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Leonard C. Sonnenberg, CPA

**Mesa View
Homeowners Association #2
LEVEL III: UPDATE RESERVE STUDY
June 30, 2023**

<u>Section</u>	<u>Page</u>
RESERVE STUDY EXECUTIVE SUMMARY	1-2
ASSESSMENT AND RESERVE FUNDING DISCLOSURE SUMMARY	3
<p>(These 3 pages should be distributed to owners as part of annual budget package)</p>	
RESERVE STUDY REPORT	
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: Mesa View Homeowners Association #2
Location: 8550 Lynx Rd, San Diego, CA **Fiscal Year Ending: June 30, 2023**
No. of Units: 440 **Built: 1975**
Level of Study: Level III: Update with no On-Site Inspection
Last Reserve Study with On-Site inspection: March 22, 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	10 - 10	\$ 5,693	\$ 163	\$ 4,066	\$ 2,347	2.5%
PAINTING	6 - 20	1 - 18	15,866	2,374	10,319	5,957	6.3%
FENCE/GATES	12 - 25	5 - 19	60,422	3,268	26,873	15,514	16.4%
PAVED SURFACES	7 - 15	2 - 15	50,296	3,745	3,679	2,124	2.2%
POOLS	4 - 30	1 - 27	111,067	7,467	35,128	20,280	21.4%
SHADE STRUCTURES	20 - 25	15 - 20	64,439	2,651	13,256	7,653	8.1%
LANDSCAPING/IRRIGATION	4 - 25	1 - 3	39,140	3,943	31,226	18,027	19.1%
LIGHTING/ELECTRICAL	12 - 20	1 - 15	7,784	451	5,397	3,115	3.3%
MISCELLANEOUS	18 - 30	1 - 20	37,595	1,463	26,135	15,088	15.9%
CONTINGENCY (5%)			19,615	1,276	7,804	4,505	4.8%
TOTALS			\$ 411,917	\$ 26,802	\$ 163,882	\$ 94,611	

CURRENT FISCAL YEAR RESERVE FUNDS

Current Budgeted Annual Reserve Allocation	\$ 19,000
Reserve Fund Balance as of: February 28, 2023	\$ 88,278
Anticipated Funding to Year End	6,333
Anticipated Expenditures to Year End	-
Cash Projected at Year End June 30, 2023	\$ 94,611
Accumulated Funding Requirement (Fully Funded)	\$ 163,882
Percentage Funded at the end of this Fiscal Year	57.7%
Accumulated Deficiency for Current Fiscal Year	\$ 69,271
Deferred repair/replacement of any major component with a remaining life of 30 years or less?	Per Unit \$ 157

RESERVE FUNDING OPTIONS FOR THE FISCAL YEAR ENDING: 2024

funding options assume a 3% increase, unless otherwise noted	per unit per month	per year
Annual Requirement Funding:	\$ 5	\$ 27,606
Current Budgeted Funding:	4	19,570
Recommended Funding:	4	19,570
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, 2023, and the related reserve funding projection for the 30-year period from 2023 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.

Revised Signature

Sonnenberg & Company, CPAs

April 19, 2023

Mesa View Homeowners Association #2
Level III: Update with no On-Site Inspection
June 30, 2023

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 \$411,917 and estimated normal and remaining useful lives as determined by the independent consultant, the annual funding requirement is calculated to be \$26,802.

The accumulated funding requirement is calculated to be \$163,882.

As of June 30, 2023, the Association may have \$94,611 in accounts designated as reserve funds.

Therefore, a deficit of \$69,271 has been calculated, with a funding percentage of 57.7%. 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 \$27,606 or \$5 per unit per month (based on annual funding requirement, plus 3% inflation increase) beginning next fiscal year.

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, \$19,570 or \$4 per unit per month will be allocated to reserves next fiscal year.

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, \$19,570 or \$4 per unit per month.

Increase reserve allocations by 4% annually

Mesa View Homeowners Association #2

Assessment and Reserve Funding Disclosure Summary

June 30, 2023

(1) Regular Assessments -

Assessments to members are averaged at \$26 per unit per month for the year ending 2023.

