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August 24, 2015

Wayne Ranch HOA

Regarding: FY2016 - Level I Capital Replacement Reserve Study

We are pleased to submit this Level I Reserve Study for Wayne Ranch HOA. This report is a budgeting tool designed to help you navigate the uncertain future. It contains financial projections to help you understand your future reserve expenses. This report will help you answer the questions “Do we have enough in our Reserve account?” and “How much do we need to contribute to our reserve fund?”

If you have questions about the Reserve Study, please contact us at (480) 840-7130. We look forward to doing business with you in the future.

Thank you,

Casey Arnett

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Disclosure and Limitations

Because we have no control over future events, we cannot claim that all the events we anticipate will occur as planned. We expect that inflationary trends will continue, and we expect that financial institutions will provide interest earnings on funds on-deposit. We believe that reasonable estimates for these figures are much more accurate than ignoring these economic realities. The things we can control are measurements, which we attempt to establish within 5% accuracy. Your starting Reserve Balance and current Reserve interest earnings are also numbers that can be identified with a high degree of certainty. These figures have been provided to us, and were not confirmed by our independent research. Our projections assume a stable economic environment and lack of natural disasters. Because both the physical status and financial status of the association change each year, this Reserve Study is by nature a “one-year” document. This information can and should be adjusted annually as part of the Reserve Study Update process so that more accurate estimates can be reflected in the Reserve plan.

Reality often differs from even the best assumptions due to changing economic factors, physical factors, or ownership expectations. Because many years of financial preparation help the preparation for large expenses, this Report shows expenses for the next 30 years. We fully expect a number of adjustments will be necessary through the interim years to both the cost and timing of distant expense projections.

It is our recommendation and that of the American Institute of Certified Public Accountants (AICPA) that your Reserve Study be updated annually. We have relied upon the client to provide the current (or projected) Reserve Balance, the estimated net-after-tax current rate of interest earnings, and to indicate if those earnings accrue to the Reserve Fund. In addition, we have considered the association’s representation of current and historical Reserve projects reliable, and we have considered the representations made by its vendors and suppliers to also be accurate and reliable.

Component quantities indicated in this Report were developed by Capital Reserves unless otherwise noted in our “Site Inspection Notes” comments. No destructive or intrusive testing was performed, nor should the site inspection be assumed to be anything other than for budget purposes.

Report Guide

The Board of Directors or governing body of common interest entities has a fiduciary responsibility to maintain and preserve the value of common area assets belonging to the entity. As part of their fiduciary duty, board members are responsible for the long-term planning and funding of future major repairs and replacements of community assets such as; remodeling the clubhouse, retrofit of the fire alarm system and resurfacing of private streets.

The purpose of this study is to provide the Association with an inventory of reserve components that require periodic repair and replacement and a reserve funding plan to offset the associated costs of these projects. This report provides condition assessments and maintenance schedules of each reserve component to assist the association in making budget decisions regarding reserve funding.

This reserve study adheres to the Community Association Institute's (CAI) standards regarding service levels and disclosures. This report is in compliance with The American Institute of Certified Public Accountants (AICPA) guidelines for Common Interest Realty Associations. Recommendations and accompanying assumptions included herein are based on information provided to Capital Reserve Analysts and assembled for the Association's use.

The report has been divided into four easy-to-understand sections:

Report Summary

Provides an overview of the Association's current physical condition and financial situation, outlining significant findings and conclusions. This section of the report should be used as a quick reference in helping the reader to understand the parameters and results of the study.

Methodology

Details the framework, methods, and materials used in developing the reserve study and the associated funding plan. This section provides a comprehensive understanding of the methodology and the process taken to develop the report.

Financial Analysis

Examines report finding and results with projections for individual reserve components expenses and recommended funding.

Physical Analysis

Provides in-depth, detailed condition assessments for each reserve component along with maintenance recommendations and depreciation schedules based on estimated useful life, remaining useful life and current replacement costs.

Project Overview

| | | |
|---|---|---|
| Association Name: Wayne Ranch HOA | Project Description Single Family | Number of Units n/a |
| Location: San Tan Valley, Arizona | Type of Study Level I Reserve Study | Date Prepared August 24, 2015 |
| Year Constructed 2004-05 | Funding Strategy Recommended Full Funding | Next Study 2016 |



Project Summary

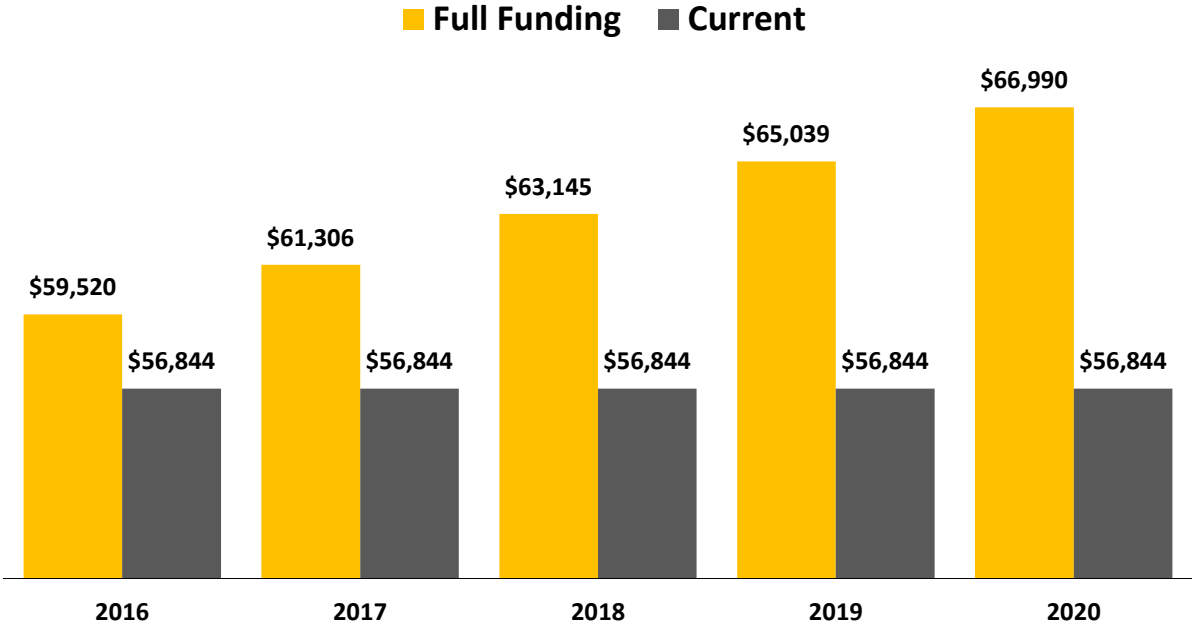
| | | |
|------------------------------------|-----------------------|---|
| Report Period (Fiscal Year) | 1/1/2016 – 12/31/2045 | |
| Inflation Rate | 3.00% | |
| Interest Rate | 0.20% | |
| Projected Starting Reserve Balance | *\$180,185 | Current projected Reserve balance on 1/1/2016 |
| Fully Funded Balance | \$295,620 | 100% Funded level |
| Percent Funded | 61% | |
| Special Assessment (Year 1) | N/A | |

*7/31/2015 Reserve Balance of \$156,499 + 5 months of \$4,737 contributions = \$180,185

Financial Overview

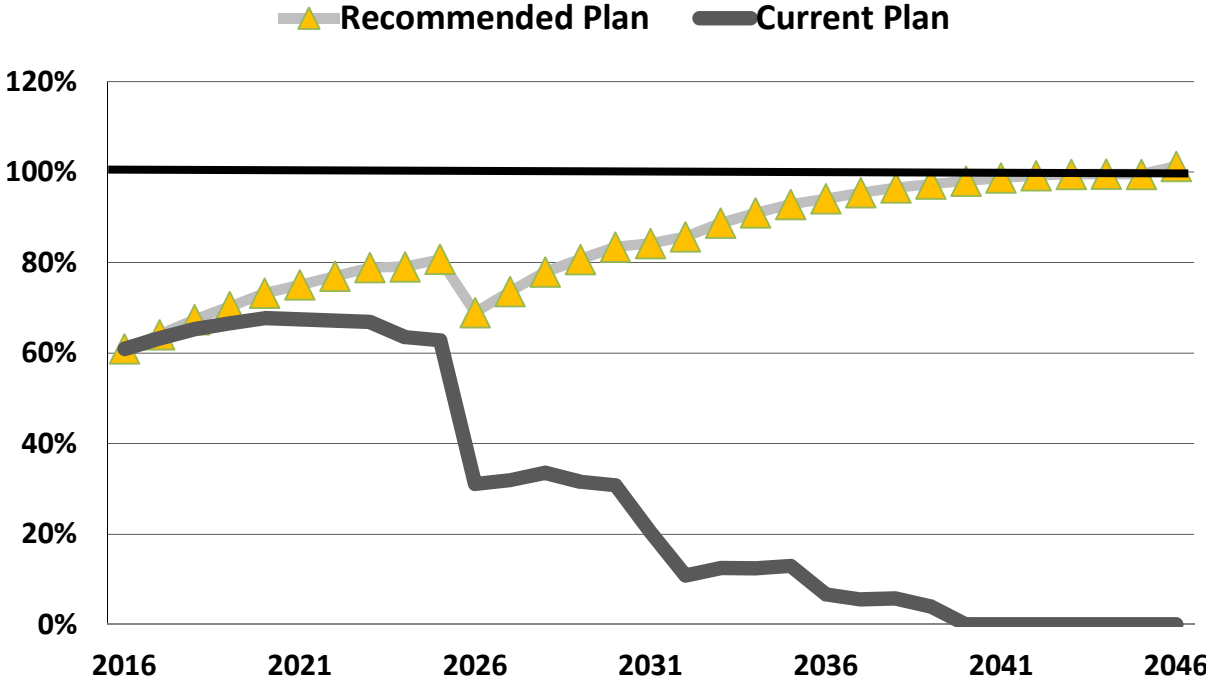
5-Year Summary of Reserve Funding

The graph below shows the comparison between the current level of annual reserve contributions as measured against our recommended level of “Full funding” annual reserve contributions.



