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MeadowWood  
Rocky Hill  
*Liberty Lake, WA*



Report #: 32516-1  
Beginning: January 1, 2024  
Expires: December 31, 2024

**RESERVE STUDY**  
Update "With-Site-Visit"

December 15, 2023

# Welcome to your Reserve Study!

**A** Reserve Study is a valuable tool to help you budget responsibly for your property. This report contains all the information you need to avoid surprise expenses, make informed decisions, save money, and protect property values.

**R**egardless of the property type, it's a fact of life that the very moment construction is completed, every major building component begins a predictable process of physical deterioration. The operative word is "predictable" because planning for the inevitable is what a Reserve Study by **Association Reserves** is all about!

In this Report, you will find three key results:

- **Component List**  
Unique to each property, the Component List serves as the foundation of the Reserve Study and details the scope and schedule of all necessary repairs & replacements.
- **Reserve Fund Strength**  
A calculation that measures how well the Reserve Fund has kept pace with the property's physical deterioration.
- **Reserve Funding Plan**  
A multi-year funding plan based on current Reserve Fund strength that allows for component repairs and replacements to be completed in a timely manner, with an emphasis on fairness and avoiding "catch-up" funding.

## Questions?

Please contact your Project Manager directly.



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MeadowWood - Rocky Hill

Report #: 32516-1

Liberty Lake, WA

# of Units: 59

Level of Service: Update "With-Site-Visit"

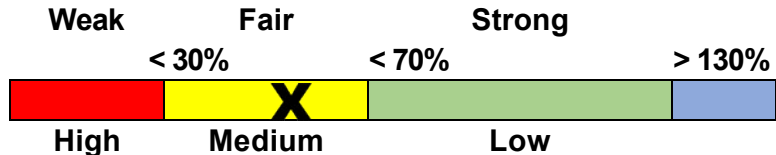
January 1, 2024 through December 31, 2024

Findings & Recommendations

as of January 1, 2024

Starting Reserve Balance	\$37,229
Current Fully Funded Reserve Balance	\$67,651
Percent Funded	55.0 %
Average Reserve (Deficit) or Surplus Per Unit	(\$516)
Recommended 2024 100% Monthly "Full Funding" Contributions	\$950
Recommended 2024 70% Monthly "Threshold Funding" Contributions	\$920
2024 "Baseline Funding" minimum to keep Reserves above \$0	\$900
Most Recent Budgeted Contribution Rate	\$705

Reserve Fund Strength: 55.0%



Risk of Special Assessment:

Economic Assumptions:

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

- This is a Update "With-Site-Visit", meeting all requirements of the Revised Code of Washington (RCW). This study was prepared by, or under the supervision of a credentialed Reserve Specialist (RS™).
- Your Reserve Fund is currently 55.0 % Funded. This means the association's special assessment & deferred maintenance risk is currently Medium. The objective of your multi-year Funding Plan is to fund your Reserves to a level where you will enjoy a low risk of such Reserve cash flow problems. The current annual deterioration of your reserve components is \$8,403 - see Component Significance table.
- Based on this starting point and your anticipated future expenses, our recommendation is to budget Reserve Contributions to within the 70% to 100% range as noted above. The 100% "Full" and 70% contribution rates are designed to gradually achieve these funding objectives by the end of our 30-year report scope.
- No assets appropriate for Reserve designation known to be excluded. See appendix for component information and the basis of our assumptions. "Baseline Funding" in this report is as defined within the RCW, "to maintain the reserve account balance above zero throughout the thirty-year study period, without special assessments." Funding plan contribution rates, and reserves deficit or (surplus) are presented as an aggregate total, assuming average percentage of ownership. The actual ownership allocation may vary - refer to your governing documents, and assessment computational tools to adjust for any variation.

# Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost
<b>Inventory Appendix</b>			
120 Asphalt - Resurface	40	27	\$132,500
121 Asphalt - Seal Coat	5	2	\$18,500
145 Vinyl Fence - Replace	30	18	\$25,400
175 Irrigation System - Repair/Replace	5	1	\$2,000
205 Mailboxes - Replace	25	13	\$3,600
<b>5 Total Funded Components</b>			

Note 1: Yellow highlighted line items are expected to require attention in this initial year, light blue highlighted items are expected to occur within the first-five years.

## Introduction



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

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



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

## Methodology



For this [Update With-Site-Visit Reserve Study](#), we started with a review of your prior Reserve Study, then looked into recent Reserve expenditures, evaluated how expenditures are handled (ongoing maintenance vs Reserves), and researched any well-established association precedents. We performed an on-site inspection to evaluate your common areas, updating and adjusting your Reserve Component List as appropriate.

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

There is a national-standard four-part test to determine which expenses should appear in your Reserve Component List. First, it must be a common area maintenance responsibility. Second, the component must have a limited life. Third, the remaining life must be predictable (or it by definition is a *surprise* which cannot be accurately anticipated). Fourth, the component must be above a minimum threshold cost (often between .5% and 1% of an association's total budget). This limits Reserve



RESERVE COMPONENT "FOUR-PART TEST"

Components to major, predictable expenses. Within this framework, it is inappropriate to include *lifetime* components, unpredictable expenses (such as damage due to fire, flood, or earthquake), and expenses more appropriately handled from the Operational Budget or as an insured loss.

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

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

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

In this order...

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

## How much Reserves are enough?

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

Adequacy is measured in a two-step process:

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



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

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

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



## How much should we contribute?



RESERVE FUNDING PRINCIPLES

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

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

## What is our Recommended Funding Goal?

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

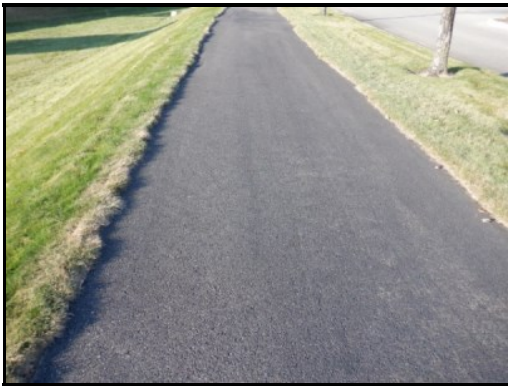


FUNDING OBJECTIVES

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

**Site Inspection Notes**

During our site visit on 11/17/2023, we visually inspected all visible common areas, while compiling a photographic inventory, noting: general exterior observations, make & model information where appropriate, apparent levels of care and maintenance, exposure to weather elements and other factors that may affect the components useful life.



