

**Star Canyon Condominiums**  
**9815-9596 Freiburg Dr**  
**Littleton, CO 80127**



**Level 3 Reserve Analysis**  
**Report Period – 01/01/17 – 12/31/17**



**Client Reference Number - 5134**  
**Property Type – Apartment Style**

**FINAL**  
**Version**

**Fiscal Year End –**  
**Number of units-**

**December 31**  
**72**

**Project Manager -**  
**Main Contact Person -**

**G. Michael Kelsen, RS, PRA**  
**Tina White, CAM**

**Report was prepared on -**

**Monday, April 03, 2017**

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## Introduction to the Reserve Analysis –

The elected officials of this association made a wise decision to invest in a Reserve Analysis to get a better understanding of the status of the Reserve funds. This Analysis will be a valuable tool to assist the Board of Directors in making the decision to which the dues are derived. Typically, the Reserve contribution makes up 15% - 40% of the association's total budget. Therefore, Reserves is considered to be a significant part of the overall monthly association payment.

Every association conducts its business within a budget. There are typically two main parts to this budget, Operating and Reserves. The Operating budget includes all expenses that are fixed on an annual basis. These would include management fees, maintenance fees, utilities, etc. The Reserves is primarily made up of Capital Replacement items such as asphalt, roofing, fencing, mechanical equipment, etc., that do not normally occur on an annual basis.

The Reserve Analysis is also broken down into two different parts, the Physical Analysis and the Financial Analysis. The Physical Analysis is information regarding the physical status and replacement cost of major common area components that the association is responsible to maintain. It is important to understand that while the Component Inventory will remain relatively "stable" from year to year, the Condition Assessment and Life/Valuation Estimates will most likely vary from year to year. You can find this information typically in the **Asset Inventory Section** of the original Reserve Analysis. It should be noted there is not an **Asset Inventory Section** in this report due to the Level of Service requested by the client. The **Financial Analysis Section** is the evaluation of the association's Reserve balance, income, and expenses. This is made up of a finding of the clients current Reserve Fund Status (measured as Percent Funded) and a recommendation for an appropriate Reserve Allocation rate (also known as the Funding Plan). You can find this information in Section 2 (pages 1 – 12) of this Reserve Analysis.

The purpose of this Reserve Analysis is to provide an educated estimate as to what the Reserve Allocation needs to be. The detailed schedules will serve as an advanced warning that major projects will need to be addressed in the future. This will allow the Board of Directors to have ample timing to obtain competitive estimates and bids that will result in cost savings to the individual homeowners. This will also ensure the physical well being of the property and ultimately enhance each owner's investment, while limiting the possibility of unexpected major projects that may lead to Special Assessments.

It is important for the client, homeowners, and potential future homeowners to understand that the information contained in this analysis is based on estimates and assumptions gathered from various sources. Estimated life expectancies and cycles are based upon conditions that were readily visible and accessible at time of the observation. No destructive or intrusive methods (such as entering the walls to inspect the condition of electrical wiring, plumbing lines, and telephone wires) were performed. In addition, environmental hazards (such as lead paint, asbestos, radon, etc.), construction defects, and acts of nature have not been investigated in the preparation of this report. If problem areas were revealed, a reasonable effort has been made to include these items within the report. While every effort has been made to ensure accurate results, this report reflects the judgment of Aspen Reserve Specialties and should not be construed as a guarantee or assurance of predicting future events.

## **General Information and Answers to Frequently Asked Questions –**

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

As previously mentioned, the Reserve allocation makes up a significant portion of the total monthly dues. This report provides the essential information that is needed to guide the Board of Directors in establishing the budget in order to run the daily operations of your association. It is suggested that a third party professionally prepare a Reserve Study since there is no vested interest in the property. Also, a professional knows what to look for and how to properly develop an accurate and reliable component list.

### **Now that we have “it”, what do we do with “it”?**

Hopefully, you will not look at this report and think it is too cumbersome to understand. Our intention is to make this Reserve Analysis very easy to read and understand. Please take the time to review it carefully and make sure the “main ingredients” (asset information) are complete and accurate. If there are any inaccuracies, please inform us immediately so we may revise the report.

Once you feel the report is an accurate tool to work from, use it to help establish your budget for the upcoming fiscal year. The Reserve allocation makes up a significant portion of the total monthly dues and this report should help you determine the correct amount of money to go into the Reserve fund. Additionally, the Reserve Study should act as a guide to obtain proposals in advance of pending normal maintenance and replacement projects. This will give you an opportunity to shop around for the best price available.

The Reserve Study should be readily available for Real Estate agents, brokerage firms, and lending institutions for potential future homeowners. As the importance of Reserves becomes more of a household term, people are requesting homeowners associations to reveal the strength of the Reserve fund prior to purchasing a condominium or townhome.

### **How often do we update or review “it”?**

Unfortunately, there is a misconception that these reports are good for an extended period of time since the report has projections for the next 30 years. Just like any major line item in the budget, the Reserve Analysis should be reviewed *each year before* the budget is established. Invariably, some assumptions have to be made during the compilation of this analysis. Anticipated events may not materialize and unpredictable circumstances could occur. Aging rates and repair/replacement costs will vary from causes that are unforeseen. Earned interest rates may vary from year to year. These variations could alter the content of the Reserve Analysis. Therefore, this analysis should be reviewed annually, and a property observation should be conducted at least once every three years.

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

The Government requires reserve analyses in approximately 20 states. The State of Colorado currently requires all associations to adopt a Reserve policy, but does not currently enforce a Reserve Study is completed. Despite enacting this current law, the chances are also very good the documents of the association require the association to have a Reserve fund established. This may not mean a Reserve Analysis is required, but how are you going to know there are enough funds in the account if you don't have the proper information? Hypothetically, some associations look at the Reserve fund and think \$50,000 is a lot of money and they are in good shape. What they don't know is the roof will need to be replaced within 5 years, and the cost of the roof is going to exceed \$75,000. So while \$50,000 sounds like a lot of money, in reality it won't even cover the cost of a roof, let alone all the other amenities the association is responsible to maintain.

### **What makes an asset a “Reserve” item versus an “Operating” item?**

A “Reserve” asset is an item that is the responsibility of the association to maintain, has a limited Useful Life, predictable Remaining Useful Life expectancies, typically occurs on a cyclical basis that exceeds 1 year, and costs above a minimum threshold cost. An “operating” expense is typically a fixed expense that occurs on an annual basis. For instance, minor repairs to a roof for damage caused by high winds or other weather elements would be considered an “operating” expense. However, if the entire roof needs to be replaced because it has reached the end of its life expectancy, then the replacement would be considered a Reserve expense.

### **The GREY area of “maintenance” items that are often seen in a Reserve Study –**

One of the most popular questions revolves around major “maintenance” items, such as painting the buildings or seal coating the asphalt. You may hear from your accountant that since painting or seal coating is not replacing a “capital” item, then it cannot be considered a Reserve issue. However, it is the opinion of several major Reserve Study providers that these items are considered to be major expenses that occur on a cyclical basis. Therefore, it makes it very difficult to ignore a major expense that meets the criteria to be considered a Reserve component. Once explained in this context, many accountants tend to agree and will include any expenses, such as these examples, as a Reserve component.

