

RESERVE ANALYSIS REPORT

Central & Dobbins

Phoenix, Arizona

Version 004

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Central & Dobbins

Table Of Contents

	Page
Preface	i
Executive Summary	1
Distribution of Current Reserve Funds	2
Projections	3
Projection Charts	4
Annual Expenditures	6
Component Detail	10
Component Detail Index	29

Preface

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

Introduction to Reserve Budgeting	page i
Understanding the Reserve Analysis	page i
Reserve Funding Goals / Objectives	page ii
Reserve Funding Calculation Methods	page ii
Reading the Reserve Analysis	page v
Glossary of Key Terms	page x
Limitations of Reserve Analysis	page xiii

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

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

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

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

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

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

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

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

Budget

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

Percent Funded

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

Preface

reserve analysis was prepared. This figure is the ratio of the actual reserve fund on hand to the fully funded balance. A reserve fund that is “100% funded” means the association has accumulated the proportionately correct amount of money, to date, for the reserve components it maintains.

Projections

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

Inventory

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

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

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

Full Funding

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

Baseline Funding

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

Threshold Funding

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

Statutory Funding

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

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

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

Component Calculation Method

This calculation method develops a funding plan for each individual reserve component. The sum of the funding plan for each component equals the total funding plan for the association. This method is often referred to as the “straight line”

Preface

method and is widely believed to be the most conservative reserve funding method. This method structures a funding plan that enables the association to pay all reserve expenditures as they come due, enables the association to achieve the ideal level of reserves in time, and then enables the association to maintain the ideal level of reserves through time. The following is a detailed description of the component calculation method:

Step 1: Calculation of fully funded balance for each component

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

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

Step 2: Distribution of current reserve funds

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

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

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

Pass 3: If all components are assigned their current cost and additional funds exist, they are assigned in a "third pass." Components with a remaining life of zero years are assigned double their current cost.

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

Step 3: Developing a funding plan

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

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

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

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

Preface

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

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

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

Cash Flow Calculation Method

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

This calculation method tests reserve contributions against reserve expenditures through time to determine the minimum contribution necessary (baseline funding) or some other defined goal/objective (full funding, threshold funding or statutory funding). Unlike the component calculation method, this calculation method cannot precisely calculate the reserve funding for any single component (or group of components). In order to work-around this issue to provide this bookkeeping information, a formula has been applied to component method results to calculate a reasonable breakdown. This information is displayed on the Management / Accounting Summary and Charts as well as elsewhere within the report.

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

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

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

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

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

Preface

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

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

Executive Summary

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

Client Information

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

Global Parameters

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

Community Profile

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

Budget

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

Sample Homeowners Association Executive Summary Component Calculation Method			
Client Information:		Global Parameters:	
Account Number	99999	Inflation Rate	2.00%
Version Number	1	Annual Contribution Increase	2.00%
Analysis Date	3/18/2014	Investment Rate	1.00%
Fiscal Year	6/1/2014 to 5/31/2015	Taxes on Investments	30.00%
Number of Units	187	Contingency	3.00%
Phasing	8 of 8		
Community Profile:			
This community consists of 187 attached units with private roadways, pool area and extensive landscaped areas.			
For budgeting purposes, unless otherwise indicated, we have used June 1995 as the average placed-in-service date for aging the original components in this community.			
ARS site visits: March 1, 2014; January 2011; February 2008; April 2008; March 2005; March 2003; March 2002; April 2001 and March 2000			
Adequacy of Reserves as of June 1, 2014:			
Anticipated Reserve Balance		\$865,450.00	
Fully Funded Reserve Balance		\$1,011,228.83	
Percent Funded		85.58%	
Recommended Funding for the 2014-2015 Fiscal Year:			
	Annual	Monthly	Per Unit Per Month
Member Contribution	\$110,659	\$9,221.58	\$55.22
Interest Contribution	\$5,977	\$498.09	\$2.98
Total Contribution	\$116,636	\$9,719.66	\$58.20
3.18.2014(1) 1 ADVANCED RESERVE SOLUTIONS, INC.			

Adequacy of Reserves

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

Preface

Calculation of Percent Funded

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

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

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

Sample Homeowners Association
Calculation of Percent Funded
Sorted by Category

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
010 Streets				
Streets - Asphalt, Overlay / Major Rehab	8	27	\$101,697.50	\$71,564.91
Streets - Asphalt, Repair	0	4	\$3,621.75	\$3,621.75
Streets - Asphalt, Seal Coat	0	4	\$5,926.50	\$5,926.50
Streets - Concrete, Unfunded	n.a.	n.a.	\$0.00	\$0.00
Sub Total	0-8	4-27	\$111,245.75	\$81,113.16
020 Roofs				
Roofs - Tile				
Sub Total				
030 Painting				
Painting - Cabana Interior				
Painting - Red Curbs				
Painting - Stucco				
Painting - Woodwork & Trim				
Painting - Wrought Iron, Buildings				
Painting - Wrought Iron, Pool Area				
Sub Total				
040 Fencing				
Fencing - Wrought Iron, Pool Area				
Railing - Wrought Iron, Buildings				
Sub Total				
050 Lighting				
Lighting - Buildings				
Lighting - Grounds				
Sub Total				
060 Pool Area				
Cabana - Ceramic Tile				
Cabana - Doors				
Cabana - Plumbing Fixtures				
Cabana - Restroom Partitions				
Cabana - Water Heater				
Pool - Filter				
Pool - Heater				
Pool - Replaster & Tile Replace				
Pool Area - Barbecues				
Sub Total				

Sample Homeowners Association
Calculation of Percent Funded
Sorted by Category

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
070 Decks				
Pool Area - Ceramic Tile	2	21	\$8,591.63	\$7,773.38
Pool Area - Concrete Deck, Unfunded	n.a.	n.a.	\$0.00	\$0.00
Pool Area - Furniture (Refurbish)	0	12	\$9,255.00	\$9,255.00
Pool Area - Furniture (Replace)	6	25	\$17,315.00	\$13,159.40
Pool Area - Mastic	0	4	\$5,131.50	\$5,131.50
Spa - Filter	0	13	\$1,350.00	\$1,350.00
Spa - Heater	0	10	\$3,050.00	\$3,050.00
Spa - Replaster & Tile Replace	3	8	\$5,250.00	\$3,126.40
Sub Total	0-6	4-25	\$91,747.38	\$71,964.53
080 Misc (Buildings)				
Decks - Clean & Top Coat	2	5	\$30,480.00	\$18,288.00
Decks - Resurface	2	13	\$65,227.20	\$54,720.81
Sub Total	2	5-13	\$95,707.20	\$73,008.81
090 Misc (Grounds)				
Fire Extinguisher Cabinets	2	21	\$27,625.00	\$24,894.05
Utility Closet Doors	2	21	\$73,800.00	\$68,881.90
Sub Total	2	21	\$101,525.00	\$93,855.95
100 Termite Control				
Termite Control	n.a.	n.a.	\$0.00	\$100,000.00
Sub Total	n.a.	n.a.	\$0.00	\$100,000.00
Contingency	n.a.	n.a.	n.a.	\$29,453.27
Total	0-11	2-30	\$1,001,533.70	\$1,011,228.83
Anticipated Reserve Balance				\$865,450.00
Percent Funded				85.58%

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

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

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

Preface

Management / Accounting Summary and Charts

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

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

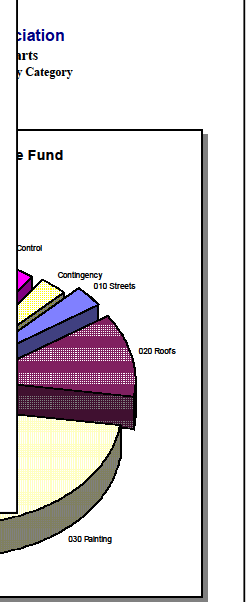
Sample Homeowners Association
Management / Accounting Summary
Component Calculation Method; Sorted by Category

