



**RESERVE STUDY UPDATE  
FOR  
CIRCLE G RANCHES 4 HOMEOWNERS  
ASSOCIATION**



**Management By:  
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January 12, 2026



## EXECUTIVE SUMMARY

### CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION

January 12, 2026

Starting Reserve Balance 1/1/2026	\$330,525
Projected Fully Funded Reserve Balance 1/1/2026	\$467,849
Percent Fully Funded 1/1/2026	71%
Annual Reserve Contribution 2025	\$34,032

This study is an update to a previous study performed by Association Reserves dated October 15, 2018. This update was performed with a field visit.

This study is based on the cash flow method of funding. This reserve analysis is based on an observation and assessment of the condition of the reserve fund based on a field assessment of the condition of the assets of the association, a projection of the useful life and remaining useful life of those assets, and the replacement costs for those assets. The financial information was provided by the association on the reserve fund balance and contribution to the fund. The general guideline used in our studies to determine whether the cost to replace or maintain an asset is paid from reserves or operations is if the replacement cost exceeds \$500 it is included in reserves. That can be modified at the direction of the Board.

Following are some key points relative to your study:

1. The study has a fiscal year beginning date of January 1, 2026.
2. The study reflects a beginning balance for the reserve fund of \$330,525 and an annual contribution of \$34,032. The financial information was provided by the association and was not audited. As reflected by the Current Assessment Funding Model Projection in the report, on pages 1-1 and 1-2, the reserve fund is underfunded.. Reserve funds are generally considered to be in a healthy condition if the reserve balance is at or above 70% of the fully funded balance.
3. Because of the underfunded condition based on the current funding, an Alternate Funding Model is included in the report, on pages 1-3 and 1-4, for consideration by the Association. The model suggests an annual contribution of \$45,000 in 2026 followed by an annual 4% increase in the following years. Other funding alternatives can be prepared if desired by the Board. Note that the study includes a 4% inflation on costs based on current construction cost indexes so some increase in funding over time is recommended to stay even with cost increase from inflation.

4. This study should be compared with the operating budget to make sure there are no overlaps or gaps of items in this study and in the operating budget.
5. The physical assessment of components was based on field reviews conducted on November 3, 2025. The field review consisted of on-site observations of common areas and facilities. No sampling or destructive testing was performed. The on-site observation is not a comprehensive quality inspection. Quantification of assets was accomplished with a combination of on-site measurements, aerial photos and information provided by the association.
6. The consultant has no other involvement with the association that could be considered a conflict of interest. To our knowledge, there are no material issues that have not been disclosed that would cause a distortion of the association's reserve fund.

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### **PART I INFORMATION ABOUT YOUR RESERVE STUDY**

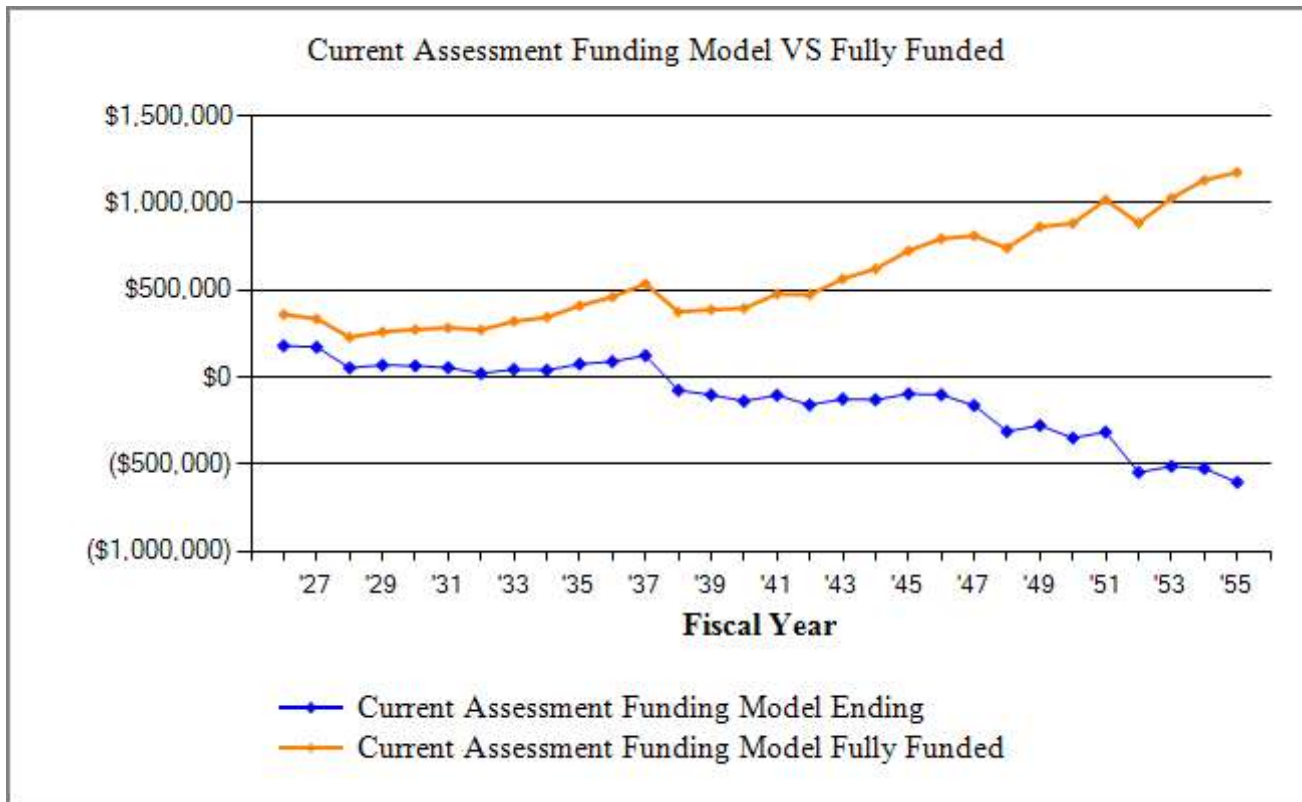
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**CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION**  
**Current Assessment Funding Model Summary**

Report Date	January 12, 2026
Budget Year Beginning	January 1, 2026
Budget Year Ending	December 31, 2026
Total Units	161

***Report Parameters***

Inflation	4.00%
Annual Assessment Increase	0.00%
Interest Rate on Reserve Deposit	1.00%
Tax Rate on Interest	30.00%
2026 Beginning Balance	\$330,525



***Current Assessment Funding Model Summary of Calculations***

Required Monthly Contribution	\$2,836.00
<i>\$17.61 per unit monthly</i>	
Average Net Monthly Interest Earned	\$96.07
Total Monthly Allocation to Reserves	\$2,932.07
<i>\$18.21 per unit monthly</i>	

**CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION**  
**Current Assessment Funding Model Projection**

Beginning Balance: \$330,525

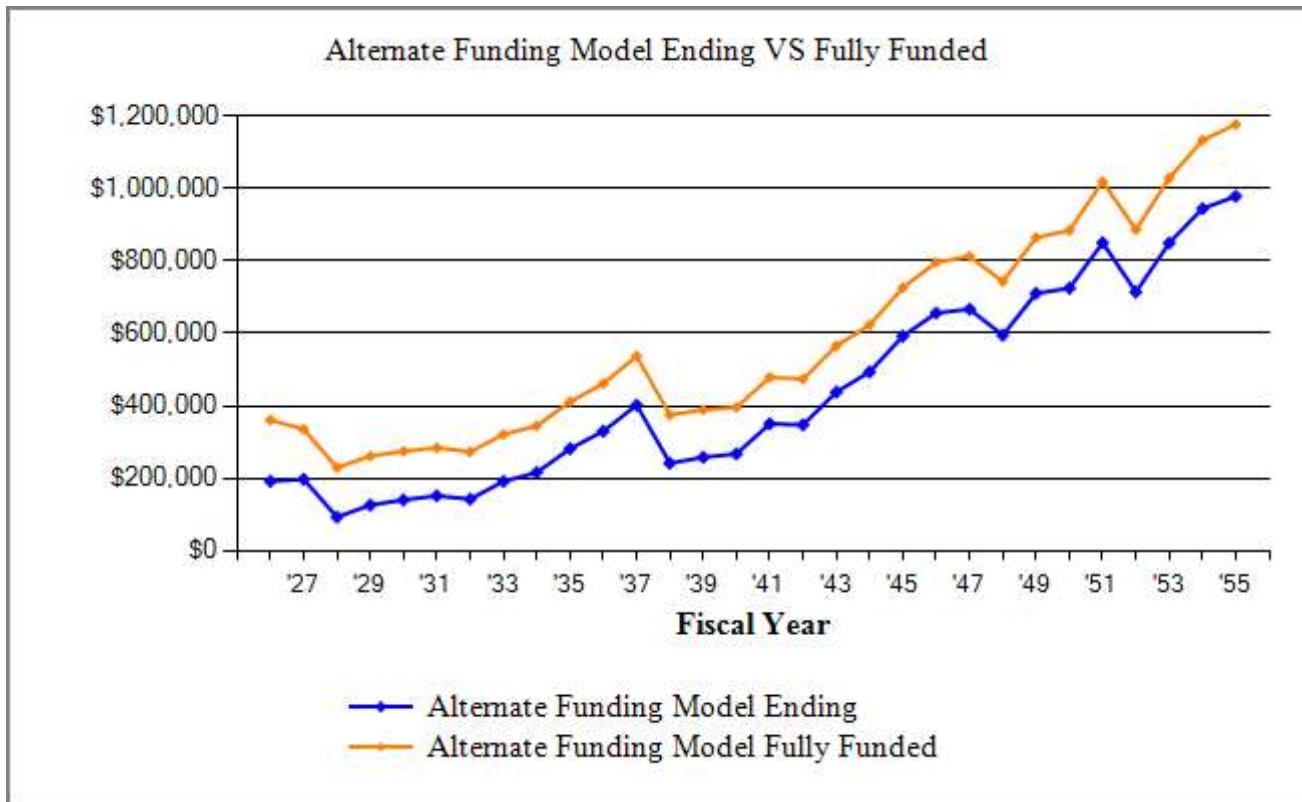
Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2026	614,546	34,032	1,153	184,782	180,928	360,759	50%
2027	607,927	34,032	1,100	42,640	173,420	335,814	52%
2028	632,245	34,032	269	153,494	54,228	229,588	24%
2029	657,534	34,032	382	18,279	70,362	261,372	27%
2030	683,836	34,032	348	39,190	65,552	274,374	24%
2031	711,189	34,032	280	44,043	55,822	284,582	20%
2032	739,637	34,032	49	67,188	22,715	273,040	8%
2033	769,222	34,032	209	11,317	45,639	321,033	14%
2034	799,991	34,032	179	38,569	41,281	344,557	12%
2035	831,991	34,032	419		75,732	411,166	18%
2036	865,270	34,032	519	20,251	90,032	461,491	20%
2037	899,881	34,032	762		124,826	537,088	23%
2038	935,876	34,032		233,723	-74,865	374,922	
2039	973,311	34,032		60,276	-101,109	389,032	
2040	1,012,244	34,032		70,133	-137,210	395,927	
2041	1,052,734	34,032			-103,178	478,606	
2042	1,094,843	34,032		89,495	-158,640	474,192	
2043	1,138,637	34,032			-124,608	565,457	
2044	1,184,182	34,032		38,655	-129,231	623,063	
2045	1,231,549	34,032			-95,199	726,181	
2046	1,280,811	34,032		39,002	-100,169	795,991	
2047	1,332,044	34,032		96,164	-162,301	812,397	
2048	1,385,326	34,032		182,442	-310,712	743,113	
2049	1,440,739	34,032			-276,680	864,316	
2050	1,498,368	34,032		105,818	-348,466	883,975	
2051	1,558,303	34,032			-314,434	1,018,277	
2052	1,620,635	34,032		265,273	-545,675	886,025	
2053	1,685,460	34,032			-511,643	1,028,483	
2054	1,752,879	34,032		46,180	-523,791	1,132,893	
2055	1,822,994	34,032		112,895	-602,654	1,176,547	

**CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION**  
**Alternate Funding Model Summary**

***Report Parameters***

Report Date	January 12, 2026
Budget Year Beginning	January 1, 2026
Budget Year Ending	December 31, 2026
Total Units	161

Inflation	4.00%
Interest Rate on Reserve Deposit	1.00%
Tax Rate on Interest	30.00%
2026 Beginning Balance	\$330,525



***Alternate Funding Model Summary of Calculations***

Required Monthly Contribution	\$3,750.00
<i>\$23.29 per unit monthly</i>	
Average Net Monthly Interest Earned	\$99.54
Total Monthly Allocation to Reserves	\$3,849.54
<i>\$23.91 per unit monthly</i>	

**CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION**  
**Alternate Funding Model Projection**

Beginning Balance: \$330,525

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2026	614,546	45,000	1,194	184,782	191,937	360,759	53%
2027	607,927	46,800	1,226	42,640	197,324	335,814	59%
2028	632,245	48,672	493	153,494	92,995	229,588	41%
2029	657,534	50,619	717	18,279	126,052	261,372	48%
2030	683,836	52,644	810	39,190	140,315	274,374	51%
2031	711,189	54,749	884	44,043	151,906	284,582	53%
2032	739,637	56,939	811	67,188	142,468	273,040	52%
2033	769,222	59,217	1,146	11,317	191,514	321,033	60%
2034	799,991	61,586	1,308	38,569	215,838	344,557	63%
2035	831,991	64,049	1,759		281,647	411,166	68%
2036	865,270	66,611	2,089	20,251	330,095	461,491	72%
2037	899,881	69,275	2,581		401,952	537,088	75%
2038	935,876	72,046	1,455	233,723	241,731	374,922	64%
2039	973,311	74,928	1,559	60,276	257,942	389,032	66%
2040	1,012,244	77,925	1,615	70,133	267,350	395,927	68%
2041	1,052,734	81,042	2,185		350,578	478,606	73%
2042	1,094,843	84,284	2,154	89,495	347,521	474,192	73%
2043	1,138,637	87,656	2,774		437,950	565,457	77%
2044	1,184,182	91,162	3,150	38,655	493,607	623,063	79%
2045	1,231,549	94,808	3,827		592,242	726,181	82%
2046	1,280,811	98,601	4,260	39,002	656,100	795,991	82%
2047	1,332,044	102,545	4,322	96,164	666,803	812,397	82%
2048	1,385,326	106,646	3,807	182,442	594,813	743,113	80%
2049	1,440,739	110,912	4,599		710,324	864,316	82%
2050	1,498,368	115,349	4,683	105,818	724,538	883,975	82%
2051	1,558,303	119,963	5,544		850,044	1,018,277	83%
2052	1,620,635	124,761	4,581	265,273	714,113	886,025	81%
2053	1,685,460	129,752	5,508		849,373	1,028,483	83%
2054	1,752,879	134,942	6,153	46,180	944,287	1,132,893	83%
2055	1,822,994	140,339	6,372	112,895	978,103	1,176,547	83%



# CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION

## Asset Summary Report

Description	Asset ID	Replacement Date	Current Cost	Useful Life	Adjustment	Remaining	Future Cost	Quantity	Unit Cost
<b>Painting</b>									
<b>Playground - Paint</b> Asset ID: 1036	2023	2031	2,500	8	0	5	3,042	1 @	2,500.00
<b>Pole Lights (Recreation) - Paint</b> Asset ID: 1033	2018	2026	3,058	8	0	0	3,058	11 @	278.00
<b>Tennis Light Poles - Paint</b> Asset ID: 1029	2018	2026	2,500	8	0	0	2,500	1 @	2,500.00
<b>Walls (Stucco) - Paint</b> Asset ID: 1008	2018	2028	56,982	10	0	2	61,632	49550 @	1.15
<b>Fencing/Security</b>									
<b>Bridle Path Chains &amp; Posts (A) - Rep..</b> Asset ID: 1009	1978	2032	8,100	40	14	6	10,249	18 @	450.00
<b>Bridle Path Fencing &amp; Gate (B) - Re..</b> Asset ID: 1010	1978	2032	2,500	40	14	6	3,163	1 @	2,500.00
<b>Bridle Path Fencing &amp; Gate (C) - Re..</b> Asset ID: 1011	1978	2032	2,500	40	14	6	3,163	1 @	2,500.00
<b>Bridle Path Rails - Replace/Paint</b> Asset ID: 1012	1012	Unfunded							
<b>Emergency Gate - Replace</b> Asset ID: 1020	2003	2033	3,600	30	0	7	4,737	1 @	3,600.00
<b>Horse Arena Split Rail Fence - Repai..</b> Asset ID: 1041	1978	2026	20,000	30	18	0	20,000	1 @	20,000.00
<b>Horse Benches - Replace</b> Asset ID: 1023	1023	Unfunded							
<b>Tennis Fence - Paint</b> Asset ID: 1031	2018	2028	13,681	8	2	2	14,797	1 @	13,681.12
<b>Tennis Fence - Replace</b> Asset ID: 1030	2018	2046	10,800	28	0	20	23,664	1 @	10,800.00
<b>Walls (Stucco) A - Repair</b> Asset ID: 1006	2018	2028	10,000	10	0	2	10,816	1 @	10,000.00
<b>Walls (Stucco) B - Repair</b> Asset ID: 1007	2003	2028	1,000	10	15	2	1,082	1 @	1,000.00
<b>Lighting</b>									
<b>Horse Arena Lights - Paint</b> Asset ID: 1040	2018	2026	2,224	8	0	0	2,224	8 @	278.00
<b>Horse Arena Lights - Replace</b> Asset ID: 1039	1978	2028	28,000	28	22	2	30,285	8 @	3,500.00
<b>Pole Lights (Community) - Replace</b> Asset ID: 1002	1002	Unfunded							
<b>Pole Lights (Entrance) - Replace</b> Asset ID: 1005	1998	2028	16,250	30	0	2	17,576	5 @	3,250.00
<b>Tennis Lights - Replace Heads</b> Asset ID: 1028	2024	2034	5,400	10	0	8	7,390	12 @	450.00

# CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION

## Asset Summary Report

Description	Asset ID	Replacement Date	Current Cost	Useful Life	Adjustment	Remaining	Future Cost	Quantity	Unit Cost
<b>Recreation/Horse Arena</b>									
<b>Basketball Court Concrete - Replace</b> Asset ID: 1026	1978	2026	125,000	50	-2	0	125,000	1 @	125,000.00
<b>Play Structure - Replace</b> Asset ID: 1034	2018	2038	75,000	20	0	12	120,077	1 @	75,000.00
<b>Racquetball Structure - Demo</b> Asset ID: 1027	2026	2026	30,000	1	0	0	30,000	1 @	30,000.00
<b>Swing Set Poles - Replace</b> Asset ID: 1035	1978	2033	5,000	50	5	7	6,580	1 @	5,000.00
<b>Tennis Courts - Resurface</b> Asset ID: 1032	2023	2031	28,700	8	0	5	34,918	2 @	14,350.00
<b>Equipment</b>									
<b>Backflow Valves - Replace - Phase1</b> Asset ID: 1016	1998	2027	6,000	20	9	1	6,240	2 @	6,000.00
<b>Backflow Valves - Replace - Phase2</b> Asset ID: 1016	1998	2028	6,000	20	10	2	6,490	2 @	6,000.00
<b>Baseball Backstop - Replace</b> Asset ID: 1038	1979	2029	6,250	40	10	3	7,030	25 @	250.00
<b>Electric Panel - Replace</b> Asset ID: 1017	1978	2026	2,000	35	13	0	2,000	2 @	1,000.00
<b>Irrigation Controllers - Replace</b> Asset ID: 1015	1015	Unfunded							
<b>Irrigation System (Flood) - Refurbish</b> Asset ID: 1013	1978	2027	10,000	25	24	1	10,400	1 @	10,000.00
<b>Irrigation System (Sprklr) - Refurbish</b> Asset ID: 1014	1978	2027	25,000	25	24	1	26,000	1 @	25,000.00
<b>Park Furnishings - Replace</b> Asset ID: 1024	2004	2029	10,000	25	0	3	11,249	1 @	10,000.00
<b>Playground Furnishings - Replace</b> Asset ID: 1025	2009	2034	8,000	25	0	8	10,949	1 @	8,000.00
<b>Grounds Components</b>									
<b>Arbor - Care</b> Asset ID: 1021	2022	2032	40,000	10	0	6	50,613	1 @	40,000.00
<b>Concrete Components - Repair/Repla..</b> Asset ID: 1004	2022	2028	7,000	6	0	2	7,571	1 @	7,000.00
<b>Granite (A) - Replenish</b> Asset ID: 1018	2020	2030	8,000	10	0	4	9,359	1 @	8,000.00
<b>Granite (B) - Replenish</b> Asset ID: 1019	2020	2030	24,000	10	0	4	28,077	1 @	24,000.00
<b>Pavers (Concrete) - Repair/Replace P..</b> Asset ID: 1003	2018	2030	1,500	10	2	4	1,755	1 @	1,500.00
<b>Signs</b>									
<b>Directional Signs - Refurbish/replace</b> Asset ID: 1022	2023	2031	5,000	8	0	5	6,083	1 @	5,000.00

CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION  
Asset Summary Report

Description	Asset ID	Replacement Date	Current Cost	Useful Life	Adjustment	Remaining	Future Cost	Quantity	Unit Cost
<i>Signs continued...</i>									
Monuments - Refurbish Asset ID: 1001	2018	2028	3,000	10	0	2	3,245	2 @	1,500.00

# CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION

## Detail Report

### Playground - Paint

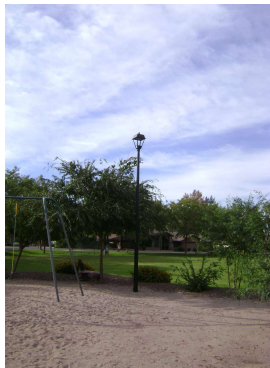
Asset ID	1036	1 LS	@ \$2,500.00
Category	Recreation Area	Asset Actual Cost	\$2,500.00
Placed in Service	Painting	Percent Replacement	100%
Useful Life	October 2023	Future Cost	\$3,041.63
Replacement Year	8		
Remaining Life	2031		
	5		



Good condition. Budget to paint play structure and swing set.

