

# Accounting & Consulting Solutions, Inc.

Kentwood Homeowner's Association  
Roy, Utah  
Reserve Analysis - Version 1.0  
January 1, 2018



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**Kentwood HOA**

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# Important Information

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

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

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

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

This reserve analysis study is provided as an aid for planning purposes and not as an accounting tool. Since it deals with events yet to take place, there is no assurance that the results enumerated within it will, in fact, occur as described.

# Part I

## Introduction

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

## Funding Options

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

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

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

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

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

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

## **Types of Reserve Studies**

Most reserve studies fit into one of three categories:

Full Reserve Study;

Update with site inspection; and

Update without site inspection.

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

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

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

### **The Reserve Study: A Physical and a Financial Analysis**

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

#### **Physical Analysis**

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

#### **Developing a Component List**

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

## Operational Expenses

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

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

## Reserve Expenses

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

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

## Budgeting is Normally Excluded for:

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

## Financial Analysis

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

### **Preparing the Reserve Study**

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

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

### **Funding Methods**

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

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

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



## Funding Strategies

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

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

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

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

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

The Accounting & Consulting Solutions, Inc. **Threshold Funding Model**. This method is based upon the cash flow funding concept. The minimum reserve cash balance in threshold funding, however, is set at a predetermined dollar amount (other than \$0).

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

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

### **Component Funding Model Distribution of Accumulated Reserves**

The "Distribution of Accumulated Reserves Report" is a "Component Funding Model" calculation. This

distribution **does not** apply to the cash flow funding models.

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

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

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

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

The Accounting & Consulting Solutions, Inc. software program performs the above calculations to the actual month the component was placed-in-service. The program projects that the accumulation of necessary reserves for repairs or replacements will be available on the first day of the fiscal year in which they are scheduled to occur.

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

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

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

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

consideration.

## **Funding Reserves**

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

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

## **Users’ Guide to your Reserve Analysis Study**

Part II of your Accounting & Consulting Solutions, Inc. Report contains the reserve analysis study for your association. There are seven types of reports in the study as described below.

### **Report Summaries**

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

### **Index Reports**

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

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

### **Detail Reports**

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

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

The Accounting & Consulting Solutions, Inc. Detail Index is an alphabetical listing of all assets, together with the page number of the asset's detail report, the projected replacement year, and the asset number.

### **Projections**

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

### **Definitions**

#### **Report I.D.**

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

#### **Budget Year Beginning/Ending**

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

#### **Number of Units and/or Phases**

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

#### **Inflation**

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

#### **Annual Assessment Increase**

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

**Investment Yield Before Taxes**

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

**Taxes on Interest Yield**

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

**Projected Reserve Balance**

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

**Percent Fully Funded**

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

**Phase Increment Detail and/or Age**

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

**Monthly Assessment**

The assessment to reserves required by the association each month.

**Interest Contribution (After Taxes)**

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

**Total Monthly Allocation**

The sum of the monthly assessment and interest contribution figures.

**Group and Category**

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

**Percentage of Replacement or Repairs**

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

**Placed-In-Service Date**

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

**Estimated Useful Life**

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

**Adjustment to Useful Life**

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

**Estimated Remaining Life**

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

was placed-in-service.

**Replacement Year**

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

**Annual Fixed Reserves**

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

**Fixed Assessment**

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

**Salvage Value**

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

**One-Time Replacement**

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

**Current Replacement Cost**

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

**Future Replacement Cost**

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

**Component Inventory**

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

# A Multi-Purpose Tool

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

In addition, your Accounting & Consulting Solutions, Inc. reserve study serves a variety of useful purposes:

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

**Kentwood HOA**  
 Roy, Utah  
**ACS Current Assessment Funding Model Summary**

Report Date	January 01, 2018
Budget Year Beginning	January 01, 2018
Budget Year Ending	December 31, 2018
Total Units	32
Phase Development	1 of 1

<i>Report Parameters</i>	
Inflation	2.50%
Annual Assessment Increase	3.00%
Interest Rate on Reserve Deposit	0.30%
Tax Rate on Interest	30.00%
Contingency	3.00%
2018 Beginning Balance	\$65,000

**Current Assessment Funding Model**

<i>Current Assessment Funding Model Summary of Calculations</i>	
Required Annual Contribution	\$16,000.00
<i>\$500.00 per unit annually</i>	
Average Net Annual Interest Earned	<u>\$160.65</u>
Total Annual Allocation to Reserves	\$16,160.65
<i>\$505.02 per unit annually</i>	

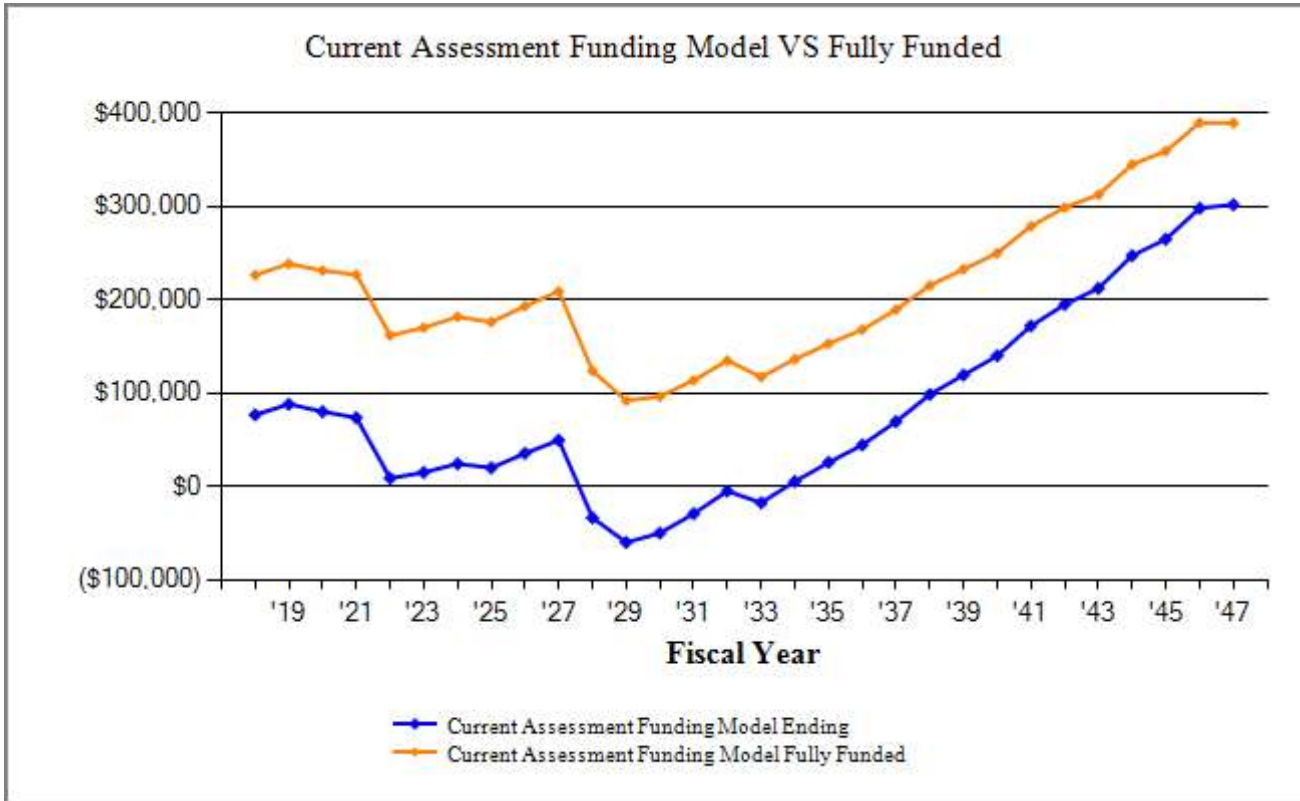


**Kentwood HOA**  
**ACS Current Assessment Funding Model Projection**

Beginning Balance: \$65,000

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2018	259,645	16,000	161	4,500	76,661	226,406	34%
2019	266,137	16,480	185	5,125	88,200	238,476	37%
2020	272,790	16,974	168	25,162	80,180	231,269	35%
2021	279,610	17,484	154	24,176	73,642	226,792	32%
2022	286,600	18,008	19	82,757	8,912	161,876	6%
2023	293,765	18,548	32	12,445	15,046	170,057	9%
2024	301,109	19,105	51	9,857	24,345	181,609	13%
2025	305,071	19,678	42	24,067	19,998	176,164	11%
2026	312,697	20,268	74	4,874	35,467	193,180	18%
2027	320,515	20,876	104	6,869	49,578	208,958	24%
2028	328,528	21,503		104,583	-33,502	123,777	-27%
2029	330,181	22,148		48,547	-59,901	92,069	-65%
2030	333,056	22,812		12,774	-49,863	96,360	-52%
2031	341,382	23,497		2,757	-29,124	113,674	-26%
2032	349,916	24,201			-4,922	134,779	-4%
2033	358,664	24,927		37,402	-17,397	117,345	-15%
2034	367,631	25,675	11	2,969	5,320	136,329	4%
2035	376,822	26,446	54	6,084	25,736	152,976	17%
2036	386,242	27,239	93	8,578	44,490	167,895	26%
2037	395,898	28,056	146	3,197	69,494	189,377	37%
2038	405,796	28,898	207		98,599	215,291	46%
2039	415,941	29,765	250	9,238	119,376	232,622	51%
2040	426,339	30,658	293	10,327	140,000	249,777	56%
2041	436,998	31,577	360		171,938	278,830	62%
2042	447,923	32,525	408	9,948	194,923	298,667	65%
2043	459,121	33,500	445	16,685	212,183	312,465	68%
2044	470,599	34,505	518		247,206	344,839	72%
2045	482,364	35,541	555	18,501	264,801	359,086	74%
2046	494,423	36,607	625	3,993	298,039	389,649	76%
2047	506,783	37,705	632	34,687	301,690	389,188	78%

