



**RESERVE STUDY
FOR
ARCADIA SQUARE HOMEOWNERS ASSOCIATION**



**Management By:
Mission Management Services
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Prepared By:
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December 3, 2024



EXECUTIVE SUMMARY

ARCADIA SQUARE HOMEOWNERS ASSOCIATION

December 3, 2024

Starting Reserve Balance 1/1/2025	\$82,863
Projected Fully Funded Reserve Balance 1/1/2025	\$426,740
Percent Fully Funded 1/1/2025	19%
Annual Reserve Contribution 2025	\$11,765

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 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, 2025.
2. The study reflects a beginning balance for the reserve fund of \$82,863 and an annual contribution of \$11,765. 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 significantly 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 annual contributions of \$30,000 in 2026, \$50,000 in 2027, \$70,000 in 2028, \$77,000 in 2029, \$84,000 in 2030 through 2039 then reducing to \$65,000 in 2040 and following years. Other funding alternatives can be prepared if desired by the Board. Note that the study includes a 3% 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 18, 2024. 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.

Report was prepared by:

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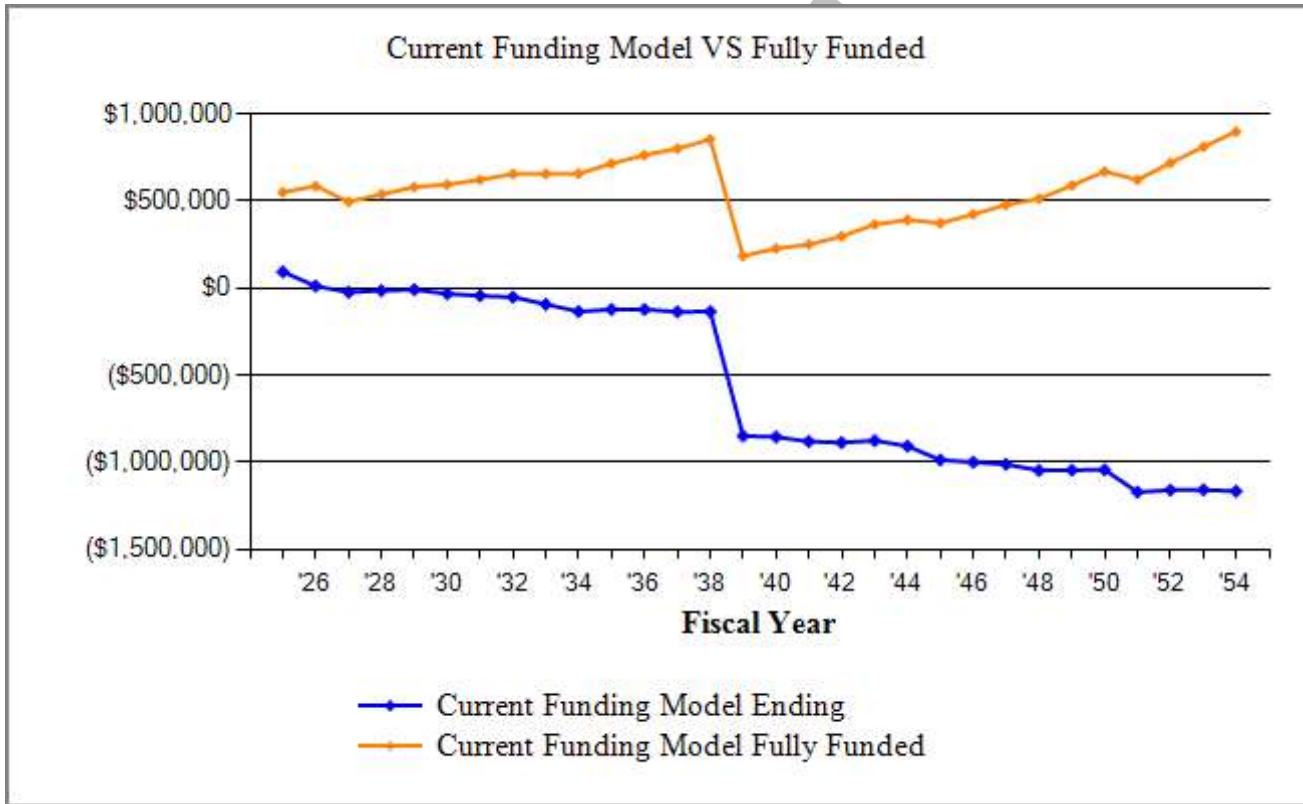
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**ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Current Assessment Funding Model Summary**

Report Date	December 3, 2024
Budget Year Beginning	January 1, 2025
Budget Year Ending	December 31, 2025
Total Units	100

<i>Report Parameters</i>	
Inflation	3.00%
Annual Assessment Increase	0.00%
Interest Rate on Reserve Deposit	1.00%
Tax Rate on Interest	30.00%
2025 Beginning Balance	\$82,863



<i>Current Assessment Funding Model Summary of Calculations</i>	
Required Monthly Contribution	\$980.42
<i>\$9.80 per unit monthly</i>	
Average Net Monthly Interest Earned	\$51.73
Total Monthly Allocation to Reserves	\$1,032.15
<i>\$10.32 per unit monthly</i>	

ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Current Assessment Funding Model Projection

