

Stone Creek Canyon

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Important Information

This document has been provided pursuant to an agreement containing restrictions on its use. No part of this document may be copied or distributed, in any form or by any means, nor disclosed to third parties without the expressed written permission of **Wasatch Reserve Studies**. The client shall have the right to reproduce and distribute copies of this report, or the information contained within, as may be required for compliance with all applicable regulations.

This Wasatch Reserve Study reserve analysis and the parameters under which it has been completed are based upon information provided to us in part by representatives of the association, its contractors, assorted vendors, specialist and independent contractors, the Community Association Institute, and various construction pricing and scheduling manuals including, but not limited to: Marshall & Swift Valuation Service, RS Means Facilities Maintenance & Repair Cost Data, RS Means Repair & Remodeling Cost Data, National Construction Estimator, National Repair & Remodel Estimator, Dodge Cost Manual and McGraw-Hill Professional. Additionally, costs are obtained from numerous vendor catalogues, actual quotations or historical costs, and our own experience in the field of property management and reserve study preparation.

It has been assumed, unless otherwise noted in this report, that all assets have been designed and constructed properly and that each estimated useful life will approximate that of the norm per industry standards and/or manufacturer's specifications. In some cases, estimates may have been used on assets, which have an indeterminable but potential liability to the association. The decision for the inclusion of these as well as all assets considered is left to the client.

We recommend that your reserve analysis study be updated every 3 years due to fluctuating interest rates, inflationary changes, and the unpredictable nature of the lives of many of the assets under consideration. All of the information collected during our inspection of the association and computations made subsequently in preparing this reserve analysis study are retained in our computer files. Therefore, annual updates may be completed quickly and inexpensively each year.

Wasatch Reserve Studies would like to thank you for using our services. We invite you to call us at any time, should you have questions, comments or need assistance. In addition, any of the parameters and estimates used in this study may be changed at your request, after which we will provide a revised study.

This Wasatch 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.

Part I

Introduction

Preparing the annual budget and overseeing the association's finances are perhaps the most important responsibilities of board members. The annual operating and reserve budgets reflect the planning and goals of the association and set the level and quality of service for all of the association's activities.

Funding Options

When a major repair or replacement is required in a community, an association has essentially four options available to address the expenditure:

The first, and only logical means that the Board of Directors has to ensure its ability to maintain the assets for which it is obligated, is by **assessing an adequate level of reserves** as part of the regular membership assessment, thereby distributing the cost of the replacements uniformly over the entire membership. The community is not only comprised of present members, but also future members. Any decision by the Board of Directors to adopt a calculation method or funding plan which would disproportionately burden future members in order to make up for past reserve deficits, would be a breach of its fiduciary responsibility to those future members. Unlike individuals determining their own course of action, the board is responsible to the "community" as a whole.

Whereas, if the association was setting aside reserves for this purpose, using the vehicle of the regularly assessed membership dues, it would have had the full term of the life of the roof, for example, to accumulate the necessary moneys. Additionally, those contributions would have been evenly distributed over the entire membership and would have earned interest as part of that contribution.

The second option is for the association to **acquire a loan** from a lending institution in order to effect the required repairs. In many cases, banks will lend to an association using "future homeowner assessments" as collateral for the loan. With this method, the current board is pledging the future assets of an association. They are also incurring the additional expense of interest fees along with the original principal amount. In the case of a \$150,000 roofing replacement, the association may be required to pay back the loan over a three to five year period, with interest.

The third option, too often used, is simply to **defer the required repair or replacement**. This option, which is not recommended, can create an environment of declining property values due to expanding lists of deferred maintenance items and the association's financial inability to keep pace with the normal aging process of the common area components. This, in turn, can have a seriously negative impact on sellers in the association by making it difficult, or even impossible, for potential buyers to obtain financing from lenders. Increasingly, lending institutions are requesting copies of the association's most recent reserve study before granting loans, either for the association itself, a prospective purchaser, or for an individual within such an association.

The fourth option is to pass a "**special assessment**" to the membership in an amount required to cover the expenditure. When a special assessment is passed, the association has the authority and responsibility to collect the assessments, even by means of foreclosure, if necessary. However, an association considering a special assessment cannot guarantee that an assessment, when needed, will be passed. Consequently, the association cannot guarantee its ability to perform the required repairs or replacements to those major components for which it is obligated when the need arises. Additionally, while relatively new communities require very little in the way of major "reserve" expenditures, associations reaching 12 to 15 years of age and older, find many components reaching the end of their effective useful lives. These required expenditures, all accruing at the same time, could be devastating to an association's overall budget.

Types of Reserve Studies

Most reserve studies fit into one of three categories:

Full Reserve Study;

Update with site inspection; and

Update without site inspection.

In a **Full Reserve Study**, the reserve provider conducts a component inventory, a condition assessment (based upon on-site visual observations), and life and valuation estimates to determine both a “fund status” and “funding plan”.

In an **Update with site inspection**, the reserve provider conducts a component inventory (verification only, not quantification unless new components have been added to the inventory), a condition assessment (based upon on-site visual observations), and life and valuation estimates to determine both the “fund status and “funding plan.”

In an **Update without site inspection**, the reserve provider conducts life and valuation estimates to determine the “fund status” and “funding plan.”

The Reserve Study: A Physical and a Financial Analysis

There are two components of a reserve study: a physical analysis and a financial analysis.

Physical Analysis

During the physical analysis, a reserve study provider evaluates information regarding the physical status and repair/replacement cost of the association’s major common area components. To do so, the provider conducts a component inventory, a condition assessment, and life and valuation estimates.

Developing a Component List

The budget process begins with full inventory of all the major components for which the association is responsible. The determination of whether an expense should be labeled as operational, reserve, or excluded altogether is sometimes subjective. Since this labeling may have a major impact on the financial plans of the association, subjective determinations should be minimized. We suggest the following considerations when labeling an expense.

Operational Expenses

Occur at least annually, no matter how large the expense, and can be budgeted for effectively each year. They are characterized as being reasonably predictable, both in terms of frequency and cost. Operational expenses include all minor expenses, which would not otherwise adversely affect an operational budget from one year to the next. Examples of *operational expenses* include:

Utilities:	Bank Service Charges	Accounting
Electricity	Dues & Publications	Reserve Study
Gas	Licenses, Permits & Fees	Repair Expenses:
Water	Insurance(s)	Tile Roof Repairs
Telephone	Services:	Equipment Repairs
Cable TV	Landscaping	Minor Concrete Repairs
Administrative:	Pool Maintenance	Operating Contingency
Supplies	Street Sweeping	

Reserve Expenses

These are major expenses that occur other than annually, and which must be budgeted for in advance in order to ensure the availability of the necessary funds in time for their use. Reserve expenses are reasonably predictable both in terms of frequency and cost. However, they may include significant assets that have an indeterminable but potential liability that may be demonstrated as a likely occurrence. They are expenses that, when incurred, would have a significant effect on the smooth operation of the budgetary process from one year to the next, if they were not reserved for in advance. Examples of reserve expenses include:

Roof Replacements	Park/Play Equipment
Painting	Pool/Spa Re-plastering
Deck Resurfacing	Pool Equipment Replacement
Fencing Replacement	Pool Furniture Replacement
Asphalt Seal Coating	Tennis Court Resurfacing
Asphalt Repairs	Lighting Replacement
Asphalt Overlays	Insurance(s)
Equipment Replacement	Reserve Study
Interior Furnishings	

Budgeting is Normally Excluded for:

Repairs or replacements of assets which are deemed to have an estimated useful life equal to or exceeding the estimated useful life of the facility or community itself, or exceeding the legal life of the community as defined in an association's governing documents. Examples include the complete replacement of elevators, tile roofs, wiring and plumbing. Also excluded are insignificant expenses that may be covered either by an operating or reserve contingency, or otherwise in a general maintenance fund. Expenses that are necessitated by acts of nature, accidents or other occurrences that are more properly insured for, rather than reserved for, are also excluded.

Financial Analysis

The financial analysis assesses the association's reserve balance or "fund status" (measured in cash or as percent fully funded) to determine a recommendation for the appropriate reserve contribution rate in the future, known as the "funding plan".

Preparing the Reserve Study

Once the reserve assets have been identified and quantified, their respective replacement costs, useful lives and remaining lives must be assigned so that a funding schedule can be constructed. Replacement costs and useful lives can be found in published manuals such as construction estimators, appraisal handbooks, and valuation guides. Remaining lives are calculated from the useful lives and ages of assets and adjusted according to conditions such as design, manufactured quality, usage, exposure to the elements and maintenance history.

By following the recommendations of an effective reserve study, the association should avoid any major shortfalls. However, to remain accurate, the report should be updated on an annual basis to reflect such changes as shifts in economic parameters, additions of phases or assets, or expenditures of reserve funds. The association can assist in simplifying the reserve analysis update process by keeping accurate records of these changes throughout the year.

Funding Methods

From the simplest to the most complex, reserve analysis providers use many different computational processes to calculate reserve requirements. However, there are two basic processes identified as industry standards: the cash flow method and the component method.

The cash flow method develops a reserve-funding plan where contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different reserve funding plans are tested against the actual anticipated schedule of reserve expenses until the desired funding goal is achieved. This method sets up a "window" in which all future anticipated replacement costs are computed, based upon the individual lives of the components under consideration. The **Wasatch Reserve Studies** Threshold and the **Wasatch Reserve Studies** Current Assessment funding models are based upon the cash flow method.

The component method develops a reserve-funding plan where the total contribution is based upon the sum of contributions for individual components. The component method is the more conservative of the two funding options, and assures that the association will achieve and maintain an ideal level of reserve over time. This method also allows for computations on individual components in the analysis. The **Wasatch Reserve Studies** Component Funding model is based upon the component methodology.

Funding Strategies

Once an association has established its funding goals, the association can select an appropriate funding plan. There are four basic strategies from which most associations select. It is recommended that associations consult professionals to determine the best strategy or combination of plans that best suit the association's need. Additionally, associations should consult with their financial advisor to determine the tax implications of selecting a particular plan. Further, consultation with the American Institute of Certified Public Accountants (AICPA) for their reporting requirements is advisable. The four funding plans and descriptions of each are detailed below. Associations will have to update their reserve studies more or less frequently depending on the funding strategy they select.

Full Funding---Given that the basis of funding for reserves is to distribute the costs of the replacements over the lives of the components in question, it follows that the ideal level of reserves would be proportionately related to those lives and costs. If an association has a component with an expected estimated useful life of ten years, it would set aside approximately one-tenth of the replacement cost each year. At the end of three years, one would expect three-tenths of the replacement cost to have accumulated, and if so, that component would be "fully-funded." This model is important in that it is a measure of the adequacy of an association's reserves at any one point of time, and is independent of any particular method which may have been used for past funding or may be under consideration for future funding. This formula represents a snapshot in time and is based upon current replacement cost, independent of future inflationary or investment factors:

Fully Funded Reserves = Age divided by Useful Life the results multiplied by Current Replacement Cost

When an association's total accumulated reserves for all components meet this criterion, its reserves are considered "fully-funded."

