# RESERVE DATA ANALYSIS, INC.



January 8, 2013

Ms. Korin Hatch Sierra Heights c/o Preferred Communities PO Box 5720 Mesa, AZ 85211

Dear Ms. Hatch:

The completed reserve analysis study for the budget year beginning January 1, 2013 is attached. Your RDA reserve study is presented in two parts:

**Part 1** offers an easy-to-understand introduction to reserve budgeting and terminology along with a User's Guide to your RDA reserve study.

**Part 2** is your RDA reserve study, including a report summary, a Distribution of Accumulated Reserves, detail reports for each asset sorted by asset category, 30-year projections, and an alphabetical detail report index.

Please pay particular attention to the Detail Report by Category section of the report. See the Table of Contents for the page that corresponds to the first page of this section. This section provides specific information that was used to develop the budgeting information for each asset including the placed in service date, useful life and replacement cost. It also provides measurements, inventory counts and asset condition information as applicable. Most, if not all, of your questions will be answered by reviewing the detailed information and remarks for each asset.

The bottom box on page 2 - 1 identifies the recommended reserve contribution to the reserve account for 2013. The amount of money that should be in the reserve account as of January 1, 2013 is identified at the bottom of pages 2 - 3 and 2 - 5 in the column labeled "Fully Funded Reserves". Page 2 - 6 provides the 30-year funding strategy including recommended contributions, interest earnings and scheduled expenses.

To assist you in distribution to the Board and/or community membership we have emailed a PDF version (electronic copy) of the reserve study to you.

We hope that you find our report format both informative and useful. Should a revision be required, please submit all revision requests in writing via email within 90 days of this letter. We are happy to answer any questions that arise, no matter how small they seem. Please do not hesitate to call us. All of us at RDA have enjoyed providing you with the most detailed, comprehensive and useful reserve study available in the industry and we look forward to working with you again in the future.

Sincerely,

Tom Thompson Vice President

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## **RDA Reserve Study Guide**

The RDA reserve study is a multi-purpose tool that is designed to assist the Board of Directors and Community Management team in the financial management of the Association's long term assets. To properly manage these assets, the Board of Directors and Community Manager need to spend some time reading, digesting and understanding what the reserve study is advising. The following instructions provide a step-by-step guide of what to do now that you have a reserve study prepared by Reserve Data Analysis.

**Step 1: Review the last page of the report** titled the "Detail Report Index" to familiarize yourself with the assets that make up your RDA Reserve Study.

**Step 2: Pick a single asset to review.** Your goal is to obtain a clear understanding of the pieces that go into budgeting for a specific asset including the placed in service date, useful life, quantity and unit cost. Once you have a clear understanding of how a single asset works, apply that knowledge to all other assets in the report.

**Step 3: Review the detailed information that budgeting for each asset is based on**. Look at each asset in the report. If the placed in service date, useful life, quantity, and replacement cost are considered reasonable and accurate, then the calculations and results of your RDA reserve study will be reasonable and accurate. Most questions can be answered by reading the detailed **"Remarks"** included with each asset.

**Step 4: Review Page 2 – 1.** The top of page 2 – 1 identifies the parameters that were used to generate the RDA Reserve Study calculations including budget year, reserve fund balance, annual contribution increase, interest rate earned on invested reserve funds, and contingency. The bottom of this page provides the summarized RDA Reserve Study results for the 1<sup>st</sup> year, including the recommended monthly reserve contribution in total and per unit.

**Step 5: Review the page titled "Distribution of Accumulated Reserves".** This page will provide justification for the percent funded calculations. It shows, by asset, how much money should be in the reserve account, based on the level of depreciation each asset has experienced as of the beginning of the budget year the RDA Reserve Study has been prepared for. Note that the figures listed in the column labeled "Fully Funded Reserves" do not represent the replacement cost unless the remaining life shows "0".

**Step 6:** Review the page titled "Cash Flow Specific Projections". This page will provide a rolling year to year projection of the reserve account for the next 30 years including recommended annual contributions, estimated interest earnings on invested reserve funds, expected annual expenditures, projected year end reserve balances, and the fully funded amount that should be in the reserve account at the end of each year. *This is your funding strategy*. The goal of an RDA funding strategy is to allow the Association to cover all planned reserve expenditures, build the reserve account to a fully funded (100%) position by end of the reporting period (30 years in most cases), all while starting with the lowest possible contribution to reserves.

**Step 7: Review the Annual Expenditure Detail pages.** These pages will show the projected future costs by year for each planned reserve expense through the end of the reporting period.

**Step 8: Call us with questions!** For someone who does not deal with them on a daily basis, reserve studies can be difficult to wade through. If there is something you don't understand, or something that you disagree with, we encourage you to call us to discuss it. RDA is committed to a long-term relationship with you and will spend the time on the phone with you to ensure that you understand where we are coming from, where we obtained our information or assumptions, and why we did what we did. Again, please call us with any questions you have as we are here to help in any way we can.

# **RDA REPORT**

Sierra Heights

Mesa, Arizona Account 1489 - Version 004 January 8, 2013

# RESERVE DATA ANALYSIS, INC.

2761 East Bridgeport Parkway Gilbert, Arizona 85295 FAX (480) 473-7658 (480) 473-7643

Pre	pared By
Tom	THOMPSON

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# **Please Note**

This document has been provided pursuant to an agreement containing restrictions on its use. No part of this document may be copied or distributed, in any form or by any means, nor disclosed to third parties without the express written permission of Reserve Data Analysis, Inc., until it has been paid for in full. 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, assorted vendors, specialist and independent contractors, the Community Associations Institute, 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 the McGraw Hill Book Company. Additionally, costs are obtained from numerous vendor catalogues, actual quotations or historical costs, and our own experience in the field of property management and preparation of reserve analysis studies.

It has been assumed, unless otherwise noted in this report, that all assets have been designed and constructed properly and each estimated useful life will approximate that of the norm per industry standards and/or manufacture specifications used. 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.

We recommend that your reserve analysis study be updated every two to three years 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 subsequent computations made in preparing this reserve analysis study are retained in our computer files. Therefore, updates can typically be completed in a more timely manner than the original study.

Reserve Data Analysis, Inc. would like to thank you for using our services, and we invite you to call us at any time should you have any questions or 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 you with a revised study.

# **RESERVE DATA ANALYSIS, INC.**

# (480) 473-7643

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# PART I - INTRODUCTION

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.

# 1. 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 option is to pass a "special assessment" to the membership in an amount required to cover the expenditure. Although not commonplace, there have been special assessments in the amount of \$10,000 per member assessed in associations in Virginia and southern California. When a special assessment is passed, the association has the authority <u>and responsibility</u> to collect the assessments, even by means of foreclosure if necessary. However, an association operating on a special assessment basis cannot guarantee that an assessment, when needed, will be passed. Consequently, it cannot guarantee its ability to perform the required repairs or replacements to those major components for which the association is obligated to maintain 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, can be devastating to an association's overall budget.

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 money to an association using "future homeowner assessments" as collateral for the loan. With this method, not only is the <u>current</u> board of directors pledging the <u>future</u> assets of an association, they are also required to pay interest fees on the loan payback in addition to the original principal. 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; 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 in order 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 third option, too often used, is simply to defer the required repair or replacement. This option can create an environment of declining property values due to the increasing deferred maintenance 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, many lending institutions are requesting copies of the association's most recent reserve study before granting loans, either for the association, a prospective purchaser, or for an individual within such association.

The fourth, and only logical means that the board of directors has to ensure its ability to maintain the assets for which it is obligated, uniformly distributing the costs of the replacements over the entire membership, is by assessing an adequate level of reserves as part of the regular membership assessment. 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.

# 2. The Reserve Study

There are two components of a reserve study – a physical analysis and a financial analysis. During the physical analysis, a reserve 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. A financial analysis assesses the association's reserve balance or "fund status" (measured in cash or as percent funded) to determine a recommendation for an appropriate reserve contribution rate in the future known as the "funding plan."

Reserve studies fit into one of three categories: 1) Full Study; 2) Update - with site inspection; and 3) 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), a condition assessment (based on 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."

