Tuesday, February 25, 2025

Level 1, Premium Reserve Analysis

Somerset Estates HOA
Highway 52 & Somerset Dr.
Niwot, CO. 80544

3rd Draft

Report Period – 01/01/25 – 12/31/25

Client Reference Number – 10892

Property Type – Single Family Dwellings

Fiscal Year End – December 31st

Number of Units – 89

Date of Property Observation – January 28, 2025

Property Observation Conducted by – Mike Kelsen

Project Manager – Mike Kelsen, RS, PRA

Main Contact Person – Allan Orendorff, CMCA, AMS

ASSOCIATION OF PROFESSIONAL RESERVE ANALYSTS
Michael Kelsen
Professional Reserve Analyst
2282
APRA

Table of Contents

ARS
Aspen Reserve Specialties

Introduction to the Reserve Analysis –

The elected officials of this association made a wise decision to invest in a Reserve Analysis to get a better understanding of the status of the Reserve funds. This Analysis will be a valuable tool to assist the Board of Directors in making the decision to which the dues are derived. Typically, the Reserve contribution makes up 15% - 40% of the association's total budget. Therefore, Reserves is considered to be a significant part of the overall monthly association payment.

Every association conducts its business within a budget. There are typically two main parts to this budget, Operating and Reserves. The Operating budget includes all expenses that are fixed on an annual basis. These would include management fees, maintenance fees, utilities, etc. The Reserves is primarily made up of Capital Replacement items such as asphalt, roofing, fencing, mechanical equipment, etc., that do not normally occur on an annual basis.

The Reserve Analysis is also broken down into two different parts, the Physical Analysis and the Financial Analysis. The Physical Analysis is information regarding the physical status and replacement cost of major common area components that the association is responsible to maintain. It is important to understand that while the Component Inventory will remain relatively "stable" from year to year, the Condition Assessment and Life/Valuation Estimates will most likely vary from year to year. You can find this information in the ***Asset Inventory Section*** (Section 2) of this Reserve Analysis. The ***Financial Analysis Section*** is the evaluation of the association's Reserve balance, income, and expenses. This is made up of a finding of the clients current Reserve Fund Status (measured as Percent Funded) and a recommendation for an appropriate Reserve Allocation rate (also known as the Funding Plan). You can find this information in Section 3 of this Reserve Analysis.

The purpose of this Reserve Analysis is to provide an educated estimate as to what the Reserve Allocation needs to be. The detailed schedules will serve as an advanced warning that major projects will need to be addressed in the future. This will allow the Board of Directors to have ample timing to obtain competitive estimates and bids that will result in cost savings to the individual homeowners. This will also ensure the physical well being of the property and ultimately enhance each owner's investment, while limiting the possibility of unexpected major projects that may lead to Special Assessments.

It is important for the client, homeowners, and potential future homeowners to understand that the information contained in this analysis is based on estimates and assumptions gathered from various sources. Estimated life expectancies and cycles are based upon conditions that were readily visible and accessible at time of the observation. No destructive or intrusive methods (such as entering the walls to inspect the condition of electrical wiring, plumbing lines, and telephone wires) were performed. In addition, environmental hazards (such as lead paint, asbestos, radon, etc.), construction defects, and acts of nature have not been investigated in the preparation of this report. If problem areas were revealed, a reasonable effort has been made to include these items within the report. While every effort has been made to ensure accurate results, this report reflects the judgment of Aspen Reserve Specialties and should not be construed as a guarantee or assurance of predicting future events.

General Information and Answers to Frequently Asked Questions –

Why is it important to perform a Reserve Study?

As previously mentioned, the Reserve allocation makes up a significant portion of the total monthly dues. This report provides the essential information that is needed to guide the Board of Directors in establishing the budget in order to run the daily operations of your association. It is suggested that a third party professionally prepare a Reserve Study since there is no vested interest in the property. Also, a professional knows what to look for and how to properly develop an accurate and reliable component list.

Now that we have "it", what do we do with "it"?

Hopefully, you will not look at this report and think it is too cumbersome to understand. Our intention is to make this Reserve Analysis very easy to read and understand. Please take the time to review it carefully and make sure the "main ingredients" (asset information) are complete and accurate. If there are any inaccuracies, please inform us immediately so we may revise the report.

Once you feel the report is an accurate tool to work from, use it to help establish your budget for the upcoming fiscal year. The Reserve allocation makes up a significant portion of the total monthly dues and this report should help you determine the correct amount of money to go into the Reserve fund. Additionally, the Reserve Study should act as a guide to obtain proposals in advance of pending normal maintenance and replacement projects. This will give you an opportunity to shop around for the best price available.

The Reserve Study should be readily available for Real Estate agents, brokerage firms, and lending institutions for potential future homeowners. As the importance of Reserves becomes more of a household term, people are requesting homeowners associations to reveal the strength of the Reserve fund prior to purchasing a condominium or townhome.

How often do we update or review "it"?

Unfortunately, there is a misconception that these reports are good for an extended period of time since the report has projections for the next 30 years. Just like any major line item in the budget, the Reserve Analysis should be reviewed *each year* before the budget is established. Invariably, some assumptions have to be made during the compilation of this analysis. Anticipated events may not materialize and unpredictable circumstances could occur. Aging rates and repair/replacement costs will vary from causes that are unforeseen. Earned interest rates may vary from year to year. These variations could alter the content of the Reserve Analysis. Therefore, this analysis should be reviewed annually, and a property observation should be conducted at least once every three years.

Is it the law to have a Reserve Study conducted?

The Government requires reserve analyses in approximately 20 states. The State of Colorado currently requires all associations to adopt a Reserve policy, but does not currently enforce a Reserve Study be completed. Despite enacting this current law, the chances are also very good the documents of the association require the association to have a Reserve fund established. This may not mean a Reserve Analysis is required, but how are you going to know there are enough funds in the account if you don't have the proper information? Hypothetically, some associations look at the Reserve fund and think $150,000 is a lot of money and they are in good shape. What they don't know is a major project will need to be replaced within 5 years, and the cost of the project is going to exceed $200,000. So while $150,000 sounds like a lot of money, in reality it won't even cover the cost of a major project, let alone all the other amenities the association is responsible to maintain.

What makes an asset a "Reserve" item versus an "Operating" item?

A "Reserve" asset is an item that is the responsibility of the association to maintain, has a limited Useful Life, predictable Remaining Useful Life expectancies, typically occurs on a cyclical basis that exceeds 1 year, and costs above a minimum threshold cost. An "operating" expense is typically a fixed expense that occurs on an annual basis. For instance, minor repairs to a roof for damage caused by high winds or other weather elements would be considered an "operating" expense. However, if the entire roof needs to be replaced because it has reached the end of its life expectancy, then the replacement would be considered a Reserve expense.

The GREY area of "maintenance" items that are often seen in a Reserve Study –

One of the most popular questions revolves around major "maintenance" items, such as painting the buildings or seal coating the asphalt. You may hear from your accountant that since painting or seal coating is not replacing a "capital" item, then it cannot be considered a Reserve issue. However, it is the opinion of several major Reserve Study providers that these items are considered to be major expenses that occur on a cyclical basis. Therefore, it makes it very difficult to ignore a major expense that meets the criteria to be considered a Reserve component. Once explained in this context, many accountants tend to agree and will include any expenses, such as these examples, as a Reserve component.

The Property Observation –

The Property Observation was conducted following a review of the documents that were established by the developer identifying all common area assets. In some cases, the Board of Directors at some point may have revised the documents. In either case, the most current set of documents was reviewed prior to inspecting the property. In addition, common area assets may have been reported to Aspen Reserve Specialties by the client, or by other parties.

Estimated life expectancies and life cycles are based upon conditions that were readily accessible and visible at the time of the observation. We did not destroy any landscape work, building walls, or perform any methods of intrusive investigation during the observation. In these cases, information may have been obtained by contacting the contractor or vendor that has worked on the property.

The Reserve Fund Analysis –

We projected the starting balance from taking the most recent balance statement, adding expected Reserve contributions for the rest of the year, and subtracting any pending projects for the rest of the year. We compared this number to the ideal Reserve Balance and arrived at the Percent funded level. Measures of strength are as follows:

0% - 30% Funded – Is considered to be a "weak" financial position. Associations that fall into this category are subject to Special Assessments and deferred maintenance, which could lead to lower property values. If the association is in this position, actions should be taken to improve the financial strength of the Reserve Fund.

31% - 69% Funded – The majority of associations are considered to be in this "fair" financial position. While this doesn't represent financial strength and stability, the likelihood of Special Assessments and deferred maintenance is diminished. Effort should be taken to continue strengthening the financial position of the Reserve fund.

70% - 99% Funded – This indicates financial strength of a Reserve fund and every attempt to maintain this level should be a goal of the association.

100% Funded – This is the ideal amount of Reserve funding. This means that the association has the exact amount of funds in the Reserve account that should be at any given time.

Summary of Somerset Estates HOA - Assoc.# - 10892

Projected Starting Balance as of January 1, 2025 -	**$208,000**
Ideal Reserve Balance as of January 1, 2025 -	**$2,182,592**
Percent Funded as of January 1, 2025 -	**10%**
Recommended Reserve Allocation (per month) -	**$8,205 (rest of 2025)**
Recommended Reserve Allocation (per month) -	**$28,850 (starting 2026)**
Minimum Reserve Allocation (per month) -	**$26,500 (starting 2026)**
Recommended Special Assessment (2025) -	**$267,000 ($3,000/unit)**

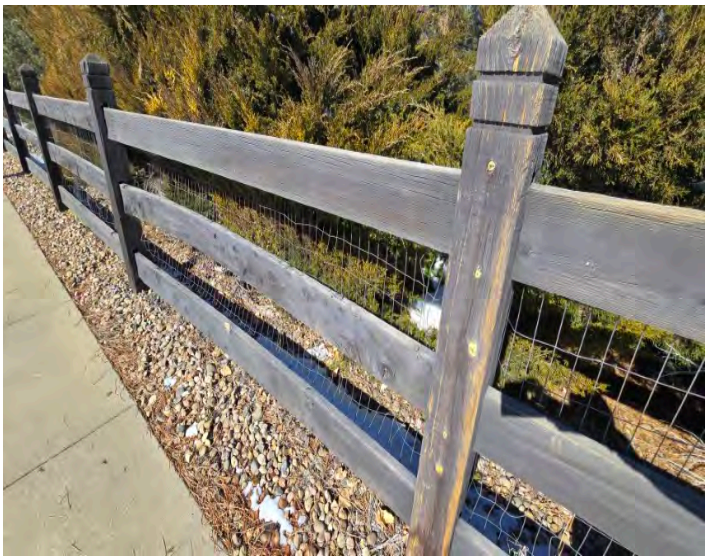
Information to complete this Reserve Analysis was gathered during a property observation of the common area elements on January 28, 2025. In addition, we obtained information by contacting local vendors and contractors, as well as communicating with the property representatives (Community Manager). To the best of our knowledge, the conclusions and suggestions of this report are considered reliable and accurate insofar as the information obtained from these sources.

