

CAPITAL RESERVE STUDY

prepared for:

Midvale Park HOA

Date of report:

2/23/2017

FOREWARD

2/23/2017

Midvale Park HOA

Regarding Fiscal Year beginning: 1/1/2017

We are pleased to submit this Reserve Study. This report is a budgeting tool designed to help you navigate the uncertain future. It contains financial projections to help you understand your future reserve expenses. This report will help you answer the

Do we have enough money in Reserves to maintain our assets now and in the future?
How much money should we have in Reserves?
Is our level of budgeted reserve contributions adequate?

If you have questions about this Reserve Study, please contact us. We look forward to doing business with you in the future.

Thank you,

Capital Reserve Analysts,

Prepared by:

Casey Arnett

Casey Arnett



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1. REPORT GUIDE

Our analysis and recommendations are divided into five easy-to-understand sections

EXECUTIVE SUMMARY

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

SHORT-TERM NEEDS AND SPECIAL ISSUES

Highlights and prioritizes near-term reserve needs into an easy-to-understand income/expense statement. This section should be used during the annual budget process to ensure a balanced budget and prepare for long-term success.

RESERVE FUNDING OBJECTIVES AND RECOMMENDATIONS

Examines projected reserve expenses and outlines our recommended funding plan compared with Baseline and Threshold alternatives. This section includes detailed tables outlining projected expenses, funding requirements and reserve balance calculations

PURPOSE AND METHODOLOGY

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

DATA TABLES, DISCLOSURES AND PHYSICAL ASSESSMENTS

Examines report finding and results with projections for individual reserve components expenses and recommended funding. This section includes detailed tables outlining projected expenses, funding requirements and reserve balance calculations. Provides in-depth, detailed condition assessments along with maintenance recommendations.

2. EXECUTIVE SUMMARY

The project/property description and resultant findings are summarized in the table below. This is a quick reference to find key financial metrics and assumptions regarding our projections.

2.1 PROJECT OVERVIEW

Association Name:	Midvale Park HOA
Location:	Tucson, Arizona
Year Constructed: (Avg. For Budget Purposes)	1987
Project Description:	Single Family Homes
Type of Analysis:	Level I
Funding Strategy	Full Funding with a 100% Goal
Number of Voting Units:	3,550
Date Prepared:	2/23/2017

2.2 FINANCIAL ASSUMPTIONS

Fiscal Yr. Start:	1/1/2017
Fiscal Yr. End:	12/31/2017
Inflation Rate: (30-YR Average)	2.92%
Interest Rate: (30-YR Average)	2.50%

2.3 RESERVE FUND STATUS

Beginning Reserve Balance:	\$293,493
100% Funded:	\$480,375
Percent Funded:	61%
Reserve Fund Strength:	Fair

2.4 FUNDING RECOMMENDATIONS

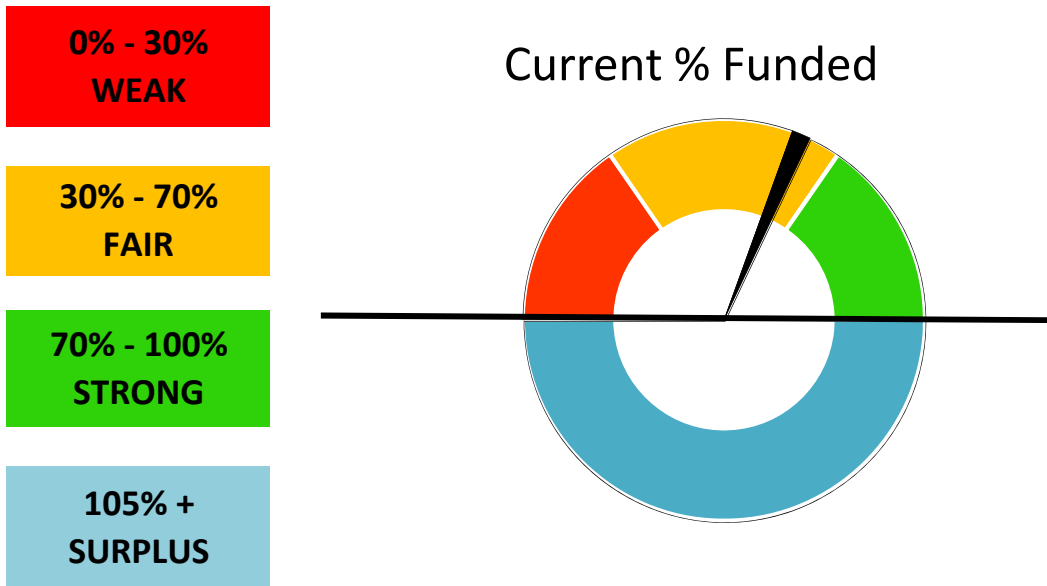
Recommended Annual Contributions:	\$170,400		
Annual Increase:	0%	7	Number of Years
Annual Increase:	3%	23	Number of Years
Special Assessment:	\$0		Year 1
Special Assessment:	\$0		Year 2
Special Assessment:	\$0		Year 3
Special Assessment:	\$0		Year 4
Special Assessment:	\$0		Year 5

3. SHORT-TERM NEEDS

3.1 RESERVE FUND STRENGTH

Reserve Strength is measured as a percentage. Typically, associations with a percent funded level of 70% and above have low risk for special assessments. Associations with a percent funded level of 30% and below have a high risk of special assessments and deferred maintenance. The chart below illustrates current Reserve Fund Strength.

Current Reserve Fund Percentage is **61%** this is considered a Fair financial position



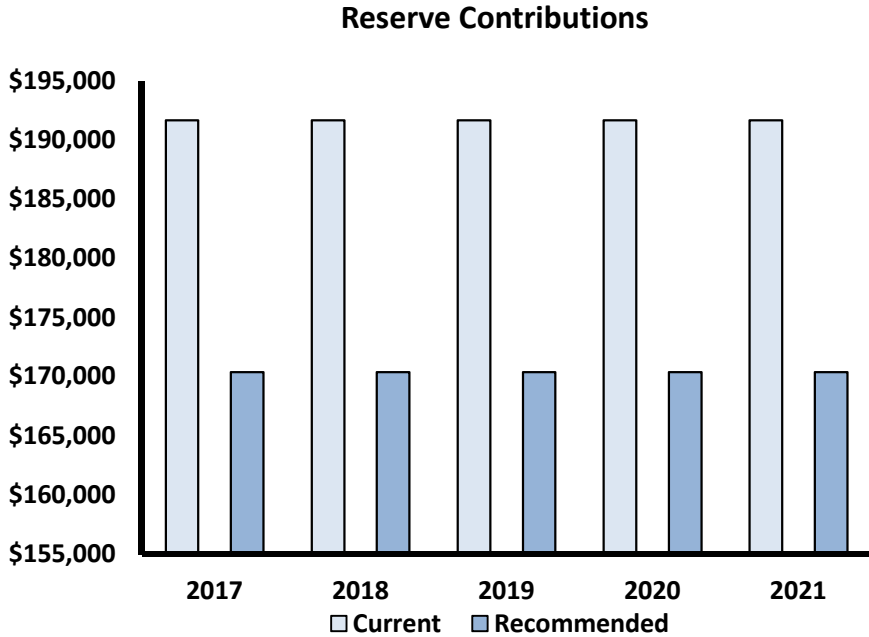
SPECIAL ASSESSMENT/DEFERRED MAINTENANCE RISK MATRIX

This table can help you understand risk levels associated with your percent funded status and community age.

