



## **Sonnenberg & Company, CPAs**

A Professional Corporation

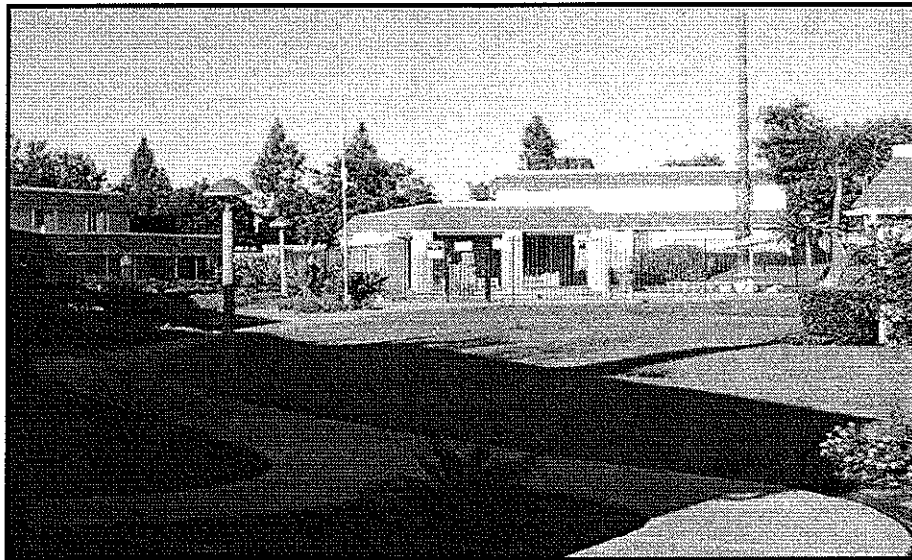
5190 Governor Drive, Suite 201, San Diego, California 92122

Phone: (858) 457-5252 • (800) 464-4HOA • Fax: (858) 457-2211 • (800) 303-4FAX



Leonard C. Sonnenberg, CPA

**Vista Park Villas  
Condominium Association  
RESERVE STUDY  
March 31, 2017**





# Sonnenberg & Company, CPAs

A Professional Corporation

5190 Governor Drive, Suite 201, San Diego, California 92122

Phone: (858) 457-5252 • (800) 464-4HOA • Fax: (858) 457-2211 • (800) 303-4FAX



Leonard C. Sonnenberg, CPA

**Vista Park Villas  
Condominium Association  
RESERVE STUDY  
March 31, 2017**

<u>Section</u>	<u>Page</u>
<b>RESERVE STUDY EXECUTIVE SUMMARY</b>	1-2
<b>ASSESSMENT AND RESERVE FUNDING DISCLOSURE SUMMARY</b>	3
(These 3 pages should be distributed to owners as part of annual budget package)	
<b>RESERVE STUDY REPORT</b>	
Accountant's Report	4
Reserve Analysis Worksheets	5-6
Funding Projection Options	7
Chart Relating to Projections	8
Notes & Assumptions	9-10

# Reserve Study Executive Summary

Association Name: **Vista Park Villas Condominium Association**  
 Location: **1100 Madera Ln. & 1200 Mariposa Ct., Vista, CA**  
 No. of Units: **92** Built: **1973** Fiscal Year Ending: **March 31, 2017**  
 Level of Study: **Level II: Update with On-Site Inspection** Date of Physical Inspection: **November 22, 2016**

## 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
ROOFING & DECKS	5 - 30	1 - 27	\$ 661,105	\$ 23,957	\$ 129,482	\$ 20,778	26.6%
PAINTING/REPAIRS	5 - 30	3 - 10	314,242	24,948	153,197	24,583	31.5%
FENCE/SECURITY	10 - 25	2 - 25	105,447	4,736	22,639	3,633	4.6%
PAVED SURFACES	4 - 20	1 - 18	225,830	17,731	79,814	12,808	16.4%
POOL	12 - 20	1 - 19	24,920	1,525	7,901	1,268	1.6%
MECHANICAL/PLUMBING	50 - 50	3 - 3	40,000	800	37,600	6,034	7.7%
LANDSCAPING/IRRIGATION	1 - 25	1 - 6	14,295	3,465	11,907	1,911	2.4%
LIGHTING/ELECTRICAL	10 - 20	4 - 5	21,350	1,100	15,915	2,554	3.3%
MISCELLANEOUS	15 - 15	14 - 15	81,100	5,407	5,367	861	1.1%
CONTINGENCY (5%)			74,414	4,183	23,191	3,721	4.8%
<b>TOTALS</b>			<b>\$ 1,562,703</b>	<b>\$ 87,852</b>	<b>\$ 487,011</b>	<b>\$ 78,150</b>	