	Balance at Fiscal Year Beginning	Monthly Member Contribution	Monthly Interest Contribution	Total Monthly Contribution
010 Streets				
Streets - Asphalt, Overlay / Major Rehab	\$17,837.90	\$948.09	\$13.37	\$983.07
Streets - Asphalt, Repair	\$3,021.75	\$78.20	\$0.25	\$78.45
Streets - Asphalt, Seal Coat	\$5,028.50	\$127.96	\$0.41	\$128.37
Streets - Concrete, Unfunded	\$0.00	\$0.00	\$0.00	\$0.00
Sub Total	\$27,186.15	\$1,155.84	\$14.04	\$1,169.88
020 Roofs				
Roofs - Tile				
Sub Total				
030 Painting				
Painting - Cabana Interior				
Painting - Red Curbs				
Painting - Stucco				
Painting - Woodwork & Trim				
Painting - Wrought Iron, Buildings				
Painting - Wrought Iron, Pool Area				
Sub Total				
040 Fencing				
Fencing - Wrought Iron, Pool Area				
Railing - Wrought Iron, Buildings				
Sub Total				
050 Lighting				
Lighting - Buildings				
Lighting - Grounds				
Sub Total				
060 Pool Area				
Cabana - Ceramic Tile				
Cabana - Doors				
Cabana - Plumbing Fixtures				
Cabana - Restroom Partitions				
Cabana - Water Heater				
Pool - Filter				
Sub Total				
070 Decks				
Decks - Clean & Top Coat	\$18,288.00	\$539.52	\$12.44	\$551.96
Decks - Resurfacing	\$54,720.81	\$506.93	\$33.85	\$540.58
Sub Total	\$73,008.81	\$1,046.45	\$46.09	\$1,092.54
080 Misc (Buildings)				
Fire Extinguisher Cabinets	\$24,994.05	\$139.11	\$15.07	\$154.19
Utility Closet Doors	\$66,861.80	\$372.15	\$40.32	\$412.47
Sub Total	\$91,855.95	\$511.26	\$55.40	\$566.66
090 Misc (Grounds)				
Landscape - Irrigation Controllers	\$28,000.00	\$219.48	\$0.71	\$220.19
Landscape - Renovation, Unfunded	\$0.00	\$0.00	\$0.00	\$0.00
Mailboxes	\$33,657.14	\$187.33	\$20.30	\$207.63
Sub Total	\$62,657.14	\$406.82	\$21.00	\$427.82
100 Termite Control				
Termite Control	\$100,000.00	\$0.00	\$58.52	\$58.52
Sub Total	\$100,000.00	\$0.00	\$58.52	\$58.52
Contingency	\$25,207.28	\$268.59	\$15.61	\$284.20
Total	\$865,450.00	\$9,221.58	\$498.09	\$9,719.66

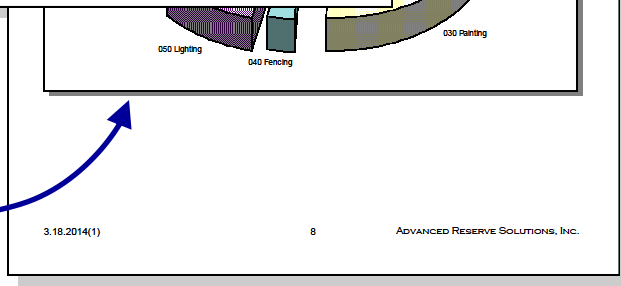
Monthly Funding
Displays the monthly funding for each component from the members and interest. Total monthly funding is also indicated. And, these columns are conveniently sub totaled.

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

	Balance at Fiscal Year Beginning	Monthly Member Contribution	Monthly Interest Contribution	Total Monthly Contribution
Pool - Heater	\$3,250.00	\$24.60	\$0.08	\$24.98
Pool - Replaster & Tile Replace	\$7,070.58	\$146.76	\$4.61	\$151.37
Pool Area - Barbecues	\$1,010.00	\$28.98	\$0.69	\$30.67
Pool Area - Ceramic Tile	\$7,773.38	\$43.27	\$4.69	\$47.95
Pool Area - Concrete Deck, Unfunded	\$0.00	\$0.00	\$0.00	\$0.00
Pool Area - Furniture (Refurbish)	\$8,255.00	\$70.05	\$0.23	\$70.27
Pool Area - Furniture (Replace)	\$13,159.40	\$74.76	\$7.94	\$82.70
Pool Area - Mastic	\$5,131.50	\$110.79	\$0.36	\$111.15
Spa - Filter	\$1,350.00	\$12.11	\$0.04	\$12.15
Spa - Heater	\$2,000.00	\$27.36	\$0.09	\$27.44
Spa - Replaster & Tile Replace	\$3,128.40	\$64.12	\$2.04	\$66.15
Sub Total	\$71,964.53	\$710.19	\$30.10	\$740.28
070 Decks				
Decks - Clean & Top Coat	\$18,288.00	\$539.52	\$12.44	\$551.96
Decks - Resurfacing	\$54,720.81	\$506.93	\$33.85	\$540.58
Sub Total	\$73,008.81	\$1,046.45	\$46.09	\$1,092.54
080 Misc (Buildings)				
Fire Extinguisher Cabinets	\$24,994.05	\$139.11	\$15.07	\$154.19
Utility Closet Doors	\$66,861.80	\$372.15	\$40.32	\$412.47
Sub Total	\$91,855.95	\$511.26	\$55.40	\$566.66
090 Misc (Grounds)				
Landscape - Irrigation Controllers	\$28,000.00	\$219.48	\$0.71	\$220.19
Landscape - Renovation, Unfunded	\$0.00	\$0.00	\$0.00	\$0.00
Mailboxes	\$33,657.14	\$187.33	\$20.30	\$207.63
Sub Total	\$62,657.14	\$406.82	\$21.00	\$427.82
100 Termite Control				
Termite Control	\$100,000.00	\$0.00	\$58.52	\$58.52
Sub Total	\$100,000.00	\$0.00	\$58.52	\$58.52
Contingency	\$25,207.28	\$268.59	\$15.61	\$284.20
Total	\$865,450.00	\$9,221.58	\$498.09	\$9,719.66



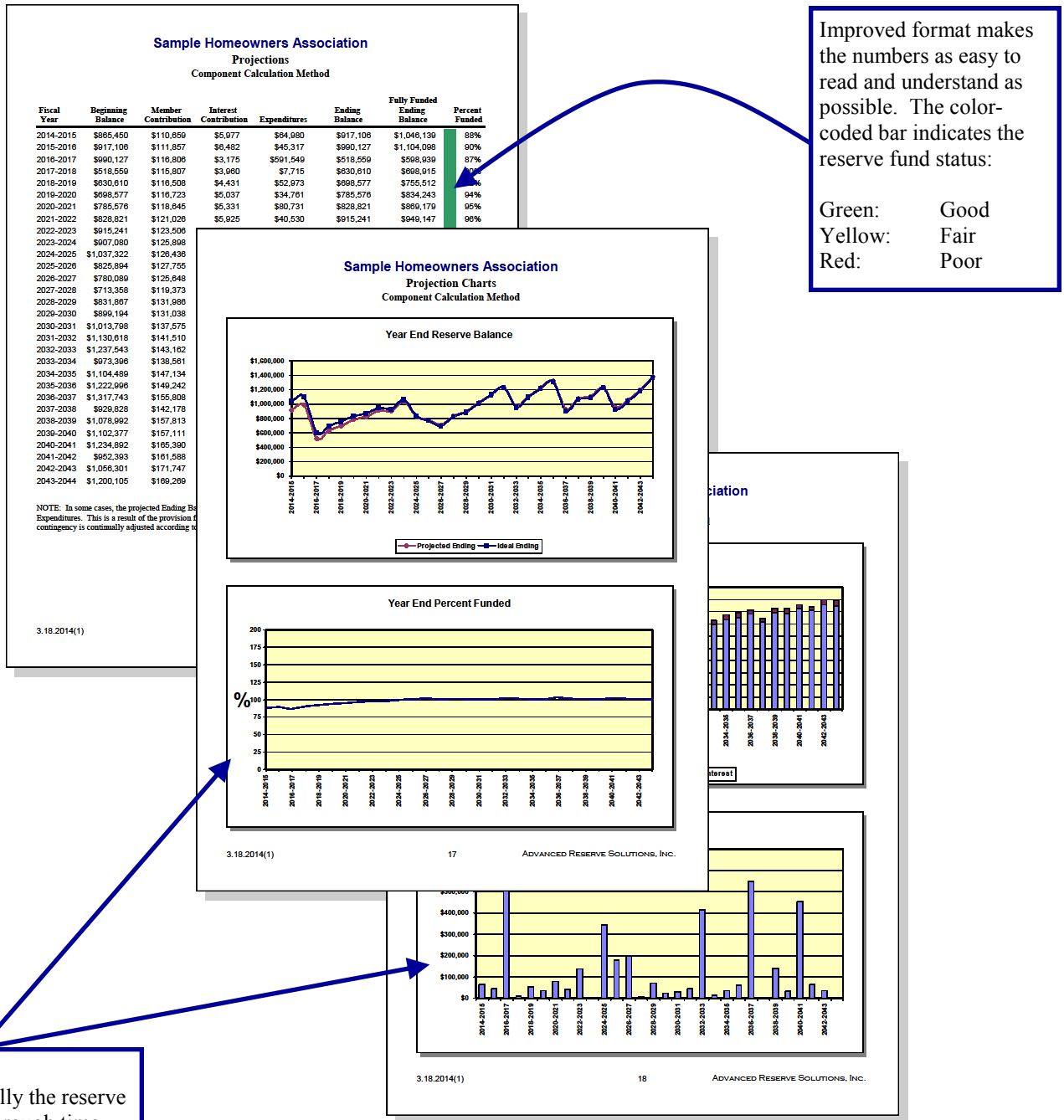
Pie Charts
Show graphically how the reserve fund is distributed amongst the reserve components and how the components are funded.



