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## **Update "With-Site-Visit" Reserve Study**



### **Vistoso Community Siena Neighborhood Oro Valley, AZ**

**Report #: 8973-8**

**For Period Beginning: January 1, 2021**

**Expires: December 31, 2021**

**Date Prepared: August 2, 2020**



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**Hello, and welcome to your Reserve Study!**

**T**his Report is a valuable budget planning tool, for with it you control the future of your association. It contains all the fundamental information needed to understand your current and future Reserve obligations, the most significant expenditures your association will face.

**W**ith respect to Reserves, this Report will tell you "where you are," and "where to go from here."

**In this Report, you will find...**

- 1) A List of What you're Reserving For**
- 2) An Evaluation of your Reserve Fund Size and Strength**
- 3) A Recommended Multi-Year Reserve Funding Plan**

**More Questions?**

Visit our website at [www.ReserveStudy.com](http://www.ReserveStudy.com) or call us at:

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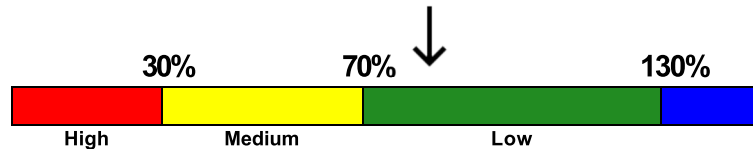
### 3- Minute Executive Summary

**Association:** Vistoso Community Siena Neighborhood **Assoc. #: 8973-8**  
**Location:** Oro Valley, AZ **# of Units: 61**  
**Report Period:** January 1, 2021 through December 31, 2021

#### Findings/Recommendations as-of: January 1, 2021

Projected Starting Reserve Balance .....	\$183,900
Current Fully Funded Reserve Balance .....	\$217,311
Average Reserve Deficit (Surplus) Per Unit .....	\$548
Percent Funded .....	84.6 %
Current Monthly Reserve Contribution .....	\$1,485
Recommended 2021 Monthly Reserve Contribution .....	\$1,900
Recommended 2021 Special Assessments for Reserves .....	\$0

Reserves % Funded: 84.6%



Special Assessment Risk:

#### Economic Assumptions:

Net Annual "After Tax" Interest Earnings Accruing to Reserves ..... 1.00 %  
 Annual Inflation Rate ..... 3.00 %

Siena Neighborhood is a gated, benefited parcel within the Vistoso Community Association.

This is an Update "With-Site-Visit" Reserve Study based on a prior report prepared by Association Reserves for your 2017 Fiscal Year. We performed the site inspection on 5/7/2020 in conjunction with the study for Vistoso Community Association.

The Reserve expense threshold for this analysis is \$1,000, which means no expenses under that amount are funded in the Reserve Study.

Your Reserve Fund is 84.6 % Funded. This means the Reserve Fund status is Strong, and special assessment risk is currently Low.

The objective of your multi-year Funding Plan is to Fully Fund Reserves, where associations enjoy a low risk of Reserve cash flow problems.

Based on this starting point and anticipated future expenses, we recommend budgeting Monthly Reserve contributions of \$1,900. Nominal annual increases are scheduled to help offset inflation (see tables herein for details).

# Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost
COMMON AREA			
2000 Monument - Refurbish	20	14	\$2,500
2004 Entry System - Replace	15	1	\$5,600
2006 Gate Operators - Replace	15	1	\$17,500
2010 Vehicle Gates - Replace	30	15	\$24,500
2014 Walls & Gates - Repaint	5	2	\$2,600
2016 Landscape Lights - Replace	10	5	\$9,000
2018 Landscape Granite - Replenish	10	6	\$22,000
2020 Asphalt - Repave	30	15	\$307,000
2021 Asphalt - Seal/Repair	4	0	\$13,000
2024 Concrete - Repair	5	3	\$1,200
2030 Street Signs - Replace	14	13	\$1,500
2032 Sign Posts - Replace	28	13	\$1,500
<b>12 Total Funded Components</b>			

Note 1: Yellow highlighted line items are expected to require attention in this initial year.

## Introduction



A Reserve Study is the art and science of anticipating, and preparing for, an association's major common area repair and replacement expenses. Partially art, because in this field we are making projections about the future. Partially science, because our work is a combination of research and well-defined computations, following consistent National Reserve Study Standard principles.

The foundation of this and every Reserve Study is your Reserve Component List (what you are reserving for). This is because the Reserve Component List defines the *scope and schedule* of all your anticipated upcoming Reserve projects. Based on that List and your starting balance, we calculate the association's Reserve Fund Strength (reported in terms of "Percent Funded"). Then we compute a Reserve Funding Plan to provide for the Reserve needs of the association. These form the three results of your Reserve Study.



Reserve contributions are not “for the future”. Reserve contributions are designed to offset the ongoing, daily deterioration of your Reserve assets. Done well, a stable, budgeted Reserve Funding Plan will collect sufficient funds from the owners who enjoyed the use of those assets, so the association is financially prepared for the irregular expenditures scattered through future years when those projects eventually require replacement.

## Methodology



For this [Update With-Site-Visit Reserve Study](#), we started with a review of your prior Reserve Study, then looked into recent Reserve expenditures, evaluated how expenditures are handled (ongoing maintenance vs Reserves), and researched any well-established association

precedents. We performed an on-site inspection to evaluate your common areas, updating and adjusting your Reserve Component List as appropriate.

## *Which Physical Assets are Funded by Reserves?*

There is a national-standard four-part test to determine which expenses should appear in your Reserve Component List. First, it must be a common area maintenance responsibility. Second, the component must have a limited life. Third, the remaining life must be predictable (or it by definition is a *surprise* which cannot be accurately anticipated). Fourth, the component must be above a minimum threshold cost (often between .5% and 1% of an association's total budget). This limits Reserve Components to major, predictable expenses. Within this framework, it is inappropriate to include *lifetime* components, unpredictable expenses (such as damage due to fire, flood, or earthquake), and expenses more appropriately handled from the Operational Budget or as an insured loss.



## *How do we establish Useful Life and Remaining Useful Life estimates?*

- 1) Visual Inspection (observed wear and age)
- 2) Association Reserves database of experience
- 3) Client History (install dates & previous life cycle information)
- 4) Vendor Evaluation and Recommendation

## *How do we establish Current Repair/Replacement Cost Estimates?*

In this order...

- 1) Actual client cost history, or current proposals
- 2) Comparison to Association Reserves database of work done at similar associations
- 3) Vendor Recommendations
- 4) Reliable National Industry cost estimating guidebooks

## How much Reserves are enough?

Reserve adequacy is not measured in cash terms. Reserve adequacy is found when the *amount* of current Reserve cash is compared to Reserve component deterioration (the *needs of the association*). Having *enough* means the association can execute its projects in a timely manner with existing Reserve funds. Not having *enough* typically creates deferred maintenance or special assessments.