# 3. Developing a Component List

The budget process begins with an accurate 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 effectively budgeted for 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. Examples of Operational Expenses include:

Utilities:

- Electricity
- Gas
- Water
- Telephone
- Cable TV

Administrative:

- Supplies
- Bank Service Charges
- Dues & Publications
- Licenses, Permits & Fees

Services:

- Landscaping
- Pool Maintenance
- Street Sweeping
- Accounting
- Reserve Study

## Repair Expenses:

- Tile Roof Repairs
- Equipment Repairs
- Minor Concrete Repairs
- Operating Contingency

**RESERVE EXPENSES** are major expenses that occur other than annually and which must be budgeted for in advance in order to provide the necessary funds in time

for their occurrence. Reserve expenses are reasonably predictable both in terms of frequency and cost. However, they may include significant assets which have an indeterminable but potential liability which may be demonstrated as a likely occurrence. They are expenses that when incurred would have a significant affect on the smooth operation of the budgetary process from one year to the next if they were not reserved for in advance. Examples of Reserve Expenses include:

- Roof Replacements
- Painting
- Deck Resurfacing
- Fencing Replacement
- Street Seal/Slurry Coatings
- Asphalt Overlays
- Pool Re-plastering

- Pool Equipment Replacement
- Pool Furniture Replacement
- Tennis Court Resurfacing
- Park & Play Equipment
- Equipment Replacement
- Interior Furnishings
- Lighting Replacement

**BUDGETING IS NORMALLY EXCLUDED FOR** repairs or replacements of assets which are deemed to have an estimated useful life equal to or exceeding the estimated useful life of the facility or community itself, or exceeding the legal life of the community as defined in an association's governing documents. Examples include the complete replacement of elevators, tile roofs, wiring and plumbing. Also excluded are insignificant expenses which may be covered either by an operating or reserve contingency, or otherwise in a general maintenance fund. Costs which are caused by acts of God, accidents or other occurrences which are more properly insured for, rather than reserved for, are also excluded.

# 4. 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, manufacture 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 every two to three years 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.

# 5. Funding Methods

From the simplest to 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 on the individual lives of the components under consideration.

The component method develops a reserve-funding plan where the total contribution is based on 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 reserves over time. This method also allows for computations on individual components in the analysis. The RDA Summary and RDA Projection Reports are based upon the component methodology.

# 6. Funding Strategies

Once an association has established its funding goals, the association can select an appropriate funding plan. There are two basic strategies widely used by associations. 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 two funding plans and descriptions of both are detailed below.

• 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 that 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. The formula is based on current replacement cost, and is a measure in time, independent of future inflationary or investment factors:

Fully Funded Reserves = Age of Component Useful Life

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

• Threshold Funding (RDA Modified Cash Flow Reports) — There are two goals of this funding method. The first goal is to make sure that all scheduled reserve expenditures are covered by keeping the reserve cash balance above zero during the projected period. The second goal is to reach and maintain a 100% fully funded reserve balance during the projected period. Depending on the association's current percent funded, it may take the entire projected period (typically 30 years) before the 100% fully funded level is achieved.

Reaching and maintaining a 100% fully funded reserve balance by uniformly distributing the costs of the replacements over time benefits both current and future members of an association, and is the best approach the board of directors can take to fulfill its fiduciary responsibility. The modified cash flow method creates a funding strategy that gives the membership the lowest reserve funding recommendation as possible over time, while approaching the 100% fully funded level.

Another advantage of the modified cash flow method is that in most cases several strategies can be manually tested by Reserve Data Analysis, Inc. (the strategy is not based strictly on each components current funding status) until the best funding strategy is created – one that has consistent, incremental contribution increases from year to year. This very important aspect of the reserve study will aid the board of directors during the annual budgeting process.

# 7. Distribution of Accumulated Reserves

The first 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 of Component Useful Life

The RDA RESERVE MANAGEMENT SOFTWARE<sup>™</sup> program performs the above calculations to the very month the component was placed-in-service. It also allows for the accumulation of the necessary reserves for the replacement to be available on the first day of the fiscal year it is scheduled to be replaced.

After identifying the ideal level of reserves for each asset, the beginning reserve balance must be allocated to each of the individual components identified in the analysis.

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 are depleted, or until all assets are appropriately funded. If any assets are assigned a zero remaining life (schedule for replacement this 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 item to 1 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 which 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 initially, but are then considered to be available reserves in the report funding computations.

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

If the reserves are underfunded, the monthly contribution requirements as outlined in this report may be higher than normal depending on the calculation method that is used. 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 which may be under consideration.

# 8. Funding Reserves

Two contribution numbers are provided in the report, the "Monthly Membership Contribution" and the "Net Monthly Allocation." The association should contribute to reserves each month the "Monthly Membership Contribution" figure, when the interest earned on the reserves is left in the reserve accounts as part of the contribution. When interest is earned on the reserves, that interest must be left in reserves and only amounts set aside for taxes should be removed.

The second alternative is to allocate the "Net Monthly Allocation" to reserves (this is the member contribution 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.

# 9. Users' Guide to Your Reserve Analysis Study

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

## REPORT SUMMARY

The *Report Summary* lists all of the parameters which were used in calculating the report as well as the summary of your reserve analysis study.

## INDEX REPORTS

The **Distribution of Accumulated Reserves** report lists all assets in remaining life order. It also identifies the ideal level of reserves which should have accumulated for the association as well as the actual reserves available.

#### 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.

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

The **Detail Report Index** is an alphabetical listing of all assets together with the page number of the asset's detail report and asset number.

## **PROJECTIONS AND CHARTS**

*Thirty-year Projections* of projected data add to the usefulness of your reserve analysis study.

# 10. Definitions

- **REPORT I.D.** Includes the REPORT DATE (ex. November 15, 1992), VERSION (ex. 001), and ACCOUNT NUMBER (ex. 9773). Please use this information when referencing your report. (Displayed on the summary page.)
- **BUDGET YEAR BEGINNING/ENDING** The budgetary year for which the report is prepared. For associations with fiscal years ending December 31, the monthly contribution figures indicated are for the 12 month period beginning 1/1/2X and ending 12/31/2X.
- **NUMBER OF UNITS/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 which will be necessary in order to accumulate the required funds in time for replacement.
- ANNUAL CONTRIBUTION INCREASE The percentage rate at which the association will increase its contribution to reserves at the end of each year until the year in which the asset is replaced. 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 aid those associations that have not set aside appropriate reserves in the past by making the initial year's allocation less formidable.
- **INVESTMENT YIELD** The average interest rate anticipated by the association based upon its current investment practices.
- **TAXES ON YIELD** The estimated percentage of interest income which will be set aside for taxes.
- ACCUMULATED RESERVE BALANCE The anticipated reserve balance on the first day of the fiscal year for which this report has been prepared. 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/AGE** Comments regarding aging of the components on the basis of construction date or date of acceptance by the association.
- **MONTHLY CONTRIBUTION** The contribution to reserves required by the association each month.
- **INTEREST CONTRIBUTION** 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.
- **NET MONTHLY ALLOCATION** The sum of the monthly contribution and interest contribution figures.
- **GROUP OR FACILITY NUMBER/CATEGORY NUMBER** The report may be prepared and sorted either by group or facility (location, building, phase, etc.) or by category (roofing, painting, etc.). Standard report printing format is by category.
- **PERCENTAGE OF REPLACEMENT** 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** 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 +/- 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.
- FIXED ACCUMULATED RESERVES An optional figure which, if used, will override the normal process of allocating reserves to each asset.
- **FIXED MONTHLY CONTRIBUTION** An optional figure which, if used, will override all calculations and set the contribution at this amount.
- 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 as of 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 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 representative(s).

# 11. A Multi-Purpose Tool

Your RDA 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 RDA 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.
- A 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 RDA 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 RDA REPORT is a tool which 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 which the association is obligated to maintain.
- Since the RDA reserve analysis study includes precise 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.

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#### Sierra Heights Mesa, Arizona <u>CFS Reserve Analysis Report Summary</u>

Report Date January 8, 2013 Version 004	Parameters:
Account Number 1489	Inflation 3.00% Annual Contribution Increase 4.00% Investment Vield 0.35%
Budget Year Beginning 1/ 1/13 Ending 12/31/13	Taxes on Yield0.33%Contingency3.00%
Total Units Included 189 Phase Development 1 of 1	Reserve Fund Balance as of 1/ 1/13: \$136,138.00

#### Project Profile & Introduction

Unless otherwise indicated in this report, we have used 1999 as the basis for aging the original components examined in this analysis. Refer to Asset ID #1001 (\*\*Reserve Balance Calculation) for an explanation of how the January 1, 2013 reserve balance was determined. Calculation Method: Modified Cash Flow Funding Strategy: Threshold RDA Reports: October 2000. Updated w/field inspection December 2003, February 2007, January 2013.