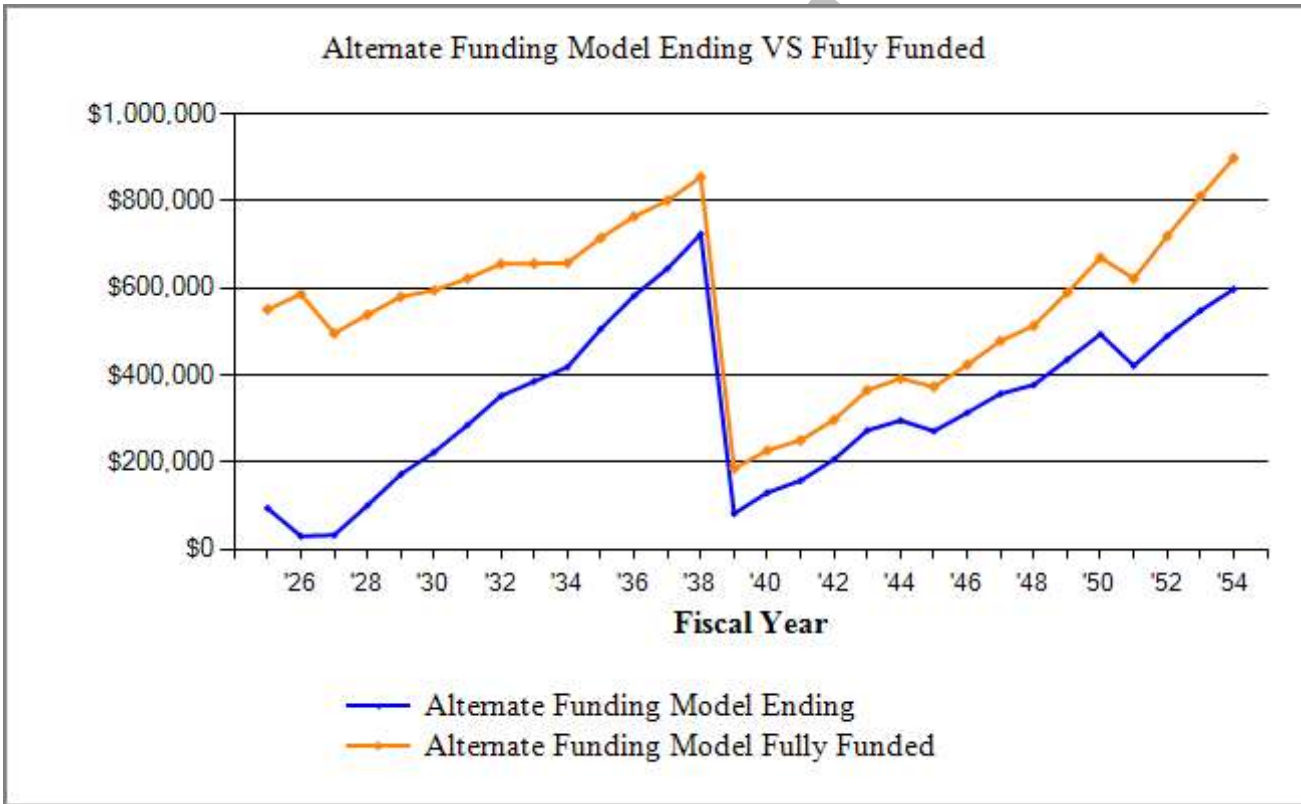
Beginning Balance: \$82,863

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2025	730,147	11,765	621	825	94,424	551,128	17%
2026	752,051	11,765	46	94,242	11,993	586,401	2%
2027	687,884	11,765		47,210	-23,452	495,988	
2028	708,521	11,765		2,185	-13,873	539,467	
2029	729,777	11,765		6,725	-8,833	580,500	
2030	751,670	11,765		34,546	-31,614	595,062	
2031	774,220	11,765		23,403	-43,252	622,519	
2032	797,447	11,765		19,613	-51,100	655,716	
2033	821,370	11,765		52,983	-92,318	656,580	
2034	846,011	11,765		53,496	-134,048	658,028	
2035	871,391	11,765			-122,283	715,725	
2036	897,533	11,765		11,489	-122,008	764,458	
2037	924,459	11,765		25,628	-135,871	801,263	
2038	952,193	11,765		9,908	-134,014	855,059	
2039	980,759	11,765		725,967	-848,216	185,660	
2040	1,010,181	11,765		17,449	-853,901	227,533	
2041	1,040,487	11,765		38,232	-880,368	250,885	
2042	1,071,701	11,765		17,851	-886,453	297,607	
2043	1,103,852	11,765			-874,688	365,844	
2044	1,136,968	11,765		43,920	-906,843	392,670	
2045	1,171,077	11,765		91,163	-986,242	373,473	
2046	1,206,209	11,765		24,556	-999,033	424,193	
2047	1,242,396	11,765		23,951	-1,011,219	479,002	
2048	1,279,668	11,765		46,774	-1,046,228	513,951	
2049	1,318,058	11,765		10,012	-1,044,475	589,875	
2050	1,357,599	11,765		9,939	-1,042,649	670,277	
2051	1,398,327	11,765		140,178	-1,171,062	622,243	
2052	1,440,277	11,765			-1,159,297	719,439	
2053	1,483,485	11,765		10,238	-1,157,771	811,362	
2054	1,527,990	11,765		19,559	-1,165,565	898,868	

**ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Alternate Funding Model Summary**

Report Date	December 3, 2024
Budget Year Beginning	January 1, 2025
Budget Year Ending	December 31, 2025
Total Units	100

<i>Report Parameters</i>	
Inflation	3.00%
Interest Rate on Reserve Deposit	1.00%
Tax Rate on Interest	30.00%
2025 Beginning Balance	\$82,863



Alternate Funding Model Summary of Calculations

Required Monthly Contribution	\$980.42
<i>\$9.80 per unit monthly</i>	
Average Net Monthly Interest Earned	\$51.73
Total Monthly Allocation to Reserves	\$1,032.15
<i>\$10.32 per unit monthly</i>	

ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Alternate Funding Model Projection

Beginning Balance: \$82,863

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2025	730,147	11,765	621	825	94,424	551,128	17%
2026	752,051	30,000	115	94,242	30,297	586,401	5%
2027	687,884	50,000	71	47,210	33,158	495,988	7%
2028	708,521	70,000	483	2,185	101,456	539,467	19%
2029	729,777	77,000	958	6,725	172,689	580,500	30%
2030	751,670	84,000	1,289	34,546	223,432	595,062	38%
2031	774,220	84,000	1,724	23,403	285,753	622,519	46%
2032	797,447	84,000	2,188	19,613	352,328	655,716	54%
2033	821,370	84,000	2,421	52,983	385,767	656,580	59%
2034	846,011	84,000	2,653	53,496	418,924	658,028	64%
2035	871,391	84,000	3,261		506,185	715,725	71%
2036	897,533	84,000	3,793	11,489	582,489	764,458	76%
2037	924,459	84,000	4,230	25,628	645,090	801,263	81%
2038	952,193	84,000	4,780	9,908	723,962	855,059	85%
2039	980,759	84,000	305	725,967	82,300	185,660	44%
2040	1,010,181	65,000	702	17,449	130,553	227,533	57%
2041	1,040,487	65,000	895	38,232	158,216	250,885	63%
2042	1,071,701	65,000	1,233	17,851	206,598	297,607	69%
2043	1,103,852	65,000	1,698		273,296	365,844	75%
2044	1,136,968	65,000	1,858	43,920	296,233	392,670	75%
2045	1,171,077	65,000	1,687	91,163	271,757	373,473	73%
2046	1,206,209	65,000	1,983	24,556	314,184	424,193	74%
2047	1,242,396	65,000	2,285	23,951	357,518	479,002	75%
2048	1,279,668	65,000	2,429	46,774	378,173	513,951	74%
2049	1,318,058	65,000	2,832	10,012	435,994	589,875	74%
2050	1,357,599	65,000	3,239	9,939	494,294	670,277	74%
2051	1,398,327	65,000	2,734	140,178	421,849	622,243	68%
2052	1,440,277	65,000	3,209		490,059	719,439	68%
2053	1,483,485	65,000	3,617	10,238	548,437	811,362	68%
2054	1,527,990	65,000	3,961	19,559	597,838	898,868	67%

ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Asset Summary Report

Description	Date In Service	Replacement Date	Current Cost	Useful Life	Adjustment	Remaining	Future Cost	Quantity	Unit Cost
Building Components									
Restrooms - Remodel Asset ID: 1018	2019	2039	4,000	20	0	14	6,050	2 @	2,000.00
Shower - Refurbish/Retile Asset ID: 1013	2022	2047	9,000	25	0	22	17,245	1 @	9,000.00
Wood Components - Repair Asset ID: 1012	2026	2026	5,000	15	0	1	5,150	1 @	5,000.00
Doors									
Doors (Pool) - Replace Asset ID: 1019	2019	2059	2,400	40	0	34	6,557	4 @	600.00
Equipment									
Backflow Preventers - Replace Asset ID: 1017	2019	2039	6,000	20	0	14	9,076	4 @	1,500.00
Chlorinator - Replace Asset ID: 1024	2019	2029	1,500	10	0	4	1,688	1 @	1,500.00
Electric Panel (Grounds) - Replace Asset ID: 1036	2023	2058	1,000	35	0	33	2,652	1 @	1,000.00
Electric Panel (Pool) - Replace Asset ID: 1003	1979	2034	1,000	35	20	9	1,305	1 @	1,000.00
Irrigation Controllers - Replace Asset ID: 1004	1004	Unfunded							
Pool Filter - Replace Asset ID: 1021	2013	2031	2,600	18	0	6	3,105	1 @	2,600.00
Pool Heater - Replace Asset ID: 1022	2021	2029	4,475	8	0	4	5,037	1 @	4,475.00
Pool Pumps & Motors - Replace Asset ID: 1023	2020	2026	2,997	6	0	1	3,087	1 @	2,997.00
Security System - Refurbish Asset ID: 1010	2024	2032	6,500	8	0	7	7,994	1 @	6,500.00
Fencing/Security									
Metal Fencing (Grounds) - Replace Asset ID: 1035	1035	Unfunded							
Metal Fencing (Pool) - Replace Asset ID: 1007	1979	2039	10,800	40	20	14	16,336	180 @	60.00
Pool Gate System - Replace Asset ID: 1040	2024	2032	4,700	8	0	7	5,780	1 @	4,700.00
Walls - Repairs/Replacement Asset ID: 1001	2024	2027	2,000	3	0	2	2,122	1 @	2,000.00
Windscreen - Replace Asset ID: 1009	2017	2025	825	8	0	0	825	550 @	1.50
Furnishings									
Bench - Replace Asset ID: 1025	1025	Unfunded							

ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Asset Summary Report

Description	Date In Service	Replacement Date	Current Cost	Useful Life	Adjustment	Remaining	Future Cost	Quantity	Unit Cost
<i>Furnishings continued...</i>									
Park Furnishings (Parks) - Replace Asset ID: 1038	2015	2030	5,000	15	0	5	5,796	1 @	10,000.00
Pet Station - Replace Asset ID: 1027	1027	<i>Unfunded</i>							
Play Equipment (Parks) - Replace Asset ID: 1039	2009	2034	40,000	25	0	9	52,191	1 @	40,000.00
Pool Furnishings - Replace Asset ID: 1011	2017	2027	3,500	10	0	2	3,713	1 @	3,500.00
Grounds Components									
Granite - Replenish Asset ID: 1026	2021	2031	17,000	10	0	6	20,299	200 @	85.00
Irrigation System - Refurbish Asset ID: 1005	1005	<i>Unfunded</i>							
Lighting									
Lights (Globe) - Replace Asset ID: 1008	2009	2039	3,500	30	0	14	5,294	10 @	350.00
Mailboxes									
Mailboxes (2012) - Replace Asset ID: 1030	2012	2037	3,000	25	0	12	4,277	3 @	1,000.00
Mailboxes (2016) - Replace Asset ID: 1031	2016	2041	1,000	25	0	16	1,605	1 @	1,000.00
Mailboxes (2017) - Replace Asset ID: 1032	2017	2042	2,500	25	0	17	4,132	1 @	2,500.00
Mailboxes (2021) - Replace Asset ID: 1033	2021	2046	13,200	25	0	21	24,556	6 @	2,200.00
Mailboxes (2023) - Replace Asset ID: 1034	2023	2048	2,200	25	0	23	4,342	1 @	2,200.00
Painting									
Metal Fencing (Pool) - Repaint Asset ID: 1006	2020	2026	1,750	6	0	1	1,802	1400 @	1.25
Pool Building - Repaint Asset ID: 1020	2018	2028	2,000	10	0	3	2,185	1 @	2,000.00
Recreation/Pool									
Pool - Resurface Asset ID: 1016	2005	2030	9,500	25	0	5	11,013	1900 @	5.00
Pool Deck - Recoat Asset ID: 1014	2023	2030	7,000	7	0	5	8,115	1 @	7,000.00
Pool Deck - Resurface Asset ID: 1015	2023	2044	16,000	21	0	19	28,056	1 @	16,000.00

ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Asset Summary Report

Description	Date In Service	Replacement Date	Current Cost	Useful Life	Adjustment	Remaining	Future Cost	Quantity	Unit Cost
Roofing									
Roofs (Flat) - Repair/Replace Asset ID: 1002	2024	2044	4,300	20	0	19	7,540	1 @	4,300.00
Signs									
Monument - Refurbish Asset ID: 1037	1037	<i>Unfunded</i>							
Street Signs - Replace Asset ID: 1029	2019	2039	4,400	20	0	14	6,655	11 @	400.00
Streets/Asphalt									
Asphalt - Crack Seal Asset ID: 1043	2024	2027	6,300	3	0	2	6,684	1 @	6,300.00
Asphalt - Remove and Replace Asset ID: 1042	1979	2039	408,750	30	30	14	618,271	109000 @	3.75
Asphalt - Repairs/Wearing Surface Asset ID: 1028	2026	2026	81,750	1	0	1	84,202	109000 @	0.75
Asphalt - Surface Treatment Asset ID: 1041	2027	2027	32,700	6	0	2	34,691	109000 @	0.30

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**ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Detail Report**

Restrooms - Remodel

		2 EA	@ \$2,000.00
Asset ID	1018	Asset Actual Cost	\$4,000.00
	Recreation/Pool	Percent Replacement	100%
Category	Building Components	Future Cost	\$6,050.36
Placed in Service	January 2019		
Useful Life	20		
Replacement Year	2039		
Remaining Life	14		



Good condition. Budget to remodel (2) restrooms located at the pool. Includes but not limited to sink, toilet, flooring, paint, plumbing, fixtures, etc. Placed in service date unknown, based on condition and community age.

Shower - Refurbish/Retile

		1 LS	@ \$9,000.00
Asset ID	1013	Asset Actual Cost	\$9,000.00
	Recreation/Pool	Percent Replacement	100%
Category	Building Components	Future Cost	\$17,244.93
Placed in Service	January 2022		
Useful Life	25		
Replacement Year	2047		
Remaining Life	22		

**ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Detail Report**

Shower - Refurbish/Retile continued...



Fair to good condition. Budget to refurbish and/or retile outdoor shower.
2022 - Final Touch Handyman Service installed shower total \$8880.

Wood Components - Repair		1 LS	@ \$5,000.00
Asset ID	1012	Asset Actual Cost	\$5,000.00
	Recreation/Pool	Percent Replacement	100%
Category	Building Components	Future Cost	\$5,150.00
Placed in Service	June 2026		
Useful Life	15		
Replacement Year	2026		
Remaining Life	1		



Fair to poor condition. Budget to repair/replace wood components. Noted dry rot.

**ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Detail Report**

Doors (Pool) - Replace

		4 EA	@ \$600.00
Asset ID	1019	Asset Actual Cost	\$2,400.00
	Recreation/Pool	Percent Replacement	100%
Category	Doors	Future Cost	\$6,556.57
Placed in Service	January 2019		
Useful Life	40		
Replacement Year	2059		
Remaining Life	34		



Fair to good condition. Budget to replace (2) exterior metal vented doors and (2) exterior metal equipment room door.

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**ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Detail Report**

Backflow Preventers - Replace

		4 EA	@ \$1,500.00
Asset ID	1017	Asset Actual Cost	\$6,000.00
	Grounds	Percent Replacement	100%
Category	Equipment	Future Cost	\$9,075.54
Placed in Service	January 2019		
Useful Life	20		
Replacement Year	2039		
Remaining Life	14		



Budget to replace backflow preventers and pressure reducers. Placed in service date unknown, based on community age.

Chlorinator - Replace

		1 EA	@ \$1,500.00
Asset ID	1024	Asset Actual Cost	\$1,500.00
	Recreation/Pool	Percent Replacement	100%
Category	Equipment	Future Cost	\$1,688.26
Placed in Service	January 2019		
Useful Life	10		
Replacement Year	2029		
Remaining Life	4		

**ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Detail Report**

Chlorinator - Replace continued...



Assume working condition. Budget to replace Aquasol chlorinator controller. Placed in service date unknown, based on community age.

Electric Panel (Grounds) - Replace		1 EA	@ \$1,000.00
Asset ID	1036	Asset Actual Cost	\$1,000.00
Category	Recreation/Pool Equipment	Percent Replacement	100%
Placed in Service	January 2023	Future Cost	\$2,652.33
Useful Life	35		
Replacement Year	2058		
Remaining Life	33		



Newer condition. Budget to replace 100 amp electric panel located at park.

**ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Detail Report**

Electric Panel (Pool) - Replace

			1 EA	@ \$1,000.00
Asset ID	1003	Asset Actual Cost		\$1,000.00
	Recreation/Pool	Percent Replacement		100%
Category	Equipment	Future Cost		\$1,304.77
Placed in Service	November 1979			
Useful Life	35			
Adjustment	20			
Replacement Year	2034			
Remaining Life	9			



Budget to replace 100 amp wall mount electric panel located on pool building. Placed in service date unknown based on community age.

Irrigation Controllers - Replace

Asset ID	1004	Asset Actual Cost		
	Grounds	Percent Replacement		100%
Category	Equipment	Future Cost		
Placed in Service	November 2014			
No Useful Life				



Unfunded. Under threshold. Budget to replace (2) 6-station wall mounted irrigation controllers

**ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Detail Report**

Irrigation Controllers - Replace continued...

located on pool building and East park. Mfg dates 2014 & 2019.

Pool Filter - Replace

		1 EA	@ \$2,600.00
Asset ID	1021	Asset Actual Cost	\$2,600.00
	Recreation/Pool	Percent Replacement	100%
Category	Equipment	Future Cost	\$3,104.54
Placed in Service	August 2013		
Useful Life	18		
Replacement Year	2031		
Remaining Life	6		



Working condition. Budget to replace Pentair, Triton II, 4.91 sq. ft. TR-100 sand filter. Mfg. date 2013.

Pool Heater - Replace

		1 EA	@ \$4,475.00
Asset ID	1022	Asset Actual Cost	\$4,475.00
	Recreation/Pool	Percent Replacement	100%
Category	Equipment	Future Cost	\$5,036.65
Placed in Service	January 2021		
Useful Life	8		
Replacement Year	2029		
Remaining Life	4		

**ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Detail Report**

Pool Heater - Replace continued...



Assume working condition. Budget to replace Raypak, 408K BTU gas heater.
2021 - Oasis Pool Service installed heater total \$3800.

