

# *Gold* Standard RESERVE STUDY REPORTS

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## RESERVE STUDY REPORT

### **Gold Standard Homeowners Association**

**Date Prepared: June of 2019**

**Projected to Current Fiscal Year Ending: December 31, 2019**

**For the Fiscal Year Beginning: January 01, 2020**

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**Part 1 - Background Information**  
**Gold Standard Homeowners Association**  
**Fiscal Year Beginning: January 01, 2020**

**PREFACE**

A Reserve Study Report is designed to help the Board comply with the provisions of California Civil Code Sections 5550-5580 by determining a recommended monthly reserve contribution which will fund all anticipated future reserve expenses. Pursuant to the law, the study shall at a minimum include:

1. Identifying the major components which the association is obligated to repair, replace, restore, or maintain which, as of the report date of the study, have a remaining life of less than 30 years.
2. Identifying the current amount of accumulated cash reserves actually set aside in the "reserve accounts" to repair, replace, restore, or maintain the major common area components.
3. Estimating the current amount of cash reserves necessary to repair, replace, restore, or maintain the major common area components.
4. Projecting the current estimated life cycles and replacement costs of the major common area components identified in the report.
5. Showing the ratio of actual reserves to total reserve liability, expressed as a percentage (i.e. "Percent Funded"). This provides an accurate measure of the relative strength of the Reserve fund, and
6. Addressing the procedures used for the calculation and establishment of the Reserve projections to delay the future repair, replacement, or additions to those major common area components that the Association is obligated to maintain.

The law requires that this prepared information be part of the pro forma operating budget and distributed to the homeowners annually in the 30 to 90 day window period prior to the beginning of the association's fiscal year or their ability to increase regular assessments or impose special assessments will be severely inhibited.

Furthermore, the law requires (Section 5550 of the Civil Code), at least once every three years the Board of directors shall cause a study of reserve account requirements of the common interest development to be conducted if the current replacement value of the major components which the Associations obligated to repair, replace, restore, or maintain is equal to or greater than one-half of the gross budget of the Association for any fiscal year. The Board shall review this study annually and shall consider and implement necessary adjustments to the Board's analysis of the reserve account requirements as a result of that review.

**Part 1 - Background Information**  
**Gold Standard Homeowners Association**  
**Fiscal Year Beginning: January 01, 2020**

**INTRODUCTION**

The Gold Standard Reserve Study Report is an independent analysis of various major reserve components of the Gold Standard Homeowners Association. The reserve study is not to be used for the purpose of performing an audit, quality/forensic analyses, or background checks of historical records. The purpose of this report is to provide the Association with the most current projections and accounting information available, reflecting the existing conditions, useful and projected remaining life expectancies, and probable replacement cost of the Association's common area reserve components. This report information is to determine how much money should be available in a reserve fund at a given point in time as well as to project the required future contributions needed so that sufficient reserve funds are available to meet the scheduled expenditure amounts. This evaluation is warranted to comply with California Civil Code Sections 5550-5560 and provides a comprehensive overview of the Association's long term financial obligations.

The report evaluations were conducted on June of 2019. Items not readily apparent by visual observations or those that were not disclosed may not be included. Component evaluations are based on the condition assumption that each were completed under current building code requirements, acceptable industry and manufacturer's standards, and receiving a continuous schedule of regular and preventive maintenance. No destructive testing methods and/or analysis of construction defects or possible hazardous materials have been made, including the results of legal matters or problems such as title defects, liens, encroachments, changes in building and zoning codes, pending litigation, etc.

There are two main components of a Reserve Study, a Physical Analysis and a Financial Analysis. The physical analysis portion of the report provides a component inventory, a condition assessment, and life and valuation estimates to determine both a fund status and a funding plan (may be based in part on previous quantitative notes, and verified only). The financial analysis portion of the report assesses the Association's unaudited reserve balance being provided (funds which are set aside from collected association assessed fees paid by owners) or fund status (measured in cash or as percent funded) to determine a recommendation for an appropriate reserve contribution rate/funding plan).

The report information is based in part from a number of sources familiar with the history and operating practices of the Association. This may have been provided from the current Association's property manager, Board of Director members and/or representative(s), assorted outside contractors and service vendors, various published replacement manuals adjusted for local conditions, and our own expertise. Representation of this study is the direct result of information being obtained verbally and/or in writing, as well as current and/or previous years on-site visual assessments. Incomplete, inaccurate, or missing information may cause a deterioration of the Association's financial condition. Every reasonable effort have been made to ensure that the recommendations in this report are based on reliable information and accurate inspection field notes, combined with current costs not including any inflationary factors.

**Part 1 - Background Information**  
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**INTRODUCTION (cont'd)**

An annual review of the Reserve Study by the Board (Section 5550 of the Civil Code) is required by law and is strongly recommended to reflect the impact of any significant changing conditions on the Association's future assessments. Those components which are not expected to undergo major repair or replacement within a thirty-year time frame as of this study's completion date, may have been defined as 'life of project' and not included. The Board shall consider and implement necessary adjustments to the board's analysis of the reserve account requirements as a result of that review. There is no substitute for ongoing correction and refinement. The effort spent in annual reserve planning can result in the priceless payoff of sufficient funds for timely common area repairs and replacements.

Unanticipated future events may occur and some assumptions about costs, conditions, and future circumstances may not materialize. Therefore, Gold Standard Reserve Study Reports assumes no responsibility or liability in connection therewith for uncontrollable factors such as any misuse, vandalism, unusual and excessive forces or environmental conditions (whether natural or man-made), exclusion of certain asset responsibility, and local or national conditions changing the costs in labor and/or materials.

We look forward to continued involvement with responsible and accurate long range budgeting for the Gold Standard Homeowners Association.

Sincerely,  
Gold Standard Reserve Study Reports Team

**Part 1 - Background Information**  
**Gold Standard Homeowners Association**  
**Fiscal Year Beginning: January 01, 2020**

**PROPERTY INFORMATION**

Name of Association: **Gold Standard Homeowners Association**

Location/City: **Gated community off Main Street and Four Corners in OceanView neighborhood in San Diego, CA**

Type of Project: **Planned Residential Development**

Year Incorporated: **1999**

Number of Units: **150**

Number of Buildings: **150; 1 and 2-story single-family estate home sites with attached garages**

Building Description: **Distinct 3 to 5-bedroom floor plans; designed and developed by BEAUTIFUL HOMES**

Fiscal Year End: **December 31, 2019**

Study Type: **Type 3 - Reserve Study Review without a Site Visit**

**STUDY TYPES DESCRIPTION**

**Type 1: Designed for Associations first time report with an on-site visual evaluation.**

This inspection will determine inventory components, life-cycles, and costs to be included in the report. A strong relationship will be forged with the association in examining and understanding the needs, operations, and inclusions specific to the community. Ultimately, the meeting will set the ground work for an accurate and reliable current year report, and provide guidance for future year reserve study reports that do not require an on-site evaluation.

**Type 2: Designed for Associations who have NOT had an on-site visit inspection within the past 3 years.**

We will provide an updated report with an on-site visual evaluation which reflects any known differences in conditions, life cycles and costs. This report relies in part on any previous site inspection details, and our own background investigation into recent policies and expenses.

**Type 3: Designed for Associations who have had an on-site visit inspection within the past three years.**

Reviews the previous report \*without\* an on-site visual evaluation. Bases the re-evaluation reflecting any known differences in conditions and life cycles. It is further assumed that there were no major changes to the inventory or deviations in patterns of operations and maintenance since the previous site visit.

**Part 1 - Background Information**  
**Gold Standard Homeowners Association**  
**Fiscal Year Beginning: January 01, 2020**

### PROPERTY EXCLUSIONS

According to the Association's agents, the Association is not responsible for any maintenance to residences, excluding the exclusive use common fencing and wall areas identified in the Planned Residential Development/Condominium Plan. ; Lighting fixtures controlled by inside unit switches

**SAMPLE REPORT**



**Part 1 - Background Information**  
**Gold Standard Homeowners Association**  
**Fiscal Year Beginning: January 01, 2020**

**TERMS AND DEFINITIONS**

The following terms relate to all items in the Reserve Study Report. We suggest you familiarize yourself with these terms to gain a clearer understanding of the Reserve Study process, considerations when labeling an expense, and succeeding compilations. Also, the Component Inventory Report found in the PART 2: PHYSICAL ANALYSIS portion of the report contains field notes, which include important data about the reserve components and other detailed information.

