

# RESERVE ANALYSIS REPORT

## Warner Ranch Village Unit I

Tempe, Arizona

Version 001

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### ADVANCED RESERVE SOLUTIONS

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# Warner Ranch Village Unit I

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# Preface

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

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

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

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

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

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

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

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

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

### **Budget**

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

### **Percent Funded**

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

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

### **Projections**

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

### **Inventory**

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

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

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

### **Full Funding**

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

### **Baseline Funding**

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

### **Threshold Funding**

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

### **Statutory Funding**

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

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

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

### **Component Calculation Method**

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

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

### Step 1: Calculation of fully funded balance for each component

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

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

### Step 2: Distribution of current reserve funds

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

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

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

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

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

### Step 3: Developing a funding plan

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

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

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

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

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

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

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

### Cash Flow Calculation Method

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

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

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

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

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

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

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

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

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

### Executive Summary

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

#### **Client Information**

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

#### **Global Parameters**

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

#### **Community Profile**

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

#### **Budget**

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

**Sample Homeowners Association**  
Executive Summary  
Component Calculation Method

Client Information:		Global Parameters:	
Account Number	00000	Inflation Rate	2.00%
Version Number	1	Annual Contribution Increase	2.00%
Analysis Date	3/18/2014	Investment Rate	1.00%
Fiscal Year	6/1/2014 to 5/31/2015	Taxes on Investment	30.00%
Number of Units	167	Contingency	3.00%
Phasing	8 of 8		

**Community Profile:**  
This community consists of 167 attached units with private roadways, pool area and extensive landscaped areas. For budgeting purposes, unless otherwise indicated, we have used June 1995 as the average placed-in-service date for aging the original components in this community.  
ARS site visits: March 1, 2014; January 2011; February 2009; April 2006; March 2005; March 2003; March 2002; April 2001 and March 2000

**Adequacy of Reserves as of June 1, 2014:**

Anticipated Reserve Balance	\$860,450.00
Fully Funded Reserve Balance	\$1,011,228.83
Percent Funded	85.08%

**Recommended Funding for the 2014-2015 Fiscal Year:**

	Annual	Monthly	Per Unit Per Month
Member Contribution	\$110,659	\$9,221.58	\$55.22
Interest Contribution	\$5,977	\$498.09	\$2.98
Total Contribution	\$116,636	\$9,719.66	\$58.20

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#### **Adequacy of Reserves**

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

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## Calculation of Percent Funded

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

### Reserve Components

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

### Lifespans

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

**Sample Homeowners Association  
Calculation of Percent Funded  
Sorted by Category**

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
<b>010 Streets</b>				
Streets - Asphalt, Overlay / Major Rehab	8	27	\$101,867.50	\$71,564.91
Streets - Asphalt, Repair	0	4	\$3,621.75	\$3,621.75
Streets - Asphalt, Seal Coat	0	4	\$5,926.50	\$5,926.50
Streets - Concrete, Unfunded	n.a.	n.a.	\$0.00	\$0.00
<b>Sub Total</b>	<b>0-8</b>	<b>4-27</b>	<b>\$111,245.75</b>	<b>\$81,113.16</b>
<b>020 Roofs</b>				
Roofs - Tile				
<b>Sub Total</b>				
<b>030 Painting</b>				
Painting - Cabana Interior				
Painting - Red Curbs				
Painting - Stucco				
Painting - Woodwork & Trim				
Painting - Wrought Iron, Buildings				
Painting - Wrought Iron, Pool Area				
<b>Sub Total</b>				
<b>040 Fencing</b>				
Fencing - Wrought Iron, Pool Area				
Railing - Wrought Iron, Buildings				
<b>Sub Total</b>				
<b>050 Lighting</b>				
Lighting - Buildings				
Lighting - Grounds				
<b>Sub Total</b>				
<b>060 Pool Area</b>				
Cabana - Ceramic Tile				
Cabana - Doors				
Cabana - Plumbing Fixtures				
Cabana - Restroom Partitions				
Cabana - Water Heater				
Pool - Filter				
Pool - Heater				
Pool - Replaster & Tile Replace				
Pool Area - Barbecues				
<b>Sub Total</b>				

**Sample Homeowners Association  
Calculation of Percent Funded  
Sorted by Category**

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
Pool Area - Ceramic Tile	2	21	\$8,501.63	\$7,773.38
Pool Area - Concrete Deck, Unfunded	n.a.	n.a.	\$0.00	\$0.00
Pool Area - Furniture (Refurbish)	0	12	\$9,255.00	\$9,255.00
Pool Area - Furniture (Replace)	6	25	\$17,315.00	\$13,159.40
Pool Area - Mastic	0	4	\$5,131.50	\$5,131.50
Spa - Filter	0	13	\$1,350.00	\$1,350.00
Spa - Heater	0	10	\$3,050.00	\$3,050.00
Spa - Replaster & Tile Replace	3	8	\$5,250.00	\$3,126.40
<b>Sub Total</b>	<b>0-6</b>	<b>4-25</b>	<b>\$91,747.38</b>	<b>\$71,964.53</b>
<b>070 Decks</b>				
Decks - Clean & Top Coat	2	5	\$30,480.00	\$18,288.00
Decks - Resurface	2	13	\$65,227.20	\$54,720.81
<b>Sub Total</b>	<b>2</b>	<b>5-13</b>	<b>\$95,707.20</b>	<b>\$73,008.81</b>
<b>080 Misc (Buildings)</b>				
Fire Extinguisher Cabinets	2	21	\$27,625.00	\$24,994.05
Utility Closet Doors	2	21	\$73,900.00	\$69,801.90
<b>Sub Total</b>	<b>2</b>	<b>21</b>	<b>\$101,525.00</b>	<b>\$94,855.95</b>
<b>090 Misc (Grounds)</b>				
Landscape - Irrigation Controllers	0	12	\$20,000.00	\$20,000.00
Landscape - Renovation, Unfunded	n.a.	n.a.	\$0.00	\$0.00
Mailboxes	2	21	\$37,200.00	\$33,657.14
<b>Sub Total</b>	<b>0-2</b>	<b>12-21</b>	<b>\$66,200.00</b>	<b>\$62,657.14</b>
<b>100 Termite Control</b>				
Termite Control	n.a.	n.a.	\$0.00	\$100,000.00
<b>Sub Total</b>	<b>n.a.</b>	<b>n.a.</b>	<b>\$0.00</b>	<b>\$100,000.00</b>
Contingency	n.a.	n.a.	n.a.	\$20,453.27
<b>Total</b>	<b>0-11</b>	<b>2-30</b>	<b>\$1,091,533.70</b>	<b>\$1,011,228.83</b>
<b>Anticipated Reserve Balance</b>				<b>\$865,456.00</b>
<b>Percent Funded</b>				<b>85.58%</b>

### Current Cost

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

### Fully Funded Balance

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

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



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## Management / Accounting Summary and Charts

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

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

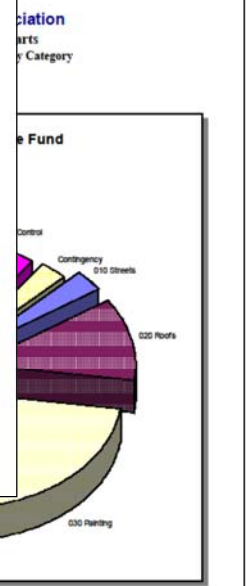
**Sample Homeowners Association**  
Management / Accounting Summary  
Component Calculation Method; Sorted by Category

	Balance at Fiscal Year Beginning	Monthly Member Contribution	Monthly Interest Contribution	Total Monthly Contribution
<b>010 Streets</b>				
Streets - Asphalt, Overlay / Major Rehab	\$17,837.90	\$949.09	\$13.37	\$963.07
Streets - Asphalt, Repair	\$3,821.75	\$78.20	\$0.25	\$78.45
Streets - Asphalt, Seal Coat	\$5,928.50	\$127.96	\$0.41	\$128.37
Streets - Concrete, Unfunded	\$0.00	\$0.00	\$0.00	\$0.00
<b>Sub Total</b>	<b>\$27,588.15</b>	<b>\$1,155.84</b>	<b>\$14.04</b>	<b>\$1,169.88</b>
<b>020 Roofs</b>				
Roofs - Tile				
<b>Sub Total</b>				
<b>030 Painting</b>				
Painting - Cabana Interior				
Painting - Red Curbs				
Painting - Stucco				
Painting - Woodwork & Trim				
Painting - Wrought Iron, Buildings				
Painting - Wrought Iron, Pool Area				
<b>Sub Total</b>				
<b>040 Fencing</b>				
Fencing - Wrought Iron, Pool Area				
Railing - Wrought Iron, Buildings				
<b>Sub Total</b>				
<b>050 Lighting</b>				
Lighting - Buildings				
Lighting - Grounds				
<b>Sub Total</b>				
<b>060 Pool Area</b>				
Cabana - Ceramic Tile				
Cabana - Doors				
Cabana - Plumbing Fixtures				
Cabana - Restroom Partitions				
Cabana - Water Heater				
Pool - Filter				
<b>Sub Total</b>				
<b>070 Decks</b>				
Decks - Clean & Top Coat	\$18,288.00	\$539.52	\$12.44	\$551.96
Decks - Resurfacing	\$94,720.81	\$306.93	\$33.65	\$340.58
<b>Sub Total</b>	<b>\$113,008.81</b>	<b>\$846.45</b>	<b>\$46.09</b>	<b>\$892.54</b>
<b>080 Misc (Buildings)</b>				
Fire Extinguisher Cabinets	\$24,994.05	\$139.11	\$15.07	\$154.19
Utility Closet Doors	\$95,881.90	\$372.15	\$40.32	\$412.47
<b>Sub Total</b>	<b>\$120,875.95</b>	<b>\$511.26</b>	<b>\$55.40</b>	<b>\$566.66</b>
<b>090 Misc (Grounds)</b>				
Landscape - Irrigation Controllers	\$20,000.00	\$219.48	\$0.71	\$220.19
Landscape - Renovation, Unfunded	\$0.00	\$0.00	\$0.00	\$0.00
Mailboxes	\$33,657.14	\$187.33	\$20.30	\$207.63
<b>Sub Total</b>	<b>\$53,657.14</b>	<b>\$406.82</b>	<b>\$21.00</b>	<b>\$427.82</b>
<b>100 Termite Control</b>				
Termite Control	\$100,000.00	\$0.00	\$58.52	\$58.52
<b>Sub Total</b>	<b>\$100,000.00</b>	<b>\$0.00</b>	<b>\$58.52</b>	<b>\$58.52</b>
Contingency	\$25,207.28	\$268.59	\$15.61	\$284.20
<b>Total</b>	<b>\$865,450.00</b>	<b>\$9,221.58</b>	<b>\$498.09</b>	<b>\$9,719.66</b>

