

**A FULL RESERVE STUDY FOR**

**Sheoah Highlands, Inc.  
Winter Springs, Florida  
File #22920-08431**

**FOR PERIOD: January 1, 2025 – December 31, 2025**

**PREPARED BY  
SEDGWICK VALUATION SERVICES  
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June 14, 2024

Sheoah Highlands, Inc.  
Attn: Ms. Joyce Gary, LCAM  
Paine-Anderson Properties, Inc.  
301 West State Road 434, Suite 325  
Winter Springs, Florida 32708

Dear Ms. Gary,

On March 11, 2024, we completed an on-site inspection of Sheoah Highlands, Inc.'s common area reserve items. The intent of this reserve study report is to show cash reserves necessary for the future repair or replacement of expendable components incorporated into the subject property. The purpose of this report is to aid Sheoah Highlands, Inc. in making a determination for cash reserves that are needed to repair or replace short-lived building and/or site components.

The report identifies each component selected, its estimated useful life, adjusted life, scheduled replacement date, and current cost to repair/replace. The useful and remaining lives of the building components in this study, as well as the current replacement costs, have been selected from market standards, cost estimating services, and consideration of actual recent costs incurred by the association for reserve upgrades. This report is classified as a full reserve study under the guidelines of the National Reserve Study Standards of the Community Associations Institute, and conforms to the Community Associations Institute Professional Reserve Specialist Code of Ethics. The reserve specialist and Sedgwick Valuation Services have no relationships with the association that would result in actual or perceived conflicts of interest.

This report is our opinion and based upon observed conditions and state of repair. Actual determinations of the current conditions and state of repair for certain items may be beyond the scope of this report. Items may not last as long as projected or may exceed their estimated lives, and actual costs may not correspond to our included estimates. Influences such as weather, catastrophe, improper maintenance, physical abuse, or abnormal use can affect these lives and/or replacement costs. When such occurrences happen, another inspection should be made and a new revised study prepared. While we have attempted to create a useful tool for the association to plan their needs, the actual reserves set aside are solely at the association's discretion. The findings of this study are not for use in performing an audit, quality/forensic analyses, or background checks of historical records.

In completing this report, the reserve specialist completed the physical on-site inspection of the subject property. Appropriate measurements and counts were taken to determine quantities. No destructive testing methods (i.e. roof core sampling, etc.) were utilized during the inspection. Financial data, including the estimated reserve fund balance as of the analysis date, and property histories, provided by you and gleaned from the association's fiscal year 2024 reserve budget, were utilized in the completion of this report. This data was not audited, and was assumed to be complete and correct. Unless otherwise

specified, the reserve specialist estimated the repair/replacement costs and useful/remaining useful lives taking into account contingencies inherent to this type of work, and the report was prepared utilizing the information gathered in the field and the costs and useful lives estimated by the reserve analyst/specialist.

Respectfully submitted,  
Sedgwick Valuation Services

Stephen F. Brubaker, RS #65  
Reserve Specialist, Community Associations Institute

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## **PROJECT OVERVIEW**



The subject of this reserve study report is the common areas within Sheoah Highlands, Inc., a 45 unit residential development located within the greater The Highlands in Winter Springs, Florida. Originally constructed at or near 1973, per the Seminole County public records, the common areas include entry signage, landscaping/irrigation systems, asphalt paved parking and drives, mailboxes, concrete sidewalks, dumpster enclosures, and seven one/two story residential buildings (two four unit, one five unit and four eight unit). The residential buildings have painted concrete/stucco/siding exteriors, combination flat membrane and pitched shingle roofing and aluminum gutters/downspouts; the dwelling units include screened balconies, some also with screened entry patio areas. Three buildings (20, 30 and 40) includes screen enclosed common area entry areas/stairways, and the others include exterior wood frame stairways/walkways.

As of the date of our latest physical inspection, the common areas were observed to be in average overall condition for a property of the subject's age and location, and appear to have been properly maintained. No items of significant deferred maintenance were noted, nor any reserve related issues/problems reported.

Reserves are only calculated for the replacement of short-lived building or site components. This includes components that require replacement prior to the overall estimated end life of the buildings or structures. This report is designed to provide reasonable, appropriate budgetary cost and useful life data based on market standards for the subject's property type and in compliance with Florida statutes. Florida Statutes require consideration for roofs, exterior paint and/or waterproofing, pavement and all



items that have an estimated repair or replacement cost above \$10,000. This report assumes that the unit entry doors/hardware, screen enclosures/railings and balcony deck finishes are the financial responsibility of the unit owners. We are unaware of any private reserve requirements.



Representative four unit residential building, front elevation



Representative four unit residential building, rear/side elevation





Five unit residential building, front elevation



Five unit residential building, side/front elevation





Five unit residential building, rear elevation



Representative eight unit residential building, front elevation





Representative eight unit residential building, rear elevation



Representative eight unit residential building, side/front elevation





Representative common area interior stairway



Representative common area wood stairway/landing



Representative asphalt paving



## **RESERVE STUDY FUNDING ANALYSIS**

There are two generally accepted means of estimating reserves; the Cash Flow Analysis and the Component Funding Analysis methodologies. The **Cash Flow Analysis** (or Pooling Method) is a method of calculating reserve contributions where contributions to the reserve funds are designed to offset the variable annual expenditures from the reserve fund. This analysis recognizes interest income attributable to reserve accounts over the period of the analysis. Funds from the beginning balances are pooled together and a yearly contribution rate is calculated to arrive at a positive cash flow and reserve account balance to adequately fund the future projected expenditures throughout the period of the analysis.

Prior to December 23, 2002, Florida statute mandated that condominium associations calculate reserves via the Component Funding Analysis method, on an annual basis. Funding at less than 100% of the fully funded estimate, based on the Component Funding Analysis method, could occur only after a full vote of the association membership. As of December 23, 2002, amendments to the Florida Administrative Code recognize the Cash Flow Analysis method as an approved methodology for the calculation of reserve funding for condominium associations. The fund requirement estimated by the Cash Flow Analysis method can now be provided to the membership, on an annual basis as a fully funded figure. The analysis must be completed as a portion of the association's annual budget, include the total estimated useful lives, estimated remaining useful lives, and estimated replacement cost/deferred maintenance expenses of all assets in the reserve budget (minimum roofing, painting, paving and any other item with a replacement/repair cost over \$10,000), and the estimated fund balance of the pooled reserve account as of the beginning of the period for which the budget will be in effect.

If the association maintains a pooled account for reserves, the amount of the contribution to the pooled reserve account as disclosed on the proposed budget shall be not less than that required to ensure that the balance on hand at the beginning of the period for which the budget will go into effect plus the projected annual cash inflows over the remaining estimated useful lives of all of the assets that make up the reserve pool are equal to or greater than the projected annual cash outflows over the remaining estimated useful lives of all of the assets that make up the reserve pool, based on the current reserve analysis. The projected annual cash inflows may include estimated earnings from investment of principal; the association may include annual percentage increases in costs for the reserve components, but these increases are not mandated. Fully funded reserve contributions utilizing this methodology may not include future special assessments, and the annual funding levels cannot include percentage increases.

In our Cash Flow Analysis calculations, we do not include increases in construction costs/inflation. While future costs are expected to be higher than today's costs, which is supported by our analysis of past indexes/trends, increases in costs should be recognized as the association estimates current repair/replacement costs during their annual calculations of full reserve funding. A current cost estimate during the current fiscal year would theoretically be lower than a current cost for future fiscal years. That way the estimates of current cost moving forward will eventually represent current cost as of the date of forecast expenditure. Funding the reserves annually on that basis should ensure that adequate monies are available as of the date of expense, assuming that the current cost estimate is appropriate and that the reserve was fully funded since its last repair/replacement project was completed.

The **Component Funding Analysis** (or Straight Line Method) calculates the annual contribution amount for each individual line item component by dividing the component's unfunded balance by its



remaining useful life. A component's unfunded balance is its replacement cost less the reserve balance in the component at the beginning of the analysis period. The annual contribution rate for each individual line item component is then summed to calculate the total annual contribution rate for this analysis.

## **EXECUTIVE SUMMARY**

### **PROPERTY DATA**

**Property Name:** Sheoah Highlands, Inc.

**Property Location:** Winter Springs, Florida

**Property Type:** Condominium Association

**Total Units:** 45

**Report Run Date:** June 14, 2024

**Budget Year Begins:** January 1, 2025

**Budget Year Ends:** December 31, 2025

### **PROJECTED COMPONENT CATEGORIES AND PARAMETERS**

Painting & Waterproofing

Pavement

Roofing

Wood Stairways/Landings

Total current cost of all reserve components in reserve analysis:	\$	468,743
Estimated beginning reserve fund balance for reserve analysis:	\$	39,662
Total number of components scheduled for replacement in the 2025 budget year:		2
Total cost of components scheduled for replacement in the 2025 budget year:	\$	51,744

### **ANALYSIS RESULTS –CASH FLOW ANALYSIS**

Our recommended annual reserve funding contribution amount:	\$	27,240
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### **ANALYSIS RESULTS – COMPONENT FUNDING ANALYSIS**

