

Reserve Funding Analysis
2015 Financial Update
for
Verrado Special Service Area

October 26, 2015



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October 26, 2015

Mr. Chad Reed
Verrado Community Association, Inc.
4236 N. Verrado Way, Suite A-102
Buckeye, AZ 85396

Subject: Verrado Special Service Area

Dear Mr. Reed:

Great Boards, LLC is pleased to present to Verrado Special Service Area its requested 2015 reserve funding update study. Once you have had an opportunity to review this report, please feel free to call us at (602) 569-0288 or email at info@greatboards.com with any questions you or your Board may have.

The following is a summary of the Verrado Special Service Area reserve study report:

Project Description

Verrado Special Service Area was formerly known as "Main Street Promenade." This is a 76-unit single-family home neighborhood developed by Frank Residential Communities.

This neighborhood, located at Main Street and Golf Drive within the Verrado master planned community in Buckeye, Arizona, has been designated and established as a "service area" pursuant to Section 3.4 of the Community Charter for Verrado. Although the residential structures are attached by contiguous walls, each homeowner is responsible for the exterior maintenance of their structure and walls, including painting, and roof. The neighborhood service area is responsible for maintaining the retaining walls along Sunrise Lane, and common area irrigation controllers. The neighborhood was developed between 2004 and 2005, and we have used 2005 as the basis for aging components in this study.

This report contains updated component information to the May 24, 2012 reserve study report prepared by Great Boards, LLC for this property.

Date of Physical Inspection

Verrado Special Service Area was physically inspected by Great Boards, LLC on July 3, 24, and 25, 2015

Depth of Study

Reserve Study Update with Field Inspection A field inspection was made to visually verify the existing component conditions and to visually verify existing component quantities. In place testing, laboratory testing, and non-destructive testing of the reserve study components were not performed. Field measurements of some components were made to either verify improvement plan take offs or determine directly the quantities of a component. Photographs were not taken of the site improvements.

Fiscal Year

This reserve study was prepared for the fiscal year beginning January 1, 2016 and ending December 31, 2016.

Initial Reserves

Initial reserves for this Reserve Study were known to be \$ 0 on January 1, 2016. Based upon a study start date of January 1, 2016 a total of 0 days of accrued interest at 0.00 percent per annum were compounded to yield an initial

reserve balance of \$ 0.

Inflation Estimate

Inflation for the last year has been reviewed and a best estimate of the expected inflation for 2015 has been used to inflate future expenses.

Reserve Funding Goal

The reserve fund is set to be as close to fully funded as possible on an annual basis.

Summary of Financial Assumptions

The below table contains a partial summary of information provided by client for the Verrado Special Service Area reserve funding study.

<i>Reserve Study by Calendar Year Starting</i>	<i>January 1, 2016</i>
<i>Funding Study Length</i>	<i>30 Years</i>
<i>Number of Dues Paying Members</i>	<i>76</i>
<i>Reserve Balance as of January 1, 2016¹</i>	<i>\$ 0</i>
<i>Annual Inflation Rate</i>	<i>2.50%</i>
<i>Tax Rate on Reserve Interest ²</i>	<i>30.00%</i>
<i>Minimum Reserve Account Balance</i>	<i>\$ 0</i>
<i>Dues Change Period</i>	<i>1 Year</i>
<i>Annual Operating Budget</i>	<i>\$ 0</i>

¹ See "Financial Condition of Association" in this report.

² Taxed as an IRS exempt association

Reserve Study Assumptions

The following assumptions are implicit in this reserve study:

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

Impact of Component Life

The projected life expectancy of the major components and the Association's reserve funding needs are closely tied. Performing the appropriate routine maintenance for each major component generally increases component useful life, effectively moving the component expense into the future, which reduces the Association's reserve funding payments. Failure to perform such maintenance can shorten the remaining useful life of major components, bringing the replacement expense closer to the present, and increasing the Association's reserve funding payments.

Financial Condition of Association

No reserves currently on deposit, as reported by client.

Special Assessments

A special assessment is not indicated during the 30-year scope of this reserve study.

Study Method

Funding studies may be done in several ways, but we believe that the value of a funding study lies in the details. In this study, we have used the "component" method because it is the only method which allows scrutiny of the funding details. The method is pragmatic, and allows human judgment and experience to enter into the equation.

Unless otherwise noted, the present cost of every reserve item in this report has been estimated using national standards and modified by an area cost adjustment factor. Where possible, known costs have been used. In addition, every reserve item has been given an estimated remaining useful life, an estimated useful life when new, and has been cast into the future to determine the inflated cost.

