

# Stone Creek Canyon

**\*\* UPDATE \*\***

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West Haven, Utah  
January 1, 2019



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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.

## 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. 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:

<b>Utilities:</b>	Bank Service Charges	Accounting
Electricity	Dues & Publications	Reserve Study
Gas	Licenses, Permits & Fees	<b>Repair Expenses:</b>
Water	Insurance(s)	Tile Roof Repairs
Telephone	<b>Services:</b>	Equipment Repairs
Cable TV	Landscaping	Minor Concrete Repairs
<b>Administrative:</b>	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 31<sup>st</sup>, 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 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.
- 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**  
 West Haven, Utah  
**Current Assessment Funding Model Summary**

Report Date	January 01, 2019
Budget Year Beginning	January 01, 2019
Budget Year Ending	December 31, 2019
Total Units	131

<i>Report Parameters</i>	
Inflation	3.22%
Annual Assessment Increase	3.00%
Interest Rate on Reserve Deposit	1.50%
Tax Rate on Interest	30.00%
2019 Beginning Balance	\$63,482

***Current Assessment Funding Model Summary of Calculations***

No Required Annual Contribution	
Average Net Annual Interest Earned	<u>\$849.26</u>
Total Annual Allocation to Reserves	<u>\$849.26</u>

**Stone Creek Canyon**  
 West Haven, Utah  
**Component Funding Model Summary**

Report Date	January 01, 2019
Budget Year Beginning	January 01, 2019
Budget Year Ending	December 31, 2019
Total Units	131

<i>Report Parameters</i>	
Inflation	3.22%
Interest Rate on Reserve Deposit	1.50%
Tax Rate on Interest	30.00%
2019 Beginning Balance	\$63,482

***Component Funding Model Summary of Calculations***

Required Annual Contribution	\$220,004.00
<i>\$1,679.42 per unit annually</i>	
Average Net Annual Interest Earned	<u>\$2,949.30</u>
Total Annual Allocation to Reserves	\$222,953.30
<i>\$1,701.93 per unit annually</i>	

**Stone Creek Canyon**  
 West Haven, Utah  
**Threshold Funding Model Summary**

Report Date	January 01, 2019
Budget Year Beginning	January 01, 2019
Budget Year Ending	December 31, 2019
Total Units	131

<i>Report Parameters</i>	
Inflation	3.22%
Annual Assessment Increase	3.00%
Interest Rate on Reserve Deposit	1.50%
Tax Rate on Interest	30.00%
2019 Beginning Balance	\$63,482

***Threshold Funding Model Summary of Calculations***

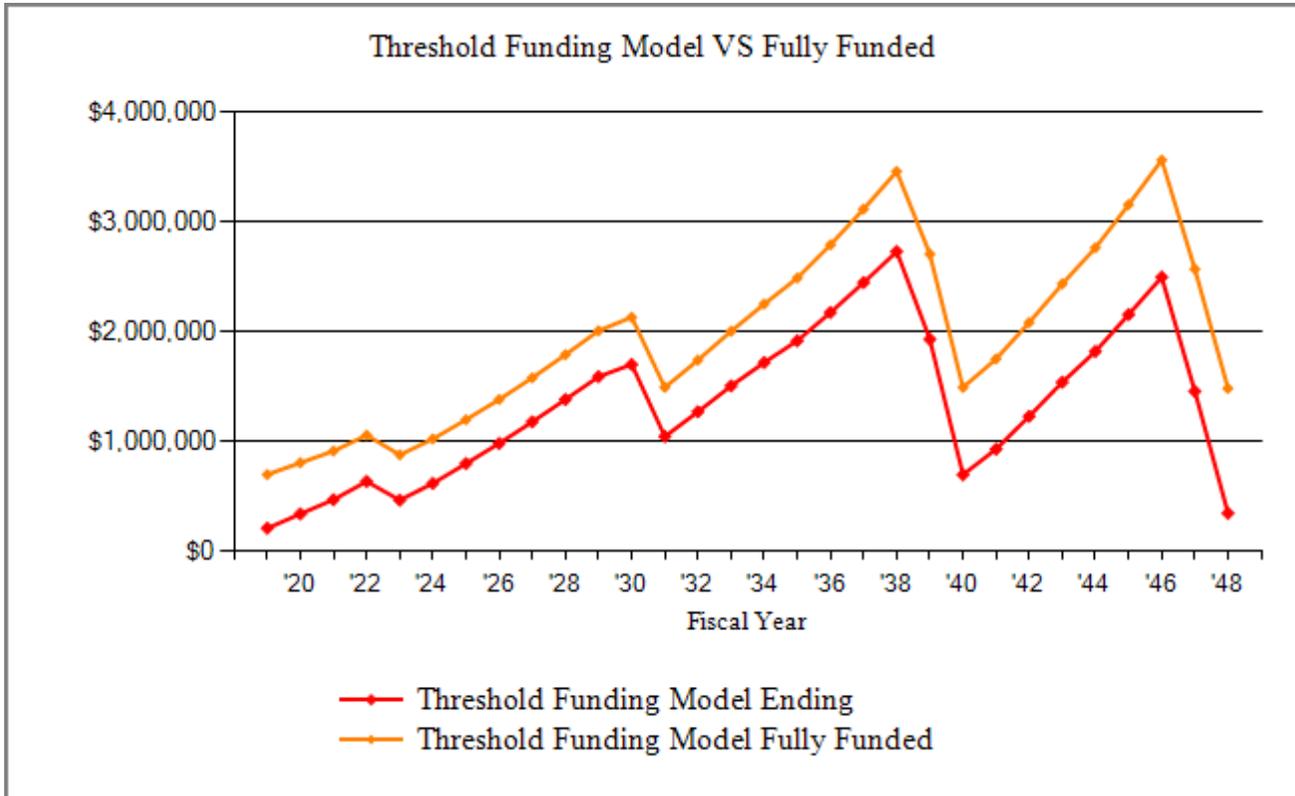
Required Annual Contribution	\$145,088.48
<i>\$1,107.55 per unit annually</i>	
Average Net Annual Interest Earned	<u>\$2,162.69</u>
Total Annual Allocation to Reserves	\$147,251.17
<i>\$1,124.05 per unit annually</i>	