Our recommended annual reserve funding contribution amount:	\$	66,850
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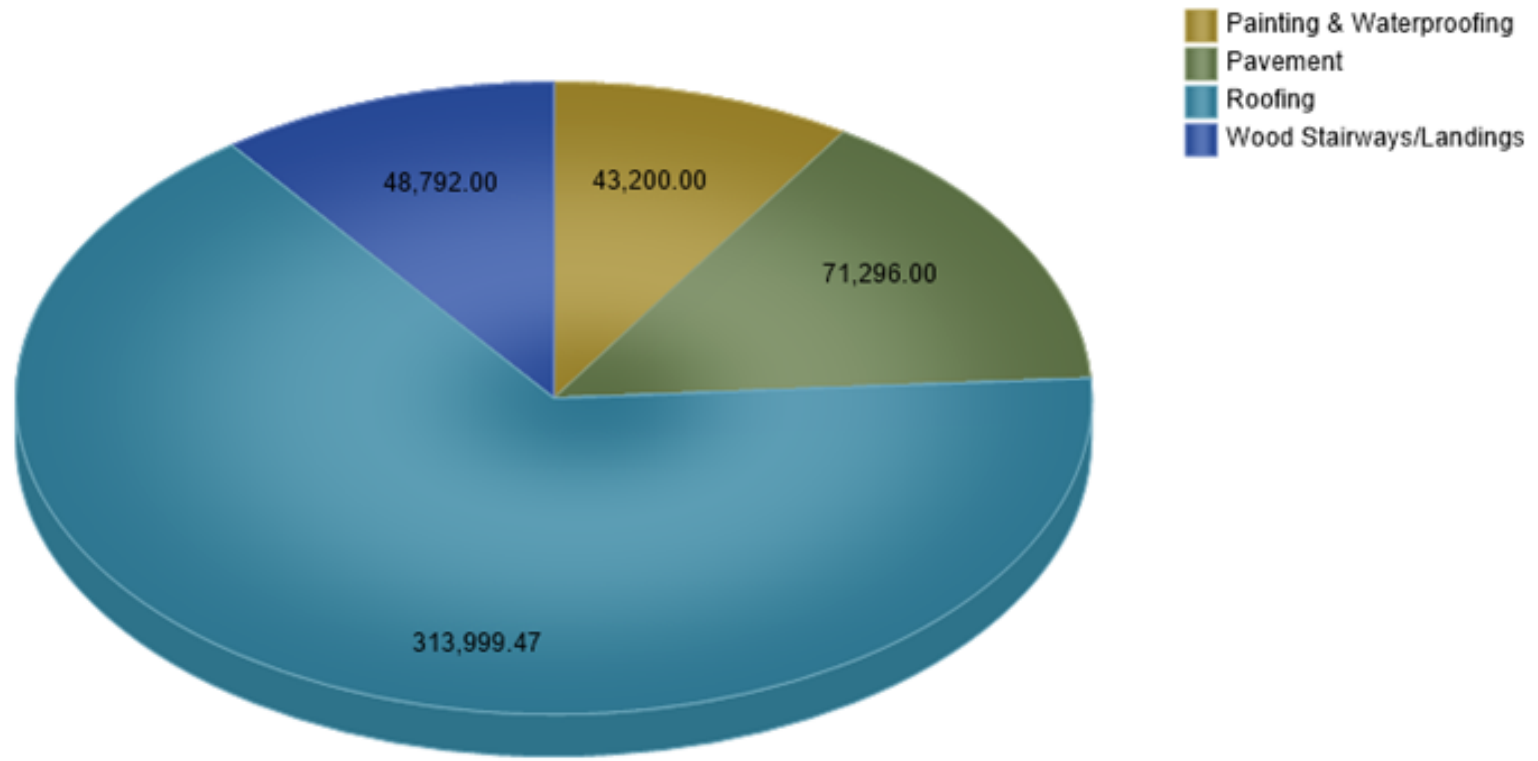
### **CONCLUSIONS**

Based on the Cash Flow Analysis methodology, the association can fully fund the reserves as analyzed in this report at \$27,240 in fiscal year 2025. In this analysis we have utilized a 4.05% rate of return on reserve funds invested over the study period (assuming safe investment in CDs, money market accounts, etc.). The Cash Flow Analysis utilizes a pooling effect with reserve funds by pooling all funds together and distributing these funds to individual components as their replacement comes due. Funds that are pooled together in the cash flow analysis include the beginning balance, contributions to the reserve funds and interest earned on reserve funds. These pooled funds are matched against reserve expenditures throughout the period of the analysis by using our reserve analysis software program to ensure that the available funds are always greater than expenditures.

Based on our Component Funding Analysis model, the reserves as analyzed in this report suggest that in order to fully fund in fiscal year 2025, the contribution should be \$66,850. The Component Funding Analysis is a straight-line accounting procedure that was previously mandated by the State of Florida. Until December 2002, funding at less than this amount was considered partial funding by the state and required approval by the association members. As stated previously in this report, changes to the administrative code now allow the implementation/use of a pooling, or cash flow method of reserve analysis.

## **CASH FLOW ANALYSIS**

**Sheoah Highlands, Inc.**  
Analysis Date - January 1, 2025  
**Item Parameter - Category - Chart**



**Sheoah Highlands, Inc.**  
**Analysis Date - January 1, 2025**  
**Item Parameters - Detail**

Category Reserve Item	Service Date	Replace Date	Basis Cost	Quantity	Current Cost	Est Life	Adj Life	Rem Life	Future Cost
<b>Painting &amp; Waterproofing</b>									
Paint/Waterproof Exteriors	06/01/2015	06/01/2025	\$ 960.00	45 units	\$ 43,200.00	7:00	10:00	0:05	\$ 43,200.00
					43,200.00				43,200.00
<b>Pavement</b>									
Asphalt Paving (Replacement)	06/01/2005	06/01/2028	\$ 16.94	3,200 sq yds	\$ 54,208.00	23:00	23:00	3:05	\$ 54,208.00
Asphalt Paving (Sealcoat/Rejuv.) 2025	06/01/2014	08/01/2025	2.67	3,200 sq yds	8,544.00	4:00	4:00	0:07	8,544.00
Asphalt Paving (Sealcoat/Rejuv.) 2032+	06/01/2014	08/01/2032	2.67	3,200 sq yds	8,544.00	4:00	18:02	7:07	8,544.00
					71,296.00				71,296.00
<b>Roofing</b>									
Flat Roofing Bldg. 10	06/01/2023	06/01/2043	\$ 1,217.90	32 squares	\$ 38,972.80	20:00	20:00	18:05	\$ 38,972.80
Flat Roofing Bldg. 20	06/01/2015	06/01/2035	1,217.90	15 squares	18,268.50	20:00	20:00	10:05	18,268.50
Flat Roofing Bldg. 30	06/01/2010	06/01/2030	1,217.90	15 squares	18,268.50	20:00	20:00	5:05	18,268.50
Flat Roofing Bldg. 40	06/01/2022	06/01/2042	1,217.90	46 squares	56,023.40	20:00	20:00	17:05	56,023.40
Flat Roofing Bldg. 50	06/01/2011	06/01/2031	1,217.90	16 squares	19,486.40	20:00	20:00	6:05	19,486.40
Flat Roofing Bldg. 60	06/01/2017	06/01/2037	1,217.90	39 squares	47,498.10	20:00	20:00	12:05	47,498.10
Flat Roofing Bldg. 70	06/01/2018	06/01/2038	1,217.90	16 squares	19,486.40	20:00	20:00	13:05	19,486.40
Shingle Roofing/Gutters Bldg. 10	06/01/2014	06/01/2035	744.15	17 squares	12,650.55	21:00	21:00	10:05	12,650.55
Shingle Roofing/Gutters Bldg. 20	06/01/2014	06/01/2035	744.15	26.5 squares	19,719.98	21:00	21:00	10:05	19,719.98
Shingle Roofing/Gutters Bldg. 30	06/01/2014	06/01/2035	744.15	26.5 squares	19,719.98	21:00	21:00	10:05	19,719.98
Shingle Roofing/Gutters Bldg. 40	06/01/2022	06/01/2043	744.15	22 squares	16,371.30	21:00	21:00	18:05	16,371.30
Shingle Roofing/Gutters Bldg. 50	06/01/2014	06/01/2035	744.15	8.5 squares	6,325.28	21:00	21:00	10:05	6,325.28
Shingle Roofing/Gutters Bldg. 60	06/01/2014	06/01/2035	744.15	20 squares	14,883.00	21:00	21:00	10:05	14,883.00
Shingle Roofing/Gutters Bldg. 70	06/01/2014	06/01/2035	744.15	8.5 squares	6,325.28	21:00	21:00	10:05	6,325.28
					313,999.47				313,999.47
<b>Wood Stairways/Landings</b>									
Wood Stairways/Landings Restoration	06/01/2018	06/01/2032	\$ 12,198.00	4 each	\$ 48,792.00	14:00	14:00	7:05	\$ 48,792.00
					48,792.00				48,792.00
					477,287.47				477,287.47

**Sheoah Highlands, Inc.**  
**Analysis Date - January 1, 2025**  
**Item Parameters - Full Detail**

**Paint/Waterproof Exteriors**

<b>Item Number</b>	5	<b>Measurement Basis</b>	units
<b>Type</b>	Common Area	<b>Estimated Useful Life</b>	7 Years
<b>Category</b>	Painting & Waterproofing	<b>Basis Cost</b>	960.00
<b>Tracking</b>	Logistical		
<b>Method</b>	Adjusted		

<b>Code</b>	<b>Desc.</b>	<b>Service Date</b>	<b>Replace Date</b>	<b>Rem Life</b>	<b>Adj Life</b>	<b>Quantity</b>	<b>Current Cost</b>	<b>Future Cost</b>
910-000-0005		06/01/2015	06/01/2025	0:05	10:00	45	43,200.00	43,200.00
							43,200.00	43,200.00

**Comments**

To ensure proper protection of the underlying concrete, stucco, wood and metal surfaces, the market reflects a maximum 7 year useful life for exterior painting & waterproofing (in lieu of an association purchased longer year warranty). The most recent painting/waterproofing project was completed in 2015, reflecting an actual age of +/- 8 years. As there were no reported plans to complete this project in 2024, the remaining useful life was adjusted to reflect a 2025 expense date; a recurring 7 year life cycle was scheduled thereafter. The current average per dwelling unit cost estimate includes consulting, permitting, typical minor concrete/stucco repairs, surface preparation, as needed window/sliding glass door caulking and painting/refinishing of all exterior concrete, stucco, wood and metal surfaces (including railings and window/slider frames).

**Sheoah Highlands, Inc.**  
**Analysis Date - January 1, 2025**  
**Item Parameters - Full Detail**

**Asphalt Paving (Replacement)**

<b>Item Number</b>	1	<b>Measurement Basis</b>	sq yds
<b>Type</b>	Common Area	<b>Estimated Useful Life</b>	23 Years
<b>Category</b>	Pavement	<b>Basis Cost</b>	16.94
<b>Tracking</b>	Logistical		
<b>Method</b>	Fixed		

<b>Code</b>	<b>Desc.</b>	<b>Service Date</b>	<b>Replace Date</b>	<b>Rem Life</b>	<b>Adj Life</b>	<b>Quantity</b>	<b>Current Cost</b>	<b>Future Cost</b>
910-000-0001		06/01/2005	06/01/2028	3:05	23:00	3,200	54,208.00	54,208.00
							54,208.00	54,208.00

**Comments**

We have observed life cycles of less than 15 years, to 25+ years, for asphalt repaving projects, assuming proper design, installation and routine maintenance. Properties of similar age/condition tend towards the higher end of that range. **The installation date of the existing asphalt paving was not confirmed; based on the observed condition, it appears that the association complete one additional sealcoating/rejuvenation project prior to asphalt repaving. Assuming a 2025 sealcoating/rejuvenation project, this expense was scheduled in 2028. We reserve the right to modify this report upon confirmation of the factual installation of the existing asphalt paving.** The current unit cost estimate includes engineering/consulting, permitting, milling/removal of the existing asphalt paving, typical minor repairs to the underlying pavement subbase and drainage systems, installation of new asphalt paving, curb stops replacement, and re-striping. The paved area is a rounded estimate.