Percent Funded

The graph below highlights the movement of the association’s reserve fund status (61%) in relation to the reserve contribution rate (Full vs. Current)



Immediately Necessary Repairs and Replacements

| Fiscal Year | 2016 | 2017 | 2018 | 2019 | 2020 |
|-----------------------------|-----------|-----------|-----------|-----------|-----------|
| Starting Reserve Balance | \$180,185 | \$200,680 | \$227,245 | \$254,246 | \$289,074 |
| Annual Reserve Contribution | \$59,520 | \$61,306 | \$63,145 | \$65,039 | \$66,990 |
| Special Assessment | \$0 | \$0 | \$0 | \$0 | \$0 |
| Interest Earnings | \$381 | \$428 | \$481 | \$543 | \$603 |
| Total Income | \$240,085 | \$262,414 | \$290,871 | \$319,829 | \$356,667 |
| Total Expenses | \$39,405 | \$35,169 | \$36,624 | \$30,755 | \$43,124 |
| Ending Reserve Balance: | \$200,680 | \$227,245 | \$254,246 | \$289,074 | \$313,543 |

| Reserve Asset | 2016 | 2017 | 2018 | 2019 | 2020 |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| COMMON AREA | | | | | |
| Landscape Rock - Replenish (1/8th) | \$28,145 | \$0 | \$0 | \$0 | \$0 |
| Landscape Rock - Replenish (1/8th) | \$0 | \$28,989 | \$0 | \$0 | \$0 |
| Landscape Rock - Replenish (1/8th) | \$0 | \$0 | \$29,859 | \$0 | \$0 |
| Landscape Rock - Replenish (1/8th) | \$0 | \$0 | \$0 | \$30,755 | \$0 |
| Landscape Rock - Replenish (1/8th) | \$0 | \$0 | \$0 | \$0 | \$31,677 |
| Drywells - Cleanout | \$0 | \$0 | \$3,713 | \$0 | \$0 |
| Irrigation Controllers - Replace | \$0 | \$6,180 | \$0 | \$0 | \$0 |
| Playground Equip. - Repair | \$5,500 | \$0 | \$0 | \$0 | \$0 |
| Park Furniture - Replace | \$0 | \$0 | \$0 | \$0 | \$11,446 |
| Tot Turf - Resurface | \$5,760 | \$0 | \$0 | \$0 | \$0 |
| Sand - Replenish | \$0 | \$0 | \$3,052 | \$0 | \$0 |
| Total Expenses | \$39,405 | \$35,169 | \$36,624 | \$30,755 | \$43,124 |

Immediately Necessary Repairs and Replacements

The table above identifies systems or components which are expected to have a remaining useful life of less than three (5) years, which are found to be in need of attention, which must be modified, repaired or replaced in order to maintain or preserve the useful life of the asset, or which are otherwise in a state of deferred maintenance.

Methodology

Reserve Study

A Reserve Study is a budgeting tool to help prepare and plan for future expenditures. It should be noted that the projections made in this study are just that, projections and do not predict with 100% surety the future. We do however, use well defined methodologies and extensive research is done in preparation of each Reserve Study. In this Report you will find the Reserve Component List. It contains our estimates for Useful Life, Remaining Useful Life, and the current repair or replacement cost for each major component the client is responsible to maintain or replace. Based on that list and your starting balance we calculated the Reserve Fund Strength, which is measured as “Percent Funded”, and created a recommended 30-year Reserve Funding Strategy to offset future Reserve expenditures.

Reserve Component Four-Part Test

There is a national-standard four-part test to determine which expenses should be funded through Reserves. First, it must be a common area maintenance responsibility. Second, the component must have a limited life. Third, the limited life must be predictable. Fourth, the component must be above a minimum threshold cost. This means that Reserve Components should be major, predictable expenses. It is incorrect to include “lifetime” components, unpredictable expenses (such as insurance related losses), and expenses more appropriately handled from the Operational Budget.

No items have been reserved for which have an estimated useful life of less than one year or a total cost less than \$1,000

Determining Expected Useful Life

- 1) Visual Inspection (observed wear and age)
- 2) Cost Database of experience and similar projects
- 3) Client Component History
- 4) Vendor Expertise and Recommendations

Cost Estimates

Financial projections and our current cost estimates are established in this order:

- 1) Client Cost History
- 2) Comparison to Cost database
- 3) Vendor Recommendations
- 4) Reliable National Industry cost estimating software

Reserve Funding Level

Do you have enough money in Reserves to fund future capital replacements? Reserve adequacy is measured by comparing where you need to be to where you are currently at with respect to Reserves:

- 1) Calculate your Fully Funded Balance (where you need to be).
- 2) Compare to the Reserve Fund Balance (where you currently are), and express as a percentage.

The Fully Funded Balance increases as assets deteriorate and age. The Fully Funded Balance shrinks when

projects are completed.

Recommended Funding Strategy

We utilize four funding principles in establishing our recommended Reserve Contributions:

1. Ensuring that the client has sufficient funds to perform current reserve projects on time.
2. Put in place a stable contribution rate over the 30-years.
3. Evenly distributed contributions over the years. (Prepare now with manageable monthly contributions rather than face unmanageable expenses in the future)
4. Assist board members and officials in doing their fiduciary duty to guide the entity's future.

Financial Analysis

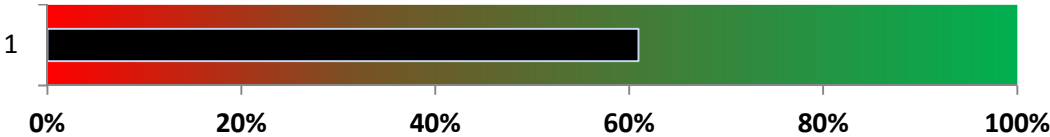
The Financial Analysis is made up of a finding of the client’s current *Reserve Fund Status* (measured in cash and Percent Funded) and a recommendation for an appropriate Reserve contribution rate (*Funding Plan*) in order to adequately plan for the ongoing major maintenance, repair and replacement of common area elements.

| | |
|--|-----------|
| 1. Projected Starting Reserve Balance | \$180,185 |
| 2. Fully Funded Balance | \$295,620 |
| 3. Percent Funded | 61% |
| 4. Recommended Monthly Reserve Contributions | \$4,960 |
| 5. Report Start Date | 1/1/2016 |

- 1. Your projected starting reserve balance is the dollar amount projected to be in the reserve account at the beginning of the report period. This amount is calculated based on client figures and is not audited.
- 2. Fully funded balance is the amount needed to cover future reserve expenses and reduce special assessment risk.
- 3. Percent funded compares what you currently have in the reserve account to the “Ideal” Reserve balance.
- 4. Recommended reserve contributions are the amount we recommend contributing to the reserve fund on a monthly basis in order to **increase** your Reserve Fund to the 100% funded level. It should be noted, we are recommending contributions of **\$4,960/month** with annual increases of 3% for 25 years followed by annual increases of 2.5% for the remaining 5 years.
- 5. Report start date is the date the funding model begins to calculate

Reserve Fund Strength

Reserve fund strength is measured as a percentage. Typically associations with a percent funded level of 70% and above have a low risk for special assessments conversely, associations with a percent funded level of 30% and below have a high risk of special assessments and deferred maintenance. The chart below illustrates the reserve fund percentage at **Wayne Ranch HOA** which is currently **61%** this represents a **Fair** position.



Recommended Funding Goal

Full Funding: maintains the Reserve Fund at a level equal to the physical deterioration that has occurred is called “Full Funding” (100% Funded). As each asset ages and becomes “used up”, the Reserve Fund grows proportionally. We have utilized the Full Funding approach for Wayne Ranch HOA Replacement Reserve Study. Entities in the 100% range rarely experience deferred maintenance or the need to raise emergency capital.

Baseline Funding: allows the Reserves to fall close to zero, but not below zero. In these instances, deterioration occurs without matching Reserve contributions. With a low Percent Funded, emergency funding and deferred maintenance are common.

