

RESERVE ANALYSIS REPORT

Colonia Encantada

Scottsdale, Arizona

Version 007 (revised)

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Preface

This preface is intended to provide an introduction to the enclosed reserve analysis as well as detailed information regarding the reserve analysis report format, reserve fund goals/objectives and calculation methods. The following sections are included in this preface:

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◆ ◆ ◆ ◆ INTRODUCTION TO RESERVE BUDGETING ◆ ◆ ◆ ◆

The Board of Directors of an association has a legal and fiduciary duty to maintain the community in a good state of repair. Individual unit property values are significantly impacted by the level of maintenance and upkeep provided by the association as well as the amount of the regular assessment charged to each owner.

A prudent plan must be implemented to address the issues of long-range maintenance, repair and replacement of the common areas. Additionally, the plan should recognize that the value of each unit is affected by the amount of the regular assessment charged to each unit.

There is a fine line between “not enough,” “just right” and “too much.” Each member of an association should contribute to the reserve fund for their proportionate amount of “depreciation” (or “use”) of the reserve components. Through time, if each owner contributes a “fair share” into the reserve fund for the depreciation of the reserve components, then the possibility of large increases in regular assessments or special assessments will be minimized.

An accurate reserve analysis and a “healthy” reserve fund are essential to protect and maintain association common areas and property values of individual unit owners. A comprehensive reserve analysis is one of the most significant elements of any association's long-range plan and provides the critical link between sound business judgment and good fiscal planning. The reserve analysis provides a “financial blueprint” for the future of an association.

◆ ◆ ◆ ◆ UNDERSTANDING THE RESERVE ANALYSIS ◆ ◆ ◆ ◆

In order for the reserve analysis to be useful, it must be understandable by a variety of individuals. Board members (from seasoned, experienced Board members to new Board members), property managers, accountants, attorneys and homeowners may ultimately review the reserve analysis. The reserve analysis must be detailed enough to provide a comprehensive analysis, yet simple enough to enable less experienced individuals to understand the results.

There are four key bits of information that a comprehensive reserve analysis should provide: Budget, Percent Funded, Projections and Inventory. This information is described as follows:

Budget

Amount recommended to be transferred into the reserve account for the fiscal year for which the reserve analysis is prepared. In some cases, the reserve analysis may present two or more funding plans based on different goals/objectives. The Board should have a clear understanding of the differences among these funding goals/objectives prior to implementing one of them in the annual budget.

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Percent Funded

Measure of the reserve fund “health” (expressed as a percentage) as of the beginning of the fiscal year for which the reserve analysis is prepared. This figure is the ratio of the actual reserve fund on hand to the fully funded balance. A reserve fund that is “100% funded” means the association has accumulated the proportionately correct amount of money, to date, for the reserve components it maintains.

Projections

Indicate “level of service” the association will provide the membership as well as a “road map” for the fiscal future of the association. Projections define the timetables for repairs and replacements, such as when buildings will be painted or when asphalt will be seal coated. Projections also show the financial plan for the association – when an underfunded association will “catch up” or how a properly funded association will remain fiscally “healthy.”

Inventory

Complete listing of reserve components. Key bits of information are available for each reserve component, including placed-in-service date, useful life, remaining life, replacement year, quantity, current cost of replacement, future cost of replacement and analyst’s comments.

◆ ◆ ◆ ◆ RESERVE FUNDING GOALS / OBJECTIVES ◆ ◆ ◆ ◆

There are four reserve funding goals/objectives which may be used to develop a reserve funding plan that corresponds with the risk tolerance of the association: Full Funding, Baseline Funding, Threshold Funding and Statutory Funding. These goals/objectives are described as follows:

Full Funding

Describes goal/objective to have reserves on hand equivalent to the value of the deterioration of each reserve component. The objective of this funding goal is to achieve and/or maintain a 100% percent funded reserve fund. Component calculation method or directed cash flow calculation method is typically used to develop a full funding plan.

Baseline Funding

Describes goal/objective to have sufficient reserves on hand to never completely run out of money. The objective of this funding goal is to simply pay for all reserve expenses as they come due without regard to the association’s percent funded. Minimum cash flow calculation method or directed cash flow calculation method s typically used to develop a baseline funding plan.

Threshold Funding

Describes goal/objective other than the 100% level (full funding) or just staying cash-positive (baseline funding). This threshold goal/objective may be a specific percent funded target or a cash balance target. Threshold funding is often a value chosen between full funding and baseline funding. Minimum cash flow calculation method or directed cash flow calculation method is typically used to develop a threshold funding plan.

Statutory Funding

Describes goal/objective as described or required by local laws or codes. Component calculation method, minimum cash flow calculation method or directed cash flow calculation method may be used to develop a statutory funding plan, depending on the requirements.

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◆ ◆ ◆ ◆ RESERVE FUNDING CALCULATION METHODS ◆ ◆ ◆ ◆

There are three funding methods which can be used to develop a reserve funding plan based on reserve funding goals/objectives: Component Calculation Method, Minimum Cash Flow Calculation Method and Directed Cash Flow Calculation Method.

Directed cash flow calculation method offers flexibility for developing custom funding plans. Directed cash flow calculation method funding plans can accommodate use of various contribution increases and/or special assessments (or loans) through time. As the name suggests, the user “directs” the funding plan as needed to achieve reserve funding goals or objectives. Because of this flexibility, the vast majority of reserve analyses are developed using the directed cash flow calculation method. Whereas component calculation method funding plans and minimum cash flow calculation method funding plans are typically used as reference information; usually considered the “floor” (minimum cash flow calculation method) and “ceiling” (component calculation method) of a reasonable reserve funding plan.

The three calculation methods are described as follows:

Component Calculation Method

Component calculation method develops a funding plan for each individual reserve component. The sum of the funding plan for each component equals the total funding plan for the association. This method is often referred to as the “straight line” method. This method structures a funding plan that enables the association to pay all reserve expenditures as they come due, enables the association to achieve the fully funded reserves in time, and then enables the association to maintain fully funded reserves through time. The following is a detailed description of component calculation method:

Step 1: Calculation of fully funded balance for each component

Fully funded balance is calculated for each component based on its age, useful life and current cost. The actual formula is as follows:

$$\text{Fully Funded Balance} = \frac{\text{Age}}{\text{Useful Life}} \times \text{Current Cost}$$

Step 2: Distribution of current reserve funds

Association’s current reserve funds are assigned to (or distributed amongst) reserve components based on each component’s remaining life and fully funded balance as follows:

Pass 1: Components are organized in remaining life order, from least to greatest, and the current reserve funds are assigned to each component up to its fully funded balance, until reserve funds are exhausted.

Pass 2: If all components are assigned their fully funded balance and additional funds exist, they are assigned in a “second pass.” Again, components are organized in remaining life order, from least to greatest, and remaining current reserve funds are assigned to each component up to its current cost, until reserve funds are exhausted.

Pass 3: If all components are assigned their current cost and additional funds exist, they are assigned in a “third pass.” Components with a remaining life of zero years are assigned double their current cost, until reserve funds are exhausted. After pass 3, if additional reserve funds remain, there are excess reserves.

Distributing, or assigning, reserve funds in this manner is the most efficient use of the funds on hand – it defers the make-up period of any underfunded reserves over the lives of the components with the largest remaining lives.

Step 3: Developing a funding plan

After step 2, all components have a “starting” balance. A calculation is made to determine what funding would be required to get from the starting balance to the future cost over the number of years remaining until replacement. The funding plan incorporates the contribution increase parameter to develop a “stair stepped” contribution.

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For example, if an association needs to accumulate \$100,000 in ten years, \$10,000 could be contributed each year. Alternatively, the association could contribute \$8,723 in the first year and increase the contribution by 3% each year thereafter until the tenth year.

In most cases, the contribution increase parameter should match the inflation parameter. Matching the contribution increase parameter to the inflation parameter indicates, in theory, that member contributions should increase at the same rate as the cost of living (inflation parameter). Due to the "time value of money," this creates the most equitable distribution of member contributions through time.

Using a contribution increase parameter that is greater than the inflation parameter will reduce the burden to current members at the expense of future members. Using a contribution increase parameter that is less than the inflation parameter will increase the burden to the current members to the benefit of future members. The following chart shows a comparison:

	0% Increase	3% Increase	10% Increase
Year 1	\$10,000.00	\$8,723.05	\$6,274.54
Year 2	\$10,000.00	\$8,984.74	\$6,901.99
Year 3	\$10,000.00	\$9,254.28	\$7,592.19
Year 4	\$10,000.00	\$9,531.91	\$8,351.41
Year 5	\$10,000.00	\$9,817.87	\$9,186.55
Year 6	\$10,000.00	\$10,112.41	\$10,105.21
Year 7	\$10,000.00	\$10,415.78	\$11,115.73
Year 8	\$10,000.00	\$10,728.25	\$12,227.30
Year 9	\$10,000.00	\$11,050.10	\$13,450.03
Year 10	\$10,000.00	\$11,381.60	\$14,795.04
TOTAL	\$100,000.00	\$100,000.00	\$100,000.00

One major benefit of using component calculation method is that for any single component (or group of components), reserve funding can be precisely calculated. For example, using this calculation method, the reserve analysis can indicate the exact amount of current reserve funds "in the bank" for the roofs and the amount of money being funded towards the roofs each month. This information is displayed on the Management Summary and Charts as well as elsewhere within the report.

Minimum Cash Flow Calculation Method

Minimum cash flow calculation method develops a funding plan based on current reserve funds and projected expenditures during a specific timeframe (typically 30 years). This funding method structures a funding plan that enables the association to pay for all reserve expenditures as they come due, but is not concerned with the ideal level of reserves or percent funded through time.

This calculation method tests reserve contributions against reserve expenditures through time to determine the minimum contribution necessary (baseline funding). This calculation method will determine the minimum reserve contribution to ensure that the beginning reserve balance is sufficient to pay for the scheduled expenditures in each year. By definition, this calculation method will create a funding plan where, at some point over the projection period, the beginning reserve fund balance will equal the expenditures for that year. Under some conditions, based on reserve expenditure profile, this calculation method produces a funding plan that will take the association into an overfunded status through time; in these cases, directed cash flow calculation method can be used to optimize results.

Minimum cash flow calculation method is not without downsides... Unlike component calculation method, the minimum cash flow calculation method cannot precisely calculate reserve funding for any single component (or group of components). In order to work-around this issue to provide this bookkeeping information, a formula has been applied to component calculation method results to calculate a reasonable breakdown. This information is displayed on the Management Summary and Charts as well as elsewhere within the report. Using minimum cash flow calculation method typical-

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ly requires an annual reallocation of reserve funds (amongst reserve components) to ensure each component remains properly funded through time. Associations in states that require segregated reserve funds for certain components (i.e. roofs, painting, etc.), should pay special attention to this issue; it may be desirable to complete separate reserve analyses for segregated reserve components.

Directed Cash Flow Calculation Method

Directed cash flow calculation method develops a funding plan based on current reserve funds and projected expenditures during a specific timeframe (typically 30 years). This funding method structures a funding plan that enables the association to pay for all reserve expenditures as they come due and, if possible, determine the optimal funding plan to achieve 100% funding over the projection period.

Directed cash flow calculation method offers flexibility for developing custom funding plans. Directed cash flow funding plans can accommodate use of various contribution increases and/or special assessments (or loans) through time. As the name suggests, the user “directs” the funding plan as needed to achieve any reserve funding goals or objectives. Because of this flexibility, the vast majority of reserve analyses are developed using this calculation method.

Directed cash flow calculation method is not without downsides... Unlike component calculation method, the directed cash flow calculation method cannot precisely calculate reserve funding for any single component (or group of components). In order to work-around this issue to provide this bookkeeping information, a formula has been applied to component calculation method results to calculate a reasonable breakdown. This information is displayed on the Management Summary and Charts as well as elsewhere within the report. Using directed cash flow calculation method typically requires an annual reallocation of reserve funds (amongst reserve components) to ensure each component remains properly funded through time. Associations in states that require segregated reserve funds for certain components (i.e. roofs, painting, etc.), should pay special attention to this issue; it may be desirable to complete separate reserve analyses for segregated reserve components.

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◆ ◆ ◆ ◆ READING THE RESERVE ANALYSIS ◆ ◆ ◆ ◆

In some cases, the reserve analysis may be a lengthy document of one hundred pages or more. A complete and thorough review of the reserve analysis is always a good idea. However, if time is limited, it is suggested that a thorough review of the summary pages be made. If a “red flag” is raised in this review, the reader should then check the detail information (“Component Detail”), of the component in question, for all relevant information. In this section, a description of most of the summary or report sections is provided along with comments regarding what to look for and how to use each section.

Executive Summary

Provides general information about project, global parameters used in the calculation of the reserve analysis as well as the core results of the reserve analysis.

Client Information

Provides information including fiscal year for which reserve analysis is prepared, number of units, etc.

Global Parameters

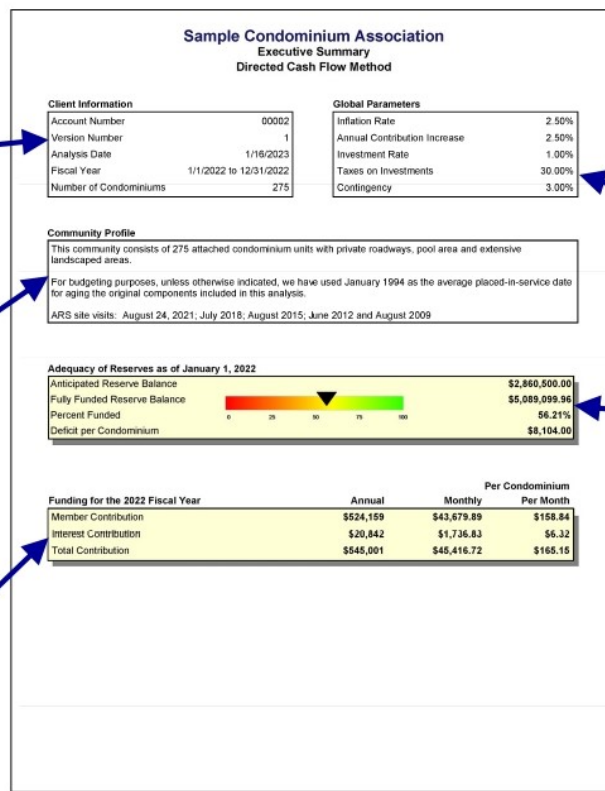
Displays calculation parameters that were used to calculate reserve analysis including inflation, contribution increase, investment rate, tax rate and contingency.

Community Profile

Provides brief description of community as well as other “global” comments.

Budget

Provides recommended funding for fiscal year for which reserve analysis is prepared. Indicates reserve funding from membership, anticipated interest contribution and total contribution requirement.



Adequacy of Reserves

Displays results of calculations with regard to “health” of reserve fund as of beginning of fiscal year for which the reserve analysis is prepared. Provides anticipated reserve balance, fully funded reserve balance and percent funded.

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Calculation of Percent Funded

Summary displays all reserve components, shown here in “category” order. Provides remaining life, useful life, current cost and fully funded balance at beginning of fiscal year for which the reserve analysis is prepared.