Equal annual payments are calculated for each reserve item based upon a payment starting year and a payment ending year using the end of period payment method. Interest earned on accumulated reserve funds and taxes on the reserve interest are also calculated. Initial reserve funds are consumed as expenses occur until fully depleted, reducing annual reserve payments to a minimum.

Summary of Findings

Great Boards, LLC has estimated future projected expenses for Verrado Special Service Area based upon preservation of existing improvements.

The attached funding study is limited in scope to those expense items listed in the attached "Verrado Special Service Area Reserve Study Expense Items". Expense items which have an expected life of more than 30 Years are not included in this reserve study unless payment for these long lived items occurs within the 30 Years of the reserve study envelope.

Of primary concern is the preservation of a positive funding balance with funds sufficient to meet projected expenses throughout the study life. Based upon the attached funding study, it is our professional opinion that member monthly fees as shown in the attached "Verrado Special Service Area Dues Summary" will realize this goal. Some reserve items in the "Verrado Special Service Area Revenue Summary Table" may not contain payments. In this analysis the initial reserves were used to make annual payments for expense items in their order of occurrence until the initial reserve was consumed. As a result reserve items without payments may be expected, particularly in the first few years of the funding study. Reserve items that have been paid with initial reserve funds are identified with a [FP] in the Expense Items Sheets. An item marked [PR] is partially paid with initial reserve funds.

Recommended Payment Schedule

The below table contains Great Boards, LLC recommended schedule of payments for the next five years. Failure to follow the propose schedule of payments may result in inadequate Verrado Special Service Area reserve funds or require the use of special assessments in the future.

Proposed Payment Schedule

Calendar Year	Member Monthly Reserve Payment	Monthly Reserve Payment	Annual Reserve Payment	Proposed Reserve Balance
2016	\$ 9.58	\$ 728	\$ 8,740	\$ 2,596
2017	\$ 3.99	\$ 303	\$ 3,641	\$ 6,238
2018	\$ 3.99	\$ 303	\$ 3,641	\$ 2,625
2019	\$ 2.65	\$ 201	\$ 2,413	\$ 5,038
2020	\$ 2.55	\$ 194	\$ 2,328	\$ 7,366
2021	\$ 3.14	\$ 239	\$ 2,867	\$ 10,234

Reserve Funding Status

Funding positions for reserve accounts generally fall into three categories. Reserves balances that fall between zero and 30% are considered "weak" as the special assessment probability of 26 to 53% is high. The second category is reserves within the 30 to 70% range. This funding position is classified as "fair" as the projected special assessment requirement is in the 3.50 to 17.60% range. When a funding position is referred to as "strong," reserves are between 70 and 100%, the risk of special assessment drops to between 2.40 and 1%.

As of December 31, 2015, reserves for Verrado Special Service Area will be at an estimated 0.00 percent funding level; and, by following the recommended funding plan, a projected 24.2% funding level at the end of 2016. Accordingly, reserves for Verrado Special Service Area are anticipated to be weak. However, but by following the recommended funding plan, the Association will have adequate funds to meet projected repair and replacement expenses.

Percent Funded

Many reserve studies use the concept of "percent funded" to measure the reserve account balance against a theoretically perfect value. Percent funded is often used as a measure of the "financial health" of an association. The assumption is, the higher the percentage, the greater the "financial health". The question of substance is simply: "how much is enough?"

To answer the question, some understanding of percent funded is required. Percent funded is the ratio of current cash reserves divided by the fully funded value at any instant in time. Fully funded is defined as the future value, multiplied by the number of years used, divided by the expected life for the sum of all reserve items. In essence, fully funded is simply the total of the average net present value of the association improvements. Percent funded is then, the current reserve balance divided by the fully funded value multiplied by 100 (to give a percentage). The concept is useful when the reserve study is comprehensive, but misleading when the reserve study is superficial or constrained. As a result, we recommend that the statement "percent funded" be used with caution.

Keeping Your Reserve Study Current

Great Boards, LLC believes that funding studies are an essential part of property management. People and property constantly change and evolve, and as a result, the useful life of a funding study is at best a few years, and certainly not more than five years. This reserve study should be updated:

- At changes in interest rates
- At changes in inflation rates
- At changes in the number of dues paying members
- Before starting new improvements
- Before making changes to the property
- After a flood or fire

- After the change of ownership or management
- After annexation or incorporation.

