

# Sonnenberg & Company, CPAs

A Professional Corporation

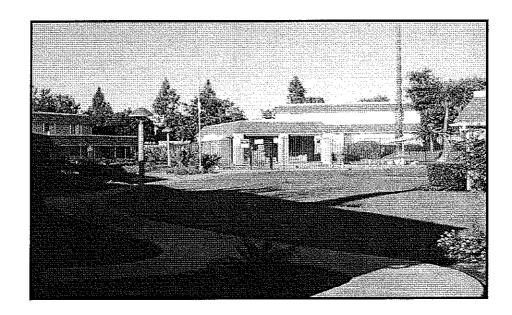
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Leonard C. Sonnenberg, CPA

Vista Park Villas Condominium Association RESERVE STUDY March 31, 2017

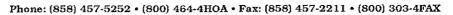




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Leonard C. Sonnenberg, CP2

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

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

Association Name:

Vista Park Villas Condominium Association

Location:

1100 Madera Ln. & 1200 Mariposa Ct., Vista, CA

No. of Units:

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

(O O Ab-i- ) A/mala					COMPONENTS	d forture realessans	
(See Reserve Analysis Work Reserve	sneet, pg. 5, for bi Estimated	Estimated	Estimated	Annual	Accumulated		Percent
Component Groups	Useful Life	Remaining Life	Replacement Cost	Funding Requireme	Funding nt Requirement	of Fund Balance	of Fund Balance
ROOFING & DECKS	5 - 30	1 - 27	\$ 661,105	•	•		26.6%
PAINTING/REPAIRS	5 - 30	3 - 10	314,242	24,9	48 153,197	24,583	31.5%
FENCE/SECURITY	10 - 25	2 - 25	105,447	4,7	36 22,639	3,633	4.6%
PAVED SURFACES	4 - 20	1 - 18	225,830	17,7	31 79,814	12,808	16.4%
POOL	12 - 20	1 - 19	24,920	1,5	25 7,901	1,268	1.6%
MECHANICAL/PLUMBING	50 - 50	3 - 3	40,000	8	00 37,600	6,034	7.7%
LANDSCAPING/IRRIGATION	1 - 25	1 - 6	14,295	3,4	65 11,907	1,911	2.4%
LIGHTING/ELECTRICAL	10 - 20	4 - 5	21,350	1,1	00 15,915	2,554	3.3%
MISCELLANEOUS	15 - 15	14 - 15	81,100	5,4	5,367	861	1.1%
CONTINGENCY (5%)			74,414	4,1	33 23,191	3,721	4.8%
TOTALS			\$ 1,562,703	\$ 87,8	52 \$ 487,011	\$ 78,150	

CURRENT FISCAL YEAR RESERVE FUND	S			
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	Per Unit	\$ 4,444
Deferred repair/replacement of any major component with a remaining life of 30 years or	less?			NO

RESERVE FUNDING OPTIONS FOR TH	HE FISCAL	YEAR ENDING: 2	2018		
	per unit pe	r month		per year	
funding options assume a 3% increase, unless otherwise noted					
Annual Requirement Funding:	\$	82	\$	90,487	
Current Budgeted Funding:		80		88,547	
Recommended Funding:		80		88,547	
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 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

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.

> Level Charen Sonnenberg & Company, CPAs

January 25, 2017

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



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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.

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Sonnenberg & Company, CPAs

Sonnenberg & Company, CPAs

Accountant's Report, Page 4

Member: The American Institute of Certified Public Accountants and California Society of Certified Public Accountants

Vista Park Villas Condominium Association 92 Units; Built 1973

Consultant's Report:

Inspector: Richard Barker
Inspection Date: 14/22/2016
Site Contacts: Linda and Rick Trettin
Mgmt Co: MGR Property Management
Source key: C = Consulant; M = Management/Board of Directors; V = Vendor, A = Actual Cost)

Major Repairs and Replacements Funding Requirements First Five Year Projection

Accountant's Program:

	(source key; C = Consultant; M = Management/Board of Directors; V	onsultant, w	= Wallays	STIETLY			1100l, A =	= Vendor, A = Actual Cost)									
	Units	Unit			Current Replomt	Estimated Life:	 Pa		Annual Funding	Accumitd Funding	Cash In	Deficit	2017 2018	2018 2019	2019	2020	2021
COMPONENT	Measured	Cost	Srce	Cond		Usfi Rmg	шğ	Inspection Notes		- 1	ves		Disb	Disb			Disb
ROOFING & DECKS													<b>~</b> -	2	en	4	2
Built-up Roof-Asphalt	1,000 sq	460,00	ΔV	<u>ය</u>	460,000	_		Per management roof has 30 yr life	15,333	46.000	7.382	(38.618)					
* Flashing Over Facia & Drip Edge	<del>"</del>		Beyond	Beyond 30 yr projection	Jection	Ľ	_	`	. •	•							0000
Fiberglass Shingle	375 sq	375.00		الله ر الله ر	140,625	٥.		Repaired as needed covers mansards	4,688	60,938	62,76	(51,159)					
Hoit Decks, Resurface, Unit 1100		3,400.00	2 2	ם פ	0,000	2 6		s ilos and iloi	340	9 460	60. •	(5/1) (5/0)					X
Unit Decks, Resurface		3,400.00	ΣΣ	) њ	13,600				089	8.840	1,419	(7,421)					
Unit Decks, Resurface	2 ea	3,400.00	Σ	ග	6,800			Unit 1131 & 1148	340	,							
Unit Decks, Topcoat (250 sf x \$1.50)	16 ea	380.00	O	u.	6,080	5	<b></b>		1,216	4,864	781	(4,083)	6,080				223
Cutters/Downspouts, Replace Subtotal	Operating Budget			<del>69</del>	661.105												
																	1000
PAINTING/REPAIRS Building Stucco, Paint	14 Bldg 4	Allowance	Σ	<del>ه</del>	112.000	0	- 6		11 200	1	,						
Building Stucco	Bldg /	Allowance	Σ		72,000	_		In Process of being done inner circle	7,200	50,400	8,088	(42,312)			76,320		
Repl. Wood Imm & Siging with Stucco Steel Stairs & Balcony Rail, Paint	9 Bldg A 16 ea	Allowance 725.00	2 2	р. ц	117,000	9 9	9 2 3	Done with Stucco and paint all wood removed	3,900	97,500	15,646 745	(81,854)			12 206	÷	131,040
Wrought Iron Pool Fence, 6 ft., Paint Wrt. Iron Perim, Fence, 5 ft., Paint		7.20 Plannino	7.20 C P	P	1,642	ı rc		Treat with rust prevention then paint  Per management not sure what they are doing	328	657	105	(551)			1,740		
Wrought fron Fence 3 ft Paint		Dianaia	Planning replacement	ment			with	with this									
Stair Treads, Replace Exterior Wood Replace	Operating Budget		a provide a														
Subtotal				မော	314,242												
FENCE/SECURITY Wrought Iron Pool Fence, 6 ft.	228 If	46.00	ပ	<del>ده</del>	10.488	25	55		420	4 195	673	(2,522)					
Wrt. Iron Perimeter Fence, 5 ft.	=	Replacement planned, no bids yet	t plannec	1, no bids	yet		 !		ì	2	5	(3,0,0)					
Balcony Deck Wrt. Iron	368 If	31.00	0 (	<b>Ա</b> . L	11,408		2 20		570								17.77
Wood Fence, Replace			ى ک ن	r 0	38,250	3 52	 8 K3		1,530			. ,					
Wood Fence, Replace			C/M/V	თ	18,000				720	15,840	2,542	(13,298)			19,080		
Trash Doors, Replace Trash Trellis	5 ea 306 sf	225.00	o c	டவ	1,125	120		Replace as needed	56	1,013	162	(850)		1,159			
Security Cameras at Pool	Allowance		>≥:	. ග	2,500	2 8 9	20 Rec	Recently installed	125	3 '	3 .	(0000)		200			
Security Key Cards Subtotal	Allowance		Σ	.ລ ໄ <del>⇔</del>	105,447	19		new system	200								
PAVED SURFACES																	ANGES.
Asphalt Reseal/Striping Asphalt Overlav(75%)	84,230 sf 63,172 sf	0.18 2.48	∑∑	w w	15,161 156,667		2 1/3 Not 1/3	1/3 of project full thickness Not all the streets will need complete overlay	3,790	7,581	1,216	(6,364)		15,616			50,427
Asphalt Replace (10%)		5.30	ပ	. a	44,642	<del>ن</del> ب		2/3 need full thickness	2,976	38,690	6,208	(32,481)		45,981			)19(2
Asphali bellii replace Concrete Paving Replacements Subtotal	<u> </u>		ى د	∟ (O	7,800 7,800 225,830		- 8		130 390	780	229 125	(1,201) (655)	1,560				
POOL			:		9					,							
Kesurface/Retile Pool Coping Tiles Decoseal Joint Caritk	1 ea 1 120 If Operating Budget	13,000.00 24.00	⊵ ບ	ල ල	73,000	20 2	19 19 19	Plaster and tile done 2015	144	867 144	139 23	(728) (121)					
Concrete Decking	Allowance	080 00	00	шш	2,060	20		Renair as needed	103	1,030	165	(865)					
/Motors tel Restrooms	1 ea 2 ea	900.00	000	. 14 14	900	20 22	Fixture	No problems reported Fixtures will need replacing	75 255	525 4.845	84 777	(441) (4,068)	5,100				1,008
Subtotal				€>	24,920		_					•					MÁS

