



**RESERVE STUDY UPDATE
FOR
RANCHO VERDE HOMEOWNERS ASSOCIATION**



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

Prepared By:
FDReserve Studies, LLC
Goodyear, AZ 85338

September 2, 2024



EXECUTIVE SUMMARY

RANCHO VERDE HOMEOWNERS ASSOCIATION

September 2, 2024

Starting Reserve Balance 1/1/2024	\$120,373
Projected Fully Funded Reserve Balance 1/1/2024	\$175,973
Percent Fully Funded 1/1/2024	68%
Annual Reserve Contribution 2024	\$4,834

This study is an update to a previous study performed by FDReserve Studies,LLC dated September 24, 2021. This update was performed with a field visit.

This study is based on the cash flow method of funding. This reserve analysis is an 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 financial information was provided by the association on the reserve fund balance and contribution to the fund. 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, 2024.
2. The study reflects a beginning balance for the reserve fund of \$120,373 and an annual contribution of \$4,834. 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 1-1 and 1-2, 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, an Alternate Funding Model is included in the report, on pages 1-3 and 1-4, for consideration by the Association. The model suggests an annual contribution to the reserve fund of \$35,000 in 2025 followed by an annual increase of 3% in the annual contribution in 2026 through 2031 and 15% in 2041 through 2047. 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. Note that the study includes a 5% 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 March 24, 2024. 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, 602-740-8730
- Barbie Augsburger, barbie@fdreservestudies.com, 512-633-3012.

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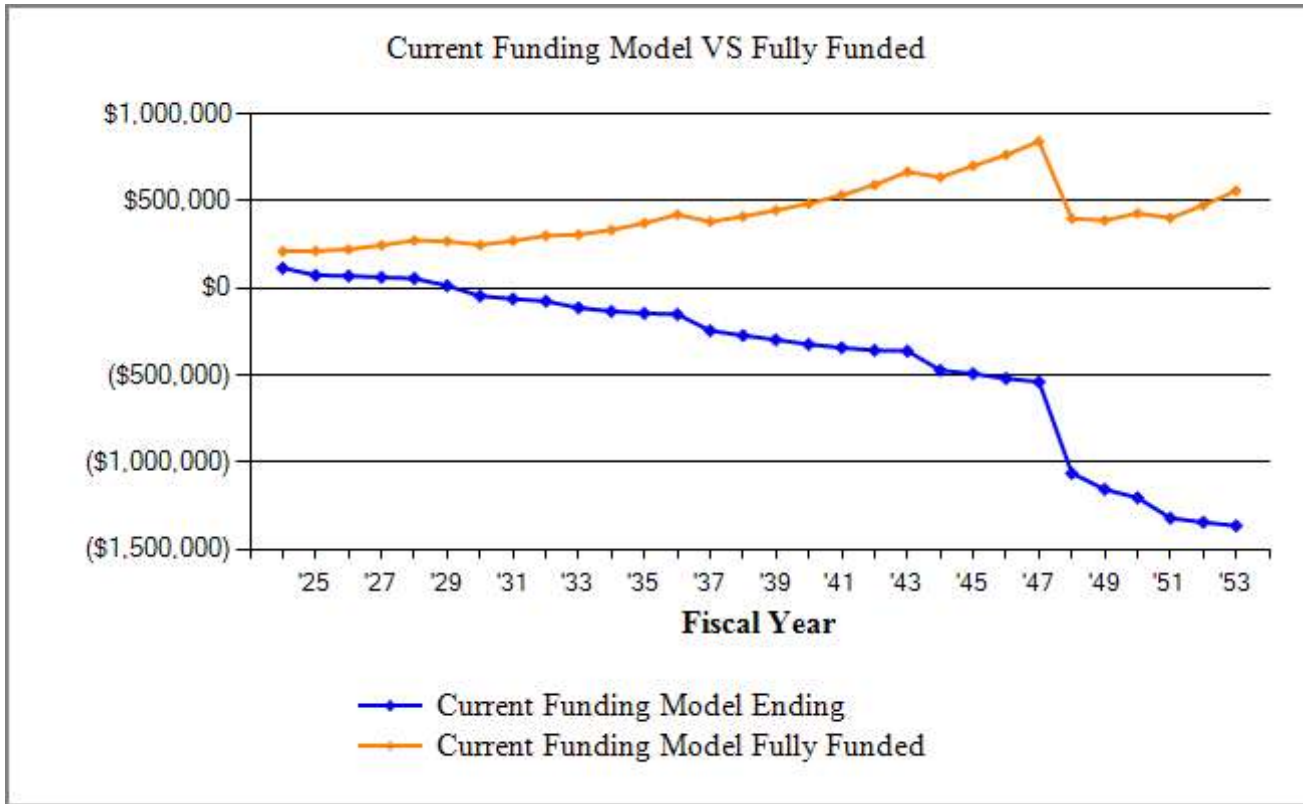
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RANCHO VERDE HOMEOWNERS ASSOCIATION
Current Assessment Funding Model Summary

Report Date	September 2, 2024
Budget Year Beginning	January 1, 2024
Budget Year Ending	December 31, 2024
Total Units	63

<i>Report Parameters</i>	
Inflation	5.00%
Annual Assessment Increase	6.00%
Interest Rate on Reserve Deposit	5.00%
Tax Rate on Interest	22.00%
2024 Beginning Balance	\$120,373



<i>Current Assessment Funding Model Summary of Calculations</i>	
Required Monthly Contribution	\$402.83
<i>\$6.39 per unit monthly</i>	
Average Net Monthly Interest Earned	\$360.57
Total Monthly Allocation to Reserves	\$763.40
<i>\$12.12 per unit monthly</i>	

RANCHO VERDE HOMEOWNERS ASSOCIATION
Current Assessment Funding Model Projection

Beginning Balance: \$120,373

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2024	336,114	4,834	4,327	14,000	115,534	211,488	55%
2025	352,074	5,124	2,754	48,925	74,487	214,289	35%
2026	351,933	5,431	2,594	12,072	70,441	222,618	32%
2027	369,530	5,757	2,300	15,615	62,882	246,788	25%
2028	388,006	6,103	2,034	14,951	56,068	274,382	20%
2029	407,407	6,469	427	48,805	14,159	269,564	5%
2030	427,777	6,857		65,665	-44,649	248,438	
2031	449,166	7,269		23,921	-61,301	271,864	
2032	471,624	7,705		20,980	-74,576	301,355	
2033	495,205	8,167		46,340	-112,749	307,589	
2034	519,966	8,657		28,488	-132,580	334,871	
2035	545,964	9,176		20,866	-144,269	373,610	
2036	573,262	9,727		15,265	-149,807	422,362	
2037	601,925	10,311		104,654	-244,150	382,000	
2038	632,021	10,929		38,114	-271,335	411,906	
2039	663,622	11,585		36,464	-296,214	447,580	
2040	696,804	12,280		38,200	-322,134	485,884	
2041	731,644	13,017		33,095	-342,212	534,266	
2042	768,226	13,798		27,676	-356,090	593,698	
2043	806,637	14,626		18,952	-360,417	668,351	
2044	846,969	15,503		126,562	-471,476	636,989	
2045	889,318	16,433		35,858	-490,900	702,704	
2046	933,783	17,419		45,342	-518,822	765,323	
2047	980,473	18,465		37,473	-537,830	843,090	
2048	1,029,496	19,573		544,083	-1,062,341	399,379	
2049	1,080,971	20,747		113,578	-1,155,172	389,785	
2050	1,135,020	21,992		70,047	-1,203,227	429,903	
2051	1,191,770	23,311		140,005	-1,319,921	403,281	
2052	1,251,359	24,710		49,002	-1,344,213	475,825	
2053	1,313,927	26,192		46,307	-1,364,327	560,017	