**Stone Creek Canyon  
Threshold Funding Model Projection**

Beginning Balance: \$63,482

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2019	2,142,683	145,088	2,163	2,600	208,133	697,975	30%
2020	2,211,677	149,441	3,526	21,779	339,321	804,958	42%
2021	2,282,893	153,924	4,876	28,826	469,295	912,191	51%
2022	2,356,403	158,542	6,592		634,429	1,056,208	60%
2023	2,432,279	163,298	4,831	337,632	464,927	876,806	53%
2024	2,510,598	168,197	6,415	22,186	617,353	1,022,143	60%
2025	2,591,439	173,243	8,286	1,451	797,431	1,198,071	67%
2026	2,674,884	178,441	10,203	4,120	981,955	1,381,564	71%
2027	2,761,015	183,794	12,240		1,177,989	1,580,020	75%
2028	2,849,920	189,308	14,357		1,381,654	1,789,824	77%
2029	2,941,687	194,987	16,517	3,570	1,589,588	2,007,817	79%
2030	3,036,409	200,836	17,676	107,027	1,701,073	2,131,323	80%
2031	3,134,182	206,861	10,847	874,845	1,043,937	1,491,576	70%
2032	3,235,102	213,067	13,199		1,270,203	1,740,512	73%
2033	3,339,273	219,459	15,641		1,505,303	2,003,933	75%
2034	3,446,797	226,043	17,859	30,460	1,718,746	2,251,074	76%
2035	3,557,784	232,824	19,923	54,130	1,917,364	2,488,632	77%
2036	3,672,345	239,809	22,591	5,656	2,174,108	2,790,989	78%
2037	3,790,594	247,003	25,422		2,446,533	3,116,263	79%
2038	3,912,651	254,414	28,360		2,729,306	3,459,592	79%
2039	4,038,639	262,046	20,056	1,081,211	1,930,198	2,705,774	71%
2040	4,168,683	269,907	7,236	1,510,977	696,364	1,492,154	47%
2041	4,302,915	278,005	9,660	54,334	929,695	1,751,339	53%
2042	4,441,468	286,345	12,768		1,228,808	2,083,557	59%
2043	4,584,484	294,935	15,999		1,539,742	2,435,355	63%
2044	4,732,104	303,783	18,918	41,818	1,820,626	2,764,484	66%
2045	4,884,478	312,897	22,402		2,155,924	3,156,837	68%
2046	5,041,758	322,283	25,940	7,765	2,496,382	3,563,577	70%
2047	5,204,103	331,952	15,135	1,386,910	1,456,559	2,569,942	57%
2048	5,371,675	341,911	3,590	1,456,558	345,501	1,482,828	23%

**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  
Distribution of Accumulated Reserves**

Description	Remaining Life	Replacement Year	Assigned Reserves	Fully Funded Reserves
Pool/Spa Pumps - Replace	0	2019	2,600	2,600
Pool/Spa Heaters - Replace	1	2020	8,640	8,640
Pool/Spa Salt System - Replace	1	2020	1,350	1,350
Sewer - Clean	1	2020	9,000	9,000
Asphalt -Slurry Seal/Crack Seal	2	2021	18,139	18,139
Pool/Spa Filter - Replace	2	2021	2,700	2,700
Spa - Resurface	2	2021	1,298	1,298
Stucco/Wood (1)- Repair/Repaint	4	2023	* 19,755	205,914
Pool - Resurface	5	2024		10,501
Water Heater - Replace	6	2025		720
Furnace - Replace	11	2030		1,665
Metal Fence - Replace	11	2030		3,307
Metal Railing - Replace	11	2030		409
Vinyl Fence - Replace	11	2030		19,109
Stucco/Wood (2) - Repair/Repaint	12	2031		21,046
Exercise Equipment - Replace	16	2035		4,536
Monument Signs - Replace	16	2035		7,200
Asphalt - Overlay with 2" Mill Edge	21	2040		28,821
Clubhouse - Remodel	21	2040		7,500
Mailboxes - Replace	21	2040		4,155
Roofs (1) - Remove/Replace	21	2040		176,722
Stone Wall - Replace	21	2040		9,102
Roofs (2) - Replace	29	2048		19,367
Sewer - Replace	41	2060		14,580
Total Asset Summary			<u>\$63,482</u>	<u>\$578,383</u>

Percent Fully Funded      11%

Current Average Liability per Unit (Total Units: 131)      -\$3,931

*\*\* Indicates Partially Funded*

**Stone Creek Canyon  
Annual Expenditure Detail**

Description	Expenditures
<b>Replacement Year 2019</b>	
Pool/Spa Pumps - Replace	2,600
<b>Total for 2019</b>	<u>\$2,600</u>
<b>Replacement Year 2020</b>	
Pool/Spa Heaters - Replace	9,909
Pool/Spa Salt System - Replace	1,548
Sewer - Clean	10,322
<b>Total for 2020</b>	<u>\$21,779</u>
<b>Replacement Year 2021</b>	
Asphalt -Slurry Seal/Crack Seal	23,621
Pool/Spa Filter - Replace	3,516
Spa - Resurface	1,690
<b>Total for 2021</b>	<u>\$28,826</u>
<i>No Replacement in 2022</i>	
<b>Replacement Year 2023</b>	
Stucco/Wood (1)- Repair/Repaint	337,632
<b>Total for 2023</b>	<u>\$337,632</u>
<b>Replacement Year 2024</b>	
Pool - Resurface	19,140
Pool/Spa Pumps - Replace	3,046
<b>Total for 2024</b>	<u>\$22,186</u>
<b>Replacement Year 2025</b>	
Water Heater - Replace	1,451
<b>Total for 2025</b>	<u>\$1,451</u>
<b>Replacement Year 2026</b>	
Pool/Spa Filter - Replace	4,120
<b>Total for 2026</b>	<u>\$4,120</u>
<i>No Replacement in 2027</i>	
<i>No Replacement in 2028</i>	

**Stone Creek Canyon  
Annual Expenditure Detail**

Description	Expenditures
<b>Replacement Year 2029</b>	
Pool/Spa Pumps - Replace	3,570
<b>Total for 2029</b>	<u><b>\$3,570</b></u>
<b>Replacement Year 2030</b>	
Furnace - Replace	5,243
Metal Fence - Replace	10,416
Metal Railing - Replace	1,290
Pool/Spa Heaters - Replace	13,604
Pool/Spa Salt System - Replace	2,126
Sewer - Clean	14,171
Vinyl Fence - Replace	60,177
<b>Total for 2030</b>	<u><b>\$107,027</b></u>
<b>Replacement Year 2031</b>	
Asphalt -Slurry Seal/Crack Seal	32,429
Pool/Spa Filter - Replace	4,827
Spa - Resurface	2,320
Stucco/Wood (1)- Repair/Repaint	435,065
Stucco/Wood (2) - Repair/Repaint	400,205
<b>Total for 2031</b>	<u><b>\$874,845</b></u>
<i>No Replacement in 2032</i>	
<i>No Replacement in 2033</i>	
<b>Replacement Year 2034</b>	
Pool - Resurface	26,277
Pool/Spa Pumps - Replace	4,182
<b>Total for 2034</b>	<u><b>\$30,460</b></u>
<b>Replacement Year 2035</b>	
Exercise Equipment - Replace	20,921
Monument Signs - Replace	33,209
<b>Total for 2035</b>	<u><b>\$54,130</b></u>
<b>Replacement Year 2036</b>	
Pool/Spa Filter - Replace	5,656
<b>Total for 2036</b>	<u><b>\$5,656</b></u>

