This method is based upon the cash flow funding concept. The minimum reserve cash balance in threshold funding, however, is set at a predetermined dollar amount (other than \$0).

**The Current Assessment Funding Model.** This method is also based upon the cash flow funding concept. The initial reserve assessment is set at the association's current fiscal year funding level and a 30-year projection is calculated to illustrate the adequacy of the current funding over time.

**The Component Funding Model.** This is a straight-line funding model. It distributes the cash reserves to individual reserve components and then calculates what the reserve assessment and interest contribution (minus taxes) should be, again by each reserve component. The current annual assessment is then determined by summing all the individual component assessments, hence the name "Component Funding Model". This is the most conservative funding model. It leads to or maintains the fully funded reserve position. The following details this calculation process.

### Component Funding Model Distribution of Accumulated Reserves

The "Distribution of Accumulated Reserves Report" is a "Component Funding Model" calculation. This

# TURTLE ROCK III HOMEOWNERS ASSOCIATION ROAD FUND

## Part One

distribution **does not** apply to the cash flow funding models.

When calculating reserves based upon the component methodology, a beginning reserve balance must be allocated for each of the individual components considered in the analysis, before the individual calculations can be completed. When this distribution is not available, or of sufficient detail, the following method is suggested for allocating reserves:

The first step the program performs in this process is subtracting, from the total accumulated reserves, any amounts for assets that have predetermined (fixed) reserve balances. The user can “fix” the accumulated reserve balance within the program on the individual asset’s detail page. If, by error, these amounts total more than the amount of funds available, then the remaining assets are adjusted accordingly. A provision for a contingency reserve is then deducted by the determined percentage used, and if there are sufficient remaining funds available.

The second step is to identify the ideal level of reserves for each asset. As indicated in the prior section, this is accomplished by evaluating the component’s age proportionate to its estimated useful life and current replacement cost. Again, the equation used is as follows:

Fully Funded Reserves = (Age/Useful Life) x Current Replacement Cost

The software program performs the above calculations to the actual month the component was placed-in-service. The program projects that the accumulation of necessary reserves for repairs or replacements will be available on the first day of the fiscal year in which they are scheduled to occur.

The next step the program performs is to arrange all of the assets used in the study in ascending order by remaining life, and alphabetically within each grouping of remaining life items. These assets are then assigned their respective ideal level of reserves until the amount of funds available is depleted, or until all assets are appropriately funded. If any assets are assigned a zero remaining life (scheduled for replacement in the current fiscal year), then the amount assigned equals the current replacement cost and funding begins for the next cycle of replacement. If there are insufficient funds available to accomplish this, then the software automatically adjusts the zero remaining life items to one year, and that asset assumes its new grouping position alphabetically in the final printed report.

If, at the completion of this task, there are additional moneys that have not been distributed, the remaining reserves are then assigned, in ascending order, to a level equal to, but not exceeding, the current replacement cost for each component. If there are sufficient moneys available to fund all assets at their current replacement cost levels, then any excess funds are designated as such and are not factored into any of the report computations. If, at the end of this assignment process there are designated excess funds, they can be used to offset the monthly contribution requirements recommended, or used in any other manner the client may desire.

Assigning the reserves in this manner defers the make-up period for any under-funding over the longest remaining life of all assets under consideration, thereby minimizing the impact of any deficiency. For example, if the report indicates an under funding of \$50,000, this under-funding will be assigned to components with the longest remaining lives in order to give more time to “replenish” the account. If the \$50,000 under-funding were to be assigned to short remaining life items, the impact would be felt immediately.

If the reserves are under-funded, the monthly contribution requirements, as outlined in this report, can be expected to be higher than normal. In future years, as individual assets are replaced, the funding requirements will return to their normal levels. In the case of a large deficiency, a special assessment may

# **TURTLE ROCK III HOMEOWNERS ASSOCIATION ROAD FUND**

## **Part One**

be considered. The program can easily generate revised reports outlining how the monthly contributions would be affected by such an adjustment, or by any other changes that may be under consideration.

### **Funding Reserves**

Three assessment and contribution figures are provided in the report, the “Monthly Reserve Assessment Required”, the “Average Net Monthly Interest Earned” contribution and the “Total Monthly Allocation to Reserves.” The association should allocate the “Monthly Reserve Assessment Required” amount to reserves each month when the interest earned on the reserves is left in the reserve accounts as part of the contribution. Any interest earned on reserve deposits, must be left in reserves and only amounts set aside for taxes should be removed.

The second alternative is to allocate the “Total Monthly Allocation” to reserves (this is the member assessment plus the anticipated interest earned for the fiscal year). This method assumes that all interest earned will be assigned directly as operating income. This allocation takes into consideration the anticipated interest earned on accumulated reserves regardless of whether or not it is actually earned. When taxes are paid, the amount due will be taken directly from the association’s operating accounts as the reserve accounts are allocated only those moneys net of taxes.

### **Users’ Guide to your Reserve Analysis Study**

Part II of your report contains the reserve analysis study for your association. There are seven types of reports in the study as described below.

### **Report Summaries**

The Report Summary for all funding models lists all of the parameters that were used in calculating the report.

# TURTLE ROCK III HOMEOWNERS ASSOCIATION ROAD FUND

## Part One

The **Component Listing/Summary** lists all assets by category (i.e. roofing, painting, lighting, etc.) together with their remaining life, current cost, monthly reserve contribution, and net monthly allocation.

### **Detail Reports**

The Detail Report itemizes each asset and lists all measurements, current and future costs, and calculations for that asset. Provisions for percentage replacements, salvage values, and one-time replacements can also be utilized. These reports can be sorted by category or group.

