

POOL AND CLUBHOUSE  
AT WOODCLIFFE  
REPLACEMENT RESERVE STUDY  
2005



MILLER ❖ DODSON  
ASSOCIATES  
CAPITAL RESERVE CONSULTANTS

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MILLER ❖ DODSON  
ASSOCIATES  
CAPITAL RESERVE CONSULTANTS

April 29, 2005

Ms. Linda Wildman  
COMMUNITY ASSOCIATION SERVICES, INC.  
18401 Woodfield Road, Suite H  
Gaithersburg, MD 20879

Tel: 301-840-1800  
Fax: 301-840-1801

RE: POOL & CLUBHOUSE AT WOODCLIFFE  
Replacement Reserve Report

Dear Ms. Wildman,

Pursuant to your acceptance of our proposal of December 28, 2004, we have completed our evaluation of the Pool & Clubhouse at Woodcliffe in Boyds, Maryland. The purpose of this evaluation was to obtain data for the preparation of the enclosed Replacement Reserve Study.

The following sections are included in this Report:

- ~ A written narrative which includes a financial summary, additional information describing and clarifying the enclosed *Replacement Reserve Report*, and a summary of conditions found on the site;
- ~ The *Replacement Reserve Analysis* with tables listing the inventory of components, estimated replacement costs, estimated remaining life, and the graphical presentation of the calculated data;
- ~ Supporting photographs;
- ~ An *Appendix* describing the standard procedures and definitions.

Please review the narrative and data in this study with your Board of Directors. We will provide further revisions to this document if items have been improperly included or omitted, or if the Board wishes to suggest other modifications to the component inventory herein. We welcome the input and suggestions from your Board on these items. Such review and input always helps to hone the accuracy of the report. Such revisions should be requested in writing by the Board of Directors within ninety (90) days of the date of the original report.

If you have any questions regarding this report, please do not hesitate to contact my office.

Sincerely,  
MILLER ❖ DODSON ASSOCIATES, INC.

  
Horace Jones  
Reserve Analyst

Enclosures: Replacement Reserve Report

R:projectfiles/woodcliffepoolandclubhouse

# Replacement Reserve Report

## POOL & CLUBHOUSE AT WOODCLIFFE

April 29, 2005

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# Replacement Reserve Report

## POOL & CLUBHOUSE AT WOODCLIFFE

April 29, 2005

The subject property consists of a pool and clubhouse, which were built in 2002. The fieldwork for this study was conducted on April 27, 2005. The weather was sunny, and the temperature was approximately 70 degrees Fahrenheit. The survey examined common elements of the property, including the following:

1. Site facilities, including asphalt parking areas, curbs, sidewalks, fences and site lighting.
2. Building exterior, including roofing, siding, stonework, common entrances, and balconies.
3. Building interior, including the flooring, lighting, HVAC, furnishings and water heaters.
4. Swimming pool, including pool equipment and furniture.

Miller-Dodson Associates has visually inspected the common elements in the community in order to ascertain the remaining useful life and the replacement costs of these components.

Miller-Dodson Associates would like to acknowledge the assistance and input of Ms. Linda Wildman. Ms. Wildman has provided very helpful insight into the history of the physical condition of many of the components of the property.

Architectural and site drawings were available for review in connection with this study.

**Level of Service:** This study has been performed as a Level I, Full Replacement Reserve Study as defined under the National Reserve Study Standards that have been adopted by the Community Associations Institute. As such, a complete component inventory was established based on information regarding commonly owned components provided by the property manager and upon quantities derived from field measurement and/or quantity takeoffs from to-scale engineering drawings that have been made available. The condition of the components was ascertained from a site visit and the visual inspection of each component by the analyst. The life expectancy and the value of components are provided based in part on these observations, and the fund status and funding plan have been derived from analysis data.

## A. FINANCIAL SUMMARY

**Methods of Accounting:** *Important Note:* In the enclosed Replacement Reserve Analysis, the recommended annual deposit is calculated by two methods, the *Cash Flow Method* and the *Component Method*. Both methods are presented graphically, pages A-1 through A-5, with tables showing recommended annual deposits, expenditures, and balances projected over the next thirty years. Both methods of calculating Reserves are discussed in more detail below, as well as in the attached *Appendix*. It should be pointed out that most communities adopt the Cash Flow Method due to its lower annual contributions. However, the Board of Directors, in consultation with their management and accounting professionals, must decide which of the two accounting methods is more suitable for use by the Association.

**Current Funding:** This reserve study has been prepared for Fiscal Year 2005. The *Replacement Reserves Reported to be on Deposit* at the start of the year are reported to be \$54,697. The information concerning this balance has been supplied by the Association's representative, and confirmation or audit of the balance is beyond the scope of the study. The planned annual contribution to reserves for the Fiscal Year is \$0.00, which is equivalent to an average contribution of \$0.00 per unit per month. Based on currently projected expenditures, the Homeowners' Association will deplete the reserve fund in the year 2010 and will incur a deficit of \$17,471 in that year if annual reserve contributions are not increased. See Page A-5 for details.

**Cash Flow Method:** The *Minimum Recommended Annual Deposit* as calculated by the Cash Flow Method is \$38,598, which is equivalent to an average of \$3,216.49 per month. This is the uniform amount that must be placed in reserves each year until the critical year is reached in 2043, at which time, the Annual Contribution decreases. This funding level will provide an adequate amount to cover the replacement expenses that have been projected in the study and to maintain a minimum balance Threshold of \$50,878, which is equal to 5.0% of the value of the replacement inventory. It should be recognized, however, that Cash Flow Method calculations should be reviewed annually based on recent contributions and expenditures, and should be updated every three to five years based on a physical evaluation of the conditions of the components.

*(Please note that the Critical Year falls outside of the 30-year period represented on the enclosed graphs and tables. In recognition of the recurring nature of replacement components, this program calculates reserve funding requirements over a 50-year period. This is done in an effort to prevent inadvertent under-funding by anticipating large funding needs beyond the 30-year study period shown in this report.)*

**Component Method:** *Note: The Association has elected to use the Cash Flow Method of calculating the Reserve Contributions. Therefore, the Component Method calculations presented here are not germane to the Reserve Study and are provided only for comparative purposes.*

The *Current Funding Objective* calculated by the Component Method is \$103,281. With a reserves balance of \$54,697, the Association reserves are funded at 52.96% of this objective. The recommended *Minimum Recommended Annual Contribution* to the reserves as computed by the Component Method is \$60,680 in the first year of the study, declining to \$50,874 in the tenth year of the study. Projected annual deposits by the Component Method over the next ten years are shown on page A-4 of the Replacement Reserve Analysis.

POOL AND CLUBHOUSE AT WOODCLIFFE  
Replacement Reserve Report

The *Minimum Recommended Annual Contribution* in the study year projected by the Component method is higher than the annual deposit if reserves were fully funded. This higher deposit is due in large part to the initial acceleration that results from Component Method mathematical model. However, the high first year contribution may also be dictated by significant anticipated costs to be incurred for replacement of major common elements in the first ten years of the study. Refer to the tables and in the report for more detail.

**Interest, Inflation and Taxes on Reserves:** This study does not take into account the interest on the reserves on deposit, nor does it account for inflation over the period of the study. We will, however, incorporate interest and inflation figures into the study at the direction of the Board of Directors using figures provided by the Board. The study also assumes that the principal on the Association's Reserves are not subject to tax.

## B. REPLACEMENT RESERVE ANALYSIS

**Components included:** Every effort has been made to identify all items, which should be reasonably considered to be "common elements" for inclusion in this analysis. To that end, this report may have been made overly inclusive. Some of these components could be appropriately deleted from the analysis. Such deletions, however, should be made consciously, with the approval of the Board, recognizing that any future replacement of the deleted components would have to be funded from sources other than the replacement reserves. Components that are candidates for deletion:

1. **Small components:** For ease of administration, it may be preferable to handle replacement of relatively low cost components from the annual operating budget rather than making disbursements from the reserves. Examples might be the microwave. A commonly used guideline is to use operating funds for replacement of any component with replacement cost less than \$1,000. In larger Associations, this limit is often raised to \$5,000.
2. **Long lasting components:** The reserve schedule includes components with estimated economic lives equaling or exceeding thirty years, for example, the clubhouse culture stone tuckpointing, pool structures, metal roofing, vinyl siding, and windows. While some analysts would omit these components from the schedule entirely on the basis that the economic lives of these components approach that of the property as a whole, it is recommended that they be retained since dropping them might expose the Association to a large unfunded liability should the replacements be needed at some time in the future.
3. **Components incorrectly included:** In an effort to include all components that could reasonably be considered as "common," it is possible that some items have been included which are not the responsibility of the Association.

**Components excluded:** The following components have been excluded from the Replacement Reserve Analyses. If any of these exclusions have been made in error, we will reinsert the component upon the written request of the Board of Directors:

1. **Long-lived components.** The following components are expected to have a life equal to that of the project, if properly maintained:
  - a. Building foundations, structure, and floor slabs.

POOL AND CLUBHOUSE AT WOODCLIFFE  
Replacement Reserve Report

- b. Water piping.
- c. Metal louvers.
- d. Interior wood trim.
- e. Electrical switchgear and common wiring.
- f. Common waste and supply plumbing systems.
- g. Sprinkler and fire system.

**2. Local Municipality.** We have assumed the following components will be maintained and replaced by the local municipality (or responsible utility company):

- a. Underground water, sewer, and gas mains.
- b. Storm water system.

**3. Small components.** Pursuant to our proposal, we have not included items with a value of less than \$500.00, or items whose replacement is funded under the operating budget. Some of these items are listed below:

- a. Space heaters.
- b. Fire extinguishers.
- c. Bulletin boards.
- d. Smoke detectors.
- e. Toilet partitions in pool bath house area.
- f. Trash receptacles.
- g. Exterior water fountain and shower at pool.

**4. Unreservable components.** The following items were omitted because they are considered to be non-capital expenses under IRS guidelines.

- a. Painting.
- b. Landscaping.
- c. Future Reserve Studies.

**Revisions:** Revisions will be made to the Replacement Reserve Analysis in accordance with the written instructions of the Board of Directors. No additional charge is incurred for the first revision if requested in writing within three months of the date of this report.