Adequacy is measured in a two-step process:

- 1) Calculate the *value of deterioration* at the association (called Fully Funded Balance, or FFB).
- 2) Compare that to the Reserve Fund Balance, and express as a percentage.



Each year, the *value of deterioration* at the association changes. When there is more deterioration (as components approach the time they need to be replaced), there should be more cash to offset that deterioration and prepare for the expenditure. Conversely, the *value of deterioration* shrinks after projects are accomplished. The *value of deterioration* (the FFB) changes each year, and is a moving but predictable target.

There is a high risk of special assessments and deferred maintenance when the Percent Funded is *weak*, below 30%. Approximately 30% of all associations are in this high risk range. While the 100% point is Ideal (indicating Reserve cash is equal to the *value of deterioration*), a Reserve Fund in the 70% - 130% range is considered strong (low risk of special assessment).

Measuring your Reserves by Percent Funded tells how well prepared your association is for upcoming Reserve expenses. New buyers should be very aware of this important disclosure!



## How much should we contribute?



According to National Reserve Study Standards, there are four Funding Principles to balance in developing your Reserve Funding Plan. Our first objective is to design a plan that provides you with sufficient cash to perform your Reserve projects on time. Second, a stable contribution is desirable because it keeps these naturally irregular expenses from unsettling the budget.

Reserve contributions that are evenly distributed over current and future owners enable each owner to pay their fair share of the association's Reserve expenses over the years. And finally, we develop a plan that is fiscally responsible and safe for Boardmembers to recommend to their association. Remember, it is the Board's job to provide for the ongoing care of the common areas. Boardmembers invite liability exposure when Reserve contributions are inadequate to offset ongoing common area deterioration.

## What is our Recommended Funding Goal?

Maintaining the Reserve Fund at a level equal to the *value* of deterioration is called "Full Funding" (100% Funded). As each asset ages and becomes "used up," the Reserve Fund grows proportionally. **This is simple, responsible, and our recommendation.** Evidence shows that associations in the 70 - 130% range *enjoy a low risk of special assessments or deferred maintenance.*

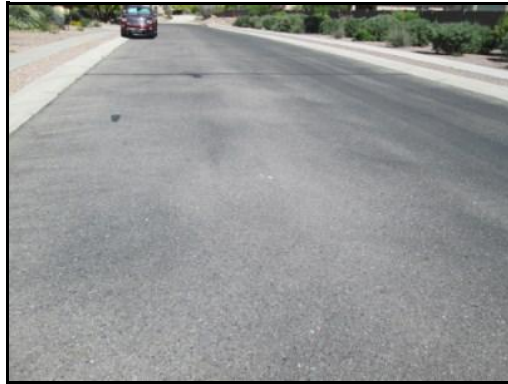


Allowing the Reserves to fall close to zero, but not below zero, is called Baseline Funding. Doing so allows the Reserve Fund to drop into the 0 - 30% range, where there is a high risk of special assessments & deferred maintenance. Since Baseline Funding still provides for the timely execution of all Reserve projects, and only the "margin of safety" is different, Baseline Funding contributions average only 10% - 15% less than Full Funding contributions. Threshold Funding is the title of all other Cash or Percent Funded objectives *between* Baseline Funding and Full Funding.

## Site Inspection Notes

The site visit for Siena occurred on 5/7/2020 as part of the Vistoso inspection. I visually re-inspected the entry system components, streets, and common areas.

Please see the Component Details Appendix at the end of this report for a detailed look at each component.



Projected Expenses

While this Reserve Study looks forward 30 years, we have no expectation that all of these expenses will take place as anticipated. This Reserve Study needs to be updated annually, because we expect the timing of expenses to shift and the size of the expenses to change. We do feel more certain of the timing and cost of near-term expenses than expenses many years away. Please be aware of your near-term expenses, which we are able to project more accurately than the more distant projections.

The chart below summarizes the projected future expenses at your association as defined by the Reserve Component List. A summary of these components is shown in the Component Details Table, while a summary of the expenses themselves is shown in the 30-yr Expense Summary Table.

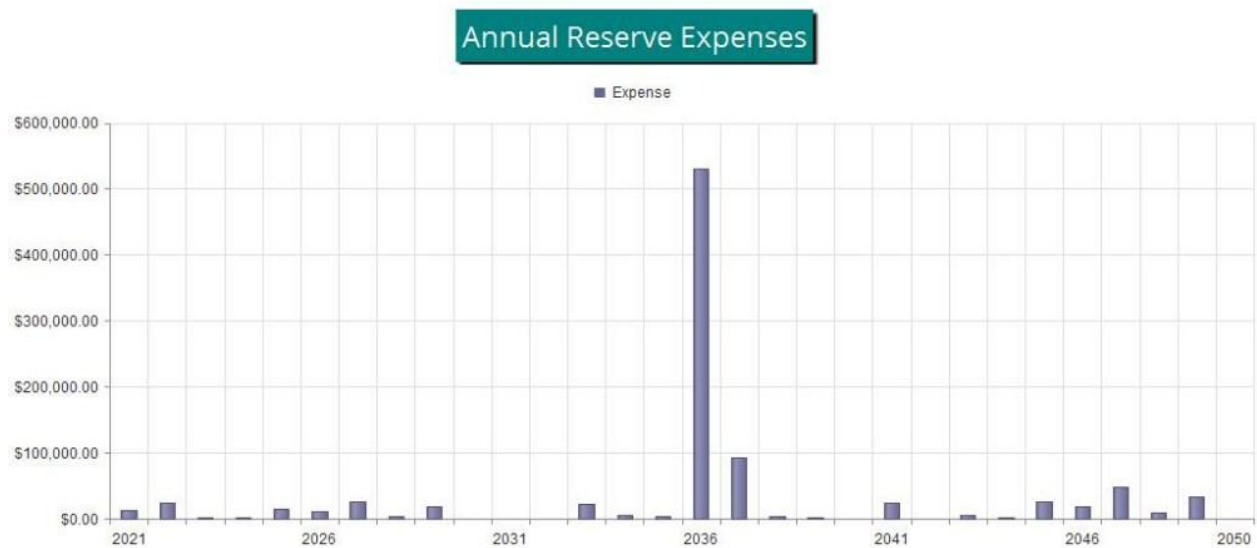


Figure 1

Reserve Fund Status

The starting point for our financial analysis is your Reserve Fund balance, projected to be \$183,900 as-of the start of your fiscal year on 1/1/2021. This is based on your actual balance of \$174,532 on 6/30/2020 and anticipated Reserve contributions and expenses projected through the end of your Fiscal Year. As of 1/1/2021, your Fully Funded Balance is computed to be \$217,311. This figure represents the deteriorated value of your common area components. Comparing your Reserve Balance to the Fully Funded Balance indicates Reserves are 84.6 % Funded.

Recommended Funding Plan

Based on your current Percent Funded and cash flow requirements, we recommend budgeting Monthly Reserve contributions of \$1,900 this Fiscal Year. The overall 30-year plan, in perspective, is shown below. This same information is shown numerically in both the 30-yr Summary and the Cash Flow Detail tables.

