

# Chateau Foret Condominiums

## Level 3 Reserve Study



Report Period – 01/01/2018 – 12/31/2018

Client Reference Number	11406
Property Type	Condominium
Number of Units	144
Fiscal Year End	12/31

Type of Study	Update No Site Visit
Date of Property Inspection	N/A
Prepared By	Dale Gifford
Analysis Method	Cash Flow
Funding Goal	Full Funding

Report prepared on – Monday, November 20, 2017



TEL: (888) 356-3783 | Fax: (866) 279-9662  
WWW.COMPLEXSOLUTIONSLTD.COM

# Table of Contents

## Introduction

---

- Executive Summary page 1
- Introduction page 2
- General Information and Frequently Asked Questions page 3 - 4

## Reserve Analysis

---

- Funding Summary page 5
- Percent Funded – Graph page 6
- Component Inventory page 7
- Significant Components page 8
- Significant Components – Graph page 9
- Yearly Summary page 10
- Yearly Reserve Contributions – Graph page 11
- Component Funding Information page 12 - 13
- Yearly Cash Flow page 14
- Yearly Reserve Expenditures – Graph page 15
- Projected Reserve Expenditures by Year page 16 - 19

## Glossary of Commonly used Words and Phrases

---

## Executive Summary – Chateau Foret Condominiums - ID # 11406

Information to complete this Level III Reserve Study was gathered through research with the client as well as from the previous report. In addition, we also obtained information by contacting any vendors and/or contractors that have worked on the property recently. To the best of our knowledge, the conclusions and recommendations of this report are considered reliable and accurate insofar as the information obtained from these sources.

<b>Projected Starting Balance as of 01/01/2018</b>	<b>\$148,000</b>
<b>Ideal Reserve Balance as of 01/01/2018</b>	<b>\$366,546</b>
<b>Percent Funded as of 01/01/2018</b>	<b>40%</b>
<b>Recommended Reserve Contribution (per month)</b>	<b>\$9,200</b>
<b>Minimum Reserve Contribution (per month)</b>	<b>\$8,625</b>
<b>Recommended Special Assessment</b>	<b>\$0</b>

Chateau Foret Condominiums is a 144-unit Condominium community. The community offers covered parking, swimming pool and landscaped areas as amenities. Construction on the community was completed in 1970 and the community was converted to condominiums in 1995.

### Currently Programmed Projects

Projects programmed to occur this fiscal year (FY2018) include exterior wood trim repaint (Comp# 202), metal fencing repair/repaint (Comp# 207), exterior window railings repaint (Comp# 219), patio and deck railings repaint (Comp# 219), asphalt seal coat (Comp# 402), balcony decks rebuild/resurface (Comp# 607), and water heaters bldgs. 4850 and 4874 replace (Comp# 703). We have programmed an estimated \$80,700 in reserve expenditures toward the completion of these projects. (See page 16)

### Significant Reserve Projects

The association's significant reserve projects are asphalt crack seal (Comp# 490), balcony decks rebuild/resurface (Comp# 607), exterior wood trim repaint (Comp# 202), and roofs flat replace (Comp# 104). The fiscal significance of these components is approximately 45%, 6%, 6%, and 6% respectively (see page 9). A component's significance is calculated by dividing its replacement cost by its useful life. In this way, not only is a component's replacement cost considered but also the frequency of occurrence. These components most significantly contribute to the total monthly reserve contribution. As these components have a high level of fiscal significance the association should properly maintain them to ensure they reach their full useful lives.

### Reserve Funding

In comparing the projected starting reserve balance of \$148,000 versus the ideal reserve balance of \$366,546 we find the association's reserve fund to be approximately 40% funded. This indicates a fair reserve fund position. In order to continue to strengthen the account fund, we suggest adopting a monthly reserve contribution of \$9,200 (\$63.89/unit) per month. We have also included a minimum reserve contribution of \$8,625 (\$59.90/unit) per month. If the contribution falls below this rate, then the reserve fund may fall into a situation where special assessments, deferred maintenance, and lower property values are likely at some point in the future.

# Introduction

## Reserve Study Purpose

The purpose of this Reserve Study is to provide the Association with a budgeting tool to help ensure that there are adequate reserve funds available to perform future reserve projects. The detailed schedules will serve as an advance warning that major projects will need to be addressed in the future. This will allow the Association to have ample time to obtain competitive bids for each project. It will also help to ensure the physical well-being of the property and ultimately enhance each owner's investment, while limiting the possibility of unexpected major projects that may lead to special assessments.

## Preparer's Credentials

Mr. Gifford has been working in the community association industry for the last 14 years. Prior to taking a position, as the Regional Project Manager covering the Utah region, at Complex Solutions, he worked in community association management in Utah. While in community association management his positions included, Maintenance Supervisor, Senior Portfolio Manager and Vice President of Community Management. His work in community association management gave him extensive experience with; budget creation, reserves and reserve budgeting, community inspections and analyzing common area components.

- Professional Reserve Analyst (PRA) designation from Association of Professional Reserve Analysts (APRA), PRA #2320
- Reserve Specialist (RS) designation from Community Associations Institute (CAI), RS# 231
- Personally has prepared over 1,100 reserve studies in Salt Lake City Utah and surrounding areas
- Bachelor of Science in Chemistry from Emporia State University
- Certified Manager of Community Associations® (CMCA®) designation from the National Board of Certification for Community Association Managers (NBC-CAM)
- Association Management Specialist® (AMS®) designation from Community Associations Institute (CAI)
- Professional Community Association Manager® (PCAM®) designation from Community Associations Institute (CAI), PCAM# 1740,
- Active member and former Board member and chapter President of the Utah Chapter of Community Associations Institute (UCCAI)
- Recipient of Community Associations Institute's (CAI) annual award of Excellence in Chapter Leadership for service an achievement in 2010

## Budget Breakdown

Every association conducts their business within a budget. There are typically two main parts to this budget, the Operating budget and the Reserve budget. The operating budget includes all expenses that occur on an annual basis as well as general maintenance and repairs. Typical operating budget line items include management fees, maintenance expenses, utilities, etc. The reserve budget is primarily made up of replacement items such as roofing, fencing, mechanical equipment, etc., that do not normally occur on an annual basis.

## Report Sections

**Reserve Analysis:** this section contains the evaluation of the association's reserve balance, income, and expenses. It includes a finding of the client's current reserve fund status (measured as percent funded) and a recommendation for an appropriate reserve allocation rate (also known as the funding plan).

**Component Evaluation:** this section contains information regarding the physical status and replacement cost of reserve components the association is responsible to maintain. It is important to understand that while the component inventory will remain relatively "stable" from year to year, the condition assessment and life estimates will most likely vary from year to year.

## General Information and Frequently Asked Questions

### **Is it the law to have a Reserve Study conducted?**

The Government requires a reserve study in approximately 20 states. Also, the Association's governing documents may require a reserve fund be established. This does not mean a Reserve Study is required, but how are you going to know if you have enough money in the reserve fund if you do not have the proper information?

### **Why is it important to perform a Reserve Study?**

This report provides the essential information that is needed to guide the Association in establishing the reserve portion of the total monthly assessment. The reserve fund is critical to the future of the association because it helps ensure that reserve projects can be completed on time. When projects are completed on time, deferred maintenance and the lower property values that typically accompany it can be avoided. It is suggested that a third party professionally prepare the Reserve Analysis Study since there is no vested interest in the property.

