



## **Sonnenberg & Company, CPAs**

A Professional Corporation

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Leonard C. Sonnenberg, CPA

**Sunset Place  
Association of Carlsbad  
RESERVE STUDY  
June 30, 2025**





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(These 3 pages should be distributed to owners as part of annual budget package)	
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# Reserve Study Executive Summary

Association Name: **Sunset Place Association of Carlsbad**  
 Location: **4325 Skyline Road, Carlsbad, CA**  
 No. of Units: **140** Built: **1986** Fiscal Year Ending: **June 30, 2025**  
 Level of Study: **Level II: Update with On-Site Inspection** Date of Physical Inspection: **March 27, 2025**

## CURRENT FISCAL YEAR END SUMMARY OF RESERVE COMPONENTS

(See Reserve Analysis Worksheet, pg. 5, for breakdown of all components individual lives, current costs, and projected future replacement costs)

Reserve Component Groups	Estimated Useful Life	Estimated Remaining Life	Estimated Replacement Cost	Annual Funding Requirement	Accumulated Funding Requirement	Allocation of Fund Balance	Percent of Fund Balance
PAINTING/REPAIRS	5 - 5	2 - 4	\$ 7,016	\$ 1,403	\$ 1,968	\$ 1,123	0.9%
FENCING/WALLS	10 - 30	3 - 28	67,420	2,914	38,343	21,885	18.4%
CONCRETE SURFACES	15 - 30	5 - 12	83,186	3,622	51,609	29,457	24.7%
LANDSCAPING/IRRIGATION	10 - 30	1 - 14	83,039	4,447	66,005	37,674	31.6%
LIGHTING/ELECTRICAL	15 - 20	2 - 11	4,562	242	2,406	1,374	1.2%
MISCELLANEOUS	10 - 30	3 - 25	60,005	3,076	38,556	22,007	18.5%
CONTINGENCY (5%)			15,261	785	9,944	5,676	4.8%
<b>TOTALS</b>			<b>\$ 320,488</b>	<b>\$ 16,489</b>	<b>\$ 208,833</b>	<b>\$ 119,194</b>	

## CURRENT FISCAL YEAR RESERVE FUNDS

Current Budgeted Annual Reserve Allocation	\$ 38,725
Reserve Fund Balance as of: January 31, 2025	\$ 106,114
Anticipated Funding to Year End	16,135
Anticipated Expenditures to Year End	(3,055)
Cash Projected at Year End June 30, 2025	\$ 119,194
Accumulated Funding Requirement (Fully Funded)	\$ 208,833
Percentage Funded at the end of this Fiscal Year	57.1%
Accumulated Deficiency for Current Fiscal Year	\$ 89,638
Deferred repair/replacement of any major component with a remaining life of 30 years or less?	Per Unit \$ 640 NO

## RESERVE FUNDING OPTIONS FOR THE FISCAL YEAR ENDING: 2026

	per unit per month	per year
funding options assume a 3% increase, unless otherwise noted		
Annual Requirement Funding:	\$ 10	\$ 16,984
Current Budgeted Funding:	24	39,887
Recommended Funding:	24	39,887
Special Assessment/s Recommended?		NO
For funding option details please see Reserve Study Summary page 2		

We present this summary of the repair and replacement funding program of the Association as of June 30, 2025, and the related reserve funding projection for the 30-year period from 2025 to 2055, based on information provided by management and based upon the consultant's estimates of the most probable reserve component replacement costs, conditions, and lives. The annual requirement is based on the cost of each component divided by its total useful life. The accumulated requirement is the annual requirement multiplied by the number of years each component has been in service. The difference between accumulated requirement total and the actual cash balance may indicate a deficit which would be expressed in the percentage funded.

The above information is a condensed summary of the reserve study, in compliance with CA Civil Codes 5300, 5550, and 5600, and is intended to be included in the annual budget package to be provided to owners not less than 30 nor more than 90 days prior to the Association fiscal year end. CACC 5550 requires an on-site inspection every 3 years, and the study to be reviewed annually. Assumptions have been made about costs, conditions, and future events that may occur. Some of these assumptions may not materialize; and unanticipated events and circumstances may occur subsequent to the date of this report. Therefore, the actual replacement costs and lives may vary from this report and the variations may be material.