**Updating:** It is recommended to review and revise the Replacement Reserve Analysis annually to take into account replacements, which have actually occurred and known changes in replacement costs. Updating the analysis after a major replacement is made usually results in a significant reduction in the annual deposit as calculated by the Component Method. A full analysis based on a physical evaluation of the components should be performed approximately every three to five years.

## C. SUMMARY OF CONDITIONS

The subject property appears to be in excellent overall condition for its age. The general upkeep of the common facilities reflects the conscientiousness of the Association and the property manager. The community is only 2 years old. Damage to the pool bath areas was being repaired at the time of our visit. No other significant problems requiring repair were noted. Because of its excellent condition, our assessments of the remaining life for most

POOL AND CLUBHOUSE AT WOODCLIFFE  
Replacement Reserve Report

components are based primarily on age with respect to normal life expectancy rather than on specific field observations.

The following comments pertain to the larger, more significant components in the Community's inventory and to those items that are unique or deserving of attention because of their condition or the manner in which they have been treated in the analysis.

**Asphalt Pavement.** The asphalt parking area is in excellent condition.

A new seal coat, which is a cost effective way of extending the life of the pavement, is recommended within three years.

In order to maintain the condition of the parking area and to insure the longest life of the asphalt, we recommend a systematic and comprehensive maintenance program that includes:

1. **Crack Sealing.** All cracks should be sealed with an appropriate sealing compound to prevent water infiltration through the asphalt compound into the base. This repair should be done annually. This is an entirely different process from the seal coating discussed below. Crack sealing is normally considered a maintenance activity and is not funded from Reserves. Areas of extensive cracking or deterioration that cannot be made watertight by crack sealing should be cut out and patched.
2. **Cleaning.** Long term exposure to oil or gas breaks down asphalt. Because this asphalt pavement is generally not used for long term parking, it is unlikely that frequent cleaning will be necessary. When necessary, spill areas should be cleaned, or if deterioration has penetrated the asphalt, patched. This is a maintenance activity, and we have assumed that it will not be funded from Reserves.
3. **Seal Coating.** The asphalt should be seal coated every three to five years. For this maintenance activity to be effective in extending the life of the asphalt, the crack sealing and cleaning of the asphalt, discussed above should be done first.

**Concrete Sidewalks, Curb and Gutters.** All concrete components have been well maintained and are in excellent condition. Any problems noted are in the form of minor cracks, spalling and settlement that can be repaired by continued periodic replacement of broken sections.

Because it is highly unlikely that all of the community's concrete components will fail and require replacement in the period of the study, we have programmed funds for the replacement of 30% of the inventory and spread those funds over a 30 year timeframe to reflect the incremental nature of this work. This approach assumes a failure rate of 1% per year.

## EXTERIOR ENVELOPE

The exterior wall surfaces remain in generally good condition. Windows and doors were operational and weathertight.

POOL AND CLUBHOUSE AT WOODCLIFFE  
Replacement Reserve Report

## BUILDING INTERIOR

**Interior Décor.** An allowance of \$24,000 has been included for the replacement of furniture and finishes on a 10-year cycle.

## HVAC

The HVAC equipment appears in generally good condition and to have received regular maintenance.

**Concrete Pool Deck.** The concrete pool deck is in excellent condition. We have included the incremental replacement of the full deck over a 30 year period, because these surfaces suffer more deterioration from harsh pool chemicals and because local health authorities typically require rapid repair of cracks that may harbor bacteria and become hazards to bare feet.

**Swimming Pool Structure.** Pool shells normally have a finite life of approximately 45 years. At that point in time it may not be necessary to replace the entire structure. However, it is prudent to anticipate a major expenditure for replacement of underground lines and sections of the pool. Based on our research, we have found it to be prudent to program \$36 per square foot to cover these very expensive needs.

**Pool Covers.** To increase the life of the whitecoat we recommend the purchase the purchase of pool covers. A cover for the activity pool may not be possible because of its configuration. Because of this possibility we have scheduled the whitecoating of this pool every 6 years.

## D. LIFE EXPECTANCY AND COST ESTIMATES

**Estimated Life Left:** The "Estimated Life Left in Years" column represents the number of serviceable years left in the item based on its current or repaired condition. It is not a mathematical formula directly related to "Estimated Economic Life in Years." Some items may experience longer lives while others may experience shorter lives depending on many factors such as environment, initial quality of the component, maintenance, etc.

**Cyclical Funding:** The concrete curb and gutter, flatwork, and tuckpointing are components that are typically replaced in stages rather than all in one time period. For this reason, these items were placed in the cyclic replacement section of the reserve schedule, at full replacement value.

POOL AND CLUBHOUSE AT WOODCLIFFE  
Replacement Reserve Report

**Partial Funding:** Several of the replacement items have been funded at less than 100 percent of their full replacement value. This is done in an effort to keep reserve contributions at a reasonable level, on the theory that many of these components will never be replaced in their entirety. Items such as the concrete curb and gutter and flatwork may be replaced in part over a period of years. However, catastrophic failure is not anticipated, and therefore is not fully funded. The percentage of funding may be adjusted in future years based on historical data and actual experience. All other components were placed in the normal replacement sections at full estimated replacement cost with replacement time estimates based on current conditions and historical data.

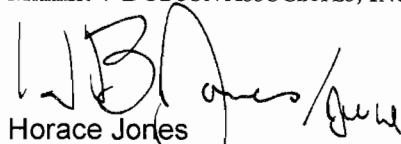
## E. SURVEY METHODOLOGY

**Valuation:** The replacement reserve analysis depends upon estimates of total useful life, life remaining and replacement cost. These estimates were obtained from Government standards, published estimating manuals, recent experience on comparable properties and engineering judgment. We believe that the analysis will provide a useful guide for planning. Actual experience in replacing equipment may differ significantly from the projections in the analysis because of conditions beyond our control, such as maintenance practices, inflation, variations in pricing and market conditions, future technological developments and regulatory actions.

**Analyst's Credentials:** Mr. Horace B. Jones graduated from the U.S. Naval Academy and from Rensselaer Polytechnic Institute with a Civil Engineering Degree. Mr. Jones has held various management positions in the real estate development and construction fields in the last 25 years. He is currently a Reserve Analyst for Miller Dodson Associates.

End of Report

Respectfully Submitted,  
MILLER ❖ DODSON ASSOCIATES, INC

  
Horace Jones  
Reserve Analyst

Filed:R:projectfiles/woodcliffepoolandclubhouse

# REPLACEMENT RESERVE ANALYSIS

**WOODCLIFFE POOL AND CLUBHOUSE**
**April 27, 2005**
**GENERAL INFORMATION:**

2005 Study Year

\$54,697 Replacement Reserves reported to be on deposit at start of Study Year

\$1,017,563 Estimated value of all Components included in the Replacement Reserve Inventory

The information shown in this Summary does not account for interest earned on Replacement Reserves on deposit, nor does it include adjustments for inflation. For more information see the attached Appendix.

**REPORTED CURRENT FUNDING DATA:**

None REPORTED CURRENT ANNUAL CONTRIBUTION TO REPLACEMENT RESERVES

**CASH FLOW METHOD CALCULATIONS:**

\$38,598 MINIMUM RECOMMENDED ANNUAL CONTRIBUTION TO REPLACEMENT RESERVES

\$3,216.49 Per unit minimum recommended monthly contribution to Replacement Reserves

\$50,878 Recommended minimum Replacement Reserve Funding Threshold (5.0 percent)

2043 First year Reserves fall to minimum recommended level (Design Year)

**COMPONENT METHOD CALCULATIONS:**

\$60,680 MINIMUM RECOMMENDED ANNUAL CONTRIBUTION TO RESERVES (IN STUDY YEAR)

\$5,056.65 Per unit minimum recommended monthly contribution to Replacement Reserves

\$103,281 Current Funding Objective

52.96% Funding Percentage

\$48,584 One time deposit required to fully fund Replacement Reserves

\$49,703 Annual Contribution to Replacement Reserves if Reserves were fully funded.

**PROJECT INFORMATION:**
**PROPERTY MANAGED BY:**

Community Association Services  
Ms. Linda Wildman  
18401 Woodfield Road, Ste H  
Gaithersburg, Maryland 20879  
301 - 840 1800

