

# **RESERVE ANALYSIS REPORT**

**Rancho Madrina Community Association**

San Juan Capistrano, California

Version 2

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# Rancho Madrina Community Association

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# Rancho Madrina Community Association

## Preface

This preface is intended to provide an introduction to the enclosed reserve analysis as well as detailed information regarding the reserve analysis report format, reserve fund goals/objectives and calculation methods. The following sections are included in this preface:

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### ◆ ◆ ◆ ◆ INTRODUCTION TO RESERVE BUDGETING ◆ ◆ ◆ ◆

The Board of Directors of an association has a legal and fiduciary duty to maintain the community in a good state of repair. Individual unit property values are significantly impacted by the level of maintenance and upkeep provided by the association as well as the amount of the regular assessment charged to each owner.

A prudent plan must be implemented to address the issues of long-range maintenance, repair and replacement of the common areas. Additionally, the plan should recognize that the value of each unit is affected by the amount of the regular assessment charged to each unit.

There is a fine line between "not enough," "just right" and "too much." Each member of an association should contribute to the reserve fund for their proportionate amount of "depreciation" (or "use") of the reserve components. Through time, if each owner contributes a "fair share" into the reserve fund for the depreciation of the reserve components, then the possibility of large increases in regular assessments or special assessments will be minimized.

An accurate reserve analysis and a "healthy" reserve fund are essential to protect and maintain association common areas and property values of individual unit owners. A comprehensive reserve analysis is one of the most significant elements of any association's long-range plan and provides the critical link between sound business judgment and good fiscal planning. The reserve analysis provides a "financial blueprint" for the future of an association.

### ◆ ◆ ◆ ◆ UNDERSTANDING THE RESERVE ANALYSIS ◆ ◆ ◆ ◆

In order for the reserve analysis to be useful, it must be understandable by a variety of individuals. Board members (from seasoned, experienced Board members to new Board members), property managers, accountants, attorneys and homeowners may ultimately review the reserve analysis. The reserve analysis must be detailed enough to provide a comprehensive analysis, yet simple enough to enable less experienced individuals to understand the results.

There are four key bits of information that a comprehensive reserve analysis should provide: Budget, Percent Funded, Projections and Inventory. This information is described as follows:

#### Budget

Amount recommended to be transferred into the reserve account for the fiscal year for which the reserve analysis is prepared. In some cases, the reserve analysis may present two or more funding plans based on different goals/objectives. The Board should have a clear understanding of the differences among these funding goals/objectives prior to implementing one of them in the annual budget.

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### **Percent Funded**

Measure of the reserve fund "health" (expressed as a percentage) as of the beginning of the fiscal year for which the reserve analysis is prepared. This figure is the ratio of the actual reserve fund on hand to the fully funded balance. A reserve fund that is "100% funded" means the association has accumulated the proportionately correct amount of money, to date, for the reserve components it maintains.

### **Projections**

Indicate "level of service" the association will provide the membership as well as a "road map" for the fiscal future of the association. Projections define the timetables for repairs and replacements, such as when buildings will be painted or when asphalt will be seal coated. Projections also show the financial plan for the association – when an underfunded association will "catch up" or how a properly funded association will remain fiscally "healthy."

### **Inventory**

Complete listing of reserve components. Key bits of information are available for each reserve component, including placed-in-service date, useful life, remaining life, replacement year, quantity, current cost of replacement, future cost of replacement and analyst's comments.

## **◆ ◆ ◆ ◆ RESERVE FUNDING GOALS / OBJECTIVES ◆ ◆ ◆ ◆**

There are four reserve funding goals/objectives which may be used to develop a reserve funding plan that corresponds with the risk tolerance of the association: Full Funding, Baseline Funding, Threshold Funding and Statutory Funding. These goals/objectives are described as follows:

### **Full Funding**

Describes goal/objective to have reserves on hand equivalent to the value of the deterioration of each reserve component. The objective of this funding goal is to achieve and/or maintain a 100% percent funded reserve fund. Component calculation method or directed cash flow calculation method is typically used to develop a full funding plan.

### **Baseline Funding**

Describes goal/objective to have sufficient reserves on hand to never completely run out of money. The objective of this funding goal is to simply pay for all reserve expenses as they come due without regard to the association's percent funded. Minimum cash flow calculation method or directed cash flow calculation method is typically used to develop a baseline funding plan.

### **Threshold Funding**

Describes goal/objective other than the 100% level (full funding) or just staying cash-positive (baseline funding). This threshold goal/objective may be a specific percent funded target or a cash balance target. Threshold funding is often a value chosen between full funding and baseline funding. Minimum cash flow calculation method or directed cash flow calculation method is typically used to develop a threshold funding plan.

### **Statutory Funding**

Describes goal/objective as described or required by local laws or codes. Component calculation method, minimum cash flow calculation method or directed cash flow calculation method may be used to develop a statutory funding plan, depending on the requirements.

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### ◆◆◆◆ RESERVE FUNDING CALCULATION METHODS ◆◆◆◆

There are three funding methods which can be used to develop a reserve funding plan based on reserve funding goals/objectives: Component Calculation Method, Minimum Cash Flow Calculation Method and Directed Cash Flow Calculation Method.

Directed cash flow calculation method offers flexibility for developing custom funding plans. Directed cash flow calculation method funding plans can accommodate use of various contribution increases and/or special assessments (or loans) through time. As the name suggests, the user "directs" the funding plan as needed to achieve reserve funding goals or objectives. Because of this flexibility, the vast majority of reserve analyses are developed using the directed cash flow calculation method. Whereas component calculation method funding plans and minimum cash flow calculation method funding plans are typically used as reference information; usually considered the "floor" (minimum cash flow calculation method) and "ceiling" (component calculation method) of a reasonable reserve funding plan.

The three calculation methods are described as follows:

#### **Component Calculation Method**

Component calculation method develops a funding plan for each individual reserve component. The sum of the funding plan for each component equals the total funding plan for the association. This method is often referred to as the "straight line" method. This method structures a funding plan that enables the association to pay all reserve expenditures as they come due, enables the association to achieve the fully funded reserves in time, and then enables the association to maintain fully funded reserves through time. The following is a detailed description of component calculation method:

Step 1: Calculation of fully funded balance for each component

Fully funded balance is calculated for each component based on its age, useful life and current cost. The actual formula is as follows:

$$\text{Fully Funded Balance} = \frac{\text{Age}}{\text{Useful Life}} \times \text{Current Cost}$$

Step 2: Distribution of current reserve funds

Association's current reserve funds are assigned to (or distributed amongst) reserve components based on each component's remaining life and fully funded balance as follows:

Pass 1: Components are organized in remaining life order, from least to greatest, and the current reserve funds are assigned to each component up to its fully funded balance, until reserve funds are exhausted.

Pass 2: If all components are assigned their fully funded balance and additional funds exist, they are assigned in a "second pass." Again, components are organized in remaining life order, from least to greatest, and remaining current reserve funds are assigned to each component up to its current cost, until reserve funds are exhausted.

Pass 3: If all components are assigned their current cost and additional funds exist, they are assigned in a "third pass." Components with a remaining life of zero years are assigned double their current cost, until reserve funds are exhausted. After pass 3, if additional reserve funds remain, there are excess reserves.

Distributing, or assigning, reserve funds in this manner is the most efficient use of the funds on hand – it defers the make-up period of any underfunded reserves over the lives of the components with the largest remaining lives.

Step 3: Developing a funding plan

After step 2, all components have a "starting" balance. A calculation is made to determine what funding would be required to get from the starting balance to the future cost over the number of years remaining until replacement. The funding plan incorporates the contribution increase parameter to develop a "stair stepped" contribution.

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For example, if an association needs to accumulate \$100,000 in ten years, \$10,000 could be contributed each year. Alternatively, the association could contribute \$8,723 in the first year and increase the contribution by 3% each year thereafter until the tenth year.

In most cases, the contribution increase parameter should match the inflation parameter. Matching the contribution increase parameter to the inflation parameter indicates, in theory, that member contributions should increase at the same rate as the cost of living (inflation parameter). Due to the “time value of money,” this creates the most equitable distribution of member contributions through time.

Using a contribution increase parameter that is greater than the inflation parameter will reduce the burden to current members at the expense of future members. Using a contribution increase parameter that is less than the inflation parameter will increase the burden to the current members to the benefit of future members. The following chart shows a comparison:

	0% Increase	3% Increase	10% Increase
Year 1	\$10,000.00	\$8,723.05	\$6,274.54
Year 2	\$10,000.00	\$8,984.74	\$6,901.99
Year 3	\$10,000.00	\$9,254.28	\$7,592.19
Year 4	\$10,000.00	\$9,531.91	\$8,351.41
Year 5	\$10,000.00	\$9,817.87	\$9,186.55
Year 6	\$10,000.00	\$10,112.41	\$10,105.21
Year 7	\$10,000.00	\$10,415.78	\$11,115.73
Year 8	\$10,000.00	\$10,728.25	\$12,227.30
Year 9	\$10,000.00	\$11,050.10	\$13,450.03
Year 10	\$10,000.00	\$11,381.60	\$14,795.04
TOTAL	\$100,000.00	\$100,000.00	\$100,000.00

One major benefit of using component calculation method is that for any single component (or group of components), reserve funding can be precisely calculated. For example, using this calculation method, the reserve analysis can indicate the exact amount of current reserve funds “in the bank” for the roofs and the amount of money being funded towards the roofs each month. This information is displayed on the Management Summary and Charts as well as elsewhere within the report.

### **Minimum Cash Flow Calculation Method**

Minimum cash flow calculation method develops a funding plan based on current reserve funds and projected expenditures during a specific timeframe (typically 30 years). This funding method structures a funding plan that enables the association to pay for all reserve expenditures as they come due, but is not concerned with the ideal level of reserves or percent funded through time.

This calculation method tests reserve contributions against reserve expenditures through time to determine the minimum contribution necessary (baseline funding). This calculation method will determine the minimum reserve contribution to ensure that the beginning reserve balance is sufficient to pay for the scheduled expenditures in each year. By definition, this calculation method will create a funding plan where, at some point over the projection period, the beginning reserve fund balance will equal the expenditures for that year. Under some conditions, based on reserve expenditure profile, this calculation method produces a funding plan that will take the association into an overfunded status through time; in these cases, directed cash flow calculation method can be used to optimize results.

Minimum cash flow calculation method is not without downsides... Unlike component calculation method, the minimum cash flow calculation method cannot precisely calculate reserve funding for any single component (or group of components). In order to work-around this issue to provide this bookkeeping information, a formula has been applied to component calculation method results to calculate a reasonable breakdown. This information is displayed on the Management Summary and Charts as well as elsewhere within the report. Using minimum cash flow calculation method typical-

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ly requires an annual reallocation of reserve funds (amongst reserve components) to ensure each component remains properly funded through time. Associations in states that require segregated reserve funds for certain components (i.e. roofs, painting, etc.), should pay special attention to this issue; it may be desirable to complete separate reserve analyses for segregated reserve components.

### **Directed Cash Flow Calculation Method**

Directed cash flow calculation method develops a funding plan based on current reserve funds and projected expenditures during a specific timeframe (typically 30 years). This funding method structures a funding plan that enables the association to pay for all reserve expenditures as they come due and, if possible, determine the optimal funding plan to achieve 100% funding over the projection period.

Directed cash flow calculation method offers flexibility for developing custom funding plans. Directed cash flow funding plans can accommodate use of various contribution increases and/or special assessments (or loans) through time. As the name suggests, the user "directs" the funding plan as needed to achieve any reserve funding goals or objectives. Because of this flexibility, the vast majority of reserve analyses are developed using this calculation method.

Directed cash flow calculation method is not without downsides... Unlike component calculation method, the directed cash flow calculation method cannot precisely calculate reserve funding for any single component (or group of components). In order to work-around this issue to provide this bookkeeping information, a formula has been applied to component calculation method results to calculate a reasonable breakdown. This information is displayed on the Management Summary and Charts as well as elsewhere within the report. Using directed cash flow calculation method typically requires an annual reallocation of reserve funds (amongst reserve components) to ensure each component remains properly funded through time. Associations in states that require segregated reserve funds for certain components (i.e. roofs, painting, etc.), should pay special attention to this issue; it may be desirable to complete separate reserve analyses for segregated reserve components.

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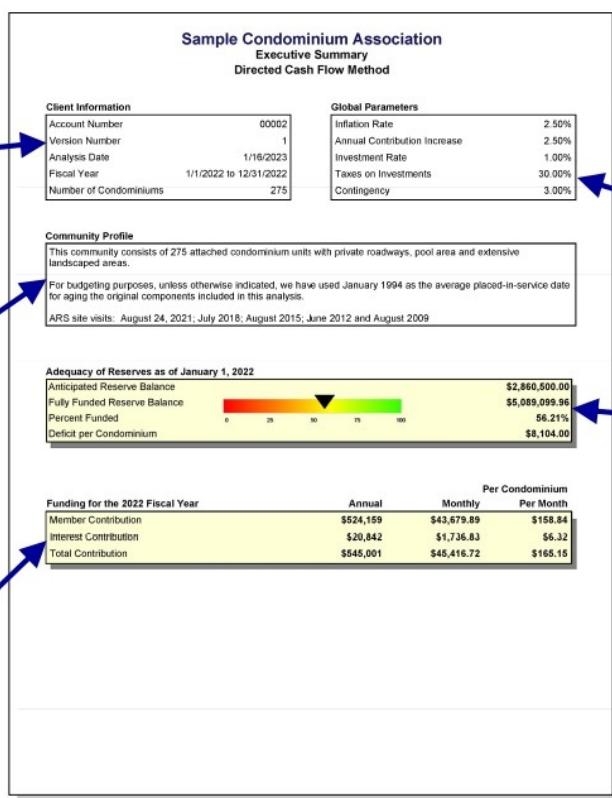
### ◆ ◆ ◆ ◆ READING THE RESERVE ANALYSIS ◆ ◆ ◆ ◆

In some cases, the reserve analysis may be a lengthy document of one hundred pages or more. A complete and thorough review of the reserve analysis is always a good idea. However, if time is limited, it is suggested that a thorough review of the summary pages be made. If a "red flag" is raised in this review, the reader should then check the detail information ("Component Detail"), of the component in question, for all relevant information. In this section, a description of most of the summary or report sections is provided along with comments regarding what to look for and how to use each section.

#### **Executive Summary**

Provides general information about project, global parameters used in the calculation of the reserve analysis as well as the core results of the reserve analysis.

**Client Information**  
Provides information including fiscal year for which reserve analysis is prepared, number of units, etc.



**Global Parameters**  
Displays calculation parameters that were used to calculate reserve analysis including inflation, contribution increase, investment rate, tax rate and contingency.

**Community Profile**  
Provides brief description of community as well as other "global" comments.

**Budget**  
Provides recommended funding for fiscal year for which reserve analysis is prepared. Indicates reserve funding from membership, anticipated interest contribution and total contribution requirement.

**Adequacy of Reserves**  
Displays results of calculations with regard to "health" of reserve fund as of beginning of fiscal year for which the reserve analysis is prepared. Provides anticipated reserve balance, fully funded reserve balance and percent funded.

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### Calculation of Percent Funded

Summary displays all reserve components, shown here in "category" order. Provides remaining life, useful life, current cost and fully funded balance at beginning of fiscal year for which the reserve analysis is prepared.