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

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

	Balance at Fiscal Year Beginning	Monthly Member Contribution	Monthly Interest Contribution	Total Monthly Contribution
Pool - Heater	\$3,250.00	\$24.00	\$0.08	\$24.08
Pool - Replaster & Tile Replace	\$7,070.58	\$146.76	\$4.61	\$151.37
Pool Area - Barbecues	\$1,010.00	\$26.98	\$0.69	\$30.67
Pool Area - Ceramic Tile	\$7,773.38	\$43.27	\$4.69	\$47.96
Pool Area - Concrete Deck, Unfunded	\$0.00	\$0.00	\$0.00	\$0.00
Pool Area - Furniture (Refurbish)	\$9,255.00	\$70.05	\$0.23	\$70.27
Pool Area - Furniture (Replace)	\$13,159.40	\$74.78	\$7.94	\$82.70
Pool Area - Mastic	\$5,131.50	\$110.79	\$0.36	\$111.15
Spa - Filter	\$1,350.00	\$12.11	\$0.04	\$12.15
Spa - Heater	\$2,200.00	\$27.36	\$0.09	\$27.44
Spa - Replaster & Tile Replace	\$3,128.40	\$54.12	\$2.04	\$56.15
<b>Sub Total</b>	<b>\$71,964.53</b>	<b>\$716.19</b>	<b>\$30.10</b>	<b>\$746.28</b>
<b>070 Decks</b>				
Decks - Clean & Top Coat	\$18,288.00	\$539.52	\$12.44	\$551.96
Decks - Resurfacing	\$94,720.81	\$306.93	\$33.65	\$340.58
<b>Sub Total</b>	<b>\$113,008.81</b>	<b>\$846.45</b>	<b>\$46.09</b>	<b>\$892.54</b>
<b>080 Misc (Buildings)</b>				
Fire Extinguisher Cabinets	\$24,994.05	\$139.11	\$15.07	\$154.19
Utility Closet Doors	\$95,881.90	\$372.15	\$40.32	\$412.47
<b>Sub Total</b>	<b>\$120,875.95</b>	<b>\$511.26</b>	<b>\$55.40</b>	<b>\$566.66</b>
<b>090 Misc (Grounds)</b>				
Landscape - Irrigation Controllers	\$20,000.00	\$219.48	\$0.71	\$220.19
Landscape - Renovation, Unfunded	\$0.00	\$0.00	\$0.00	\$0.00
Mailboxes	\$33,657.14	\$187.33	\$20.30	\$207.63
<b>Sub Total</b>	<b>\$53,657.14</b>	<b>\$406.82</b>	<b>\$21.00</b>	<b>\$427.82</b>
<b>100 Termite Control</b>				
Termite Control	\$100,000.00	\$0.00	\$58.52	\$58.52
<b>Sub Total</b>	<b>\$100,000.00</b>	<b>\$0.00</b>	<b>\$58.52</b>	<b>\$58.52</b>
Contingency	\$25,207.28	\$268.59	\$15.61	\$284.20
<b>Total</b>	<b>\$865,450.00</b>	<b>\$9,221.58</b>	<b>\$498.09</b>	<b>\$9,719.66</b>



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

# Preface

## Projections and Charts

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

**Sample Homeowners Association  
Projections  
Component Calculation Method**

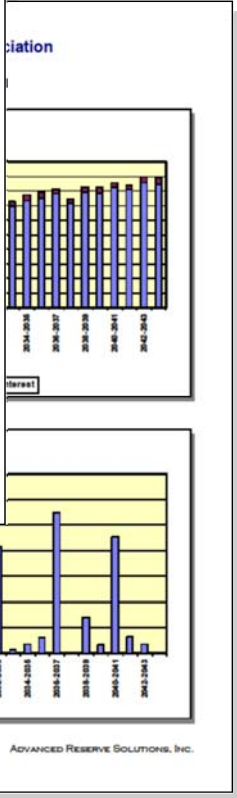
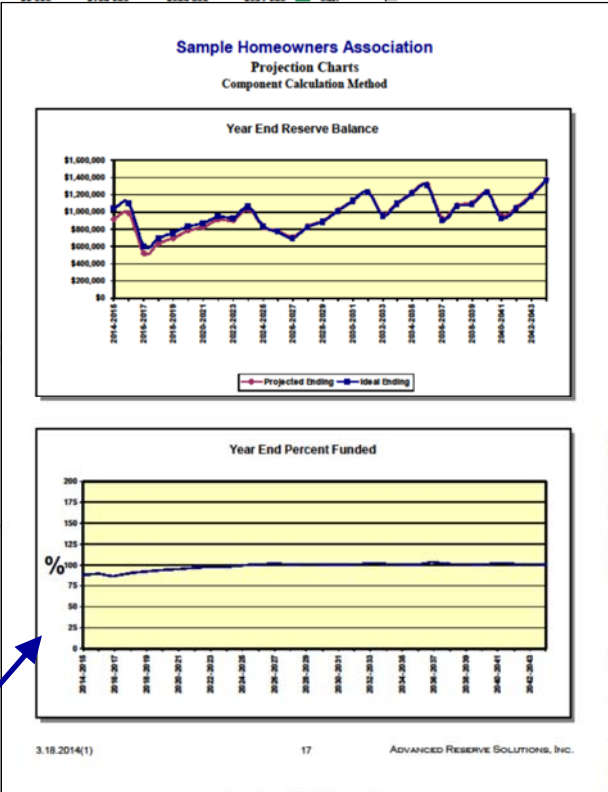
Fiscal Year	Beginning Balance	Member Contribution	Interest Contribution	Expenditures	Ending Balance	Fully Funded Ending Balance	Percent Funded
2014-2015	\$865,450	\$110,659	\$5,977	\$54,980	\$917,106	\$1,046,139	88%
2015-2016	\$917,106	\$111,857	\$6,482	\$45,317	\$990,127	\$1,104,098	90%
2016-2017	\$990,127	\$116,806	\$3,175	\$591,549	\$518,559	\$598,939	87%
2017-2018	\$518,559	\$115,807	\$3,900	\$7,715	\$630,610	\$698,915	90%
2018-2019	\$630,610	\$116,508	\$4,431	\$52,973	\$698,577	\$755,512	92%
2019-2020	\$698,577	\$116,723	\$5,037	\$34,701	\$795,578	\$834,243	94%
2020-2021	\$795,578	\$118,645	\$5,331	\$80,731	\$828,821	\$896,179	92%
2021-2022	\$828,821	\$121,028	\$5,925	\$40,530	\$915,241	\$949,147	96%
2022-2023	\$915,241	\$123,506					
2023-2024	\$907,080	\$125,898					
2024-2025	\$1,037,322	\$126,436					
2025-2026	\$825,894	\$127,755					
2026-2027	\$780,089	\$125,648					
2027-2028	\$713,358	\$119,373					
2028-2029	\$631,867	\$131,699					
2029-2030	\$696,194	\$131,038					
2030-2031	\$1,013,798	\$137,575					
2031-2032	\$1,130,018	\$141,510					
2032-2033	\$1,237,543	\$143,162					
2033-2034	\$973,366	\$138,561					
2034-2035	\$1,104,489	\$147,134					
2035-2036	\$1,222,996	\$149,242					
2036-2037	\$1,317,743	\$150,808					
2037-2038	\$926,826	\$142,178					
2038-2039	\$1,078,902	\$157,813					
2039-2040	\$1,102,377	\$157,111					
2040-2041	\$1,234,862	\$165,390					
2041-2042	\$852,363	\$161,588					
2042-2043	\$1,056,301	\$171,747					
2043-2044	\$1,200,105	\$169,299					

NOTE: In some cases, the projected Ending Balance Expenditures. This is a result of the provision of contingency is continually adjusted according to

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Improved format makes the numbers as easy to read and understand as possible. The color-coded bar indicates the reserve fund status:

Green: Good  
Yellow: Fair  
Red: Poor



**Charts**  
Show graphically the reserve funding plan through time.

# Preface

## Component Detail

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

### Lifespan Information

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

### Cost Information

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

### Calculation Results

Displays assigned reserves and funding requirements.