**MAJOR COMPONENTS IN ANALYSIS:**

Clubhouse building and pool

**TYPE OF PROPERTY:**

Clubhouse and Pool

**# OF UNITS:**

1

**PROPERTY LOCATION:**

Boys, Maryland

**YEAR BUILT:**

2003

**NOTES:**

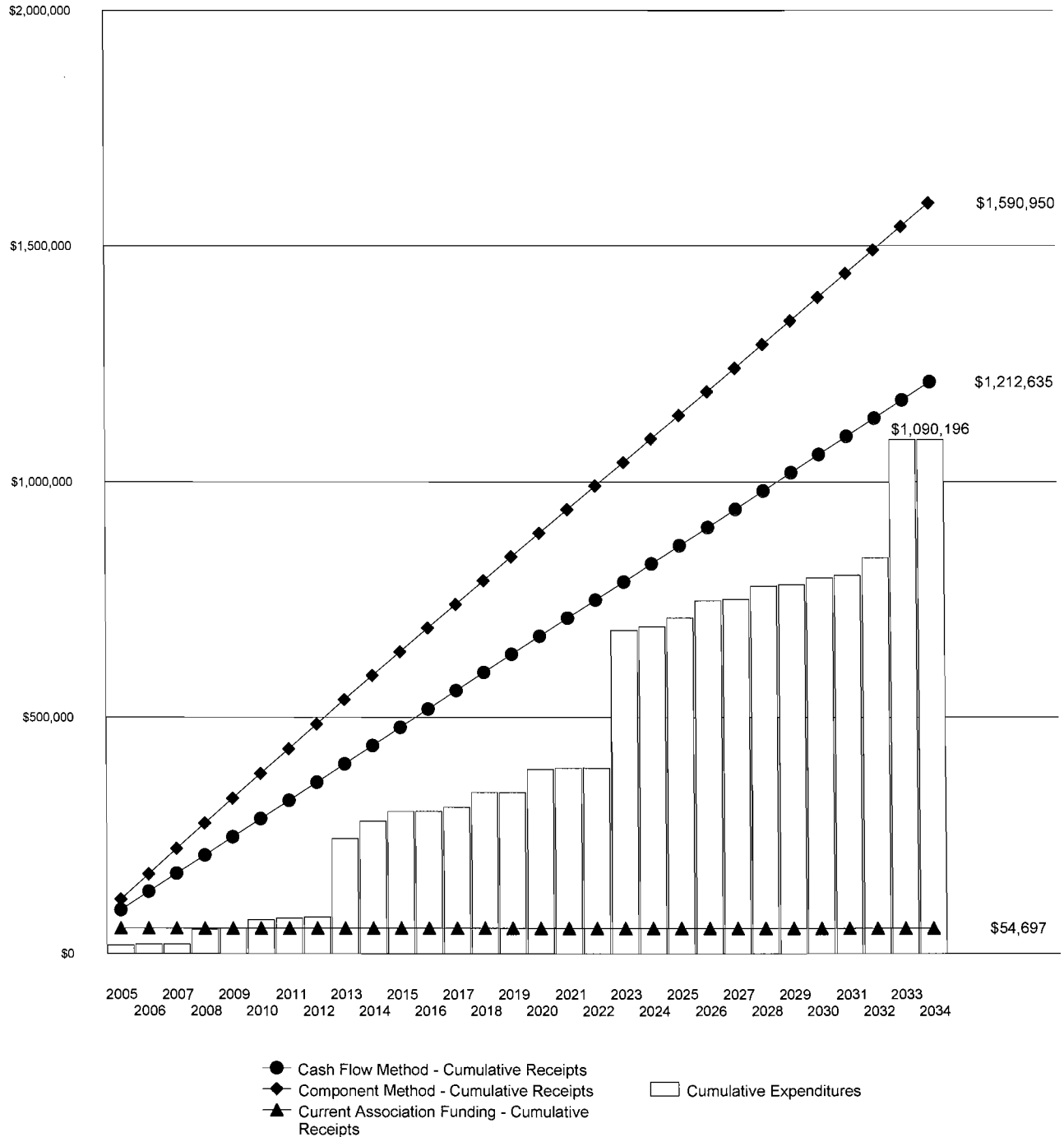
1. This report complies with the National Reserve Study Standards that were adopted by the CAI in 1998.
2. The Association uses a Fiscal Year that covers the period of January 1 through December 31.

# REPLACEMENT RESERVE ANALYSIS

WOODCLIFFE POOL AND CLUBHOUSE

April 27, 2005

Funding Methods Comparison Graph - Cumulative Receipts and Expenditures

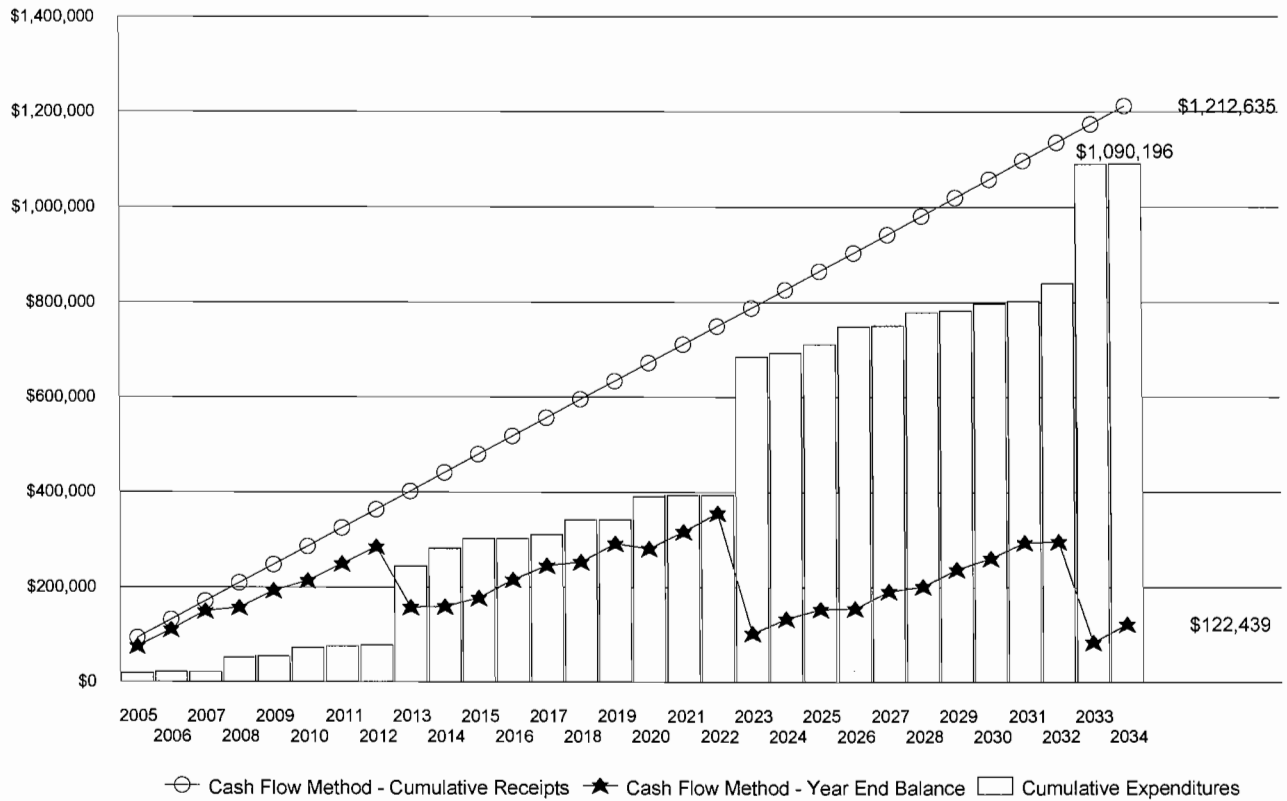


# REPLACEMENT RESERVE ANALYSIS

WOODCLIFFE POOL AND CLUBHOUSE

April 27, 2005

## Cash Flow Method - Cumulative Receipts and Expenditures Graph



### Cash Flow Method Data - Years 1 through 30

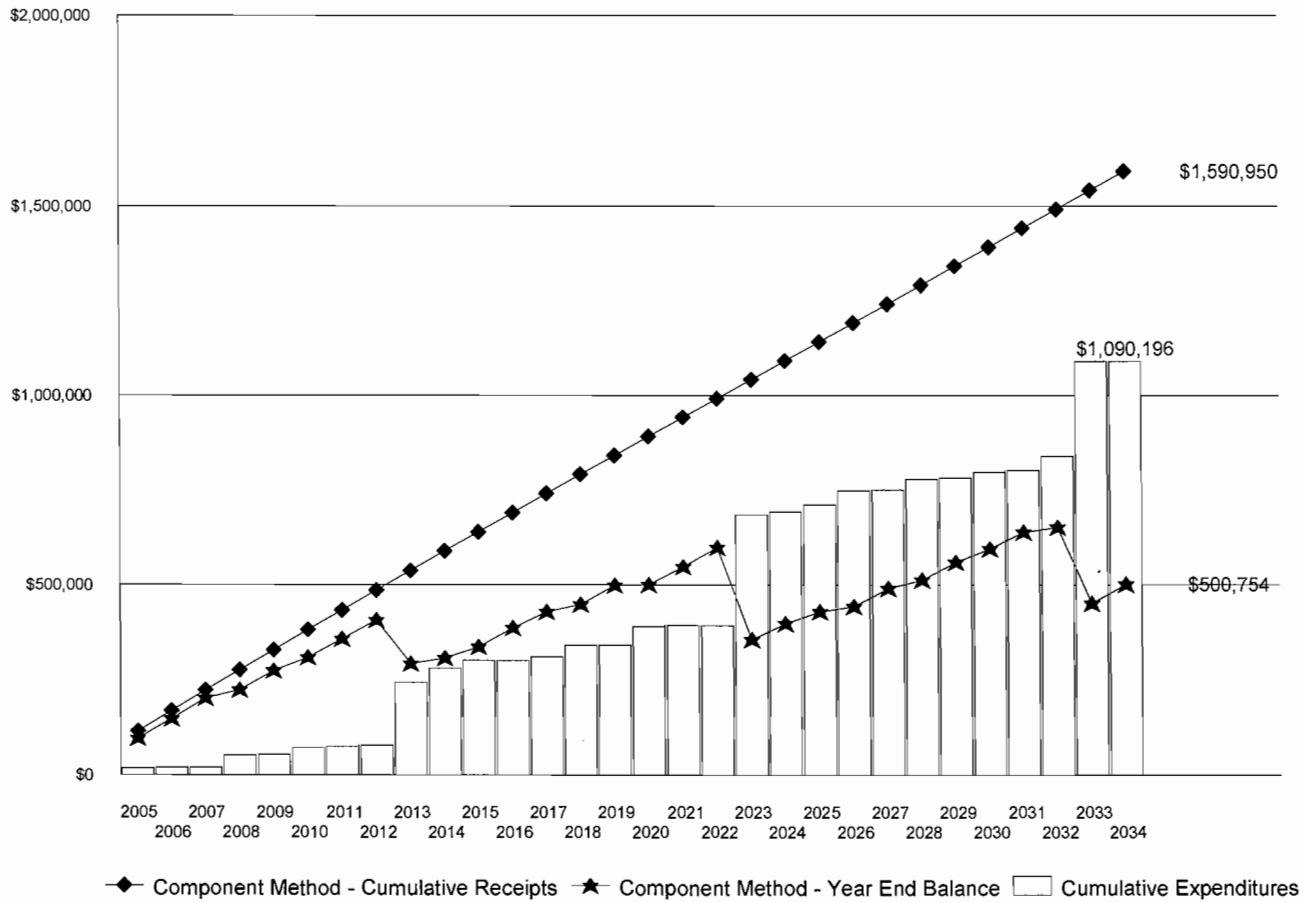
Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	TEN YEAR SUMMARIES
Starting balance	\$54,697										
Annual deposit	\$38,598	\$38,598	\$38,598	\$38,598	\$38,598	\$38,598	\$38,598	\$38,598	\$38,598	\$38,598	Expenditures: \$281,145
Expenditures	\$18,400	\$2,500	\$0	\$31,118	\$2,500	\$17,650	\$3,400	\$2,500	\$166,076	\$37,002	Receipts: \$440,676
Year end balance	\$74,895	\$110,993	\$149,591	\$157,071	\$193,169	\$214,117	\$249,315	\$285,413	\$157,935	\$159,531	
Minimum rec. funding lvl.	\$50,878	\$50,878	\$50,878	\$50,878	\$50,878	\$50,878	\$50,878	\$50,878	\$50,878	\$50,878	
Cumulative expenditures	\$18,400	\$20,900	\$20,900	\$52,018	\$54,518	\$72,168	\$75,568	\$78,068	\$244,143	\$281,145	
Cumulative receipts	\$93,295	\$131,893	\$170,491	\$209,089	\$247,687	\$286,285	\$324,882	\$363,480	\$402,078	\$440,676	
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Expenditures: \$411,963
Annual deposit	\$38,598	\$38,598	\$38,598	\$38,598	\$38,598	\$38,598	\$38,598	\$38,598	\$38,598	\$38,598	Receipts: \$387,994
Expenditures	\$20,900	\$0	\$8,900	\$30,963	\$0	\$49,152	\$2,500	\$0	\$291,549	\$8,000	
Year end balance	\$177,229	\$215,827	\$245,525	\$253,160	\$291,758	\$281,204	\$317,302	\$355,900	\$102,950	\$133,547	
Minimum rec. funding lvl.	\$50,878	\$50,878	\$50,878	\$50,878	\$50,878	\$50,878	\$50,878	\$50,878	\$50,878	\$50,878	
Cumulative expenditures	\$302,045	\$302,045	\$310,945	\$341,908	\$341,908	\$391,060	\$393,560	\$393,560	\$685,108	\$693,108	
Cumulative receipts	\$479,274	\$517,872	\$556,470	\$595,068	\$633,666	\$672,264	\$710,862	\$749,460	\$788,058	\$826,655	
Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Expenditures: \$397,088
Annual deposit	\$38,598	\$38,598	\$38,598	\$38,598	\$38,598	\$38,598	\$38,598	\$38,598	\$38,598	\$38,598	Receipts: \$388,004
Expenditures	\$18,400	\$37,002	\$2,500	\$28,019	\$3,400	\$14,650	\$5,500	\$37,002	\$250,616	\$0	FIRST TRANSITION YEAR 2043
Year end balance	\$153,745	\$155,341	\$191,439	\$202,019	\$237,217	\$261,164	\$294,262	\$295,858	\$83,841	\$122,439	
Minimum rec. funding lvl.	\$50,878	\$50,878	\$50,878	\$50,878	\$50,878	\$50,878	\$50,878	\$50,878	\$50,878	\$50,878	
Cumulative expenditures	\$711,508	\$748,510	\$751,010	\$779,029	\$782,429	\$797,079	\$802,579	\$839,581	\$1,090,196	\$1,090,196	
Cumulative receipts	\$865,253	\$903,851	\$942,449	\$981,047	\$1,019,645	\$1,058,243	\$1,096,841	\$1,135,439	\$1,174,037	\$1,212,635	