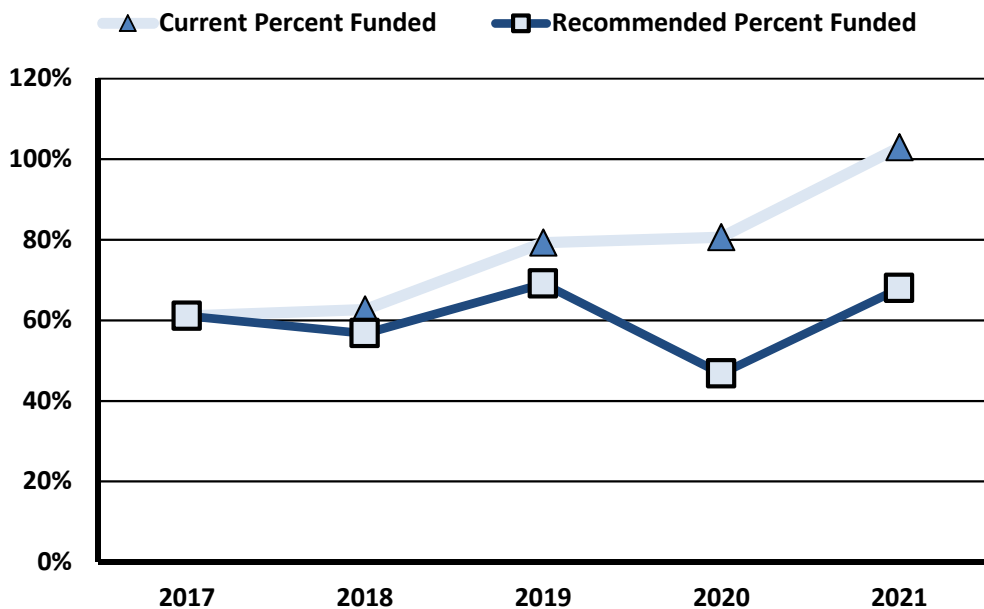
		YEARS SINCE CONSTRUCTION						
		5	10	15	20	25	30	35
% FUNDED	0-10	53.00%	54.00%	55.00%	56.00%	57.00%	58.00%	59.00%
	15-25	39.00%	40.00%	41.00%	42.00%	43.00%	44.00%	45.00%
	30-40	17.00%	17.10%	17.20%	17.30%	17.40%	17.50%	17.60%
	45-55	10.00%	10.10%	10.20%	10.30%	10.40%	10.50%	10.60%
	60-70	3.00%	3.10%	3.20%	3.30%	3.40%	3.50%	3.60%
	75-85	2.50%	3.50%	4.50%	5.50%	6.50%	7.50%	8.50%
	90-100	1.00%	1.01%	1.02%	1.03%	1.04%	1.05%	1.06%
	105-115	5.00%	5.00%	5.00%	5.00%	5.00%	5.01%	5.01%

3.2 FIVE YEAR FUNDING COMPARISON

The graph below shows a comparison between the current levels of annual reserve contributions as measured against our recommended level of reserve contributions with a Full Funding approach.



The graph below shows the reserve fund strength (fund percentage) over time with the current Funding Plan compared to our Recommended Funding Plan.



3.3 SPECIFIC RECOMMENDATIONS

Five Year Recommended Funding Plan

FISCAL YEAR	2017	2018	2019	2020	2018
Starting Reserve Balance	\$293,493	\$204,449	\$289,439	\$89,525	\$168,896
Recommended Contribs.	\$170,400	\$170,400	\$170,400	\$170,400	\$170,400
Special Assessment	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$2,477	\$2,457	\$1,885	\$1,286	\$2,083
Total Income	\$466,370	\$377,306	\$461,725	\$261,210	\$341,379
Total Expenses	\$261,922	\$87,866	\$372,200	\$92,315	\$91,549
Ending Reserve Balance:	\$204,449	\$289,439	\$89,525	\$168,896	\$249,830

The table above shows our five year forecast based on a funding goal of 100%. The table below calculates the current budget Deficit/Surplus.

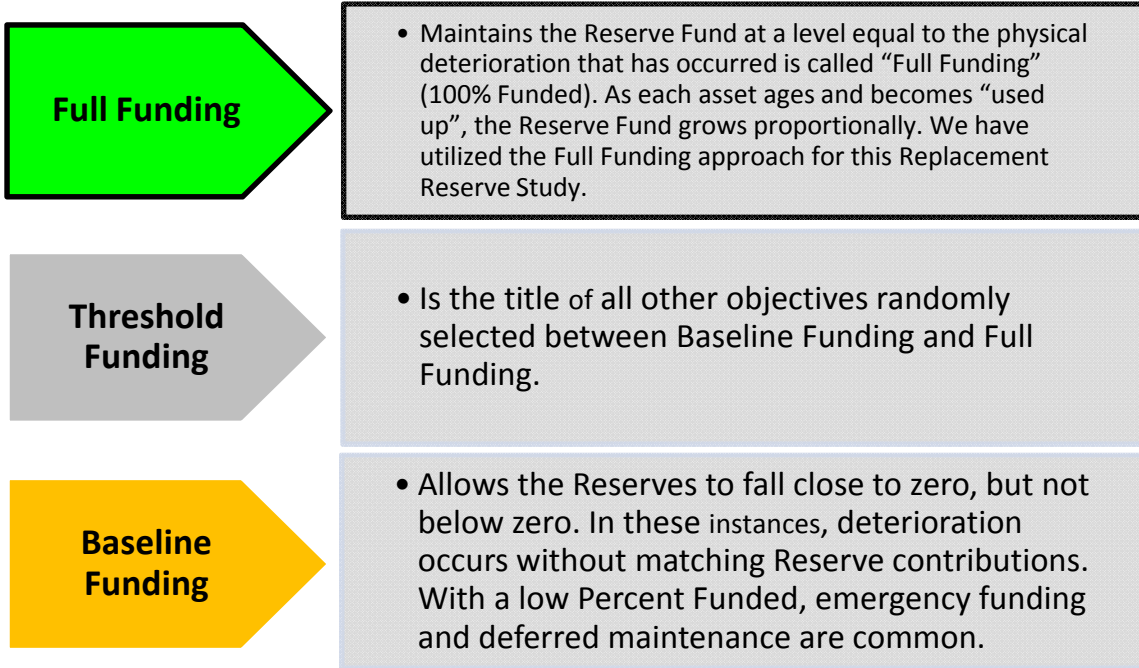
The figure below can be used to understand the impact of increasing/decreasing reserve contributions will have on a per unit basis.

