



MASON & MASON
CAPITAL RESERVE ANALYSTS, INC.



Condition Assessment
&
Reserve Fund Plan Update
2020

Laurel Mews

Arlington, Virginia



Prepared for:
The Board of Directors
&
Gates Hudson Community Management



MASON & MASON
CAPITAL RESERVE ANALYSTS, INC.



P. O. Box 1 Fort Valley, Virginia 22652 800-776-6980 admin@masonreserves.com Fax 800-776-6408

November 14, 2019

Laurel Mews Homeowners Association
c/o Gates Hudson Community Management
Attention: Ms. Lisa Gentry, Community Manager
3421 Commission Court, Suite 201
Woodbridge Virginia 22192

RE: **CONDITION ASSESSMENT AND RESERVE FUND PLAN UPDATE 2020**
Laurel Mews Homeowners Association
Arlington, Virginia
Project No. 8971

Dear Ms. Gentry:

Mason & Mason Capital Reserve Analysts, Inc. has completed the report for Laurel Mews.

As outlined in our proposal, the report is being submitted to you and the Board of Directors for review and comment. A review of the Summary of Key Issues iii, and Sections 1 and 2 will provide you with our findings and financial analyses. We will be happy to meet with the Board to help them fully understand the issues. If no changes are necessary, please consider this version the final report. If changes are requested, Mason & Mason will make the revisions and re-issue the report. We encourage the Board to complete this process expeditiously and will support the effort.

We genuinely appreciate the opportunity to work with you and the Association.

Sincerely,

Mason & Mason Capital Reserve Analysts, Inc.

James G. Mason III, R. S.
Vice President

James G. Mason, R. S.
Principal



TABLE OF CONTENTS

TABLE OF CONTENTS	i
FOREWORD.....	ii
SUMMARY OF KEY ISSUES.....	iii
VISUAL EVALUATION METHODOLOGY	iv
1. INTRODUCTION	1
2. FINANCIAL ANALYSIS	3
3. METHODS OF FUNDING.....	4
4. RESERVE PROGRAMMING.....	5
5. UPDATING THE RESERVE FUND PLAN	7
6. PREVENTIVE MAINTENANCE.....	8

RESERVE FUND PLAN

COMPONENT DATA AND ASSET REPLACEMENT SCHEDULE	TABLE 1
CALENDAR OF EXPENDITURES	TABLE 2
CURRENT FUNDING ANALYSIS, CASH FLOW METHOD	TABLE 3
ALTERNATIVE FUNDING ANALYSIS, CASH FLOW METHOD	TABLE 3.1
FUNDING ANALYSIS, COMPONENT METHOD	TABLE 4
PHOTOGRAPHS	#1 - #15

FOREWORD

PLEASE READ THIS FIRST

This report contains information the Board requires to fulfill its fiduciary responsibilities with respect to the financial health of the Association. Even if you are already familiar with the concepts of capital reserve planning, it requires some study. The information in this report is vital to your Association's financial health. Unless you understand it, your Association may not follow it. This may lead to underfunding and financial stress at some time in the future.

Our years of experience providing reserve analysis to both first-time and multi-update return clients have compelled us to develop a logical funding approach, which is based on generational equity and fairness to common-interest property owners that helps ensure realistic reserve funding levels.

Our approach is neither standard, nor is it necessarily easy to understand without first becoming familiar with some basic concepts. Section 3 explains these concepts in more detail. We want you to understand them because a well-informed Association makes the best decisions for its common-property owners.

SUMMARY OF KEY ISSUES

Different readers will look for different things from this report. Perhaps the homeowner will just be looking for the high points. A prospective buyer may be looking at the general financial condition of the Association's reserves. A Board member should probe deeper in order to understand the financial tools that will be helpful in fulfilling their fiduciary responsibilities to the Association.

The Summary of Key Issues presents a recapitulation of the most important findings of Laurel Mews' Reserve Fund Plan Update. Each is discussed in greater detail in the body of the report. We encourage the reader to "go deeper" into the report, and we have written it in a way that's understandable to a first-time reader.

Analyzing the capital reserves reveals that:

- The fund is approximately 38% funded through 2019, See Paragraph 3.1. Our goal is to become fully funded by the end of the 20-year period (2039).

In order to achieve this goal, the Board should:

- Step increase the annual contribution beginning in 2021 by \$18,300 for each of three years, or from \$20,000 to \$38,300 in the first year, followed by annual adjustments of 3.0% to reflect inflation.
- This represents a 2021 increase from \$30.86 to \$59.10 (a net increase of \$28.24) per residential unit, per month (based on 54 units).

Supporting data are contained in the body of this report, and we encourage the reader to take the time to understand it.

VISUAL EVALUATION METHODOLOGY

The first step in the process is collection of specific data on each of your community's commonly held components. This information includes quantity and condition of each included component. We collect most of this data during the on-site field survey. When this information is not available in the field, we may obtain it by discussion with those knowledgeable through management or service activities.

The field survey or condition assessment is visual and non-invasive. We don't perform destructive testing to uncover hidden conditions; perform operational testing of mechanical, electrical, plumbing, fire and life safety protection; or perform code compliance analysis.

We make no warranty that every defect has been identified. Our scope of work doesn't include an evaluation of moisture penetration, mold, indoor air quality, or other environmental issues. While we may identify, pedestrian hazards observed during the course of the field survey, this report shouldn't be considered a safety evaluation of components.

Replacement costs are sometimes based on published references, such as R. S. Means. However, our opinions of replacement costs usually include removal and disposal and are usually based on experience with similar projects including information provided by local contractors and reported client experience. Actual construction costs can vary significantly due to seasonal considerations, material availability, labor, economy of scale, and other factors beyond our control.

Projected useful service lives are based on statistical data and our opinion of their current visual condition. No guarantee of component service life expectancies is expressed or implied and none should be inferred by this report. Your actual experience in replacing components may differ significantly from the projections in the report, because of conditions beyond our control or that were not visually apparent at the time of the survey.

1. INTRODUCTION

1.1 Background: Laurel Mews Homeowners Association is comprised of 54 townhomes located on Washington Boulevard and Lee Highway in Arlington, Virginia. The community was constructed in 1980. The street layout includes concrete sidewalks, curbs and gutters, and eight parking bays providing 107 spaces.

We are providing the Condition Assessment and Reserve Fund Plan Update based on Proposal Acceptance Agreement No. 8971 dated September 25, 2019. Our services are subject to all terms and conditions specified therein.

Mason & Mason did not review the declarations, covenants, or other organization documents pertaining to the establishment and governance of the Homeowners Association. Ultimately, the establishment, management, and expenditure of reserves are within the discretion of the Association and its Board of Directors pursuant to their organizational documents and subject to the laws of the applicable jurisdiction. We are not otherwise financially associated with the Association, and we therefore do not have any conflicts of interest that would bias this report. Information provided by Laurel Mews is deemed reliable. This report is not intended to be an audit or a forensic investigation. This report is not a mandate but is intended to be a guide for future planning.

Mason & Mason provided a Level I Condition Assessment and Reserve Fund Plan for Laurel Mews in 2010 and a Level III Administrative Update in 2014. This report is a Level II Update of the previous report and includes a new condition assessment. All common components were visually observed. Measurements and quantities were generally accepted from the previous report except where changes have occurred. The update report is a stand-alone document and reference to the previous report should not be necessary.

James G. Mason III, R. S. conducted the field evaluation for this report on November 6, 2019. We met with Mr. Lawrence S. Norris, Board President, for a discussion prior to the condition assessment. The weather was clear, and the temperature was approximately 63 degrees F. Precipitation had occurred for several days prior to the site visit. The pavements, walkways, and grounds were generally dry and clean of debris.

1.2 Principal Findings: The common assets appear to be in overall fair to good condition. The community is now reaching a 40-year benchmark in terms of replacement of major systems. The asphalt driveways and parking bays are in overall fair condition. A moderate amount of deflected cracking (indicative of sub-base failure) and some unfilled random cracking was observed. The pavements were partially crack filled, and seal coated circa 2018, which will help to extend the service life by about five additional years. The restoration project will require full-width profile milling and new compacted asphalt. About five years after the restoration project, pavement maintenance, such as full-depth repair of deflected asphalt, crack filling, and seal coating should continue.

The brick sidewalks, concrete sidewalks, and the curbs and gutters are all in continuing good condition. Very few deficiencies were observed throughout the entire community. When there are cracked, settled and/or heaved concrete sidewalks, or pavers with height differentials, they are potential tripping hazards. The liability and costs associated with personal injury lawsuits resulting primarily from sidewalk and curb tripping hazards are too great to defer repair. It is our opinion that addressing deficiencies, which pose a hazard to pedestrians, should not be deferred. As such, we recommend correcting the tripping hazards when present throughout the sidewalks as soon as practicable.

Site features such as the exterior lighting, wood fencing, street signage, mailbox modules, gazebo, sheds, and the storm water drainage system range from fair to continuing good or new condition. We have included an allowance for both incoming water lines and outgoing sewer lines on common property in this update, as there have been reported issues throughout the community. The budget and timing was set by Management.

Most of the major common brick and mortar walls were recently restored throughout the community and are in much improved condition. The main wall, which separates the community from the neighboring Exxon station was also restored, but on only one side of the wall was fully repaired. The wall appears to continue to deflect towards the gas station side. It does not appear that the opposite side of the wall was restored. This wall may require full restoration in the future, for which we have scheduled in about ten years.

Financially, the Association requires an increase in contributions to reserves. We have stepped the increases over three years to minimize the impact on individual homeowners, but have established a sufficient contribution schedule to eventually achieve the fully funded goal by the end of the next 20-year period.

In order to maintain the physical attributes that preserve property values and provide a safe environment for occupants and guests, a series of capital expenditures should be anticipated. Consequently, we have scheduled near-, mid-, and late-term restoration and replacement projects based on anticipated need from our experience with similar properties.

Generally, our approach is to group appropriately related component replacement items into projects. This creates a more realistic model and allows a grouping timeline that is more convenient to schedule and logical to accomplish. Please see the Table 1 Discussion, Column 17, for specific information.