**Reserve Components**  
All components are displayed (shown here in "category" order).

Sample Condominium Association Calculation of Percent Funded Sorted by Category: Alphabetical				
	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
<b>010 Streets</b>				
Streets - Asphalt, Overlay / Major Rehab	6	24	\$390,000.00	\$321,178.47
Streets - Asphalt, Repair	2	4	\$24,300.00	\$12,150.00
Streets - Asphalt, Seal Coat	2	4	\$14,580.00	\$7,290.00
Streets - Concrete	2	4	\$20,300.00	\$10,000.00
<b>Sub Total</b>	<b>2-6</b>	<b>4-24</b>	<b>\$448,880.00</b>	<b>\$360,616.47</b>
<b>020 Roofs</b>				
Roofs - Rain Gutters	12	40	\$123,785.00	\$86,648.50
Roofs - Tile, Clean & Maintain	0	1	\$37,500.00	\$37,500.00
<b>Sub Total</b>				
<b>030 Painting</b>				
Painting - Cabana Interior				
Painting - Red Curbs				
Painting - Stucco				
Painting - Woodwork				
Painting - Wrought Iron, Buildings				
Painting - Wrought Iron, Pool Area				
<b>Sub Total</b>				
<b>040 Fencing, Railing &amp; Walls</b>				
Fencing - Glass Sound Attenuation				
Fencing - Wrought Iron, Pool Area				
Railing & Gates - Wrought Iron, Units				
Walks - Stucco, Repair				
<b>Sub Total</b>				
<b>050 Lighting</b>				
Lighting - Buildings				
Lighting - Landscape				
Lighting - Streets & Walkways				
<b>Sub Total</b>				
<b>060 Pool Area</b>				
Cabana - Ceramic Tile, Interior				
Cabana - Ceramic Tile, Showers				
Cabana - Doors				
Cabana - Plumbing Fixtures%				
Cabana - Restroom Partitions				
Cabana - Water Heater				
<b>Sub Total</b>				
<b>070 Decks</b>				
Deck/Stairs - Clean & Seal	2	12	\$103,868.25	\$45,695.27
Deck/Stairs - Resurface	6	20	\$729,900.00	\$562,196.97
<b>Sub Total</b>	<b>2-6</b>	<b>4-20</b>	<b>\$832,768.25</b>	<b>\$568,092.24</b>
<b>080 Termite Control &amp; Wood Repair</b>				
Termite Control	n.a.	n.a.	\$0.00	\$300,000.00
Wood Repair - Paint Cycle	4	5	\$59,000.00	\$6,444.44
Wood Repair - Shutters	4	20	\$44,900.00	\$39,287.50
<b>Sub Total</b>	<b>4</b>	<b>5-20</b>	<b>\$102,900.00</b>	<b>\$345,311.94</b>
<b>090 Landscape</b>				
Landscape - Irrigation Controllers	7	12	\$24,150.00	\$9,450.00
Landscape - Renovation	0	1	\$17,500.00	\$17,500.00
<b>Sub Total</b>	<b>0-7</b>	<b>1-12</b>	<b>\$41,650.00</b>	<b>\$26,950.00</b>
<b>100 Miscellaneous</b>				
Fire Safety - Control Panels	1	20	\$126,000.00	\$121,655.17
Fire Safety - Extinguisher Cabinets	9	30	\$64,900.00	\$49,113.51
Mailboxes	18	20	\$67,000.00	\$6,700.00
Signage	0	20	\$75,000.00	\$75,000.00
Utility Closet Doors	4	20	\$157,100.00	\$137,489.50
<b>Sub Total</b>	<b>0-18</b>	<b>20-30</b>	<b>\$490,000.00</b>	<b>\$389,931.19</b>
Contingency	n.a.	n.a.	n.a.	\$148,226.21
<b>Total Anticipated Reserve Balance</b>	<b>0-18</b>	<b>1-40</b>	<b>\$7,044,161.25</b>	<b>\$5,089,099.96</b>
<b>Percent Funded</b>				<b>56.21%</b>

Total current cost to replace or otherwise maintain all components, total fully funded balance, anticipated reserve balance and percent funded are provided at bottom of this summary. Also shown is range of reserve component remaining lives and useful lives.

### Lifespans

Remaining life and useful life are displayed. And, these columns are conveniently sub totaled to show range.

### Current Cost

Displays current cost to replace or otherwise maintain each component. This column is conveniently sub totaled.

### Fully Funded Balance

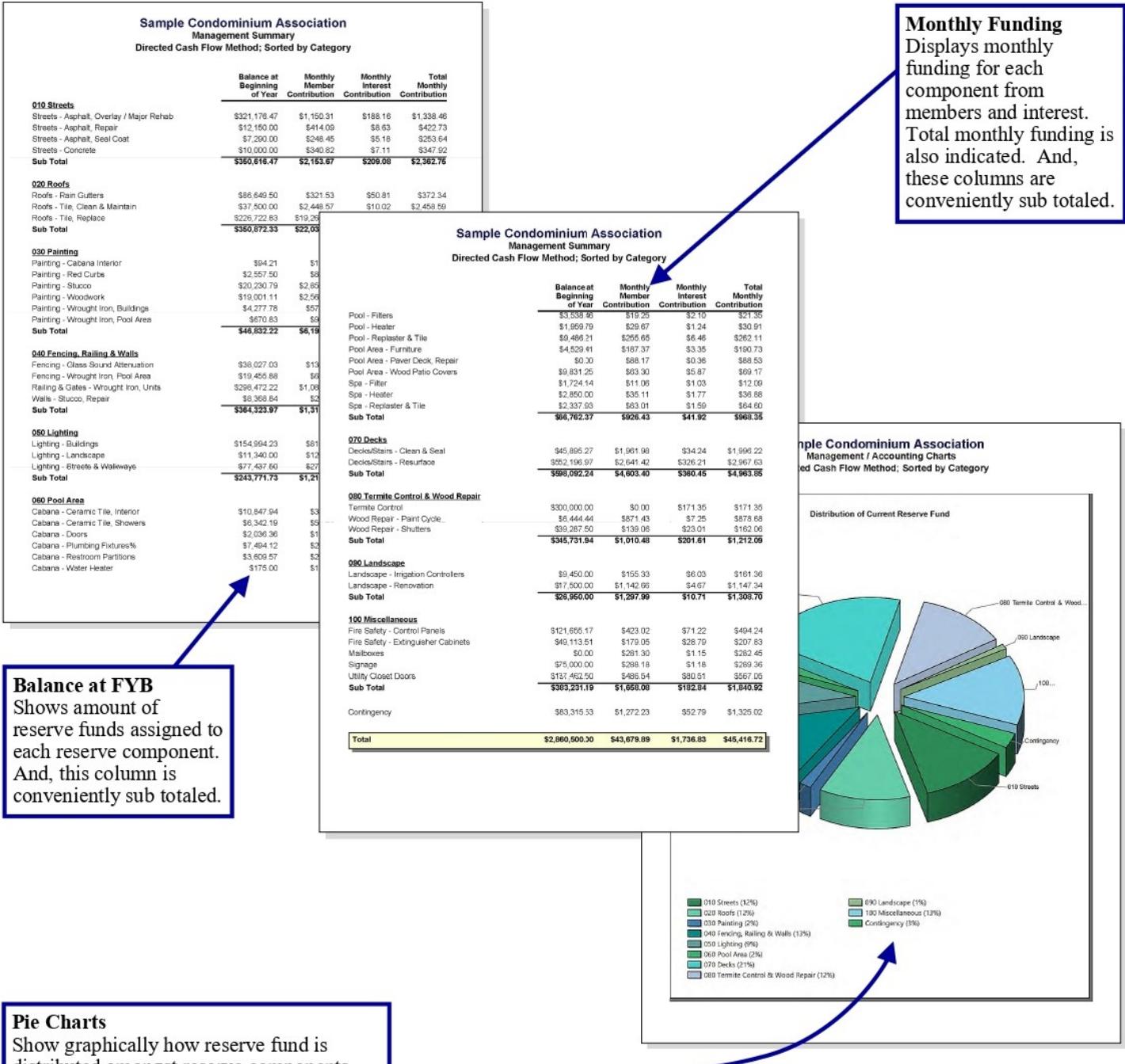
Displays fully funded balance for each component. This column is conveniently sub totaled.

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### Management Summary and Charts

Summary displays all reserve components, shown here in “category” order. Provides assigned reserve funds at beginning of fiscal year for which reserve analysis is prepared along with monthly member contribution, interest contribution and total contribution for each component and category. Pie charts show graphically how reserve fund is distributed amongst reserve component categories and how each category is funded on a monthly basis.

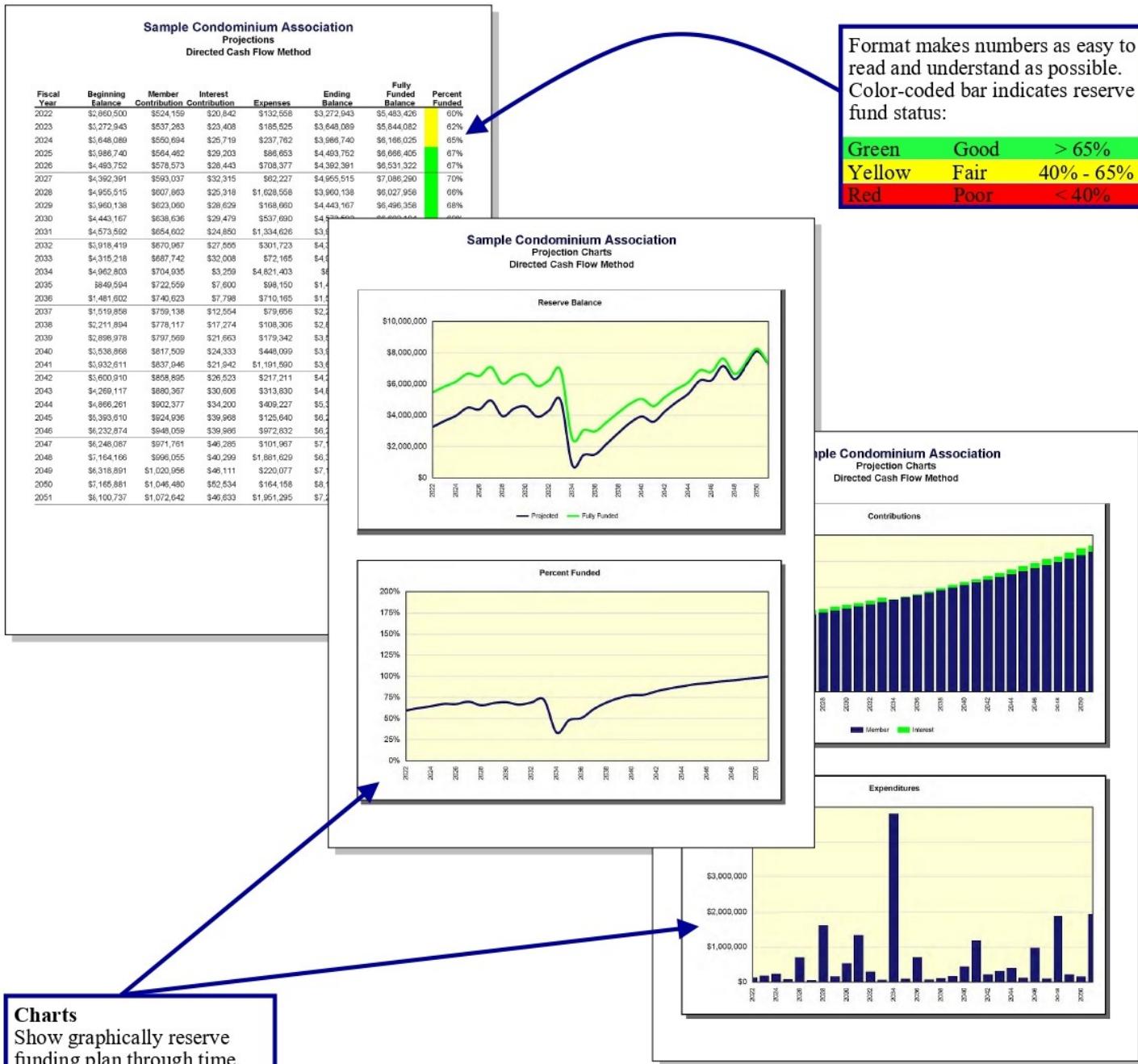


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### Projections and Charts

Summary displays projections of beginning reserve balance, member contribution, interest contribution, expenditures and ending reserve balance for each year of projection period (shown here for 30 years). Two columns on the right-hand side provide fully funded ending balance and percent funded for each year. Charts show the same information in an easy-to-understand graphic format.



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### Component Detail

Summary provides detailed information about each reserve component. These pages display all information about each reserve component as well as comments from site observations and historical information regarding replacement or other maintenance.

Sample Condominium Association Component Detail Directed Cash Flow Calculation Method; Sorted By Category					
Streets - Asphalt, Seal Coat					
Category	010 Streets	Quantity	162,000 sq. ft.		
		Unit Cost	\$0.09		
Placed In Service	01/2020	% of Replacement	100.00%		
Useful Life	4	Current Cost	\$14,580.00		
Remaining Life	2	Future Cost	\$15,318.11		
Replacement Year	2024				
		Assigned Reserves at FYB	\$7,290.00		
		Monthly Member Contribution	\$246.45		
		Monthly Interest Contribution	\$5.18		
		Total Monthly Contribution	\$253.64		



The association repaired, seal coated and restriped the asphalt throughout the community. The association repaired, seal coated (2 coats) and restriped the asphalt throughout the community during 2015 for an unknown cost. The association repaired asphalt throughout the community during 2015 for an unknown cost. The association repaired the asphalt throughout the community in October 2019 for a total cost repair/rack fill at \$4,790, seal coat at \$8,735 and restripe of \$3,482.

The current cost used for this component is based on actual expenditures incurred adjusted for inflation where applicable.

For budgeting purposes, we have used the next fiscal year's beginning date as the replacement year.

Asphalt surfaces should be seal coated on a 3 to 4 year cycle.

### Lifespan Information

Displays placed-in-service date, useful life, remaining life and replacement year.

### Cost Information

Displays quantity, unit cost, percentage of replacement, current cost and future cost.

### Calculation Results

Displays assigned reserves and funding requirements.

Sample Condominium Association Component Detail Directed Cash Flow Calculation Method; Sorted By Category					
Painting - Stucco					
Category	030 Painting	Quantity	325,750 sq. ft.		
		Unit Cost	\$1.18		
Placed In Service	07/2021	% of Replacement	100.00%		
Useful Life	10	Current Cost	\$384,385.00		
Remaining Life	9	Future Cost	\$480,044.19		
Replacement Year	2031				
		Assigned Reserves at FYB	\$20,230.79		
		Monthly Member Contribution	\$25.24		
		Monthly Interest Contribution	\$2.24		
		Total Monthly Contribution	\$2,879.16		



The association painted the entire community (stucco, woodwork, wrought iron and mailbox interior) in Summer 2011 for a total cost of \$400,500. The association painted the entire community (stucco, woodwork, wrought iron and the cabana interior) in Summer 2012 after the boxes were replaced in October 2010, for a total cost of \$1,505.

The current cost used for this component is based on actual expenditures incurred adjusted for inflation where applicable.

### Sample Condominium Association Component Detail Directed Cash Flow Calculation Method; Sorted By Category

Pool - Replaster & Tile					
Category	060 Pool Area	Quantity	1 pool		
		Unit Cost	\$34,387.50		
Placed In Service	05/2019	% of Replacement	100.00%		
Useful Life	10	Current Cost	\$34,387.50		
Remaining Life	7	Future Cost	\$40,875.93		
Replacement Year	2029				
		Assigned Reserves at FYB	\$9,486.21		
		Monthly Member Contribution	\$255.65		
		Monthly Interest Contribution	\$6.48		
		Total Monthly Contribution	\$262.11		



2,125 sq. ft. of replastering	@\$	\$13.50	=	\$28,687.50
180 lin. ft. of waterline/trim tile	@\$	\$17.50	=	\$3,150.00
170 lin. ft. of step/bench tile	@\$	\$15.00	=	\$2,550.00
		TOTAL	=	\$34,387.50

The association replastered the pool during 2006 for a total cost of \$22,174. The association replastered the pool and spa, replaced the pool and spa lighting (with LED lights) and replaced the mosaic material at the pool area in March 2011 for a total cost of \$41,541. The association replastered the pool and spa in May 2019 for a total cost of \$35,443.

### Comments

Useful information from site observations and historical expenses included here.

### Photos

Optional photos adds an additional layer of detail to the reserve analysis.

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### ◆ ◆ ◆ ◆ ◆ GLOSSARY OF KEY TERMS ◆ ◆ ◆ ◆ ◆

#### **Anticipated Reserve Balance (or Reserve Funds)**

Amount of money, as of a certain point in time, held by association to be used for the repair or replacement of reserve components. This figure is “anticipated” because it is calculated based on the most current financial information available as of the analysis date, which is almost always prior to the fiscal year beginning date for which the reserve analysis is prepared.

#### **Assigned Funds (and “Fixed” Assigned Funds)**

Amount of money, as of fiscal year beginning date for which reserve analysis is prepared, that a reserve component has been assigned.

Assigned funds are considered “fixed” when the normal calculation process is bypassed and a specific amount of money is assigned to a reserve component. For example, if the normal calculation process assigns \$10,000 to the roofs, but the association would like to show \$20,000 assigned to roofs, “fixed” funds of \$20,000 can be assigned.

#### **Component Calculation Method**

Reserve funding calculation method developed based on each individual reserve component. A more detailed description of the actual calculation process is included in the “reserve funding calculation methods” section of the preface.

#### **Contingency Parameter**

Rate used as a built-in buffer in the calculation of a reserve funding plan. This rate will assign a percentage of reserve funds, as of the fiscal year beginning, as contingency funds and will also determine the level of funding toward contingency each month.

#### **Contribution Increase Parameter**

Rate used in calculation of funding plan. This rate is used on an annual compounding basis. This rate represents, in theory, the rate the association expects to increase contributions each year.

In most cases, this rate should match the inflation parameter. Matching the contribution increase parameter to the inflation parameter indicates, in theory, that member contributions should increase at the same rate as the cost of living (inflation parameter). Due to the “time value of money,” this creates the most equitable distribution of member contributions through time.

#### **Current Replacement Cost**

Amount of money, as of fiscal year beginning date for which reserve analysis is prepared, that a reserve component is expected to cost to replace.

#### **Directed Cash Flow Calculation Method**

Reserve funding calculation method developed based on total annual expenditures. A more detailed description of the actual calculation process is included in the “reserve funding calculation methods” section of the preface.

#### **Fiscal Year**

Budget year for association for which reserve analysis is prepared. Fiscal year beginning (FYB) is first day of budget year; fiscal year end (FYE) is last day of budget year.

#### **Fully Funded Reserve Balance**

Amount of money that should theoretically have accumulated in the reserve fund as of a certain point in time. Fully funded reserves are calculated for each reserve component based on the current replacement cost, age and useful life:

$$\text{Fully Funded Reserves} = \frac{\text{Age}}{\text{Useful Life}} \times \text{Current Replacement Cost}$$

Fully funded reserve balance is the sum of the fully funded reserves for each reserve component.