Cash Flow Specific Summary of Calculations

Monthly Contribution to Reserves Required:	\$845.00
Average Net Monthly Interest Contribution This Year:	36.24
Net Monthly Allocation to Reserves 1/ 1/13 to 12/31/13: ( \$4.66 per unit per month)	\$881.24

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RESERVE DATA ANALYSIS • (480) 473-7643 • PAGE 2 - 1 •

# Sierra Heights Distribution of Accumulated Reserves

REPORT I	DATE:	January	8,	2013
VERSION	1			004
ACCOUNT	NUMBER:			1489

DESCRIPTION	REM LIFE	FULLY FUNDED RESERVES	ASSIGNED RESERVES
<pre>** Reserve Balance Calculation Concrete Components (Unfunded) Drainage Maintenance Fencing - Steel Rail (Unfunded) Granite Replenishment Monument Signs (Unfunded) Paint - Ramada Support Structures Paint - Wrought Iron (100%) Paint - Wrought Iron (50%) Park Equipment - Sierra Heights (B) Plant Replacement Roofs - Metal, Ramadas (Unfunded) Shade Fabric - Sierra Heights Spring Mates - Sierra Heights Spring Mates - Tract A Spring Mates - Tract E Sprinkler Repair Tot Lot Maintenance Tree Trimming (Unfunded)</pre>		$\begin{array}{c} 0.00\\ 0.00\\ 1.500.00\\ 0.00\\ 1.000.00\\ 900.00\\ 500.00\\ 1.031.25\\ 600.00\\ 1.031.25\\ 600.00\\ 1.000\\ 0.00\\ 1.500.00\\ 2.200.00\\ 3.300.00\\ 2.200.00\\ 500.00\\ 500.00\\ 0.00\end{array}$	0.00 0.00 3,000.00 0.00 2,000.00 1,800.00 1,000.00 2,062.50 1,200.00 0.00 3,000.00 4,400.00 3,410.32 2,200.00 500.00 0.00
Irrigation Controllers Paint - Common Walls (Perimeter)	1 1	600.00 8,138.05	750.00 9,423.00
SolarKing Lights (Batteries)	3	128.57	900.00
Park Equipment - Sierra Heights (A) Park Equipment - Tract A Park Equipment - Tract E (A) Playstructure - Sierra Heights Playstructure - Tract A Playstructure - Tract E Tot Turf - Sierra Heights Tot Turf - Tract A Tot Turf - Tract E	6 6 6 6 6 6 6 6 6	1,627.50 2,047.50 1,242.50 10,500.00 10,500.00 8,750.00 1,008.00 806.40 1,288.00	2,325.00 2,925.00 1,775.00 15,000.00 15,000.00 12,500.00 1,440.00 1,152.00 1,840.00
Paint - Common Walls (Interior)	7	380.00	5,700.00
Fencing - Wrought Iron (50%) Mailboxes - Pedestal Sets	11 11	3,250.80 13,216.00	5,805.00 23,600.00
SolarKing Lights (Light Fixtures)	15	58.06	1,800.00
Park Equipment - Tract E (B)	19	30.00	600.00

## Sierra Heights Distribution of Accumulated Reserves

		FULLY	
	REM	FUNDED	ASSIGNED
DESCRIPTION	LIFE	RESERVES	RESERVES
Fencing - Wrought Iron (NWC)	22	668.19	2,565.00
Total Asset Summary:		80,970.82	132,172.82
Contingency @ 3.00%:		2,429.12	3,965.18
Grand Total:		83,399.94	136,138.00
Excess Reserves Not Used:			0.00
Percent Fully Funded: 163%			

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## Sierra Heights Funding Status Report

REPORT I	DATE:	January	8,	2013
VERSION	1			004
ACCOUNT	NUMBER:			1489

DESCRIPTION	USE LIFE	+/-	REM LIFE	CURRENT COST	FULLY FUNDED RESERVES	ASSIGNED RESERVES
** Reserve Balance Calculation *** CATEGORY SUMMARY:	0	0	0	0 0	0 0	0 0
Concrete Components (Unfunded) *** CATEGORY SUMMARY:	0	0	0	0 0	0 0	0 0
Roofs - Metal, Ramadas (Unfunded) *** CATEGORY SUMMARY:	0	0	0	0 0	0 0	0 0
Paint - Common Walls (Interior) Paint - Common Walls (Perimeter) Paint - Ramada Support Structures Paint - Wrought Iron (100%) Paint - Wrought Iron (50%) *** CATEGORY SUMMARY:	8 8 5 5	0 0 0 0	7 1 0 0	5,700 9,423 900 500 1,031 17,554	380 8,138 900 500 1,031 10,949	5,700 9,423 1,800 1,000 2,063 19,986
Fencing - Steel Rail (Unfunded) Fencing - Wrought Iron (50%) Fencing - Wrought Iron (NWC) *** CATEGORY SUMMARY:	0 25 30	0 0 0	0 11 22	0 5,805 2,565 8,370	0 3,251 668 3,919	0 5,805 2,565 8,370
Park Equipment - Sierra Heights (A) Park Equipment - Sierra Heights (B) Playstructure - Sierra Heights Shade Fabric - Sierra Heights Spring Mates - Sierra Heights Tot Turf - Sierra Heights *** CATEGORY SUMMARY:	20 12 20 10 15 20	0 0 0 - 1 0	6 0 6 0 6	2,325 600 15,000 1,500 2,200 1,440 23,065	1,628 600 10,500 1,500 2,200 1,008 17,436	2,325 1,200 15,000 3,000 4,400 1,440 27,365
Park Equipment - Tract A Playstructure - Tract A Spring Mates - Tract A Tot Turf - Tract A *** CATEGORY SUMMARY:	20 20 15 20	0 0 -1 0	6 6 0 6	2,925 15,000 3,300 1,152 22,377	2,048 10,500 3,300 806 16,654	2,925 15,000 3,410 1,152 22,487
Park Equipment - Tract E (A) Park Equipment - Tract E (B) Playstructure - Tract E Spring Mates - Tract E Tot Turf - Tract E *** CATEGORY SUMMARY:	20 20 20 15 20	0 0 - 1 0	6 19 6 0 6	1,775 600 12,500 2,200 1,840 18,915	1,243 30 8,750 2,200 1,288 13,511	1,775 600 12,500 2,200 1,840 18,915
Tot Lot Maintenance	1	0	0	500	500	500

## **Sierra Heights** <u>Funding Status Report</u>

DESCRIPTION	USE H LIFE	-/- L	REM IFE	CURRENT COST	FULLY FUNDED RESERVES	ASSIGNED RESERVES
*** CATEGORY SUMMARY:				500	500	500
Drainage Maintenance Granite Replenishment Plant Replacement Sprinkler Repair *** CATEGORY SUMMARY:	2 1 1 1	0 0 0	0 0 0	1,500 1,000 1,000 500 4,000	1,500 1,000 1,000 500 4,000	3,000 2,000 2,000 500 7,500
Irrigation Controllers Mailboxes - Pedestal Sets Monument Signs (Unfunded) SolarKing Lights (Batteries) SolarKing Lights (Light Fixtures) Tree Trimming (Unfunded) *** CATEGORY SUMMARY:	5 25 0 4 16 0	0 0 0 0 0	1 11 0 3 15 0	750 23,600 0 900 1,800 0 27,050	600 13,216 0 129 58 0 14,003	750 23,600 0 900 1,800 0 27,050
TOTAL ASSET SUMMARY: CONTINGENCY @ 3.00%: GRAND TOTAL:				121,831	80,971 2,429 83,400	132,173 3,965 136,138

Percent Fully Funded: 163%

## Sierra Heights Cash Flow Specific Projections

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Beginning Accumulated Reserves: \$136,138

YEAR	CURRENT REPLACEMENT COST	ANNUAL CONTRBTN	ANNUAL INTEREST CONTRBTN	ANNUAL EXPENDTRS	PROJECTED ENDING RESERVES	FULLY FUNDED RESERVES	PERCENT FULLY FUNDED
'13	121,831	10,140	435	16,731	129,982	80,289	162%
'14	125,486	10,546	425	13,568	127,384	80,688	158%
'15	129,251	10,967	447	4,774	134,025	90,799	148%
'16	133,128	11,406	473	4,262	141,643	102,104	139%
'17	137,122	11,862	498	5,065	148,938	113,288	131%
'18	141,236	12,337	524	5,253	156,545	125,013	125%
'19	145,473	12,830	322	70,696	99,001	68,078	145%
'20	149,837	13,344	327	11,807	100,865	72,278	140%
'21	154,332	13,877	352	6,841	108,254	82,314	132%
'22	158,962	14,432	346	16,209	106,823	83,165	128%
'23	163,731	15,010	363	10,121	112,074	90,967	123%
'24	168,643	15,610	253	47,140	80,797	60,212	134%
'25	173,702	16,234	284	7,271	90,044	71,326	126%
'26	178,913	16,884	327	4,406	102,849	86,325	1198
'27	184,281	17,559	365	6,807	113,967	99,753	1148
'28	189,809	18,262	316	32,143	100,401	87,240	115%
'29	195,503	18,992	348	9,869	109,872	98,540	1118
'30	201,368	19,752	345	20,533	109,436	99,440	110%
'31	207,410	20,542	390	7,661	122,706	114,615	1078
'32	213,632	21,363	437	7,891	136,616	130,611	105%
'33	220,041	22,218	467	13,602	145,698	141,655	103%
'34	226,642	23,107	523	6,976	162,352	160,707	101%
'35	233,441	24,031	560	13,537	173,406	174,035	100%
'36	240,445	24,992	582	18,946	180,034	182,709	99%
'37	247,658	25,992	630	12,197	194,459	199,512	97%
'38	255,088	27,032	623	29,217	192,896	199,489	97%
'39	262,740	28,113	274	127,685	93,598	95,750	988
40	270,622	29,237	345	8,663	114,517	115,943	99%
'41	278,741	30,407	414	10,296	135,042	135,804	99%
'42	287,103	31,623	499	7,070	160,095	160,502	100%

