



Timberline Ridge HOA

Sammamish, WA

Level III Reserve Study Update (No Site-Visit)

Report Date: July 27, 2022

For Fiscal Year: 2023

Report#: 17224

Version: Final

Reserve Data Analyst, Inc.

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Timberline Ridge HOA Introduction

Thank you for utilizing the services of Reserve Data Analyst for your reserve study. We strive to create a comprehensive report that can be utilized for your budgeting needs. If there are any questions, concerns, corrections, or revisions needed please do not hesitate to call or email us. While this study does have some explanations of the methodology used, we have kept it to a minimum for brevity. More detailed explanations of methodology & concepts are explained in our Reserve Study Guidebook available at the following link:



www.reservedataanalyst.com/guidebook

The recommendations for the allocation rates of the different funding models are only for the beginning year of this reserve study; all future years are projections which are educated guesses and have numerous assumptions (e.g., inflation, proper maintenance, proper installation, known reserve account balances, etc.) built into the models. The further out in time a reader of the study goes, the less reliable the projections are likely to be. Note that the recommendations for the first fiscal year in the study are based on current cost and current useful life estimate levels as opposed to future cost and future useful life projections which again are educated guesses.

From year to year the recommendations of the reserve analyst will typically change (sometimes significantly) based on variables such as what projects have been done, what projects has been deferred, changes to the allocation rate, changes to the starting balance, changes to the component list, actual inflation rate figure (versus projections), maintenance or lack of maintenance of components, etc. Annual updates to this report help to incorporate changes to these variables as they occur so revisions to the recommendations are less significant than if updates are done infrequently. .

There are a couple of tips to consider that will help you both navigate this study and understand the different sections within the study:

- ❑ **Study Navigation** - To navigate this study more easily, we recommend printing out the Table of Contents page at the beginning of the study and the Component Index page(s) at the rear of the study. We have found it easiest for most readers to have the PDF of this study open on their computer while referring to the printed-out Table of Contents and Component Index pages.

Within this reserve study you will find:

- ❑ A list of common questions that a typical reader of our reserve study will have, as well as links to additional information on the topics: (*Reserve Study Knowledge Base*)
- ❑ A list of the site and building components that are reportedly the Client's responsibility along with their respective costs and quantity: (*The Component List*)
- ❑ A timeline of the estimated dates that we recommend funds be allocated to the repair/replacement project. (*Projected Expenditures - Chart, List & Spreadsheet*)
- ❑ Various funding models with different goals in mind. (*Summary Comments Page and Projections Page*)

Timberline Ridge HOA Executive Summary

Name	Timberline Ridge HOA
Location	Sammamish, WA
Contributing Members	200
Base Year / Age	June 1, 2000
Fiscal Year Ends	December 31, 2023

Level of Service	Level III Reserve Study Update (No Site-Visit)
Prepared for Fiscal Year	2023
Last On-Site Inspection Date	June 15, 2021
Inflation Rate for Projections	3.50%
*Interest Rate for Projections	0.50%
*Tax Rate on Interest Earned	30.0%
Funding Plan Method	Inflation Adjusted Pooled Cash Flow Method

Reserve Account Summary

Current Percent Funded <small>(as of January 1, 2023)</small> <div style="font-size: 2em; font-weight: bold; text-align: center;">44.5%</div> <div style="display: flex; justify-content: space-around; font-size: 0.8em;"> 0-30% Low 30-70% Fair 70-100% Good </div>	Fiscal Year Beginning Fully Funded Balance	\$355,746
	*Estimated FY Start Balance	\$158,279
	Total Reserve Account Surplus or (Deficit)	(\$197,467)
	Avg. Surplus or (Deficit) Per Contributing Member	(\$987)
	*Current Annual Reserve Allocation Rate	\$37,450 per year
	*Approved Special Assessments	None in fiscal year 2023.
	*Approved Loans	None in fiscal year 2023.

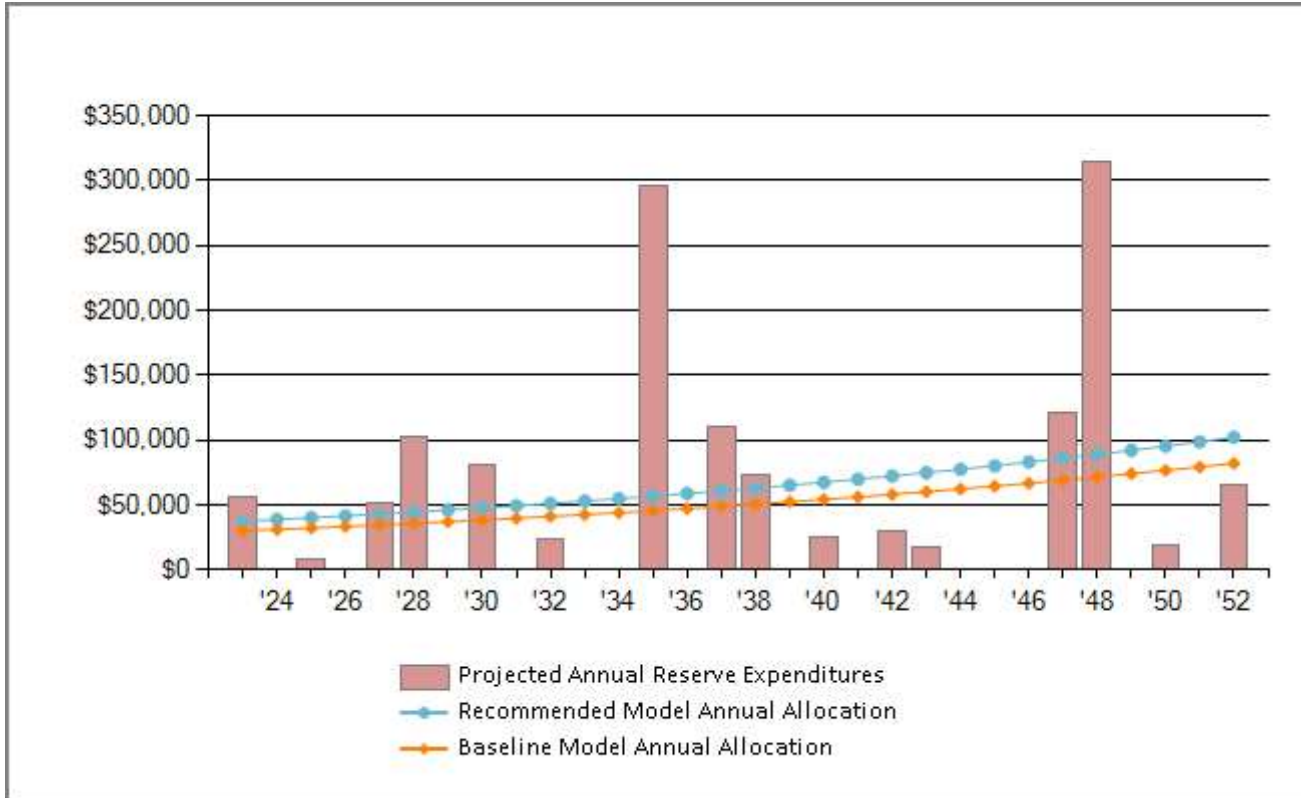
5-Year Summary - Annual Reserve Allocation Rates & Year End % Funded

	100% Funding Model		Recommended Funding Model		Baseline Funding Model		**Current Funding Model		
2023	\$232,731	100%	\$37,750	42%	\$30,374	40%	\$37,450	42%	2023
2024	\$37,999	100%	\$39,071	48%	\$31,437	44%	\$38,761	48%	2024
2025	\$39,329	100%	\$40,439	52%	\$32,538	47%	\$40,117	52%	2025
2026	\$40,706	100%	\$41,854	57%	\$33,676	50%	\$41,521	57%	2026
2027	\$42,130	100%	\$43,319	56%	\$34,855	47%	\$42,975	56%	2027
Account is at least 100% funded each year.			Achieve 100% funded within the timeframe of this study.		Reserve account above \$0 within timeframe of study.		Current allocation rate has been supplied by the Client.		

* Data supplied by the Client, assumed to be correct and not independently verified.

**Any negative percent funded shown is for visual representation of deficiency.

Timberline Ridge HOA Projected Annual Expenditures - Chart



The above chart provides a visual of the reserve account projected expenditures over the 30 years covered in this study. We suggest making a note of large expenditure years (peak years) when there will be significant projected expenditures related to one or more component projects that will require repair/replacement. These large but infrequent component expenses during “peak” years are typically the most difficult to budget for, as they are often overlooked, or ignored due to the perception that the expenses are far in the future and there will be time to budget for them later.

One of the greatest challenges when planning for reserve budgeting is creating and implementing a funding model that is stable and fair while also adequate to cover reserve project expenditures that are typically infrequent and erratic. This is particularly true for reserve accounts that drop to low levels of funding; there will be a need to catch up the reserve account to a more suitable level while also being as fair and stable as possible as time progresses.

We have created numerous funding models with various goals in mind; the above models (Recommended & Baseline) adhere to the principle of having stability going forward in time while also covering the projected annual reserve expenditures. Their respective annual allocation rates (lines on the chart) are shown compared to the annual reserve expenditures (columns on the chart) within the timeframe of the projections. Note the relative stableness of the annual funding model allocation rates versus the infrequent and erratic nature of the reserve expenditures.

Timberline Ridge HOA Reserve Study Knowledge Base

What is a Reserve Study?

A reserve study is a budgeting tool that can be utilized to make more informed budgeting decisions regarding a reserve account, it is an independent assessment of the adequacy of the reserve account balance and allocation rate utilizing a mathematical formula known as the "Percent Funded" calculation.

The Reserve Analyst develops funding models that:

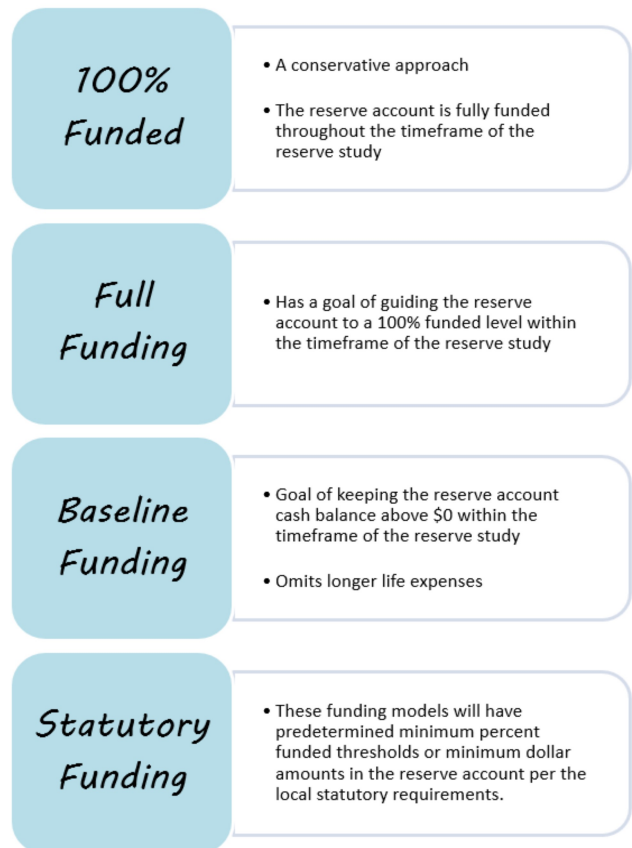
- Distribute the costs as fairly as possible over time
- Have stable budgets over time (i.e., limiting large fluctuations from one year to the next)
- Limit the risk for reliance on emergency financing or having to defer overdue projects

A Reserve Study is an independent assessment of the reserve account and is not the Budget

This study is not the budget, and it should not be revised to just reflect the budgeting decisions of the Client. An example of this is to push off overdue projects that the Client may not have the funds to complete. This report should reflect the replacement dates of the components utilizing average or historical records for the useful lives & costs for these projects; the useful lives can be updated to reflect actual on-site conditions as the components age and in updates to this report. Should the Client decide to make budgeting decisions such as deferring projects (typically due to a lack of funds) and that appear to be overdue carries its own risk with relation to scenarios like higher project costs later and marketability issues.

How Much Should We Reserve?

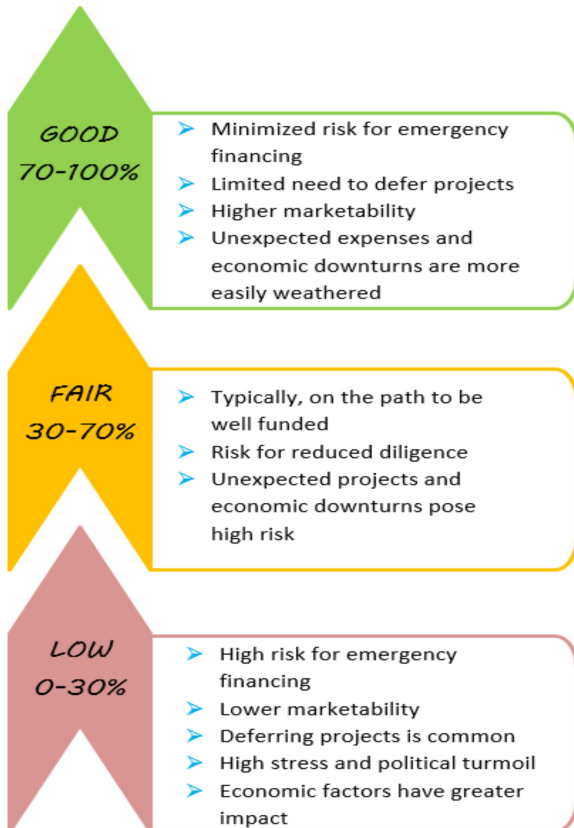
There is no right or wrong answer to the question of "How Much Should We Reserve?" as the reserve contributions in all the funding models in this study are based on different funding goals. It is more appropriate to consider the risk levels associated with different funding models as each Client has different risk tolerances and challenges in enacting whatever funding model is most appropriate to them. In our opinion any funding model that projects the reserve account balance to dip to zero would not be appropriate or fiscally responsible as future emergency financing or deferring projects are typically the outcome. Below are some of the more common funding models utilized:



Timberline Ridge HOA Reserve Study Knowledge Base

About Percent Funded

Percent funded is a calculation of how much is in the reserve account versus an ideal amount known as the Fully Funded Balance. The different risk levels associated with the levels of funding are explained in more depth below.