**Streets - Asphalt, Seal Coat**

Category	010 Streets	Quantity	65,850 sq. ft.
Photo Date	January 2011	Unit Cost	\$0.090
		% of Replacement	100.00%
		Current Cost	\$5,926.50
		Future Cost	\$6,415.03
Placed In Service	11/09	Assigned Reserves at FYB	\$5,926.50
Useful Life	4	Monthly Member Contribution	\$127.96
Remaining Life	0	Monthly Interest Contribution	\$0.41
Replacement Year	2014-2015	Total Monthly Contribution	\$128.37

**Painting - Woodwork & Trim**

Category	030 Painting	Quantity	31,575 sq. ft.
Photo Date	January 2011	Unit Cost	\$0.620
		% of Replacement	100.00%
		Current Cost	\$20,949.00
		Future Cost	\$30,222.58
Placed In Service	06/12	Assigned Reserves at FYB	\$14,524.50
Useful Life	4	Monthly Member Contribution	\$634.91
Remaining Life	2	Monthly Interest Contribution	\$10.54
Replacement Year	2016-2017	Total Monthly Contribution	\$645.45

**Pool - Replaster & Tile Replace**

Category	060 Pool Area	Quantity	1 pool
Photo Date	January 2011	Unit Cost	\$15,075.000
		% of Replacement	100.00%
		Current Cost	\$15,075.00
		Future Cost	\$16,644.02
Placed In Service	01/10	Assigned Reserves at FYB	\$7,070.58
Useful Life	10	Monthly Member Contribution	\$146.79
Remaining Life	5	Monthly Interest Contribution	\$4.61
Replacement Year	2019-2020	Total Monthly Contribution	\$151.37

**Comments**

The association seal coated and restriped the streets for a total cost of \$5,926.50. The association seal coated and restriped the streets for a total cost of \$5,926.50. The association seal coated and restriped the streets for a total cost of \$5,926.50.

The current cost used for this component is adjusted for inflation where applicable.

Asphalt surfaces should be seal coated on...

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The association painted the woodwork and trim for a total cost of \$20,949.00. The association painted the woodwork and trim for a total cost of \$20,949.00. The association painted the woodwork and trim for a total cost of \$20,949.00.

The current cost used for this component is adjusted for inflation where applicable.

For budgeting purposes, we have used the current cost.

The inventory for this component has been reviewed as of March 2000 site visit, we believe this inventory is accurate.

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

The pool and spa were replastered in March 2000 for a total cost of approximately \$6,700. The association washed the pool in June 2002 for a total cost of \$675. The association replastered the pool and spa (including replacement of the mastic directly adjacent to the pool and spa) in January 2010 for a total cost of \$15,000.

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### Comments

Useful information from site observations and historical expenses included here.

### Photos

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

## Preface

### ◆ ◆ ◆ ◆ GLOSSARY OF KEY TERMS ◆ ◆ ◆ ◆

#### **Annual Contribution Increase Parameter**

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

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

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

#### **Anticipated Reserve Balance (or Reserve Funds)**

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

#### **Assigned Funds (and “Fixed” Assigned Funds)**

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

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

#### **Cash Flow Calculation Method**

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

#### **Component Calculation Method**

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

#### **Contingency Parameter**

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

#### **Current Replacement Cost**

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

#### **Fiscal Year**

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

#### **Fully Funded Reserve Balance (or Ideal Reserves)**

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

## Preface

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

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

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

### **Future Replacement Cost**

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

### **Global Parameters**

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

### **Inflation Parameter**

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

### **Interest Contribution**

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

### **Investment Rate Parameter**

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

### **Membership Contribution**

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

### **Monthly Contribution (and "Fixed" Monthly Contribution)**

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

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

### **Number of Units (or other assessment basis)**

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

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

## Preface

### **One-Time Replacement**

Used for components that will be budgeted for only once.

### **Percent Funded**

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

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

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

### **Percentage of Replacement**

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

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

### **Phasing**

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

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

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

### **Remaining Life**

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

### **Remaining Life Adjustment**

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

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

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

### **Replacement Year**

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

### **Reserve Components**

Line items included in the reserve analysis.

### **Taxes on Investments Parameter**

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

## Preface

### Total Contribution

The sum of the membership contribution and interest contribution.

### Useful Life

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

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

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

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

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

# Warner Ranch Village Unit I

## Executive Summary

### Directed Cash Flow Calculation Method

#### Client Information:

Account Number	5345
Version Number	001
Analysis Date	06/10/2020
Fiscal Year	1/1/2021 to 12/31/2021
Number of Units	104
Phasing	1 of 1

#### Global Parameters:

Inflation Rate	2.45 %
Annual Contribution Increase	2.00 %
Investment Rate	0.34 %
Taxes on Investments	0.00 %
Contingency	0.00 %

#### Community Profile:

This community was built in 1985. Refer to the Component Detail section of this report for the dates used to age each reserve component. The projected reserve balance calculation follows:

Reserve Balance as of 3/31/2000: \$92,759  
 Remaining 2020 Contribution to Reserves: \$10,827 (\$1,203/month x 9 months remaining)  
 Remaining 2020 Reserve Expenses: \$0  
 Projected 1/1/2021 Reserve Balance: \$103,586

Completed Reports: June 2020.

#### Adequacy of Reserves as of January 1, 2021:

Anticipated Reserve Balance	<b>\$103,586.00</b>
Fully Funded Reserve Balance	<b>\$110,205.94</b>
Percent Funded	<b>93.99%</b>

Recommended Funding for the 2021 Fiscal Year:	Annual	Monthly	Per Unit
			Per Month
Member Contribution	<b>\$14,350</b>	<b>\$1,195.83</b>	<b>\$11.50</b>
Interest Contribution	<b>\$241</b>	<b>\$20.11</b>	<b>\$0.19</b>
Total Contribution	<b>\$14,591</b>	<b>\$1,215.94</b>	<b>\$11.69</b>



**Warner Ranch Village Unit I**  
**Distribution of Current Reserve Funds**  
**Sorted by Remaining Life**

	<b>Remaining Life</b>	<b>Fully Funded Balance</b>	<b>Assigned Reserves</b>
Asphalt: Crack Seal	0	\$3,000.00	\$3,000.00
Asphalt: HA5 High Density Mineral Bond	0	\$18,304.00	\$18,304.00
Pool: Deck Resurface	0	\$18,000.00	\$18,000.00
Paint: Wrought Iron Fencing	1	\$1,162.50	\$1,162.50
Pool: Furniture (Restrap Lounges & Chairs)	1	\$320.00	\$320.00
Pool: Pumps & Motors	2	\$1,800.00	\$1,800.00
Paint: Common Area Walls	3	\$2,272.50	\$2,272.50
Paint: Pool Cabana Building & Ramada	3	\$1,500.00	\$1,500.00
Walls: Common Areas (Repair)	3	\$808.00	\$808.00
Pool: Resurface (Pebble)	4	\$16,807.50	\$16,807.50
Roofs: Tile Underlayment	4	\$2,484.00	\$2,484.00
Pool: Filters	5	\$2,311.11	\$2,311.11
Spa: Heater	6	\$875.00	\$875.00
Asphalt: Repairs	7	\$2,808.00	\$2,808.00
Asphalt: Slurry Seal	7	\$26,520.00	\$26,520.00
Pool: Deck Recoat	8	\$0.00	\$0.00
Fencing: Wrought Iron (Pool)	14	\$4,400.00	\$4,400.00
Pool: Furniture (Replace)	16	\$900.00	\$63.39
Spa: Filter	16	\$150.00	\$150.00
Pool: Remodel Restrooms	19	\$4,583.33	\$0.00
Spa: Resurface (Pebble)	19	\$1,200.00	\$0.00
Grounds: Concrete Components (Unfunded)	n.a.	\$0.00	\$0.00
Grounds: Granite Replenishment (Unfunded)	n.a.	\$0.00	\$0.00
Grounds: Irrigation System (Unfunded)	n.a.	\$0.00	\$0.00
Grounds: Tree Trimming (Unfunded)	n.a.	\$0.00	\$0.00

**Warner Ranch Village Unit I**  
**Distribution of Current Reserve Funds**  
**Sorted by Remaining Life**

	<b>Remaining Life</b>	<b>Fully Funded Balance</b>	<b>Assigned Reserves</b>
Contingency	n.a.	\$0.00	\$0.00
<b>Total</b>	<b>0-19</b>	<b>\$110,205.94</b>	<b>\$103,586.00</b>
<b>Percent Funded</b>			<b>93.99%</b>

# Warner Ranch Village Unit I

## Calculation of Percent Funded

Sorted by Category

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
<b><u>010 Asphalt</u></b>				
Asphalt: Crack Seal	0	8	\$3,000.00	\$3,000.00
Asphalt: HA5 High Density Mineral Bond	0	8	\$18,304.00	\$18,304.00
Asphalt: Repairs	7	16	\$4,992.00	\$2,808.00
Asphalt: Slurry Seal	7	24	\$37,440.00	\$26,520.00
<b>Sub Total</b>	<b>0-7</b>	<b>8-24</b>	<b>\$63,736.00</b>	<b>\$50,632.00</b>
<b><u>020 Roofs</u></b>				
Roofs: Tile Underlayment	4	40	\$2,760.00	\$2,484.00
<b>Sub Total</b>	<b>4</b>	<b>40</b>	<b>\$2,760.00</b>	<b>\$2,484.00</b>
<b><u>030 Painting</u></b>				
Paint: Common Area Walls	3	6	\$4,545.00	\$2,272.50
Paint: Pool Cabana Building & Ramada	3	6	\$3,000.00	\$1,500.00
Paint: Wrought Iron Fencing	1	4	\$1,550.00	\$1,162.50
<b>Sub Total</b>	<b>1-3</b>	<b>4-6</b>	<b>\$9,095.00</b>	<b>\$4,935.00</b>
<b><u>040 Fencing/Walls</u></b>				
Fencing: Wrought Iron (Pool)	14	30	\$8,250.00	\$4,400.00
Walls: Common Areas (Repair)	3	6	\$1,616.00	\$808.00
<b>Sub Total</b>	<b>3-14</b>	<b>6-30</b>	<b>\$9,866.00</b>	<b>\$5,208.00</b>
<b><u>060 Pool</u></b>				
Pool: Deck Recoat	8	8	\$6,300.00	\$0.00
Pool: Deck Resurface	0	16	\$18,000.00	\$18,000.00
Pool: Filters	5	18	\$3,200.00	\$2,311.11
Pool: Furniture (Replace)	16	20	\$4,500.00	\$900.00
Pool: Furniture (Restrap Lounges & Chairs)	1	5	\$400.00	\$320.00
Pool: Pumps & Motors	2	5	\$3,000.00	\$1,800.00
Pool: Remodel Restrooms	19	30	\$12,500.00	\$4,583.33
Pool: Resurface (Pebble)	4	40	\$18,675.00	\$16,807.50
Spa: Filter	16	18	\$1,350.00	\$150.00
Spa: Heater	6	8	\$3,500.00	\$875.00
Spa: Resurface (Pebble)	19	25	\$5,000.00	\$1,200.00
<b>Sub Total</b>	<b>0-19</b>	<b>5-40</b>	<b>\$76,425.00</b>	<b>\$46,946.94</b>
<b><u>100 Grounds</u></b>				
Grounds: Concrete Components (Unfunded)	n.a.	n.a.	\$0.00	\$0.00
Grounds: Granite Replenishment (Unfunded)	n.a.	n.a.	\$0.00	\$0.00
Grounds: Irrigation System (Unfunded)	n.a.	n.a.	\$0.00	\$0.00

