



## CALIFORNIA BUILDER SERVICES

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# RESERVE ANALYSIS REPORT



### CBS Sample

First Ave. & Main St.  
Anytown, CA



Full Study | FY25

**January 22, 2025**



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**CBS Sample**

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**Assessment and Reserve Funding Disclosure Summary  
for the Fiscal Year Ending 2025**

(1) The regular assessment per ownership interest is \$75.00 per Month. Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found on page 2-1 of the attached summary.

(2) Additional regular or special assessments that have already been scheduled to be imposed or charged, regardless of the purpose, if they have been approved by the board and/or members:

Date Assessment Will Be Due:	Amount Per Ownership Interest Per Month or Year (If Assessments Are Variable, See Note Immediately Below):	Purpose Of The Assessment:
	None	
	None	
	None	
	Total:	

(3) Based upon the most recent reserve study and other information available to the board of directors, will currently projected reserve account balances be sufficient at the end of each year to meet the association’s obligation for repair and/or replacement of major components during the next 30 years?

Yes  X  No \_\_\_\_\_

(4) If the answer to (3) is no, what additional assessments or other contributions to reserves would be necessary to ensure that sufficient reserve funds will be available each year during the next 30 years that have not yet been approved by the board or the members?

Approximate Date Assessment Will Be Due:	Amount Per Ownership Interest Per Month or Year:
N/A	N/A
	Total:

(5) All major components are included in the reserve study and are included in its calculations.

(6) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570, the estimated amount required in the reserve fund at the end of the current fiscal year is \$333,226, based in whole or in part on the last reserve study or update prepared by California Builder Services as of March, 2022. The projected reserve fund cash balance at the end of the current fiscal year is \$270,880, resulting in reserves being 81% funded at this date.

(7) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570 of the Civil Code, the estimated amount required in the reserve fund at the end of each of the next five budget years is:

Year	Estimated Reserve Amount Required
2025	\$333,226
2026	\$369,312
2027	\$411,507
2028	\$388,040
2029	\$421,020

If the reserve funding plan approved by the association is implemented, the projected reserve fund cash balance in each of those years will be:

Year	Projected Reserve Fund Balance	Percent Funded
2025	\$270,880	81%
2026	\$305,489	83%
2027	\$345,180	84%
2028	\$320,385	83%
2029	\$351,343	83%

Note: The financial representations set forth in this summary are based on the best estimates of the preparer at that time. The estimates are subject to change. At the time this summary was prepared, the assumed long-term before-tax interest rate earned on reserve funds was 0.05% per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 3.5% per year.

(b) For the purposes of preparing a summary pursuant to this section:

(1) “Estimated remaining useful life” means the time reasonably calculated to remain before a major component will require replacement.

(2) “Major component” has the meaning used in Section 5550. Components with an estimated remaining useful life of more than 30 years may be included in a study as a capital asset or disregarded from the reserve calculation, so long as the decision is revealed in the reserve study report and reported in the Assessment and Reserve Funding Disclosure Summary.

(3) The form set out in subdivision (a) shall accompany each annual budget report or summary thereof that is delivered pursuant to **Section 5300**. The form may be supplemented or modified to clarify the information delivered, so long as the minimum information set out in subdivision (a) is provided.

(4) For the purpose of the report and summary, the amount of reserves needed to be accumulated for a component at a given time shall be computed as the current cost of replacement or repair multiplied by the number of years the component has been in service divided by the useful life of the component. This shall not be construed to require the board to fund reserves in accordance with this calculation.

**CBS Sample**  
 Anytown, CA  
**Current Assessment Funding Model Summary**

Report Date	January 22, 2025
Account Number	Full Study   FY25
Budget Year Beginning	January 1, 2025
Budget Year Ending	December 31, 2025
Total Units	118
Phase Development	1 of 1

<i>Report Parameters</i>	
Inflation	3.50%
Annual Assessment Increase	3.50%
Interest Rate on Reserve Deposit	0.05%
2025 Beginning Balance	\$255,340

**Current Funding Model Summary**

- For budgeting purposes, unless otherwise indicated, we have used December 2007 to begin aging the original components in this reserve study.
- This 118-lot planned development is located near the intersection of First Ave. and Main St, Anytown, California.
- The last Reserve Analyst field inspection was completed on November 11, 2024.
- The current per lot, per month, reserve contribution is \$26.48, for an annual contribution of \$37,500.
- The projected percentage funded at the end of year 2025 is estimated to be 81%.
- This funding model has been given a 3.50% annual continuing contribution increase to the reserves to sustain the rate of inflation.

<i>Current Assessment Funding Model Summary of Calculations</i>	
Required Monthly Contribution	\$3,125.00
<i>\$26.48 per unit monthly</i>	
Average Net Monthly Interest Earned	<u>\$10.57</u>
Total Monthly Allocation to Reserves	\$3,135.57
<i>\$26.57 per unit monthly</i>	

**CBS Sample  
Current Assessment Funding Model Projection**

Beginning Balance: \$255,340

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2025	536,828	37,500	127	22,087	270,880	333,226	81%
2026	555,617	38,812	144	4,347	305,489	369,312	83%
2027	575,064	40,171	163	643	345,180	411,507	84%
2028	595,191	41,577	151	66,523	320,385	388,040	83%
2029	616,023	43,032	166	12,239	351,343	421,020	83%
2030	637,584	44,538	188		396,069	468,944	84%
2031	659,899	46,097	211		442,377	519,707	85%
2032	682,995	47,710	227	13,565	476,749	559,409	85%
2033	706,900	49,380	252		526,381	615,785	85%
2034	731,642	51,109	275	4,770	572,995	670,485	85%
2035	757,249	52,897	257	88,233	537,916	642,048	84%
2036	783,753	54,749	277	13,432	579,510	691,415	84%
2037	811,184	56,665	60	490,946	145,289	249,711	58%
2038	839,576	58,648	89		204,026	302,154	68%
2039	868,961	60,701	67	103,318	161,475	251,189	64%
2040	899,375	62,826	85	25,633	198,753	280,435	71%
2041	930,853	65,024	117		263,894	338,878	78%
2042	963,433	67,300	82	137,113	194,163	259,302	75%
2043	997,153	69,656	116		263,935	320,620	82%
2044	1,032,053	72,094	145	13,025	323,149	372,431	87%
2045	1,068,175	74,617	182		397,948	441,429	90%
2046	1,105,561	77,229	206	27,776	447,606	486,052	92%
2047	1,144,256	79,932	203	85,260	442,480	474,768	93%
2048	1,184,305	82,729	244		525,453	553,432	95%
2049	1,225,755	85,625	209	153,876	457,411	477,760	96%
2050	1,268,657	88,622	250	6,026	540,256	554,710	97%
2051	1,313,060	91,723	288	13,697	618,571	628,741	98%
2052	1,359,017	94,934	334	2,532	711,307	719,327	99%
2053	1,406,582	98,256	370	24,334	785,599	793,010	99%
2054	1,455,813	101,695	416	9,492	878,219	887,213	99%

