

RESERVE ANALYSIS STUDY

SPRINGS AT STONE OAK HOMEOWNERS ASSN.
San Antonio, Texas
Account 273 - Version 273
December 8, 2020

Report Prepared By

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SPRINGS AT STONE OAK HOMEOWNERS ASSN.
San Antonio, Texas
Reserve Analysis Report Summary

Report Date	December 8, 2020	Parameters:	
Version	273	Inflation	2.00%
Account Number	273	Annual Contribution Increase	0.00%
Budget Year Beginning	1/ 1/21	Investment Yield	1.00%
Ending	12/31/21	Taxes on Yield	15.00%
		Contingency	0.00%
Total Units Included	86	Reserve Fund Balance as of	
Phase Development	1 of 1	1/ 1/21:	\$102,000.00

Phase Increment Detail/Age

The Springs at Stone Oak Homeowners Association was organized in 2000. The Association is responsible for the repair and replacement of common areas and improvements of the Association. The common areas and improvements include the streets, entrance gates and operators, walls, streets lights, entrance areas, recreation area, etc.

RDA Summary of Calculations

Monthly Contribution to Reserves Required:	\$1,094.50
(\$12.73 per unit per month)	
Average Net Monthly Interest Contribution This Year:	71.34
	<hr/>
Net Monthly Allocation to Reserves 1/ 1/21 to 12/31/21:	\$1,165.84
(\$13.56 per unit per month)	

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SPRINGS AT STONE OAK HOMEOWNERS ASSN.
Reserve Analysis Summary by Category

REPORT DATE: December 8, 2020
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DESCRIPTION	USE/REM LIFE	CURRENT COST	IDEAL RESERVES	ASSIGNED RESERVES	ANNUAL CONTRIBUTN
Concrete Driveways/Walkways	55/32	0	0	0	0
Streets - Asphalt Overlay	20/ 6	108,208	81,798	81,798	5,815
Streets - Asphalt Repairs	20/16	20,105	7,928	0	1,611
*** CATEGORY SUMMARY:		128,313	89,726	81,798	7,426
Fencing - Rock Walls	5/ 4	3,272	416	416	765
Fencing - Split Rail	25/18	8,746	2,232	0	642
Fencing - Wrought Iron, Gates	18/ 0	3,877	3,877	3,877	285
*** CATEGORY SUMMARY:		15,895	6,525	4,293	1,692
Lighting - Pole Replacement	22/ 0	775	775	775	50
*** CATEGORY SUMMARY:		775	775	775	50
Gazebo - Deluxe	25/12	8,793	5,742	4,770	465
Park Equipmt - BBQ, Charcoal Pedestal	12/ 0	693	693	693	70
Park Equipmt - Benches, 6'	16/ 3	796	703	703	41
Park Equipmt - Picnic Table, 6'	16/ 3	1,088	960	960	56
Playgrd Equipmt - Play Platform	20/17	17,919	2,364	0	1,372
*** CATEGORY SUMMARY:		29,289	10,462	7,126	2,003
Security - Entrance, Keypad	15/ 8	4,610	2,110	2,110	380
Security - Gate Operator, Sliding	12/ 9	3,300	679	679	343
Security - Gate Operator, Sliding	12/11	4,400	338	338	442
*** CATEGORY SUMMARY:		12,310	3,128	3,128	1,166
Pipe Railing - Steel	25/ 2	2,020	1,856	1,856	106
*** CATEGORY SUMMARY:		2,020	1,856	1,856	106
Entrance Monument	40/38	5,000	159	0	237
Front Entrance Marquee	20/18	1,000	65	0	73
Irrigation - Distribution System	40/17	0	0	0	0
Irrigation Controllers	12/ 6	700	345	345	69
Irrigation Controllers (Electrical)	12/ 9	1,600	357	357	163
Signs - Traffic	15/ 7	0	0	0	0
Street Sign - Pole Replacement	22/ 0	2,322	2,322	2,322	148
*** CATEGORY SUMMARY:		10,622	3,248	3,024	691

SPRINGS AT STONE OAK HOMEOWNERS ASSN.
Reserve Analysis Summary by Category

DESCRIPTION	USE/REM LIFE	CURRENT COST	IDEAL RESERVES	ASSIGNED RESERVES	ANNUAL CONTRIBUTN
TOTAL ASSET SUMMARY:		199,225	115,719	102,000	13,134
CONTINGENCY @ 0.00%:			0	0	0
GRAND TOTAL:			115,719	102,000	13,134

Percent Ideally Funded: 88.14%

SPRINGS AT STONE OAK HOMEOWNERS ASSN.
RDA Standard Projections

REPORT DATE: December 8, 2020
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Beginning Accumulated Reserves: \$102,000