Pool Pumps & Motors - Replace		1 LS	@ \$2,997.00
Asset ID	1023	Asset Actual Cost	\$2,997.00
Category	Recreation/Pool Equipment	Percent Replacement	100%
Placed in Service	June 2020	Future Cost	\$3,086.91
Useful Life	6		
Replacement Year	2026		
Remaining Life	1		



Working condition. Budget to replace 3 HP pump and motor. Noted leaking from a connection. Estimated in service date based on condition.

**ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Detail Report**

Security System - Refurbish

		1 LS	@ \$6,500.00
Asset ID	1010	Asset Actual Cost	\$6,500.00
	Recreation/Pool	Percent Replacement	100%
Category	Equipment	Future Cost	\$7,994.18
Placed in Service	January 2024		
Useful Life	8		
Replacement Year	2032		
Remaining Life	7		



Budget to refurbish security system including but not limited to cameras, NVR, wiring and anything necessary for a security system.

2024 - US Alarm Brokers installed security cameras, total \$6462.

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**ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Detail Report**

Metal Fencing (Grounds) - Replace

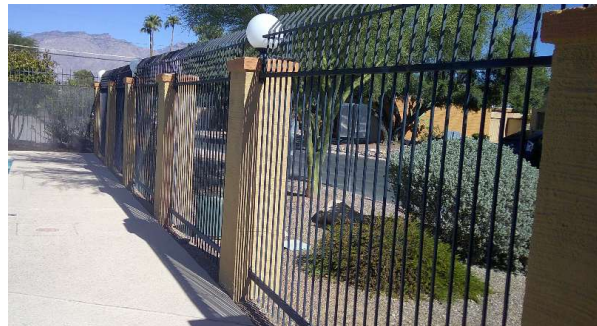
Asset ID	1035	Asset Actual Cost	
	Grounds	Percent Replacement	100%
Category	Fencing/Security	Future Cost	
Placed in Service	November 1979		
No Useful Life			



Unfunded. Long life. Fair condition. Budget to replace gate on South side and metal logo emergency fence.

Metal Fencing (Pool) - Replace

Asset ID	1007	180 LF	@ \$60.00
	Recreation/Pool	Asset Actual Cost	\$10,800.00
Category	Fencing/Security	Percent Replacement	100%
Placed in Service	November 1979	Future Cost	\$16,335.97
Useful Life	40		
Adjustment	20		
Replacement Year	2039		
Remaining Life	14		



Budget to replace metal pool fencing. Approximately 7.5' high. Placed in service based on

**ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Detail Report**

Metal Fencing (Pool) - Replace continued...

community age.

Pool Gate System - Replace

Asset ID	1040	1 LS	@ \$4,700.00
Category	Recreation/Pool	Asset Actual Cost	\$4,700.00
Placed in Service	Fencing/Security	Percent Replacement	100%
Useful Life	January 2024	Future Cost	\$5,780.41
Replacement Year	8		
Remaining Life	2032		
	7		

Budget to replace pool entry/exit gate system.

2024 - US Alarm Brokers installed garden access control total \$4651.

Walls - Repairs/Replacement

Asset ID	1001	1 LS	@ \$2,000.00
Category	Grounds	Asset Actual Cost	\$2,000.00
Placed in Service	Fencing/Security	Percent Replacement	100%
Useful Life	September 2024	Future Cost	\$2,121.80
Replacement Year	3		
Remaining Life	2027		
	2		



Budget to repair and/or replace sections of walls every 3 years.

2024 - wall/fence repairs out of reserves total \$1,593.

2023 - THR Construction storm damaged wall R&R portion and paint to match total \$2,015.

**ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Detail Report**

Windscreen - Replace

Asset ID	1009	550 SF	@ \$1.50
Category	Recreation/Pool	Asset Actual Cost	\$825.00
Placed in Service	Fencing/Security	Percent Replacement	100%
Useful Life	November 2017	Future Cost	\$825.00
Replacement Year	8		
Remaining Life	2025		
	0		



Poor to fair condition. Budget to replace windscreen located on metal pool fence. Noted spray irrigation on windscreens.

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**ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Detail Report**

Bench - Replace

Asset ID	1025	Asset Actual Cost	
Category	Recreation/Pool Furnishings	Percent Replacement	100%
Placed in Service	November 1979	Future Cost	
No Useful Life			



Unfunded. Under threshold.

Park Furnishings (Parks) - Replace

Asset ID	1038	Asset Actual Cost	1 LS @ \$10,000.00
Category	Recreation/Pool Furnishings	Percent Replacement	\$5,000.00 50%
Placed in Service	January 2015	Future Cost	\$5,796.37
Useful Life	15		
Replacement Year	2030		
Remaining Life	5		



Budget to replace 50% of total park furnishings including but not limited to: (5) metal picnic tables, (3) old wood/metal benches, (3) trash cans, and concrete benches and picnic tables. Noted non-working fountain. Placed in service date unknown, based on condition and

**ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Detail Report**

Park Furnishings (Parks) - Replace continued...

community age.

Pet Station - Replace

Asset ID	1027	Asset Actual Cost	
Category	Grounds Furnishings	Percent Replacement	100%
Placed in Service	November 1979	Future Cost	
No Useful Life			



Unfunded. Under threshold.

Play Equipment (Parks) - Replace

Asset ID	1039	1 LS	@ \$40,000.00
Category	Recreation/Pool Furnishings	Asset Actual Cost	\$40,000.00
Placed in Service	January 2009	Percent Replacement	100%
Useful Life	25	Future Cost	\$52,190.93
Replacement Year	2034		
Remaining Life	9		

**ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Detail Report**

Play Equipment (Parks) - Replace continued...



Fair condition. Budget to replace metal play equipment. Including but not limited to: seasaw, slide, spkder, swing set, etc. Long life. Placed in service date unknown, based on condition and community age.

Pool Furnishings - Replace

		1 LS	@ \$3,500.00
Asset ID	1011	Asset Actual Cost	\$3,500.00
Category	Recreation/Pool Furnishings	Percent Replacement	100%
Placed in Service	January 2017	Future Cost	\$3,713.15
Useful Life	10		
Replacement Year	2027		
Remaining Life	2		



Fair condition. Budget to replace pool furnishings including but not limited to tables, dining chairs and lounge chairs, etc.

Currently:

6 - sunbrella lounge chairs @ 330 = \$ 1980

ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Detail Report

Pool Furnishings - Replace continued...

4 - wicker lounge chairs @ 500 = \$2000

10 - sunbrella sling dining chairs and 2 - glass top metal tables @ 700 for the set = \$1400

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**ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Detail Report**

Granite - Replenish

		200 Ton	@ \$85.00
Asset ID	1026	Asset Actual Cost	\$17,000.00
	Grounds	Percent Replacement	100%
Category	Grounds Components	Future Cost	\$20,298.89
Placed in Service	June 2021		
Useful Life	10		
Replacement Year	2031		
Remaining Life	6		



Good condition. Budget to replenish granite through out community. Approximately 40K sf of granite area. 200 sf per ton for 1" of coverage. Approximately 200 ton.

Irrigation System - Refurbish

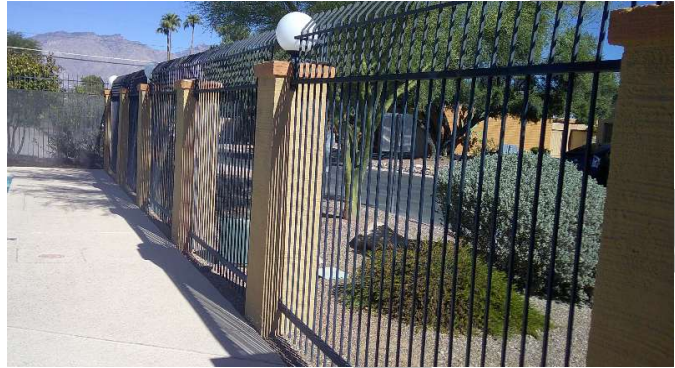
Asset ID	1005	Asset Actual Cost	
	Grounds	Percent Replacement	100%
Category	Grounds Components	Future Cost	
Placed in Service	November 1979		
No Useful Life			

Unfunded. Outside scope of a reserve study due to mostly underground components. Gladly add if the community would like. Will need year to start, useful life and unit cost.

**ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Detail Report**

Lights (Globe) - Replace

		10 EA	@ \$350.00
Asset ID	1008	Asset Actual Cost	\$3,500.00
	Recreation/Pool	Percent Replacement	100%
Category	Lighting	Future Cost	\$5,294.06
Placed in Service	January 2009		
Useful Life	30		
Replacement Year	2039		
Remaining Life	14		



Budget to replace top column mounted globe lights located at the pool.