## Projected Expenses

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

The figure below summarizes the projected future expenses at your association as defined by your Reserve Component List. A summary of these expenses are shown in the 30-yr Summary Table, while details of the projects that make up these expenses are shown in the Cash Flow Detail Table.

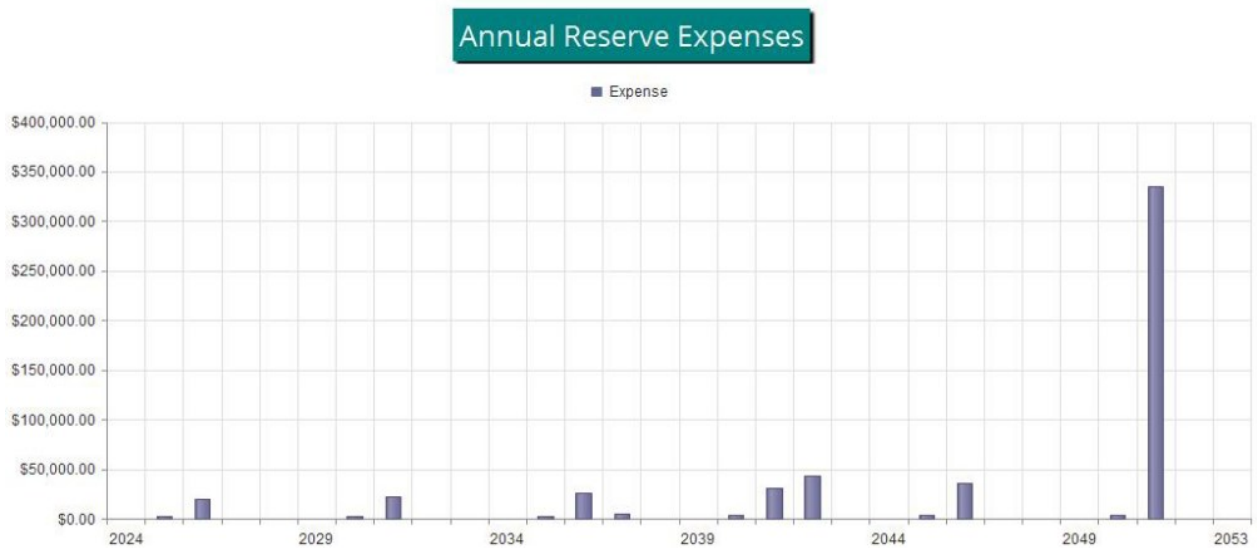


Figure 1

## Reserve Fund Status

The starting point for our financial analysis is your Reserve Fund balance, projected to be \$37,229 as-of the start of your Fiscal Year on 1/1/2024. As of that date, your Fully Funded Balance is computed to be \$67,651 (see Fully Funded Balance Table). This figure represents the deteriorated value of your common area components.

## Recommended Funding Plan

Based on your current Percent Funded and your near-term and long-term Reserve needs, we are recommending budgeted contributions of \$950 per month this Fiscal Year. The overall 30-yr plan, in perspective, is shown below. This same information is shown numerically in both the 30-yr Summary Table and the Cash Flow Detail Table.

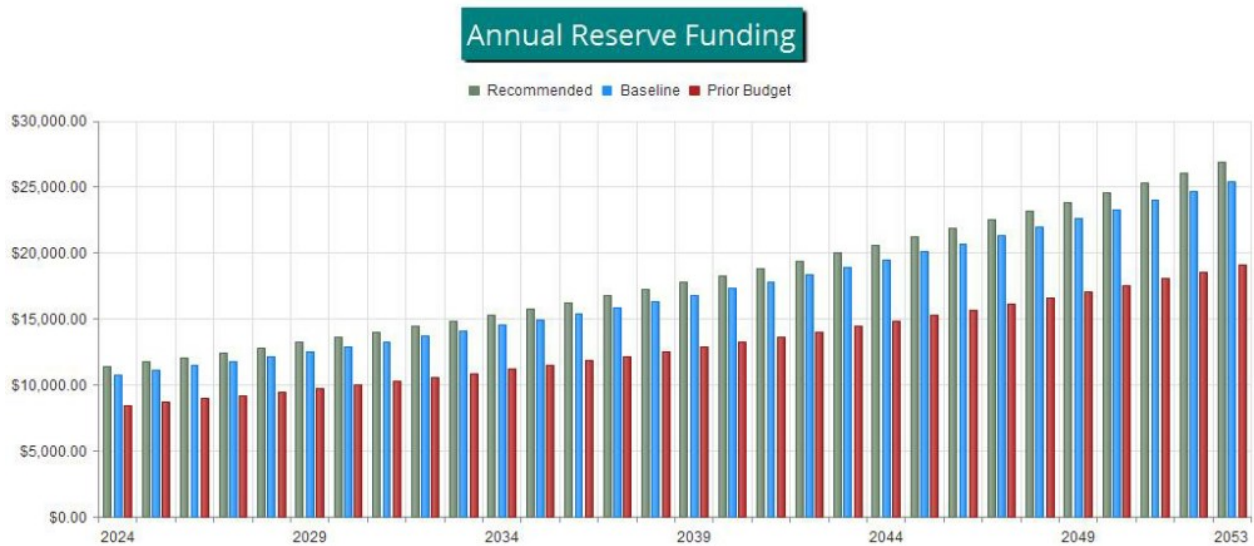


Figure 2

The following chart shows your Reserve balance under our recommended Full Funding Plan, an alternate Baseline Funding Plan, and at your current budgeted contribution rate (assumes future increases), compared to your always-changing Fully Funded Balance target.