		Per Unit
Current Reserve Contributions per month	\$15,974	\$4.50
Recommended Reserve Contributions per month	\$14,200	\$4.00
Current Deficit/Surplus	\$1,774	\$0.50
Recommended Special Assessment YR 1	\$0	\$0
Recommended Special Assessment YR 2	\$0	\$0

4. FUNDING OBJECTIVES AND OPTIONS

4.1 FUNDING ALTERNATIVES

Funding Alternatives fall under these three categories/methods according to the Community Associations Institute's National Reserve Study Standards.

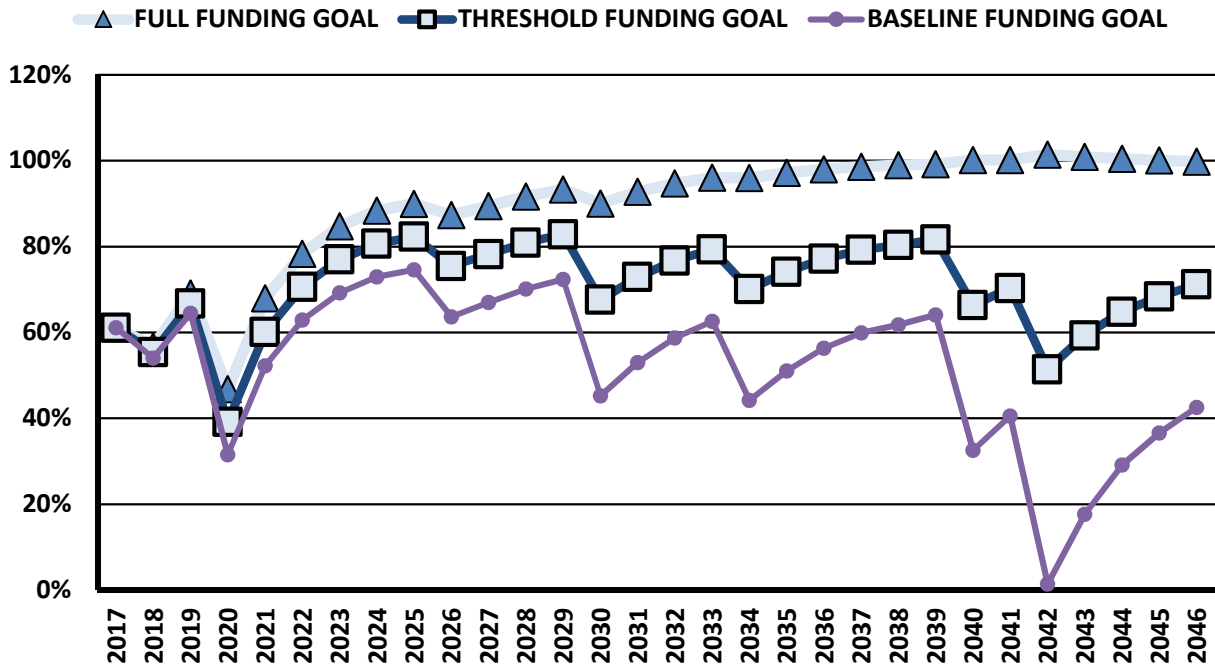


The level of risk (probability of a budget deficit) is different with each plan. The need for Special Assessments or Emergency Capital are greatest with a "Baseline" approach and smallest with a "Full Funding" approach. In order to ensure funds are available when needed and contributions are evenly distributed, we recommend implementing a "Full Funding" objective.

	Reserve Contributions	Min Reserve Balance	Total Contributions	Average Percent Funded Level
Full Funding	\$170,400	\$89,525	\$6,900,027	89%
Threshold Funding	\$165,600	\$74,907	\$6,705,660	71%
Baseline Funding	\$160,800	\$5,700	\$6,511,293	52%

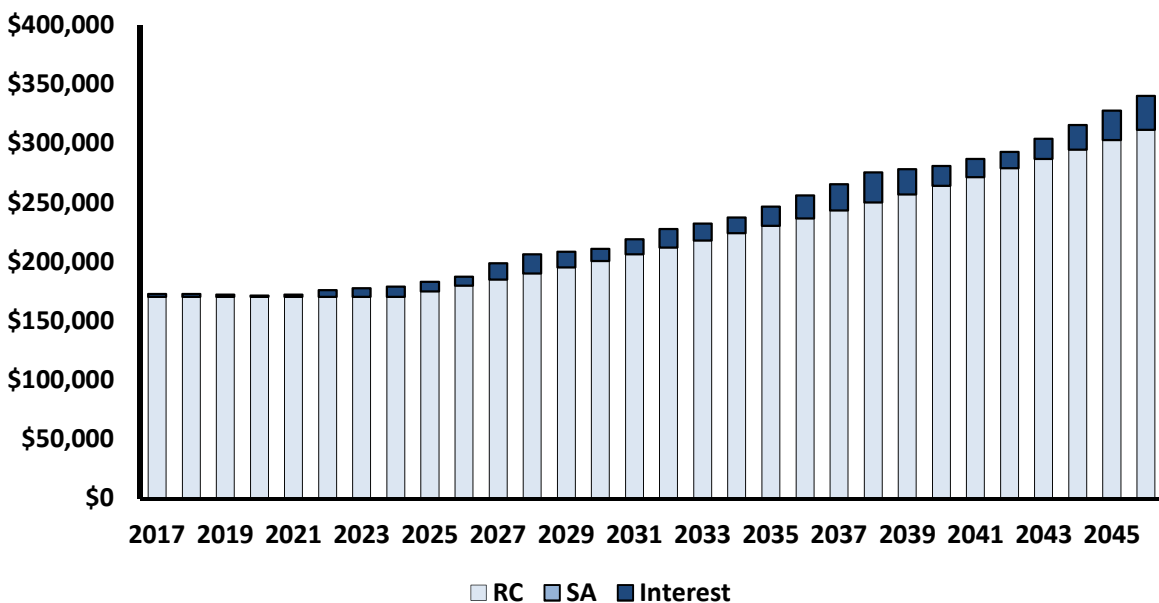
4.2 FUNDING SOURCES AND PROJECTIONS

This chart shows the percent funded level over time with each of the three funding objectives (Full, Threshold and Baseline).



Annual increases to Reserve Contributions should be made to keep up with inflation. These increases will vary by year but typically fall between 1-3%.

TOTAL RECOMMENDED CONTRIBUTIONS



5. PURPOSE AND METHODOLOGY

5.1 PURPOSE OF A RESERVE STUDY

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

5.2 RESERVE COMPONENT CRITERIA (FOUR-PART TEST)

Credentialed Reserve Study professionals utilize CAI’s national-standard four-part test to determine which expenses should be funded through Reserves.

- Part 1: Item must be a common area maintenance responsibility.
- Part 2: the component must have a limited life.
- Part 3: the limited life must be predictable.
- Part 4: the repair or replacement cost must be above a minimum threshold cost.

This means that Reserve Components should be major, predictable expenses. It is incorrect to include “lifetime” components, unpredictable expenses (such as insurance related losses), and expenses more appropriately handled from the Operational Budget.