**ACCUMULATED RESERVE FUNDING REQUIREMENT:** As of the end of the fiscal year for which the study has been prepared: This is to identify the current ideal level of reserves for each category, which is calculated by multiplying the annual reserve requirement by the determined expendable life of that reserve component. For example, an asset which is 3 years old, has an useful life of 5 years and current replacement cost of \$10,000, should have accumulated approximately \$6,000 (annual reserve requirement of \$2,000 x 3) in reserves. Funding recommendations and projections can then be determined using this component method by analytical comparisons made between the total current required accumulated reserve amount (based on an ideal 100% funding amount) and the total actual projected fiscal year ending cash reserve account balances (i.e. "Percent Funded").

**ANNUAL RESERVE FUNDING REQUIREMENT:** Determined by the total current repair and/or replacement cost of a common area component divided by the estimated normal useful life of that asset. This is the amount which needs to be set aside annually, exclusive of any current reserve deficit or excess conditions, and is the method established by Section 5550 of the Civil Code (this amount is not necessarily a requirement). Adequate annual reserve funding is essential to assure the availability of funds when various reserve components require replacement.

**COMPONENT EVALUATIONS:** The specific component titles are organized in basic groupings of related construction information called "divisions". Component Titles are within each Division, which covers one portion of the total work or requirements. These elements form the building blocks for the Reserve Study. Once defined, the report estimates that amount of money which should be put aside over a projected time frame, to replace a determined common area reserve component requiring Reserve funding. Reserve allocations are based on setting aside sufficient funds each year so as to have the necessary funds on hand when needed.

**CONTINGENCY:** A contingency amount is being recommended and should be used for unknown and/or concealed conditions that require repair, and as a normal added precautionary measure. This fund equaling approximately 2-4 percent of the total component inventory replacement cost should be used for unusual circumstances covering unreserved items, not correctable by normal budget revisions (i.e. unscheduled and emergency repairs over budget allowances, including, but not limited to applicable: concrete site works; repairs and rehabilitation to damaged structures; earthquake and/or other types of hazardous reduction modifications; structural block wall, soil movement and erosion failures; correcting water intrusion points requiring permanent repairs; capital improvements; contract overruns and changeovers; underground utility and piping line breaks; electrical re-wiring and new conduit of common areas, etc.). Over-estimating for these contingencies is better than under-estimating the amount required.



**Part 1 - Background Information**

**Gold Standard Homeowners Association**

**Fiscal Year Beginning: January 01, 2020**

**TERMS AND DEFINITIONS (cont'd)**

**NORMAL LIFE:** Estimated based on data found in standard published construction manuals, on site visual inspection and past replacement history. Based when the reserve component was new, and prior to any aging process. Reserves are generally major expenses that occur other than annual maintenance, as per Section 5550 of the Civil Code, only components with remaining lives of 30 years or less are included. Our opinions of the projected 'life cycles' of the building inventory components do not represent a guarantee of performance of the products, materials and workmanship.

**QUANTITY:** The inventory quantity in terms of component count is determined by actual measurements, bids/invoices, and other indicated sources.

**REMAINING LIFE:** The time reasonably calculated to remain before a major component is replaced. This value can be ascertained from deducting the component's age from its determined useful life. However, deterioration can vary significantly from year to year with future uncertainties. A one-year remaining life shown indicates replacement to be done in the upcoming fiscal year. A zero depreciable life shows a component that has been recently completed and/or scheduled to be done in the current fiscal year (0 is not used).

**REPLACEMENT COST:** The market value (in today's dollars) and not an inflated (historic) replacement cost. Many items are too small to warrant building up a reserve fund since the replacement cost has the ability to be absorbed in the general operating maintenance budget (i.e. minor touch-up painting of common area, building and preventive roof/maintenance repairs). Clearly distinguishing these items from each other facilitates accurate accounting. This reserve study report has established a minimum of \$75,000 and \$1,000,000 as a minimum capital reserve asset expenditure based on the most current budget statements, type of project and number of units. Improvements to any of the existing Association assets will be capitalized only if they materially extend the useful life of that asset.

**SOURCE DATA INDEX:** Component calculations and replacement costs were derived from one or more of the following sources:

- 1 - Information supplied by the Property Manager, Board of Directors and/or Representative(s)
- 2 - DRE Budget Worksheet
- 3 - Industry estimates provided from qualified vendor contractors and on site inspection field notes
- 4 - Accepted past known and/or proposed contracts
- 5 - Previous Reserve Study Reports

**UNIT:** The unit of measurement for each inventoried reserve component.

**Part 1 - Background Information**  
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**NOTES AND ASSUMPTIONS**

- This study is based on an analysis of all anticipated future expenses, the time remaining until the expense occurs and the amounts necessary to be placed in reserve accounts to ensure that funds are available to meet those expenses. The Reserve Study budgetary process begins with an accurate inventory of all of the major components for which the Association is responsible. The determination of whether an expense should be included in the operational budget, as a reserve category or excluded altogether, is sometimes subjective. Since this can have a major impact on the financial plans of the Association, subjective labeling should be minimized.
- 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. Certain calculations must be performed on the compiled data, in order for the Reserve Study to take on a practical meaning. Several "methods of funding" have been developed to accommodate these long-term reserve expenditures, ranging from simple to more complex.
- By following the recommendations of an effective Reserve Study the Association should avoid any major shortfalls. However, to remain accurate, the report should be reviewed annually to reflect the impact of any significant changes. The Association can assist in simplifying this process by keeping accurate records of these changes throughout the year.
- This is an opinion, at this time, of the Association's current Funding Plan. We fully expect this opinion to be revisited and re-established in one year's time. The cash flow analysis of this report currently projects reserve account balances at the end of each fiscal year. A 1.5% inflation rate and a 1% return on investment (interest earned) has been taken into account.
- When a Board elects not to follow the recommended Reserve contributions and continues to fund at a low level of percentage funding, the Association should expect regular assessment increases, special assessments, obtain additional funding from a bank, use of other assets, deferred maintenance until funds are available to meet a major repair and/or replacement, or alternative mechanisms. In cases like this, scheduled major repair and/or replacement of some common Reserve components shown throughout the report may have been deferred until funds are available.
- As a general assumption to be noted as a precautionary measure only-correcting common area components and water intrusion points may require permanent repairs that exceed the financial budget scope of maintenance repairs and reserve planning (e.g. applicable commonly maintained storm drains locate on Lots which are not within public easements; concrete brow ditches located on Lots which pass from one Lot through an adjacent Lot; drainage system issues; mold remediation issues; monitoring surveys and correction of subsidence issues; limited investigation, report findings, and the implementation of corrective repairs to noted distress features and site conditions; etc; subgrade waterproofing of garage/site block retaining walls to prevent any further water intrusions, including repairs to notable slab cracking; locate and properly seal the water intrusion points at random cracks, open joints between dissimilar materials, flashing and termination areas; dry rot and termite damaged timber repairs; and re-coating the most visible possible source of outside wall leaks, etc.).

**Part 1 - Background Information**  
**Gold Standard Homeowners Association**  
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**NOTES AND ASSUMPTIONS (cont'd)**

- This Reserve Study is intended to be a financial guide for the Association and to be considered as one means to determine Reserve funding requirements.
- Projects with excess funds can be used to offset the recommended monthly contribution requirements, or in any other manner the Client may desire (e.g. capital improvements within the project's common areas; innovative pilot programs which best enhance and protect the community interests; potential slope and block wall failures in excess of budget allowances; upgrade renovations to the project's landscaping, including tree replacements and new plant materials).
- Maintaining only the annual reserve funding requirement as calculated in this report is without regard for any funding deficiency. This method may never achieve full funding and may not meet reserve requirements as they occur. It would be helpful to contribute over and above your estimated Annual Reserve Requirement and have the study reviewed annually. This would begin to work down your deficit, improve your cash position and help anticipate any unforeseen contingency type issues.
- The components in the study inventory are also subject to change due to policy changes, and unforeseen circumstances (sudden failures and unplanned capital expenditures). By studying your replacement reserve balances, keeping accurate records of these changes, and considering upcoming needs when preparing your annual operating budget, problems can be anticipated and dealt with best. Maintaining a sound and effective reserve fund not only meets legal, fiduciary and professional requirements, it also minimizes the need for special assessments, maintains the community in a state of good repair, and enhances property resale values.
- Provide for good investment management of the funds. When developing an investment policy, the Board should discuss and evaluate the following topics: general policy, goals and objectives, investment strategy, investment securities selection criteria, and review and control policies.

**Part 1 - Background Information**  
**Gold Standard Homeowners Association**  
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**CONCLUSION**

The maintenance being provided for and conditions of the Gold Standard Homeowners Association's physical elements were found to be fair-good. Maintenance is never "cut and dried" and requirements are subject to all types of weather conditions, normal and abusive use, vandalism, and the unexpected. As a result, any schedule recommendations within this report are suggested schedules and will need to be adjusted to compensate for either adverse or exceptional conditions. Reasonably sound maintenance programs are assumed in meeting the normal life expectancies given, however, more favorable than average maintenance practices could give the reserve component a possibly longer expected life with the resultant effect being a reduction in replacement funding requirements. Conversely, less favorable than average and/or no maintenance will more than likely reduce the asset's useful life creating a need to increase the funding replacement requirements. Some Associations will want to expand their reserves beyond those boundaries given and this preference should also be taken into consideration when setting reserves.