**CBS Sample  
Component Funding Summary**

Description	Future Cost	tUseful Life	Remaining Life	Distribution	Required Contribution	Future Liability	Fully Funded
<b>Paving</b>							
Paving - Asphalt; Overlay & Replacement	453,321	30	12	171,537	16,338	281,783	180,000
Paving - Asphalt; Slurry Seal & Repairs	66,523	7	3	34,286	7,509	32,237	34,286
Paving - Concrete (Curb & Gutter); Mainte..	613	7	0	613	78	0	613
Paving - Concrete (Sidewalks); Maintenan..	5,325	7	0	5,325	677	0	5,325
Paving - Concrete (Stamped); Maintenance..	3,349	7	0	<u>3,349</u>	<u>426</u>	<u>0</u>	<u>3,349</u>
Paving - Total				\$215,110	\$25,027	\$314,021	\$223,573
<b>Painting</b>							
Painting - Fences & Gates; Wrought Iron	1,711	10	4	895	142	816	895
Painting - Fire Hydrants	1,033	15	4	660	65	373	660
Painting - Street Pole: Metal	2,725	15	4	<u>1,742</u>	<u>171</u>	<u>984</u>	<u>1,742</u>
Painting - Total				\$3,296	\$379	\$2,173	\$3,296
<b>Fencing/Security</b>							
Fencing - Block/CMU; Maintenance & Re..	4,347	10	1	3,780	396	567	3,780
Fencing - Gate Operator; Replacement	12,800	15	0	12,800	998	0	12,800
Fencing - Keypad/Intercom; Replacement	4,188	20	15		195	4,188	625
Fencing - Pedestrian Gate; Replacement	4,307	30	17		177	4,307	1,234
Fencing - Vehicle Gate; Replacement	25,125	30	17		1,031	25,125	7,200
Fencing - Wood Picket; Repairs & Replace..	3,597	15	10	<u>850</u>	<u>192</u>	<u>2,747</u>	<u>850</u>
Fencing/Security - Total				\$17,430	\$2,987	\$36,935	\$26,489
<b>Lighting</b>							
Lighting - Directional Fixture; Replacement	2,754	10	4	1,440	229	1,314	1,440
Lighting - Street Fixture; Replacement	75,350	30	14		<u>3,757</u>	<u>75,350</u>	<u>26,184</u>
Lighting - Total				\$1,440	\$3,986	\$76,664	\$27,624
<b>Equipment</b>							
Equipment - Bench; Replacement	5,440	30	12	2,160	190	3,280	2,160
Equipment - Waste Receptacle; Replaceme..	1,511	15	12	<u>200</u>	<u>76</u>	<u>1,311</u>	<u>200</u>
Equipment - Total				\$2,360	\$266	\$4,591	\$2,360
<b>Grounds Components</b>							
Fire Hydrants - Replacement	85,260	40	22		2,700	85,260	18,000
Landscape - Backflow Preventer; Replace..	3,627	30	12	1,440	127	2,187	1,440
Landscape - Irrigation Controller; Replace..	7,300	15	11	1,333	378	5,967	1,333
Landscape - Replenishment	4,016	5	4	<u>700</u>	<u>580</u>	<u>3,316</u>	<u>700</u>
Grounds Components - Total				\$3,473	\$3,785	\$96,730	\$21,473
<b>Mailboxes</b>							
Mailbox - Cluster (12-Box); Replacement	14,808	30	12	5,880	518	8,928	5,880
Mailbox - Cluster (13-Box); Replacement	4,155	30	12	1,650	145	2,505	1,650
Mailbox - Cluster (16-Box); Replacement	4,307	30	12	<u>1,710</u>	<u>151</u>	<u>2,597</u>	<u>1,710</u>
Mailboxes - Total				\$9,240	\$813	\$14,030	\$9,240

**CBS Sample  
Component Funding Summary**

Description	Future Cost	tUseful Life	Remaining Life	Distribution	Required Contribution	Future Liability	Fully Funded
<b>Signs</b>							
Signage - Message Board; Replacement	643	12	2	500	50	143	500
Signage - Monument Sign; Replacement	3,778	30	12	1,500	132	2,278	1,500
Signage - Street/Misc. Metal; Replacement	1,749	25	7	<u>990</u>	<u>76</u>	<u>759</u>	<u>990</u>
Signs - Total				\$2,990	\$257	\$3,180	\$2,990
 Grand Total:	 <u>\$803,664</u>			 <u>\$255,340</u>	 <u>\$37,500</u>	 <u>\$548,324</u>	 <u>\$317,046</u>



**CBS Sample  
Category Detail Index**

Asset ID	Description	Replacement	Page
<b>Paving</b>			
1001	Paving - Asphalt; Overlay & Replacement	2037	2-7
1002	Paving - Asphalt; Slurry Seal & Repairs	2028	2-7
1004	Paving - Concrete (Curb & Gutter); Maintenance & ..	2025	2-8
1006	Paving - Concrete (Sidewalks); Maintenance & Rep..	2025	2-9
1005	Paving - Concrete (Stamped); Maintenance & Repai..	2025	2-10
<b>Painting</b>			
1014	Painting - Fences & Gates; Wrought Iron	2029	2-11
1036	Painting - Fire Hydrants	2029	2-11
1020	Painting - Street Pole: Metal	2029	2-12
<b>Fencing/Security</b>			
1016	Fencing - Block/CMU; Maintenance & Repairs	2026	2-14
1009	Fencing - Gate Operator; Replacement	2025	2-14
1007	Fencing - Keypad/Intercom; Replacement	2040	2-15
1015	Fencing - Pedestrian Gate; Replacement	2042	2-16
1013	Fencing - Vehicle Gate; Replacement	2042	2-16
1017	Fencing - Wood Picket; Repairs & Replacement	2035	2-17
<b>Lighting</b>			
1019	Lighting - Directional Fixture; Replacement	2029	2-19
1018	Lighting - Street Fixture; Replacement	2039	2-19
<b>Equipment</b>			
1026	Equipment - Bench; Replacement	2037	2-21
1027	Equipment - Waste Receptacle; Replacement	2037	2-21
<b>Grounds Components</b>			
1037	Fire Hydrants - Replacement	2047	2-23
1023	Landscape - Backflow Preventer; Replacement	2037	2-23
1022	Landscape - Irrigation Controller; Replacement	2036	2-24
1025	Landscape - Replenishment	2029	2-25
<b>Mailboxes</b>			
1029	Mailbox - Cluster (12-Box); Replacement	2037	2-26
1030	Mailbox - Cluster (13-Box); Replacement	2037	2-26
1031	Mailbox - Cluster (16-Box); Replacement	2037	2-27

**CBS Sample  
Category Detail Index**

Asset ID	Description	Replacement	Page
<b>Signs</b>			
1028	Signage - Message Board; Replacement	2027	2-29
1032	Signage - Monument Sign; Replacement	2037	2-29
1035	Signage - Street/Misc. Metal; Replacement	2032	2-30
	Total Funded Assets	28	
	Total Unfunded Assets	<u>0</u>	
	Total Assets	28	

**CBS Sample  
Detail Report by Category**

**Paving - Asphalt; Overlay & Replacement - 2037**

Asset ID	1001	80,000 sf	@ \$3.75
Category	Paving	Asset Actual Cost	\$300,000.00
Placed in Service	December 2007	Percent Replacement	100%
Useful Life	30	Future Cost	\$453,320.60
Replacement Year	2037	Assigned Reserves	\$171,537.40
Remaining Life	12	Monthly Assessment	\$1,361.46
		Interest Contribution	<u>\$7.68</u>
		Reserve Allocation	\$1,369.14



This task involves installing a petromat overlay on the current asphalt surface, followed by 1-1/2" of fresh hot mix. Generally, this process includes grinding the edges, extending utility boxes, and repairing potholes. The observed condition was good. Asphalt damage often arises from various factors such as aging, environmental conditions, inadequate maintenance, and exposure to chemicals from oil, gasoline, cleaning agents, and others. The asphalt exhibited minimal wear, with cracking and bulging commonly resulting from heavy traffic and other influences.

**Paving - Asphalt; Slurry Seal & Repairs - 2028**

Asset ID	1002	80,000 sf	@ \$0.75
Category	Paving	Asset Actual Cost	\$60,000.00
Placed in Service	December 2021	Percent Replacement	100%
Useful Life	7	Future Cost	\$66,523.07
Replacement Year	2028	Assigned Reserves	\$34,285.71
Remaining Life	3	Monthly Assessment	\$625.73
		Interest Contribution	<u>\$1.67</u>
		Reserve Allocation	\$627.40

**CBS Sample  
Detail Report by Category**

*Paving - Asphalt; Slurry Seal & Repairs continued...*



This component involves the preparation of asphalt and the application of a slurry seal coat. A seal coat is a thin liquid layer that acts as a sealant, helping to protect against damage from environmental factors. This component comprises striping, crack filling, skin patching, minor excavation and backfill, etc. If an additional coat is desired, the overall cost typically increases by 10% to 20%. Cracks that are 1/4" or wider should be filled once detected. The observed condition was fair.