5.3 USEFUL LIFE EXPECTANCIES

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

5.4 COST ESTIMATION

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

5.5 RESERVE STATUS AND FUNDING STRATEGY

Do you have enough money in Reserves to fund future capital replacements?

The following steps are performed in order to determine Reserve Status and Funding:

- 1) Calculate your **Fully Funded Balance**. (see Definitions Page for detailed explanation)
- 2) Compare to the Reserve Fund Balance (where you currently are), and express as a percentage.

Recommended Funding Strategy

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

1. Ensuring that the client has sufficient funds to perform current reserve projects on time.
2. Put in place a stable contribution rate over the 30-years.
3. Evenly distributed contributions over the years.
4. Assist board members and officials in doing their fiduciary duty.

DATA TABLES APPENDIX

MIDVALE PARK RESERVE STUDY

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Starting Balance	\$293,493	\$204,449	\$289,439	\$89,525	\$168,896	\$249,830	\$326,560	\$405,171	\$478,896	\$345,119
FFB	\$480,375	\$360,331	\$419,102	\$191,396	\$248,464	\$319,085	\$385,214	\$458,448	\$532,203	\$395,234
% Funded	61%	57%	69%	47%	68%	78%	85%	88%	90%	87%
Rating	Fair	Fair	Fair	Fair	Fair	Strong	Strong	Strong	Strong	Strong
RC	\$170,400	\$170,400	\$170,400	\$170,400	\$170,400	\$170,400	\$170,400	\$170,400	\$175,137	\$180,006
SA	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest	\$2,477	\$2,457	\$1,885	\$1,286	\$2,083	\$5,707	\$7,245	\$8,753	\$8,159	\$7,584
Expenses	\$261,922	\$87,866	\$372,200	\$92,315	\$91,549	\$99,377	\$99,033	\$105,429	\$317,073	\$111,849
Ending Balance	\$204,449	\$289,439	\$89,525	\$168,896	\$249,830	\$326,560	\$405,171	\$478,896	\$345,119	\$420,859
Year	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Starting Balance	\$420,859	\$508,135	\$595,944	\$299,519	\$384,615	\$478,373	\$572,546	\$403,407	\$499,217	\$604,724
FFB	\$470,747	\$554,288	\$638,448	\$332,796	\$414,424	\$504,988	\$596,145	\$420,297	\$513,542	\$616,886
% Funded	89%	92%	93%	90%	93%	95%	96%	96%	97%	98%
Rating	Strong	Strong	Strong	Strong	Strong	Strong	Strong	Strong	Strong	Strong
RC	\$185,010	\$190,153	\$195,440	\$200,873	\$206,457	\$212,197	\$218,096	\$224,159	\$230,390	\$236,795
SA	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest	\$13,729	\$16,316	\$13,233	\$10,110	\$12,754	\$15,531	\$14,423	\$13,339	\$16,314	\$19,439
Expenses	\$111,463	\$118,661	\$505,098	\$125,887	\$125,453	\$133,554	\$401,658	\$141,687	\$141,198	\$150,316
Ending Balance	\$508,135	\$595,944	\$299,519	\$384,615	\$478,373	\$572,546	\$403,407	\$499,217	\$604,724	\$710,642
Year	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
Starting Balance	\$710,642	\$801,109	\$917,176	\$516,654	\$628,643	\$406,727	\$520,080	\$645,339	\$770,728	\$908,866
FFB	\$720,940	\$809,642	\$924,689	\$515,917	\$627,679	\$401,094	\$515,275	\$642,130	\$769,762	\$911,036
% Funded	99%	99%	99%	100%	100%	101%	101%	100%	100%	100%
Rating	Strong	Strong	Strong	Strong	Strong	Strong	Strong	Strong	Strong	Strong
RC	\$243,378	\$250,144	\$257,098	\$264,245	\$271,591	\$279,142	\$286,902	\$294,878	\$303,075	\$311,501
SA	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest	\$22,341	\$25,393	\$21,190	\$16,926	\$15,301	\$13,697	\$17,223	\$20,927	\$24,822	\$28,908
Expenses	\$175,252	\$159,470	\$678,810	\$169,182	\$508,809	\$179,485	\$178,865	\$190,416	\$189,758	\$202,012
Ending Balance	\$801,109	\$917,176	\$516,654	\$628,643	\$406,727	\$520,080	\$645,339	\$770,728	\$908,866	\$1,047,263

FULL FUNDING GOAL

MIDVALE PARK RESERVE STUDY

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Starting Balance	\$293,493	\$199,625	\$279,743	\$74,907	\$149,308	\$225,223	\$296,613	\$369,777	\$437,946	\$298,367
FFB	\$480,375	\$360,331	\$419,102	\$191,396	\$248,464	\$319,085	\$385,214	\$458,448	\$532,203	\$395,234
% Funded	61%	55%	67%	39%	60%	71%	77%	81%	82%	75%
Rating	Fair	Fair	Fair	Fair	Fair	Strong	Strong	Strong	Strong	Strong
RC	\$165,600	\$165,600	\$165,600	\$165,600	\$165,600	\$165,600	\$165,600	\$165,600	\$170,204	\$174,935
SA	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest	\$2,453	\$2,385	\$1,764	\$1,116	\$1,863	\$5,167	\$6,598	\$7,997	\$7,290	\$6,598
Expenses	\$261,922	\$87,866	\$372,200	\$92,315	\$91,549	\$99,377	\$99,033	\$105,429	\$317,073	\$111,849
Ending Balance	\$199,625	\$279,743	\$74,907	\$149,308	\$225,223	\$296,613	\$369,777	\$437,946	\$298,367	\$368,051
Year	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Starting Balance	\$368,051	\$448,453	\$529,035	\$225,014	\$302,132	\$387,512	\$472,893	\$294,528	\$380,663	\$476,026
FFB	\$470,747	\$554,288	\$638,448	\$332,796	\$414,424	\$504,988	\$596,145	\$420,297	\$513,542	\$616,886
% Funded	78%	81%	83%	68%	73%	77%	79%	70%	74%	77%
Rating	Strong	Strong	Strong	Fair	Strong	Strong	Strong	Strong	Strong	Strong
RC	\$179,799	\$184,797	\$189,934	\$195,214	\$200,641	\$206,219	\$211,952	\$217,844	\$223,901	\$230,125
SA	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest	\$12,067	\$14,446	\$11,144	\$7,790	\$10,192	\$12,715	\$11,341	\$9,978	\$12,660	\$15,478
Expenses	\$111,463	\$118,661	\$505,098	\$125,887	\$125,453	\$133,554	\$401,658	\$141,687	\$141,198	\$150,316
Ending Balance	\$448,453	\$529,035	\$225,014	\$302,132	\$387,512	\$472,893	\$294,528	\$380,663	\$476,026	\$571,313
Year	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
Starting Balance	\$571,313	\$650,642	\$755,043	\$342,306	\$441,509	\$206,213	\$305,570	\$416,191	\$526,274	\$648,414
FFB	\$720,940	\$809,642	\$924,689	\$515,917	\$627,679	\$401,094	\$515,275	\$642,130	\$769,762	\$911,036
% Funded	79%	80%	82%	66%	70%	51%	59%	65%	68%	71%
Rating	Strong	Strong	Strong	Fair	Strong	Fair	Fair	Fair	Fair	Strong
RC	\$236,522	\$243,098	\$249,856	\$256,802	\$263,941	\$271,278	\$278,820	\$286,571	\$294,538	\$302,726
SA	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest	\$18,058	\$20,774	\$16,217	\$11,583	\$9,572	\$7,563	\$10,666	\$13,928	\$17,360	\$20,963
Expenses	\$175,252	\$159,470	\$678,810	\$169,182	\$508,809	\$179,485	\$178,865	\$190,416	\$189,758	\$202,012
Ending Balance	\$650,642	\$755,043	\$342,306	\$441,509	\$206,213	\$305,570	\$416,191	\$526,274	\$648,414	\$770,090