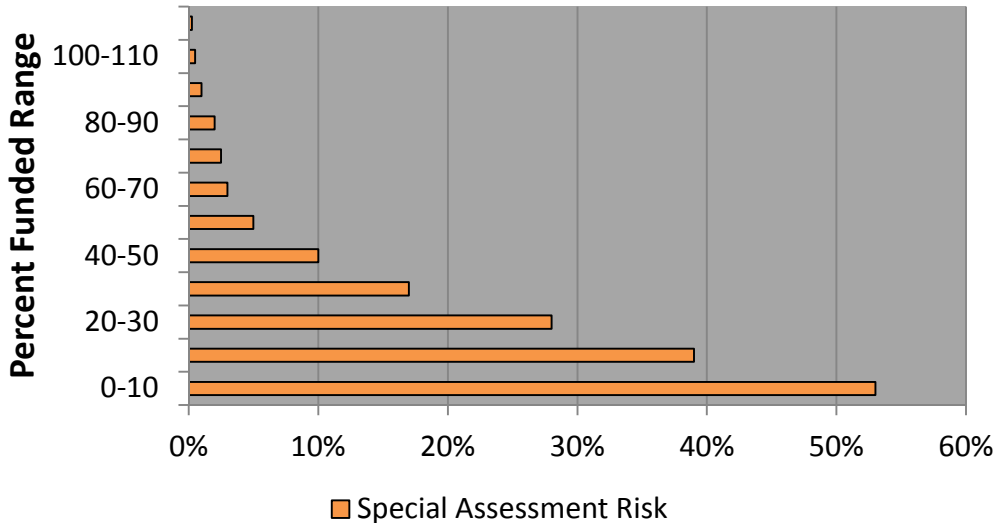
Threshold Funding: is the title of all other objectives randomly selected between Baseline Funding and Full Funding.

Recommended Reserve Contribution

Wayne Ranch HOA is a single family homeowners association located in San Tan Valley, Arizona. Construction began during 2005. Current reserve contributions are **\$4,737/month**. The association’s major Reserve obligations include: (4) Tot Lots, (2) Basketball Courts, (1) RV Storage area, Perimeter Walls and landscaped common areas. In order to prepare for major capital expenditures associated with these assets, we **recommend decreasing** monthly reserve contributions to **\$4,960/month during 2015 with 3% annual increases for 25 years followed by 2.5% annual increases thereafter.**

For comparison purposes, the following chart shows the special assessment risk associated with your percent funded level. Wayne Ranch HOA Reserve Fund is 61% funded which translates to a 3% chance of special assessment. In order to maintain a strong position, we recommend decreasing monthly transfers to the reserve fund, however annual increases of 3% are still required to keep up with inflation.

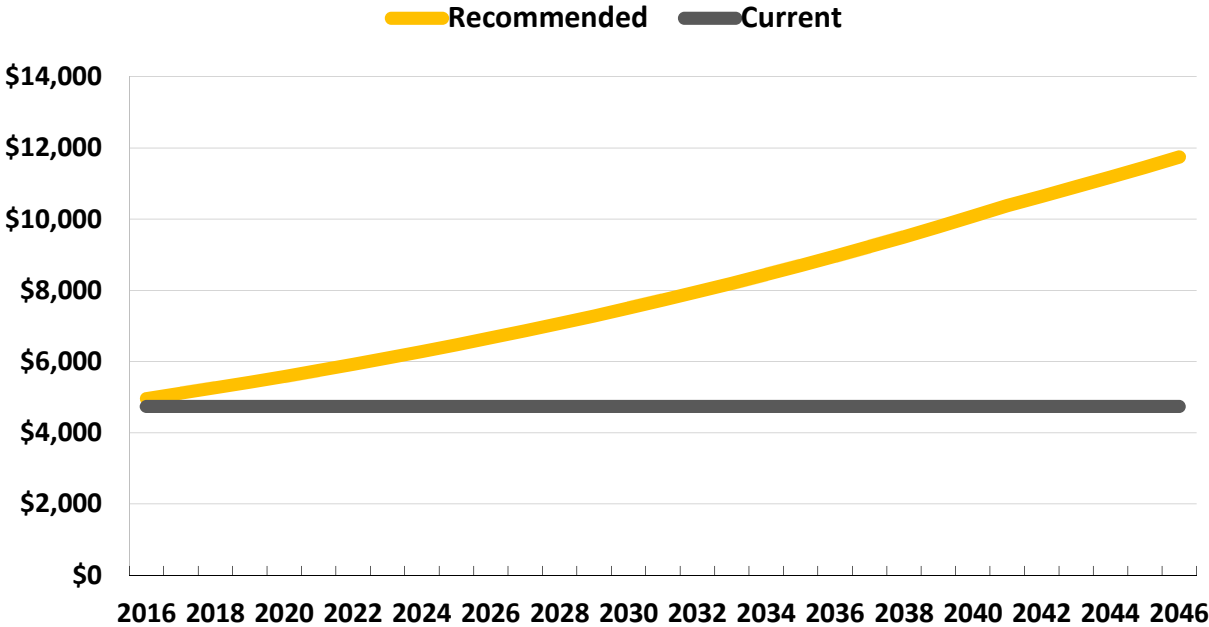
Special Assessment Risk



Reserve Fund Account

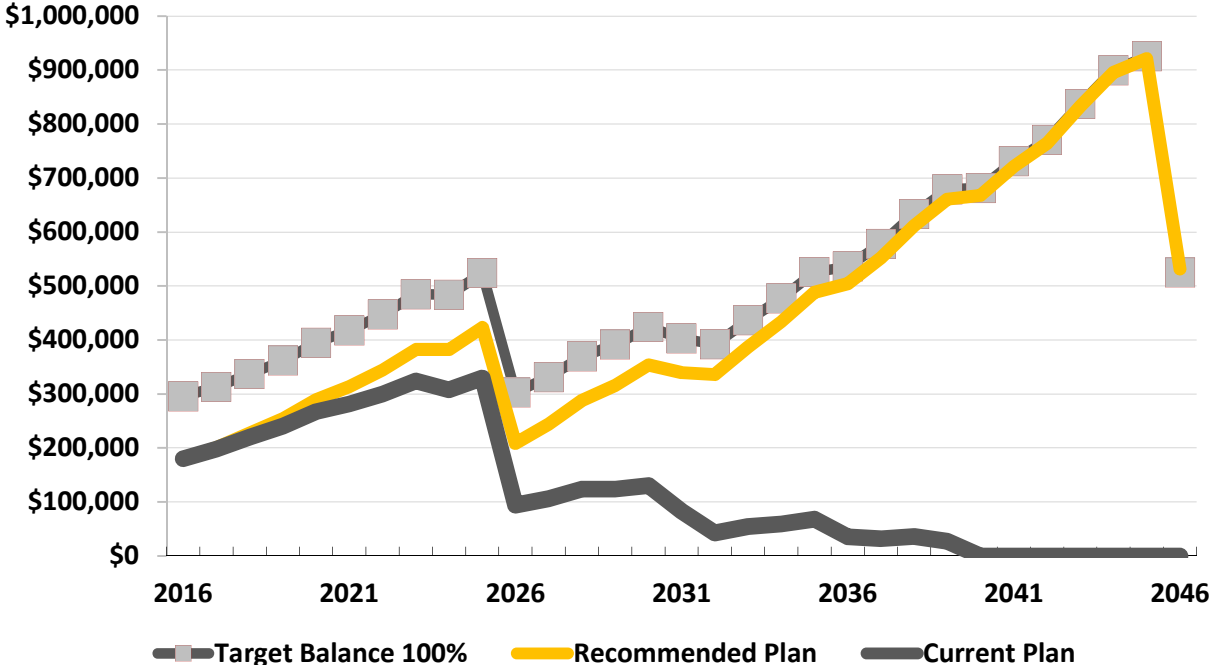
Projected Reserve Contributions

Reserve contributions should be set at a stable level in order to match annual deterioration and keep up with inflation; this level generally falls around 3-5% annual increases.



Projected Reserve Account Balance

The chart below illustrates our goal of gradually bringing the reserve fund balance to the 100%.



Reserve Component List

| Reserve Asset Title | Quantity | Unit of Measure | EL | RUL | Current Cost |
|------------------------------------|----------|-----------------|----|-----|--------------|
| COMMON AREA | | | | | |
| Concrete - Repairs | Numerous | Sq. Ft. | 20 | 9 | \$3,000 |
| Block Walls - Repair | 94,700 | Sq. Ft. | 25 | 14 | \$10,417 |
| Block Walls - Repaint | 94,700 | Sq. Ft. | 8 | 7 | \$28,410 |
| Landscape Rock - Replenish (1/8th) | 512 | Tons | 8 | 0 | \$28,145 |
| Landscape Rock - Replenish (1/8th) | 512 | Tons | 8 | 1 | \$28,145 |
| Landscape Rock - Replenish (1/8th) | 512 | Tons | 8 | 2 | \$28,145 |
| Landscape Rock - Replenish (1/8th) | 512 | Tons | 8 | 3 | \$28,145 |
| Landscape Rock - Replenish (1/8th) | 512 | Tons | 8 | 4 | \$28,145 |
| Landscape Rock - Replenish (1/8th) | 512 | Tons | 8 | 5 | \$28,145 |
| Landscape Rock - Replenish (1/8th) | 512 | Tons | 8 | 6 | \$28,145 |
| Landscape Rock - Replenish (1/8th) | 512 | Tons | 8 | 7 | \$28,145 |
| Mailboxes - Replace | 27 | CBUs | 20 | 9 | \$38,575 |
| Backflow Valves - Replace | 7 | Units | 20 | 9 | \$5,600 |
| Monuments - Refurbish | 1 | Unit | 20 | 9 | \$2,500 |
| Drywells - Cleanout | 7 | Wells | 5 | 2 | \$3,500 |
| Drywells - Partial Replace | 1 | Well | 25 | 14 | \$15,000 |
| Irrigation Controllers - Replace | 6 | Units | 12 | 1 | \$6,000 |
| Irrigation System - Refurbish | 1 | System | 20 | 9 | \$40,000 |
| RV Storage Gates - Replace | 2 | Gates | 20 | 9 | \$6,000 |
| RV Storage Lights - Replace | 2 | Lights | 30 | 19 | \$4,000 |
| Play Structures - Replace | 5 | Structure | 20 | 9 | \$97,000 |
| Playground Equip. - Repair | 1 | Allowance | 5 | 0 | \$5,500 |
| Swing Set - Replace | 6-Swing | Unit | 20 | 9 | \$2,500 |
| Park Furniture - Replace | 26 | Pieces | 15 | 4 | \$10,170 |
| Metal Roofs - Replace | 1,830 | Sq. Ft. | 40 | 28 | \$20,130 |
| Tot Turf - Resurface | 480 | Sq. Ft. | 12 | 0 | \$5,760 |
| Sand - Replenish | 9,590 | Sq. Ft. | 10 | 2 | \$2,877 |
| Basketball Standards - Replace | 2 | Units | 30 | 19 | \$4,000 |
| Basketball Hoops - Replace | 2 | Units | 20 | 9 | \$1,000 |
| Backstop - Replace | 1 | Unit | 30 | 19 | \$4,650 |
| Pole Lights - Replace | 8 | Lights | 25 | 14 | \$16,000 |

