

Northwest Reserve Study Professionals, LLC

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Funding Reserve Analysis

for

Pacific Highlands HOA

May 13, 2013



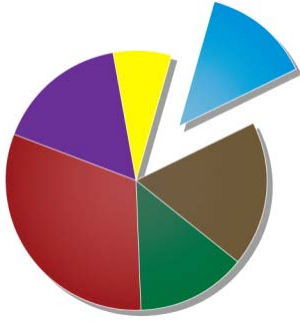
Project Sign at Entry

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Table of Contents	
Pages	Subject
1	Report Cover Sheet
2	Table of Contents
3 to 10	Reserve Study Summary
11	Reserve Item Summary
12	Reserve Item Listing
13	Present Cost Report
14	Cash Flow
15	Dues Summary
16 to 18	Revenue Report
19	Expense Report
20 to 21	Expense Summary



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Pacific Highlands HOA
P.O. Box 520
Ferndale, WA 98248

Pacific Highlands HOA

Missing Opening Paragraphs

[Right click to edit Opening Paragraphs.](#)

Project Description

Pacific Highlands is an attractive and well designed community in Ferndale, WA.

While the streets, walks, underground utilities and street lights are under public ownership, several areas, important to the property, are maintained by the HOA.

The property has two attractive private parks with play ground equipment and recreation/picnic ammenities, a secutily fenced tennis court, park rest room and gazebo.

The parks are connected to the community with gravel trails that are the responsibility of the HOA and the public sidewalk.

Several green area are set aside for common use and are generally associated with a wetland. Most of these area enjoy the amenity of a bench for HOA use.

The storm water treatment areas are fenced with a coated chain link fence around their perimeters. The wetlands are enclosed by attractive split rail fences.

Date of Physical Inspection

Pacific Highlands was inspected in April and May of 2013 by NWRSP.

Governing Documents

A review was made of the project plans and the recorded plat maps.. These were provided by the Association. The documents were recorded in the State of Washington, in the County of Whatcom and with the Public Works Department of the City of Ferndale. This reserve study was prepared in accordance with the plans, survey and onsite inspection of the property.

Depth of Study

Full Service Reserve Study with Field Inspection A field inspection was made to verify the existing condition of the various reserve study components, their physical condition, and to verify component quantities. In place testing, laboratory testing, and non-destructive testing of the reserve study components were not performed. Field measurements of component quantities were made to either verify improvement plan take offs or determine directly the quantities of various components. Photographs were taken of the site improvements.

Summary of Financial Assumptions

The below table contains a partial summary of information provided for the funding study.

<i>Reserve Study by Calendar Year Starting</i>	<i>May 13, 2013</i>
<i>Funding Study Length</i>	<i>30 Years</i>
<i>Number of Dues Paying Members</i>	<i>170</i>
<i>Reserve Balance as of May 13, 2013¹</i>	<i>\$20,128</i>
<i>Annual Inflation Rate</i>	<i>2.50%</i>
<i>Tax Rate on Reserve Interest</i>	<i>15.00%</i>
<i>Minimum Reserve Account Balance</i>	<i>\$10,000</i>
<i>Dues Change Period</i>	<i>5 Years</i>
<i>Annual Operating Budget</i>	<i>\$55,080</i>

¹ See "Financial Condition of Association" in this report.

Recommended Payment Schedule

The below table contains the recommended schedule of payments for the next five years. Failure to follow the proposed schedule of payments may result in inadequate reserve funds or require the use of Special Assessments in the future.

Proposed Payment Schedule

Calendar Year	Member Monthly Operations Payment*	Member Monthly Reserve Payment	Member Total Monthly Payment	Member Total Annual Payment	Monthly Reserve Payment	Annual Reserve Payment	Proposed Reserve Balance
2013	\$26.07	\$14.54	\$40.61	\$325	\$2,471	\$19,769	\$40,142
2014	\$26.07	\$14.54	\$40.61	\$487	\$2,471	\$29,654	\$70,485
2015	\$26.07	\$14.54	\$40.61	\$487	\$2,471	\$29,654	\$99,370
2016	\$26.07	\$14.54	\$40.61	\$487	\$2,471	\$29,654	\$125,173
2017	\$26.07	\$14.54	\$40.61	\$487	\$2,471	\$29,654	\$156,608
2018	\$26.07	\$14.54	\$40.61	\$487	\$2,471	\$29,654	\$186,891

* Operations Payments Include an annual inflation factor of 2.50%

Reserve Study Assumptions

The below listed assumptions are implicit in this reserve study.