# REPLACEMENT RESERVE ANALYSIS

WOODCLIFFE POOL AND CLUBHOUSE

April 27, 2005

## Component Method - Cumulative Receipts and Expenditures Graph



## Component Method Data - Years 1 through 30

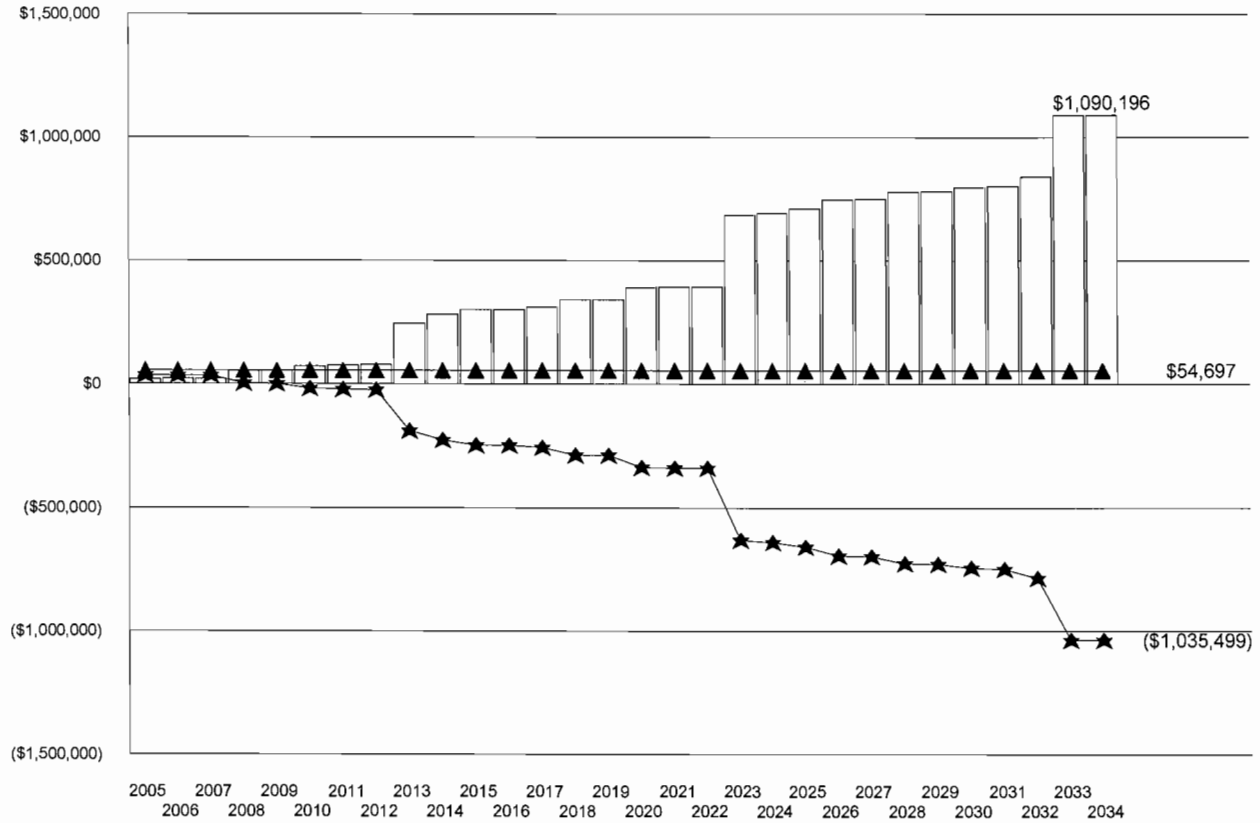
Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	TEN YEAR SUMMARIES
Starting balance	\$54,697										
Annual deposit	\$60,680	\$53,864	\$53,668	\$53,668	\$52,542	\$52,542	\$52,099	\$51,924	\$51,924	\$50,874	
Expenditures	\$18,400	\$2,500	\$0	\$31,118	\$2,500	\$17,650	\$3,400	\$2,500	\$166,076	\$37,002	Expenditures: \$281,145
Year end balance	\$96,977	\$148,341	\$202,009	\$224,560	\$274,602	\$309,494	\$358,194	\$407,618	\$293,466	\$307,339	Receipts: \$588,484
Cumulative Expenditures	\$18,400	\$20,900	\$20,900	\$52,018	\$54,518	\$72,168	\$75,568	\$78,068	\$244,143	\$281,145	
Cumulative Receipts	\$115,377	\$169,241	\$222,909	\$276,578	\$329,120	\$381,662	\$433,761	\$485,685	\$537,609	\$588,484	
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
Annual deposit	\$50,503	\$50,503	\$50,503	\$50,433	\$50,383	\$50,383	\$50,220	\$50,220	\$50,220	\$49,989	Expenditures: \$411,963
Expenditures	\$20,900	\$0	\$8,900	\$30,963	\$0	\$49,152	\$2,500	\$0	\$291,549	\$8,000	Receipts: \$505,370
Year end balance	\$336,941	\$387,444	\$429,047	\$448,517	\$498,900	\$500,130	\$547,850	\$598,070	\$356,742	\$398,731	
Cumulative Expenditures	\$302,045	\$302,045	\$310,945	\$341,908	\$341,908	\$391,060	\$393,560	\$393,560	\$685,108	\$693,108	
Cumulative Receipts	\$638,986	\$689,489	\$739,992	\$790,425	\$840,807	\$891,190	\$941,410	\$991,630	\$1,041,850	\$1,091,839	
Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	
Annual deposit	\$49,989	\$49,989	\$49,921	\$49,921	\$49,904	\$49,893	\$49,893	\$49,893	\$49,880	\$49,828	Expenditures: \$397,088
Expenditures	\$18,400	\$37,002	\$2,500	\$28,019	\$3,400	\$14,650	\$5,500	\$37,002	\$250,616	\$0	Receipts: \$501,137
Year end balance	\$430,319	\$443,306	\$490,727	\$512,630	\$559,134	\$594,377	\$638,770	\$651,661	\$450,926	\$500,754	
Cumulative Expenditures	\$711,508	\$748,510	\$751,010	\$779,029	\$782,429	\$797,079	\$802,579	\$839,581	\$1,090,196	\$1,090,196	
Cumulative Receipts	\$1,141,827	\$1,191,816	\$1,241,737	\$1,291,658	\$1,341,562	\$1,391,456	\$1,441,349	\$1,491,242	\$1,541,122	\$1,590,950	

# REPLACEMENT RESERVE ANALYSIS

WOODCLIFFE POOL AND CLUBHOUSE

April 27, 2005

## Current Association Funding - Cumulative Receipts and Expenditures Graph



▲ Current Association Funding - ★ Current Funding - Year End Balance □ Cumulative Expenditures

