

Tuesday, June 25, 2019

Level 3 Reserve Analysis

Reserve Study without property observation

Second Jefferson Green
3355 S. Flower St.
Lakewood, CO. 80227



FINAL VERSION

Report Period – 01/01/20 – 12/31/20

Client Reference Number – 07501-19

Property Type – Townhomes

Fiscal Year End – December 31st

Number of Units – 168

Project Manager – Mike Kelsen

Main Contact Person – Debbi King, CPM, CAM



Table of Contents

SECTION 1:

Introduction to Reserve Analysis	page 1
General Information and Answers to FAQ's	page 2-3
Summary of Reserve Analysis	page 4

SECTION 2:

Financial Analysis

a) Funding Summary	page 1
b) Percent Funded – Graph	page 2
c) Component Inventory List.....	page 3
d) Significant Components Table.....	page 4
e) Significant Components – Graph	page 5
f) Yearly Summary Table	page 6
g) Yearly Contributions – Graph	page 7
h) Component Funding Information	page 8
i) Yearly Cash Flow Table	page 9
j) Projected Expenditures Year by Year – Graph	page 10
k) Projected Expenditures Year by Year	page 11-13

SECTION 3:

Glossary of Terms and Definitions	page 1-2
---	----------

Introduction to the Reserve Analysis –

The elected officials of this association made a wise decision to invest in a Reserve Analysis to get a better understanding of the status of the Reserve funds. This Analysis will be a valuable tool to assist the Board of Directors in making the decision to which the dues are derived. Typically, the Reserve contribution makes up 15% - 40% of the association's total budget. Therefore, Reserves is considered to be a significant part of the overall monthly association payment.

Every association conducts its business within a budget. There are typically two main parts to this budget, Operating and Reserves. The Operating budget includes all expenses that are fixed on an annual basis. These would include management fees, maintenance fees, utilities, etc. The Reserves is primarily made up of Capital Replacement items such as asphalt, roofing, fencing, mechanical equipment, etc., that do not normally occur on an annual basis.

The Reserve Analysis is also broken down into two different parts, the Physical Analysis and the Financial Analysis. The Physical Analysis is information regarding the physical status and replacement cost of major common area components that the association is responsible to maintain. It is important to understand that while the Component Inventory will remain relatively "stable" from year to year, the Condition Assessment and Life/Valuation Estimates will most likely vary from year to year. You can find this information typically in the **Asset Inventory Section** of the original Reserve Analysis. It should be noted there is not an **Asset Inventory Section** in this report due to the Level of Service requested by the client. The **Financial Analysis Section** is the evaluation of the association's Reserve balance, income, and expenses. This is made up of a finding of the clients current Reserve Fund Status (measured as Percent Funded) and a recommendation for an appropriate Reserve Allocation rate (also known as the Funding Plan). You can find this information in Section 2 of this Reserve Analysis.

The purpose of this Reserve Analysis is to provide an educated estimate as to what the Reserve Allocation needs to be. The detailed schedules will serve as an advanced warning that major projects will need to be addressed in the future. This will allow the Board of Directors to have ample timing to obtain competitive estimates and bids that will result in cost savings to the individual homeowners. This will also ensure the physical well being of the property and ultimately enhance each owner's investment, while limiting the possibility of unexpected major projects that may lead to Special Assessments.

It is important for the client, homeowners, and potential future homeowners to understand that the information contained in this analysis is based on estimates and assumptions gathered from various sources. Estimated life expectancies and cycles are based upon conditions that were readily visible and accessible at time of the observation. No destructive or intrusive methods (such as entering the walls to inspect the condition of electrical wiring, plumbing lines, and telephone wires) were performed. In addition, environmental hazards (such as lead paint, asbestos, radon, etc.), construction defects, and acts of nature have not been investigated in the preparation of this report. If problem areas were revealed, a reasonable effort has been made to include these items within the report. While every effort has been made to ensure accurate results, this report reflects the judgment of Aspen Reserve Specialties and should not be construed as a guarantee or assurance of predicting future events.

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 a 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.

Now that we have “it”, what do we do with “it”?

Hopefully, you will not look at this report and think it is too cumbersome to understand. Our intention is to make this Reserve Analysis very easy to read and understand. Please take the time to review it carefully and make sure the “main ingredients” (asset information) are complete and accurate. If there are any inaccuracies, please inform us immediately so we may revise the report.

Once you feel the report is an accurate tool to work from, use it to help establish your budget for the upcoming fiscal year. The Reserve allocation makes up a significant portion of the total monthly dues and this report should help you determine the correct amount of money to go into the Reserve fund. Additionally, the Reserve Study should act as a guide to obtain proposals in advance of pending normal maintenance and replacement projects. This will give you an opportunity to shop around for the best price available.

The Reserve Study should be readily available for Real Estate agents, brokerage firms, and lending institutions for potential future homeowners. As the importance of Reserves becomes more of a household term, people are requesting homeowners associations to reveal the strength of the Reserve fund prior to purchasing a condominium or townhome.

How often do we update or review “it”?

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 Analysis 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. Aging rates and repair/replacement costs will vary from causes that are unforeseen. Earned interest rates may vary from year to year. These variations could alter the content of the Reserve Analysis. Therefore, this analysis should be reviewed annually, and a property observation 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. The State of Colorado currently requires all associations to adopt a Reserve policy, but does not currently enforce a Reserve Study be completed. Despite enacting this current law, the chances are also very good the documents of the association require the association to have a Reserve fund established. This may not mean a Reserve Analysis is required, but how are you going to know there are enough funds in the account if you don't have the proper information? Hypothetically, some associations look at the Reserve fund and think \$150,000 is a lot of money and they are in good shape. What they don't know is a major project will need to be replaced within 5 years, and the cost of the project is going to exceed \$200,000. So while \$150,000 sounds like a lot of money, in reality it won't even cover the cost of a major project, let alone all the other amenities the association is responsible to maintain.

What makes an asset a “Reserve” item versus an “Operating” item?

A “Reserve” asset is an item that is the responsibility of the association to maintain, has a limited Useful Life, predictable Remaining Useful Life expectancies, typically occurs on a cyclical basis that exceeds 1 year, and costs above a minimum threshold cost. 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.

The GREY area 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.

The Property Observation –

A Property Observation was not conducted for this report per the contract agreement.

The Reserve Fund Analysis –

We projected the starting balance from taking the most recent balance statement, adding expected Reserve contributions for the rest of the year, and subtracting any pending projects for the rest of the 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 – The majority of associations are considered to be in this “fair” financial position. 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 – This indicates financial strength of a Reserve fund and every attempt to maintain this level should be a goal of the association.

100% Funded – This is the ideal amount of Reserve funding. This means that the association has the exact amount of funds in the Reserve account that should be at any given time.

Summary of Second Jefferson Green -

Assoc. ID # - 07501

Projected Starting Balance as of January 1, 2020 -	\$216,272
Ideal Reserve Balance as of January 1, 2020 -	\$2,807,584
Percent Funded as of January 1, 2020 -	8%
Recommended Reserve Allocation (per month) -	\$39,000
Minimum Reserve Allocation (per month) -	\$37,000
Recommended Special Assessment (2020 and 2021)-	\$207,500 (\$2,500 per unit each year)

This report is an update to an existing Reserve Study that was prepared for the association six years ago for the 2014 fiscal period. A property site observation was not conducted per the contract agreement. While we commend the Board of Directors in making a decision to update the previous Reserve Study, we recommend having a trained professional evaluate the property at least every 3 – 4 years to verify conditions, useful life, and remaining life of components. Therefore, we recommend an updated Reserve Study with site observation in the near future. It is possible that some philosophical changes have occurred since the last Reserve Study and some components may be added to the list in future Reserve Study updates. To update the figures in the report, we obtained information by contacting the property representative (Community Manager) and vendors that are familiar with the community. To the best of our knowledge, the conclusions and suggestions of this report are considered reliable and accurate insofar as the information obtained from these sources.

