

To: Board of Directors

From: Financial Advisory Committee

Date: May 26, 2008

Subject: Replacement Reserve Plan 2008 – 2013

The Financial Advisory Committee reviewed and approved subject Plan at its meeting on April 8, 2008. In attendance were Jim Chervenka, Bob Christensen (Chair), Larry Engel, Kerm Jensen, Duane Neely, Greg Nowak and Don Strong.

Attached are the various spreadsheets that support the Plan and following is a brief outline of each highlighting those elements that are new or different from the 2007 – 2012 Plan approved in November 2007.

1. **Maintenance Plan (Part 1)**. This part of the plan deals with only the streets. The plan covers 2008 – 2052. The 45 year timeline permits the inclusion of the *Pulverize and Repave* in 2047, which has a significant impact on the financial requirements of the plan. All costs in the plan include taxes and are inflated by 3.5% per year (up from 3%) at the suggestion of our consultants Roy Erichsen and Roger Westrate (R&R). A worksheet has been provided to clearly identify the source of our cost estimates (see footnotes) and the impact of the inflator over 45 years. Years highlighted in tan correspond to the entry in the maintenance plan.
 - a. When we met last September we agreed to use the Fabric overlay recommended in our Reserve Study until such time that we arrived at a firm decision on the overlay process. Recently the Maintenance Committee elected to go with the SAM overlay option recommended by R&R. This option affords a lower initial cost (about \$4.75 psy for the SAM overlay versus \$8.50 psy for the Fabric overlay in pretax 2008 dollars) and some reduction in subsequent maintenance costs.
 - b. The first overlay is in 2021. Association Reserves, Inc.(ARI), who performed our Reserve Study estimate the useful life of our street surfaces as 20 – 30 years and recommended we use 24 years for planning purposes. The useful life of a SAM overlay is 10 – 15 years. We have elected to use 13 years for this plan. The second overlay is in 2034.

- c. After two overlays the experts agree we shall need to *Pulverize and Repave* our streets (at a pretax cost of \$11.75 psy in 2008 dollars). This process prepares a much improved base so the newly paved streets will be less prone to cracking and could last another 30 years.
 - d. The choice of overlay dictates the timing of *Crack Seal* and *Seal Coating*. The SAM overlay requires a *Crack Seal* within the year and a *Fog seal* following the overlay (see notes in attached worksheet).
 - e. The *Crack Repair* program is designed to fix the wider cracks. This in turn will reduce the number and cost of subsequent crack sealing. We plan to start this program in 2009 with a follow up in 2011 and then repeat it in 2017/2019 and 2027/2033 as lead ins to the overlays.
 - f. Previously we planned to start the *Curb Seal* program in 2009. At the suggestion of the Maintenance Committee, we moved up a portion of the program to 2008 in order to realize some cost savings available when the curb and crack sealing is done at the same time. The second phase is now scheduled for 2010 when we next do the crack sealing.
2. **Maintenance Plan (Part 2)**. We moved the various elements of the plan that do not deal with streets onto the second spreadsheet (called Part 2) to give them appropriate space for your review.
- a. The need to replace portions of our *curbs and sidewalks* is now placed on fourteen year intervals rather than five at the suggestion of R&R.
 - b. We have added *Drainage Channel Repair* to our Plan simply because the need seems to come up so often.
 - c. We have added more spacing to the painting of *Culvert Rails* and *Stucco Walls* and also provide for the occasional repair of the Stucco Walls. Experience will determine the best intervals.
 - d. The total annual cost of Parts 1 and 2 is shown to the right.

3. **Funding Plan** (2008 – 2052). The right side of this plan identifies the total reserve expenditures for each year. The left side of this plan identifies the money that we will need to fund those expenditures. The purpose is to demonstrate there will be a sufficiency of funds to meet our needs throughout the planning period.
 - a. The critical test is 2046, the year we *pulverize and repave* the streets. This plan shows a 10.5% surplus in reserve fund balances, approximating the normal 10% contingency for such a project.
 - b. Largely because the *SAM overlay* option affords a significant savings in cost we are able to hold our 2009 reserve contribution to \$40,356 or \$177 per lot for the life of the plan before subsequent adjustments for inflation.