### Pole Lights (Recreation) - Paint

Asset ID	1033	11 EA	@ \$278.00
Category	Recreation Area	Asset Actual Cost	\$3,058.00
Placed in Service	Painting	Percent Replacement	100%
Useful Life	October 2018	Future Cost	\$3,058.00
Replacement Year	8		
Remaining Life	2026		
	0		



Poor condition. Budget to paint recreation area pole lights.

# CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION

## Detail Report

### Tennis Light Poles - Paint

Asset ID	1029	1 LS	@ \$2,500.00
Category	Recreation Area	Asset Actual Cost	\$2,500.00
Placed in Service	Painting	Percent Replacement	100%
Useful Life	October 2018	Future Cost	\$2,500.00
Replacement Year	8		
Remaining Life	2026		
	0		



Fair to poor condition. Budget to paint (9) poles.

2018 - Painted total \$1,900.

### Walls (Stucco) - Paint

Asset ID	1008	49,550 SF	@ \$1.15
Category	Grounds	Asset Actual Cost	\$56,982.50
Placed in Service	Painting	Percent Replacement	100%
Useful Life	October 2018	Future Cost	\$61,632.27
Replacement Year	10		
Remaining Life	2028		
	2		



Poor condition. Budget to paint masonry block stucco walls. Locations include entrance,

**CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION**  
**Detail Report**

*Walls (Stucco) - Paint continued...*

Warner Rd., Price Rd., South of community along bridle path, and interior walls.

**CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION**  
**Detail Report**

**Bridle Path Chains & Posts (A) - Replace**

Asset ID	1009	18 EA	@ \$450.00
Category	Grounds	Asset Actual Cost	\$8,100.00
Placed in Service	October 1978	Percent Replacement	100%
Useful Life	40	Future Cost	\$10,249.08
Adjustment	14		
Replacement Year	2032		
Remaining Life	6		



Fair condition. Budget to replace bridle path chains and posts. Low priority - life adjustment.

**Bridle Path Fencing & Gate (B) - Replace**

Asset ID	1010	1 EA	@ \$2,500.00
Category	Grounds	Asset Actual Cost	\$2,500.00
Placed in Service	October 1978	Percent Replacement	100%
Useful Life	40	Future Cost	\$3,163.30
Adjustment	14		
Replacement Year	2032		
Remaining Life	6		

# CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION

## Detail Report

### *Bridle Path Fencing & Gate (B) - Replace continued...*



Fair condition. Budget to replace approximately 40 LF of split rail fencing/gates. Location South end of Fairfield Dr. Low priority - life adjustment.

#### Bridle Path Fencing & Gate (C) - Replace

Asset ID	1011	Asset Actual Cost	1 EA @ \$2,500.00
Category	Grounds	Percent Replacement	100%
Placed in Service	Fencing/Security	Future Cost	\$3,163.30
Useful Life	October 1978		
Adjustment	40		
Replacement Year	14		
Remaining Life	2032		
	6		

Budget to replace approximately 40 LF of split rail fencing/gates. Location Southeast corner of Price Rd. Low priority - life adjustment.

#### Bridle Path Rails - Replace/Paint

Asset ID	1012	Asset Actual Cost	
Category	Grounds	Percent Replacement	100%
Placed in Service	Fencing/Security	Future Cost	
No Useful Life	October 1978		



# CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION

## Detail Report

*Bridle Path Rails - Replace/Paint continued...*



Unfunded. Prior report stated owner's responsibility. Various conditions. All need paint.

### Emergency Gate - Replace

Asset ID	1020	1 LS	@ \$3,600.00
Category	Grounds	Asset Actual Cost	\$3,600.00
Placed in Service	Fencing/Security	Percent Replacement	100%
Useful Life	October 2003	Future Cost	\$4,737.35
Replacement Year	30		
Remaining Life	2033		
	7		



Good condition. Budget to replace emergency fire gate with block wall. Approximately 25 LF.

**CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION**  
**Detail Report**

**Horse Arena Split Rail Fence - Repair/Replace Footings**

Asset ID	1041	1 LS	@ \$20,000.00
Category	Recreation Area	Asset Actual Cost	\$20,000.00
Placed in Service	Fencing/Security	Percent Replacement	100%
Useful Life	October 1978	Future Cost	\$20,000.00
Adjustment	30		
Replacement Year	18		
Remaining Life	2026		
	0		



Poor condition. Budget to repair and/or replace footings where needed. Reportedly footings are failing. Approximately 670 LF of split rail fencing.

**Horse Benches - Replace**

Asset ID	1023	3 EA	
Category	Recreation Area	Asset Actual Cost	
Placed in Service	Fencing/Security	Percent Replacement	100%
No Useful Life	October 1978	Future Cost	

# CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION

## Detail Report

*Horse Benches - Replace continued...*



Unfunded. No anticipation to replace.

### Tennis Fence - Paint

Asset ID	1031	1 LS	@ \$13,681.12
Category	Recreation Area	Asset Actual Cost	\$13,681.12
Placed in Service	Fencing/Security	Percent Replacement	100%
Useful Life	October 2018	Future Cost	\$14,797.50
Adjustment	8		
Replacement Year	2		
Remaining Life	2028		
	2		



Fair condition. Budget to paint chain link tennis fencing. Approximately 600 SF. Life adjustment due to condition.

# CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION

## Detail Report

### Tennis Fence - Replace

Asset ID	1030	1 LS	@ \$10,800.00
Category	Recreation Area	Asset Actual Cost	\$10,800.00
Placed in Service	Fencing/Security	Percent Replacement	100%
Useful Life	October 2018	Future Cost	\$23,664.13
Replacement Year	28		
Remaining Life	2046		
	20		



Good condition. Budget to replace chain link tennis fencing. Approximately 540 LF.  
2018 - Replaced fence total \$10,800.

### Walls (Stucco) A - Repair

Asset ID	1006	1 LS	@ \$10,000.00
Category	Grounds	Asset Actual Cost	\$10,000.00
Placed in Service	Fencing/Security	Percent Replacement	100%
Useful Life	October 2018	Future Cost	\$10,816.00
Replacement Year	10		
Remaining Life	2028		
	2		



Various conditions. Budget to repair painted stucco walls. Location entrance Warner Rd &



**CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION**  
**Detail Report**

*Walls (Stucco) A - Repair continued...*

Fairfield Dr. and North of lots 157 & 158 along Warner Rd. Recommend paint with minor stucco repair soon to preserve and aesthetics. In conjunction with wall paint, see asset ID 1008. Approximately 7,800 SF of wall.

2018 - Repaired.

**Walls (Stucco) B - Repair**

Asset ID	1007	1 LS	@ \$1,000.00
Category	Grounds	Asset Actual Cost	\$1,000.00
Placed in Service	Fencing/Security	Percent Replacement	100%
Useful Life	October 2003	Future Cost	\$1,081.60
Adjustment	10		
Replacement Year	15		
Remaining Life	2028		
	2		



Various conditions. Budget to repair painted stucco walls. Location along Price Rd. Recommend paint with minor stucco repair soon to preserve and aesthetics. In conjunction with wall paint, see asset ID 1008. Approximately 17,000 SF of wall.

**CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION**  
**Detail Report**

**Horse Arena Lights - Paint**

Asset ID	1040	8 EA	@ \$278.00
Category	Recreation Area	Asset Actual Cost	\$2,224.00
Placed in Service	Lighting	Percent Replacement	100%
Useful Life	October 2018	Future Cost	\$2,224.00
Replacement Year	8		
Remaining Life	2026		
	0		



Poor condition. Budget to paint horse arena light poles.

**Horse Arena Lights - Replace**

Asset ID	1039	8 EA	@ \$3,500.00
Category	Recreation Area	Asset Actual Cost	\$28,000.00
Placed in Service	Lighting	Percent Replacement	100%
Useful Life	October 1978	Future Cost	\$30,284.80
Adjustment	28		
Replacement Year	22		
Remaining Life	2028		
	2		



Assume working condition. Budget to replace horse arena lights including heads and poles.

**CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION  
Detail Report**

**Pole Lights (Community) - Replace**

Asset ID	1002	Asset Actual Cost	60 EA
Category	Grounds	Percent Replacement	100%
Placed in Service	Lighting	Future Cost	
No Useful Life	October 1978		



Unfunded. Leased from APS. Unknown (working) condition.

**Pole Lights (Entrance) - Replace**

Asset ID	1005	Asset Actual Cost	5 EA @ \$3,250.00
Category	Grounds	Percent Replacement	100%
Placed in Service	Lighting	Future Cost	\$17,576.00
Useful Life	October 1998		
Replacement Year	30		
Remaining Life	2028		
	2		



Condition (working) unknown. Budget to replace (5) entrance pole lights. Location on Fairfield Dr.

**CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION**  
**Detail Report**

**Tennis Lights - Replace Heads**

Asset ID	1028	12 EA	@ \$450.00
Category	Recreation Area	Asset Actual Cost	\$5,400.00
Placed in Service	Lighting	Percent Replacement	100%
Useful Life	October 2024	Future Cost	\$7,390.27
Replacement Year	10		
Remaining Life	2034		
	8		



Working condition. Budget to replace (12) LED heads. Does not include pole replacement.  
2024 - Convert to LED heads total \$4,930.



**CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION**  
**Detail Report**

**Basketball Court Concrete - Replace**

Asset ID	1026	1 LS @ \$125,000.00
Recreation Area		Asset Actual Cost \$125,000.00
Category Recreation/Horse Arena		Percent Replacement 100%
Placed in Service October 1978		Future Cost \$125,000.00
Useful Life 50		
Adjustment -2		
Replacement Year 2026		
Remaining Life 0		



Poor condition. Budget to replace the 1/2 court basketball with full court basketball in conjunction of removing the racquetball structure.

**Play Structure - Replace**

Asset ID	1034	1 EA @ \$75,000.00
Recreation Area		Asset Actual Cost \$75,000.00
Category Recreation/Horse Arena		Percent Replacement 100%
Placed in Service October 2018		Future Cost \$120,077.42
Useful Life 20		
Replacement Year 2038		
Remaining Life 12		

# CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION

## Detail Report

*Play Structure - Replace continued...*



Good condition. Budget to replace large play structure.

2018 - Installed total \$52,500.

### Racquetball Structure - Demo

Asset ID	1027	1 LS	@ \$30,000.00
Recreation Area		Asset Actual Cost	\$30,000.00
Category	Recreation/Horse Arena	Percent Replacement	100%
Placed in Service	October 2026	Future Cost	\$30,000.00
Useful Life	1		
Replacement Year	2026		
Remaining Life	0		



Non use. Budget for one time demo of racquetball structure.

**CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION**  
**Detail Report**

**Swing Set Poles - Replace**

Asset ID	1035	Asset Actual Cost	1 EA @ \$5,000.00
Category	Recreation Area	Percent Replacement	100%
Placed in Service	October 1978	Future Cost	\$6,579.66
Useful Life	50		
Adjustment	5		
Replacement Year	2033		
Remaining Life	7		



Old but sturdy condition. Budget to replace swing set poles. Operating budget for swing hardware and seats replacement.

**Tennis Courts - Resurface**

Asset ID	1032	Asset Actual Cost	2 EA @ \$14,350.00
Category	Recreation Area	Percent Replacement	100%
Placed in Service	October 2023	Future Cost	\$34,917.94
Useful Life	8		
Replacement Year	2031		
Remaining Life	5		

**CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION**  
**Detail Report**

*Tennis Courts - Resurface continued...*



Good condition. Budget to resurface two tennis courts. No anticipation to replace courts. Replaced in 2018 with post tension concrete total \$86,000. Noted no cracking. Resurfaced approximately 2-3 years ago.

**CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION**  
**Detail Report**

**Backflow Valves - Replace - Phase1**

		2 EA	@ \$6,000.00
Asset ID	1016	Asset Actual Cost	\$6,000.00
	Grounds	Percent Replacement	50%
Category	Equipment	Future Cost	\$6,240.00
Placed in Service	October 1998		
Useful Life	20		
Adjustment	9		
Replacement Year	2027		
Remaining Life	1		



Working condition. Budget to replace (2) 3" backflow valves. Placed in service date based on community age.

**Backflow Valves - Replace - Phase2**

		2 EA	@ \$6,000.00
Asset ID	1016	Asset Actual Cost	\$6,000.00
	Grounds	Percent Replacement	50%
Category	Equipment	Future Cost	\$6,489.60
Placed in Service	October 1998		
Useful Life	20		
Adjustment	10		
Replacement Year	2028		
Remaining Life	2		

# CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION

## Detail Report

### *Backflow Valves - Replace - Phase2 continued...*



Working condition. Budget to replace (2) 3" backflow valves. Placed in service date based on community age.

#### Baseball Backstop - Replace

Asset ID	1038	25 LF	@ \$250.00
Category	Recreation Area	Asset Actual Cost	\$6,250.00
Placed in Service	Equipment	Percent Replacement	100%
Useful Life	October 1979	Future Cost	\$7,030.40
Adjustment	40		
Replacement Year	10		
Remaining Life	2029		
	3		



Fair condition. Budget to replace chain baseball backstop. Noted bent out of shape but sturdy.



# CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION

## Detail Report

### Electric Panel - Replace

Asset ID	1017	2 EA	@ \$1,000.00
Category	Recreation Area	Asset Actual Cost	\$2,000.00
Placed in Service	Equipment	Percent Replacement	100%
Useful Life	October 1978	Future Cost	\$2,000.00
Adjustment	35		
Replacement Year	13		
Remaining Life	2026		
	0		



Budget to replace electric panels assume 100 amp panels. Located on raquetball and horse arenas. One will be replaced when building is torn down and replaced with full basketball court.

### Irrigation Controllers - Replace

Asset ID	1015	6 EA	
Category	Grounds	Asset Actual Cost	
Placed in Service	Equipment	Percent Replacement	100%
No Useful Life	October 1978	Future Cost	

# CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION

## Detail Report

### *Irrigation Controllers - Replace continued...*



Unfunded, under threshold. Budget to replace Weathermatic w/smart link irrigation controllers. Approximately, \$350 each.

#### Irrigation System (Flood) - Refurbish

Asset ID	1013
Category	Grounds
Placed in Service	October 1978
Useful Life	25
Adjustment	24
Replacement Year	2027
Remaining Life	1

1 LS	@ \$10,000.00
Asset Actual Cost	\$10,000.00
Percent Replacement	100%
Future Cost	\$10,400.00



Budget to refurbish flood irrigation system. Location near baseball and basketball areas. Noted (2) irrigation lift stations these are unfunded and have a long life.

2022 - Staking of trees and drip lines total \$3,750.

2022 - Irrigation plumbing valve replaced total \$1,675.



# CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION

## Detail Report

### Irrigation System (Sprklr) - Refurbish

Asset ID	1014	1 LS	@ \$25,000.00
Category	Grounds	Asset Actual Cost	\$25,000.00
Placed in Service	October 1978	Percent Replacement	100%
Useful Life	25	Future Cost	\$26,000.00
Adjustment	24		
Replacement Year	2027		
Remaining Life	1		

Budget to refurbish irrigation system. Located throughout community excluding near baseball and basketball areas.

2022 - Irrigation plumbing valve replaced total \$1,675.

### Park Furnishings - Replace

Asset ID	1024	1 LS	@ \$10,000.00
Category	Recreation Area	Asset Actual Cost	\$10,000.00
Placed in Service	October 2004	Percent Replacement	100%
Useful Life	25	Future Cost	\$11,248.64
Replacement Year	2029		
Remaining Life	3		



Fair condition. Budget to replace park furnishings including rectangle concrete tables, benches and trash cans.

# CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION

## Detail Report

### Playground Furnishings - Replace

Asset ID	1025	1 LS	@ \$8,000.00
Category	Recreation Area	Asset Actual Cost	\$8,000.00
Placed in Service	Equipment	Percent Replacement	100%
Useful Life	October 2009	Future Cost	\$10,948.55
Replacement Year	25		
Remaining Life	2034		
	8		



Fair condition. Budget to replace park furnishings including round concrete tables with benches.

# CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION

## Detail Report

### Arbor - Care

Asset ID	1021	1 LS	@ \$40,000.00
Category	Grounds	Asset Actual Cost	\$40,000.00
Placed in Service	October 2022	Percent Replacement	100%
Useful Life	10	Future Cost	\$50,612.76
Replacement Year	2032		
Remaining Life	6		



Budget to remove and/or replace trees and plantings throughout the community.

2022 - Planting project total \$40,950.

### Concrete Components - Repair/Replace Sections

Asset ID	1004	1 LS	@ \$7,000.00
Category	Grounds	Asset Actual Cost	\$7,000.00
Placed in Service	October 2022	Percent Replacement	100%
Useful Life	6	Future Cost	\$7,571.20
Replacement Year	2028		
Remaining Life	2		

# CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION

## Detail Report

### Concrete Components - Repair/Replace Sections continued...



Fair condition. Budget to repair and/or replace sections of concrete walkways or landscape curbing when needed. Noted lifting of sidewalk due to tree roots.

2022 - Concrete remove & replace total \$6,800.

#### Granite (A) - Replenish

Asset ID	1018	1 LS	@ \$8,000.00
Category	Grounds	Asset Actual Cost	\$8,000.00
Placed in Service	October 2020	Percent Replacement	100%
Useful Life	10	Future Cost	\$9,358.87
Replacement Year	2030		
Remaining Life	4		



Good condition overall. Budget to replenish granite located on Price Rd. & Caroline Ln., along recreation area sidewalk, bridal path entrances and horse arena walkway where needed. Approximately 2,200 SF.



**CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION**  
**Detail Report**

**Granite (B) - Replenish**

Asset ID	1019	Asset Actual Cost	1 LS @ \$24,000.00
Category	Grounds	Percent Replacement	\$24,000.00
Placed in Service	October 2020	Future Cost	100%
Useful Life	10		\$28,076.61
Replacement Year	2030		
Remaining Life	4		



Good condition. Budget to replenish granite located on Warner Rd. & Fairfield Dr. and along Price interior areas where needed. Approximately 40,000 SF.

**Pavers (Concrete) - Repair/Replace Pieces**

Asset ID	1003	Asset Actual Cost	1 LS @ \$1,500.00
Category	Recreation Area	Percent Replacement	\$1,500.00
Placed in Service	October 2018	Future Cost	100%
Useful Life	10		\$1,754.79
Adjustment	2		
Replacement Year	2030		
Remaining Life	4		

**CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION**  
**Detail Report**

*Pavers (Concrete) - Repair/Replace Pieces continued...*



Good condition. Budget to repair and/or replace sections of concrete pavers. Located near tennis and play structure.

# CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION

## Detail Report

### Directional Signs - Refurbish/replace

Asset ID	1022	1 LS	@ \$5,000.00
Category	Grounds	Asset Actual Cost	\$5,000.00
Placed in Service	October 2023	Percent Replacement	100%
Useful Life	8	Future Cost	\$6,083.26
Replacement Year	2031		
Remaining Life	5		



Good condition. Budget to refurbish and/or replace signs as needed. Located at the recreation area and grounds. Placed in service date unknown, based on condition.

### Monuments - Refurbish

Asset ID	1001	2 EA	@ \$1,500.00
Category	Grounds	Asset Actual Cost	\$3,000.00
Placed in Service	October 2018	Percent Replacement	100%
Useful Life	10	Future Cost	\$3,244.80
Replacement Year	2028		
Remaining Life	2		



Fair condition. Budget to repair stucco cracks, paint stucco, and paint metal lettering and horse

**CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION**  
**Detail Report**

*Monuments - Refurbish continued...*

busts. No anticipation to remove & replace. Location entrance off Warner Rd. In conjunction with wall repairs, see asset ID 1006.

2018 - Monuments refurbished total \$10,441.



# CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION

## Detail Index

Asset ID	Description	Replacement	Page
<b>Painting</b>			
1036	Playground - Paint	2031	1-8
1033	Pole Lights (Recreation) - Paint	2026	1-8
1029	Tennis Light Poles - Paint	2026	1-9
1008	Walls (Stucco) - Paint	2028	1-9
<b>Fencing/Security</b>			
1009	Bridle Path Chains & Posts (A) - Replace	2032	1-11
1010	Bridle Path Fencing & Gate (B) - Replace	2032	1-11
1011	Bridle Path Fencing & Gate (C) - Replace	2032	1-12
1012	Bridle Path Rails - Replace/Paint	2026	1-12
1020	Emergency Gate - Replace	2033	1-13
1041	Horse Arena Split Rail Fence - Repair/Replace Footi..	2026	1-14
1023	Horse Benches - Replace	2026	1-14
1031	Tennis Fence - Paint	2028	1-15
1030	Tennis Fence - Replace	2046	1-16
1006	Walls (Stucco) A - Repair	2028	1-16
1007	Walls (Stucco) B - Repair	2028	1-17
<b>Lighting</b>			
1040	Horse Arena Lights - Paint	2026	1-18
1039	Horse Arena Lights - Replace	2028	1-18
1002	Pole Lights (Community) - Replace	2026	1-19
1005	Pole Lights (Entrance) - Replace	2028	1-19
1028	Tennis Lights - Replace Heads	2034	1-20
<b>Recreation/Horse Arena</b>			
1026	Basketball Court Concrete - Replace	2026	1-21
1034	Play Structure - Replace	2038	1-21
1027	Racquetball Structure - Demo	2026	1-22
1035	Swing Set Poles - Replace	2033	1-23
1032	Tennis Courts - Resurface	2031	1-23
<b>Equipment</b>			
1016	Backflow Valves - Replace - Phase1	2027	1-25
1016	Backflow Valves - Replace - Phase2	2028	1-25
1038	Baseball Backstop - Replace	2029	1-26
1017	Electric Panel - Replace	2026	1-27

**CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION**  
**Detail Index**

Asset ID	Description	Replacement	Page
<i>Equipment Continued...</i>			
1015	Irrigation Controllers - Replace	2026	1-27
1013	Irrigation System (Flood) - Refurbish	2027	1-28
1014	Irrigation System (Sprklr) - Refurbish	2027	1-29
1024	Park Furnishings - Replace	2029	1-29
1025	Playground Furnishings - Replace	2034	1-30
<b>Grounds Components</b>			
1021	Arbor - Care	2032	1-31
1004	Concrete Components - Repair/Replace Sections	2028	1-31
1018	Granite (A) - Replenish	2030	1-32
1019	Granite (B) - Replenish	2030	1-33
1003	Pavers (Concrete) - Repair/Replace Pieces	2030	1-33
<b>Signs</b>			
1022	Directional Signs - Refurbish/replace	2031	1-35
1001	Monuments - Refurbish	2028	1-35
	Total Funded Assets	37	
	Total Unfunded Assets	<u>4</u>	
	Total Assets	41	

**CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION**  
**Annual Expenditure Detail**

Description	Expenditures
<b>Replacement Year 2026</b>	
<b>Painting</b>	
1033 Pole Lights (Recreation) - Paint	3,058
1029 Tennis Light Poles - Paint	2,500
<b>Fencing/Security</b>	
1041 Horse Arena Split Rail Fence - Repair/Replace Footings	20,000
<b>Lighting</b>	
1040 Horse Arena Lights - Paint	2,224
<b>Recreation/Horse Arena</b>	
1026 Basketball Court Concrete - Replace	125,000
1027 Racquetball Structure - Demo	30,000
<b>Equipment</b>	
1017 Electric Panel - Replace	2,000
<b>Total for 2026</b>	<b>\$184,782</b>
<b>Replacement Year 2027</b>	
<b>Equipment</b>	
1016 Backflow Valves - Replace - Phase1	6,240
1013 Irrigation System (Flood) - Refurbish	10,400
1014 Irrigation System (Sprklr) - Refurbish	26,000
<b>Total for 2027</b>	<b>\$42,640</b>
<b>Replacement Year 2028</b>	
<b>Painting</b>	
1008 Walls (Stucco) - Paint	61,632
<b>Fencing/Security</b>	
1031 Tennis Fence - Paint	14,797
1006 Walls (Stucco) A - Repair	10,816
1007 Walls (Stucco) B - Repair	1,082
<b>Lighting</b>	
1039 Horse Arena Lights - Replace	30,285
1005 Pole Lights (Entrance) - Replace	17,576
<b>Equipment</b>	
1016 Backflow Valves - Replace - Phase2	6,490
<b>Grounds Components</b>	
1004 Concrete Components - Repair/Replace Sections	7,571

**CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION**  
**Annual Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2028 continued...</i>	
<b>Signs</b>	
1001 Monuments - Refurbish	3,245
<b>Total for 2028</b>	<b>\$153,494</b>
<b>Replacement Year 2029</b>	
<b>Equipment</b>	
1038 Baseball Backstop - Replace	7,030
1024 Park Furnishings - Replace	11,249
<b>Total for 2029</b>	<b>\$18,279</b>
<b>Replacement Year 2030</b>	
<b>Grounds Components</b>	
1018 Granite (A) - Replenish	9,359
1019 Granite (B) - Replenish	28,077
1003 Pavers (Concrete) - Repair/Replace Pieces	1,755
<b>Total for 2030</b>	<b>\$39,190</b>
<b>Replacement Year 2031</b>	
<b>Painting</b>	
1036 Playground - Paint	3,042
<b>Recreation/Horse Arena</b>	
1032 Tennis Courts - Resurface	34,918
<b>Signs</b>	
1022 Directional Signs - Refurbish/replace	6,083
<b>Total for 2031</b>	<b>\$44,043</b>
<b>Replacement Year 2032</b>	
<b>Fencing/Security</b>	
1009 Bridle Path Chains & Posts (A) - Replace	10,249
1010 Bridle Path Fencing & Gate (B) - Replace	3,163
1011 Bridle Path Fencing & Gate (C) - Replace	3,163
<b>Grounds Components</b>	
1021 Arbor - Care	50,613
<b>Total for 2032</b>	<b>\$67,188</b>

**CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION**  
**Annual Expenditure Detail**

Description	Expenditures
<b>Replacement Year 2033</b>	
<b>Fencing/Security</b>	
1020 Emergency Gate - Replace	4,737
<b>Recreation/Horse Arena</b>	
1035 Swing Set Poles - Replace	6,580
<b>Total for 2033</b>	<b>\$11,317</b>
<b>Replacement Year 2034</b>	
<b>Painting</b>	
1033 Pole Lights (Recreation) - Paint	4,185
1029 Tennis Light Poles - Paint	3,421
<b>Lighting</b>	
1040 Horse Arena Lights - Paint	3,044
1028 Tennis Lights - Replace Heads	7,390
<b>Equipment</b>	
1025 Playground Furnishings - Replace	10,949
<b>Grounds Components</b>	
1004 Concrete Components - Repair/Replace Sections	9,580
<b>Total for 2034</b>	<b>\$38,569</b>
<i>No Replacement in 2035</i>	
<b>Replacement Year 2036</b>	
<b>Fencing/Security</b>	
1031 Tennis Fence - Paint	20,251
<b>Total for 2036</b>	<b>\$20,251</b>
<i>No Replacement in 2037</i>	
<b>Replacement Year 2038</b>	
<b>Painting</b>	
1008 Walls (Stucco) - Paint	91,231
<b>Fencing/Security</b>	
1006 Walls (Stucco) A - Repair	16,010
1007 Walls (Stucco) B - Repair	1,601

**CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION**  
**Annual Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2038 continued...</i>	
<b>Recreation/Horse Arena</b>	
1034 Play Structure - Replace	120,077
<b>Signs</b>	
1001 Monuments - Refurbish	4,803
<b>Total for 2038</b>	<b>\$233,723</b>
 <b>Replacement Year 2039</b>	
<b>Painting</b>	
1036 Playground - Paint	4,163
<b>Recreation/Horse Arena</b>	
1032 Tennis Courts - Resurface	47,788
<b>Signs</b>	
1022 Directional Signs - Refurbish/replace	8,325
<b>Total for 2039</b>	<b>\$60,276</b>
 <b>Replacement Year 2040</b>	
<b>Grounds Components</b>	
1004 Concrete Components - Repair/Replace Sections	12,122
1018 Granite (A) - Replenish	13,853
1019 Granite (B) - Replenish	41,560
1003 Pavers (Concrete) - Repair/Replace Pieces	2,598
<b>Total for 2040</b>	<b>\$70,133</b>
 <i>No Replacement in 2041</i>	
 <b>Replacement Year 2042</b>	
<b>Painting</b>	
1033 Pole Lights (Recreation) - Paint	5,728
1029 Tennis Light Poles - Paint	4,682
<b>Lighting</b>	
1040 Horse Arena Lights - Paint	4,166
<b>Grounds Components</b>	
1021 Arbor - Care	74,919
<b>Total for 2042</b>	<b>\$89,495</b>

**CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION**  
**Annual Expenditure Detail**

Description	Expenditures
<i>No Replacement in 2043</i>	
<b>Replacement Year 2044</b>	
<b>Fencing/Security</b>	
1031 Tennis Fence - Paint	27,715
<b>Lighting</b>	
1028 Tennis Lights - Replace Heads	10,939
<b>Total for 2044</b>	<b>\$38,655</b>
<i>No Replacement in 2045</i>	
<b>Replacement Year 2046</b>	
<b>Fencing/Security</b>	
1030 Tennis Fence - Replace	23,664
<b>Grounds Components</b>	
1004 Concrete Components - Repair/Replace Sections	15,338
<b>Total for 2046</b>	<b>\$39,002</b>
<b>Replacement Year 2047</b>	
<b>Painting</b>	
1036 Playground - Paint	5,697
<b>Recreation/Horse Arena</b>	
1032 Tennis Courts - Resurface	65,401
<b>Equipment</b>	
1016 Backflow Valves - Replace - Phase1	13,673
<b>Signs</b>	
1022 Directional Signs - Refurbish/replace	11,394
<b>Total for 2047</b>	<b>\$96,164</b>
<b>Replacement Year 2048</b>	
<b>Painting</b>	
1008 Walls (Stucco) - Paint	135,044
<b>Fencing/Security</b>	
1006 Walls (Stucco) A - Repair	23,699
1007 Walls (Stucco) B - Repair	2,370



**CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION**  
**Annual Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2048 continued...</i>	
<b>Equipment</b>	
1016 Backflow Valves - Replace - Phase2	14,220
<b>Signs</b>	
1001 Monuments - Refurbish	7,110
<b>Total for 2048</b>	<b>\$182,442</b>

*No Replacement in 2049*

**Replacement Year 2050**

<b>Painting</b>	
1033 Pole Lights (Recreation) - Paint	7,839
1029 Tennis Light Poles - Paint	6,408
<b>Lighting</b>	
1040 Horse Arena Lights - Paint	5,701
<b>Grounds Components</b>	
1018 Granite (A) - Replenish	20,506
1019 Granite (B) - Replenish	61,519
1003 Pavers (Concrete) - Repair/Replace Pieces	3,845
<b>Total for 2050</b>	<b>\$105,818</b>

*No Replacement in 2051*

**Replacement Year 2052**

<b>Fencing/Security</b>	
1031 Tennis Fence - Paint	37,930
<b>Equipment</b>	
1013 Irrigation System (Flood) - Refurbish	27,725
1014 Irrigation System (Sprklr) - Refurbish	69,312
<b>Grounds Components</b>	
1021 Arbor - Care	110,899
1004 Concrete Components - Repair/Replace Sections	19,407
<b>Total for 2052</b>	<b>\$265,273</b>

*No Replacement in 2053*

**CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION**  
**Annual Expenditure Detail**

Description	Expenditures
<b>Replacement Year 2054</b>	
<b>Lighting</b>	
1028 Tennis Lights - Replace Heads	16,193
<b>Equipment</b>	
1024 Park Furnishings - Replace	29,987
<b>Total for 2054</b>	<b>\$46,180</b>
<b>Replacement Year 2055</b>	
<b>Painting</b>	
1036 Playground - Paint	7,797
<b>Recreation/Horse Arena</b>	
1032 Tennis Courts - Resurface	89,505
<b>Signs</b>	
1022 Directional Signs - Refurbish/replace	15,593
<b>Total for 2055</b>	<b>\$112,895</b>

**CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION**  
**Spread Sheet**

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
<b>ID Description</b>										
<b>Painting</b>										
1036 Playground - Paint						3,042				
1033 Pole Lights (Recreation) - Paint	3,058								4,185	
1029 Tennis Light Poles - Paint	2,500								3,421	
1008 Walls (Stucco) - Paint			61,632							
<b>Painting Total:</b>	<b>5,558</b>		<b>61,632</b>			<b>3,042</b>			<b>7,607</b>	
<b>Fencing/Security</b>										
1009 Bridle Path Chains & Posts (A) - Replace							10,249			
1010 Bridle Path Fencing & Gate (B) - Replace							3,163			
1011 Bridle Path Fencing & Gate (C) - Replace							3,163			
1012 Bridle Path Rails - Replace/Paint	<i>Unfunded</i>									
1020 Emergency Gate - Replace								4,737		
1041 Horse Arena Split Rail Fence - Repair/Replac..	20,000									
1023 Horse Benches - Replace	<i>Unfunded</i>									
1031 Tennis Fence - Paint			14,797							
1030 Tennis Fence - Replace										
1006 Walls (Stucco) A - Repair			10,816							
1007 Walls (Stucco) B - Repair			1,082							
<b>Fencing/Security Total:</b>	<b>20,000</b>		<b>26,695</b>				<b>16,576</b>	<b>4,737</b>		
<b>Lighting</b>										
1040 Horse Arena Lights - Paint	2,224								3,044	
1039 Horse Arena Lights - Replace			30,285							
1002 Pole Lights (Community) - Replace	<i>Unfunded</i>									
1005 Pole Lights (Entrance) - Replace			17,576							
1028 Tennis Lights - Replace Heads									7,390	
<b>Lighting Total:</b>	<b>2,224</b>		<b>47,861</b>						<b>10,434</b>	
<b>Recreation/Horse Arena</b>										
1026 Basketball Court Concrete - Replace	125,000									
1034 Play Structure - Replace										
1027 Racquetball Structure - Demo	30,000									
1035 Swing Set Poles - Replace								6,580		
1032 Tennis Courts - Resurface						34,918				
<b>Recreation/Horse Arena Total:</b>	<b>155,000</b>					<b>34,918</b>		<b>6,580</b>		

**CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION**  
**Spread Sheet**

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
<b>ID Description</b>										
Equipment										
1016 Backflow Valves - Replace - Phase1		6,240								
1016 Backflow Valves - Replace - Phase2			6,490							
1038 Baseball Backstop - Replace				7,030						
1017 Electric Panel - Replace	2,000									
1015 Irrigation Controllers - Replace	<i>Unfunded</i>									
1013 Irrigation System (Flood) - Refurbish		10,400								
1014 Irrigation System (Sprklr) - Refurbish		26,000								
1024 Park Furnishings - Replace				11,249						
1025 Playground Furnishings - Replace									10,949	
<b>Equipment Total:</b>	<b>2,000</b>	<b>42,640</b>	<b>6,490</b>	<b>18,279</b>					<b>10,949</b>	
Grounds Components										
1021 Arbor - Care							50,613			
1004 Concrete Components - Repair/Replace Secti..			7,571						9,580	
1018 Granite (A) - Replenish					9,359					
1019 Granite (B) - Replenish					28,077					
1003 Pavers (Concrete) - Repair/Replace Pieces					1,755					
<b>Grounds Components Total:</b>			<b>7,571</b>		<b>39,190</b>		<b>50,613</b>		<b>9,580</b>	
Signs										
1022 Directional Signs - Refurbish/replace						6,083				
1001 Monuments - Refurbish			3,245							
<b>Signs Total:</b>			<b>3,245</b>			<b>6,083</b>				
<b>Year Total:</b>	<b>184,782</b>	<b>42,640</b>	<b>153,494</b>	<b>18,279</b>	<b>39,190</b>	<b>44,043</b>	<b>67,188</b>	<b>11,317</b>	<b>38,569</b>	

**CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION**  
**Spread Sheet**

ID Description	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
<b>Painting</b>										
1036 Playground - Paint				4,163						
1033 Pole Lights (Recreation) - Paint							5,728			
1029 Tennis Light Poles - Paint							4,682			
1008 Walls (Stucco) - Paint			91,231							
<b>Painting Total:</b>			<b>91,231</b>	<b>4,163</b>			<b>10,410</b>			
<b>Fencing/Security</b>										
1009 Bridle Path Chains & Posts (A) - Replace										
1010 Bridle Path Fencing & Gate (B) - Replace										
1011 Bridle Path Fencing & Gate (C) - Replace										
1012 Bridle Path Rails - Replace/Paint	<i>Unfunded</i>									
1020 Emergency Gate - Replace										
1041 Horse Arena Split Rail Fence - Repair/Replac..										
1023 Horse Benches - Replace	<i>Unfunded</i>									
1031 Tennis Fence - Paint	20,251								27,715	
1030 Tennis Fence - Replace										
1006 Walls (Stucco) A - Repair			16,010							
1007 Walls (Stucco) B - Repair			1,601							
<b>Fencing/Security Total:</b>	<b>20,251</b>		<b>17,611</b>						<b>27,715</b>	
<b>Lighting</b>										
1040 Horse Arena Lights - Paint							4,166			
1039 Horse Arena Lights - Replace										
1002 Pole Lights (Community) - Replace	<i>Unfunded</i>									
1005 Pole Lights (Entrance) - Replace										
1028 Tennis Lights - Replace Heads									10,939	
<b>Lighting Total:</b>							<b>4,166</b>		<b>10,939</b>	
<b>Recreation/Horse Arena</b>										
1026 Basketball Court Concrete - Replace										
1034 Play Structure - Replace			120,077							
1027 Racquetball Structure - Demo										
1035 Swing Set Poles - Replace										
1032 Tennis Courts - Resurface				47,788						
<b>Recreation/Horse Arena Total:</b>			<b>120,077</b>	<b>47,788</b>						

**CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION**  
**Spread Sheet**

	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
<b>ID Description</b>										
Equipment										
1016 Backflow Valves - Replace - Phase1										
1016 Backflow Valves - Replace - Phase2										
1038 Baseball Backstop - Replace										
1017 Electric Panel - Replace										
1015 Irrigation Controllers - Replace			<i>Unfunded</i>							
1013 Irrigation System (Flood) - Refurbish										
1014 Irrigation System (Sprklr) - Refurbish										
1024 Park Furnishings - Replace										
1025 Playground Furnishings - Replace										
<b>Equipment Total:</b>										
Grounds Components										
1021 Arbor - Care							74,919			
1004 Concrete Components - Repair/Replace Secti..					12,122					
1018 Granite (A) - Replenish					13,853					
1019 Granite (B) - Replenish					41,560					
1003 Pavers (Concrete) - Repair/Replace Pieces					2,598					
<b>Grounds Components Total:</b>					<b>70,133</b>		<b>74,919</b>			
Signs										
1022 Directional Signs - Refurbish/replace				8,325						
1001 Monuments - Refurbish			4,803							
<b>Signs Total:</b>			<b>4,803</b>	<b>8,325</b>						
<b>Year Total:</b>	<b>20,251</b>		<b>233,723</b>	<b>60,276</b>	<b>70,133</b>		<b>89,495</b>		<b>38,655</b>	



**CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION**  
**Spread Sheet**

	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055
<b>ID Description</b>										
<b>Painting</b>										
1036 Playground - Paint		5,697								7,797
1033 Pole Lights (Recreation) - Paint					7,839					
1029 Tennis Light Poles - Paint					6,408					
1008 Walls (Stucco) - Paint			135,044							
<b>Painting Total:</b>		<b>5,697</b>	<b>135,044</b>		<b>14,247</b>					<b>7,797</b>
<b>Fencing/Security</b>										
1009 Bridle Path Chains & Posts (A) - Replace										
1010 Bridle Path Fencing & Gate (B) - Replace										
1011 Bridle Path Fencing & Gate (C) - Replace										
1012 Bridle Path Rails - Replace/Paint		<i>Unfunded</i>								
1020 Emergency Gate - Replace										
1041 Horse Arena Split Rail Fence - Repair/Replac..										
1023 Horse Benches - Replace		<i>Unfunded</i>								
1031 Tennis Fence - Paint							37,930			
1030 Tennis Fence - Replace	23,664									
1006 Walls (Stucco) A - Repair			23,699							
1007 Walls (Stucco) B - Repair			2,370							
<b>Fencing/Security Total:</b>	<b>23,664</b>		<b>26,069</b>				<b>37,930</b>			
<b>Lighting</b>										
1040 Horse Arena Lights - Paint					5,701					
1039 Horse Arena Lights - Replace										
1002 Pole Lights (Community) - Replace		<i>Unfunded</i>								
1005 Pole Lights (Entrance) - Replace										
1028 Tennis Lights - Replace Heads									16,193	
<b>Lighting Total:</b>					<b>5,701</b>				<b>16,193</b>	
<b>Recreation/Horse Arena</b>										
1026 Basketball Court Concrete - Replace										
1034 Play Structure - Replace										
1027 Racquetball Structure - Demo										
1035 Swing Set Poles - Replace										
1032 Tennis Courts - Resurface		65,401								89,505
<b>Recreation/Horse Arena Total:</b>		<b>65,401</b>								<b>89,505</b>

**CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION**  
**Spread Sheet**

	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055
<b>ID Description</b>										
Equipment										
1016 Backflow Valves - Replace - Phase1		13,673								
1016 Backflow Valves - Replace - Phase2			14,220							
1038 Baseball Backstop - Replace										
1017 Electric Panel - Replace										
1015 Irrigation Controllers - Replace	<i>Unfunded</i>									
1013 Irrigation System (Flood) - Refurbish							27,725			
1014 Irrigation System (Sprklr) - Refurbish							69,312			
1024 Park Furnishings - Replace									29,987	
1025 Playground Furnishings - Replace										
<b>Equipment Total:</b>		<b>13,673</b>	<b>14,220</b>				<b>97,036</b>		<b>29,987</b>	
Grounds Components										
1021 Arbor - Care							110,899			
1004 Concrete Components - Repair/Replace Secti..	15,338						19,407			
1018 Granite (A) - Replenish					20,506					
1019 Granite (B) - Replenish					61,519					
1003 Pavers (Concrete) - Repair/Replace Pieces					3,845					
<b>Grounds Components Total:</b>	<b>15,338</b>				<b>85,871</b>		<b>130,306</b>			
Signs										
1022 Directional Signs - Refurbish/replace		11,394								15,593
1001 Monuments - Refurbish			7,110							
<b>Signs Total:</b>		<b>11,394</b>	<b>7,110</b>							<b>15,593</b>
<b>Year Total:</b>	<b>39,002</b>	<b>96,164</b>	<b>182,442</b>		<b>105,818</b>		<b>265,273</b>		<b>46,180</b>	<b>112,895</b>

# **CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION**

## **Part One**

### **Important Information**

The client shall have the right to reproduce and distribute copies of this report, or the information contained within, as may be required for compliance with all applicable regulations.