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#### DESCRIPTION

#### EXPENDITURES

REPLACEMENT YEAR 2013	
Drainage Maintenance Granite Replenishment Paint - Ramada Support Structures Paint - Wrought Iron (100%) Paint - Wrought Iron (50%) Park Equipment - Sierra Heights (B) Plant Replacement Shade Fabric - Sierra Heights Spring Mates - Sierra Heights Spring Mates - Tract A Spring Mates - Tract E Sprinkler Repair Tot Lot Maintenance	1,500.00 1,000.00 900.00 500.00 1,031.25 600.00 1,000.00 1,500.00 2,200.00 3,300.00 2,200.00 500.00
*** ANNUAL TOTAL:	16,731.25
REPLACEMENT YEAR 2014 Granite Replenishment Irrigation Controllers Paint - Common Walls (Perimeter) Plant Replacement Sprinkler Repair Tot Lot Maintenance *** ANNUAL TOTAL:	1,030.00 772.50 9,705.69 1,030.00 515.00 515.00 13,568.19
REPLACEMENT YEAR 2015 Drainage Maintenance Granite Replenishment Plant Replacement Sprinkler Repair Tot Lot Maintenance	1,591.35 1,060.90 1,060.90 530.45 530.45
*** ANNUAL TOTAL:	4,774.05
REPLACEMENT YEAR 2016 Granite Replenishment Plant Replacement SolarKing Lights (Batteries) Sprinkler Repair	1,092.73 1,092.73 983.45 546.36

DESCRIPTION	EXPENDITURES
Tot Lot Maintenance	546.36
*** ANNUAL TOTAL:	4,261.63
REPLACEMENT YEAR 2017 Drainage Maintenance Granite Replenishment Plant Replacement Sprinkler Repair Tot Lot Maintenance *** ANNUAL TOTAL:	1,688.26 1,125.51 1,125.51 562.75 562.75 5,064.78
REPLACEMENT YEAR 2018 Granite Replenishment Paint - Wrought Iron (100%) Paint - Wrought Iron (50%) Plant Replacement Sprinkler Repair Tot Lot Maintenance *** ANNUAL TOTAL:	1,159.28 579.63 1,195.51 1,159.28 579.63 579.63
REPLACEMENT YEAR 2019 Drainage Maintenance Granite Replenishment Irrigation Controllers Park Equipment - Sierra Heights (A) Park Equipment - Tract A Park Equipment - Tract E (A) Plant Replacement Playstructure - Sierra Heights Playstructure - Tract A Playstructure - Tract E Sprinkler Repair Tot Lot Maintenance Tot Turf - Sierra Heights Tot Turf - Tract A Tot Turf - Tract E *** ANNUAL TOTAL:	1,791.08 1,194.06 895.54 2,776.17 3,492.60 2,119.44 1,194.06 17,910.79 17,910.79 14,925.66 597.02 597.02 1,719.44 1,375.54 2,197.06 70,696.27
REPLACEMENT YEAR 2020 Granite Replenishment Paint - Common Walls (Interior)	1,229.88 7,010.28

DESCRIPTION	EXPENDITURES
Plant Replacement SolarKing Lights (Batteries) Sprinkler Repair Tot Lot Maintenance	1,229.88 1,106.88 614.93 614.93
*** ANNUAL TOTAL:	11,806.78
REPLACEMENT YEAR 2021 Drainage Maintenance Granite Replenishment Paint - Ramada Support Structures Plant Replacement Sprinkler Repair Tot Lot Maintenance	1,900.15 1,266.78 1,140.09 1,266.78 633.38 633.38
*** ANNUAL TOTAL:	6,840.56
REPLACEMENT YEAR 2022 Granite Replenishment Paint - Common Walls (Perimeter) Plant Replacement Sprinkler Repair Tot Lot Maintenance *** ANNUAL TOTAL:	1,304.78 12,294.88 1,304.78 652.38 652.38 16,209.20
REPLACEMENT YEAR 2023 Drainage Maintenance Granite Replenishment Paint - Wrought Iron (100%) Paint - Wrought Iron (50%) Plant Replacement Shade Fabric - Sierra Heights Sprinkler Repair Tot Lot Maintenance	2,015.86 1,343.92 671.95 1,385.93 1,343.92 2,015.86 671.95 671.95
AAA ANNUAL TOTAL:	10,121.34
REPLACEMENT YEAR 2024 Fencing - Wrought Iron (50%) Granite Replenishment Irrigation Controllers Mailboxes - Pedestal Sets Plant Replacement SolarKing Lights (Batteries)	8,035.48 1,384.24 1,038.18 32,667.92 1,384.24 1,245.81

DESCRIPTION	EXPENDITURES
Sprinkler Repair Tot Lot Maintenance	692.11 692.11
*** ANNUAL TOTAL:	47,140.09
REPLACEMENT YEAR 2025 Drainage Maintenance Granite Replenishment Park Equipment - Sierra Heights (B) Plant Replacement Sprinkler Repair Tot Lot Maintenance *** ANNUAL TOTAL:	2,138.63 1,425.77 855.47 1,425.77 712.87 712.87 712.87 7.271.38
REPLACEMENT YEAR 2026 Granite Replenishment Plant Replacement Sprinkler Repair Tot Lot Maintenance	1,468.54 1,468.54 734.26 734.26
*** ANNUAL TOTAL:	4,405.60
REPLACEMENT YEAR 2027 Drainage Maintenance Granite Replenishment Plant Replacement Sprinkler Repair Tot Lot Maintenance *** ANNUAL TOTAL:	2,268.87 1,512.60 1,512.60 756.29 756.29 6,806.65
REPLACEMENT YEAR 2028 Granite Replenishment Paint - Common Walls (Interior) Paint - Wrought Iron (100%) Paint - Wrought Iron (50%) Plant Replacement SolarKing Lights (Batteries) SolarKing Lights (Light Fixtures) Spring Mates - Sierra Heights Spring Mates - Tract A Spring Mates - Tract E Sprinkler Repair Tot Lot Maintenance	1,557.98 8,880.42 778.98 1,606.68 1,557.98 1,402.17 2,804.35 3,427.53 5,141.31 3,427.53 778.98 778.98

DESCRIPTION	EXPENDITURES
*** ANNUAL TOTAL:	32,142.89
REPLACEMENT YEAR 2029 Drainage Maintenance Granite Replenishment Irrigation Controllers Paint - Ramada Support Structures Plant Replacement Sprinkler Repair Tot Lot Maintenance	2,407.05 1,604.72 1,203.53 1,444.24 1,604.72 802.35 802.35
*** ANNUAL TOTAL:	9,868.96
REPLACEMENT YEAR 2030 Granite Replenishment Paint - Common Walls (Perimeter) Plant Replacement Sprinkler Repair Tot Lot Maintenance	1,652.86 15,574.78 1,652.86 826.42 826.42
*** ANNUAL TOTAL:	20,533.34
REPLACEMENT YEAR 2031 Drainage Maintenance Granite Replenishment Plant Replacement Sprinkler Repair Tot Lot Maintenance	2,553.64 1,702.45 1,702.45 851.21 851.21
*** ANNUAL TOTAL:	7,660.96
REPLACEMENT YEAR 2032 Granite Replenishment Park Equipment - Tract E (B) Plant Replacement SolarKing Lights (Batteries) Sprinkler Repair Tot Lot Maintenance	1,753.52 1,052.10 1,753.52 1,578.17 876.75 876.75
*** ANNUAL TOTAL:	7,890.81
REPLACEMENT YEAR 2033 Drainage Maintenance	2,709.16

