

**Crested Butte South POA  
61 Teocalli Rd.  
Crested Butte, CO. 81224**



**Level 2, Limited Reserve Analysis  
Report Period – 01/01/18 – 12/31/18**



**Client Reference Number - 8363  
Property Type – Master Association**

**FINAL  
Report**

**Fiscal Year End – December 31  
Number of units- 530  
Date of Property Observation - July 18, 2017**

**Project Manager - G. Michael Kelsen, RS, PRA  
Main Contact Person - Don Eymere, Association Manager**

**Report was prepared on - Monday, August 06, 2018**

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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 typically in the **Asset Inventory Section** of the original Reserve Analysis. It should be noted there is *not* an **Asset Inventory Section** in this report due to the product requested by the client. The **Financial Analysis Section** is the evaluation of the association's Reserve balance, income, and expenses. This is made up of a finding of the clients current Reserve Fund Status (measured as Percent Funded) and a recommendation for an appropriate Reserve Allocation rate (also known as the Funding Plan). You can find this information in Section 2 (pages 1 – 12) 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 \$100,000 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 \$125,000. So while \$100,000 sounds like a lot of money, in reality it won't even cover the cost of the component, 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 evaluating 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 Crested Butte South POA -

Assoc. ID # - 7857-17

Projected Starting Balance as of January 1, 2018 -	<b>\$290,369</b>
Ideal Reserve Balance as of January 1, 2018 -	<b>\$489,885</b>
Percent Funded as of January 1, 2018 -	<b>59%</b>
Recommended Reserve Allocation (per month) -	<b>\$2,085 (2018)</b>
Recommended Reserve Allocation (per month) -	<b>\$6,260 (starting 2019)</b>
Minimum Reserve Allocation (per month) -	<b>\$5,050 (starting 2019)</b>
Additional Contribution to Reserves -	<b>\$31,748</b>

This report is an update to an existing Reserve Study Report that was prepared six years ago for the 2012 fiscal period. A property site observation was conducted on July 18, 2017 to verify conditions and update information in the previous report. 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 530 property owners within this community that was constructed over 30 years ago. The office building that houses the community staff members was in 2004 and a new Zamboni Barn and locker rooms was built in 2015. Association maintenance responsibilities include the community pathways, the office building, a mail center, perimeter ranch fencing, community maintenance vehicles (a truck, a Zamboni, mowers, a snowmobile and groomer, snow throwers, etc.), a community meeting center (Sunset Hall), an extensive irrigation system, and a central park that contains a hockey rink, a baseball field, a playground, and a tennis court as community amenities. Please refer to the *Projected Reserve Expenditures* table of the financial analysis section of the report for a detailed list of components that will need to be addressed in the near future.

The following are some general notes regarding components:

- **You may notice several components that have an N/A under the Useful Life column. This indicates that funding is not included for these items either because the association is not responsible to maintain these components, or the threshold cost is not significant enough to warrant Reserve funding and should be addressed as needed with general operating funds.**
- **There may be a few components (ranch fenceings, park furnishings, etc.) that are considered partial replacement and should not be misconstrued as complete replacement of that particular item.**

In comparing the projected balance of \$290,369 versus the ideal Reserve Balance of \$489,885, we find the association Reserve fund to be in an average financial position at this time (approximately 59% funded of ideal). Since the 2018 budget has already been established, we find the 2018 budgeted Reserve allocation of \$2,085 will be adequate to fund the account for this fiscal period, without completely depleting the Reserve fund. However, starting in 2019, we recommend a substantial increase of the Reserve contribution to \$6,260 per month, followed by nominal annual increases of 3.50% thereafter to help offset the effects of inflation. By following the recommendation, the plan will maintain the Reserve account in a positive manner, while gradually increasing to a fully funded position within the thirty-year period.

In the percent Funded graph, you will see that we have also suggested a minimum Reserve contribution of \$5,050 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.

## Funding Summary For Crested Butte South POA

### **Beginning Assumptions**

Financial Information Source	Research With Client
# of units	530
Fiscal Year End	December 31, 2018
Monthly Dues from 2017 budget	\$22,455.00
Monthly Reserve Allocation from 2017 Budget	\$2,083.00
Projected Starting Reserve Balance (as of 1/1/2018)	\$290,369
<b>Reserve Balance: Average Per Unit</b>	<b>\$548</b>
Ideal Starting Reserve Balance (as of 1/1/2018)	\$489,885
Ideal Reserve Balance: Average Per Unit	\$924

### **Economic Factors**

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

### **Current Reserve Status**

Current Balance as a % of Ideal Balance	59%
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### **Recommendations for 2018 Fiscal Year**

Monthly Reserve Allocation (2018)	\$2,085
Per Unit	\$3.93
Monthly Reserve Allocation (starting 2019)	\$6,260
Per Unit	\$11.81
Minimum Monthly Reserve Allocation (starting 2019)	\$5,050
Per Unit	\$9.53
Primary Annual Increases	3.50%
# of Years	30
Additional Contribution	\$31,748