**Kentwood HOA**  
**ACS Current Assessment Funding Model VS Fully Funded Chart**



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

**Kentwood HOA**  
 Roy, Utah  
**ACS Threshold Funding Model Summary**

Report Date	January 01, 2018
Budget Year Beginning	January 01, 2018
Budget Year Ending	December 31, 2018
Total Units	32
Phase Development	1 of 1

<i>Report Parameters</i>	
Inflation	2.50%
Annual Assessment Increase	3.00%
Interest Rate on Reserve Deposit	0.30%
Tax Rate on Interest	30.00%
Contingency	3.00%
2018 Beginning Balance	\$65,000

**Threshold Funding Model**

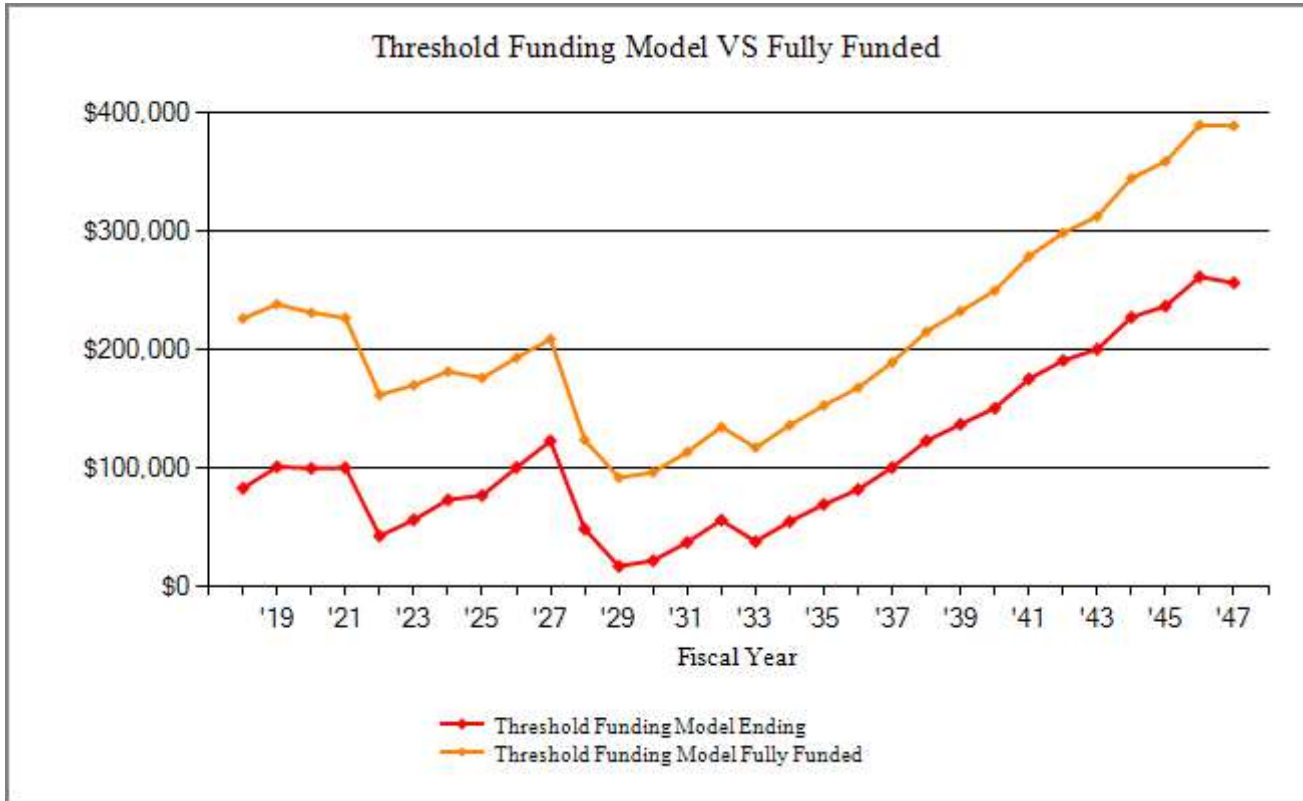
<i>Threshold Funding Model Summary of Calculations</i>	
Required Annual Contribution	\$22,335.29
<i>\$697.98 per unit annually</i>	
Average Net Annual Interest Earned	<u>\$173.95</u>
Total Annual Allocation to Reserves	\$22,509.24
<i>\$703.41 per unit annually</i>	

**Kentwood HOA**  
**ACS Threshold Funding Model Projection**

Beginning Balance: \$65,000

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2018	259,645	22,335	174	4,500	83,009	226,406	37%
2019	266,137	23,005	212	5,125	101,101	238,476	42%
2020	272,790	23,696	209	25,162	99,844	231,269	43%
2021	279,610	24,406	210	24,176	100,284	226,792	44%
2022	286,600	25,139	90	82,757	42,755	161,876	26%
2023	293,765	25,893	118	12,445	56,320	170,057	33%
2024	301,109	26,670	154	9,857	73,286	181,609	40%
2025	305,071	27,470	161	24,067	76,850	176,164	44%
2026	312,697	28,294	211	4,874	100,481	193,180	52%
2027	320,515	29,142	258	6,869	123,012	208,958	59%
2028	328,528	30,017	102	104,583	48,548	123,777	39%
2029	330,181	17,060	36	48,547	17,096	92,069	19%
2030	333,056	17,572	46	12,774	21,940	96,360	23%
2031	341,382	18,099	78	2,757	37,360	113,674	33%
2032	349,916	18,642	118		56,119	134,779	42%
2033	358,664	19,201	80	37,402	37,997	117,345	32%
2034	367,631	19,777	115	2,969	54,920	136,329	40%
2035	376,822	20,370	145	6,084	69,352	152,976	45%
2036	386,242	20,981	172	8,578	81,927	167,895	49%
2037	395,898	21,611	211	3,197	100,551	189,377	53%
2038	405,796	22,259	258		123,069	215,291	57%
2039	415,941	22,927	287	9,238	137,045	232,622	59%
2040	426,339	23,615	316	10,327	150,649	249,777	60%
2041	436,998	24,323	367		175,340	278,830	63%
2042	447,923	25,053	400	9,948	190,845	298,667	64%
2043	459,121	25,805	420	16,685	200,383	312,465	64%
2044	470,599	26,579	477		227,439	344,839	66%
2045	482,364	27,376	496	18,501	236,810	359,086	66%
2046	494,423	28,197	548	3,993	261,563	389,649	67%
2047	506,783	29,043	537	34,687	256,457	389,188	66%

**Kentwood HOA**  
**ACS Threshold Funding Model VS Fully Funded Chart**



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

**Kentwood HOA**  
 Roy, Utah  
**ACS Component Funding Model Summary**

Report Date	January 01, 2018
Budget Year Beginning	January 01, 2018
Budget Year Ending	December 31, 2018
Total Units	32
Phase Development	1 of 1

<i>Report Parameters</i>	
Inflation	2.50%
Interest Rate on Reserve Deposit	0.30%
Tax Rate on Interest	30.00%
Contingency	3.00%
2018 Beginning Balance	\$65,000

