geoReserves
MAPPING YOUR COMMUNITY'S FINANCIAL FUTURE

SOUTH SHORES CA

Association #: 01.01.2413

Level 1 -- Full Reserve Study with Site Visit

Prepared By: Byron Goetting **NV Permit #0235**

Date of Site Inspection:	**12/05/2024**
Initial Funding Plan Period:	**01/01/2025 - 12/31/2025**
Date of First Draft:	**01/10/2025**
Date of Final Draft:	**02/04/2025**
Version #:	**2 - Final**

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Executive Summary

This is the reserve study prepared by GeoReserves, to summarize the current financial condition of SOUTH SHORES CA's reserve account and make recommendations on improving the reserve fund in order to perform all necessary projects.

This report begins with a Physical Analysis that outlines each component the association is responsible to maintain, along with a 30-year projected cost schedule. The report then analyzes the current reserve account data. This includes a projection of the starting reserve account balance on January, 1, 2025, which is the start date of this report, and the estimated percent funded. Finally, this report offers two recommended plans of how much money should be contributed to reserves each year for the next 30 years to maintain a fully-funded reserve account.

Currently, this community is projected to have $427,752.14 on January, 1, 2025. It should have $573,000.89 in reserves to be at the fully-funded level. This puts the community at 74.7% funded, which is generally considered to be a fair reserve fund position. In addition, this community has a current reserve transfer of $3,358.58 per month ($2.75 per unit).

This reserve study has determined the following two recommendations:

1. Fully Funded (100%) Plan (100%) Plan of $127,472 per year ($10,623 per month or $8.70 per unit) and no immediate special assessment. This represents an increase of $7,264.12 to the current reserve contribution.

2. 10% Threshold Plan of $106,960 ($8,913 month or $7.30 per unit) and no immediate special assessment. This represents an increase of $5,554.72 to the current monthly reserve contribution.

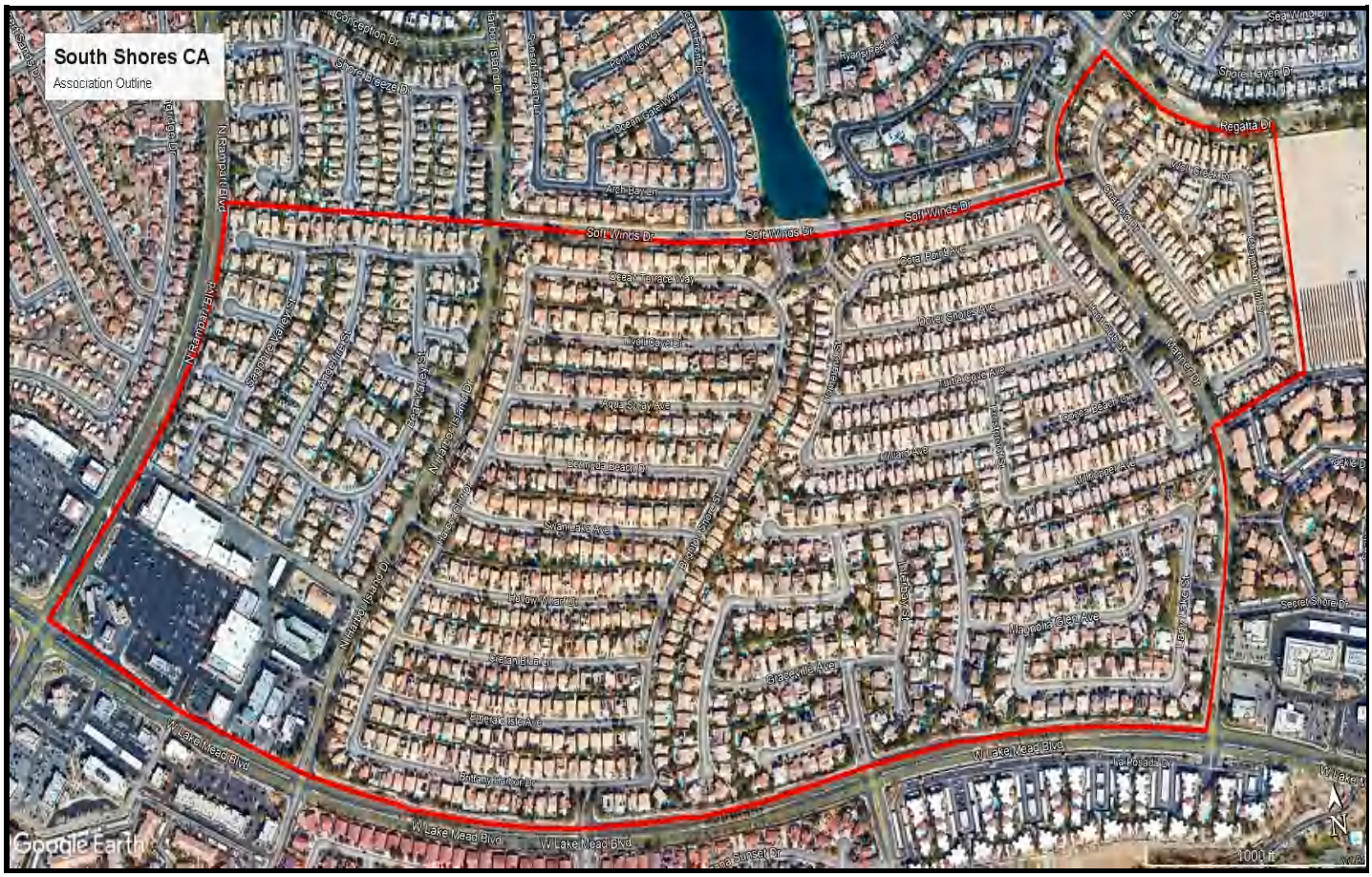
It has been a pleasure working with your association and I look forward to continuing to update this report in the future. Please feel free to contact me with any questions or concerns.

Thank you,

Byron Goetting
Owner, GeoReserves

Physical Analysis Summary

Association Map:



Association Details:

Association Name:	SOUTH SHORES CA
Association ID:	01.01.2413
Association State:	NV
Association City:	LAS VEGAS
Association Type:	Single-Family Homes
# of Units:	1221
Construction Year:	1990

Expenditures Projected to Occur in Initial Funding Plan Year:

This is a list of projects that are scheduled to occur during the initial year of this report.

Comp #	Component Name	Cost
607	Turf Conversion - Perform	$99,587
612	Tree Trimming - Perform	$15,000

Top 5 expenditures ranked by significance:

These are the most significant components in this reserve study. These components have the biggest impact on the funding plan recommendations. These projects are not necessarily scheduled to occur the initial funding plan year. Refer to the Physical Analysis to see the remaining useful life of each component.

Comp #	Component Name	UL	Cost	Significance	Sig. %
607	Turf Conversion - Perform	1	$99,587	$99,587	45.93%
602	Landscaping - Renovate	10	$427,500	$42,750	19.72%
637	Irrigation System - Refurbish	10	$256,500	$25,650	11.83%
612	Tree Trimming - Perform	1	$15,000	$15,000	6.92%
504	Block Wall - Repaint	10	$113,400	$11,340	5.23%

Financial Analysis Summary

Report Details:

Report Type:	Level 1 -- Full Reserve Study with Site Visit
Report Period:	January, 1, 2025 - December, 31, 2025

Starting Reserve Fund Assessment:

Projected Starting Balance	$427,752.14
Projected Starting Fully-Funded (100%) Balance	$573,000.89
Projected Starting Percent Funded	74.7%
Projected First Year Reserve Expenditures	$114,587.00
Current Budgeted Monthly Reserve Contribution	$3,358.58
Cost Per Unit Per Month:	$2.75
#1 - Fully Funded (100%) Plan	
Annual Reserve Contribution	$127,472.00
Monthly Reserve Contribution	$10,622.70
Per Unit Reserve Contribution	$8.70
Increase/(Decrease) Compared to Current ($)	$7,264.12
Percent Increase/(Decrease) (%)	216%
Recommended Immediate Special Assessment	$0.00
#2 - 10% Threshold Plan	
Annual Reserve Contribution	$106,960.00
Monthly Reserve Contribution	$8,913.30
Per Unit Reserve Contribution	$7.30
Increase/(Decrease) Compared to Current ($)	$5,554.72
Percent Increase/(Decrease) (%)	165%
Recommended Immediate Special Assessment	$0.00

Introduction

The following report is a reserve study prepared for SOUTH SHORES CA by GeoReserves. GeoReserves will be working with the Association's manager, board of directors, and/or any other representative agents (the Client) to finalize and adopt this report. This report begins with an executive summary and introduction. It is then divided into three main sections, followed by appendices to help the Client understand this report and reserve studies in general.

The first section is the **Physical Analysis**. The Physical Analysis includes the component inventory. The component inventory is a list of the components the Association maintains.

The second section is the **Financial Analysis**. The Financial Analysis evaluates the Association's reserve income and expenditures over the course of the next 30 years. This section discusses the recommended funding goals and reserve contributions, as well as the methods used for determining these recommendations.

The third section is the **Component Detail** section, which includes the component assessment and valuation. The component assessment and valuation provides additional information related to the life expectancy, condition, and cost estimates associated for each component. This section also includes areas for Client feedback for specific components, such as installation dates, cost histories, and other notes.

This report concludes with three appendices. The first appendix has the preparer's qualifications and other legal disclosures. The second appendix is a general reference guide to help better understand how to read this reserve study. The third appendix is a glossary of commonly used reserve study terms. It is important to note that a reserve study is a complex budgeting tool. Please refer to all appendices and consult GeoReserves if necessary for any questions about the contents of this report.

