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*Planning For The Inevitable™*



Red Rock Valley  
*Grand Junction, CO*



Report #: 53935-0  
Beginning: January 1, 2025  
Expires: December 31, 2025

RESERVE STUDY  
"Full"

December 17, 2024

# Welcome to your Reserve Study!

**A** Reserve Study is a valuable tool to help you budget responsibly for your property. This report contains all the information you need to avoid surprise expenses, make informed decisions, save money, and protect property values.

**R**egardless of the property type, it's a fact of life that the very moment construction is completed, every major building component begins a predictable process of physical deterioration. The operative word is "predictable" because planning for the inevitable is what a Reserve Study by **Association Reserves** is all about!

In this Report, you will find three key results:

- **Component List**

Unique to each property, the Component List serves as the foundation of the Reserve Study and details the scope and schedule of all necessary repairs & replacements.

- **Reserve Fund Strength**

A calculation that measures how well the Reserve Fund has kept pace with the property's physical deterioration.

- **Reserve Funding Plan**

A multi-year funding plan based on current Reserve Fund strength that allows for component repairs and replacements to be completed in a timely manner, with an emphasis on fairness and avoiding "catch-up" funding.

## Questions?

Please contact your Project Manager directly.



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Red Rock Valley -  
Grand Junction, CO  
Level of Service: "Full"

Report #: 53935-0  
# of Units: 90

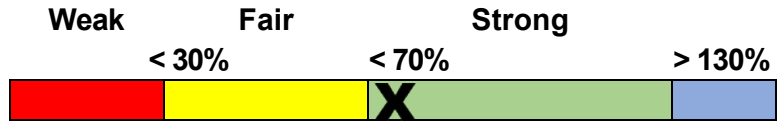
January 1, 2025 through December 31, 2025

Findings & Recommendations

as of January 1, 2025

Starting Reserve Balance	\$107,000
Fully Funded Reserve Balance	\$142,393
Annual Rate (Cost) of Deterioration	\$32,927
Percent Funded	75.1 %
Recommended 2025 Annual "Fully Funding" Reserve Transfers	\$35,700
Alternate/Baseline Annual Minimum Transfers to Keep Reserves Above \$0	\$34,200
Recommended 2025 Special Assessments for Reserves	\$0
Most Recent Annual Reserve Transfer Rate	\$5,000

Reserve Fund Strength: 75.1%



Risk of Special Assessment:

Economic Assumptions:

Net Annual "After Tax" Interest Earnings Accruing to Reserves	1.50 %
Annual Inflation Rate	3.00 %

- This "Full" (original, created "from scratch"), is based on our site inspection on 10/3/2024.
- The Reserve Study was reviewed by a credentialed Reserve Specialist (RS).
- Your Reserve Fund is currently 75.1 % Funded. This means the client's special assessment & deferred maintenance risk is currently Low.
- Based on this starting point and your anticipated future expenses, our recommendation is to budget the Annual Reserve transfers at \$35,700 with 3% annual increases in order to be within the 70% to 130% level as noted above. 100% "Full" transfer rates are designed to achieve these funding objectives by the end of our 30-year report scope.
- The goal of the Reserve Study is to help the client offset the inevitable annual deterioration of the common area components. The Reserve Study will guide the client to establish an appropriate Reserve transfer rate that offsets the annual deterioration of the components and 'keeps pace' with the rate of ongoing deterioration. No assets appropriate for Reserve designation were excluded. See the appendix for component details; the basis of our assumptions.
- We recommend that this Reserve Study be updated annually, with a With-Site-Visit Reserve Study every three years. Clients that update their Reserve Study annually with a No-Site-Visit Reserve Study reduce their risk of special assessment by ~ 35%.
- Please watch this 5-minute video to understand the key results of a Reserve Study - <https://youtu.be/u83t4BRRIRE>

# Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost
<b>Sites and Grounds</b>			
21050 Drive Concrete - Repair - 5%	5	1	\$45,850
21090 Concrete Walkways - Repair - 5%	5	1	\$111,150
21340 Site Fencing: Wood Rail - Replace	30	19	\$1,800
21600 Mailbox Kiosks - Replace	30	19	\$24,000
21610 Sign/Monument - Refurbish	30	19	\$20,000
<b>5 Total Funded Components</b>			

## Introduction



A Reserve Study is the art and science of anticipating, and preparing for, an association's major common area repair and replacement expenses. Partially art, because in this field we are making projections about the future. Partially science, because our work is a combination of research and well-defined computations, following consistent National Reserve Study Standard principles.

The foundation of this and every Reserve Study is your Reserve Component List (what you are reserving for). This is because the Reserve Component List defines the *scope and schedule* of all your anticipated upcoming Reserve projects. Based on that List and your starting balance, we calculate the association's Reserve Fund Strength (reported in terms of "Percent Funded"). Then we compute a Reserve Funding Plan to provide for the Reserve needs of the association. These form the three results of your Reserve Study.



Reserve funding is not "for the future". Ongoing Reserve transfers are intended to offset the ongoing, daily deterioration of your Reserve assets. Done well, a stable, budgeted Reserve Funding Plan will collect sufficient funds from the owners who enjoyed the use of those assets, so the association is financially prepared for the irregular expenditures scattered through future years when those projects eventually require replacement.

## Methodology

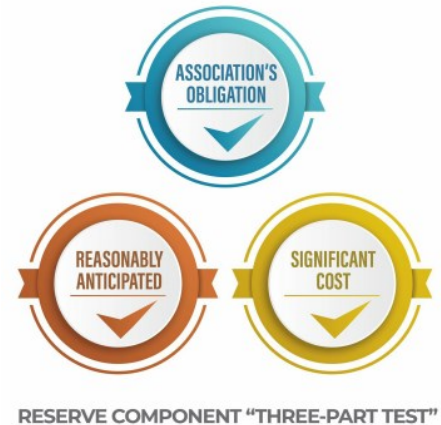


For this [Full Reserve Study](#), we started with a review of your Governing Documents, recent Reserve expenditures, an evaluation of how expenditures are handled (ongoing maintenance vs Reserves), and research into any well-established association precedents. We

performed an on-site inspection to quantify and evaluate your common areas, creating your Reserve Component List *from scratch*.