DESCRIPTION	EXPENDITURES
Granite Replenishment Paint - Wrought Iron (100%) Paint - Wrought Iron (50%) Plant Replacement Shade Fabric - Sierra Heights Sprinkler Repair Tot Lot Maintenance	1,806.13 903.05 1,862.59 1,806.13 2,709.16 903.05
*** ANNUAL TOTAL:	13,602.32
REPLACEMENT YEAR 2034 Granite Replenishment Irrigation Controllers Plant Replacement Sprinkler Repair Tot Lot Maintenance	1,860.31 1,395.22 1,860.31 930.14 930.14
*** ANNUAL TOTAL:	6,976.12
REPLACEMENT YEAR 2035 Drainage Maintenance Fencing - Wrought Iron (NWC) Granite Replenishment Plant Replacement Sprinkler Repair Tot Lot Maintenance *** ANNUAL TOTAL:	2,874.14 4,914.81 1,916.12 1,916.12 958.04 958.04 13,537.27
REPLACEMENT YEAR 2036 Granite Replenishment Paint - Common Walls (Interior) Plant Replacement SolarKing Lights (Batteries) Sprinkler Repair Tot Lot Maintenance *** ANNUAL TOTAL:	1,973.60 11,249.45 1,973.60 1,776.26 986.78 986.78 986.78
Drainage Maintenance Granite Replenishment Paint - Ramada Support Structures Park Equipment - Sierra Heights (B) Plant Replacement	3,049.17 2,032.81 1,829.55 1,219.67 2,032.81

DESCRIPTION	EXPENDITURES
Sprinkler Repair Tot Lot Maintenance	1,016.38 1,016.38
*** ANNUAL TOTAL:	12,196.77
REPLACEMENT YEAR 2038 Granite Replenishment Paint - Common Walls (Perimeter) Paint - Wrought Iron (100%) Paint - Wrought Iron (50%) Plant Replacement Sprinkler Repair Tot Lot Maintenance *** ANNUAL TOTAL:	2,093.79 19,729.66 1,046.87 2,159.25 2,093.79 1,046.87 1,046.87 29,217.10
REPLACEMENT YEAR 2039 Drainage Maintenance Granite Replenishment Irrigation Controllers Park Equipment - Sierra Heights (A) Park Equipment - Tract A Park Equipment - Tract E (A) Plant Replacement Playstructure - Sierra Heights Playstructure - Tract A Playstructure - Tract E Sprinkler Repair Tot Lot Maintenance Tot Turf - Sierra Heights Tot Turf - Tract A Tot Turf - Tract E *** ANNUAL TOTAL:	3,234.87 2,156.60 1,617.45 5,014.11 6,308.03 3,827.92 2,156.60 32,348.89 32,348.89 32,348.89 26,957.42 1,078.28 1,078.28 3,105.46 2,484.37 3,968.12
REPLACEMENT YEAR 2040 Granite Replenishment Plant Replacement SolarKing Lights (Batteries) Sprinkler Repair Tot Lot Maintenance *** ANNUAL TOTAL:	2,221.30 2,221.30 1,999.20 1,110.63 1,110.63 8,663.06

DESCRIPTION		EXPENDITURES
REPLACEMENT YEAR 2041 Drainage Maintenance Granite Replenishment Plant Replacement Sprinkler Repair Tot Lot Maintenance	-	3,431.88 2,287.94 2,287.94 1,143.95 1,143.95
ANNOAL TOTAL:		10,295.66
REPLACEMENT YEAR 2042		
Granite Replenishment		2,356.58
Plant Replacement		2,356.58
Sprinkler Repair		1,178.27
Tot Lot Maintenance		1,178.27
*** ANNUAL TOTAL:	-	7,069.70

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** Reserve Balance Calculation	QUANTITY	1 comment
ASSET ID 1001 GROUP/FACILITY 0 CATEGORY 5	PERCENT REPL CURRENT COST FUTURE COST SALVAGE VALUE	0.00% 0.00% 0.00 0.00
PLACED IN SERVICE 0/ 0 O YEAR USEFUL LIFE +0 YEAR ADJUSTMENT REPLACEMENT YEAR 2013 O YEAR REM LIFE	SALVAGE VALUE	0.00
REMARKS:		
Current Reserve Balance Per Client	(12/17/12): \$	136,168
Remaining 2012 Reserve Contributions \$20,000/annual (already made fo	5: pr 2012)	+ 0
Projected January 1, 2013 Reserve Ba	alance: \$	136,138

Concrete Components (Unfunded)	QUANTITY	1 comment
ASSET ID 1019 GROUP/FACILITY 0 CATEGORY 10	UNIT COST PERCENT REPL CURRENT COST FUTURE COST	0.000 0.00% 0.00 0.00
PLACED IN SERVICE 0/ 0 0 YEAR USEFUL LIFE +0 YEAR ADJUSTMENT	SALVAGE VALUE	0.00

REMARKS:

REPLACEMENT YEAR 2013 0 YEAR REM LIFE

We are not budgeting for repair or replacement of concrete decks, pads, sidewalks, or driveways as a reserve component. It is anticipated that any repairs required will be addressed immediately due to safety concerns. Good maintenance practice won't allow the need for repairs to accumulate to a point of major expense. We recommend that the client includes a line item in the annual operating budget for repairs and/or replacements on an "as needed" basis. However, should the client wish to include budgeting for concrete components, we will do so at their request (cost and useful life to be provided by client).

Roofs - Metal, Ramadas (Unfunded)	QUANTITY	1 comment
ASSET ID 1007 GROUP/FACILITY 0 CATEGORY 20	UNIT COST PERCENT REPL CURRENT COST FUTURE COST SALVAGE VALUE	0.000 0.00% 0.00 0.00 0.00
PLACED IN SERVICE 0/ 0 0 YEAR USEFUL LIFE +0 YEAR ADJUSTMENT	SMIVIGE VIELE	0.00

**REMARKS:** 

REPLACEMENT YEAR 2013 0 YEAR REM LIFE

The following comment applies to the two ramadas at the Tract A and Sierra Heights play areas:

We are not budgeting to replace the metal ramada roof(s) because they have an indefinite life, and should last for the life of the community if properlay maintained. Any repairs should be handled on an "as needed" basis, and the expense paid for out of the operating budget.

Paint - Common Walls (Interior)	QUANTITY	1 total
ASSET ID 1043 GROUP/FACILITY 0 CATEGORY 30	DUNIT COST PERCENT REPL CURRENT COST FUTURE COST	5,700.000 100.00% 5,700.00 7,010.28
PLACED IN SERVICE 7/12 8 YEAR USEFUL LIFE +0 YEAR ADJUSTMENT REPLACEMENT YEAR 2020 7 YEAR REM LIFE	SALVAGE VALUE	0.00

#### **REMARKS:**

Mayfair Painting completed a project to paint the interior common area walls ONLY in the summer of 2012 for \$5,700. We are budgeting to paint these walls every eight (8) years.

Paint - Common Walls (Perimeter)	QUANTITY	31,410 total	
	UNIT COST	0.300	
ASSET ID 1044	PERCENT REPL	100.00%	
GROUP/FACILITY 0	CURRENT COST	9,423.00	
CATEGORY 30	FUTURE COST	9,705.69	
	SALVAGE VALUE	0.00	
PLACED IN SERVICE 9/06			
8 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT			
REPLACEMENT YEAR 2014			

1 YEAR REM LIFE

#### **REMARKS:**

The perimeter block walls were last painted in September 2006. This asset accounts for the perimeter block walls only and budgets to paint them on an eight (8) year cycle, with the next cycle occurring in 2014.

For budgeting purposes, we have used the next fiscal year's beginning date as the placed-in-service date for this component.

Paint - Ramada Support Structures	OUANTITY	1 total
Laine Ramada Bappert Berastarob	UNIT COST	900.000
ASSET ID 1008	PERCENT REPL	100.00%
GROUP/FACILITY 0	CURRENT COST	900.00
CATEGORY 30	FUTURE COST	900.00
	SALVAGE VALUE	0.00
PLACED IN SERVICE 1/99		
8 YEAR USEFUL LIFE		
+0 YEAR ADJUSTMENT		
REPLACEMENT YEAR 2013		
O YEAR REM LIFE		

#### **REMARKS:**

This is a provision to paint the ramada support structures at the Halifax and Sierra Heights park area ramadas in 2013, and then every eight (8) years thereafter.

Paint - Wrought Iron (100%)	QUANTITY	1 total
ASSET ID 1038 GROUP/FACILITY 0 CATEGORY 30	PERCENT REPL CURRENT COST FUTURE COST	100.00% 500.00 500.00
PLACED IN SERVICE 1/06 5 YEAR USEFUL LIFE +0 YEAR ADJUSTMENT REPLACEMENT YEAR 2013 0 YEAR REM LIFE	SALVAGE VALUE	0.00

#### **REMARKS:**

This component is to paint the wrought iron fencing and gate at the northwest corner of the community (installed early 2005), and the tubular steel fencing and gate at the southwest corner (installed mid 2006).