This reserve analysis study and the parameters under which it has been completed are based primarily upon information provided to us in part by representatives of the association, its contractors and vendors and our own experience with local costs and useful lives of assets in the local environment. We also may rely on various construction pricing and scheduling manuals including, but not limited to: Marshall & Swift Valuation Service, RS Means Facilities Maintenance & Repair Cost Data, RS Means Repair & Remodeling Cost Data, National Construction Estimator, National Repair & Remodel Estimator, Dodge Cost Manual and McGraw-Hill Professional, if needed.

It has been assumed, unless otherwise noted in this report, that all assets have been designed and constructed properly and that each estimated useful life will approximate that of the norm per industry standards and/or manufacturer's specifications and the local environment in which the asset is placed and performs. In some cases, estimates may have been used on assets, which have an indeterminable but potential liability to the association. The decision for the inclusion of these as well as all assets considered is left to the client.

This reserve analysis study reflects information provided to or assembled by the consultant for the association's use, not for the purpose of performing an audit, quality/forensic analyses or background checks of historical records. Information provided by the official representative of the association regarding financial, physical, quantity, or historical issues is deemed reliable by the consultant.

We recommend that your reserve analysis study be updated on an annual basis due to fluctuating interest rates, inflationary changes, and the unpredictable nature of the lives of many of the assets under consideration. All the information collected during our inspection of the association and computations made subsequently in preparing this reserve analysis study are retained in our computer files. Therefore, annual updates may be completed quickly and inexpensively each year.

The 2023 Community Association Institute Reserve Study Standards recommends that associations prepare and use preventive maintenance plans to define, schedule and track preventive maintenance. The maintenance plan can be a resource when developing asset information for the reserve study.

FDReserve Studies would like to thank you for using our services. We invite you to call us at any time, should you have questions, comments or need assistance. In addition, any of the parameters and estimates used in this study may be changed at your request, after which we will provide a revised study.

This reserve analysis is prepared under the supervision of William A. Schlimgen PE, a registered professional engineer in Arizona with more than 10 years of experience in preparation of reserve studies and more than 40 years of engineering management, design, inspection and construction management experience.

# CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION

## Part One

### Part I

#### Document

This reserve analysis study is provided as an aid for planning purposes and not as an accounting tool. Since it deals with events yet to take place, there is no assurance that the results enumerated within it will, in fact, occur as described.

Preparing the annual budget and overseeing the association's finances are perhaps the most important responsibilities of board members. The annual operating and reserve budgets reflect the planning and goals of the association and set the level and quality of service for all of the association's activities.

#### Funding Options

When a major repair or replacement is required in a community, an association has essentially four options available to address the expenditure:

The first, and only logical means that the Board of Directors has to ensure its ability to maintain the assets for which it is obligated, is by **assessing an adequate level of reserves** as part of the regular membership assessment, thereby distributing the cost of the replacements uniformly over the entire membership. The community is not only comprised of present members, but also future members. Any decision by the Board of Directors to adopt a calculation method or funding plan which would disproportionately burden future members in order to make up for past reserve deficits, would be a breach of its fiduciary responsibility to those future members. Unlike individuals determining their own course of action, the board is responsible to the "community" as a whole.

Whereas, if the association was setting aside reserves for this purpose, using the vehicle of the regularly assessed membership dues, it would have had the full term of the life of the roof, for example, to accumulate the necessary moneys. Additionally, those contributions would have been evenly distributed over the entire membership and would have earned interest as part of that contribution.

The second option is for the association to **acquire a loan** from a lending institution in order to effect the required repairs. In many cases, banks will lend to an association using "future homeowner assessments" as collateral for the loan. With this method, the current board is pledging the future assets of an association. They are also incurring the additional expense of interest fees along with the original principal amount. In the case of a \$150,000 roofing replacement, the association may be required to pay back the loan over a three to five year period, with interest.

The third option, too often used, is simply to **defer the required repair or replacement**. This option, which is not recommended, can create an environment of declining property values due to expanding lists of deferred maintenance items and the association's financial inability to keep pace with the normal aging process of the common area components. This, in turn, can have a seriously negative impact on sellers in the association by making it difficult, or even impossible, for potential buyers to obtain financing from lenders. Increasingly, lending institutions are requesting copies of the association's most recent reserve study before granting loans, either for the association itself, a prospective purchaser, or for an individual within such an association.

The fourth option is to pass a "**special assessment**" to the membership in an amount required to cover the expenditure. When a special assessment is passed, the association has the authority and responsibility to collect the assessments, even by means of foreclosure, if necessary. However, an

## CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION

### Part One

association considering a special assessment cannot guarantee that an assessment, when needed, will be passed. Consequently, the association cannot guarantee its ability to perform the required repairs or replacements to those major components for which it is obligated when the need arises. Additionally, while relatively new communities require very little in the way of major “reserve” expenditures, associations reaching 12 to 15 years of age and older, find many components reaching the end of their effective useful lives. These required expenditures, all accruing at the same time, could be devastating to an association’s overall budget.

### Types of Reserve Studies

Most reserve studies fit into one of three categories:

Full Reserve Study;

Update with site inspection; and

Update without site inspection.

In a **Full Reserve Study**, the reserve provider conducts a component inventory, a condition assessment (based upon on-site visual observations), and life and valuation estimates to determine both a “fund status” and “funding plan”.

In an **Update with site inspection**, the reserve provider conducts a component inventory (verification only, not quantification unless new components have been added to the inventory), a condition assessment (based upon on-site visual observations), and life and valuation estimates to determine both the “fund status and “funding plan.”

In an **Update without site inspection**, the reserve provider conducts life and valuation estimates to determine the “fund status” and “funding plan.”

### The Reserve Study: A Physical and a Financial Analysis

There are two components of a reserve study: a physical analysis and a financial analysis.

#### Physical Analysis

During the physical analysis, a reserve study provider evaluates information regarding the physical status and repair/replacement cost of the association’s major common area components. To do so, the provider conducts a component inventory, a condition assessment, and life and valuation estimates.

#### Developing a Component List

The budget process begins with full inventory of all the major components for which the association is responsible. The determination of whether an expense should be labeled as operational, reserve, or excluded altogether is sometimes subjective. Since this labeling may have a major impact on the financial plans of the association, subjective determinations should be minimized. We suggest the following considerations when labeling an expense.

# **CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION**

## **Part One**

### **Operational Expenses**

Occur at least annually, no matter how large the expense, and can be budgeted for effectively each year. They are characterized as being reasonably predictable, both in terms of frequency and cost. Operational expenses include all minor expenses, which would not otherwise adversely affect an operational budget from one year to the next.

### **Reserve Expenses**

These are major expenses that occur other than annually, and which must be budgeted for in advance in order to ensure the availability of the necessary funds in time for their use. Reserve expenses are reasonably predictable both in terms of frequency and cost. However, they may include significant assets that have an indeterminable but potential liability that may be demonstrated as a likely occurrence. They are expenses that, when incurred, would have a significant effect on the smooth operation of the budgetary process from one year to the next, if they were not reserved for in advance.

### **Budgeting is Normally Excluded**

For expenses that are necessitated by acts of nature, accidents or other occurrences that are more properly insured for, rather than reserved for.

### **Financial Analysis**

The financial analysis assesses the association's reserve balance or "fund status" (measured in cash or as percent fully funded) to determine a recommendation for the appropriate reserve contribution rate in the future, known as the "funding plan".

### **Preparing the Reserve Study**

Once the reserve assets have been identified and quantified, their respective replacement costs, useful lives and remaining lives must be assigned so that a funding schedule can be constructed. Replacement costs and useful lives can be found in published manuals such as construction estimators, appraisal handbooks, and valuation guides. Remaining lives are calculated from the useful lives and ages of assets and adjusted according to conditions such as design, manufactured quality, usage, exposure to the elements and maintenance history.

By following the recommendations of an effective reserve study, the association should avoid any major shortfalls. However, to remain accurate, the report should be updated on an annual basis to reflect such changes as shifts in economic parameters, additions of phases or assets, or expenditures of reserve funds. The association can assist in simplifying the reserve analysis update process by keeping accurate records of these changes throughout the year.



# **CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION**

## **Part One**

### **Funding Methods**

From the simplest to the most complex, reserve analysis providers use many different computational processes to calculate reserve requirements. However, there are two basic processes identified as industry standards: the cash flow method and the component method.

The cash flow method develops a reserve-funding plan where contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different reserve funding plans are tested against the actual anticipated schedule of reserve expenses until the desired funding goal is achieved. This method sets up a “window” in which all future anticipated replacement costs are computed, based upon the individual lives of the components under consideration. The Threshold and the Current Assessment funding models are based upon the cash flow method.

The component method develops a reserve-funding plan where the total contribution is based upon the sum of contributions for individual components. The component method is the more conservative of the two funding options, and assures that the association will achieve and maintain an ideal level of reserve over time. This method also allows for computations on individual components in the analysis. The Component Funding model is based upon the component methodology.

# CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION

## Part One

### Funding Strategies

Once an association has established its funding goals, the association can select an appropriate funding plan. There are four basic strategies from which most associations select. It is recommended that associations consult professionals to determine the best strategy or combination of plans that best suit the association's need. Additionally, associations should consult with their financial advisor to determine the tax implications of selecting a particular plan. Further, consultation with the American Institute of Certified Public Accountants (AICPA) for their reporting requirements is advisable. The four funding plans and descriptions of each are detailed below. Associations will have to update their reserve studies more or less frequently depending on the funding strategy they select.

**Full Funding---**Given that the basis of funding for reserves is to distribute the costs of the replacements over the lives of the components in question, it follows that the ideal level of reserves would be proportionately related to those lives and costs. If an association has a component with an expected estimated useful life of ten years, it would set aside approximately one-tenth of the replacement cost each year. At the end of three years, one would expect three-tenths of the replacement cost to have accumulated, and if so, that component would be "fully-funded." This model is important in that it is a measure of the adequacy of an association's reserves at any one point of time, and is independent of any particular method which may have been used for past funding or may be under consideration for future funding. This formula represents a snapshot in time and is based upon current replacement cost, independent of future inflationary or investment factors:

Fully Funded Reserves = **Age** divided by **Useful Life** the results multiplied by **Current Replacement Cost**

When an association's total accumulated reserves for all components meet this criterion, its reserves are considered "fully-funded."

**The Threshold Funding Model (Minimum Funding).** The goal of this funding method is to keep the reserve cash balance above zero. This means that while each individual component may not be fully funded, the reserve balance overall does not drop below zero during the projected period. An association using this funding method must understand that even a minor reduction in a component's remaining useful life can result in a deficit in the reserve cash balance.

**The Threshold Funding Model.** This method is based upon the cash flow funding concept. The minimum reserve cash balance in threshold funding, however, is set at a predetermined dollar amount (other than \$0).

**The Current Assessment Funding Model.** This method is also based upon the cash flow funding concept. The initial reserve assessment is set at the association's current fiscal year funding level and a 30-year projection is calculated to illustrate the adequacy of the current funding over time.