Reserve Components

All components are displayed (shown here in “category” order).

Lifespans

Remaining life and useful life are displayed. And, these columns are conveniently sub totaled to show range.

**Sample Condominium Association
Calculation of Percent Funded
Sorted by Category; Alphabetical**

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
010 Streets				
Streets - Asphalt, Overlay / Major Rehab	6	24	\$360,300.00	\$321,176.47
Streets - Asphalt, Repair	2	4	\$24,300.00	\$12,100.00
Streets - Asphalt, Seal Coat	2	4	\$14,580.00	\$7,290.00
Streets - Concrete	2	4	\$20,300.00	\$10,000.00
Sub Total	2-6	4-24	\$448,880.00	\$350,616.47
020 Roofs				
Roofs - Rain Gutters	12	40	\$123,785.00	\$66,648.50
Roofs - Tie, Clean & Maintain	0	1	\$37,500.00	\$37,500.00
Roofs - Tie, Replace				
Sub Total				
030 Painting				
Painting - Cabana Interior				
Painting - Red Curbs				
Painting - Stucco				
Painting - Woodwork				
Painting - Wrought Iron, Buildings				
Painting - Wrought Iron, Pool Area				
Sub Total				
040 Fencing, Railing & Walls				
Fencing - Glass Sound Attenuation				
Fencing - Wrought Iron, Pool Area				
Railing & Gates - Wrought Iron, Units				
Walls - Stucco, Repair				
Sub Total				
050 Lighting				
Lighting - Buildings				
Lighting - Landscape				
Lighting - Streets & Walkways				
Sub Total				
060 Pool Area				
Cabana - Ceramic Tile, Interior				
Cabana - Ceramic Tile, Showers				
Cabana - Doors				
Cabana - Plumbing Fixtures%				
Cabana - Restroom Partitions				
Cabana - Water Heater				
Sub Total				

**Sample Condominium Association
Calculation of Percent Funded
Sorted by Category; Alphabetical**

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
Pool - Filters	2	12	\$4,000.00	\$3,538.48
Pool - Heater	7	12	\$4,750.00	\$1,959.79
Pool - Replaster & Tile	7	10	\$34,387.50	\$9,486.21
Pool Area - Furniture	4	6	\$15,400.00	\$4,529.41
Pool Area - Paver Deck, Repair	17	20	\$20,000.00	\$2,564.10
Pool Area - Wood Patio Covers	7	20	\$15,125.00	\$9,691.25
Spa - Filter	2	10	\$2,000.00	\$1,724.14
Spa - Heater	4	10	\$4,750.00	\$2,850.00
Spa - Replaster & Tile	7	10	\$8,475.00	\$2,337.93
Sub Total	2-17	6-30	\$152,107.50	\$66,326.46
070 Decks				
Decks/Stairs - Clean & Seal	2	4	\$103,868.25	\$45,695.27
Decks/Stairs - Resurface	6	20	\$728,900.00	\$552,196.97
Sub Total	2-6	4-20	\$832,768.25	\$598,092.24
080 Termite Control & Wood Repair				
Termite Control	n.a.	n.a.	\$0.00	\$300,000.00
Wood Repair - Paint Cycle	4	5	\$58,000.00	\$6,444.44
Wood Repair - Shutters	4	20	\$44,900.00	\$39,287.50
Sub Total	4	5-20	\$102,900.00	\$35,731.94
090 Landscape				
Landscape - Irrigation Controllers	7	12	\$24,150.00	\$9,450.00
Landscape - Renovation	0	1	\$17,500.00	\$17,500.00
Sub Total	0-7	1-12	\$41,650.00	\$26,950.00
100 Miscellaneous				
Fire Safety - Control Panels	1	20	\$126,000.00	\$121,655.17
Fire Safety - Extinguisher Cabinets	9	30	\$64,900.00	\$49,113.51
Matboxes	18	20	\$67,000.00	\$6,700.00
Signage	0	20	\$75,000.00	\$75,000.00
Utility Closet Doors	4	20	\$157,100.00	\$137,487.50
Sub Total	0-18	20-30	\$490,000.00	\$389,931.16
Contingency	n.a.	n.a.	n.a.	\$148,226.21
Total	0-18	1-40	\$7,044,161.25	\$6,088,099.96
Anticipated Reserve Balance				\$2,840,800.00
Percent Funded				56.21%

Current Cost

Displays current cost to replace or otherwise maintain each component. This column is conveniently sub totaled.

Fully Funded Balance

Displays fully funded balance for each component. This column is conveniently sub totaled.

Total current cost to replace or otherwise maintain all components, total fully funded balance, anticipated reserve balance and percent funded are provided at bottom of this summary. Also shown is range of reserve component remaining lives and useful lives.

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Management Summary and Charts

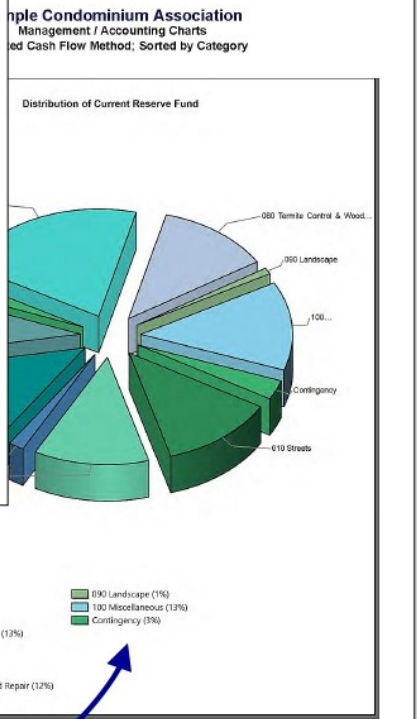
Summary displays all reserve components, shown here in "category" order. Provides assigned reserve funds at beginning of fiscal year for which reserve analysis is prepared along with monthly member contribution, interest contribution and total contribution for each component and category. Pie charts show graphically how reserve fund is distributed amongst reserve component categories and how each category is funded on a monthly basis.

	Balance at Beginning of Year	Monthly Member Contribution	Monthly Interest Contribution	Total Monthly Contribution
010 Streets				
Streets - Asphalt, Overlay / Major Rehab	\$321,178.47	\$1,150.31	\$188.16	\$1,338.46
Streets - Asphalt, Repair	\$42,150.00	\$414.00	\$8.63	\$422.73
Streets - Asphalt, Seal Coat	\$7,200.00	\$248.45	\$5.18	\$253.64
Streets - Concrete	\$10,000.00	\$340.82	\$7.11	\$347.92
Sub Total	\$350,616.47	\$2,153.67	\$209.08	\$2,362.75
020 Roofs				
Roofs - Rain Gutters	\$86,649.50	\$321.53	\$50.81	\$372.34
Roofs - Tile, Clean & Maintain	\$37,500.00	\$2,448.57	\$10.02	\$2,458.59
Roofs - Tile, Replace	\$226,722.83	\$19.25		\$19.25
Sub Total	\$350,872.33	\$22.05		\$22.05
030 Painting				
Painting - Cabana Interior	\$94.21	\$1		\$1
Painting - Red Curbs	\$2,557.50	\$8		\$8
Painting - Stucco	\$20,230.79	\$2.85		\$2.85
Painting - Woodwork	\$19,001.11	\$2.05		\$2.05
Painting - Wrought Iron, Buildings	\$4,277.78	\$57		\$57
Painting - Wrought Iron, Pool Area	\$670.83	\$4		\$4
Sub Total	\$46,832.22	\$6.10		\$6.10
040 Fencing, Railing & Walls				
Fencing - Glass Sound Attenuation	\$38,027.03	\$13		\$13
Fencing - Wrought Iron, Pool Area	\$19,456.88	\$68		\$68
Railing & Gates - Wrought Iron, Units	\$298,472.22	\$1.08		\$1.08
Walls - Stucco, Repair	\$8,368.84	\$2		\$2
Sub Total	\$364,323.97	\$1.31		\$1.31
050 Lighting				
Lighting - Buildings	\$154,994.23	\$81		\$81
Lighting - Landscape	\$11,340.00	\$12		\$12
Lighting - Streets & Walkways	\$77,437.60	\$27		\$27
Sub Total	\$243,771.73	\$1.21		\$1.21
060 Pool Area				
Cabana - Ceramic Tile, Interior	\$10,847.94	\$3		\$3
Cabana - Ceramic Tile, Showers	\$6,342.19	\$9		\$9
Cabana - Doors	\$2,030.36	\$1		\$1
Cabana - Plumbing Fixtures%	\$7,404.12	\$2		\$2
Cabana - Restroom Partitions	\$3,609.57	\$2		\$2
Cabana - Water Heater	\$175.00	\$1		\$1

Balance at FYB
Shows amount of reserve funds assigned to each reserve component. And, this column is conveniently sub totaled.

	Balance at Beginning of Year	Monthly Member Contribution	Monthly Interest Contribution	Total Monthly Contribution
070 Decks				
Decks/Stairs - Clean & Seal	\$45,895.27	\$1,901.90	\$34.24	\$1,936.22
Decks/Stairs - Resurface	\$62,136.97	\$2,641.42	\$326.21	\$2,967.63
Sub Total	\$98,032.24	\$4,603.40	\$360.45	\$4,963.85
080 Termite Control & Wood Repair				
Termite Control	\$300,000.00	\$0.00	\$171.35	\$171.35
Wood Repair - Paint Cycle	\$6,444.44	\$871.43	\$7.25	\$878.68
Wood Repair - Shutters	\$39,287.50	\$139.06	\$23.01	\$162.06
Sub Total	\$345,731.94	\$1,010.48	\$201.61	\$1,212.09
090 Landscape				
Landscape - Irrigation Controllers	\$9,450.00	\$155.33	\$6.03	\$161.36
Landscape - Renovation	\$17,800.00	\$1,142.95	\$4.67	\$1,147.64
Sub Total	\$26,650.00	\$1,297.99	\$10.71	\$1,308.70
100 Miscellaneous				
Fire Safety - Control Panels	\$121,656.17	\$423.02	\$71.22	\$494.24
Fire Safety - Extinguisher Cabinets	\$48,113.51	\$179.05	\$28.79	\$207.83
Mailboxes	\$0.00	\$281.30	\$1.15	\$282.45
Signage	\$75,000.00	\$288.18	\$1.18	\$289.36
Utility Closet Doors	\$137,462.50	\$485.04	\$80.51	\$565.05
Sub Total	\$383,231.19	\$1,656.08	\$182.84	\$1,840.92
Contingency	\$83,315.33	\$1,272.23	\$52.79	\$1,325.02
Total	\$2,860,500.30	\$43,679.89	\$1,736.83	\$45,416.72

Monthly Funding
Displays monthly funding for each component from members and interest. Total monthly funding is also indicated. And, these columns are conveniently sub totaled.



Pie Charts
Show graphically how reserve fund is distributed amongst reserve components and how components are funded.

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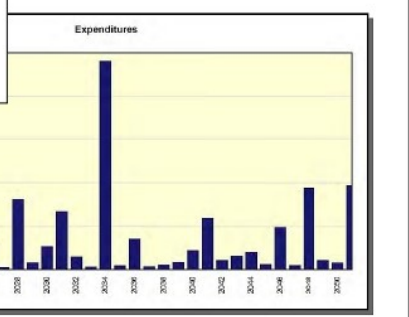
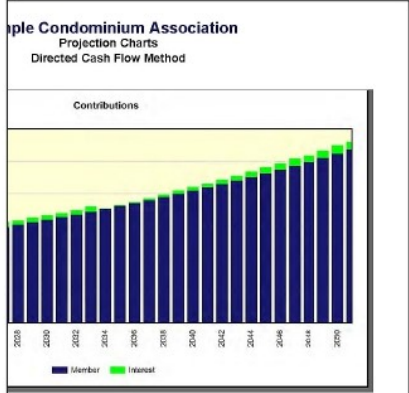
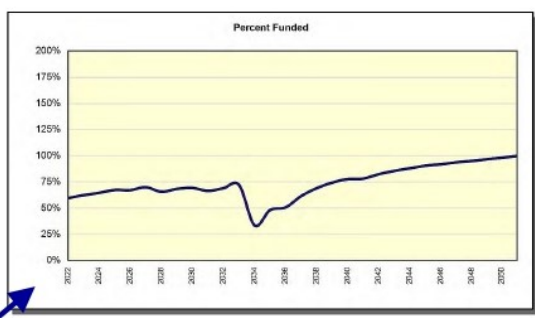
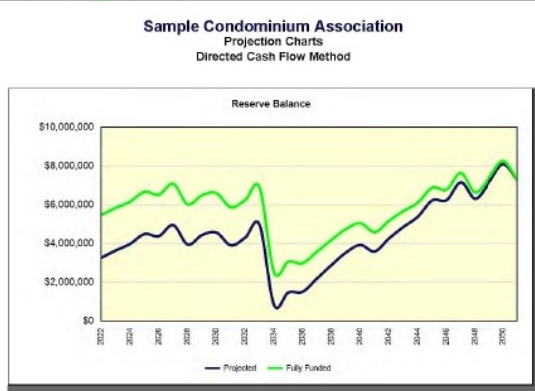
Projections and Charts

Summary displays projections of beginning reserve balance, member contribution, interest contribution, expenditures and ending reserve balance for each year of projection period (shown here for 30 years). Two columns on the right-hand side provide fully funded ending balance and percent funded for each year. Charts show the same information in an easy-to-understand graphic format.