Items Beyond the Scope of this Report

Items beyond the scope of this report include:

- Building or land appraisals for any purpose
- State or local zoning ordinance violations
- Building code violations
- Soils conditions, soils contamination or geological stability of site
- Engineering analysis or structural stability of site
- Air quality, asbestos, electromagnetic radiation, formaldehyde, lead, mercury, radon, water quality or other environmental hazards
- Invasions by pests, termites and any or all other destroying organisms, insects, birds, bats or animals to buildings or site--this study is not a pest inspection
- Adequacy or efficiency of any system or component on site
- Specifically excluded reserve items
- Septic systems and septic tanks
- Buried or concealed portions of swimming pools, pool liners, Jacuzzis and spas or similar items
- Items concealed by signs, carpets or other things are also excluded from this study
- Missing or omitted information supplied by client for the purposes of reserve study preparation
- Hidden improvements such as sewer lines, water lines, irrigation lines or other buried or concealed items.

Statement of Qualifications

Kerry-Lynn Goto of Great Boards, LLC is a professional in the business of preparing reserve studies for community associations and is familiar with construction practices, construction costs, and contracting practices. The preparer of this reserve study is a CAI-certified Reserve Study Specialist.

Conflict of Interest

As the preparer of this reserve study, Great Boards, LLC certifies that it does not have any vested interests, financial interests, or other interests that would cause a conflict of interest in the preparation of this reserve study. This reserve study is a reflection of information provided to the reserve study preparer and created for the Association's use, not for the purpose of an audit, background checks of historical records, or forensic/quality analyses. Any on-site inspection is not a project audit or quality inspection.

Great Boards, LLC would like to thank Verrado Special Service Area for the opportunity to be of service in the preparation of the attached 2015 reserve study funding update. Again, please feel free to call us at (602) 569-0288 or email at info@greatboards.com with any questions.

Prepared by:



Kerry-Lynn Goto, RS

Prepared by Great Boards, LLC

Verrado Special Service Area Funding Study Summary - Continued

Verrado Special Service Area Reserve Study Expense Item Summary

Reserve Items	Current Cost When New	Estimated Remaining Life	Expected Life When New	First Replacement Cost	Repeating Item?
Landscaping and Irrigation					
(D) Irrigation Controllers Phased Replacement	\$ 700	2 Years	5 Years	\$ 754	Yes
Painting and Repairs					
(D) Painting Mortar Wash Retaining Walls	\$ 5,568	2 Years	5 Years	\$ 6,001	Yes
(D) Painting Stucco Perimeter Walls	\$ 5,616	0 Years	7 Years	\$ 5,758	Yes
(D) Repairs Block Retaining Walls	\$ 462	2 Years	5 Years	\$ 498	Yes
(D) Repairs Stucco Perimeter Walls	\$ 376	0 Years	7 Years	\$ 386	Yes

Months Remaining in Calendar Year 2016: 12

Expected annual inflation: 2.50%

Interest earned on reserve funds: 0.00%

Initial Reserve: \$ 0

(D) Indicates Tabulated Reserve Item Description.

Reserve Item Descriptions

Category	Reserve Item Name	Reserve Item Description
Landscaping and Irrigation	Irrigation Controllers Phased Replacement	<p><i>This component consists of:</i></p> <p>3 - "Rainbird ESP-24MC" controllers @ \$600 ea. 1 - "Irritrol MC-18" controller @ \$640 ea. 1 - "Hunter XC-600" controller @ \$90 ea. 1 - "Hunter SC-400" controller @ \$75 ea.</p> <p><i>Funding has been included for phased replacement of these controllers at a rate of \$700 every 5 years commencing in 2018.</i></p> <p><i>Cost source: AFI Database</i></p>
Painting and Repairs	Painting Mortar Wash Retaining Walls	<p><i>The retaining walls along Sunrise Lane are constructed of slump block with a mortar wash finish. The finish is deteriorating due to exposure to irrigation water. For purposes of this report we have assumed that these walls were refinished in 2012, and have provided funding for future refinishing on a 5-year cycle.</i></p> <p><i>Cost source: National Construction Estimator</i></p>
	Painting Stucco Perimeter Walls	<p><i>Funding has been included for painting of stucco perimeter walls on a 5 year cycle.</i></p> <p><i>Cost source: Advanced Painting & Contracting</i></p>

Verrado Special Service Area Funding Study Expense Item Summary - Continued

Category	Reserve Item Name	Reserve Item Description
<i>Painting and Repairs</i>	<i>Repairs Block Retaining Walls</i>	<p><i>Funding has been included for repairs to 2% of the total block retaining wall area in conjunction with each painting cycle.</i></p> <p><i>Cost source: National Construction Estimator</i></p>
	<i>Repairs Stucco Perimeter Walls</i>	<p><i>Funding has been included for repairs to 2% of the total stucco perimeter wall area in conjunction with each painting cycle.</i></p> <p><i>Cost source: Advanced Painting & Contracting</i></p>