The Wasatch Reserve Studies Threshold Funding Model (Minimum Funding). The goal of this funding method is to keep the reserve cash balance above zero. This means that while each individual component may not be fully funded, the reserve balance overall does not drop below zero during the projected period. An association using this funding method must understand that even a minor reduction in a component's remaining useful life can result in a deficit in the reserve cash balance.

The Wasatch Reserve Studies Threshold Funding Model. This method is based upon the cash flow funding concept. The minimum reserve cash balance in threshold funding, however, is set at a predetermined dollar amount (other than \$0).

The Wasatch Reserve Studies Current Assessment Funding Model. This method is also based upon the cash flow funding concept. The initial reserve assessment is set at the association's current fiscal year funding level and a 30-year projection is calculated to illustrate the adequacy of the current funding over time.

The Wasatch Reserve Studies Component Funding Model. This is a straight-line funding model. It distributes the cash reserves to individual reserve components and then calculates what the reserve assessment and interest contribution (minus taxes) should be, again by each reserve component. The current annual assessment is then determined by summing all the individual component assessments, hence the name "Component Funding Model". This is the most conservative funding model. It leads to or maintains the fully funded reserve position. The following details this calculation process.

Component Funding Model Distribution of Accumulated Reserves

The "Distribution of Accumulated Reserves Report" is a "Component Funding Model" calculation. This distribution **does not** apply to the cash flow funding models.

When calculating reserves based upon the component methodology, a beginning reserve balance must be allocated for each of the individual components considered in the analysis, before the individual calculations can be completed. When this distribution is not available, or of sufficient detail, the following method is suggested for allocating reserves:

The first step the program performs in this process is subtracting, from the total accumulated reserves, any amounts for assets that have predetermined (fixed) reserve balances. The user can “fix” the accumulated reserve balance within the program on the individual asset’s detail page. If, by error, these amounts total more than the amount of funds available, then the remaining assets are adjusted accordingly. A provision for a contingency reserve is then deducted by the determined percentage used, and if there are sufficient remaining funds available.

The second step is to identify the ideal level of reserves for each asset. As indicated in the prior section, this is accomplished by evaluating the component’s age proportionate to its estimated useful life and current replacement cost. Again, the equation used is as follows:

Fully Funded Reserves = (Age/Useful Life) x Current Replacement Cost

The **Wasatch Reserve Studies** program performs the above calculations to the actual month the component was placed-in-service. The program projects that the accumulation of necessary reserves for repairs or replacements will be available on the first day of the fiscal year in which they are scheduled to occur.

The next step the program performs is to arrange all of the assets used in the study in ascending order by remaining life, and alphabetically within each grouping of remaining life items. These assets are then assigned their respective ideal level of reserves until the amount of funds available is depleted, or until all assets are appropriately funded. If any assets are assigned a zero remaining life (scheduled for replacement in the current fiscal year), then the amount assigned equals the current replacement cost and funding begins for the next cycle of replacement. If there are insufficient funds available to accomplish this, then the software automatically adjusts the zero remaining life items to one year, and that asset assumes its new grouping position alphabetically in the final printed report.

If, at the completion of this task, there are additional moneys that have not been distributed, the remaining reserves are then assigned, in ascending order, to a level equal to, but not exceeding, the current replacement cost for each component. If there are sufficient moneys available to fund all assets at their current replacement cost levels, then any excess funds are designated as such and are not factored into any of the report computations. If, at the end of this assignment process there are designated excess funds, they can be used to offset the monthly contribution requirements recommended, or used in any other manner the client may desire.

Assigning the reserves in this manner defers the make-up period for any under-funding over the longest remaining life of all assets under consideration, thereby minimizing the impact of any deficiency. For example, if the report indicates an under funding of \$50,000, this under-funding will be assigned to components with the longest remaining lives in order to give more time to “replenish” the account. If the \$50,000 under-funding were to be assigned to short remaining life items, the impact would be felt immediately.

If the reserves are under-funded, the monthly contribution requirements, as outlined in this report, can be expected to be higher than normal. In future years, as individual assets are replaced, the funding requirements will return to their normal levels. In the case of a large deficiency, a special assessment may be considered. The program can easily generate revised reports outlining how the monthly contributions would be affected by such an adjustment, or by any other changes that may be under consideration.

Funding Reserves

Three assessment and contribution figures are provided in the report, the “Monthly Reserve Assessment Required”, the “Average Net Monthly Interest Earned” contribution and the “Total Monthly Allocation to Reserves.” The association should allocate the “Monthly Reserve Assessment Required” amount to reserves each month when the interest earned on the reserves is left in the reserve accounts as part of the contribution. Any interest earned on reserve deposits, must be left in reserves and only amounts set aside for taxes should be removed.

The second alternative is to allocate the “Total Monthly Allocation” to reserves (this is the member assessment plus the anticipated interest earned for the fiscal year). This method assumes that all interest earned will be assigned directly as operating income. This allocation takes into consideration the anticipated interest earned on accumulated reserves regardless of whether or not it is actually earned. When taxes are paid, the amount due will be taken directly from the association’s operating accounts as the reserve accounts are allocated only those moneys net of taxes.

Users’ Guide to your Reserve Analysis Study

Part II of your **Wasatch Reserve Studies** Report contains the reserve analysis study for your association. There are seven types of reports in the study as described below.

Report Summaries

The Report Summary for all funding models lists all of the parameters that were used in calculating the report as well as the summary of your reserve analysis study.

Index Reports

The **Distribution of Accumulated Reserves** report lists all assets in remaining life order. It also identifies the ideal level of reserves that should have accumulated for the association as well as the actual reserves available. This information is valid only for the “Component Funding Model” calculation.

The **Component Listing/Summary** lists all assets by category (i.e. roofing, painting, lighting, etc.) together with their remaining life, current cost, monthly reserve contribution, and net monthly allocation.

Detail Reports

The Detail Report itemizes each asset and lists all measurements, current and future costs, and calculations for that asset. Provisions for percentage replacements, salvage values, and one-time replacements can also be utilized. These reports can be sorted by category or group.

The numerical listings for each asset are enhanced by extensive narrative detailing factors such as design, manufactured quality, usage, exposure to elements and maintenance history.

The **Wasatch Reserve Studies** Detail Index is an alphabetical listing of all assets, together with the page number of the asset's detail report, the projected replacement year, and the asset number.

Projections

Thirty-year projections add to the usefulness of your reserve analysis study.

Definitions

Report I.D.

Includes the Report Date (example: November 15, 1992), Account Number (example: 9773), and Version (example: 1.0). Please use this information (displayed on the summary page) when referencing your report.

Budget Year Beginning/Ending

The budgetary year for which the report is prepared. For associations with fiscal years ending December 31st, the monthly contribution figures indicated are for the 12-month period beginning 1/1/20xx and ending 12/31/20xx.

Number of Units and/or Phases

If applicable, the number of units and/or phases included in this version of the report.

Inflation

This figure is used to approximate the future cost to repair or replace each component in the report. The current cost for each component is compounded on an annual basis by the number of remaining years to replacement, and the total is used in calculating the monthly reserve contribution that will be necessary to accumulate the required funds in time for replacement.

Annual Assessment Increase

This represents the percentage rate at which the association will increase its assessment to reserves at the end of each year. For example, in order to accumulate \$10,000 in 10 years, you could set aside \$1,000 per year. As an alternative, you could set aside \$795 the first year and increase that amount by 5% each year until the year of replacement. In either case you arrive at the same amount. The idea is that you start setting aside a lower amount and increase that number each year in accordance with the planned percentage. Ideally this figure should be equal to the rate of inflation. It can, however, be used to aide those associations that have not set aside appropriate reserves in the past, by making the initial year's allocation less formidable.

Investment Yield Before Taxes

The average interest rate anticipated by the association based upon its current investment practices.

Taxes on Interest Yield

The estimated percentage of interest income that will be set aside to pay income taxes on the interest earned.

Projected Reserve Balance

The anticipated reserve balance on the first day of the fiscal year for which this report has been prepared. This is based upon information provided and not audited.

Percent Fully Funded

The ratio, at the beginning of the fiscal year, of the actual (or projected) reserve balance to the calculated fully funded balance, expressed as a percentage.

Phase Increment Detail and/or Age

Comments regarding aging of the components on the basis of construction date or date of acceptance by the association.

Monthly Assessment

The assessment to reserves required by the association each month.

Interest Contribution (After Taxes)

The interest that should be earned on the reserves, net of taxes, based upon their beginning reserve balance and monthly contributions for one year. This figure is averaged for budgeting purposes.

Total Monthly Allocation

The sum of the monthly assessment and interest contribution figures.

Group and Category

The report may be prepared and sorted either by group (location, building, phase, etc.) or by category (roofing, painting, etc.). The standard report printing format is by category.

Percentage of Replacement or Repairs

In some cases, an asset may not be replaced in its entirety or the cost may be shared with a second party. Examples are budgeting for a percentage of replacement of streets over a period of time, or sharing the expense to replace a common wall with a neighboring party.

Placed-In-Service Date

The month and year that the asset was placed-in-service. This may be the construction date, the first escrow closure date in a given phase, or the date of the last servicing or replacement.

Estimated Useful Life

The estimated useful life of an asset based upon industry standards, manufacturer specifications, visual inspection, location, usage, association standards and prior history. All of these factors are taken into consideration when tailoring the estimated useful life to the particular asset. For example, the carpeting in a hallway or elevator (a heavy traffic area) will not have the same life as the identical carpeting in a seldom-used meeting room or office.

Adjustment to Useful Life

Once the useful life is determined, it may be adjusted, up or down, by this separate figure for the current cycle of replacement. This will allow for a current period adjustment without affecting the estimated replacement cycles for future replacements.

Estimated Remaining Life

This calculation is completed internally based upon the report's fiscal year date and the date the asset

was placed-in-service.

Replacement Year

The year that the asset is scheduled to be replaced. The appropriate funds will be available by the first day of the fiscal year for which replacement is anticipated.

Annual Fixed Reserves

An optional figure which, if used, will override the normal process of allocating reserves to each asset.

Fixed Assessment

An optional figure which, if used, will override all calculations and set the assessment at this amount. This assessment can be set for monthly, quarterly or annually as necessary.

Salvage Value

The salvage value of the asset at the time of replacement, if applicable.

One-Time Replacement

Notation if the asset is to be replaced on a one-time basis.

Current Replacement Cost

The estimated replacement cost effective at the beginning of the fiscal year for which the report is being prepared

Future Replacement Cost

The estimated cost to repair or replace the asset at the end of its estimated useful life based upon the current replacement cost and inflation.

Component Inventory

The task of selecting and qualifying reserve components. This task can be accomplished through on-site visual, review of association design and organizational documents, a review of established association precedents, and discussion with appropriate association representative(s).

A Multi-Purpose Tool

Your **Wasatch Reserve Studies** Report is an important part of your association's budgetary process. Following its recommendations should ensure the association's smooth budgetary transitions from one fiscal year to the next, and either decrease or eliminate the need for "special assessments".