YEAR	CURRENT REPLACEMENT COST	ANNUAL CONTRBTN	ANNUAL INTEREST CONTRBTN	ANNUAL EXPENDTRS	PROJECTED ENDING RESERVES	IDEAL ENDING RESERVES	PERCENT IDEALLY FUNDED
'21	199,225	13,134	856	7,667	108,323	119,727	90%
'22	203,209	13,163	976	0	122,462	131,826	93%
'23	207,274	13,230	1,079	2,102	134,669	142,215	95%
'24	211,419	13,357	1,184	1,999	147,211	153,162	96%
'25	215,647	13,387	1,278	3,542	158,335	162,892	97%
'26	219,960	13,476	1,404	0	173,215	176,635	98%
'27	224,360	15,548	492	122,648	66,608	66,919	100%
'28	228,847	15,574	629	0	82,811	80,347	103%
'29	233,424	14,138	716	5,401	92,264	88,770	104%
'30	238,092	15,033	763	9,766	98,293	93,130	106%
'31	242,854	14,533	895	0	113,722	107,789	106%
'32	247,711	14,730	981	5,471	123,962	117,414	106%
'33	252,665	15,005	1,014	12,031	127,950	120,928	106%
'34	257,719	14,616	1,149	0	143,715	137,052	105%
'35	262,873	15,059	1,248	4,317	155,705	149,369	104%
'36	268,130	14,587	1,386	0	171,677	166,615	103%
'37	273,493	15,738	1,291	27,600	161,106	156,682	103%
'38	278,963	16,629	1,226	25,091	153,870	149,379	103%
'39	284,542	17,350	1,206	20,457	151,969	146,940	103%
'40	290,233	18,121	1,304	7,511	163,882	157,965	104%
'41	296,038	17,723	1,468	0	183,072	177,188	103%
'42	301,958	17,957	1,569	7,427	195,171	189,541	103%
'43	307,998	17,943	1,695	4,788	210,021	205,160	102%
'44	314,158	18,705	1,744	14,208	216,262	211,818	102%
'45	320,441	19,195	1,866	6,378	230,946	226,936	102%
'46	326,850	17,724	2,040	0	250,709	249,210	101%
'47	333,386	22,716	683	181,077	93,031	87,586	106%
'48	340,054	21,954	850	3,448	112,387	104,272	108%
'49	346,855	21,580	1,043	0	135,010	125,178	108%
'50	353,792	22,437	1,190	5,811	152,827	140,951	108%

NOTE: In some cases, the projected ending reserves may exceed the ideal ending reserves during years following high expenditures. This is a result of the provision for a contingency in the report, which in the projections, is never expended. The contingency is continually adjusted according to present needs and any excess is redistributed among all assets considered.

SPRINGS AT STONE OAK HOMEOWNERS ASSN.
Annual Expenditure Detail

REPORT DATE: December 8, 2020
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DESCRIPTION	EXPENDITURES
REPLACEMENT YEAR 2021	
Fencing - Wrought Iron, Gates	3,877.00
Lighting - Pole Replacement	775.00
Park Eqpmt - BBQ, Charcoal Pedestal	693.00
Street Sign - Pole Replacement	2,322.00
*** ANNUAL TOTAL:	<hr/> 7,667.00
REPLACEMENT YEAR 2022	
*** ANNUAL TOTAL:	0.00
REPLACEMENT YEAR 2023	
Pipe Railing - Steel	2,101.81
*** ANNUAL TOTAL:	<hr/> 2,101.81
REPLACEMENT YEAR 2024	
Park Eqpmt - Benches, 6'	844.72
Park Eqpmt - Picnic Table, 6'	1,154.60
*** ANNUAL TOTAL:	<hr/> 1,999.32
REPLACEMENT YEAR 2025	
Fencing - Rock Walls	3,541.83
*** ANNUAL TOTAL:	<hr/> 3,541.83
REPLACEMENT YEAR 2026	
*** ANNUAL TOTAL:	0.00
REPLACEMENT YEAR 2027	
Irrigation Controllers	788.32
Streets - Asphalt Overlay	121,859.67
*** ANNUAL TOTAL:	<hr/> 122,647.99

SPRINGS AT STONE OAK HOMEOWNERS ASSN.
Annual Expenditure Detail

DESCRIPTION	EXPENDITURES
REPLACEMENT YEAR 2028	
*** ANNUAL TOTAL:	0.00
REPLACEMENT YEAR 2029	
Security - Entrance, Keypad	5,401.34
*** ANNUAL TOTAL:	<hr/> 5,401.34
REPLACEMENT YEAR 2030	
Fencing - Rock Walls	3,910.47
Irrigation Controllers (Electrical)	1,912.15
Security - Gate Operator, Sliding	3,943.81
*** ANNUAL TOTAL:	<hr/> 9,766.43
REPLACEMENT YEAR 2031	
*** ANNUAL TOTAL:	0.00
REPLACEMENT YEAR 2032	
Security - Gate Operator, Sliding	5,470.85
*** ANNUAL TOTAL:	<hr/> 5,470.85
REPLACEMENT YEAR 2033	
Gazebo - Deluxe	11,151.65
Park Eqpmt - BBQ, Charcoal Pedestal	878.89
*** ANNUAL TOTAL:	<hr/> 12,030.54
REPLACEMENT YEAR 2034	
*** ANNUAL TOTAL:	0.00
REPLACEMENT YEAR 2035	
Fencing - Rock Walls	4,317.48
*** ANNUAL TOTAL:	<hr/> 4,317.48
REPLACEMENT YEAR 2036	
*** ANNUAL TOTAL:	0.00

