

Introduction

Reserve Study Purpose

The purpose of this Reserve Study is to provide the board with a budgeting tool to help ensure that there are adequate reserve funds available to perform future reserve projects. In this respect our estimates of the current and future Fully Funded balances are less significant than the recommended reserve contribution. The board should weigh carefully our recommendations when setting the Reserve Contribution. 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 time to obtain competitive estimates and bids that will result in cost savings to the individual homeowners. It 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.

Preparer's Credentials

This reserve study was prepared under the responsible charge of TJ Martin. Any persons assisting in the preparation of this study worked under his responsible charge and have appropriate experience and training.

- Senior Project Manager, Nevada Region
- Nevada Reserve Study Specialist permit number RSS.0000196
- Local 720 IATSE union member
- Nevada Real Estate license number S.0174286
- Personally has prepared or assisted in the preparation of over 400 reserve studies.
- Has worked on reserve studies for association's ranging from single home communities, high-rises, master associations, condominium communities, and townhouse associations.

Budget Breakdown

Every association conducts their business within a budget. There are typically two main parts to this budget, the Operating budget and the Reserve budget. The operating budget typically includes all expenses that occur on an annual basis as well as general maintenance and repairs. Typical Operating budget line items include management fees, maintenance expenses, utilities, etc. The reserves are primarily made up of capital replacement items such as roofing, fencing, mechanical equipment, etc., that do not normally occur on an annual basis. Typically, the reserve contribution makes up 15% - 40% of the association's total budget. Therefore, reserves are considered to be a major part of the overall monthly association assessment.

Report Sections

The **Reserve Analysis Section** contains the evaluation of the association's reserve balance, income, and expenses. It includes a finding of the client's current reserve fund status (measured as percent funded) and a recommendation for an appropriate reserve allocation rate (also known as the funding plan).

The **Component Evaluation Section** contains information regarding the physical status and replacement cost of major common area components 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 estimates will most likely vary from year to year.

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Component Funding Information

ID	Component Name	UL	RUL	Quantity	Average Current Cost	Ideal Balance	Current Fund Balance	Monthly
Sage Canyon 1								
401	Asphalt - Major Rehab.	30	25	Approx 28,470 Sq.ft.	\$42,688	\$7,115	\$4,695	\$143.13
402	Asphalt - Preventive Maintenance	5	1	Approx 28,470 Sq.ft.	\$4,538	\$3,630	\$3,630	\$91.28
403	Concrete - Repair/Replace	10	6	Moderate Sq.ft.	\$4,000	\$1,600	\$1,600	\$40.23
808	Street Signs - Replace	18	13	(6) Street signs	\$1,200	\$333	\$333	\$6.71
1005	Block Wall - Repair	20	16	Approx 715 Linear ft.	\$4,013	\$803	\$803	\$20.18
1302	Decomposed Granite - Replenish	5	2	Approx 750 Sq.ft.	\$1,500	\$900	\$900	\$30.18
1306	Park Furniture - Partial Replacement	10	6	(4) Benches, (3) trash, (1) pet waste	\$8,000	\$3,200	\$3,200	\$80.47
1390	Exercise Stations - Replace	15	11	(3) Stations	\$9,000	\$2,400	\$2,400	\$60.35
1609	Street Light Fixtures - Replace	25	21	(6) Street lights	\$5,250	\$840	\$840	\$21.12
1812	Landscaping / Irrigation - Renovate	10	6	Approx 19,990 Sq.ft.	\$22,500	\$9,000	\$9,000	\$226.32
Subtotals:					\$102,688	\$29,820	\$27,401	\$720
Sage Canyon 2								
207	Wrought Iron Fencing - Repaint	5	2	Approx 830 Linear.ft.	\$8,288	\$4,973	\$4,973	\$166.72
212	Bollards - Repaint (Operating Expense)	N/A	0	(6) Bollards	\$0	\$0	\$0	\$0.00
401	Asphalt - Major Rehab. (Private Street Section)	30	26	Approx 2,200 Sq.ft.	\$4,950	\$660	\$0	\$16.60
402	Asphalt - Preventive Maintenance (Private Street Section)	5	1	Approx 2,200 Sq.ft.	\$1,038	\$830	\$830	\$20.87
1002	Wrought Iron Fencing - Replace	25	22	Approx 830 Sq.ft.	\$68,475	\$8,217	\$8,217	\$275.51
1005	Block Wall - Repair	20	16	Approx 1,770 Linear ft.	\$9,950	\$1,990	\$1,990	\$50.04
1812	Landscaping / Irrigation - Renovate	10	6	Approx 11,750 Sq.ft.	\$5,000	\$2,000	\$2,000	\$50.29
Subtotals:					\$97,700	\$18,670	\$18,010	\$580
Grand Total:					\$200,388	\$48,490	\$45,410	\$1,300

Current Fund Balance as a percentage of Ideal Balance: 94%

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