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**ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Detail Report**

Mailboxes (2012) - Replace

		3 EA	@ \$1,000.00
Asset ID	1030	Asset Actual Cost	\$3,000.00
	Grounds	Percent Replacement	100%
Category	Mailboxes	Future Cost	\$4,277.28
Placed in Service	November 2012		
Useful Life	25		
Replacement Year	2037		
Remaining Life	12		



Budget to replace (3) 2 parcel single pedestal boxes.

Mailboxes (2016) - Replace

		1 EA	@ \$1,000.00
Asset ID	1031	Asset Actual Cost	\$1,000.00
	Grounds	Percent Replacement	100%
Category	Mailboxes	Future Cost	\$1,604.71
Placed in Service	November 2016		
Useful Life	25		
Replacement Year	2041		
Remaining Life	16		



Budget to replace (1) 2 parcel single pedestal boxes.

**ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Detail Report**

Mailboxes (2017) - Replace

Asset ID	1032	1 LS	@ \$2,500.00
Category	Grounds	Asset Actual Cost	\$2,500.00
Placed in Service	November 2017	Percent Replacement	100%
Useful Life	25	Future Cost	\$4,132.12
Replacement Year	2042		
Remaining Life	17		



Budget to replace (1) 2 parcel single pedestal box and (1) 4 parcel box.

Mailboxes (2021) - Replace

Asset ID	1033	6 EA	@ \$2,200.00
Category	Grounds	Asset Actual Cost	\$13,200.00
Placed in Service	November 2021	Percent Replacement	100%
Useful Life	25	Future Cost	\$24,555.89
Replacement Year	2046		
Remaining Life	21		



Budget to replace (6) 16/2 single pedestal boxes.

**ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Detail Report**

Mailboxes (2023) - Replace

		1 EA	@ \$2,200.00
Asset ID	1034	Asset Actual Cost	\$2,200.00
	Grounds	Percent Replacement	100%
Category	Mailboxes	Future Cost	\$4,341.89
Placed in Service	November 2023		
Useful Life	25		
Replacement Year	2048		
Remaining Life	23		



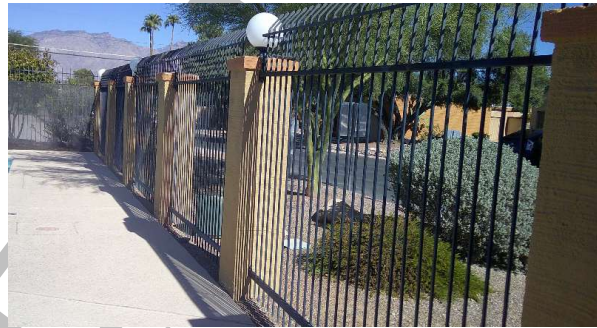
Budget to replace (1) 16/2 single pedestal boxes.

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**ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Detail Report**

Metal Fencing (Pool) - Repaint

		1,400 SF	@ \$1.25
Asset ID	1006	Asset Actual Cost	\$1,750.00
	Recreation/Pool	Percent Replacement	100%
Category	Painting	Future Cost	\$1,802.50
Placed in Service	January 2020		
Useful Life	6		
Replacement Year	2026		
Remaining Life	1		



Fair condition. Budget to repaint metal pool fencing. Paint to preserve. Approximately 7.5' high. Last paint unknown, based on condition.

Pool Building - Repaint

		1 LS	@ \$2,000.00
Asset ID	1020	Asset Actual Cost	\$2,000.00
	Recreation/Pool	Percent Replacement	100%
Category	Painting	Future Cost	\$2,185.45
Placed in Service	January 2018		
Useful Life	10		
Replacement Year	2028		
Remaining Life	3		



Fair to poor condition. Budget to repaint pool building including minor stucco repairs. Noted

**ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Detail Report**

Pool Building - Repaint continued...

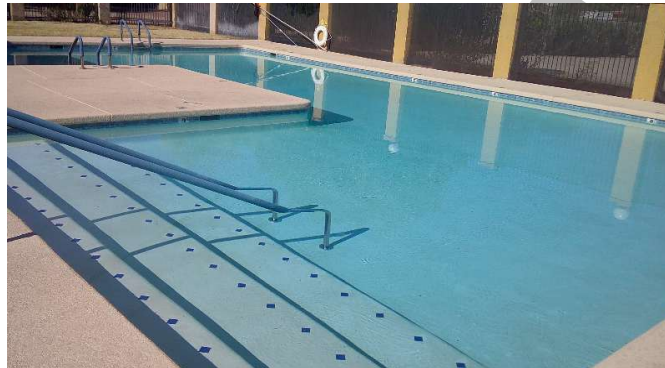
structure cracking around stem walls. Placed in service date unknown, based on condition and community age.

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**ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Detail Report**

Pool - Resurface

		1,900 SF	@ \$5.00
Asset ID	1016	Asset Actual Cost	\$9,500.00
	Recreation/Pool	Percent Replacement	100%
Category	Recreation/Pool	Future Cost	\$11,013.10
Placed in Service	January 2005		
Useful Life	25		
Replacement Year	2030		
Remaining Life	5		



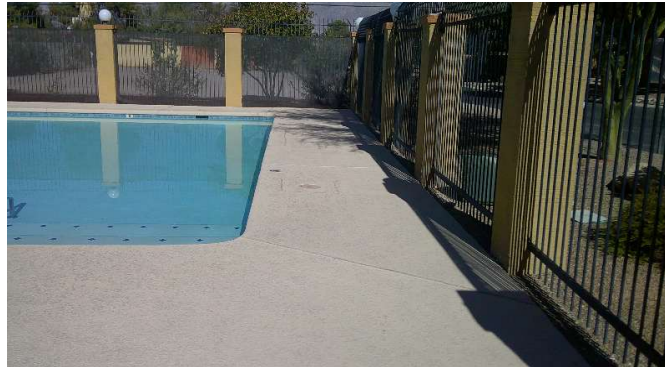
Fair to poor condition. Budget to resurface plaster pool. Noted stains and chipping of surface on the stairs. Placed in service date unknown, based on condition and community age.

Pool Deck - Recoat

		1 LS	@ \$7,000.00
Asset ID	1014	Asset Actual Cost	\$7,000.00
	Recreation/Pool	Percent Replacement	100%
Category	Recreation/Pool	Future Cost	\$8,114.92
Placed in Service	January 2023		
Useful Life	7		
Replacement Year	2030		
Remaining Life	5		

**ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Detail Report**

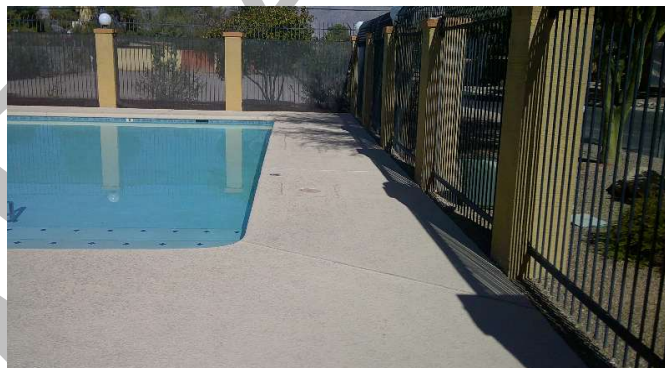
Pool Deck - Recoat continued...



Fair condition. Budget to recoat pool deck. Noted small minor cracks.

2023 - Classic Pools seal coated pool deck and patio total \$6888.

Pool Deck - Resurface		1 LS	@ \$16,000.00
Asset ID	1015	Asset Actual Cost	\$16,000.00
Category	Recreation/Pool	Percent Replacement	100%
Placed in Service	January 2023	Future Cost	\$28,056.10
Useful Life	21		
Replacement Year	2044		
Remaining Life	19		



Fair condition. Budget to resurface pool deck. Noted small minor cracks.

**ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Detail Report**

Roofs (Flat) - Repair/Replace

			1 LS	@ \$4,300.00
Asset ID	1002	Asset Actual Cost		\$4,300.00
	Recreation/Pool	Percent Replacement		100%
Category	Roofing	Future Cost		\$7,540.08
Placed in Service	November 2024			
Useful Life	20			
Replacement Year	2044			
Remaining Life	19			



Budget to repair/replace shingle pool building roof.
2024 - out of reserves total \$4,295.