Preface

Projections and Charts

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



Preface

Component Detail

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

Streets - Asphalt, Seal Coat

Category	010 Streets	Quantity	65,850 sq. ft.
Photo Date	January 2011	Unit Cost	\$0.090
		% of Replacement	100.00%
		Current Cost	\$5,626.50
		Future Cost	\$8,415.03
Placed In Service	11/09	Assigned Reserves at FYB	\$5,626.50
Useful Life	4	Monthly Member Contribution	\$127.96
Remaining Life	0	Monthly Interest Contribution	\$0.41
Replacement Year	2014-2015	Total Monthly Contribution	\$128.37

Painting - Woodwork & Trim

Category	030 Painting	Quantity	31,575 sq. ft.
Photo Date	January 2011	Unit Cost	\$0.920
		% of Replacement	100.00%
		Current Cost	\$29,049.00
		Future Cost	\$30,222.58
Placed In Service	06/12	Assigned Reserves at FYB	\$14,524.50
Useful Life	4	Monthly Member Contribution	\$634.91
Remaining Life	2	Monthly Interest Contribution	\$10.54
Replacement Year	2016-2017	Total Monthly Contribution	\$645.45

Pool - Replaster & Tile Replace

Category	060 Pool Area	Quantity	1 pool
Photo Date	January 2011	Unit Cost	\$15,075.000
		% of Replacement	100.00%
		Current Cost	\$15,075.00
		Future Cost	\$16,844.02
Placed In Service	01/10	Assigned Reserves at FYB	\$7,070.58
Useful Life	10	Monthly Member Contribution	\$146.76
Remaining Life	5	Monthly Interest Contribution	\$4.61
Replacement Year	2019-2020	Total Monthly Contribution	\$151.37

Pool - Replaster & Tile Replace

1,020 sq. ft. of replastering	@	\$12.50	=	\$12,750.00
135 lin. ft. of trim tile	@	\$15.00	=	\$2,025.00
25 lin. ft. of step tile	@	\$12.00	=	\$300.00
		TOTAL		\$15,075.00

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

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

Calculation Results
Displays assigned reserves and funding requirements.

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

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

Preface

◆ ◆ ◆ ◆ GLOSSARY OF KEY TERMS ◆ ◆ ◆ ◆

Annual Contribution Increase Parameter

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

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

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

Anticipated Reserve Balance (or Reserve Funds)

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

Assigned Funds (and “Fixed” Assigned Funds)

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

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

Cash Flow Calculation Method

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

Component Calculation Method

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

Contingency Parameter

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

Current Replacement Cost

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

Fiscal Year

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

Fully Funded Reserve Balance (or Ideal Reserves)

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

Preface

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

The fully funded reserve balance is the sum of the fully funded reserves for each reserve component.

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

Future Replacement Cost

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

Global Parameters

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

Inflation Parameter

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

Interest Contribution

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

Investment Rate Parameter

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

Membership Contribution

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

Monthly Contribution (and "Fixed" Monthly Contribution)

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

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

Number of Units (or other assessment basis)

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

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

Preface

One-Time Replacement

Used for components that will be budgeted for only once.

Percent Funded

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

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

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

Percentage of Replacement

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

For most reserve components, this percentage should be 100%. In some cases, this percentage may be more or less than 100%. For example, fencing which is shared with a neighboring community may be set at 50%.

Phasing

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

Placed-In-Service Date

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

Remaining Life

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

Remaining Life Adjustment

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

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

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

Replacement Year

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

Reserve Components

Line items included in the reserve analysis.

Taxes on Investments Parameter

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

Preface

Total Contribution

The sum of the membership contribution and interest contribution.

Useful Life

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

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

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

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

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

Central & Dobbins

Preface

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

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Central & Dobbins

Executive Summary

Directed Cash Flow Method

Client Information

Account Number	1833
Version Number	004
Analysis Date	6/7/2024
Fiscal Year	1/1/2025 to 12/31/2025
Number of Units	150

Global Parameters

Inflation Rate	3.00%
Annual Contribution Increase	50.00%
Investment Rate	0.15%
Taxes on Investments	0.00%
Contingency	0.00%

Community Profile

This community was built in 2002. Refer to the Component Detail section for the dates used to age the components examined in this analysis.

Reserve Balance as of March 31, 2024: \$37,534

Remaining 2024 Reserve Contributions: \$7,110 (\$790.07/month x 9 months)

Remaining 2024 Interest to be Earned (0.15%): \$46

Remaining 2024 Reserve Expenditures: None Planned or Anticipated

Projected January 1, 2025 Reserve Balance: \$44,690

REPORTS: 2002. Updated 2012, 2019 & 2024.

Adequacy of Reserves as of January 1, 2025

Anticipated Reserve Balance	\$44,690.00
Fully Funded Reserve Balance	\$190,186.28
Percent Funded	23.50%

Funding for the 2025 Fiscal Year	Annual	Monthly	Per Unit Per Month
Member Contribution	\$14,222	\$1,185.17	\$7.90
Interest Contribution	\$4	\$0.30	\$0.00
Total Contribution	\$14,226	\$1,185.46	\$7.90

Central & Dobbins
Distribution of Current Reserve Funds
Sorted by Remaining Life; Alphabetical

	Remaining Life	Fully Funded Balance	Assigned Reserves
Grounds: Drywell Maintenance	0	\$3,500.00	\$3,500.00
Grounds: Tree Trimming	0	\$10,000.00	\$10,000.00
Paint/Repair: Wrought Iron	0	\$1,000.00	\$1,000.00
Paint: Block Walls	0	\$14,025.00	\$14,025.00
Paint: Steel Split Rail Fencing	0	\$500.00	\$500.00
Streets: Slurry Seal (2025)	0	\$19,800.00	\$15,665.00
Streets: Asphalt Seal Coat	2	\$0.00	\$0.00
Grounds: Granite Replenishment	3	\$27,708.33	\$0.00
Grounds: Monument Sign Letters	7	\$2,300.00	\$0.00
Walls: Block (Repair/Replace)	7	\$10,035.67	\$0.00
Grounds: Park Equipment	9	\$2,750.00	\$0.00
Lighting: SolarKing Light Bricks & Controllers	9	\$1,531.43	\$0.00
Grounds: Irrigation Controllers	10	\$234.78	\$0.00
Streets: Asphalt Rehabilitation	12	\$94,628.57	\$0.00
Fencing: Wrought Iron (Replace)	17	\$2,012.50	\$0.00
Gate: Wrought Iron (Replace)	21	\$160.00	\$0.00
Fencing: Steel Split Rail (Unfunded)	n.a.	\$0.00	\$0.00
Grounds: Concrete Components (Unfunded)	n.a.	\$0.00	\$0.00
Grounds: Irrigation System Replacement (Unfunded)	n.a.	\$0.00	\$0.00
Contingency	n.a.	\$0.00	\$0.00

