



September 6, 2023

Gateway Park Master Association  
Attn: Krysta Heath  
Heath Owners Association  
PO Box 2092  
Fort Collins, CO. 80522

Regarding: Reserve Study Draft

Dear Krysta,

Please find enclosed a Draft version of the Reserve Study for Gateway Park Master Association. This draft version is being delivered via electronic media.

We provide the board 45 days to review the report and request any revisions using the attached spread sheet as a template. If revisions are not requested within 90 days of delivery of the Draft Version, the report will be considered complete and final. Any changes requested after this point will be made at an additional fee to the association. We provide one free revision of the reserve study report for the purpose of correcting errors (omissions, typos, incorrect timing of project completion, etc.) found in the report. Any other revision requests can be billed at the rate of \$200 per hour, are subject to approval and will be completed as our schedule allows. Revision requests cannot solely be used for the purpose of decreasing the Fully Funded Balance or the Recommended Reserve Contribution. Please understand that a difference of opinion is not a valid reason to revise the study unless we are provided a professional opinion from an expert in a directly related field and we reserve the right to use expert's opinion in Reserve Study regardless of the board's opinion.

Payment in full is due 30 days from the delivery date of the Draft Version. Final reports will not be released until account is paid in full, late charges are incurred for accounts past 90 days of draft delivery at the rate of \$25.00 for every 30 days past due.

The estimated replacement costs in this report are accurate to the best of our knowledge as of the date printed on this report. Our recommendations are made without guarantee based on continuous influxes in the various industries related to your components.

In the meantime, if you have any questions, please feel free to give our office a call (303) 790-7572.

Sincerely,

G. Michael Kelsen, RS, PRA  
Owner

Wednesday, September 06, 2023

Level 3 Reserve Analysis

Reserve Study without property observation

Gateway Park Master Association  
Gateway Park Blvd. & Mount Meeker Ave.  
Berthoud, CO. 80513



**FIRST DRAFT**

Report Period – 01/01/24 – 12/31/24

Client Reference Number – 09963

Property Type – Single Family Dwellings

Fiscal Year End – December 31st

Number of Units – 217

Project Manager – Mike Kelsen, RS, PRA

Main Contact Person – Krysta Heath, Community Manager



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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 Level of Service 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 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 be 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 \$250,000 is a lot of money and they are in good shape. What they don't know is a major project will need to be replaced within 5 years, and the cost of the project is going to exceed \$300,000. So while \$250,000 sounds like a lot of money, in reality it won't even cover the cost of the project, let alone all the other amenities the association is responsible to maintain.

## What makes an asset a “Reserve” item versus an “Operating” item?

A “Reserve” asset is an item that is the responsibility of the association to maintain, has a limited Useful Life, predictable Remaining Useful Life expectancies, typically occurs on a cyclical basis that exceeds 1 year, and costs above a minimum threshold cost. An “operating” expense is typically a fixed expense that occurs on an annual basis. For instance, minor repairs to a component for damage caused by high winds or other weather elements would be considered an “operating” expense. However, if the entire component 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 –

A Property Observation was not conducted for this report per the contract agreement.

## 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 Gateway Park Master Assoc.

Assoc. #09963

Projected Starting Balance as of January 1, 2024 -	<b>\$222,689</b>
Ideal Reserve Balance as of January 1, 2024 -	<b>\$267,696</b>
Percent Funded as of January 1, 2024 -	<b>83%</b>
Recommended Reserve Allocation (per month) -	<b>\$4,475</b>
Minimum Reserve Allocation (per month) -	<b>\$4,025</b>
Recommended Special Assessment -	<b>\$0</b>

This report is an update to an existing Reserve Study Report that was prepared five years ago for the 2019 fiscal period. A property site observation was not conducted per the request of the association. While we commend the Board of Directors in making a decision to update the previous Reserve Study, we recommend having a trained professional inspect the property at least every 3 – 4 years to verify conditions, useful life, and remaining life of components. Therefore, we recommend an updated Reserve Study with site observation in the near future. It is possible that some philosophical changes have occurred since the last Reserve Study and some components will be added to the list in future Reserve Study updates. To update the figures in the report, we obtained information by contacting the property representative (Community Manager). 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 217 units that are part of a master community. For purposes of this report, the amenities the community is responsible to maintain were installed about 15 years ago in 2004. The maintenance responsibilities of this community include an extensive irrigation system with a pond and pump house, concrete sidewalks, an asphalt parking lot, monument, and decorative guard rails. Please refer to the *Projected Reserve Expenditures* table of the financial section of the report for a detailed list of components that will need to be addressed in the near future.

In comparing the projected balance of \$222,689 versus the ideal Reserve Balance of \$267,696, we find the association Reserve fund to be in an above average financial position at this time (approximately 83% funded of ideal). Despite this favorable position, based on the information contained in this report, we find the current budgeted Reserve contribution (\$1,022.92 per month in 2023) to be less than ideal in maintaining the strength of the Reserve account. Therefore, we suggest increasing the Reserve contribution to \$4,475 per month (representing an increase of approximately \$16.00 per unit), followed by nominal annual increases of 4.25% thereafter to help offset the effects of inflation. This will maintain the Reserve fund at a fully funded position throughout the 30-year report period.