**Stone Creek Canyon  
Annual Expenditure Detail**

Description	Expenditures
<i>No Replacement in 2037</i>	
<i>No Replacement in 2038</i>	
<b>Replacement Year 2039</b>	
Pool/Spa Pumps - Replace	4,901
Stucco/Wood (1)- Repair/Repaint	560,615
Stucco/Wood (2) - Repair/Repaint	515,695
<b>Total for 2039</b>	<b>\$1,081,211</b>
<b>Replacement Year 2040</b>	
Asphalt - Overlay with 2" Mill Edge	186,908
Clubhouse - Remodel	48,639
Mailboxes - Replace	26,946
Pool/Spa Heaters - Replace	18,677
Pool/Spa Salt System - Replace	2,918
Roofs (1) - Remove/Replace	1,146,071
Sewer - Clean	19,455
Stone Wall - Replace	59,028
Water Heater - Replace	2,335
<b>Total for 2040</b>	<b>\$1,510,977</b>
<b>Replacement Year 2041</b>	
Asphalt -Slurry Seal/Crack Seal	44,522
Pool/Spa Filter - Replace	6,627
Spa - Resurface	3,185
<b>Total for 2041</b>	<b>\$54,334</b>
<i>No Replacement in 2042</i>	
<i>No Replacement in 2043</i>	
<b>Replacement Year 2044</b>	
Pool - Resurface	36,076
Pool/Spa Pumps - Replace	5,742
<b>Total for 2044</b>	<b>\$41,818</b>
<i>No Replacement in 2045</i>	
<b>Replacement Year 2046</b>	
Pool/Spa Filter - Replace	7,765
<b>Total for 2046</b>	<b>\$7,765</b>

**Stone Creek Canyon  
Annual Expenditure Detail**

Description	Expenditures
<b>Replacement Year 2047</b>	
Stucco/Wood (1)- Repair/Repaint	722,396
Stucco/Wood (2) - Repair/Repaint	664,514
<b>Total for 2047</b>	<b>\$1,386,910</b>
 <b>Replacement Year 2048</b>	
Roofs (2) - Replace	1,456,558
<b>Total for 2048</b>	<b>\$1,456,558</b>

**Stone Creek Canyon  
Detail Report by Category**

**Asphalt - Overlay with 2" Mill Edge - 2040**

Asset ID	1002	73,900 Sq Ft	@ \$1.30
		Asset Cost	\$96,070.00
		Percent Replacement	100%
Streets/Asphalt		Future Cost	\$186,908.36
Placed in Service	January 2010	Assigned Reserves	<i>none</i>
Useful Life	30		
Replacement Year	2040	Annual Assessment	\$4,820.71
Remaining Life	21	Interest Contribution	<u>\$50.62</u>
		Reserve Allocation	\$4,871.33



This component provides funding to overlay and mill the edges.

**Asphalt -Slurry Seal/Crack Seal - 2021**

Asset ID	1025	73,900 Sq Ft	@ \$0.30
		Asset Cost	\$22,170.00
		Percent Replacement	100%
Streets/Asphalt		Future Cost	\$23,620.73
Placed in Service	January 2010	Assigned Reserves	\$18,139.09
Useful Life	10		
Adjustment	1	Annual Assessment	\$1,527.89
Replacement Year	2021	Interest Contribution	<u>\$206.50</u>
Remaining Life	2	Reserve Allocation	\$1,734.39

**Stone Creek Canyon  
Detail Report by Category**

*Asphalt -Slurry Seal/Crack Seal continued...*



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

<b>Sewer - Clean - 2020</b>		1 QTY	@ \$10,000.00
Asset ID	1027	Asset Cost	\$10,000.00
		Percent Replacement	100%
	Streets/Asphalt	Future Cost	\$10,322.00
Placed in Service	January 2010	Assigned Reserves	\$9,000.00
Useful Life	10		
Replacement Year	2020	Annual Assessment	\$739.53
Remaining Life	1	Interest Contribution	<u>\$102.26</u>
		Reserve Allocation	\$841.79

<b>Sewer - Replace - 2060</b>		2,700 LF	@ \$30.00
Asset ID	1026	Asset Cost	\$81,000.00
		Percent Replacement	100%
	Streets/Asphalt	Future Cost	\$297,031.88
Placed in Service	January 2010	Assigned Reserves	<i>none</i>
Useful Life	50		
Replacement Year	2060	Annual Assessment	\$3,514.91
Remaining Life	41	Interest Contribution	<u>\$36.91</u>
		Reserve Allocation	\$3,551.82

<b>Streets/Asphalt - Total Current Cost</b>	<b>\$209,240</b>
<b>Assigned Reserves</b>	<b>\$27,139</b>
<b>Fully Funded Reserves</b>	<b>\$70,540</b>

**Stone Creek Canyon  
Detail Report by Category**

<b>Roofs (1) - Remove/Replace - 2040</b>		235,630 Sq Ft	@ \$2.50
Asset ID	1022	Asset Cost	\$589,075.00
		Percent Replacement	100%
	Roofing	Future Cost	\$1,146,071.05
Placed in Service	January 2010	Assigned Reserves	<i>none</i>
Useful Life	30		
Replacement Year	2040	Annual Assessment	\$29,559.30
Remaining Life	21	Interest Contribution	<u>\$310.37</u>
		Reserve Allocation	\$29,869.67



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.

<b>Roofs (2) - Replace - 2048</b>		232,400 Sq Ft	@ \$2.50
Asset ID	1024	Asset Cost	\$581,000.00
		Percent Replacement	100%
	Roofing	Future Cost	\$1,456,558.46
Placed in Service	January 2018	Assigned Reserves	<i>none</i>
Useful Life	30		
Replacement Year	2048	Annual Assessment	\$26,043.41
Remaining Life	29	Interest Contribution	<u>\$273.46</u>
		Reserve Allocation	\$26,316.86

Buildings 2,5,6,10-14,23-26,29. These buildings were recently completed.