### **After we have a Reserve Study, what do we do with it?**

Please take the time to review the report carefully and make sure the component information is complete and accurate. If there are any inaccuracies, or changes such as a component that the association feels should be added, removed, or altered, please inform us immediately so we may revise the report. Use the report to help establish your budget for the upcoming fiscal year.

### **How often do we review and update our Reserve Study?**

There is a misconception that a Reserve Study is good for an extended period of time since the report has projections for a thirty year period. The assumptions, interest rates, inflation rates and other information used to create this report change each year. Scheduled events may not happen, unpredictable circumstances could occur, deterioration rates can be unpredictable and repair/replacement costs will vary from causes that are unforeseen. These variations alter the results of the Reserve Study. The Reserve Study should be professionally reviewed each year by having a Level III "no site visit" update reserve study performed. The Reserve Study should be professionally updated every three years by having a Level II "site visit" update reserve study performed.

### **What is a "Reserve Component" versus an "Operating Component"?**

A "Reserve" component is an item that is the responsibility of the association to maintain, has a limited useful life, predictable remaining useful life, typically occurs on a cyclical basis that exceeds one year, and costs above a minimum threshold amount. An "Operating" component is typically a fixed expense that occurs on an annual basis.

### **What are the GREY areas of "maintenance" items that are often seen in a Reserve Study?**

One of the most popular questions revolves around major "maintenance" items, such as painting the buildings or seal coating the asphalt. You may hear from your accountant that since painting or seal coating is not replacing a "capital" item, it cannot be considered a reserve component. However, it is the opinion of several major Reserve Study providers, including Complex Solutions, that these components meet the criteria of a reserve component.

### **Information and Data Gathered:**

The information contained in this report is based on estimates and assumptions gathered from various sources. Estimated life expectancies are based upon conditions that were readily visible and accessible at the time of the site visit. While every effort has been made to ensure accurate results, this report reflects the judgment of Complex Solutions, Ltd. and should not be construed as a guarantee or assurance of predicting future events.

### **What happens during the Site Visit?**

During the site visit we identify the common area components that we have determined require reserve funding. These components are quantified and a physical condition is observed. The site visit is conducted on the common areas as reported by client.

### **What is the Financial Analysis?**

We project the starting balance by taking the most recent reserve fund balance as stated by the client and add expected reserve contributions to the end of the fiscal year. We then subtract the expenses of any pending projects. We compare this number to the Fully Funded Balance and arrive at the Percent Funded level. Based on that level of funding we then recommend a Funding Plan to help ensure the adequacy of funding in the future.

**Measures of reserve fund financial strength are as follows:**

- 0% - 30% Funded** is considered a “weak” financial position. Associations that fall into this category are more likely to have special assessments and deferred maintenance. Action should be taken to improve the financial strength of the reserve fund.
- 31% - 69% Funded** is considered a “fair” financial position. Associations that fall into this category are less likely to experience special assessments and deferred maintenance than being in a weak financial position. Action should be taken to improve the financial strength of the reserve fund.
- 70% - 99% Funded** is considered a “strong” financial position. Associations that fall into this category are less likely to experience special assessments and deferred maintenance than being in a fair financial position. Action should be taken to improve the financial strength of the reserve fund.
- 100% Funded** is considered an “ideal” financial position. Action should be taken to maintain the financial strength of the reserve fund.

**Disclosures:**

Information provided to the preparer of a reserve study by an official representative of the association regarding financial, historical, physical, quantitative or reserve project issues will be deemed reliable by the preparer. A reserve study will be a reflection of information provided to the preparer of the reserve study. The total of actual or projected reserves required as presented in the reserve study is based upon information provided that was not audited.

A reserve study is not intended to be used to perform an audit, an analysis of quality, a forensic study or a background check of historical records. An on-site inspection conducted in conjunction with a reserve study should not be deemed to be a project audit or quality inspection.

The results of this study are based on the independent opinion of the preparer and his experience and research during the course of his career in preparing Reserve Studies. In addition the opinions of experts on certain components have been gathered through research within their industry and with client’s actual vendors. There is no implied warranty or guarantee regarding our life and cost estimates/predictions. There is no implied warranty or guarantee in any of our work product. Our results and findings will vary from another preparer’s results and findings. A Reserve Study is necessarily a work in progress and subsequent Reserve Studies will vary from prior studies.

The projected life expectancy of the reserve components and the funding needs of the reserves of the association are based upon the association performing appropriate routine and preventative maintenance for each component. Failure to perform such maintenance can negatively impact the remaining useful life of the component and dramatically increase the funding needs of the reserves of the association.

This Reserve Study assumes that all construction assemblies and components identified herein are built properly and are free from defects in materials and/or workmanship. Defects can lead to reduced useful life and premature failure. It was not the intent of this Reserve Study to inspect for or to identify defects. If defects exist, repairs should be made so that the construction components and assemblies at the community reach the full and expected useful lives.

**Site Visits:** Should a site visit have been performed during the preparation of this reserve study no invasive testing was performed. The physical analysis performed during the site visit was not intended to be exhaustive in nature and may have included representative sampling. Estimated life expectancies and life cycles are based upon conditions that were readily accessible and visible at the time of the site visit. We have assumed any and all components have been properly built and will reach normal, typical life expectancies. A reserve study is not intended to identify or fund for construction defects. We did not and will not look for or identify construction defects during our site visit. In addition, environmental hazards (such as lead paint, asbestos, radon, etc.), have been excluded from this report.

**Update Reserve Studies:**

**Level II Studies:** Quantities of major components as reported in previous reserve studies are deemed to be accurate and reliable. The reserve study relies upon the validity of previous reserve studies.

**Level III Studies:** In addition to the above we have not visited the property when completing a Level III “No Site Visit” study. Therefore we have not verified the current condition of the components.

**Insurance:** We carry general and professional liability insurance as well as workers’ compensation insurance.

**Actual or Perceived Conflicts of Interest:** There are no potential actual or perceived conflicts of interest that we are aware of.

**Inflation and Interest Rates:** The after tax interest rate used in the financial analysis may or may not be based on the clients reported after tax interest rate. If it is, we have not verified or audited the reported rate. The inflation rate may also be based on an amount we believe appropriate given the 30-year horizon of this study and may or may not reflect current or historical inflation rates.

# Funding Summary

## Beginning Assumptions

---

# of units	144
Fiscal Year End	31-Dec
Budgeted Monthly Reserve Allocation	\$3,500
Projected Starting Reserve Balance	\$148,000
Ideal Starting Reserve Balance	\$366,546

## Economic Assumptions

---

Projected Inflation Rate	3.00%
Reported After-Tax Interest Rate	0.10%

## Current Reserve Status

---

Current Balance as a % of Ideal Balance	40%
---	-----

## Recommendations

---

Recommended Monthly Reserve Allocation	\$9,200
Per Unit	\$63.89
Future Annual Increases	3.00%
For number of years:	30
Increases thereafter:	0.00%
Minimum Recommended Monthly Reserve Allocation	\$8,625
Per Unit	\$59.90
Future Annual Increases	3.00%
For number of years:	30
Increases thereafter:	0.00%