The compilation of this reserve funding analysis and projection is based on representations of management and the consultant's estimates. We have not audited or reviewed the accompanying analysis and projections and, accordingly, do not express an opinion or any other form of assurance on them. We assume no responsibility to update this report for events occurring after the date of issuance of this report.



March 28, 2025

Sonnenberg & Company, CPAs

**Sunset Place Association of Carlsbad**  
**Level II: Update with On-Site Inspection**  
**June 30, 2025**

**Inflation and Interest Earned on Reserves:**

As an industry standard, provision has been made in the funding projections for inflation, computed at three percent (3%), and an assumed 1% net interest on the reserve balance has been added to the reserve funds. As costs increase in the future, the annual reserve reports should be revised accordingly.

**Reserve Calculations:**

Based on estimated current replacement costs of \$320,488 and estimated normal and remaining useful lives as determined by the independent consultant, the annual funding requirement is calculated to be \$16,489.

The accumulated funding requirement is calculated to be \$208,833.

As of June 30, 2025, the Association may have \$119,194 in accounts designated as reserve funds.

Therefore, a deficit of \$89,638 has been calculated, with a funding percentage of 57.1%. A portion of the annual reserve requirement may be provided for in the operating budget.

**Industry Standard Measure of Funding Strength:**

**0% - 30% = WEAK** At this level of funding, Special Assessments and deferred maintenance are likely.

**31% - 70% = FAIR** At this level of funding Special Assessment and deferred maintenance are less likely, but could still pose a concern. Efforts should be taken to increase to a healthier level of funding.

**>70% = STRONG** At this level of funding the Association should be well covered, with hopefully no need for deferred maintenance or Special Assessments.

**Funding Calculations:**

There are a variety of methods by which the Association can approach the desired level of funding. The Board is responsible for determining the optimum funding program. We have calculated three options:

**Option 1: Annual Requirement Funding:** This option assumes that the Association will maintain the annual funding requirement as calculated on page 5, without regard to any funding deficiency.

Currently the annual requirement allocation is \$16,984 or \$10 per unit per month (based on annual funding requirement, plus 3% inflation increase) beginning next fiscal year.

**Fair level of funding in FY 2025/26.**

**Funding could reach the Strong level beginning FY 2045/46.**

**Option 2: Current Funding:** The current budgeted funding level is projected over the 30-year period, including 3% inflation annual increase, as compared to option 1 and 3.

Currently, with the 3% increase, \$39,887 or \$24 per unit per month will be allocated to reserves next fiscal year.

**Reserves are currently funded at the Fair level of funding.**

**Reserves could reach the Strong level of funding beginning FY 2026/27 and could be overfunded beginning FY 2028/29.**

**Option 3: Recommended Funding:** This option is intended to calculate the amount of funding that would be the most sufficient for the Association over the next 30 years. The Current Budgeted Funding, and the Annual Requirement Funding are both taken into consideration while creating a Recommended Funding that is hopefully achievable by the Association. The 3% inflation annual increase is assumed, unless otherwise noted.

Recommended funding is, \$39,887 or \$24 per unit per month.

**The current regular reserve allocation, with 3% annual increases, could fund reserves at the Strong level of funding beginning FY 2026/27.**

**To avoid possible future overfunding, the regular reserve allocation could be decreased to equal \$16,000 annually in FY 2028/29.**

**Reserves could maintain the Strong level of funding beginning FY 2026/27.**

# Sunset Place Association of Carlsbad

## Assessment and Reserve Funding Disclosure Summary

June 30, 2025

### (1) Regular Assessments -

Assessments to members are averaged at \$198 per unit per month for the year ending June 30, 2025.

\* If assessments vary by the size or type of unit, the applicable assessment rates may be found in the Association's accompanying Annual Budget and /or can be provided by the Association/management agent.