The below video link explains the Percent Funded calculation in more detail:

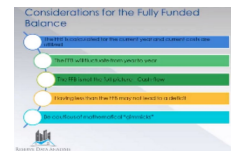


www.reservedataanalyst.com/pf

About the Fully Funded Balance

The Fully Funded balance is a mathematical calculation that represents the accrued deterioration of a component or a group of components at a specific point in time. It is an answer to the question of "How much should be in a reserve account at a specific point in time?" When the reserve account balance is the same as the Fully Funded Balance the reserve account is considered Fully Funded (100% Funded) at that specific point in time.

The below video link provides a more in-depth explanation of the Fully Funded balance:



www.reservedataanalyst.com/ffb

Calculating Inflation in the Reserve Study

Inflationary factors impact the project costs over time and are the main driving force that must be overcome with diligent and steadfast budgeting towards reserves. Due to the compounding impact of inflation on costs, in a relatively short period of time, a reserve account can become severely underfunded if it is not considered in the budgeting scenarios. Follow the below link to learn more about how we calculate inflationary factors (escalation of the prices) in the reserve study and some of the tools we use in the process:



www.reservedataanalyst.com/inf

Timberline Ridge HOA Reserve Study Knowledge Base

Component Useful Life Estimates

The useful life of components in the reserve study are predominantly based on our experiences with many different types of organizations and their respective repair and replacement cycles with building and site components. In addition to our own experiences working with many organizations over the years there is ample data available online regarding useful life estimates of building and site components. It is important to note that the estimates in the reserve study are based on averages and are not specific to any one property. Follow the below link to view some of the various useful life tables that we utilize:



www.reservedataanalyst.com/ul

Determining Component Project Costs

We utilize many sources for determining what is an appropriate component project cost in the reserve study. These can include:

- Client invoices, bids, estimates
- Our in-house database that is based on the collection of many Client invoices, bids, and estimates
- Cost manuals that, when used correctly, are very accurate for average cost figures

It's important to understand that unless we are provided actual project costs based on a client invoice/bid or estimate we utilize average costs figures that are not specific to any one Client. In the bidding process you will find that there is a ...

... large difference in price from one vendor to the next for a variety of reasons. We aim to be in the middle of these estimates unless we have Client data to incorporate into the reserve study. Future costs (projections) for the component expenses are simply inflated from current cost based on the inflation assumption in the reserve study. It is important to remember that our current recommendations are based on current project costs and not the inflated number that is utilized in the projections portion of the reserve study. The below link goes into this topic in more detail:



www.reservedataanalyst.com/cost

National Reserve Study Standards

There are two recognized organizations that dictate national reserve study standards in the industry. The Community Association's Institute and the Association of Professional Reserve Analysts award designations to those reserve study professionals that meet education & work experience, adhere to the minimum report requirements, complete ongoing continuing education courses, and abide by ethical considerations in the field. The standards for both organizations can be viewed at the links below:



www.reservedataanalyst.com/CAI



www.reservedataanalyst.com/APRA

Timberline Ridge HOA Reserve Study Knowledge Base

What Components to Include in the Study?

Reserve expenses for components are major expenses which must be budgeted for in advance to provide the necessary funds in time for their occurrence. Reserve expenses are reasonably predictable both in terms of frequency and cost. They are expenses that when incurred would have a significant impact on the smooth operation of the budgetary process from one year to the next if they were not reserved for in advance.

A common concern when beginning this process is what components are to be included and funded for in the Reserve Study. Nationally recognized CAI Reserve Study Standards as well as APRA Standards of Practice dictate that the reserve components need to meet the following criteria:

- It's not already covered in the Operating Budget
- The component has a limited life expectancy
- The component has a reasonably defined remaining useful life
- As required by local statutes

When to Complete Reserve Projects?

Components should be replaced when they are no longer functioning as designed. This is best determined by your component specific Vendor who can inspect and give their best professional advice on the condition assessment and timeframe on when/what needs to be done. Note that this reserve study is **not** a "to do list"; it is a budgeting document with recommendations for when we suggest having the funds allocated towards the projects ...

... If something fails earlier than projected than replace it, if it lasts longer (as determined by your component specific Vendor) then take their advice as they are the professionals in their specific field. Projects should be completed when they need to be completed regardless of our projections in the study. Note that this does not mean it would be appropriate to delay projects simply because funds are not available though as that is a budgeting decision not based on component specific Vendor recommendations. A common issue we see is the delay of projects simply because there is a lack of reserve funds available, only to have a much larger and more expensive project later due to collateral damage (e.g., not replacing a roof in a timely manner, which then leaks and causes siding damage).

Ongoing Component Maintenance

While this reserve study has been developed to disclose and inform the Client of the predictable larger long-term project costs related to site and building components, there is also a need to complete regular inspections and repairs to virtually all components on much shorter cycles. These costs would typically be covered in the annual and ongoing Operating Budget.

Virtually all the components should receive regular cycles of inspection and repairs by a qualified Vendor. Failure to complete ongoing maintenance typically leads to shorter useful lives and higher costs later. RSMeans provides a free link to common building and site component items to inspect at various corresponding time frames.



www.reservedataanalyst.com/RSmeans

Timberline Ridge HOA

Reserve Study Knowledge Base

Recommendations Versus Projections

In the reserve study the Reserve Analyst' recommendations for the allocation rates of the different funding models apply only to the year the reserve study is being developed for. All projections in the study are future educated guesses with assumptions about a significant number of variables (e.g., inflation rate, financials, component useful life, component remaining useful life, proper maintenance, etc.).

Projections can be accurate or extremely inaccurate based on these assumptions; because of this we do not suggest giving much consideration to projections in the decision making for overall reserve budgeting. This may sound counterintuitive, but this is due to recommendations for the allocation rates, in the initial year of the study, being based on predominantly current known factors (e.g., *current costs*, *current inflation*, *current maintenance practices*) versus projections which are based on future assumptions to a variety of variables (e.g., *future costs*, *future inflation rates*, and *future maintenance practices*). Follow the below link to our website to learn more about recommendations versus projections.



www.reservedataanalyst.com/projections

You Have a Study Now What?... Goal Setting

Adequately budgeting for reserves is often one of the more difficult tasks our clients face. Reserve component projects are infrequent and often years down the line, making it very easy to just “deal with it later”. We have found those that are most successful with reserve budgeting goals typically follow these simple ...

... rules when creating and implementing a reserve budget.

Actionable

Is your goal possible within the constraints & limitations of very important but often overlooked factors related to statutory requirements and the governing documents? What may seem very “Reasonable” to the Board may very well be illegal or against the governing documents.

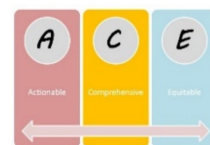
Comprehensive

Your goal should be clear and specific, otherwise you won't be able to focus your efforts or feel truly motivated to achieve it. When drafting your goal, try to answer the four "W" questions - What do we want to accomplish? Why is this goal important? Who is involved? When is this goal set to occur?

Equitable

Your goal should be reasonable and attainable to be successful. In other words, it should stretch your abilities but remain possible. When you set an achievable goal, you may be able to identify previously overlooked opportunities or resources that can bring you closer to it. This often means that transitioning to a more stable financial track will take years of smaller goals being obtained. Severely underfunded reserve accounts typically develop after many years or decades; it's usually not reasonable for the answers to come quick or easily.

Follow the below link to our website to learn more about the ACE way to reserve budgeting.



<https://www.reservedataanalyst.com/ace>

Timberline Ridge HOA Site / Building Map

TIMBERLINE
RIDGE



Timberline Ridge HOA Reserve Analyst Comments

Reserve Study Update Comments - Inflation

Per the most recent construction cost data in this region the inflation rate has been **21.8%** since the prior reserve study was performed in 2021. An inflation rate has been applied to the component project estimated costs in this reserve study update. Note that the above average inflation percent rate increase is for all construction jobs, actual individual component increases may be above or below this average.

Note that a historical average 3.5% has been applied to projections (future estimated project costs) in the reserve study as even though there will be time periods of inflation that are well above and below this historical average inflation rate, we would expect the long term average to fall back in line with the historical average in the United States based on data going back over 100 years. To learn more about how inflation is applied to the reserve study please visit www.reserveataanalyst.com/inf

Comments on Fully Funded Balance Calculations (Fully Funded Balance Calculation Page)

The Fully Funded balance calculations for each component (age & useful life) have been adjusted if a component has been superseded by another component, received a positive or negative life adjustment, or been phased over a period. These adjustments are needed so that the fully funded balance mathematical calculation for each component is accurate and appropriately contributes to the total fully balance calculation (located on the executive summary & projection pages) for all components in this reserve study.

2023 FY Update - Comments on Mailbox Kiosks

At5 the Client's request the 3 components related to the mailbox Kiosk stations (rook, kiosk, mailboxes) have been removed from this reserve study and instead replaced with mailbox clusters similar to the 5 stations already replaced. The Client stated these cluster mailbox stations will be installed in 2023

Excluded Components

Unless noted otherwise the below components have been excluded from funding in this reserve study. Note that the inclusion of any of these items later via a revision or update to this study will impact the funding strategies developed by the Reserve Analyst.

Not Client's Responsibility

The below components are reportedly not the Client's responsibility per their interpretation of their governing documents. Note that the Reserve Analyst does not interpret governing documents and have excluded items based on the Client's request and their interpretation of their own governing documents. If there is ambiguity or questions as to what specific wording means in the governing documents, we recommend consulting with a qualified and experienced attorney.

1. Utility Systems – Water, Sewer & Storm Sewer - Utility Company's Responsibility
2. Retention Ponds - City
3. Concrete Sidewalks - City

Operating Account Expenses

The below components are reportedly paid from the Operating Account and have not been included in this reserve study.

**Timberline Ridge HOA
Reserve Analyst Comments**

1. Landscaping (plantings, shrubs, gravel, bark, refurbishment)
2. Tree Care (ongoing trimming, pruning)
3. Play Structure Safety Surface – Replenish
4. Trail Gravel Replenishment
5. Mailbox Structures – Paint
6. Park Signs – Paint/Refurbish/Replace

Comments on Assessment & Disclosure Form

Included in the fee for this reserve study is an Assessment & Disclosure Form which complies with statutory requirements for common interest communities. Please follow the following link to complete the request form on our website: <https://www.reservedataanalyst.com/rad/>

Note that this form can only be requested after the budget has been voted on and approved by the Board and/or Community Membership. This disclosure is a requirement for Boards to provide to the membership annually.

Timberline Ridge HOA The Component List

Report Date July 27, 2022
Beginning Fiscal Year January 01, 2023
Account Number 17224