## *Which Physical Assets are Funded by Reserves?*

There is a national-standard three-part test to determine which projects should appear in a Reserve Component List. First, it must be a common area maintenance obligation. Second, both the need and schedule of a component's project can be reasonably anticipated. Third, the project's total cost is material to the client, can be reasonably anticipated, and includes all direct and related costs. A project cost is commonly considered *material* if it is more than 0.5% to 1% of the total annual budget. This limits Reserve components to major, predictable expenses. Within this framework, it is inappropriate to include *lifetime* components, unpredictable expenses (such as damage due to natural disasters and/or insurable events), and expenses more appropriately handled from the Operational budget.



## *How do we establish Useful Life and Remaining Useful Life estimates?*

- 1) Visual Inspection (observed wear and age)
- 2) Association Reserves database of experience
- 3) Client History (install dates & previous life cycle information)
- 4) Vendor Evaluation and Recommendation

## *How do we establish Current Repair/Replacement Cost Estimates?*

In this order...

- 1) Actual client cost history, or current proposals
- 2) Comparison to Association Reserves database of work done at similar associations
- 3) Vendor Recommendations
- 4) Reliable National Industry cost estimating guidebooks

## How much Reserves are enough?

Reserve adequacy is not measured in cash terms. Reserve adequacy is found when the *amount* of current Reserve cash is compared to Reserve component deterioration (the *needs of the association*). Having *enough* means the association can execute its projects in a timely manner with existing Reserve funds. Not having *enough* typically creates deferred maintenance or special assessments.

Adequacy is measured in a two-step process:

- 1) Calculate the *value of deterioration* at the association (called Fully Funded Balance, or FFB).
- 2) Compare that to the Reserve Fund Balance, and express as a percentage.



Each year, the *value of deterioration* at the association changes. When there is more deterioration (as components approach the time they need to be replaced), there should be more cash to offset that deterioration and prepare for the expenditure. Conversely, the *value of deterioration* shrinks after projects are accomplished. The *value of deterioration* (the FFB) changes each year, and is a moving but predictable target.

There is a high risk of special assessments and deferred maintenance when the Percent Funded is *weak*, below 30%. Approximately 30% of all associations are in this high risk range. While the 100% point is Ideal (indicating Reserve cash is equal to the *value of deterioration*), a Reserve Fund in the 70% - 130% range is considered strong (low risk of special assessment).

Measuring your Reserves by Percent Funded tells how well prepared your association is for upcoming Reserve expenses. New buyers should be very aware of this important disclosure!

## How much should we transfer to Reserves?



According to National Reserve Study Standards, there are four Funding Principles to balance in developing your Reserve Funding Plan. Our first objective is to design a plan that provides you with sufficient cash to perform your Reserve projects on time. Second, a stable rate of ongoing Reserve transfers is desirable because it keeps these naturally irregular expenses from unsettling the budget.

Reserve transfers that are evenly distributed over current and future owners enable each owner to pay their fair share of the association's Reserve expenses over the years. And finally, we develop a plan that is fiscally responsible and safe for Board members to recommend to their association. Remember, it is the Board's job to provide for the ongoing care of the common areas. Board members invite liability exposure when Reserve transfers are inadequate to offset ongoing common area deterioration.

### What is our Recommended Funding Goal?

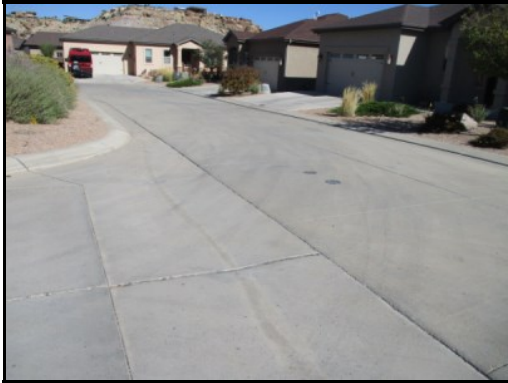
Maintaining the Reserve Fund at a level equal to the *value* of deterioration is called "Full Funding" (100% Funded). As each asset ages and becomes "used up," the Reserve Fund grows proportionally. **This is simple, responsible, and our recommendation.** Evidence shows that associations in the 70 - 130% range *enjoy a low risk of special assessments or deferred maintenance.*



Allowing the Reserves to fall close to zero, but not below zero, is called Baseline Funding. Doing so allows the Reserve Fund to drop into the 0 - 30% range, where there is a high risk of special assessments & deferred maintenance. Since Baseline Funding still provides for the timely execution of all Reserve projects, and only the "margin of safety" is different, recommended Reserve transfers for Baseline Funding average only 10% to 15% less than Full Funding recommendations. Threshold Funding is the title of all other Cash or Percent Funded objectives *between* Baseline Funding and Full Funding.

**Site Inspection Notes**

During our site visit on 10/3/2024 we visually inspected the common area assets and were able to see a majority of the common areas. Please see photo appendix for component details; the basis of our assumptions.



## Projected Expenses

While this Reserve Study looks forward 30 years, we have no expectation that all these expenses will all take place as anticipated. This Reserve Study needs to be updated annually because we expect the timing of these expenses to shift and the size of these expenses to change. We do feel more certain of the timing and cost of near-term expenses than expenses many years away. Please be aware of your near-term expenses, which we are able to project more accurately than the more distant projections. The figure below summarizes the projected future expenses as defined by your Reserve Component List. A summary of these expenses are shown in the 30-Year Reserve Plan Summary Table, while details of the projects that make up these expenses are shown in the 30-Year Income/Expense Detail.