Physical Analysis

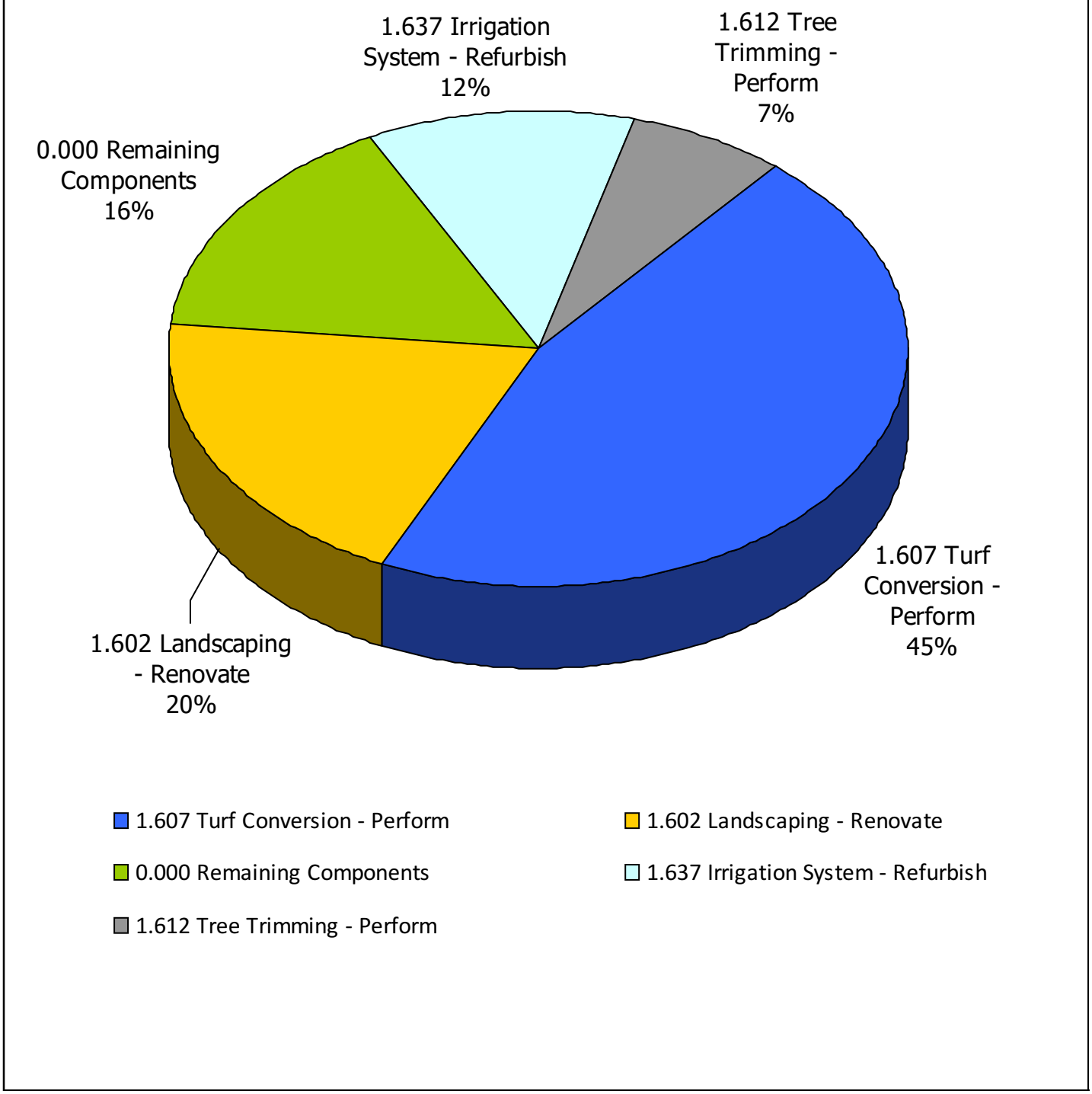
The following table is the list of components that comprise this reserve study. For each component the Useful Life (UL), Remaining Useful Life (RUL), and Cost Estimate has been determined. Based on these estimates, the Significance Percent of each component is calculated. The higher the significance percent, the more of an impact this component has on the final recommendations of this reserve study. Please see the Appendix 2 for additional information.

Component Inventory						
Subgroup 1: Common Area						
Comp #	Component	Quantity	Sig. %	UL	RUL	Cost
1.113	Monument Signs - Replace	23 Monument Signs	2.65%	20	14	$115,000
1.205	Pole Lights - Replace	6 Pole Lights	1.04%	24	17	$54,000
1.402	Concrete - Repair	1 Allowance	1.38%	10	5	$30,000
1.502	Block Wall - Repair	18,900 Linear ft.	4.36%	20	12	$189,000
1.504	Block Wall - Repaint	113,400 Sq. Ft.	5.23%	10	2	$113,400
1.536	Wrought Iron Fencing - Replace	1 Allowance	0.32%	36	1	$25,000
1.539	Wrought Iron Fencing - Repaint	1 Allowance	0.31%	6	1	$4,000
1.602	Landscaping - Renovate	342,000 Sq. ft.	19.72%	10	9	$427,500
1.607	Turf Conversion - Perform	1 Project	45.93%	1	0	$99,587
1.612	Tree Trimming - Perform	1 Project	6.92%	1	0	$15,000
1.637	Irrigation System - Refurbish	342,000 Sq. ft.	11.83%	10	4	$256,500
1.811	Park Furniture - Replace	1 See Detail	0.15%	20	13	$6,300
1.3001	Reserve Study - Update	1 Reserve Study	0.16%	5	4	$1,750
					Total Cost for 1/Common Area:	**$1,337,037.00**

Total Cost of Component Inventory:	**$1,337,037.00**

These are the components with the highest signficance in this report. These components have the biggest impact on the final reserve contribution recommendations.

Component Inventory Ranked By Significance



The following tables shows how the Fully Funded Balance (FFB) for the first year of this report is calculated. The formula for this calculation is: FFB = (Effective Age / Useful Life) x Current Cost. The Effective Age of each component is its Useful Life – Remaining Useful Life. Each year the current cost is adjusted for inflation and will therefore increase by the projected inflation rate.

See Appendix II for additional information, and contact GeoReserves to receive an additional report showing the calculation of the FFB for all 30 years.

Fully Funded Balance Calculation Year 2025						
Subgroup 1: Common Area						
Comp #	**Component**	**UL**	**RUL**	**Effective Age / Useful Life**	**Cost**	**FFB**
1.113	Monument Signs - Replace	20	14	0.3	$115,000	$34,500
1.205	Pole Lights - Replace	24	17	0.29	$54,000	$15,750
1.402	Concrete - Repair	10	5	0.5	$30,000	$15,000
1.502	Block Wall - Repair	20	12	0.4	$189,000	$75,600
1.504	Block Wall - Repaint	10	2	0.8	$113,400	$90,720
1.536	Wrought Iron Fencing - Replace	36	1	0.97	$25,000	$24,306
1.539	Wrought Iron Fencing - Repaint	6	1	0.83	$4,000	$3,333
1.602	Landscaping - Renovate	10	9	0.1	$427,500	$42,750
1.607	Turf Conversion - Perform	1	0	1	$99,587	$99,587
1.612	Tree Trimming - Perform	1	0	1	$15,000	$15,000
1.637	Irrigation System - Refurbish	10	4	0.6	$256,500	$153,900
1.811	Park Furniture - Replace	20	13	0.35	$6,300	$2,205
1.3001	Reserve Study - Update	5	4	0.2	$1,750	$350
				FY 2025 Totals for 1/Common Area:	**$1,337,037**	**$573,001**
				Totals for Fiscal Year 2025:	**$1,337,037**	**$573,001**

Financial Analysis

The financial analysis begins with an estimate of the projected reserve balance. This amount represents how much money will be in the reserve account at the beginning of the report period.

In order for the association to use the reserve study as a budgeting tool, reserve studies are typically prepared prior to when the budget for the initial funding plan year is made. Therefore, the projected starting reserve balance is only an approximation of what the actual reserve balance will be.

Evaluation of Current Reserve Fund	
Association Details	
Name of Association	SOUTH SHORES CA
# of Units	1221
Construction Year	1990
Fiscal Year End	12/31
Report Details	
Report Type	Level 1 -- Full Reserve Study with Site Visit
Report Period	January, 1, 2025 - December, 31, 2025
Funding Goal	Fully Funded (100%) Plan
Analysis Method	Cash Flow Method
Economic Assumptions	
Projected Inflation Rate	3.25%
Projected After-Tax Interest Rate	2.50%
Current Financial Data	
Most Recent Reported Reserve Balance	$420,845.00
Reported As Of:	10/31/2024
Monthly Reserve Contribution	$3,358.58
Budgeted Remaining Reserve Contribution	$6,717.16
Projected Investment Income (i.e. After-Tax Interest)	$189.98
Budgeted Special Assessment (if any)	$0.00
Total Projected Reserve Account Balance	$427,752.14
Estimated Remaining Reserve Expenses	$0.00
Projected Funding Plan Starting Reserve Balance	**$427,752.14**
Starting Reserve Fund Assessment	
Projected Funding Plan Starting Reserve Balance	$427,752.14
Report Starting Date:	1/1/2025
Projected Funding Plan Starting Fully-Funded Balance	$573,000.89
Projected Starting Percent Funded	74.7%
Funding Plan First Year Reserve Expenditures	$114,587.00

Fully Funded (100%) Plan: First Six Years Summary

Although this reserve study has a funding plan projected 30 years into the future, the association should focus on the first three years of this report. As a budgeting tool, a reserve study is most useful during these initial years. After that, there is a high degree of uncertainty to the future cost and future condition of these components. It is therefore recommended that a reserve study is updated every three years.

For any projected expenses that are programmed to occur within these years, the association should begin to work with appropriate vendors and contractors to determine a specific scope of work and actual cost. Should these costs deviate substantially from this study's estimates, an update may be necessary to determine if any changes to the recommended funding plan are necessary.

After that, if any major projects are scheduled within the following three years, the association should make sure that their funding plan has them on a path to pay for these expenses. Major projects are defined as any projects with a high significance percentage as shown in the pie chart in the Physical Analysis of this report.

The association should also be mindful of major projects that are not scheduled until later in the future. Although these projects may have many years before they are scheduled to occur, the association has a fiduciary responsibility to plan ahead for these expenses. It is recommended that the association adopts a funding plan that enables them to be adequately funded in the future.

	2025	2026	2027	2028	2029	2030
Projected Starting Reserve Balance	$427,752	$451,654	$551,285	$564,053	$705,047	$552,859
Recommended Annual Reserve Contribution	$127,472	$131,615	$135,893	$140,309	$144,869	$149,578
Recommended Monthly Reserve Contribution	$10,623	$10,968	$11,324	$11,692	$12,072	$12,465
Recommended Monthly Per Unit Reserve Contribution	$8.70	$8.98	$9.27	$9.58	$9.89	$10.21
Recommended Special Reserve Assessment	$0	$0	$0	$0	$0	$0
Recommended Special Per Unit Reserve Assessment	$0	$0	$0	$0	$0	$0
Projected Investment Income (i.e. After-Tax Interest)	$11,016	$13,446	$13,757	$17,196	$13,484	$16,241
Projected Reserve Expenses (Inflation-Adjusted)	($114,587)	($45,430)	($136,882)	($16,511)	($310,542)	($52,803)
Projected Ending Reserve Balance	**$451,653**	**$551,285**	**$564,053**	**$705,047**	**$552,858**	**$665,875**
Projected Fully-Funded (100%) Balance	$594,339	$691,708	$701,878	$840,855	$685,090	$794,849
Year-End Percent Funded	76%	80%	80%	84%	81%	84%

10% Threshold Plan: First Six Years Summary

In addition to the recommended funding plan, this reserve study also has an alternative funding plan. This plan is typically a minimum recommendation, which the association should not fall below or it will not be adequately funded for future projects. The first six years of this alternative funding plan are shown here.