### **The Property Observation –**

A Property Observation was not conducted for this report per the contract agreement.

### **The Reserve Fund Analysis –**

We projected the starting balance from taking the most recent balance statement, adding expected Reserve contributions for the rest of the year, and subtracting any pending projects for the rest of the year. We compared this number to the ideal Reserve Balance and arrived at the Percent funded level. Measures of strength are as follows:

**0% - 30% Funded** – Is considered to be a “weak” financial position. Associations that fall into this category are subject to Special Assessments and deferred maintenance, which could lead to lower property values. If the association is in this position, actions should be taken to improve the financial strength of the Reserve Fund.

**31% - 69% Funded** – The majority of associations are considered to be in this “fair” financial position. While this doesn’t represent financial strength and stability, the likelihood of Special Assessments and deferred maintenance is diminished. Effort should be taken to continue strengthening the financial position of the Reserve fund.

**70% - 99% Funded** – This indicates financial strength of a Reserve fund and every attempt to maintain this level should be a goal of the association.

**100% Funded** – This is the ideal amount of Reserve funding. This means that the association has the exact amount of funds in the Reserve account that should be at any given time.

## Summary of Star Canyon Condominiums - Assoc. ID # - 05134-16

Projected Starting Balance as of January 1, 2017 -	<b>\$407,834</b>
Ideal Reserve Balance as of January 1, 2017 -	<b>\$190,417</b>
Percent Funded as of January 1, 2017 -	<b>214%</b>
Recommended Reserve Allocation (per month) -	<b>\$5,500 (through 2023)</b>
Recommended Reserve Allocation (per month) -	<b>\$10,250 (starting 2024)</b>
Minimum Reserve Allocation (per month) -	<b>\$9,500 (starting 2024)</b>
Recommended Special Assessment -	<b>\$0</b>

This report is an update to an existing Reserve Study Report that was prepared four years ago for the 2013 fiscal period. A property site observation was not conducted per the request of the association. While we commend the Board of Directors in making a decision to update the previous Reserve Study, we recommend having a trained professional inspect the property at least every 3 – 4 years to verify conditions, useful life, and remaining life of components. Therefore, we recommend an updated Reserve Study with site observation in the near future. It is possible that some philosophical changes have occurred since the last Reserve Study and some components will be added to the list in future Reserve Study updates. To update the figures in the report, we obtained information by contacting the property representative (Community Manager). To the best of our knowledge, the conclusions and suggestions of this report are considered reliable and accurate insofar as the information obtained from these sources.

This property contains 72 townhomes within 9 different buildings. This community is a sub-association of a master planned community. The responsibilities of the sub-association include building exterior surfaces, individual driveways, landscaping, an irrigation system, water feature, and some perimeter fencing. It was reported that all of the roofs will be replaced in Spring 2017 through an insurance claim as a result of a hailstorm. Please refer to the *Projected Reserve Expenditures* table of the financial section of the report for a detailed list of components that will need to be addressed in the near future.

In comparing the projected balance of \$407,834 versus the ideal Reserve Balance of \$190,417, we find the association Reserve fund to be in a surplus financial position at this time (approximately 214% funded of ideal). The main reason behind this is due to the roofs being replaced in 2017 without using any Reserve funds. As a result, based on the information contained in this report, we find the association can maintain the current budgeted Reserve contribution (\$5,500 per month) through 2023. However, to maintain the ideal Reserve position, in 2024, we suggest increasing the Reserve contribution to \$10,250 per month (representing an increase of approximately \$66.00 per unit), followed by nominal annual increases of 4.60% thereafter to help offset the effects of inflation. This will maintain the Reserve fund at a fully funded position throughout the 30-year report period.

In the percent Funded graph, you will see that we have also suggested a minimum Reserve contribution of \$9,500 per month, starting in 2024. If the Reserve contribution falls below this rate, then the Reserve fund will fall into a situation where Special Assessments, deferred maintenance, and lower property values are likely at some point in the future.

The minimum Reserve allocation follows the “threshold” theory of Reserve funding where the “percent funded” status is not allowed to dip below 30% funded at any point during the thirty-year period. This was provided for one purpose only, to show the association how small the difference is between the two scenarios and how it would not make financial sense to contribute less money (approximately 7.5% in this case) to the Reserve fund to only stay above a certain threshold. As you can see, the difference between the two scenarios is considered to be extremely minimal, and based on the risk involved, we strongly suggest the recommended Reserve Allocation is followed.

## Funding Summary For Star Canyon Condominiums

### Beginning Assumptions

Financial Information Source	Research With Client
# of units	72
Fiscal Year End	December 31, 2017
Monthly Dues from 2016 budget	\$18,000.00
Monthly Reserve Allocation from 2016 Budget	\$5,500.00
Projected Starting Reserve Balance (as of 1/1/2017)	\$407,834
Reserve Balance: Average Per Unit	\$5,664
Ideal Starting Reserve Balance (as of 1/1/2017)	\$190,417
Ideal Reserve Balance: Average Per Unit	\$2,645

### Economic Factors

Past 20 year Average Inflation Rate (Based on CCI)	4.50%
Current Average Interest Rate	1.50%

### Current Reserve Status

Current Balance as a % of Ideal Balance	214%
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### Recommendations for 2017 Fiscal Year

