

## Reserve Fund Analysis Report

*New Study with Site Visit*  
**POA of Lake Ridge**  
**Cedar Hill, TX**



Report #:	9350
Inspection Date:	February 26, 2019
For Year Beginning:	January 1, 2020
For Year Ending:	December 31, 2020
Date Prepared:	April 9, 2019
Prepared by:	Richard Hamilton RS, PRA
Report Status:	<b>Final-</b>





April 9, 2019

POA of Lake Ridge  
100 Lake Ridge Pkwy  
Cedar Hill, TX 75104

Dear Manager and Board,

We are pleased to provide you with the enclosed reserve study report for POA of Lake Ridge. This reserve study adheres to the Community Association Institute's (CAI) standards regarding service levels and disclosures.

The report has been 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.

Part I, Reserve Study Methodology, details the framework, methods, and materials used in developing the reserve study and the associated funding plan. This part provides a comprehensive understanding of the methodology and the process taken to develop the report.

Part II, Financial Analysis, examines report funding and results with projections for individual reserve component expenses and recommended funding.

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

Part IV, General Information, provides a detailed explanation of the terms and definitions used within the report as well as a Frequently Asked Questions and explanation of Limitations sections.

Part V, Member's Summary, includes all the information necessary to keep your Association Members informed of the financial condition of the Association in a short, concise handout.

Three funding models are presented in detail. **Community Association Reserves recommends that the Board adopt a 100% Funding Plan whenever possible**, but a 70% Threshold alternative is included and will be presented to the Board should the current financial position of the community not allow for 100% full funding.

As you review the report and detail information, please feel free to contact our office with any questions that may arise.

Sincerely,

**Richard S Hamilton RS, PRA**  
Community Association Reserves  
(214) 790-9858  
info@CAReserves.com

**TABLE OF CONTENTS**  
**POA of Lake Ridge**

Executive Summary .....	E-1
<b>PART I - RESERVE STUDY METHODOLOGY</b>	
The Reserve Study Process .....	1-1
<b>PART II - FINANCIAL ANALYSIS</b>	
Summary of the Financial Analysis .....	2-1
Current Assessment Funding Summary .....	2-2
Current Assessment Funding Projection .....	2-3
100% Funding Summary .....	2-4
100% Component Funding Projection .....	2-5
70% Threshold Funding Summary .....	2-6
70% Threshold Funding Projection .....	2-7
Baseline Funding Summary .....	2-8
Baseline Funding Projection .....	2-9
Funding Comparison by Percent Funded (Chart) .....	2-10
Funding Reserve Ending Balance Comparison (Chart) .....	2-11
Annual Expenses VS Funding Assessment (Chart) .....	2-12
Annual Projects Detail .....	2-13
Annual Expenditure Spreadsheet .....	2-18
<b>PART III - COMPONENT ANALYSIS</b>	
Inventory Summary Report .....	3-1
Inventory by Remaining Life .....	3-2
Asset Index .....	3-4
Component Inventory Detail .....	3-6
<b>PART IV - GENERAL INFORMATION</b>	
Implementing Your Study .....	4-1
General Information and FAQ's .....	4-3
Definitions of Terms Used .....	4-6

**TABLE OF CONTENTS**  
**POA of Lake Ridge**

Disclosures and Limitations ----- 4-9

**PART V - MEMBER'S SUMMARY**

Member's Summary ----- 5-1

Member's Inventory Summary ----- 5-2

# Executive Summary

## **Purpose of Reserve Study**

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

The Board of Directors has a fiduciary responsibility to maintain and preserve the value of common area assets belonging to the entity. As part of their fiduciary duty, board members are responsible for the long-term planning and funding of future major repairs and replacements of community assets.

This reserve study adheres to the Community Association Institute's (CAI) standards regarding service levels and disclosures. This report complies with The American Institute of Certified Public Accountants (AICPA) guidelines for Common Interest Realty Associations. Recommendations and accompanying assumptions are the results of information provided to Community Association Reserves (CAR) and assembled for the Association's use.

## **Community Description:**

POA of Lake Ridge is a Master Association, developed in approximately 1989. The community consists of a community center, park assets, entrance monuments, a marina, lakes and common space. The community is in overall good condition and appears well maintained.

## **Summary of the Reserve Study**

The study provides an overview of the Association's current physical condition and financial situation, outlining significant findings and conclusions. It details the framework, methods, and materials used in developing the reserve study and the associated funding plan. The Financial Analysis examines the findings and results with projections for individual reserve component expenses and recommended funding. The Physical Analysis provides an in-depth, detailed condition assessment for each reserve component along with maintenance recommendations based on the estimated useful life (UL), remaining useful life (RUL) and current replacement costs.

## **Association Information:**

Association Name:	POA of Lake Ridge
Association Location:	Cedar Hill, TX
Association Type:	Master Association
Number of Units:	2114
Report Period:	2020 - 2049
Inspection Date:	February 26, 2019

## **Economic Information:**

Annual Inflation Rate for this Report:	2.80%
Annual Interest on Funds for this Report:	1.50%
Annual Increase to Contribution:	3.50%
Reserve Beginning Balance:	\$120,100

Fully Funded Reserve Balance:	\$372,103
Current Percent Funded:	32%
Current Contribution:	\$12,000 annually

**Reserve Funding Status:**

Your fund status position is **Weak**. Your association has achieved this status because your current percent funded (your reserve fund bank balance divided by your fully funded balance) is **32%**. Reserve funds are generally classified into three categories: "weak" at 0% to 30% funded, "fair" at 31% to 69% funded and "strong" if your funding is 70% or above. Percent funded is a measurement of risk to the association members. Risk includes: a large increase in dues, a special assessment to the members, or loss in home value due to deterioration or loss of community assets.

Our recommendation is generally a 100% funding plan which means that for every dollar of deterioration that occurs within a community, the current membership - those that benefit directly from that asset, will place a dollar in the bank to offset that cost. This is the "fairest" method of funding, as a lower percentage will place a higher burden on a future membership when a replacement is due.

**Plan Funding Recommendations:**

Plan Option	Contribution annually	Contribution Per Unit	Ending % Funded	Special Assessment
Current Plan	\$12,000	\$5.68	-169%	None
100% Funding	\$58,700	\$27.77	100%	None
70% Funding	\$54,000	\$25.54	70%	None
Baseline Funding	\$49,900	\$23.60	42%	None

**Five (5) Year Snapshot:**

Plan Year	Annual Contribution	Annual Expenditures	Ending Cash Balance	Ending Percent Funded	Special Assessment
2020	\$58,700	\$42,450	\$138,395	35%	None
2021	\$60,754	\$9,159	\$192,840	43%	None
2022	\$62,881	\$15,234	\$244,095	48%	None
2023	\$65,082	\$0	\$313,814	54%	None
2024	\$67,360	\$48,999	\$337,157	56%	None

**An Important Note Regarding Expense Cycling:**

As the Board reviews the report and projected expenses, notice that several components are denoted as "partial" or "part" replacements. This indicates that this particular component has been "cycled" and is not scheduled for full replacement. This may be the result of similar components that were placed in service at different times, or in many cases, a long-lived component that would not otherwise be reflected in the replacement projections. An example of this would be concrete, which typically has a useful life of 50-75 years, and may not otherwise be reflected in a 30-year projection window.

It is important to understand that cycling serves as a flag to the Board as well as future Boards that the component is accumulating funds. Those funds may or may not be necessary when the cycle ends. Since cost projections are based on the total life of a component, it is important that if funds are not needed at the end of a

cycle period, they remain intact as they will be necessary at a future date. Conversely, if funds are needed prior to the end of a cycle, they are available for use, but a record of the use should be noted in the Community's financials indicating that that portion of the cycled amount has been spent.

**PART I**  
**RESERVE STUDY METHODOLOGY**



## The Reserve Study Process

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 we are making projections about the future. Partially science, because the work is a combination of research and well-defined computations, following consistent National Reserve Study Standards.

The foundation of this and every Reserve Study is your Reserve Component List (the items that 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 results of your Reserve Study.

It is important to keep in mind that reserve contributions are not "for the future". Reserve contributions are designed 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 important assets eventually require replacement.

### The Component Analysis

Determination of what constitutes a reserve component is dependent on a number of factors. A four-part test is generally used to distinguish a reserve item from an operational or maintenance expense. A component is included as a reserve item only if it satisfies ALL criteria outlined below:

- It is the Association's responsibility to maintain.
- It has a predictable useful service life.
- Its useful life fits within the projection period.
- Its cost for repair or replacement meets a pre-determined threshold amount.

The components that an Association includes in its reserve funding plan are also dependent on the type of project, the construction properties and the Association's applicable governing documents and state statutes.

### Component Useful Life

The useful life of a reserve component relates to the number of years it is expected to last, given reasonable care and maintenance. The prediction of reserve and building component life can be no more than an informed estimate based upon information made available at the time of the site visit. Consideration is given to vendor recommendations, material warranty information provided at the time of the report's development, along with other published sources. The data and service life estimates in this report are based on information gathered from various groups and industry sources as outlined below:

- Historical data from the Association;
- Community Managers, Board Members and Service Personnel;
- Manufacturer recommendations and industry standards;
- Published sources of service life data;
- Manufacturers and suppliers' data.

### Component Remaining Useful Life

The remaining life of a reserve component refers to the number of years left before an item's expected repair or replacement. A component's remaining life is contingent upon the following factors:

- Age/years in service;
- Physical condition;
- Frequency and quality of inspections and maintenance;
- General use;
- Environment, impact of weather and building location;
- Installation methods that meets or exceed industry standards;
- Design and quality of materials used.

In addition to deterioration or anticipated failure of a component, the longevity may be impacted by obsolescence. The accuracy of the estimate is contingent upon reliable information made available at the time of the report. It is important to note that even with the highest degree of diligence and experience, outcomes will vary, and no guarantee can be given as to the timing or service life of the reserve components. All service life assessments in this report are based on the assumption that maintenance is carried out in accordance with manufacturer's recommendations and installation instructions, together with industry standards of workmanship. Consideration is given to visible design and signs of improper installation of components that will have an impact upon the anticipated service life of the component.

### **The Financial Analysis**

An Association, like any business entity, must prepare financially for the replacement and repair of its assets. Reserve study funding analysis is an important part of the annual budget process. Reserve funding should be reviewed at least once annually to help determine the annual assessment to be charged to members. The following elements are used in the financial analysis.

**Recommended Funding Rate.** We advocate a program of regular reserve fund contributions and promote a gradual means of reserving for future repair and replacement expenses. Recommended contributions are set at a level where they require only minor annual increases. The rate is designed to distribute the anticipated cost of common property ownership equitably between all members over the entire projection period.

**Fully Funded Balance.** The Fully Funded balance is equal to the total depreciated cost of all the Association's reserve components. It is determined by dividing each reserve component's cost by its useful life, and multiplying that by the number of years the component has been in service (effectively its age). The recommendations in this report are based upon a Fully Funded plan, which sets the goal of achieving one hundred percent fully funded reserves by the end of the 30-year projection period. *We recommend full funding as we feel that this approach best provides a solid platform to address future needs*, thus dramatically reducing the need for special assessments or major contribution increases.

**Percent Funded.** An Association's reserve fund status is assessed by comparing the ratio of actual or projected funds available versus how much they should have saved. The result is presented as a percentage and is commonly known as "percent funded". Percent funded is calculated by dividing the Association's current reserve fund balance by the fully funded balance. This equation is an industry measure of how well prepared an Association is to meet its current and future repair and replacement obligations. Percent funded highlights the strength of the association's reserve account in relation to the anticipated costs of repair and replacement.

**Reserve Component Cost.** Current cost estimates for reserve components are derived from a variety of

sources but typically are based on the latest local vendor pricing acquired from regional contractors and suppliers. When needed, additional information and cost data is sourced from national construction estimators. All cost estimates formulated from national estimators are based upon the latest specific geographical information for the area. Future cost estimates are determined by applying the assumed annual inflation rate to the current cost of each component.

**Inflation Rate.** The effect of inflation on the cost of reserve components is a key factor in the financial projections. Historically, the cost of construction materials and labor rise at a higher rate than that experienced by the general economy. We have chosen to use an inflationary multiplier that is somewhat higher than the current general consumer index for inflation. The rate used is based upon the historical average of inflation over the last 30 years. This rate reflects a realistic appreciation of future costs for reserve components and assists the Association in adequately budgeting for increasing cost.

**Interest Rate.** The interest rate used in this report is formulated on a conservative rate of return. Unless otherwise advised by the Association, an assumed net interest rate of 1.00% is used. We offer no guarantee or opinion in relation to investment decisions made by the Association or the rate of return achieved.

**Current Reserve Fund Balance.** The analysis, recommendations, and financial projections made within this report are heavily reliant on information provided by the Association and its representatives. The starting reserve fund balance (current or projected) and member contribution totals are supplied by these sources. This information has not been audited nor have the financial projections or recommendations.

## **Reserve Plan Goals**

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 in a timely manner.
- Second, a stable contribution is recommended because it keeps these naturally irregular expenses from unsettling the budget.
- Reserve contributions that are evenly distributed over current and future owners enables 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 duty to provide for the ongoing care of the common areas. Board members invite liability exposure when Reserve contributions are inadequate to offset ongoing common area deterioration.

The Reserve Funding Plan must provide adequate funds when they are expected to be required at a future point in time. If \$100,000 is needed in five years for a new roof, the Funding Plan should yield a Reserve Balance of at least \$100,000 in that year. Because associations are corporations and their members expect and deserve the corporation to be run in a stable manner, it is important that the budget be designed for year to year stability. Large assessment changes from year to year indicate instability,

and homeowners deserve a degree of stability in order to plan their own budgets.

## **Reserve Funding and Risk**

Reserve adequacy is not measured in cash terms. Reserve adequacy is determined 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, large increases in assessments, special assessments or a loss in property value.

Adequacy is measured in a two-step process:

- Calculate the *value of deterioration* at the association (called Fully Funded Balance, or FFB).
- Compare that to the Reserve Fund Balance and expressed 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.

**PART II**  
**FINANCIAL ANALYSIS**

## Summary of the Financial Analysis

**Current Fully Funded Balance:** \$372,102.57  
**Current Reserve Fund Balance:** \$120,100.00  
**Current Percent Funded:** 32%  
**Current Contribution Annually:** \$12,000.00 Per Unit: \$5.68

There are three basic funding strategies from which most associations select. It is recommended that associations consult professionals to determine the best strategy or combination of plans that best suit the association's need. Additionally, associations should consult with their financial advisor to determine the tax implications of selecting a particular plan. Further, consult with the American Institute of Certified Public Accountants (AICPA) for their reporting requirements.

The three funding plans and descriptions of each are detailed below. Associations will need to update their reserve studies more or less frequently depending on the funding strategy they select.