The numerical listings for each asset are enhanced by extensive narrative detailing factors such as design, manufactured quality, usage, exposure to elements and maintenance history.

The Detail Index is an alphabetical listing of all assets, together with the page number of the asset's detail report, the projected replacement year, and the asset number.

### **Projections**

Thirty-year projections add to the usefulness of your reserve analysis study.

### **Definitions**

#### **Report I.D.**

Includes the Report Date (example: November 15, 1992), Account Number (example: 9773), and Version (example: 1.0). Please use this information (displayed on the summary page) when referencing your report.

#### **Budget Year Beginning/Ending**

The budgetary year for which the report is prepared. For associations with fiscal years ending December 31<sup>st</sup>, the monthly contribution figures indicated are for the 12-month period beginning 1/1/20xx and ending 12/31/20xx.

#### **Number of Units and/or Phases**

If applicable, the number of units and/or phases included in this version of the report.

#### **Inflation**

This figure is used to approximate the future cost to repair or replace each component in the report. The current cost for each component is compounded on an annual basis by the number of remaining years to replacement, and the total is used in calculating the monthly reserve contribution that will be necessary to accumulate the required funds in time for replacement.

#### **Annual Assessment Increase**

This represents the percentage rate at which the association will increase its assessment to reserves at the end of each year. For example, in order to accumulate \$10,000 in 10 years, you could set aside \$1,000 per year. As an alternative, you could set aside \$795 the first year and increase that amount by 5% each year until the year of replacement. In either case you arrive at the same amount. The idea is that you start setting aside a lower amount and increase that number each year in accordance with the planned percentage. Ideally this figure should be equal to the rate of inflation. It can, however, be used to aide those associations that have not set aside appropriate reserves in the past, by making the initial year's allocation less formidable.

# TURTLE ROCK III HOMEOWNERS ASSOCIATION ROAD FUND

## Part One

### **Investment Yield Before Taxes**

The average interest rate anticipated by the association based upon its current investment practices.

### **Taxes on Interest Yield**

The estimated percentage of interest income that will be set aside to pay income taxes on the interest earned.

### **Projected Reserve Balance**

The anticipated reserve balance on the first day of the fiscal year for which this report has been prepared. This is based upon information provided and not audited.

### **Percent Fully Funded**

The ratio, at the beginning of the fiscal year, of the actual (or projected) reserve balance to the calculated fully funded balance, expressed as a percentage.

### **Phase Increment Detail and/or Age**

Comments regarding aging of the components on the basis of construction date or date of acceptance by the association.

### **Monthly Assessment**

The assessment to reserves required by the association each month.

### **Interest Contribution (After Taxes)**

The interest that should be earned on the reserves, net of taxes, based upon their beginning reserve balance and monthly contributions for one year. This figure is averaged for budgeting purposes.

### **Total Monthly Allocation**

The sum of the monthly assessment and interest contribution figures.

### **Group and Category**

The report may be prepared and sorted either by group (location, building, phase, etc.) or by category (roofing, painting, etc.). The standard report printing format is by category.

### **Percentage of Replacement or Repairs**

In some cases, an asset may not be replaced in its entirety or the cost may be shared with a second party. Examples are budgeting for a percentage of replacement of streets over a period of time, or sharing the expense to replace a common wall with a neighboring party.

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

The month and year that the asset was placed-in-service. This may be the construction date, the first escrow closure date in a given phase, or the date of the last servicing or replacement.

### **Estimated Useful Life**

The estimated useful life of an asset based upon industry standards, manufacturer specifications, visual inspection, location, usage, association standards and prior history. All of these factors are taken into consideration when tailoring the estimated useful life to the particular asset. For example, the carpeting in a hallway or elevator (a heavy traffic area) will not have the same life as the identical carpeting in a seldom-used meeting room or office.

### **Adjustment to Useful Life**

Once the useful life is determined, it may be adjusted, up or down, by this separate figure for the current cycle of replacement. This will allow for a current period adjustment without affecting the estimated

# TURTLE ROCK III HOMEOWNERS ASSOCIATION ROAD FUND

## Part One

replacement cycles for future replacements.

### **Estimated Remaining Life**

This calculation is completed internally based upon the report's fiscal year date and the date the asset was placed-in-service.

### **Replacement Year**

The year that the asset is scheduled to be replaced. The appropriate funds will be available by the first day of the fiscal year for which replacement is anticipated.

### **Annual Fixed Reserves**

An optional figure which, if used, will override the normal process of allocating reserves to each asset.

### **Fixed Assessment**

An optional figure which, if used, will override all calculations and set the assessment at this amount. This assessment can be set for monthly, quarterly or annually as necessary.

### **Salvage Value**

The salvage value of the asset at the time of replacement, if applicable.

### **One-Time Replacement**

Notation if the asset is to be replaced on a one-time basis.

### **Current Replacement Cost**

The estimated replacement cost effective at the beginning of the fiscal year for which the report is being prepared

### **Future Replacement Cost**

The estimated cost to repair or replace the asset at the end of its estimated useful life based upon the current replacement cost and inflation.

### **Component Inventory**

The task of selecting and qualifying reserve components. This task can be accomplished through on-site visual, review of association design and organizational documents, a review of established association precedents, and discussion with appropriate association representative(s).

# TURTLE ROCK III HOMEOWNERS ASSOCIATION ROAD FUND

## Part One

### A Multi-Purpose Tool

Your Report is an important part of your association's budgetary process. Following its recommendations should ensure the association's smooth budgetary transitions from one fiscal year to the next, and either decrease or eliminate the need for "special assessments".