Verrado Special Service Area Reserve Study Expense Item Listing

Reserve Items	Unit Cost	No Units	Current Cost When New	Estimated Remaining Life	Expected Life When New	Calendar Year	Estimated Future Cost
Landscaping and Irrigation							
Irrigation Controllers Phased Replacement	\$ 700 ea	1	\$ 700	2 Years	5 Years	2018	\$ 754
						2023	\$ 855
				2028		\$ 968	
				2033		\$ 1,097	
				2038		\$ 1,243	
				2043		\$ 1,409	
				2048		\$ 1,596	
Painting and Repairs							
Painting Mortar Wash Retaining Walls	\$ 1.45 ea	3840	\$ 5,568	2 Years	5 Years	2018	\$ 6,001
						2023	\$ 6,799
				2028		\$ 7,704	
				2033		\$ 8,728	
				2038		\$ 9,889	
				2043		\$ 11,204	
				2048		\$ 12,695	
Painting Stucco Perimeter Walls	\$ 0.60 ea	9360	\$ 5,616	0 Years	7 Years	2016	\$ 5,758
				2023		\$ 6,858	
				2030		\$ 8,168	
				2037		\$ 9,728	
				2044		\$ 11,587	
				2051		\$ 13,800	
				Repairs Block Retaining Walls		\$ 6.00 ea	77
2023	\$ 564						
2028	\$ 639						
2033	\$ 724						
2038	\$ 821						
2043	\$ 930						
2048	\$ 1,053						
Repairs Stucco Perimeter Walls	\$ 2.00 ea	188	\$ 376	0 Years	7 Years	2016	\$ 386
				2023		\$ 459	
				2030		\$ 547	
				2037		\$ 651	
				2044		\$ 776	
				2051		\$ 924	

Verrado Special Service Area Reserve Study Expense Item Listing - Continued

Months Remaining in Calendar Year 2016: 12

Expected annual inflation: 2.50% Interest earned on reserve funds: 0.00% Initial Reserve: \$ 0

Verrado Special Service Area Funding Study Cash Flow Analysis

Calendar Year	Annual Dues	Annual Expenses	Net Reserve Funds	% Funded	Fully Funded Balance
2016	\$ 8,740	\$ 6,144	\$ 2,596	24.2%	\$ 10,744
2017	\$ 3,641		\$ 6,238	91.8%	\$ 6,795
2018	\$ 3,641	\$ 7,254	\$ 2,625	28.9%	\$ 9,099
2019	\$ 2,413		\$ 5,038	116.5%	\$ 4,325
2020	\$ 2,328		\$ 7,366	106.3%	\$ 6,929
2021	\$ 2,867		\$ 10,234	105.9%	\$ 9,663
2022	\$ 2,867		\$ 13,101	104.6%	\$ 12,530
2023	\$ 2,867	\$ 15,535	\$ 433	2.8%	\$ 15,535
2024	\$ 1,694		\$ 2,126	77.1%	\$ 2,757
2025	\$ 3,144		\$ 5,270	93.2%	\$ 5,653
2026	\$ 3,144		\$ 8,414	96.8%	\$ 8,695
2027	\$ 3,144		\$ 11,557	97.2%	\$ 11,886
2028	\$ 3,144	\$ 9,311	\$ 5,389	35.4%	\$ 15,233
2029	\$ 3,391		\$ 8,781	95.5%	\$ 9,195
2030	\$ 3,391	\$ 8,715	\$ 3,457	27.4%	\$ 12,630
2031	\$ 3,629		\$ 7,086	97.1%	\$ 7,298
2032	\$ 3,629		\$ 10,715	98.8%	\$ 10,849
2033	\$ 3,629	\$ 10,550	\$ 3,795	26.0%	\$ 14,575
2034	\$ 3,910		\$ 7,704	100.5%	\$ 7,666
2035	\$ 3,910		\$ 11,614	101.1%	\$ 11,489
2036	\$ 3,910		\$ 15,524	100.2%	\$ 15,500
2037	\$ 3,910	\$ 10,380	\$ 9,054	45.9%	\$ 19,706
2038	\$ 4,193	\$ 11,953	\$ 1,294	9.6%	\$ 13,473
2039	\$ 4,511		\$ 5,805	104.2%	\$ 5,569
2040	\$ 4,511		\$ 10,316	105.0%	\$ 9,821
2041	\$ 4,511		\$ 14,827	103.8%	\$ 14,284
2042	\$ 4,511		\$ 19,338	102.0%	\$ 18,967
2043	\$ 4,511	\$ 13,543	\$ 10,306	43.2%	\$ 23,878
2044	\$ 4,871	\$ 12,363	\$ 2,814	18.6%	\$ 15,140
2045	\$ 5,209		\$ 8,023	106.9%	\$ 7,505
2046	\$ 5,209		\$ 13,232	106.1%	\$ 12,471
Totals :	\$ 118,978	\$ 105,747			

The cash distribution shown in this table applies to repair and replacement cash reserves only.