• **Full funding (Recommended)** —The goal of this funding strategy is to attain and maintain the reserves at or near 100 percent. For example, if an association has a component with a 10-year life and a \$10,000 replacement cost, it should have \$3,000 set aside for its replacement after three years ( $\$10,000 \div 10 \text{ years} = \$1,000$  per year  $\times 3 \text{ years} = \$3,000$ ). In this case, \$3,000 equals full funding.

**Target Contribution Annually:** \$58,700.00 Per Unit: \$27.77

• **Threshold funding (Alternative)** —This method is based on the baseline funding concept. The minimum reserve cash balance in threshold funding; however, is set at a predetermined percentage of the required dollar amount. We will generally attempt to place the association funding between 65% and 75% funded, which will place them in a "strong" funding position. Using the previous example, if an association has a component with a 10-year life and a \$10,000 replacement cost, it should have \$3,000 set aside for its replacement after three years to achieve 100% funding. In the case of a 70% funding threshold, \$2,100 ( $\$3,000 \times 70\%$ ) would need to be set aside to achieve the funding goal.

**Target Contribution Annually:** \$54,000.00 Per Unit: \$25.54

• **Baseline funding (Not Recommended)** —The goal of this funding method is to keep the reserve cash balance above zero. This means that while each individual component may not be fully funded, the reserve balance does not drop below zero during the projected period. An association using this funding method must understand that even a minor reduction in a component's remaining useful life can result in a deficit in the reserve cash balance. Associations can implement this funding method more safely by conducting annual reserve updates that include field observations.

**Target Contribution Annually:** \$49,900.00 Per Unit: \$23.60

It is up to the Board to select a plan that best suits the association and its long term goals. For comparison purposes, we have included a **Current Assessment Funding** plan, which is a projection of the association's financial health based on the plan in place without modification. This can be a base of comparison when selecting a plan. It may also demonstrate why change is needed.

**POA of Lake Ridge**  
 Cedar Hill, TX  
**Current Assessment Funding Summary**

Report Date	April 9, 2019
Account Number	9350
Version	1.0
Budget Year Beginning	January 1, 2020
Budget Year Ending	December 31, 2020
Total Units	2114
Phase Development	1 of 1

<i>Report Parameters</i>	
Inflation	2.80%
Annual Assessment Increase	3.00%
Interest Rate on Reserve Deposit	1.50%
2020 Beginning Balance	\$120,100

**Current Assessment Funding Summary**

This is the community's **current funding plan**, based upon your current Reserve Contribution. This analysis will be used as a base comparison to the Fully Funded plan (100% Funding) and the Threshold plan (70% Funding) to offer a comparison of the study results and their effects upon the community and contributions.

In this summary, we have used the current level of Reserve Contributions and completed a full 30-year analysis based upon our component findings.

<i>Current Assessment Funding Model Summary of Calculations</i>	
Required Annual Contribution	\$12,000.00
<i>\$5.68 per unit annually</i>	
Average Net Annual Interest Earned	<u>\$1,344.75</u>
Total Annual Allocation to Reserves	\$13,344.75
<i>\$6.31 per unit annually</i>	

**POA of Lake Ridge  
Current Assessment Funding Projection**

Beginning Balance: \$120,100

Year	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2020	12,000	1,345	42,450	90,995	393,404	23%
2021	12,360	1,413	9,159	95,608	451,051	21%
2022	12,731	1,397	15,234	94,502	505,638	19%
2023	13,113	1,614		109,229	579,026	19%
2024	13,506	1,106	48,999	74,842	605,756	12%
2025	13,911		131,310	-42,557	550,325	
2026	14,329		134,544	-162,772	491,769	
2027	14,758		52,673	-200,687	517,539	
2028	15,201		2,494	-187,980	597,466	
2029	15,657		11,424	-183,746	672,355	
2030	16,127		173,982	-341,602	584,189	
2031	16,611		169,369	-494,360	500,308	
2032	17,109		38,883	-516,134	550,288	
2033	17,622			-498,511	643,764	
2034	18,151		57,959	-538,319	682,462	
2035	18,696		131,459	-651,083	648,932	
2036	19,256		163,335	-795,162	584,005	
2037	19,834		207,687	-983,014	474,042	
2038	20,429		18,083	-980,668	558,353	
2039	21,042		50,698	-1,010,324	614,007	
2040	21,673		99,458	-1,088,108	623,674	
2041	22,324			-1,065,784	738,506	
2042	22,993		26,464	-1,069,256	832,074	
2043	23,683			-1,045,573	958,270	
2044	24,394		93,855	-1,115,034	994,398	
2045	25,125		105,428	-1,195,336	1,022,602	
2046	25,879		471,573	-1,641,030	678,244	
2047	26,655		91,507	-1,705,881	718,081	
2048	27,455		14,084	-1,692,510	841,843	
2049	28,279			-1,664,231	986,855	



**POA of Lake Ridge**  
 Cedar Hill, TX  
**100% Funding Summary**

Report Date	April 9, 2019
Account Number	9350
Version	1.0
Budget Year Beginning	January 1, 2020
Budget Year Ending	December 31, 2020
Total Units	2114
Phase Development	1 of 1

<i>Report Parameters</i>	
Inflation	2.80%
Annual Assessment Increase	3.50%
Interest Rate on Reserve Deposit	1.50%
2020 Beginning Balance	\$120,100

**100% Funding Summary**

The 100% funding plan, also called the fully funded plan, is based upon the "fairest" funding method. This plan anticipates that for each dollar of deterioration that occurs within the community, the current membership that is benefiting from those assets will place one dollar in the bank to offset that deterioration.

This analysis is our recommended funding level. It will present the least risk to the association members and ensure a strong financial position in the future.

<i>100% Funding Model Summary of Calculations</i>	
Required Annual Contribution	\$58,700.00
<i>\$27.77 per unit annually</i>	
Average Net Annual Interest Earned	<u>\$2,045.25</u>
Total Annual Allocation to Reserves	\$60,745.25
<i>\$28.73 per unit annually</i>	

**POA of Lake Ridge  
100% Component Funding Projection**

Beginning Balance: \$120,100

Year	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2020	58,700	2,045	42,450	138,395	393,404	35%
2021	60,754	2,850	9,159	192,840	451,051	43%
2022	62,881	3,607	15,234	244,095	505,638	48%
2023	65,082	4,638		313,814	579,026	54%
2024	67,360	4,983	48,999	337,157	605,756	56%
2025	69,717	4,133	131,310	279,698	550,325	51%
2026	72,157	3,260	134,544	220,571	491,769	45%
2027	74,683	3,639	52,673	246,219	517,539	48%
2028	77,297	4,815	2,494	325,837	597,466	55%
2029	80,002	5,916	11,424	400,331	672,355	60%
2030	82,802	4,637	173,982	313,788	584,189	54%
2031	85,700	3,452	169,369	233,571	500,308	47%
2032	88,700	4,251	38,883	287,639	550,288	52%
2033	91,804	5,692		385,135	643,764	60%
2034	95,017	6,333	57,959	428,526	682,462	63%
2035	98,343	5,931	131,459	401,341	648,932	62%
2036	101,785	5,097	163,335	344,888	584,005	59%
2037	105,347	3,638	207,687	246,187	474,042	52%
2038	109,035	5,057	18,083	342,196	558,353	61%
2039	112,851	6,065	50,698	410,414	614,007	67%
2040	116,801	6,416	99,458	434,173	623,674	70%
2041	120,889	8,326		563,388	738,506	76%
2042	125,120	9,931	26,464	671,973	832,074	81%
2043	129,499	12,022		813,494	958,270	85%
2044	134,031	12,805	93,855	866,476	994,398	87%
2045	138,722	13,497	105,428	913,268	1,022,602	89%
2046	143,578	8,779	471,573	594,052	678,244	88%
2047	148,603	9,767	91,507	660,915	718,081	92%
2048	153,804	12,010	14,084	812,645	841,843	97%
2049	159,187	14,577		986,409	986,855	100%

**POA of Lake Ridge**  
 Cedar Hill, TX  
**70% Threshold Funding Summary**

Report Date	April 9, 2019
Account Number	9350
Version	1.0
Budget Year Beginning	January 1, 2020
Budget Year Ending	December 31, 2020
Total Units	2114
Phase Development	1 of 1

<i>Report Parameters</i>	
Inflation	2.80%
Annual Assessment Increase	3.50%
Interest Rate on Reserve Deposit	1.50%
2020 Beginning Balance	\$120,100

**70% Funding Summary**

The 70% funding plan, also called the threshold funded plan, is based upon a modified funding method. This plan anticipates that for each dollar of deterioration that occurs within the community, the current membership that is benefiting from those assets will place seventy cents in the bank to offset that deterioration.

This analysis is **an alternative funding level** which seeks to keep the association in a strong financial position, but does present a bit of risk. If components experience a failure earlier than anticipated due to influences outside of the community's control (such as workmanship or weather) the members may be placed in a position where a special assessment is required to make repairs. It also pushes a portion of deterioration down the road to a membership that has not fully benefited from a particular asset.

<i>70% Threshold Funding Model Summary of Calculations</i>	
Required Annual Contribution	\$54,000.00
<i>\$25.54 per unit annually</i>	
Average Net Annual Interest Earned	<u>\$1,974.75</u>
Total Annual Allocation to Reserves	\$55,974.75
<i>\$26.48 per unit annually</i>	

**POA of Lake Ridge  
70% Threshold Funding Projection**

Beginning Balance: \$120,100

Year	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2020	54,000	1,975	42,450	133,625	393,404	34%
2021	55,890	2,705	9,159	183,061	451,051	41%
2022	57,846	3,385	15,234	229,058	505,638	45%
2023	59,871	4,334		293,263	579,026	51%
2024	61,966	4,593	48,999	310,823	605,756	51%
2025	64,135	3,655	131,310	247,304	550,325	45%
2026	66,380	2,687	134,544	181,827	491,769	37%
2027	68,703	2,968	52,673	200,824	517,539	39%
2028	71,108	4,042	2,494	273,479	597,466	46%
2029	73,596	5,035	11,424	340,686	672,355	51%
2030	76,172	3,643	173,982	246,519	584,189	42%
2031	78,838	2,340	169,369	158,329	500,308	32%
2032	81,598	3,016	38,883	204,059	550,288	37%
2033	84,454	4,328		292,841	643,764	45%
2034	87,410	4,834	57,959	327,125	682,462	48%
2035	90,469	4,292	131,459	290,427	648,932	45%
2036	93,635	3,311	163,335	224,038	584,005	38%
2037	96,912	1,699	207,687	114,963	474,042	24%
2038	100,304	2,958	18,083	200,142	558,353	36%
2039	103,815	3,799	50,698	257,058	614,007	42%
2040	107,449	3,976	99,458	269,025	623,674	43%
2041	111,209	5,704		385,937	738,506	52%
2042	115,102	7,119	26,464	481,693	832,074	58%
2043	119,130	9,012		609,836	958,270	64%
2044	123,300	9,589	93,855	648,870	994,398	65%
2045	127,615	10,066	105,428	681,123	1,022,602	67%
2046	132,082	5,124	471,573	346,757	678,244	51%
2047	136,705	5,879	91,507	397,834	718,081	55%
2048	141,489	7,879	14,084	533,118	841,843	63%
2049	146,441	10,193		689,753	986,855	70%

**POA of Lake Ridge**  
 Cedar Hill, TX  
**Baseline Funding Summary**

Report Date	April 9, 2019
Account Number	9350
Version	1.0
Budget Year Beginning	January 1, 2020
Budget Year Ending	December 31, 2020
Total Units	2114
Phase Development	1 of 1

<i>Report Parameters</i>	
Inflation	2.80%
Annual Assessment Increase	3.50%
Interest Rate on Reserve Deposit	1.50%
Contingency	3.00%
2020 Beginning Balance	\$120,100

**Baseline Funding Summary**

The baseline funding plan is a modified funding method and it is generally **NOT recommended** that the community embark upon this program.

This analysis is **an alternative funding level** which seeks to keep the reserve fund from dropping below zero at any point in time over the course of the study period. This plan present significant risk. If components experience the smallest failure earlier than anticipated, or repair or replacement pricing is greater than anticipated, the members will be placed in a position where a special assessment is required to make repairs.

This plan should only be used for associations that are severely underfunded as a temporary stepping stone into a more stable plan.

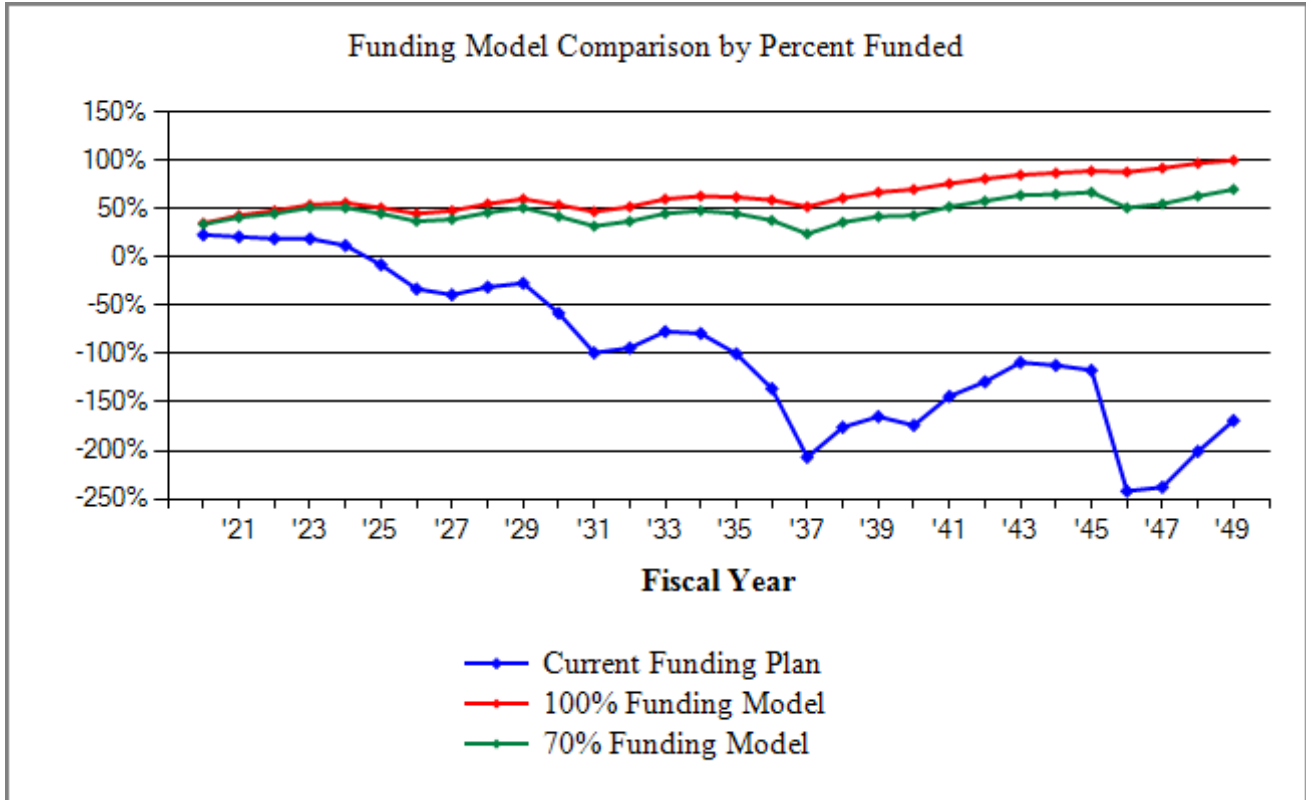
<i>Baseline Funding Model Summary of Calculations</i>	
Required Annual Contribution	\$49,900.00
<i>\$23.60 per unit annually</i>	
Average Net Annual Interest Earned	<u>\$1,913.25</u>
Total Annual Allocation to Reserves	\$51,813.25
<i>\$24.51 per unit annually</i>	