2. FINANCIAL ANALYSIS

We track the annual inflation rate among our clients based on their reported costs for typical services. The average rate of inflation since the 2008 recession has been 1.46% according to the U.S. Labor Department and is similar in our experience with clients. However, currently we are seeing somewhat higher rates and are anticipating that general price inflation will continue at elevated levels near to mid-term. As such, we are using a 3% rate of inflation in our calculations. Interest income has increased similarly since 2008, and many smaller Associations and Condominiums are earning up to 1.85% on savings accounts and as much as 3.37% on 5-year certificates of deposit. Accordingly, we are assuming 2.5% interest income in our calculations. However, unlike reserves, interest income is taxable, which may reduce the net gain. We anticipate increasingly volatile economic conditions near to mid-term. It is prudent to keep a close watch on the economy and be ready to respond by updating the reserve fund plan as economic changes dictate.

2.1 Calculation Basics: The Association is on a calendar fiscal year. Management reported that the reserve fund balance, including cash and securities, as of **December 31, 2019**, is projected to be **\$60,000**. We have used a **2.50%** annual interest income factor and a **3.00%** inflation factor in our calculations. The total expenditures for the twenty-year period for both the **Cash Flow Method** and **Component Method** are projected to be **\$1,122,747**.

2.2 Current Funding Analysis, Cash Flow Method (Table 3): The 2020 annual contribution to reserves has been set at **\$20,000 with a presumed 3.0% annual increase**. At this level, the total for all annual contributions for the twenty-year period would be **\$537,407**, and the total interest income is projected to be **\$7,398**. **This funding depletes the reserve fund by 2025 and does not provide adequate funding for asphalt restoration.**

2.3 Alternative Funding Analysis, Cash Flow Method (Table 3.1): This stepped plan provides the annual contributions necessary to maintain balances more consistent with the **fully funded goal by increasing the annual contribution by \$18,300 beginning in 2021, for each of three years, followed by annual adjustments of 3.00%, matching inflation thereafter**. This alternative allows for a gradual increase over time after the initial series of stepped increases and addresses generational equity issues. The total for all annual contributions for the twenty-year period would be **\$1,744,843**, and the total interest income is projected to be **\$163,754**. **The approximate fully funded balance in 2039 is \$845,850.**

2.4 Funding Analysis, Component Method (Table 4): This method of funding would require variable annual contributions, averaging **\$83,633** over the twenty-year period. The total for all annual contributions would be **\$1,672,653**, and the total interest income is projected to be **\$238,573**. **The fully funded balance in 2039 is \$848,479.** The Component Method model considers the current reserve fund balance in computing individual component contributions for current cycles.

3. METHODS OF FUNDING

Once the data are compiled, our proprietary software produces two distinct funding methods. These are the **Component Method and Cash Flow Method**. Each of these methods is used in analyzing your Association's reserve status and each plays a role in the Board's decision on how to fund reserves. While we provide the guidance, the choice of funding method is ultimately the prerogative of the Board. Considering the vulnerability of the Association's assets, its risk tolerance, and its ability to fund contributions, the Board should decide how the Association will fund its reserves and at what level.

3.1 Component Method: As reserve analysts, we recognize the value of Component Method calculations as they address both future replacement costs and the time remaining to fund them. **This is the foundation of the savings concept. You will see the term "fully funded." This simply means you are on schedule, in any given year, to accrue sufficient funds by the component's replacement date. It does not mean you must have 100% of the funds ahead of time.** Simplified Example: A component projected to cost \$1,000 at the end of its 10-year life cycle would require a \$100 annual contribution in each of the 10 years. As long as you follow this contribution plan, the component is "fully funded."

Prior to determining the actual required annual contribution, a complex calculation apportions the existing reserve fund to each component. Each component's remaining unfunded balance forms the basis for the required contribution going forward.

Funds set aside for replacement of individual components are not normally used for the replacement of other components, even though the funds reside in the same bank account. In rare cases where a reserve fund is actually overfunded, \$0 will be displayed on the Component Method tables, indicating that the component is fully funded for that cycle.

While the time basis for the report is a 20-year period, the Component Method allows for inclusion of long-life components that may require replacement after the specified period. **This allows for funding of long-life components contemporaneously, which is fundamentally fair if they are serving the current owners. This is in contrast to saying, "if it doesn't require replacement within our 20-year period, we're going to ignore it."**

Due to replacement cycle time and cost differentials, the Component Method typically results in annual contribution fluctuations, which often makes it difficult for a Board to implement. **However, its guidance is essential and invaluable for understanding funding liabilities and making informed recommendations.** Table 4 shows these calculations, as well as projects interest income, expenses with inflation, and yearly balances, which will be "fully funded."

3.2 Cash Flow Method: The Cash Flow Method is easier to implement. It is a simple 20-year spread sheet that includes the starting balance, current contribution, interest income, inflation rate, projected expenses, and resulting yearly balances. The Cash Flow Method pools the contributions allocated to each of the Association's common components into a single "account."

Table 3 shows these calculations. This table reflects the information you provided on your reserve fund balance and current contribution. It also shows projected yearly positive or negative balances. **The Cash Flow Method doesn't include replacement funding for anything beyond the 20-year period, thus leaving a potential shortfall in funding and failing to address generational equity if not specifically set to do so.** It doesn't provide any real guidance beyond the basic information. There are several variations on cash flow goals such as Threshold Funding (just enough to stay positive) and Percentage Funding (a predetermined level based on some arbitrary percentage), but these schemes don't address the reality of fully funding, and typically are just a way of passing the obligation on to the next generation.

3.3 Hybrid Approach: Please note that this is not a method, rather a way (approach) for us to utilize the Cash Flow Method, while ensuring the appropriate funding levels are achieved long-term. Our Hybrid Approach uses the projected fully funded balance at the end of the 20-year period from Table 4 as a funding goal. We then set up Cash Flow funding plans. Table 3 is your "where we are now" Cash Flow spreadsheet modeling your reserve balance and current contribution. Table 3.1 (and possibly others) provides alternative(s) to this that meet the fully funded goal from Table 4.

We usually establish a new Cash Flow contribution that requires only small annual inflationary increases to reach the fully funded goal at the end of the 20-year period. This has the added effect of establishing a funding plan that addresses inflation. The contribution in the first year, adjusted for inflation, is equal to the contribution in the last year, based on inflated dollars (future value of money). This approach will also allow underfunded Associations the time to catch up, mitigating undue hardships. It balances the risk of temporary underfunding with the benefit of consistent predictable increasing contributions. The combination of the Component and Cash Flow Methods (Hybrid Approach) provides the advantages of both methods.

4. RESERVE PROGRAMMING

The Mason & Mason proprietary software used to produce the financial tables (Tables 1 through 4) have been under continual refinement for over a decade. It is unique in the industry as it provides comprehensive modeling through Microsoft Access and Excel that addresses the many challenges of reserve funding, allows analysts and clients to run "what if" scenarios, provides an easy to understand matrix of views and functions, and is easily provided to clients through e-mail.

4.1 Interest Income on Reserve Funds: Most Associations invest at least part of their reserve funds. Small Associations may simply use a savings account or certificates of deposit, while large Associations may have multiple investments with short-, medium-, and long-term instruments. One issue that is difficult to quantify is the percentage of funds invested. Some Associations invest a fairly substantial portion, while others hold back due to current cash outflow obligations. Some Associations do not reinvest the investment proceeds in their reserves; rather they divert the cash into their operations fund. We do not agree with this approach as it has the effect of requiring additional reserve contributions to make up for the difference. There is also the issue of changing rates over the 20-year period. In the recent past we have seen large swings in relatively short time periods. While reserve funds are not usually taxable by the IRS, the investment income generated by the reserve fund is taxable in most

situations. Even with all these potential pitfalls, investment income still represents a substantial source of additional funds and for this reason should not be ignored. There is no way to make “one size fits all” with any accuracy for the individual Association. Our approach to this dilemma is to use lower approximations that compensate for less than 100% of funds invested. We feel this is still better than not recognizing it, and periodic updates allow for adjustments based on experience. The rate can be set at any level, including zero, for Associations desiring to not recognize interest. **The rate should reflect, as accurately as possible, the actual composite rate of return on all securities and other instruments of investment including allowances for taxes.**

The interest income displayed on Table 3 and Table 4 is the summation of the beginning reserve fund interest accrual and the interest earned on the contributions minus the interest lost by withdrawing the capital expenditures. This method of calculation, while not exact, approximates the averages of the three principal components of a reserve fund for each twelve-month period.

4.2 Future Replacement Costs (Inflation): Inflation is a fact of life. In order to replicate future financial conditions as accurately as possible, inflation on replacement costs should be recognized. The financial tables have been programmed to calculate inflation based upon a pre-determined rate. This rate can be set at any level, including zero. **A plan that doesn't include inflation is a 1-year plan, and any data beyond that first year won't reflect reality.**

4.3 Simultaneous Funding: This is a method of calculating funding for multiple replacement cycles of a single component over a period of time from the same starting date. Simple Example: Funding for a re-roofing project, while, at the same time, funding for a second, subsequent re-roofing project. This method serves a special purpose if multiple-phase projects are all near-term but will result in higher annual contribution requirements and leads to generational equity issues otherwise. We use this type of programming only in special circumstances.

4.4 Sequential Funding: This is a method of calculating funding for multiple replacement cycles of a single component over a period of time where each funding cycle begins when the previous cycle ends. Simple Example: Funding for the second re-roofing project begins after the completion of the initial re-roofing project. This method of funding appears to be fundamentally equitable. We use this type of programming except in special circumstances.

4.5 Normal Replacement: Components are scheduled for complete replacement at the end of their useful service lives. Simple Example: An entrance sign is generally replaced all at once.

4.6 Cyclic Replacement: Components are replaced in stages over a period of time. Simple Example: Deficient sidewalk panels are typically replaced individually as a small percentage, rather than the complete system.

4.7 Minor Components: A minimum component value is usually established for inclusion in the reserve fund. Components of insignificant value in relation to the scale of the Association shouldn't be included and should be deferred to the operations budget. A small Association might exclude components with aggregate values less than \$1,000, while a large Association might exclude components with aggregate values of less than \$10,000. Including many small components tends to over complicate the plan and doesn't provide any relative value or utility.

4.8 Long Life Components: Almost all Associations have some components with long or very long useful service lives typically ranging between thirty and sixty years. Traditionally, this type of component has been ignored completely. Simple Example: Single replacement components such as entrance monuments should be programmed for full replacement at their statistical service life. This allows for all common property owners to pay their fair share during the time the component serves them. This also has the added effect of reducing the funding burden significantly as it is carried over many years.