THRESHOLD FUNDING GOAL

MIDVALE PARK RESERVE STUDY

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Starting Balance	\$293,493	\$194,801	\$270,047	\$60,290	\$129,721	\$200,615	\$266,665	\$334,383	\$396,995	\$251,615
FFB	\$480,375	\$360,331	\$419,102	\$191,396	\$248,464	\$319,085	\$385,214	\$458,448	\$532,203	\$395,234
% Funded	61%	54%	64%	32%	52%	63%	69%	73%	75%	64%
Rating	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Strong	Strong	Fair
RC	\$160,800	\$160,800	\$160,800	\$160,800	\$160,800	\$160,800	\$160,800	\$160,800	\$165,270	\$169,865
SA	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest	\$2,429	\$2,313	\$1,643	\$945	\$1,643	\$4,627	\$5,951	\$7,241	\$6,422	\$5,612
Expenses	\$261,922	\$87,866	\$372,200	\$92,315	\$91,549	\$99,377	\$99,033	\$105,429	\$317,073	\$111,849
Ending Balance	\$194,801	\$270,047	\$60,290	\$129,721	\$200,615	\$266,665	\$334,383	\$396,995	\$251,615	\$315,242
Year	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Starting Balance	\$315,242	\$388,771	\$462,125	\$150,510	\$219,649	\$296,652	\$373,240	\$185,649	\$262,109	\$347,328
FFB	\$470,747	\$554,288	\$638,448	\$332,796	\$414,424	\$504,988	\$596,145	\$420,297	\$513,542	\$616,886
% Funded	67%	70%	72%	45%	53%	59%	63%	44%	51%	56%
Rating	Fair	Strong	Strong	Fair	Fair	Fair	Fair	Fair	Fair	Fair
RC	\$174,587	\$179,441	\$184,429	\$189,556	\$194,826	\$200,242	\$205,809	\$211,530	\$217,411	\$223,455
SA	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest	\$10,404	\$12,575	\$9,054	\$5,470	\$7,630	\$9,900	\$8,259	\$6,617	\$9,006	\$11,517
Expenses	\$111,463	\$118,661	\$505,098	\$125,887	\$125,453	\$133,554	\$401,658	\$141,687	\$141,198	\$150,316
Ending Balance	\$388,771	\$462,125	\$150,510	\$219,649	\$296,652	\$373,240	\$185,649	\$262,109	\$347,328	\$431,983
Year	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
Starting Balance	\$431,983	\$500,174	\$592,909	\$167,957	\$254,375	\$5,700	\$91,060	\$187,042	\$281,820	\$387,961
FFB	\$720,940	\$809,642	\$924,689	\$515,917	\$627,679	\$401,094	\$515,275	\$642,130	\$769,762	\$911,036
% Funded	60%	62%	64%	33%	41%	1%	18%	29%	37%	43%
Rating	Fair	Fair	Fair	Fair	Fair	Weak	Weak	Weak	Fair	Fair
RC	\$229,667	\$236,051	\$242,614	\$249,358	\$256,290	\$263,415	\$270,738	\$278,265	\$286,001	\$293,951
SA	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest	\$13,776	\$16,154	\$11,244	\$6,241	\$3,843	\$1,430	\$4,110	\$6,929	\$9,898	\$13,018
Expenses	\$175,252	\$159,470	\$678,810	\$169,182	\$508,809	\$179,485	\$178,865	\$190,416	\$189,758	\$202,012
Ending Balance	\$500,174	\$592,909	\$167,957	\$254,375	\$5,700	\$91,060	\$187,042	\$281,820	\$387,961	\$492,918

BASELINE FUNDING GOAL

MIDVALE PARK RESERVE STUDY

TABLE 1. RESERVE COMPONENT LIST

ITEM #	CATEGORY	LOCATION	RESERVE ASSET DESCRIPTION	QTY	% FUNDED	UOM	EST. LIFE	RUL	CURRENT COST	IN-SVC YR	REPL YR	FUTURE COST
1	Landscape + Irrig.	Midvale/Oaktree	Irrigation Controllers - Replace	N/A	0%	EA.	12	6	\$0	2011	2023	\$0
2	Landscape + Irrig.	Midvale Easement	Landscape/Irrigation - Renovation	258,200	20%	SF	10	2	\$169,659	2009	2019	\$178,248
3	Landscape + Irrig.	Midvale Meridian	Landscape/Irrigation - Renovation	62,392	20%	SF	10	2	\$52,114	2009	2019	\$54,753
4	Landscape + Irrig.	Midvale Meridian	Pavers - Partial Replace/Repair	5,664	0%	SF	20	12	\$0	2009	2029	\$0
5	Landscape + Irrig.	Oaktree/Headley	Landscape/Irrigation - Renovation	14,517	20%	SF	10	2	\$7,275	2009	2019	\$7,644
6	Landscape + Irrig.	Midvale/Oaktree	Backflow Valves - Replace	N/A	0%	EA.	12	12	\$0	2009	2029	\$0
7	Landscape + Irrig.	Irvington	Landscape/Irrigation - Renovation	17,304	20%	SF	10	2	\$10,599	2009	2019	\$11,136
8	Landscape + Irrig.	Mission	Landscape/Irrigation - Renovation	63,210	20%	SF	10	2	\$31,679	2009	2019	\$33,282
9	Landscape + Irrig.	Drexel Rd	Flood Channel - Maintain	1	100%	LS	2	1	\$2,784	2016	2018	\$2,854
10	Perimeter Wall Painting	Midvale	Stucco Surfaces - Repair/Paint	83,915	100%	SF	8	0	\$79,438	2009	2017	\$96,787
11	Perimeter Wall Painting	Irvington	Block Surfaces - Repair/Paint	18,746	100%	SF	8	0	\$13,570	2009	2017	\$16,534
12	Perimeter Wall Painting	Headley	Block Surfaces - Repair/Paint	12,220	100%	SF	8	0	\$8,846	2009	2017	\$10,778
13	Perimeter Wall Painting	Oaktree	Slumpstone Surfaces - Repair/Paint	46,345	100%	SF	8	0	\$36,130	2009	2017	\$44,021
14	Perimeter Wall Painting	Mission	Block Surfaces - Repair/Paint	10,627	100%	SF	8	0	\$7,693	2009	2017	\$9,373
15	Perimeter Wall Painting	Drexel Rd	Block Surfaces - Repair/Paint	26,539	100%	SF	8	0	\$19,212	2009	2017	\$23,408
16	Perimeter Wall Replace	Midvale Park Rd	Block/Stucco - Replace/Repair (Allowance)	83,915	3%	SF	1	0	\$32,355	2016	2017	\$33,163
17	Perimeter Wall Replace	Irvington	Block Walls - Replace/Repair (Allowance)	18,746	3%	SF	1	0	\$5,781	2016	2017	\$5,925
18	Perimeter Wall Replace	Headley	Block Walls - Replace/Repair (Allowance)	12,220	3%	SF	1	0	\$3,768	2016	2017	\$3,863
19	Perimeter Wall Replace	Oaktree	Slumpstone - Replace/Repair (Allowance)	46,345	3%	SF	1	0	\$23,815	2016	2017	\$24,410
20	Perimeter Wall Replace	Mission	Block Walls - Replace/Repair (Allowance)	10,627	3%	SF	1	0	\$3,277	2016	2017	\$3,359
21	Perimeter Wall Replace	Drexel Rd	Block Walls - Replace/Repair (Allowance)	26,539	3%	SF	1	0	\$8,184	2016	2017	\$8,389
22	Perimeter Wall Replace	Newcastle Court	Block Walls - Replace/Repair (Allowance)	9,795	3%	SF	1	0	\$3,021	2016	2017	\$3,096
23	Perimeter Wall Replace	Commerce Court	Block Walls - Replace/Repair (Allowance)	8,879	3%	SF	1	0	\$2,738	2016	2017	\$2,807
24	Monumentation	Midvale Entry	Monument - Repair/Paint	560	100%	SF	8	8	\$1,247	2004	2025	\$1,520
25	Monumentation	Midvale Entry	Monument - Replace	1	100%	EA.	20	0	\$11,694	1990	2017	\$19,162
26	Monumentation	Drexel Entry	Monument - Repair/Paint	440	100%	SF	8	8	\$1,225	2004	2025	\$1,493
27	Monumentation	Drexcel Entry	Monument - Replace	1	100%	EA.	20	0	\$2,400	1990	2017	\$3,933
27	Total Components								\$538,505			

