

# 2021 Reserve Study Update

**Crescent Beach Condominium Association, Inc.  
100 N. Collier Boulevard  
Marco Island, FL 34145**



Version 4, Report Date: 11/4/2020



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November 4, 2020

Crescent Beach Condominium Association, Inc.  
100 N. Collier Boulevard  
Marco Island, FL 34145

Dear Board of Directors:

We are pleased to present you with this revised 2021 Reserve Study Report. The intent of this study is to anticipate future capital expenditures and provide a cash reserves funding plan to cover future repair or replacement expenses of the common property.

This report identifies the major assets maintained by the association. We have provided estimates on expected life, scheduled replacement date, and future replacement cost. This information was selected from a combination of market standards, cost database, historical information, and experience with similar properties.

#### Financial Summary

Actual 2020 Reserve Contribution:	\$320,352
Proposed 2021 Reserve Contribution, Straight-Line, Full Funding:	\$1,396,713
Proposed 2021 Reserve Contribution, 30-Year Cash Flow, Pooled:	\$336,372

This reserve study should serve as a useful tool for the association to determine the appropriate cash reserves necessary for adequate reserve funding over the long term. Actual reserves set aside are solely at the discretion of the association.

Thank you for allowing LCAM Resources the opportunity to serve you.

Respectfully submitted by:

LCAM Resources

J. Anthony Guadalupe, CCI  
Managing Director



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# Part 1: Introduction

This section contains general information about your reserve study and how to use this report.

## INTRODUCTION

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### What is a Reserve Study?

A reserve study is a long-range budget planning tool for major repair and replacement of association property. This report will help you to anticipate and prepare for major expenditures by estimating when these events will occur and how much it will cost.

Your reserve study can be used to figure the amount to charge each owner for their share of reserves each year, and accurately disclose the status of your reserves.

This report is a “living document” that can evolve over time through updates, and be expanded as needed, to continue to serve your association for years to come.

### Annual Budgets

The annual budget for most associations is actually comprised of two separate budgets added together:

- An “*operating budget*” that consists of annual *operating expenses* such as utilities, insurance, landscaping, management fees, etc. Capital expenses are usually not included in the operating budget unless they’re small expense items.
- A “*reserve budget*” consisting of capital replacement expenses such as roofs, streets, swimming pools, tennis courts, etc.

### Reserve Expenses

These are major expenses that occur other than annually. Reserve expenses are reasonably predictable both in terms of frequency and cost. Common examples of reserve expenses include:

- Painting
- Paving
- Roofing
- Swimming Pools
- Mechanical Equipment

Examples of excluded items are electrical wiring and plumbing. These are deemed to have an estimated useful life equal to or exceeding the estimated useful life of the facility itself. Also excluded are insignificant expenses that may be covered either by an operating or reserve contingency, or otherwise in a general maintenance fund. Also excluded are expenses that are caused by acts of nature or accidents. These should be covered by insurance instead of reserves because they are unpredictable occurrences.

## INTRODUCTION

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### Levels of Service

The following three categories describe the various types of Reserve Studies, from exhaustive to minimal.

#### I. FULL

A Reserve Study in which the following five Reserve Study tasks are performed:

- Component Inventory
- Condition Assessment (based upon on-site visual observations)
- Life and Valuation Estimates
- Fund Status
- Funding Plan

#### II. UPDATE WITH ON-SITE INSPECTION

A Reserve Study update in which the following five Reserve Study tasks are performed:

- Component Inventory (verification only, not quantification)
- Condition Assessment (based on on-site visual observations)
- Life and Valuation Estimates
- Fund Status
- Funding Plan

#### III. UPDATE WITHOUT SITE INSPECTION

A Reserve Study update with no on-site visual observations in which the following three Reserve Study tasks are performed:

- Life and Valuation Estimates
- Fund Status
- Funding Plan

## INTRODUCTION

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### REPORT PROCESS

This report is a two-part study that examines both the physical and the financial.

**Physical Analysis** – During the physical analysis, we develop an inventory of all major assets of the association which require long-term replacement or repair. The assets are referred to as components. Typical components include roofing, painting, roads, swimming pools, tennis courts, and so on.

Components are selected based on a 4-part test:

- ✓ **Common area**
- ✓ **Limited useful life**
- ✓ **Predictable remaining life**
- ✓ **Major cost**

The condition of each reserve component is then evaluated in order to estimate remaining life and replacement cost.

**Financial Analysis** – The financial analysis examines the client’s level of reserve funding to determine the appropriate reserve contribution rate in the future. This recommendation is known as the “funding plan”.

### Funding Plan

The funding plan consists of annual reserve contributions to offset accrued depreciation. Simply put, this means that funds are added to reserves each year to pay for the ongoing “wear and tear” of components.

### Straight-Line Vs. Pooling

**Straight-Line Reserve Schedule (Component Method)** – The straight-line method provides for independent funding of each component, calculated separately to determine the annual reserve contribution required. This is a 1-year snapshot. Interest and inflation are not included due to the nature of straight-line formulas.

**30-Year Cash Flow / Pooling Method** – This alternate funding plan utilizes a cash flow method with “pooled reserves,” in which all reserve funds are combined into a single general account, or “pool” of funds. A 30-year cash flow analysis is then performed to determine the annual reserve contribution required to 1) pay for all future anticipated reserve expenditures, and 2) maintain a positive cash balance over time. All cost and life expectancy estimates for each component remain the same as in the straight-line method. However, unlike the straight-line method, this is a 30-year approach considers the effects of interest and inflation over time.

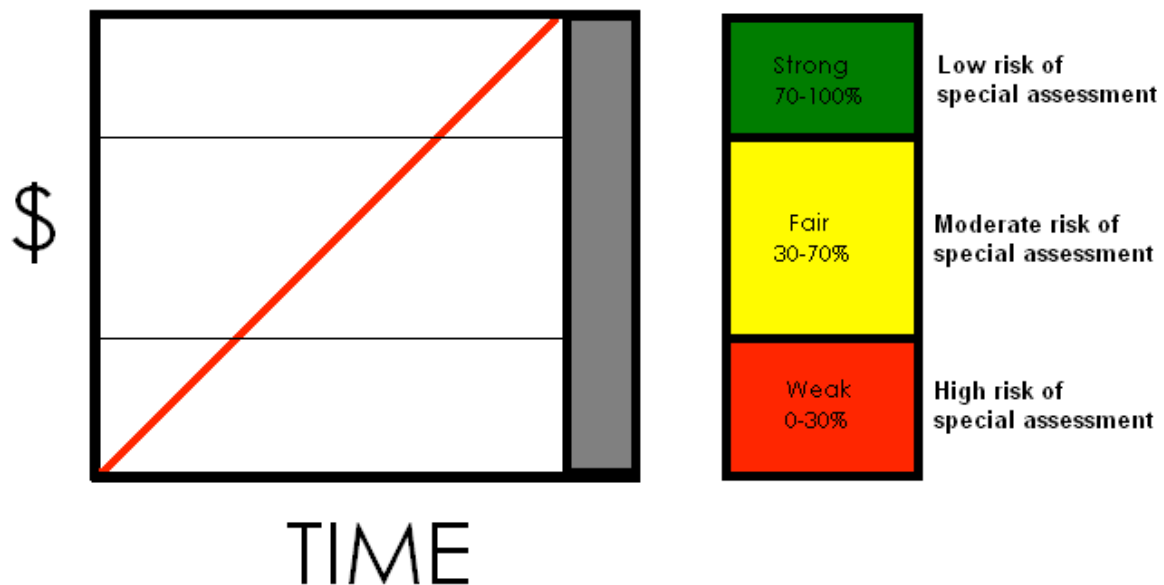
## INTRODUCTION

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### Reserve Fund Status

The strength of your reserve funding is measured as percent funded:

## Understanding Percent Funded



If reserves are in the 0-30% funding range, the fund is considered relatively weak and members are in a higher risk to expect special assessments. 30-70% funded is a fair position with moderate risk of special assessment. Associations in the 70%+ funding range are considered financially strong and special assessments are rare. (If the reserve account is over-funded, steps can be taken to bring it back into balance.)



## INTRODUCTION

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### DEFINITIONS

**Annual Assessment Increase** - This represents the percentage rate at which the client will increase its assessment to reserves at the end of each year.

**Assessment**- the amount of money that should be allocated to reserves.

**Budget Year Beginning/Ending** - The budget year for which the report is prepared. For clients with fiscal years ending December 31st, the monthly contribution figures indicated are for the 12-month period beginning 1/1 and ending 12/31.

**Capital Expenditure** - an expenditure of funds for the purchase of an asset whose useful life is greater than one year in length; the replacement of an asset whose useful life is greater than one year in length; or the addition to an asset which extends the useful life of the previously existing asset for a period greater than one year in length.

**Cash Flow Method:** A method of developing a Reserve Funding Plan where annual reserve contributions are designed to offset the variable annual expenditures from the reserve fund to maintain a positive cash balance.

**Component:** The individual line items in the Reserve Study, developed or updated in the Physical Analysis. These elements form the building blocks for the Reserve Study. Components must meet the following criteria: 1) be the responsibility of the association, 2) have a *limited* expected life, 3) have a *predictable* life expectancy, 4) be above a minimum cost (for example, \$10,000 and above).

**Component Inventory** - The task of selecting and qualifying reserve components.

**Component Method:** A method of developing a Reserve Funding Plan where the total contribution is based on the sum of contributions for individual components.

**Condition Assessment:** The task of evaluating the current condition of the component based on observed or reported characteristics.

**Contingency** - Funds retained for the purpose of covering unexpected costs.

**Current Replacement Cost** - The estimated replacement cost effective at the beginning of the fiscal year for which the report is being prepared. See “Replacement Cost.”

## INTRODUCTION

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**Deferred Maintenance** - the practice of postponing maintenance activities in order to save costs, meet budget funding levels, or realign available budget monies. The failure to perform needed repairs could lead to asset deterioration and ultimately asset impairment.

**Expected Life / Estimated Useful Life** - The estimated service life of a component if properly constructed / installed. Based upon industry standards, manufacturer specifications, visual inspection, location, usage, client standards and prior history. All of these factors are taken into consideration when tailoring the estimated useful life of a particular component.

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

**Inflation** - This figure is used to approximate the future cost to repair or replace components in the report.

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

**Remaining Useful Life:** The estimated time, in years, that a reserve component can be expected to continue to serve its intended function.

**Replacement Cost:** The cost of replacing, repairing, or restoring a Reserve Component to its original functional condition.

**Replacement Year** - The year that the asset is scheduled to be replaced.

**Reserve Balance:** Actual or projected funds intended to defray the future repair or replacement of major components which the association is obligated to maintain.

**Special Assessment:** An assessment levied on the members of an association in addition to regular assessments. Special Assessments are often regulated by governing documents or local statutes.

**Straight Line Method:** For each component, the annual reserve contribution equals the unfunded balance divided by remaining life, respectively.

**Unfunded Balance:** Current cost estimate minus year end balance.

**Weighted Proportional Allocation:** The total estimated reserve balance is allocated among each reserve category according to the “weight” of the category as a percentage of the whole. Recommended for re-distribution of restricted funds to bring balance across reserves (in the straight line method) when components are overfunded, unfunded, or deleted.

## INTRODUCTION

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### Terms & Conditions

The reserve analysis contained in this report is qualified by certain assumptions, limiting conditions, and disclosures as set forth in this section:

Scope: The reserve study will be a reflection of information provided to the consultant and assembled for the association's use, not for the purpose of performing an audit, quality/forensic analyses, or background checks of historical records.

Reliance on Client Data: Information provided by the official representative of the association regarding financial, physical, quantity, or historical issues will be deemed reliable by the consultant.

Physical Analysis: All on-site observations were performed using non-destructive testing, representative sampling, and a combination of field measurements and drawing take-offs. For safety reasons, it is our procedure to observe pitched roofs from the ground; flat roofs are examined only when safe access is available.

Reserve Balance: The actual or projected total presented in the Reserve study is based upon information provided and was not audited.

Reserve Projects: Information provided about reserve projects will be considered reliable. Any on-site inspection should not be considered a project audit or quality inspection.