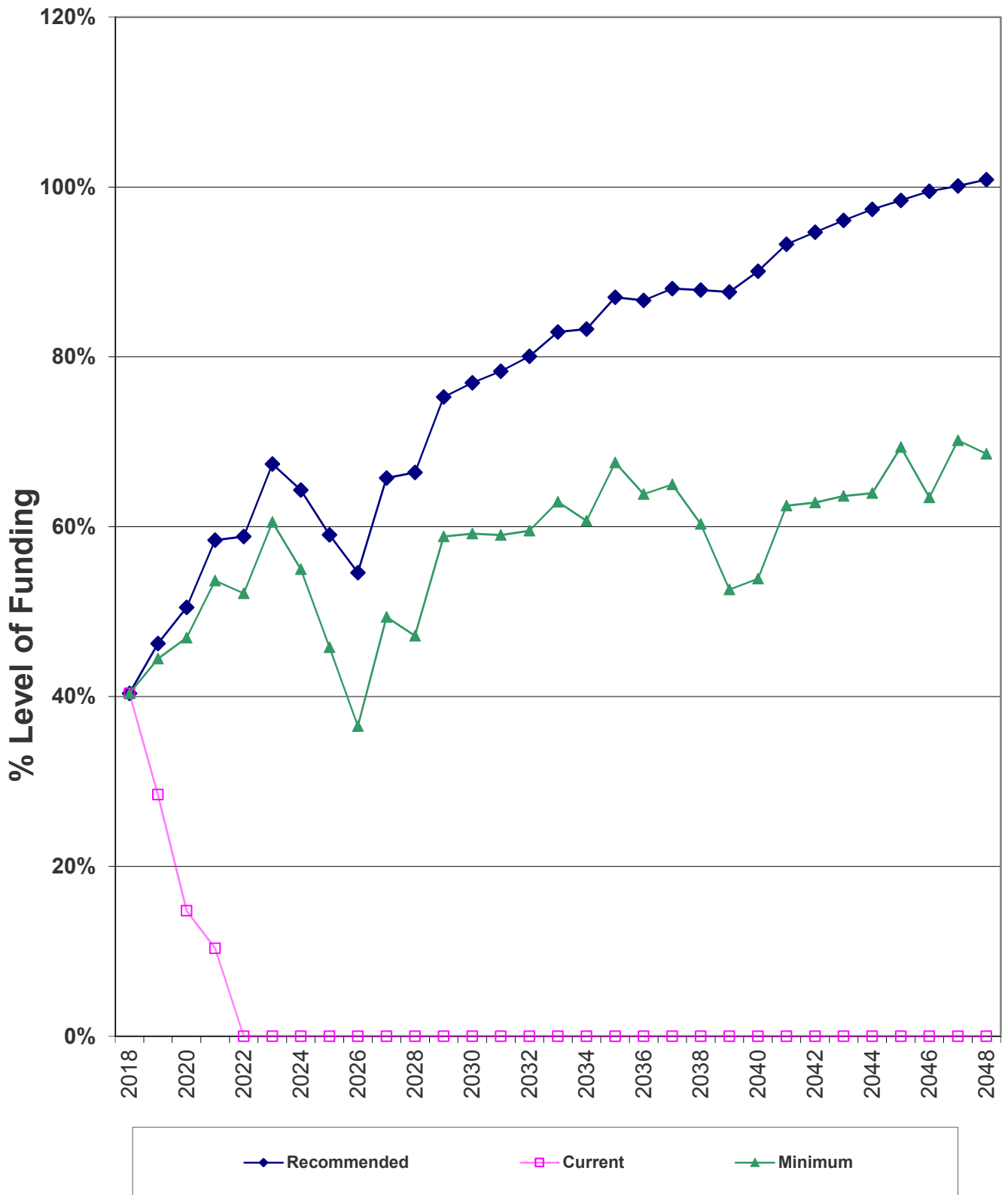
## Changes From Prior Year

---

Recommended Increase to Reserve Allocation as Percentage	\$5,700 163%
Minimum Recommended Increase to Reserve Allocation as Percentage	\$5,125 146%



# Percent Funded - Graph





## Component Inventory

Category	ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Best Cost	Worst Cost
Roofing	104	Roofs - Flat - Bldg 4856 & 4860 - Replac	25	14	\$23,000	\$32,200
	104	Roofs - Flat - Replace	25	20	\$108,500	\$151,900
	108	Roofs & Mansards - Metal - Replace	N/A		\$0	\$0
	120	Rain Gutters/Downspouts - Replace	5	4	\$3,000	\$5,000
	123	Carport Roofs - EPDM - Replace	25	5	\$45,000	\$75,000
	123	Carport Roofs - Metal - Replace	N/A		\$0	\$0
Painted Surfaces	202	Exterior Wood Trim - Repaint	6	0	\$34,000	\$36,000
	207	Metal Fencing - Repair/Repaint	6	0	\$21,000	\$23,000
	212	Exterior Doors & Metal - Repaint	6	2	\$17,000	\$19,000
	216	Interior Surfaces - Repaint	10	7	\$16,500	\$18,500
	219	Exterior Window Railings - Repaint	6	0	\$8,100	\$8,300
	219	Patio & Deck Railings - Repaint	6	0	\$4,900	\$5,100
	223	Carports - Repaint	10	9	\$14,500	\$14,700
Drive Materials	401	Asphalt - Major Rehab	25	6	\$75,938	\$101,250
	402	Asphalt - Seal Coat	5	7	\$16,086	\$17,979
	403	Concrete - Repair/Replace	10	9	\$3,000	\$4,000
	490	Asphalt - Crack Seal	2	1	\$164,700	\$4,900
Decking	607	Balcony Decks - Rebuild/Resurface	1	0	\$5,900	\$6,100
Mechanical Equip.	703	Water Heaters - Bldg 4852 - Replace	12	7	\$2,000	\$2,500
	703	Water Heaters - Bldg 4870 - Replace	12	8	\$4,000	\$5,000
	703	Water Heaters - Bldg 4872 - Replace	12	4	\$1,000	\$1,250
	703	Water Heaters - Bldg 4876 - Replace	12	6	\$2,000	\$2,500
	703	Water Heaters - Bldgs 4850 & 74 - Repla	12	0	\$4,000	\$5,000
	703	Water Heaters - Bldgs 4856,60,64,66 & 6	12	3	\$10,000	\$12,500
	703	Water Heaters - Bldgs 4872 & 76 - Repla	12	10	\$2,000	\$2,500
Prop. Identification	803	Mailboxes - Replace	N/A		\$0	\$0
Life / Safety	905	Fire Hydrants - Repair/Replace	1	5	\$3,900	\$4,100
Fencing	1001	Wood Fencing - Replace	N/A		\$0	\$0
	1008	Vinyl Fencing - Replace	30	19	\$24,960	\$28,080
	1090	Balcony & Window Railings - Replace	50	2	\$21,240	\$31,860
Pool / Spa	1101	Pool - Resurface	12	3	\$14,000	\$18,000
	1104	Pool Heater - Replace	12	7	\$4,000	\$6,000
	1107	Pool Filter - Replace	12	8	\$1,500	\$1,900
	1110	Pool Pump - Replace	10	5	\$1,000	\$1,200
	1111	Pool Chemical Controller System - Repla	10	4	\$2,500	\$3,500
	1121	Pool Furniture - Replace	6	5	\$1,300	\$1,500
Flooring	1501	Carpeting - Replace	10	7	\$14,000	\$16,000
Light Fixtures	1601	Light Fixtures - Replace	N/A		\$0	\$0