In the percent Funded graph, you will see that we have also suggested a minimum Reserve contribution of \$4,025 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 likely at some point in the future.

The minimum Reserve allocation follows the “threshold” theory of Reserve funding where the “percent funded” status is not allowed to dip below 30% funded at any point during the thirty-year period. This was provided for one purpose only, to show the association how small the difference is between the two scenarios and how it would not make financial sense to contribute less money (approximately \$2.10 per unit per month in this case) to the Reserve fund to only stay above a certain threshold. As you can see, the difference between the two scenarios is considered to be extremely minimal, and based on the risk involved, we strongly suggest the recommended Reserve Allocation is followed.

## Funding Summary For Gateway Park Master Assoc.

NOTE: The results of this report are based on replacement costs we know as of the date of this report. We are not responsible for higher than normal price increases after the date of this report.

### Beginning Assumptions

Financial Information Source	Research With Client
# of units	217
Fiscal Year End	December 31, 2024
Monthly Dues from 2023 budget	\$16,527.50
Monthly Reserve Allocation from 2023 Budget	\$1,022.92
Projected Starting Reserve Balance (as of 1/1/2024)	\$222,689
Reserve Balance: Average Per Unit	\$1,026
Ideal Starting Reserve Balance (as of 1/1/2024)	\$267,696
Ideal Reserve Balance: Average Per Unit	\$1,234

### Economic Factors

Past 20 year Average Inflation Rate (Based on CCI)	4.25%
Current Average Interest Rate	1.00%

### Current Reserve Status

Current Balance as a % of Ideal Balance	83%
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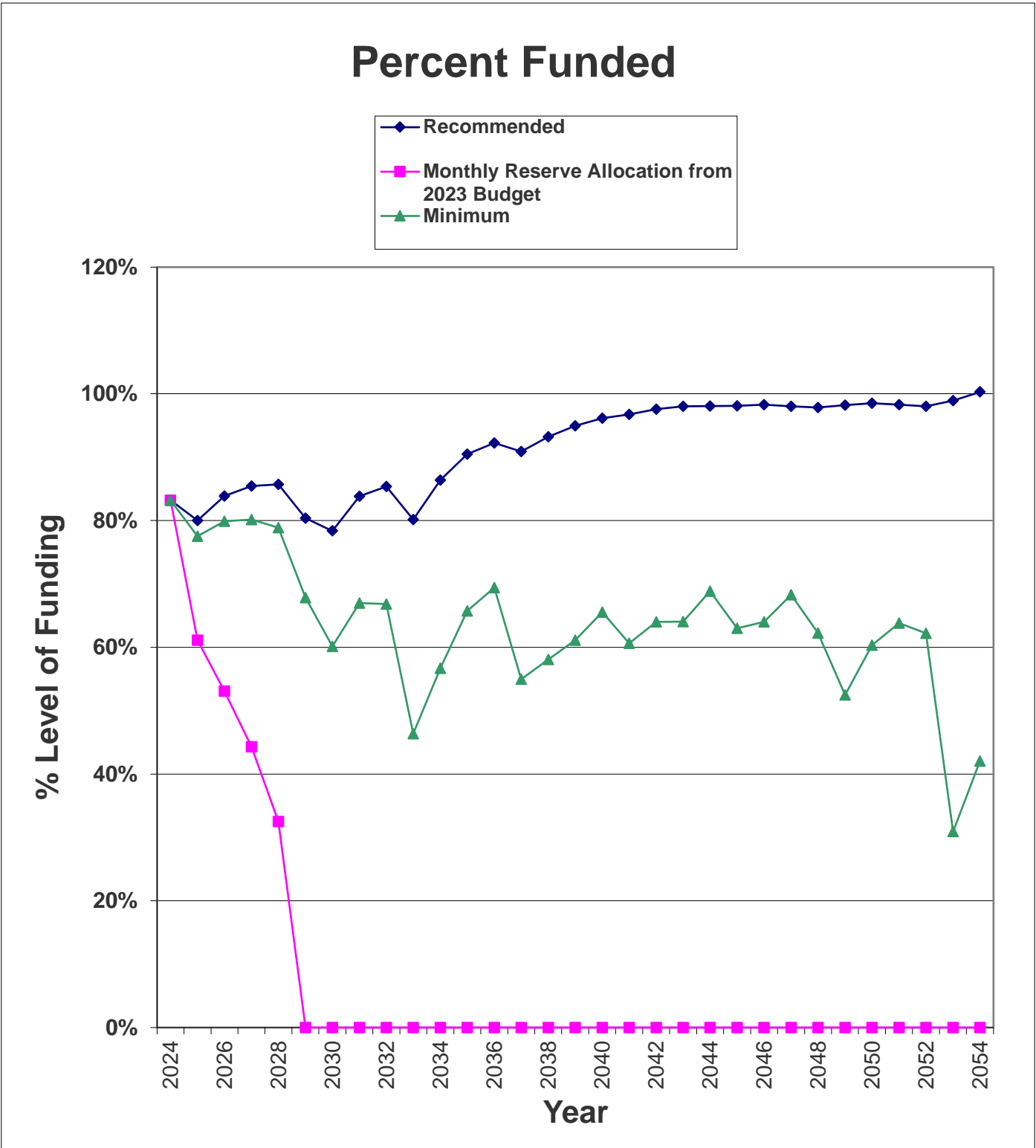
### Recommendations for 2024 Fiscal Year

Monthly Reserve Allocation	\$4,475
Per Unit	\$20.62
Minimum Monthly Reserve Allocation	\$4,025
Per Unit	\$18.55
Primary Annual Increases	4.25%
# of Years	30
Additional Funding Req'd	\$0
Per Unit	\$0

### Changes From Prior Year (2023 to 2024)

Increase/Decrease to Reserve Allocation	\$3,452
as Percentage	337%
Average Per Unit	\$15.91

Percent Funded Graph For Gateway Park Master Assoc.