NW corner: 50 lin. ft. of 4'0" fencing & 2 - 4'0" x 5'0" gates

SW corner: 52 lin. ft. of 3' guard rail & 1 - 3'0" x 10'0" gate

We are budgeting to paint this fencing in 2013 with the wrought iron noted in Asset ID #1003.

Paint - Wrought Iron (50%)	QUANTITY	1,650 sq. ft.
AGGET TO 1002	UNIT COST	1.250
ASSET ID 1003	PERCENT REPL	50.00%
GROUP/FACILITY 0	CURRENT COST	1,031.25
CATEGORY 30	FUTURE COST	1,031.25
	SALVAGE VALUE	0.00
PLACED IN SERVICE 1/04 5 YEAR USEFUL LIFE		
+0 YEAR ADJUSTMENT		

**REMARKS**:

REPLACEMENT YEAR 2013 0 YEAR REM LIFE

This is a provision to paint the wrought iron view fencing located at Lots #144 - #148 that face the Tract A common area. We were advised by the client that this wrought iron was painted in December 2003 (no cost information was provided and based on condition does not appear to have been painted recently and is need of painting now).

The cost to maintain this fencing is shared on a 50% - 50% basis between the Association and the individual lot owners. See page 30, Section 8.6.2 of the CC&Rs for an explanation of the maintenance responsibility.

Fencing - Steel Rail (Unfunded)	QUANTITY	1 comment
ASSET ID 1039 GROUP/FACILITY 0 CATEGORY 40	UNIT COST PERCENT REPL CURRENT COST FUTURE COST SALVAGE VALUE	0.000 0.00% 0.00 0.00 0.00
PLACED IN SERVICE 0/ 0 0 YEAR USEFUL LIFE +0 YEAR ADJUSTMENT	DURANCE ANDR	0.00

**REMARKS:** 

REPLACEMENT YEAR 2013 0 YEAR REM LIFE

We are not budgeting to replace the tubular steel fencing located at the southwest corner of the community because it has an indefinite life, and should last for the life of the community if properly maintained. Any repair should be handled an "as needed" basis, and the expense paid for out of the operating budget.

Fencing - Wrought Iron (50%)	QUANTITY	1 total
ASSET ID 1004 GROUP/FACILITY 0 CATEGORY 40	PERCENT REPL CURRENT COST FUTURE COST SALVAGE VALUE	11,610.000 50.00% 5,805.00 8,035.48 0.00
PLACED IN SERVICE 1/99 25 YEAR USEFUL LIFE +0 YEAR ADJUSTMENT REPLACEMENT YEAR 2024 11 YEAR REM LIFE		0.00
REMARKS:		
430 - lin. ft. of 3'10" fend	cing @ \$ 27.00	= \$ 11,610.00
e e e e e e e e e e e e e e e e e e e	TOTAL	= \$ 11,610.00
This component is to replace the wro	ought iron view f	encing located at Lots

#144 - #148 that face the Tract "A" common area.

The cost to maintain this fencing is shared on a 50% - 50% basis between the Association and the individual lot owners. See section 8.6.2 (page 30) of the CC&Rs for an explanation of the shared responsibility.

Fencing - Wrought Iron (NWC)	QUANTITY	1 total
ASSET ID 1036 GROUP/FACILITY 0 CATEGORY 40	UNIT COST PERCENT REPL CURRENT COST FUTURE COST	2,565.000 100.00% 2,565.00 4,914.81
PLACED IN SERVICE 4/05 30 YEAR USEFUL LIFE +0 YEAR ADJUSTMENT	SALVAGE VALUE	0.00

**REMARKS:** 

REPLACEMENT YEAR 2035

22 YEAR REM LIFE

50 - lin. ft. of 4'0" fencing 2 - 4'0" X 5'0" gates

Location: Northwest corner of community

This fencing and gate was installed in early 2005 at a cost of \$1,996.33.

The current cost used on this asset is based upon actual expenditures incurred at last replacement, and has been adjusted for inflation where applicable.

Park Equipment - Sierra Heights (A)	QUANTITY	1 total
ASSET ID 1011 GROUP/FACILITY 0 CATEGORY 60	PERCENT REPL CURRENT COST FUTURE COST SALVAGE VALUE	2,325.000 100.00% 2,325.00 2,776.17
PLACED IN SERVICE 1/99 20 YEAR USEFUL LIFE +0 YEAR ADJUSTMENT REPLACEMENT YEAR 2019 6 YEAR REM LIFE		0.00
REMARKS:		
1 - 6' picnic table 1 - 6' bench w/back (in grou 1 - trash receptacle w/dome 1 - BBQ grill	@ \$ 800.00 and) @ 600.00 lid @ 575.00 @ 350.00	= \$ 800.00 = 600.00 = 575.00 = 350.00
	TOTAL	= \$ 2,325.00
The costs include an estimate for in	stallation.	
This is all original park equipment.	f.	
Park Equipment - Sierra Heights (B)	QUANTITY	1 total
ASSET ID 1045 GROUP/FACILITY 0 CATEGORY 60 PLACED IN SERVICE 1/99 12 YEAR USEFUL LIFE +0 YEAR ADJUSTMENT REPLACEMENT YEAR 2013 0 YEAR REM LIFE	UNIT COST PERCENT REPL CURRENT COST FUTURE COST SALVAGE VALUE	600.000 100.00% 600.00 600.00 0.00
REMARKS:		
1 - 6' bench w/back (in gro	und) @ \$ 600.00	= \$ 600.00
	TOTAL	= \$ 600.00
The costs include an estimate for in	stallation.	
This is a provision for replacement grass. The posts are significantly r	of the park bench usted.	that sits in the
We have used a useful life of 12 yea	rs because this be	nch sits in grass.

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Playstructure - Sierra Heights	QUANTITY	1 total
ASSET ID 1005 GROUP/FACILITY 0 CATEGORY 60	UNIT COST PERCENT REPL CURRENT COST FUTURE COST	15,000.000 100.00% 15,000.00 17,910.78
PLACED IN SERVICE 1/99 20 YEAR USEFUL LIFE +0 YEAR ADJUSTMENT REPLACEMENT YEAR 2019 6 YEAR REM LIFE	SALVAGE VALUE	0.00

#### **REMARKS:**

This is a Playworld Systems playstructure. The cost includes a provision for sand replenishment on an "as needed" basis.

Shade Fabric - Sierra Heights	QUANTITY	1 total
ASSET ID 1015	PERCENT REPL	1,500.000
GROUP/FACILITY 0	CURRENT COST	1,500.00
CATEGORY 60	FUTURE COST	1,500.00
	SALVAGE VALUE	0.00
PLACED IN SERVICE 1/99		
10 YEAR USEFUL LIFE		
+0 YEAR ADJUSTMENT		
REPLACEMENT YEAR 2013		
0 YEAR REM LIFE		

#### **REMARKS:**

This is a provision for replacement of the shade structure fabric (16'x22') at the Sierra Heights & Hobart play area. The fabric has a large hole in it and should be replaced in 2013.

Spring Mates - Sierra Heights	QUANTITY	1 total
ASSET ID 1025 GROUP/FACILITY 0 CATEGORY 60	UNIT COST PERCENT REPL CURRENT COST FUTURE COST SALVAGE VALUE	2,200.000 100.00% 2,200.00 2,200.00
PLACED IN SERVICE 1/99 15 YEAR USEFUL LIFE -1 YEAR ADJUSTMENT REPLACEMENT YEAR 2013 0 YEAR REM LIFE	SHIVE VEDE	0.00

Spring Mates - Sierra Heights, Continued ...

**REMARKS:** 

2 - spring mates @ \$1,100.00 = \$2,200.00TOTAL = \$2,200.00

Both spring mates are missing and should be replaced in 2013.

Tot Turf - Sierra Heights	QUANTITY	90 sg. ft.
ASSET ID 1012 GROUP/FACILITY 0 CATEGORY 60	UNIT COST PERCENT REPL CURRENT COST FUTURE COST	16.000 100.00% 1,440.00 1,719.44
PLACED IN SERVICE 1/99 20 YEAR USEFUL LIFE +0 YEAR ADJUSTMENT REPLACEMENT YEAR 2019	SALVAGE VALUE	0.00

**REMARKS:** 

6 YEAR REM LIFE

The tot turf at this play area is in good condition overall and has a number of years of life remaining. We have budgeted to replace it at the same time we have scheduled replacement of the playstructure.

There is a small gap where the tot turf is supposed to meet up with the concrete sidewalk that needs to be filled in. This is considered an operating expense.