TABLE 2. CONTRIBUTION CALCULATION DETAIL

ITEM #	RESERVE ASSET DESCRIPTION	EL	RL	COST	FFB	FUND ALLOCATION	RC ALLOCATION	RC CALCS	FFB CUMULATE	DETERIORATION	SIGNIFICANCE
1	Irrigation Controllers - Replace	12	6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.00%
2	Landscape/Irrigation - Renovation	10	2	\$169,659	\$135,727	\$135,727	\$1,814	\$16,966	\$135,727	\$16,966	12.75%
3	Landscape/Irrigation - Renovation	10	2	\$52,114	\$41,692	\$41,692	\$557	\$5,211	\$177,419	\$5,211	3.92%
4	Pavers - Partial Replace/Repair	20	12	\$0	\$0	\$0	\$0	\$0	\$177,419	\$0	0.00%
5	Landscape/Irrigation - Renovation	10	2	\$7,275	\$5,820	\$5,820	\$78	\$728	\$183,239	\$728	0.55%
6	Backflow Valves - Replace	12	12	\$0	\$0	\$0	\$0	\$0	\$183,239	\$0	0.00%
7	Landscape/Irrigation - Renovation	10	2	\$10,599	\$8,479	\$8,479	\$113	\$1,060	\$191,718	\$1,060	0.80%
8	Landscape/Irrigation - Renovation	10	2	\$31,679	\$25,343	\$25,343	\$339	\$3,168	\$217,061	\$3,168	2.38%
9	Flood Channel - Maintain	2	1	\$2,784	\$1,392	\$1,392	\$149	\$1,392	\$218,453	\$1,392	1.05%
10	Stucco Surfaces - Repair/Paint	8	0	\$79,438	\$79,438	\$75,040	\$1,062	\$9,930	\$297,891	\$9,930	7.46%
11	Block Surfaces - Repair/Paint	8	0	\$13,570	\$13,570	\$0	\$181	\$1,696	\$311,461	\$1,696	1.27%
12	Block Surfaces - Repair/Paint	8	0	\$8,846	\$8,846	\$0	\$118	\$1,106	\$320,308	\$1,106	0.83%
13	Slumpstone Surfaces - Repair/Paint	8	0	\$36,130	\$36,130	\$0	\$483	\$4,516	\$356,438	\$4,516	3.39%
14	Block Surfaces - Repair/Paint	8	0	\$7,693	\$7,693	\$0	\$103	\$962	\$364,131	\$962	0.72%
15	Block Surfaces - Repair/Paint	8	0	\$19,212	\$19,212	\$0	\$257	\$2,401	\$383,342	\$2,401	1.80%
16	Block/Stucco - Replace/Repair (Allowance)	1	0	\$32,355	\$32,355	\$0	\$3,460	\$32,355	\$415,697	\$32,355	24.31%
17	Block Walls - Replace/Repair (Allowance)	1	0	\$5,781	\$5,781	\$0	\$618	\$5,781	\$421,478	\$5,781	4.34%
18	Block Walls - Replace/Repair (Allowance)	1	0	\$3,768	\$3,768	\$0	\$403	\$3,768	\$425,246	\$3,768	2.83%
19	Slumpstone - Replace/Repair (Allowance)	1	0	\$23,815	\$23,815	\$0	\$2,547	\$23,815	\$449,061	\$23,815	17.89%
20	Block Walls - Replace/Repair (Allowance)	1	0	\$3,277	\$3,277	\$0	\$350	\$3,277	\$452,338	\$3,277	2.46%
21	Block Walls - Replace/Repair (Allowance)	1	0	\$8,184	\$8,184	\$0	\$875	\$8,184	\$460,523	\$8,184	6.15%
22	Block Walls - Replace/Repair (Allowance)	1	0	\$3,021	\$3,021	\$0	\$323	\$3,021	\$463,543	\$3,021	2.27%
23	Block Walls - Replace/Repair (Allowance)	1	0	\$2,738	\$2,738	\$0	\$293	\$2,738	\$466,281	\$2,738	2.06%
24	Monument - Repair/Paint	8	8	\$1,247	\$0	\$0	\$0	\$0	\$466,281	\$156	0.12%
25	Monument - Replace	20	0	\$11,694	\$11,694	\$0	\$63	\$585	\$477,975	\$585	0.44%
26	Monument - Repair/Paint	8	8	\$1,225	\$0	\$0	\$0	\$0	\$477,975	\$153	0.12%
27	Monument - Replace	20	0	\$2,400	\$2,400	\$0	\$13	\$120	\$480,375	\$120	0.09%
27	Total Components			\$538,505	\$480,375	\$293,493	\$14,200	\$132,780		\$133,089	100.00%