An association that has accumulated the fully funded reserve balance does not have all of the funds necessary to replace all of its reserve components immediately; it has the proportionately appropriate reserve funds for the reserve com-

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ponents it maintains, based on each component's current replacement cost, age and useful life.

### **Future Replacement Cost**

Amount of money, as of fiscal year during which replacement of a reserve component is scheduled, that a reserve component is expected to cost to replace. This cost is calculated using the current replacement cost compounded annually by the inflation parameter.

### **Global Parameters**

Financial parameters used to calculate reserve analysis. See also "inflation parameter," "contribution increase parameter," "investment rate parameter" and "taxes on investments parameter."

### **Inflation Parameter**

Rate used in calculation of future costs for reserve components. This rate is used on an annual compounding basis. This rate represents rate the association expects the cost of goods and services relating to their reserve components to increase each year.

### **Interest Contribution**

Amount of money contributed to reserve fund by interest earned on reserve fund and member contributions.

### **Investment Rate Parameter**

Gross rate used in calculation of interest contribution (interest earned) from reserve balance and member contributions. This rate (net of taxes on investments parameter) is used on a monthly compounding basis. This parameter represents the weighted average interest rate association expects to earn on their reserve fund investments.

### **Membership Contribution**

Amount of money contributed to reserve fund by association's membership.

### **Minimum Cash Flow Calculation Method**

Reserve funding calculation method developed based on total annual expenditures. A more detailed description of the actual calculation process is included in the "reserve funding calculation methods" section of the preface.

### **Monthly Contribution (and "Fixed" Monthly Contribution)**

Amount of money, for fiscal year which reserve analysis is prepared, that a reserve component will be funded.

Monthly contribution is considered "fixed" when the normal calculation process is bypassed and a specific amount of money is funded to a reserve component. For example, if the normal calculation process funds \$1,000 to the roofs each month, but the association would like to show \$500 funded to roofs each month, a "fixed" contribution of \$500 can be assigned.

### **Number of Units (or other assessment basis)**

Number of units for which reserve analysis is prepared. In "phased" developments, this number represents the number of units, and corresponding common area components, that exist as of a certain point in time.

For some associations, assessments and reserve contributions are based on a unit of measure other than number of units. Examples include time-interval weeks for timeshare resorts or lot acreage (or square feet) for commercial/industrial developments.

### **One-Time Replacement**

Used for components that will be budgeted for only once.

### **Percent Funded**

Measure of association's reserve fund "health," expressed as a percentage, as of a certain point in time. This number is the ratio of anticipated reserve fund balance to fully funded reserve balance:

$$\text{Percent Funded} = \frac{\text{Anticipated Reserve Fund Balance}}{\text{Fully Funded Reserve Balance}}$$

# Rancho Madrina Community Association

## Preface

Reserve fund health:

Green	Good	> 65%
Yellow	Fair	40% to 65%
Red	Poor	< 40%

An association that is 100% funded does not have all reserve funds necessary to replace all of its reserve components immediately; it has the proportionately appropriate reserve funds for reserve components it maintains, based on each component's current replacement cost, age and useful life.

### **Percentage of Replacement**

Percentage of reserve component that is expected to be replaced.

For most reserve components, this percentage is 100%. In some cases, this percentage may be more or less than 100%. For example, fencing which is shared with a neighboring community may be set at 50%. Another example would be a component where partial replacement is expected, such as interior doors.

### **Placed-In-Service Date**

Date (month and year) that a reserve component was originally put into service or last replaced.

### **Remaining Life**

Length of time, in years, until a reserve component is scheduled to be replaced.

### **Remaining Life Adjustment**

Length of time, in years, that a reserve component is expected to last in excess (or deficiency) of its useful life for current cycle of replacement (only).

If current cycle of replacement for a reserve component is expected to be greater than or less than the "normal" life expectancy, the reserve component's life should be adjusted using a remaining life adjustment.

For example, if wood trim is painted normally on a 4 year cycle, useful life should be 4 years. However, when it comes time to paint the wood trim and it is determined that it can be deferred for an additional year, useful life should remain at 4 years and a remaining life adjustment of +1 year should be used.

### **Replacement Year**

Fiscal year that a reserve component is scheduled to be replaced.

### **Reserve Components**

Line items included in the reserve analysis.

### **Taxes on Investments Parameter**

Rate used to offset investment rate parameter in the calculation of interest contribution. This parameter represents the marginal tax rate association expects to pay on interest earned by reserve funds and member contributions.

### **Total Contribution**

Sum of membership contribution and interest contribution.

### **Useful Life**

Length of time, in years, that a reserve component is expected to last each time it is replaced. See also "remaining life adjustment."

# Rancho Madrina Community Association

## Preface

### ♦ ♦ ♦ ♦ LIMITATIONS OF RESERVE ANALYSIS ♦ ♦ ♦ ♦

This reserve analysis is intended as a tool for the association's Board of Directors to be used in evaluating the association's current physical and financial condition with regard to reserve components. The results of this reserve analysis represent the independent opinion of the preparer. There is no implied warranty or guarantee of this work product.

For the purposes of this reserve analysis, it has been assumed that all components have been installed properly, no construction defects exist and all components are operational. Additionally, it has been assumed that all components will be maintained properly in the future.

Representations set forth in this reserve analysis are based on the best information and estimates of the preparer as of the date of this analysis. These estimates are subject to change. This reserve analysis includes estimates of replacement costs and life expectancies as well as assumptions regarding future events. Some estimates are projections of future events based on information currently available and are not necessarily indicative of the actual future outcome. The longer the time period between the estimate and the estimated event, the more likely the possibility or error and/or discrepancy. For example, some assumptions inevitably will not materialize and unanticipated events and circumstances may occur subsequent to the preparation of this reserve analysis. Therefore, the actual replacement costs and remaining lives may vary from this reserve analysis and the variation may be significant. Additionally, inflation and other economic events may impact this reserve analysis, particularly over an extended period of time and those events could have a significant and negative impact on the accuracy of this reserve analysis and, further, the funds available to meet the association's obligation for repair, replacement or other maintenance of major components during their estimated useful life. Furthermore, the occurrence of vandalism, severe weather conditions, climate change, earthquakes, floods, acts of nature or other unforeseen events cannot be predicted and/or accounted for and are excluded when assessing life expectancy, repair and/or replacement costs of the reserve components.

# Rancho Madrina Community Association

## Executive Summary

### Directed Cash Flow Method

#### Client Information

Account Number	12735
Version Number	2
Analysis Date	10/26/2023
Fiscal Year	1/1/2024 to 12/31/2024
Number of Units	120

#### Global Parameters

Inflation Rate	3.00%
Annual Contribution Increase	8.20%
Investment Rate	2.04%
Taxes on Investments	0.00%
Contingency	1.00%

#### Community Profile

This community consists of 120 single-family homes with private roadways, gated entrance area and extensive landscaped areas.

For budgeting purposes, unless otherwise indicated, we have used January 2006 as the average placed-in-service date for aging the original components in this community.

ARS site visits: August 10, 2023; June 2019; July 2018; February 2015 and October 2008

#### Adequacy of Reserves as of January 1, 2024

Anticipated Reserve Balance	\$887,050.00
Fully Funded Reserve Balance	\$1,549,695.38
Percent Funded	57.24%
Deficit per Unit	\$5,522.04



Funding for the 2024 Fiscal Year	Annual	Per Unit	
		Monthly	Per Month
Member Contribution	\$77,086	\$6,423.83	\$53.53
Interest Contribution	\$17,995	\$1,499.57	\$12.50
Total Contribution	\$95,081	\$7,923.41	\$66.03

**Rancho Madrina Community Association**  
**Membership Disclosure Summary**  
**Sorted by Category**

Major Reserve Components	Current Cost	Assigned Reserves	Remaining Life Range	Useful Life Range
010 Streets	\$659,315	\$373,209	1-7	3-24
020 Painting	\$50,119	\$36,474	0-2	1-5
030 Access Equip, Fencing & Walls	\$1,161,288	\$96,518	2-21	10-30
040 Lighting	\$84,200	\$17,955	3-26	10-30
050 Landscape	\$110,600	\$347,850	0-9	10-12
060 Tot Lot	\$118,000	\$6,261	5-11	15-20
070 Mailboxes & Monuments	\$80,750	\$0	21	20-30
Contingency	n.a.	\$8,783	n.a.	n.a.
<b>Total</b>	<b>\$2,264,271</b>	<b>\$887,050</b>	<b>0-26</b>	<b>1-30</b>

# **Rancho Madrina Community Association**

## **Preparer's Disclosure Statement**

In July 1998, Steve Jackson was awarded the Reserve Specialist (RS) designation from Community Associations Institute (CAI). Mr. Jackson was the seventh person in the United States to receive this professional designation.

The RS designation was developed by CAI for professional reserve analysts who wish to confirm to their peers and/or clients that they have demonstrated a basic level of competency within the industry. The RS designation is awarded to reserve analysts who are dedicated to the highest standards of professionalism and reserve analysis preparation.

Consultant certifies that:

1) Consultant has no other involvement with association which could result in actual or perceived conflicts of interest.

2) Consultant made a site visit of this community on August 10, 2023. Consultant made previous site visits of this community in June 2019, July 2018, February 2015 and October 2008. Component inventories were developed by actual field inventory, representative sampling, making take-offs of a scaled site plan or were provided by the association's original Department of Real Estate (DRE) budgets as prepared at the direction of the community's developer.

Component conditional assessments were developed by actual field observation and representative sampling.

3) Financial assumptions used in this analysis are listed on the Executive Summary and further explained in the Preface of this report. The tax rate parameter has been set to 0% as the association pays taxes from its operating budget.

4) Consultant is a Reserve Specialist (RS) designee.

5) This is a "Level 2" reserve study update including a site visit.

6) There are no material issues known to consultant at this time which would cause a distortion of the association's situation.

# Rancho Madrina Community Association

## Calculation of Percent Funded Sorted by Category; Alphabetical

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
<b>010 Streets</b>				
Streets - Asphalt, Overlay / Major Rehab	7	24	\$577,500.00	\$415,800.00
Streets - Asphalt, Repair	1	3	\$26,031.95	\$17,354.63
Streets - Asphalt, Seal Coat	1	3	\$55,782.75	\$37,188.50
Streets - Concrete, Unfunded	n.a.	n.a.	\$0.00	\$0.00
<b>Sub Total</b>	<b>1-7</b>	<b>3-24</b>	<b>\$659,314.70</b>	<b>\$470,343.13</b>
<b>020 Painting</b>				
Painting - Mailboxes & Posts	0	3	\$8,400.00	\$8,400.00
Painting - Main Gates	0	1	\$5,250.00	\$5,250.00
Painting - Masonry Walls	0	1	\$3,466.73	\$3,466.73
Painting - Red Curbs	1	3	\$2,950.00	\$1,966.67
Painting - Wrought Iron	2	5	\$14,424.75	\$8,013.75
Sealing - Wood Railing, Trails	2	5	\$15,627.50	\$9,376.50
<b>Sub Total</b>	<b>0-2</b>	<b>1-5</b>	<b>\$50,118.98</b>	<b>\$36,473.64</b>
<b>030 Access Equip, Fencing &amp; Walls</b>				
Access - Entrance Phone, 2nd Entry	7	10	\$5,000.00	\$1,500.00
Access - Entrance Phone, Main Entry	3	10	\$7,500.00	\$5,250.00
Access - Gate Operators, Main Entry/Exit	7	10	\$22,000.00	\$6,600.00
Access - Gate Operators, Other	2	10	\$22,000.00	\$19,800.00
Access - LPR System	3	10	\$23,000.00	\$16,100.00
Access - Pedestrian Gate Locks	6	10	\$5,250.00	\$2,100.00
Access - Surveillance Equipment	3	10	\$19,000.00	\$13,300.00
Access - Transponder System	5	10	\$14,500.00	\$6,868.42
Fencing - Glass, Community Walls	21	30	\$630,750.00	\$291,115.38
Fencing - Wood & Iron, Entrance Areas	17	20	\$57,725.00	\$8,658.75
Fencing - Wrought Iron, Community Walls	17	20	\$164,800.00	\$84,754.29
Railing - Wood, Trails	16	20	\$189,762.50	\$100,462.50
Walls - Crib / Retaining, Unfunded	n.a.	n.a.	\$0.00	\$0.00
Walls - Masonry, Repair	n.a.	n.a.	\$0.00	\$25,000.00
<b>Sub Total</b>	<b>2-21</b>	<b>10-30</b>	<b>\$1,161,287.50</b>	<b>\$581,509.34</b>
<b>040 Lighting</b>				
Lighting - Entrance Pilasters	16	20	\$2,900.00	\$580.00
Lighting - Landscape, Entrance Area	3	10	\$25,650.00	\$17,955.00
Lighting - Landscape, Rancho Viejo	9	10	\$30,600.00	\$2,593.22
Lighting - Streets, Unfunded	n.a.	n.a.	\$0.00	\$0.00
Lighting - Tot Lot	26	30	\$25,050.00	\$2,846.59
<b>Sub Total</b>	<b>3-26</b>	<b>10-30</b>	<b>\$84,200.00</b>	<b>\$23,974.81</b>

# Rancho Madrina Community Association

## Calculation of Percent Funded Sorted by Category; Alphabetical

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
<b><u>050 Landscape</u></b>				
Landscape - Irrigation, Controllers (Newer)	9	12	\$5,350.00	\$1,337.50
Landscape - Irrigation, Controllers (Older)	0	12	\$31,250.00	\$31,250.00
Landscape - Irrigation, Pumps	2	10	\$74,000.00	\$66,600.00
Landscape - Renovation	n.a.	n.a.	\$0.00	\$100,000.00
Landscape - Slopes	n.a.	n.a.	\$0.00	\$150,000.00
Landscape - Trails, Unfunded	n.a.	n.a.	\$0.00	\$0.00
Landscape - Tree Trim, Unfunded	n.a.	n.a.	\$0.00	\$0.00
<b>Sub Total</b>	<b>0-9</b>	<b>10-12</b>	<b>\$110,600.00</b>	<b>\$349,187.50</b>
<b><u>060 Tot Lot</u></b>				
Tot Lot - Furnishings	5	20	\$8,000.00	\$6,260.87
Tot Lot - Play Equipment	11	15	\$110,000.00	\$29,333.33
<b>Sub Total</b>	<b>5-11</b>	<b>15-20</b>	<b>\$118,000.00</b>	<b>\$35,594.20</b>
<b><u>070 Mailboxes &amp; Monuments</u></b>				
Mailboxes	21	20	\$72,750.00	\$33,576.92
Monument Signs	21	30	\$8,000.00	\$3,692.31
<b>Sub Total</b>	<b>21</b>	<b>20-30</b>	<b>\$80,750.00</b>	<b>\$37,269.23</b>
Contingency	n.a.	n.a.	n.a.	\$15,343.52
Total	0-26	1-30	\$2,264,271.18	\$1,549,695.38
Anticipated Reserve Balance				\$887,050.00
Percent Funded				57.24%