4.9 Projected Useful Service Life: Useful service lives of components are established using construction industry standards and our local experience as a guideline. Useful service lives can vary greatly due to initial quality and installation, inappropriate materials, maintenance practices or lack thereof, environment, parts attrition, and obsolescence. By visual observation, the projected useful service life may be shortened or extended due to the present condition. The projected useful service life is not a mandate, but a guideline, for anticipating when a component will require replacement and how many years remain to fund it.

4.10 Generational Equity: As the term applies to reserves, it is the state of fairness between and over the generations relating to responsibility for assets you are utilizing during your time of ownership. It is neither reasonable, nor good business to defer current liabilities to future owners. This practice is not only unfair; it can also have a very negative impact on future property values.

5. UPDATING THE RESERVE FUND PLAN

A reserve fund plan should be periodically updated to remain a viable planning tool. Changing financial conditions and widely varying aging patterns of components dictate that revisions should be undertaken periodically from one to five years, depending upon the complexity of the common assets and the age of the community. Weather, which is unpredictable, plays a large part in the aging process.

Full Updates (Level II) include a site visit to observe current conditions. These updates include adjustments to the component inventory, replacement schedules, annual contributions, balances, replacement costs, inflation rates, and interest income.

We encourage Associations that are undergoing multiple simultaneous or sequential costly restoration projects (usually high-rise buildings) to perform Level III Administrative Updates. Administrative updates do not include a condition assessment. They are accomplished by comparing original projections with actual experience during the interim period as reported by Management. These updates can be performed annually and include adjustments to the replacement schedules, contributions, balances, replacement costs, inflation rates, and interest income. The Level III Administrative Update can be a cost-effective way of keeping current between Level II Full Update cycles. Full Updates (Level II) and Administrative Updates (Level III) help to ensure the integrity of the reserve fund plan.

6. PREVENTIVE MAINTENANCE

The following preventive maintenance practices are suggested to assist the Association in the development of a routine maintenance program. The recommendations are not to be considered the only maintenance required but should be included in an overall program. The development of a maintenance checklist and an annual condition survey will help extend the useful service lives of the Association's assets.

This section includes best maintenance practices or life-extension maintenance for many, but not necessarily all, components in the report. Items for which no maintenance is necessary, appropriate or beyond the purview of this report are not included in this section. We typically include them for townhomes and garden condominiums while mid- and high-rise buildings are generally too complex.

6.1 Asphalt Pavement: Pavement maintenance is the routine work performed to keep a pavement, subjected to normal traffic and the ordinary forces of nature, as close as possible to its as-constructed condition. Asphalt overlays may be used to correct both surface deficiencies and structural deficiencies. Surface deficiencies in asphalt pavement usually are corrected by thin resurfacing, but structural deficiencies require overlays designed on factors such as pavement properties and traffic loading. Any needed full-depth repairs and crack filling should be accomplished prior to overlaying. The edgemoil and overlay process includes milling the edges of the pavement at the concrete gutter and feathering the depth of cut toward the center of the drive lane. Milling around meter heads and utility features is sometimes required. The typical useful life for an asphalt overlay is twenty years.

6.2 Asphalt Seal Coating: The purpose is to seal and add new life to a roadway surface. It protects the existing pavement but does not add significant structural strength. A surface treatment can range from a single, light application of emulsified asphalt as a "fog" seal, to a multiple-surface course made up of alternate applications of asphalt and fine aggregate. Seal coating of all asphalt pavements should be performed at approximately six-year intervals, or approximately twice during the service life of the asphalt pavement. Seal coating more often is generally not cost-effective. The material used should be impervious to petroleum products and should be applied after crack filling, oil-spot cleaning, and full-depth repairs have been accomplished. Seal coating is a cost-effective way of extending the life of asphaltic concrete pavement. Seal coating is generally not scheduled for up to five years after an asphalt restoration project.

6.3 Asphalt Full-Depth Repairs: In areas where significant alligator cracking, potholes, or deflection of the pavement surface develops, the existing asphalt surface should be removed to the stone base course and the pavement section replaced with new asphalt. Generally, this type of failure is directly associated with the strength of the base course. When the pavement is first constructed, the stone base consists of a specific grain size distribution that provides strength and rigidity to the pavement section. Over time, the stone base course can become contaminated with fine-grained soil particles from the supporting soils beneath the base course. The most positive repair to such an area is to remove the contaminated base course and replace it with new base stone to the design depth. It is appropriate to perform these types of repairs immediately prior to asphalt restoration projects. Generally, this type of repair should not be required for approximately five years after an asphalt restoration project.

6.4 Asphalt Crack Filling: Cracks that develop throughout the life of the asphalt should be thoroughly cleaned of plant growth and debris (lanced) and then filled with a rubberized asphalt crack sealant. If the crack surfaces are not properly prepared, the sealant will not adhere. Crack filling should be accomplished every three to six years to prevent infiltration of water through the asphalt into the sub-grade, causing damage to the road base. It is appropriate to perform these types of repairs immediately prior to edgemill and overlay. Generally, this type of repair should not be required for approximately five years after an edgemill and overlay project.

6.5 Brick Paver Sidewalks: Where brick pavers are cracked, they should be replaced to prevent tripping hazards. Deteriorated or cracked mortar joints should be repaired by cutting damaged material $\frac{3}{4}$ -inch deep with a diamond blade masonry saw. The void should then be filled with new mortar and the joints struck to match the original work. Deflected or differentially settled areas in ungrouted brick paver walkways should be re-bedded to the proper level. Vegetation should be removed from adjacent areas to prevent eventual root damage to the surface.

6.6 Concrete Sidewalks: When sidewalks are cracked or scaled or sections have settled, the resulting differential or "tripping hazard" can present a liability problem for the Association if personal injury should occur as a result. Tripping hazards should be repaired expeditiously to promote safety and prevent liability problems for the community. Generally, where practical and appropriate, concrete element repairs and replacements are scheduled in the same years to promote cost efficiencies. Replacements are usually scheduled in cycles because the necessity of full replacement at one time is unlikely. Typically, damaged or differentially settled sections can be removed by saw cutting or jack hammer and re-cast. Concrete milling of the differential surfaces is sometimes an appropriate, cost-effective alternative to re-casting. Skim coating is not an effective repair for scaled or settled concrete surfaces and, over time, will usually worsen the problem.

6.7 Concrete Curbs and Gutters: Vehicle impacts, differential settlement, construction damage, and cracking and spalling of the concrete will eventually result in the need for replacement of some curb sections. A typical damaged or settled section, usually 10 feet in length, will be removed by saw cutting or jack hammer and re-cast. Replacements are scheduled in cycles because the necessity of full replacement at one time is unlikely.

6.8 Brick Components: Brick components should be inspected periodically for step cracks in the mortar and shear cracks through the brick and mortar, indicating settlement problems. Signs of efflorescence on the brick face and mortar or spalling brick faces indicate water infiltration and should be investigated. Water infiltration problems are usually initiated at the top of an improperly sealed coping. Eliminating the infiltration of water into the wall from the coping can be accomplished by various methods, depending on the brick detail. Installation of a metal coping is sometimes a cost-effective method of solving these problems and extending the life of the wall. Sealing of brick surfaces with breathable coatings will also extend the useful service life of the brick. All vegetation, such as vines or tree limbs should be kept clear of the wall to prevent damage.

6.9 Brick Component Tuckpointing & Repair: Brick components should be inspected periodically for step cracks in the mortar and shear cracks through the brick and mortar, indicating settlement problems. Signs of efflorescence on the brick face and mortar or spalling brick faces indicate water infiltration and should be investigated. Water infiltration problems are usually initiated at the top of an improperly sealed coping. Eliminating the infiltration of water into the structure from the coping can be accomplished by various methods, depending on the brick detail. Installation of a metal coping is sometimes a cost-effective method of solving these problems and extending the life of the component. Sealing of brick surfaces with breathable coatings will also extend the useful service life of the brick. All vegetation, such as vines or tree limbs should be kept clear of the brick to prevent damage. As brick components age, depending upon the initial quality of the mortar and the long-term environment of the wall, mortar joints may deteriorate. This condition can be corrected by tuckpointing. Applying soft sealants to the deteriorated joints or to cover up mortar joint cracks is not recommended. Deteriorated or cracked mortar joints should be repaired by cutting damaged material $\frac{3}{4}$ -inch deep with a diamond blade masonry saw. The void should then be filled with new mortar and the joints struck to match the original work.

6.10 Wood Fence: Bare wood components, both non-treated and pressure-treated, generally will achieve a greater useful service life and improved appearance if preventative maintenance is performed. Periodic pressure washing and sealing with wood preservative is recommended on all wood components. Rough edges and splinters should be sanded prior to sealing. Damaged or deteriorated wood components should be replaced as necessary. Generally, securing or repairing wood components with screws will provide a better fastening method than nails.

6.11 Bare Wood Components: Bare wood components, both non-treated and pressure-treated, generally will achieve a greater useful service life and improved appearance if preventative maintenance is performed. Periodic pressure washing and sealing with wood preservative is recommended on all wood components. Rough edges and splinters should be sanded prior to sealing. Damaged, warped, or deteriorated wood components should be replaced as necessary. Generally, securing or repairing wood components with screws will provide a better fastening method than nails.

6.12 Street Signage: Metal perforated-post and pressure-treated wood post street signs generally require very little maintenance over their useful service life. Signage tends to fade due to environmental exposure. Cleaning of peeled paint, periodic cleaning of rust (metal posts) and repainting of wood and metal posts will maintain appearance. There is little that can be done with the signs except to replace them periodically. The wood components of entrance signs should be periodically cleaned of loose paint and repainted to maintain appearance. Out-of-plumb posts should be straightened and secured.

6.13 Light Poles: Outdoor lighting has a limited service life because of the accelerated aging process due to weather extremes. Remediation of the pole fixtures is a viable alternative to full replacement and would include painting the poles along with lamp housing replacement, including ballasts and capacitors. Any poles observed to be out of plumb should be straightened. Periodic cleaning of peeling paint and rust, priming and re-painting of poles and fixtures will help extend the useful service life.

