

5116 Heather Drive
Anacortes, WA 98221
360.588.9956

Funding Reserve Analysis
for
The Meadows Community Level 2 Study 2024

November 14, 2023



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The Meadows Community Level 2 Study 2024

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5116 Heather Drive
Anacortes, WA 9822
360.588.9956

November 14, 2023

Ms. Eliza Morris
Windermere Property Management - Bellingham
541 W. Bakerview Rd
Bellingham WA 98226

Dear Ms. Eliza Morris,

Introduction

First, we would like to thank you for utilizing our services. Our approach is to provide the members, the board and management with understandable information to make informed decisions needed to best manage your reserve fund and annual contributions. We strive to understand the association's needs and design a funding strategy for meeting those needs based on a realistic approach to finances available and real-world workings of most associations. We live and work in the local area and work hard to keep up to date with costs in your association's neighborhood.

Included within the following pages you will find:

Three funding models which detail how your association finances will look during the 30-year forecast window.

- Current Level of Contributions
- Baseline Funded
- Fully Funded (per the State of Washington RCW 64.34.380)

A list of the community components that the association is responsible for maintaining.

- Estimated current cost of replacement of each component.
- Timeline of estimated remaining life and estimated cost at replacement date per component.

Annual expenditure detail.

Expenses by item and by calendar year.

Average deficit or surplus from a Fully Funded Balance for the association and per member in dollar amount and percentage (based on equal percentage ownership for all units). This amount is calculated by subtracting the association's reserve account balance as of the date of the study (*Budget Year Beginning Date*) from the Fully Funded Balance. Also included is the same calculated amounts as projected at the end of the each study year (*Budget Year Ending Date*).

What is our Recommended Funding Goal? Maintaining the Reserve Fund at a level equal to the value of deterioration is called "Full Funding" (100% Funded). As each asset ages and becomes "used up", the Reserve Fund grows proportionally. This is simple, responsible, and our recommendation.

Evidence shows that associations in the:

- 0-50% range are considered in **Poor** condition and at a high risk of special assessments or deferred maintenance.
- 60-80% range are considered in **Good** condition and should strive to gradually increase reserves.
- 90-130% range are considered in **Excellent** condition and enjoy a low risk of special assessments or deferred maintenance.

The attached funding study is limited in scope to those expense items listed in the attached Expense Detail Report. Expense items which have an expected life of more than 30 Years are not included in this reserve study unless payment for these long-lived items overlaps the 30 Years reserve study envelope.

The Meadows Community Level 2 Study 2024

Executive Summary

Name	The Meadows Community Level 2 Study 2024
Location	Ferndale, WA
Contributing Members	157
Year Built	2016
Fiscal Year Ends	2024
Depth of Study	Level 2 Study (<i>With Site Visit</i>)
Date of Study	November 14, 2023
Last On-Site Inspection Date	November 9, 2023
Inflation Rate for Projections	8% for 2024/5% 2025>

Reserve Account Summary

Reported Current Annual Reserve Contribution	\$5,520 per year
Estimated Fiscal Year Starting Balance	\$56,064
Fiscal Year Beginning Balance If Fully Funded	\$51,440 (<i>ideal amount in reserves</i>)
Average Deficit/Surplus Per Member (<i>As of Budget Year Beginning Date</i>)	\$29 Percent Funded 109%



5 - Year Summary - Current vs. Baseline vs. Fully Funded (*As of Budget Year Ending Date*)

	Current Funding Model <i>Contribution amount supplied by Client</i>		Baseline Funded Model <i>Reserve account above \$0 within study timeframe</i>		Fully Funded Model Recommended <i>Achieve 100% funded within the 30 year study timeframe</i>	
2024	\$61,692	99%	\$61,183	98%	\$63,149	101%
2025	\$63,715	93%	\$62,506	91%	\$66,749	97%
2026	\$66,240	88%	\$64,294	85%	\$71,159	94%
2027	\$64,978	82%	\$62,258	79%	\$72,124	91%
2028	\$32,116	65%	\$28,580	57%	\$41,866	84%
	<i>Contribution increases vary</i>		<i>Contribution set for minimum to maintain positive balance</i>		<i>Model goal is to achieve 100% funded by year 30</i>	

The percentage figures above represent the percentage each model is above or below fully funded for the noted time period

Project Description

The Meadows is a 157 residential lot community located in Ferndale Washington. The first homes were built in 2016 and construction continues as the community grows. Assets include wooden foot bridges along the extensive gravel pathways, asphalt paved areas, wetlands, split rail fencing, signage and residence mailboxes.

This year's report is a Level 2 Reserve Study which includes a field evaluation of the Association's physical assets, a review of current financial, other information provided by the client and prior reserve reports.

The association reported no projects planned for the coming year. Please refer to the detailed report pages in the following sections of the report.

(Report Note - material and labor costs appear to be continuing to increase in all construction categories. Many associations have reported dramatic cost differences in recent contractor bids on the same projects. We highly recommend associations request contractor bids on upcoming projects early in the process. Until such time as cost increases moderate all models will include an inflation factor of 8% through 2024 then decrease to 5%).

Reserve Fund Status and Funding Plan Recommendation - Based on our findings, the current level of funding of the reserve account is **not adequate to fund projected expenses for the long term.** We recommend the association gradually adopt a reserve funding plan based on the Fully Funding Model in order to ensure that adequate funding is available throughout the 30-year study period.

Current Assessment Projection - The initial reserve assessment is the association's reported current fiscal year funding level and projected out 30 years to illustrate the adequacy of the current funding over time.

Current Total Reported Annual Reserve Contribution - \$5,520

Baseline Funded Model - 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. A facility using this funding method must understand that even a minor reduction in a component's remaining useful life **or unplanned expenses** can result in a deficit in the reserve cash balance **and may require additional funding.**

Recommended Total Annual Reserve Contribution - \$5,012

Fully Funded 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. This is the most conservative funding model. It leads to or maintains a fully funded reserve position. (Please note that the Fully Funded Model incorporates funding parameters that seek to reach 100% funded at year 30 reserve study limit. The recommended contribution amount may be unusually high or low for the first few years depending on the current reserve account balance and upcoming expenses).