Under normal conditions, total replacement of the concrete sidewalks/paving should not be necessary at any one given time. As such, reserving for total replacement is not considered practical, which is supported by our review of reserve budgets at similar properties. Some associations do establish and fund contingency reserves to provide monies for as needed repairs, while others prefer to fund as needed repairs through their annual operating budget. This report assumes that as needed concrete sidewalk repairs will continue to be funded through the association's annual operating budget, as a function of routine maintenance.

**Sheoah Highlands, Inc.**  
**Analysis Date - January 1, 2025**  
**Item Parameters - Full Detail**

**Asphalt Paving (Sealcoat/Rejuv.) 2025**

<b>Item Number</b>	4	<b>Measurement Basis</b>	sq yds
<b>Type</b>	Common Area	<b>Estimated Useful Life</b>	4 Years
<b>Category</b>	Pavement	<b>Basis Cost</b>	2.67
<b>Tracking</b>	Logistical		
<b>Method</b>	One Time		

<b>Code</b>	<b>Desc.</b>	<b>Service Date</b>	<b>Replace Date</b>	<b>Rem Life</b>	<b>Adj Life</b>	<b>Quantity</b>	<b>Current Cost</b>	<b>Future Cost</b>
910-000-0004			08/01/2025	0:07	4:00	3,200	8,544.00	8,544.00
							8,544.00	8,544.00

**Comments**

Some associations complete sealcoating/rejuvenation of their common area asphalt paving on a periodic and regular basis, to ensure a high cosmetic appeal and the maximum useful life of their asphalt paving; 3-4 year life cycles have most typically been observed. Other associations are of the opinion that this project is strictly cosmetic, and do not. This project was reportedly completed in 2014. As there were no reported plans to complete this project in 2024, a 2025 expense date was forecast. Assuming an asphalt repaving project in 2028, the next sealcoating/rejuvenation project was scheduled in 2032. A recurring 4 year life cycle was scheduled thereafter. The current cost estimate includes permitting, typical minor pavement repairs and re-striping. The total paved area is a rounded estimate.



**Sheoah Highlands, Inc.**  
Analysis Date - January 1, 2025  
**Item Parameters - Full Detail**

**Asphalt Paving (Sealcoat/Rejuv.) 2032+**

<b>Item Number</b>	11	<b>Measurement Basis</b>	sq yds
<b>Type</b>	Common Area	<b>Estimated Useful Life</b>	4 Years
<b>Category</b>	Pavement	<b>Basis Cost</b>	2.67
<b>Tracking</b>	Logistical		
<b>Method</b>	Adjusted		

<b>Code</b>	<b>Desc.</b>	<b>Service Date</b>	<b>Replace Date</b>	<b>Rem Life</b>	<b>Adj Life</b>	<b>Quantity</b>	<b>Current Cost</b>	<b>Future Cost</b>
910-000-0011		06/01/2014	08/01/2032	7:07	18:02	3,200	8,544.00	8,544.00
							8,544.00	8,544.00

**Comments**

**Sheoah Highlands, Inc.**  
**Analysis Date - January 1, 2025**  
**Item Parameters - Full Detail**

**Flat Roofing**

<b>Item Number</b>	8	<b>Measurement Basis</b>	squares
<b>Type</b>	Common Area	<b>Estimated Useful Life</b>	20 Years
<b>Category</b>	Roofing	<b>Basis Cost</b>	1,217.90
<b>Tracking</b>	Logistical		
<b>Method</b>	Fixed		

Code	Desc.	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Current Cost	Future Cost
920-001-0008	Bldg. 10	06/01/2023	06/01/2043	18:05	20:00	32	38,972.80	38,972.80
920-002-0008	Bldg. 20	06/01/2015	06/01/2035	10:05	20:00	15	18,268.50	18,268.50
920-003-0008	Bldg. 30	06/01/2010	06/01/2030	5:05	20:00	15	18,268.50	18,268.50
920-004-0008	Bldg. 40	06/01/2022	06/01/2042	17:05	20:00	46	56,023.40	56,023.40
920-005-0008	Bldg. 50	06/01/2011	06/01/2031	6:05	20:00	16	19,486.40	19,486.40
920-006-0008	Bldg. 60	06/01/2017	06/01/2037	12:05	20:00	39	47,498.10	47,498.10
920-007-0008	Bldg. 70	06/01/2018	06/01/2038	13:05	20:00	16	19,486.40	19,486.40
							218,004.10	218,004.10

**Comments**

Data gleaned from similar buildings/properties reflects a probable life cycle in the 20 year range for replacement of properly designed, installed and maintained flat/membrane roofing systems. As no professional roofing assessment(s) was provided that would suggest that physical conditions exist at any of the roofs that would otherwise limit their remaining useful lives, 20 year life cycles were estimated. The current unit cost estimate includes engineering/consulting, permitting, removal and disposal of the existing roofing, typical minor repairs to the underlying roof structures, flashing, etc. and installation of like roofing. The roof areas are rounded estimates. One square = 100 square feet.

**Sheoah Highlands, Inc.**  
**Analysis Date - January 1, 2025**  
**Item Parameters - Full Detail**

**Shingle Roofing/Gutters**

<b>Item Number</b>	7	<b>Measurement Basis</b>	squares
<b>Type</b>	Common Area	<b>Estimated Useful Life</b>	21 Years
<b>Category</b>	Roofing	<b>Basis Cost</b>	744.15
<b>Tracking</b>	Logistical		
<b>Method</b>	Fixed		

Code	Desc.	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Current Cost	Future Cost
920-001-0007	Bldg. 10	06/01/2014	06/01/2035	10:05	21:00	17	12,650.55	12,650.55
920-002-0007	Bldg. 20	06/01/2014	06/01/2035	10:05	21:00	26.5	19,719.98	19,719.98
920-003-0007	Bldg. 30	06/01/2014	06/01/2035	10:05	21:00	26.5	19,719.98	19,719.98
920-004-0007	Bldg. 40	06/01/2022	06/01/2043	18:05	21:00	22	16,371.30	16,371.30
920-005-0007	Bldg. 50	06/01/2014	06/01/2035	10:05	21:00	8.5	6,325.28	6,325.28
920-006-0007	Bldg. 60	06/01/2014	06/01/2035	10:05	21:00	20	14,883.00	14,883.00
920-007-0007	Bldg. 70	06/01/2014	06/01/2035	10:05	21:00	8.5	6,325.28	6,325.28
							<u>95,995.37</u>	<u>95,995.37</u>

**Comments**

Data gleaned from similar properties reflect a probable life cycle in the high 10 to mid-20 year range for replacement of properly installed and maintained pitched shingle roofing. **Excluding building 40, the installation date of the existing shingle roofs was not confirmed; based solely on their observed condition and reported installation dates for similar roofs in nearby properties (between 2008 and 2017), effective ages of 10 years were estimated and 2035 replacement dates scheduled. We reserve the right to modify this report upon confirmation of the factual installation dates, and recommend that prior to reserve funding decisions being made that factual installation dates be provided and this report amended accordingly.** The current cost estimate includes engineering/consulting, permitting, removal and disposal of the existing roofing, typical minor repairs to the underlying roof structures, flashing, as needed repair/replacement of fascia, soffits and gutters/downspouts, and installation of like roofing. The roof areas are rounded estimates. One square = 100 square feet.

**Sheoah Highlands, Inc.**  
**Analysis Date - January 1, 2025**  
**Item Parameters - Full Detail**

**Stairways Interiors/Screening Bldgs. 20/30/40**

<b>Item Number</b>	12	<b>Measurement Basis</b>	
<b>Type</b>	Common Area	<b>Estimated Useful Life</b>	0 Year
<b>Category</b>	Stairways Interiors/Screening	<b>Basis Cost</b>	0.00
<b>Tracking</b>	Logistical		
<b>Method</b>	Fixed		

<b>Code</b>	<b>Desc.</b>	<b>Service Date</b>	<b>Replace Date</b>	<b>Rem Life</b>	<b>Adj Life</b>	<b>Quantity</b>	<b>Current Cost</b>	<b>Future Cost</b>
910-000-0012			06/01/1973	0:00	0:00	0	0.00	0.00

**Comments**

Buildings 20, 30 and 40 includes shared entry areas/interior stairways, assumed to be common areas. We do not anticipate an expense of \$10,000+ for any individual component within these areas, and as such, inclusion of restoration/replacements in the association's estimate of full statutory reserve funding for fiscal year 2024 is not mandated under current Florida Statutory reserve funding requirements. Should the association wish to include a reserve(s) for these areas, installation/renovation/restoration date(s) would need to be provided.

**Sheoah Highlands, Inc.**  
**Analysis Date - January 1, 2025**  
**Item Parameters - Full Detail**

**Wood Stairways/Landings Restoration**

<b>Item Number</b>	10	<b>Measurement Basis</b>	each
<b>Type</b>	Common Area	<b>Estimated Useful Life</b>	14 Years
<b>Category</b>	Wood Stairways/Landings	<b>Basis Cost</b>	12,198.00
<b>Tracking</b>	Logistical		
<b>Method</b>	Fixed		

<b>Code</b>	<b>Desc.</b>	<b>Service Date</b>	<b>Replace Date</b>	<b>Rem Life</b>	<b>Adj Life</b>	<b>Quantity</b>	<b>Current Cost</b>	<b>Future Cost</b>
910-000-0010		06/01/2018	06/01/2032	7:05	14:00	4	48,792.00	48,792.00
							48,792.00	48,792.00

**Comments**

At some point, the association should expect to incur costs for major restoration/replacement of the wood stairways/landings (including, but not necessarily limited to, removal/disposal of the existing wood decking/railings, repairs/replacement of underlying framing/stringers/structural components and installation of like wood decking/railings) at buildings 10, 50 and 70. It was assumed that as shared access, these areas are common area and therefore the financial responsibility of the association. Assuming proper and routine maintenance, this scope of restoration has been observed on life cycles in the low 10 to 20 year range. **The date of completion of the most recent restoration project(s) was not confirmed. Based on the observed condition, it does not appear that any major restoration will be needed during the next exterior painting/waterproofing project (these projects are often completed as a portion of a larger exterior restoration/painting/waterproofing project, to minimize unit costs). Therefore, this expense was scheduled in 2032, and on a recurring 14 year life cycle thereafter. We reserve the right to modify this report upon confirmation of the factual completion date(s) of the most recent major third party contractor restoration.** The current per stairway/landing cost estimate is based on a \$59.50/sq.ft. unit cost estimate for the +/- 205 square feet of stairway/landing. This cost estimate is not reflective of total replacement.