MIDVALE PARK RESERVE STUDY

TABLE 3. ANNUAL EXPENSE PROJECTIONS YEARS 1-10

ITEM #	SUB-CATEGORY	RESERVE ASSET DESCRIPTION	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
1	Midvale/Oaktree	Irrigation Controllers - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	Midvale Easement	Landscape/Irrigation - Renovation	\$0	\$0	\$178,248	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	Midvale Meridian	Landscape/Irrigation - Renovation	\$0	\$0	\$54,753	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	Midvale Meridian	Pavers - Partial Replace/Repair	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5	Oaktree/Headley	Landscape/Irrigation - Renovation	\$0	\$0	\$7,644	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6	Midvale/Oaktree	Backflow Valves - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	Irvington	Landscape/Irrigation - Renovation	\$0	\$0	\$11,136	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	Mission	Landscape/Irrigation - Renovation	\$0	\$0	\$33,282	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9	Drexel Rd	Flood Channel - Maintain	\$0	\$2,854	\$0	\$2,998	\$0	\$3,228	\$0	\$3,424	\$0	\$3,633
10	Midvale	Stucco Surfaces - Repair/Paint	\$79,438	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$100,629	\$0
11	Irvington	Block Surfaces - Repair/Paint	\$13,570	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$17,190	\$0
12	Headley	Block Surfaces - Repair/Paint	\$8,846	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,206	\$0
13	Oaktree	Slumpstone Surfaces - Repair/Paint	\$36,130	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$45,769	\$0
14	Mission	Block Surfaces - Repair/Paint	\$7,693	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$9,745	\$0
15	Drexel Rd	Block Surfaces - Repair/Paint	\$19,212	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$24,337	\$0
16	Midvale Park Rd	Block/Stucco - Replace/Repair (Allowance)	\$32,355	\$33,163	\$33,992	\$34,842	\$35,713	\$37,508	\$38,633	\$39,792	\$40,986	\$42,215
17	Irvington	Block Walls - Replace/Repair (Allowance)	\$5,781	\$5,925	\$6,074	\$6,225	\$6,381	\$6,702	\$6,903	\$7,110	\$7,323	\$7,543
18	Headley	Block Walls - Replace/Repair (Allowance)	\$3,768	\$3,863	\$3,959	\$4,058	\$4,160	\$4,369	\$4,500	\$4,635	\$4,774	\$4,917
19	Oaktree	Slumpstone - Replace/Repair (Allowance)	\$23,815	\$24,410	\$25,021	\$25,646	\$26,287	\$27,608	\$28,436	\$29,289	\$30,168	\$31,073
20	Mission	Block Walls - Replace/Repair (Allowance)	\$3,277	\$3,359	\$3,443	\$3,529	\$3,617	\$3,799	\$3,913	\$4,031	\$4,151	\$4,276
21	Drexel Rd	Block Walls - Replace/Repair (Allowance)	\$8,184	\$8,389	\$8,599	\$8,813	\$9,034	\$9,488	\$9,772	\$10,066	\$10,367	\$10,679
22	Newcastle Court	Block Walls - Replace/Repair (Allowance)	\$3,021	\$3,096	\$3,174	\$3,253	\$3,334	\$3,502	\$3,607	\$3,715	\$3,826	\$3,941
23	Commerce Court	Block Walls - Replace/Repair (Allowance)	\$2,738	\$2,807	\$2,877	\$2,949	\$3,022	\$3,174	\$3,269	\$3,368	\$3,469	\$3,573
24	Midvale Entry	Monument - Repair/Paint	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,580	\$0
25	Midvale Entry	Monument - Replace	\$11,694	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
26	Drexel Entry	Monument - Repair/Paint	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,552	\$0
27	Drexcel Entry	Monument - Replace	\$2,400	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenses			\$261,922	\$87,866	\$372,200	\$92,315	\$91,549	\$99,377	\$99,033	\$105,429	\$317,073	\$111,849

MIDVALE PARK RESERVE STUDY

TABLE 4. ANNUAL EXPENSE PROJECTIONS YEARS 11-20

ITEM #	SUB-CATEGORY	RESERVE ASSET DESCRIPTION	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
1	Midvale/Oaktree	Irrigation Controllers - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	Midvale Easement	Landscape/Irrigation - Renovation	\$0	\$0	\$241,893	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	Midvale Meridian	Landscape/Irrigation - Renovation	\$0	\$0	\$74,303	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	Midvale Meridian	Pavers - Partial Replace/Repair	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5	Oaktree/Headley	Landscape/Irrigation - Renovation	\$0	\$0	\$10,373	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6	Midvale/Oaktree	Backflow Valves - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	Irvington	Landscape/Irrigation - Renovation	\$0	\$0	\$15,112	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	Mission	Landscape/Irrigation - Renovation	\$0	\$0	\$45,166	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9	Drexel Rd	Flood Channel - Maintain	\$0	\$3,854	\$0	\$4,089	\$0	\$4,338	\$0	\$4,602	\$0	\$4,882
10	Midvale	Stucco Surfaces - Repair/Paint	\$0	\$0	\$0	\$0	\$0	\$0	\$127,474	\$0	\$0	\$0
11	Irvington	Block Surfaces - Repair/Paint	\$0	\$0	\$0	\$0	\$0	\$0	\$21,776	\$0	\$0	\$0
12	Headley	Block Surfaces - Repair/Paint	\$0	\$0	\$0	\$0	\$0	\$0	\$14,195	\$0	\$0	\$0
13	Oaktree	Slumpstone Surfaces - Repair/Paint	\$0	\$0	\$0	\$0	\$0	\$0	\$57,978	\$0	\$0	\$0
14	Mission	Block Surfaces - Repair/Paint	\$0	\$0	\$0	\$0	\$0	\$0	\$12,345	\$0	\$0	\$0
15	Drexel Rd	Block Surfaces - Repair/Paint	\$0	\$0	\$0	\$0	\$0	\$0	\$30,829	\$0	\$0	\$0
16	Midvale Park Rd	Block/Stucco - Replace/Repair (Allowance)	\$43,482	\$44,786	\$46,130	\$47,514	\$48,939	\$50,407	\$51,919	\$53,477	\$55,081	\$56,734
17	Irvington	Block Walls - Replace/Repair (Allowance)	\$7,769	\$8,002	\$8,242	\$8,490	\$8,744	\$9,007	\$9,277	\$9,555	\$9,842	\$10,137
18	Headley	Block Walls - Replace/Repair (Allowance)	\$5,064	\$5,216	\$5,373	\$5,534	\$5,700	\$5,871	\$6,047	\$6,229	\$6,416	\$6,608
19	Oaktree	Slumpstone - Replace/Repair (Allowance)	\$32,005	\$32,965	\$33,954	\$34,973	\$36,022	\$37,103	\$38,216	\$39,362	\$40,543	\$41,760
20	Mission	Block Walls - Replace/Repair (Allowance)	\$4,404	\$4,536	\$4,672	\$4,813	\$4,957	\$5,106	\$5,259	\$5,417	\$5,579	\$5,747
21	Drexel Rd	Block Walls - Replace/Repair (Allowance)	\$10,999	\$11,329	\$11,669	\$12,019	\$12,379	\$12,751	\$13,133	\$13,527	\$13,933	\$14,351
22	Newcastle Court	Block Walls - Replace/Repair (Allowance)	\$4,059	\$4,181	\$4,307	\$4,436	\$4,569	\$4,706	\$4,847	\$4,993	\$5,142	\$5,297
23	Commerce Court	Block Walls - Replace/Repair (Allowance)	\$3,680	\$3,790	\$3,904	\$4,021	\$4,142	\$4,266	\$4,394	\$4,526	\$4,661	\$4,801
24	Midvale Entry	Monument - Repair/Paint	\$0	\$0	\$0	\$0	\$0	\$0	\$2,002	\$0	\$0	\$0
25	Midvale Entry	Monument - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
26	Drexel Entry	Monument - Repair/Paint	\$0	\$0	\$0	\$0	\$0	\$0	\$1,966	\$0	\$0	\$0
27	Drexcel Entry	Monument - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenses			\$111,463	\$118,661	\$505,098	\$125,887	\$125,453	\$133,554	\$401,658	\$141,687	\$141,198	\$150,316