Fiscal Year	Beginning Balance	Member Contribution	Interest Contribution	Expenses	Ending Balance	Fully Funded Balance	Percent Funded
2022	\$2,860,500	\$524,159	\$20,842	\$132,558	\$3,272,943	\$5,483,426	60%
2023	\$3,272,943	\$537,263	\$23,408	\$185,525	\$3,648,089	\$5,844,082	62%
2024	\$3,648,089	\$550,694	\$26,719	\$237,782	\$3,966,740	\$6,166,025	65%
2025	\$3,966,740	\$564,482	\$29,203	\$86,653	\$4,493,762	\$6,686,405	67%
2026	\$4,493,762	\$578,573	\$28,443	\$708,377	\$4,392,391	\$6,531,322	67%
2027	\$4,392,391	\$593,037	\$32,315	\$62,227	\$4,955,515	\$7,086,290	70%
2028	\$4,955,515	\$607,863	\$26,318	\$1,028,558	\$3,960,138	\$6,027,958	68%
2029	\$3,960,138	\$623,060	\$28,629	\$108,690	\$4,443,167	\$6,496,358	68%
2030	\$4,443,167	\$638,636	\$29,479	\$537,690	\$4,503,502	\$6,880,444	65%
2031	\$4,503,502	\$654,602	\$24,850	\$1,334,626	\$3,743,228	\$6,280,444	62%
2032	\$3,743,228	\$670,967	\$27,555	\$301,723	\$4,040,027	\$6,680,444	60%
2033	\$4,040,027	\$687,742	\$32,008	\$72,165	\$4,637,612	\$7,086,290	65%
2034	\$4,637,612	\$704,935	\$3,259	\$4,821,403	\$6,543,149	\$7,493,138	87%
2035	\$6,543,149	\$722,559	\$7,600	\$98,150	\$7,275,158	\$7,899,986	92%
2036	\$7,275,158	\$740,623	\$7,798	\$710,165	\$7,212,503	\$8,306,834	87%
2037	\$7,212,503	\$759,138	\$12,554	\$79,656	\$8,105,438	\$8,713,682	93%
2038	\$8,105,438	\$778,117	\$17,274	\$108,305	\$9,005,527	\$9,120,530	98%
2039	\$9,005,527	\$797,569	\$21,663	\$179,342	\$9,624,752	\$9,527,378	100%
2040	\$9,624,752	\$817,509	\$24,333	\$448,099	\$10,012,455	\$9,934,226	100%
2041	\$10,012,455	\$837,946	\$21,842	\$1,101,590	\$9,729,113	\$10,341,074	94%
2042	\$9,729,113	\$858,895	\$26,523	\$217,211	\$10,341,074	\$10,750,000	96%
2043	\$10,341,074	\$880,367	\$30,606	\$313,830	\$10,857,617	\$11,151,000	97%
2044	\$10,857,617	\$902,377	\$34,200	\$409,227	\$11,390,967	\$11,552,000	98%
2045	\$11,390,967	\$924,936	\$39,968	\$125,640	\$12,201,121	\$11,953,000	99%
2046	\$12,201,121	\$948,059	\$39,966	\$972,832	\$11,106,344	\$12,354,000	90%
2047	\$11,106,344	\$971,761	\$46,285	\$101,967	\$12,020,401	\$12,755,000	94%
2048	\$12,020,401	\$996,055	\$40,299	\$1,881,629	\$10,284,016	\$13,156,000	78%
2049	\$10,284,016	\$1,020,956	\$46,111	\$220,077	\$11,031,005	\$13,557,000	81%
2050	\$11,031,005	\$1,046,480	\$52,534	\$164,158	\$12,066,859	\$13,958,000	86%
2051	\$12,066,859	\$1,072,642	\$46,633	\$1,951,295	\$10,132,739	\$14,359,000	70%

Format makes numbers as easy to read and understand as possible. Color-coded bar indicates reserve fund status:

Green	Good	> 65%
Yellow	Fair	40% - 65%
Red	Poor	< 40%



Charts
Show graphically reserve funding plan through time.

Colonia Encantada

Preface

◆ ◆ ◆ ◆ GLOSSARY OF KEY TERMS ◆ ◆ ◆ ◆

Anticipated Reserve Balance (or Reserve Funds)

Amount of money, as of a certain point in time, held by association to be used for the repair or replacement of reserve components. This figure is “anticipated” because it is calculated based on the most current financial information available as of the analysis date, which is almost always prior to the fiscal year beginning date for which the reserve analysis is prepared.

Assigned Funds (and “Fixed” Assigned Funds)

Amount of money, as of fiscal year beginning date for which reserve analysis is prepared, that a reserve component has been assigned.

Assigned funds are considered “fixed” when the normal calculation process is bypassed and a specific amount of money is assigned to a reserve component. For example, if the normal calculation process assigns \$10,000 to the roofs, but the association would like to show \$20,000 assigned to roofs, “fixed” funds of \$20,000 can be assigned.

Component Calculation Method

Reserve funding calculation method developed based on each individual reserve component. A more detailed description of the actual calculation process is included in the “reserve funding calculation methods” section of the preface.

Contingency Parameter

Rate used as a built-in buffer in the calculation of a reserve funding plan. This rate will assign a percentage of reserve funds, as of the fiscal year beginning, as contingency funds and will also determine the level of funding toward contingency each month.

Contribution Increase Parameter

Rate used in calculation of funding plan. This rate is used on an annual compounding basis. This rate represents, in theory, the rate the association expects to increase contributions each year.

In most cases, this rate should match the inflation parameter. Matching the contribution increase parameter to the inflation parameter indicates, in theory, that member contributions should increase at the same rate as the cost of living (inflation parameter). Due to the “time value of money,” this creates the most equitable distribution of member contributions through time.

Current Replacement Cost

Amount of money, as of fiscal year beginning date for which reserve analysis is prepared, that a reserve component is expected to cost to replace.

Directed Cash Flow Calculation Method

Reserve funding calculation method developed based on total annual expenditures. A more detailed description of the actual calculation process is included in the “reserve funding calculation methods” section of the preface.

Fiscal Year

Budget year for association for which reserve analysis is prepared. Fiscal year beginning (FYB) is first day of budget year; fiscal year end (FYE) is last day of budget year.

Fully Funded Reserve Balance

Amount of money that should theoretically have accumulated in the reserve fund as of a certain point in time. Fully funded reserves are calculated for each reserve component based on the current replacement cost, age and useful life:

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

Fully funded reserve balance is the sum of the fully funded reserves for each reserve component. An association that has accumulated the fully funded reserve balance does not have all of the funds necessary to replace all of its reserve components immediately; it has the proportionately appropriate reserve funds for the reserve com-

Colonia Encantada

Preface

ponents it maintains, based on each component's current replacement cost, age and useful life.

Future Replacement Cost

Amount of money, as of fiscal year during which replacement of a reserve component is scheduled, that a reserve component is expected to cost to replace. This cost is calculated using the current replacement cost compounded annually by the inflation parameter.

Global Parameters

Financial parameters used to calculate reserve analysis. See also "inflation parameter," "contribution increase parameter," "investment rate parameter" and "taxes on investments parameter."

Inflation Parameter

Rate used in calculation of future costs for reserve components. This rate is used on an annual compounding basis. This rate represents rate the association expects the cost of goods and services relating to their reserve components to increase each year.

Interest Contribution

Amount of money contributed to reserve fund by interest earned on reserve fund and member contributions.

Investment Rate Parameter

Gross rate used in calculation of interest contribution (interest earned) from reserve balance and member contributions. This rate (net of taxes on investments parameter) is used on a monthly compounding basis. This parameter represents the weighted average interest rate association expects to earn on their reserve fund investments.

Membership Contribution

Amount of money contributed to reserve fund by association's membership.

Minimum Cash Flow Calculation Method

Reserve funding calculation method developed based on total annual expenditures. A more detailed description of the actual calculation process is included in the "reserve funding calculation methods" section of the preface.

Monthly Contribution (and "Fixed" Monthly Contribution)

Amount of money, for fiscal year which reserve analysis is prepared, that a reserve component will be funded.

Monthly contribution is considered "fixed" when the normal calculation process is bypassed and a specific amount of money is funded to a reserve component. For example, if the normal calculation process funds \$1,000 to the roofs each month, but the association would like to show \$500 funded to roofs each month, a "fixed" contribution of \$500 can be assigned.

Number of Units (or other assessment basis)

Number of units for which reserve analysis is prepared. In "phased" developments, this number represents the number of units, and corresponding common area components, that exist as of a certain point in time.

For some associations, assessments and reserve contributions are based on a unit of measure other than number of units. Examples include time-interval weeks for timeshare resorts or lot acreage (or square feet) for commercial/ industrial developments.

One-Time Replacement

Used for components that will be budgeted for only once.

Percent Funded

Measure of association's reserve fund "health," expressed as a percentage, as of a certain point in time. This number is the ratio of anticipated reserve fund balance to fully funded reserve balance:

$$\text{Percent Funded} = \frac{\text{Anticipated Reserve Fund Balance}}{\text{Fully Funded Reserve Balance}}$$

Colonia Encantada

Preface

Reserve fund health:

Green	Good	> 65%
Yellow	Fair	40% to 65%
Red	Poor	< 40%

An association that is 100% funded does not have all reserve funds necessary to replace all of its reserve components immediately; it has the proportionately appropriate reserve funds for reserve components it maintains, based on each component's current replacement cost, age and useful life.

Percentage of Replacement

Percentage of reserve component that is expected to be replaced.

For most reserve components, this percentage is 100%. In some cases, this percentage may be more or less than 100%. For example, fencing which is shared with a neighboring community may be set at 50%. Another example would be a component where partial replacement is expected, such as interior doors.

Placed-In-Service Date

Date (month and year) that a reserve component was originally put into service or last replaced.

Remaining Life

Length of time, in years, until a reserve component is scheduled to be replaced.

Remaining Life Adjustment

Length of time, in years, that a reserve component is expected to last in excess (or deficiency) of its useful life for current cycle of replacement (only).

If current cycle of replacement for a reserve component is expected to be greater than or less than the "normal" life expectancy, the reserve component's life should be adjusted using a remaining life adjustment.

For example, if wood trim is painted normally on a 4 year cycle, useful life should be 4 years. However, when it comes time to paint the wood trim and it is determined that it can be deferred for an additional year, useful life should remain at 4 years and a remaining life adjustment of +1 year should be used.

Replacement Year

Fiscal year that a reserve component is scheduled to be replaced.

Reserve Components

Line items included in the reserve analysis.

Taxes on Investments Parameter

Rate used to offset investment rate parameter in the calculation of interest contribution. This parameter represents the marginal tax rate association expects to pay on interest earned by reserve funds and member contributions.

Total Contribution

Sum of membership contribution and interest contribution.

Useful Life

Length of time, in years, that a reserve component is expected to last each time it is replaced. See also "remaining life adjustment."

Colonia Encantada

Preface

◆ ◆ ◆ ◆ LIMITATIONS OF RESERVE ANALYSIS ◆ ◆ ◆ ◆

This reserve analysis is intended as a tool for the association's Board of Directors to be used in evaluating the association's current physical and financial condition with regard to reserve components. The results of this reserve analysis represent the independent opinion of the preparer. There is no implied warranty or guarantee of this work product.

For the purposes of this reserve analysis, it has been assumed that all components have been installed properly, no construction defects exist and all components are operational. Additionally, it has been assumed that all components will be maintained properly in the future.

Representations set forth in this reserve analysis are based on the best information and estimates of the preparer as of the date of this analysis. These estimates are subject to change. This reserve analysis includes estimates of replacement costs and life expectancies as well as assumptions regarding future events. Some estimates are projections of future events based on information currently available and are not necessarily indicative of the actual future outcome. The longer the time period between the estimate and the estimated event, the more likely the possibility of error and/or discrepancy. For example, some assumptions inevitably will not materialize and unanticipated events and circumstances may occur subsequent to the preparation of this reserve analysis. Therefore, the actual replacement costs and remaining lives may vary from this reserve analysis and the variation may be significant. Additionally, inflation and other economic events may impact this reserve analysis, particularly over an extended period of time and those events could have a significant and negative impact on the accuracy of this reserve analysis and, further, the funds available to meet the association's obligation for repair, replacement or other maintenance of major components during their estimated useful life. Furthermore, the occurrence of vandalism, severe weather conditions, climate change, earthquakes, floods, acts of nature or other unforeseen events cannot be predicted and/or accounted for and are excluded when assessing life expectancy, repair and/or replacement costs of the reserve components.

Colonia Encantada
Distribution of Current Reserve Funds
Sorted by Remaining Life; Alphabetical

	Remaining Life	Fully Funded Balance	Assigned Reserves
Clubhouse Tower: Contractor Restroom (Remodel)	0	\$6,000.00	\$6,000.00
Grounds: Main Water Distribution & Irrigation	0	\$5,000.00	\$5,000.00
Grounds: Water Fountain, Entrance (Retile)	0	\$12,000.00	\$12,000.00
Main Pool: Heater	0	\$4,500.00	\$4,500.00
Roofs: Tile (Clubhouse - Tower)	0	\$4,500.00	\$4,500.00
Security: Gate Operators (Exit Gates)	0	\$14,000.00	\$14,000.00
Clubhouse: HVAC (Roof)	1	\$8,866.67	\$8,866.67
Streets: Asphalt Crack Sealing	1	\$1,000.00	\$1,000.00
Clubhouse: Health Club Equipment	2	\$1,000.00	\$1,000.00
Roofs: Tile (Clubhouse - Main Building)	2	\$23,696.81	\$23,696.81
Roofs: Tile (Guardhouse)	2	\$6,893.62	\$6,893.62
Roofs: Tile (West Pool Ramada)	2	\$7,539.89	\$7,539.89
Main Pool Area: Deck Recoat	3	\$933.33	\$933.33
Main Pool Area: Deck Resurface	3	\$12,704.21	\$12,704.21
Main Pool: Filter	3	\$1,666.67	\$1,666.67
Main Pool: Resurface & Retile	3	\$17,777.78	\$17,777.78
Main Spa: Resurface (Pebble) & Retile	3	\$5,777.78	\$5,777.78
Paint: Buildings, Walls & Fencing	3	\$22,857.14	\$22,857.14
Streets: Asphalt Seal Coat	3	\$3,875.00	\$3,875.00
Tennis Courts: Light Fixtures	3	\$15,923.08	\$15,923.08
Tennis Courts: Resurface	3	\$116,571.43	\$116,571.43
West Pool Area: Deck Recoat	3	\$658.33	\$658.33
West Pool Area: Deck Resurface	3	\$8,981.05	\$8,981.05
Main Pool Area: Drinking Fountain	4	\$880.00	\$880.00
Roof: Flat, Foam, Repair & Recoat (Pool Ramada)	4	\$1,111.58	\$1,111.58
Roofs: Flat, Foam, Repair & Recoat (Clubhouse)	4	\$4,081.58	\$4,081.58
West Pool: Filter	4	\$1,386.60	\$1,386.60
Fencing & Gates: Wrought Iron (Main Pool)	5	\$3,825.00	\$3,825.00
Gates: Wrought Iron (Emergency)	6	\$4,000.00	\$4,000.00
Main Pool Area: Furniture	6	\$13,200.00	\$13,200.00
West Pool Area: Furniture	6	\$2,800.00	\$2,800.00
Clubhouse: HVAC (Ground)	7	\$5,307.26	\$5,307.26
Clubhouse: Treadmill	7	\$1,050.00	\$1,050.00
Grounds: Monument Signs (Numbers & Letters)	7	\$3,737.50	\$3,737.50
Main Spa: Heater	7	\$456.25	\$456.25
Grounds: Concrete Repairs/Replacements	8	\$1,000.00	\$1,000.00
Streets: Asphalt Repairs	8	\$11,337.20	\$11,337.20

Colonia Encantada
Distribution of Current Reserve Funds
Sorted by Remaining Life; Alphabetical