**Line items with 0 have a remaining life of zero and are scheduled for replacement (2016) **

**EL = Expected Useful Life

**RUL = Remaining Useful Life

Projected Reserve Expenses (2016-2030)

| Reserve Asset | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|-----------------|-----------------|-----------------|------------------|
| COMMON AREA | | | | | | | | | | | | | | | |
| Concrete - Repairs | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$3,914 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Block Walls - Repair | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$15,757 |
| Block Walls - Repaint | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$34,941 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Landscp Rock - Replenish (1/8th) | \$28,145 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$35,653 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Landscp Rock - Replenish (1/8th) | \$0 | \$28,989 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$36,723 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Landscp Rock - Replenish (1/8th) | \$0 | \$0 | \$29,859 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$37,825 | \$0 | \$0 | \$0 | \$0 |
| Landscp Rock - Replenish (1/8th) | \$0 | \$0 | \$0 | \$30,755 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$38,959 | \$0 | \$0 | \$0 |
| Landscp Rock - Replenish (1/8th) | \$0 | \$0 | \$0 | \$0 | \$31,677 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$40,128 | \$0 | \$0 |
| Landscp Rock - Replenish (1/8th) | \$0 | \$0 | \$0 | \$0 | \$0 | \$32,628 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$41,332 | \$0 |
| Landscp Rock - Replenish (1/8th) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$33,607 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$42,572 |
| Landscp Rock - Replenish (1/8th) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$34,615 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Mailboxes - Replace | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$50,332 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Backflow Valves - Replace | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$7,307 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Monuments - Refurbish | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$3,262 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Drywells - Cleanout | \$0 | \$0 | \$3,713 | \$0 | \$0 | \$0 | \$0 | \$4,305 | \$0 | \$0 | \$0 | \$0 | \$4,990 | \$0 | \$0 |
| Drywells - Partial Replace | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$22,689 |
| Irrigation Controllers - Replace | \$0 | \$6,180 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$8,811 | \$0 |
| Irrigation System - Refurbish | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$52,191 | \$0 | \$0 | \$0 | \$0 | \$0 |
| RV Storage Gates - Replace | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$7,829 | \$0 | \$0 | \$0 | \$0 | \$0 |
| RV Storage Lights - Replace | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Play Structures - Replace | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$126,563 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Playground Equip. - Repair | \$5,500 | \$0 | \$0 | \$0 | \$0 | \$6,376 | \$0 | \$0 | \$0 | \$0 | \$7,392 | \$0 | \$0 | \$0 | \$0 |
| Swing Set - Replace | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$3,262 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Park Furniture - Replace | \$0 | \$0 | \$0 | \$0 | \$11,446 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Metal Roofs - Replace | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Tot Turf - Resurface | \$5,760 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$8,212 | \$0 | \$0 |
| Sand - Replenish | \$0 | \$0 | \$3,052 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$4,102 | \$0 | \$0 |
| Basketball Standards - Replace | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Basketball Hoops - Replace | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$1,305 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Backstop - Replace | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Pole Lights - Replace | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$24,201 |
| Total Expenses | \$39,405 | \$35,169 | \$36,624 | \$30,755 | \$43,124 | \$39,004 | \$33,607 | \$73,860 | \$35,653 | \$292,687 | \$45,216 | \$38,959 | \$57,432 | \$50,143 | \$105,219 |

Projected Reserve Expenses (2030-2045)

| Reserve Asset | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 | 2041 | 2042 | 2043 | 2044 | 2045 |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|
| COMMON AREA | | | | | | | | | | | | | | | |
| Concrete - Repairs | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$7,070 |
| Block Walls - Repair | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Block Walls - Repaint | \$44,262 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$56,070 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Landscap Rock - Replenish (1/8th) | \$0 | \$45,164 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$57,213 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Landscap Rock - Replenish (1/8th) | \$0 | \$0 | \$46,519 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$58,929 | \$0 | \$0 | \$0 | \$0 |
| Landscap Rock - Replenish (1/8th) | \$0 | \$0 | \$0 | \$47,915 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$60,697 | \$0 | \$0 | \$0 |
| Landscap Rock - Replenish (1/8th) | \$0 | \$0 | \$0 | \$0 | \$49,352 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$62,518 | \$0 | \$0 |
| Landscap Rock - Replenish (1/8th) | \$0 | \$0 | \$0 | \$0 | \$0 | \$50,833 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$64,394 | \$0 |
| Landscap Rock - Replenish (1/8th) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$52,358 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$66,326 |
| Landscap Rock - Replenish (1/8th) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$53,929 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Landscap Rock - Replenish (1/8th) | \$43,849 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$55,547 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Mailboxes - Replace | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$90,905 |
| Backflow Valves - Replace | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$13,197 |
| Monuments - Refurbish | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$5,891 |
| Drywells - Cleanout | \$0 | \$0 | \$5,785 | \$0 | \$0 | \$0 | \$0 | \$6,706 | \$0 | \$0 | \$0 | \$0 | \$7,775 | \$0 | \$0 |
| Drywells - Partial Replace | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Irrigation Controllers - Replace | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$12,563 | \$0 | \$0 | \$0 | \$0 |
| Irrigation System - Refurbish | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$94,263 |
| RV Storage Gates - Replace | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$14,139 |
| RV Storage Lights - Replace | \$0 | \$0 | \$0 | \$0 | \$7,014 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Play Structures - Replace | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$228,587 |
| Playground Equip. - Repair | \$8,569 | \$0 | \$0 | \$0 | \$0 | \$9,934 | \$0 | \$0 | \$0 | \$0 | \$11,516 | \$0 | \$0 | \$0 | \$0 |
| Swing Set - Replace | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$5,891 |
| Park Furniture - Replace | \$0 | \$0 | \$0 | \$0 | \$17,833 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Metal Roofs - Replace | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$46,056 | \$0 |
| Tot Turf - Resurface | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$11,709 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Sand - Replenish | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$5,513 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Basketball Standards - Replace | \$0 | \$0 | \$0 | \$0 | \$7,014 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Basketball Hoops - Replace | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$2,357 |
| Backstop - Replace | \$0 | \$0 | \$0 | \$0 | \$8,154 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Pole Lights - Replace | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total Expenses | \$96,680 | \$45,164 | \$52,304 | \$47,915 | \$89,367 | \$60,767 | \$52,358 | \$66,148 | \$111,616 | \$68,922 | \$83,008 | \$60,697 | \$70,293 | \$110,450 | \$528,625 |