# Warner Ranch Village Unit I

## Calculation of Percent Funded

Sorted by Category

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
Grounds: Tree Trimming (Unfunded)	n.a.	n.a.	\$0.00	\$0.00
<b>Sub Total</b>	<b>n.a.</b>	<b>n.a.</b>	<b>\$0.00</b>	<b>\$0.00</b>
Contingency	n.a.	n.a.	n.a.	\$0.00
<b>Total</b>	<b>0-19</b>	<b>4-40</b>	<b>\$161,882.00</b>	<b>\$110,205.94</b>
<b>Anticipated Reserve Balance</b>				<b>\$103,586.00</b>
<b>Percent Funded</b>				<b>93.99%</b>

# Warner Ranch Village Unit I

## Projections

### Directed Cash Flow Calculation Method

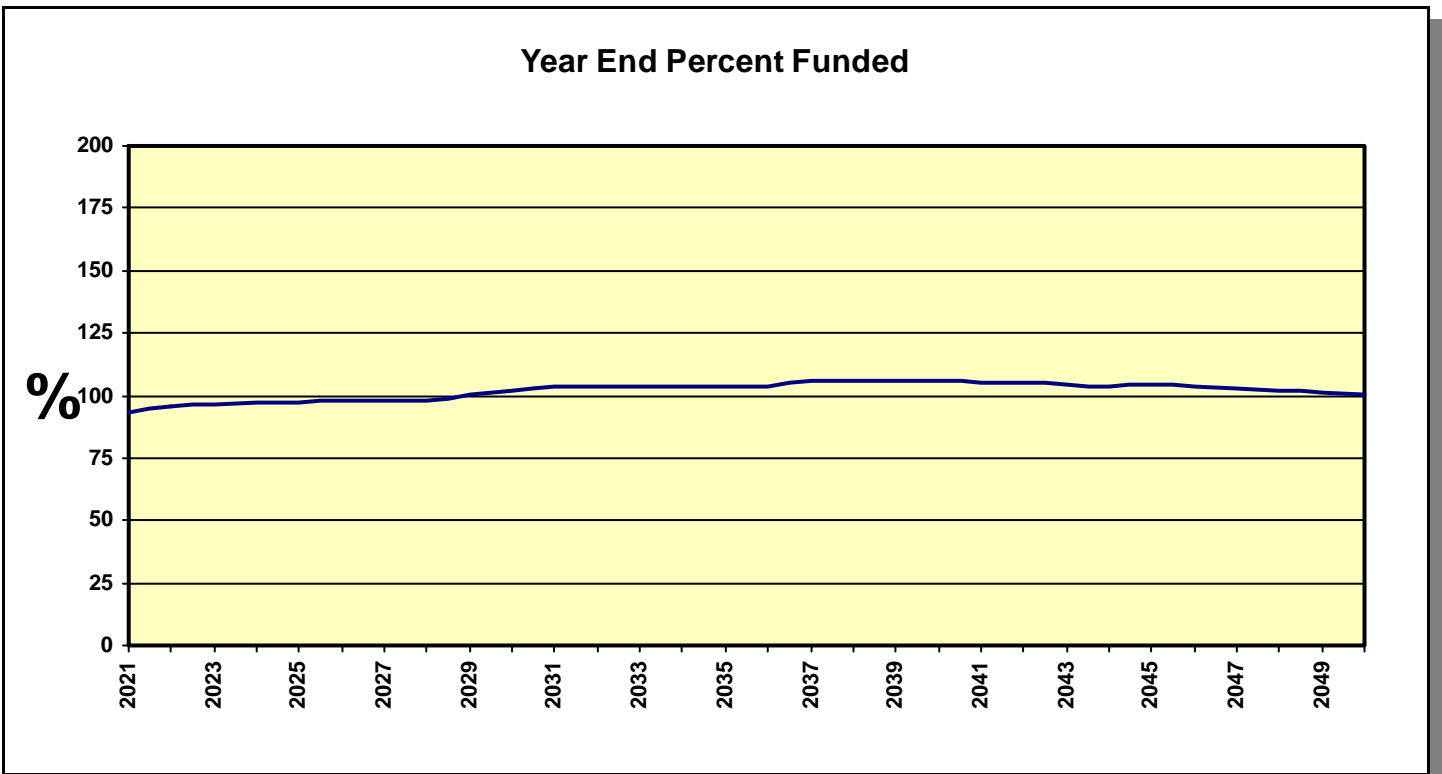
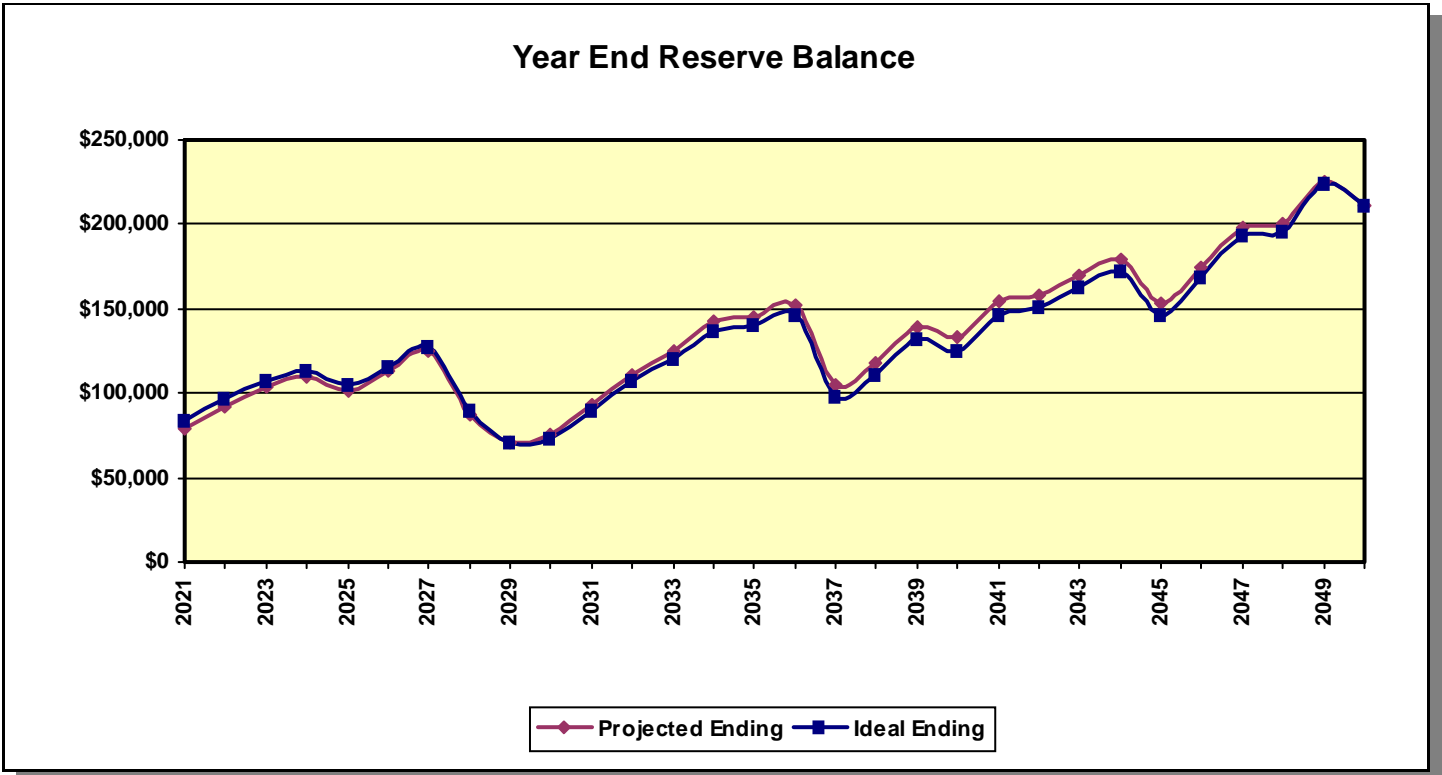
Fiscal Year	Beginning Balance	Member Contribution	Interest Contribution	Expenditures	Ending Balance	Fully Funded Ending Balance	Percent Funded
2021	\$103,586	\$14,350	\$241	\$39,304	\$78,873	\$84,303	94%
2022	\$78,873	\$14,637	\$285	\$1,998	\$91,797	\$96,271	95%
2023	\$91,797	\$14,930	\$325	\$3,149	\$103,903	\$107,645	97%
2024	\$103,903	\$15,228	\$344	\$9,851	\$109,625	\$112,732	97%
2025	\$109,625	\$15,533	\$317	\$23,614	\$101,861	\$104,467	98%
2026	\$101,861	\$15,844	\$353	\$5,361	\$112,696	\$115,022	98%
2027	\$112,696	\$16,160	\$394	\$4,510	\$124,741	\$127,039	98%
2028	\$124,741	\$16,484	\$267	\$53,820	\$87,671	\$89,169	98%
2029	\$87,671	\$16,813	\$211	\$33,502	\$71,194	\$71,046	100%
2030	\$71,194	\$17,150	\$224	\$13,318	\$75,249	\$73,500	102%
2031	\$75,249	\$17,493	\$284	\$0	\$93,025	\$90,010	103%
2032	\$93,025	\$17,842	\$343	\$522	\$110,688	\$106,750	104%
2033	\$110,688	\$18,199	\$392	\$4,011	\$125,268	\$120,695	104%
2034	\$125,268	\$18,563	\$448	\$2,123	\$142,157	\$137,294	104%
2035	\$142,157	\$18,935	\$457	\$16,489	\$145,059	\$139,969	104%
2036	\$145,059	\$19,313	\$479	\$13,171	\$151,681	\$146,506	104%
2037	\$151,681	\$19,699	\$319	\$67,099	\$104,599	\$98,361	106%
2038	\$104,599	\$20,093	\$364	\$6,866	\$118,191	\$111,162	106%
2039	\$118,191	\$20,495	\$434	\$0	\$139,121	\$131,738	106%
2040	\$139,121	\$20,905	\$412	\$27,718	\$132,720	\$124,857	106%
2041	\$132,720	\$21,323	\$485	\$0	\$154,528	\$146,654	105%
2042	\$154,528	\$21,750	\$497	\$18,472	\$158,304	\$150,520	105%
2043	\$158,304	\$22,185	\$536	\$11,071	\$169,954	\$162,532	105%
2044	\$169,954	\$22,629	\$565	\$14,294	\$178,853	\$172,019	104%
2045	\$178,853	\$23,081	\$477	\$49,347	\$153,065	\$146,320	105%
2046	\$153,065	\$23,543	\$548	\$2,839	\$174,317	\$168,145	104%
2047	\$174,317	\$24,014	\$629	\$751	\$198,208	\$193,162	103%
2048	\$198,208	\$24,494	\$634	\$23,377	\$199,958	\$196,141	102%
2049	\$199,958	\$24,984	\$720	\$0	\$225,662	\$223,688	101%
2050	\$225,662	\$25,483	\$669	\$40,807	\$211,008	\$210,660	100%