## CURRENT FISCAL YEAR RESERVE FUNDS

Current Budgeted Annual Reserve Allocation	\$ 85,968
Reserve Fund Balance as of: September 30, 2016	\$ 147,166
Anticipated Funding to Year End	42,984
Anticipated Expenditures to Year End	(112,000)
Cash Projected at Year End March 31, 2017	\$ 78,150
Accumulated Funding Requirement (Fully Funded)	\$ 487,011
Percentage Funded at the end of this Fiscal Year	16.0%
Accumulated Deficiency for Current Fiscal Year	\$ 408,861
Deferred repair/replacement of any major component with a remaining life of 30 years or less?	Per Unit \$ 4,444 NO

## RESERVE FUNDING OPTIONS FOR THE FISCAL YEAR ENDING: 2018

	per unit per month	per year
<i>funding options assume a 3% increase, unless otherwise noted</i>		
Annual Requirement Funding:	\$ 82	\$ 90,487
Current Budgeted Funding:	80	88,547
Recommended Funding:	80	88,547
Special Assessment/s Recommended?		NO
<i>For funding option details please see Reserve Study Summary page 2</i>		

We present this summary of the repair and replacement funding program of the Association as of March 31, 2017, and the related reserve funding projection for the 30-year period from 2017 to 2047, 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.

*Ronald C. Sonnenberg*

January 25, 2017

Sonnenberg & Company, CPAs

**Vista Park Villas Condominium Association  
Level II: Update with On-Site Inspection  
March 31, 2017**

**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 \$1,562,703 and estimated normal and remaining useful lives as determined by the independent consultant, the annual funding requirement is calculated to be \$87,852.

The accumulated funding requirement is calculated to be \$487,011.

As of March 31, 2017, the Association may have \$78,150 in accounts designated as reserve funds.

Therefore, a deficit of \$408,861 has been calculated, with a funding percentage of 16.0%. 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 \$90,487 or \$82 per unit per month (based on annual funding requirement, plus 3% inflation increase) beginning next fiscal year.

**Reserves could be at the Weak level of funding in FY 2017/18.**

**No deficits in the 30 year projection.**

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

Currently, with the 3% increase, \$88,547 or \$80 per unit per month will be allocated to reserves next fiscal year.

**Reserves are currently at the Weak level of funding.**

**Reserves could maintain the Fair level of funding beginning FY 2022/23.**

**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.

Recommended funding is, \$88,547 or \$80 per unit per month.

**To bring reserves into a stronger level of funding, the Regular Reserve Allocation could be increased 7% annually in FY's 2018/19 through 2020/21.**

**To then avoid any future over funding of the reserves, no annual increases should be needed in FY's 2027/28 through 2033/34.**

**Reserves could maintain the Fair level of funding beginning FY 2020/21, and could reach the Strong level of funding beginning FY 2027/28.**

**Vista Park Villas Condominium Association**  
**Assessment and Reserve Funding Disclosure Summary**  
**March 31, 2017**

**(1) Regular Assessments -**

Assessments to members are averaged at \$370 per unit per month for the year ending March 31, 2017.

\* 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 number 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 \$78,150.

Based on the method of calculation in paragraph 4 of subdivision (b) of Section 5570 the estimated accumulated funding requirement is \$487,011.                      The percentage funded is:                      16.0%

**(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:

\$558,335              \$577,699              \$508,055              \$599,636              \$519,748

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:

\$150,952              \$172,540              \$105,438              \$199,073              \$122,443

% Funded    27.0%              29.9%              20.8%              33.2%              23.6%

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:

\$150,952              \$176,082              \$116,454              \$221,915              \$157,580

% Funded    27.0%              30.5%              22.9%              37.0%              30.3%

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 5 year funding plan.