In addition, your **Wasatch Reserve Studies** reserve study serves a variety of useful purposes:

- Following the recommendations of a reserve study performed by a professional consultant can protect the Board of Directors in a community from personal liability concerning reserve components and reserve funding.
- A reserve analysis study is required by your accountant during the preparation of the association's annual audit.
- The **Wasatch Reserve Studies** reserve study is often requested by lending institutions during the process of loan applications, both for the community and, in many cases, the individual owners.
- Your **Wasatch Reserve Studies** Report is also a detailed inventory of the association's major assets and serves as a management tool for scheduling, coordinating and planning future repairs and replacements.
- Your **Wasatch Reserve Studies** Report is a tool that can assist the Board in fulfilling its legal and fiduciary obligations for maintaining the community in a state of good repair. If a community is operating on a special assessment basis, it cannot guarantee that an assessment, when needed, will be passed. Therefore, it cannot guarantee its ability to perform the required repairs or replacements to those major components for which the association is obligated.
- Since the **Wasatch Reserve Studies** reserve analysis study includes measurements and cost estimates of the client's assets, the detail reports may be used to evaluate the accuracy and price of contractor bids when assets are due to be repaired or replaced.
- The **Wasatch Reserve Studies** reserve study is an annual disclosure to the membership concerning the financial condition of the association, and may be used as a "consumers' guide" by prospective purchasers.
- The **Wasatch Reserve Studies** Owners' Summary meets the disclosure requirements of the California Civil Code and also the recently adopted ECHO standards.
- Your **Wasatch Reserve Studies** Report provides a record of the time, cost, and quantities of past reserve replacements. At times the association's management company and board of directors are transitory which may result in the loss of these important records.

Stone Creek Canyon

Current Assessment Funding Model Summary

Report Date	January 01, 2016
Budget Year Beginning	January 01, 2016
Budget Year Ending	December 31, 2016
Total Units	70

<i>Report Parameters</i>	
Inflation	3.00%
Annual Assessment Increase	3.00%
Interest Rate on Reserve Deposit	3.00%
Tax Rate on Interest	30.00%
Contingency	3.00%
2016 Beginning Balance	

Current Assessment Funding Model Summary of Calculations

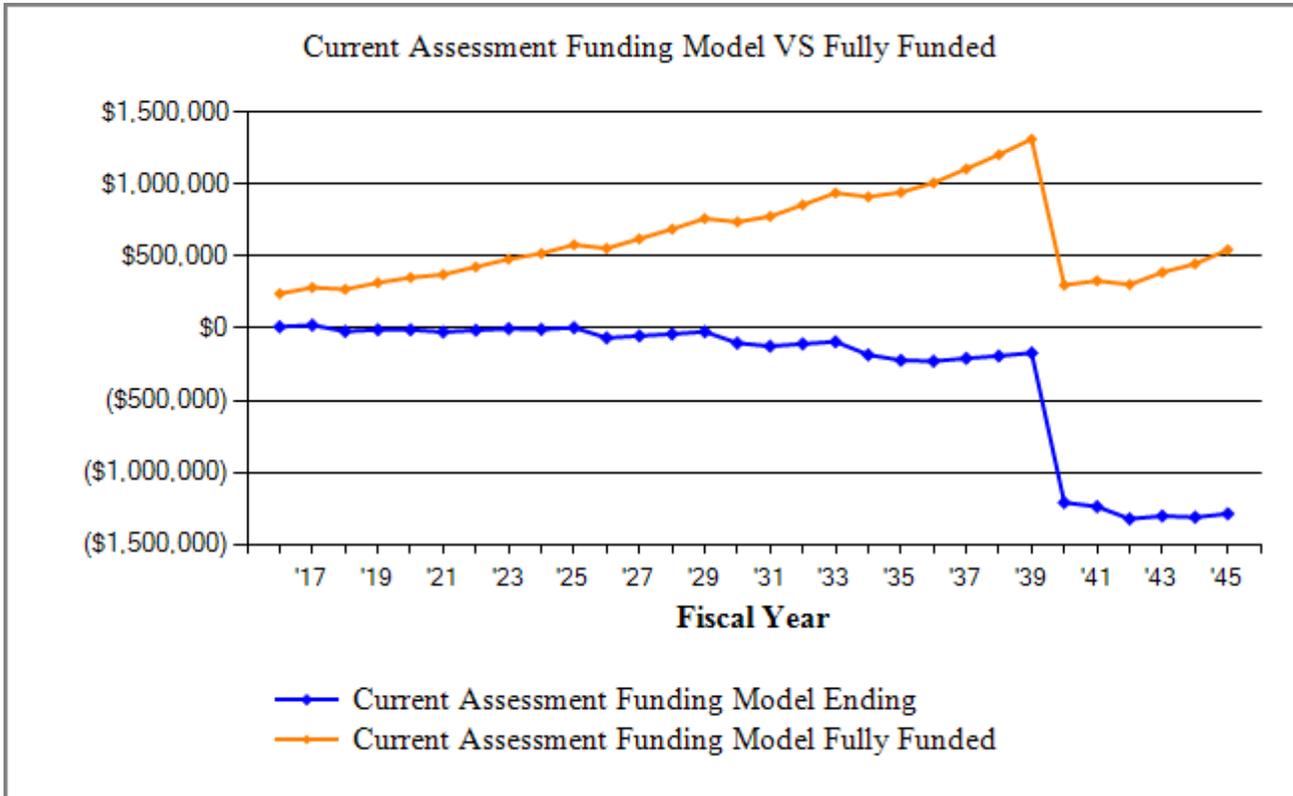
Required Annual Contribution	\$10,500.00
<i>\$150.00 per unit annually</i>	
Average Net Annual Interest Earned	<u>\$220.50</u>
Total Annual Allocation to Reserves	\$10,720.50
<i>\$153.15 per unit annually</i>	

**Stone Creek Canyon
Current Assessment Funding Model Projection**

Beginning Balance: \$0

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2016	706,119	10,500	220		10,720	240,306	4%
2017	727,303	10,815	452		21,988	282,874	8%
2018	749,122	11,139		54,288	-21,161	270,269	-8%
2019	771,595	11,474			-9,688	316,029	-3%
2020	794,743	11,818		11,818	-9,688	351,742	-3%
2021	818,585	12,172		28,306	-25,821	372,825	-7%
2022	843,143	12,538			-13,284	425,815	-3%
2023	868,437	12,914		1,968	-2,338	479,559	0%
2024	894,490	13,301		18,394	-7,430	519,324	-1%
2025	921,325	13,700	99	1,566	4,803	579,497	1%
2026	948,965	14,111		85,550	-66,636	554,278	-12%
2027	977,434	14,534			-52,101	620,590	-8%
2028	1,006,757	14,970		2,281	-39,412	687,960	-6%
2029	1,036,960	15,420			-23,992	761,309	-3%
2030	1,068,068	15,882		94,469	-102,579	738,128	-14%
2031	1,100,110	16,359		38,041	-124,261	775,798	-16%
2032	1,133,114	16,849			-107,412	856,669	-13%
2033	1,167,107	17,355		2,645	-92,701	938,887	-10%
2034	1,202,120	17,876		109,112	-183,938	912,297	-20%
2035	1,238,184	18,412		56,112	-221,638	943,022	-24%
2036	1,275,329	18,964		25,439	-228,113	1,009,126	-23%
2037	1,313,589	19,533			-208,580	1,106,172	-19%
2038	1,352,997	20,119		3,066	-191,527	1,204,876	-16%
2039	1,393,587	20,723			-170,804	1,311,860	-13%
2040	1,435,395	21,344		1,059,025	-1,208,485	299,647	-403%
2041	1,478,456	21,985		51,124	-1,237,624	329,503	-376%
2042	1,522,810	22,644		106,907	-1,321,886	303,275	-436%
2043	1,568,494	23,324		3,554	-1,302,117	388,328	-335%
2044	1,615,549	24,023		33,221	-1,311,314	446,823	-293%
2045	1,664,016	24,744			-1,286,570	544,812	-236%

**Stone Creek Canyon
Current Assessment Funding Model VS Fully Funded Chart**



The Current Assessment Funding Model is based on the current annual assessment, parameters, and reserve fund balance. Because it is calculated using the current annual assessment, it will give the accurate projection of how well the association is funded for the next 30 years of planned reserve expenditures.

Stone Creek Canyon
Threshold Funding Model Summary

Report Date	January 01, 2016
Budget Year Beginning	January 01, 2016
Budget Year Ending	December 31, 2016
Total Units	70

<i>Report Parameters</i>	
Inflation	3.00%
Annual Assessment Increase	3.00%
Interest Rate on Reserve Deposit	3.00%
Tax Rate on Interest	30.00%
Contingency	3.00%
2016 Beginning Balance	

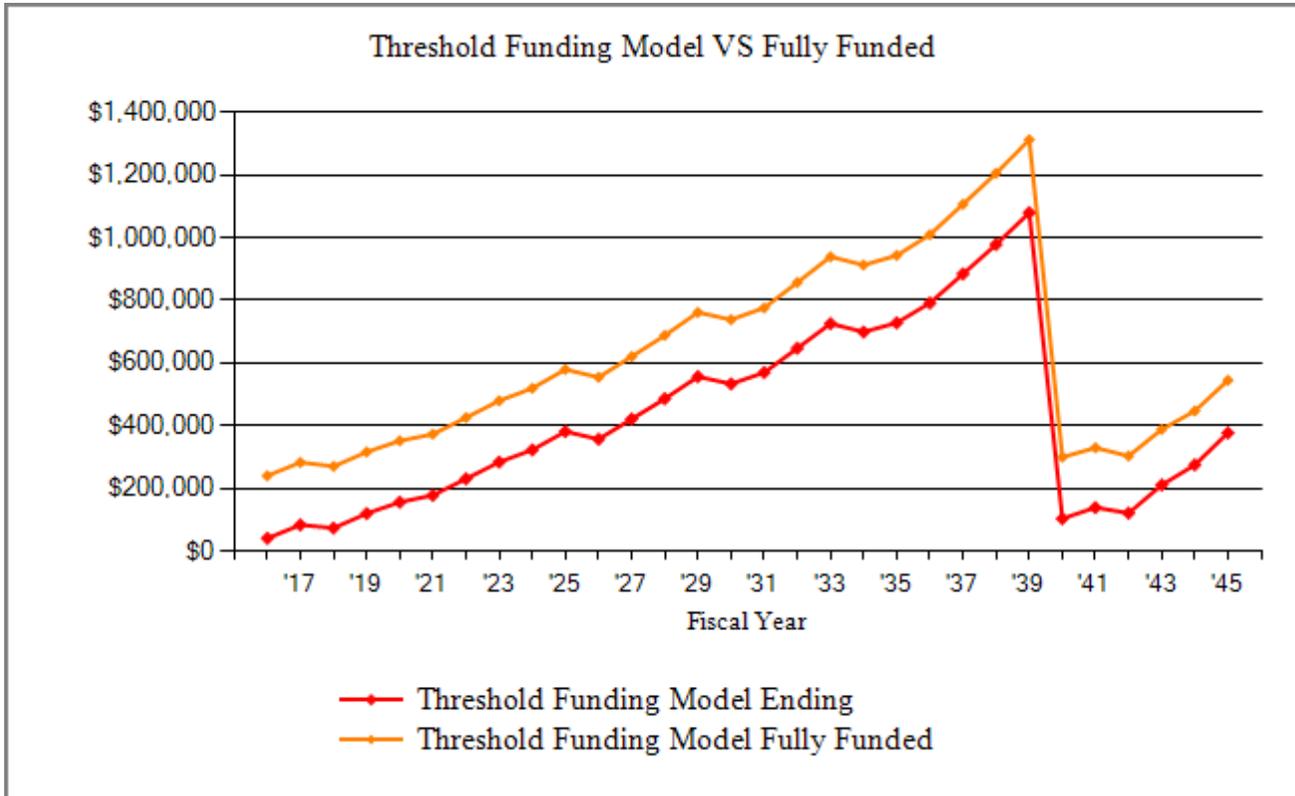
<i>Threshold Funding Model Summary of Calculations</i>	
Required Annual Contribution	\$40,059.85
<i>\$572.28 per unit annually</i>	
Average Net Annual Interest Earned	<u>\$841.26</u>
Total Annual Allocation to Reserves	\$40,901.11
<i>\$584.30 per unit annually</i>	