<b>Roofing - Total Current Cost</b>	<b>\$1,170,075</b>
<b>Assigned Reserves</b>	<b>\$0</b>
<b>Fully Funded Reserves</b>	<b>\$196,089</b>

**Stone Creek Canyon  
Detail Report by Category**

**Stucco/Wood (1)- Repair/Repaint - 2023**

		247,860 Sq Ft	@ \$1.20
Asset ID	1010	Asset Cost	\$297,432.00
		Percent Replacement	100%
	Painting	Future Cost	\$337,631.62
Placed in Service	January 2010	Assigned Reserves	\$19,755.27
Useful Life	8		
Adjustment	5	Annual Assessment	\$47,005.04
Replacement Year	2023	Interest Contribution	<u>\$700.98</u>
Remaining Life	4	Reserve Allocation	\$47,706.03



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 - 2031**

		228,000 Sq Ft	@ \$1.20
Asset ID	1021	Asset Cost	\$273,600.00
		Percent Replacement	100%
	Painting	Future Cost	\$400,204.85
Placed in Service	January 2018	Assigned Reserves	<i>none</i>
Useful Life	8		
Adjustment	5	Annual Assessment	\$18,958.44
Replacement Year	2031	Interest Contribution	<u>\$199.06</u>
Remaining Life	12	Reserve Allocation	\$19,157.50

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.

**Stone Creek Canyon  
Detail Report by Category**

<b>Painting - Total Current Cost</b>	<b>\$571,032</b>
<b>Assigned Reserves</b>	<b>\$19,755</b>
<b>Fully Funded Reserves</b>	<b>\$226,961</b>

**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%
Fencing/Security		Future Cost	\$10,415.73
Placed in Service	January 2010	Assigned Reserves	<i>none</i>
Useful Life	20		
Replacement Year	2030	Annual Assessment	\$541.14
Remaining Life	11	Interest Contribution	<u>\$5.68</u>
		Reserve Allocation	\$546.82



Some rusting noted but no major problems.

**Stone Wall - Replace - 2040**

Asset ID	1004	740 LF	@ \$41.00
		Asset Cost	\$30,340.00
		Percent Replacement	100%
Fencing/Security		Future Cost	\$59,027.79
Placed in Service	January 2010	Assigned Reserves	<i>none</i>
Useful Life	30		
Replacement Year	2040	Annual Assessment	\$1,522.44
Remaining Life	21	Interest Contribution	<u>\$15.99</u>
		Reserve Allocation	\$1,538.42

**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.

<b>Vinyl Fence - Replace - 2030</b>		2,235 LF	@ \$19.00
Asset ID	1005	Asset Cost	\$42,465.00
		Percent Replacement	100%
	Fencing/Security	Future Cost	\$60,177.41
Placed in Service	January 2010	Assigned Reserves	<i>none</i>
Useful Life	20		
Replacement Year	2030	Annual Assessment	\$3,126.48
Remaining Life	11	Interest Contribution	<u>\$32.83</u>
		Reserve Allocation	\$3,159.31



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

<b>Fencing/Security - Total Current Cost</b>	<b>\$80,155</b>
<b>Assigned Reserves</b>	<b>\$0</b>
<b>Fully Funded Reserves</b>	<b>\$31,519</b>

**Stone Creek Canyon  
Detail Report by Category**

<b>Clubhouse - Remodel - 2040</b>		1	@ \$25,000.00
Asset ID	1008	Asset Cost	\$25,000.00
		Percent Replacement	100%
	Recreation/Pool	Future Cost	\$48,638.59
Placed in Service	January 2010	Assigned Reserves	<i>none</i>
Useful Life	30		
Replacement Year	2040	Annual Assessment	\$1,254.48
Remaining Life	21	Interest Contribution	<u>\$13.17</u>
		Reserve Allocation	\$1,267.65



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.

<b>Exercise Equipment - Replace - 2035</b>		1 QTY	@ \$12,600.00
Asset ID	1009	Asset Cost	\$12,600.00
		Percent Replacement	100%
	Recreation/Pool	Future Cost	\$20,921.47
Placed in Service	January 2010	Assigned Reserves	<i>none</i>
Useful Life	25		
Replacement Year	2035	Annual Assessment	\$727.58
Remaining Life	16	Interest Contribution	<u>\$7.64</u>
		Reserve Allocation	\$735.22

**Stone Creek Canyon  
Detail Report by Category**

*Exercise Equipment - Replace continued...*



www.freemotionfitness.com (1)Freemotion e 7.7 Elliptical \$4,700, (1) Fremotion EXT Dual Cable Cross \$4,700, (1) Freemotion Treadmill \$3,200. The elliptical is broken and needs fixing. Repair as needed.

**Furnace - Replace - 2030**

		1	@ \$3,700.00
Asset ID	1012	Asset Cost	\$3,700.00
		Percent Replacement	100%
	Recreation/Pool	Future Cost	\$5,243.29
Placed in Service	January 2010	Assigned Reserves	<i>none</i>
Useful Life	20		
Replacement Year	2030	Annual Assessment	\$272.41
Remaining Life	11	Interest Contribution	<u>\$2.86</u>
		Reserve Allocation	\$275.27



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

**Stone Creek Canyon  
Detail Report by Category**

**Pool - Resurface - 2024**

		2,420 Sq Ft	@ \$6.75
Asset ID	1014	Asset Cost	\$16,335.00
		Percent Replacement	100%
	Recreation/Pool	Future Cost	\$19,139.84
Placed in Service	January 2010	Assigned Reserves	<i>none</i>
Useful Life	10		
Adjustment	4	Annual Assessment	\$2,258.30
Replacement Year	2024	Interest Contribution	<u>\$23.71</u>
Remaining Life	5	Reserve Allocation	\$2,282.01



62X25. Pool was covered for winter. This component provides funding to resurface the pool. The pool reportedly has another 6 years of life left according to the property manager.