	Remaining Life	Fully Funded Balance	Assigned Reserves
Guardhouse: Fabric Awnings	9	\$337.71	\$337.71
Pools/Spas: Pumps & Motors	9	\$700.00	\$700.00
West Pool: Resurface & Retile	9	\$9,600.00	\$9,600.00
Grounds: Irrigation Controllers, Etc.	10	\$2,978.72	\$2,978.72
Fencing & Gates: Wrought Iron (Dog Park)	12	\$1,430.00	\$1,430.00
Fencing & Gates: Wrought Iron (Entrance/Exit)	12	\$14,300.00	\$14,300.00
Guardhouse: HVAC (Ductless Split)	12	\$1,346.15	\$1,346.15
Security: Gate Operators (Entrance Gates)	13	\$1,866.67	\$1,866.67
Grounds: Main Sewer Lines	15	\$0.00	\$0.00
Gate: Wrought Iron (West Pool Entrance)	16	\$536.67	\$536.67
Main Spa: Filter	17	\$64.01	\$64.01
Gate: Wrought Iron (Main Pool Equipment Area)	19	\$305.62	\$305.62
Gate: Wrought Iron (West Pool Equipment Area)	19	\$305.62	\$305.62
Clubhouse/Guardhouse: Remodel	21	\$43,500.00	\$1,307.07
Streets: Asphalt Remove & Replace	27	\$72,941.54	\$0.00
Fencing: Wrought Iron (McCormick Pkwy)	29	\$8.55	\$0.00
Grounds: Granite Replenishment (Unfunded)	n.a.	\$0.00	\$0.00
Contingency	n.a.	\$0.00	\$0.00
Total	0-29	\$507,117.02	\$391,974.00
Percent Funded			77.29%

Colonia Encantada
Projections
Directed Cash Flow Method

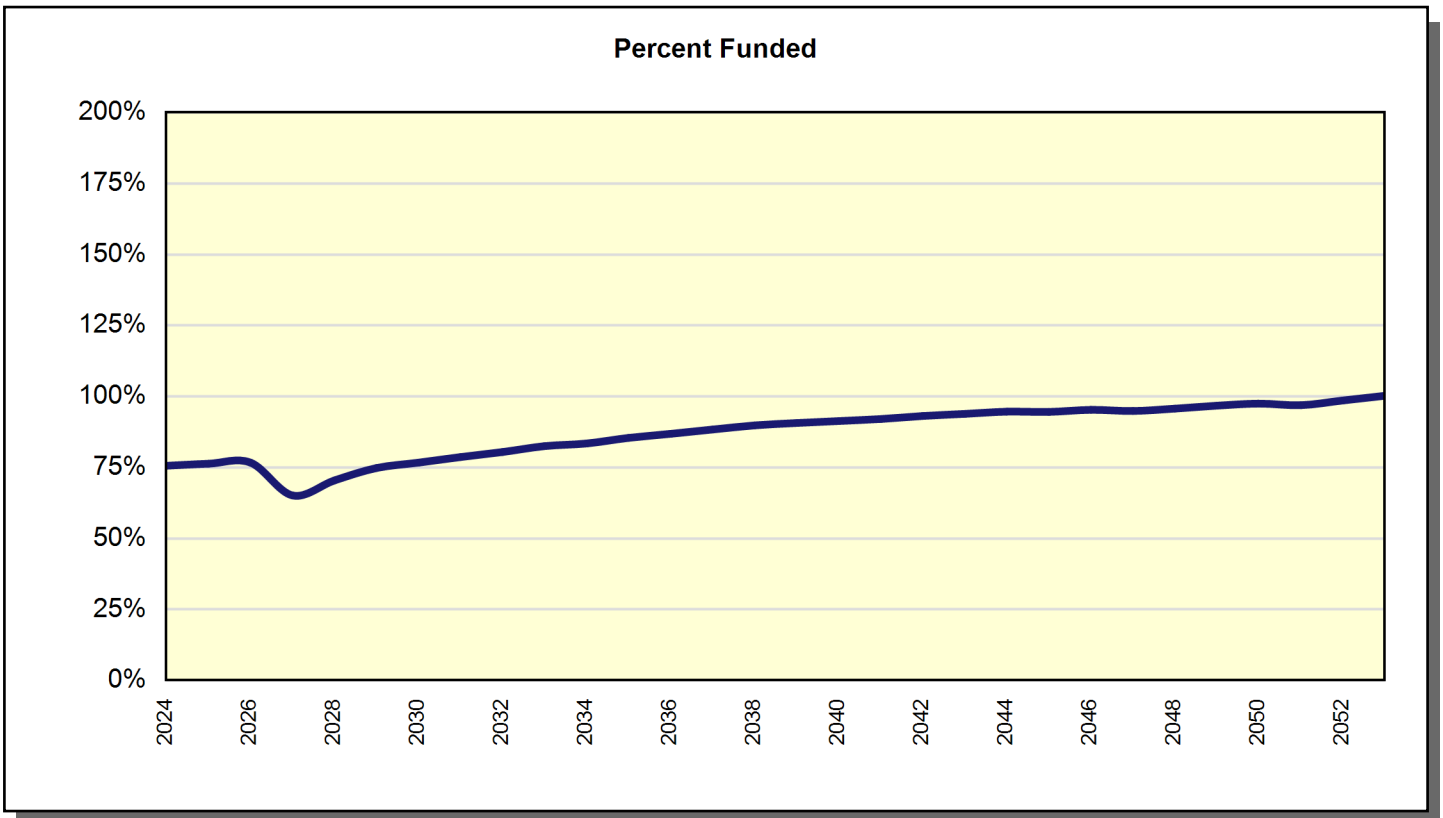
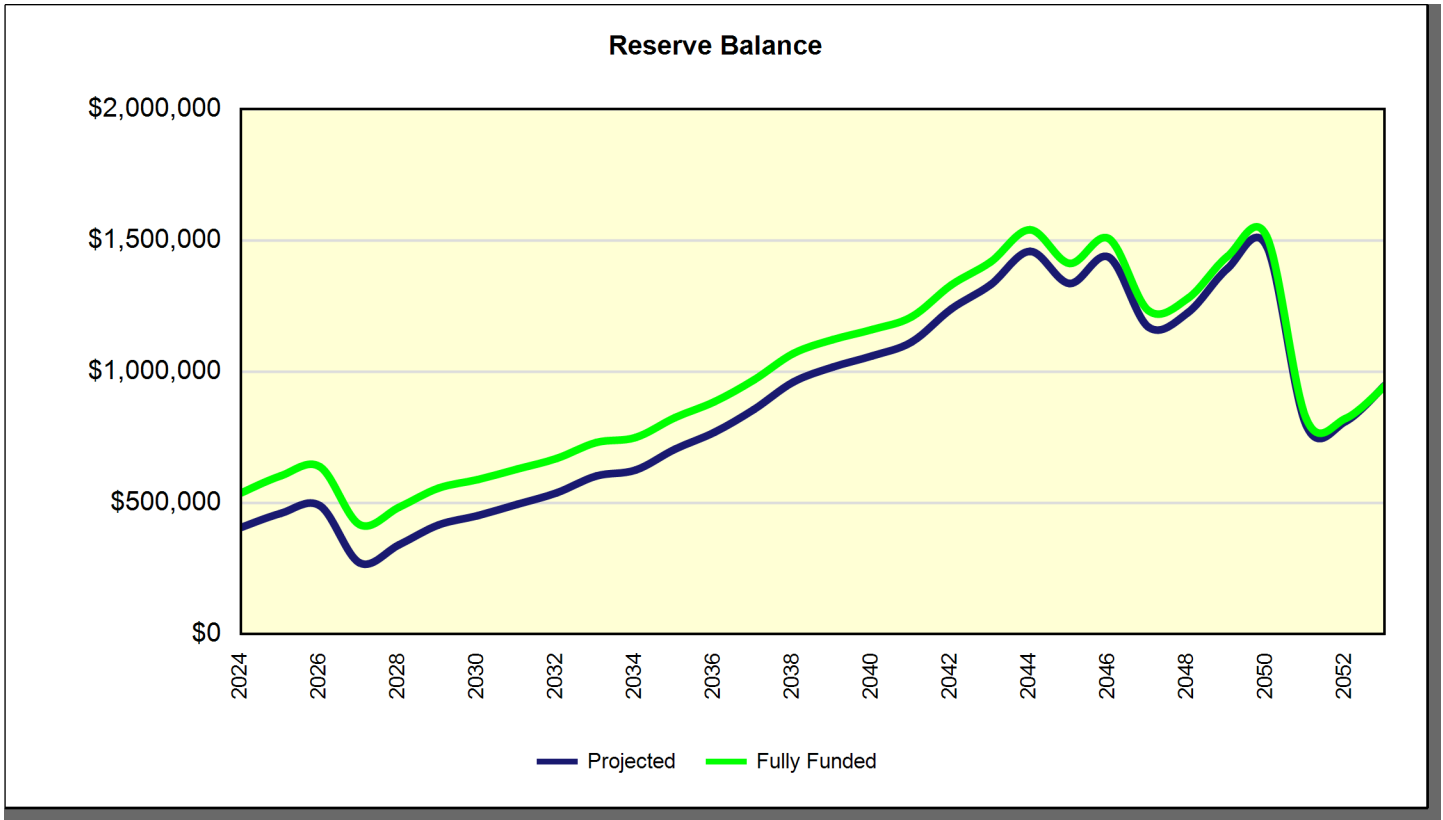
Fiscal Year	Beginning Balance	Member Contribution	Interest Contribution	Expenses	Ending Balance	Fully Funded Balance	Percent Funded
2024	\$391,974	\$52,569	\$9,167	\$46,000	\$407,710	\$539,142	76%
2025	\$407,710	\$60,034	\$10,359	\$16,995	\$461,108	\$603,929	76%
2026	\$461,108	\$68,559	\$10,943	\$50,738	\$489,872	\$638,412	77%
2027	\$489,872	\$78,294	\$5,563	\$301,075	\$272,654	\$418,430	65%
2028	\$272,654	\$80,651	\$7,194	\$19,100	\$341,398	\$484,353	70%
2029	\$341,398	\$83,078	\$8,989	\$16,520	\$416,946	\$557,171	75%
2030	\$416,946	\$85,579	\$9,819	\$59,703	\$452,641	\$589,953	77%
2031	\$452,641	\$88,155	\$10,828	\$55,836	\$495,788	\$630,024	79%
2032	\$495,788	\$90,808	\$11,849	\$58,992	\$539,453	\$670,442	80%
2033	\$539,453	\$93,542	\$13,357	\$43,038	\$603,314	\$730,966	83%
2034	\$603,314	\$96,357	\$13,873	\$87,355	\$626,189	\$750,151	83%
2035	\$626,189	\$99,257	\$15,763	\$35,298	\$705,912	\$826,148	85%
2036	\$705,912	\$102,245	\$17,277	\$55,248	\$770,186	\$886,565	87%
2037	\$770,186	\$105,323	\$19,336	\$37,851	\$856,993	\$969,489	88%
2038	\$856,993	\$108,493	\$21,824	\$25,669	\$961,642	\$1,070,309	90%
2039	\$961,642	\$111,759	\$23,154	\$78,132	\$1,018,422	\$1,123,061	91%
2040	\$1,018,422	\$115,122	\$24,143	\$96,523	\$1,061,165	\$1,161,486	91%
2041	\$1,061,165	\$118,588	\$25,380	\$90,931	\$1,114,202	\$1,209,946	92%
2042	\$1,114,202	\$122,157	\$28,364	\$25,153	\$1,239,570	\$1,330,830	93%
2043	\$1,239,570	\$125,834	\$30,555	\$63,801	\$1,332,157	\$1,418,846	94%
2044	\$1,332,157	\$129,622	\$33,577	\$36,122	\$1,459,234	\$1,541,426	95%
2045	\$1,459,234	\$133,523	\$30,567	\$286,485	\$1,336,839	\$1,413,327	95%
2046	\$1,336,839	\$137,542	\$32,931	\$70,513	\$1,436,799	\$1,507,458	95%
2047	\$1,436,799	\$141,682	\$26,445	\$434,130	\$1,170,796	\$1,233,618	95%
2048	\$1,170,796	\$145,947	\$27,714	\$118,857	\$1,225,600	\$1,280,137	96%
2049	\$1,225,600	\$150,340	\$31,703	\$14,656	\$1,392,987	\$1,439,336	97%
2050	\$1,392,987	\$154,865	\$33,700	\$103,516	\$1,478,036	\$1,515,862	98%
2051	\$1,478,036	\$159,527	\$17,179	\$857,501	\$797,240	\$822,279	97%
2052	\$797,240	\$164,328	\$17,457	\$167,648	\$811,378	\$822,762	99%
2053	\$811,378	\$169,275	\$20,734	\$51,809	\$949,577	\$947,027	100%

The client's 2023 budgeted reserve contribution is \$46,032. Based on the reserve schedule of expenses outlined in this report, we have incorporated a 14.20% annual contribution increase from 2024 - 2027, and then a 3.01% annual contribution increase thereafter.