NOTE: In some cases, the projected Ending Balance may exceed the Fully Funded Ending Balance in years following high Expenditures. This is a result of the provision for contingency in this analysis, which in these projections is never expended. The contingency is continually adjusted according to need and any excess is redistributed among all components included.

# Warner Ranch Village Unit I

## Projection Charts

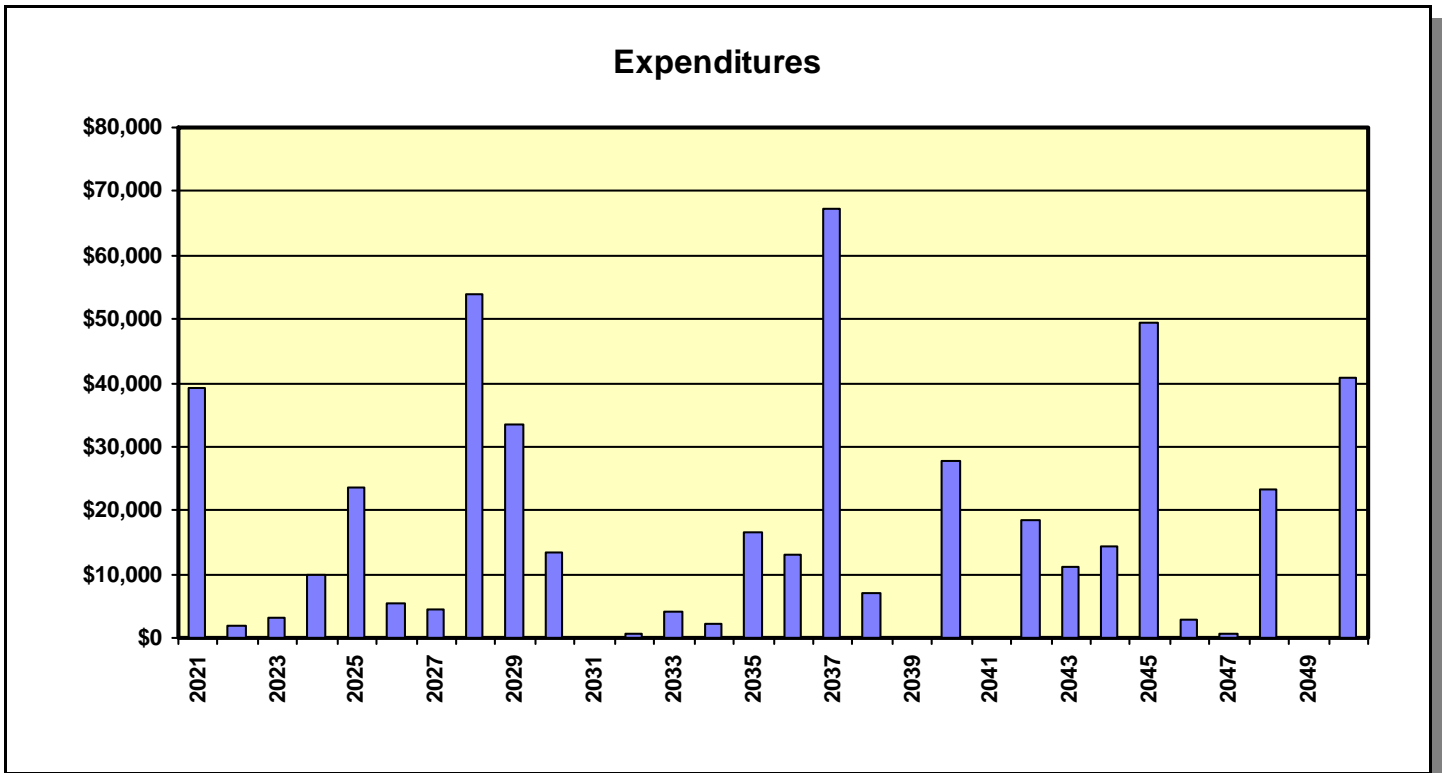
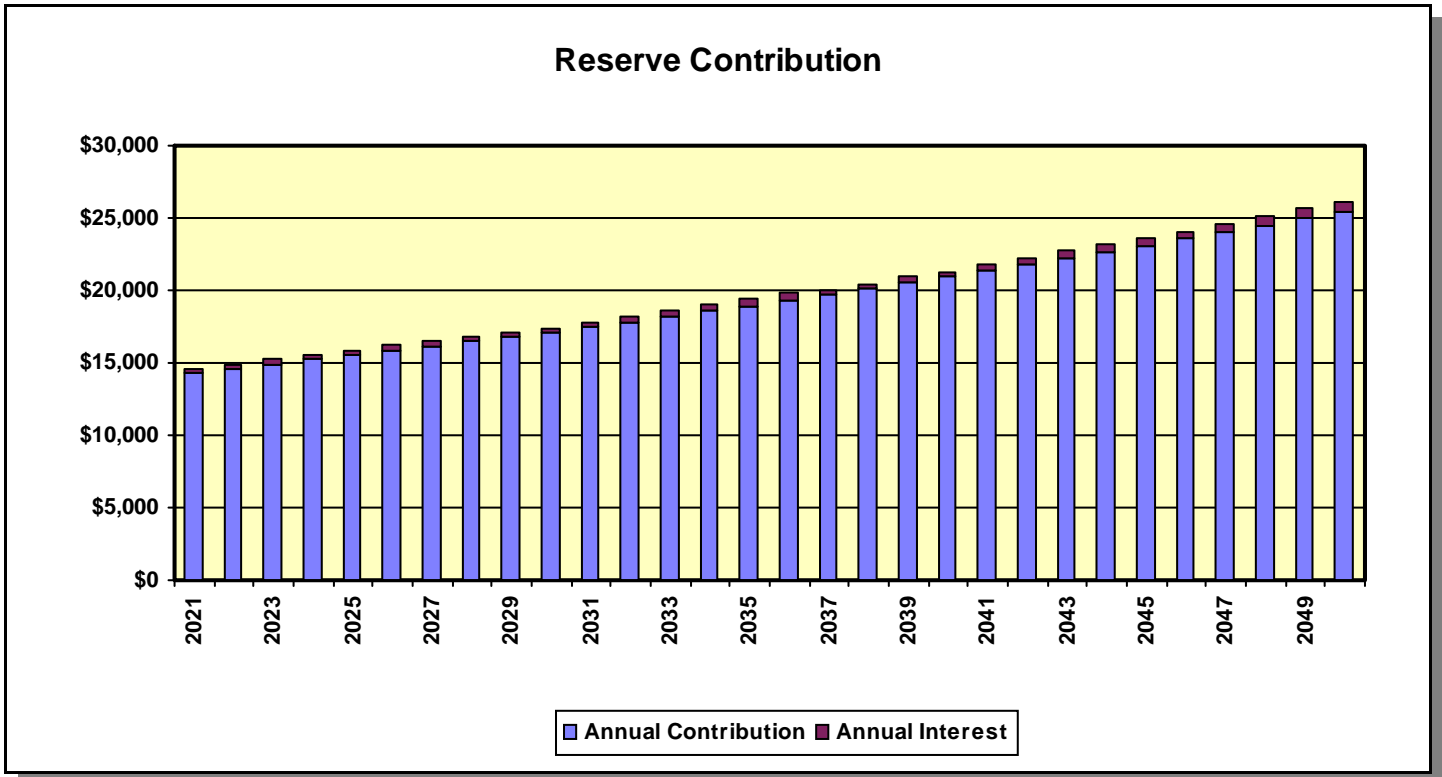
### Directed Cash Flow Calculation Method