Total	0-21	\$190,186.28	\$44,690.00
Percent Funded			23.50%

Central & Dobbins
Projections
Directed Cash Flow Method

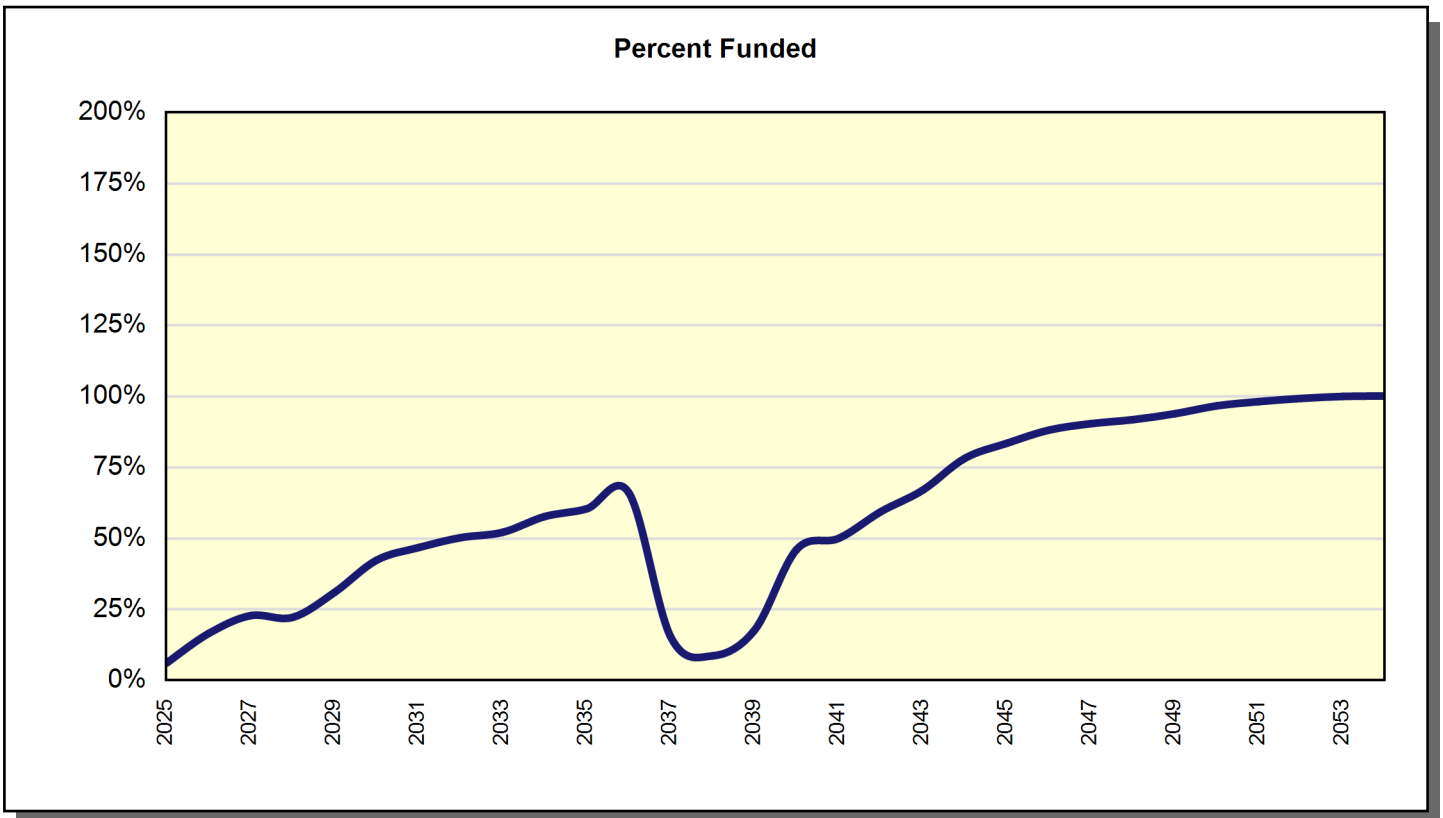
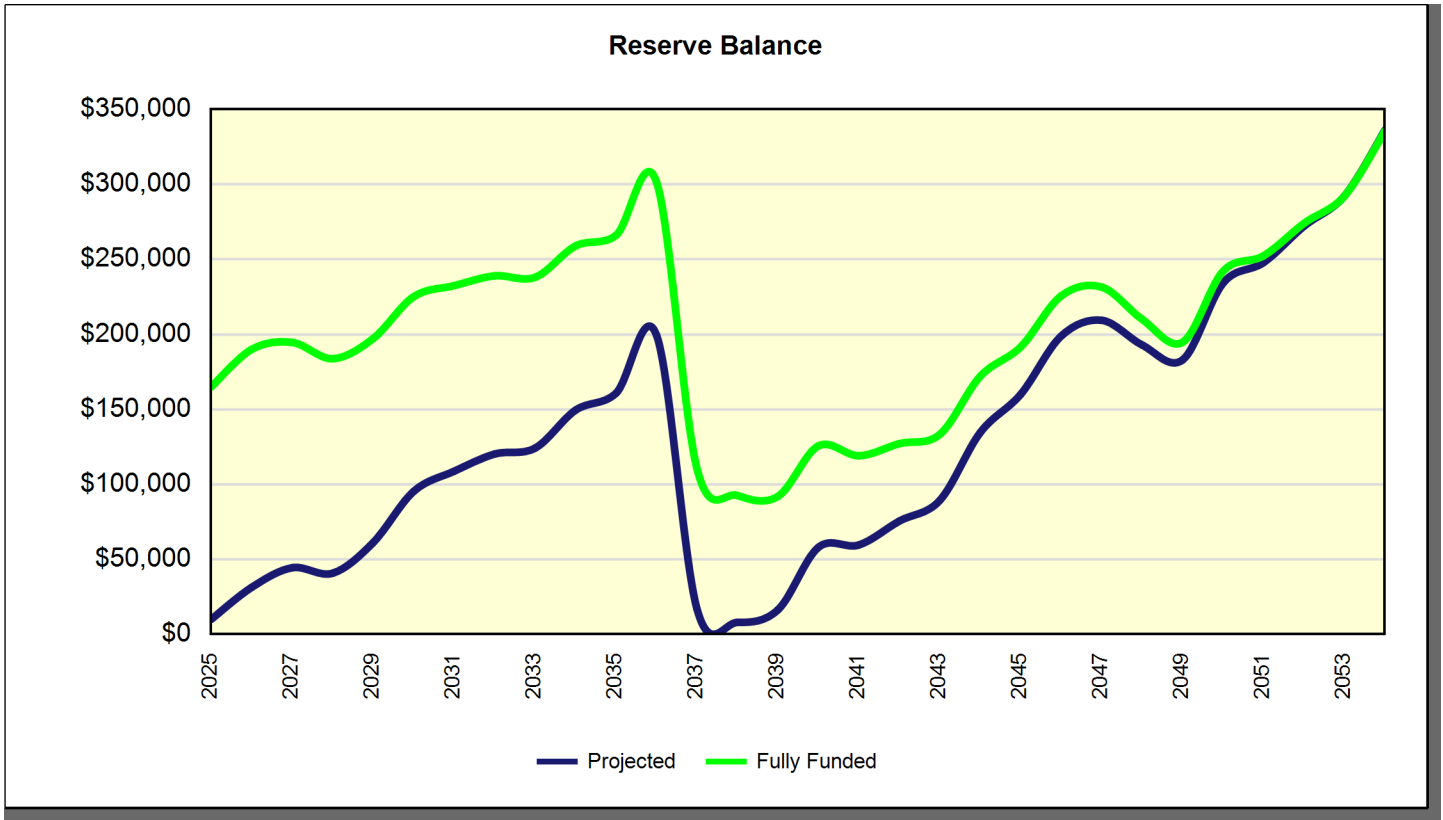
Fiscal Year	Beginning Balance	Member Contribution	Interest Contribution	Expenses	Ending Balance	Fully Funded Balance	Percent Funded
2025	\$44,690	\$14,222	\$4	\$48,825	\$10,091	\$165,063	6%
2026	\$10,091	\$21,333	\$30	\$0	\$31,453	\$190,060	17%
2027	\$31,453	\$32,000	\$41	\$19,011	\$44,482	\$194,663	23%
2028	\$44,482	\$32,652	\$35	\$36,333	\$40,836	\$183,780	22%
2029	\$40,836	\$33,318	\$65	\$12,943	\$61,276	\$197,283	31%
2030	\$61,276	\$33,998	\$115	\$0	\$95,389	\$225,163	42%
2031	\$95,389	\$34,692	\$135	\$21,397	\$108,818	\$232,498	47%
2032	\$108,818	\$35,399	\$152	\$24,093	\$120,276	\$239,061	50%
2033	\$120,276	\$36,122	\$157	\$32,334	\$124,220	\$238,065	52%
2034	\$124,220	\$36,858	\$194	\$11,743	\$149,530	\$258,991	58%
2035	\$149,530	\$37,610	\$211	\$26,502	\$160,849	\$266,111	60%
2036	\$160,849	\$38,378	\$268	\$0	\$199,494	\$301,541	66%
2037	\$199,494	\$39,160	\$0	\$221,706	\$16,942	\$110,501	15%
2038	\$16,942	\$39,959	\$0	\$48,829	\$8,052	\$92,640	9%
2039	\$8,052	\$40,774	\$0	\$32,400	\$16,419	\$92,040	18%
2040	\$16,419	\$41,606	\$53	\$0	\$58,078	\$125,692	46%
2041	\$58,078	\$42,455	\$55	\$40,960	\$59,628	\$119,092	50%
2042	\$59,628	\$43,321	\$78	\$27,421	\$75,607	\$127,195	59%
2043	\$75,607	\$44,205	\$98	\$30,508	\$89,402	\$133,344	67%
2044	\$89,402	\$45,107	\$165	\$0	\$134,674	\$172,113	78%
2045	\$134,674	\$46,027	\$203	\$20,770	\$160,133	\$191,694	84%
2046	\$160,133	\$46,966	\$260	\$8,371	\$198,988	\$225,709	88%
2047	\$198,988	\$47,924	\$275	\$37,786	\$209,401	\$231,554	90%
2048	\$209,401	\$48,902	\$249	\$65,622	\$192,930	\$210,042	92%
2049	\$192,930	\$49,899	\$234	\$60,018	\$183,045	\$194,831	94%
2050	\$183,045	\$50,917	\$310	\$0	\$234,272	\$242,192	97%
2051	\$234,272	\$51,956	\$329	\$38,646	\$247,911	\$252,413	98%
2052	\$247,911	\$53,016	\$365	\$29,077	\$272,215	\$274,081	99%
2053	\$272,215	\$54,097	\$394	\$34,319	\$292,387	\$292,320	100%
2054	\$292,387	\$55,201	\$459	\$11,783	\$336,265	\$335,679	100%

