

# RDA REPORT

Windmill Ranch  
Gilbert, Arizona  
Account 1756 - Version 003  
August 7, 2013

RESERVE DATA ANALYSIS, INC.

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This reserve analysis study and the parameters under which it has been completed are based upon information provided to us in part by representatives of the association, its contractors, assorted vendors, specialist and independent contractors, the Community Associations Institute, various construction pricing and scheduling manuals including, but not limited to: Marshall & Swift Valuation Service, RS Means Facilities Maintenance & Repair Cost Data, RS Means Repair & Remodeling Cost Data, National Construction Estimator, National Repair & Remodel Estimator, Dodge Cost Manual and the McGraw Hill Book Company. Additionally, costs are obtained from numerous vendor catalogues, actual quotations or historical costs, and our own experience in the field of property management and preparation of reserve analysis studies.

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

**We recommend that your reserve analysis study be updated every two to three years due to fluctuating interest rates, inflationary changes and the unpredictable nature of the lives of many of the assets under consideration. All of the information collected during our inspection of the association and subsequent computations made in preparing this reserve analysis study are retained in our computer files. Therefore, updates can typically be completed in a more timely manner than the original study.**

Reserve Data Analysis, Inc. would like to thank you for using our services, and we invite you to call us at any time should you have any questions or comments or need assistance. In addition, any of the parameters and estimates used in this study may be changed at your request, after which we will provide you with a revised study.

**RESERVE DATA ANALYSIS, INC.**

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## PART I - INTRODUCTION

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

### ■ 1. Funding Options

When a major repair or replacement is required in a community, an association has essentially four options available to address the expenditure:

The first option is to pass a "special assessment" to the membership in an amount required to cover the expenditure. Although not commonplace, there have been special assessments in the amount of \$10,000 per member assessed in associations in Virginia and southern California. When a special assessment is passed, the association has the authority and responsibility to collect the assessments, even by means of foreclosure if necessary. However, an association operating on a special assessment basis cannot guarantee that an assessment, when needed, will be passed. Consequently, it cannot guarantee its ability to perform the required repairs or replacements to those major components for which the association is obligated to maintain when the need arises. Additionally, while relatively new communities require very little in the way of major "reserve" expenditures, associations reaching 12 to 15 years of age and older find many components reaching the end of their effective useful lives. These required expenditures, all accruing at the same time, can be devastating to an association's overall budget.

The second option is for the association to acquire a loan from a lending institution in order to effect the required repairs. In many cases, banks will lend money to an association using "future homeowner assessments" as collateral for the loan. With this method, not only is the current board of directors pledging the future assets of an association, they are also required to pay interest fees on the loan payback in addition to the original principal. In the case of a \$150,000 roofing replacement, the association may be required to pay back the loan over a three to five year period, with interest; whereas, if the association was setting aside reserves for this purpose, using the

vehicle of the regularly assessed membership dues, it would have had the full term of the life of the roof in order to accumulate the necessary moneys. Additionally, those contributions would have been evenly distributed over the entire membership and would have earned interest as part of that contribution.

The third option, too often used, is simply to defer the required repair or replacement. This option can create an environment of declining property values due to the increasing deferred maintenance and the association's financial inability to keep pace with the normal aging process of the common area components. This, in turn, can have a seriously negative impact on sellers in the Association by making it difficult or even impossible for potential buyers to obtain financing from lenders. Increasingly, many lending institutions are requesting copies of the association's most recent reserve study before granting loans, either for the association, a prospective purchaser, or for an individual within such association.

The fourth, and only logical means that the board of directors has to ensure its ability to maintain the assets for which it is obligated, uniformly distributing the costs of the replacements over the entire membership, is by assessing an adequate level of reserves as part of the regular membership assessment. The community is not only comprised of present members, but also future members. Any decision by the board of directors to adopt a calculation method or funding plan which would disproportionately burden future members in order to make up for past reserve deficits would be a breach of its fiduciary responsibility to those future members. Unlike individuals determining their own course of action, the board is responsible to the "community" as a whole.

## ■ 2. The Reserve Study

There are two components of a reserve study – a physical analysis and a financial analysis. During the physical analysis, a reserve provider evaluates information regarding the physical status and repair/replacement cost of the association's major common area components. To do so, the provider conducts a component inventory, a condition assessment, and life and valuation estimates. A financial analysis assesses the association's reserve balance or "fund status" (measured in cash or as percent funded) to determine a recommendation for an appropriate reserve contribution rate in the future known as the "funding plan."

Reserve studies fit into one of three categories: 1) Full Study; 2) Update - with site inspection; and 3) Update - without site inspection.

- In a Full reserve study, the reserve provider conducts a component inventory, a condition assessment (based upon on-site visual observations), and life and valuation estimates to determine both a "fund status" and "funding plan."

- In an Update – with site inspection, the reserve provider conducts a component inventory (verification only, not quantification), a condition assessment (based on on-site visual observations), and life and valuation estimates to determine both the “fund status” and “funding plan.”
- In an Update – without site inspection, the reserve provider conducts life and valuation estimates to determine the “fund status” and “funding plan.”

### ■ 3. Developing a Component List

The budget process begins with an accurate inventory of all the major components for which the association is responsible. The determination of whether an expense should be labeled as operational, reserve, or excluded altogether is sometimes subjective. Since this labeling may have a major impact on the financial plans of the association, subjective determinations should be minimized. We suggest the following considerations when labeling an expense:

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

**Utilities:**

- Electricity
- Gas
- Water
- Telephone
- Cable TV

**Services:**

- Landscaping
- Pool Maintenance
- Street Sweeping
- Accounting
- Reserve Study

**Administrative:**

- Supplies
- Bank Service Charges
- Dues & Publications
- Licenses, Permits & Fees

**Repair Expenses:**

- Tile Roof Repairs
- Equipment Repairs
- Minor Concrete Repairs
- Operating Contingency

**RESERVE EXPENSES** are major expenses that occur other than annually and which must be budgeted for in advance in order to provide the necessary funds in time

for their occurrence. Reserve expenses are reasonably predictable both in terms of frequency and cost. However, they may include significant assets which have an indeterminable but potential liability which may be demonstrated as a likely occurrence. They are expenses that when incurred would have a significant affect on the smooth operation of the budgetary process from one year to the next if they were not reserved for in advance. Examples of Reserve Expenses include:

- Roof Replacements
- Painting
- Deck Resurfacing
- Fencing Replacement
- Street Seal/Slurry Coatings
- Asphalt Overlays
- Pool Re-plastering
- Pool Equipment Replacement
- Pool Furniture Replacement
- Tennis Court Resurfacing
- Park & Play Equipment
- Equipment Replacement
- Interior Furnishings
- Lighting Replacement

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

#### ■ 4. Preparing the Reserve Study

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

By following the recommendations of an effective reserve study the association should avoid any major shortfalls. However, to remain accurate, the report should be updated every two to three years to reflect such changes as shifts in economic parameters, additions of phases or assets, or expenditures of reserve funds. The association can assist in simplifying the reserve analysis update process by keeping accurate records of these changes throughout the year.