January 25, 2017



## Sonnenberg & Company, CPAs

A Professional Corporation

5190 Governor Drive, Suite 201, San Diego, California 92122

Phone: (858) 457-5252 • (800) 464-4HOA • Fax: (858) 457-2211 • (800) 303-4FAX



Leonard C. Sonnenberg, CPA

January 25, 2017

**Vista Park Villas  
Condominium Association  
Reserve Study Report  
March 31, 2017**

Board of Directors and Owners:

We have compiled the accompanying Reserve Study Report of the Vista Park Villas Condominium Association as of March 31, 2017, the reserve funding projections for the thirty-year period from 2017 through 2047, 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)

[illegible]

Vista Park Villas Condominium Association  
92 Units; Built 1973

March 31, 2017

Inspector: Richard Barker  
Inspection Date: 11/22/2016

Major Repairs and Replacements Funding Requirements  
First Five Year Projection

Site Contacts: Linda and Rick Trettin  
Mgmt Co: MGR Property Management

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 Replmt Cost	Estimated Life: Usfl Rmg	Inspection Notes	Annual Funding Reqrmt	Accumld Funding Reqrmt	Cash In Reserves	Deficit	2017 Disb	2018 Disb	2019 Disb	2020 Disb	2021 Disb	2022 Disb
<b>MECHANICAL/PLUMBING</b>																	
Water, Gas and Electric Conduit	Allowance		M	F	\$ 40,000	50	Plumbing Re-Route	800	37,600	6,034	(31,566)			42,400			
Subtotal					\$ 40,000	3											
<b>LANDSCAPING/IRRIGATION</b>																	
Irrigation System Renovation	Allowance		M	F	\$ 10,000	25	Plan to do as needed	400	8,000	1,284	(6,716)						
Backflow Valve	1 ea	1,295.00	M	F	1,295	20	Annual check no problems reported	65	907	145	(761)					11,200	
Major Tree Removals/Replacements	Allowance		M	F	3,000	1		3,000	3,000	481	(2,519)	3,000	3,090	3,180	3,270	3,360	
Subtotal					\$ 14,295	1											
<b>LIGHTING/ELECTRICAL</b>																	
Post Light Fixtures	Allowance		C	F	\$ 650	10	Painting will extend life	65	390	63	(327)				709		
Exterior Fixtures Common Area	Allowance		C	F	20,700	20	Replace as needed	1,035	15,525	2,491	(13,034)					23,184	
Subtotal					\$ 21,350	5											
<b>MISCELLANEOUS</b>																	
Garage Doors																	
Entry Sign	1 ea	600.00	M	G	600	15	Recently painted	40	-	-	-						
Major Termite Treatments	Allowance		M	G	80,500	15	23 buildings done, about \$3,600/bldg.	5,367	5,367	861	(4,505)						
Subtotal					\$ 81,100	14											
<b>CONTINGENCY (5%)</b>					74,414		Unforeseen exp & cost overrun	4,183	23,191	3,721	(19,470)	787	3,387	7,751	199	8,490	
<b>TOTALS</b>					\$ 1,562,703			87,852	487,011	78,150	(408,861)	16,527	71,124	162,767	4,177	178,282	

Accumulated Funding Requirement ->

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

Prepared by Sonnenberg & Company CPAs

See Accountant's Letter and the Accompanying Notes and Assumptions

Reserve Analysis Worksheets, Page 5



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

[illegible]