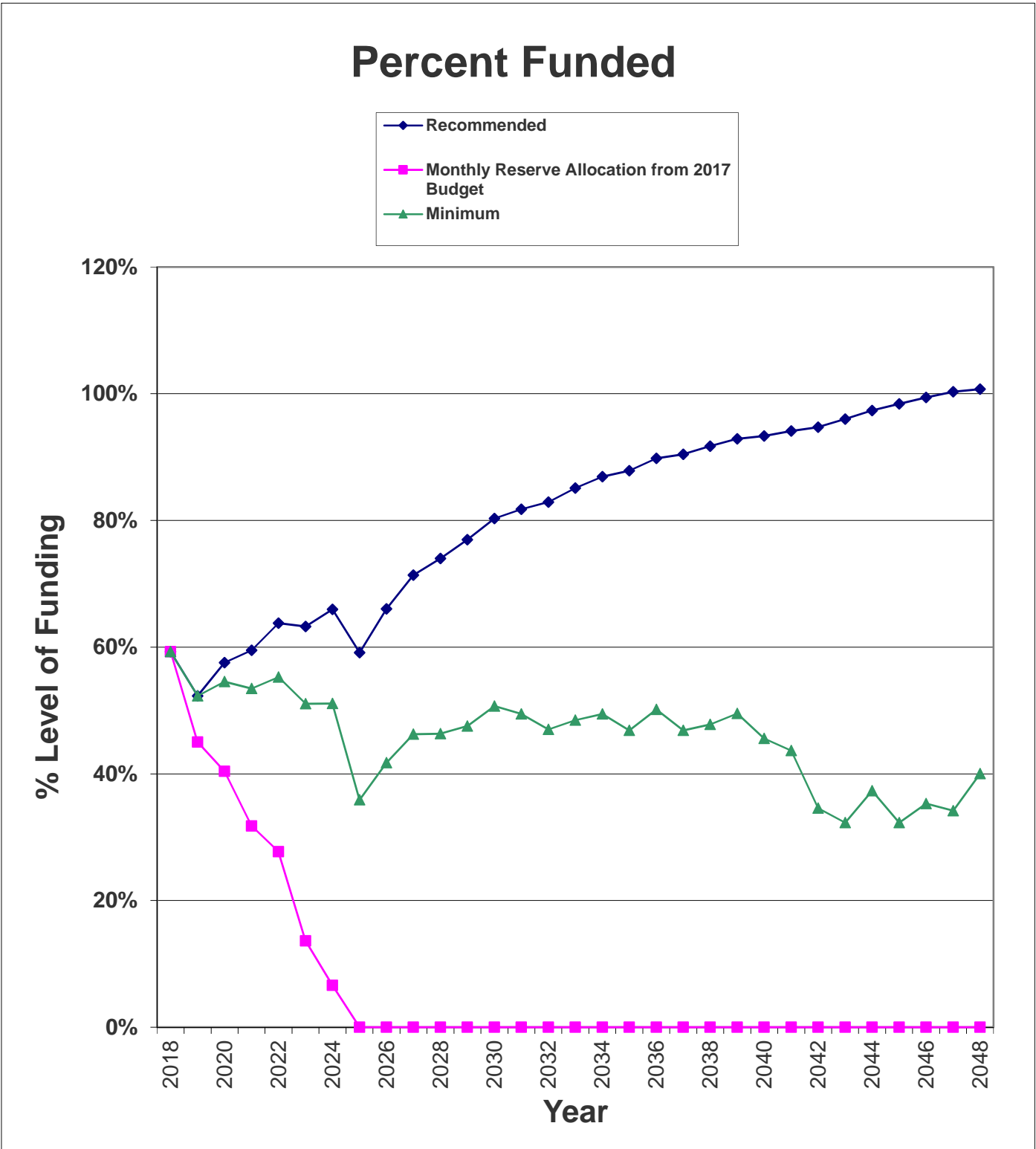
### **Changes To Current 2018 budget**

Increase/Decrease to Reserve Allocation	\$2
as Percentage	0%
Average Per Unit	\$0.00

### **Changes from 2018 to 2019**

Increase/Decrease to Reserve Allocation	\$4,177
as Percentage	201%
Average Per Unit	\$7.88

Percent Funded Graph For Crested Butte South POA





## Component Inventory for Crested Butte South POA

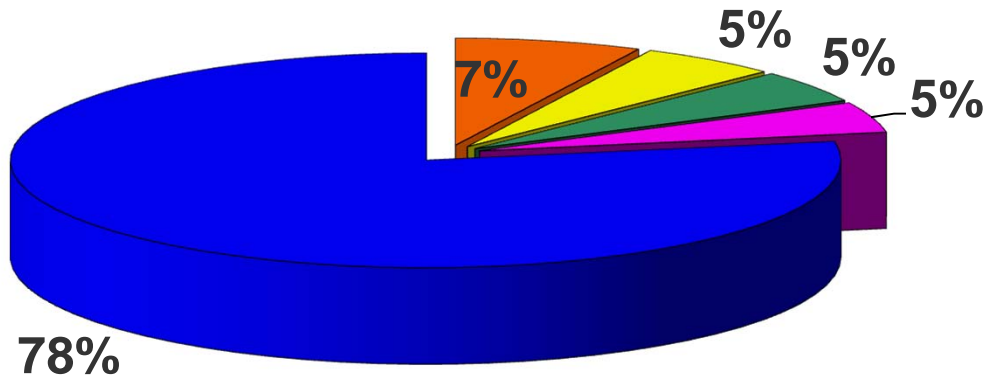
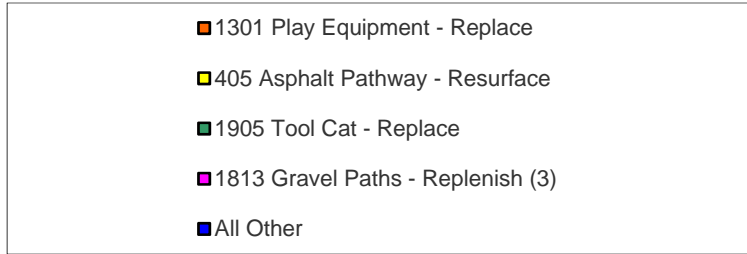
Category	Asset #	Asset Name	UL	RUL	Best Cost	Worst Cost
Roofing	108	Metal Roof - Replace (Zamboni Barn)	25	22	\$25,000	\$28,000
	108	Metal Roof - Replace (office, mail)	25	9	\$41,250	\$46,200
Painted Surfaces	204	Building Ext Surfaces - Repaint	6	0	\$11,500	\$14,000
Siding Materials	303	Wood Siding - Repair	N/A		\$0	\$0
	304	Fiber Cement Siding - Major Repairs	N/A		\$0	\$0
	310	Corrugated Metal Siding - Replace	N/A		\$0	\$0
Drive Materials	401	Gravel Parking Lot/Path - Replenish	5	3	\$11,000	\$13,500
	403	Concrete - Partial Replace	N/A		\$0	\$0
	405	Asphalt Pathway - Resurface	18	0	\$47,600	\$56,100
Property Access	502	Garage Doors - Replace (Zamboni Barn)	17	14	\$2,600	\$3,200
	502	Garage Doors - Replace (Office)	17	5	\$1,300	\$1,600
	506	Doors/Windows - Replace	10	2	\$8,250	\$9,500
	507	Garage Door Openers - Replace	N/A		\$0	\$0
Walking Surfaces	601	Concrete Flatwork - Partial Replace	N/A		\$0	\$0
	602	Brick - Repair	N/A		\$0	\$0
	609	Composite Deck - Replace	17	6	\$4,500	\$5,325
Mechanical Equip.	703	Water Heater - Replace (Zamboni Barn)	17	14	\$1,500	\$1,800
	703	Hot Water Heater/Baseboard Heaters - R	N/A		\$0	\$0
	706	Heat Panels - Replace	N/A		\$0	\$0
Prop. Identification	801	Monument - Rebuild	22	5	\$22,500	\$27,000
	803	Mailboxes - Replace	25	13	\$16,650	\$18,900
Fencing/Walls	1001	Wood Fencing - Replace (Garden)	17	15	\$6,000	\$7,000
	1001	Wood Fencing - Replace (Tennis)	20	9	\$6,900	\$7,525
	1003	Chain Link Fencing - Replace	30	4	\$18,250	\$22,600
	1006	Ranch Fencing - Partial Replace	10	0	\$3,800	\$4,200
	1009	Rail Fencing - Replace	17	16	\$4,500	\$5,325
Courts	1201	Tennis Court Asphalt - Replace	35	21	\$45,000	\$50,000
	1202	Tennis Court - Recoat/Paint	7	0	\$10,000	\$12,000
	1203	Tennis Court Windscreen - Replace	8	5	\$1,125	\$1,350
	1206	Basketball Court/Skate Park - Replace	20	0	\$1,300	\$1,500
	1207	Skateboard Ramps - Replace	N/A		\$0	\$0
Recreation Equip.	1301	Play Equipment - Replace	17	6	\$62,000	\$70,000
	1301	Play Equipment - Replace (rock wall, rou	17	15	\$25,500	\$29,000
	1303	Tot Lot Groundcover - Refill	3	1	\$1,800	\$2,100
	1305	Barbecues - Replace	N/A		\$0	\$0
	1306	Picnic Tables - Partial Replace	10	13	\$4,400	\$5,600
	1307	Benches - Partial Replace	8	0	\$6,200	\$7,200
	1307	Wood Benches - Replace	12	8	\$2,200	\$2,600
	1308	Trash Receptacles - Replace	N/A		\$0	\$0
	1309	Horseshoe Pits - Replace	N/A		\$0	\$0
	1310	Bleachers - Replace	N/A		\$0	\$0
	1311	Pet Waste Pick Up Stations - Replace	N/A		\$0	\$0
	1312	Hockey Rink/Boards - Replace	20	6	\$29,500	\$33,500
	1312	Hockey Rink Scoreboard - Replace	15	2	\$7,500	\$10,000
1315	Baseball Field - Rebuild	23	5	\$20,000	\$25,000	
Interiors	1402	Appliances - Replace	N/A		\$0	\$0
	1404	Cabinets/Countertops - Replace	20	6	\$25,600	\$29,000
	1405	Furnishings - Replace (Sunset Hall)	N/A		\$0	\$0
	1405	Office Furnishings - Replace	N/A		\$0	\$0
	1413	Restroom Fixtures - Replace	N/A		\$0	\$0