(2) **Special Assessments** - Additional assessments that have already been scheduled to be imposed or charged, regardless of the purpose, which have been approved by the Board and/or members:

Date assessment is due:	Amount/ unit/month	Purpose of this assessment is to fund or supplement the replacement costs of:
N/A		

### (3) Reserve Account Balances -

Based upon the most recent reserve study and other information available to the board of directors, will currently projected reserve account balances be sufficient at the end of each year to meet the Association's obligation for repair/and or replacement of major components during the next 30 years?

Yes                          X                          No                                          

### (4) Additional Assessments -

If the answer to #3 is No, what additional assessments or other contributions to reserves would be necessary to ensure that sufficient reserve funds will be available each year during the next 30 years that have not yet been approved by the board of directors or the members?

(Not applicable, proceed to #5)

### (5) Major Components -

All major components are included in the reserve study and are included in its calculations.

### (6) Current Funding Comparison -

As of the current reserve study or update, the balance in the reserve fund is projected to be \$119,194.

Based on the method of calculation in paragraph 4 of subdivision (b) of Section 5570 the estimated accumulated funding requirement is \$208,833.                      The percentage funded is:                      57.1%

### (7) Funding over next 5 Budget Years -

Based on the method of calculation in paragraph 4 of subdivision (b) of Section 5570 the estimated amount required in the reserve fund at the end of each of the next five budget years is projected to be:

\$174,617                      \$189,765                      \$164,595                      \$176,799                      \$148,842

The projected reserve fund cash balance at the end of each of those years is projected to be, taking into account only assessments already approved and other known revenues, as follows:

\$109,568                      \$149,911                      \$151,078                      \$190,405                      \$190,777

% Funded    62.7%                      79.0%                      91.8%                      107.7%                      128.2%

If the recommended reserve funding plan is approved by the Association and implemented, the projected reserve fund cash balance at the end of each of those years would be:

\$109,568                      \$149,911                      \$151,078                      \$162,820                      \$134,503

% Funded    62.7%                      79.0%                      91.8%                      92.1%                      90.4%

The law does not require the Association to fund reserves in accordance with these calculations.

The financial representations set forth in this summary are based on best estimates of the consultant at the time. These estimates regarding costs, lives and conditions are subject to change.

An assumed long-term inflation rate to be applied to major component repair and replacement costs was 3% per year.

An assumed long-term net interest rate earned on reserve funds is 1% per year.

Per CACC 5550, the Association is required to adopt a reserve funding plan.

March 28, 2025



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Leonard C. Sonnenberg, CPA

March 28, 2025

**Sunset Place  
Association of Carlsbad  
Reserve Study Report  
June 30, 2025**

Board of Directors and Owners:

We have compiled the accompanying Reserve Study Report of the Sunset Place Association of Carlsbad as of June 30, 2025, the reserve funding projections for the thirty-year period from 2025 through 2055, and the related Reserve Study Summary Sheet and the Assessment and Reserve Funding Disclosure Summary for distribution to owners.

Our report is based on information provided by management and an independent consultant's judgment and estimates, based on circumstances at the time of the inspection, of the most probable reserve component replacement costs, normal and remaining useful lives as described in the accompanying consultant's report.

Assumptions have been made about costs, conditions, and future events and circumstances that may occur. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur subsequent to the date of this report. Therefore, the actual replacement costs and remaining lives may vary from this report and the variations could be material.

This report is designed to help your Association comply with California Civil Code 5300 and should not be used for any other purpose. This study is required to be updated and distributed to each owner-member within 90 days (and not less than 30 days) prior to the beginning of each fiscal year along with the operating budget and a statement regarding assessment collection policies.

We have not audited or reviewed the accompanying analysis and projection and, accordingly, do not express an opinion or any form of assurance on them. We assume no responsibility to update this report for events and circumstances occurring after the date of this report.