This property contains 168 townhome units in 42 similar buildings that were originally constructed over 40 years ago in the mid-1970's. Common area elements the association is responsible to maintain include building exterior surfaces, landscaped areas, private drives, a pool area, and an extensive irrigation system. Please refer to the *Projected Reserve Expenditures* table of the financial section of the report for a detailed list of components that will need to be addressed in the near future.

In comparing the projected balance of \$216,272 versus the ideal Reserve Balance of \$2,807,584, we find the association Reserve fund to be in a very poor financial position (approximately 8% funded of ideal) at this time. In reviewing past reports we have prepared for the association, the percent funded and strength of the association continues to decline annually. Associations in this position are typically susceptible to Special Assessments or deferred maintenance, which can lead to lower property values. Based on the information contained within this report, we find no alternative but to recommend a multi-year Assessment for the next 2 years (\$3,000 per unit per year). In addition, we find the current budgeted Reserve contribution (\$9,998 per month in 2019) to be less than ideal in increasing the strength of the Reserve account. Therefore, we suggest increasing the Reserve contribution to \$39,000 per month (representing an increase of approximately \$172.63 per unit), followed by nominal annual increases of 2.50% – 3.50% thereafter to help offset the effects of inflation. By following the recommendation, the plan will maintain the Reserve account in a positive manner, while gradually increasing to a fully funded position within the thirty-year period.

In the percent Funded graph, you will see that we have also suggested a minimum Reserve contribution of \$37,000 per month. If the Reserve contribution falls below this rate, then the Reserve fund will fall into a situation where more Special Assessments, deferred maintenance, and lower property values are possible at some point in the future. The minimum Reserve allocation follows the “threshold” theory of Reserve funding where the “percent funded” status is not allowed to dip below 20% funded at any point during the thirty-year period. This was provided for one purpose only, to show the association how small the difference is between the two scenarios and how it would not make financial sense to contribute less money (approximately 5% in this case) to the Reserve fund to only stay above a certain threshold. As you can see, the difference between the two scenarios is considered to be extremely minimal, and based on the risk involved, we strongly suggest the recommended Reserve Allocation is followed.

Funding Summary For Second Jefferson Green

Beginning Assumptions

Financial Information Source	Research With Client
# of units	168
Fiscal Year End	December 31, 2020
Monthly Dues from 2019 budget	\$41,832.00
Monthly Reserve Allocation from 2019 Budget	\$9,998.00
Projected Starting Reserve Balance (as of 1/1/2020)	\$216,272
Reserve Balance: Average Per Unit	\$1,287
Ideal Starting Reserve Balance (as of 1/1/2020)	\$2,807,584
Ideal Reserve Balance: Average Per Unit	\$16,712

Economic Factors

Past 20 year Average Inflation Rate (Based on CCI)	3.75%
Current Average Interest Rate	1.00%

Current Reserve Status

Current Balance as a % of Ideal Balance	8%
---	----

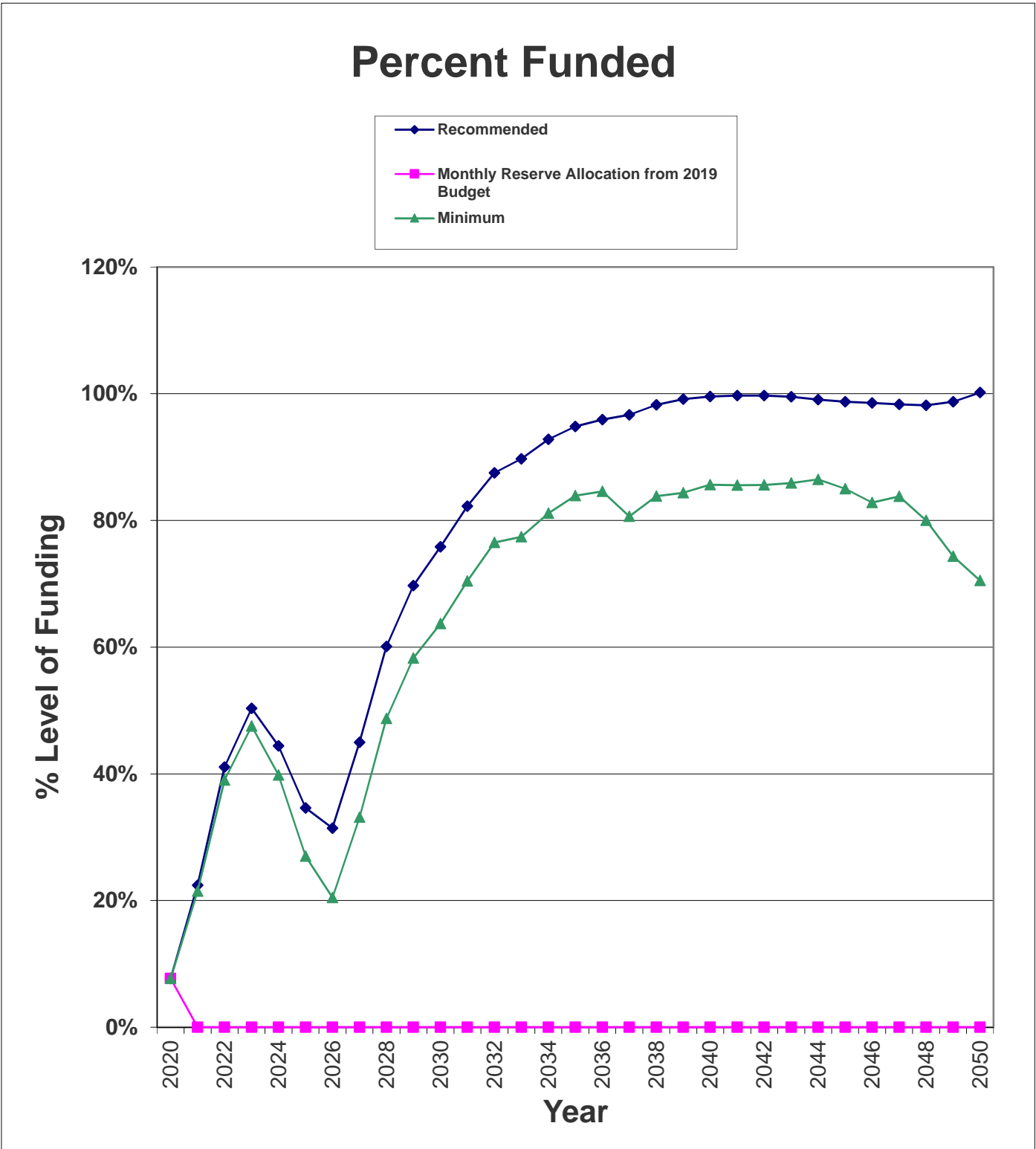
Recommendations for 2020 Fiscal Year

Monthly Reserve Allocation	\$39,000
Per Unit	\$232.14
Minimum Monthly Reserve Allocation	\$37,000
Per Unit	\$220.24
Primary Annual Increases	2.50%
# of Years	20
Secondary Annual Increases	3.50%
# of Years	10
Special Assessment (2020 and 2021)	\$504,000
Per Unit	\$3,000