	2025	2026	2027	2028	2029	2030
Projected Starting Reserve Balance	$427,752	$430,628	$508,025	$497,297	$613,480	$435,107
Recommended Annual Reserve Contribution	$106,960	$110,436	$114,025	$117,731	$121,557	$125,508
Recommended Monthly Reserve Contribution	$8,913	$9,203	$9,502	$9,811	$10,130	$10,459
Recommended Monthly Per Unit Reserve Contribution	$7.30	$7.54	$7.78	$8.04	$8.30	$8.57
Recommended Special Reserve Assessment	$0	$0	$0	$0	$0	$0
Recommended Special Per Unit Reserve Assessment	$0	$0	$0	$0	$0	$0
Projected Investment Income (i.e. After-Tax Interest)	$10,503	$12,391	$12,129	$14,963	$10,612	$12,695
Projected Reserve Expenses (Inflation-Adjusted)	($114,587)	($45,430)	($136,882)	($16,511)	($310,542)	($52,803)
Projected Ending Reserve Balance	**$430,628**	**$508,025**	**$497,297**	**$613,480**	**$435,107**	**$520,507**
Projected Fully-Funded (100%) Balance	$594,339	$691,708	$701,878	$840,855	$685,090	$794,849
Year-End Percent Funded	72%	73%	71%	73%	64%	65%

This page shows the annual cash flow projections for the next 30 years when following the recommended funding plan. It includes the budgeted reserve contribution, special assessments, interest earned in savings accounts, and the projected reserve expenses.

This page also shows the future % increases to the budgeted reserve contribution. If following this plan, the association will get to a recommended 100% funded level.

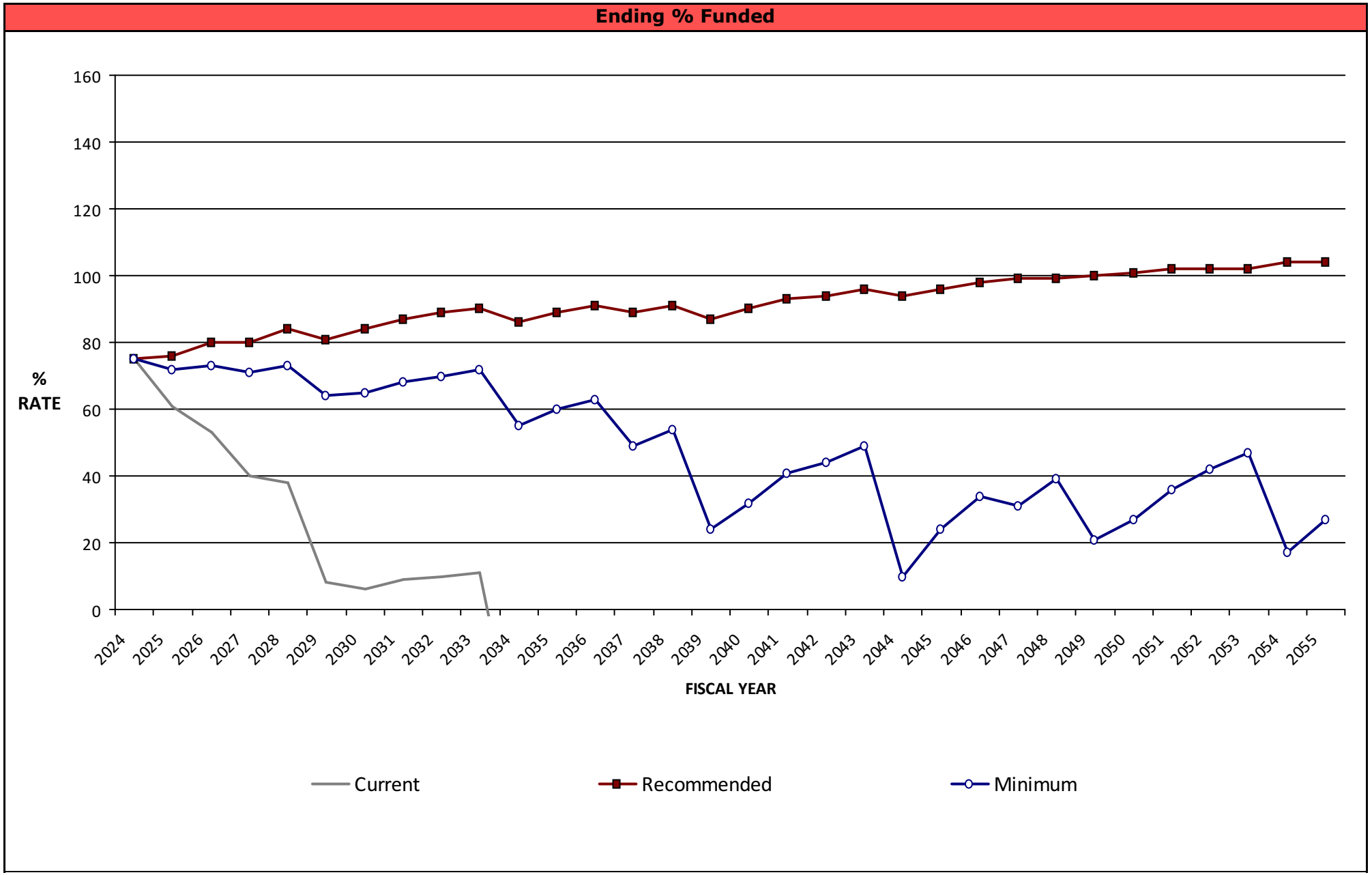
Fully-Funded Plan: Annual Cash Flow Projections							
Year	Starting Balance	Reserve Contribution	% Increase	Special Assessment	After-Tax Interest	Reserve Expenditures	Ending Balance
2025	$427,752	$127,472	216.29%	$0	$11,016	($114,587)	$451,653
2026	$451,654	$131,615	3.25%	$0	$13,446	($45,430)	$551,285
2027	$551,285	$135,893	3.25%	$0	$13,757	($136,882)	$564,053
2028	$564,053	$140,309	3.25%	$0	$17,196	($16,511)	$705,047
2029	$705,047	$144,869	3.25%	$0	$13,484	($310,542)	$552,858
2030	$552,859	$149,578	3.25%	$0	$16,241	($52,803)	$665,875
2031	$665,874	$154,439	3.25%	$0	$20,053	($18,173)	$822,193
2032	$822,193	$159,458	3.25%	$0	$23,947	($23,768)	$981,830
2033	$981,830	$164,640	3.25%	$0	$28,177	($19,374)	$1,155,273
2034	$1,155,274	$169,991	3.25%	$0	$18,321	($592,432)	$751,154
2035	$751,155	$175,516	3.25%	$0	$22,650	($20,653)	$928,668
2036	$928,668	$181,220	3.25%	$0	$27,214	($21,325)	$1,115,777
2037	$1,115,777	$187,110	3.25%	$0	$20,925	($465,896)	$857,916
2038	$857,917	$193,191	3.25%	$0	$25,319	($38,343)	$1,038,084
2039	$1,038,084	$199,470	3.25%	$0	$15,750	($607,537)	$645,767
2040	$645,768	$205,952	3.25%	$0	$19,475	($72,705)	$798,490
2041	$798,490	$212,646	3.25%	$0	$24,653	($25,023)	$1,010,766
2042	$1,010,766	$219,557	3.25%	$0	$27,787	($118,845)	$1,139,265
2043	$1,139,265	$226,693	3.25%	$0	$33,482	($26,675)	$1,372,765
2044	$1,372,765	$234,060	3.25%	$0	$19,594	($823,061)	$803,358
2045	$803,359	$241,667	3.25%	$0	$25,415	($28,438)	$1,042,003
2046	$1,042,003	$249,521	3.25%	$0	$31,554	($29,362)	$1,293,716
2047	$1,293,716	$257,631	3.25%	$0	$32,296	($259,505)	$1,324,138
2048	$1,324,138	$266,004	3.25%	$0	$38,971	($31,301)	$1,597,812
2049	$1,597,811	$274,649	3.25%	$0	$32,093	($588,739)	$1,315,814
2050	$1,315,815	$283,575	3.25%	$0	$37,260	($109,005)	$1,527,645
2051	$1,527,645	$292,791	3.25%	$0	$44,650	($34,453)	$1,830,633
2052	$1,830,633	$302,307	3.25%	$0	$52,434	($35,573)	$2,149,801
2053	$2,149,801	$312,132	3.25%	$0	$60,630	($36,729)	$2,485,834
2054	$2,485,833	$322,276	3.25%	$0	$42,124	($1,123,154)	$1,727,079
2055	$1,727,080	$332,750	3.25%	$0	$50,517	($39,156)	$2,071,191

This page shows the annual cash flow projections for the next 30 years when following the minimum funding plan. It includes the budgeted reserve contribution, special assessments, interest earned in savings accounts, and the projected reserve expenses.

This page also shows the future % increases to the budgeted reserve contribution. If following this plan, the association will not fall below $0 under normal circumstances.

10% Threshold Plan: Annual Cash Flow Projections							
Year	Starting Balance	Reserve Contribution	% Increase	Special Assessment	After-Tax Interest	Reserve Expenditures	Ending Balance
2025	$427,752	$106,960	165.39%	$0	$10,503	($114,587)	$430,628
2026	$430,628	$110,436	3.25%	$0	$12,391	($45,430)	$508,025
2027	$508,025	$114,025	3.25%	$0	$12,129	($136,882)	$497,297
2028	$497,297	$117,731	3.25%	$0	$14,963	($16,511)	$613,480
2029	$613,480	$121,557	3.25%	$0	$10,612	($310,542)	$435,107
2030	$435,107	$125,508	3.25%	$0	$12,695	($52,803)	$520,507
2031	$520,506	$129,587	3.25%	$0	$15,798	($18,173)	$647,718
2032	$647,718	$133,798	3.25%	$0	$18,944	($23,768)	$776,692
2033	$776,692	$138,147	3.25%	$0	$22,387	($19,374)	$917,852
2034	$917,852	$142,636	3.25%	$0	$11,701	($592,432)	$479,757
2035	$479,758	$147,272	3.25%	$0	$15,159	($20,653)	$621,536
2036	$621,536	$152,058	3.25%	$0	$18,807	($21,325)	$771,076
2037	$771,077	$157,000	3.25%	$0	$11,555	($465,896)	$473,736
2038	$473,737	$162,103	3.25%	$0	$14,937	($38,343)	$612,434
2039	$612,434	$167,371	3.25%	$0	$4,307	($607,537)	$176,575
2040	$176,575	$172,811	3.25%	$0	$6,917	($72,705)	$283,598
2041	$283,598	$178,427	3.25%	$0	$10,925	($25,023)	$447,927
2042	$447,928	$184,226	3.25%	$0	$12,833	($118,845)	$526,142
2043	$526,142	$190,213	3.25%	$0	$17,242	($26,675)	$706,922
2044	$706,922	$196,395	3.25%	$0	$2,006	($823,061)	$82,262
2045	$82,263	$202,778	3.25%	$0	$6,415	($28,438)	$263,018
2046	$263,018	$209,368	3.25%	$0	$11,076	($29,362)	$454,100
2047	$454,101	$216,173	3.25%	$0	$10,269	($259,505)	$421,038
2048	$421,037	$223,198	3.25%	$0	$15,323	($31,301)	$628,257
2049	$628,258	$230,452	3.25%	$0	$6,749	($588,739)	$276,720
2050	$276,721	$237,942	3.25%	$0	$10,141	($109,005)	$415,799
2051	$415,799	$245,675	3.25%	$0	$15,676	($34,453)	$642,697
2052	$642,698	$253,660	3.25%	$0	$21,520	($35,573)	$882,305
2053	$882,304	$261,904	3.25%	$0	$27,687	($36,729)	$1,135,166
2054	$1,135,166	$270,415	3.25%	$0	$7,061	($1,123,154)	$289,488
2055	$289,489	$279,204	3.25%	$0	$13,238	($39,156)	$542,775

This chart shows the projected percent-funded each year for the association's current funding plan and this reserve study's recommendations.