6.14 Composite Shingle Roofs: Roofs and attic spaces should be inspected annually for damage and leaks. During the attic inspection, check to make sure that mechanical ventilation systems, such as bathroom exhaust fans and dryer ducts, are routed through the roof and not discharging into the attic space. Loose or missing shingles should be replaced on a regular basis. Signs of deflected roof sheathing or discoloration of the sheathing are indicative of moisture problems and should be investigated. It is important to ensure that proper ventilation is occurring at the soffit vents and that insulation is not obstructing the airflow. If attic ventilation appears to be inadequate, the installation of ridge vents and/or through-the-roof mechanical vents is usually a cost-effective way of extending the useful service life of the sheathing. Roof penetrations, such as plumbing vents, are a major source of leaks. During the inspection, these areas should be checked carefully for signs of leakage or rotten sheathing. Gutters and downspouts should be inspected annually. Loose, damaged, or leaking sections should be secured, repaired, or replaced. All gutters should be kept clean of leaf material and debris. Clogged downspouts should be cleared. In areas where gutters collect fallen leaves, gutters should have screens installed. Downspouts should be directed away from buildings. Erosion can be minimized by the use of properly located splash blocks or plastic flexible tubing. In all cases, water should be directed away from building foundations. Splash blocks must be properly placed, and flexible plastic extensions require diligent maintenance.

6.15 Painted Wood Components: The service life of painted wood components depends greatly on the type of wood used, the initial installation method, level of exposure to the elements, and preventative maintenance practices during its service life. Kiln dried trim pieces should be primed on all surfaces prior to installation. Re-painting projects should be performed every four years or as needed. Loose and flaking paint should be thoroughly removed and deteriorated trim pieces replaced with primed trim pieces prior to repainting projects.

6.16 Ground Level Concrete Slabs or Concrete Patios: Any cracks occurring in ground-level concrete slabs should be routed and sealed. In order to extend the useful service life of concrete in contact with the ground, a penetrating sealer to prevent moisture infiltration into the concrete should be applied. This process should be repeated at approximately five- to ten-year intervals.

6.17 Tree Trimming, Removal, and Replacement: As communities age, trees, both native and planted, may become problematic if periodic care is not accomplished. Trees may become damaged by weather or disease, or they may outsize their location. Proper, diligent tree trimming may alleviate future problems with regard to damage to adjacent structures. Proper tree trimming also helps maintain a healthy tree and may reduce windage in inclement weather. Proper tree trimming should not be confused with the common practice of topping, which produces not only an unattractive tree, but also an unhealthy one due to weakening of the root structure. Tree root damage of asphalt footpaths and sidewalks is also a common problem. The best solution is re-routing the adjacent structure, if possible, to prevent future damage. If re-routing is not possible, tree roots causing the damage may be pruned back when replacement of the damaged component is accomplished. The practice of moderate mulching is beneficial for trees. However, repeated mulching against the tree trunk, year after year, without removal of the old mulch can eventually kill trees by trapping moisture against the bark, allowing fungi and insects to easily infiltrate the tree. Mulch should be placed around trees to the drip line but should not be touching the bark.

COMPONENT DATA AND ASSET REPLACEMENT SCHEDULE TABLE 1 EXPLANATION

This table lists the common assets included in the reserve fund plan and provides details of the replacement schedules. A narrative discussion is provided adjacent to each component. Photo references and maintenance protocol reference numbers are also provided. An explanation of each column in the table follows:

- Column 1 **Component No.** is consistent throughout all tables.
- Column 2 **Component** is a brief description of the component.
- Column 3 **Quantity** of the component studied, which may be an exact number, a rough estimate, or simply a (1) if the expenditure forecast is a lump sum allowance for replacement of an unquantified component.
- Column 4 **Unit of Measurement** used to quantify the component: SY = Square Yards
 SF = Square Feet
 LF = Linear Feet
 EA = Each
 LS = Lump Sum
 PR = Pair
 CY = Cubic Yards
- Column 5 **Unit Cost** used to calculate the required expenditure. This unit cost includes removal of existing components and installation of new components, including materials, labor, and overhead and profit for the contractor.
- Column 6 **Total Asset Base** is the total value of common assets included in the study in current dollars. In addition to capital assets, this figure includes one cycle of maintenance liability.
- Column 7 **Typical Service Life (Yrs) or Cycle** is the typical life expectancy of similar components in average conditions or the length of years between replacement cycles, and does not necessarily reflect the conditions observed during the field evaluation. This number is furnished for reference and is not necessarily computed in the system.
- Column 8 **1st Cycle Year** is the scheduled year of the first projected replacement or repair.
- Column 9 **Percentage of Replacement** is the percentage of component value to be replaced in the first replacement cycle.
- Column 10 **Cost for 1st Cycle** is the future cost (with inflation) of the replacement. It is the product of Column 6 times Column 9 in future dollars.
- Column 11 **2nd Cycle Year** is the scheduled year of the second projected replacement or repair. If a second cycle is not listed, it is because the first cycle is beyond the end of the study.
- Column 12 **Percentage of Replacement** is the percentage of component value to be replaced in the second replacement cycle. This can vary from the percentage of the first cycle for various reasons, such as the increased age of a component may require a larger amount of repair.
- Columns 13 **Cycles, Percentage, and Cost** repeat as itemized above. Although not shown on the tables, Through 16 the cycles continue throughout the study period and beyond.
- Column 18 **Discussion** is the description and observed condition of the component and the methodology employed in the decision-making process. Includes the photo reference, **(Photo #1, #2, etc.)** and Maintenance Protocol reference numbers **(7.1, 7.2 etc.)** if applicable.

Reserve Fund Plan for
LAUREL MEWS HOMEOWNERS
ASSOCIATION
Arlington, Virginia

COMPONENT DATA AND
ASSET REPLACEMENT SCHEDULE

TABLE 1
2020 Through 2039



The cells within these Excel spreadsheets contain proprietary code and are intended only for the client and its management. Unauthorized use of the formulae for other clients or other purposes is strictly forbidden and will be considered piracy.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	18
Component No.	Component	Quantity	Unit of Measurement	Unit Cost	Total Asset Base	Typical Service or Cycle Life in Yrs	1st Cycle Year	Percentage of Replacement	Cost For 1st Cycle	2nd Cycle Year	Percentage of Replacement	Cost For 2nd Cycle	3rd Cycle Year	Percentage of Replacement	Cost For 3rd Cycle	DISCUSSION
1 ASPHALT COMPONENTS																
1.1	Asphalt Restoration Project	3,570	SY	\$13.00	\$46,410	20	2025	100%	\$53,802	2045	100%	\$97,172				This component includes asphalt driveways and parking bays. Neither the depth nor the sub-base of the pavement could be visually determined. The asphalt has had one restoration since construction and is in fair condition. Restoration includes full-width profile milling and new compacted asphalt. Core sampling should be used to determine the depth and condition of the sub-base and pavement prior to restoration. Costs include striping, but not replacement of any inadequate sub-base.
1.2	Asphalt Seal Coat	3,570	SY	\$1.20	\$4,284	5	2030	100%	\$5,757	2035	100%	\$6,674	2040	100%	\$7,737	The pavement was seal coated circa 2018. Seal coating may help prevent water infiltration into the sub-base through micro-cracks, but is largely a cosmetic issue. To help improve curb appeal after repairs, we have scheduled seal coating projects every five years, except in the year of the pavement restoration project when it is not necessary. Crack filling and full-depth repairs should be completed prior to application to achieve maximum benefit from the seal coating. Seal coating projects include re-striping. It should be understood that coal-tar based seal coating products have been banned from use in many localities throughout the country due to heavy contamination of ground water.
1.3	Asphalt Repair Allowance	1	LS	\$12,000.00	\$12,000	5	2025	100%	\$13,911	2030	25%	\$4,032	2035	50%	\$9,348	Approximately 357 square yards of deflected pavement (indicative of sub-base damage), and about 454 linear feet of longitudinal or transverse cracking were observed. Repairs are essential in order to achieve the projected remaining service life of the pavement, once restored. Full-depth repairs and crack filling are scheduled every five years throughout the study period, including the year of the asphalt restoration project.
2 CONCRETE COMPONENTS																
2.1	Brick Paver Sidewalks	6,696	SF	\$12.50	\$83,700	1	2021	3%	\$2,586	2022	3%	\$2,664	2023	4%	\$3,658	Brick paver sidewalks are constructed as the main pathways throughout the community. The sidewalks are generally 4' and 6' wide. Management requested that an allowance be made for the annual cyclical replacement of deteriorated, settled, or cracked brick pavers, and periodic re-bedding of the deflected pavers to insure safety for pedestrians and to maintain curb appeal. The paver sidewalks are in continuing good condition, with no major deficiencies observed.
2.2	Brick Steps	372	SF	\$36.00	\$13,392	1	2021	5%	\$690	2022	5%	\$710	2023	5%	\$732	Brick and mortar steps are provided at various locations throughout the brick paths. The steps are generally 4' to 6' wide. Management requested that an allowance be made for the annual cyclical replacement of deteriorated, settled, or cracked brick pavers, and periodic re-bedding of the deflected pavers to insure safety for pedestrians and to maintain curb appeal. The steps are in continuing good condition, with no major deficiencies observed.
2.3	Concrete Sidewalk	670	SF	\$12.50	\$8,375	5	2021	10%	\$863	2026	20%	\$2,000	2031	20%	\$2,319	A concrete sidewalk, generally 5' wide, is present at the rear of one row of townhomes. Its thickness could not be visually determined. Management reports that about 80% of this walk was replaced in 2010. A few hairline cracks were present, but otherwise, it is in continuing good condition. Cyclic repairs are scheduled as full replacement at one time is not appropriate or anticipated. Concrete repairs are scheduled to coincide with work on other concrete components to take advantage of economies of scale in packaging concrete restoration work. The Board should be aware that repairs to small quantities of concrete may be more costly because of the difficulty of attracting competitive bids for small projects, which may not meet contractor minimums. Any trip hazards or hazardous surface deficiencies should be addressed as soon as practicable to prevent personal injury.
2.4	Concrete Curbs & Gutters	1,562	LF	\$36.00	\$56,232	5	2021	5%	\$2,896	2026	4%	\$2,686	2031	4%	\$3,114	The driveways and parking bays are lined with standard-profile, cast-in-place, concrete curbs and gutters. They are in generally fair to continuing good condition with about 4.8% of the length with transverse cracks or settlement. We observed approximately eight damaged sections, which should be replaced. Minor chips usually do not justify replacement. Cyclic repairs are scheduled, as full replacement at one time is not appropriate or anticipated. Curb repairs are scheduled to coincide with work on other concrete components to maximize economies of scale. The Board should be aware that repairs to small quantities of concrete may be more costly because of the difficulty of attracting competitive bids for small projects, which may not meet contractor minimums. Any trip hazards or hazardous surface deficiencies should be addressed as soon as practicable to prevent personal injury.
3 SITE FEATURES																
3.1	Outdoor Lighting Systems Allowance	1	LS	\$86,000.00	\$86,000	5	2024	10%	\$9,679	2029	10%	\$11,221	2034	10%	\$13,008	This component includes pathway lights, several wall-mounted lights at one row of townhomes, eight pagoda lights, and approximately 35 fiberglass reinforced plastic (FRP) light poles of varying heights of 6' to 12' high, with traditional lantern fixtures providing street and area illumination. Lighting appears to be in continuing good condition, but was not observed after dark. Landscape lighting generally has a short service life due to the proximity to ground and moisture and damage from landscaping practices. Localized periodic fixture and wiring repairs/replacements will extend the service life of these components.
3.2	Pressure-Treated Wood Fencing	708	LF	\$27.00	\$19,116	1	2020	10%	\$1,912	2021	10%	\$1,969	2022	10%	\$2,028	Generally 4' sections of pressure-treated wood fencing are constructed along the east side of the community. One is alternating board fencing and the other is pressure-treated, board on board fence, 6' in height that is constructed at the southwest corner of the property. Fencing is in generally fair condition. Annual repairs and localized replacements will maximize the service life until a full replacement is scheduled.
3.3	Street and Informational Signage	18	EA	\$165.00	\$2,970	20	2032	100%	\$4,235	2052	100%	\$7,648				Standard metal traffic, parking and access control signs, typically 12" by 18" mounted on perforated metal posts, are located throughout the community. Newer address signs with L.E.D. lighting were recently installed. A total of approximately 18 signs are throughout the community. All signs are in continuing good condition.
3.4	Mailboxes	5	EA	\$2,500.00	\$12,500	25	2024	100%	\$14,069	2044	100%	\$25,410				Approximately five pedestal mounted metal mailbox modules are installed in various locations throughout the community. We understand that the mailbox modules were restored by a local boy scout troop, which will help to extend the service life somewhat. The units are in fair condition, but will require replacement in the next few years.