# Warner Ranch Village Unit I

## Projection Charts

### Directed Cash Flow Calculation Method



# Warner Ranch Village Unit I

## Annual Expenditure Detail

### Sorted by Description

#### 2021 Fiscal Year

Asphalt: Crack Seal	\$3,000.00
Asphalt: HA5 High Density Mineral Bond	\$18,304.00
Pool: Deck Resurface	\$18,000.00

<b>Sub Total</b>	<b>\$39,304.00</b>
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#### 2022 Fiscal Year

Paint: Wrought Iron Fencing	\$1,587.98
Pool: Furniture (Restrap Lounges & Chairs)	\$409.80

<b>Sub Total</b>	<b>\$1,997.78</b>
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#### 2023 Fiscal Year

Pool: Pumps & Motors	\$3,148.80
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<b>Sub Total</b>	<b>\$3,148.80</b>
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#### 2024 Fiscal Year

Paint: Common Area Walls	\$4,887.31
Paint: Pool Cabana Building & Ramada	\$3,225.95
Walls: Common Areas (Repair)	\$1,737.71

<b>Sub Total</b>	<b>\$9,850.96</b>
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#### 2025 Fiscal Year

Pool: Resurface (Pebble)	\$20,573.51
Roofs: Tile Underlayment	\$3,040.58

<b>Sub Total</b>	<b>\$23,614.10</b>
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#### 2026 Fiscal Year

Paint: Wrought Iron Fencing	\$1,749.41
Pool: Filters	\$3,611.68

<b>Sub Total</b>	<b>\$5,361.09</b>
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#### 2027 Fiscal Year

Pool: Furniture (Restrap Lounges & Chairs)	\$462.52
Spa: Heater	\$4,047.06

<b>Sub Total</b>	<b>\$4,509.58</b>
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#### 2028 Fiscal Year

Asphalt: Repairs	\$5,913.69
Asphalt: Slurry Seal	\$44,352.65
Pool: Pumps & Motors	\$3,553.90

<b>Sub Total</b>	<b>\$53,820.24</b>
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**Warner Ranch Village Unit I**  
**Annual Expenditure Detail**  
**Sorted by Description**

**2029 Fiscal Year**

Asphalt: Crack Seal	\$3,640.97
Asphalt: HA5 High Density Mineral Bond	\$22,214.76
Pool: Deck Recoat	\$7,646.03

<b>Sub Total</b>	<b>\$33,501.77</b>
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**2030 Fiscal Year**

Paint: Common Area Walls	\$5,651.21
Paint: Pool Cabana Building & Ramada	\$3,730.17
Paint: Wrought Iron Fencing	\$1,927.26
Walls: Common Areas (Repair)	\$2,009.32

<b>Sub Total</b>	<b>\$13,317.96</b>
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**2032 Fiscal Year**

Pool: Furniture (Restrap Lounges & Chairs)	\$522.03
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<b>Sub Total</b>	<b>\$522.03</b>
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**2033 Fiscal Year**

Pool: Pumps & Motors	\$4,011.11
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<b>Sub Total</b>	<b>\$4,011.11</b>
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**2034 Fiscal Year**

Paint: Wrought Iron Fencing	\$2,123.18
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<b>Sub Total</b>	<b>\$2,123.18</b>
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**2035 Fiscal Year**

Fencing: Wrought Iron (Pool)	\$11,577.68
Spa: Heater	\$4,911.74

<b>Sub Total</b>	<b>\$16,489.42</b>
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**2036 Fiscal Year**

Paint: Common Area Walls	\$6,534.51
Paint: Pool Cabana Building & Ramada	\$4,313.21
Walls: Common Areas (Repair)	\$2,323.38

<b>Sub Total</b>	<b>\$13,171.11</b>
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**2037 Fiscal Year**

Asphalt: Crack Seal	\$4,418.88
Asphalt: HA5 High Density Mineral Bond	\$26,961.09
Pool: Deck Resurface	\$26,513.31
Pool: Furniture (Replace)	\$6,628.33

**Warner Ranch Village Unit I**  
**Annual Expenditure Detail**  
**Sorted by Description**

Pool: Furniture (Restrap Lounges & Chairs)	\$589.18
Spa: Filter	\$1,988.50
<b>Sub Total</b>	<b>\$67,099.29</b>
<b>2038 Fiscal Year</b>	
Paint: Wrought Iron Fencing	\$2,339.03
Pool: Pumps & Motors	\$4,527.15
<b>Sub Total</b>	<b>\$6,866.17</b>
<b>2040 Fiscal Year</b>	
Pool: Remodel Restrooms	\$19,798.73
Spa: Resurface (Pebble)	\$7,919.49
<b>Sub Total</b>	<b>\$27,718.22</b>
<b>2042 Fiscal Year</b>	
Paint: Common Area Walls	\$7,555.88
Paint: Pool Cabana Building & Ramada	\$4,987.38
Paint: Wrought Iron Fencing	\$2,576.81
Pool: Furniture (Restrap Lounges & Chairs)	\$664.98
Walls: Common Areas (Repair)	\$2,686.54
<b>Sub Total</b>	<b>\$18,471.59</b>
<b>2043 Fiscal Year</b>	
Pool: Pumps & Motors	\$5,109.57
Spa: Heater	\$5,961.17
<b>Sub Total</b>	<b>\$11,070.74</b>
<b>2044 Fiscal Year</b>	
Asphalt: Repairs	\$8,710.63
Pool: Filters	\$5,583.74
<b>Sub Total</b>	<b>\$14,294.37</b>
<b>2045 Fiscal Year</b>	
Asphalt: Crack Seal	\$5,363.01
Asphalt: HA5 High Density Mineral Bond	\$32,721.49
Pool: Deck Recoat	\$11,262.31
<b>Sub Total</b>	<b>\$49,346.81</b>
<b>2046 Fiscal Year</b>	
Paint: Wrought Iron Fencing	\$2,838.77
<b>Sub Total</b>	<b>\$2,838.77</b>

**Warner Ranch Village Unit I**  
**Annual Expenditure Detail**  
**Sorted by Description**

**2047 Fiscal Year**

Pool: Furniture (Restrap Lounges & Chairs) \$750.54

**Sub Total** \$750.54

**2048 Fiscal Year**

Paint: Common Area Walls \$8,736.89

Paint: Pool Cabana Building & Ramada \$5,766.92

Pool: Pumps & Motors \$5,766.92

Walls: Common Areas (Repair) \$3,106.45

**Sub Total** \$23,377.19

**2050 Fiscal Year**

Paint: Wrought Iron Fencing \$3,127.37

Pool: Resurface (Pebble) \$37,679.71

**Sub Total** \$40,807.07

# Warner Ranch Village Unit I

## Component Detail

Directed Cashflow Calculation Method; Sorted by Category

### Asphalt: Crack Seal

Category	010 Asphalt	Quantity	1 total
		Unit Cost	\$3,000.00
		% of Replacement	100.00%
		Current Cost	\$3,000.00
Placed In Service	01/13	Future Cost	\$3,640.97
Useful Life	8		
		Assigned Reserves at FYB	\$3,000.00
Remaining Life	0	Monthly Member Contribution	\$34.40
Replacement Year	2021	Monthly Interest Contribution	\$0.05
		Total Monthly Contribution	\$34.45

#### Comments:

This is an estimate for sealing asphalt cracks that are 1/4" or larger in conjunction with each cycle of HA5. Please note that in years immediately following a slurry seal, there will be no crack sealing required. Funds allocated to crack seal in those years should remain in the reserve account to be used for future projects as needed.

# Warner Ranch Village Unit I

## Component Detail

Directed Cashflow Calculation Method; Sorted by Category

### Asphalt: HA5 High Density Mineral Bond

Category	010 Asphalt	Quantity	83,200 sq. ft.
		Unit Cost	\$0.220
		% of Replacement	100.00%
		Current Cost	\$18,304.00
Placed In Service	01/13	Future Cost	\$22,214.76
Useful Life	8		
		Assigned Reserves at FYB	\$18,304.00
Remaining Life	0	Monthly Member Contribution	\$209.91
Replacement Year	2021	Monthly Interest Contribution	\$0.33
		Total Monthly Contribution	\$210.24

#### Comments:

This component budgets for the application of an HA5, High Density Mineral Bond on an eight (8) year cycle, starting in 2021.

HA5 was designed to limit oxidative damage from moisture and from UV rays which are intense in Arizona. HA5 provides a durable surface that reduces the frequency of "coating", preserves the underlying asphalt, and can eliminate the need for a major resurface project (overlay or R & R) if applied every seven (7) to eight (8) years.

If the Board would prefer to maintain the asphalt assuming a four (4) year seal coat, crack seal and R & R plan, we will make the adjustments to this report at the ir request.

This product is sold in Arizona solely by Holbrook Asphalt.