This property contains 89 estate homes within a community where construction began in the mid 1990's. Common area amenities the association is responsible to maintain include, but not limited to, fencing, pathways, monuments, ponds, landscaping, and an irrigation system. Please refer to the *Projected Reserve Expenditures* table of the Financial Analysis section for a list of when components are scheduled to be addressed.

In comparing the projected balance of $208,000 versus the ideal Reserve Balance of $2,182,592, we find the association Reserve fund to be in a poor financial position at this point in time (only 10% funded of ideal). However, since the budget has been approved for the 2025 fiscal period, we recommend maintaining the Reserve contribution ($8,205 per month) through the 2025 fiscal period. However, based on the information contained in this report, we find no alternative but to recommend additional funding needs of $267,000 ($3,000/unit) for 2025. In addition, we find the current Reserve allocation ($8,205 per month) to be less than sufficient in increasing the strength of the Reserve fund to prepare for future projects for the long term. Therefore, we find it necessary to recommend a substantial increase of the Reserve contribution to $28,850 per month (representing an increase of almost $232.00 per home) starting in 2026 and maintaining that level through 2033, when nominal annual increases of 4.60% will be required thereafter to help offset the effects of inflation. By following the recommendation, the plan will maintain the Reserve account in a positive manner, while gradually increasing to a fully funded position.

In the percent Funded graph, you will see we have also provided a "minimum Reserve contribution" of $26,500 per month. If the Reserve contribution falls below this rate, then the Reserve fund will fall into a situation where additional Special Assessments, deferred maintenance, and lower property values are possible at some point in the future. The minimum Reserve allocation follows the "threshold" theory of Reserve funding where the "percent funded" status is not allowed to dip below 30% funded at any point during the thirty-year period. This was provided for one purpose only, to show the association how small the difference is between the two scenarios and how it would not make financial sense to contribute less money (approximately 8% in this case) to the Reserve fund to only stay above a certain threshold. As you can see, the difference between the two scenarios is considered to be extremely minimal, and based on the risk, we strongly suggest the recommended Reserve Allocation is followed.

Comp #: 209 Rail Fencing - Restain



Observations:
- Fences were stained in different stages in 2020, 2022, and 2023. Overall appearance reveals thin areas and exposed wood throughout.
- Based on observed condition of the majority of the fencing, we recommend addressing this again in the near future to ensure there is complete coverage.
- In this climate, we recommend staining wood fences every 2 - 3 years to maintain appearance and protect wood surfaces from exposure to elements that will cause deterioration.

Comp #: 209 Rail Fencing - Restain

Location: **See General Notes**

Quantity: **Approx. 9,500 LF**

Life Expectancy: **3** *Remaining Life:* **1**

Best Cost: **$33,250**
$3.50/LF: Estimate to restain fence

Worst Cost: **$40,375**
$4.25/LF; Higher est. for more prep

Source Information: Past client cost

General Notes:

South Perimeter (by ponds #8-11) - Approx. 400 LF
East perimeter - Approx. 1,315 LF
Along path on north perimeter of community - Approx. 1,125 LF
Along Somerset Dr (both sides of street) - Approx. 1,400 LF
Along Longview Dr. - (west and north side of street)
From north perimeter to Firethorn - Approx. 340 LF
From Firethorn to Cattail - Approx. 1,050 LF
From Cattail to Cattail - Approx. 400 LF
From Cattail to Bellflower- Approx. 550 LF
South of Bellflower and behind homes - Approx. 630 LF
Along Longview Dr. - (south and east side of street)
From south perimeter to Cherry Ct - Approx. 410 LF
From Cherry Ct to Coralberry Ct. - Approx. 560 LF
From Coralberry Ct to Cranberry Ct - Approx. 420 LF
From Cranberry to Strawberry - Approx. 410 LF
From Strawberry to Longview - Approx. 490 LF

Comp #: 601 Concrete Flatwork - Partial Replace

Observations:
- A couple trip hazards were noted on the sidewalk around pond #2. Some repairs have been recently completed. Overall, conditions of concrete vary throughout community.
- It is unlikely that all will fail at the same time, therefore, we recommend reserving to replace approximately 10% of the total area (1,065 GSF) every 4 years.
- While there are no immediate concerns, we recommend being prepared for repairs to maintain a safe environment for the community.
- If possible, coordinate this project with other concrete and/or asphalt projects for best cost estimates based on quantity of work.

Location: **See General Notes**

Quantity: **Approx. 10,300 GSF**

Life Expectancy: **4** *Remaining Life:* **2**

Best Cost: **$14,935**
Allowance to repair 10% of area every 4 years

Worst Cost: **$16,225**
Higher allowance for more repairs

Source Information: Cost database

General Notes:
Bellflower Ct to open space - Approx. 3,350 GSF
Around Outlot D (pond 2, 3, and up to pool by waterfall) - Approx. 6,950 GSF

Comp #: 613 Asphalt Pathways - Major Overlay

Observations:
- The average life expectancy for asphalt surfaces ranges between 15 - 20 years for surfaces that are maintained on a regular schedule.
- Maintenance includes crack fill and repairing small potholes annually as an operating expense.
- In addition, asphalt should be seal coated every 3 - 4 years, depending on the level of traffic and snow removing techniques.

Location: **Throughout community**

Quantity: **Approx. 25,410 GSF**

Life Expectancy: **20** *Remaining Life:* **16**

Best Cost: **$107,995**
$4.25/GSF; Estimate to rotomill and overlay

Worst Cost: **$120,700**
$4.75/GSF; Higher estimate for more labor

Source Information: Cost database

General Notes:

Coralberry to S perim - Approx. 2,000 GSF
Cranberry to S perim - Approx. 1,760 GSF
Strawberry to S perim - Approx. 2,400 GSF
Daylilly Ct to N trail - Approx. 2,045 GSF
Columbine Ct t N trail - Approx. 1,810 GSF
Primrose Ln to N trail - Approx. 1,570 GSF
Primrose to Longview Dr - Approx. 13,825 GSF

Comp #: 613 Asphalt Pathways - Surface Application

Observations:
- It is important to maintain a proper seal cycle to protect the integrity of the asphalt and prevent extensive cracking, development of potholes, and loss of emulsion, which will lead to advanced deterioration.
- Depending on the type of snow removal techniques and the level of traffic, we suggest seal coating every 3-4 years.
- In between seal cycles, the asphalt should be inspected and any cracking that develops should be filled, along with any minor repairs to prolong the life of the surface.

Location: **Throughout community**

Quantity: **Approx. 25,410 GSF**

Life Expectancy: **5** *Remaining Life:* **2**

Best Cost: **$8,895**
$.35/GSF; Estimate for surface treatment

Worst Cost: **$10,165**
$.40/GSF; Higher est. includes repairs/crack fill

Source Information: Cost database

General Notes:

Coralberry to S perim - Approx. 2,000 GSF
Cranberry to S perim - Approx. 1,760 GSF
Strawberry to S perim - Approx. 2,400 GSF
Daylilly Ct to N trail - Approx - 2,045 GSF
Columbine Ct t N trail - Approx. 1,810 GSF
Primrose Ln to N trail - Approx. 1,570 GSF
Primrose to Longview Dr - Approx. 13,825 GSF

Comp #: 801 Main Monuments - Rebuild/Major Repairs

Observations:
- Monuments were recently repaired with tuckpointing, stucco work, and It is unlikely that the monuments will require replacement or rebuilding due to the materials failing.
- Lettering can be replaced as needed and background painted as needed with operating funds
- Therefore, we have established an allowance to inspect and perform minor repairs/renovations to the monuments every 15 years
- Remaining life is based on observed conditions and average age of all monuments.

Location: **Longview Ln and Trail, Hwy 52**

Quantity: **(4) Monuments**

Life Expectancy: **10** *Remaining Life:* **8**

Best Cost: **$22,000**
Allowance for inspection and general repairs

Worst Cost: **$25,000**
Higher allowance for more renovations costs

Source Information: Cost database

General Notes:
Each -
Stone - Approx. 320 GSF
"Somerset Estates"

Comp #: 801 Street Monument - Rebuild/Major Repairs

Observations:
- At the time of observation, one of the plastic signs on Cherry Court has been recently replaced. It was reported that new electrical has been installed at the monuments, as well as stucco repairs and tuckpointing.
- It is unlikely that the monuments will require complete replacement or rebuilding due to the materials failing.
- The plastic part of the sign with the street name can be replaced on an as needed basis with operating funds
- However, over time, it is possible some of the facade will loosen and need repairs, or the metal sign box will rust and need replacement
- Therefore, we have established an allowance to inspect and perform minor repairs/renovations to the monuments every 15 years
- Remaining life is based on observed conditions and timing of last major repairs

Location: **See General Notes**

Quantity: **(27) Monuments**

Life Expectancy: **15** *Remaining Life:* **12**

Best Cost: **$67,500**
Allowance for inspection and general repairs

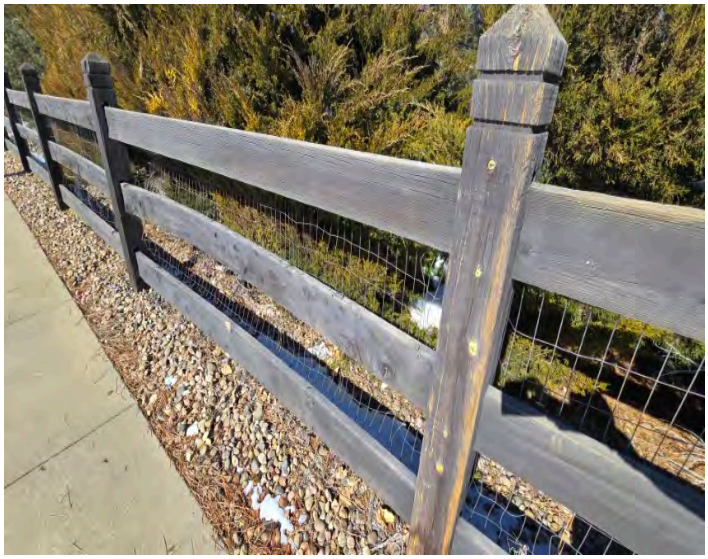
Worst Cost: **$75,600**
Higher allowance for more renovations costs

Source Information: Cost database

General Notes:

Each -
Stone - Approx. 65 GSF
Cherry Court - (2)
Coralberry Court - (2)
Strawberry Lane - (4)
Columbine Court - (2)
Firethorn Court - (2)
Cattail Drive - (4)
Cranberry Court - (2)
Primrose Lane - (1)
Daylilly Court - (2)
Bellflower Court - (2)
Snowberry Lane - (4)

Comp #: 1009 3 Rail Fencing - Complete Replacement



Observations:

Location: **See General Notes**

Quantity: **Approx. 9,500 LF**

Life Expectancy: **36** *Remaining Life:* **13**

Best Cost: **$380,000**
Estimate to replace

Worst Cost: **$427,500**
Higher estimate for upgraded materials

Source Information: Cost database

General Notes:

South Perimeter (by ponds #8-11) - Approx. 400 LF
East perimeter - Approx. 1,315 LF
Along path on north perimeter of community - Approx. 1,125 LF
Along Somerset Dr (both sides of street) - Approx. 1,400 LF
Along Longview Dr. - (west and north side of street)
From north perimeter to Firethorn - Approx. 340 LF
From Firethorn to Cattail - Approx. 1,050 LF
From Cattail to Cattail - Approx. 400 LF
From Cattail to Bellflower- Approx. 550 LF
South of Bellflower and behind homes - Approx. 630 LF
Along Longview Dr. - (south and east side of street)
From south perimeter to Cherry Ct - Approx. 410 LF
From Cherry Ct to Coralberry Ct. - Approx. 560 LF
From Coralberry Ct to Cranberry Ct - Approx. 420 LF
From Cranberry to Strawberry - Approx. 410 LF
From Strawberry to Longview - Approx. 490 LF

Comp #: 1009 3 Rail Fencing - Major Repairs

Observations:
- Due to the type of fence and the varying conditions, we have established Reserve funding for periodic repairs and have coordinated these repairs to occur at the same time as fence staining.
- Funding is for replacing failed posts, damaged, broken or warped rails and any other major issues with the fence
- Remaining life is based on overall conditions

Location: **See General Notes**

Quantity: **Approx. 9,500 LF**

Life Expectancy: **3** *Remaining Life:* **1**

Best Cost: **$21,375**
Allowance to replace approximately 5% of area with similar

Worst Cost: **$23,750**
Higher allowance for more repairs

Source Information: Cost database

General Notes:

South Perimeter (by ponds #8-11) - Approx. 400 LF
East perimeter - Approx. 1,315 LF
Along path on north perimeter of community - Approx. 1,125 LF
Along Somerset Dr (both sides of street) - Approx. 1,400 LF
Along Longview Dr. - (west and north side of street)
From north perimeter to Firethorn - Approx. 340 LF
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From south perimeter to Cherry Ct - Approx. 410 LF
From Cherry Ct to Coralberry Ct. - Approx. 560 LF
From Coralberry Ct to Cranberry Ct - Approx. 420 LF
From Cranberry to Strawberry - Approx. 410 LF
From Strawberry to Longview - Approx. 490 LF

Comp #: 1013 Brick Columns - Major Repairs

Observations:
- While it is unlikely that the entire column will need to be replaced, it is possible that periodic repairs may be necessary to replace loose or missing grout work or deteriorated bricks.
- At this time, we recommend establishing fund requirements every 10 years for general inspections and repairs.

Location: **Throughout fence line**

Quantity: **(26) Columns**

Life Expectancy: **12** *Remaining Life:* **7**

Best Cost: **$11,050**
Allowance for major repairs

Worst Cost: **$13,000**
Higher allowance for more repairs

Source Information: Cost database

General Notes:
(26) Columns - Approx. 45 GSF each

Comp #: 1311 Pet Waste Pick Up Stations - Replace

Observations:
- Due to the low quantity, unlikely event that all will require replacement at the same time and the relatively low cost of individual replacement, we do not recommend reserving for replacement at this time.
- Maintain and replace on an as needed basis using operating funds.

Location: **Common areas**

Quantity: **(3) Units**

Life Expectancy: **N/A** *Remaining Life:*

Best Cost: **$0**

Worst Cost: **$0**

Source Information:

General Notes:

Comp #: 1603 Landscape Lights - Partial Replacement

Observations:
- The cost of these fixtures range from $65 - $400 depending on the type of fixture selected. - This estimate does not include installation, but since the wiring is already installed, replacement labor would simply involve removing the old fixture and attaching a new fixture. - Since the cost can vary depending on the type of fixture the association decides, and the life expectancy will depend on the quality of fixture and overall care, we recommend replacing as needed with general operating funds.

Location: **Center island leading into community of Hwy 52, Longview**

Quantity: **(26) lights and transformer**

Life Expectancy: **5** *Remaining Life:* **4**

Best Cost: **$9,000**
Estimate to replace with similar

Worst Cost: **$10,000**
Higher estimate

Source Information: Cost database

General Notes:

Comp #: 1604 Pole Lights - Replace

Observations:
-Reported the association will be replacing this fixture in 2025

Location: **Main entrance to community of Hwy 52**

Quantity: **(1) Pole light with two heads**

Life Expectancy: **25** *Remaining Life:* **0**

Best Cost: **$9,000**
Estimate to replace

Worst Cost: **$10,000**
Higher estimate for upgraded fixture

Source Information: Cost database

General Notes:

Comp #: 1701 Irrigation System - Major Repairs

Observations:
- It was reported the association is currently spending $30,000 - $40,000 annually on irrigation repairs out of the operating account.
- Based on age of community, the system is close to or at the end of its life expectancy.
- This line item is for repairs and replacement that lies outside the scope of routine operating maintenance and repairs: bulk sprinkler head replacement, bulk valve replacement, rerouting lateral lines, rewiring, etc. We have also included a line item for complete replacement of system in about 4 years.
- In order to ensure the funds are available for major repairs, we recommend reserving funds for these projects every 4 - 6 years.
- The funding on this line item is for major repairs and is not to be interpreted as complete irrigation system replacement.

Location: **Common landscaped areas**

Quantity: **Moderate area**

Life Expectancy: **5** *Remaining Life:* **3**

Best Cost: **$40,000**
Estimate for major repairs and renovating system

Worst Cost: **$50,000**
Higher allowance for more repairs

Source Information: Cost database

General Notes:

Comp #: 1703 Irrigation Controllers - Replace

Observations:
- Association will continue to replace controllers on an as needed basis with operating funds.
- Therefore, additional Reserve funding is not required for this component
- Association may consider replacing with a smart system in the future, but since there are no plans as of now, funding for this upgrade is not necessary for the purposes of this Reserve Study
- The new controllers are designed by combining sets of "modules" to create a system that can handle multiple stations and handle the different irrigation needs for turf, shrubs and flower beds, as well as any special watering restrictions. Due to the ability to replace the modules individually and the low replacement cost associated with this clock, we suggest replacing on an as needed basis with general operating funds.

Location:	**See General Notes**		
Quantity:	**Approx. 10 controllers**		
Life Expectancy:	**N/A**	*Remaining Life:*	
Best Cost:	**$0**		
Worst Cost:	**$0**		
Source Information:			

General Notes:

Bellflower Ct & Somerset Dr - (1) Hunter ICC800, June 07 (#6)
Pool/Clubhouse area - (1) Hunter ICC800, June 07 (#15)
Behind east monument on Hwy 52 - (1) Hunter ICC800, June 07 (#13)
Behind east monument on Longview - (1) Hunter ICC800, June 07 (#10)
Cherry Creek Ct & Somerset Dr - (1) Irritrol (#7)
Coralberry Ct & Somerset Dr - (1) Irritrol (#8), (1) Irritrol Dial-7 (#9)
Longview Dr at Trail - (1) Hunter (#10)
Columbine Ct & Somerset Dr - (1) Irritrol (#11)
Primrose Ln & Somerset Dr - (1) Irritrol (#12)
Cattail Dr. & Somerset Dr - (1) Hunter ICC2, 22 stations, 06/21 (#5)

Comp #: 1705 Pumps - Replace

Observations:
-No well-defined life expectancy for this equipment
-Replacement cycle will depend on the level of use
-Due to varying ages and levels of use, we suggest establishing Reserve funds for periodic partial replacement or rebuilding of pumps and motors

Location: **Ponds/Wet wells, waterfall**

Quantity: **Various pumps**

Life Expectancy: **4** *Remaining Life:* **0**

Best Cost: **$10,000**
Allowance for partial replacement, rebuilding pumps every 4 years

Worst Cost: **$12,000**
Higher allowance for more replacement

Source Information: Cost database

General Notes:
Waterfall
Pond 1 to Pond 2 transfer pump
Pond 2
Pond 7
Pond 8

Comp #: 1707 Waterfall Pumps - One Time Install Expense

Observations:
-It was reported the association will be installing a new pump system for the waterfall
-The useful life is set at 99 years to indicate this is a one-time major expense coming from Reserves for this project.
-Once the pumps are installed, future replacement and rebuilding will be included in the allowance for component #1705

Location: **Waterfall next to pool area**

Quantity: **Various pumps**

Life Expectancy: **99** *Remaining Life:* **0**

Best Cost: **$32,500**
Estimate to install electrical and new pump for waterfall

Worst Cost: **$37,500**
Higher estimate for more labor

Source Information: Cost database

General Notes:

Component History
-

Comp #: 1801 Groundcover - Full Relandscape (Hwy 52)

Observations:
- Community will be relandscaping the entrance off Hwy 52 this year.
- This line item is for a complete renovation to the community entrance every 25 years.

Location: **Main entrance area off Hwy 52**

Quantity: **Extensive area**

Life Expectancy: **25** *Remaining Life:* **0**

Best Cost: **$75,000**
Allowance for full relandscaping of entrance area

Worst Cost: **$100,000**
Higher estimate for more labor, more materials

Source Information: Client provided cost information

General Notes:

Comp #: 1801 Groundcover - Full Relandscape (Longview)

Observations:
- Community will be relandscaping the entrance on Longview in 2026
- This line item is for a complete renovation to the community entrance every 25 years.

Location: **Entrance area on Longview**

Quantity: **Extensive area**

Life Expectancy: **25** *Remaining Life:* **1**

Best Cost: **$72,500**
Allowance for full relandscaping of entrance area

Worst Cost: **$77,500**
Higher estimate for more labor, more materials

Source Information: Client provided cost information

General Notes:

Comp #: 1801 Groundcover - Replenish

Observations:
- This line item, similar to irrigation repairs, is for projects that lie outside the scope of routine maintenance.
- In order to preserve an attractive curb appeal and to maintain the health of the plants and shrubs, we recommend reserving for refurbishment projects every 2 - 5 years.
- This line item is for cyclical refurbishment and should not be considered as complete landscaping replacement.

Location: **Common landscaped areas**

Quantity: **Extensive area**

Life Expectancy: **4** *Remaining Life:* **2**

Best Cost: **$18,000**
Allowance for major replenishment

Worst Cost: **$20,000**
Higher allowance for more material

Source Information: Cost database

General Notes:

Comp #: 1801 Outlot D - Relandscape

Observations:
-This is a one-time major expense to relandscape the area around Pond 32 after the work that was completed in 2024

Location: **Common landscaped areas**

Quantity: **Extensive area**

Life Expectancy: **99** *Remaining Life:* **0**

Best Cost: **$40,000**
Allowance for major relandscaping

Worst Cost: **$45,000**
Higher allowance for more labor

Source Information:

General Notes:

Comp #: 1804 Tree - Replacement

Observations:
- It is very difficult to predict a replacement cycle for trees as there are several factors that will contribute to a tree dying.
- Factors such as disease, infestation of insects, heavy snow storms, etc. can all attribute to eventual tree replacement.
- Since it is difficult to predict when the replacement will be necessary, Reserve funding is typically not a factor.
- However, based on our recent experience, an allowance for periodic replacement has been included.