## ■ 5. Funding Methods

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

The cash flow method develops a reserve-funding plan where contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different reserve funding plans are tested against the actual anticipated schedule of reserve expenses until the desired funding goal is achieved. This method sets up a "window" in which all future anticipated replacement costs are computed, based on the individual lives of the components under consideration.

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

## ■ 6. Funding Strategies

Once an association has established its funding goals, the association can select an appropriate funding plan. There are two basic strategies widely used by associations. It is recommended that associations consult professionals to determine the best strategy or combination of plans that best suit the association's need. Additionally, associations should consult with their financial advisor to determine the tax implications of selecting a particular plan. Further, consultation with the American Institute of Certified Public Accountants (AICPA) for their reporting requirements is advisable. The two funding plans and descriptions of both are detailed below.

- Full Funding — Given that the basis of funding for reserves is to distribute the costs of the replacements over the lives of the components in question, it follows that the ideal level of reserves would be proportionately related to those lives and costs. If an association has a component with an expected estimated useful life of ten years, it would set aside approximately one-tenth of the replacement cost each year. At the end of three years, one would expect that three-tenths of the replacement cost to have accumulated, and if so, that component would be "fully-funded." This model is



important in that it is a measure of the adequacy of an association's reserves at any one point of time, and is independent of any particular method which may have been used for past funding or may be under consideration for future funding. The formula is based on current replacement cost, and is a measure in time, independent of future inflationary or investment factors:

$$\text{Fully Funded Reserves} = \frac{\text{Age of Component}}{\text{Useful Life}} \times \text{Current Replacement Cost}$$

When an association's total accumulated reserves for all components meet this criteria, its reserves are "fully-funded."

- **Threshold Funding (RDA Modified Cash Flow Reports)** — There are two goals of this funding method. The first goal is to make sure that all scheduled reserve expenditures are covered by keeping the reserve cash balance above zero during the projected period. The second goal is to reach and maintain a 100% fully funded reserve balance during the projected period. Depending on the association's current percent funded, it may take the entire projected period (typically 30 years) before the 100% fully funded level is achieved.

Reaching and maintaining a 100% fully funded reserve balance by uniformly distributing the costs of the replacements over time benefits both current and future members of an association, and is the best approach the board of directors can take to fulfill its fiduciary responsibility. The modified cash flow method creates a funding strategy that gives the membership the lowest reserve funding recommendation as possible over time, while approaching the 100% fully funded level.

Another advantage of the modified cash flow method is that in most cases several strategies can be manually tested by Reserve Data Analysis, Inc. (the strategy is not based strictly on each components current funding status) until the best funding strategy is created – one that has consistent, incremental contribution increases from year to year. This very important aspect of the reserve study will aid the board of directors during the annual budgeting process.

## ■ 7. Distribution of Accumulated Reserves

The first step is to identify the ideal level of reserves for each asset. As indicated in the prior section, this is accomplished by evaluating the component's age proportionate to its estimated useful life and current replacement cost. Again, the equation used is as follows:

$$\text{Fully Funded Reserves} = \frac{\text{Age of Component}}{\text{Useful Life}} \times \text{Current Replacement Cost}$$

The RDA RESERVE MANAGEMENT SOFTWARE™ program performs the above calculations to the very month the component was placed-in-service. It also allows for the accumulation of the necessary reserves for the replacement to be available on the first day of the fiscal year it is scheduled to be replaced.

After identifying the ideal level of reserves for each asset, the beginning reserve balance must be allocated to each of the individual components identified in the analysis.

The next step the program performs is to arrange all of the assets used in the study in ascending order by remaining life, and alphabetically within each grouping of remaining life items. These assets are then assigned their respective ideal level of reserves until the amount of funds available are depleted, or until all assets are appropriately funded. If any assets are assigned a zero remaining life (schedule for replacement this fiscal year), then the amount assigned equals the current replacement cost and funding begins for the next cycle of replacement. If there are insufficient funds available to accomplish this, then the software automatically adjusts the zero remaining life item to 1 year and that asset assumes its new grouping position alphabetically in the final printed report.

If at the completion of this task there are additional moneys which have not been distributed, the remaining reserves are then assigned, in ascending order, to a level equal to, but not exceeding, the current replacement cost for each component. If there are sufficient moneys available to fund all assets at their current replacement cost levels, then any excess funds are designated as such initially, but are then considered to be available reserves in the report funding computations.

Assigning the reserves in this manner defers the make-up period for any underfunding over the longest remaining life of all the assets under consideration, thereby minimizing the impact of deficiency. For example, if the report indicates an underfunding of \$50,000, this underfunding will be assigned to components with the longest remaining life possible in order to give more time to "replenish" the account. If the \$50,000 underfunding were to be assigned to short remaining life items, the impact would be immediately felt.

If the reserves are underfunded, the monthly contribution requirements as outlined in this report may be higher than normal depending on the calculation method that is used. In future years, as individual assets are replaced, the funding requirements will return to their normal levels. In the case of a large deficiency, a special assessment may be considered. The program can easily generate revised reports outlining how the monthly contributions would be affected by such an adjustment, or by any other changes which may be under consideration.

## ■ 8. Funding Reserves

Two contribution numbers are provided in the report, the "Monthly Membership Contribution" and the "Net Monthly Allocation." The association should contribute to reserves each month the "Monthly Membership Contribution" figure, when the interest earned on the reserves is left in the reserve accounts as part of the contribution. When interest is earned on the reserves, that interest must be left in reserves and only amounts set aside for taxes should be removed.

The second alternative is to allocate the "Net Monthly Allocation" to reserves (this is the member contribution plus the anticipated interest earned for the fiscal year). This method assumes that all interest earned will be assigned directly as operating income. This allocation takes into consideration the anticipated interest earned on accumulated reserves regardless of whether or not it is actually earned. When taxes are paid the amount due will be taken directly from the association's operating accounts as the reserve accounts are allocated only those moneys net of taxes.

## ■ 9. Users' Guide to Your Reserve Analysis Study

Part II of your RDA REPORT contains the reserve analysis study for your association. There are seven types of pages in the study as described below.

### REPORT SUMMARY

The **Report Summary** lists all of the parameters which were used in calculating the report as well as the summary of your reserve analysis study.

### INDEX REPORTS

The **Distribution of Accumulated Reserves** report lists all assets in remaining life order. It also identifies the ideal level of reserves which should have accumulated for the association as well as the actual reserves available.

### DETAIL REPORTS

The **Detail Report** itemizes each asset and lists all measurements, current and future costs and calculations for that asset. Provisions for percentage replacements, salvage values and one-time replacements can also be utilized.