**Pool/Spa Filter - Replace - 2021**

		3	@ \$1,100.00
Asset ID	1016	Asset Cost	\$3,300.00
		Percent Replacement	100%
	Recreation/Pool	Future Cost	\$3,515.94
Placed in Service	January 2010	Assigned Reserves	\$2,700.00
Useful Life	5		
Adjustment	6	Annual Assessment	\$227.43
Replacement Year	2021	Interest Contribution	<u>\$30.74</u>
Remaining Life	2	Reserve Allocation	\$258.16

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**

<b>Pool/Spa Heaters - Replace - 2020</b>			
		3	@ \$3,200.00
Asset ID	1018	Asset Cost	\$9,600.00
		Percent Replacement	100%
	Recreation/Pool	Future Cost	\$9,909.12
Placed in Service	January 2010	Assigned Reserves	\$8,640.00
Useful Life	10		
Replacement Year	2020	Annual Assessment	\$709.95
Remaining Life	1	Interest Contribution	<u>\$98.17</u>
		Reserve Allocation	\$808.12

Pentair Mastertemp 400K. There was no access at the time of inspection. This is an estimate.

<b>Pool/Spa Pumps - Replace - 2019</b>			
		2	@ \$1,300.00
Asset ID	1017	Asset Cost	\$2,600.00
		Percent Replacement	100%
	Recreation/Pool	Future Cost	\$2,600.00
Placed in Service	January 2010	Assigned Reserves	\$2,600.00
Useful Life	5		
Adjustment	3	Annual Assessment	No Assessment
Replacement Year	2019	Interest Contribution	
Remaining Life	0	Reserve Allocation	

Pentair Whisperflo 2HP. There was no access at the time of inspection.

<b>Pool/Spa Salt System - Replace - 2020</b>			
		1	@ \$1,500.00
Asset ID	1019	Asset Cost	\$1,500.00
		Percent Replacement	100%
	Recreation/Pool	Future Cost	\$1,548.30
Placed in Service	January 2010	Assigned Reserves	\$1,350.00
Useful Life	10		
Replacement Year	2020	Annual Assessment	\$110.93
Remaining Life	1	Interest Contribution	<u>\$15.34</u>
		Reserve Allocation	\$126.27

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	@ \$6.50
Asset ID	1015	Asset Cost	\$1,586.00
		Percent Replacement	100%
	Recreation/Pool	Future Cost	\$1,689.78
Placed in Service	January 2010	Assigned Reserves	\$1,297.64
Useful Life	10		
Adjustment	1	Annual Assessment	\$109.30
Replacement Year	2021	Interest Contribution	<u>\$14.77</u>
Remaining Life	2	Reserve Allocation	\$124.07



8X14. Spa was covered for winter. This component provides funding to resurface the spa. The spa has another 3 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	\$1,451.32
Placed in Service	January 2010	Assigned Reserves	<i>none</i>
Useful Life	15		
Replacement Year	2025	Annual Assessment	\$141.95
Remaining Life	6	Interest Contribution	<u>\$1.49</u>
		Reserve Allocation	\$143.44

**Stone Creek Canyon  
Detail Report by Category**

*Water Heater - Replace continued...*



Water heater appears to be in good condition.

<b>Recreation/Pool - Total Current Cost</b>	<b>\$77,421</b>
<b>Assigned Reserves</b>	<b>\$16,588</b>
<b>Fully Funded Reserves</b>	<b>\$41,510</b>

**Stone Creek Canyon  
Detail Report by Category**

**Metal Railing - Replace - 2030**

Asset ID	1006	35 LF	@ \$26.00
		Asset Cost	\$910.00
		Percent Replacement	100%
		Future Cost	\$1,289.57
Placed in Service	January 2010	Assigned Reserves	<i>none</i>
Useful Life	20		
Replacement Year	2030	Annual Assessment	\$67.00
Remaining Life	11	Interest Contribution	<u>\$0.70</u>
		Reserve Allocation	\$67.70



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

<b>Railings - Total Current Cost</b>	<b>\$910</b>
<b>Assigned Reserves</b>	<b>\$0</b>
<b>Fully Funded Reserves</b>	<b>\$409</b>

**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	\$26,945.78
Placed in Service	January 2010	Assigned Reserves	<i>none</i>
Useful Life	30		
Replacement Year	2040	Annual Assessment	\$694.98
Remaining Life	21	Interest Contribution	<u>\$7.30</u>
		Reserve Allocation	\$702.28



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.

<b>Mailboxes - Total Current Cost</b>	<b>\$13,850</b>
<b>Assigned Reserves</b>	<b>\$0</b>
<b>Fully Funded Reserves</b>	<b>\$4,155</b>

**Stone Creek Canyon  
Detail Report by Category**

**Monument Signs - Replace - 2035**

		4 QTY	@ \$5,000.00
Asset ID	1003	Asset Cost	\$20,000.00
		Percent Replacement	100%
	Signs	Future Cost	\$33,208.68
Placed in Service	January 2010	Assigned Reserves	<i>none</i>
Useful Life	25		
Replacement Year	2035	Annual Assessment	\$1,154.89
Remaining Life	16	Interest Contribution	<u>\$12.13</u>
		Reserve Allocation	\$1,167.01



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

<b>Signs - Total Current Cost</b>	<b>\$20,000</b>
<b>Assigned Reserves</b>	<b>\$0</b>
<b>Fully Funded Reserves</b>	<b>\$7,200</b>

