

2021 RESERVE STUDY

FOR

Delray Estuary Homeowner's Association, Inc.

1550 Estuary Trail, Delray Beach, FL 33483



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CONTENTS

1. Narrative Section (A pages)

- Introduction
- Purpose of Reserves
- Navigating & Understanding this Report
- General Analyst Recommendation
- Special Notes & Financial Notes (important to read, information regarding your specific association)

2. Reserve Summary (B1 page)

- includes the total(s) and grand total(s) for all main reserve categories
- provides the total Reserve Replacement Cost, Normal Annual Contribution, Current Reserve Requirement, Association's Current Reserve Balance and Next Budget Year's Reserve Contribution
- NOTE: it is important to review the C pages to better understand the results of the reserve summary on this B1 page

3. Reserve Forecast (B2 page)

- provides the association's current year's reserve annual contribution and the future reserve annual contribution for the next 10 years
- note: you will need to review the D pages of this report to understand how and why the annual contribution is different than the normal annual contribution stated on the previous B1 page

4. Reserve Analysis (C pages)

- this section includes the detailed field and desktop work completed by the reserve specialist for each reserve category such as Roofing, Painting, Paving, Pool, Clubhouse, Elevators, etc.
- provides an in-depth, line-by-line reserve components/assets for each reserve category, such as roofing, paving, etc.
- note: each reserve component item will have the quantity of units used, unit cost, replacement cost, normal life, remaining life, normal annual contribution and the current reserve requirement for each specific component item

5. Reserve Funding Analysis (D pages)

- this section includes the cash flow analysis of the normal annual reserve contribution to be collected each year against the annual reserve expenditures incurred on a yearly basis for the next 20 years
- the analysis will show your estimated fund balance for the next 20 years based on the cash flow method of funding and how we have added any reserve fund deficit amount(s) to your normal annual contribution that might be created over the next 20 years
- this section will show why and when a reserve fund deficit amount is created (deficit amounts that are added will be shown in blue text)
- Note: the new yearly contribution calculated/stated in this section is also provided on the summary B2 page of this report

6. Photos of Component Items

7. Information Provided by your Association

8. Definition for Reserve Names & Contractor's List

9. Florida Statutes & Administrative Codes Related to Reserves

RESERVE STUDY REPORT
Delray Estuary Homeowner's Association, Inc.
1550 Estuary Trail, Delray Beach, FL 33483
Date of Site Visit: February 26th, 2021
Budget Year: January 1st, 2022



PURPOSE OF THE FULL RESERVE STUDY:

To provide the basis for the necessary funding to repair and replace those reserve components/assets which are the Association's responsibility.

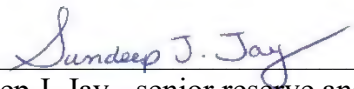
SCOPE OF THE FULL RESERVE STUDY:

Identify and examine specific components for all the reserve category needs analysis and use the "**Pool of Funds**" method for future reserve financial analysis with an on-site visit. This association has 104 residential townhomes, 1 cabana bldg., and 1 guardhouse. Included in this reserve study are the following categories: Roofing, Painting, Paving, Pool Area, Guardhouse & Equipment, Replace & Restoration. The Study will quantify the individual components in each category by actual field measurements and a visual inspection where possible. Establish current cost estimates for replacement using Marshall & Swift Valuation Service, National Plumbing & HVAC Estimator, Means Building Construction Cost Data, Trade Service Electrical Price Guide, and local contractors. Identify the useful life expectancy for each component. Estimate each component's remaining useful life through non-destructive methods. Calculate the normal annual contribution over the useful life expectancy. Establish the current 100% reserve requirement. Complete the reserve funding financial analysis using threshold funding and make calculations to amortize any cash flow deficits/overages over the twenty-year analysis by using the pool of funds method. The Study will also adjust the normal annual contributions to include amortized deficit funding, if needed, to meet all anticipated expenditures over the next twenty years. The Reserve Study reflects information provided by your association and assembled for the association's use, not for the propose of performing an audit, quality/forensic analysis, or background checks of historical records.

CERTIFICATION:

I hereby certify that I have no interest in the property, present or contemplated, and that neither the assignment to complete this study nor the fee derived there from is contingent upon its results. I have personally conducted an on-site visit of the association, unless otherwise noted in the report, and to the best of my knowledge and belief, all statements and data in this report are true, subject to any contingent limiting conditions noted herein.

This report is furnished at your request in strict confidence by us as your agent for your exclusive use. The report is not to be construed as a guarantee or warranty, expressed or implied, of the property or the equipment therein or of their fitness for a particular purpose. This report is made under the guidelines of the American Institute of Certified Public Accountants, the Community Associations Institute guidelines, and the Professional Reserve Specialists Code of ethics.


Sundeeep J. Jay - senior reserve analyst

INTRODUCTION

J. R. FRAZER, INC. (Reserve Studies and Valuation Services) was retained by the Association to prepare a reserve funding analysis of the common areas for the purpose of developing a repair, maintenance, and replacement needs plan for the association's long-term assets. The "full update with site-visit" was completed by Sundeep J. Jay - senior reserve specialist/analyst.

The statutory requirement for condominium associations simply states that reserves must be 100% funded for roofing, painting, and paving plus any other items in which the cost to maintain, repair or replace those items exceeds \$10,000. Though this is not a condominium, the accounting and budgeting methods used to prepare a reserve study for asset replacements is the same for all associations. This association's board feels it is prudent and fiduciarily incumbent upon them to have a Reserve Analysis and accordingly has elected to engage an independent specialist to prepare a reserve schedule for inclusion in the association's budget. Our reserve study includes all reserve categories and all reserve components with a twenty-year cash flow analysis.

There are 3 types of Funding Goals – Baseline Funding, Threshold Funding, and Full Funding. The explanation for each of the funding types is in the back of this reserve study under definitions. This reserve study uses the Threshold Funding which establishes an annual reserve funding goal of keeping the reserve balance above a specified dollar amount over a period of 20 years. This minimum reserve amount is derived by taking approximately 10% of the association's annual operating revenues. As we calculate the reserve funding analysis on the D pages of this report, we will ensure that the reserve balance never falls below the minimum threshold of 10% of the current year's annual operating revenues over the next 20 years. In some cases, we may use a lower or higher amount depending upon the association's current financial situation. The board may, at any time, decide to increase the minimum threshold to an amount that is more conservative and financially responsible.

The analysis uses the straight-line component method to determine the financial needs of the association. This study uses the "pool of funds" method to create a twenty-year cash flow analysis with a minimum threshold to complete the reserve financial analysis and the reserve funding requirements for the association. The physical analysis data includes those components that are included on the C pages of the reserve study. Each reserve component item used in this reserve study uses the straight-line funding calculation by obtaining the quantity of units, calculating the replacement costs, establishing a useful life, and estimating the remaining useful life of each component item. The information is gathered through the on-site visit,

independent research, reviewing existing maintenance records, association's management, and verification of actual historical replacement cost of the components. Because inflation cannot be accurately predicted, replacement costs herein are at current construction cost.

The reserve program is designed to provide all or part of the funds necessary to pay for maintaining, repairing, and replacing the capital improvements of the Association. Not every circumstance can be accounted for future loss possibilities such as catastrophic disasters. At the request of the board, this reserve study may include reserves for uninsurable losses due to a catastrophe. These losses may be caused by flooding, lightning, hurricanes, tornados, or un-named windstorms and may include damage to such uninsurable items. These items are not common to a reserve study because the replacement costs, useful life, and remaining life cannot be determined. Other items where the replacement costs, useful life and more specifically the remaining life cannot be reasonably determined are Landscaping Reserves, Storm Clean-up Reserves, Lakeshore Restoration, and Underground Drainage & Irrigation Piping Systems. If any of these items are included into this reserve study upon the request from the board members and or the property manager, we recommend contacting the association's CPA to evaluate any tax consequences. The replacement costs, useful life and remaining life has been derived from the association's board and property manager's past experiences. These reserve items will be scrutinized on every future reserve update to help calculate and obtain reasonable costs estimates and time frames.

PURPOSE OF RESERVES

Reserves are monies budgeted, collected, and set aside for asset replacements or deferred maintenance. The establishment of reserve accounts begins with the developer and or the board who has a fiduciary capacity and responsibility for the establishment of an association's budget. With the assistance of this report or a prior reserve study, the board will or has established the reserve accounts for the future replacements or deferred maintenance of the common area assets.

Without adequate reserves, owners may be subject to either special assessments or the association may not be able to repair or replace the common area assets. Reserve funds enable an association to maintain the common areas by reducing the risk of special assessments and thereby minimizing the impact of financial challenges to unit owners. The establishment of 100% annual reserve contribution accomplishes the following:

- Establishes and preserves reserves for a strong financial position to meet future expenditures.
- Reserves reduce the probability for special assessments.
- All owners share the expenses of the association "equally" by paying their fair share of the cost while living in the association.

Reserve funding is for TODAY'S asset depreciation collected either monthly, quarterly, semi-annually, or annually. Every day the sun and wind are decomposing the roof and building, friction is wearing down the elevators, and car tires and nature is cracking the asphalt. The daily depreciation will eventually require the replacement or maintenance of these assets.

Adequate funding is the key to reserves. Just having reserve funds does not make an association's financial future strong. Reserves must be set at an annual goal of 100% funding according to Florida Condominium Statutes. Once again, a proper asset funding plan is the same for all HOAs, cooperatives, and various other types of associations. For condominiums and or HOAs with statutory reserves, the membership can elect to partially fund reserves or waive reserve funding altogether by a majority vote of its members.

J.R. Frazer, Inc. does not recommend anything less than annually fully funding reserves.

NAVIGATING & UNDERSTANDING THIS REPORT

Reserve Summary Section – (B1 & B2 pages):

This section summarizes the entire report providing the grand total for the Current Replacement Cost, Normal Annual Contribution, Current Reserve Requirement, Association's Current Reserve "Fund Balance", Fund Deficit, and the Contribution needed for future years. For definitions of terminology, such as Current Reserve Requirement, please see "Definitions" section located at the end of this report.

The Normal Annual Contribution (stated on page B1) versus the Annual Contributions (stated on the B2 page) for either next year or future years might be different depending upon your current reserve balance and expenses related to projects that will materialize over the next 1 to 20 years. The Annual Contributions stated on the B2 page will be higher if there is a deficit in your reserve balance over the next 20 years.

The Useful Life and Remaining Life on the Reserve Summary page are ranges of life. The actual Useful Life and Remaining Life for each individual reserve component are contained in the Reserve Analysis section (C pages). Do not consider the useful life and remaining life of any single reserve category from page B1 – it is a range and not specific. For example, in Paving, the sidewalk will have a useful life of 55 to 60 years while the asphalt will only have a useful life of 20 years.

The Summary page B2 provides the association's current year contribution and the newly calculated Annual Contribution for the next 10 years adding in any deficit amounts that "might" have occurred in the funding analysis located on the D pages of this report. On page B2, we have added the normal annual contribution with any deficit amounts (if applicable) that were needed in order to maintain a positive balance (minimum threshold) in your reserve account.

Reserve Analysis Section - (C pages):

This section provides a detailed breakdown of all component items (assets) into each major reserve category listed from page B1. All reserve component items are further broken down to provide the number of units (measurements), individual unit cost, useful life, estimated remaining life, annual contribution for that component item and the current reserve requirement (dollar amount that should be in reserves as of the date of this report). Information gathered from the on-site visit along with information received by your association is in this section of the report.

The main unit of measurement used throughout the report is square feet. If the measurement is anything different, then it will be stated with the component line item as “lf” (linear feet), “sy” (square yards). Linear feet measurements are usually found with fencing, railings, and curbs. Square yards are usually found with asphalt and carpeting.

Please keep in mind when reviewing the C pages of this report that any component items with a remaining life of 1 year is due to be replaced during the next budget year.

Reserve Funding Analysis – (D pages):

In this section, broken down year by year for the next 20 years, are all of the annual reserve expenses, annual reserve contributions, beginning and year-end reserve balances. It is in this section under “amortized deficit” that will show the additional deficit contribution needed (if applicable) to the Normal Annual Contribution to maintain a positive balance in the reserve account. The amortized deficit column can vary year by year. In any given year, if the association’s reserve fund balance falls below the minimum threshold fund balance (ie. \$5,000 - \$50,000) an amount is added to bring the fund balance to the stated minimum amount. This deficit amount is then equally divided into the preceding years hence not creating a burden in any 1 particular year. To further clarify..., if the minimum threshold fund balance is \$5,000 and then in year 5 the association’s fund balance is a negative \$1,500, then \$6,500 will be needed to bring the fund balance to \$5,000. This \$6,500 deficit will then be divided by the 5 preceding years adding \$1,300 a year to the normal annual contribution.

The minimum threshold is set at approximately 10% of the association’s operating revenues but this amount can be lower or higher depending upon certain circumstances.