Changes From Prior Year (2019 to 2020)

Increase/Decrease to Reserve Allocation	\$29,002
as Percentage	290%
Average Per Unit	\$172.63

Percent Funded Graph For Second Jefferson Green



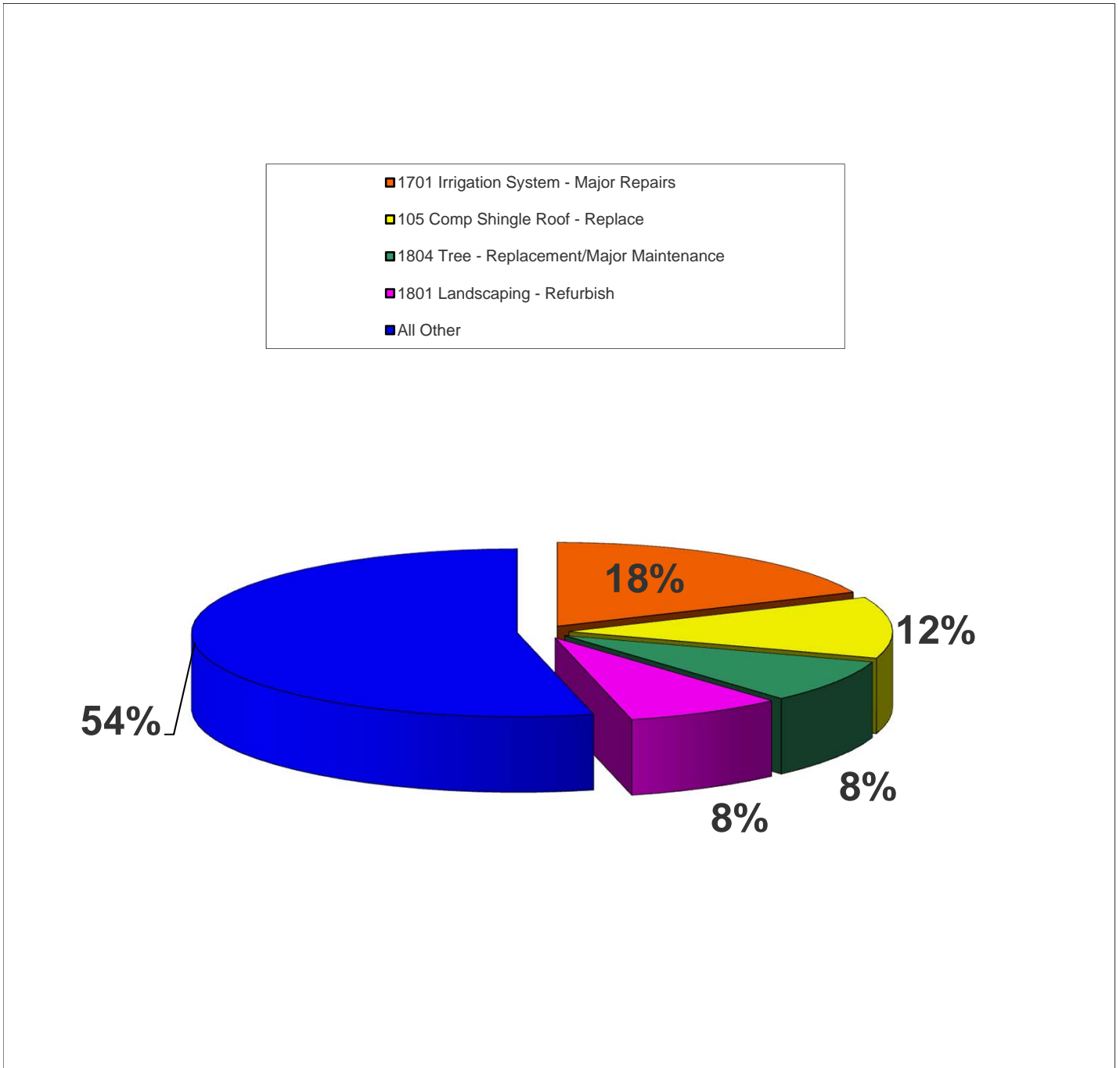
Component Inventory for Second Jefferson Green

Category	Asset #	Asset Name	UL	RUL	Best Cost	Worst Cost
Roofing	105	Comp Shingle Roof - Replace	20	16	\$670,500	\$745,000
	120	Gutters/Downspouts - Replace (1)	20	9	\$29,300	\$32,450
	121	Gutters/Downspouts - Replace (2)	20	2	\$65,675	\$72,700
Painted Surfaces	202	Garage Door Trim/Access Doors - Repai	5	0	\$15,125	\$20,175
	207	Pool Fence - Repaint	4	2	\$1,750	\$1,950
	207	Iron Fencing - Repaint	4	0	\$5,800	\$6,450
	209	Wood Fencing - Stain	3	0	\$13,500	\$15,050
Siding Materials	302	Vinyl Siding - Replace (1)	24	3	\$507,500	\$560,000
	303	Vinyl Siding - Replace (2)	24	4	\$507,500	\$560,000
	304	Vinyl Siding - Replace (3)	24	5	\$507,500	\$560,000
	306	Brick/Flagstone - Replace	N/A		\$0	\$0
Drive Materials	401	Asphalt - Overlay	24	1	\$370,000	\$437,150
	402	Asphalt - Seal Coat/crack fill	4	3	\$22,875	\$26,900
	407	Drive Concrete - Replace	24	1	\$85,000	\$100,000
Property Access	502	Garage Doors - Replace	20	0	\$81,900	\$92,400
	503	Garage Access Doors - Replace	5	0	\$5,250	\$6,000
Walking Surfaces	601	Concrete Sidewalks/Decks - Repair	4	0	\$48,300	\$54,600
	607	Wood Deck - Replace	30	28	\$53,775	\$60,500
Prop. Identification	803	Mailboxes - Replace	18	16	\$13,500	\$17,000
	809	Address Signs - Replace	12	1	\$3,300	\$3,900
Fencing/Walls	1001	Wood Fencing - Replace (1)	20	4	\$27,350	\$30,400
	1001	Wood Fencing - Replace (2)	20	10	\$32,400	\$36,000
	1002	Ironwork Fencing - Replace	28	26	\$10,000	\$11,250
	1005	Brick Columns - Major Repairs	8	6	\$3,000	\$3,500
	1008	Vinyl Fencing - Replace	30	2	\$28,350	\$31,500
Pool/Spa	1101	Pool - Resurface	12	2	\$16,500	\$19,125
	1104	Coping Stone/Tile - Replace	12	2	\$11,900	\$13,600
	1105	Pool Heater - Replace	12	0	\$5,500	\$6,250
	1107	Pool Filter - Replace	17	0	\$2,000	\$2,400
	1111	Misc. Pool Equipment - Replace	N/A		\$0	\$0
	1112	Pool Cover - Replace	10	7	\$3,700	\$4,450
	1120	Pool Furniture - Replace	N/A		\$0	\$0
Recreation Equip.	1307	Benches - Replace	12	3	\$3,300	\$3,750
	1311	Pet Waste Pick Up Stations - Replace	N/A		\$0	\$0
Interiors	1413	Restroom - Remodel	17	0	\$10,000	\$12,000
Light Fixtures	1602	Exterior Wall Mount - Replace	18	0	\$45,100	\$57,400
	1604	Pole Lights - Replace	24	0	\$28,500	\$33,000
	1607	Globe Lights - Replace	N/A		\$0	\$0
Irrig. System	1701	Irrigation System - Major Repairs	3	0	\$150,000	\$180,000
	1703	Irrigation Controller - Replace	12	0	\$18,000	\$21,000
	1706	Backflow Devices - Replace	N/A		\$0	\$0
Landscaping	1801	Landscaping - Refurbish	3	1	\$65,000	\$75,000
	1804	Tree - Replacement/Major Maintenance	4	0	\$80,000	\$120,000
	1813	Crusher Fine Paths - Replenish	N/A		\$0	\$0
Miscellaneous	2001	Sewer System - Major Repairs	3	0	\$45,000	\$50,000