The Ending % Funded is calculated by dividing the Projected Ending Balance by the Ending Fully-Funded 100% Balance.

Funding Plans Fiscal Year End								
		Current Funding Plan		Fully Funded (100%) Plan		10% Threshold Plan	
Year	Ending Fully-Funded 100% Balance	Projected Ending Balance	Ending % Funded	Projected Ending Balance	Ending % Funded	Projected Ending Balance	Ending % Funded
2024	$573,002	$427,752	75%	$427,752	75%	$427,752	75%
2025	$594,339	$362,305	61%	$451,654	76%	$430,629	72%
2026	$691,708	$367,450	53%	$551,286	80%	$508,026	73%
2027	$701,878	$280,371	40%	$564,054	80%	$497,298	71%
2028	$840,855	$315,928	38%	$705,048	84%	$613,481	73%
2029	$685,090	$52,469	8%	$552,859	81%	$435,108	64%
2030	$794,849	$48,132	6%	$665,876	84%	$520,508	65%
2031	$948,547	$80,758	9%	$822,194	87%	$647,719	68%
2032	$1,106,227	$110,091	10%	$981,831	89%	$776,693	70%
2033	$1,278,491	$146,340	11%	$1,155,274	90%	$917,853	72%
2034	$869,750	($402,157)	0%	$751,155	86%	$479,758	55%
2035	$1,043,333	($376,499)	0%	$928,669	89%	$621,537	60%
2036	$1,227,278	($349,041)	0%	$1,115,778	91%	$771,077	63%
2037	$963,775	($774,672)	0%	$857,917	89%	$473,737	49%
2038	$1,138,929	($770,731)	0%	$1,038,085	91%	$612,435	54%
2039	$738,045	($1,348,082)	0%	$645,768	87%	$176,575	24%
2040	$882,501	($1,389,562)	0%	$798,491	90%	$283,598	32%
2041	$1,087,238	($1,381,037)	0%	$1,010,767	93%	$447,928	41%
2042	$1,208,317	($1,466,226)	0%	$1,139,266	94%	$526,143	44%
2043	$1,435,275	($1,456,759)	0%	$1,372,766	96%	$706,923	49%
2044	$854,334	($2,260,962)	0%	$803,359	94%	$82,262	10%
2045	$1,082,184	($2,268,316)	0%	$1,042,004	96%	$263,018	24%
2046	$1,323,939	($2,274,257)	0%	$1,293,717	98%	$454,101	34%
2047	$1,343,631	($2,513,615)	0%	$1,324,139	99%	$421,038	31%
2048	$1,607,530	($2,522,334)	0%	$1,597,813	99%	$628,258	39%
2049	$1,312,662	($3,099,842)	0%	$1,315,815	100%	$276,720	21%
2050	$1,512,008	($3,197,169)	0%	$1,527,646	101%	$415,799	27%
2051	$1,803,559	($3,217,526)	0%	$1,830,634	102%	$642,698	36%
2052	$2,112,463	($3,236,457)	0%	$2,149,802	102%	$882,306	42%
2053	$2,439,541	($3,253,861)	0%	$2,485,835	102%	$1,135,167	47%
2054	$1,665,148	($4,381,999)	0%	$1,727,080	104%	$289,488	17%
2055	$1,994,759	($4,423,847)	0%	$2,071,192	104%	$542,776	27%

The Projected Annual Expenditures shows which projects will be performed each fiscal year. If the fiscal year is missing on this list, then there are no projects scheduled for that particular year.

The Current Cost represents the estimated cost of the project for the initial year of this report. The Future Cost represents the inflation-adjusted cost of the project.

Any components highlighted in red have a $0 cost associated with the project and are funded outside of this reserve study.

Projected Annual Expenditures

Fiscal Year 2025

Comp #	Component Name	Current Cost	Future Cost
1. 607	Turf Conversion - Perform	$99,587	$99,587
1. 612	Tree Trimming - Perform	$15,000	$15,000
Fiscal Year 2025 Total:		**$114,587**	**$114,587**

Fiscal Year 2026

Comp #	Component Name	Current Cost	Future Cost
1. 536	Wrought Iron Fencing - Replace	$25,000	$25,812
1. 539	Wrought Iron Fencing - Repaint	$4,000	$4,130
1. 612	Tree Trimming - Perform	$15,000	$15,488
Fiscal Year 2026 Total:		**$44,000**	**$45,430**

Fiscal Year 2027

Comp #	Component Name	Current Cost	Future Cost
1. 504	Block Wall - Repaint	$113,400	$120,891
1. 612	Tree Trimming - Perform	$15,000	$15,991
Fiscal Year 2027 Total:		**$128,400**	**$136,882**

Fiscal Year 2028

Comp #	Component Name	Current Cost	Future Cost
1. 612	Tree Trimming - Perform	$15,000	$16,511
Fiscal Year 2028 Total:		**$15,000**	**$16,511**

Fiscal Year 2029

Comp #	Component Name	Current Cost	Future Cost
1. 612	Tree Trimming - Perform	$15,000	$17,047
1. 637	Irrigation System - Refurbish	$256,500	$291,506
1. 3001	Reserve Study - Update	$1,750	$1,989

Fiscal Year 2029 Total:		$273,250	$312,531

Fiscal Year 2030			
Comp #	Component Name	Current Cost	Future Cost
1. 402	Concrete - Repair	$30,000	$35,202
1. 612	Tree Trimming - Perform	$15,000	$17,601
Fiscal Year 2030 Total:		**$45,000**	**$52,803**

Fiscal Year 2031			
Comp #	Component Name	Current Cost	Future Cost
1. 612	Tree Trimming - Perform	$15,000	$18,173
Fiscal Year 2031 Total:		**$15,000**	**$18,173**

Fiscal Year 2032			
Comp #	Component Name	Current Cost	Future Cost
1. 539	Wrought Iron Fencing - Repaint	$4,000	$5,004
1. 612	Tree Trimming - Perform	$15,000	$18,764
Fiscal Year 2032 Total:		**$19,000**	**$23,768**

Fiscal Year 2033			
Comp #	Component Name	Current Cost	Future Cost
1. 612	Tree Trimming - Perform	$15,000	$19,374
Fiscal Year 2033 Total:		**$15,000**	**$19,374**

Fiscal Year 2034			
Comp #	Component Name	Current Cost	Future Cost
1. 602	Landscaping - Renovate	$427,500	$570,094
1. 612	Tree Trimming - Perform	$15,000	$20,003
1. 3001	Reserve Study - Update	$1,750	$2,334
Fiscal Year 2034 Total:		**$444,250**	**$592,431**

Fiscal Year 2035			
Comp #	Component Name	Current Cost	Future Cost
1. 612	Tree Trimming - Perform	$15,000	$20,653
Fiscal Year 2035 Total:		**$15,000**	**$20,653**

Fiscal Year 2036			
Comp #	Component Name	Current Cost	Future Cost

1. 612	Tree Trimming - Perform	$15,000	$21,325
Fiscal Year 2036 Total:		**$15,000**	**$21,325**

Fiscal Year 2037			
Comp #	**Component Name**	**Current Cost**	**Future Cost**
1. 502	Block Wall - Repair	$189,000	$277,423
1. 504	Block Wall - Repaint	$113,400	$166,454
1. 612	Tree Trimming - Perform	$15,000	$22,018
Fiscal Year 2037 Total:		**$317,400**	**$465,895**

Fiscal Year 2038			
Comp #	**Component Name**	**Current Cost**	**Future Cost**
1. 539	Wrought Iron Fencing - Repaint	$4,000	$6,062
1. 612	Tree Trimming - Perform	$15,000	$22,733
1. 811	Park Furniture - Replace	$6,300	$9,548
Fiscal Year 2038 Total:		**$25,300**	**$38,343**

Fiscal Year 2039			
Comp #	**Component Name**	**Current Cost**	**Future Cost**
1. 113	Monument Signs - Replace	$115,000	$179,953
1. 612	Tree Trimming - Perform	$15,000	$23,472
1. 637	Irrigation System - Refurbish	$256,500	$401,373
1. 3001	Reserve Study - Update	$1,750	$2,738
Fiscal Year 2039 Total:		**$388,250**	**$607,536**

Fiscal Year 2040			
Comp #	**Component Name**	**Current Cost**	**Future Cost**
1. 402	Concrete - Repair	$30,000	$48,470
1. 612	Tree Trimming - Perform	$15,000	$24,235
Fiscal Year 2040 Total:		**$45,000**	**$72,705**

Fiscal Year 2041			
Comp #	**Component Name**	**Current Cost**	**Future Cost**
1. 612	Tree Trimming - Perform	$15,000	$25,023
Fiscal Year 2041 Total:		**$15,000**	**$25,023**

Fiscal Year 2042			
Comp #	**Component Name**	**Current Cost**	**Future Cost**

1. 205	Pole Lights - Replace	$54,000	$93,009
1. 612	Tree Trimming - Perform	$15,000	$25,836
Fiscal Year 2042 Total:		**$69,000**	**$118,845**

Fiscal Year 2043			
Comp #	**Component Name**	**Current Cost**	**Future Cost**
1. 612	Tree Trimming - Perform	$15,000	$26,675
Fiscal Year 2043 Total:		**$15,000**	**$26,675**

Fiscal Year 2044			
Comp #	**Component Name**	**Current Cost**	**Future Cost**
1. 539	Wrought Iron Fencing - Repaint	$4,000	$7,345
1. 602	Landscaping - Renovate	$427,500	$784,960
1. 612	Tree Trimming - Perform	$15,000	$27,542
1. 3001	Reserve Study - Update	$1,750	$3,213
Fiscal Year 2044 Total:		**$448,250**	**$823,060**