SPRINGS AT STONE OAK HOMEOWNERS ASSN.
Annual Expenditure Detail

DESCRIPTION	EXPENDITURES
REPLACEMENT YEAR 2037	
Streets - Asphalt Repairs	27,600.28
*** ANNUAL TOTAL:	<hr/> 27,600.28
REPLACEMENT YEAR 2038	
Playgrd Equipmt - Play Platform	25,090.92
*** ANNUAL TOTAL:	<hr/> 25,090.92
REPLACEMENT YEAR 2039	
Fencing - Split Rail	12,491.97
Fencing - Wrought Iron, Gates	5,537.31
Front Entrance Marquee	1,428.23
Irrigation Controllers	999.78
*** ANNUAL TOTAL:	<hr/> 20,457.29
REPLACEMENT YEAR 2040	
Fencing - Rock Walls	4,766.86
Park Equipmt - Benches, 6'	1,159.62
Park Equipmt - Picnic Table, 6'	1,585.04
*** ANNUAL TOTAL:	<hr/> 7,511.52
REPLACEMENT YEAR 2041	
*** ANNUAL TOTAL:	0.00
REPLACEMENT YEAR 2042	
Irrigation Controllers (Electrical)	2,425.07
Security - Gate Operator, Sliding	5,001.70
*** ANNUAL TOTAL:	<hr/> 7,426.77
REPLACEMENT YEAR 2043	
Lighting - Pole Replacement	1,198.12
Street Sign - Pole Replacement	3,589.78
*** ANNUAL TOTAL:	<hr/> 4,787.90
REPLACEMENT YEAR 2044	
Security - Entrance, Keypad	7,269.49

SPRINGS AT STONE OAK HOMEOWNERS ASSN.
Annual Expenditure Detail

DESCRIPTION	EXPENDITURES
Security - Gate Operator, Sliding	6,938.38
*** ANNUAL TOTAL:	<hr/> 14,207.87
REPLACEMENT YEAR 2045	
Fencing - Rock Walls	5,263.00
Park Eqpmt - BBQ, Charcoal Pedestal	1,114.67
*** ANNUAL TOTAL:	<hr/> 6,377.67
REPLACEMENT YEAR 2046	
*** ANNUAL TOTAL:	0.00
REPLACEMENT YEAR 2047	
Streets - Asphalt Overlay	181,077.07
*** ANNUAL TOTAL:	<hr/> 181,077.07
REPLACEMENT YEAR 2048	
Pipe Railing - Steel	3,448.26
*** ANNUAL TOTAL:	<hr/> 3,448.26
REPLACEMENT YEAR 2049	
*** ANNUAL TOTAL:	0.00
REPLACEMENT YEAR 2050	
Fencing - Rock Walls	5,810.78
*** ANNUAL TOTAL:	<hr/> 5,810.78

SPRINGS AT STONE OAK HOMEOWNERS ASSN.
Detail Report by Category

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Concrete Driveways/Walkways		QUANTITY	1 comment
		UNIT COST	0.000
ASSET ID	1001	PERCENT REPL	0.00%
GROUP/FACILITY	0	CURRENT COST	0.00
CATEGORY	10	FUTURE COST	0.00
		ASSIGNED RESERVES	0.00
PLACED IN SERVICE	6/98	SALVAGE VALUE	0.00
55 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT		MONTHLY CNTRBTN	0.00
REPLACEMENT YEAR 2053		INTEREST	0.00
32 YEAR REM LIFE		MONTHLY ALLOCTN	0.00

REMARKS:

It is normally a standard policy not to fund for concrete deck, sidewalk, or driveway repairs as a reserve component. It is anticipated that any repairs required will be addressed immediately due to safety concerns. Good maintenance practice would not allow the need for repairs to accumulate to a point that they would become a major expense. Minor repairs, as needed, may be covered by the operational budget, operational contingency or reserve contingency. Should the client feel otherwise, we would be happy to incorporate this element into our analysis.

Streets - Asphalt Overlay		QUANTITY	133,590 sq ft
		UNIT COST	0.810
ASSET ID	1013	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	108,207.90
CATEGORY	10	FUTURE COST	121,859.67
		ASSIGNED RESERVES	81,797.84
PLACED IN SERVICE	6/02	SALVAGE VALUE	0.00
20 YEAR USEFUL LIFE			
+5 YEAR ADJUSTMENT		MONTHLY CNTRBTN	484.60
REPLACEMENT YEAR 2027		INTEREST	60.06
6 YEAR REM LIFE		MONTHLY ALLOCTN	544.66

REMARKS:

133,590 sq. ft. of 2.0" overlay @ .81

Most asphalt areas can be expected to last approximately 20 years before it will become necessary for an overlay to be applied. If the asphalt repairs are maintained and the roads have minimal traffic, the expected life for the asphalt of the roads are extended to 25 years.

SPRINGS AT STONE OAK HOMEOWNERS ASSN.
Detail Report by Category

Streets - Asphalt Repairs		QUANTITY	133,590 sq. ft.
		UNIT COST	3.010
ASSET ID	1014	PERCENT REPL	5.00%
GROUP/FACILITY	0	CURRENT COST	20,105.30
CATEGORY	10	FUTURE COST	27,600.27
		ASSIGNED RESERVES	0.00
		SALVAGE VALUE	0.00
PLACED IN SERVICE	8/10		
20 YEAR USEFUL LIFE			
+7 YEAR ADJUSTMENT		MONTHLY CNTRBTN	134.25
REPLACEMENT YEAR	2037	INTEREST	0.52
16 YEAR REM LIFE		MONTHLY ALLOCTN	134.77

REMARKS:

cut and remove 2" asphalt & 36" subbase @ \$ 1.12
 30" fill @ .50
 6" base @ .36
 2" asphalt @ .75
 tar emulsion protective seal coat @ .28
 The life cycle has been updated based on expected overlay.
 * NOTE: may also use a smaller % over a shorter cycle.