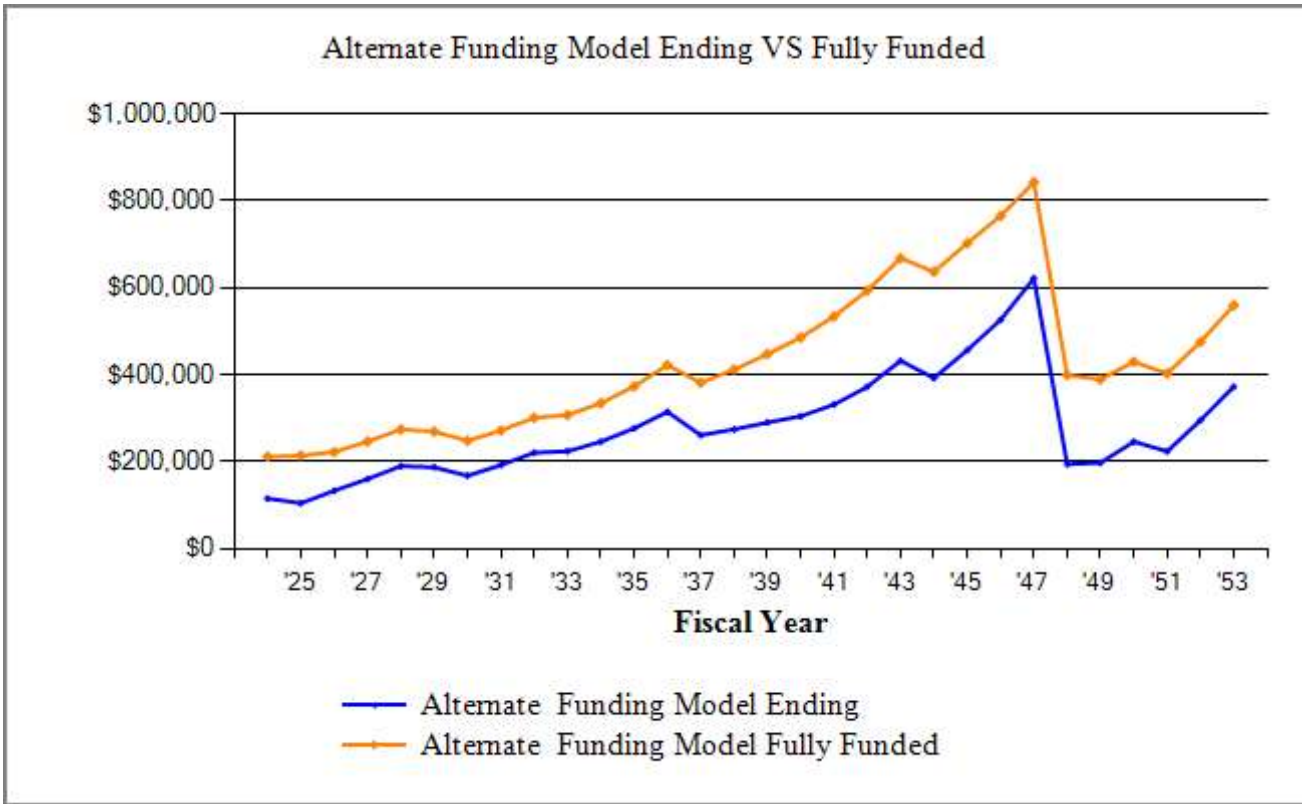
RANCHO VERDE HOMEOWNERS ASSOCIATION

Scottsdale, AZ

Alternate Funding Model Summary

Report Date	September 2, 2024
Budget Year Beginning	January 1, 2024
Budget Year Ending	December 31, 2024
Total Units	63

<i>Report Parameters</i>	
Inflation	5.00%
Interest Rate on Reserve Deposit	5.00%
Tax Rate on Interest	22.00%
2024 Beginning Balance	\$120,373



<i>Alternate Funding Model Summary of Calculations</i>	
Required Monthly Contribution	\$402.83
<i>\$6.39 per unit monthly</i>	
Average Net Monthly Interest Earned	\$360.57
Total Monthly Allocation to Reserves	\$763.40
<i>\$12.12 per unit monthly</i>	

RANCHO VERDE HOMEOWNERS ASSOCIATION
Alternate Funding Model Projection

Beginning Balance: \$120,373

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2024	336,114	4,834	4,327	14,000	115,534	211,488	55%
2025	352,074	35,000	3,393	48,925	105,002	214,289	49%
2026	351,933	36,050	4,460	12,072	133,440	222,618	60%
2027	369,530	37,131	5,472	15,615	160,428	246,788	65%
2028	388,006	38,245	6,594	14,951	190,317	274,382	69%
2029	407,407	39,393	6,461	48,805	187,365	269,564	70%
2030	427,777	40,575	5,700	65,665	167,975	248,438	68%
2031	449,166	41,792	6,613	23,921	192,459	271,864	71%
2032	471,624	41,792	7,702	20,980	220,973	301,355	73%
2033	495,205	41,792	7,827	46,340	224,252	307,589	73%
2034	519,966	41,792	8,666	28,488	246,223	334,871	74%
2035	545,964	41,792	9,841	20,866	276,989	373,610	74%
2036	573,262	41,792	11,285	15,265	314,802	422,362	75%
2037	601,925	41,792	9,237	104,654	261,177	382,000	68%
2038	632,021	41,792	9,750	38,114	274,606	411,906	67%
2039	663,622	41,792	10,349	36,464	290,282	447,580	65%
2040	696,804	41,792	10,902	38,200	304,776	485,884	63%
2041	731,644	48,061	11,814	33,095	331,556	534,266	62%
2042	768,226	55,270	13,247	27,676	372,397	593,698	63%
2043	806,637	63,560	15,392	18,952	432,397	668,351	65%
2044	846,969	73,094	13,706	126,562	392,635	636,989	62%
2045	889,318	84,058	15,963	35,858	456,798	702,704	65%
2046	933,783	96,667	18,403	45,342	526,527	765,323	69%
2047	980,473	111,167	21,794	37,473	622,016	843,090	74%
2048	1,029,496	111,167	5,471	544,083	194,570	399,379	49%
2049	1,080,971	111,167	5,592	113,578	197,751	389,785	51%
2050	1,135,020	111,167	7,447	70,047	246,319	429,903	57%
2051	1,191,770	111,167	6,598	140,005	224,079	403,281	56%
2052	1,251,359	111,167	9,328	49,002	295,572	475,825	62%
2053	1,313,927	111,167	12,274	46,307	372,707	560,017	67%