- Cost estimates and financial information are accurate and current.
- No unforeseen circumstances will cause a significant reduction of reserves.
- Sufficient comprehensive property insurance exists to protect from insurable risks.
- The association plans to continue to maintain the existing common areas and amenities.
- Reserve payments occur at the end of every calendar month.
- Expenses occur at the end of the expense year.

Impact of Component Life

The projected life expectancy of the major components and the reserve funding needs of the association are closely tied. Performing the appropriate routine maintenance for each major component generally increases the component useful life, effectively moving the component expense into the future which reduces the reserve funding payments of the association. Failure to perform such maintenance can shorten the remaining useful life of the major components, bringing the replacement expense closer to the present which increases the reserve funding payments of the association.

Inflation Estimate

Inflation for the last year has been reviewed and a best fit regression analysis of the last 12 months has been used to inflate future expenses .

Initial Reserves

Initial reserves for this Reserve Study were known to be \$20,118.00. Based upon a study start date of May 1, 2013.

The implicit assumption has been made that the reserve accounts were not drawn down between the date of the known reserve balance and the study start date.

Missing Financial Condition of Association

[Right click to edit Financial Condition of Association.](#)

Special Assessments

Special Assessments are not required for this current Reserve Study. It is important to understand that the field inspection for the Reserve Study is a non-invasive inspection and not a building inspection. The Reserve Study only addresses the quantities and life of the common components of the project.

It may be found at some point in the life of the sub-division, that a special assessment may be required to address an unexpected expense.

Reserve Funding Goal

The reserve fund is set to be as close to Fully Funded as possible on an annual basis.

Study Method

Funding studies may be done in several ways, but we believe that the value of a funding study lies in the details. In this study, we have used the "Component" method because it is the only method which allows scrutiny of the funding details. The method is pragmatic, and allows human judgement and experience to enter into the equation. Unless noted otherwise, the present cost of every reserve item in this report has been estimated using the "National Construction Estimator", a nationally recognized standard, and modified by an area cost adjustment factor. Where possible, known costs have been used. In addition, every reserve item has been given an estimated remaining useful life, an estimated useful life when new, and has been cast into the future to determine the inflated cost. Equal annual payments are calculated for each reserve item based upon a payment starting year and a payment ending year using the end of period payment method. Interest earned on accumulated reserve funds and taxes on the reserve interest are also calculated. Initial reserve funds are consumed as expenses occur until fully depleted, reducing annual reserve payments to a minimum. As you review this report, we are certain that you will appreciate the level of detail provided, allowing you to review each reserve item in detail.

Summary of Findings

Pacific Highlands HOA has estimated future projected expenses for reserves based upon preservation of existing improvements. The attached funding study is limited in scope to those expense items listed in the attached Reserve Study. Expense items which have an expected life of more than 30 years are not included in this reserve study unless payment for these long lived items overlaps the reserve study envelope. Of primary concern is the preservation of a positive funding balance with funds sufficient to meet projected expenses throughout the study life. Based upon the attached funding study, it is our professional opinion that member monthly fees as shown in the attached Reserve Study will realize this goal. Some reserve items in the "Revenue Summary Table" may not contain payments. In this analysis the initial reserves were used to make annual payments for expense items in their order of occurrence until the initial reserve was consumed. As a result reserve items without payments may be expected, particularly in the first few years of the funding study. Reserve items that have been paid with initial reserve funds are identified with a [FP] in the Expense Items Sheets. An item marked [PR] is partially paid with initial reserve funds. The Association represents and warrants that the information provided to NWRSP, including but not limited to that information contained in the attached Reserve Study Information Summary, that the maintenance records are complete and accurate, and that NWRSP may rely upon such information and documents without further verification or corroboration. Where the age of a particular Reserve Item (as listed in the Reserve Study) is unknown, NWRSP shall provide its best-estimated age of that item. If the client is unable to provide and estimate of a Reserve Item's age, NWRSP shall make its own estimate of age of the Reserve Item. The Reserve Study is created for the association's use, and is a reflection of information provided to NWRSP. This information is not for the purpose of performing an audit, historical records, quality or forensic analyses. Any on site inspection is not considered to be a project audit, quality inspection or building inspection.