Location: **Common landscaped areas**

Quantity: **Numerous sizes/types**

Life Expectancy: **10** *Remaining Life:* **5**

Best Cost: **$40,000**
Allowance for major maintenance/replacement

Worst Cost: **$47,500**
Higher estimate for more replacement

Source Information: Cost database

General Notes:

Comp #: 1806 Ponds - Major Repair Allowance

Observations:
-It was reported the association addresses minor repairs on an as needed basis with operating funds.
-It is important to keep the liners covered with materials to prevent exposure to UV rays that will deteriorate and break down the materials.
-Unless otherwise requested, funding for periodic repairs will not be included in the Reserve Study.

Location: **All ponds**

Quantity: **(11) Various sized ponds**

Life Expectancy: **N/A** *Remaining Life:*

Best Cost: **$0**

Worst Cost: **$0**

Source Information:

General Notes:

Comp #: 1807 Pond Bed - Reline (1)

Observations:
- Pond was relined in 2023 with Polyurea, which is a product similar to a spray in bedliner for a truck.
- Since this is a relatively new application for the pond world, we recommend planning on reapplying the product every 30 years at this time.
- Once this has an opportunity to age, we can adjust the life expectancies accordingly depending on how it is aging
- NOTE: This pond is shared 50/50 with Somerset HOA as this pond serves both communities

Location: **Off of Greenwood Place**

Quantity: **Approx. 14,425 GSF**

Life Expectancy: **30** *Remaining Life:* **28**

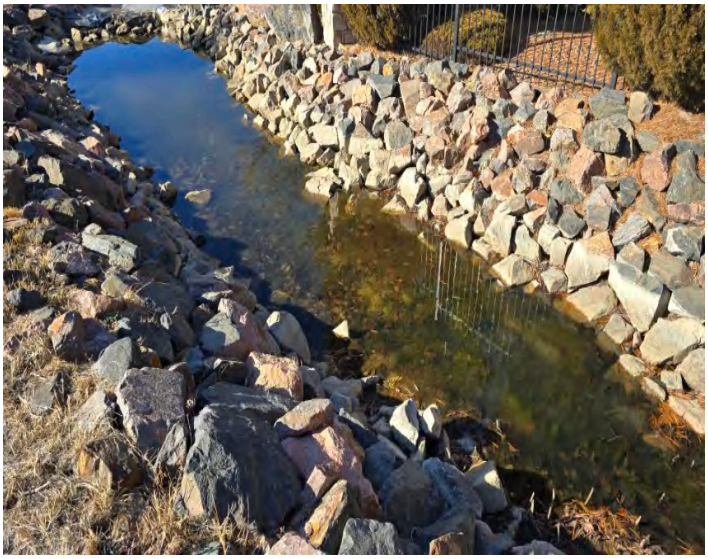
Best Cost: **$93,765**
Estimate to replace liner (50% of total cost)

Worst Cost: **$104,585**
Higher estimate for more labor, better quality material

Source Information: Cost database

General Notes:

Comp #: 1807 Pond Bed - Reline (10, 11)



Observations:
-Reported that pond #10 is leaking. Pond #11 has no issues, but since these are small ponds and they are connecting, we recommend refurbishing both at the same time to save money on mobilization of crews

Location: **Pond 10 and 11**

Quantity: **Approx. 3,425 GSF**

Life Expectancy: **40** *Remaining Life:* **3**

Best Cost: **$56,515**
Estimate to replace liner

Worst Cost: **$61,650**
Higher estimate for more labor, better quality liner

Source Information: Cost database

General Notes:
Pond #10 - Approx. 1700 GSF
Pond #11 - Approx. 1725 GSF

Comp #: 1807 Pond Bed - Reline (2)

Observations:
-Association spent approximately $60,000 in 2024 fixing leaks in the pond. It was reported the pond still leaks, but don't know where they are coming from. About half of the area was refurbished.
-Our recommendation would be to plan for complete refurbishment of pond and avoid the expense of major repairs to try to extend the life of the pond liner. In our opinion, the "band aid" repairs would not be cost effective with the reported leaks and issues with the pond
-The recommendation from the pond contractor would be to do Pond #2 and #3 at the same time to ensure a good transition between both bodies of water.

Location: **Upper pond off of Primrose behind tennis courts**

Quantity: **Approx. 21,900 GSF**

Life Expectancy: **40** *Remaining Life:* **4**

Best Cost: **$405,150**
Estimate to replace liner

Worst Cost: **$438,000**
Higher estimate for more labor, better quality liner

Source Information: Cost database

General Notes:

Comp #: 1807 Pond Bed - Reline (3)

Observations:
-Reported this pond has the highest priority to get done as it has failed
-It would make the best financial sense to combine Ponds 2 and 3 at the same time since the equipment will be in place and the association would not be paying mobilization costs.
-Also, if done at the same time, then it would ensure a good connection between the two ponds and the stream that connects the two bodies of water also.

Location: **Pond #3**

Quantity: **Approx. 10,000 GSF**

Life Expectancy: **40** *Remaining Life:* **0**

Best Cost: **$165,000**
Estimate to replace liner

Worst Cost: **$180,000**
Higher estimate for more labor, better quality liner

Source Information: Research with contractor

General Notes:

Comp #: 1807 Pond Bed - Reline (4, 5, 6)

Observations:
Cost will be higher than other ponds due to the accessibility and the tight area to redo these ponds

Location: **Ponds 4, 5, 6**

Quantity: **Approx. 2,350 GSF**

Life Expectancy: **40** *Remaining Life:* **9**

Best Cost: **$188,000**
Estimate to replace liner

Worst Cost: **$223,250**
Higher estimate for more labor, better quality liner

Source Information: Cost database

General Notes:
Pond #4 - Approx. 1000 GSF
Pond #5 - Approx. 300 GSF
Pond #6 - Approx. 1050 GSF

Comp #: 1807 Pond Bed - Reline (7)

Observations:
-Cost for this pond will be higher than the others due to the difficulty of accessing the area and the possibility of having to relandscape the owners yard due to the equipment "traffic" damaging the landscape.

Location: **Pond 7**

Quantity: **Approx. 17,500 GSF**

Life Expectancy: **40** *Remaining Life:* **6**

Best Cost: **$525,000**
Estimate to replace liner

Worst Cost: **$612,500**
Higher estimate for more labor, better quality liner

Source Information: Research with contractor

General Notes:

Comp #: 1807 Pond Bed - Reline (8)

Observations:
- Pond was relined in 2020 with EPDM

Location:

Quantity: **Approx. 24,200 GSF**

Life Expectancy: **40** *Remaining Life:* **35**

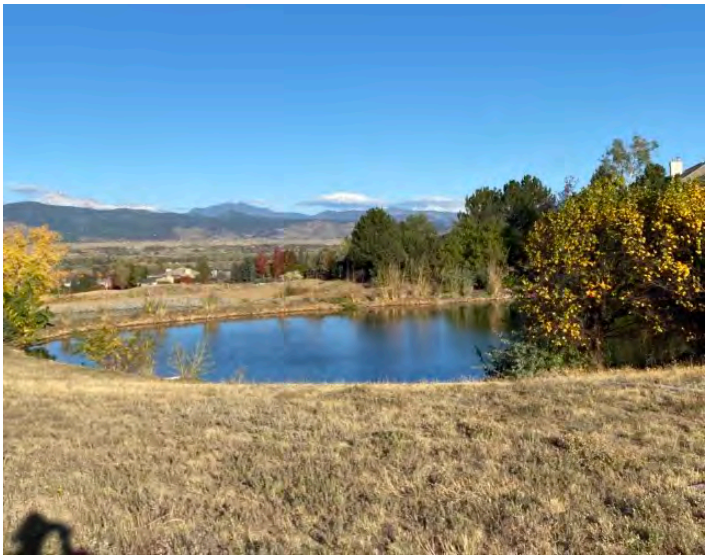
Best Cost: **$302,500**
Estimate to replace liner

Worst Cost: **$363,000**
Higher estimate for more labor, better quality liner

Source Information: Cost database

General Notes:

Comp #: 1807 Pond Bed - Reline (9)



Observations:

Location: **Pond 9**

Quantity: **Approx. 15,800 GSF**

Life Expectancy: **40** *Remaining Life:* **15**

Best Cost: **$197,500**
Estimate to replace liner

Worst Cost: **$237,000**
Higher estimate for more labor, better quality liner

Source Information: Cost database

General Notes:

Comp #: 1809 Waterfall/Waterfall Basin - Reline/Major Repairs

Observations:

Location: **Waterfall by pool area**

Quantity: **Extensive area**

Life Expectancy: **40** *Remaining Life:* **7**

Best Cost: **$85,000**

Worst Cost: **$100,000**

Source Information: Cost database

General Notes:

Comp #: 1811 Concrete Drain Channel - Repair

Observations:
- While concrete has a long life expectancy, periodic repairs should be anticipated.
- Due to the extent of the channel, we have established funding for periodic repairs every 8 years.
- Since it is unlikely that all concrete will need replaced at the same time, we recommend funding to repair 5% of the area every 8 years
- Coordinate with other concrete surfaces for best cost estimate

Location: **Adjacent to Longview Dr.**

Quantity: **Approx. 11,000 GSF**

Life Expectancy: **8** *Remaining Life:* **6**

Best Cost: **$11,000**
Allowance for repairs every 8 years

Worst Cost: **$13,200**
Higher allowance for more repairs

Source Information: Cost database

General Notes:

Comp #: 2005 Ditch Meters - Replace/Upgrade

Observations:

Location: **Adjacent to Pond #1**

Quantity:

Life Expectancy: **18** *Remaining Life:* **16**

Best Cost: **$27,500**

Worst Cost: **$30,000**

Source Information: Cost database

General Notes:

Funding Summary For Somerset Estates HOA

NOTE: The results of this report are based on replacement costs we know as of the date of this report. We are not responsible for higher than normal price increases after the date of this report.