**Stone Creek Canyon  
Detail Report by Category**

**Detail Report Summary**

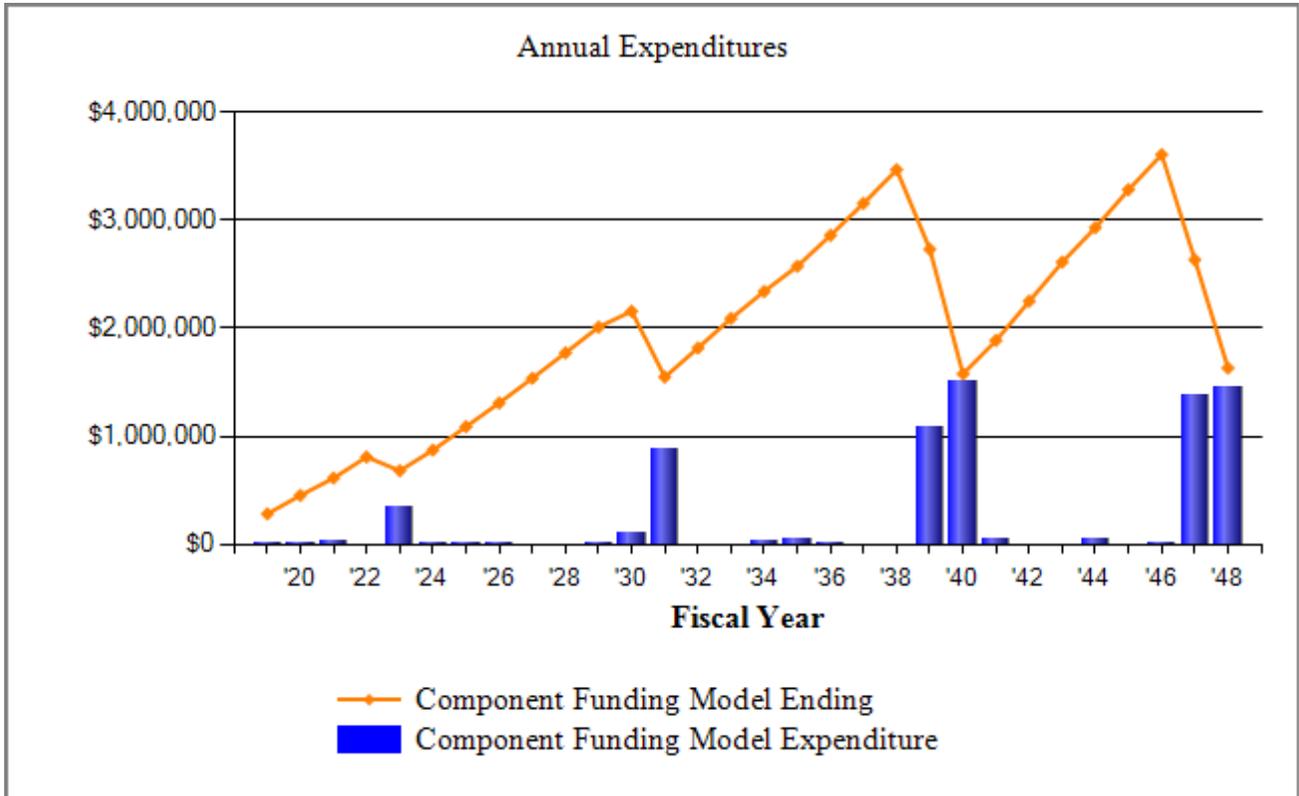
**Grand Total**

Assigned Reserves	\$63,482.00
Annual Contribution	\$145,088.48
Annual Interest	\$2,162.69
Annual Allocation	\$147,251.17

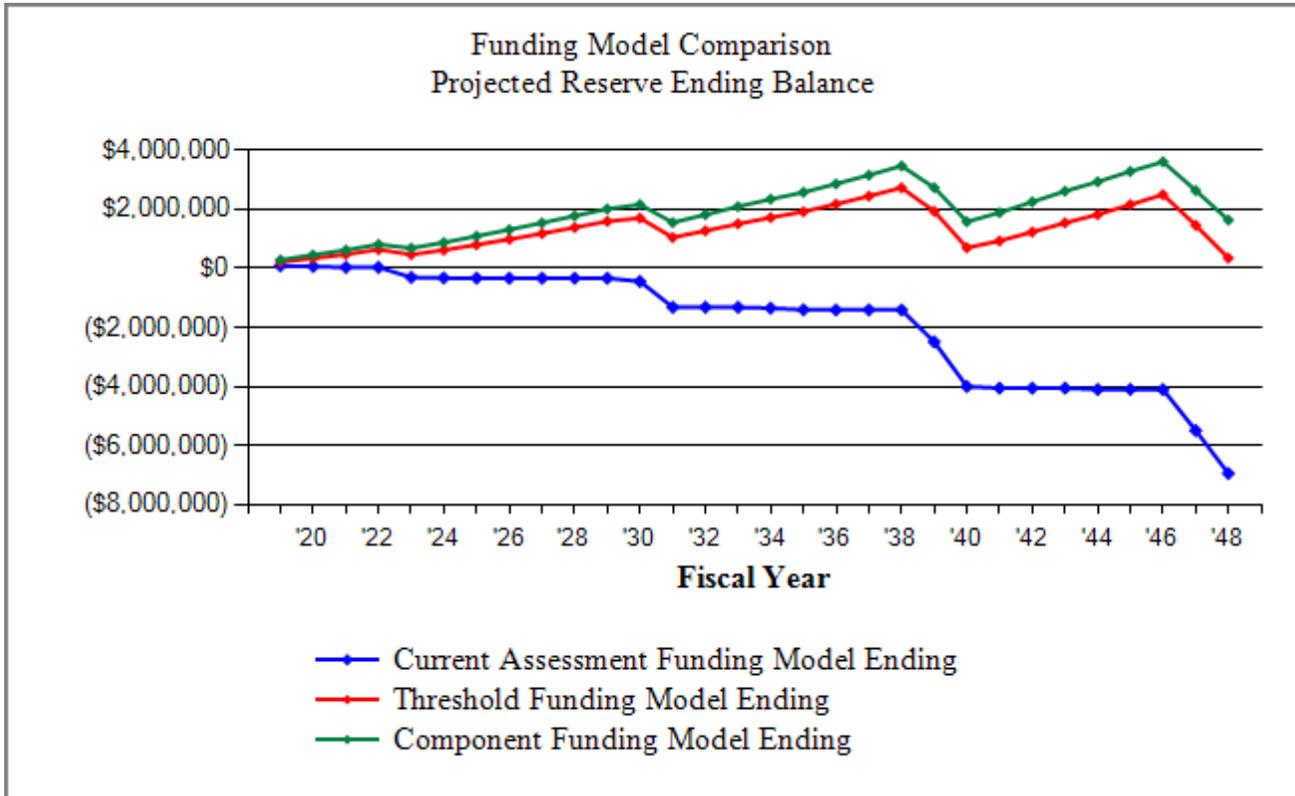
**Stone Creek Canyon  
Category Detail Index**

Asset ID	Description	Replacement	Page
1002	Asphalt - Overlay with 2" Mill Edge	2040	2-11
1025	Asphalt -Slurry Seal/Crack Seal	2021	2-11
1008	Clubhouse - Remodel	2040	2-18
1009	Exercise Equipment - Replace	2035	2-18
1012	Furnace - Replace	2030	2-19
1013	Mailboxes - Replace	2040	2-25
1007	Metal Fence - Replace	2030	2-16
1006	Metal Railing - Replace	2030	2-24
1003	Monument Signs - Replace	2035	2-26
1014	Pool - Resurface	2024	2-20
1016	Pool/Spa Filter - Replace	2021	2-20
1018	Pool/Spa Heaters - Replace	2020	2-21
1017	Pool/Spa Pumps - Replace	2019	2-21
1019	Pool/Spa Salt System - Replace	2020	2-21
1022	Roofs (1) - Remove/Replace	2040	2-13
1024	Roofs (2) - Replace	2048	2-13
1027	Sewer - Clean	2020	2-12
1026	Sewer - Replace	2060	2-12
1015	Spa - Resurface	2021	2-22
1004	Stone Wall - Replace	2040	2-16
1010	Stucco/Wood (1)- Repair/Repaint	2023	2-14
1021	Stucco/Wood (2) - Repair/Repaint	2031	2-14
1005	Vinyl Fence - Replace	2030	2-17
1011	Water Heater - Replace	2025	2-22
	Total Funded Assets	24	
	Total Unfunded Assets	<u>0</u>	
	Total Assets	24	