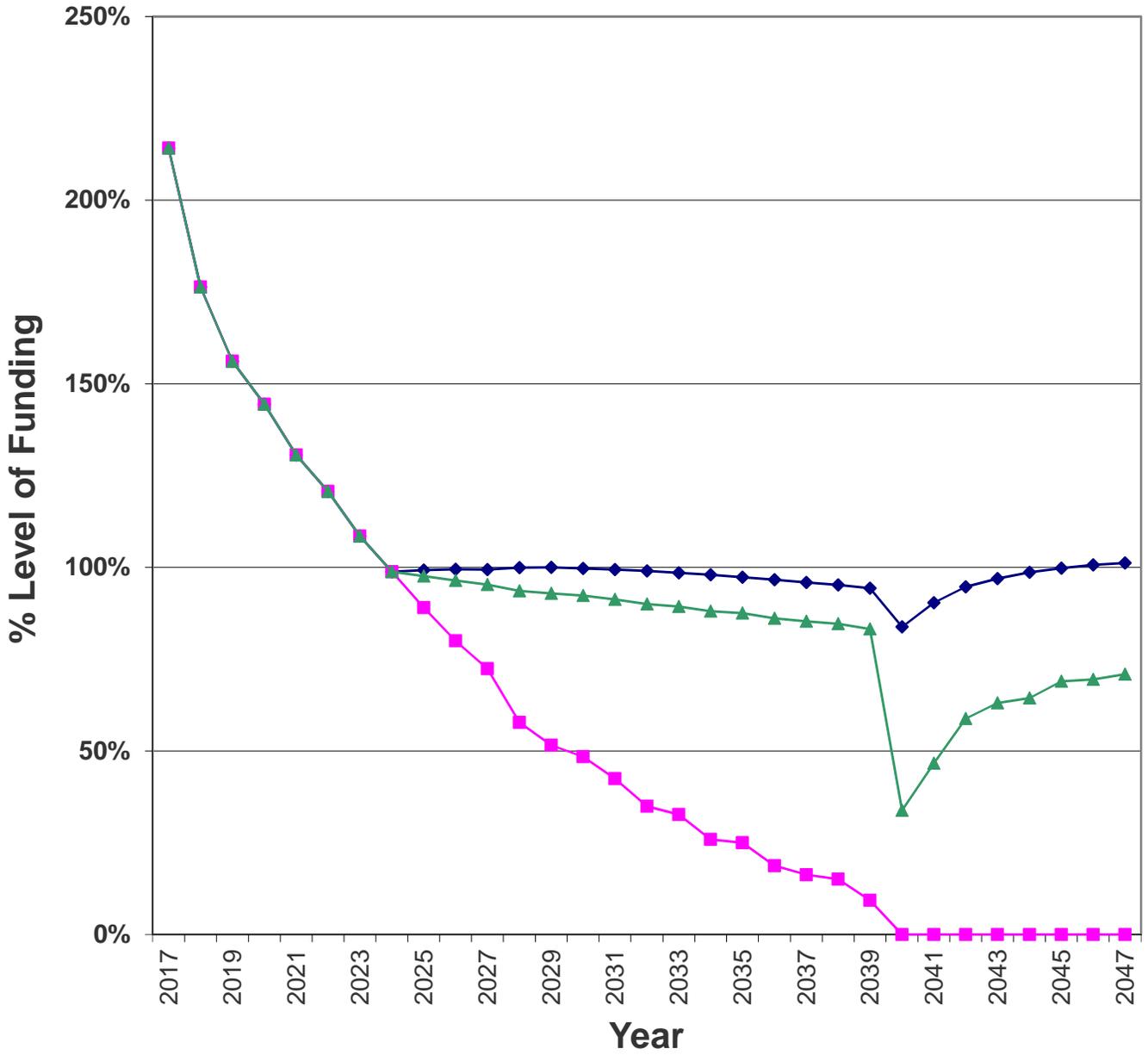
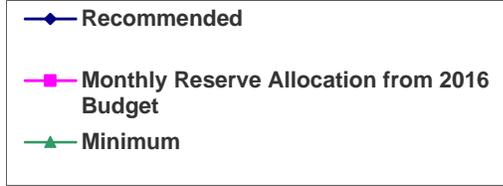
Monthly Reserve Allocation (through 2023)	\$5,500
Per Unit	\$76.39
Minimum Monthly Reserve Allocation (through 2023)	\$5,500
Per Unit	\$76.39
Monthly Reserve Allocation (starting 2024)	\$10,250
Per Unit	\$142.36
Minimum Monthly Reserve Allocation (starting 2024)	\$9,500
Per Unit	\$131.94
Primary Annual Increases	0.00%
# of Years	7
Secondary Annual Increases	4.60%
# of Years	23
Special Assessment	\$0
Per Unit	\$0

### Changes From Prior Year (2016 to 2017)

Increase/Decrease to Reserve Allocation	\$0
as Percentage	0%
Average Per Unit	\$0.00

Percent Funded Graph For Star Canyon Condominiums

# Percent Funded



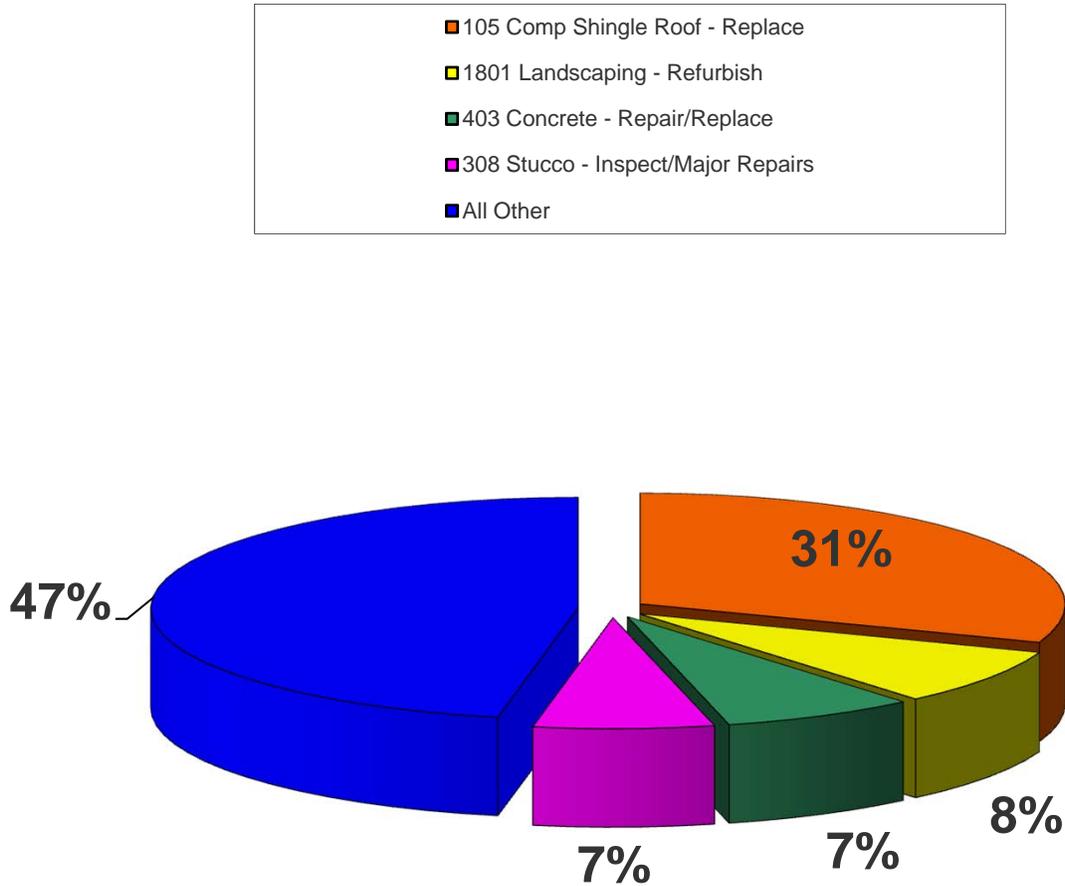
## Component Inventory for Star Canyon Condominiums