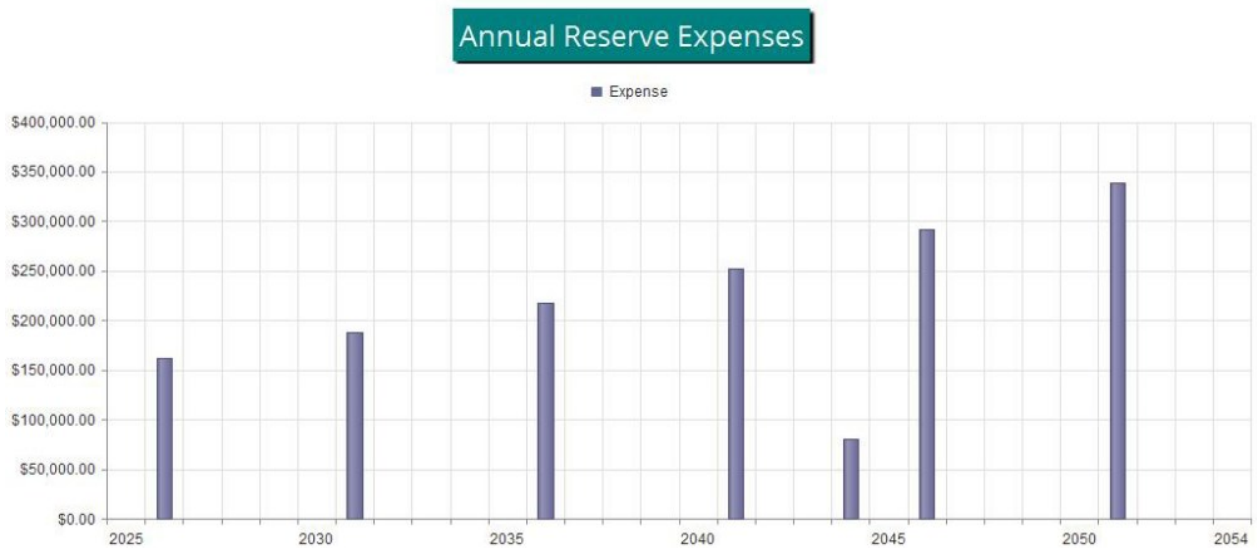


Figure 1

## Reserve Fund Status

As of 1/1/2025 your Reserve Fund balance is projected to be \$107,000 and your Fully Funded Balance is computed to be \$142,393 (see the Fully Funded Balance Table). The Fully Funded Balance represents the deteriorated value of your common area components. Comparing your Reserve Balance to your Fully Funded Balance indicates your Reserves are 75.1 % Funded.

## Recommended Funding Plan

Based on your current Percent Funded and your near-term and long-term Reserve needs, we are recommending Annual budgeted transfers of \$35,700. The overall 30-Year Plan, in perspective, is shown below in the Annual Reserve Funding (Fig. 2). This same information is shown numerically in both the 30-Year Reserve Plan Summary Table and the 30-Year Income/Expense Detail.

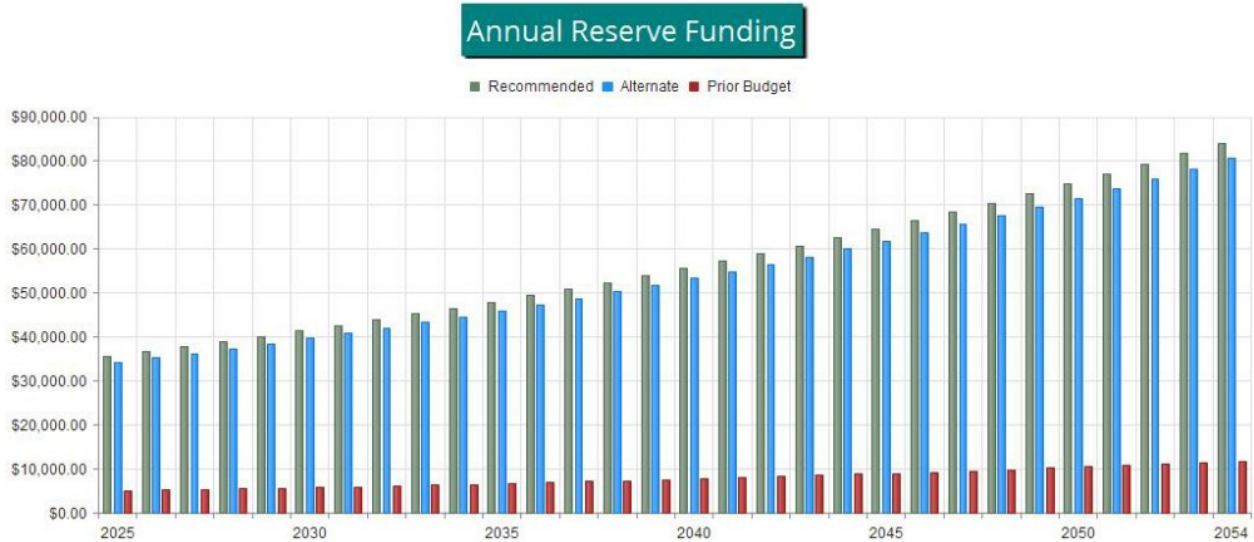


Figure 2

The reserve balance under our recommended Full Funding Plan, an alternate Baseline Funding Plan, and at your current budgeted transfer rate, compared to your always—changing Fully Funded Balance target is shown in the 30-Yr Cash Flow (Fig. 3).