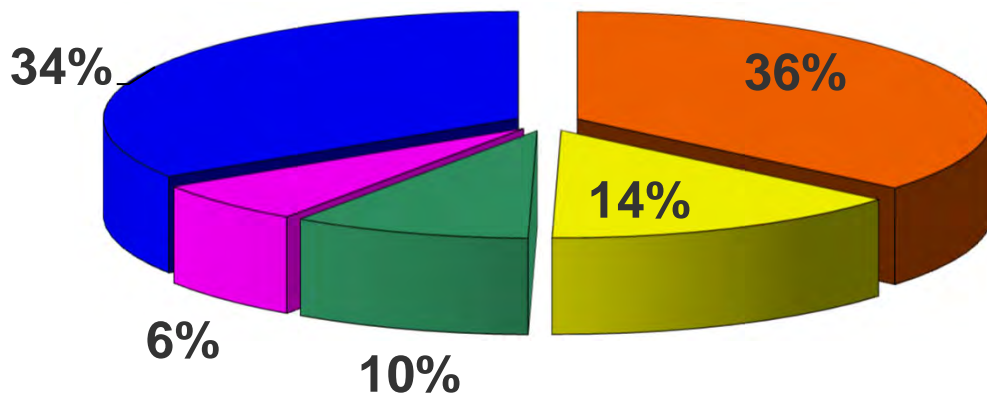
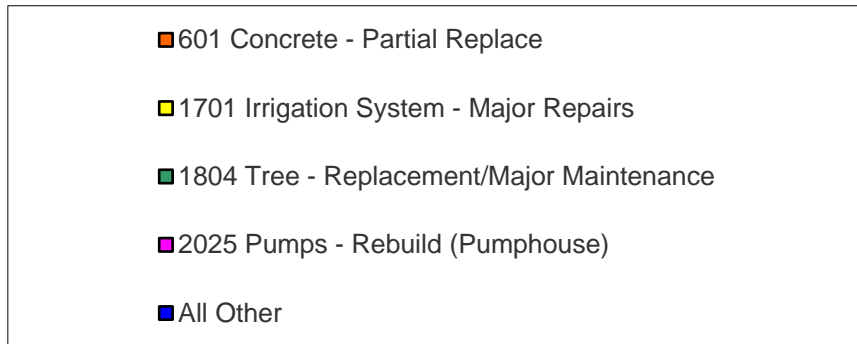
Component Inventory for Gateway Park Master Association

Category	Asset #	Asset Name	UL	RUL	Best Cost	Worst Cost
Roofing	103	Flat Roof - Replace	N/A		\$0	\$0
Siding Materials	309	Stone/Rock Siding - Major Repairs	N/A		\$0	\$0
Drive Materials	401	Asphalt - Major Overlay	24	7	\$22,800	\$26,600
	402	Asphalt - Surface Application	4	0	\$3,800	\$4,180
Walking Surfaces	601	Concrete - Partial Replace	4	0	\$63,250	\$69,000
Mechanical Equip.	714	Exhaust Fans - Replace	N/A		\$0	\$0
	726	Flow Meter - Replace	12	9	\$8,000	\$9,000
Prop. Identification	801	Monuments - Rebuild	25	5	\$30,000	\$37,500
Fencing/Walls	1009	Decorative Guard Rail - Major Repairs	18	5	\$30,000	\$32,800
Recreation Equip.	1311	Pet Waste Pick Up Stations - Replace	N/A		\$0	\$0
	1320	Gazebo - Major Repairs	20	4	\$17,500	\$20,000
Irrig. System	1701	Irrigation System - Major Repairs	5	3	\$30,000	\$35,000
	1703	Irrigation Controllers - Replace (1)	15	2	\$4,000	\$5,000
	1703	Irrigation Controllers - Replace (2)	15	8	\$2,000	\$2,500
	1706	Backflow Devices - Replace	N/A		\$0	\$0
Landscaping	1801	Groundcover - Replenish	3	0	\$6,750	\$7,500
	1804	Tree - Replacement/Major Maintenance	3	2	\$12,000	\$13,500
	1807	Pond - Major Maintenance	7	0	\$15,000	\$18,000
Miscellaneous	2001	Control Panel - Replace (Pump House)	24	4	\$35,000	\$40,000
	2002	Control Panel - Replace (Southeast Corner)	24	4	\$14,500	\$17,000
	2003	Heat Exchanger - Replace	12	5	\$4,500	\$5,000
	2004	Mini Power Center - Replace	15	0	\$8,000	\$8,750
	2025	Pump - Rebuild (Southeast Corner)	15	8	\$6,800	\$7,500
	2025	Pumps - Rebuild (Pumphouse)	15	12	\$40,000	\$46,000
	2035	Pump House - Replace	N/A		\$0	\$0

