

**Centennial Glen HOA  
7245 Centennial Glen Dr.  
Colorado Springs, CO 80919**



**Level 1, Limited Reserve Analysis  
Report Period – 01/01/16 – 12/31/16**



**Client Reference Number - 9162  
Property Type – Single Family Development  
Number of Units – 46  
Fiscal Year End – December 31**

**Final  
Version**

**Date of Property Observation - October 20, 2015  
Project Manager - G. Michael Kelsen, RS, PRA  
Main Contact Person - Mr. Lynn Dougherty, Board Member  
Report was prepared on - Thursday, February 04, 2016**

# Table of Contents

## SECTION 1:

<b>Introduction to Reserve Analysis</b> .....	page 1
<b>General Information and Answers to FAQ's</b> .....	page 2-3
<b>Summary of Reserve Analysis</b> .....	page 4

## SECTION 2:

<b>Physical Analysis (Photographic)</b> .....	page 1-12
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## SECTION 3:

### **Financial Analysis**

a) Funding Summary .....	page 1
b) Percent Funded – Graph .....	page 2
c) Asset 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

## SECTION 4:

<b>Glossary of Terms and Definitions</b> .....	page 1-2
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## 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 in the **Asset Inventory Section** (Section 2) of this Reserve Analysis. 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 3 (pages 1 – 13) 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 is 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 \$50,000 is a lot of money and they are in good shape. What they don't know is a major component will need to be replaced within 5 years, and the cost of the project 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 the 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 –

The Property Observation 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 Aspen Reserve Specialties 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 observation. We did not destroy any landscape work, building walls, or perform any methods of intrusive investigation during the observation. In these cases, information may have been obtained by contacting the contractor or vendor that has worked on the property.

## 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 Centennial Glen HOA -

Assoc. ID # - 09162

Projected Starting Balance as of January 1, 2016 -	<b>\$51,851</b>
Ideal Reserve Balance as of January 1, 2016 -	<b>\$86,757</b>
Percent Funded as of January 1, 2016 -	<b>60%</b>
Recommended Reserve Allocation (per month) -	<b>\$1,200</b>
Minimum Reserve Allocation (per month) -	<b>\$1,150</b>
Recommended Special Assessments -	<b>\$0</b>

Information to complete this Reserve Analysis was gathered during a property observation of the common area elements on October 20, 2015. In addition, we obtained information by contacting local vendors and contractors, as well as communicating with the property representative (Board of Directors). 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 46 single family detached homes where construction began approximately 12 years ago. The maintenance responsibilities of this association include perimeter fencing, mailboxes, entry monuments, common area lighting, landscaping, and an irrigation system. Please refer to the *Projected Reserve Expenditure* table in the Financial Analysis section for a list of when components are scheduled to be addressed.

In reviewing the 2015 budget and financial statement, it does not appear that a Reserve transfer has been established in the past budget. However, to date, approximately \$51,851 has been set aside in a separate account, resulting in a financial strength of approximately 60% as of the beginning of 2016. As a result of the information contained in this report, we suggest establishing a Reserve contribution of \$1,200 per month (representing a transfer of \$26.09 per unit), followed by nominal annual increases of 2.75% - 3.00% 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 we have also provided a "minimum Reserve contribution" of \$1,150 per month. If the Reserve contribution falls below this rate, then the Reserve fund will fall into a situation where 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 30% 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 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 minimal (less than \$1.10 per unit per month in this case), and based on the risk involved, we strongly suggest the recommended Reserve Allocation is followed.

Comp #: 207 Iron Fencing - Repaint



*Observations:*

- This type of fence should be repainted every 3 - 4 years to protect the metal from rusting and corrosion.
- In order to achieve a full life expectancy, proper prep work, such as scraping loose paint and removing any rust and corrosion, should be performed before each painting cycle.

*Location:* **Along Centennial**

*Quantity:* **Approx. 2105 LF**

*Life Expectancy:* **4** Remaining Life: **0**

*Best Cost:* **\$14,750**

\$7.00/LF; Estimate to repaint fence

*Worst Cost:* **\$16,325**

\$7.75/LF; Higher estimate for additional prep costs

*Source of Information:* Cost Database

*General Notes:*

**From south border to Centennial Glen entry - 155 LF**  
**From Cent. Glen to Allegheny Dr. - 1125 LF**  
**From Allegheny to pedestrian entrance - 475 LF**  
**From pedestrian entrance to north border - 350 LF**

Comp #: 801 Monument - Major Refurbishment



*Observations:*

- The monument structure appeared in good condition at time of observation with no noticeable damage to materials.
- It is unlikely that the monument will require complete replacement or rebuilding due to the materials failing, however, due to changes in decorative tastes, we recommend reserving to update the monument every 20 - 25 years to ensure an appropriate and attractive appearance to the community entrance.

*Location:* **Allegheny and Centennial intersection**

*General Notes:*

*Quantity:* **(2) Monuments**

**Each monument contains:**  
**Stone wall - 350 GSF**  
**granite sign - 2x8**  
**iron rail - 16 LF**

*Life Expectancy:* **25** Remaining Life: **12**

*Best Cost:* **\$30,000**

\$15000/monument; Allowance for major repairs

*Worst Cost:* **\$35,000**

Higher allowance for more renovations costs

*Source of Information:* Cost Database

Comp #: 803 Mailboxes - Replace



**Observations:**

- This line item is for the original mailboxes that were installed when construction of the community began.
- While it is possible the USPS will maintain these boxes, we are starting to see the responsibility of all mailboxes get turned over to associations.
- Therefore, funding should be included for conservative measures.
- Based on our experience, these boxes will have a life expectancy of 15 - 20 years due to location and quality.
- Remaining life is based on age and observed condition.