Recommended Total Annual Reserve Contribution - \$6,975

In this Reserve Study the following components are excluded:

Power Lines – Generally utility companies.

Utility Main Lines – Generally utility companies or City.

Interior Plumbing - The remaining useful life of the plumbing exceeds the 30-year scope of the study.

Depth of Study

We have completed a full-service Level 2 Reserve Study for your association. A field inspection was made to verify the current status of the various reserve study components, their physical condition, and to verify component quantities. In place testing, laboratory testing, and non-destructive testing of the reserve study components were not performed. Field measurements of component quantities were made to either verify improvement plan take offs or determine directly the quantities of various components. Photographs were taken of the site improvements.

Understanding the Budget Year

Your study is based on the standard calendar year January 1 through December 31st. January is the “*budget year beginning*”. This account balance is the starting point for determining the distribution of available funds for the year. Reserve contributions plus any addition income or deposits and interest for the 12-month period are calculated then projected expenses for the year are deducted. The result is the *budget year ending* balance estimated for December 31st.

Initial Reserves

Initial reserves for this reserve study are estimated to be \$56,064 as of December 31, 2023. We have relied upon the client to provide the current (or projected) reserve balance, the estimated net-after-tax current rate of interest earnings, and to indicate if those earnings accrue to the reserve fund.

Keeping Your Reserve Study Current

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 facilities site and computations made subsequently in preparing this reserve analysis study are retained in our computer files.

Conflict of Interest

As the preparer of this reserve study, Pacific Crest Reserves certifies that we do not have any vested interests, financial interests, or other interests that would cause a conflict of interest in the preparation of this reserve study.

Date of Physical Inspection

The property was physically inspected by Pacific Crest Reserves on November 9, 2023.

Pacific Crest Reserves would like to thank the members and management for the opportunity to be of service in the preparation of the attached funding study. Again, please feel free to contact us if you have any questions.

Prepared by:

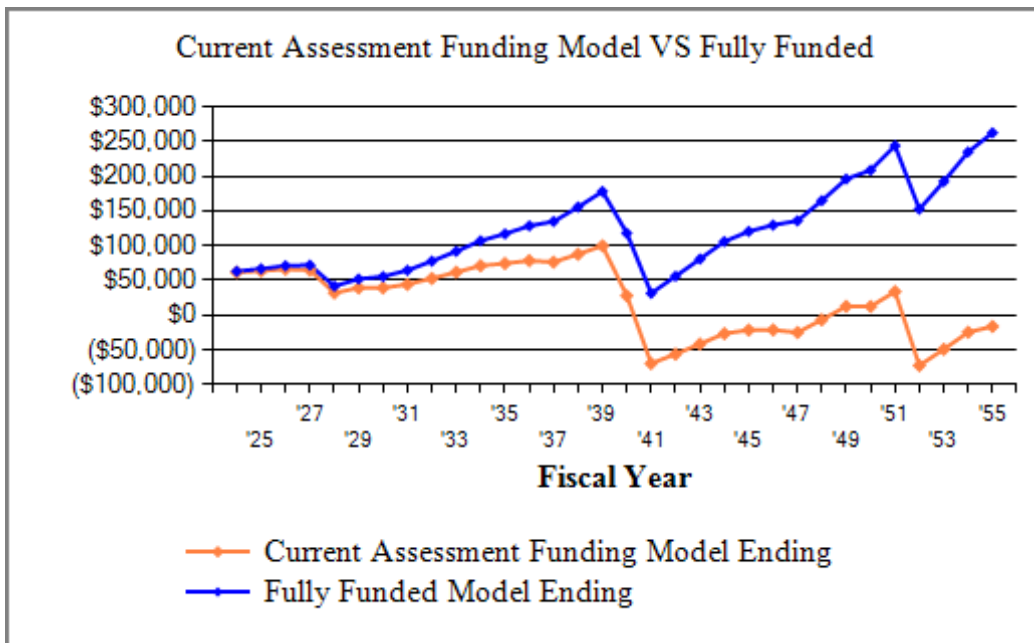
Charlie Barefield

Charlie Barefield
Reserve Analyst Principal

The Meadows Community Level 2 Study 2024
 Ferndale, WA
Current Assessment Projection Summary

Report Date	November 14, 2023
Budget Year Beginning	January 1, 2024
Budget Year Ending	December 31, 2024
Total Units	157

Report Parameters	
Interest Rate on Reserve Deposit	0.25%
Tax Rate on Interest	30.00%
2024 Beginning Balance	\$56,064



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.

Current Assessment Funding Model Summary of Calculations

Required Annual Contribution	\$5,520.00
<i>Average \$35.16 per unit annually</i>	
Average Net Annual Interest Earned	<u>\$107.77</u>
Total Annual Allocation to Reserves	\$5,627.77
<i>Average \$35.85 per unit annually</i>	