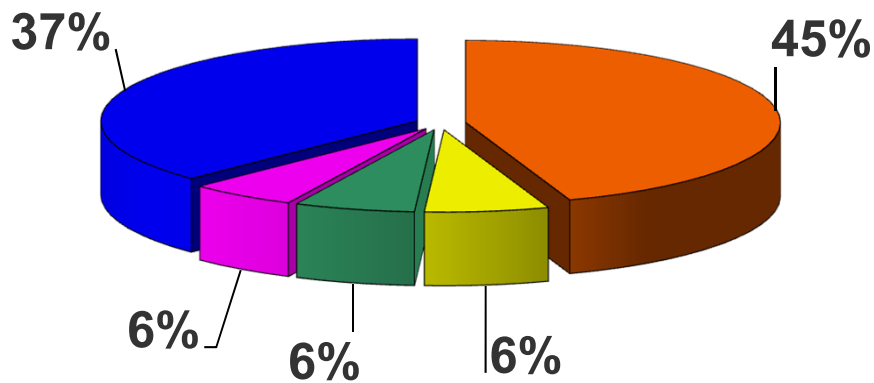
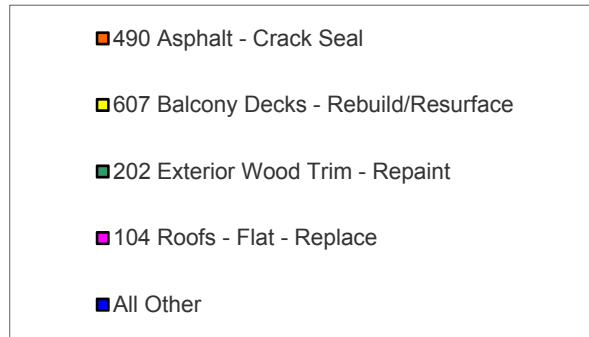


## Significant Components

ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Average Current Cost	Significance: (Curr Cost/UL)	
					As \$	As %
104	Roofs - Flat - Bldg 4856 & 4860 - Repla	25	14	\$27,600	\$1,104	1.1631%
104	Roofs - Flat - Replace	25	20	\$130,200	\$5,208	5.4870%
120	Rain Gutters/Downspouts - Replace	5	4	\$4,000	\$800	0.8429%
123	Carport Roofs - EPDM - Replace	25	5	\$60,000	\$2,400	2.5286%
202	Exterior Wood Trim - Repaint	6	0	\$35,000	\$5,833	6.1458%
207	Metal Fencing - Repair/Repaint	6	0	\$22,000	\$3,667	3.8631%
212	Exterior Doors & Metal - Repaint	6	2	\$18,000	\$3,000	3.1607%
216	Interior Surfaces - Repaint	10	7	\$17,500	\$1,750	1.8437%
219	Exterior Window Railings - Repaint	6	0	\$8,200	\$1,367	1.4399%
219	Patio & Deck Railings - Repaint	6	0	\$5,000	\$833	0.8780%
223	Carports - Repaint	10	9	\$14,600	\$1,460	1.5382%
401	Asphalt - Major Rehab	25	6	\$88,594	\$3,544	3.7336%
402	Asphalt - Seal Coat	5	7	\$17,033	\$3,407	3.5890%
403	Concrete - Repair/Replace	10	9	\$3,500	\$350	0.3687%
490	Asphalt - Crack Seal	2	1	\$84,800	\$42,400	44.6711%
607	Balcony Decks - Rebuild/Resurface	1	0	\$6,000	\$6,000	6.3214%
703	Water Heaters - Bldg 4852 - Replace	12	7	\$2,250	\$188	0.1975%
703	Water Heaters - Bldg 4870 - Replace	12	8	\$4,500	\$375	0.3951%
703	Water Heaters - Bldg 4872 - Replace	12	4	\$1,125	\$94	0.0988%
703	Water Heaters - Bldg 4876 - Replace	12	6	\$2,250	\$188	0.1975%
703	Water Heaters - Bldgs 4850 & 74 - Rep	12	0	\$4,500	\$375	0.3951%
703	Water Heaters - Bldgs 4856,60,64,66 &	12	3	\$11,250	\$938	0.9877%
703	Water Heaters - Bldgs 4872 & 76 - Rep	12	10	\$2,250	\$188	0.1975%
905	Fire Hydrants - Repair/Replace	1	5	\$4,000	\$4,000	4.2143%
1008	Vinyl Fencing - Replace	30	19	\$26,520	\$884	0.9313%
1090	Balcony & Window Railings - Replace	50	2	\$26,550	\$531	0.5594%
1101	Pool - Resurface	12	3	\$16,000	\$1,333	1.4048%
1104	Pool Heater - Replace	12	7	\$5,000	\$417	0.4390%
1107	Pool Filter - Replace	12	8	\$1,700	\$142	0.1493%
1110	Pool Pump - Replace	10	5	\$1,100	\$110	0.1159%
1111	Pool Chemical Controller System - Rep	10	4	\$3,000	\$300	0.3161%
1121	Pool Furniture - Replace	6	5	\$1,400	\$233	0.2458%
1501	Carpeting - Replace	10	7	\$15,000	\$1,500	1.5803%



## Significant Components - Graph



ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Average Current Cost	Significance: (Curr Cost/UL)	
					As \$	As %
490	Asphalt - Crack Seal	2	1	\$84,800	\$42,400	45%
607	Balcony Decks - Rebuild/Resurface	1	0	\$6,000	\$6,000	6%
202	Exterior Wood Trim - Repaint	6	0	\$35,000	\$5,833	6%
104	Roofs - Flat - Replace	25	20	\$130,200	\$5,208	6%
All Other	See Expanded Table For Breakdown				\$35,475	37%



## Yearly Summary

Year	Fully Funded Balance	Starting Reserve Balance	% Funded	Reserve Contributions	Interest Income	Reserve Expenses	Ending Reserve Balance
2018	\$366,546	\$148,000	40%	\$110,400	\$163	\$80,700	\$177,863
2019	\$384,556	\$177,863	46%	\$113,712	\$188	\$93,524	\$198,239
2020	\$392,602	\$198,239	50%	\$117,123	\$230	\$53,628	\$261,964
2021	\$448,489	\$261,964	58%	\$120,637	\$258	\$128,996	\$253,862
2022	\$431,404	\$253,862	59%	\$124,256	\$308	\$15,898	\$362,529
2023	\$538,005	\$362,529	67%	\$127,984	\$335	\$182,354	\$308,495
2024	\$479,655	\$308,495	64%	\$131,823	\$272	\$204,235	\$236,355
2025	\$400,417	\$236,355	59%	\$135,778	\$211	\$186,427	\$185,917
2026	\$340,646	\$185,917	55%	\$139,851	\$234	\$43,324	\$282,679
2027	\$430,086	\$282,679	66%	\$144,047	\$279	\$152,528	\$274,477
2028	\$413,444	\$274,477	66%	\$148,368	\$341	\$16,463	\$406,723
2029	\$540,277	\$406,723	75%	\$152,819	\$417	\$133,163	\$426,796
2030	\$554,654	\$426,796	77%	\$157,404	\$433	\$145,046	\$439,587
2031	\$561,284	\$439,587	78%	\$162,126	\$451	\$139,217	\$462,947
2032	\$578,298	\$462,947	80%	\$166,990	\$499	\$94,688	\$535,748
2033	\$645,994	\$535,748	83%	\$172,000	\$526	\$191,864	\$516,410
2034	\$620,066	\$516,410	83%	\$177,160	\$596	\$17,852	\$676,314
2035	\$777,162	\$676,314	87%	\$182,474	\$647	\$240,874	\$618,562
2036	\$713,965	\$618,562	87%	\$187,949	\$643	\$140,366	\$666,787
2037	\$757,243	\$666,787	88%	\$193,587	\$632	\$264,201	\$596,805
2038	\$679,263	\$596,805	88%	\$199,395	\$548	\$296,925	\$499,824
2039	\$570,380	\$499,824	88%	\$205,377	\$515	\$176,356	\$529,359
2040	\$587,714	\$529,359	90%	\$211,538	\$607	\$56,108	\$685,396
2041	\$734,878	\$685,396	93%	\$217,884	\$700	\$189,859	\$714,120
2042	\$754,315	\$714,120	95%	\$224,420	\$733	\$186,407	\$752,867
2043	\$783,678	\$752,867	96%	\$231,153	\$768	\$200,793	\$783,995
2044	\$805,066	\$783,995	97%	\$238,088	\$873	\$60,385	\$962,572
2045	\$977,858	\$962,572	98%	\$245,230	\$895	\$381,134	\$827,563
2046	\$831,786	\$827,563	99%	\$252,587	\$942	\$25,453	\$1,055,638
2047	\$1,054,199	\$1,055,638	100%	\$260,165	\$1,047	\$278,782	\$1,038,068