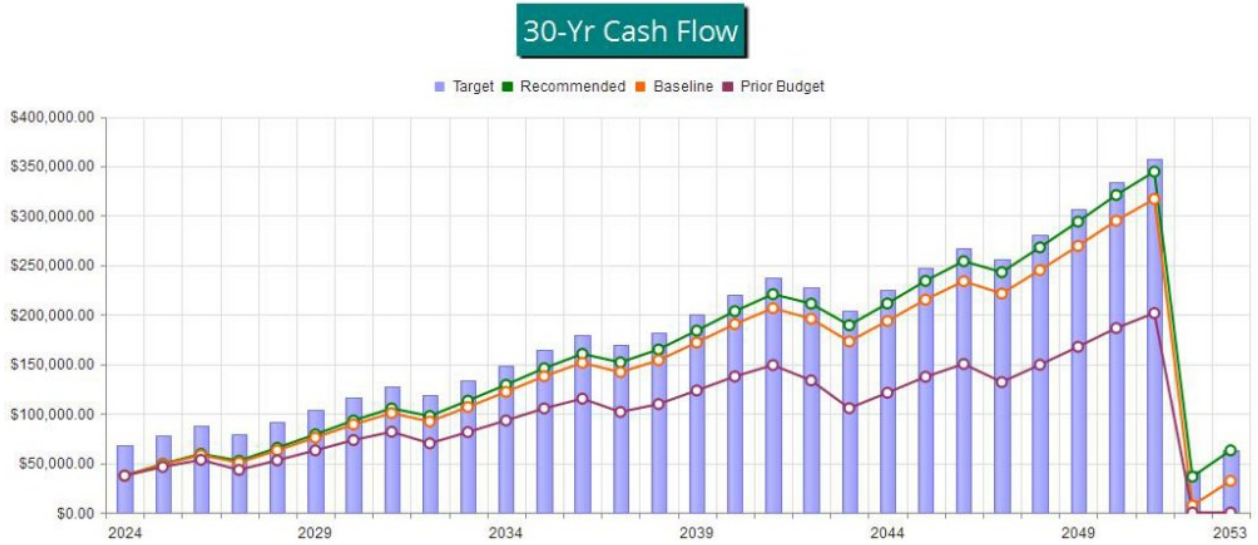


Figure 3

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

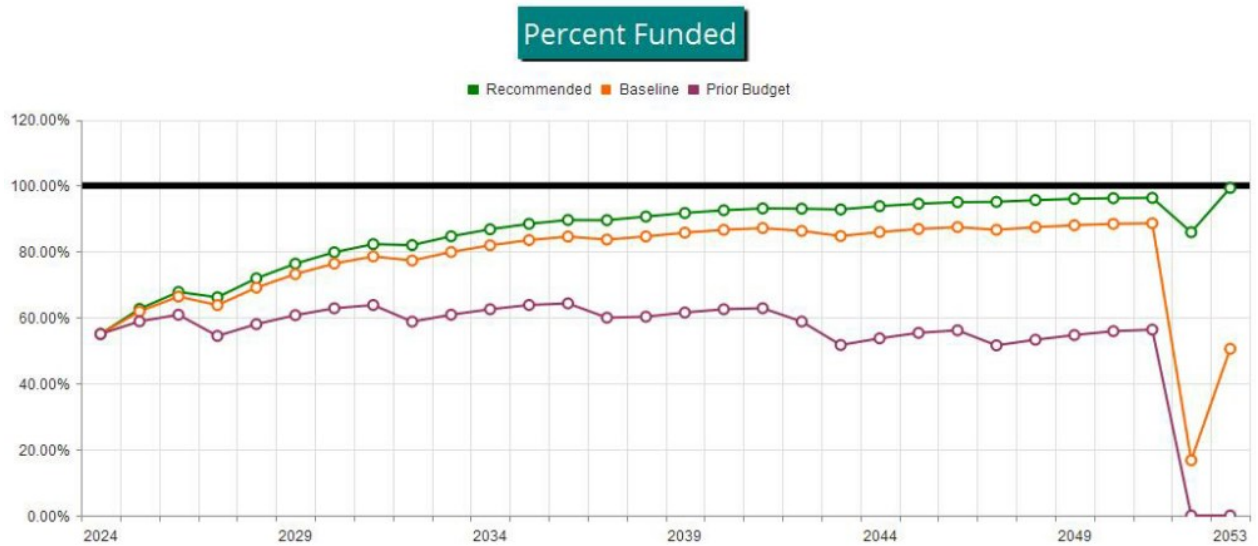


Figure 4



Executive Summary is a summary of your Reserve Components

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

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

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

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

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

# Component	Quantity	Useful Life	Rem. Useful Life	Current Cost Estimate	
				Best Case	Worst Case
Inventory Appendix					
120 Asphalt - Resurface	~ 45,545 GSF asphalt	40	27	\$120,000	\$145,000
121 Asphalt - Seal Coat	~ 45,545 GSF asphalt	5	2	\$15,000	\$22,000
145 Vinyl Fence - Replace	~ 465 LF 6' tall vinyl	30	18	\$22,800	\$28,000
175 Irrigation System - Repair/Replace	Extensive system	5	1	\$1,500	\$2,500
205 Mailboxes - Replace	~ (2) cluster box units	25	13	\$3,100	\$4,100

5 Total Funded Components



#	Component	Current Cost Estimate	X	Effective Age	/	Useful Life	=	Fully Funded Balance
Inventory Appendix								
120	Asphalt - Resurface	\$132,500	X	13	/	40	=	\$43,063
121	Asphalt - Seal Coat	\$18,500	X	3	/	5	=	\$11,100
145	Vinyl Fence - Replace	\$25,400	X	12	/	30	=	\$10,160
175	Irrigation System - Repair/Replace	\$2,000	X	4	/	5	=	\$1,600
205	Mailboxes - Replace	\$3,600	X	12	/	25	=	\$1,728
								\$67,651





#	Component	Useful Life (yrs)	Current Cost Estimate	Deterioration Cost/Yr	Deterioration Significance
Inventory Appendix					
120	Asphalt - Resurface	40	\$132,500	\$3,313	39.42 %
121	Asphalt - Seal Coat	5	\$18,500	\$3,700	44.03 %
145	Vinyl Fence - Replace	30	\$25,400	\$847	10.08 %
175	Irrigation System - Repair/Replace	5	\$2,000	\$400	4.76 %
205	Mailboxes - Replace	25	\$3,600	\$144	1.71 %
5	Total Funded Components			\$8,403	100.00 %