**Component Funding Model**

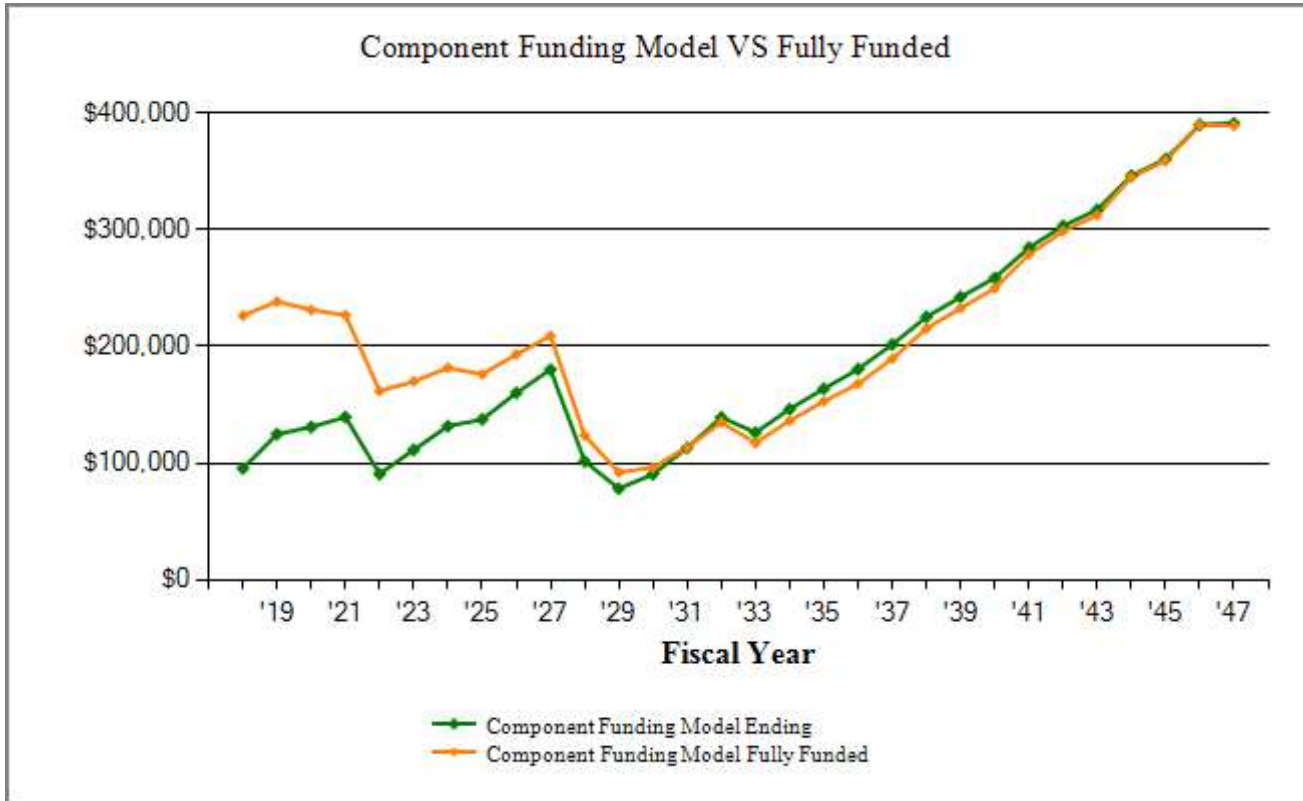
<i>Component Funding Model Summary of Calculations</i>	
Required Annual Contribution	\$34,937.77
<i>\$1,091.81 per unit annually</i>	
Average Net Annual Interest Earned	<u>\$200.42</u>
Total Annual Allocation to Reserves	\$35,138.19
<i>\$1,098.07 per unit annually</i>	

**Kentwood HOA**  
**ACS Component Funding Model Projection**

Beginning Balance: \$65,000

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2018	259,645	34,938	200	4,500	95,638	226,406	42%
2019	266,137	34,037	262	5,125	124,812	238,476	52%
2020	272,790	31,060	274	25,162	130,984	231,269	57%
2021	279,610	32,334	292	24,176	139,434	226,792	61%
2022	286,600	33,856	190	82,757	90,723	161,876	56%
2023	293,765	32,925	234	12,445	111,436	170,057	66%
2024	301,109	29,890	276	9,857	131,744	181,609	73%
2025	305,071	29,495	288	24,067	137,461	176,164	78%
2026	312,697	27,259	336	4,874	160,182	193,180	83%
2027	320,515	26,453	378	6,869	180,144	208,958	86%
2028	328,528	25,763	213	104,583	101,537	123,777	82%
2029	330,181	25,024	164	48,547	78,177	92,069	85%
2030	333,056	24,959	190	12,774	90,551	96,360	94%
2031	341,382	25,117	237	2,757	113,148	113,674	100%
2032	349,916	25,831	292		139,271	134,779	103%
2033	358,664	24,079	264	37,402	126,212	117,345	108%
2034	367,631	22,821	307	2,969	146,371	136,329	107%
2035	376,822	23,089	343	6,084	163,718	152,976	107%
2036	386,242	25,006	378	8,578	180,524	167,895	108%
2037	395,898	23,965	423	3,197	201,714	189,377	107%
2038	405,796	23,061	472		225,248	215,291	105%
2039	415,941	25,751	508	9,238	242,268	232,622	104%
2040	426,339	26,130	542	10,327	258,613	249,777	104%
2041	436,998	25,266	596		284,476	278,830	102%
2042	447,923	28,019	635	9,948	303,182	298,667	102%
2043	459,121	29,844	664	16,685	317,004	312,465	101%
2044	470,599	28,524	726		346,254	344,839	100%
2045	482,364	31,956	755	18,501	360,464	359,086	100%
2046	494,423	32,717	817	3,993	390,005	389,649	100%
2047	506,783	35,000	820	34,687	391,138	389,188	101%

**Kentwood HOA**  
**ACS Component Funding Model VS Fully Funded Chart**



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



**Kentwood HOA**  
**ACS Component Funding Model Assessment & Category Summary**

Description	Replacement Year	Useful Life	Adjustment	Remaining Life	Current Cost	Assigned Reserves	Fully Funded
<b>Streets/Asphalt</b>							
Street - Asphalt Overlay	2022	30	7	4	64,974	13,706	57,950
Street - Seal Coat	2025	5	35	7	<u>3,998</u>	<u>0</u>	<u>3,299</u>
Streets/Asphalt - Total					\$68,972	\$13,706	\$61,248
<b>Roofing</b>							
Roof - Asphalt Shingles	2028	27	17	10	67,200	0	51,927
Roof - Asphalt Shingles - Carports	2020	27	8	2	15,200	14,331	14,331
Roof - Asphalt Shingles - Carports	2021	27	9	3	15,200	13,933	13,933
Roof - Gutter & Downspouts - Bldgs	2028	27	17	10	7,500	0	5,795
Roof - Gutter & Downspouts - Carports	2020	27	9	2	1,750	1,653	1,653
Roof - Gutter & Downspouts - Carports	2021	27	10	3	<u>1,750</u>	<u>1,608</u>	<u>1,608</u>
Roofing - Total					\$108,600	\$31,526	\$89,248
<b>Fencing/Security</b>							
Fence - Chain Link	2025	25	15	7	9,248	0	7,630
Fence - Masonary		<i>Unfunded</i>					
Fence - Wood	2033	25	0	15	<u>9,200</u>	0	<u>3,680</u>
Fencing/Security - Total					\$18,448		\$11,310
<b>Building Components</b>							
Carpet - Interior (2 Bldgs)	2033	20	0	15	4,125	0	1,031
Carpet - Interior (4 Bldgs)	2020	3	10	2	4,000	3,385	3,385
House - Brick Siding		<i>Unfunded</i>					
House - Siding	2021	3	17	3	1,500	1,275	1,275
Painting - Interior (2 Bldgs)	2023	10	0	5	7,000	0	3,500
Painting - Interior (4 Bldgs)	2019	3	9	1	<u>5,000</u>	<u>4,583</u>	<u>4,583</u>
Building Components - Total					\$21,625	\$9,243	\$13,774
<b>Grounds Components</b>							
Carport - Wood Construction	2029	30	15	11	33,000	0	24,933
Concrete - Porches & Patios	2021	3	33	3	2,500	2,292	2,292
Concrete - Sidewalks	2022	3	34	4	2,000	1,784	1,784
Decks	2018	2	31	0	3,000	3,000	3,000
Landscaping	2018	3	16	0	1,500	1,500	1,500
Shed		<i>Unfunded</i>					
Grounds Components - Total					\$42,000	\$8,575	\$33,509
<b>Mailboxes</b>							
Mailboxes		<i>Unfunded</i>					

**Kentwood HOA**  
**ACS Component Funding Model Assessment & Category Summary**

Description	Replacement Year	Useful Life	Adjustment	Remaining Life	Current Cost	Assigned Reserves	Fully Funded
Total Asset Summary					<u>\$259,645</u>	<u>\$63,050</u>	<u>\$209,089</u>
Contingency at 3.00%						<u>\$1,950</u>	<u>\$6,467</u>
Summary Total						\$65,000	\$215,556

Percent Fully Funded	30%
Current Average Liability per Unit (Total Units: 32)	-\$4,705

**Kentwood HOA**  
**ACS Distribution of Accumulated Reserves**

Description	Remaining Life	Replacement Year	Assigned Reserves	Fully Funded Reserves
Decks	0	2018	3,000	3,000
Landscaping	0	2018	1,500	1,500
Painting - Interior (4 Bldgs)	1	2019	4,583	4,583
Carpet - Interior (4 Bldgs)	2	2020	3,385	3,385
Roof - Asphalt Shingles - Carports	2	2020	14,331	14,331
Roof - Gutter & Downspouts - Carports	2	2020	1,653	1,653
Concrete - Porches & Patios	3	2021	2,292	2,292
House - Siding	3	2021	1,275	1,275
Roof - Asphalt Shingles - Carports	3	2021	13,933	13,933
Roof - Gutter & Downspouts - Carports	3	2021	1,608	1,608
Concrete - Sidewalks	4	2022	1,784	1,784
Street - Asphalt Overlay	4	2022	* 13,706	57,950
Painting - Interior (2 Bldgs)	5	2023		3,500
Fence - Chain Link	7	2025		7,630
Street - Seal Coat	7	2025		3,299
Roof - Asphalt Shingles	10	2028		51,927
Roof - Gutter & Downspouts - Bldgs	10	2028		5,795
Carport - Wood Construction	11	2029		24,933
Carpet - Interior (2 Bldgs)	15	2033		1,031
Fence - Wood	15	2033		3,680
House - Brick Siding		Unfunded		
Shed		Unfunded		
Mailboxes		Unfunded		
Fence - Masonary		Unfunded		
Total Asset Summary			<u>\$63,050</u>	<u>\$209,089</u>
Contingency at 3.00%			<u>\$1,950</u>	<u>\$6,467</u>
Summary Total			<u>\$65,000</u>	<u>\$215,556</u>