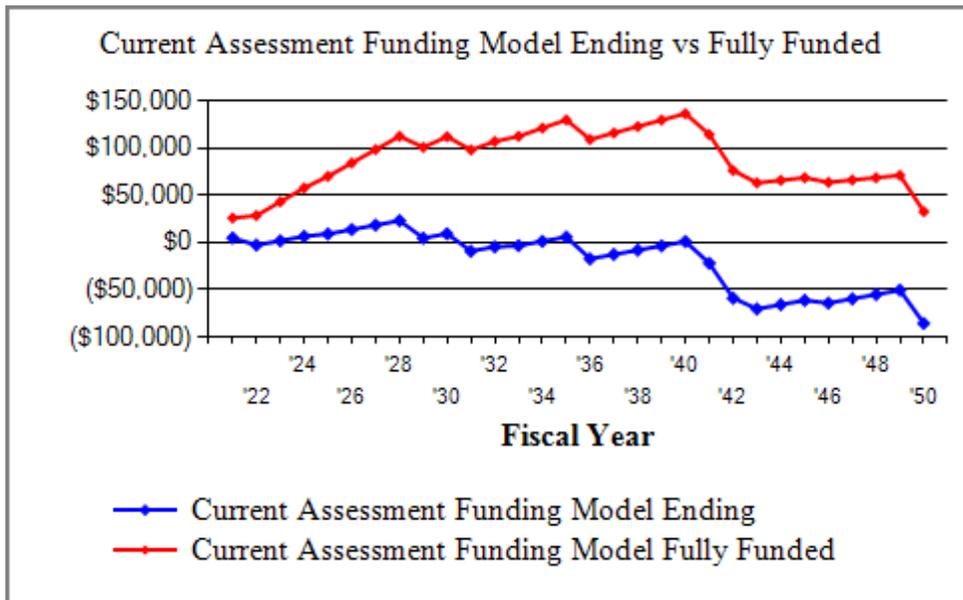
In addition, your reserve study serves a variety of useful purposes:

- Following the recommendations of a reserve study performed by a professional consultant can protect the Board of Directors in a community from personal liability concerning reserve components and reserve funding.
- A reserve analysis study is required by your accountant during the preparation of the association's annual audit.
- The reserve study is often requested by lending institutions during the process of loan applications, both for the community and, in many cases, the individual owners.
- Your Report is also a detailed inventory of the association's major assets and serves as a management tool for scheduling, coordinating and planning future repairs and replacements.
- Your Report is a tool that can assist the Board in fulfilling its legal and fiduciary obligations for maintaining the community in a state of good repair. If a community is operating on a special assessment basis, it cannot guarantee that an assessment, when needed, will be passed. Therefore, it cannot guarantee its ability to perform the required repairs or replacements to those major components for which the association is obligated.
- Since the reserve analysis study includes measurements and cost estimates of the client's assets, the detail reports may be used to evaluate the accuracy and price of contractor bids when assets are due to be repaired or replaced.
- The reserve study is an annual disclosure to the membership concerning the financial condition of the association, and may be used as a "consumers' guide" by prospective purchasers.

**TURTLE ROCK III HOMEOWNERS ASSOCIATION ROAD FUND**  
**Current Assessment Funding Model Summary**

Report Date	November 23, 2020
Budget Year Beginning	January 1, 2021
Budget Year Ending	December 31, 2021
Total Units	76

<i>Report Parameters</i>	
Inflation	3.00%
Annual Assessment Increase	0.00%
Interest Rate on Reserve Deposit	1.00%
Tax Rate on Interest	30.00%
2021 Beginning Balance	\$29,644



<i>Current Assessment Funding Model Summary of Calculations</i>	
Required Annual Contribution <i>\$60.00 per unit annually</i>	\$4,560.00
Average Net Annual Interest Earned	\$31.88
Total Annual Allocation to Reserves <i>\$60.42 per unit annually</i>	\$4,591.88