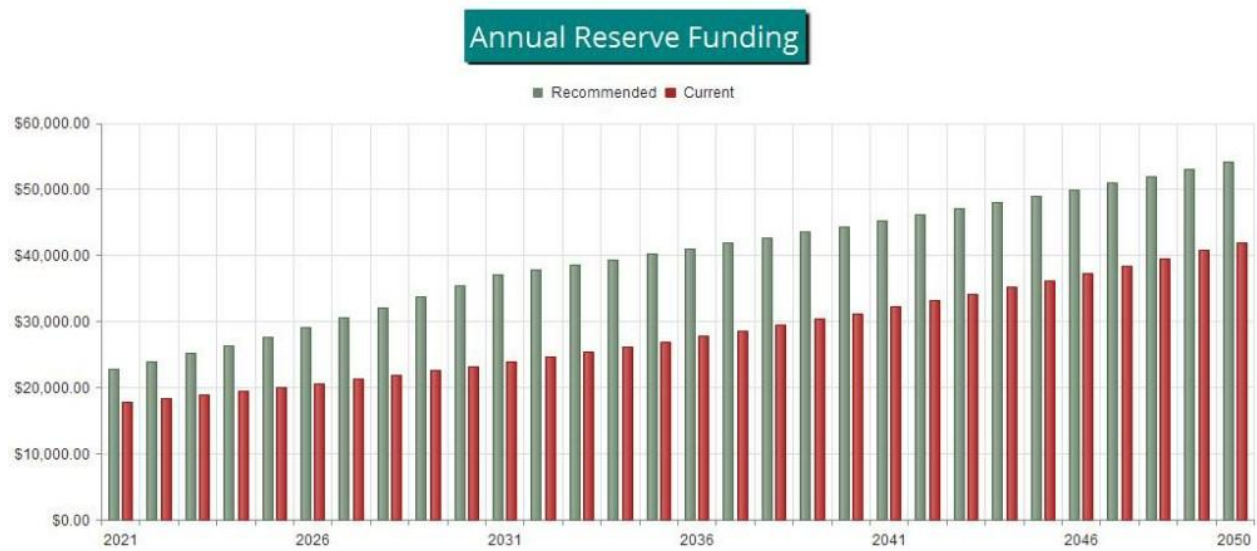


Figure 2

The following chart shows your Reserve balance under our recommended Funding Plan and your currently budgeted contribution rate, compared to the always-changing Fully Funded Balance target.

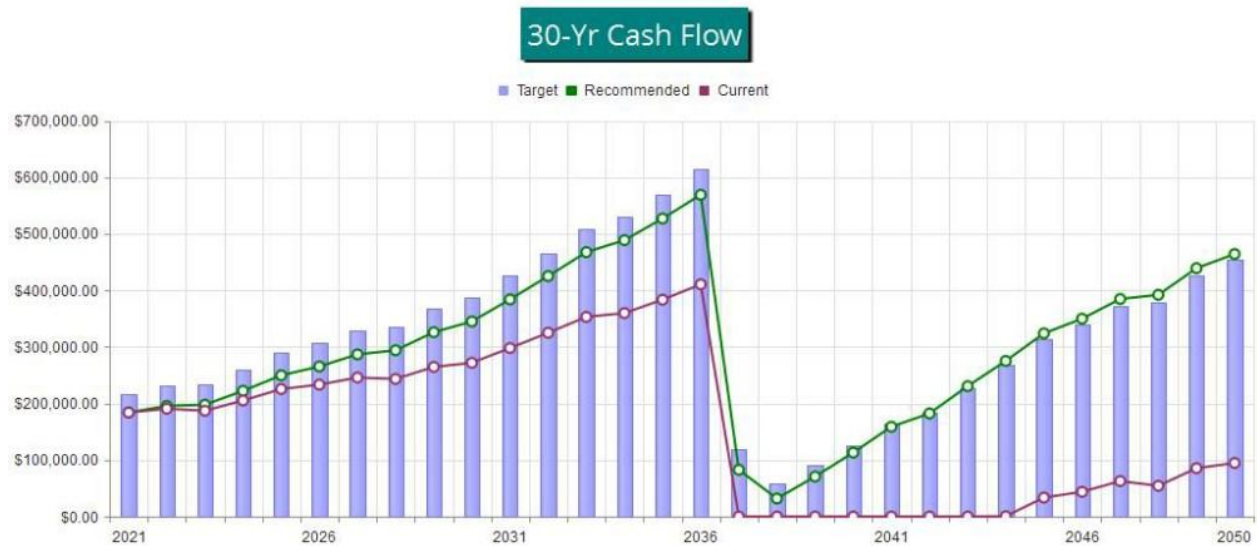


Figure 3

This chart shows the same information plotted on a Percent Funded scale. It is clear here to see how your Reserve Fund strength approaches the 100% Funded level under our recommended multi-year Funding Plan.

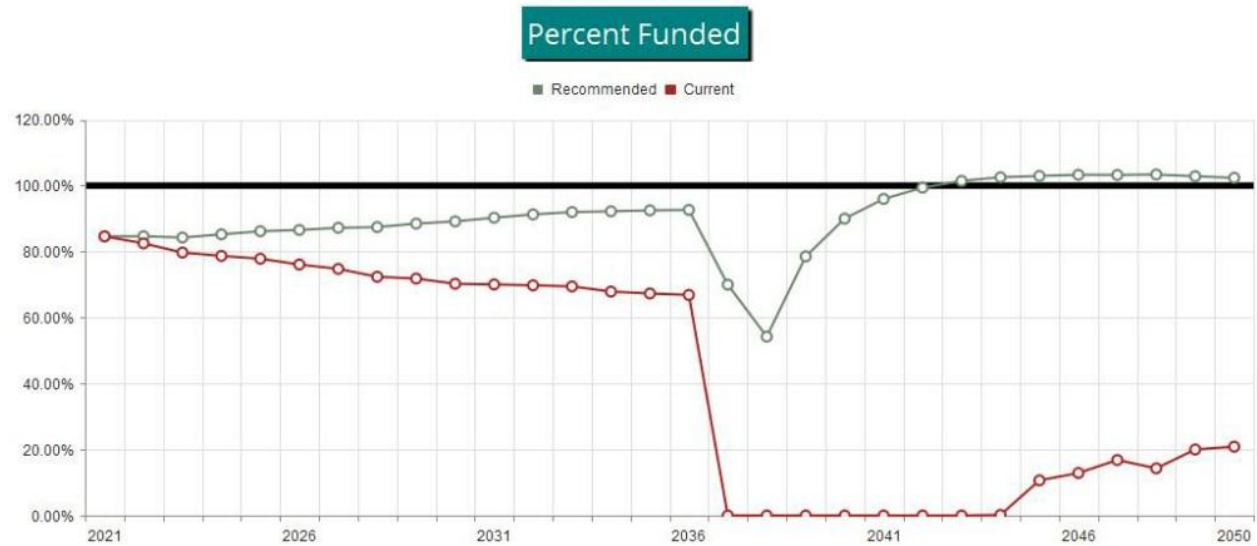


Figure 4

## Table Descriptions

Executive Summary is a summary of your Reserve Components

Budget Summary is a management and accounting tool, summarizing groupings of your Reserve Components.