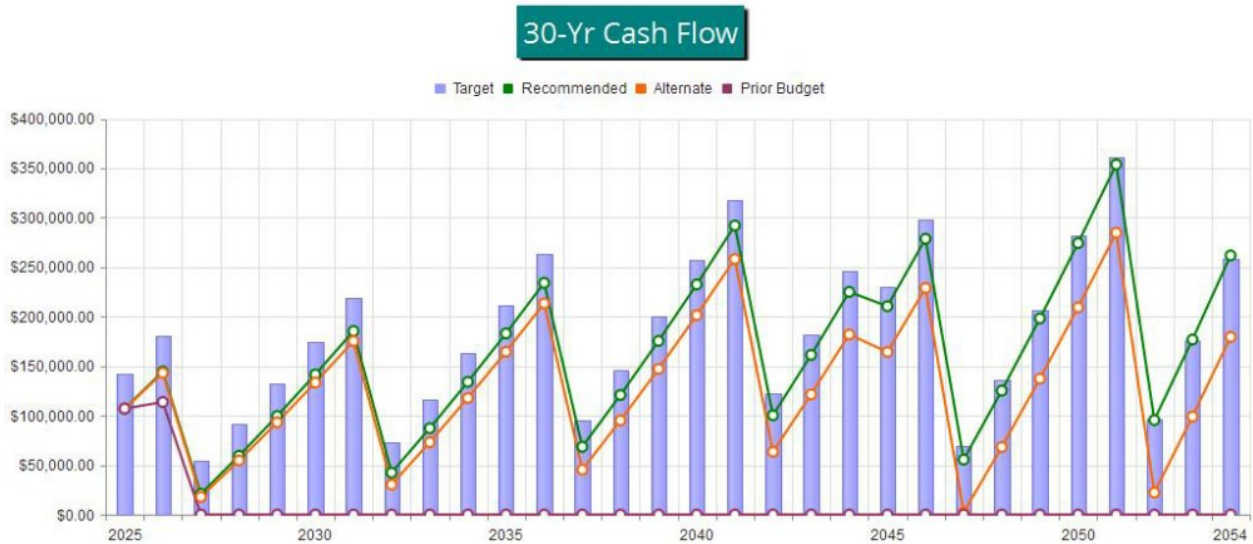


Figure 3

The information from Figure 3 is plotted on a Percent Funded scale in Figure 4. It is clear here to see how your Reserve Fund strength approaches the 100% Funded level under our recommended multi-yr Funding Plan. A client that has a percent funded level of <30% may experience an ~ 20%-60% chance risk of special assessment. A client that is between 30% and 70% may experience an ~ 20%-5% chance risk of special assessment. A client that has a percent funded of >70% may experience an ~ <1% chance risk of special assessment.

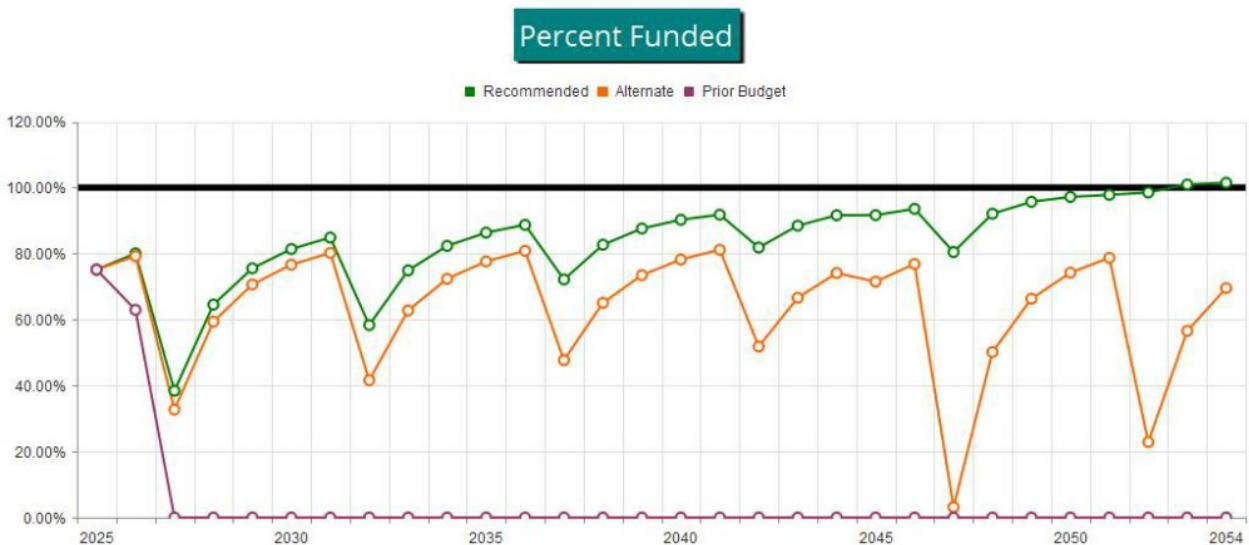


Figure 4



Executive Summary is a summary of your Reserve Components

Reserve Component List Detail discloses key Component information, providing the foundation upon which the financial analysis is performed.

Fully Funded Balance shows the calculation of the Fully Funded Balance for each of your components, and their specific proportion related to the property total. For each component, the Fully Funded Balance is the fraction of life used up multiplied by its estimated Current Replacement Cost.

Component Significance shows the relative significance of each component to Reserve funding needs of the property, helping you see which components have more (or less) influence than others on your total Reserve funding requirements. The deterioration cost/yr of each component is calculated by dividing the estimated Current Replacement Cost by its Useful Life, then that component's percentage of the total is displayed.

30-Yr Reserve Plan Summary provides a one-page 30-year summary of the cash flowing into and out of the Reserve Fund, with a display of the Fully Funded Balance, Percent Funded, and special assessment risk at the beginning of each year.

30-Year Income/Expense Detail shows the detailed income and expenses for each of the next 30 years. This table makes it possible to see which components are projected to require repair or replacement in a particular year, and the size of those individual expenses.



#	Component	Quantity	Useful Life	Rem. Useful Life	Current Cost Estimate	
					Best Case	Worst Case
Sites and Grounds						
21050	Drive Concrete - Repair - 5%	5% of ~ 52400 GSF	5	1	\$39,300	\$52,400
21090	Concrete Walkways - Repair - 5%	5% of ~ 127000 GSF	5	1	\$95,300	\$127,000
21340	Site Fencing: Wood Rail - Replace	~ 60 LF	30	19	\$1,500	\$2,100
21600	Mailbox Kiosks - Replace	~ (8) CBU's	30	19	\$20,000	\$28,000
21610	Sign/Monument - Refurbish	~ (2) Monuments	30	19	\$16,000	\$24,000

5 Total Funded Components



#	Component	Current Cost Estimate	X	Effective Age	/	Useful Life	=	Fully Funded Balance
Sites and Grounds								
21050	Drive Concrete - Repair - 5%	\$45,850	X	4	/	5	=	\$36,680
21090	Concrete Walkways - Repair - 5%	\$111,150	X	4	/	5	=	\$88,920
21340	Site Fencing: Wood Rail - Replace	\$1,800	X	11	/	30	=	\$660
21600	Mailbox Kiosks - Replace	\$24,000	X	11	/	30	=	\$8,800
21610	Sign/Monument - Refurbish	\$20,000	X	11	/	30	=	\$7,333
								\$142,393