# Sheoah Highlands, Inc.

Analysis Date - January 1, 2025

## Expenditures

Category	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>Painting &amp; Waterproofing</b>										
Paint/Waterproof Exteriors	43,200							43,200		
	43,200	0	0	0	0	0	0	43,200	0	0
<b>Pavement</b>										
Asphalt Paving (Replacement)				54,208						
Asphalt Paving (Sealcoat/Rejuv.) 2025	8,544									
Asphalt Paving (Sealcoat/Rejuv.) 2032								8,544		
	8,544	0	0	54,208	0	0	0	8,544	0	0
<b>Roofing</b>										
Flat Roofing Bldg. 30						18,269				
Flat Roofing Bldg. 50							19,486			
	0	0	0	0	0	18,269	19,486	0	0	0
<b>Wood Stairways/Landings</b>										
Wood Stairways/Landings Restoration								48,792		
	0	0	0	0	0	0	0	48,792	0	0
	51,744	0	0	54,208	0	18,269	19,486	100,536	0	0

# Sheoah Highlands, Inc.

Analysis Date - January 1, 2025

## Expenditures

Category	2035	2036	2037	2038	2039	2040	2041	2042	2043
<b>Painting &amp; Waterproofing</b>									
Paint/Waterproof Exteriors					43,200				
	0	0	0	0	43,200	0	0	0	0
<b>Pavement</b>									
Asphalt Paving (Sealcoat/Rejuv.)		8,544				8,544			
	0	8,544	0	0	0	8,544	0	0	0
<b>Roofing</b>									
Flat Roofing Bldg. 10									38,973
Flat Roofing Bldg. 20	18,269								
Flat Roofing Bldg. 40								56,023	
Flat Roofing Bldg. 60			47,498						
Flat Roofing Bldg. 70				19,486					
Shingle Roofing/Gutters Bldg. 10	12,651								
Shingle Roofing/Gutters Bldg. 20	19,720								
Shingle Roofing/Gutters Bldg. 30	19,720								
Shingle Roofing/Gutters Bldg. 40									16,371
Shingle Roofing/Gutters Bldg. 50	6,325								
Shingle Roofing/Gutters Bldg. 60	14,883								
Shingle Roofing/Gutters Bldg. 70	6,325								
	97,893	0	47,498	19,486	0	0	0	56,023	55,344
	97,893	8,544	47,498	19,486	43,200	8,544	0	56,023	55,344

## Sheoah Highlands, Inc.

Analysis Date - January 1, 2025

### Cash Flow - Monthly

2025	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	\$ 39,662.00	\$ 2,270.00	\$ 137.69	\$ 0.00	\$ 42,069.69
February	42,069.69	2,270.00	145.82	0.00	44,485.51
March	44,485.51	2,270.00	153.97	0.00	46,909.48
April	46,909.48	2,270.00	162.15	0.00	49,341.63
May	49,341.63	2,270.00	170.36	0.00	51,781.99
June	51,781.99	2,270.00	105.69	43,200.00	10,957.68
July	10,957.68	2,270.00	40.81	0.00	13,268.49
August	13,268.49	2,270.00	34.19	8,544.00	7,028.68
September	7,028.68	2,270.00	27.55	0.00	9,326.23
October	9,326.23	2,270.00	35.31	0.00	11,631.54
November	11,631.54	2,270.00	43.09	0.00	13,944.63
December	13,944.63	2,270.00	50.89	0.00	16,265.52
	39,662	27,240	1,108	51,744	16,266

2026	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	\$ 16,265.52	\$ 2,270.00	\$ 58.73	\$ 0.00	\$ 18,594.25
February	18,594.25	2,270.00	66.59	0.00	20,930.84
March	20,930.84	2,270.00	74.47	0.00	23,275.31
April	23,275.31	2,270.00	82.38	0.00	25,627.69
May	25,627.69	2,270.00	90.32	0.00	27,988.01
June	27,988.01	2,270.00	98.29	0.00	30,356.30
July	30,356.30	2,270.00	106.28	0.00	32,732.58
August	32,732.58	2,270.00	114.30	0.00	35,116.88
September	35,116.88	2,270.00	122.35	0.00	37,509.23
October	37,509.23	2,270.00	130.42	0.00	39,909.65
November	39,909.65	2,270.00	138.53	0.00	42,318.18
December	42,318.18	2,270.00	146.65	0.00	44,734.83
	16,266	27,240	1,229	0	44,735



## Sheoah Highlands, Inc.

Analysis Date - January 1, 2025

### Cash Flow - Monthly

2027	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	\$ 44,734.83	\$ 2,270.00	\$ 154.81	\$ 0.00	\$ 47,159.64
February	47,159.64	2,270.00	162.99	0.00	49,592.63
March	49,592.63	2,270.00	171.21	0.00	52,033.84
April	52,033.84	2,270.00	179.44	0.00	54,483.28
May	54,483.28	2,270.00	187.71	0.00	56,940.99
June	56,940.99	2,270.00	196.01	0.00	59,407.00
July	59,407.00	2,270.00	204.33	0.00	61,881.33
August	61,881.33	2,270.00	212.68	0.00	64,364.01
September	64,364.01	2,270.00	221.06	0.00	66,855.07
October	66,855.07	2,270.00	229.47	0.00	69,354.54
November	69,354.54	2,270.00	237.90	0.00	71,862.44
December	71,862.44	2,270.00	246.37	0.00	74,378.81
	44,735	27,240	2,404	0	74,379

2028	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	\$ 74,378.81	\$ 2,270.00	\$ 254.86	\$ 0.00	\$ 76,903.67
February	76,903.67	2,270.00	263.38	0.00	79,437.05
March	79,437.05	2,270.00	271.93	0.00	81,978.98
April	81,978.98	2,270.00	280.51	0.00	84,529.49
May	84,529.49	2,270.00	289.12	0.00	87,088.61
June	87,088.61	2,270.00	206.28	54,208.00	35,356.89
July	35,356.89	2,270.00	123.16	0.00	37,750.05
August	37,750.05	2,270.00	131.24	0.00	40,151.29
September	40,151.29	2,270.00	139.34	0.00	42,560.63
October	42,560.63	2,270.00	147.47	0.00	44,978.10
November	44,978.10	2,270.00	155.63	0.00	47,403.73
December	47,403.73	2,270.00	163.82	0.00	49,837.55
	74,379	27,240	2,427	54,208	49,838

## Sheoah Highlands, Inc.

Analysis Date - January 1, 2025

### Cash Flow - Monthly

2029	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	\$ 49,837.55	\$ 2,270.00	\$ 172.03	\$ 0.00	\$ 52,279.58
February	52,279.58	2,270.00	180.27	0.00	54,729.85
March	54,729.85	2,270.00	188.54	0.00	57,188.39
April	57,188.39	2,270.00	196.84	0.00	59,655.23
May	59,655.23	2,270.00	205.17	0.00	62,130.40
June	62,130.40	2,270.00	213.52	0.00	64,613.92
July	64,613.92	2,270.00	221.90	0.00	67,105.82
August	67,105.82	2,270.00	230.31	0.00	69,606.13
September	69,606.13	2,270.00	238.75	0.00	72,114.88
October	72,114.88	2,270.00	247.22	0.00	74,632.10
November	74,632.10	2,270.00	255.71	0.00	77,157.81
December	77,157.81	2,270.00	264.24	0.00	79,692.05
	49,838	27,240	2,615	0	79,692

2030	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	\$ 79,692.05	\$ 2,270.00	\$ 272.79	\$ 0.00	\$ 82,234.84
February	82,234.84	2,270.00	281.37	0.00	84,786.21
March	84,786.21	2,270.00	289.98	0.00	87,346.19
April	87,346.19	2,270.00	298.62	0.00	89,914.81
May	89,914.81	2,270.00	307.29	0.00	92,492.10
June	92,492.10	2,270.00	285.16	18,268.50	76,778.76
July	76,778.76	2,270.00	262.96	0.00	79,311.72
August	79,311.72	2,270.00	271.51	0.00	81,853.23
September	81,853.23	2,270.00	280.09	0.00	84,403.32
October	84,403.32	2,270.00	288.69	0.00	86,962.01
November	86,962.01	2,270.00	297.33	0.00	89,529.34
December	89,529.34	2,270.00	305.99	0.00	92,105.33
	79,692	27,240	3,442	18,269	92,105

## Sheoah Highlands, Inc.

Analysis Date - January 1, 2025

### Cash Flow - Monthly

2031	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	\$ 92,105.33	\$ 2,270.00	\$ 314.69	\$ 0.00	\$ 94,690.02
February	94,690.02	2,270.00	323.41	0.00	97,283.43
March	97,283.43	2,270.00	332.16	0.00	99,885.59
April	99,885.59	2,270.00	340.94	0.00	102,496.53
May	102,496.53	2,270.00	349.76	0.00	105,116.29
June	105,116.29	2,270.00	325.71	19,486.40	88,225.60
July	88,225.60	2,270.00	301.59	0.00	90,797.19
August	90,797.19	2,270.00	310.27	0.00	93,377.46
September	93,377.46	2,270.00	318.98	0.00	95,966.44
October	95,966.44	2,270.00	327.72	0.00	98,564.16
November	98,564.16	2,270.00	336.48	0.00	101,170.64
December	101,170.64	2,270.00	345.28	0.00	103,785.92
	92,105	27,240	3,927	19,486	103,786