Photo Section:

This section provides photographs of most of the component items listed in this reserve study – but not all. It does not provide photographs of problem areas, though they may be observable in the photographs – such as cracking on the asphalt paving.

Financial & Other Documentation:

This section provides some of the information your association and or manager has provided to us in order to prepare this report. It includes items such as the association’s Balance Sheet, Profit & Loss Statements, Budget Statements, Questionnaire, Maintenance Contracts, etc.

Definitions and Consulting Contractors:

This section provides the definition of terms that are used in this report to better help the reader understand the terminology used in this report.

Also, in this section are names and phone numbers of contractors that our company has gathered over the last 20 years. We cannot guarantee their workmanship, nor do we have a preference to any one contractor. We recommend interviewing at least 3 contractors and obtaining a copy of their license(s) and insurance prior to signing any agreements. Please contact our office if your experience with any of the contractors is less than professional. We do not gain from your use of these contractors and we also do not want to promote their business if their business practices are not professional. They will be removed from our list.

This section also includes the Florida Statutes and Florida Administrative Codes related to condominium reserve funding and budgeting.

GENERAL ANALYST RECOMMENDATIONS

1. We recommend making the stated annual contributions on the B2 page of this report. The contribution is made up of the Normal Annual Contribution plus a required amortized deficit amount (if applicable) to meet anticipated cash flows over the next twenty years. By funding the recommended contributions using the pool of funds funding method, the Association should be able to pay future reserve expenditures with adequate contributions from the reserve funds.

The Normal Annual Contribution represents the replacement cost divided by the number of years of useful life.

2. We recommend income generated within the reserves remain in the reserves. This is the most positive method to combat inflation. Our financial analysis indicates interest generated by reserve funds will help offset a portion of inflation cost. This system of compounding interest allows the Association to control some reserve increases but should be updated at a minimum of every 1 to 2 years. This report does not consider future interest earned on the bank reserve balance for 3 reasons. Firstly, interest earned on reserve balance can vary greatly on an annual basis. Secondly, we consider the interest to help bridge the difference between the Current Reserve Requirement and the actual Current Reserve Balance. Thirdly, it helps offset a portion of future inflation. If reserve study updates are not ordered annually, we recommend associations to make inflation adjustments to their future annual contributions.

3. The association's current reserve schedule may not have been complete in identifying all the needs of the association. We may have added components and recommend the association reserve for all components in this reserve study. In some cases, we might have combined certain reserve categories to help simplify and or improve budgeting methods.

4. All expenditures are based upon a cash flow analysis with the pool of funds method to meet expenses. This allows all funds in each reserve category to be used for paying any appropriate component or components which may suddenly and unexpectedly need to be repaired or replaced. We strongly recommend annual updates of the reserve study to maintain adequate funding levels.

5. When undertaking large projects, the reserve study should be used to compare the costs stated on the report with the actual costs on the contract. Accordingly, the association should either special assess the difference and or adjust the future years reserve contributions to help fund the costs differences. This will typically apply for major interior renovation projects,

concrete restoration projects, and or mechanical change outs where code changes may be applicable.

6. Annually, the association should compare the reserve balances budgeted on the last column of the D pages of this report with the association's current balance sheet and or current bank statement. Any major differences should be accounted for and adjusted into future reserve contributions.

7. There will be times when natural disasters such as floods, hurricanes, and windstorms that can cause considerable damage to uninsurable property. A policy of special assessments should be considered and adopted by the board to help fund for these unforeseeable events.

SPECIAL NOTES

Information supplied by the Association includes a copy of the January 31st, 2021 financial reports, a copy of the current reserve budget, and contracts & invoices. We may have also obtained verbal information from the association's management company regarding past and or future repairs and or replacements along with the timing of past replacements. All past and present information received by the association is deemed reliable for the purposes of this report. The actual or projected total presented in the Reserve Study is based upon information provided and was not audited.

As a result of the study, if the current reserve fund balance is less than the current 100% reserve requirement, you have a reserve fund deficit. If the fund balance is greater than the reserve requirement, you have a reserve fund overage.

When the association's current reserve fund balance is less than the current 100% reserve requirement, additional funds MAY be added to the normal annual contribution if current funding levels will not meet the projected twenty-year cash flow analysis. This will allow the funding deficit to be paid down over a period of years within the twenty-year period.

All funding deficits in this study are amortized into previous years (when applicable) based upon the cash flow analysis. This amortized deficit amount is added to the normal annual contribution yielding the new contribution. **Additional funds over the Normal Annual Contribution ARE NOT needed for your association at this time to meet minimal threshold funding requirements and anticipated expenditures.**

The goal is to meet anticipated reserve expenditures over the next twenty years and maintain a positive cash baseline.

All reserve amounts change yearly with increased cost of materials, increased cost of labor, building code changes, and investment income. We do not add for inflation or interest earned on the association reserve bank balance. These items are difficult to predict and can mislead the user of the report. Instead, we use current cost with no inflation and no interest. Some cost increases will be taken care of by the interest, but we recommend annual updates to adjust for increased cost. These economic changes will have an impact on your reserve fund and your ability to provide for future expenses.

In addition, depending upon how you decide to allocate future reserve funding, and whether you opt to fund at recommended levels, these decisions will also impact the status of the reserve fund. To ensure continued adequate funding, we strongly

recommend annual updates to adjust for increased cost, adjustments to estimated remaining life, reserve spending, and changes in your funding allocations. The only way to maintain accurate reserves and reduce the need for special assessments would be to update your reserve study annually.

This reserve study is not only based on estimated cost figures for replacement, but also an estimated time frame for the replacement of the association's assets. Everything can adjust by a couple of years and most things will not be replaced unless it is broken, such as a gate motor, pool pump and or an air conditioning unit. Painting is probably the only item that an association can control and should maintain a planned course of action to have the association's buildings, walls, fences, etc. painted according to a set schedule based on your location. But for the purposes of this report, we have provided a roadmap that will help guide this association to meet future obligations without the reserve fund balance falling below the minimum threshold. As your association orders future updates, we will replace estimated market prices with actual amounts incurred by the association. We will also adjust either the useful life and or the remaining life of the asset depending upon how an asset is depreciating.

Please keep in mind while reviewing this reserve study that this is not an inspection report. No destructive testing or sample gathering is completed during the on-site visit. The on-site visit should not be considered a project audit or quality inspection. Reserve studies are a budgeting tool for the replacement of the association's long-term assets. We have based our findings on the age of the building and or association, information that has been provided by your association and or obvious visual deterioration on assets seen during the on-site visit. It is the responsibility of the association to periodically hire the services of engineer(s) and or general contractor(s) on items such as building restoration, large mechanical items, elevators, seawalls, roofing structure, perimeter walls, roofing systems, drainage, etc. By completing this report, we hope to provide the association with a reasonable budget to have the funds in place to complete replacements of their long and short-term assets without having to special assess its members. Through the annual contributions stated on this report, we hope to reduce the possibility of future special assessments. Lastly, though we try to narrow down the remaining lives for the replacement of your assets, the variance can be as much as 5 (+/-) years. In some cases, such as seawalls, it can vary as much as 10 to 20 years.

FINANCIAL NOTES

This report is prepared based on the cash flow method of reserve funding. The cash flow method calculates the funding balance based on the yearly dues/money coming in and expenses/money going out for the next 20 years. This report was prepared to maintain a minimum reserve fund balance (also called minimum threshold) of \$100,000 at all times for the next 20 years. To arrive at the year-end reserve fund balance, we take the beginning fund balance and minus the estimated component item expense(s) and then add the annual contribution we have stated on this report. On the D pages of this report, we show this calculation on a year-by-year basis starting in the year the report was ordered. While we are running the reserve analysis on the D pages of this report, if in one of those years, the reserve fund balance falls below the minimum threshold of \$100,000, we add more money to the annual contribution to stay at a minimum fund balance of \$100,000. This amount that is added to the normal annual contribution is called a fund deficit amount – highlighted in blue on the D pages of this report IF applicable to your association.

This association's financial strength is average at the current 30% to 70% reserve level of funding. This association's reserves are approximately 35.6% funded. The percentage is derived by dividing the Association's Reserve Fund Balance of \$344,424 on January 31st, 2021 by the Current Reserve Requirement stated on page B1 of this report. According to a study done by the Association of Professional Reserve Analysts (APRA), an association that is funded between 30% to 70% runs a 10% risk of special assessments during any one yearly period.

This association is currently paying \$104,500 for their 2021 annual reserve contribution. Based on the calculations derived from this reserve study, the Normal Annual Reserve Contribution for 2022 is \$87,103 annually. Please review the B2 page of this report to see future reserve contributions. Deficit funding requirements are not needed at this time. Please keep in mind that this reserve study does not take into consideration future inflation, unexpected mechanical/structural failing items, assets that are neglected, upgrades, code changes, major interior renovations, and or the interest earned on the association's reserve balance.

The association should set a goal of collecting at least the 100% of the annual reserve contributions stated on the B2 page of this report to reduce the possibility of special assessments.

J. R. Frazer, Inc. recommends either collecting the reserve contributions stated on the B2 page of this report and or the

association can continue collecting the current 2022 reserve contribution into the future years. By collecting the current 2022 contribution, the association can assist in closing the deficit gap and hedge against future inflation or other unexpected events that can occur in a community. This annual reserve contribution amount will allow the current owners to pay their fair share of today's asset depreciation of which assets will eventually require future maintenance & replacements.

ADDITIONAL NOTES

Fully funding reserves on an annual basis allows an association to "reduce" the possibility of current and or future special assessments. Fully funding reserves may still require special assessments due to unforeseen circumstances such as code changes, increase in project costs, upgrades/major renovations, and other circumstances that may arise in the future of an association. When collecting less than the annual fully funding reserve contribution, the association "greatly" increases the risk of special assessments.

While reviewing this report, keep in mind that the report is not calculated to close the gap between the Current Reserve Requirement (reserves that should have been saved by the association) and the Current Reserve Funds held by the association as of the date of this report (see page B1). This report is prepared to help fund all of the maintenance/replacements of components/assets listed on the C pages of this report over a period of 20 years.

The association can decide to fund the deficit by closing the gap between the Current Reserve Requirement and the Current Reserve Fund Balance. They will need to determine whether they want to fund the difference with 1 special assessment and or spread it out over future years. Florida statutes for condominiums does not require associations to close this gap, but to prepare a plan that will help fund future maintenance and or replacements of their assets over a period of 20 to 30 years.

By Florida State Statutes related to condominiums, an annual "fully" funding reserve contribution does not require a vote amongst association members. This may or does apply to HOA communities that have Statutory Reserves. A majority vote is required when an association decides to collect less than the annual "fully" contribution amount. For this reason, it is important that all association members vote to provide their input in regard to either fully fund reserves and or fund less than the fully funding reserve contribution.

Reasons associations collect less than fully funding reserve contributions may be due to unit owner budgeting constraints, competition in HOA dues with neighboring similar associations, and or the association may have just recently collected a large special assessment to complete a project. In either case, if the association chooses to collect less then what is stated in this report, the likelihood of future special assessments will increase.

CONDITIONS OF RESERVE STUDY

Unless otherwise stated, this evaluation is subject to the following conditions:

J. R. Frazer, a reserve specialty firm, has not formed a legal opinion as to what components may be included or are the responsibility of the homeowner's association. We therefore assume no responsibility in the determination of which components and their related cost may be excluded from the reserve study application.

Information as to the association's responsibilities has been obtained from the client in discussions or a review of the documents. We make no guarantee nor assume liability for the accuracy of any data, financial statements or fund balances supplied by the client, opinions, or estimates as furnished by others that we used in formulating this evaluation. Any changes to our reports resulting from missing information or misinformation will be added to the report at an expense equal to our hourly fee rate.

The dimensions and quantities were gathered either by actual physical measurements, review of construction plans, or supplied by the association. All previous measurements and quantifications are deemed accurate for future use and updates.

Neither all nor any part of the contents of the association's reserve study report shall be conveyed to another reserve specialist, estimator, valuation person, or the public through advertising, news, or other media without the written consent and approval from J. R. Frazer, Inc. The report can be given to association members, banks for mortgage/financing purposes, and or potential buyers that have signed a purchase contract with a seller of the association.

The valuation includes a description of the premises. Our assessment of the physical condition of the improvements described within has been based upon visual inspection without destructive intrusions. No warranty is made, and no liability is assumed for the soundness of the structure or its components. The Association should consider additional inspection(s) for any safety concerns or hidden defects. The valuations derived and expressed within is not applicable to any other property regardless of similarity. The valuation is as of the date specified.

The values provided in this analysis are derived and based upon cost during common and normal economic conditions. These values do not reflect the significant impact on cost which may occur as a result of supply shortages and demand increases which are typically created as a result of disasters such as hurricanes, windstorms, etc. All updates are based upon the previous validated data.