**Stone Creek Canyon
Threshold Funding Model Projection**

Beginning Balance: \$0

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2016	706,119	40,060	841		40,901	240,306	17%
2017	727,303	41,262	1,725		83,888	282,874	30%
2018	749,122	42,499	1,514	54,288	73,613	270,269	27%
2019	771,595	43,774	2,465		119,853	316,029	38%
2020	794,743	45,088	3,216	11,818	156,338	351,742	44%
2021	818,585	46,440	3,664	28,306	178,137	372,825	48%
2022	843,143	47,834	4,745		230,716	425,815	54%
2023	868,437	49,269	5,838	1,968	283,855	479,559	59%
2024	894,490	50,747	6,640	18,394	322,848	519,324	62%
2025	921,325	52,269	7,845	1,566	381,396	579,497	66%
2026	948,965	53,837	7,343	85,550	357,027	554,278	64%
2027	977,434	55,452	8,662		421,141	620,590	68%
2028	1,006,757	57,116	9,995	2,281	485,971	687,960	71%
2029	1,036,960	58,829	11,441		556,241	761,309	73%
2030	1,068,068	60,594	10,970	94,469	533,336	738,128	72%
2031	1,100,110	62,412	11,712	38,041	569,419	775,798	73%
2032	1,133,114	64,284	13,308		647,011	856,669	76%
2033	1,167,107	66,213	14,922	2,645	725,502	938,887	77%
2034	1,202,120	68,199	14,376	109,112	698,965	912,297	77%
2035	1,238,184	70,245	14,975	56,112	728,073	943,022	77%
2036	1,275,329	72,353	16,275	25,439	791,261	1,009,126	78%
2037	1,313,589	74,523	18,181		883,966	1,106,172	80%
2038	1,352,997	76,759	20,111	3,066	977,770	1,204,876	81%
2039	1,393,587	79,062	22,193		1,079,025	1,311,860	82%
2040	1,435,395	81,433	2,130	1,059,025	103,564	299,647	35%
2041	1,478,456	83,876	2,863	51,124	139,179	329,503	42%
2042	1,522,810	86,393	2,492	106,907	121,157	303,275	40%
2043	1,568,494	88,985	4,338	3,554	210,926	388,328	54%
2044	1,615,549	91,654	5,657	33,221	275,016	446,823	62%
2045	1,664,016	94,404	7,758		377,177	544,812	69%

**Stone Creek Canyon
Threshold Funding Model VS Fully Funded Chart**



The **Threshold Funding Model** calculates the minimum reserve assessments, with the restriction that the reserve balance is not allowed to go below \$0 or other predetermined threshold, during the period of time examined. All funds for planned reserve expenditures will be available on the first day of each fiscal year. The **Threshold Funding Model** allows the client to choose the level of conservative funding they desire by choosing the threshold dollar amount.

Stone Creek Canyon
Component Funding Model Summary

Report Date	January 01, 2016
Budget Year Beginning	January 01, 2016
Budget Year Ending	December 31, 2016
Total Units	70

<i>Report Parameters</i>	
Inflation	3.00%
Interest Rate on Reserve Deposit	3.00%
Tax Rate on Interest	30.00%
Contingency	3.00%
2016 Beginning Balance	

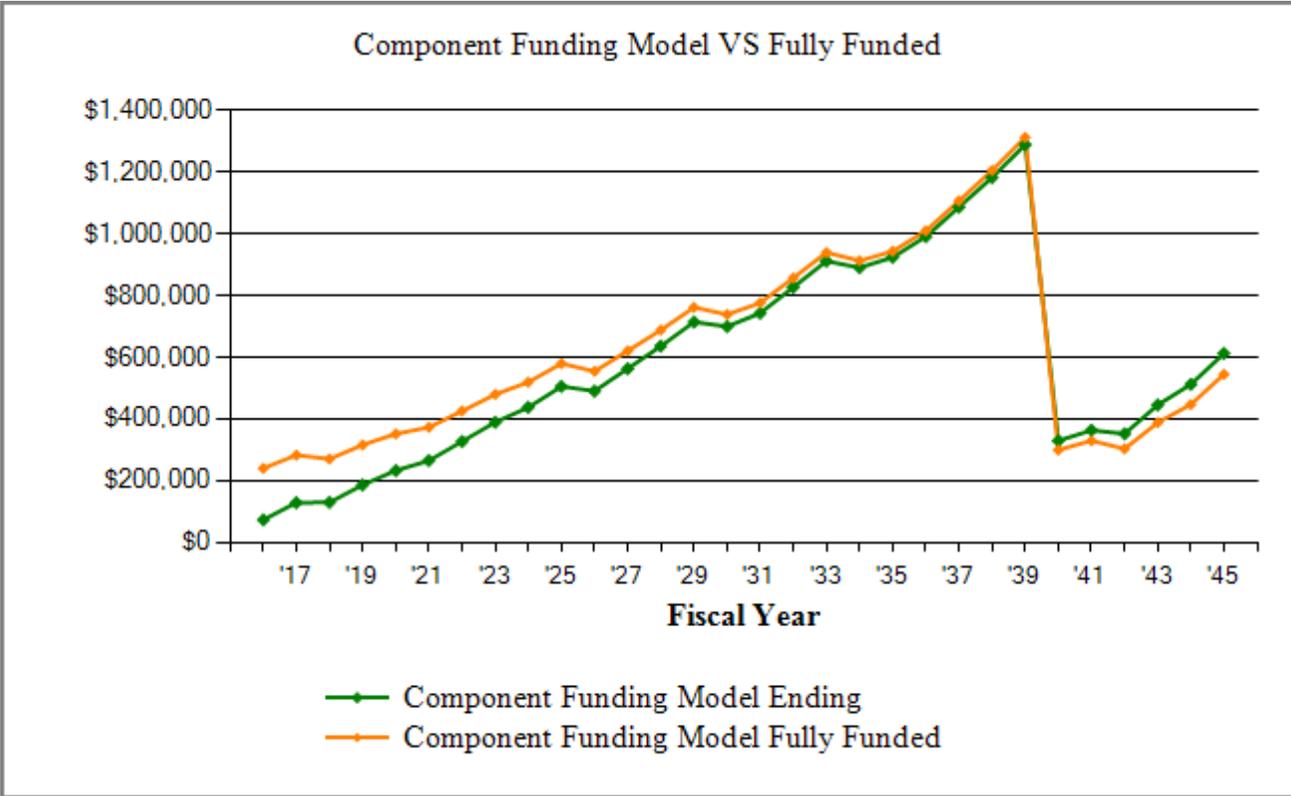
<i>Component Funding Model Summary of Calculations</i>	
Required Annual Contribution	\$71,851.86
<i>\$1,026.46 per unit annually</i>	
Average Net Annual Interest Earned	<u>\$1,508.89</u>
Total Annual Allocation to Reserves	\$73,360.75
<i>\$1,048.01 per unit annually</i>	

**Stone Creek Canyon
Component Funding Model Projection**

Beginning Balance: \$0

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2016	706,119	71,852	1,509		73,361	240,306	31%
2017	727,303	53,193	2,658		129,212	282,874	46%
2018	749,122	52,277	2,671	54,288	129,871	270,269	48%
2019	771,595	52,769	3,835		186,475	316,029	59%
2020	794,743	53,591	4,793	11,818	233,042	351,742	66%
2021	818,585	54,804	5,450	28,306	264,990	372,825	71%
2022	843,143	55,417	6,729		327,135	425,815	77%
2023	868,437	56,196	8,009	1,968	389,372	479,559	81%
2024	894,490	57,489	8,998	18,394	437,465	519,324	84%
2025	921,325	59,077	10,395	1,566	505,371	579,497	87%
2026	948,965	60,442	10,086	85,550	490,349	554,278	88%
2027	977,434	61,091	11,580		563,020	620,590	91%
2028	1,006,757	61,972	13,077	2,281	635,788	687,960	92%
2029	1,036,960	63,446	14,684		713,917	761,309	94%
2030	1,068,068	65,542	14,385	94,469	699,375	738,128	95%
2031	1,100,110	66,066	15,275	38,041	742,675	775,798	96%
2032	1,133,114	66,729	16,997		826,401	856,669	96%
2033	1,167,107	68,600	18,739	2,645	911,096	938,887	97%
2034	1,202,120	69,591	18,303	109,112	889,878	912,297	98%
2035	1,238,184	70,727	18,994	56,112	923,487	943,022	98%
2036	1,275,329	71,870	20,368	25,439	990,286	1,009,126	98%
2037	1,313,589	73,209	22,333		1,085,828	1,106,172	98%
2038	1,352,997	74,666	24,306	3,066	1,181,734	1,204,876	98%
2039	1,393,587	79,869	26,494		1,288,097	1,311,860	98%
2040	1,435,395	93,736	6,779	1,059,025	329,587	299,647	110%
2041	1,478,456	77,424	7,474	51,124	363,362	329,503	110%
2042	1,522,810	88,375	7,241	106,907	352,071	303,275	116%
2043	1,568,494	87,609	9,159	3,554	445,285	388,328	115%
2044	1,615,549	89,444	10,532	33,221	512,039	446,823	115%
2045	1,664,016	87,581	12,592		612,212	544,812	112%

**Stone Creek Canyon
Component Funding Model VS Fully Funded Chart**



The **Component Funding Model's** long-term objective is to provide a plan to a fully funded reserve position over the longest period of time practical. This is the most conservative funding model.