Percent Fully Funded	30%
Current Average Liability per Unit (Total Units: 32)	-\$4,705

*'\*' Indicates Partially Funded*

**Kentwood HOA**  
**ACS Annual Expenditure Detail**

Description	Expenditures
<b>Replacement Year 2018</b>	
Decks	3,000
Landscaping	1,500
<b>Total for 2018</b>	<b>\$4,500</b>
<b>Replacement Year 2019</b>	
Painting - Interior (4 Bldgs)	5,125
<b>Total for 2019</b>	<b>\$5,125</b>
<b>Replacement Year 2020</b>	
Carpet - Interior (4 Bldgs)	4,202
Decks	3,152
Roof - Asphalt Shingles - Carports	15,969
Roof - Gutter & Downspouts - Carports	1,839
<b>Total for 2020</b>	<b>\$25,162</b>
<b>Replacement Year 2021</b>	
Concrete - Porches & Patios	2,692
House - Siding	1,615
Landscaping	1,615
Roof - Asphalt Shingles - Carports	16,369
Roof - Gutter & Downspouts - Carports	1,885
<b>Total for 2021</b>	<b>\$24,176</b>
<b>Replacement Year 2022</b>	
Concrete - Sidewalks	2,208
Decks	3,311
Painting - Interior (4 Bldgs)	5,519
Street - Asphalt Overlay	71,719
<b>Total for 2022</b>	<b>\$82,757</b>
<b>Replacement Year 2023</b>	
Carpet - Interior (4 Bldgs)	4,526
Painting - Interior (2 Bldgs)	7,920
<b>Total for 2023</b>	<b>\$12,445</b>
<b>Replacement Year 2024</b>	
Concrete - Porches & Patios	2,899

**Kentwood HOA**  
**ACS Annual Expenditure Detail**

Description	Expenditures
<b><i>Replacement Year 2024 continued...</i></b>	
Decks	3,479
House - Siding	1,740
Landscaping	1,740
<b>Total for 2024</b>	<b><u>\$9,857</u></b>
<b>Replacement Year 2025</b>	
Concrete - Sidewalks	2,377
Fence - Chain Link	10,993
Painting - Interior (4 Bldgs)	5,943
Street - Seal Coat	4,753
<b>Total for 2025</b>	<b><u>\$24,067</u></b>
<b>Replacement Year 2026</b>	
Carpet - Interior (4 Bldgs)	4,874
<b>Total for 2026</b>	<b><u>\$4,874</u></b>
<b>Replacement Year 2027</b>	
Concrete - Porches & Patios	3,122
House - Siding	1,873
Landscaping	1,873
<b>Total for 2027</b>	<b><u>\$6,869</u></b>
<b>Replacement Year 2028</b>	
Concrete - Sidewalks	2,560
Painting - Interior (4 Bldgs)	6,400
Roof - Asphalt Shingles	86,022
Roof - Gutter & Downspouts - Bldgs	9,601
<b>Total for 2028</b>	<b><u>\$104,583</u></b>
<b>Replacement Year 2029</b>	
Carpet - Interior (4 Bldgs)	5,248
Carport - Wood Construction	43,299
<b>Total for 2029</b>	<b><u>\$48,547</u></b>
<b>Replacement Year 2030</b>	
Concrete - Porches & Patios	3,362
House - Siding	2,017

**Kentwood HOA**  
**ACS Annual Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2030 continued...</i>	
Landscaping	2,017
Street - Seal Coat	5,377
<b>Total for 2030</b>	<b>\$12,774</b>
<b>Replacement Year 2031</b>	
Concrete - Sidewalks	2,757
<b>Total for 2031</b>	<b>\$2,757</b>
<i>No Replacement in 2032</i>	
<b>Replacement Year 2033</b>	
Carpet - Interior (2 Bldgs)	5,974
Concrete - Porches & Patios	3,621
Fence - Wood	13,324
House - Siding	2,172
Landscaping	2,172
Painting - Interior (2 Bldgs)	10,138
<b>Total for 2033</b>	<b>\$37,402</b>
<b>Replacement Year 2034</b>	
Concrete - Sidewalks	2,969
<b>Total for 2034</b>	<b>\$2,969</b>
<b>Replacement Year 2035</b>	
Street - Seal Coat	6,084
<b>Total for 2035</b>	<b>\$6,084</b>
<b>Replacement Year 2036</b>	
Concrete - Porches & Patios	3,899
House - Siding	2,339
Landscaping	2,339
<b>Total for 2036</b>	<b>\$8,578</b>
<b>Replacement Year 2037</b>	
Concrete - Sidewalks	3,197
<b>Total for 2037</b>	<b>\$3,197</b>

**Kentwood HOA**  
**ACS Annual Expenditure Detail**

Description	Expenditures
<i>No Replacement in 2038</i>	
<b>Replacement Year 2039</b>	
Concrete - Porches & Patios	4,199
House - Siding	2,519
Landscaping	2,519
<b>Total for 2039</b>	<b>\$9,238</b>
<b>Replacement Year 2040</b>	
Concrete - Sidewalks	3,443
Street - Seal Coat	6,884
<b>Total for 2040</b>	<b>\$10,327</b>
<i>No Replacement in 2041</i>	
<b>Replacement Year 2042</b>	
Concrete - Porches & Patios	4,522
House - Siding	2,713
Landscaping	2,713
<b>Total for 2042</b>	<b>\$9,948</b>
<b>Replacement Year 2043</b>	
Concrete - Sidewalks	3,708
Painting - Interior (2 Bldgs)	12,978
<b>Total for 2043</b>	<b>\$16,685</b>
<i>No Replacement in 2044</i>	
<b>Replacement Year 2045</b>	
Concrete - Porches & Patios	4,869
House - Siding	2,922
Landscaping	2,922
Street - Seal Coat	7,788
<b>Total for 2045</b>	<b>\$18,501</b>
<b>Replacement Year 2046</b>	
Concrete - Sidewalks	3,993
<b>Total for 2046</b>	<b>\$3,993</b>

**Kentwood HOA**  
**ACS Annual Expenditure Detail**

Description	Expenditures
<b>Replacement Year 2047</b>	
Roof - Asphalt Shingles - Carports	31,105
Roof - Gutter & Downspouts - Carports	3,581
<b>Total for 2047</b>	<u><b>\$34,687</b></u>



**Kentwood HOA  
ACS Spread Sheet**

<b>Description</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
Carpet - Interior (2 Bldgs)										
Carpet - Interior (4 Bldgs)			4,202			4,526			4,874	
Carport - Wood Construction										
Concrete - Porches & Patios				2,692			2,899			3,122
Concrete - Sidewalks					2,208			2,377		
Decks	3,000		3,152		3,311		3,479			
Fence - Chain Link								10,993		
Fence - Masonary	<i>Unfunded</i>									
Fence - Wood										
House - Brick Siding	<i>Unfunded</i>									
House - Siding				1,615			1,740			1,873
Landscaping	1,500			1,615			1,740			1,873
Mailboxes	<i>Unfunded</i>									
Painting - Interior (2 Bldgs)						7,920				
Painting - Interior (4 Bldgs)		5,125			5,519			5,943		
Roof - Asphalt Shingles										
Roof - Asphalt Shingles - Carports			15,969							
Roof - Asphalt Shingles - Carports				16,369						
Roof - Gutter & Downspouts - Bldgs										
Roof - Gutter & Downspouts - Carports			1,839							
Roof - Gutter & Downspouts - Carports				1,885						
Shed	<i>Unfunded</i>									
Street - Asphalt Overlay					71,719					
Street - Seal Coat								4,753		
<b>Year Total:</b>	<b>4,500</b>	<b>5,125</b>	<b>25,162</b>	<b>24,176</b>	<b>82,757</b>	<b>12,445</b>	<b>9,857</b>	<b>24,067</b>	<b>4,874</b>	<b>6,869</b>

**Kentwood HOA  
ACS Spread Sheet**

	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
<b>Description</b>										
Carpet - Interior (2 Bldgs)						5,974				
Carpet - Interior (4 Bldgs)		5,248								
Carport - Wood Construction		43,299								
Concrete - Porches & Patios			3,362			3,621			3,899	
Concrete - Sidewalks	2,560			2,757			2,969			3,197
Decks										
Fence - Chain Link										
Fence - Masonary	<i>Unfunded</i>									
Fence - Wood						13,324				
House - Brick Siding	<i>Unfunded</i>									
House - Siding			2,017			2,172			2,339	
Landscaping			2,017			2,172			2,339	
Mailboxes	<i>Unfunded</i>									
Painting - Interior (2 Bldgs)						10,138				
Painting - Interior (4 Bldgs)	6,400									
Roof - Asphalt Shingles	86,022									
Roof - Asphalt Shingles - Carports										
Roof - Asphalt Shingles - Carports										
Roof - Gutter & Downspouts - Bldgs	9,601									
Roof - Gutter & Downspouts - Carports										
Roof - Gutter & Downspouts - Carports										
Shed	<i>Unfunded</i>									
Street - Asphalt Overlay										
Street - Seal Coat			5,377					6,084		
<b>Year Total:</b>	<b>104,583</b>	<b>48,547</b>	<b>12,774</b>	<b>2,757</b>		<b>37,402</b>	<b>2,969</b>	<b>6,084</b>	<b>8,578</b>	<b>3,197</b>