This analysis represents my opinion based on accepted valuation systems and reserve methodology as to the values of the described property. As stated in the report, it has in no way been contingent upon the report of predetermined or specified value, nor has compensation for this reserve analysis report been contingent upon the value of the property considered.

Report completed by:
J. R. FRAZER, INC.
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2021 RESERVE SUMMARY

Delray Estuary Homeowner's Association, Inc. 1550 Estuary Trail, Delray Beach, FL 33483

POOL OF FUNDS - Fiscal Year runs January 1st to December 31st

RESERVE CATEGORY	REPLACEMENT COST	USEFUL LIFE (YEARS)	REMAIN LIFE (YEARS)	NORMAL ANNUAL Contribution	CURRENT RESERVE Requirement	ASSOCIATION FUND BALANCE 1/31/21	FUND (DEFICIT) OVERAGE	2022 Contribution	2022 Monthly Contribution
A - Paving	584,348	0 - 60	0 - 42	21,685	345,520	*	*	*	*
B - Roofing	21,981	25 - 25	7 - 7	879	15,822	*	*	*	*
C - Painting	42,530	8 - 8	0 - 4	5,318	21,428	*	*	*	*
D - Guardhouse & Security	138,987	0 - 40	0 - 22	8,761	86,678	*	*	*	*
E - Pool Area	49,752	0 - 30	0 - 19	3,633	20,985	*	*	*	*
F - Restore & Replacements	1,969,396	0 - 60	0 - 53	46,827	476,450	*	*	*	*
Reserve Fund Balance						344,424			
TOTAL	\$ 2,806,994	Life range of years for summary purpose only, see actual estimated years in "C" pages.		\$ 87,103	\$ 966,883	\$ 344,424	\$ (622,459)	\$ 87,103	\$ 7,259

RESERVE CONTRIBUTION FORECAST

Delray Estuary Homeowner's Association, Inc.

1550 Estuary Trail, Delray Beach, FL 33483

RESERVE CATEGORY	Yr. 2021 Contribution	Yr. 2022 Contribution	Yr. 2023 Contribution	Yr. 2024 Contribution	Yr. 2025 Contribution	Yr. 2026 Contribution	Yr. 2027 Contribution	Yr. 2028 Contribution	Yr. 2029 Contribution	Yr. 2030 Contribution	Yr. 2031 Contribution
Normal Annual Contribution	104,500	87,103	87,103	87,103	87,103	87,103	87,103	87,103	87,103	87,103	87,103
Deficit Amount		0	0	0	0	0	0	0	0	0	0
TOTAL	\$104,500	\$87,103	\$87,103	\$87,103	\$87,103	\$87,103	\$87,103	\$87,103	\$87,103	\$87,103	\$87,103

2021 PHYSICAL RESERVE ANALYSIS

Delray Estuary Homeowner's Association, Inc.

Reserve Category	Component Items	Quantity Units	Unit Cost \$	Replacement Cost \$	Useful Life	Remaining Life	Normal Annual Contribution	Current Reserve Requirement
A - Paving								
	1 - Asphalt & 1" Milling (sf):							
	a - re-asphalt main roadways (sy)	4,683	12.60	\$59,006	20	5	\$2,950	\$44,250
	b - re-asphalt parking areas (sy)	612	12.75	\$7,803	20	1	\$390	\$7,410
	c - sealcoat asphalt (sy) 21	5,295	0.95	\$5,030	5	0	\$1,006	\$5,030
	d - asphalt line striping (sy) 21	5,295	0.19	\$1,012	5	0	\$202	\$1,010
	2 - Curbs:							
	a - roadside curbs (lf)	3,702	26.50	\$98,103	60	42	\$1,635	\$29,430
	3 - Pavers:							
	a - sidewalk pavers	11,215	5.75	\$64,486	30	11	\$2,150	\$40,850
	b - roadway pavers	48,760	6.00	\$292,560	30	11	\$9,752	\$185,288
	c - cabana parking area pavers	1,254	6.00	\$7,524	30	11	\$251	\$4,769
	d - poolside pavers	4,001	5.75	\$23,006	30	11	\$767	\$14,573
	4 - Paving Other:							
	a - paving repairs / surveys / misc.	129,089	0.20	\$25,818	10	5	\$2,582	\$12,910
	b - note: monies for paving can be used at anytime prior to the expiration of the remaining life							
	c - note: increased all useful lives of pavers from 25 to 30 years - association can pavers sooner then the 11 years stated							
A - Paving Total				\$584,348	60	42	\$21,685	\$345,520

2021 PHYSICAL RESERVE ANALYSIS

Delray Estuary Homeowner's Association, Inc.

Reserve Category	Component Items	Quantity Units	Unit Cost \$	Replacement Cost \$	Useful Life	Remaining Life	Normal Annual Contribution	Current Reserve Requirement
B - Roofing								
	1 - Concrete Tile Roofs:							
	a - pool cabana tile roof	1,265	13.25	\$16,761	25	7	\$670	\$12,060
	b - guardhouse tile roof	290	18.00	\$5,220	25	7	\$209	\$3,762
B - Roofing Total				\$21,981	25	7	\$879	\$15,822

2021 PHYSICAL RESERVE ANALYSIS

Delray Estuary Homeowner's Association, Inc.

Reserve Category	Component Items	Quantity Units	Unit Cost \$	Replacement Cost \$	Useful Life	Remaining Life	Normal Annual Contribution	Current Reserve Requirement
C - Painting								
	1 - Bldg. Exterior Paint:							
	a - paint pool cabana exterior bldg	1,140	1.10	\$1,254	8	4	\$157	\$628
	b - paint guardhouse exterior bldg.	580	1.10	\$638	8	4	\$80	\$320
	2 - Bldg. Interior Paint:							
	a - paint cabana bath interior walls	400	0.70	\$280	8	4	\$35	\$140
	b - paint guardhouse interiors	450	0.70	\$315	8	0	\$39	\$312
	3 - Concrete Walls:							
	a - paint pool area planter walls	276	0.55	\$152	8	4	\$19	\$76
	b - paint perimeter walls (2 sides)	36,444	0.55	\$20,044	8	4	\$2,506	\$10,024
	4 - Metal Fences & Gates (If):							
	a - paint perimeter metal fence (If)	726	8.15	\$5,917	8	4	\$740	\$2,960
	b - paint poolside metal fence (If)	191	8.15	\$1,557	8	4	\$195	\$780
	c - paint south entry gates (If)	45	33.70	\$1,517	8	4	\$190	\$760
	d - paint W. entry gates (If)	28	33.70	\$944	8	4	\$118	\$472
	e - paint W. entry fence section (If)	5	33.70	\$169	8	4	\$21	\$84
	f - paint W. side entry gate (If)	25	33.70	\$843	8	4	\$105	\$420
	5 - Paint Mailboxes:							
	a - paint single mailboxes	4	110.00	\$440	8	4	\$55	\$220
	b - paint double mailboxes	50	135.00	\$6,750	8	4	\$844	\$3,376
	6 - Paint Street Signs:							
	a - paint street sign poles	19	90.00	\$1,710	8	4	\$214	\$856
C - Painting Total				\$42,530	8	4	\$5,318	\$21,428

2021 PHYSICAL RESERVE ANALYSIS

Delray Estuary Homeowner's Association, Inc.

Reserve Category	Component Items	Quantity Units	Unit Cost \$	Replacement Cost \$	Useful Life	Remaining Life	Normal Annual Contribution	Current Reserve Requirement
D - Guardhouse & Security								
1 - Gatehouse Interiors:								
	a - gatehouse cabinets (lf)	11	370.00	\$4,070	20	7	\$204	\$2,652
	b - gatehouse tiles	133	9.25	\$1,230	25	7	\$49	\$882
	c - gatehouse lighting	5	90.00	\$450	25	7	\$18	\$324
	d - gatehouse computer & related	1	1,200.00	\$1,200	8	1	\$150	\$1,050
	e - gatehouse fridge & microwave	1	800.00	\$800	10	5	\$80	\$400
	f - gatehouse sliding doors (6x8)	2	4,200.00	\$8,400	40	22	\$210	\$3,780
	g - gatehouse window (3x6)	1	1,550.00	\$1,550	40	22	\$39	\$702
	h - gatehouse 1ton a/c unit - 17	1	2,800.00	\$2,800	8	3	\$350	\$1,750
2 - Gatehouse Exteriors:								
	a - gatehouse exterior wall lights	4	225.00	\$900	15	10	\$60	\$300
	b - gatehouse awnings 18	80	16.50	\$1,320	8	4	\$165	\$660
	c - gatehouse awning frames	80	28.90	\$2,312	24	20	\$96	\$384
3 - South Entry Gate Equipment:								
	a - S. entry gate arm operators 06	2	4,800.00	\$9,600	15	1	\$640	\$8,960
	b - S. entry swing gate operators C	1	5,000.00	\$5,000	15	1	\$333	\$4,662
	c - S. entry swing gate operators 2	1	5,000.00	\$5,000	15	15	\$333	\$0
	d - S. entry swing gate operator 13	1	5,000.00	\$5,000	15	6	\$333	\$2,997
	e - S. entry gates (lf)	45	335.00	\$15,075	30	12	\$503	\$9,054
	f - S. entry RFID reader 12	1	3,800.00	\$3,800	8	1	\$475	\$3,325
	g - S. entry call box	1	3,500.00	\$3,500	15	3	\$233	\$2,796
4 - West Entry Gate Equipment:								
	a - W. entry gate arm operator 05	1	4,800.00	\$4,800	15	1	\$320	\$4,480
	b - W. entry swing gate operator 2	1	5,000.00	\$5,000	15	15	\$333	\$0
	c - W. entry swing gate operator 1	1	5,000.00	\$5,000	15	6	\$333	\$2,997
	d - W. entry gates (lf)	28	335.00	\$9,380	30	12	\$313	\$5,634
	e - W. entry RFID reader 20	1	3,800.00	\$3,800	8	6	\$475	\$950

2021 PHYSICAL RESERVE ANALYSIS

Delray Estuary Homeowner's Association, Inc.

Reserve Category	Component Items	Quantity Units	Unit Cost \$	Replacement Cost \$	Useful Life	Remaining Life	Normal Annual Contribution	Current Reserve Requirement
	f - W. entry call box (new) 21	1	3,500.00	\$3,500	15	0	\$233	\$3,495
	g - W. entry side gate (lf)	25	280.00	\$7,000	30	12	\$233	\$4,194
	5 - Security Cameras:							
	a - security cameras	5	1,200.00	\$6,000	8	1	\$750	\$5,250
	6 - Gate Access System:							
	a - entry access system	1	22,500.00	\$22,500	15	5	\$1,500	\$15,000
	b - note: gave additional life to entry access system in 2021 reserve update							
D - Guardhouse & Security Total				\$138,987	40	22	\$8,761	\$86,678

2021 PHYSICAL RESERVE ANALYSIS

Delray Estuary Homeowner's Association, Inc.

Reserve Category	Component Items	Quantity Units	Unit Cost \$	Replacement Cost \$	Useful Life	Remaining Life	Normal Annual Contribution	Current Reserve Requirement
E - Pool Area								
	1 - Pool Resurfacing:							
	a - resurface pool 18	1,288	6.65	\$8,565	12	8	\$714	\$2,856
	b - pool tiles 18	116	18.00	\$2,088	12	8	\$174	\$696
	c - pool coping	116	5.25	\$609	30	11	\$20	\$380
	d - note: pool coping when replacing pool deck pavers							
	2 - Pool Equipment:							
	a - pool pump 1.25hp 18	1	750.00	\$750	10	6	\$75	\$300
	b - pool variable pump 3hp 19	1	1,850.00	\$1,850	10	7	\$185	\$555
	c - pool filter 19	1	1,800.00	\$1,800	12	9	\$150	\$450
	d - pool feeders 18	2	595.00	\$1,190	10	6	\$119	\$476
	e - pool heater	1	5,700.00	\$5,700	12	1	\$475	\$5,225
	f - pool heater	1	5,700.00	\$5,700	12	2	\$475	\$4,750
	g - pool major repairs / additions 1	1	7,500.00	\$7,500	24	19	\$313	\$1,565
	h - note: pool heater fan motors replaced in 2015 and 2019 (gave 5 additional remaining life from date of install)							
	3 - Pool Furniture:							
	a - pool furniture 18	1	14,000.00	\$14,000	15	11	\$933	\$3,732
E - Pool Area Total				\$49,752	30	19	\$3,633	\$20,985

2021 PHYSICAL RESERVE ANALYSIS

Delray Estuary Homeowner's Association, Inc.