<b>Category</b>	<b>Asset #</b>	<b>Asset Name</b>	<b>UL</b>	<b>RUL</b>	<b>Best Cost</b>	<b>Worst Cost</b>
Interiors	1415	Sunset Hall Interior - Remodel	15	10	\$12,000	\$15,000
	1415	Locker Rooms - Remodel	15	12	\$4,000	\$4,500
	1417	Office Equipment - Replace	6	1	\$4,000	\$4,500
Flooring	1501	Carpeting - Replace	15	2	\$5,250	\$6,000
	1505	Wood Flooring - Refinish	10	7	\$3,000	\$3,400
Light Fixtures	1602	Light Fixtures - Replace	N/A		\$0	\$0
	1607	Sports Area Lighting - Replace	15	13	\$8,500	\$9,500
Irrig. System	1701	Irrigation System - Rebuild	5	1	\$8,750	\$10,000
	1703	Irrigation Timeclocks - Replace	N/A		\$0	\$0
Landscaping	1813	Gravel Paths - Replenish (1)	10	0	\$15,825	\$18,500
	1813	Gravel Paths - Replenish (2)	10	1	\$12,150	\$14,200
	1813	Gravel Paths - Replenish (4)	10	3	\$16,650	\$19,425
	1813	Gravel Paths - Replenish (3)	10	2	\$22,650	\$26,425
Maintenance Equip.	1901	Truck - Replace	15	4	\$30,000	\$35,000
	1902	Riding Mower - Replace (John Deere)	12	2	\$8,500	\$9,500
	1902	Scotts Tractor- Replace	12	0	\$8,500	\$9,500
	1903	Zamboni - Replace	20	4	\$25,000	\$30,000
	1904	Misc. Shop Equipment - Replace	N/A		\$0	\$0
	1905	Tool Cat - Replace	18	16	\$45,000	\$50,000
	1905	Nordic Track Groomer - Replace	17	15	\$3,500	\$4,000
	1905	Snowmobile - Replace	10	4	\$7,800	\$9,000
	1905	Speed Sign Trailer - Replace	15	0	\$1,600	\$2,000
	1906	Snow Blower - Replace	12	2	\$3,500	\$4,000
	1906	Pressure Washer - Replace	17	6	\$5,750	\$6,500
Miscellaneous	2020	Bus Stop - Renovate	10	0	\$4,250	\$5,000

## Significant Components For Crested Butte South POA

ID	Asset Name	UL	RUL	Ave Curr Cost	Significance: (Curr Cost/UL)	
					As \$	As %
108	Metal Roof - Replace (office, mail)	25	9	\$43,725	\$1,749	3.2741%
108	Metal Roof - Replace (Zamboni Barn)	25	22	\$26,500	\$1,060	1.9843%
204	Building Ext Surfaces - Repaint	6	0	\$12,750	\$2,125	3.9779%
401	Gravel Parking Lot/Path - Replenish	5	3	\$12,250	\$2,450	4.5863%
405	Asphalt Pathway - Resurface	18	0	\$51,850	\$2,881	5.3923%
502	Garage Doors - Replace (Office)	17	5	\$1,450	\$85	0.1597%
502	Garage Doors - Replace (Zamboni Barn)	17	14	\$2,900	\$171	0.3193%
506	Doors/Windows - Replace	10	2	\$8,875	\$888	1.6614%
609	Composite Deck - Replace	17	6	\$4,913	\$289	0.5409%
703	Water Heater - Replace (Zamboni Barn)	17	14	\$1,650	\$97	0.1817%
801	Monument - Rebuild	22	5	\$24,750	\$1,125	2.1060%
803	Mailboxes - Replace	25	13	\$17,775	\$711	1.3310%
1001	Wood Fencing - Replace (Garden)	17	15	\$6,500	\$382	0.7158%
1001	Wood Fencing - Replace (Tennis)	20	9	\$7,213	\$361	0.6751%
1003	Chain Link Fencing - Replace	30	4	\$20,425	\$681	1.2745%
1006	Ranch Fencing - Partial Replace	10	0	\$4,000	\$400	0.7488%
1009	Rail Fencing - Replace	17	16	\$4,913	\$289	0.5409%
1201	Tennis Court Asphalt - Replace	35	21	\$47,500	\$1,357	2.5405%
1202	Tennis Court - Recoat/Paint	7	0	\$11,000	\$1,571	2.9417%
1203	Tennis Court Windscreen - Replace	8	5	\$1,238	\$155	0.2896%
1206	Basketball Court/Skate Park - Replace	20	0	\$1,400	\$70	0.1310%
1301	Play Equipment - Replace	17	6	\$66,000	\$3,882	7.2676%
1301	Play Equipment - Replace (rock wall, round	17	15	\$27,250	\$1,603	3.0007%
1303	Tot Lot Groundcover - Refill	3	1	\$1,950	\$650	1.2168%
1306	Picnic Tables - Partial Replace	10	13	\$5,000	\$500	0.9360%
1307	Benches - Partial Replace	8	0	\$6,700	\$838	1.5678%
1307	Wood Benches - Replace	12	8	\$2,400	\$200	0.3744%
1312	Hockey Rink Scoreboard - Replace	15	2	\$8,750	\$583	1.0920%
1312	Hockey Rink/Boards - Replace	20	6	\$31,500	\$1,575	2.9483%
1315	Baseball Field - Rebuild	23	5	\$22,500	\$978	1.8313%
1404	Cabinets/Countertops - Replace	20	6	\$27,300	\$1,365	2.5552%
1415	Locker Rooms - Remodel	15	12	\$4,250	\$283	0.5304%
1415	Sunset Hall Interior - Remodel	15	10	\$13,500	\$900	1.6848%
1417	Office Equipment - Replace	6	1	\$4,250	\$708	1.3260%
1501	Carpeting - Replace	15	2	\$5,625	\$375	0.7020%
1505	Wood Flooring - Refinish	10	7	\$3,200	\$320	0.5990%
1607	Sports Area Lighting - Replace	15	13	\$9,000	\$600	1.1232%
1701	Irrigation System - Rebuild	5	1	\$9,375	\$1,875	3.5099%
1813	Gravel Paths - Replenish (1)	10	0	\$17,163	\$1,716	3.2128%
1813	Gravel Paths - Replenish (2)	10	1	\$13,175	\$1,318	2.4663%
1813	Gravel Paths - Replenish (3)	10	2	\$24,538	\$2,454	4.5933%
1813	Gravel Paths - Replenish (4)	10	3	\$18,038	\$1,804	3.3766%
1901	Truck - Replace	15	4	\$32,500	\$2,167	4.0559%
1902	Riding Mower - Replace (John Deere)	12	2	\$9,000	\$750	1.4040%
1902	Scotts Tractor- Replace	12	0	\$9,000	\$750	1.4040%
1903	Zamboni - Replace	20	4	\$27,500	\$1,375	2.5740%
1905	Nordic Track Groomer - Replace	17	15	\$3,750	\$221	0.4129%
1905	Snowmobile - Replace	10	4	\$8,400	\$840	1.5725%
1905	Speed Sign Trailer - Replace	15	0	\$1,800	\$120	0.2246%
1905	Tool Cat - Replace	18	16	\$47,500	\$2,639	4.9399%
1906	Pressure Washer - Replace	17	6	\$6,125	\$360	0.6745%
1906	Snow Blower - Replace	12	2	\$3,750	\$313	0.5850%
2020	Bus Stop - Renovate	10	0	\$4,625	\$463	0.8658%