Colonia Encantada

Projection Charts

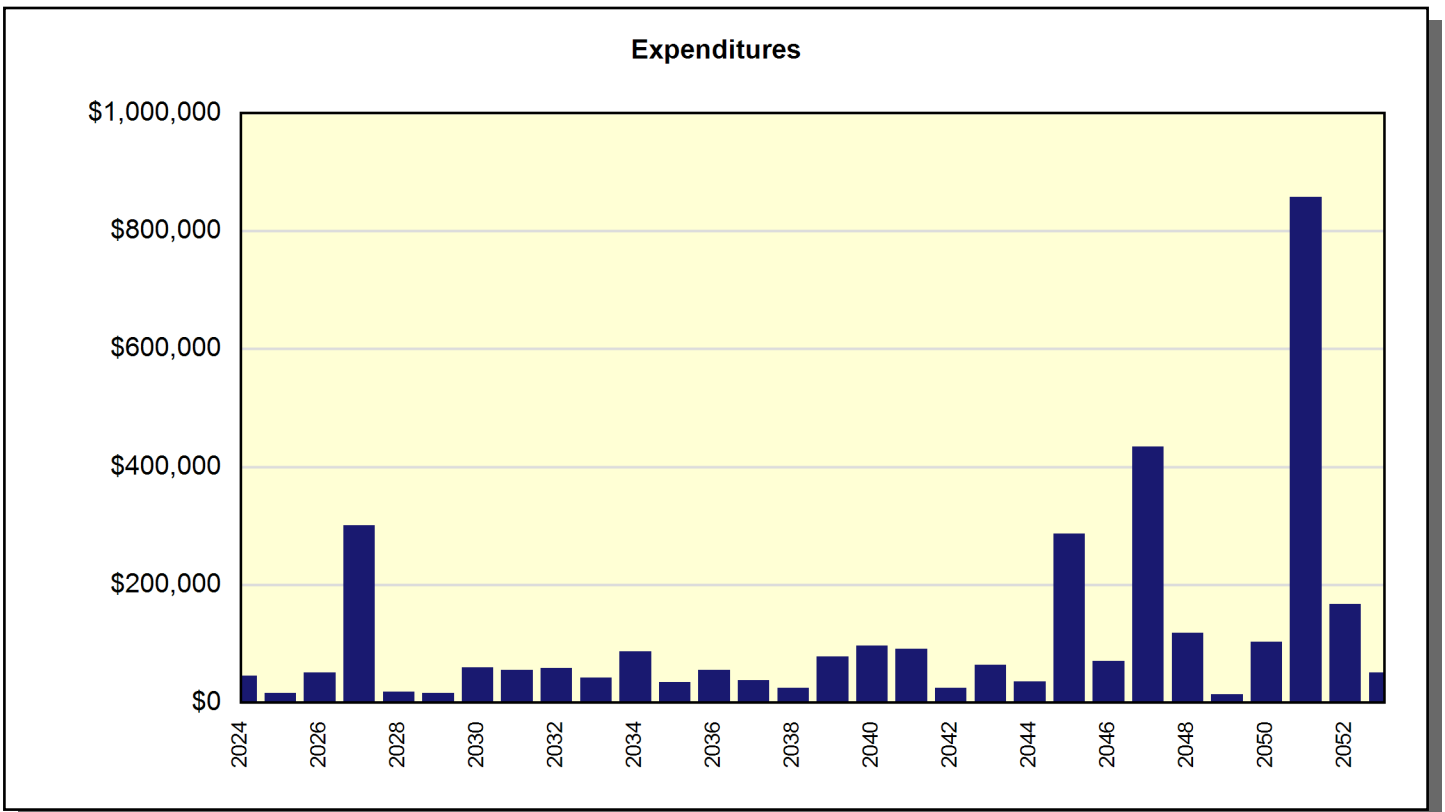
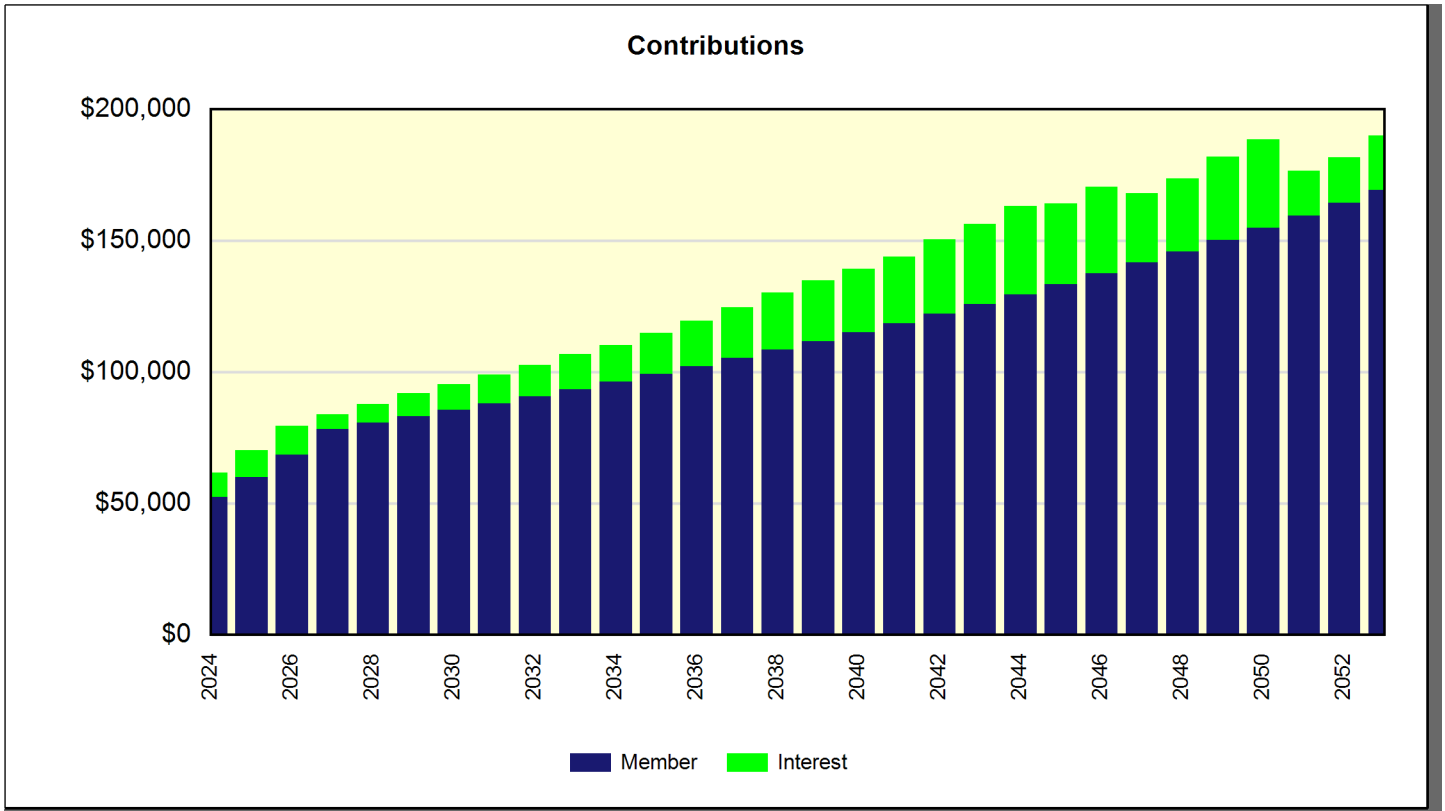
Directed Cash Flow Method



Colonia Encantada

Projection Charts

Directed Cash Flow Method



Colonia Encantada

Annual Expenditures

Sorted by Alphabetical

2024 Fiscal Year

Clubhouse Tower: Contractor Restroom (Remodel)	\$6,000.00
Grounds: Main Water Distribution & Irrigation	\$5,000.00
Grounds: Water Fountain, Entrance (Retile)	\$12,000.00
Main Pool: Heater	\$4,500.00
Roofs: Tile (Clubhouse - Tower)	\$4,500.00
Security: Gate Operators (Exit Gates)	\$14,000.00
Sub Total	\$46,000.00

2025 Fiscal Year

Clubhouse: HVAC (Roof)	\$9,785.00
Grounds: Main Water Distribution & Irrigation	\$5,150.00
Streets: Asphalt Crack Sealing	\$2,060.00
Sub Total	\$16,995.00

2026 Fiscal Year

Clubhouse: Health Club Equipment	\$3,182.70
Grounds: Main Water Distribution & Irrigation	\$5,304.50
Roofs: Tile (Clubhouse - Main Building)	\$26,257.28
Roofs: Tile (Guardhouse)	\$7,638.48
Roofs: Tile (West Pool Ramada)	\$8,354.59
Sub Total	\$50,737.54

2027 Fiscal Year

Grounds: Main Water Distribution & Irrigation	\$5,463.64
Main Pool Area: Deck Recoat	\$3,059.64
Main Pool Area: Deck Resurface	\$16,485.15
Main Pool: Filter	\$2,185.45
Main Pool: Resurface & Retile	\$21,854.54
Main Spa: Resurface (Pebble) & Retile	\$7,102.73
Paint: Buildings, Walls & Fencing	\$43,709.08
Streets: Asphalt Crack Sealing	\$2,185.45
Streets: Asphalt Seal Coat	\$16,937.27
Tennis Courts: Light Fixtures	\$19,669.09
Tennis Courts: Resurface	\$148,610.87
West Pool Area: Deck Recoat	\$2,158.14
West Pool Area: Deck Resurface	\$11,653.93
Sub Total	\$301,074.97

2028 Fiscal Year

Grounds: Main Water Distribution & Irrigation	\$5,627.54
Main Pool Area: Drinking Fountain	\$1,350.61
Roof: Flat, Foam, Repair & Recoat (Pool Ramada)	\$2,160.98

Colonia Encantada
Annual Expenditures
Sorted by Alphabetical

Roofs: Flat, Foam, Repair & Recoat (Clubhouse)	\$7,934.84
West Pool: Filter	\$2,025.92
Sub Total	\$19,099.88

2029 Fiscal Year

Clubhouse: Health Club Equipment	\$3,477.82
Fencing & Gates: Wrought Iron (Main Pool)	\$4,926.91
Grounds: Main Water Distribution & Irrigation	\$5,796.37
Streets: Asphalt Crack Sealing	\$2,318.55
Sub Total	\$16,519.66

2030 Fiscal Year

Gates: Wrought Iron (Emergency)	\$5,970.26
Grounds: Main Water Distribution & Irrigation	\$5,970.26
Main Pool Area: Furniture	\$39,403.73
West Pool Area: Furniture	\$8,358.37
Sub Total	\$59,702.61

2031 Fiscal Year

Clubhouse: HVAC (Ground)	\$12,298.74
Clubhouse: Treadmill	\$4,304.56
Grounds: Main Water Distribution & Irrigation	\$6,149.37
Grounds: Monument Signs (Numbers & Letters)	\$7,071.77
Main Spa: Heater	\$4,489.04
Streets: Asphalt Crack Sealing	\$2,459.75
Streets: Asphalt Seal Coat	\$19,063.04
Sub Total	\$55,836.27

2032 Fiscal Year

Clubhouse: Health Club Equipment	\$3,800.31
Grounds: Concrete Repairs/Replacements	\$6,333.85
Grounds: Main Water Distribution & Irrigation	\$6,333.85
Main Pool Area: Deck Recoat	\$3,546.96
Main Pool: Heater	\$5,700.47
Streets: Asphalt Repairs	\$30,774.91
West Pool Area: Deck Recoat	\$2,501.87
Sub Total	\$58,992.22

2033 Fiscal Year

Grounds: Main Water Distribution & Irrigation	\$6,523.87
Guardhouse: Fabric Awnings	\$5,199.52
Pools/Spas: Pumps & Motors	\$9,133.41
Streets: Asphalt Crack Sealing	\$2,609.55

Colonia Encantada
Annual Expenditures
Sorted by Alphabetical

West Pool: Resurface & Retile	\$19,571.60
Sub Total	\$43,037.94
 <u>2034 Fiscal Year</u>	
Grounds: Irrigation Controllers, Etc.	\$26,878.33
Grounds: Main Water Distribution & Irrigation	\$6,719.58
Paint: Buildings, Walls & Fencing	\$53,756.66
Sub Total	\$87,354.56
 <u>2035 Fiscal Year</u>	
Clubhouse: Health Club Equipment	\$4,152.70
Grounds: Main Water Distribution & Irrigation	\$6,921.17
Streets: Asphalt Crack Sealing	\$2,768.47
Streets: Asphalt Seal Coat	\$21,455.63
Sub Total	\$35,297.96
 <u>2036 Fiscal Year</u>	
Fencing & Gates: Wrought Iron (Dog Park)	\$3,920.84
Fencing & Gates: Wrought Iron (Entrance/Exit)	\$39,208.42
Grounds: Main Water Distribution & Irrigation	\$7,128.80
Guardhouse: HVAC (Ductless Split)	\$4,990.16
Sub Total	\$55,248.23
 <u>2037 Fiscal Year</u>	
Grounds: Main Water Distribution & Irrigation	\$7,342.67
Main Pool Area: Deck Recoat	\$4,111.89
Security: Gate Operators (Entrance Gates)	\$20,559.47
Streets: Asphalt Crack Sealing	\$2,937.07
West Pool Area: Deck Recoat	\$2,900.35
Sub Total	\$37,851.46
 <u>2038 Fiscal Year</u>	
Clubhouse: Health Club Equipment	\$4,537.77
Grounds: Main Water Distribution & Irrigation	\$7,562.95
Roof: Flat, Foam, Repair & Recoat (Pool Ramada)	\$2,904.17
Roofs: Flat, Foam, Repair & Recoat (Clubhouse)	\$10,663.76
Sub Total	\$25,668.65
 <u>2039 Fiscal Year</u>	
Grounds: Main Sewer Lines	\$15,579.67
Grounds: Main Water Distribution & Irrigation	\$7,789.84
Main Spa: Heater	\$5,686.58
Security: Gate Operators (Exit Gates)	\$21,811.54

Colonia Encantada
Annual Expenditures
Sorted by Alphabetical

Streets: Asphalt Crack Sealing	\$3,115.93
Streets: Asphalt Seal Coat	\$24,148.50
Sub Total	\$78,132.07

2040 Fiscal Year

Clubhouse: HVAC (Roof)	\$15,244.71
Gate: Wrought Iron (West Pool Entrance)	\$1,845.41
Grounds: Main Water Distribution & Irrigation	\$8,023.53
Main Pool Area: Furniture	\$52,955.31
Main Pool: Heater	\$7,221.18
West Pool Area: Furniture	\$11,232.95
Sub Total	\$96,523.09

2041 Fiscal Year

Clubhouse: Health Club Equipment	\$4,958.54
Clubhouse: Treadmill	\$5,784.97
Grounds: Main Water Distribution & Irrigation	\$8,264.24
Main Spa: Filter	\$2,504.06
Paint: Buildings, Walls & Fencing	\$66,113.91
Streets: Asphalt Crack Sealing	\$3,305.70
Sub Total	\$90,931.41

2042 Fiscal Year

Grounds: Concrete Repairs/Replacements	\$8,512.17
Grounds: Main Water Distribution & Irrigation	\$8,512.17
Main Pool Area: Deck Recoat	\$4,766.81
West Pool Area: Deck Recoat	\$3,362.31
Sub Total	\$25,153.45

2043 Fiscal Year

Gate: Wrought Iron (Main Pool Equipment Area)	\$1,490.48
Gate: Wrought Iron (West Pool Equipment Area)	\$1,490.48
Grounds: Main Water Distribution & Irrigation	\$8,767.53
Guardhouse: Fabric Awnings	\$6,987.72
Main Pool Area: Drinking Fountain	\$2,104.21
Pools/Spas: Pumps & Motors	\$12,274.54
Streets: Asphalt Crack Sealing	\$3,507.01
Streets: Asphalt Seal Coat	\$27,179.34
Sub Total	\$63,801.32

2044 Fiscal Year

Clubhouse: Health Club Equipment	\$5,418.33
Grounds: Main Water Distribution & Irrigation	\$9,030.56

Colonia Encantada
Annual Expenditures
Sorted by Alphabetical

Grounds: Water Fountain, Entrance (Retile)	\$21,673.33
Sub Total	\$36,122.22

2045 Fiscal Year

Clubhouse/Guardhouse: Remodel	\$269,742.71
Grounds: Main Water Distribution & Irrigation	\$9,301.47
Main Pool: Filter	\$3,720.59
Streets: Asphalt Crack Sealing	\$3,720.59
Sub Total	\$286,485.36

2046 Fiscal Year

Clubhouse: HVAC (Ground)	\$19,161.03
Grounds: Irrigation Controllers, Etc.	\$38,322.07
Grounds: Main Water Distribution & Irrigation	\$9,580.52
West Pool: Filter	\$3,448.99
Sub Total	\$70,512.61

2047 Fiscal Year

Clubhouse: Health Club Equipment	\$5,920.76
Grounds: Main Water Distribution & Irrigation	\$9,867.93
Main Pool Area: Deck Recoat	\$5,526.04
Main Pool Area: Deck Resurface	\$29,774.02
Main Spa: Heater	\$7,203.59
Streets: Asphalt Crack Sealing	\$3,947.17
Streets: Asphalt Repairs	\$47,946.31
Streets: Asphalt Seal Coat	\$30,590.59
Tennis Courts: Resurface	\$268,407.77
West Pool Area: Deck Recoat	\$3,897.83
West Pool Area: Deck Resurface	\$21,048.30
Sub Total	\$434,130.32