Reserve Category	Component Items	Quantity Units	Unit Cost \$	Replacement Cost \$	Useful Life	Remaining Life	Normal Annual Contribution	Current Reserve Requirement
F - Restore & Replacements								
	01 - Cabana Bldg.:							
	a - cabana building R&R	1	3,685.00	\$3,685	20	16	\$184	\$736
	b - cabana recessed lights & fans	1	1,265.00	\$1,265	15	10	\$84	\$420
	c - cabana single bath doors/frame	2	2,000.00	\$4,000	30	12	\$133	\$2,394
	d - cabana double doors	1	3,400.00	\$3,400	30	12	\$113	\$2,034
	e - renovate cabana restrooms	2	10,530.00	\$21,060	30	12	\$702	\$12,636
	f - cabana drinking fountain	1	850.00	\$850	12	4	\$71	\$568
	02 - Pool Area Fountain:							
	a - resurface pool area fountain	162	12.90	\$2,090	12	1	\$174	\$1,914
	b - renovate pool fountain R&R	1	2,950.00	\$2,950	25	7	\$118	\$2,124
	03 - West Entry Fountain:							
	a - resurface west entry fountain	288	12.90	\$3,715	12	1	\$310	\$3,410
	b - west entry fountain 1hp pump 1	1	580.00	\$580	10	6	\$58	\$232
	c - west entry fountain 1hp pump 1	1	580.00	\$580	10	6	\$58	\$232
	d - west entry fountain filter housin	1	925.00	\$925	20	16	\$46	\$184
	e - renovate W. entry fountain R&F	1	3,800.00	\$3,800	25	7	\$152	\$2,736
	04 - Mailboxes:							
	a - double mailboxes 18	50	900.00	\$45,000	20	16	\$2,250	\$9,000
	b - single mailboxes 18	4	625.00	\$2,500	20	16	\$125	\$500
	05 - Street Signs:							
	a - stop/street advisory signs	5	1,200.00	\$6,000	30	12	\$200	\$3,600
	b - advisory sings	14	850.00	\$11,900	30	12	\$397	\$7,146
	06 - Playground:							
	a - playground equipment	1	18,950.00	\$18,950	25	7	\$758	\$13,644
	b - playground border rail	166	12.75	\$2,117	25	7	\$85	\$1,530
	c - picnic table	1	1,200.00	\$1,200	20	2	\$60	\$1,080
	d - trash can	1	600.00	\$600	20	2	\$30	\$540

2021 PHYSICAL RESERVE ANALYSIS

Delray Estuary Homeowner's Association, Inc.

Reserve Category	Component Items	Quantity Units	Unit Cost \$	Replacement Cost \$	Useful Life	Remaining Life	Normal Annual Contribution	Current Reserve Requirement
07 - Fences & Walls Repairs & Replacements:								
	a - perimeter fence - lf	726	60.00	\$43,560	30	12	\$1,452	\$26,136
	b - pool area fence - lf	191	60.00	\$11,460	30	12	\$382	\$6,876
	c - pool entry gate 20	1	3,050.00	\$3,050	30	28	\$102	\$204
	d - perimeter concrete wall - lf R&F	3,037	63.00	\$191,331	35	17	\$5,467	\$98,406
	e - perimeter concrete wall R&R -	18,222	0.53	\$9,658	14	5	\$690	\$6,210
08 - Catch Basins:								
	a - street catch basins	26	4,200.00	\$109,200	60	42	\$1,820	\$32,760
	b - note: monies for any drainage related issues can be used from reserves from the catch drainage basin line item							
	c - note: as the association ages, the community will start to incur costs related to drainage repairs and replacements							
	d - note: all costs for the community storm water drainage issues are not in this budget							
	e - note: monies for drainage has been allocated to assist in possible repairs/replacements and or drain pipe lining							
	f - note: approximately \$25,000 was spent (2019/2020) for drainage related issue at the south entry guardhouse area							
09 - Seawall:								
	a - north seawall 15	303	1,265.00	\$383,295	60	53	\$6,388	\$44,716
	b - center seawall 15	270	1,265.00	\$341,550	60	53	\$5,693	\$39,851
	c - south seawall 15	289	1,265.00	\$365,585	60	53	\$6,093	\$42,651
	d - seawall cap 15	862	52.00	\$44,824	30	26	\$1,494	\$5,976
10 - Fishing Pier:								
	a - fishing pier lpe deck 18	1,270	33.25	\$42,228	25	21	\$1,689	\$6,756
	b - fishing pier wood joist	1,270	13.15	\$16,701	50	21	\$334	\$9,686
	c - fishing pier pilings	30	840.00	\$25,200	60	38	\$420	\$9,240
	d - fishing pier arbor / pergolas	186	28.07	\$5,221	25	3	\$209	\$4,598
	e - pier area furniture allowance 18	1	7,660.00	\$7,660	15	11	\$511	\$2,044
11 - Retaining Wall:								
	a - northside retaining wall	107	52.60	\$5,628	40	12	\$141	\$3,948
	b - northside retaining wall pilling	21	840.00	\$17,640	60	42	\$294	\$5,292
	c - center retaining wall	246	33.70	\$8,290	40	22	\$207	\$3,726

2021 PHYSICAL RESERVE ANALYSIS

Delray Estuary Homeowner's Association, Inc.

Reserve Category	Component Items	Quantity Units	Unit Cost \$	Replacement Cost \$	Useful Life	Remaining Life	Normal Annual Contribution	Current Reserve Requirement
	d - center retaining wall pilings	49	840.00	\$41,160	60	42	\$686	\$12,348
	e - southside retaining wall	143	52.60	\$7,522	40	12	\$188	\$5,264
	f - southside retaining wall pilings	29	840.00	\$24,360	60	42	\$406	\$7,308
	g - certain sections of the wall may have to be replaced sooner due to the adjacent ground against the wall							
	h - note: pricing difference on retaining wall due to free standing wall versus wall adjoining the soil/ground							
	12 - Aerators:							
	a - north lake aerator R&R	1	5,800.00	\$5,800	10	5	\$580	\$2,900
	b - south lake aerator R&R	1	5,800.00	\$5,800	10	5	\$580	\$2,900
	13 - Lake Shore Restoration:							
	a - N. lake shore restoration (24' c	1,250	50.50	\$63,125	25	19	\$2,525	\$15,150
	b - S. lake shore restoration (24" g	835	50.50	\$42,168	25	19	\$1,687	\$10,122
	c - lake shore & culverts R&R	2,085	2.50	\$5,213	15	11	\$348	\$1,392
	14 - Rock Bed:							
	a - riverside rock bed R&R	1	5,000.00	\$5,000	15	5	\$333	\$3,330
F - Restore & Replacements Total				\$1,969,396	60	53	\$46,827	\$476,450
Grand Total		289,965	217,809.24	\$2,806,994	60	53	\$87,103	\$966,883

RESERVE FUNDING FINANCIAL ANALYSIS

Delray Estuary Homeowner's Association, Inc.

		1/31/21	CURRENT			FUND				
		RESERVE	RESERVE			OVERAGE				
		BALANCE	REQUIRE			(DEFICIT)			Minimum Reserve	
		\$344,424	\$966,883			(\$622,459)			Fund Balance:	
									\$100,000	
POOL OF FUNDS		<u>Financial Year Runs January 1st to December 31st</u>								
		BEGINNING								ENDING
		RESERVE				NORMAL			EQUALS	RESERVE
		FUND		YEARLY		ANNUAL		AMORTIZED	YEARLY	FUND
	YEAR	BALANCE	COMPONENT EXPENSE ITEMS BY YEAR	EXPENSE		Contribution	PLUS	DEFICIT	Contribution	BALANCE
					11					
					Months					
2021		344,424	sealcoat & lining asphalt & west entry call box	9,542	Remaining	95,792		0	95,792	\$430,674
2022	1	430,674	b - re-asphalt parking areas (sy) d - gatehouse computer & related a - S. entry gate arm operators 06 b - S. entry swing gate operators 00 f - S. entry RFID reader 12 a - W. entry gate arm operator 05 a - security cameras e - pool heater a - resurface pool area fountain a - resurface west entry fountain	49,708		87,103		0	87,103	\$468,069
2023	2	468,069	f - pool heater c - picnic table d - trash can	7,500		87,103		0	87,103	\$547,672
2024	3	547,672	h - gatehouse 1ton a/c unit - 17 g - S. entry call box d - fishing pier arbor / pergolas	11,521		87,103		0	87,103	\$623,254
2025	4	623,254	a - paint pool cabana exterior bldg. b - paint guardhouse exterior bldg. a - paint cabana bath interior walls a - paint pool area planter walls b - paint perimeter walls (2 sides) a - paint perimeter metal fence (lf) b - paint poolside metal fence (lf) c - paint south entry gates (lf) d - paint W. entry gates (lf) e - paint W. entry fence section (lf) f - paint W. side entry gate (lf) a - paint single mailboxes b - paint double mailboxes a - paint street sign poles b - gatehouse awnings 18 f - cabana drinking fountain	44,385		87,103		0	87,103	\$665,972

		BEGINNING								ENDING
		RESERVE				NORMAL			EQUALS	RESERVE
		FUND		YEARLY		ANNUAL	AMORTIZED		YEARLY	FUND
	YEAR	BALANCE	COMPONENT EXPENSE ITEMS BY YEAR	EXPENSE		Contribution	PLUS	DEFICIT	Contribution	BALANCE
2026	5	665,972	a - re-asphalt main roadways (sy) c - sealcoat asphalt (sy) 21 d - asphalt line striping (sy) 21 a - paving repairs / surveys / misc. e - gatehouse fridge & microwave a - entry access system e - perimeter concrete wall R&R - sf a - north lake aerator R&R b - south lake aerator R&R a - riverside rock bed R&R	140,424		87,103		0	87,103	\$612,651
2027	6	612,651	d - S. entry swing gate operator 13 c - W. entry swing gate operator 13 e - W. entry RFID reader 20 a - pool pump 1.25hp 18 d - pool feeders 18 b - west entry fountain 1hp pump 18 c - west entry fountain 1hp pump 18	16,900		87,103		0	87,103	\$682,854
2028	7	682,854	a - pool cabana tile roof b - guardhouse tile roof a - gatehouse cabinets (lf) b - gatehouse tiles c - gatehouse lighting b - pool variable pump 3hp 19 b - renovate pool fountain R&R e - renovate W. entry fountain R&R a - playground equipment b - playground border rail	57,398		87,103		0	87,103	\$712,559
2029	8	712,559	b - paint guardhouse interiors a - resurface pool 18 b - pool tiles 18	10,968		87,103		0	87,103	\$788,694
2030	9	788,694	d - gatehouse computer & related f - S. entry RFID reader 12 a - security cameras c - pool filter 19	12,800		87,103		0	87,103	\$862,997
2031	10	862,997	c - sealcoat asphalt (sy) 21 d - asphalt line striping (sy) 21 a - gatehouse exterior wall lights b - cabana recessed lights & fans	8,207		87,103		0	87,103	\$941,893
2032	11	941,893	a - sidewalk pavers b - roadway pavers c - cabana parking area pavers d - poolside pavers h - gatehouse 1ton a/c unit - 17 c - pool coping a - pool furniture 18 e - pier area furniture allowance 18 c - lake shore & culverts R&R	417,858		87,103		0	87,103	\$611,138

		BEGINNING								ENDING
		RESERVE				NORMAL			EQUALS	RESERVE
		FUND		YEARLY		ANNUAL		AMORTIZED	YEARLY	FUND
	YEAR	BALANCE	COMPONENT EXPENSE ITEMS BY YEAR	EXPENSE		Contribution	PLUS	DEFICIT	Contribution	BALANCE
2033	12	611,138	a - paint pool cabana exterior bldg. b - paint guardhouse exterior bldg. a - paint cabana bath interior walls a - paint pool area planter walls b - paint perimeter walls (2 sides) a - paint perimeter metal fence (lf) b - paint poolside metal fence (lf) c - paint south entry gates (lf) d - paint W. entry gates (lf) e - paint W. entry fence section (lf) f - paint W. side entry gate (lf) a - paint single mailboxes b - paint double mailboxes a - paint street sign poles b - gatehouse awnings 18 e - S. entry gates (lf) d - W. entry gates (lf) g - W. entry side gate (lf) c - cabana single bath doors/frames d - cabana double doors e - renovate cabana restrooms a - stop/street advisory signs b - advisory signs a - perimeter fence - lf b - pool area fence - lf a - northside retaining wall e - southside retaining wall	189,520		87,103		0	87,103	\$508,721
2034	13	508,721	e - pool heater a - resurface pool area fountain a - resurface west entry fountain	11,505		87,103		0	87,103	\$584,319
2035	14	584,319	e - W. entry RFID reader 20 f - pool heater	9,500		87,103		0	87,103	\$661,922
2036	15	661,922	c - sealcoat asphalt (sy) 21 d - asphalt line striping (sy) 21 a - paving repairs / surveys / misc. e - gatehouse fridge & microwave c - S. entry swing gate operators 21 b - W. entry swing gate operator 21 f - W. entry call box (new) 21 a - north lake aerator R&R b - south lake aerator R&R	57,760		87,103		0	87,103	\$691,265
2037	16	691,265	b - paint guardhouse interiors a - S. entry gate arm operators 06 b - S. entry swing gate operators 00 a - W. entry gate arm operator 05 a - pool pump 1.25hp 18 d - pool feeders 18 a - cabana building R&R f - cabana drinking fountain b - west entry fountain 1hp pump 18 c - west entry fountain 1hp pump 18 d - west entry fountain filter housing a - double mailboxes 18 b - single mailboxes 18	75,775		87,103		0	87,103	\$702,593
2038	17	702,593	d - gatehouse computer & related f - S. entry RFID reader 12 a - security cameras b - pool variable pump 3hp 19 d - perimeter concrete wall - lf R&R	204,181		87,103		0	87,103	\$585,515
2039	18	585,515	g - S. entry call box	3,500		87,103		0	87,103	\$669,118