Fiscal Year Start: 2024

Interest: 1.00 %

Inflation: 3.00 %

Reserve Fund Strength: as-of Fiscal Year Start Date	Projected Reserve Balance Changes
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Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Special Assmt Risk	% Increase		Loan or Special Assmts	Interest Income	Reserve Expenses
					In Annual Reserve Funding	Reserve Funding			
2024	\$37,229	\$67,651	55.0 %	Medium	34.75 %	\$11,400	\$0	\$431	\$0
2025	\$49,060	\$78,335	62.6 %	Medium	3.00 %	\$11,742	\$0	\$541	\$2,060
2026	\$59,283	\$87,478	67.8 %	Medium	3.00 %	\$12,094	\$0	\$558	\$19,627
2027	\$52,309	\$79,070	66.2 %	Medium	3.00 %	\$12,457	\$0	\$588	\$0
2028	\$65,354	\$90,900	71.9 %	Low	3.00 %	\$12,831	\$0	\$721	\$0
2029	\$78,906	\$103,368	76.3 %	Low	3.00 %	\$13,216	\$0	\$859	\$0
2030	\$92,980	\$116,503	79.8 %	Low	3.00 %	\$13,612	\$0	\$990	\$2,388
2031	\$105,195	\$127,873	82.3 %	Low	3.00 %	\$14,021	\$0	\$1,013	\$22,753
2032	\$97,476	\$118,919	82.0 %	Low	3.00 %	\$14,441	\$0	\$1,052	\$0
2033	\$112,969	\$133,451	84.7 %	Low	3.00 %	\$14,874	\$0	\$1,210	\$0
2034	\$129,053	\$148,748	86.8 %	Low	3.00 %	\$15,321	\$0	\$1,373	\$0
2035	\$145,747	\$164,842	88.4 %	Low	3.00 %	\$15,780	\$0	\$1,530	\$2,768
2036	\$160,288	\$178,917	89.6 %	Low	3.00 %	\$16,254	\$0	\$1,559	\$26,377
2037	\$151,725	\$169,457	89.5 %	Low	3.00 %	\$16,741	\$0	\$1,582	\$5,287
2038	\$164,761	\$181,805	90.6 %	Low	3.00 %	\$17,244	\$0	\$1,742	\$0
2039	\$183,746	\$200,351	91.7 %	Low	3.00 %	\$17,761	\$0	\$1,935	\$0
2040	\$203,442	\$219,847	92.5 %	Low	3.00 %	\$18,294	\$0	\$2,120	\$3,209
2041	\$220,646	\$237,026	93.1 %	Low	3.00 %	\$18,842	\$0	\$2,158	\$30,578
2042	\$211,068	\$226,947	93.0 %	Low	3.00 %	\$19,408	\$0	\$2,001	\$43,242
2043	\$189,235	\$203,951	92.8 %	Low	3.00 %	\$19,990	\$0	\$2,001	\$0
2044	\$211,226	\$225,247	93.8 %	Low	3.00 %	\$20,590	\$0	\$2,225	\$0
2045	\$234,041	\$247,637	94.5 %	Low	3.00 %	\$21,207	\$0	\$2,439	\$3,721
2046	\$253,967	\$267,335	95.0 %	Low	3.00 %	\$21,844	\$0	\$2,483	\$35,448
2047	\$242,846	\$255,428	95.1 %	Low	3.00 %	\$22,499	\$0	\$2,553	\$0
2048	\$267,897	\$280,173	95.6 %	Low	3.00 %	\$23,174	\$0	\$2,808	\$0
2049	\$293,879	\$306,172	96.0 %	Low	3.00 %	\$23,869	\$0	\$3,072	\$0
2050	\$320,820	\$333,480	96.2 %	Low	3.00 %	\$24,585	\$0	\$3,325	\$4,313
2051	\$344,417	\$357,708	96.3 %	Low	3.00 %	\$25,323	\$0	\$1,902	\$335,415
2052	\$36,227	\$42,187	85.9 %	Low	3.00 %	\$26,082	\$0	\$495	\$0
2053	\$62,805	\$63,256	99.3 %	Low	3.00 %	\$26,865	\$0	\$766	\$0