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

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

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

(3) Reserve Account Balances -

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

Yes X No

(4) Additional Assessments -

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

(Not applicable, proceed to #5)

(5) Major Components -

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

(6) Current Funding Comparison -

As of the current reserve study or update, the balance in the reserve fund is projected to be \$94,611.

Based on the method of calculation in paragraph 4 of subdivision (b) of Section 5570, the estimated accumulated funding requirement is \$163,882. The percentage funded is: 57.7%

(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:

\$145,243 \$124,798 \$137,418 \$160,267 \$181,459

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:

\$69,687 \$42,491 \$47,887 \$63,386 \$77,220

% Funded 48.0% 34.0% 34.8% 39.6% 42.6%

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:

\$69,687 \$42,882 \$49,097 \$65,878 \$81,498

% Funded 48.0% 34.4% 35.7% 41.1% 44.9%

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

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

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

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

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

April 19, 2023



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Leonard C. Sonnenberg, CPA

April 19, 2023

**Mesa View
Homeowners Association #2
Level III: Update Reserve Study Report
June 30, 2023**

Board of Directors and Owners:

We have compiled the accompanying Level III: Update Reserve Study Report of the Mesa View Homeowners Association #2 as of June 30, 2023, the reserve funding projections for the thirty-year period from 2023 through 2054, 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

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.

A handwritten signature in blue ink that reads 'Leonard C. Sonnenberg'.

Sonnenberg & Company, CPAs

Consultant's Report:

Accountant's Program:

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

COMPONENT	Units Measured	Unit Cost	Srce	Current Replcmt Cost	Estimated Life: Usfl	Rmg	Annual Funding Reqrmt	Accumtd Funding Reqrmt	Cash In Reserves	Deficit	2024	2025	2026	2027	2028
											Disb	Disb	Disb	Disb	Disb
											1	2	3	4	5
LANDSCAPING/IRRIGATION															
Backflow Valve	1 ea	2,575.00	C/B	\$ 2,575	25	2	103	2,369	1,368	(1,001)		2,652			
Irrigation Control Valves	Allowance		C/B	1,030	10	1	103	927	535	(392)	1,030				
Landscaping/Irrigation Renovation	Allowance		C/B	30,900	10	2	3,090	24,720	14,271	(10,449)		31,827			
Irrigation Timers	Allowance		C/B	1,030	10	3	103	721	416	(305)			1,092		
Tree Trim	Allowance		C/B	1,030	4	1	258	773	446	(327)	1,030				1,154
Tree Removal/Replacement	Allowance		C/B	2,575	9	3	286	1,717	991	(726)			2,730		
	Subtotal			\$ 39,140											
LIGHTING/ELECTRICAL															
Post Lights	8 ea	Allowance	C/B	\$ 5,150	20	1	258	4,893	2,825	(2,068)	5,150				
Lanai Lighting	4 ea	195.00	C/B	780	20	15	39	195	113	(82)					
Misc. Lighting & Electrical	Allowance		C/B	1,854	12	10	155	309	178	(131)					
	Subtotal			\$ 7,784											
MISCELLANEOUS															
Ceramic Tile Shower	1 ea	Total	C/B	\$ 4,120	30	20	137	1,373	793	(580)					
Restroom Remodel	2 ea	Total	C/B	10,300	30	20	343	3,433	1,982	(1,451)					
Storage Shed		Total	C/B	3,605	25	6	144	2,740	1,582	(1,158)					
Water Heater	1 ea	2,575.00	C/B	2,575	18	2	143	2,289	1,321	(967)		2,652			
Misc Plumbing	Allowance		C	15,450	25	1	618	14,832	8,563	(6,269)	15,450				
Benches, Custom	3 ea	Allowance	C/B	1,545	20	1	77	1,468	847	(620)	1,545				
	Subtotal			\$ 37,595											
CONTINGENCY (5%)				19,615			1,276	7,804	4,505	(3,299)	2,164	2,288	752	303	420
TOTALS				\$ 411,917			26,802	163,882	94,611	(69,271)	45,441	48,050	15,790	6,365	8,826