Fiscal Year 2045			
Comp #	**Component Name**	**Current Cost**	**Future Cost**
1. 612	Tree Trimming - Perform	$15,000	$28,438
Fiscal Year 2045 Total:		**$15,000**	**$28,438**

Fiscal Year 2046			
Comp #	**Component Name**	**Current Cost**	**Future Cost**
1. 612	Tree Trimming - Perform	$15,000	$29,362
Fiscal Year 2046 Total:		**$15,000**	**$29,362**

Fiscal Year 2047			
Comp #	**Component Name**	**Current Cost**	**Future Cost**
1. 504	Block Wall - Repaint	$113,400	$229,189
1. 612	Tree Trimming - Perform	$15,000	$30,316
Fiscal Year 2047 Total:		**$128,400**	**$259,505**

Fiscal Year 2048			
Comp #	**Component Name**	**Current Cost**	**Future Cost**
1. 612	Tree Trimming - Perform	$15,000	$31,301
Fiscal Year 2048 Total:		**$15,000**	**$31,301**

Fiscal Year 2049			
Comp #	**Component Name**	**Current Cost**	**Future Cost**
1. 612	Tree Trimming - Perform	$15,000	$32,319
1. 637	Irrigation System - Refurbish	$256,500	$552,648
1. 3001	Reserve Study - Update	$1,750	$3,771
Fiscal Year 2049 Total:		**$273,250**	**$588,738**

Fiscal Year 2050			
Comp #	**Component Name**	**Current Cost**	**Future Cost**
1. 402	Concrete - Repair	$30,000	$66,738
1. 539	Wrought Iron Fencing - Repaint	$4,000	$8,898
1. 612	Tree Trimming - Perform	$15,000	$33,369
Fiscal Year 2050 Total:		**$49,000**	**$109,005**

Fiscal Year 2051			
Comp #	**Component Name**	**Current Cost**	**Future Cost**
1. 612	Tree Trimming - Perform	$15,000	$34,453
Fiscal Year 2051 Total:		**$15,000**	**$34,453**

Fiscal Year 2052			
Comp #	**Component Name**	**Current Cost**	**Future Cost**
1. 612	Tree Trimming - Perform	$15,000	$35,573
Fiscal Year 2052 Total:		**$15,000**	**$35,573**

Fiscal Year 2053			
Comp #	**Component Name**	**Current Cost**	**Future Cost**
1. 612	Tree Trimming - Perform	$15,000	$36,729
Fiscal Year 2053 Total:		**$15,000**	**$36,729**

Fiscal Year 2054			
Comp #	**Component Name**	**Current Cost**	**Future Cost**
1. 602	Landscaping - Renovate	$427,500	$1,080,806
1. 612	Tree Trimming - Perform	$15,000	$37,923
1. 3001	Reserve Study - Update	$1,750	$4,424
Fiscal Year 2054 Total:		**$444,250**	**$1,123,153**

Fiscal Year 2055			
Comp #	**Component Name**	**Current Cost**	**Future Cost**

1. 612	Tree Trimming - Perform	$15,000	$39,156
Fiscal Year 2055 Total:		**$15,000**	**$39,156**

Component Detail

Subgroup 1: Common Area

Component List

113	Monument Signs - Replace
205	Pole Lights - Replace
402	Concrete - Repair
502	Block Wall - Repair
504	Block Wall - Repaint
536	Wrought Iron Fencing - Replace
539	Wrought Iron Fencing - Repaint
602	Landscaping - Renovate
607	Turf Conversion - Perform
612	Tree Trimming - Perform
637	Irrigation System - Refurbish
811	Park Furniture - Replace
3001	Reserve Study - Update

Comp #: 1.113 Monument Signs - Replace

Quantity:	23 Monument Signs	**Original Service Date:**	2019
Unit Cost:	$5,000.00	**Useful Life:**	20
% of Unit Cost:	100.0%	**Rem. Useful Life Adjustment:**	0
Total Cost:	$115,000.00	**Remaining Useful Life:**	14
Cost Source:	GeoReserves Database	**Next Scheduled Year:**	2039
Description:	Monument signs can come in a wide range of sizes, materials, and designs. However, over time they will eventually need to be updated to maintain appearance and to keep a current look. Whether this includes a general refurbishment or a complete replacement, the cost and useful life of this project can vary depending on what type of look the association wishes to obtain. Any minor repairs should be done regularly as an operating expense.		
Evaluation:	No major appearance concerns noted. The Remaining Useful Life is based on both age and overall condition.		
General Notes:	7 Monument Signs - "South Shores" 4 Monument Signs - "Capri Estates" 4 Monument Signs - "Colonnades" 3 Monument Signs - "Isla Vista" 4 Monument Signs - "Waterford Falls" 1 Monument Sign - "Estates" Total: 23 Monument Signs		

Comp #: 1.205 Pole Lights - Replace

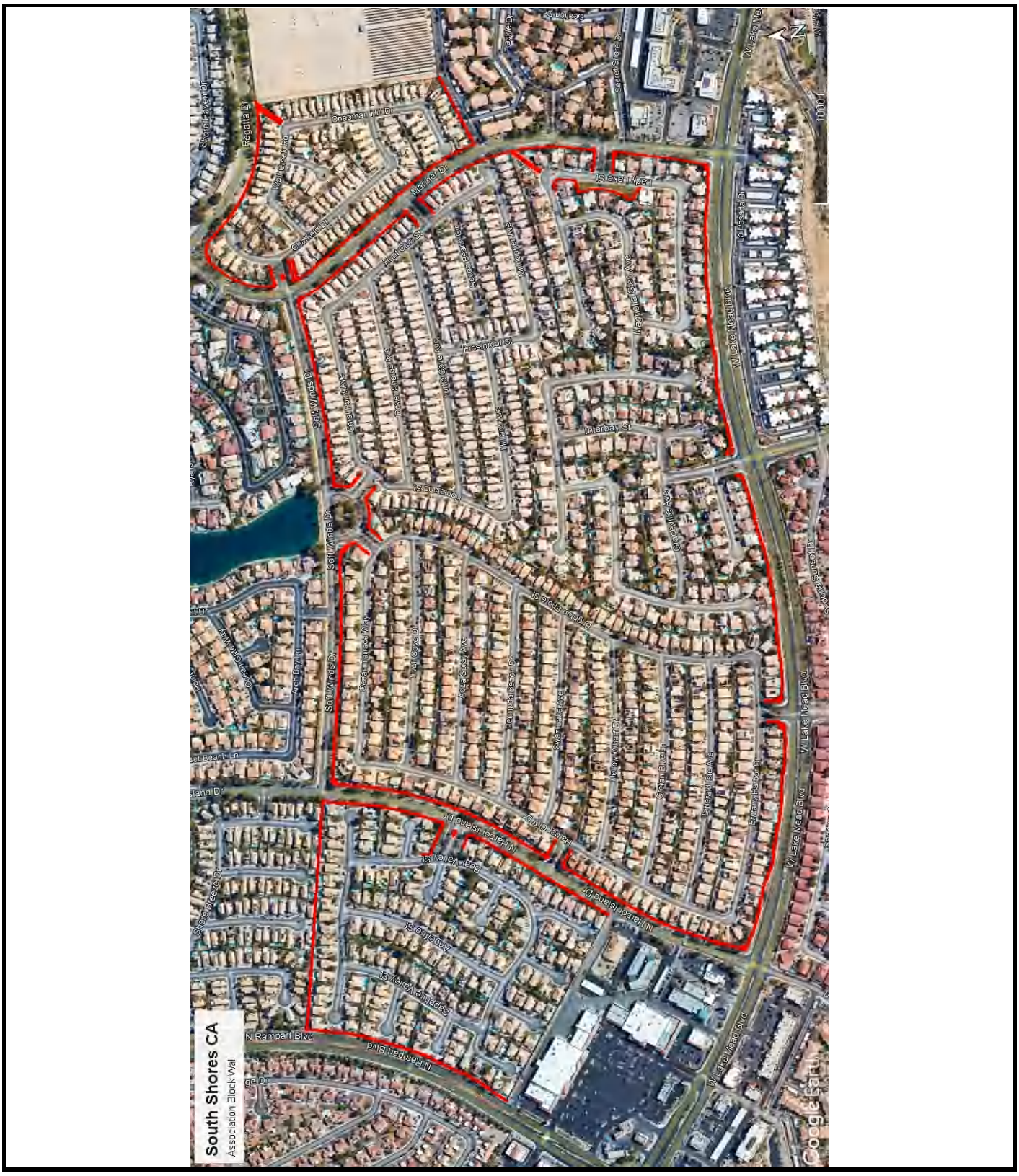
Quantity:	6 Pole Lights	**Original Service Date:**	2018
Unit Cost:	$9,000.00	**Useful Life:**	24
% of Unit Cost:	100.0%	**Rem. Useful Life Adjustment:**	0
Total Cost:	$54,000.00	**Remaining Useful Life:**	17
Cost Source:	GeoReserves Database	**Next Scheduled Year:**	2042
Description:	This component funds to replace the pole lights. These pole lights should be replaced every 20 to 25 years or when necessary to maintain appearance standards and functionality. This cost estimates includes an allowance to replace any cables and other parts such as the concrete base, power system, transformers, drivers, and other related costs. This also includes the cost for the solar panels and other related components that are part of the solar powered light fixtures.		
Evaluation:	No problems with these pole light fixtures noted at time of site visit. However, this community should regularly inspect these lights during nighttime hours to check for any issues.		
General Notes:	2 Lights at the north park area 2 Lights at Waterford Falls entrance 2 Lights at Lake Mead and Rampart Monument Area. Per Client, the lights at Rampart and Lake Mead are broken due to a car crash and will be replaced in the near future.		