**The Meadows Community Level 2 Study 2024
Current Assessment Projection**

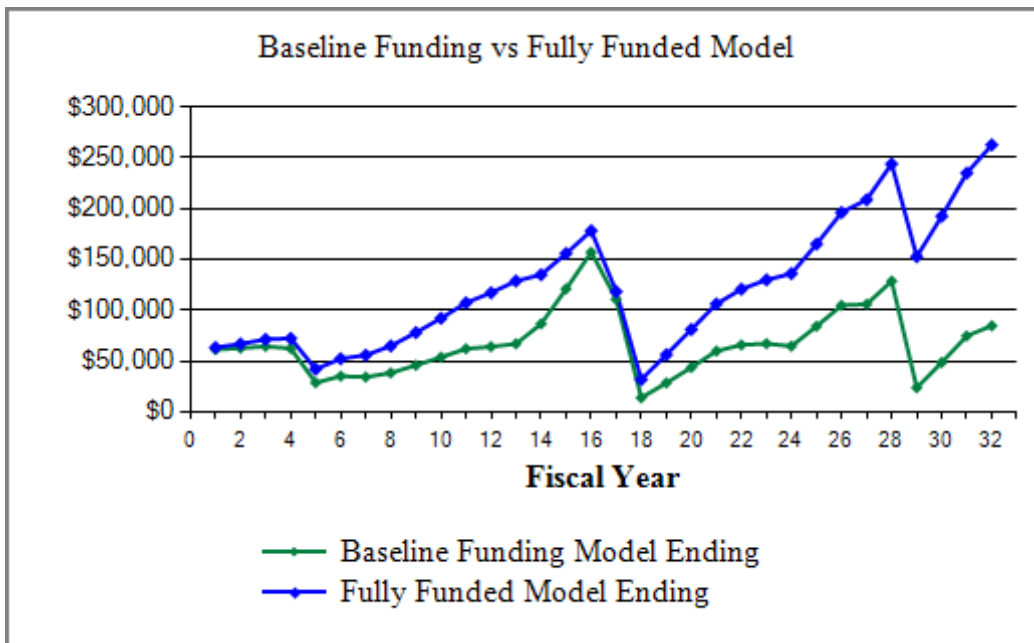
Beginning Balance: \$56,064

Year	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2024	5,520	108		61,692	62,500	99%
2025	5,962	111	4,050	63,715	68,617	93%
2026	6,260	116	3,850	66,240	75,612	88%
2027	6,573	114	7,948	64,978	79,110	82%
2028	6,901	56	39,820	32,116	49,721	65%
2029	7,246	69		39,431	61,096	65%
2030	7,609	69	7,691	39,417	65,640	60%
2031	7,989	78	3,003	44,481	75,811	59%
2032	8,389	93		52,962	90,146	59%
2033	8,808	108		61,878	105,726	59%
2034	9,248	124		71,251	122,638	58%
2035	9,711	130	6,597	74,495	134,050	56%
2036	10,196	137	6,271	78,557	146,985	53%
2037	10,706	134	12,946	76,451	154,199	50%
2038	11,241	153		87,846	176,040	50%
2039	11,804	174		99,824	199,680	50%
2040	12,394	49	84,039	28,227	137,002	21%
2041	13,013		110,567	-69,326	44,115	
2042	13,664			-55,662	63,497	
2043	14,347			-41,315	84,707	
2044	15,065			-26,250	107,880	
2045	15,818		10,746	-21,178	121,875	
2046	16,609		16,458	-21,028	131,565	
2047	17,439		21,088	-24,677	137,923	
2048	18,311			-6,366	167,837	
2049	19,227	23		12,884	200,398	6%
2050	20,188	22	20,408	12,686	214,367	6%
2051	21,197	59		33,943	251,732	13%
2052	22,257		128,423	-72,223	157,453	
2053	23,370			-48,853	194,703	
2054	24,539			-24,314	235,285	
2055	25,766		17,504	-16,052	261,059	

The Meadows Community Level 2 Study 2024
 Ferndale, WA
Baseline Funding Model Summary

Report Date	November 14, 2023
Budget Year Beginning	January 1, 2024
Budget Year Ending	December 31, 2024
Total Units	157

Report Parameters	
Annual Assessment Increase	5.00%
Interest Rate on Reserve Deposit	0.25%
Tax Rate on Interest	30.00%
2024 Beginning Balance	\$56,064



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

Baseline Funding Model Summary of Calculations	
Required Annual Contribution	\$5,012.46
<i>Average \$31.93 per unit annually</i>	
Average Net Annual Interest Earned	\$106.88
Total Annual Allocation to Reserves	\$5,119.35
<i>Average \$32.61 per unit annually</i>	