**Stone Creek Canyon
Component Funding Model Assessment & Category Summary**

Description	Replacement Year	Useful Life	Adjustment	Remaining Life	Current Cost	Assigned Reserves	Fully Funded
Streets/Asphalt							
Asphalt -Overlay	2040	30	0	24	92,375	0	18,475
Asphalt -Seal Coat/Crack Seal	2026	10	6	10	11,085	0	4,157
Asphalt -Slurry Seal/Crack Seal	2021	10	1	5	<u>19,953</u>	0	<u>10,883</u>
Streets/Asphalt - Total					<u>\$123,413</u>		<u>\$33,515</u>
Roofing							
Roofs (1) - Replace	2040	30	0	24	353,445	0	70,689
Roofs (2) - Replace		<i>Unfunded</i>					
Roofing - Total					<u>\$353,445</u>		<u>\$70,689</u>
Painting							
Stucco/Wood (1)- Repair/Repaint	2018	8	0	2	49,572	0	37,179
Stucco/Wood (2) - Repair/Repaint		<i>Unfunded</i>					
Painting - Total					<u>\$49,572</u>		<u>\$37,179</u>
Fencing/Security							
Metal Fence - Replace	2030	20	0	14	7,350	0	2,205
Stone Wall - Replace	2040	30	0	24	29,600	0	5,920
Vinyl Fence - Replace	2030	20	0	14	<u>40,230</u>	0	<u>12,069</u>
Fencing/Security - Total					<u>\$77,180</u>		<u>\$20,194</u>
Recreation/Pool							
Clubhouse - Remodel	2040	30	0	24	20,000	0	4,000
Exercise Equipment - Replace	2035	25	0	19	12,000	0	2,880
Furnace - Replace	2030	20	0	14	3,500	0	1,050
Pool - Resurface	2024	10	4	8	14,520	0	6,223
Pool/Spa Filter - Replace	2021	5	6	5	3,000	0	1,636
Pool/Spa Heaters - Replace	2020	10	0	4	9,000	0	5,400
Pool/Spa Pumps - Replace	2018	5	3	2	1,600	0	1,200
Pool/Spa Salt System - Replace	2020	10	0	4	1,500	0	900
Spa - Resurface	2021	10	1	5	1,464	0	799
Water Heater - Replace	2025	15	0	9	<u>1,200</u>	0	<u>480</u>
Recreation/Pool - Total					<u>\$67,784</u>		<u>\$24,568</u>
Railings							
Metal Railing - Replace	2030	20	0	14	<u>875</u>	0	<u>262</u>
Railings - Total					<u>\$875</u>		<u>\$262</u>
Mailboxes							
Mailboxes - Replace	2040	30	0	24	<u>13,850</u>	0	<u>2,770</u>
Mailboxes - Total					<u>\$13,850</u>		<u>\$2,770</u>

**Stone Creek Canyon
Component Funding Model Assessment & Category Summary**

Description	Replacement Year	Useful Life	Adjustment	Remaining Life	Current Cost	Assigned Reserves	Fully Funded
Signs							
Monument Signs - Replace	2035	25	0	19	<u>20,000</u>	0	<u>4,800</u>
Signs - Total					<u>\$20,000</u>		<u>\$4,800</u>
					<u>\$706,119</u>		<u>\$193,978</u>
							<u>\$5,999</u>
							<u>\$199,977</u>

Percent Fully Funded	0%
Current Average Liability per Unit (Total Units: 70)	-\$2,857

**Stone Creek Canyon
Distribution of Accumulated Reserves**

Description	Remaining Life	Replacement Year	Assigned Reserves	Fully Funded Reserves
Pool/Spa Pumps - Replace	2	2018		1,200
Stucco/Wood (1)- Repair/Repaint	2	2018		37,179
Pool/Spa Heaters - Replace	4	2020		5,400
Pool/Spa Salt System - Replace	4	2020		900
Asphalt -Slurry Seal/Crack Seal	5	2021		10,883
Pool/Spa Filter - Replace	5	2021		1,636
Spa - Resurface	5	2021		799
Pool - Resurface	8	2024		6,223
Water Heater - Replace	9	2025		480
Asphalt -Seal Coat/Crack Seal	10	2026		4,157
Furnace - Replace	14	2030		1,050
Metal Fence - Replace	14	2030		2,205
Metal Railing - Replace	14	2030		262
Vinyl Fence - Replace	14	2030		12,069
Exercise Equipment - Replace	19	2035		2,880
Monument Signs - Replace	19	2035		4,800
Asphalt -Overlay	24	2040		18,475
Clubhouse - Remodel	24	2040		4,000
Mailboxes - Replace	24	2040		2,770
Roofs (1) - Replace	24	2040		70,689
Stone Wall - Replace	24	2040		5,920
Roofs (2) - Replace		Unfunded		
Stucco/Wood (2) - Repair/Repaint		Unfunded		
Total Asset Summary				\$193,978
Contingency at 3.00%				\$5,999
Summary Total				\$199,977

Percent Fully Funded	0%
Current Average Liability per Unit (Total Units: 70)	-\$2,857

**Stone Creek Canyon
Annual Expenditure Detail**

Description	Expenditures
<i>No Replacement in 2016</i>	
<i>No Replacement in 2017</i>	
Replacement Year 2018	
Pool/Spa Pumps - Replace	1,697
Stucco/Wood (1)- Repair/Repaint	52,591
Total for 2018	<u>\$54,288</u>
<i>No Replacement in 2019</i>	
Replacement Year 2020	
Pool/Spa Heaters - Replace	10,130
Pool/Spa Salt System - Replace	1,688
Total for 2020	<u>\$11,818</u>
Replacement Year 2021	
Asphalt -Slurry Seal/Crack Seal	23,131
Pool/Spa Filter - Replace	3,478
Spa - Resurface	1,697
Total for 2021	<u>\$28,306</u>
<i>No Replacement in 2022</i>	
Replacement Year 2023	
Pool/Spa Pumps - Replace	1,968
Total for 2023	<u>\$1,968</u>
Replacement Year 2024	
Pool - Resurface	18,394
Total for 2024	<u>\$18,394</u>
Replacement Year 2025	
Water Heater - Replace	1,566
Total for 2025	<u>\$1,566</u>
Replacement Year 2026	
Asphalt -Seal Coat/Crack Seal	14,897
Pool/Spa Filter - Replace	4,032

**Stone Creek Canyon
Annual Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2026 continued...</i>	
Stucco/Wood (1)- Repair/Repaint	66,621
Total for 2026	<u>\$85,550</u>
 <i>No Replacement in 2027</i>	
Replacement Year 2028	
Pool/Spa Pumps - Replace	2,281
Total for 2028	<u>\$2,281</u>
 <i>No Replacement in 2029</i>	
Replacement Year 2030	
Furnace - Replace	5,294
Metal Fence - Replace	11,118
Metal Railing - Replace	1,324
Pool/Spa Heaters - Replace	13,613
Pool/Spa Salt System - Replace	2,269
Vinyl Fence - Replace	60,851
Total for 2030	<u>\$94,469</u>
 Replacement Year 2031	
Asphalt -Slurry Seal/Crack Seal	31,086
Pool/Spa Filter - Replace	4,674
Spa - Resurface	2,281
Total for 2031	<u>\$38,041</u>
 <i>No Replacement in 2032</i>	
Replacement Year 2033	
Pool/Spa Pumps - Replace	2,645
Total for 2033	<u>\$2,645</u>
 Replacement Year 2034	
Pool - Resurface	24,719
Stucco/Wood (1)- Repair/Repaint	84,393
Total for 2034	<u>\$109,112</u>

**Stone Creek Canyon
Annual Expenditure Detail**

Description	Expenditures
Replacement Year 2035	
Exercise Equipment - Replace	21,042
Monument Signs - Replace	35,070
Total for 2035	\$56,112
Replacement Year 2036	
Asphalt -Seal Coat/Crack Seal	20,021
Pool/Spa Filter - Replace	5,418
Total for 2036	\$25,439
<i>No Replacement in 2037</i>	
Replacement Year 2038	
Pool/Spa Pumps - Replace	3,066
Total for 2038	\$3,066
<i>No Replacement in 2039</i>	
Replacement Year 2040	
Asphalt -Overlay	187,779
Clubhouse - Remodel	40,656
Mailboxes - Replace	28,154
Pool/Spa Heaters - Replace	18,295
Pool/Spa Salt System - Replace	3,049
Roofs (1) - Replace	718,481
Stone Wall - Replace	60,171
Water Heater - Replace	2,439
Total for 2040	\$1,059,025
Replacement Year 2041	
Asphalt -Slurry Seal/Crack Seal	41,777
Pool/Spa Filter - Replace	6,281
Spa - Resurface	3,065
Total for 2041	\$51,124
Replacement Year 2042	
Stucco/Wood (1)- Repair/Repaint	106,907
Total for 2042	\$106,907

**Stone Creek Canyon
Annual Expenditure Detail**

Description	Expenditures
Replacement Year 2043	
Pool/Spa Pumps - Replace	3,554
Total for 2043	<u>\$3,554</u>
Replacement Year 2044	
Pool - Resurface	33,221
Total for 2044	<u>\$33,221</u>

**Stone Creek Canyon
Detail Report by Category**

Asphalt -Overlay - 2040

		73,900 Sq Ft	@ \$1.25
Asset ID	1002	Asset Cost	\$92,375.00
		Percent Replacement	100%
	Streets/Asphalt	Future Cost	\$187,779.35
Placed in Service	January 2010	Assigned Reserves	<i>none</i>
Useful Life	30		
Replacement Year	2040	Annual Assessment	\$778.83
Remaining Life	24	Interest Contribution	<u>\$16.36</u>
		Reserve Allocation	\$795.18



This component provides funding to overlay and mill the edges.

Asphalt -Seal Coat/Crack Seal - 2026

		73,900 Sq Ft	@ \$0.15
Asset ID	1026	Asset Cost	\$11,085.00
		Percent Replacement	100%
	Streets/Asphalt	Future Cost	\$14,897.31
Placed in Service	January 2010	Assigned Reserves	<i>none</i>
Useful Life	10		
Adjustment	6	Annual Assessment	\$172.98
Replacement Year	2026	Interest Contribution	<u>\$3.63</u>
Remaining Life	10	Reserve Allocation	\$176.62

**Stone Creek Canyon
Detail Report by Category**

Asphalt -Seal Coat/Crack Seal continued...



This component provides funding to crack seal and Seal Coat the asphalt.

Asphalt -Slurry Seal/Crack Seal - 2021			
Asset ID	1025	73,900 Sq Ft	@ \$0.27
		Asset Cost	\$19,953.00
		Percent Replacement	100%
		Future Cost	\$23,131.00
		Assigned Reserves	<i>none</i>
Placed in Service	Streets/Asphalt January 2010	Annual Assessment	\$566.59
Useful Life	10	Interest Contribution	<u>\$11.90</u>
Adjustment	1	Reserve Allocation	\$578.49
Replacement Year	2021		
Remaining Life	5		



This component provides funding to crack seal and slurry seal. Asphalt is cracking badly in some spots and needs to be done soon.