Sonnenberg & Company, CPAs

Consultant's Report:

Accountant's Program:

(source key: C = Consultant; M = Management/Board of Directors; V = Vendor; A = Actual Cost)

COMPONENT		Units Measured	Unit Cost	Src	Cond	Current Replcmt Cost	Estimated Life: Usfl	Rmg	Inspection Notes	Annual Funding Reqrmnt	Accumltd Funding Reqrmnt	Cash In Reserves	Deficit	2025 2026 Disb	2026 2027 Disb	2027 2028 Disb	2028 2029 Disb	2029 2030 Disb
														1	2	3	4	5
PAINTING/REPAIRS																		
Common Area Stucco Walls, Paint		Total		C/M	F	\$ 5,040	5	4	Some wall recently replaced & painted	1,008	1,008	575	(433)				5,494	
Stucco Wall Repair of Stucco		Allowance		C/M	G-P	1,127	5	3	Repair as needed, well maintained	225	451	257	(193)			1,194		
Electric Meter Boxes, Paint		Allowance		C/M	G-P	849	5	2	Color faded, rust=use red oxide primer+paint	170	509	291	(219)		874			
Subtotal						\$ 7,016												
FENCING/WALLS																		
Walkway Fencing, PVC		2,220	If	19.57	C/M	G-F	\$ 43,445	30	9	Some fading, appear stable	1,448	30,412	17,358	(13,054)				
Wrght Iron Desilt Fence/Gates+Paint		348	If	Total	M/V	G-F	13,974	30	28	Recently replaced with standard size panels	466	932	532	(400)				
Wood/Stucco Fence, Repair/Replace		Allowance		C/M	G-P	10,000	10	3	Some just replaced with masonry	1,000	7,000	3,995	(3,005)			10,600		
+ Free Standing Perim. Masonry Wall					M	G	Beyond 30 Yrs	35	35	No cracks or shifting evident								
+ Masonry Retaining Walls		Allowance=\$206,000			M	G-F	Beyond 30 Yrs	35	34	No shifting evident								
Subtotal						\$ 67,420												
CONCRETE SURFACES																		
Walkways (20%)		3,736	sf	15.45	M/C	G	\$ 57,724	30	12	Some replaced, blended nicely	1,924	34,635	19,768	(14,866)				
Desilting Basin, Repair		Allowance		C/M/A	G	25,462	15	5	Well maintained	1,697	16,974	9,688	(7,286)					28,517
Subtotal						\$ 83,186												
LANDSCAPING/IRRIGATION																		
Timers (Average cost)		8	ea	2,015.71	M/C	n/a	\$ 16,126	10	1	No access, consult landscaper	1,613	14,513	8,284	(6,230)	16,126			
Controller Cabinets		8	ea	2,786.15	M/C	G-F	22,289	30	14	No cracking or fraying evident	743	11,888	6,785	(5,103)				
Backflow Valves		12	ea	1,638.73	M/C	n/a	19,665	30	1	No access, have tested	655	19,009	10,850	(8,159)	19,665			
Electric Meter Boxes (4311)		1	ea	2,076.48	C/M	F-P	2,076	25	5	Some have a little rust=red oxide primer	83	1,661	948	(713)				2,326
Electric Meter Boxes		5	ea	2,076.48	C/M	G	10,382	20	6	Some have a little rust=red oxide primer	519	7,268	4,148	(3,120)				
Tree Replacement		Allowance		M	F	12,500	15	1	Replace as needed, consult landscaper	833	11,667	6,659	(5,008)	12,500				
Irrigation System Re-wiring						OPERATING BUDGET (M)												
Valves/Heads/Misc						OPERATING BUDGET (M)												
Groundcover/Renovation						OPERATING BUDGET (M)												
Tree Trim/Removal						OPERATING BUDGET (M)												
Slope Clearance						OPERATING BUDGET (M)												
Subtotal						\$ 83,039												
LIGHTING/ELECTRICAL																		
Walkway Pagoda Fixtures						OPERATING BUDGET												
Photo Cells for Lights		Allowance		M/C	F	849	15	2	Operating condition	57	736	420	(316)		874			
Ground Mount Floods @ Monuments		4	ea	Allowance	M/C	G-F	3,713	20	11	Replace as needed	186	1,671	954	(717)				
Subtotal						\$ 4,562												
MISCELLANEOUS																		
Desilting Basin Cleanout		Allowance		C/M	G	\$ 11,939	10	5	Well maintained, grass cut regularly	1,194	5,970	3,407	(2,562)					13,372
Wood Signage						OPERATING BUDGET												
Monuments-Ceramic Tile/Glass Block		4	ea	Allowance	C	G-F	7,223	25	10	Well maintained, grass cut regularly	289	4,334	2,473	(1,860)				
Picnic Table/Benches		4	ea	Allowance	C	G-F	6,024	30	9	Well maintained, grass cut regularly	201	4,217	2,407	(1,810)				
Mailboxes		1	ea	Total	M	G	2,683	25	24	Replaced 2024	107	107	61	(46)				
Mailboxes		2	ea	2,472.00	M	G	4,944	25	25	Replaced 2025	198	-	-	-				
Mailboxes		11	units	2,472.00	C/M	F-P	27,192	25	3	Original, minimal rust	1,088	23,929	13,658	(10,271)		28,824		
Subtotal						\$ 60,005												
CONTINGENCY (5%)						15,261			Unforeseen exp & cost overrun	785	9,944	5,676	(4,268)	2,415	87	2,031	275	2,211
TOTALS						\$ 320,488				16,489	208,833	119,194	(89,638)	50,705	1,836	42,649	5,769	46,425