Percent Funded

Many reserve studies use the concept of "Percent Funded" to measure the reserve account balance against a theoretically perfect value. Percent Funded is often used as a measure of the "Financial Health" of an association. The assumption is, the higher the percentage, the greater the "Financial Health". The question of substance is simply: How much is enough? To answer the question, some understanding of Percent Funded is required. Percent Funded is the ratio of current cash reserves divided by the Fully Funded value at any instant in time. Fully Funded is defined as the present value of the sum of all reserve items divided by the expected life of each item. In essence, Fully Funded is simply the total of the average net present value of the association improvements. Reserve items with a remaining life greater than the study life are not included in the calculation. For example; building framing, foundations, water lines, and other long-lived items that fall outside the envelope of the reserve study are excluded from the calculation. Percent Funded is then, the current reserve balance divided by the Fully Funded value multiplied by 100 (to give a percentage). The concept of percent funded is useful when the reserve study is comprehensive, but misleading when the reserve study is superficial or constrained. As a result, we recommend that the statement "Percent Funded" be used with caution.

Keeping Your Reserve Study Current

NWRSP believes that funding studies are an essential part of property management. People and property are constantly changing and evolving. As a result, the useful life of a funding study is at best a few years, and certainly not more than five years.*This reserve study should be updated annually and the property reinspected every third year as required by the State of Washington regulations.

Items Beyond the Scope of this Report

Building or land appraisals for any purpose. State or local zoning ordinance violations. Building code violations. Soils conditions, soils contamination or geological stability of site. Engineering analysis or structural stability of site. Air quality, asbestos, electromagnetic radiation, formaldehyde, lead, mercury, radon, water quality or other environmental hazards. Invasions by pests, termites and any or all other destroying organisms, insects, birds, bats or animals to buildings or site. This study is not a pest inspection. Adequacy or efficiency of any system or component on site. Specifically excluded

reserve items. Septic systems and septic tanks. Buried or concealed portions of swimming pools, pool liners, Jacuzzis and spas or similar items. Items concealed by signs, carpets or other things are also excluded from this study. Missing or omitted information supplied by the Client for the purposes of reserve study preparation. Hidden improvements such as sewer lines, water lines, irrigation lines or other buried or concealed items.

Statement of Qualifications

NWRSP is a professional in the business of preparing reserve studies for community associations. We are familiar with construction practices, construction costs, contracting practices in Washington State.

Conflict of Interest

As the preparer of this reserve study, NWRSP certifies that we do not have any vested interests, financial interests, or other interests that would cause a conflict of interest in the preparation of this reserve study.

NWRSP would like to thank Pacific Highlands HOA for the opportunity to be of service in the preparation of the attached Funding Study. Again, please feel free to write or call at our letterhead address if you have any questions.

Prepared by:

Michael Kohl, Partner

Enclosures:

- 3 Pages of Photographs Attached
- Contract General Conditions



Excellent Association Play Ground



Park Rest Room and Small Office



Picnic Shelters



Second Park

Contract General Terms and Conditions:

1. Client represents and warrants that the information provided to Northwest Reserve Study Professionals, LLC, hereinafter referred to as **NWRSP** including but not limited to that information contained in the attached Reserve Studies Information Summary and the maintenance records, is complete and accurate, and **NWRSP** may rely upon such information and documents without further verification or corroboration.
2. Client shall make available to **NWRSP** all portions of the premises as may be required and as may from time-to-time be requested by **NWRSP** including the interior areas of any building or residence.
3. Unless otherwise agreed, will provide the final report to Client within thirty (30) calendar days after the Reserve Study Agreement has been executed. That period may be extended by for up to thirty (30) additional days, provided notice of such extension is provided to Client on or before the expiration of the initial thirty (30) days.
4. Client shall pay to **NWRSP** the full fee set forth in the Reserve Study Analysis Agreement at the time the study is provided to Client by **NWRSP**.
5. Where the age of a particular Reserve Item (as listed in the Reserve Study) is unknown, Client shall provide to **NWRSP**, Client's best-estimated age of that item. If Client is unable to provide an estimate of a Reserve Item's age, **NWRSP** shall make its own estimate of age of the Reserve Item.
6. The estimated Unit Cost and Life Expectancy relative to Reserve Items may be based upon industry or governmental sources, other general construction related resources, actual costs or observed life expectancy, upon **NWRSP's** proprietary methodology, and/or upon any combination thereof. The selection of the basis for such estimates shall be made exclusively by **NWRSP** unless otherwise specifically agreed in the Reserve Study Analysis Agreement.
7. The final report is provided only for the use of the Client and may not be reproduced or relied upon by any other person or entity without the prior written consent of **NWRSP**.
8. The final report is effective as of the date it is submitted to Client, and **NWRSP** is under no obligation to update such report.
9. **NWRSP** shall have no liability to Client or any other person or entity for any act or omission or any loss, damage or other claim resulting directly and solely from the gross negligence or willful misconduct of **NWRSP**. In addition, and in no event whatsoever shall **NWRSP's** combined liability to Client and any other person or entity ever exceed the amount of the fee **NWRSP** received performing the Reserve Study.
10. Any and all disputes or claims of any nature (including third party beneficiary claims) which may arise from or as the result of the Reserve Study Analysis Agreement or the resulting report, shall be resolved exclusively by a private arbitration conducted in Whatcom County, WA, pursuant to the Washington Arbitration Rules utilized in the Court Annexed Arbitration Program; provided, however, the liability of **NWRSP** shall in no event exceed the amount of **NWRSP's** fee (see Paragraph 9 above), the arbitration shall be final and binding upon the parties and any persons or entities they represent, there shall be no right to a trial de novo, and neither party shall have any other rights or remedies.

