

**Reserve Study Update  
for  
Thornhill  
Community Association, Inc.  
Charlotte, North Carolina  
February 1, 2008**



# Reserve Advisors

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**RESERVE STUDY UPDATE**

*Conducted on February 1, 2008*

We intend this Reserve Study Update Report to append the original or previous Reserve Advisors, Inc. Reserve Study Report.

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October 16, 2008

**Thornhill Community Association, Inc.  
Charlotte, North Carolina**

**UPDATE EXECUTIVE SUMMARY**

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Reserve Study Update with Site Visit* of Thornhill Community Association, Inc. (Thornhill) located in Charlotte, North Carolina and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, February 1, 2008. This Reserve Study is a budget planning tool that identifies the current status of the reserve fund and a stable and equitable Reserve Funding Plan to offset the anticipated future major common area expenditures.

The current Board recognizes the need to periodically review or update its Reserve Funding Plan as represented in the prior Reserve Study. Periodic updates incorporate changes in the property, the actual amounts of Reserve Expenditures and funding and actual changes in construction costs since the last Reserve Study. This update considers these types of changes and confirms the Board's objective to continue fulfilling its fiduciary responsibility to maintain the commonly owned property and to fund reserves appropriately.

This Reserve Study is in compliance with and exceeds the standards set forth by Community Associations Institute (CAI) and the Association of Professional Reserve Analysts (APRA) fulfilling the requirements of a *Reserve Study Update with Site Visit*. For brevity, we use the term "Reserve Study Update" or "Update" herein. A Reserve Study comprises two parts:

**Physical Analysis**

- Component Inventory
- Condition Assessment
- Estimated Useful Life, Remaining Useful Life and Replacement Cost

**Financial Analysis**

- Fund Status
- Funding Plan

We intend this Update to append the original or previous Reserve Advisors, Inc. Reserve Study for the subject property previously inspected on March 19, 2004. This Update comprises an Update Executive Summary, Narrative, Conclusion, and Exhibits.

The projected cash status of the Reserve Fund, as of December 31, 2008, as reported by the Board is \$110,000.

The Funding Goal of this Reserve Study is to keep the reserve balance above an adequate, not excessive threshold when reserves are needed the most due to one or more years of significant expenditures. Our recommended Funding Plan recognizes this threshold or critical point in 2034.

Recognizing that *Level Monthly Reserve Assessments* with relatively minor annual adjustments ensure that homeowners pay their “fair share” of the weathering and aging of the commonly owned property each year, we arrived at appropriate amounts of annual reserve contributions to offset (fund) the anticipated expenditures noted in the Exhibits. This Reserve Study Update applies the Cash Flow Method to compute the Reserve Funding Plan. The Reserve Funding Plan determines adequate, not excessive, Reserve Contributions through a 30-year Cash Flow Analysis that incorporates the current reserve funds, future interest earned, and projected Reserve Expenditures.

The Reserve Expenditures reflect current and future *local* costs of replacement, projected earned interest, the average annual fund balances and anticipated inflation. Sources for *local* costs of replacement include our proprietary database, historical costs and published sources, i.e., R.S. Means, Incorporated.

Our revised findings reflect both external market and internal property changes. The result is an overall *increase* in the recommended Reserve Funding Plan since our last Reserve Study on March 19, 2004. The overall increase relates primarily to additional expenditures that relate to the irrigation system that the Association originally requested as an operating expense.

The Association budgeted \$41,622 for Reserve Contributions in 2008. Based on our revised analysis, we recommend that the Association adopt a reserve budget of \$42,000 in 2009. Afterwards, the Association should budget gradual annual increases in reserve funding, that in part consider the effects of inflation. These reserve contributions will maintain the Reserve Fund to meet the major expenditures as identified in the attached Exhibit of ***Reserve Expenditures***. The ***Reserve Funding Plan*** enumerates the details regarding revised recommended annual reserve contributions and projected year end reserve balances.

Based on the investigation and analysis as detailed in the accompanying narrative, we recommend the following Reserve Funding Plan (Reserve Contributions) to offset the anticipated future Reserve Expenditures of the subject Reserve Components during the next 30 years.