The client's 2024 budgeted reserve contribution is \$9,481. Based on the reserve schedule of expenses outlined in this report, we have incorporated a 50.00% annual reserve contribution increase from 2025 - 2027, and then a 2.04% annual reserve contribution increase thereafter.

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Projection Charts

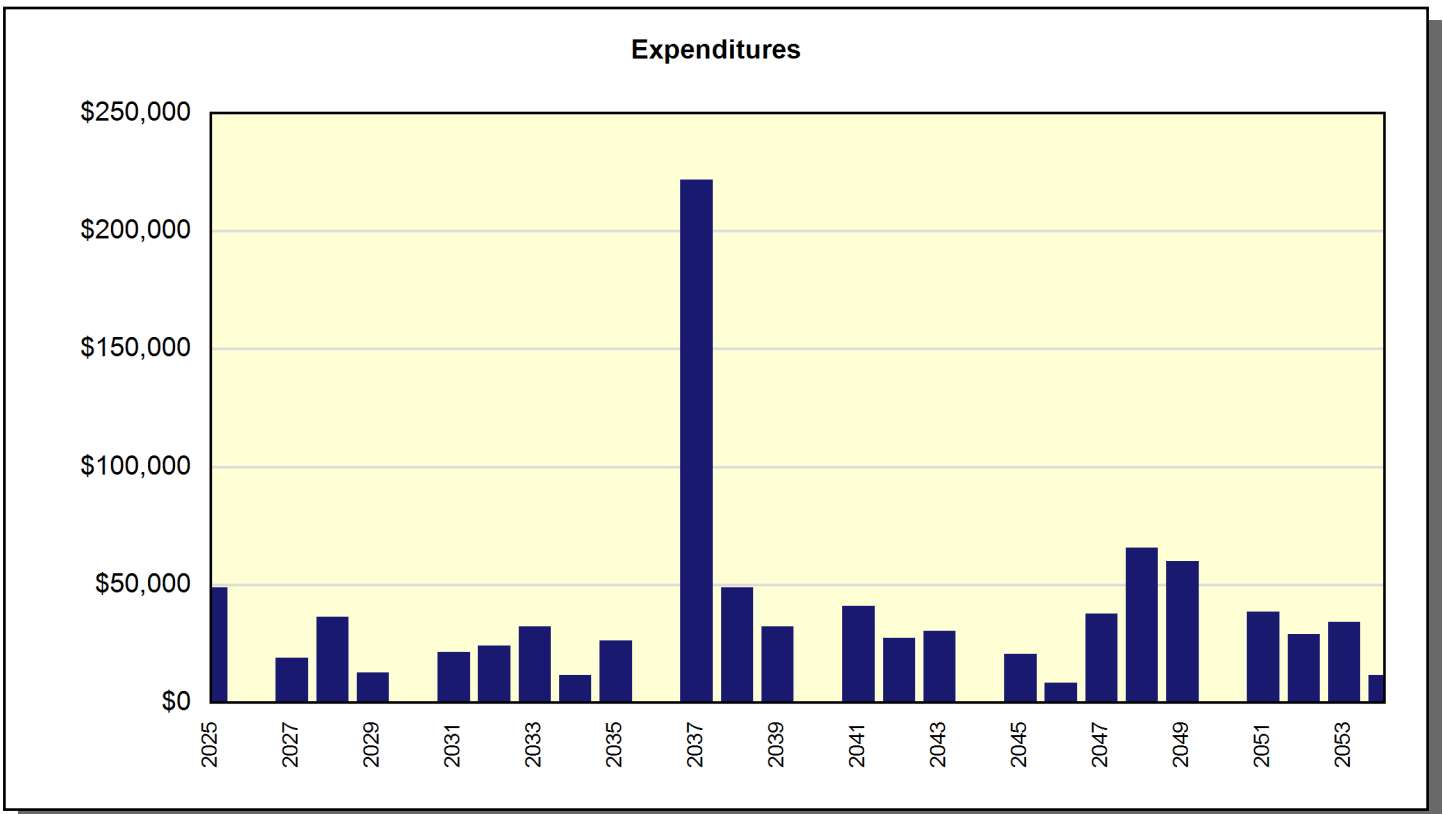
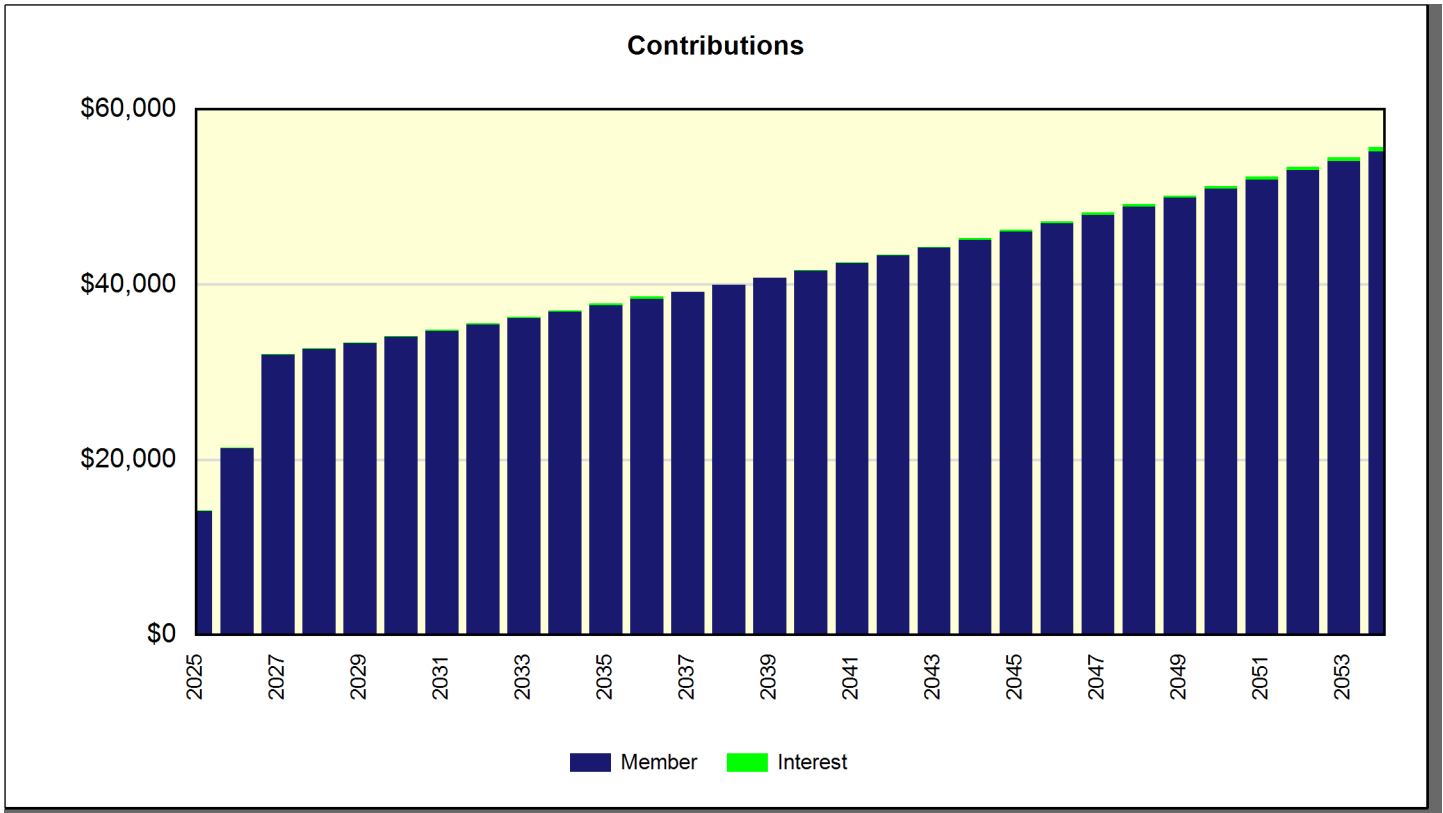
Directed Cash Flow Method