RANCHO VERDE HOMEOWNERS ASSOCIATION
Asset Summary Report

Description	Date In Service	Replacement Date	Current Cost	Useful Life	Adjustment	Remaining	Future Cost	Quantity	Unit Cost
Equipment									
Backflow Preventers - Replace Asset ID: 1004	1998	2028	2,200	20	10	4	2,674	2 @	1,100.00
Electric Panels - Replace Asset ID: 1034	1998	2033	2,000	35	0	9	3,103	2 @	1,000.00
Entry Access Telephone System - Re.. Asset ID: 1020	2021	2033	4,371	12	0	9	6,781	1 @	4,370.91
Gate Locks - Replace Asset ID: 1036	2022	2032	4,000	10	0	8	5,910	2 @	2,000.00
Gate Operators - Replace Asset ID: 1019	1998	2025	18,000	12	15	1	18,900	4 @	4,500.00
Irrigation Controllers - Replace Asset ID: 1015	2023	2038	1,050	15	0	14	2,079	3 @	350.00
Irrigation Controllers - stall & Repla.. Asset ID: 1031	2025	2025	4,000	15	0	1	4,200	2 @	2,000.00
Pet Station - Replace Asset ID: 1035	2020	2035	1,000	15	0	11	1,710	5 @	200.00
Fencing/Security									
Block Walls - Repair Asset ID: 1009	2023	2031	2,000	8	0	7	2,814	1 @	2,000.00
Metal Entry Gates - Replace Asset ID: 1022	1998	2033	16,000	35	0	9	24,821	4 @	4,000.00
Furnishings									
Park Furnishings - Replace Asset ID: 1003	2010	2026	750	15	1	2	827	1 @	750.00
Playstructures - Replace Asset ID: 1002	1998	2029	20,000	25	6	5	25,526	1 @	20,000.00
Grounds Components									
Concrete Components - Repair Asset ID: 1013	2024	2024	5,000	5	0	0	5,000	1 @	5,000.00
Drainage Channel - Clean & Inspect Asset ID: 1007	2019	2025	1,000	5	1	1	1,050	1 @	1,000.00
Exposed Aggregate - Repair Asset ID: 1018	1018	<i>Unfunded</i>							
Granite - Replenish Asset ID: 1005	2023	2024	7,500	1	0	0	7,500	1 @	7,500.00
Irrigation System (110th St) - Replace Asset ID: 1027	2025	2025	9,300	1	0	1	9,300	1 @	9,300.00
Irrigation System (Park) - Replace Asset ID: 1030	2025	2025	7,600	1	0	1	7,600	1 @	7,600.00
Irrigation System (Pedestrian Path) -.. Asset ID: 1029	1998	2027	2,500	30	-1	3	2,894	1 @	2,500.00

RANCHO VERDE HOMEOWNERS ASSOCIATION
Asset Summary Report

Description	Date In Service	Replacement Date	Current Cost	Useful Life	Adjustment	Remaining	Future Cost	Quantity	Unit Cost
Grounds Components continued...									
Irrigation System (Shea Blvd) - Repl.. Asset ID: 1026	2020	2050	7,500	30	0	26	26,668	1 @	7,500.00
Lighting									
Landscape Lighting - Refurbish Asset ID: 1023	2020	2040	5,000	20	0	16	10,914	1 @	5,000.00
Path Lighting - Replace Asset ID: 1024	1998	2031	7,500	28	5	7	10,553	15 @	500.00
Painting									
Block Walls - Paint & Minor Repair Asset ID: 1008	2022	2030	8,000	8	0	6	10,721	1 @	8,000.00
Metal Entry Gates & Pedestrian Gat.. Asset ID: 1021	2012	2024	1,500	5	7	0	1,500	1 @	1,500.00
Metal Fence - Paint Asset ID: 1010	2020	2027	3,489	7	0	3	4,039	1 @	3,489.08
Recreation									
Sand - Replenish Asset ID: 1001	2019	2029	1,540	10	0	5	1,965	20 @	77.00
Signs									
Monument Sign - Refurbish Asset ID: 1025	1998	2030	2,500	32	0	6	3,350	1 @	2,500.00
Signs - Replace Asset ID: 1012	2020	2028	1,000	8	0	4	1,216	1 @	1,000.00
Street Signs - Replace Asset ID: 1006	1998	2028	1,600	30	0	4	1,945	4 @	400.00
Streets/Asphalt									
Asphalt - Crack Repair Asset ID: 1028	2023	2026	2,700	3	0	2	2,977	1 @	2,700.00
Asphalt - Overlay Asset ID: 1016	1998	2048	155,514	40	10	24	501,547	88865 @	1.75
Asphalt - Surface Treatment Asset ID: 1017	2023	2030	30,000	7	0	6	40,203	1 @	30,000.00

**RANCHO VERDE HOMEOWNERS ASSOCIATION
Detail Report**

Backflow Preventers - Replace

		2 EA	@ \$1,100.00
Asset ID	1004	Asset Actual Cost	\$2,200.00
	Grounds	Percent Replacement	100%
Category	Equipment	Future Cost	\$2,674.11
Placed in Service	January 1998		
Useful Life	20		
Adjustment	10		
Replacement Year	2028		
Remaining Life	4		



Febco 1" 825 backflow preventers. Appear to be in good condition. Cages added 2020.

Electric Panels - Replace

		2 EA	@ \$1,000.00
Asset ID	1034	Asset Actual Cost	\$2,000.00
	Grounds	Percent Replacement	100%
Category	Equipment	Future Cost	\$3,102.66
Placed in Service	January 1998		
Useful Life	35		
Replacement Year	2033		
Remaining Life	9		



Working condition. Assume 100 amp wall mounted panels.

**RANCHO VERDE HOMEOWNERS ASSOCIATION
Detail Report**

Entry Access Telephone System - Replace

		1 EA	@ \$4,370.91
Asset ID	1020	Asset Actual Cost	\$4,370.91
	Grounds	Percent Replacement	100%
Category	Equipment	Future Cost	\$6,780.72
Placed in Service	June 2021		
Useful Life	12		
Replacement Year	2033		
Remaining Life	9		



Replaced in 2021 for \$4,000.

Gate Locks - Replace

		2 EA	@ \$2,000.00
Asset ID	1036	Asset Actual Cost	\$4,000.00
	Grounds	Percent Replacement	100%
Category	Equipment	Future Cost	\$5,909.82
Placed in Service	January 2022		
Useful Life	10		
Replacement Year	2032		
Remaining Life	8		

Keypad gate locks on pedestrian gates.

Gate Operators - Replace

		4 EA	@ \$4,500.00
Asset ID	1019	Asset Actual Cost	\$18,000.00
	Grounds	Percent Replacement	100%
Category	Equipment	Future Cost	\$18,900.00
Placed in Service	January 1998		
Useful Life	12		
Adjustment	15		
Replacement Year	2025		
Remaining Life	1		

**RANCHO VERDE HOMEOWNERS ASSOCIATION
Detail Report**

Gate Operators - Replace continued...



Operators have never been replaced per Assoc.

Irrigation Controllers - Replace		3 EA	@ \$350.00
Asset ID	1015	Asset Actual Cost	\$1,050.00
Category	Grounds Equipment	Percent Replacement	100%
Placed in Service	June 2023	Future Cost	\$2,078.93
Useful Life	15		
Replacement Year	2038		
Remaining Life	14		



(3) Hunter Pro-C 12-station controllers on walking tracts.