**Kentwood HOA  
ACS Spread Sheet**

<b>Description</b>	<b>2038</b>	<b>2039</b>	<b>2040</b>	<b>2041</b>	<b>2042</b>	<b>2043</b>	<b>2044</b>	<b>2045</b>	<b>2046</b>	<b>2047</b>
Carpet - Interior (2 Bldgs)										
Carpet - Interior (4 Bldgs)										
Carport - Wood Construction										
Concrete - Porches & Patios		4,199			4,522			4,869		
Concrete - Sidewalks			3,443			3,708			3,993	
Decks										
Fence - Chain Link										
Fence - Masonary	<i>Unfunded</i>									
Fence - Wood										
House - Brick Siding	<i>Unfunded</i>									
House - Siding		2,519			2,713			2,922		
Landscaping		2,519			2,713			2,922		
Mailboxes	<i>Unfunded</i>									
Painting - Interior (2 Bldgs)						12,978				
Painting - Interior (4 Bldgs)										
Roof - Asphalt Shingles										
Roof - Asphalt Shingles - Carports										31,105
Roof - Asphalt Shingles - Carports										
Roof - Gutter & Downspouts - Bldgs										
Roof - Gutter & Downspouts - Carports										3,581
Roof - Gutter & Downspouts - Carports										
Shed	<i>Unfunded</i>									
Street - Asphalt Overlay										
Street - Seal Coat			6,884					7,788		
<b>Year Total:</b>		<b>9,238</b>	<b>10,327</b>		<b>9,948</b>	<b>16,685</b>		<b>18,501</b>	<b>3,993</b>	<b>34,687</b>

**Kentwood HOA**  
**ACS Detail Report by Category**

**Street - Asphalt Overlay - 2022**

		33,320 sq. ft.	@ \$1.95
Asset ID	1001	Asset Cost	\$64,974.00
		Percent Replacement	100%
	Streets/Asphalt	Future Cost	\$71,719.14
Placed in Service	January 1985	Assigned Reserves	\$13,705.95
Useful Life	30		
Adjustment	7	Annual Assessment	\$6,238.19
Replacement Year	2022	Interest Contribution	<u>\$41.88</u>
Remaining Life	4	Reserve Allocation	\$6,280.07



The street was in poor repair for the age of the component as of the date of our review. The streets of this property are in desperate need of repair. The streets are currently concrete, but would most likely be torn out and replaced with asphalt. Most asphalt areas can be expected to last approximately 20 to 25 years before it will become necessary for an overlay to be applied. This can double the life of the surface upon application. It will be necessary to adjust manhole and valve covers at the time the overlay is applied. Testing should be conducted by an independent consultant to determine the condition of the asphalt near the end of the estimated useful life. The board has indicated that they are 3-5 years before actually replacing the current road and parking lots.

**Street - Seal Coat - 2025**

		33,320 sq. ft.	@ \$0.12
Asset ID	1002	Asset Cost	\$3,998.40
		Percent Replacement	100%
	Streets/Asphalt	Future Cost	\$4,752.84
Placed in Service	January 1985	Assigned Reserves	<i>none</i>
Useful Life	5		
Adjustment	35	Annual Assessment	\$291.70
Replacement Year	2025	Interest Contribution	<u>\$0.61</u>
Remaining Life	7	Reserve Allocation	\$292.32

**Kentwood HOA  
ACS Detail Report by Category**

*Street - Seal Coat continued...*



The street was in poor repair as of the date of our review. The streets of this property are in desperate need of replacement. The streets are currently concrete, but would most likely be torn out and replaced with asphalt. Most asphalt areas can be expected to last approximately 25 to 30 years before it will become necessary for an overlay to be applied. The Asphalt surfaces should be sealed within 3 years of their initial installation. Thereafter, a 4 to 5 year cycle should be observed and adjusted according to the client's particular needs. We have recommended a 5yr cycle for maintenance be observed.

<b>Streets/Asphalt - Total Current Cost</b>	<b>\$68,972</b>
<b>Assigned Reserves</b>	<b>\$13,706</b>
<b>Fully Funded Reserves</b>	<b>\$61,248</b>

**Kentwood HOA**  
**ACS Detail Report by Category**

**Roof - Asphalt Shingles - 2028**

		168 Squares	@ \$400.00
Asset ID	1004	Asset Cost	\$67,200.00
		Percent Replacement	100%
	Roofing	Future Cost	\$86,021.68
Placed in Service	January 1984	Assigned Reserves	<i>none</i>
Useful Life	27		
Adjustment	17	Annual Assessment	\$3,684.05
Replacement Year	2028	Interest Contribution	<u>\$7.74</u>
Remaining Life	10	Reserve Allocation	\$3,691.78



The roof was inaccessible at the date of our review. Recommend full replacement after 27 years along with gutters and downspouts to take advantage of economies and ensure proper long term functionality.

**Roof - Asphalt Shingles - Carports - 2020**

		76 Squares	@ \$400.00
Asset ID	1005	Asset Cost	\$15,200.00
		Percent Replacement	50%
	Roofing	Future Cost	\$15,969.50
Placed in Service	January 1985	Assigned Reserves	\$14,331.43
Useful Life	27		
Adjustment	8	Annual Assessment	\$340.72
Replacement Year	2020	Interest Contribution	<u>\$30.81</u>
Remaining Life	2	Reserve Allocation	\$371.53

**Kentwood HOA  
ACS Detail Report by Category**

*Roof - Asphalt Shingles - Carports continued...*



Roof is 30 yr architectural shingles which show serious signs of wear. Both of the carports by the buildings that were involved in the fire in 2012 were affected by the heat and are in need of replacement. Recommend full replacement immediately along with gutters and downspouts to take advantage of economies and ensure proper long term functionality.

**Roof - Asphalt Shingles - Carports - 2021**

		76 Squares	@ \$400.00
Asset ID	1028	Asset Cost	\$15,200.00
		Percent Replacement	50%
	Roofing	Future Cost	\$16,368.74
Placed in Service	January 1985	Assigned Reserves	\$13,933.33
Useful Life	27		
Adjustment	9	Annual Assessment	\$337.59
Replacement Year	2021	Interest Contribution	<u>\$29.97</u>
Remaining Life	3	Reserve Allocation	\$367.56



Roof is 30 yr architectural shingles which show serious signs of wear. Both of the carports by the buildings that were involved in the fire in 2012 were affected by the heat and are in need of

**Kentwood HOA**  
**ACS Detail Report by Category**

*Roof - Asphalt Shingles - Carports continued...*

replacement. Recommend full replacement immediately along with gutters and downspouts to take advantage of economies and ensure proper long term functionality.

**Roof - Gutter & Downspouts - Bldgs - 2028**

Asset ID	1006	Asset Cost	\$7,500.00
		Percent Replacement	100%
	Roofing	Future Cost	\$9,600.63
Placed in Service	January 1984	Assigned Reserves	<i>none</i>
Useful Life	27		
Adjustment	17	Annual Assessment	\$411.17
Replacement Year	2028	Interest Contribution	<u>\$0.86</u>
Remaining Life	10	Reserve Allocation	\$412.03



Recommend replacing gutters and downspouts as necessary and when the roof is redone to take advantage of economies at that point.

**Roof - Gutter & Downspouts - Carports - 2020**

Asset ID	1007	Asset Cost	\$1,750.00
		Percent Replacement	50%
	Roofing	Future Cost	\$1,838.59
Placed in Service	January 1984	Assigned Reserves	\$1,652.78
Useful Life	27		
Adjustment	9	Annual Assessment	\$38.62
Replacement Year	2020	Interest Contribution	<u>\$3.55</u>
Remaining Life	2	Reserve Allocation	\$42.18



**Kentwood HOA  
ACS Detail Report by Category**

*Roof - Gutter & Downspouts - Carports continued...*



Recommend replacing gutters and downspouts as necessary and when the roof is redone to take advantage of economies at that point.

**Roof - Gutter & Downspouts - Carports - 2021**

Asset ID	1029	Asset Cost	\$1,750.00
		Percent Replacement	50%
	Roofing	Future Cost	\$1,884.56
Placed in Service	January 1984	Assigned Reserves	\$1,608.11
Useful Life	27		
Adjustment	10	Annual Assessment	\$38.30
Replacement Year	2021	Interest Contribution	<u>\$3.46</u>
Remaining Life	3	Reserve Allocation	\$41.75



Recommend replacing gutters and downspouts as necessary and when the roof is redone to take advantage of economies at that point.

<b>Roofing - Total Current Cost</b>	<b>\$108,600</b>
<b>Assigned Reserves</b>	<b>\$31,526</b>
<b>Fully Funded Reserves</b>	<b>\$89,248</b>

**Kentwood HOA**  
**ACS Detail Report by Category**

**Fence - Chain Link - 2025**

Asset ID	1016	578 Feet	@ \$16.00
		Asset Cost	\$9,248.00
		Percent Replacement	100%
		Future Cost	\$10,992.97
Placed in Service	Fencing/Security January 1985	Assigned Reserves	<i>none</i>
Useful Life	25		
Adjustment	15	Annual Assessment	\$674.69
Replacement Year	2025	Interest Contribution	<u>\$1.42</u>
Remaining Life	7	Reserve Allocation	\$676.11



This component was in good repair for its age. Would recommend the full replacement of this component at the end of its useful life.