Sources: Cost estimates and useful life information are based on our experience with actual properties and a combination of association records, contractor interviews, and industry pricing and scheduling manuals. Opinions on the remaining useful life of the components contained in this report do not represent a guarantee or warranty of the components and should not be considered as such.

General: The individual(s) responsible for this reserve study preparation or oversight has no other involvements with the client association that could result in actual or perceived conflicts of interest. The conclusions and estimates presented in this report must be considered opinions and not facts. We reserve the right to modify this report, including conclusions. This reserve study is provided as an aid for planning purposes and not as an accounting tool. Since it deals with events yet to take place, there is no assurance that the results enumerated within it will, in fact, occur as described. The authors of this report shall not be required to give testimony or appear in court or at any administrative proceeding relating to this report. The liability of the authors of this report, Liberty Capital Asset Management Resources, LLC dba LCAM Resources and any other employees/contractors of LCAM Resources is limited to the fee collected for preparation of this report. Acceptance of, and/or use of, this report constitutes acceptance of the above conditions.

## **INTRODUCTION**

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### **Company Profile**

LCAM Resources founded from a dedication to raise the bar in the community association industry. Our goal is to provide unprecedented superior service in capital reserve planning and insurance valuation. We build close professional relationships with property managers, board members, agents, and owners to act as a team with one common goal: to protect the long-term financial health of their organization. We are Business Partner members of the Community Associations Institute (CAI), a national organization committed to providing education and resources to community associations and the companies who serve them. Our professional staff has years of extensive experience with all property types throughout Florida and the United States.

### **Annual Update Service**

The best way to keep your reserve program on track is through regular updates. We can recast a new 30-year report using current replacement cost and financial information to keep your reserve program on track. This affordable service is available with or without site inspection, and for only a fraction of your initial cost. Contact us for details and we would be more than happy to speak to you about the options available.

# Part 2: Photographs

Photographs of components examined during our on-site inspection of the property.

**PROPERTY PHOTOGRAPHS**



**Paving, Asphalt Overlay**



**Paving, Asphalt Overlay**

**PROPERTY PHOTOGRAPHS**



**Paving, Asphalt Sealcoat & Restripe**



**Paving, Bomanite Reseal**

**PROPERTY PHOTOGRAPHS**



**Roofing, Mansard**



**Roofing, North Garage**



**PROPERTY PHOTOGRAPHS**



**Roofing, Portico**



**Roofing, South Garage**

**PROPERTY PHOTOGRAPHS**



**Roofing, Tower**



**Tiki Huts, Bicycle Storage**

**PROPERTY PHOTOGRAPHS**



**Painting, Exterior, Tower**



**Painting, Interior Common Areas**

**PROPERTY PHOTOGRAPHS**



**Painting, Portico Roof**



**Stairwells & Railing, Repaint**

**PROPERTY PHOTOGRAPHS**



**Cardio Fitness Equipment**



**Kitchen Appliance Allowance**

**PROPERTY PHOTOGRAPHS**



**Lobby, Breezeway & Courtyards**



**Mailboxes**

**PROPERTY PHOTOGRAPHS**



**Restrooms**



**Social Room, Refurbish**

**PROPERTY PHOTOGRAPHS**



**AC Circulating Pumps**



**AC Cooling Tower**



**PROPERTY PHOTOGRAPHS**



**AC Equipment, Elevator Room**



**AC Equipment, Social Room**

**PROPERTY PHOTOGRAPHS**

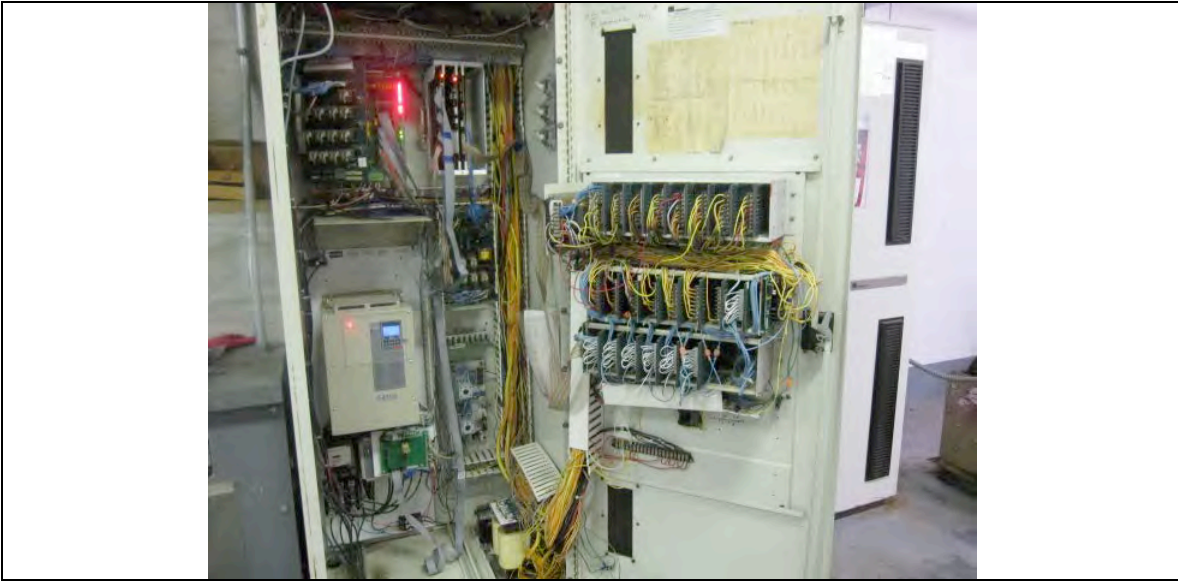


**Boiler**

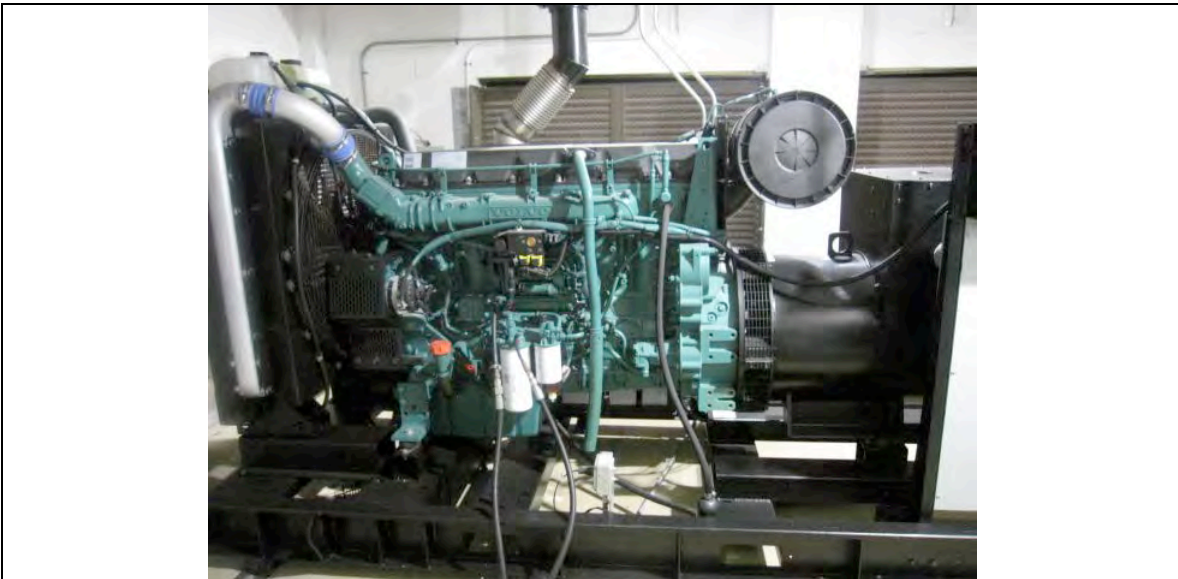


**Elevator Cabs, Refurbish**

**PROPERTY PHOTOGRAPHS**



**Elevator Controls, Modernize**



**Emergency Generator**

**PROPERTY PHOTOGRAPHS**



**Expansion Tanks**



**Fire Alarm Control Panel**

**PROPERTY PHOTOGRAPHS**



**Fire Pump**



**Heat Exchanger**

**PROPERTY PHOTOGRAPHS**



**Key Fobs**



**Pool & Spa Heaters**

**PROPERTY PHOTOGRAPHS**



**Pool & Spa Equipment**



**Recycling Containers, Replace**

**PROPERTY PHOTOGRAPHS**



**Variable Frequency Drive**



**Drinking Fountains**



**PROPERTY PHOTOGRAPHS**



**Drinking Fountains**



**Front Entry Door Enterphone**

**PROPERTY PHOTOGRAPHS**



**Front Entry Doors and Jambs**



**Front Entry Shrubs**

**PROPERTY PHOTOGRAPHS**



**Lanai Screen Repairs**



**Loading Dock**

**PROPERTY PHOTOGRAPHS**



**Screened Balconies & Railing**



**Security Cameras & Equipment**

**PROPERTY PHOTOGRAPHS**



**Tile Hallway Flooring**



**BBQ Grills**

**PROPERTY PHOTOGRAPHS**



**Canopy Fabric**



**Canopy Frame**

**PROPERTY PHOTOGRAPHS**



**Dunewalk**



**Fencing, Chain Link**

**PROPERTY PHOTOGRAPHS**



**Ice Machine, Replace**



**Landscape Renovation**



**PROPERTY PHOTOGRAPHS**



**Pool & Spa**



**Pool & Spa**

**PROPERTY PHOTOGRAPHS**



**Pool Deck Pavers**



**Pool Furniture**

**PROPERTY PHOTOGRAPHS**



**Tennis / Pickle Court**



**Tennis / Pickle Court**

# Part 3: Reserve Schedule

This section contains your straight line, fully funded reserve schedule.

Annual reserve contributions are determined by taking the unfunded balance of each component, divided by remaining life.

Calculations are based on straight line accounting formulas and do not include interest or inflation.

**RESERVE SCHEDULE****Straight Line Reserve Schedule**

Beginning Balance: **\$1,102,759**  
 Fully Funded Reserves: **\$2,499,472**  
 Percent Fully Funded as of 1/1/2021: **44%**

Description	Cost Estimate	Expected Life	Replacement Year	Remaining Life	12/31/20 Balance*	Unfunded Balance	2021 Contribution
<b>PAVING</b>							
Paving, Asphalt Overlay	\$99,300	6	2026	5	\$14,347	\$84,953	\$16,991
Paving, Asphalt Sealcoat & Restripe	\$10,900	2	2023	2	\$1,575	\$9,325	\$4,663
Paving, Bomanite Reseal	\$32,500	5	2021	1	\$4,695	\$27,805	\$27,805
Paving, Brick Pavers, South Garage	\$8,600	30	2050	29	\$1,242	\$7,358	\$254
<b>Total</b>	<b>\$151,300</b>				<b>\$21,859</b>	<b>\$129,441</b>	<b>\$49,712</b>
<b>ROOFING</b>							
Main Roof Inspection	\$3,000	1	2022	1	\$433	\$2,567	\$2,567
Roofing, Mansard, Reroof	\$1,100,000	30	2050	29	\$158,924	\$941,076	\$32,451
Roofing, North Garage, Reroof	\$370,000	15	2035	14	\$53,456	\$316,544	\$22,610
Roofing, Portico, Reroof	\$160,000	30	2050	29	\$23,116	\$136,884	\$4,720
Roofing, South Garage, Reroof	\$50,000	15	2021	1	\$7,224	\$42,776	\$42,776
Roofing, Tower, Replace	\$1,300,000	15	2040	19	\$187,819	\$1,112,181	\$58,536
Tiki Huts, Bicycle Storage, Re-thatch	\$5,200	4	2024	3	\$751	\$4,449	\$1,483
Tiki Huts, Pool, Re-thatch	\$2,200	8	2022	1	\$318	\$1,882	\$1,882
<b>Total</b>	<b>\$2,990,400</b>				<b>\$432,042</b>	<b>\$2,558,358</b>	<b>\$167,025</b>
<b>PAINTING</b>							
North & South Garage, Repaint & Repair	\$32,800	5	2022	1	\$4,739	\$28,061	\$28,061
Painting, Parking Lot Light Poles	\$3,600	5	2022	1	\$520	\$3,080	\$3,080
Painting, Exterior, Tower	\$245,300	7	2022	1	\$35,440	\$209,860	\$209,860
Painting, Interior Common Areas	\$53,900	7	2023	2	\$7,787	\$46,113	\$23,056
Painting, Portico Roof	\$21,700	7	2027	6	\$3,135	\$18,565	\$3,094
Stairwells & Railing, Repaint	\$23,600	14	2027	6	\$3,410	\$20,190	\$3,365
<b>Total</b>	<b>\$380,900</b>				<b>\$55,031</b>	<b>\$325,869</b>	<b>\$270,517</b>

\*The 12/31/20 balance amounts provided are based on a weighted proportional allocation of the estimated total ending balance.