Thirty Year Summary

| Year | Beginning Balance | Fully | | Rating | Reserve Contribution | Interest Earned | Reserve Expenses | Ending Balance |
|------|-------------------|----------------|----------------|--------|----------------------|-----------------|------------------|----------------|
| | | Funded Balance | Percent Funded | | | | | |
| 2016 | \$180,185 | \$295,620 | 61.0% | Fair | \$59,520 | \$381 | \$39,405 | \$200,680 |
| 2017 | \$200,680 | \$313,169 | 64.1% | Fair | \$61,306 | \$428 | \$35,169 | \$227,245 |
| 2018 | \$227,245 | \$337,085 | 67.4% | Fair | \$63,145 | \$481 | \$36,624 | \$254,246 |
| 2019 | \$254,246 | \$361,742 | 70.3% | Strong | \$65,039 | \$543 | \$30,755 | \$289,074 |
| 2020 | \$289,074 | \$394,753 | 73.2% | Strong | \$66,990 | \$603 | \$43,124 | \$313,543 |
| 2021 | \$313,543 | \$417,628 | 75.1% | Strong | \$69,000 | \$658 | \$39,004 | \$344,197 |
| 2022 | \$344,197 | \$447,098 | 77.0% | Strong | \$71,070 | \$727 | \$33,607 | \$382,387 |
| 2023 | \$382,387 | \$484,723 | 78.9% | Strong | \$73,202 | \$765 | \$73,860 | \$382,494 |
| 2024 | \$382,494 | \$483,782 | 79.1% | Strong | \$75,398 | \$805 | \$35,653 | \$423,044 |
| 2025 | \$423,044 | \$523,983 | 80.7% | Strong | \$77,660 | \$632 | \$292,687 | \$208,649 |
| 2026 | \$208,649 | \$302,517 | 69.0% | Fair | \$79,990 | \$452 | \$45,216 | \$243,875 |
| 2027 | \$243,875 | \$331,231 | 73.6% | Strong | \$82,390 | \$532 | \$38,959 | \$287,838 |
| 2028 | \$287,838 | \$369,238 | 78.0% | Strong | \$84,861 | \$604 | \$57,432 | \$315,870 |
| 2029 | \$315,870 | \$391,403 | 80.7% | Strong | \$87,407 | \$670 | \$50,143 | \$353,804 |
| 2030 | \$353,804 | \$423,848 | 83.5% | Strong | \$90,029 | \$693 | \$105,219 | \$339,307 |
| 2031 | \$339,307 | \$402,709 | 84.3% | Strong | \$92,730 | \$675 | \$96,680 | \$336,033 |
| 2032 | \$336,033 | \$391,967 | 85.7% | Strong | \$95,512 | \$723 | \$45,164 | \$387,104 |
| 2033 | \$387,104 | \$436,267 | 88.7% | Strong | \$98,377 | \$821 | \$52,304 | \$433,998 |
| 2034 | \$433,998 | \$476,912 | 91.0% | Strong | \$101,329 | \$922 | \$47,915 | \$488,334 |
| 2035 | \$488,334 | \$525,741 | 92.9% | Strong | \$104,369 | \$993 | \$89,367 | \$504,328 |
| 2036 | \$504,328 | \$535,856 | 94.1% | Strong | \$107,500 | \$1,056 | \$60,767 | \$552,118 |
| 2037 | \$552,118 | \$578,324 | 95.5% | Strong | \$110,725 | \$1,164 | \$52,358 | \$611,648 |
| 2038 | \$611,648 | \$633,397 | 96.6% | Strong | \$114,046 | \$1,272 | \$66,148 | \$660,819 |
| 2039 | \$660,819 | \$678,667 | 97.4% | Strong | \$117,468 | \$1,329 | \$111,616 | \$668,000 |
| 2040 | \$668,000 | \$681,296 | 98.0% | Strong | \$120,992 | \$1,389 | \$68,922 | \$721,459 |
| 2041 | \$721,459 | \$730,896 | 98.7% | Strong | \$124,622 | \$1,486 | \$83,008 | \$764,559 |
| 2042 | \$764,559 | \$770,479 | 99.2% | Strong | \$127,737 | \$1,598 | \$60,697 | \$833,196 |
| 2043 | \$833,196 | \$837,325 | 99.5% | Strong | \$130,931 | \$1,729 | \$70,293 | \$895,563 |
| 2044 | \$895,563 | \$899,480 | 99.6% | Strong | \$134,204 | \$1,817 | \$110,450 | \$921,134 |
| 2045 | \$921,134 | \$925,421 | 99.5% | Strong | \$137,559 | \$1,453 | \$528,625 | \$531,520 |

Supplemental Disclosures

General:

CRA has no other involvement(s) with Wayne Ranch HOA which could result in actual or perceived conflicts of interest.

Physical Analysis:

Capital Reserve Analysts did conduct a physical inspection.

Completeness:

CRA has found no material issues which, if not disclosed, would cause a distortion of the Association's situation.

Reliance on Client Data:

Information provided by the official representative of the client regarding financial, physical, quantity, or historical issues will be deemed reliable by CRA.

Scope:

This Reserve Study is a reflection of information provided to CRA and assembled for the client's use, not for the purpose of performing an audit, quality/forensic analysis, health and safety inspection, or background checks of historical records.

Reserve Balance:

The actual beginning reserve fund balance in this Reserve Study is based upon information provided and was not audited.

Reserve Projects:

Information provided about reserve projects will be considered reliable. Any on-site inspection should not be considered a project audit, quality inspection, or health and safety review.

Definitions

CASH FLOW METHOD: A method of developing a Reserve Funding Plan where contributions to the Reserve fund are designed to offset the variable annual expenditures from the Reserve fund. Different Reserve Funding Plans are tested against the anticipated schedule of Reserve expenses until the desired Funding Goal is achieved.

COMPONENT: The individual line items in the Reserve Study developed or updated in the Physical Analysis. These elements form the building blocks for the Reserve Study. Components typically are: 1) Association responsibility, 2) with limited Useful Life expectancies, 3) predictable Remaining Useful Life expectancies, 4) above a minimum threshold cost, and 5) as required by local codes.

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) of the association or cooperative.

COMPONENT METHOD: A method of developing a Reserve Funding Plan where the total contribution is based on the sum of contributions for individual components. See “Cash Flow Method.”

CONDITION ASSESSMENT: The task of evaluating the current condition of the component based on observed or reported characteristics.

CURRENT REPLACEMENT COST: See “Replacement Cost.”

DEFICIT: An actual (or projected) Reserve Balance less than the Fully Funded Balance. The opposite would be a Surplus.

EFFECTIVE AGE: The difference between Useful Life and Remaining Useful Life. Not always equivalent to chronological age, since some components age irregularly. Used primarily in computations.

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

FULLY FUNDED: 100% Funded. When the actual (or projected) Reserve balance is equal to the Fully Funded Balance.

FULLY FUNDED BALANCE (FFB): Total Accrued Depreciation. An indicator against which Actual (or projected) Reserve balance can be compared. The Reserve balance that is in direct proportion to the fraction of life “used up” of the current Repair or Replacement cost. This number is calculated for each component, then summed together for an association total. Two formulae can be utilized, depending

on the provider’s sensitivity to interest and inflation effects. Note: Both yield identical results when interest and inflation are equivalent.

$$\text{FFB} = \text{Current Cost X Effective Age / Useful Life}$$

Or

$$\text{FFB} = (\text{Current Cost X Effective Age / Useful Life}) + [(\text{Current Cost X Effective Age / Useful Life}) / (1 + \text{Interest Rate}) ^ \text{Remaining Life}] - [(\text{Current Cost X Effective Age / Useful Life}) / (1 + \text{Inflation Rate}) ^ \text{Remaining Life}]$$

FUND STATUS: The status of the reserve fund as compared to an established benchmark such as percent funding.

FUNDING GOALS: Independent of methodology utilized, the following represent the basic categories of Funding Plan goals:

Baseline Funding: Establishing a Reserve funding goal of keeping the Reserve cash balance above zero.

Full Funding: Setting a Reserve funding goal of attaining and maintaining Reserves at or near 100% funded.

Statutory Funding: Establishing a Reserve funding goal of setting aside the specific minimum amount of Reserves required by local statutes.

Threshold Funding: Establishing a Reserve funding goal of keeping the Reserve balance above a specified dollar or Percent Funded amount. Depending on the threshold, this may be more or less conservative than “Fully Funding.”

FUNDING PLAN: An association’s plan to provide income to a Reserve fund to offset anticipated expenditures from that fund.

Funding Principles:

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

LIFE AND VALUATION ESTIMATES: The task of estimating Useful Life, Remaining Useful Life, and Repair or Replacement Costs for the Reserve components.

PERCENT FUNDED: The ratio, at a particular point of time (typically the beginning of the Fiscal Year), of the *actual (or projected)* Reserve Balance to the *Fully Funded Balance*, expressed as a percentage.

PHYSICAL ANALYSIS: The portion of the Reserve Study where the Component Inventory, Condition Assessment, and Life and Valuation Estimate tasks are performed. This represents one of the two parts

of the Reserve Study.

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

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

RESERVE BALANCE: Actual or projected funds as of a particular point in time that the association has identified for use to defray the future repair or replacement of those major components which the association is obligated to maintain. Also known as Reserves, Reserve Accounts, Cash Reserves. Based upon information provided and not audited.

RESERVE PROVIDER: An individual that prepares Reserve Studies.

RESERVE STUDY: A budget planning tool which identifies the current status of the Reserve fund and a stable and equitable Funding Plan to offset the anticipated future major common area expenditures.

The

Reserve Study consists of two parts: the Physical Analysis and the Financial Analysis. “Our budget and finance committee is soliciting proposals to update our Reserve Study for next year’s budget.”

Wayne Ranch Reserve Component Inventory
Analysis Date – August 20, 2015

Reserve Asset Photographic Inventory

Wayne Ranch Reserve Component Inventory

Analysis Date – August 20, 2015

Item Parameters - Full Detail

Concrete - Repairs

| | | | |
|--------------------|---------------------|------------------------------|---------|
| Item Number | 1 | Measurement Basis | Sq. Ft. |
| Type | Sidewalks + Curbing | Estimated Useful Life | 20:00 |
| Category | Common Area | Basis Cost | \$3,000 |
| Tracking | Logistical | | |
| Method | Fixed | | |

| Code Description | Service Date | Replace Date | Rem Life | Est. Life | Quantity | Replacement Cost | |
|------------------|--------------|--------------|----------|-----------|----------|------------------|---------|
| | | | | | | Current | Future |
| 910-000-0002 | 2005 | 2025 | 9:00 | 20:00 | Numerous | \$3,000 | \$3,914 |

Comments



Age – Construction on this community began during late 2004 early 2005. We are using 2005 as the average installation date of concrete surfaces.

Condition - During our onsite visit, we noted good to fair conditions of the basketball courts, sidewalks and concrete curbing.