Vista Park Villas Condominium Association	ssociation		March 31, 2017	17	Inspector: Richard Barker				Major Re	Major Repairs and
92 Units; Built 1973					Inspection Date: 11/22/2016					First
				(n)	Site Contacts: Linda and Rick Trettin					
Consultant's Report:				2	Mgmt Co: MGR Property Management		Ac	Accountant's Program:	ıt's Prog	ram:
	(source key: C =	Consultant; M = Mana	y. C = Consultant; M = Management/Board of Directors; V = Vendor; A = Actual Cost)	ors; V = Vendor;	A = Actual Cost)					
			Current	Estimated		Annual Accumitd Cash	ımltd	ash		2017
	Units	llnit	Renirmt Life:	-di		Funding Funding In Deficit 2018	dina	2	laficit	2018

Major Repairs and Replacements Funding Requirements First Five Year Projection

5)	(source key: C = Consultant; M = Management/Board of Directors; V = Vendor; A = Actual Cost)	onsultant, M	= Manag	етепурс	ard of Urre	clors; V	- Vendoi	; A = Actual Cost)									
					Current		Estimated		Annual	Accumitd	Cash		2017	2018	2019	2020	2021
	Units	Pi			Replcmt		Life:		Funding	Funding	드	Deficit	2018	2019	2020	2021	2022
COMPONENT	Measured	Cost	Srce	Cond	Cost	Ust	Usfi Rmg	Inspection Notes	Regrimmt	Regrmnt	Reserves		Disb	Disb	Disb	Disb	Disb
MECHANICAL/PLUMBING Water, Gas and Electric Conduit Subtotal	Allowance	<i>.</i> .	Σ	т 2	\$ 40,000	8 8 8	ю	Plumbing Re- Route	800	37,600	6,034	(31,566)	<del>-</del>	2	3 42,400	4	r.
LANDSCAPING/IRRIGATION Imgation System Renovation Backflow Valve Major Tree Removats/Replacements Subtotal	Allowance 1 ea Allowance	1,295.00	ΣΣΣ	r r r	\$ 10,000 1,295 3,000 \$ 14,295	25 10 10 10 10 10 10 10 10 10 10 10 10 10	ωω	Plan to do as needed Annual check no probiems reported	400 65 3,000	8,000 907 3,000	1,284 145 481	(6,716) (761) (2,519)	3,000	3,090	3,180	3,270	11,200
LIGHTING/ELECTRICAL Post Light Fixtures Exterior Fixtures Common Area Subtotal	Allowance Allowance	a. a.	00	ът 2. le.	\$ 650 20,700 \$ 21,350	650 10 700 20 ,350	4 rv	Painting will extend life Replace as needed	1,035	390 15,525	63 2,491	(327)				709	23,184
MISCELLANEOUS Garage Doors Entry Sign Major Termite Treatments Subtotal	1 ea Allowance	Individual owner responsibility 600.00 M G 8 M G 8	wner res M	sponsibilit G G	818	600 15 500 15 100	5 4	Recently painted 23 buildings done, about \$3,600/bldg.	40 5,367	5,367	. 861	(4,505)					
CONTINGENCY (5%)					74,414	14		Unforeseen exp & cast overrun	4,183	23,191	3,721	(19,470)	787	3,387	7,751	199	8,490
TOTALS					\$ 1,562,703	   			87,852	487,011	78,150	(408,861)	16,527	71.124	162,767	4,177	178,282