**Paving - Concrete (Curb & Gutter); Maintenance & Repairs - 2025**

Asset ID	1004	8,180 lf	@ \$3.75
Category	Paving	Asset Actual Cost	\$613.50
Placed in Service	December 2018	Percent Replacement	2%
Useful Life	7	Future Cost	\$613.50
Replacement Year	2025	Assigned Reserves	\$613.50
Remaining Life	0	Monthly Assessment	\$6.50
		Interest Contribution	<u>\$0.00</u>
		Reserve Allocation	\$6.50



This component covers the maintenance and repair of the curb and gutter throughout the development. The curb and gutter appeared to be in fair to poor condition with some areas of chipping and cracking. This component should last the life of the development with proper

**CBS Sample  
Detail Report by Category**

*Paving - Concrete (Curb & Gutter); Maintenance & Repairs continued...*

maintenance. Such maintenance may include crack fill, grinding, efflorescence removal, sealing, etc. We estimate 2% will require repair every 7 years.

**Paving - Concrete (Sidewalks); Maintenance & Repairs - 2025**

		19,018 sf	@ \$14.00
Asset ID	1006	Asset Actual Cost	\$5,325.04
Category	Paving	Percent Replacement	2%
Placed in Service	December 2018	Future Cost	\$5,325.04
Useful Life	7	Assigned Reserves	\$5,325.04
Replacement Year	2025	Monthly Assessment	\$56.39
Remaining Life	0	Interest Contribution	<u>\$0.02</u>
		Reserve Allocation	\$56.41



This component involves the ongoing maintenance and repairs of the concrete pavement located throughout the common areas of the development. Annual inspections are essential to identify and correct any elevation changes or trip hazards for which the association could be held responsible. If cracks are not addressed promptly, moisture can penetrate and cause further deterioration. Overall, the concrete is in good condition, with no visible cracks present.

**CBS Sample  
Detail Report by Category**

**Paving - Concrete (Stamped); Maintenance & Repairs - 2025**

		4,465 sf	@ \$15.00
Asset ID	1005	Asset Actual Cost	\$3,348.75
		Percent Replacement	5%
Category	Paving	Future Cost	\$3,348.75
Placed in Service	December 2017	Assigned Reserves	\$3,348.75
Useful Life	7		
Replacement Year	2025	Monthly Assessment	\$35.46
Remaining Life	0	Interest Contribution	<u>\$0.01</u>
		Reserve Allocation	\$35.48



The stamped concrete paving at the entrance/exit of the development appeared to be in fair condition with cracking noted throughout. The life of this component will exceed the scope of this 30 year study. This component should last the life of the development with proper maintenance. Periodic maintenance may include mechanical and/or chemical cleaning, efflorescence removal, sealing, grinding, etc. We estimate 5% of the concrete will require repairs every 7 years.

<b>Paving - Total Current Cost</b>	<b>\$369,287</b>
<b>Assigned Reserves</b>	<b>\$215,110</b>
<b>Fully Funded Reserves</b>	<b>\$223,573</b>



**CBS Sample  
Detail Report by Category**

**Painting - Fences & Gates; Wrought Iron - 2029**

Asset ID	1014	70 lf	@ \$21.30
		Asset Actual Cost	\$1,491.00
Category	Painting	Percent Replacement	100%
Placed in Service	December 2019	Future Cost	\$1,710.96
Useful Life	10	Assigned Reserves	\$894.60
Replacement Year	2029	Monthly Assessment	\$11.87
Remaining Life	4	Interest Contribution	<u>\$0.04</u>
		Reserve Allocation	\$11.92



This component is to prepare, power wash, sand, scrape, spot prime, and paint the wrought iron gates and fencing. To ensure the wrought iron achieves its full useful life, it should be painted as recommended. The paint on the gates was in overall fair condition. Without proper paint maintenance, the useful life of wrought iron can be greatly diminished.

**Painting - Fire Hydrants - 2029**

Asset ID	1036	6 ea	@ \$150.00
		Asset Actual Cost	\$900.00
Category	Painting	Percent Replacement	100%
Placed in Service	December 2014	Future Cost	\$1,032.77
Useful Life	15	Assigned Reserves	\$660.00
Replacement Year	2029	Monthly Assessment	\$5.41
Remaining Life	4	Interest Contribution	<u>\$0.03</u>
		Reserve Allocation	\$5.44

**CBS Sample  
Detail Report by Category**

*Painting - Fire Hydrants continued...*



This component is for the painting of the fire hydrants. This is an as-needed item when noticeably needed or requested by the fire inspector. Currently, the paint on the fire hydrants appeared to be in fair condition.

Painting - Street Pole: Metal - 2029		19 ea	@ \$125.00
Asset ID	1020	Asset Actual Cost	\$2,375.00
Category	Painting	Percent Replacement	100%
Placed in Service	December 2014	Future Cost	\$2,725.37
Useful Life	15	Assigned Reserves	\$1,741.67
Replacement Year	2029	Monthly Assessment	\$14.29
Remaining Life	4	Interest Contribution	<u>\$0.08</u>
		Reserve Allocation	\$14.37



This component covers the painting of the street light posts. At the time of inspection, there were visible signs of wear. Painting helps extend the lifespan of the metal by preventing rust and corrosion. The preparation for painting should include power washing, scraping, and repairs if necessary.



**CBS Sample  
Detail Report by Category**

<b>Painting - Total Current Cost</b>	<b>\$4,766</b>
<b>Assigned Reserves</b>	<b>\$3,296</b>
<b>Fully Funded Reserves</b>	<b>\$3,296</b>

**CBS Sample  
Detail Report by Category**

**Fencing - Block/CMU; Maintenance & Repairs - 2026**

		2,400 lf	@ \$1.75
Asset ID	1016	Asset Actual Cost	\$4,200.00
		Percent Replacement	100%
Category	Fencing/Security	Future Cost	\$4,347.00
Placed in Service	December 2016	Assigned Reserves	\$3,780.00
Useful Life	10		
Replacement Year	2026	Monthly Assessment	\$32.98
Remaining Life	1	Interest Contribution	<u>\$0.17</u>
		Reserve Allocation	\$33.15



This component is for the ongoing maintenance of the block/cmu wall located throughout the common areas of the development. Since the core masonry features useful life exceeds the scope of this study, and is expected to last the life of the development, this component is for the maintenance only and not full replacement. Maintenance will include efflorescence removal, grout fill, and minor brick replacement (as found necessary). At the time of inspection, the wall appeared to be in fair condition showing minimal signs of damage.

**Fencing - Gate Operator; Replacement - 2025**

		4 ea	@ \$3,200.00
Asset ID	1009	Asset Actual Cost	\$12,800.00
		Percent Replacement	100%
Category	Fencing/Security	Future Cost	\$12,800.00
Placed in Service	December 2010	Assigned Reserves	\$12,800.00
Useful Life	15		
Replacement Year	2025	Monthly Assessment	\$83.13
Remaining Life	0	Interest Contribution	<u>\$0.03</u>
		Reserve Allocation	\$83.16

**CBS Sample  
Detail Report by Category**

*Fencing - Gate Operator; Replacement continued...*



This component is for the replacement of the gate motor/operators servicing the main entrance/exit gates. The function of the operators was observed and noted to be functioning properly without any sign of defect. Regular maintenance is recommended to prevent premature failure and further help prolong its useful life.