*Significant Components For Gateway Park Master Assoc.*

ID	Asset Name	UL	RUL	Ave Curr Cost	Significance: (Curr Cost/UL)	
					As \$	As %
401	Asphalt - Major Overlay	24	7	\$24,700	\$1,029	2.2497%
402	Asphalt - Surface Application	4	0	\$3,990	\$998	2.1805%
601	Concrete - Partial Replace	4	0	\$66,125	\$16,531	36.1366%
726	Flow Meter - Replace	12	9	\$8,500	\$708	1.5484%
801	Monuments - Rebuild	25	5	\$33,750	\$1,350	2.9510%
1009	Decorative Guard Rail - Major Repairs	18	5	\$31,400	\$1,744	3.8133%
1320	Gazebo - Major Repairs	20	4	\$18,750	\$938	2.0493%
1701	Irrigation System - Major Repairs	5	3	\$32,500	\$6,500	14.2087%
1703	Irrigation Controllers - Replace (1)	15	2	\$4,500	\$300	0.6558%
1703	Irrigation Controllers - Replace (2)	15	8	\$2,250	\$150	0.3279%
1801	Groundcover - Replenish	3	0	\$7,125	\$2,375	5.1916%
1804	Tree - Replacement/Major Maintenance	3	2	\$12,750	\$4,250	9.2903%
1807	Pond - Major Maintenance	7	0	\$16,500	\$2,357	5.1526%
2001	Control Panel - Replace (Pump House)	24	4	\$37,500	\$1,563	3.4156%
2002	Control Panel - Replace (Southeast Corner)	24	4	\$15,750	\$656	1.4345%
2003	Heat Exchanger - Replace	12	5	\$4,750	\$396	0.8653%
2004	Mini Power Center - Replace	15	0	\$8,375	\$558	1.2205%
2025	Pump - Rebuild (Southeast Corner)	15	8	\$7,150	\$477	1.0420%
2025	Pumps - Rebuild (Pumphouse)	15	12	\$43,000	\$2,867	6.2664%

Significant Components Graph For Gateway Park Master Assoc.



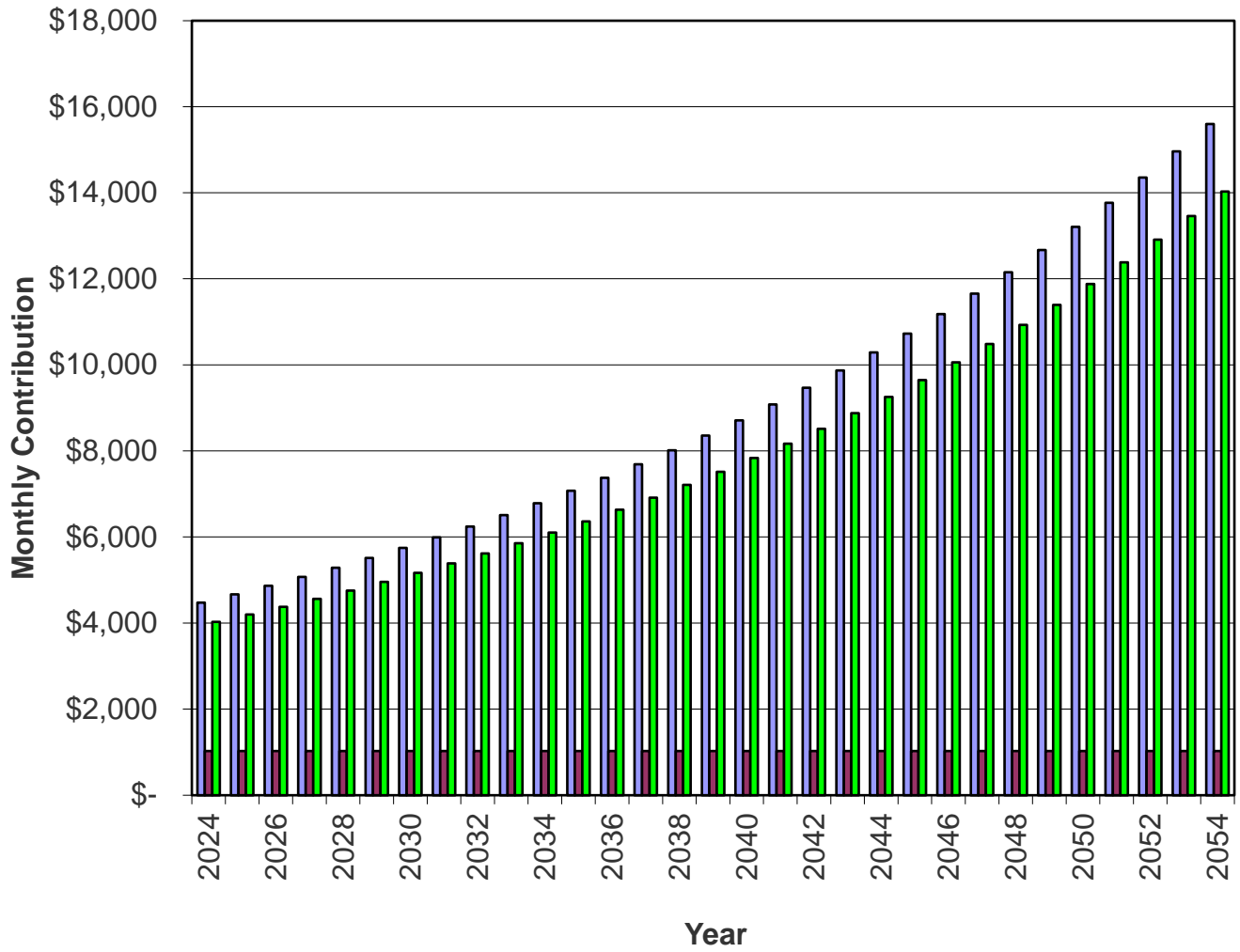
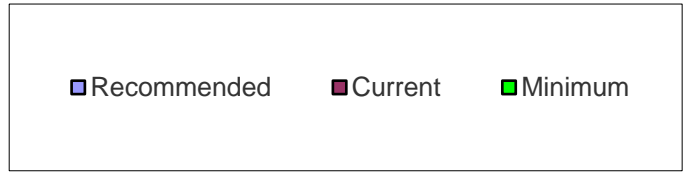
Asset ID	Asset Name	UL	RUL	Average Curr. Cost	Significance: (Curr Cost/UL)	
					As \$	As %
601	Concrete - Partial Replace	4	0	\$66,125	\$16,531	36%
1701	Irrigation System - Major Repairs	5	3	\$32,500	\$6,500	14%
1804	Tree - Replacement/Major Maintenance	3	2	\$12,750	\$4,250	9%
2025	Pumps - Rebuild (Pumphouse)	15	12	\$43,000	\$2,867	6%
All Other	See Expanded Table on Page 4 For Additional Breakdown				\$15,599	34%