Reserve Component List Detail discloses key Component information, providing the foundation upon which the financial analysis is performed.

Fully Funded Balance shows the calculation of the Fully Funded Balance for each of your components, and their contributions to the property total. For each component, the Fully Funded Balance is the fraction of life used up multiplied by its estimated Current Replacement Cost.

Component Significance shows the relative significance of each component to Reserve funding needs of the property, helping you see which components have more (or less) influence than others on your total Reserve contribution rate. The deterioration cost/yr of each component is calculated by dividing the estimated Current Replacement Cost by its Useful Life, then that component's percentage of the total is displayed.

30-Yr Reserve Plan Summary provides a one-page 30-year summary of the cash flowing into and out of the Reserve Fund, with a display of the Fully Funded Balance, Percent Funded, and special assessment risk at the beginning of each year.

30-Year Income/Expense Detail shows the detailed income and expenses for each of the next 30 years. This table makes it possible to see which components are projected to require repair or replacement in a particular year, and the size of those individual expenses.

## Budget Summary

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	Useful Life		2021 Rem. Useful Life		Estimated Replacement Cost in 2021	2021 Expenditures	01/01/2021 Current Fund Balance	01/01/2021 Fully Funded Balance	Remaining Bal. to be Funded	2021 Contributions
	Min	Max	Min	Max						
COMMON AREA	4	30	0	15	\$407,900	\$13,000	\$183,900	\$217,311	\$224,000	\$22,800
					\$407,900	\$13,000	\$183,900	\$217,311	\$224,000	\$22,800
Percent Funded:									84.6%	

### Budget Summary



■ COMMON AREA

# Reserve Component List Detail

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WSV

#	Component	Quantity	Useful Life	Rem. Useful Life	Current Cost Estimate
COMMON AREA					
2000	Monument - Refurbish	(1) Monument	20	14	\$2,500
2004	Entry System - Replace	(1) DoorKing System	15	1	\$5,600
2006	Gate Operators - Replace	(4) Apollo Operators	15	1	\$17,500
2010	Vehicle Gates - Replace	(4) Vehicle, (2) Ped.	30	15	\$24,500
2014	Walls & Gates - Repaint	Stucco & Metal	5	2	\$2,600
2016	Landscape Lights - Replace	(27) Light Fixtures	10	5	\$9,000
2018	Landscape Granite - Replenish	Approx 39,300 Sq Ft	10	6	\$22,000
2020	Asphalt - Repave	Approx 118,000 Sq Ft	30	15	\$307,000
2021	Asphalt - Seal/Repair	Approx 118,000 Sq Ft	4	0	\$13,000
2024	Concrete - Repair	Numerous Sq Ft	5	3	\$1,200
2030	Street Signs - Replace	(12) Signs	14	13	\$1,500
2032	Sign Posts - Replace	(6) Wood Posts	28	13	\$1,500

12 Total Funded Components



#	Component	Current Cost Estimate	X	Effective Age	/	Useful Life	=	Fully Funded Balance
COMMON AREA								
2000	Monument - Refurbish	\$2,500	X	6	/	20	=	\$750
2004	Entry System - Replace	\$5,600	X	14	/	15	=	\$5,227
2006	Gate Operators - Replace	\$17,500	X	14	/	15	=	\$16,333
2010	Vehicle Gates - Replace	\$24,500	X	15	/	30	=	\$12,250
2014	Walls & Gates - Repaint	\$2,600	X	3	/	5	=	\$1,560
2016	Landscape Lights - Replace	\$9,000	X	5	/	10	=	\$4,500
2018	Landscape Granite - Replenish	\$22,000	X	4	/	10	=	\$8,800
2020	Asphalt - Repave	\$307,000	X	15	/	30	=	\$153,500
2021	Asphalt - Seal/Repair	\$13,000	X	4	/	4	=	\$13,000
2024	Concrete - Repair	\$1,200	X	2	/	5	=	\$480
2030	Street Signs - Replace	\$1,500	X	1	/	14	=	\$107
2032	Sign Posts - Replace	\$1,500	X	15	/	28	=	\$804
								\$217,311

# Component Significance

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#	Component	Useful Life (yrs)	Current Cost Estimate	Deterioration Cost/Yr	Deterioration Significance
COMMON AREA					
2000	Monument - Refurbish	20	\$2,500	\$125	0.63 %
2004	Entry System - Replace	15	\$5,600	\$373	1.87 %
2006	Gate Operators - Replace	15	\$17,500	\$1,167	5.84 %
2010	Vehicle Gates - Replace	30	\$24,500	\$817	4.09 %
2014	Walls & Gates - Repaint	5	\$2,600	\$520	2.60 %
2016	Landscape Lights - Replace	10	\$9,000	\$900	4.50 %
2018	Landscape Granite - Replenish	10	\$22,000	\$2,200	11.01 %
2020	Asphalt - Repave	30	\$307,000	\$10,233	51.20 %
2021	Asphalt - Seal/Repair	4	\$13,000	\$3,250	16.26 %
2024	Concrete - Repair	5	\$1,200	\$240	1.20 %
2030	Street Signs - Replace	14	\$1,500	\$107	0.54 %
2032	Sign Posts - Replace	28	\$1,500	\$54	0.27 %
12	Total Funded Components			\$19,986	100.00 %

# 30-Year Reserve Plan Summary

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WSV

Fiscal Year Start: 2021	Interest: 1.00 %	Inflation: 3.00 %
Reserve Fund Strength Calculations: (All values of Fiscal Year Start Date)	Projected Reserve Balance Changes	