**Fencing - Keypad/Intercom; Replacement - 2040**

Asset ID	1007	1 ea	@ \$2,500.00
Category	Fencing/Security	Asset Actual Cost	\$2,500.00
Placed in Service	December 2020	Percent Replacement	100%
Useful Life	20	Future Cost	\$4,188.37
Replacement Year	2040	Assigned Reserves	none
Remaining Life	15	Monthly Assessment	\$16.24
		Interest Contribution	<u>\$0.01</u>
		Reserve Allocation	\$16.24



The entry keypad is a DoorKing model 1830 and appeared to be in good condition with no visible damage or malfunctions during the inspection. If the keys begin to show wear or become sticky, the key code can be modified to include less frequently used numbers, helping to extend the component's lifespan and distribute wear more evenly.

**CBS Sample  
Detail Report by Category**

**Fencing - Pedestrian Gate; Replacement - 2042**

		2 ea	@ \$1,200.00
Asset ID	1015	Asset Actual Cost	\$2,400.00
		Percent Replacement	100%
Category	Fencing/Security	Future Cost	\$4,307.22
Placed in Service	December 2007	Assigned Reserves	<i>none</i>
Useful Life	30		
Adjustment	5	Monthly Assessment	\$14.73
Replacement Year	2042	Interest Contribution	<u>\$0.01</u>
Remaining Life	17	Reserve Allocation	\$14.73



This component is for the replacement of the metal pedestrian gates. The gates were observed to be in good condition, showing no signs of damage or rust. With proper maintenance, their lifespan could be significantly extended. Painting is included as part of a separate component.

**Fencing - Vehicle Gate; Replacement - 2042**

		4 ea	@ \$3,500.00
Asset ID	1013	Asset Actual Cost	\$14,000.00
		Percent Replacement	100%
Category	Fencing/Security	Future Cost	\$25,125.46
Placed in Service	December 2007	Assigned Reserves	<i>none</i>
Useful Life	30		
Adjustment	5	Monthly Assessment	\$85.90
Replacement Year	2042	Interest Contribution	<u>\$0.03</u>
Remaining Life	17	Reserve Allocation	\$85.93

**CBS Sample  
Detail Report by Category**

*Fencing - Vehicle Gate; Replacement continued...*



This component is to replace the decorative metal vehicle gates. The gates and hinges were in good condition, showing no signs of damage or rust. With proper maintenance, their lifespan could be significantly extended. Painting is included under a separate component.

**Fencing - Wood Picket; Repairs & Replacement - 2035**

Asset ID	1017	75 lf	@ \$34.00
Category	Fencing/Security	Asset Actual Cost	\$2,550.00
Placed in Service	December 2020	Percent Replacement	100%
Useful Life	15	Future Cost	\$3,597.03
Replacement Year	2035	Assigned Reserves	\$850.00
Remaining Life	10	Monthly Assessment	\$15.97
		Interest Contribution	\$0.04
		Reserve Allocation	\$16.01



This component covers the periodic repairs and or section replacement of the wood fence located throughout the development. At the time of inspection, the fence appeared to be in good condition.

**CBS Sample  
Detail Report by Category**

<b>Fencing/Security - Total Current Cost</b>	<b>\$38,450</b>
<b>Assigned Reserves</b>	<b>\$17,430</b>
<b>Fully Funded Reserves</b>	<b>\$26,489</b>



**CBS Sample  
Detail Report by Category**

**Lighting - Directional Fixture; Replacement - 2029**

		16 ea	@ \$150.00
Asset ID	1019	Asset Actual Cost	\$2,400.00
		Percent Replacement	100%
Category	Lighting	Future Cost	\$2,754.06
Placed in Service	December 2019	Assigned Reserves	\$1,440.00
Useful Life	10		
Replacement Year	2029	Monthly Assessment	\$19.11
Remaining Life	4	Interest Contribution	<u>\$0.07</u>
		Reserve Allocation	\$19.18



This component is for the replacement of the directional light fixtures. At the time of inspection, the lights appeared to be in fair condition. Their function was not observed as the inspection took place during the day, but they are presumed to be working properly.

**Lighting - Street Fixture; Replacement - 2039**

		19 ea	@ \$2,450.00
Asset ID	1018	Asset Actual Cost	\$46,550.00
		Percent Replacement	100%
Category	Lighting	Future Cost	\$75,350.23
Placed in Service	December 2007	Assigned Reserves	<i>none</i>
Useful Life	30		
Adjustment	2	Monthly Assessment	\$313.04
Replacement Year	2039	Interest Contribution	<u>\$0.12</u>
Remaining Life	14	Reserve Allocation	\$313.16

**CBS Sample  
Detail Report by Category**

*Lighting - Street Fixture; Replacement continued...*



This component covers the replacement of the streetlight fixtures located throughout the development. They appeared to be in varying condition at the time of inspection with some showing more signs of aging than others.

<b>Lighting - Total Current Cost</b>	<b>\$48,950</b>
<b>Assigned Reserves</b>	<b>\$1,440</b>
<b>Fully Funded Reserves</b>	<b>\$27,624</b>



**CBS Sample  
Detail Report by Category**

**Equipment - Bench; Replacement - 2037**

		3 ea	@ \$1,200.00
Asset ID	1026	Asset Actual Cost	\$3,600.00
Category	Equipment	Percent Replacement	100%
Placed in Service	December 2007	Future Cost	\$5,439.85
Useful Life	30	Assigned Reserves	\$2,160.00
Replacement Year	2037	Monthly Assessment	\$15.84
Remaining Life	12	Interest Contribution	<u>\$0.10</u>
		Reserve Allocation	\$15.94



This component covers the replacement of the benches located in the park area. They appeared to be in fair condition with minor sign of damage or defect at the time of inspection.

**Equipment - Waste Receptacle; Replacement - 2037**

		1 ea	@ \$1,000.00
Asset ID	1027	Asset Actual Cost	\$1,000.00
Category	Equipment	Percent Replacement	100%
Placed in Service	December 2022	Future Cost	\$1,511.07
Useful Life	15	Assigned Reserves	\$200.00
Replacement Year	2037	Monthly Assessment	\$6.35
Remaining Life	12	Interest Contribution	<u>\$0.01</u>
		Reserve Allocation	\$6.36

**CBS Sample  
Detail Report by Category**

*Equipment - Waste Receptacle; Replacement continued...*



This component is for the replacement of the waste receptacle located at the park. It appeared to be in good condition at the time of inspection showing no signs of damage or surface rust.

<b>Equipment - Total Current Cost</b>	<b>\$4,600</b>
<b>Assigned Reserves</b>	<b>\$2,360</b>
<b>Fully Funded Reserves</b>	<b>\$2,360</b>

**CBS Sample  
Detail Report by Category**

**Fire Hydrants - Replacement - 2047**

		4 ea	@ \$10,000.00
Asset ID	1037	Asset Actual Cost	\$40,000.00
Category	Grounds Components	Percent Replacement	100%
Placed in Service	December 2007	Future Cost	\$85,260.46
Useful Life	40	Assigned Reserves	<i>none</i>
Replacement Year	2047	Monthly Assessment	\$224.96
Remaining Life	22	Interest Contribution	<u>\$0.09</u>
		Reserve Allocation	\$225.05



The fire hydrants located throughout the development appeared to be in good condition. This component is for the complete replacement of the hydrants.

**Landscape - Backflow Preventer; Replacement - 2037**

		2 ea	@ \$1,200.00
Asset ID	1023	Asset Actual Cost	\$2,400.00
Category	Grounds Components	Percent Replacement	100%
Placed in Service	December 2007	Future Cost	\$3,626.56
Useful Life	30	Assigned Reserves	\$1,440.00
Replacement Year	2037	Monthly Assessment	\$10.56
Remaining Life	12	Interest Contribution	<u>\$0.06</u>
		Reserve Allocation	\$10.63

**CBS Sample  
Detail Report by Category**

*Landscape - Backflow Preventer; Replacement continued...*



This component covers the replacement of the backflow preventers. They appeared to be in fair condition at the time of inspection. We recommend having them covered by an insulated pouch to help prevent corrosion and further extend its useful life.