Significant Components For Second Jefferson Green

ID	Asset Name	UL	RUL	Ave Curr Cost	Significance: (Curr Cost/UL)	
					As \$	As %
105	Comp Shingle Roof - Replace	20	16	\$707,750	\$35,388	11.7938%
120	Gutters/Downspouts - Replace (1)	20	9	\$30,875	\$1,544	0.5145%
121	Gutters/Downspouts - Replace (2)	20	2	\$69,188	\$3,459	1.1529%
202	Garage Door Trim/Access Doors - Repaint	5	0	\$17,650	\$3,530	1.1765%
207	Iron Fencing - Repaint	4	0	\$6,125	\$1,531	0.5103%
207	Pool Fence - Repaint	4	2	\$1,850	\$463	0.1541%
209	Wood Fencing - Stain	3	0	\$14,275	\$4,758	1.5858%
302	Vinyl Siding - Replace (1)	24	3	\$533,750	\$22,240	7.4119%
303	Vinyl Siding - Replace (2)	24	4	\$533,750	\$22,240	7.4119%
304	Vinyl Siding - Replace (3)	24	5	\$533,750	\$22,240	7.4119%
401	Asphalt - Overlay	24	1	\$403,575	\$16,816	5.6043%
402	Asphalt - Seal Coat/crack fill	4	3	\$24,888	\$6,222	2.0736%
407	Drive Concrete - Replace	24	1	\$92,500	\$3,854	1.2845%
502	Garage Doors - Replace	20	0	\$87,150	\$4,358	1.4523%
503	Garage Access Doors - Replace	5	0	\$5,625	\$1,125	0.3749%
601	Concrete Sidewalks/Decks - Repair	4	0	\$51,450	\$12,863	4.2868%
607	Wood Deck - Replace	30	28	\$57,138	\$1,905	0.6348%
803	Mailboxes - Replace	18	16	\$15,250	\$847	0.2824%
809	Address Signs - Replace	12	1	\$3,600	\$300	0.1000%
1001	Wood Fencing - Replace (1)	20	4	\$28,875	\$1,444	0.4812%
1001	Wood Fencing - Replace (2)	20	10	\$34,200	\$1,710	0.5699%
1002	Ironwork Fencing - Replace	28	26	\$10,625	\$379	0.1265%
1005	Brick Columns - Major Repairs	8	6	\$3,250	\$406	0.1354%
1008	Vinyl Fencing - Replace	30	2	\$29,925	\$998	0.3324%
1101	Pool - Resurface	12	2	\$17,813	\$1,484	0.4947%
1104	Coping Stone/Tile - Replace	12	2	\$12,750	\$1,063	0.3541%
1105	Pool Heater - Replace	12	0	\$5,875	\$490	0.1632%
1107	Pool Filter - Replace	17	0	\$2,200	\$129	0.0431%
1112	Pool Cover - Replace	10	7	\$4,075	\$408	0.1358%
1307	Benches - Replace	12	3	\$3,525	\$294	0.0979%
1413	Restroom - Remodel	17	0	\$11,000	\$647	0.2156%
1602	Exterior Wall Mount - Replace	18	0	\$51,250	\$2,847	0.9489%
1604	Pole Lights - Replace	24	0	\$30,750	\$1,281	0.4270%
1701	Irrigation System - Major Repairs	3	0	\$165,000	\$55,000	18.3302%
1703	Irrigation Controller - Replace	12	0	\$19,500	\$1,625	0.5416%
1801	Landscaping - Refurbish	3	1	\$70,000	\$23,333	7.7765%
1804	Tree - Replacement/Major Maintenance	4	0	\$100,000	\$25,000	8.3319%
2001	Sewer System - Major Repairs	3	0	\$47,500	\$15,833	5.2769%

Significant Components Graph For Second Jefferson Green



Asset ID	Asset Name	UL	RUL	Average Curr. Cost	Significance: (Curr Cost/UL)	
					As \$	As %
1701	Irrigation System - Major Repairs	3	0	\$165,000	\$55,000	18%
105	Comp Shingle Roof - Replace	20	16	\$707,750	\$35,388	12%
1804	Tree - Replacement/Major Maintenance	4	0	\$100,000	\$25,000	8%
1801	Landscaping - Refurbish	3	1	\$70,000	\$23,333	8%
All Other	See Expanded Table on Page 4 For Additional Breakdown				\$161,330	54%

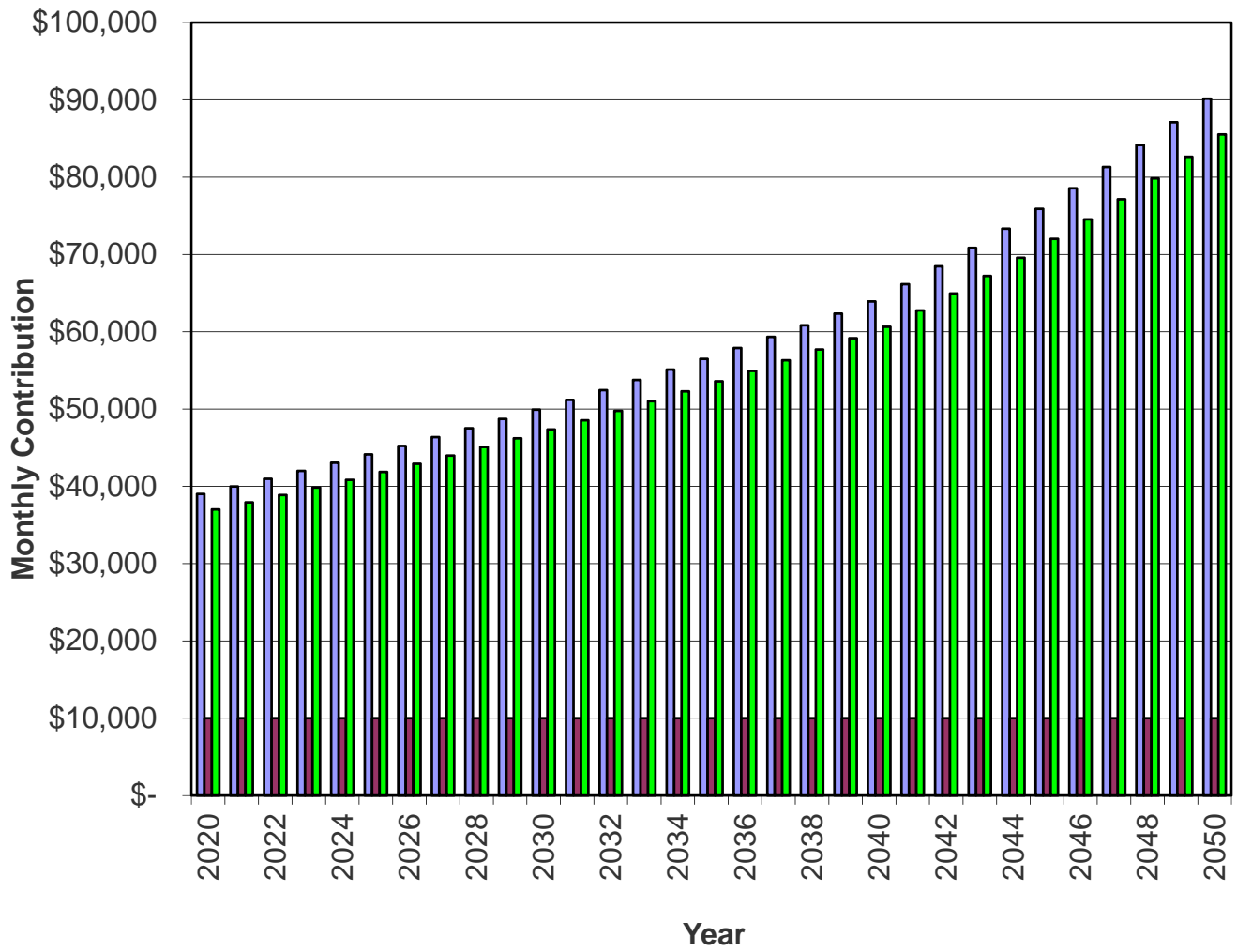
Yearly Summary For Second Jefferson Green