Streets/Asphalt - Total Current Cost	\$123,413
Assigned Reserves	\$0
Fully Funded Reserves	\$33,515

**Stone Creek Canyon
Detail Report by Category**

Roofs (1) - Replace - 2040		235,630 Sq Ft	@ \$1.50
Asset ID	1022	Asset Cost	\$353,445.00
		Percent Replacement	100%
	Roofing	Future Cost	\$718,480.91
Placed in Service	January 2010	Assigned Reserves	<i>none</i>
Useful Life	30		
Replacement Year	2040	Annual Assessment	\$2,979.95
Remaining Life	24	Interest Contribution	<u>\$62.58</u>
		Reserve Allocation	\$3,042.52



Buildings 1,3,4,7-9,15-22,27,28,30 and Clubhouse. These buildings were build during 2000-2010. We are combining these per community manager request. This component provides funding to replace the roofing. Still appears to be in good condition.

Roofs (2) - Replace		232,400 Sq Ft	
Asset ID	1024	Asset Cost	
		Percent Replacement	100%
	Roofing	Future Cost	
Placed in Service		Assigned Reserves	<i>none</i>
No Useful Life			
		Annual Assessment	No Assessment
		Interest Contribution	
		Reserve Allocation	

Buildings 2,5,6,10-14,23-26,29. These buildings have not been built yet and the measurements are based off the existing buildings and the number of units in each building.

Roofing - Total Current Cost	\$353,445
Assigned Reserves	\$0
Fully Funded Reserves	\$70,689

**Stone Creek Canyon
Detail Report by Category**

Stucco/Wood (1)- Repair/Repaint - 2018

Asset ID	1010	247,860 Sq Ft	@ \$0.20
		Asset Cost	\$49,572.00
		Percent Replacement	100%
	Painting	Future Cost	\$52,590.93
Placed in Service	January 2010	Assigned Reserves	<i>none</i>
Useful Life	8		
Replacement Year	2018	Annual Assessment	\$3,323.76
Remaining Life	2	Interest Contribution	<u>\$69.80</u>
		Reserve Allocation	\$3,393.56



Buildings 1,3,4,7-9,15-22,27,28,30 and clubhouse. Buildings range from being built during 2000 to 2010. This component provides funding to repaint the buildings. Some of the stucco has some areas that need repair but overall in fair condition. We are combining these per community manager request.

Stucco/Wood (2) - Repair/Repaint

Asset ID	1021	228,000 Sq Ft	
		Asset Cost	
		Percent Replacement	100%
	Painting	Future Cost	
Placed in Service		Assigned Reserves	<i>none</i>
No Useful Life			
		Annual Assessment	No Assessment
		Interest Contribution	
		Reserve Allocation	

Buildings 2,5,6,10-14,23-26,29. These are the future buildings. Sq Ft is based on current buildings size and number of units.

Painting - Total Current Cost	\$49,572
Assigned Reserves	\$0
Fully Funded Reserves	\$37,179

**Stone Creek Canyon
Detail Report by Category**

Metal Fence - Replace - 2030

Asset ID	1007	245 LF	@ \$30.00
		Asset Cost	\$7,350.00
		Percent Replacement	100%
		Future Cost	\$11,117.53
Placed in Service	January 2010	Assigned Reserves	<i>none</i>
Useful Life	20		
Replacement Year	2030	Annual Assessment	\$88.30
Remaining Life	14	Interest Contribution	<u>\$1.85</u>
		Reserve Allocation	\$90.16



Some rusting noted but no major problems.

Stone Wall - Replace - 2040

Asset ID	1004	740 LF	@ \$40.00
		Asset Cost	\$29,600.00
		Percent Replacement	100%
		Future Cost	\$60,170.70
Placed in Service	January 2010	Assigned Reserves	<i>none</i>
Useful Life	30		
Replacement Year	2040	Annual Assessment	\$249.56
Remaining Life	24	Interest Contribution	<u>\$5.24</u>
		Reserve Allocation	\$254.80

**Stone Creek Canyon
Detail Report by Category**

Stone Wall - Replace continued...



These walls should last a long time, however we recomend budgeting to replace these at some point. Good condition.

Vinyl Fence - Replace - 2030

		2,235 LF	@ \$18.00
Asset ID	1005	Asset Cost	\$40,230.00
		Percent Replacement	100%
Fencing/Security		Future Cost	\$60,851.48
Placed in Service	January 2010	Assigned Reserves	<i>none</i>
Useful Life	20		
Replacement Year	2030	Annual Assessment	\$483.32
Remaining Life	14	Interest Contribution	<u>\$10.15</u>
		Reserve Allocation	\$493.47



This is the perimeter vinyl fence. Still appears to be in fair to good condition overall.

Fencing/Security - Total Current Cost	\$77,180
Assigned Reserves	\$0
Fully Funded Reserves	\$20,194

**Stone Creek Canyon
Detail Report by Category**

Clubhouse - Remodel - 2040

		1	@ \$20,000.00
Asset ID	1008	Asset Cost	\$20,000.00
		Percent Replacement	100%
	Recreation/Pool	Future Cost	\$40,655.88
Placed in Service	January 2010	Assigned Reserves	<i>none</i>
Useful Life	30		
Replacement Year	2040	Annual Assessment	\$168.62
Remaining Life	24	Interest Contribution	<u>\$3.54</u>
		Reserve Allocation	\$172.16



This component provides funding to remodel the entire clubhouse to update the appearance at some point. Carpet, Tile, Leather Loveseat, (2) Leather Chairs, Coffee Table, Fridge, Microwave.

Exercise Equipment - Replace - 2035

		1 QTY	@ \$12,000.00
Asset ID	1009	Asset Cost	\$12,000.00
		Percent Replacement	100%
	Recreation/Pool	Future Cost	\$21,042.07
Placed in Service	January 2010	Assigned Reserves	<i>none</i>
Useful Life	25		
Replacement Year	2035	Annual Assessment	\$116.57
Remaining Life	19	Interest Contribution	<u>\$2.45</u>
		Reserve Allocation	\$119.02

**Stone Creek Canyon
Detail Report by Category**

Exercise Equipment - Replace continued...



www.freemotionfitness.com (1)Freemotion e 7.7 Elliptical \$4,500, (1) Fremotion EXT Dual Cable Cross \$4,500, (1) Freemotion Treadmill \$3,000. The elliptical is broken and needs fixing. Repair as needed.

Furnace - Replace - 2030			
Asset ID	1012	1	@ \$3,500.00
		Asset Cost	\$3,500.00
		Percent Replacement	100%
	Recreation/Pool	Future Cost	\$5,294.06
Placed in Service	January 2010	Assigned Reserves	<i>none</i>
Useful Life	20		
Replacement Year	2030	Annual Assessment	\$42.05
Remaining Life	14	Interest Contribution	<u>\$0.88</u>
		Reserve Allocation	\$42.93



gFurnace is original but still appears to be in good condition.

**Stone Creek Canyon
Detail Report by Category**

Pool - Resurface - 2024

		2,420 Sq Ft	@ \$6.00
Asset ID	1014	Asset Cost	\$14,520.00
		Percent Replacement	100%
	Recreation/Pool	Future Cost	\$18,393.50
Placed in Service	January 2010	Assigned Reserves	<i>none</i>
Useful Life	10		
Adjustment	4	Annual Assessment	\$272.76
Replacement Year	2024	Interest Contribution	<u>\$5.73</u>
Remaining Life	8	Reserve Allocation	\$278.49



62X25. Pool was covered for winter. This component provides funding to resurface the pool. The pool reportedly has another 8 years of life left according to the property manager.

Pool/Spa Filter - Replace - 2021

		3	@ \$1,000.00
Asset ID	1016	Asset Cost	\$3,000.00
		Percent Replacement	100%
	Recreation/Pool	Future Cost	\$3,477.82
Placed in Service	January 2010	Assigned Reserves	<i>none</i>
Useful Life	5		
Adjustment	6	Annual Assessment	\$85.19
Replacement Year	2021	Interest Contribution	<u>\$1.79</u>
Remaining Life	5	Reserve Allocation	\$86.98

Pentair TR100C. There was no access at the time of inspection. This is an estimate. The filters have another 5 years according to the property manager.

**Stone Creek Canyon
Detail Report by Category**

Pool/Spa Heaters - Replace - 2020			
		3	@ \$3,000.00
Asset ID	1018	Asset Cost	\$9,000.00
		Percent Replacement	100%
	Recreation/Pool	Future Cost	\$10,129.58
Placed in Service	January 2010	Assigned Reserves	<i>none</i>
Useful Life	10		
Replacement Year	2020	Annual Assessment	\$313.44
Remaining Life	4	Interest Contribution	<u>\$6.58</u>
		Reserve Allocation	\$320.03

Pentair Mastertemp 400K. There was no access at the time of inspection. This is an estimate. These should reportedly be replaced in the near future.

Pool/Spa Pumps - Replace - 2018			
		2	@ \$800.00
Asset ID	1017	Asset Cost	\$1,600.00
		Percent Replacement	100%
	Recreation/Pool	Future Cost	\$1,697.44
Placed in Service	January 2010	Assigned Reserves	<i>none</i>
Useful Life	5		
Adjustment	3	Annual Assessment	\$107.28
Replacement Year	2018	Interest Contribution	<u>\$2.25</u>
Remaining Life	2	Reserve Allocation	\$109.53

Pentair Whisperflo 2HP. There was no access at the time of inspection. This is an estimate. These pumps have reportedly been repaired the last few years and should get another 2 years out of them.

Pool/Spa Salt System - Replace - 2020			
		1	@ \$1,500.00
Asset ID	1019	Asset Cost	\$1,500.00
		Percent Replacement	100%
	Recreation/Pool	Future Cost	\$1,688.26
Placed in Service	January 2010	Assigned Reserves	<i>none</i>
Useful Life	10		
Replacement Year	2020	Annual Assessment	\$52.24
Remaining Life	4	Interest Contribution	<u>\$1.10</u>
		Reserve Allocation	\$53.34

Pentair Intellichlor. There was no access at the time of inspection. This is an estimate.

**Stone Creek Canyon
Detail Report by Category**

Spa - Resurface - 2021

		244 Sq Ft	@ \$6.00
Asset ID	1015	Asset Cost	\$1,464.00
		Percent Replacement	100%
	Recreation/Pool	Future Cost	\$1,697.18
Placed in Service	January 2010	Assigned Reserves	<i>none</i>
Useful Life	10		
Adjustment	1	Annual Assessment	\$41.57
Replacement Year	2021	Interest Contribution	<u>\$0.87</u>
Remaining Life	5	Reserve Allocation	\$42.45



8X14. Spa was covered for winter. This component provides funding to resurface the spa. The spa has another 5 years before needing resurfacing according to the property manager.

Water Heater - Replace - 2025

		1 QTY	@ \$1,200.00
Asset ID	1011	Asset Cost	\$1,200.00
		Percent Replacement	100%
	Recreation/Pool	Future Cost	\$1,565.73
Placed in Service	January 2010	Assigned Reserves	<i>none</i>
Useful Life	15		
Replacement Year	2025	Annual Assessment	\$20.42
Remaining Life	9	Interest Contribution	<u>\$0.43</u>
		Reserve Allocation	\$20.85

**Stone Creek Canyon
Detail Report by Category**

Water Heater - Replace continued...



Water heater appears to be in good condition.