Reserve Fund Plan for
LAUREL MEWS HOMEOWNERS
ASSOCIATION
Arlington, Virginia

COMPONENT DATA AND
ASSET REPLACEMENT SCHEDULE
TABLE 1
2020 Through 2039



The cells within these Excel spreadsheets contain proprietary code and are intended only for the client and its management. Unauthorized use of the formulae for other clients or other purposes is strictly forbidden and will be considered piracy.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	18
Component No.	Component	Quantity	Unit of Measurement	Unit Cost	Total Asset Base	Typical Service or Cycle Life in Yrs	1st Cycle Year	Percentage of Replacement	Cost For 1st Cycle	2nd Cycle Year	Percentage of Replacement	Cost For 2nd Cycle	3rd Cycle Year	Percentage of Replacement	Cost For 3rd Cycle	DISCUSSION
3.5	Gazebo Restoration Project Allowance	1	LS	\$21,000.00	\$21,000	10	2025	40%	\$9,738	2035	60%	\$19,630	2045	20%	\$8,794	An octagonal, 15' by 15' wood gazebo is constructed with a concrete floor and four wood benches. The gazebo is supported by six 4 x 4 posts and interspersed with a wood railing. Composite asphalt shingles protect the 4/12 pitched roof. The gazebo is in continuing good condition. We've scheduled an allowance for periodic replacement of the wood components, repair of the concrete floor, and replacement of the asphalt shingles.
3.6	Shed Restoration Project Allowance	1	LS	\$43,000.00	\$43,000	10	2025	20%	\$9,970	2035	40%	\$26,797	2045	60%	\$54,019	Three brick and mortar sheds are constructed at various locations. Two of the sheds measure 14 x 10 feet and a third shed is 16 x 6 feet. The sheds are supported by nine foot brick and mortar walls with an arched walkway with concrete floors constructed on each end. Composite asphalt shingles protect the 9/12 pitched roofs. Each building contains one electrical service panel, which provides power to the area lighting. The sheds are in continuing good condition. We've scheduled an allowance for periodic replacement of the wood components, electrical components, brick tuckpointing, repair of the concrete floor and replacement of the asphalt shingles.
3.7	Storm Water Drainage System Allowance	1	LS	\$8,500.00	\$8,500	7	2024	100%	\$9,567	2031	100%	\$11,766	2038	100%	\$14,471	Storm water drainage is provided by concrete yard drains, curb drop inlets, and underground structures, leading storm water offsite. We understand that responsibility for some or parts of the system may rest with local government. Though storm water drainage systems are a long life component and catastrophic failure is not anticipated, it is prudent for the community to plan for localized repairs and repairs to ancillary damage, even if a public entity has primary responsibility. This category may also be used to address localized erosion issues. This line item addresses potential storm water collection, drainage, and erosion issues throughout the study period and does not represent a single expense or action already identified as necessary.
3.8	Tree Removal & Replacement Allowance	1	LS	\$5,000.00	\$5,000	5	2024	100%	\$5,628	2029	100%	\$6,524	2034	100%	\$7,563	Due to the age of the property, the site has many mature trees. In later years, trees require trimming to prevent damage to adjacent structures and components. Also, occasionally trees must be removed due to damage, disease, or if they outsize their location. Management established a budget amount to address tree removal, trimming, or replacement periodically throughout the study period.
3.9	Water & Sewer Repair Allowance	1	LS	\$15,000.00	\$15,000	1	2020	100%	\$15,000	2021	100%	\$15,450	2022	100%	\$15,914	The Board President reported that one major sewer line required repairs and that water lines in various locations also required repairs. We understand that tree roots may be affecting some areas. He requested that we include an allowance for periodic pipe repair and set the budget and timing of this component.
4 BRICK & MORTAR WALLS																
4.1	#6701 Wall	1,023	SF	\$72.00	\$73,656	20	2040	100%	\$133,031							Brick and Mortar walls are installed in various locations throughout the community. The walls included are Association responsibility. We understand that this wall was tuckpointed and repaired in recent years. The next cycle of repair may include rebuilding the walls.
4.2	#6707 Wall	423	SF	\$72.00	\$30,456	20	2040	100%	\$55,007							Brick and Mortar walls are installed in various locations throughout the community. The walls included are Association responsibility. We understand that this wall was tuckpointed and repaired in recent years. The next cycle of repair may include rebuilding the walls.
4.3	#6708 Wall	682	SF	\$72.00	\$49,104	20	2040	100%	\$88,687							Brick and Mortar walls are installed in various locations throughout the community. The walls included are Association responsibility. We understand that this wall was tuckpointed and repaired in recent years. The next cycle of repair may include rebuilding the walls.
4.4	#6711-A Walls	200	SF	\$72.00	\$14,400	20	2040	100%	\$26,008							Brick and Mortar walls are installed in various locations throughout the community. The walls included are Association responsibility. We understand that this wall was tuckpointed and repaired in recent years. The next cycle of repair may include rebuilding the walls.
4.5	#6712 Wall	660	SF	\$72.00	\$47,520	20	2040	100%	\$85,826							Brick and Mortar walls are installed in various locations throughout the community. The walls included are Association responsibility. We understand that this wall was tuckpointed and repaired in recent years. The next cycle of repair may include rebuilding the walls.
4.6	#6704-H Wall	138	SF	\$72.00	\$9,936	20	2040	100%	\$17,946							Brick and Mortar walls are installed in various locations throughout the community. The walls included are Association responsibility. We understand that this wall was tuckpointed and repaired in recent years. The next cycle of repair may include rebuilding the walls.
4.7	#6704-A Wall	231	SF	\$72.00	\$16,632	20	2040	100%	\$30,039							Brick and Mortar walls are installed in various locations throughout the community. The walls included are Association responsibility. We understand that this wall was tuckpointed and repaired in recent years. The next cycle of repair may include rebuilding the walls.
4.8	Lee Highway Wall	291	SF	\$72.00	\$20,952	20	2040	100%	\$37,842							Brick and Mortar walls are installed in various locations throughout the community. The walls included are Association responsibility. We understand that this wall was tuckpointed and repaired in recent years. The next cycle of repair may include rebuilding the walls.
4.9	Exxon Wall	2,000	SF	\$72.00	\$144,000	20	2028	100%	\$182,415	2058	100%	\$442,769				Brick and Mortar walls are installed in various locations throughout the community. The walls included are Association responsibility. We understand that this wall was tuckpointed in recent years. However, the wall was not fully repaired, as the Exxon side of this wall continues to be in poor condition. Additional minor cracking on the Laurel Mews side was observed. The wall continues to deflect towards the Exxon station. This wall may require being fully replaced within the next ten years.

CALENDAR OF EXPENDITURES TABLE 2 EXPLANATION

This table is a yearly plan of action of replacements and costs. A description of the columns in the table follows:

- Column 1 **Year** is the year of the projected replacement and expenditure.
- Column 2 **Component No.** itemizes the components and is consistent throughout the tables.
- Column 3 **Component** is a brief description of the component.
- Column 4 **Present Cost** is the cost for the cycle in today's dollars.
- Column 5 **Future Cost (Inflated)** is the cost for the cycle in future dollars.
- Column 6 **Total Annual Expenditures** gives the total expenditures by year.
- Column 7 **Action** is an area provided for the Board to make notations as to action taken on each component.