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

Accumulated Funding Requirement ->

Prepared by Sonnenberg & Company CPAs

See Accountant's Letter and the Accompanying Notes and Assumptions

Reserve Analysis Worksheets, Page 5

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

487,011

Vista Park Villas Condominium Association 92 Units; Built 1973

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

2046 2047 Dieh	30			209,440							3,740	28,352			3,852
2041 2042 Dish	25							1	08/'69				2,683		
2036 2037 Dish	202		10,676	175,840				17,911 31,149			3,925 3,140				
2035 2036 Dish	19													4,435	
2034 2035 Dish	18	10.268			17,516 2,479	·						22,894	11,778		1,480
2033 2034 Dish	47	208,125								2,717			66,070		1,332
2032 2033 Dish	16		8,816												
2031 2032 Dish	15						14,893								
2030 2031 Dish	14		37,808									21,074		18,070	
2029 2030 Disb	13			97,920	15,776 2,233								2,122		
2028 2029 Disb	12											208,367			
2027 2028 Disb	11		7,904												
2026 2027 Disb	10			142,240							2,540	19,255			2,616
2025 2026 Disb	6														
2024 2025 Disb	8				14,036 1,986										
2023 2024 Disb	7		16,048												
2022 2023 Disb	9		6,992									17,436			1,127
ated emg		27 32 17	14 20 1	5 ε r	იოო		15	20 20	ງຕເ	7 77 9	9 0	6 ti	7 - 8	14	10 6 1
Estimated Ustl/Remg Life		30 30 20 20	20 20 5	01 02			25	20 20	322	5 45 8	9 6	4 <del>(</del>	20 13	15	22 22 23
COMPONENT		ROOFING & DECKS Built-up Roof-Asphalt Flashing Over Facia & Drip Edge Fiberglass Shingle Unit Decks, Resurface, Unit 1106	Unit Decks, Resurface Unit Decks, Resurface Unit Decks, Resurface Unit Decks, Topcoat (250 sf x \$1.50	Gutters/Downspouts, Replace PAINTING/REPAIRS Building Stucco, Paint Building Stucco, Paint Mod Trick Code	rept. Would Innia Studieg with Studies States Stairs & Balcony Rail, Paint Wrought Iron Pool Fence, 6 ft., Paint Wrt. Iron Perim, Fence, 5 ft., Paint	Wrought Iron Fence, 3 ft, Paint Stair Treads, Replace Exterior Wood Replace	FENCE/SECURITY Wrought Iron Pool Fence, 6 ft. Wrt. Iron Perimeter Fence, 5 ft.	Balcony Deck Wrt. Iron Stair Hand Rail Mood Fance Denlace	Wood Fence, Replace	Trash Trellis	Security Key Cards	PAVED SURFACES Asphalt Reseal/Striping Asphalt Overlay(75%)	Asphalt Replace (10%) Asphalt Berm Replace Concrete Paving Replacements	POOL Resurface/Retile Pool Coping Tiles	Decoseal John Caulk Concrete Decking Filters Pumps/Motors Remodel Restrooms