Accumulated Funding Requirement ->

208,833

174,617

189,765

164,595

176,799

148,842

+ Components remaining life is beyond 30 year projection; will return when remaining life is 30 years

**Sunset Place Association of Carlsbad**  
**140 Units; Built 1986**

**Major Repairs and Replacements Funding Requirements**  
**Following Six to Thirty Year Projection**

COMPONENT	Estimated Usfl/Remg Life	2030 2031 Disb	2031 2032 Disb	2032 2033 Disb	2033 2034 Disb	2034 2035 Disb	2035 2036 Disb	2036 2037 Disb	2037 2038 Disb	2038 2039 Disb	2039 2040 Disb	2040 2041 Disb	2041 2042 Disb	2042 2043 Disb	2043 2044 Disb	2044 2045 Disb	2049 2050 Disb	2054 2055 Disb
<b>PAINTING/REPAIRS</b>		6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	25	30
Common Area Stucco Walls, Paint	5 4				6,250					7,006					7,762			
Stucco Wall Repair of Stucco	5 3			1,363					1,532					1,701				
Electric Meter Boxes, Paint	5 2		1,001					1,129					1,256					
<b>FENCING/WALLS</b>																		
Walkway Fencing, PVC	30 9				53,872													
Wrght Iron Desilt Fence/Gates+Paint	30 28																	
Wood/Stucco Fence, Repair/Replace	10 3								13,600									
Free Standing Perim. Masonry Wall	35 35																	
Masonry Retaining Walls	35 34																	
<b>CONCRETE SURFACES</b>																		
Walkways (20%)	30 12							76,773										
Desilting Basin, Repair	15 5															39,975		
<b>LANDSCAPING/IRRIGATION</b>																		
Timers (Average cost)	10 1						20,963											
Controller Cabinets	30 14									30,982								
Backflow Valves	30 1																	
Electric Meter Boxes (4311)	25 5																	3,883
Electric Meter Boxes	20 6	11,940																
Tree Replacement	15 1											18,125						
Irrigation System Re-wiring																		
Valves/Heads/Misc																		
Groundcover/Renovation																		
Tree Trim/Removal																		
Slope Clearance																		
<b>LIGHTING/ELECTRICAL</b>																		
Walkway Pagoda Fixtures																		
Photo Cells for Lights	15 2												1,256					
Ground Mount Floods @ Monuments	20 11						4,827											
<b>MISCELLANEOUS</b>																		
Desilting Basin Cleanout	10 5									16,954							20,536	
Wood Signage																		
Monuments-Ceramic Tile/Glass Block	25 10					9,173												
Picnic Table/Benches	30 9				7,469													
Mailboxes	25 24																	
Mailboxes	25 25																8,504	
Mailboxes	25 3																	
<b>CONTINGENCY (5%)</b>		597	50	68	3,380	459	1,290	3,895	757	1,899	848	906	126	85	388	1,999	1,452	194
<b>TOTALS</b>		12,537	1,052	1,431	70,971	9,631	27,080	81,797	15,889	39,887	17,802	19,031	2,638	1,786	8,150	41,973	30,491	4,077