# Warner Ranch Village Unit I

## Component Detail

Directed Cashflow Calculation Method; Sorted by Category

### Asphalt: Repairs

Category	010 Asphalt	Quantity	83,200 sq. ft.
		Unit Cost	\$3.000
		% of Replacement	2.00%
		Current Cost	\$4,992.00
Placed In Service	01/12	Future Cost	\$5,913.69
Useful Life	16		
		Assigned Reserves at FYB	\$2,808.00
Remaining Life	7	Monthly Member Contribution	\$33.20
Replacement Year	2028	Monthly Interest Contribution	\$0.85
		Total Monthly Contribution	\$34.05

#### Comments:

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

### Asphalt: Slurry Seal

Category	010 Asphalt	Quantity	83,200 sq. ft.
		Unit Cost	\$0.450
		% of Replacement	100.00%
		Current Cost	\$37,440.00
Placed In Service	01/04	Future Cost	\$44,352.65
Useful Life	24		
		Assigned Reserves at FYB	\$26,520.00
Remaining Life	7	Monthly Member Contribution	\$187.88
Replacement Year	2028	Monthly Interest Contribution	\$7.81
		Total Monthly Contribution	\$195.69

#### Comments:

This component budgets to apply a Type II slurry seal to the community asphalt in 2028 and then every 24 years thereafter.

# Warner Ranch Village Unit I

## Component Detail

Directed Cashflow Calculation Method; Sorted by Category

### Roofs: Tile Underlayment

Category	020 Roofs	Quantity	460 sq. ft.
		Unit Cost	\$6.000
		% of Replacement	100.00%
		Current Cost	\$2,760.00
Placed In Service	01/85	Future Cost	\$3,040.58
Useful Life	40		
		Assigned Reserves at FYB	\$2,484.00
Remaining Life	4	Monthly Member Contribution	\$10.35
Replacement Year	2025	Monthly Interest Contribution	\$0.72
		Total Monthly Contribution	\$11.07

Comments:

The following comments apply to the concrete tile roofs atop the pool cabana building:

Tile roof systems are designed to last for the life of the project. However, the integrity of the tile roof is dependent on the condition of the roof underlayment. The tile can last indefinitely but will not keep the building watertight unless the underlayment is intact.

The condition of a tile roof can be deceiving. The tile may appear to be in good condition, but must be removed in order to determine the condition of the underlayment. Should it be discovered that the underlayment has deteriorated, the only solution is to remove the existing tile, replace the underlayment and then reinstall the tile. If too many tiles are damaged during the removal process, it is possible that the tiles may require replacement as well at a higher cost.

Flashing defects, attachment problems and broken/displaced/missing tiles are common factors affecting the condition of the underlayment by allowing exposure to sun and rain. Therefore, in order to protect your investment and to extend the life of the underlayment, it is necessary to have a qualified roofer inspect the tile roofs on a regular basis. We recommend that the Association include a line item in the operating budget for regular tile roof inspections and repairs.

Given the many factors listed above, we have included a provision for tile roof underlayment replacement. After several discussions with local roofing contractors and inspectors, we have been advised that tile roof underlayment has an expected life range of 20 - 40 years. In order to account for this significant future liability, we are budgeting to replace the underlayment. Should the client wish to budget for the tile roofs in a different manner we will do so at their request.

# Warner Ranch Village Unit I

## Component Detail

Directed Cashflow Calculation Method; Sorted by Category

### Paint: Common Area Walls

Category	030 Painting	Quantity	10,100 sq. ft.
		Unit Cost	\$0.450
		% of Replacement	100.00%
		Current Cost	\$4,545.00
Placed In Service	01/18	Future Cost	\$4,887.31
Useful Life	6		
		Assigned Reserves at FYB	\$2,272.50
Remaining Life	3	Monthly Member Contribution	\$69.24
Replacement Year	2024	Monthly Interest Contribution	\$0.75
		Total Monthly Contribution	\$69.99

#### Comments:

This is an estimate for painting the common area walls on a six (6) year cycle. We have been advised that they were last painted in 2018.

Includes all interior walls facing common areas. We have been advised that all walls facing the perimeter of the community (Warner Road and Warner Ranch Drive) are the responsibility of the Master Association.

### Paint: Pool Cabana Building & Ramada

Category	030 Painting	Quantity	1 total
		Unit Cost	\$3,000.000
		% of Replacement	100.00%
		Current Cost	\$3,000.00
Placed In Service	01/18	Future Cost	\$3,225.95
Useful Life	6		
		Assigned Reserves at FYB	\$1,500.00
Remaining Life	3	Monthly Member Contribution	\$45.71
Replacement Year	2024	Monthly Interest Contribution	\$0.50
		Total Monthly Contribution	\$46.21

#### Comments:

This is an estimate for painting the pool cabana building exterior and the wood ramada structure on a six (6) year cycle. We have been advised that they were last painted in 2018.



# Warner Ranch Village Unit I

## Component Detail

Directed Cashflow Calculation Method; Sorted by Category

### Paint: Wrought Iron Fencing

Category	030 Painting	Quantity	1 total
		Unit Cost	\$1,550.00
		% of Replacement	100.00%
		Current Cost	\$1,550.00
Placed In Service	01/18	Future Cost	\$1,587.98
Useful Life	4		
		Assigned Reserves at FYB	\$1,162.50
Remaining Life	1	Monthly Member Contribution	\$34.58
Replacement Year	2022	Monthly Interest Contribution	\$0.38
		Total Monthly Contribution	\$34.96

Comments:

This is an estimate for painting the wrought iron fencing and gates at the pool area. We have been advised that they were last painted in 2018.

### Fencing: Wrought Iron (Pool)

Category	040 Fencing/Walls	Quantity	1 total
		Unit Cost	\$8,250.00
		% of Replacement	100.00%
		Current Cost	\$8,250.00
Placed In Service	01/05	Future Cost	\$11,577.68
Useful Life	30		
		Assigned Reserves at FYB	\$4,400.00
Remaining Life	14	Monthly Member Contribution	\$35.02
Replacement Year	2035	Monthly Interest Contribution	\$1.30
		Total Monthly Contribution	\$36.32

Comments:

25 LF of 5'0" fencing	@	\$30.00	=	\$750.00
225 LF of 4'0" fencing	@	\$28.00	=	\$6,300.00
2 gates	@	\$600.00	=	\$1,200.00
		<b>TOTAL</b>	<b>=</b>	<b>\$8,250.00</b>

# Warner Ranch Village Unit I

## Component Detail

Directed Cashflow Calculation Method; Sorted by Category

### Walls: Common Areas (Repair)

Category	040 Fencing/Walls	Quantity	10,100 sq. ft.
		Unit Cost	\$16.000
		% of Replacement	1.00%
		Current Cost	\$1,616.00
Placed In Service	01/18	Future Cost	\$1,737.71
Useful Life	6		
		Assigned Reserves at FYB	\$808.00
Remaining Life	3	Monthly Member Contribution	\$24.62
Replacement Year	2024	Monthly Interest Contribution	\$0.27
		Total Monthly Contribution	\$24.89

Comments:

This component will accumulate funds for the major repair/replacement of a percentage of the common area walls in conjunction with each paint cycle. The accumulate funds should be used as needed, and the percentage budgeted for repair/replacement should be adjusted over time as conditions dictate.

### Pool: Deck Recoat

Category	060 Pool	Quantity	3,600 sq. ft.
		Unit Cost	\$1.750
		% of Replacement	100.00%
		Current Cost	\$6,300.00
Placed In Service	01/21	Future Cost	\$7,646.03
Useful Life	16		
Adjustment	-8	Assigned Reserves at FYB	\$0.00
Remaining Life	8	Monthly Member Contribution	\$72.25
Replacement Year	2029	Monthly Interest Contribution	\$0.11
		Total Monthly Contribution	\$72.36

Comments:

This component includes a provision to repair and recoat (repaint) the pool deck eight (8) years after installation or each full resurface project. Assumes the pool deck is resurfaced in 2021.

# Warner Ranch Village Unit I

## Component Detail

Directed Cashflow Calculation Method; Sorted by Category

### Pool: Deck Resurface

Category	060 Pool	Quantity	3,600 sq. ft.
		Unit Cost	\$5.000
		% of Replacement	100.00%
		Current Cost	\$18,000.00
Placed In Service	01/05	Future Cost	\$26,513.31
Useful Life	16		
		Assigned Reserves at FYB	\$18,000.00
Remaining Life	0	Monthly Member Contribution	\$113.92
Replacement Year	2021	Monthly Interest Contribution	\$0.18
		Total Monthly Contribution	\$114.10

#### Comments:

This component includes a provision to resurface the pool deck (includes removal of the existing deck surface and application of new acrylic lace texture overlay). Based on condition, we are budgeting to resurface this deck in 2021.

### Pool: Filters

Category	060 Pool	Quantity	2 filters
		Unit Cost	\$1,600.000
		% of Replacement	100.00%
		Current Cost	\$3,200.00
Placed In Service	01/08	Future Cost	\$3,611.68
Useful Life	18		
		Assigned Reserves at FYB	\$2,311.11
Remaining Life	5	Monthly Member Contribution	\$19.75
Replacement Year	2026	Monthly Interest Contribution	\$0.69
		Total Monthly Contribution	\$20.44

#### Comments:

These are Triton II, 4.91 sq. ft. sand filters. Date listed on the sticker is 12/27/2007.

# Warner Ranch Village Unit I

## Component Detail

Directed Cashflow Calculation Method; Sorted by Category

### Pool: Furniture (Replace)

Category	060 Pool	Quantity	1 total
		Unit Cost	\$4,500.00
		% of Replacement	100.00%
		Current Cost	\$4,500.00
Placed In Service	01/17	Future Cost	\$6,628.33
Useful Life	20		
		Assigned Reserves at FYB	\$63.39
Remaining Life	16	Monthly Member Contribution	\$28.19
Replacement Year	2037	Monthly Interest Contribution	\$0.06
		Total Monthly Contribution	\$28.25

Comments:

4 strapped lounges	@	\$225.00	=	\$900.00
16 strapped chairs	@	\$125.00	=	\$2,000.00
4 melamine tables	@	\$400.00	=	\$1,600.00
		TOTAL	=	\$4,500.00

This component budgets to replace the pool furniture on a 20 year cycle.