2032	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	\$ 103,785.92	\$ 2,270.00	\$ 354.11	\$ 0.00	\$ 106,410.03
February	106,410.03	2,270.00	362.96	0.00	109,042.99
March	109,042.99	2,270.00	371.85	0.00	111,684.84
April	111,684.84	2,270.00	380.77	0.00	114,335.61
May	114,335.61	2,270.00	389.71	0.00	116,995.32
June	116,995.32	2,270.00	243.45	91,992.00	27,516.77
July	27,516.77	2,270.00	96.70	0.00	29,883.47
August	29,883.47	2,270.00	90.27	8,544.00	23,699.74
September	23,699.74	2,270.00	83.82	0.00	26,053.56
October	26,053.56	2,270.00	91.76	0.00	28,415.32
November	28,415.32	2,270.00	99.73	0.00	30,785.05
December	30,785.05	2,270.00	107.73	0.00	33,162.78
	103,786	27,240	2,673	100,536	33,163

## Sheoah Highlands, Inc.

Analysis Date - January 1, 2025

### Cash Flow - Monthly

2033	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	\$ 33,162.78	\$ 2,270.00	\$ 115.76	\$ 0.00	\$ 35,548.54
February	35,548.54	2,270.00	123.81	0.00	37,942.35
March	37,942.35	2,270.00	131.89	0.00	40,344.24
April	40,344.24	2,270.00	139.99	0.00	42,754.23
May	42,754.23	2,270.00	148.13	0.00	45,172.36
June	45,172.36	2,270.00	156.29	0.00	47,598.65
July	47,598.65	2,270.00	164.48	0.00	50,033.13
August	50,033.13	2,270.00	172.69	0.00	52,475.82
September	52,475.82	2,270.00	180.94	0.00	54,926.76
October	54,926.76	2,270.00	189.21	0.00	57,385.97
November	57,385.97	2,270.00	197.51	0.00	59,853.48
December	59,853.48	2,270.00	205.84	0.00	62,329.32
	33,163	27,240	1,927	0	62,329

2034	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	\$ 62,329.32	\$ 2,270.00	\$ 214.19	\$ 0.00	\$ 64,813.51
February	64,813.51	2,270.00	222.58	0.00	67,306.09
March	67,306.09	2,270.00	230.99	0.00	69,807.08
April	69,807.08	2,270.00	239.43	0.00	72,316.51
May	72,316.51	2,270.00	247.90	0.00	74,834.41
June	74,834.41	2,270.00	256.40	0.00	77,360.81
July	77,360.81	2,270.00	264.92	0.00	79,895.73
August	79,895.73	2,270.00	273.48	0.00	82,439.21
September	82,439.21	2,270.00	282.06	0.00	84,991.27
October	84,991.27	2,270.00	290.68	0.00	87,551.95
November	87,551.95	2,270.00	299.32	0.00	90,121.27
December	90,121.27	2,270.00	307.99	0.00	92,699.26
	62,329	27,240	3,130	0	92,699

## Sheoah Highlands, Inc.

Analysis Date - January 1, 2025

### Cash Flow - Monthly

2035	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	\$ 92,699.26	\$ 2,270.00	\$ 316.69	\$ 0.00	\$ 95,285.95
February	95,285.95	2,270.00	325.42	0.00	97,881.37
March	97,881.37	2,270.00	334.18	0.00	100,485.55
April	100,485.55	2,270.00	342.97	0.00	103,098.52
May	103,098.52	2,270.00	351.79	0.00	105,720.31
June	105,720.31	2,270.00	195.44	97,892.57	10,293.18
July	10,293.18	2,270.00	38.57	0.00	12,601.75
August	12,601.75	2,270.00	46.36	0.00	14,918.11
September	14,918.11	2,270.00	54.18	0.00	17,242.29
October	17,242.29	2,270.00	62.02	0.00	19,574.31
November	19,574.31	2,270.00	69.89	0.00	21,914.20
December	21,914.20	2,270.00	77.79	0.00	24,261.99
	92,699	27,240	2,215	97,893	24,262

2036	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	\$ 24,261.99	\$ 2,270.00	\$ 85.71	\$ 0.00	\$ 26,617.70
February	26,617.70	2,270.00	93.67	0.00	28,981.37
March	28,981.37	2,270.00	101.64	0.00	31,353.01
April	31,353.01	2,270.00	109.65	0.00	33,732.66
May	33,732.66	2,270.00	117.68	0.00	36,120.34
June	36,120.34	2,270.00	125.74	0.00	38,516.08
July	38,516.08	2,270.00	133.82	0.00	40,919.90
August	40,919.90	2,270.00	127.52	8,544.00	34,773.42
September	34,773.42	2,270.00	121.19	0.00	37,164.61
October	37,164.61	2,270.00	129.26	0.00	39,563.87
November	39,563.87	2,270.00	137.36	0.00	41,971.23
December	41,971.23	2,270.00	145.48	0.00	44,386.71
	24,262	27,240	1,429	8,544	44,387

## Sheoah Highlands, Inc.

Analysis Date - January 1, 2025

### Cash Flow - Monthly

2037	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	\$ 44,386.71	\$ 2,270.00	\$ 153.64	\$ 0.00	\$ 46,810.35
February	46,810.35	2,270.00	161.82	0.00	49,242.17
March	49,242.17	2,270.00	170.02	0.00	51,682.19
April	51,682.19	2,270.00	178.26	0.00	54,130.45
May	54,130.45	2,270.00	186.52	0.00	56,586.97
June	56,586.97	2,270.00	114.66	47,498.10	11,473.53
July	11,473.53	2,270.00	42.55	0.00	13,786.08
August	13,786.08	2,270.00	50.36	0.00	16,106.44
September	16,106.44	2,270.00	58.19	0.00	18,434.63
October	18,434.63	2,270.00	66.05	0.00	20,770.68
November	20,770.68	2,270.00	73.93	0.00	23,114.61
December	23,114.61	2,270.00	81.84	0.00	25,466.45
	44,387	27,240	1,338	47,498	25,466

2038	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	\$ 25,466.45	\$ 2,270.00	\$ 89.78	\$ 0.00	\$ 27,826.23
February	27,826.23	2,270.00	97.74	0.00	30,193.97
March	30,193.97	2,270.00	105.74	0.00	32,569.71
April	32,569.71	2,270.00	113.75	0.00	34,953.46
May	34,953.46	2,270.00	121.80	0.00	37,345.26
June	37,345.26	2,270.00	96.99	19,486.40	20,225.85
July	20,225.85	2,270.00	72.09	0.00	22,567.94
August	22,567.94	2,270.00	80.00	0.00	24,917.94
September	24,917.94	2,270.00	87.93	0.00	27,275.87
October	27,275.87	2,270.00	95.89	0.00	29,641.76
November	29,641.76	2,270.00	103.87	0.00	32,015.63
December	32,015.63	2,270.00	111.88	0.00	34,397.51
	25,466	27,240	1,177	19,486	34,398

## Sheoah Highlands, Inc.

Analysis Date - January 1, 2025

### Cash Flow - Monthly

2039	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	\$ 34,397.51	\$ 2,270.00	\$ 119.92	\$ 0.00	\$ 36,787.43
February	36,787.43	2,270.00	127.99	0.00	39,185.42
March	39,185.42	2,270.00	136.08	0.00	41,591.50
April	41,591.50	2,270.00	144.20	0.00	44,005.70
May	44,005.70	2,270.00	152.35	0.00	46,428.05
June	46,428.05	2,270.00	87.63	43,200.00	5,585.68
July	5,585.68	2,270.00	22.68	0.00	7,878.36
August	7,878.36	2,270.00	30.42	0.00	10,178.78
September	10,178.78	2,270.00	38.18	0.00	12,486.96
October	12,486.96	2,270.00	45.97	0.00	14,802.93
November	14,802.93	2,270.00	53.79	0.00	17,126.72
December	17,126.72	2,270.00	61.63	0.00	19,458.35
	34,398	27,240	1,021	43,200	19,458

2040	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	\$ 19,458.35	\$ 2,270.00	\$ 69.50	\$ 0.00	\$ 21,797.85
February	21,797.85	2,270.00	77.40	0.00	24,145.25
March	24,145.25	2,270.00	85.32	0.00	26,500.57
April	26,500.57	2,270.00	93.27	0.00	28,863.84
May	28,863.84	2,270.00	101.25	0.00	31,235.09
June	31,235.09	2,270.00	109.25	0.00	33,614.34
July	33,614.34	2,270.00	117.28	0.00	36,001.62
August	36,001.62	2,270.00	110.92	8,544.00	29,838.54
September	29,838.54	2,270.00	104.54	0.00	32,213.08
October	32,213.08	2,270.00	112.55	0.00	34,595.63
November	34,595.63	2,270.00	120.59	0.00	36,986.22
December	36,986.22	2,270.00	128.66	0.00	39,384.88
	19,458	27,240	1,231	8,544	39,385

## Sheoah Highlands, Inc.

Analysis Date - January 1, 2025

### Cash Flow - Monthly

2041	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	\$ 39,384.88	\$ 2,270.00	\$ 136.75	\$ 0.00	\$ 41,791.63
February	41,791.63	2,270.00	144.88	0.00	44,206.51
March	44,206.51	2,270.00	153.03	0.00	46,629.54
April	46,629.54	2,270.00	161.21	0.00	49,060.75
May	49,060.75	2,270.00	169.41	0.00	51,500.16
June	51,500.16	2,270.00	177.64	0.00	53,947.80
July	53,947.80	2,270.00	185.90	0.00	56,403.70
August	56,403.70	2,270.00	194.19	0.00	58,867.89
September	58,867.89	2,270.00	202.51	0.00	61,340.40
October	61,340.40	2,270.00	210.85	0.00	63,821.25
November	63,821.25	2,270.00	219.23	0.00	66,310.48
December	66,310.48	2,270.00	227.63	0.00	68,808.11
	39,385	27,240	2,183	0	68,808

2042	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	\$ 68,808.11	\$ 2,270.00	\$ 236.06	\$ 0.00	\$ 71,314.17
February	71,314.17	2,270.00	244.52	0.00	73,828.69
March	73,828.69	2,270.00	253.00	0.00	76,351.69
April	76,351.69	2,270.00	261.52	0.00	78,883.21
May	78,883.21	2,270.00	270.06	0.00	81,423.27
June	81,423.27	2,270.00	184.09	56,023.40	27,853.96
July	27,853.96	2,270.00	97.84	0.00	30,221.80
August	30,221.80	2,270.00	105.83	0.00	32,597.63
September	32,597.63	2,270.00	113.85	0.00	34,981.48
October	34,981.48	2,270.00	121.89	0.00	37,373.37
November	37,373.37	2,270.00	129.97	0.00	39,773.34
December	39,773.34	2,270.00	138.07	0.00	42,181.41
	68,808	27,240	2,157	56,023	42,181