**RANCHO VERDE HOMEOWNERS ASSOCIATION
Detail Report**

Irrigation Controllers - stall & Replace

		2 EA	@ \$2,000.00
Asset ID	1031	Asset Actual Cost	\$4,000.00
	Grounds	Percent Replacement	100%
Category	Equipment	Future Cost	\$4,200.00
Placed in Service	June 2025		
Useful Life	15		
Replacement Year	2025		
Remaining Life	1		



Association indicates they have a desire to replace the controllers at the entry and on Shea Blvd with Weathermatic controllers

Pet Station - Replace

		5 EA	@ \$200.00
Asset ID	1035	Asset Actual Cost	\$1,000.00
	Recreation	Percent Replacement	100%
Category	Equipment	Future Cost	\$1,710.34
Placed in Service	January 2020		
Useful Life	15		
Replacement Year	2035		
Remaining Life	11		

**RANCHO VERDE HOMEOWNERS ASSOCIATION
Detail Report**

Pet Station - Replace continued...



There are 5 pet stations in the community. Budget provided by Assn.

RANCHO VERDE HOMEOWNERS ASSOCIATION
Detail Report

Block Walls - Repair

			1 LS @ \$2,000.00
Asset ID	1009	Asset Actual Cost	\$2,000.00
	Grounds	Percent Replacement	100%
Category	Fencing/Security	Future Cost	\$2,814.20
Placed in Service	January 2023		
Useful Life	8		
Replacement Year	2031		
Remaining Life	7		



Some wall cracking noted. Recommend repairs be made in conjunction with painting. This component provides a budget for repairs on a 8 year recurring cycle.

2023 - block walls total \$2,500.

Metal Entry Gates - Replace

			4 EA @ \$4,000.00
Asset ID	1022	Asset Actual Cost	\$16,000.00
	Grounds	Percent Replacement	100%
Category	Fencing/Security	Future Cost	\$24,821.25
Placed in Service	January 1998		
Useful Life	35		
Replacement Year	2033		
Remaining Life	9		

**RANCHO VERDE HOMEOWNERS ASSOCIATION
Detail Report**

Metal Entry Gates - Replace continued...



Good condition. 4 metal vehicle gates 10.5' x 5.5' and 2 metal 7' x 5.5' fence and pedestrian gates.

**RANCHO VERDE HOMEOWNERS ASSOCIATION
Detail Report**

Park Furnishings - Replace

			1 EA	@ \$750.00
Asset ID	1003	Asset Actual Cost		\$750.00
	Recreation	Percent Replacement		100%
Category	Furnishings	Future Cost		\$826.87
Placed in Service	January 2010			
Useful Life	15			
Adjustment	1			
Replacement Year	2026			
Remaining Life	2			



Fair condition. (1) 8' thermoplastic coated bench and (1) plastic/metal picnic table (operating budget).

Playstructures - Replace

			1 LS	@ \$20,000.00
Asset ID	1002	Asset Actual Cost		\$20,000.00
	Recreation	Percent Replacement		100%
Category	Furnishings	Future Cost		\$25,525.63
Placed in Service	January 1998			
Useful Life	25			
Adjustment	6			
Replacement Year	2029			
Remaining Life	5			

RANCHO VERDE HOMEOWNERS ASSOCIATION
Detail Report

Playstructures - Replace continued...



Good to fair condition. Playworld Systems equipment: slide tubular (plastic), monkey bars (metal), crawling tube (plastic), balance beam (metal), and climber (metal).

**RANCHO VERDE HOMEOWNERS ASSOCIATION
Detail Report**

Concrete Components - Repair

			1 LS	@ \$5,000.00
Asset ID	1013	Asset Actual Cost		\$5,000.00
	Grounds	Percent Replacement		100%
Category	Grounds Components	Future Cost		\$5,000.00
Placed in Service	April 2024			
Useful Life	5			
Replacement Year	2024			
Remaining Life	0			



Good condition. Noted repairs throughout community. This component provides a budget for concrete repair on a 5 year recurring cycle.

2024 - Precision Concrete repaired approx 60 locations total \$4,895.

Drainage Channel - Clean & Inspect

			1 LS	@ \$1,000.00
Asset ID	1007	Asset Actual Cost		\$1,000.00
	Grounds	Percent Replacement		100%
Category	Grounds Components	Future Cost		\$1,050.00
Placed in Service	January 2019			
Useful Life	5			
Adjustment	1			
Replacement Year	2025			
Remaining Life	1			

**RANCHO VERDE HOMEOWNERS ASSOCIATION
Detail Report**

Drainage Channel - Clean & Inspect continued...



Located on the perimeter of the community. According to the Association, they are responsible for that portion of the channel along the park area. This component provides a budget for cleaning the channels on a 5 year recurring cycle. The amount of work required depends on the amount of rainfall.

Exposed Aggregate - Repair

Asset ID	1018	Asset Actual Cost	
Category	Grounds	Percent Replacement	100%
Placed in Service	Grounds Components	Future Cost	
No Useful Life	January 1998		



Fair condition. Noted corner cracking. Concrete should last indefinitely.

**RANCHO VERDE HOMEOWNERS ASSOCIATION
Detail Report**

Granite - Replenish

			1 LS	@ \$7,500.00
Asset ID	1005	Asset Actual Cost		\$7,500.00
	Grounds	Percent Replacement		100%
Category	Grounds Components	Future Cost		\$7,500.00
Placed in Service	June 2023			
Useful Life	1			
Replacement Year	2024			
Remaining Life	0			



Good condition. Includes park area, entry/exit areas along 110 St, along common wall areas, walking tracts and along Shea Blvd (including rip rap). Arizona Panoramic Landscaping LLC provided estimates dated 4/11/2019 and 9/23/2019 totaling \$76,360. They verbally indicated that an additional 50 ton (\$5,000) will be required for the park area. Total estimated cost \$81,360. This component budgets \$7,500 per year for granite replenishment.

2024 - anticipate 110th street then 110th place, push out park (low priority).

2023 - granite stablization total \$7,800.

Irrigation System (110th St) - Replace

			1 LS	@ \$9,300.00
Asset ID	1027	Asset Actual Cost		\$9,300.00
	Grounds	Percent Replacement		100%
Category	Grounds Components	Future Cost		\$9,300.00
Placed in Service	January 2025			
Useful Life	1			
Replacement Year	2025			
Remaining Life	1			

Association replacing system with PVC which should last indefinitely. Budget is for a one-time replacement in 2025.

**RANCHO VERDE HOMEOWNERS ASSOCIATION
Detail Report**

Irrigation System (Park) - Replace			
Asset ID	1030	1 LS	@ \$7,600.00
	Grounds	Asset Actual Cost	\$7,600.00
Category	Grounds Components	Percent Replacement	100%
Placed in Service	January 2025	Future Cost	\$7,600.00
Useful Life	1		
Replacement Year	2025		
Remaining Life	1		

Association replacing system with PVC which should last indefinitely. Budget is for a one-time replacement in 2025.

Irrigation System (Pedestrian Path) - Replace			
Asset ID	1029	1 LS	@ \$2,500.00
	Grounds	Asset Actual Cost	\$2,500.00
Category	Grounds Components	Percent Replacement	100%
Placed in Service	January 1998	Future Cost	\$2,894.06
Useful Life	30		
Adjustment	-1		
Replacement Year	2027		
Remaining Life	3		

Budget for replacing pedestrian path system per Association.