Beginning Assumptions	
Financial Information Source	Research With Client
# of units	89
Fiscal Year End	December 31, 2025
Monthly Dues from 2025 budget	$26,310.42
Monthly Reserve Allocation from 2025 Budget	$8,205.00
Projected Starting Reserve Balance (as of 1/1/2025)	$208,000
Reserve Balance: Average Per Unit	$2,337
Ideal Starting Reserve Balance (as of 1/1/2025)	$2,182,592
Ideal Reserve Balance: Average Per Unit	$24,524

Economic Factors	
Past 20 year Average Inflation Rate (Based on CCI)	5.20%
Current Average Interest Rate	2.00%

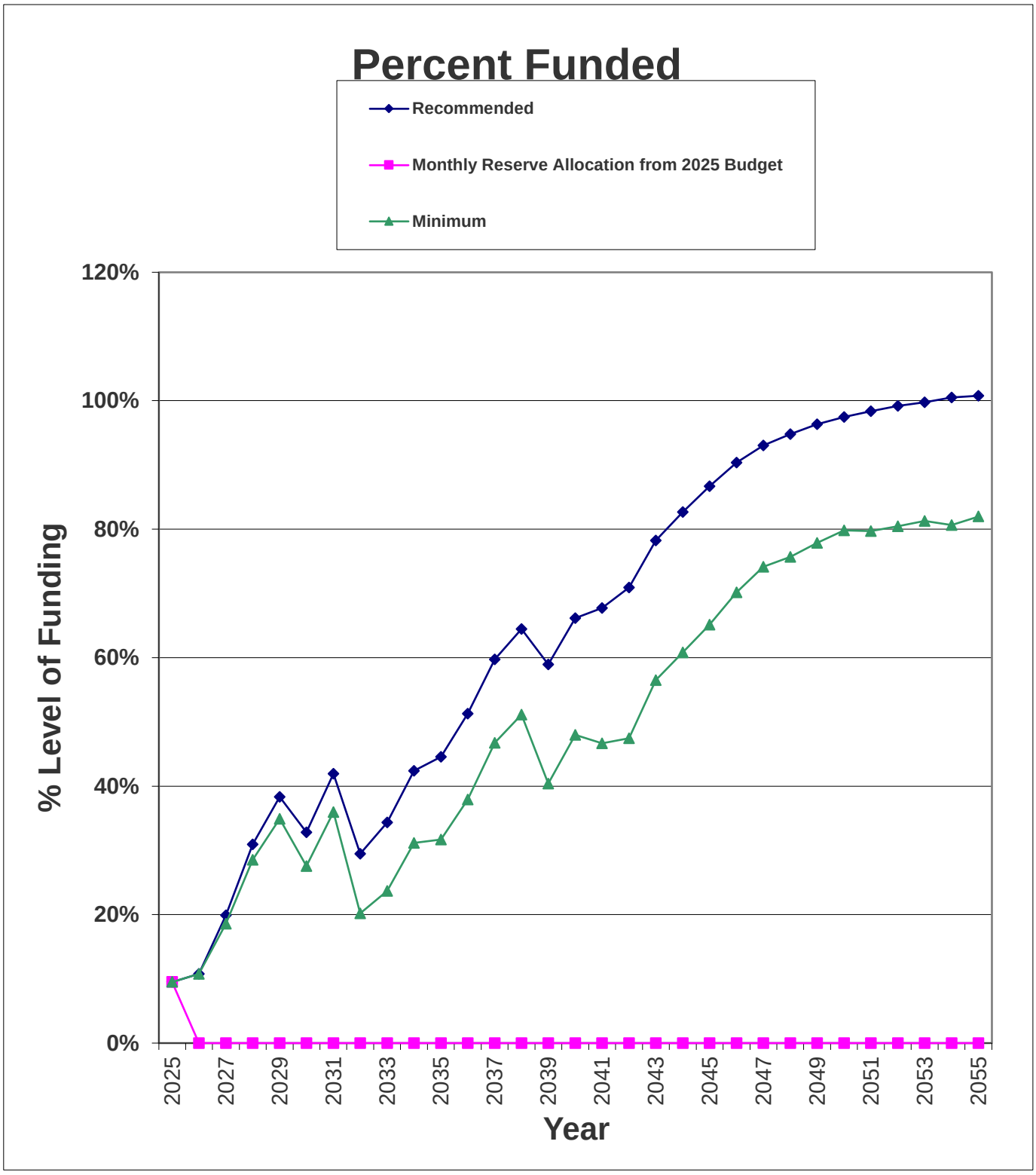
Current Reserve Status	
Current Balance as a % of Ideal Balance	10%

Recommendations for 2025 Fiscal Year	
Monthly Reserve Allocation (rest of 2025)	$8,205
Per Unit	$92.19
Monthly Reserve Allocation (starting 2026)	$28,850
Per Unit	$324.16
Minimum Monthly Reserve Allocation (starting 2026)	$26,500
Per Unit	$297.75
Primary Annual Increases	0.00%
# of Years	8
Secondary Annual Increases	4.60%
# of Years	22
Special Assessment	$267,000
Per Unit	$3,000

Changes To Current 2025 Reserve Contribution	
Increase/Decrease to Reserve Allocation	$0
as Percentage	0%
Average Per Unit	$0.00

Changes from 2025 to 2026 Reserve Contribution	
Increase/Decrease to Reserve Allocation	$20,645
as Percentage	252%
Average Per Unit	$231.97

Percent Funded Graph For Somerset Estates HOA

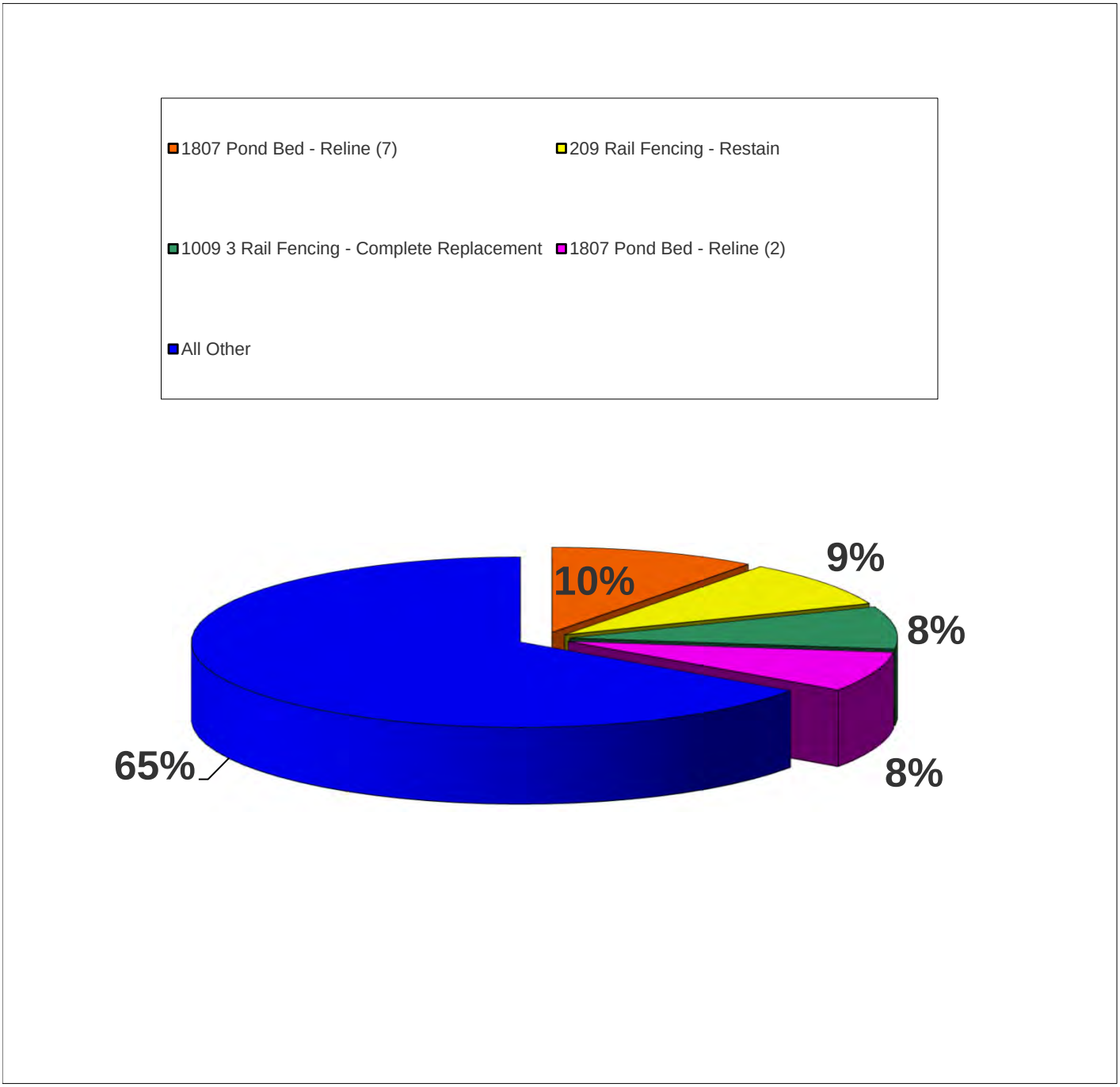


Category	Asset #	Asset Name	UL	RUL	Best Cost	Worst Cost
Painted Surfaces	209	Rail Fencing - Restain	3	1	$33,250	$40,375
Walking Surfaces	601	Concrete Flatwork - Partial Replace	4	2	$14,935	$16,225
	613	Asphalt Pathways - Major Overlay	20	16	$107,995	$120,700
	613	Asphalt Pathways - Surface Application	5	2	$8,895	$10,165
Prop. Identification	801	Main Monuments - Rebuild/Major Repairs	10	8	$22,000	$25,000
	801	Street Monument - Rebuild/Major Repairs	15	12	$67,500	$75,600
Fencing/Walls	1009	3 Rail Fencing - Complete Replacement	36	13	$380,000	$427,500
	1009	3 Rail Fencing - Major Repairs	3	1	$21,375	$23,750
	1013	Brick Columns - Major Repairs	12	7	$11,050	$13,000
Recreation Equip.	1311	Pet Waste Pick Up Stations - Replace	N/A		$0	$0
Light Fixtures	1603	Landscape Lights - Partial Replacement	5	4	$9,000	$10,000
	1604	Pole Lights - Replace	25	0	$9,000	$10,000
Irrig. System	1701	Irrigation System - Major Repairs	5	3	$40,000	$50,000
	1703	Irrigation Controllers - Replace	N/A		$0	$0
	1705	Pumps - Replace	4	0	$10,000	$12,000
	1707	Waterfall Pumps - One Time Install Expense	99	0	$32,500	$37,500
Landscaping	1801	Groundcover - Full Relandscape (Hwy 52)	25	0	$75,000	$100,000
	1801	Groundcover - Full Relandscape (Longview)	25	1	$72,500	$77,500
	1801	Groundcover - Replenish	4	2	$18,000	$20,000
	1801	Outlot D - Relandscape	99	0	$40,000	$45,000
	1804	Tree - Replacement	10	5	$40,000	$47,500
	1806	Ponds - Major Repair Allowance	N/A		$0	$0
	1807	Pond Bed - Reline (1)	30	28	$93,765	$104,585
	1807	Pond Bed - Reline (10, 11)	40	3	$56,515	$61,650
	1807	Pond Bed - Reline (2)	40	4	$405,150	$438,000
	1807	Pond Bed - Reline (3)	40	0	$165,000	$180,000
	1807	Pond Bed - Reline (4, 5, 6)	40	9	$188,000	$223,250
	1807	Pond Bed - Reline (7)	40	6	$525,000	$612,500
	1807	Pond Bed - Reline (8)	40	35	$302,500	$363,000
	1807	Pond Bed - Reline (9)	40	15	$197,500	$237,000
	1809	Waterfall/Waterfall Basin - Reline/Major Repairs	40	7	$85,000	$100,000
	1811	Concrete Drain Channel - Repair	8	6	$11,000	$13,200
Miscellaneous	2005	Ditch Meters - Replace/Upgrade	18	16	$27,500	$30,000