<b>Category</b>	<b>Asset #</b>	<b>Asset Name</b>	<b>UL</b>	<b>RUL</b>	<b>Best Cost</b>	<b>Worst Cost</b>
Roofing	105	Comp Shingle Roof - Replace	22	22	\$487,500	\$552,500
	120	Raingutters/Downspouts - Replace	22	7	\$32,750	\$36,050
Painted Surfaces	201	Exterior Wood Surfaces - Repaint (1)	4	1	\$15,600	\$16,800
	202	Exterior Wood Surfaces - Repaint (2)	4	2	\$15,600	\$16,800
	203	Exterior Wood Surfaces - Repaint (3)	4	3	\$15,600	\$16,800
	204	Stucco Surfaces - Repaint (1)	12	9	\$21,600	\$24,000
	205	Stucco Surfaces - Repaint (2)	12	10	\$21,600	\$24,000
	206	Stucco Surfaces - Repaint (3)	12	11	\$21,600	\$24,000
	209	3-Rail Fencing - Restain	4	0	\$9,100	\$10,100
Siding Materials	306	Stone Veneer - Repair	N/A		\$0	\$0
	308	Stucco - Inspect/Major Repairs	6	4	\$28,800	\$34,200
Drive Materials	401	Asphalt - Overlay	24	8	\$35,700	\$41,100
	402	Asphalt - Seal Coat/crack fill	4	0	\$3,250	\$3,900
	403	Concrete - Repair/Replace	4	2	\$21,750	\$23,400
	407	Curb and Gutters - Repair	4	2	\$7,875	\$8,500
Property Access	502	Garage Doors - Replace	N/A		\$0	\$0
Walking Surfaces	601	Concrete Sidewalks - Repair	4	2	\$18,500	\$20,000
	605	Unit Balconies - Resurface/Repair	N/A		\$0	\$0
Prop. Identification	803	Mailboxes - Replace	18	4	\$11,250	\$13,250
Security	901	Fire Protection System - Replace	20	13	\$3,500	\$3,850
Fencing/Walls	1004	Latticework - Replace	N/A		\$0	\$0
	1009	3-Rail Fencing - Replace	N/A		\$0	\$0
	1011	Retaining Wall - Replace	N/A		\$0	\$0
Light Fixtures	1602	Exterior Wall mount - Replace	18	3	\$26,500	\$31,200
	1604	Pole Lights - Replace	20	5	\$3,900	\$4,800
	1609	Street Lights - Replace	N/A		\$0	\$0
Irrig. System	1701	Irrigation System - Rebuild	7	6	\$8,500	\$10,000
	1703	Irrigation Timeclocks - Replace	4	0	\$1,750	\$2,000
Landscaping	1801	Landscaping - Refurbish	3	1	\$18,000	\$20,000
	1808	Water Feature - Replace	10	5	\$5,500	\$6,500

## Significant Components For Star Canyon Condominiums

ID	Asset Name	UL	RUL	Ave Curr Cost	Significance:	
					(Curr Cost/UL) As \$	As %
105	Comp Shingle Roof - Replace	22	22	\$520,000	\$23,636	30.6548%
120	Raingutters/Downspouts - Replace	22	7	\$34,400	\$1,564	2.0279%
201	Exterior Wood Surfaces - Repaint (1)	4	1	\$16,200	\$4,050	5.2526%
202	Exterior Wood Surfaces - Repaint (2)	4	2	\$16,200	\$4,050	5.2526%
203	Exterior Wood Surfaces - Repaint (3)	4	3	\$16,200	\$4,050	5.2526%
204	Stucco Surfaces - Repaint (1)	12	9	\$22,800	\$1,900	2.4642%
205	Stucco Surfaces - Repaint (2)	12	10	\$22,800	\$1,900	2.4642%
206	Stucco Surfaces - Repaint (3)	12	11	\$22,800	\$1,900	2.4642%
209	3-Rail Fencing - Restain	4	0	\$9,600	\$2,400	3.1126%
308	Stucco - Inspect/Major Repairs	6	4	\$31,500	\$5,250	6.8089%
401	Asphalt - Overlay	24	8	\$38,400	\$1,600	2.0751%
402	Asphalt - Seal Coat/crack fill	4	0	\$3,575	\$894	1.1591%
403	Concrete - Repair/Replace	4	2	\$22,575	\$5,644	7.3196%
407	Curb and Gutters - Repair	4	2	\$8,188	\$2,047	2.6547%
601	Concrete Sidewalks - Repair	4	2	\$19,250	\$4,813	6.2415%
803	Mailboxes - Replace	18	4	\$12,250	\$681	0.8826%
901	Fire Protection System - Replace	20	13	\$3,675	\$184	0.2383%
1602	Exterior Wall mount - Replace	18	3	\$28,850	\$1,603	2.0787%
1604	Pole Lights - Replace	20	5	\$4,350	\$218	0.2821%
1701	Irrigation System - Rebuild	7	6	\$9,250	\$1,321	1.7138%
1703	Irrigation Timeclocks - Replace	4	0	\$1,875	\$469	0.6079%
1801	Landscaping - Refurbish	3	1	\$19,000	\$6,333	8.2139%
1808	Water Feature - Replace	10	5	\$6,000	\$600	0.7782%

## Significant Components Graph For Star Canyon Condominiums



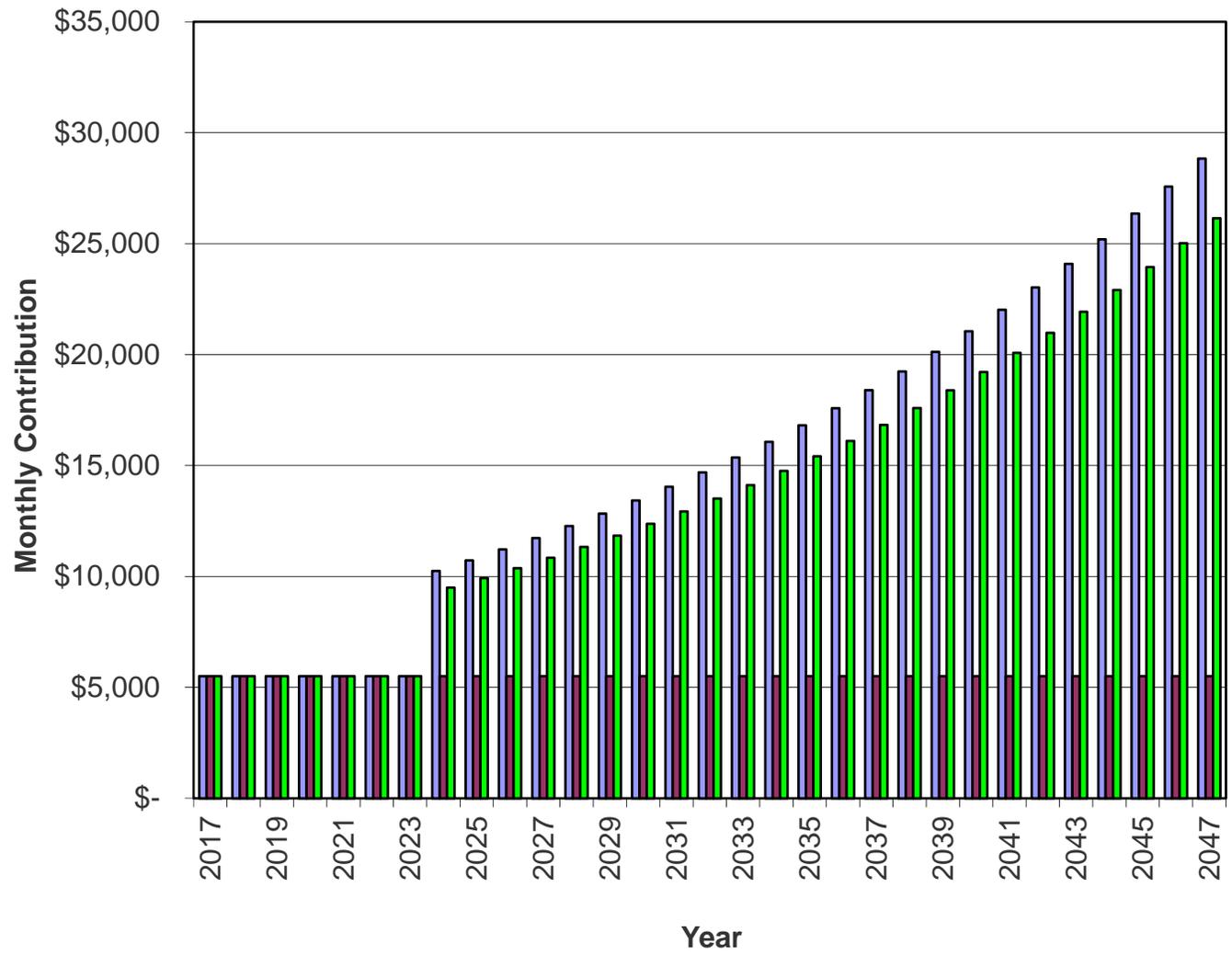
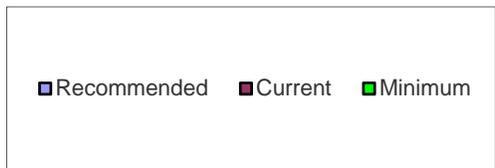
Asset ID	Asset Name	UL	RUL	Average Curr. Cost	Significance: (Curr Cost/UL)	
					As \$	As %
105	Comp Shingle Roof - Replace	22	22	\$520,000	\$23,636	31%
1801	Landscaping - Refurbish	3	1	\$19,000	\$6,333	8%
403	Concrete - Repair/Replace	4	2	\$22,575	\$5,644	7%
308	Stucco - Inspect/Major Repairs	6	4	\$31,500	\$5,250	7%
All Other	See Expanded Table on Page 4 For Additional Breakdown				\$36,242	47%