	% Increase									
	Starting	Fully			Special	In Annual		Loan or		
	Reserve	Funded	Percent		Assmt	Reserve	Reserve	Special	Interest	Reserve
Year	Balance	Balance	Funded		Risk	Contribs.	Contribs.	Assmts	Income	Expenses
2021	\$183,900	\$217,311	84.6 %	<div></div>	Low	27.95 %	\$22,800	\$0	\$1,897	\$13,000
2022	\$195,597	\$231,025	84.7 %	<div></div>	Low	5.00 %	\$23,940	\$0	\$1,966	\$23,793
2023	\$197,709	\$234,652	84.3 %	<div></div>	Low	5.00 %	\$25,137	\$0	\$2,099	\$2,758
2024	\$222,187	\$260,690	85.2 %	<div></div>	Low	5.00 %	\$26,394	\$0	\$2,358	\$1,311
2025	\$249,627	\$289,654	86.2 %	<div></div>	Low	5.00 %	\$27,714	\$0	\$2,573	\$14,632
2026	\$265,283	\$306,442	86.6 %	<div></div>	Low	5.00 %	\$29,099	\$0	\$2,759	\$10,433
2027	\$286,707	\$328,752	87.2 %	<div></div>	Low	5.00 %	\$30,554	\$0	\$2,902	\$26,269
2028	\$293,894	\$336,138	87.4 %	<div></div>	Low	5.00 %	\$32,082	\$0	\$3,098	\$3,198
2029	\$325,876	\$368,246	88.5 %	<div></div>	Low	5.00 %	\$33,686	\$0	\$3,353	\$17,988
2030	\$344,926	\$386,842	89.2 %	<div></div>	Low	5.00 %	\$35,370	\$0	\$3,643	\$0
2031	\$383,939	\$425,306	90.3 %	<div></div>	Low	5.00 %	\$37,139	\$0	\$4,044	\$0
2032	\$425,122	\$465,730	91.3 %	<div></div>	Low	2.00 %	\$37,882	\$0	\$4,461	\$0
2033	\$467,464	\$508,197	92.0 %	<div></div>	Low	2.00 %	\$38,639	\$0	\$4,778	\$22,242
2034	\$488,640	\$529,884	92.2 %	<div></div>	Low	2.00 %	\$39,412	\$0	\$5,076	\$6,168
2035	\$526,960	\$569,658	92.5 %	<div></div>	Low	2.00 %	\$40,200	\$0	\$5,477	\$3,781
2036	\$568,856	\$613,989	92.6 %	<div></div>	Low	2.00 %	\$41,004	\$0	\$3,256	\$530,488
2037	\$82,628	\$118,078	70.0 %	<div></div>	Medium	2.00 %	\$41,824	\$0	\$572	\$93,233
2038	\$31,791	\$58,623	54.2 %	<div></div>	Medium	2.00 %	\$42,661	\$0	\$512	\$4,297
2039	\$70,666	\$89,980	78.5 %	<div></div>	Low	2.00 %	\$43,514	\$0	\$918	\$2,043
2040	\$113,055	\$125,620	90.0 %	<div></div>	Low	2.00 %	\$44,384	\$0	\$1,359	\$0
2041	\$158,798	\$165,485	96.0 %	<div></div>	Low	2.00 %	\$45,272	\$0	\$1,705	\$23,479
2042	\$182,296	\$183,445	99.4 %	<div></div>	Low	2.00 %	\$46,177	\$0	\$2,063	\$0
2043	\$230,536	\$227,243	101.4 %	<div></div>	Low	2.00 %	\$47,101	\$0	\$2,528	\$4,982
2044	\$275,183	\$268,373	102.5 %	<div></div>	Low	2.00 %	\$48,043	\$0	\$2,994	\$2,368
2045	\$323,852	\$314,611	102.9 %	<div></div>	Low	2.00 %	\$49,004	\$0	\$3,367	\$26,426
2046	\$349,796	\$338,676	103.3 %	<div></div>	Low	2.00 %	\$49,984	\$0	\$3,670	\$18,844
2047	\$384,606	\$372,528	103.2 %	<div></div>	Low	2.00 %	\$50,984	\$0	\$3,882	\$47,445
2048	\$392,027	\$379,230	103.4 %	<div></div>	Low	2.00 %	\$52,003	\$0	\$4,154	\$9,107
2049	\$439,076	\$426,952	102.8 %	<div></div>	Low	2.00 %	\$53,043	\$0	\$4,514	\$32,489
2050	\$464,145	\$453,395	102.4 %	<div></div>	Low	2.00 %	\$54,104	\$0	\$4,935	\$0

# 30-Year Income/Expense Detail

8973-8  
WSV

Fiscal Year		2021	2022	2023	2024	2025
Starting Reserve Balance		\$183,900	\$195,597	\$197,709	\$222,187	\$249,627
Annual Reserve Contribution		\$22,800	\$23,940	\$25,137	\$26,394	\$27,714
Recommended Special Assessments		\$0	\$0	\$0	\$0	\$0
Interest Earnings		\$1,897	\$1,966	\$2,099	\$2,358	\$2,573
Total Income		\$208,597	\$221,502	\$224,945	\$250,939	\$279,914
# Component						
COMMON AREA						
2000	Monument - Refurbish	\$0	\$0	\$0	\$0	\$0
2004	Entry System - Replace	\$0	\$5,768	\$0	\$0	\$0
2006	Gate Operators - Replace	\$0	\$18,025	\$0	\$0	\$0
2010	Vehicle Gates - Replace	\$0	\$0	\$0	\$0	\$0
2014	Walls & Gates - Repaint	\$0	\$0	\$2,758	\$0	\$0
2016	Landscape Lights - Replace	\$0	\$0	\$0	\$0	\$0
2018	Landscape Granite - Replenish	\$0	\$0	\$0	\$0	\$0
2020	Asphalt - Repave	\$0	\$0	\$0	\$0	\$0
2021	Asphalt - Seal/Repair	\$13,000	\$0	\$0	\$0	\$14,632
2024	Concrete - Repair	\$0	\$0	\$0	\$1,311	\$0
2030	Street Signs - Replace	\$0	\$0	\$0	\$0	\$0
2032	Sign Posts - Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses		\$13,000	\$23,793	\$2,758	\$1,311	\$14,632
Ending Reserve Balance		\$195,597	\$197,709	\$222,187	\$249,627	\$265,283

<b>Fiscal Year</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
Starting Reserve Balance	\$265,283	\$286,707	\$293,894	\$325,876	\$344,926
Annual Reserve Contribution	\$29,099	\$30,554	\$32,082	\$33,686	\$35,370
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$2,759	\$2,902	\$3,098	\$3,353	\$3,643
Total Income	\$297,141	\$320,163	\$329,073	\$362,914	\$383,939
# Component					
<b>COMMON AREA</b>					
2000 Monument - Refurbish	\$0	\$0	\$0	\$0	\$0
2004 Entry System - Replace	\$0	\$0	\$0	\$0	\$0
2006 Gate Operators - Replace	\$0	\$0	\$0	\$0	\$0
2010 Vehicle Gates - Replace	\$0	\$0	\$0	\$0	\$0
2014 Walls & Gates - Repaint	\$0	\$0	\$3,198	\$0	\$0
2016 Landscape Lights - Replace	\$10,433	\$0	\$0	\$0	\$0
2018 Landscape Granite - Replenish	\$0	\$26,269	\$0	\$0	\$0
2020 Asphalt - Repave	\$0	\$0	\$0	\$0	\$0
2021 Asphalt - Seal/Repair	\$0	\$0	\$0	\$16,468	\$0
2024 Concrete - Repair	\$0	\$0	\$0	\$1,520	\$0
2030 Street Signs - Replace	\$0	\$0	\$0	\$0	\$0
2032 Sign Posts - Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$10,433	\$26,269	\$3,198	\$17,988	\$0
Ending Reserve Balance	\$286,707	\$293,894	\$325,876	\$344,926	\$383,939