**The Meadows Community Level 2 Study 2024
Baseline Funding Model Projection**

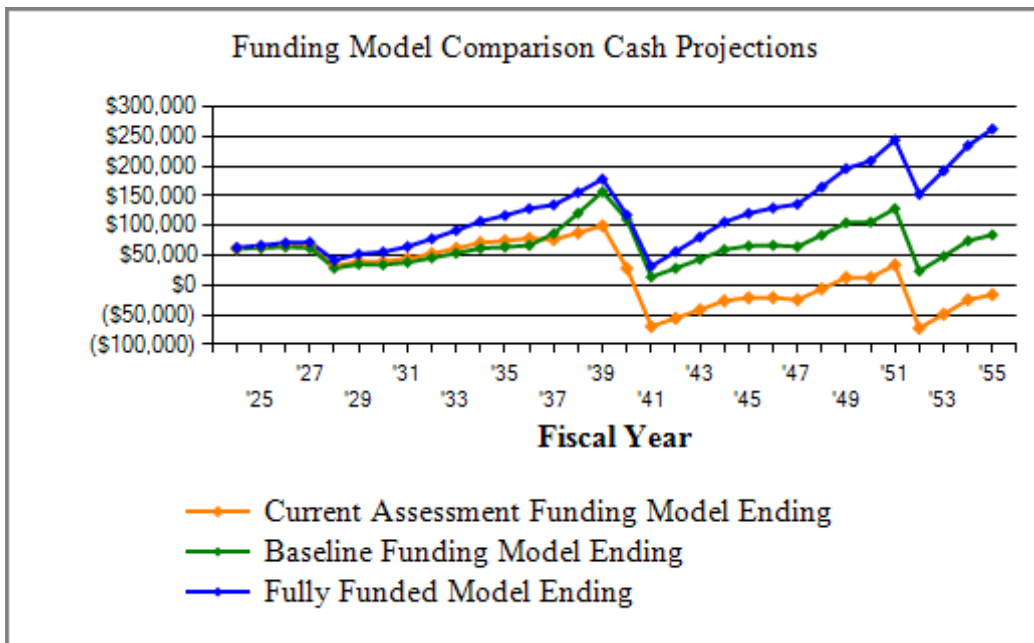
Beginning Balance: \$56,064

Year	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2024	5,012	107		61,183	62,500	98%
2025	5,263	109	4,050	62,506	68,617	91%
2026	5,526	112	3,850	64,294	75,612	85%
2027	5,803	109	7,948	62,258	79,110	79%
2028	6,093	50	39,820	28,580	49,721	57%
2029	6,397	61		35,039	61,096	57%
2030	6,717	60	7,691	34,124	65,640	52%
2031	7,053	67	3,003	38,241	75,811	50%
2032	7,406	80		45,726	90,146	51%
2033	7,776	94		53,596	105,726	51%
2034	8,165	108		61,869	122,638	50%
2035	8,573	112	6,597	63,957	134,050	48%
2036	9,002	117	6,271	66,804	146,985	45%
2037	32,463	151	12,946	86,472	154,199	56%
2038	34,086	211		120,769	176,040	69%
2039	35,790	274		156,833	199,680	79%
2040	37,580	193	84,039	110,567	137,002	81%
2041	13,781	24	110,567	13,805	44,115	31%
2042	14,470	49		28,325	63,497	45%
2043	15,194	76		43,595	84,707	51%
2044	15,953	104		59,653	107,880	55%
2045	16,751	115	10,746	65,773	121,875	54%
2046	17,589	117	16,458	67,020	131,565	51%
2047	18,468	113	21,088	64,513	137,923	47%
2048	19,391	147		84,051	167,837	50%
2049	20,361	183		104,595	200,398	52%
2050	21,379	185	20,408	105,751	214,367	49%
2051	22,448	224		128,423	251,732	51%
2052	23,570	41	128,423	23,612	157,453	15%
2053	24,749	85		48,445	194,703	25%
2054	25,986	130		74,562	235,285	32%
2055	27,286	148	17,504	84,492	261,059	32%

The Meadows Community Level 2 Study 2024
 Ferndale, WA
Fully Funded Model Summary

Report Date	November 14, 2023
Budget Year Beginning	January 1, 2024
Budget Year Ending	December 31, 2024
Total Units	157

Report Parameters	
Interest Rate on Reserve Deposit	0.25%
Tax Rate on Interest	30.00%
2024 Beginning Balance	\$56,064



The **Fully Funded 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.

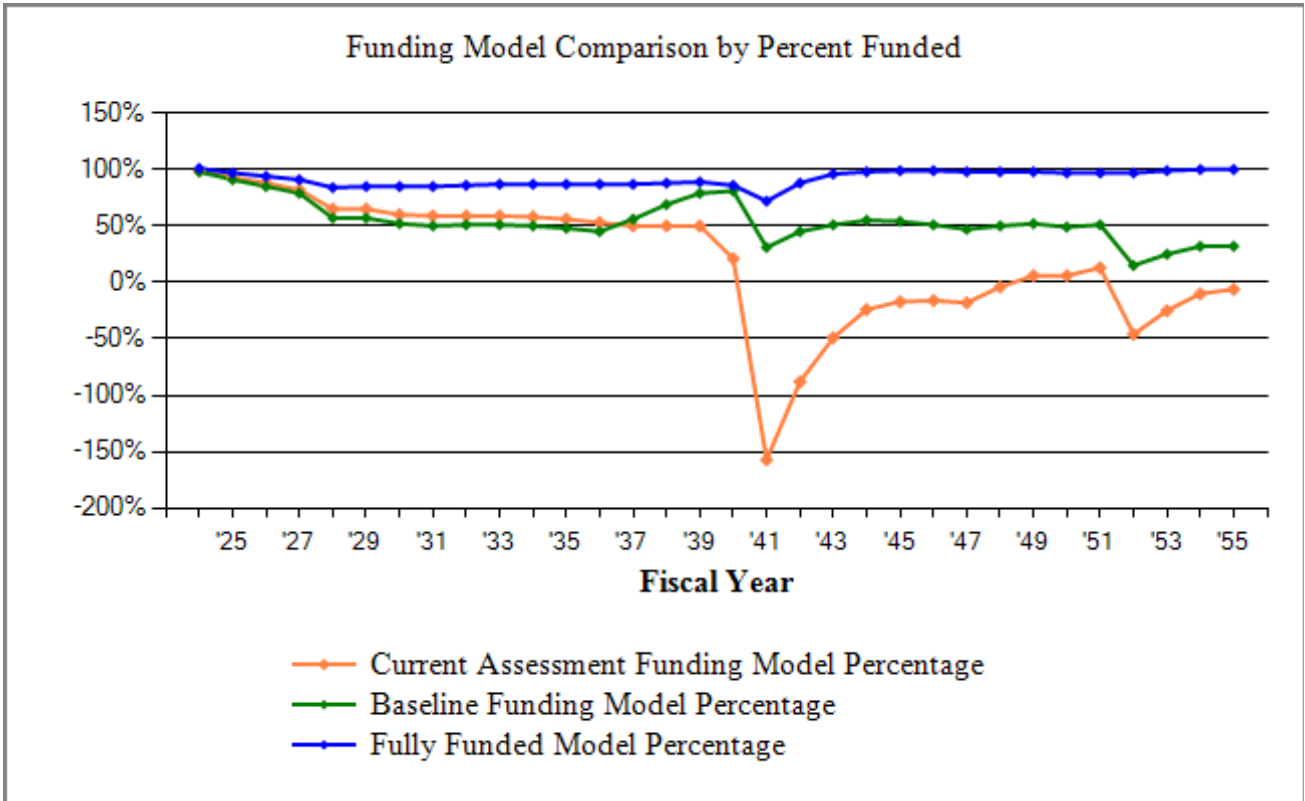
Fully Funded Model Summary of Calculations	
Required Annual Contribution	\$6,975.00
<i>Average \$44.43 per unit annually</i>	
Average Net Annual Interest Earned	\$110.32
Total Annual Allocation to Reserves	<u>\$7,085.32</u>
<i>Average \$45.13 per unit annually</i>	