### Recommended Reserve Contributions

Year	\$	Year	\$	Year	\$
2009	42,000	2019	56,500	2029	78,200
2010	43,300	2020	58,200	2030	80,900
2011	44,600	2021	59,900	2031	83,700
2012	45,900	2022	61,700	2032	86,600
2013	47,300	2023	63,600	2033	89,600
2014	48,700	2024	65,800	2034	92,700
2015	50,200	2025	68,100	2035	95,900
2016	51,700	2026	70,500	2036	99,300
2017	53,300	2027	73,000	2037	102,800
2018	54,900	2028	75,600	2038	106,400

We intend this Reserve Study Update Report to append the original or previous Reserve Advisors, Inc. Reserve Study Report.

Respectfully submitted on October 16, 2008 by  
RESERVE ADVISORS, INC.

*Michelle A. Stephans*

Michelle A. Stephans, PRA<sup>1</sup>, RS<sup>2</sup>, Director of Quality Assurance

Reference #: 040166

Visual Inspection and Report by: Paul J. Grifoni

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<sup>1</sup> PRA (Professional Reserve Analyst) is the professional designation of the Association of Professional Reserve Analysts. Learn more about APRA at <http://www.apra-usa.com>.

<sup>2</sup> RS (Reserve Specialist) is the reserve provider professional designation of the Community Associations Institute (CAI) representing America's 286,000 condominium, cooperative and homeowners associations.

## NARRATIVE

This Reserve Study Update report Narrative describes the manner of report presentation and explains both External Market Changes and Internal Property Changes that have occurred since our last Reserve Study of March 19, 2004. The Conclusion summarizes our recommendations for this Reserve Study Update and includes a graph, a pie chart and Supplementary Information for Financial Statements. The graph Recommended Reserve Funding Plan shows the future fund balances based on the anticipated expenditures and recommended annual reserve funding during the next 30 years. The pie chart Estimated Future Reserve Expenditures illustrates the relative importance of the reserve expenditures and relative funding during the next 30 years. Supplementary Information for Financial Statements contains significant unaudited information from the Reserve Expenditures about Reserve Component categories and estimated current and future replacement costs. The Exhibits contain pertinent information relating to the analysis such as:

- **Photographs** that document the condition of various property components as of the date of visual inspection, February 1, 2008.
- The **Reserve Expenditures** table that notes our estimate of revised future costs and anticipated times of replacements.
- The **Reserve Funding Plan** table that includes our revised recommendations for Reserve Contributions for the next 30 years.
- **Definitions** that contain terms and definitions used throughout this Reserve Study Update and the industry.
- **Assumptions** that describe how we collect and analyze data in this Reserve Study Update.
- A statement of **Professional Service Conditions** that identifies the general manner of professional services provided, as stated in the original authorized Confirmation of Services for this Reserve Study Update.

- **Credentials** that contain the Qualifications of the Firm, Responsible Advisor and Review Coordinator, and resources we use in our analysis, i.e., published sources of cost data.

We documented both *external market changes* and *internal property changes* through discussions with Management and the Board, a review of financial information about reserves and historical Reserve Expenditures, an analysis of market trends since our previous Reserve Study, and our visual inspection of the property on February 1, 2008. External market changes reflect historical and current rates of inflation and yield on reserve savings. Internal property changes reflect additions to and deletions from the list of Reserve Components likely to require future expenditures for major replacements or repairs during the next 30 years. Other internal property changes may involve changes to the Remaining Useful Lives of the Reserve Components based on observed or reported condition. We first comment on the external market changes at Thornhill.

### **EXTERNAL MARKET CHANGES**

External to the property are market conditions which affect inflation of construction materials, labor and equipment costs, and the yield on reserve savings. The following discusses these changes since our last Reserve Study.

The cost of construction materials, labor and equipment in Charlotte has increased due to normal inflation, the growth of the local economy and demand for construction related services. Our original forecast for inflation was an annual rate of 2.5%. The most recent financial and historical information available suggests a future sustained near term inflation rate of 3.0%.

Interest rates on reserve savings are declining in concert with the U.S. Treasury and Federal Reserve rates. No significant differences exist in the savings rates of one, two or three-year CDs. Without significant differences in these savings rates, shorter term investments are the choice of many investors. We recommend consultation with a professional investment adviser before investing reserves to determine an appropriate investment strategy to maximize a safe return on reserve savings.