TABLE 5. ANNUAL EXPENSE PROJECTIONS YEARS 21-30

ITEM #	SUB-CATEGORY	RESERVE ASSET DESCRIPTION	2037	2038	2039	2040	2041	2042	2043	2044	2045
1	Midvale/Oaktree	Irrigation Controllers - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	Midvale Easement	Landscape/Irrigation - Renovation	\$0	\$0	\$325,084	\$0	\$0	\$0	\$0	\$0	\$0
3	Midvale Meridian	Landscape/Irrigation - Renovation	\$0	\$0	\$99,857	\$0	\$0	\$0	\$0	\$0	\$0
4	Midvale Meridian	Pavers - Partial Replace/Repair	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5	Oaktree/Headley	Landscape/Irrigation - Renovation	\$0	\$0	\$13,940	\$0	\$0	\$0	\$0	\$0	\$0
6	Midvale/Oaktree	Backflow Valves - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	Irvington	Landscape/Irrigation - Renovation	\$0	\$0	\$20,309	\$0	\$0	\$0	\$0	\$0	\$0
8	Mission	Landscape/Irrigation - Renovation	\$0	\$0	\$60,700	\$0	\$0	\$0	\$0	\$0	\$0
9	Drexel Rd	Flood Channel - Maintain	\$0	\$5,180	\$0	\$5,495	\$0	\$5,830	\$0	\$6,185	\$0
10	Midvale	Stucco Surfaces - Repair/Paint	\$0	\$0	\$0	\$0	\$161,481	\$0	\$0	\$0	\$0
11	Irvington	Block Surfaces - Repair/Paint	\$0	\$0	\$0	\$0	\$27,586	\$0	\$0	\$0	\$0
12	Headley	Block Surfaces - Repair/Paint	\$0	\$0	\$0	\$0	\$17,982	\$0	\$0	\$0	\$0
13	Oaktree	Slumpstone Surfaces - Repair/Paint	\$0	\$0	\$0	\$0	\$73,445	\$0	\$0	\$0	\$0
14	Mission	Block Surfaces - Repair/Paint	\$0	\$0	\$0	\$0	\$15,638	\$0	\$0	\$0	\$0
15	Drexel Rd	Block Surfaces - Repair/Paint	\$0	\$0	\$0	\$0	\$39,053	\$0	\$0	\$0	\$0
16	Midvale Park Rd	Block/Stucco - Replace/Repair (Allowance)	\$58,436	\$60,189	\$61,995	\$63,854	\$65,770	\$67,743	\$69,775	\$71,869	\$74,025
17	Irvington	Block Walls - Replace/Repair (Allowance)	\$10,441	\$10,754	\$11,077	\$11,409	\$11,751	\$12,104	\$12,467	\$12,841	\$13,226
18	Headley	Block Walls - Replace/Repair (Allowance)	\$6,806	\$7,010	\$7,221	\$7,437	\$7,660	\$7,890	\$8,127	\$8,371	\$8,622
19	Oaktree	Slumpstone - Replace/Repair (Allowance)	\$43,012	\$44,303	\$45,632	\$47,001	\$48,411	\$49,863	\$51,359	\$52,900	\$54,487
20	Mission	Block Walls - Replace/Repair (Allowance)	\$5,919	\$6,097	\$6,279	\$6,468	\$6,662	\$6,862	\$7,068	\$7,280	\$7,498
21	Drexel Rd	Block Walls - Replace/Repair (Allowance)	\$14,782	\$15,225	\$15,682	\$16,152	\$16,637	\$17,136	\$17,650	\$18,179	\$18,725
22	Newcastle Court	Block Walls - Replace/Repair (Allowance)	\$5,456	\$5,619	\$5,788	\$5,961	\$6,140	\$6,325	\$6,514	\$6,710	\$6,911
23	Commerce Court	Block Walls - Replace/Repair (Allowance)	\$4,945	\$5,094	\$5,247	\$5,404	\$5,566	\$5,733	\$5,905	\$6,082	\$6,265
24	Midvale Entry	Monument - Repair/Paint	\$0	\$0	\$0	\$0	\$2,536	\$0	\$0	\$0	\$0
25	Midvale Entry	Monument - Replace	\$21,120	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
26	Drexel Entry	Monument - Repair/Paint	\$0	\$0	\$0	\$0	\$2,490	\$0	\$0	\$0	\$0
27	Drexcel Entry	Monument - Replace	\$4,335	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenses			\$175,252	\$159,470	\$678,810	\$169,182	\$508,809	\$179,485	\$178,865	\$190,416	\$189,758

Disclosures

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

Physical Analysis:

Capital Reserve Analysts did conduct a physical inspection.

Completeness:

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

Reliance on Client Data:

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

Scope:

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

Reserve Balance:

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

Reserve Projects:

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

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

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

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

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

Definitions

CASH FLOW METHOD: A method of developing a Reserve Funding Plan where contributions to the Reserve fund are designed to offset the variable annual expenditures from the Reserve fund. Different

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

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

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

CURRENT REPLACEMENT COST: See "Replacement Cost."

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

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

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

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

FULLY FUNDED BALANCE (FFB): Total Accrued Depreciation. An indicator against which Actual (or projected) Reserve balance can be compared. The Reserve balance that is in direct proportion to the fraction of life "used up" of the current Repair or Replacement cost. This number is calculated for each component, then summed together for an association total. Two formulae can be utilized, depending on the provider's sensitivity to interest and inflation effects. Note: Both yield identical results when interest and inflation are equivalent.

FFB = Current Cost X Effective Age / Useful Life

Or

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

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

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

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

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

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

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

MIDVALE PARK RESERVE STUDY

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

Funding Principles:

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

INVENTORY: The task of selecting and quantifying Reserve Components. This task can be accomplished through on-site visual observations, review of association design and organizational documents, a review of established association precedents, and discussion with appropriate association representative(s) of the association or cooperative.

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

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

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

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

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

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

RESERVE PROVIDER: An individual that prepares Reserve Studies.

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

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