It is estimated that a percentage of the asphalt areas will require repair or replacement every few years. The actual condition of the asphalt should be monitored through time and the estimates adjusted accordingly.

CATEGORY SUMMARY:	ASSIGNED RESERVES	81,797.84
	MONTHLY CNTRBTN	618.85
	INTEREST	60.58
	MONTHLY ALLOCTN	679.43

SPRINGS AT STONE OAK HOMEOWNERS ASSN.
Detail Report by Category

Fencing - Rock Walls		QUANTITY	1 total
		UNIT COST	65,442.000
ASSET ID	1005	PERCENT REPL	5.00%
GROUP/FACILITY	0	CURRENT COST	3,272.10
CATEGORY	40	FUTURE COST	3,541.83
		ASSIGNED RESERVES	416.45
PLACED IN SERVICE	6/20	SALVAGE VALUE	0.00
5 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT		MONTHLY CNTRBTN	63.74
REPLACEMENT YEAR 2025		INTEREST	0.55
4 YEAR REM LIFE		MONTHLY ALLOCTN	64.29

REMARKS:

1,338 lin. ft. of 6' fencing @ 48.91
Repairs were made in 2008, 2013, and 2020 to seal cracks.

It is estimated that a percentage of the precast concrete walls will require repair or replacement. The actual condition of these walls should be monitored through time and the estimates adjusted accordingly.

Fencing - Split Rail		QUANTITY	748 lin ft
		UNIT COST	11.693
ASSET ID	1016	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	8,746.36
CATEGORY	40	FUTURE COST	12,491.96
		ASSIGNED RESERVES	0.00
PLACED IN SERVICE	11/14	SALVAGE VALUE	0.00
25 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT		MONTHLY CNTRBTN	53.54
REPLACEMENT YEAR 2039		INTEREST	0.21
18 YEAR REM LIFE		MONTHLY ALLOCTN	53.75

REMARKS:

748 lin. ft. of PVC 2-rail fence with 25 year guarantee.

SPRINGS AT STONE OAK HOMEOWNERS ASSN.
Detail Report by Category

Fencing - Wrought Iron, Gates	QUANTITY	1 set
	UNIT COST	3,877.000
ASSET ID 1004	PERCENT REPL	100.00%
GROUP/FACILITY 0	CURRENT COST	3,877.00
CATEGORY 40	FUTURE COST	3,877.00
	ASSIGNED RESERVES	3,877.00
PLACED IN SERVICE 6/98	SALVAGE VALUE	0.00
18 YEAR USEFUL LIFE		
+0 YEAR ADJUSTMENT	MONTHLY CNTRBTN	23.73
REPLACEMENT YEAR 2021	INTEREST	0.09
0 YEAR REM LIFE	MONTHLY ALLOCTN	23.82

REMARKS:

1 - 4.5' x 6' standard pedestrian gates @ \$ 9.84 (per sq. ft.)

2 - 5' x 26' vehicle gates @ 13.89 (per sq. ft.)

CATEGORY SUMMARY:	ASSIGNED RESERVES	4,293.45
	MONTHLY CNTRBTN	141.01
	INTEREST	0.85
	MONTHLY ALLOCTN	141.86

SPRINGS AT STONE OAK HOMEOWNERS ASSN.
Detail Report by Category

Lighting - Pole Replacement		QUANTITY	1 pole
		UNIT COST	775.000
ASSET ID	1025	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	775.00
CATEGORY	50	FUTURE COST	775.00
		ASSIGNED RESERVES	775.00
PLACED IN SERVICE	6/98	SALVAGE VALUE	0.00
22 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT		MONTHLY CNTRBTN	4.13
REPLACEMENT YEAR 2021		INTEREST	0.02
0 YEAR REM LIFE		MONTHLY ALLOCTN	4.15

REMARKS:

Decorative round steel pole & labor:

Located at recreation area with four lights

CATEGORY SUMMARY:	ASSIGNED RESERVES	775.00
	MONTHLY CNTRBTN	4.13
	INTEREST	0.02
	MONTHLY ALLOCTN	4.15

SPRINGS AT STONE OAK HOMEOWNERS ASSN.
Detail Report by Category

Gazebo - Deluxe		QUANTITY	1 gazebo
		UNIT COST	8,793.000
ASSET ID	1024	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	8,793.00
CATEGORY	60	FUTURE COST	11,151.65
		ASSIGNED RESERVES	4,770.36
		SALVAGE VALUE	0.00
PLACED IN SERVICE	6/98		
25 YEAR USEFUL LIFE			
+10 YEAR ADJUSTMENT		MONTHLY CNTRBTN	38.73
REPLACEMENT YEAR 2033		INTEREST	3.54
12 YEAR REM LIFE		MONTHLY ALLOCTN	42.27

REMARKS:

Typical cost each for 8' to 20' wood units including minimal foundation but excluding floors:

Gazebo has metal roof and wooden benches.

Per the Board, all wooden surfaces were refinished in late 2011. The life has been extended as a result.