Updates to this Reserve Study will continue to monitor historical facts and trends concerning the external market conditions. The following table summarizes rates of inflation and key rates for government securities, generally considered as safe investment alternatives.

Interest Rate and Inflation Data								
Actual = (A)	2006:1 (A)	2006:2 (A)	2006:3 (A)	2006:4 (A)	2007:1 (A)	2007:2 (A)	2007:3 (A)	2007:4 est.
Federal Funds	4.75%	5.00%	5.00%	5.25%	5.25%	5.25%	5.25%	4.25%
90-Day Treasury Bill	4.63	4.75	4.85	5.35	5.30	5.30	5.02	3.00
1-Year Treasury Bill	4.65	5.00	5.10	4.80	4.75	4.75	4.77	3.10
10-Year Treasury Note	4.70	5.20	5.25	4.70	4.65	4.65	4.95	4.05
30-Year Treasury Bond	4.73	5.30	5.40	4.80	4.80	4.80	5.07	4.50
Consumer Price Index	3.60	3.60	3.75	3.90	2.20	2.70	2.80	4.30
<b>National Market Savings Rates</b>	3.45%	for Money Market Savings			4.40%	for 3-Year Certificate of Deposit		
	4.30%	for 1-Year Certificate of Deposit			4.50%	for 5-Year Certificate of Deposit		
<b>Estimated Long Term Yield Rate for Reserve Savings . . . . .</b>					<b>4.0%</b>			
<b>Estimated Long Term Inflation Rate for Future Capital Expenditures . .</b>					<b>3.0%</b>			

With localized exceptions, the inflation rate for construction materials and labor are trending higher in a sustained manner. Isolated or regional markets of greater construction (development) activity may experience slightly greater rates of inflation for both construction materials and labor.

## INTERNAL PROPERTY CHANGES

We have organized our discussion of internal property changes into three types: Deletions, Additions and Significant Changes. We deleted three Line Items, added three Line Items and made significant changes on 15 other Line Items. We discuss these changes below and summarize them as follows:

### Deletions from prior Reserve Study

- Previous Line Item 7: Asphalt Curbs, Proposed
- Previous Line Item 42: Light Fixtures, Bollard
- Previous Line Item 43: Light Posts and Fixtures

### Additions to this Reserve Study Update

- Line Item 10: Irrigation System
- Line Item 11: Landscape
- Line Item 36: Baby Pool, Structure Replacement

### Significant Changes since prior Reserve Study

- Line Item 2: Masonry, Inspections and Capital Repairs
- Line Item 4: Wood Stairs
- Line Item 6: Asphalt Pavement, Repaving
- Line Item 16: Pond, Dredge
- Line Item 19: Retaining Walls, Timber
- Line Item 20: Signage
- Line Item 24: Concrete Deck, Inspection and Repairs
- Line Item 26: Doors
- Line Item 27: Fences, Chain Link
- Line Items 30 and 31: Main Pool, Gel Coat and Waterline Tile
- Line Items 32 through 34: Main Pool, Pumps and Filters
- Line Item 35: Baby Pool, Fiberglass Coating and Waterline Tile

### Deletions

We deleted three Reserve Components (Line Items 7, 42 and 43) from our last Reserve Study. We discuss these deletions in the following narratives.

**Asphalt Curbs, Proposed** - Our 2004 Reserve Study included replacement of the 1,300 linear of timber curbs with asphalt curbs at the time of repaving. However, the asphalt curbs were not installed. At the request of the Board, we eliminate Line Item 7 from our previous Reserve Study in this 2008 Reserve Study Update.

**Light Fixtures, Bollard** - The Association replaced the bollard light fixtures at the pool area with leased equipment since our last Reserve Study. Therefore, we eliminate Line Item 42 from our previous Reserve Study in this 2008 Reserve Study Update.

**Light Posts and Fixtures** - The Association replaced the light posts and fixtures at the pool area with leased equipment since our last Reserve Study. Therefore, we eliminate Line Item 43 from our previous Reserve Study in this 2008 Reserve Study Update.