To ensure an effective maintenance program, it is advisable for the Association's Board of Directors to establish a clearly defined strategy for implementing the maintenance per specific manufacturer's recommendations, diligent adherence to that system, and a conscientious follow-up to insure that all maintenance items are attended to per the guide schedule.

Statements in this Reserve Study Report that provides information and recommendations are believed to be true and accurate at the time the report was produced. This study is intended for the sole use of the Client, and Third parties are not authorized to rely upon the contents of this report. Once the data in this Reserve Study Report is revised, assumed and/or updated by other sources, Gold Standard Reserve Study Reports can no longer accept legal responsibility for errors and omissions in this and subsequent reports. The final decisions for implementation, revising, updating or revising the information obtained in this Reserve Study Report, for any changes in assumptions, is the sole right and responsibility of the Board of Directors.

Part 2 - Physical Analysis

Gold Standard Homeowners Association  
Fiscal Year Beginning: January 01, 2020

COMPONENT INVENTORY REPORT

(Refer to last page of component inventory report for totals)

Division and Component Titles	Src Code	Cond Code	Normal Life	Remain Life	Unit Cost	Unit Quantity	Replacement Cost	Annual Funding Requirement	Accumulate Funding Requirement
<b>DIVISION: Paving and Surfacing</b>									
<b>Asphalt Overlay and Repairs-Community Streets on Both Sides</b>									
Asphalt Overlay and Repairs-Community Streets on Both Sides	3&5	G	30	12	\$1.60 /sq ft	360,000	\$576,000	\$16,000	\$288,000
Asphalt Repairs and Seal Coat	1,3-5	F-G	12	1	\$0.40 /sq ft	50,500	\$20,200	\$1,683	\$18,517
Asphalt-Seal Coat and Crack Filling	1,3-5	F-G	4	1	\$0.15 /sq ft	200,000	\$30,000	\$7,500	\$22,500
Concrete Repairs-Partial R&R Fund	3&5	G	7	4	\$10,000.00 /fund	1	\$10,000	\$1,429	\$4,286
<b>DIVISION: Landscaping and Irrigation</b>									
Irrigation-Backflow Preventors	3&5	F	20	7	\$900-1200 /each	2	\$2,100	\$1,050	\$1,785
Irrigation-Controller Clock Enclosures	3&5	G	20	8	\$2,000.00 /each	7	\$14,000	\$700	\$8,400
Irrigation-Controller Clocks Utilizing Weather Based ET System	3&5	F	15	1	\$3,000.00 /each	8	\$24,000	\$1,600	\$22,400
Landscape Enhancements and Irrigation Upgrade Projects	3&5	G	25	13	\$80,000.00 /fund	1	\$80,000	\$2,400	\$28,800
Tree Care-Annual Fund	3&6	G	1	1	\$20,000.00 /fund	1	\$20,000	\$20,000	\$0
Landscape Plantings and General Irrigation Repairs-Operating Budget	1,3&5	In House Vendors/Personnel							
Tree Care Maintenance-Operating	1,3&5	In House Vendors/Personnel							
<b>DIVISION: Fences, Walls and Gates</b>									
Fencing & Gates-Iron-Common Areas-Partial R&R Fund, Including Painting	1,3&5	F-G	5	1	\$7,000.00 /fund	1	\$7,000	\$1,400	\$5,600
Fencing-Split Rail Vinyl-Common Areas	1,3&5	G	25	13	\$30.00 /ft	800	\$24,000	\$960	\$11,520
Fencing-Split Rail-Precast Concrete-Partial R&R Fund	1,3&5	F-G	4	3	\$10,000.00 /fund	1	\$10,000	\$2,500	\$2,500
Gates-Vehicular-Underground Safety and Exit Loop Sensors	1,3&5	F	30	1	\$8,000.00 /fund	1	\$8,000	\$267	\$7,733
Gates-Vehicular-Underground Safety and Exit Loop Sensors	1,3-5	F-G	30	1	\$10,000.00 /area	1	\$10,000	\$333	\$9,667
Gates-Vehicular-Warning Signs	3&5	F-G	20	12	\$12,000.00 /area	1	\$12,000	\$600	\$4,800
Gates-Vehicular-Access Key Pads	3&5	G	10	5	\$1,200.00 /each	3	\$3,600	\$360	\$1,800
Gates-Vehicular-Life Strobe Sensors	3&5	F-G	20	3	\$1,000.00 /each	3	\$3,000	\$150	\$2,550
Gates-Vehicular-Underground Safety and Exit Loop Sensors	1,3-5	F-G	20	1	\$3,800.00 /area	1	\$3,800	\$190	\$3,610
<b>DIVISION: Painting and Coverings</b>									
Painting-Vehicular and Pedestrian Gates	1,3&5	In House Vendors/Personnel							
Painting-Metal Fencing and Gates	1,3&5	In House Vendors/Personnel							
Painting-Street Light Poles and Bases	1,3&5	G	8	1	\$175.00 /each	59	\$10,325	\$1,291	\$5,163
Clean and Painting-Community Walkways and Caps-Facing Gated Entries	1,3&5	F-G	15	2	\$10,000.00 /fund	1	\$10,000	\$667	\$8,667
Painting & Cosmetic Repairs-Community Walkways and Caps-Facing Gated Entries	1,3-5	G	5	4	\$8,000.00 /fund	1	\$8,000	\$1,600	\$1,600
Per Annum Painting and General Maintenance Repairs-Miscellaneous Common Components	1,3&5	In House Vendors/Personnel							
<b>DIVISION: Specialties</b>									
Postal Boxes-Front Loading on Pedestal	1,3-5	G	20	16	\$2,000.00 /each	12	\$24,000	\$1,200	\$4,800
Signage-Street Identification	1,3-5	G	25	21	\$1,800.00 /each	14	\$25,200	\$1,008	\$4,032
<b>DIVISION: Electrical and Lighting Systems</b>									
Electrical-Single Service Pedestal Meter	3&5	F	20	3	\$3,000.00 /each	1	\$3,000	\$150	\$2,550

Part 2 - Physical Analysis

Gold Standard Homeowners Association  
Fiscal Year Beginning: January 01, 2020

COMPONENT INVENTORY REPORT

(Refer to last page of component inventory report for totals)

Division and Component Titles	Src Code	Cond Code	Normal Life	Remain Life	Unit Cost	Unit	Quantity	Replacement Cost	Annual Funding Requirement	Accumulate Funding Requirement
Electrical-Pedestal Meters-Irrigation	3&5	F-G	20	5	\$3,000.00	/each	2	\$6,000	\$300	\$4,500
Landscape Accent Lighting-Ground Lights-Community Gated Areas	1,3-5	G	12	8	\$5,500.00	/fund	1	\$5,500	\$458	\$1,833
Lighting-Street Pole Mounts-Install New	1,3-5	F-G	35	19	\$2,450.00	/each	59	\$147,500	\$4,214	\$67,429
<b><u>DIVISION: Communications and Security</u></b>										
Entry Call System-Linear Phones	3&5	F	12	2	\$3,000.00	/each	2	\$6,000	\$500	\$5,000
Surveillance System-Clubhouse	1,3&4	G-E	10	10	\$80,000.00	/fund	1	\$80,000	\$1,000	\$0
Reserve Budget Contingency					\$8,000.00	/fund			\$2,500	\$10,000
<b>COMPONENT INVENTORY TOTALS</b>								<b>\$1,067,225</b>	<b>\$80,065</b>	<b>\$560,340</b>

Source Codes: 1-Association 2-DRE Budget 3-Contractor & Field Notes 4-Bids & Actuals 5-Prior Inspection Report: 06/19

Condition Codes: E-Excellent G-Good F-Fair P-Poor

SAMPLE REPORT



**Part 2 - Physical Analysis**  
**Gold Standard Homeowners Association**  
**Fiscal Year Beginning: January 01, 2020**

**COMPONENT INVENTORY FIELD NOTES**

**DIVISION: Paving and Surfacing**

**PAVING AND SURFACING COMPONENT ALLOCATIONS:** Some of the report's paving estimates are raw. Actual bids for the project will be based upon the total surface areas scheduled for replacement, recommended procedures used and the contractor selected. Contractors bidding outside of any recommended programs and submitting for consideration can be reviewed to determine if they are bidding accurately for this project.

