

Mesa View Home Owner's Association #2

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 mvhoa2.org
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Number of homeowners 439
 Number of assessments 2 per year
 Assessment \$ 170.00

Summary of Reserve Study

Appears on reverse.

Major Component Repairs

Repairs will be deferred until sufficient funds are available

Anticipated Special Assessments

No special assessments are anticipated.

Reserve Funding Mechanism

The reserves will be funded by the assessments.
 Large repairs will be deferred.

Procedures for Reserve Study Calculations

Calculations used the formula in § 5570 of the civil code and assumed 1% interest on bank accounts.

Outstanding Loans

There are no outstanding loans.

Profit & Loss Budget Overview

FY 2024-25

Ordinary Income/Expense**Income****REGULAR INCOME**

HOA Assessments \$ 149,260.00
 Allowance for bad debts \$ (1,492.60)

Total REGULAR INCOME \$ 147,767.40

INTEREST INCOME

Interest - Savings \$ 120.00
 Interest - Checking \$ 12.00

Total INTEREST INCOME \$ 132.00

MISC INCOME

Collection Fees/ Legal Costs \$ 1,500.00
 Escrow Doc./Transfer Fees \$ 1,500.00
 Interest on Delinquent Accounts \$ 400.00
 Key Income \$ 300.00
 Late Charges \$ 100.00
 Misc. income \$ -

Total MISC INCOME \$ 3,800.00

Total Income \$ 151,699.40

Expense**ADMINISTRATIVE EXPENSE****Payroll Expenses**

Payroll Taxes \$ 2,000.00
 WAGES-Pool Monitors \$ 20,000.00
 Payroll Processing Expense \$ 1,400.00
 Employee Bonuses \$ 200.00

Total Payroll Expense \$ 23,600.00

Office Expenses

Community Relations \$ 100.00
 Office Supplies \$ 500.00
 Printing & Copying \$ 2,000.00
 Postage \$ 1,100.00
 Postal Annex mailbox-annual \$ 270.00
 Software/Tech Support \$ 1,000.00

Total Office Expense \$ 4,970.00

Accounting & Mgmt. Services \$ 14,000.00
 Insurance-(paid annually) \$ 9,000.00
 Directors Bond Expense \$ 300.00
 Workers Comp. Insurance \$ 900.00
 Legal Fees \$ 4,000.00
 Tax Prep/Audit/Reserve Study \$ 2,000.00
 Bank Service Charges \$ 50.00
 Security Service Fees \$ 1,350.00
 Web site fees \$ 50.00
 Misc. Admin. Expense \$ 29.40
 License / Permits \$ 500.00
 Federal & State Taxes \$ 150.00

Total ADMINISTRATIVE EXPENSE \$ 60,899.40

MAINTENANCE EXPENSE

Common Area Repairs/Expense \$ 5,000.00
 Janitorial Supplies \$ 500.00
 Landscape Service \$ 12,500.00
 Landscape Repairs \$ 2,200.00
 Landscape Supplies \$ 300.00
 Pest Control Service \$ 300.00
 Pool Repair \$ 2,500.00
 Pool Service \$ 5,500.00
 Pool Supplies/Chemicals \$ 7,000.00

Total MAINTENANCE EXPENSE \$ 35,800.00

UTILITIES EXPENSE

Gas & Electric \$ 14,000.00
 Telephone/ DSL \$ 2,000.00
 Water / Sewer \$ 14,000.00

Total UTILITIES EXPENSE \$ 30,000.00

Total Expense \$ 126,699.40

Net Income before Reserve Allocations: \$ 25,000.00

ALLOCATIONS

CAPITAL IMPROVEMENTS-(drawn from Reserves)
 TRANSFERS to Reserves \$ 25,000.00

Net Income \$ -

Reserve Study Executive Summary

Association Name: Mesa View Homeowners Association No. 2
Location: 8550 Lynx Rd, San Diego, CA **Fiscal Year Ending:** June 30, 2024
No. of Units: 440 **Built:** 1975
Level of Study: Level III: Update with no On-Site Inspection
Last Reserve Study with On-Site inspection: June 30, 2022