### Current Funding Data - Years 1 through 30

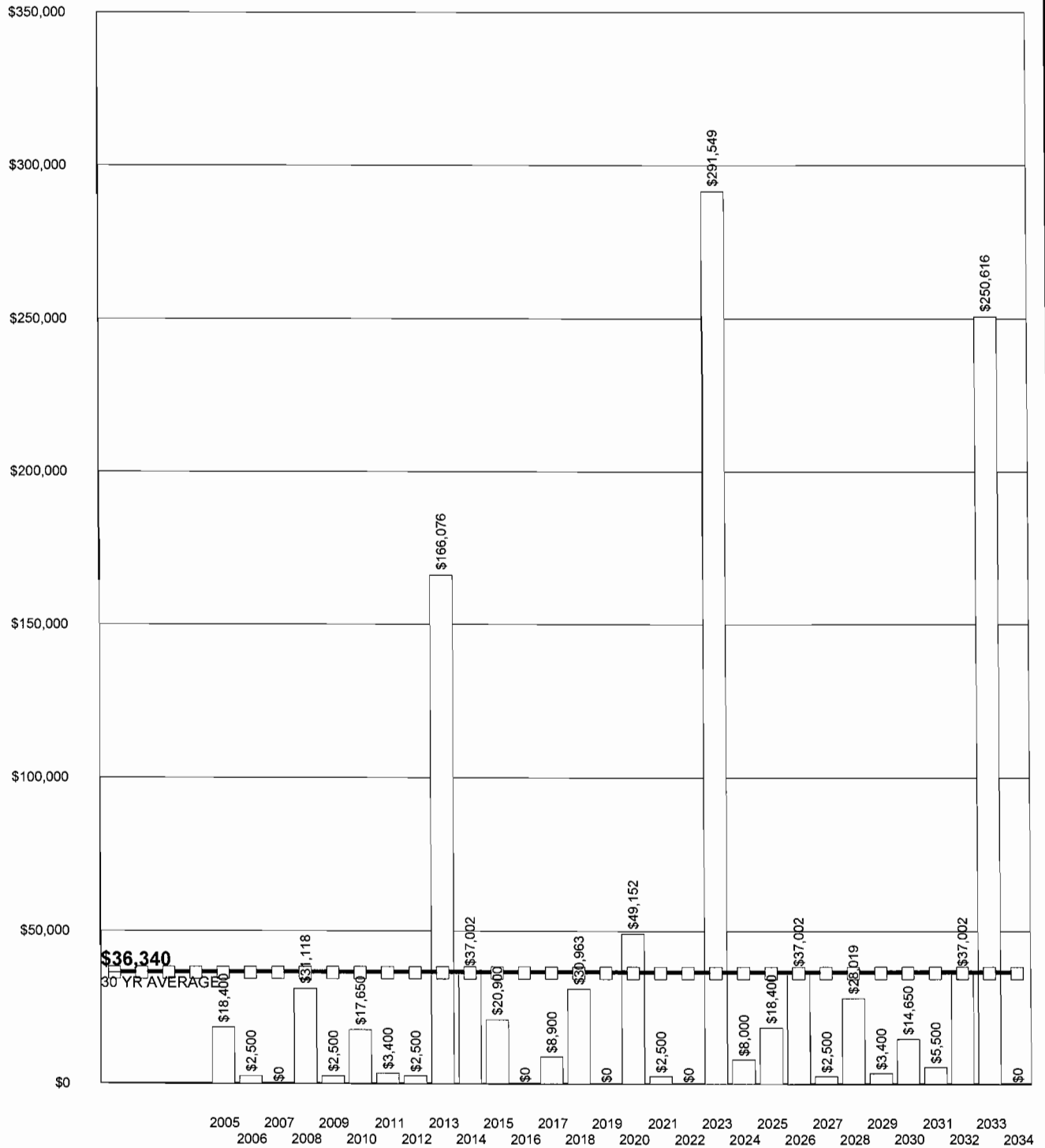
Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	TEN YEAR SUMMARIES
Starting balance	\$54,697										
Annual deposit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Expenditures	\$18,400	\$2,500	\$0	\$31,118	\$2,500	\$17,650	\$3,400	\$2,500	\$166,076	\$37,002	Expenditures: \$281,145
Year end balance	\$36,297	\$33,797	\$33,797	\$2,680	\$180	(\$17,471)	(\$20,871)	(\$23,371)	(\$189,446)	(\$226,448)	Receipts: \$54,697
Cumulative Expenditures	\$18,400	\$20,900	\$20,900	\$52,018	\$54,518	\$72,168	\$75,568	\$78,068	\$244,143	\$281,145	
Cumulative Receipts	\$54,697	\$54,697	\$54,697	\$54,697	\$54,697	\$54,697	\$54,697	\$54,697	\$54,697	\$54,697	
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
Annual deposit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	Expenditures: \$411,963
Expenditures	\$20,900	\$0	\$8,900	\$30,963	\$0	\$49,152	\$2,500	\$0	\$291,549	\$8,000	Receipts: \$0
Year end balance	(\$247,348)	(\$247,348)	(\$256,248)	(\$287,211)	(\$287,211)	(\$336,363)	(\$338,863)	(\$338,863)	(\$630,411)	(\$638,411)	
Cumulative expenditures	\$302,045	\$302,045	\$310,945	\$341,908	\$341,908	\$391,060	\$393,560	\$393,560	\$685,108	\$693,108	
Cumulative receipts	\$54,697	\$54,697	\$54,697	\$54,697	\$54,697	\$54,697	\$54,697	\$54,697	\$54,697	\$54,697	
Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	
Annual deposit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	Expenditures: \$397,088
Expenditures	\$18,400	\$37,002	\$2,500	\$28,019	\$3,400	\$14,650	\$5,500	\$37,002	\$250,616	\$0	Receipts: \$0
Year end balance	(\$656,811)	(\$693,813)	(\$696,313)	(\$724,332)	(\$727,732)	(\$742,382)	(\$747,882)	(\$784,884)	(\$1,035,499)	(\$1,035,499)	
Cumulative Expenditures	\$711,508	\$748,510	\$751,010	\$779,029	\$782,429	\$797,079	\$802,579	\$839,581	\$1,090,196	\$1,090,196	
Cumulative Receipts	\$54,697	\$54,697	\$54,697	\$54,697	\$54,697	\$54,697	\$54,697	\$54,697	\$54,697	\$54,697	

# REPLACEMENT RESERVE ANALYSIS

WOODCLIFFE POOL AND CLUBHOUSE

April 27, 2005

Graph of Annual Replacement Expenditures



**REPLACEMENT RESERVE INVENTORY****WOODCLIFFE POOL AND CLUBHOUSE****April 27, 2005****INVENTORY OF COMPONENTS - INTERVAL REPLACEMENT**

ITEM #	COMPONENT	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	COMPLETE CYCLE (YRS)	INITIAL REPLACEMENT (YRS)	TOTAL REPLACEMENT COST (\$)
1	Concrete Curb and Gutter (30%)	lf	425	\$40.00	30	6	\$17,000
	85 units to be replaced in	2011					\$3,400
	85 units to be replaced in	2017					\$3,400
	85 units to be replaced in	2023					\$3,400
	85 units to be replaced in	2029					\$3,400
	85 units to be replaced in	2035					\$3,400
2	Concrete Flatwork (30%)	sf	5385	\$11.00	30	9	\$59,235
	1077 units to be replaced in	2014					\$11,847
	1077 units to be replaced in	2020					\$11,847
	1077 units to be replaced in	2026					\$11,847
	1077 units to be replaced in	2032					\$11,847
	1077 units to be replaced in	2038					\$11,847
3	Club House Culture Stone Tuck & Point	sf	950	\$15.00	50	8	\$14,250
	190 units to be replaced in	2013					\$2,850
	190 units to be replaced in	2023					\$2,850
	190 units to be replaced in	2033					\$2,850
	190 units to be replaced in	2043					\$2,850
	190 units to be replaced in	2053					\$2,850

**COMMENTS:**

**REPLACEMENT RESERVE INVENTORY****WOODCLIFFE POOL AND CLUBHOUSE****April 27, 2005****INVENTORY OF COMPONENTS - NORMAL REPLACEMENT**

ITEM #		UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	TOTAL REPLACEMENT COST (\$)
<b>SITE IMPROVEMENTS</b>							
4	Asphalt Parking Lot - Resurface	sf	23,850	\$1.29	20	18	\$30,767
5	Asphalt Parking Lot - Seal Coat	sf	23,850	\$0.25	5	3	\$5,963
6	Parking Lot and Pool Lights	ea	13	\$2,500.00	30	28	\$32,500
<b>MAIN SWIMMING POOL (MP)</b>							
7	MP Structure	sf	5,150	\$36.00	45	43	\$185,400
8	MP Whitecoat	sf	5,150	\$3.90	10	8	\$20,085
9	MP Coping	lf	300	\$50.00	10	8	\$15,000
10	MP Waterline Tile	lf	300	\$15.00	10	5	\$4,500
11	MP Pool Cover	sf	5,150	\$1.50	10	none	\$7,725
12	MP Filter	ea	1	\$25,000.00	20	18	\$25,000
13	MP Pumps	ea	2	\$6,000.00	10	8	\$12,000
<b>ACTIVITY POOL (AP)</b>							
14	AP Structure	sf	6,450	\$36.00	45	43	\$232,200
15	AP Whitecoat	sf	6,450	\$3.90	6	3	\$25,155
16	AP Coping	lf	440	\$50.00	10	8	\$22,000
17	AP Waterline Tile	lf	440	\$15.00	10	5	\$6,600
18	AP Pool Cover	sf	6,450	\$1.50	10	none	\$9,675
19	AP Filter	ea	1	\$25,000.00	20	18	\$25,000
20	AP Pumps	ea	2	\$6,000.00	10	8	\$12,000

**COMMENTS:**

**REPLACEMENT RESERVE INVENTORY****WOODCLIFFE POOL AND CLUBHOUSE****April 27, 2005****INVENTORY OF COMPONENTS - NORMAL REPLACEMENT**

ITEM #		UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	TOTAL REPLACEMENT COST (\$)
<b>WADING POOL (WP)</b>							
21	WP Structure	sf	400	\$36.00	45	43	\$14,400
22	WP Whitecoat	sf	400	\$6.25	3	1	\$2,500
23	WP Coping	lf	70	\$50.00	10	8	\$3,500
24	WP Waterline Tile	lf	70	\$15.00	10	5	\$1,050
25	WP Pool Cover	sf	400	\$2.50	10	none	\$1,000
26	WP Filter	ea	1	\$4,500.00	20	8	\$4,500
27	WP Pumps	ea	1	\$1,500.00	10	8	\$1,500
<b>POOL AREA FENCE</b>							
28	Vinyl Covered Chain Link 6'	lf	650	\$15.00	20	18	\$9,750
29	Vinyl Covered Chain Link 3 1/2'	lf	400	\$10.00	20	18	\$4,000
<b>POOL FURNITURE &amp; LG STANDS</b>							
30	Chairs	ea	115	\$100.00	10	8	\$11,500
31	Pool Chaises	ea	125	\$150.00	10	8	\$18,750
32	Benches	ea	5	\$600.00	10	8	\$3,000
33	Life Guard Stands	ea	7	\$2,500.00	15	13	\$17,500