The numerical listings for each asset are enhanced by extensive narrative detailing factors such as design, manufacture quality, usage, exposure to elements and maintenance history.

The **Detail Report Index** is an alphabetical listing of all assets together with the page number of the asset's detail report and asset number.

### PROJECTIONS AND CHARTS

**Thirty-year Projections** of projected data add to the usefulness of your reserve analysis study.

## ■ 10. Definitions

**REPORT I.D.** - Includes the REPORT DATE (ex. November 15, 1992), VERSION (ex. 001), and ACCOUNT NUMBER (ex. 9773). Please use this information when referencing your report. (Displayed on the summary page.)

**BUDGET YEAR BEGINNING/ENDING** - The budgetary year for which the report is prepared. For associations with fiscal years ending December 31, the monthly contribution figures indicated are for the 12 month period beginning 1/1/2X and ending 12/31/2X.

**NUMBER OF UNITS/PHASES** - If applicable, the number of units and/or phases included in this version of the report.

**INFLATION** - This figure is used to approximate the future cost to repair or replace each component in the report. The current cost for each component is compounded on an annual basis by the number of remaining years to replacement and the total is used in calculating the monthly reserve contribution which will be necessary in order to accumulate the required funds in time for replacement.

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

**INVESTMENT YIELD** - The average interest rate anticipated by the association based upon its current investment practices.

**TAXES ON YIELD** - The estimated percentage of interest income which will be set aside for taxes.

**ACCUMULATED RESERVE BALANCE** - The anticipated reserve balance on the first day of the fiscal year for which this report has been prepared. Based upon information provided and not audited.

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

**PHASE INCREMENT DETAIL/AGE** - Comments regarding aging of the components on the basis of construction date or date of acceptance by the association.

**MONTHLY CONTRIBUTION** - The contribution to reserves required by the association each month.

**INTEREST CONTRIBUTION** - The interest that should be earned on the reserves, net of taxes, based upon their beginning reserve balance and monthly contributions for one year. This figure is averaged for budgeting purposes.

**NET MONTHLY ALLOCATION** - The sum of the monthly contribution and interest contribution figures.

**GROUP OR FACILITY NUMBER/CATEGORY NUMBER** - The report may be prepared and sorted either by group or facility (location, building, phase, etc.) or by category (roofing, painting, etc.). Standard report printing format is by category.

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

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

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

**ADJUSTMENT TO USEFUL LIFE** - Once the useful life is determined it may be adjusted +/- by this separate figure for the current cycle of replacement. This will allow for a current period adjustment without affecting the estimated replacement cycles for future replacements.

**ESTIMATED REMAINING LIFE** - This calculation is completed internally based upon the report's fiscal year date and the date the asset was placed-in-service.

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

**FIXED ACCUMULATED RESERVES** - An optional figure which, if used, will override the normal process of allocating reserves to each asset.

**FIXED MONTHLY CONTRIBUTION** - An optional figure which, if used, will override all calculations and set the contribution at this amount.

**SALVAGE VALUE** - The salvage value of the asset at the time of replacement, if applicable.

**ONE-TIME REPLACEMENT** - Notation if the asset is to be replaced on a one-time basis.

**CURRENT REPLACEMENT COST** - The estimated replacement cost effective as of the beginning of the fiscal year for which the report is being prepared.

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

**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 representative(s).

## ■ 11. A Multi-Purpose Tool

Your RDA REPORT is an important part of your association's budgetary process. Following its recommendations should ensure the association's smooth budgetary transitions from one fiscal year to the next, and either decrease or eliminate the need for "special assessments".

In addition, your RDA reserve study serves a variety of useful purposes:

- Following the recommendations of a reserve study performed by a professional consultant can protect the Board of Directors in a community from personal liability concerning reserve components and reserve funding.
- A reserve analysis study is required by your accountant during the preparation of the association's annual audit.
- A reserve study is often requested by lending institutions during the process of loan applications, both for the community and, in many cases, the individual owners.
- Your RDA REPORT is also a detailed inventory of the association's major assets and serves as a management tool for scheduling, coordinating and planning future repairs and replacements.
- Your RDA REPORT is a tool which can assist the Board in fulfilling its legal and fiduciary obligations for maintaining the community in a state of good repair. If a community is operating on a special assessment basis, it cannot guarantee that an assessment, when needed, will be passed. Therefore, it cannot guarantee its ability to perform the required repairs or replacements to those major components which the association is obligated to maintain.
- Since the RDA reserve analysis study includes precise measurements and cost estimates of the client's assets, the detail reports may be used to evaluate the accuracy and price of contractor bids when assets are due to be repaired or replaced.
- The reserve study is an annual disclosure to the membership concerning the financial condition of the association, and may be used as a "consumers' guide" by prospective purchasers.

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**Windmill Ranch**  
 Gilbert, Arizona  
CFS Reserve Analysis Report Summary

Report Date	August 7, 2013	Parameters:	
Version	003	Inflation	3.00%
Account Number	1756	Annual Contribution Increase	3.00%
Budget Year Beginning	1/ 1/14	Investment Yield	0.15%
Ending	12/31/14	Taxes on Yield	0.00%
Total Units Included	178	Contingency	3.00%
Phase Development	1 of 1	Reserve Fund Balance as of	
		1/ 1/14:	\$50,725.00

Project Profile & Introduction

Unless otherwise indicated in this report, we have used 2001 as the basis for aging the original components examined in this analysis.

Refer to Asset ID #1000 (\*\* Reserve Balance Calculation) for an explanation of how the projected 1/1/2014 reserve balance was determined.

Calculation Method: Modified Cash Flow  
 Funding Strategy: Threshold  
 RDA Reports: May 2002. Updated October 2004 & August 2013.

Cash Flow Specific Summary of Calculations

Monthly Contribution to Reserves Required:	\$1,648.00
( \$9.26 per unit per month)	
Average Net Monthly Interest Contribution This Year:	4.91
Net Monthly Allocation to Reserves 1/ 1/14 to 12/31/14:	\$1,652.91
( \$9.29 per unit per month)	

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**Windmill Ranch**  
Distribution of Accumulated Reserves