4. **Replacement Reserve Plan** (2008 – 2013). Here we take a detailed look at our plans for the next six years. The column totals for each year will be found in the *Funding Plan*, the detail for *expense* comes from the *Maintenance Plan (Parts 1 and 2)*. We have added a line for *drainage channels*. Another line was added for *streets – repave* (pulverize and repave elsewhere). Others have been combined into the line *monuments, rails and walls*. Some of the *rebuild* assumptions have changed for reasons noted above.
 - a. The *full funded balance* has jumped to \$934,257 (including taxes) from the pretax \$511,123 projected last fall. This is entirely due to the addition of the 2047 *pulverize and repave* project at a 2008 cost of \$566,463. Importantly this line item has 40 *years to fund*, so the *funding required* in 2008 is only \$14,162.
 - b. The *funding required* in 2008 is \$61,586, up from \$54,548. Some of this is due to adding taxes, but most of the increase is due to the addition of the *pulverize and repave* project which represents nearly 24% of this total. Fortunately much of this increase is offset by the lower funding requirements for the *overlay*, down \$13,211 to \$5,468.
 - c. *Funding* from the reserve contribution and interest income is generally the same as the *funding required*. Under funding is highlighted in yellow, over funding is highlighted in green. As anticipated last year, we would be unable to fully fund our requirements in 2008 or 2009. Because of the addition of the

repave program the amount of under funding has increased to \$13,586 in 2008 and \$10,670 in 2009. We will also under fund our requirements in 2011 and 2013. More on this under 4e below.

- d. *Expenses* in 2008 will also exceed the *funding*. Planned project expenditures for the six years of this plan will total \$196,268. This is less than planned reserve contributions of \$256,406.
 - e. Because our funding will over the six years exceed our expenses, the *reserve balance* will rise from the \$185,383 at the beginning of 2008 to \$290,034 at the end of 2013. By the end of 2015 another \$100,000 will be added and after ten years the *reserve balance* will be \$440,696 and on target (barring no surprises on the cost front) to meeting all of our long term objectives without further boosts to our reserve contribution beyond those associated with inflation.
5. **Financial Plan** (2008 – 2052). We look to our dues assessment and a modest amount of fee and interest income to make not only a contribution to reserves each year but also meet all of our *operating expenses*. The *Financial Plan* combines the two and identifies the dues assessment needed to meet these expenses (after adjustments for the other sources of revenue). The inflator on our operating expenses is the 3% used last year, while the inflator of the reserve expenses, as noted earlier is 3.5%. The dues assessment is projected to rise to \$425 in 2009 and \$440 in 2010 and thereafter in step with inflation by about \$15 per year until 2017. All this assumes that costs will rise at a modest 3.5%. This is hope over experience, which tells us that project costs can be more volatile. So this plan like all that have preceded it will need to be adjusted from year to year to reflect actual costs and reset when events arrive in a different order. Perhaps this is that career job you have always been looking for.

		Streets (Part1)							
<u>Year</u>	<u>SAM</u>	<u>Pulverize</u>	<u>Crack</u>	<u>Seal</u>	<u>Curb</u>	<u>Crack</u>	<u>Street</u>	<u>Total</u>	
	<u>Overlay</u>	<u>& Repave</u>	<u>Seal</u>	<u>Coat</u>	<u>Seal</u>	<u>Repair</u>	<u>Repair</u>		
1	2008		8,904	38,874	6,975			54,753	
2	2009					11,730		11,730	
3	2010		5,723		13,752			19,475	
4	2011					25,130		25,130	
5	2012		4,087	44,609				48,696	
6	2013						17,499	17,499	
7	2014		6,567					6,567	
8	2015							0	
9	2016		9,380	51,190				60,570	
10	2017					15,446		15,446	
11	2018		7,536					7,536	
12	2019					33,092	10,756	43,848	
13	2020		5,382					5,382	
14	2021	358,138						358,138	
15	2022							0	
16	2023							0	
17	2024							0	
18	2025						26,443	26,443	
19	2026		6,616	72,208				78,824	
20	2027					21,788		21,788	
21	2028		7,087					7,087	
22	2029							0	
23	2030		11,387	82,860				94,247	
24	2031						16,253	16,253	
25	2032		16,265		45,125			61,390	
26	2033					53,565		53,565	
27	2034	560,112	8,712					568,824	
28	2035							0	
29	2036							0	
30	2037						39,957	39,957	
31	2038							0	
32	2039		15,520	112,930				128,450	
33	2040					34,075		34,075	
34	2041		11,084					11,084	
35	2042							0	
36	2043		17,809	129,590			24,559	171,958	
37	2044							0	