Comp #: 1.402 Concrete - Repair

Quantity:	1 Allowance	**Original Service Date:**	2020
Unit Cost:	$30,000.00	**Useful Life:**	10
% of Unit Cost:	100.0%	**Rem. Useful Life Adjustment:**	0
Total Cost:	$30,000.00	**Remaining Useful Life:**	5
Cost Source:	GeoReserves Database	**Next Scheduled Year:**	2030
Description:	This component funds for repairs to the association maintained sidewalks, walkways, curbs, and other concrete areas. These repairs should be made every five to ten years depending on the quantity and age of community. Any tripping hazards should be addressed when they arise. This cost schedule can be adjusted as necessary.		
Evaluation:	No major spalling or delamination noted. We recommend inspecting and repairing any minor cracks or issues annually.		
General Notes:			

Comp #: 1.502 Block Wall - Repair

Quantity:	18,900 Linear ft.	**Original Service Date:**	2019
Unit Cost:	$100.00	**Useful Life:**	20
% of Unit Cost:	10.0%	**Rem. Useful Life Adjustment:**	-2
Total Cost:	$189,000.00	**Remaining Useful Life:**	12
Cost Source:	GeoReserves Database	**Next Scheduled Year:**	2037
Description:	This component includes the portions of the block wall that the association is obligated to maintain. These walls are designed to last a very long time and funding for a complete replacement is not necessary. However, repairs are usually necessary due to water damage, tree roots and other ground movement, and vandalism or other damages. A feasible reserve study plan is to make repairs every 10 to 20 years. However, this schedule and cost estimate may be adjusted as the community ages and a cost history is developed.		
Evaluation:	No major issues such as water damage, cracking or other issues noted.		
General Notes:			



Association maintained block wall

Comp #: 1.504 Block Wall - Repaint

Quantity:	113,400 Sq. Ft.	**Original Service Date:**	2019
Unit Cost:	$1.00	**Useful Life:**	10
% of Unit Cost:	100.0%	**Rem. Useful Life Adjustment:**	-2
Total Cost:	$113,400.00	**Remaining Useful Life:**	2
Cost Source:	GeoReserves Database	**Next Scheduled Year:**	2027
Description:	This component includes painting the block wall, along with making any minor repairs to the surface. This project should be performed every 10 to 12 years or when necessary to maintain appearance. Different paint materials and techniques will determine the actual useful life and may result in adjusting this schedule.		
Evaluation:	No significant problems or appearance concerns noted.		
General Notes:			

Comp #: 1.536 Wrought Iron Fencing - Replace

Quantity:	1 Allowance	**Original Service Date:**	1990
Unit Cost:	$25,000.00	**Useful Life:**	36
% of Unit Cost:	100.0%	**Rem. Useful Life Adjustment:**	0
Total Cost:	$25,000.00	**Remaining Useful Life:**	1
Cost Source:	GeoReserves Database	**Next Scheduled Year:**	2026
Description:	Although this fencing is referred to as wrought iron, it is typically hollow metal that has been rolled and made to give a classic wrought iron look. With regular painting and maintenance, this fencing should last approximately 30 to 40 years.		
Evaluation:	No major rusting, bent areas or other damage noted.		
General Notes:			

Comp #: 1.539 Wrought Iron Fencing - Repaint

Quantity:	1 Allowance	**Original Service Date:**	2020
Unit Cost:	$4,000.00	**Useful Life:**	6
% of Unit Cost:	100.0%	**Rem. Useful Life Adjustment:**	0
Total Cost:	$4,000.00	**Remaining Useful Life:**	1
Cost Source:	GeoReserves Database	**Next Scheduled Year:**	2026
Description:	This component includes painting the metal fencing, along with making any repairs to bent or rusted areas. This project should be performed every 6 years or when necessary to maintain appearance and ensure the fence realizes a full useful life. Different paint materials and techniques will determine the actual useful life and may result in adjusting this schedule.		
Evaluation:	No significant rusting or faded paint noted.		
General Notes:			

Comp #: 1.602 Landscaping - Renovate

Quantity:	342,000 Sq. ft.	**Original Service Date:**	2024
Unit Cost:	$1.25	**Useful Life:**	10
% of Unit Cost:	100.0%	**Rem. Useful Life Adjustment:**	0
Total Cost:	$427,500.00	**Remaining Useful Life:**	9
Cost Source:	GeoReserves Database	**Next Scheduled Year:**	2034
Description:	Landscaping should be maintained on a regular basis primarily as an operating expense. As small plants, portions of rocks, or parts of the irrigation system need to be replaced it is usually included in the standard maintenance contract with the landscaper. However, over time larger portions of landscaping and irrigation should be upgraded or replaced to maintain appearance standards. These types of projects are very much subjective and up to the board and residents to determine the scope and cost. This reserve study funds for a general cost that should be looked at closely by the association to determine their specific landscaping needs. Visit local water district website for water conservation ideas and additional information.		
Evaluation:	No major appearance concerns noted. This landscaping should be maintained on a regular basis and the association should work with the landscaper to determine any specific areas of improvement that go beyond the normal maintenance contract.		
General Notes:			

Association maintained landscaping

Comp #: 1.607 Turf Conversion - Perform

Quantity:	1 Project	**Original Service Date:**	2024
Unit Cost:	$99,587.00	**Useful Life:**	1
% of Unit Cost:	100.0%	**Rem. Useful Life Adjustment:**	0
Total Cost:	$99,587.00	**Remaining Useful Life:**	0
Cost Source:	GeoReserves Database	**Next Scheduled Year:**	2025
Description:	This component includes a one-time payment to account for the remaining balance of the association turf conversion project.		
Evaluation:	This project is nearly complete. This component represents the final payment.		
General Notes:			

Comp #: 1.612 Tree Trimming - Perform

Quantity:	1 Project	**Original Service Date:**	2024
Unit Cost:	$15,000.00	**Useful Life:**	1
% of Unit Cost:	100.0%	**Rem. Useful Life Adjustment:**	0
Total Cost:	$15,000.00	**Remaining Useful Life:**	0
Cost Source:	GeoReserves Database	**Next Scheduled Year:**	2025
Description:	This component funds to trim the trees. This cost schedule can be adjusted as necessary.		
Evaluation:	This remaining life can be adjusted as necessary.		
General Notes:			

Comp #: 1.637 Irrigation System - Refurbish

Quantity:	342,000 Sq. ft.	**Original Service Date:**	2019
Unit Cost:	$0.75	**Useful Life:**	10
% of Unit Cost:	100.0%	**Rem. Useful Life Adjustment:**	0
Total Cost:	$256,500.00	**Remaining Useful Life:**	4
Cost Source:	GeoReserves Database	**Next Scheduled Year:**	2029
Description:	This component includes replacing and updating the irrigation system. This includes any individual parts such as the irrigation lines, clocks, valves, backflow devices and any other related costs. This work should be done every 10 years or when necessary.		
Evaluation:	No problems reported.		
General Notes:			

Comp #: 1.811 Park Furniture - Replace

Quantity:	1 See Detail	**Original Service Date:**	2018
Unit Cost:	$6,300.00	**Useful Life:**	20
% of Unit Cost:	100.0%	**Rem. Useful Life Adjustment:**	0
Total Cost:	$6,300.00	**Remaining Useful Life:**	13
Cost Source:	GeoReserves Database	**Next Scheduled Year:**	2038
Description:	This component includes replacing all of the outdoor furniture items commonly referred to as park furniture. This includes any tables, benches, trash receptacles, and other related items. Each individual item may have its own useful life. However, unless an item breaks prematurely, they should all be replaced at the same time to maintain a common appearance. This study funds to replace these items every 20 years but this can be adjusted depending on the amount of use.		
Evaluation:	No problems with these items noted.		
General Notes:	2 Benches 6 Pet Waste Stations		

Comp #: 1.3001 Reserve Study - Update

Quantity:	1 Reserve Study	**Original Service Date:**	2024
Unit Cost:	$1,750.00	**Useful Life:**	5
% of Unit Cost:	100.0%	**Rem. Useful Life Adjustment:**	0
Total Cost:	$1,750.00	**Remaining Useful Life:**	4
Cost Source:	GeoReserves Database	**Next Scheduled Year:**	2029
Description:	This component funds to update the reserve study. A reserve study with On-Site Inspection should be performed typically every 3 to 6 years based on industry standards and state requirements.		
Evaluation:	Per Nevada state law, this reserve study will be updated every 5 years.		
General Notes:			

Appendix I: Preparer's Qualifications and Disclosures

Preparer's Qualifications

Byron Goetting has been preparing reserve studies since 2008. He has also worked as a financial analyst for a major Las Vegas hotel and casino, and as an economist for an economic consulting firm. He holds a Bachelor's degree in Finance as well as a Master's degree in Economics.

Mr. Goetting has prepared over 2,000 reserve studies for single-family, condominium, townhome, high-rise, master-planned, commercial and other types of communities. He has worked on small communities consisting of no more than a single cul-de-sac of houses to large Master-planned HOAs and luxurious condominium high-rise towers. He has prepared reserve studies for communities located in Nevada, California, Arizona, Washington, Colorado, Utah, and North Carolina.

Disclosures

Unless otherwise mentioned, no representative of GeoReserves has any relationship with the Client which could result in actual or perceived conflicts of interest.

GeoReserves is not bonded but has both professional and general liability insurance policies.

Information provided to the preparer of a reserve study by an official representative of the community regarding financial, historical, physical, quantitative or reserve project issues will be deemed reliable by the preparer. A reserve study will be a reflection of information provided to the preparer of the reserve study. The total of actual or projected reserves required as presented in the reserve study is based upon information provided that was not audited.

A reserve study is not intended to be used to perform an audit, an analysis of quality, a forensic study or a background check of historical records. An on-site inspection conducted in conjunction with a reserve study should not be deemed to be a project audit or quality inspection.

This reserve study offers no expressed or implied warrantees or guarantees regarding condition, useful life and cost estimates. These estimates and projections are general in nature and for informative and budget planning purposes only. For the components listed within this study, it is highly recommended that the client relies on advice of contractors and other component-specific vendors in terms of what work should be done as well as up-to-date and accurate cost estimates.

If this reserve study is labeled as a "Draft" then it should not be considered to be an accurate tool to for budgeting or other management purposes. In addition, it will not satisfy any laws requiring a reserve study to be conducted in the Community's state or local area. As part of the contractual obligation between the Client and GeoReserves, the Client has agreed to check the contents of this study for accuracy and provide other areas of feedback.

As mentioned above, it is the responsibility of the Client to review and approve the information within this reserve study. This includes adding, removing or revising any components, quantities, costs, conditions, and all other relevant data. GeoReserves will make any reasonable revisions to the initial draft at the request of the Client. However, GeoReserves is an independent contractor and will not be obligated to make every request the Client may have. Such unreasonable requests may include, for example, removing any component that has not yet realized its economic life and which the current and future residents of the Community would still expect the Community to maintain. Any refusal of revision request does not remove the Client of its obligation of payment or to approve a final draft if required by any applicable statute or regulation.

This reserve study will be labeled as a "Draft" until the Client has given its final approval and upon

doing so recognizes that it took due care in assisting with the preparation of this report and removes GeoReserves of any liability that may arise from the resulting recommendations.

If this report is an update to a previous report: Quantities of major components as reported in previous reserve studies are deemed to be accurate and reliable. The reserve study relies upon the validity of previous reserve studies.

If an on-site inspection was not conducted (A Level 3 report), then GeoReserves makes no claims to the current condition of the components.

The projected life expectancy of the major components and the funding needs of the reserves of the community are based upon the community performing appropriate routine and preventative maintenance for each major component. Failure to perform such maintenance can negatively impact the remaining useful life of the major components and dramatically increase the funding needs of the reserves of the community.

GeoReserves has assumed all components have been properly built and free from defects. This includes any defects in construction, workmanship, materials, and anything else that can reduce the useful life of a component or lead to premature failure.