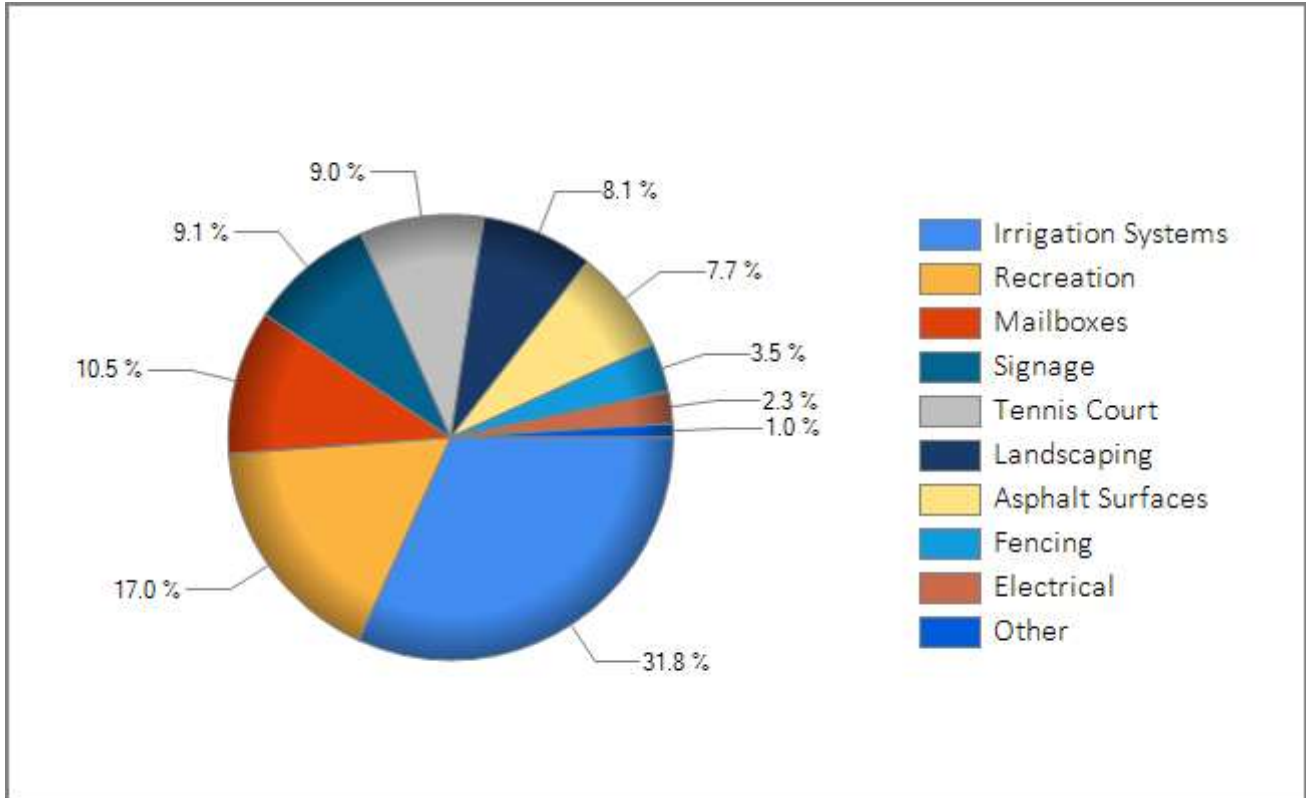
Version Number Final

ID	Description	Aprox. Year In Service	Replacement Year	Useful Life	Adjustment	Remaining Life	Units	Unit Cost & % Replace	Current Cost
1001	Asphalt Pathways - Replace	2018	2038	20	0	15	6,592 sf	6.50	42,848
1002	Backflow Device - Irrigation - Replace	2000	2023	20	0	0	2 ea	1,575.00	3,150
1003	Basketball Hoops - Replace	2000	2027	27	0	4	2 ea	3,333.00	6,666
1004	Benches - Replace	2000	2025	25	0	2	4 ea	1,250.00	5,000
1005	Bollards - Repair Contingency	2000	2030	30	0	7	14 ea	725.00	10,150
1006	Electrical - Modernize	2000	2030	30	0	7	4 ea	3,250.00	13,000
1007	Fence (split rail 2000) - Replace	2000	2023	20	0	0	190 lf	28.25	5,368
1008	Fence (split rail 2020) - Replace	2020	2040	20	0	17	504 lf	28.25	14,238
1009	Irrigation Controllers - Replace	2022	2037	15	0	14	2 ea	4,398.38	8,797
1010	Irrigation Distribution Systems - Repl...	2000	2035	35	0	12	132,732 sf	1.25	165,915
1025	Landscaping - Tree Care	2022	2027	5	0	4	1 ea	15,530.60	15,531
1012	Lights at Monuments - Replace	2017	2032	15	0	9	7 ea	290.00	2,030
1026	Mailbox Cluster (2022) - Replace	2022	2047	25	0	24	5 ea	2,437.83	12,189
1028	Mailbox Cluster (2023) - Replace	2023	2023	25	0	0	19 ea	2,437.83	46,319
1027	Mailbox Concrete Pad - Replace	2022	2072	50	0	49	3 ea	1,150.00	3,450
1016	Metal Cooking Grill - Replace	2008	2023	15	0	0	1 ea	992.68	993
1017	Monuments - Repair Contingency	2000	2030	30	0	7	7 ea	5,072.11	35,505
1018	Pavers - Replace	2000	2035	35	0	12	1,290 sf	23.19	29,915
1019	Picnic Table - Replace	2000	2025	25	0	2	1 ea	2,318.68	2,319
1020	Playground Structures - Replace	2008	2028	20	0	5	2 ea	43,475.22	86,950
1022	Tennis Court - Resurface	2017	2027	10	0	4	7,100 sf	3.25	23,075
1023	Tennis Court Fence - Replace	2000	2037	40	-3	14	320 lf	64.75	20,720
1024	Wood Park Sandblasted Signs - Repla...	2000	2030	30	0	7	2 ea	2,610.00	5,220

Total Asset Summary:

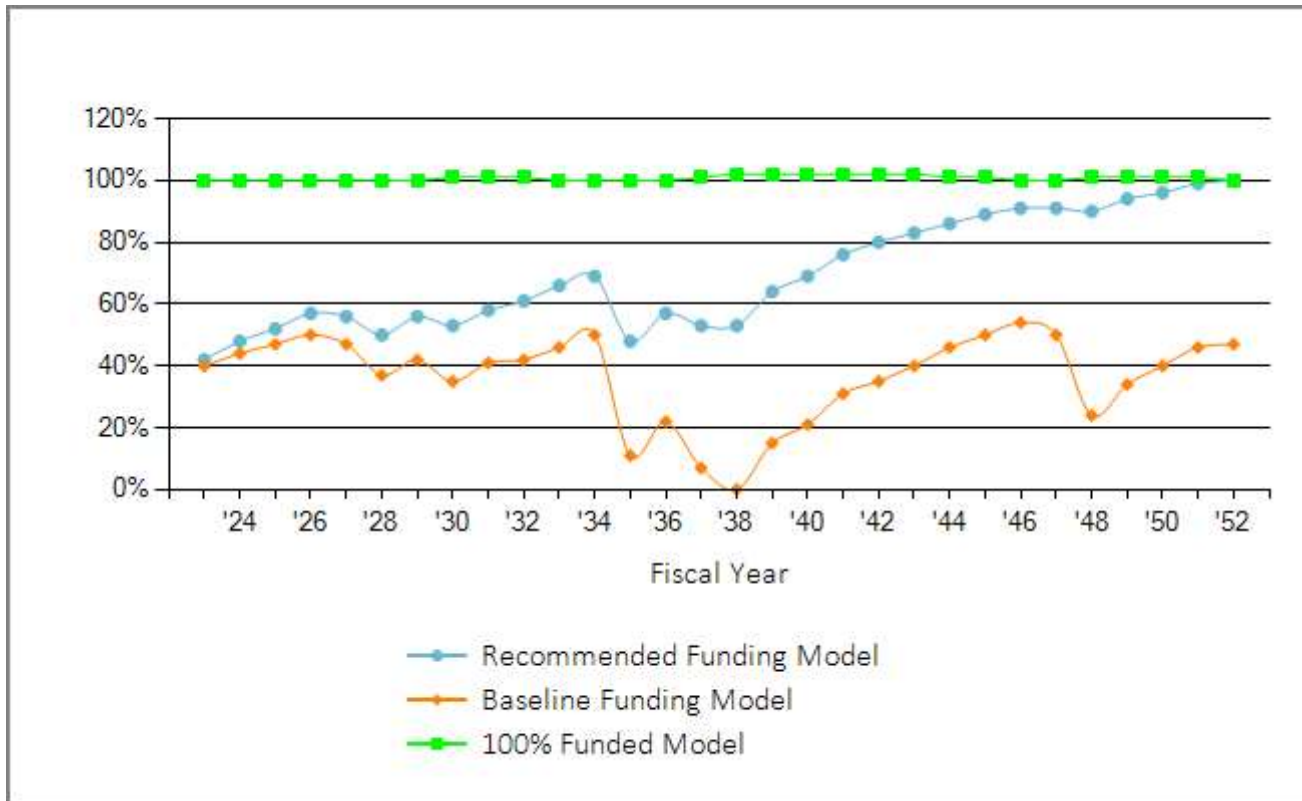
\$559,346

**Timberline Ridge HOA
Current Cost by Category Chart**



The above chart illustrates the current cost breakdown percentage of the Component Categories (the highest percentage components are listed at the top). Special attention should be given to those component categories which take up a bulk of the % of the current cost as these may require significant planning to adequately budget for their replacement. These large expenses may be well into the future during "Peak Year" cycles. Refer to the Projections and the Projected Annual Expenditure elements of this report for the projected timeline of expected expenditures.

Timberline Ridge HOA Projected Percent Funded Chart



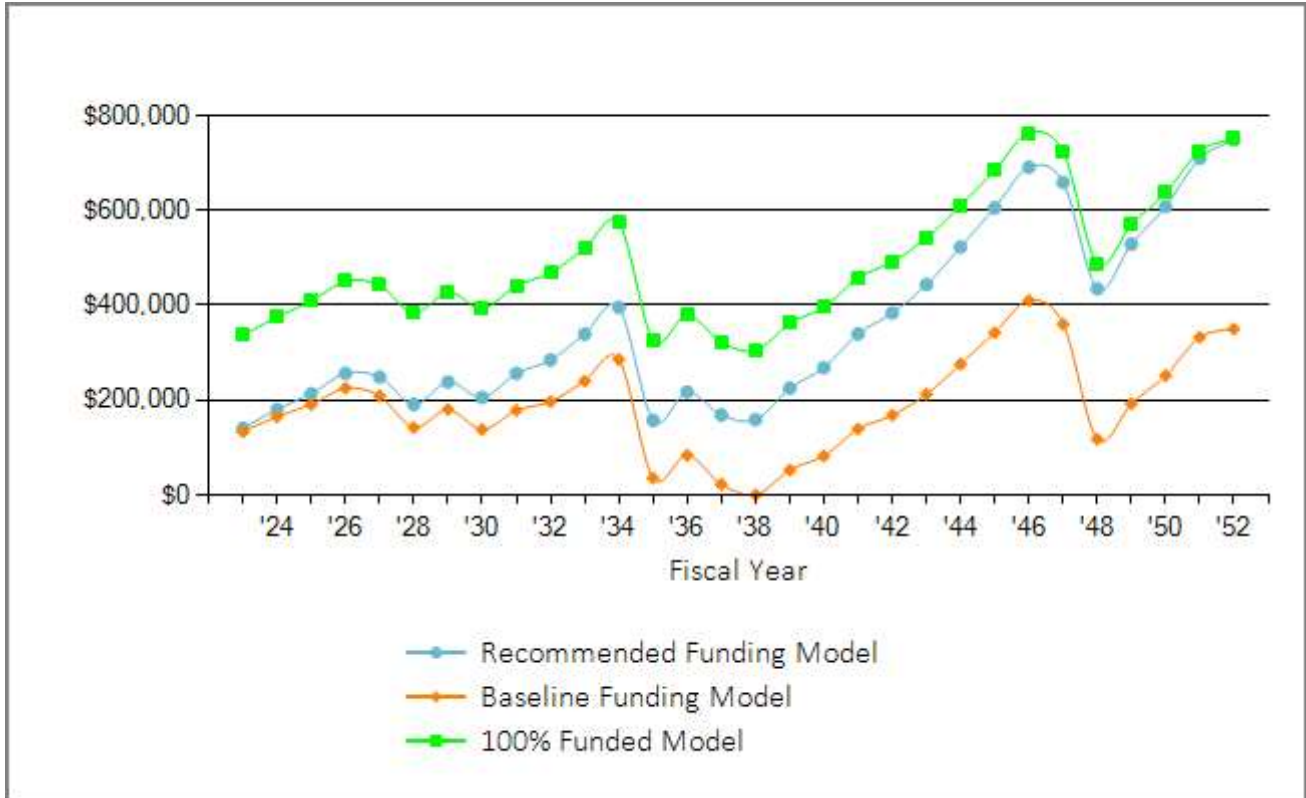
The above chart compares the funding models by the percentage funded levels over the timeframe of the projections, as calculated at the end of each fiscal year.

The Recommended Funding Model increases the Client's reserve account Percent Funded Level to 100% funding within the timeframe of the projections in this report. Once this 100% funded level is reached it is a good indicator that the Client is on track to meet its future obligations with minimal risk of reliance on emergency financing or having to defer projects that come due. Note that the Recommended Model is not necessarily a low risk, no risk or ideal model to follow. It simply has a goal of guiding the reserve account to a 100% funded level within the timeframe of projections.

The Baseline Funding Model has a goal of only keeping the reserve account cash positive within the timeframe of the projections (i.e., at some point within the timeframe of the projections the reserve account is depleted to near \$0). This model carries significant risk for reliance on emergency financing and/or having to defer projects due to the common occurrence of components failing earlier than projected or costs increasing more rapidly than projected.

The 100% Funded Model has a goal of maintaining the reserve account to a minimum of 100% Funded in each year of the projections. This model minimizes risk for reliance on emergency financing and deferred maintenance and places the reserve account on a low-risk path for budgeting of future reserve expenditures.

Timberline Ridge HOA Projected Reserve Account Balance Chart



The chart above compares the annual year-end balance of the reserve account for the respective funding models over the timeframe covered in the projections. Projected reserve account balances will often have large fluctuations from year to year due to projects occurring in any given year.

There is often an incorrect perception that the reserve account funds grow and just "sit" in the reserve account indefinitely. In actuality the reserve funds should be allowed to accumulate over time so that there are adequate funds when the reserve projects are projected to occur.

**Timberline Ridge HOA
100% Funding - Summary**

		Report Parameters	
Report Date	July 27, 2022	Inflation	3.50%
Account Number	17224	Annual Contribution Increase	3.50%
Version	Final	Interest Rate on Reserve Deposit	0.35%
Budget Year Beginning	January 1, 2023	Tax Rate Included in Interest Rate	
Budget Year Ending	December 31, 2023		
Total Units	200	2023 Beginning Balance	\$158,279

This funding model has a goal of being a minimum of 100% funded, annually, over the timeframe of the projections. Allocation rates will fluctuate based on the expenditures projected in any given year. The initial year will have a higher allocation rate than subsequent years if the reserve account is underfunded and requires a cash injection to elevate the reserve account to a 100% funded track. While being at a 100% funded level is considered ideal it has been our experience that it is frequently not realistic due to a lack of funds that would need to be deposited into the reserve account to elevate it to a 100% funded level in the initial year of the projections.

The following page provides the 30-year projections for this funding model.

