

Jan 2018 Reserve Study

by Tom Tousignant, Treasurer

5 Year Pro Forma Budget

Montage at Mission Hills Homeowners' Association

Report Date: 01/01/2015

Fiscal Year: 01/01/15 - 12/31/15

Account Description

	Current Budget 2017	Year 1 2018	Year 2 2019	Year 3 2020	Year 4 2021	Year 5 2022	Annual Increase (% per Yr)
Potential Income							
4110 Regular Assessments	299,520	353,280	357,888	376,320	390,144	408,576	6%
4125 Collection Reimbursement	150	150	0	0	0	0	Est.
4130 Interest Income (accumulated in Reserves)	330	135	141	1,453	1,856	2,399	Calc.
4135 Assessment Violations	0	0	100	100	100	100	Est.
4140 Late Assessments	1,050	1,113	1,180	1,251	1,326	1,406	6%
4141 Admin Fee L/C (new Jan 2011)	498	528	560	594	630	668	6%
4142 Bank Charges	0	0	0	0	0	0	Est.
4150 Special Assessments	0	0	0	0	0	0	Est.
4155 Architectural Fees	0	0	0	0	0	0	Est.
4160 Newsletter Advertising	0	0	0	0	0	0	Est.
4180 Security Assessments	0	0	0	0	0	0	Est.
4190 Gate Clickers/Keys	0	0	0	0	0	0	Est.
4195 Transfer Fee (new Jan 2011)	0	0	0	0	0	0	Est.
Total Potential Income	301,548	355,206	359,869	379,718	394,056	413,149	4.4%
Reserves							
5000 Reserve Loan	0	0	0	0	0	0	Est.
5010 Less Reserves	(39,132)	(43,056)	(48,648)	(54,972)	(62,124)	(70,200)	12.5%
5010a Palm Tree Plan Surcharge (2018 thru 2027)		(38,000)	(38,000)	(38,000)	(38,000)	(38,000)	Est.
5011 Excess Funds Transfer	0	0	0	0	0	0	
5015 Less Restricted Interest	(330)	(135)	(141)	(1,453)	(1,856)	(2,399)	Calc.
Total Reserves	(39,462)	(81,191)	(86,789)	(94,425)	(101,980)	(110,599)	8.0%
Income after Reserves	262,086	274,015	273,080	285,293	292,076	302,550	3.0%
Operating Expenses							
Utilities							
5020 Electricity	10,198	11,385	12,524	13,776	15,154	16,669	10.0%
5021 Mailbox Lighting Electricity	128	128	141	155	171	188	10.0%
5040 Gate Telephone	1,635	1,580	1,659	1,742	1,829	1,920	5.0%
5050 Water	2,392	4,312	4,441	4,574	4,711	4,852	3.0%
Subtotal Utilities	14,353	17,405	18,765	20,247	21,865	23,629	10.0%
Landscape Maintenance							
5110 Landscape Contract	17,100	19,200	20,160	21,168	22,226	23,337	5%
5120 Landscape Extras	1,200	2,000	2,200	2,420	2,662	2,928	10%
5130 Sprinkler Maintenance	1,500	1,500	1,650	1,815	1,997	2,197	10%
5140 Tree Trimming	6,300	4,860	5,346	5,881	6,469	7,116	10%
5145 Tree Removal	500	0	0	0	0	0	Est.
5150 Annual Color	0	0	0	0	0	0	Est.
5160 Seed/Scalp/Fertilize	75	75	77	79	81	83	2%
5170 New Plants	1,200	1,200	1,320	1,452	1,597	1,757	10%
Subtotal Landscape	27,875	28,835	30,753	32,815	35,032	37,418	6.1%
Entrance Fountains							
5210 Contract Maintenance	2,400	2,400	2,448	2,497	2,547	2,598	2%
5220 Equipment Repair	200	200	200	200	200	200	0%
Subtotal Fountains	2,600	2,600	2,648	2,697	2,747	2,798	1.9%
Hardscapes Maintenance							
5320 Painting - Block Wall/Gate Touch Up	500	500	0	500	0	0	Est.
5341 Grounds Misc.	1,000	2,000	1,100	1,210	1,331	1,464	10%
5343 Street Repairs	0	0	0	0	500	0	Est.
5345 Street Sweeping	4,770	4,680	4,914	5,160	5,418	5,689	5%