Irrigation System (Shea Blvd) - Replace			
Asset ID	1026	1 LS	@ \$7,500.00
	Grounds	Asset Actual Cost	\$7,500.00
Category	Grounds Components	Percent Replacement	100%
Placed in Service	November 2020	Future Cost	\$26,667.54
Useful Life	30		
Replacement Year	2050		
Remaining Life	26		

Irrigation system along Shea Blvd replaced in 2020. Schedule 40 PVC.

**RANCHO VERDE HOMEOWNERS ASSOCIATION
Detail Report**

Landscape Lighting - Refurbish

Asset ID	1023	1 LS	@ \$5,000.00
Category	Grounds	Asset Actual Cost	\$5,000.00
Placed in Service	Lighting	Percent Replacement	100%
Useful Life	January 2020	Future Cost	\$10,914.37
Replacement Year	20		
Remaining Life	2040		
	16		



Working condition. Lighting system @ entry. Includes refurbishment of wiring, transformer, and fixtures.

Path Lighting - Replace

Asset ID	1024	15 EA	@ \$500.00
Category	Grounds	Asset Actual Cost	\$7,500.00
Placed in Service	Lighting	Percent Replacement	100%
Useful Life	January 1998	Future Cost	\$10,553.25
Adjustment	28		
Replacement Year	5		
Remaining Life	2031		
	7		

RANCHO VERDE HOMEOWNERS ASSOCIATION
Detail Report

Path Lighting - Replace continued...



Working condition. 3' high bollard lighting. Includes refurbishment of wiring, transformer, and fixtures.

RANCHO VERDE HOMEOWNERS ASSOCIATION
Detail Report

Block Walls - Paint & Minor Repair

		1 LS	@ \$8,000.00
Asset ID	1008	Asset Actual Cost	\$8,000.00
	Grounds	Percent Replacement	100%
Category	Painting	Future Cost	\$10,720.77
Placed in Service	September 2022		
Useful Life	8		
Replacement Year	2030		
Remaining Life	6		



Good condition. Includes 8' painted perimeter walls, interior common walls and painted stucco walls surrounding park area. Approx 4800 lf of block walls.

2024 - Davis Enhancements paint touch up community park walls total \$1,300.

2022 - Davis Enhancements painted all masonry boundary walls 1,100 LF North, 740 LF East, 860 LF West, and monument wall total 2,875 LF for \$15,750. Stucco/paint 3,315 LF total \$24,000.

2022 - Davis Enhancements paint/repair (2) wash walls NW that flow to Shea total \$750.

2021 - Davis Enhancement performed minor stucco repairs and painted breezeway wall East end approx 960 LF for \$6,900, raw block wall at greenbelt 110 LF total \$475 and railing SW wash total \$425 total for all \$7,800.

**RANCHO VERDE HOMEOWNERS ASSOCIATION
Detail Report**

Metal Entry Gates & Pedestrian Gates - Paint

Asset ID	1021	1 LS	@ \$1,500.00
	Grounds	Asset Actual Cost	\$1,500.00
Category	Painting	Percent Replacement	100%
Placed in Service	January 2012	Future Cost	\$1,500.00
Useful Life	5		
Adjustment	7		
Replacement Year	2024		
Remaining Life	0		



Poor condition. 4 metal vehicle gates 10.5' x 5.5' and 2 metal 7' x 5.5' fence and pedestrian gates. Recommend paint soon to preserve.

Metal Fence - Paint

Asset ID	1010	1 LS	@ \$3,489.08
	Recreation	Asset Actual Cost	\$3,489.08
Category	Painting	Percent Replacement	100%
Placed in Service	December 2020	Future Cost	\$4,039.05
Useful Life	7		
Replacement Year	2027		
Remaining Life	3		

RANCHO VERDE HOMEOWNERS ASSOCIATION
Detail Report

Metal Fence - Paint continued...



Good condition. Located at park area and on north perimeter. Painted in 2020 for \$3,100. Approximately 390 lf. Seven year workmanship warranty.

**RANCHO VERDE HOMEOWNERS ASSOCIATION
Detail Report**

Sand - Replenish

		20 Ton	@ \$77.00
Asset ID	1001	Asset Actual Cost	\$1,540.00
	Recreation	Percent Replacement	100%
Category	Recreation	Future Cost	\$1,965.47
Placed in Service	January 2019		
Useful Life	10		
Replacement Year	2029		
Remaining Life	5		



Good to fair condition. Approximately 1,875 sq. ft. of sand. Budget for 20 ton sand replenishment every 10 years.

**RANCHO VERDE HOMEOWNERS ASSOCIATION
Detail Report**

Monument Sign - Refurbish

			1 EA	@ \$2,500.00
Asset ID	1025	Asset Actual Cost		\$2,500.00
	Grounds	Percent Replacement		100%
Category	Signs	Future Cost		\$3,350.24
Placed in Service	January 1998			
Useful Life	32			
Replacement Year	2030			
Remaining Life	6			



Good condition. This asset includes lettering "Rancho Verde" and any upgrades.

Signs - Replace

			1 LS	@ \$1,000.00
Asset ID	1012	Asset Actual Cost		\$1,000.00
	Grounds	Percent Replacement		100%
Category	Signs	Future Cost		\$1,215.51
Placed in Service	January 2020			
Useful Life	8			
Replacement Year	2028			
Remaining Life	4			



Miscellaneous signs located throughout community.

**RANCHO VERDE HOMEOWNERS ASSOCIATION
Detail Report**

Street Signs - Replace

		4 EA	@ \$400.00
Asset ID	1006	Asset Actual Cost	\$1,600.00
	Grounds	Percent Replacement	100%
Category	Signs	Future Cost	\$1,944.81
Placed in Service	January 1998		
Useful Life	30		
Replacement Year	2028		
Remaining Life	4		



Fair condition. 2 blade 2 name street signs. Noted some fading.

RANCHO VERDE HOMEOWNERS ASSOCIATION
Detail Report

Asphalt - Crack Repair

		1 LS	@ \$2,700.00
Asset ID	1028	Asset Actual Cost	\$2,700.00
	Streets/Parking	Percent Replacement	100%
Category	Streets/Asphalt	Future Cost	\$2,976.75
Placed in Service	April 2023		
Useful Life	3		
Replacement Year	2026		
Remaining Life	2		



This component is for crack sealing in between applications of HA5. Approx 88,865 sf of total asphalt.

2023 - Holbrook applied Nuvo Gap patching to approx 130 sf and Elastomeric crack seal to 6,875 lf. Patching should not have to be repeated.

Asphalt - Overlay

		88,865 SF	@ \$1.75
Asset ID	1016	Asset Actual Cost	\$155,513.75
	Streets/Parking	Percent Replacement	100%
Category	Streets/Asphalt	Future Cost	\$501,547.38
Placed in Service	January 1998		
Useful Life	40		
Adjustment	10		
Replacement Year	2048		
Remaining Life	24		

**RANCHO VERDE HOMEOWNERS ASSOCIATION
Detail Report**

Asphalt - Overlay continued...



Good condition. Pavement may last indefinitely if maintained on a regular basis. Future updates to this study should continue to evaluate the condition of the pavement and make appropriate adjustments. Approximately 24' wide.