## Yearly Summary For Star Canyon Condominiums

<b>Fiscal Year</b>	<b>Start Balance</b>	<b>Fully Funded</b>	<b>Starting Reserve Balance</b>	<b>Percent Funded</b>	<b>Annual Reserve Contribs</b>	<b>Rec. Special Ass'mnt</b>	<b>Interest Income</b>	<b>Reserve Expenses</b>
2017	\$190,417		\$407,834	214%	\$66,000	\$0	\$6,545	\$15,050
2018	\$263,833		\$465,328	176%	\$66,000	\$0	\$7,249	\$36,784
2019	\$321,467		\$501,793	156%	\$66,000	\$0	\$7,531	\$72,306
2020	\$348,363		\$503,018	144%	\$66,000	\$0	\$7,708	\$51,410
2021	\$402,266		\$525,316	131%	\$66,000	\$0	\$7,732	\$92,778
2022	\$419,502		\$506,270	121%	\$66,000	\$0	\$7,895	\$33,086
2023	\$504,215		\$547,079	109%	\$66,000	\$0	\$8,019	\$98,272
2024	\$529,140		\$522,827	99%	\$123,000	\$0	\$8,110	\$94,716
2025	\$563,624		\$559,221	99%	\$128,658	\$0	\$8,844	\$76,011
2026	\$624,140		\$620,711	99%	\$134,576	\$0	\$9,954	\$57,958
2027	\$711,403		\$707,283	99%	\$140,767	\$0	\$10,109	\$216,659
2028	\$642,137		\$641,501	100%	\$147,242	\$0	\$10,323	\$63,291
2029	\$735,655		\$735,775	100%	\$154,015	\$0	\$12,083	\$25,523
2030	\$878,733		\$876,350	100%	\$161,100	\$0	\$13,809	\$85,287
2031	\$971,945		\$965,971	99%	\$168,510	\$0	\$14,936	\$122,622
2032	\$1,036,763		\$1,026,796	99%	\$176,262	\$0	\$16,515	\$42,963
2033	\$1,194,456		\$1,176,610	99%	\$184,370	\$0	\$18,162	\$132,566
2034	\$1,272,626		\$1,246,576	98%	\$192,851	\$0	\$20,026	\$34,237
2035	\$1,464,402		\$1,425,215	97%	\$201,722	\$0	\$21,945	\$146,229
2036	\$1,555,438		\$1,502,654	97%	\$211,001	\$0	\$23,675	\$81,237
2037	\$1,726,495		\$1,656,094	96%	\$220,707	\$0	\$26,237	\$58,605
2038	\$1,937,269		\$1,844,434	95%	\$230,860	\$0	\$28,310	\$170,998
2039	\$2,048,820		\$1,932,605	94%	\$241,480	\$0	\$17,652	\$1,769,189
2040	\$504,421		\$422,548	84%	\$252,588	\$0	\$7,479	\$107,334
2041	\$636,710		\$575,280	90%	\$264,207	\$0	\$10,357	\$43,284
2042	\$851,864		\$806,560	95%	\$276,360	\$0	\$13,235	\$136,898
2043	\$989,302		\$959,257	97%	\$289,073	\$0	\$15,101	\$207,952
2044	\$1,069,570		\$1,055,479	99%	\$302,370	\$0	\$17,594	\$83,527
2045	\$1,294,862		\$1,291,916	100%	\$316,279	\$0	\$20,203	\$224,817
2046	\$1,394,544		\$1,403,581	101%	\$330,828	\$0	\$22,328	\$181,352