<b>Fiscal Year</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>	<b>2035</b>
Starting Reserve Balance	\$383,939	\$425,122	\$467,464	\$488,640	\$526,960
Annual Reserve Contribution	\$37,139	\$37,882	\$38,639	\$39,412	\$40,200
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$4,044	\$4,461	\$4,778	\$5,076	\$5,477
Total Income	\$425,122	\$467,464	\$510,882	\$533,128	\$572,637
# Component					
<b>COMMON AREA</b>					
2000 Monument - Refurbish	\$0	\$0	\$0	\$0	\$3,781
2004 Entry System - Replace	\$0	\$0	\$0	\$0	\$0
2006 Gate Operators - Replace	\$0	\$0	\$0	\$0	\$0
2010 Vehicle Gates - Replace	\$0	\$0	\$0	\$0	\$0
2014 Walls & Gates - Repaint	\$0	\$0	\$3,707	\$0	\$0
2016 Landscape Lights - Replace	\$0	\$0	\$0	\$0	\$0
2018 Landscape Granite - Replenish	\$0	\$0	\$0	\$0	\$0
2020 Asphalt - Repave	\$0	\$0	\$0	\$0	\$0
2021 Asphalt - Seal/Repair	\$0	\$0	\$18,535	\$0	\$0
2024 Concrete - Repair	\$0	\$0	\$0	\$1,762	\$0
2030 Street Signs - Replace	\$0	\$0	\$0	\$2,203	\$0
2032 Sign Posts - Replace	\$0	\$0	\$0	\$2,203	\$0
Total Expenses	\$0	\$0	\$22,242	\$6,168	\$3,781
Ending Reserve Balance	\$425,122	\$467,464	\$488,640	\$526,960	\$568,856

<b>Fiscal Year</b>	<b>2036</b>	<b>2037</b>	<b>2038</b>	<b>2039</b>	<b>2040</b>
Starting Reserve Balance	\$568,856	\$82,628	\$31,791	\$70,666	\$113,055
Annual Reserve Contribution	\$41,004	\$41,824	\$42,661	\$43,514	\$44,384
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$3,256	\$572	\$512	\$918	\$1,359
Total Income	\$613,116	\$125,024	\$74,964	\$115,098	\$158,798
# Component					
<b>COMMON AREA</b>					
2000 Monument - Refurbish	\$0	\$0	\$0	\$0	\$0
2004 Entry System - Replace	\$0	\$8,986	\$0	\$0	\$0
2006 Gate Operators - Replace	\$0	\$28,082	\$0	\$0	\$0
2010 Vehicle Gates - Replace	\$38,170	\$0	\$0	\$0	\$0
2014 Walls & Gates - Repaint	\$0	\$0	\$4,297	\$0	\$0
2016 Landscape Lights - Replace	\$14,022	\$0	\$0	\$0	\$0
2018 Landscape Granite - Replenish	\$0	\$35,304	\$0	\$0	\$0
2020 Asphalt - Repave	\$478,296	\$0	\$0	\$0	\$0
2021 Asphalt - Seal/Repair	\$0	\$20,861	\$0	\$0	\$0
2024 Concrete - Repair	\$0	\$0	\$0	\$2,043	\$0
2030 Street Signs - Replace	\$0	\$0	\$0	\$0	\$0
2032 Sign Posts - Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$530,488	\$93,233	\$4,297	\$2,043	\$0
Ending Reserve Balance	\$82,628	\$31,791	\$70,666	\$113,055	\$158,798

<b>Fiscal Year</b>	<b>2041</b>	<b>2042</b>	<b>2043</b>	<b>2044</b>	<b>2045</b>
Starting Reserve Balance	\$158,798	\$182,296	\$230,536	\$275,183	\$323,852
Annual Reserve Contribution	\$45,272	\$46,177	\$47,101	\$48,043	\$49,004
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$1,705	\$2,063	\$2,528	\$2,994	\$3,367
Total Income	\$205,775	\$230,536	\$280,165	\$326,220	\$376,222
# Component					
<b>COMMON AREA</b>					
2000 Monument - Refurbish	\$0	\$0	\$0	\$0	\$0
2004 Entry System - Replace	\$0	\$0	\$0	\$0	\$0
2006 Gate Operators - Replace	\$0	\$0	\$0	\$0	\$0
2010 Vehicle Gates - Replace	\$0	\$0	\$0	\$0	\$0
2014 Walls & Gates - Repaint	\$0	\$0	\$4,982	\$0	\$0
2016 Landscape Lights - Replace	\$0	\$0	\$0	\$0	\$0
2018 Landscape Granite - Replenish	\$0	\$0	\$0	\$0	\$0
2020 Asphalt - Repave	\$0	\$0	\$0	\$0	\$0
2021 Asphalt - Seal/Repair	\$23,479	\$0	\$0	\$0	\$26,426
2024 Concrete - Repair	\$0	\$0	\$0	\$2,368	\$0
2030 Street Signs - Replace	\$0	\$0	\$0	\$0	\$0
2032 Sign Posts - Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$23,479	\$0	\$4,982	\$2,368	\$26,426
Ending Reserve Balance	\$182,296	\$230,536	\$275,183	\$323,852	\$349,796



<b>Fiscal Year</b>	<b>2046</b>	<b>2047</b>	<b>2048</b>	<b>2049</b>	<b>2050</b>
Starting Reserve Balance	\$349,796	\$384,606	\$392,027	\$439,076	\$464,145
Annual Reserve Contribution	\$49,984	\$50,984	\$52,003	\$53,043	\$54,104
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$3,670	\$3,882	\$4,154	\$4,514	\$4,935
Total Income	\$403,450	\$439,472	\$448,184	\$496,634	\$523,184
# Component					
<b>COMMON AREA</b>					
2000 Monument - Refurbish	\$0	\$0	\$0	\$0	\$0
2004 Entry System - Replace	\$0	\$0	\$0	\$0	\$0
2006 Gate Operators - Replace	\$0	\$0	\$0	\$0	\$0
2010 Vehicle Gates - Replace	\$0	\$0	\$0	\$0	\$0
2014 Walls & Gates - Repaint	\$0	\$0	\$5,775	\$0	\$0
2016 Landscape Lights - Replace	\$18,844	\$0	\$0	\$0	\$0
2018 Landscape Granite - Replenish	\$0	\$47,445	\$0	\$0	\$0
2020 Asphalt - Repave	\$0	\$0	\$0	\$0	\$0
2021 Asphalt - Seal/Repair	\$0	\$0	\$0	\$29,743	\$0
2024 Concrete - Repair	\$0	\$0	\$0	\$2,746	\$0
2030 Street Signs - Replace	\$0	\$0	\$3,332	\$0	\$0
2032 Sign Posts - Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$18,844	\$47,445	\$9,107	\$32,489	\$0
Ending Reserve Balance	\$384,606	\$392,027	\$439,076	\$464,145	\$523,184

## Accuracy, Limitations, and Disclosures

Association Reserves and its employees have no ownership, management, or other business relationships with the client other than this Reserve Study engagement. DJ Vlaming, R.S., company president, is a credentialed Reserve Specialist (#61). All work done by Association Reserves is performed under his Responsible Charge and is performed in accordance with National Reserve Study Standards (NRSS). There are no material issues to our knowledge that have not been disclosed to the client that would cause a distortion of the client's situation.