Park Eqpmt - BBQ, Charcoal Pedestal		QUANTITY	3 BBQs
		UNIT COST	231.000
ASSET ID	1017	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	693.00
CATEGORY	60	FUTURE COST	693.00
		ASSIGNED RESERVES	693.00
		SALVAGE VALUE	0.00
PLACED IN SERVICE	6/98		
12 YEAR USEFUL LIFE			
+10 YEAR ADJUSTMENT		MONTHLY CNTRBTN	5.80
REPLACEMENT YEAR 2021		INTEREST	0.02
0 YEAR REM LIFE		MONTHLY ALLOCTN	5.82

REMARKS: NONE

Park Eqpmt - Benches, 6'		QUANTITY	4 benches
		UNIT COST	199.000
ASSET ID	1018	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	796.00
CATEGORY	60	FUTURE COST	844.72
		ASSIGNED RESERVES	702.66
		SALVAGE VALUE	0.00
PLACED IN SERVICE	6/98		
16 YEAR USEFUL LIFE			
+10 YEAR ADJUSTMENT		MONTHLY CNTRBTN	3.40
REPLACEMENT YEAR 2024		INTEREST	0.51
3 YEAR REM LIFE		MONTHLY ALLOCTN	3.91

SPRINGS AT STONE OAK HOMEOWNERS ASSN.
Detail Report by Category

Park Eqpmt - Benches, 6', Continued ...

REMARKS:

Per the Board, the equipment is in excellent condition. All the wood in the area was refinished in late 2011 and the life has been extended.

Park Eqpmt - Picnic Table, 6'		QUANTITY	4 tables
		UNIT COST	272.000
ASSET ID	1019	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	1,088.00
CATEGORY	60	FUTURE COST	1,154.59
		ASSIGNED RESERVES	960.42
		SALVAGE VALUE	0.00
PLACED IN SERVICE	6/98		
16 YEAR USEFUL LIFE			
+10 YEAR ADJUSTMENT		MONTHLY CNTRBTN	4.65
REPLACEMENT YEAR 2024		INTEREST	0.70
3 YEAR REM LIFE		MONTHLY ALLOCTN	5.35

REMARKS:

These are portable units.

Per the Board, equipment is in excellent condition. All wood in the area was refinished in late 2011 and the life has been extended.

Playgrd Equipmt - Play Platform		QUANTITY	1 total
		UNIT COST	17,919.000
ASSET ID	1020	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	17,919.00
CATEGORY	60	FUTURE COST	25,090.93
		ASSIGNED RESERVES	0.00
		SALVAGE VALUE	0.00
PLACED IN SERVICE	6/18		
20 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT		MONTHLY CNTRBTN	114.37
REPLACEMENT YEAR 2038		INTEREST	0.45
17 YEAR REM LIFE		MONTHLY ALLOCTN	114.82

REMARKS: NONE

CATEGORY SUMMARY:	ASSIGNED RESERVES	7,126.44
	MONTHLY CNTRBTN	166.95
	INTEREST	5.22
	MONTHLY ALLOCTN	172.17

SPRINGS AT STONE OAK HOMEOWNERS ASSN.
Detail Report by Category

Security - Entrance, Keypad		QUANTITY	1 keypad
		UNIT COST	4,610.000
ASSET ID	1011	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	4,610.00
CATEGORY	80	FUTURE COST	5,401.35
		ASSIGNED RESERVES	2,109.66
PLACED IN SERVICE	4/14	SALVAGE VALUE	0.00
15 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT		MONTHLY CNTRBTN	31.65
REPLACEMENT YEAR 2029		INTEREST	1.62
8 YEAR REM LIFE		MONTHLY ALLOCTN	33.27
REMARKS: NONE			

Security - Gate Operator, Sliding		QUANTITY	1 operator
		UNIT COST	3,300.000
ASSET ID	1012	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	3,300.00
CATEGORY	80	FUTURE COST	3,943.81
		ASSIGNED RESERVES	679.41
PLACED IN SERVICE	9/18	SALVAGE VALUE	0.00
12 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT		MONTHLY CNTRBTN	28.61
REPLACEMENT YEAR 2030		INTEREST	0.59
9 YEAR REM LIFE		MONTHLY ALLOCTN	29.20
REMARKS:			

Liftmaster Operator - Exit Gate

Security - Gate Operator, Sliding		QUANTITY	1 operator
		UNIT COST	4,400.000
ASSET ID	1010	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	4,400.00
CATEGORY	80	FUTURE COST	5,470.85
		ASSIGNED RESERVES	338.46
PLACED IN SERVICE	2/20	SALVAGE VALUE	0.00
12 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT		MONTHLY CNTRBTN	36.87
REPLACEMENT YEAR 2032		INTEREST	0.38
11 YEAR REM LIFE		MONTHLY ALLOCTN	37.25
REMARKS:			

Liftmaster Operator - Entrance Gate

SPRINGS AT STONE OAK HOMEOWNERS ASSN.
Detail Report by Category

CATEGORY SUMMARY:	ASSIGNED RESERVES	3,127.53
	MONTHLY CNTRBTN	97.13
	INTEREST	2.59
	MONTHLY ALLOCTN	99.72

SPRINGS AT STONE OAK HOMEOWNERS ASSN.
Detail Report by Category

Pipe Railing - Steel	QUANTITY	91 lin. ft.
	UNIT COST	22.200
ASSET ID 1002	PERCENT REPL	100.00%
GROUP/FACILITY 0	CURRENT COST	2,020.20
CATEGORY 90	FUTURE COST	2,101.82
	ASSIGNED RESERVES	1,855.84
PLACED IN SERVICE 6/98	SALVAGE VALUE	0.00
25 YEAR USEFUL LIFE		
+0 YEAR ADJUSTMENT	MONTHLY CNTRBTN	8.85
REPLACEMENT YEAR 2023	INTEREST	1.35
2 YEAR REM LIFE	MONTHLY ALLOCTN	10.20