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**RESERVE SCHEDULE****Straight Line Reserve Schedule**

(Continued)

Beginning Balance: **\$1,102,759**  
 Fully Funded Reserves: **\$2,499,472**  
 Percent Fully Funded as of 1/1/2021: **44%**

Description	Cost Estimate	Expected Life	Replacement Year	Remaining Life	12/31/20 Balance*	Unfunded Balance	2021 Contribution
<b>INTERIOR REFURBISH</b>							
Cardio Fitness Equipment, Replace	\$4,100	8	2028	7	\$592	\$3,508	\$501
Elliptical Fitness Equipment, Replace	\$5,500	8	2022	1	\$795	\$4,705	\$4,705
Kitchen Appliance Allowance	\$5,700	12	2024	3	\$824	\$4,876	\$1,625
Kitchen Stack, Cleanout	\$13,800	3	2023	2	\$1,994	\$11,806	\$5,903
Lobby, Breezeway & Courtyards	\$200,000	10	2030	9	\$28,895	\$171,105	\$19,012
Mailboxes, Cluster, Replace	\$4,700	30	2048	27	\$679	\$4,021	\$149
Management Office, Refurbish	\$4,900	20	2027	6	\$708	\$4,192	\$699
Multi Gym, Replace	\$7,500	16	2028	7	\$1,084	\$6,416	\$917
Office Flooring, Carpet, Replace	\$4,900	8	2022	1	\$708	\$4,192	\$4,192
Restrooms, Pool Renovate	\$11,100	24	2036	15	\$1,604	\$9,496	\$633
Social Room, Refurbish	\$15,000	22	2034	13	\$2,167	\$12,833	\$987
Treadmill, Replace	\$3,400	4	2022	1	\$491	\$2,909	\$2,909
Windows & Doors, Replace	\$19,000	20	2033	12	\$2,745	\$16,255	\$1,355
<b>Total</b>	<b>\$299,600</b>				<b>\$43,285</b>	<b>\$256,315</b>	<b>\$43,587</b>
<b>MECHANICAL EQUIPMENT</b>							
AC Circulating Pumps, Replace	\$11,500	14	2026	5	\$1,661	\$9,839	\$1,968
AC Cooling Tower, Replace	\$281,400	20	2026	5	\$40,656	\$240,744	\$48,149
AC Cooling Tower, Repair Allowance	\$6,200	10	2030	9	\$896	\$5,304	\$589
AC Equipment, Elevator Room, Replace	\$2,300	9	2022	1	\$332	\$1,968	\$1,968
AC Equipment, Exercise Room, Replace	\$8,200	14	2034	13	\$1,185	\$7,015	\$540
AC Equipment, Fitness Room, Replace	\$8,200	14	2034	13	\$1,185	\$7,015	\$540
AC Equipment, Lobby, Replace	\$13,900	14	2034	13	\$2,008	\$11,892	\$915
AC Equipment, Maintenance Shop	\$1,500	9	2029	8	\$217	\$1,283	\$160
AC Equipment, Office, Replace	\$8,000	14	2032	11	\$1,156	\$6,844	\$622
AC Equipment, Pump Room, Replace	\$4,600	14	2034	13	\$665	\$3,935	\$303
AC Equipment, Social Room, Replace	\$7,000	14	2034	13	\$1,011	\$5,989	\$461
Alarm Panel and Devices, Replace	\$24,900	20	2031	10	\$3,597	\$21,303	\$2,130
Backflow, Repair Allowance	\$13,300	10	2023	2	\$1,922	\$11,378	\$5,689
Boiler, Replace	\$34,900	20	2031	10	\$5,042	\$29,858	\$2,986
Domestic Water Pump, Replace	\$21,100	20	2028	7	\$3,048	\$18,052	\$2,579
Elevator Cabs, Refurbish	\$13,500	20	2028	7	\$1,950	\$11,550	\$1,650
Elevator Controls, Modernize	\$210,100	28	2027	6	\$30,354	\$179,746	\$29,958
Elevator Doors, Replace 50%	\$111,700	28	2046	25	\$16,138	\$95,562	\$3,822
Elevator Governors, Replace	\$29,000	28	2048	27	\$4,190	\$24,810	\$919
Emergency Generator, Replace	\$106,100	36	2056	35	\$15,329	\$90,771	\$2,593
Expansion Tanks, Replace	\$4,700	10	2022	1	\$679	\$4,021	\$4,021

\*The 12/31/20 balance amounts provided are based on a weighted proportional allocation of the estimated total ending balance.

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**RESERVE SCHEDULE****Straight Line Reserve Schedule**

(Continued)

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Fully Funded Reserves:	<b>\$2,499,472</b>
Percent Fully Funded as of 1/1/2021:	<b>44%</b>

Description	Cost Estimate	Expected Life	Replacement Year	Remaining Life	12/31/20 Balance*	Unfunded Balance	2021 Contribution
<b>MECHANICAL EQUIPMENT (Cont.)</b>							
Fire Alarm Control Panel, Replace	\$40,900	10	2028	7	\$5,909	\$34,991	\$4,999
Fire Detection System, Upgrade	\$85,000	20	2021	1	\$12,280	\$72,720	\$72,720
Fire Hydrant, Replace 2 of 4	\$9,700	25	2037	16	\$1,401	\$8,299	\$519
Fire Hydrants, Replace 2 of 4	\$9,700	25	2041	20	\$1,401	\$8,299	\$415
Fire Pump, Replace	\$62,300	36	2025	4	\$9,001	\$53,299	\$13,325
Fire Speaker System, Upgrade	\$54,300	20	2033	12	\$7,845	\$46,455	\$3,871
Fire Sprinkler, Replacement Allowance	\$19,800	10	2030	9	\$2,861	\$16,939	\$1,882
Heat Exchanger, Replace	\$37,300	40	2029	8	\$5,389	\$31,911	\$3,989
Key Fobs, Replace	\$19,000	8	2028	7	\$2,745	\$16,255	\$2,322
Pool & Spa Heaters, Replace	\$5,300	10	2021	1	\$766	\$4,534	\$4,534
Pool & Spa Equipment, Allowance	\$6,200	5	2025	4	\$896	\$5,304	\$1,326
Recycling Containers, Replace	\$9,200	4	2024	3	\$1,329	\$7,871	\$2,624
Recycling System, Replace	\$87,200	20	2027	6	\$12,598	\$74,602	\$12,434
Tile Machine, Replace	\$8,600	12	2027	6	\$1,242	\$7,358	\$1,226
Variable Frequency Drive, Replace	\$10,400	14	2026	5	\$1,503	\$8,897	\$1,779
Ventilator Fans, North, Replace	\$3,300	18	2028	7	\$477	\$2,823	\$403
<b>Total</b>	<b>\$1,390,300</b>				<b>\$200,865</b>	<b>\$1,189,435</b>	<b>\$240,929</b>
<b>BUILDING COMPONENTS</b>							
Cast Iron/Fire Pipes, Replace	\$50,000	27	2047	26	\$7,224	\$42,776	\$1,645
Drinking Fountains, Replace	\$2,600	14	2022	1	\$376	\$2,224	\$2,224
Front Entry Door Enterphone, Replace	\$4,700	14	2029	8	\$679	\$4,021	\$503
Front Entry Doors and Jamb	\$20,000	24	2034	13	\$2,890	\$17,110	\$1,316
Front Entry Shrubs	\$37,800	20	2032	11	\$5,461	\$32,339	\$2,940
Lanai Screen Repairs w/ Swingstage	\$10,000	24	2044	23	\$1,445	\$8,555	\$372
Light Fixtures, Replace	\$40,800	26	2021	1	\$5,895	\$34,905	\$34,905
Loading Dock	\$15,700	8	2024	3	\$2,268	\$13,432	\$4,477
Roll-Up Doors, Replace	\$7,900	20	2027	6	\$1,141	\$6,759	\$1,126
Screened Balconies & Railing, Replace	\$219,800	9	2025	4	\$31,756	\$188,044	\$47,011
Security Cameras & Equipment, Replace	\$5,000	8	2021	1	\$722	\$4,278	\$4,278
Tile Hallway Flooring, Replace	\$500,000	24	2025	4	\$72,238	\$427,762	\$106,940
Trash Chute Doors, Replace	\$17,500	20	2027	6	\$2,528	\$14,972	\$2,495
Trash Containers, Replace	\$4,000	10	2022	1	\$578	\$3,422	\$3,422
<b>Total</b>	<b>\$935,800</b>				<b>\$135,201</b>	<b>\$800,599</b>	<b>\$213,656</b>

\*The 12/31/20 balance amounts provided are based on a weighted proportional allocation of the estimated total ending balance.

(Continued on Next Page)

**RESERVE SCHEDULE****Straight Line Reserve Schedule**

(Continued)

Beginning Balance:	<b>\$1,102,759</b>
Fully Funded Reserves:	<b>\$2,499,472</b>
Percent Fully Funded as of 1/1/2021:	<b>44%</b>

Description	Cost Estimate	Expected Life	Replacement Year	Remaining Life	12/31/20 Balance*	Unfunded Balance	2021 Contribution
<b>GROUNDS COMPONENTS</b>							
BBQ Grills (2), Replace	\$2,900	8	2022	1	\$419	\$2,481	\$2,481
Beach Deck & Railing, Replace	\$264,800	15	2030	9	\$38,257	\$226,543	\$25,171
Beach Deck Walkover: Dream Deck	\$70,700	20	2025	4	\$10,214	\$60,486	\$15,121
Beachside Gates, Replace	\$3,500	7	2025	4	\$506	\$2,994	\$749
Beach Sand, Replenish	\$20,000	4	2021	1	\$2,890	\$17,110	\$17,110
Canopy Fabric, Replace	\$40,800	7	2041	20	\$5,895	\$34,905	\$1,745
Canopy Frames, Repair	\$61,200	21	2027	6	\$8,842	\$52,358	\$8,726
Dunewalk, Replace Decking & Rails	\$41,800	20	2035	14	\$6,039	\$35,761	\$2,554
Fencing, Chain Link, Replace	\$13,800	22	2025	4	\$1,994	\$11,806	\$2,952
Fencing, Pool, Replace	\$9,500	15	2033	12	\$1,373	\$8,127	\$677
Flag Pole, Replace	\$2,800	30	2030	9	\$405	\$2,395	\$266
Golf Cart, Replace	\$8,000	8	2021	1	\$1,156	\$6,844	\$6,844
Ice Machine, Replace	\$4,300	15	2030	9	\$621	\$3,679	\$409
Kneewall Repairs	\$6,000	20	2040	19	\$867	\$5,133	\$270
Landscape Renovation	\$200,000	15	2035	14	\$28,895	\$171,105	\$12,222
Landscape and Sprinklers, 1 of 2	\$75,000	20	2021	1	\$10,836	\$64,164	\$64,164
Landscape and Sprinklers, 2 of 2	\$75,000	20	2022	1	\$10,836	\$64,164	\$64,164
Light Poles, Replace	\$45,000	30	2030	9	\$6,501	\$38,499	\$4,278
Pool & Spa, Resurface	\$19,000	10	2028	7	\$2,745	\$16,255	\$2,322
Pool & Spa, Retile	\$3,100	20	2026	5	\$448	\$2,652	\$530
Pool Deck Pavers, Replace	\$64,400	20	2028	7	\$9,304	\$55,096	\$7,871
Pool Furniture, Replace	\$5,000	8	2028	7	\$722	\$4,278	\$611
Pool House Slab Repairs	\$15,500	30	2045	24	\$2,239	\$13,261	\$553
Railing, Aluminum, Replace	\$10,100	28	2028	7	\$1,459	\$8,641	\$1,234
Railing, Sun Deck, Replace	\$4,800	20	2023	2	\$693	\$4,107	\$2,053
Tennis/Pickle Court, Resurface	\$50,000	5	2021	1	\$7,224	\$42,776	\$42,776
Underground Piping, Repairs	\$61,500	5	2024	3	\$8,885	\$52,615	\$17,538
<b>Total</b>	<b>\$1,178,500</b>				<b>\$170,265</b>	<b>\$1,008,235</b>	<b>\$305,394</b>
<b>MISC</b>							
Annual Reserve Study	\$1,000	1	2021	1	\$144	\$856	\$856
Insurance Deductible/Uninsured Casualty	\$205,000	10	2030	9	\$29,618	\$175,382	\$19,487
Misc Contingency	\$100,000	5	2021	1	\$14,448	\$85,552	\$85,552
<b>Total</b>	<b>\$306,000</b>				<b>\$44,210</b>	<b>\$261,790</b>	<b>\$105,895</b>
<b>Grand Total</b>	<b>\$7,632,800</b>				<b>\$1,102,759</b>	<b>\$6,530,041</b>	<b>\$1,396,713</b>

\*The 12/31/20 balance amounts provided are based on a weighted proportional allocation of the estimated total ending balance.