Fiscal Year Start	Fully Funded Balance	Starting Reserve Balance	Percent Funded	Annual Reserve Contribs	Rec. Special Ass'mnt	Interest Income	Reserve Expenses
2020	\$2,807,584	\$216,272	8%	\$468,000	\$504,000	\$6,496	\$615,350
2021	\$2,585,746	\$579,418	22%	\$479,700	\$504,000	\$10,325	\$591,038
2022	\$2,392,486	\$982,405	41%	\$491,693	\$0	\$11,628	\$141,574
2023	\$2,670,410	\$1,344,151	50%	\$503,985	\$0	\$11,609	\$881,063
2024	\$2,204,102	\$978,682	44%	\$516,584	\$0	\$7,828	\$915,566
2025	\$1,697,548	\$587,528	35%	\$529,499	\$0	\$5,199	\$669,600
2026	\$1,440,714	\$452,626	31%	\$542,737	\$0	\$5,821	\$289,190
2027	\$1,582,957	\$711,994	45%	\$556,305	\$0	\$9,304	\$128,052
2028	\$1,912,274	\$1,149,550	60%	\$570,213	\$0	\$13,350	\$211,540
2029	\$2,182,427	\$1,521,573	70%	\$584,468	\$0	\$16,419	\$358,858
2030	\$2,325,539	\$1,763,601	76%	\$599,080	\$0	\$19,788	\$186,880
2031	\$2,668,706	\$2,195,588	82%	\$614,057	\$0	\$24,954	\$37,312
2032	\$3,196,787	\$2,797,286	88%	\$629,408	\$0	\$28,062	\$637,309
2033	\$3,139,676	\$2,817,448	90%	\$645,143	\$0	\$30,948	\$118,774
2034	\$3,636,562	\$3,374,764	93%	\$661,272	\$0	\$36,924	\$59,710
2035	\$4,232,199	\$4,013,250	95%	\$677,804	\$0	\$41,292	\$483,714
2036	\$4,429,814	\$4,248,632	96%	\$694,749	\$0	\$37,566	\$1,713,153
2037	\$3,379,575	\$3,267,794	97%	\$712,117	\$0	\$36,243	\$32,301
2038	\$4,054,875	\$3,983,854	98%	\$729,920	\$0	\$40,961	\$542,938
2039	\$4,247,541	\$4,211,797	99%	\$748,168	\$0	\$45,110	\$190,978
2040	\$4,835,237	\$4,814,098	100%	\$766,872	\$0	\$49,403	\$559,625
2041	\$5,085,996	\$5,070,749	100%	\$793,713	\$0	\$52,460	\$491,298
2042	\$5,441,424	\$5,425,623	100%	\$821,493	\$0	\$57,003	\$324,315
2043	\$6,008,717	\$5,979,804	100%	\$850,245	\$0	\$64,052	\$58,037
2044	\$6,899,785	\$6,836,064	99%	\$880,004	\$0	\$67,391	\$1,135,563
2045	\$6,733,559	\$6,647,895	99%	\$910,804	\$0	\$63,883	\$1,488,404
2046	\$6,223,271	\$6,134,179	99%	\$942,682	\$0	\$65,796	\$112,082
2047	\$7,151,085	\$7,030,574	98%	\$975,676	\$0	\$64,767	\$2,142,688
2048	\$6,037,340	\$5,928,330	98%	\$1,009,825	\$0	\$53,103	\$2,294,382
2049	\$4,755,990	\$4,696,876	99%	\$1,045,168	\$0	\$44,186	\$1,642,159