*Yearly Summary For Gateway Park Master Assoc.*

<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 Funding Req'd</b>	<b>Interest Income</b>	<b>Reserve Expenses</b>
2024	\$267,696	\$222,689	83%	\$53,700	\$0	\$1,994	\$102,115
2025	\$220,309	\$176,268	80%	\$55,982	\$0	\$2,052	\$0
2026	\$279,390	\$234,303	84%	\$58,361	\$0	\$2,553	\$18,747
2027	\$323,551	\$276,469	85%	\$60,842	\$0	\$2,858	\$44,895
2028	\$344,532	\$295,274	86%	\$63,428	\$0	\$2,442	\$167,859
2029	\$240,512	\$193,284	80%	\$66,123	\$0	\$1,763	\$101,771
2030	\$203,361	\$159,400	78%	\$68,934	\$0	\$1,902	\$9,146
2031	\$263,689	\$221,089	84%	\$71,863	\$0	\$2,305	\$55,135
2032	\$281,239	\$240,122	85%	\$74,917	\$0	\$1,914	\$174,061
2033	\$178,267	\$142,892	80%	\$78,101	\$0	\$1,714	\$22,725
2034	\$231,514	\$199,982	86%	\$81,421	\$0	\$2,418	\$0
2035	\$313,663	\$283,821	90%	\$84,881	\$0	\$3,176	\$20,153
2036	\$381,366	\$351,725	92%	\$88,489	\$0	\$2,983	\$198,135
2037	\$269,605	\$245,061	91%	\$92,249	\$0	\$2,645	\$55,831
2038	\$304,786	\$284,125	93%	\$96,170	\$0	\$3,074	\$52,383
2039	\$348,538	\$330,986	95%	\$100,257	\$0	\$3,683	\$28,938
2040	\$422,221	\$405,988	96%	\$104,518	\$0	\$3,918	\$136,467
2041	\$390,720	\$377,957	97%	\$108,960	\$0	\$4,120	\$44,639
2042	\$457,557	\$446,398	98%	\$113,591	\$0	\$4,634	\$83,818
2043	\$490,502	\$480,805	98%	\$118,418	\$0	\$5,425	\$0
2044	\$616,516	\$604,648	98%	\$123,451	\$0	\$5,737	\$190,499
2045	\$553,759	\$543,338	98%	\$128,698	\$0	\$5,718	\$76,991
2046	\$611,327	\$600,763	98%	\$134,168	\$0	\$6,709	\$0
2047	\$756,462	\$741,640	98%	\$139,870	\$0	\$7,027	\$224,130
2048	\$679,174	\$664,406	98%	\$145,814	\$0	\$6,098	\$260,646
2049	\$565,813	\$555,672	98%	\$152,011	\$0	\$6,346	\$0
2050	\$724,860	\$714,029	99%	\$158,472	\$0	\$7,780	\$37,626
2051	\$857,180	\$842,655	98%	\$165,207	\$0	\$8,521	\$154,208
2052	\$879,568	\$862,174	98%	\$172,228	\$0	\$6,750	\$552,814
2053	\$493,596	\$488,338	99%	\$179,548	\$0	\$5,514	\$58,512

Reserve Contributions For Gateway Park Master Assoc.