**Rancho Madrina Community Association**  
**Management Summary**  
**Directed Cash Flow Method; Sorted by Category**

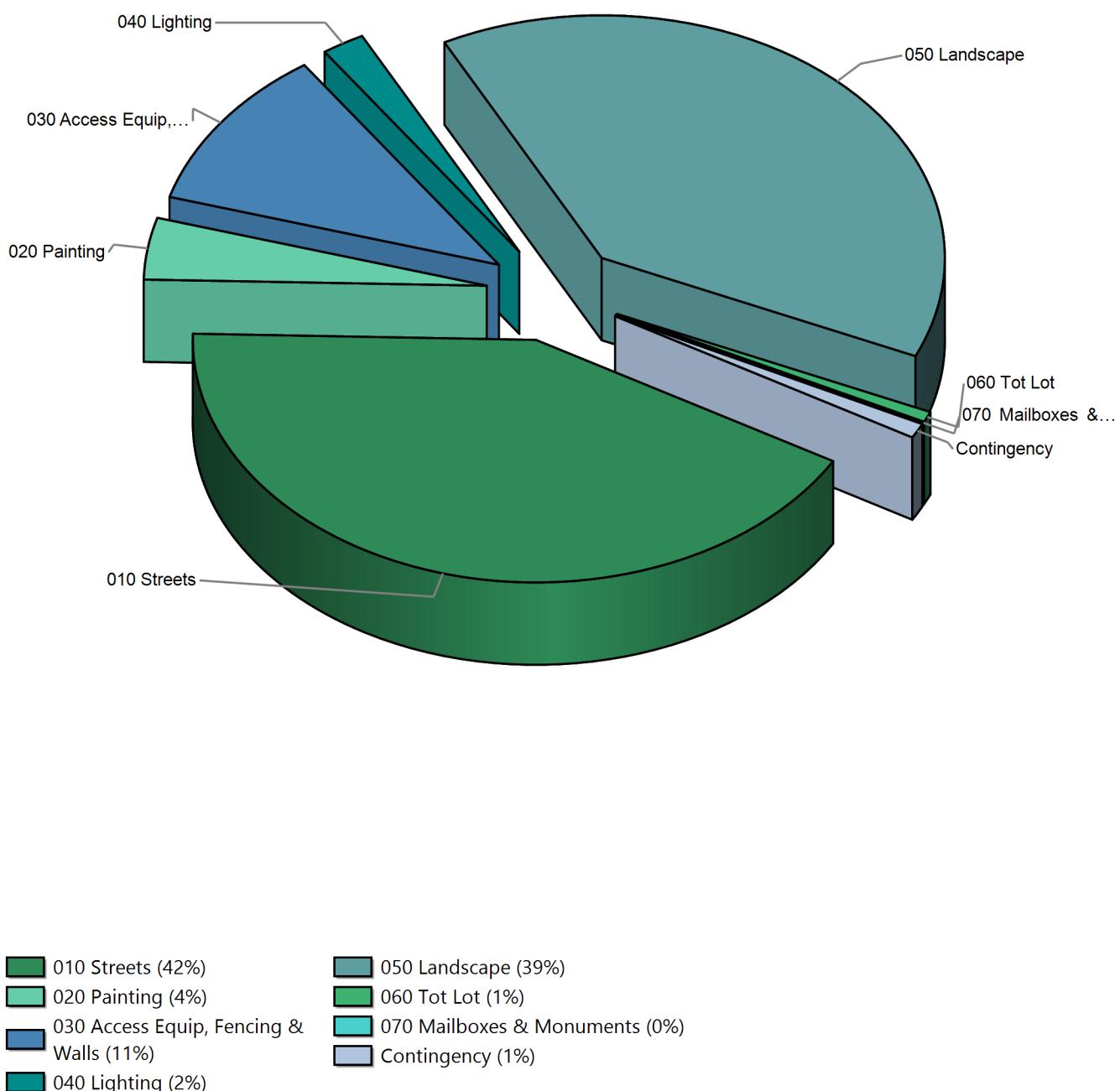
	Balance at Beginning of Year	Monthly Member Contribution	Monthly Interest Contribution	Total Monthly Contribution
<b>010 Streets</b>				
Streets - Asphalt, Overlay / Major Rehab	\$318,666.26	\$1,461.81	\$551.76	\$2,013.57
Streets - Asphalt, Repair	\$17,354.63	\$368.42	\$35.36	\$403.78
Streets - Asphalt, Seal Coat	\$37,188.50	\$789.47	\$75.78	\$865.25
Streets - Concrete, Unfunded	\$0.00	\$0.00	\$0.00	\$0.00
<b>Sub Total</b>	<b>\$373,209.39</b>	<b>\$2,619.70</b>	<b>\$662.90</b>	<b>\$3,282.60</b>
<b>020 Painting</b>				
Painting - Mailboxes & Posts	\$8,400.00	\$112.03	\$2.06	\$114.10
Painting - Main Gates	\$5,250.00	\$218.90	\$4.03	\$222.93
Painting - Masonry Walls	\$3,466.73	\$144.55	\$2.66	\$147.21
Painting - Red Curbs	\$1,966.67	\$41.75	\$4.01	\$45.76
Painting - Wrought Iron	\$8,013.75	\$133.93	\$15.66	\$149.59
Sealing - Wood Railing, Trails	\$9,376.50	\$131.16	\$17.86	\$149.02
<b>Sub Total</b>	<b>\$36,473.64</b>	<b>\$782.32</b>	<b>\$46.28</b>	<b>\$828.61</b>
<b>030 Access Equip, Fencing &amp; Walls</b>				
Access - Entrance Phone, 2nd Entry	\$1,500.00	\$18.85	\$2.82	\$21.67
Access - Entrance Phone, Main Entry	\$5,250.00	\$31.91	\$9.23	\$41.14
Access - Gate Operators, Main Entry/Exit	\$6,600.00	\$82.94	\$12.40	\$95.34
Access - Gate Operators, Other	\$19,800.00	\$52.29	\$33.57	\$85.86
Access - LPR System	\$16,100.00	\$97.86	\$28.32	\$126.18
Access - Pedestrian Gate Locks	\$2,100.00	\$20.41	\$3.83	\$24.24
Access - Surveillance Equipment	\$13,300.00	\$80.84	\$23.39	\$104.23
Access - Transponder System	\$6,868.42	\$60.90	\$12.43	\$73.34
Fencing - Glass, Community Walls	\$0.00	\$788.56	\$14.51	\$803.07
Fencing - Wood & Iron, Entrance Areas	\$0.00	\$98.66	\$1.82	\$100.47
Fencing - Wrought Iron, Community Walls	\$0.00	\$281.65	\$5.18	\$286.84
Railing - Wood, Trails	\$0.00	\$353.19	\$6.50	\$359.69
Walls - Crib / Retaining, Unfunded	\$0.00	\$0.00	\$0.00	\$0.00
Walls - Masonry, Repair	\$25,000.00	\$0.00	\$41.18	\$41.18
<b>Sub Total</b>	<b>\$96,518.42</b>	<b>\$1,968.06</b>	<b>\$195.19</b>	<b>\$2,163.25</b>
<b>040 Lighting</b>				
Lighting - Entrance Pilasters	\$0.00	\$5.40	\$0.10	\$5.50
Lighting - Landscape, Entrance Area	\$17,955.00	\$109.13	\$31.58	\$140.72
Lighting - Landscape, Rancho Viejo	\$0.00	\$119.40	\$2.20	\$121.60
Lighting - Streets, Unfunded	\$0.00	\$0.00	\$0.00	\$0.00
Lighting - Tot Lot	\$0.00	\$22.15	\$0.41	\$22.56
<b>Sub Total</b>	<b>\$17,955.00</b>	<b>\$256.09</b>	<b>\$34.29</b>	<b>\$290.38</b>

**Rancho Madrina Community Association**  
**Management Summary**  
**Directed Cash Flow Method; Sorted by Category**

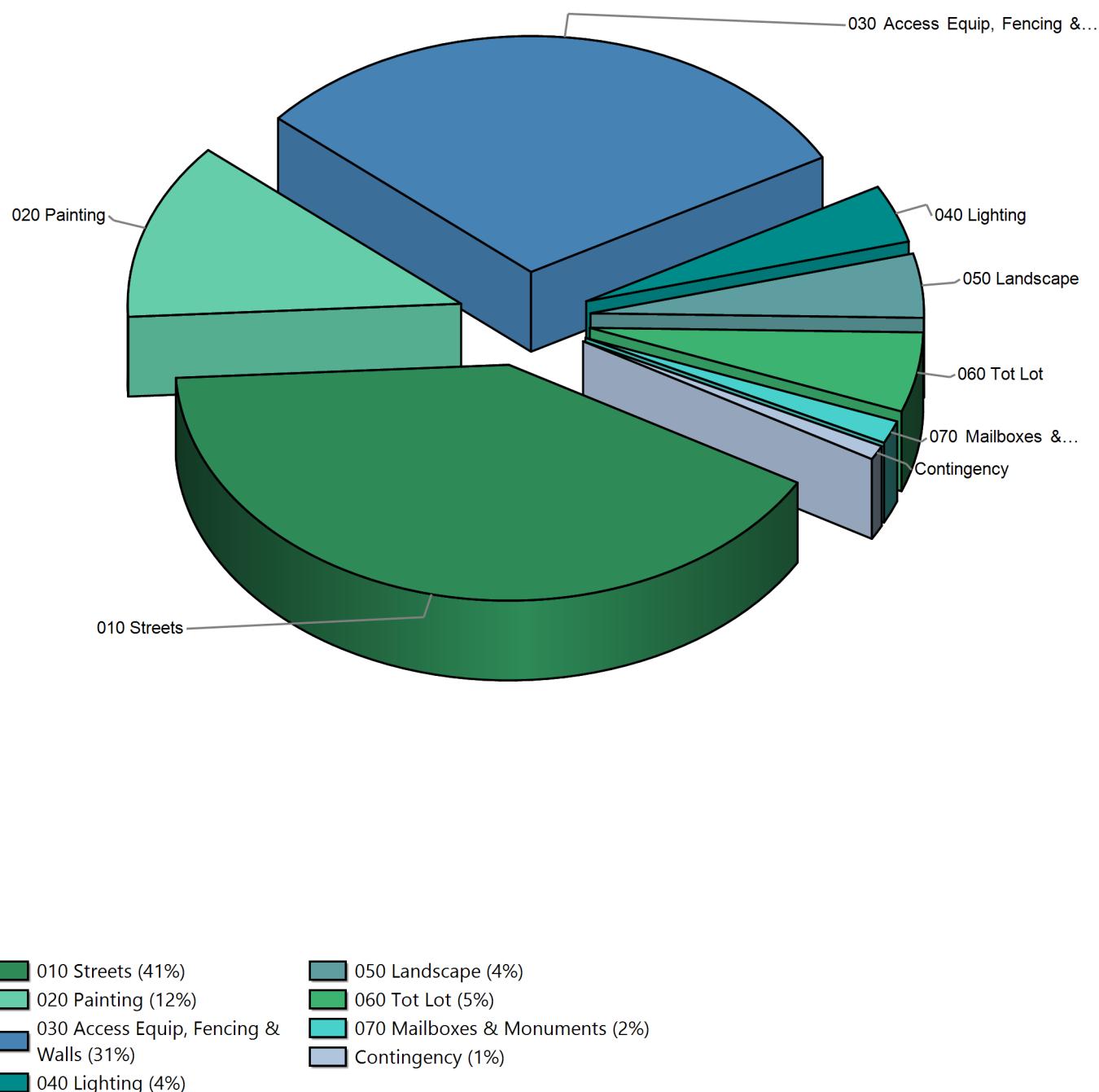
	Balance at Beginning of Year	Monthly Member Contribution	Monthly Interest Contribution	Total Monthly Contribution
<b><u>050 Landscape</u></b>				
Landscape - Irrigation, Controllers (Newer)	\$0.00	\$20.88	\$0.38	\$21.26
Landscape - Irrigation, Controllers (Older)	\$31,250.00	\$85.36	\$1.57	\$86.93
Landscape - Irrigation, Pumps	\$66,600.00	\$175.89	\$112.93	\$288.82
Landscape - Renovation	\$100,000.00	\$0.00	\$164.70	\$164.70
Landscape - Slopes	\$150,000.00	\$0.00	\$247.05	\$247.05
Landscape - Trails, Unfunded	\$0.00	\$0.00	\$0.00	\$0.00
Landscape - Tree Trim, Unfunded	\$0.00	\$0.00	\$0.00	\$0.00
<b>Sub Total</b>	<b>\$347,850.00</b>	<b>\$282.12</b>	<b>\$526.64</b>	<b>\$808.76</b>
<b><u>060 Tot Lot</u></b>				
Tot Lot - Furnishings	\$6,260.87	\$15.49	\$10.60	\$26.09
Tot Lot - Play Equipment	\$0.00	\$335.49	\$6.18	\$341.67
<b>Sub Total</b>	<b>\$6,260.87</b>	<b>\$350.98</b>	<b>\$16.77</b>	<b>\$367.76</b>
<b><u>070 Mailboxes &amp; Monuments</u></b>				
Mailboxes	\$0.00	\$90.95	\$1.67	\$92.63
Monument Signs	\$0.00	\$10.00	\$0.18	\$10.19
<b>Sub Total</b>	<b>\$0.00</b>	<b>\$100.95</b>	<b>\$1.86</b>	<b>\$102.81</b>
Contingency	\$8,782.67	\$63.60	\$15.64	\$79.24
<b>Total</b>	<b>\$887,050.00</b>	<b>\$6,423.83</b>	<b>\$1,499.57</b>	<b>\$7,923.41</b>

**Rancho Madrina Community Association**  
**Management / Accounting Charts**  
**Directed Cash Flow Method; Sorted by Category**

**Distribution of Current Reserve Fund**



**Rancho Madrina Community Association**  
**Management / Accounting Charts**  
**Directed Cash Flow Method; Sorted by Category**



**Rancho Madrina Community Association**  
**Annual Expenditures**  
**Sorted by Alphabetical**

**2024 Fiscal Year**

Landscape - Irrigation, Controllers (Older)	\$31,250.00
Painting - Mailboxes & Posts	\$8,400.00
Painting - Main Gates	\$5,250.00
Painting - Masonry Walls	\$3,466.73
<b>Sub Total</b>	<b>\$48,366.73</b>

**2025 Fiscal Year**

Painting - Main Gates	\$5,407.50
Painting - Masonry Walls	\$3,570.73
Painting - Red Curbs	\$3,038.50
Streets - Asphalt, Repair	\$26,812.91
Streets - Asphalt, Seal Coat	\$57,456.23
<b>Sub Total</b>	<b>\$96,285.87</b>

**2026 Fiscal Year**

Access - Gate Operators, Other	\$23,339.80
Landscape - Irrigation, Pumps	\$78,506.60
Painting - Main Gates	\$5,569.73
Painting - Masonry Walls	\$3,677.85
Painting - Wrought Iron	\$15,303.22
Sealing - Wood Railing, Trails	\$16,579.21
<b>Sub Total</b>	<b>\$142,976.41</b>

**2027 Fiscal Year**

Access - Entrance Phone, Main Entry	\$8,195.45
Access - LPR System	\$25,132.72
Access - Surveillance Equipment	\$20,761.81
Lighting - Landscape, Entrance Area	\$28,028.45
Painting - Mailboxes & Posts	\$9,178.91
Painting - Main Gates	\$5,736.82
Painting - Masonry Walls	\$3,788.18
<b>Sub Total</b>	<b>\$100,822.34</b>

**2028 Fiscal Year**

Painting - Main Gates	\$5,908.92
Painting - Masonry Walls	\$3,901.83
Painting - Red Curbs	\$3,320.25
Streets - Asphalt, Repair	\$29,299.19
Streets - Asphalt, Seal Coat	\$62,783.98
<b>Sub Total</b>	<b>\$105,214.17</b>

**2029 Fiscal Year**

# Rancho Madrina Community Association

## Annual Expenditures

### Sorted by Alphabetical

Access - Transponder System	\$16,809.47
Painting - Main Gates	\$6,086.19
Painting - Masonry Walls	\$4,018.88
Tot Lot - Furnishings	\$9,274.19
<b>Sub Total</b>	<b>\$36,188.74</b>

#### 2030 Fiscal Year

Access - Pedestrian Gate Locks	\$6,268.77
Painting - Mailboxes & Posts	\$10,030.04
Painting - Main Gates	\$6,268.77
Painting - Masonry Walls	\$4,139.45
<b>Sub Total</b>	<b>\$26,707.04</b>

#### 2031 Fiscal Year

Access - Entrance Phone, 2nd Entry	\$6,149.37
Access - Gate Operators, Main Entry/Exit	\$27,057.23
Painting - Main Gates	\$6,456.84
Painting - Masonry Walls	\$4,263.63
Painting - Red Curbs	\$3,628.13
Painting - Wrought Iron	\$17,740.62
Sealing - Wood Railing, Trails	\$19,219.85
Streets - Asphalt, Overlay / Major Rehab	\$710,252.16
Streets - Asphalt, Repair	\$32,016.02
Streets - Asphalt, Seal Coat	\$68,605.75
<b>Sub Total</b>	<b>\$895,389.59</b>

#### 2032 Fiscal Year

Painting - Main Gates	\$6,650.54
Painting - Masonry Walls	\$4,391.54
<b>Sub Total</b>	<b>\$11,042.09</b>

#### 2033 Fiscal Year

Landscape - Irrigation, Controllers (Newer)	\$6,980.54
Lighting - Landscape, Rancho Viejo	\$39,926.06
Painting - Mailboxes & Posts	\$10,960.09
Painting - Main Gates	\$6,850.06
Painting - Masonry Walls	\$4,523.29
<b>Sub Total</b>	<b>\$69,240.04</b>

#### 2034 Fiscal Year

Painting - Main Gates	\$7,055.56
Painting - Masonry Walls	\$4,658.99
Painting - Red Curbs	\$3,964.55

# Rancho Madrina Community Association

## Annual Expenditures

### Sorted by Alphabetical

Streets - Asphalt, Repair	\$34,984.76
Streets - Asphalt, Seal Coat	\$74,967.35
<b>Sub Total</b>	<b>\$125,631.22</b>

#### 2035 Fiscal Year

Painting - Main Gates	\$7,267.23
Painting - Masonry Walls	\$4,798.76
Tot Lot - Play Equipment	\$152,265.73
<b>Sub Total</b>	<b>\$164,331.71</b>

#### 2036 Fiscal Year

Access - Gate Operators, Other	\$31,366.74
Landscape - Irrigation, Controllers (Older)	\$44,555.03
Landscape - Irrigation, Pumps	\$105,506.31
Painting - Mailboxes & Posts	\$11,976.39
Painting - Main Gates	\$7,485.24
Painting - Masonry Walls	\$4,942.72
Painting - Wrought Iron	\$20,566.24
Sealing - Wood Railing, Trails	\$22,281.08
<b>Sub Total</b>	<b>\$248,679.75</b>

#### 2037 Fiscal Year

Access - Entrance Phone, Main Entry	\$11,014.00
Access - LPR System	\$33,776.28
Access - Surveillance Equipment	\$27,902.14
Lighting - Landscape, Entrance Area	\$37,667.89
Painting - Main Gates	\$7,709.80
Painting - Masonry Walls	\$5,091.00
Painting - Red Curbs	\$4,332.17
Streets - Asphalt, Repair	\$38,228.80
Streets - Asphalt, Seal Coat	\$81,918.85
<b>Sub Total</b>	<b>\$247,640.93</b>