# Part 4: Cash Flow

This alternate funding plan utilizes a cash flow method with “pooled reserves,” in which all reserves are combined into a single general fund.

A 30-year cash flow analysis is then performed to determine the annual reserve contribution required to pay for all anticipated reserve expenditures and still maintain an adequate cash balance over time.

The cost and expected life for all components is the same as in the previous section. However, this analysis takes into account interest and inflation.

**30-YEAR CASH FLOW PLAN**

Number of Units: 117 Interest Rate: 1%  
 Beginning Balance: \$1,102,759 Inflation Rate: 2%

No.	Year	Beginning Balance	Annual Assessment Increase	Monthly Contribution (Per Unit)	Total Annual Contribution (All Units)	Planned Special Assessment	Annual Expenditures	Interest Rate	Earned Interest	Ending Balance
1	2021	\$1,102,759	-	\$239.58	\$336,372	\$0	\$472,600	1.0%	\$9,665	\$976,196
2	2022	\$976,196	5.0%	\$251.56	\$353,191	\$0	\$401,064	1.0%	\$9,283	\$937,606
3	2023	\$937,606	5.0%	\$264.14	\$370,850	\$0	\$104,728	1.0%	\$12,037	\$1,215,766
4	2024	\$1,215,766	5.0%	\$277.35	\$389,393	\$0	\$111,618	1.0%	\$14,935	\$1,508,476
5	2025	\$1,508,476	5.0%	\$291.21	\$408,862	\$0	\$984,096	1.0%	\$9,332	\$942,574
6	2026	\$942,574	5.0%	\$305.77	\$429,305	\$0	\$670,340	1.0%	\$7,015	\$708,555
7	2027	\$708,555	5.0%	\$321.06	\$450,771	\$0	\$553,280	1.0%	\$6,060	\$612,106
8	2028	\$612,106	5.0%	\$337.11	\$473,309	\$0	\$257,982	1.0%	\$8,274	\$835,708
9	2029	\$835,708	5.0%	\$353.97	\$496,975	\$0	\$477,920	1.0%	\$8,548	\$863,310
10	2030	\$863,310	5.0%	\$371.67	\$521,823	\$0	\$980,462	1.0%	\$4,047	\$408,718
11	2031	\$408,718	5.0%	\$390.25	\$547,915	\$0	\$317,760	1.0%	\$6,389	\$645,261
12	2032	\$645,261	5.0%	\$409.77	\$575,310	\$0	\$299,632	1.0%	\$9,209	\$930,149
13	2033	\$930,149	5.0%	\$430.25	\$604,076	\$0	\$162,440	1.0%	\$13,718	\$1,385,503
14	2034	\$1,385,503	5.0%	\$451.77	\$634,280	\$0	\$487,998	1.0%	\$15,318	\$1,547,102
15	2035	\$1,547,102	5.0%	\$474.35	\$665,994	\$0	\$827,776	1.0%	\$13,853	\$1,399,173
16	2036	\$1,399,173	5.0%	\$498.07	\$699,293	\$0	\$749,450	1.0%	\$13,490	\$1,362,506
17	2037	\$1,362,506	5.0%	\$522.98	\$734,258	\$0	\$195,228	1.0%	\$19,015	\$1,920,551
18	2038	\$1,920,551	5.0%	\$549.12	\$770,971	\$0	\$264,516	1.0%	\$24,270	\$2,451,276
19	2039	\$2,451,276	5.0%	\$576.58	\$809,519	\$0	\$120,360	1.0%	\$31,404	\$3,171,840
20	2040	\$3,171,840	5.0%	\$605.41	\$849,995	\$0	\$2,491,590	1.0%	\$15,302	\$1,545,548
21	2041	\$1,545,548	5.0%	\$635.68	\$892,495	\$0	\$689,220	1.0%	\$17,488	\$1,766,311
22	2042	\$1,766,311	5.0%	\$667.46	\$937,120	\$0	\$181,050	1.0%	\$25,224	\$2,547,605
23	2043	\$2,547,605	5.0%	\$700.84	\$983,976	\$0	\$724,032	1.0%	\$28,075	\$2,835,624
24	2044	\$2,835,624	5.0%	\$735.88	\$1,033,175	\$0	\$427,050	1.0%	\$34,417	\$3,476,166
25	2045	\$3,476,166	5.0%	\$772.67	\$1,084,833	\$0	\$605,912	1.0%	\$39,551	\$3,994,638
26	2046	\$3,994,638	5.0%	\$811.31	\$1,139,075	\$0	\$924,600	1.0%	\$42,091	\$4,251,204
27	2047	\$4,251,204	5.0%	\$851.87	\$1,196,029	\$0	\$438,824	1.0%	\$50,084	\$5,058,493
28	2048	\$5,058,493	5.0%	\$894.47	\$1,255,830	\$0	\$633,710	1.0%	\$56,806	\$5,737,419
29	2049	\$5,737,419	5.0%	\$939.19	\$1,318,622	\$0	\$933,972	1.0%	\$61,221	\$6,183,290
30	2050	\$6,183,290	5.0%	\$986.15	\$1,384,553	\$0	\$4,177,836	1.0%	\$33,900	\$3,423,907

# Year-By-Year Expenditures

## YEAR-BY-YEAR EXPENDITURES

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<b>Replacement Year</b>	<b>2021</b>	<b>Current Cost</b>	<b>Future Cost</b>
Fire Detection System, Upgrade		\$85,000	\$85,000
Pool & Spa Heaters, Replace		\$5,300	\$5,300
Light Fixtures, Replace		\$40,800	\$40,800
Security Cameras & Equipment, Replace		\$5,000	\$5,000
Beach Sand, Replenish		\$20,000	\$20,000
Golf Cart, Replace		\$8,000	\$8,000
Tennis/Pickle Court, Resurface		\$50,000	\$50,000
Annual Reserve Study		\$1,000	\$1,000
Misc Contingency		\$100,000	\$100,000
Paving, Bomanite Reseal		\$32,500	\$32,500
Roofing, South Garage, Reroof		\$50,000	\$50,000
Landscape and Sprinklers, 1 of 2		\$75,000	\$75,000
Total Expenditures			<u>\$472,600</u>

<b>Replacement Year</b>	<b>2022</b>	<b>Current Cost</b>	<b>Future Cost</b>
Annual Reserve Study		\$1,000	\$1,020
Elliptical Fitness Equipment, Replace		\$5,500	\$5,610
Office Flooring, Carpet, Replace		\$4,900	\$4,998
Treadmill, Replace		\$3,400	\$3,468
AC Equipment, Elevator Room, Replace		\$2,300	\$2,346
Expansion Tanks, Replace		\$4,700	\$4,794
Trash Containers, Replace		\$4,000	\$4,080
North & South Garage, Repaint & Repair		\$32,800	\$33,456
Painting, Exterior, Tower		\$245,300	\$250,206
Drinking Fountains, Replace		\$2,600	\$2,652
BBQ Grills (2), Replace		\$2,900	\$2,958
Landscape and Sprinklers, 2 of 2		\$75,000	\$76,500
Main Roof Inspection		\$3,000	\$3,060
Tiki Huts, Pool, Re-thatch		\$2,200	\$2,244
Painting, Parking Lot Light Poles		\$3,600	\$3,672
Total Expenditures			<u>\$401,064</u>

<b>Replacement Year</b>	<b>2023</b>	<b>Current Cost</b>	<b>Future Cost</b>
Annual Reserve Study		\$1,000	\$1,040
Paving, Asphalt Sealcoat & Restripe		\$10,900	\$11,336
Painting, Interior Common Areas		\$53,900	\$56,056
Kitchen Stack, Cleanout		\$13,800	\$14,352
Backflow, Repair Allowance		\$13,300	\$13,832
Railing, Sun Deck, Replace		\$4,800	\$4,992
Main Roof Inspection		\$3,000	\$3,120
Total Expenditures			<u>\$104,728</u>

## YEAR-BY-YEAR EXPENDITURES

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<b>Replacement Year</b>	<b>2024</b>	<b>Current Cost</b>	<b>Future Cost</b>
Annual Reserve Study		\$1,000	\$1,060
Tiki Huts, Bicycle Storage, Re-thatch		\$5,200	\$5,512
Kitchen Appliance Allowance		\$5,700	\$6,042
Recycling Containers, Replace		\$9,200	\$9,752
Loading Dock		\$15,700	\$16,642
Lobby Fountains, Replace Motors		\$4,000	\$4,240
Underground Piping, Repairs		\$61,500	\$65,190
Main Roof Inspection		\$3,000	<u>\$3,180</u>
Total Expenditures			\$111,618
<b>Replacement Year</b>	<b>2025</b>	<b>Current Cost</b>	<b>Future Cost</b>
Beach Sand, Replenish		\$20,000	\$21,600
Annual Reserve Study		\$1,000	\$1,080
Paving, Asphalt Sealcoat & Restripe		\$10,900	\$11,772
Fire Pump, Replace		\$62,300	\$67,284
Pool & Spa Equipment, Allowance		\$6,200	\$6,696
Beach Deck Walkover: Dream Deck		\$70,700	\$76,356
Beachside Gates, Replace		\$3,500	\$3,780
Screened Balconies & Railing, Replace		\$219,800	\$237,384
Fencing, Chain Link, Replace		\$13,800	\$14,904
Tile Hallway Flooring, Replace		\$500,000	\$540,000
Main Roof Inspection		\$3,000	<u>\$3,240</u>
Total Expenditures			\$984,096
<b>Replacement Year</b>	<b>2026</b>	<b>Current Cost</b>	<b>Future Cost</b>
Tennis/Pickle Court, Resurface		\$50,000	\$55,000
Annual Reserve Study		\$1,000	\$1,100
Misc Contingency		\$100,000	\$110,000
Treadmill, Replace		\$3,400	\$3,740
Kitchen Stack, Cleanout		\$13,800	\$15,180
AC Circulating Pumps, Replace		\$11,500	\$12,650
AC Cooling Tower, Replace		\$281,400	\$309,540
Variable Frequency Drive, Replace		\$10,400	\$11,440
Pool & Spa, Retile		\$3,100	\$3,410
Paving, Asphalt Overlay		\$99,300	\$109,230
Paving, Bomanite Reseal		\$32,500	\$35,750
Main Roof Inspection		\$3,000	<u>\$3,300</u>
Total Expenditures			\$670,340

## YEAR-BY-YEAR EXPENDITURES

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<b>Replacement Year</b>	<b>2027</b>	<b>Current Cost</b>	<b>Future Cost</b>
Annual Reserve Study		\$1,000	\$1,120
Paving, Asphalt Sealcoat & Restripe		\$10,900	\$12,208
Painting, Portico Roof		\$21,700	\$24,304
Stairwells & Railing, Repaint		\$23,600	\$26,432
Management Office, Refurbish		\$4,900	\$5,488
Elevator Controls, Modernize		\$210,100	\$235,312
Recycling System, Replace		\$87,200	\$97,664
Tile Machine, Replace		\$8,600	\$9,632
Roll-Up Doors, Replace		\$7,900	\$8,848
Trash Chute Doors, Replace		\$17,500	\$19,600
North & South Garage, Repaint & Repair		\$32,800	\$36,736
Canopy Frames, Repair		\$61,200	\$68,544
Main Roof Inspection		\$3,000	\$3,360
Painting, Parking Lot Light Poles		\$3,600	<u>\$4,032</u>
Total Expenditures			\$553,280