Pacific Highlands HOA Reserve Study Expense Item Summary

Reserve Items	Current Cost When New	Estimated Remaining Life	Expected Life When New	First Replacement Cost	Raw Annual Payment	Repeating Item?
Asphalt Seal/Repair						
Seal and Stripe Park Parking Area	\$1,729	2 Years	10 Years	\$1,848	\$680	Yes
Club House						
Caulk, Seal and Paint	\$1,350	5 Years	15 Years	\$1,555	\$263	Yes
Detention Facility						
Remove Sediment and Organics	\$102,000	6 Years	15 Years	\$120,478	\$17,194	Yes
Fencing						
Replace Chain Link Fabric on Tennis Court	\$8,096	13 Years	20 Years	\$11,389	\$751	Yes
Replace fence fabric around detention ponds	\$18,100	18 Years	25 Years	\$28,850	\$1,340	Yes
Play Ground Equipment						
Replace Play Ground Equipment	\$159,126	23 Years	30 Years	\$287,363	\$10,122	Yes
Tennis Court Resurface						
Resurface Tennis Court	\$4,836	3 Years	10 Years	\$5,300	\$1,407	Yes
Mail Boxes						
Freestanding Mail Boxes	\$12,500	14 Years	20 Years	\$18,030	\$1,100	Yes

Raw Annual Payments do not include earned interest, tax adjustments or salvage.

Months Remaining in Calendar Year 2013: 8

Expected annual inflation: 2.50%

Interest earned on reserve funds: 1.50%

Initial Reserve: \$20,128

Pacific Highlands HOA Reserve Study Expense Item Listing

Reserve Items	Unit Cost	No Units	Current Cost When New	Estimated Remaining Life	Expected Life When New	Calendar Year	Estimated Future Cost	Raw Annual Payment
Asphalt Seal/Repair								
Seal and Stripe Park Parking Area	\$0.28 / □ ft	6174 □ ft	\$1,729	2 Years	10 Years	2015	\$1,848	\$679.58
				10 Years		2025	\$2,372	\$220.00
				2035		\$3,045	\$282.41	
				2045		\$3,909	\$362.53	
Club House								
Caulk, Seal and Paint	\$2.50 / □ ft	540 □ ft	\$1,350	5 Years	15 Years	2018	\$1,555	\$263.13
				15 Years		2033	\$2,262	\$134.56
				2048		\$3,290	\$195.71	
Detention Facility								
Remove Sediment and Organics	\$1.20 / □ ft	85000 □ ft	\$102,000	6 Years	15 Years	2019	\$120,478	\$17,194.44
				15 Years		2034	\$175,226	\$10,424.04
				2049		\$254,853	\$15,160.98	
Fencing								
Replace Chain Link Fabric on Tennis Court	\$22.00 / lf	368 lf	\$8,096	13 Years	20 Years	2026	\$11,389	\$751.38
				20 Years		2046	\$18,768	\$805.26
Replace fence fabric around detention ponds	\$10.00 / lf	1810 lf	\$18,100	18 Years	25 Years	2031	\$28,850	\$1,340.18
				25 Years		2056	\$53,863	\$1,777.07
Play Ground Equipment								
Replace Play Ground Equipment	\$159,126 ea	1	\$159,126	23 Years	30 Years	2036	\$287,363	\$10,121.65
				30 Years		2066	\$607,874	\$16,056.64
Tennis Court Resurface								
Resurface Tennis Court	\$0.65 / □ ft	7440 □ ft	\$4,836	3 Years	10 Years	2016	\$5,300	\$1,406.91
				10 Years		2026	\$6,803	\$631.00
				2036		\$8,733	\$810.01	
				2046		\$11,211	\$1,039.80	
Mail Boxes								
Freestanding Mail Boxes	\$1,250 ea	10	\$12,500	14 Years	20 Years	2027	\$18,030	\$1,099.79
				20 Years		2047	\$29,710	\$1,274.73

Raw Annual Payments do not include earned interest, tax adjustments or payments made with initial reserves.