# 30-Year Reserve Plan Summary (Alternate Funding Plan)

Report # 32516-1  
With-Site-Visit

Fiscal Year Start: 2024

Interest: 1.00 %

Inflation: 3.00 %

Reserve Fund Strength: as-of Fiscal Year Start Date	Projected Reserve Balance Changes
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Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Special Assmt Risk	% Increase		Loan or Special Assmts	Interest Income	Reserve Expenses
					In Annual Reserve Funding	Reserve Funding			
2024	\$37,229	\$67,651	55.0 %	Medium	27.66 %	\$10,800	\$0	\$428	\$0
2025	\$48,457	\$78,335	61.9 %	Medium	3.00 %	\$11,124	\$0	\$532	\$2,060
2026	\$58,053	\$87,478	66.4 %	Medium	3.00 %	\$11,458	\$0	\$542	\$19,627
2027	\$50,426	\$79,070	63.8 %	Medium	3.00 %	\$11,801	\$0	\$566	\$0
2028	\$62,794	\$90,900	69.1 %	Medium	3.00 %	\$12,155	\$0	\$692	\$0
2029	\$75,641	\$103,368	73.2 %	Low	3.00 %	\$12,520	\$0	\$823	\$0
2030	\$88,984	\$116,503	76.4 %	Low	3.00 %	\$12,896	\$0	\$947	\$2,388
2031	\$100,438	\$127,873	78.5 %	Low	3.00 %	\$13,283	\$0	\$961	\$22,753
2032	\$91,930	\$118,919	77.3 %	Low	3.00 %	\$13,681	\$0	\$992	\$0
2033	\$106,603	\$133,451	79.9 %	Low	3.00 %	\$14,092	\$0	\$1,142	\$0
2034	\$121,836	\$148,748	81.9 %	Low	3.00 %	\$14,514	\$0	\$1,297	\$0
2035	\$137,648	\$164,842	83.5 %	Low	3.00 %	\$14,950	\$0	\$1,444	\$2,768
2036	\$151,273	\$178,917	84.5 %	Low	3.00 %	\$15,398	\$0	\$1,465	\$26,377
2037	\$141,759	\$169,457	83.7 %	Low	3.00 %	\$15,860	\$0	\$1,477	\$5,287
2038	\$153,810	\$181,805	84.6 %	Low	3.00 %	\$16,336	\$0	\$1,627	\$0
2039	\$171,773	\$200,351	85.7 %	Low	3.00 %	\$16,826	\$0	\$1,810	\$0
2040	\$190,409	\$219,847	86.6 %	Low	3.00 %	\$17,331	\$0	\$1,984	\$3,209
2041	\$206,514	\$237,026	87.1 %	Low	3.00 %	\$17,851	\$0	\$2,011	\$30,578
2042	\$195,798	\$226,947	86.3 %	Low	3.00 %	\$18,386	\$0	\$1,842	\$43,242
2043	\$172,785	\$203,951	84.7 %	Low	3.00 %	\$18,938	\$0	\$1,831	\$0
2044	\$193,553	\$225,247	85.9 %	Low	3.00 %	\$19,506	\$0	\$2,042	\$0
2045	\$215,102	\$247,637	86.9 %	Low	3.00 %	\$20,091	\$0	\$2,243	\$3,721
2046	\$233,716	\$267,335	87.4 %	Low	3.00 %	\$20,694	\$0	\$2,274	\$35,448
2047	\$221,235	\$255,428	86.6 %	Low	3.00 %	\$21,315	\$0	\$2,330	\$0
2048	\$244,880	\$280,173	87.4 %	Low	3.00 %	\$21,954	\$0	\$2,570	\$0
2049	\$269,404	\$306,172	88.0 %	Low	3.00 %	\$22,613	\$0	\$2,820	\$0
2050	\$294,837	\$333,480	88.4 %	Low	3.00 %	\$23,291	\$0	\$3,057	\$4,313
2051	\$316,872	\$357,708	88.6 %	Low	3.00 %	\$23,990	\$0	\$1,619	\$335,415
2052	\$7,066	\$42,187	16.8 %	High	3.00 %	\$24,710	\$0	\$195	\$0
2053	\$31,971	\$63,256	50.5 %	Medium	3.00 %	\$25,451	\$0	\$449	\$0

Fiscal Year	2024	2025	2026	2027	2028
Starting Reserve Balance	\$37,229	\$49,060	\$59,283	\$52,309	\$65,354
Annual Reserve Funding	\$11,400	\$11,742	\$12,094	\$12,457	\$12,831
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$431	\$541	\$558	\$588	\$721
<b>Total Income</b>	<b>\$49,060</b>	<b>\$61,343</b>	<b>\$71,935</b>	<b>\$65,354</b>	<b>\$78,906</b>
# Component					
<b>Inventory Appendix</b>					
120 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
121 Asphalt - Seal Coat	\$0	\$0	\$19,627	\$0	\$0
145 Vinyl Fence - Replace	\$0	\$0	\$0	\$0	\$0
175 Irrigation System - Repair/Replace	\$0	\$2,060	\$0	\$0	\$0
205 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
<b>Total Expenses</b>	<b>\$0</b>	<b>\$2,060</b>	<b>\$19,627</b>	<b>\$0</b>	<b>\$0</b>
Ending Reserve Balance	\$49,060	\$59,283	\$52,309	\$65,354	\$78,906

<b>Fiscal Year</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>
Starting Reserve Balance	\$78,906	\$92,980	\$105,195	\$97,476	\$112,969
Annual Reserve Funding	\$13,216	\$13,612	\$14,021	\$14,441	\$14,874
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$859	\$990	\$1,013	\$1,052	\$1,210
<b>Total Income</b>	<b>\$92,980</b>	<b>\$107,583</b>	<b>\$120,228</b>	<b>\$112,969</b>	<b>\$129,053</b>
# Component					
<b>Inventory Appendix</b>					
120 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
121 Asphalt - Seal Coat	\$0	\$0	\$22,753	\$0	\$0
145 Vinyl Fence - Replace	\$0	\$0	\$0	\$0	\$0
175 Irrigation System - Repair/Replace	\$0	\$2,388	\$0	\$0	\$0
205 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
<b>Total Expenses</b>	<b>\$0</b>	<b>\$2,388</b>	<b>\$22,753</b>	<b>\$0</b>	<b>\$0</b>
Ending Reserve Balance	\$92,980	\$105,195	\$97,476	\$112,969	\$129,053

<b>Fiscal Year</b>	<b>2034</b>	<b>2035</b>	<b>2036</b>	<b>2037</b>	<b>2038</b>
Starting Reserve Balance	\$129,053	\$145,747	\$160,288	\$151,725	\$164,761
Annual Reserve Funding	\$15,321	\$15,780	\$16,254	\$16,741	\$17,244
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$1,373	\$1,530	\$1,559	\$1,582	\$1,742
<b>Total Income</b>	<b>\$145,747</b>	<b>\$163,057</b>	<b>\$178,101</b>	<b>\$170,048</b>	<b>\$183,746</b>
# Component					
<b>Inventory Appendix</b>					
120 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
121 Asphalt - Seal Coat	\$0	\$0	\$26,377	\$0	\$0
145 Vinyl Fence - Replace	\$0	\$0	\$0	\$0	\$0
175 Irrigation System - Repair/Replace	\$0	\$2,768	\$0	\$0	\$0
205 Mailboxes - Replace	\$0	\$0	\$0	\$5,287	\$0
<b>Total Expenses</b>	<b>\$0</b>	<b>\$2,768</b>	<b>\$26,377</b>	<b>\$5,287</b>	<b>\$0</b>
Ending Reserve Balance	\$145,747	\$160,288	\$151,725	\$164,761	\$183,746