# Reserve Contributions



*Component Funding Information For Gateway Park Master Assoc.*

<b>ID</b>	<b>Component Name</b>	<b>Ave Current Cost</b>	<b>Ideal Balance</b>	<b>Current Fund Balance</b>	<b>Monthly</b>
401	Asphalt - Major Overlay	\$24,700	\$17,496	\$0	\$100.67
402	Asphalt - Surface Application	\$3,990	\$3,990	\$3,990	\$97.58
601	Concrete - Partial Replace	\$66,125	\$66,125	\$66,125	\$1,617.11
726	Flow Meter - Replace	\$8,500	\$2,125	\$0	\$69.29
801	Monuments - Rebuild	\$33,750	\$27,000	\$27,000	\$132.06
1009	Decorative Guard Rail - Major Repairs	\$31,400	\$22,678	\$13,049	\$170.64
1320	Gazebo - Major Repairs	\$18,750	\$15,000	\$15,000	\$91.71
1701	Irrigation System - Major Repairs	\$32,500	\$13,000	\$13,000	\$635.84
1703	Irrigation Controllers - Replace (1)	\$4,500	\$3,900	\$3,900	\$29.35
1703	Irrigation Controllers - Replace (2)	\$2,250	\$1,050	\$0	\$14.67
1801	Groundcover - Replenish	\$7,125	\$7,125	\$7,125	\$232.33
1804	Tree - Replacement/Major Maintenance	\$12,750	\$4,250	\$4,250	\$415.74
1807	Pond - Major Maintenance	\$16,500	\$16,500	\$16,500	\$230.58
2001	Control Panel - Replace (Pump House)	\$37,500	\$31,250	\$31,250	\$152.85
2002	Control Panel - Replace (Southeast Corner)	\$15,750	\$13,125	\$13,125	\$64.20
2003	Heat Exchanger - Replace	\$4,750	\$2,771	\$0	\$38.72
2004	Mini Power Center - Replace	\$8,375	\$8,375	\$8,375	\$54.62
2025	Pump - Rebuild (Southeast Corner)	\$7,150	\$3,337	\$0	\$46.63
2025	Pumps - Rebuild (Pumphouse)	\$43,000	\$8,600	\$0	\$280.42

## Yearly Cash Flow For Gateway Park Master Assoc.

Year	2024	2025	2026	2027	2028
<b>Starting Balance</b>	\$222,689	\$176,268	\$234,303	\$276,469	\$295,274
<i>Reserve Income</i>	\$53,700	\$55,982	\$58,361	\$60,842	\$63,428
<i>Interest Earnings</i>	\$1,994	\$2,052	\$2,553	\$2,858	\$2,442
<i>Additional Funding Req'd</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$278,383	\$234,303	\$295,217	\$340,169	\$361,143
<b>Reserve Expenditures</b>	\$102,115	\$0	\$18,747	\$44,895	\$167,859
<b>Ending Balance</b>	\$176,268	\$234,303	\$276,469	\$295,274	\$193,284

Year	2029	2030	2031	2032	2033
<b>Starting Balance</b>	\$193,284	\$159,400	\$221,089	\$240,122	\$142,892
<i>Reserve Income</i>	\$66,123	\$68,934	\$71,863	\$74,917	\$78,101
<i>Interest Earnings</i>	\$1,763	\$1,902	\$2,305	\$1,914	\$1,714
<i>Additional Funding Req'd</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$261,170	\$230,235	\$295,257	\$316,953	\$222,707
<b>Reserve Expenditures</b>	\$101,771	\$9,146	\$55,135	\$174,061	\$22,725
<b>Ending Balance</b>	\$159,400	\$221,089	\$240,122	\$142,892	\$199,982

Year	2034	2035	2036	2037	2038
<b>Starting Balance</b>	\$199,982	\$283,821	\$351,725	\$245,061	\$284,125
<i>Reserve Income</i>	\$81,421	\$84,881	\$88,489	\$92,249	\$96,170
<i>Interest Earnings</i>	\$2,418	\$3,176	\$2,983	\$2,645	\$3,074
<i>Additional Funding Req'd</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$283,821	\$371,879	\$443,196	\$339,955	\$383,369
<b>Reserve Expenditures</b>	\$0	\$20,153	\$198,135	\$55,831	\$52,383
<b>Ending Balance</b>	\$283,821	\$351,725	\$245,061	\$284,125	\$330,986