Full Funding Model 30 Year Summary of Calculations	
Required Annual Contribution	\$232,730.82
Average Net Annual Interest Earned	<u>\$1,173.13</u>
Total Annual Allocation to Reserves	\$233,903.95

Timberline Ridge HOA
100% Funding - Year End Projections

Beginning Balance: \$158,279

Year	Asset Cost	Inflation Rate	Reserve Allocation	Allocation % Change	Net Interest	Projected Expenditures	Year End Acct. Balance	Year End FFB	Year End % Funded
2023	559,346	3.5%	232,731		1,173	55,829	336,354	336,354	100%
2024	578,924	3.5%	37,999	-83.67%	1,310		375,663	374,974	100%
2025	599,186	3.5%	39,329	3.50%	1,425	7,840	408,578	407,771	100%
2026	620,157	3.5%	40,706	3.50%	1,572		450,856	450,803	100%
2027	641,863	3.5%	42,130	3.50%	1,544	51,950	442,579	442,579	100%
2028	664,328	3.5%	42,220	0.21%	1,335	103,270	382,864	381,993	100%
2029	687,580	3.5%	43,697	3.50%	1,493		428,055	427,250	100%
2030	711,645	3.5%	45,227	3.50%	1,372	81,267	393,387	391,095	101%
2031	736,552	3.5%	46,810	3.50%	1,541		441,737	438,941	101%
2032	762,332	3.5%	48,448	3.50%	1,632	23,933	467,884	464,886	101%
2033	789,013	3.5%	50,144	3.50%	1,813		519,840	517,748	100%
2034	816,629	3.5%	51,899	3.50%	2,001		573,740	573,740	100%
2035	845,211	3.5%	48,489	-6.56%	1,142	295,913	327,459	326,748	100%
2036	874,793	3.5%	50,186	3.50%	1,322		378,967	378,753	100%
2037	905,411	3.5%	52,476	4.56%	1,124	110,269	322,298	319,799	101%
2038	937,100	3.5%	54,313	3.50%	1,061	73,448	304,223	298,358	102%
2039	969,899	3.5%	56,214	3.50%	1,262		361,698	353,704	102%
2040	1,003,845	3.5%	58,181	3.50%	1,380	25,553	395,707	386,112	102%
2041	1,038,980	3.5%	60,217	3.50%	1,596		457,520	447,728	102%
2042	1,075,344	3.5%	62,325	3.50%	1,715	29,858	491,703	482,281	102%
2043	1,112,981	3.5%	64,506	3.50%	1,887	16,948	541,149	533,148	102%
2044	1,151,936	3.5%	66,764	3.50%	2,128		610,040	605,140	101%
2045	1,192,253	3.5%	72,912	9.20%	2,390		685,342	681,518	101%
2046	1,233,982	3.5%	75,464	3.50%	2,663		763,469	762,501	100%
2047	1,277,172	3.5%	78,105	3.50%	2,523	120,616	723,481	723,481	100%
2048	1,321,873	3.5%	77,592	-0.65%	1,701	314,948	487,826	484,031	101%
2049	1,368,138	3.5%	80,307	3.50%	1,988		570,122	564,313	101%
2050	1,416,023	3.5%	83,118	3.50%	2,221	18,528	636,934	630,446	101%
2051	1,465,584	3.5%	86,027	3.50%	2,530		725,492	720,364	101%
2052	1,516,879	3.5%	89,038	3.50%	2,620	65,973	751,177	747,522	100%

Timberline Ridge HOA
Recommended Funding - Summary

		Report Parameters	
Report Date	July 27, 2022	Inflation	3.50%
Account Number	17224	Annual Contribution Increase	3.50%
Version	Final	Interest Rate on Reserve Deposit	0.35%
Budget Year Beginning	January 1, 2023	Tax Rate Included in Interest Rate	
Budget Year Ending	December 31, 2023		
Total Units	200	2023 Beginning Balance	\$158,279

We have developed a funding plan which will help steer the reserve account into a high funded range within the 30-year projection timeframe. This Recommended Funding Model requires the Client allocate the recommended allocation amount into the reserve account with annual increases thereafter to offset inflationary factors.

This Recommended Funding Plan Considers 4 Basic Principles:

1. There are adequate reserves when needed.
2. The budget should remain stable but increasing to offset inflationary factors.
3. The costs are fairly distributed over time.
4. The funding plan must allow the Client to be fiscally responsible.

Note that the Recommended Model is not necessarily a low risk, no risk or ideal model to follow (especially if the reserve account is currently significantly underfunded). It simply has a goal of having the reserve account reach 100% funded by the end of a 30-year period. An "ideal" model to follow would be the 100% funded model as this model has the reserve account funded to a minimum 100% funded level each year of the study and there would be low risk for reliance on special assessments and/or loans even if unexpected occurrences came to fruition.

The following page provides the 30-year projections for this funding model.

Recommended Funding Model Summary of Calculations	
Required Annual Contribution	\$37,750.00
Average Net Annual Interest Earned	\$490.70
Total Annual Allocation to Reserves	\$38,240.70

Timberline Ridge HOA
Recommended Funding - Year End Projections

Beginning Balance: \$158,279

Year	Asset Cost	Inflation Rate	Reserve Allocation	Allocation % Change	Net Interest	Projected Expenditures	Year End Acct. Balance	Year End FFB	Year End % Funded
2023	559,346	3.5%	37,750		491	55,829	140,691	336,354	42%
2024	578,924	3.5%	39,071	3.50%	629		180,391	374,974	48%
2025	599,186	3.5%	40,439	3.50%	745	7,840	213,736	407,771	52%
2026	620,157	3.5%	41,854	3.50%	895		256,484	450,803	57%
2027	641,863	3.5%	43,319	3.50%	867	51,950	248,721	442,579	56%
2028	664,328	3.5%	44,835	3.50%	666	103,270	190,952	381,993	50%
2029	687,580	3.5%	46,404	3.50%	831		238,187	427,250	56%
2030	711,645	3.5%	48,029	3.50%	717	81,267	205,666	391,095	53%
2031	736,552	3.5%	49,710	3.50%	894		256,270	438,941	58%
2032	762,332	3.5%	51,449	3.50%	993	23,933	284,779	464,886	61%
2033	789,013	3.5%	53,250	3.50%	1,183		339,212	517,748	66%
2034	816,629	3.5%	55,114	3.50%	1,380		395,706	573,740	69%
2035	845,211	3.5%	57,043	3.50%	549	295,913	157,385	326,748	48%
2036	874,793	3.5%	59,039	3.50%	757		217,182	378,753	57%
2037	905,411	3.5%	61,106	3.50%	588	110,269	168,607	319,799	53%
2038	937,100	3.5%	63,244	3.50%	554	73,448	158,957	298,358	53%
2039	969,899	3.5%	65,458	3.50%	785		225,200	353,704	64%
2040	1,003,845	3.5%	67,749	3.50%	936	25,553	268,333	386,112	69%
2041	1,038,980	3.5%	70,120	3.50%	1,185		339,637	447,728	76%
2042	1,075,344	3.5%	72,574	3.50%	1,338	29,858	383,693	482,281	80%
2043	1,112,981	3.5%	75,115	3.50%	1,547	16,948	443,406	533,148	83%
2044	1,151,936	3.5%	77,744	3.50%	1,824		522,973	605,140	86%
2045	1,192,253	3.5%	80,465	3.50%	2,112		605,550	681,518	89%
2046	1,233,982	3.5%	83,281	3.50%	2,411		691,241	762,501	91%
2047	1,277,172	3.5%	86,196	3.50%	2,299	120,616	659,120	723,481	91%
2048	1,321,873	3.5%	89,212	3.50%	1,517	314,948	434,901	484,031	90%
2049	1,368,138	3.5%	92,335	3.50%	1,845		529,082	564,313	94%
2050	1,416,023	3.5%	95,567	3.50%	2,121	18,528	608,242	630,446	96%
2051	1,465,584	3.5%	98,911	3.50%	2,475		709,628	720,364	99%
2052	1,516,879	3.5%	102,373	3.50%	2,611	65,973	748,640	747,522	100%

Timberline Ridge HOA Baseline Funding - Summary

		Report Parameters	
Report Date	July 27, 2022	Inflation	3.50%
Account Number	17224	Annual Contribution Increase	3.50%
Version	Final	Interest Rate on Reserve Deposit	0.35%
Budget Year Beginning	January 1, 2023	Tax Rate Included in Interest Rate	
Budget Year Ending	December 31, 2023		
Total Units	200	2023 Beginning Balance	\$158,279

The Baseline Funding Model is considered a bare minimum approach which has a goal of keeping the reserve account balance above \$0 within the 30-year timeframe of the projections and does not take into consideration projected expenses that fall outside of the 30-year timeframe of the projections (i.e., longer life components are simply ignored like they do not exist).

This funding model carries a higher risk for reliance on emergency financing specifically in years when large component expenses occur earlier than projected or costs see significant increases. Additionally, in the future when longer life components come into the 30-year timeframe of the projections their projected expenditures will have a significant impact on the allocation requirements to keep the reserve account cash positive going forward.

Should the Client have an interest in not funding for longer life component projects (i.e., projects that are set to occur after the 30-year projections) at this time then we suggest setting a goal of at least funding to the Baseline Funding Model which has the goal of only staying cash positive for the 30-year time-frame of the projections.

The following page provides the 30-year projections for this funding model.

Baseline Threshold Funding Model Summary of Calculations	
Required Annual Contribution	\$30,374.23
Average Net Annual Interest Earned	<u>\$464.89</u>
Total Annual Allocation to Reserves	\$30,839.11

Timberline Ridge HOA
Baseline Funding - Year End Projections

Beginning Balance: \$158,279

Year	Asset Cost	Inflation Rate	Reserve Allocation	Allocation % Change	Net Interest	Projected Expenditures	Year End Acct. Balance	Year End FFB	Year End % Funded
2023	559,346	3.5%	30,374		465	55,829	133,289	336,354	40%
2024	578,924	3.5%	31,437	3.50%	577		165,303	374,974	44%
2025	599,186	3.5%	32,538	3.50%	665	7,840	190,666	407,771	47%
2026	620,157	3.5%	33,676	3.50%	785		225,128	450,803	50%
2027	641,863	3.5%	34,855	3.50%	728	51,950	208,761	442,579	47%
2028	664,328	3.5%	36,075	3.50%	495	103,270	142,061	381,993	37%
2029	687,580	3.5%	37,338	3.50%	628		180,027	427,250	42%
2030	711,645	3.5%	38,645	3.50%	481	81,267	137,886	391,095	35%
2031	736,552	3.5%	39,997	3.50%	623		178,505	438,941	41%
2032	762,332	3.5%	41,397	3.50%	686	23,933	196,655	464,886	42%
2033	789,013	3.5%	42,846	3.50%	838		240,339	517,748	46%
2034	816,629	3.5%	44,345	3.50%	996		285,681	573,740	50%
2035	845,211	3.5%	45,898	3.50%	125	295,913	35,791	326,748	11%
2036	874,793	3.5%	47,504	3.50%	292		83,586	378,753	22%
2037	905,411	3.5%	49,167	3.50%	79	110,269	22,562	319,799	7%
2038	937,100	3.5%	50,887	3.50%		73,448	1	298,358	0%
2039	969,899	3.5%	52,668	3.50%	184		52,854	353,704	15%
2040	1,003,845	3.5%	54,512	3.50%	286	25,553	82,099	386,112	21%
2041	1,038,980	3.5%	56,420	3.50%	485		139,004	447,728	31%
2042	1,075,344	3.5%	58,394	3.50%	586	29,858	168,127	482,281	35%
2043	1,112,981	3.5%	60,438	3.50%	741	16,948	212,358	533,148	40%
2044	1,151,936	3.5%	62,554	3.50%	962		275,874	605,140	46%
2045	1,192,253	3.5%	64,743	3.50%	1,192		341,809	681,518	50%
2046	1,233,982	3.5%	67,009	3.50%	1,431		410,249	762,501	54%
2047	1,277,172	3.5%	69,354	3.50%	1,256	120,616	360,244	723,481	50%
2048	1,321,873	3.5%	71,782	3.50%	410	314,948	117,488	484,031	24%
2049	1,368,138	3.5%	74,294	3.50%	671		192,453	564,313	34%
2050	1,416,023	3.5%	76,894	3.50%	878	18,528	251,697	630,446	40%
2051	1,465,584	3.5%	79,586	3.50%	1,159		332,443	720,364	46%
2052	1,516,879	3.5%	82,371	3.50%	1,221	65,973	350,062	747,522	47%

**Timberline Ridge HOA
Current Funding - Summary**

		Report Parameters	
Report Date	July 27, 2022	Inflation	3.50%
Account Number	17224	Annual Contribution Increase	3.50%
Version	Final	Interest Rate on Reserve Deposit	0.35%
Budget Year Beginning	January 1, 2023	Tax Rate Included in Interest Rate	
Budget Year Ending	December 31, 2023		
Total Units	200	2023 Beginning Balance	\$158,279

The Current Funding Model is based on the reserve allocation data supplied by the Client; it has not been independently verified and is assumed to be correct.

The following page provides the 30-year projections for this funding model. It is assumed the reserve allocation rate will have annual increases to offset inflationary factors.