**Location:** Adjacent to streets

**Quantity:** (3) 16 box CBU's

**Life Expectancy:** 20 Remaining Life: 7

**Best Cost:** \$4,950

\$1650/CBU; Estimate to replace

**Worst Cost:** \$5,700

\$1900/CBU; Higher estimate for better quality

**Source of Information:** Cost Database

**General Notes:**

**Unit 7436 - (1) 16 box CBU - 11/03**  
**Unit 7345 - (1) 16 box CBU - 11/03**  
**Unit 7255 - (1) 16 box CBU - no label**

Comp #: 1002 Ironwork Fencing - Replace



*Observations:*

- Approximately 125 LF of fence is leaning at about the mid point of the fence line between Centennial Glen entrance and Allegheny entrance.
- The average life expectancy for metal fences ranges between 25 - 30 years, depending on maintenance schedules and exposure to elements.
- The remaining life is based on age of fence and observed conditions.

*Location:* **Along Centennial**

*Quantity:* **Approx. 2105 LF**

*Life Expectancy:* **28** *Remaining Life:* **16**

*Best Cost:* **\$94,725**  
\$45/LF; Estimate to replace

*Worst Cost:* **\$105,250**  
\$50/LF: Higher estimate

*Source of Information:* Cost Database

*General Notes:*

**From south border to Centennial Glen entry - 155 LF**  
**From Cent. Glen to Allegheny Dr. - 1125 LF**  
**From Allegheny to pedestrian entrance - 475 LF**  
**From pedestrian ent to north border - 350 LF**

Comp #: 1005 Stone Columns - Major Repairs



*Observations:*

- While it is unlikely that the entire column will need to be replaced, it is possible that major repairs will be necessary to replace loose or missing stones.
- Depending on the effects from weather and other elements, we suggest establishing a Reserve fund for periodic repairs to the pillars every 15 - 20 years.

*Location:* **Along Centennial Blvd.**

*Quantity:* **(6) 65 GSF columns**

*Life Expectancy:* **16** Remaining Life: **8**

*Best Cost:* **\$1,800**

\$300/column; Allowance for major repairs

*Worst Cost:* **\$2,100**

Higher allowance for more repairs

*Source of Information:* Cost Database

*General Notes:*

**From south border to Centennial Glen entry -  
 (2) 65 GSF columns  
 From Cent. Glen to Allegheny Dr. -  
 (1) 65 GSF column  
 From pedestrian ent to north border -  
 (3) 65 GSF columns**

Comp #: 1011 Retaining/Block Wall - Major Repairs



*Observations:*

- As long as block wall was installed conforming to county code requirements, this wall should have an extended useful life.
- This type of material has an indefinite life expectancy and complete replacement is unlikely.
- Therefore, Reserve funding is not required for this component at this time.

*Location:* **See general notes**

*Quantity:* **Approx. 2080 GSF**

*Life Expectancy:* **N/A** *Remaining Life:*

*Best Cost:* **\$0**

*Worst Cost:* **\$0**

*Source of Information:*

*General Notes:*

**Along Centennial Blvd. - Approx. 2000 GSF**

**South monument - 120 GSF**

**Main monuments - 80 GSF**

Comp #: 1603 Landscape Lights - Replace



*Observations:*

- Because these lights are consistent in appearance and clearly visible to the general public, we recommend replacing all at the same time.
- In this climate, we see the need to replace these lights every 10 - 15 years on average under normal conditions.
- Current lights do not appear to be original to the beginning dates of construction.

*Location:* **Tree lighting**

*Quantity:* **(65) Lights, (3) transformers**

*Life Expectancy:* **12** Remaining Life: **7**

*Best Cost:* **\$2,750**

Estimate to replace with similar

*Worst Cost:* **\$3,000**

Higher estimate for upgrades

*Source of Information:* Cost Database

*General Notes:*

**From Cent. Glen to Allegheny Dr. - (6) "mushroom" style lights, (25) tree lights, (1) transformer**  
**From Allegheny to pedestrian entrance - (13) lights, (1) transformer**  
**From pedestrian ent to north border - (5) lights, (1) transformer**

**Fence lighting -**  
**From south border to Centennial Glen entry - (1) light**  
**From Cent. Glen to Allegheny Dr. - (6) lights**  
**From Allegheny to pedestrian entrance - (5) lights**  
**From pedestrian ent to north border - (3) lights**

Comp #: 1701 Irrigation System - Rebuild



*Observations:*

- At the time of the site evaluation, we observed what appeared to be a leak in the sprinkler valve box by unit 7205. We reported this to the board member and it was mentioned the landscaper would be called.
- The materials used during construction should have a long life expectancy with proper maintenance.
- At this time, there is no expectancy to completely replace the system and Reserve funding is not recommended.
- We recommend the association establish a line item in the general operating budget for annual repairs to necessary components of the system (broken lines, sprinkler heads, valves, backflow preventers, etc).