Central & Dobbins

Projection Charts

Directed Cash Flow Method



Central & Dobbins

Annual Expenditures

Sorted by Alphabetical

2025 Fiscal Year

Grounds: Drywell Maintenance	\$3,500.00
Grounds: Tree Trimming	\$10,000.00
Paint/Repair: Wrought Iron	\$1,000.00
Paint: Block Walls	\$14,025.00
Paint: Steel Split Rail Fencing	\$500.00
Streets: Slurry Seal (2025)	\$19,800.00
Sub Total	\$48,825.00

2027 Fiscal Year

Grounds: Tree Trimming	\$10,609.00
Streets: Asphalt Seal Coat	\$8,402.33
Sub Total	\$19,011.33

2028 Fiscal Year

Grounds: Granite Replenishment	\$36,333.17
Sub Total	\$36,333.17

2029 Fiscal Year

Grounds: Tree Trimming	\$11,255.09
Paint/Repair: Wrought Iron	\$1,125.51
Paint: Steel Split Rail Fencing	\$562.75
Sub Total	\$12,943.35

2031 Fiscal Year

Grounds: Tree Trimming	\$11,940.52
Streets: Asphalt Seal Coat	\$9,456.89
Sub Total	\$21,397.42

2032 Fiscal Year

Grounds: Drywell Maintenance	\$4,304.56
Grounds: Monument Sign Letters	\$3,689.62
Walls: Block (Repair/Replace)	\$16,099.05
Sub Total	\$24,093.23

2033 Fiscal Year

Grounds: Tree Trimming	\$12,667.70
Paint/Repair: Wrought Iron	\$1,266.77
Paint: Block Walls	\$17,766.45
Paint: Steel Split Rail Fencing	\$633.39
Sub Total	\$32,334.31

Central & Dobbins

Annual Expenditures

Sorted by Alphabetical

2034 Fiscal Year

Grounds: Park Equipment	\$6,523.87
Lighting: SolarKing Light Bricks & Controllers	\$5,219.09
Sub Total	\$11,742.96

2035 Fiscal Year

Grounds: Irrigation Controllers	\$2,419.05
Grounds: Tree Trimming	\$13,439.16
Streets: Asphalt Seal Coat	\$10,643.82
Sub Total	\$26,502.03

2037 Fiscal Year

Grounds: Tree Trimming	\$14,257.61
Paint/Repair: Wrought Iron	\$1,425.76
Paint: Steel Split Rail Fencing	\$712.88
Streets: Asphalt Rehabilitation	\$205,309.57
Sub Total	\$221,705.82

2038 Fiscal Year

Grounds: Granite Replenishment	\$48,828.75
Sub Total	\$48,828.75

2039 Fiscal Year

Grounds: Drywell Maintenance	\$5,294.06
Grounds: Tree Trimming	\$15,125.90
Streets: Asphalt Seal Coat	\$11,979.71
Sub Total	\$32,399.67

2041 Fiscal Year

Grounds: Tree Trimming	\$16,047.06
Paint/Repair: Wrought Iron	\$1,604.71
Paint: Block Walls	\$22,506.01
Paint: Steel Split Rail Fencing	\$802.35
Sub Total	\$40,960.13

2042 Fiscal Year

Fencing: Wrought Iron (Replace)	\$5,784.97
Walls: Block (Repair/Replace)	\$21,635.78
Sub Total	\$27,420.74

2043 Fiscal Year

Grounds: Tree Trimming	\$17,024.33
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Central & Dobbins

Annual Expenditures

Sorted by Alphabetical

Streets: Asphalt Seal Coat	\$13,483.27
Sub Total	\$30,507.60
 <u>2045 Fiscal Year</u>	
Grounds: Tree Trimming	\$18,061.11
Paint/Repair: Wrought Iron	\$1,806.11
Paint: Steel Split Rail Fencing	\$903.06
Sub Total	\$20,770.28
 <u>2046 Fiscal Year</u>	
Gate: Wrought Iron (Replace)	\$1,860.29
Grounds: Drywell Maintenance	\$6,511.03
Sub Total	\$8,371.33
 <u>2047 Fiscal Year</u>	
Grounds: Irrigation Controllers	\$3,448.99
Grounds: Tree Trimming	\$19,161.03
Streets: Asphalt Seal Coat	\$15,175.54
Sub Total	\$37,785.56
 <u>2048 Fiscal Year</u>	
Grounds: Granite Replenishment	\$65,621.75
Sub Total	\$65,621.75
 <u>2049 Fiscal Year</u>	
Grounds: Tree Trimming	\$20,327.94
Lighting: SolarKing Light Bricks & Controllers	\$8,131.18
Paint/Repair: Wrought Iron	\$2,032.79
Paint: Block Walls	\$28,509.94
Paint: Steel Split Rail Fencing	\$1,016.40
Sub Total	\$60,018.25
 <u>2051 Fiscal Year</u>	
Grounds: Tree Trimming	\$21,565.91
Streets: Asphalt Seal Coat	\$17,080.20
Sub Total	\$38,646.12
 <u>2052 Fiscal Year</u>	
Walls: Block (Repair/Replace)	\$29,076.67
Sub Total	\$29,076.67
 <u>2053 Fiscal Year</u>	

Central & Dobbins
Annual Expenditures
Sorted by Alphabetical

Grounds: Drywell Maintenance	\$8,007.75
Grounds: Tree Trimming	\$22,879.28
Paint/Repair: Wrought Iron	\$2,287.93
Paint: Steel Split Rail Fencing	\$1,143.96
Sub Total	\$34,318.92

2054 Fiscal Year

Grounds: Park Equipment	\$11,782.83
Sub Total	\$11,782.83

Central & Dobbins
Component Detail
Directed Cash Flow Calculation Method; Sorted By Category

Streets: Asphalt Rehabilitation

Category	010 Asphalt	Quantity	36,000 sq. ft.
		Unit Cost	\$4.00
		% of Replacement	100.00%
		Current Cost	\$144,000.00
Placed In Service	01/2002	Future Cost	\$205,309.57
Useful Life	35		
		Assigned Reserves at FYB	\$0.00
Remaining Life	12	Monthly Member Contribution	\$398.82
Replacement Year	2037	Monthly Interest Contribution	\$0.13
		Total Monthly Contribution	\$398.95

The asphalt is severely raveled with exposed aggregate, however, is still in fair condition structurally. This component budgets to blow out all loose rock and then apply a chip seal over the existing pavement.