### Additions

We added three Reserve Components (new Line Items 10, 11 and 36) since our last Reserve Study. A Reserve Component is a property element of 1) Association responsibility; 2) with limited Useful Life expectancy; and 3) predictable Remaining Useful Life expectancy. This Update uses a 30-year Reserve Component forecast and Cash Flow Analysis to project and illustrate the Reserve Funding Plan. Property additions, the 30-year analysis and aging of the common elements have resulted in the following additions to the inventory of Reserve Components. We discuss these additions in the following narratives.

**Irrigation System** - An irrigation system waters the lawn and landscaped areas arranged in 96 zones. The system was considered an operating budget expense in our previous study, at the request of the previous Board. The irrigation system at Thornhill waters approximately 274,000 square feet with six controllers, as provided by a representative of the Board. An irrigation system usually includes impact rotors, pop-up heads, valves, electronic controls (timer) and a network of supply pipes. Water pressure activates the lawn spray pop-up heads. Controllers operate the main water flow valves. The exact amounts and locations of system components were not ascertained due to the nature of the underground construction and the non-invasive nature of the inspection.

The six controllers are in good to fair condition at ages of 1- to 15-years, and have a useful life of 10- to 15-years. Based on the various ages, we recommend the Association fund for their replacements through the operating budget.

The overall condition of the irrigation system is good at an age of 18 years. The system as a whole has a useful life of up to 40 years. The system network supply pipes will dislodge as tree roots grow and soil conditions change. Thornhill should anticipate interim and partial replacements of the system network supply pipes and other components, i.e., electronic and mechanical items, as normal maintenance to maximize the useful life of the irrigation system. The Association should fund these ongoing seasonal repairs through the operating budget. We recommend Thornhill budget for the phased replacement of the entire irrigation system, including controllers, beginning by 2027 and concluding by 2030. We note this addition on Line Item 10 in the Exhibit of *Reserve Expenditures*.

**Landscape, Partial Replacements** - The community has experienced droughts since our last Reserve Study. The Association contains a large quantity of trees, shrubbery and other landscape elements. Upkeep of these elements is an ongoing need. Many associations budget for the upkeep as normal maintenance. Other associations fund partial replacements and upkeep from reserves. Large amounts of landscape may need replacement due to disease, drought or other forces of nature. If the cost of removal and replacement is substantial, funding from reserves is logical. The Association may also desire to periodically update the appearance of the community through major improvements to the landscape. In consideration of these factors, and at the request of the Board, we recommend the Association budget for a phased landscape allowance of approximately \$20,000 plus inflation beginning by 2010 and concluding by 2011, to ensure the accumulation of sufficient reserves for partial replacements of the landscape. We deem this approximate amount, an average of \$200 per homeowner, a reasonable periodic allowance to address the existing landscape. The times and costs of these replacements may

vary. However, we judge this addition shown on Line Item 11 of **Exhibit B Reserve Expenditures** sufficient to budget appropriate reserves.

**Baby Pool, Structure Replacement** - The baby pool at Thornhill exhibits premature deterioration. See Page 10 of the attached Exhibit *Photographs* for an example this condition. The Board informs us that the Association plans to replace the baby pool structure in 2009 at a cost of \$20,000. The useful life of a new structure is up to 30 years. We note this addition on Line Item 36 in the Exhibit of *Reserve Expenditures*.

### **Significant Changes**

All remaining Reserve Components experienced changes in estimated future costs of replacement due to inflation. Several remaining Reserve Components experienced changes with respect to the times or anticipated quantities at the time of replacement. We discuss the more significant changes in the following narratives.

**Masonry, Inspections and Capital Repairs** - Our previous Reserve Study included masonry inspection and capital repairs in 2005. Management and the Board inform us that repairs have not yet been conducted. Based on the observed condition of the masonry, we recommend the Association budget for their near term inspection and capital repairs in 2009 and again by 2024. We note this change on Line Item 2 in the Exhibit of *Reserve Expenditures*.

**Wood Stairs** - Our previous Reserve Study recommended replacement of the wood stairs in 2002. Management and the Board inform us that the stairs have not been replaced to date. However, Thornhill added bracing to the stairs since our previous study. Based on the

observed condition of the stairs, we recommend the Association budget for near term replacements in 2012 and again by 2029. We note this change on Line Item 4 in the Exhibit of *Reserve Expenditures*.