<b>Fiscal Year</b>	<b>2039</b>	<b>2040</b>	<b>2041</b>	<b>2042</b>	<b>2043</b>
Starting Reserve Balance	\$183,746	\$203,442	\$220,646	\$211,068	\$189,235
Annual Reserve Funding	\$17,761	\$18,294	\$18,842	\$19,408	\$19,990
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$1,935	\$2,120	\$2,158	\$2,001	\$2,001
<b>Total Income</b>	<b>\$203,442</b>	<b>\$223,855</b>	<b>\$241,646</b>	<b>\$232,477</b>	<b>\$211,226</b>
# Component					
<b>Inventory Appendix</b>					
120 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
121 Asphalt - Seal Coat	\$0	\$0	\$30,578	\$0	\$0
145 Vinyl Fence - Replace	\$0	\$0	\$0	\$43,242	\$0
175 Irrigation System - Repair/Replace	\$0	\$3,209	\$0	\$0	\$0
205 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
<b>Total Expenses</b>	<b>\$0</b>	<b>\$3,209</b>	<b>\$30,578</b>	<b>\$43,242</b>	<b>\$0</b>
Ending Reserve Balance	\$203,442	\$220,646	\$211,068	\$189,235	\$211,226

<b>Fiscal Year</b>	<b>2044</b>	<b>2045</b>	<b>2046</b>	<b>2047</b>	<b>2048</b>
Starting Reserve Balance	\$211,226	\$234,041	\$253,967	\$242,846	\$267,897
Annual Reserve Funding	\$20,590	\$21,207	\$21,844	\$22,499	\$23,174
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$2,225	\$2,439	\$2,483	\$2,553	\$2,808
<b>Total Income</b>	<b>\$234,041</b>	<b>\$257,688</b>	<b>\$278,294</b>	<b>\$267,897</b>	<b>\$293,879</b>
# Component					
<b>Inventory Appendix</b>					
120 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
121 Asphalt - Seal Coat	\$0	\$0	\$35,448	\$0	\$0
145 Vinyl Fence - Replace	\$0	\$0	\$0	\$0	\$0
175 Irrigation System - Repair/Replace	\$0	\$3,721	\$0	\$0	\$0
205 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
<b>Total Expenses</b>	<b>\$0</b>	<b>\$3,721</b>	<b>\$35,448</b>	<b>\$0</b>	<b>\$0</b>
Ending Reserve Balance	\$234,041	\$253,967	\$242,846	\$267,897	\$293,879



<b>Fiscal Year</b>	<b>2049</b>	<b>2050</b>	<b>2051</b>	<b>2052</b>	<b>2053</b>
Starting Reserve Balance	\$293,879	\$320,820	\$344,417	\$36,227	\$62,805
Annual Reserve Funding	\$23,869	\$24,585	\$25,323	\$26,082	\$26,865
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$3,072	\$3,325	\$1,902	\$495	\$766
<b>Total Income</b>	<b>\$320,820</b>	<b>\$348,730</b>	<b>\$371,642</b>	<b>\$62,805</b>	<b>\$90,436</b>
# Component					
<b>Inventory Appendix</b>					
120 Asphalt - Resurface	\$0	\$0	\$294,321	\$0	\$0
121 Asphalt - Seal Coat	\$0	\$0	\$41,094	\$0	\$0
145 Vinyl Fence - Replace	\$0	\$0	\$0	\$0	\$0
175 Irrigation System - Repair/Replace	\$0	\$4,313	\$0	\$0	\$0
205 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
<b>Total Expenses</b>	<b>\$0</b>	<b>\$4,313</b>	<b>\$335,415</b>	<b>\$0</b>	<b>\$0</b>
Ending Reserve Balance	\$320,820	\$344,417	\$36,227	\$62,805	\$90,436



## Accuracy, Limitations, and Disclosures

"The reserve study should be reviewed carefully. It may not include all common and limited common element components that will require major maintenance, repair or replacement in future years, and may not include regular contributions to a reserve account for the cost of such maintenance, repair, or replacement. The failure to include a component in a reserve study, or to provide contributions to a reserve account for a component, may, under some circumstances, require you to pay on demand as a special assessment your share of common expenses for the cost of major maintenance, repair or replacement of a reserve component."

Association Reserves and its employees have no ownership, management, or other business relationships with the client other than this Reserve Study engagement. Christian Colunga, company President, is a credentialed Reserve Specialist (#208). All work done by Association Reserves WA, LLC is performed under his responsible charge and is performed in accordance with National Reserve Study Standards (NRSS). There are no material issues to our knowledge that have not been disclosed to the client that would cause a distortion of the client's situation.

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

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

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

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



## Terms and Definitions

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



## Component Details

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

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

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

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

## Inventory Appendix

**Comp #: 100 Concrete - Repair/Replace**

**Quantity: Curbs, walkway, etc.**

Location: Curbs, walkways, etc.

Funded?: No. Useful life not predictable

History: None known

Comments: Concrete appeared generally intact with no major cracking or spalling observed.

Annual repair needs below the reserve funding threshold (1% or more of total annual expenses) should be factored in the operating budget. In our experience, larger repair/replacement expenses may emerge as the community ages that cannot be comfortably absorbed in the operating budget. Currently, it is difficult to predict timing, scope and costs of larger repairs. Monitor concrete annually and if conditions deteriorate leading to larger repair needs, funding can be included within a reserve study update.

As routine maintenance, inspect regularly and pressure wash for appearance. Repair any trip hazards (1/2" difference in height) immediately to ensure safety. Repair promptly as needed to prevent water penetrating into the base, which can cause further damage. Factors affecting the quality, service life of the concrete include; the preparation of the underlying soil and drainage, thickness and strength of concrete used, steel reinforcement (none likely), amount and weight of vehicle traffic, if any and tree roots nearby.

Additional Resources:

<http://www.mrsc.org/subjects/pubworks/sidew.aspx>

[http://www.sakrete.com/media-center/blog-detail.cfm/bp\\_alias/Placing-Concrete-in-hot-or-cold-weather](http://www.sakrete.com/media-center/blog-detail.cfm/bp_alias/Placing-Concrete-in-hot-or-cold-weather)

<http://www.concretenetwork.com/cold-weather-concrete/weather.html>

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

**Comp #: 106 Gravel Areas - Refurbish**

**Quantity: Minimal areas**

Location: Community garden pathway and surrounding area

Funded?: No. Annual cost; best handled as operating expense

History: None known

Comments: Gravel at community garden was observed to have good to fair coverage with no major deficiencies or depressions noted.