Significant Components For Somerset Estates HOA

ID	Asset Name	UL	RUL	Ave Curr Cost	Significance: (Curr Cost/UL) As $	As %
209	Rail Fencing - Restain	3	1	$36,813	$12,271	8.8120%
601	Concrete Flatwork - Partial Replace	4	2	$15,580	$3,895	2.7971%
613	Asphalt Pathways - Major Overlay	20	16	$114,348	$5,717	4.1058%
613	Asphalt Pathways - Surface Application	5	2	$9,530	$1,906	1.3687%
801	Main Monuments - Rebuild/Major Repairs	10	8	$23,500	$2,350	1.6876%
801	Street Monument - Rebuild/Major Repairs	15	12	$71,550	$4,770	3.4255%
1009	3 Rail Fencing - Complete Replacement	36	13	$403,750	$11,215	8.0540%
1009	3 Rail Fencing - Major Repairs	3	1	$22,563	$7,521	5.4009%
1013	Brick Columns - Major Repairs	12	7	$12,025	$1,002	0.7196%
1603	Landscape Lights - Partial Replacement	5	4	$9,500	$1,900	1.3644%
1604	Pole Lights - Replace	25	0	$9,500	$380	0.2729%
1701	Irrigation System - Major Repairs	5	3	$45,000	$9,000	6.4631%
1705	Pumps - Replace	4	0	$11,000	$2,750	1.9748%
1707	Waterfall Pumps - One Time Install Expense	99	0	$35,000	$354	0.2539%
1801	Groundcover - Full Relandscape (Hwy 52)	25	0	$87,500	$3,500	2.5134%
1801	Groundcover - Full Relandscape (Longview)	25	1	$75,000	$3,000	2.1544%
1801	Groundcover - Replenish	4	2	$19,000	$4,750	3.4111%
1801	Outlot D - Relandscape	99	0	$42,500	$429	0.3083%
1804	Tree - Replacement	10	5	$43,750	$4,375	3.1418%
1807	Pond Bed - Reline (1)	30	28	$99,175	$3,306	2.3740%
1807	Pond Bed - Reline (10, 11)	40	3	$59,083	$1,477	1.0607%
1807	Pond Bed - Reline (2)	40	4	$421,575	$10,539	7.5686%
1807	Pond Bed - Reline (3)	40	0	$172,500	$4,313	3.0969%
1807	Pond Bed - Reline (4, 5, 6)	40	9	$205,625	$5,141	3.6916%
1807	Pond Bed - Reline (7)	40	6	$568,750	$14,219	10.2108%
1807	Pond Bed - Reline (8)	40	35	$332,750	$8,319	5.9739%
1807	Pond Bed - Reline (9)	40	15	$217,250	$5,431	3.9003%
1809	Waterfall/Waterfall Basin - Reline/Major Repairs	40	7	$92,500	$2,313	1.6607%
1811	Concrete Drain Channel - Repair	8	6	$12,100	$1,513	1.0862%
2005	Ditch Meters - Replace/Upgrade	18	16	$28,750	$1,597	1.1470%

Significant Components Graph For Somerset Estates HOA

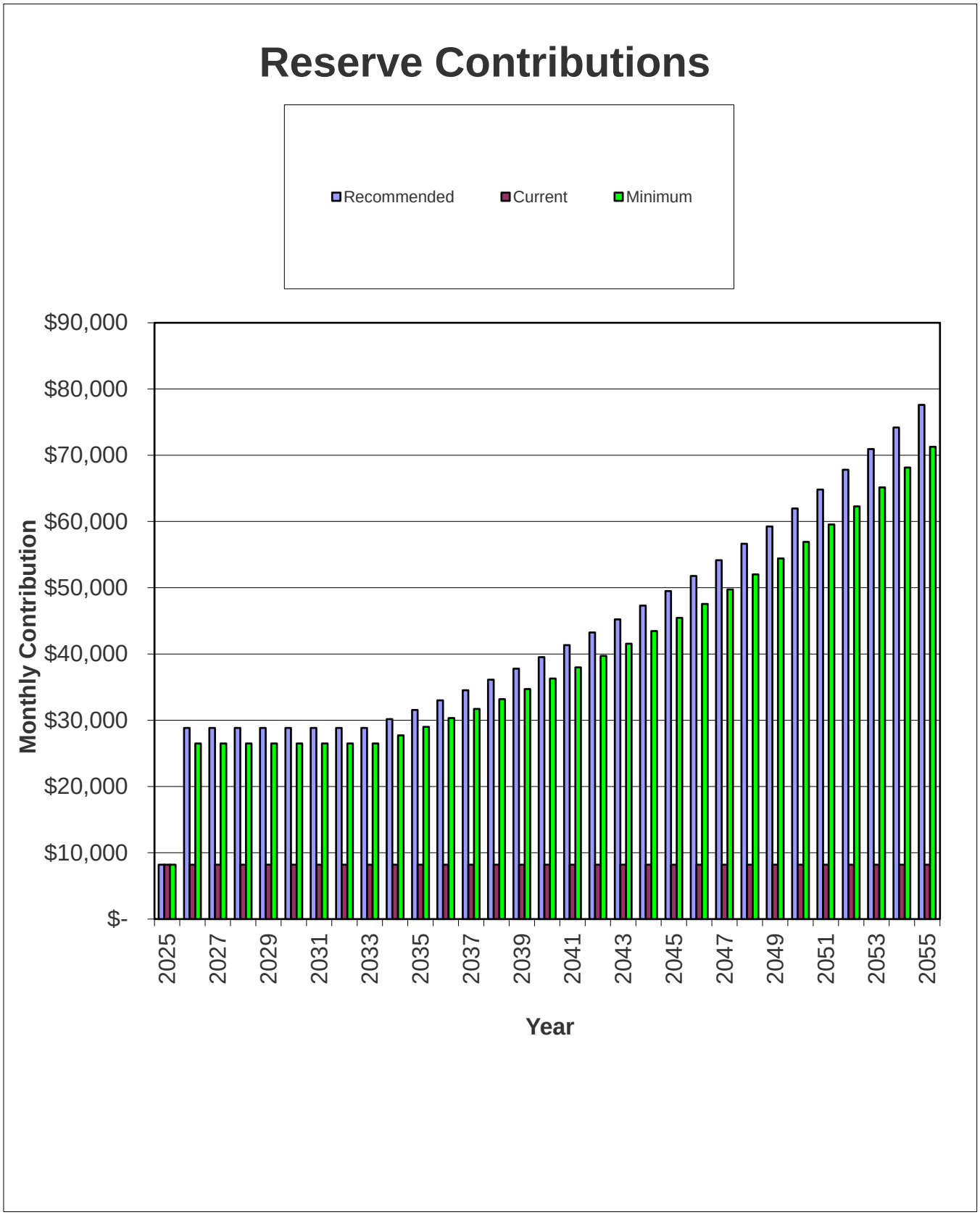


Asset ID	Asset Name	UL	RUL	Average Curr. Cost	Significance: (Curr Cost/UL) As $	As %
1807	Pond Bed - Reline (7)	40	6	$568,750	$14,219	10%
209	Rail Fencing - Restain	3	1	$36,813	$12,271	9%
1009	3 Rail Fencing - Complete Replacemen	36	13	$403,750	$11,215	8%
1807	Pond Bed - Reline (2)	40	4	$421,575	$10,539	8%
All Other	See Expanded Table on Page 4 For Additional Breakdown				$91,007	65%

Yearly Summary For Somerset Estates HOA

Fiscal Year Start	Fully Funded Balance	Starting Reserve Balance	Percent Funded	Annual Reserve Contribs	Alternative Funding	Interest Income	Reserve Expenses
2025	$2,182,592	$208,000	10%	$98,460	$267,000	$6,968	$358,000
2026	$2,065,963	$222,428	11%	$346,200	$0	$6,557	$141,363
2027	$2,178,790	$433,823	20%	$346,200	$0	$11,758	$48,817
2028	$2,402,856	$742,964	31%	$346,200	$0	$17,267	$121,178
2029	$2,570,880	$985,252	38%	$346,200	$0	$17,182	$614,173
2030	$2,237,879	$734,462	33%	$346,200	$0	$17,750	$56,371
2031	$2,483,700	$1,042,040	42%	$346,200	$0	$16,108	$834,206
2032	$1,933,836	$570,143	29%	$346,200	$0	$12,506	$247,306
2033	$1,983,124	$681,543	34%	$346,200	$0	$16,047	$119,260
2034	$2,180,542	$924,530	42%	$362,125	$0	$18,889	$339,494
2035	$2,167,966	$966,050	45%	$378,783	$0	$21,748	$155,983
2036	$2,359,812	$1,210,598	51%	$396,207	$0	$28,434	$0
2037	$2,738,374	$1,635,239	60%	$414,432	$0	$35,481	$169,182
2038	$2,971,947	$1,915,971	64%	$433,496	$0	$33,136	$982,144
2039	$2,376,425	$1,400,458	59%	$453,437	$0	$31,691	$114,236
2040	$2,677,699	$1,771,351	66%	$474,295	$0	$34,906	$558,312
2041	$2,542,962	$1,722,240	68%	$496,113	$0	$34,921	$480,390
2042	$2,499,487	$1,772,884	71%	$518,934	$0	$40,794	$22,561
2043	$2,952,530	$2,310,051	78%	$542,805	$0	$49,514	$256,719
2044	$3,200,831	$2,645,652	83%	$567,774	$0	$56,992	$211,957
2045	$3,528,104	$3,058,460	87%	$593,892	$0	$67,421	$30,318
2046	$4,083,437	$3,689,454	90%	$621,211	$0	$80,739	$0
2047	$4,720,539	$4,391,404	93%	$649,786	$0	$91,637	$352,572
2048	$5,041,951	$4,780,256	95%	$679,677	$0	$101,888	$144,402
2049	$5,622,308	$5,417,418	96%	$710,942	$0	$115,824	$69,204
2050	$6,336,397	$6,174,979	97%	$743,645	$0	$124,970	$710,714
2051	$6,438,465	$6,332,881	98%	$777,853	$0	$131,544	$409,393
2052	$6,889,883	$6,832,884	99%	$813,634	$0	$142,913	$318,668
2053	$7,488,678	$7,470,763	100%	$851,061	$0	$149,448	$984,258
2054	$7,448,348	$7,487,014	101%	$890,210	$0	$159,688	$41,322