Accumulated Funding Requirement ->

163,882

145,243

124,798

137,418

160,267

181,459

Mesa View Homeowners Association #2
440 Units; Built 1975

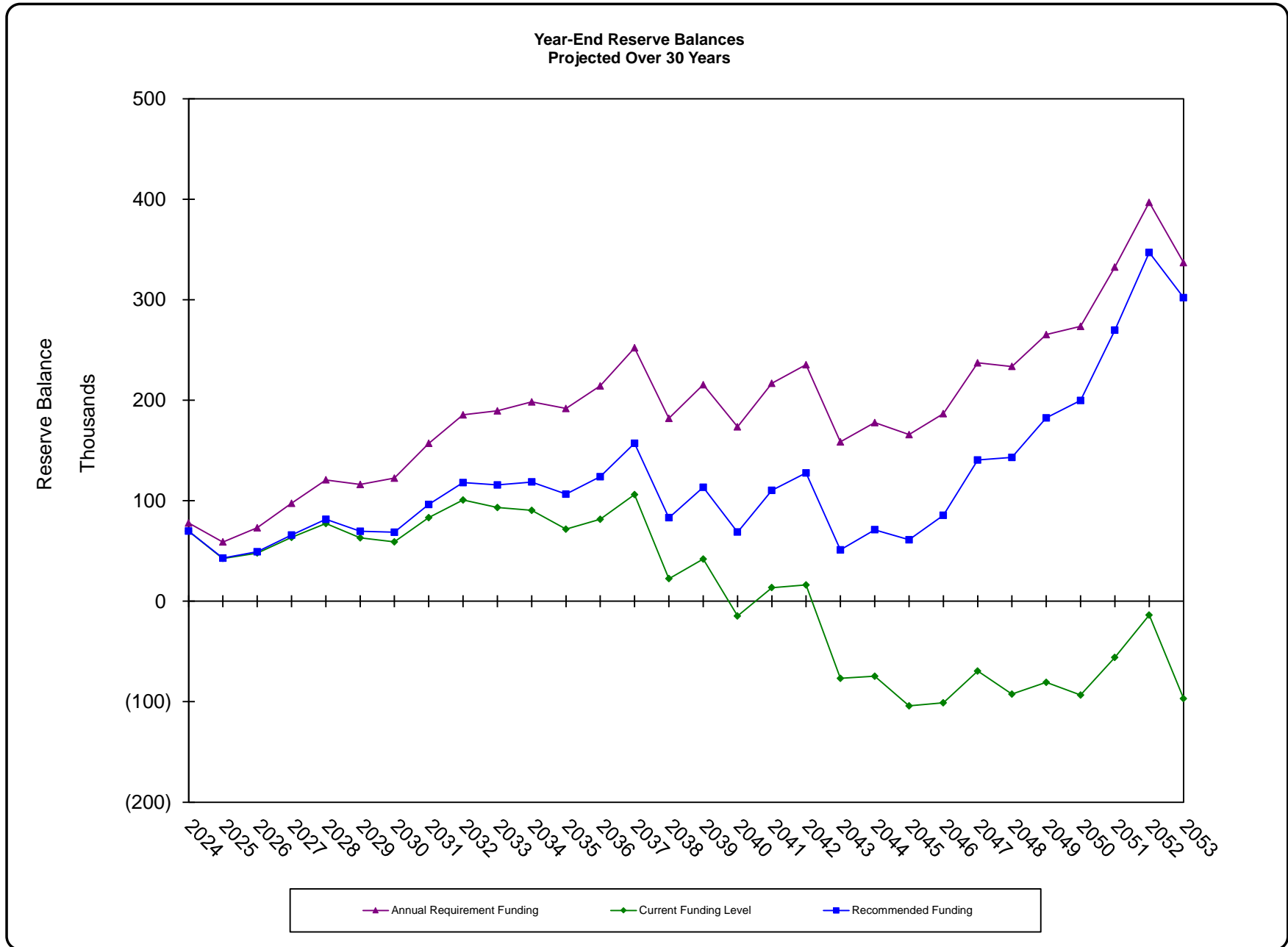
Major Repairs and Replacements Funding Rec
Following Six to Thirty Year Projection