<b>Replacement Year</b>	<b>2028</b>	<b>Current Cost</b>	<b>Future Cost</b>
Annual Reserve Study		\$1,000	\$1,140
Tiki Huts, Bicycle Storage, Re-thatch		\$5,200	\$5,928
Recycling Containers, Replace		\$9,200	\$10,488
Cardio Fitness Equipment, Replace		\$4,100	\$4,674
Multi Gym, Replace		\$7,500	\$8,550
Domestic Water Pump, Replace		\$21,100	\$24,054
Elevator Cabs, Refurbish		\$13,500	\$15,390
Fire Alarm Control Panel, Replace		\$40,900	\$46,626
Key Fobs, Replace		\$19,000	\$21,660
Ventilator Fans, North, Replace		\$3,300	\$3,762
Pool & Spa, Resurface		\$19,000	\$21,660
Pool Deck Pavers, Replace		\$64,400	\$73,416
Pool Furniture, Replace		\$5,000	\$5,700
Railing, Aluminum, Replace		\$10,100	\$11,514
Main Roof Inspection		\$3,000	<u>\$3,420</u>
Total Expenditures			\$257,982

## YEAR-BY-YEAR EXPENDITURES

<b>Replacement Year</b>	<b>2029</b>	<b>Current Cost</b>	<b>Future Cost</b>
Security Cameras & Equipment, Replace		\$5,000	\$5,800
Beach Sand, Replenish		\$20,000	\$23,200
Golf Cart, Replace		\$8,000	\$9,280
Annual Reserve Study		\$1,000	\$1,160
Paving, Asphalt Sealcoat & Restripe		\$10,900	\$12,644
Kitchen Stack, Cleanout		\$13,800	\$16,008
Underground Piping, Repairs		\$61,500	\$71,340
AC Equipment, Maintenance Shop		\$1,500	\$1,740
Heat Exchanger, Replace		\$37,300	\$43,268
Front Entry Door Enterphone, Replace		\$4,700	\$5,452
Painting, Exterior, Tower		\$245,300	\$284,548
Main Roof Inspection		\$3,000	\$3,480
Total Expenditures			<u>\$477,920</u>

<b>Replacement Year</b>	<b>2030</b>	<b>Current Cost</b>	<b>Future Cost</b>
Annual Reserve Study		\$1,000	\$1,180
Elliptical Fitness Equipment, Replace		\$5,500	\$6,490
Office Flooring, Carpet, Replace		\$4,900	\$5,782
Treadmill, Replace		\$3,400	\$4,012
Painting, Interior Common Areas		\$53,900	\$63,602
Pool & Spa Equipment, Allowance		\$6,200	\$7,316
AC Cooling Tower, Repair Allowance		\$6,200	\$7,316
Fire Sprinkler, Replacement Allowance		\$19,800	\$23,364
Beach Deck & Railing, Replace		\$264,800	\$312,464
Flag Pole, Replace		\$2,800	\$3,304
Ice Machine, Replace		\$4,300	\$5,074
Light Poles, Replace		\$45,000	\$53,100
Insurance Deductible/Uninsured Casualty		\$205,000	\$241,900
BBQ Grills (2), Replace		\$2,900	\$3,422
Lobby, Breezeway & Courtyards		\$200,000	\$236,000
Main Roof Inspection		\$3,000	\$3,540
Tiki Huts, Pool, Re-thatch		\$2,200	\$2,596
Total Expenditures			<u>\$980,462</u>

<b>Replacement Year</b>	<b>2031</b>	<b>Current Cost</b>	<b>Future Cost</b>
Pool & Spa Heaters, Replace		\$5,300	\$6,360
Tennis/Pickle Court, Resurface		\$50,000	\$60,000
Annual Reserve Study		\$1,000	\$1,200
Misc Contingency		\$100,000	\$120,000
AC Equipment, Elevator Room, Replace		\$2,300	\$2,760
Paving, Asphalt Sealcoat & Restripe		\$10,900	\$13,080
Alarm Panel and Devices, Replace		\$24,900	\$29,880
Boiler, Replace		\$34,900	\$41,880
Paving, Bomanite Reseal		\$32,500	\$39,000
Main Roof Inspection		\$3,000	\$3,600
Total Expenditures			<u>\$317,760</u>

## YEAR-BY-YEAR EXPENDITURES

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<b>Replacement Year</b>	<b>2032</b>	<b>Current Cost</b>	<b>Future Cost</b>
Annual Reserve Study		\$1,000	\$1,220
Expansion Tanks, Replace		\$4,700	\$5,734
Trash Containers, Replace		\$4,000	\$4,880
Kitchen Stack, Cleanout		\$13,800	\$16,836
Tiki Huts, Bicycle Storage, Re-thatch		\$5,200	\$6,344
Recycling Containers, Replace		\$9,200	\$11,224
Loading Dock		\$15,700	\$19,154
Lobby Fountains, Replace Motors		\$4,000	\$4,880
Beachside Gates, Replace		\$3,500	\$4,270
AC Equipment, Office, Replace		\$8,000	\$9,760
Front Entry Shrubs		\$37,800	\$46,116
Paving, Asphalt Overlay		\$99,300	\$121,146
North & South Garage, Repaint & Repair		\$32,800	\$40,016
Main Roof Inspection		\$3,000	\$3,660
Painting, Parking Lot Light Poles		\$3,600	<u>\$4,392</u>
Total Expenditures			\$299,632

<b>Replacement Year</b>	<b>2033</b>	<b>Current Cost</b>	<b>Future Cost</b>
Beach Sand, Replenish		\$20,000	\$24,800
Annual Reserve Study		\$1,000	\$1,240
Paving, Asphalt Sealcoat & Restripe		\$10,900	\$13,516
Backflow, Repair Allowance		\$13,300	\$16,492
Windows & Doors, Replace		\$19,000	\$23,560
Fire Speaker System, Upgrade		\$54,300	\$67,332
Fencing, Pool, Replace		\$9,500	\$11,780
Main Roof Inspection		\$3,000	<u>\$3,720</u>
Total Expenditures			\$162,440

<b>Replacement Year</b>	<b>2034</b>	<b>Current Cost</b>	<b>Future Cost</b>
Annual Reserve Study		\$1,000	\$1,260
Treadmill, Replace		\$3,400	\$4,284
Underground Piping, Repairs		\$61,500	\$77,490
Painting, Portico Roof		\$21,700	\$27,342
Social Room, Refurbish		\$15,000	\$18,900
AC Equipment, Exercise Room, Replace		\$8,200	\$10,332
AC Equipment, Fitness Room, Replace		\$8,200	\$10,332
AC Equipment, Lobby, Replace		\$13,900	\$17,514
AC Equipment, Pump Room, Replace		\$4,600	\$5,796
AC Equipment, Social Room, Replace		\$7,000	\$8,820
Front Entry Doors and Jambs		\$20,000	\$25,200
Screened Balconies & Railing, Replace		\$219,800	\$276,948
Main Roof Inspection		\$3,000	<u>\$3,780</u>
Total Expenditures			\$487,998



## YEAR-BY-YEAR EXPENDITURES

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<b>Replacement Year</b>	<b>2035</b>	<b>Current Cost</b>	<b>Future Cost</b>
Annual Reserve Study		\$1,000	\$1,280
Paving, Asphalt Sealcoat & Restripe		\$10,900	\$13,952
Kitchen Stack, Cleanout		\$13,800	\$17,664
Pool & Spa Equipment, Allowance		\$6,200	\$7,936
Roofing, North Garage, Reroof		\$370,000	\$473,600
Dunewalk, Replace Decking & Rails		\$41,800	\$53,504
Landscape Renovation		\$200,000	\$256,000
Main Roof Inspection		\$3,000	\$3,840
Total Expenditures			<u>\$827,776</u>
<b>Replacement Year</b>	<b>2036</b>	<b>Current Cost</b>	<b>Future Cost</b>
North & South Garage, Repaint & Repair		\$32,800	\$42,640
Tennis/Pickle Court, Resurface		\$50,000	\$65,000
Annual Reserve Study		\$1,000	\$1,300
Misc Contingency		\$100,000	\$130,000
Tiki Huts, Bicycle Storage, Re-thatch		\$5,200	\$6,760
Kitchen Appliance Allowance		\$5,700	\$7,410
Recycling Containers, Replace		\$9,200	\$11,960
Cardio Fitness Equipment, Replace		\$4,100	\$5,330
Key Fobs, Replace		\$19,000	\$24,700
Pool Furniture, Replace		\$5,000	\$6,500
Restrooms, Pool Renovate		\$11,100	\$14,430
Paving, Bomanite Reseal		\$32,500	\$42,250
Roofing, South Garage, Reroof		\$50,000	\$65,000
Painting, Exterior, Tower		\$245,300	\$318,890
Drinking Fountains, Replace		\$2,600	\$3,380
Main Roof Inspection		\$3,000	\$3,900
Total Expenditures			<u>\$749,450</u>
<b>Replacement Year</b>	<b>2037</b>	<b>Current Cost</b>	<b>Future Cost</b>
Security Cameras & Equipment, Replace		\$5,000	\$6,600
Beach Sand, Replenish		\$20,000	\$26,400
Golf Cart, Replace		\$8,000	\$10,560
Annual Reserve Study		\$1,000	\$1,320
Paving, Asphalt Sealcoat & Restripe		\$10,900	\$14,388
Painting, Interior Common Areas		\$53,900	\$71,148
Fire Hydrant, Replace 2 of 4		\$9,700	\$12,804
North & South Garage, Repaint & Repair		\$32,800	\$43,296
Main Roof Inspection		\$3,000	\$3,960
Painting, Parking Lot Light Poles		\$3,600	\$4,752
Total Expenditures			<u>\$195,228</u>

## YEAR-BY-YEAR EXPENDITURES

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<b>Replacement Year</b>	<b>2038</b>	<b>Current Cost</b>	<b>Future Cost</b>
Annual Reserve Study		\$1,000	\$1,340
Elliptical Fitness Equipment, Replace		\$5,500	\$7,370
Office Flooring, Carpet, Replace		\$4,900	\$6,566
Treadmill, Replace		\$3,400	\$4,556
Kitchen Stack, Cleanout		\$13,800	\$18,492
Fire Alarm Control Panel, Replace		\$40,900	\$54,806
Pool & Spa, Resurface		\$19,000	\$25,460
AC Equipment, Maintenance Shop		\$1,500	\$2,010
Paving, Asphalt Overlay		\$99,300	\$133,062
BBQ Grills (2), Replace		\$2,900	\$3,886
Main Roof Inspection		\$3,000	\$4,020
Tiki Huts, Pool, Re-thatch		\$2,200	\$2,948
Total Expenditures			<u>\$264,516</u>
<b>Replacement Year</b>	<b>2039</b>	<b>Current Cost</b>	<b>Future Cost</b>
Annual Reserve Study		\$1,000	\$1,360
Paving, Asphalt Sealcoat & Restripe		\$10,900	\$14,824
Underground Piping, Repairs		\$61,500	\$83,640
Beachside Gates, Replace		\$3,500	\$4,760
Tile Machine, Replace		\$8,600	\$11,696
Main Roof Inspection		\$3,000	\$4,080
Total Expenditures			<u>\$120,360</u>
<b>Replacement Year</b>	<b>2040</b>	<b>Current Cost</b>	<b>Future Cost</b>
Annual Reserve Study		\$1,000	\$1,380
AC Equipment, Elevator Room, Replace		\$2,300	\$3,174
Tiki Huts, Bicycle Storage, Re-thatch		\$5,200	\$7,176
Recycling Containers, Replace		\$9,200	\$12,696
Loading Dock		\$15,700	\$21,666
Lobby Fountains, Replace Motors		\$4,000	\$5,520
Pool & Spa Equipment, Allowance		\$6,200	\$8,556
AC Circulating Pumps, Replace		\$11,500	\$15,870
Variable Frequency Drive, Replace		\$10,400	\$14,352
AC Cooling Tower, Repair Allowance		\$6,200	\$8,556
Fire Sprinkler, Replacement Allowance		\$19,800	\$27,324
Insurance Deductible/Uninsured Casualty		\$205,000	\$282,900
Kneewall Repairs		\$6,000	\$8,280
Roofing, Tower, Replace		\$1,300,000	\$1,794,000
Lobby, Breezeway & Courtyards		\$200,000	\$276,000
Main Roof Inspection		\$3,000	\$4,140
Total Expenditures			<u>\$2,491,590</u>