Any and all hidden conditions impacting the scope of work above and beyond simple repair, patch, overlay and seal procedures (development of remediation concepts and recommendations to mitigate groundwater seepage, site drainage, insufficient subgrade for traffic, and pavement distress problems) have been excluded. Although not all together excluded from this Reserve Study report, the Board may, at its discretion, determine and include and/or make changes in the Paving and Surfacing allocation(s) to cover the situation as deemed necessary.

**ASPHALT OVERLAY AND REPAIRS:** An overlay with a finish paving grade asphalt should be expected over the given time frame from the time of original site installation. The thickness of the new overlay may range from 1.5" depending on the amount of traffic, existing pavement condition, and the individual project needs (variable thickness over a petromat fabric crack retarder may be needed in more severely cracked areas).

A repaving overlay to all surfaces may not be required if streets are maintained properly; however, this fund is recommended to maintain the project's asphalt paved surfaces in a prudent fashion, cover normal repairs to damaged sections over and beyond the allowance given in ASPHALT SEAL COAT, and required overlays to deteriorated areas over this period. Areas susceptible to erosion spots and any obstructions or damaged asphalt sections (from nearby tree roots, marginal steps taken to facilitate water runoff, and improper soil compactions) should be removed and replaced with new to prevent further deterioration. An allowance for these more extensive type repairs has been considered in this fund. The amount given in this report is subject to change and is dependent on the scope of work selected, which will be based on core sample data, soil conditions, extent of replacement asphalt depth, and time frame.

With some developments containing street/driveways and parking areas built to minimum specifications, the anticipated life expectancy of asphalt can vary greatly, and is provided that regular sweeping, sweeping off abrasive materials, and a prudent preventive program is maintained in the interim period. Semi annual inspections is suggested to verify surface conditions, deterioration, possible failures in the base materials, and tearing due to nearby root growth under the pavement. Curbs and drainage flow lines should also be scheduled for periodic inspections, kept in good repair, obstruction free, and any necessary re-grading to help ensure proper water runoff in low spots.

**ASPHALT SEAL COAT:** A seal coat helps to prevent water from penetrating the surface of the pavement and protects the top layer of asphalt from oxidation and wear caused by exposure to the sun and air. An allowance for standard type repairs (i.e. 0-1" skinpatch low sunken areas created by potholes, prompt pot hole repairs done; patch and fill all existing large, cracked areas with new hot asphalt to prevent further hazards); as well as stenciling and painting of pavement markings, are generally done on a 3-4 year cycle prior to re sealing and has been considered in the overall job cost.

As with all seal, Slurry Seal has no structural strength and will not prevent asphalt from cracking or breaking from deteriorated subgrade conditions or traffic that exceeds the structural integrity of the existing asphalt. However, Slurry Seal possesses some crack filling properties, encapsulates rough and raveled surfaces, raises existing elevation a minimal amount, and provides a 3 to 5 year wearing surface.



**Part 2 - Physical Analysis**  
**Gold Standard Homeowners Association**  
**Fiscal Year Beginning: January 01, 2020**

**COMPONENT INVENTORY FIELD NOTES**

**DIVISION: Landscaping and Irrigation**

**IRRIGATION AND LANDSCAPE COMPONENT ALLOCATIONS:** Due to the many variables involved, some of the identified reserve components are only guidelines, and intended as a starting point for the development of a long-term maintenance program for special considerations. An allowance for the cost of extra labor and all necessary furnished supplies will be allocated and summarized by month over this period. These costs should be reviewed periodically to properly reflect its history, determine priorities and funds needed so as to not exceed budget amount.

Applicable full line maintenance services and related repairs, including but not limited to: tree trimming up to contract allowances and periodic spraying to control diseases; weed and brush abatement program for effective fire and watershed management, including general clean-ups for appearance; normal repair and relocation of common area sprinkler heads, as well as any drip system emitters; automated/manually control master, gate and shut off valves, including any necessary re-wiring works and box covers; timer clock(s); testing, defective repairs and certification of the backflow preventer devices; PVC lateral piping lines and break repairs including standard irrigation improvements and any additional line installation for better coverage; application of insecticides, herbicides, fertilizers and weeding; new planting, mulch and annual color materials; gofer/pest controls; turf care consisting of periodic aeration and de-thatching, clean caulk and seal any concrete drainage brow ditches, where needed; bridge clean out of silt/debris from common storm drainage box covers, and any desiltation channel basins; and general maintenance considerations, are considered to be a re-occurring expense and are being funded out of the operating income.

**IRRIGATION BACKFLOW PREVENTION DEVICES:** This fund is for the replacement of the backflow prevention devices and their respective housing cages/enclosures (if applicable) over the specified time frame. These protection devices are installed to ensure that pollutants which could potentially enter the irrigation system cannot be back siphoned into the domestic water supply. The landscape contractor should perform periodic inspections of the backflow preventer devices to verify proper function and to check for leaks or damages. Malfunctioning backflow preventer devices can alter the quantity of water being supplied to the landscape, endangering the plant material, and promoting premature removal and replacement.

**LANDSCAPE BRUSH MANAGEMENT-OPERATING BUDGET:** For an effective fire and watershed management, this fund is for a weed and brush abatement program in conformance with provisions of the Fire Protection District, including general clean-ups for appearance (i.e. hand and/or machine excavate removals and haul away all job related debris from premises, raising skirts of trees and large shrubs, as well as light shearing and thinning of necessary plant materials). Establishing an effective and precise maintenance program should be provided according to each brush management zone to minimize the potential damage or loss of property from brush fires and other natural hazards such as erosion and slope failures. To maintain an overall neat appearance of the project and simplify the budget, it is recommended that this work be budgeted annually under Current Operating Expenses to accommodate a routine and cyclic schedule. This would be based on phases within the complex, and those areas of the property which are required more frequently than the rest.

**Part 2 - Physical Analysis**

**Gold Standard Homeowners Association**

**Fiscal Year Beginning: January 01, 2020**

**COMPONENT INVENTORY FIELD NOTES**

**DIVISION: Fences, Walls and Gates**

FENCES, WALLS AND GATES COMPONENT ALLOCATIONS: The “worst case locations” to be prioritized and done first with the remaining work to be completed over the given time frame, as Reserve funds are made available. Accumulated reserve funds will be used to offset jobs to be done earlier than the projections shown.

Walls, viewing panels, fencing, rails and gate repairs, including re-setting loose posts and reinforcing weak sections should be done immediately upon signs of weakening to ensure stability (particularly in those areas where there is a potential hazard, such as near the edge of an embankment). Maintaining proper base clearances, provide proper protection from oxidation at bases by filling in any low ponding spots along the bottom rails, given special attention to the upright supports, boards present and secure, cutting back and minimizing area vegetation growth, check and adjust the angle of sprinkler heads, remove minor corrosion areas, check for cracks and joint separations, repair vandalized and graffiti areas, painted on a regular cycle and minor stucco repairs to any high exposure wall areas will help the project’s aesthetics, reduce the frequency of a major re-paint and help prolong life expectancies.

FENCING-VINYL-PHASED IMPLEMENTATION: Areas included, but not limited to applicable: privacy yard patios; running along outermost perimeters; and facing common designated maintenance areas as identified. Installed cost per existing layout using an alternative vinyl fence product (made of a high-impact, weather-resistant vinyl material, a formulation that is similar to vinyl siding and windows).

The scope of the work will more than likely be too expensive to complete in a single operation (without levying a special assessment), at least from a cash-flow perspective. Therefore, based on prioritized recommendations of the contractors and Homeowners Association’s Coordinator, a sequence of areas will need to be established and phased in over the given time frame until completion. Definitions of the phases are as follows: PHASE 1: Enter Location Here; PHASE 2: Enter Location Here; PHASE 3: Enter Location Here.

FENCING-SPLIT RAIL-PRECAST CONCRETE: Areas included, but not limited to applicable: running along outermost perimeters; and facing common designated maintenance areas as identified. Will start to show some signs of deterioration (from being in direct contact with the soil and moisture). System with a rich wood texture manufactured in maintenance-free reinforced precast concrete. This ideal replacement alternative product is available in 2 to 4-rail systems.

VEHICULAR GATES: Reserve funding to fabricate and install new entry and exit gate panels (hooked up to the existing operators) to include, but not limited to applicable: adjacent mixed side and/or protective enclosed travel area metal fencing panels with mesh screening, receiving hinge posts, magnetic locking devices, hinge hardware, reinstall and put into proper operation.

GATE-PEDESTRIAN ACCESS CODE PAD: Cost to fabricate and install new to include, but not limited to: all necessary labor, supplies and hardware for proper operations.