**Asphalt Pavement, Repaving** - The Association repaved the entire parking lot and added a small amount of pavement at the parking lot since our previous study. Therefore, we recommend the Association budget for asphalt repaving as a single event by 2024. We note this change on Line Item 6 in the Exhibit of *Reserve Expenditures*.

**Pond, Dredge** - The 2004 Reserve Study segregated pond dredging into “complete” and “forebay only”. However, Management and the Board provided us with more accurate historical data since our last Study. Based on the observed condition and new historical data of the pond, we combine the previous two line items into one and recommend the Association budget for near term dredging by 2011 and every four years thereafter. We note this significant change on Line Item 16 in the Exhibit of *Reserve Expenditures*.

**Retaining Walls, Timber** - Our previous study recommended the Association replace the 850 square feet of timber retaining walls in 2008. Management and the Board inform us that the retaining walls are not budgeted for replacement in 2008. Furthermore, the retaining walls remain in fair condition. Therefore, based on the observed condition of the timber walls, our revised analysis includes an expenditure for replacement of the retaining walls with interlocking masonry walls by 2013. We note this change on Line Item 19 in the Exhibit of *Reserve Expenditures*.

**Signage** - Our previous Reserve Study recommended replacement of the signage in 2009. Based on the observed condition of the signage, we recommend the Association budget for replacements by 2014 and again by 2034. We note this change on Line Item 20 in the Exhibit of *Reserve Expenditures*.

**Concrete Deck, Inspection and Repairs** - Our previous study recommended the Association inspect and partially repair the concrete deck in 2008. We understand the work is not budgeted for 2008. Based on the observed condition of the deck, we recommend the Association budget for near term inspection and capital repairs in 2009 and every eight years thereafter. We note this change on Line Item 24 in the Exhibit of *Reserve Expenditures*.

**Doors** - Our previous Reserve Study segregated the pool house doors into “high” grade and “medium” grade at the request of the Board. However, the doors exhibit similar wear, have similar useful lives and do not vary significantly in cost. Therefore, for purposes of this update, we combine all seven doors on Line Item 26 in the Exhibit of *Reserve Expenditures*. The timing of replacements by 2010 and again by 2015 remain unchanged.

**Fences, Chain Link** - Our previous Reserve Study included replacement of the chain link fences in 2011. The Board recommends the Association budget for replacement of the chain link fence with metal picket fence as a single event in 2009 and again by 2034. We note this change on Line Item 27 in the Exhibit of *Reserve Expenditures*.

**Main Pool, Gel Coat and Waterline Tile** - The Board informs us that the Association plans to include the waterline tile with the gel coat at the main pool in 2009. We recommend the

gel coat applications every eight years thereafter. Based on the coordination of these two elements, we recommend the Association budget for subsequent replacements of the waterline tile in conjunction with the gel coat by 2025. We note these changes on Line Items 30 and 31 in the Exhibit of *Reserve Expenditures*.

**Main Pool, Pumps and Filters** - The Board informs us that the Association replaced the pumps and filters at the main pool in 2008. Based on the age of the main pool pumps and filters, we recommend the Association budget for subsequent replacement of the pumps and chemical filters by 2023 and again by 2038. We also recommend replacement of the remaining main pool filters by 2028. We note these changes on Line Items 32 through 34 in the Exhibit of *Reserve Expenditures*.

**Baby Pool, Fiberglass Coating and Waterline Tile** - The Board informs us that the Association plans to replace the baby pool in 2009. Based on the observed condition of the baby pool we revise the useful life of the coating and waterline tile to 8- to 12-years and recommend the Association budget for these replacements by 2019 and again by 2029. We note this change on Line Item 35 in the Exhibit of *Reserve Expenditures*.

## **CONCLUSION**

This Reserve Study Update with Site Visit is a budget planning tool that identifies the current status of the reserve fund and a stable and equitable Reserve Funding Plan to offset the anticipated future major common area expenditures.

Our revised findings reflect both external market and internal property changes. The result is an overall *increase* in the recommended Reserve Funding Plan since our last Reserve Study on March 19, 2004. The overall increase relates primarily to additional expenditures that relate to the irrigation system that the Association originally requested as an operating expense.