Cost to replenish gravel in this small area is projected to be too small to qualify for reserve funding, therefore best replenished annually through the operating budget on an as-needed basis.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

**Comp #: 120 Asphalt - Resurface**

**Quantity: ~ 45,545 GSF asphalt**

Location: Private roads and alley within association

Funded?: Yes.

History: Repaired 2019 \$195.37

Comments: Asphalt roads appeared to be in good condition with no significant cracking or raveling observed.

Useful life below assumes regular seal coating and repairs (see component #121). The lack of seal coating and repairs can greatly decrease the asphalt's useful life. Resurfacing is typically one of the larger expense items in a reserve study. When need to resurface is apparent within a couple of years, consult with geotechnical engineer for recommendations, specifications/scope of work and project oversight.

As routine maintenance, keep surfaces clean and free of debris, ensure that drains are free flowing, repair cracks, and clean oil stains promptly. Assuming proactive maintenance, plan to resurface at roughly the time frame below.

Further resources:

Pavement Surface Condition Field Rating Manual for Asphalt Pavement.

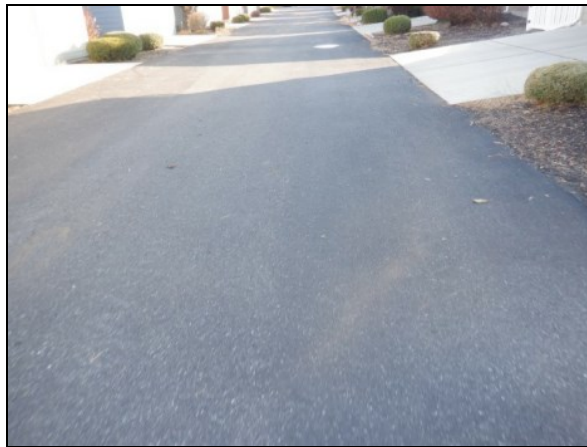
<https://www.wsdot.wa.gov/publications/manuals/fulltext/m0000/AsphaltPavements.pdf>

Washington Asphalt Pavement Association

<http://www.asphaltwa.com/>

Useful Life:  
40 years

Remaining Life:  
27 years



Best Case: \$ 120,000

Worst Case: \$ 145,000

Cost Source: ARI Cost Database: Similar Project Cost History

**Comp #: 121 Asphalt - Seal Coat**

**Quantity: ~ 45,545 GSF asphalt**

Location: Private roads and alley within association

Funded?: Yes.

History: Reported 2021 ~7,300

Comments: Oakland Ln and alley within association was reportedly seal coated and crack filled in 2021 by Arrow Concrete and Asphalt Specialties. The seal coat appeared generally faded with no major cracks observed during our site inspection.

Regular cycles of seal coating, along with needed repairs is a best practice for the long term care of lower traffic asphalt areas to extend the useful life.

The State of Washington Department of Transportation (WSDOT) recommends regular cycles of seal coating for the long-term care of asphalt paving with low traffic and low speed. The primary reason to seal coat asphalt pavement is to protect the pavement from the deteriorating effects of sun and water. When asphalt pavement is exposed, the asphalt oxidizes or hardens, and this causes the pavement to become increasingly brittle. As a result, the pavement will become more likely to crack, as it is unable to bend and flex when subjected to traffic (weight) and temperature changes (thermal expansion and contraction). A seal coat combats this situation by providing a waterproof membrane, which not only slows down the oxidation process, but also helps the pavement shed water. Seal coating also provides uniform appearance, and conceals the inevitable patching and repairs which accumulate over time, ultimately extending the useful life of asphalt before more costly resurfacing is needed (see component #120).

Repairing asphalt before seal coating is imperative. Surface preparation and dry weather during and following application is key to lasting performance.

For further resources:

Best Practices Handbook on Asphalt Pavement Maintenance

<http://www.cee.mtu.edu/~balkire/CE5403/AsphaltPaveMaint.pdf>

Useful Life:  
5 years

Remaining Life:  
2 years



Best Case: \$ 15,000

Worst Case: \$ 22,000

Cost Source: ARI Cost Database: Similar Project Cost History



**Comp #: 145 Vinyl Fence - Replace**

**Quantity: ~ 465 LF 6' tall vinyl**

Location: Partial property perimeter

Funded?: Yes.

History: None known

Comments: Vinyl fence was not observed to have any significant grime, organic growth or obvious signs of damage or instability.

Plan to replace it at roughly the time frame below.

As routine maintenance, clean fencing as needed. Inspect regularly for any damage and repair as needed.

Useful Life:  
30 years

Remaining Life:  
18 years



Best Case: \$ 22,800

Worst Case: \$ 28,000

Cost Source: ARI Cost Database: Similar Project Cost History

**Comp #: 160 Pole Lights - Replace**

**Quantity: Minimal quantity**

Location: Adjacent to roadways

Funded?: No. Reportedly responsibility of Avista Utilities to maintain, repair and replace

History: None known

Comments: It was previously reported that pole lights are the responsibility of Avista Utilities to maintain, repair and replace, therefore no reserve funding included.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

**Comp #: 170 Landscape - Refurbish**

**Quantity: Trees, shrubs, turf**

Location: Common area landscaping

Funded?: No. Reported to be handled through operating budget.

History: None known

Comments: Extensive landscape area consisting of trees, shrubs and turf. No obvious signs of decay or deficiencies, majority of vegetation dormant and trimmed for colder months. Per the association manager all landscape work is absorbed in the operating budget. Reserve funding removed.

Currently, landscaping maintenance is funded out of the operating budget however we have included a rotating allowance for larger projects which cannot be easily absorbed within the annual budget. As associations age, many find the need or desire for larger scale refurbish projects not covered within the maintenance contract, and they allocate funds within reserves. These types of projects can include: bed renovations, major replanting, large scale bark or mulch replacements, turf renovations, drainage improvements, irrigation system extensions/replacement, etc.