## YEAR-BY-YEAR EXPENDITURES

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<b>Replacement Year</b>	<b>2041</b>	<b>Current Cost</b>	<b>Future Cost</b>
Fire Detection System, Upgrade		\$85,000	\$119,000
Pool & Spa Heaters, Replace		\$5,300	\$7,420
Beach Sand, Replenish		\$20,000	\$28,000
Tennis/Pickle Court, Resurface		\$50,000	\$70,000
Annual Reserve Study		\$1,000	\$1,400
Misc Contingency		\$100,000	\$140,000
Paving, Asphalt Sealcoat & Restripe		\$10,900	\$15,260
Kitchen Stack, Cleanout		\$13,800	\$19,320
Painting, Portico Roof		\$21,700	\$30,380
Stairwells & Railing, Repaint		\$23,600	\$33,040
Fire Hydrants, Replace 2 of 4		\$9,700	\$13,580
Paving, Bomanite Reseal		\$32,500	\$45,500
Canopy Fabric, Replace		\$40,800	\$57,120
Landscape and Sprinklers, 1 of 2		\$75,000	\$105,000
Main Roof Inspection		\$3,000	\$4,200
Total Expenditures			<u>\$689,220</u>

<b>Replacement Year</b>	<b>2042</b>	<b>Current Cost</b>	<b>Future Cost</b>
Annual Reserve Study		\$1,000	\$1,420
Treadmill, Replace		\$3,400	\$4,828
Expansion Tanks, Replace		\$4,700	\$6,674
Trash Containers, Replace		\$4,000	\$5,680
North & South Garage, Repaint & Repair		\$32,800	\$46,576
Landscape and Sprinklers, 2 of 2		\$75,000	\$106,500
Main Roof Inspection		\$3,000	\$4,260
Painting, Parking Lot Light Poles		\$3,600	\$5,112
Total Expenditures			<u>\$181,050</u>

<b>Replacement Year</b>	<b>2043</b>	<b>Current Cost</b>	<b>Future Cost</b>
Annual Reserve Study		\$1,000	\$1,440
Paving, Asphalt Sealcoat & Restripe		\$10,900	\$15,696
Backflow, Repair Allowance		\$13,300	\$19,152
Railing, Sun Deck, Replace		\$4,800	\$6,912
Front Entry Door Enterphone, Replace		\$4,700	\$6,768
Painting, Exterior, Tower		\$245,300	\$353,232
Screened Balconies & Railing, Replace		\$219,800	\$316,512
Main Roof Inspection		\$3,000	\$4,320
Total Expenditures			<u>\$724,032</u>

## YEAR-BY-YEAR EXPENDITURES

Replacement Year	2044	Current Cost	Future Cost
Annual Reserve Study		\$1,000	\$1,460
Painting, Interior Common Areas		\$53,900	\$78,694
Kitchen Stack, Cleanout		\$13,800	\$20,148
Tiki Huts, Bicycle Storage, Re-thatch		\$5,200	\$7,592
Recycling Containers, Replace		\$9,200	\$13,432
Underground Piping, Repairs		\$61,500	\$89,790
Cardio Fitness Equipment, Replace		\$4,100	\$5,986
Multi Gym, Replace		\$7,500	\$10,950
Key Fobs, Replace		\$19,000	\$27,740
Pool Furniture, Replace		\$5,000	\$7,300
Lanai Screen Repairs w/ Swingstage		\$10,000	\$14,600
Paving, Asphalt Overlay		\$99,300	\$144,978
Main Roof Inspection		\$3,000	\$4,380
Total Expenditures			<u>\$427,050</u>

Replacement Year	2045	Current Cost	Future Cost
Security Cameras & Equipment, Replace		\$5,000	\$7,400
Beach Sand, Replenish		\$20,000	\$29,600
Golf Cart, Replace		\$8,000	\$11,840
Annual Reserve Study		\$1,000	\$1,480
Paving, Asphalt Sealcoat & Restripe		\$10,900	\$16,132
Pool & Spa Equipment, Allowance		\$6,200	\$9,176
Beach Deck Walkover: Dream Deck		\$70,700	\$104,636
Beach Deck & Railing, Replace		\$264,800	\$391,904
Ice Machine, Replace		\$4,300	\$6,364
Pool House Slab Repairs		\$15,500	\$22,940
Main Roof Inspection		\$3,000	\$4,440
Total Expenditures			<u>\$605,912</u>

Replacement Year	2046	Current Cost	Future Cost
Tennis/Pickle Court, Resurface		\$50,000	\$75,000
Annual Reserve Study		\$1,000	\$1,500
Misc Contingency		\$100,000	\$150,000
Elliptical Fitness Equipment, Replace		\$5,500	\$8,250
Office Flooring, Carpet, Replace		\$4,900	\$7,350
Treadmill, Replace		\$3,400	\$5,100
Beachside Gates, Replace		\$3,500	\$5,250
AC Cooling Tower, Replace		\$281,400	\$422,100
Pool & Spa, Retile		\$3,100	\$4,650
Ventilator Fans, North, Replace		\$3,300	\$4,950
AC Equipment, Office, Replace		\$8,000	\$12,000
Elevator Doors, Replace 50%		\$111,700	\$167,550
Paving, Bomanite Reseal		\$32,500	\$48,750
BBQ Grills (2), Replace		\$2,900	\$4,350
Main Roof Inspection		\$3,000	\$4,500
Tiki Huts, Pool, Re-thatch		\$2,200	\$3,300
Total Expenditures			<u>\$924,600</u>

## YEAR-BY-YEAR EXPENDITURES

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<b>Replacement Year</b>	<b>2047</b>	<b>Current Cost</b>	<b>Future Cost</b>
Light Fixtures, Replace		\$40,800	\$62,016
Annual Reserve Study		\$1,000	\$1,520
Paving, Asphalt Sealcoat & Restripe		\$10,900	\$16,568
Kitchen Stack, Cleanout		\$13,800	\$20,976
Management Office, Refurbish		\$4,900	\$7,448
Recycling System, Replace		\$87,200	\$132,544
Roll-Up Doors, Replace		\$7,900	\$12,008
Trash Chute Doors, Replace		\$17,500	\$26,600
AC Equipment, Maintenance Shop		\$1,500	\$2,280
Cast Iron/Fire Pipes, Replace		\$50,000	\$76,000
North & South Garage, Repaint & Repair		\$32,800	\$49,856
Fencing, Chain Link, Replace		\$13,800	\$20,976
Main Roof Inspection		\$3,000	\$4,560
Painting, Parking Lot Light Poles		\$3,600	\$5,472
Total Expenditures			\$438,824

<b>Replacement Year</b>	<b>2048</b>	<b>Current Cost</b>	<b>Future Cost</b>
Annual Reserve Study		\$1,000	\$1,540
Tiki Huts, Bicycle Storage, Re-thatch		\$5,200	\$8,008
Kitchen Appliance Allowance		\$5,700	\$8,778
Recycling Containers, Replace		\$9,200	\$14,168
Loading Dock		\$15,700	\$24,178
Lobby Fountains, Replace Motors		\$4,000	\$6,160
Painting, Portico Roof		\$21,700	\$33,418
Domestic Water Pump, Replace		\$21,100	\$32,494
Elevator Cabs, Refurbish		\$13,500	\$20,790
Fire Alarm Control Panel, Replace		\$40,900	\$62,986
Pool & Spa, Resurface		\$19,000	\$29,260
Pool Deck Pavers, Replace		\$64,400	\$99,176
Mailboxes, Cluster, Replace		\$4,700	\$7,238
AC Equipment, Exercise Room, Replace		\$8,200	\$12,628
AC Equipment, Fitness Room, Replace		\$8,200	\$12,628
AC Equipment, Lobby, Replace		\$13,900	\$21,406
AC Equipment, Pump Room, Replace		\$4,600	\$7,084
AC Equipment, Social Room, Replace		\$7,000	\$10,780
Elevator Governors, Replace		\$29,000	\$44,660
Fencing, Pool, Replace		\$9,500	\$14,630
Canopy Fabric, Replace		\$40,800	\$62,832
Canopy Frames, Repair		\$61,200	\$94,248
Main Roof Inspection		\$3,000	\$4,620
Total Expenditures			\$633,710

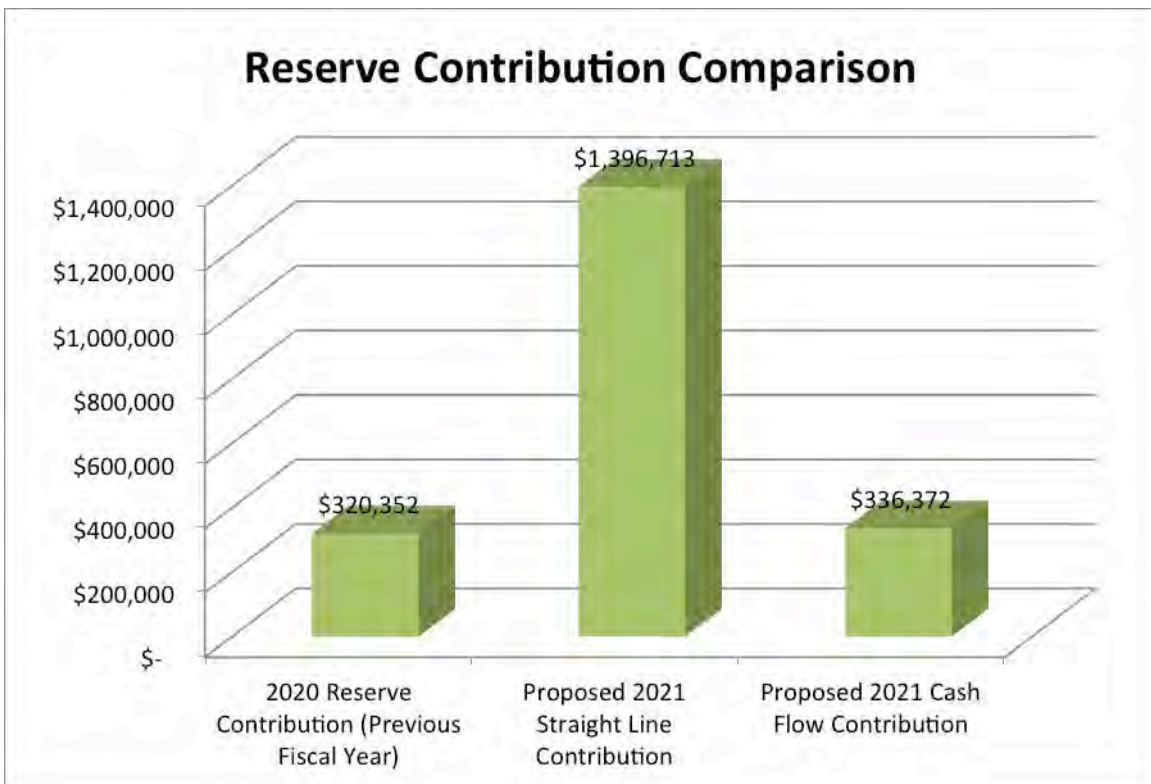
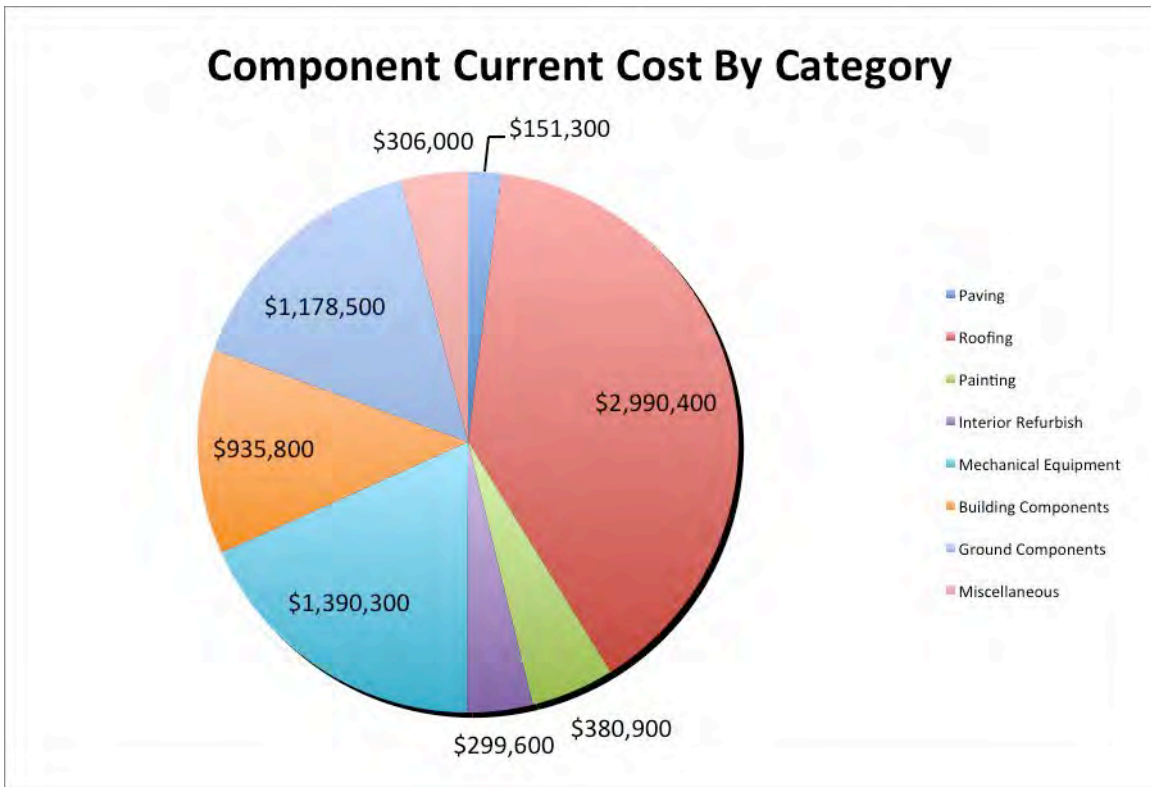
## YEAR-BY-YEAR EXPENDITURES