Recreation/Pool - Total Current Cost	\$67,784
Assigned Reserves	\$0
Fully Funded Reserves	\$24,568

**Stone Creek Canyon
Detail Report by Category**

Metal Railing - Replace - 2030

Asset ID	1006	35 LF	@ \$25.00
		Asset Cost	\$875.00
		Percent Replacement	100%
		Future Cost	\$1,323.52
Placed in Service	January 2010	Assigned Reserves	<i>none</i>
Useful Life	20		
Replacement Year	2030	Annual Assessment	\$10.51
Remaining Life	14	Interest Contribution	<u>\$0.22</u>
		Reserve Allocation	\$10.73



With proper maintenance these railings should last a long time, however these appear to have never been painted or maintained. Fair to poor condition.

Railings - Total Current Cost	\$875
Assigned Reserves	\$0
Fully Funded Reserves	\$262

**Stone Creek Canyon
Detail Report by Category**

Mailboxes - Replace - 2040

		1	@ \$13,850.00
Asset ID	1013	Asset Cost	\$13,850.00
		Percent Replacement	100%
	Mailboxes	Future Cost	\$28,154.20
Placed in Service	January 2010	Assigned Reserves	<i>none</i>
Useful Life	30		
Replacement Year	2040	Annual Assessment	\$116.77
Remaining Life	24	Interest Contribution	<u>\$2.45</u>
		Reserve Allocation	\$119.22



www.mailboxworks.com These are covered and out of the weather. Original but still in good condition. (2) 13-Box \$1500, (7) 16-Box \$1550.

Mailboxes - Total Current Cost	\$13,850
Assigned Reserves	\$0
Fully Funded Reserves	\$2,770

**Stone Creek Canyon
Detail Report by Category**

Monument Signs - Replace - 2035

Asset ID	1003	4 QTY	@ \$5,000.00
		Asset Cost	\$20,000.00
		Percent Replacement	100%
		Future Cost	\$35,070.12
Placed in Service	January 2010	Assigned Reserves	<i>none</i>
Useful Life	25		
Replacement Year	2035	Annual Assessment	\$194.28
Remaining Life	19	Interest Contribution	<u>\$4.08</u>
		Reserve Allocation	\$198.36



These signs are made of concrete and are in good condition. This component provides funding to eventually update and replace signs at some point.

Signs - Total Current Cost	\$20,000
Assigned Reserves	\$0
Fully Funded Reserves	\$4,800

**Stone Creek Canyon
Detail Report by Category**

Detail Report Summary

Total of All Assets

Assigned Reserves	
Annual Contribution	\$10,185.00
Annual Interest	\$213.88
Annual Allocation	\$10,398.88

Contingency at 3.00%

Assigned Reserves	
Annual Contribution	\$315.00
Annual Interest	\$6.61
Annual Allocation	\$321.61

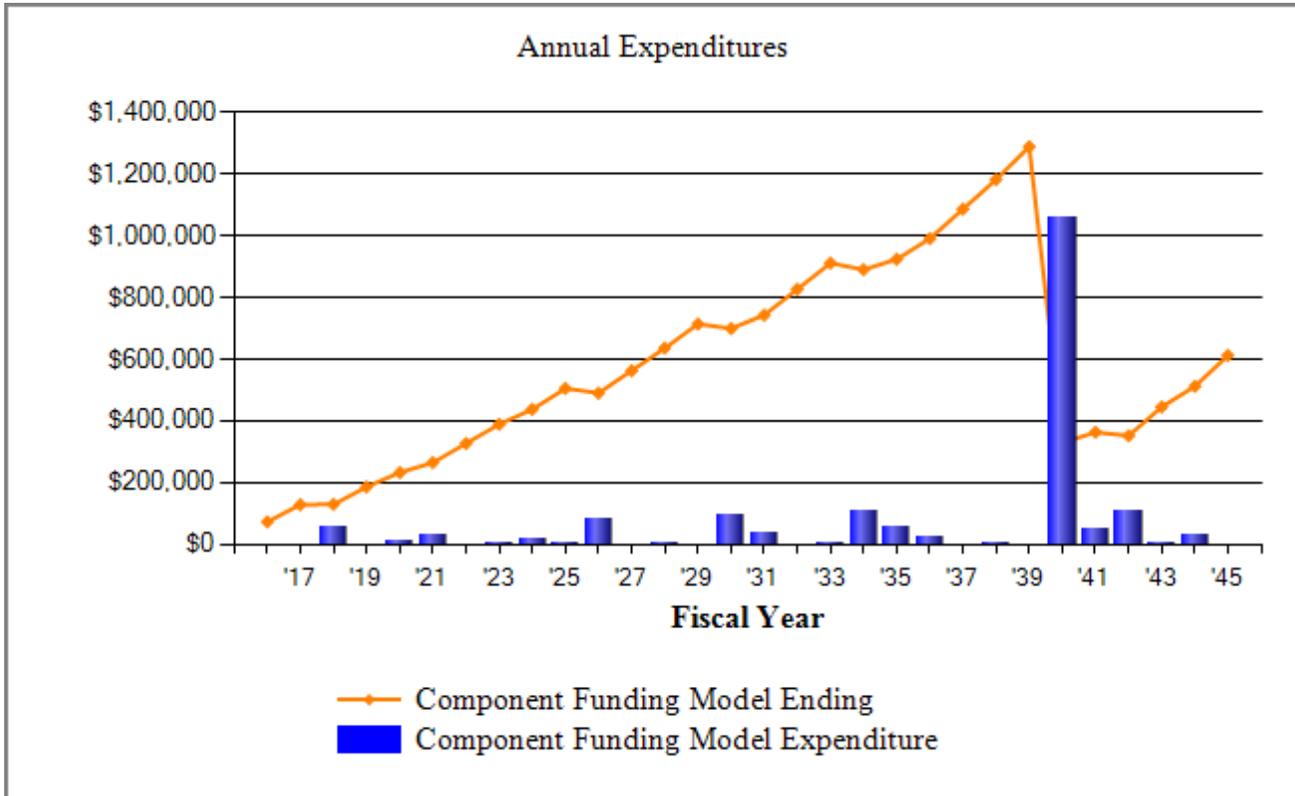
Grand Total

Assigned Reserves	
Annual Contribution	\$10,500.00
Annual Interest	\$220.50
Annual Allocation	\$10,720.50

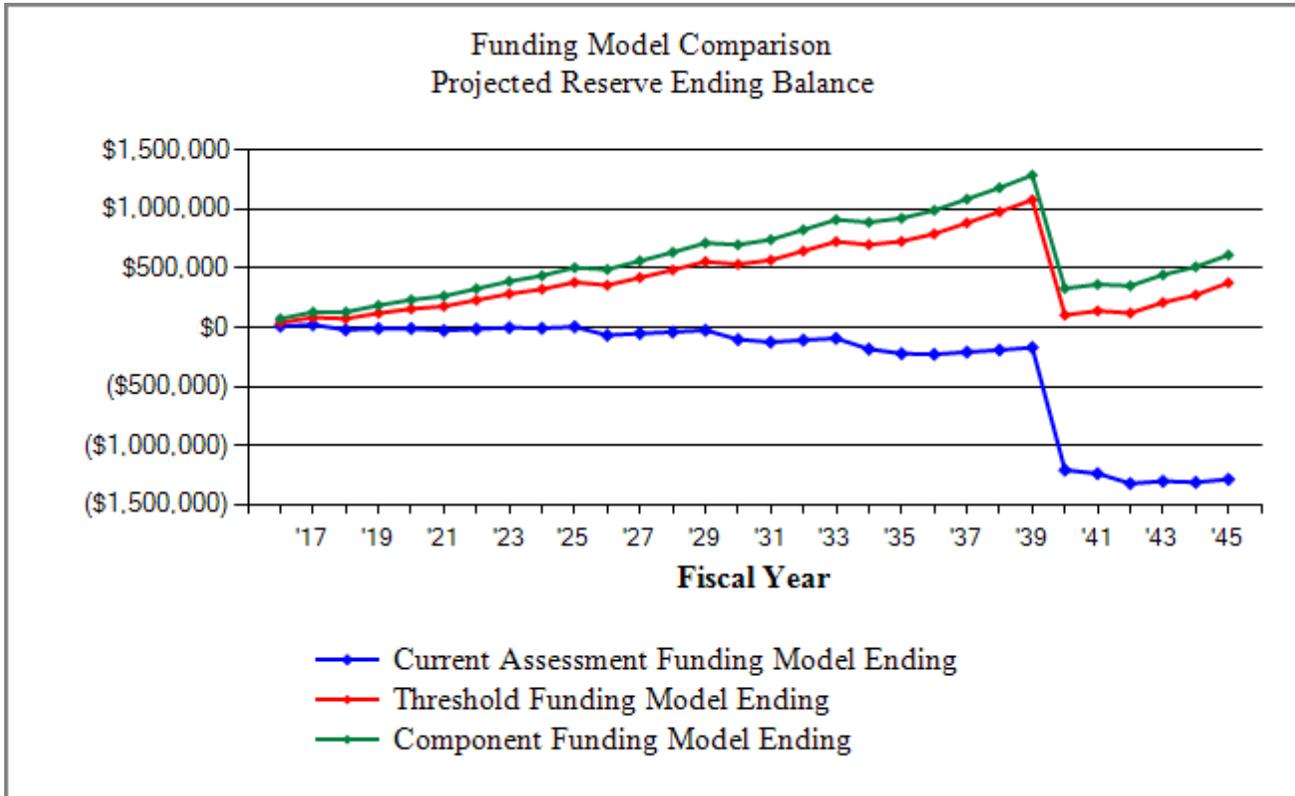
**Stone Creek Canyon
Category Detail Index**

Asset ID	Description	Replacement	Page
1002	Asphalt -Overlay	2040	2-17
1026	Asphalt -Seal Coat/Crack Seal	2026	2-17
1025	Asphalt -Slurry Seal/Crack Seal	2021	2-18
1008	Clubhouse - Remodel	2040	2-23
1009	Exercise Equipment - Replace	2035	2-23
1012	Furnace - Replace	2030	2-24
1013	Mailboxes - Replace	2040	2-30
1007	Metal Fence - Replace	2030	2-21
1006	Metal Railing - Replace	2030	2-29
1003	Monument Signs - Replace	2035	2-31
1014	Pool - Resurface	2024	2-25
1016	Pool/Spa Filter - Replace	2021	2-25
1018	Pool/Spa Heaters - Replace	2020	2-26
1017	Pool/Spa Pumps - Replace	2018	2-26
1019	Pool/Spa Salt System - Replace	2020	2-26
1022	Roofs (1) - Replace	2040	2-19
1024	Roofs (2) - Replace	Unfunded	2-19
1015	Spa - Resurface	2021	2-27
1004	Stone Wall - Replace	2040	2-21
1010	Stucco/Wood (1)- Repair/Repaint	2018	2-20
1021	Stucco/Wood (2) - Repair/Repaint	Unfunded	2-20
1005	Vinyl Fence - Replace	2030	2-22
1011	Water Heater - Replace	2025	2-27
	Total Funded Assets	21	
	Total Unfunded Assets	<u>2</u>	
	Total Assets	23	