Reserve Fund Plan for
LAUREL MEWS HOMEOWNERS ASSOCIATION
 Arlington, Virginia

CALENDAR OF EXPENDITURES

TABLE 2
 2020 Through 2039



YEAR	COMPONENT NO.	COMPONENT	PRESENT COST 2020	FUTURE COST (INFLATED)	TOTAL ANNUAL EXPENDITURES	ACTION
1	2	3	4	5	6	7
2020						2020
	3.2	Pressure-Treated Wood Fencing	\$1,912	\$1,912	TOTAL EXPENDITURES	
	3.9	Water & Sewer Repair Allowance	\$15,000	\$15,000		
						\$16,912
2021						2021
	2.1	Brick Paver Sidewalks	\$2,511	\$2,586	TOTAL EXPENDITURES	
	2.2	Brick Steps	\$670	\$690		
	2.3	Concrete Sidewalk	\$838	\$863		
	2.4	Concrete Curbs & Gutters	\$2,812	\$2,896		
	3.2	Pressure-Treated Wood Fencing	\$1,912	\$1,969		
	3.9	Water & Sewer Repair Allowance	\$15,000	\$15,450		
						\$24,454
2022						2022
	2.1	Brick Paver Sidewalks	\$2,511	\$2,664	TOTAL EXPENDITURES	
	2.2	Brick Steps	\$670	\$710		
	3.2	Pressure-Treated Wood Fencing	\$1,912	\$2,028		
	3.9	Water & Sewer Repair Allowance	\$15,000	\$15,914		
						\$21,316
2023						2023
	2.1	Brick Paver Sidewalks	\$3,348	\$3,658	TOTAL EXPENDITURES	
	2.2	Brick Steps	\$670	\$732		
	3.2	Pressure-Treated Wood Fencing	\$1,912	\$2,089		
	3.9	Water & Sewer Repair Allowance	\$15,000	\$16,391		
						\$22,870
2024						2024
	2.1	Brick Paver Sidewalks	\$4,185	\$4,710	TOTAL EXPENDITURES	
	2.2	Brick Steps	\$670	\$754		
	3.1	Outdoor Lighting Systems Allowance	\$8,600	\$9,679		
	3.2	Pressure-Treated Wood Fencing	\$1,912	\$2,152		
	3.4	Mailboxes	\$12,500	\$14,069		
	3.7	Storm Water Drainage System Allowance	\$8,500	\$9,567		
	3.8	Tree Removal & Replacement Allowance	\$5,000	\$5,628		
	3.9	Water & Sewer Repair Allowance	\$15,000	\$16,883		
						\$63,441
2025						2025
	1.1	Asphalt Restoration Project	\$46,410	\$53,802	TOTAL EXPENDITURES	
	1.3	Asphalt Repair Allowance	\$12,000	\$13,911		
	2.1	Brick Paver Sidewalks	\$4,185	\$4,852		
	2.2	Brick Steps	\$670	\$776		
	3.2	Pressure-Treated Wood Fencing	\$1,912	\$2,216		
	3.5	Gazebo Restoration Project Allowance	\$8,400	\$9,738		
	3.6	Shed Restoration Project Allowance	\$8,600	\$9,970		
	3.9	Water & Sewer Repair Allowance	\$15,000	\$17,389		
						\$112,654
2026						2026
	2.1	Brick Paver Sidewalks	\$5,022	\$5,997	TOTAL EXPENDITURES	
	2.2	Brick Steps	\$670	\$800		
	2.3	Concrete Sidewalk	\$1,675	\$2,000		
	2.4	Concrete Curbs & Gutters	\$2,249	\$2,686		
	3.2	Pressure-Treated Wood Fencing	\$1,912	\$2,283		
	3.9	Water & Sewer Repair Allowance	\$15,000	\$17,911		
						\$31,675

Reserve Fund Plan for
LAUREL MEWS HOMEOWNERS ASSOCIATION
 Arlington, Virginia

CALENDAR OF EXPENDITURES

TABLE 2
 2020 Through 2039



YEAR	COMPONENT NO.	COMPONENT	PRESENT COST 2020	FUTURE COST (INFLATED)	TOTAL ANNUAL EXPENDITURES	ACTION
1	2	3	4	5	6	7
2027						2027
	2.1	Brick Paver Sidewalks	\$5,022	\$6,176	TOTAL EXPENDITURES	
	2.2	Brick Steps	\$670	\$824		
	3.2	Pressure-Treated Wood Fencing	\$19,116	\$23,510		
	3.9	Water & Sewer Repair Allowance	\$15,000	\$18,448		
						\$48,958
2028						2028
	2.1	Brick Paver Sidewalks	\$5,022	\$6,362	TOTAL EXPENDITURES	
	2.2	Brick Steps	\$670	\$848		
	3.2	Pressure-Treated Wood Fencing	\$1,912	\$2,422		
	3.9	Water & Sewer Repair Allowance	\$15,000	\$19,002		
	4.9	Exxon Wall	\$144,000	\$182,415		
						\$211,048
2029						2029
	2.1	Brick Paver Sidewalks	\$5,022	\$6,553	TOTAL EXPENDITURES	
	2.2	Brick Steps	\$670	\$874		
	3.1	Outdoor Lighting Systems Allowance	\$8,600	\$11,221		
	3.2	Pressure-Treated Wood Fencing	\$1,912	\$2,494		
	3.8	Tree Removal & Replacement Allowance	\$5,000	\$6,524		
	3.9	Water & Sewer Repair Allowance	\$15,000	\$19,572		
						\$47,237
2030						2030
	1.2	Asphalt Seal Coat	\$4,284	\$5,757	TOTAL EXPENDITURES	
	1.3	Asphalt Repair Allowance	\$3,000	\$4,032		
	2.1	Brick Paver Sidewalks	\$5,022	\$6,749		
	2.2	Brick Steps	\$670	\$900		
	3.2	Pressure-Treated Wood Fencing	\$1,912	\$2,569		
	3.9	Water & Sewer Repair Allowance	\$15,000	\$20,159		
						\$40,166
2031						2031
	2.1	Brick Paver Sidewalks	\$5,022	\$6,952	TOTAL EXPENDITURES	
	2.2	Brick Steps	\$670	\$927		
	2.3	Concrete Sidewalk	\$1,675	\$2,319		
	2.4	Concrete Curbs & Gutters	\$2,249	\$3,114		
	3.2	Pressure-Treated Wood Fencing	\$1,912	\$2,646		
	3.7	Storm Water Drainage System Allowance	\$8,500	\$11,766		
	3.9	Water & Sewer Repair Allowance	\$15,000	\$20,764		
						\$48,486
2032						2032
	2.1	Brick Paver Sidewalks	\$5,022	\$7,160	TOTAL EXPENDITURES	
	2.2	Brick Steps	\$670	\$955		
	3.2	Pressure-Treated Wood Fencing	\$1,912	\$2,725		
	3.3	Street and Informational Signage	\$2,970	\$4,235		
	3.9	Water & Sewer Repair Allowance	\$15,000	\$21,386		
						\$36,461
2033						2033
	2.1	Brick Paver Sidewalks	\$5,022	\$7,375	TOTAL EXPENDITURES	
	2.2	Brick Steps	\$670	\$983		
	3.2	Pressure-Treated Wood Fencing	\$1,912	\$2,807		
	3.9	Water & Sewer Repair Allowance	\$15,000	\$22,028		
						\$33,194

Reserve Fund Plan for
LAUREL MEWS HOMEOWNERS ASSOCIATION
 Arlington, Virginia

CALENDAR OF EXPENDITURES

TABLE 2
 2020 Through 2039



YEAR	COMPONENT NO.	COMPONENT	PRESENT COST 2020	FUTURE COST (INFLATED)	TOTAL ANNUAL EXPENDITURES	ACTION
1	2	3	4	5	6	7
2034						2034
	2.1	Brick Paver Sidewalks	\$5,022	\$7,596	TOTAL EXPENDITURES	
	2.2	Brick Steps	\$670	\$1,013		
	3.1	Outdoor Lighting Systems Allowance	\$8,600	\$13,008		
	3.2	Pressure-Treated Wood Fencing	\$1,912	\$2,891		
	3.8	Tree Removal & Replacement Allowance	\$5,000	\$7,563		
	3.9	Water & Sewer Repair Allowance	\$15,000	\$22,689		
						\$54,761
2035						2035
	1.2	Asphalt Seal Coat	\$4,284	\$6,674	TOTAL EXPENDITURES	
	1.3	Asphalt Repair Allowance	\$6,000	\$9,348		
	2.1	Brick Paver Sidewalks	\$5,022	\$7,824		
	2.2	Brick Steps	\$670	\$1,043		
	3.2	Pressure-Treated Wood Fencing	\$1,912	\$2,978		
	3.5	Gazebo Restoration Project Allowance	\$12,600	\$19,630		
	3.6	Shed Restoration Project Allowance	\$17,200	\$26,797		
	3.9	Water & Sewer Repair Allowance	\$15,000	\$23,370		
					\$97,665	
2036						2036
	2.1	Brick Paver Sidewalks	\$5,022	\$8,059	TOTAL EXPENDITURES	
	2.2	Brick Steps	\$670	\$1,075		
	2.3	Concrete Sidewalk	\$1,675	\$2,688		
	2.4	Concrete Curbs & Gutters	\$2,249	\$3,609		
	3.2	Pressure-Treated Wood Fencing	\$1,912	\$3,068		
	3.9	Water & Sewer Repair Allowance	\$15,000	\$24,071		
					\$42,569	
2037						2037
	2.1	Brick Paver Sidewalks	\$5,022	\$8,301	TOTAL EXPENDITURES	
	2.2	Brick Steps	\$670	\$1,107		
	3.2	Pressure-Treated Wood Fencing	\$1,912	\$3,160		
	3.9	Water & Sewer Repair Allowance	\$15,000	\$24,793		
					\$37,360	
2038						2038
	2.1	Brick Paver Sidewalks	\$5,022	\$8,550	TOTAL EXPENDITURES	
	2.2	Brick Steps	\$670	\$1,140		
	3.2	Pressure-Treated Wood Fencing	\$1,912	\$3,254		
	3.7	Storm Water Drainage System Allowance	\$8,500	\$14,471		
	3.9	Water & Sewer Repair Allowance	\$15,000	\$25,536		
					\$52,951	
2039						2039
	2.1	Brick Paver Sidewalks	\$5,022	\$8,806	TOTAL EXPENDITURES	
	2.2	Brick Steps	\$670	\$1,174		
	3.1	Outdoor Lighting Systems Allowance	\$17,200	\$30,160		
	3.2	Pressure-Treated Wood Fencing	\$1,912	\$3,352		
	3.8	Tree Removal & Replacement Allowance	\$5,000	\$8,768		
	3.9	Water & Sewer Repair Allowance	\$15,000	\$26,303		
					\$78,563	

CURRENT FUNDING ANALYSIS CASH FLOW METHOD
TABLE 3.0 EXPLANATION
and, if applicable,
ALTERNATIVE FUNDING ANALYSIS CASH FLOW METHOD
TABLE 3.1, 3.2, 3,3 (etc.) EXPLANATION

Table 3.0 shows the financial picture over the twenty-year study period, using the current annual contribution and the reserve fund balance reported at the beginning of the study year. If the results of the study indicate a need to increase the annual contribution to maintain adequate balances throughout the study period, Table 3.1, and possibly, 3.2 will be provided for consideration. Alternatives might also be provided if a community is over-funded and desires to adjust the annual contribution downward.