*Location:* **Common areas**

*Quantity:* **Extensive system**

*Life Expectancy:* **N/A** *Remaining Life:*

*Best Cost:* **\$0**

*Worst Cost:* **\$0**

*Source of Information:*

*General Notes:*

***depends on how installed. 35 - 45 years out there.***

***Will always have components that will fail over time. All installed to be serviceable for the long term. All repairs can be done as needed with operating funds.***

Comp #: 1703 Irrigation Controllers - Replace



**Observations:**

- Expect to replace irrigation controllers every 10 - 15 years if properly maintained and under normal conditions.
- Funding is for replacement with similar controllers as these are more efficient and can be controlled remotely by landscaping experts, saving the association irrigation water costs.

**Location:** Behind north monument

**Quantity:** (2) Rainmaster controllers

**Life Expectancy:** 15 Remaining Life: 5

**Best Cost:** \$8,000  
\$4000/controller; Estimate to replace

**Worst Cost:** \$9,500  
\$4750/controller; Higher estimate

**Source of Information:** Cost Database

**General Notes:**

**Eagle ET, 36 stations  
model #RME30EGIT  
serial #EG9608048 and unknown**

Comp #: 1706 Backflow Devices - Replace



*Observations:*

- Devices are enclosed in a protective environment to shield from direct exposure to elements. No reported problems with any of the devices.
- Due to the ability to rebuild and replace these devices for a relatively low cost and the fact that failure of the device is unpredictable, we do not recommend reserving for replacement.
- Repair and/or replace these devices/enclosures on an as needed basis using operating funds.

*Location:* **Unit 7446 & 7376**

*General Notes:*

*Quantity:* **(2) Febco devices**

*Life Expectancy:* **N/A** *Remaining Life:*

*Best Cost:* **\$0**

*Worst Cost:* **\$0**

*Source of Information:*

Comp #: 1801 Groundcover - Replenish



*Observations:*

- Typically, associations will establish a line item in the operating budget to handle annual replacement of shrubs, plants, grass areas, etc.
- Therefore, separate Reserve funding is not necessary as long as funding has been established in a separate budget.
- If the association prefers to include a funding allowance for groundcover replenishment, then we would need to know how much and how often the current board of directors would prefer to set aside since this would be considered a discretionary expense.

*Location:* **Along Centennial Blvd.**

*General Notes:*

*Quantity:* **Extensive area**

*Life Expectancy:* **N/A** *Remaining Life:*

*Best Cost:* **\$0**

*Worst Cost:* **\$0**

*Source of Information:*

Comp #: 1811 Landscape Drain Pans - Repair



*Observations:*

- It was reported that this area of drain pans is not the responsibility of the association.
- Therefore, separate Reserve funding is not required at this time.

*Location:* **Between 7285 & 7305**

*Quantity:* **Approx. 450 GSF**

*Life Expectancy:* **N/A** *Remaining Life:*

*Best Cost:* **\$0**

*Worst Cost:* **\$0**

*Source of Information:*

*General Notes:*

# Funding Summary For Centennial Glen HOA

## **Beginning Assumptions**

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Financial Information Source	Research With Client
# of units	46
Fiscal Year End	December 31, 2016
Monthly Dues from 2015 budget	\$7,335.00
Monthly Reserve Allocation from 2015 Budget	\$0.00
Projected Starting Reserve Balance (as of 1/1/2016)	\$51,851
Reserve Balance: Average Per Unit	\$1,127
Ideal Starting Reserve Balance (as of 1/1/2016)	\$86,757
Ideal Reserve Balance: Average Per Unit	\$1,886

## **Economic Factors**

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Past 20 year Average Inflation Rate (Based on CCI)	3.50%
Current Average Interest Rate	0.50%

## **Current Reserve Status**

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Current Balance as a % of Ideal Balance	60%
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## **Recommendations for 2016 Fiscal Year**

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Monthly Reserve Allocation	\$1,200
Per Unit	\$26.09
Minimum Monthly Reserve Allocation	\$1,150
Per Unit	\$25.00
Primary Annual Increases	3.00%
# of Years	20
Secondary Annual Increases	2.75%
# of Years	10
Special Assessment	\$0
Per Unit	\$0