Stone Creek Canyon Annual Expenditure Chart

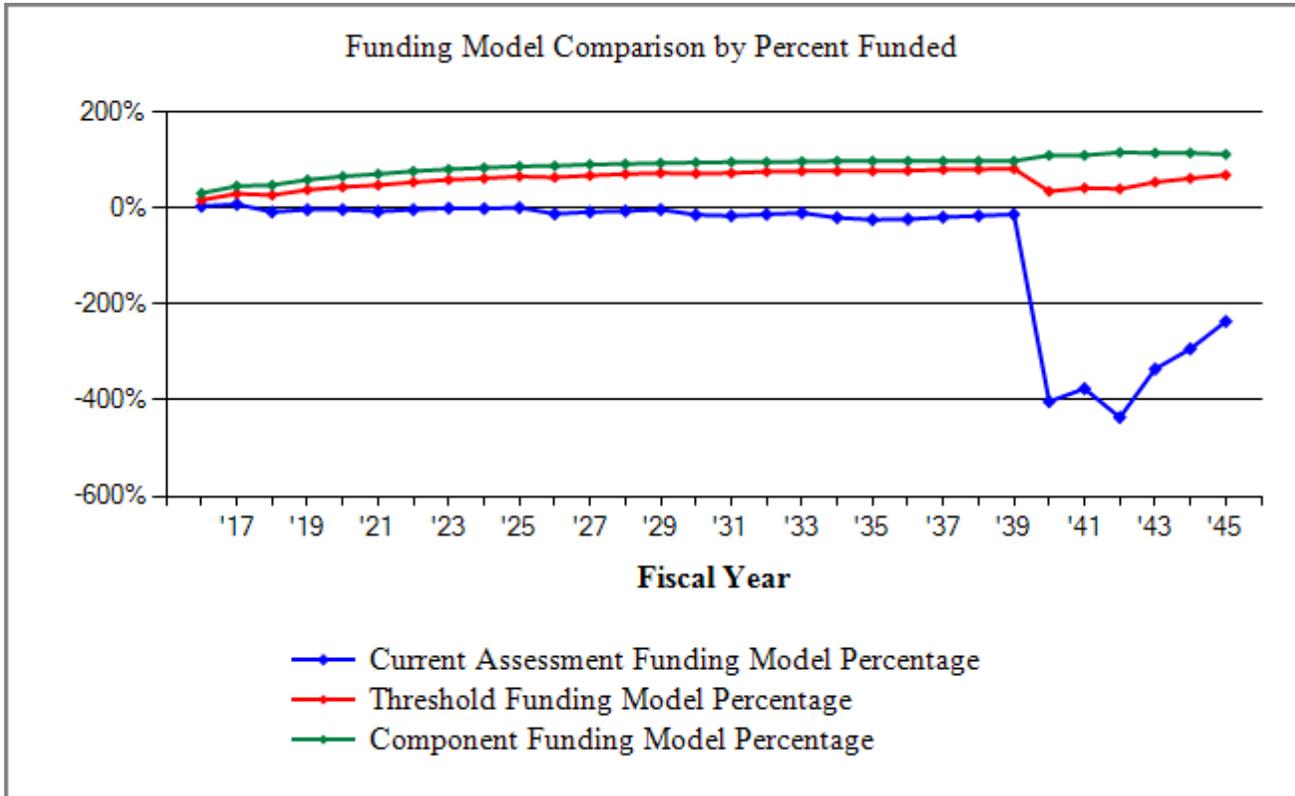


**Stone Creek Canyon
Funding Model Reserve Ending Balance Comparison Chart**



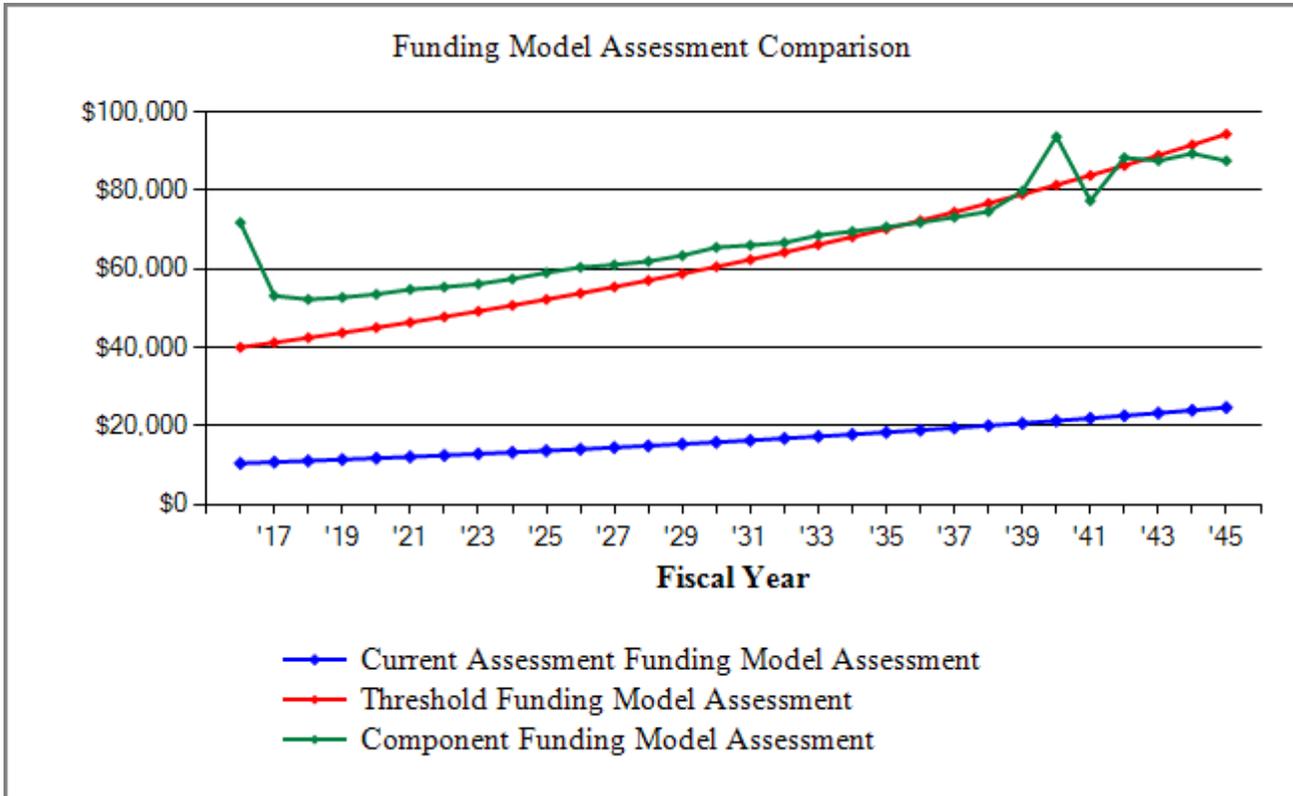
The chart above compares the projected reserve ending balances of the three funding models (Current Assessment Funding Model, Threshold Funding Model and Component Funding Model) over 30 years.

Stone Creek Canyon Funding Model Comparison by Percent Funded



The chart above compares the three funding models (Current Assessment Funding Model, Threshold Funding Model and Component Funding Model) by the percentage fully funded over 30 years. This allows your association to view and then choose the funding model that might best fit your community’s needs.

Stone Creek Canyon Funding Model Assessment Comparison Chart



The chart above compares the annual assessment of the three funding models (Current Assessment Funding Model, Threshold Funding Model and Component Funding Model) over 30 years.

**Stone Creek Canyon
Spread Sheet**

Description	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Asphalt -Overlay										
Asphalt -Seal Coat/Crack Seal										
Asphalt -Slurry Seal/Crack Seal						23,131				
Clubhouse - Remodel										
Exercise Equipment - Replace										
Furnace - Replace										
Mailboxes - Replace										
Metal Fence - Replace										
Metal Railing - Replace										
Monument Signs - Replace										
Pool - Resurface									18,394	
Pool/Spa Filter - Replace						3,478				
Pool/Spa Heaters - Replace					10,130					
Pool/Spa Pumps - Replace			1,697					1,968		
Pool/Spa Salt System - Replace					1,688					
Roofs (1) - Replace										
Roofs (2) - Replace		<i>Unfunded</i>								
Spa - Resurface						1,697				
Stone Wall - Replace										
Stucco/Wood (1)- Repair/Repaint			52,591							
Stucco/Wood (2) - Repair/Repaint		<i>Unfunded</i>								
Vinyl Fence - Replace										
Water Heater - Replace										1,566
Year Total:			54,288		11,818	28,306		1,968	18,394	1,566

**Stone Creek Canyon
Spread Sheet**

Description	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Asphalt -Overlay										
Asphalt -Seal Coat/Crack Seal	14,897									
Asphalt -Slurry Seal/Crack Seal						31,086				
Clubhouse - Remodel										
Exercise Equipment - Replace										21,042
Furnace - Replace					5,294					
Mailboxes - Replace										
Metal Fence - Replace					11,118					
Metal Railing - Replace					1,324					
Monument Signs - Replace										35,070
Pool - Resurface									24,719	
Pool/Spa Filter - Replace	4,032					4,674				
Pool/Spa Heaters - Replace					13,613					
Pool/Spa Pumps - Replace			2,281					2,645		
Pool/Spa Salt System - Replace					2,269					
Roofs (1) - Replace										
Roofs (2) - Replace	<i>Unfunded</i>									
Spa - Resurface						2,281				
Stone Wall - Replace										
Stucco/Wood (1)- Repair/Repaint	66,621								84,393	
Stucco/Wood (2) - Repair/Repaint	<i>Unfunded</i>									
Vinyl Fence - Replace					60,851					
Water Heater - Replace										
Year Total:	85,550		2,281		94,469	38,041		2,645	109,112	56,112

**Stone Creek Canyon
Spread Sheet**

Description	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Asphalt -Overlay					187,779					
Asphalt -Seal Coat/Crack Seal	20,021									
Asphalt -Slurry Seal/Crack Seal						41,777				
Clubhouse - Remodel					40,656					
Exercise Equipment - Replace										
Furnace - Replace										
Mailboxes - Replace					28,154					
Metal Fence - Replace										
Metal Railing - Replace										
Monument Signs - Replace										
Pool - Resurface									33,221	
Pool/Spa Filter - Replace	5,418					6,281				
Pool/Spa Heaters - Replace					18,295					
Pool/Spa Pumps - Replace			3,066					3,554		
Pool/Spa Salt System - Replace					3,049					
Roofs (1) - Replace					718,481					
Roofs (2) - Replace	<i>Unfunded</i>									
Spa - Resurface						3,065				
Stone Wall - Replace					60,171					
Stucco/Wood (1)- Repair/Repaint							106,907			
Stucco/Wood (2) - Repair/Repaint	<i>Unfunded</i>									
Vinyl Fence - Replace										
Water Heater - Replace					2,439					
Year Total:	25,439		3,066		1,059,025	51,124	106,907	3,554	33,221	