		Streets (Part1)							
<u>Year</u>	<u>SAM Overlay</u>	<u>Pulverize & Repave</u>	<u>Crack Seal</u>	<u>Seal Coat</u>	<u>Curb Seal</u>	<u>Crack Repair</u>	<u>Street Repair</u>	<u>Total</u>	
38	2045		25,437					25,437	
39	2046							0	
40	2047	2,166,932						2,166,932	
41	2048							0	
42	2049							0	
43	2050							0	
44	2051							0	
45	2052		40,454	176,618				217,072	

Note: *SAM Overlays* are scheduled for 2021 and 2034. Streets are 24 years old in 2021 (estimated life of streets is 20 - 30 years). The second overlay is 13 years later (estimated life of overlays is 10 - 15 years). Six months after the overlay a Fog Seal is applied. SAM overlay cost \$4.25 psy and the Fog Seal \$.50 psy in 2008 or \$4.94 psy combined with taxes.

Note: Thirteen years after the second overlay the streets are scheduled for replacement using a *Pulverize and Repave* process. Cost in 2008 is \$11.75 psy or \$12.22 psy with taxes. The estimated life of this process is 20 - 30 years.

Note: Five years after an overlay or repave the cracks are sealed (*Crack Seal*) and the streets are seal coated (*Seal Coat*). Cracks are sealed every two years and the streets are resealed every four years thereafter. Crack sealing cost including taxes is \$.192 psy and seal coating cost with taxes is \$.838 psy in 2008.

Note: *Curb seal* is required about 10 years after initial paving and perhaps again about 20 years later. Cost including taxes in 2008 is \$1.398 plf.

Note: *Crack repair* is scheduled for 2009 (1/3), 2011 (2/3), 2017 (1/3), 2019 (2/3), 2027 (1/3), 2033 (2/3) and 2040 (1/3). Cost including taxes in 2008 is \$6.296 psf. Repair of cracks will initially reduce subsequent material cost by up to 60%.

Note: *Street repair* may be necessary but almost never planned. Here we set aside a contingency for repairs based on a cost including taxes in 2008 of \$6.296 psf for a repair of 2,340 sf in 2013, 2025 and 2037 and for a repair of 1,170 sf in 2019, 2031 and 2043.

Note: See Part 2 for balance of Maintenance Plan.

		<u>Curbs, Drainage, Sidewalks, Walls etc. (Part 2)</u>						
	<u>Year</u>	<u>Curb</u>	<u>Sidewalk</u>	<u>Drainage</u>	<u>Culvert</u>	<u>Stucco</u>	<u>Total</u>	<u>Total</u>
		<u>Replace</u>	<u>Replace</u>	<u>Channel</u>	<u>Rails</u>	<u>Walls</u>	<u>Part 1</u>	<u>Part 1 & 2</u>
						<u>Monuments</u>		
1	2008			4,159	580		54,753	59,492
2	2009					1,919	11,730	13,649
3	2010						19,475	19,475
4	2011	3,227	3,332				25,130	31,689
5	2012			4,773		995	48,696	54,464
6	2013						17,499	17,499
7	2014						6,567	6,567
8	2015					8,906	0	8,906
9	2016						60,570	60,570
10	2017			5,668	790	2,527	15,446	24,431
11	2018						7,536	7,536
12	2019						43,848	43,848
13	2020						5,382	5,382
14	2021						358,138	358,138
15	2022			6,732		1,403	0	8,135
16	2023						0	0
17	2024						0	0
18	2025	5,224	5,393				26,443	37,060
19	2026						78,824	78,824
20	2027			7,996	1,115	3,564	21,788	34,463
21	2928						7,087	7,087
22	2029						0	0
23	2030						94,247	94,247
24	2031						16,253	16,253
25	2032			9,496		1,980	61,390	72,866
26	2033					16,543	53,565	70,108
27	2034						568,824	568,824
28	2035						0	0
29	2036						0	0
30	2037			11,279	1,573	5,028	39,957	57,837
31	2038						0	0
32	2039	8,457	8,730				128,450	145,637
33	2040						34,075	34,075
34	2041						11,084	11,084
35	2042			13,396		2,792	0	16,188
36	2043						171,958	171,958
37	2044						0	0