**POA of Lake Ridge  
Baseline Funding Projection**

Beginning Balance: \$120,100

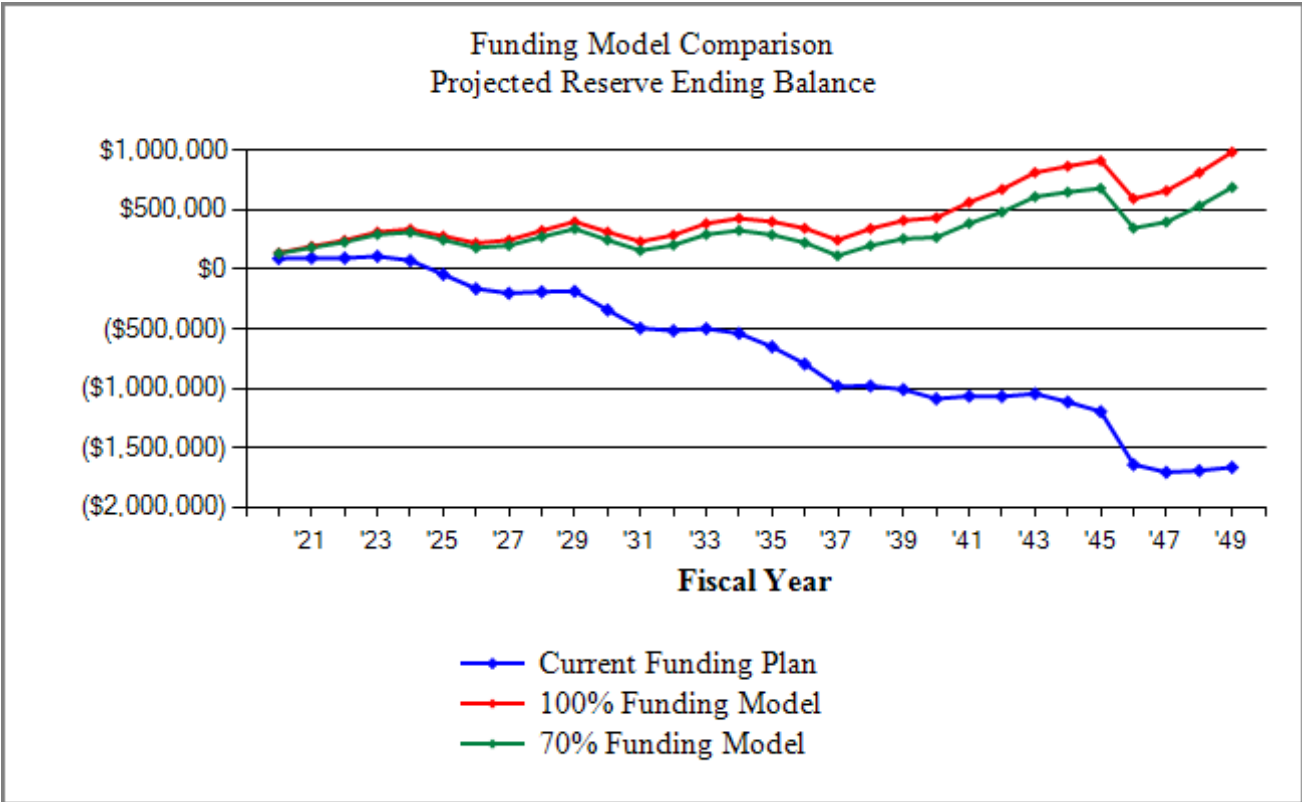
Year	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2020	49,900	1,913	42,450	129,463	405,571	32%
2021	51,646	2,579	9,159	174,530	465,001	38%
2022	53,454	3,191	15,234	215,941	521,276	41%
2023	55,325	4,069		275,335	596,934	46%
2024	57,261	4,254	48,999	287,851	624,491	46%
2025	59,266	3,237	131,310	219,044	567,345	39%
2026	61,340	2,188	134,544	148,028	506,979	29%
2027	63,487	2,383	52,673	161,224	533,545	30%
2028	65,709	3,367	2,494	227,805	615,944	37%
2029	68,009	4,266	11,424	288,655	693,150	42%
2030	70,389	2,776	173,982	187,838	602,256	31%
2031	72,852	1,370	169,369	92,691	515,782	18%
2032	75,402	1,938	38,883	131,149	567,307	23%
2033	78,041	3,138		212,328	663,674	32%
2034	80,773	3,527	57,959	238,669	703,569	34%
2035	83,600	2,862	131,459	193,672	669,002	29%
2036	86,526	1,753	163,335	118,615	602,067	20%
2037	89,554	7	207,687	490	488,703	0%
2038	92,689	1,126	18,083	76,223	575,622	13%
2039	95,933	1,822	50,698	123,279	632,997	19%
2040	99,290	1,847	99,458	124,959	642,963	19%
2041	102,766	3,416		231,140	761,346	30%
2042	106,362	4,666	26,464	315,704	857,808	37%
2043	110,085	6,387		432,176	987,907	44%
2044	113,938	6,784	93,855	459,043	1,025,152	45%
2045	117,926	7,073	105,428	478,615	1,054,229	45%
2046	122,053	1,936	471,573	131,031	699,220	19%
2047	126,325	2,488	91,507	168,338	740,290	23%
2048	130,747	4,275	14,084	289,275	867,879	33%
2049	135,323	6,369		430,967	1,017,377	42%

**POA of Lake Ridge  
Funding Comparison by Percent Funded (Chart)**



The chart above compares the three funding plans (Current Assessment Funding, Threshold Funding and 100% Component Funding) by the percent funded over 30 years. This allows your association to view and then choose the funding model that might best fit your community's needs.

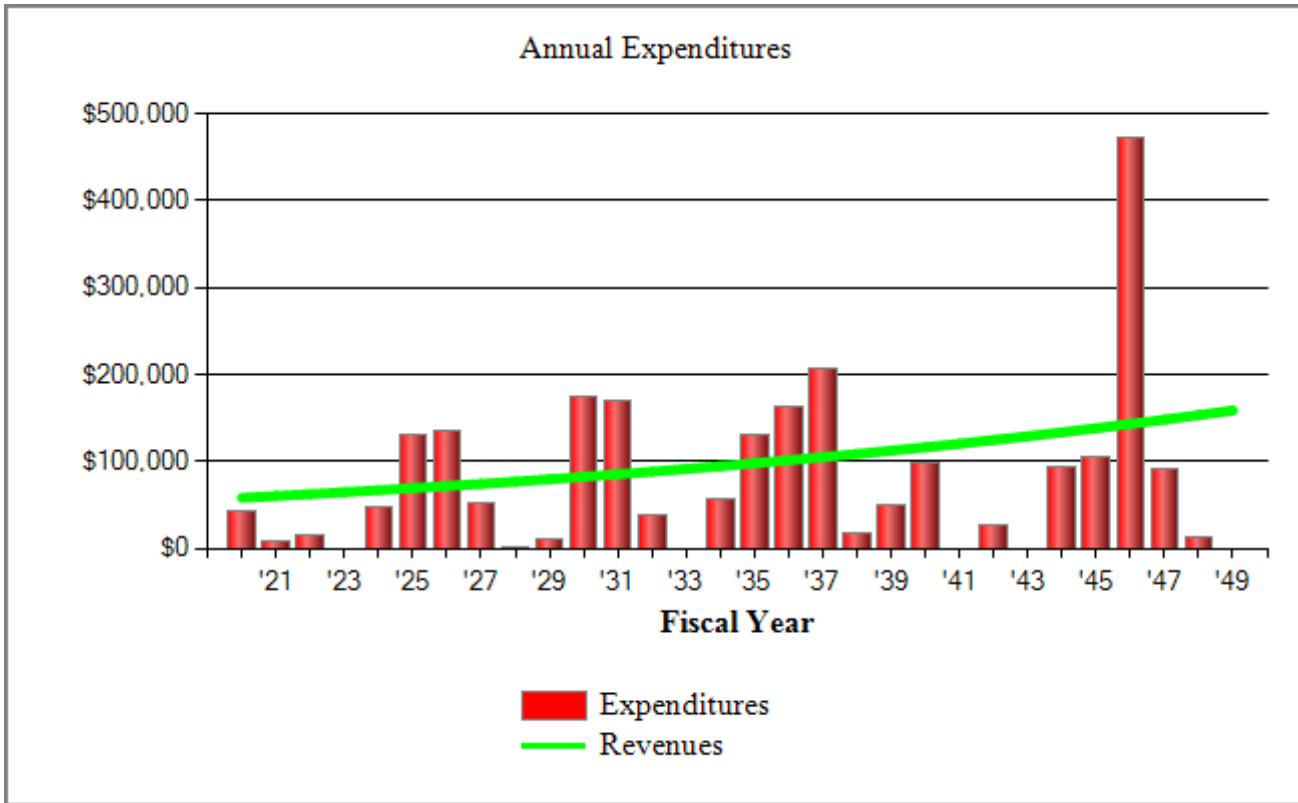
**POA of Lake Ridge  
Funding Reserve Ending Balance Comparison (Chart)**



The chart above compares the projected annual reserve fund ending balances for the three funding plans (Current Assessment Funding, Threshold Funding and 100% Component Funding) over the 30 year period.



**POA of Lake Ridge  
Annual Expenses VS Funding Assessment (Chart)**



**The Annual Expenditures** graph demonstrates how the plan seeks to "flatten out" the periodic spikes that occur over time. This aids the Association in proper budget planning while ensuring funds are available to meet the future financial needs.

**POA of Lake Ridge  
Annual Projects Detail**

Description	Expenditures
<b>Replacement Year 2020</b>	
Concrete Parking - Replace	26,250
Concrete Sidewalks - Replace	3,000
Deck - Restain	9,000
BBQ Equipment - Replace	1,650
Park Furnishings - Replace (partial)	2,550
<b>Total for 2020</b>	<b>\$42,450</b>
<b>Replacement Year 2021</b>	
Metal Fence/Rail - Paint	9,159
<b>Total for 2021</b>	<b>\$9,159</b>
<b>Replacement Year 2022</b>	
Concrete Trail - Refurbish (partial)	6,251
Office Equipment - Replace	2,642
Exterior Masonry - Repoint	4,227
Gravel Walking Trail - Refurbish (partial)	2,114
<b>Total for 2022</b>	<b>\$15,234</b>
<i>No Replacement in 2023</i>	
<b>Replacement Year 2024</b>	
Exterior Surfaces - Repaint	5,026
Interior Surfaces - Repaint	5,584
Wood Bridges - Repair	38,390
<b>Total for 2024</b>	<b>\$48,999</b>
<b>Replacement Year 2025</b>	
Concrete Parking - Replace	30,137
Concrete Sidewalks - Replace	3,444
Deck Substructure - Repair	5,740
Miscellaneous Signs - Refurbish (part)	4,592
Exterior Lighting - Replace	2,870
HVAC Units - Replace (partial)	19,287
Office Carpet - Replace	10,820
Office Deck - Replace	28,300
Rental Floor Carpet - Replace	26,118
<b>Total for 2025</b>	<b>\$131,310</b>

**POA of Lake Ridge  
Annual Projects Detail**

Description	Expenditures
<b>Replacement Year 2026</b>	
Deck - Restain	10,622
Ponds - Clean/Maintain	118,021
Security Equipment - Replace	5,901
<b>Total for 2026</b>	<b>\$134,544</b>
<b>Replacement Year 2027</b>	
Concrete Trail - Refurbish (partial)	7,176
Office Equipment - Replace	3,033
Irrigation System - Replace (partial)	18,199
Trees/Vegetation - Replace (partial)	24,265
<b>Total for 2027</b>	<b>\$52,673</b>
<b>Replacement Year 2028</b>	
Storm Drainage - Maintain	2,494
<b>Total for 2028</b>	<b>\$2,494</b>
<b>Replacement Year 2029</b>	
Metal Fence/Rail - Paint	11,424
<b>Total for 2029</b>	<b>\$11,424</b>
<b>Replacement Year 2030</b>	
Concrete Parking - Replace	34,599
Concrete Sidewalks - Replace	3,954
BBQ Equipment - Replace	2,175
Park Furnishings - Replace (partial)	3,361
Meeting Room Furniture - Replace (part)	3,559
Office Furniture - Replace	3,954
Vinyl Rail Fence - Replace	17,398
Kitchen - Refurbish	26,361
Phone System - Replace	9,226
Windows/Doors - Replace	69,395
<b>Total for 2030</b>	<b>\$173,982</b>
<b>Replacement Year 2031</b>	
Pond Dam Walls - Maintain	169,369
<b>Total for 2031</b>	<b>\$169,369</b>

**POA of Lake Ridge  
Annual Projects Detail**

Description	Expenditures
<b>Replacement Year 2032</b>	
Concrete Trail - Refurbish (partial)	8,239
Office Equipment - Replace	3,482
Deck - Restain	12,536
Exterior Surfaces - Repaint	6,268
Exterior Masonry - Repoint	5,572
Gravel Walking Trail - Refurbish (partial)	2,786
<b>Total for 2032</b>	<b><u>\$38,883</u></b>
 <i>No Replacement in 2033</i>	
<b>Replacement Year 2034</b>	
Interior Surfaces - Repaint	7,360
Wood Bridges - Repair	50,600
<b>Total for 2034</b>	<b><u>\$57,959</u></b>
 <b>Replacement Year 2035</b>	
Concrete Parking - Replace	39,722
Concrete Sidewalks - Replace	4,540
Deck Substructure - Repair	7,566
Miscellaneous Signs - Refurbish (part)	6,053
Lobby Furniture - Replace	30,264
Interior Bathrooms, Fixtures - Refurbish	10,592
Kitchen Appliances - Replace	3,783
Tile Flooring - Replace	28,940
<b>Total for 2035</b>	<b><u>\$131,459</u></b>
 <b>Replacement Year 2036</b>	
Ponds - Clean/Maintain	155,557
Security Equipment - Replace	7,778
<b>Total for 2036</b>	<b><u>\$163,335</u></b>
 <b>Replacement Year 2037</b>	
Concrete Trail - Refurbish (partial)	9,459
Office Equipment - Replace	3,998
Metal Fence/Rail - Paint	14,248
Irrigation System - Replace (partial)	23,987
Trees/Vegetation - Replace (partial)	31,983
Metal Fence - Replace	105,542