## **Changes From Prior Year (2015 to 2016)**

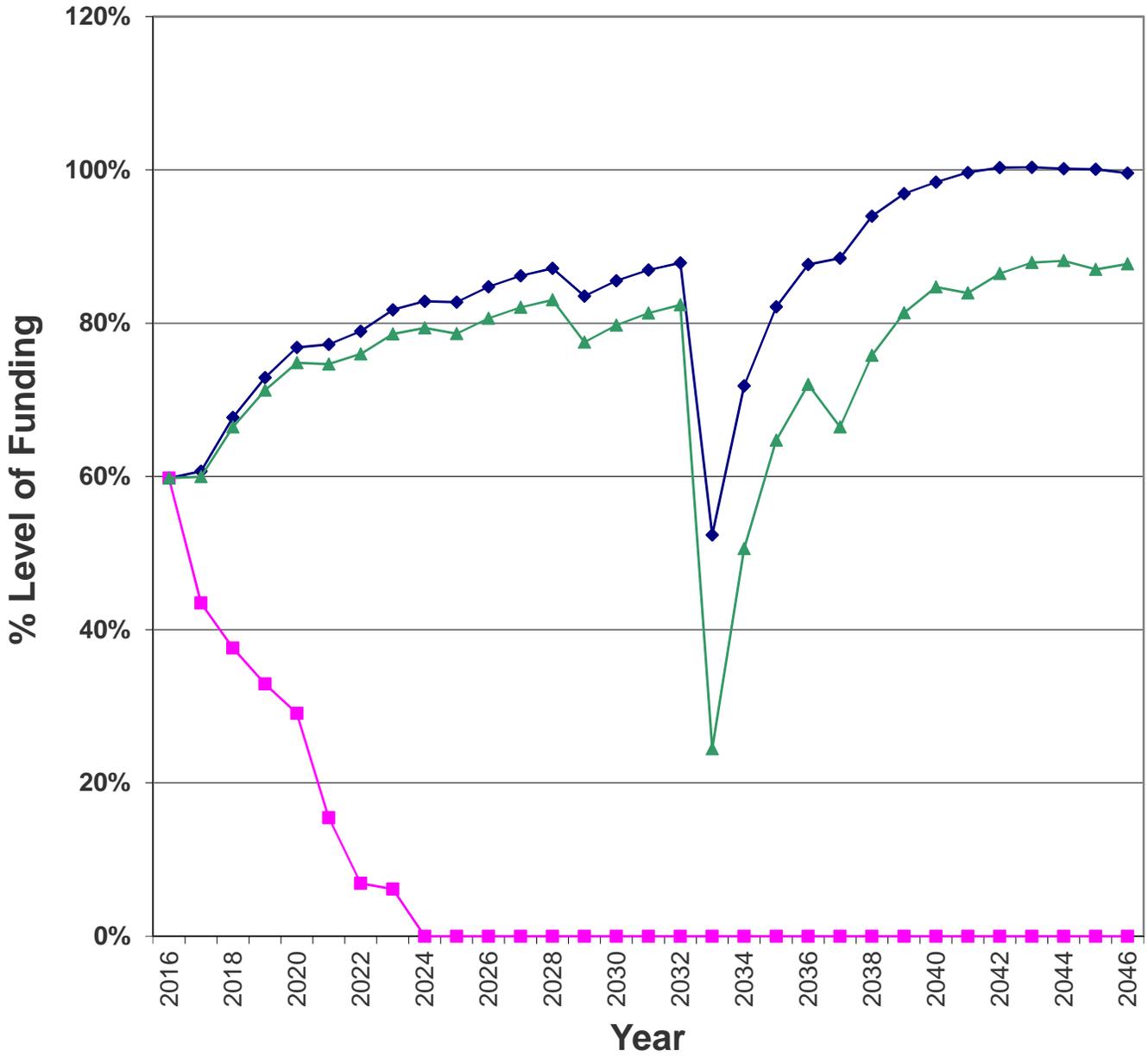
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Increase/Decrease to Reserve Allocation	\$1,200
as Percentage	0%
Per Unit	\$26.09

Percent Funded Graph For Centennial Glen HOA

# Percent Funded

- ◆ Recommended
- Monthly Reserve Allocation from 2015 Budget
- ▲ Minimum



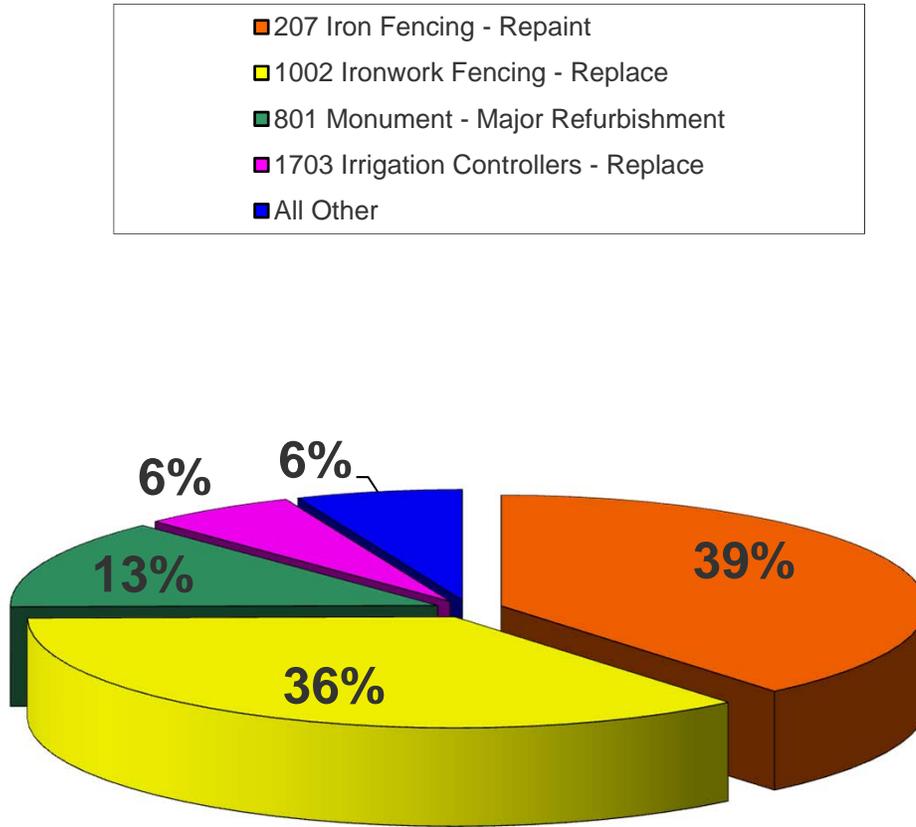
## Component Inventory for Centennial Glen HOA