Per NRSS, information provided by official representative(s) of the client, vendors, and suppliers regarding financial details, component physical details and/or quantities, or historical issues/conditions will be deemed reliable, and is not intended to be used for the purpose of any type of audit, quality/forensic analysis, or background checks of historical records. As such, information provided to us has not been audited or independently verified.

Estimates for interest and inflation have been included, because including such estimates are more accurate than ignoring them completely. When we are hired to prepare Update reports, the client is considered to have deemed those previously developed component quantities as accurate and reliable, whether established by our firm or other individuals/firms (unless specifically mentioned in our Site Inspection Notes). During inspections our company standard is to establish measurements within 5% accuracy, and our scope includes visual inspection of accessible areas and components and does not include any destructive or other testing. Our work is done only for budget purposes. Uses or expectations outside our expertise and scope of work include, but are not limited to, project audit, quality inspection, and the identification of construction defects, hazardous materials, or dangerous conditions. Identifying hidden issues such as but not limited to plumbing or electrical problems are also outside our scope of work. Our estimates assume proper original installation & construction, adherence to recommended preventive maintenance, a stable economic environment, and do not consider frequency or severity of natural disasters. Our opinions of component Useful Life, Remaining Useful Life, and current or future cost estimates are not a warranty or guarantee of actual costs or timing.

Because the physical and financial status of the property, legislation, the economy, weather, owner expectations, and usage are all in a continual state of change over which we have no control, we do not expect that the events projected in this document will all occur exactly as planned. This Reserve Study is by nature a "one-year" document in need of being updated annually so that more accurate estimates can be incorporated. It is only because a long-term perspective improves the accuracy of near-term planning that this Report projects expenses into the future. We fully expect a number of adjustments will be necessary through the interim years to the cost and timing of expense projections and the funding necessary to prepare for those estimated expenses.

In this engagement our compensation is not contingent upon our conclusions, and our liability in any matter involving this Reserve Study is limited to our fee for services rendered.

## Terms and Definitions

<b>BTU</b>	British Thermal Unit (a standard unit of energy)
<b>DIA</b>	Diameter
<b>GSF</b>	Gross Square Feet (area). Equivalent to Square Feet
<b>GSY</b>	Gross Square Yards (area). Equivalent to Square Yards
<b>HP</b>	Horsepower
<b>LF</b>	Linear Feet (length)
<b>Effective Age</b>	The difference between Useful Life and Remaining Useful Life. Note that this is not necessarily equivalent to the chronological age of the component.
<b>Fully Funded Balance (FFB)</b>	The value of the deterioration of the Reserve Components. This is the fraction of life "used up" of each component multiplied by its estimated Current Replacement. While calculated for each component, it is summed together for an association total.
<b>Inflation</b>	Cost factors are adjusted for inflation at the rate defined in the Executive Summary and compounded annually. These increasing costs can be seen as you follow the recurring cycles of a component on the "30-yr Income/Expense Detail" table.
<b>Interest</b>	Interest earnings on Reserve Funds are calculated using the average balance for the year (taking into account income and expenses through the year) and compounded monthly using the rate defined in the Executive Summary. Annual interest earning assumption appears in the Executive Summary.
<b>Percent Funded</b>	The ratio, at a particular point in time (the first day of the Fiscal Year), of the actual (or projected) Reserve Balance to the Fully Funded Balance, expressed as a percentage.
<b>Remaining Useful Life (RUL)</b>	The estimated time, in years, that a common area component can be expected to continue to serve its intended function.
<b>Useful Life (UL)</b>	The estimated time, in years, that a common area component can be expected to serve its intended function.

## Component Details

The primary purpose of the Component Details appendix is to provide the reader with the basis of our funding assumptions resulting from the physical analysis and subsequent research. The information presented here represents a wide range of components that were observed and measured against National Reserve Study Standards to determine if they meet the criteria for reserve funding:

- 1) Common area repair & replacement responsibility
- 2) Component must have a limited useful life
- 3) Life limit must be predictable
- 4) Above a minimum threshold cost (board's discretion – typically ½ to 1% of Annual operating expenses).

Not all of your components may have been found appropriate for reserve funding. In our judgment, the components meeting the above four criteria are shown with the Useful Life (how often the project is expected to occur), Remaining Useful Life (when the next instance of the expense will be) and representative market cost range termed “Best Cost” and “Worst Cost”. There are many factors that can result in a wide variety of potential costs, and we have attempted to present the cost range in which your actual expense will occur.

Where no Useful Life, Remaining Useful Life, or pricing exists, the component was deemed inappropriate for Reserve Funding.

## COMMON AREA

**Comp #: 2000 Monument - Refurbish****Quantity: (1) Monument**

Location: Parcel entry on Maspalomas Drive

Funded?: Yes.

History: Replaced in 2015. Previously original from 2006.

Comments: Vistoso Community Association replaced this monument with the other community parcels. However, this monument is reportedly not VCA responsibility, so the parcel owners should be prepared for eventual replacement. We recommend planning to replace in conjunction with the VCA monuments.

Useful Life:  
20 years

Remaining Life:  
14 years



Best Case: \$ 2,500

Worst Case: \$ 2,500

Cost Source: Client Cost History

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**Comp #: 2002 Fountain - Replace****Quantity: (1) Fountain**

Location: Parcel entry on Maspalomas Drive

Funded?: No. This is a concrete fountain mounted into the entry wall. There is no expectancy to replace the fountain. Repairs and maintenance should be addressed as an Operating expense.

History: Installed in 2006.

Comments:

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

**Comp #: 2004 Entry System - Replace****Quantity: (1) DoorKing System**

Location: Parcel entry on Maspalomas Drive

Funded?: Yes.

History: Installed in 2006.

Comments: Telephone entry system is still original. Appears to be functional and in good shape for its age. No signs of damage or vandalism. Based on age, it should be nearing time for replacement.

Useful Life:

15 years

Remaining Life:

1 years



Best Case: \$ 5,600

Worst Case: \$ 5,600

Cost Source: ARI Cost Database

---

**Comp #: 2006 Gate Operators - Replace****Quantity: (4) Apollo Operators**

Location: Parcel entry on Maspalomas Drive

Funded?: Yes.

History: Installed in 2006.

Comments: Gate operators are still original. They were not working the time of inspection due to a wiring issue. Motors themselves should be fine for now. Based on age, they should be nearing time for replacement.