**POA of Lake Ridge  
Annual Projects Detail**

Description	Expenditures
<i>Replacement Year 2037 continued...</i>	
Metal Rail - Replace	18,470
<b>Total for 2037</b>	<b>\$207,687</b>
<b>Replacement Year 2038</b>	
Deck - Restain	14,795
Storm Drainage - Maintain	3,288
<b>Total for 2038</b>	<b>\$18,083</b>
<b>Replacement Year 2039</b>	
Monument Sign - Refurbish	50,698
<b>Total for 2039</b>	<b>\$50,698</b>
<b>Replacement Year 2040</b>	
Concrete Parking - Replace	45,603
Concrete Sidewalks - Replace	5,212
Exterior Surfaces - Repaint	7,818
BBQ Equipment - Replace	2,866
Park Furnishings - Replace (partial)	4,430
Exterior Lighting - Replace	4,343
HVAC Units - Replace (partial)	29,186
<b>Total for 2040</b>	<b>\$99,458</b>
<i>No Replacement in 2041</i>	
<b>Replacement Year 2042</b>	
Concrete Trail - Refurbish (partial)	10,859
Office Equipment - Replace	4,590
Exterior Masonry - Repoint	7,344
Gravel Walking Trail - Refurbish (partial)	3,672
<b>Total for 2042</b>	<b>\$26,464</b>
<i>No Replacement in 2043</i>	
<b>Replacement Year 2044</b>	
Deck - Restain	17,461
Interior Surfaces - Repaint	9,701
Wood Bridges - Repair	66,693
<b>Total for 2044</b>	<b>\$93,855</b>

**POA of Lake Ridge  
Annual Projects Detail**

Description	Expenditures
<b>Replacement Year 2045</b>	
Concrete Parking - Replace	52,355
Concrete Sidewalks - Replace	5,983
Metal Fence/Rail - Paint	17,771
Deck Substructure - Repair	9,972
Miscellaneous Signs - Refurbish (part)	7,978
Meeting Room Furniture - Replace (part)	5,385
Office Furniture - Replace	5,983
<b>Total for 2045</b>	<b>\$105,428</b>
<b>Replacement Year 2046</b>	
Ponds - Clean/Maintain	205,032
Security Equipment - Replace	10,252
Pond Dam Walls - Maintain	256,290
<b>Total for 2046</b>	<b>\$471,573</b>
<b>Replacement Year 2047</b>	
Concrete Trail - Refurbish (partial)	12,467
Office Equipment - Replace	5,269
Irrigation System - Replace (partial)	31,616
Trees/Vegetation - Replace (partial)	42,155
<b>Total for 2047</b>	<b>\$91,507</b>
<b>Replacement Year 2048</b>	
Exterior Surfaces - Repaint	9,750
Storm Drainage - Maintain	4,333
<b>Total for 2048</b>	<b>\$14,084</b>
<i>No Replacement in 2049</i>	

**POA of Lake Ridge  
Annual Expenditure Spreadsheet**

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
<b>Beginning Balance</b>	120,100	138,395	192,840	244,095	313,814	337,157	279,698	220,571	246,219	325,837
<b>Annual Assessment</b>	58,700	60,754	62,881	65,082	67,360	69,717	72,157	74,683	77,297	80,002
<b>Interest Earned</b>	2,045	2,850	3,607	4,638	4,983	4,133	3,260	3,639	4,815	5,916
<b>Expenditures</b>	42,450	9,159	15,234		48,999	131,310	134,544	52,673	2,494	11,424
<b>Fully Funded Reserves</b>	393,404	451,051	505,638	579,026	605,756	550,325	491,769	517,539	597,466	672,355
<b>Percent Fully Funded</b>	35%	43%	48%	54%	56%	51%	45%	48%	55%	60%
<b>Ending Balance</b>	138,395	192,840	244,095	313,814	337,157	279,698	220,571	246,219	325,837	400,331

**Description**

Deck Substructure - Repair						5,740				
Office Deck - Replace						28,300				
Deck - Restain	9,000						10,622			
Metal Roof - Replace										
Windows/Doors - Replace										
Interior Surfaces - Repaint					5,584					
Exterior Surfaces - Repaint					5,026					
Exterior Masonry - Repoint			4,227							
Tile Flooring - Replace										
Rental Floor Carpet - Replace						26,118				
Office Carpet - Replace						10,820				
Kitchen - Refurbish										
Kitchen Appliances - Replace										
Interior Bathrooms, Fixtures - Refurbish										
Lobby Furniture - Replace										
Meeting Room Furniture - Replace (part)										
Phone System - Replace										
Office Equipment - Replace			2,642					3,033		
Security Equipment - Replace							5,901			
Office Furniture - Replace										
HVAC Units - Replace (partial)						19,287				
Metal Fence - Replace										
Metal Rail - Replace										
Metal Fence/Rail - Paint		9,159								11,424
Vinyl Rail Fence - Replace										
Exterior Lighting - Replace						2,870				
Monument Sign - Refurbish										

**POA of Lake Ridge  
Annual Expenditure Spreadsheet**

<b>Description</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>
Miscellaneous Signs - Refurbish (part)						4,592				
Irrigation System - Replace (partial)								18,199		
Trees/Vegetation - Replace (partial)								24,265		
Pond Dam Walls - Maintain										
Ponds - Clean/Maintain							118,021			
Storm Drainage - Maintain									2,494	
BBQ Equipment - Replace	1,650									
Park Furnishings - Replace (partial)	2,550									
Gravel Walking Trail - Refurbish (partial)			2,114							
Concrete Trail - Refurbish (partial)			6,251					7,176		
Wood Bridges - Repair					38,390					
Concrete Parking - Replace	26,250					30,137				
Concrete Sidewalks - Replace	3,000					3,444				
<b>Year Total:</b>	<b>42,450</b>	<b>9,159</b>	<b>15,234</b>		<b>48,999</b>	<b>131,310</b>	<b>134,544</b>	<b>52,673</b>	<b>2,494</b>	<b>11,424</b>



**POA of Lake Ridge  
Annual Expenditure Spreadsheet**

	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>	<b>2035</b>	<b>2036</b>	<b>2037</b>	<b>2038</b>	<b>2039</b>
<b>Beginning Balance</b>	400,331	313,788	233,571	287,639	385,135	428,526	401,341	344,888	246,187	342,196
<b>Annual Assessment</b>	82,802	85,700	88,700	91,804	95,017	98,343	101,785	105,347	109,035	112,851
<b>Interest Earned</b>	4,637	3,452	4,251	5,692	6,333	5,931	5,097	3,638	5,057	6,065
<b>Expenditures</b>	173,982	169,369	38,883		57,959	131,459	163,335	207,687	18,083	50,698
<b>Fully Funded Reserves</b>	584,189	500,308	550,288	643,764	682,462	648,932	584,005	474,042	558,353	614,007
<b>Percent Fully Funded</b>	54%	47%	52%	60%	63%	62%	59%	52%	61%	67%
<b>Ending Balance</b>	313,788	233,571	287,639	385,135	428,526	401,341	344,888	246,187	342,196	410,414

**Description**

Deck Substructure - Repair						7,566				
Office Deck - Replace										
Deck - Restain			12,536						14,795	
Metal Roof Roof - Replace										
Windows/Doors - Replace	69,395									
Interior Surfaces - Repaint					7,360					
Exterior Surfaces - Repaint			6,268							
Exterior Masonry - Repoint			5,572							
Tile Flooring - Replace						28,940				
Rental Floor Carpet - Replace										
Office Carpet - Replace										
Kitchen - Refurbish	26,361									
Kitchen Appliances - Replace						3,783				
Interior Bathrooms, Fixtures - Refurbish						10,592				
Lobby Furniture - Replace						30,264				
Meeting Room Furniture - Replace (part)	3,559									
Phone System - Replace	9,226									
Office Equipment - Replace			3,482					3,998		
Security Equipment - Replace							7,778			
Office Furniture - Replace	3,954									
HVAC Units - Replace (partial)										
Metal Fence - Replace								105,542		
Metal Rail - Replace								18,470		
Metal Fence/Rail - Paint								14,248		
Vinyl Rail Fence - Replace	17,398									
Exterior Lighting - Replace										
Monument Sign - Refurbish										50,698

**POA of Lake Ridge  
Annual Expenditure Spreadsheet**

<b>Description</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>	<b>2035</b>	<b>2036</b>	<b>2037</b>	<b>2038</b>	<b>2039</b>
Miscellaneous Signs - Refurbish (part)						6,053				
Irrigation System - Replace (partial)								23,987		
Trees/Vegetation - Replace (partial)								31,983		
Pond Dam Walls - Maintain		169,369								
Ponds - Clean/Maintain							155,557			
Storm Drainage - Maintain									3,288	
BBQ Equipment - Replace	2,175									
Park Furnishings - Replace (partial)	3,361									
Gravel Walking Trail - Refurbish (partial)			2,786							
Concrete Trail - Refurbish (partial)			8,239					9,459		
Wood Bridges - Repair					50,600					
Concrete Parking - Replace	34,599					39,722				
Concrete Sidewalks - Replace	3,954					4,540				
<b>Year Total:</b>	<b>173,982</b>	<b>169,369</b>	<b>38,883</b>		<b>57,959</b>	<b>131,459</b>	<b>163,335</b>	<b>207,687</b>	<b>18,083</b>	<b>50,698</b>

**POA of Lake Ridge  
Annual Expenditure Spreadsheet**

	<b>2040</b>	<b>2041</b>	<b>2042</b>	<b>2043</b>	<b>2044</b>	<b>2045</b>	<b>2046</b>	<b>2047</b>	<b>2048</b>	<b>2049</b>
<b>Beginning Balance</b>	410,414	434,173	563,388	671,973	813,494	866,476	913,268	594,052	660,915	812,645
<b>Annual Assessment</b>	116,801	120,889	125,120	129,499	134,031	138,722	143,578	148,603	153,804	159,187
<b>Interest Earned</b>	6,416	8,326	9,931	12,022	12,805	13,497	8,779	9,767	12,010	14,577
<b>Expenditures</b>	99,458		26,464		93,855	105,428	471,573	91,507	14,084	
<b>Fully Funded Reserves</b>	623,674	738,506	832,074	958,270	994,398	1,022,602	678,244	718,081	841,843	986,855
<b>Percent Fully Funded</b>	70%	76%	81%	85%	87%	89%	88%	92%	97%	100%
<b>Ending Balance</b>	434,173	563,388	671,973	813,494	866,476	913,268	594,052	660,915	812,645	986,409

**Description**

Deck Substructure - Repair						9,972				
Office Deck - Replace										
Deck - Restain					17,461					
Metal Roof Roof - Replace										
Windows/Doors - Replace										
Interior Surfaces - Repaint					9,701					
Exterior Surfaces - Repaint	7,818								9,750	
Exterior Masonry - Repoint			7,344							
Tile Flooring - Replace										
Rental Floor Carpet - Replace										
Office Carpet - Replace										
Kitchen - Refurbish										
Kitchen Appliances - Replace										
Interior Bathrooms, Fixtures - Refurbish										
Lobby Furniture - Replace										
Meeting Room Furniture - Replace (part)						5,385				
Phone System - Replace										
Office Equipment - Replace			4,590					5,269		
Security Equipment - Replace							10,252			
Office Furniture - Replace						5,983				
HVAC Units - Replace (partial)	29,186									
Metal Fence - Replace										
Metal Rail - Replace										
Metal Fence/Rail - Paint						17,771				
Vinyl Rail Fence - Replace										
Exterior Lighting - Replace	4,343									
Monument Sign - Refurbish										

**POA of Lake Ridge  
Annual Expenditure Spreadsheet**

<b>Description</b>	<b>2040</b>	<b>2041</b>	<b>2042</b>	<b>2043</b>	<b>2044</b>	<b>2045</b>	<b>2046</b>	<b>2047</b>	<b>2048</b>	<b>2049</b>
Miscellaneous Signs - Refurbish (part)						7,978				
Irrigation System - Replace (partial)								31,616		
Trees/Vegetation - Replace (partial)								42,155		
Pond Dam Walls - Maintain							256,290			
Ponds - Clean/Maintain							205,032			
Storm Drainage - Maintain									4,333	
BBQ Equipment - Replace	2,866									
Park Furnishings - Replace (partial)	4,430									
Gravel Walking Trail - Refurbish (partial)			3,672							
Concrete Trail - Refurbish (partial)			10,859					12,467		
Wood Bridges - Repair					66,693					
Concrete Parking - Replace	45,603					52,355				
Concrete Sidewalks - Replace	5,212					5,983				
<b>Year Total:</b>	<b>99,458</b>		<b>26,464</b>		<b>93,855</b>	<b>105,428</b>	<b>471,573</b>	<b>91,507</b>	<b>14,084</b>	

## **PART III**

### **PHYSICAL ANALYSIS**

The following pages contain descriptions of each identified reserve component maintained by the association. Each reserve component is shown with its estimated useful life, remaining life, and current cost to replace. Supporting information is included where applicable.

This information is analyzed by computer to produce the cash flow analysis and funding plans.

This component inventory and condition assessment information was obtained during an on-site visit on February 26, 2019 and via subsequent discussions with local contractors, board members or agents for the board. No destructive testing was done to determine the condition of the components that are not readily accessible (for example, sampling plumbing lines or flat roof core samples).

Remaining life estimates are based on typical useful life expectancy minus effective age of components (which may not be the same as chronological age). Published costs and life expectancies may also be used. No representation is made as to how much actual costs and actual life expectancies at the time of future replacement may differ from estimates contained herein. Because actual contractor bids vary considerably, it is entirely possible that the association may select a bid that is more costly or less costly than the estimates provided. Also note that contractor estimates discussed on the following pages are not to be interpreted as formal bids or as an endorsement of that particular contractor.

This on-site inspection is not to be considered as a project audit or quality inspection.