REMARKS:

Pipe railings, 38" high:

CATEGORY SUMMARY:	ASSIGNED RESERVES	1,855.84
	MONTHLY CNTRBTN	8.85
	INTEREST	1.35
	MONTHLY ALLOCTN	10.20

SPRINGS AT STONE OAK HOMEOWNERS ASSN.
Detail Report by Category

Entrance Monument		QUANTITY	1 each
		UNIT COST	5,000.000
ASSET ID	1027	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	5,000.00
CATEGORY	100	FUTURE COST	10,611.49
		ASSIGNED RESERVES	0.00
		SALVAGE VALUE	0.00
PLACED IN SERVICE		10/19	
40 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT		MONTHLY CNTRBTN	19.72
REPLACEMENT YEAR 2059		INTEREST	0.08
38 YEAR REM LIFE		MONTHLY ALLOCTN	19.80
REMARKS: NONE			

Front Entrance Marquee		QUANTITY	1
		UNIT COST	1,000.000
ASSET ID	1029	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	1,000.00
CATEGORY	100	FUTURE COST	1,428.25
		ASSIGNED RESERVES	0.00
		SALVAGE VALUE	0.00
PLACED IN SERVICE		10/19	
20 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT		MONTHLY CNTRBTN	6.12
REPLACEMENT YEAR 2039		INTEREST	0.02
18 YEAR REM LIFE		MONTHLY ALLOCTN	6.14
REMARKS:			

Lighted - Wood and Glass Construction

Irrigation - Distribution System		QUANTITY	1 comment
		UNIT COST	0.000
ASSET ID	1006	PERCENT REPL	0.00%
GROUP/FACILITY	0	CURRENT COST	0.00
CATEGORY	100	FUTURE COST	0.00
		ASSIGNED RESERVES	0.00
		SALVAGE VALUE	0.00
PLACED IN SERVICE		6/98	
40 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT		MONTHLY CNTRBTN	0.00
REPLACEMENT YEAR 2038		INTEREST	0.00
17 YEAR REM LIFE		MONTHLY ALLOCTN	0.00

REMARKS:

These devices require an annual inspection and should be repaired "as needed." Thus, we have not provided an allocation for the replacement of these units.

SPRINGS AT STONE OAK HOMEOWNERS ASSN.
Detail Report by Category

Irrigation Controllers		QUANTITY	2
		UNIT COST	350.000
ASSET ID	1028	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	700.00
CATEGORY	100	FUTURE COST	788.31
		ASSIGNED RESERVES	345.07
		SALVAGE VALUE	0.00
PLACED IN SERVICE	3/15		
12 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT		MONTHLY CNTRBTN	5.76
REPLACEMENT YEAR 2027		INTEREST	0.27
6 YEAR REM LIFE		MONTHLY ALLOCTN	6.03

REMARKS:

Hunter Node 400 Controllers - one at exit & one at Granite Spring middle island.

Irrigation Controllers (Electrical)		QUANTITY	2 total
		UNIT COST	800.000
ASSET ID	1007	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	1,600.00
CATEGORY	100	FUTURE COST	1,912.15
		ASSIGNED RESERVES	356.83
		SALVAGE VALUE	0.00
PLACED IN SERVICE	6/18		
12 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT		MONTHLY CNTRBTN	13.61
REPLACEMENT YEAR 2030		INTEREST	0.31
9 YEAR REM LIFE		MONTHLY ALLOCTN	13.92

REMARKS:

Two Rainbird ESP-Me Controllers palced at the front entrance and community park

Signs - Traffic		QUANTITY	1 total
		UNIT COST	0.000
ASSET ID	1015	PERCENT REPL	0.00%
GROUP/FACILITY	0	CURRENT COST	0.00
CATEGORY	100	FUTURE COST	0.00
		ASSIGNED RESERVES	0.00
		SALVAGE VALUE	0.00
PLACED IN SERVICE	6/13		
15 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT		MONTHLY CNTRBTN	0.00
REPLACEMENT YEAR 2028		INTEREST	0.00
7 YEAR REM LIFE		MONTHLY ALLOCTN	0.00

SPRINGS AT STONE OAK HOMEOWNERS ASSN.
Detail Report by Category

Signs - Traffic, Continued ...

REMARKS:

Traffic signs, reflectorized, with 2" galvanized steel pipe post 10' long set 2' into the ground:

* - "STOP" - 24" x 24"	@	\$ 163
* - "YIELD" - 30" triangle	@	129
* - Speed Limit, Exit, etc, 18" x 24"	@	129
* - Warning - 24" x 24"	@	138

NOTE: This is often an operational expense.