REPORT DATE: August 7, 2013  
 VERSION: 003  
 ACCOUNT NUMBER: 1756

DESCRIPTION	REM LIFE	FULLY FUNDED RESERVES	ASSIGNED RESERVES
** Reserve Balance Calculation	0	0.00	0.00
Concrete Components - Unfunded	0	0.00	0.00
Drywells - Repair & Clean Out	0	6,000.00	6,000.00
Fencing - Vinyl Rail, Unfunded	0	0.00	0.00
Granite Replenishment	0	8,700.00	8,700.00
Irrigation System - Unfunded	0	0.00	0.00
Light Fixtures - Unfunded	0	0.00	0.00
Monument Sign - Letters, Unfunded	0	0.00	0.00
Paint - Block Walls (B)	0	4,125.00	4,125.00
Paint - Metal Ramada Roof Supports	0	500.00	500.00
Park Equipment (BB Court) (A)	0	1,200.00	1,200.00
Roofs - Metal, Ramadas, Unfunded	0	0.00	0.00
Paint - Wrought Iron (Interior)	1	771.00	771.00
Irrigation Controllers	2	1,733.33	1,733.33
Paint - Wrought Iron (Perimeter)	3	259.20	259.20
Park Equipment (BB Court) (B)	3	751.56	751.56
Park Equipment (Tot Lot)	3	2,701.56	2,701.56
Paint - Block Walls (A)	6	4,854.00	4,854.00
Basketball Backboard	7	325.00	325.00
Playstructure	7	13,000.00	13,000.00
Light Fixtures - Bollards	12	14,976.00	4,326.92
Dog Station (BB Court)	13	66.67	0.00
Dog Station (Tot Lot)	13	66.67	0.00
Tot Turf	14	0.00	0.00
Fencing - Wrought Iron (Interior)	17	3,336.67	0.00
Light Fixtures - Pole Mounted	17	1,625.00	0.00
Walls - Block, Repairs	17	5,871.67	0.00
Fencing - Wrought Iron (Perimeter)	28	222.00	0.00

**Windmill Ranch**  
Distribution of Accumulated Reserves

DESCRIPTION	REM LIFE	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Total Asset Summary:		71,085.33	49,247.57
Contingency @ 3.00%:		2,132.56	1,477.43
Grand Total:		73,217.89	50,725.00
Excess Reserves Not Used:			0.00
Percent Fully Funded:	69%		

**Windmill Ranch**  
Cash Flow Specific Projections

REPORT DATE: August 7, 2013  
 VERSION: 003  
 ACCOUNT NUMBER: 1756

Beginning Accumulated Reserves: \$50,725

YEAR	CURRENT REPLACEMENT COST	ANNUAL CONTRBTN	ANNUAL INTEREST CONTRBTN	ANNUAL EXPENDTRS	PROJECTED ENDING RESERVES	FULLY FUNDED RESERVES	PERCENT FULLY FUNDED
'14	123,917	19,776	59	20,525	50,035	71,355	70%
'15	127,634	20,369	74	9,954	60,525	81,182	75%
'16	131,463	20,980	88	11,352	70,242	90,368	78%
'17	135,407	21,610	88	21,415	70,524	89,718	79%
'18	139,470	22,258	106	9,792	83,097	101,959	81%
'19	143,654	22,926	125	10,086	96,062	114,855	84%
'20	147,963	23,614	111	33,193	86,593	104,239	83%
'21	152,402	24,322	93	35,912	75,096	91,054	82%
'22	156,974	25,052	111	12,475	87,784	102,992	85%
'23	161,683	25,803	121	19,180	94,527	108,847	87%
'24	166,534	26,577	134	17,236	104,003	117,635	88%
'25	171,530	27,375	155	13,377	118,156	131,494	90%
'26	176,676	28,196	104	62,021	84,435	94,899	89%
'27	181,976	29,042	124	15,196	98,404	107,639	91%
'28	187,435	29,913	138	20,367	108,087	116,056	93%
'29	193,058	30,810	149	22,902	116,145	122,841	95%
'30	198,850	31,735	142	35,783	112,239	116,991	96%
'31	204,816	32,687	102	59,007	86,021	88,765	97%
'32	210,960	33,667	113	26,129	93,673	95,498	98%
'33	217,289	34,677	130	22,708	105,773	107,017	99%
'34	223,808	35,718	145	25,331	116,305	117,080	99%
'35	230,522	36,789	156	29,139	124,111	124,417	100%
'36	237,438	37,893	187	16,670	145,521	146,244	100%
'37	244,561	39,030	218	18,449	166,319	167,913	99%
'38	251,897	40,201	231	30,898	175,852	178,129	99%
'39	259,454	41,407	265	18,216	199,308	203,246	98%
'40	267,238	42,649	258	47,011	195,204	199,740	98%
'41	275,255	43,928	161	108,288	131,005	132,329	99%
'42	283,513	45,246	164	42,197	134,219	134,256	100%
'43	292,018	46,603	203	20,502	160,523	160,538	100%

**Windmill Ranch**  
Annual Expenditure Detail

REPORT DATE: August 7, 2013  
VERSION: 003  
ACCOUNT NUMBER: 1756

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DESCRIPTION	EXPENDITURES
REPLACEMENT YEAR 2014	
Drywells - Repair & Clean Out	6,000.00
Granite Replenishment	8,700.00
Paint - Block Walls (B)	4,125.00
Paint - Metal Ramada Roof Supports	500.00
Park Equipment (BB Court) (A)	1,200.00
*** ANNUAL TOTAL:	<hr/> 20,525.00
REPLACEMENT YEAR 2015	
Granite Replenishment	8,961.00
Paint - Wrought Iron (Interior)	992.66
*** ANNUAL TOTAL:	<hr/> 9,953.66
REPLACEMENT YEAR 2016	
Granite Replenishment	9,229.83
Irrigation Controllers	2,121.80
*** ANNUAL TOTAL:	<hr/> 11,351.63
REPLACEMENT YEAR 2017	
Drywells - Repair & Clean Out	6,556.36
Granite Replenishment	9,506.72
Paint - Wrought Iron (Perimeter)	708.08
Park Equipment (BB Court) (B)	1,010.77
Park Equipment (Tot Lot)	3,633.31
*** ANNUAL TOTAL:	<hr/> 21,415.24
REPLACEMENT YEAR 2018	
Granite Replenishment	9,791.92
*** ANNUAL TOTAL:	<hr/> 9,791.92
REPLACEMENT YEAR 2019	
Granite Replenishment	10,085.68
*** ANNUAL TOTAL:	<hr/> 10,085.68

**Windmill Ranch**  
Annual Expenditure Detail

DESCRIPTION	EXPENDITURES
REPLACEMENT YEAR 2020	
Drywells - Repair & Clean Out	7,164.31
Granite Replenishment	10,388.25
Paint - Block Walls (A)	14,489.82
Paint - Wrought Iron (Interior)	1,150.76
*** ANNUAL TOTAL:	33,193.14
REPLACEMENT YEAR 2021	
Basketball Backboard	614.93
Granite Replenishment	10,699.90
Playstructure	24,597.48
*** ANNUAL TOTAL:	35,912.31
REPLACEMENT YEAR 2022	
Granite Replenishment	11,020.90
Paint - Metal Ramada Roof Supports	633.38
Paint - Wrought Iron (Perimeter)	820.86
*** ANNUAL TOTAL:	12,475.14
REPLACEMENT YEAR 2023	
Drywells - Repair & Clean Out	7,828.64
Granite Replenishment	11,351.53
*** ANNUAL TOTAL:	19,180.17
REPLACEMENT YEAR 2024	
Granite Replenishment	11,692.08
Paint - Block Walls (B)	5,543.66
*** ANNUAL TOTAL:	17,235.74
REPLACEMENT YEAR 2025	
Granite Replenishment	12,042.84
Paint - Wrought Iron (Interior)	1,334.05
*** ANNUAL TOTAL:	13,376.89
REPLACEMENT YEAR 2026	
Drywells - Repair & Clean Out	8,554.57
Granite Replenishment	12,404.13