2048 Fiscal Year

Grounds: Main Water Distribution & Irrigation	\$10,163.97
Main Pool: Heater	\$9,147.57
Paint: Buildings, Walls & Fencing	\$81,311.76
Roof: Flat, Foam, Repair & Recoat (Pool Ramada)	\$3,902.96
Roofs: Flat, Foam, Repair & Recoat (Clubhouse)	\$14,331.20
Sub Total	\$118,857.47

2049 Fiscal Year

Grounds: Main Water Distribution & Irrigation	\$10,468.89
Streets: Asphalt Crack Sealing	\$4,187.56

Colonia Encantada
Annual Expenditures
Sorted by Alphabetical

Sub Total	\$14,656.45
<u>2050 Fiscal Year</u>	
Clubhouse: Health Club Equipment	\$6,469.77
Grounds: Main Water Distribution & Irrigation	\$10,782.96
Main Pool Area: Furniture	\$71,167.51
West Pool Area: Furniture	\$15,096.14
Sub Total	\$103,516.38
<u>2051 Fiscal Year</u>	
Clubhouse: Treadmill	\$7,774.51
Grounds: Main Water Distribution & Irrigation	\$11,106.45
Grounds: Monument Signs (Numbers & Letters)	\$12,772.41
Streets: Asphalt Crack Sealing	\$4,442.58
Streets: Asphalt Remove & Replace	\$786,974.93
Streets: Asphalt Seal Coat	\$34,429.98
Sub Total	\$857,500.85
<u>2052 Fiscal Year</u>	
Grounds: Concrete Repairs/Replacements	\$11,439.64
Grounds: Main Water Distribution & Irrigation	\$11,439.64
Main Pool Area: Deck Recoat	\$6,406.20
Main Pool: Resurface & Retile	\$45,758.55
Main Spa: Resurface (Pebble) & Retile	\$14,871.53
Security: Gate Operators (Entrance Gates)	\$32,030.99
Tennis Courts: Light Fixtures	\$41,182.70
West Pool Area: Deck Recoat	\$4,518.66
Sub Total	\$167,647.90
<u>2053 Fiscal Year</u>	
Clubhouse: Health Club Equipment	\$7,069.70
Fencing: Wrought Iron (McCormick Pkwy)	\$2,356.57
Grounds: Main Water Distribution & Irrigation	\$11,782.83
Guardhouse: Fabric Awnings	\$9,390.91
Pools/Spas: Pumps & Motors	\$16,495.96
Streets: Asphalt Crack Sealing	\$4,713.13
Sub Total	\$51,809.09

Colonia Encantada

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Streets: Asphalt Crack Sealing

Category	010 Streets	Quantity	1 total
		Unit Cost	\$2,000.00
		% of Replacement	100.00%
		Current Cost	\$2,000.00
Placed In Service	01/2023	Future Cost	\$2,060.00
Useful Life	2		
		Assigned Reserves at FYB	\$1,000.00
Remaining Life	1	Monthly Member Contribution	\$98.66
Replacement Year	2025	Monthly Interest Contribution	\$3.06
		Total Monthly Contribution	\$101.72

The asphalt was crack sealed & seal coated by Roadrunner Paving in October 2022. Going forward, the client has advised us to budget for crack sealing to occur in 2025, and then on a two year cycle. For budgeting purposes we have used an estimated cost of \$2,000.

Colonia Encantada

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Streets: Asphalt Remove & Replace

Category	010 Streets	Quantity	101,225 sq. ft.
		Unit Cost	\$3.50
		% of Replacement	100.00%
		Current Cost	\$354,287.50
Placed In Service	01/2017	Future Cost	\$786,974.93
Useful Life	34		
		Assigned Reserves at FYB	\$0.00
Remaining Life	27	Monthly Member Contribution	\$255.56
Replacement Year	2051	Monthly Interest Contribution	\$2.52
		Total Monthly Contribution	\$258.08

The community asphalt was removed & replaced in 2017 at a cost of \$240,000.

Colonia Encantada

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Streets: Asphalt Repairs

Category	010 Streets	Quantity	101,225 sq. ft.
		Unit Cost	\$6.00
		% of Replacement	4.00%
		Current Cost	\$24,294.00
Placed In Service	01/2017	Future Cost	\$30,774.91
Useful Life	15		
		Assigned Reserves at FYB	\$11,337.20
Remaining Life	8	Monthly Member Contribution	\$112.98
Replacement Year	2032	Monthly Interest Contribution	\$24.73
		Total Monthly Contribution	\$137.71

It is estimated that a percentage of the asphalt areas will require repair or replacement. The actual condition of the asphalt should be monitored through time and the estimate adjusted accordingly. The accumulated funds should be used for repairs on an "as needed" basis.

Colonia Encantada

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Streets: Asphalt Seal Coat

Category	010 Streets	Quantity	1 total
		Unit Cost	\$15,500.00
		% of Replacement	100.00%
		Current Cost	\$15,500.00
Placed In Service	01/2023	Future Cost	\$16,937.27
Useful Life	4		
		Assigned Reserves at FYB	\$3,875.00
Remaining Life	3	Monthly Member Contribution	\$345.05
Replacement Year	2027	Monthly Interest Contribution	\$11.47
		Total Monthly Contribution	\$356.52

The asphalt was crack sealed & seal coated by Roadrunner Paving in October 2022 at a cost of \$14,295. Going forward, the client has advised us to account for crack sealing separately. This component budgets to seal coat on a continuous four (4) year cycle.

It should be noted that the repair/seal coat and rehabilitation components are budgeted to occur in the same budget year. It is recommended that the asphalt be seal coated within 6 months of rehabilitation. Therefore, this component appears in the same year as the rehabilitation project. If the Association chooses not to seal coat within 6 months of rehabilitation, the accumulated funds can be used for any additional expenses associated with the rehabilitation, or remain in the reserve account to be reallocated to other future projects.

Colonia Encantada
Component Detail
Directed Cash Flow Calculation Method; Sorted By Category

Roof: Flat, Foam, Repair & Recoat (Pool Ramada)

Category	020 Roofing	Quantity	640 sq. ft.
		Unit Cost	\$3.00
		% of Replacement	100.00%
		Current Cost	\$1,920.00
Placed In Service	07/2018	Future Cost	\$2,160.98
Useful Life	10		
		Assigned Reserves at FYB	\$1,111.58
Remaining Life	4	Monthly Member Contribution	\$17.46
Replacement Year	2028	Monthly Interest Contribution	\$2.49
		Total Monthly Contribution	\$19.94

The flat, built-up roof atop the main pool area ramada was removed & replaced with a foam roof in 2018 by Roofing Consultants of Arizona, Inc. at a cost of \$4,580. This component budgets to repair & recoat this foam roof on a continuous 10 year cycle.

NOTE: No provision has been included to replace the foam roof. If maintained & recoated as recommended, the foam roof should last indefinitely.

Colonia Encantada
Component Detail
Directed Cash Flow Calculation Method; Sorted By Category

Roofs: Flat, Foam, Repair & Recoat (Clubhouse)

Category	020 Roofing	Quantity	2,350 sq. ft.
		Unit Cost	\$3.00
		% of Replacement	100.00%
		Current Cost	\$7,050.00
Placed In Service	07/2018	Future Cost	\$7,934.84
Useful Life	10		
		Assigned Reserves at FYB	\$4,081.58
Remaining Life	4	Monthly Member Contribution	\$64.10
Replacement Year	2028	Monthly Interest Contribution	\$9.13
		Total Monthly Contribution	\$73.23

The following work was completed in 2018 by Roofing Consultants of Arizona, Inc.:

- west side foam roof was removed & replaced (10 year warranty)
- east side foam roof was repaired & recoated (10 year warranty)

This component budgets to repair & recoat these foam roofs on a continuous 10 year cycle.

NOTE: No provision has been included to replace the foam roofs. If maintained & recoated as recommended, the foam roofs should last indefinitely.

Colonia Encantada

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Roofs: Tile (Clubhouse - Main Building)

Category	020 Roofing	Quantity	1,100 sq. ft.
		Unit Cost	\$22.50
		% of Replacement	100.00%
		Current Cost	\$24,750.00
Placed In Service	01/1979	Future Cost	\$26,257.28
Useful Life	30		
Adjustment	+17	Assigned Reserves at FYB	\$23,696.81
Remaining Life	2	Monthly Member Contribution	\$60.32
Replacement Year	2026	Monthly Interest Contribution	\$49.96
		Total Monthly Contribution	\$110.27

This component budgets to replace the two sections of tile roofing (mortar set tiles & underlayment) atop the clubhouse by 2026, and then on a 30 year cycle.

Colonia Encantada

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Roofs: Tile (Clubhouse - Tower)

Category	020 Roofing	Quantity	1 total
		Unit Cost	\$4,500.00
		% of Replacement	100.00%
		Current Cost	\$4,500.00
Placed In Service	01/1979	Future Cost	\$10,922.68
Useful Life	30		
		Assigned Reserves at FYB	\$4,500.00
Remaining Life	0	Monthly Member Contribution	\$2.34
Replacement Year	2024	Monthly Interest Contribution	\$0.02
		Total Monthly Contribution	\$2.37

Per the client, the clubhouse tower roof (mortar set tiles & underlayment) will be replaced in 2024 by ProWest at a cost of \$4,500. This component budgets to replace this tile roof system on a 30 year cycle going forward.

Colonia Encantada

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Roofs: Tile (Guardhouse)

Category	020 Roofing	Quantity	320 sq. ft.
		Unit Cost	\$22.50
		% of Replacement	100.00%
		Current Cost	\$7,200.00
Placed In Service	01/1979	Future Cost	\$7,638.48
Useful Life	30		
Adjustment	+17	Assigned Reserves at FYB	\$6,893.62
Remaining Life	2	Monthly Member Contribution	\$17.55
Replacement Year	2026	Monthly Interest Contribution	\$14.53
		Total Monthly Contribution	\$32.08

This component budgets to replace the tile roofing (mortar set tiles & underlayment) atop the guardhouse by 2026, and then on a 30 year cycle.

Colonia Encantada

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Roofs: Tile (West Pool Ramada)

Category	020 Roofing	Quantity	350 sq. ft.
		Unit Cost	\$22.50
		% of Replacement	100.00%
		Current Cost	\$7,875.00
Placed In Service	01/1979	Future Cost	\$8,354.59
Useful Life	30		
Adjustment	+17	Assigned Reserves at FYB	\$7,539.89
Remaining Life	2	Monthly Member Contribution	\$19.19
Replacement Year	2026	Monthly Interest Contribution	\$15.90
		Total Monthly Contribution	\$35.09

This component budgets to replace the tile roofing (mortar set tiles & underlayment) atop the west pool ramada by 2026, and then on a 30 year cycle.

Colonia Encantada

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Paint: Buildings, Walls & Fencing
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Category	030 Painting	Quantity	1 total
		Unit Cost	\$40,000.00
		% of Replacement	100.00%
		Current Cost	\$40,000.00
Placed In Service	01/2020	Future Cost	\$43,709.08
Useful Life	7		
		Assigned Reserves at FYB	\$22,857.14
Remaining Life	3	Monthly Member Contribution	\$516.49
Replacement Year	2027	Monthly Interest Contribution	\$52.71
		Total Monthly Contribution	\$569.20

The common area components were repaired & repainted before the end of 2019 at a cost of \$32,700. As requested by the client, this component budgets to repair & repaint the following components every seven (7) years:

- common area site walls & wrought iron
- clubhouse, tower, ramada & walls at the main pool area
- ramada & walls at the west pool area
- guardhouse exteriors

NOTE: \$4,200 was spent in 2022 to repair/repaint the frontage wall & monument sign wall/letters, and \$980 was spent in 2023 to repair/repaint walls at the dog park, and the emergency vehicle gates along McCormick Pkwy. These components will be repainted with the rest of the components in 2027.

Colonia Encantada

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Fencing & Gates: Wrought Iron (Dog Park)

Category	040 Fencing/Gates	Quantity	1 total
		Unit Cost	\$2,750.00
		% of Replacement	100.00%
		Current Cost	\$2,750.00
Placed In Service	01/2011	Future Cost	\$3,920.84
Useful Life	25		
		Assigned Reserves at FYB	\$1,430.00
Remaining Life	12	Monthly Member Contribution	\$6.23
Replacement Year	2036	Monthly Interest Contribution	\$3.04
		Total Monthly Contribution	\$9.27

This component includes a provision to replace the following wrought iron components at the dog park:

- 12 - LF of 5'3" fencing
- 2 - 5'3" x 2'9" pedestrian gates
- 1 - 5'3" x 3'9" pedestrian gate

Colonia Encantada

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Fencing & Gates: Wrought Iron (Entrance/Exit)

Category	040 Fencing/Gates	Quantity	1 total
		Unit Cost	\$27,500.00
		% of Replacement	100.00%
		Current Cost	\$27,500.00
Placed In Service	01/2011	Future Cost	\$39,208.42
Useful Life	25		
		Assigned Reserves at FYB	\$14,300.00
Remaining Life	12	Monthly Member Contribution	\$62.33
Replacement Year	2036	Monthly Interest Contribution	\$30.40
		Total Monthly Contribution	\$92.73

This component includes a provision to replace the following wrought iron components at the community entrance/exit area:

- 140 - LF of 4'10" fencing
 - 1 - 4'9" x 3'7" pedestrian gate
 - 1 - 4'10" x 3'4" pedestrian gate (tower)
 - 1 - 5'10" x 3'7" pedestrian gate
 - 2 - 7'8" x 10'9" vehicle gates
 - 2 - 7'8" x 11'10" vehicle gates

Colonia Encantada

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Fencing & Gates: Wrought Iron (Main Pool)

Category	040 Fencing/Gates	Quantity	1 total
		Unit Cost	\$4,250.00
		% of Replacement	100.00%
		Current Cost	\$4,250.00
Placed In Service	01/1979	Future Cost	\$4,926.91
Useful Life	30		
Adjustment	+20	Assigned Reserves at FYB	\$3,825.00
Remaining Life	5	Monthly Member Contribution	\$8.30
Replacement Year	2029	Monthly Interest Contribution	\$8.05
		Total Monthly Contribution	\$16.35

This component includes a provision to replace the following wrought iron components at the main pool area:

- 19 - LF of 4'8" fencing
- 1 - 4'8" x 2'9" pedestrian gate
- 1 - 4'10" x 3'1" pedestrian gate
- 1 - 5'4" x 3'5" pedestrian gate

The useful life has been extended due to its present condition.

Colonia Encantada

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Fencing: Wrought Iron (McCormick Pkwy)

Category	040 Fencing/Gates	Quantity	1 total
		Unit Cost	\$1,000.00
		% of Replacement	100.00%
		Current Cost	\$1,000.00
Placed In Service	10/2023	Future Cost	\$2,356.57
Useful Life	30		
		Assigned Reserves at FYB	\$0.00
Remaining Life	29	Monthly Member Contribution	\$0.58
Replacement Year	2053	Monthly Interest Contribution	\$0.01
		Total Monthly Contribution	\$0.59

The client has advised us that the four, 4' wrought iron fence panels within the perimeter wall along McCormick Parkway will be replaced in late 2023 at a cost of \$1,000 (expense is reflected in the January 1, 2024 reserve balance used to calculate this report). This component budgets to replace these panels on a 30 year cycle.