\*Backflow preventers require annual inspections and should be repaired as found necessary. This is handled operationally.

**Landscape - Irrigation Controller; Replacement - 2036**

Asset ID	1022	Asset Actual Cost	2 ea @ \$2,500.00
Category	Grounds Components	Percent Replacement	\$5,000.00
Placed in Service	December 2021	Future Cost	100%
Useful Life	15	Assigned Reserves	\$7,299.85
Replacement Year	2036	Monthly Assessment	\$1,333.33
Remaining Life	11	Interest Contribution	\$31.53
		Reserve Allocation	<u>\$0.07</u>
			\$31.60



This component is for the replacement of the irrigation controllers. The controller appeared to be in good condition with no signs of operational problems. Irrigation controllers usually have a normal useful life ranging from 8 to 15 years depending on the unit type and the



**CBS Sample  
Detail Report by Category**

*Landscape - Irrigation Controller; Replacement continued...*

environmental conditions they are subject to. There is no periodic maintenance required with most name brand irrigation controllers.

\*Records indicate both controllers were replaced in 2021

Landscape - Replenishment - 2029			
Asset ID	1025	1 LS	@ \$3,500.00
		Asset Actual Cost	\$3,500.00
		Percent Replacement	100%
Category	Grounds Components	Future Cost	\$4,016.33
Placed in Service	December 2024	Assigned Reserves	\$700.00
Useful Life	5		
Replacement Year	2029	Monthly Assessment	\$48.32
Remaining Life	4	Interest Contribution	<u>\$0.05</u>
		Reserve Allocation	\$48.37



This component covers the replacement and replenishment of the landscaping, which includes a variety of plants and trees throughout the development. Each type of landscape item has its own life expectancy, which can vary depending on factors like climate, drought conditions, and animal damage. Pruning, trimming, and other maintenance tasks are handled operationally.

\*Records indicate elite landscaping did work in 2024

<b>Grounds Components - Total Current Cost</b>	<b>\$50,900</b>
<b>Assigned Reserves</b>	<b>\$3,473</b>
<b>Fully Funded Reserves</b>	<b>\$21,473</b>

**CBS Sample  
Detail Report by Category**

**Mailbox - Cluster (12-Box); Replacement - 2037**

Asset ID	1029	4 ea	@ \$2,450.00
		Asset Actual Cost	\$9,800.00
		Percent Replacement	100%
Category	Mailboxes	Future Cost	\$14,808.47
Placed in Service	December 2007	Assigned Reserves	\$5,880.00
Useful Life	30		
Replacement Year	2037	Monthly Assessment	\$43.13
Remaining Life	12	Interest Contribution	<u>\$0.26</u>
		Reserve Allocation	\$43.39



This is to replace the mailbox clusters containing 12 boxes, 1 parcel box, and a drop box. Locks and hinges should be lubricated seasonally, as needed. At the time of inspection, the mailboxes appeared to be in fair condition, with typical signs of aging as well as minor surface rust, and dents.

**Mailbox - Cluster (13-Box); Replacement - 2037**

Asset ID	1030	1 ea	@ \$2,750.00
		Asset Actual Cost	\$2,750.00
		Percent Replacement	100%
Category	Mailboxes	Future Cost	\$4,155.44
Placed in Service	December 2007	Assigned Reserves	\$1,650.00
Useful Life	30		
Replacement Year	2037	Monthly Assessment	\$12.10
Remaining Life	12	Interest Contribution	<u>\$0.07</u>
		Reserve Allocation	\$12.17

**CBS Sample  
Detail Report by Category**

*Mailbox - Cluster (13-Box); Replacement continued...*



This is to replace the mailbox clusters containing 13 boxes, 1 parcel box, and a drop box. At the time of inspection, the mailboxes appeared to be in fair condition.

**Mailbox - Cluster (16-Box); Replacement - 2037**

Asset ID	1031	1 ea	@ \$2,850.00
Category	Mailboxes	Asset Actual Cost	\$2,850.00
Placed in Service	December 2007	Percent Replacement	100%
Useful Life	30	Future Cost	\$4,306.55
Replacement Year	2037	Assigned Reserves	\$1,710.00
Remaining Life	12	Monthly Assessment	\$12.54
		Interest Contribution	<u>\$0.08</u>
		Reserve Allocation	\$12.62



This is to replace the mailbox clusters containing 16 boxes, 2 parcel boxes, and a drop box. At the time of inspection, the mailboxes appeared to be in fair condition.

**CBS Sample  
Detail Report by Category**

<b>Mailboxes - Total Current Cost</b>	<b>\$15,400</b>
<b>Assigned Reserves</b>	<b>\$9,240</b>
<b>Fully Funded Reserves</b>	<b>\$9,240</b>



**CBS Sample  
Detail Report by Category**

**Signage - Message Board; Replacement - 2027**

Asset ID	1028	1 ea	@ \$600.00
		Asset Actual Cost	\$600.00
		Percent Replacement	100%
Category	Signs	Future Cost	\$642.73
Placed in Service	December 2015	Assigned Reserves	\$500.00
Useful Life	12		
Replacement Year	2027	Monthly Assessment	\$4.15
Remaining Life	2	Interest Contribution	<u>\$0.02</u>
		Reserve Allocation	\$4.17



This component covers the replacement of the post-mounted corkboard message center located in the park. At time of inspection, it appeared in fair condition with fading and minor damage noted to the base of the stand.

**Signage - Monument Sign; Replacement - 2037**

Asset ID	1032	1 ea	@ \$2,500.00
		Asset Actual Cost	\$2,500.00
		Percent Replacement	100%
Category	Signs	Future Cost	\$3,777.67
Placed in Service	December 2007	Assigned Reserves	\$1,500.00
Useful Life	30		
Replacement Year	2037	Monthly Assessment	\$11.00
Remaining Life	12	Interest Contribution	<u>\$0.07</u>
		Reserve Allocation	\$11.07

**CBS Sample  
Detail Report by Category**

*Signage - Monument Sign; Replacement continued...*



This component covers the replacement of the granite monument sign located at the entrance/exit gates of the development. They appeared to be in overall good condition with no sign of damage. Minor signs of efflorescence were noted on the stone surrounding the sign.

**Signage - Street/Misc. Metal; Replacement - 2032**

Asset ID	1035	25 ea	@ \$55.00
Category	Signs	Asset Actual Cost	\$1,375.00
Placed in Service	December 2007	Percent Replacement	100%
Useful Life	25	Future Cost	\$1,749.38
Replacement Year	2032	Assigned Reserves	\$990.00
Remaining Life	7	Monthly Assessment	\$6.29
		Interest Contribution	\$0.04
		Reserve Allocation	\$6.34



This component covers the replacement of the street and miscellaneous signage throughout the development. They appeared to be in good condition at the time of inspection.