**TURTLE ROCK III HOMEOWNERS ASSOCIATION ROAD FUND**  
**Current Assessment Funding Model Projection**

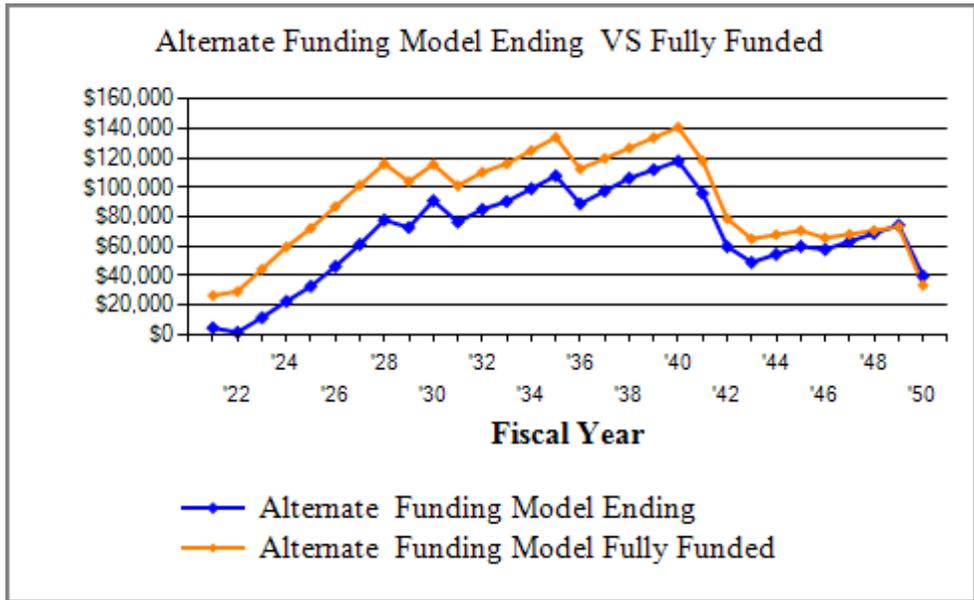
Beginning Balance: \$29,644

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2021	285,455	4,560	32	29,650	4,586	25,798	18%
2022	255,805	4,560		12,000	-2,854	28,433	
2023	243,805	4,560	12		1,718	43,068	4%
2024	243,805	4,560	44		6,322	57,703	11%
2025	243,805	4,560	62	2,000	8,944	70,046	13%
2026	241,805	4,560	95		13,598	84,181	16%
2027	241,805	4,560	127		18,286	98,315	19%
2028	241,805	4,560	160		23,005	112,450	20%
2029	241,805	4,560	32	23,047	4,550	100,789	5%
2030	218,758	4,560	64		9,174	112,043	8%
2031	218,758	4,560		23,000	-9,266	97,997	
2032	195,758	4,560			-4,706	106,951	
2033	195,758	4,560		3,285	-3,431	112,460	
2034	192,473	4,560	8		1,137	121,140	1%
2035	192,473	4,560	40		5,737	129,820	4%
2036	192,473	4,560		27,663	-17,366	109,112	
2037	164,810	4,560			-12,806	115,948	
2038	164,810	4,560			-8,246	122,784	
2039	164,810	4,560			-3,686	129,620	
2040	164,810	4,560	6		880	136,456	1%
2041	164,810	4,560		27,600	-22,160	114,312	
2042	137,210	4,560		41,510	-59,110	76,282	
2043	95,700	4,560		16,000	-70,550	63,034	
2044	79,700	4,560			-65,990	65,786	
2045	79,700	4,560			-61,430	68,538	
2046	79,700	4,560		7,474	-64,344	63,641	
2047	72,226	4,560			-59,784	66,095	
2048	72,226	4,560			-55,224	68,548	
2049	72,226	4,560			-50,664	71,001	
2050	72,226	4,560		39,658	-85,762	32,568	

**TURTLE ROCK III HOMEOWNERS ASSOCIATION ROAD FUND**  
**Alternate Funding Model Summary**

Report Date	November 23, 2020
Budget Year Beginning	January 1, 2021
Budget Year Ending	December 31, 2021
Total Units	76

<i>Report Parameters</i>	
Inflation	3.00%
Interest Rate on Reserve Deposit	1.00%
Tax Rate on Interest	30.00%
Contingency	3.00%
2021 Beginning Balance	\$29,644



Alternate Funding Model based on the following:

- Annual reserve fund contribution of \$9,000 beginning in 2022.
- Annual increase in the reserve fund contribution of 10% in 2023 thru 2029.
- Reduce the reserve fund contribution to \$8,000 in 2031 and to \$5,000 in 2039.

<i>Alternate Funding Model Summary of Calculations</i>	
Required Annual Contribution <i>\$60.00 per unit annually</i>	\$4,560.00
Average Net Annual Interest Earned	\$31.88
Total Annual Allocation to Reserves <i>\$60.42 per unit annually</i>	\$4,591.88

**TURTLE ROCK III HOMEOWNERS ASSOCIATION ROAD FUND**  
**Alternate Funding Model Projection**

Beginning Balance: \$29,644

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2021	285,455	4,560	32	29,650	4,586	26,596	17%
2022	255,805	9,000	11	12,000	1,597	29,312	5%
2023	243,805	9,900	80		11,577	44,400	26%
2024	243,805	10,890	157		22,625	59,487	38%
2025	243,805	11,979	228	2,000	32,832	72,212	45%
2026	241,805	13,177	322		46,331	86,784	53%
2027	241,805	14,495	426		61,251	101,356	60%
2028	241,805	15,944	540		77,736	115,928	67%
2029	241,805	17,538	506	23,047	72,733	103,906	70%
2030	218,758	17,538	632		90,903	115,508	79%
2031	218,758	8,000	531	23,000	76,434	101,028	76%
2032	195,758	8,000	591		85,025	110,259	77%
2033	195,758	8,000	628	3,285	90,369	115,938	78%
2034	192,473	8,000	689		99,057	124,887	79%
2035	192,473	8,000	749		107,807	133,836	81%
2036	192,473	8,000	617	27,663	88,761	112,487	79%
2037	164,810	8,000	677		97,438	119,534	82%
2038	164,810	8,000	738		106,176	126,582	84%
2039	164,810	5,000	778		111,954	133,629	84%
2040	164,810	5,000	819		117,773	140,676	84%
2041	164,810	5,000	666	27,600	95,839	117,848	81%
2042	137,210	5,000	415	41,510	59,744	78,641	76%
2043	95,700	5,000	341	16,000	49,086	64,983	76%
2044	79,700	5,000	379		54,464	67,820	80%
2045	79,700	5,000	416		59,881	70,658	85%
2046	79,700	5,000	402	7,474	57,808	65,610	88%
2047	72,226	5,000	440		63,248	68,139	93%
2048	72,226	5,000	478		68,726	70,668	97%
2049	72,226	5,000	516		74,242	73,197	101%
2050	72,226	5,000	277	39,658	39,861	33,575	119%