		BEGINNING								ENDING
		RESERVE				NORMAL			EQUALS	RESERVE
		FUND		YEARLY		ANNUAL		AMORTIZED	YEARLY	FUND
	YEAR	BALANCE	COMPONENT EXPENSE ITEMS BY YEAR	EXPENSE		Contribution	PLUS	DEFICIT	Contribution	BALANCE
2040	19	669,118	h - gatehouse 1ton a/c unit - 17; g - pool major repairs / additions 17; e - perimeter concrete wall R&R - sf; a - N. lake shore restoration (24' geotube) lf; b - S. lake shore restoration (24" geotube) lf	125,251		87,103		0	87,103	\$630,970
2041	20	630,970	c - sealcoat asphalt (sy) 21 d - asphalt line striping (sy) 21 a - paint pool cabana exterior bldg. b - paint guardhouse exterior bldg. a - paint cabana bath interior walls a - paint pool area planter walls b - paint perimeter walls (2 sides) a - paint perimeter metal fence (lf) b - paint poolside metal fence (lf) c - paint south entry gates (lf) d - paint W. entry gates (lf) e - paint W. entry fence section (lf) f - paint W. side entry gate (lf) a - paint single mailboxes b - paint double mailboxes a - paint street sign poles b - gatehouse awnings 18 c - gatehouse awning frames a - entry access system a - resurface pool 18 b - pool tiles 18 a - riverside rock bed R&R	90,042		87,103		0	87,103	\$628,031
END			TWENTY YEAR REPAIR / REPLACEMENT PROJECTIONS							



Guardhouse Exteriors and Interiors

Delray Estuary Homeowner's Association, Inc.



South Entry Gates & Gate Operators

Delray Estuary Homeowner's Association, Inc.



South Entry Gate Area Operators and Equipment

Delray Estuary Homeowner's Association, Inc.



West Entry/Exit Gates and Gate Area Equipment

Delray Estuary Homeowner's Association, Inc.



Pool & Pool Area Furniture



Pool Equipment



Pool Area Metal Fencing &
Planter Walls



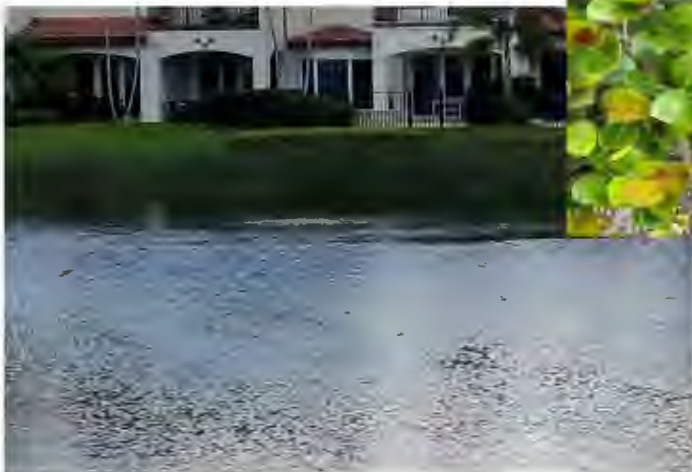


Cabana & Cabana Restrooms



Fishing Pier and Related Components/Assets

Delray Estuary Homeowner's Association, Inc.



Lake Aerators (2)



Association Seawalls / Rip Rap Rock / Lake Shoreline / Retention Walls

Delray Estuary Homeowner's Association, Inc.



Association Play Area /
Mailboxes / Street Signs





Association Fountains



Roadway Asphalt and Street Drain Catch Basins



Sidewalk Pavers and Roadside Valley Drains



Roadway Pavers and Pool/Cabana Pavers

Delray Estuary Homeowner's Association, Inc.

Delray Estuary Homeowners Association, Inc.

2021 BUDGET

	2020 Budget	2021 Budget
<u>Revenue -</u>		
Maintenance Assessment	895,144	910,050
Specialty Loan Reptmt. Assessment	15,000	
Previous Surplus Income	-	
Interest - Operating	-	
Rental & Sales Fees	-	
Late Fee Income	-	
Owner Interest Income		
Fines Income		
Legal Fee Income-Owner		
Pool Key		
Gate/Card/Remote	-	
Misc Income		
Holiday Appreciation Fund		
Mailbox Assessment Income		
Total Revenue	910,144	910,050
<u>Expenses -</u>		
<u>Utilities -</u>		
Electric - Street Lights	16,000	16,000
Electric - Pool Cabana	4,500	3,700
Electric - Gate House	1,600	1,250
Electric - Pumps	1,200	1,120
Electric - Lake Pump	800	400
Water & Sewer	40,000	35,500
Security Alarm Monitoring	25,000	25,500
Telephone	4,000	3,090
Total Utilities	93,100	85,560
<u>Operating Expenses</u>		
Lawn Maintenance	113,000	116,000
Irrigation Monthly Water Check	-	
Landscape Mulch	25,000	20,000
Extermination	1,500	1,750
Pest Control - Turf & Plants	3,500	3,500
White Fly - Spraying & Ficus	9,600	6,000
Janitorial	25,500	25,500
Pool / Fountain Maintenance	6,000	6,000
Security	175,000	190,000
Dwelling Live	5,000	4,190
Security computers, tech support, supplies		1,250
Gate AC Maintenance	7,000	1,100
Lake Maintenance	-	7,000
Pest. - Plants/trees/turf	14,340	25,000
Preserve Maintenance		3,000
Holiday Lights	-	
Total Operating Expenses	385,440	400,290

Approved 11/6/20
Samuel Whelan

Delroy Estuary Homeowners Association, Inc.
2021 BUDGET

	2020 Budget	2021 Budget
<u>Repairs & Maintenance -</u>		
Building Repairs	8,000	40,000
Landscape Extras	182,700	120,000
Landscape Unexpected	12,000	11,000
Tree Trimming	32,000	32,000
Irrigation Repairs	3,000	8,500
Irrigation Improvements	15,000	10,000
Pool / Fountain Repairs	3,000	3,000
Gate Repairs	4,000	10,000
Total Repairs & Maintenance	<u>259,700</u>	<u>234,500</u>
<u>Administrative -</u>		
Management Fees	32,724	35,000
Legal / Professional Fees	10,000	7,000
Accounting Fees	4,500	4,500
Licenses Fees	600	500
Office Supplies	3,000	4,000
Reserve Study Update		2,000
Bank Charges		-
Bad Debt Expense		
Social Committee Expense		
Communications	800	500
Loan Int Expense	4,280	4,900
Administrative Expense		
Total Administrative Expenses	<u>55,904</u>	<u>56,400</u>
<u>General -</u>		
Insurance	21,000	23,800
Total General Expenses	<u>21,000</u>	<u>23,800</u>
<u>Reserves -</u>		
Reserves - Pooling	80,000	104,500
Total Reserves	<u>80,000</u>	<u>104,500</u>
Total Expenses	<u>895,144</u>	<u>910,050</u>
Excess of Revenue over expenses	<u>15,000</u>	
<u>Cash Needs -</u>		
Total expenses	895,144	910,050
Funds	<u>15,000</u>	<u>910,050</u>
	<u>910,408</u>	<u>910,050</u>
Total units	104	104
Assessment per unit per quarter	2,196	2,188

DELRAY ESTUARY HOMEOWNERS ASSOCIATION, INC.

Page: 1

Balance Sheet
As of 01/31/21

ASSETS

OPERATING CASH

1038 Synovus Bank Operating \$ 462,416.14

TOTAL OPERATING CASH

\$ 462,416.14

RESERVE CASH

1085 Synovus Bank Reserve \$ 344,424.10

TOTAL RESERVE CASH

\$ 344,424.10

ACCOUNTS RECEIVABLE

1210 Accounts Receivable C 19,786.77

1218 Late Fee Receivable 200.00

1221 Owner/ Interact Receivable 172.10

TOTAL ACCOUNTS RECEIVABLE

\$ 20,158.87

PREPAIDS & DEPOSITS

1250 Prepaid Insurance \$ 13,409.50

1255 Prepaid Expenses 498.00

1270 FPL Utility Deposit 228172 309.44

TOTAL PREPAIDS & DEPOSITS

\$ 14,101.94

TOTAL ASSETS

\$ 841,181.05

LIABILITIES & FUND BALANCES

CURRENT LIABILITIES

2010 Accounts Payable \$ 112,568.69

2027 APW-Admin Fees Payable 200.00

2030 AFM - NSF Payable 35.00

2033 Redmond Security Deposit 40,165.28

2035 Prepaid Owner's Assessment 17,820.51

2040 Lease Security Deposits 8,000.00

2080 Deferred Assessment Revenue 151,701.28

2077 Holiday Appreciation Fund 9,040.86

2081 Accrued Multi 1,666.87

2080 Accrued Accounting Fees 4,076.00

TOTAL CURRENT LIABILITIES

\$ 346,189.95

DELRAY ESTUARY HOMEOWNERS ASSOCIATION, INC.

Page: 2

Balance Sheet
As of 01/31/21

RESERVE LIABILITIES	
2593 Reserve - Funding	\$ 230,997.00
2591 Interest Reserve	13,427.10
TOTAL RESERVE LIABILITIES	\$ 244,424.10
FUND BALANCES:	
3026 Fund Balance - Beginning	77,764.00
3027 Capital Contributions - Owners	61,750.00
Excess Revenue over Expenses	11,053.89
TOTAL FUND BALANCES	\$ 150,567.89
TOTAL LIABILITIES & FUND BAL.	\$ 395,041.05
DELRAY ESTUARY HOMEOWNERS ASSOCIATION, INC.	

DELRAY ESTUARY HOMEOWNERS ASSOCIATION, INC.

Page: 1

Revenue/Expense Statement
Period: 01/01/21 to 01/31/21

Account	Current Period Budget	Variance	Account	Description	Actual	Year-to-Date Budget	Variance	Yearly Budget
REVENUE								
MAINTENANCE REVENUE:								
75.850.67	75.857.50	13.17	01010	Maintenance Assignment	75.850.87	75.857.50	13.17	810,050.00
75.850.87	75.857.50	13.17		TOTAL MAINTENANCE REVENUE	75.850.87	75.857.50	13.17	810,050.00
OTHER REVENUE:								
300.00	.00	300.00	04225	Late Fee Income	300.00	.00	300.00	.00
258.21	.00	258.21	04230	Owner Interest Income	258.21	.00	258.21	.00
75.00	.00	75.00	04280	Pool Keys	75.00	.00	75.00	.00
550.00	.00	550.00	04285	Gated Community	550.00	.00	550.00	.00
154.55	.00	154.55	04295	Misc. Income	154.55	.00	154.55	.00
1,347.76	.00	1,347.76		TOTAL OTHER REVENUE	1,347.76	.00	1,347.76	.00
77,198.43	75,857.50	1,340.93		TOTAL REVENUE	77,198.43	75,857.50	1,340.93	910,050.00
EXPENSES								
UTILITIES								
1,467.84	1,333.33	(134.51)	015010	Electric - Street Lights	1,467.84	1,333.33	(134.51)	16,000.00
434.06	475.00	40.94	025014	Electric - Pool Equipment	434.06	475.00	40.94	5,700.00
102.12	104.17	2.05	025012	Electric - Gated House	102.12	104.17	2.05	1,250.00
97.02	93.33	(3.69)	030013	Electric - Pumps	97.02	93.33	(3.69)	1,120.00
21.75	33.33	11.57	030014	Electric - Lake Pumps	21.76	33.33	11.57	400.00
9,730.81	2,858.33	(6,872.28)	050020	Water & Sewer	9,730.81	2,858.33	(6,872.28)	35,500.00
2,080.84	2,125.00	44.06	050030	Security Alarm Monitoring	2,080.84	2,125.00	44.06	25,600.00
89.69	267.50	167.81	050035	Telephone	89.69	267.50	167.81	3,000.00
4,074.04	7,379.89	(3,305.85)		TOTAL UTILITIES	4,074.04	7,379.89	(3,305.85)	59,650.00
OPERATING								
9,172.75	9,586.87	413.92	05510	Lawn Maintenance	9,172.75	9,586.87	413.92	114,000.00
1,885.67	1,596.87	(288.80)	06	Landscape Munch	1,885.67	1,596.87	(288.80)	20,000.00
.00	145.83	145.83	06525	Extermination	.00	145.83	145.83	1,750.00
233.00	291.67	58.67	06540	Pest Control - Turf & Plants	233.00	291.67	58.67	3,500.00
.00	500.00	500.00	06545	White Fly - Spraying & Flow	.00	500.00	500.00	6,000.00
2,125.00	2,125.00	.00	06550	Waterfall	2,125.00	2,125.00	.00	25,500.00
425.00	500.00	75.00	06555	Pool / Fountain Maintenance	425.00	500.00	75.00	5,000.00
14,530.50	15,833.33	1,174.77	06560	Security	14,530.50	15,833.33	1,174.77	180,000.00
384.39	345.17	(45.82)	06581	Dwelling Live	384.39	345.17	(45.82)	4,100.00

DELRAY ESTUARY HOMEOWNERS ASSOCIATION, INC.