**Windmill Ranch**  
Annual Expenditure Detail

DESCRIPTION	EXPENDITURES
Light Fixtures - Bollards	41,061.91
*** ANNUAL TOTAL:	62,020.61
REPLACEMENT YEAR 2027	
Dog Station (BB Court)	734.26
Dog Station (Tot Lot)	734.26
Granite Replenishment	12,776.25
Paint - Wrought Iron (Perimeter)	951.61
*** ANNUAL TOTAL:	15,196.38
REPLACEMENT YEAR 2028	
Granite Replenishment	13,159.54
Tot Turf	7,207.65
*** ANNUAL TOTAL:	20,367.19
REPLACEMENT YEAR 2029	
Drywells - Repair & Clean Out	9,347.82
Granite Replenishment	13,554.33
*** ANNUAL TOTAL:	22,902.15
REPLACEMENT YEAR 2030	
Granite Replenishment	13,960.96
Paint - Block Walls (A)	19,473.11
Paint - Metal Ramada Roof Supports	802.35
Paint - Wrought Iron (Interior)	1,546.52
*** ANNUAL TOTAL:	35,782.94
REPLACEMENT YEAR 2031	
Fencing - Wrought Iron (Interior)	12,726.92
Granite Replenishment	14,379.79
Irrigation Controllers	3,305.69
Light Fixtures - Pole Mounted	6,198.19
Walls - Block, Repairs	22,396.08
*** ANNUAL TOTAL:	59,006.67
REPLACEMENT YEAR 2032	
Drywells - Repair & Clean Out	10,214.61

**Windmill Ranch**  
Annual Expenditure Detail

DESCRIPTION	EXPENDITURES
Granite Replenishment	14,811.18
Paint - Wrought Iron (Perimeter)	1,103.18
*** ANNUAL TOTAL:	26,128.97
REPLACEMENT YEAR 2033	
Granite Replenishment	15,255.52
Park Equipment (BB Court) (B)	1,621.96
Park Equipment (Tot Lot)	5,830.42
*** ANNUAL TOTAL:	22,707.90
REPLACEMENT YEAR 2034	
Granite Replenishment	15,713.19
Paint - Block Walls (B)	7,450.22
Park Equipment (BB Court) (A)	2,167.34
*** ANNUAL TOTAL:	25,330.75
REPLACEMENT YEAR 2035	
Drywells - Repair & Clean Out	11,161.78
Granite Replenishment	16,184.59
Paint - Wrought Iron (Interior)	1,792.85
*** ANNUAL TOTAL:	29,139.22
REPLACEMENT YEAR 2036	
Granite Replenishment	16,670.13
*** ANNUAL TOTAL:	16,670.13
REPLACEMENT YEAR 2037	
Granite Replenishment	17,170.23
Paint - Wrought Iron (Perimeter)	1,278.89
*** ANNUAL TOTAL:	18,449.12
REPLACEMENT YEAR 2038	
Drywells - Repair & Clean Out	12,196.78
Granite Replenishment	17,685.34
Paint - Metal Ramada Roof Supports	1,016.38
*** ANNUAL TOTAL:	30,898.50



**Windmill Ranch**  
Annual Expenditure Detail

DESCRIPTION	EXPENDITURES
REPLACEMENT YEAR 2039	
Granite Replenishment	18,215.90
*** ANNUAL TOTAL:	18,215.90
REPLACEMENT YEAR 2040	
Granite Replenishment	18,762.38
Paint - Block Walls (A)	26,170.22
Paint - Wrought Iron (Interior)	2,078.41
*** ANNUAL TOTAL:	47,011.01
REPLACEMENT YEAR 2041	
Basketball Backboard	1,110.63
Drywells - Repair & Clean Out	13,327.75
Granite Replenishment	19,325.25
Playstructure	44,425.77
Walls - Block, Repairs	30,098.45
*** ANNUAL TOTAL:	108,287.85
REPLACEMENT YEAR 2042	
Dog Station (BB Court)	1,143.95
Dog Station (Tot Lot)	1,143.95
Fencing - Wrought Iron (Perimeter)	7,618.81
Granite Replenishment	19,905.01
Paint - Wrought Iron (Perimeter)	1,482.58
Tot Turf	10,902.22
*** ANNUAL TOTAL:	42,196.52
REPLACEMENT YEAR 2043	
Granite Replenishment	20,502.16
*** ANNUAL TOTAL:	20,502.16

**Windmill Ranch**  
Cash Flow Detail Report by Category

REPORT DATE: August 7, 2013  
 VERSION: 003  
 ACCOUNT NUMBER: 1756

** Reserve Balance Calculation
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	QUANTITY	1 comment
ASSET ID 1000	UNIT COST	0.000
GROUP/FACILITY 0	PERCENT REPL	0.00%
CATEGORY 5	CURRENT COST	0.00
	FUTURE COST	0.00
	SALVAGE VALUE	0.00
PLACED IN SERVICE 0/ 0		
0 YEAR USEFUL LIFE		
+0 YEAR ADJUSTMENT		
REPLACEMENT YEAR 2014		
0 YEAR REM LIFE		

REMARKS:

Current Reserve Balance Per Client (5/31/13):	\$	55,446
Remaining 2013 Reserve Contributions:		
\$0.00/month x 7 months	+	0
Remaining 2013 Interest to be Earned (0.15%)	+	44
Remaining 2013 Reserve Expenditures:		
Tot Turf Replacement	-	4,765
Projected January 1, 2014 Reserve Balance:	\$	----- 50,725

**Windmill Ranch**  
Cash Flow Detail Report by Category

Concrete Components - Unfunded		QUANTITY	1 comment
		UNIT COST	0.000
ASSET ID	1012	PERCENT REPL	0.00%
GROUP/FACILITY	0	CURRENT COST	0.00
CATEGORY	10	FUTURE COST	0.00
		SALVAGE VALUE	0.00
PLACED IN SERVICE	0/ 0		
0 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT			
REPLACEMENT YEAR	2014		
0 YEAR REM LIFE			

REMARKS:

The following comments also apply to the 50' x 56' concrete basketball court:

We are not budgeting for repair or replacement of concrete decks, pads, sidewalks, or driveways as a reserve component. It is anticipated that any repairs required will be addressed immediately due to safety concerns. Good maintenance practice won't allow the need for repairs to accumulate to a point of major expense. We recommend that the client includes a line item in the annual operating budget for repairs and/or replacements on an "as needed" basis. However, should the client wish to include budgeting for concrete components, we will do so at their request (cost and useful life to be provided by client).