**The Meadows Community Level 2 Study 2024
Fully Funded Model Projection**

Beginning Balance: \$56,064

Year	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2024	6,975	110		63,149	62,500	101%
2025	7,533	117	4,050	66,749	68,617	97%
2026	8,136	124	3,850	71,159	75,612	94%
2027	8,786	126	7,948	72,124	79,110	91%
2028	9,489	73	39,820	41,866	49,721	84%
2029	10,249	91		52,206	61,096	85%
2030	11,068	97	7,691	55,680	65,640	85%
2031	11,954	113	3,003	64,744	75,811	85%
2032	12,910	136		77,790	90,146	86%
2033	13,943	161		91,894	105,726	87%
2034	15,059	187		107,139	122,638	87%
2035	16,263	204	6,597	117,010	134,050	87%
2036	17,564	225	6,271	128,528	146,985	87%
2037	18,969	235	12,946	134,786	154,199	87%
2038	20,487	272		155,545	176,040	88%
2039	22,126	311		177,982	199,680	89%
2040	23,896	206	84,039	118,044	137,002	86%
2041	24,135	55	110,567	31,668	44,115	72%
2042	24,376	98		56,142	63,497	88%
2043	24,620	141		80,903	84,707	96%
2044	24,866	185		105,955	107,880	98%
2045	25,115	211	10,746	120,534	121,875	99%
2046	25,366	227	16,458	129,668	131,565	99%
2047	27,015	237	21,088	135,832	137,923	98%
2048	28,771	288		164,891	167,837	98%
2049	30,641	342		195,874	200,398	98%
2050	32,633	364	20,408	208,463	214,367	97%
2051	34,754	426		243,643	251,732	97%
2052	37,013	266	128,423	152,498	157,453	97%
2053	39,418	336		192,253	194,703	99%
2054	41,981	410		234,643	235,285	100%
2055	44,709	458	17,504	262,307	261,059	100%

The Meadows Community Level 2 Study 2024 Funding Model Comparison by Percent Funded



The chart above compares the projected Reserve Percentage Funded of the three funding models (Current Assessment Funding Model, Baseline Funding Model and Fully Funded Model) over 30 years.

**The Meadows Community Level 2 Study 2024
Annual Expenditure Detail**

Description	Expenditures
<i>No Replacement in 2024</i>	
Replacement Year 2025	
Foot Bridge Major Repair/Replacement	4,050
Total for 2025	<u>\$4,050</u>
Replacement Year 2026	
Landscape Refurbish/Maintenace	3,850
Total for 2026	<u>\$3,850</u>
Replacement Year 2027	
Gravel Pathway Refurbish	7,948
Total for 2027	<u>\$7,948</u>
Replacement Year 2028	
Split Rail Fence Repair/Replacement	39,820
Total for 2028	<u>\$39,820</u>
<i>No Replacement in 2029</i>	
Replacement Year 2030	
Asphalt Paved Areas	7,691
Total for 2030	<u>\$7,691</u>
Replacement Year 2031	
Signage	3,003
Total for 2031	<u>\$3,003</u>
<i>No Replacement in 2032</i>	
<i>No Replacement in 2033</i>	
<i>No Replacement in 2034</i>	
Replacement Year 2035	
Foot Bridge Major Repair/Replacement	6,597
Total for 2035	<u>\$6,597</u>
Replacement Year 2036	
Landscape Refurbish/Maintenace	6,271
Total for 2036	<u>\$6,271</u>

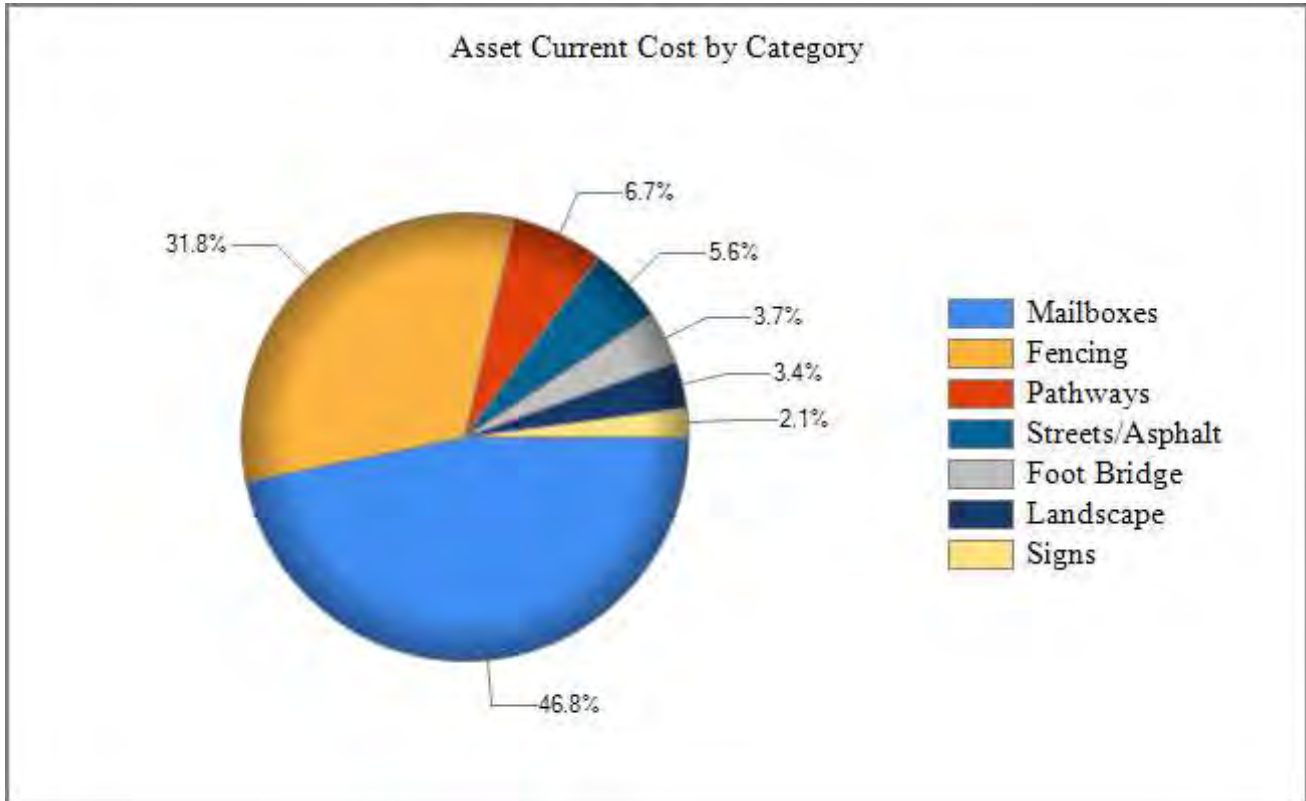
**The Meadows Community Level 2 Study 2024
Annual Expenditure Detail**