Page: 2

Revenue/Expense Statement Period: 01/01/21 to 01/31/21

Account	Balance	Debit	Credit	Account	Description	Actual	Budget	Variance	Fund
00	104.17			Security Comp, Mech, Suppl		.00	104.17	104.17	1,250.00
.00	583.33			Leak Maintenance		.00	583.33	583.33	7,000.00
2,550.00	1,250.00			Preserve Maintenance		2,550.00	1,250.00	(1,300.00)	16,000.00
250.00	250.00			Holiday Decorations		250.00	250.00	.00	3,000.00
31,475.97	33,265.84			TOTAL OPERATING		31,475.97	33,265.84	1,789.87	389,180.00
461.24	3,333.33			Building Repairs		461.24	3,333.33	2,872.09	40,000.00
7,332.34	10,000.00			Landscape Other (Exotic)		7,332.34	10,000.00	2,667.66	120,000.00
.00	916.67			Landscape Extra (Unmowed)		.00	916.67	916.67	11,000.00
2,586.67	2,586.67			Turf Trimming		2,586.67	2,586.67	.00	32,000.00
425.00	708.33			Irregular Repairs		425.00	708.33	283.33	8,500.00
.00	833.33			Irregular Improvement		.00	833.33	833.33	10,000.00
.00	250.00			Pool / Founain Repairs		.00	250.00	250.00	2,000.00
1,980.00	833.33			Gate Repairs		1,980.00	833.33	(546.67)	10,000.00
91.67	91.67			Gate A/C Maintenance		91.67	91.67	.00	1,400.00
12,357.52	19,633.33			TOTAL MAINTENANCE & REPAIR		12,357.52	19,633.33	7,275.81	235,800.00
2,916.67	2,916.67			Management Fees		2,916.67	2,916.67	.00	35,000.00
.00	583.33			Legal / Professional Fees		.00	583.33	583.33	7,000.00
376.00	376.00			Association Fees		376.00	376.00	.00	4,500.00
.00	41.67			Licenses Fees		.00	41.67	41.67	500.00
.00	166.67			Reserve Study Update		.00	166.67	166.67	2,000.00
251.05	333.33			Office Supplies		251.05	333.33	82.28	4,000.00
.00	41.67			Social Communications Events		.00	41.67	41.67	500.00
70.62	408.33			Communications		70.62	408.33	337.71	4,900.00
3,413.34	4,896.67			TOTAL ADMINISTRATIVE		3,413.34	4,896.67	1,483.33	55,400.00
1,815.64	1,815.64			Liability & Hazard Insurance		1,815.64	1,863.33	67.69	23,000.00
1,815.64	1,815.64			TOTAL GENERAL		1,815.64	1,863.33	67.69	23,000.00
6,708.33	6,708.33			Reserve - Pooling		6,708.33	6,708.33	.00	104,500.00
6,708.33	6,708.33			TOTAL RESERVES		6,708.33	6,708.33	.00	104,500.00
65,144.84	75,057.49			TOTAL EXPENSES		65,144.84	75,057.49	9,912.65	910,080.00

Definitions

AMORTIZED DEFICIT: A deficit is created when the association's reserve fund balance falls below the minimum threshold set by the reserve analyst and or the board over the 20-year reserve analysis. A deficit is typically created when the starting reserve balance plus the normal annual contributions are insufficient to cover the replacement of capital expenses over a period of 20 years. A deficit can occur once and or multiple times over a period of the 20-year analysis. For example: The minimum reserve threshold balance is \$50,000 and the normal annual contribution is \$60,000. During the analysis, if in year 5 the association's reserve fund balance is a negative \$20,000, we would need to add \$70,000 in order to maintain the minimum threshold of \$50,000 in year 5. This \$70,000 is not charged to that year's contribution but amortized into the previous years for a more equitable distribution of the deficit. The \$70,000 would then be divided by the preceding 5 years with an amortized deficit of \$14,000 a year. The new Annual Contribution would then be \$74,000 (\$60,000 + \$14,000) for the next 5 years.

CAPITAL EXPENDITURE(S): Any expenditure of funds related to the maintenance and or replacement of an asset that has a greater life expectancy than 1 year.

CAPITAL IMPROVEMENTS: Additions to the association's common elements that previously did not exist. While these components should be added to the reserve study for future replacement, the cost of construction should not be taken from the reserve fund.

CASH FLOW METHOD: A method of developing a reserve funding plan where contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different reserve funding plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.

COMPONENT(S): The individual assets listed in the reserve analysis section of the report within the reserve study. These assets form the building blocks for the reserve study. These components comprise the common elements of the community and typically are: 1. association responsibility, 2. with limited useful life expectancies, 3. predictable remaining useful life expectancies, and 4. above a minimum threshold cost. It should be noted that in certain jurisdictions there may be statutory requirements for including components or groups of components in the reserve study.

COMPONENT INVENTORY: The task of selecting and quantifying reserve components. This task can be accomplished through on-site visual observations, review of association design and organizational documents, review of association precedents, and discussion with appropriate representative(s) of the association.

COMPONENT METHOD: A method of developing a reserve funding plan where the total contribution is based on the sum of contributions for the individual components. **CONDITION ASSESSMENT:** The task of evaluating the current condition of the component based on observed or reported characteristics.

CURRENT RESERVE REQUIREMENT: The amount of money the association should have today or by year end in the association's reserve account to meet ALL current and future replacement and maintenance of assets/component items. This amount is calculated using the Replacement Cost divided by the Useful Life times the Effective Age. For example, A roof costing \$50,000 with a 20-year useful life would create a Normal Annual Contribution of \$2,500. If the roof is 12 years old (effective age), the Current Reserve Requirement would be $\$2,500 \times 12 \text{ years} = \$30,000$. This is referred to as "100% funded" or "fully funded". This exists when the actual association's reserve fund balance equals the 100% funded reserve requirement. Actual reserve fund is the current dollar balance in the association's reserve account.

EFFECTIVE AGE: The difference between useful life and remaining useful life. Not always equivalent to chronological age, since some components age irregularly. Used primarily in computations.

FINANCIAL ANALYSIS: The portion of a reserve study where the current status of the reserves (measured as cash or percent funded) and a recommended reserve contribution rate (funding plan) are derived, and the projected reserve income and expense over a period of time are presented. The financial analysis is one of the two parts of a reserve study.

FULLY FUNDED: 100 percent funded. When the actual reserve balance of the association is equal to the current reserve requirement.

FULLY FUNDED BALANCE (FFB): An indicator against which the actual (or projected) reserve balance can be compared. The reserve balance that is in direct proportion to the fraction of life "used up" of the current repair or replacement cost. This number is calculated for each component, and then summed for an association total.
 $\text{FFB} = \text{Current Cost} \times \text{Effective Age} / \text{Useful Life}$ Example: For a component with a \$10,000 current replacement cost, a 10-year useful life and effective age of 4 years the fully funded balance would be \$4,000.

FUND STATUS: The status of the reserve fund reported in terms of cash or percent funded.

FUNDING GOALS: Independent of methodology used, the following represent the basic categories of funding plan goals. They are presented in order of greatest risk to least risk. Risk includes, but is not limited to, cash problems, special assessments, and deferred maintenance.

Baseline Funding: Establishing a reserve funding goal of allowing the reserve cash balance to never fall below zero (\$0) during the cash flow projection period of 20 or 30 years. This is the funding goal with the greatest risk due to the variabilities encountered in the timing of component replacements and repair and replacement costs.

Threshold Funding: Establishing a reserve funding goal of keeping the reserve balance above a specified dollar or percent funded amount. Depending on the threshold selected, this funding goal may be weaker or stronger than “Fully Funded” with respective higher risk or less risk of cash problems.

Full Funding: Setting a reserve funding goal to attain and maintain reserves at or near 100 percent funded. This is the most conservative funding goal. It should be noted that in certain jurisdictions there may be statutory funding requirements that would dictate the minimum requirements for funding.

FUNDING PLAN: An association’s plan to provide income to a reserve fund to offset anticipated expenditures from that fund. The plan must be a minimum of twenty (20) years.

LIFE AND VALUATION ESTIMATES: The task of estimating useful life, remaining useful life, and current repair or replacement costs for the reserve components.

NORMAL ANNUAL CONTRIBUTION: Calculated using the individual component’s replacement cost divided by the useful life of that particular component item. For example, a roof costing \$50,000 with a useful life of 20 years would create a normal annual contribution of \$2,500. The normal annual contribution can be different from the annual contribution if a deficit is created in the association’s reserve fund balance over a period of 20 years. See “amortized deficit” above.

PERCENT FUNDED: The ratio, at a particular point in time, of the actual (or projected) reserve balance to the fully funded balance, expressed as a percentage. While percent funded is an indicator of an association’s reserve fund size, it should be viewed in the context of how it is changing due to the association’s reserve funding plan in light of the association’s risk tolerance.

PHYSICAL ANALYSIS: The portion of the reserve study where the component inventory, condition assessment, and life and valuation estimate tasks are performed. This represents one of the two parts of the reserve study.

REMAINING USEFUL LIFE (RUL): Also referred to as “remaining life” (RL). The estimated time, in years, that a reserve component can be expected to serve its intended function. Projects expected to occur in the initial year have zero remaining useful life.

REPLACEMENT COST: The cost to replace, repair, or restore the component to its original functional condition during that particular year, including all related expenses (including but not limited to shipping, engineering, and design, permits, installation, disposal, etc.).

RESERVE BALANCE: Actual or projected funds, as of a particular point in time that the association has identified, to

defray the future repair or replacement cost of those major components that the association is obligated to maintain or replace. Also known as reserves, reserve accounts, cash reserves. Based on information provided and not audited.

RESERVE PROVIDER: An individual who prepares reserve studies. In many instances the reserve provider will possess a specialized designation such as the Reserve Specialist (RS) designation provided by Community Associations Institute (CAI). This designation indicates that the provider has shown the necessary skills to perform a reserve study that conforms to these standards.

RESERVE CATEGORY(IES): Major asset category types created for the association, for example: Roofing, Painting, Paving, Pool, Replace & Restoration, etc. Each major category will have individual components/assets that are related to the major category.

RESERVE PROVIDER FIRM: A company that prepares reserve studies as one of its primary business activities.

RESERVE STUDY: A budget planning tool which identifies the components that the association is responsible to maintain or replace, the current status of the reserve fund, and a stable and equitable funding plan to offset the anticipated future major common area expenditures. The reserve study consists of two parts: the physical analysis and the financial analysis.

SPECIAL ASSESSMENT: This is an additional assessment collected by the BOD of the association when there are not sufficient funds in reserves to cover the costs of the asset replacement. A special assessment can also be charged to members for upgrades and or major interior renovation projects.

USEFUL LIFE (UL): The estimated time, in years, that a reserve component can be expected to serve its intended function if properly constructed in its present application or installation.

PRODUCT & MATERAIL
PRICING ~ DESCRIPTIONS ~ LONGEVITY
RESOURCES

Marshall & Swift Publications (Corelogic) – monthly/quarterly pricing updates)

“Marshall Valuation Service Manual” is a national authoritative pricing guide for developing replacement cost, insurable values, equipment cost, depreciation, and normal useful lives on nearly every type of equipment or improved property. This on-line software is a national authoritative pricing guide for developing replacement cost valuation of commercial and agricultural properties.

Additional Resources: local consulting trade contractors, invoices & contracts collected in current and prior years from similar types of associations and cooperatives in your local area.