		<u>Curbs, Drainage, Sidewalks, Walls etc. (Part 2)</u>					<u>Total</u>	<u>Total</u>	
<u>Year</u>		<u>Curb Replace</u>	<u>Sidewalk Replace</u>	<u>Drainage Channel</u>	<u>Culvert Rails</u>	<u>Stucco Walls</u>	<u>Monuments</u>	<u>Part 1</u>	<u>Part 1 & 2</u>
38	2045							25,437	25,437
39	2046							0	0
40	2047			15,910	2,219	7,092		2,166,932	2,192,153
41	2048							0	0
42	2049							0	0
43	2050							0	0
44	2051						30,728	0	30,728
45	2052			18,896		3,939		217,072	239,907

Note: We will begin to replace severely cracked *curbs* and *sidewalks* in 2011 and in 14 year intervals thereafter. Cost including taxes in 2008 is \$29.11 plf for curbs and \$12.02 plf for sidewalks.

Note: *Drainage channels* will need repair and it is assumed here the repairs will occur in 2008 and again in 2012 and then every five years thereafter. Cost including taxes in 2008 is \$20.795 psf.

Note: *Culvert rails* require repainting in ten year intervals starting in 2008. Cost including taxes in 2008 is \$1.50 plf.

Note: *Stucco walls*, including retaining walls and monuments, require repainting in ten year intervals starting in 2009. Cost including taxes in 2008 is \$1,854. The walls may also need repair at a 2008 cost including taxes of \$520 beginning in 2012 and in ten year intervals thereafter.

Note: *Monuments* will need new signage from time to time.

Note: The *total for Part 1* (Streets) is shown again here and then the total for both *Part 1 and Part 2*. This total is then carried over to the Funding Plan (third column from the right).

Funding Plan
(US Dollars)

<u>Year</u>	<u>Opening Balance</u>	<u>Contributions</u>			<u>Expenditures</u>			<u>Ending Balance</u>
		<u>Interest Earned</u>	<u>Reserve Contribution</u>	<u>Total</u>	<u>Income Taxes</u>	<u>Reserve Projects</u>	<u>Total</u>	
1 2008	185,382	8,000	40,000	48,000	2,000	59,492	61,492	171,890
2 2009	171,890	7,907	40,356	48,263	1,977	13,649	15,626	204,527
3 2010	204,527	9,408	41,768	51,177	2,352	19,475	21,827	233,877
4 2011	233,877	10,758	43,230	53,989	2,690	31,689	34,379	253,487
5 2012	253,487	11,660	44,743	56,404	2,915	54,464	57,379	252,512
6 2013	252,512	11,616	46,309	57,925	2,904	17,499	20,403	290,034
7 2014	290,034	13,342	47,930	61,272	3,335	6,567	9,902	341,403
8 2015	341,403	15,705	49,608	65,312	3,926	8,906	12,832	393,883
9 2016	393,883	18,119	51,344	69,463	4,530	60,570	65,100	398,247
10 2017	398,247	18,319	53,141	71,460	4,580	24,431	29,011	440,696
11 2018	440,696	20,272	55,001	75,273	5,068	7,536	12,604	503,365
12 2019	503,365	23,155	56,926	80,081	5,789	43,848	49,637	533,810
13 2020	533,810	24,555	58,919	83,474	6,139	5,382	11,521	605,762
14 2021	605,762	27,865	60,981	88,846	6,966	358,138	365,104	329,504
15 2022	329,504	15,157	63,115	78,272	3,789	8,135	11,924	395,852
16 2023	395,852	18,209	65,324	83,533	4,552	0	4,552	474,833
17 2024	474,833	21,842	67,610	89,453	5,461	0	5,461	558,825
18 2025	558,825	25,706	69,977	95,683	6,426	37,060	43,486	611,021
19 2026	611,021	28,107	72,426	100,533	7,027	78,824	85,851	625,703
20 2027	625,703	28,782	74,961	103,743	7,196	34,463	41,659	687,788
21 2928	687,788	31,638	77,584	109,223	7,910	7,087	14,997	782,014
22 2029	782,014	35,973	80,300	116,273	8,993	0	8,993	889,293
23 2030	889,293	40,907	83,110	124,018	10,227	94,247	104,474	908,837
24 2031	908,837	41,807	86,019	127,826	10,452	16,253	26,705	1,009,959
25 2032	1,009,959	46,458	89,030	135,488	11,615	72,866	84,481	1,060,966

Funding Plan
(US Dollars)