## Significant Components Graph For Crested Butte South POA



Asset ID	Asset Name	UL	RUL	Average Curr. Cost	Significance: (Curr Cost/UL)	
					As \$	As %
1301	Play Equipment - Replace	17	6	\$66,000	\$3,882	7%
405	Asphalt Pathway - Resurface	18	0	\$51,850	\$2,881	5%
1905	Tool Cat - Replace	18	16	\$47,500	\$2,639	5%
1813	Gravel Paths - Replenish (3)	10	2	\$24,538	\$2,454	5%
All Other	See Expanded Table on Page 4 For Additional Breakdown				\$41,564	78%

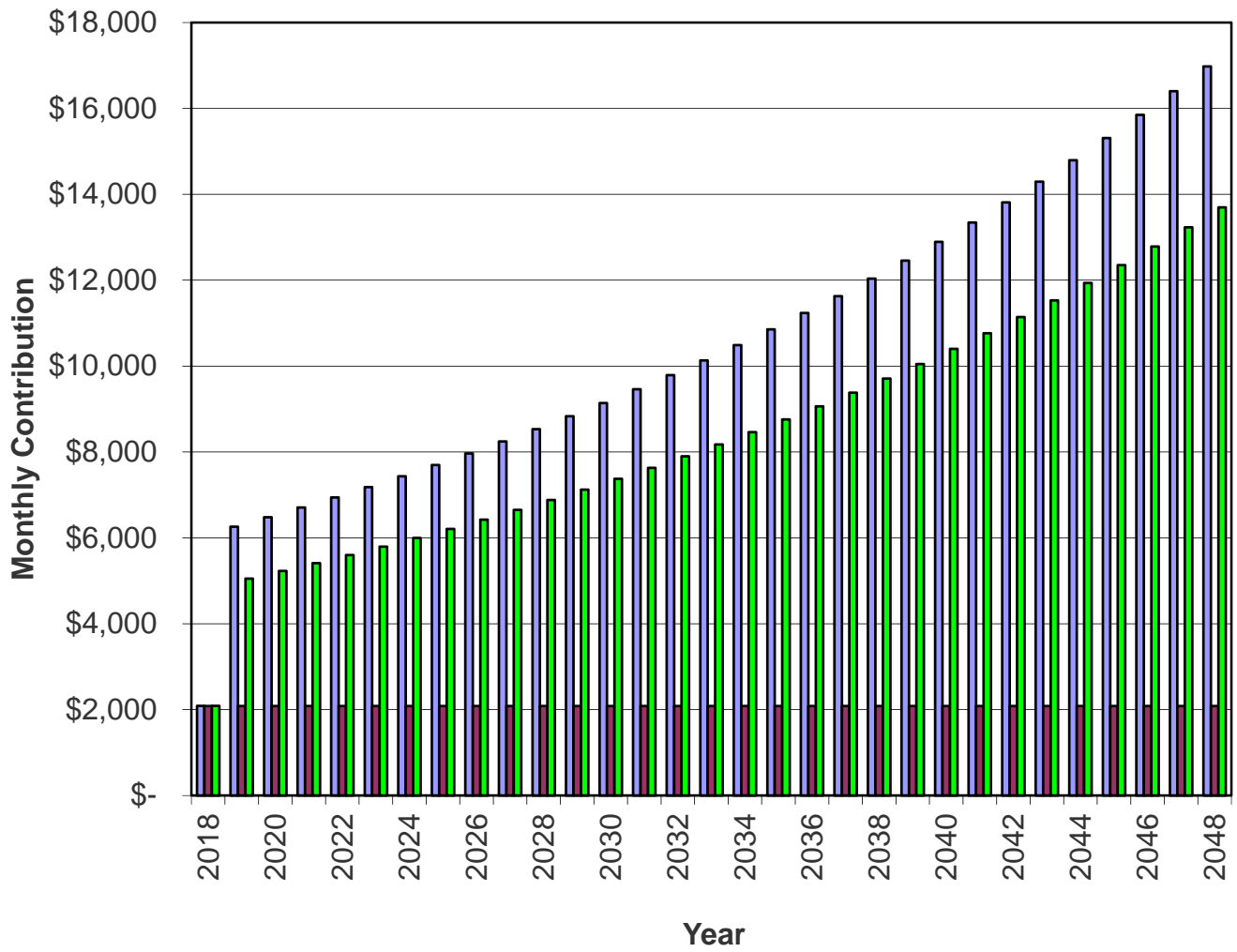
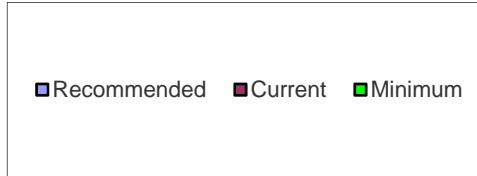
## Yearly Summary For Crested Butte South POA