**TURTLE ROCK III HOMEOWNERS ASSOCIATION ROAD FUND**  
**Asset Summary Report**

Description	Date In Service	Replacement Date	Current Cost	Useful Life	Adjustment	Remaining	Future Cost	Quantity	Unit Cost
<b>Streets/Asphalt</b>									
<b>Asphalt - Armour Coat (2022)</b> Asset ID: 1006	2022	2022	12,000	1	0	1	12,000	1 @	12,000.00
<b>Asphalt - Armour Coat (2043)</b> Asset ID: 1012	2043	2043	16,000	1	0	22	16,000	1 @	16,000.00
<b>Asphalt - Crack Seal (2025)</b> Asset ID: 1002	2025	2025	2,000	1	0	4	2,000	1 @	2,000.00
<b>Asphalt - Crack Seal (2029)</b> Asset ID: 1007	2029	2029	2,527	1	0	8	2,527	1 @	2,527.00
<b>Asphalt - Crack Seal (2033)</b> Asset ID: 1008	2033	2033	3,285	1	0	12	3,285	1 @	3,285.00
<b>Asphalt - Crack Seal (2036)</b> Asset ID: 1009	2036	2036	4,270	1	0	15	4,270	1 @	4,270.00
<b>Asphalt - Crack Seal (2046)</b> Asset ID: 1010	2046	2046	7,474	1	0	25	7,474	1 @	7,474.00
<b>Asphalt - Crack Seal (2050)</b> Asset ID: 1011	2050	2050	9,715	1	0	29	9,715	1 @	9,715.00
<b>Asphalt - Patching/Repair (2031)</b> Asset ID: 1005	2031	2031	23,000	1	0	10	23,000	1 @	23,000.00
<b>Asphalt - Patching/Repair (2041)</b> Asset ID: 1015	2041	2041	27,600	1	0	20	27,600	1 @	27,600.00
<b>Asphalt - Patching/Repair (2051)</b> Asset ID: 1016	2051	2051	32,568	1	0	30	32,568	1 @	32,568.00
<b>Asphalt - Slurry Seal (2021)</b> Asset ID: 1003	2021	2021	29,650	1	0	0	29,650	1 @	29,650.00
<b>Asphalt - Slurry Seal (2042)</b> Asset ID: 1017	2042	2042	41,510	1	0	21	41,510	1 @	41,510.00
<b>Asphalt - Surface Treatment (2029)</b> Asset ID: 1004	2029	2029	20,520	1	0	8	20,520	1 @	20,520.00
<b>Asphalt - Surface Treatment (2036)</b> Asset ID: 1013	2036	2036	23,393	1	0	15	23,393	1 @	23,393.00
<b>Asphalt - Surface Treatment (2050)</b> Asset ID: 1014	2050	2050	29,943	1	0	29	29,943	1 @	29,943.00

**TURTLE ROCK III HOMEOWNERS ASSOCIATION ROAD FUND**  
**Detail Report by Category**

**Asphalt - Armour Coat (2022)**

		1 LS	@ \$12,000.00
Asset ID	1006	Asset Actual Cost	\$12,000.00
	Streets/Parking	Percent Replacement	100%
	Streets/Asphalt	Future Cost	\$12,000.00
Placed in Service	January 2022		
Useful Life	1		
Replacement Year	2022		
Remaining Life	1		



Per Holbrook Asphalt's 30 year plan, this component is for application of a armor coat in 2022 and 2043 following slurry seal applications.

**Asphalt - Armour Coat (2043)**

		1 LS	@ \$16,000.00
Asset ID	1012	Asset Actual Cost	\$16,000.00
	Streets/Parking	Percent Replacement	100%
	Streets/Asphalt	Future Cost	\$16,000.00
Placed in Service	January 2043		
Useful Life	1		
Replacement Year	2043		
Remaining Life	22		



Per Holbrook Asphalt's 30 year plan, this component is for application of a armor coat in 2022

**TURTLE ROCK III HOMEOWNERS ASSOCIATION ROAD FUND**  
**Detail Report by Category**

*Asphalt - Armour Coat (2043) continued...*

and 2043 following slurry seal applications.

**Asphalt - Crack Seal (2025)**

		1 LS	@ \$2,000.00
Asset ID	1002	Asset Actual Cost	\$2,000.00
	Streets/Parking	Percent Replacement	100%
	Streets/Asphalt	Future Cost	\$2,000.00
Placed in Service	June 2025		
Useful Life	1		
Replacement Year	2025		
Remaining Life	4		



Per Holbrook Asphalt's 30 year plan, crack sealing is scheduled for 2025, 2029, 2033, 2036, 2046 & 2050.

**Asphalt - Crack Seal (2029)**

		1 LS	@ \$2,527.00
Asset ID	1007	Asset Actual Cost	\$2,527.00
	Streets/Parking	Percent Replacement	100%
	Streets/Asphalt	Future Cost	\$2,527.00
Placed in Service	June 2029		
Useful Life	1		
Replacement Year	2029		
Remaining Life	8		

**TURTLE ROCK III HOMEOWNERS ASSOCIATION ROAD FUND  
Detail Report by Category**

*Asphalt - Crack Seal (2029) continued...*



Per Holbrook Asphalt's 30 year plan, crack sealing is scheduled for 2025, 2029, 2033, 2036, 2046 & 2050.

**Asphalt - Crack Seal (2033)**

Asset ID	1008
Streets/Parking	Streets/Asphalt
Placed in Service	June 2033
Useful Life	1
Replacement Year	2033
Remaining Life	12

1 LS	@ \$3,285.00
Asset Actual Cost	\$3,285.00
Percent Replacement	100%
Future Cost	\$3,285.00



Per Holbrook Asphalt's 30 year plan, crack sealing is scheduled for 2025, 2029, 2033, 2036, 2046 & 2050.