**Fence - Masonary**

Asset ID	1018	375 Feet	
		Asset Cost	
		Percent Replacement	100%
		Future Cost	
Placed in Service	Fencing/Security January 1984	Assigned Reserves	<i>none</i>
Useful Life	60		
Replacement Year	2044	Annual Assessment	No Assessment
Remaining Life	26	Interest Contribution	
		Reserve Allocation	

**Kentwood HOA  
ACS Detail Report by Category**

*Fence - Masonary continued...*



The masonry wall was constructed at the time the property was completed. It is a painted cinder block wall. We would expect this wall to last as long as the property is in existence. No reserves needed for the wall.

<b>Fence - Wood - 2033</b>		460 Feet	@ \$20.00
Asset ID	1017	Asset Cost	\$9,200.00
		Percent Replacement	100%
Placed in Service	Fencing/Security January 2008	Future Cost	\$13,324.34
Useful Life	25	Assigned Reserves	<i>none</i>
Replacement Year	2033	Annual Assessment	\$378.43
Remaining Life	15	Interest Contribution	<u>\$0.79</u>
		Reserve Allocation	\$379.22



This component was in good repair for its age. Would recommend the full replacement of this component at the end of its useful life.

**Kentwood HOA**  
**ACS Detail Report by Category**

<b>Fencing/Security - Total Current Cost</b>	<b>\$18,448</b>
<b>Assigned Reserves</b>	<b>\$0</b>
<b>Fully Funded Reserves</b>	<b>\$11,310</b>

**Kentwood HOA**  
**ACS Detail Report by Category**

**Carpet - Interior (2 Bldgs) - 2033**

		1,500 Sq. Ft.	@ \$2.75
Asset ID	1024	Asset Cost	\$4,125.00
		Percent Replacement	100%
Building Components		Future Cost	\$5,974.23
Placed in Service	January 2013	Assigned Reserves	<i>none</i>
Useful Life	20		
Replacement Year	2033	Annual Assessment	\$169.68
Remaining Life	15	Interest Contribution	<u>\$0.36</u>
		Reserve Allocation	\$170.03



The carpet in the buildings was in fair condition as of the review date. Due to the condition of the overall complex and the need to prioritize items for repair, we recommend putting off this repair until a future date.

**Carpet - Interior (4 Bldgs) - 2020**

		1 units	@ \$4,000.00
Asset ID	1023	Asset Cost	\$4,000.00
		Percent Replacement	100%
Building Components		Future Cost	\$4,202.50
Placed in Service	January 2007	Assigned Reserves	\$3,384.62
Useful Life	3		
Adjustment	10	Annual Assessment	\$173.54
Replacement Year	2020	Interest Contribution	<u>\$7.47</u>
Remaining Life	2	Reserve Allocation	\$181.02

**Kentwood HOA  
ACS Detail Report by Category**

*Carpet - Interior (4 Bldgs) continued...*



The carpet in the buildings was in fair condition as of the review date. Due to the condition of the overall complex and the need to prioritize items for repair, we recommend putting off this repair until a future date.

**House - Brick Siding**

Asset ID	1012	Asset Cost	
		Percent Replacement	100%
		Future Cost	
Building Components		Assigned Reserves	<i>none</i>
Placed in Service	January 1985	Annual Assessment	No Assessment
Useful Life	3	Interest Contribution	
Adjustment	21	Reserve Allocation	
Replacement Year	2018		
Remaining Life	0		



The buildings are constructed of brick and vinyl siding throughout the property. The brick will last as long as the property is in existence, therefore there is no need for reserve.

**Kentwood HOA**  
**ACS Detail Report by Category**

**House - Siding - 2021**

Asset ID	1011	Asset Cost	\$1,500.00
		Percent Replacement	100%
Building Components		Future Cost	\$1,615.34
Placed in Service	January 2001	Assigned Reserves	\$1,275.00
Useful Life	3		
Adjustment	17	Annual Assessment	\$47.79
Replacement Year	2021	Interest Contribution	<u>\$2.78</u>
Remaining Life	3	Reserve Allocation	\$50.56



Siding was in relatively good repair for the age of the complex as of the day of our review. Would recommend reserving for replacement and repair as these areas become problematic and require repair. Would recommend a periodic routine of replacement to keep the bldgs in good repair.

**Painting - Interior (2 Bldgs) - 2023**

		2 units	@ \$3,500.00
Asset ID	1026	Asset Cost	\$7,000.00
		Percent Replacement	100%
Building Components		Future Cost	\$7,919.86
Placed in Service	January 2013	Assigned Reserves	<i>none</i>
Useful Life	10		
Replacement Year	2023	Annual Assessment	\$681.94
Remaining Life	5	Interest Contribution	<u>\$1.43</u>
		Reserve Allocation	\$683.38

**Kentwood HOA  
ACS Detail Report by Category**

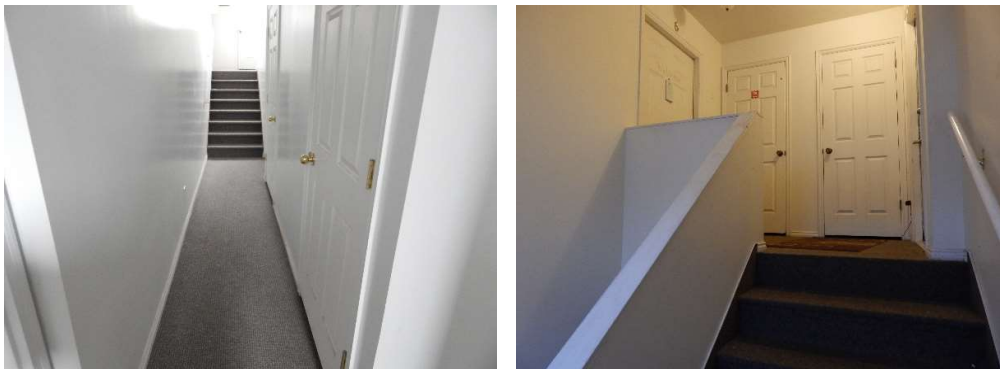
*Painting - Interior (2 Bldgs) continued...*



The painting of the buildings was in relatively good condition as of the review date. Would recommend getting on a periodic schedule to keep this component current.

**Painting - Interior (4 Bldgs) - 2019**

		1 units	@ \$5,000.00
Asset ID	1025	Asset Cost	\$5,000.00
		Percent Replacement	100%
Building Components		Future Cost	\$5,125.00
Placed in Service	January 2007	Assigned Reserves	\$4,583.33
Useful Life	3		
Adjustment	9	Annual Assessment	\$230.02
Replacement Year	2019	Interest Contribution	<u>\$10.11</u>
Remaining Life	1	Reserve Allocation	\$240.13



The painting of the buildings was in relatively good condition as of the review date. Would recommend getting on a periodic schedule to keep this component current.

<b>Building Components - Total Current Cost</b>	<b>\$21,625</b>
<b>Assigned Reserves</b>	<b>\$9,243</b>
<b>Fully Funded Reserves</b>	<b>\$13,774</b>



**Kentwood HOA**  
**ACS Detail Report by Category**

**Carport - Wood Construction - 2029**

Asset ID	1020	6 Units	@ \$5,500.00
		Asset Cost	\$33,000.00
		Percent Replacement	100%
Grounds Components		Future Cost	\$43,298.86
Placed in Service	January 1984	Assigned Reserves	<i>none</i>
Useful Life	30	Annual Assessment	\$1,684.01
Adjustment	15	Interest Contribution	<u>\$3.54</u>
Replacement Year	2029	Reserve Allocation	\$1,687.54
Remaining Life	11		



The carports were in good repair as of the date of our review. We would recommend some maintenance of the metal posts and beams to ensure they reach the full extent of their expected useful life.

**Concrete - Porches & Patios - 2021**

Asset ID	1009	Asset Cost	\$2,500.00
		Percent Replacement	100%
Grounds Components		Future Cost	\$2,692.23
Placed in Service	January 1985	Assigned Reserves	\$2,291.67
Useful Life	3	Annual Assessment	\$55.52
Adjustment	33	Interest Contribution	<u>\$4.93</u>
Replacement Year	2021	Reserve Allocation	\$60.45
Remaining Life	3		

**Kentwood HOA  
ACS Detail Report by Category**

*Concrete - Porches & Patios continued...*



Concrete porches and patio areas on the property were generally in fair to poor shape as of the date of our review. The replacement of the concrete will be a major repair and currently the expected useful life would be typical for the conditions of this area. Recommend a systematic process of replacement every 3 years until the property has been restored to its original state of repair. This estimate may need to be revised as wear and tear is monitored in the coming years.

Concrete - Sidewalks - 2022

Asset ID	1008	Asset Cost	\$2,000.00
		Percent Replacement	100%
	Grounds Components	Future Cost	\$2,207.63
Placed in Service	January 1985	Assigned Reserves	\$1,783.78
Useful Life	3		
Adjustment	34	Annual Assessment	\$44.05
Replacement Year	2022	Interest Contribution	<u>\$3.84</u>
Remaining Life	4	Reserve Allocation	\$47.89



Concrete sidewalks on the property were generally in fair shape as of the date of our review. The replacement of the concrete will be a major repair and currently the expected useful life would be typical for the conditions of this area. Recommend a systematic process of replacement every 3 years until the property has been restored to its original state of repair.

**Kentwood HOA**  
**ACS Detail Report by Category**

*Concrete - Sidewalks continued...*

This estimate may need to be revised as wear and tear is monitored in the coming years.