<b>Fiscal Year Start</b>	<b>Fully Funded Balance</b>	<b>Starting Reserve Balance</b>	<b>Percent Funded</b>	<b>Annual Reserve Contribs</b>	<b>Additional Contribution</b>	<b>Interest Income</b>	<b>Reserve Expenses</b>
2018	\$489,885	\$290,369	59%	\$25,020	\$31,748	\$2,757	\$120,288
2019	\$438,880	\$229,607	52%	\$75,120	\$0	\$2,534	\$29,828
2020	\$481,893	\$277,433	58%	\$77,749	\$0	\$2,850	\$65,163
2021	\$492,015	\$292,870	60%	\$80,470	\$0	\$3,176	\$33,824
2022	\$537,268	\$342,692	64%	\$83,287	\$0	\$3,333	\$105,176
2023	\$512,510	\$324,135	63%	\$86,202	\$0	\$3,388	\$60,030
2024	\$536,072	\$353,695	66%	\$89,219	\$0	\$3,012	\$197,007
2025	\$420,902	\$248,918	59%	\$92,342	\$0	\$2,832	\$26,397
2026	\$481,014	\$317,695	66%	\$95,574	\$0	\$3,528	\$28,662
2027	\$543,719	\$388,135	71%	\$98,919	\$0	\$4,040	\$70,946
2028	\$567,696	\$420,147	74%	\$102,381	\$0	\$4,436	\$59,590
2029	\$607,249	\$467,373	77%	\$105,964	\$0	\$5,058	\$33,808
2030	\$678,037	\$544,588	80%	\$109,673	\$0	\$5,558	\$92,413
2031	\$693,792	\$567,405	82%	\$113,511	\$0	\$5,707	\$112,158
2032	\$692,886	\$574,465	83%	\$117,484	\$0	\$6,053	\$61,447
2033	\$747,913	\$636,555	85%	\$121,596	\$0	\$6,663	\$68,268
2034	\$801,407	\$696,547	87%	\$125,852	\$0	\$6,992	\$126,944
2035	\$799,640	\$702,446	88%	\$130,257	\$0	\$7,546	\$32,862
2036	\$899,162	\$807,387	90%	\$134,816	\$0	\$8,039	\$149,084
2037	\$885,723	\$801,159	90%	\$139,535	\$0	\$8,358	\$77,891
2038	\$949,675	\$871,161	92%	\$144,418	\$0	\$9,167	\$61,783
2039	\$1,036,920	\$962,963	93%	\$149,473	\$0	\$9,529	\$178,272
2040	\$1,010,918	\$943,693	93%	\$154,704	\$0	\$9,543	\$142,307
2041	\$1,025,758	\$965,632	94%	\$160,119	\$0	\$9,189	\$261,941
2042	\$921,706	\$873,000	95%	\$165,723	\$0	\$8,821	\$155,691
2043	\$928,833	\$891,853	96%	\$171,524	\$0	\$9,573	\$49,450
2044	\$1,051,481	\$1,023,499	97%	\$177,527	\$0	\$10,115	\$210,753
2045	\$1,016,593	\$1,000,389	98%	\$183,740	\$0	\$10,536	\$87,003
2046	\$1,114,200	\$1,107,662	99%	\$190,171	\$0	\$11,284	\$158,946
2047	\$1,146,443	\$1,150,171	100%	\$196,827	\$0	\$12,420	\$24,576



Reserve Contributions For Crested Butte South POA

# Reserve Contributions



## Component Funding Information For Crested Butte South POA

ID	Component Name	Ave	Current	Current	Monthly
		Current	Ideal	Fund	
		Cost	Balance	Balance	
108	Metal Roof - Replace (office, mail)	\$43,725	\$27,984	\$0	\$68.26
108	Metal Roof - Replace (Zamboni Barn)	\$26,500	\$3,180	\$0	\$41.37
204	Building Ext Surfaces - Repaint	\$12,750	\$12,750	\$12,750	\$82.94
401	Gravel Parking Lot/Path - Replenish	\$12,250	\$4,900	\$4,900	\$95.62
405	Asphalt Pathway - Resurface	\$51,850	\$51,850	\$51,850	\$112.43
502	Garage Doors - Replace (Office)	\$1,450	\$1,024	\$1,024	\$3.33
502	Garage Doors - Replace (Zamboni Barn)	\$2,900	\$512	\$0	\$6.66
506	Doors/Windows - Replace	\$8,875	\$7,100	\$7,100	\$34.64
609	Composite Deck - Replace	\$4,913	\$3,179	\$0	\$11.28
703	Water Heater - Replace (Zamboni Barn)	\$1,650	\$291	\$0	\$3.79
801	Monument - Rebuild	\$24,750	\$19,125	\$8,944	\$43.91
803	Mailboxes - Replace	\$17,775	\$8,532	\$0	\$27.75
1001	Wood Fencing - Replace (Garden)	\$6,500	\$765	\$0	\$14.92
1001	Wood Fencing - Replace (Tennis)	\$7,213	\$3,967	\$0	\$14.08
1003	Chain Link Fencing - Replace	\$20,425	\$17,702	\$17,702	\$26.57
1006	Ranch Fencing - Partial Replace	\$4,000	\$4,000	\$4,000	\$15.61
1009	Rail Fencing - Replace	\$4,913	\$289	\$0	\$11.28
1201	Tennis Court Asphalt - Replace	\$47,500	\$19,000	\$0	\$52.97
1202	Tennis Court - Recoat/Paint	\$11,000	\$11,000	\$11,000	\$61.33
1203	Tennis Court Windscreen - Replace	\$1,238	\$464	\$0	\$6.04
1206	Basketball Court/Skate Park - Replace	\$1,400	\$1,400	\$1,400	\$2.73
1301	Play Equipment - Replace	\$66,000	\$42,706	\$0	\$151.53
1301	Play Equipment - Replace (rock wall, round spin	\$27,250	\$3,206	\$0	\$62.56
1303	Tot Lot Groundcover - Refill	\$1,950	\$1,300	\$1,300	\$25.37
1306	Picnic Tables - Partial Replace	\$5,000	\$0	\$0	\$19.52
1307	Benches - Partial Replace	\$6,700	\$6,700	\$6,700	\$32.69
1307	Wood Benches - Replace	\$2,400	\$800	\$0	\$7.81
1312	Hockey Rink Scoreboard - Replace	\$8,750	\$7,583	\$7,583	\$22.77
1312	Hockey Rink/Boards - Replace	\$31,500	\$22,050	\$0	\$61.47
1315	Baseball Field - Rebuild	\$22,500	\$17,609	\$0	\$38.18
1404	Cabinets/Countertops - Replace	\$27,300	\$19,110	\$0	\$53.28
1415	Locker Rooms - Remodel	\$4,250	\$850	\$0	\$11.06
1415	Sunset Hall Interior - Remodel	\$13,500	\$4,500	\$0	\$35.13
1417	Office Equipment - Replace	\$4,250	\$3,542	\$3,542	\$27.65
1501	Carpeting - Replace	\$5,625	\$4,875	\$4,875	\$14.64
1505	Wood Flooring - Refinish	\$3,200	\$960	\$0	\$12.49
1607	Sports Area Lighting - Replace	\$9,000	\$1,200	\$0	\$23.42
1701	Irrigation System - Rebuild	\$9,375	\$7,500	\$7,500	\$73.18
1813	Gravel Paths - Replenish (1)	\$17,163	\$17,163	\$17,163	\$66.99
1813	Gravel Paths - Replenish (2)	\$13,175	\$11,858	\$11,858	\$51.42
1813	Gravel Paths - Replenish (3)	\$24,538	\$19,630	\$19,630	\$95.77
1813	Gravel Paths - Replenish (4)	\$18,038	\$12,626	\$12,626	\$70.40
1901	Truck - Replace	\$32,500	\$23,833	\$23,833	\$84.57
1902	Riding Mower - Replace (John Deere)	\$9,000	\$7,500	\$7,500	\$29.27
1902	Scotts Tractor- Replace	\$9,000	\$9,000	\$9,000	\$29.27
1903	Zamboni - Replace	\$27,500	\$22,000	\$22,000	\$53.67
1905	Nordic Track Groomer - Replace	\$3,750	\$441	\$0	\$8.61
1905	Snowmobile - Replace	\$8,400	\$5,040	\$5,040	\$32.79
1905	Speed Sign Trailer - Replace	\$1,800	\$1,800	\$1,800	\$4.68
1905	Tool Cat - Replace	\$47,500	\$5,278	\$0	\$103.00
1906	Pressure Washer - Replace	\$6,125	\$3,963	\$0	\$14.06