The Association budgeted \$41,622 for Reserve Contributions in 2008. Based on our revised analysis, we recommend that the Association adopt a reserve budget of \$42,000 in 2009. Afterwards, the Association should budget gradual annual increases in reserve funding, that in part consider the effects of inflation. These reserve contributions will maintain the Reserve Fund to meet the major expenditures as identified in the attached Exhibit of *Reserve Expenditures*. The *Reserve Funding Plan* enumerates the details regarding revised recommended annual reserve contributions and projected year end reserve balances.

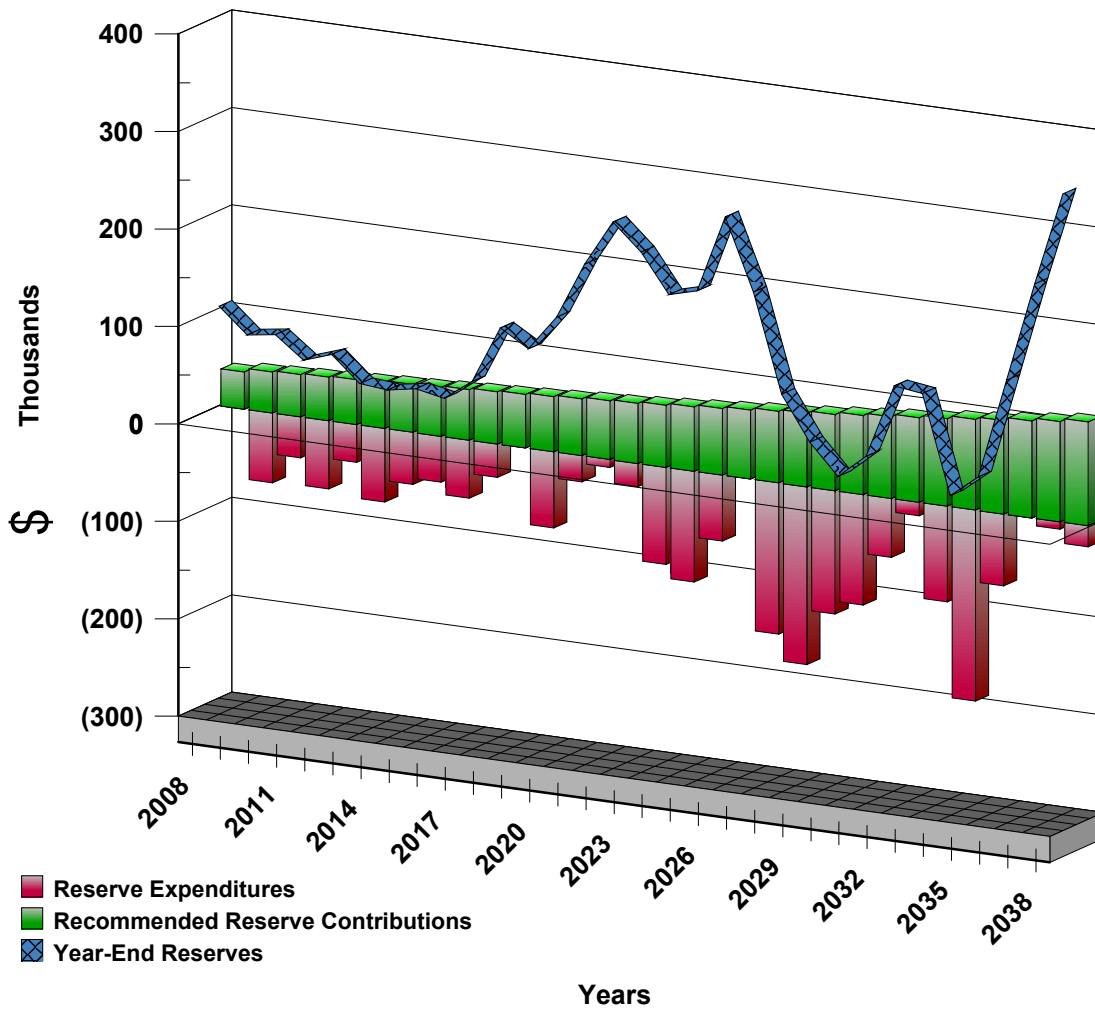
Based on the investigation and analysis as detailed in the accompanying narrative, we recommend the following Reserve Contributions to fund the expected expenditures of the subject Reserve Components during the next 30 years.