Street Sign - Pole Replacement	QUANTITY	6 poles
	UNIT COST	387.000
ASSET ID 1009	PERCENT REPL	100.00%
GROUP/FACILITY 0	CURRENT COST	2,322.00
CATEGORY 100	FUTURE COST	2,322.00
	ASSIGNED RESERVES	2,322.00
PLACED IN SERVICE 6/98	SALVAGE VALUE	0.00
22 YEAR USEFUL LIFE		
+0 YEAR ADJUSTMENT	MONTHLY CNTRBTN	12.37
REPLACEMENT YEAR 2021	INTEREST	0.05
0 YEAR REM LIFE	MONTHLY ALLOCTN	12.42

REMARKS:

Decorative Round steel pole & labor:

9.5' @ \$ 387

CATEGORY SUMMARY:	ASSIGNED RESERVES	3,023.90
	MONTHLY CNTRBTN	57.58
	INTEREST	0.73
	MONTHLY ALLOCTN	58.31

SPRINGS AT STONE OAK HOMEOWNERS ASSN.
Detail Report by Category

TOTAL ALL ASSETS:	ASSIGNED RESERVES	102,000.00
	MONTHLY CNTRBTN	1,094.50
	INTEREST	71.34
	MONTHLY ALLOCTN	1,165.84

CONTINGENCY @ 0.00%:	ASSIGNED RESERVES	0.00
	MONTHLY CNTRBTN	0.00
	INTEREST	0.00
	MONTHLY ALLOCTN	0.00

GRAND TOTALS:	ASSIGNED RESERVES	102,000.00
	MONTHLY CNTRBTN	1,094.50
	INTEREST	71.34
	MONTHLY ALLOCTN	1,165.84

DETAIL REPORT INDEX

ASSET	DESCRIPTION	PAGE
1001	Concrete Driveways/Walkways	2-9
1027	Entrance Monument	2-19
1005	Fencing - Rock Walls	2-11
1016	Fencing - Split Rail	2-11
1004	Fencing - Wrought Iron, Gates	2-12
1029	Front Entrance Marquee	2-19
1024	Gazebo - Deluxe	2-14
1006	Irrigation - Distribution System	2-19
1028	Irrigation Controllers	2-20
1007	Irrigation Controllers (Electrical)	2-20
1025	Lighting - Pole Replacement	2-13
1017	Park Eqpmt - BBQ, Charcoal Pedestal	2-14
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1019	Park Eqpmt - Picnic Table, 6'	2-15
1002	Pipe Railing - Steel	2-18
1020	Playgrd Equipmt - Play Platform	2-15
1011	Security - Entrance, Keypad	2-16
1012	Security - Gate Operator, Sliding	2-16
1010	Security - Gate Operator, Sliding	2-16
1015	Signs - Traffic	2-20
1009	Street Sign - Pole Replacement	2-21
1013	Streets - Asphalt Overlay	2-9
1014	Streets - Asphalt Repairs	2-10

TOTAL ASSET LINES INCLUDED: 23

PART I - INTRODUCTION

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.

A. The Reserve Budget

■ 1. Preparing the Budget

The association's budget consists of two basic parts, income and expenses. In our personal lives, most of us usually start by considering income. We take our income, pay our bills, and spend or save the remainder. While this may work well for personal finances, budget planning for a community association needs to take other factors into consideration as well.

When preparing the association's budget it is wise to begin with expenses. This allows for an objective statement of needs before determining the sources of income. After the expenses are identified and quantified, ideal expectations may then be weighed against practical considerations and a balanced budget may be prepared.

■ 2. Determining Expenses

The budget process begins with an accurate inventory of all the major components for which the association is responsible. The determination of whether an expense should be labeled an operational expense, a reserve expense, 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:

OPERATIONAL EXPENSES occur at least annually, no matter how large the expense, and can be effectively budgeted for 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. Examples of Operational Expenses include:

Utilities:

- Electricity
- Gas
- Water
- Telephone
- Cable TV

Services:

- Landscaping
- Pool Maintenance
- Street Sweeping
- Accounting
- Reserve Study

Administrative:

- Supplies
- Bank Service Charges
- Dues & Publications
- Licenses, Permits & Fees

Repair Expenses:

- Tile Roof Repairs
- Equipment Repairs
- Minor Concrete Repairs
- Operating Contingency

RESERVE EXPENSES are major expenses that occur other than annually and which must be budgeted for in advance in order to provide the necessary funds in time for their occurrence. Reserve expenses are reasonably predictable both in terms of frequency and cost. However, they may include significant assets which have an indeterminable but potential liability which 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. Examples of Reserve Expenses include:

- | | |
|-------------------------|------------------------------|
| • Roof Replacements | • Pool Equipment Replacement |
| • Painting | • Pool Furniture Replacement |
| • Deck Resurfacing | • Tennis Court Resurfacing |
| • Fencing Replacement | • Park & Play Equipment |
| • Street Slurry Coating | • Equipment Replacement |
| • Asphalt Overlays | • Interior Furnishings |
| • Pool Re-plastering | • Lighting Replacement |

BUDGETING IS NORMALLY EXCLUDED FOR repairs or replacements of assets which are deemed to have an estimated useful life equal to or exceeding the estimated useful life of the facility or community itself, or exceeding the legal life of the community as defined in an association's governing documents. Examples include the complete replacement of elevators, tile roofs, wiring and plumbing. Also excluded are insignificant expenses which may be covered either by an operating or reserve contingency, or otherwise in a general maintenance fund. Costs which are caused by acts of God, accidents or other occurrences which are more properly insured for, rather than reserved for, are also excluded.

3. 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, manufacture quality, usage, exposure to the elements and maintenance history.