Months Remaining in Calendar Year 2013: 8

Expected annual inflation: 2.50% Interest earned on reserve funds: 1.50% Initial Reserve: \$20,128

Present Costs

Category	Item Name	No Units	Unit Cost	Present Cost	Net Present Value
Asphalt Seal/Repair	Seal and Stripe Park Parking Area	6174 □ ft	\$0.28 / □ ft	\$1,728.72	\$345.74
Club House	Caulk, Seal and Paint	540 □ ft	\$2.50 / □ ft	\$1,350.00	\$450.00
Detention Facility	Remove Sediment and Organics	85000 □ ft	\$1.20 / □ ft	\$102,000.00	\$40,800.00
Fencing	Replace Chain Link Fabric on Tennis Court	368 lf	\$22.00 / lf	\$8,096.00	\$5,262.40
	Replace fence fabric around detention ponds	1810 lf	\$10.00 / lf	\$18,100.00	\$13,032.00
Fencing Sub Total =				\$26,196.00	\$18,294.40
Play Ground Equipment	Replace Play Ground Equipment	1	\$159,126.00 ea	\$159,126.00	\$121,996.60
Tennis Court Resurface	Resurface Tennis Court	7440 □ ft	\$0.65 / □ ft	\$4,836.00	\$1,450.80
Mail Boxes	Freestanding Mail Boxes	10	\$1,250.00 ea	\$12,500.00	\$8,750.00
Totals =				\$307,736.72	\$192,087.54

Pacific Highlands HOA Funding Study Cash Flow Analysis

Calendar Year	Annual Payment	Annual Interest	Annual Expenses	Annual Income Tax	Net Reserve Funds
2013	\$19,769	\$288		\$43	\$40,142
2014	\$29,654	\$811		\$122	\$70,485
2015	\$29,654	\$1,269	\$1,848	\$190	\$99,370
2016	\$29,654	\$1,705	\$5,300	\$256	\$125,173
2017	\$29,654	\$2,095		\$314	\$156,608
2018	\$29,654	\$2,570	\$1,555	\$385	\$186,891
2019	\$26,420	\$3,004	\$120,478	\$451	\$95,386
2020	\$26,420	\$1,623		\$243	\$123,185
2021	\$26,420	\$2,042		\$306	\$151,341
2022	\$26,420	\$2,468		\$370	\$179,858
2023	\$26,420	\$2,898		\$435	\$208,741
2024	\$25,535	\$3,328		\$499	\$237,105
2025	\$25,535	\$3,757	\$2,372	\$563	\$263,461
2026	\$25,535	\$4,155	\$18,193	\$623	\$274,334
2027	\$25,535	\$4,319	\$18,030	\$648	\$285,511
2028	\$25,535	\$4,487		\$673	\$314,860
2029	\$26,011	\$4,934		\$740	\$345,064
2030	\$26,011	\$5,390		\$809	\$375,657
2031	\$26,011	\$5,852	\$28,850	\$878	\$377,792
2032	\$26,011	\$5,884		\$883	\$408,804
2033	\$26,011	\$6,353	\$2,262	\$953	\$437,953
2034	\$32,511	\$6,838	\$175,226	\$1,026	\$301,050
2035	\$32,511	\$4,770	\$3,045	\$716	\$334,571
2036	\$32,511	\$5,276	\$296,097	\$791	\$75,470
2037	\$32,511	\$1,364		\$205	\$109,141
2038	\$32,511	\$1,872		\$281	\$143,244
2039	\$37,240	\$2,420		\$363	\$182,540
2040	\$37,240	\$3,013		\$452	\$222,342
2041	\$37,240	\$3,614		\$542	\$262,654
2042	\$37,240	\$4,223		\$633	\$303,483
2043	\$37,240	\$4,840		\$726	\$344,837
Totals :	\$906,619	\$107,463	\$673,254	\$16,119	

The cash distribution shown in this table applies to repair and replacement cash reserves only.