Accumulated Funding Requirement ->

155,267 173,673 192,193 141,668 152,978 147,334 87,467 94,003 77,036 82,649 87,527 109,293 132,405 149,648 133,562 178,288 212,657



**Sunset Place Association of Carlsbad**  
**140 Units; Built 1986**

**June 30, 2025**

**30-Year Cash Projections**

**30-Year Cash Projections:**

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2044	2049	2054
Fiscal Year Ended ----->	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2045	2050	2055
Number of Years----->	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	20	25	30

**Option 1 - Annual Requirement Funding: Fair level of funding in FY 2025/26. Funding could reach the Strong level beginning FY 2045/46.**

<b>Reserve Allocation - Unit/Mth</b>	<b>10</b>	<b>10</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>13</b>	<b>13</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>15</b>	<b>15</b>	<b>18</b>	<b>21</b>	<b>24</b>
Beginning Cash	119194																	
<b>Annual Funding w/3% incrs</b> (includes 3% annual increase)	<b>16984</b>	17493	18018	18559	19115	19689	20280	20888	21515	22160	22825	23510	24215	24941	25689	29781	34525	40023
Net Interest On Balance (1%)	1192	867	1032	796	932	668	746	946	1150	667	799	764	189	274	127	1017	1617	2129
Annual Disbursements	50705	1836	42649	5769	46425	12537	1052	1431	70971	9631	27080	81797	15889	39887	17802	41973	30491	4077
Ending Cash Reserve - Option 1	86665	103189	79591	93176	66798	74618	94592	114995	66688	79883	76427	18903	27418	12746	20762	90506	167365	251005

**Option 2 - Current Budgeted Funding: Reserves are currently funded at the Fair level of funding. Reserves could reach the Strong level of funding beginning FY 2026/27 and could be overfunded beginning FY 2028/29.**

<b>Reserve Allocation - Unit/Mth</b>	<b>24</b>	<b>24</b>	<b>25</b>	<b>26</b>	<b>27</b>	<b>28</b>	<b>28</b>	<b>29</b>	<b>30</b>	<b>31</b>	<b>32</b>	<b>33</b>	<b>34</b>	<b>35</b>	<b>36</b>	<b>42</b>	<b>48</b>	<b>56</b>
Beginning Cash	119194																	
<b>Current Funding w/3% incrs</b> (includes 3% annual increase)	<b>39887</b>	41083	42316	43585	44893	46240	47627	49056	50527	52043	53604	55213	56869	58575	60332	69942	81082	93996
Net Interest On Balance (1%)	1192	1096	1499	1511	1904	1908	2264	2752	3256	3084	3539	3840	3612	4058	4286	7262	10355	13833
Annual Disbursements	50705	1836	42649	5769	46425	12537	1052	1431	70971	9631	27080	81797	15889	39887	17802	41973	30491	4077
Ending Cash Reserve - Option 2	109568	149911	151078	190405	190777	226387	275226	325603	308415	353911	383974	361230	405822	428568	475384	761473	1096477	1487094

**Option 3 - Recommended Funding: The current regular reserve allocation, with 3% annual increases, could fund reserves at the Strong level of funding beginning FY 2026/27. To avoid possible future overfunding, the regular reserve allocation could be decreased to equal \$16,000 annually in FY 2028/29. Reserves could maintain the Strong level of funding beginning FY 2026/27.**