Certain calculations must be performed on the compiled data in order for the study to take on a practical meaning. Several methods have been developed, ranging from simple to complex. The least complicated method is the straight-line approach in which the replacement cost in today's dollars, less accumulated reserves, is divided by the estimated remaining life of the components. The most precise calculations, determine the replacement cost in future dollars and include provisions for interest on invested funds, net of taxes, and planned contribution increases each year in line with cost of living changes in addition to efficient distribution of the accumulated reserves.

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.

■ 4. Methods for Allocating Reserves

There are two methods that are suggested for allocating reserves.

The first method is to allocate the Monthly Membership Contribution to reserves each month. When interest is earned on the reserves, that interest must be left in reserves and only amounts set aside for taxes should be removed.

The second method is to allocate the Net Monthly Allocation to reserves (this is the member contribution 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.

■ 5. Distribution of Accumulated Reserves

The methods used to determine the ideal level of reserves and actual distributions for each asset, prior to completing calculations, are as follows:

The first step is to subtract from the total accumulated reserves the association has on hand any amounts for assets which have predetermined (fixed) reserve balances. 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.

The second step is to identify the ideal level of reserves for each asset. This is accomplished by evaluating the component's age proportionate to its estimated useful life and current replacement cost. The equation is

IDEAL LEVEL OF RESERVES =

$$\frac{\text{AGE}}{\text{USEFUL LIFE}} \times \text{CURRENT REPLACEMENT COST}$$

For example, an asset which is 3 years old, has a useful life of 5 years and current replacement cost of \$500, should have accumulated approximately \$300 in reserves.

This method of calculating the ideal level of reserves does not consider future replacement cost, nor interest earned on the accumulated reserves, as the reports do when calculating the monthly allocation requirements for future replacements. However, it is a reliable indicator of the adequacy of the Client's current reserves, based on current conditions and replacement cost.

If any assets are assigned a zero remaining life (schedule for replacement this 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 adjust the remaining life to 1 year.

The next step in this process is to arrange all of the assets used in the study in ascending order by remaining life. These assets are then assigned their respective ideal level of reserves until the amount of funds available are depleted, or until all assets are appropriately funded. If at the completion of this task there are additional monies which have not been distributed, the remaining reserves are then assigned in ascending order at a level equal to, but not exceeding, the current replacement cost for each component. If there are sufficient monies 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.

Assigning the reserves in this manner defers the make-up period for any underfunding over the longest remaining life of all the assets under consideration, thereby minimizing the impact of deficiency.

If at the end of this 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.

If the reserves are underfunded, 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. We can easily generate revised reports outlining how the monthly contributions would be affected by such an adjustment, or by any other changes which may be under consideration.

B. Your Reserve Analysis Study

■ 1. Users' Guide to Your Reserve Analysis Study

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

REPORT SUMMARY

The **Report Summary** lists all of the parameters which were used in calculating the report as well as the summary of your reserve analysis study.

INDEX REPORTS

The **Asset 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.

PROJECTIONS AND CHARTS

Thirty-year Projections as well as **Charts and Graphs** of projected data add to the usefulness of your reserve analysis study by summarizing the recommended contributions and expenditures from the fund for the next 30 years based on those estimates.

DETAIL REPORTS

The **Annual Expenditure Detail Report** list the expenditures per year based on the assets' estimated remaining life and their inflated cost.

The **Category 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.

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

The **Detail Report Index** is an alphabetical listing of all assets together with the page number of the asset's category detail report and asset number.

2. Definitions

REPORT I.D. - Includes the REPORT DATE (ex. November 15, 2012), VERSION (ex. 001), and ACCOUNT NUMBER (ex. 9773). Please use this information when referencing your report. (Displayed on the summary page.)

BUDGET YEAR BEGINNING/ENDING - The budgetary year for which the report is prepared. For associations with fiscal years ending December 31, the monthly contribution figures indicated are for the 12 month period beginning 1/1/20XX and ending 12/31/20XX.

NUMBER OF UNITS/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 which will be necessary in order to accumulate the required funds in time for replacement.

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

INVESTMENT YIELD - The average interest rate anticipated by the association based upon their current investment practices.

TAXES ON YIELD - The estimated percentage of interest income which will be set aside for taxes.

ACCUMULATED RESERVE BALANCE - The anticipated reserve balance on the first day of the fiscal year for which this report has been prepared.

PHASE INCREMENT DETAIL/AGE - Comments regarding aging of the components on the basis of construction date or date of acceptance by the association.

MONTHLY CONTRIBUTION - The contribution to reserves required by the association each month.

INTEREST CONTRIBUTION - 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.

NET MONTHLY ALLOCATION - The sum of the monthly contribution and interest contribution figures.

GROUP OR FACILITY NUMBER/CATEGORY NUMBER - The report may be prepared and sorted either by group or facility (location, building, phase, etc.) or by category (roofing, painting, etc.). Standard report printing format is by category.

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

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

ADJUSTMENT TO USEFUL LIFE - Once the useful life is determined it may be adjusted +1- 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.

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

FIXED MONTHLY CONTRIBUTION - An optional figure which, if used, will override all calculations and set the contribution at this amount.

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 as of 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.

■ 3. A Multi-Purpose Tool

Your reserve study is an important part 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.
- A 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 which 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 which the association is obligated to maintain.
- Since the reserve analysis study includes precise 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.