**COMMENTS:**

**REPLACEMENT RESERVE INVENTORY****WOODCLIFFE POOL AND CLUBHOUSE****April 27, 2005****INVENTORY OF COMPONENTS - NORMAL REPLACEMENT**

ITEM #		UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	TOTAL REPLACEMENT COST (\$)
<b>CLUB HOUSE EXTERIOR</b>							
34	Roofing- Asphalt Shingle	sf	5,755	\$3.10	20	18	\$17,841
35	Roofing -Standing Seam Metal	sf	520	\$4.24	35	33	\$2,205
36	Gutter and Downspout	sf	510	\$6.60	20	18	\$3,366
37	Vinyl Siding	sf	2,280	\$3.30	35	33	\$7,524
38	Windows	sf	740	\$37.50	35	33	\$27,750
39	Doors	ea	10	\$750.00	20	18	\$7,500
<b>CLUB HOUSE INTERIOR</b>							
40	Carpet	sf	1,860	\$4.80	10	8	\$8,928
41	Club House Tile	sf	200	\$10.80	25	23	\$2,160
42	Swimming Pool Shower Area Tile	sf	1,520	\$9.80	25	23	\$14,896
43	Light Fixtures	ea	44	\$110.00	30	28	\$4,840
44	Television	ea	1	\$5,500.00	7	5	\$5,500
45	Furniture	ls	1	\$24,500.00	10	8	\$24,500
46	Restrooms Refurbish / Fixtures	ea	2	\$2,100.00	30	28	\$4,200
47	Shower Room Refurbish / Fixtures	ea	2	\$9,000.00	30	28	\$18,000
48	HVAC Heat Pumps	ls	1	\$5,000.00	15	13	\$5,000
49	Kitchen Cabinets	ls	1	\$2,000.00	25	23	\$2,000
50	Refrigerator	ea	1	\$1,200.00	20	18	\$1,200
51	Microwave	ea	1	\$400.00	20	18	\$400
52	Range	ea	1	\$1,750.00	20	18	\$1,750
53	Doors	ea	5	\$600.00	25	23	\$3,000

**COMMENTS:**

**REPLACEMENT RESERVE INVENTORY****WOODCLIFFE POOL AND CLUBHOUSE****April 27, 2005****SCHEDULE OF REPLACEMENTS - YEARS ONE TO FIFTEEN**

<b>2005</b>		<b>2006</b>		<b>2007</b>	
AP Pool Cover	\$9,675	WP Whitecoat	\$2,500		
MP Pool Cover	\$7,725				
WP Pool Cover	\$1,000				
<b>Total Scheduled Replacements</b>	<b>\$18,400</b>	<b>Total Scheduled Replacements</b>	<b>\$2,500</b>	<b>No Scheduled Replacements</b>	
<b>2008</b>		<b>2009</b>		<b>2010</b>	
AP Whitecoat	\$25,155	WP Whitecoat	\$2,500	AP Waterline Tile	\$6,600
Asphalt Parking Lot - Seal Coat	\$5,963			Television	\$5,500
				MP Waterline Tile	\$4,500
				WP Waterline Tile	\$1,050
<b>Total Scheduled Replacements</b>	<b>\$31,118</b>	<b>Total Scheduled Replacements</b>	<b>\$2,500</b>	<b>Total Scheduled Replacements</b>	<b>\$17,650</b>
<b>2011</b>		<b>2012</b>		<b>2013</b>	
Concrete Curb and Gutter (30%)	\$3,400	WP Whitecoat	\$2,500	Furniture	\$24,500
				AP Coping	\$22,000
				MP Whitecoat	\$20,085
				Pool Chaises	\$18,750
				MP Coping	\$15,000
				AP Pumps	\$12,000
				MP Pumps	\$12,000
				Chairs	\$11,500
<b>Total Scheduled Replacements</b>	<b>\$3,400</b>	<b>Total Scheduled Replacements</b>	<b>\$2,500</b>	Other Replacements	\$30,241
				<b>Total Scheduled Replacements</b>	<b>\$166,076</b>
<b>2014</b>		<b>2015</b>		<b>2016</b>	
AP Whitecoat	\$25,155	AP Pool Cover	\$9,675		
Concrete Flatwork (30%)	\$11,847	MP Pool Cover	\$7,725		
		WP Whitecoat	\$2,500		
		WP Pool Cover	\$1,000		
<b>Total Scheduled Replacements</b>	<b>\$37,002</b>	<b>Total Scheduled Replacements</b>	<b>\$20,900</b>	<b>No Scheduled Replacements</b>	
<b>2017</b>		<b>2018</b>		<b>2019</b>	
Television	\$5,500	Life Guard Stands	\$17,500		
Concrete Curb and Gutter (30%)	\$3,400	Asphalt Parking Lot - Seal Coat	\$5,963		
		HVAC Heat Pumps	\$5,000		
		WP Whitecoat	\$2,500		
<b>Total Scheduled Replacements</b>	<b>\$8,900</b>	<b>Total Scheduled Replacements</b>	<b>\$30,963</b>	<b>No Scheduled Replacements</b>	

**REPLACEMENT RESERVE INVENTORY****WOODCLIFFE POOL AND CLUBHOUSE****April 27, 2005****SCHEDULE OF REPLACEMENTS - YEARS SIXTEEN TO THIRTY**

<b>2020</b>		<b>2021</b>		<b>2022</b>	
AP Whitecoat	\$25,155	WP Whitecoat	\$2,500		
Concrete Flatwork (30%)	\$11,847				
AP Waterline Tile	\$6,600				
MP Waterline Tile	\$4,500				
WP Waterline Tile	\$1,050				
<b>Total Scheduled Replacements</b>	<b>\$49,152</b>	<b>Total Scheduled Replacements</b>	<b>\$2,500</b>	<b>No Scheduled Replacements</b>	
<b>2023</b>		<b>2024</b>		<b>2025</b>	
Asphalt Parking Lot - Resurface	\$30,767	Television	\$5,500	AP Pool Cover	\$9,675
AP Filter	\$25,000	WP Whitecoat	\$2,500	MP Pool Cover	\$7,725
MP Filter	\$25,000			WP Pool Cover	\$1,000
Furniture	\$24,500				
AP Coping	\$22,000				
MP Whitecoat	\$20,085				
Pool Chaises	\$18,750				
Roofing- Asphalt Shingle	\$17,841				
Other Replacements	\$107,607				
<b>Total Scheduled Replacements</b>	<b>\$291,549</b>	<b>Total Scheduled Replacements</b>	<b>\$8,000</b>	<b>Total Scheduled Replacements</b> <b>\$18,400</b>	
<b>2026</b>		<b>2027</b>		<b>2028</b>	
AP Whitecoat	\$25,155	WP Whitecoat	\$2,500	Swimming Pool Shower Area Tile	\$14,896
Concrete Flatwork (30%)	\$11,847			Asphalt Parking Lot - Seal Coat	\$5,963
				Doors	\$3,000
				Club House Tile	\$2,160
				Kitchen Cabinets	\$2,000
<b>Total Scheduled Replacements</b>	<b>\$37,002</b>	<b>Total Scheduled Replacements</b>	<b>\$2,500</b>	<b>Total Scheduled Replacements</b> <b>\$28,019</b>	
<b>2029</b>		<b>2030</b>		<b>2031</b>	
Concrete Curb and Gutter (30%)	\$3,400	AP Waterline Tile	\$6,600	Television	\$5,500
		MP Waterline Tile	\$4,500		
		WP Whitecoat	\$2,500		
		WP Waterline Tile	\$1,050		
<b>Total Scheduled Replacements</b>	<b>\$3,400</b>	<b>Total Scheduled Replacements</b>	<b>\$14,650</b>	<b>Total Scheduled Replacements</b> <b>\$5,500</b>	
<b>2032</b>		<b>2033</b>		<b>2034</b>	
AP Whitecoat	\$25,155	Parking Lot and Pool Lights	\$32,500		
Concrete Flatwork (30%)	\$11,847	Furniture	\$24,500		
		AP Coping	\$22,000		
		MP Whitecoat	\$20,085		
		Pool Chaises	\$18,750		
		Shower Room Refurbish / Fixture	\$18,000		
		Life Guard Stands	\$17,500		
		MP Coping	\$15,000		
		Other Replacements	\$82,281		
<b>Total Scheduled Replacements</b>	<b>\$37,002</b>	<b>Total Scheduled Replacements</b>	<b>\$250,616</b>	<b>No Scheduled Replacements</b>	

**REPLACEMENT RESERVE ALLOCATION****WOODCLIFFE POOL AND CLUBHOUSE****April 27, 2005****CASH FLOW METHOD - THREE YEAR ALLOCATION OF REPLACEMENT RESERVES**