**CBS Sample  
Detail Report by Category**

<b>Signs - Total Current Cost</b>	<b>\$4,475</b>
<b>Assigned Reserves</b>	<b>\$2,990</b>
<b>Fully Funded Reserves</b>	<b>\$2,990</b>

**CBS Sample  
Annual Expenditure Detail**

Description	Expenditures
<b>Replacement Year 2025</b>	
Fencing - Gate Operator; Replacement	12,800
Paving - Concrete (Curb & Gutter); Maintenance & Repairs	613
Paving - Concrete (Sidewalks); Maintenance & Repairs	5,325
Paving - Concrete (Stamped); Maintenance & Repairs	3,349
<b>Total for 2025</b>	<b><u>\$22,087</u></b>
<b>Replacement Year 2026</b>	
Fencing - Block/CMU; Maintenance & Repairs	4,347
<b>Total for 2026</b>	<b><u>\$4,347</u></b>
<b>Replacement Year 2027</b>	
Signage - Message Board; Replacement	643
<b>Total for 2027</b>	<b><u>\$643</u></b>
<b>Replacement Year 2028</b>	
Paving - Asphalt; Slurry Seal & Repairs	66,523
<b>Total for 2028</b>	<b><u>\$66,523</u></b>
<b>Replacement Year 2029</b>	
Landscape - Replenishment	4,016
Lighting - Directional Fixture; Replacement	2,754
Painting - Fences & Gates; Wrought Iron	1,711
Painting - Fire Hydrants	1,033
Painting - Street Pole: Metal	2,725
<b>Total for 2029</b>	<b><u>\$12,239</u></b>
<i>No Replacement in 2030</i>	
<i>No Replacement in 2031</i>	
<b>Replacement Year 2032</b>	
Paving - Concrete (Curb & Gutter); Maintenance & Repairs	781
Paving - Concrete (Sidewalks); Maintenance & Repairs	6,775
Paving - Concrete (Stamped); Maintenance & Repairs	4,261
Signage - Street/Misc. Metal; Replacement	1,749
<b>Total for 2032</b>	<b><u>\$13,565</u></b>
<i>No Replacement in 2033</i>	

**CBS Sample  
Annual Expenditure Detail**

Description	Expenditures
<b>Replacement Year 2034</b>	
Landscape - Replenishment	4,770
<b>Total for 2034</b>	<u>\$4,770</u>
<b>Replacement Year 2035</b>	
Fencing - Wood Picket; Repairs & Replacement	3,597
Paving - Asphalt; Slurry Seal & Repairs	84,636
<b>Total for 2035</b>	<u>\$88,233</u>
<b>Replacement Year 2036</b>	
Fencing - Block/CMU; Maintenance & Repairs	6,132
Landscape - Irrigation Controller; Replacement	7,300
<b>Total for 2036</b>	<u>\$13,432</u>
<b>Replacement Year 2037</b>	
Equipment - Bench; Replacement	5,440
Equipment - Waste Receptacle; Replacement	1,511
Landscape - Backflow Preventer; Replacement	3,627
Mailbox - Cluster (12-Box); Replacement	14,808
Mailbox - Cluster (13-Box); Replacement	4,155
Mailbox - Cluster (16-Box); Replacement	4,307
Paving - Asphalt; Overlay & Replacement	453,321
Signage - Monument Sign; Replacement	3,778
<b>Total for 2037</b>	<u>\$490,946</u>
<i>No Replacement in 2038</i>	
<b>Replacement Year 2039</b>	
Landscape - Replenishment	5,665
Lighting - Directional Fixture; Replacement	3,885
Lighting - Street Fixture; Replacement	75,350
Painting - Fences & Gates; Wrought Iron	2,413
Paving - Concrete (Curb & Gutter); Maintenance & Repairs	993
Paving - Concrete (Sidewalks); Maintenance & Repairs	8,620
Paving - Concrete (Stamped); Maintenance & Repairs	5,421
Signage - Message Board; Replacement	971
<b>Total for 2039</b>	<u>\$103,318</u>
<b>Replacement Year 2040</b>	
Fencing - Gate Operator; Replacement	21,444

**CBS Sample  
Annual Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2040 continued...</i>	
Fencing - Keypad/Intercom; Replacement	4,188
<b>Total for 2040</b>	<b>\$25,633</b>
<i>No Replacement in 2041</i>	
<b>Replacement Year 2042</b>	
Fencing - Pedestrian Gate; Replacement	4,307
Fencing - Vehicle Gate; Replacement	25,125
Paving - Asphalt; Slurry Seal & Repairs	107,681
<b>Total for 2042</b>	<b>\$137,113</b>
<i>No Replacement in 2043</i>	
<b>Replacement Year 2044</b>	
Landscape - Replenishment	6,729
Painting - Fire Hydrants	1,730
Painting - Street Pole: Metal	4,566
<b>Total for 2044</b>	<b>\$13,025</b>
<i>No Replacement in 2045</i>	
<b>Replacement Year 2046</b>	
Fencing - Block/CMU; Maintenance & Repairs	8,650
Paving - Concrete (Curb & Gutter); Maintenance & Repairs	1,263
Paving - Concrete (Sidewalks); Maintenance & Repairs	10,967
Paving - Concrete (Stamped); Maintenance & Repairs	6,897
<b>Total for 2046</b>	<b>\$27,776</b>
<b>Replacement Year 2047</b>	
Fire Hydrants - Replacement	85,260
<b>Total for 2047</b>	<b>\$85,260</b>
<i>No Replacement in 2048</i>	
<b>Replacement Year 2049</b>	
Landscape - Replenishment	7,992
Lighting - Directional Fixture; Replacement	5,480
Painting - Fences & Gates; Wrought Iron	3,404

**CBS Sample  
Annual Expenditure Detail**

Description	Expenditures
<b><i>Replacement Year 2049 continued...</i></b>	
Paving - Asphalt; Slurry Seal & Repairs	137,000
<b>Total for 2049</b>	<b><u>\$153,876</u></b>
<b>Replacement Year 2050</b>	
Fencing - Wood Picket; Repairs & Replacement	6,026
<b>Total for 2050</b>	<b><u>\$6,026</u></b>
<b>Replacement Year 2051</b>	
Landscape - Irrigation Controller; Replacement	12,230
Signage - Message Board; Replacement	1,468
<b>Total for 2051</b>	<b><u>\$13,697</u></b>
<b>Replacement Year 2052</b>	
Equipment - Waste Receptacle; Replacement	2,532
<b>Total for 2052</b>	<b><u>\$2,532</u></b>
<b>Replacement Year 2053</b>	
Paving - Concrete (Curb & Gutter); Maintenance & Repairs	1,607
Paving - Concrete (Sidewalks); Maintenance & Repairs	13,953
Paving - Concrete (Stamped); Maintenance & Repairs	8,774
<b>Total for 2053</b>	<b><u>\$24,334</u></b>
<b>Replacement Year 2054</b>	
Landscape - Replenishment	9,492
<b>Total for 2054</b>	<b><u>\$9,492</u></b>

**CBS Sample  
Spread Sheet**

<b>Description</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>
Equipment - Bench; Replacement										
Equipment - Waste Receptacle; Replacement										
Fencing - Block/CMU; Maintenance & Repairs		4,347								
Fencing - Gate Operator; Replacement	12,800									
Fencing - Keypad/Intercom; Replacement										
Fencing - Pedestrian Gate; Replacement										
Fencing - Vehicle Gate; Replacement										
Fencing - Wood Picket; Repairs & Replacement										
Fire Hydrants - Replacement										
Landscape - Backflow Preventer; Replacement										
Landscape - Irrigation Controller; Replacement										
Landscape - Replenishment					4,016					4,770
Lighting - Directional Fixture; Replacement					2,754					
Lighting - Street Fixture; Replacement										
Mailbox - Cluster (12-Box); Replacement										
Mailbox - Cluster (13-Box); Replacement										
Mailbox - Cluster (16-Box); Replacement										
Painting - Fences & Gates; Wrought Iron					1,711					
Painting - Fire Hydrants					1,033					
Painting - Street Pole: Metal					2,725					
Paving - Asphalt; Overlay & Replacement										
Paving - Asphalt; Slurry Seal & Repairs				66,523						
Paving - Concrete (Curb & Gutter); Maintenance & ..	613							781		
Paving - Concrete (Sidewalks); Maintenance & Rep..	5,325							6,775		
Paving - Concrete (Stamped); Maintenance & Repai..	3,349							4,261		
Signage - Message Board; Replacement			643							
Signage - Monument Sign; Replacement										
Signage - Street/Misc. Metal; Replacement								1,749		
<b>Year Total:</b>	<b>22,087</b>	<b>4,347</b>	<b>643</b>	<b>66,523</b>	<b>12,239</b>			<b>13,565</b>		<b>4,770</b>