# Reserve Contributions - Graph

## Monthly Reserve Contributions



## Component Funding Information

ID	Component Name	UL	RUL	Quantity	Average Current Cost	Ideal Balance	Current Fund Balance	Monthly
104	Roofs - Flat - Bldg 4856 & 4860 - Replace	25	14	Approx 4,600 Sq.ft.	\$27,600	\$12,144	\$0	\$107.01
104	Roofs - Flat - Replace	25	20	Approx 21,700 Sq.ft.	\$130,200	\$26,040	\$0	\$504.80
120	Rain Gutters/Downspouts - Replace	5	4	(14) Buildings	\$4,000	\$800	\$0	\$77.54
123	Carport Roofs - EPDM - Replace	25	5	Approx 15,000 Sq.ft.	\$60,000	\$48,000	\$0	\$232.63
202	Exterior Wood Trim - Repaint	6	0	(8) Buildings	\$35,000	\$35,000	\$35,000	\$565.41
207	Metal Fencing - Repair/Repaint	6	0	Approx 1,300 Linear ft.	\$22,000	\$22,000	\$22,000	\$355.40
212	Exterior Doors & Metal - Repaint	6	2	(6) Buildings	\$18,000	\$12,000	\$12,000	\$290.78
216	Interior Surfaces - Repaint	10	7	(8) Buildings	\$17,500	\$5,250	\$0	\$169.62
219	Exterior Window Railings - Repaint	6	0	(8) Buildings	\$8,200	\$8,200	\$8,200	\$132.47
219	Patio & Deck Railings - Repaint	6	0	(8) Buildings	\$5,000	\$5,000	\$5,000	\$80.77
223	Carports - Repaint	10	9	(13) Carports	\$14,600	\$1,460	\$0	\$141.51
401	Asphalt - Major Rehab	25	6	Approx 94,625 Sq.ft.	\$88,594	\$67,331	\$0	\$343.49
402	Asphalt - Seal Coat	5	7	Approx 94,625 Sq.ft.	\$17,033	\$0	\$0	\$330.18
403	Concrete - Repair/Replace	10	9	Moderate Sq.ft.	\$3,500	\$350	\$0	\$33.92
490	Asphalt - Crack Seal	2	1	Approx 94,625 Sq.ft.	\$84,800	\$42,400	\$42,400	\$4,109.74
607	Balcony Decks - Rebuild/Resurface	1	0	(1) Rebuild, (2) Resurface	\$6,000	\$6,000	\$6,000	\$581.57
703	Water Heaters - Bldg 4852 - Replace	12	7	(1) Building	\$2,250	\$938	\$0	\$18.17
703	Water Heaters - Bldg 4870 - Replace	12	8	(2) Buildings	\$4,500	\$1,500	\$0	\$36.35
703	Water Heaters - Bldg 4872 - Replace	12	4	(1/2) Building	\$1,125	\$750	\$0	\$9.09
703	Water Heaters - Bldg 4876 - Replace	12	6	(1/2) Building	\$2,250	\$1,125	\$0	\$18.17
703	Water Heaters - Bldgs 4850 & 74 - Replace	12	0	(2) Buildings	\$4,500	\$4,500	\$4,500	\$36.35
703	Water Heaters - Bldgs 4856,60,64,66 & 68 - R	12	3	(5) Buildings	\$11,250	\$8,438	\$0	\$90.87
703	Water Heaters - Bldgs 4872 & 76 - Replace	12	10	(1) Building	\$2,250	\$375	\$0	\$18.17
905	Fire Hydrants - Repair/Replace	1	5	(6) Fire Hydrants	\$4,000	\$0	\$0	\$387.71
1008	Vinyl Fencing - Replace	30	19	Approx 780 Linear ft.	\$26,520	\$9,724	\$0	\$85.68
1090	Balcony & Window Railings - Replace	50	2	Approx 1,062 Linear ft.	\$26,550	\$25,488	\$12,900	\$51.47
1101	Pool - Resurface	12	3	(1) Pool	\$16,000	\$12,000	\$0	\$129.24
1104	Pool Heater - Replace	12	7	(1) Heater	\$5,000	\$2,083	\$0	\$40.39
1107	Pool Filter - Replace	12	8	(1) Filter	\$1,700	\$567	\$0	\$13.73
1110	Pool Pump - Replace	10	5	(1) Pump	\$1,100	\$550	\$0	\$10.66



ID	Component Name	UL	RUL	Quantity	Average Current Cost	Ideal Balance	Current Fund Balance	Monthly
1111	Pool Chemical Controller System - Replace	10	4	(1) System	\$3,000	\$1,800	\$0	\$29.08
1121	Pool Furniture - Replace	6	5	(25) Pieces	\$1,400	\$233	\$0	\$22.62
1501	Carpeting - Replace	10	7	Approx 4,200 Sq.ft.	\$15,000	\$4,500	\$0	\$145.39
					\$670,421	\$366,546	\$148,000	\$9,200

Current Fund Balance as a percentage of Ideal Balance: 40%



## Yearly Cash Flow

Year	2018	2019	2020	2021	2022
<b>Starting Balance</b>	\$148,000	\$177,863	\$198,239	\$261,964	\$253,862
<i>Reserve Income</i>	\$110,400	\$113,712	\$117,123	\$120,637	\$124,256
<i>Interest Earnings</i>	\$163	\$188	\$230	\$258	\$308
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$258,563	\$291,763	\$315,592	\$382,859	\$378,427
<b>Reserve Expenditures</b>	\$80,700	\$93,524	\$53,628	\$128,996	\$15,898
<b>Ending Balance</b>	\$177,863	\$198,239	\$261,964	\$253,862	\$362,529

Year	2023	2024	2025	2026	2027
<b>Starting Balance</b>	\$362,529	\$308,495	\$236,355	\$185,917	\$282,679
<i>Reserve Income</i>	\$127,984	\$131,823	\$135,778	\$139,851	\$144,047
<i>Interest Earnings</i>	\$335	\$272	\$211	\$234	\$279
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$490,848	\$440,590	\$372,344	\$326,003	\$427,005
<b>Reserve Expenditures</b>	\$182,354	\$204,235	\$186,427	\$43,324	\$152,528
<b>Ending Balance</b>	\$308,495	\$236,355	\$185,917	\$282,679	\$274,477