Item #	Component	Estimated Replacement Cost	Allocation of Reserves on Deposit	2005			2006			2007		
				Deposits	Expenses	Year End Balance	Deposits	Expenses	Year End Balance	Deposits	Expenses	Year End Balance
<b>INTERVAL COMPONENTS</b>												
1	Concrete Curb and Gutter (30%)	17,000		3,400		3,400			3,400			3,400
2	Concrete Flatwork (30%)	59,235										
3	Club House Culture Stone Tuck	14,250		261		261	662		924	662		1,586
<b>NORMAL COMPONENTS</b>												
<b>SITE IMPROVEMENTS</b>												
4	Asphalt Parking Lot - Resurface	30,767										
5	Asphalt Parking Lot - Seal Coat	5,963	5,963	547		6,509	1,386		7,895	1,386		9,281
6	Parking Lot and Pool Lights	32,500										
7	MP Structure	185,400										
8	MP Whitecoat	20,085		1,842		1,842	4,668		6,510	4,668		11,178
9	MP Coping	15,000		1,375		1,375	3,486		4,862	3,486		8,348
10	MP Waterline Tile	4,500	46	4,454		4,500			4,500			4,500
11	MP Pool Cover	7,725	7,725		(7,725)							
12	MP Filter	25,000										
13	MP Pumps	12,000		1,100		1,100	2,789		3,889	2,789		6,678
14	AP Structure	232,200										
15	AP Whitecoat	25,155	25,155			25,155			25,155			25,155
16	AP Coping	22,000		2,017		2,017	5,113		7,130	5,113		12,243
17	AP Waterline Tile	6,600	67	6,533		6,600			6,600			6,600
18	AP Pool Cover	9,675	9,675		(9,675)							
19	AP Filter	25,000										
20	AP Pumps	12,000		1,100		1,100	2,789		3,889	2,789		6,678
<b>WADING POOL (WP)</b>												
21	WP Structure	14,400										
22	WP Whitecoat	2,500	5,000	2,500		7,500		(2,500)	5,000			5,000
23	WP Coping	3,500		321		321	813		1,134	813		1,948
24	WP Waterline Tile	1,050	11	1,039		1,050			1,050			1,050
25	WP Pool Cover	1,000	1,000		(1,000)							
26	WP Filter	4,500		413		413	1,046		1,458	1,046		2,504
27	WP Pumps	1,500		138		138	349		486	349		835
28	Vinyl Covered Chain Link 6'	9,750										
29	Vinyl Covered Chain Link 3 1/2'	4,000										
30	Chairs	11,500		1,054		1,054	2,673		3,727	2,673		6,400
31	Pool Chaises	18,750		1,719		1,719	4,358		6,077	4,358		10,435
32	Benches	3,000		275		275	697		972	697		1,670
33	Life Guard Stands	17,500										
<b>CLUB HOUSE EXTERIOR</b>												
34	Roofing- Asphalt Shingle	17,841										
35	Roofing -Standing Seam Metal	2,205										
36	Gutter and Downspout	3,366										
37	Vinyl Siding	7,524										
38	Windows	27,750										
39	Doors	7,500										
40	Carpet	8,928		819		819	2,075		2,894	2,075		4,969
41	Club House Tile	2,160										
42	Swimming Pool Shower Area Til	14,896										
43	Light Fixtures	4,840										
44	Television	5,500	56	5,444		5,500			5,500			5,500
45	Furniture	24,500		2,246		2,246	5,694		7,940	5,694		13,635
46	Restrooms Refurbish / Fixtures	4,200										
47	Shower Room Refurbish / Fixtur	18,000										
48	HVAC Heat Pumps	5,000										
49	Kitchen Cabinets	2,000										
50	Refrigerator	1,200										
51	Microwave	400										
52	Range	1,750										

**REPLACEMENT RESERVE ALLOCATION****WOODCLIFFE POOL AND CLUBHOUSE****April 27, 2005****CASH FLOW METHOD - THREE YEAR ALLOCATION OF REPLACEMENT RESERVES**

Item #	Component	Estimated Replacement Cost	Allocation of Reserves on Deposit	2005			2006			2007		
				Deposits	Expenses	Year End Balance	Deposits	Expenses	Year End Balance	Deposits	Expenses	Year End Balance
53	Doors	3,000										

**MILLER - DODSON ASSOCIATES** Capital Reserve Consultants

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**REPLACEMENT RESERVE ALLOCATION****WOODCLIFFE POOL AND CLUBHOUSE****April 27, 2005****COMPONENT METHOD - THREE YEAR ALLOCATION OF REPLACEMENT RESERVES**

Item #	Component	Estimated Replacement Cost	Allocation of Reserves on Deposit	2005			2006			2007		
				Deposits	Expenses	Year End Balance	Deposits	Expenses	Year End Balance	Deposits	Expenses	Year End Balance
<b>INTERVAL COMPONENTS</b>												
1	Concrete Curb and Gutter (30%)	17,000	3,361	849		4,211	849		5,060	849		5,909
2	Concrete Flatwork (30%)	59,235	9,202	2,543		11,745	2,543		14,288	2,543		16,831
3	Club House Culture Stone Tuck	14,250	3,170	478		3,648	478		4,126	478		4,605
<b>NORMAL COMPONENTS</b>												
<b>SITE IMPROVEMENTS</b>												
4	Asphalt Parking Lot - Resurface	30,767	815	1,576		2,391	1,576		3,968	1,576		5,544
5	Asphalt Parking Lot - Seal Coat	5,963	632	1,333		1,964	1,333		3,297	1,333		4,630
6	Parking Lot and Pool Lights	32,500	574	1,101		1,675	1,101		2,776	1,101		3,876
7	MP Structure	185,400	2,182	4,164		6,346	4,164		10,510	4,164		14,674
8	MP Whitecoat	20,085	1,064	2,113		3,177	2,113		5,291	2,113		7,404
9	MP Coping	15,000	794	1,578		2,373	1,578		3,951	1,578		5,530
10	MP Waterline Tile	4,500	953	591		1,544	591		2,136	591		2,727
11	MP Pool Cover	7,725	4,091	3,634	(7,725)		773		773	773		1,545
12	MP Filter	25,000	662	1,281		1,943	1,281		3,224	1,281		4,505
13	MP Pumps	12,000	636	1,263		1,898	1,263		3,161	1,263		4,424
14	AP Structure	232,200	2,733	5,215		7,948	5,215		13,163	5,215		18,378
15	AP Whitecoat	25,155	4,441	5,179		9,619	5,179		14,798	5,179		19,976
16	AP Coping	22,000	1,165	2,315		3,480	2,315		5,795	2,315		8,110
17	AP Waterline Tile	6,600	1,398	867		2,265	867		3,132	867		3,999
18	AP Pool Cover	9,675	5,124	4,551	(9,675)		968		968	968		1,935
19	AP Filter	25,000	662	1,281		1,943	1,281		3,224	1,281		4,505
20	AP Pumps	12,000	636	1,263		1,898	1,263		3,161	1,263		4,424
<b>WADING POOL (WP)</b>												
21	WP Structure	14,400	169	323		493	323		816	323		1,140
22	WP Whitecoat	2,500	441	1,029		1,471	1,029	(2,500)		833		833
23	WP Coping	3,500	185	368		554	368		922	368		1,290
24	WP Waterline Tile	1,050	222	138		360	138		498	138		636
25	WP Pool Cover	1,000	530	470	(1,000)		100		100	100		200
26	WP Filter	4,500	1,311	354		1,665	354		2,019	354		2,374
27	WP Pumps	1,500	79	158		237	158		395	158		553
28	Vinyl Covered Chain Link 6'	9,750	258	500		758	500		1,257	500		1,757
29	Vinyl Covered Chain Link 3 1/2'	4,000	106	205		311	205		516	205		721
30	Chairs	11,500	609	1,210		1,819	1,210		3,029	1,210		4,239
31	Pool Chaises	18,750	993	1,973		2,966	1,973		4,939	1,973		6,912
32	Benches	3,000	159	316		475	316		790	316		1,106
33	Life Guard Stands	17,500	618	1,206		1,824	1,206		3,030	1,206		4,235
<b>CLUB HOUSE EXTERIOR</b>												
34	Roofing- Asphalt Shingle	17,841	472	914		1,387	914		2,301	914		3,215
35	Roofing -Standing Seam Metal	2,205	33	64		97	64		161	64		225
36	Gutter and Downspout	3,366	89	172		262	172		434	172		607
37	Vinyl Siding	7,524	114	218		332	218		550	218		768
38	Windows	27,750	420	804		1,224	804		2,028	804		2,831
39	Doors	7,500	199	384		583	384		967	384		1,351
40	Carpet	8,928	473	939		1,412	939		2,352	939		3,291
41	Club House Tile	2,160	46	88		134	88		222	88		310
42	Swimming Pool Shower Area Til	14,896	316	608		923	608		1,531	608		2,138
43	Light Fixtures	4,840	85	164		249	164		413	164		577
44	Television	5,500	416	847		1,263	847		2,117	847		2,958
45	Furniture	24,500	1,297	2,578		3,876	2,578		6,454	2,578		9,032
46	Restrooms Refurbish / Fixtures	4,200	74	142		216	142		359	142		501
47	Shower Room Refurbish / Fixtur	18,000	318	610		927	610		1,537	610		2,147
48	HVAC Heat Pumps	5,000	177	345		521	345		866	345		1,210
49	Kitchen Cabinets	2,000	42	82		124	82		206	82		287
50	Refrigerator	1,200	32	61		93	61		155	61		216
51	Microwave	400	11	20		31	20		52	20		72
52	Range	1,750	46	90		136	90		226	90		315

**REPLACEMENT RESERVE ALLOCATION****WOODCLIFFE POOL AND CLUBHOUSE****April 27, 2005****COMPONENT METHOD - THREE YEAR ALLOCATION OF REPLACEMENT RESERVES**

Item #	Component	Estimated Replacement Cost	Allocation of Reserves on Deposit	2005			2006			2007		
				Deposits	Expenses	Year End Balance	Deposits	Expenses	Year End Balance	Deposits	Expenses	Year End Balance
53	Doors	3,000	64	122		186	122		308	122		431

Supplemental Photographs

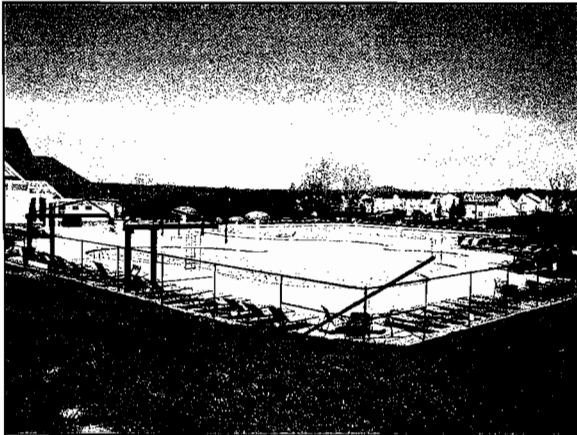


Photo #1. View of swimming pool.



Photo #2. Clubhouse.



Photo #3. Clubhouse furniture.



Photo #4. Kitchen.