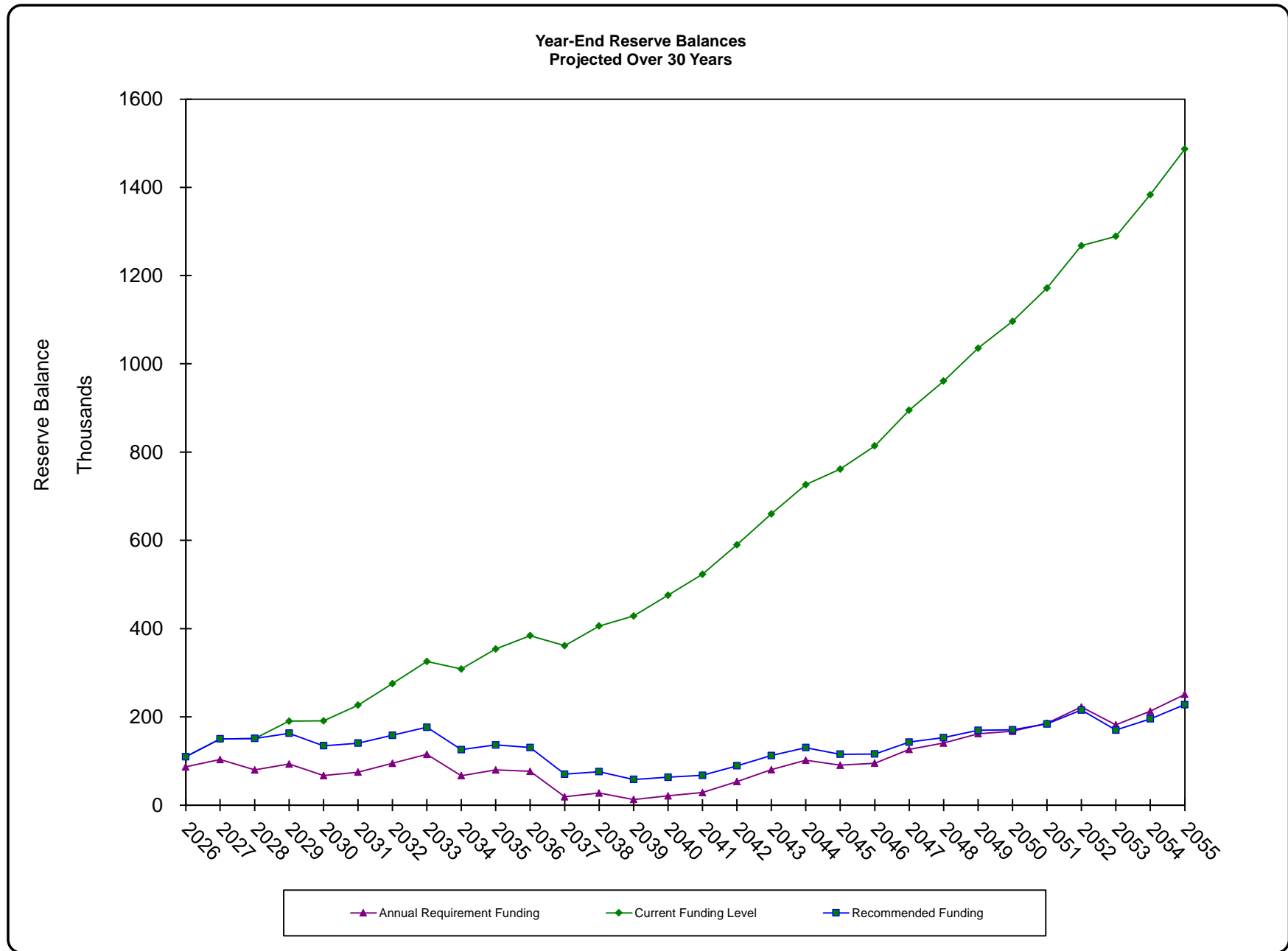
<b>Reserve Allocation - Unit/Mth</b>	<b>24</b>	<b>24</b>	<b>25</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>13</b>	<b>13</b>	<b>15</b>	<b>18</b>	<b>21</b>
Beginning Cash	119194																	
<b>Recommended Funding</b> (inclcs 3% annl incrs unless noted)	<b>39887</b>	41083	42316	16000	16480	16974	17484	18008	18548	19105	19678	20268	20876	21503	22148	25675	29765	34505
Net Interest On Balance (1%)	1192	1096	1499	1511	1628	1345	1403	1581	1763	1256	1363	1303	701	758	581	1302	1695	1953
Annual Disbursements	50705	1836	42649	5769	46425	12537	1052	1431	70971	9631	27080	81797	15889	39887	17802	41973	30491	4077
Ending Cash Reserve - Option 3	109568	149911	151078	162820	134503	140285	158120	176278	125618	136347	130309	70083	75771	58144	63072	115227	170455	227713
Projected Total Replacement Cost -																		756351
Projected Funding to Cost Ratio -																		30%