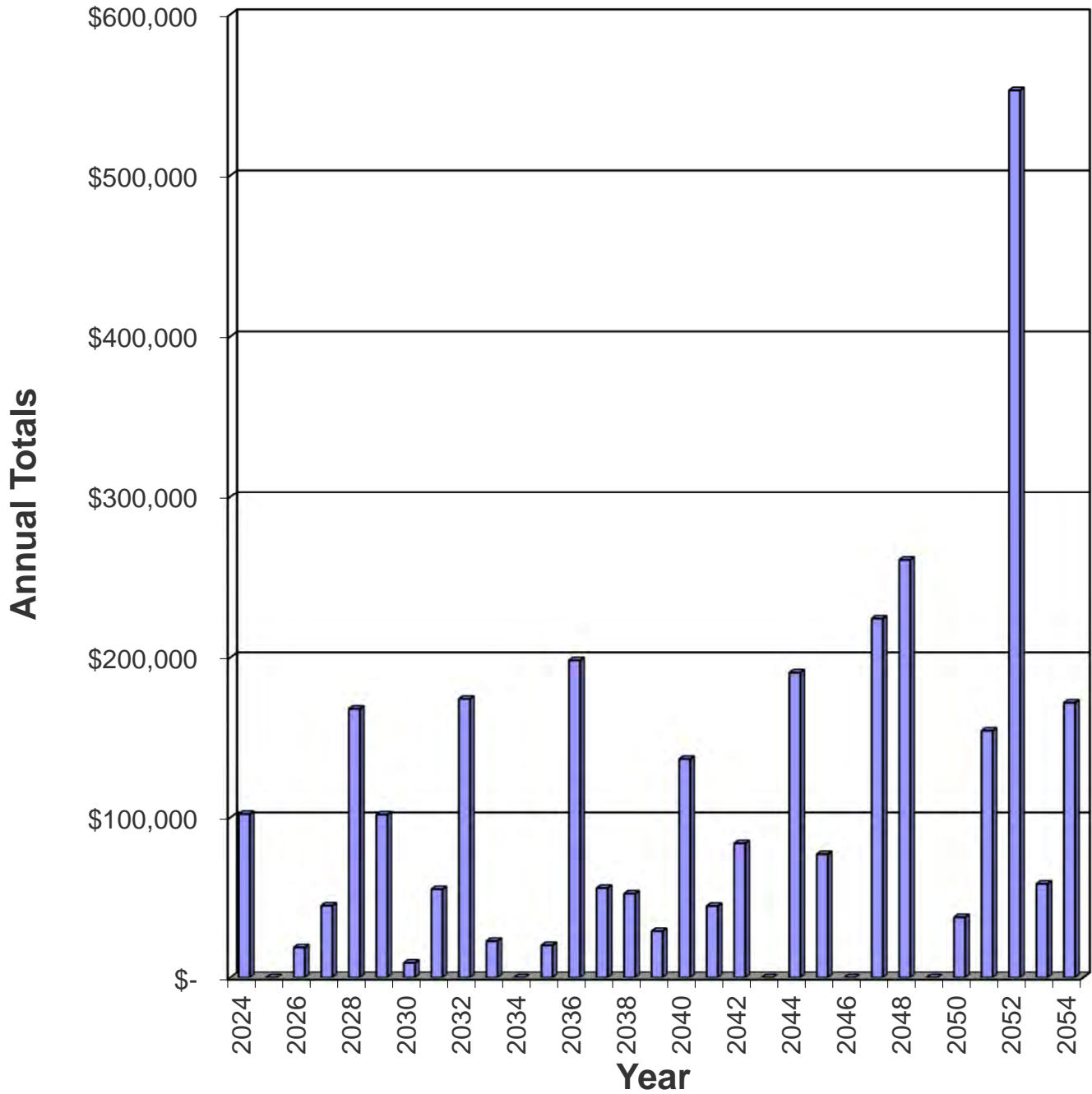
Year	2039	2040	2041	2042	2043
<b>Starting Balance</b>	\$330,986	\$405,988	\$377,957	\$446,398	\$480,805
<i>Reserve Income</i>	\$100,257	\$104,518	\$108,960	\$113,591	\$118,418
<i>Interest Earnings</i>	\$3,683	\$3,918	\$4,120	\$4,634	\$5,425
<i>Additional Funding Req'd</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$434,926	\$514,424	\$491,037	\$564,623	\$604,648
<b>Reserve Expenditures</b>	\$28,938	\$136,467	\$44,639	\$83,818	\$0
<b>Ending Balance</b>	\$405,988	\$377,957	\$446,398	\$480,805	\$604,648

Year	2044	2045	2046	2047	2048
<b>Starting Balance</b>	\$604,648	\$543,338	\$600,763	\$741,640	\$664,406
<i>Reserve Income</i>	\$123,451	\$128,698	\$134,168	\$139,870	\$145,814
<i>Interest Earnings</i>	\$5,737	\$5,718	\$6,709	\$7,027	\$6,098
<i>Additional Funding Req'd</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$733,837	\$677,754	\$741,640	\$888,537	\$816,318
<b>Reserve Expenditures</b>	\$190,499	\$76,991	\$0	\$224,130	\$260,646
<b>Ending Balance</b>	\$543,338	\$600,763	\$741,640	\$664,406	\$555,672

Year	2049	2050	2051	2052	2053
<b>Starting Balance</b>	\$555,672	\$714,029	\$842,655	\$862,174	\$488,338
<i>Reserve Income</i>	\$152,011	\$158,472	\$165,207	\$172,228	\$179,548
<i>Interest Earnings</i>	\$6,346	\$7,780	\$8,521	\$6,750	\$5,514
<i>Additional Funding Req'd</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$714,029	\$880,281	\$1,016,383	\$1,041,152	\$673,400
<b>Reserve Expenditures</b>	\$0	\$37,626	\$154,208	\$552,814	\$58,512
<b>Ending Balance</b>	\$714,029	\$842,655	\$862,174	\$488,338	\$614,888

Yearly Expenditures Graph For Gateway Park Master Assoc.