Basis of Funding Study

Cash reserves have been set to a minimum of \$ 0

Months Remaining in Calendar Year 2016: 12

Inflation = 2.50 %

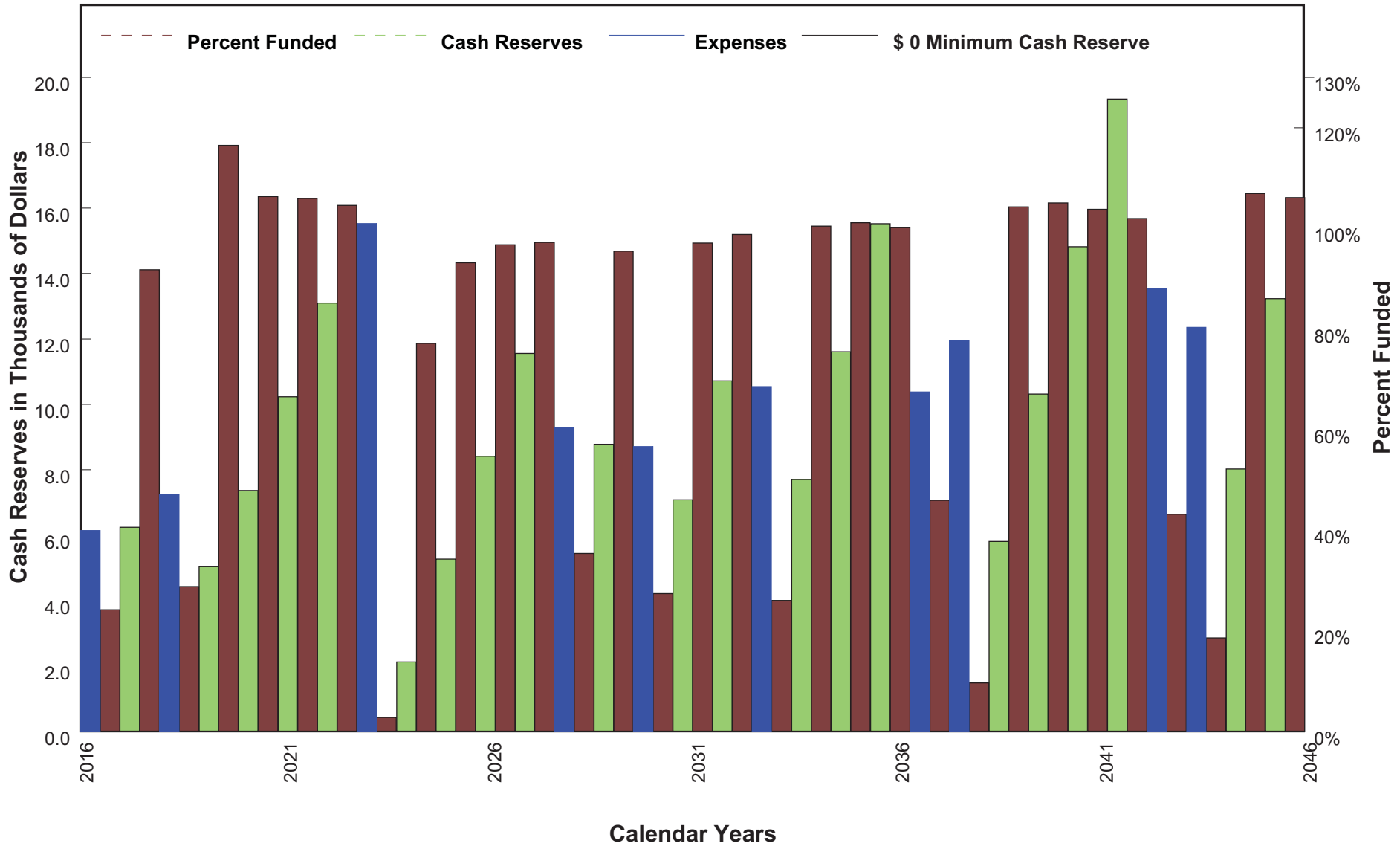
Interest = 0.00 %

Study Life = 30 years

Initial Reserve Funds = \$ 0.00

Final Reserve Value = \$ 13,231.60

Verrado Special Service Area Funding Study Cash Flow by Calendar Year - Continued