**POA of Lake Ridge  
Inventory Summary Report**

Report Date April 09, 2019  
 Beginning Fiscal Year January 01, 2020  
 Account Number 9350

Version Number 1.0

Description	Replacment Year	Current Cost	Useful Life	Adjustment	Remaining	Future Cost	Quantity	Unit Cost
Deck Substructure - Repair	2025	5,000	10	0	5	5,740	1 @	5,000.00
Office Deck - Replace	2025	24,650	25	0	5	28,300	2900 @	8.50
Deck - Restain	2020	9,000	6	0	0	9,000	2000 @	4.50
Metal Roof Roof - Replace	2057	70,200	40	0	37	195,021	3900 @	18.00
Windows/Doors - Replace	2030	52,650	40	0	10	69,395	81 @	650.00
Interior Surfaces - Repaint	2024	5,000	10	0	4	5,584	1 @	5,000.00
Exterior Surfaces - Repaint	2024	4,500	8	0	4	5,026	1 @	4,500.00
Exterior Masonry - Repoint	2022	4,000	10	0	2	4,227	1 @	4,000.00
Tile Flooring - Replace	2035	19,125	35	0	15	28,940	850 @	22.50
Rental Floor Carpet - Replace	2025	22,750	25	0	5	26,118	350 @	65.00
Office Carpet - Replace	2025	9,425	25	0	5	10,820	145 @	65.00
Kitchen - Refurbish	2030	20,000	30	0	10	26,361	1 @	20,000.00
Kitchen Appliances - Replace	2035	2,500	25	0	15	3,783	1 @	2,500.00
Interior Bathrooms, Fixtures - Refur..	2035	7,000	25	0	15	10,592	2 @	3,500.00
Lobby Furniture - Replace	2035	20,000	20	0	15	30,264	1 @	20,000.00
Meeting Room Furniture - Replace (..	2030	2,700	15	0	10	3,559	1 @	2,700.00
Phone System - Replace	2030	7,000	30	0	10	9,226	1 @	7,000.00
Office Equipment - Replace	2022	2,500	5	0	2	2,642	1 @	2,500.00
Security Equipment - Replace	2026	5,000	10	0	6	5,901	1 @	5,000.00
Office Furniture - Replace	2030	3,000	15	0	10	3,954	1 @	3,000.00
HVAC Units - Replace (partial)	2025	16,800	15	0	5	19,287	6 @	5,600.00
Metal Fence - Replace	2037	66,000	40	0	17	105,542	1650 @	40.00
Metal Rail - Replace	2037	11,550	40	0	17	18,470	330 @	35.00
Metal Fence/Rail - Paint	2021	8,910	8	0	1	9,159	1980 @	4.50
Vinyl Rail Fence - Replace	2030	13,200	20	0	10	17,398	600 @	22.00
Exterior Lighting - Replace	2025	2,500	15	0	5	2,870	1 @	2,500.00
Monument Sign - Refurbish	2039	30,000	20	0	19	50,698	1 @	30,000.00
Miscellaneous Signs - Refurbish (part)	2025	4,000	10	0	5	4,592	1 @	4,000.00
Irrigation System - Replace (partial)	2027	15,000	10	0	7	18,199	1 @	15,000.00
Trees/Vegetation - Replace (partial)	2027	20,000	10	0	7	24,265	1 @	20,000.00
Pond Dam Walls - Maintain	2031	125,000	15	0	11	169,369	1 @	125,000.00
Ponds - Clean/Maintain	2026	100,000	10	0	6	118,021	5 @	40,000.00
Storm Drainage - Maintain	2028	2,000	10	0	8	2,494	1 @	2,000.00
BBQ Equipment - Replace	2020	1,650	10	0	0	1,650	6 @	550.00
Park Furnishings - Replace (partial)	2020	2,550	10	0	0	2,550	6 @	850.00
Gravel Walking Trail - Refurbish (p..	2022	2,000	10	0	2	2,114	1 @	2,000.00
Concrete Trail - Refurbish (partial)	2022	5,915	5	0	2	6,251	9100 @	6.50
Wood Bridges - Repair	2024	34,375	10	0	4	38,390	1250 @	27.50
Concrete Parking - Replace	2020	26,250	5	0	0	26,250	25000 @	10.50
Concrete Sidewalks - Replace	2020	3,000	5	0	0	3,000	1 @	3,000.00

**POA of Lake Ridge  
Inventory by Remaining Life**

Description	Remaining Life	Replacement Year	Fully Funded Reserves
BBQ Equipment - Replace	0	2020	1,650
Park Furnishings - Replace (partial)	0	2020	2,550
Concrete Sidewalks - Replace	0	2020	3,000
Deck - Restain	0	2020	9,000
Concrete Parking - Replace	0	2020	26,250
Metal Fence/Rail - Paint	1	2021	7,796
Office Equipment - Replace	2	2022	1,500
Gravel Walking Trail - Refurbish (partial)	2	2022	1,600
Exterior Masonry - Repoint	2	2022	3,200
Concrete Trail - Refurbish (partial)	2	2022	3,549
Exterior Surfaces - Repaint	4	2024	2,250
Interior Surfaces - Repaint	4	2024	3,000
Wood Bridges - Repair	4	2024	20,625
Exterior Lighting - Replace	5	2025	1,667
Miscellaneous Signs - Refurbish (part)	5	2025	2,000
Deck Substructure - Repair	5	2025	2,500
Office Carpet - Replace	5	2025	7,540
HVAC Units - Replace (partial)	5	2025	11,200
Rental Floor Carpet - Replace	5	2025	18,200
Office Deck - Replace	5	2025	19,720
Security Equipment - Replace	6	2026	2,000
Ponds - Clean/Maintain	6	2026	40,000
Irrigation System - Replace (partial)	7	2027	4,500
Trees/Vegetation - Replace (partial)	7	2027	6,000
Storm Drainage - Maintain	8	2028	400
Meeting Room Furniture - Replace (part)	10	2030	900
Office Furniture - Replace	10	2030	1,000
Phone System - Replace	10	2030	4,667
Vinyl Rail Fence - Replace	10	2030	6,600
Kitchen - Refurbish	10	2030	13,333
Windows/Doors - Replace	10	2030	39,487
Pond Dam Walls - Maintain	11	2031	33,333
Kitchen Appliances - Replace	15	2035	1,000
Interior Bathrooms, Fixtures - Refurbish	15	2035	2,800
Lobby Furniture - Replace	15	2035	5,000
Tile Flooring - Replace	15	2035	10,929
Metal Rail - Replace	17	2037	6,641
Metal Fence - Replace	17	2037	37,950
Monument Sign - Refurbish	19	2039	1,500
Metal Roof Roof - Replace	37	2057	5,265

**POA of Lake Ridge  
Inventory by Remaining Life**

Description	Remaining Life	Replacement Year	Fully Funded Reserves
-------------	-------------------	---------------------	--------------------------



**POA of Lake Ridge  
Asset Index**

Description	Replacement	Page
Deck Substructure - Repair	2025	3-6
Office Deck - Replace	2025	3-7
Deck - Restain	2020	3-8
Metal Roof Roof - Replace	2057	3-9
Windows/Doors - Replace	2030	3-10
Interior Surfaces - Repaint	2024	3-11
Exterior Surfaces - Repaint	2024	3-12
Exterior Masonry - Repoint	2022	3-13
Tile Flooring - Replace	2035	3-14
Rental Floor Carpet - Replace	2025	3-15
Office Carpet - Replace	2025	3-16
Kitchen - Refurbish	2030	3-17
Kitchen Appliances - Replace	2035	3-18
Interior Bathrooms, Fixtures - Refurbish	2035	3-19
Lobby Furniture - Replace	2035	3-20
Meeting Room Furniture - Replace (part)	2030	3-21
Phone System - Replace	2030	3-22
Office Equipment - Replace	2022	3-23
Security Equipment - Replace	2026	3-24
Office Furniture - Replace	2030	3-25
HVAC Units - Replace (partial)	2025	3-26
Metal Fence - Replace	2037	3-27
Metal Rail - Replace	2037	3-28
Metal Fence/Rail - Paint	2021	3-29
Vinyl Rail Fence - Replace	2030	3-30
Exterior Lighting - Replace	2025	3-31
Monument Sign - Refurbish	2039	3-32
Miscellaneous Signs - Refurbish (part)	2025	3-33
Irrigation System - Replace (partial)	2027	3-34
Trees/Vegetation - Replace (partial)	2027	3-35
Pond Dam Walls - Maintain	2031	3-36
Ponds - Clean/Maintain	2026	3-37
Storm Drainage - Maintain	2028	3-38
BBQ Equipment - Replace	2020	3-39
Park Furnishings - Replace (partial)	2020	3-40
Gravel Walking Trail - Refurbish (partial)	2022	3-41
Concrete Trail - Refurbish (partial)	2022	3-42
Wood Bridges - Repair	2024	3-43
Concrete Parking - Replace	2020	3-44

**POA of Lake Ridge  
Asset Index**

Description	Replacement	Page
Concrete Sidewalks - Replace	2020	3-45
Total Funded Assets	40	
Total Unfunded Assets	<u>0</u>	
Total Assets	40	

**POA of Lake Ridge  
Component Inventory Detail**

**Deck Substructure - Repair**

		Quantity	1	Allowance
		Asset Cost		\$5,000.00
		Percent Replacement		100%
		Future Cost		\$5,740.31
	General Common Area			
Placed in Service	January 2015			
Useful Life	10			
Replacement Year	2025			
Remaining Life	5			



The deck substructure consists of metal and wood framing attached metal columns. The frame is showing signs of rust and deterioration in some areas. We anticipate an ongoing program of truss and post replacement to maintain deck integrity.

**POA of Lake Ridge  
Component Inventory Detail**

**Office Deck - Replace**

		Quantity	2,900 GSF
		Asset Cost	\$24,650.00
		Percent Replacement	100%
		Future Cost	\$28,299.74
	General Common Area		
Placed in Service	January 2000		
Useful Life	25		
Replacement Year	2025		
Remaining Life	5		

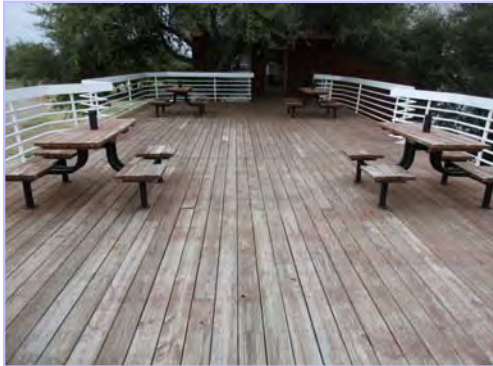


The wooden deck surface located at the upper deck (1,648 GSF), lower deck (1,075 GSF) and walkway (176 GSF), located at the community center is in overall fair condition with noted weathering of the wood sealer. Recommend repairing any trip/fall hazards immediately as noticed and inspect regularly for any damage. Reseal regularly to mitigate any subsurface moisture which will accelerate deterioration. Funding is to replace all decking at one time to maintain consistency and appearance.

**POA of Lake Ridge  
Component Inventory Detail**

**Deck - Restain**

		Quantity	2,000 GSF
		Asset Cost	\$9,000.00
		Percent Replacement	100%
		Future Cost	\$9,000.00
Placed in Service	Painting, Exterior		
Useful Life	January 2014		
Replacement Year	6		
Remaining Life	2020		
	0		



The wood decking surface sealer located at the community center appears in overall fair to poor condition with noted areas of fading or missing sealer. Recommend periodic inspections to ensure proper maintenance, repair any damage, and verify if deterioration is consistent with expectations. Seal regularly to prevent moisture penetration which will accelerate deterioration.

**POA of Lake Ridge  
Component Inventory Detail**

**Metal Roof Roof - Replace**

		Quantity	3,900 GSF
		Asset Cost	\$70,200.00
		Percent Replacement	100%
		Future Cost	\$195,021.43
	Roofing		
Placed in Service	January 2017		
Useful Life	40		
Replacement Year	2057		
Remaining Life	37		



The corrugated metal roof on the clubhouse appears in overall good condition and is reported to have been replaced in 2017. Recommend yearly inspections by a qualified roofer to ensure proper maintenance, repair any damage, and verify if deterioration is consistent with expectations.

**POA of Lake Ridge  
Component Inventory Detail**

**Windows/Doors - Replace**

		Quantity	81 Each
		Asset Cost	\$52,650.00
		Percent Replacement	100%
		Future Cost	\$69,395.21
	Building Exterior		
Placed in Service	January 1990		
Useful Life	40		
Replacement Year	2030		
Remaining Life	10		



The (81) Windows, including the 54-window mosaic at the rear of the building, and (7) doors appear to be in overall good condition. We assume windows were installed without defect and include sufficient underlying waterproofing details. As routine maintenance, we recommend regular professional inspections. Repair as needed to ensure good weather seal and help prevent structural damage. With ordinary care and maintenance, plan to replace windows at roughly the time frame indicated. Note: for pricing, we have counted each set of double doors as two doors each.

**POA of Lake Ridge  
Component Inventory Detail**

**Interior Surfaces - Repaint**

		Quantity	1	Allowance
		Asset Cost		\$5,000.00
		Percent Replacement		100%
		Future Cost		\$5,583.96
Painting, Interior				
Placed in Service	January 2014			
Useful Life	10			
Replacement Year	2024			
Remaining Life	4			



Interior walls are painted and in good condition. Anticipate repairing and repainting to ensure a quality appearance.



**POA of Lake Ridge  
Component Inventory Detail**

**Exterior Surfaces - Repaint**

		Quantity	1
		Asset Cost	\$4,500.00
		Percent Replacement	100%
		Future Cost	\$5,025.57
	Painting, Exterior		
Placed in Service	January 2016		
Useful Life	8		
Replacement Year	2024		
Remaining Life	4		



Paint is in generally good condition with minimal areas showing signs of fading, peeling, dry and missing or cracked caulking. Recommend caulking around areas of wood to brick transition. Preventing moisture penetration via cracks (wood shrinking around transitions) is key in ensuring a full useful life.

**POA of Lake Ridge  
Component Inventory Detail**

**Exterior Masonry - Repoint**

		Quantity	1	Allowance
		Asset Cost		\$4,000.00
		Percent Replacement		100%
		Future Cost		\$4,227.14
	Building Exterior			
Placed in Service	January 2012			
Useful Life	10			
Replacement Year	2022			
Remaining Life	2			



The brick veneer siding appears in overall good condition with no noted areas of damage or missing grout, but one small area of cracked brick, possibly from foundation movement. Recommend periodic inspections to ensure proper maintenance, repair any damage, and verify if deterioration is consistent with expectations. Repoint brick periodically to prevent subsurface moisture penetration which will accelerate the deterioration of this component.