Recommendation – Concrete typically has a useful life up to 50 years. This component provides funding for periodic repairs due to lifting, settling or water damage.

Wayne Ranch Reserve Component Inventory

Analysis Date – August 20, 2015

Item Parameters - Full Detail

Block Walls - Repair

| | | | |
|--------------------|-------------|------------------------------|----------|
| Item Number | 2 | Measurement Basis | Sq. Ft. |
| Type | Block walls | Estimated Useful Life | 25:00 |
| Category | Common Area | Basis Cost | \$10,417 |
| Tracking | Logistical | | |
| Method | Fixed | | |

| Code Description | Service Date | Replace Date | Rem Life | Est. Life | Quantity | Replacement Cost | |
|------------------|--------------|--------------|----------|-----------|------------|------------------|----------|
| | | | | | | Current | Future |
| 910-000-0002 | 2005 | 2030 | 14:00 | 25:00 | 94,700 GSF | \$10,417 | \$15,757 |

Comments



Age – Construction on this community began during late 2004 early 2005. Block walls installed during 2005.

Condition - During our onsite visit, we noted good to fair conditions. No signs of cracking or deterioration.

Recommendation – Block walls typically have a long life span under normal circumstances. We recommend planning for periodic repairs due to settling or un-insured damages.

Wayne Ranch Reserve Component Inventory

Analysis Date – August 20, 2015

Item Parameters - Full Detail

Block Walls - Repaint

| | | | |
|--------------------|-------------|------------------------------|----------|
| Item Number | 3 | Measurement Basis | Sq. Ft |
| Type | Block walls | Estimated Useful Life | 8:00 |
| Category | Common Area | Basis Cost | \$28,410 |
| Tracking | Logistical | | |
| Method | Fixed | | |

| Code Description | Service Date | Replace Date | Rem Life | Est. Life | Quantity | Replacement Cost | |
|------------------|--------------|--------------|----------|-----------|------------|------------------|----------|
| | | | | | | Current | Future |
| 910-000-0004 | 2015 | 2023 | 7:00 | 8:00 | 94,700 GSF | \$28,410 | \$34,941 |

Comments



Age – The perimeter block walls were repainted during 2015 by Marcel Painting for approximately \$26,656.

Condition - During our onsite visit, we noted good conditions. No signs of peeling, cracking or chipping noted.

Recommendation – Painted block walls last up to 8 years in Arizona. Inspect regularly and touch up out of the operating budget.

Wayne Ranch Reserve Component Inventory

Analysis Date – August 20, 2015

Item Parameters - Full Detail

Landscape Rock - Replenish

| | | | |
|--------------------|-------------------|------------------------------|-------------|
| Item Number | 4 | Measurement Basis | Tons |
| Type | Landscape granite | Estimated Useful Life | 8:00 |
| Category | Common Area | Basis Cost | \$55.00/Ton |
| Tracking | Logistical | | |
| Method | Fixed | | |

| Code Description | Service Date | Replace Date | Rem Life | Est. Life | Quantity | Replacement Cost | |
|------------------|--------------|--------------|-----------|-----------|------------|------------------|-----------|
| | | | | | | Current | Future |
| 910-000-0004 | n/a | 2017-23 | see table | 8:00 | 4,094 Tons | see table | see table |

Comments



Landscape granite covers areas in the common area tracts. Conditions vary; some areas were noted to be sparse and thin. Recommend budgeting to replenish the landscape granite according to the table below.

| <u>Description</u> | <u>QTY</u> | <u>Unit</u> | <u>UL</u> | <u>RUL</u> | <u>Cost</u> |
|------------------------------------|------------|-------------|-----------|------------|-------------|
| Landscape Rock - Replenish (1/8th) | 512 | Tons | 8 | 0 | \$ 28,145 |
| Landscape Rock - Replenish (1/8th) | 512 | Tons | 8 | 1 | \$ 28,145 |
| Landscape Rock - Replenish (1/8th) | 512 | Tons | 8 | 2 | \$ 28,145 |
| Landscape Rock - Replenish (1/8th) | 512 | Tons | 8 | 3 | \$ 28,145 |
| Landscape Rock - Replenish (1/8th) | 512 | Tons | 8 | 4 | \$ 28,145 |
| Landscape Rock - Replenish (1/8th) | 512 | Tons | 8 | 5 | \$ 28,145 |
| Landscape Rock - Replenish (1/8th) | 512 | Tons | 8 | 6 | \$ 28,145 |
| Landscape Rock - Replenish (1/8th) | 512 | Tons | 8 | 7 | \$ 28,145 |

Wayne Ranch Reserve Component Inventory

Analysis Date – August 20, 2015

Item Parameters - Full Detail

Mailboxes - Replace

| | | | |
|--------------------|-------------------|------------------------------|----------|
| Item Number | 5 | Measurement Basis | Unit |
| Type | Cluster box units | Estimated Useful Life | 20:00 |
| Category | Common Area | Basis Cost | \$38,575 |
| Tracking | Logistical | | |
| Method | Fixed | | |

| Code Description | Service Date | Replace Date | Rem Life | Est. Life | Quantity | Replacement Cost | |
|------------------|--------------|--------------|----------|-----------|------------|------------------|----------|
| | | | | | | Current | Future |
| 910-000-0004 | 2005 | 2025 | 9:00 | 20:00 | (27) CBU's | \$38,575 | \$50,332 |

Comments



Age – These mailboxes were installed during late 2004 early 2005.

Condition - During our onsite visit, we noted good to fair conditions.

Recommendation – Mailbox clusters have a useful life up to 20 years. Plan for replacement during 2025

| Mailboxes | 16-Box | \$1,475/CBU | 8-Box | \$1,350/Box |
|--------------|-----------|------------------|-----------|------------------|
| Ranch Blvd | 4 | \$ 5,900 | 1 | \$ 1,350 |
| Magnum Rd | 1 | \$ 1,475 | 1 | \$ 1,350 |
| Cambria Dr | 2 | \$ 2,950 | - | - |
| N Rose Ln | 1 | \$ 1,475 | 1 | \$ 1,350 |
| S Rose Ln | 2 | \$ 2,950 | 1 | \$ 1,350 |
| E Oak Rd | - | - | 4 | \$ 5,400 |
| N Ranch Dr | 2 | \$ 2,950 | - | - |
| N Ranch Dr | 2 | \$ 2,950 | 1 | \$ 1,350 |
| Maple Ln | 3 | \$ 4,425 | 1 | \$ 1,350 |
| Total | 17 | \$ 25,075 | 10 | \$ 13,500 |

Wayne Ranch Reserve Component Inventory

Analysis Date – August 20, 2015

Item Parameters - Full Detail

Backflow Valves - Replace

| | | | |
|--------------------|--------------|------------------------------|---------|
| Item Number | 6 | Measurement Basis | Unit |
| Type | FEBCO valves | Estimated Useful Life | 20:00 |
| Category | Common Area | Basis Cost | \$5,600 |
| Tracking | Logistical | | |
| Method | Fixed | | |

| Code Description | Service Date | Replace Date | Rem Life | Est. Life | Quantity | Replacement Cost | |
|------------------|--------------|--------------|----------|-----------|-----------|------------------|---------|
| | | | | | | Current | Future |
| 910-000-0004 | 2005 | 2025 | 9:00 | 20:00 | (7) Units | \$5,600 | \$7,307 |

Comments



Age – Construction on this community began during late 2004 early 2005. These valves were installed during 2005.

Condition - During our onsite visit, we noted good to fair conditions. Appear to be functional and in good condition.

Recommendation – Inspect regularly out of the operating budget by qualified contractors. Recommend replacement at roughly the cost and timing listed above.

Wayne Ranch Reserve Component Inventory

Analysis Date – August 20, 2015

Item Parameters - Full Detail

Monument - Refurbish

| | | | |
|--------------------|-------------|------------------------------|---------|
| Item Number | 7 | Measurement Basis | Unit |
| Type | Entry sign | Estimated Useful Life | 20:00 |
| Category | Common Area | Basis Cost | \$2,500 |
| Tracking | Logistical | | |
| Method | Fixed | | |

| Code Description | Service Date | Replace Date | Rem Life | Est. Life | Quantity | Replacement Cost | |
|------------------|--------------|--------------|----------|-----------|----------|------------------|---------|
| | | | | | | Current | Future |
| 910-000-0004 | 2005 | 2025 | 9:00 | 20:00 | (1) Sign | \$2,500 | \$3,262 |

Comments



Age – Construction on this community began during late 2004 early 2005. This monument was installed during 2005.

Condition - During our onsite visit, we noted good to fair conditions. Monument consists of metal letters mounted to a stucco wall. This line item budgets to eventually replace the entry monument for aesthetic purposes.

Recommendation – Repaint periodically out of the operating budget. Complete replacement/refurbishment should be planned in the future.

Wayne Ranch Reserve Component Inventory

Analysis Date – August 20, 2015

Item Parameters - Full Detail

Drywells - Cleanout

| | | | |
|--------------------|-------------|------------------------------|---------|
| Item Number | 8 | Measurement Basis | Unit |
| Type | Drywells | Estimated Useful Life | 5:00 |
| Category | Common Area | Basis Cost | \$3,500 |
| Tracking | Logistical | | |
| Method | Fixed | | |

| Code Description | Service Date | Replace Date | Rem Life | Est. Life | Quantity | Replacement Cost | |
|------------------|--------------|--------------|----------|-----------|-----------|------------------|---------|
| | | | | | | Current | Future |
| 910-000-0004 | 2005 | 2018 | 2:00 | 5:00 | (7) Wells | \$3,500 | \$3,713 |

Comments



Age – Construction on this community began during late 2004 early 2005. Records not available of last cleanout.