# Reserve Expenditures



*Projected Reserve Expenditures For Gateway Park Master Assoc.*

<b>Year</b>	<b>Asset ID</b>	<b>Asset Name</b>	<b>Projected Cost</b>	<b>Total Per Annum</b>
2024	402	Asphalt - Surface Application	\$3,990	
	601	Concrete - Partial Replace	\$66,125	
	1801	Groundcover - Replenish	\$7,125	
	1807	Pond - Major Maintenance	\$16,500	
	2004	Mini Power Center - Replace	\$8,375	\$102,115
2025		No Expenditures Projected		\$0
2026	1703	Irrigation Controllers - Replace (1)	\$4,891	
	1804	Tree - Replacement/Major Maintenance	\$13,857	\$18,747
2027	1701	Irrigation System - Major Repairs	\$36,822	
	1801	Groundcover - Replenish	\$8,073	\$44,895
2028	402	Asphalt - Surface Application	\$4,713	
	601	Concrete - Partial Replace	\$78,103	
	1320	Gazebo - Major Repairs	\$22,147	
	2001	Control Panel - Replace (Pump House)	\$44,293	
	2002	Control Panel - Replace (Southeast Corner)	\$18,603	\$167,859
2029	801	Monuments - Rebuild	\$41,558	
	1009	Decorative Guard Rail - Major Repairs	\$38,664	
	1804	Tree - Replacement/Major Maintenance	\$15,700	
	2003	Heat Exchanger - Replace	\$5,849	\$101,771
2030	1801	Groundcover - Replenish	\$9,146	\$9,146
2031	401	Asphalt - Major Overlay	\$33,054	
	1807	Pond - Major Maintenance	\$22,081	\$55,135
2032	402	Asphalt - Surface Application	\$5,566	
	601	Concrete - Partial Replace	\$92,252	
	1701	Irrigation System - Major Repairs	\$45,341	
	1703	Irrigation Controllers - Replace (2)	\$3,139	
	1804	Tree - Replacement/Major Maintenance	\$17,788	
	2025	Pump - Rebuild (Southeast Corner)	\$9,975	\$174,061
2033	726	Flow Meter - Replace	\$12,362	
	1801	Groundcover - Replenish	\$10,363	\$22,725
2034		No Expenditures Projected		\$0
2035	1804	Tree - Replacement/Major Maintenance	\$20,153	\$20,153
2036	402	Asphalt - Surface Application	\$6,575	
	601	Concrete - Partial Replace	\$108,963	
	1801	Groundcover - Replenish	\$11,741	
	2025	Pumps - Rebuild (Pumphouse)	\$70,857	\$198,135
2037	1701	Irrigation System - Major Repairs	\$55,831	\$55,831
2038	1804	Tree - Replacement/Major Maintenance	\$22,834	
	1807	Pond - Major Maintenance	\$29,549	\$52,383
2039	1801	Groundcover - Replenish	\$13,302	
	2004	Mini Power Center - Replace	\$15,636	\$28,938
2040	402	Asphalt - Surface Application	\$7,766	
	601	Concrete - Partial Replace	\$128,701	\$136,467
2041	1703	Irrigation Controllers - Replace (1)	\$9,131	
	1804	Tree - Replacement/Major Maintenance	\$25,870	
	2003	Heat Exchanger - Replace	\$9,638	\$44,639
2042	1701	Irrigation System - Major Repairs	\$68,747	
	1801	Groundcover - Replenish	\$15,071	\$83,818
2043		No Expenditures Projected		\$0
2044	402	Asphalt - Surface Application	\$9,173	
	601	Concrete - Partial Replace	\$152,015	
	1804	Tree - Replacement/Major Maintenance	\$29,311	\$190,499
2045	726	Flow Meter - Replace	\$20,371	

<b>Year</b>	<b>Asset ID</b>	<b>Asset Name</b>	<b>Projected Cost</b>	<b>Total Per Annum</b>
	1801	Groundcover - Replenish	\$17,076	
	1807	Pond - Major Maintenance	\$39,544	\$76,991
2046		No Expenditures Projected		\$0
2047	1009	Decorative Guard Rail - Major Repairs	\$81,786	
	1701	Irrigation System - Major Repairs	\$84,651	
	1703	Irrigation Controllers - Replace (2)	\$5,860	
	1804	Tree - Replacement/Major Maintenance	\$33,209	
	2025	Pump - Rebuild (Southeast Corner)	\$18,623	\$224,130
2048	402	Asphalt - Surface Application	\$10,834	
	601	Concrete - Partial Replace	\$179,552	
	1320	Gazebo - Major Repairs	\$50,913	
	1801	Groundcover - Replenish	\$19,347	\$260,646
2049		No Expenditures Projected		\$0
2050	1804	Tree - Replacement/Major Maintenance	\$37,626	\$37,626
2051	1801	Groundcover - Replenish	\$21,920	
	2025	Pumps - Rebuild (Pumphouse)	\$132,289	\$154,208
2052	402	Asphalt - Surface Application	\$12,797	
	601	Concrete - Partial Replace	\$212,078	
	1701	Irrigation System - Major Repairs	\$104,235	
	1807	Pond - Major Maintenance	\$52,919	
	2001	Control Panel - Replace (Pump House)	\$120,271	
	2002	Control Panel - Replace (Southeast Corner)	\$50,514	\$552,814
2053	1804	Tree - Replacement/Major Maintenance	\$42,630	
	2003	Heat Exchanger - Replace	\$15,882	\$58,512
2054	801	Monuments - Rebuild	\$117,640	
	1801	Groundcover - Replenish	\$24,835	
	2004	Mini Power Center - Replace	\$29,192	\$171,668

## **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.