Reserve Contributions For Star Canyon Condominiums

# Reserve Contributions



## Component Funding Information For Star Canyon Condominiums

<b>ID</b>	<b>Component Name</b>	<b>Ave Current Cost</b>	<b>Ideal Balance</b>	<b>Current Fund Balance</b>	<b>Monthly</b>
105	Comp Shingle Roof - Replace	\$520,000	\$0	\$0	\$1,686.01
120	Raingutters/Downspouts - Replace	\$34,400	\$23,455	\$50,235	\$111.54
201	Exterior Wood Surfaces - Repaint (1)	\$16,200	\$12,150	\$26,023	\$288.89
202	Exterior Wood Surfaces - Repaint (2)	\$16,200	\$8,100	\$17,349	\$288.89
203	Exterior Wood Surfaces - Repaint (3)	\$16,200	\$4,050	\$8,674	\$288.89
204	Stucco Surfaces - Repaint (1)	\$22,800	\$5,700	\$12,208	\$135.53
205	Stucco Surfaces - Repaint (2)	\$22,800	\$3,800	\$8,139	\$135.53
206	Stucco Surfaces - Repaint (3)	\$22,800	\$1,900	\$4,069	\$135.53
209	3-Rail Fencing - Restain	\$9,600	\$9,600	\$20,561	\$171.20
308	Stucco - Inspect/Major Repairs	\$31,500	\$10,500	\$22,489	\$374.49
401	Asphalt - Overlay	\$38,400	\$25,600	\$54,830	\$114.13
402	Asphalt - Seal Coat/crack fill	\$3,575	\$3,575	\$7,657	\$63.75
403	Concrete - Repair/Replace	\$22,575	\$11,288	\$24,175	\$402.58
407	Curb and Gutters - Repair	\$8,188	\$4,094	\$8,768	\$146.01
601	Concrete Sidewalks - Repair	\$19,250	\$9,625	\$20,615	\$343.28
803	Mailboxes - Replace	\$12,250	\$9,528	\$20,407	\$48.54
901	Fire Protection System - Replace	\$3,675	\$1,286	\$2,755	\$13.11
1602	Exterior Wall mount - Replace	\$28,850	\$24,042	\$51,492	\$114.33
1604	Pole Lights - Replace	\$4,350	\$3,263	\$6,988	\$15.51
1701	Irrigation System - Rebuild	\$9,250	\$1,321	\$2,830	\$94.26
1703	Irrigation Timeclocks - Replace	\$1,875	\$1,875	\$4,016	\$33.44
1801	Landscaping - Refurbish	\$19,000	\$12,667	\$27,129	\$451.77
1808	Water Feature - Replace	\$6,000	\$3,000	\$6,425	\$42.80

## Yearly Cash Flow For Star Canyon Condominiums

Year	2017	2018	2019	2020	2021
<b>Starting Balance</b>	\$407,834	\$465,328	\$501,793	\$503,018	\$525,316
<i>Reserve Income</i>	\$66,000	\$66,000	\$66,000	\$66,000	\$66,000
<i>Interest Earnings</i>	\$6,545	\$7,249	\$7,531	\$7,708	\$7,732
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$480,378	\$538,577	\$575,324	\$576,726	\$599,048
<b>Reserve Expenditures</b>	\$15,050	\$36,784	\$72,306	\$51,410	\$92,778
<b>Ending Balance</b>	\$465,328	\$501,793	\$503,018	\$525,316	\$506,270

Year	2022	2023	2024	2025	2026
<b>Starting Balance</b>	\$506,270	\$547,079	\$522,827	\$559,221	\$620,711
<i>Reserve Income</i>	\$66,000	\$66,000	\$123,000	\$128,658	\$134,576
<i>Interest Earnings</i>	\$7,895	\$8,019	\$8,110	\$8,844	\$9,954
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$580,165	\$621,098	\$653,937	\$696,723	\$765,241
<b>Reserve Expenditures</b>	\$33,086	\$98,272	\$94,716	\$76,011	\$57,958
<b>Ending Balance</b>	\$547,079	\$522,827	\$559,221	\$620,711	\$707,283

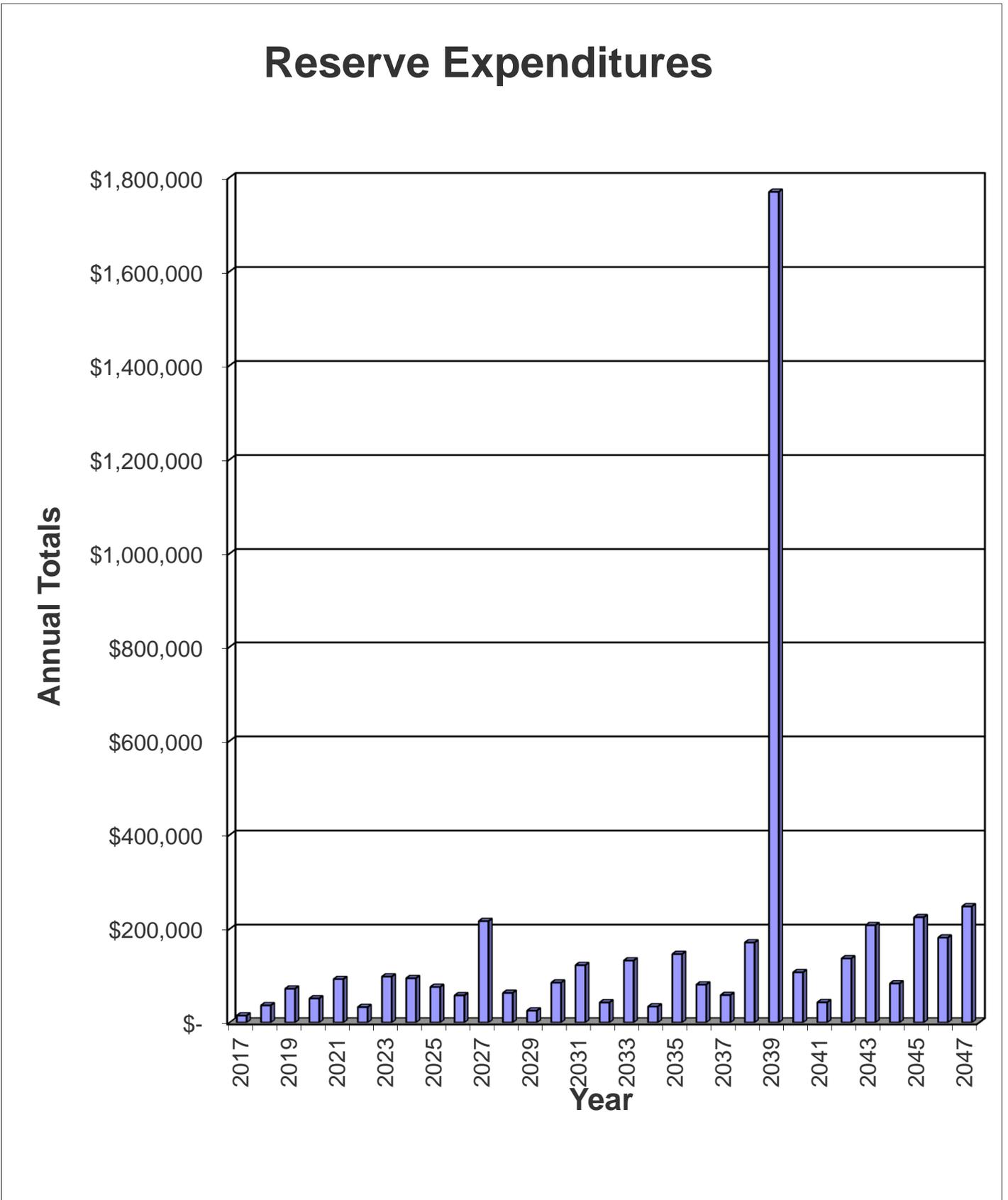
Year	2027	2028	2029	2030	2031
<b>Starting Balance</b>	\$707,283	\$641,501	\$735,775	\$876,350	\$965,971
<i>Reserve Income</i>	\$140,767	\$147,242	\$154,015	\$161,100	\$168,510
<i>Interest Earnings</i>	\$10,109	\$10,323	\$12,083	\$13,809	\$14,936
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$858,160	\$799,066	\$901,873	\$1,051,258	\$1,149,418
<b>Reserve Expenditures</b>	\$216,659	\$63,291	\$25,523	\$85,287	\$122,622
<b>Ending Balance</b>	\$641,501	\$735,775	\$876,350	\$965,971	\$1,026,796