<u>Year</u>	<u>Opening Balance</u>	<u>Contributions</u>			<u>Expenditures</u>			<u>Ending Balance</u>
		<u>Interest Earned</u>	<u>Reserve Contribution</u>	<u>Total</u>	<u>Income Taxes</u>	<u>Reserve Projects</u>	<u>Total</u>	
26 2033	1,060,966	48,804	92,146	140,950	12,201	70,108	82,309	1,119,607
27 2034	1,119,607	51,502	95,371	146,873	12,875	568,824	581,699	684,781
28 2035	684,781	31,500	98,709	130,209	7,875	0	7,875	807,115
29 2036	807,115	37,127	102,164	139,291	9,282	0	9,282	937,124
30 2037	937,124	43,108	105,740	148,847	10,777	57,837	68,614	1,017,358
31 2038	1,017,358	46,798	109,441	156,239	11,700	0	11,700	1,161,897
32 2039	1,161,897	53,447	113,271	166,718	13,362	145,637	158,999	1,169,617
33 2040	1,169,617	53,802	117,235	171,038	13,451	34,075	47,526	1,293,129
34 2041	1,293,129	59,484	121,339	180,823	14,871	11,084	25,955	1,447,997
35 2042	1,447,997	66,608	125,586	192,193	16,652	16,188	32,840	1,607,350
36 2043	1,607,350	73,938	129,981	203,919	18,485	171,958	190,443	1,620,827
37 2044	1,620,827	74,558	134,530	209,088	18,640	0	18,640	1,811,276
38 2045	1,811,276	83,319	139,239	222,558	20,830	25,437	46,267	1,987,567
39 2046	1,987,567	91,428	144,112	235,540	22,857	0	22,857	2,200,250
40 2047	2,200,250	101,211	149,156	250,368	25,303	2,192,153	2,217,456	233,162
41 2048	233,162	10,725	154,377	165,102	2,681	0	2,681	395,582
42 2049	395,582	18,197	159,780	177,977	4,549	0	4,549	569,010
43 2050	569,010	26,174	165,372	191,547	6,544	0	6,544	754,013
44 2051	754,013	34,685	171,160	205,845	8,671	30,728	39,399	920,459
45 2052	920,459	42,341	177,151	219,492	10,585	239,907	250,492	889,458

Note: Assumed *interest earned* is 4.6% of *opening balance* of reserve funds.

Note: Assumes *Reserve Contribution* of \$175 per household in 2008, \$177 in 2009 and then increasing by 3.5% per year thereafter.

Note: Assumes *income taxes* equal to 25% of *interest earned*.

Note: *Reserve project* expenses are taken from Maintenance Plan Part 1 and 2 (see Part 2 for total).

2008									
Capital Account	Expected Life	Rebuild	12/31/2007 Balance	Full Funded Balance	Years to Fund	Funding Required	2008 Funding	2008 Expense	12/31/2008 Balance
Concrete - Repair	TBD	14 years	\$0	\$5,916	4	\$1,479	\$1,479	\$0	\$1,479
Drainage Channels - Repa	TBD	5 years	\$0	\$4,159	1	\$4,159	\$4,159	\$4,159	\$0
Monuments, Rails & Walls	TBD	10 years	\$0	\$12,400	8	\$1,550	\$1,550	\$580	\$970
Streets - Crack Repair	TBD	various	\$0	\$33,999	4	\$8,500	\$8,500	\$0	\$8,500
Streets - Crack Seal	2 years	2 years	\$4,369	\$8,904	1	\$4,535	\$4,535	\$8,904	\$0
Streets - Curb Seal	TBD	22 years	\$0	\$19,813	3	\$6,975	\$6,975	\$6,975	\$0
Streets - Overlay	10-15 yrs	13 years	\$152,442	\$228,995	14	\$5,468	\$0	\$0	\$152,442
Streets - Repair	TBD	6 years	\$0	\$14,734	6	\$2,456	\$2,456	\$0	\$2,456
Streets - Pulverize/Repave	20-30 yrs	40 years	\$0	\$566,463	40	\$14,162	\$6,044	\$0	\$6,044
Streets - Reseal	4 years	4 years	\$28,571	\$38,874	1	\$10,303	\$10,303	\$38,874	\$0
Other			\$0	\$0		\$2,000	\$2,000	\$2,000	\$0
Total Reserves			\$185,382	\$934,257		\$61,586	\$48,000	\$61,492	\$171,890