Condition - During our onsite visit, we counted (7) drywells throughout the community. No observed or reported issues.

Recommendation – We recommend inspections annually and cleanouts when needed to ensure the functionality and longevity of the Drywells.

Wayne Ranch Reserve Component Inventory

Analysis Date – August 20, 2015

Item Parameters - Full Detail

Drywells – Partial Replace

| | | | |
|--------------------|-------------|------------------------------|----------|
| Item Number | 9 | Measurement Basis | Unit |
| Type | Drywells | Estimated Useful Life | 25:00 |
| Category | Common Area | Basis Cost | \$15,000 |
| Tracking | Logistical | | |
| Method | Fixed | | |

| Code Description | Service Date | Replace Date | Rem Life | Est. Life | Quantity | Replacement Cost | |
|------------------|--------------|--------------|----------|-----------|--------------|------------------|----------|
| | | | | | | Current | Future |
| 910-000-0004 | 2005 | 2030 | 14:00 | 25:00 | 1 of 7 Wells | \$15,000 | \$22,689 |

Comments



Age – Construction on this community began during late 2004 early 2005. These drywells were installed during 2005.

Condition - During our onsite visit, we counted (7) drywells throughout the community. No observed or reported issues.

Recommendation – This line item provides funding to completely replace one of the seven Drywells. Drywell failure can be caused by improper installation, poor drainage or neglect. We recommend planning replacement of one Drywell at roughly the cost and time frame listed above.

Wayne Ranch Reserve Component Inventory

Analysis Date – August 20, 2015

Item Parameters - Full Detail

Irrigation Controllers - Replace

| | | | |
|--------------------|-------------|------------------------------|---------|
| Item Number | 10 | Measurement Basis | Unit |
| Type | Rainbird | Estimated Useful Life | 12:00 |
| Category | Common area | Basis Cost | \$6,000 |
| Tracking | Logistical | | |
| Method | Fixed | | |

| Code Description | Service Date | Replace Date | Rem Life | Est. Life | Quantity | Replacement Cost | |
|------------------|--------------|--------------|----------|-----------|-----------|------------------|---------|
| | | | | | | Current | Future |
| 910-000-0004 | 2005 | 2017 | 1:00 | 12:00 | (6) Units | \$6,000 | \$6,180 |

Comments



Age – Construction on this community began during late 2004 early 2005. Actual installation date of these controllers unknown at this time, we are assuming 2005 as the average installation date for budget purposes.

Condition – No reported or observed issues. Appear functional and in fair condition.

Recommendation – Based on age, replacement should be anticipated during 2017.

Wayne Ranch Reserve Component Inventory

Analysis Date – August 20, 2015

Item Parameters - Full Detail

Irrigation System - Refurbish

| | | | |
|--------------------|--------------------------|------------------------------|----------|
| Item Number | 11 | Measurement Basis | System |
| Type | PVC Lines, Heads, Valves | Estimated Useful Life | 20:00 |
| Category | Common area | Basis Cost | \$40,000 |
| Tracking | Logistical | | |
| Method | Fixed | | |

| Code Description | Service Date | Replace Date | Rem Life | Est. Life | Quantity | Replacement Cost | |
|------------------|--------------|--------------|----------|-----------|------------|------------------|----------|
| | | | | | | Current | Future |
| 910-000-0004 | 2005 | 2025 | 9:00 | 20:00 | (1) System | \$40,000 | \$52,191 |

Comments



Age – This system was installed during late 2004 early 2005.

Condition – Major components of an irrigation system include underground elements, therefore we could not determine the remaining useful life of these components.

Recommendation – This component budgets to replace a portion of the irrigation lines, heads, and valves on a 20-year cycle. The pipes will dislodge as tree roots grow and soil conditions change. Minor replacements and repairs should be handled out of the Operating budget, this line item budgets for a major refurbishment of the irrigation system.

Wayne Ranch Reserve Component Inventory

Analysis Date – August 20, 2015

Item Parameters - Full Detail

RV Gates - Replace

| | | | |
|--------------------|-------------|------------------------------|---------|
| Item Number | 12 | Measurement Basis | Unit |
| Type | Metal gates | Estimated Useful Life | 20:00 |
| Category | Common area | Basis Cost | \$6,000 |
| Tracking | Logistical | | |
| Method | Fixed | | |

| Code Description | Service Date | Replace Date | Rem Life | Est. Life | Quantity | Replacement Cost | |
|------------------|--------------|--------------|----------|-----------|-----------|------------------|---------|
| | | | | | | Current | Future |
| 910-000-0004 | 2005 | 2025 | 9:00 | 20:00 | (2) Gates | \$6,000 | \$7,829 |

Comments



Age – These gates were installed during late 2004 early 2005.

Condition – These 25 foot rolling gates were observed to be functional and in fair condition.

Recommendation – This component budgets to replace these gates at roughly the cost and time frame listed above.

Wayne Ranch Reserve Component Inventory

Analysis Date – August 20, 2015

Item Parameters - Full Detail

RV Storage Lights - Replace

| | | | |
|--------------------|-------------|------------------------------|---------|
| Item Number | 13 | Measurement Basis | Light |
| Type | Pole lights | Estimated Useful Life | 30:00 |
| Category | Common Area | Basis Cost | \$4,000 |
| Tracking | Logistical | | |
| Method | Fixed | | |

| Code Description | Service Date | Replace Date | Rem Life | Est. Life | Quantity | Replacement Cost | |
|------------------|--------------|--------------|----------|-----------|------------|------------------|---------|
| | | | | | | Current | Future |
| 910-000-0004 | 2005 | 2035 | 19:00 | 30:00 | (2) Lights | \$4,000 | \$7,014 |

Comments



Age – These lights were installed during late 2004 early 2005.

Condition – Appear functional and in good condition. These lights will last up to 30 years due to the location.

Recommendation – This component budgets to replace these lights at roughly the cost and time frame listed above.

Wayne Ranch Reserve Component Inventory

Analysis Date – August 20, 2015

Item Parameters - Full Detail

Play Structures - Replace

| | | | |
|--------------------|-----------------|------------------------------|-----------|
| Item Number | 14 | Measurement Basis | Structure |
| Type | Play structures | Estimated Useful Life | 20:00 |
| Category | Common Area | Basis Cost | \$97,000 |
| Tracking | Logistical | | |
| Method | Fixed | | |

| Code Description | Service Date | Replace Date | Rem Life | Est. Life | Quantity | Replacement Cost | |
|------------------|--------------|--------------|----------|-----------|----------------|------------------|-----------|
| | | | | | | Current | Future |
| 910-000-0004 | 2005 | 2025 | 9:00 | 20:00 | (5) Structures | \$97,000 | \$126,563 |

Comments



Age – These structures were installed during late 2004 early 2005.

Condition – Appear functional and in good condition. There are (4) smaller structures and (1) medium size structure located at each of the tot lots. We noted signs of graffiti during our inspection.

Recommendation – Inspect regularly, minor repairs and graffiti removal should be handled out of the operating budget. This component budgets to completely replace all five structures at 20 year intervals.

Wayne Ranch Reserve Component Inventory

Analysis Date – August 20, 2015

Item Parameters - Full Detail

Playground Equip. - Repair

| | | | |
|--------------------|----------------------|------------------------------|-----------|
| Item Number | 15 | Measurement Basis | Allowance |
| Type | Playground equipment | Estimated Useful Life | 5:00 |
| Category | Common Area | Basis Cost | \$5,500 |
| Tracking | Logistical | | |
| Method | Fixed | | |

| Code Description | Service Date | Replace Date | Rem Life | Est. Life | Quantity | Replacement Cost | |
|------------------|--------------|--------------|----------|-----------|-----------|------------------|---------|
| | | | | | | Current | Future |
| 910-000-0004 | 2005 | 2016 | 0:00 | 5:00 | Allowance | \$5,500 | \$6,376 |

Comments



Age – The playground equipment was installed during late 2004 early 2005.

Condition – Some minor damage noted on the park furniture.

Recommendation – Inspect regularly, minor repairs and graffiti removal should be handled out of the operating budget. This component provides an allowance for periodic repairs and minor replacements to the playground structures and park furniture.

Wayne Ranch Reserve Component Inventory

Analysis Date – August 20, 2015

Item Parameters - Full Detail

Swing Set - Replace

| | | | |
|--------------------|-------------|------------------------------|---------|
| Item Number | 16 | Measurement Basis | Unit |
| Type | 6-Swing set | Estimated Useful Life | 20:00 |
| Category | Common Area | Basis Cost | \$2,500 |
| Tracking | Logistical | | |
| Method | Fixed | | |

| Code Description | Service Date | Replace Date | Rem Life | Est. Life | Quantity | Replacement Cost | |
|------------------|--------------|--------------|----------|-----------|----------|------------------|---------|
| | | | | | | Current | Future |
| 910-000-0004 | 2005 | 2025 | 9:00 | 20:00 | (1) Set | \$2,500 | \$3,262 |

Comments



Age – This swing set was installed during late 2004 early 2005.