Current Assessment Funding Model Summary of Calculations	
Required Annual Contribution	\$37,450.00
Average Net Annual Interest Earned	<u>\$489.65</u>
Total Annual Allocation to Reserves	\$37,939.65

Timberline Ridge HOA
Current Funding - Year End Projections

Beginning Balance: \$158,279

Year	Asset Cost	Inflation Rate	Reserve Allocation	Allocation % Change	Net Interest	Projected Expenditures	Year End Acct. Balance	Year End FFB	Year End % Funded
2023	559,346	3.5%	37,450		490	55,829	140,390	336,354	42%
2024	578,924	3.5%	38,761	3.50%	627		179,778	374,974	48%
2025	599,186	3.5%	40,117	3.50%	742	7,840	212,797	407,771	52%
2026	620,157	3.5%	41,521	3.50%	890		255,209	450,803	57%
2027	641,863	3.5%	42,975	3.50%	862	51,950	247,095	442,579	56%
2028	664,328	3.5%	44,479	3.50%	659	103,270	188,963	381,993	49%
2029	687,580	3.5%	46,036	3.50%	822		235,821	427,250	55%
2030	711,645	3.5%	47,647	3.50%	708	81,267	202,909	391,095	52%
2031	736,552	3.5%	49,314	3.50%	883		253,107	438,941	58%
2032	762,332	3.5%	51,041	3.50%	981	23,933	281,195	464,886	60%
2033	789,013	3.5%	52,827	3.50%	1,169		335,191	517,748	65%
2034	816,629	3.5%	54,676	3.50%	1,365		391,231	573,740	68%
2035	845,211	3.5%	56,590	3.50%	532	295,913	152,440	326,748	47%
2036	874,793	3.5%	58,570	3.50%	739		211,748	378,753	56%
2037	905,411	3.5%	60,620	3.50%	567	110,269	162,666	319,799	51%
2038	937,100	3.5%	62,742	3.50%	532	73,448	152,492	298,358	51%
2039	969,899	3.5%	64,938	3.50%	761		218,190	353,704	62%
2040	1,003,845	3.5%	67,211	3.50%	909	25,553	260,758	386,112	68%
2041	1,038,980	3.5%	69,563	3.50%	1,156		331,477	447,728	74%
2042	1,075,344	3.5%	71,998	3.50%	1,308	29,858	374,925	482,281	78%
2043	1,112,981	3.5%	74,518	3.50%	1,514	16,948	434,008	533,148	81%
2044	1,151,936	3.5%	77,126	3.50%	1,789		512,923	605,140	85%
2045	1,192,253	3.5%	79,825	3.50%	2,075		594,822	681,518	87%
2046	1,233,982	3.5%	82,619	3.50%	2,371		679,812	762,501	89%
2047	1,277,172	3.5%	85,511	3.50%	2,256	120,616	646,963	723,481	89%
2048	1,321,873	3.5%	88,504	3.50%	1,472	314,948	421,991	484,031	87%
2049	1,368,138	3.5%	91,601	3.50%	1,798		515,390	564,313	91%
2050	1,416,023	3.5%	94,807	3.50%	2,071	18,528	593,740	630,446	94%
2051	1,465,584	3.5%	98,125	3.50%	2,422		694,287	720,364	96%
2052	1,516,879	3.5%	101,560	3.50%	2,555	65,973	732,428	747,522	98%

Timberline Ridge HOA
Sammamish, WA
Approved Funding - Summary

		Report Parameters	
Report Date	July 27, 2022	Inflation	3.50%
Account Number	17224	Annual Contribution Increase	3.50%
Version	Final	Interest Rate on Reserve Deposit	0.35%
Budget Year Beginning	January 1, 2023	Tax Rate Included in Interest Rate	
Budget Year Ending	December 31, 2023		
Total Units	200	2023 Beginning Balance	\$158,279

The Approved Funding Model reserve allocation rate is based on the Client provided information for the reserve allocation rate approved for the initial year of this study. It is assumed the reserve allocation rate will have annual increases to offset inflationary factors.

The following page provides the 30-year projections for this funding model.

Approved Funding Model Summary of Calculations	
Required Annual Contribution	\$37,750.00
Average Net Annual Interest Earned	<u>\$490.70</u>
Total Annual Allocation to Reserves	\$38,240.70

Timberline Ridge HOA
Approved Funding - Year End Projections

Beginning Balance: \$158,279

Year	Asset Cost	Inflation Rate	Reserve Allocation	Allocation % Change	Net Interest	Projected Expenditures	Year End Acct. Balance	Year End FFB	Year End % Funded
2023	559,346	3.5%	37,750		491	55,829	140,691	336,354	42%
2024	578,924	3.5%	39,071	3.50%	629		180,391	374,974	48%
2025	599,186	3.5%	40,439	3.50%	745	7,840	213,736	407,771	52%
2026	620,157	3.5%	41,854	3.50%	895		256,484	450,803	57%
2027	641,863	3.5%	43,319	3.50%	867	51,950	248,721	442,579	56%
2028	664,328	3.5%	44,835	3.50%	666	103,270	190,952	381,993	50%
2029	687,580	3.5%	46,404	3.50%	831		238,187	427,250	56%
2030	711,645	3.5%	48,029	3.50%	717	81,267	205,666	391,095	53%
2031	736,552	3.5%	49,710	3.50%	894		256,270	438,941	58%
2032	762,332	3.5%	51,449	3.50%	993	23,933	284,779	464,886	61%
2033	789,013	3.5%	53,250	3.50%	1,183		339,212	517,748	66%
2034	816,629	3.5%	55,114	3.50%	1,380		395,706	573,740	69%
2035	845,211	3.5%	57,043	3.50%	549	295,913	157,385	326,748	48%
2036	874,793	3.5%	59,039	3.50%	757		217,182	378,753	57%
2037	905,411	3.5%	61,106	3.50%	588	110,269	168,607	319,799	53%
2038	937,100	3.5%	63,244	3.50%	554	73,448	158,957	298,358	53%
2039	969,899	3.5%	65,458	3.50%	785		225,200	353,704	64%
2040	1,003,845	3.5%	67,749	3.50%	936	25,553	268,333	386,112	69%
2041	1,038,980	3.5%	70,120	3.50%	1,185		339,637	447,728	76%
2042	1,075,344	3.5%	72,574	3.50%	1,338	29,858	383,693	482,281	80%
2043	1,112,981	3.5%	75,115	3.50%	1,547	16,948	443,406	533,148	83%
2044	1,151,936	3.5%	77,744	3.50%	1,824		522,973	605,140	86%
2045	1,192,253	3.5%	80,465	3.50%	2,112		605,550	681,518	89%
2046	1,233,982	3.5%	83,281	3.50%	2,411		691,241	762,501	91%
2047	1,277,172	3.5%	86,196	3.50%	2,299	120,616	659,120	723,481	91%
2048	1,321,873	3.5%	89,212	3.50%	1,517	314,948	434,901	484,031	90%
2049	1,368,138	3.5%	92,335	3.50%	1,845		529,082	564,313	94%
2050	1,416,023	3.5%	95,567	3.50%	2,121	18,528	608,242	630,446	96%
2051	1,465,584	3.5%	98,911	3.50%	2,475		709,628	720,364	99%
2052	1,516,879	3.5%	102,373	3.50%	2,611	65,973	748,640	747,522	100%

Timberline Ridge HOA
Projected Annual Expenditures - List

Description	Expenditures
Replacement Year 2023	
1002 Backflow Device - Irrigation - Replace	3,150
1007 Fence (split rail 2000) - Replace	5,367
1028 Mailbox Cluster (2023) - Replace	46,319
1016 Metal Cooking Grill - Replace	993
Total for 2023	\$55,829
<i>No Replacement in 2024</i>	
Replacement Year 2025	
1004 Benches - Replace	5,356
1019 Picnic Table - Replace	2,484
Total for 2025	\$7,840
<i>No Replacement in 2026</i>	
Replacement Year 2027	
1003 Basketball Hoops - Replace	7,649
1025 Landscaping - Tree Care	17,822
1022 Tennis Court - Resurface	26,479
Total for 2027	\$51,950
Replacement Year 2028	
1020 Playground Structures - Replace	103,270
Total for 2028	\$103,270
<i>No Replacement in 2029</i>	
Replacement Year 2030	
1005 Bollards - Repair Contingency	12,914
1006 Electrical - Modernize	16,540
1017 Monuments - Repair Contingency	45,172
1024 Wood Park Sandblasted Signs - Replace	6,641
Total for 2030	\$81,267

Timberline Ridge HOA
Projected Annual Expenditures - List

Description	Expenditures
<i>No Replacement in 2031</i>	
Replacement Year 2032	
1025 Landscaping - Tree Care	21,167
1012 Lights at Monuments - Replace	2,767
Total for 2032	\$23,933
<i>No Replacement in 2033</i>	
<i>No Replacement in 2034</i>	
Replacement Year 2035	
1010 Irrigation Distribution Systems - Replace	250,709
1018 Pavers - Replace	45,204
Total for 2035	\$295,913
<i>No Replacement in 2036</i>	
Replacement Year 2037	
1009 Irrigation Controllers - Replace	14,239
1025 Landscaping - Tree Care	25,139
1022 Tennis Court - Resurface	37,351
1023 Tennis Court Fence - Replace	33,539
Total for 2037	\$110,269
Replacement Year 2038	
1001 Asphalt Pathways - Replace	71,785
1016 Metal Cooking Grill - Replace	1,663
Total for 2038	\$73,448
<i>No Replacement in 2039</i>	
Replacement Year 2040	
1008 Fence (split rail 2020) - Replace	25,553
Total for 2040	\$25,553

Timberline Ridge HOA
Projected Annual Expenditures - List

Description	Expenditures
<i>No Replacement in 2041</i>	
Replacement Year 2042	
1025 Landscaping - Tree Care	29,858
Total for 2042	\$29,858
Replacement Year 2043	
1002 Backflow Device - Irrigation - Replace	6,268
1007 Fence (split rail 2000) - Replace	10,680
Total for 2043	\$16,948
<i>No Replacement in 2044</i>	
<i>No Replacement in 2045</i>	
<i>No Replacement in 2046</i>	
Replacement Year 2047	
1025 Landscaping - Tree Care	35,461
1012 Lights at Monuments - Replace	4,635
1026 Mailbox Cluster (2022) - Replace	27,832
1022 Tennis Court - Resurface	52,688
Total for 2047	\$120,616
Replacement Year 2048	
1028 Mailbox Cluster (2023) - Replace	109,463
1020 Playground Structures - Replace	205,485
Total for 2048	\$314,948
<i>No Replacement in 2049</i>	
Replacement Year 2050	
1004 Benches - Replace	12,658
1019 Picnic Table - Replace	5,870
Total for 2050	\$18,528
<i>No Replacement in 2051</i>	

Timberline Ridge HOA
Projected Annual Expenditures - List

Description		Expenditures
Replacement Year 2052		
1009	Irrigation Controllers - Replace	23,856
1025	Landscaping - Tree Care	42,117
Total for 2052		\$65,973

Timberline Ridge HOA
Projected Annual Expenditures - Spreadsheet

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Beginning Balance	158,279	140,691	180,391	213,736	256,484	248,721	190,952	238,187	205,666	256,270
Annual Reserve Account Contribution	37,750	39,071	40,439	41,854	43,319	44,835	46,404	48,029	49,710	51,449
Interest Earned	491	629	745	895	867	666	831	717	894	993
Expenditures	55,829		7,840		51,950	103,270		81,267		23,933
Fully Funded Balance	336,354	374,974	407,771	450,803	442,579	381,993	427,250	391,095	438,941	464,886
Percent Funded	42%	48%	52%	57%	56%	50%	56%	53%	58%	61%
Ending Reserve Account Balance	140,691	180,391	213,736	256,484	248,721	190,952	238,187	205,666	256,270	284,779

ID Description

1001 Asphalt Pathways - Replace										
1002 Backflow Device - Irrigation - Replace	3,150									
1003 Basketball Hoops - Replace					7,649					
1004 Benches - Replace			5,356							
1005 Bollards - Repair Contingency								12,914		
1006 Electrical - Modernize								16,540		
1007 Fence (split rail 2000) - Replace	5,367									
1008 Fence (split rail 2020) - Replace										
1009 Irrigation Controllers - Replace										
1010 Irrigation Distribution Systems - Replace										
1025 Landscaping - Tree Care					17,822					21,167
1012 Lights at Monuments - Replace										2,767
1026 Mailbox Cluster (2022) - Replace										
1028 Mailbox Cluster (2023) - Replace	46,319									
1027 Mailbox Concrete Pad - Replace										
1016 Metal Cooking Grill - Replace	993									
1017 Monuments - Repair Contingency								45,172		
1018 Pavers - Replace										
1019 Picnic Table - Replace			2,484							
1020 Playground Structures - Replace						103,270				
1022 Tennis Court - Resurface					26,479					
1023 Tennis Court Fence - Replace										
1024 Wood Park Sandblasted Signs - Replace								6,641		

Year Total:	55,829	7,840	51,950	103,270	81,267	23,933
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Timberline Ridge HOA
Projected Annual Expenditures - Spreadsheet

	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
Beginning Balance	284,779	339,212	395,706	157,385	217,182	168,607	158,957	225,200	268,333	339,637
Annual Reserve Account Contribution	53,250	55,114	57,043	59,039	61,106	63,244	65,458	67,749	70,120	72,574
Interest Earned	1,183	1,380	549	757	588	554	785	936	1,185	1,338
Expenditures			295,913		110,269	73,448		25,553		29,858
Fully Funded Balance	517,748	573,740	326,748	378,753	319,799	298,358	353,704	386,112	447,728	482,281
Percent Funded	66%	69%	48%	57%	53%	53%	64%	69%	76%	80%
Ending Reserve Account Balance	339,212	395,706	157,385	217,182	168,607	158,957	225,200	268,333	339,637	383,693

ID Description

1001 Asphalt Pathways - Replace						71,785				
1002 Backflow Device - Irrigation - Replace										
1003 Basketball Hoops - Replace										
1004 Benches - Replace										
1005 Bollards - Repair Contingency										
1006 Electrical - Modernize										
1007 Fence (split rail 2000) - Replace										
1008 Fence (split rail 2020) - Replace								25,553		
1009 Irrigation Controllers - Replace					14,239					
1010 Irrigation Distribution Systems - Replace			250,709							
1025 Landscaping - Tree Care					25,139					29,858
1012 Lights at Monuments - Replace										
1026 Mailbox Cluster (2022) - Replace										
1028 Mailbox Cluster (2023) - Replace										
1027 Mailbox Concrete Pad - Replace										
1016 Metal Cooking Grill - Replace						1,663				
1017 Monuments - Repair Contingency										
1018 Pavers - Replace			45,204							
1019 Picnic Table - Replace										
1020 Playground Structures - Replace										
1022 Tennis Court - Resurface					37,351					
1023 Tennis Court Fence - Replace					33,539					
1024 Wood Park Sandblasted Signs - Replace										

Year Total:			295,913		110,269	73,448		25,553		29,858
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Timberline Ridge HOA
Projected Annual Expenditures - Spreadsheet

	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
Beginning Balance	383,693	443,406	522,973	605,550	691,241	659,120	434,901	529,082	608,242	709,628
Annual Reserve Account Contribution	75,115	77,744	80,465	83,281	86,196	89,212	92,335	95,567	98,911	102,373
Interest Earned	1,547	1,824	2,112	2,411	2,299	1,517	1,845	2,121	2,475	2,611
Expenditures	16,948				120,616	314,948		18,528		65,973
Fully Funded Balance	533,148	605,140	681,518	762,501	723,481	484,031	564,313	630,446	720,364	747,522
Percent Funded	83%	86%	89%	91%	91%	90%	94%	96%	99%	100%
Ending Reserve Account Balance	443,406	522,973	605,550	691,241	659,120	434,901	529,082	608,242	709,628	748,640