**Percent of Accumulated Reserve Requirement Funded: 57.1%**

**Cash at End of Fiscal Year:**

Cash at January 31, 2025 106,114  
Monthly Allocations through Year End 16,135  
Anticipated Expenditures through Year End (3,055)

**Cash Projected at Year End June 30, 2025**  
119,194



## Sunset Place Association of Carlsbad

### Notes and Assumptions

June 30, 2025

#### Note A Key to Reserve Funding Program:

These definitions correspond to the column headings on the Major Repair and Replacement Funding

#### **Consultant's Estimate Section, page 5:**

**Component** - Each major repair or replacement item considered by the Board of Directors and Consultant to require reserve funding.

**Units Measured** - The quantity in terms of area or item count as determined by actual measure, bids/invoices, DRE budget or other sources.

**Unit Cost** - The current replacement cost per unit of measure.

**Source** - Indicates where data was derived. C = Consultant's database/previous study; M = Management or Board of Directors information; V = Vendor (pool/landscape/roofer/elevator/etc) information; A = Actual cost; NA = No Access or data Not Available.

**Condition** - The physical condition from the consultant's visual inspection and other sources. Code: N = New or nearly new, G = Good, F = Fair, P = Poor condition, needs to be replaced soon.

**Current Replacement Cost** - The present cost of repairing or replacing the reserve components as estimated by the independent consultant or current bids/invoices. However, replacement costs will inevitably increase.

**Estimated Useful Life** - The estimated life of reserve components when they were new, and prior to any aging process.

**Estimated Remaining Life** - The remaining useful life for reserve components. As per CC 5550 only components with remaining lives of 30 years or less are included here. Repair, replacement or refurbishment will be necessary at the end of the component's remaining life.

#### **Funding Projection Section - pages 5-6:**

**Annual Funding Requirement** - This is the amount that should be set aside annually, exclusive of any reserve deficit or inflation, and is the method established by CC 5550. This requirement is computed by dividing the current replacement cost by the estimated useful life.

**Accumulated Funding Requirement** - This is the amount of reserve savings which should be on hand, according to the consultant's current replacement cost estimates, as of the date of this reserve report. This amount is computed by multiplying the difference between the estimated useful and remaining life times the annual reserve requirement.

## Sunset Place Association of Carlsbad

### Notes and Assumptions

June 30, 2025

#### **Funding Projection Section - pages 5-6 (continued):**

**Cash in Reserves** - The amount of actual reserve savings on hand that have been accumulated for replacement of reserve components.

**Deficit** - That amount which is computed by subtracting the accumulated reserve requirement from the amount of cash on hand. This is the combined shortage, if any, of reserve savings for all of the reserve components. The opposite would be a Surplus.

**Cost Projections by Year** - The amounts of the estimated future replacement cost cash expenditures projected for each year. Some major repair expenditures may be spread over two or three years. Five years disbursements are shown on page 5 and the following 25 years are shown on pages 6.

#### **30-year Cash Projections, page 7:**

With every funding plan the projections start with the current reserve cash balance, and include the annual disbursements as projected on pages 5 through 6. All funding amounts are increased for inflation at three percent (3%) per year.

**Option 1 - Annual Funding** - This funding plan is to set aside the specific minimum amount of reserves required by CC 5550. These annual amounts are computed on page 5 and inserted as annual contributions to the reserves into the cash projections (adjusted for inflation). Any funding deficit is not considered in this method.

**Option 2 - Current Budgeted Funding** - As a comparison to Options 1 and 3, this option represents the *current* reserve budget projected over thirty years using an inflation factor of three percent (3%) per year.

**Option 3 - Recommended Funding** - This funding goal is to keep the year-end balance above zero during the 30-year cash projection while maintaining a reasonable contribution rate. First this funding option is calculated so that there is no deficit in the projected 30-year reserve balance. Then to create sufficient funding for the Association over the next 30 years, contributions in years 2 through 30 may be raised or lowered, and/or special assessments may be levied.