**Windmill Ranch**  
Cash Flow Detail Report by Category

Roofs - Metal, Ramadas, Unfunded		QUANTITY	1 comment
		UNIT COST	0.000
ASSET ID	1006	PERCENT REPL	0.00%
GROUP/FACILITY	0	CURRENT COST	0.00
CATEGORY	20	FUTURE COST	0.00
		SALVAGE VALUE	0.00
PLACED IN SERVICE	0/ 0		
0 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT			
REPLACEMENT YEAR	2014		
0 YEAR REM LIFE			

REMARKS:

We are not budgeting to replace the metal ramada roof(s) because they have an indefinite life, and should last for the life of the community if properly maintained. Any repairs should be handled on an "as needed" basis, and the expense paid for out of the operating budget.

**Windmill Ranch**  
Cash Flow Detail Report by Category

<b>Paint - Block Walls (A)</b>		QUANTITY	40,450 sq. ft.
		UNIT COST	0.300
ASSET ID	1001	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	12,135.00
CATEGORY	30	FUTURE COST	14,489.82
		SALVAGE VALUE	0.00
PLACED IN SERVICE 1/10			
10 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT			
REPLACEMENT YEAR 2020			
6 YEAR REM LIFE			

REMARKS:

The client has advised us that the perimeter and interior common area block walls, except for the block wall along the canal (east perimeter), were repainted a few years ago - no cost information was provided.

This component also includes the painting of the block ramada support columns.

<b>Paint - Block Walls (B)</b>		QUANTITY	13,750 sq. ft.
		UNIT COST	0.300
ASSET ID	1032	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	4,125.00
CATEGORY	30	FUTURE COST	4,125.00
		SALVAGE VALUE	0.00
PLACED IN SERVICE 1/01			
10 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT			
REPLACEMENT YEAR 2014			
0 YEAR REM LIFE			

REMARKS:

The block wall along the canal (east perimeter) wasn't repainted along with the rest of the common area walls a few years ago. Therefore, this component includes a provision to repaint the block wall along the canal.

**Windmill Ranch**  
Cash Flow Detail Report by Category

**Paint - Metal Ramada Roof Supports**

ASSET ID 1007  
 GROUP/FACILITY 0  
 CATEGORY 30  
 PLACED IN SERVICE 1/01  
 8 YEAR USEFUL LIFE  
 +0 YEAR ADJUSTMENT  
 REPLACEMENT YEAR 2014  
 0 YEAR REM LIFE

QUANTITY	1 total
UNIT COST	500.000
PERCENT REPL	100.00%
CURRENT COST	500.00
FUTURE COST	500.00
SALVAGE VALUE	0.00

REMARKS:

This component is to paint the metal roof support beams for the two ramadas.

**Paint - Wrought Iron (Interior)**

ASSET ID 1004  
 GROUP/FACILITY 0  
 CATEGORY 30  
 PLACED IN SERVICE 1/10  
 5 YEAR USEFUL LIFE  
 +0 YEAR ADJUSTMENT  
 REPLACEMENT YEAR 2015  
 1 YEAR REM LIFE

QUANTITY	1,285 sq. ft.
UNIT COST	1.500
PERCENT REPL	50.00%
CURRENT COST	963.75
FUTURE COST	992.66
SALVAGE VALUE	0.00

REMARKS:

This component is to paint the wrought iron view fencing at the following interior locations, which appears to have been repainted a few years ago when the block walls were repainted:

- On the boundary lines between lots 48 & 49 and Tract "E"
- On the boundary lines between lots 59 - 68 and Tract "G"

The Association is 50% responsible for the maintenance of this wrought iron view fencing. See Section 7.7.2 of the CC&Rs for an explanation of the shared expense between the individual lot owners and the Association.

**Windmill Ranch**  
Cash Flow Detail Report by Category

Paint - Wrought Iron (Perimeter)

ASSET ID 1025  
 GROUP/FACILITY 0  
 CATEGORY 30

QUANTITY	648 sq. ft.
UNIT COST	1.000
PERCENT REPL	100.00%
CURRENT COST	648.00
FUTURE COST	708.09
SALVAGE VALUE	0.00

PLACED IN SERVICE 1/12  
 5 YEAR USEFUL LIFE  
 +0 YEAR ADJUSTMENT  
 REPLACEMENT YEAR 2017  
 3 YEAR REM LIFE

REMARKS:

This component is to paint the wrought iron fencing located along the east perimeter between lots 1 & 7. This fencing was installed in 2012.

**Windmill Ranch**  
Cash Flow Detail Report by Category

Fencing - Vinyl Rail, Unfunded		QUANTITY	1 comment
		UNIT COST	0.000
ASSET ID	1014	PERCENT REPL	0.00%
GROUP/FACILITY	0	CURRENT COST	0.00
CATEGORY	40	FUTURE COST	0.00
		SALVAGE VALUE	0.00
PLACED IN SERVICE	0/ 0		
0 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT			
REPLACEMENT YEAR	2014		
0 YEAR REM LIFE			

REMARKS:

The client has advised us that the vinyl split rail fencing along the community perimeters is being removed if it is vandalized, and not replaced.

Fencing - Wrought Iron (Interior)		QUANTITY	1 total
		UNIT COST	15,400.000
ASSET ID	1005	PERCENT REPL	50.00%
GROUP/FACILITY	0	CURRENT COST	7,700.00
CATEGORY	40	FUTURE COST	12,726.93
		SALVAGE VALUE	0.00
PLACED IN SERVICE	1/01		
30 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT			
REPLACEMENT YEAR	2031		
17 YEAR REM LIFE			

REMARKS:

700 - lin. ft. of 1'10" fencing @ \$ 22.00 = \$ 15,400.00  
-----  
TOTAL = \$ 15,400.00

See Asset ID #1004 for the location of this wrought iron view fencing.

The Association is 50% responsible for the maintenance of this wrought iron view fencing. See Section 7.7.2 of the CC&Rs for an explanation of the shared expense between the individual lot owners and the Association.



**Windmill Ranch**  
Cash Flow Detail Report by Category

Fencing - Wrought Iron (Perimeter)		QUANTITY	1 total
		UNIT COST	3,330.000
ASSET ID	1026	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	3,330.00
CATEGORY	40	FUTURE COST	7,618.80
		SALVAGE VALUE	0.00
PLACED IN SERVICE 1/12			
30 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT			
REPLACEMENT YEAR 2042			
28 YEAR REM LIFE			

REMARKS:

111 - lin. ft. of 5'10" fencing @ \$ 30.00 = \$ 3,330.00  
-----  
TOTAL = \$ 3,330.00

Location: east perimeter along the canal between lots 1 & 7

Walls - Block, Repairs		QUANTITY	54,200 sq. ft.
		UNIT COST	10.000
ASSET ID	1002	PERCENT REPL	2.50%
GROUP/FACILITY	0	CURRENT COST	13,550.00
CATEGORY	40	FUTURE COST	22,396.09
		SALVAGE VALUE	0.00
PLACED IN SERVICE 1/01			
10 YEAR USEFUL LIFE			
+20 YEAR ADJUSTMENT			
REPLACEMENT YEAR 2031			
17 YEAR REM LIFE			

REMARKS:

This component will accumulate funds for 30 years, and then on a continuous 10 year cycle, for the major repair/replacement of a percentage of the common area walls. The accumulated funds should be used "as needed", and the percentage budgeted for repair/replacement should be adjusted over time as conditions dictate.