Appendix II: Understanding This Report

This section offers a background of reserve studies in general, using industry standards as described by the Association of Professional Reserve Analysts (APRA) and Community Association Institute (CAI). Additional information relating to how GeoReserves prepares its reserve studies can be found here as well. This study is meant to be a collaboration between the Client and GeoReserves. Therefore, it is important for all readers to understand this introduction when reviewing the reserve study as it can answer any questions that may arise.

A reserve study, as defined by APRA, is a budgeting tool intended to aid the directors of Community Associations or other entities responsible for maintaining residential property, retail property, special districts or any other physical plant/property for the future repair, replacement, and restoration of major components of the common areas during the Economic Life of a property.

There are two main sections of a reserve study: The Physical Analysis and Financial Analysis. Part of the Physical Analysis is the Component Assessment and Valuation, which is found in the Component Detail of this report. All of these sections are described below. It is the Client's responsibility to understand not only the contents of the reserve study but his/her role in providing any feedback in the preparation of the final version of this report.

Physical Analysis Overview

The general purpose of the Physical Analysis is to identify the Reserve Components and to estimate the general condition and expenditure needs of these components. The Reserve Components are the major common area elements maintained by the Association, listed in the Component Inventory. The Component Inventory also shows the quantity, and if the component is included in the Financial Analysis, the cost, useful life, and remaining useful life. Information within the Component Inventory is determined primarily from the Site Visit but can also come from additional sources such as the client, vendor, or previous reserve study.

Component Inventory

Determining the Reserve Components

In order to determine what components are included in the component inventory, certain criteria must be met. Typically, a component is considered to be a Reserve Component if it meets the following guidelines:

A. Association Responsibility – The component must be owned or obligated by the Association. Any component that is publicly maintained, maintained by homeowners, a different Association, or any other agency should be excluded from the Component Inventory. Furthermore, leased components, those maintained in full by an existing maintenance contract, or those that are only temporarily under the control of the Association are not included.

B. Limited Useful Life – Many reserve analysts suggest that reserve study components should have useful life 30 or fewer years, and greater than one year. Components with a useful life of more than 30 years are usually considered to last the "economic life of the community" and excluded from the Component Inventory. These include such projects as rebuilding the community buildings or replacing any major utility system. There is, however, some debate on this 30-year limit, and GeoReserves sets the useful life of several components at 40 years. As the Association ages, the client may want to consider adding some of these major costs to the reserve study. For example, in certain parts of the country plumbing repairs are common and expected to occur when the Association is about 40 years old. Furthermore, annual expenses, even those relating to Reserve

Components such as annual roof inspections and repairs, are typically budgeted as an operating expense and not included in the reserve study.

C. Predictable Remaining Useful Life – The component should follow a reasonably predictable schedule. Most components have the risk of premature failure or can last longer than estimated. However typical projects excluded from the Component Inventory are those related to construction defects, acts of God, environmental hazards, future code changes, or other unpredictable events.

D. Above a Minimum Cost – Minor repairs and replacements, those costing less than a certain threshold, are considered to be operating expenses. It is important to note that the threshold is not a set figure that is the same for every Association. A small, single-family home community may have a $500 minimum threshold cost while a high-rise condominium building may use operating funds to pay for any expense less than several thousand dollars or more.

E. Required by Applicable Statutes – Any component that is usually excluded from the Component Inventory, either from reasons stated above or for any other reason, may be included if necessary, to satisfy applicable statutes. These statutes may be directed from a state or local agency, or from the Association's governing documents.

While the above guidelines are used by all reserve study providers, they are not meant to be rigid rules with no room for exceptions. For example, non-physical components such as legal, financial, or other consulting services or reports, including reserve studies, may fit the requirements above but still not be included unless requested by the Client. Also, if the component is funded for in another part of the budget it may be unnecessary to include in the Component Inventory. The Client should work with the reserve study preparer to finalize the Component Inventory, making sure all appropriate components are either included or excluded.

Estimating Quantity, Cost and Useful Life

Once the Component Inventory is finalized, the next step is to measure and quantify the Reserve Components. This reserve study goes to great lengths to ensure that these quantities and measurements are accurate and reliable for budgeting purposes. However, these quantities are not guaranteed. Mistakes can be made when taking measurements or counts. The client should review and check for any potential inaccuracies. See the Component Detail section below for additional information.

A cost estimate, and useful life is then assigned to those Reserve Components that are included in the Financial Analysis. The cost estimate and useful life of each component is gathered from various sources of information including construction cost estimators, research with vendors, actual costs or other information provided by the client and other sources. These are only general estimates and may vary widely from actual expenditures depending on the size and scope of the component. Reserve studies usually do not promote specific procedures and the Client should defer to the expert opinion of component specific vendors or experts at the time of the expenditure for a proper scope of work.

Remaining Useful Life

The Remaining Useful Life (RUL) of each component is based not only on the age of a component, but also on general evaluations and assumptions as well as from any feedback provided by the Client or vendors working with the Association. The RUL of a component with many individual items, such as streetlights or gate operators are usually grouped together. Individual failures within these groups are usually not separated.

Component's Significance

A component's significance is calculated by dividing its Cost by Useful Life (Cost/UL). The significance percentage rate is the portion of each component's significance cost compared to the summed total of these costs. Often times, neglect of components can lead to an unforeseen rise in replacement and repair costs far beyond those projected in this reserve study. Therefore, when reviewing the reserve study and looking for areas to focus the Association's money and resources, these components are a good place to start.

Financial Analysis Overview

The Financial Analysis is comprised of two major sections. The first is an evaluation of the current condition of the Association's reserve funds. Second, an appropriate funding plan is recommended based on the Association's current financial condition and projected future expenditures.

Evaluation of Current Reserve Fund

In order to evaluate the current financial condition, the Fully Funded Balance (FFB) for each component must first be calculated. This is done by taking each future expenditure, as described in the Physical Analysis, and applying the following formula: $\mathbf{FFB} = \left(\frac{Current\ Cost * Effective\ Age}{Useful\ Life}\right)$. The Effective Age is the difference between the Useful Life and the Remaining Useful Life. For Example, if the Useful life of a component is 15 years and the Remaining Useful Life is 12 years, its Effective Age is 3 years. Furthermore, if this same component has a Current Cost of $10,000 its Fully Funded Balance is equal $2,000, because $10,000 * (3/15) equals $2,000. This formula is applied to each component individually and then added together to get the total Fully Funded Balance for the Association.

Percent Funded Metric

The metric used to evaluate the Association's current financial condition is the Percent Funded. This is the actual cash balance compared to the calculated Fully Funded Balance, displayed as a percentage rate. For example, if the Fully Funded Balance for the Association is $100,000 and the Association currently has $90,000, then the association would be 90% Funded.

The Percent Funded shows only a current snapshot of the Association's financial position. The closer to 100% (Fully Funded) the better prepared a community is to pay for its upcoming projected expenses. **A general gauge of strength can be applied to the Percent Funded to determine the current financial position. It is important to note that this gauge only evaluates the current financial position of the Association. It does not evaluate the long-term stability of the funding position.**

The typical gauge used to measure the strength of the current financial position is as follows:
Over 100% Funded: If the Association has a Percent Funded over 100%, it is over-funded. The Association has a reserve fund greater than the ideal amount and presumably, is more than capable of paying for its upcoming projected expenses.

100% Funded: If the Association is 100% Funded, then it is Fully Funded and has the ideal amount of reserve funds necessary at the current moment of time.

70% - 99% Funded: Generally, any Association with its Percent Funded amount within this range is in a strong position. The association should be able to pay for its upcoming projected expenditures.

31% - 69% Funded: If the Association has a Percent Funded amount within this range it is usually considered to be in a fair position. The Association may need to prioritize what upcoming projects it can

afford to do and push other projects back or issue a special assessment or some other means of raising additional funds to pay for upcoming projected expenses.

0% - 30% Funded: If the Association has a Percent Funded within this range it usually means the Association is in a weak financial position. This will typically result in the Association being unable to pay for upcoming projected expenses. The Association will most likely push back projected expenses in order to have time to raise the proper amount of funds. It is important to note that the Association can have a low percent funded amount and still be able to pay for its projected expenses provided if follows the recommended plan.

Limitations of Percent Funded Metric

As noted above, the Percent Funded metric shows only a snapshot of the current financial position. It does not show any indication of the Association's future ability to pay for projected expenses.

For example, a newly constructed development needs little money in its reserve account, as all the common area components have been recently installed, there is little need for major repairs or replacements. Therefore, the dollar amount representing the ideal Fully Funded percent rate is usually a low number. As the Association ages, it will need more and more money in its reserve account in order to be at the Fully Funded level. Therefore, a recently built Association can be in a strong, or even over-funded position in the current year, but quickly drop to a weak position in the future if it does not follow the recommended funding plan. However, it is important to note that certain state statutes may require the developer to transfer a certain amount of money to the reserve fund and these statutes should be followed accordingly.

Also, if the Association is older and reaching the point in time where major repairs and replacements are scheduled to occur, it will be spending more money than it takes in and the Percent Funded may drop to a low percentage rate. The Association may appear to be in a weak funding position; however, as the work is finished it will quickly jump from a weak position to a strong position in a short amount of time if following the recommended funding plan.

Another limitation of relying solely on the Percent Funded metric is that the Association may have a project that costs more than expected or needs to be done sooner than anticipated. The reserve study cost schedule is only a guideline, and if not updated on a regular basis to reflect the Association's specific needs, will result in inadequate information and recommendations.

Funding Plan Methodology

The key metric in evaluating the Association's long-term ability to pay for all projected expenditures of the 30-year span of the study is whether the Association is following the recommended Funding Plan. After the current reserve fund is evaluated in the manner described above, the Funding Plan is then prepared. In order to develop an appropriate plan, the first step is to set a target Funding Goal. There are four possible Funding Goals to choose from: Full Funding, Threshold Funding, Statutory Funding and Baseline Funding.

Full Funding – The most common Funding Goal is Full Funding, in which the Funding Plan target is for the Association to have reserve funds equal to the Fully Funded Balance or 100% funded. This is the appropriate Funding Plan for small to medium sized communities, and many large-scale communities as well.

Threshold Funding – This Funding Goal is set at a specific Percent Funded target. The target could be 80%, 75% or any specific Percent Funded target as determined by the Association and the reserve study preparer. A Threshold Funding Goal is usually seen in larger communities with a really high Fully Funded Balance, and when no projected year of reserve expenditures comes close to that amount.

For example, a very large-scale project with a long list of reserve components may have a Fully Funded Balance of $5 million, however no single year of projected expenses is over $500,000. There would be no reason for the Association to sit on millions of dollars in the reserve fund when the probability of needing to spend that much in a single year is very low.

Statutory Funding – Similar to a Threshold Funding Goal however instead of a target Percent Funded, there is a target minimum amount of reserve funds that must be kept because of any applicable statute or other requirement.