**Part 2 - Physical Analysis**  
**Gold Standard Homeowners Association**  
**Fiscal Year Beginning: January 01, 2020**

**COMPONENT INVENTORY FIELD NOTES**

**DIVISION: Painting and Coverings**

**PAINTING COMPONENT ALLOCATIONS:** Comprehensive inspection and proper surface preparation completed before caulking and paint are applied, is essential to obtain a high-quality, long-lasting paint job, as well as an effective means for specifying job materials, applications and related requirements. A thorough inspection also includes the roof, guttering and downspouts, if applicable. Adequate control of run-off water is absolutely essential to help minimize its impact on a painted surface, among other damage it can cause.

From the maintenance operating budget, keeping vegetation growth down to a minimum, adjusting irrigation sprinkler heads, "random touch ups" done in-house to more frequent painting and deterioration prone areas (i.e. applicable non-metal works with emphasis on any rails sprayed with sprinklers on a regular basis and areas continually scratched or damaged by landscaping tools, miscellaneous trim and framing pieces, fence portions, door rails and caps, garages, exterior exposed doors and casings, etc.), and minor stucco repairs to any high exposure wall areas will help the aesthetics of the project, reduce the cost and frequency of a major re paint, and help guard against any unnecessary structural repairs.

**PAINTING-METAL FENCING AND GATES:** Cost allowance to include normal surface preparation works (full coat application to bottom rail and top 12" is recommended) and finish with a polyamide-epoxy and/or industrial grade, rust-inhibitive gloss enamel coat application. Allowance given for the more extensive interim repairs to open welds, pinholes, severely rusted/damaged post, panel and rail areas has been included in their respective section of the report. Determination of the degree of repair to be walked jointly and decided by representatives of Owner and Contractor.

**PAINTING-COMMUNITY WALLS:** The full coverage application of a 100% premium latex acrylic paint for these exterior areas is generally recommended (recommend using a semi-gloss for the cap portions). Some allowances for standard repairs (waterblast bond and professionally patch repair damaged areas with premium color-matched stucco materials to match existing hand-browled single texture and colors) has been included elsewhere in the report. Determination of the degree of repair to be walked jointly and decided by representatives of Owner and Contractor.

Heavy dirt accumulation, mildew and staining will occur in various isolated areas near lower foundations, as well as from caps and any rusted iron rail runoffs. Areas should be thoroughly cleaned to remove surface contamination that may hinder durability and stained areas properly treated to help prevent further mildew, algae and mold re-growth. Fogcoat the more permanently stained areas and feather into match surrounding surfaces (this is a cementitious product formulated for use as a spray applied cement paint to color stucco and masonry surfaces, which becomes an integral part of the stucco after curing) may want to be considered.

The stucco-coated and painted block retaining wall areas tend to be durable, however, they are difficult to predict because of watering the soil from behind the walls and chemicals, etc. Conditions of these walls should be inspected at least annually by the Board, so those areas that are peeling, cracking, beginning to show other signs of premature deterioration, damage and/or requiring coating applications can be scheduled appropriately.

## Part 2 - Physical Analysis

Gold Standard Homeowners Association

Fiscal Year Beginning: January 01, 2020

### COMPONENT INVENTORY FIELD NOTES

#### **DIVISION: Specialties**

**SPECIALTY COMPONENT ALLOCATIONS:** Some of the component replacements will more than likely be phased in over the given time frame, as Reserve funds are made available. Accumulated reserve funds will be used to offset replacement of assets to be done earlier than the projections shown.

**POSTAL BOXES:** Reserve funding to fabricate, assemble and install new collection mailboxes and pedestals in the community. Keep pedestals, surface-mounted bases, collection boxes, lock mechanisms, and hardware cleaned and well sealed.

**SIGNAGE-ENTRY MONUMENTATION:** Due to the many variables involved, these are only guidelines and intended as a starting point for the development of a long-term maintenance program for special considerations. Reserve funding to refurbish and/or install new the project's entry monument signage (scope of job to include, but not limited to applicable all necessary products and surface preparation works used in accordance with manufacturer's specifications; remove and re-secure lettering and symbol logos in tight condition; removal and install all new tiles using thinset mortar method, including expansion joints provided and caulked and necessary patching; repair and/or replacement to designated damaged colored concrete, including precast coping pieces, graphics, related art work and hardware, etc.) to include enhancement restoration of wall structures and surrounding landscaped areas.

#### **DIVISION: Electrical and Lighting Systems**

**ELECTRICAL AND LIGHTING COMPONENT ALLOCATIONS:** Some of the component replacements will more than likely be phased in over the given time frame, as Reserve funds are made available. Accumulated reserve funds will be used to offset electrical and lighting to be replaced earlier than the projections shown.

Implementation of lighting maintenance and cost saving measures funded through operating to include a regular routine check of all junction boxes and cover plates, with damaged or missing ones replaced; corroded hardware and leveling bases to post fixtures in close proximity to the ground repaired/replaced; tight connection of fixture mounting plates and any breaks in the housing and required corrections of electrical components.

**ELECTRICAL PEDESTAL METERS:** Reserve funding to install new electrical distributions and control equipment, which is protected inside an attractive vandal-resistant, weather-proof cabinet.

**Part 2 - Physical Analysis**

**Gold Standard Homeowners Association**

**Fiscal Year Beginning: January 01, 2020**

**COMPONENT INVENTORY FIELD NOTES**

**LIGHTING-COMMON AREAS:** Reserve funding (to be allocated over a longer period of time and/or beyond monthly materials and in-house labor maintenance/repair operating allowances shown in the current budget) to be used for common area lighting and electrical system replacements, more efficient lighting conversions and any additional installations (to better illuminate the area, promote safety and to deter vandalism and theft). Any and all hidden conditions impacting the scope of work above allowances have been excluded, and will be done on an additional time and material basis (additional funds may want to be considered to cover incidentals).

Poles will eventually show signs of rust/corrosion at their bases (due to pole locations subject to constant moisture from landscaping irrigation, as well as proximity to tree branches). Points of fixture attachments are vulnerable places of deterioration. For energy savings, reliability, and extended lamp life, any needed R&R (whether for cell sensors and clock timer controls, lamps, lenses and diffusers, retrofit kits including ballast), periodic ultrasonic pole inspections, and related trouble-shoot wiring/electrical works "as required" to restore common lighting fixtures will occur on such a random basis that they more than likely will be done on an "as needed" basis. All exterior fixtures should be periodically checked for operations, burnt out lamps and damaged/defective parts replaced, and any observed deficiencies reported.

**DIVISION: Communications and Security**

**COMMUNICATION AND SECURITY COMPONENT ALLOCATIONS:** Some of the component replacements will more than likely be phased in over the given time frame as Reserve funds are made available. Accumulated reserve funds will be used to offset those jobs to be performed earlier than the projections shown.

**ENTRY ACCESS SYSTEM-PHONE:** Installed to allow communication and gate control from the gate to the units inside the building via their touch tone phones. Applicable allowance costs to include related accessories, pedestal and protective hood, and technical support for proper system startups.

Preventive maintenance and individual component part replacement upgrades performed to prevent further deterioration and restore to proper operation including, but not limited to applicable rebuild internal circuit board, speaker box, front panel and buttons, amplifier and/or strike, internal modem communicator card and software, as well as minor electrical work to be funded through operating.

**SURVEILLANCE SYSTEM:** Funding to be used for component upgrades (i.e. applicable time recording capabilities, VCR, TV camera in weather/tamper proof housing, lens sensors, multiplexor control panel, screen monitor, cable runs, connection to cable signal and power supply wiring, computer hardware and software packages, etc.), offering the benefits of utilizing the existing equipment (to maximize the capabilities of your current system by simply adding and redesigning your system to meet the current requirements in a user friendly system).



**Part 3 - Physical Analysis**

**Gold Standard Homeowners Association  
For the Fiscal Year Beginning: January 01, 2020**

**EXECUTIVE SUMMARY**

**Projected to Current Fiscal Year Ending: December 31, 2019**

The following information is a condensed summary of the current full reserve study, to be conducted every 3 years (physical inspection necessary) and reviewed annually. It is intended to provide the general information for inclusion with the annual budget information to be distributed to the homeowners and is prepared in compliance with California Civil Codes 5550-5580. Reference to the complete study provides detailed estimates of individual remaining lives, current costs, and projected future replacement costs.