Year	2028	2029	2030	2031	2032
<b>Starting Balance</b>	\$274,477	\$406,723	\$426,796	\$439,587	\$462,947
<i>Reserve Income</i>	\$148,368	\$152,819	\$157,404	\$162,126	\$166,990
<i>Interest Earnings</i>	\$341	\$417	\$433	\$451	\$499
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$423,186	\$559,959	\$584,633	\$602,164	\$630,436
<b>Reserve Expenditures</b>	\$16,463	\$133,163	\$145,046	\$139,217	\$94,688
<b>Ending Balance</b>	\$406,723	\$426,796	\$439,587	\$462,947	\$535,748

Year	2033	2034	2035	2036	2037
<b>Starting Balance</b>	\$535,748	\$516,410	\$676,314	\$618,562	\$666,787
<i>Reserve Income</i>	\$172,000	\$177,160	\$182,474	\$187,949	\$193,587
<i>Interest Earnings</i>	\$526	\$596	\$647	\$643	\$632
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$708,274	\$694,166	\$859,435	\$807,153	\$861,006
<b>Reserve Expenditures</b>	\$191,864	\$17,852	\$240,874	\$140,366	\$264,201
<b>Ending Balance</b>	\$516,410	\$676,314	\$618,562	\$666,787	\$596,805

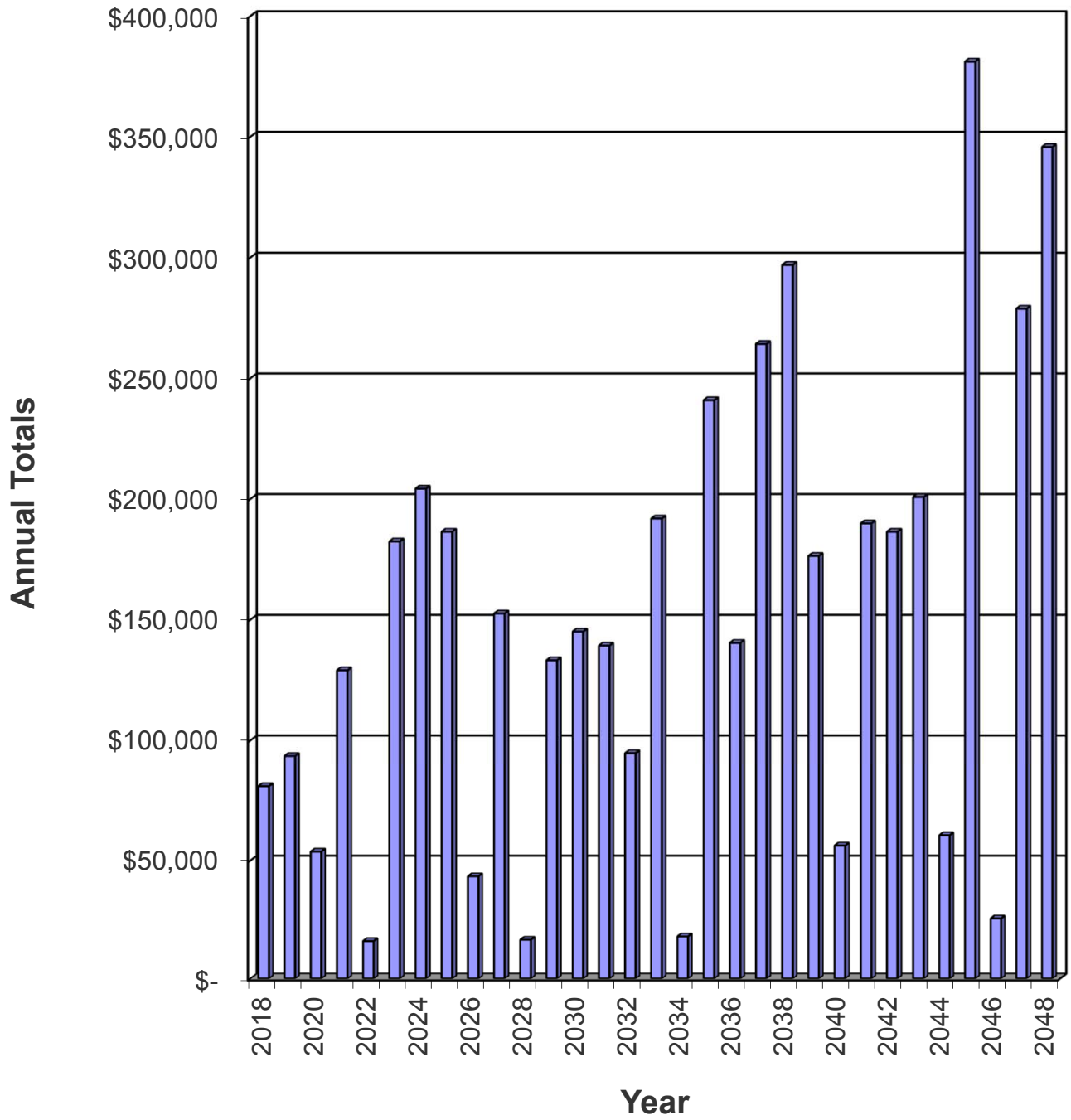
Year	2038	2039	2040	2041	2042
<b>Starting Balance</b>	\$596,805	\$499,824	\$529,359	\$685,396	\$714,120
<i>Reserve Income</i>	\$199,395	\$205,377	\$211,538	\$217,884	\$224,420
<i>Interest Earnings</i>	\$548	\$515	\$607	\$700	\$733
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$796,748	\$705,715	\$741,504	\$903,979	\$939,274
<b>Reserve Expenditures</b>	\$296,925	\$176,356	\$56,108	\$189,859	\$186,407
<b>Ending Balance</b>	\$499,824	\$529,359	\$685,396	\$714,120	\$752,867

Year	2043	2044	2045	2046	2047
<b>Starting Balance</b>	\$752,867	\$783,995	\$962,572	\$827,563	\$1,055,638
<i>Reserve Income</i>	\$231,153	\$238,088	\$245,230	\$252,587	\$260,165
<i>Interest Earnings</i>	\$768	\$873	\$895	\$942	\$1,047
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$984,789	\$1,022,956	\$1,208,697	\$1,081,091	\$1,316,850
<b>Reserve Expenditures</b>	\$200,793	\$60,385	\$381,134	\$25,453	\$278,782
<b>Ending Balance</b>	\$783,995	\$962,572	\$827,563	\$1,055,638	\$1,038,068