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<b>Replacement Year</b>	<b>2049</b>	<b>Current Cost</b>	<b>Future Cost</b>
Beach Sand, Replenish		\$20,000	\$31,200
Annual Reserve Study		\$1,000	\$1,560
AC Equipment, Elevator Room, Replace		\$2,300	\$3,588
Paving, Asphalt Sealcoat & Restripe		\$10,900	\$17,004
Underground Piping, Repairs		\$61,500	\$95,940
Tile Hallway Flooring, Replace		\$500,000	\$780,000
Main Roof Inspection		\$3,000	\$4,680
Total Expenditures			<u>\$933,972</u>
<b>Replacement Year</b>	<b>2050</b>	<b>Current Cost</b>	<b>Future Cost</b>
Annual Reserve Study		\$1,000	\$1,580
Treadmill, Replace		\$3,400	\$5,372
Kitchen Stack, Cleanout		\$13,800	\$21,804
Pool & Spa Equipment, Allowance		\$6,200	\$9,796
Paving, Brick Pavers, South Garage		\$8,600	\$13,588
Roofing, Mansard, Reroof		\$1,100,000	\$1,738,000
Roofing, Portico, Reroof		\$160,000	\$252,800
AC Cooling Tower, Repair Allowance		\$6,200	\$9,796
Fire Sprinkler, Replacement Allowance		\$19,800	\$31,284
Insurance Deductible/Uninsured Casualty		\$205,000	\$323,900
Roofing, North Garage, Reroof		\$370,000	\$584,600
Landscape Renovation		\$200,000	\$316,000
Paving, Asphalt Overlay		\$99,300	\$156,894
Painting, Exterior, Tower		\$245,300	\$387,574
Drinking Fountains, Replace		\$2,600	\$4,108
Lobby, Breezeway & Courtyards		\$200,000	\$316,000
Main Roof Inspection		\$3,000	\$4,740
Total Expenditures			<u>\$4,177,836</u>

# Part 5: Charts & Graphs

The following charts and graphs are intended to provide a better understanding of the numbers contained in this report.





# Part 6: Appendix

## Florida Statutory Reserve Requirements

**FLORIDA STATUTES**

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*The following an excerpt from Florida Statutes Chapter 718 concerning reserve budget requirements for condominium associations. This is provided for reference only and is not intended as legal advice.*

...(f) Annual budget.

1. The proposed annual budget of estimated revenues and expenses shall be detailed and shall show the amounts budgeted by accounts and expense classifications, including, if applicable, but not limited to, those expenses listed in s. 718.504(21). A multicondominium association shall adopt a separate budget of common expenses for each condominium the association operates and shall adopt a separate budget of common expenses for the association. In addition, if the association maintains limited common elements with the cost to be shared only by those entitled to use the limited common elements as provided for in s. 718.113 (1), the budget or a schedule attached thereto shall show amounts budgeted therefore. If, after turnover of control of the association to the unit owners, any of the expenses listed in s. 718.504 (21) are not applicable, they need not be listed.

2. In addition to annual operating expenses, the budget shall include reserve accounts for capital expenditures and deferred maintenance. These accounts shall include, but are not limited to, roof replacement, building painting, and pavement resurfacing, regardless of the amount of deferred maintenance expense or replacement cost, and for any other item for which the deferred maintenance expense or replacement cost exceeds \$10,000. The amount to be reserved shall be computed by means of a formula which is based upon estimated remaining useful life and estimated replacement cost or deferred maintenance expense of each reserve item. The association may adjust replacement reserve assessments annually to take into account any changes in estimates or extension of the useful life of a reserve item caused by deferred maintenance. This subsection does not apply to an adopted budget in which the members of an association have determined, by a majority vote at a duly called meeting of the association, to provide no reserves or less reserves than required by this subsection. However, prior to turnover of control of an association by a developer to unit owners other than a developer pursuant to s. 718.301, the developer may vote to waive the reserves or reduce the funding of reserves for the first 2 fiscal years of the association's operation, beginning with the fiscal year in which the initial declaration is recorded, after which time reserves may be waived or reduced only upon the vote of a majority of all nondeveloper voting interests voting in person or by limited proxy at a duly called meeting of the association. If a meeting of the unit owners has been called to determine whether to waive or reduce the funding of reserves, and no such result is achieved or a quorum is not attained, the reserves as included in the budget shall go into effect. After the turnover, the developer may vote its voting interest to waive or reduce the funding of reserves.

3. Reserve funds and any interest accruing thereon shall remain in the reserve account or accounts, and shall be used only for authorized reserve expenditures unless their use for other purposes is approved in advance by a majority vote at a duly called meeting of the association. Prior to turnover of control of an association by a developer to unit owners other than the developer pursuant to s. 718.301, the developer-controlled association shall not vote to use reserves for purposes other than that for which they were intended without the approval of a majority of all nondeveloper voting interests, voting in person or by limited proxy at a duly called meeting of the association.

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**FLORIDA ADMINISTRATIVE CODE**

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*The following an excerpt from the Florida Administrative Code Rule 61B concerning reserve budget requirements for condominium associations. This is provided for reference only and is not intended as legal advice.*

**61B-22.001 Definitions.**

For the purposes of this chapter the following definitions shall apply:

(1) "Accounting records" include all of the books and records identified in Section 718.111(12)(a)11., Florida Statutes, and any other records that identify, measure, record, or communicate financial information whether the records are maintained electronically or otherwise, including, all payroll and personnel records of the association, all invoices for purchases made by the association, and all invoices for services provided to the association.

(2) "Capital expenditure" means any expenditure of funds for:

(a) The purchase of an asset whose useful life is greater than one year in length;

(b) The replacement of an asset whose useful life is greater than one year in length; or

(c) The addition to an asset that extends the useful life of the previously existing asset for a period greater than one year in length.

(3) "Deferred maintenance" means any maintenance or repair that:

(a) Will be performed less frequently than yearly; and

(b) Will result in maintaining the useful life of an asset.

(4) "Funds" means money and negotiable instruments including, for example, cash, checks, notes, and securities.

(5) "Reserves" means any funds, other than operating funds, that are restricted for deferred maintenance and capital expenditures, including the items required by Section 718.112(2)(f)2., Florida Statutes, and any other funds restricted as to use by the condominium documents or the condominium association. Funds that are not restricted as to use by Section 718.112(2)(f), Florida Statutes, the condominium documents or by the association shall not be considered reserves within the meaning of this rule.

(6) "Turnover" means transfer of association control from developers to non-developer unit owners pursuant to Section 718.301, Florida Statutes.

**61B-22.003 Budgets.**

(1) Required elements for estimated operating budgets. The budget for each association shall:

(d) Include all estimated common expenses or expenditures of the association including the categories set forth in Section 718.504(21)(c), Florida Statutes. Reserves for capital expenditures and deferred maintenance required by Section 718.112(2)(f), Florida Statutes, must be included in the proposed annual budget and shall not be waived or reduced prior to the mailing to unit owners of a proposed annual budget. If the estimated common expense for any category set forth in the statute is not applicable, the category shall be listed followed by an indication that the expense is not applicable;

**FLORIDA ADMINISTRATIVE CODE**

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*The following an excerpt from the Florida Administrative Code Rule 61B concerning reserve budget requirements for condominium associations. This is provided for reference only and is not intended as legal advice.*

(e) Unless the association maintains a pooled account for reserves required by Section 718.112(2)(f)2., Florida Statutes, the association shall include a schedule stating each reserve account for capital expenditures and deferred maintenance as a separate line item with the following minimum disclosures:

1. The total estimated useful life of the asset;
2. The estimated remaining useful life of the asset;
3. The estimated replacement cost or deferred maintenance expense of the asset;
4. The estimated fund balance as of the beginning of the period for which the budget will be in effect; and

5. The developer's total funding obligation, when all units are sold, for each converter reserve account established pursuant to Section 718.618, Florida Statutes, if applicable.

(f) If the association maintains a pooled account for reserves required by Section 718.112(2)(f)2., Florida Statutes, the association shall include a separate schedule of any pooled reserves with the following minimum disclosures:

1. The total estimated useful life of each asset within the pooled analysis;
2. The estimated remaining useful life of each asset within the pooled analysis;
3. The estimated replacement cost or deferred maintenance expense of each asset within the pooled analysis; and
4. The estimated fund balance of the pooled reserve account as of the beginning of the period for which the budget will be in effect.

(g) Include a separate schedule of any other reserve funds to be restricted by the association as a separate line item with the following minimum disclosures:

1. The intended use of the restricted funds; and
2. The estimated fund balance of the item as of the beginning of the period for which the budget will be in effect.

(2) Unrestricted expense categories. Expense categories that are not restricted as to use shall be stated in the operating portion of the budget rather than the reserve portion of the budget.

(4) Multicondominium associations. Multicondominium associations shall comply with the following requirements:

(a) Provide a separate budget for each condominium operated by the association as well as for the association. Each such budget shall disclose:

1. Estimated expenses specific to a condominium such as the maintenance, deferred maintenance or replacement of the common elements of the condominium which shall be provided for in the budget of the specific condominium;

2. Estimated expenses of the association that are not specific to a condominium such as the maintenance, deferred maintenance or replacement of the property serving more than one condominium which shall be provided for in the association budget; and

## **FLORIDA ADMINISTRATIVE CODE**

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*The following an excerpt from the Florida Administrative Code Rule 61B concerning reserve budget requirements for condominium associations. This is provided for reference only and is not intended as legal advice.*

3. Multicondominium associations created after June 30, 2000, or that have created separate ownership interests of the common surplus of the association for each unit as provided in Sections 718.104(4)(h) and 718.110(12), Florida Statutes, shall include each unit's share of the estimated expenses of the association, referred to in subsection (2) of this rule, which shall be shown on the individual condominium budgets. Multicondominium associations created prior to July 1, 2000, that have not created separate ownership interests of the common surplus of the association for each unit as provided in Sections 718.104(4)(h) and 718.110(12), Florida Statutes, shall include each condominium's share of the estimated expenses of the association, referred to in subsection (2) of this rule, which shall be shown on the individual condominium budgets.