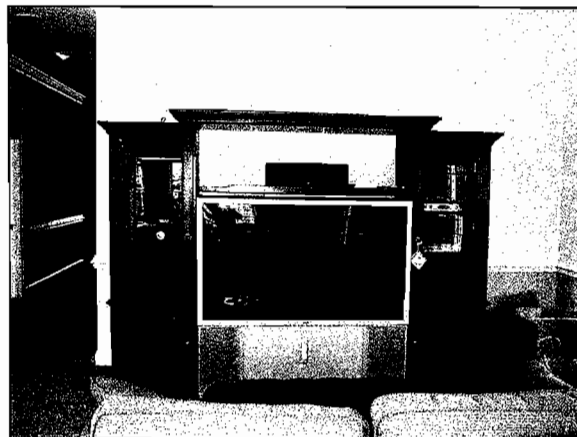


Photo #5. TV in Clubhouse.



Photo #6. Clubhouse fireplace.

Supplemental Photographs

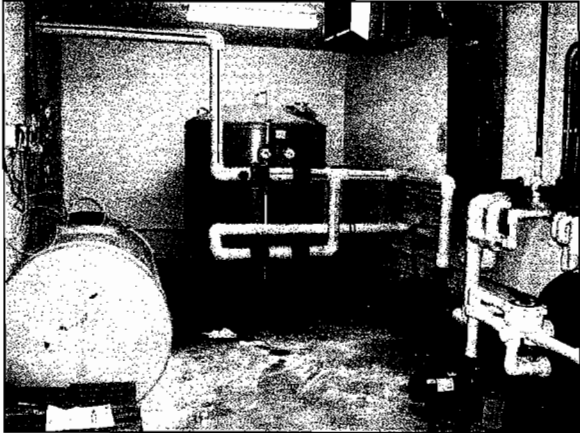


Photo #7. One of filters and pool treatment tank.



Photo #8. Pool furniture.

## APPENDIX

### Section A

#### PROCEDURES AND DEFINITIONS USED IN THE REPLACEMENT RESERVE SCHEDULE

##### A. Replacement Reserve Analysis

- **Analysis methods.** The Replacement Reserve industry generally recognizes two different methods of accounting for Replacement Reserve Analysis. Due to the difference in accounting methodologies, these methods lead to different calculated values for the *Minimum Annual Contribution* to the Reserves. The results of both methods are presented in this report. The Association should obtain the advice of its accounting professional as to which method is more appropriate for this Association. The two methods are:

1. **Component Method.** This method is a time tested mathematical model developed by HUD in the early 1980's. It treats each item in the replacement schedule as an individual line item budget. Generally, the *Minimum Annual Contribution* to Reserves is higher when calculated by the Component Method. The mathematical model for this method works as follows:

First, the total *Current Objective* is calculated, which is the reserve amount that would have accumulated had all of the items on the schedule been funded from initial construction at their current replacement costs. Next, the *Reserve Currently on Deposit* (as reported by the Association) are distributed to the components in the schedule in proportion to the *Current Objective*. The *Minimum Annual Deposit* for each component is equal to the Estimated Replacement Cost, minus the Reserves on Hand, divided by the years of life remaining.

2. **Cash Flow Method.** The Cash Flow Method is sometimes referred to as the "Pooling Method." It calculates the minimum constant annual contribution to reserves (*Minimum Annual Deposit*) required to meet projected expenditures, without allowing TOTAL reserves on hand to fall below the specified minimum level in any year. This method usually results in a calculated requirement for annual contribution somewhat less than that arrived at by the Component Method of analysis.

First, the *Minimum Recommended Reserve Level to be Held on Account* is determined based on the age, condition, and replacement cost of the individual components. The mathematical model then allocates the estimated replacement costs to the future years in which they are projected to occur. Based on these expenditures, it then calculates the minimum constant yearly contribution (*Minimum Annual Deposit*) to the reserves necessary to keep the reserve balance at the end of each year above the *Minimum Recommended Reserve Level to be Held on Account*. The Cash Flow Analysis assumes that the Association will have authority to use all of the reserves on hand for replacements as the need occurs. This method usually results in a *Minimum Annual Deposit* that is less than that arrived at by the Component Analysis.

- **Adjusted Cash Flow Analysis.** This program has the ability to modify the Cash Flow Method to take into account forecasted inflation and interest rates, thereby producing an *Adjusted Cash Flow Analysis*. Attempting to forecast future inflation and interest rates and the impact of changing technology is highly tenuous. Therefore, in most cases it is preferable to make a new schedule periodically rather than attempt to project far into the future. We will provide more information on this type of analysis upon request.

- **Unit costs.** Unit costs are developed using nationally published standards and estimating guides, and are adjusted by state or region. In some instances, recent data received in the course of our work is used to modify these figures.

Contractor proposals or actual cost experience may be available as part of the Association records. This is useful information that should be incorporated into your report. Please bring any such available data to our attention, preferably before the report is commenced.

- **Replacement vs. repair and maintenance.** A Replacement Reserve Study addresses the required funding for Capital Replacement Expenditures. This should not be confused with operational costs or cost of repairs or maintenance.

## B. Definitions

- **Adjusted Cash Flow Analysis.** Cash flow analysis adjusted to take into account annual cost increases due to inflation, and interest earned on invested reserves. In this method, the annual contribution is assumed to grow annually at the inflation rate.
- **Annual Deposit if Reserves Were Fully Funded.** Shown on the Summary Sheet, "A" in the Component Method summary, this would be the amount of the Annual Deposit needed if the *Reserves Currently on Deposit* were equal to the *Total Current Objective*.
- **Cash Flow Analysis.** See *Cash Flow Method*, above.
- **Component Analysis.** See *Component Method*, above.
- **Contingency.** An allowance for unexpected requirements. Roughly the same as the *Minimum Recommended Reserve Level to be Held on Account* used in the *Cash Flow Method* of analysis.
- **Critical Year.** In the *Cash Flow Analysis*, a year in which the reserves on hand are projected to fall to the established minimum level. See *Minimum Recommended Reserve Level to be Held on Account*
  - **Current Objective.** This is the reserve amount that would have accumulated had the item been funded from initial construction at its current replacement costs. It is equal to the *estimated replacement cost* divided by the estimated economic life, times the number of years expended (the difference between the *Estimated Economic Life* and the *Estimated Life Left*). The *Total Current Objective* can be thought of as the amount of reserves the Association should now have on hand based on the sum of all of the Current Objectives.
- **Cyclic Replacement Item.** A component item that typically begins to fail after an initial period (*Estimated Initial Replacement*), but which will be replaced in increments over a number of years (the *Estimated Replacement Cycle*). The Reserve Analysis program divides the number of years in the *Estimated Replacement Cycle* into five equal increments. It then allocates the *Estimated Replacement Cost* equally over those five increments. (As distinguished from *Normal Replacement Items*, see below)
- **Normal Replacement Schedules.** A component item that typically begins to fail after an initial period (*Estimated Initial Replacement*), but which will be replaced in increments over a number of years (the *Estimated Replacement Cycle*).
- **Estimated Economic Life.** Used in the *Normal Replacement Schedules*. This represents the industry average number of years that a new item should be expected to last until it has to be replaced. This figure is sometimes modified by climate, region, or original construction conditions.

- **Estimated Economic Life Left.** Used in the *Normal Replacement Schedules*. Number of years until the item is expected to need replacement. Normally, this number would be considered to be the difference between the *Estimated Economic Life* and the age of the item. However, this number must be modified to reflect maintenance practice, climate, original construction and quality, or other conditions. For the purpose of this report, this number is determined by the Reserve Analyst based on the present condition of the item relative to the actual age.
- **Estimated Initial Replacement.** For a *Cyclic Replacement Item* (see above), the number of years until the replacement cycle is expected to begin.
- **Estimated Replacement Cycle.** For a *Cyclic Replacement Item*, the number of years over which the remainder of the component's replacement occurs.
- **Minimum Annual Deposit.** Shown on the Summary Sheet, "A-1." The calculated requirement for annual contribution to reserves as calculated by the *Cash Flow Method* (see above).
- **Minimum Deposit in the Study Year.** Shown on the Summary Sheet, "A-1." The calculated requirement for contribution to reserves in the study year as calculated by the Component Method (see above).
- **Minimum Recommended Reserve Level to be Held on Account.** Shown on the Summary Sheet, "A" this number is used in the Cash Flow Method only, this is the prescribed level below which the reserves will not be allowed to fall in any year. This amount is determined based on the age, condition, and replacement cost of the individual components. This number is normally given as a percentage of the total Estimated Replacement Cost of all reserve components.
- **Normal Replacement Item.** A component of the property that, after an expected economic life, is replaced in its entirety. (As distinguished from *Cyclic Replacement Items*, see above.)
- **Normal Replacement Schedules.** The list of Normal Replacement Items by category or location. These items appear on pages designated.
- **Number of Years of the Study.** The number of years into the future for which expenditures are projected and reserve levels calculated. This number should be large enough to include the projected replacement of every item on the schedule, at least once. This study covers a 40-year period.
- **One Time Deposit Required to Fully Fund Reserves.** Shown on the Summary Sheet, "A-1" in the Component Method summary, this is the difference between the *Total Current Objective* and the *Reserves Currently on Deposit*.
- **Reserves Currently on Deposit.** Shown on the Summary Sheet, "A-1", this is the amount of accumulated reserves as reported by the Association in the current year.
- **Reserves on Hand.** Shown in the *Cyclic Replacement* and *Normal Replacement Schedules*, this is the amount of reserves allocated to each component item in the *Cyclic* or *Normal Replacement* schedules. This figure is based on the ratio of *Reserves Currently on Deposit* divided by the total *Current Objective*.
- **Replacement Reserve Study.** An analysis of all of the components of the common property of the Association for which a need for replacement should be anticipated within the economic life of the property as a whole. The analysis involves estimation for each component of its estimated Replacement Cost, Estimated Economic Life, and Estimated Life Left. The objective of the study is to calculate a recommended annual contribution to the Association's Replacement Reserve Fund.
- **Total Replacement Cost.** Shown on the Summary Sheet, "A-1", this is total of the Estimated Replacement Costs for all items on the schedule if they were to be replaced once.

- **Unit Replacement Cost.** Estimated replacement cost for a single unit of a given item on the schedule.
- **Unit (of Measure).** The following abbreviations are used in this report:  
EA: each                      FT: feet                      LS: lump sum                      SF: square feet