Baseline Funding – This is a specific version of the Threshold Funding Goal in which the Percent Funded target is only 0%. Due to the uncertainty surrounded with estimating costs and predicting when future expenditures will occur, there is a tremendous amount of risk associated with a Baseline Funding Goal.

This report shows the Baseline Funding Goal for comparison purposes only and to give the client a better understanding of what the bare minimum reserve contribution should be. Even the most cash-strapped associations should contribute enough to the reserve fund to meet this Baseline Funding Goal.

Once the Funding Goal is set, the Funding Plan is then prepared. The Funding Plans prepared in this reserve study use the Cash Flow Method. The Cash Flow Method is a method used for preparing reserves studies in which the reserve study preparer tests different reserve contributions against the projected annual reserve expenditures until the Funding Goal is met.

Financial Analysis Limitations and Exclusions

There are certain factors and services that are not considered when preparing the Financial Analysis. These include accounting services such as an audit, review, or compilation when evaluating the current reserve fund. Any financial information provided by the client is assumed to be accurate. However, any settlement or other amount of money that has not yet been transferred to reserves, and before the final amount has been approved, should not be included in the Evaluation of the Current Reserve Fund. The Funding Plan should not include projected interest earnings or other returns on investment that are higher than standard savings, certificates of deposit, or other low-risk accounts. The Funding Plan offers a recommended reserve contribution; beyond that it does not promote any specific investment strategy, nor does it consider external limitations such as restrictions dictated by the Governing Documents or homeowner budget constraints.

Final Thoughts on Financial Analysis

No matter what Funding Goal or Method is used, all reserve study Funding Plans should follow certain basic principles. There should be sufficient reserve funds when required, contributions should be relatively stable and even over time, and the Funding Plan should be fiscally responsible to the Association and all interested parties.

As long as the Association is following its recommended Funding Plan that has it on track to hit its Funding Goal, and is updating the reserve study on a regular basis, it should be able to pay for all projected expenditures in the near-term and long-term. This is the true determination in the strength of the Association's financial condition

Component Detail

The Component Detail section includes the Component Assessment and Valuation, which is the basically the findings of the site visit. In addition to the information already listed in the Component Inventory, this section provides pictures and maps, an evaluation of the condition, a description of what work the

component entails, as well as other notes such as model numbers, quantity breakdowns, etc. Also located in this section are any notes the Client has provided. These notes may include the original installation date, the scope of any work performed, actual costs, an any other relevant feedback.

Site Visit

When the Site Visit is performed, the Reserve Analyst will travel to the community to make all necessary measurements, quantifications, and evaluations of the general condition of the Reserve Components.

It is very important to note that certain common area elements or components the Association is obligated to maintain, repair, or replace may not be located within the normal community boundaries. For example, utility system components, drainage easements, walkways, and landscaping may be located away from the residential units and in places that would not appear to be part of the Association's common area. It is the responsibility of the Client to inform the Reserve Analyst of any areas in which the Association maintains these components. Any CC&R's, maps, or other relevant documents should be provided by the Client for review.

Not every Reserve Component included in the Physical Analysis may be quantified or evaluated in the Site Visit. Components may be excluded from the Site Visit if the component is not readily accessible or available during the time of the Site Visit. This would include components that not available for reasons beyond control of the Reserve Analyst, or which the Client has specified to be excluded, or are under ground, under water, or where the Reserve Analyst would come into contact with water.

Measurements & Quantifications

GeoReserves was founded on the idea that by utilizing Geographical Information Systems (GIS), and Global Positioning System (GPS) devices and software, we can create some of the most accurate and easy to understand reserve studies available. During the site visit we will use GPS devices and software to quantify and track many of the Reserve Components, such as streetlights, signs, and other Reserve Components located throughout the Association. We also utilize Geographical Information Systems (GIS) to create maps and take measurements, such as walls, asphalt and roofs.

Maps of certain components are included to help make this report more reliable and easier to understand. These maps may contain lines, shapes, or other markings to be used as visual aids for the Client to check for any inaccuracies. For example, some Associations may maintain only certain sections of the perimeter block walls. The Client can easily review our map of the included block walls against what the Association is actually obligated to maintain.

Condition Evaluations

The most difficult aspect of any reserve study is the attempt to try to predict just how many years a component will have until failure occurs. Often times even experts in the fields of specific components will have a hard time trying to make that determination. It is therefore important for the Client and all readers of this reserve study understand that the evaluations determined from the site visit only general observations of each component.

These evaluations are not intended to be exhausted in nature and may include representative sampling. When evaluating the condition of components, only the visible features are examined. No activating, operating or shutting down, dismantling, or removing any walls or access panels to any inspect any system or component beyond the most basic of user controls are involved.

Furthermore, the evaluations will typically not determine whether a component is in compliance with any installation guidelines, codes, or other standards or regulations. No intensive examinations relating to the structural, geological, environmental or any other characteristics of the component are involved. This includes the acoustical and other nuisance characteristics. No water damage/leakage tests, fire resistive tests, or any tests relating to conditions of nature are performed.

As mentioned in the Physical Analysis section above, certain items may be grouped together into a single component. As the ages of each building or individual item may vary, the site visit is not intended to attempt to differentiate original construction or subsequent additions or modifications.

The most important thing to consider when understanding the evaluation and the Remaining Useful Life of each component is that any component can fail prematurely or last longer than suggested. That is why reserve studies should be updated and reviewed regularly, and in many states, Associations are required to do so. Also, the RUL is only one variable in the funding model, and so long as the Association makes its best effort to follow the recommended funding plan, in most cases it should have enough funds for any variances in actual reserve expenditures.

Appendix III: Glossary of Terms

As defined by the Association of Professional Reserve Analysts

* All definitions apply to derivatives of these terms when italicized in the text.

1. Association: For the purposes of this document "Association" shall encompass Community Associations, schools, commercial buildings, mutual utility properties, worship facilities, and any other entity interested in the long range planning for the maintenance and replacement of the major components.

2. Cash Flow Method - A method of calculating Reserve contributions 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.

3. Component – or Reserve Component. An individual line item in the Reserve Study developed or updated in the Physical Analysis. These elements form the building blocks of 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 applicable statutes.

4. Component Assessment and Valuation - The task of estimating Useful Life, Remaining Useful Life, and Repair or Replacement Costs for the Reserve Components. This task is accomplished either with or without onsite visual observations, based on Level of Service selected by the client.

5. Component Inventory - The task of selecting and quantifying Reserve Components. This task is accomplished through any of the following: onsite visual observations, review of association design and organizational documents, review of a previous Reserve Study, review of established association precedents.

6. Component Method - A method of calculating Reserve contributions where the total reserve contribution is based on the sum of contributions for individual Components.

7. Current Cost – A component's current replacement cost as of the date of the financial analysis. Current cost may be less or greater than the total replacement cost depending on the defined replacement scope.

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

9. Economic Life – the portion of the total life of a property up until the infrastructure is no longer economically viable to maintain and a significant reinvestment, rebuilding, or renovation is necessary.

10. 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 computation.

11. Extended Useful Life – Systems or Components generally designed to last the life of the community or for which the replacement cost would be economically impractical. Items generally excluded in this category include utility systems, building infrastructure, permanent structures, asphalt streets, swimming pools, tennis courts, etc.

12. 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. The Financial Analysis is one of the two parts of a Reserve Study.

13. Full Study – Complete qualitative and quantitative study, includes site visit.

14. Fully Funded - 100% Funded. When the actual (or projected) Reserve Balance is equal to the Fully Funded Balance.

15. Fully Funded Balance (FFB) - Total Accrued Depreciation. An indicator against which Actual (or projected) Reserve Balance can be compared. In essence, it is the Reserve Balance that is proportional to the current Repair/replacement cost and the fraction of life "used up". 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.

16. Funding Goals - Independent of Methodology utilized, the following represent the basic categories of Funding Plan goals.
16.1. Baseline Funding - Establishing a Reserve Funding goal of keeping the Reserve cash balance above zero.
16.2. Fully Funded - Setting a Reserve Funding goal of attaining and maintaining Reserves at or near 100% funded.
16.3. Statutory Funding - Establishing a Reserve Funding Goal of setting aside the specific minimum amount of funds required by applicable statutes.
16.4. 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 Funded".

17. Funding Plan - An Association's plan to provide income to a Reserve Fund to offset anticipated expenditures from that fund.

18. Inflated Expenditures - The combined annual expenditures for a given year inflated to reflect their estimated future replacement cost.

19. Inflationary Multiplier - The number multiplies by the annual expenditures to estimate the future replacement cost. If inflation was currently projected at 3%, the initial year multiplier would be 1.00, Next Year 1.03, Next year 1.061, etc.

20. Methodology - A statement which addresses the procedures and methods used to prepare a Reserve Study

21. Minimum Balance - A minimum Reserve Balance established by the client or recommended within the Financial Analysis.

22. 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.

23. Physical Analysis - The portion of the Reserve Study where the Component Inventory and Component Assessment and Valuation adjustment tasks are performed. This represents one of the two parts of the Reserve Study.

24. Quantity - The total Quantity of each Component.

25. Readily Accessible - Can be reached, entered, or viewed without difficulty, moving obstructions, or requiring any action which may harm or endanger persons or property.

26. 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. Replacements anticipated to occur in the initial or base year have "zero" Remaining Useful Life.

27. Reserve Analyst – A person who prepares Reserve Studies.

28. Reserve Assessment - The portion of assessments contributed to the Reserve Fund.

29. 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.

30. Reserve Component – see Component.

31. Reserve Fund – Those funds set aside for the future repair, replacement, or restoration of the Reserve Components.

32. Reserve Study - A budgeting tool which identified 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.

33. Site Visit – A visit to the common areas of the association for the purposes of determining the Component Inventory and the Component Assessment and Valuation.

34. Special Assessment - An assessment levied on the members of an association in addition to regular assessments. Special Assessments are often regulated by Governing Documents or applicable statutes.

35. Straight Line - A formula used to calculate the annual Reserve Fund contribution for a specific Component. Projected replacement cost divided by the Useful Life equals the annual payment.

36. Surplus - An actual (or projected) Reserve Balance greater than the Fully Funded Balance. See "Deficit".

37. Unit Cost - The cost of a Component. The Unit Cost is multiplied by the Component's Quantity to obtain the total estimated replacement cost for the Component.

38. Unit of Measure - Refers to the method of measurement applied to a particular Component. The following are examples:
38.1. Square Feet
38.2. Lineal Feet or Linear Feet
38.3. Each
38.4. Square Yards
38.5. Lump Sum
38.6. Squares

39. Update with Site Visit - Qualitative only update and review study, includes site visit.

40. Update without Site Visit – Financial only update study, does not include site visit.

41. Useful Life (UL) - Total Useful Life or Depreciable Life. The estimated time, in years, that a Reserve Component can be expected to serve its intended function in its present application or installation.