ID Description

1001 Asphalt Pathways - Replace										
1002 Backflow Device - Irrigation - Replace	6,268									
1003 Basketball Hoops - Replace										
1004 Benches - Replace								12,658		
1005 Bollards - Repair Contingency										
1006 Electrical - Modernize										
1007 Fence (split rail 2000) - Replace	10,680									
1008 Fence (split rail 2020) - Replace										
1009 Irrigation Controllers - Replace										23,856
1010 Irrigation Distribution Systems - Replace										
1025 Landscaping - Tree Care					35,461					42,117
1012 Lights at Monuments - Replace					4,635					
1026 Mailbox Cluster (2022) - Replace					27,832					
1028 Mailbox Cluster (2023) - Replace						109,463				
1027 Mailbox Concrete Pad - Replace										
1016 Metal Cooking Grill - Replace										
1017 Monuments - Repair Contingency										
1018 Pavers - Replace										
1019 Picnic Table - Replace								5,870		
1020 Playground Structures - Replace						205,485				
1022 Tennis Court - Resurface					52,688					
1023 Tennis Court Fence - Replace										
1024 Wood Park Sandblasted Signs - Replace										

Year Total:	16,948			120,616	314,948		18,528		65,973
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Timberline Ridge HOA
Fully Funded Balance Calculations (Beginning Fiscal Year)

Asset ID	Description	Current Cost	x	Age	/	Useful Life	=	Fully Funded
1001	Asphalt Pathways - Replace	\$42,848	x	5	/	20	=	\$10,712
1002	Backflow Device - Irrigation -...	\$3,150	x	20	/	20	=	\$3,150
1003	Basketball Hoops - Replace	\$6,666	x	23	/	27	=	\$5,678
1004	Benches - Replace	\$5,000	x	23	/	25	=	\$4,600
1005	Bollards - Repair Contingency	\$10,150	x	23	/	30	=	\$7,782
1006	Electrical - Modernize	\$13,000	x	23	/	30	=	\$9,967
1007	Fence (split rail 2000) - Repla...	\$5,368	x	20	/	20	=	\$5,368
1008	Fence (split rail 2020) - Repla...	\$14,238	x	3	/	20	=	\$2,136
1009	Irrigation Controllers - Replace	\$8,797	x	1	/	15	=	\$586
1010	Irrigation Distribution Syste...	\$165,915	x	23	/	35	=	\$109,030
1025	Landscaping - Tree Care	\$15,531	x	1	/	5	=	\$3,106
1012	Lights at Monuments - Repla...	\$2,030	x	6	/	15	=	\$812
1026	Mailbox Cluster (2022) - Repl...	\$12,189	x	1	/	25	=	\$488
1028	Mailbox Cluster (2023) - Repl...	\$46,319	x	25	/	25	=	\$46,319
1027	Mailbox Concrete Pad - Repl...	\$3,450	x	1	/	50	=	\$69
1016	Metal Cooking Grill - Replace	\$993	x	15	/	15	=	\$993
1017	Monuments - Repair Conting...	\$35,505	x	23	/	30	=	\$27,220
1018	Pavers - Replace	\$29,915	x	23	/	35	=	\$19,658
1019	Picnic Table - Replace	\$2,319	x	23	/	25	=	\$2,133
1020	Playground Structures - Repl...	\$86,950	x	15	/	20	=	\$65,213
1022	Tennis Court - Resurface	\$23,075	x	6	/	10	=	\$13,845
1023	Tennis Court Fence - Replace	\$20,720	x	23	/	37	=	\$12,880
1024	Wood Park Sandblasted Sign...	\$5,220	x	23	/	30	=	\$4,002
Total Asset Summary:								<u><u>\$355,746</u></u>

Timberline Ridge HOA

About the Component Detail Reports Section

In the following Component Details Section of this reserve study you will find each component that has been listed within the Component List. This section has more detailed information for each component and reviewing it will often answer questions that arise regarding specific components within this reserve study. Below you will find an explanation of what and where this information is located.

1

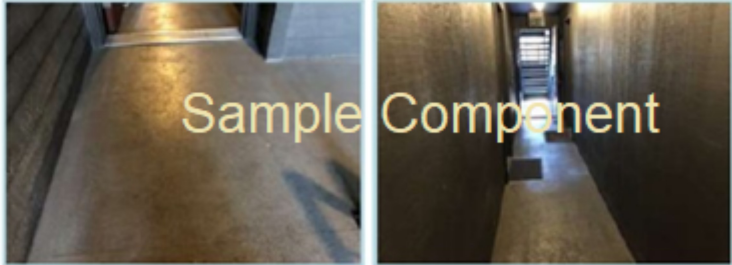
Elevated Walkways/Hallways- Topcoat- 2019

3

	Asset ID	1055		1,340 sf	
				Asset Cost	@ \$4.75
				Percent Replacement	\$6,365.00
	Category	Decks/Porches/Patios		Future Cost	100%
	Placed in Service	June 2012			\$6,365.00
	Useful Life	5			
	Replacement Year	2019			
	Remaining Life	0			

2

4



Sample Component

5

This elastomeric surface type (at elevated walkways, covered staircases and covered hallways) needs to be top coated periodically for waterproof integrity, protection of surrounding structure and appearance. As routine maintenance, we strongly suggest annual professional inspections, with cleaning and repair as needed. Clean with mild solution such as TSP; bleach can be added if mold/mildew becomes a problem. Plan for regular intervals of professional maintenance top coating at the interval indicated.

1. Component Name and next Replacement Year as well as a unique Asset ID to cross reference with other sections within this reserve study.
2. This area has the category of the component, estimated placed in-service date (when last installed), the estimated useful life of the component (estimate of how long the component will last), the next replacement year in this reserve study and the remaining useful life (how many years before replacement is estimated to occur).
3. The area has the total measurement/unit count of the component, the cost per unit, the total asset cost (unit count X unit cost), the percent replacement (amount funded to be replaced in a cycle), and the future cost (estimated cost at the next replacement date).
4. Pictures of the component are included for Level I studies unless the Client has requested fewer pages in the study in which case we will omit them.
5. Specific comments about this component which can include explanations for adjustments to the useful life, phasing, maintenance of the component, Vendor recommendations, etc.

**Timberline Ridge HOA
Component Detail Reports**

Asphalt Pathways - Replace - 2038

Asset ID	1001	6,592 sf	@ \$6.50
		Asset Actual Cost	\$42,848.00
		Percent Replacement	100%
		Future Cost	\$71,785.35
	Asphalt Surfaces		
Placed in Service	August 2018		
Useful Life	20		
Replacement Year	2038		
Remaining Life	15		

Asphalt pathways at park were reportedly replaced in 2018 for approx. \$33,326. As routine maintenance, keep surface clean, repair cracks and clean oils stains promptly.

Most asphalt areas can be expected to last approximately 20 years before it will become necessary for major rehabilitation or replacement to be completed.

*Cost Source: Reserve Data Analyst In-House Research & Cost Records

Backflow Device - Irrigation - Replace - 2023

Asset ID	1002	2 ea	@ \$1,575.00
		Asset Actual Cost	\$3,150.00
		Percent Replacement	100%
		Future Cost	\$3,150.00
	Irrigation Systems		
Placed in Service	June 2000		
Useful Life	20		
Replacement Year	2023		
Remaining Life	0		

As routine maintenance, inspect regularly, test system, repair as needed from operating budget. We recommend funding for this component at the time frame indicated.

*Cost Source: Reserve Data Analyst In-House Research & Cost Records

**Timberline Ridge HOA
Component Detail Reports**

Basketball Hoops - Replace - 2027

		2 ea	@ \$3,333.00
Asset ID	1003	Asset Actual Cost	\$6,666.00
		Percent Replacement	100%
	Tennis Court	Future Cost	\$7,649.39
Placed in Service	June 2000		
Useful Life	27		
Replacement Year	2027		
Remaining Life	4		

The tennis court backboard appears to be in fair condition. No major damage noted. Inspect, repair & paint as needed annually from the Operating budget. We recommend budgeting for replacement at the timeframe indicated to cycle with the next tennis court resurfacing.

*Cost Source: Reserve Data Analyst In-House Research & Cost Records

Benches - Replace - 2025

		4 ea	@ \$1,250.00
Asset ID	1004	Asset Actual Cost	\$5,000.00
		Percent Replacement	100%
	Recreation	Future Cost	\$5,356.12
Placed in Service	June 2000		
Useful Life	25		
Replacement Year	2025		
Remaining Life	2		

Wood and metal benches are in fair condition. One bench was damaged at the time of inspection. Individual board replacement and staining regularly can maximize the service life of these benches. The metal will eventually corrode requiring full replacement.

*Cost Source: Reserve Data Analyst In-House Research & Cost Records

**Timberline Ridge HOA
Component Detail Reports**

Bollards - Repair Contingency - 2030

Asset ID	1005	14 ea	@ \$725.00
		Asset Actual Cost	\$10,150.00
		Percent Replacement	100%
	Signage	Future Cost	\$12,913.63
Placed in Service	June 2000		
Useful Life	30		
Replacement Year	2030		
Remaining Life	7		

Bollard appears to be deteriorating at a rate typical of their age. These are made of study concrete, masonry and metal materials. There is no expectation of total replacement but repairs should be anticipated for grout failure, concrete cracking and damage from tree roots. As routine maintenance, inspect regularly, clean/touch up for appearance and complete minor repairs, paid from operating budget. Reserve funding for refurbishment of this monument recommended to maintain a consistent, quality appearance. A repair contingency has been included. Review annually and adjust as conditions and repair needs dictate.

*Cost Source: Reserve Data Analyst In-House Research & Cost Records

Electrical - Modernize - 2030

Asset ID	1006	4 ea	@ \$3,250.00
		Asset Actual Cost	\$13,000.00
		Percent Replacement	100%
	Electrical	Future Cost	\$16,539.63
Placed in Service	June 2000		
Useful Life	30		
Replacement Year	2030		
Remaining Life	7		

Fair condition noted. Small Circuit breaker panels and meter sockets installed onsite for the common area irrigation and lighting systems. These are located behind some of the monuments. Anticipate the need for eventual replacement of these panels as they are exposed to the elements and the enclosures will eventually corrode. Cost for each location to modernize.

*Cost Source: Reserve Data Analyst In-House Research & Cost Records

**Timberline Ridge HOA
Component Detail Reports**

Fence (split rail 2000) - Replace - 2023

Asset ID	1007	190 lf	@ \$28.25
		Asset Actual Cost	\$5,367.50
		Percent Replacement	100%
		Future Cost	\$5,367.50
	Fencing		
Placed in Service	June 2000		
Useful Life	20		
Replacement Year	2023		
Remaining Life	0		

Approx. 50 linear feet of the spit rail fence at NE 30th Ct. has recently been replaced. Although rustic looking by design, this type of fencing will eventually need to be replaced due to constant weathering and exposure. Inspect regularly and repair as needed from operating budget. Plan for regular intervals of replacement at roughly the time frame indicated below.

Note: assumed to be left to weather naturally; no funding for seal/stain herein.

*Cost Source: Client Historical Records – Inflated to Current Estimate

Fence (split rail 2020) - Replace - 2040

Asset ID	1008	504 lf	@ \$28.25
		Asset Actual Cost	\$14,238.00
		Percent Replacement	100%
		Future Cost	\$25,552.59
	Fencing		
Placed in Service	June 2020		
Useful Life	20		
Replacement Year	2040		
Remaining Life	17		

Although rustic looking by design, this type of fencing will eventually need to be replaced due to constant weathering and exposure. Inspect regularly and repair as needed from operating budget. Plan for regular intervals of replacement at roughly the time frame indicated below.

Note: assumed to be left to weather naturally; no funding for seal/stain herein.

*Cost Source: Client Historical Records – Inflated to Current Estimate

**Timberline Ridge HOA
Component Detail Reports**

Irrigation Controllers - Replace - 2037

Asset ID	1009	2 ea	@ \$4,398.38
		Asset Actual Cost	\$8,796.76
		Percent Replacement	100%
		Future Cost	\$14,239.27
Irrigation Systems			
Placed in Service	January 2022		
Useful Life	15		
Replacement Year	2037		
Remaining Life	14		

These we replaced in 2021 and upgraded to WIFI. We recommend funding for replacement at the timeframe indicated.

Irrigation Distribution Systems - Replace - 2035

Asset ID	1010	132,732 sf	@ \$1.25
		Asset Actual Cost	\$165,915.00
		Percent Replacement	100%
		Future Cost	\$250,708.96
Irrigation Systems			
Placed in Service	June 2000		
Useful Life	35		
Replacement Year	2035		
Remaining Life	12		

Local repairs reported but no large scale replacement of piping and valves. As routine maintenance, inspect and test system regularly, perform any minor repairs as necessary from maintenance budget. Although the failure rate of the elements within this component are typically difficult to predict, prudent planning suggests setting aside funding, for large scale replacement/refurbishing of irrigation systems (I.E. piping, control valves, gate valves, etc.), on a cyclical basis.

*Cost Source: Reserve Data Analyst In-House Research & Cost Records

**Timberline Ridge HOA
Component Detail Reports**

Landscaping - Tree Care - 2027

Asset ID	1025	1 ea	@ \$15,530.60
		Asset Actual Cost	\$15,530.60
		Percent Replacement	100%
		Future Cost	\$17,821.72
	Landscaping		
Placed in Service	January 2022		
Useful Life	5		
Replacement Year	2027		
Remaining Life	4		

If the Client has not already done so, we recommend consulting with a qualified arborist for a long term plan for the care and management of the trees on site; balancing aesthetics with protection of asset as well as following a plan which is most cost effective for long term budgeting of the reserve account.

These trees require regular trimming/thinning/root control and/or removal as they mature to prevent damage to nearby walkways, roads, structures and underground piping. The provided cost estimate is based on our estimation for the total expected cost for each tree on site and based on similar sized sites (and tree count) we have worked with in the past. We suggest updating future reserve studies with actual cost figures and timeframes for projects.