Category	Asset #	Asset Name	UL	RUL	Best Cost	Worst Cost
Painted Surfaces	207	Iron Fencing - Repaint	4	0	\$14,750	\$16,325
Prop. Identification	801	Monument - Major Refurbishment	25	12	\$30,000	\$35,000
	803	Mailboxes - Replace	20	7	\$4,950	\$5,700
Fencing/Walls	1002	Ironwork Fencing - Replace	28	16	\$94,725	\$105,250
	1005	Stone Columns - Major Repairs	16	8	\$1,800	\$2,100
	1011	Retaining/Block Wall - Major Repairs	N/A		\$0	\$0
Light Fixtures	1603	Landscape Lights - Replace	12	7	\$2,750	\$3,000
Irrig. System	1701	Irrigation System - Rebuild	N/A		\$0	\$0
	1703	Irrigation Controllers - Replace	15	5	\$8,000	\$9,500
	1706	Backflow Devices - Replace	N/A		\$0	\$0
Landscaping	1801	Groundcover - Replenish	N/A		\$0	\$0
	1811	Landscape Drain Pans - Repair	N/A		\$0	\$0

## Significant Components For Centennial Glen HOA

ID	Asset Name	UL	RUL	Ave Curr Cost	Significance: (Curr Cost/UL)	
					As \$	As %
207	Iron Fencing - Repaint	4	0	\$15,538	\$3,884	38.9747%
801	Monument - Major Refurbishment	25	12	\$32,500	\$1,300	13.0438%
803	Mailboxes - Replace	20	7	\$5,325	\$266	2.6715%
1002	Ironwork Fencing - Replace	28	16	\$99,988	\$3,571	35.8302%
1005	Stone Columns - Major Repairs	16	8	\$1,950	\$122	1.2229%
1603	Landscape Lights - Replace	12	7	\$2,875	\$240	2.4039%
1703	Irrigation Controllers - Replace	15	5	\$8,750	\$583	5.8530%

## Significant Components Graph For Centennial Glen HOA



Asset ID	Asset Name	UL	RUL	Average Curr. Cost	Significance: (Curr Cost/UL)	
					As \$	As %
207	Iron Fencing - Repaint	4	0	\$15,538	\$3,884	39%
1002	Ironwork Fencing - Replace	28	16	\$99,988	\$3,571	36%
801	Monument - Major Refurbishment	25	12	\$32,500	\$1,300	13%
1703	Irrigation Controllers - Replace	15	5	\$8,750	\$583	6%
All Other	See Expanded Table on Page 4 For Additional Breakdown				\$628	6%

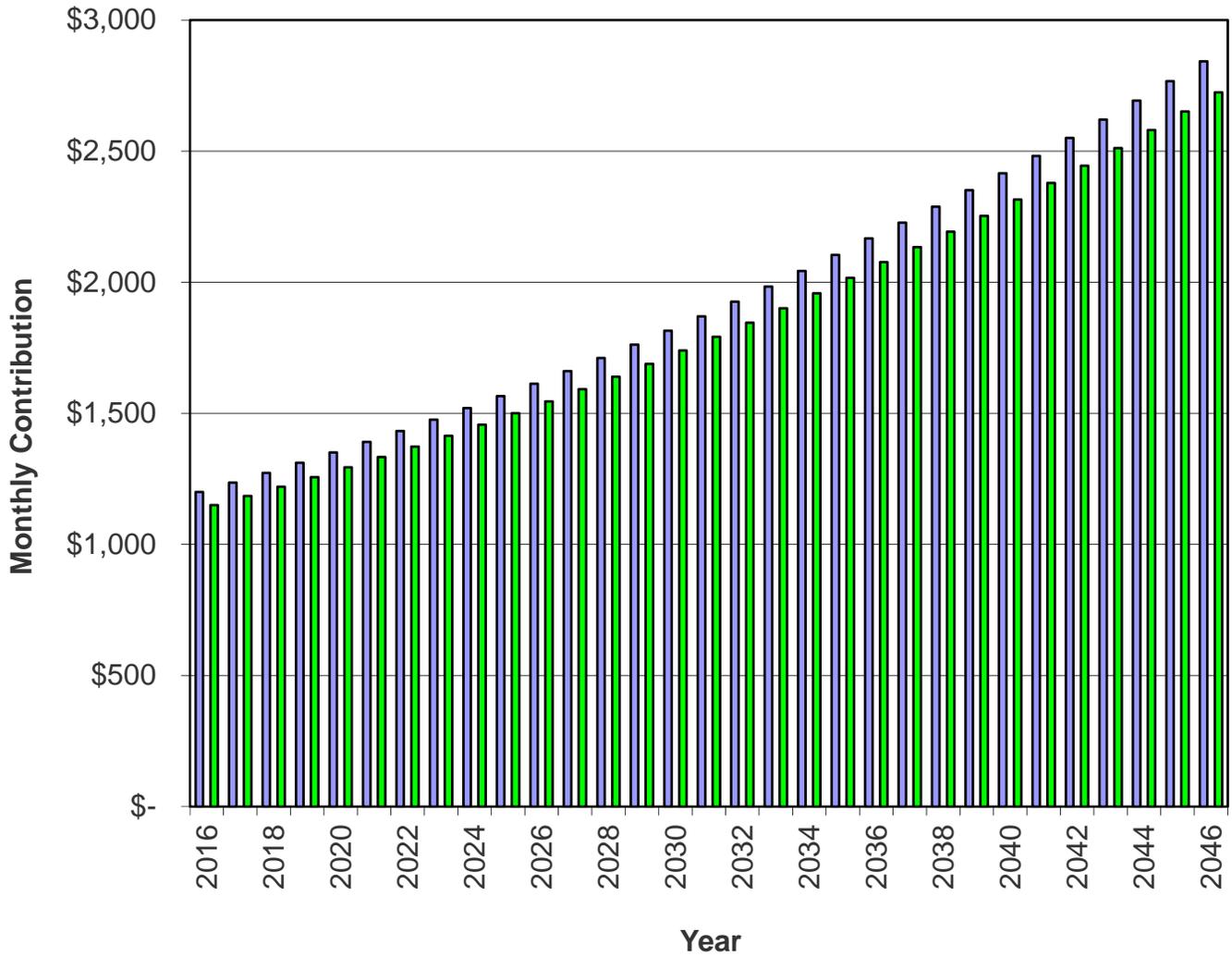
## Yearly Summary For Centennial Glen HOA