## Sheoah Highlands, Inc.

Analysis Date - January 1, 2025

### Cash Flow - Monthly

2043	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
January	\$ 42,181.41	\$ 2,270.00	\$ 146.19	\$ 0.00	\$ 44,597.60
February	44,597.60	2,270.00	154.35	0.00	47,021.95
March	47,021.95	2,270.00	162.53	0.00	49,454.48
April	49,454.48	2,270.00	170.74	0.00	51,895.22
May	51,895.22	2,270.00	178.98	0.00	54,344.20
June	54,344.20	2,270.00	93.85	55,344.10	1,363.95
July	1,363.95	2,270.00	8.43	0.00	3,642.38
August	3,642.38	2,270.00	16.12	0.00	5,928.50
September	5,928.50	2,270.00	23.84	0.00	8,222.34
October	8,222.34	2,270.00	31.58	0.00	10,523.92
November	10,523.92	2,270.00	39.35	0.00	12,833.27
December	12,833.27	2,270.00	47.14	0.00	15,150.41
	42,181	27,240	1,073	55,344	15,150

## Sheoah Highlands, Inc.

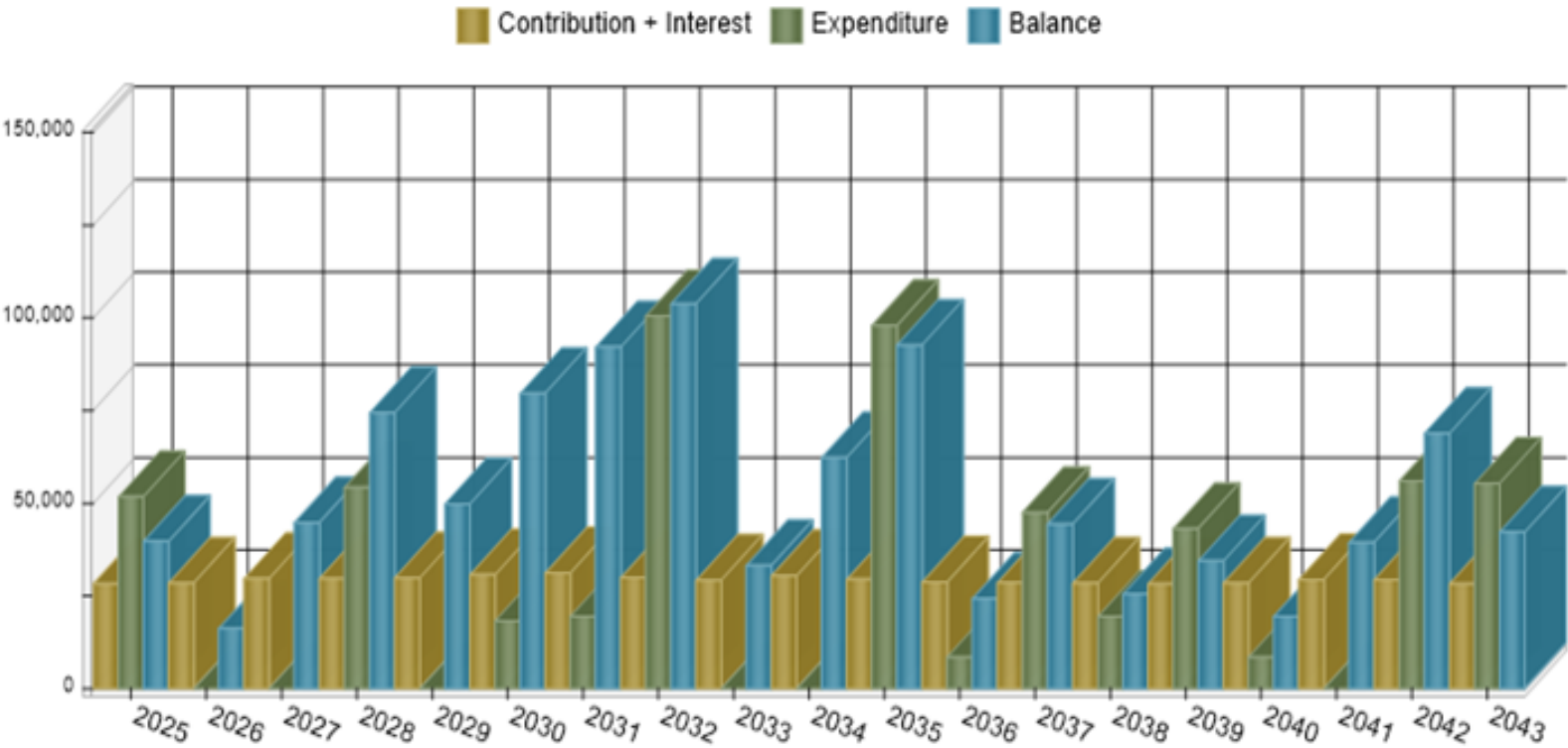
Analysis Date - January 1, 2025

### Cash Flow - Annual

Period	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
01/25 - 12/25	\$ 39,662.00	\$ 27,240.00	\$ 1,107.52	\$ 51,744.00	\$ 16,265.52
01/26 - 12/26	16,265.52	27,240.00	1,229.31	0.00	44,734.83
01/27 - 12/27	44,734.83	27,240.00	2,403.98	0.00	74,378.81
01/28 - 12/28	74,378.81	27,240.00	2,426.74	54,208.00	49,837.55
01/29 - 12/29	49,837.55	27,240.00	2,614.50	0.00	79,692.05
01/30 - 12/30	79,692.05	27,240.00	3,441.78	18,268.50	92,105.33
01/31 - 12/31	92,105.33	27,240.00	3,926.99	19,486.40	103,785.92
01/32 - 12/32	103,785.92	27,240.00	2,672.86	100,536.00	33,162.78
01/33 - 12/33	33,162.78	27,240.00	1,926.54	0.00	62,329.32
01/34 - 12/34	62,329.32	27,240.00	3,129.94	0.00	92,699.26
	39,662.00	272,400.00	24,880.16	244,242.90	92,699.26

Period	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
01/35 - 12/35	\$ 92,699.26	\$ 27,240.00	\$ 2,215.30	\$ 97,892.57	\$ 24,261.99
01/36 - 12/36	24,261.99	27,240.00	1,428.72	8,544.00	44,386.71
01/37 - 12/37	44,386.71	27,240.00	1,337.84	47,498.10	25,466.45
01/38 - 12/38	25,466.45	27,240.00	1,177.46	19,486.40	34,397.51
01/39 - 12/39	34,397.51	27,240.00	1,020.84	43,200.00	19,458.35
01/40 - 12/40	19,458.35	27,240.00	1,230.53	8,544.00	39,384.88
01/41 - 12/41	39,384.88	27,240.00	2,183.23	0.00	68,808.11
01/42 - 12/42	68,808.11	27,240.00	2,156.70	56,023.40	42,181.41
01/43 - 12/43	42,181.41	27,240.00	1,073.10	55,344.10	15,150.41
	92,699.26	245,160.00	13,823.72	336,532.57	15,150.41

**Sheoah Highlands, Inc.**  
**Analysis Date - January 1, 2025**  
**Cash Flow - Chart**



**Sheoah Highlands, Inc.**  
**Analysis Date - January 1, 2025**  
**Supplementary Information**  
**on Future Major Repairs and Replacements**

	Estimated Remaining Useful Lives Life YY:MM	Estimated Current Replacement Cost	2025 Funding Requirement	Components of Fund Balance at 12/31/2024
<b>Painting &amp; Waterproofing</b>				
Paint/Waterproof Exteriors	0:05	\$ 43,200	\$ 4,508	\$ 39,662
		43,200	4,508	39,662
<b>Pavement</b>				
Asphalt Paving (Replacement)	3:05	\$ 54,208	\$ 2,459	\$ 0
Asphalt Paving (Sealcoat/Rejuv.)	7:07	8,544	491	0
		62,752	2,950	0
<b>Roofing</b>				
Flat Roofing	5:05 -18:05	\$ 218,004	\$ 11,375	\$ 0
Shingle Roofing/Gutters	10:05 -18:05	95,995	4,770	0
		313,999	16,145	0
<b>Wood Stairways/Landings</b>				
Wood Stairways/Landings Restoration	7:05	\$ 48,792	\$ 3,637	\$ 0
		48,792	3,637	0
		468,743	27,240	39,662

## **COMPONENT FUNDING ANALYSIS**

**Sheoah Highlands, Inc.**  
**Analysis Date - January 1, 2025**  
**Component Funding Analysis - Categories**

<b>Category</b>	<b>Useful Life</b>	<b>Remaining Life</b>	<b>12/31/2024 Balance</b>	<b>Estimated Replacement Cost</b>	<b>Unfunded Balance</b>	<b>Contribution</b>
Painting & Waterproofing	7	0	\$ 39,662	\$ 43,200	\$ 3,538	\$ 3,538
Pavement	4 - 23	0 - 7	0	71,296	71,296	27,824
Roofing	20 - 21	5 - 18	0	313,999	313,999	28,518
Wood Stairways/Landings	14	7	0	48,792	48,792	6,970
			39,662	477,287	437,625	66,850

**Sheoah Highlands, Inc.**  
**Analysis Date - January 1, 2025**  
**Component Funding Analysis - Items**

<b>Category Reserve Item</b>	<b>Useful Life</b>	<b>Remaining Life</b>	<b>12/31/2024 Balance</b>	<b>Estimated Replacement Cost</b>	<b>Unfunded Balance</b>	<b>Contribution</b>
<b>Painting &amp; Waterproofing</b>						
Paint/Waterproof Exteriors	7	0	\$ 39,662	\$ 43,200	\$ 3,538	\$ 3,538
			39,662	43,200	3,538	3,538
<b>Pavement</b>						
Asphalt Paving (Replacement)	23	3	\$ 0	\$ 54,208	\$ 54,208	\$ 18,069
Asphalt Paving (Sealcoat/Rejuv.) 2025	4	0	0	8,544	8,544	8,544
Asphalt Paving (Sealcoat/Rejuv.) 2032+	4	7	0	8,544	8,544	1,221
			0	71,296	71,296	27,824
<b>Roofing</b>						
Flat Roofing	20	5 - 18	\$ 0	\$ 218,004	\$ 218,004	\$ 19,646
Shingle Roofing/Gutters	21	10 - 18	0	95,995	95,995	8,872
			0	313,999	313,999	28,518
<b>Wood Stairways/Landings</b>						
Wood Stairways/Landings Restoration	14	7	\$ 0	\$ 48,792	\$ 48,792	\$ 6,970
			0	48,792	48,792	6,970
			39,662	477,287	437,625	66,850