An option to an overlay is to remove and replace (R&R) the existing asphalt. The budget for remove and replace would be approximately \$3.50/SF.

Asphalt - Surface Treatment

Asset ID	1017	1 LS	@ \$30,000.00
Category	Streets/Parking	Asset Actual Cost	\$30,000.00
Placed in Service	April 2023	Percent Replacement	100%
Useful Life	7	Future Cost	\$40,202.87
Replacement Year	2030		
Remaining Life	6		



Good condition.

2023 - Holbrook applied "HA5" to approx 88,865 sf @ \$0.29/sf with a 5 year warranty for total \$27,770.85

RANCHO VERDE HOMEOWNERS ASSOCIATION
Detail Index

Asset ID	Description	Replacement	Page
Equipment			
1004	Backflow Preventers - Replace	2028	1-7
1034	Electric Panels - Replace	2033	1-7
1020	Entry Access Telephone System - Replace	2033	1-8
1036	Gate Locks - Replace	2032	1-8
1019	Gate Operators - Replace	2025	1-8
1015	Irrigation Controllers - Replace	2038	1-9
1031	Irrigation Controllers - stall & Replace	2025	1-10
1035	Pet Station - Replace	2035	1-10
Fencing/Security			
1009	Block Walls - Repair	2031	1-12
1022	Metal Entry Gates - Replace	2033	1-12
Furnishings			
1003	Park Furnishings - Replace	2026	1-14
1002	Playstructures - Replace	2029	1-14
Grounds Components			
1013	Concrete Components - Repair	2024	1-16
1007	Drainage Channel - Clean & Inspect	2025	1-16
1018	Exposed Aggregate - Repair	2024	1-17
1005	Granite - Replenish	2024	1-18
1027	Irrigation System (110th St) - Replace	2025	1-18
1030	Irrigation System (Park) - Replace	2025	1-19
1029	Irrigation System (Pedestrian Path) - Replace	2027	1-19
1026	Irrigation System (Shea Blvd) - Replace	2050	1-19
Lighting			
1023	Landscape Lighting - Refurbish	2040	1-20
1024	Path Lighting - Replace	2031	1-20
Painting			
1008	Block Walls - Paint & Minor Repair	2030	1-22
1021	Metal Entry Gates & Pedestrian Gates - Paint	2024	1-23
1010	Metal Fence - Paint	2027	1-23
Recreation			
1001	Sand - Replenish	2029	1-25

RANCHO VERDE HOMEOWNERS ASSOCIATION
Detail Index

Asset ID	Description	Replacement	Page
Signs			
1025	Monument Sign - Refurbish	2030	1-26
1012	Signs - Replace	2028	1-26
1006	Street Signs - Replace	2028	1-27
Streets/Asphalt			
1028	Asphalt - Crack Repair	2026	1-28
1016	Asphalt - Overlay	2048	1-28
1017	Asphalt - Surface Treatment	2030	1-29
	Total Funded Assets	31	
	Total Unfunded Assets	<u>1</u>	
	Total Assets	32	

RANCHO VERDE HOMEOWNERS ASSOCIATION
Annual Expenditure Detail

Description	Expenditures
Replacement Year 2024	
Grounds Components	
1013 Concrete Components - Repair	5,000
1005 Granite - Replenish	7,500
Painting	
1021 Metal Entry Gates & Pedestrian Gates - Paint	1,500
Total for 2024	\$14,000
Replacement Year 2025	
Equipment	
1019 Gate Operators - Replace	18,900
1031 Irrigation Controllers - stall & Replace	4,200
Grounds Components	
1007 Drainage Channel - Clean & Inspect	1,050
1005 Granite - Replenish	7,875
1027 Irrigation System (110th St) - Replace	9,300
1030 Irrigation System (Park) - Replace	7,600
Total for 2025	\$48,925
Replacement Year 2026	
Furnishings	
1003 Park Furnishings - Replace	827
Grounds Components	
1005 Granite - Replenish	8,269
Streets/Asphalt	
1028 Asphalt - Crack Repair	2,977
Total for 2026	\$12,072
Replacement Year 2027	
Grounds Components	
1005 Granite - Replenish	8,682
1029 Irrigation System (Pedestrian Path) - Replace	2,894
Painting	
1010 Metal Fence - Paint	4,039
Total for 2027	\$15,615

RANCHO VERDE HOMEOWNERS ASSOCIATION
Annual Expenditure Detail

Description	Expenditures
Replacement Year 2028	
Equipment	
1004 Backflow Preventers - Replace	2,674
Grounds Components	
1005 Granite - Replenish	9,116
Signs	
1012 Signs - Replace	1,216
1006 Street Signs - Replace	1,945
Total for 2028	<u>\$14,951</u>
 Replacement Year 2029	
Furnishings	
1002 Playstructures - Replace	25,526
Grounds Components	
1013 Concrete Components - Repair	6,381
1005 Granite - Replenish	9,572
Painting	
1021 Metal Entry Gates & Pedestrian Gates - Paint	1,914
Recreation	
1001 Sand - Replenish	1,965
Streets/Asphalt	
1028 Asphalt - Crack Repair	3,446
Total for 2029	<u>\$48,805</u>
 Replacement Year 2030	
Grounds Components	
1007 Drainage Channel - Clean & Inspect	1,340
1005 Granite - Replenish	10,051
Painting	
1008 Block Walls - Paint & Minor Repair	10,721
Signs	
1025 Monument Sign - Refurbish	3,350
Streets/Asphalt	
1017 Asphalt - Surface Treatment	40,203
Total for 2030	<u>\$65,665</u>

RANCHO VERDE HOMEOWNERS ASSOCIATION
Annual Expenditure Detail

Description	Expenditures
Replacement Year 2031	
Fencing/Security	
1009 Block Walls - Repair	2,814
Grounds Components	
1005 Granite - Replenish	10,553
Lighting	
1024 Path Lighting - Replace	10,553
Total for 2031	<u>\$23,921</u>
 Replacement Year 2032	
Equipment	
1036 Gate Locks - Replace	5,910
Grounds Components	
1005 Granite - Replenish	11,081
Streets/Asphalt	
1028 Asphalt - Crack Repair	3,989
Total for 2032	<u>\$20,980</u>
 Replacement Year 2033	
Equipment	
1034 Electric Panels - Replace	3,103
1020 Entry Access Telephone System - Replace	6,781
Fencing/Security	
1022 Metal Entry Gates - Replace	24,821
Grounds Components	
1005 Granite - Replenish	11,635
Total for 2033	<u>\$46,340</u>
 Replacement Year 2034	
Grounds Components	
1013 Concrete Components - Repair	8,144
1005 Granite - Replenish	12,217
Painting	
1021 Metal Entry Gates & Pedestrian Gates - Paint	2,443