## Yearly Reserve Expenditures - Graph



## Projected Reserve Expenditures by Year

Year	ID #	Component Name	Projected Cost	Total Per Annum
2018	202	Exterior Wood Trim - Repaint	\$35,000	
	207	Metal Fencing - Repair/Repaint	\$22,000	
	219	Exterior Window Railings - Repaint	\$8,200	
	219	Patio & Deck Railings - Repaint	\$5,000	
	607	Balcony Decks - Rebuild/Resurface	\$6,000	
	703	Water Heaters - Bldgs 4850 & 74 - Replace	\$4,500	\$80,700
2019	490	Asphalt - Crack Seal	\$87,344	
	607	Balcony Decks - Rebuild/Resurface	\$6,180	\$93,524
2020	212	Exterior Doors & Metal - Repaint	\$19,096	
	607	Balcony Decks - Rebuild/Resurface	\$6,365	
	1090	Balcony & Window Railings - Replace	\$28,167	\$53,628
2021	490	Asphalt - Crack Seal	\$92,663	
	607	Balcony Decks - Rebuild/Resurface	\$6,556	
	703	Water Heaters - Bldgs 4856,60,64,66 & 68 - Replace	\$12,293	
	1101	Pool - Resurface	\$17,484	\$128,996
2022	120	Rain Gutters/Downspouts - Replace	\$4,502	
	607	Balcony Decks - Rebuild/Resurface	\$6,753	
	703	Water Heaters - Bldg 4872 - Replace	\$1,266	
	1111	Pool Chemical Controller System - Replace	\$3,377	\$15,898
2023	123	Carport Roofs - EPDM - Replace	\$69,556	
	490	Asphalt - Crack Seal	\$98,306	
	607	Balcony Decks - Rebuild/Resurface	\$6,956	
	905	Fire Hydrants - Repair/Replace	\$4,637	
	1110	Pool Pump - Replace	\$1,275	
	1121	Pool Furniture - Replace	\$1,623	\$182,354
2024	202	Exterior Wood Trim - Repaint	\$41,792	
	207	Metal Fencing - Repair/Repaint	\$26,269	
	219	Exterior Window Railings - Repaint	\$9,791	
	219	Patio & Deck Railings - Repaint	\$5,970	
	401	Asphalt - Major Rehab	\$105,786	
	607	Balcony Decks - Rebuild/Resurface	\$7,164	
	703	Water Heaters - Bldg 4876 - Replace	\$2,687	
	905	Fire Hydrants - Repair/Replace	\$4,776	\$204,235
2025	216	Interior Surfaces - Repaint	\$21,523	
	402	Asphalt - Seal Coat	\$20,948	
	490	Asphalt - Crack Seal	\$104,293	
	607	Balcony Decks - Rebuild/Resurface	\$7,379	
	703	Water Heaters - Bldg 4852 - Replace	\$2,767	
	905	Fire Hydrants - Repair/Replace	\$4,919	
	1104	Pool Heater - Replace	\$6,149	
	1501	Carpeting - Replace	\$18,448	\$186,427
2026	212	Exterior Doors & Metal - Repaint	\$22,802	
	607	Balcony Decks - Rebuild/Resurface	\$7,601	
	703	Water Heaters - Bldg 4870 - Replace	\$5,700	

Year	Comp ID	Component Name	Projected Cost	Total Per Annum
	905	Fire Hydrants - Repair/Replace	\$5,067	
	1107	Pool Filter - Replace	\$2,154	\$43,324
2027	120	Rain Gutters/Downspouts - Replace	\$5,219	
	223	Carports - Repaint	\$19,050	
	403	Concrete - Repair/Replace	\$4,567	
	490	Asphalt - Crack Seal	\$110,645	
	607	Balcony Decks - Rebuild/Resurface	\$7,829	
	905	Fire Hydrants - Repair/Replace	\$5,219	\$152,528
2028	607	Balcony Decks - Rebuild/Resurface	\$8,063	
	703	Water Heaters - Bldgs 4872 & 76 - Replace	\$3,024	
	905	Fire Hydrants - Repair/Replace	\$5,376	\$16,463
2029	490	Asphalt - Crack Seal	\$117,383	
	607	Balcony Decks - Rebuild/Resurface	\$8,305	
	905	Fire Hydrants - Repair/Replace	\$5,537	
	1121	Pool Furniture - Replace	\$1,938	\$133,163
2030	202	Exterior Wood Trim - Repaint	\$49,902	
	207	Metal Fencing - Repair/Repaint	\$31,367	
	219	Exterior Window Railings - Repaint	\$11,691	
	219	Patio & Deck Railings - Repaint	\$7,129	
	402	Asphalt - Seal Coat	\$24,284	
	607	Balcony Decks - Rebuild/Resurface	\$8,555	
	703	Water Heaters - Bldgs 4850 & 74 - Replace	\$6,416	
	905	Fire Hydrants - Repair/Replace	\$5,703	\$145,046
2031	490	Asphalt - Crack Seal	\$124,532	
	607	Balcony Decks - Rebuild/Resurface	\$8,811	
	905	Fire Hydrants - Repair/Replace	\$5,874	\$139,217
2032	104	Roofs - Flat - Bldg 4856 & 4860 - Replace	\$41,747	
	120	Rain Gutters/Downspouts - Replace	\$6,050	
	212	Exterior Doors & Metal - Repaint	\$27,227	
	607	Balcony Decks - Rebuild/Resurface	\$9,076	
	905	Fire Hydrants - Repair/Replace	\$6,050	
	1111	Pool Chemical Controller System - Replace	\$4,538	\$94,688
2033	490	Asphalt - Crack Seal	\$132,116	
	607	Balcony Decks - Rebuild/Resurface	\$9,348	
	703	Water Heaters - Bldgs 4856,60,64,66 & 68 - Replace	\$17,527	
	905	Fire Hydrants - Repair/Replace	\$6,232	
	1101	Pool - Resurface	\$24,927	
	1110	Pool Pump - Replace	\$1,714	\$191,864
2034	607	Balcony Decks - Rebuild/Resurface	\$9,628	
	703	Water Heaters - Bldg 4872 - Replace	\$1,805	
	905	Fire Hydrants - Repair/Replace	\$6,419	\$17,852
2035	216	Interior Surfaces - Repaint	\$28,925	
	402	Asphalt - Seal Coat	\$28,152	
	490	Asphalt - Crack Seal	\$140,161	
	607	Balcony Decks - Rebuild/Resurface	\$9,917	
	905	Fire Hydrants - Repair/Replace	\$6,611	
	1121	Pool Furniture - Replace	\$2,314	

Year	Comp ID	Component Name	Projected Cost	Total Per Annum
	1501	Carpeting - Replace	\$24,793	\$240,874
2036	202	Exterior Wood Trim - Repaint	\$59,585	
	207	Metal Fencing - Repair/Repaint	\$37,454	
	219	Exterior Window Railings - Repaint	\$13,960	
	219	Patio & Deck Railings - Repaint	\$8,512	
	607	Balcony Decks - Rebuild/Resurface	\$10,215	
	703	Water Heaters - Bldg 4876 - Replace	\$3,830	
	905	Fire Hydrants - Repair/Replace	\$6,810	\$140,366
2037	120	Rain Gutters/Downspouts - Replace	\$7,014	
	223	Carports - Repaint	\$25,601	
	403	Concrete - Repair/Replace	\$6,137	
	490	Asphalt - Crack Seal	\$148,697	
	607	Balcony Decks - Rebuild/Resurface	\$10,521	
	703	Water Heaters - Bldg 4852 - Replace	\$3,945	
	905	Fire Hydrants - Repair/Replace	\$7,014	
	1008	Vinyl Fencing - Replace	\$46,503	
	1104	Pool Heater - Replace	\$8,768	\$264,201
2038	104	Roofs - Flat - Replace	\$235,156	
	212	Exterior Doors & Metal - Repaint	\$32,510	
	607	Balcony Decks - Rebuild/Resurface	\$10,837	
	703	Water Heaters - Bldg 4870 - Replace	\$8,128	
	905	Fire Hydrants - Repair/Replace	\$7,224	
	1107	Pool Filter - Replace	\$3,070	\$296,925
2039	490	Asphalt - Crack Seal	\$157,753	
	607	Balcony Decks - Rebuild/Resurface	\$11,162	
	905	Fire Hydrants - Repair/Replace	\$7,441	\$176,356
2040	402	Asphalt - Seal Coat	\$32,636	
	607	Balcony Decks - Rebuild/Resurface	\$11,497	
	703	Water Heaters - Bldgs 4872 & 76 - Replace	\$4,311	
	905	Fire Hydrants - Repair/Replace	\$7,664	\$56,108
2041	490	Asphalt - Crack Seal	\$167,360	
	607	Balcony Decks - Rebuild/Resurface	\$11,842	
	905	Fire Hydrants - Repair/Replace	\$7,894	
	1121	Pool Furniture - Replace	\$2,763	\$189,859
2042	120	Rain Gutters/Downspouts - Replace	\$8,131	
	202	Exterior Wood Trim - Repaint	\$71,148	
	207	Metal Fencing - Repair/Repaint	\$44,721	
	219	Exterior Window Railings - Repaint	\$16,669	
	219	Patio & Deck Railings - Repaint	\$10,164	
	607	Balcony Decks - Rebuild/Resurface	\$12,197	
	703	Water Heaters - Bldgs 4850 & 74 - Replace	\$9,148	
	905	Fire Hydrants - Repair/Replace	\$8,131	
	1111	Pool Chemical Controller System - Replace	\$6,098	\$186,407
2043	490	Asphalt - Crack Seal	\$177,552	
	607	Balcony Decks - Rebuild/Resurface	\$12,563	
	905	Fire Hydrants - Repair/Replace	\$8,375	
	1110	Pool Pump - Replace	\$2,303	\$200,793