**CBS Sample  
Spread Sheet**

<b>Description</b>	<b>2035</b>	<b>2036</b>	<b>2037</b>	<b>2038</b>	<b>2039</b>	<b>2040</b>	<b>2041</b>	<b>2042</b>	<b>2043</b>	<b>2044</b>
Equipment - Bench; Replacement			5,440							
Equipment - Waste Receptacle; Replacement			1,511							
Fencing - Block/CMU; Maintenance & Repairs		6,132								
Fencing - Gate Operator; Replacement						21,444				
Fencing - Keypad/Intercom; Replacement						4,188				
Fencing - Pedestrian Gate; Replacement								4,307		
Fencing - Vehicle Gate; Replacement								25,125		
Fencing - Wood Picket; Repairs & Replacement	3,597									
Fire Hydrants - Replacement										
Landscape - Backflow Preventer; Replacement			3,627							
Landscape - Irrigation Controller; Replacement		7,300								
Landscape - Replenishment					5,665					6,729
Lighting - Directional Fixture; Replacement					3,885					
Lighting - Street Fixture; Replacement					75,350					
Mailbox - Cluster (12-Box); Replacement			14,808							
Mailbox - Cluster (13-Box); Replacement			4,155							
Mailbox - Cluster (16-Box); Replacement			4,307							
Painting - Fences & Gates; Wrought Iron					2,413					
Painting - Fire Hydrants										1,730
Painting - Street Pole: Metal										4,566
Paving - Asphalt; Overlay & Replacement			453,321							
Paving - Asphalt; Slurry Seal & Repairs	84,636							107,681		
Paving - Concrete (Curb & Gutter); Maintenance & ..					993					
Paving - Concrete (Sidewalks); Maintenance & Rep..					8,620					
Paving - Concrete (Stamped); Maintenance & Repai..					5,421					
Signage - Message Board; Replacement					971					
Signage - Monument Sign; Replacement			3,778							
Signage - Street/Misc. Metal; Replacement										
<b>Year Total:</b>	<b>88,233</b>	<b>13,432</b>	<b>490,946</b>		<b>103,318</b>	<b>25,633</b>		<b>137,113</b>		<b>13,025</b>

**CBS Sample  
Spread Sheet**

<b>Description</b>	<b>2045</b>	<b>2046</b>	<b>2047</b>	<b>2048</b>	<b>2049</b>	<b>2050</b>	<b>2051</b>	<b>2052</b>	<b>2053</b>	<b>2054</b>
Equipment - Bench; Replacement										
Equipment - Waste Receptacle; Replacement								2,532		
Fencing - Block/CMU; Maintenance & Repairs		8,650								
Fencing - Gate Operator; Replacement										
Fencing - Keypad/Intercom; Replacement										
Fencing - Pedestrian Gate; Replacement										
Fencing - Vehicle Gate; Replacement										
Fencing - Wood Picket; Repairs & Replacement						6,026				
Fire Hydrants - Replacement			85,260							
Landscape - Backflow Preventer; Replacement										
Landscape - Irrigation Controller; Replacement							12,230			
Landscape - Replenishment					7,992					9,492
Lighting - Directional Fixture; Replacement					5,480					
Lighting - Street Fixture; Replacement										
Mailbox - Cluster (12-Box); Replacement										
Mailbox - Cluster (13-Box); Replacement										
Mailbox - Cluster (16-Box); Replacement										
Painting - Fences & Gates; Wrought Iron					3,404					
Painting - Fire Hydrants										
Painting - Street Pole: Metal										
Paving - Asphalt; Overlay & Replacement										
Paving - Asphalt; Slurry Seal & Repairs					137,000					
Paving - Concrete (Curb & Gutter); Maintenance & ..		1,263							1,607	
Paving - Concrete (Sidewalks); Maintenance & Rep..		10,967							13,953	
Paving - Concrete (Stamped); Maintenance & Repai..		6,897							8,774	
Signage - Message Board; Replacement							1,468			
Signage - Monument Sign; Replacement										
Signage - Street/Misc. Metal; Replacement										
<b>Year Total:</b>		<b>27,776</b>	<b>85,260</b>		<b>153,876</b>	<b>6,026</b>	<b>13,697</b>	<b>2,532</b>	<b>24,334</b>	<b>9,492</b>

## *Important Information*

This document has been provided pursuant to an agreement containing restrictions on its use. No part of this document may be copied or distributed, in any form or by any means, nor disclosed to third parties without the expressed written permission of California Builder Services. The client shall have the right to reproduce and distribute copies of this report, or the information contained within, as may be required for compliance with all applicable regulations.

This reserve analysis study and the parameters under which it has been completed are based upon information provided to us in part by representatives of the association, its contractors, assorted vendors, specialist and independent contractors, the Community Association Institute, and various construction pricing and scheduling manuals including, but not limited to: Marshall & Swift Valuation Service, RS Means Facilities Maintenance & Repair Cost Data, RS Means Repair & Remodeling Cost Data, National Construction Estimator, National Repair & Remodel Estimator, Dodge Cost Manual, McGraw-Hill Professional, and the Operating Cost Manual by the California Bureau of Real Estate. Additionally, costs are obtained from numerous vendor catalogues, actual quotations or historical costs, and our own experience in the field of building design, HOA Budget preparation, Public Report processing, and reserve study preparation.

It has been assumed, unless otherwise noted in this report, that all assets have been designed and constructed properly and that each estimated useful life will approximate that of the norm per industry standards and/or manufacturer's specifications. In some cases, estimates may have been used on assets, which have an indeterminable but potential liability to the association. The decision for the inclusion of these as well as all assets considered is left to the client.

We recommend that your reserve analysis study be updated on an annual basis due to fluctuating interest rates, inflationary changes, and the unpredictable nature of the lives of many of the assets under consideration. All of the information collected during our inspection of the association and computations made subsequently in preparing this reserve analysis study are retained in our computer files. Therefore, annual updates may be completed quickly and inexpensively each year.

California Builder Services would like to thank you for using our services. We invite you to call us at any time, should you have questions, comments or need assistance. In addition, any of the parameters and estimates used in this study may be changed at your request, after which we will provide a revised study. Collaboration with the customer and the Association is vital to the accuracy and effectiveness of this study.

This reserve analysis study is provided as an aid for planning purposes and not as an accounting tool. Since it deals with events yet to take place, there is no assurance that the results enumerated within it will, in fact, occur as described.

# Part III

## Introduction

Preparing the annual budget and overseeing the association's finances are perhaps the most important responsibilities of board members. The annual operating and reserve budgets reflect the planning and goals of the association and set the level and quality of service for all of the association's activities.

## The Reserve Study: A Physical and a Financial Analysis

There are two components of a reserve study: a *physical analysis* and a *financial analysis*.

- **Physical Analysis:**

During the physical analysis, a reserve study provider evaluates information regarding the physical status and repair/replacement costs of the association's major common area components. To do so, the provider conducts a component inventory, a condition assessment, and life and valuation estimates.

This assessment does not include destructive testing, unless otherwise noted. Furthermore, field measurements are taken at the time of the site inspection along with review and measurement take-offs based on building and site plans, among others. The determination of whether an expense should be labeled as operational, reserve, or excluded altogether is sometimes subjective. Since this labeling may have a major impact on the financial plans of the association, subjective determinations should be minimized. We suggest the following considerations when labeling an expense.

**Operational Expenses:** Operational expenses are expenses that typically occur monthly or quarterly and sometimes annually, no matter how large the expense, and can be budgeted for effectively each year. They are characterized as being reasonably predictable, both in terms of frequency and cost. Operational expenses include all minor expenses, which would not otherwise adversely affect an operational budget from one year to the next.