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**ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Detail Report**

Monument - Refurbish

			1 EA	
Asset ID	1037	Asset Actual Cost		
	Grounds	Percent Replacement		100%
Category	Signs	Future Cost		
Placed in Service	November 1979			
No Useful Life				



Unfunded. Long life. Good condition. Budget to refurbish metal laser cut logo monument.

Street Signs - Replace

			11 EA	@ \$400.00
Asset ID	1029	Asset Actual Cost		\$4,400.00
	Grounds	Percent Replacement		100%
Category	Signs	Future Cost		\$6,655.39
Placed in Service	November 2019			
Useful Life	20			
Replacement Year	2039			
Remaining Life	14			



Budget to replace 2 sided 2 blade street signs. Placed in service date unknown, based on condition and community age.

**ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Detail Report**

Asphalt - Crack Seal

		1 LS	@ \$6,300.00
Asset ID	1043	Asset Actual Cost	\$6,300.00
	Streets/Parking	Percent Replacement	100%
Category	Streets/Asphalt	Future Cost	\$6,683.67
Placed in Service	November 2024		
Useful Life	3		
Replacement Year	2027		
Remaining Life	2		



Budget to perform crack seal where needed every 3 years in between surface treatments.
2024 - approved \$6,231.50 for crack seal.

Asphalt - Remove and Replace

		109,000 SF	@ \$3.75
Asset ID	1042	Asset Actual Cost	\$408,750.00
	Streets/Parking	Percent Replacement	100%
Category	Streets/Asphalt	Future Cost	\$618,271.05
Placed in Service	January 1979		
Useful Life	30		
Adjustment	30		
Replacement Year	2039		
Remaining Life	14		

**ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Detail Report**

Asphalt - Remove and Replace continued...



Significant alligator cracking. Small amount of break-up in alligator cracked areas. Recommend an application of hot asphalt chip seal by Cactus Asphalt to cover the pavement followed by an armor coat by Holbrook Asphalt one year later and then on a 6 year cycle. This cover system should be evaluated on an annual basis to determine the useful life. Should anticipate that this system should last approximately 10-15 years. This component budgets for complete removal and replacement of the pavement in 2039 if the hot asphalt chip seal is applied.

Asphalt - Repairs/Wearing Surface		109,000 SF	@ \$0.75
Asset ID	1028	Asset Actual Cost	\$81,750.00
Category	Streets/Parking	Percent Replacement	100%
Placed in Service	Streets/Asphalt	Future Cost	\$84,202.50
Useful Life	January 2026		
Replacement Year	1		
Remaining Life	2026		
	1		



Significant alligator cracking, however the pavement doesn't appear to be breaking up. Recommend hot asphalt chip seal by Cactus Asphalt in 2026 followed by an armor coat application by Holbrook Asphalt one year later. Sunland Asphalt has a similar micro-chip

**ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Detail Report**

Asphalt - Repairs/Wearing Surface continued...

product. Should extend the life of the pavement 10-15 years.

Asphalt - Surface Treatment

Asset ID	1041	109,000 SF	@ \$0.30
Category	Streets/Parking	Asset Actual Cost	\$32,700.00
Placed in Service	Streets/Asphalt	Percent Replacement	100%
Useful Life	January 2027	Future Cost	\$34,691.43
Replacement Year	6		
Remaining Life	2027		
	2		



Surface treatment with armor coat should be applied one year following application of the hot asphalt chip seal. Armor coat has 6 year useful life.

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ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Detail Index

Asset ID	Description	Replacement	Page
Building Components			
1018	Restrooms - Remodel	2039	1-8
1013	Shower - Refurbish/Retile	2047	1-8
1012	Wood Components - Repair	2026	1-9
Doors			
1019	Doors (Pool) - Replace	2059	1-10
Equipment			
1017	Backflow Preventers - Replace	2039	1-11
1024	Chlorinator - Replace	2029	1-11
1036	Electric Panel (Grounds) - Replace	2058	1-12
1003	Electric Panel (Pool) - Replace	2034	1-13
1004	Irrigation Controllers - Replace	2025	1-13
1021	Pool Filter - Replace	2031	1-14
1022	Pool Heater - Replace	2029	1-14
1023	Pool Pumps & Motors - Replace	2026	1-15
1010	Security System - Refurbish	2032	1-16
Fencing/Security			
1035	Metal Fencing (Grounds) - Replace	2025	1-17
1007	Metal Fencing (Pool) - Replace	2039	1-17
1040	Pool Gate System - Replace	2032	1-18
1001	Walls - Repairs/Replacement	2027	1-18
1009	Windscreen - Replace	2025	1-19
Furnishings			
1025	Bench - Replace	2025	1-20
1038	Park Furnishings (Parks) - Replace	2030	1-20
1027	Pet Station - Replace	2025	1-21
1039	Play Equipment (Parks) - Replace	2034	1-21
1011	Pool Furnishings - Replace	2027	1-22
Grounds Components			
1026	Granite - Replenish	2031	1-24
1005	Irrigation System - Refurbish	2025	1-24
Lighting			
1008	Lights (Globe) - Replace	2039	1-25

**ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Detail Index**

Asset ID	Description	Replacement	Page
Mailboxes			
1030	Mailboxes (2012) - Replace	2037	1-26
1031	Mailboxes (2016) - Replace	2041	1-26
1032	Mailboxes (2017) - Replace	2042	1-27
1033	Mailboxes (2021) - Replace	2046	1-27
1034	Mailboxes (2023) - Replace	2048	1-28
Painting			
1006	Metal Fencing (Pool) - Repaint	2026	1-29
1020	Pool Building - Repaint	2028	1-29
Recreation/Pool			
1016	Pool - Resurface	2030	1-31
1014	Pool Deck - Recoat	2030	1-31
1015	Pool Deck - Resurface	2044	1-32
Roofing			
1002	Roofs (Flat) - Repair/Replace	2044	1-33
Signs			
1037	Monument - Refurbish	2025	1-34
1029	Street Signs - Replace	2039	1-34
Streets/Asphalt			
1043	Asphalt - Crack Seal	2027	1-35
1042	Asphalt - Remove and Replace	2039	1-35
1028	Asphalt - Repairs/Wearing Surface	2026	1-36
1041	Asphalt - Surface Treatment	2027	1-37
	Total Funded Assets	37	
	Total Unfunded Assets	<u>6</u>	
	Total Assets	43	

**ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Annual Expenditure Detail**

Description	Expenditures
Replacement Year 2025	
Fencing/Security	
1009 Windscreen - Replace	825
Total for 2025	<u>\$825</u>
 Replacement Year 2026	
Building Components	
1012 Wood Components - Repair	5,150
Equipment	
1023 Pool Pumps & Motors - Replace	3,087
Painting	
1006 Metal Fencing (Pool) - Repaint	1,802
Streets/Asphalt	
1028 Asphalt - Repairs/Wearing Surface	84,202
Total for 2026	<u>\$94,242</u>
 Replacement Year 2027	
Fencing/Security	
1001 Walls - Repairs/Replacement	2,122
Furnishings	
1011 Pool Furnishings - Replace	3,713
Streets/Asphalt	
1043 Asphalt - Crack Seal	6,684
1041 Asphalt - Surface Treatment	34,691
Total for 2027	<u>\$47,210</u>
 Replacement Year 2028	
Painting	
1020 Pool Building - Repaint	2,185
Total for 2028	<u>\$2,185</u>
 Replacement Year 2029	
Equipment	
1024 Chlorinator - Replace	1,688

ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Annual Expenditure Detail

Description	Expenditures
<i>Replacement Year 2029 continued...</i>	
1022 Pool Heater - Replace	5,037
Total for 2029	<u>\$6,725</u>
 Replacement Year 2030	
Fencing/Security	
1001 Walls - Repairs/Replacement	2,319
Furnishings	
1038 Park Furnishings (Parks) - Replace	5,796
Recreation/Pool	
1016 Pool - Resurface	11,013
1014 Pool Deck - Recoat	8,115
Streets/Asphalt	
1043 Asphalt - Crack Seal	7,303
Total for 2030	<u>\$34,546</u>
 Replacement Year 2031	
Equipment	
1021 Pool Filter - Replace	3,105
Grounds Components	
1026 Granite - Replenish	20,299
Total for 2031	<u>\$23,403</u>
 Replacement Year 2032	
Equipment	
1023 Pool Pumps & Motors - Replace	3,686
1010 Security System - Refurbish	7,994
Fencing/Security	
1040 Pool Gate System - Replace	5,780
Painting	
1006 Metal Fencing (Pool) - Repaint	2,152
Total for 2032	<u>\$19,613</u>
 Replacement Year 2033	
Fencing/Security	
1001 Walls - Repairs/Replacement	2,534

ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Annual Expenditure Detail

Description	Expenditures
<i>Replacement Year 2033 continued...</i>	
1009 Windscreen - Replace	1,045
Streets/Asphalt	
1043 Asphalt - Crack Seal	7,981
1041 Asphalt - Surface Treatment	41,423
Total for 2033	<u>\$52,983</u>
 Replacement Year 2034	
Equipment	
1003 Electric Panel (Pool) - Replace	1,305
Furnishings	
1039 Play Equipment (Parks) - Replace	52,191
Total for 2034	<u>\$53,496</u>
 <i>No Replacement in 2035</i>	
 Replacement Year 2036	
Fencing/Security	
1001 Walls - Repairs/Replacement	2,768
Streets/Asphalt	
1043 Asphalt - Crack Seal	8,721
Total for 2036	<u>\$11,489</u>
 Replacement Year 2037	
Equipment	
1022 Pool Heater - Replace	6,380
Furnishings	
1011 Pool Furnishings - Replace	4,990
Mailboxes	
1030 Mailboxes (2012) - Replace	4,277
Recreation/Pool	
1014 Pool Deck - Recoat	9,980
Total for 2037	<u>\$25,628</u>
 Replacement Year 2038	
Equipment	
1023 Pool Pumps & Motors - Replace	4,401

**ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Annual Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2038 continued...</i>	
Painting	
1006 Metal Fencing (Pool) - Repaint	2,570
1020 Pool Building - Repaint	2,937
Total for 2038	<u>\$9,908</u>
 Replacement Year 2039	
Building Components	
1018 Restrooms - Remodel	6,050
Equipment	
1017 Backflow Preventers - Replace	9,076
1024 Chlorinator - Replace	2,269
Fencing/Security	
1007 Metal Fencing (Pool) - Replace	16,336
1001 Walls - Repairs/Replacement	3,025
Lighting	
1008 Lights (Globe) - Replace	5,294
Signs	
1029 Street Signs - Replace	6,655
Streets/Asphalt	
1043 Asphalt - Crack Seal	9,529
1042 Asphalt - Remove and Replace	618,271
1041 Asphalt - Surface Treatment	49,462
Total for 2039	<u>\$725,967</u>
 Replacement Year 2040	
Equipment	
1010 Security System - Refurbish	10,127
Fencing/Security	
1040 Pool Gate System - Replace	7,322
Total for 2040	<u>\$17,449</u>
 Replacement Year 2041	
Building Components	
1012 Wood Components - Repair	8,024

ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Annual Expenditure Detail

Description	Expenditures
<i>Replacement Year 2041 continued...</i>	
Fencing/Security	
1009 Windscreen - Replace	1,324
Grounds Components	
1026 Granite - Replenish	27,280
Mailboxes	
1031 Mailboxes (2016) - Replace	1,605
Total for 2041	<u>\$38,232</u>
Replacement Year 2042	
Fencing/Security	
1001 Walls - Repairs/Replacement	3,306
Mailboxes	
1032 Mailboxes (2017) - Replace	4,132
Streets/Asphalt	
1043 Asphalt - Crack Seal	10,413
Total for 2042	<u>\$17,851</u>
<i>No Replacement in 2043</i>	
Replacement Year 2044	
Equipment	
1023 Pool Pumps & Motors - Replace	5,255
Painting	
1006 Metal Fencing (Pool) - Repaint	3,069
Recreation/Pool	
1015 Pool Deck - Resurface	28,056
Roofing	
1002 Roofs (Flat) - Repair/Replace	7,540
Total for 2044	<u>\$43,920</u>
Replacement Year 2045	
Equipment	
1022 Pool Heater - Replace	8,082

ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Annual Expenditure Detail

Description	Expenditures
<i>Replacement Year 2045 continued...</i>	
Fencing/Security	
1001 Walls - Repairs/Replacement	3,612
Furnishings	
1038 Park Furnishings (Parks) - Replace	9,031
Streets/Asphalt	
1043 Asphalt - Crack Seal	11,378
1041 Asphalt - Surface Treatment	59,060
Total for 2045	\$91,163
Replacement Year 2046	
Mailboxes	
1033 Mailboxes (2021) - Replace	24,556
Total for 2046	\$24,556
Replacement Year 2047	
Building Components	
1013 Shower - Refurbish/Retile	17,245
Furnishings	
1011 Pool Furnishings - Replace	6,706
Total for 2047	\$23,951
Replacement Year 2048	
Equipment	
1010 Security System - Refurbish	12,828
Fencing/Security	
1040 Pool Gate System - Replace	9,276
1001 Walls - Repairs/Replacement	3,947
Mailboxes	
1034 Mailboxes (2023) - Replace	4,342
Painting	
1020 Pool Building - Repaint	3,947
Streets/Asphalt	
1043 Asphalt - Crack Seal	12,434
Total for 2048	\$46,774

**ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Annual Expenditure Detail**

Description	Expenditures
Replacement Year 2049	
Equipment	
1024 Chlorinator - Replace	3,049
1021 Pool Filter - Replace	5,285
Fencing/Security	
1009 Windscreen - Replace	1,677
Total for 2049	<u>\$10,012</u>
 Replacement Year 2050	
Equipment	
1023 Pool Pumps & Motors - Replace	6,275
Painting	
1006 Metal Fencing (Pool) - Repaint	3,664
Total for 2050	<u>\$9,939</u>
 Replacement Year 2051	
Fencing/Security	
1001 Walls - Repairs/Replacement	4,313
Grounds Components	
1026 Granite - Replenish	36,662
Recreation/Pool	
1014 Pool Deck - Recoat	15,096
Streets/Asphalt	
1043 Asphalt - Crack Seal	13,587
1041 Asphalt - Surface Treatment	70,521
Total for 2051	<u>\$140,178</u>
 <i>No Replacement in 2052</i>	
 Replacement Year 2053	
Equipment	
1022 Pool Heater - Replace	10,238
Total for 2053	<u>\$10,238</u>
 Replacement Year 2054	
Fencing/Security	
1001 Walls - Repairs/Replacement	4,713

**ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Annual Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2054 continued...</i>	
Streets/Asphalt	
1043 Asphalt - Crack Seal	14,846
Total for 2054	<u>\$19,559</u>

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ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Spread Sheet

ID Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Building Components										
1018 Restrooms - Remodel										
1013 Shower - Refurbish/Retile										
1012 Wood Components - Repair		5,150								
Building Components Total:		5,150								
Doors										
1019 Doors (Pool) - Replace										
Equipment										
1017 Backflow Preventers - Replace										
1024 Chlorinator - Replace					1,688					
1036 Electric Panel (Grounds) - Replace										
1003 Electric Panel (Pool) - Replace										1,305
1004 Irrigation Controllers - Replace	<i>Unfunded</i>									
1021 Pool Filter - Replace							3,105			
1022 Pool Heater - Replace					5,037					
1023 Pool Pumps & Motors - Replace		3,087						3,686		
1010 Security System - Refurbish								7,994		
Equipment Total:		3,087			6,725		3,105	11,680		1,305
Fencing/Security										
1035 Metal Fencing (Grounds) - Replace	<i>Unfunded</i>									
1007 Metal Fencing (Pool) - Replace										
1040 Pool Gate System - Replace								5,780		
1001 Walls - Repairs/Replacement			2,122			2,319				2,534
1009 Windscreen - Replace	825									1,045
Fencing/Security Total:	825		2,122			2,319		5,780		3,579
Furnishings										
1025 Bench - Replace	<i>Unfunded</i>									
1038 Park Furnishings (Parks) - Replace						5,796				
1027 Pet Station - Replace	<i>Unfunded</i>									
1039 Play Equipment (Parks) - Replace										52,191
1011 Pool Furnishings - Replace			3,713							
Furnishings Total:			3,713			5,796				52,191

ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Spread Sheet

ID Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Grounds Components										
1026 Granite - Replenish							20,299			
1005 Irrigation System - Refurbish	<i>Unfunded</i>									
Grounds Components Total:							20,299			
Lighting										
1008 Lights (Globe) - Replace										
Lighting Total:										
Mailboxes										
1030 Mailboxes (2012) - Replace										
1031 Mailboxes (2016) - Replace										
1032 Mailboxes (2017) - Replace										
1033 Mailboxes (2021) - Replace										
1034 Mailboxes (2023) - Replace										
Mailboxes Total:										
Painting										
1006 Metal Fencing (Pool) - Repaint		1,802						2,152		
1020 Pool Building - Repaint				2,185						
Painting Total:		1,802		2,185				2,152		
Recreation/Pool										
1016 Pool - Resurface						11,013				
1014 Pool Deck - Recoat						8,115				
1015 Pool Deck - Resurface										
Recreation/Pool Total:						19,128				
Roofing										
1002 Roofs (Flat) - Repair/Replace										
Roofing Total:										
Signs										
1037 Monument - Refurbish	<i>Unfunded</i>									
1029 Street Signs - Replace										
Signs Total:										

**ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Spread Sheet**

ID Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Streets/Asphalt										
1043 Asphalt - Crack Seal			6,684			7,303			7,981	
1042 Asphalt - Remove and Replace										
1028 Asphalt - Repairs/Wearing Surface		84,202								
1041 Asphalt - Surface Treatment			34,691						41,423	
Streets/Asphalt Total:		84,202	41,375			7,303			49,404	
Year Total:	825	94,242	47,210	2,185	6,725	34,546	23,403	19,613	52,983	53,496

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**ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Spread Sheet**

ID Description	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Building Components										
1018 Restrooms - Remodel					6,050					
1013 Shower - Refurbish/Retile										
1012 Wood Components - Repair							8,024			
Building Components Total:					6,050		8,024			
Doors										
1019 Doors (Pool) - Replace										
Equipment										
1017 Backflow Preventers - Replace					9,076					
1024 Chlorinator - Replace					2,269					
1036 Electric Panel (Grounds) - Replace										
1003 Electric Panel (Pool) - Replace										
1004 Irrigation Controllers - Replace		<i>Unfunded</i>								
1021 Pool Filter - Replace										
1022 Pool Heater - Replace			6,380							
1023 Pool Pumps & Motors - Replace				4,401						5,255
1010 Security System - Refurbish						10,127				
Equipment Total:			6,380	4,401	11,344	10,127				5,255
Fencing/Security										
1035 Metal Fencing (Grounds) - Replace		<i>Unfunded</i>								
1007 Metal Fencing (Pool) - Replace					16,336					
1040 Pool Gate System - Replace						7,322				
1001 Walls - Repairs/Replacement		2,768			3,025			3,306		
1009 Windscreen - Replace							1,324			
Fencing/Security Total:		2,768			19,361	7,322	1,324	3,306		
Furnishings										
1025 Bench - Replace		<i>Unfunded</i>								
1038 Park Furnishings (Parks) - Replace										
1027 Pet Station - Replace		<i>Unfunded</i>								
1039 Play Equipment (Parks) - Replace										
1011 Pool Furnishings - Replace				4,990						
Furnishings Total:				4,990						

ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Spread Sheet

ID Description	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Grounds Components										
1026 Granite - Replenish							27,280			
1005 Irrigation System - Refurbish	<i>Unfunded</i>									
Grounds Components Total:							27,280			
Lighting										
1008 Lights (Globe) - Replace					5,294					
Lighting Total:					5,294					
Mailboxes										
1030 Mailboxes (2012) - Replace			4,277							
1031 Mailboxes (2016) - Replace							1,605			
1032 Mailboxes (2017) - Replace								4,132		
1033 Mailboxes (2021) - Replace										
1034 Mailboxes (2023) - Replace										
Mailboxes Total:			4,277				1,605	4,132		
Painting										
1006 Metal Fencing (Pool) - Repaint				2,570						3,069
1020 Pool Building - Repaint				2,937						
Painting Total:				5,507						3,069
Recreation/Pool										
1016 Pool - Resurface										
1014 Pool Deck - Recoat			9,980							
1015 Pool Deck - Resurface										28,056
Recreation/Pool Total:			9,980							28,056
Roofing										
1002 Roofs (Flat) - Repair/Replace										7,540
Roofing Total:										7,540
Signs										
1037 Monument - Refurbish	<i>Unfunded</i>									
1029 Street Signs - Replace					6,655					
Signs Total:					6,655					

**ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Spread Sheet**

ID Description	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Streets/Asphalt										
1043 Asphalt - Crack Seal		8,721			9,529			10,413		
1042 Asphalt - Remove and Replace					618,271					
1028 Asphalt - Repairs/Wearing Surface										
1041 Asphalt - Surface Treatment					49,462					
Streets/Asphalt Total:		8,721			677,262			10,413		
Year Total:		11,489	25,628	9,908	725,967	17,449	38,232	17,851		43,920

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ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Spread Sheet

ID Description	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Building Components										
1018 Restrooms - Remodel										
1013 Shower - Refurbish/Retile			17,245							
1012 Wood Components - Repair										
Building Components Total:			17,245							
Doors										
1019 Doors (Pool) - Replace										
Equipment										
1017 Backflow Preventers - Replace										
1024 Chlorinator - Replace					3,049					
1036 Electric Panel (Grounds) - Replace										
1003 Electric Panel (Pool) - Replace										
1004 Irrigation Controllers - Replace		<i>Unfunded</i>								
1021 Pool Filter - Replace					5,285					
1022 Pool Heater - Replace	8,082								10,238	
1023 Pool Pumps & Motors - Replace						6,275				
1010 Security System - Refurbish				12,828						
Equipment Total:	8,082			12,828	8,334	6,275			10,238	
Fencing/Security										
1035 Metal Fencing (Grounds) - Replace		<i>Unfunded</i>								
1007 Metal Fencing (Pool) - Replace										
1040 Pool Gate System - Replace				9,276						
1001 Walls - Repairs/Replacement	3,612			3,947			4,313			4,713
1009 Windscreen - Replace					1,677					
Fencing/Security Total:	3,612			13,223	1,677		4,313			4,713
Furnishings										
1025 Bench - Replace		<i>Unfunded</i>								
1038 Park Furnishings (Parks) - Replace	9,031									
1027 Pet Station - Replace		<i>Unfunded</i>								
1039 Play Equipment (Parks) - Replace										
1011 Pool Furnishings - Replace			6,706							
Furnishings Total:	9,031		6,706							

ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Spread Sheet

ID Description	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Grounds Components										
1026 Granite - Replenish							36,662			
1005 Irrigation System - Refurbish										
Grounds Components Total:							36,662			
Lighting										
1008 Lights (Globe) - Replace										
Lighting Total:										
Mailboxes										
1030 Mailboxes (2012) - Replace										
1031 Mailboxes (2016) - Replace										
1032 Mailboxes (2017) - Replace										
1033 Mailboxes (2021) - Replace		24,556								
1034 Mailboxes (2023) - Replace				4,342						
Mailboxes Total:		24,556		4,342						
Painting										
1006 Metal Fencing (Pool) - Repaint							3,664			
1020 Pool Building - Repaint				3,947						
Painting Total:				3,947			3,664			
Recreation/Pool										
1016 Pool - Resurface										
1014 Pool Deck - Recoat							15,096			
1015 Pool Deck - Resurface										
Recreation/Pool Total:							15,096			
Roofing										
1002 Roofs (Flat) - Repair/Replace										
Roofing Total:										
Signs										
1037 Monument - Refurbish										
1029 Street Signs - Replace										
Signs Total:										

**ARCADIA SQUARE HOMEOWNERS ASSOCIATION
Spread Sheet**

ID Description	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Streets/Asphalt										
1043 Asphalt - Crack Seal	11,378			12,434			13,587			14,846
1042 Asphalt - Remove and Replace										
1028 Asphalt - Repairs/Wearing Surface										
1041 Asphalt - Surface Treatment	59,060						70,521			
Streets/Asphalt Total:	70,438			12,434			84,107			14,846
Year Total:	91,163	24,556	23,951	46,774	10,012	9,939	140,178		10,238	19,559

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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 upon information provided to us in part by representatives of the association, its contractors and vendors and our own experience with local costs. 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. 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 is a reflection of 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 of 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.

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. Schlingens 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.

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 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.

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.

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.

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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.

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 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.

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 31st, 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 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 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.