#	Component	Useful Life (yrs)	Current Cost Estimate	Deterioration Cost/Yr	Deterioration Significance
Sites and Grounds					
21050	Drive Concrete - Repair - 5%	5	\$45,850	\$9,170	27.85 %
21090	Concrete Walkways - Repair - 5%	5	\$111,150	\$22,230	67.51 %
21340	Site Fencing: Wood Rail - Replace	30	\$1,800	\$60	0.18 %
21600	Mailbox Kiosks - Replace	30	\$24,000	\$800	2.43 %
21610	Sign/Monument - Refurbish	30	\$20,000	\$667	2.02 %
5	Total Funded Components			\$32,927	100.00 %

# 30-Year Reserve Plan Summary

Report # 53935-0  
Full

Fiscal Year Start: 2025

Interest:

1.50 %

Inflation:

3.00 %

Reserve Fund Strength: as-of Fiscal Year Start Date	Projected Reserve Balance Changes
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Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Special Assmt Risk	% Increase		Loan or Special Assmts	Interest Income	Reserve Expenses
					In Annual Reserve Funding	Reserve Funding			
2025	\$107,000	\$142,393	75.1 %	Low	614.00 %	\$35,700	\$0	\$1,886	\$0
2026	\$144,586	\$180,580	80.1 %	Low	3.00 %	\$36,771	\$0	\$1,240	\$161,710
2027	\$20,887	\$54,368	38.4 %	Medium	3.00 %	\$37,874	\$0	\$601	\$0
2028	\$59,363	\$91,978	64.5 %	Medium	3.00 %	\$39,010	\$0	\$1,191	\$0
2029	\$99,564	\$131,797	75.5 %	Low	3.00 %	\$40,181	\$0	\$1,807	\$0
2030	\$141,552	\$173,922	81.4 %	Low	3.00 %	\$41,386	\$0	\$2,450	\$0
2031	\$185,389	\$218,456	84.9 %	Low	3.00 %	\$42,628	\$0	\$1,706	\$187,466
2032	\$42,256	\$72,415	58.4 %	Medium	3.00 %	\$43,906	\$0	\$970	\$0
2033	\$87,132	\$116,298	74.9 %	Low	3.00 %	\$45,224	\$0	\$1,658	\$0
2034	\$134,014	\$162,749	82.3 %	Low	3.00 %	\$46,580	\$0	\$2,376	\$0
2035	\$182,970	\$211,882	86.4 %	Low	3.00 %	\$47,978	\$0	\$3,126	\$0
2036	\$234,074	\$263,817	88.7 %	Low	3.00 %	\$49,417	\$0	\$2,267	\$217,325
2037	\$68,433	\$94,832	72.2 %	Low	3.00 %	\$50,900	\$0	\$1,418	\$0
2038	\$120,751	\$146,031	82.7 %	Low	3.00 %	\$52,427	\$0	\$2,220	\$0
2039	\$175,397	\$200,216	87.6 %	Low	3.00 %	\$53,999	\$0	\$3,057	\$0
2040	\$232,454	\$257,522	90.3 %	Low	3.00 %	\$55,619	\$0	\$3,931	\$0
2041	\$292,004	\$318,085	91.8 %	Low	3.00 %	\$57,288	\$0	\$2,940	\$251,939
2042	\$100,293	\$122,553	81.8 %	Low	3.00 %	\$59,007	\$0	\$1,960	\$0
2043	\$161,261	\$182,285	88.5 %	Low	3.00 %	\$60,777	\$0	\$2,895	\$0
2044	\$224,932	\$245,491	91.6 %	Low	3.00 %	\$62,600	\$0	\$3,264	\$80,311
2045	\$210,485	\$229,605	91.7 %	Low	3.00 %	\$64,478	\$0	\$3,666	\$0
2046	\$278,629	\$297,746	93.6 %	Low	3.00 %	\$66,413	\$0	\$2,504	\$292,066
2047	\$55,480	\$68,941	80.5 %	Low	3.00 %	\$68,405	\$0	\$1,355	\$0
2048	\$125,239	\$135,993	92.1 %	Low	3.00 %	\$70,457	\$0	\$2,424	\$0
2049	\$198,120	\$207,006	95.7 %	Low	3.00 %	\$72,571	\$0	\$3,540	\$0
2050	\$274,231	\$282,158	97.2 %	Low	3.00 %	\$74,748	\$0	\$4,706	\$0
2051	\$353,685	\$361,632	97.8 %	Low	3.00 %	\$76,990	\$0	\$3,366	\$338,585
2052	\$95,457	\$96,878	98.5 %	Low	3.00 %	\$79,300	\$0	\$2,041	\$0
2053	\$176,798	\$175,118	101.0 %	Low	3.00 %	\$81,679	\$0	\$3,287	\$0
2054	\$261,764	\$257,965	101.5 %	Low	3.00 %	\$84,129	\$0	\$4,589	\$0

Fiscal Year	2025	2026	2027	2028	2029
Starting Reserve Balance	\$107,000	\$144,586	\$20,887	\$59,363	\$99,564
Annual Reserve Funding	\$35,700	\$36,771	\$37,874	\$39,010	\$40,181
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$1,886	\$1,240	\$601	\$1,191	\$1,807
<b>Total Income</b>	<b>\$144,586</b>	<b>\$182,597</b>	<b>\$59,363</b>	<b>\$99,564</b>	<b>\$141,552</b>
# Component					
<b>Sites and Grounds</b>					
21050 Drive Concrete - Repair - 5%	\$0	\$47,226	\$0	\$0	\$0
21090 Concrete Walkways - Repair - 5%	\$0	\$114,485	\$0	\$0	\$0
21340 Site Fencing: Wood Rail - Replace	\$0	\$0	\$0	\$0	\$0
21600 Mailbox Kiosks - Replace	\$0	\$0	\$0	\$0	\$0
21610 Sign/Monument - Refurbish	\$0	\$0	\$0	\$0	\$0
<b>Total Expenses</b>	<b>\$0</b>	<b>\$161,710</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Ending Reserve Balance	\$144,586	\$20,887	\$59,363	\$99,564	\$141,552