### Pool: Furniture (Restrap Lounges & Chairs)

Category	060 Pool	Quantity	1 total
		Unit Cost	\$400.00
		% of Replacement	100.00%
		Current Cost	\$400.00
Placed In Service	01/17	Future Cost	\$409.80
Useful Life	5		
		Assigned Reserves at FYB	\$320.00
Remaining Life	1	Monthly Member Contribution	\$7.28
Replacement Year	2022	Monthly Interest Contribution	\$0.10
		Total Monthly Contribution	\$7.38

Comments:

4 strapped lounges	@	\$100.00	=	\$400.00
16 strapped chairs	@	\$75.00	=	\$1,200.00
		TOTAL	=	\$1,600.00

This component budgets to restrap/resling the strapped chaise lounges and chairs on a five (5) years cycle.

# Warner Ranch Village Unit I

## Component Detail

Directed Cashflow Calculation Method; Sorted by Category

### Pool: Pumps & Motors

Category	060 Pool	Quantity	3 pumps
		Unit Cost	\$1,000.00
		% of Replacement	100.00%
		Current Cost	\$3,000.00
Placed In Service	01/18	Future Cost	\$3,148.80
Useful Life	5		
		Assigned Reserves at FYB	\$1,800.00
Remaining Life	2	Monthly Member Contribution	\$54.20
Replacement Year	2023	Monthly Interest Contribution	\$0.60
		Total Monthly Contribution	\$54.79

Comments:

This component will accumulate funds for the major repair/replacement of pool and spa pumps and motors.

### Pool: Remodel Restrooms

Category	060 Pool	Quantity	1 total
		Unit Cost	\$12,500.00
		% of Replacement	100.00%
		Current Cost	\$12,500.00
Placed In Service	01/10	Future Cost	\$19,798.73
Useful Life	30		
		Assigned Reserves at FYB	\$0.00
Remaining Life	19	Monthly Member Contribution	\$69.11
Replacement Year	2040	Monthly Interest Contribution	\$0.11
		Total Monthly Contribution	\$69.21

Comments:

This component budgets to remodel the pool area restrooms and shower on a 30 year cycle, and will allow funding to be available for the replacement of the following components on an as needed basis: floor tile, shower tile, plumbing fixtures, countertops, drinking fountains, partitions, water heater (Bradford White 50 gallon electric), HVAC system (Carrier 1-ton split system) and interior painting.

Accumulated funds should be used as needed for replacement of components even if needed prior to the end of the useful life listed in this report.

# Warner Ranch Village Unit I

## Component Detail

Directed Cashflow Calculation Method; Sorted by Category

<b>Pool: Resurface (Pebble)</b>
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Category	060 Pool	Quantity	1 total
		Unit Cost	\$18,675.00
		% of Replacement	100.00%
		Current Cost	\$18,675.00
Placed In Service	01/85	Future Cost	\$20,573.51
Useful Life	25		
Adjustment	+15	Assigned Reserves at FYB	\$16,807.50
Remaining Life	4	Monthly Member Contribution	\$70.04
Replacement Year	2025	Monthly Interest Contribution	\$4.88
		Total Monthly Contribution	\$74.91

Comments:

1,950 sq. ft. (IA) of resurfacing	@	\$7.50	=	\$14,625.00
170 lin. ft. trim tile	@	\$15.00	=	\$2,550.00
1 fiberglass surface removal	@	\$1,500.00	=	\$1,500.00
		TOTAL	=	\$18,675.00

The current fiberglass pool surface is in very good condition.

This component budgets to remove the fiberglass surface, resurface the swimming pool with a new pebble surface and replace the waterline trim tile in 2025. If the fiberglass surface is still in the same condition that it is currently in, this project can be pushed further into the future.

The waterline trim tile may require replacement prior to resurfacing the pebble surface. Accumulated funds should be used as needed if this is the case.

# Warner Ranch Village Unit I

## Component Detail

Directed Cashflow Calculation Method; Sorted by Category

### Spa: Filter

Category	060 Pool	Quantity	1 total
		Unit Cost	\$1,350.00
		% of Replacement	100.00%
		Current Cost	\$1,350.00
Placed In Service	01/19	Future Cost	\$1,988.50
Useful Life	18		
		Assigned Reserves at FYB	\$150.00
Remaining Life	16	Monthly Member Contribution	\$7.86
Replacement Year	2037	Monthly Interest Contribution	\$0.06
		Total Monthly Contribution	\$7.92

Comments:

This is a Triton II, 3.14 sq. ft. sand filter. Date listed on the sticker is 9/13/2018.

### Spa: Heater

Category	060 Pool	Quantity	1 heater
		Unit Cost	\$3,500.00
		% of Replacement	100.00%
		Current Cost	\$3,500.00
Placed In Service	01/19	Future Cost	\$4,047.06
Useful Life	8		
		Assigned Reserves at FYB	\$875.00
Remaining Life	6	Monthly Member Contribution	\$40.68
Replacement Year	2027	Monthly Interest Contribution	\$0.31
		Total Monthly Contribution	\$40.99

Comments:

This is a Raypak 268,000 BTU input heater. The serial number indicates replacement in mid to late 2018.

# Warner Ranch Village Unit I

## Component Detail

Directed Cashflow Calculation Method; Sorted by Category

### Spa: Resurface (Pebble)

Category	060 Pool	Quantity	1 total
		Unit Cost	\$5,000.000
		% of Replacement	100.00%
		Current Cost	\$5,000.00
Placed In Service	01/15	Future Cost	\$7,919.49
Useful Life	25		
		Assigned Reserves at FYB	\$0.00
Remaining Life	19	Monthly Member Contribution	\$27.64
Replacement Year	2040	Monthly Interest Contribution	\$0.04
		Total Monthly Contribution	\$27.68

#### Comments:

This component budgets to resurface the spa with a new pebble surface and replace the waterline trim tile. We have estimated the placed in service date of 2015 based on condition.

The waterline trim tile may require replacement prior to resurfacing the pebble surface. Accumulated funds should be used as needed if this is the case.

Measurements: 40' perimeter, 36' bench tile



# Warner Ranch Village Unit I

## Component Detail

Directed Cashflow Calculation Method; Sorted by Category

<b>Grounds: Concrete Components (Unfunded)</b>
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Category	100 Grounds	Quantity	1 comment
		Unit Cost	\$0.00
		% of Replacement	0.00%
		Current Cost	\$0.00
Placed In Service	01/85	Future Cost	\$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	\$0.00
Remaining Life	n.a.	Monthly Member Contribution	\$0.00
Replacement Year	n.a.	Monthly Interest Contribution	\$0.00
		Total Monthly Contribution	\$0.00

Comments:

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

# Warner Ranch Village Unit I

## Component Detail

Directed Cashflow Calculation Method; Sorted by Category

### Grounds: Granite Replenishment (Unfunded)

Category	100 Grounds	Quantity	1 comment
		Unit Cost	\$0.00
		% of Replacement	0.00%
		Current Cost	\$0.00
Placed In Service	01/85	Future Cost	\$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	\$0.00
Remaining Life	n.a.	Monthly Member Contribution	\$0.00
Replacement Year	n.a.	Monthly Interest Contribution	\$0.00
		Total Monthly Contribution	\$0.00

#### Comments:

We are not budgeting to replenish the small areas of common area granite landscape rock located throughout the community because the cost to do so is most often considered an operating expense. We recommend that a line item be set up in the annual operating budget to account for future replenishments, that the condition of the granite be monitored over time, and adjusted as experience dictates.

Should the Association wish to have granite replenishment included in the reserve study, we will budget for it the Board's request. However, in order to do so, we will need the following information:

- \$ amount to be budgeted or total square footage
- Useful life to be used
- Year in which the next expenditure should occur

# Warner Ranch Village Unit I

## Component Detail

Directed Cashflow Calculation Method; Sorted by Category

### Grounds: Irrigation System (Unfunded)

Category	100 Grounds	Quantity	1 comment
		Unit Cost	\$0.00
		% of Replacement	0.00%
		Current Cost	\$0.00
Placed In Service	01/85	Future Cost	\$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	\$0.00
Remaining Life	n.a.	Monthly Member Contribution	\$0.00
Replacement Year	n.a.	Monthly Interest Contribution	\$0.00
		Total Monthly Contribution	\$0.00

#### Comments:

Irrigation systems are one of the most difficult items to budget for without specific information provided by an expert who is specifically familiar with the system inventory and system condition.

We have been advised by irrigation system experts that most system components (piping, sprinkler heads, valves, etc) have a useful life of 20+ years. However, budgeting for the replacement of an irrigation system requires evaluation of the present condition (to identify remaining useful life) and replacement cost - both of which call for expert evaluation, but fall outside the scope of a reserve study.

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

This component includes the irrigation controller located at the pool area as well.

# Warner Ranch Village Unit I

## Component Detail

Directed Cashflow Calculation Method; Sorted by Category

### Grounds: Tree Trimming (Unfunded)

Category	100 Grounds	Quantity	1 comment
		Unit Cost	\$0.00
		% of Replacement	0.00%
		Current Cost	\$0.00
Placed In Service	01/85	Future Cost	\$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	\$0.00
Remaining Life	n.a.	Monthly Member Contribution	\$0.00
Replacement Year	n.a.	Monthly Interest Contribution	\$0.00
		Total Monthly Contribution	\$0.00

#### Comments:

We have been advised by arborists that major tree trimming is usually required every 3 – 5 years and could be considered a reserve expense. However, the cost for a major tree trimming project depends on the size, type, maturity and number of trees at the community – all of which call for expert evaluation, but fall outside the scope of a reserve study.

Should the Board obtain a proposal and trimming schedule we will include budgeting for tree trimming in a revision or future update of this analysis at the Board's request.

# Warner Ranch Village Unit I

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Number of components included in this reserve analysis is 25.