Alternative funding may be achieved by increasing the annual contribution to a fixed yearly amount or by applying an annual escalation factor to increase contributions over time, or a combination of both methods. An inflation factor and interest income factor may be included in the calculations on this page.

A description of the columns in the table follows:

Column 1	Year
Column 2	Total Asset Base of all common capital assets included in the reserve fund with costs adjusted for inflation.
Column 3	Beginning Reserve Fund Balance is the reserve fund balance after all activity in the prior year is completed.
Column 4	Annual Contribution , on Table 3, is the amount contributed annually to the reserve fund as reported by the Board of Directors. On the Alternative Funding Analysis tables (3.1, 3.2, etc.), the annual contribution is projected to maintain positive balances throughout the study period.
Column 5	Interest Income , which is indicated in the heading of the table, is applied to the reserve fund balance and is accrued monthly throughout each year after the yearly expenditures are deducted. The interest income percentage may be varied to reflect actual experience of the community investments.
Column 6	Capital Expenditures are annual totals of expenditures for each year of the study period adjusted by the inflation percentage listed in the heading of the table.
Column 7	Ending Reserve Fund Balance is the result of the beginning reserve fund balance plus the annual contribution, plus interest income, less capital expenditures for the year.
Column 8	Balance to Asset Base Ratio , expressed as a percentage, is the ratio between the ending reserve fund balance and the total asset base for that year. The ratio is useful to the analysts in understanding general financial condition, but there is no standard ratio as each community's condition and complexity varies.

Reserve Fund Plan for
LAUREL MEWS HOMEOWNERS
ASSOCIATION
Arlington, Virginia

CURRENT FUNDING ANALYSIS
CASH FLOW METHOD
TABLE 3



Beginning Reserve Fund Balance: **60,000** Annual Contribution To Reserves: **20,000** Contribution Percentage Increase: **3.00%** Annual Inflation Factor: **3.00%** Annual Interest Income Factor: **2.50%**

In Dollars

YEAR	TOTAL ASSET BASE	BEGINNING RESERVE FUND BALANCE	ANNUAL CONTRIBUTION	INTEREST INCOME	CAPITAL EXPENDITURES	ENDING RESERVE FUND BALANCE
1	2	3	4	5	6	7
2020	844,135	60,000	20,000	1,560	16,912	64,648
2021	869,459	64,648	20,600	1,584	24,454	62,378
2022	895,543	62,378	21,218	1,577	21,316	63,857
2023	922,409	63,857	21,855	1,602	22,870	64,444
2024	950,081	64,444	22,510	1,074	63,442	24,586
2025	978,584	24,586	23,185	0	112,654	(64,882)
2026	1,007,941	(64,882)	23,881	0	31,677	(72,678)
2027	1,038,180	(72,678)	24,597	0	48,958	(97,039)
2028	1,069,325	(97,039)	25,335	0	211,049	(282,752)
2029	1,101,405	(282,752)	26,095	0	47,238	(303,895)
2030	1,134,447	(303,895)	26,878	0	40,166	(317,182)
2031	1,168,480	(317,182)	27,685	0	48,488	(337,986)
2032	1,203,535	(337,986)	28,515	0	36,461	(345,931)
2033	1,239,641	(345,931)	29,371	0	33,193	(349,754)
2034	1,276,830	(349,754)	30,252	0	54,760	(374,262)
2035	1,315,135	(374,262)	31,159	0	97,664	(440,767)
2036	1,354,589	(440,767)	32,094	0	42,570	(451,243)
2037	1,395,227	(451,243)	33,057	0	37,361	(455,547)
2038	1,437,083	(455,547)	34,049	0	52,951	(474,449)
2039	1,480,196	(474,449)	35,070	0	78,563	(517,942)
STUDY PERIOD TOTALS			537,407	7,398	1,122,747	

Reserve Fund Plan for
LAUREL MEWS HOMEOWNERS
ASSOCIATION
Arlington, Virginia

ALTERNATIVE FUNDING ANALYSIS
CASH FLOW METHOD
HYBRID APPROACH
TABLE 3.1



Beginning Reserve Fund Balance: **60,000** Annual Contribution To Reserves: **20,000** Contribution Percentage Increase: **3.00%** Annual Inflation Factor: **3.00%** Annual Interest Income Factor: **2.50%**

In Dollars

YEAR	TOTAL ASSET BASE	BEGINNING RESERVE FUND BALANCE	ANNUAL CONTRIBUTION	INTEREST INCOME	CAPITAL EXPENDITURES	ENDING RESERVE FUND BALANCE
1	2	3	4	5	6	7
2020	844,135	60,000	20,000	1,560	16,912	64,648
2021	869,459	64,648	38,300	1,825	24,454	80,319
2022	895,543	80,319	56,600	2,514	21,316	118,117
2023	922,409	118,117	74,900	3,698	22,870	173,845
2024	950,081	173,845	77,147	4,587	63,442	192,137
2025	978,584	192,137	79,461	4,412	112,654	163,356
2026	1,007,941	163,356	81,845	4,817	31,677	218,342
2027	1,038,180	218,342	84,301	6,006	48,958	259,691
2028	1,069,325	259,691	86,830	4,883	211,049	140,354
2029	1,101,405	140,354	89,435	4,128	47,238	186,679
2030	1,134,447	186,679	92,118	5,432	40,166	244,062
2031	1,168,480	244,062	94,881	6,808	48,488	297,263
2032	1,203,535	297,263	97,728	8,355	36,461	366,884
2033	1,239,641	366,884	100,659	10,200	33,193	444,551
2034	1,276,830	444,551	103,679	11,912	54,760	505,382
2035	1,315,135	505,382	106,789	12,910	97,664	527,418
2036	1,354,589	527,418	109,993	14,260	42,570	609,101
2037	1,395,227	609,101	113,293	16,441	37,361	701,474
2038	1,437,083	701,474	116,692	18,612	52,951	783,827
2039	1,480,196	783,827	120,193	20,394	78,563	845,850

STUDY PERIOD TOTALS

1,744,843 163,754 1,122,747

FULLY FUNDED BALANCE GOAL



FUNDING ANALYSIS COMPONENT METHOD TABLE 4 EXPLANATION

Table 4 is a yearly list of annual contributions toward each component, which must be made to achieve 100% funding. The reserve fund balance is the balance at the beginning of the study year. The beginning reserve fund balance is applied, proportionately, to each component prior to calculating the yearly contribution for each component. Future costs (inflation) are factored into the replacement cycles. The annual contribution for each year is calculated in the bottom row of the study labeled **Annual Component Contribution Totals**. Interest and inflation are calculated at the same annual rates as the Cash Flow Method (Table 3).

- Column 1 **Component Number** is consistent throughout the tables.
- Column 2 **Component** is a brief description of the component.
- Columns 3 - 22 **Years** lists the annual contribution amount toward each component throughout the twenty-year study period, which is totaled at the bottom of the component table.

COMPONENT METHOD SUMMARY

The component method summary computes the beginning reserve fund balance, the annual component contribution, the annual expenditures, and interest income. It then provides the ending reserve fund balance for each year of the study.

Beginning Reserve Fund Balance:
In Dollars **60,000**

Component Number	COMPONENT	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	
1 ASPHALT COMPONENTS																						
1.1	Asphalt Restoration Project	7,588	7,588	7,588	7,588	7,588	3,742	3,742	3,742	3,742	3,742	3,742	3,742	3,742	3,742	3,742	3,742	3,742	3,742	3,742	3,742	
1.2	Asphalt Seal Coat	506	506	506	506	506	506	506	506	506	506	1,252	1,252	1,252	1,252	1,252	1,451	1,451	1,451	1,451	1,451	
1.3	Asphalt Repair Allowance	2,435	2,435	2,435	2,435	2,435	756	756	756	756	756	1,753	1,753	1,753	1,753	1,753	3,049	3,049	3,049	3,049	3,049	
2 CONCRETE COMPONENTS																						
2.1	Brick Paver Sidewalks	2,552	2,628	3,609	4,647	4,786	5,916	6,093	6,276	6,464	6,658	6,858	7,064	7,276	7,494	7,719	7,950	8,189	8,435	8,688	8,948	
2.2	Brick Steps	680	701	722	743	766	789	812	837	862	888	914	942	970	999	1,029	1,060	1,092	1,125	1,158	1,193	
2.3	Concrete Sidewalk	600	375	375	375	375	375	435	435	435	435	435	504	504	504	504	504	584	584	584	584	
2.4	Concrete Curbs & Gutters	2,015	504	504	504	504	504	584	584	584	584	584	677	677	677	677	677	785	785	785	785	
3 SITE FEATURES																						
3.1	Outdoor Lighting Systems Allowance	1,785	1,785	1,785	1,785	2,105	2,105	2,105	2,105	2,105	2,440	2,440	2,440	2,440	2,440	5,657	5,657	5,657	5,657	5,657	5,657	3,279
3.2	Pressure-Treated Wood Fencing	3,115	2,001	2,061	2,123	2,186	2,252	23,194	2,389	2,461	2,534	2,610	2,689	2,769	2,853	2,938	3,026	3,117	3,211	3,307	3,406	
3.3	Street and Informational Signage	254	254	254	254	254	254	254	254	254	254	254	254	295	295	295	295	295	295	295	295	
3.4	Mailboxes	2,469	2,469	2,469	2,469	978	978	978	978	978	978	978	978	978	978	978	978	978	978	978	978	978
3.5	Gazebo Restoration Project Allowance	1,827	1,827	1,827	1,827	1,827	1,726	1,726	1,726	1,726	1,726	1,726	1,726	1,726	1,726	1,726	773	773	773	773	773	
3.6	Shed Restoration Project Allowance	1,870	1,870	1,870	1,870	1,870	2,357	2,357	2,357	2,357	2,357	2,357	2,357	2,357	2,357	2,357	4,751	4,751	4,751	4,751	4,751	
3.7	Storm Water Drainage System Allowance	1,895	1,895	1,895	1,895	1,537	1,537	1,537	1,537	1,537	1,537	1,537	1,890	1,890	1,890	1,890	1,890	1,890	1,890	1,890	2,324	2,324
3.8	Tree Removal & Replacement Allowance	1,230	1,230	1,230	1,230	1,224	1,224	1,224	1,224	1,224	1,419	1,419	1,419	1,419	1,419	1,645	1,645	1,645	1,645	1,645	1,645	1,907
3.9	Water & Sewer Repair Allowance	24,446	15,699	16,170	16,655	17,155	17,670	18,200	18,746	19,308	19,887	20,484	21,099	21,731	22,383	23,055	23,747	24,459	25,193	25,949	26,727	
4 BRICK & MORTAR WALLS																						
4.1	#6701 Wall	5,123	5,123	5,123	5,123	5,123	5,123	5,123	5,123	5,123	5,123	5,123	5,123	5,123	5,123	5,123	5,123	5,123	5,123	5,123	5,123	
4.2	#6707 Wall	2,118	2,118	2,118	2,118	2,118	2,118	2,118	2,118	2,118	2,118	2,118	2,118	2,118	2,118	2,118	2,118	2,118	2,118	2,118	2,118	
4.3	#6708 Wall	3,415	3,415	3,415	3,415	3,415	3,415	3,415	3,415	3,415	3,415	3,415	3,415	3,415	3,415	3,415	3,415	3,415	3,415	3,415	3,415	
4.4	#6711-A Walls	1,002	1,002	1,002	1,002	1,002	1,002	1,002	1,002	1,002	1,002	1,002	1,002	1,002	1,002	1,002	1,002	1,002	1,002	1,002	1,002	
4.5	#6712 Wall	3,305	3,305	3,305	3,305	3,305	3,305	3,305	3,305	3,305	3,305	3,305	3,305	3,305	3,305	3,305	3,305	3,305	3,305	3,305	3,305	
4.6	#6704-H Wall	691	691	691	691	691	691	691	691	691	691	691	691	691	691	691	691	691	691	691	691	
4.7	#6704-A Wall	1,157	1,157	1,157	1,157	1,157	1,157	1,157	1,157	1,157	1,157	1,157	1,157	1,157	1,157	1,157	1,157	1,157	1,157	1,157	1,157	
4.8	Lee Highway Wall	1,457	1,457	1,457	1,457	1,457	1,457	1,457	1,457	1,457	1,457	1,457	1,457	1,457	1,457	1,457	1,457	1,457	1,457	1,457	1,457	
4.9	Exxon Wall	16,129	16,129	16,129	16,129	16,129	16,129	16,129	16,129	9,904	9,904	9,904	9,904	9,904	9,904	9,904	9,904	9,904	9,904	9,904	9,904	
ANNUAL COMPONENT CONTRIBUTION TOTALS		89,664	78,164	79,697	81,303	80,493	77,088	98,900	78,849	73,471	74,873	77,515	78,958	79,951	80,934	85,389	89,367	90,629	91,736	93,308	92,364	