<b>Fiscal Year</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>
Starting Reserve Balance	\$141,552	\$185,389	\$42,256	\$87,132	\$134,014
Annual Reserve Funding	\$41,386	\$42,628	\$43,906	\$45,224	\$46,580
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$2,450	\$1,706	\$970	\$1,658	\$2,376
<b>Total Income</b>	<b>\$185,389</b>	<b>\$229,722</b>	<b>\$87,132</b>	<b>\$134,014</b>	<b>\$182,970</b>
# Component					
<b>Sites and Grounds</b>					
21050 Drive Concrete - Repair - 5%	\$0	\$54,747	\$0	\$0	\$0
21090 Concrete Walkways - Repair - 5%	\$0	\$132,719	\$0	\$0	\$0
21340 Site Fencing: Wood Rail - Replace	\$0	\$0	\$0	\$0	\$0
21600 Mailbox Kiosks - Replace	\$0	\$0	\$0	\$0	\$0
21610 Sign/Monument - Refurbish	\$0	\$0	\$0	\$0	\$0
<b>Total Expenses</b>	<b>\$0</b>	<b>\$187,466</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Ending Reserve Balance	\$185,389	\$42,256	\$87,132	\$134,014	\$182,970

<b>Fiscal Year</b>	<b>2035</b>	<b>2036</b>	<b>2037</b>	<b>2038</b>	<b>2039</b>
Starting Reserve Balance	\$182,970	\$234,074	\$68,433	\$120,751	\$175,397
Annual Reserve Funding	\$47,978	\$49,417	\$50,900	\$52,427	\$53,999
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$3,126	\$2,267	\$1,418	\$2,220	\$3,057
<b>Total Income</b>	<b>\$234,074</b>	<b>\$285,758</b>	<b>\$120,751</b>	<b>\$175,397</b>	<b>\$232,454</b>
# Component					
<b>Sites and Grounds</b>					
21050 Drive Concrete - Repair - 5%	\$0	\$63,467	\$0	\$0	\$0
21090 Concrete Walkways - Repair - 5%	\$0	\$153,858	\$0	\$0	\$0
21340 Site Fencing: Wood Rail - Replace	\$0	\$0	\$0	\$0	\$0
21600 Mailbox Kiosks - Replace	\$0	\$0	\$0	\$0	\$0
21610 Sign/Monument - Refurbish	\$0	\$0	\$0	\$0	\$0
<b>Total Expenses</b>	<b>\$0</b>	<b>\$217,325</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Ending Reserve Balance	\$234,074	\$68,433	\$120,751	\$175,397	\$232,454

<b>Fiscal Year</b>	<b>2040</b>	<b>2041</b>	<b>2042</b>	<b>2043</b>	<b>2044</b>
Starting Reserve Balance	\$232,454	\$292,004	\$100,293	\$161,261	\$224,932
Annual Reserve Funding	\$55,619	\$57,288	\$59,007	\$60,777	\$62,600
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$3,931	\$2,940	\$1,960	\$2,895	\$3,264
<b>Total Income</b>	<b>\$292,004</b>	<b>\$352,232</b>	<b>\$161,261</b>	<b>\$224,932</b>	<b>\$290,796</b>
# Component					
<b>Sites and Grounds</b>					
21050 Drive Concrete - Repair - 5%	\$0	\$73,576	\$0	\$0	\$0
21090 Concrete Walkways - Repair - 5%	\$0	\$178,363	\$0	\$0	\$0
21340 Site Fencing: Wood Rail - Replace	\$0	\$0	\$0	\$0	\$3,156
21600 Mailbox Kiosks - Replace	\$0	\$0	\$0	\$0	\$42,084
21610 Sign/Monument - Refurbish	\$0	\$0	\$0	\$0	\$35,070
<b>Total Expenses</b>	<b>\$0</b>	<b>\$251,939</b>	<b>\$0</b>	<b>\$0</b>	<b>\$80,311</b>
Ending Reserve Balance	\$292,004	\$100,293	\$161,261	\$224,932	\$210,485

<b>Fiscal Year</b>	<b>2045</b>	<b>2046</b>	<b>2047</b>	<b>2048</b>	<b>2049</b>
Starting Reserve Balance	\$210,485	\$278,629	\$55,480	\$125,239	\$198,120
Annual Reserve Funding	\$64,478	\$66,413	\$68,405	\$70,457	\$72,571
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$3,666	\$2,504	\$1,355	\$2,424	\$3,540
<b>Total Income</b>	<b>\$278,629</b>	<b>\$347,546</b>	<b>\$125,239</b>	<b>\$198,120</b>	<b>\$274,231</b>
# Component					
<b>Sites and Grounds</b>					
21050 Drive Concrete - Repair - 5%	\$0	\$85,295	\$0	\$0	\$0
21090 Concrete Walkways - Repair - 5%	\$0	\$206,772	\$0	\$0	\$0
21340 Site Fencing: Wood Rail - Replace	\$0	\$0	\$0	\$0	\$0
21600 Mailbox Kiosks - Replace	\$0	\$0	\$0	\$0	\$0
21610 Sign/Monument - Refurbish	\$0	\$0	\$0	\$0	\$0
<b>Total Expenses</b>	<b>\$0</b>	<b>\$292,066</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Ending Reserve Balance	\$278,629	\$55,480	\$125,239	\$198,120	\$274,231

<b>Fiscal Year</b>	<b>2050</b>	<b>2051</b>	<b>2052</b>	<b>2053</b>	<b>2054</b>
Starting Reserve Balance	\$274,231	\$353,685	\$95,457	\$176,798	\$261,764
Annual Reserve Funding	\$74,748	\$76,990	\$79,300	\$81,679	\$84,129
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$4,706	\$3,366	\$2,041	\$3,287	\$4,589
<b>Total Income</b>	<b>\$353,685</b>	<b>\$434,042</b>	<b>\$176,798</b>	<b>\$261,764</b>	<b>\$350,482</b>
# Component					
<b>Sites and Grounds</b>					
21050 Drive Concrete - Repair - 5%	\$0	\$98,880	\$0	\$0	\$0
21090 Concrete Walkways - Repair - 5%	\$0	\$239,705	\$0	\$0	\$0
21340 Site Fencing: Wood Rail - Replace	\$0	\$0	\$0	\$0	\$0
21600 Mailbox Kiosks - Replace	\$0	\$0	\$0	\$0	\$0
21610 Sign/Monument - Refurbish	\$0	\$0	\$0	\$0	\$0
<b>Total Expenses</b>	<b>\$0</b>	<b>\$338,585</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Ending Reserve Balance	\$353,685	\$95,457	\$176,798	\$261,764	\$350,482