Vista Park Villas Condominium Association 92 Units; Built 1973

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

COMPONENT	Estimated Usfl/Remg Life	4 2022 g 2023 Disb	2 2023 3 2024 b Disb		2024 2025 Disb	2025 2026 Disb	2026 2027 Disb	2027 2028 Disb	2028 2029 Disb	2029 2030 Disb	2030 2031 Disb	2031 2032 Disb	2032 2033 Disb	2033 2034 Disb	2034 2035 Disb	2035 2036 Disb	2036 2037 Disb	2041 2042 Disb	2046 2047 Disb
MECHANICAL/PLUMBING Water, Gas and Electric Conduit	20	9 8	_		ω	တ	01	-	12	13	4	15	16	17	82	19	20	25	30
LANDSCAPING/IRRIGATION Irrigation System Renovation Backflow Valve Major Tree Removals/Replacemen	25 20 1	3 + 4, 8, 4, 4, 4, 4, 4, 4, 4, 4, 4, 4, 4, 4, 4,	1,489 3,450 3	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	18,700
LIGHTING/ELECTRICAL Post Light Fixtures Exterior Fixtures Common Area	20 20	4. rv									904							35,604	
MISCELLANEOUS Garage Doors Enlry Sign Major Termite Treatments	15 11	5 4									111,895	852							1,122
CONTINGENCY (5%)		1,5	1,525	979	983	186	8,523	230	10,618	6,107	969'6	1,000	658	14,134	3,547	453	12,368	5,462	13,632
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	286,281
Accumulated Funding Requirement ->	ent 🌣	588,759		671,857 7	757,523	862,553 795,140	795,140	896,954	790,822	782,064	700,561	804,305	917,866 751,068		809,233 935,017		813,226 1,210,584	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

30-Year Cash Projections

Vista Park Villas Condominium Association 92 Units; Built 1973

30-Year Cash Projections:

Fiscal Year Ended> Number of Years>	2017 2018 1	2018 2019 2	2019 2020 3	2020 2021 4	2021 2022 5	2022 2023 6	2023 2024 7	2024 2025 8	2025 2026 9	2026 2027 10	2027 2028 11	2028 2029 12	2029 2030 13	2030 2031 14	2031 2032 15	2036 2037 20	2041 2042 25	2046 2047 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	unding: Re.	serves cou	ild be at th	e Weak le	vel of fundi.	ng in FY 20	17/18. No	leficits in th	ıe 30 year p	rojection,								
Regular Dues - Unit/Month Beginning Cash	82 78150	84	87	90	95	95	86	101	104	107	110	113	117	120	124	144	167	193
Annual Funding w/3% incrs (includes 3% annual increase)	90487	93202	95998	98878	101844	104900	108047	111288	114627	118065	121607	125256	129013	132884	136870	158670	183942	213239
Net Interest On Balance (1%)	782	0	0	1082	2040	0	0	D	3806	4951	4382	5528	4606	4660	3999	7266	11258	5499
Annual Disbursements	16527	71124	71124 162767	4177	178282	32019	20567	20635	3906	178984	12394	222974	128237	203617	21005	259718	114699	286281
Ending Cash Reserve - Option 1	152892	152892 174970 108201 203983 129586	108201	203983	129586	202467	289946	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.