<b>ID</b>	<b>Component Name</b>	<b>Ave Current Cost</b>	<b>Ideal Balance</b>	<b>Current Fund Balance</b>	<b>Monthly</b>
1906	Snow Blower - Replace	3750	\$3,125	\$3,125	\$12.20
2020	Bus Stop - Renovate	4625	\$4,625	\$4,625	\$18.05

## Yearly Cash Flow For Crested Butte South POA

Year	2018	2019	2020	2021	2022
<b>Starting Balance</b>	\$290,369	\$229,607	\$277,433	\$292,870	\$342,692
<i>Reserve Income</i>	\$25,020	\$75,120	\$77,749	\$80,470	\$83,287
<i>Interest Earnings</i>	\$2,757	\$2,534	\$2,850	\$3,176	\$3,333
<i>Additional Contribution</i>	\$31,748	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$349,894	\$307,261	\$358,032	\$376,516	\$429,312
<b>Reserve Expenditures</b>	\$120,288	\$29,828	\$65,163	\$33,824	\$105,176
<b>Ending Balance</b>	\$229,607	\$277,433	\$292,870	\$342,692	\$324,135

Year	2023	2024	2025	2026	2027
<b>Starting Balance</b>	\$324,135	\$353,695	\$248,918	\$317,695	\$388,135
<i>Reserve Income</i>	\$86,202	\$89,219	\$92,342	\$95,574	\$98,919
<i>Interest Earnings</i>	\$3,388	\$3,012	\$2,832	\$3,528	\$4,040
<i>Additional Contribution</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$413,725	\$445,926	\$344,092	\$416,797	\$491,093
<b>Reserve Expenditures</b>	\$60,030	\$197,007	\$26,397	\$28,662	\$70,946
<b>Ending Balance</b>	\$353,695	\$248,918	\$317,695	\$388,135	\$420,147

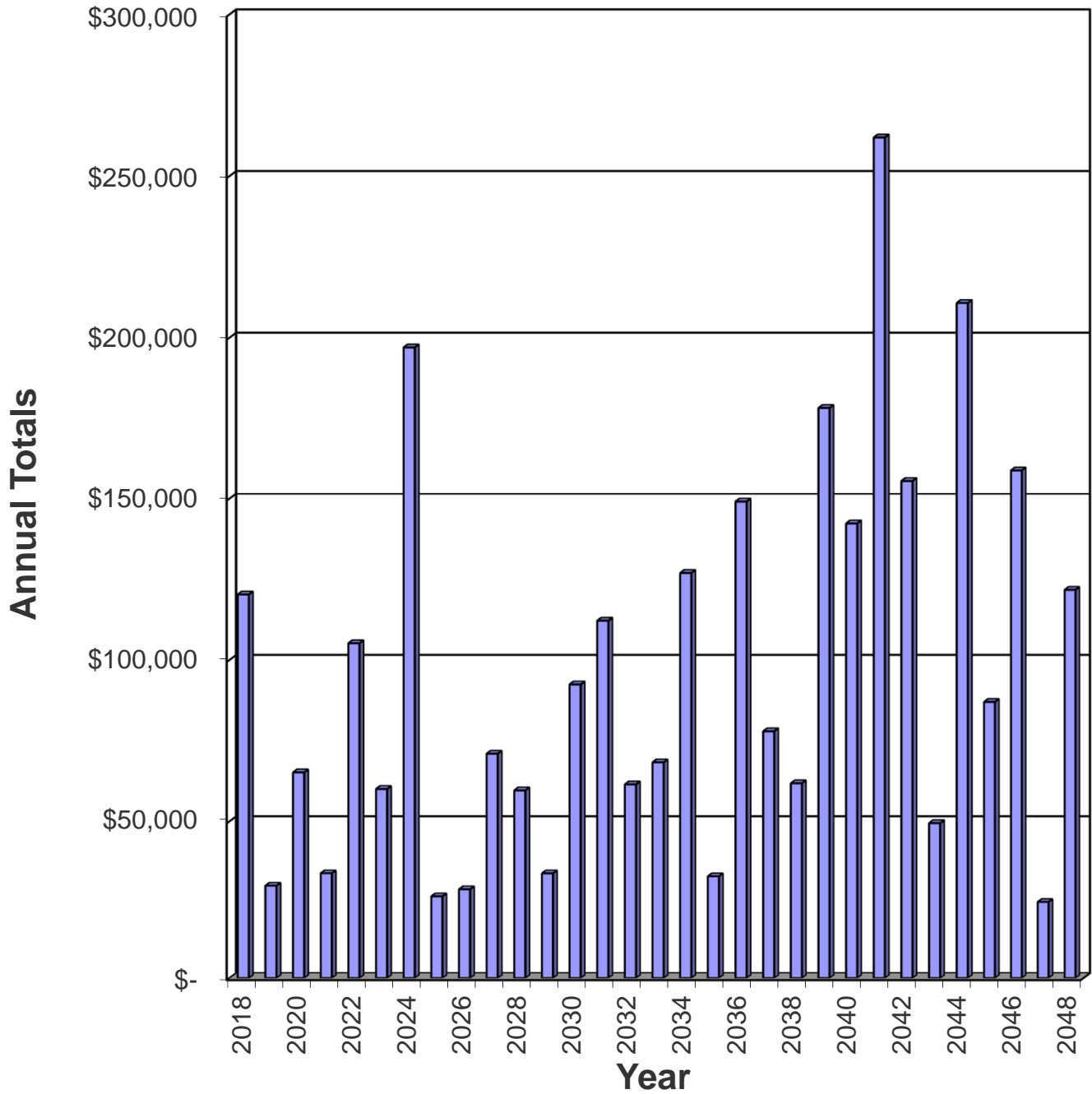
Year	2028	2029	2030	2031	2032
<b>Starting Balance</b>	\$420,147	\$467,373	\$544,588	\$567,405	\$574,465
<i>Reserve Income</i>	\$102,381	\$105,964	\$109,673	\$113,511	\$117,484
<i>Interest Earnings</i>	\$4,436	\$5,058	\$5,558	\$5,707	\$6,053
<i>Additional Contribution</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$526,963	\$578,395	\$659,818	\$686,623	\$698,002
<b>Reserve Expenditures</b>	\$59,590	\$33,808	\$92,413	\$112,158	\$61,447
<b>Ending Balance</b>	\$467,373	\$544,588	\$567,405	\$574,465	\$636,555