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 - POOL BUILDING	35 - 35	9 - 9	\$ 5,865	\$ 168	\$ 4,357	\$ 2,406	2.7%
PAINTING	6 - 20	1 - 17	16,342	2,445	11,161	6,163	6.9%
FENCE/GATES	12 - 25	4 - 18	64,573	3,565	30,363	16,766	18.9%
PAVED SURFACES	7 - 15	1 - 14	51,804	3,858	7,646	4,222	4.8%
POOLS	4 - 30	1 - 26	115,210	7,899	43,466	24,001	27.0%
SHADE STRUCTURES	20 - 25	14 - 19	66,372	2,731	16,384	9,047	10.2%
LANDSCAPING/IRRIGATION	4 - 25	1 - 10	39,273	3,956	6,270	3,462	3.9%
LIGHTING/ELECTRICAL	12 - 20	1 - 14	8,014	464	5,756	3,179	3.6%
MISCELLANEOUS	18 - 30	1 - 19	38,747	1,508	27,735	15,315	17.2%
CONTINGENCY (5%)			20,310	1,330	7,657	4,228	4.8%
TOTALS			\$ 426,510	\$ 27,924	\$ 160,795	\$ 88,788	

CURRENT FISCAL YEAR RESERVE FUNDS

Current Budgeted Annual Reserve Allocation	\$ 20,000
Reserve Fund Balance as of: January 31, 2024	\$ 84,855
Anticipated Funding to Year End	10,000
To be Transferred from Reserves by Year End	(6,067)
Anticipated Expenditures to Year End	-
Cash Projected at Year End June 30, 2024	\$ 88,788
Accumulated Funding Requirement (Fully Funded)	\$ 160,795
Percentage Funded at the end of this Fiscal Year	55.2%
Accumulated Deficiency for Current Fiscal Year	\$ 72,007
Deferred repair/replacement of any major component with a remaining life of 30 years or less?	Per Unit \$ 164 NO

RESERVE FUNDING OPTIONS FOR THE FISCAL YEAR ENDING: 2025

	per unit per month	per year
funding options assume a 3% increase, unless otherwise noted		
Annual Requirement Funding:	\$ 5.45	\$ 28,761
Current Budgeted Funding:	\$ 3.90	20,600
Recommended Funding:	\$ 4.17	22,000
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, 2024, and the related reserve funding projection for the 30-year period from 2024 to 2054, 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

Mesa View Homeowners Association No. 2
Level III: Update with no On-Site Inspection
June 30, 2024

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 \$426,510 and estimated normal and remaining useful lives as determined by the independent consultant, the annual funding requirement is calculated to be \$27,924.

The accumulated funding requirement is calculated to be \$160,795.

As of June 30, 2024, the Association may have \$88,788 in accounts designated as reserve funds.

Therefore, a deficit of \$72,007 has been calculated, with a funding percentage of 55.2%. 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 \$28,761 or \$5 per unit per month (based on annual funding requirement, plus 3% inflation increase) beginning next fiscal year.

Fair level of funding in FY 2024/25.

Funding could reach the Strong level beginning FY 2030/31, future overfunding is likely.

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, \$20,600 or \$4 per unit per month will be allocated to reserves next fiscal year.

Reserves are currently funded at the Fair level of funding.

Reserves could fall to the Weak level of funding by FY 2037/38 and deficits could occur beginning FY 2039/40.

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, \$22,000 or \$4 per unit per month.

To avoid deficits which could occur beginning FY 2039/40 and to bring reserves up to a stronger level of funding, the regular reserve allocation could be increased 10% annually in FY's 2024/25 through 2028/29.

To avoid possible future overfunding, the regular reserve allocation could be decreased to equal \$42,000 annually in FY 2043/44.

Reserves could maintain the Fair level of funding and could reach and maintain the Strong level of funding beginning FY 2032/33.