**Reserve Expenses:** Reserve Expenses are the major expenses that occur *other than annually*, and which must be budgeted for in advance in order to ensure the availability of the necessary funds in time for their use. Reserve expenses are reasonably predictable both in terms of frequency and cost. However, they may include significant assets that have an indeterminable but potential liability that may be demonstrated as a likely occurrence. They are expenses that, when incurred, would have a significant effect on the smooth operation of the budgetary process from one year to the next, if they were not reserved for in advance.

### **Items not usually included in the Reserve Calculations:**

Repairs or replacements of assets which are deemed to have an estimated useful life equal to or exceeding the estimated useful life of the facility or community itself, or exceeding the legal life of the community as defined in an association's governing documents. Examples include the complete replacement of elevators, tile roofs, wiring and plumbing. Also excluded are insignificant expenses that may be covered either by an operating or reserve contingency, or otherwise in a general maintenance fund. Expenses that are necessitated by acts of nature, accidents or other occurrences that are more properly insured for, rather than reserved for, are also excluded.

- **Financial Analysis**

The financial analysis assesses the association's reserve balance or "fund status" (measured in cash or as percent fully funded) to determine a recommendation for the appropriate reserve contribution rate in the future, known as the "funding plan." The Financial Analysis takes into account the balance of the reserve fund in cash or cash equivalents, investment yields, and inflation rate.

## Preparing the Reserve Study

Once the reserve assets have been identified and quantified, their respective replacement costs, useful lives and remaining lives must be assigned so that a funding schedule can be constructed. Replacement costs and useful lives can be found in published manuals such as construction estimators, appraisal handbooks, and valuation guides. Remaining lives are calculated from the useful lives and ages of assets and adjusted according to conditions such as design, manufactured quality, usage, exposure to the elements and maintenance history.

## Funding Methods

From the simplest to the most complex, reserve analysis providers use many different computational processes to calculate reserve requirements. However, there are two basic processes identified as industry standards: the cash flow method and the component method.

The **cash flow method** develops 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 actual anticipated schedule of reserve expenses until the desired funding goal is achieved. This method sets up a “window” in which all future anticipated replacement costs are computed, based upon the individual lives of the components under consideration. The **Threshold** and the **Current Assessment** funding models are based upon the cash flow method.

The **component method** develops a reserve-funding plan where the total contribution is based upon the sum of contributions for individual components. The component method is the more conservative of the two funding options, and assures that the association will achieve and maintain an ideal level of reserve over time. This method also allows for computations on individual components in the analysis. The Component Funding model is based upon the component methodology.

## Funding Strategies

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

Full Funding--Given that the basis of funding for reserves is to distribute the costs of the replacements over the lives of the components in question, it follows that the ideal level of reserves would be proportionately related to those lives and costs. If an association has a component with an expected estimated useful life of ten years, it would set aside approximately one-tenth of the replacement cost each year. At the end of three years, one would expect three-tenths of the replacement cost to have accumulated, and if so, that component would be “fully-funded.” This model is important in that it is a measure of the adequacy of an association’s reserves at any one point of time, and is independent of any particular method which may have been used for past funding or may be under consideration for future funding. This formula represents a snapshot in time and is based upon current replacement cost, independent of future inflationary or investment factors:

Fully Funded Reserves = (Age/Useful Life) x Current Replacement Cost

When an association’s total accumulated reserves for all components meet this criterion, its reserves are considered “fully-funded.”

The **Current Assessment Funding Model**. This method is also based upon the cash flow funding concept. The initial reserve assessment is set at the association’s current fiscal year funding level and a 30-year projection is calculated to illustrate the adequacy of the current funding over time.

The **Component Funding Model**. This is a straight-line funding model. It distributes the cash reserves to individual reserve components and then calculates what the reserve assessment and interest contribution (minus taxes) should be, again by each reserve component. The current annual assessment is then determined by summing all the individual

component assessments, hence the name “Component Funding Model”. This is the most conservative funding model. It leads to or maintains the fully funded reserve position. The following details this calculation process.

## **Definitions**

### **Annual Assessment Increase**

This represents the percentage rate at which the association will increase its assessment to reserves at the end of each year. For example, in order to accumulate \$10,000 in 10 years, you could set aside \$1,000 per year. As an alternative, you could set aside \$795 the first year and increase that amount by 5% each year until the year of replacement. In either case you arrive at the same amount. The idea is that you start setting aside a lower amount and increase that number each year in accordance with the planned percentage. Ideally this figure should be greater than or equal to the rate of inflation. It can, however, be used to aide those associations that have not set aside appropriate reserves in the past, by making the initial year’s allocation less formidable.

### **Investment Yield Before Taxes**

The average interest rate anticipated by the association based upon its current investment practices.

### **Projected Reserve Balance**

The anticipated reserve balance on the first day of the fiscal year for which this report has been prepared. This is based upon information provided and not audited.

### **Percent Fully Funded**

The ratio, at the beginning of the fiscal year, of the actual (or projected) reserve balance to the calculated fully funded balance, expressed as a percentage.

### **Total Monthly Allocation**

The sum of the monthly assessment and interest contribution figures.

### **Group and Category**

The report may be prepared and sorted either by group (location, building, phase, etc.) or by category (roofing, painting, etc.). The standard report printing format is by category.

### **Percentage of Replacement or Repairs**

In some cases, an asset may not be replaced in its entirety or the cost may be shared with a second party. Examples are budgeting for a percentage of replacement of streets over a period of time, or sharing the expense to replace a common wall with a neighboring party.

### **Placed-In-Service Date**

The month and year that the asset was placed-in-service. This may be the construction date, the first escrow closure date in a given phase, or the date of the last servicing or replacement.

### **Estimated Useful Life**

The estimated useful life of an asset based upon industry standards, manufacturer specifications, visual inspection, location, usage, association standards, and prior history, among other methods. All of these factors are taken into consideration when tailoring the estimated useful life to the particular asset. For example, the carpeting in a hallway or elevator (a heavy traffic area) will not have the same life as the identical carpeting in a seldom-used meeting room or office.

### **Adjustment to Useful Life**

Once the useful life is determined, it may be adjusted, up or down, by this separate figure for the current cycle of replacement. This will allow for a current period adjustment without affecting the estimated replacement cycles for future replacements.

### **Estimated Remaining Life**

This calculation is completed internally based upon the report’s fiscal year date and the date the asset was placed-in-service.

### **Replacement Year**

The year that the asset is scheduled to be replaced. The appropriate funds will be available by the first day of the fiscal year for which replacement is anticipated.

**Fixed Assessment**

An optional figure which, if used, will override all calculations and set the assessment at this amount. This assessment can be set for monthly, quarterly or annually as necessary.

**One-Time Replacement**

Notation if the asset is to be replaced on a one-time basis.

**Current Replacement Cost**

The estimated replacement cost effective at the beginning of the fiscal year for which the report is being prepared.

**Future Replacement Cost**

The estimated cost to repair or replace the asset at the end of its estimated useful life based upon the current replacement cost and inflation.



# *Supplemental Disclosures*

## **General**

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

## **California Builder Services Credentials**

With over half a century of combined experience in working with the Bureau of Real Estate's investigators as well as new home design, California Builder Services has the experience to accurately and efficiently complete reserve studies on all types and sizes of developments. We are acutely experienced in the application and use of reserve studies, as we have created thousands of homeowner association budgets, all of which have been reviewed and approved by the Bureau of Real Estate's investigators.

This Reserve Study was prepared by, or under the direct supervision of, a Community Associations Institute credentialed Reserve Specialist.

## **Completeness**

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

## **Reliance on Client Data**

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

## **Scope**

This Reserve Study is a reflection of information provided to CBS and assembled for the association's use, not for the purpose of performing an audit, quality/forensic analyses, or background checks of historical records.

## **Reserve Balance**

The actual or projected total presented in the Reserve Study is based upon information provided and was not audited.

## **Reserve Projects**

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