PARTIAL LISTING OF CONSULTING CONTRACTORS

Company Name	Phone Number	Contact Name	Type of Service	Website Address
ACE Courts	407-702-3690	Jeff Snodgrass	Sports Courts	www.acecourtsinc.com
A-1 Appliance Repair	561-232-9411	Fred Kaye	Repair on all Major Appliances	www.A1appliancefla.com
Adel Resurfacing Company	561-848-3973	Marty Adel	Asphalt & Concrete Paving	
Advance Roofing, Inc.	954-522-6868	Randy Gibson	Roofing	
Alenac & Associates	954-558-4131	Ann Klecan	Railing, Fencing, Shutters, Restoration	www.alenacmetals.com
All County Pavement Management	561-588-0949		Paving Contractor, Repair and Maintenance	https://allcountypaving.com/
Allied Universal Security Services	954-698-5888		Security Services	www.aus.com
All Pro Painting & Waterproofing	561-482-1855		Painting, Waterproofing, Restoration	www.allpropaintfl.com
APB Security, Inc.	754-367-1951	Tom Acosta	Security Gaurds, Monitoring, Officers	www.apbinc.com
Asphalt Restoration Technology	800-254-4732		Asphalt & Concrete Paving	
Bass United Fire & Security System	800-372-2770	Brad Hiddon/Linda	Fire Alarm & Sprinkler, Security & Camera Systems	www.bassunited.com
BB&T Bank	561-251-1980	Jayne Gelfand	Community Banking Specialist	
Beautiful Mailbox	305-403-4820	Sheri Corsetti	Mailboxes & Street Signs	www.beautifulmailbox.com/
Becker & Poliakoff, PA	954-987-7550	Kenneth Direktor	Attorney	www.beckerlawyers.com
Best Roofing	888-723-2378	Gregg Wallick	Roofing	www.bestroofing.net
Billerreinhardt Engineering Group	954-951-9006	Kristen Forman	Structural Engineer	
B.P. Taurinski Engineering	561-997-6141	John Bygott	Stuctural Engineer	
Botanical Visions, Inc.	561-361-6677	William Reeves	Horticulturalist/ Landscaping	www.botanicalvisions.com
Boynton Billards	561-543-0928	Josh Gibson	Game Room related products	www.boyntonbilliards.com
Budget Signs, Inc.	954-941-5710	April Simmons	Signs, Mailboxes & Monuments	www.signsatsimmonsdesigngroup.com
Carousel Construction	561-272-3700	Michael Bianchini	Concrete Restorations	www.cdri.net
Caulfield & Wheeler	561-392-1991		Survey /Civil Engineering	www.cwi-assoc.com
Centennial Bank	561-236 3378	Jennifer Olson/Kathy Naughton	Community Banking Specialist	www.my100bank.com
Center State Bank	561-237-2991	Martha MaDan	Community Banking Specialist	
Chalaire & Associates Engineering	561-848-7055	Donald Chalaire	Engineering- buildings, seawall & Docks	www.chalaireandassociates.com
Circle Generator Service	954-767-8331	Karl Schibinger	Generator	www.circlegenerators.com
Citiquiet Windows & Doors	561-241-9463	Benjamin Friedman	Windows & Doors	www.citiquiethurricanewindows.com
Climate Control Services	561-278-7125	Chuck Walker	Air Conditioning Serv.	
Chapnick Community Association Law	561-330-3096	Michael Chapnick	Attorney	www.michaelchapnick.com
Coastal Painting	800-320-8083		Painting, Waterproofing, Restoration	www.coastalpaintingcompany.com
Conduu Web Soultution/IBA	561-602-5688	Bob Currie	Website, apps & Software for Mgmt, HOA & COA	https://conduu.com/

Company Name	Phone Number	Contact Name	Type of Service	Website Address
Community Associaiton Institute	561-716-3646	Michele Bilawsky	Chapter Executive Director	
Core Logic/Marshall Valuation Service	800-526-2756		Building Cost Estimator	
Culpepper Plumbing /Advantage Rooter	561-478-7878	Tom Fucarile	Lift Station, Plumbing Risers, Septic tank	www.culpepperplumbing.com
Daniello & Associates, Inc.	561-835-4788	Lou Daniello	Concrete Restorations, Painting & Water Proofing,	www.concreterepairing.net
Decks & Docks Lumber Company	561-609-9925	Scott Boelman	Decks,Docks, Piers, and Seawall	www.decks-docks.com
Decktight Roofing Services	800-825-7663	Randy Bender	Roofing-Miami Skyline	www.decktight.com
Dock & More Construction Company	561-753-3600	Patrick Dabney	Docks & Seawalls	https://docksmore.com/
Driveway Maintenance Inc.	561-848-4004	Nick Small	Asphalt & Concrete Paving	www.driveway.net
Dry-Concepts	954-370-7778		Mold Remediation & Disaster Restoration	www.dryconcepts.com
Duct Masters	954-791-4111	Roger Herde	Air Conditioning & Consultation, Duct Cleaning	www.ductmasters.com
Dykes, Stevens & Co. CPA	561-392-4228	Scott Stevens	CPA, Accounting & Audit	
Boca Dock & Seawall	561-750-4255	Ken Wells/ Gary	Docks & Seawalls	
Elcon Electronic	800-446-8915		Street Lighting & Electric Service	www.elconelectric.com
Erosion Barrier Installations	954-680-8603		Lake Erosion, Retaining & Seawall	www.erosionbarrier.com
Fast Dry Courts, Inc.	954-979-3111		Sports Courts	www.fast-dry.com
Florida Playgrounds	800-715-7617	Manny Espaillat	Playgrounds Design, Repair, Surfacing & Shade	www.floridaplaygrounds.net
Florida Sidewalk Solutions	954-514-7218		Sidewalk Repairs	www.floridasidewalksolutions.com
Fuoco Group, LLC. CPA	561-367-2960		CPA, Accounting & Audit	www.fuoco.com
Hafer Accounting, CPA	561-655-8700	Nicole Johnson	CPA, Accounting, Consulting & Audit	www.hafercpas.com
Hartzel Painting	954-957-9761		Painting, Waterproofing, Restoration	www.myhartzell.com
Hoover Pumping Systems	954-971-7350	Donna Hoover	Irrigation Pump Stations	www.hooverpumping.com
Howard J. Miller PA & Associates	561-392-2326	Steve Young	Engineering	
HVAC Masters LLC.	786-577-4829	Carlo or Monique	A/C, Cooling & Heating	www.hvacmastersfl.com
Industrial Engineering Services	800-432-6304	Carol	Mechanical Contractor, Pipe installation	
James C. Witteck, INC	772-215-8965	James Witteck	Lift Stations & Waste Water Treatment Plant Maint.	
J. B. Painting & Waterproofing	800-228-3992	Jim Brown	Painting, Waterproofing, Restoration	https://jbpaint.com
Kaye & Bender	954-928-0680	Michael Bender	Attorney	www.kbrlegal.com
Kids Stuff Play Systems	800-255-0153	Dick Hagelberg	Playgrounds, Repair, Surfacing & Shade	www.kidstuffplaysystems.com
Lake & Wetland Management	561-220-4380		Lake & Wetland Management	www.lakeandwetland.com
Landmark Elevator Consultants	954-785-1947	Peter Hofmeister	Consultant	www.landmarkelevatorconsultants.com
The Loomis Company	954-772-0448	Hector Medina	Insurance	www.loomisco.com
Merlin Law Group, PA	877-449-4700	Chip Merlin	Attorney,Insurance Claims	https://www.merlinlawgroup.com

Company Name	Phone Number	Contact Name	Type of Service	Website Address
Mr Rooter Plumbing	800-863-5874		Plumbing & Drains	https://www.mrrooter.com/
OK Generator	800-385-3187		generator company	http://www.okgenerators.com
Onmy & O'Donnell, Naccarto, Mignogna	561-835-9994	Joseph Mincuzzi	Structural Engineer	https://www.onmj.net/
Plastridge Insurance Agency	561-276-5221	Mike Bottcher	Association Insurance Agent	https://www.plastridge.com/
Railsback Pump & Control Services	954-792-6627	George/Pam	Fire pumps, Replace, Repair & Rebuilt	
Ranger Construction	561-793-9400	Brill Maxwell	Asphalt Paving	http://www.rangerconstruction.com/
RCI Painting	954-978-1213	Marcel Rosen	Painting Company	
Rick Carroll Insurance	800-290-3181	Keith Carroll	Insurance Agent	https://www.rickcarroll.com/
Robert Dunn Signs	561 969-3296	Robert Dunn	Stop signs, street signs etc.	www.robertdunnsigns.com
Roof-A-Cide	800-806-6727	John Browne	Roof Cleaning	https://roof-a-cide.com/
Solitude Lake Management	561-293-4809	Gary Wilhem	wetland, Aeration, weed control, Erosion	www.solitudelakemanagement.com
Sachs, Sax & Caplan	561-994-4499	Lou Caplan	Attorney	https://ssclawfirm.com
Sailfish Mechanical & Plumbing	561-303-4413	Kim Micolo	Pool Heater, A/C, Boiler, Pumps	https://sailfishmechanical.com
Shenandoah Construction	954-975-0098	Danny DiMura	Pipes & Drainage Clean/Repairs	www.shenandoahconstruction.com
South Florida Mailbox	561-389-2491	Klye Koteles	Mailboxes	www.southfloridamailbox.com
Southern Chute	866-475-9191		Trash Chutes	ww.southernchute.com
Southern Park & Play Systems, Inc.	800-247-1545	Larry Thompson	Playground and Park Equipment	http://www.southernparkandplay.com
Sullivan Electric & Pump, Inc.	561-588-5886	Gary Sullivan	Irrigation, Pump, Motor, Electric services	http://www.sullivanelectric-pump.com
Symbiont Service Corp.	800-881-4328		Pool Heating, cooling, A/C	https://symbiontservice.com/
The Nidy Co./ Vasco Group	800-226-6439		Sports Courts	www.nidy-sports.thevascogroup.com/
Turf Kingdom	561-630-8733	Linda DiAlfonso	Turf installation	https://turfkingdom.com/
Victory Accounting Services, Inc.	561-739-7990	Vicki Feicht	Accounting	www.victoryaccounting.com
Whiting Construction	772-223-1215	Gene Whiting	General Contractor	
Zabatt Generators, Inc.	800-366-1323		Generators	www.zabatt.com

Florida Statutes – Chapter 720

(6) BUDGETS.—

(a) The association shall prepare an annual budget that sets out the annual operating expenses. The budget must reflect the estimated revenues and expenses for that year and the estimated surplus or deficit as of the end of the current year. The budget must set out separately all fees or charges paid for by the association for recreational amenities, whether owned by the association, the developer, or another person. The association shall provide each member with a copy of the annual budget or a written notice that a copy of the budget is available upon request at no charge to the member. The copy must be provided to the member within the time limits set forth in subsection (5).

(b) In addition to annual operating expenses, the budget may include reserve accounts for capital expenditures and deferred maintenance for which the association is responsible. If reserve accounts are not established pursuant to paragraph (d), funding of such reserves is limited to the extent that the governing documents limit increases in assessments, including reserves. If the budget of the association includes reserve accounts established pursuant to paragraph (d), such reserves shall be determined, maintained, and waived in the manner provided in this subsection. Once an association provides for reserve accounts pursuant to paragraph (d), the association shall thereafter determine, maintain, and waive reserves in compliance with this subsection. This section does not preclude the termination of a reserve account established pursuant to this paragraph upon approval of a majority of the total voting interests of the association. Upon such approval, the terminating reserve account shall be removed from the budget.

(c)1. If the budget of the association does not provide for reserve accounts pursuant to paragraph (d) and the association is responsible for the repair and maintenance of capital improvements that may result in a special assessment if reserves are not provided, each financial report for the preceding fiscal year required by subsection (7) must contain the following statement in conspicuous type:

THE BUDGET OF THE ASSOCIATION DOES NOT PROVIDE FOR RESERVE ACCOUNTS FOR CAPITAL EXPENDITURES AND DEFERRED MAINTENANCE THAT MAY RESULT IN SPECIAL ASSESSMENTS. OWNERS MAY ELECT TO PROVIDE FOR RESERVE ACCOUNTS PURSUANT TO SECTION 720.303(6), FLORIDA STATUTES, UPON OBTAINING THE APPROVAL OF A MAJORITY OF THE TOTAL VOTING INTERESTS OF THE ASSOCIATION BY VOTE OF THE MEMBERS AT A MEETING OR BY WRITTEN CONSENT.

2. If the budget of the association does provide for funding accounts for deferred expenditures, including, but not limited to, funds for capital expenditures and deferred maintenance, but such accounts are not created or established pursuant to paragraph (d), each financial report for the preceding fiscal year required under subsection (7) must also contain the following statement in conspicuous type:

THE BUDGET OF THE ASSOCIATION PROVIDES FOR LIMITED VOLUNTARY DEFERRED EXPENDITURE ACCOUNTS, INCLUDING CAPITAL EXPENDITURES AND DEFERRED MAINTENANCE, SUBJECT TO LIMITS ON FUNDING CONTAINED IN OUR GOVERNING DOCUMENTS. BECAUSE THE OWNERS HAVE NOT ELECTED TO PROVIDE FOR RESERVE ACCOUNTS PURSUANT TO SECTION 720.303(6), FLORIDA STATUTES, THESE FUNDS ARE NOT SUBJECT TO THE RESTRICTIONS ON USE OF SUCH FUNDS SET FORTH IN THAT STATUTE, NOR ARE RESERVES CALCULATED IN ACCORDANCE WITH THAT STATUTE.