Year	2032	2033	2034	2035	2036
<b>Starting Balance</b>	\$1,026,796	\$1,176,610	\$1,246,576	\$1,425,215	\$1,502,654
<i>Reserve Income</i>	\$176,262	\$184,370	\$192,851	\$201,722	\$211,001
<i>Interest Earnings</i>	\$16,515	\$18,162	\$20,026	\$21,945	\$23,675
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$1,219,573	\$1,379,142	\$1,459,452	\$1,648,882	\$1,737,330
<b>Reserve Expenditures</b>	\$42,963	\$132,566	\$34,237	\$146,229	\$81,237
<b>Ending Balance</b>	\$1,176,610	\$1,246,576	\$1,425,215	\$1,502,654	\$1,656,094

Year	2037	2038	2039	2040	2041
<b>Starting Balance</b>	\$1,656,094	\$1,844,434	\$1,932,605	\$422,548	\$575,280
<i>Reserve Income</i>	\$220,707	\$230,860	\$241,480	\$252,588	\$264,207
<i>Interest Earnings</i>	\$26,237	\$28,310	\$17,652	\$7,479	\$10,357
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$1,903,038	\$2,103,603	\$2,191,737	\$682,614	\$849,844
<b>Reserve Expenditures</b>	\$58,605	\$170,998	\$1,769,189	\$107,334	\$43,284
<b>Ending Balance</b>	\$1,844,434	\$1,932,605	\$422,548	\$575,280	\$806,560

Year	2042	2043	2044	2045	2046
<b>Starting Balance</b>	\$806,560	\$959,257	\$1,055,479	\$1,291,916	\$1,403,581
<i>Reserve Income</i>	\$276,360	\$289,073	\$302,370	\$316,279	\$330,828
<i>Interest Earnings</i>	\$13,235	\$15,101	\$17,594	\$20,203	\$22,328
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$1,096,155	\$1,263,431	\$1,375,443	\$1,628,398	\$1,756,737
<b>Reserve Expenditures</b>	\$136,898	\$207,952	\$83,527	\$224,817	\$181,352
<b>Ending Balance</b>	\$959,257	\$1,055,479	\$1,291,916	\$1,403,581	\$1,575,385

Yearly Expenditures Graph For Star Canyon Condominiums



## Projected Reserve Expenditures For Star Canyon Condominiums

Year	Asset ID	Asset Name	Projected Cost	Total Per Annum
2017	209	3-Rail Fencing - Restain	\$9,600	
	402	Asphalt - Seal Coat/crack fill	\$3,575	
	1703	Irrigation Timeclocks - Replace	\$1,875	\$15,050
2018	201	Exterior Wood Surfaces - Repaint (1)	\$16,929	
	1801	Landscaping - Refurbish	\$19,855	\$36,784
2019	202	Exterior Wood Surfaces - Repaint (2)	\$17,691	
	403	Concrete - Repair/Replace	\$24,652	
	407	Curb and Gutters - Repair	\$8,941	
	601	Concrete Sidewalks - Repair	\$21,021	\$72,306
2020	203	Exterior Wood Surfaces - Repaint (3)	\$18,487	
	1602	Exterior Wall mount - Replace	\$32,923	\$51,410
2021	209	3-Rail Fencing - Restain	\$11,448	
	308	Stucco - Inspect/Major Repairs	\$37,564	
	402	Asphalt - Seal Coat/crack fill	\$4,263	
	803	Mailboxes - Replace	\$14,608	
	1703	Irrigation Timeclocks - Replace	\$2,236	
	1801	Landscaping - Refurbish	\$22,658	\$92,778
2022	201	Exterior Wood Surfaces - Repaint (1)	\$20,188	
	1604	Pole Lights - Replace	\$5,421	
	1808	Water Feature - Replace	\$7,477	\$33,086
2023	202	Exterior Wood Surfaces - Repaint (2)	\$21,097	
	403	Concrete - Repair/Replace	\$29,399	
	407	Curb and Gutters - Repair	\$10,662	
	601	Concrete Sidewalks - Repair	\$25,069	
	1701	Irrigation System - Rebuild	\$12,046	\$98,272
2024	120	Raingutters/Downspouts - Replace	\$46,814	
	203	Exterior Wood Surfaces - Repaint (3)	\$22,046	
	1801	Landscaping - Refurbish	\$25,856	\$94,716
2025	209	3-Rail Fencing - Restain	\$13,652	
	401	Asphalt - Overlay	\$54,609	
	402	Asphalt - Seal Coat/crack fill	\$5,084	
	1703	Irrigation Timeclocks - Replace	\$2,666	\$76,011
2026	201	Exterior Wood Surfaces - Repaint (1)	\$24,075	
	204	Stucco Surfaces - Repaint (1)	\$33,883	\$57,958
2027	202	Exterior Wood Surfaces - Repaint (2)	\$25,158	
	205	Stucco Surfaces - Repaint (2)	\$35,408	
	308	Stucco - Inspect/Major Repairs	\$48,919	
	403	Concrete - Repair/Replace	\$35,058	
	407	Curb and Gutters - Repair	\$12,715	
	601	Concrete Sidewalks - Repair	\$29,895	
	1801	Landscaping - Refurbish	\$29,506	\$216,659
2028	203	Exterior Wood Surfaces - Repaint (3)	\$26,290	
	206	Stucco Surfaces - Repaint (3)	\$37,001	\$63,291
2029	209	3-Rail Fencing - Restain	\$16,280	
	402	Asphalt - Seal Coat/crack fill	\$6,063	
	1703	Irrigation Timeclocks - Replace	\$3,180	\$25,523
2030	201	Exterior Wood Surfaces - Repaint (1)	\$28,710	
	901	Fire Protection System - Replace	\$6,513	
	1701	Irrigation System - Rebuild	\$16,393	
	1801	Landscaping - Refurbish	\$33,672	\$85,287
2031	202	Exterior Wood Surfaces - Repaint (2)	\$30,002	
	403	Concrete - Repair/Replace	\$41,808	
	407	Curb and Gutters - Repair	\$15,163	