#### 2038 Fiscal Year

Painting - Main Gates	\$7,941.10
Painting - Masonry Walls	\$5,243.73
<b>Sub Total</b>	<b>\$13,184.83</b>

#### 2039 Fiscal Year

Access - Transponder System	\$22,590.53
Painting - Mailboxes & Posts	\$13,086.93
Painting - Main Gates	\$8,179.33
Painting - Masonry Walls	\$5,401.04

**Rancho Madrina Community Association**  
**Annual Expenditures**  
**Sorted by Alphabetical**

<b>Sub Total</b>	<b>\$49,257.83</b>
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**2040 Fiscal Year**

Access - Pedestrian Gate Locks	\$8,424.71
Lighting - Entrance Pilasters	\$4,653.65
Painting - Main Gates	\$8,424.71
Painting - Masonry Walls	\$5,563.08
Painting - Red Curbs	\$4,733.88
Railing - Wood, Trails	\$304,513.11
Streets - Asphalt, Repair	\$41,773.64
Streets - Asphalt, Seal Coat	\$89,514.94
<b>Sub Total</b>	<b>\$467,601.71</b>

**2041 Fiscal Year**

Access - Entrance Phone, 2nd Entry	\$8,264.24
Access - Gate Operators, Main Entry/Exit	\$36,362.65
Fencing - Wood & Iron, Entrance Areas	\$95,410.63
Fencing - Wrought Iron, Community Walls	\$272,389.29
Painting - Main Gates	\$8,677.45
Painting - Masonry Walls	\$5,729.97
Painting - Wrought Iron	\$23,841.91
Sealing - Wood Railing, Trails	\$25,829.88
<b>Sub Total</b>	<b>\$476,506.01</b>

**2042 Fiscal Year**

Painting - Mailboxes & Posts	\$14,300.44
Painting - Main Gates	\$8,937.77
Painting - Masonry Walls	\$5,901.87
<b>Sub Total</b>	<b>\$29,140.08</b>

**2043 Fiscal Year**

Lighting - Landscape, Rancho Viejo	\$53,657.29
Painting - Main Gates	\$9,205.91
Painting - Masonry Walls	\$6,078.92
Painting - Red Curbs	\$5,172.84
Streets - Asphalt, Repair	\$45,647.18
Streets - Asphalt, Seal Coat	\$97,815.39
<b>Sub Total</b>	<b>\$217,577.53</b>

**2044 Fiscal Year**

Painting - Main Gates	\$9,482.08
Painting - Masonry Walls	\$6,261.29

**Rancho Madrina Community Association**  
**Annual Expenditures**  
**Sorted by Alphabetical**

<b>Sub Total</b>	<b>\$15,743.38</b>
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**2045 Fiscal Year**

Fencing - Glass, Community Walls	\$1,173,380.80
Landscape - Irrigation, Controllers (Newer)	\$9,952.58
Mailboxes	\$135,336.43
Monument Signs	\$14,882.36
Painting - Mailboxes & Posts	\$15,626.47
Painting - Main Gates	\$9,766.55
Painting - Masonry Walls	\$6,449.13
<b>Sub Total</b>	<b>\$1,365,394.31</b>

**2046 Fiscal Year**

Access - Gate Operators, Other	\$42,154.28
Landscape - Irrigation, Pumps	\$141,791.65
Painting - Main Gates	\$10,059.54
Painting - Masonry Walls	\$6,642.60
Painting - Red Curbs	\$5,652.51
Painting - Wrought Iron	\$27,639.31
Sealing - Wood Railing, Trails	\$29,943.91
Streets - Asphalt, Repair	\$49,879.91
Streets - Asphalt, Seal Coat	\$106,885.52
<b>Sub Total</b>	<b>\$420,649.22</b>

**2047 Fiscal Year**

Access - Entrance Phone, Main Entry	\$14,801.90
Access - LPR System	\$45,392.49
Access - Surveillance Equipment	\$37,498.14
Lighting - Landscape, Entrance Area	\$50,622.49
Painting - Main Gates	\$10,361.33
Painting - Masonry Walls	\$6,841.88
<b>Sub Total</b>	<b>\$165,518.24</b>

**2048 Fiscal Year**

Landscape - Irrigation, Controllers (Older)	\$63,524.82
Painting - Mailboxes & Posts	\$17,075.47
Painting - Main Gates	\$10,672.17
Painting - Masonry Walls	\$7,047.14
<b>Sub Total</b>	<b>\$98,319.59</b>

**2049 Fiscal Year**

Access - Transponder System	\$30,359.78
Painting - Main Gates	\$10,992.33

# Rancho Madrina Community Association

## Annual Expenditures

### Sorted by Alphabetical

Painting - Masonry Walls	\$7,258.55
Painting - Red Curbs	\$6,176.64
Streets - Asphalt, Repair	\$54,505.12
Streets - Asphalt, Seal Coat	\$116,796.69
Tot Lot - Furnishings	\$16,750.22
<b>Sub Total</b>	<b>\$242,839.35</b>

#### 2050 Fiscal Year

Access - Pedestrian Gate Locks	\$11,322.10
Lighting - Tot Lot	\$54,022.61
Painting - Main Gates	\$11,322.10
Painting - Masonry Walls	\$7,476.31
Tot Lot - Play Equipment	\$237,225.04
<b>Sub Total</b>	<b>\$321,368.17</b>

#### 2051 Fiscal Year

Access - Entrance Phone, 2nd Entry	\$11,106.45
Access - Gate Operators, Main Entry/Exit	\$48,868.36
Painting - Mailboxes & Posts	\$18,658.83
Painting - Main Gates	\$11,661.77
Painting - Masonry Walls	\$7,700.60
Painting - Wrought Iron	\$32,041.54
Sealing - Wood Railing, Trails	\$34,713.19
<b>Sub Total</b>	<b>\$164,750.73</b>

#### 2052 Fiscal Year

Painting - Main Gates	\$12,011.62
Painting - Masonry Walls	\$7,931.62
Painting - Red Curbs	\$6,749.39
Streets - Asphalt, Repair	\$59,559.22
Streets - Asphalt, Seal Coat	\$127,626.90
<b>Sub Total</b>	<b>\$213,878.74</b>

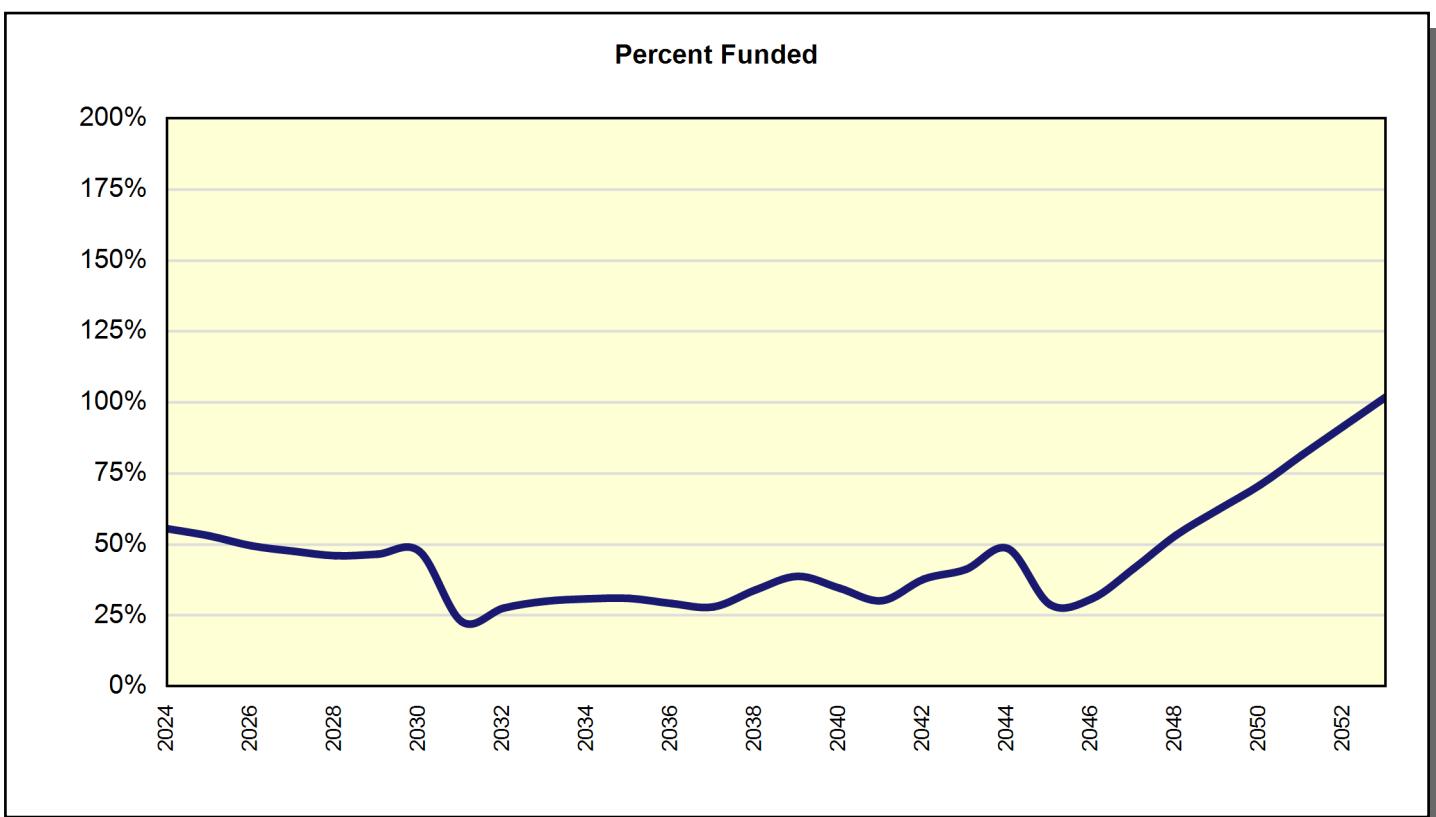
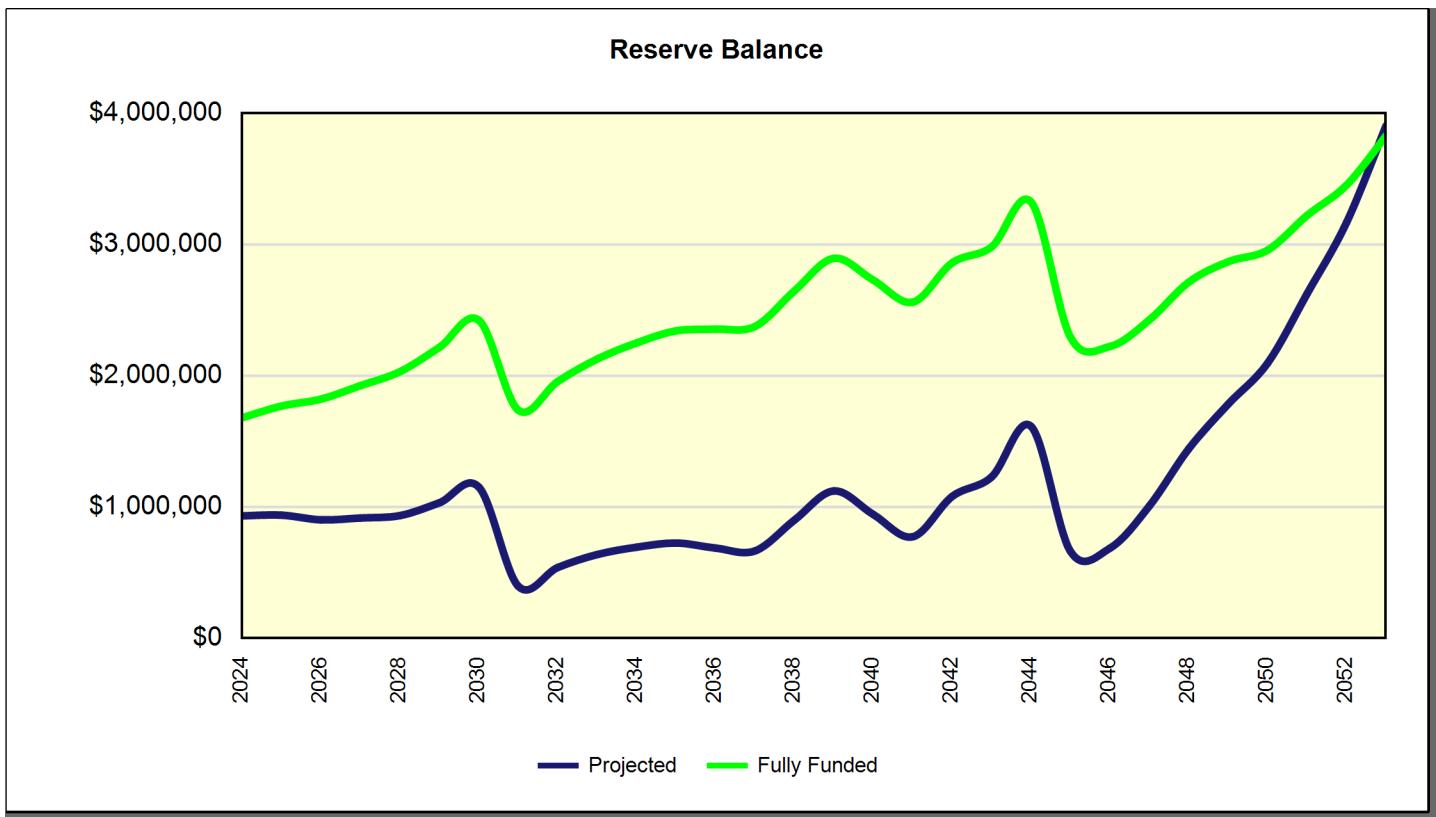
#### 2053 Fiscal Year

Lighting - Landscape, Rancho Viejo	\$72,110.90
Painting - Main Gates	\$12,371.97
Painting - Masonry Walls	\$8,169.56
<b>Sub Total</b>	<b>\$92,652.44</b>