Verrado Special Service Area Reserve Dues Summary

Projected Dues by Month and by Calendar Year

Calendar Year	Member Monthly Operations Payment	Member Monthly Reserve Payment	Member Total Monthly Payment	Member Total Annual Payment	Monthly Reserve Payment	Annual Reserve Payment
2016	NA	\$ 9.58	\$ 9.58	\$ 115.00	\$ 728	\$ 8,740
2017	NA	\$ 3.99	\$ 3.99	\$ 47.91	\$ 303	\$ 3,641
2018	NA	\$ 3.99	\$ 3.99	\$ 47.91	\$ 303	\$ 3,641
2019	NA	\$ 2.65	\$ 2.65	\$ 31.75	\$ 201	\$ 2,413
2020	NA	\$ 2.55	\$ 2.55	\$ 30.63	\$ 194	\$ 2,328
2021	NA	\$ 3.14	\$ 3.14	\$ 37.73	\$ 239	\$ 2,867
2022	NA	\$ 3.14	\$ 3.14	\$ 37.73	\$ 239	\$ 2,867
2023	NA	\$ 3.14	\$ 3.14	\$ 37.73	\$ 239	\$ 2,867
2024	NA	\$ 1.86	\$ 1.86	\$ 22.29	\$ 141	\$ 1,694
2025	NA	\$ 3.45	\$ 3.45	\$ 41.36	\$ 262	\$ 3,144
2026	NA	\$ 3.45	\$ 3.45	\$ 41.36	\$ 262	\$ 3,144
2027	NA	\$ 3.45	\$ 3.45	\$ 41.36	\$ 262	\$ 3,144
2028	NA	\$ 3.45	\$ 3.45	\$ 41.36	\$ 262	\$ 3,144
2029	NA	\$ 3.72	\$ 3.72	\$ 44.62	\$ 283	\$ 3,391
2030	NA	\$ 3.72	\$ 3.72	\$ 44.62	\$ 283	\$ 3,391
2031	NA	\$ 3.98	\$ 3.98	\$ 47.75	\$ 302	\$ 3,629
2032	NA	\$ 3.98	\$ 3.98	\$ 47.75	\$ 302	\$ 3,629
2033	NA	\$ 3.98	\$ 3.98	\$ 47.75	\$ 302	\$ 3,629
2034	NA	\$ 4.29	\$ 4.29	\$ 51.44	\$ 326	\$ 3,910
2035	NA	\$ 4.29	\$ 4.29	\$ 51.44	\$ 326	\$ 3,910
2036	NA	\$ 4.29	\$ 4.29	\$ 51.44	\$ 326	\$ 3,910
2037	NA	\$ 4.29	\$ 4.29	\$ 51.44	\$ 326	\$ 3,910
2038	NA	\$ 4.60	\$ 4.60	\$ 55.17	\$ 349	\$ 4,193
2039	NA	\$ 4.95	\$ 4.95	\$ 59.35	\$ 376	\$ 4,511
2040	NA	\$ 4.95	\$ 4.95	\$ 59.35	\$ 376	\$ 4,511
2041	NA	\$ 4.95	\$ 4.95	\$ 59.35	\$ 376	\$ 4,511
2042	NA	\$ 4.95	\$ 4.95	\$ 59.35	\$ 376	\$ 4,511
2043	NA	\$ 4.95	\$ 4.95	\$ 59.35	\$ 376	\$ 4,511
2044	NA	\$ 5.34	\$ 5.34	\$ 64.09	\$ 406	\$ 4,871
2045	NA	\$ 5.71	\$ 5.71	\$ 68.53	\$ 434	\$ 5,209
2046	NA	\$ 5.71	\$ 5.71	\$ 68.53	\$ 434	\$ 5,209

In the context of the Reserve Payment Summary, the "Annual Reserve Payment" corresponds with the "Annual Revenue" in the Cash Flow report.