Description	Expenditures
Replacement Year 2037	
Gravel Pathway Refurbish	12,946
Total for 2037	\$12,946
<i>No Replacement in 2038</i>	
<i>No Replacement in 2039</i>	
Replacement Year 2040	
Asphalt Paved Areas	12,528
Split Rail Fence Repair/Replacement	71,511
Total for 2040	\$84,039
Replacement Year 2041	
Mail Box Major Repair/Replacement	110,567
Total for 2041	\$110,567
<i>No Replacement in 2042</i>	
<i>No Replacement in 2043</i>	
<i>No Replacement in 2044</i>	
Replacement Year 2045	
Foot Bridge Major Repair/Replacement	10,746
Total for 2045	\$10,746
Replacement Year 2046	
Landscape Refurbish/Maintenace	10,215
Signage	6,243
Total for 2046	\$16,458
Replacement Year 2047	
Gravel Pathway Refurbish	21,088
Total for 2047	\$21,088
<i>No Replacement in 2048</i>	
<i>No Replacement in 2049</i>	
Replacement Year 2050	
Asphalt Paved Areas	20,408
Total for 2050	\$20,408

**The Meadows Community Level 2 Study 2024
Annual Expenditure Detail**

Description	Expenditures
<i>No Replacement in 2051</i>	
Replacement Year 2052	
Split Rail Fence Repair/Replacement	128,423
Total for 2052	\$128,423
<i>No Replacement in 2053</i>	
<i>No Replacement in 2054</i>	
Replacement Year 2055	
Foot Bridge Major Repair/Replacement	17,504
Total for 2055	\$17,504

The Meadows Community Level 2 Study 2024 Asset Current Cost by Category



The above chart illustrates the current cost breakdown percentage of the Component Categories in this reserve study (highest percentage components listed at top, items less than 2% are listed as "Other"). Special attention should be given to those component categories which take up a bulk of the % of the current cost as these may require significant planning to adequately budget for their replacement. Refer to the Cash Flow Projections and the Annual Expenditure Report for the projected timeline of expected expenditures.

**The Meadows Community Level 2 Study 2024
Detail Report by Category**

Foot Bridge Major Repair/Replacement - 2025

Asset ID	1001	1 Allowance	@ \$3,750.00
		Asset Actual Cost	\$3,750.00
		Percent Replacement	100%
Category	Foot Bridge	Future Cost	\$4,050.00
Placed in Service	January 2016		
Useful Life	10		
Adjustment	-1		
Replacement Year	2025		
Remaining Life	1		



The community has three wooden foot bridges along the walking pathway. Generally they all appear good condition however the bridge with the railing has already developed a slight sag and should be monitored for further deflection. Funds are included for repair and eventual replacement of these structures.

Split Rail Fence Repair/Replacement - 2028

Asset ID	1002	1 Allowance	@ \$31,850.00
		Asset Actual Cost	\$31,850.00
		Percent Replacement	100%
Category	Fencing	Future Cost	\$39,819.98
Placed in Service	January 2016		
Useful Life	12		
Replacement Year	2028		
Remaining Life	4		

**The Meadows Community Level 2 Study 2024
Detail Report by Category**

Split Rail Fence Repair/Replacement continued...



There is extensive use of split rail type fencing around the wetland areas plus additional areas since the previous report. Most split rail construction uses holes in the posts where the rails are placed through these holes and therefore supported. The rails on this fence are connected to the posts with large fasteners (photo #3) which will require much additional maintenance. Additionally the posts were installed directly into the soil rather than longer lasting concrete.

Landscape Refurbish/Maintenace - 2026

Asset ID	1003	1 Allowance	@ \$3,395.00
Category	Landscape	Asset Actual Cost	\$3,395.00
Placed in Service	January 2016	Percent Replacement	100%
Useful Life	10	Future Cost	\$3,849.93
Replacement Year	2026		
Remaining Life	2		



A small landscape refurbish and maintenance fund has been included.

**The Meadows Community Level 2 Study 2024
Detail Report by Category**

Wetlands Management

Asset ID	1004	Asset Actual Cost	
Category	Wetlands	Percent Replacement	100%
Placed in Service	January 2016	Future Cost	
No Useful Life			



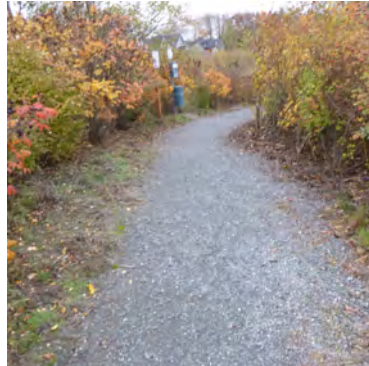
The community includes several large wetland/storm water areas that may require maintenance in the future. At this time this category is unfunded as it appears that it will be left in a natural state.

Gravel Pathway Refurbish - 2027

Asset ID	1005	1 Allowance	@ \$6,675.00
Category	Pathways	Asset Actual Cost	\$6,675.00
Placed in Service	January 2016	Percent Replacement	100%
Useful Life	10	Future Cost	\$7,947.92
Adjustment	1		
Replacement Year	2027		
Remaining Life	3		

The Meadows Community Level 2 Study 2024 Detail Report by Category

Gravel Pathway Refurbish continued...



The community includes an extensive gravel walking pathway as well as some rip-rap surfaced access roads. Funding is included for pathway gravel refurbing in 10 year cycles. Only occasional use of the rip-rap surfaced areas is anticipated and therefore not funded.