COMPONENT METHOD SUMMARY	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
BEGINNING RESERVE FUND BALANCE	60,000	135,493	193,696	258,063	324,131	350,477	324,826	401,613	442,736	317,357	354,039	401,399	443,097	498,883	560,345	606,309	614,564	679,401	752,209	812,862
PLUS ANNUAL COMPONENT CONTRIBUTION	89,664	78,164	79,697	81,303	80,493	77,088	98,900	78,849	73,471	74,873	77,515	78,958	79,951	80,934	85,389	89,367	90,629	91,736	93,308	92,364
CAPITAL EXPENDITURES	16,912	24,454	21,316	22,870	63,442	112,654	31,677	48,958	211,049	47,238	40,166	48,488	36,461	33,193	54,760	97,664	42,570	37,361	52,951	78,563
SUBTOTAL	132,752	189,203	252,077	316,496	341,182	314,911	392,049	431,504	305,158	344,992	391,388	431,869	486,587	546,624	590,974	598,012	662,623	733,776	792,566	826,663
PLUS INTEREST INCOME @ 2.50%	2,741	4,493	5,986	7,635	9,295	9,915	9,564	11,232	12,199	9,047	10,011	11,228	12,296	13,720	15,335	16,552	16,778	18,433	20,295	21,816
FULLY FUNDED RESERVE FUND BALANCE	135,493	193,696	258,063	324,131	350,477	324,826	401,613	442,736	317,357	354,039	401,399	443,097	498,883	560,345	606,309	614,564	679,401	752,209	812,862	848,479

PERCENT FUNDED FOR CURRENT CYCLE **38%**

TOTAL EXPENDITURES **1,122,747**

TOTAL CONTRIBUTIONS **1,672,653**

STUDY PERIOD TOTAL INTEREST **238,573**

AVERAGE ANNUAL CONTRIBUTION **83,633**

FULLY FUNDED

PHOTOGRAPHS
WITH
DESCRIPTIVE
NARRATIVES



MASON & MASON
CAPITAL RESERVE ANALYSTS, INC.



PHOTO #1
The asphalt driveways and parking bays are in fair condition. The pavements will require restoration (full-width profile milling and new compacted asphalt) in about five years.



PHOTO #2
Some older cracking was filled, and the pavements were seal coated circa 2018. Continued pavement maintenance should be completed every five years, after the restoration project is completed.



PHOTO #3
The brick sidewalks are in continuing good condition. No major deficiencies were observed. Any future tripping hazards should be mitigated to prevent personal injury.

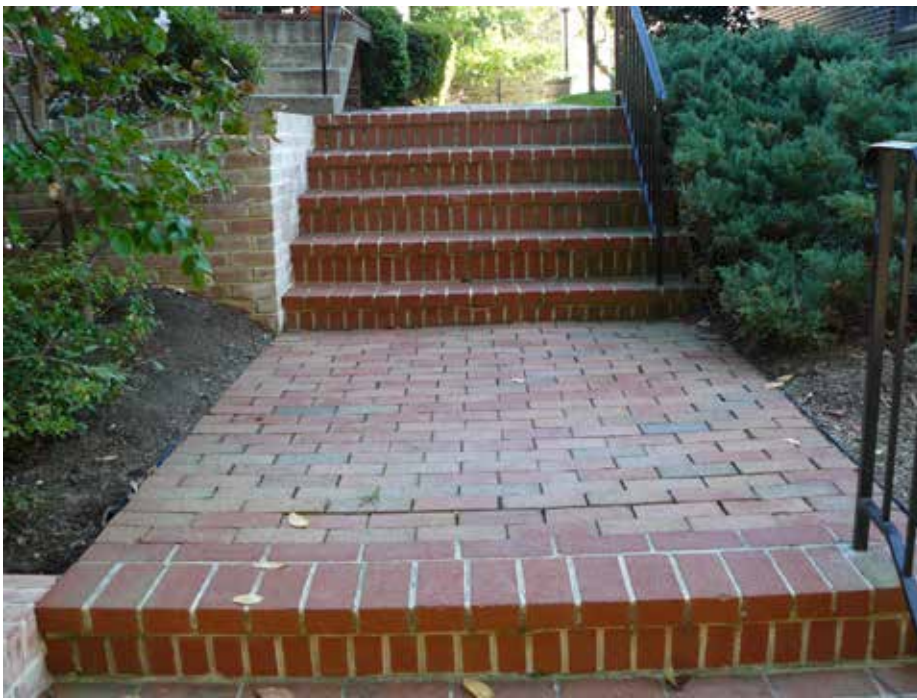


PHOTO #4
The brick and mortar steps are in continuing good condition.



PHOTO #5
The concrete sidewalk panels are in continuing good condition, as it appears that a significant portion of concrete was replaced in recent years.



PHOTO #6
The area lighting and the light poles and fixtures appear to be in continuing good condition. Lighting was not observed after dark.



PHOTO #7
The pressure-treated wood fencing ranges from fair to continuing good condition.



PHOTO #8
Street and informational signage has been recently replaced and is in continuing good condition.



PHOTO #9
The mailbox modules are in fair condition. Some areas of rust were observed. Painting the modules may help to maximize their service life.



PHOTO #10
The gazebo appears to be in continuing good condition.



PHOTO #11
The shed areas appear to be in fair to continuing good condition. Some of the roofing may require restoration in the next five to six years.



PHOTO #12
Tuckpointing repairs were made to most of the walls throughout the community, which will help to extend the walls service life.



PHOTO #13
The largest of the brick walls, which separates the community from the Exxon station next door was tuckpointed on one side by the community.

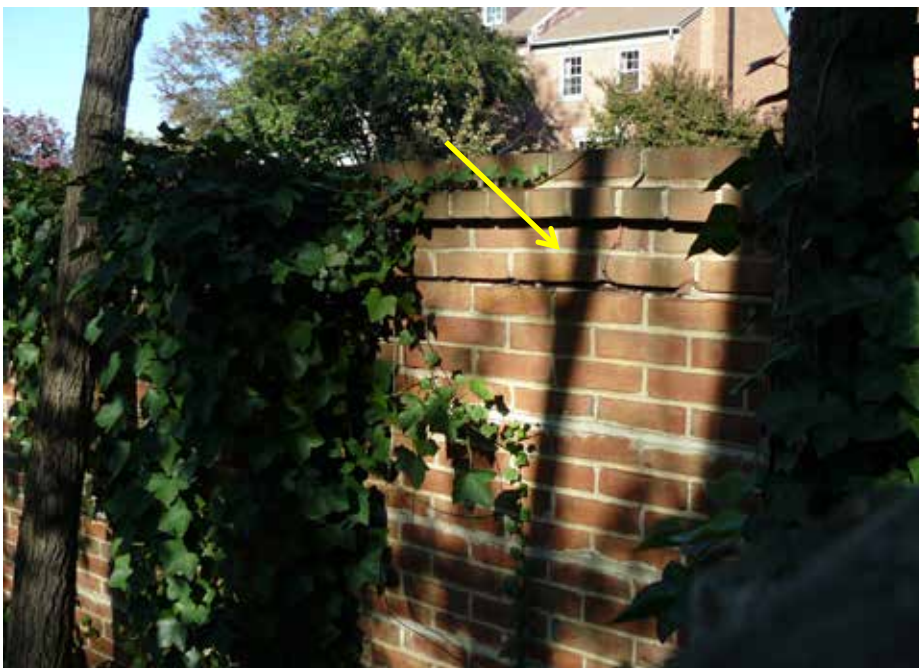


PHOTO #14
However, the back side of the wall is in poor condition and was not repaired.



PHOTO #15
Continued cracking and possible structure failure will continue over the years, which may eventually require an entire wall rebuild.