COMPONENT	Estimated		2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2043	2048	2053
	Usf/Remg	Life													
			6	7	8	9	10	11	12	13	14	15	20	25	30
ROOFING - POOL BUILDING															
Tile Underlayment	35	10					7,229								
PAINTING															
Exterior Wood - Paint	6	4					2,812								
Lanai - Paint/Stain	6	1		8,508						9,806				12,401	
Interior Surfaces (Restrooms) - Paint	10	8			545										
Stucco (Pool Bldg Exterior) - Paint	20	18													
Wood Fence @ Pool/Park - Paint	-	-													
Wrought Iron Pool Fence & Gates - Paint	6	1		4,640						5,348				6,763	
FENCE/GATES															
Electronic Card Reader/Gate Openr System	15	15										18,283			24,076
Panic Hardware @ Pool Gates	20	19													
Security Camera System	12	11						12,051						11,137	
Wood Fence - 6ft	20	5													
Metal Pool Fence - 7ft	25	6	26,742												
Metal Pedestrian Gates	25	6	5,092												
PAVED SURFACES															
Concrete Paving	7	2				6,386									9,631
Pool Concrete Deck - Repair	15	15										64,107			84,423
POOLS															
Chlorinator System Automated - Large Pool	10	1						8,702							
Chlorinator System Automated - Wade Pool	10	4									4,652				
Coping Tiles - Large Pool	30	27													
Coping Tiles - Wade Pool	30	27													
Decoseal Joint Caulk - Large Pool	4	3		2,275				2,506				2,738			
Decoseal Joint Caulk - Wade Pool	4	3		774				853				932			
Decoseal Joint Caulk - Concrete Decking	4	3		1,416				1,560				1,704			
Filter - Large Pool	18	2											4,851		
Filter - Large Pool	15	7		3,646											
Filter - Wade Pool	18	2											218		
Pump/Motor - Variable Motors	12	3										9,653			
Pump/Motor - One Speed Motor	10	1						1,607							
Resurface/Retile - Large Pool	20	17													
Resurface/Retile - Wade Pool	20	17													
Solar Heater	15	10					19,948							27,016	
Large Pool Peripherals (Code Compliance,	10	7		3,525											
Small Pool Peripherals (Code Compliance,	10	7		1,762											
SHADE STRUCTURES															
Lanai (Wood) - Major Repair/Replace	25	20											89,608		
Wading Pool Shade Structure (Steel & Fabri	20	15										10,457			

COMPONENT	Estimated		2029 Disb	2030 Disb	2031 Disb	2032 Disb	2033 Disb	2034 Disb	2035 Disb	2036 Disb	2037 Disb	2038 Disb	2043 Disb	2048 Disb	2053 Disb
	Usf/Remg Life														
			6	7	8	9	10	11	12	13	14	15	20	25	30
LANDSCAPING/IRRIGATION															
Backflow Valve	25	2													
Irrigation Control Valves	10	1						1,339							
Landscaping/Irrigation Renovation	10	2							41,097						
Irrigation Timers	10	3									1,401				
Tree Trim	4	1				1,277					1,401			1,772	
Tree Removal/Replacement	9	3							3,425						4,815
LIGHTING/ELECTRICAL															
Post Lights	20	1											1,108		
Lanai Lighting	20	15													
Misc. Lighting & Electrical	12	10					2,355								
MISCELLANEOUS															
Ceramic Tile Shower	30	20											6,468		
Restroom Remodel	30	20											16,171		
Storage Shed	25	6	4,146												
Water Heater	18	2											4,043		
Misc Plumbing	25	1													
Benches, Custom	20	1													
CONTINGENCY (5%)			1,799	1,327	27	383	1,617	1,431	2,226	898	233	5,449	6,068	2,954	6,147
TOTALS			37,779	27,873	572	8,046	33,961	30,049	46,748	18,853	4,885	114,430	127,427	62,043	129,092

Accumulated Funding Requirement ->

174,502 178,255 210,114 235,301 235,378 240,171 229,070 246,667 279,037 202,665 143,168 166,621 190,548



Mesa View Homeowners Association #2

Notes and Assumptions

June 30, 2023

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.

Mesa View Homeowners Association #2

Notes and Assumptions

June 30, 2023

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.