Asphalt Paved Areas - 2030

	Asset ID	1006	1 Allowance	@ \$5,580.00
			Asset Actual Cost	\$5,580.00
			Percent Replacement	100%
			Future Cost	\$7,691.38
Category	Streets/Asphalt			
Placed in Service	January 2016			
Useful Life	10			
Adjustment	4			
Replacement Year	2030			
Remaining Life	6			



Most of the streets within the plat are city maintained, however there are two private lanes plus three driveway accesses that are the association's responsibility. The budget includes funds for minor repairs and seal coat application in 10 year cycles.

**The Meadows Community Level 2 Study 2024
Detail Report by Category**

Mail Box Major Repair/Replacement - 2041

Asset ID	1007	1 Allowance @ \$46,900.00
		Asset Actual Cost \$46,900.00
		Percent Replacement 100%
Category	Mailboxes	Future Cost \$110,566.96
Placed in Service	January 2016	
Useful Life	25	
Replacement Year	2041	
Remaining Life	17	



Commercial mailboxes should provide a useful life of 25 years or more with proper maintenance. Annual inspection, repair and lubrication can greatly lengthen the longevity of this equipment.

Signage - 2031

Asset ID	1008	1 Allowance @ \$2,075.00
		Asset Actual Cost \$2,075.00
		Percent Replacement 100%
Category	Signs	Future Cost \$3,003.15
Placed in Service	January 2016	
Useful Life	15	
Replacement Year	2031	
Remaining Life	7	

**The Meadows Community Level 2 Study 2024
Detail Report by Category**

Signage continued...



Funding for maintenance and replacement of the community signs is included.

**The Meadows Community Level 2 Study 2024
Expenses by Item and by Calender Year**

Description	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Asphalt Paved Areas							7,691			
Foot Bridge Major Repair/Replacement		4,050								
Gravel Pathway Refurbish				7,948						
Landscape Refurbish/Maintenace			3,850							
Mail Box Major Repair/Replacement Signage								3,003		
Split Rail Fence Repair/Replacement					39,820					
Wetlands Management	<i>Unfunded</i>									
Year Total:		4,050	3,850	7,948	39,820		7,691	3,003		

**The Meadows Community Level 2 Study 2024
Expenses by Item and by Calender Year**

Description	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
Asphalt Paved Areas							12,528			
Foot Bridge Major Repair/Replacement		6,597								
Gravel Pathway Refurbish				12,946						
Landscape Refurbish/Maintenace			6,271							
Mail Box Major Repair/Replacement Signage								110,567		
Split Rail Fence Repair/Replacement							71,511			
Wetlands Management	<i>Unfunded</i>									
Year Total:		6,597	6,271	12,946			84,039	110,567		

**The Meadows Community Level 2 Study 2024
Expenses by Item and by Calender Year**

Description	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053
Asphalt Paved Areas							20,408			
Foot Bridge Major Repair/Replacement		10,746								
Gravel Pathway Refurbish				21,088						
Landscape Refurbish/Maintenace			10,215							
Mail Box Major Repair/Replacement										
Signage			6,243							
Split Rail Fence Repair/Replacement									128,423	
Wetlands Management	<i>Unfunded</i>									
Year Total:		10,746	16,458	21,088			20,408		128,423	

**The Meadows Community Level 2 Study 2024
Expenses by Item and by Calender Year**

Description	2054	2055
Asphalt Paved Areas		
Foot Bridge Major Repair/Replacement		17,504
Gravel Pathway Refurbish		
Landscape Refurbish/Maintenace		
Mail Box Major Repair/Replacement		
Signage		
Split Rail Fence Repair/Replacement		
Wetlands Management	<i>Unfunded</i>	
Year Total:		17,504



Reserve Study Disclosure Form

In Compliance with RCW 64.34.308 and RCW 64.38.025 (2019)

Name of Association: The Meadows Community

Current Year Reported Budget Contribution to Reserves: \$5,520

Recommended 2024 Contribution to Reserves, per study: \$6,975

Funding Plan Used for Recommendations: Full Funding

Projected Year End Reserve Balance at Current Funding Level: \$61,692
(Percentages below indicate the projected year end percentage level of the Reserve Fund vs Fully Funded at the Current Contribution Amount)

Projected Year End Balance If the account was Fully Funded: \$62,500

5 Year Balances

Estimates Per Study:	2024	2025	2026	2027	2028
Projected Year End Reserve Balances at Current Contribution Level	\$61,692	\$63,715	\$66,240	\$64,978	\$32,116
<i>Average Deficit/Surplus Per Member: \$29 Percent Funded 109%</i>					
Projected Year End Reserve Balances at Recommended Funding Contribution Level:	\$63,149	\$66,749	\$71,159	\$72,124	\$41,866
Projected Year End Fully Funded Reserves If Fully Funded:	\$62,500	\$68,617	\$75,612	\$79,110	\$49,721
Percent Reserve is Fully Funded at Current Funding Level:	99%	93%	88%	82%	65%

Based upon the most recent reserve study, will the association have funds to meet obligations for the next 30 years at the current contribution rate? No

To be Completed by Management

Proposed 2024 Budget's Contribution to Reserves: _____

Is Additional Funding (Regular or Special Assessment) Planned? Yes/No

When is it due? (Month/Year) _____

What is the Purpose? Description of Project(s):

Duration of Assessment: Start Date _____ End Date _____

Assessment Amount per Unit on Average: Per Month _____ Per Year _____

Author Name _____

The Meadows Community Level 2 Study 2024

Appendix - Disclosure, Definitions & Calculations

Percent Funded

Many reserve studies use the concept of "Percent Funded" to measure the reserve account balance against a theoretically perfect value. Percent Funded is often used as a measure of the "Financial Health" of an association. The assumption is, the higher the percentage, the greater the "Financial Health". The question of substance is simply: How much is enough? To answer the question, some understanding of Percent Funded is required. Percent Funded is the ratio of current cash reserves divided by the Fully Funded value at any instant in time. Fully Funded is defined as the present value of the sum of all Reserve Items divided by the expected life of each item. In essence, Fully Funded is simply the total of the average net present value of the association improvements. Reserve Items with a remaining life greater than the study life are not included in the calculation. For example; building framing, foundations, water lines, and other long-lived items that fall outside the envelope of the reserve study are excluded from the calculation. Percent Funded is then, the current reserve balance divided by the Fully Funded value multiplied by 100 (to give a percentage). The concept of percent funded is useful when the reserve study is comprehensive, but misleading when the reserve study is superficial or constrained. As a result, we recommend that the statement "Percent Funded" be used with caution.