Useful Life:

15 years

Remaining Life:

1 years



Best Case: \$ 17,500

Worst Case: \$ 17,500

Cost Source: ARI Cost Database

---



**Comp #: 2008 Strobe Detectors - Replace**

**Quantity: (2) Strobe Detectors**

Location: Parcel entry on Maspalomas Drive

Funded?: No. These switches detect strobe signals from emergency vehicles and automatically open gate systems. Recommend replacing as needed with Operating funds.

History: Installed in 2006.

Comments:

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

---

**Comp #: 2010 Vehicle Gates - Replace**

**Quantity: (4) Vehicle, (2) Ped.**

Location: Parcel entry on Maspalomas Drive

Funded?: Yes.

History: Installed in 2006.

Comments: Vehicle gates have a long life expectancy under normal circumstances. They can often be repaired or rebuilt as needed. Replacement resulting from vehicle damage should be addressed as an insurance issue. These are attractive, heavy duty gates. Siena owners should anticipate replacing them eventually to update and restore the appearance.

Useful Life:

30 years

Remaining Life:

15 years



Best Case: \$ 24,500

Worst Case: \$ 24,500

Cost Source: ARI Cost Database

---

**Comp #: 2014 Walls & Gates - Repaint****Quantity: Stucco & Metal**

Location: Parcel entry on Maspalomas Drive

Funded?: Yes.

History: Repainted in 2018 for \$2,395.

Comments: This component funds to paint ~800 sq ft of stucco walls, 46 LF of vehicle gates, 7 LF of pedestrian gates, and 7 LF of metal fence. Stucco is on the backside of the stone veneer walls. It has low visibility and still looks good. Metal surfaces originally had a rust finish and did not need painting. It appears to have a clear coat finish now. That finish was re-applied not long ago, but it looks old and is peeling. Surfaces should be painted or treated/sealed to restore the appearance.

Useful Life:  
5 years

Remaining Life:  
2 years



Best Case: \$ 2,600

Worst Case: \$ 2,600

Cost Source: Client Cost History

---

**Comp #: 2016 Landscape Lights - Replace****Quantity: (27) Light Fixtures**

Location: Parcel entry on Maspalomas Drive

Funded?: Yes.

History: Replaced 11/2015 for \$7,471. Previously original from 2006.

Comments: The original lighting on both sides of the entry gate and in the island were replaced with LED fixtures. A transformer and photo cell were also installed with the lights. Still appears to be in good shape and expected to be in good working condition.

Useful Life:  
10 years

Remaining Life:  
5 years



Best Case: \$ 9,000

Worst Case: \$ 9,000

Cost Source: Client Cost History

---



**Comp #: 2018 Landscape Granite - Replenish****Quantity: Approx 39,300 Sq Ft**

Location: Bordering perimeter walls on Casentino Pass, plus (2) common tracts between homes

Funded?: Yes.

History: Replenished 5/2017 (cost is unknown). Previously original from 2006.

Comments: Granite coverage appears to be in good shape. Surfaces have been top dressed since our 2016 inspection, but timing and cost are unknown. This component funds to periodically top dress with a new 1" layer of rock.

Useful Life:

10 years

Remaining Life:

6 years



Best Case: \$ 22,000

Worst Case: \$ 22,000

Cost Source: ARI Cost Database

---

**Comp #: 2020 Asphalt - Repave****Quantity: Approx 118,000 Sq Ft**

Location: Streets throughout parcel

Funded?: Yes.

History: Installed in 2006.

Comments: Surface still has a rough texture and cracking. That is likely due to not sealing often enough in the early years. There does not appear to be any signs of failure though. Life span is based on periodically seal coating and maintaining the surface.

Useful Life:

30 years

Remaining Life:

15 years



Best Case: \$ 307,000

Worst Case: \$ 307,000

Cost Source: ARI Cost Database

---

**Comp #: 2021 Asphalt - Seal/Repair****Quantity: Approx 118,000 Sq Ft**

Location: Streets throughout parcel

Funded?: Yes.

History: Sealed in 2016 for \$9,920. Reportedly sealed previously during 2008.

Comments: The 2016 sealing project was the first seal coat application in a long time. That coating is just about gone now and is in poor condition. Seal coat asphalt surfaces periodically to prevent premature cracking and deterioration.

Useful Life:

4 years

Remaining Life:

0 years



Best Case: \$ 13,000

Worst Case: \$ 13,000

Cost Source: Client Cost History &amp; ARI Cost Database

---

**Comp #: 2024 Concrete - Repair****Quantity: Numerous Sq Ft**

Location: Curbs, gutters and walkways throughout community

Funded?: Yes.

History:

Comments: Owners are reportedly responsible for concrete sidewalks in front of their homes. That makes up the majority of concrete in this parcel. There is still some common area concrete. This component funds an allowance for periodic repairs and partial replacements as needed.

Useful Life:

5 years

Remaining Life:

3 years



Best Case: \$ 1,200

Worst Case: \$ 1,200

Cost Source: ARI Cost Allowance

---

**Comp #: 2030 Street Signs - Replace****Quantity: (12) Signs**

Location: Bordering streets throughout the parcel

Funded?: Yes.

History: Replaced 5/2020 for \$1,400. Previously installed in 2006.

Comments: Quantity includes (10) custom street signs and (2) stop signs. They are new and in good condition.

Useful Life:

14 years

Remaining Life:

13 years



Best Case: \$ 1,500

Worst Case: \$ 1,500

Cost Source: Client Cost History

---

**Comp #: 2032 Sign Posts - Replace****Quantity: (6) Wood Posts**

Location: Bordering streets throughout the parcel

Funded?: Yes.

History: Installed in 2006.

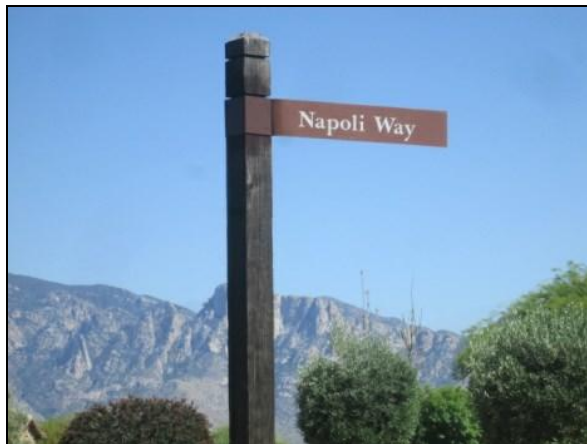
Comments: Wood posts are still original and look older. No visible damage though. Recommend planning to replace with the next sign replacement project. Seal or paint the posts to protect the wood.

Useful Life:

28 years

Remaining Life:

13 years



Best Case: \$ 1,500

Worst Case: \$ 1,500

Cost Source: ARI Cost Database

---

**Comp #: 2040 Mailboxes - Replace**

**Quantity: (61) Mailboxes**

Location: Bordering streets throughout the parcel

Funded?: No. Mailboxes are individual owner responsibility, so no Reserve funding has been allocated.

History: Installed in 2006.

Comments:

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

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