NOTE: The client has advised us that the east perimeter wrought iron fencing at lots that faces the golf course at lots 1 - 18 is the responsibility of the individual lot owners to maintain & replace.

Colonia Encantada
Component Detail
Directed Cash Flow Calculation Method; Sorted By Category

Gate: Wrought Iron (Main Pool Equipment Area)

Category	040 Fencing/Gates	Quantity	1 gate
		Unit Cost	\$850.00
		% of Replacement	100.00%
		Current Cost	\$850.00
Placed In Service	05/2013	Future Cost	\$1,490.48
Useful Life	30		
		Assigned Reserves at FYB	\$305.62
Remaining Life	19	Monthly Member Contribution	\$1.03
Replacement Year	2043	Monthly Interest Contribution	\$0.65
		Total Monthly Contribution	\$1.67

The wrought iron pool equipment enclosure gate (5'6" x 3') was replaced in May 2013 at a cost of \$500.

Colonia Encantada
Component Detail
Directed Cash Flow Calculation Method; Sorted By Category

Gate: Wrought Iron (West Pool Entrance)

Category	040 Fencing/Gates	Quantity	1 gate
		Unit Cost	\$1,150.00
		% of Replacement	100.00%
		Current Cost	\$1,150.00
Placed In Service	01/2010	Future Cost	\$1,845.41
Useful Life	30		
		Assigned Reserves at FYB	\$536.67
Remaining Life	16	Monthly Member Contribution	\$1.70
Replacement Year	2040	Monthly Interest Contribution	\$1.13
		Total Monthly Contribution	\$2.83

We have estimated that the west pool entrance gate (5'10" x 3'8") was last replaced in 2010.

Colonia Encantada

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Gate: Wrought Iron (West Pool Equipment Area)

Category	040 Fencing/Gates	Quantity	1 gate
		Unit Cost	\$850.00
		% of Replacement	100.00%
		Current Cost	\$850.00
Placed In Service	05/2013	Future Cost	\$1,490.48
Useful Life	30		
		Assigned Reserves at FYB	\$305.62
Remaining Life	19	Monthly Member Contribution	\$1.03
Replacement Year	2043	Monthly Interest Contribution	\$0.65
		Total Monthly Contribution	\$1.67

The wrought iron pool equipment enclosure gate (5'3" x 3') was replaced in May 2013 at a cost of \$500.

Colonia Encantada
Component Detail
Directed Cash Flow Calculation Method; Sorted By Category

Gates: Wrought Iron (Emergency)

Category	040 Fencing/Gates	Quantity	2 gates
		Unit Cost	\$2,500.00
		% of Replacement	100.00%
		Current Cost	\$5,000.00
Placed In Service	01/2000	Future Cost	\$5,970.26
Useful Life	30		
		Assigned Reserves at FYB	\$4,000.00
Remaining Life	6	Monthly Member Contribution	\$14.08
Replacement Year	2030	Monthly Interest Contribution	\$8.47
		Total Monthly Contribution	\$22.55

Based on the current appearance/condition of the emergency vehicle gates (2 - 5'8" x 9'4" gates) we have used 2000 as the basis for aging them.

Location: between the west pool area & Lot 61

Colonia Encantada

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Main Pool Area: Deck Recoat

Category	060 Main Pool & Spa	Quantity	1 total
		Unit Cost	\$2,800.00
		% of Replacement	100.00%
		Current Cost	\$2,800.00
Placed In Service	07/2022	Future Cost	\$3,059.64
Useful Life	5		
		Assigned Reserves at FYB	\$933.33
Remaining Life	3	Monthly Member Contribution	\$55.54
Replacement Year	2027	Monthly Interest Contribution	\$2.49
		Total Monthly Contribution	\$58.04

Approximately \$2,125 was spent in mid-2022 to power wash, repair & recoat (repaint) this pool deck. This component budgets for similar work every five years.

NOTE: In the year that the recoat & resurface projects coincide, the funds available from this component are to be combined with the funds from the resurface component in order to fund the resurfacing project.

Colonia Encantada

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Main Pool Area: Deck Resurface

Category	060 Main Pool & Spa	Quantity	2,235 sq. ft.
		Unit Cost	\$6.75
		% of Replacement	100.00%
		Current Cost	\$15,086.25
Placed In Service	01/2008	Future Cost	\$16,485.15
Useful Life	20		
Adjustment	-1	Assigned Reserves at FYB	\$12,704.21
Remaining Life	3	Monthly Member Contribution	\$76.03
Replacement Year	2027	Monthly Interest Contribution	\$27.21
		Total Monthly Contribution	\$103.24

This component budgets to scarify & resurface the acrylic pool deck surface in 2027, and then on a 20 year cycle. The coating/coloring of the deck following the resurfacing is accounted for in the "Main Pool Area: Deck Recoat" component.

Colonia Encantada

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Main Pool Area: Drinking Fountain

Category	060 Main Pool & Spa	Quantity	1 drinking fountain
		Unit Cost	\$1,200.00
		% of Replacement	100.00%
		Current Cost	\$1,200.00
Placed In Service	01/2013	Future Cost	\$1,350.61
Useful Life	15		
		Assigned Reserves at FYB	\$880.00
Remaining Life	4	Monthly Member Contribution	\$7.10
Replacement Year	2028	Monthly Interest Contribution	\$1.90
		Total Monthly Contribution	\$9.00

This is an Elkay, floor mounted, chilled drinking fountain at the pool ramada (repaired in 2023).

Colonia Encantada
Component Detail
Directed Cash Flow Calculation Method; Sorted By Category

Main Pool Area: Furniture

Category	060 Main Pool & Spa	Quantity	1 total
		Unit Cost	\$33,000.00
		% of Replacement	100.00%
		Current Cost	\$33,000.00
Placed In Service	01/2020	Future Cost	\$39,403.73
Useful Life	10		
		Assigned Reserves at FYB	\$13,200.00
Remaining Life	6	Monthly Member Contribution	\$253.85
Replacement Year	2030	Monthly Interest Contribution	\$30.00
		Total Monthly Contribution	\$283.85

\$29,000 was spent in 2020 to replace the pool furniture. This component will accumulate a similar amount on a 10 year cycle for the refurbishment/replacement of the pool furniture on an "as needed" basis.

Colonia Encantada

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Main Pool: Filter

Category	060 Main Pool & Spa	Quantity	1 filter
		Unit Cost	\$2,000.00
		% of Replacement	100.00%
		Current Cost	\$2,000.00
Placed In Service	01/2009	Future Cost	\$2,185.45
Useful Life	18		
		Assigned Reserves at FYB	\$1,666.67
Remaining Life	3	Monthly Member Contribution	\$10.59
Replacement Year	2027	Monthly Interest Contribution	\$3.58
		Total Monthly Contribution	\$14.17

This is a Triton II, 4.91 sq. ft. sand filter.

Colonia Encantada

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Main Pool: Heater

Category	060 Main Pool & Spa	Quantity	1 heater
		Unit Cost	\$4,500.00
		% of Replacement	100.00%
		Current Cost	\$4,500.00
Placed In Service	01/2010	Future Cost	\$5,700.47
Useful Life	8		
		Assigned Reserves at FYB	\$4,500.00
Remaining Life	0	Monthly Member Contribution	\$37.92
Replacement Year	2024	Monthly Interest Contribution	\$0.37
		Total Monthly Contribution	\$38.29

This is a Raypak, 399,000 BTU input heater.

Colonia Encantada

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Main Pool: Resurface & Retile

Category	060 Main Pool & Spa	Quantity	1 total
		Unit Cost	\$20,000.00
		% of Replacement	100.00%
		Current Cost	\$20,000.00
Placed In Service	01/2000	Future Cost	\$21,854.54
Useful Life	25		
Adjustment	+2	Assigned Reserves at FYB	\$17,777.78
Remaining Life	3	Monthly Member Contribution	\$73.57
Replacement Year	2027	Monthly Interest Contribution	\$37.76
		Total Monthly Contribution	\$111.33

This component budgets to resurface (pebble) & retile the pool in conjunction with the pool deck resurfacing project in 2027:

- 1,525 - sq. ft. (internal area) of pebble resurfacing
- 121 - LF of trim tile
- 24 - LF of bench tile

Colonia Encantada

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Main Spa: Filter

Category	060 Main Pool & Spa	Quantity	1 filter
		Unit Cost	\$1,515.00
		% of Replacement	100.00%
		Current Cost	\$1,515.00
Placed In Service	04/2023	Future Cost	\$2,504.06
Useful Life	18		
		Assigned Reserves at FYB	\$64.01
Remaining Life	17	Monthly Member Contribution	\$3.33
Replacement Year	2041	Monthly Interest Contribution	\$0.17
		Total Monthly Contribution	\$3.50

This is a Triton II, 1.92 sq. ft. sand filter that was purchased/installed in April 2023 at a cost of \$1,514.97.

Colonia Encantada
Component Detail
Directed Cash Flow Calculation Method; Sorted By Category

Main Spa: Heater

Category	060 Main Pool & Spa	Quantity	1 heater
		Unit Cost	\$3,650.00
		% of Replacement	100.00%
		Current Cost	\$3,650.00
Placed In Service	01/2023	Future Cost	\$4,489.04
Useful Life	8		
		Assigned Reserves at FYB	\$456.25
Remaining Life	7	Monthly Member Contribution	\$32.71
Replacement Year	2031	Monthly Interest Contribution	\$1.27
		Total Monthly Contribution	\$33.98

This Raypak heater was purchased/installed in October 2022 at a cost of \$3,578.37

Colonia Encantada

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Main Spa: Resurface (Pebble) & Retile

Category	060 Main Pool & Spa	Quantity	1 total
		Unit Cost	\$6,500.00
		% of Replacement	100.00%
		Current Cost	\$6,500.00
Placed In Service	01/2000	Future Cost	\$7,102.73
Useful Life	25		
Adjustment	+2	Assigned Reserves at FYB	\$5,777.78
Remaining Life	3	Monthly Member Contribution	\$23.91
Replacement Year	2027	Monthly Interest Contribution	\$12.27
		Total Monthly Contribution	\$36.18

This component budgets to resurface (pebble) & retile the spa in conjunction with the resurfacing of the pool in 2027:

- 1 - spa resurfacing (pebble)
- 32 - LF of trim tile
- 32 - LF of bench tile

Colonia Encantada

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

West Pool Area: Deck Recoat

Category	061 West Pool	Quantity	1 total
		Unit Cost	\$1,975.00
		% of Replacement	100.00%
		Current Cost	\$1,975.00
Placed In Service	07/2022	Future Cost	\$2,158.14
Useful Life	5		
		Assigned Reserves at FYB	\$658.33
Remaining Life	3	Monthly Member Contribution	\$39.18
Replacement Year	2027	Monthly Interest Contribution	\$1.76
		Total Monthly Contribution	\$40.94

Approximately \$1,475 was spent in mid-2022 to power wash, repair & recoat (repaint) this pool deck in mid-2022. This component budgets for similar work every five years.

NOTE: In the year that the recoat & resurface projects coincide, the funds available from this component are to be combined with the funds from the resurface component in order to fund the resurfacing project.

Colonia Encantada

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

West Pool Area: Deck Resurface

Category	061 West Pool	Quantity	1,580 sq. ft.
		Unit Cost	\$6.75
		% of Replacement	100.00%
		Current Cost	\$10,665.00
Placed In Service	01/2008	Future Cost	\$11,653.93
Useful Life	20		
Adjustment	-1	Assigned Reserves at FYB	\$8,981.05
Remaining Life	3	Monthly Member Contribution	\$53.75
Replacement Year	2027	Monthly Interest Contribution	\$19.24
		Total Monthly Contribution	\$72.98

This component budgets to scarify & resurface the acrylic pool deck surface in 2027, and then on a 20 year cycle.. The coating/coloring of the deck following the resurfacing is accounted for in the "West Pool Area: Deck Recoat" component.

Colonia Encantada
Component Detail
Directed Cash Flow Calculation Method; Sorted By Category

West Pool Area: Furniture

Category	061 West Pool	Quantity	1 total
		Unit Cost	\$7,000.00
		% of Replacement	100.00%
		Current Cost	\$7,000.00
Placed In Service	01/2020	Future Cost	\$8,358.37
Useful Life	10		
		Assigned Reserves at FYB	\$2,800.00
Remaining Life	6	Monthly Member Contribution	\$53.85
Replacement Year	2030	Monthly Interest Contribution	\$6.36
		Total Monthly Contribution	\$60.21

\$6,000 was spent in 2020 to replace the pool furniture. This component will accumulate a similar amount on a 10 year cycle for the refurbishment/replacement of the pool furniture on an "as needed" basis.

Colonia Encantada

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

West Pool: Filter

Category	061 West Pool	Quantity	1 filter
		Unit Cost	\$1,800.00
		% of Replacement	100.00%
		Current Cost	\$1,800.00
Placed In Service	08/2010	Future Cost	\$2,025.92
Useful Life	18		
		Assigned Reserves at FYB	\$1,386.60
Remaining Life	4	Monthly Member Contribution	\$9.27
Replacement Year	2028	Monthly Interest Contribution	\$2.98
		Total Monthly Contribution	\$12.25

This is a Triton II, 3.14 sq. ft. sand filter (manufactured 7/28/2010).

Colonia Encantada

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

West Pool: Resurface & Retile

Category	061 West Pool	Quantity	1 total
		Unit Cost	\$15,000.00
		% of Replacement	100.00%
		Current Cost	\$15,000.00
Placed In Service	01/2008	Future Cost	\$19,571.60
Useful Life	25		
		Assigned Reserves at FYB	\$9,600.00
Remaining Life	9	Monthly Member Contribution	\$41.22
Replacement Year	2033	Monthly Interest Contribution	\$20.40
		Total Monthly Contribution	\$61.62

This component budgets to resurface (pebble) & retile the pool:

- 1,100 - sq. ft. (internal area) of pebble resurfacing
- 116 - LF of trim tile
- 30 - LF of bench tile

Colonia Encantada

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Pools/Spas: Pumps & Motors

Category	062 Pools & Spas	Quantity	1 total
		Unit Cost	\$7,000.00
		% of Replacement	100.00%
		Current Cost	\$7,000.00
Placed In Service	01/2023	Future Cost	\$9,133.41
Useful Life	10		
		Assigned Reserves at FYB	\$700.00
Remaining Life	9	Monthly Member Contribution	\$44.77
Replacement Year	2033	Monthly Interest Contribution	\$1.90
		Total Monthly Contribution	\$46.67

Pump/Motor Replacements:

West Pool: \$2,139 spent in 2021
Main Pool: \$2,911.78 spent in 2023
Main Spa: \$2,166.57 spent in 2023

This component will accumulate funds on a 10 year cycle for the replacement of the pool & spa pumps and motors at both pool areas on an "as needed" basis. For budgeting purposes we have used 2023 as the basis for aging this component.