Basis of Funding Study

Cash reserves have been set to a minimum of \$10,000

Months Remaining in Calendar Year 2013: 8 Inflation = 2.50 % Interest = 1.50 %

Study Life = 30 years Initial Reserve Funds = \$20,127.92 Final Reserve Value = \$344,836.99

Annual Payments Held Constant for 5 years

**Pacific Highlands HOA Reserve Dues Summary
Projected Dues by Month and by Calendar Year**

Calendar Year	Member Monthly Operations Payment	Member Monthly Reserve Payment	Member Total Monthly Payment	Member Total Annual Payment	Monthly Reserve Payment	Annual Reserve Payment
2013	\$26.07	\$14.54	\$40.61	\$324.86	\$2,471	\$19,769
2014	\$26.07	\$14.54	\$40.61	\$487.28	\$2,471	\$29,654
2015	\$26.07	\$14.54	\$40.61	\$487.28	\$2,471	\$29,654
2016	\$26.07	\$14.54	\$40.61	\$487.28	\$2,471	\$29,654
2017	\$26.07	\$14.54	\$40.61	\$487.28	\$2,471	\$29,654
2018	\$26.07	\$14.54	\$40.61	\$487.28	\$2,471	\$29,654
2019	\$26.40	\$12.95	\$39.35	\$472.21	\$2,202	\$26,420
2020	\$26.40	\$12.95	\$39.35	\$472.21	\$2,202	\$26,420
2021	\$26.40	\$12.95	\$39.35	\$472.21	\$2,202	\$26,420
2022	\$26.40	\$12.95	\$39.35	\$472.21	\$2,202	\$26,420
2023	\$26.40	\$12.95	\$39.35	\$472.21	\$2,202	\$26,420
2024	\$26.40	\$12.52	\$38.92	\$467.01	\$2,128	\$25,535
2025	\$26.40	\$12.52	\$38.92	\$467.01	\$2,128	\$25,535
2026	\$26.40	\$12.52	\$38.92	\$467.01	\$2,128	\$25,535
2027	\$26.40	\$12.52	\$38.92	\$467.01	\$2,128	\$25,535
2028	\$26.40	\$12.52	\$38.92	\$467.01	\$2,128	\$25,535
2029	\$26.40	\$12.75	\$39.15	\$469.80	\$2,168	\$26,011
2030	\$26.40	\$12.75	\$39.15	\$469.80	\$2,168	\$26,011
2031	\$26.40	\$12.75	\$39.15	\$469.80	\$2,168	\$26,011
2032	\$26.40	\$12.75	\$39.15	\$469.80	\$2,168	\$26,011
2033	\$26.40	\$12.75	\$39.15	\$469.80	\$2,168	\$26,011
2034	\$26.40	\$15.94	\$42.34	\$508.04	\$2,709	\$32,511
2035	\$26.40	\$15.94	\$42.34	\$508.04	\$2,709	\$32,511
2036	\$26.40	\$15.94	\$42.34	\$508.04	\$2,709	\$32,511
2037	\$26.40	\$15.94	\$42.34	\$508.04	\$2,709	\$32,511
2038	\$26.40	\$15.94	\$42.34	\$508.04	\$2,709	\$32,511
2039	\$26.40	\$18.25	\$44.65	\$535.86	\$3,103	\$37,240
2040	\$26.40	\$18.25	\$44.65	\$535.86	\$3,103	\$37,240
2041	\$26.40	\$18.25	\$44.65	\$535.86	\$3,103	\$37,240
2042	\$26.40	\$18.25	\$44.65	\$535.86	\$3,103	\$37,240
2043	\$26.40	\$18.25	\$44.65	\$535.86	\$3,103	\$37,240

In the context of the Reserve Payment Summary, the "Annual Reserve Payment" corresponds with the "Annual Revenue" in the Cash Flow report.