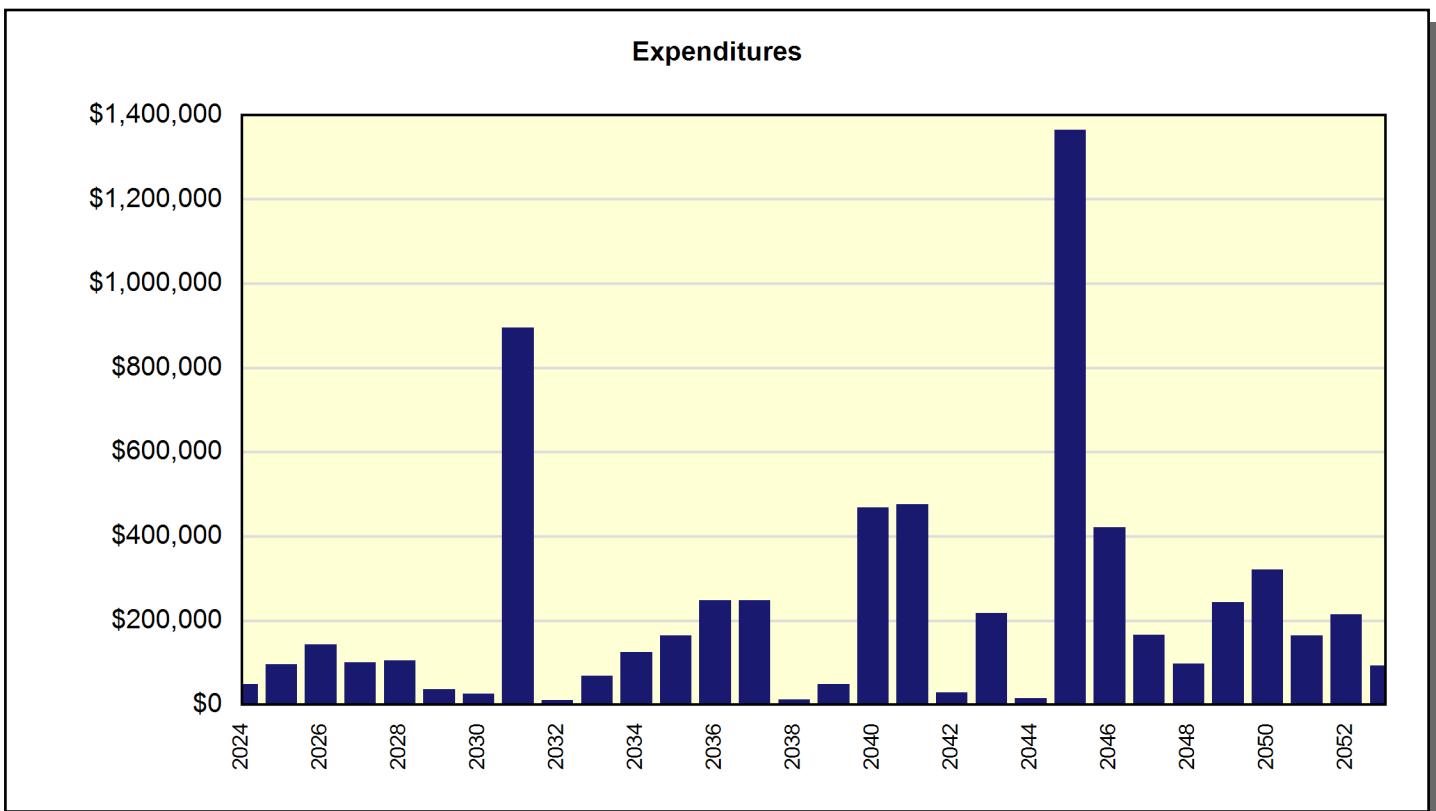
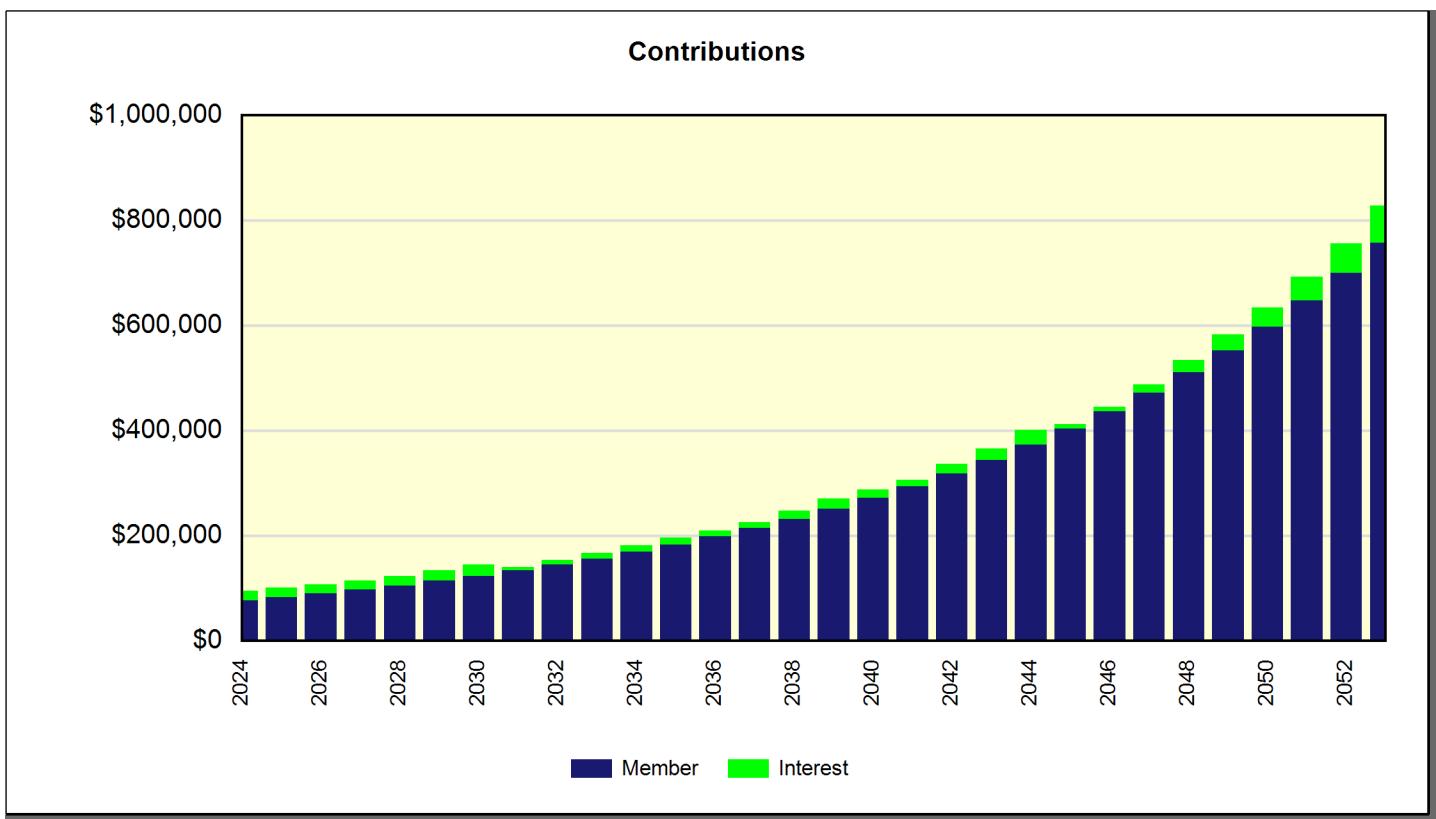
**Rancho Madrina Community Association**  
**Projections**  
**Directed Cash Flow Method**

Fiscal Year	Beginning Balance	Member Contribution	Interest Contribution	Expenses	Ending Balance	Fully Funded Balance	Percent Funded
2024	\$887,050	\$77,086	\$17,995	\$48,367	\$933,764	\$1,681,129	56%
2025	\$933,764	\$83,407	\$18,029	\$96,286	\$938,915	\$1,770,737	53%
2026	\$938,915	\$90,246	\$17,238	\$142,976	\$903,423	\$1,823,611	50%
2027	\$903,423	\$97,647	\$17,445	\$100,822	\$917,693	\$1,926,404	48%
2028	\$917,693	\$105,654	\$17,724	\$105,214	\$935,856	\$2,032,327	46%
2029	\$935,856	\$114,317	\$19,601	\$36,189	\$1,033,585	\$2,217,960	47%
2030	\$1,033,585	\$123,691	\$21,897	\$26,707	\$1,152,466	\$2,423,923	48%
2031	\$1,152,466	\$133,834	\$6,552	\$895,390	\$397,463	\$1,738,649	23%
2032	\$397,463	\$144,808	\$9,319	\$11,042	\$540,548	\$1,958,037	28%
2033	\$540,548	\$156,683	\$11,178	\$69,240	\$639,169	\$2,128,783	30%
2034	\$639,169	\$169,531	\$12,169	\$125,631	\$695,237	\$2,251,539	31%
2035	\$695,237	\$183,432	\$12,657	\$164,332	\$726,995	\$2,343,434	31%
2036	\$726,995	\$198,474	\$11,716	\$248,680	\$688,504	\$2,356,229	29%
2037	\$688,504	\$214,748	\$11,097	\$247,641	\$666,709	\$2,376,556	28%
2038	\$666,709	\$232,358	\$15,642	\$13,185	\$901,524	\$2,647,647	34%
2039	\$901,524	\$251,411	\$19,914	\$49,258	\$1,123,591	\$2,895,782	39%
2040	\$1,123,591	\$272,027	\$16,066	\$467,602	\$944,082	\$2,729,312	35%
2041	\$944,082	\$294,333	\$12,396	\$476,506	\$774,305	\$2,561,684	30%
2042	\$774,305	\$318,468	\$18,339	\$29,140	\$1,081,972	\$2,861,843	38%
2043	\$1,081,972	\$344,583	\$21,040	\$217,578	\$1,230,017	\$2,982,619	41%
2044	\$1,230,017	\$372,838	\$28,510	\$15,743	\$1,615,622	\$3,324,861	49%
2045	\$1,615,622	\$403,411	\$8,946	\$1,365,394	\$662,585	\$2,294,378	29%
2046	\$662,585	\$436,491	\$9,086	\$420,649	\$687,513	\$2,224,542	31%
2047	\$687,513	\$472,283	\$15,190	\$165,518	\$1,009,468	\$2,427,030	42%
2048	\$1,009,468	\$511,010	\$23,567	\$98,320	\$1,445,726	\$2,714,777	53%
2049	\$1,445,726	\$552,913	\$29,969	\$242,839	\$1,785,769	\$2,870,369	62%
2050	\$1,785,769	\$598,252	\$35,780	\$321,368	\$2,098,433	\$2,958,737	71%
2051	\$2,098,433	\$647,309	\$45,905	\$164,751	\$2,626,896	\$3,222,824	82%
2052	\$2,626,896	\$700,388	\$56,274	\$213,879	\$3,169,679	\$3,454,170	92%
2053	\$3,169,679	\$757,820	\$70,488	\$92,652	\$3,905,335	\$3,829,327	102%

**Rancho Madrina Community Association**  
**Projection Charts**  
**Directed Cash Flow Method**



**Rancho Madrina Community Association**  
**Projection Charts**  
**Directed Cash Flow Method**



**Rancho Madrina Community Association**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Streets - Asphalt, Overlay / Major Rehab**

Category	010 Streets	Quantity	1 total
		Unit Cost	\$577,500.00
		% of Replacement	100.00%
		Current Cost	\$577,500.00
Placed In Service	01/2006	Future Cost	\$710,252.16
Useful Life	24		
Adjustment	+1	Assigned Reserves at FYB	\$318,666.26
Remaining Life	7	Monthly Member Contribution	\$1,461.81
Replacement Year	2031	Monthly Interest Contribution	\$551.76
		Total Monthly Contribution	\$2,013.57

371,885 sq. ft. of asphalt

63 manhole covers

62 valve covers

The cost for this component is based on actual quotations provided to the client, adjusted for inflation where applicable. This cost reflects the cost for an overlay ("mill and fill") of the asphalt throughout the community which is typically the major asphalt renovation strategy implemented by most associations. However, there are other more significant major asphalt renovation strategies (such as complete removal and replacement including sub-base renovations) that could be substantially more expensive. As the asphalt is approaching the end of its service life, it is recommended that the association start working with an asphalt expert to sort out these issues.

Most asphalt areas can be expected to last approximately 20 to 25 years before it will become necessary for an overlay to be applied or other major rehabilitation to be completed. The remaining life of this component has been adjusted to align with the future replacement cycles of the asphalt repair and seal coating.

It will be necessary to adjust manhole and valve covers at the time the overlay is applied or other major rehabilitation is completed. Core sampling and/or deflection testing should be conducted by an independent consultant near the end of the estimated useful life to determine the condition of the asphalt and estimated remaining life before the overlay or other major rehabilitation is required. In addition to this service, a consultant may be obtained to prepare the application specifications, and to work with the contractor during actual installation. It is recommended that the client obtain bids for such a consultation near the end of the estimated useful life. As costs vary, a provision for this consulting has not been included in this cost estimate. Should the client request, this cost can be incorporated into this analysis.

The surface area inventory for the asphalt has been provided by the client in the form of the Department of Real Estate (DRE) reserve worksheets as originally prepared at the direction of the developer.

**Rancho Madrina Community Association**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

<b>Streets - Asphalt, Repair</b>			
Category	010 Streets	Quantity	371,885 sq. ft.
		Unit Cost	\$7.00
		% of Replacement	1.00%
		Current Cost	\$26,031.95
Placed In Service	01/2022	Future Cost	\$26,812.91
Useful Life	3	Assigned Reserves at FYB	\$17,354.63
Remaining Life	1	Monthly Member Contribution	\$368.42
Replacement Year	2025	Monthly Interest Contribution	\$35.36
		Total Monthly Contribution	\$403.78

The association repaired and seal coated the asphalt throughout the community in November 2013. The association repaired and seal coated the asphalt throughout the community in May 2017 for a total cost of \$36,800 (repairs at \$1,800; seal coating at \$35,500). The association repaired and seal coated the asphalt throughout the community in late 2021 or early 2022 for a total cost of \$46,434.

We have budgeted for the asphalt to be repaired on the same cycle and in conjunction with the seal coating of the asphalt. It is estimated that a percentage of the asphalt areas will require repair or replacement. The actual condition of the asphalt should be monitored through time and these estimates adjusted accordingly.

**Rancho Madrina Community Association**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

<b>Streets - Asphalt, Seal Coat</b>			
Category	010 Streets	Quantity	371,885 sq. ft.
		Unit Cost	\$0.15
		% of Replacement	100.00%
		Current Cost	\$55,782.75
Placed In Service	01/2022	Future Cost	\$57,456.23
Useful Life	3		
Remaining Life	1	Assigned Reserves at FYB	\$37,188.50
Replacement Year	2025	Monthly Member Contribution	\$789.47
		Monthly Interest Contribution	\$75.78
		Total Monthly Contribution	\$865.25

The association repaired and seal coated the asphalt throughout the community in November 2013. The association repaired and seal coated the asphalt throughout the community in May 2017 for a total cost of \$36,800 (repairs at \$1,800; seal coating at \$35,500). The association repaired and seal coated the asphalt throughout the community in late 2021 or early 2022 for a total cost of \$46,434.

Asphalt surfaces should be seal coated on a 3 to 4 year cycle. The useful life estimate for this component has been provided by the client.

**Rancho Madrina Community Association**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

<b>Streets - Concrete, Unfunded</b>			
Category	010 Streets	Quantity	1 comment
		Unit Cost	\$0.00
		% of Replacement	0.00%
		Current Cost	\$0.00
Placed In Service	01/2006	Future Cost	\$0.00
Useful Life	n.a.	Assigned Reserves at FYB	\$0.00
Remaining Life	n.a.	Monthly Member Contribution	\$0.00
Replacement Year	n.a.	Monthly Interest Contribution	\$0.00
		Total Monthly Contribution	\$0.00

There are sections of concrete pavers located at the entrance and in the roadway medians as well as typical concrete sidewalks, curbs, gutters and drainage swales located throughout the community.

The association completed trip hazard grinding in February 2020 for a total cost of \$450.

Typically, budgeting for concrete repairs as a reserve component is excluded as it is anticipated that any repairs required will be addressed immediately due to safety concerns. Good maintenance practice would not allow the need for repairs to accumulate to a point that they would become a major expense. Minor repairs, as needed, should be addressed immediately as a maintenance issue using the client's operating and/or reserve contingency funds. Should the client desire, funding for this component can be included.

**Rancho Madrina Community Association**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Painting - Mailboxes & Posts**

Category	020 Painting	Quantity	1 total
		Unit Cost	\$8,400.00
		% of Replacement	100.00%
		Current Cost	\$8,400.00
Placed In Service	07/2021	Future Cost	\$9,178.91
Useful Life	3	Assigned Reserves at FYB	\$8,400.00
Remaining Life	0	Monthly Member Contribution	\$112.03
Replacement Year	2024	Monthly Interest Contribution	\$2.06
		Total Monthly Contribution	\$114.10

These are good quality architecturally sculpted metal posts (57 posts) with good quality individual metal mailboxes.

The association painted the mailboxes and posts throughout the community near the end of 2016 for a total cost of \$4,500. The association painted the mailboxes and posts throughout the community in Summer 2021 for a total cost of \$6,500.

The current cost used for this component is based on actual expenditures incurred at last painting, and has been adjusted for inflation where applicable.

The useful life estimate for this component has been provided by the client.

**Rancho Madrina Community Association**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Painting - Main Gates**

Category	020 Painting	Quantity	1 total
		Unit Cost	\$5,250.00
		% of Replacement	100.00%
		Current Cost	\$5,250.00
Placed In Service	07/2023	Future Cost	\$5,407.50
Useful Life	1	Assigned Reserves at FYB	\$5,250.00
Remaining Life	0	Monthly Member Contribution	\$218.90
Replacement Year	2024	Monthly Interest Contribution	\$4.03
		Total Monthly Contribution	\$222.93

The association painted the main entrance gates during approximately 2015. The association replaced these gates during 2020. The association painted the main entrance gates in July 2023 for a total cost of \$5,000.

The current cost used for this component is based on actual expenditures incurred at last painting, and has been adjusted for inflation where applicable.

The useful life estimate for this component has been provided by the client.

**Rancho Madrina Community Association**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Painting - Masonry Walls**

Category	020 Painting	Quantity	40,785 sq. ft.
		Unit Cost	\$0.85
		% of Replacement	10.00%
		Current Cost	\$3,466.73
Placed In Service	01/2023	Future Cost	\$3,570.73
Useful Life	1	Assigned Reserves at FYB	\$3,466.73
Remaining Life	0	Monthly Member Contribution	\$144.55
Replacement Year	2024	Monthly Interest Contribution	\$2.66
		Total Monthly Contribution	\$147.21

These are the "sack coat" (slumpstone walls with thin stucco covering) project perimeter walls and "Community Walls" as defined by the association's CC&Rs. These walls exist on the perimeter of the community, underneath the glass sound fencing (lots 63-90 and 113-118) and bordering lots 8, 9, 14, 15, 18, 24, 25, 32-35, 43, 44, 53-55, 68, 75, 81, 88, 91, 93, 94, 101, 102 and 113.

At the request of the association, we have budgeted for 10% of these walls to be painted each year.

**Rancho Madrina Community Association**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Painting - Red Curbs**

Category	020 Painting	Quantity	1 total
		Unit Cost	\$2,950.00
		% of Replacement	100.00%
		Current Cost	\$2,950.00
Placed In Service	01/2022	Future Cost	\$3,038.50
Useful Life	3		
Remaining Life	1	Assigned Reserves at FYB	\$1,966.67
Replacement Year	2025	Monthly Member Contribution	\$41.75
		Monthly Interest Contribution	\$4.01
		Total Monthly Contribution	\$45.76

There are red curbs at the entrance and on one side of Paseo Boveda (total of 1,350 lin. ft.).