Walk area each year with landscape contractor, and perhaps a landscape architect, to assess the overall health, function, and future needs of maintenance and refurbish to determine if supplemental reserve funding should be planned for.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

**Comp #: 175 Irrigation System - Repair/Replace**

**Quantity: Extensive system**

Location: Throughout common area landscaping

Funded?: Yes.

History: None known

Comments: Our visual observation of the irrigation system was limited as the majority of system components are below grade. No reports of repairs or problems. At the time of this study, no information (plans and/or specifications) was provided to us regarding the extent of the irrigation system.

No predictable large-scale costs at this time, however we have included a rotating allowance for larger repairs as requested by client. Have your landscaper or irrigation specialist periodically unearth sections to check lines for any damage or deterioration. PVC can eventually become brittle and leak (typically not before the 40 year mark of life).

As routine maintenance, inspect, test, and repair the system as needed from the operating budget. Follow proper winterization and spring startup procedures. If properly installed and bedded without defect, the lines could last for many years. Controls for the system can vary greatly in number, cost, and life expectancy - typically each controller is less than \$500. Other elements (i.e. sprinkler heads, valves) within this system are generally lower cost, and have a failure rate that is difficult to predict. These elements are better suited to be handled through the maintenance and operating budget, not reserves.

Useful Life:  
5 years

Remaining Life:  
1 years



Best Case: \$ 1,500

Worst Case: \$ 2,500

Cost Source: ARI Cost Database: Similar Project Cost History

**Comp #: 191 Common Signage – Repair/Replace**

**Quantity: ~ (4) Small Wood and Metal**

Location: Scattered throughout the community.

Funded?: No. Costs are projected to be too small for reserve funding

History: None known

Comments: Small no parking signs along Oakland Ln appeared to be slightly faded with moderate corrosion to hardware, however signs appeared legible with no obvious signs of instability.

Replace as needed through operating budget.

As routine maintenance, inspect regularly, clean, and touch up for appearance. Repair with operating funds.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

**Comp #: 205 Mailboxes - Replace**

**Quantity: ~ (2) cluster box units**

Location: Adjacent to roadways

Funded?: Yes.

History: None known

Comments: Mailboxes were observed to have minor grime and fading to some number, however no obvious signs of instability or other issues reported. Mailboxes are not protected from the weather by a structure.

In our experience, it is best to plan for total replacement at roughly the time frame below due to constant usage and wear over time.

As routine maintenance, inspect regularly, clean by wiping down for appearance, change lock cylinders, lubricate hinges, and repair as needed from the operating budget.

Useful Life:  
25 years

Remaining Life:  
13 years



Best Case: \$ 3,100

Worst Case: \$ 4,100

Cost Source: ARI Cost Database: Similar Project Cost History

**Comp #: 350 Concrete Planters - Repair/Replace**

**Quantity: ~ (6) concrete**

Location: Within community garden area

Funded?: No. Useful life not predictable

History: None known

Comments: Concrete planters within community garden did not appear to have any obvious signs of spalling or major deterioration.

There is no basis to predict complete replacement of these sturdy planters, therefore no reserve funding included. As routine maintenance inspect, repair and replace as needed utilizing general maintenance operating funds.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

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MeadowWood - Rocky Hill

Report #: 32516-1

Liberty Lake, WA

# of Units: 59

Level of Service: Update "With-Site-Visit"

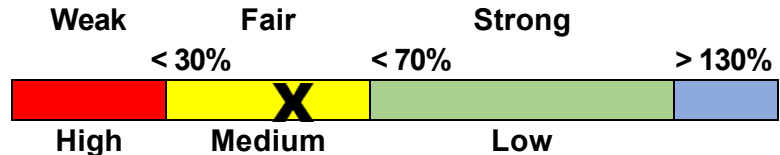
January 1, 2024 through December 31, 2024

Findings & Recommendations

as of January 1, 2024

Starting Reserve Balance	\$37,229
Current Fully Funded Reserve Balance	\$67,651
Percent Funded	55.0 %
Average Reserve (Deficit) or Surplus Per Unit	(\$516)
Recommended 2024 100% Monthly "Full Funding" Contributions	\$950
Recommended 2024 70% Monthly "Threshold Funding" Contributions	\$920
2024 "Baseline Funding" minimum to keep Reserves above \$0	\$900
Most Recent Budgeted Contribution Rate	\$705

Reserve Fund Strength: 55.0%



Risk of Special Assessment:

Economic Assumptions:

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

- This is a Update "With-Site-Visit", meeting all requirements of the Revised Code of Washington (RCW). This study was prepared by, or under the supervision of a credentialed Reserve Specialist (RS™).
- Your Reserve Fund is currently 55.0 % Funded. This means the association's special assessment & deferred maintenance risk is currently Medium. The objective of your multi-year Funding Plan is to fund your Reserves to a level where you will enjoy a low risk of such Reserve cash flow problems. The current annual deterioration of your reserve components is \$8,403 - see Component Significance table.
- Based on this starting point and your anticipated future expenses, our recommendation is to budget Reserve Contributions to within the 70% to 100% range as noted above. The 100% "Full" and 70% contribution rates are designed to gradually achieve these funding objectives by the end of our 30-year report scope.
- No assets appropriate for Reserve designation known to be excluded. See appendix for component information and the basis of our assumptions. "Baseline Funding" in this report is as defined within the RCW, "to maintain the reserve account balance above zero throughout the thirty-year study period, without special assessments." Funding plan contribution rates, and reserves deficit or (surplus) are presented as an aggregate total, assuming average percentage of ownership. The actual ownership allocation may vary - refer to your governing documents, and assessment computational tools to adjust for any variation.

# Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost
<b>Inventory Appendix</b>			
120 Asphalt - Resurface	40	27	\$132,500
121 Asphalt - Seal Coat	5	2	\$18,500
145 Vinyl Fence - Replace	30	18	\$25,400
175 Irrigation System - Repair/Replace	5	1	\$2,000
205 Mailboxes - Replace	25	13	\$3,600
<b>5 Total Funded Components</b>			

Note 1: Yellow highlighted line items are expected to require attention in this initial year, light blue highlighted items are expected to occur within the first-five years.