Reserve Contributions For Somerset Estates HOA



Component Funding Information For Somerset Estates HOA

ID	Component Name	Ave Current Cost	Ideal Balance	Current Fund Balance	Monthly
209	Rail Fencing - Restain	$36,813	$24,542	$0	$723.02
601	Concrete Flatwork - Partial Replace	$15,580	$7,790	$0	$229.50
613	Asphalt Pathways - Major Overlay	$114,348	$22,870	$0	$336.88
613	Asphalt Pathways - Surface Application	$9,530	$5,718	$0	$112.31
801	Main Monuments - Rebuild/Major Repairs	$23,500	$4,700	$0	$138.47
801	Street Monument - Rebuild/Major Repairs	$71,550	$14,310	$0	$281.06
1009	3 Rail Fencing - Complete Replacement	$403,750	$257,951	$0	$660.83
1009	3 Rail Fencing - Major Repairs	$22,563	$15,042	$0	$443.14
1013	Brick Columns - Major Repairs	$12,025	$5,010	$0	$59.04
1603	Landscape Lights - Partial Replacement	$9,500	$1,900	$0	$111.95
1604	Pole Lights - Replace	$9,500	$9,500	$9,500	$22.39
1701	Irrigation System - Major Repairs	$45,000	$18,000	$0	$530.30
1705	Pumps - Replace	$11,000	$11,000	$11,000	$162.04
1707	Waterfall Pumps - One Time Install Expense	$35,000	$35,000	$35,000	$20.83
1801	Groundcover - Full Relandscape (Hwy 52)	$87,500	$87,500	$87,500	$206.23
1801	Groundcover - Full Relandscape (Longview)	$75,000	$72,000	$0	$176.77
1801	Groundcover - Replenish	$19,000	$9,500	$0	$279.88
1801	Outlot D - Relandscape	$42,500	$42,500	$42,500	$25.29
1804	Tree - Replacement	$43,750	$21,875	$0	$257.78
1807	Pond Bed - Reline (1)	$99,175	$6,612	$0	$194.79
1807	Pond Bed - Reline (10, 11)	$59,083	$54,651	$0	$87.03
1807	Pond Bed - Reline (2)	$421,575	$379,418	$0	$621.00
1807	Pond Bed - Reline (3)	$172,500	$172,500	$22,500	$254.10
1807	Pond Bed - Reline (4, 5, 6)	$205,625	$159,359	$0	$302.90
1807	Pond Bed - Reline (7)	$568,750	$483,438	$0	$837.80
1807	Pond Bed - Reline (8)	$332,750	$41,594	$0	$490.16
1807	Pond Bed - Reline (9)	$217,250	$135,781	$0	$320.02
1809	Waterfall/Waterfall Basin - Reline/Major Repairs	$92,500	$76,313	$0	$136.26
1811	Concrete Drain Channel - Repair	$12,100	$3,025	$0	$89.12
2005	Ditch Meters - Replace/Upgrade	$28,750	$3,194	$0	$94.11

Yearly Cash Flow For Somerset Estates HOA

Year	2025	2026	2027	2028	2029
Starting Balance	$208,000	$222,428	$433,823	$742,964	$985,252
Reserve Income	$98,460	$346,200	$346,200	$346,200	$346,200
Interest Earnings	$6,968	$6,557	$11,758	$17,267	$17,182
Alternative Funding	$267,000	$0	$0	$0	$0
Funds Available	$580,428	$575,185	$791,780	$1,106,431	$1,348,635
Reserve Expenditures	$358,000	$141,363	$48,817	$121,178	$614,173
Ending Balance	$222,428	$433,823	$742,964	$985,252	$734,462

Year	2030	2031	2032	2033	2034
Starting Balance	$734,462	$1,042,040	$570,143	$681,543	$924,530
Reserve Income	$346,200	$346,200	$346,200	$346,200	$362,125
Interest Earnings	$17,750	$16,108	$12,506	$16,047	$18,889
Alternative Funding	$0	$0	$0	$0	$0
Funds Available	$1,098,411	$1,404,348	$928,849	$1,043,790	$1,305,545
Reserve Expenditures	$56,371	$834,206	$247,306	$119,260	$339,494
Ending Balance	$1,042,040	$570,143	$681,543	$924,530	$966,050

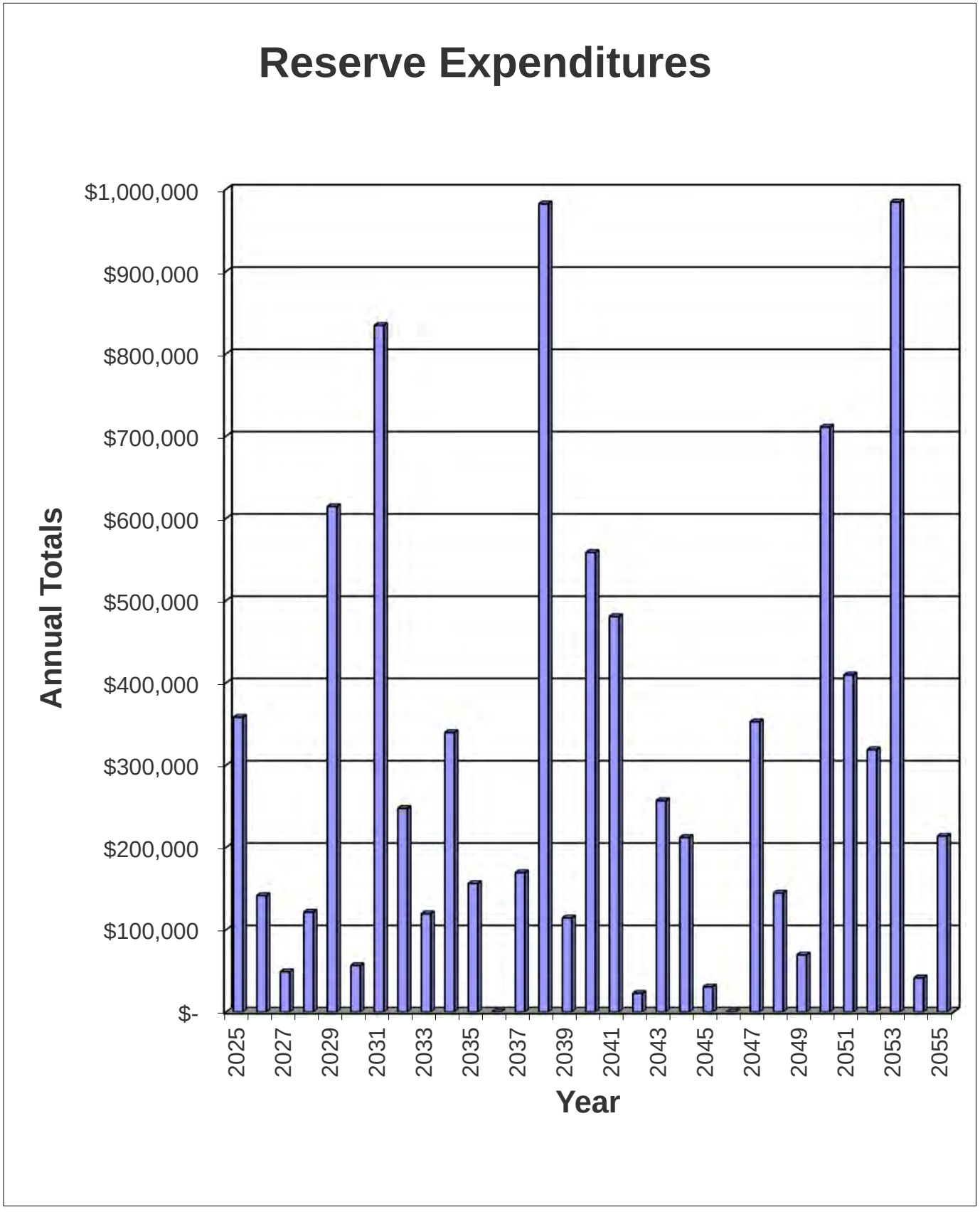
Year	2035	2036	2037	2038	2039
Starting Balance	$966,050	$1,210,598	$1,635,239	$1,915,971	$1,400,458
Reserve Income	$378,783	$396,207	$414,432	$433,496	$453,437
Interest Earnings	$21,748	$28,434	$35,481	$33,136	$31,691
Alternative Funding	$0	$0	$0	$0	$0
Funds Available	$1,366,581	$1,635,239	$2,085,153	$2,382,602	$1,885,586
Reserve Expenditures	$155,983	$0	$169,182	$982,144	$114,236
Ending Balance	$1,210,598	$1,635,239	$1,915,971	$1,400,458	$1,771,351

Year	2040	2041	2042	2043	2044
Starting Balance	$1,771,351	$1,722,240	$1,772,884	$2,310,051	$2,645,652
Reserve Income	$474,295	$496,113	$518,934	$542,805	$567,774
Interest Earnings	$34,906	$34,921	$40,794	$49,514	$56,992
Alternative Funding	$0	$0	$0	$0	$0
Funds Available	$2,280,552	$2,253,274	$2,332,612	$2,902,370	$3,270,417
Reserve Expenditures	$558,312	$480,390	$22,561	$256,719	$211,957
Ending Balance	$1,722,240	$1,772,884	$2,310,051	$2,645,652	$3,058,460

Year	2045	2046	2047	2048	2049
Starting Balance	$3,058,460	$3,689,454	$4,391,404	$4,780,256	$5,417,418
Reserve Income	$593,892	$621,211	$649,786	$679,677	$710,942
Interest Earnings	$67,421	$80,739	$91,637	$101,888	$115,824
Alternative Funding	$0	$0	$0	$0	$0
Funds Available	$3,719,773	$4,391,404	$5,132,827	$5,561,821	$6,244,184
Reserve Expenditures	$30,318	$0	$352,572	$144,402	$69,204
Ending Balance	$3,689,454	$4,391,404	$4,780,256	$5,417,418	$6,174,979

Year	2050	2051	2052	2053	2054
Starting Balance	$6,174,979	$6,332,881	$6,832,884	$7,470,763	$7,487,014
Reserve Income	$743,645	$777,853	$813,634	$851,061	$890,210
Interest Earnings	$124,970	$131,544	$142,913	$149,448	$159,688
Alternative Funding	$0	$0	$0	$0	$0
Funds Available	$7,043,595	$7,242,277	$7,789,431	$8,471,272	$8,536,912
Reserve Expenditures	$710,714	$409,393	$318,668	$984,258	$41,322
Ending Balance	$6,332,881	$6,832,884	$7,470,763	$7,487,014	$8,495,590