The association painted the red curbs throughout the community in November 2013. The association painted the red curbs throughout the community near the end of 2016 for a total cost of \$1,950. The association stained and waterproofed the wood railing and painted the red curbs throughout the community during 2021 for a total cost of \$13,970. Based on condition at our August 2023 site visit, it has been assumed that these curbs were painted in late 2021 or early 2022 when the asphalt was seal coated (as is typical).

The cost for this component is based on actual quotations provided to the client, adjusted for inflation where applicable.

**Rancho Madrina Community Association**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Painting - Wrought Iron**

Category	020 Painting	Quantity	10,685 sq. ft.
		Unit Cost	\$1.35
		% of Replacement	100.00%
		Current Cost	\$14,424.75
Placed In Service	07/2021	Future Cost	\$15,303.22
Useful Life	5		
Remaining Life	2	Assigned Reserves at FYB	\$8,013.75
Replacement Year	2026	Monthly Member Contribution	\$133.93
		Monthly Interest Contribution	\$15.66
		Total Monthly Contribution	\$149.59
community walls*		10,245 sq. ft.	
secondary entrance area		220	
Ortega Highway entrance area**		220	
		<hr/>	
		10,685 sq. ft.	

\* This inventory includes the fencing located around lot KK; along the community perimeter near lots 24, 32-34 and 54; and bordering lots 8, 55-62, 92 and 112.

\*\* According to the association's CC&Rs (page 77), the access gates and related equipment at the Corte Montecito cul-de-sac (connecting the non-member homes along Corte Montecito to Ortega Highway) is maintained by the association; the private roadway is not maintained by the association.

The association painted the wrought iron throughout the community near the end of 2016 for a total cost of \$12,500. The association completed wrought iron repairs and painting in February 2019 for a total cost of \$1,500. The association painted the wrought iron throughout the community during Summer 2021.

The current cost for this component was originally provided by the client, and has been adjusted to allow for inflation where applicable.

The useful life estimate for this component has been provided by the client.

**Rancho Madrina Community Association**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

<b>Sealing - Wood Railing, Trails</b>			
Category	020 Painting	Quantity	4,465 lin. ft.
		Unit Cost	\$3.50
		% of Replacement	100.00%
		Current Cost	\$15,627.50
Placed In Service	01/2021	Future Cost	\$16,579.21
Useful Life	5	Assigned Reserves at FYB	\$9,376.50
Remaining Life	2	Monthly Member Contribution	\$131.16
Replacement Year	2026	Monthly Interest Contribution	\$17.86
		Total Monthly Contribution	\$149.02

There is a dirt trail system that runs through the "middle" of the community which has a 4' lodge pole railing (two rails).

At our October 2008 and subsequent site visits, we had difficulty determining where the association's trail ends on the north or northwest side of the community. For the purposes of this analysis, we inventoried and included the railing which extends down the hill to the "T" intersection of another trail (approaching the open space near the golf club). If the association is able to provide a map which depicts their trail responsibility, this component may need to be modified.

The association stained and waterproofed the wood railing throughout the community near the end of 2016 for a total cost of \$6,250. The association stained and waterproofed the wood railing and painted the red curbs throughout the community during 2021 for a total cost of \$13,970.

The cost for this component is based on actual quotations provided to the client, adjusted for inflation where applicable.

The actual month this component was placed into service is not available. For budgeting purposes we have used the month corresponding to the beginning of the client's fiscal year.

**Rancho Madrina Community Association**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Access - Entrance Phone, 2nd Entry**

Category	030 Access Equip, Fencing & Walls	Quantity	1 phone
		Unit Cost	\$5,000.00
		% of Replacement	100.00%
		Current Cost	\$5,000.00
Placed In Service	01/2021	Future Cost	\$6,149.37
Useful Life	10	Assigned Reserves at FYB	\$1,500.00
Remaining Life	7	Monthly Member Contribution	\$18.85
Replacement Year	2031	Monthly Interest Contribution	\$2.82
		Total Monthly Contribution	\$21.67

The association replaced this "hands-free" access phone system (no LCD display), which is located at the secondary entrance, during 2021.

The actual month this component was placed into service is not available. For budgeting purposes we have used the month corresponding to the beginning of the client's fiscal year.

**Rancho Madrina Community Association**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Access - Entrance Phone, Main Entry**

Category	030 Access Equip, Fencing & Walls	Quantity	1 phone
		Unit Cost	\$7,500.00
		% of Replacement	100.00%
		Current Cost	\$7,500.00
Placed In Service	01/2017	Future Cost	\$8,195.45
Useful Life	10		
Remaining Life	3	Assigned Reserves at FYB	\$5,250.00
Replacement Year	2027	Monthly Member Contribution	\$31.91
		Monthly Interest Contribution	\$9.23
		Total Monthly Contribution	\$41.14

This "hands-free" access phone system (with large LCD display), which is located at the main entrance, was replaced in late 2016.

For budgeting purposes, we have used the next fiscal year's beginning date as the placed-in-service date for this component.

The association had to rewire this device during 2021 for a total cost of \$5,540.

**Rancho Madrina Community Association**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Access - Gate Operators, Main Entry/Exit**

Category	030 Access Equip, Fencing & Walls	Quantity	4 operators
		Unit Cost	\$5,500.00
		% of Replacement	100.00%
		Current Cost	\$22,000.00
Placed In Service	01/2021	Future Cost	\$27,057.23
Useful Life	10		
Remaining Life	7	Assigned Reserves at FYB	\$6,600.00
Replacement Year	2031	Monthly Member Contribution	\$82.94
		Monthly Interest Contribution	\$12.40
		Total Monthly Contribution	\$95.34

The association replaced the swinging gate operators at the main entrance and exit gates in July 2017 for a total cost of \$14,607. The association replaced these gate operators during 2021.

The actual month this component was placed into service is not available. For budgeting purposes we have used the month corresponding to the beginning of the client's fiscal year.

**Rancho Madrina Community Association**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

Access - Gate Operators, Other			
Category	030 Access Equip, Fencing & Walls	Quantity	4 operators
		Unit Cost	\$5,500.00
		% of Replacement	100.00%
		Current Cost	\$22,000.00
Placed In Service	01/2006	Future Cost	\$23,339.80
Useful Life	10		
Adjustment	+10	Assigned Reserves at FYB	\$19,800.00
Remaining Life	2	Monthly Member Contribution	\$52.29
Replacement Year	2026	Monthly Interest Contribution	\$33.57
		Total Monthly Contribution	\$85.86

These are swinging gate operators:

secondary entrance/exit	2 operators
Ortega Highway entrance/exit*	2
	4 operators

\* According to the association's CC&Rs (page 77), the access gates and related equipment at the Corte Montecito cul-de-sac (connecting the non-member homes along Corte Montecito to Ortega Highway) is maintained by the association; the private roadway is not maintained by the association.

The remaining life of this component has been extended due to its condition at our most recent site visit.

**Rancho Madrina Community Association**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

Access - LPR System			
Category	030 Access Equip, Fencing & Walls	Quantity	1 system
		Unit Cost	\$23,000.00
		% of Replacement	100.00%
		Current Cost	\$23,000.00
Placed In Service	01/2017	Future Cost	\$25,132.72
Useful Life	10		
Remaining Life	3	Assigned Reserves at FYB	\$16,100.00
Replacement Year	2027	Monthly Member Contribution	\$97.86
		Monthly Interest Contribution	\$28.32
		Total Monthly Contribution	\$126.18

This license plate recognition (LPR) system consists of the following:

2 MP outdoor cameras  
 1 commercial NVR  
 1 lot misc parts

The association replaced this system near the end of 2016 for a total cost of \$17,787.

The current cost used for this component is based on actual expenditures incurred at last replacement, and has been adjusted for inflation where applicable.

For budgeting purposes, we have used the next fiscal year's beginning date as the placed-in-service date for this component.

**Rancho Madrina Community Association**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

<b>Access - Pedestrian Gate Locks</b>			
Category	030 Access Equip, Fencing & Walls	Quantity	1 total
		Unit Cost	\$5,250.00
		% of Replacement	100.00%
		Current Cost	\$5,250.00
Placed In Service	01/2020	Future Cost	\$6,268.77
Useful Life	10		
Remaining Life	6	Assigned Reserves at FYB	\$2,100.00
Replacement Year	2030	Monthly Member Contribution	\$20.41
		Monthly Interest Contribution	\$3.83
		Total Monthly Contribution	\$24.24

These items are located at the pedestrian gate at the main entrance:

1 key fob reader	@	\$3,500.00	=	\$3,500.00
1 push-button actuator	@	\$1,750.00	=	\$1,750.00
		TOTAL	=	\$5,250.00

The association replaced these items during 2020.

The actual month this component was placed into service is not available. For budgeting purposes we have used the month corresponding to the beginning of the client's fiscal year.

**Rancho Madrina Community Association**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Access - Surveillance Equipment**

Category	030 Access Equip, Fencing & Walls	Quantity	1 total
		Unit Cost	\$19,000.00
		% of Replacement	100.00%
		Current Cost	\$19,000.00
Placed In Service	01/2017	Future Cost	\$20,761.81
Useful Life	10		
Remaining Life	3	Assigned Reserves at FYB	\$13,300.00
Replacement Year	2027	Monthly Member Contribution	\$80.84
		Monthly Interest Contribution	\$23.39
		Total Monthly Contribution	\$104.23

The association replaced this equipment in late 2016.

The current cost for this component was originally provided by the client, and has been adjusted to allow for inflation where applicable.

For budgeting purposes, we have used the next fiscal year's beginning date as the placed-in-service date for this component.

The association replaced a camera, which is part of this system, in July 2018 for a total cost of \$1,551.

**Rancho Madrina Community Association**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

<b>Access - Transponder System</b>			
Category	030 Access Equip, Fencing & Walls	Quantity	1 system
		Unit Cost	\$14,500.00
		% of Replacement	100.00%
		Current Cost	\$14,500.00
Placed In Service	07/2019	Future Cost	\$16,809.47
Useful Life	10	Assigned Reserves at FYB	\$6,868.42
Remaining Life	5	Monthly Member Contribution	\$60.90
Replacement Year	2029	Monthly Interest Contribution	\$12.43
		Total Monthly Contribution	\$73.34

There is a transponder access system (RFID antenna) at the main resident entrance.

The association replaced this system near the end of 2016 for a total cost of \$9,425. The association replaced this system in July 2019 for a total cost of \$11,989.

The current cost used for this component is based on actual expenditures incurred at last replacement, and has been adjusted for inflation where applicable.

**Rancho Madrina Community Association**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Fencing - Glass, Community Walls**

Category	030 Access Equip, Fencing & Walls	Quantity	4,205 lin. ft.
		Unit Cost	\$150.00
		% of Replacement	100.00%
		Current Cost	\$630,750.00
Placed In Service	01/2006	Future Cost	\$1,173,380.80
Useful Life	30		
Adjustment	+9	Assigned Reserves at FYB	\$0.00
Remaining Life	21	Monthly Member Contribution	\$788.56
Replacement Year	2045	Monthly Interest Contribution	\$14.51
		Total Monthly Contribution	\$803.07

This 4' aluminum-framed glass fencing, which is defined as "Community Wall" by the association's CC&Rs, borders lots 63-90 and 113-118.

The association has completed repairs and replacements of this fencing as follows:

2020: \$8,366  
 2023: \$2,578

The remaining life of this component has been extended at the request of the client.

**Rancho Madrina Community Association**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Fencing - Wood & Iron, Entrance Areas**

Category	030 Access Equip, Fencing & Walls	Quantity	1 total
		Unit Cost	\$57,725.00
		% of Replacement	100.00%
		Current Cost	\$57,725.00
Placed In Service	01/2021	Future Cost	\$95,410.63
Useful Life	20		
Remaining Life	17	Assigned Reserves at FYB	\$0.00
Replacement Year	2041	Monthly Member Contribution	\$98.66
		Monthly Interest Contribution	\$1.82
		Total Monthly Contribution	\$100.47

Main Entrance\*:

35 - lin. ft. of 4' fencing	@	\$87.00	=	\$3,045.00
1 - 4.5' x 5.5' pedestrian gate	@	\$2,350.00	=	\$2,350.00
4 - 8' x 7.5' vehicle gates	@	\$5,900.00	=	\$23,600.00

Secondary Entrance\*:

2 - 8.5' x 6.5' vehicle gates	@	\$5,900.00	=	\$11,800.00
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Ortega Highway Entrance\*\*:

15 - lin. ft. of 5' fencing	@	\$82.00	=	\$1,230.00
1 - 4' x 5' pedestrian gate	@	\$1,500.00	=	\$1,500.00
2 - 10.5' x 6' vehicle gates	@	\$7,100.00	=	\$14,200.00
		TOTAL	=	\$57,725.00

\* The gates at the main and secondary entrance areas are highly decorative wood and wrought iron gates; there is also a small amount of decorative wrought iron fencing.

\*\* The gates at the Ortega Highway entrance area are typical wrought iron. According to the association's CC&Rs (page 77), the access gates and related equipment at the Corte Montecito cul-de-sac (connecting the non-member homes along Corte Montecito to Ortega Highway) is maintained by the association; the private roadway is not maintained by the association.

The association replaced the vehicle and pedestrian gates at the main entrance and secondary entrance during 2020 for a total cost of \$32,000.

The current cost used for this component is based on actual expenditures incurred at last replacement, and has been adjusted for inflation where applicable.

For the purposes of this analysis, at the request of the association, we have restarted the funding cycle for this component as of January 2021.

**Rancho Madrina Community Association**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Fencing - Wrought Iron, Community Walls**

Category	030 Access Equip, Fencing & Walls	Quantity	1 total
		Unit Cost	\$164,800.00
		% of Replacement	100.00%
		Current Cost	\$164,800.00
Placed In Service	01/2006	Future Cost	\$272,389.29
Useful Life	20		
Adjustment	+15	Assigned Reserves at FYB	\$0.00
Remaining Life	17	Monthly Member Contribution	\$281.65
Replacement Year	2041	Monthly Interest Contribution	\$5.18
		Total Monthly Contribution	\$286.84

This wrought iron fencing, which has round rails and pickets, are defined as "Community Walls" by the association's CC&Rs:

80 lin. ft. of 4' fencing*	@	\$75.00	=	\$6,000.00
1,985 lin. ft. of 5' fencing**	@	\$80.00	=	\$158,800.00
		TOTAL	=	\$164,800.00

\* This fencing borders lot 8.

\*\* This fencing is located around lot KK; along the community perimeter near lots 24, 32-34 and 54; and bordering lots 55-62, 92 and 112.

The association completed wrought iron repairs and painting in February 2019 for a total cost of \$1,500. The association completed wrought iron repairs in August 2019 for a total cost of \$1,360.

The remaining life of this component has been extended at the request of the client.

**Rancho Madrina Community Association**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

<b>Railing - Wood, Trails</b>			
Category	030 Access Equip, Fencing & Walls	Quantity	4,465 lin. ft.
		Unit Cost	\$42.50
		% of Replacement	100.00%
		Current Cost	\$189,762.50
Placed In Service	01/2006	Future Cost	\$304,513.11
Useful Life	20		
Adjustment	+14	Assigned Reserves at FYB	\$0.00
Remaining Life	16	Monthly Member Contribution	\$353.19
Replacement Year	2040	Monthly Interest Contribution	\$6.50
		Total Monthly Contribution	\$359.69

There is a dirt trail system that runs through the "middle" of the community which has a 4' lodge pole railing (two rails).

At our October 2008 and subsequent site visits, we had difficulty determining where the association's trail ends on the north or northwest side of the community. For the purposes of this analysis, we inventoried and included the railing which extends down the hill to the "T" intersection of another trail (approaching the open space near the golf club). If the association is able to provide a map which depicts their trail responsibility, this component may need to be modified.

The remaining life of this component has been extended at the request of the client.

**Rancho Madrina Community Association**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Walls - Crib / Retaining, Unfunded**

Category	030 Access Equip, Fencing & Walls	Quantity	1 comment
		Unit Cost	\$0.00
		% of Replacement	0.00%
		Current Cost	\$0.00
Placed In Service	01/2006	Future Cost	\$0.00
Useful Life	n.a.	Assigned Reserves at FYB	\$0.00
Remaining Life	n.a.	Monthly Member Contribution	\$0.00
Replacement Year	n.a.	Monthly Interest Contribution	\$0.00
		Total Monthly Contribution	\$0.00

There are concrete crib/retaining walls located throughout the community.

Crib/retaining wall failures represent a significant potential liability to a client. As the extent and nature of this liability is largely indeterminable, budgeting for this component has been excluded at this time.

In the past, our firm has coordinated the evaluation of a client's crib/retaining walls by a licensed geotechnical engineering firm. Typically, these firms can provide inspections, testing, calculations and documentation as to the probability and magnitude of a crib/retaining wall failure. The client may wish to pursue this type of evaluation.

**Rancho Madrina Community Association**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Walls - Masonry, Repair**

Category	030 Access Equip, Fencing & Walls	Quantity	1 provision
		Unit Cost	\$0.00
		% of Replacement	0.00%
		Current Cost	\$0.00
Placed In Service	01/2006	Future Cost	\$0.00
Useful Life	n.a.	Assigned Reserves at FYB	\$25,000.00
Remaining Life	n.a.	Monthly Member Contribution	\$0.00
Replacement Year	n.a.	Monthly Interest Contribution	\$41.18
		Total Monthly Contribution	\$41.18
<b>Fixed Accumulated Reserves</b>			

sack coat walls*	40,785 sq. ft.
rock-covered walls**	1,020
	41,805 sq. ft.