Association Reserves and its employees have no ownership, management, or other business relationships with the client other than this Reserve Study engagement. Bryan Farley, R.S., president of the Colorado LLC, is a credentialed Reserve Specialist (#260). All work done by Association Reserves is performed under his Responsible Charge and is performed in accordance with National Reserve Study Standards (NRSS). There are no material issues to our knowledge that have not been disclosed to the client that would cause a distortion of the client's situation. Per NRSS, information provided by official representative(s) of the client, vendors, and suppliers regarding financial details, component physical details and/or quantities, or historical issues/conditions will be deemed reliable, and is not intended to be used for the purpose of any type of audit, quality/forensic analysis, or background checks of historical records. As such, information provided to us has not been audited or independently verified. Estimates for interest and inflation have been included, because including such estimates are more accurate than ignoring them completely. When we are hired to prepare Update reports, the client is considered to have deemed those previously developed component quantities as accurate and reliable, whether established by our firm or other individuals/firms (unless specifically mentioned in our Site Inspection Notes). During inspections our company standard is to establish measurements within 5% accuracy, and our scope includes visual inspection of accessible areas and components and does not include any destructive or other testing. Our work is done only for budget purposes. Uses or expectations outside our expertise and scope of work include, but are not limited to, project audit, quality inspection, and the identification of construction defects, hazardous materials, or dangerous conditions. Identifying hidden issues such as but not limited to plumbing or electrical problems are also outside our scope of work. Our estimates assume proper original installation & construction, adherence to recommended preventive maintenance, a stable economic environment, and do not consider frequency or severity of natural disasters. Our opinions of component Useful Life, Remaining Useful Life, and current or future cost estimates are not a warranty or guarantee of actual costs or timing. Because the physical and financial status of the property, legislation, the economy, weather, owner expectations, and usage are all in a continual state of change over which we have no control, we do not expect that the events projected in this document will all occur exactly as planned. This Reserve Study is by nature a "one-year" document in need of being updated annually so that more accurate estimates can be incorporated. It is only because a long-term perspective improves the accuracy of near-term planning that this Report projects expenses into the future. We fully expect a number of adjustments will be necessary through the interim years to the cost and timing of expense projections and the funding necessary to prepare for those estimated expenses.



## Terms and Definitions

<b>BTU</b>	British Thermal Unit (a standard unit of energy)
<b>DIA</b>	Diameter
<b>GSF</b>	Gross Square Feet (area). Equivalent to Square Feet
<b>GSY</b>	Gross Square Yards (area). Equivalent to Square Yards
<b>HP</b>	Horsepower
<b>LF</b>	Linear Feet (length)
<b>Effective Age</b>	The difference between Useful Life and Remaining Useful Life. Note that this is not necessarily equivalent to the chronological age of the component.
<b>Fully Funded Balance (FFB)</b>	The value of the deterioration of the Reserve Components. This is the fraction of life "used up" of each component multiplied by its estimated Current Replacement. While calculated for each component, it is summed together for an association total.
<b>Inflation</b>	Cost factors are adjusted for inflation at the rate defined in the Executive Summary and compounded annually. These increasing costs can be seen as you follow the recurring cycles of a component on the "30-yr Income/Expense Detail" table.
<b>Interest</b>	Interest earnings on Reserve Funds are calculated using the average balance for the year (taking into account income and expenses through the year) and compounded monthly using the rate defined in the Executive Summary. Annual interest earning assumption appears in the Executive Summary.
<b>Percent Funded</b>	The ratio, at a particular point in time (the first day of the Fiscal Year), of the actual (or projected) Reserve Balance to the Fully Funded Balance, expressed as a percentage.
<b>Remaining Useful Life (RUL)</b>	The estimated time, in years, that a common area component can be expected to continue to serve its intended function.
<b>Useful Life (UL)</b>	The estimated time, in years, that a common area component can be expected to serve its intended function.



## Component Details

The primary purpose of the photographic appendix is to provide the reader with the basis of our funding assumptions resulting from our physical analysis and subsequent research. The photographs herein represent a wide range of elements that were observed and measured against National Reserve Study Standards to determine if they meet the criteria for reserve funding:

- Client's obligation to maintain/replace existing elements.
  
- Schedule/need for projects can be reasonably anticipated. A component must have a “reasonably anticipated” limited useful life (this includes a component with an estimated life of greater than 30 years). The useful life limit does not have to be due to physical deterioration but may reach the end of its useful life due to esthetics (out of style), economic obsolescence (no longer energy efficient), or other reasons.
  
- The total cost for the project is material to the association, can be reasonably estimated, and includes direct/related costs. The next occurrence of the expense must be above a minimum threshold, reasonably estimated, and include all related costs. Material to the association because typically an expense less than ~1%-.5% of the total annual budget is best categorized by expensing the cost to the operating account. Reasonable estimated because unsupported “guesses” are inappropriate (it is random or unknowable), estimating what the expense will be can be valid if the estimate is provided by a qualified outside expert, based on the association’s history (i.e., historical frequency or patterns of repairs), manufacture recommendations, etc.

Some components are recommended for reserve funding, while others are not. The components that meet these criteria in our judgment are shown with corresponding maintenance, repair or replacement cycles to the left of the photo (UL = Useful Life or how often the project is expected to occur, RUL = Remaining Useful Life or how many years from our reporting period) and a representative market cost range termed “Best Case” and “Worst Case” below the photo. Many factors can result in a wide variety of potential costs; we are attempting to represent a market average for budget purposes. Where there is no UL, the component is expected to be a one-time expense. Where no pricing, the component is deemed inappropriate for the Reserve Fund.

## Sites and Grounds

**Comp #:** 21050 Drive Concrete - Repair - 5%

**Quantity:** 5% of ~ 52400 GSF

Location: Common Areas

Funded?: Yes.