It should be noted that periodic maintenance of the Tot Turf surface, including top coating and repairs, can be performed to prolong the life of the surface.

Park Equipment - Tract A			QU.	ANTITY		1 total
ASSET ID 1023 GROUP/FACILITY 0 CATEGORY 61	, C SA	PERC CURR FUI	EN' EN' UR	r Cost F REPL F COST E COST VALUE		2,925.000 100.00% 2,925.00 3,492.60 0.00
PLACED IN SERVICE 1/99 20 YEAR USEFUL LIFE +0 YEAR ADJUSTMENT REPLACEMENT YEAR 2019 6 YEAR REM LIFE						
REMARKS:						
1 - 6' picnic table 2 - 6' benches w/backs 1 - trash receptacle w/dome 1 - BBQ grill	lid	000	\$	800.00 600.00 575.00 350.00		\$ 800.00 1,200.00 575.00 350.00
, ś				TOTAT	221	е 2 025 00
				TOTAL	-	φ Z,925.00

The costs include an estimate for installation.

Playstructure - Tract A	QUANTITY	1 total
ACCERTE ADDA	UNIT COST	15,000.000
ASSET ID 1006	PERCENT REPL	100.00%
GROUP/FACILITY 0	CURRENT COST	15,000.00
CATEGORY 61	FUTURE COST	17,910.78
	SALVAGE VALUE	0.00
PLACED IN SERVICE 1/99		
20 YEAR USEFUL LIFE		
+0 YEAR ADJUSTMENT		
REPLACEMENT YEAR 2019		
6 YEAR REM LIFE		

#### **REMARKS:**

This is a Playworld Systems playstructure. The cost includes a provision for sand replenishment on an "as needed" basis.

We are not budgeting to replace the steel frame, two seat, swing set at this site. This swing set has an indefinite life, and should last for the life of the community if properly maintained. Any repairs or rubber slat seat replacements should be handled on an "as needed" basis, and paid for out of the operating budget. We have listed this asset for purposes of inventory only.

Spring Mates - Tract A		QUA	VTITY	7 1 total
ASSET ID 1026 GROUP/FACILITY 0 CATEGORY 61		UNIT PERCENT CURRENT FUTURE	COST REPI COST COST	3,300.000 100.00% 3,300.00 3,300.00
PLACED IN SERVICE 1/99 15 YEAR USEFUL LIFE -1 YEAR ADJUSTMENT REPLACEMENT YEAR 2013 0 YEAR REM LIFE		DALIVAGE	TIOI	
REMARKS:				
3 - spring mates (	@ \$	1,100.00	= \$	3,300.00
		TOTAL	= \$	; 3,300.00
Two $(2)$ of the three $(3)$ spring r	mate	s are missi	na	We are hudgeting to

Two (2) of the three (3) spring mates are missing. We are budgeting to replace all three (3) in 2013.

Tot Turf - Tract A	QUANTITY	72 sq. ft.
ASSET ID 1028 GROUP/FACILITY 0 CATEGORY 61	UNIT COST PERCENT REPL CURRENT COST FUTURE COST	16.000 100.00% 1,152.00 1,375.55
PLACED IN SERVICE 1/99 20 YEAR USEFUL LIFE +0 YEAR ADJUSTMENT REPLACEMENT YEAR 2019 6 YEAR REM LIFE	SALVAGE VALUE	0.00

**REMARKS:** 

The tot turf at this play area is in good condition overall and has a number of years of life remaining. We have budgeted to replace it at the same time we have scheduled replacement of the playstructure.

There is a small gap where the tot turf is supposed to meet up with the concrete sidewalk that needs to be filled in. This is considered an operating expense.

It should be noted that periodic maintenance of the Tot Turf surface, including top coating and repairs, can be performed to prolong the life of the surface.

Park Equipment - Tract E (A)	QUANTITY	1 total
ASSET ID 1024 GROUP/FACILITY 0 CATEGORY 62	UNIT COST PERCENT REPL CURRENT COST FUTURE COST	1,775.000 100.00% 1,775.00 2,119.44
PLACED IN SERVICE 1/99 20 YEAR USEFUL LIFE +0 YEAR ADJUSTMENT REPLACEMENT YEAR 2019 6 YEAR REM LIFE	SALVAGE VALUE	0.00
REMARKS:		
2 – 6' benches w/backs (in gro 1 – trash receptacle w/dome li	ound) @ \$ 600.00 = .d @ 575.00 =	\$ 1,200.00 575.00
	TOTAL =	\$ 1,775.00
The costs include an estimate for in	stallation.	
Park Equipment - Tract E (B)	QUANTITY	1 total
ASSET ID 1046 GROUP/FACILITY 0 CATEGORY 62	PERCENT REPL CURRENT COST FUTURE COST SALVAGE VALUE	100.00% 600.00 1,052.10
PLACED IN SERVICE 1/12 20 YEAR USEFUL LIFE +0 YEAR ADJUSTMENT REPLACEMENT YEAR 2032 19 YEAR REM LIFE		0.00
REMARKS:		
1 - 6' bench w/back (in gro	ound) @ \$ 600.00 =	\$ 600.00
	TOTAL =	\$ 600.00
The costs include an estimate for in	stallation.	
The actual date this item was placed budgeting purposes, we have estimate condition.	l-in-service was not a d this date based upo	vailable. For n its present

Playstructure - Tract E	OUANTTTY	1 + 0 + 2]
ASSET ID 1021	UNIT COST PERCENT REPL	12,500.000 100.00%
GROUP/FACILITY 0 CATEGORY 62	CURRENT COST FUTURE COST SALVAGE VALUE	12,500.00 14,925.65 0.00
PLACED IN SERVICE 1/99 20 YEAR USEFUL LIFE +0 YEAR ADJUSTMENT REPLACEMENT YEAR 2019 6 YEAR REM LIFE		0.00

#### **REMARKS:**

This is a Playworld Systems playstructure. The cost includes a provision for sand replenishment on an "as needed" basis.

Spring Mates - Tract E	QUANTITY	1 total
ASSET ID 1027 GROUP/FACILITY 0 CATEGORY 62	PERCENT REPL CURRENT COST FUTURE COST SALVAGE VALUE	2,200.000 100.00% 2,200.00 2,200.00 0.00
PLACED IN SERVICE 1/99 15 YEAR USEFUL LIFE -1 YEAR ADJUSTMENT REPLACEMENT YEAR 2013 0 YEAR REM LIFE		
REMARKS:		
2 - spring mates @	\$ 1,100.00 = \$	2,200.00
	TOTAL = \$	2,200.00
Both spring mates are missing and s	should be replaced	1 in 2013.

3 12 22

0.203

TOU TURI - TRACE E	QUANTITY	115 sq. ft.
	UNIT COST	16.000
ASSET ID 1029	PERCENT REPL	100.00%
GROUP/FACILITY 0	CURRENT COST	1,840.00
CATEGORY 62	FUTURE COST	2,197.06
	SALVAGE VALUE	0.00
PLACED IN SERVICE 1/99		
20 YEAR USEFUL LIFE		
+0 YEAR ADJUSTMENT		
REPLACEMENT YEAR 2019		
6 YEAR REM LIFE		

**REMARKS:** 

mat mark mark m

The tot turf at this play area is in good condition overall and has a number of years of life remaining. We have budgeted to replace it at the same time we have scheduled replacement of the playstructure.

It should be noted that periodic maintenance of the Tot Turf surface, including top coating and repairs, can be performed to prolong the life of the surface.

Tot Lot Maintenance	QUANTITY	1 total
ASSET ID 1033 GROUP/FACILITY 0	UNIT COST PERCENT REPL CURRENT COST	500.000 100.00% 500.00
CATEGORY 63	FUTURE COST SALVAGE VALUE	500.00
PLACED IN SERVICE 1/12 1 YEAR USEFUL LIFE		

REPLACEMENT YEAR 2013 0 YEAR REM LIFE

+0 YEAR ADJUSTMENT

REMARKS:

The client has requested that we budget \$500 per year for tot lot maintenance. No change to the budgeting for tot lot maintenance was requested.

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Drainage Maintenance	OUANTTTY	1 total
ASSET ID 1035 GROUP/FACILITY 0 CATEGORY 95	UNIT COST PERCENT REPL CURRENT COST FUTURE COST	1,500.000 100.00% 1,500.00 1,500.00
PLACED IN SERVICE 1/11 2 YEAR USEFUL LIFE +0 YEAR ADJUSTMENT REPLACEMENT YEAR 2013 0 YEAR REM LIFE	SALVAGE VALUE	0.00

**REMARKS:** 

The client has requested that we budget \$1,500 for drainage maintenance every two (2) years.

No change in budgeting for this component was requested.