Colonia Encantada

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Tennis Courts: Light Fixtures

Category	065 Tennis Courts	Quantity	12 light fixtures
		Unit Cost	\$1,500.00
		% of Replacement	100.00%
		Current Cost	\$18,000.00
Placed In Service	01/2001	Future Cost	\$19,669.09
Useful Life	25		
Adjustment	+1	Assigned Reserves at FYB	\$15,923.08
Remaining Life	3	Monthly Member Contribution	\$68.45
Replacement Year	2027	Monthly Interest Contribution	\$33.84
		Total Monthly Contribution	\$102.30

This component budgets to replace the pole mounted, box style light fixtures in conjunction with the resurfacing of the tennis courts in 2027.

Colonia Encantada

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Tennis Courts: Resurface

Category	065 Tennis Courts	Quantity	2 courts
		Unit Cost	\$68,000.00
		% of Replacement	100.00%
		Current Cost	\$136,000.00
Placed In Service	01/2006	Future Cost	\$148,610.87
Useful Life	20		
Adjustment	+1	Assigned Reserves at FYB	\$116,571.43
Remaining Life	3	Monthly Member Contribution	\$625.89
Replacement Year	2027	Monthly Interest Contribution	\$248.99
		Total Monthly Contribution	\$874.88

This component includes a provision every 20 years , next in 2027 per the client, to remove & replace the synthetic green grass court surfaces. General Acrylics advised the client that the 2022/2023 replacement cost for these surfaces is \$65,000 per court.

Colonia Encantada
Component Detail
Directed Cash Flow Calculation Method; Sorted By Category

Clubhouse Tower: Contractor Restroom (Remodel)

Category	080 Clubhouse	Quantity	1 total
		Unit Cost	\$6,000.00
		% of Replacement	100.00%
		Current Cost	\$6,000.00
Placed In Service	01/1979	Future Cost	\$14,563.57
Useful Life	30		
		Assigned Reserves at FYB	\$6,000.00
Remaining Life	0	Monthly Member Contribution	\$3.12
Replacement Year	2024	Monthly Interest Contribution	\$0.03
		Total Monthly Contribution	\$3.15

As directed by the client, this component budgets \$6,000 to remodel the contractor bathroom at the tower in 2024, and then on a 30 year cycle.

Colonia Encantada

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Clubhouse/Guardhouse: Remodel

Category	080 Clubhouse	Quantity	1 total
		Unit Cost	\$145,000.00
		% of Replacement	100.00%
		Current Cost	\$145,000.00
Placed In Service	01/2015	Future Cost	\$269,742.71
Useful Life	30		
		Assigned Reserves at FYB	\$1,307.07
Remaining Life	21	Monthly Member Contribution	\$203.75
Replacement Year	2045	Monthly Interest Contribution	\$4.73
		Total Monthly Contribution	\$208.48

An extensive clubhouse remodel project, including exterior wood repairs and/or replacements at various locations, was completed in late 2014 at a cost of approximately \$175,000. This component will accumulate funds on a 30 year cycle for clubhouse & guardhouse remodeling on an "as needed" basis. For budgeting purposes we have used a current cost basis of \$145,000 for this component, which includes the various components at these locations that are not specifically listed/accounted for on their own within this study.

Colonia Encantada

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Clubhouse: Health Club Equipment

Category	080 Clubhouse	Quantity	1 total
		Unit Cost	\$3,000.00
		% of Replacement	100.00%
		Current Cost	\$3,000.00
Placed In Service	01/2023	Future Cost	\$3,182.70
Useful Life	3		
		Assigned Reserves at FYB	\$1,000.00
Remaining Life	2	Monthly Member Contribution	\$93.78
Replacement Year	2026	Monthly Interest Contribution	\$3.01
		Total Monthly Contribution	\$96.78

The client has advised us to budget \$3,000, every three years, next in 2026, for health club equipment improvements/replacements associated with the following pieces of equipment:

- multi-station home gym
- recumbent bike
- elliptical
- dumbbells

Colonia Encantada
Component Detail
Directed Cash Flow Calculation Method; Sorted By Category

Clubhouse: HVAC (Ground)

Category	080 Clubhouse	Quantity	1 total
		Unit Cost	\$10,000.00
		% of Replacement	100.00%
		Current Cost	\$10,000.00
Placed In Service	02/2016	Future Cost	\$12,298.74
Useful Life	15		
		Assigned Reserves at FYB	\$5,307.26
Remaining Life	7	Monthly Member Contribution	\$49.71
Replacement Year	2031	Monthly Interest Contribution	\$11.55
		Total Monthly Contribution	\$61.26

\$6,916.16 was spent in February 2016 to replace the HVAC system with the following:

- 1 - Trane, 5 ton split system w/heat pump

Colonia Encantada

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Clubhouse: HVAC (Roof)

Category	080 Clubhouse	Quantity	1 total
		Unit Cost	\$9,500.00
		% of Replacement	100.00%
		Current Cost	\$9,500.00
Placed In Service	01/2010	Future Cost	\$9,785.00
Useful Life	15		
		Assigned Reserves at FYB	\$8,866.67
Remaining Life	1	Monthly Member Contribution	\$66.58
Replacement Year	2025	Monthly Interest Contribution	\$19.13
		Total Monthly Contribution	\$85.71

This is a Trane, 4 ton package unit w/heat pump (manufactured 9/2009).

Location: roof

Colonia Encantada

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Clubhouse: Treadmill

Category	080 Clubhouse	Quantity	1 treadmill
		Unit Cost	\$3,500.00
		% of Replacement	100.00%
		Current Cost	\$3,500.00
Placed In Service	01/2021	Future Cost	\$4,304.56
Useful Life	10		
		Assigned Reserves at FYB	\$1,050.00
Remaining Life	7	Monthly Member Contribution	\$25.34
Replacement Year	2031	Monthly Interest Contribution	\$2.44
		Total Monthly Contribution	\$27.78

The Life Fitness T3 treadmill was purchased in November 2020 at a cost of \$2,816.

Colonia Encantada
Component Detail
Directed Cash Flow Calculation Method; Sorted By Category

Guardhouse: Fabric Awnings

Category	085 Guardhouse	Quantity	1 total
		Unit Cost	\$3,985.00
		% of Replacement	100.00%
		Current Cost	\$3,985.00
Placed In Service	03/2023	Future Cost	\$5,199.52
Useful Life	10		
		Assigned Reserves at FYB	\$337.71
Remaining Life	9	Monthly Member Contribution	\$25.90
Replacement Year	2033	Monthly Interest Contribution	\$0.96
		Total Monthly Contribution	\$26.86

The fabric awnings at the guardhouse were purchased/installed in March/April 2023 by The House of Canvas at a cost of \$3,985.

Colonia Encantada

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Guardhouse: HVAC (Ductless Split)

Category	085 Guardhouse	Quantity	1 total
		Unit Cost	\$3,500.00
		% of Replacement	100.00%
		Current Cost	\$3,500.00
Placed In Service	07/2016	Future Cost	\$4,990.16
Useful Life	20		
		Assigned Reserves at FYB	\$1,346.15
Remaining Life	12	Monthly Member Contribution	\$9.91
Replacement Year	2036	Monthly Interest Contribution	\$2.90
		Total Monthly Contribution	\$12.81

\$2,217 was spent in mid-2016 to replace the HVAC system at the guardhouse (Daikin, 1.5 ton ductless split system w/heat pump).

Colonia Encantada

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Security: Gate Operators (Entrance Gates)

Category	090 Access/Security	Quantity	2 gate operators
		Unit Cost	\$7,000.00
		% of Replacement	100.00%
		Current Cost	\$14,000.00
Placed In Service	01/2022	Future Cost	\$20,559.47
Useful Life	15		
		Assigned Reserves at FYB	\$1,866.67
Remaining Life	13	Monthly Member Contribution	\$47.21
Replacement Year	2037	Monthly Interest Contribution	\$4.35
		Total Monthly Contribution	\$51.56

These are HySecurity Swing Smart CSW swing gate operators for the entrance gates that were installed in January 2022. The replacement cost was provided by Signature Gate Systems & Welding, LLC.

Colonia Encantada

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Security: Gate Operators (Exit Gates)

Category	090 Access/Security	Quantity	2 gate operators
		Unit Cost	\$7,000.00
		% of Replacement	100.00%
		Current Cost	\$14,000.00
Placed In Service	01/2007	Future Cost	\$21,811.54
Useful Life	15		
		Assigned Reserves at FYB	\$14,000.00
Remaining Life	0	Monthly Member Contribution	\$41.25
Replacement Year	2024	Monthly Interest Contribution	\$0.41
		Total Monthly Contribution	\$41.65

These are Elite, model #CSW200ULDC3, swing gate operators for the exit gates. The replacement cost was provided by Signature Gate Systems & Welding, LLC.

Colonia Encantada

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Grounds: Concrete Repairs/Replacements

Category	100 Grounds	Quantity	1 total
		Unit Cost	\$5,000.00
		% of Replacement	100.00%
		Current Cost	\$5,000.00
Placed In Service	01/2022	Future Cost	\$6,333.85
Useful Life	10		
		Assigned Reserves at FYB	\$1,000.00
Remaining Life	8	Monthly Member Contribution	\$34.04
Replacement Year	2032	Monthly Interest Contribution	\$2.42
		Total Monthly Contribution	\$36.46

As directed by the client, this component budgets \$5,000 every 10 years for concrete repairs/replacements.

NOTE: \$1,935 was spent in 2022 on concrete repairs/replacements.

Colonia Encantada
Component Detail
Directed Cash Flow Calculation Method; Sorted By Category

Grounds: Granite Replenishment (Unfunded)

Category	100 Grounds	Quantity	1 comment
		Unit Cost	\$0.00
		% of Replacement	0.00%
		Current Cost	\$0.00
Placed In Service	01/1979	Future Cost	\$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	\$0.00
Remaining Life	n.a.	Monthly Member Contribution	\$0.00
Replacement Year	n.a.	Monthly Interest Contribution	\$0.00
		Total Monthly Contribution	\$0.00

We are not budgeting to replenish the common area granite landscape rock located throughout the community because the cost to do so is most often considered an operating expense. We recommend that a line item be set up in the annual operating budget to account for ongoing granite replenishment projects. Should the Association wish to have granite replenishment included in the reserve study, we will budget for it at the Board's request. However, in order to do so, the following information will need to be provided:

- \$ amount to be budgeted (or total square footage of granite landscaped areas)
- Year in which the next expenditure should be scheduled to occur
- Number of years between expenditures (useful life cycle)

Colonia Encantada

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Grounds: Irrigation Controllers, Etc.
--

Category	100 Grounds	Quantity	1 total
		Unit Cost	\$20,000.00
		% of Replacement	100.00%
		Current Cost	\$20,000.00
Placed In Service	04/2022	Future Cost	\$26,878.33
Useful Life	12		
		Assigned Reserves at FYB	\$2,978.72
Remaining Life	10	Monthly Member Contribution	\$103.05
Replacement Year	2034	Monthly Interest Contribution	\$7.22
		Total Monthly Contribution	\$110.27

In April 2022, \$10,568.58 was spent on the following irrigation work by CLM:

- installed 16 climate logic receivers & 2 transmitters to existing controllers
- supplied & installed 31 irrigrol omni pressure regulators
- supplied & installed 308 new rainbird bodies with MP rotator nozzles along Parkway
- supplied & installed 45 new rainbird bodies with MP rotator nozzles in dog park

In addition to the above expense information, the client also provided to us the inventory of the 19 irrigation controllers scattered throughout the community. Based on information provided by Ewing Irrigation Products, these controllers have varying useful life cycles depending on whether or not they face south/west or north/east. Ewing Irrigation Products also indicated that these controllers have remaining useful lives ranging from 3 years to 18 years, and individual replacement costs ranging from \$339 - \$720 each.

This component will accumulate funds on a 12 year cycle for the replacement of the above mentioned irrigation related components on an "as needed" basis. The budgeted amount & useful life cycle should be adjusted over time as experience dictates.

Colonia Encantada

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Grounds: Main Sewer Lines

Category	100 Grounds	Quantity	1 total
		Unit Cost	\$10,000.00
		% of Replacement	100.00%
		Current Cost	\$10,000.00
Placed In Service	01/2024	Future Cost	\$15,579.67
Useful Life	15		
		Assigned Reserves at FYB	\$0.00
Remaining Life	15	Monthly Member Contribution	\$29.46
Replacement Year	2039	Monthly Interest Contribution	\$0.29
		Total Monthly Contribution	\$29.75

The budgeting data for this component was provided by the client.

Colonia Encantada

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Grounds: Main Water Distribution & Irrigation

Category	100 Grounds	Quantity	1 total
		Unit Cost	\$5,000.00
		% of Replacement	100.00%
		Current Cost	\$5,000.00
Placed In Service	09/2023	Future Cost	\$5,150.00
Useful Life	1		
		Assigned Reserves at FYB	\$5,000.00
Remaining Life	0	Monthly Member Contribution	\$490.81
Replacement Year	2024	Monthly Interest Contribution	\$4.84
		Total Monthly Contribution	\$495.65

In 2020, the Colonia Encantada BOD noticed that future upgrades & replacements may be needed on the "Main Water Distribution & Irrigation System", above and beyond what is already budgeted for in this component. The BOD planned to conduct a study to determine reasonable replacement/upgrade costs for inclusion in a future reserve study update. In 2022, \$13,629 was spent on these components, and another \$3,000 is anticipated to be spent before the end of 2023. Going forward, the client has advised us to budget \$5,000 annually for this component.

NOTE: If the community experienced a major breach in the system, additional funding may be required.

Colonia Encantada
Component Detail
Directed Cash Flow Calculation Method; Sorted By Category

Grounds: Monument Signs (Numbers & Letters)

Category	100 Grounds	Quantity	1 total
		Unit Cost	\$5,750.00
		% of Replacement	100.00%
		Current Cost	\$5,750.00
Placed In Service	01/2011	Future Cost	\$7,071.77
Useful Life	20		
		Assigned Reserves at FYB	\$3,737.50
Remaining Life	7	Monthly Member Contribution	\$21.84
Replacement Year	2031	Monthly Interest Contribution	\$8.00
		Total Monthly Contribution	\$29.84

This component includes a provision to replace the metal numbers/letters making up the two monument signs that indicate "7500 COLONIA ENCANTADA".

Colonia Encantada

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Grounds: Water Fountain, Entrance (Rtile)

Category	100 Grounds	Quantity	1 total
		Unit Cost	\$12,000.00
		% of Replacement	100.00%
		Current Cost	\$12,000.00
Placed In Service	01/2002	Future Cost	\$21,673.33
Useful Life	20		
		Assigned Reserves at FYB	\$12,000.00
Remaining Life	0	Monthly Member Contribution	\$19.11
Replacement Year	2024	Monthly Interest Contribution	\$0.19
		Total Monthly Contribution	\$19.29

The client previously advised us to budget \$12,000 to retile the walls & floor of the front entry fountain in 2023. This project did not occur in 2023, and is now scheduled to occur in 2024. Should it be determined that this water fountain will be converted to something else due to water conservation purposes, like a planter, the funds from this component should be used to complete this project, and then this component would be removed at the time of a future update of this report.

Colonia Encantada

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