**POA of Lake Ridge  
Component Inventory Detail**

**Tile Flooring - Replace**

		Quantity	850 GSF
		Asset Cost	\$19,125.00
		Percent Replacement	100%
		Future Cost	\$28,939.98
	Building Interior		
Placed in Service	January 2000		
Useful Life	35		
Replacement Year	2035		
Remaining Life	15		



The tile flooring utilized throughout the clubhouse is in good condition. Floor should be cleaned, polished and sealed periodically to maintain appearance and to maximize useful life. Funding anticipates eventual replacement due to age and changes in design tastes.

**POA of Lake Ridge  
Component Inventory Detail**

**Rental Floor Carpet - Replace**

		Quantity	350 GSY
		Asset Cost	\$22,750.00
		Percent Replacement	100%
		Future Cost	\$26,118.42
	Building Interior		
Placed in Service	January 2000		
Useful Life	25		
Replacement Year	2025		
Remaining Life	5		



The rental area hallway and common area carpet, which includes the stairs and turret, is a typical medium grade commercial carpet and is in worn and stained condition in areas. Recommend regular cleaning to maximize useful life.

**POA of Lake Ridge  
Component Inventory Detail**

**Office Carpet - Replace**

		Quantity	145 GSY
		Asset Cost	\$9,425.00
		Percent Replacement	100%
		Future Cost	\$10,820.49
	Building Interior		
Placed in Service	January 2000		
Useful Life	25		
Replacement Year	2025		
Remaining Life	5		



Commercial grade carpet used throughout the office, conference and lobby areas appears in overall fair condition with some areas of stains or damage. Carpet should be shampooed periodically to ensure maximum useful life.

**POA of Lake Ridge  
Component Inventory Detail**

**Kitchen - Refurbish**

		Quantity	1	Allowance
		Asset Cost		\$20,000.00
		Percent Replacement		100%
		Future Cost		\$26,360.95
	Building Interior			
Placed in Service	January 2000			
Useful Life	30			
Replacement Year	2030			
Remaining Life	10			

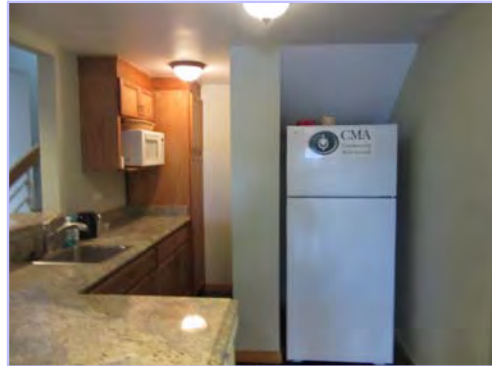


Kitchen appears in good overall condition. Allowance is to replace 40 SF hard surface countertops and 10 LF of wood cabinets due to use and age.

**POA of Lake Ridge  
Component Inventory Detail**

**Kitchen Appliances - Replace**

		Quantity	1
		Asset Cost	\$2,500.00
		Percent Replacement	100%
		Future Cost	\$3,783.00
	Building Interior		
Placed in Service	January 2010		
Useful Life	25		
Replacement Year	2035		
Remaining Life	15		

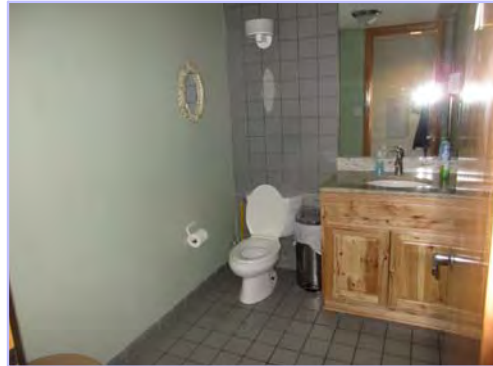


Kitchen appliances are in overall good condition. Inventory includes: (2) refrigerators and (1) microwave. Funding anticipates eventual replacement with similar quality items due to age and use.

**POA of Lake Ridge  
Component Inventory Detail**

**Interior Bathrooms, Fixtures - Refurbish**

		Quantity	2 Each
		Asset Cost	\$7,000.00
		Percent Replacement	100%
		Future Cost	\$10,592.41
Placed in Service	Building Interior		
Useful Life	January 2010		
Replacement Year	25		
Remaining Life	2035		
	15		



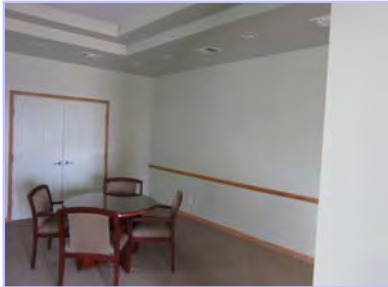
The main center area bathrooms are decorative in design and are in good condition. Bathrooms have painted walls with tile floors and hard surface countertops. Refurbishment includes paint, replacement of counters, fixtures and interior lights.



**POA of Lake Ridge  
Component Inventory Detail**

**Lobby Furniture - Replace**

		Quantity	1	Allowance
		Asset Cost		\$20,000.00
		Percent Replacement		100%
		Future Cost		\$30,264.03
	Furnishings			
Placed in Service	January 2015			
Useful Life	20			
Replacement Year	2035			
Remaining Life	15			



Approximately (15) pieces of furnishings are located in the lobby area. These include couches, chairs, tables and lamps. Commercial grade furnishings can vary widely in cost. We have used mid grade pricing. Funding anticipates periodic replacement of furnishings to maintain the appearance and appeal of the community center.

**POA of Lake Ridge  
Component Inventory Detail**

**Meeting Room Furniture - Replace (part)**

		Quantity	1 Sets
		Asset Cost	\$2,700.00
		Percent Replacement	100%
		Future Cost	\$3,558.73
	Furnishings		
Placed in Service	January 2015		
Useful Life	15		
Replacement Year	2030		
Remaining Life	10		



General meeting and party room furniture inventory includes: (1) conference table; (10) chairs and (1) TV monitor. Funding anticipates replacing the furnishings on a regular basis due to wear and use.

**POA of Lake Ridge  
Component Inventory Detail**

**Phone System - Replace**

		Quantity	1 Each
		Asset Cost	\$7,000.00
		Percent Replacement	100%
		Future Cost	\$9,226.33
	Building Interior		
Placed in Service	January 2000		
Useful Life	30		
Replacement Year	2030		
Remaining Life	10		

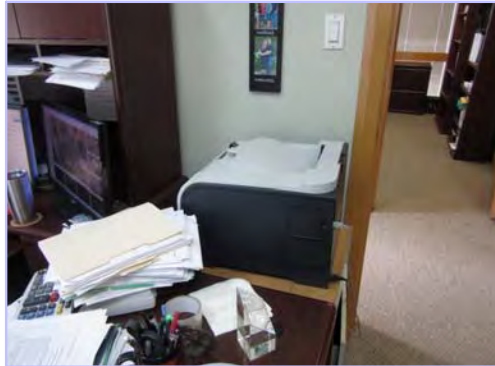


The office phone system appears to be in operational condition, with no reported problems. Multi-line systems have evolved rapidly over recent years with hosted PBX systems gaining popularity due to the reduced equipment costs. We have factored a hybrid system which incorporates some switching equipment hosted locally and requiring the purchase of handset equipment. The current system will need eventual replacement due to the lack of availability of parts.

**POA of Lake Ridge  
Component Inventory Detail**

**Office Equipment - Replace**

		Quantity	1	Allowance
		Asset Cost		\$2,500.00
		Percent Replacement		100%
		Future Cost		\$2,641.96
	Furnishings			
Placed in Service	January 2017			
Useful Life	5			
Replacement Year	2022			
Remaining Life	2			



The computer equipment is used throughout the office area. Equipment appears to be in overall good condition and operating properly. Funding anticipates replacement due to age and changes in technologies.

**POA of Lake Ridge  
Component Inventory Detail**

**Security Equipment - Replace**

		Quantity	1 Each
		Asset Cost	\$5,000.00
		Percent Replacement	100%
		Future Cost	\$5,901.04
Placed in Service	Security		
Useful Life	January 2016		
Replacement Year	10		
Remaining Life	2026		
	6		

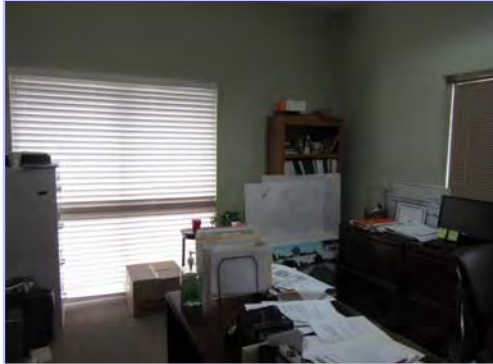


The security monitoring system was reportedly refurbished in 2016. Anticipate regular upgrades and replacements to this system to maintain safety/security as well as for changes in technology.

**POA of Lake Ridge  
Component Inventory Detail**

**Office Furniture - Replace**

		Quantity	1	Allowance
		Asset Cost		\$3,000.00
		Percent Replacement		100%
		Future Cost		\$3,954.14
	Furnishings			
Placed in Service	January 2015			
Useful Life	15			
Replacement Year	2030			
Remaining Life	10			



Furniture located in the office areas are in good condition. Inventory includes: (3) desks, (3) bookcases, (10) chairs and (1) file cabinet. Anticipate replacing pieces on a regular cycle to maintain property's appearance and aesthetics. Furnishings should have an extended useful life. Funding anticipates replacing pieces of furniture (approximately 50%) as needed with no anticipation of replacing all furnishings at one time. Due to use, furnishings will wear at differieng rates.

**POA of Lake Ridge  
Component Inventory Detail**

**HVAC Units - Replace (partial)**

		Quantity	6 Each
		Asset Cost	\$16,800.00
		Percent Replacement	50%
		Future Cost	\$19,287.45
	Building Mechanical		
Placed in Service	January 2010		
Useful Life	15		
Replacement Year	2025		
Remaining Life	5		



The gas furnaces are located in the rental floor area and appear to be in overall good condition with install dates ranging from 2000 to 2016. Recommend regular service in accordance with manufacturer's guidelines to ensure full useful life. Funding anticipates continued replacement of units on an as needed basis with no anticipation of replacing all units at one time.

**POA of Lake Ridge  
Component Inventory Detail**

**Metal Fence - Replace**

		Quantity	1,650 LF
		Asset Cost	\$66,000.00
		Percent Replacement	100%
		Future Cost	\$105,542.38
	Fencing		
Placed in Service	January 1997		
Useful Life	40		
Replacement Year	2037		
Remaining Life	17		



Metal is in fair condition with limited signs of rust or damage, but some broken welds. Fence has a powder coated finish that once damaged will require restoring and protecting surface from moisture. Due to prohibitive costs of removing fence to re-powder coat, funding is based on maintaining fence by treating rust and painting. Recommend periodic inspections to identify and treat damaged areas in order to avoid additional future costs to repair.



**POA of Lake Ridge  
Component Inventory Detail**

**Metal Rail - Replace**

		Quantity	330 LF
		Asset Cost	\$11,550.00
		Percent Replacement	100%
		Future Cost	\$18,469.92
	Fencing		
Placed in Service	January 1997		
Useful Life	40		
Replacement Year	2037		
Remaining Life	17		



Metal railing provides fall protection at the upper and lower clubhouse deck. Metal is in good to fair condition with limited signs of rust or damage. Metal has a powder coated finish that once damaged will require restoring and protecting surface from moisture. Due to prohibitive costs of removing rail to re-powder coat, funding is based on maintaining metal surfaces by treating rust and painting. Recommend periodic inspections to identify and treat damaged areas in order to avoid additional future costs to repair.

**POA of Lake Ridge  
Component Inventory Detail**

**Metal Fence/Rail - Paint**

		Quantity	1,980 LF
		Asset Cost	\$8,910.00
		Percent Replacement	100%
		Future Cost	\$9,159.48
	Painting, Exterior		
Placed in Service	January 2013		
Useful Life	8		
Replacement Year	2021		
Remaining Life	1		



Metal fence and railing surface appears in overall fair to poor condition. Metal surfaces have a powder coated finish that once damaged will require restoring and protecting surface from moisture. Due to prohibitive costs of removing metal to re-powder coat, funding anticipates regular cycles of paint, utilizing a high quality exterior metal surface product. Remove rust and apply a rust inhibitor prior to painting.

**POA of Lake Ridge  
Component Inventory Detail**

**Vinyl Rail Fence - Replace**

		Quantity	600 LF
		Asset Cost	\$13,200.00
		Percent Replacement	100%
		Future Cost	\$17,398.23
	Fencing		
Placed in Service	January 2010		
Useful Life	20		
Replacement Year	2030		
Remaining Life	10		



Vinyl rail fence is used to accent the parking area at Ridge View Park. Vinyl fence is in good condition with minimal signs of warped or damaged rails. Recommend periodic inspections to identify and treat damaged areas in order to avoid additional future costs to repair.

**POA of Lake Ridge  
Component Inventory Detail**

**Exterior Lighting - Replace**

		Quantity	1	Allowance
		Asset Cost		\$2,500.00
		Percent Replacement		100%
		Future Cost		\$2,870.16
	Lighting, Exterior			
Placed in Service	January 2010			
Useful Life	15			
Replacement Year	2025			
Remaining Life	5			



Light inventory includes ground, recessed and wall mounted fixtures. Anticipate replacing items on an as-needed basis with no anticipation of replacing all items at one time.

**POA of Lake Ridge  
Component Inventory Detail**

**Monument Sign - Refurbish**

		Quantity	1 Each
		Asset Cost	\$30,000.00
		Percent Replacement	100%
		Future Cost	\$50,697.95
	General Common Area		
Placed in Service	January 2019		
Useful Life	20		
Replacement Year	2039		
Remaining Life	19		



A new monument and entrance sign is scheduled to be installed in 2019. Anticipate repairing or refurbishing stonework and landscape areas on a cyclical basis with no anticipation of replacing the complete sign. Funding is based on drawings and plans as well as installation estimates.

**POA of Lake Ridge  
Component Inventory Detail**

**Miscellaneous Signs - Refurbish (part)**

		Quantity	1																				
		Asset Cost	\$4,000.00																				
		Percent Replacement	100%																				
		Future Cost	\$4,592.25																				
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 35%;"></td> <td style="width: 35%; text-align: center;">General Common Area</td> <td></td> <td></td> </tr> <tr> <td>Placed in Service</td> <td style="text-align: center;">January 2015</td> <td></td> <td></td> </tr> <tr> <td>Useful Life</td> <td style="text-align: center;">10</td> <td></td> <td></td> </tr> <tr> <td>Replacement Year</td> <td style="text-align: center;">2025</td> <td></td> <td></td> </tr> <tr> <td>Remaining Life</td> <td style="text-align: center;">5</td> <td></td> <td></td> </tr> </table>					General Common Area			Placed in Service	January 2015			Useful Life	10			Replacement Year	2025			Remaining Life	5		
	General Common Area																						
Placed in Service	January 2015																						
Useful Life	10																						
Replacement Year	2025																						
Remaining Life	5																						



Signs are a combination of stone and concrete and provide information and park names. Signs are in good to fair condition overall. Anticipate repairing or refurbishing signs on a cyclical basis with no anticipation of replacing all signs at one time.