**The Component Funding Model.** This is a straight-line funding model. It distributes the cash reserves to individual reserve components and then calculates what the reserve assessment and interest contribution (minus taxes) should be, again by each reserve component. The current annual assessment is then determined by summing all the individual component assessments, hence the name "Component Funding Model". This is the most conservative funding model. It leads to or maintains the fully funded reserve position. The following details this calculation process.

# CIRCLE G RANCHES 4 HOMEOWNERS ASSOCIATION

## Part One

### Component Funding Model Distribution of Accumulated Reserves

The “Distribution of Accumulated Reserves Report” is a “Component Funding Model” calculation. This distribution **does not** apply to the cash flow funding models.

When calculating reserves based upon the component methodology, a beginning reserve balance must be allocated for each of the individual components considered in the analysis, before the individual calculations can be completed. When this distribution is not available, or of sufficient detail, the following method is suggested for allocating reserves:

The first step the program performs in this process is subtracting, from the total accumulated reserves, any amounts for assets that have predetermined (fixed) reserve balances. The user can “fix” the accumulated reserve balance within the program on the individual asset’s detail page. If, by error, these amounts total more than the amount of funds available, then the remaining assets are adjusted accordingly. A provision for a contingency reserve is then deducted by the determined percentage used, and if there are sufficient remaining funds available.

The second step is to identify the ideal level of reserves for each asset. As indicated in the prior section, this is accomplished by evaluating the component’s age proportionate to its estimated useful life and current replacement cost. Again, the equation used is as follows:

Fully Funded Reserves = (Age/Useful Life) x Current Replacement Cost

The software program performs the above calculations to the actual month the component was placed-in-service. The program projects that the accumulation of necessary reserves for repairs or replacements will be available on the first day of the fiscal year in which they are scheduled to occur.

The next step the program performs is to arrange all of the assets used in the study in ascending order by remaining life, and alphabetically within each grouping of remaining life items. These assets are then assigned their respective ideal level of reserves until the amount of funds available is depleted, or until all assets are appropriately funded. If any assets are assigned a zero remaining life (scheduled for replacement in the current fiscal year), then the amount assigned equals the current replacement cost and funding begins for the next cycle of replacement. If there are insufficient funds available to accomplish this, then the software automatically adjusts the zero remaining life items to one year, and that asset assumes its new grouping position alphabetically in the final printed report.

If, at the completion of this task, there are additional moneys that have not been distributed, the remaining reserves are then assigned, in ascending order, to a level equal to, but not exceeding, the current replacement cost for each component. If there are sufficient moneys available to fund all assets at their current replacement cost levels, then any excess funds are designated as such and are not factored into any of the report computations. If, at the end of this assignment process there are designated excess funds, they can be used to offset the monthly contribution requirements recommended, or used in any other manner the client may desire.

Assigning the reserves in this manner defers the make-up period for any under-funding over the longest remaining life of all assets under consideration, thereby minimizing the impact of any deficiency. For example, if the report indicates an under funding of \$50,000, this under-funding will be assigned to components with the longest remaining lives in order to give more time to “replenish” the account. If the \$50,000 under-funding were to be assigned to short remaining life items, the impact would be felt

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immediately.

If the reserves are under-funded, the monthly contribution requirements, as outlined in this report, can be expected to be higher than normal. In future years, as individual assets are replaced, the funding requirements will return to their normal levels. In the case of a large deficiency, a special assessment may be considered. The program can easily generate revised reports outlining how the monthly contributions would be affected by such an adjustment, or by any other changes that may be under consideration.

#### **Funding Reserves**

Three assessment and contribution figures are provided in the report, the “Monthly Reserve Assessment Required”, the “Average Net Monthly Interest Earned” contribution and the “Total Monthly Allocation to Reserves.” The association should allocate the “Monthly Reserve Assessment Required” amount to reserves each month when the interest earned on the reserves is left in the reserve accounts as part of the contribution. Any interest earned on reserve deposits, must be left in reserves and only amounts set aside for taxes should be removed.

The second alternative is to allocate the “Total Monthly Allocation” to reserves (this is the member assessment plus the anticipated interest earned for the fiscal year). This method assumes that all interest earned will be assigned directly as operating income. This allocation takes into consideration the anticipated interest earned on accumulated reserves regardless of whether or not it is actually earned. When taxes are paid, the amount due will be taken directly from the association’s operating accounts as the reserve accounts are allocated only those moneys net of taxes.

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### **Users' Guide to your Reserve Analysis Study**

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

#### **Report Summaries**

The Report Summary for all funding models lists all of the parameters that were used in calculating the report

The **Component Listing/Summary** lists all assets by category (i.e. roofing, painting, lighting, etc.) together with their remaining life, current cost, monthly reserve contribution, and net monthly allocation.

#### **Detail Reports**

The Detail Report itemizes each asset and lists all measurements, current and future costs, and calculations for that asset. Provisions for percentage replacements, salvage values, and one-time replacements can also be utilized. These reports can be sorted by category or group.

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

The Detail Index is an alphabetical listing of all assets, together with the page number of the asset's detail report, the projected replacement year, and the asset number.

#### **Projections**

Thirty-year projections add to the usefulness of your reserve analysis study.

#### **Definitions**

##### **Report I.D.**

Includes the Report Date (example: November 15, 1992), Account Number (example: 9773), and Version (example: 1.0). Please use this information (displayed on the summary page) when referencing your report.

##### **Budget Year Beginning/Ending**

The budgetary year for which the report is prepared. For associations with fiscal years ending December 31<sup>st</sup>, the monthly contribution figures indicated are for the 12-month period beginning 1/1/20xx and ending 12/31/20xx.

##### **Number of Units and/or Phases**

If applicable, the number of units and/or phases included in this version of the report.

##### **Inflation**

This figure is used to approximate the future cost to repair or replace each component in the report. The current cost for each component is compounded on an annual basis by the number of remaining years to replacement, and the total is used in calculating the monthly reserve contribution that will be necessary to accumulate the required funds in time for replacement.

##### **Annual Assessment Increase**

This represents the percentage rate at which the association will increase its assessment to reserves at the end of each year. For example, in order to accumulate \$10,000 in 10 years, you could set aside \$1,000

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per year. As an alternative, you could set aside \$795 the first year and increase that amount by 5% each year until the year of replacement. In either case you arrive at the same amount. The idea is that you start setting aside a lower amount and increase that number each year in accordance with the planned percentage. Ideally this figure should be equal to the rate of inflation. It can, however, be used to aide those associations that have not set aside appropriate reserves in the past, by making the initial year's allocation less formidable.

#### **Investment Yield Before Taxes**

The average interest rate anticipated by the association based upon its current investment practices.

#### **Taxes on Interest Yield**

The estimated percentage of interest income that will be set aside to pay income taxes on the interest earned.

#### **Projected Reserve Balance**

The anticipated reserve balance on the first day of the fiscal year for which this report has been prepared. This is based upon information provided and not audited.

#### **Percent Fully Funded**

The ratio, at the beginning of the fiscal year, of the actual (or projected) reserve balance to the calculated fully funded balance, expressed as a percentage.

#### **Phase Increment Detail and/or Age**

Comments regarding aging of the components on the basis of construction date or date of acceptance by the association.

#### **Monthly Assessment**

The assessment to reserves required by the association each month.

#### **Interest Contribution (After Taxes)**

The interest that should be earned on the reserves, net of taxes, based upon their beginning reserve balance and monthly contributions for one year. This figure is averaged for budgeting purposes.

#### **Total Monthly Allocation**

The sum of the monthly assessment and interest contribution figures.

#### **Group and Category**

The report may be prepared and sorted either by group (location, building, phase, etc.) or by category (roofing, painting, etc.). The standard report printing format is by category.

#### **Percentage of Replacement or Repairs**

In some cases, an asset may not be replaced in its entirety or the cost may be shared with a second party. Examples are budgeting for a percentage of replacement of streets over a period of time, or sharing the expense to replace a common wall with a neighboring party.

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

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

#### **Estimated Useful Life**

The estimated useful life of an asset based upon industry standards, manufacturer specifications, visual inspection, location, usage, association standards and prior history. All of these factors are taken into

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consideration when tailoring the estimated useful life to the particular asset. For example, the carpeting in a hallway or elevator (a heavy traffic area) will not have the same life as the identical carpeting in a seldom-used meeting room or office.

#### **Adjustment to Useful Life**

Once the useful life is determined, it may be adjusted, up or down, by this separate figure for the current cycle of replacement. This will allow for a current period adjustment without affecting the estimated replacement cycles for future replacements.

#### **Estimated Remaining Life**

This calculation is completed internally based upon the report's fiscal year date and the date the asset was placed-in-service.

#### **Replacement Year**

The year that the asset is scheduled to be replaced. The appropriate funds will be available by the first day of the fiscal year for which replacement is anticipated.

#### **Annual Fixed Reserves**

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

#### **Fixed Assessment**

An optional figure which, if used, will override all calculations and set the assessment at this amount. This assessment can be set for monthly, quarterly or annually as necessary.

#### **Salvage Value**

The salvage value of the asset at the time of replacement, if applicable.

#### **One-Time Replacement**

Notation if the asset is to be replaced on a one-time basis.

#### **Current Replacement Cost**

The estimated replacement cost effective at the beginning of the fiscal year for which the report is being prepared

#### **Future Replacement Cost**

The estimated cost to repair or replace the asset at the end of its estimated useful life based upon the current replacement cost and inflation.

#### **Component Inventory**

The task of selecting and qualifying reserve components. This task can be accomplished through on-site visual, review of association design and organizational documents, a review of established association precedents, and discussion with appropriate association representative(s).



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# **A Multi-Purpose Tool**

Your Report is an important part of your association's budgetary process. Following its recommendations should ensure the association's smooth budgetary transitions from one fiscal year to the next, and either decrease or eliminate the need for "special assessments".

In addition, your reserve study serves a variety of useful purposes:

- Following the recommendations of a reserve study performed by a professional consultant can protect the Board of Directors in a community from personal liability concerning reserve components and reserve funding.
- A reserve analysis study is required by your accountant during the preparation of the association's annual audit.
- The reserve study is often requested by lending institutions during the process of loan applications, both for the community and, in many cases, the individual owners.
- Your Report is also a detailed inventory of the association's major assets and serves as a management tool for scheduling, coordinating and planning future repairs and replacements.
- Your Report is a tool that can assist the Board in fulfilling its legal and fiduciary obligations for maintaining the community in a state of good repair. If a community is operating on a special assessment basis, it cannot guarantee that an assessment, when needed, will be passed. Therefore, it cannot guarantee its ability to perform the required repairs or replacements to those major components for which the association is obligated.
- Since the reserve analysis study includes measurements and cost estimates of the client's assets, the detail reports may be used to evaluate the accuracy and price of contractor bids when assets are due to be repaired or replaced.
- The reserve study is an annual disclosure to the membership concerning the financial condition of the association, and may be used as a "consumers' guide" by prospective purchasers.