**Recommended Reserve Contributions**

<b>Year</b>	<b>\$</b>	<b>Year</b>	<b>\$</b>	<b>Year</b>	<b>\$</b>
2009	42,000	2019	56,500	2029	78,200
2010	43,300	2020	58,200	2030	80,900
2011	44,600	2021	59,900	2031	83,700
2012	45,900	2022	61,700	2032	86,600
2013	47,300	2023	63,600	2033	89,600
2014	48,700	2024	65,800	2034	92,700
2015	50,200	2025	68,100	2035	95,900
2016	51,700	2026	70,500	2036	99,300
2017	53,300	2027	73,000	2037	102,800
2018	54,900	2028	75,600	2038	106,400

This graph shows the Reserve Funding Plan based on the anticipated Reserve Expenditures during the next 30 years.

### Recommended Reserve Funding Plan Thornhill Community Association, Inc.



The Reserve Funding Plan recommends 2038 year end accumulated reserves of approximately \$345,000. We judge this amount of accumulated reserves in 2038 desirable or necessary, in part, to fund the likely partial replacement of landscaping after 2038 and in consideration of the age, size and complexity of the property.

Ongoing reviews by the Board and additional Reserve Study Updates every two- to three-years are necessary to ensure an equitable funding plan since a Reserve Study is a snapshot in time. Many variables change after the study is conducted that may result in significant homeowner overfunding or underfunding the reserve account. Variables that may affect the Reserve Funding Plan include, but are not limited to:

- Deferred or accelerated capital projects based on Board discretion.
- Changes in the interest rates on reserve investments.
- Changes in the *local* construction inflation rate.
- Additions and deletions to the Reserve Component Inventory.
- The presence or absence of maintenance programs.
- Unusually mild or extreme weather conditions.
- Technological advancements.

Periodic updates incorporate these variable changes since the last Reserve Study or Update.

The Association can expense the fee for an Update from the reserve account. This fee is included in the Reserve Funding Plan. We base this budgetary amount on updating the same property components and quantities of this Reserve Study Update report. Budgeting for an Update demonstrates the Board's objective to continue fulfilling its fiduciary responsibility to maintain the commonly owned property and to fund reserves appropriately.

**SUPPLEMENTARY INFORMATION FOR FINANCIAL STATEMENTS**

The *Audit and Accounting Guide for Common Interest Realty Associations* presents recommendations on Supplementary Information on Future Major Repairs and Replacements in end of fiscal year Audits of Financial Statements for community associations<sup>3</sup>. Accountants use discretion and judgment on how to present the Supplementary Information on Future Major Repairs and Replacements. However, the Supplementary Information on Future Major Repairs and Replacements often references and includes excerpts from our Reserve Studies. The following table excerpts significant unaudited information from the Reserve Expenditures about Reserve Component categories and estimated current and future replacement costs based on inflation at an annual rate of 3.0%.

**Unaudited Supplemental Information on Future Major Repairs and Replacements**

<i>Reserve Component Categories</i>	<i>Total Current Replacement Costs</i>	<i>Total Future or Inflated Replacement Costs</i>	<i>% of Total Future Replacements</i>	<i>Projected 2008 Year-End Reserve Balance</i>
Pavilion Elements	\$68,320	\$101,255	5.2%	\$5,685
Property Site Elements	\$818,758	\$1,302,760	66.5%	\$73,144
Pool and Pool House Element:	\$284,070	\$552,833	28.2%	\$31,039
Reserve Study Update	\$2,350	\$2,350	0.1%	\$132
<b>Totals</b>	<b>\$1,173,498</b>	<b>\$1,959,198</b>	<b>100%</b>	<b>\$110,000</b>

The information included in the table above may be included as part of the Supplementary Information on Future Major Repairs and Replacements. *However, Reserve Advisors, Inc. does not certify that the information in the table will fully satisfy the recommendations of the AICPA guideline.*

<sup>3</sup> American Institute of Certified Public Accountants (AICPA) *Audit and Accounting Guide - Common Interest Realty Associations*; American Institute of Certified Public Accountants, Inc.; 2003

The following chart illustrates the relative importance of the reserve expenditures and relative funding during the next 30 years.

**Future Expenditures Relative Cost Illustration  
Thornhill  
Community Association, Inc.**