2009									
Capital Account	Expected Life	Rebuild	12/31/2008 Balance	Full Funded Balance	Years to Fund	Funding Required	2009 Funding	2009 Expense	12/31/2009 Balance
Concrete - Repair	TBD	14 years	\$1,479	\$6,123	3	\$1,548	\$1,548	\$0	\$3,027
Drainage Channels - Repa	TBD	5 years	\$0	\$4,305	4	\$1,076	\$1,076	\$0	\$1,076
Monuments, Rails & Walls	TBD	10 years	\$970	\$12,834	7	\$1,695	\$1,695	\$1,919	\$746
Streets - Crack Repair	TBD	various	\$8,500	\$35,189	3	\$8,896	\$8,896	\$11,730	\$5,666
Streets - Crack Seal	2 years	2 years	\$0	\$5,530	2	\$2,765	\$2,765	\$0	\$2,765
Streets - Curb Seal	TBD	22 years	\$0	\$13,287	2	\$6,975	\$6,975	\$0	\$6,975
Streets - Overlay	10-15 yrs	13 years	\$152,442	\$237,010	13	\$6,505	\$0	\$0	\$152,442
Streets - Repair	TBD	6 years	\$2,456	\$15,250	5	\$2,559	\$2,559	\$0	\$5,014
Streets - Pulverize/Repave	20-30 yrs	40 years	\$6,044	\$586,289	39	\$14,878	\$10,713	\$0	\$16,757
Streets - Reseal	4 years	4 years	\$0	\$40,235	4	\$10,059	\$10,059	\$0	\$10,059
Other			\$0	\$0		\$1,977	\$1,977	\$1,977	\$0
Total Reserves			\$171,890	\$956,051		\$58,933	\$48,263	\$15,626	\$204,527

2010									
Capital Account	Expected Life	Rebuild	12/31/2009 Balance	Full Funded Balance	Years to Fund	Funding Required	2010 Funding	2010 Expense	12/31/2010 Balance
Concrete - Repair	TBD	14 years	\$3,027	\$6,337	2	\$1,655	\$1,655	\$0	\$4,682
Drainage Channels - Repa	TBD	5 years	\$1,076	\$4,455	3	\$1,126	\$1,126	\$0	\$2,203
Monuments, Rails & Walls	TBD	10 years	\$746	\$13,283	6	\$2,090	\$2,090	\$0	\$2,835
Streets - Crack Repair	TBD	various	\$5,666	\$24,280	2	\$9,307	\$9,307	\$0	\$14,973
Streets - Crack Seal	2 years	2 years	\$2,765	\$5,724	1	\$2,959	\$2,959	\$5,723	\$1
Streets - Curb Seal	TBD	22 years	\$6,975	\$13,752	1	\$6,777	\$6,777	\$13,752	\$0
Streets - Overlay	10-15 yrs	13 years	\$152,442	\$245,305	12	\$7,739	\$0	\$0	\$152,442
Streets - Repair	TBD	6 years	\$5,014	\$15,783	4	\$2,692	\$2,692	\$0	\$7,707
Streets - Pulverize/Repave	20-30 yrs	40 years	\$16,757	\$606,809	38	\$15,528	\$11,691	\$0	\$28,448
Streets - Reseal	4 years	4 years	\$10,059	\$41,643	3	\$10,528	\$10,528	\$0	\$20,587
Other			\$0	\$0		\$2,352	\$2,352	\$2,352	\$0
Total Reserves			\$204,527	\$977,372		\$62,752	\$51,177	\$21,827	\$233,877