\* These are the "sack coat" (slumpstone walls with thin stucco covering) project perimeter walls and "Community Walls" as defined by the association's CC&Rs. These walls exist on the perimeter of the community, underneath the glass sound fencing (lots 63-90 and 113-118) and bordering lots 8, 9, 14, 15, 18, 24, 25, 32-35, 43, 44, 53-55, 68, 75, 81, 88, 91, 93, 94, 101, 102 and 113.

\*\* These walls are located at the main entrance to the community.

The association made wall repairs in July 2021 for a total cost of \$18,710. The association intends to make wall repairs at four locations by the end of 2023 for a total cost of approximately \$20,000.

It is estimated that a percentage of the masonry walls will require repair or replacement through time. At the request of the client, we have assigned "fixed" accumulated reserves to this component with no provision for a monthly contribution.

**Rancho Madrina Community Association**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Lighting - Entrance Pilasters**

Category	040 Lighting	Quantity	4 lights
		Unit Cost	\$725.00
		% of Replacement	100.00%
		Current Cost	\$2,900.00
Placed In Service	01/2020	Future Cost	\$4,653.65
Useful Life	20	Assigned Reserves at FYB	\$0.00
Remaining Life	16	Monthly Member Contribution	\$5.40
Replacement Year	2040	Monthly Interest Contribution	\$0.10
		Total Monthly Contribution	\$5.50

The association replaced these large ornate lanterns, attached to the pilasters at the main entrance, in December 2019 for a total cost of \$2,399.

The current cost used for this component is based on actual expenditures incurred at last replacement, and has been adjusted for inflation where applicable.

For budgeting purposes, we have used the next fiscal year's beginning date as the placed-in-service date for this component.

**Rancho Madrina Community Association**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Lighting - Landscape, Entrance Area**

Category	040 Lighting	Quantity	57 lights
		Unit Cost	\$450.00
		% of Replacement	100.00%
		Current Cost	\$25,650.00
Placed In Service	01/2017	Future Cost	\$28,028.45
Useful Life	10		
Remaining Life	3	Assigned Reserves at FYB	\$17,955.00
Replacement Year	2027	Monthly Member Contribution	\$109.13
		Monthly Interest Contribution	\$31.58
		Total Monthly Contribution	\$140.72

These are the LED landscape light fixtures located at the main entrance (includes lighting at the monument signs).

The actual date this component was placed into service is not available. For budgeting purposes, this date has been estimated based on its condition at our previous site visit.

**Rancho Madrina Community Association**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Lighting - Landscape, Rancho Viejo**

Category	040 Lighting	Quantity	68 lights
		Unit Cost	\$450.00
		% of Replacement	100.00%
		Current Cost	\$30,600.00
Placed In Service	03/2023	Future Cost	\$39,926.06
Useful Life	10	Assigned Reserves at FYB	\$0.00
Remaining Life	9	Monthly Member Contribution	\$119.40
Replacement Year	2033	Monthly Interest Contribution	\$2.20
		Total Monthly Contribution	\$121.60
south side of main entrance		44 lights	
north side of main entrance		24	
		—————	68 lights

The association installed LED landscape lighting along Rancho Viejo Road in March 2023 for a total cost of \$42,825.

**Rancho Madrina Community Association**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Lighting - Streets, Unfunded**

Category	040 Lighting	Quantity	34 lights
		Unit Cost	\$0.00
		% of Replacement	0.00%
		Current Cost	\$0.00
Placed In Service	01/2006	Future Cost	\$0.00
Useful Life	n.a.	Assigned Reserves at FYB	\$0.00
Remaining Life	n.a.	Monthly Member Contribution	\$0.00
Replacement Year	n.a.	Monthly Interest Contribution	\$0.00
		Total Monthly Contribution	\$0.00

The street lights throughout the community consist of approximately 25' concrete light standards with metal mounting arms and large "bell-shaped" vapor lantern fixtures. We have excluded budgeting for these lights because, according to the association, these lights are owned and maintained by the association's the City of San Juan Capistrano.

The association relocated a street light near the entrance area during 2021 for a total cost of \$21,105. The association replaced a street light near 31521 Paseo Campeon in August 2023 for a total cost of \$28,995.

**Rancho Madrina Community Association**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Lighting - Tot Lot**

Category	040 Lighting	Quantity	3 lights
		Unit Cost	\$8,350.00
		% of Replacement	100.00%
		Current Cost	\$25,050.00
Placed In Service	09/2020	Future Cost	\$54,022.61
Useful Life	30	Assigned Reserves at FYB	\$0.00
Remaining Life	26	Monthly Member Contribution	\$22.15
Replacement Year	2050	Monthly Interest Contribution	\$0.41
		Total Monthly Contribution	\$22.56

The association installed these solar-powered pole lights at the tot lot in September 2020 for a total cost of \$21,105. These lights consist of a 20' metal pole with large round LED fixture, solar panel and battery.

The current cost used for this component is based on actual expenditures incurred at installation, and has been adjusted for inflation where applicable.

**Rancho Madrina Community Association**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

<b>Landscape - Irrigation, Controllers (Newer)</b>			
Category	050 Landscape	Quantity	1 total
		Unit Cost	\$5,350.00
		% of Replacement	100.00%
		Current Cost	\$5,350.00
Placed In Service	01/2021	Future Cost	\$6,980.54
Useful Life	12	Assigned Reserves at FYB	\$0.00
Remaining Life	9	Monthly Member Contribution	\$20.88
Replacement Year	2033	Monthly Interest Contribution	\$0.38
		Total Monthly Contribution	\$21.26

The association replaced two irrigation controllers (capacities unknown) during 2021 for a total cost of \$4,645.

The current cost used for this component is based on actual expenditures incurred at last replacement, and has been adjusted for inflation where applicable.

The actual month this component was placed into service is not available. For budgeting purposes we have used the month corresponding to the beginning of the client's fiscal year.

**Rancho Madrina Community Association**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Landscape - Irrigation, Controllers (Older)**

Category	050 Landscape	Quantity	1 total
		Unit Cost	\$31,250.00
		% of Replacement	100.00%
		Current Cost	\$31,250.00
Placed In Service	01/2006	Future Cost	\$44,555.03
Useful Life	12	Assigned Reserves at FYB	\$31,250.00
Remaining Life	0	Monthly Member Contribution	\$85.36
Replacement Year	2024	Monthly Interest Contribution	\$1.57
		Total Monthly Contribution	\$86.93

These are Rainbird (model ESP-Sat) irrigation controllers:

1 - 16 station controller	@	\$2,750.00	=	\$2,750.00
6 - 24 station controllers	@	\$3,450.00	=	\$20,700.00
1 - 32 station controller	@	\$3,850.00	=	\$3,850.00
2 - 40 station controllers	@	\$4,650.00	=	\$9,300.00
(1) - 2021 replacements*	@	\$5,350.00	=	(\$5,350.00)
		TOTAL	=	\$31,250.00

\* The association replaced two irrigation controllers (capacities unknown) during 2021 for a total cost of \$4,545 (see previous component).

The inventory for this component was provided by the association's landscape maintenance contractor in September 2008.

**Rancho Madrina Community Association**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

<b>Landscape - Irrigation, Pumps</b>			
Category	050 Landscape	Quantity	4 pumps
		Unit Cost	\$18,500.00
		% of Replacement	100.00%
		Current Cost	\$74,000.00
Placed In Service	01/2006	Future Cost	\$78,506.60
Useful Life	10		
Adjustment	+10	Assigned Reserves at FYB	\$66,600.00
Remaining Life	2	Monthly Member Contribution	\$175.89
Replacement Year	2026	Monthly Interest Contribution	\$112.93
		Total Monthly Contribution	\$288.82

These irrigation pump stations are located in locked underground vaults.

The association made irrigation pump repairs in February 2018 for a total cost of \$7,397.

At our October 2008 and subsequent site visits, we were unable to gain access to this equipment. As it is likely all 4 of these pumps will not fail (and require replacement) at the same time, the remaining life of this component has been extended.

The inventory for this component was provided by the association's landscape maintenance contractor in September 2008.

**Rancho Madrina Community Association**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Landscape - Renovation**

Category	050 Landscape	Quantity	1 total
		Unit Cost	\$0.00
		% of Replacement	0.00%
		Current Cost	\$0.00
Placed In Service	01/2006	Future Cost	\$0.00
Useful Life	n.a.	Assigned Reserves at FYB	\$100,000.00
Remaining Life	n.a.	Monthly Member Contribution	\$0.00
Replacement Year	n.a.	Monthly Interest Contribution	\$164.70
		Total Monthly Contribution	\$164.70
		<b>Fixed Accumulated Reserves</b>	

These are the maintained landscape areas throughout the community:

slope areas	702,860 sq. ft.
flat landscaped areas	31,132
	733,992 sq. ft.

Excluded from this component are 610,333 sq. ft. of natural or decomposed granite trails and 298,808 sq. ft. of fuel modification area.

The inventory for this component has been provided by the client in the form of the Department of Real Estate (DRE) reserve worksheets as originally prepared at the direction of the developer.

Major landscape renovation can be a major expense and significant potential liability to the client if not planned for in advance. However, landscape renovation can also be effectively managed as an annual operating/maintenance expense through time.

The association has completed landscape and irrigation related repairs and replacements as follows:

2017: \$59,439  
 2018: \$49,862  
 2019: \$55,170  
 2020: \$1,900  
 2021: \$11,385 (through 7/2021)  
 2023: \$71,000 (detention basin drain pipe; through 7/2023) + \$16,000 (detention basin regrade; anticipated by 12/2023)

The association intends to renovate landscaping throughout the community primarily using their operating budget. At the request of the client, we have assigned "fixed" accumulated reserves to this component with no provision for a monthly contribution.

This component, and all information contained herein, has been provided by the client and incorporated into this analysis at their request.

**Rancho Madrina Community Association**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Landscape - Slopes**

Category	050 Landscape	Quantity	702,860 sq. ft.
		Unit Cost	\$0.00
		% of Replacement	0.00%
		Current Cost	\$0.00
Placed In Service	01/2006	Future Cost	\$0.00
Useful Life	n.a.	Assigned Reserves at FYB	\$150,000.00
Remaining Life	n.a.	Monthly Member Contribution	\$0.00
Replacement Year	n.a.	Monthly Interest Contribution	\$247.05
		Total Monthly Contribution	\$247.05
<b>Fixed Accumulated Reserves</b>			

Slope and V-ditch failures represent a significant potential liability to a client; the extent and nature of this liability is largely indeterminable. It is believed that the City of San Juan Capistrano requires the association to maintain a "slope fund" of \$150,000.

At the request of the client, we have assigned "fixed" accumulated reserves to this component with no provision for a monthly contribution.

In the past, our firm has coordinated the evaluation of a client's slopes by a licensed geotechnical engineering firm. Typically, these firms can provide inspections, testing, calculations and documentation as to the probability and magnitude of a slope failure. The client may wish to pursue this type of evaluation.

The inventory for this component has been provided by the client in the form of the Department of Real Estate (DRE) reserve worksheets as originally prepared at the direction of the developer.

**Rancho Madrina Community Association**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

<b>Landscape - Trails, Unfunded</b>			
Category	050 Landscape	Quantity	1 comment
		Unit Cost	\$0.00
		% of Replacement	0.00%
		Current Cost	\$0.00
Placed In Service	01/2006	Future Cost	\$0.00
Useful Life	n.a.	Assigned Reserves at FYB	\$0.00
Remaining Life	n.a.	Monthly Member Contribution	\$0.00
Replacement Year	n.a.	Monthly Interest Contribution	\$0.00
		Total Monthly Contribution	\$0.00

There is a dirt trail system that runs through the "middle" of the community.

We have excluded budgeting for this trail as it is anticipated that the association will maintain it on an "as needed" basis using their operating/maintenance funds.

**Rancho Madrina Community Association**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Landscape - Tree Trim, Unfunded**

Category	050 Landscape	Quantity	1 comment
		Unit Cost	\$0.00
		% of Replacement	0.00%
		Current Cost	\$0.00
Placed In Service	01/2006	Future Cost	\$0.00
Useful Life	n.a.	Assigned Reserves at FYB	\$0.00
Remaining Life	n.a.	Monthly Member Contribution	\$0.00
Replacement Year	n.a.	Monthly Interest Contribution	\$0.00
		Total Monthly Contribution	\$0.00

The association paid for their 2017 tree trimming from the reserve fund during 2018 for a total cost of \$24,999. The association completed tree trimming in March 2019 for a total cost of \$36,640. The association completed tree trimming in July 2021 for a total cost of \$21,976.

At the request of the client, budgeting for this component has been excluded as it will be budgeted for in the client's operating budget. This component is listed for inventory purposes only.

**Rancho Madrina Community Association**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Tot Lot - Furnishings**

Category	060 Tot Lot	Quantity	1 total
		Unit Cost	\$8,000.00
		% of Replacement	100.00%
		Current Cost	\$8,000.00
Placed In Service	01/2006	Future Cost	\$9,274.19
Useful Life	20		
Adjustment	+3	Assigned Reserves at FYB	\$6,260.87
Remaining Life	5	Monthly Member Contribution	\$15.49
Replacement Year	2029	Monthly Interest Contribution	\$10.60
		Total Monthly Contribution	\$26.09

2 benches*	@	\$2,500.00	=	\$5,000.00
2 concrete trash receptacles	@	\$1,500.00	=	\$3,000.00
		TOTAL	=	\$8,000.00

\* These are 6' good quality wood and metal "contour" style benches with backs.

The remaining life of this component has been extended due to its condition at our most recent site visit.

**Rancho Madrina Community Association**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Tot Lot - Play Equipment**

Category	060 Tot Lot	Quantity	1 total
		Unit Cost	\$110,000.00
		% of Replacement	100.00%
		Current Cost	\$110,000.00
Placed In Service	01/2020	Future Cost	\$152,265.73
Useful Life	15	Assigned Reserves at FYB	\$0.00
Remaining Life	11	Monthly Member Contribution	\$335.49
Replacement Year	2035	Monthly Interest Contribution	\$6.18
		Total Monthly Contribution	\$341.67

1 medium size structure\*  
 1 "rock-scape" structure\*\*  
 1 slider-rail assembly (10')  
 1 swing set w/2 swings

\* This metal, coated metal and plastic play structure consists of 6 platforms, 2 climbing walls, 1 set of steps, 1 double slide and a round rotating "swing."

\*\* This 2-piece glass fiber reinforced concrete (GFRC) "rock" structure measures approximately 20'L x 10'W x 8'H.

The association renovated the tot lot in November 2019 for a total cost of \$90,600; this equipment was replaced.

The current cost used for this component is based on actual expenditures incurred at last replacement, and has been adjusted for inflation where applicable.

For budgeting purposes, we have used the next fiscal year's beginning date as the placed-in-service date for this component.

We have excluded budgeting for the replacement or replenishing of the wood chip play surface at the tot lot as it is anticipated that this work will be completed on an "as needed" basis using the association's operating and/or reserve contingency funds.

**Rancho Madrina Community Association**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Mailboxes**

Category	070 Mailboxes & Monuments	Quantity	1 total
		Unit Cost	\$72,750.00
		% of Replacement	100.00%
		Current Cost	\$72,750.00
Placed In Service	01/2006	Future Cost	\$135,336.43
Useful Life	20		
Adjustment	+19	Assigned Reserves at FYB	\$0.00
Remaining Life	21	Monthly Member Contribution	\$90.95
Replacement Year	2045	Monthly Interest Contribution	\$1.67
		Total Monthly Contribution	\$92.63

These are good-quality architecturally-sculpted metal posts with good quality individual metal mailboxes:

4 posts w/1 box	@	\$1,150.00	=	\$4,600.00
44 posts w/2 boxes	@	\$1,250.00	=	\$55,000.00
8 posts w/3 boxes	@	\$1,450.00	=	\$11,600.00
1 post w/4 boxes	@	\$1,550.00	=	\$1,550.00
		TOTAL	=	\$72,750.00

The association has made mailbox repairs as follows:

2020: \$1,584  
 2021: \$3,008  
 2022: \$2,250

The remaining life of this component has been extended at the request of the client.

**Rancho Madrina Community Association**  
**Component Detail**  
**Directed Cash Flow Calculation Method; Sorted By Category**

**Monument Signs**

Category	070 Mailboxes & Monuments	Quantity	2 signs
		Unit Cost	\$4,000.00
		% of Replacement	100.00%
		Current Cost	\$8,000.00
Placed In Service	01/2006	Future Cost	\$14,882.36
Useful Life	30	Assigned Reserves at FYB	\$0.00
Adjustment	+9	Monthly Member Contribution	\$10.00
Remaining Life	21	Monthly Interest Contribution	\$0.18
Replacement Year	2045	Total Monthly Contribution	\$10.19

Each of these signs (back-to-back on a single masonry monument structure) consist of the following solid metal letters and symbol:

11 - 6" letters  
 2 - 8" letters  
 1 - 10" round symbol

The remaining life of this component has been extended at the request of the client.

# Rancho Madrina Community Association

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**40 Components**