(d) An association is deemed to have provided for reserve accounts if reserve accounts have been initially established by the developer or if the membership of the association affirmatively elects to provide for reserves. If reserve accounts are established by the developer, the budget must designate the components for which the reserve accounts may be used. If reserve accounts are not initially provided by the developer, the membership of the association may elect to do so upon the affirmative approval of a majority of the total voting interests of the association. Such approval may be obtained by vote of the members at a duly called meeting of the membership or by the written consent of a majority of the total voting interests of the association. The approval action of the membership must state that reserve accounts shall be provided for in the budget and must designate the components for which the reserve accounts are to be established. Upon approval by the membership, the board of directors shall include the required reserve accounts in the budget in the next fiscal year following the approval and each year thereafter. Once established as provided in this subsection, the reserve accounts must be funded or maintained or have their funding waived in the manner provided in paragraph (f).

(e) The amount to be reserved in any account established shall be computed by means of a formula that 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 of cost or useful life of a reserve item.

(f) After one or more reserve accounts are established, the membership of the association, upon a majority vote at a meeting at which a quorum is present, may provide for no reserves or less reserves than required by this section. If a meeting of the unit owners has been called to determine whether to waive or reduce the funding of reserves and such result is not achieved or a quorum is not present, the reserves as included in the budget go into effect. After the turnover, the developer may vote its voting interest to waive or reduce the funding of reserves. Any vote taken pursuant to this subsection to waive or reduce reserves is applicable only to one budget year.

(g) Funding formulas for reserves authorized by this section must be based on a separate analysis of each of the required assets or a pooled analysis of two or more of the required assets.

1. If the association maintains separate reserve accounts for each of the required assets, the amount of the contribution to each reserve account is the sum of the following two calculations:
 - a. The total amount necessary, if any, to bring a negative component balance to zero.
 - b. The total estimated deferred maintenance expense or estimated replacement cost of the reserve component less the estimated balance of the reserve component as of the beginning of the period the budget will be in effect. The remainder, if greater than zero, shall be divided by the estimated remaining useful life of the component.

The formula may be adjusted each year for changes in estimates and deferred maintenance performed during the year and may include factors such as inflation and earnings on invested funds.

2. 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 may not be less than that required to ensure that the balance on hand at the beginning of the period the budget will go into effect plus the projected annual cash inflows over the remaining estimated useful life 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 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 and accounts receivable minus the allowance for doubtful accounts. The reserve funding formula may not include any type of balloon payments.

(h) 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 meeting at which a quorum is present. Prior to turnover of control of an association by a developer to parcel owners, the developer-controlled association shall not vote to use reserves for purposes other than those 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.

CHAPTER 61B-22 (Florida Administrative Codes)
FINANCIAL AND ACCOUNTING REQUIREMENTS; BUDGETS, RESERVES, AND GUARANTEES

61B-22.001	Definitions
61B-22.002	Accounting Records
61B-22.003	Budgets
61B-22.004	Guarantees of Common Expenses Under Section 718.116(9)(a)2., Florida Statutes
61B-22.005	Reserves
61B-22.006	Financial Reporting Requirements
61B-22.0062	Transition Financial Statements; Turnover Audit

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.

Specific Authority 718.501(1)(f) FS. Law Implemented 718.111(12), 718.112(2)(f), 718.301, 718.501 FS. History-New 7-11-93, Formerly 7D-22.001, Amended 12-20-95, 12-23-02.

61B-22.002 Accounting Records.

All associations shall maintain accounting records in sufficient detail to permit determination of the revenues and expenses or receipts and disbursements attributable to separate condominiums and operating and reserve funds. Multicondominium associations shall maintain separate accounting records for the association and for each condominium operated by the association. Multicondominium associations created prior to

July 1, 2000, that do not create 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 not maintain separate fund balances for the association, and shall allocate all association revenues and expenses to each condominium operated by the association pursuant to the provisions of each condominium's declaration.

Specific Authority 718.501(1)(f) FS. Law Implemented 718.111(12)(a)11., (14), 718.501 FS. History-New 7-11-93, Formerly 7D-22.002, Amended 12-20-95, 12-18-01.

61B-22.003 Budgets.

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

(a) State the estimated common expenses or expenditures on at least an annual basis;

(b) Disclose the beginning and ending dates of the period covered by the budget;

(c) Show the total assessment for each unit type according to proportion of ownership on a monthly basis, or for any other period for which assessments will be due;

(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;

(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.

(3) Record keeping requirements for budgets. The minutes of the association shall reflect the adoption of the budget and a copy of the proposed

and adopted budgets shall be maintained as part of the financial records of the association.

(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

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.

Specific Authority 718.501(1)(f) FS. Law Implemented 718.111(6), 718.112(2)(e), (f), 718.113, 718.501, 718.618 FS. History-New 7-11-93, Formerly 7D-22.003, Amended 12-20-95, 12-18-01, 12-23-02.

61B-22.004 Guarantees of Common Expenses Under Section 718.116(9)(a)2., Florida Statutes.

(1) Establishment of the guarantee. If a guarantee is not included in the purchase contracts, declaration, or prospectus, any agreement establishing a guarantee shall be effective only upon the approval of a majority of the voting interests of the unit owners other than the developer. Approval shall be expressed at a meeting of the unit owners, voting in person or by limited proxy; or by agreement in writing without a meeting if provided in the bylaws. Such guarantee shall meet the requirements of this rule.

(2) Guarantee period. The period of time for the guarantee shall be indicated by a specific beginning and ending date or event.

(a) The ending date or event shall be the same for all of the unit owners of a condominium, including unit owners in different phases of phase condominiums, but may vary for each condominium operated by a multicondominium association.

(b) The guarantee may provide for different intervals of time during a guarantee period with different dollar amounts for each such interval.

(c) The guarantee may provide that after the initial stated period, the developer has an option to extend the guarantee for one or more additional stated periods. The extension of a guarantee is limited to extending the ending date or event; therefore, the developer does not have the option of changing the level of assessments guaranteed.

(3) Maximum level of assessments. The stated dollar amount of the guarantee shall be an exact dollar amount for each type of unit identified in the declaration. Regardless of the stated dollar amount of the guarantee, assessments charged to a unit owner shall not exceed the maximum obligation of the unit owner based on the total amount of the adopted budget and the unit owner's proportionate ownership share of the common elements.

(4) Cash funding requirements during the guarantee. The cash payments required from the guarantor during the guarantee period shall be determined as follows:

(a) If at any time during the guarantee period the funds collected from unit owner assessments at the guaranteed level and other revenues collected by the association are not sufficient to provide payment, on a timely basis, of all common expenses, including the full funding of the reserves unless properly waived, the guarantor shall advance sufficient cash to the association at the time such payments are due; and

(b) Expenses incurred in the production of non-assessment revenues, not in excess of the non-assessment revenues, shall not be included in the common expenses referenced in subsection (5) of this rule. If the expenses attributable to non-assessment revenues exceed non-assessment revenues only the excess expenses must be funded by the guarantor. For example, if the association operates a rental program in which rental expenses exceed rental revenues the guarantor shall fund the rental expenses in excess of the rental revenues. Interest earned on the investment of association funds may be used to pay the income tax expense incurred as a result of the investment, such expense shall not be charged to the guarantor, and the net investment income shall be retained by the association. Each such non-assessment revenue generating activity shall be considered separately. Capital contributions collected from unit owners are not revenues, and shall not be used to pay common expenses.

(5) Calculation of guarantor's final obligation. The guarantor's total financial obligation to the association at the end of the guarantee period shall be determined on the accrual basis using the following formula:

(a) The guarantor shall fund the total common expenses incurred during the guarantee period, including the full funding of the reserves unless properly waived; less

(b) The total regular periodic assessments earned by the association from the unit owners other than the guarantor during the guarantee period regardless of whether the actual level charged was less than the maximum guaranteed amount.

(c) If a guarantee pursuant to Section 718.116(9), Florida Statutes, existed within a multicondominium association created prior to July 1, 2000, the guarantor's financial obligation to the association shall be calculated as provided in paragraphs (a) and (b) for each condominium in which the guarantee existed. If a guarantee pursuant to Section 718.116(9), Florida Statutes, existed within a multicondominium association created after June 30, 2000, or within a multicondominium association created prior to July 1, 2000, that has 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, the guarantor's financial obligation to the association shall include the amount calculated pursuant to Section 718.116(9)(c), Florida Statutes.

(d) Expenses incurred in the production of non-assessment revenues, not in excess of the non-assessment revenues, shall not be included in the common expenses referenced in subsection (5) of this rule. If the expenses attributable to non-assessment revenues exceed non-assessment revenues only the excess expenses shall be funded by the guarantor. For example, if the association operates a rental program in which rental expenses exceed rental revenues the guarantor shall fund the rental expenses in excess of the rental revenues. Interest earned on the investment of association funds may be used to pay the income tax expense incurred as a result of the investment, such expense shall not be charged to the guarantor, and the net investment income shall be retained by the association. Each such non-assessment revenue generating activity shall be considered separately.

Specific Authority 718.501(1)(f) FS. Law Implemented 718.111(2), (4), (7), (9), 718.112(2)(b)2., 718.116(9), 718.501 FS. History-New 7-11-93, Formerly 7D-22.004, Amended 12-18-01, 6-24-04.

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.

(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.

Specific Authority 718.501(1)(f) FS. Law Implemented 718.112(2)(f), 718.501, 718.618 FS. History-New 7-11-93, Formerly 7D-22.005, Amended 12-20-95, 1-19-97, 12-18-01, 12-23-02.

61B-22.006 Financial Reporting Requirements.

(1) Basis of accounting. The financial statements required by Sections 718.111(13) and 718.301(4), F.S., shall be prepared on the accrual basis using fund accounting in accordance with generally accepted accounting principles. Reviewed financial statements shall be reviewed in accordance with standards for accounting and review services and audited financial statements shall be audited in accordance with generally accepted auditing standards. Reviews and audits of an association's financial statements shall be performed by an independent certified public accountant licensed by the Florida Board of Accountancy. As used in this rule the terms "generally accepted accounting principles," "standards for accounting and review services," and "generally accepted auditing standards" shall have the same meaning as set forth in Chapter 61H1-20, F.A.C.

(2) Components. The financial statements required by Sections 718.111(13) and 718.301(4), F.S., shall at a minimum include the following components:

- (a) Accountant's or Auditor's Report;
- (b) Balance Sheet;

- (c) Statement of Revenues and Expenses;
- (d) Statement of Changes in Fund Balances;
- (e) Statement of Cash Flows; and
- (f) Notes to financial statements.

(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.

(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.

Specific Authority 718.111(13), 718.501(1)(f) FS. Law Implemented 718.111(12)(a)11., (13), 718.301(4) FS. History-New 7-11-93, Formerly 7D-22.006, Amended 12-20-95, 2-13-97, 12-18-01, 6-24-04, 3-26-09.

61B-22.0062 Transition Financial Statements; Turnover Audit.

(1) Period covered. The audit required by Section 718.301(4)(c), Florida Statutes, applies to all transfers of association control from developers to unit owners pursuant to Section 718.301(4), Florida Statutes, occurring on or after April 1, 1992. The audit shall cover a period beginning with the date of incorporation of the association, or from the end of the fiscal period covered by the last audit if all fiscal periods have been audited, and ending with the date of the transfer of association control to unit owners other than the developer. Nothing herein precludes the developer from exceeding the requirements of this rule by engaging a certified public accountant to audit the entire period of developer control rather than from the period covered by the last audit.

(2) Additional disclosure requirements for turnover audits. The financial statements, notes, or supplementary information shall present the revenues and expenses separately for each fiscal year and any interim periods included in the audit. The notes to the financial statements shall contain the following disclosures:

(a) A statement that the financial statements were prepared pursuant to Section 718.301(4)(c), Florida Statutes;

(b) A statement of total cash payments made by the developer to the association;

(c) If the developer claims to have paid common expenses of the association which do not appear on the books and records of the association, the amount and purpose of each such expenditure shall be identified separately; and,

(d) If a guarantee pursuant to Section 718.116(9), Florida Statutes, existed at any time during the period covered by the audit 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 by the association 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.

Specific Authority 718.111(13), 718.501(1)(f) FS. Law Implemented 718.111(13), 718.301(4)(c) FS. History-New 7-11-93, Formerly 7D-22.0062, Amended 12-20-95, 6-24-04.