**TURTLE ROCK III HOMEOWNERS ASSOCIATION ROAD FUND  
Detail Report by Category**

**Asphalt - Crack Seal (2036)**

		1 LS	@ \$4,270.00
Asset ID	1009	Asset Actual Cost	\$4,270.00
	Streets/Parking	Percent Replacement	100%
	Streets/Asphalt	Future Cost	\$4,270.00
Placed in Service	June 2036		
Useful Life	1		
Replacement Year	2036		
Remaining Life	15		



Per Holbrook Asphalt's 30 year plan, crack sealing is scheduled for 2025, 2029, 2033, 2036, 2046 & 2050.

**Asphalt - Crack Seal (2046)**

		1 LS	@ \$7,474.00
Asset ID	1010	Asset Actual Cost	\$7,474.00
	Streets/Parking	Percent Replacement	100%
	Streets/Asphalt	Future Cost	\$7,474.00
Placed in Service	June 2046		
Useful Life	1		
Replacement Year	2046		
Remaining Life	25		



Per Holbrook Asphalt's 30 year plan, crack sealing is scheduled for 2025, 2029, 2033, 2036,

**TURTLE ROCK III HOMEOWNERS ASSOCIATION ROAD FUND  
Detail Report by Category**

*Asphalt - Crack Seal (2046) continued...*

2046 & 2050.

Asphalt - Crack Seal (2050)		1 LS	@ \$9,715.00
Asset ID	1011	Asset Actual Cost	\$9,715.00
	Streets/Parking	Percent Replacement	100%
	Streets/Asphalt	Future Cost	\$9,715.00
Placed in Service	June 2050		
Useful Life	1		
Replacement Year	2050		
Remaining Life	29		



Per Holbrook Asphalt's 30 year plan, crack sealing is scheduled for 2025, 2029, 2033, 2036, 2046 & 2050.

Asphalt - Patching/Repair (2031)		1 LS	@ \$23,000.00
Asset ID	1005	Asset Actual Cost	\$23,000.00
	Streets/Parking	Percent Replacement	100%
	Streets/Asphalt	Future Cost	\$23,000.00
Placed in Service	January 2031		
Useful Life	1		
Replacement Year	2031		
Remaining Life	10		

**TURTLE ROCK III HOMEOWNERS ASSOCIATION ROAD FUND  
Detail Report by Category**

*Asphalt - Patching/Repair (2031) continued...*



Poor to fair condition. Approximately 78,025 sf. Per Holbrook Asphalt's 30 year plan, patching/repair is budgeted for 2031, 2041 and 2051.

**Asphalt - Patching/Repair (2041)**

		1 LS	@ \$27,600.00
Asset ID	1015	Asset Actual Cost	\$27,600.00
	Streets/Parking	Percent Replacement	100%
	Streets/Asphalt	Future Cost	\$27,600.00
Placed in Service	January 2041		
Useful Life	1		
Replacement Year	2041		
Remaining Life	20		



Poor to fair condition. Approximately 78,025 sf. Per Holbrook Asphalt's 30 year plan, patching/repair is budgeted for 2031, 2041 and 2051.

**TURTLE ROCK III HOMEOWNERS ASSOCIATION ROAD FUND  
Detail Report by Category**

**Asphalt - Patching/Repair (2051)**

		1 LS	@ \$32,568.00
Asset ID	1016	Asset Actual Cost	\$32,568.00
	Streets/Parking	Percent Replacement	100%
	Streets/Asphalt	Future Cost	\$32,568.00
Placed in Service	January 2051		
Useful Life	1		
Replacement Year	2051		
Remaining Life	30		



Poor to fair condition. Approximately 78,025 sf. Per Holbrook Asphalt's 30 year plan, patching/repair is budgeted for 2031, 2041 and 2051.

**Asphalt - Slurry Seal (2021)**

		1 LS	@ \$29,650.00
Asset ID	1003	Asset Actual Cost	\$29,650.00
	Streets/Parking	Percent Replacement	100%
	Streets/Asphalt	Future Cost	\$29,650.00
Placed in Service	January 2021		
Useful Life	1		
Replacement Year	2021		
Remaining Life	0		



Poor to fair condition. Approximately 78,025 sf. Per Holbrook Asphalt's 30 year plan slurry

**TURTLE ROCK III HOMEOWNERS ASSOCIATION ROAD FUND  
Detail Report by Category**

*Asphalt - Slurry Seal (2021) continued...*

seal is recommended in 2021 and 2042.

**Asphalt - Slurry Seal (2042)**

		1 LS	@ \$41,510.00
Asset ID	1017	Asset Actual Cost	\$41,510.00
	Streets/Parking	Percent Replacement	100%
	Streets/Asphalt	Future Cost	\$41,510.00
Placed in Service	January 2042		
Useful Life	1		
Replacement Year	2042		
Remaining Life	21		



Poor to fair condition. Approximately 78,025 sf. Per Holbrook Asphalt's 30 year plan slurry seal is recommended in 2021 and 2042.

**Asphalt - Surface Treatment (2029)**

		1 LS	@ \$20,520.00
Asset ID	1004	Asset Actual Cost	\$20,520.00
	Streets/Parking	Percent Replacement	100%
	Streets/Asphalt	Future Cost	\$20,520.00
Placed in Service	January 2029		
Useful Life	1		
Replacement Year	2029		
Remaining Life	8		

**TURTLE ROCK III HOMEOWNERS ASSOCIATION ROAD FUND  
Detail Report by Category**

*Asphalt - Surface Treatment (2029) continued...*



Per Holbrook Asphalt's 30 year plan, this component is for application of HA5 (High Density Mineral Bond) in 2029, 2036 and 2050.