Number of Payment Months in Calendar Year 2016: 12

Number of Years of Constant Payments: 1

No of Dues Paying Members: 76

Verrado Special Service Area Funding Adjusted Revenue by Calendar Year

Item Name	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Reserve Category : Landscaping and Irrigation															
<i>Irrigation Controllers Phased Replacement</i>	\$ 256	\$ 264	\$ 264	\$ 153	\$ 148	\$ 182	\$ 182	\$ 182	\$ 106	\$ 196	\$ 196	\$ 196	\$ 196	\$ 221	\$ 221
Reserve Category : Painting and Repairs															
<i>Painting Mortar Wash Retaining Walls</i>	\$ 2,042	\$ 2,103	\$ 2,103	\$ 1,220	\$ 1,177	\$ 1,450	\$ 1,450	\$ 1,450	\$ 840	\$ 1,559	\$ 1,559	\$ 1,559	\$ 1,559	\$ 1,765	\$ 1,765
<i>Painting Stucco Perimeter Walls</i>	\$ 5,878	\$ 1,030	\$ 1,030	\$ 879	\$ 848	\$ 1,045	\$ 1,045	\$ 1,045	\$ 636	\$ 1,181	\$ 1,181	\$ 1,181	\$ 1,181	\$ 1,180	\$ 1,180
<i>Repairs Block Retaining Walls</i>	\$ 169	\$ 175	\$ 175	\$ 101	\$ 98	\$ 120	\$ 120	\$ 120	\$ 70	\$ 130	\$ 130	\$ 130	\$ 130	\$ 147	\$ 147
<i>Repairs Stucco Perimeter Walls</i>	\$ 394	\$ 69	\$ 69	\$ 59	\$ 57	\$ 70	\$ 70	\$ 70	\$ 43	\$ 79	\$ 79	\$ 79	\$ 79	\$ 79	\$ 79
<i>Painting and Repairs Subtotal :</i>	\$ 8,483	\$ 3,377	\$ 3,377	\$ 2,259	\$ 2,180	\$ 2,685	\$ 2,685	\$ 2,685	\$ 1,589	\$ 2,949	\$ 2,949	\$ 2,949	\$ 2,949	\$ 3,171	\$ 3,171
Total Revenue :	\$ 8,740	\$ 3,641	\$ 3,641	\$ 2,413	\$ 2,328	\$ 2,867	\$ 2,867	\$ 2,867	\$ 1,694	\$ 3,144	\$ 3,144	\$ 3,144	\$ 3,144	\$ 3,391	\$ 3,391

Adjusted Revenue includes earned interest, tax adjustments, and salvage.

Verrado Special Service Area Funding Adjusted Revenue by Calendar Year - Continued

Item Name	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Reserve Category : Landscaping and Irrigation															
<i>Irrigation Controllers Phased Replacement</i>	\$ 221	\$ 221	\$ 221	\$ 251	\$ 251	\$ 251	\$ 251	\$ 251	\$ 284	\$ 284	\$ 284	\$ 284	\$ 284	\$ 321	\$ 321
Reserve Category : Painting and Repairs															
<i>Painting Mortar Wash Retaining Walls</i>	\$ 1,764	\$ 1,764	\$ 1,764	\$ 1,997	\$ 1,997	\$ 1,997	\$ 1,997	\$ 1,995	\$ 2,259	\$ 2,259	\$ 2,259	\$ 2,259	\$ 2,259	\$ 2,558	\$ 2,557
<i>Painting Stucco Perimeter Walls</i>	\$ 1,404	\$ 1,404	\$ 1,404	\$ 1,403	\$ 1,403	\$ 1,403	\$ 1,403	\$ 1,669	\$ 1,668	\$ 1,668	\$ 1,668	\$ 1,668	\$ 1,668	\$ 1,667	\$ 1,985
<i>Repairs Block Retaining Walls</i>	\$ 146	\$ 146	\$ 146	\$ 166	\$ 166	\$ 166	\$ 166	\$ 165	\$ 187	\$ 187	\$ 187	\$ 187	\$ 187	\$ 213	\$ 212
<i>Repairs Stucco Perimeter Walls</i>	\$ 94	\$ 94	\$ 94	\$ 94	\$ 94	\$ 94	\$ 94	\$ 112	\$ 112	\$ 112	\$ 112	\$ 112	\$ 112	\$ 112	\$ 133
<i>Painting and Repairs Subtotal :</i>	\$ 3,408	\$ 3,408	\$ 3,408	\$ 3,660	\$ 3,660	\$ 3,660	\$ 3,660	\$ 3,941	\$ 4,226	\$ 4,226	\$ 4,226	\$ 4,226	\$ 4,226	\$ 4,550	\$ 4,887
Total Revenue :	\$ 3,629	\$ 3,629	\$ 3,629	\$ 3,910	\$ 3,910	\$ 3,910	\$ 3,910	\$ 4,193	\$ 4,511	\$ 4,511	\$ 4,511	\$ 4,511	\$ 4,511	\$ 4,871	\$ 5,209

Adjusted Revenue includes earned interest, tax adjustments, and salvage.