Reserve Contributions For Second Jefferson Green

Reserve Contributions

■ Recommended ■ Current ■ Minimum



Component Funding Information For Second Jefferson Green

ID	Component Name	Ave Current Cost	Ideal Balance	Current Fund Balance	Monthly
105	Comp Shingle Roof - Replace	\$707,750	\$141,550	\$0	\$4,599.59
120	Gutters/Downspouts - Replace (1)	\$30,875	\$16,981	\$0	\$200.65
121	Gutters/Downspouts - Replace (2)	\$69,188	\$62,269	\$0	\$449.64
202	Garage Door Trim/Access Doors - Repaint	\$17,650	\$17,650	\$17,650	\$458.82
207	Iron Fencing - Repaint	\$6,125	\$6,125	\$6,125	\$199.03
207	Pool Fence - Repaint	\$1,850	\$925	\$0	\$60.11
209	Wood Fencing - Stain	\$14,275	\$14,275	\$14,275	\$618.48
302	Vinyl Siding - Replace (1)	\$533,750	\$467,031	\$0	\$2,890.65
303	Vinyl Siding - Replace (2)	\$533,750	\$444,792	\$0	\$2,890.65
304	Vinyl Siding - Replace (3)	\$533,750	\$422,552	\$0	\$2,890.65
401	Asphalt - Overlay	\$403,575	\$386,759	\$0	\$2,185.66
402	Asphalt - Seal Coat/crack fill	\$24,888	\$6,222	\$0	\$808.71
407	Drive Concrete - Replace	\$92,500	\$88,646	\$0	\$500.96
502	Garage Doors - Replace	\$87,150	\$87,150	\$87,150	\$566.38
503	Garage Access Doors - Replace	\$5,625	\$5,625	\$5,625	\$146.23
601	Concrete Sidewalks/Decks - Repair	\$51,450	\$51,450	\$51,450	\$1,671.84
607	Wood Deck - Replace	\$57,138	\$3,809	\$0	\$247.55
803	Mailboxes - Replace	\$15,250	\$1,694	\$0	\$110.12
809	Address Signs - Replace	\$3,600	\$3,300	\$0	\$38.99
1001	Wood Fencing - Replace (1)	\$28,875	\$23,100	\$0	\$187.66
1001	Wood Fencing - Replace (2)	\$34,200	\$17,100	\$0	\$222.26
1002	Ironwork Fencing - Replace	\$10,625	\$759	\$0	\$49.32
1005	Brick Columns - Major Repairs	\$3,250	\$813	\$0	\$52.80
1008	Vinyl Fencing - Replace	\$29,925	\$27,930	\$0	\$129.65
1101	Pool - Resurface	\$17,813	\$14,844	\$0	\$192.94
1104	Coping Stone/Tile - Replace	\$12,750	\$10,625	\$0	\$138.10
1105	Pool Heater - Replace	\$5,875	\$5,875	\$5,875	\$63.63
1107	Pool Filter - Replace	\$2,200	\$2,200	\$2,200	\$16.82
1112	Pool Cover - Replace	\$4,075	\$1,223	\$0	\$52.97
1307	Benches - Replace	\$3,525	\$2,644	\$0	\$38.18
1413	Restroom - Remodel	\$11,000	\$11,000	\$11,000	\$84.10
1602	Exterior Wall Mount - Replace	\$51,250	\$51,250	\$14,922	\$370.08
1604	Pole Lights - Replace	\$30,750	\$30,750	\$0	\$166.53
1701	Irrigation System - Major Repairs	\$165,000	\$165,000	\$0	\$7,148.78
1703	Irrigation Controller - Replace	\$19,500	\$19,500	\$0	\$211.21
1801	Landscaping - Refurbish	\$70,000	\$46,667	\$0	\$3,032.82
1804	Tree - Replacement/Major Maintenance	\$100,000	\$100,000	\$0	\$3,249.45
2001	Sewer System - Major Repairs	\$47,500	\$47,500	\$0	\$2,057.98

Yearly Cash Flow For Second Jefferson Green

Year	2020	2021	2022	2023	2024
Starting Balance	\$216,272	\$579,418	\$982,405	\$1,344,151	\$978,682
<i>Reserve Income</i>	\$468,000	\$479,700	\$491,693	\$503,985	\$516,584
<i>Interest Earnings</i>	\$6,496	\$10,325	\$11,628	\$11,609	\$7,828
<i>Special Assessments</i>	\$504,000	\$504,000	\$0	\$0	\$0
Funds Available	\$1,194,768	\$1,573,442	\$1,485,725	\$1,859,745	\$1,503,094
Reserve Expenditures	\$615,350	\$591,038	\$141,574	\$881,063	\$915,566
Ending Balance	\$579,418	\$982,405	\$1,344,151	\$978,682	\$587,528

Year	2025	2026	2027	2028	2029
Starting Balance	\$587,528	\$452,626	\$711,994	\$1,149,550	\$1,521,573
<i>Reserve Income</i>	\$529,499	\$542,737	\$556,305	\$570,213	\$584,468
<i>Interest Earnings</i>	\$5,199	\$5,821	\$9,304	\$13,350	\$16,419
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$1,122,226	\$1,001,183	\$1,277,603	\$1,733,113	\$2,122,460
Reserve Expenditures	\$669,600	\$289,190	\$128,052	\$211,540	\$358,858
Ending Balance	\$452,626	\$711,994	\$1,149,550	\$1,521,573	\$1,763,601

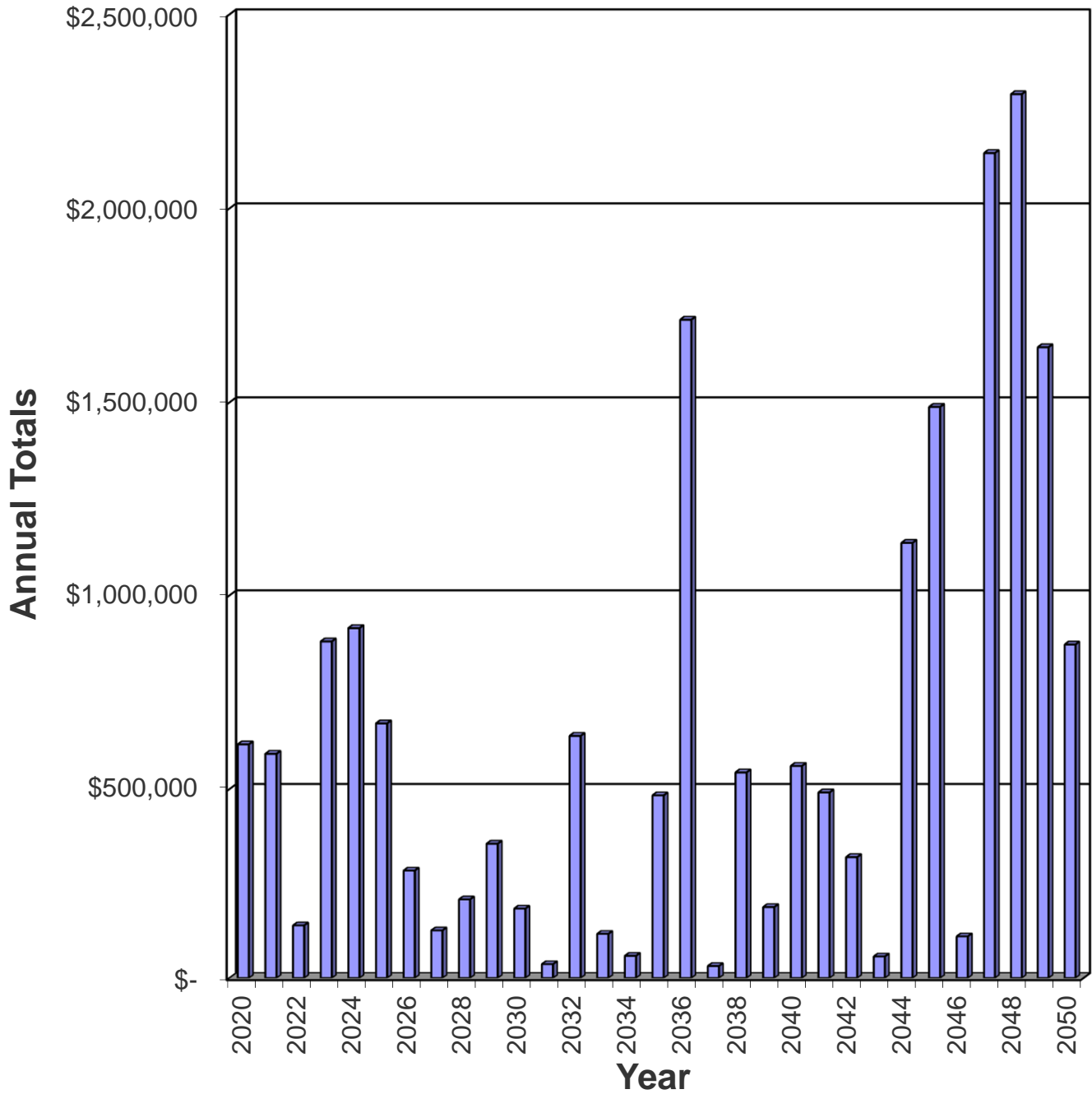
Year	2030	2031	2032	2033	2034
Starting Balance	\$1,763,601	\$2,195,588	\$2,797,286	\$2,817,448	\$3,374,764
<i>Reserve Income</i>	\$599,080	\$614,057	\$629,408	\$645,143	\$661,272
<i>Interest Earnings</i>	\$19,788	\$24,954	\$28,062	\$30,948	\$36,924
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$2,382,468	\$2,834,598	\$3,454,756	\$3,493,539	\$4,072,960
Reserve Expenditures	\$186,880	\$37,312	\$637,309	\$118,774	\$59,710
Ending Balance	\$2,195,588	\$2,797,286	\$2,817,448	\$3,374,764	\$4,013,250