2011									
Capital Account	Expected Life	Rebuild	12/31/2010 Balance	Full Funded Balance	Years to Fund	Funding Required	2011 Funding	2012 Expense	12/31/2011 Balance
Concrete - Repair	TBD	14 years	\$4,682	\$6,559	1	\$1,877	\$1,877	\$6,559	\$0
Drainage Channels - Repa	TBD	5 years	\$2,203	\$4,611	2	\$1,204	\$1,204	\$0	\$3,407
Monuments, Rails & Walls	TBD	10 years	\$2,835	\$13,748	5	\$2,183	\$2,183	\$0	\$5,018
Streets - Crack Repair	TBD	various	\$14,973	\$25,130	1	\$10,157	\$10,157	\$25,130	\$0
Streets - Crack Seal	2 years	2 years	\$1	\$3,949	2	\$1,974	\$1,974	\$0	\$1,975
Streets - Curb Seal	TBD	22 years	\$0	\$21,967	22	\$998	\$998	\$0	\$999
Streets - Overlay	10-15 yrs	13 years	\$152,442	\$253,891	11	\$9,223	\$9,223	\$0	\$161,665
Streets - Repair	TBD	6 years	\$7,707	\$16,336	3	\$2,876	\$2,876	\$0	\$10,583
Streets - Pulverize/Repave	20-30 yrs	40 years	\$28,448	\$628,048	37	\$16,205	\$9,550	\$0	\$37,998
Streets - Reseal	4 years	4 years	\$20,587	\$43,100	2	\$11,257	\$11,257	\$0	\$31,843
Other			\$0	\$0		\$2,690	\$2,690	\$2,690	\$0
Total Reserves			\$233,877	\$1,017,339		\$60,644	\$53,989	\$34,379	\$253,487

2012									
Capital Account	Expected Life	Rebuild	12/31/2011 Balance	Full Funded Balance	Years to Fund	Funding Required	2012 Funding	2012 Expense	12/31/2012 Balance
Concrete - Repair	TBD	14 years	\$0	\$6,789	14	\$485	\$485	\$0	\$485
Drainage Channels - Repa	TBD	5 years	\$3,407	\$4,773	1	\$1,366	\$1,366	\$4,773	\$0
Monuments, Rails & Walls	TBD	10 years	\$5,018	\$14,229	4	\$2,303	\$2,303	\$995	\$6,326
Streets - Crack Repair	TBD	various	\$0	\$13,005	6	\$2,168	\$2,168	\$0	\$2,167
Streets - Crack Seal	2 years	2 years	\$1,975	\$4,087	1	\$2,112	\$2,112	\$4,087	\$0
Streets - Curb Seal	TBD	22 years	\$999	\$22,736	21	\$1,035	\$1,035	\$0	\$2,034
Streets - Overlay	10-15 yrs	13 years	\$161,665	\$262,777	10	\$10,111	\$10,111	\$0	\$171,776
Streets - Repair	TBD	6 years	\$10,583	\$16,908	2	\$3,162	\$3,162	\$0	\$13,745
Streets - Pulverize/Repave	20-30 yrs	40 years	\$37,998	\$650,029	36	\$17,001	\$17,982	\$0	\$55,980
Streets - Reseal	4 years	4 years	\$31,843	\$44,609	1	\$12,765	\$12,765	\$44,609	\$0
Other			\$0	\$0		\$2,915	\$2,915	\$2,915	\$0
Total Reserves			\$253,487	\$1,039,941		\$55,423	\$56,404	\$57,379	\$252,513

2013									
Capital Account	Expected Life	Rebuild	12/31/2012 Balance	Full Funded Balance	Years to Fund	Funding Required	2013 Funding	2013 Expense	12/31/2013 Balance
Concrete - Repair	TBD	14 years	\$485	\$7,026	13	\$503	\$503	\$0	\$988
Drainage Channels - Repa	TBD	5 years	\$0	\$4,940	5	\$988	\$988	\$0	\$988
Monuments, Rails & Walls	TBD	10 years	\$6,326	\$14,727	3	\$2,801	\$2,801	\$0	\$9,126
Streets - Crack Repair	TBD	various	\$2,167	\$40,380	5	\$7,643	\$7,643	\$0	\$9,810
Streets - Crack Seal	2 years	2 years	\$0	\$6,345	2	\$3,172	\$3,172	\$0	\$3,173
Streets - Curb Seal	TBD	22 years	\$2,034	\$23,532	20	\$1,075	\$1,075	\$0	\$3,109
Streets - Overlay	10-15 yrs	13 years	\$171,776	\$271,974	9	\$11,133	\$11,133	\$0	\$182,909
Streets - Repair	TBD	6 years	\$13,745	\$17,499	1	\$3,754	\$3,754	\$17,499	\$0
Streets - Pulverize/Repave	20-30 yrs	40 years	\$55,980	\$672,780	35	\$17,623	\$12,410	\$0	\$68,390
Streets - Reseal	4 years	4 years	\$0	\$46,170	4	\$11,543	\$11,543	\$0	\$11,542
Other			\$0	\$0		\$2,904	\$2,904	\$2,904	\$0
Total Reserves			\$252,513	\$1,105,374		\$63,138	\$57,925	\$20,403	\$290,035