<b>Fiscal Year</b>	<b>Start Balance</b>	<b>Fully Funded Reserve Balance</b>	<b>Starting Reserve Balance</b>	<b>Percent Funded</b>	<b>Annual Reserve Contribs</b>	<b>Rec. Special Ass'mnt</b>	<b>Interest Income</b>	<b>Reserve Expenses</b>
2016	\$86,757	\$51,851	60%	\$14,400	\$0	\$257	\$15,538	
2017	\$84,027	\$50,970	61%	\$14,832	\$0	\$293	\$0	
2018	\$97,644	\$66,095	68%	\$15,277	\$0	\$370	\$0	
2019	\$112,112	\$81,742	73%	\$15,735	\$0	\$449	\$0	
2020	\$127,472	\$97,926	77%	\$16,207	\$0	\$487	\$17,830	
2021	\$125,317	\$96,790	77%	\$16,694	\$0	\$501	\$10,392	
2022	\$131,199	\$103,592	79%	\$17,194	\$0	\$562	\$0	
2023	\$148,471	\$121,349	82%	\$17,710	\$0	\$626	\$10,433	
2024	\$155,993	\$129,253	83%	\$18,241	\$0	\$636	\$23,028	
2025	\$151,202	\$125,102	83%	\$18,789	\$0	\$674	\$0	
2026	\$170,553	\$144,565	85%	\$19,352	\$0	\$773	\$0	
2027	\$191,073	\$164,691	86%	\$19,933	\$0	\$875	\$0	
2028	\$212,821	\$185,499	87%	\$20,531	\$0	\$799	\$72,588	
2029	\$160,728	\$134,241	84%	\$21,147	\$0	\$726	\$0	
2030	\$182,486	\$156,114	86%	\$21,781	\$0	\$837	\$0	
2031	\$205,570	\$178,732	87%	\$22,435	\$0	\$952	\$0	
2032	\$230,046	\$202,119	88%	\$23,108	\$0	\$569	\$200,319	
2033	\$48,655	\$25,476	52%	\$23,801	\$0	\$187	\$0	
2034	\$68,870	\$49,465	72%	\$24,515	\$0	\$309	\$0	
2035	\$90,441	\$74,289	82%	\$25,250	\$0	\$422	\$5,527	
2036	\$107,717	\$94,434	88%	\$26,008	\$0	\$417	\$48,327	
2037	\$81,994	\$72,532	88%	\$26,723	\$0	\$430	\$0	
2038	\$106,107	\$99,686	94%	\$27,458	\$0	\$568	\$0	
2039	\$131,808	\$127,713	97%	\$28,213	\$0	\$711	\$0	
2040	\$159,177	\$156,637	98%	\$28,989	\$0	\$758	\$39,930	
2041	\$146,974	\$146,453	100%	\$29,786	\$0	\$809	\$0	
2042	\$176,496	\$177,048	100%	\$30,605	\$0	\$964	\$0	
2043	\$207,904	\$208,618	100%	\$31,447	\$0	\$1,091	\$13,481	
2044	\$227,342	\$227,675	100%	\$32,312	\$0	\$1,120	\$40,711	
2045	\$220,191	\$220,395	100%	\$33,200	\$0	\$1,188	\$0	