#### History:

Sculptured Earth Resources: \$12,000 spent in 10/2012 for erosion repairs Bigtree landscaping: \$11,488 spent in 2/2009 for erosion repairs

Granite Replenishment	QUANTITY	1 total
ASSET ID 1034 GROUP/FACILITY 0 CATEGORY 95	UNIT COST PERCENT REPL CURRENT COST FUTURE COST SALVACE VALUE	1,000.000 100.00% 1,000.00 1,000.00
PLACED IN SERVICE 1/12 1 YEAR USEFUL LIFE +0 YEAR ADJUSTMENT REPLACEMENT YEAR 2013 0 YEAR REM LIFE	SALIVAGE VALUE	0.00

#### **REMARKS**:

The client has requested that we budget \$1,000 per year for granite replenishment.

No change in budgeting for this component was requested.

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Plant Replacement	QUANTITY	1 total
ASSET ID 1031 GROUP/FACILITY 0 CATEGORY 95	UNIT COST PERCENT REPL CURRENT COST FUTURE COST SALVAGE VALUE	1,000.000 100.00% 1,000.00 1,000.00
PLACED IN SERVICE 1/12 1 YEAR USEFUL LIFE +0 YEAR ADJUSTMENT REPLACEMENT YEAR 2013 0 YEAR REM LIFE	DILLVION VILLON	0.00
REMARKS:		÷

The client has requested that we budget \$1,000 per year for plant replacement.

No change in budgeting for this component was requested.

Sprinkler Repair	QUANTITY	1 total
ASSET ID 1032 GROUP/FACILITY 0 CATEGORY 95	UNIT COST PERCENT REPL CURRENT COST FUTURE COST SALVAGE VALUE	500.000 100.00% 500.00 500.00
PLACED IN SERVICE 1/12 1 YEAR USEFUL LIFE +0 YEAR ADJUSTMENT REPLACEMENT YEAR 2013 0 YEAR REM LIFE		0.00

**REMARKS:** 

The client has requested that we budget \$500 per year for sprinkler repair. No change in budgeting for this component was requested.

Irrigation Controllers	QUANTITY	1 total
ASSET ID 1017 GROUP/FACILITY 0 CATEGORY 100	UNIT COST PERCENT REPL CURRENT COST FUTURE COST SALVAGE VALUE	750.000 100.00% 750.00 772.50
PLACED IN SERVICE 1/09 5 YEAR USEFUL LIFE		

+0 YEAR ADJUSTMENT REPLACEMENT YEAR 2014 1 YEAR REM LIFE

#### **REMARKS:**

The irrgation controllers are in varying conditions and vary in age. For simplicity, we have included a provision of \$750 every five (5) years for repair or replacement on an as needed basis.

Mailboxes - Pedestal Sets	QUANTITY	1 total
ASSET ID 1022 GROUP/FACILITY 0 CATEGORY 100	UNIT COST PERCENT REPL CURRENT COST FUTURE COST	23,600.000 100.00% 23,600.00 32,667.92
PLACED IN SERVICE 1/99 25 YEAR USEFUL LIFE +0 YEAR ADJUSTMENT REPLACEMENT YEAR 2024 11 YEAR REM LIFE	SALVAGE VALUE	0.00
REMARKS:		
8 - sets of 12 boxes w/1 parcel lo 7 - sets of 16 boxes w/2 parcel lo	ocker @ \$ 1,550.00 ockers @ 1,600.00	= \$ 12,400.00 = 11,200.00
	TOTAL	= \$ 23,600.00

Monument Signs (Unfunded)	QUANTITY	1 comment
	UNIT COST	0.000
ASSET ID 1018	PERCENT REPL	0.00%
GROUP/FACILITY 0	CURRENT COST	0.00
CATEGORY 100	FUTURE COST	0.00
	SALVAGE VALUE	0.00
PLACED IN SERVICE 0/ 0		

0 YEAR USEFUL LIFE +0 YEAR ADJUSTMENT REPLACEMENT YEAR 2013 0 YEAR REM LIFE

**REMARKS:** 

There are two monument signs at the Ellsworth Road entrance to the community that indicate "SIERRA HEIGHTS". We are not budgeting to replace these signs because the letters are etched and painted onto stone tiles that have an indefinite life, and should last for the life of the community if properly maintained. Any repairs and painting expenses should be handled on an "as needed" basis, and paid for out of the operating budget.

PERCENT REPL

CURRENT COST

SALVAGE VALUE

FUTURE COST

3 batteries

300.000

100.00%

900.00

983.45

0.00

SolarKing Lights (Batteries)	QUAN	<b>1TITY</b>
	UNIT	COST

ASSET ID 1048 GROUP/FACILITY 0 CATEGORY 100

PLACED IN SERVICE 7/12 4 YEAR USEFUL LIFE +0 YEAR ADJUSTMENT REPLACEMENT YEAR 2016 3 YEAR REM LIFE

**REMARKS**:

This component includes a provision to replace the batteries associated with the three (3), SolarKing lighting systems installed in the summer of 2012.

There is one system located at the Sierra Heights play area and two (2) at the Tract A play area.

Information Source: Sivert Fogerlie (SolarKing - 602.920.7890)

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SolarKing Lights (Light Fixtures)	QUANTITY	6 fixtures
ASSET ID 1049 GROUP/FACILITY 0 CATEGORY 100	UNIT COST PERCENT REPL CURRENT COST FUTURE COST	300.000 100.00% 1,800.00 2,804.34
PLACED IN SERVICE 7/12 16 YEAR USEFUL LIFE +0 YEAR ADJUSTMENT	SALVAGE VALUE	0.00

**REMARKS**:

REPLACEMENT YEAR 2028

15 YEAR REM LIFE

This component includes a provision to replace the six (6), 72-LED fixtures associated with the three (3), SolarKing lighting systems installed in the summer of 2012.

Information Source: Sivert Fogerlie (SolarKing - 602.920.7890)

Note: We have been advised that these isn't a need at this time to budget to replace the solar panels. After 25 - 30 years they may begin to become less efficient, but at a relatively slow rate.

Tree Trimming (Unfunded)	QUANTITY	1 comment	
ASSET ID 1047 GROUP/FACILITY 0	UNIT COST PERCENT REPL CURRENT COST	0.000 0.00% 0.00	
CATEGORY 100	FUTURE COST SALVAGE VALUE	0.00 0.00	
PLACED IN SERVICE 0/ 0 0 YEAR USEFUL LIFE +0 YEAR ADJUSTMENT			

**REMARKS:** 

REPLACEMENT YEAR 2013 0 YEAR REM LIFE

The client has advised us that tree trimming will be handled out of the operating budget. Should the client change their mind and wish to have tree trimming included we will need to be provided with the following information:

- \$ amount to be budgeted
- useful life to be used
- year in which next expenditure should occur

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ASSET	DESCRIPTION	PAGE
ASSET 1001 1019 1035 1039 1004 1036 1034 1017 1022 1018 1043 1044 1008 1038 1003 1011 1045 1023 1024 1046 1031 1005 1006 1021 1007 1015	<pre>DESCRIPTION ** Reserve Balance Calculation Concrete Components (Unfunded) Drainage Maintenance Fencing - Steel Rail (Unfunded) Fencing - Wrought Iron (50%) Fencing - Wrought Iron (NWC) Granite Replenishment Irrigation Controllers Mailboxes - Pedestal Sets Monument Signs (Unfunded) Paint - Common Walls (Interior) Paint - Common Walls (Perimeter) Paint - Ramada Support Structures Paint - Wrought Iron (100%) Paint - Wrought Iron (50%) Park Equipment - Sierra Heights (A) Park Equipment - Tract A Park Equipment - Tract E (A) Park Equipment - Tract E (B) Plant Replacement Playstructure - Tract A Playstructure - Tract E Roofs - Metal, Ramadas (Unfunded) Shade Fabric - Sierra Heights</pre>	PAGE 2-15 2-16 2-32 2-21 2-21 2-22 2-32 2-34 2-34 2-35 2-18 2-19 2-19 2-20 2-23 2-23 2-26 2-28 2-28 2-28 2-28 2-28 2-28 2-28 2-29 2-24 2-26 2-29 2-17 2-24
1048 1049	SolarKing Lights (Light Fixtures)	2-24 2-35 2-36
1025 1026 1027 1032	Spring Mates - Sierra Heights Spring Mates - Tract A Spring Mates - Tract E Sprinkler Repair	2-24 2-27 2-29
1033 1012 1028	Tot Lot Maintenance Tot Turf - Sierra Heights Tot Turf - Tract A	2-33 2-31 2-25 2-27
1029 1047	Tot Turf - Tract E Tree Trimming (Unfunded)	2-30 2-36

TOTAL ASSET LINES INCLUDED: 37