2021 Update: Note that in prior studies all tree care was considered an operational expense as the project costs had historically been paid from the Operational Account. The Client has requested that this be included in the reserve study going forward as the expense has grown large enough that it has become difficult to budget for operationally.

*Cost Source: Client Historical Records – Inflated to Current Estimate

Lights at Monuments - Replace - 2032

Asset ID	1012	7 ea	@ \$290.00
		Asset Actual Cost	\$2,030.00
		Percent Replacement	100%
		Future Cost	\$2,766.68
	Lighting		
Placed in Service	June 2017		
Useful Life	15		
Replacement Year	2032		
Remaining Life	9		

Monument lights are newer LED's and appear to be deteriorating at a rate typical of their age. We recommend budgeting for replacement at the timeframe indicated due to constant exposure to the elements and deterioration of the component over time.

*Cost Source: Reserve Data Analyst In-House Research & Cost Records

**Timberline Ridge HOA
Component Detail Reports**

Lights at Monuments - Replace continued...

Mailbox Cluster (2022) - Replace - 2047

		5 ea	@ \$2,437.83
Asset ID	1026	Asset Actual Cost	\$12,189.15
		Percent Replacement	100%
		Future Cost	\$27,831.83
		Mailboxes	
Placed in Service	July 2022		
Useful Life	25		
Replacement Year	2047		
Remaining Life	24		

Appears to be deteriorating at a rate typical of its age based on our visual inspection of this component. As routine maintenance, inspect regularly, clean by wiping down for appearance, change lock cylinders, lubricate hinges and repair as needed from operating budget. Best to plan for total replacement at roughly the time frame indicated due to constant usage and wear over time.

*Cost Source: Client Historical Records – Inflated to Current Estimate

Mailbox Cluster (2023) - Replace - 2023

		19 ea	@ \$2,437.83
Asset ID	1028	Asset Actual Cost	\$46,318.77
		Percent Replacement	100%
		Future Cost	\$46,318.77
		Mailboxes	
Placed in Service	July 2023		
Useful Life	25		
Replacement Year	2023		
Remaining Life	0		

Appears to be deteriorating at a rate typical of its age based on our visual inspection of this component. As routine maintenance, inspect regularly, clean by wiping down for appearance, change lock cylinders, lubricate hinges and repair as needed from operating budget. Best to plan for total replacement at roughly the time frame indicated due to constant usage and wear over time.

The number of planned cluster mailbox installations in 2023 has been provided by the Client.

*Cost Source: Client Historical Records – Inflated to Current Estimate

**Timberline Ridge HOA
Component Detail Reports**

Mailbox Concrete Pad - Replace - 2072

Asset ID	1027	3 ea	@ \$1,150.00
		Asset Actual Cost	\$3,450.00
		Percent Replacement	100%
		Future Cost	\$18,616.42
	Concrete Surfaces		
Placed in Service	January 2022		
Useful Life	50		
Replacement Year	2072		
Remaining Life	49		

Replacement contingency for the mailbox pads at the cluster mailboxes. We recommend repairing trip hazards immediately to limit liability.

Per the Client only 3 concrete pad locations are the HOA's responsibility. The remaining are reportedly on city maintained sidewalks.

*Cost Source: Client Historical Records – Inflated to Current Estimate

Metal Cooking Grill - Replace - 2023

Asset ID	1016	1 ea	@ \$992.68
		Asset Actual Cost	\$992.68
		Percent Replacement	100%
		Future Cost	\$992.68
	Recreation		
Placed in Service	June 2008		
Useful Life	15		
Replacement Year	2023		
Remaining Life	0		

Metal cooking grill is in fair condition. Some surface rust noted. Plan for eventual replacement as these structures will deteriorate from the heat as well as the exposure to the elements.

*Cost Source: Reserve Data Analyst In-House Research & Cost Records

**Timberline Ridge HOA
Component Detail Reports**

Monuments - Repair Contingency - 2030

Asset ID	1017	7 ea	@ \$5,072.11
		Asset Actual Cost	\$35,504.77
		Percent Replacement	100%
	Signage	Future Cost	\$45,171.98
Placed in Service	June 2000		
Useful Life	30		
Replacement Year	2030		
Remaining Life	7		

Community monument appears to be deteriorating at a rate typical of their age. These are made of sturdy concrete, masonry and metal materials. There is no expectation of total replacement but repair should be anticipated for grout failure, concrete cracking and damage from tree roots. As routine maintenance, inspect regularly, clean/touch up for appearance and complete minor repairs, paid from operating budget. Reserve funding for refurbishment of this monument recommended to maintain a consistent, quality appearance. A repair contingency has been included. Review annually and adjust as conditions and repair needs dictate.

*Cost Source: Reserve Data Analyst In-House Research & Cost Records

Pavers - Replace - 2035

Asset ID	1018	1,290 sf	@ \$23.19
		Asset Actual Cost	\$29,915.10
		Percent Replacement	100%
	Landscaping	Future Cost	\$45,203.77
Placed in Service	June 2000		
Useful Life	35		
Replacement Year	2035		
Remaining Life	12		

Located at the Circle Park. We recommend budgeting for replacement at the timeframe indicated as these sand set paver systems will typically become uneven with time due to settling, root intrusion, drainage issues and use.

*Cost Source: Reserve Data Analyst In-House Research & Cost Records

**Timberline Ridge HOA
Component Detail Reports**

Picnic Table - Replace - 2025

		1 ea	@ \$2,318.68
Asset ID	1019	Asset Actual Cost	\$2,318.68
		Percent Replacement	100%
	Recreation	Future Cost	\$2,483.83
Placed in Service	June 2000		
Useful Life	25		
Replacement Year	2025		
Remaining Life	2		

The Picnic table appear to be deteriorating at a rate typical of their age. We recommend for eventual replacement at the time frame indicated due to constant exposure. We recommend cleaning and inspecting annually - paint/stain as needed paid for from the Operating account.

*Cost Source: Reserve Data Analyst In-House Research & Cost Records

Playground Structures - Replace - 2028

		2 ea	@ \$43,475.22
Asset ID	1020	Asset Actual Cost	\$86,950.44
		Percent Replacement	100%
	Recreation	Future Cost	\$103,269.85
Placed in Service	June 2008		
Useful Life	20		
Replacement Year	2028		
Remaining Life	5		

These play structures are reported to have been installed around 2008. These are study metal and should have a service life much longer than the prior structures which were built of wood/plastic. The play structures appear to be deteriorating at a rate typical of its age. We recommend budgeting for replacement at the timeframe indicated to limit liability issues that arise from old structures that require ongoing repairs and have safety issues and before actual failure of the structure. There is a very wide range in cost figures for this type of component due to significant quality variations. The estimate in this reserve study is based on replacement with a similar quality structure.

*Cost Source: Reserve Data Analyst In-House Research & Cost Records

**Timberline Ridge HOA
Component Detail Reports**

Tennis Court - Resurface - 2027

Asset ID	1022	7,100 sf	@ \$3.25
		Asset Actual Cost	\$23,075.00
		Percent Replacement	100%
		Future Cost	\$26,479.09
	Tennis Court		
Placed in Service	June 2017		
Useful Life	10		
Replacement Year	2027		
Remaining Life	4		

The tennis court was resurfaced in 2017 for approx. \$16K. For the safety and playability of the tennis court these surfaces should be inspected annually, and repairs made as needed between resurfacing projects. When tennis court do not receive regular cycles of resurfacing water often causes extensive damage as it seeps into the cracks on the court and causes underlying deterioration of the aggregate base. If nothing is done, then eventually a resurfacing project would not be possible (if the base is in below average condition) and the Community will need to budget for total replacement of the court at a much higher cost.

*Cost Source: Reserve Data Analyst In-House Research & Cost Records

Tennis Court Fence - Replace - 2037

Asset ID	1023	320 lf	@ \$64.75
		Asset Actual Cost	\$20,720.00
		Percent Replacement	100%
		Future Cost	\$33,539.35
	Tennis Court		
Placed in Service	June 2000		
Useful Life	40		
Adjustment	-3		
Replacement Year	2037		
Remaining Life	14		

Appears to be deteriorating at a rate typical of its age. Sturdy component that can last for extended period of time if not damaged or abused. Clean, repair as needed from operating funds. Best to plan for eventual replacement at roughly the time frame indicated.

*Cost Source: Reserve Data Analyst In-House Research & Cost Records

**Timberline Ridge HOA
Component Detail Reports**

Wood Park Sandblasted Signs - Replace - 2030

		2 ea	@ \$2,610.00
Asset ID	1024	Asset Actual Cost	\$5,220.00
		Percent Replacement	100%
	Signage	Future Cost	\$6,641.30
Placed in Service	June 2000		
Useful Life	30		
Replacement Year	2030		
Remaining Life	7		

Wood park signs have a fair to poor surface appearance. We recommend painting at this time to protect the underlying wood. Due to the wood construction eventual replacement should be anticipated as wood will rot and split. As routine maintenance, inspect regularly, clean/touch up for appearance and repair from operating budget. Reserve funding recommended for regular intervals of replacement to maintain a consistent, quality appearance.

*Cost Source: Reserve Data Analyst In-House Research & Cost Records

Timberline Ridge HOA

Definitions, Disclosure & Calculations Appendixes

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Abbreviations

ea = each	FY = fiscal year	If or lin ft = lineal feet	ls = lump sum
RL = remaining life	sf or sq ft = square feet	sy or sq yd= square yard	
UL = useful life	100 sq ft = 1 square)	% = percent	

1. Allocation %

A percentage of the total Reserve Allocation. See - Calculations Appendix

2. Allocation Increase Rate

Expressed as a percentage rate that reflects the increase of a given year's Reserve Allocation over the previous year's Reserve Allocation and utilized only in the Cash Flow Analysis.

3. Base Year

The year in which the governing documents were recorded and/or the buildings constructed (average year may be used for phases built over a period) and utilized to determine the approximate complex age. This parameter is provided for information only.

4. Common Interest Development (CID)

Defined by shared property and restrictions in the deed on use of the property. A CID is governed by a mandatory Association of homeowners which administers the property and enforces its restrictions. The following are two typical CID subdivision types:

- Condominium- In general, the recorded owner has title to the unit (or airspace). They are typically responsible for the interior of their individual unit/garage, all utilities that service their unit and any exclusive use common area associated with their unit.
- Planned Development- In general, the recorded owner has title to the lot. They are typically responsible for the maintenance and repair of any structure or improvement located on their respective lot.

**Note- CIDs & subdivision types are general and may not apply or may vary, based on your local.*

5. Component Inventory

The task of selecting and quantifying reserve items. This task can be accomplished through on-site visual observations, review of association design and organizational documents, review of established association precedents, and discussion with appropriate association representatives.

6. Condition Assessment

The task of evaluating the current condition of the component based on observed or reported characteristics and normal documented in the field report for a Level 1 or Level 2 Reserve Study.

7. Contingency Rate

Expressed as a percentage rate that reflects a factor added to the unit cost to prepare for an event that is liable to occur, but not with certainty.

8. Current Cost

The current fiscal year's estimated cost to maintain, replace, repair, or restore a reserve component to its original functional condition. Sources utilized to obtain estimates may include: the association, its contractors, other contractors, specialists and independent consultants, the State department of Real Estate (or other state department as applicable), construction pricing and estimating manuals, and the preparer's own experience and/or database of costs formulated in the preparation of other reserve study reports. See - Calculations Appendix.

9. Disbursement / Expenditures

The funds expected to be paid or expended from the Reserve Balance.

10. Extended Cost

See - Calculations Appendix.

11. Fiscal Year (FY)

A twelve-month period for which an organization plans the use of its funds. There are two distinct types:

- Calendar Fiscal Year (ends December 31)
- Non-Calendar Fiscal Year (does not end December 31)

12. Full Funded Balance (FFB)

Total Accrued Depreciation. An indicator against which the FY Start Balance can be compared. The balance that is in direct proportion to the fraction of life "used up" of the cost. See - Calculations Appendix.

13. Funding Goal

Independent of methodology utilized, the following represents the basic categories of funding plan goals:

- Baseline Funding- Maintaining a Net Reserve Balance above zero for length of the study.
- Full Funding- Maintaining a Reserve Balance at or near Percent Funded of 100%.
- Statutory Funding- Maintaining a specified Reserve Balance/Percent Funded per statutes.
- Threshold Funding- Establishing and maintaining a set predetermined Reserve Balance or Percent Funded.

14. Funding Method (or Funding Plan)

An Association's plan to provide income to the reserve fund to offset expected disbursements from that fund. The following represents two (2) basic methodologies used to fund reserves:

- Cash Flow Method- A method of developing a reserve funding plan where allocations to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different reserve funding plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.
- Component Method- The component method develops a reserve-funding plan where the total contribution is based on the sum of contributions for individual components. The component method is the more conservative (typically higher reserve account balance) of the two funding options and assures that the association will achieve and maintain an ideal level of reserves over time. This method also allows for computations on individual components in the analysis. However, this method has also limitations with respects to variations in actual useful life of components and is much more time intensive to accurately follow this funding strategy.

Timberline Ridge HOA

Definitions, Disclosure & Calculations Appendixes

15. **Funding Plan**
The combined Funding Method & Funding Goal.
16. **FY End Balance (same as next FY Start Balance)**
The balance in reserves at end of applicable fiscal year. See - Calculations Appendix.
17. **FY Start Balance (same as prior year FY End Balance)**
The balance in reserves at start of applicable fiscal year.
18. **Inflation Rate**
Expressed as a percentage rate that reflects the increase of this year's costs over the previous year's costs. Also known as a 'cost increase factor'.
19. **Interest Earned**
The annual earning of reserve funds that have been deposited into certificates of deposit (CDs), money market accounts or other investment vehicles. See - Calculations Appendix.
20. **Interest Rate**
The ratio of the gain received from an investment and the investment over a period (usually one year), prior to any federal or state-imposed taxes.
21. **Interest Rate (net effective)**
The ratio of the gain received from an investment and the investment over a period (usually one year), after any federal or state-imposed taxes.
22. **Levels of Service**
Level 1 Reserve Study (Full or Comprehensive)- A Reserve Study in which the following five Reserve Study tasks are performed:
 - Component Inventory
 - Condition Assessment (based upon on-site visual observations)
 - Life and Valuation Estimates
 - Fund Status
 - Funding Plan**Level 2 Reserve Study** (Update, With-Site-Visit/On-Site Review)- A Reserve Study update in which the following five tasks are performed:
 - Component Inventory (from prior study)
 - Condition Assessment (based upon on-site visual observations)
 - Life and Valuation Estimates
 - Fund Status
 - Funding Plan

*Note- Updates are reliant on the validity of prior Reserve Studies.