Year	2033	2034	2035	2036	2037
<b>Starting Balance</b>	\$636,555	\$696,547	\$702,446	\$807,387	\$801,159
<i>Reserve Income</i>	\$121,596	\$125,852	\$130,257	\$134,816	\$139,535
<i>Interest Earnings</i>	\$6,663	\$6,992	\$7,546	\$8,039	\$8,358
<i>Additional Contribution</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$764,814	\$829,391	\$840,249	\$950,243	\$949,052
<b>Reserve Expenditures</b>	\$68,268	\$126,944	\$32,862	\$149,084	\$77,891
<b>Ending Balance</b>	\$696,547	\$702,446	\$807,387	\$801,159	\$871,161

Year	2038	2039	2040	2041	2042
<b>Starting Balance</b>	\$871,161	\$962,963	\$943,693	\$965,632	\$873,000
<i>Reserve Income</i>	\$144,418	\$149,473	\$154,704	\$160,119	\$165,723
<i>Interest Earnings</i>	\$9,167	\$9,529	\$9,543	\$9,189	\$8,821
<i>Additional Contribution</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$1,024,746	\$1,121,965	\$1,107,940	\$1,134,941	\$1,047,544
<b>Reserve Expenditures</b>	\$61,783	\$178,272	\$142,307	\$261,941	\$155,691
<b>Ending Balance</b>	\$962,963	\$943,693	\$965,632	\$873,000	\$891,853

Year	2043	2044	2045	2046	2047
<b>Starting Balance</b>	\$891,853	\$1,023,499	\$1,000,389	\$1,107,662	\$1,150,171
<i>Reserve Income</i>	\$171,524	\$177,527	\$183,740	\$190,171	\$196,827
<i>Interest Earnings</i>	\$9,573	\$10,115	\$10,536	\$11,284	\$12,420
<i>Additional Contribution</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$1,072,950	\$1,211,141	\$1,194,665	\$1,309,117	\$1,359,418
<b>Reserve Expenditures</b>	\$49,450	\$210,753	\$87,003	\$158,946	\$24,576
<b>Ending Balance</b>	\$1,023,499	\$1,000,389	\$1,107,662	\$1,150,171	\$1,334,842

## Reserve Expenditures





## Projected Reserve Expenditures For Crested Butte South POA

Year	Asset ID	Asset Name	Projected Cost	Total Per Annum
2018	204	Building Ext Surfaces - Repaint	\$12,750	
	405	Asphalt Pathway - Resurface	\$51,850	
	1006	Ranch Fencing - Partial Replace	\$4,000	
	1202	Tennis Court - Recoat/Paint	\$11,000	
	1206	Basketball Court/Skate Park - Replace	\$1,400	
	1307	Benches - Partial Replace	\$6,700	
	1813	Gravel Paths - Replenish (1)	\$17,163	
	1902	Scotts Tractor- Replace	\$9,000	
	1905	Speed Sign Trailer - Replace	\$1,800	
	2020	Bus Stop - Renovate	\$4,625	\$120,288
2019	1303	Tot Lot Groundcover - Refill	\$2,023	
	1417	Office Equipment - Replace	\$4,409	
	1701	Irrigation System - Rebuild	\$9,727	
	1813	Gravel Paths - Replenish (2)	\$13,669	\$29,828
2020	506	Doors/Windows - Replace	\$9,553	
	1312	Hockey Rink Scoreboard - Replace	\$9,419	
	1501	Carpeting - Replace	\$6,055	
	1813	Gravel Paths - Replenish (3)	\$26,412	
	1902	Riding Mower - Replace (John Deere)	\$9,688	
	1906	Snow Blower - Replace	\$4,037	\$65,163
2021	401	Gravel Parking Lot/Path - Replenish	\$13,680	
	1813	Gravel Paths - Replenish (4)	\$20,144	\$33,824
2022	1003	Chain Link Fencing - Replace	\$23,665	
	1303	Tot Lot Groundcover - Refill	\$2,259	
	1901	Truck - Replace	\$37,656	
	1903	Zamboni - Replace	\$31,863	
	1905	Snowmobile - Replace	\$9,733	\$105,176
2023	502	Garage Doors - Replace (Office)	\$1,743	
	801	Monument - Rebuild	\$29,752	
	1203	Tennis Court Windscreen - Replace	\$1,488	
	1315	Baseball Field - Rebuild	\$27,047	\$60,030
2024	204	Building Ext Surfaces - Repaint	\$15,902	
	609	Composite Deck - Replace	\$6,127	
	1301	Play Equipment - Replace	\$82,314	
	1312	Hockey Rink/Boards - Replace	\$39,286	
	1404	Cabinets/Countertops - Replace	\$34,048	
	1701	Irrigation System - Rebuild	\$11,692	
	1906	Pressure Washer - Replace	\$7,639	\$197,007
2025	1202	Tennis Court - Recoat/Paint	\$14,233	
	1303	Tot Lot Groundcover - Refill	\$2,523	
	1417	Office Equipment - Replace	\$5,499	
	1505	Wood Flooring - Refinish	\$4,141	\$26,397
2026	401	Gravel Parking Lot/Path - Replenish	\$16,445	
	1307	Benches - Partial Replace	\$8,995	
	1307	Wood Benches - Replace	\$3,222	\$28,662
2027	108	Metal Roof - Replace (office, mail)	\$60,901	
	1001	Wood Fencing - Replace (Tennis)	\$10,046	\$70,946
2028	1006	Ranch Fencing - Partial Replace	\$5,780	
	1303	Tot Lot Groundcover - Refill	\$2,818	
	1415	Sunset Hall Interior - Remodel	\$19,508	
	1813	Gravel Paths - Replenish (1)	\$24,801	
	2020	Bus Stop - Renovate	\$6,683	\$59,590
2029	1701	Irrigation System - Rebuild	\$14,055	