**Decks - 2018**

Asset ID	1010	Asset Cost	\$3,000.00
		Percent Replacement	100%
Grounds Components		Future Cost	\$3,000.00
Placed in Service	January 1985	Assigned Reserves	\$3,000.00
Useful Life	2		
Adjustment	31	Annual Assessment	No Assessment
Replacement Year	2018	Interest Contribution	
Remaining Life	0	Reserve Allocation	



The decks were in reasonable condition as of the date of our review. The decks are made of wood for the deck and railings, the joists are wood. Recommend a periodic replacement of the decks to maintain the aesthetic value of the property.

**Landscaping - 2018**

Asset ID	1015	Asset Cost	\$1,500.00
		Percent Replacement	100%
Grounds Components		Future Cost	\$1,500.00
Placed in Service	January 1985	Assigned Reserves	\$1,500.00
Useful Life	3		
Adjustment	16	Annual Assessment	No Assessment
Replacement Year	2018	Interest Contribution	
Remaining Life	0	Reserve Allocation	

**Kentwood HOA  
ACS Detail Report by Category**

*Landscaping continued...*



Recommend a regular routine of maintenance and replacement to ensure trees, shrubs and watering components remain in good repair.

**Shed**

	Asset ID	1021	1 Units	
			Asset Cost	
			Percent Replacement	100%
	Grounds Components		Future Cost	
Placed in Service	January 1985		Assigned Reserves	<i>none</i>
Useful Life	25		Annual Assessment	No Assessment
Replacement Year	2018		Interest Contribution	
Remaining Life	0		Reserve Allocation	



Management of the HOA has determined NOT to reserve for this component. This component will most likely be torn down and scrapped.

<b>Grounds Components - Total Current Cost</b>	<b>\$42,000</b>
<b>Assigned Reserves</b>	<b>\$8,575</b>
<b>Fully Funded Reserves</b>	<b>\$33,509</b>

**Kentwood HOA  
ACS Detail Report by Category**

**Mailboxes**

Asset ID	1019	Asset Cost	
		Percent Replacement	100%
	Mailboxes	Future Cost	
Placed in Service	January 1984	Assigned Reserves	<i>none</i>
Useful Life	50	Annual Assessment	No Assessment
Replacement Year	2034	Interest Contribution	
Remaining Life	16	Reserve Allocation	



No reserve required for the mailboxes.

<b>Mailboxes - Total Current Cost</b>	<b>\$0</b>
<b>Assigned Reserves</b>	<b>\$0</b>
<b>Fully Funded Reserves</b>	<b>\$0</b>

**Kentwood HOA**  
**ACS Detail Report by Category**

**Detail Report Summary**

**Total of All Assets**

Assigned Reserves	\$63,050.00
Annual Contribution	\$15,520.00
Annual Interest	\$155.55
Annual Allocation	\$15,675.54

**Contingency at 3.00%**

Assigned Reserves	\$1,950.00
Annual Contribution	\$480.00
Annual Interest	\$4.81
Annual Allocation	\$484.81

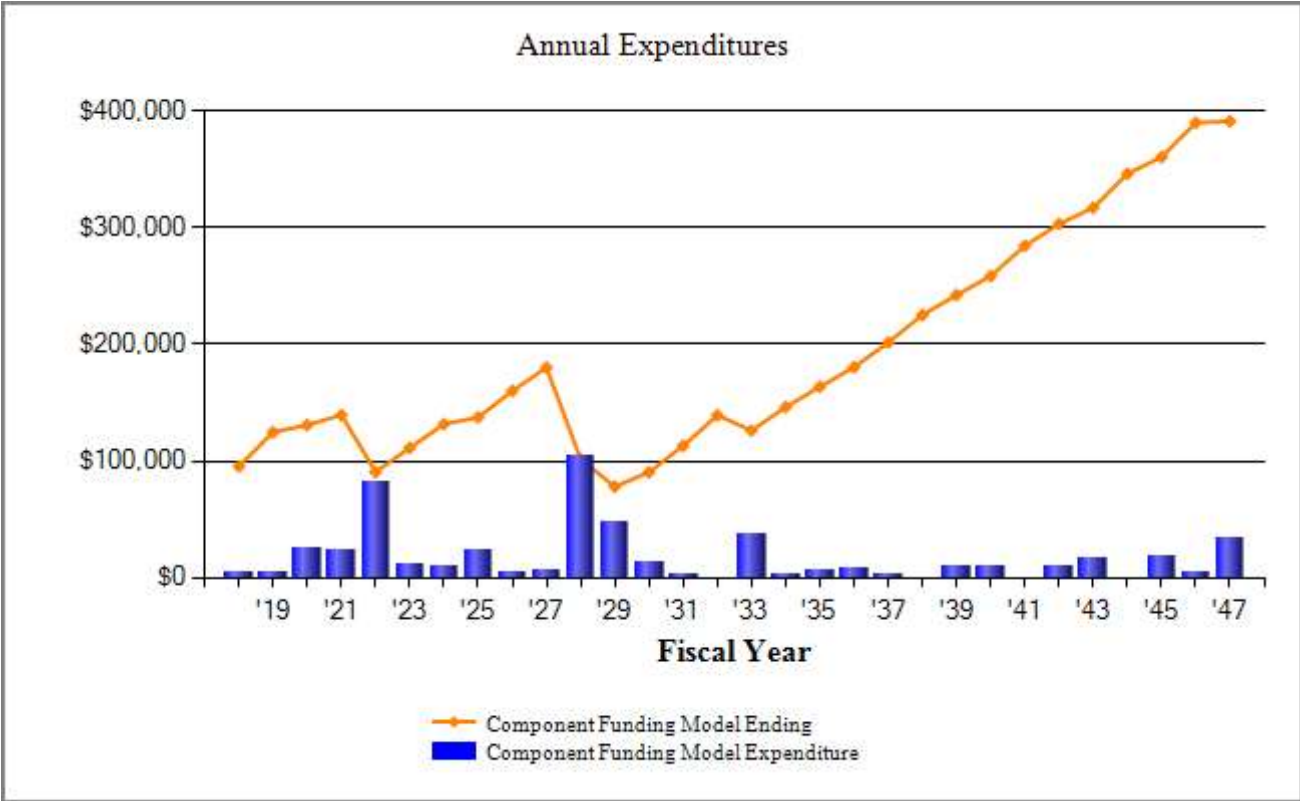
**Grand Total**

Assigned Reserves	\$65,000.00
Annual Contribution	\$16,000.00
Annual Interest	\$160.36
Annual Allocation	\$16,160.36

**Kentwood HOA**  
**ACS Category Detail Index**

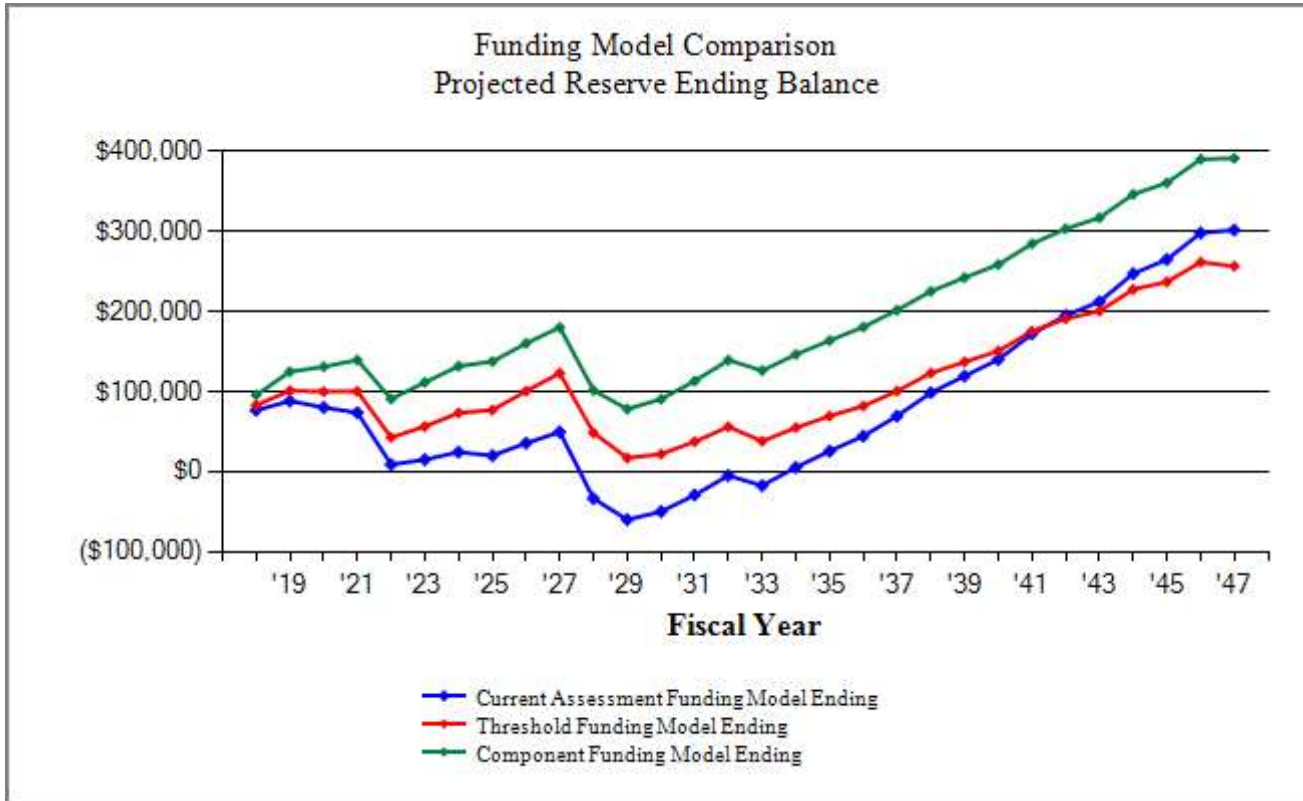
Asset ID	Description	Replacement	Page
1024	Carpet - Interior (2 Bldgs)	2033	2-30
1023	Carpet - Interior (4 Bldgs)	2020	2-30
1020	Carport - Wood Construction	2029	2-34
1009	Concrete - Porches & Patios	2021	2-34
1008	Concrete - Sidewalks	2022	2-35
1010	Decks	2018	2-36
1016	Fence - Chain Link	2025	2-27
1018	Fence - Masonary	Unfunded	2-27
1017	Fence - Wood	2033	2-28
1012	House - Brick Siding	Unfunded	2-31
1011	House - Siding	2021	2-32
1015	Landscaping	2018	2-36
1019	Mailboxes	Unfunded	2-38
1026	Painting - Interior (2 Bldgs)	2023	2-32
1025	Painting - Interior (4 Bldgs)	2019	2-33
1004	Roof - Asphalt Shingles	2028	2-23
1005	Roof - Asphalt Shingles - Carports	2020	2-23
1028	Roof - Asphalt Shingles - Carports	2021	2-24
1006	Roof - Gutter & Downspouts - Bldgs	2028	2-25
1007	Roof - Gutter & Downspouts - Carports	2020	2-25
1029	Roof - Gutter & Downspouts - Carports	2021	2-26
1021	Shed	Unfunded	2-37
1001	Street - Asphalt Overlay	2022	2-21
1002	Street - Seal Coat	2025	2-21
	Total Funded Assets	20	
	Total Unfunded Assets	<u>4</u>	
	Total Assets	24	