**Windmill Ranch**  
Cash Flow Detail Report by Category

Light Fixtures - Bollards	QUANTITY	36 fixtures
	UNIT COST	800.000
ASSET ID 1016	PERCENT REPL	100.00%
GROUP/FACILITY 0	CURRENT COST	28,800.00
CATEGORY 50	FUTURE COST	41,061.91
	SALVAGE VALUE	0.00
PLACED IN SERVICE 1/01		
25 YEAR USEFUL LIFE		
+0 YEAR ADJUSTMENT		
REPLACEMENT YEAR 2026		
12 YEAR REM LIFE		

REMARKS:

These are metal bollard light fixtures located along the north and east perimeters of the community, and at the basketball court play area.

Light Fixtures - Pole Mounted	QUANTITY	5 fixtures
	UNIT COST	750.000
ASSET ID 1017	PERCENT REPL	100.00%
GROUP/FACILITY 0	CURRENT COST	3,750.00
CATEGORY 50	FUTURE COST	6,198.18
	SALVAGE VALUE	0.00
PLACED IN SERVICE 1/01		
30 YEAR USEFUL LIFE		
+0 YEAR ADJUSTMENT		
REPLACEMENT YEAR 2031		
17 YEAR REM LIFE		

REMARKS:

This component is to replace the pole mounted, circular light fixtures at the basketball court and tot lot play areas. The cost does not include the replacement of the poles.

Light Fixtures - Unfunded	QUANTITY	1 comment
	UNIT COST	0.000
ASSET ID 1013	PERCENT REPL	0.00%
GROUP/FACILITY 0	CURRENT COST	0.00
CATEGORY 50	FUTURE COST	0.00
	SALVAGE VALUE	0.00
PLACED IN SERVICE 0/ 0		
0 YEAR USEFUL LIFE		
+0 YEAR ADJUSTMENT		
REPLACEMENT YEAR 2014		
0 YEAR REM LIFE		

**Windmill Ranch**  
Cash Flow Detail Report by Category

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Light Fixtures - Unfunded, Continued ...

REMARKS:

We are not budgeting to replace the ground level spotlight fixtures located at the monument sign because the cost to do so is most often considered an operating expense. Any repairs and/or replacements should be handled on an "as needed" basis, and the expense paid for out of the operating budget.

**Windmill Ranch**  
Cash Flow Detail Report by Category

Basketball Backboard		QUANTITY	1 backboard
		UNIT COST	500.000
ASSET ID	1010	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	500.00
CATEGORY	60	FUTURE COST	614.94
		SALVAGE VALUE	0.00
PLACED IN SERVICE 1/01			
20 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT			
REPLACEMENT YEAR 2021			
7 YEAR REM LIFE			

REMARKS:

This is a metal basketball backboard.

Dog Station (BB Court)		QUANTITY	1 total
		UNIT COST	500.000
ASSET ID	1030	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	500.00
CATEGORY	60	FUTURE COST	734.27
		SALVAGE VALUE	0.00
PLACED IN SERVICE 1/12			
15 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT			
REPLACEMENT YEAR 2027			
13 YEAR REM LIFE			

REMARKS:

The client has advised us that the dog station was installed in 2012 at a cost of approximately \$500.00.

Park Equipment (BB Court) (A)		QUANTITY	1 total
		UNIT COST	1,200.000
ASSET ID	1028	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	1,200.00
CATEGORY	60	FUTURE COST	1,200.00
		SALVAGE VALUE	0.00
PLACED IN SERVICE 1/01			
20 YEAR USEFUL LIFE			
-7 YEAR ADJUSTMENT			
REPLACEMENT YEAR 2014			
0 YEAR REM LIFE			

**Windmill Ranch**  
Cash Flow Detail Report by Category

Park Equipment (BB Court) (A), Continued ...

REMARKS:

1 - picnic table @ \$ 1,200.00 = \$ 1,200.00  
 -----  
 TOTAL = \$ 1,200.00

Location: basketball court ramada

The client has advised us to budget to replace the 46" square picnic table in 2014 with a concrete picnic table.

Park Equipment (BB Court) (B)

ASSET ID 1027  
 GROUP/FACILITY 0  
 CATEGORY 60

QUANTITY	1 total
UNIT COST	925.000
PERCENT REPL	100.00%
CURRENT COST	925.00
FUTURE COST	1,010.77
SALVAGE VALUE	0.00

PLACED IN SERVICE 1/01  
 16 YEAR USEFUL LIFE  
 +0 YEAR ADJUSTMENT  
 REPLACEMENT YEAR 2017  
 3 YEAR REM LIFE

REMARKS:

1 - trash receptacle w/lid @ \$ 575.00 = \$ 575.00  
 1 - BBQ grill, pedestal mounted @ 350.00 = 350.00  
 -----  
 TOTAL = \$ 925.00

Location: basketball court ramada

**Windmill Ranch**  
Cash Flow Detail Report by Category

Dog Station (Tot Lot)		QUANTITY	1 total
ASSET ID	1031	UNIT COST	500.000
GROUP/FACILITY	0	PERCENT REPL	100.00%
CATEGORY	61	CURRENT COST	500.00
		FUTURE COST	734.27
		SALVAGE VALUE	0.00
PLACED IN SERVICE	1/12		
15 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT			
REPLACEMENT YEAR	2027		
13 YEAR REM LIFE			

REMARKS:

The client has advised us that the dog station was installed in 2012 at a cost of approximately \$500.00.

Park Equipment (Tot Lot)		QUANTITY	1 total
ASSET ID	1022	UNIT COST	3,325.000
GROUP/FACILITY	0	PERCENT REPL	100.00%
CATEGORY	61	CURRENT COST	3,325.00
		FUTURE COST	3,633.32
		SALVAGE VALUE	0.00
PLACED IN SERVICE	1/01		
16 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT			
REPLACEMENT YEAR	2017		
3 YEAR REM LIFE			

REMARKS:

2 - 6' benches w/back	@	\$ 600.00	=	\$ 1,200.00
1 - 46" sq. picnic table	@	1,200.00	=	1,200.00
1 - trash receptacle w/lid	@	575.00	=	575.00
1 - BBQ grill, pedestal mounted	@	350.00	=	350.00
				-----
		TOTAL	=	\$ 3,325.00

Location: Tot Lot play area & ramada

**Windmill Ranch**  
Cash Flow Detail Report by Category

Playstructure		QUANTITY	1 total
ASSET ID	1019	UNIT COST	20,000.000
GROUP/FACILITY	0	PERCENT REPL	100.00%
CATEGORY	61	CURRENT COST	20,000.00
		FUTURE COST	24,597.48
		SALVAGE VALUE	0.00
PLACED IN SERVICE	1/01		
20 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT			
REPLACEMENT YEAR	2021		
7 YEAR REM LIFE			

REMARKS:

This component is to replace the playstructure. The cost includes a provision for sand replenishment on an "as needed" basis.