Year	Asset ID	Asset Name	Projected Cost	Total Per Annum
	1813	Gravel Paths - Replenish (2)	\$19,752	\$33,808
2030	204	Building Ext Surfaces - Repaint	\$19,832	
	506	Doors/Windows - Replace	\$13,805	
	1415	Locker Rooms - Remodel	\$6,611	
	1813	Gravel Paths - Replenish (3)	\$38,167	
	1902	Scotts Tractor- Replace	\$13,999	\$92,413
2031	401	Gravel Parking Lot/Path - Replenish	\$19,769	
	803	Mailboxes - Replace	\$28,685	
	1203	Tennis Court Windscreen - Replace	\$1,997	
	1303	Tot Lot Groundcover - Refill	\$3,147	
	1306	Picnic Tables - Partial Replace	\$8,069	
	1417	Office Equipment - Replace	\$6,859	
	1607	Sports Area Lighting - Replace	\$14,524	
	1813	Gravel Paths - Replenish (4)	\$29,109	\$112,158
2032	502	Garage Doors - Replace (Zamboni Barn)	\$4,855	
	703	Water Heater - Replace (Zamboni Barn)	\$2,763	
	1202	Tennis Court - Recoat/Paint	\$18,417	
	1902	Riding Mower - Replace (John Deere)	\$15,069	
	1905	Snowmobile - Replace	\$14,064	
	1906	Snow Blower - Replace	\$6,279	\$61,447
2033	1001	Wood Fencing - Replace (Garden)	\$11,291	
	1301	Play Equipment - Replace (rock wall, round sp	\$47,336	
	1905	Nordic Track Groomer - Replace	\$6,514	
	1905	Speed Sign Trailer - Replace	\$3,127	\$68,268
2034	1009	Rail Fencing - Replace	\$8,853	
	1303	Tot Lot Groundcover - Refill	\$3,514	
	1307	Benches - Partial Replace	\$12,075	
	1701	Irrigation System - Rebuild	\$16,896	
	1905	Tool Cat - Replace	\$85,606	\$126,944
2035	1312	Hockey Rink Scoreboard - Replace	\$16,361	
	1501	Carpeting - Replace	\$10,518	
	1505	Wood Flooring - Refinish	\$5,983	\$32,862
2036	204	Building Ext Surfaces - Repaint	\$24,734	
	401	Gravel Parking Lot/Path - Replenish	\$23,764	
	405	Asphalt Pathway - Resurface	\$100,585	\$149,084
2037	1303	Tot Lot Groundcover - Refill	\$3,925	
	1417	Office Equipment - Replace	\$8,554	
	1901	Truck - Replace	\$65,412	\$77,891
2038	1006	Ranch Fencing - Partial Replace	\$8,353	
	1206	Basketball Court/Skate Park - Replace	\$2,923	
	1307	Wood Benches - Replace	\$5,012	
	1813	Gravel Paths - Replenish (1)	\$35,838	
	2020	Bus Stop - Renovate	\$9,658	\$61,783
2039	1201	Tennis Court Asphalt - Replace	\$102,907	
	1202	Tennis Court - Recoat/Paint	\$23,831	
	1203	Tennis Court Windscreen - Replace	\$2,681	
	1701	Irrigation System - Rebuild	\$20,311	
	1813	Gravel Paths - Replenish (2)	\$28,543	\$178,272
2040	108	Metal Roof - Replace (Zamboni Barn)	\$59,564	
	502	Garage Doors - Replace (Office)	\$3,259	
	506	Doors/Windows - Replace	\$19,948	
	1303	Tot Lot Groundcover - Refill	\$4,383	
	1813	Gravel Paths - Replenish (3)	\$55,153	\$142,307
2041	401	Gravel Parking Lot/Path - Replenish	\$28,567	
	609	Composite Deck - Replace	\$11,456	

<b>Year</b>	<b>Asset ID</b>	<b>Asset Name</b>	<b>Projected Cost</b>	<b>Total Per Annum</b>
	1301	Play Equipment - Replace	\$153,911	
	1306	Picnic Tables - Partial Replace	\$11,660	
	1813	Gravel Paths - Replenish (4)	\$42,063	
	1906	Pressure Washer - Replace	\$14,283	\$261,941
2042	204	Building Ext Surfaces - Repaint	\$30,848	
	1307	Benches - Partial Replace	\$16,210	
	1902	Scotts Tractor- Replace	\$21,775	
	1903	Zamboni - Replace	\$66,535	
	1905	Snowmobile - Replace	\$20,323	\$155,691
2043	1303	Tot Lot Groundcover - Refill	\$4,895	
	1415	Sunset Hall Interior - Remodel	\$33,887	
	1417	Office Equipment - Replace	\$10,668	\$49,450
2044	1312	Hockey Rink/Boards - Replace	\$82,035	
	1404	Cabinets/Countertops - Replace	\$71,097	
	1701	Irrigation System - Rebuild	\$24,415	
	1902	Riding Mower - Replace (John Deere)	\$23,439	
	1906	Snow Blower - Replace	\$9,766	\$210,753
2045	801	Monument - Rebuild	\$66,873	
	1415	Locker Rooms - Remodel	\$11,483	
	1505	Wood Flooring - Refinish	\$8,646	\$87,003
2046	401	Gravel Parking Lot/Path - Replenish	\$34,340	
	1202	Tennis Court - Recoat/Paint	\$30,836	
	1303	Tot Lot Groundcover - Refill	\$5,466	
	1315	Baseball Field - Rebuild	\$63,074	
	1607	Sports Area Lighting - Replace	\$25,230	\$158,946
2047	1001	Wood Fencing - Replace (Tennis)	\$20,977	
	1203	Tennis Court Windscreen - Replace	\$3,599	\$24,576
2048	204	Building Ext Surfaces - Repaint	\$38,473	
	1006	Ranch Fencing - Partial Replace	\$12,070	
	1813	Gravel Paths - Replenish (1)	\$51,787	
	1905	Speed Sign Trailer - Replace	\$5,431	
	2020	Bus Stop - Renovate	\$13,956	\$121,717

## **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.