Verrado Special Service Area Funding Study - Expenses by Item and by Calendar Year

<i>Item Description</i>	<i>2016</i>	<i>2018</i>	<i>2023</i>	<i>2028</i>	<i>2030</i>	<i>2033</i>	<i>2037</i>	<i>2038</i>	<i>2043</i>	<i>2044</i>
Reserve Category : Landscaping and Irrigation										
<i>Irrigation Controllers Phased Replacement</i>		\$ 754	\$ 855	\$ 968		\$ 1,097		\$ 1,243	\$ 1,409	
Reserve Category : Painting and Repairs										
<i>Painting Mortar Wash Retaining Walls</i>		\$ 6,001	\$ 6,799	\$ 7,704		\$ 8,728		\$ 9,889	\$ 11,204	
<i>Painting Stucco Perimeter Walls</i>	\$ 5,758		\$ 6,858		\$ 8,168		\$ 9,728			\$ 11,587
<i>Repairs Block Retaining Walls</i>		\$ 498	\$ 564	\$ 639		\$ 724		\$ 821	\$ 930	
<i>Repairs Stucco Perimeter Walls</i>	\$ 386		\$ 459		\$ 547		\$ 651			\$ 776
Category Subtotal :	\$ 6,144	\$ 6,499	\$ 14,680	\$ 8,343	\$ 8,715	\$ 9,452	\$ 10,379	\$ 10,710	\$ 12,134	\$ 12,363
Expense Totals :	\$ 6,144	\$ 7,254	\$ 15,535	\$ 9,311	\$ 8,715	\$ 10,550	\$ 10,380	\$ 11,953	\$ 13,543	\$ 12,363



October 26, 2015

30-Year Expense Summary

Year	Category	Item Name	Expense
2016	Painting and Repairs	Painting Stucco Perimeter Walls	\$ 5,758
		Repairs Stucco Perimeter Walls	\$ 386
			Painting and Repairs Subtotal = \$ 6,144.00
			2016 Annual Expense Total = \$ 6,144
2018	Landscaping and Irrigation	Irrigation Controllers Phased Replacement	\$ 754
	Painting and Repairs	Painting Mortar Wash Retaining Walls	\$ 6,001
		Repairs Block Retaining Walls	\$ 498
			Painting and Repairs Subtotal = \$ 6,499.00
			2018 Annual Expense Total = \$ 7,253
2023	Landscaping and Irrigation	Irrigation Controllers Phased Replacement	\$ 855
	Painting and Repairs	Painting Mortar Wash Retaining Walls	\$ 6,799
		Painting Stucco Perimeter Walls	\$ 6,858
		Repairs Block Retaining Walls	\$ 564
		Repairs Stucco Perimeter Walls	\$ 459
		Painting and Repairs Subtotal = \$ 14,680.00	
			2023 Annual Expense Total = \$ 15,535
2028	Landscaping and Irrigation	Irrigation Controllers Phased Replacement	\$ 968
	Painting and Repairs	Painting Mortar Wash Retaining Walls	\$ 7,704
		Repairs Block Retaining Walls	\$ 639
			Painting and Repairs Subtotal = \$ 8,343.00
			2028 Annual Expense Total = \$ 9,311
2030	Painting and Repairs	Painting Stucco Perimeter Walls	\$ 8,168
		Repairs Stucco Perimeter Walls	\$ 547
			Painting and Repairs Subtotal = \$ 8,715.00
			2030 Annual Expense Total = \$ 8,715
2033	Landscaping and Irrigation	Irrigation Controllers Phased Replacement	\$ 1,097
	Painting and Repairs	Painting Mortar Wash Retaining Walls	\$ 8,728
		Repairs Block Retaining Walls	\$ 724

Year	Category	Item Name	Expense
Painting and Repairs Subtotal = \$ 9,452.00			
2033 Annual Expense Total = \$ 10,549			
2037	Painting and Repairs	Painting Stucco Perimeter Walls	\$ 9,728
		Repairs Stucco Perimeter Walls	\$ 651
	Painting and Repairs Subtotal = \$ 10,379.00		
2037 Annual Expense Total = \$ 10,379			
2038	Landscaping and Irrigation	Irrigation Controllers Phased Replacement	\$ 1,243
	Painting and Repairs	Painting Mortar Wash Retaining Walls	\$ 9,889
		Repairs Block Retaining Walls	\$ 821
	Painting and Repairs Subtotal = \$ 10,710.00		
2038 Annual Expense Total = \$ 11,953			
2043	Landscaping and Irrigation	Irrigation Controllers Phased Replacement	\$ 1,409
	Painting and Repairs	Painting Mortar Wash Retaining Walls	\$ 11,204
		Repairs Block Retaining Walls	\$ 930
	Painting and Repairs Subtotal = \$ 12,134.00		
2043 Annual Expense Total = \$ 13,543			
2044	Painting and Repairs	Painting Stucco Perimeter Walls	\$ 11,587
		Repairs Stucco Perimeter Walls	\$ 776
	Painting and Repairs Subtotal = \$ 12,363.00		
2044 Annual Expense Total = \$ 12,363			