Level 3 Reserve Study (Update, No-Site-Visit/Off-Site Review)- A Reserve Study update with no on-site visual observations in which the following three tasks are performed:
 - Component Inventory (from prior study)
 - Condition Assessment (based upon on-site visual observations)
 - Life and Valuation Estimates
 - Fund Status
 - Funding Plan

*Note- Updates are reliant on the validity of prior Reserve Studies.
23. **Percent Funded**
A comparison of the Fully Funded Balance (ideal balance) to the Fiscal Year Actual Start Balance expressed as a percentage and used to provide a 'general indication' of reserve strength. See Calculations Appendix.
24. **Quantity**
The number or amount of a reserve component or subcomponent.
25. **Remaining Life (RL)**
The estimated time, in years, that a reserve component can be expected to continue to serve its intended function.
26. **Replacement %**
A percentage of the total replacement for a reserve component or subcomponent. This parameter is normally 100%.
27. **Reserve Allocation**
The amount to be annually budgeted towards reserves based on a Funding Plan.
28. **Reserve Component (or subcomponent)**
The individual line items in the reserve study, developed or updated in the physical analysis that form the building blocks of the reserve study. They typically are:
 - an association responsibility,
 - with limited useful life expectancies,
 - predictable remaining useful life expectancies,
 - above a minimum threshold cost,
 - and, as required by statutes.
29. **Restoration**
Defined as to bring back to an unimpaired or improved condition. General types follow:
 - Building- In general, funding utilized to defray the cost (in whole or part) of major building components that are not necessarily included as line items and may include termite treatment.
 - Irrigation System- In general, funding utilized to defray the cost (in whole or part) of sectional irrigation system areas including modernization to improve water management.
 - Landscape- In general, funding utilized to defray the cost (in whole or part) of sectional landscape areas including modernization to improve water conservation & drainage.
30. **Risk Factor (Percent Funded)**
The associated risk of the availability of reserves to fund expenditures by interpreting the Percent Funded parameter as follows:

• 70% and above -	LOW
• 30% to 70% -	MODERATE
• 30% and below -	HIGH

*High risk is associated with a higher risk for reliance on special assessments, loans and litigation.
31. **Unit Cost**
The current fiscal year's estimated cost to maintain, replace, repair, or restore an individual "unit of measure" of a reserve component or subcomponent to its original functional condition.
32. **Unit of Measure**
A system of units used in measuring a reserve component or subcomponent (i.e. each, lineal feet, square feet, etc.).
33. **Useful Life (UL)**
Total Useful Life or Depreciable Life. The estimated time, in years, that a reserve item can be expected to serve its intended function if properly constructed and maintained in its present application or installation.

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Disclosures Index

The below disclosures are in accordance with reserve study standards developed by CAI, APRA and statutory requirements.

1. Items Beyond the Scope of this Report

This reserve study has been conducted to outline a financial plan for the proper and adequate budgeting of the Association component repair and/or replacement. This report should not be utilized for any other purpose and should not be considered or deemed appropriate or reliable for, but not limited to, any of the following:

- Building or land appraisals for any purpose
- State or local zoning ordinance violations
- Building code violations
- Soils conditions, soils contamination or geological stability of site
- Engineering analysis or structural stability of site
- Air quality, asbestos, electromagnetic radiation, formaldehyde, lead, mercury, or radon
- Water quality or other environmental hazards
- Invasions by termites and any or all other destroying organisms or insects
- Damage or destruction due to pests, birds, bats or animals to buildings or site
- Adequacy or efficiency of any system or component on site
- Specifically excluded reserve items
- Septic systems and septic tanks
- Buried or concealed portions of swing pools, pool liners, Jacuzzis/spas or similar items
- Items concealed by signs, carpets or other things
- Missing or omitted information supplied by the Association for the purposes of reserve study preparation
- Hidden improvements such as sewer lines, water lines, or other buried or concealed items

2. Qualifications

We are a professional business in the market to prepare Reserve Studies. Our Reserve Analysts' are either designated with or working towards the RS and/or PRA designations which are given by the two leading industry organizations which require peer review, continuing education and provide resources to stay on top of industry trends.

3. Invasive Testing

Estimated life expectancies and life cycles are based upon conditions that were readily accessible and visible at the time of the site visit. We did not destroy any landscape work, building walls, or perform any methods of intrusive/invasive testing during the site visit. In these cases, information may have been obtained by contacting the contractor or vendor that has worked on the property. The physical analysis performed during this site visit is not intended to be exhaustive in nature and may include representative sampling.

4. Conflicts of Interests

As the preparer of this reserve study; the Reserve Analyst certifies that we do not have any vested interests, financial interests, or other interests that would cause a conflict of interest in the preparation of this reserve study.

5. Representative Sampling

This study and report is based on observations of the visible and apparent conditions of a reasonable representative sampling of the property's elements at the time of inspection. Although due diligence was performed during the inspection phase, we make no representations regarding latent or concealed defects that may exist. The inspection did not constitute any invasive investigations and was not intended to determine whether applicable building components, systems, or equipment are adequate or in compliance with any specific or commonly accepted design requirement, building code, or specification. Such tasks as material testing, engineering analysis, destructive testing, or performance testing of building systems, components, or equipment are not considered as part of the scope of work, nor are they considered by the reserve study industry standard.

6. Reliance on Client & Vendor Data Provided

Information provided to the preparer of a reserve study by an official representative of the association regarding financial, historical, physical, quantitative or reserve project issues will be deemed reliable by the preparer. A reserve study will reflect information provided to the preparer of the reserve study. The total of actual or projected reserves required as presented in the reserve study is based upon information provided that was not audited. A reserve study is not intended to be used to perform an audit, an analysis of quality, a forensic study or a background check of historical records. A site visit conducted in conjunction with a reserve study should not be deemed to be a project audit or quality inspection. The results of this study are based on the independent opinion of the preparer and their experience and research during their career in preparing Reserve Studies. In addition, the opinions of experts on certain components have been gathered through research within their industry and with client's actual vendors. There is no implied warranty or guarantee regarding our life and cost estimates/predictions. There is no implied warranty or guarantee in any of our work product. Our results and findings will vary from another preparer's results and findings. A Reserve Study is necessarily a work in progress and subsequent Reserve Studies will vary from prior studies.

7. Update to Prior Reserve Studies

Level II Studies: Quantities of major components as reported in previous reserve studies are deemed to be accurate and reliable. The reserve study relies upon the validity of previous reserve studies. Level III Studies: In addition to the above we have not visited the property when completing a Level III "No Site Visit" study. Therefore, we have not verified the current condition of the common area components. It is assumed all prior study component information related to quantities, condition assessments, useful life and remaining useful life are accurate.

8. Assumption Regarding Ongoing Maintenance

The projected life expectancy of the major components and the funding needs of the reserves of the association are based upon the association performing appropriate routine and preventative maintenance for each major component. Failure to perform such maintenance can negatively impact the remaining useful life of the major components.

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9. Assumptions Regarding Defect in Design or Construction

This Reserve Study assumes that all construction assemblies and components identified herein are built properly and are free from defects in materials and/or workmanship. Defects can lead to reduced useful life and premature failure. It was not the intent of this Reserve Study to inspect for or to identify defects. If defects exist, repairs should be made so that the construction components and assemblies at the community reach their full and expected useful lives. We have assumed all components have been properly built and will reach normal, typical life expectancies. In general, a reserve study is not intended to identify or fund for construction defects. We did not and will not look for or identify construction defects during our site visit.

10. Basis of Cost Estimates

Pricing used for the repair or replacement costs indicated in this report are derived from a variety of sources, e.g., recent contractor bids received by subject property HOA or prior clients, construction product vendor catalogs, internet, or national construction cost estimating publishers (RS Means / Marshall & Swift). The material and labor pricing provided are estimates and have been augmented, as necessary, to account for specific site conditions (i.e. material handling, scaffolding, etc.). The total expenses represent a useful guideline whereby reserve funds can be accumulated for future repairs and replacements. The estimated repair and replacement expenses, unless otherwise noted, do not include allowances for architectural, engineering, or permitting fees.

11. Limitations on Report Use

A reserve study is not intended to be used to perform an audit, an analysis of quality, a forensic study or a background check of historical records. A site visit conducted in conjunction with a reserve study should not be deemed to be a project audit or quality inspection. This Reserve Study is provided as an aid for planning purposes and not as an accounting tool. Since it deals with events yet to take place, there is no assurance that the results enumerated within it will, in fact, occur as described. Additionally, other unanticipated expenses may arise that are not included within this reserve study. This reserve study should be reviewed carefully. It may not include all common and limited common element components that will require major maintenance, repair, or replacement in future years, and may not include regular contributions to a reserve account for the cost of such maintenance, repair, or replacement. The failure to include a component in a reserve study, or to provide contributions to a reserve account for a component, may, under some circumstances, require you to pay on demand as a special assessment your share of common expenses for the cost of major maintenance, repair, or replacement of a reserve component.

12. State Specific Disclosures

Washington State

RCW 64.34.382 & WA State RCW 64.38.070

This reserve study includes all aspects required per WA State RCW requirements outlined in the Washington Condominium Act and the Homeowners' Association Act.

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

Washington State

Disclosures Required by RCW 64.90.550.

This Reserve Study meets all requirements of the Washington Uniform Common Interest Ownership Act.

- a) This Reserve Study was prepared with the assistance of a reserve study professional and that professional was independent;
- b) This Reserve Study includes all information required by RCW 64.90.550 Reserve Study – Contents; and
- c) This reserve study should be reviewed carefully. It may not include all common and limited common element components that will require major maintenance, repair, or replacement in future years, and may not include regular contributions to a reserve account for the cost of such maintenance, repair, or replacement. The failure to include a component in a reserve study, or to provide contributions to a reserve account for a component, may, under some circumstances, require the association to (1) defer major maintenance, repair, or replacement, (2) increase future reserve contributions, (3) borrow funds to pay for major maintenance, repair, or replacement, or (4) impose special assessments for the cost of major maintenance, repair, or replacement.

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1. Allocation % =

Reserve Allocation (Component Method) / Total Reserve
Allocation (Component Method) x 100

2. Current Cost =

Extended Cost (for a component without subcomponents)
i. -or-
Sum of subcomponent Extended Costs (for a component
with subcomponents)

3. Extended Cost =

Quantity x Unit Cost x Replacement % x (1+Contingency
Rate)

4. FY End Balance (same as Next FY Start Balance) =

Initial or current fiscal year-

Current Reserve Balance + Interest Earned +
Reserve Allocation to Fund + Special Assessment
to
Fund + Funds Due from Operating - Approved
Funds to Disburse - Disbursements

Subsequent fiscal years-

FY Start Balance + Interest Earned + (Reserve
Allocation (from previous year) x
(1 + Reserve Allocation Rate) - Disbursements

5. Interest Earned=

Initial fiscal year-

Current Reserve Balance x (Interest Rate
(net effective)/12 x
Number of funding months remaining in current
fiscal year)

Subsequent fiscal years-

FY Start Balance x Interest Rate (net effective)

Accumulation Function and Amount Function

<https://www.reservedataanalyst.com/int>

6. Percent Funded =

(Reserve Account Balance / Fully Funded Balance) x 100

7. Reserve Allocation (Component Method) =

Current Cost / Useful Life

8. Fully Funded Balance (FFB) =

Basic Fully Funded

Fully Funded = Age/Useful Life * Cost

Note that "Age" is adjusted for each year of the study (e.g. one year later also equates to an Age which is one year greater). We do not use the age from the first year of the study for future FFB calculations as this would not appropriately address the deterioration of the component over time (i.e. when providing future projections one can make a valid assumption that a component will deteriorate by one year if providing projections for one year later).

Cost (component project cost) is inflated for each year based on an annual inflation rate (compounding) given in this reserve study (e.g., a paint project "cost" may be \$1,000 in Year 1 of the study but will have a "cost" of \$1,030 in Year 2 of the study, and \$1,060.90 in Year 3 of the study, when utilizing an annual 3% inflation rate). Note that we do not use the "cost" (current project cost) from the first year of the study for future year's FFB calculations as this approach does not consider the impact of inflation on the project cost and will usually result in a significantly underfunded reserve account over time. This is also known as the Inflation Adjusted Cost Method

***Unless specifically noted otherwise we have utilized the above FFB formula and methodology in this reserve study.*

Community Association Institute FFB Formula

The Community Association Institute published the below FFB formula to account for inflation and interest earned on deposit ("present value" is based on the current cost only - with no inflation of the project cost) the writers of 'RESERVE FUNDS: How & Why community Associations Invest Assets' published:

*Basic_FF = (Age / Useful Life) * Present Value*

CAI_FF = Basic_FF

+ Basic_FF / (1 + interest)^{Remaining Life}

- Basic_FF / (1 + inflation)^{Remaining Life}

More mathematical information can be found at the following link: www.reservedataanalyst.com/math

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1019	Picnic Table - Replace	2025	46
1020	Playground Structures - Replace	2028	46
1022	Tennis Court - Resurface	2027	47
1023	Tennis Court Fence - Replace	2037	47
1024	Wood Park Sandblasted Signs - Replace	2030	48
Total Funded Assets		23	
Total Unfunded Assets		<u>0</u>	
Total Assets		23	