RANCHO VERDE HOMEOWNERS ASSOCIATION
Annual Expenditure Detail

Description	Expenditures
<i>Replacement Year 2034 continued...</i>	
1010 Metal Fence - Paint	5,683
Total for 2034	<u>\$28,488</u>
 Replacement Year 2035	
Equipment	
1035 Pet Station - Replace	1,710
Grounds Components	
1007 Drainage Channel - Clean & Inspect	1,710
1005 Granite - Replenish	12,828
Streets/Asphalt	
1028 Asphalt - Crack Repair	4,618
Total for 2035	<u>\$20,866</u>
 Replacement Year 2036	
Grounds Components	
1005 Granite - Replenish	13,469
Signs	
1012 Signs - Replace	1,796
Total for 2036	<u>\$15,265</u>
 Replacement Year 2037	
Equipment	
1019 Gate Operators - Replace	33,942
Grounds Components	
1005 Granite - Replenish	14,142
Streets/Asphalt	
1017 Asphalt - Surface Treatment	56,569
Total for 2037	<u>\$104,654</u>
 Replacement Year 2038	
Equipment	
1015 Irrigation Controllers - Replace	2,079
Grounds Components	
1005 Granite - Replenish	14,849

RANCHO VERDE HOMEOWNERS ASSOCIATION
Annual Expenditure Detail

Description	Expenditures
<i>Replacement Year 2038 continued...</i>	
Painting	
1008 Block Walls - Paint & Minor Repair	15,839
Streets/Asphalt	
1028 Asphalt - Crack Repair	5,346
Total for 2038	<u>\$38,114</u>
 Replacement Year 2039	
Fencing/Security	
1009 Block Walls - Repair	4,158
Grounds Components	
1013 Concrete Components - Repair	10,395
1005 Granite - Replenish	15,592
Painting	
1021 Metal Entry Gates & Pedestrian Gates - Paint	3,118
Recreation	
1001 Sand - Replenish	3,202
Total for 2039	<u>\$36,464</u>
 Replacement Year 2040	
Equipment	
1031 Irrigation Controllers - stall & Replace	8,731
Grounds Components	
1007 Drainage Channel - Clean & Inspect	2,183
1005 Granite - Replenish	16,372
Lighting	
1023 Landscape Lighting - Refurbish	10,914
Total for 2040	<u>\$38,200</u>
 Replacement Year 2041	
Furnishings	
1003 Park Furnishings - Replace	1,719
Grounds Components	
1005 Granite - Replenish	17,190

RANCHO VERDE HOMEOWNERS ASSOCIATION
Annual Expenditure Detail

Description	Expenditures
<i>Replacement Year 2041 continued...</i>	
Painting	
1010 Metal Fence - Paint	7,997
Streets/Asphalt	
1028 Asphalt - Crack Repair	6,188
Total for 2041	<u>\$33,095</u>
 Replacement Year 2042	
Equipment	
1036 Gate Locks - Replace	9,626
Grounds Components	
1005 Granite - Replenish	18,050
Total for 2042	<u>\$27,676</u>
 Replacement Year 2043	
Grounds Components	
1005 Granite - Replenish	18,952
Total for 2043	<u>\$18,952</u>
 Replacement Year 2044	
Grounds Components	
1013 Concrete Components - Repair	13,266
1005 Granite - Replenish	19,900
Painting	
1021 Metal Entry Gates & Pedestrian Gates - Paint	3,980
Signs	
1012 Signs - Replace	2,653
Streets/Asphalt	
1028 Asphalt - Crack Repair	7,164
1017 Asphalt - Surface Treatment	79,599
Total for 2044	<u>\$126,562</u>
 Replacement Year 2045	
Equipment	
1020 Entry Access Telephone System - Replace	12,177

RANCHO VERDE HOMEOWNERS ASSOCIATION
Annual Expenditure Detail

Description	Expenditures
<i>Replacement Year 2045 continued...</i>	
Grounds Components	
1007 Drainage Channel - Clean & Inspect	2,786
1005 Granite - Replenish	20,895
Total for 2045	<u>\$35,858</u>
 Replacement Year 2046	
Grounds Components	
1005 Granite - Replenish	21,939
Painting	
1008 Block Walls - Paint & Minor Repair	23,402
Total for 2046	<u>\$45,342</u>
 Replacement Year 2047	
Fencing/Security	
1009 Block Walls - Repair	6,143
Grounds Components	
1005 Granite - Replenish	23,036
Streets/Asphalt	
1028 Asphalt - Crack Repair	8,293
Total for 2047	<u>\$37,473</u>
 Replacement Year 2048	
Equipment	
1004 Backflow Preventers - Replace	7,095
Grounds Components	
1005 Granite - Replenish	24,188
Painting	
1010 Metal Fence - Paint	11,253
Streets/Asphalt	
1016 Asphalt - Overlay	501,547
Total for 2048	<u>\$544,083</u>
 Replacement Year 2049	
Equipment	
1019 Gate Operators - Replace	60,954

RANCHO VERDE HOMEOWNERS ASSOCIATION
Annual Expenditure Detail

Description	Expenditures
<i>Replacement Year 2049 continued...</i>	
Grounds Components	
1013 Concrete Components - Repair	16,932
1005 Granite - Replenish	25,398
Painting	
1021 Metal Entry Gates & Pedestrian Gates - Paint	5,080
Recreation	
1001 Sand - Replenish	5,215
Total for 2049	<u>\$113,578</u>
 Replacement Year 2050	
Equipment	
1035 Pet Station - Replace	3,556
Grounds Components	
1007 Drainage Channel - Clean & Inspect	3,556
1005 Granite - Replenish	26,668
1026 Irrigation System (Shea Blvd) - Replace	26,668
Streets/Asphalt	
1028 Asphalt - Crack Repair	9,600
Total for 2050	<u>\$70,047</u>
 Replacement Year 2051	
Grounds Components	
1005 Granite - Replenish	28,001
Streets/Asphalt	
1017 Asphalt - Surface Treatment	112,004
Total for 2051	<u>\$140,005</u>
 Replacement Year 2052	
Equipment	
1036 Gate Locks - Replace	15,681
Grounds Components	
1005 Granite - Replenish	29,401
Signs	
1012 Signs - Replace	3,920
Total for 2052	<u>\$49,002</u>

RANCHO VERDE HOMEOWNERS ASSOCIATION
Annual Expenditure Detail

Description	Expenditures
Replacement Year 2053	
Equipment	
1015 Irrigation Controllers - Replace	4,322
Grounds Components	
1005 Granite - Replenish	30,871
Streets/Asphalt	
1028 Asphalt - Crack Repair	<u>11,114</u>
Total for 2053	\$46,307

RANCHO VERDE HOMEOWNERS ASSOCIATION
Spread Sheet

ID Description	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Equipment										
1004 Backflow Preventers - Replace					2,674					
1034 Electric Panels - Replace										3,103
1020 Entry Access Telephone System - Replace										6,781
1036 Gate Locks - Replace									5,910	
1019 Gate Operators - Replace		18,900								
1015 Irrigation Controllers - Replace										
1031 Irrigation Controllers - stall & Replace		4,200								
1035 Pet Station - Replace										
Equipment Total:		23,100			2,674				5,910	9,883
Fencing/Security										
1009 Block Walls - Repair								2,814		
1022 Metal Entry Gates - Replace										24,821
Fencing/Security Total:								2,814		24,821
Furnishings										
1003 Park Furnishings - Replace			827							
1002 Playstructures - Replace						25,526				
Furnishings Total:			827			25,526				
Grounds Components										
1013 Concrete Components - Repair	5,000					6,381				
1007 Drainage Channel - Clean & Inspect		1,050					1,340			
1018 Exposed Aggregate - Repair	<i>Unfunded</i>									
1005 Granite - Replenish	7,500	7,875	8,269	8,682	9,116	9,572	10,051	10,553	11,081	11,635
1027 Irrigation System (110th St) - Replace		9,300								
1030 Irrigation System (Park) - Replace		7,600								
1029 Irrigation System (Pedestrian Path) - Replace				2,894						
1026 Irrigation System (Shea Blvd) - Replace										
Grounds Components Total:	12,500	25,825	8,269	11,576	9,116	15,954	11,391	10,553	11,081	11,635
Lighting										
1023 Landscape Lighting - Refurbish										
1024 Path Lighting - Replace								10,553		
Lighting Total:								10,553		