Report Date: 01/01/2015
 Fiscal Year: 01/01/15 - 12/31/15

Account	Description	Current Budget 2017	Year 1 2018	Year 2 2019	Year 3 2020	Year 4 2021	Year 5 2022	Annual Increase
5350	Retention Basin Well Pumping	2,400	0	0	1,500	0	0	Est.
5363	Holiday Décor	3,467	3,214	3,278	3,344	3,411	3,479	2%
5365	Electrical/Lighting Repair/Relamping	7,464	6,159	6,467	6,790	7,130	7,487	5%
5370	Pest Control	2,100	2,205	2,249	2,294	2,340	2,387	2%
5380	Signs	200	200	0	200	0	0	Est.
5385	Block Wall Minor Repairs	0	0	0	500	0	0	Est.
5390	Security/keys/clickers	6,300	0	0	0	0	0	Est.
5395	Gate Metal/Motor/Arm Repairs	2,000	5,500	5,775	6,064	6,367	6,685	5%
5399	Gate Phone Repairs	0	0	0	0	0	0	5%
Subtotal Hardscapes		30,201	24,458	23,783	27,562	26,497	27,191	2.1%
Administration Cost								
5455	Permits	0	0	0	0	0	0	0%
5460	Licenses	200	150	153	156	159	162	2%
5465	Reserve Study	0	0	1,000	0	0	1,100	Est.
5468	Professional Fee	0	0	0	0	0	0	Est.
5470	Audit	1,400	1,450	1,450	1,500	1,500	1,550	Est.
5480	Franchise Tax	10	10	10	10	10	10	Est.
5481	State Required Forms	100	90	35	35	35	35	Est.
5490	Internal Revenue	0	0	0	0	0	0	Est.
5505	Legal Services	2,000	9,500	1,000	1,000	1,000	1,000	Est.
5510	Assessment Collection Fee	0	0	0	0	0	0	Est.
5511	CAI Membership	760	760	590	600	620	640	Est.
5512	Bad Debts Expense	0	0	0	0	0	0	Est.
5513	Meeting & Board Expense	800	800	500	500	500	500	Est.
5515	Mission Hills Social Membership	136,320	142,464	149,587	157,066	164,919	173,165	5%
5516	PPM Late Admin Fee (new Jan 2011)	400	400	424	449	476	505	6%
5517	PPM Transfer fee (new Jan 2011)	0	0	0	0	0	0	Est.
5520	Insurance	3,768	4,005	4,125	4,249	4,376	4,507	3%
5525	Insurance Claims	0	0	0	0	0	0	0%
5530	Management Services	30,744	30,744	31,359	31,986	32,626	33,279	2%
5531	PPM website	0	0	0	0	0	0	0%
5532	Smartweb Violation Services (new July 2014)	440	0	0	0	0	0	0%
5535	End of Year Closing	626	525	536	547	558	569	2%
5540	Printing/Postage	4,255	6,305	6,431	6,560	6,691	6,825	2%
5545	Bank Charges	0	0	0	0	0	0	0%
5548	PY Pool Deposits (new Jan 2011)	0	0	0	0	0	0	0%
5550	Miscellaneous/Contingency	5,234	3,514	3,619	3,728	3,840	3,955	3%
Subtotal Administration		187,057	200,717	200,819	208,386	217,310	227,802	4.0%
Total Operating Expenses		262,086	274,015	276,768	291,707	303,451	318,838	4.0%
3990	Net Income (Loss)	0	0	(3,688)	(6,414)	(11,375)	(16,288)	
Number of Units / Members		128	128	128	128	128	128	
\$ Per Unit / Month		195	230	233	245	254	266	3.6%

Assessment and Reserve Funding Disclosure Summary

Montage at Mission Hills HOA

Fiscal Year: 01/0/18 - 12/31/18

This disclosure summary is required to be completed and distributed to all members per California Civil Code 5570.