Yearly Expenditures Graph For Somerset Estates HOA



Projected Reserve Expenditures For Somerset Estates HOA

Year	Asset ID	Asset Name	Projected Cost	Total Per Annum
2025	1604	Pole Lights - Replace	$9,500	
	1705	Pumps - Replace	$11,000	
	1707	Waterfall Pumps - One Time Install Expense	$35,000	
	1801	Groundcover - Full Relandscape (Hwy 52)	$87,500	
	1801	Outlot D - Relandscape	$42,500	
	1807	Pond Bed - Reline (3)	$172,500	$358,000
2026	209	Rail Fencing - Restain	$38,727	
	1009	3 Rail Fencing - Major Repairs	$23,736	
	1801	Groundcover - Full Relandscape (Longview)	$78,900	$141,363
2027	601	Concrete Flatwork - Partial Replace	$17,242	
	613	Asphalt Pathways - Surface Application	$10,547	
	1801	Groundcover - Replenish	$21,027	$48,817
2028	1701	Irrigation System - Major Repairs	$52,391	
	1807	Pond Bed - Reline (10, 11)	$68,787	$121,178
2029	209	Rail Fencing - Restain	$45,088	
	1009	3 Rail Fencing - Major Repairs	$27,634	
	1603	Landscape Lights - Partial Replacement	$11,636	
	1705	Pumps - Replace	$13,473	
	1807	Pond Bed - Reline (2)	$516,342	$614,173
2030	1804	Tree - Replacement	$56,371	$56,371
2031	601	Concrete Flatwork - Partial Replace	$21,118	
	1801	Groundcover - Replenish	$25,754	
	1807	Pond Bed - Reline (7)	$770,932	
	1811	Concrete Drain Channel - Repair	$16,401	$834,206
2032	209	Rail Fencing - Restain	$52,493	
	613	Asphalt Pathways - Surface Application	$13,589	
	1009	3 Rail Fencing - Major Repairs	$32,173	
	1013	Brick Columns - Major Repairs	$17,147	
	1809	Waterfall/Waterfall Basin - Reline/Major Repairs	$131,902	$247,306
2033	801	Main Monuments - Rebuild/Major Repairs	$35,253	
	1701	Irrigation System - Major Repairs	$67,505	
	1705	Pumps - Replace	$16,501	$119,260
2034	1603	Landscape Lights - Partial Replacement	$14,992	
	1807	Pond Bed - Reline (4, 5, 6)	$324,502	$339,494
2035	209	Rail Fencing - Restain	$61,116	
	601	Concrete Flatwork - Partial Replace	$25,866	
	1009	3 Rail Fencing - Major Repairs	$37,458	
	1801	Groundcover - Replenish	$31,544	$155,983
2036		No Expenditures Projected		$0
2037	613	Asphalt Pathways - Surface Application	$17,510	
	801	Street Monument - Rebuild/Major Repairs	$131,461	
	1705	Pumps - Replace	$20,211	$169,182
2038	209	Rail Fencing - Restain	$71,154	
	1009	3 Rail Fencing - Complete Replacement	$780,400	
	1009	3 Rail Fencing - Major Repairs	$43,611	
	1701	Irrigation System - Major Repairs	$86,980	$982,144
2039	601	Concrete Flatwork - Partial Replace	$31,680	
	1603	Landscape Lights - Partial Replacement	$19,317	
	1801	Groundcover - Replenish	$38,634	
	1811	Concrete Drain Channel - Repair	$24,604	$114,236
2040	1804	Tree - Replacement	$93,587	
	1807	Pond Bed - Reline (9)	$464,725	$558,312
2041	209	Rail Fencing - Restain	$82,841	

Year	Asset ID	Asset Name	Projected Cost	Total Per Annum
	613	Asphalt Pathways - Major Overlay	$257,323	
	1009	3 Rail Fencing - Major Repairs	$50,774	
	1705	Pumps - Replace	$24,754	
	2005	Ditch Meters - Replace/Upgrade	$64,698	$480,390
2042	613	Asphalt Pathways - Surface Application	$22,561	$22,561
2043	601	Concrete Flatwork - Partial Replace	$38,802	
	801	Main Monuments - Rebuild/Major Repairs	$58,526	
	1701	Irrigation System - Major Repairs	$112,072	
	1801	Groundcover - Replenish	$47,319	$256,719
2044	209	Rail Fencing - Restain	$96,448	
	1009	3 Rail Fencing - Major Repairs	$59,113	
	1013	Brick Columns - Major Repairs	$31,505	
	1603	Landscape Lights - Partial Replacement	$24,890	$211,957
2045	1705	Pumps - Replace	$30,318	$30,318
2046		No Expenditures Projected		$0
2047	209	Rail Fencing - Restain	$112,290	
	601	Concrete Flatwork - Partial Replace	$47,524	
	613	Asphalt Pathways - Surface Application	$29,070	
	1009	3 Rail Fencing - Major Repairs	$68,823	
	1801	Groundcover - Replenish	$57,956	
	1811	Concrete Drain Channel - Repair	$36,909	$352,572
2048	1701	Irrigation System - Major Repairs	$144,402	$144,402
2049	1603	Landscape Lights - Partial Replacement	$32,070	
	1705	Pumps - Replace	$37,134	$69,204
2050	209	Rail Fencing - Restain	$130,734	
	1009	3 Rail Fencing - Major Repairs	$80,127	
	1604	Pole Lights - Replace	$33,738	
	1801	Groundcover - Full Relandscape (Hwy 52)	$310,743	
	1804	Tree - Replacement	$155,372	$710,714
2051	601	Concrete Flatwork - Partial Replace	$58,207	
	1801	Groundcover - Full Relandscape (Longview)	$280,202	
	1801	Groundcover - Replenish	$70,984	$409,393
2052	613	Asphalt Pathways - Surface Application	$37,456	
	801	Street Monument - Rebuild/Major Repairs	$281,212	$318,668
2053	209	Rail Fencing - Restain	$152,207	
	801	Main Monuments - Rebuild/Major Repairs	$97,165	
	1009	3 Rail Fencing - Major Repairs	$93,288	
	1701	Irrigation System - Major Repairs	$186,060	
	1705	Pumps - Replace	$45,481	
	1807	Pond Bed - Reline (1)	$410,056	$984,258
2054	1603	Landscape Lights - Partial Replacement	$41,322	$41,322
2055	601	Concrete Flatwork - Partial Replace	$71,292	
	1801	Groundcover - Replenish	$86,941	
	1811	Concrete Drain Channel - Repair	$55,368	$213,601

Glossary of Commonly used Words and Phrases (provided by the National Reserve Study Standards of the Community Associations Institute)

Asset or Component – Individual line items in the Reserve Study, developed or updated in the Physical Analysis. These elements form the building blocks for the Reserve Study. Components typically are: 1) Association Responsibility, 2) with limited Useful Life expectancies, 3) have predictable Remaining Life expectancies, 4) above a minimum threshold cost, and 5) required by local codes.

Cash Flow Method – A method of developing 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 anticipated schedule of Reserve expenses until the desired Funding Goal is achieved.

Component Inventory – The task of selecting and quantifying Reserve Components. This task can be accomplished through on-site visual observations, review of association design and organizational documents, a review of established association precedents, and discussion with appropriate association representatives.

Deficit – An actual (or projected) Reserve Balance, which is less than the Fully Funded Balance.

Effective Age – The difference between Useful Life and Remaining Useful Life. Not always equivalent to chronological age, since some components age irregularly. Used primarily in computations.

Financial Analysis – The portion of the Reserve Study where current status of the Reserves (Measured as cash or Percent Funded) and a recommended Reserve contribution rate (Reserve Funding Plan) are derived, and the projected Reserve income and expense over time is presented. The Financial Analysis is one of the two parts of the Reserve Study.

Component Full Funding – When the actual (or projected) cumulative Reserve balance for all components is equal to the Fully Funded Balance.

Fully Fund Balance (aka – Ideal Balance) – An indicator against which Actual (or projected) Reserve Balance can be compared. The Reserve balance that is in direct proportion to the fraction of life "used up" of the current Repair or Replacement cost. This number is calculated for each component, and then summed together for an association total.

FFB = Replacement Cost X Effective Age / Useful Life

Fund Status – The status of the Reserve Fund as compared to an established benchmark, such as percent funding.

Funding Goals – Independent of methodology utilized, the following represent the basic categories of Funding Plan Goals.

- **Baseline Funding:** Establishing a Reserve funding goal of keeping the Reserve Balance above zero.
- **Component Full Funding:** Setting a Reserve funding goal of attaining and maintaining cumulative Reserves at or near 100% funded.
- **Threshold Funding:** Establishing a Reserve funding goal of keeping the Reserve balance above a specified dollar or Percent Funded amount. Depending on the threshold, this may be more or less conservative than the "Component Fully Funding" method.

Funding Plan – An association's plan to provide income to a Reserve fund to offset anticipated expenditures from that fund.

Funding Principles –

- Sufficient Funds When Required
- Stable Contribution Rate over the Years
- Evenly Distributed Contributions over the Years
- Fiscally Responsible

Life and Valuation Estimates – The task of estimating Useful Life, Remaining Useful Life, and Repair or Replacement Costs for the Reserve components.

Percent Funded – The ratio, at a particular point of time (typically the beginning of the Fiscal Year), of the *actual* (or *projected*) Reserve Balance to the accrued *Fund Balance*, expressed as a percentage.

Physical Analysis – The portion of the Reserve Study where the Component Inventory, Condition Assessment, and Life and Valuation Estimate tasks are performed. This represents one of the two parts of the Reserve Study.

Remaining Useful Life (RUL) – Also referred to as "Remaining Life" (RL). The estimated time, in years, that a reserve component can be expected to *continue* to serve its intended function. Projects anticipated to occur in the initial year have "0" Remaining Useful Life.

Replacement Cost – The cost of replacing, repairing, or restoring a Reserve Component to its original functional condition. The Current Replacement Cost would be the cost to replace, repair, or restore the component during that particular year.

Reserve Balance – Actual or projected funds as of a particular point in time (typically the beginning of the fiscal year) that the association has identified for use to defray the future repair or replacement of those major components in which the association is obligated to maintain. Also known as Reserves, Reserve Accounts, Cash Reserves. This is based upon information provided and is not audited.

Reserve Provider – An individual that prepares Reserve Studies. Also known as ***Aspen Reserve Specialties.***

Reserve Study – A budget-planning tool that identifies the current status of the Reserve fund and a stable and equitable Funding Plan to offset the anticipated future major common area expenditures. The Reserve Study consists of two parts: The Physical Analysis and the Financial Analysis.

Special Assessment – An assessment levied on the members of an association in addition to regular assessments. Special Assessments are often regulated by governing documents or local statutes.

Surplus – An actual (or projected) Reserve Balance that is greater that the Fully Funded Balance.

Useful Life (UL) – Also known as "Life Expectancy", or "Depreciable Life". The estimated time, in years, that a Reserve component can be expected to serve its intended function if properly constructed and maintained in its present application or installation.