**Summary of Cost of Inventory**

Base Identification Component Inventory Groupings	Estimated Remaining Useful Life	Estimated Replacement Costs	Annual Account Requirement	Accumulated Account Requirement	Allocation of Fund Balance	Percent of Fund Balance
Paving and Surfacing	1-12	540,200	\$ 2,805	\$ 333,302	\$ 11,931	51%
Landscaping & Irrigation	1-13	120,000	2,805	61,385	3,341	100%
Fences, Walls and Gates	1-13	6,760	6,760	49,780	57,043	100%
Painting and Coverings	2-4	2,825	3,557	15,479	17,680	70%
Specialties	16-21	4,200	2,208	8,832	10,121	138%
Electric & Lighting	3-19	162,000	5,123	7,612	87,446	13.63%
Communications & Security	2-10	86,000	8,500	5,000	5,000	0.89%
Contingency		0	2,500	1,000	11,459	1.79%
<b>Totals</b>		<b>\$ 722,225</b>	<b>\$ 80,065</b>	<b>\$ 560,000</b>	<b>\$ 641,750</b>	<b>100.00%</b>

**Summary of Financial Position**

Accumulated Surplus	\$ 81,710	Per Unit	\$544.73
Percentage Funded as of the Year End:			114.59%
Current Annual Funding (from Budget)	\$ 75,000		
Actual Cash Balance: May 31, 2019:	\$600,000		
Anticipated Funding to Year End:	\$43,750		
Anticipated Expenditures to Year End:	\$2,000		
Actual Cash Balance: December 31, 2019:	\$641,750		

**Summary of Funding**

Dollar Amount Per Unit, Per Month (All Funding options assume a 1.5% increase per year)	Annual	Current	Recommended
	44.48	41.67	41.67

\*Tree Removal

\*Annual Reserve Account Requirement: Annual Reserve allocations should adequately fund reserves with no deficits.

\*\*Current Annual Funding: Current Regular Reserve allocations should adequately fund reserves with no deficits.

The overview summary that has been prepared is based on our best estimate of anticipated funding and distributions from the reserve funds through the current fiscal year ending December 31, 2019. The related reserve funding projection for the 30-year period goes from YEAR to YEAR. It is based on compilation of information provided by current management and a consultant's most likely estimates at the time of inspection, as described in the physical analysis portion of the report. The Annual Account Requirement is based on the cost of each component divided by its total useful life. The Accumulated Account Requirement is the annual requirement multiplied by the number of expended years. The difference between the Accumulated Requirement total and the Actual Cash Balance may indicate a deficit or surplus, which would be expressed in the Percentage Funded.

There has not been an audit or review of the accompanying analysis performed. Therefore, no expressed opinion or form of assurance is offered. We assume no responsibility to update this report for events or circumstances occurring after the date of issuance of this report.

**Part 3 - Physical Analysis**

**Gold Standard Homeowners Association**

**For the Fiscal Year Beginning: January 01, 2020**

**Assessment and Reserve Funding Disclosure Summary**

**(1) Regular Assessments --**

Assesment to members are \$166.67 per unit per month for the year ending December 31, 2019

\*If assessments vary by the size or type of unit, the applicable assessment rates may be found in the Association's Annual Budget and/or can be provided by the Associations/management agency.

**(2) Special Assessment --**

Additional assessments that have already been scheduled to be imposed or charged, regardless of the purpose, which have been approved by the Board and/or members.

Due Date	Amount Per Unit/Per month	Total Amount Per Year

**(3) Reserve Account Balances --**

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

Yes  No

**(4) Additional Assessments --**

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

*(Not applicalbe, proceed to #5)*

**(5) Major Components --**

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

**(6) Current Funding Comparisons --**

As of the current reserve study or update, the balance in the actual cash balance is projected to be \$641,750. Based on the method of calculation in paragraph (4) of the subdivision (b) of Section 5570 of the Civil Code, the estimated accumulated account requirement is \$80,065. The percentage funding is: 114.29%

**(7)Funding over next 5 Budget Years --**

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

\$517,105    \$577,032    \$608,721    \$645,678    \$672,534

The projected reserve fund cash balance at the end of each of those years is projected to be, taking into account only assessments already approved and other known revenues, as follows:

\$600,168    \$645,754    \$690,227    \$725,023    \$748,618  
% Funded    116.06%    114.69%    113.39%    112.29%    111.31%

If the recommended reserve funding plan is approved by the Association and implemented, the projected reserve fund cash balance at the end of each of those years would be:

\$600,168    \$645,754    \$690,227    \$725,023    \$748,618  
% Funded    116.06%    114.69%    113.39%    112.29%    111.31%

Note: The financial representations set forth in this summary are based on best estimates of the preparer at the time. These estimates are subject to change.



Part 3 - Physical Analysis

Gold Standard Homeowners Association

For the Fiscal Year Beginning: January 01, 2020

FIRST 5 YEAR CASH FLOW ANALYSIS

Division & Component Titles	Norm Life	Remain Life	Unit Cost	Units Counted	Current Replacement Cost	Annual Amount Requirement	Accumulate Amount Requirement	Cash in Reserves	Surplus or (Deficit)	2019 Disb	2020 Disb	2021 Disb	2022 Disb	2023 Disb
<b>DIVISION: Paving and Surfacing</b>														
Asphalt Overlay and Repairs-Community	30	12	1.6 /sq ft	300000	480,000	16,000	288,000	330,019	42,019					
Asphalt Repairs and Seal Coat	12	1	0.4 /sq ft	50500	20,200	1,683	18,517	21,218	2,701	20,200				
Asphalt-Seal Coat and Crack Filling	4	1	0.15 /sq ft	200000	30,000	7,500	22,500	25,783	3,283	30,000				31,841
Concrete Repairs-Partial R&R Fund	7	4	10000 /fund	1	10,000	1,429	4,286	4,517	325				10,457	
					540,200	26,612	333,302	361,531	48,629					
<b>DIVISION 2-Landscaping and Irrigation</b>														
Irrigation-Backflow Preventors	20	3	900-1200 /each	2	2,100	105	1,785	2,057	260			2,163		
Irrigation-Controller Clock Enclosures	20	8	2000 /each	2	4,000	700	8,400	9,626	1,226					
Irrigation-Controller Clocks Utilizing	15	1	3000 /each	8	24,000	1,600	22,400	25,368	3,268	24,000				
Landscape Enhancements and Irrigation	25	13	60000 /fund	1	60,000	2,400	28,800	33,002	4,202					
Tree Care-Annual Fund	1	1	20000 /fund	1	20,000	20,000	0	0	0	20,000	20,300	20,605	20,914	21,227
					120,100	24,805	61,385	70,341	8,956					
<b>DIVISION: Fences, Walls and Gates</b>														
Fencing & Gates-Iron-Common Areas-	5	1	7000 /fund	1	7,000	1,400	5,600	6,417	817	7,000				
Fencing-Split Rail Vinyl-Common Areas	25	1	3000 /sq ft	800	24,000	960	11,520	13,201	1,681					
Fencing-Split Rail-Precast Concrete-Partial	4	3	10000 /fund	1	10,000	2,500	7,500	2,865	365			10,302		
Gates-Vehicular-Underground Safety and	30	1	8000 /fund	1	8,000	267	2,733	8,862	1,128	8,000				
Gates-Vehicular-Underground Safety and	20	1	10000 /area	1	10,000	333	9,667	11,077	1,410	10,000				
Gates-Vehicular-Warning Sign	20	12	12000 /area	1	12,000	600	4,800	5,500	700					
Gates-Pedestrian-Access Key Pads	10	5	1200 /each	3	3,600	360	1,800	2,063	263					3,821
Gates-Vehicular-Fire Strobe Sensors	20	3	1000 /each	3	3,000	150	2,550	2,922	372			3,091		
Gates-Vehicular-Underground Safety and	20	3	3800 /area	1	3,800	190	3,610	4,137	527	3,800				
					81,400	6,760	49,780	57,043	7,263					
<b>DIVISION: Painting and Coverings</b>														
Painting-Street Light Poles and Bases	8	4	175 /each	40	7,000	1,291	5,163	5,916	753				10,797	
Clean and Painting-Community Walls and	15	2	10000 /fund	1	10,000	667	8,667	9,931	1,264		10,150			
Painting & Cosmetic Repairs-Community	5	4	8000 /fund	1	8,000	1,600	1,600	1,833	233				8,365	
					28,000	3,557	15,429	17,680	2,251					
<b>DIVISION: Specialties</b>														
Postal Boxes-Front Loading on Pedestal	20	16	2000 /each	12	24,000	1,200	4,800	5,500	700					
Signage-Street Identification	25	21	1800 /each	14	25,200	1,008	4,032	4,620	588					
					49,200	2,208	8,832	10,121	1,289					