Tot Turf		QUANTITY	1 total
ASSET ID	1021	UNIT COST	4,765.110
GROUP/FACILITY	0	PERCENT REPL	100.00%
CATEGORY	61	CURRENT COST	4,765.11
		FUTURE COST	7,207.66
		SALVAGE VALUE	0.00
PLACED IN SERVICE	1/14		
14 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT			
REPLACEMENT YEAR	2028		
14 YEAR REM LIFE			

REMARKS:

The client has advised us that \$4,765.11 will be spent before the end of 2013 to replace the Tot Turf (190 sq. ft.) at the playstructure play area. This expense is reflected in the January 1, 2014 reserve balance used to calculate this report.

For budgeting purposes, we have used the next fiscal year's beginning date as the placed-in-service date for this component.

**Windmill Ranch**  
Cash Flow Detail Report by Category

<b>Drywells - Repair &amp; Clean Out</b>		QUANTITY	1 total
		UNIT COST	6,000.000
ASSET ID	1018	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	6,000.00
CATEGORY	100	FUTURE COST	6,000.00
		SALVAGE VALUE	0.00
PLACED IN SERVICE	1/01		
3 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT			
REPLACEMENT YEAR	2014		
0 YEAR REM LIFE			

REMARKS:

There are 10, Type IV drywells, located in the community water retention tracts/areas. In June 2011, the Association received a complimentary inspection of the drywells from Torrent Resources. The inspection recommended repairs/maintenance of several drywells, as well as the cleaning out of three drywells, at a total cost of \$5,751.17. This work has not been done.

Going forward, this component budgets \$6,000, every three years, for the repair/maintenance & cleaning out of the drywells as needed. Should the client wish to budget for the drywells in a different manner, we will do so at their request. The following comments apply:

Drywell systems should be inspected annually to determine how much debris has accumulated in the system and to develop a clean out schedule. Some drywell systems will require the immediate repair of broken components and clean out, while others won't require maintenance for a number of years. On average, drywell systems require clean out every 3 - 5 years. A drywell should be cleaned out once 10% or more of the chamber is occupied. If maintained properly, drywells are designed to last as long as any other part of the community infrastructure.

A great majority of the drywell systems in Arizona are installed by Torrent Resources. Torrent Resources has developed a maintenance program to aid communities with drywell maintenance. Their comprehensive three year maintenance program waives the annual inspection fee, provides a 25% discount on replacement parts & site drainage modifications, and provides a detailed inspection report indicating the location and status of each drywell.



**Windmill Ranch**  
Cash Flow Detail Report by Category

<b>Granite Replenishment</b>	QUANTITY	145 tons
	UNIT COST	60.000
ASSET ID 1011	PERCENT REPL	100.00%
GROUP/FACILITY 0	CURRENT COST	8,700.00
CATEGORY 100	FUTURE COST	8,700.00
	SALVAGE VALUE	0.00
PLACED IN SERVICE 1/01		
1 YEAR USEFUL LIFE		
+0 YEAR ADJUSTMENT		
REPLACEMENT YEAR 2014		
0 YEAR REM LIFE		

REMARKS:

There is approximately 290,000 sq. ft. of granite throughout the community based on our measurements using Google Earth. The client has advised us to budget to replenish approximately 10% of the granite annually as a reserve expense, beginning in 2014.

It would require approximately 1,450 tons of granite replenish 290,000 sq. ft. Therefore, we are budgeting to for the purchase, delivery and spreading of 145 tons annually.

<b>Irrigation Controllers</b>	QUANTITY	1 total
	UNIT COST	2,000.000
ASSET ID 1003	PERCENT REPL	100.00%
GROUP/FACILITY 0	CURRENT COST	2,000.00
CATEGORY 100	FUTURE COST	2,121.80
	SALVAGE VALUE	0.00
PLACED IN SERVICE 1/01		
15 YEAR USEFUL LIFE		
+0 YEAR ADJUSTMENT		
REPLACEMENT YEAR 2016		
2 YEAR REM LIFE		

REMARKS:

2 - Rainmaster, 24 station controllers @ \$ 1,000.00 = \$ 2,000.00  
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TOTAL = \$ 2,000.00

The inventory of controllers was provided by the client's landscape maintenance contractor at the time of the initial reserve study. Since then, we haven't been advised of any replacements, and were unable to access the boxes where the irrigation controllers are located because they are pad-locked.

**Windmill Ranch**  
Cash Flow Detail Report by Category

Irrigation System - Unfunded		QUANTITY	1 comment
		UNIT COST	0.000
ASSET ID	1029	PERCENT REPL	0.00%
GROUP/FACILITY	0	CURRENT COST	0.00
CATEGORY	100	FUTURE COST	0.00
		SALVAGE VALUE	0.00
PLACED IN SERVICE	0/ 0		
0 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT			
REPLACEMENT YEAR	2014		
0 YEAR REM LIFE			

REMARKS:

We have been advised that irrigation systems (pvc piping, sprinkler heads, valves, etc.) have a useful life of approximately 20 years, and should be included as a reserve component. However, budgeting for the replacement of the irrigation system requires evaluating the present condition (remaining useful life) and replacement cost - both of which call for expert evaluation, but fall outside the scope of a reserve study. Therefore, we recommend that the client have the system evaluated to determine these two factors so that budgeting can be included in a revision or future update of this report.

Monument Sign - Letters, Unfunded		QUANTITY	1 comment
		UNIT COST	0.000
ASSET ID	1015	PERCENT REPL	0.00%
GROUP/FACILITY	0	CURRENT COST	0.00
CATEGORY	100	FUTURE COST	0.00
		SALVAGE VALUE	0.00
PLACED IN SERVICE	0/ 0		
0 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT			
REPLACEMENT YEAR	2014		
0 YEAR REM LIFE			

REMARKS:

The monument sign indicates "WINDMILL RANCH".

We are not budgeting to replace the solid steel letters making up the monument sign(s) because they have an indefinite life, and should last for the life of the community if properly maintained. Any repairs and/or replacements should be handled on an "as needed" basis, and the expense paid for out of the operating budget.

Please note, should the client wish to budget for the replacement of these components for aesthetic/remodeling purposes we will do so at their request.

**Windmill Ranch**  
Cash Flow Detail Report by Category

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