NOTE: The accumulated funds from this component should be used on an "as needed" basis for ongoing asphalt repairs. If necessary, we will incorporate a separate asphalt repair component at the time of a future update of this report once periodic repairs begin to occur.

Central & Dobbins

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Streets: Asphalt Seal Coat

Category	010 Asphalt	Quantity	36,000 sq. ft.
		Unit Cost	\$0.22
		% of Replacement	100.00%
		Current Cost	\$7,920.00
Placed In Service	01/2025	Future Cost	\$8,402.33
Useful Life	4		
Adjustment	-2	Assigned Reserves at FYB	\$0.00
Remaining Life	2	Monthly Member Contribution	\$114.91
Replacement Year	2027	Monthly Interest Contribution	\$0.04
		Total Monthly Contribution	\$114.95

This component budgets to seal coat the asphalt in 2027, two years after the slurry seal application, and then on a four (4) year cycle.

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

Central & Dobbins

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Streets: Slurry Seal (2025)

Category	010 Asphalt	Quantity	36,000 sq. ft.
		Unit Cost	\$0.55
		% of Replacement	100.00%
		Current Cost	\$19,800.00
Placed In Service	01/2002	Future Cost	
Useful Life	23		
		Assigned Reserves at FYB	\$15,665.00
Remaining Life	0	Monthly Member Contribution	\$0.00
Replacement Year	2025	Monthly Interest Contribution	(\$0.08)
	One-Time Replacement	Total Monthly Contribution	(\$0.08)

The asphalt is severely raveled with exposed aggregate, however, is still in fair condition structurally. This component is for a one time expense to apply a Type II slurry seal in 2025.

Central & Dobbins
Component Detail
Directed Cash Flow Calculation Method; Sorted By Category

Paint/Repair: Wrought Iron

Category	030 Painting	Quantity	1 total
		Unit Cost	\$1,000.00
		% of Replacement	100.00%
		Current Cost	\$1,000.00
Placed In Service	01/2016	Future Cost	\$1,125.51
Useful Life	4		
		Assigned Reserves at FYB	\$1,000.00
Remaining Life	0	Monthly Member Contribution	\$7.46
Replacement Year	2025	Monthly Interest Contribution	\$0.00
		Total Monthly Contribution	\$7.46

This component includes a provision to repair & repaint the wrought iron fencing & gate located on the perimeter of the community between Lots 23 & 24.

Central & Dobbins
Component Detail
Directed Cash Flow Calculation Method; Sorted By Category

Paint: Block Walls

Category	030 Painting	Quantity	18,700 sq. ft.
		Unit Cost	\$0.75
		% of Replacement	100.00%
		Current Cost	\$14,025.00
Placed In Service	01/2012	Future Cost	\$17,766.45
Useful Life	8		
		Assigned Reserves at FYB	\$14,025.00
Remaining Life	0	Monthly Member Contribution	\$55.23
Replacement Year	2025	Monthly Interest Contribution	\$0.02
		Total Monthly Contribution	\$55.25

This component budgets to repaint the common area facing block walls every eight (8) years.

Central & Dobbins
Component Detail
Directed Cash Flow Calculation Method; Sorted By Category

Paint: Steel Split Rail Fencing

Category	030 Painting	Quantity	1 total
		Unit Cost	\$500.00
		% of Replacement	100.00%
		Current Cost	\$500.00
Placed In Service	01/2016	Future Cost	\$562.75
Useful Life	4		
		Assigned Reserves at FYB	\$500.00
Remaining Life	0	Monthly Member Contribution	\$3.73
Replacement Year	2025	Monthly Interest Contribution	\$0.00
		Total Monthly Contribution	\$3.73

This component budgets to repaint the steel split rail fencing at various locations within the community.

Central & Dobbins
Component Detail
Directed Cash Flow Calculation Method; Sorted By Category

Fencing: Steel Split Rail (Unfunded)

Category	040 Fencing/Walls	Quantity	1 comment
		Unit Cost	\$0.00
		% of Replacement	0.00%
		Current Cost	\$0.00
Placed In Service	01/2002	Future Cost	\$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	\$0.00
Remaining Life	n.a.	Monthly Member Contribution	\$0.00
Replacement Year	n.a.	Monthly Interest Contribution	\$0.00
		Total Monthly Contribution	\$0.00

We are not budgeting to replace the steel split rail fencing because it has an indefinite life, and should last for the life of the community if properly maintained. Any repairs should be handled on an as needed basis and the expense paid for out of the annual operating budget.

Central & Dobbins
Component Detail
Directed Cash Flow Calculation Method; Sorted By Category

Fencing: Wrought Iron (Replace)

Category	040 Fencing/Walls	Quantity	1 total
		Unit Cost	\$3,500.00
		% of Replacement	100.00%
		Current Cost	\$3,500.00
Placed In Service	01/2002	Future Cost	\$5,784.97
Useful Life	40		
		Assigned Reserves at FYB	\$0.00
Remaining Life	17	Monthly Member Contribution	\$7.31
Replacement Year	2042	Monthly Interest Contribution	\$0.00
		Total Monthly Contribution	\$7.31

This component budgets to replace the wrought iron view fencing located along the perimeter of the community between Lots 23 & 24.

70 - lin. ft. of 3'11" fencing

This fencing is located in the center common area.

Central & Dobbins
Component Detail
Directed Cash Flow Calculation Method; Sorted By Category

Gate: Wrought Iron (Replace)

Category	040 Fencing/Walls	Quantity	1 total
		Unit Cost	\$1,000.00
		% of Replacement	100.00%
		Current Cost	\$1,000.00
Placed In Service	01/2021	Future Cost	\$1,860.29
Useful Life	25		
		Assigned Reserves at FYB	\$0.00
Remaining Life	21	Monthly Member Contribution	\$1.78
Replacement Year	2046	Monthly Interest Contribution	\$0.00
		Total Monthly Contribution	\$1.78

This component budgets to replace the wrought iron gate located along the perimeter of the community between Lots 23 & 24. This gate appears to have been replaced within the last 3 - 4 years.

1 - wrought iron gate

This fencing is located in the center common area.

Central & Dobbins
Component Detail
Directed Cash Flow Calculation Method; Sorted By Category

Walls: Block (Repair/Replace)

Category	040 Fencing/Walls	Quantity	18,700 sq. ft.
		Unit Cost	\$35.00
		% of Replacement	2.00%
		Current Cost	\$13,090.00
Placed In Service	01/2002	Future Cost	\$16,099.05
Useful Life	10		
Adjustment	+20	Assigned Reserves at FYB	\$0.00
Remaining Life	7	Monthly Member Contribution	\$58.12
Replacement Year	2032	Monthly Interest Contribution	\$0.02
		Total Monthly Contribution	\$58.14

This component will accumulate funds for 30 years, and then on a continuous 10 year cycle, for the major repair/replacement of a percentage of the common area facing block walls. The accumulated funds should be used "as needed", and the percentage budgeted for repair/replacement should be adjusted over time as conditions dictate.