## **ADDENDUM**



**Chapter 718 & 719 Florida Statutes**  
**The Condominium Act, 1995**  
**The Cooperative Act, 1997**

CONDOMINIUMS 718.112 (2)(f) 2 & 3  
COOPERATIVES 719.106 (1)(j) 2 & 3

2. In addition to annual operating expenses, the budget shall include reserve accounts for capital expenditures and deferred maintenance. These accounts shall include, but are not limited to, roof replacement, building painting, and pavement resurfacing, regardless of the amount of deferred maintenance expense or replacement cost, and for any other item for which the deferred maintenance expense or replacement cost exceeds \$10,000. The amount to be reserved shall be computed by means of a formula which is based upon estimated remaining useful life and estimated replacement cost or deferred maintenance expense of each reserve item. The association may adjust replacement reserve assessments annually to take into account any changes in estimates or extension of the useful life of a reserve item caused by deferred maintenance. This subsection does not apply to budgets in which the members of an association have, by a majority vote at a duly called meeting of the association, determined for a fiscal year to provide no reserves or reserves less adequate than required by this subsection. However, prior to turnover of control of an association by a developer to unit owners other than a developer pursuant to s. 718.301, the developer may vote to waive the reserves or reduce the funding of reserves for the first 2 years of the operation of the association, after which time reserves may only be waived or reduced upon the vote of a majority of all nondeveloper voting interests voting in person or by limited proxy at a duly called meeting of the association. If a meeting of the unit owners has been called to determine to provide no reserves or reserves less adequate than required, and such result is not attained or a quorum is not attained, the reserves as included in the budget shall go into effect.

3. Reserve funds and any interest accruing thereon shall remain in the reserve account or accounts, and shall be used only for authorized reserve expenditures unless their use for other purposes is approved in advance by a vote of the majority of the voting interests, voting in person or by limited proxy at a duly called meeting of the association. Prior to turnover of control of an association by a developer to unit owners other than the developer pursuant to s 718.301, the developer-controlled association shall not vote to use reserves for purposes other than that for which they were intended without the approval of a majority of all nondeveloper voting interests, voting in person or by limited proxy at a duly called meeting of the association.

## **Florida Administrative Code Reserve Requirements**

**61B-22.001 Definitions.** For the purposes of this chapter, the following definitions shall apply:

(2) “Capital expenditure” means an expenditure of funds for the purchase of an asset whose life is greater than one year in length, or the replacement of an asset whose life is greater than one year in length, or the addition to an asset which extends the life of the previously existing asset for a period greater than one year.

(3) “Deferred maintenance” means any maintenance or repair that will be performed less frequently than yearly and will result in maintaining the life of an asset; and

(4) “Reserves” means any funds which are restricted for deferred maintenance and capital expenditures, including the items required by section 718.112(2)(f)2, Florida Statutes, and any other funds restricted as to use by the condominium documents or the condominium association. “Contingency reserves” which are not restricted as to use by the condominium documents or by the association shall not be considered reserves within the meaning of this rule.

**61B-22.003 Budgets.** Required elements for estimated operating budgets. The budget for each association shall:

- (d) Include all estimated common expenses or expenditures of the association including the categories set forth in section 718.504(20)(c), Florida Statutes. Reserves for capital expenditures and deferred maintenance required by section 718.112(2)(f), Florida Statutes, must be included in the proposed annual budget and shall not be waived or reduced prior to the mailing to unit owners of a proposed annual budget. If the estimated common expense for any category set forth in the statute is not applicable, the category shall be listed followed by an indication that the expense is not applicable;
- (e) Include a schedule stating each reserve account for capital expenditures and deferred maintenance as a separate line item with the following minimum disclosures;
  - 1. The total estimated useful life of the asset;
  - 2. The estimated remaining useful life of the asset;
  - 3. The estimated replacement cost or deferred maintenance expense of the asset;
  - 4. The estimated fund balance as of the beginning of the period for which the budget will be in effect; and,
  - 5. The developer’s total funding obligation, when all units are sold, for each converter reserve account established pursuant to section 718.618, Florida Statutes, if applicable.
- (f) Include a separate schedule of any other reserve funds to be restricted by the association as a separate line item with the following minimum disclosures;
  - 1. The intended use of the restricted funds; and
  - 2. The estimated fund balance of the item as of the beginning of the period for which the budget will be in effect.
- (g) “Contingency reserves” and any other categories of expense which are not restricted as to use shall be stated in the operating portion of the budget rather than the reserve portion of the budget.

**61B-22.005 Reserves.** Reserves required by statute. Reserves required by section 718.112(2)(f), Florida Statutes, for capital expenditures and deferred maintenance including roofing, painting, paving, and any other item for which the deferred maintenance expense or replacement cost of an item exceeds \$10,000 shall be included in the budget. For the purpose of determining whether the deferred maintenance expense or replacement cost of an item exceeds \$10,000, the association may consider each asset of the association separately. Alternatively, the replacement cost of an item exceeds \$10,000, the association may group similar or related assets together. For example, an association responsible for the maintenance of two swimming pools, each of which will separately require \$6,000 of total deferred maintenance, may establish a pool reserve, but is not required to do so.

**61B-22.0051 Estimating Reserve Requirements.**

- (1) Formula for calculation of reserves required by statute. Reserves for deferred maintenance and capital expenditures required by section 718.112(2)(f), Florida Statutes, shall be calculated using a formula which will provide funds equal to the total estimated deferred maintenance expense or total estimated replacement cost for an asset over the remaining useful life of the asset. The formula shall provide funds in annual increments and may be adjusted each year for changes in estimates. The formula may consider such factors as inflation and interest or other earnings rates, but must include the following:
  - (a) The estimated remaining useful life of the asset;
  - (b) The estimated deferred maintenance expense or estimated replacement cost of the asset; and,
  - (c) The estimated fund balance of the reserve account as of the beginning of the period for which the budget will be in effect.
- (2) Estimating reserves which are not required by statute. Reserves which are not required by section 718.112(2)(f), Florida Statutes, are not required to be based on any specific formula.
- (3) Estimating reserves when the developer is funding converted reserves. For the purpose of estimating non-converter reserves the estimated fund balance of the non-converter reserve account related to any asset for which the developer has established converter reserves pursuant to section 718.618, Florida Statutes, shall be the sum of:
  - (a) The developer's total funding obligation, when all units are sold, for the converter reserve account pursuant to section 718.618, Florida Statutes;; and,
  - (b) The estimated fund balance of the non-converter reserve account, excluding the developer's converter obligation, as of the beginning of the period for which the budget will be in effect.

**61B-22.0052 Funding Requirements and Restrictions on Use.**

- (1) Timely funding. Reserves included in the adopted budget are common expenses and must be fully funded unless properly waived or reduced. Reserves shall be funded in at least the same frequency that assessments are due from the unit owners (e.g., monthly or quarterly).
- (2) Restrictions on use. Reserves required by section 718.112(2)(f), Florida Statutes, and other reserves included on the adopted budget, shall only be used for the purposes for

which they were intended unless their use for other purposes is approved in advance by the unit owners according to section 718.112(2)(f)3, Florida Statutes. In a multi-condominium association, the same procedures which are specified for the waiving or reduction of reserves shall apply where an association seeks to use reserve funds for purposes other than which the funds were originally reserved. Expenditure of unallocated interest income earned on reserve funds is restricted to any of the capital expenditures, deferred maintenance or other items for which reserve accounts have been established.

#### **61B-22.0053 Waiver of Reserves.**

- (1) Annual vote required to waive reserves. Any vote to waive or reduce reserves for capital expenditures and deferred maintenance required by section 718.112(2)(f)2, Florida Statutes, shall be effective for only one annual budget, and the vote must be taken annually. Additionally, in a multi-condominium association, no waiver or reduction is effective as to a particular condominium unless conducted at a meeting at which a majority of the voting interests in that condominium are present, in person or by proxy, and a majority of those present in person or by limited proxy vote to waive or reduce reserves.
- (2) Developer voting restrictions. Prior to turnover, the developer may cast votes to waive or reduce reserves during the first two fiscal years only, beginning with the date of the recording of the declaration. In the case of a multi-condominium association, this restriction applies to the association's first two fiscal years beginning with the recording of the initial declaration.

1.

#### **2. 61B-22.006 Financial Reporting Requirements.**

- (3) Disclosure requirements. The financial statements required by sections 718.111(14) and 718.301(4), Florida Statutes, shall contain the following disclosures within the financial statements, notes, or supplementary information:
  - (a) The following reserve disclosures shall be made regardless of whether reserves have been waived for the fiscal period covered by the financial statements:
    1. The beginning balance in each reserve account as of the beginning of the fiscal period covered by the financial statements;
    2. The amount of assessments and other additions to each reserve account, including authorized transfers from other reserve accounts;
    3. The amount expended or removed from each reserve account, including authorized transfers to other reserve accounts;
    4. The ending balance in each reserve account as of the end of the fiscal period covered by the financial statements;
    5. The manner by which reserve items were estimated, the date the estimates were last made, the association's policies for allocating reserve fund interest, and whether reserves have been waived during the period covered by the financial statements; and,
    6. If the developer has established converter reserves pursuant to section 718.618(1), Florida Statutes, each converter reserve account shall be identified and include the disclosures required by this rule.

## **Chapter 61B – 22, Florida Administrative Code**

### **Summary of Rule Amendments**

#### **61B-22.003 Budgets**

- Recognizes the use of a pooled account for reserves and provides that a schedule showing each reserve account is not necessary if a pooled account for reserves is used.
- Provides an alternate disclosure method for the use of a pooled account for reserves.

#### **61B-22.005 Reserves**

- Recognizes the concept of funding a group of assets using a pooled analysis of two or more required assets and provides requirements and direction related to the pooled account method.
- Clarifies that the chosen reserve funding formula shall not include any type of balloon payment.