## Stone Creek Canyon Annual Expenditure Chart

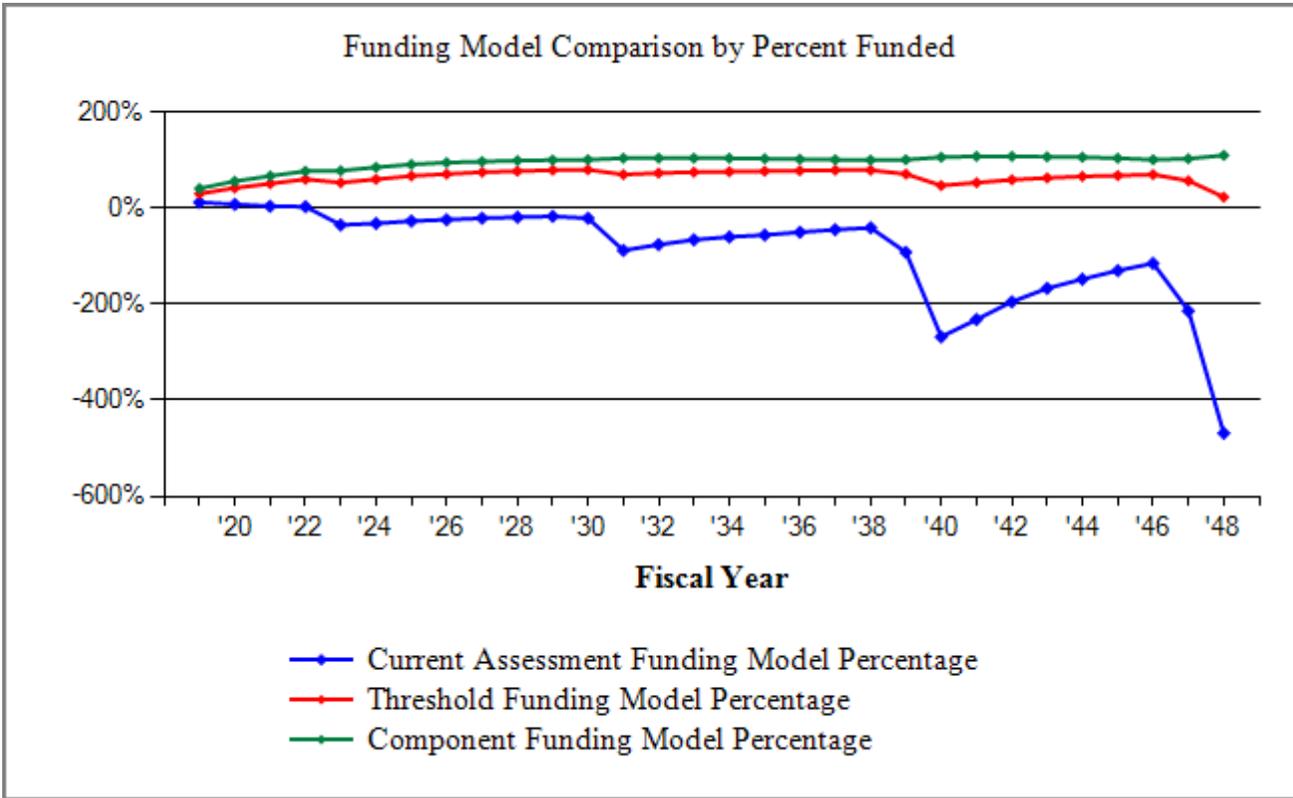


**Stone Creek Canyon  
Funding Model Reserve Ending Balance Comparison Chart**



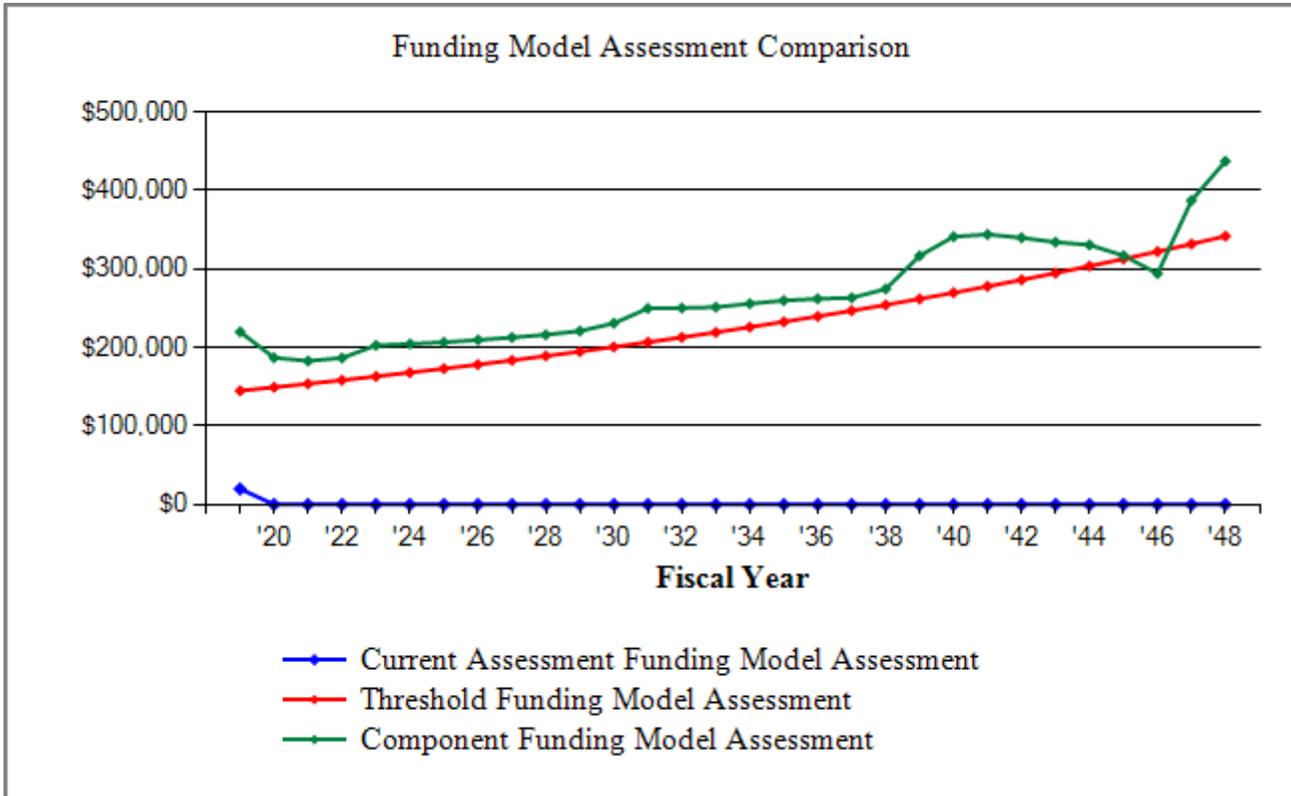
The chart above compares the projected reserve ending balances of the three funding models (Current Assessment Funding Model, Threshold Funding Model and Component Funding Model) over 30 years.