Operations Payments Include an annual inflation factor of 2.50%

Number of Payment Months in Calendar Year 2013: 8

Number of Years of Constant Payments: 5

No of Dues Paying Members: 170

Pacific Highlands HOA Funding Unadjusted Revenue by Calendar Year

Item Name	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Reserve Category : Asphalt Seal/Repair														
Seal and Stripe Park Parking Area	\$453	\$680	\$680	\$220	\$220	\$220	\$220	\$220	\$220	\$220	\$220	\$220	\$220	\$282
Reserve Category : Club House														
Caulk, Seal and Paint	\$175	\$263	\$263	\$263	\$263	\$263	\$135	\$135	\$135	\$135	\$135	\$135	\$135	\$135
Reserve Category : Detention Facility														
Remove Sediment and Organics	\$11,463	\$17,194	\$17,194	\$17,194	\$17,194	\$17,194	\$17,194	\$10,424	\$10,424	\$10,424	\$10,424	\$10,424	\$10,424	\$10,424
Reserve Category : Fencing														
Replace Chain Link Fabric on Tennis Court	\$501	\$751	\$751	\$751	\$751	\$751	\$751	\$751	\$751	\$751	\$751	\$751	\$751	\$751
Replace fence fabric around detention ponds	\$893	\$1,340	\$1,340	\$1,340	\$1,340	\$1,340	\$1,340	\$1,340	\$1,340	\$1,340	\$1,340	\$1,340	\$1,340	\$1,340
Fencing Subtotal :	\$1,394	\$2,091	\$2,091	\$2,091	\$2,091	\$2,091	\$2,091	\$2,091	\$2,091	\$2,091	\$2,091	\$2,091	\$2,091	\$2,091
Reserve Category : Play Ground Equipment														
Replace Play Ground Equipment	\$6,748	\$10,122	\$10,122	\$10,122	\$10,122	\$10,122	\$10,122	\$10,122	\$10,122	\$10,122	\$10,122	\$10,122	\$10,122	\$10,122
Reserve Category : Tennis Court Resurface														
Resurface Tennis Court	\$938	\$1,407	\$1,407	\$1,407	\$631	\$631	\$631	\$631	\$631	\$631	\$631	\$631	\$631	\$631
Reserve Category : Mail Boxes														
Freestanding Mail Boxes	\$733	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100
Total Revenue :	\$21,905	\$32,857	\$32,857	\$32,397	\$31,622	\$31,622	\$31,493	\$24,723	\$24,723	\$24,723	\$24,723	\$24,723	\$24,723	\$24,785

Pacific Highlands HOA Funding Unadjusted Revenue by Calendar Year - Continued

Item Name	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Reserve Category : Asphalt Seal/Repair														
Seal and Stripe Park Parking Area	\$282	\$282	\$282	\$282	\$282	\$282	\$282	\$282	\$282	\$363	\$363	\$363	\$363	\$363
Reserve Category : Club House														
Caulk, Seal and Paint	\$135	\$135	\$135	\$135	\$135	\$135	\$135	\$196	\$196	\$196	\$196	\$196	\$196	\$196
Reserve Category : Detention Facility														
Remove Sediment and Organics	\$10,424	\$10,424	\$10,424	\$10,424	\$10,424	\$10,424	\$10,424	\$10,424	\$15,161	\$15,161	\$15,161	\$15,161	\$15,161	\$15,161
Reserve Category : Fencing														
Replace Chain Link Fabric on Tennis Court	\$805	\$805	\$805	\$805	\$805	\$805	\$805	\$805	\$805	\$805	\$805	\$805	\$805	\$805
Replace fence fabric around detention ponds	\$1,340	\$1,340	\$1,340	\$1,340	\$1,340	\$1,777	\$1,777	\$1,777	\$1,777	\$1,777	\$1,777	\$1,777	\$1,777	\$1,777
Fencing Subtotal :	\$2,145	\$2,145	\$2,145	\$2,145	\$2,145	\$2,582	\$2,582	\$2,582	\$2,582	\$2,582	\$2,582	\$2,582	\$2,582	\$2,582
Reserve Category : Play Ground Equipment														
Replace Play Ground Equipment	\$10,122	\$10,122	\$10,122	\$10,122	\$10,122	\$10,122	\$10,122	\$10,122	\$10,122	\$10,122	\$16,057	\$16,057	\$16,057	\$16,057
Reserve Category : Tennis Court Resurface														
Resurface Tennis Court	\$810	\$810	\$810	\$810	\$810	\$810	\$810	\$810	\$810	\$810	\$1,040	\$1,040	\$1,040	\$1,040
Reserve Category : Mail Boxes														
Freestanding Mail Boxes	\$1,100	\$1,275	\$1,275	\$1,275	\$1,275	\$1,275	\$1,275	\$1,275	\$1,275	\$1,275	\$1,275	\$1,275	\$1,275	\$1,275
Total Revenue :	\$25,018	\$25,193	\$25,193	\$25,193	\$25,193	\$25,630	\$25,630	\$25,691	\$30,428	\$30,508	\$36,673	\$36,673	\$36,673	\$36,673

 Payments made with Initial Reserves

Unadjusted Revenue does not include earned interest, tax adjustments, or salvage.