### **Amended Rule Text**

#### **61B – 22.003 Budgets**

(e) Unless the association maintains a pooled account for reserves required by Section 718.112(2)(f)2., Florida Statutes, the association shall include a schedule stating each reserve account for capital expenditures and deferred maintenance as a separate line item with the following minimum disclosures:

(f) If the association maintains a pooled account for reserves required by Section 718.112(2)(f)2., Florida Statutes, the association shall include a separate schedule of any pooled reserves with the following minimum disclosures:

1. The total estimated useful life of each asset within the pooled analysis;
2. The estimated remaining useful life of each asset within the pooled analysis;
3. The estimated replacement cost or deferred maintenance expense of each asset within the pooled analysis; and
4. The estimated fund balance of the pooled reserve account as of the beginning of the period for which the budget will be in effect.

(g) Include a separate schedule of any other reserve funds to be restricted by the association as a separate line item with the following minimum disclosures:

1. The intended use of the restricted funds; and
2. The estimated fund balance of the item as of the beginning of the period for which the budget will be in effect.

#### **61B – 22.005 Reserves**

- 1) Reserves required by statute. Reserves required by Section 718.112(2)(f), Florida Statutes, for capital expenditures and deferred maintenance including roofing, painting, paving, and any other item for which the deferred maintenance expense or replacement cost exceeds \$10,000 shall be included in the budget. For the purpose of determining whether the deferred maintenance expense or replacement cost of an item exceeds \$10,000, the association may consider each asset of the association separately. Alternatively, the association may group similar or related assets together. For example, an association responsible for the maintenance of two swimming pools,

each of which will separately require \$6,000 of total deferred maintenance, may establish a pool reserve, but it is not required to do so.

- 2) Commingling operating and reserve funds. Associations that collect operating and reserve assessments as a single payment shall not be considered to have commingled the funds provided the reserve portion of the payment is transferred to a separate reserve account, or accounts, within 30 calendar days from the date such funds were deposited.
- 3) Calculating reserves required by statute. Reserves for deferred maintenance and capital expenditures required by Section 718.112(2)(f), Florida Statutes, shall be calculated using a formula that will provide funds equal to the total estimated deferred maintenance expense or total estimated replacement cost of an asset or group of assets over the remaining useful life of the asset or group of assets. Funding formulas for reserves required by Section 718.112(2)(f), Florida Statutes, shall be based on either a separate analysis of each of the required assets or a pooled analysis of two or more of the required assets.
  - (a) If the association maintains separate reserve accounts for each of the required assets, the amount of the current year contribution to each reserve account shall be the sum of the following two calculations:
    1. The total amount necessary, if any, to bring a negative account balance to \$0; and
    2. The total estimated deferred maintenance expense or estimated replacement cost of the reserve asset less the estimated balance of the reserve account as of the beginning of the period for which the budget will be in effect. The remainder, if greater than zero, shall be divided by the estimated remaining useful life of the asset. The formula may be adjusted each year for changes in estimates and deferred maintenance performed during the year and may consider factors such as inflation and earnings on invested funds.
  - (b) If the association maintains a pooled account of two or more of the required reserve assets, the amount of contribution to the pooled reserve account as disclosed on the proposed budget shall be not less than that required to ensure that the balance on hand at the beginning of the period for which the budget will go into effect plus the projected annual cash inflows over the remaining estimated useful lives of all of the assets that make up the reserve pool are equal to or greater than the projected annual cash outflows over the remaining estimated useful lives of all of the assets that make up the reserve pool, based on the current reserve analysis. The projected annual cash inflows may include estimated earnings from investment of principal. The reserve funding formula shall not include any type of balloon payment.

## **TERMS AND DEFINITIONS**

**ACCRUED FUND BALANCE (AFB):** Total Accrued Depreciation. 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, then summed together for an association tool. Two formulae can be utilized, depending on the provider’s sensitivity to interest and inflation effects. Note: both yield identical results when interest and inflation are equivalent.

$$\text{AFB} = \text{Current Cost} \times \text{Effective Age/Useful Life}$$

**or**

$$\text{AFB} = (\text{Current Cost} \times \text{Effective Age/Useful Life}) + [(\text{Current Cost} \times \text{Effective Age/Useful Life}) / (1 + \text{Interest Rate})^{\text{Remaining Life}}] - [(\text{Current Cost} \times \text{Effective Age/Useful Life}) / (1 + \text{Inflation Rate})^{\text{Remaining Life}}]$$

**CASH FLOW METHOD:** A method of calculating 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. “Because we use the cash flow method, we compute individual line item contributions after the total contribution rate has been established.” See “Component Method”.

**CAPITAL EXPENDITURES:** A capital expenditure means any expenditure of funds for: (1) the purchase or replacement of an asset whose useful life is greater than one year, or (2) the addition to an asset that extends the useful life of the previously existing asset for a period greater than one year.

**COMPONENT:** The 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) predictable Remaining Useful Life expectancies, and 4) above a minimum threshold cost, and 5) as required by local codes. “We have 17 components in our reserve Study.”

**COMPONENT ASSESSMENT AND VALUATION:** The task of estimating Useful Life, Remaining Useful Life, and Repair or Replacement Costs for the Reserve components. This task is accomplished either with or without an on-site inspection, based on Level or Service selected by the client.

**COMPONENT FULL FUNDING:** When the actual (or projected) cumulative Reserve balance for all components is equal to the Fully Funded Balance.

**COMPONENT INVENTORY:** The task of selecting and quantifying Reserve Components. This task is accomplished through an on-site inspection, review of association design and organizational documents, and a review of established association precedents, and discussion with appropriate association representative(s).

**COMPONENT METHOD:** A method of developing a Reserve Funding Plan where the total contribution is based on the sum of contributions for individual components. “Since we calculate a Reserve contribution rate for each component and then sum them all together, we are using the component method to calculate our Reserve contributions.” See “Cash Flow Method”.

**CONDITION ASSESSMENT:** The task of evaluating the current condition of the component based on observed and reported characteristics.

**CURRENT REPLACEMENT COST:** See “Replacement Cost”.

**DEFERRED MAINTENANCE:** Deferred maintenance means any maintenance or repair that: (1) will be performed less frequently than yearly, and (2) will result in maintaining the useful life of an asset.

**DEFICIT:** An actual (or projected) Reserve Balance less than the Fully Funded Balance. The opposite would be a Surplus.

**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 a 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 a Reserve Study.

**FULLY FUNDED:** When the budget is provided to the owners, it will show the amount of money that must be deposited that year for each reserve item to ensure that, when the time comes, sufficient funds will be available for deferred maintenance or a capital expenditure. (Definition published in “Budgets & Reserve Schedules Made Easy” training manual by the State of Florida Department of Business and Professional Regulations in January 1997).

**FUND STATUS:** The status of the reserve fund as compared to an established benchmark such as percent funding.

**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

**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 cash balance above zero.
- **Component Full Funding** – Setting a Reserve funding goal of attaining and maintaining cumulative Reserves at or near 100%.



- **Statutory Funding** – Establishing a Reserve funding goal of setting aside the specific minimum amount of Reserves of component required by local statutes.
- **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 “Component Full Funding.”

**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. “With \$76,000 in Reserves, and since our 100% Funded Balance is \$100,000, our association is 76% Funded”.

Editor’s Note: since funds can typically be allocated from one component to another with ease, this parameter has no real meaning on an individual Component basis. The purpose of this parameter is to identify the relative strength or weakness of the entire Reserve fund as of a particular point in time. The value of this parameter is in providing a more stable measure of Reserve Fund strength, since cash in Reserves may mean very different things to different associations.

**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 “zero” 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 that the association has identified for use to defray to the future repair or replacement of those major components which the association is obligated to maintain. Also known as Reserves, Reserve Accounts, Cash Reserves. Based on information provided and not audited

**RESERVE PROVIDER:** An individual that prepares Reserve Studies.

**RESERVE STUDY:** A budget planning tool which 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. “Our budget and finance committee is soliciting proposals to update our Reserve Study for the next year’s budget.”

**RESPONSIBLE CHARGE:** A reserve specialist in responsible charge of a reserve study shall render regular and effective supervision to those individuals performing services which directly and materially affect the quality and competence rendered by the reserve specialist. A reserve specialist shall maintain

such records as are reasonably necessary to establish that the reserve specialist exercised regular and effective supervision of a reserve duty of which he was in responsible charge. A reserve specialist engaged in any of the following acts or practices shall be deemed not to have rendered the regular and effective supervision required herein:

1. The regular and continuous absence from principal office premises from which professional services are rendered; except for performance of field work or presence in a field office maintained exclusively for a specific project;
2. The failure to personally inspect or review the work of subordinates where necessary and appropriate;
3. The rendering of a limited, cursory or perfunctory review of plans or projects in lieu of an appropriate detailed review;
4. The failure to personally be available on a reasonable basis or with adequate advanced notice for consultation and inspection where circumstances require personal availability.

**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. “Since we need a new roof and there wasn’t enough money in the Reserve fund, we had to pass a special assessment.”

**SURPLUS:** An actual (or projected) Reserve Balance greater than the Fully Funded Balances. See Deficit”.

**USEFUL LIFE (UL):** Total Useful Life or Depreciable Life. The estimated time, in years, that a reserve component can be expected to serve its intended function if properly constructed in its present application or installation.

## **ANNUAL UPDATE PROGRAM**

Some associations prefer periodic updates of their Sedgwick Valuation Services reserve study reports, while many others rely on our annual update program to provide them with yearly unbiased third party estimates of reserve funding. Sedgwick Valuation Services is pleased to offer your association our three year annual update program.

### **Program Benefits:**

- Annual reserve study updates provide a written validation of reserve study needs, and demonstrate due diligence and impartiality on the part of the board of directors. As the board of directors has a fiduciary duty to provide estimates of full statutory reserve funding as a portion of the annual budget, a Sedgwick Valuation Services reserve study report also minimizes liability of the board of directors for an incorrect/improper estimate of full statutory reserve funding.
- 3.
- Saves considerable time for management/board of directors that would otherwise be responsible for estimating statutory reserve funding. That allows more time for day to day operations and annual operating budget estimations.
- 4.
- Because the update program does not require on-site re-inspections, the annual cost to the association is much lower.

The annual update program fee is valid only if there are no significant changes to the property (i.e. new construction, additions, major interior upgrades and/or interior reconfigurations, etc.) Changes to the property within the three-year update program period may require a re-inspection of the property at a higher fee.

If you have any questions, please contact our bid proposal specialist at (407) 805-0086 x 257 or (800) 248-3379 x 257 (FL only). You can review a sample update reserve study report and request a proposal at our on-line sample site <https://www.gabvalue.com/>. We will be pleased to provide you with a proposal. Thanks again for your continued support – we appreciate your business very much!