Reserve Contributions For Centennial Glen HOA

# Reserve Contributions

Recommended Current Minimum



## Component Funding Information For Centennial Glen HOA

<b>ID</b>	<b>Component Name</b>	<b>Ave Current Cost</b>	<b>Ideal Balance</b>	<b>Current Fund Balance</b>	<b>Monthly</b>
207	Iron Fencing - Repaint	\$15,538	\$15,538	\$15,538	\$467.70
801	Monument - Major Refurbishment	\$32,500	\$16,900	\$16,900	\$156.53
803	Mailboxes - Replace	\$5,325	\$3,461	\$3,461	\$32.06
1002	Ironwork Fencing - Replace	\$99,988	\$42,852	\$7,946	\$429.96
1005	Stone Columns - Major Repairs	\$1,950	\$975	\$975	\$14.67
1603	Landscape Lights - Replace	\$2,875	\$1,198	\$1,198	\$28.85
1703	Irrigation Controllers - Replace	\$8,750	\$5,833	\$5,833	\$70.24

## Yearly Cash Flow For Centennial Glen HOA

Year	2016	2017	2018	2019	2020
<b>Starting Balance</b>	\$51,851	\$50,970	\$66,095	\$81,742	\$97,926
<i>Reserve Income</i>	\$14,400	\$14,832	\$15,277	\$15,735	\$16,207
<i>Interest Earnings</i>	\$257	\$293	\$370	\$449	\$487
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$66,508	\$66,095	\$81,742	\$97,926	\$114,620
<b>Reserve Expenditures</b>	\$15,538	\$0	\$0	\$0	\$17,830
<b>Ending Balance</b>	\$50,970	\$66,095	\$81,742	\$97,926	\$96,790

Year	2021	2022	2023	2024	2025
<b>Starting Balance</b>	\$96,790	\$103,592	\$121,349	\$129,253	\$125,102
<i>Reserve Income</i>	\$16,694	\$17,194	\$17,710	\$18,241	\$18,789
<i>Interest Earnings</i>	\$501	\$562	\$626	\$636	\$674
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$113,985	\$121,349	\$139,686	\$148,130	\$144,565
<b>Reserve Expenditures</b>	\$10,392	\$0	\$10,433	\$23,028	\$0
<b>Ending Balance</b>	\$103,592	\$121,349	\$129,253	\$125,102	\$144,565

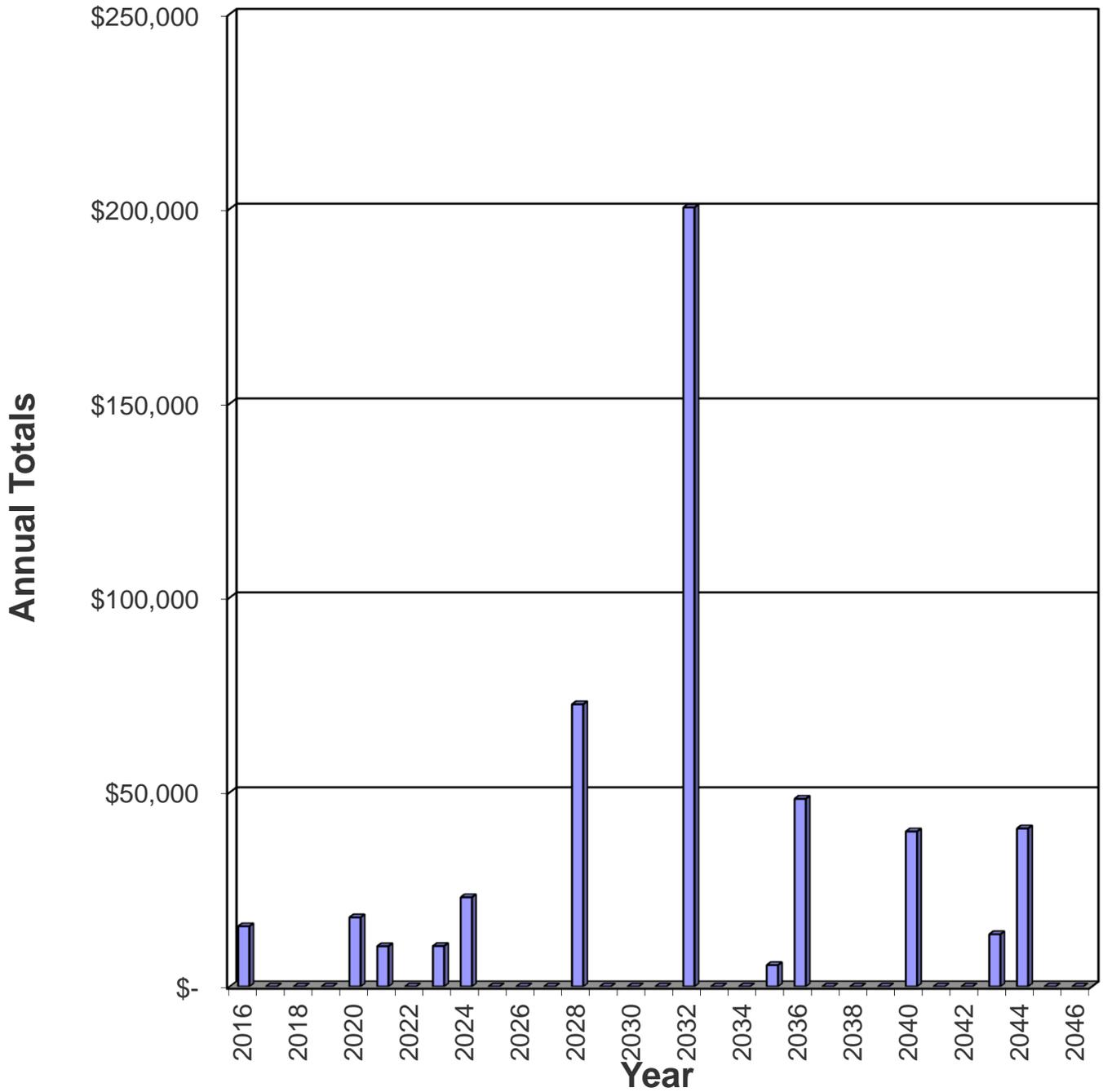
Year	2026	2027	2028	2029	2030
<b>Starting Balance</b>	\$144,565	\$164,691	\$185,499	\$134,241	\$156,114
<i>Reserve Income</i>	\$19,352	\$19,933	\$20,531	\$21,147	\$21,781
<i>Interest Earnings</i>	\$773	\$875	\$799	\$726	\$837
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$164,691	\$185,499	\$206,829	\$156,114	\$178,732
<b>Reserve Expenditures</b>	\$0	\$0	\$72,588	\$0	\$0
<b>Ending Balance</b>	\$164,691	\$185,499	\$134,241	\$156,114	\$178,732