Washington State Homeowners and Condominium Act Compliance with RCW 64.38 and RCW 64.34 (2019)

This reserve study should be reviewed carefully. It may not include all common and limited common element components that will require major maintenance, repair, or replacement in future years, and may not include regular contributions to a reserve account for the cost of such maintenance, repair, or replacement. The failure to include a component in a reserve study, or to provide contributions to a reserve account for a component, may, under some circumstances, require you to pay on demand as a special assessment your share of common expenses for the cost of major maintenance, repair, or replacement of a reserve component. A reserve component list (as applicable), including roofing, painting, paving, decks, siding, plumbing, windows, and any other reserve component that would cost more than one percent of the annual budget for major maintenance, repair, or replacement. If one of these reserve components is not included in the reserve study, the study should provide commentary explaining the basis for its exclusion. The study must also include quantities and estimates for the useful life of each reserve component, remaining useful life of each reserve component, and current repair and replacement cost for each component.

Disclosures Required by RCW 64.90.550.

This Reserve Study meets all requirements of the Washington Uniform Common Interest Ownership Act.

- a) This Reserve Study was prepared with the assistance of a reserve study professional and that professional was independent;
- b) This Reserve Study includes all information required by RCW 64.90.550 Reserve Study – Contents; and
- c) This reserve study should be reviewed carefully. It may not include all common and limited common element components that will require major maintenance, repair, or replacement in future years, and may not include regular contributions to reserve account for the cost of such maintenance, repair, or replacement. The failure to include a component in a reserve study, or to provide contributions to a reserve account for a component, may, under some circumstances, require the association to (1) defer major maintenance, repair, or replacement, (2) increase future reserve contributions, (3) borrow funds to pay for major maintenance, repair, or replacement, or (4) impose special assessments for the cost of major maintenance, repair, or replacement.

Reserve Study Assumptions

The below listed assumptions are implicit in this reserve study:

- Cost estimates and financial information are accurate and current.
- No unforeseen circumstances will cause a significant reduction of reserves.
- Sufficient comprehensive property insurance exists to protect from insurable risks.
- The association plans to continue to maintain the existing common areas and amenities.
- Reserve payments occur at the end of every calendar month.
- Expenses occur at the end of the expense year.

Inflation Estimate

Inflation for the last year has been reviewed and a best fit regression analysis of the last 12 months has been used to determine future expense estimates. Based on the current economic conditions, the inflation rate will need to be closely monitored as this is a critical factor in reserve planning for future fund needs.

Impact of Component Life

The projected life expectancy of the major components and the reserve funding needs of the association are closely tied.

The Meadows Community Level 2 Study 2024

Appendix - Disclosure, Definitions & Calculations

Performing the appropriate routine maintenance for each major component generally increases the components' useful life, effectively moving the component expense into the future which reduces the reserve funding payments of the association. Failure to perform such maintenance can shorten the remaining useful lives of the major components, bringing the replacement expense closer to the present which increases the reserve funding payments of the association.

Study Method

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.

Items Beyond the Scope of this Report

Building or land appraisals for any purpose.

State or local zoning ordinance violations.

Building code violations.

Soils conditions, soils contamination or geological stability of site.

Engineering analysis or structural stability of site.

Air quality, asbestos, electromagnetic radiation, formaldehyde, lead, mercury, radon, water quality or other environmental hazards.

Invasions by pests, termites and any or all other destroying organisms, insects, birds, bats or animals to buildings or site.

This study is not a pest inspection.

Adequacy or efficiency of any system or component on site.

Specifically excluded reserve items:

Septic systems and septic tanks.

Buried or concealed portions of swimming pools, pool liners, Jacuzzis and spas or similar items.

Items concealed by signs.

Missing or omitted information supplied by the Client for the purposes of reserve study preparation.

Hidden improvements such as sewer lines, water lines, irrigation lines or other buried or concealed items.

Definitions:

Purpose of Distribution

Distribution will have no real meaning for a cash flow model. But the nature of the Fully Funded Model requires it. Annuity payments are based on an accumulation of reserves for each component in the study. Because a study will rarely start with 'perfect' funding for each component, a starting point for each year must be established.

At the start of the study (The beginning fiscal date)

The beginning balance is used for distribution

Going through the components ordered by remaining life and starting with the least remaining life, the balance is assigned to the components by the value of fully funded for each component. Fully funded for components with no

The Meadows Community Level 2 Study 2024 Appendix - Disclosure, Definitions & Calculations

life left is the replacement value of the component.

If after the last component there is still a balance remaining, the list of components is iterated again and the moneys are assigned at the replacement cost of each component.

If after the second pass on there are remaining funds then just the components being replaced are iterated and distribution is set to twice the replacement value.

If there are still funds after the above, they are considered excess funds.

In each following year of the projection

Money is accumulated from contributions and interest on deposit. Expenditures for replacement/repair of components is subtracted. This becomes the ending balance of the year. This money is distributed in the same manner as described above.

Calculations:

Fully Funded Methods

Basic Fully Funded

There are two published methods of calculating Fully Funded. The first only considers the present value of a component. Present value in each period will change according to the inflation applied.

$$FullyFunded = (Age / Useful Life) * Present Value$$

Community Association Press Fully Funded

To account for inflation and interest earned on deposit the writers of '**RESERVE FUNDS: How & Why community Associations Invest Assets**' came up with:

$$Basic_FF = (Age / Useful Life) * Present Value$$

$$CAI_FF = Basic_FF \\ + Basic_FF / (1 + interest)^{Remaining Life} \\ - Basic_FF / (1 + inflation)^{Remaining Life}$$