Vista Park Villas Condominium Association  
92 Units; Built 1973

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

COMPONENT	Estimated Useful Remg Life	2022 Disb	2023 Disb	2024 Disb	2025 Disb	2026 Disb	2027 Disb	2028 Disb	2029 Disb	2030 Disb	2031 Disb	2032 Disb	2033 Disb	2034 Disb	2035 Disb	2036 Disb	2041 Disb	2046 Disb
MECHANICAL/PLUMBING																		
Water, Gas and Electric Conduit	50	3																
LANDSCAPING/IRRIGATION																		
Irrigation System Renovation	25	5																
Backflow Valve	20	6	1,489															18,700
Major Tree Removals/Replacements	1	1	3,450	3,540	3,630	3,720	3,810	3,900	3,990	4,080	4,170	4,260	4,350	4,440	4,530	4,620	4,710	5,160
LIGHTING/ELECTRICAL																		
Post Light Fixtures	10	4									904							
Exterior Fixtures Common Area	20	5															35,604	
MISCELLANEOUS																		
Garage Doors																		
Entry Sign	15	15										852						1,122
Major Termite Treatments	15	14									111,895							
CONTINGENCY (5%)			1,525	979	983	186	8,523	590	10,618	6,107	9,696	1,000	658	14,134	3,547	453	12,368	5,462
TOTALS			32,019	20,567	20,635	3,906	178,984	12,394	222,974	128,237	203,617	21,005	13,824	296,819	74,492	9,508	259,718	114,699
Accumulated Funding Requirement ->			588,759	671,857	757,523	862,553	795,140	886,954	780,822	782,064	700,561	804,305	917,886	751,068	809,233	935,017	813,226	1,210,584
																		235,611

Prepared by Sonnenberg & Company CPAs

See Accountant's Letter and the Accompanying Notes and Assumptions

Reserve Analysis Worksheets, Page 6

Vista Park Villas Condominium Association  
92 Units; Built 1973

March 31, 2017

30-Year Cash Projections

30-Year Cash Projections:

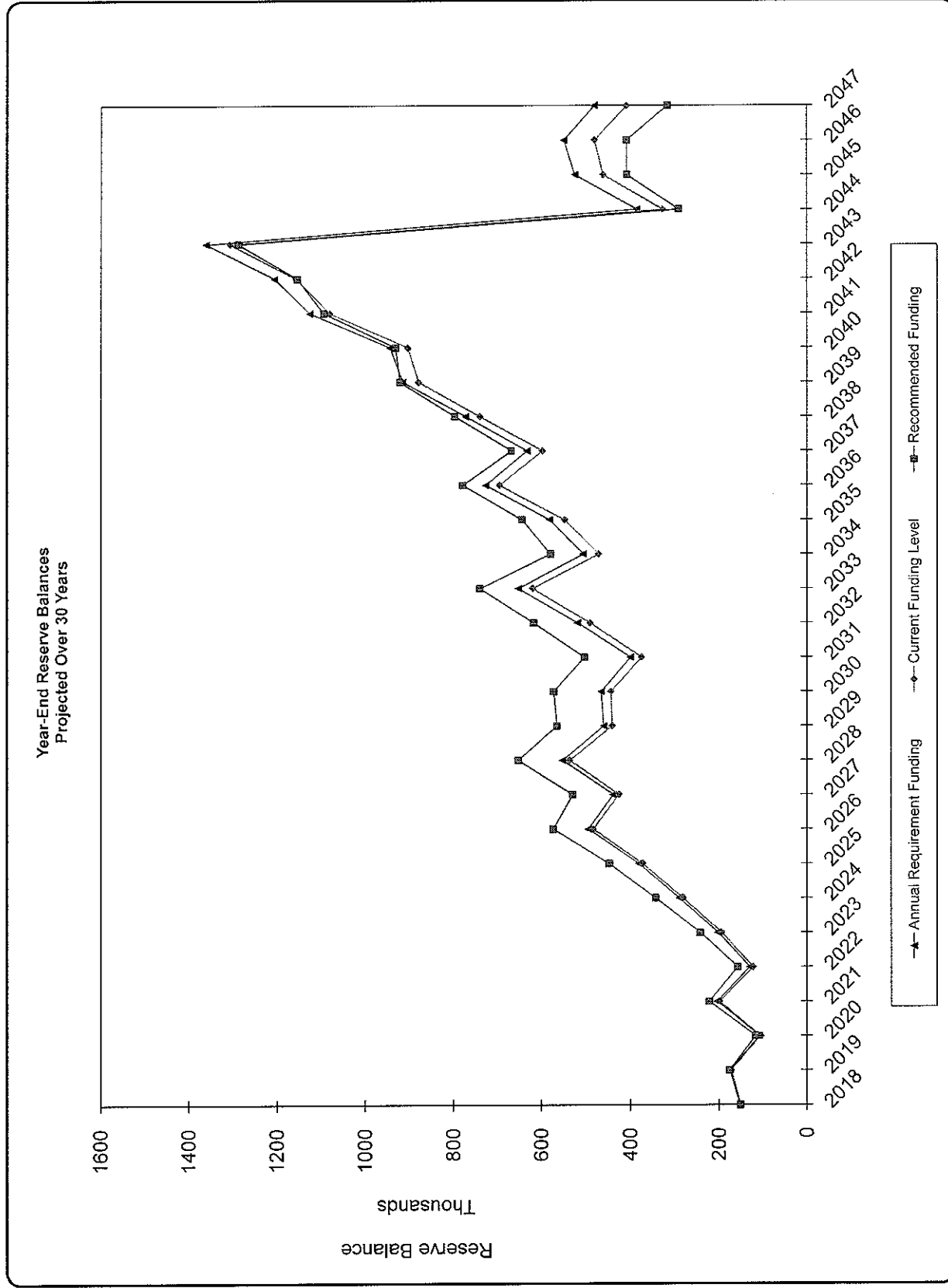
Fiscal Year Ended	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046		
Number of Years	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30		
Option 1 - Annual Requirement Funding: Reserves could be at the Weak level of funding in FY 2017/18. No deficits in the 30 year projection.																																
Regular Dues - Unit/Month Beginning Cash	82	84	87	90	92	95	98	101	104	107	110	113	117	120	124	128	132	136	140	144	148	152	156	160	164	168	172	176	180	184	188	
Annual Funding w/3% Incrs (includes 3% annual increase)	90487	93202	95998	98878	101844	104900	108047	111288	114627	118065	121607	125256	129013	132884	136870	140970	145184	149513	153957	158516	163191	167982	172790	177715	182758	187920	193191	198572	204073	209695	215438	
Net Interest On Balance (1%)	782	0	0	1082	2040	0	0	0	3806	4951	4392	5528	4606	4660	3999	7266	11258	11258	11258	11258	11258	11258	11258	11258	11258	11258	11258	11258	11258	11258	11258	
Annual Disbursements	16527	71124	162767	4177	178282	32019	20567	20635	3906	178984	12394	222974	128237	203617	21005	259718	114699	286281														
Ending Cash Reserve - Option 1	152892	174970	108201	203983	129586	202487	289846	380599	495126	439159	552763	460572	465955	399881	519745	632832	1206272	482401														