Central & Dobbins
Component Detail
Directed Cash Flow Calculation Method; Sorted By Category

Lighting: SolarKing Light Bricks & Controllers

Category	050 Lighting	Quantity	1 total
		Unit Cost	\$4,000.00
		% of Replacement	100.00%
		Current Cost	\$4,000.00
Placed In Service	06/2019	Future Cost	\$5,219.09
Useful Life	15		
		Assigned Reserves at FYB	\$0.00
Remaining Life	9	Monthly Member Contribution	\$14.19
Replacement Year	2034	Monthly Interest Contribution	\$0.00
		Total Monthly Contribution	\$14.20

Four (4) SolarKing Sentinel systems were installed in mid-2019. This component budgets to replace the light bricks (8) & controllers (4).

NOTE: \$1,300 was spent out of the operating account in March 2024 to replace batteries associated with these lighting systems.

Central & Dobbins
Component Detail
Directed Cash Flow Calculation Method; Sorted By Category

Grounds: Concrete Components (Unfunded)

Category	100 Grounds	Quantity	1 comment
		Unit Cost	\$0.00
		% of Replacement	0.00%
		Current Cost	\$0.00
Placed In Service	01/2002	Future Cost	\$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	\$0.00
Remaining Life	n.a.	Monthly Member Contribution	\$0.00
Replacement Year	n.a.	Monthly Interest Contribution	\$0.00
		Total Monthly Contribution	\$0.00

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

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Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Grounds: Drywell Maintenance

Category	100 Grounds	Quantity	1 total
		Unit Cost	\$3,500.00
		% of Replacement	100.00%
		Current Cost	\$3,500.00
Placed In Service	01/2015	Future Cost	\$4,304.56
Useful Life	7		
		Assigned Reserves at FYB	\$3,500.00
Remaining Life	0	Monthly Member Contribution	\$15.54
Replacement Year	2025	Monthly Interest Contribution	\$0.00
		Total Monthly Contribution	\$15.55

There are four drywells in the community water retention tracts. No historical drywell maintenance information has been provided by the client. This component includes a provision for drywell maintenance (repairs & hydrovactor cleaning) every seven (7) years. The following comments apply:

Drywell systems should be inspected annually to determine how much debris has accumulated in the system and to develop a clean out schedule. Some drywell systems will require immediate repair of broken components and clean out, while others won't require maintenance for a number of years. On average, drywell systems require clean out every 5 - 7 years. A drywell should be cleaned out once 10% or more of the chamber is occupied. If maintained properly, drywells are designed to last as long as any other part of the community infrastructure.

Central & Dobbins

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Grounds: Granite Replenishment

Category	100 Grounds	Quantity	350 tons
		Unit Cost	\$95.00
		% of Replacement	100.00%
		Current Cost	\$33,250.00
Placed In Service	01/2010	Future Cost	\$36,333.17
Useful Life	10		
Adjustment	+8	Assigned Reserves at FYB	\$0.00
Remaining Life	3	Monthly Member Contribution	\$326.10
Replacement Year	2028	Monthly Interest Contribution	\$0.10
		Total Monthly Contribution	\$326.21

There is approximately 70,000 sq. ft. of common area granite landscape rock. This component budgets to add a 1" layer of new granite to the existing base every 10 years, with the next expenditure scheduled to occur in 2028 (the current available reserve funds need to be used for asphalt maintenance). The cost is an estimate for purchase, delivery & spreading.

Central & Dobbins
Component Detail
Directed Cash Flow Calculation Method; Sorted By Category

Grounds: Irrigation Controllers

Category	100 Grounds	Quantity	1 total
		Unit Cost	\$1,800.00
		% of Replacement	100.00%
		Current Cost	\$1,800.00
Placed In Service	07/2023	Future Cost	\$2,419.05
Useful Life	12		
		Assigned Reserves at FYB	\$0.00
Remaining Life	10	Monthly Member Contribution	\$5.83
Replacement Year	2035	Monthly Interest Contribution	\$0.00
		Total Monthly Contribution	\$5.83

This component budgets to replace the following irrigation controllers:

- 1 - Hunter XC Hybrid, 6 station controller (located near the monument sign)
- 1 - Hunter XC Hybrid, 12 station controller (located next to Lot 23)

Central & Dobbins
Component Detail
Directed Cash Flow Calculation Method; Sorted By Category

Grounds: Irrigation System Replacement (Unfunded)

Category	100 Grounds	Quantity	1 comment
		Unit Cost	\$0.00
		% of Replacement	0.00%
		Current Cost	\$0.00
Placed In Service	01/2002	Future Cost	\$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	\$0.00
Remaining Life	n.a.	Monthly Member Contribution	\$0.00
Replacement Year	n.a.	Monthly Interest Contribution	\$0.00
		Total Monthly Contribution	\$0.00

Irrigation systems are one of the most difficult items to budget for without specific information provided by an expert who is familiar with the system inventory and system condition. We have been advised by irrigation system experts that most system components (piping, sprinkler heads, valves, etc) have a useful life of 20+ years. However, budgeting for the replacement of an irrigation system requires evaluation of the present condition (to identify remaining useful life) and replacement cost - both of which call for expert evaluation, but fall outside the scope of a reserve study.

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

Central & Dobbins
Component Detail
Directed Cash Flow Calculation Method; Sorted By Category

Grounds: Monument Sign Letters

Category	100 Grounds	Quantity	1 total
		Unit Cost	\$3,000.00
		% of Replacement	100.00%
		Current Cost	\$3,000.00
Placed In Service	01/2002	Future Cost	\$3,689.62
Useful Life	30		
		Assigned Reserves at FYB	\$0.00
Remaining Life	7	Monthly Member Contribution	\$13.32
Replacement Year	2032	Monthly Interest Contribution	\$0.00
		Total Monthly Contribution	\$13.32

This component budgets to replace the metal monument sign letters that indicate "MOUNTAIN SIDE".

Central & Dobbins
Component Detail
Directed Cash Flow Calculation Method; Sorted By Category

Grounds: Park Equipment

Category	100 Grounds	Quantity	1 total
		Unit Cost	\$5,000.00
		% of Replacement	100.00%
		Current Cost	\$5,000.00
Placed In Service	01/2014	Future Cost	\$6,523.87
Useful Life	20		
		Assigned Reserves at FYB	\$0.00
Remaining Life	9	Monthly Member Contribution	\$17.74
Replacement Year	2034	Monthly Interest Contribution	\$0.01
		Total Monthly Contribution	\$17.75

This component budgets to replace the trash receptacles (4) & dog waste stations (4) that were purchased/installed in late 2013.

Central & Dobbins
Component Detail
Directed Cash Flow Calculation Method; Sorted By Category

Grounds: Tree Trimming

Category	100 Grounds	Quantity	1 total
		Unit Cost	\$10,000.00
		% of Replacement	100.00%
		Current Cost	\$10,000.00
Placed In Service	04/2021	Future Cost	\$10,609.00
Useful Life	2		
		Assigned Reserves at FYB	\$10,000.00
Remaining Life	0	Monthly Member Contribution	\$145.09
Replacement Year	2025	Monthly Interest Contribution	\$0.05
		Total Monthly Contribution	\$145.14

As directed by the client, this component budgets \$10,000 for tree trimming in 2025. The client didn't tell us how often they wanted to budget this amount for tree trimming, so we have decided to use a two year useful life cycle. This can be changed at the client's request.

Central & Dobbins

Component Detail Index

	Page
Fencing: Steel Split Rail (Unfunded)	16
Fencing: Wrought Iron (Replace)	17
Gate: Wrought Iron (Replace)	18
Grounds: Concrete Components (Unfunded)	21
Grounds: Drywell Maintenance	22
Grounds: Granite Replenishment	23
Grounds: Irrigation Controllers	24
Grounds: Irrigation System Replacement (Unfunded)	25
Grounds: Monument Sign Letters	26
Grounds: Park Equipment	27
Grounds: Tree Trimming	28
Lighting: SolarKing Light Bricks & Controllers	20
Paint/Repair: Wrought Iron	13
Paint: Block Walls	14
Paint: Steel Split Rail Fencing	15
Streets: Asphalt Rehabilitation	10
Streets: Asphalt Seal Coat	11
Streets: Slurry Seal (2025)	12
Walls: Block (Repair/Replace)	19

19 Components