**Asphalt - Surface Treatment (2036)**

Asset ID	1013	1 LS	@ \$23,393.00
Streets/Parking		Asset Actual Cost	\$23,393.00
Streets/Asphalt		Percent Replacement	100%
Placed in Service	January 2036	Future Cost	\$23,393.00
Useful Life	1		
Replacement Year	2036		
Remaining Life	15		



Per Holbrook Asphalt's 30 year plan, this component is for application of HA5 (High Density Mineral Bond) in 2029, 2036 and 2050.

**TURTLE ROCK III HOMEOWNERS ASSOCIATION ROAD FUND**  
**Detail Report by Category**

**Asphalt - Surface Treatment (2050)**

		1 LS	@ \$29,943.00
Asset ID	1014	Asset Actual Cost	\$29,943.00
	Streets/Parking	Percent Replacement	100%
	Streets/Asphalt	Future Cost	\$29,943.00
Placed in Service	January 2050		
Useful Life	1		
Replacement Year	2050		
Remaining Life	29		



Per Holbrook Asphalt's 30 year plan, this component is for application of HA5 (High Density Mineral Bond) in 2029, 2036 and 2050.

**TURTLE ROCK III HOMEOWNERS ASSOCIATION ROAD FUND**  
**Category Detail Index**

Asset ID	Description	Replacement	Page
<b>Streets/Asphalt</b>			
1006	Asphalt - Armour Coat (2022)	2022	2-6
1012	Asphalt - Armour Coat (2043)	2043	2-6
1002	Asphalt - Crack Seal (2025)	2025	2-7
1007	Asphalt - Crack Seal (2029)	2029	2-7
1008	Asphalt - Crack Seal (2033)	2033	2-8
1009	Asphalt - Crack Seal (2036)	2036	2-9
1010	Asphalt - Crack Seal (2046)	2046	2-9
1011	Asphalt - Crack Seal (2050)	2050	2-10
1005	Asphalt - Patching/Repair (2031)	2031	2-10
1015	Asphalt - Patching/Repair (2041)	2041	2-11
1016	Asphalt - Patching/Repair (2051)	2051	2-12
1003	Asphalt - Slurry Seal (2021)	2021	2-12
1017	Asphalt - Slurry Seal (2042)	2042	2-13
1004	Asphalt - Surface Treatment (2029)	2029	2-13
1013	Asphalt - Surface Treatment (2036)	2036	2-14
1014	Asphalt - Surface Treatment (2050)	2050	2-15
	Total Funded Assets	16	
	Total Unfunded Assets	<u>0</u>	
	Total Assets	16	

**TURTLE ROCK III HOMEOWNERS ASSOCIATION ROAD FUND**  
**Annual Expenditure Detail**

Description	Expenditures
<b>Replacement Year 2021</b>	
<b>Streets/Asphalt</b>	
1003 Asphalt - Slurry Seal (2021)	29,650
<b>Total for 2021</b>	<u><b>\$29,650</b></u>
 <b>Replacement Year 2022</b>	
<b>Streets/Asphalt</b>	
1006 Asphalt - Armour Coat (2022)	12,000
<b>Total for 2022</b>	<u><b>\$12,000</b></u>
 <i>No Replacement in 2023</i>	
<i>No Replacement in 2024</i>	
 <b>Replacement Year 2025</b>	
<b>Streets/Asphalt</b>	
1002 Asphalt - Crack Seal (2025)	2,000
<b>Total for 2025</b>	<u><b>\$2,000</b></u>
 <i>No Replacement in 2026</i>	
<i>No Replacement in 2027</i>	
<i>No Replacement in 2028</i>	
 <b>Replacement Year 2029</b>	
<b>Streets/Asphalt</b>	
1007 Asphalt - Crack Seal (2029)	2,527
1004 Asphalt - Surface Treatment (2029)	20,520
<b>Total for 2029</b>	<u><b>\$23,047</b></u>
 <i>No Replacement in 2030</i>	
 <b>Replacement Year 2031</b>	
<b>Streets/Asphalt</b>	
1005 Asphalt - Patching/Repair (2031)	23,000
<b>Total for 2031</b>	<u><b>\$23,000</b></u>

**TURTLE ROCK III HOMEOWNERS ASSOCIATION ROAD FUND**  
**Annual Expenditure Detail**

Description	Expenditures
<i>No Replacement in 2032</i>	
<b>Replacement Year 2033</b>	
<b>Streets/Asphalt</b>	
1008 Asphalt - Crack Seal (2033)	3,285
<b>Total for 2033</b>	<u><b>\$3,285</b></u>
<i>No Replacement in 2034</i>	
<i>No Replacement in 2035</i>	
<b>Replacement Year 2036</b>	
<b>Streets/Asphalt</b>	
1009 Asphalt - Crack Seal (2036)	4,270
1013 Asphalt - Surface Treatment (2036)	23,393
<b>Total for 2036</b>	<u><b>\$27,663</b></u>
<i>No Replacement in 2037</i>	
<i>No Replacement in 2038</i>	
<i>No Replacement in 2039</i>	
<i>No Replacement in 2040</i>	
<b>Replacement Year 2041</b>	
<b>Streets/Asphalt</b>	
1015 Asphalt - Patching/Repair (2041)	27,600
<b>Total for 2041</b>	<u><b>\$27,600</b></u>
<b>Replacement Year 2042</b>	
<b>Streets/Asphalt</b>	
1017 Asphalt - Slurry Seal (2042)	41,510
<b>Total for 2042</b>	<u><b>\$41,510</b></u>
<b>Replacement Year 2043</b>	
<b>Streets/Asphalt</b>	
1012 Asphalt - Armour Coat (2043)	16,000
<b>Total for 2043</b>	<u><b>\$16,000</b></u>