History:

Comments: Concrete driveways determined to be in fair condition typically may exhibit small changes in slope and narrow "hair-line" wide cracks. Overall no unusual or extreme signs of age noted. Driveways are reported to be the maintenance and repair responsibility of the client. Although complete replacement of all areas together should not be required conditions observed merit inclusion of an allowance for ongoing repairs and partial replacements. Exposure to sunlight weather and frequent vehicle traffic can lead to larger more frequent repairs especially for older properties. Inspect all areas periodically to identify trip hazards or other safety issues. Timeline and cost ranges shown here should be re-evaluated during future Reserve Study updates.

Useful Life:

5 years

Remaining Life:

1 years



Best Case: \$ 39,300

Worst Case: \$ 52,400

Cost Source: Allowance

**Comp #: 21090 Concrete Walkways - Repair - 5%**

**Quantity: 5% of ~ 127000 GSF**

Location: Common Areas

Funded?: Yes.

History:

Comments: Concrete sidewalks determined to be in fair condition typically exhibit minor changes in slope and a moderate percentage of cracking and surface wear. Trip hazards may be increasing in frequency and severity and should be closely monitored to prevent further risks. The Rocky Mountain Region is home to expansive soils. One of the causes of concrete damage in this type of climate is soil moisture. Expansive soils tend to swell in size when wet and contract as they dry out. As the soil expands and contracts it can create enough force to cause major damage to sidewalks. Repair any trip and fall hazards immediately to ensure safety. As routine maintenance inspect regularly pressure wash for appearance and repair promptly as needed to prevent water penetrating into the base and causing further damage. In our experience larger repair/replacement expenses emerge as the community ages. Although difficult to predict timing cost and scope we suggest a rotating funding allowance to supplement the operating/maintenance budget for periodic larger repairs. Adjust as conditions actual expense patterns dictate within future reserve study updates.

Useful Life:  
5 years

Remaining Life:  
1 years



Best Case: \$ 95,300

Worst Case: \$ 127,000

Cost Source: Allowance

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**Comp #: 21320 Site Fencing: Wood - Repair/Stain**

**Quantity: ~ 60 LF**

Location: Common Areas

Funded?: No. Component does not meet funding threshold.

History:

Comments: Wood fencing determined to be in poor condition typically exhibits more advanced deterioration of coating with notable wear possibly resulting in rotting of wood structure in places. Poor inconsistent curb appeal. Regular uniform professional paint or sealer applications are recommended for appearance protection of wood and maximum design life. Repair as needed and clean prior to application. Regular uniform, professional paint or sealer applications are recommended for appearance, protection of wood and maximum design life. In general, costs related to this component are expected to be included in the client's Operating budget. No recommendation for Reserve funding at this time. However, any repair and maintenance or other related expenditures should be tracked, and this component should be re-evaluated during future Reserve Study updates based on most recent information and data available at that time. If deemed appropriate for Reserve funding, component can be included in the funding plan at that time.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

**Comp #: 21340 Site Fencing: Wood Rail - Replace**

**Quantity: ~ 60 LF**

Location: Common Areas

Funded?: Yes.

History:

Comments: Wood fencing determined to be in fair condition typically exhibits some minor to moderate amounts of surface wear and other signs of age which may include a small percentage of warped split and/or rotted sections. In general appearance is consistent but declining. As routine maintenance inspect regularly for any damage repair as needed and avoid contact with ground and surrounding vegetation wherever possible. Regular cycles of uniform professional sealing/painting will help to maintain appearance and maximize life. In our experience wood fencing will typically eventually break down due to a combination of sun and weather exposure which is sometimes exacerbated by other factors such as irrigation overspray abuse and lack of preventive maintenance. Recommendation and costs shown here are based on replacement with similar style and material. However the client might want to consider replacing with more sturdy lower-maintenance products like composite vinyl etc. Although installation costs are higher total life cycle cost is lower due to less maintenance and longer design life expectancy.

Useful Life:  
30 years

Remaining Life:  
19 years



Best Case: \$ 1,500

Worst Case: \$ 2,100

Cost Source: ARI Cost Database: Similar Project Cost History

**Comp #: 21600 Mailbox Kiosks - Replace**

**Quantity: ~ (8) CBUs**

Location: Common Areas

Funded?: Yes.

History:

Comments: Mailbox kiosks determined to be in fair condition typically exhibit minor to moderate surface wear at this stage. All components and hardware appear to function properly but appearance is diminishing. Inspect regularly and clean by wiping down exterior surfaces. If necessary change lock cylinders lubricate hinges and repair as an Operating expense. Best to plan for total replacement at roughly the time frame below due to constant exposure usage and wear over time. Note USPS has a limited budget for replacement and should not be relied upon for purposes of long term planning.

Useful Life:  
30 years

Remaining Life:  
19 years



Best Case: \$ 20,000

Worst Case: \$ 28,000

Cost Source: ARI Cost Database: Similar Project Cost History

**Comp #: 21610 Sign/Monument - Refurbish**

**Quantity: ~ (2) Monuments**

Location: Common Areas

Funded?: Yes.

History:

Comments: Monument signage determined to be in fair condition typically exhibits acceptable appearance and aesthetics in keeping with local area but with more weathering and wear showing on surfaces. If present landscaping and lighting are still in serviceable condition. At this stage signage may be becoming more dated and diminishing in appeal. As routine maintenance inspect regularly clean/touch-up and repair as an Operating expense. Plan to refurbish or replace at the interval below. Timing and scope of refurbishing or replacement projects is subjective but should always be scheduled in order to maintain good curb appeal. In our experience most clients choose to refurbish or replace signage periodically in order to maintain good appearance and aesthetics in keeping with local area often before signage is in poor physical condition. If present concrete walls are expected to be painted and repaired as part of refurbishing but not fully replaced unless otherwise noted. Costs can vary significantly depending on style/type desired and may include additional costs for design work landscaping lighting water features etc. Reserve Study updates should incorporate any estimates or information collected regarding potential projects.

Useful Life:  
30 years

Remaining Life:  
19 years



Best Case: \$ 16,000

Worst Case: \$ 24,000

Cost Source: ARI Cost Database: Similar Project Cost History

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