Year	Asset ID	Asset Name	Projected Cost	Total Per Annum
	601	Concrete Sidewalks - Repair	\$35,650	\$122,622
2032	203	Exterior Wood Surfaces - Repaint (3)	\$31,352	
	1808	Water Feature - Replace	\$11,612	\$42,963
2033	209	3-Rail Fencing - Restain	\$19,415	
	308	Stucco - Inspect/Major Repairs	\$63,705	
	402	Asphalt - Seal Coat/crack fill	\$7,230	
	1703	Irrigation Timeclocks - Replace	\$3,792	
	1801	Landscaping - Refurbish	\$38,425	\$132,566
2034	201	Exterior Wood Surfaces - Repaint (1)	\$34,237	\$34,237
2035	202	Exterior Wood Surfaces - Repaint (2)	\$35,777	
	403	Concrete - Repair/Replace	\$49,856	
	407	Curb and Gutters - Repair	\$18,082	
	601	Concrete Sidewalks - Repair	\$42,513	\$146,229
2036	203	Exterior Wood Surfaces - Repaint (3)	\$37,387	
	1801	Landscaping - Refurbish	\$43,849	\$81,237
2037	209	3-Rail Fencing - Restain	\$23,152	
	402	Asphalt - Seal Coat/crack fill	\$8,622	
	1701	Irrigation System - Rebuild	\$22,308	
	1703	Irrigation Timeclocks - Replace	\$4,522	\$58,605
2038	201	Exterior Wood Surfaces - Repaint (1)	\$40,828	
	204	Stucco Surfaces - Repaint (1)	\$57,461	
	1602	Exterior Wall mount - Replace	\$72,709	\$170,998
2039	105	Comp Shingle Roof - Replace	\$1,369,499	
	202	Exterior Wood Surfaces - Repaint (2)	\$42,665	
	205	Stucco Surfaces - Repaint (2)	\$60,047	
	308	Stucco - Inspect/Major Repairs	\$82,960	
	403	Concrete - Repair/Replace	\$59,455	
	407	Curb and Gutters - Repair	\$21,563	
	601	Concrete Sidewalks - Repair	\$50,698	
	803	Mailboxes - Replace	\$32,262	
	1801	Landscaping - Refurbish	\$50,039	\$1,769,189
2040	203	Exterior Wood Surfaces - Repaint (3)	\$44,585	
	206	Stucco Surfaces - Repaint (3)	\$62,749	\$107,334
2041	209	3-Rail Fencing - Restain	\$27,610	
	402	Asphalt - Seal Coat/crack fill	\$10,282	
	1703	Irrigation Timeclocks - Replace	\$5,393	\$43,284
2042	201	Exterior Wood Surfaces - Repaint (1)	\$48,688	
	1604	Pole Lights - Replace	\$13,074	
	1801	Landscaping - Refurbish	\$57,103	
	1808	Water Feature - Replace	\$18,033	\$136,898
2043	202	Exterior Wood Surfaces - Repaint (2)	\$50,879	
	403	Concrete - Repair/Replace	\$70,901	
	407	Curb and Gutters - Repair	\$25,714	
	601	Concrete Sidewalks - Repair	\$60,458	\$207,952
2044	203	Exterior Wood Surfaces - Repaint (3)	\$53,169	
	1701	Irrigation System - Rebuild	\$30,359	\$83,527
2045	209	3-Rail Fencing - Restain	\$32,925	
	308	Stucco - Inspect/Major Repairs	\$108,036	
	402	Asphalt - Seal Coat/crack fill	\$12,261	
	1703	Irrigation Timeclocks - Replace	\$6,431	
	1801	Landscaping - Refurbish	\$65,164	\$224,817
2046	120	Raingutters/Downspouts - Replace	\$123,291	
	201	Exterior Wood Surfaces - Repaint (1)	\$58,061	\$181,352
2047	202	Exterior Wood Surfaces - Repaint (2)	\$60,674	
	403	Concrete - Repair/Replace	\$84,551	

<b>Year</b>	<b>Asset ID</b>	<b>Asset Name</b>	<b>Projected Cost</b>	<b>Total Per Annum</b>
	407	Curb and Gutters - Repair	\$30,665	
	601	Concrete Sidewalks - Repair	\$72,097	\$247,987

## **Glossary of Commonly used Words and Phrases** (provided by the National Reserve Study Standards of the Community Associations Institute)

**Asset or Component** – Individual line items in the Reserve Study, developed or updated in the Physical Analysis. These elements form the building blocks for the Reserve Study. Components typically are: 1) Association Responsibility, 2) with limited Useful Life expectancies, 3) have predictable Remaining Life expectancies, 4) above a minimum threshold cost, and 5) required by local codes.

**Cash Flow Method** – A method of developing a Reserve Funding Plan where contributions to the Reserve fund are designed to offset the variable annual expenditures from the Reserve fund. Different Reserve Funding Plans are tested against the anticipated schedule of Reserve expenses until the desired Funding Goal is achieved.

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

**Deficit** – An actual (or projected) Reserve Balance, which is less than the Fully Funded Balance.

**Effective Age** – The difference between Useful Life and Remaining Useful Life. Not always equivalent to chronological age, since some components age irregularly. Used primarily in computations.

**Financial Analysis** – The portion of the Reserve Study where current status of the Reserves (Measured as cash or Percent Funded) and a recommended Reserve contribution rate (Reserve Funding Plan) are derived, and the projected Reserve income and expense over time is presented. The Financial Analysis is one of the two parts of the Reserve Study.

**Component Full Funding** – When the actual (or projected) cumulative Reserve balance for all components is equal to the Fully Funded Balance.

**Fully Fund Balance (aka – Ideal Balance)** – An indicator against which Actual (or projected) Reserve Balance can be compared. The Reserve balance that is in direct proportion to the fraction of life “used up” of the current Repair or Replacement cost. This number is calculated for each component, and then summed together for an association total.

$$\text{FFB} = \text{Replacement Cost} \times \text{Effective Age} / \text{Useful Life}$$

**Fund Status** – The status of the Reserve Fund as compared to an established benchmark, such as percent funding.

**Funding Goals** – Independent of methodology utilized, the following represent the basic categories of Funding Plan Goals.

- **Baseline Funding:** Establishing a Reserve funding goal of keeping the Reserve Balance above zero.
- **Component Full Funding:** Setting a Reserve funding goal of attaining and maintaining cumulative Reserves at or near 100% funded.
- **Threshold Funding:** Establishing a Reserve funding goal of keeping the Reserve balance above a specified dollar or Percent Funded amount. Depending on the threshold, this may be more or less conservative than the “Component Fully Funding” method.

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

**Funding Principles** –

- Sufficient Funds When Required
- Stable Contribution Rate over the Years
- Evenly Distributed Contributions over the Years
- Fiscally Responsible

**Life and Valuation Estimates** – The task of estimating Useful Life, Remaining Useful Life, and Repair or Replacement Costs for the Reserve components.

**Percent Funded** – The ratio, at a particular point of time (typically the beginning of the Fiscal Year), of the *actual* (or *projected*) Reserve Balance to the accrued *Fund Balance*, expressed as a percentage.

**Physical Analysis** – The portion of the Reserve Study where the Component Inventory, Condition Assessment, and Life and Valuation Estimate tasks are performed. This represents one of the two parts of the Reserve Study.

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

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

**Reserve Balance** – Actual or projected funds as of a particular point in time (typically the beginning of the fiscal year) that the association has identified for use to defray the future repair or replacement of those major components in which the association is obligated to maintain. Also known as Reserves, Reserve Accounts, Cash Reserves. This is based upon information provided and is not audited.

**Reserve Provider** – An individual that prepares Reserve Studies. Also known as **Aspen Reserve Specialties**.

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

**Special Assessment** – An assessment levied on the members of an association in addition to regular assessments. Special Assessments are often regulated by governing documents or local statutes.

**Surplus** – An actual (or projected) Reserve Balance that is greater than the Fully Funded Balance.

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