RANCHO VERDE HOMEOWNERS ASSOCIATION
Spread Sheet

ID Description	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Painting										
1008 Block Walls - Paint & Minor Repair							10,721			
1021 Metal Entry Gates & Pedestrian Gates - Paint	1,500					1,914				
1010 Metal Fence - Paint				4,039						
Painting Total:	1,500			4,039		1,914	10,721			
Recreation										
1001 Sand - Replenish						1,965				
Recreation Total:						1,965				
Signs										
1025 Monument Sign - Refurbish							3,350			
1012 Signs - Replace					1,216					
1006 Street Signs - Replace					1,945					
Signs Total:					3,160		3,350			
Streets/Asphalt										
1028 Asphalt - Crack Repair			2,977			3,446			3,989	
1016 Asphalt - Overlay										
1017 Asphalt - Surface Treatment							40,203			
Streets/Asphalt Total:			2,977			3,446	40,203		3,989	
Year Total:	14,000	48,925	12,072	15,615	14,951	48,805	65,665	23,921	20,980	46,340

RANCHO VERDE HOMEOWNERS ASSOCIATION
Spread Sheet

ID Description	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
Equipment										
1004 Backflow Preventers - Replace										
1034 Electric Panels - Replace										
1020 Entry Access Telephone System - Replace										
1036 Gate Locks - Replace									9,626	
1019 Gate Operators - Replace				33,942						
1015 Irrigation Controllers - Replace					2,079					
1031 Irrigation Controllers - stall & Replace							8,731			
1035 Pet Station - Replace		1,710								
Equipment Total:		1,710		33,942	2,079		8,731		9,626	
Fencing/Security										
1009 Block Walls - Repair						4,158				
1022 Metal Entry Gates - Replace										
Fencing/Security Total:						4,158				
Furnishings										
1003 Park Furnishings - Replace								1,719		
1002 Playstructures - Replace										
Furnishings Total:								1,719		
Grounds Components										
1013 Concrete Components - Repair	8,144					10,395				
1007 Drainage Channel - Clean & Inspect		1,710					2,183			
1018 Exposed Aggregate - Repair	<i>Unfunded</i>									
1005 Granite - Replenish	12,217	12,828	13,469	14,142	14,849	15,592	16,372	17,190	18,050	18,952
1027 Irrigation System (110th St) - Replace										
1030 Irrigation System (Park) - Replace										
1029 Irrigation System (Pedestrian Path) - Replace										
1026 Irrigation System (Shea Blvd) - Replace										
Grounds Components Total:	20,361	14,538	13,469	14,142	14,849	25,987	18,554	17,190	18,050	18,952
Lighting										
1023 Landscape Lighting - Refurbish							10,914			
1024 Path Lighting - Replace										
Lighting Total:							10,914			

RANCHO VERDE HOMEOWNERS ASSOCIATION
Spread Sheet

ID Description	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
Painting										
1008 Block Walls - Paint & Minor Repair					15,839					
1021 Metal Entry Gates & Pedestrian Gates - Paint	2,443					3,118				
1010 Metal Fence - Paint	5,683							7,997		
Painting Total:	8,127				15,839	3,118		7,997		
Recreation										
1001 Sand - Replenish						3,202				
Recreation Total:						3,202				
Signs										
1025 Monument Sign - Refurbish										
1012 Signs - Replace			1,796							
1006 Street Signs - Replace										
Signs Total:			1,796							
Streets/Asphalt										
1028 Asphalt - Crack Repair		4,618			5,346			6,188		
1016 Asphalt - Overlay										
1017 Asphalt - Surface Treatment				56,569						
Streets/Asphalt Total:		4,618		56,569	5,346			6,188		
Year Total:	28,488	20,866	15,265	104,654	38,114	36,464	38,200	33,095	27,676	18,952

RANCHO VERDE HOMEOWNERS ASSOCIATION
Spread Sheet

ID Description	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053
Equipment										
1004 Backflow Preventers - Replace					7,095					
1034 Electric Panels - Replace										
1020 Entry Access Telephone System - Replace		12,177								
1036 Gate Locks - Replace									15,681	
1019 Gate Operators - Replace						60,954				
1015 Irrigation Controllers - Replace										4,322
1031 Irrigation Controllers - stall & Replace										
1035 Pet Station - Replace							3,556			
Equipment Total:		12,177			7,095	60,954	3,556		15,681	4,322
Fencing/Security										
1009 Block Walls - Repair				6,143						
1022 Metal Entry Gates - Replace										
Fencing/Security Total:				6,143						
Furnishings										
1003 Park Furnishings - Replace										
1002 Playstructures - Replace										
Furnishings Total:										
Grounds Components										
1013 Concrete Components - Repair	13,266					16,932				
1007 Drainage Channel - Clean & Inspect		2,786					3,556			
1018 Exposed Aggregate - Repair	<i>Unfunded</i>									
1005 Granite - Replenish	19,900	20,895	21,939	23,036	24,188	25,398	26,668	28,001	29,401	30,871
1027 Irrigation System (110th St) - Replace										
1030 Irrigation System (Park) - Replace										
1029 Irrigation System (Pedestrian Path) - Replace										
1026 Irrigation System (Shea Blvd) - Replace							26,668			
Grounds Components Total:	33,166	23,681	21,939	23,036	24,188	42,329	56,891	28,001	29,401	30,871
Lighting										
1023 Landscape Lighting - Refurbish										
1024 Path Lighting - Replace										
Lighting Total:										

**RANCHO VERDE HOMEOWNERS ASSOCIATION
Spread Sheet**

ID Description	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053
Painting										
1008 Block Walls - Paint & Minor Repair			23,402							
1021 Metal Entry Gates & Pedestrian Gates - Paint	3,980					5,080				
1010 Metal Fence - Paint					11,253					
Painting Total:	3,980		23,402		11,253	5,080				
Recreation										
1001 Sand - Replenish						5,215				
Recreation Total:						5,215				
Signs										
1025 Monument Sign - Refurbish										
1012 Signs - Replace	2,653								3,920	
1006 Street Signs - Replace										
Signs Total:	2,653								3,920	
Streets/Asphalt										
1028 Asphalt - Crack Repair	7,164			8,293			9,600			11,114
1016 Asphalt - Overlay					501,547					
1017 Asphalt - Surface Treatment	79,599							112,004		
Streets/Asphalt Total:	86,763			8,293	501,547		9,600	112,004		11,114
Year Total:	126,562	35,858	45,342	37,473	544,083	113,578	70,047	140,005	49,002	46,307

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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.

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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

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association 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.

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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.

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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.

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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.

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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

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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.

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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 31st, 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

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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.

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

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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 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).

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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.