<b>Year</b>	<b>Comp ID</b>	<b>Component Name</b>	<b>Projected Cost</b>	<b>Total Per Annum</b>
2044	212	Exterior Doors & Metal - Repaint	\$38,819	
	607	Balcony Decks - Rebuild/Resurface	\$12,940	
	905	Fire Hydrants - Repair/Replace	\$8,626	\$60,385
2045	216	Interior Surfaces - Repaint	\$38,873	
	402	Asphalt - Seal Coat	\$37,834	
	490	Asphalt - Crack Seal	\$188,365	
	607	Balcony Decks - Rebuild/Resurface	\$13,328	
	703	Water Heaters - Bldgs 4856,60,64,66 & 68 - Replace	\$24,990	
	905	Fire Hydrants - Repair/Replace	\$8,885	
	1101	Pool - Resurface	\$35,541	
	1501	Carpeting - Replace	\$33,319	\$381,134
2046	607	Balcony Decks - Rebuild/Resurface	\$13,728	
	703	Water Heaters - Bldg 4872 - Replace	\$2,574	
	905	Fire Hydrants - Repair/Replace	\$9,152	\$25,453
2047	120	Rain Gutters/Downspouts - Replace	\$9,426	
	223	Carports - Repaint	\$34,406	
	403	Concrete - Repair/Replace	\$8,248	
	490	Asphalt - Crack Seal	\$199,837	
	607	Balcony Decks - Rebuild/Resurface	\$14,139	
	905	Fire Hydrants - Repair/Replace	\$9,426	
	1121	Pool Furniture - Replace	\$3,299	\$278,782

## Glossary of Commonly Used Words And Phrases

(Provided by the National Reserve Study Standards of the Community Associations Institute)

**Cash Flow Method** – A method of developing 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 anticipated schedule of reserve expenses until the desired funding goal is achieved.

**Component** – Also referred to as an “Asset.” Individual line items in the Reserve Study developed or updated in the physical analysis. These elements form the building blocks for the Reserve Study. Components typically are: 1) Association responsibility, 2) with limited useful life expectancies, 3) have predictable remaining life expectancies, 4) above a minimum threshold cost, and 5) required by local codes.

**Component Full Funding** – When the actual (or projected) cumulative reserve balance for all components is equal to the fully funded balance.

**Component Inventory** – The task of selecting and quantifying reserve components. This task can be accomplished through on-site visual observations, review of association design and organizational documents, a review of established association precedents, and discussion with appropriate association representatives.

**Deficit** – An actual (or projected reserve balance), which is less than the fully funded balance.

**Effective Age** – The difference between useful life and remaining useful life (UL - RUL).

**Financial Analysis** – The portion of the Reserve Study where current status of the reserves (measured as cash or percent funded) and a recommended reserve contribution rate (reserve funding plan) are derived, and the projected reserve income and expenses over time is presented. The financial analysis is one of the two parts of the Reserve Study.

**Fully Funded Balance** – An indicator against which the actual (or projected) reserve balance can be compared. The reserve balance that is in direct proportion to the fraction of life “used up” of the current repair or replacement cost of a reserve component. This number is calculated for each component, and then summed together for an association total.

$$\text{FFB} = \text{Current Cost} * \text{Effective Age} / \text{Useful Life}$$

**Fund Status** – The status of the reserve fund as compared to an established benchmark, such as percent funded.

**Funding Goals** – Independent of calculation methodology utilized, the following represent the basic categories of funding plan goals:

- *Baseline Funding*: Establishing a reserve-funding goal of keeping the reserve balance above zero.
- *Component Full Funding*: Setting a reserve funding goal of attaining and maintaining cumulative reserves at or near 100% funded.
- *Threshold Funding*: Establishing a reserve funding goal of keeping the reserve balance above a specified dollar or percent funded amount.

**Funding Plan** – An association’s plan to provide income to a reserve fund to offset anticipated expenditures from that fund.



### **Funding Principles –**

- Sufficient funds when required
- Stable contributions through the year
- Evenly distributed contributions over the years
- Fiscally responsible

### **GSF - Gross Square Feet**

**Life and Valuation Estimates** – The task of estimating useful life, remaining useful life, and repair or replacement costs for the reserve components.

### **LF - Linear Feet**

**Percent Funded** – The ratio, at a particular point in time (typically the beginning of the fiscal year), of the actual (or projected) reserve balance to the ideal fund balance, expressed as a percentage.

**Physical Analysis** – The portion of the Reserve Study where the component evaluation, condition assessment, and life and valuation estimate tasks are performed. This represents one of the two parts of the Reserve Study.

**Remaining Useful Life (RUL)** – Also referred to as “remaining life” (RL). The estimated time, in years, that a reserve component can be expected to continue to serve its intended function. Projects anticipated to occur in the current fiscal year have a “0” remaining useful life.

**Replacement Cost** – The cost of replacing, repairing, or restoring a reserve component to its original functional condition. The current replacement cost would be the cost to replace, repair, or restore the component during that particular year.

**Reserve Balance** – Actual or projected funds as of a particular point in time (typically the beginning of the fiscal year) that the association has identified for use to defray the future repair or replacement of those major components that the association is obligated to maintain. Also known as “reserves,” “reserve accounts,” or “cash reserves.” In this report the reserve balance is based upon information provided and is not audited.

**Reserve Study** – A budget-planning tool, which identifies the current status of the reserve fund and a stable and equitable funding plan to offset the anticipated future major common area expenditures. The Reserve Study consists of two parts: The Physical Analysis and the Financial Analysis.

**Special Assessment** – An assessment levied on the members of an association in addition to regular assessments. Governing documents or local statutes often regulate special assessments.

**Surplus** – An actual (or projected) reserve balance that is greater than the fully funded balance.

**Useful Life (UL)** – Also known as “life expectancy.” The estimated time, in years, that a reserve component can be expected to serve its intended function if properly constructed and maintained in its present application of installation.