Part 3 - Physical Analysis

Gold Standard Homeowners Association

For the Fiscal Year Beginning: January 01, 2020

FIRST 5 YEAR CASH FLOW ANALYSIS

Division & Component Titles	Norm Life	Remain Life	Unit Cost	Units Counted	Current Replacement Cost	Annual Requirement	Accumulate Account Requirement	Cash in Reserves	Surplus or (Deficit)	2019 Disb	2020 Disb	2021 Disb	2022 Disb	2023 Disb	
<b>DIVISION: Electrical and Lighting Systems</b>															
Electrical-Single Service Pedestal Meter	20	3	3000	/each	1	3,000	150	2,550	2,922	382					
Electrical-Pedestal Meters-Irrigation	20	5	3000	/each	2	6,000	300	4,500	5,157	657		3,091			
Landscape Accent Lighting-Ground Lights-	12	8	5500	/fund	1	5,500	458	1,833	2,101	267					
Lighting-Street Pole Mounts-Install New	35	19	2500	/each	5	147,500	4,214	67,429	77,866	9,338					
						162,000	5,123	76,312	82,946	11,334					
<b>DIVISION 16-Communications &amp; Security</b>															
Entry Call System-Linear Phones	12	2	3000	/each	2	6,000	500	5,000	5,779	779		6,090			
Surveillance System-Clubhouse	10	10	80000	/fund	1	80,000	8,000	0	0	0					
						86,000	8,500	5,000	5,779	779					
Reserve Budget Contingency (\$10,000)							2,500	10,000	11,459	1,459					
<b>Totals:</b>						1,067,225	80,065	560,040	607,750	81,710	123,000	36,540	39,252	50,532	63,257

Accumulated Funding Requirement (5 Years)



560,040

\$517,105   \$563,032   \$608,721   \$645,678   \$672,534

SAMPLE REPORT

Part 3 - Physical Analysis

Gold Standard Homeowners Association

For the Fiscal Year Beginning: January 01, 2020

FOLLOWING 6-30 YEAR CASH FLOW ANALYSIS

Division & Component Titles	Norm Remain		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2043	2048
	Life	Life	Disb	Disb	Disb	Disb	Disb	Disb	Disb	Disb	Disb	Disb	Disb	Disb	Disb	Disb	Disb	Disb	Disb
<b>DIVISION: Paving and Surfacing</b>			6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	25	30
Asphalt Overlay and Repairs-Community Streets on	30	12							565,315										
Asphalt Repairs and Seal Coat	12	1								24,151								28,876	
Asphalt-Seal Coat and Crack Filling	4	1				33,000				35,869				38,070				42,885	
Concrete Repairs-Partial R&R Fund	7	4						11,605							17,000			14,295	
<b>DIVISION 2-Landscaping and Irrigation</b>																			
Irrigation-Backflow Preventors	20	3																	
Irrigation-Controller Clock Enclosures	20	8			1,338														
Irrigation-Controller Clocks Utilizing Weather Based	15	1											30,096						
Landscape Enhancements and Irrigation Upgrade	25	13							21,737										
Tree Care-Annual Fund	1	1	21,546	21,869	22,192	22,515	22,868	23,211	23,554	23,912	24,270	24,635	25,005	25,380	25,760	26,147	26,539	28,590	30,800
<b>DIVISION: Fences, Walls and Gates</b>																			
Fencing & Gates-Iron-Common Areas-Partial R&R	5	1	11,000					8,124					8,752						
Fencing-Split Rail Vinyl-Common Areas	25	13								10,695									
Fencing-Split Rail-Precast Concrete-Partial R&R	4	3			10,000			11,605				12,318				13,073			
Gates-Vehicular-Underground Safety and Exit Loop	30	1																	
Gates-Vehicular-Underground Safety and Exit Loop	30	1																	
Gates-Vehicular-Warning Sign	20	12							14,135										
Gates-Pedestrian-Access Key Pads	10	5										4,434						5,146	
Gates-Vehicular-Fire Strobe Sensor	20	3																	
Gates-Vehicular-Underground Safety and Exit Loop	20	1																	
<b>DIVISION: Painting and Coverings</b>																			
Painting-Street Light Poles and Bases	8	4							12,162								13,701		
Clean and Painting-Community Walls and Caps	15	2												12,690					
Painting & Cosmetic Repairs-Community Walls and	5	4				9,012					9,708					10,459			
<b>DIVISION: Specialties</b>																			
Postal Boxes-Front Loading on Pedestal	20	16											30,006						
Signage-Street Identification	25	2																	

**Part 3 - Physical Analysis**

**Gold Standard Homeowners Association**

**For the Fiscal Year Beginning: January 01, 2020**

**FOLLOWING 6-30 YEAR CASH FLOW ANALYSIS**

Division & Component Titles	Norm Remain		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2043	2048
	Life	Life	Disb	Disb	Disb	Disb	Disb	Disb	Disb	Disb	Disb	Disb	Disb	Disb	Disb	Disb	Disb	Disb	Disb
<b>DIVISION: Electrical and Lighting Systems</b>			6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	25	30
Electrical-Single Service Pedestal Meter	20	3																	
Electrical-Pedestal Meters-Irrigation	20	5																8,577	
Landscape Accent Lighting-Ground Lights-	12	8			6,104												7,298		
Lighting-Street Pole Mounts-Install New	35	19														192,833			
<b>DIVISION 16-Communications &amp; Security</b>																			
Entry Call System-Linear Phones	12	2									281								
Surveillance System-Clubhouse	10	10					91,477										106,156		123,198
<b>Totals:</b>			29,087	32,803	39,239	45,729	53,339	54,545	615,272	184,364	41,261	41,261	93,767	76,139	38,641	242,512	153,694	128,369	153,998

SAMPLE REPORT

Part 3 - Physical Analysis

Gold Standard Homeowners Association

For the Fiscal Year Beginning: January 01, 2020

30 YEAR FUNDING PROJECTION OPTIONS

Fiscal Year Ended	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2043	2048
Number of Years	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	25	30

OPTION 1 - ANNUAL ACCOUNT REQUIREMENT:

Dues- Unit/Month	44.48	45.15	45.82	46.51	47.21	47.92	48.64	49.37	50.11	50.86	51.62	52.39	53.18	53.98	54.79	55.61	56.45	57.29	58.15	59.02	63.58	68.50
Beginning Cash	641750																					
Annual Funding (includes 1.5% annual Increase)	80065	81266	82485	83722	84978	86253	87540	88840	90152	91545	92918	94312	95727	97163	98620	100100	101601	103124	104672	106242	114453	123298
Interest Earned (1%)	6418	6052	6560	7058	7461	7752	8402	8752	9118	9918	9789	10271	5164	4329	4098	5553	5672	6086	6688	5376	7233	9788
Annual Disbursements	123000	36540	39252	50532	63257	29087	32003	43839	65337	114339	54545	615272	184364	41261	41387	93767	76139	38641	242512	153694	128369	153998
Ending Cash Reserve	605232	656010	705804	746051	775233	840152	875095	957349	214270	95002	#####	516375	432902	40978	555297	67182	598316	668784	537632	495556	716659	957852

OPTION 2 - CURRENT FUNDING: Current Regular Reserve allocations should adequately fund reserves with no deficits.

Dues- Unit/Month	41.67																					
Beginning Cash	641750																					
Annual Funding (includes 1.5% annual Increase)	75000	76125	77267	78426	79602	80796	82008	83238	84487	85754	87041	88346	89671	91016	92382	93767	95174	96602	98051	99521	107213	115499
Interest Earned (1%)	6418	6002	6458	6902	7250	7486	8078	8651	9131	9414	9223	9640	4467	3565	4098	4649	4695	4933	5561	4172	5615	7706
Annual Disbursements	123000	36540	39252	50532	63257	29087	32803	43839	65337	114339	54545	615272	184364	41261	41387	93767	76139	38641	242512	153694	128369	153998
Ending Cash Reserve	600168	645754	690203	725023	748618	807814	866097	913147	941429	922259	963076	446690	356464	409784	464877	469526	493256	556149	417250	367249	545962	739831

OPTION 3 - RECOMMENDED FUNDING: Current Regular Reserve allocations should adequately fund reserves with no deficits.