Option 2 - Current Budgeted Funding: Reserves are currently at the Weak level of funding. Reserves could maintain the Fair level of funding beginning FY 2022/23.

Regular Dues - Unit/Month Beginning Cash	80	83	85	88	90	93	96	99	102	105	108	111	114	118	121	124	128	132	136	140	144	148	152	156	160	164	168	172	176	180	184	188
Current Funding w/3% incrs (includes 3% annual increase)	88547	91203	93940	96758	99660	102650	105730	108902	112169	115534	119000	122570	126247	130034	133935	137950	142080	146325	150686	155263	160056	165081	170338	175827	181549	187505	193706	200163	206886	213875	221139	228678
Net Interest On Balance (1%)	782	1510	1725	1054	1991	1224	1943	2814	3725	4845	4259	5367	4417	4441	3750	6955	10812	10812	10812	10812	10812	10812	10812	10812	10812	10812	10812	10812	10812	10812	10812	10812
Annual Disbursements	16527	71124	162767	4177	178282	32019	20567	20635	3906	178984	12394	222974	128237	203617	21005	259718	114699	286281														
Ending Cash Reserve - Option 2	150952	172540	105438	199073	122443	194299	281404	372485	484473	425867	536731	441694	444121	374980	491660	598001	1157280	408918														

Option 3 - Recommended Funding: To bring reserves into a stronger level of funding, the Regular Reserve Allocation could be increased 7% annually in FY's 2018/19 through 2020/21. To then avoid any future over funding of the reserves, no annual increases should be needed in FY's 2021/22 through 2033/34. Reserves could maintain the Fair level of funding beginning FY 2020/21, and could reach the Strong level of funding beginning FY 2027/28.

Regular Dues - Unit/Mth Beginning Cash	80 78150	86	92	98	101	104	107	111	114	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117	117
---	-------------	----	----	----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----



## **Vista Park Villas Condominium Association**

Notes and Assumptions

March 31, 2017

### **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.

## **Vista Park Villas Condominium Association**

Notes and Assumptions

March 31, 2017

### **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.