Condition – Swings intact and in good condition at the time of our inspection.

Recommendation – Future replacement should be anticipated.

Wayne Ranch Reserve Component Inventory

Analysis Date – August 20, 2015

Item Parameters - Full Detail

Park Furniture - Replace

| | | | |
|--------------------|----------------|------------------------------|----------|
| Item Number | 17 | Measurement Basis | Unit |
| Type | Park furniture | Estimated Useful Life | 15:00 |
| Category | Common area | Basis Cost | \$10,170 |
| Tracking | Logistical | | |
| Method | Fixed | | |

| Code Description | Service Date | Replace Date | Rem Life | Est. Life | Quantity | Replacement Cost | |
|------------------|--------------|--------------|----------|-----------|-------------|------------------|----------|
| | | | | | | Current | Future |
| 910-000-0004 | 2005 | 2020 | 4:00 | 15:00 | (26) Pieces | \$10,170 | \$11,446 |

Comments



Age – These pieces were installed during late 2004 early 2005.

Condition – Some damage/vandalism noted. Overall fair conditions observed.

Recommendation – Future replacement should be anticipated.

| Park Furniture | QTY | Location | Cost/Unit | |
|--------------------|-----------|---------------------------------|-----------|---------------|
| Trash Receptacle | 7 | Volley Ball, Tot Lots, Backstop | \$ 250 | \$ 1,750 |
| 6' Bench w/o Back | 2 | Volley Ball | \$ 300 | \$ 600 |
| Bike Rack | 4 | Tot Lot | \$ 500 | \$ 2,000 |
| BBQ Grill | 4 | Tot Lot | \$ 230 | \$ 920 |
| Picnic Table | 4 | Tot Lot | \$ 700 | \$ 2,800 |
| 6' Bench with Back | 5 | Tot Lot | \$ 420 | \$ 2,100 |
| Total | 26 | | \$ | 10,170 |

Wayne Ranch Reserve Component Inventory

Analysis Date – August 20, 2015

Item Parameters - Full Detail

Metal Roofs - Replace

| | | | |
|--------------------|------------------|------------------------------|----------|
| Item Number | 18 | Measurement Basis | Sq. Ft. |
| Type | Corrugated metal | Estimated Useful Life | 40:00 |
| Category | Common area | Basis Cost | \$20,130 |
| Tracking | Logistical | | |
| Method | Fixed | | |

| Code Description | Service Date | Replace Date | Rem Life | Est. Life | Quantity | Replacement Cost | |
|------------------|--------------|--------------|----------|-----------|-----------|------------------|----------|
| | | | | | | Current | Future |
| 910-000-0004 | 2005 | 2044 | 28:00 | 40:00 | 1,830 GSF | \$20,130 | \$46,056 |

Comments



Age – These roofs were installed during late 2004 early 2005.

Condition – There (4) Ramada roofs located at the tot lots throughout the community. Roofs appear to be intact and in good condition. Metal roofs have a useful life up to 40 years.

Recommendation – Although these roofs have a long useful life, future replacement should still be anticipated.

Wayne Ranch Reserve Component Inventory

Analysis Date – August 20, 2015

Item Parameters - Full Detail

Tot Turf - Resurface

| | | | |
|--------------------|-------------|------------------------------|---------|
| Item Number | 19 | Measurement Basis | Sq. Ft. |
| Type | Tot turf | Estimated Useful Life | 12:00 |
| Category | Common area | Basis Cost | \$5,760 |
| Tracking | Logistical | | |
| Method | Fixed | | |

| Code Description | Service Date | Replace Date | Rem Life | Est. Life | Quantity | Replacement Cost | |
|------------------|--------------|--------------|----------|-----------|----------|------------------|---------|
| | | | | | | Current | Future |
| 910-000-0004 | 2005 | 2016 | 0:00 | 12:00 | 480 GSF | \$5,760 | \$8,212 |

Comments



Age – These surfaces were installed during late 2004 early 2005.

Condition – We noted some separation and loose granules of the turf at the time of our inspection. There is approximately 480 gross square feet of tot turf in total.

Recommendation – In order to preserve these surfaces, we recommend resurfacing during 2016. The expected useful life of these surfaces is up to 12 years.

Wayne Ranch Reserve Component Inventory

Analysis Date – August 20, 2015

Item Parameters - Full Detail

Sand - Replenish

| | | | |
|--------------------|-------------|------------------------------|---------|
| Item Number | 20 | Measurement Basis | Sq. Ft. |
| Type | Sand | Estimated Useful Life | 10:00 |
| Category | Common area | Basis Cost | \$2,877 |
| Tracking | Logistical | | |
| Method | Fixed | | |

| Code Description | Service Date | Replace Date | Rem Life | Est. Life | Quantity | Replacement Cost | |
|------------------|--------------|--------------|----------|-----------|-----------|------------------|---------|
| | | | | | | Current | Future |
| 910-000-0004 | n/a | 2018 | 2:00 | 10:00 | 9,590 GSF | \$2,877 | \$3,052 |

Comments



Age – Date of last replenishment unknown.

Condition – This sand is located at each tot lot and volleyball court. The sand was noted to be in overall fair condition.

Recommendation – This line item budgets to replenish the tot lot and volleyball sand every 10 years. Fill in as needed out of the operating budget in between major replenishments.

Wayne Ranch Reserve Component Inventory

Analysis Date – August 20, 2015

Item Parameters - Full Detail

Basketball Standards - Replace

| | | | |
|--------------------|---------------------------|------------------------------|---------|
| Item Number | 21 | Measurement Basis | Unit |
| Type | Metal in-ground standards | Estimated Useful Life | 30:00 |
| Category | Common area | Basis Cost | \$4,000 |
| Tracking | Logistical | | |
| Method | Fixed | | |

| Code Description | Service Date | Replace Date | Rem Life | Est. Life | Quantity | Replacement Cost | |
|------------------|--------------|--------------|----------|-----------|---------------|------------------|---------|
| | | | | | | Current | Future |
| 910-000-0004 | 2005 | 2035 | 19:00 | 30:00 | (2) Standards | \$4,000 | \$7,014 |

Comments



Age – These standards were installed during 2005.

Condition – These are in-ground mounted, fan-shaped standards. This is a long-life component under normal circumstances. No damage noted.

Recommendation – The hoops will need to be replaced as they receive more abuse and wear and tear however, we recommend eventually replacing the standards per the time frame listed above.

Wayne Ranch Reserve Component Inventory

Analysis Date – August 20, 2015

Item Parameters - Full Detail

Basketball Hoops - Replace

| | | | |
|--------------------|-------------|------------------------------|---------|
| Item Number | 22 | Measurement Basis | Unit |
| Type | Metal hoops | Estimated Useful Life | 20:00 |
| Category | Common area | Basis Cost | \$1,000 |
| Tracking | Logistical | | |
| Method | Fixed | | |

| Code Description | Service Date | Replace Date | Rem Life | Est. Life | Quantity | Replacement Cost | |
|------------------|--------------|--------------|----------|-----------|-----------|------------------|---------|
| | | | | | | Current | Future |
| 910-000-0004 | 2005 | 2025 | 9:00 | 20:00 | (2) Hoops | \$1,000 | \$1,305 |

Comments



Age – These hoops were installed during 2005.

Condition – No damage noted to the metal rims. Good conditions observed.

Recommendation – Replace the nets out of the operating budget. Future replacement should be anticipated.

Wayne Ranch Reserve Component Inventory

Analysis Date – August 20, 2015

Item Parameters - Full Detail

Backstop - Replace

| | | | |
|--------------------|-------------|------------------------------|---------|
| Item Number | 23 | Measurement Basis | Unit |
| Type | Chain link | Estimated Useful Life | 30:00 |
| Category | Common area | Basis Cost | \$4,650 |
| Tracking | Logistical | | |
| Method | Fixed | | |

| Code Description | Service Date | Replace Date | Rem Life | Est. Life | Quantity | Replacement Cost | |
|------------------|--------------|--------------|----------|-----------|--------------|------------------|---------|
| | | | | | | Current | Future |
| 910-000-0004 | 2005 | 2035 | 19:00 | 30:00 | (1) Backstop | \$4,650 | \$8,154 |

Comments



Age – This backstop was installed during 2005.

Condition – No damage noted to backstop. Good conditions observed.

Recommendation – Repair out of the operating budget. Future replacement should be anticipated.

Wayne Ranch Reserve Component Inventory

Analysis Date – August 20, 2015

Item Parameters - Full Detail

Pole Lights - Replace

| | | | |
|--------------------|---------------|------------------------------|----------|
| Item Number | 24 | Measurement Basis | Unit |
| Type | Solar powered | Estimated Useful Life | 25:00 |
| Category | Common area | Basis Cost | \$16,000 |
| Tracking | Logistical | | |
| Method | Fixed | | |

| Code Description | Service Date | Replace Date | Rem Life | Est. Life | Quantity | Replacement Cost | |
|------------------|--------------|--------------|----------|-----------|------------|------------------|----------|
| | | | | | | Current | Future |
| 910-000-0004 | 2005 | 2030 | 14:00 | 25:00 | (8) Lights | \$16,000 | \$24,201 |

Comments



Age – These lights were installed during 2005.

Condition – These are SolarKing light poles. Some fading noted, however no major deterioration observed.

Recommendation – Repaint out of the operating budget. Future replacement should be anticipated.