**TURTLE ROCK III HOMEOWNERS ASSOCIATION ROAD FUND  
Annual Expenditure Detail**

Description	Expenditures
<i>No Replacement in 2044</i>	
<i>No Replacement in 2045</i>	
<b>Replacement Year 2046</b>	
<b>Streets/Asphalt</b>	
1010    Asphalt - Crack Seal (2046)	7,474
<b>Total for 2046</b>	<u><b>\$7,474</b></u>
<i>No Replacement in 2047</i>	
<i>No Replacement in 2048</i>	
<i>No Replacement in 2049</i>	
<b>Replacement Year 2050</b>	
<b>Streets/Asphalt</b>	
1011    Asphalt - Crack Seal (2050)	9,715
1014    Asphalt - Surface Treatment (2050)	29,943
<b>Total for 2050</b>	<u><b>\$39,658</b></u>

**TURTLE ROCK III HOMEOWNERS ASSOCIATION ROAD FUND**  
**Spread Sheet**

<b>ID Description</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
<b>Streets/Asphalt</b>										
1006 Asphalt - Armour Coat (2022)		12,000								
1012 Asphalt - Armour Coat (2043)										
1002 Asphalt - Crack Seal (2025)					2,000					
1007 Asphalt - Crack Seal (2029)									2,527	
1008 Asphalt - Crack Seal (2033)										
1009 Asphalt - Crack Seal (2036)										
1010 Asphalt - Crack Seal (2046)										
1011 Asphalt - Crack Seal (2050)										
1005 Asphalt - Patching/Repair (2031)										
1015 Asphalt - Patching/Repair (2041)										
1016 Asphalt - Patching/Repair (2051)										
1003 Asphalt - Slurry Seal (2021)	29,650									
1017 Asphalt - Slurry Seal (2042)										
1004 Asphalt - Surface Treatment (2029)									20,520	
1013 Asphalt - Surface Treatment (2036)										
1014 Asphalt - Surface Treatment (2050)										
<b>Streets/Asphalt Total:</b>	<b>29,650</b>	<b>12,000</b>			<b>2,000</b>				<b>23,047</b>	
<b>Year Total:</b>	<b>29,650</b>	<b>12,000</b>			<b>2,000</b>				<b>23,047</b>	

**TURTLE ROCK III HOMEOWNERS ASSOCIATION ROAD FUND**  
**Spread Sheet**

<b>ID Description</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>	<b>2035</b>	<b>2036</b>	<b>2037</b>	<b>2038</b>	<b>2039</b>	<b>2040</b>
<i>Streets/Asphalt continued...</i>										
1006 Asphalt - Armour Coat (2022)										
1012 Asphalt - Armour Coat (2043)										
1002 Asphalt - Crack Seal (2025)										
1007 Asphalt - Crack Seal (2029)										
1008 Asphalt - Crack Seal (2033)			3,285							
1009 Asphalt - Crack Seal (2036)						4,270				
1010 Asphalt - Crack Seal (2046)										
1011 Asphalt - Crack Seal (2050)										
1005 Asphalt - Patching/Repair (2031)	23,000									
1015 Asphalt - Patching/Repair (2041)										
1016 Asphalt - Patching/Repair (2051)										
1003 Asphalt - Slurry Seal (2021)										
1017 Asphalt - Slurry Seal (2042)										
1004 Asphalt - Surface Treatment (2029)										
1013 Asphalt - Surface Treatment (2036)						23,393				
1014 Asphalt - Surface Treatment (2050)										
<b>Streets/Asphalt Total:</b>	<b>23,000</b>		<b>3,285</b>			<b>27,663</b>				
<b>Year Total:</b>	<b>23,000</b>		<b>3,285</b>			<b>27,663</b>				

**TURTLE ROCK III HOMEOWNERS ASSOCIATION ROAD FUND**  
**Spread Sheet**

<b>ID Description</b>	<b>2041</b>	<b>2042</b>	<b>2043</b>	<b>2044</b>	<b>2045</b>	<b>2046</b>	<b>2047</b>	<b>2048</b>	<b>2049</b>	<b>2050</b>
<i>Streets/Asphalt continued...</i>										
1006 Asphalt - Armour Coat (2022)										
1012 Asphalt - Armour Coat (2043)			16,000							
1002 Asphalt - Crack Seal (2025)										
1007 Asphalt - Crack Seal (2029)										
1008 Asphalt - Crack Seal (2033)										
1009 Asphalt - Crack Seal (2036)										
1010 Asphalt - Crack Seal (2046)						7,474				
1011 Asphalt - Crack Seal (2050)										9,715
1005 Asphalt - Patching/Repair (2031)										
1015 Asphalt - Patching/Repair (2041)	27,600									
1016 Asphalt - Patching/Repair (2051)										
1003 Asphalt - Slurry Seal (2021)										
1017 Asphalt - Slurry Seal (2042)		41,510								
1004 Asphalt - Surface Treatment (2029)										
1013 Asphalt - Surface Treatment (2036)										
1014 Asphalt - Surface Treatment (2050)										29,943
<b>Streets/Asphalt Total:</b>	<b>27,600</b>	<b>41,510</b>	<b>16,000</b>			<b>7,474</b>				<b>39,658</b>
<b>Year Total:</b>	<b>27,600</b>	<b>41,510</b>	<b>16,000</b>			<b>7,474</b>				<b>39,658</b>