## 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**

<b>Description</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
Asphalt - Overlay with 2" Mill Edge										
Asphalt -Slurry Seal/Crack Seal			23,621							
Clubhouse - Remodel										
Exercise Equipment - Replace										
Furnace - Replace										
Mailboxes - Replace										
Metal Fence - Replace										
Metal Railing - Replace										
Monument Signs - Replace										
Pool - Resurface						19,140				
Pool/Spa Filter - Replace			3,516					4,120		
Pool/Spa Heaters - Replace		9,909								
Pool/Spa Pumps - Replace	2,600					3,046				
Pool/Spa Salt System - Replace		1,548								
Roofs (1) - Remove/Replace										
Roofs (2) - Replace										
Sewer - Clean		10,322								
Sewer - Replace										
Spa - Resurface			1,690							
Stone Wall - Replace										
Stucco/Wood (1)- Repair/Repaint					337,632					
Stucco/Wood (2) - Repair/Repaint										
Vinyl Fence - Replace										
Water Heater - Replace							1,451			
<b>Year Total:</b>	<b>2,600</b>	<b>21,779</b>	<b>28,826</b>		<b>337,632</b>	<b>22,186</b>	<b>1,451</b>	<b>4,120</b>		

**Stone Creek Canyon  
Spread Sheet**

<b>Description</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>	<b>2035</b>	<b>2036</b>	<b>2037</b>	<b>2038</b>
Asphalt - Overlay with 2" Mill Edge										
Asphalt -Slurry Seal/Crack Seal			32,429							
Clubhouse - Remodel										
Exercise Equipment - Replace							20,921			
Furnace - Replace		5,243								
Mailboxes - Replace										
Metal Fence - Replace		10,416								
Metal Railing - Replace		1,290								
Monument Signs - Replace							33,209			
Pool - Resurface						26,277				
Pool/Spa Filter - Replace			4,827					5,656		
Pool/Spa Heaters - Replace		13,604								
Pool/Spa Pumps - Replace	3,570					4,182				
Pool/Spa Salt System - Replace		2,126								
Roofs (1) - Remove/Replace										
Roofs (2) - Replace										
Sewer - Clean		14,171								
Sewer - Replace										
Spa - Resurface			2,320							
Stone Wall - Replace										
Stucco/Wood (1)- Repair/Repaint			435,065							
Stucco/Wood (2) - Repair/Repaint			400,205							
Vinyl Fence - Replace		60,177								
Water Heater - Replace										
<b>Year Total:</b>	<b>3,570</b>	<b>107,027</b>	<b>874,845</b>			<b>30,460</b>	<b>54,130</b>	<b>5,656</b>		

**Stone Creek Canyon  
Spread Sheet**

<b>Description</b>	<b>2039</b>	<b>2040</b>	<b>2041</b>	<b>2042</b>	<b>2043</b>	<b>2044</b>	<b>2045</b>	<b>2046</b>	<b>2047</b>	<b>2048</b>
Asphalt - Overlay with 2" Mill Edge		186,908								
Asphalt -Slurry Seal/Crack Seal			44,522							
Clubhouse - Remodel		48,639								
Exercise Equipment - Replace										
Furnace - Replace										
Mailboxes - Replace		26,946								
Metal Fence - Replace										
Metal Railing - Replace										
Monument Signs - Replace										
Pool - Resurface						36,076				
Pool/Spa Filter - Replace			6,627					7,765		
Pool/Spa Heaters - Replace		18,677								
Pool/Spa Pumps - Replace	4,901					5,742				
Pool/Spa Salt System - Replace		2,918								
Roofs (1) - Remove/Replace		1,146,071								
Roofs (2) - Replace										1,456,558
Sewer - Clean		19,455								
Sewer - Replace										
Spa - Resurface			3,185							
Stone Wall - Replace		59,028								
Stucco/Wood (1)- Repair/Repaint	560,615								722,396	
Stucco/Wood (2) - Repair/Repaint	515,695								664,514	
Vinyl Fence - Replace										
Water Heater - Replace		2,335								
<b>Year Total:</b>	<b>1,081,211</b>	<b>1,510,977</b>	<b>54,334</b>			<b>41,818</b>		<b>7,765</b>	<b>1,386,910</b>	<b>1,456,558</b>

# Executive Summary - Stone Creek Canyon

Information to complete this Reserve Study was gathered by performing an on-site inspection of the common area components. In addition, we also obtained information by contacting contractors as well as communicating with the property representative (BOD Member and/or Community Manager). To the best of our knowledge, the conclusions and recommendations of this report are considered reliable and accurate so far as the information obtained from these sources.

Projected Beginning Balance as of January, 1 2019	\$ 63,482
Ideal Reserve Balance as of January, 1 2019	\$ 578,383
Percent Funded as of January, 1 2019	14%
Recommended Reserve Contribution (Per Annual)	\$ 220,004
Recommended Special Assessment	\$ 0

*Stone Creek Canyon HOA is a 131 single family home community. This community offers landscaped areas and amenities. Construction on the property was completed in 2010.*

## Reserve Funding

In comparing the projected starting reserve balance of \$63,482 versus the ideal reserve balance of \$578,383 we find the association's reserve fund to be 14% funded. This indicates a weak reserve fund position. We suggest adopting a reserve contribution of \$18,334 per month (\$140/unit). If the reserve fund contribution falls below this rate, then the reserve fund may fall into a situation where special assessments, deferred maintenance and lower property values are likely at some point in the future.