**POA of Lake Ridge  
Component Inventory Detail**

**Irrigation System - Replace (partial)**

	Quantity	1		Allowance
	Asset Cost			\$15,000.00
	Percent Replacement			100%
	Future Cost			\$18,198.81
Landscape and Equipment				
Placed in Service	January 2017			
Useful Life	10			
Replacement Year	2027			
Remaining Life	7			



Irrigation system is typically repaired on an as-needed basis as part of the landscape contract. Occasionally, extensive repair and replacement of large sections of the irrigation system are necessary as provided herein. Anticipate an allowance to repair sections of the irrigation system or higher cost components such as clocks and backflow prevention devices.

**POA of Lake Ridge  
Component Inventory Detail**

**Trees/Vegetation - Replace (partial)**

	Quantity	1
	Asset Cost	\$20,000.00
	Percent Replacement	100%
	Future Cost	\$24,265.08
Landscape and Equipment		
Placed in Service	January 2017	
Useful Life	10	
Replacement Year	2027	
Remaining Life	7	



Trees and vegetation are mature and appear in overall good condition. Funding is for ongoing replacement of trees and vegetation due to winter kill and disease. We recommend consulting with a licensed arborist prior to tree replacements.



**POA of Lake Ridge  
Component Inventory Detail**

**Pond Dam Walls - Maintain**

		Quantity	1	Allowance
		Asset Cost		\$125,000.00
		Percent Replacement		100%
		Future Cost		\$169,369.14
	Ponds and Lakes			
Placed in Service	January 2016			
Useful Life	15			
Replacement Year	2031			
Remaining Life	11			



The community is responsible for (3) lake earthen dam walls within the retention lake system. Homogenous wall systems are typically constructed of a compacted clay core set in an earthen dam, and then covered with vegetation to reduce erosion. Some dam areas have been renovated in recent years. Fill and compact eroded areas to maintain dam integrity. There are several products available to prevent erosion; increased funding may be needed if these products were used.

**POA of Lake Ridge  
Component Inventory Detail**

**Ponds - Clean/Maintain**

		Quantity	5 Each
		Asset Cost	\$100,000.00
		Percent Replacement	50%
		Future Cost	\$118,020.84
	Ponds and Lakes		
Placed in Service	January 2016		
Useful Life	10		
Replacement Year	2026		
Remaining Life	6		



Silt is a combination of vegetation growth and runoff debris. Material should be removed occasionally to ensure proper lake capacity and usability. The association maintains (5) of the ponds located throughout the community that vary widely in size as well as accessibility. Allowance is to dredge and clean portions of the ponds on an ongoing basis as needed.

**POA of Lake Ridge  
Component Inventory Detail**

**Storm Drainage - Maintain**

		Quantity	1	Allowance
		Asset Cost		\$2,000.00
		Percent Replacement		100%
		Future Cost		\$2,494.45
	Ponds and Lakes			
Placed in Service	January 2018			
Useful Life	10			
Replacement Year	2028			
Remaining Life	8			



Drainage is a significant issue throughout the community. Drainage swales should be cleaned regularly and rip-rap replaced as needed. Areas should be inspected following each major weather event. Funding anticipates future projects to maintain the systems in proper working order.

**POA of Lake Ridge  
Component Inventory Detail**

**BBQ Equipment - Replace**

		Quantity	6 Each
		Asset Cost	\$1,650.00
		Percent Replacement	50%
		Future Cost	\$1,650.00
	General Common Area		
Placed in Service	January 2010		
Useful Life	10		
Replacement Year	2020		
Remaining Life	0		



BBQ inventory includes (6) locations at the Ridge View Park trail area, with (4) missing or broken. Funding anticipates an allowance to replace items as needed and as the Board sees fit, with no anticipation of replacing all items at one time.

**POA of Lake Ridge  
Component Inventory Detail**

**Park Furnishings - Replace (partial)**

		Quantity	6 Each
		Asset Cost	\$2,550.00
		Percent Replacement	50%
		Future Cost	\$2,550.00
	General Common Area		
Placed in Service	January 2010		
Useful Life	10		
Replacement Year	2020		
Remaining Life	0		



Park furnishings consist of: (6) concrete picnic tables with benches with concrete pads. Furnishings range from overall fair to poor condition with some broken or missing benches. Equipment should be replaced as needed and inspected regularly. Concrete pads should be repaired in conjunction with table replacement when necessary. Funding anticipates replacing approximately 50% of the furnishings per cycle due to use and vandalism.

**POA of Lake Ridge  
Component Inventory Detail**

**Gravel Walking Trail - Refurbish (partial)**

		Quantity	1
		Asset Cost	\$2,000.00
		Percent Replacement	100%
		Future Cost	\$2,113.57
	General Common Area		
Placed in Service	January 2012		
Useful Life	10		
Replacement Year	2022		
Remaining Life	2		



The gravel walking trail at Fossil Ridge Park is in overall fair to poor condition with extensive areas of cracking. Recommend repairing any trip/fall hazards immediately and inspect regularly for any damage. Funding is to repair sections as needed, with no anticipation of replacing all of the trail at one time.

**POA of Lake Ridge  
Component Inventory Detail**

**Concrete Trail - Refurbish (partial)**

		Quantity	9,100 GSF
		Asset Cost	\$5,915.00
		Percent Replacement	10%
		Future Cost	\$6,250.88
	General Common Area		
Placed in Service	January 2017		
Useful Life	5		
Replacement Year	2022		
Remaining Life	2		



Concrete trail at Ridge View Park is in overall fair condition with areas of cracking and chipping. There was a large amount of erosion noted, where the subsurface soil had washed away. These areas should be filled regularly to prevent cracking and collapse of concrete sections. Recommend repairing any trip/fall hazards immediately and inspect regularly for any damage. Repair and replace concrete to mitigate any subsurface moisture which will accelerate deterioration. Funding is to replace sections of concrete as needed, with no anticipation of replacing all concrete at one time. Funding anticipates replacing approximately 10% per cycle.

**POA of Lake Ridge  
Component Inventory Detail**

**Wood Bridges - Repair**

		Quantity	1,250 GSF
		Asset Cost	\$34,375.00
		Percent Replacement	100%
		Future Cost	\$38,389.74
	General Common Area		
Placed in Service	January 2014		
Useful Life	10		
Replacement Year	2024		
Remaining Life	4		



The wood bridges at the Ridge View Park walking trail appear in overall fair condition with slight fading and damage to the wood surface noted. Recommend regular staining or painting to protect wood, and periodic inspection to secure loose components. Anticipate eventual replacement of the wood deck and some structural components due to use and exposure to the elements.



**POA of Lake Ridge  
Component Inventory Detail**

**Concrete Parking - Replace**

		Quantity	25,000 GSF
		Asset Cost	\$26,250.00
		Percent Replacement	10%
		Future Cost	\$26,250.00
Placed in Service	Concrete		
Useful Life	January 2015		
Replacement Year	5		
Remaining Life	2020		
	0		



The concrete parking at the Ridge View Park and clubhouse area is in poor condition with areas of cracking and surface deterioration, but no pot holes or depressions. Surface integrity is critical to mitigate any subsurface moisture which will accelerate deterioration. Funding is to replace approximately 10% of the concrete on a regular basis.

**POA of Lake Ridge  
Component Inventory Detail**

**Concrete Sidewalks - Replace**

		Quantity	1
		Asset Cost	\$3,000.00
		Percent Replacement	100%
		Future Cost	\$3,000.00
Placed in Service	Concrete		
	January 2015		
Useful Life	5		
Replacement Year	2020		
Remaining Life	0		



Limited sidewalks are located at the Ridge View Park and Lake Ridge walking trail areas. Sidewalks average from good to fair condition with some areas of cracking. Surface integrity is critical to mitigate any subsurface moisture which will accelerate deterioration. Funding is to replace portions of the concrete on a regular basis.

**PART IV**  
**GENERAL INFORMATION**

## Implementing your Study (A Board's Planning Tool)

Your Reserve Study results may be simple or complex. In most cases, the results require a minor adjustment to the contribution, often offset by the reclassification of work from the operating budget to the reserve budget. In some cases, however, the reserve study results can be complex, requiring the development of a *strategic plan* that may take several years to implement.

In either case, communication is the key. Most Association Members are aware of the strengths and weaknesses of their community, even if they are never publicly discussed. We have found very little resistance to even the most difficult plans if communicated properly.

Generally, the Board can successfully implement the study in these four easy steps:

### Step 1: Board Meeting

The Board of Directors has the responsibility to do what is in the best interest of the Association and has significant influence; therefore, the first step is for the Board to meet. This meeting should discuss the results of the reserve study. Invite the Association Manager to attend. The purpose of this meeting should be for the Board to better understand the financial position and the upcoming reserve requirements of the Association. This includes understanding what most influences the results of the Reserve Study

### Step 2: Make a Plan

The Board should then create a plan to determine how best to manage the Association's common area assets and financial position. Using this Reserve Study as a guide, the Board should make the adjustments required to meet the needs of the Association and its members. This includes setting the Reserve Contribution amount.

### Step 3: Association Meeting

After the Board has determined the best course of action, present it to the Association. This allows them to ask questions and understand the direction the community will be heading. This is by far the most important step. Communicating with owners the reasons why will help significantly. Additionally, this brings confidence in the leadership of the Board and unity among the Association members.

### Step 4: Update and Adjust

This Reserve Study is a one-year document. It needs to be updated and adjusted annually. Additionally, we recommend regular reviews of your plan. Assess progress and make adjustments as necessary. As already mentioned, we recommend communicating regular updates to the Association members. Whether a major project is underway or postponed for various reasons, the membership will appreciate the update. The purpose of this Reserve Study is to help your community succeed. That only works when you are proactive and consistent.

There are 4 keys to implementing your plan effectively:

- be persistent
- make incremental changes
- monitor & implement your plan continuously
- keep your eye on the ball

Consistently using these keys will help you follow your plan and achieve your goals.

### Tips for Presenting the Results

Often, the Association Members will be presented with bad news in the form of significant increases or special

assessments. In our experience, it is best to have an impartial party, such as your Reserve Provider present the results. This allows the facts to be presented without having to deal with blame or accusations of delivering an "agenda". If you wish to proceed on your own, this outline has been successful:

- Be positive! A positive, energetic presentation will help to reduce stress
- Clearly explain the reserve process
- Highlight the concepts of "fairness" and "paying for what is being used" rather than referring to component replacements as future purchases
- Highlight the concept of ongoing deterioration. There's nothing anyone can do stop it!
- Explain how you got to your position without pointing fingers
- Assure the Members that you are on the right path
- Remember, there's only 3 ways to pay for reserve projects: increase in dues; special assessments or a loss in value due to deferred maintenance. One of the three must be met.

## *General Information and Answers to Frequently Asked Questions*

### **Why is it important to perform a Reserve Study?**

As previously mentioned, the reserve allocation makes up a significant portion of the total monthly dues. This report provides the essential information that is needed to guide the Board of Directors in establishing the budget in order to run the daily operations of your association. It is suggested that a third party professionally prepare the Reserve Study since there is no vested interest in the property. Also, a professional knows what to look for and how to properly develop an accurate and reliable component list.

### **After we have a Reserve Study completed, what do we do with it?**

#### **Step 1: Board Meeting**

The Board of Directors has the responsibility to do what is in the best interest of the Association and has significant influence; therefore, the first step is for the Board to meet. This meeting should discuss the results of the reserve study. Invite the Association Manager to attend. The purpose of this meeting should be for the Board to better understand the financial position and the upcoming reserve requirements of the Association. This includes understanding what most influences the results of the Reserve Study

#### **Step 2: Make a Plan**

The Board should then create a plan to determine how best to manage the Association's common area assets and financial position. Using this Reserve Study as a guide, the Board should make the adjustments required to meet the needs of the Association and its members. This includes setting the Reserve Contribution amount.

#### **Step 3: Association Meeting**

After the Board has determined the best course of action, present it to the Association. This allows them to ask questions and understand the direction the community will be heading. This is by far the most important step. Communicating with owners the reasons why will help significantly. Additionally, this brings confidence in the leadership of the Board and unity among the Association members.

#### **Step 4: Update and Adjust**

This Reserve Study is a one-year document. It needs to be updated and adjusted annually. Additionally, we recommend regular reviews of your plan. Assess progress and make adjustments as necessary. As already mentioned, we recommend communicating regular updates to the Association members. Whether a major project is underway or postponed for various reasons, the membership will appreciate the update. The purpose of this Reserve Study is to help your community succeed. That only works when you are proactive and consistent.

There are 4 keys to implementing your plan effectively:

- be persistent
- make incremental changes
- monitor & implement your plan continuously

- keep your eye on the ball

Consistently using these keys will help you follow your plan and achieve your goals.

### **How often do we update or review the Reserve Study?**

Unfortunately, there is a misconception that these reports are good for an extended period of time since the report has projections for the next 30 years. Just like any major line item in the budget, the Reserve Study should be reviewed each year before the budget is established. Invariably, some assumptions have to be made during the compilation of this analysis. Anticipated events may not materialize and unpredictable circumstances could occur. Deterioration rates and repair/replacement costs may vary from causes that are unforeseen. Earned interest rates may vary from year to year.

These variations could alter the content of the Reserve Study. Therefore, this analysis should be reviewed annually, and a property inspection should be conducted at least once every three years.

### **Is it the law to have a Reserve Study conducted?**

The Government requires reserve analyses in approximately 20 States. Even if it is not currently governed by your State, the chances are very good that the documents of the association require the association to have a reserve fund established. This doesn't mean a Reserve Study is required, but how are you going to know you have enough funds in the account if you don't have the proper information? Some associations look at the reserve fund and think that \$50,000 is a lot of money and they are in good shape. What they don't know is that the roof is going to need to be replaced within 5 years, and the cost of the roof is going to exceed \$75,000. So while \$50,000 sounds like a lot of money, in reality it won't even cover the cost of a roof, let alone all the other amenities the association is responsible to maintain.

### **What is a “Reserve Component” versus an “Operating Component”?**

A “Reserve” component is an item that is the responsibility of the association to maintain, has a limited useful life, predictable remaining useful life, typically occurs on a cyclical basis that exceeds 1 year, and costs above a minimum threshold amount. An “Operating” expense is typically a fixed expense that occurs on an annual basis. For instance, minor repairs to a roof for damage caused by high winds or other weather elements would be considered an “Operating” expense. However, if the entire roof needs to be replaced because it has reached the end of its life expectancy, then the replacement would be considered a reserve expense.