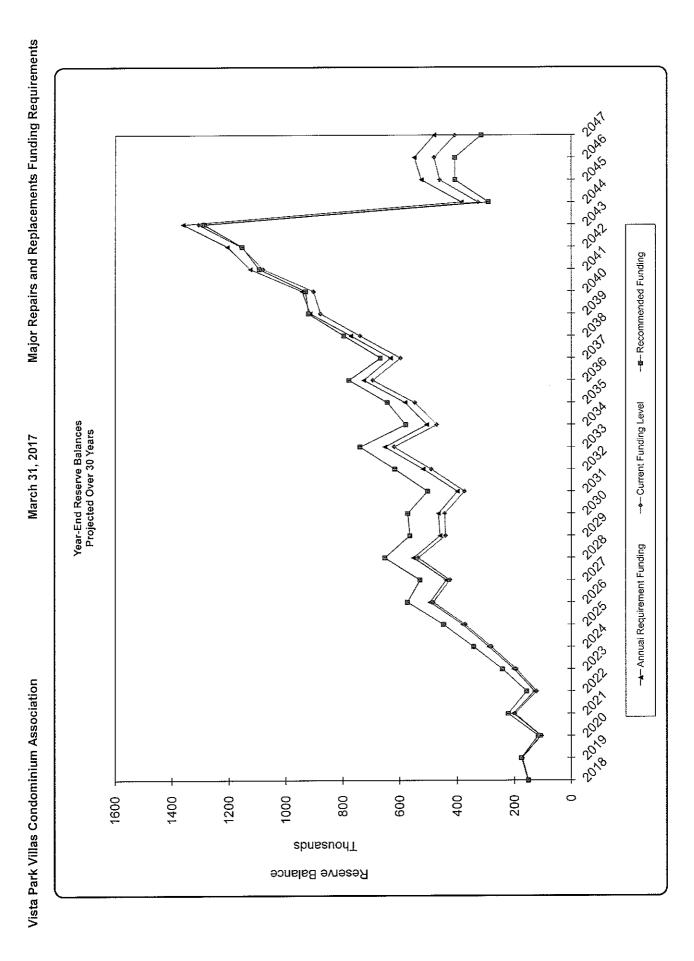
189	208667	4817	286281	408918
163	179998	10812	114699	1157280
141	155268	6955	259718	598001
121	133935	3750	21005	491660
118	130034	4441	203617	374980
114	126247	4417	128237	444121
111	122570	5367	222974	441694
108	119000	4259	12394	536731
105	115534	4845	178984	425867
102	112169	3725	3906	484473
66	108902	2814	20635	372485
96	105730	1943	20567	281404
93	102650	1224	32019	194299
06	09966	1991	178282	122443
88 80	96758	1054	16527 71124 162767 4177 178282	199073
85	93940	1725	162767	105438
83	91203	1510	71124	172540
80 78150	88547	782	16527	150952
Regular Dues - Unit/Month Beginning Cash	Current Funding w/3% incrs (includes 3% annual increase)	Net Interest On Balance (1%)	Annual Disbursements	Ending Cash Reserve - Option 2 150952 172540 105438 199073 122443

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 2023/34. Reserves could maintain the Fair level of funding beginning FY 2020/21, and could reach the Strong level of funding beginning FY 2021/28.

Regular Dues - Unit/Mth Beginning Cash	80 78150	98	95	88	101	104	107	<b>1</b> 1	114	117	117	117	117	117	117	128	149	172
Recommended Funding (inclds 3% annl incrs unless noted)	88547	94745 (7% ann ii	94745 101378 108474 111728 (7% ann incrs in FY's 18/19 - 20/21)	108474 s 18/19 - 2	111728 .0/ <b>21</b> )	115080	118532	122088	125751	129524	129524 (n	129524 to ann incrs	129524 129524 129522 (no ann incrs in FY's 27/28 - 33/34)	129524	129524	141534	164077	190210
Net Interest On Balance (1%)	782	1510	1761	1165	2219	1576	2422	3426	4475	5738	5301	6525	5656	5725	5042	7788	10943	4094
Annual Disbursements	16527	71124	71124 162767	4177	4177 178282	32019	20567	20635	3906	178984	12394	222974	128237	203617	21005	259718	114699	286281
Ending Cash Reserve - Option 3 150952 176082 116454 221915	150952	176082	116454	221915	157580	242218	342605	447484	573804	530082	652512	565586	572529	504161	617721	668364	1154657	317390
															Projected To Projected	Projected Total Replacement Cost - Projected Funding to Cost Ratio -	nent Cost - ost Ratio -	3687979 9%
	Percent of Accumulated Reserve Requirement Funded:	Accumula	ted Reserv	re Require	ment Fund	; <del>p</del>		16.0%										
	Cash at End of Fiscal Year: Cash at Septem Monthly Allocatio Anticipated Exper	id of Fiscal Cash at 3 Monthly Al Anticipated	nd of Fiscal Year: Cash at September 30, 2016 Monthly Allocations through year-end Anticipated Expenditures through year-end	:30, 2016 through ye ures throu	ar-end igh year-en	ס		147,166 42,984 (112,000)										

78,150

Cash Projected at Year End March 31, 2017



#### 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.