(1) The monthly regular assessment per ownership interest will be \$230 per member. This is the total amount of assessments plus reserve funding as approved by the Board of Directors for the next fiscal year.

(2) Additional regular or special assessments that have already been scheduled to be imposed or charged, regardless of the purpose, if they have been approved by the board and or members:

Date assessment is due: N/A

Amount of Special Assessment: N/A

Purpose of the assessment: N/A

(3) 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? Refer to 30 Year Funding Plan & 30 Year Cash Flow of Reserve Study for funding projections

No?

Annual updates are required to reconcile your actual costs with current funding projections.

(4) 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 members?

Approximate date assessment is due: N/A

Amount per month (or per year): N/A

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

(6) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570 (Civil Code)

Amount required in the reserve fund is: \$683,922 Fully Funded Reserves
 Projected Cash Reserves \$116,751 projected for 01/01/18
 Estimated Percent Funded (%) 17%
 Prepared by AssociationStudies.Com Report Date: 01/01/18

(7 -A) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570 (Civil Code), the estimated amount required in the reserve fund at the end of each of the next five budget years is:

Year:	2018	2019	2020	2021	2022
Fully Funded Reserves:	\$683,922	\$756,187	\$761,171	\$821,334	\$886,989

(7-B) The projected reserve fund cash balance (next 5 years), taking into account only reserve assessments already approved by the Association (per approved HOA budget):

Year:	2018	2019	2020	2021	2022
Reserve Funding:	\$81,056	N/A	N/A	N/A	N/A
Reserve Expenditures:	\$41,300	N/A	N/A	N/A	N/A
Cash Balance:	\$156,045	N/A	N/A	N/A	N/A
% Funded:	23%	N/A	N/A	N/A	N/A

(7-C) If the reserve funding plan (per current Reserve Study) approved by the association is implemented, the projected reserve fund cash balance and percent funded will be:

Year:	2018	2019	2020	2021	2022
Reserve Funding:	\$81,056	\$86,648	\$92,972	\$100,124	\$108,200
Reserve Expenditures:	\$41,300	\$108,623	\$56,587	\$54,395	\$45,029
Cash Balance:	\$122,356	\$195,271	\$149,559	\$154,519	\$153,229
% Funded:	18%	25%	20%	19%	17%

(8) This paragraph is added to include the requirements of Civil Code 5565, paragraph (d):

Amount required in the reserve fund is:	\$683,922	Fully Funded Reserves
Less: Accumulated cash reserves:	<u>116,751</u>	projected for 01/01/18
Estimated current deficiency:	\$567,171	
Estimated current deficiency per unit:	\$4,431	
Amount of units (or members):	128	

Note: The financial representations set forth in this summary are based on the best estimates of the preparer as of the date of this report. The estimates in this summary are subject to change. At the time this summary

was prepared, the assumed long-term before tax interest rate earned on reserve funds was (not applicable) percent per year. The long-term inflation rate to be applied to major component repair and replacement costs was 2 per year.

For the purposes of preparing California Civil Code 5570 (Disclosure Summary):

(1) "Estimated remaining useful life" means the time reasonably calculated to remain before a major component will require replacement.

(2) "Major component" has the meaning used in Section 5570. Components with an estimated remaining useful life of more than 30 years may be included in a study as a capital asset or disregarded from the reserve calculation, so long as the decision is revealed in the reserve study report and reported in the Assessment and Reserve Funding Disclosure Summary.

(3) The Assessment and Reserve Funding Disclosure Summary form shall accompany each pro forma operating budget or summary thereof that is delivered pursuant to this article. The form may be supplemented or modified to clarify the information delivered, so long as the minimum information set out in the Assessment and Reserve Funding Disclosure Summary form is provided.

(4) For the purpose of the report and summary, the amount of reserves needed to be accumulated for a component at a given time shall be computed as the current cost of replacement or repair multiplied by the number of years the component has been in service divided by the useful life of the component. This shall not be construed to require the board to fund reserves in accordance with this calculation.

Assumptions:

N/A - Not Applicable at this time

Annual updates of this study are required to reconcile your actual costs with current projections. California Civil Code Information: www.condobook.com, www.davis-sterling.com or www.leginfo.ca.gov.