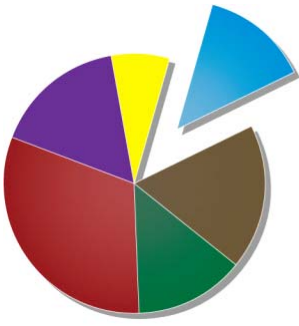
Pacific Highlands HOA Funding Unadjusted Revenue by Calendar Year - Continued

Item Name	2041	2042	2043
Reserve Category : Asphalt Seal/Repair			
Seal and Stripe Park Parking Area	\$363	\$363	\$363
Reserve Category : Club House			
Caulk, Seal and Paint	\$196	\$196	\$196
Reserve Category : Detention Facility			
Remove Sediment and Organics	\$15,161	\$15,161	\$15,161
Reserve Category : Fencing			
Replace Chain Link Fabric on Tennis Court	\$805	\$805	\$805
Replace fence fabric around detention ponds	\$1,777	\$1,777	\$1,777
Fencing Subtotal :	\$2,582	\$2,582	\$2,582
Reserve Category : Play Ground Equipment			
Replace Play Ground Equipment	\$16,057	\$16,057	\$16,057
Reserve Category : Tennis Court Resurface			
Resurface Tennis Court	\$1,040	\$1,040	\$1,040
Reserve Category : Mail Boxes			
Freestanding Mail Boxes	\$1,275	\$1,275	\$1,275
Total Revenue :	\$36,673	\$36,673	\$36,673

Pacific Highlands HOA Funding Study - Expenses by Item and by Calendar Year

Item Description	2015	2016	2018	2019	2025	2026	2027	2031	2033	2034	2035	2036
Reserve Category : Asphalt Seal/Repair												
Seal and Stripe Park Parking Area	\$1,848				\$2,372						\$3,045	
Reserve Category : Club House												
Caulk, Seal and Paint			\$1,555						\$2,262			
Reserve Category : Detention Facility												
Remove Sediment and Organics				\$120,478						\$175,226		
Reserve Category : Fencing												
Replace Chain Link Fabric on Tennis Court						\$11,389						
Replace fence fabric around detention ponds								\$28,850				
Category Subtotal :						\$11,389		\$28,850				
Reserve Category : Play Ground Equipment												
Replace Play Ground Equipment												\$287,363
Reserve Category : Tennis Court Resurface												
Resurface Tennis Court		\$5,300				\$6,803						\$8,733
Reserve Category : Mail Boxes												
Freestanding Mail Boxes							\$18,030					
Expense Totals :	\$1,848	\$5,300	\$1,555	\$120,478	\$2,372	\$18,193	\$18,030	\$28,850	\$2,262	\$175,226	\$3,045	\$296,097

Expense Table Calendar Years 2013, 2014, 2017, 2020, 2021, 2022, 2023, 2024, 2028, 2029, 2030, 2032, 2037, 2038, 2039, 2040, 2041, 2042, 2043, do not contain any expenses and have been eliminated to save space.



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30 Year Expense Summary

Year	Category	Item Name	Expense
2015	Asphalt Seal/Repair	Seal and Stripe Park Parking Area	\$1,848
2015 Annual Expense Total = \$1,848			
2016	Tennis Court Resurface	Resurface Tennis Court	\$5,300
2016 Annual Expense Total = \$5,300			
2018	Club House	Caulk, Seal and Paint	\$1,555
2018 Annual Expense Total = \$1,555			
2019	Detention Facility	Remove Sediment and Organics	\$120,478
2019 Annual Expense Total = \$120,478			
2025	Asphalt Seal/Repair	Seal and Stripe Park Parking Area	\$2,372
2025 Annual Expense Total = \$2,372			
2026	Fencing	Replace Chain Link Fabric on Tennis Court	\$11,389
	Tennis Court Resurface	Resurface Tennis Court	\$6,803
2026 Annual Expense Total = \$18,192			
2027	Mail Boxes	Freestanding Mail Boxes	\$18,030
2027 Annual Expense Total = \$18,030			
2031	Fencing	Replace fence fabric around detention ponds	\$28,850
2031 Annual Expense Total = \$28,850			
2033	Club House	Caulk, Seal and Paint	\$2,262
2033 Annual Expense Total = \$2,262			
2034	Detention Facility	Remove Sediment and Organics	\$175,226

Year	Category	Item Name	Expense
2034 Annual Expense Total = \$175,226			
2035	Asphalt Seal/Repair	Seal and Stripe Park Parking Area	\$3,045
2035 Annual Expense Total = \$3,045			
2036	Play Ground Equipment	Replace Play Ground Equipment	\$287,363
	Tennis Court Resurface	Resurface Tennis Court	\$8,733
2036 Annual Expense Total = \$296,096			