Year	Expenditure			Expenditure Per Unit			Dues Assessment	
	Operating	Reserves	Total	Ops.	Res.	Total	Total	Per Unit
1 2008	55,000	40,000	95,000	241	175	417	95,760	420
2 2009	56,650	40,356	97,006	248	177	425	96,900	425
3 2010	58,350	41,768	100,118	256	183	439	100,320	440
4 2011	60,100	43,230	103,330	264	190	453	103,740	455
5 2012	61,903	44,743	106,646	272	196	468	107,160	470
6 2013	63,760	46,309	110,070	280	203	483	110,580	485
7 2014	65,673	47,930	113,603	288	210	498	114,000	500
8 2015	67,643	49,608	117,251	297	218	514	117,420	515
9 2016	69,672	51,344	121,016	306	225	531	120,840	530
10 2017	71,763	53,141	124,904	315	233	548	125,400	550
11 2018	73,915	55,001	128,916	324	241	565	128,820	565
12 2019	76,133	56,926	133,059	334	250	584	133,380	585
13 2020	78,417	58,919	137,335	344	258	602	136,800	600
14 2021	80,769	60,981	141,750	354	267	622	141,360	620
15 2022	83,192	63,115	146,307	365	277	642	145,920	640
16 2023	85,688	65,324	151,012	376	287	662	150,480	660
17 2024	88,259	67,610	155,869	387	297	684	156,180	685
18 2025	90,907	69,977	160,883	399	307	706	160,740	705
19 2026	93,634	72,426	166,060	411	318	728	166,440	730
20 2027	96,443	74,961	171,404	423	329	752	171,000	750
21 2928	99,336	77,584	176,921	436	340	776	176,700	775
22 2029	102,316	80,300	182,616	449	352	801	182,400	800
23 2030	105,386	83,110	188,496	462	365	827	188,100	825
24 2031	108,547	86,019	194,567	476	377	853	194,940	855
25 2032	111,804	89,030	200,834	490	390	881	200,640	880
26 2033	115,158	92,146	207,304	505	404	909	207,480	910
27 2034	118,613	95,371	213,984	520	418	939	214,320	940
28 2035	122,171	98,709	220,880	536	433	969	221,160	970
29 2036	125,836	102,164	228,000	552	448	1,000	228,000	1,000
30 2037	129,611	105,740	235,351	568	464	1,032	234,840	1,030
31 2038	133,499	109,441	242,940	586	480	1,066	242,820	1,065
32 2039	137,504	113,271	250,775	603	497	1,100	250,800	1,100
33 2040	141,630	117,235	258,865	621	514	1,135	258,780	1,135
34 2041	145,878	121,339	267,217	640	532	1,172	266,760	1,170
35 2042	150,255	125,586	275,840	659	551	1,210	275,880	1,210
36 2043	154,762	129,981	284,743	679	570	1,249	285,000	1,250
37 2044	159,405	134,530	293,936	699	590	1,289	294,120	1,290

Year	Expenditure			Expenditure Per Unit			Dues Assessment	
	Operating	Reserves	Total	Ops.	Res.	Total	Total	Per Unit
38 2045	164,187	139,239	303,426	720	611	1,331	303,240	1,330
39 2046	169,113	144,112	313,225	742	632	1,374	313,500	1,375
40 2047	174,186	149,156	323,343	764	654	1,418	323,760	1,420
41 2048	179,412	154,377	333,789	787	677	1,464	334,020	1,465
42 2049	184,794	159,780	344,574	811	701	1,511	344,280	1,510
43 2050	190,338	165,372	355,710	835	725	1,560	355,680	1,560
44 2051	196,048	171,160	367,209	860	751	1,611	367,080	1,610
45 2052	201,930	177,151	379,081	886	777	1,663	379,620	1,665

Note: The purpose of this table is to identify the level of *dues assessment* needed to support the *expenditures* of the association. Revenue from other sources such as fees and interest income are used to reduce operating expenditures to the level shown as the *opening balance*. In 2008 the operating Budget totaled \$58,427 and other Revenue \$3,500 so net operating expenditures were \$54,927.

Note: Assumes *Operating* Budget will grow 3% per year after 2008.

Note: Assumes *Reserve Contribution* will grow 3.5% per year after 2009

Note: Assumes *Dues Assessment* will approximate *Expenditures* (*Dues Per Unit* are rounded)