Year	2035	2036	2037	2038	2039
Starting Balance	\$4,013,250	\$4,248,632	\$3,267,794	\$3,983,854	\$4,211,797
<i>Reserve Income</i>	\$677,804	\$694,749	\$712,117	\$729,920	\$748,168
<i>Interest Earnings</i>	\$41,292	\$37,566	\$36,243	\$40,961	\$45,110
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$4,732,346	\$4,980,947	\$4,016,155	\$4,754,735	\$5,005,076
Reserve Expenditures	\$483,714	\$1,713,153	\$32,301	\$542,938	\$190,978
Ending Balance	\$4,248,632	\$3,267,794	\$3,983,854	\$4,211,797	\$4,814,098

Year	2040	2041	2042	2043	2044
Starting Balance	\$4,814,098	\$5,070,749	\$5,425,623	\$5,979,804	\$6,836,064
<i>Reserve Income</i>	\$766,872	\$793,713	\$821,493	\$850,245	\$880,004
<i>Interest Earnings</i>	\$49,403	\$52,460	\$57,003	\$64,052	\$67,391
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$5,630,373	\$5,916,921	\$6,304,119	\$6,894,101	\$7,783,459
Reserve Expenditures	\$559,625	\$491,298	\$324,315	\$58,037	\$1,135,563
Ending Balance	\$5,070,749	\$5,425,623	\$5,979,804	\$6,836,064	\$6,647,895

Year	2045	2046	2047	2048	2049
Starting Balance	\$6,647,895	\$6,134,179	\$7,030,574	\$5,928,330	\$4,696,876
<i>Reserve Income</i>	\$910,804	\$942,682	\$975,676	\$1,009,825	\$1,045,168
<i>Interest Earnings</i>	\$63,883	\$65,796	\$64,767	\$53,103	\$44,186
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$7,622,583	\$7,142,657	\$8,071,017	\$6,991,258	\$5,786,230
Reserve Expenditures	\$1,488,404	\$112,082	\$2,142,688	\$2,294,382	\$1,642,159
Ending Balance	\$6,134,179	\$7,030,574	\$5,928,330	\$4,696,876	\$4,144,071

Reserve Expenditures



Projected Reserve Expenditures For Second Jefferson Green

Year	Asset ID	Asset Name	Projected Cost	Total Per Annum
2020	202	Garage Door Trim/Access Doors - Repaint	\$17,650	
	207	Iron Fencing - Repaint	\$6,125	
	209	Wood Fencing - Stain	\$14,275	
	502	Garage Doors - Replace	\$87,150	
	503	Garage Access Doors - Replace	\$5,625	
	601	Concrete Sidewalks/Decks - Repair	\$51,450	
	1105	Pool Heater - Replace	\$5,875	
	1107	Pool Filter - Replace	\$2,200	
	1413	Restroom - Remodel	\$11,000	
	1602	Exterior Wall Mount - Replace	\$51,250	
	1604	Pole Lights - Replace	\$30,750	
	1701	Irrigation System - Major Repairs	\$165,000	
	1703	Irrigation Controller - Replace	\$19,500	
	1804	Tree - Replacement/Major Maintenance	\$100,000	
	2001	Sewer System - Major Repairs	\$47,500	\$615,350
2021	401	Asphalt - Overlay	\$418,709	
	407	Drive Concrete - Replace	\$95,969	
	809	Address Signs - Replace	\$3,735	
	1801	Landscaping - Refurbish	\$72,625	\$591,038
2022	121	Gutters/Downspouts - Replace (2)	\$74,474	
	207	Pool Fence - Repaint	\$1,991	
	1008	Vinyl Fencing - Replace	\$32,211	
	1101	Pool - Resurface	\$19,173	
	1104	Coping Stone/Tile - Replace	\$13,724	\$141,574
2023	209	Wood Fencing - Stain	\$15,942	
	302	Vinyl Siding - Replace (1)	\$596,077	
	402	Asphalt - Seal Coat/crack fill	\$27,794	
	1307	Benches - Replace	\$3,937	
	1701	Irrigation System - Major Repairs	\$184,267	
	2001	Sewer System - Major Repairs	\$53,047	\$881,063
2024	207	Iron Fencing - Repaint	\$7,097	
	303	Vinyl Siding - Replace (2)	\$618,430	
	601	Concrete Sidewalks/Decks - Repair	\$59,613	
	1001	Wood Fencing - Replace (1)	\$33,456	
	1801	Landscaping - Refurbish	\$81,106	
	1804	Tree - Replacement/Major Maintenance	\$115,865	\$915,566
2025	202	Garage Door Trim/Access Doors - Repaint	\$21,217	
	304	Vinyl Siding - Replace (3)	\$641,621	
	503	Garage Access Doors - Replace	\$6,762	\$669,600
2026	207	Pool Fence - Repaint	\$2,307	
	209	Wood Fencing - Stain	\$17,803	
	1005	Brick Columns - Major Repairs	\$4,053	
	1701	Irrigation System - Major Repairs	\$205,784	
	2001	Sewer System - Major Repairs	\$59,241	\$289,190
2027	402	Asphalt - Seal Coat/crack fill	\$32,203	
	1112	Pool Cover - Replace	\$5,273	
	1801	Landscaping - Refurbish	\$90,576	\$128,052
2028	207	Iron Fencing - Repaint	\$8,223	
	601	Concrete Sidewalks/Decks - Repair	\$69,070	
	1804	Tree - Replacement/Major Maintenance	\$134,247	\$211,540
2029	120	Gutters/Downspouts - Replace (1)	\$43,003	
	209	Wood Fencing - Stain	\$19,882	
	1701	Irrigation System - Major Repairs	\$229,814	