### **What are the gray areas of “maintenance” items that are often seen in a Reserve Study?**

One of the most popular questions revolves around major “maintenance” items, such as painting the buildings or seal coating the asphalt. You may hear from your accountant that since painting or seal coating is not replacing a “capital” item, then it cannot be considered a Reserve issue. However, it is the opinion of several major Reserve Study providers that these items are considered to be major expenses that occur on a cyclical basis. Therefore, it makes it very difficult to ignore a major expense that meets the criteria to be considered a reserve component. Once explained in this context, many accountants tend to agree and will include any expenses, such as these examples, as a reserve component.

### **What happens during the Property Inspection?**

The Property Inspection was conducted following a review of the documents that were established by the developer identifying all common area assets. In some cases, the Board of Directors at some point may have revised the documents. In either case, the most current set of documents was reviewed prior to inspecting the property. In addition, common area assets may have been reported to Community Association Reserves by the client, or by other parties.

Estimated life expectancies and life cycles are based upon conditions that were readily accessible and visible at the time of the inspection. We did not destroy any landscape work, building walls, or perform any methods of intrusive investigation during the inspection. In these cases, information may have been obtained by contacting the contractor or vendor that has worked on the property.

### **What is the Financial Analysis?**

We projected the starting balance by taking the most recent balance statement, adding expected reserve contributions for the rest of the fiscal year, and subtracting any pending projects that will be paid for before the end of the current fiscal year. We compared this number to the ideal reserve balance and arrived at the percent funded level.

### **Measures of strength are as follows:**

**0% - 30% Funded** is considered to be a “weak” financial position. Associations that fall into this category are subject to special assessments and deferred maintenance, which could lead to lower property values. If the association is in this position, actions should be taken to improve the financial strength of the reserve fund.

**31% - 69% Funded** is considered a “fair” financial position. The majority of associations fall into this category. While this doesn’t represent financial strength and stability, the likelihood of special assessments and deferred maintenance is diminished. Effort should be taken to continue strengthening the financial position of the reserve fund.

**70% - 99% Funded** is considered a “strong” financial position. This indicates financial strength of a reserve fund and every attempt to maintain this level should be a goal of the association.

**100% Funded** is considered an “ideal” financial position. This means that the association has the exact amount of funds in the reserve account.



## ***Definition of Terms Used***

A reserve study contains a number of industry-related terms and phrases. To help you better understand the reserve study process and reports, we've provided definitions for the most commonly used terms.

**Cash Flow Method** - A method of developing a reserve funding plan where contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different reserve funding plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.

**Component** - The individual line items in the reserve study developed or updated in the physical analysis. These elements form the building blocks for the reserve study. Components typically are: 1) association responsibility, 2) with limited useful life expectancies, 3) predictable remaining useful life expectancies, 4) above a minimum threshold cost, 5) as required by local codes.

**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 on-site visual observations, based on the level of service selected by the client.

**Component Inventory** - The task of selecting and quantifying reserve components. This task can be accomplished through on-site visual observations, review of association design and organizational documents, review of established association precedents and discussion with appropriate association representative(s) of the association or cooperative.

**Component Method** - A method of developing a reserve funding plan where the total contribution is based on the sum of contributions for individual components. See "cash flow method".

**Condition Assessment** - The task of evaluating the current condition of the component based on observed or reported characteristics.

**Current Replacement Cost** - See "replacement cost".

**Deficit** - An actual (or projected) reserve balance less than the fully funded balance. The opposite would be a surplus.

**Effective Age** - The difference between useful life and remaining useful life. Not always equivalent to chronological age, since some components age irregularly. Used primarily in computations.

**Field Inspection** - A site visit which includes a visual inspection of all components. In cases where plans of the property are unavailable, it would also include the quantity survey.

**Financial Analysis** - The portion of a reserve study where the 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 and 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.

$FFB = \text{Current Cost} \times \text{Effective Age/Useful Life}$ , or

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

**Fund Status** - The status of the reserve fund as compared to an established benchmark such as percent funding.

**Funding Goals** - Independent of methodology utilized, the following represent the basic categories of funding plan goals:

**Baseline Funding** - Establishing a reserve funding goal of keeping the reserve cash balance above zero.

**Full Funding** - Setting a reserve funding goal of attaining and maintaining reserves at or near 100% funded.

**Statutory Funding** - Establishing a reserve funding goal of setting aside the specific minimum amount of reserves required by local statutes.

**Threshold Funding** - Establishing a reserve funding goal of keeping the reserve balance above a specified dollar or percent funded amount. Depending on the threshold, this may be more or less conservative than "fully funding."

**Funding Plan** - An association's plan to provide income to a reserve fund to offset anticipated expenditures from that fund.

**Funding Principles:**

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

**Life and Valuation Estimates** - The task of estimating useful life, remaining useful life, and repair or replacement costs for the reserve components.

**Percent Funded** - The ratio, at a particular point of time (typically the beginning of the fiscal year), of the actual (or projected) reserve balance to the fully funded balance, expressed as a percentage.

**Physical Analysis** - The portion of the reserve study where the component inventory, condition assessment, and life and valuation estimate tasks are performed. This represents one of the two parts of the reserve study.

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

**Replacement Cost** - The cost of replacing, repairing, or restoring a reserve component to its original functional condition. The current replacement cost would be the cost to replace, repair, or restore the component during that particular year.

**Reserve Balance** - Actual or projected funds as of a particular point in time that the association has identified

for use to defray the future repair or replacement of those major components which the association is obligated to maintain. Also known as reserves, reserve accounts, cash reserves. Based upon information provided and not audited.

**Reserve Study 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.

**Responsible Charge** - A reserve specialist in responsible charge of a reserve study shall render regular and effective supervision to those individuals performing services which directly and materially affect the quality and competence rendered by the reserve specialist. A reserve specialist shall maintain such records as are reasonably necessary to establish that the reserve specialist exercised regular and effective supervision of a reserve study of which he was in responsible charge. A reserve specialist engaged in any of the following acts or practices shall be deemed not to have rendered the regular and effective supervision required herein:

1. The regular and continuous absence from principal office premises from which professional services are rendered; except for performance of field work or the presence in a field office maintained exclusively for a specific project;
2. The failure to personally inspect or review the work of subordinates where necessary and appropriate;
3. The rendering of a limited, cursory or perfunctory review of plans or projects in lieu of an appropriate detailed review;
4. The failure to personally be available on a reasonable basis or with adequate advance notice for consultation and inspection where circumstances require personal availability.

**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 local statutes.

**Surplus** - An actual (or projected) reserve balance greater than the fully funded balance. See "deficit. "

**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 if properly constructed in its present application or installation.

## ***Disclosures and Limitations***

Community Association Reserves has relied upon certain information provided by Association representatives in the performance of this reserve study. Such information includes, but is not necessarily limited to, financial data, identification or quantification of common area components, and historical maintenance information. Such information is deemed reliable by Community Association Reserves. This reserve analysis study and the parameters under which it has been completed are based upon information provided to us in part by representatives of the association, its contractors, assorted vendors, specialists and independent contractors, the Community Associations Institute, various construction pricing and scheduling manuals including, but not limited to: Marshall & Swift Valuation Service, RS Means Facilities Maintenance & Repair Cost Data, RS Means Repair & Remodeling Cost Data, National Construction Estimator, National Repair & Remodel Estimator and the McGraw Hill Book Company. Additionally, costs are obtained from numerous vendor catalogues, actual quotations or historical costs, and our own experience in the field of the preparation of reserve analysis studies.

The reserve study is a reflection of information provided to Community Association Reserves and this report has been assembled for use by the Association. This report has not been audited, nor subjected to a forensic or quality analysis, or background checks of historical records.

The reserve balance projected in this report is based upon information provided by the Association to Community Association Reserves and was not audited.

Information provided to Community Association Reserves by the Association about reserve projects is considered reliable. The on-site visit cannot be considered a project audit or a quality visit. No forensic or destructive testing was completed.

Neither Community Association Reserves, nor its owners individually have other relationships with the Association that would represent a conflict of interest.

Your Community Association Reserves, Reserve Specialist is Richard Hamilton, RS, PRA. Mr. Hamilton has been preparing reserve studies and capital budgets since 1986 and has performed hundreds of reserve studies. His reserve study experience encompasses all types of reserve studies, including condominium, townhome, master home owner, business park, resort, hotel and timeshare associations.

Mr. Hamilton holds the Reserve Specialist (RS) designation issued by the CAI, the National Community Association Institute, and is a member of the CAI. Mr. Hamilton also holds the designation of Professional Reserve Analyst (PRA) issued by the Association of Professional Reserve Analysts (APRA).

Mr. Hamilton has worked as a Controller for a large real estate investment and management firm and possesses the skills directly applicable to preparation of a financial forecast for future major repairs and replacements. The skill-set involved in the above described experience and designations represent the skills most directly applicable to evaluation of existing facilities for purposes of a reserve study.

The site visit includes observations of all visible common area components, unless otherwise indicated on the detail component listing. No destructive testing was performed.

We are not aware of any material issues which, if not disclosed, would cause a significant distortion of the

Association's reserve status or funding plan.

It has been assumed, unless otherwise noted in this report, that all assets have been designed and constructed properly and each estimated useful life will approximate that of the norm per industry standards and/or manufacture specifications used. In some cases, estimates may have been used on assets which have an indeterminable, but potential liability to the association.

**PART V**  
**MEMBER'S SUMMARY**

## Members Summary

POA of Lake Ridge  
2020 - 2049

Number of Components Identified:	40
Fully Funded Balance Begin Fiscal Year:	\$372,102.57
Reserve Fund Balance Begin Fiscal Year:	\$120,100.00
Percent Fully Funded:	32%
Current Annually Contribution:	\$12,000.00
Current Contribution Per Unit:	\$5.68

### Full (100%) Funding Annually Contribution

Recommended Contribution #1:	\$58,700.00
Contribution Per Unit #1:	\$27.77

### Threshold (70%) Funding Annually Contribution

Recommended Contribution #2:	\$54,000.00
Contribution Per Unit #2:	\$25.54

### Special Assessments (Annual)

Levied Year #1:	None
Levied Year #2:	None
Levied Year #3:	None
Levied Year #4:	None
Levied Year #5:	None

Projected Expenditures, Year #1:	\$42,450.00
Projected Expenditures, Year #2:	\$9,159.48
Projected Expenditures, Year #3:	\$15,233.54
Projected Expenditures, Year #4:	\$0.00
Projected Expenditures, Year #5:	\$48,999.27

**POA of Lake Ridge  
Member's Inventory Summary**

Description	Replacement Year	Current Cost	Useful Life	Adjustment	Remaining	Future Cost	Quantity	Unit Cost
BBQ Equipment - Replace	2020	1,650	10	0	0	1,650	6 @	550.00
Concrete Parking - Replace	2020	26,250	5	0	0	26,250	25000 @	10.50
Concrete Sidewalks - Replace	2020	3,000	5	0	0	3,000	1 @	3,000.00
Deck - Restain	2020	9,000	6	0	0	9,000	2000 @	4.50
Park Furnishings - Replace (partial)	2020	2,550	10	0	0	2,550	6 @	850.00
Metal Fence/Rail - Paint	2021	8,910	8	0	1	9,159	1980 @	4.50
Concrete Trail - Refurbish (partial)	2022	5,915	5	0	2	6,251	9100 @	6.50
Exterior Masonry - Repoint	2022	4,000	10	0	2	4,227	1 @	4,000.00
Gravel Walking Trail - Refurbish (p..	2022	2,000	10	0	2	2,114	1 @	2,000.00
Office Equipment - Replace	2022	2,500	5	0	2	2,642	1 @	2,500.00
Exterior Surfaces - Repaint	2024	4,500	8	0	4	5,026	1 @	4,500.00
Interior Surfaces - Repaint	2024	5,000	10	0	4	5,584	1 @	5,000.00
Wood Bridges - Repair	2024	34,375	10	0	4	38,390	1250 @	27.50
Deck Substructure - Repair	2025	5,000	10	0	5	5,740	1 @	5,000.00
Exterior Lighting - Replace	2025	2,500	15	0	5	2,870	1 @	2,500.00
HVAC Units - Replace (partial)	2025	16,800	15	0	5	19,287	6 @	5,600.00
Miscellaneous Signs - Refurbish (part)	2025	4,000	10	0	5	4,592	1 @	4,000.00
Office Carpet - Replace	2025	9,425	25	0	5	10,820	145 @	65.00
Office Deck - Replace	2025	24,650	25	0	5	28,300	2900 @	8.50
Rental Floor Carpet - Replace	2025	22,750	25	0	5	26,118	350 @	65.00
Ponds - Clean/Maintain	2026	100,000	10	0	6	118,021	5 @	40,000.00
Security Equipment - Replace	2026	5,000	10	0	6	5,901	1 @	5,000.00
Irrigation System - Replace (partial)	2027	15,000	10	0	7	18,199	1 @	15,000.00
Trees/Vegetation - Replace (partial)	2027	20,000	10	0	7	24,265	1 @	20,000.00
Storm Drainage - Maintain	2028	2,000	10	0	8	2,494	1 @	2,000.00
Kitchen - Refurbish	2030	20,000	30	0	10	26,361	1 @	20,000.00
Meeting Room Furniture - Replace (..	2030	2,700	15	0	10	3,559	1 @	2,700.00
Office Furniture - Replace	2030	3,000	15	0	10	3,954	1 @	3,000.00
Phone System - Replace	2030	7,000	30	0	10	9,226	1 @	7,000.00
Vinyl Rail Fence - Replace	2030	13,200	20	0	10	17,398	600 @	22.00
Windows/Doors - Replace	2030	52,650	40	0	10	69,395	81 @	650.00
Pond Dam Walls - Maintain	2031	125,000	15	0	11	169,369	1 @	125,000.00
Interior Bathrooms, Fixtures - Refur..	2035	7,000	25	0	15	10,592	2 @	3,500.00
Kitchen Appliances - Replace	2035	2,500	25	0	15	3,783	1 @	2,500.00
Lobby Furniture - Replace	2035	20,000	20	0	15	30,264	1 @	20,000.00
Tile Flooring - Replace	2035	19,125	35	0	15	28,940	850 @	22.50
Metal Fence - Replace	2037	66,000	40	0	17	105,542	1650 @	40.00
Metal Rail - Replace	2037	11,550	40	0	17	18,470	330 @	35.00
Monument Sign - Refurbish	2039	30,000	20	0	19	50,698	1 @	30,000.00
Metal Roof Roof - Replace	2057	70,200	40	0	37	195,021	3900 @	18.00