4. The budgets of multicondominium associations created after June 30, 2000 or of multicondominium associations that have created separate ownership interests of the common surplus of the association for each unit as provided in Sections 718.104(4)(h) and 718.110(12), Florida Statutes, shall show the estimated revenues of each condominium and of the association.

(b) Associations that operate separate condominiums in a consolidated fashion pursuant to Section 718.111(6), Florida Statutes, may utilize a single consolidated budget.

(5) Limited common elements. If an association maintains limited common elements at the expense of only those unit owners entitled to use the limited common elements pursuant to Section 718.113(1), Florida Statutes, the budget shall include a separate schedule, or schedules, conforming to the requirements for budgets as stated in this rule, of all estimated expenses specific to each of the limited common elements, including any applicable reserves for deferred maintenance and capital expenditures. The schedule or schedules may group the maintenance expense of any limited common elements for which the declaration provides that the maintenance expense is to be shared by a group of unit owners.

(6) Phase condominium budgets. By operation of law, the annual budget of a phase condominium created pursuant to Section 718.403, Florida Statutes, shall automatically be adjusted to incorporate the change in proportionate ownership of the common elements by the purchasers and to incorporate any other changes related to the addition of phases in accordance with the declaration of condominium. The adjusted annual budget shall be effective on the date that the amendment to the declaration adding a phase to a phase condominium is recorded in the official records of the county in which the condominium is located. Notwithstanding the requirements of subsection (7) of this rule, the association shall not be required to follow the provisions of Section 718.112(2)(c), Florida Statutes, unless, as a result of the budget adjustment, the assessment per unit has changed.

(7) Budget assessment amendments. The association may amend a previously approved annual budget. In order to do so the board of administration shall follow the provisions of Section 718.112(2)(e), Florida Statutes. For example, the board shall mail a meeting notice and copies of the proposed amended annual budget to the unit owners not less than 14 days prior to the meeting at which the budget amendment will be considered.

## **FLORIDA ADMINISTRATIVE CODE**

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*The following an excerpt from the Florida Administrative Code Rule 61B concerning reserve budget requirements for condominium associations. This is provided for reference only and is not intended as legal advice.*

### **61B-22.005 Reserves.**

(1) Reserves required by statute. Reserves required by Section 718.112(2)(f), Florida Statutes, for capital expenditures and deferred maintenance including roofing, painting, paving, and any other item for which the deferred maintenance expense or replacement cost exceeds \$10,000 shall be included in the budget. For the purpose of determining whether the deferred maintenance expense or replacement cost of an item exceeds \$10,000, the association may consider each asset of the association separately. Alternatively, the association may group similar or related assets together. For example, an association responsible for the maintenance of two swimming pools, each of which will separately require \$6,000 of total deferred maintenance, may establish a pool reserve, but is not required to do so.

(2) Commingling operating and reserve funds. Associations that collect operating and reserve assessments as a single payment shall not be considered to have commingled the funds provided the reserve portion of the payment is transferred to a separate reserve account, or accounts, within 30 calendar days from the date such funds were deposited.

(3) Calculating reserves required by statute. Reserves for deferred maintenance and capital expenditures required by Section 718.112(2)(f), Florida Statutes, shall be calculated using a formula that will provide funds equal to the total estimated deferred maintenance expense or total estimated replacement cost for an asset or group of assets over the remaining useful life of the asset or group of assets. Funding formulas for reserves required by Section 718.112(2)(f), Florida Statutes, shall be based on either a separate analysis of each of the required assets or a pooled analysis of two or more of the required assets.

(a) If the association maintains separate reserve accounts for each of the required assets, the amount of the current year contribution to each reserve account shall be the sum of the following two calculations:

1. The total amount necessary, if any, to bring a negative account balance to zero; and
2. The total estimated deferred maintenance expense or estimated replacement cost of the reserve asset less the estimated balance of the reserve account as of the beginning of the period for which the budget will be in effect. The remainder, if greater than zero, shall be divided by the estimated remaining useful life of the asset. The formula may be adjusted each year for changes in estimates and deferred maintenance performed during the year and may consider factors such as inflation and earnings on invested funds.

(b) If the association maintains a pooled account of two or more of the required reserve assets, the amount of the contribution to the pooled reserve account as disclosed on the proposed budget shall be not less than that required to ensure that the balance on hand at the beginning of the period for which the budget will go into effect plus the projected annual cash inflows over the remaining estimated useful lives of all of the assets that make up the reserve pool are equal to or greater than the projected annual cash outflows over the remaining estimated useful lives of all of the assets that make up the reserve pool, based on the current reserve analysis. The projected annual cash inflows may include estimated earnings from investment of principal. The reserve funding formula shall not include any type of balloon payments.

(4) Estimating reserves that are not required by statute. Reserves that are not required by Section 718.112(2)(f), Florida Statutes, are not required to be based on any specific formula.

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*The following an excerpt from the Florida Administrative Code Rule 61B concerning reserve budget requirements for condominium associations. This is provided for reference only and is not intended as legal advice.*

(5) Estimating non-converter reserves when the developer is funding converter reserves. For the purpose of estimating non-converter reserves, the estimated fund balance of the non-converter reserve account related to any asset for which the developer has established converter reserves pursuant to Section 718.618, Florida Statutes, shall be the sum of:

(a) The developer's total funding obligation, when all units are sold, for the converter reserve account pursuant to Section 718.618, Florida Statutes; and

(b) The estimated fund balance of the non-converter reserve account, excluding the developer's converter obligation, as of the beginning of the period for which the budget will be in effect.

(6) Timely funding. Reserves included in the adopted budget are common expenses and must be fully funded unless properly waived or reduced. Reserves shall be funded in at least the same frequency that assessments are due from the unit owners (e.g., monthly or quarterly).

(7) Restrictions on use. In a multicondominium association, no vote to allow an association to use reserve funds for purposes other than that for which the funds were originally reserved shall be effective as to a particular condominium unless conducted at a meeting at which the same percentage of voting interests in that condominium that would otherwise be required for a quorum of the association is present in person or by proxy, and a majority of those present in person or by limited proxy, vote to use reserve funds for another purpose. Expenditure of unallocated interest income earned on reserve funds is restricted to any of the capital expenditures, deferred maintenance or other items for which reserve accounts have been established.

(8) Annual vote required to waive reserves. Any vote to waive or reduce reserves for capital expenditures and deferred maintenance required by Section 718.112(2)(f)2., Florida Statutes, shall be effective for only one annual budget. Additionally, in a multicondominium association, no waiver or reduction is effective as to a particular condominium unless conducted at a meeting at which the same percentage of voting interests in that condominium that would otherwise be required for a quorum of the association is present, in person or by proxy, and a majority of those present in person or by limited proxy vote to waive or reduce reserves. For multicondominium associations in which the developer is precluded from casting its votes to waive or reduce the funding of reserves, no waiver or reduction is effective as to a particular condominium unless conducted at a meeting at which the same percentage of non-developer voting interests in that condominium that would otherwise be required for a quorum of the association is present, in person or by proxy, and a majority of those present in person or by limited proxy vote to waive or reduce reserves.

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*The following an excerpt from the Florida Administrative Code Rule 61B concerning reserve budget requirements for condominium associations. This is provided for reference only and is not intended as legal advice.*

**61B-22.006 Financial Reporting Requirements.**

(3) Disclosure requirements. The financial statements required by Sections 718.111(13) and 718.301(4), F.S., shall contain the following disclosures within the financial statements, notes, or supplementary information:

(a) The following reserve disclosures shall be made regardless of whether reserves have been waived for the fiscal period covered by the financial statements:

1. The beginning balance in each reserve account as of the beginning of the fiscal period covered by the financial statements;

2. The amount of assessments and other additions to each reserve account including authorized transfers from other reserve accounts;

3. The amount expended or removed from each reserve account, including authorized transfers to other reserve accounts;

4. The ending balance in each reserve account as of the end of the fiscal period covered by the financial statements;

5. The amount of annual funding required to fully fund each reserve account, or pool of accounts, over the remaining useful life of the applicable asset or group of assets;

6. The manner by which reserve items were estimated, the date the estimates were last made, the association's policies for allocating reserve fund interest, and whether reserves have been waived during the period covered by the financial statements; and

7. If the developer has established converter reserves pursuant to Section 718.618(1), F.S., each converter reserve account shall be identified and include the disclosures required by this rule.

(b) The method by which income and expenses were allocated to the unit owners;

(c) The specific purpose or purposes of any special assessments to unit owners pursuant to Section 718.116(10), F.S., and the amount of each special assessment and the disposition of the funds collected;

(d) The amount of revenues and expenses related to limited common elements shall be disclosed when the association maintains the limited common elements and the expense is apportioned to those unit owners entitled to the exclusive use of the limited common elements; and

(e) If a guarantee pursuant to Section 718.116(9), F.S., existed at any time during the fiscal year, the financial statements shall disclose the following:

1. The period of time covered by the guarantee;

2. The amount of common expenses incurred during the guarantee period;

3. The amount of assessments charged to the non-developer unit owners during the guarantee period;

4. The amount of non-assessment revenues earned by the association, with each non-assessment revenue generating activity disclosed separately, during the guarantee period;

5. The amount of expenses incurred in the production of non-assessment revenues, with each non-assessment revenue generating activity disclosed separately, during the guarantee period;

6. The amount of the developer's payments pursuant to the guarantee; and

7. Any financial obligation due to or from the developer resulting from the guarantee.



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*The following an excerpt from the Florida Administrative Code Rule 61B concerning reserve budget requirements for condominium associations. This is provided for reference only and is not intended as legal advice.*

(4) Multicondominium associations. Multicondominium associations may present the financial statements required by Sections 718.111(13) and 718.301(4), F.S., on a combined basis as long as the financial statements, notes, or supplementary information disclose the revenues, expenses, and changes in fund balance for each condominium, and the association, as applicable. The financial statements, notes, or supplementary information shall also disclose the revenues and expenses of the association that are not directly associated with specified condominiums, and the method used to allocate such expenses to the condominiums or units, as applicable. Additionally, the reserve disclosures required by this rule shall be presented separately for each condominium and for any association reserves not specifically identified with individual condominiums. The provisions of this rule shall apply to multicondominium financial reporting for fiscal periods ending on or after December 31, 2002. Earlier application of the provisions of this rule is permitted.

(5) Developer assessments. All financial reporting required by Chapter 718, F.S., shall disclose the assessment revenues from the developer separately from that of the non-developer unit owners.

(6) Financial reports required by Section 718.111(13)(b), F.S.. The financial report required by Section 718.111(13)(b), F.S., shall meet the following requirements:

(a) The report shall be prepared using a cash basis method of accounting.

(b) The report shall include the reserve disclosures required by paragraph 61B-22.006(3)(a), F.A.C.

(c) The report shall include the special assessment disclosure required by paragraph 61B-22.006(3)(c), F.A.C.

(d) If the association maintains limited common elements and the expense is apportioned to those units entitled to the exclusive use of the limited common elements the report shall contain the limited common element disclosures required by paragraph 61B-22.006(3)(d), F.A.C.

(e) The financial reports of multicondominium associations shall separately disclose the following items:

1. The receipts and expenditures directly associated with specific condominiums; and

2. The receipts and expenditures of the association that are not directly associated with specific condominiums.

(7) The minutes of the association shall reflect the number of votes cast by the membership to waive the requirement for audited, reviewed, or compiled financial statements and the type of financial reporting that the association will be preparing and disseminating to the membership.

## THANK YOU!



We truly appreciate you allowing LCAM Resources the opportunity to serve you, and we hope that you are happy with our service.

In an effort to improve our services, we would be very interested in hearing any comments, suggestions or criticisms that you may have. A letter, fax or email would be greatly appreciated!



### **LCAM Resources**

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