Dues- Unit/Month	41.67	42.29	42.93	43.57	44.22	44.89	45.56	46.24	46.93	47.64	48.36	49.09	49.83	50.56	51.32	52.09	52.87	53.67	54.47	55.29	59.56	64.17
Beginning Cash	641750																					
Annual Funding (includes 1.5% annual Increase)	75000	76125	77267	78426	79602	80796	82008	83238	84487	85754	87041	88346	89671	91016	92382	93767	95174	96602	98051	99521	107213	115499
Interest Earned (1%)	6418	6002	6458	6902	7250	7486	8078	8651	9131	9414	9223	9640	4467	3565	4098	4649	4695	4933	5561	4172	5615	7706
Annual Disbursements	123000	36540	39252	50532	63257	29087	32803	43839	65337	114339	54545	615272	184364	41261	41387	93767	76139	38641	242512	153694	128369	153998
Ending Cash Reserve	600168	645754	690203	725023	748618	807814	866097	913147	941429	922259	963076	446690	356464	409784	464877	469526	493256	556149	417250	367249	545962	739831

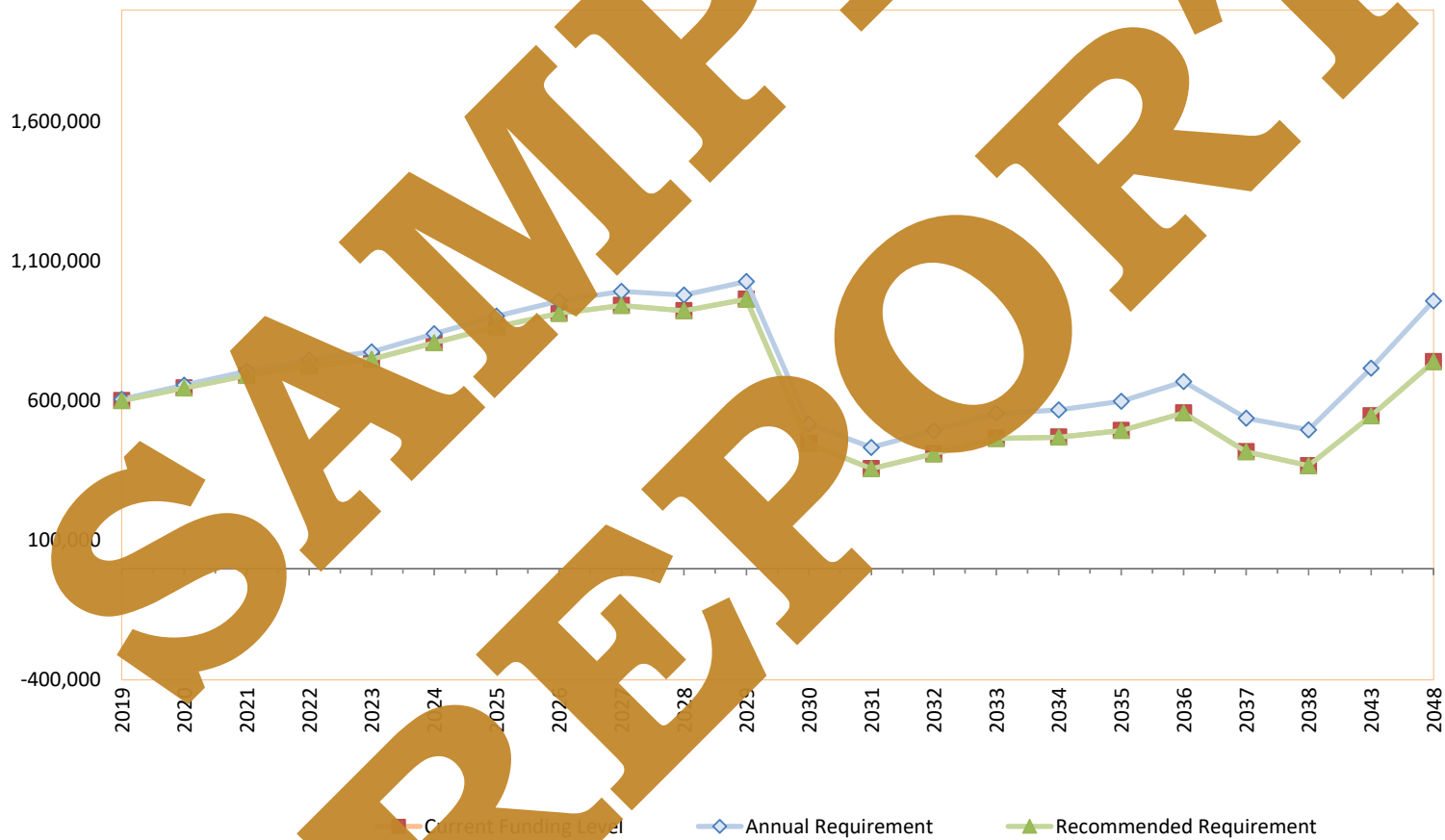
\*The reserve balance in this report is calculated not to drop below 3% of the total annual assessment budget during the projected period.

Percent of Accumulated Reserve Requirement Funded:	114.59%
Projected Cash Balance End of Fiscal Year:	
Actual Cash Balance: May 31, 2019:	600,000
Anticipated Funding to Year End:	43,750
Anticipated Expenditures to Year End:*	2,000
Actual Cash Balance: December 31, 2019:	<u>641,750</u>

Part 3 - Physical Analysis  
Gold Standard Homeowners Association  
For the Fiscal Year Beginning: January 01, 2020

CHART EXHIBIT RELATING TO PROJECTIONS

Year-End Reserve Balances  
Projected over 30 Years



### Part 3 - Physical Analysis

#### Gold Standard Homeowners Association

For the Fiscal Year Beginning: January 01, 2020

#### Notes and Assumptions

Some of these definitions correspond to the column headings on the 30-year funding projection schedule and analysis sections of the report.

**Annual Reserve Account Requirement** - Determined by the total current repair and/or replacement cost of a common area component divided by the estimated normal useful life of that asset. This is the amount which needs to be set aside annually, **exclusive of any reserve deficit or inflation, and is the method established by Section 5550-5580 of the Civil Code.**

**Accumulated Reserve Account Requirement** - As of the end of the fiscal year for which the study is prepared: This straight line allocation is to identify the **current ideal single year's 100% funded** amount for each component, which is calculated by multiplying the annual reserve requirement by the determined expendable life of that reserve component. Funding recommendations and projections can then be determined using this component method by analytical comparisons made between the total current required (**ideal**) reserve amounts & total projected fiscal year end reserve account balances (i.e. "**Percent Funded**").

**Cash in Reserves** - Based upon information provided and not audited, this is the amount of projected reserve savings on hand that has been accumulated for replacement of reserve components. It is based on the current percentage funded as of the current year end.

**Deficit** - The amount which is computed by subtracting the accumulated reserve requirement from the amount of cash on hand, as of the current fiscal year. This is the combined shortage, if any, of reserve savings for all of the reserve components. The opposite would be a Surplus.

**Cost Disbursement Projections by Year** - The amounts of the estimated future replacement cost cash expenditures projected for each year. Some major repair expenditures may be spread over two or three years. The first five year projected disbursements are shown in this financial analysis report, followed by the 6 to 30 projected disbursements.

**Key to 30-Year Cash Flow Analysis with Funding Projection Options** - A long term reserve funding financial plan where contributions to the reserve fund are designed to offset the variable annually expenditures from the reserve fund. The schedule will follow the component estimates as provided in the inventory schedule. With every funding plan the projections start with the current reserve cash balances, and include the annual disbursements as projected in the report. Different reserve funding option plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.

**Baseline and Threshold Funding Goals** - Establishing a reserve funding goal of keeping the reserve cash balances above zero and/or at a specific dollar or percent funded amount. This means while each individual component may not be fully funded, the reserve balance in this report is calculated not to drop below 3% of the total annual assessment budget during the projected period.



**Part 3 - Physical Analysis**

**Gold Standard Homeowners Association**

**For the Fiscal Year Beginning: January 01, 2020**

**Report Conclusions**

**Reserve Funding Projection Option Calculations** - Provisions have been made in the funding projections for inflation, computed at one and a half percent (1.5%) per year. Interest earned on reserve savings funds should be added to reserve funds. As costs increase in the future, the annual reserve reports should be revised

There are a variety of methods by which the Association can approach the desired level of funding. The Board is responsible to determine the optimum funding program to offset the anticipated expenditures from the reserve funds. We have calculated three options:

**Option 1: Annual Account Requirement -**

Annual allocation of \$80,065 or \$44.48 per Unit per Month. This funding plan is to set aside the specific minimum amount of reserves required by Section 5550-550 of the Civil Code. These annual amounts are computed and inserted as annual contributions to the reserves into the cash projections (adjusted for inflation). This option assumes that the Association will maintain the annual funding requirement as calculated, without regard for any funding deficiency. If there is a funding deficiency, this method will never achieve full funding and may not meet reserve requirements as they occur. A special assessment may be needed at some time to fund a major repair or replacement.

**Option 2: Current Funding**

The current fiscal year budgeted funding level is projected over the 30-year period as a comparison to Options 1 and 3. Currently, \$75,000 or \$41.67 per Unit per Month is allocated to reserves. In some year-end balances are less than zero, then this funding may not be adequate to meet projected expenditures.

**Option 3: Recommended Funding -**

This baseline funding goal is to keep the year-end balance at or above zero during the 30-year cash projection while maintaining the most sufficient contribution rate. First, this funding option is calculated so that there is no deficit in the projected 30-year reserve balance. To further minimize reserve balances, contributions in years 2 through 30 may be raised or lowered to the Annual Funding Requirement as established in Option 1 and/or special assessments may be levied. Initially, an allocation of \$75,000 or \$41.67 per Unit per Month will provide just adequate funds to meet expenditures.

Percent of Accumulated Reserve Requirement Fulfilled: 114.59%

Projected Cash in Reserve Fund at End of Fiscal Year: \$641,750