Year	Asset ID	Asset Name	Projected Cost	Total Per Annum
	2001	Sewer System - Major Repairs	\$66,159	\$358,858
2030	202	Garage Door Trim/Access Doors - Repaint	\$25,505	
	207	Pool Fence - Repaint	\$2,673	
	503	Garage Access Doors - Replace	\$8,128	
	1001	Wood Fencing - Replace (2)	\$49,421	
	1801	Landscaping - Refurbish	\$101,153	\$186,880
2031	402	Asphalt - Seal Coat/crack fill	\$37,312	\$37,312
2032	207	Iron Fencing - Repaint	\$9,527	
	209	Wood Fencing - Stain	\$22,204	
	601	Concrete Sidewalks/Decks - Repair	\$80,028	
	1105	Pool Heater - Replace	\$9,138	
	1701	Irrigation System - Major Repairs	\$256,650	
	1703	Irrigation Controller - Replace	\$30,331	
	1804	Tree - Replacement/Major Maintenance	\$155,545	
	2001	Sewer System - Major Repairs	\$73,884	\$637,309
2033	809	Address Signs - Replace	\$5,810	
	1801	Landscaping - Refurbish	\$112,965	\$118,774
2034	207	Pool Fence - Repaint	\$3,097	
	1005	Brick Columns - Major Repairs	\$5,441	
	1101	Pool - Resurface	\$29,823	
	1104	Coping Stone/Tile - Replace	\$21,347	\$59,710
2035	202	Garage Door Trim/Access Doors - Repaint	\$30,660	
	209	Wood Fencing - Stain	\$24,797	
	402	Asphalt - Seal Coat/crack fill	\$43,232	
	503	Garage Access Doors - Replace	\$9,771	
	1307	Benches - Replace	\$6,123	
	1701	Irrigation System - Major Repairs	\$286,619	
	2001	Sewer System - Major Repairs	\$82,512	\$483,714
2036	105	Comp Shingle Roof - Replace	\$1,275,527	
	207	Iron Fencing - Repaint	\$11,039	
	601	Concrete Sidewalks/Decks - Repair	\$92,725	
	803	Mailboxes - Replace	\$27,484	
	1801	Landscaping - Refurbish	\$126,156	
	1804	Tree - Replacement/Major Maintenance	\$180,223	\$1,713,153
2037	1107	Pool Filter - Replace	\$4,114	
	1112	Pool Cover - Replace	\$7,619	
	1413	Restroom - Remodel	\$20,568	\$32,301
2038	207	Pool Fence - Repaint	\$3,589	
	209	Wood Fencing - Stain	\$27,692	
	1602	Exterior Wall Mount - Replace	\$99,421	
	1701	Irrigation System - Major Repairs	\$320,088	
	2001	Sewer System - Major Repairs	\$92,147	\$542,938
2039	402	Asphalt - Seal Coat/crack fill	\$50,090	
	1801	Landscaping - Refurbish	\$140,887	\$190,978
2040	202	Garage Door Trim/Access Doors - Repaint	\$36,856	
	207	Iron Fencing - Repaint	\$12,790	
	502	Garage Doors - Replace	\$181,982	
	503	Garage Access Doors - Replace	\$11,746	
	601	Concrete Sidewalks/Decks - Repair	\$107,435	
	1804	Tree - Replacement/Major Maintenance	\$208,815	\$559,625
2041	209	Wood Fencing - Stain	\$30,926	
	1701	Irrigation System - Major Repairs	\$357,466	
	2001	Sewer System - Major Repairs	\$102,907	\$491,298
2042	121	Gutters/Downspouts - Replace (2)	\$155,513	
	207	Pool Fence - Repaint	\$4,158	

Year	Asset ID	Asset Name	Projected Cost	Total Per Annum
	1005	Brick Columns - Major Repairs	\$7,305	
	1801	Landscaping - Refurbish	\$157,339	\$324,315
2043	402	Asphalt - Seal Coat/crack fill	\$58,037	\$58,037
2044	207	Iron Fencing - Repaint	\$14,819	
	209	Wood Fencing - Stain	\$34,537	
	601	Concrete Sidewalks/Decks - Repair	\$124,480	
	1001	Wood Fencing - Replace (1)	\$69,861	
	1105	Pool Heater - Replace	\$14,214	
	1604	Pole Lights - Replace	\$74,398	
	1701	Irrigation System - Major Repairs	\$399,207	
	1703	Irrigation Controller - Replace	\$47,179	
	1804	Tree - Replacement/Major Maintenance	\$241,944	
	2001	Sewer System - Major Repairs	\$114,923	\$1,135,563
2045	202	Garage Door Trim/Access Doors - Repaint	\$44,304	
	401	Asphalt - Overlay	\$1,013,041	
	407	Drive Concrete - Replace	\$232,190	
	503	Garage Access Doors - Replace	\$14,120	
	809	Address Signs - Replace	\$9,037	
	1801	Landscaping - Refurbish	\$175,712	\$1,488,404
2046	207	Pool Fence - Repaint	\$4,818	
	1002	Ironwork Fencing - Replace	\$27,671	
	1101	Pool - Resurface	\$46,389	
	1104	Coping Stone/Tile - Replace	\$33,205	\$112,082
2047	209	Wood Fencing - Stain	\$38,570	
	302	Vinyl Siding - Replace (1)	\$1,442,171	
	402	Asphalt - Seal Coat/crack fill	\$67,245	
	1112	Pool Cover - Replace	\$11,010	
	1307	Benches - Replace	\$9,524	
	1701	Irrigation System - Major Repairs	\$445,823	
	2001	Sewer System - Major Repairs	\$128,343	\$2,142,688
2048	207	Iron Fencing - Repaint	\$17,170	
	303	Vinyl Siding - Replace (2)	\$1,496,252	
	601	Concrete Sidewalks/Decks - Repair	\$144,229	
	607	Wood Deck - Replace	\$160,173	
	1801	Landscaping - Refurbish	\$196,230	
	1804	Tree - Replacement/Major Maintenance	\$280,328	\$2,294,382
2049	120	Gutters/Downspouts - Replace (1)	\$89,797	
	304	Vinyl Siding - Replace (3)	\$1,552,362	\$1,642,159
2050	202	Garage Door Trim/Access Doors - Repaint	\$53,258	
	207	Pool Fence - Repaint	\$5,582	
	209	Wood Fencing - Stain	\$43,074	
	503	Garage Access Doors - Replace	\$16,973	
	1001	Wood Fencing - Replace (2)	\$103,198	
	1005	Brick Columns - Major Repairs	\$9,807	
	1701	Irrigation System - Major Repairs	\$497,883	
	2001	Sewer System - Major Repairs	\$143,330	\$873,105

Glossary of Commonly used Words and Phrases (provided by the National Reserve Study Standards of the Community Associations Institute)

Asset or Component – 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) have predictable Remaining Life expectancies, 4) above a minimum threshold cost, and 5) required by local codes.

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 Inventory – The task of selecting and quantifying Reserve Components. This task can be accomplished through on-site visual observations, review of association design and organizational documents, a review of established association precedents, and discussion with appropriate association representatives.

Deficit – An actual (or projected) Reserve Balance, which is less than the Fully Funded Balance.

Effective Age – The difference between Useful Life and Remaining Useful Life. Not always equivalent to chronological age, since some components age irregularly. Used primarily in computations.

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

Component Full Funding – When the actual (or projected) cumulative Reserve balance for all components is equal to the Fully Funded Balance.

Fully Fund Balance (aka – Ideal Balance) – 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 then summed together for an association total.

$$\text{FFB} = \text{Replacement Cost} \times \text{Effective Age} / \text{Useful Life}$$

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 Balance above zero.
- **Component Full Funding:** Setting a Reserve funding goal of attaining and maintaining cumulative Reserves at or near 100% funded.
- **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 the “Component Fully Funding” method.

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 accrued *Fund 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 “0” 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 (typically the beginning of the fiscal year) that the association has identified for use to defray the future repair or replacement of those major components in which the association is obligated to maintain. Also known as Reserves, Reserve Accounts, Cash Reserves. This is based upon information provided and is not audited.

Reserve Provider – An individual that prepares Reserve Studies. Also known as **Aspen Reserve Specialties**.

Reserve Study – A budget-planning tool that 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.

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 that is greater than the Fully Funded Balance.

Useful Life (UL) – Also known as “Life Expectancy”, or “Depreciable Life”. The estimated time, in years, that a Reserve component can be expected to serve its intended function if properly constructed and maintained in its present application or installation.