**Kentwood HOA  
ACS Annual Expenditure Chart**



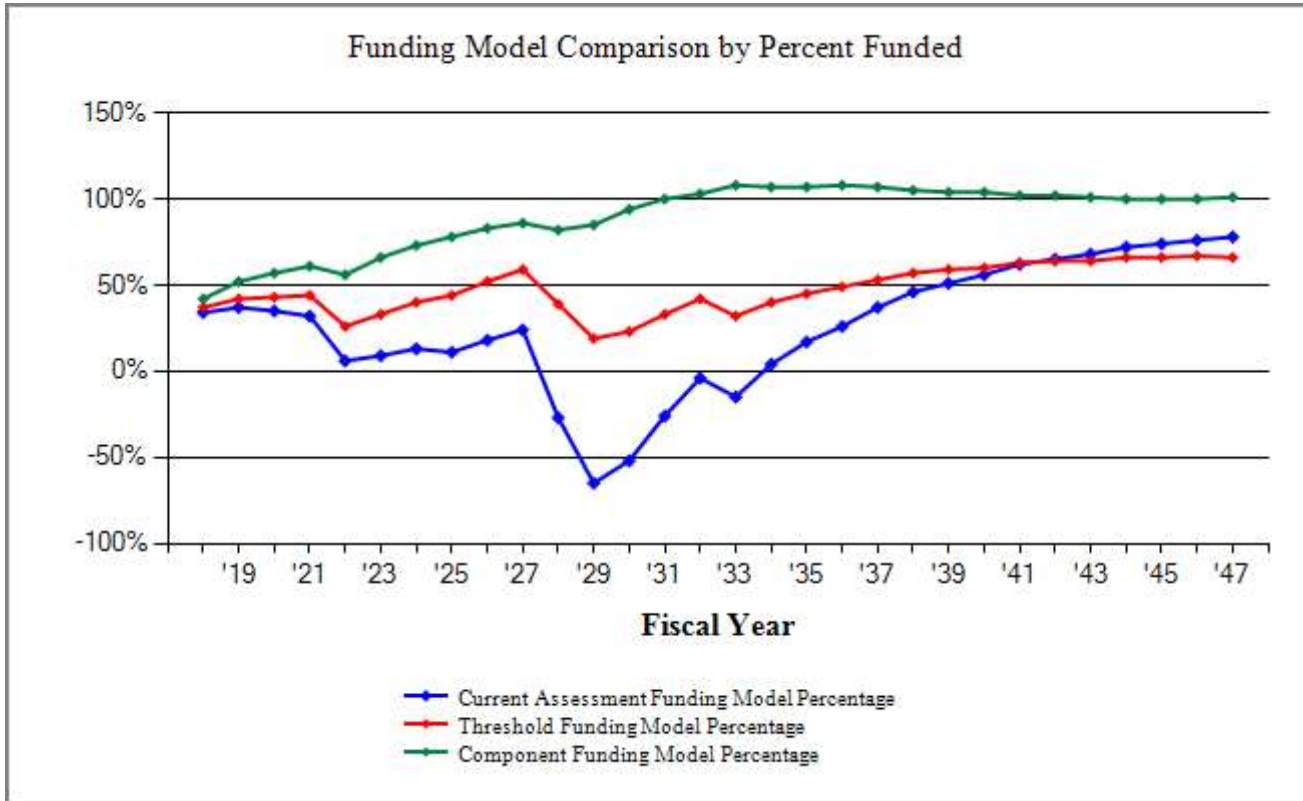


**Kentwood HOA**  
**ACS Funding Model Reserve Ending Balance Comparison Chart**



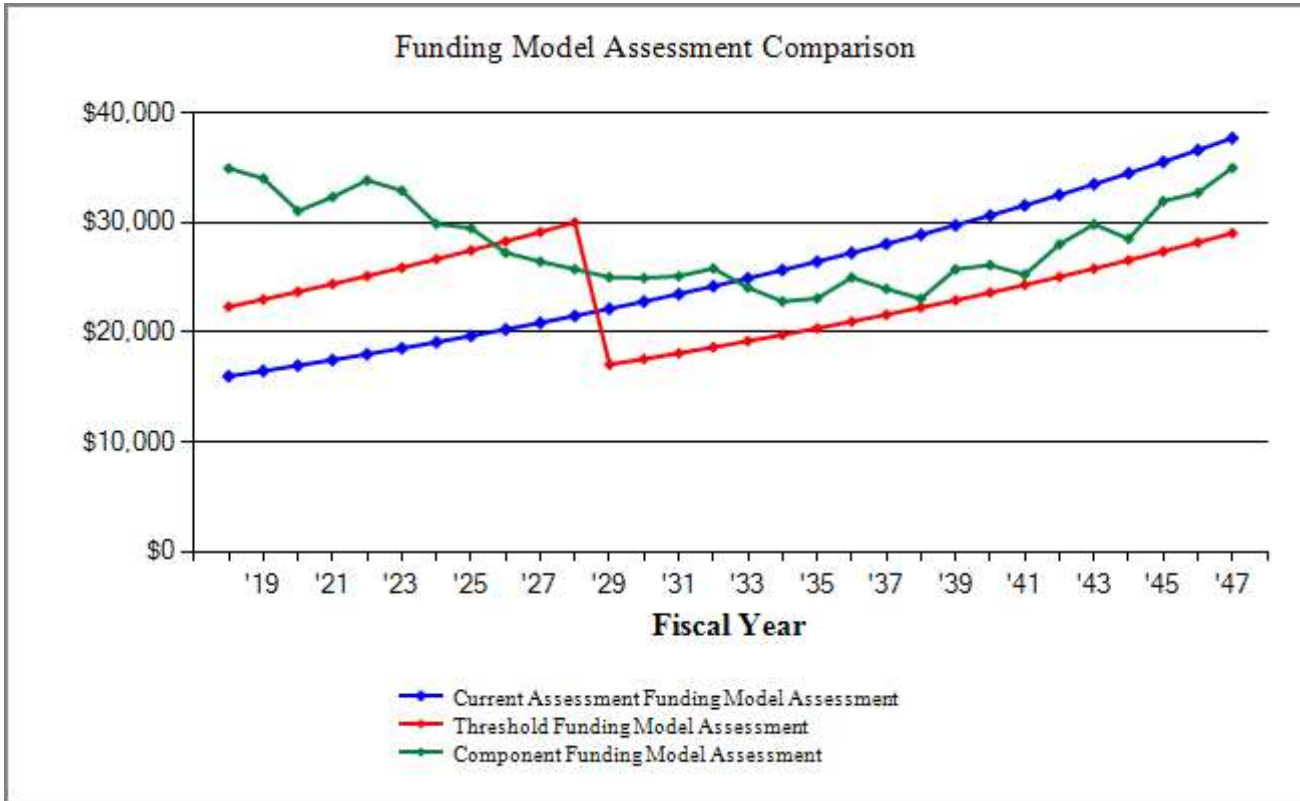
The chart above compares the projected reserve ending balances of the three funding models (Current Assessment Funding Model, Threshold Funding Model and Component Funding Model) over 30 years.

**Kentwood HOA**  
**ACS Funding Model Comparison by Percent Funded**



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

**Kentwood HOA**  
**ACS Funding Model Assessment Comparison Chart**



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