Year	2031	2032	2033	2034	2035
<b>Starting Balance</b>	\$178,732	\$202,119	\$25,476	\$49,465	\$74,289
<i>Reserve Income</i>	\$22,435	\$23,108	\$23,801	\$24,515	\$25,250
<i>Interest Earnings</i>	\$952	\$569	\$187	\$309	\$422
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$202,119	\$225,795	\$49,465	\$74,289	\$99,961
<b>Reserve Expenditures</b>	\$0	\$200,319	\$0	\$0	\$5,527
<b>Ending Balance</b>	\$202,119	\$25,476	\$49,465	\$74,289	\$94,434

Year	2036	2037	2038	2039	2040
<b>Starting Balance</b>	\$94,434	\$72,532	\$99,686	\$127,713	\$156,637
<i>Reserve Income</i>	\$26,008	\$26,723	\$27,458	\$28,213	\$28,989
<i>Interest Earnings</i>	\$417	\$430	\$568	\$711	\$758
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$120,859	\$99,686	\$127,713	\$156,637	\$186,383
<b>Reserve Expenditures</b>	\$48,327	\$0	\$0	\$0	\$39,930
<b>Ending Balance</b>	\$72,532	\$99,686	\$127,713	\$156,637	\$146,453

Year	2041	2042	2043	2044	2045
<b>Starting Balance</b>	\$146,453	\$177,048	\$208,618	\$227,675	\$220,395
<i>Reserve Income</i>	\$29,786	\$30,605	\$31,447	\$32,312	\$33,200
<i>Interest Earnings</i>	\$809	\$964	\$1,091	\$1,120	\$1,188
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$177,048	\$208,618	\$241,155	\$261,106	\$254,784
<b>Reserve Expenditures</b>	\$0	\$0	\$13,481	\$40,711	\$0
<b>Ending Balance</b>	\$177,048	\$208,618	\$227,675	\$220,395	\$254,784

## Reserve Expenditures



*Projected Reserve Expenditures For Centennial Glen HOA*

<b>Year</b>	<b>Asset ID</b>	<b>Asset Name</b>	<b>Projected Cost</b>	<b>Total Per Annum</b>
2016	207	Iron Fencing - Repaint	\$15,538	\$15,538
2017		No Expenditures Projected		\$0
2018		No Expenditures Projected		\$0
2019		No Expenditures Projected		\$0
2020	207	Iron Fencing - Repaint	\$17,830	\$17,830
2021	1703	Irrigation Controllers - Replace	\$10,392	\$10,392
2022		No Expenditures Projected		\$0
2023	803	Mailboxes - Replace	\$6,775	
	1603	Landscape Lights - Replace	\$3,658	\$10,433
2024	207	Iron Fencing - Repaint	\$20,460	
	1005	Stone Columns - Major Repairs	\$2,568	\$23,028
2025		No Expenditures Projected		\$0
2026		No Expenditures Projected		\$0
2027		No Expenditures Projected		\$0
2028	207	Iron Fencing - Repaint	\$23,478	
	801	Monument - Major Refurbishment	\$49,110	\$72,588
2029		No Expenditures Projected		\$0
2030		No Expenditures Projected		\$0
2031		No Expenditures Projected		\$0
2032	207	Iron Fencing - Repaint	\$26,942	
	1002	Ironwork Fencing - Replace	\$173,377	\$200,319
2033		No Expenditures Projected		\$0
2034		No Expenditures Projected		\$0
2035	1603	Landscape Lights - Replace	\$5,527	\$5,527
2036	207	Iron Fencing - Repaint	\$30,916	
	1703	Irrigation Controllers - Replace	\$17,411	\$48,327
2037		No Expenditures Projected		\$0
2038		No Expenditures Projected		\$0
2039		No Expenditures Projected		\$0
2040	207	Iron Fencing - Repaint	\$35,477	
	1005	Stone Columns - Major Repairs	\$4,452	\$39,930
2041		No Expenditures Projected		\$0
2042		No Expenditures Projected		\$0
2043	803	Mailboxes - Replace	\$13,481	\$13,481
2044	207	Iron Fencing - Repaint	\$40,711	\$40,711
2045		No Expenditures Projected		\$0
2046		No Expenditures Projected		\$0

## **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.