



Dear Members:

In Accordance with Civil Code Section 5300 Annual Budget Disclosure.

Please review the following information which is required financial notifications for 2018 to our Members.

1. Dues increase. As previously noticed and mailed October 1, 2017. An analysis has been performed and expenditures have been scrutinized, and an increase of 20% is necessary to maintain the required association responsibilities. The rate increase is effective as of January, 2018, and will be at the following rates: \$30 monthly, or \$90 quarterly, or \$360 per year.
2. The Reserve Fund balance (maintenance of assets). The balance in this account as of November 16, 2018 is \$13,698.10.
3. Outstanding Loans. There is a 5 year loan on the Kubota tractor from the Kubota Credit Corporation at a 0% interest rate. The balance still owed is \$1390.67, and will be paid off in February of 2018.
4. Insurance Summary. An Insurance Summary is available on our website or in the CFA office upon request. Note\* Insurance Deductibles of \$4000 are held in our Money Market Insurance Account.
5. A Summary of the 2018 Operating Budget (Enclosed) A detailed line-by-line item document and supporting documents are available on our webpage or upon request from the CFA office.
6. California Assessment and Reserve Funding Disclosure For the Fiscal Year Ending 2018, prepared by the Browning Reserve Group (Enclosed). The complete Reserve Study is available on the webpage or upon request from the CFA office. The information Included contains the Reserve Funding Plan and identification of repair or replacement of major components rescheduled for a future year.

**2018 Budget and Reserve Funding Plan Presentation and Q & A by the Budget Committee**

**Session will be held on Thursday December 14, 2017 6pm Upstairs Clubhouse**

**CRYSTAL FALLS ASSOCIATION  
CY18 BUDGET**

**INCOME**

|                       |                  |
|-----------------------|------------------|
| DUES & HORSE BOARDING | \$311,756        |
| OTHER                 | \$13,902         |
| <b>TOTAL INCOME</b>   | <b>\$325,658</b> |

**EXPENSES**

|                          |                  |
|--------------------------|------------------|
| BARN / GARDEN            | \$17,278         |
| CLUBHOUSE                | \$7,306          |
| GENERAL ADMINISTRATIVE   | \$196,012        |
| GENERAL MAINTENANCE      | \$13,482         |
| GYM                      | \$4,050          |
| LAKE                     | \$10,821         |
| PARK, TENNIS, BASKETBALL | \$2,845          |
| SOCIAL EVENTS            | \$3,800          |
| <b>TOTAL EXPENSES</b>    | <b>\$255,594</b> |

**NET INCOME SUB-TOTAL** **\$70,064**

**DISBURSEMENTS**

|  |                 |
|--|-----------------|
| Long Term Reserve Funds Repaid from 2017 | \$25,000        |
| Long Term Reserve Funding 2018           | \$40,000        |
| Repay Credit Card In FULL                | \$5,064         |
| <b>TOTAL DISBURSEMENTS</b>               | <b>\$70,064</b> |

**NET INCOME** **\$0**

**\*Note: (Already Included)**

|   |          |
|---|----------|
| 2018 Depreciation                               | \$38,000 |
| 2018 Insurance Deductables in Insurance Account | \$4,000  |

CFR HoA Budget Committee Email: [cfabudgcomm@gmail.com](mailto:cfabudgcomm@gmail.com)

November 9, 2017

(1) The regular assessment per ownership interest is \$30.00 per month for the fiscal year beginning January 1, 2018.

*Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found on page \_\_\_ of the attached summary.*

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

| Date assessment will be due: | Amount per ownership interest per month or year (if assessments are variable, see note immediately below): | Purpose of the assessment: |
|------------------------------|--|----------------------------|
| N/A                          | \$0.00   | N/A                        |
| Total:                       | \$0.00   |                            |

*Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found on page \_\_\_ of the attached report.*

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

Yes \_\_\_\_\_ No **X**

*This disclosure has been prepared by Browning Reserve Group and has been reviewed and approved by the association's board of directors based upon the best information available to the association at the time of its preparation. The accuracy of this information over the next 30 years will be dependent upon circumstances which are impossible to predict with specificity, and will require future action to adjust assessments over the period in accordance with the current projections and future developments.*

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

| Approximate date assessment will be due: | Amount per ownership interest per month or year: |
|--|--|
| 2019 One Time                            | \$80.00  |

(5) All major components are included in the reserve study and are included in its calculations. See next page §5300(b)(4), for any major component exclusions.

(6) Based on the method of calculation in paragraph (4) of the subdivision (b) of section 5570, the estimated amount required in the reserve fund at the end of the current fiscal year is \$339,031, based in whole or in part on the last reserve study or update prepared by Browning Reserve Group as of November, 2017. The projected reserve fund cash balance at the end of the current fiscal year is \$8,683 resulting in reserves being 2.6% percent funded at this date. Civil code section 5570 does not require the board to fund reserves in accordance with this calculation.

*An alternate and generally accepted method of calculation has been utilized to determine future reserve contribution amounts. The reserve contribution for the next fiscal year has been determined using the Cash Flow method of calculation (see section III, Reserve Fund Balance Forecast). This is a method of developing a reserve funding plan where the contributions to the reserve fund are designated to offset the variable annual expenditures from the reserve fund. Different reserve funding plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.*

(7) Based on the method of calculation in paragraph (4) of subdivision (b) of section 5570 of the Civil Code, the estimated amount required in the reserve fund at the end of each of the next five budget years is presented in column (b) 'Fully Funded Balance' in the table immediately below; and the projected reserve fund cash balance in each of those years, taking into account only assessments already approved and other known revenues, is presented in column (c) 'Reserve Ending Balance'; leaving the reserve at percent funding as presented in column (d) 'Percent Funded' in each of the respective years.

| Fiscal Year (a) | Fully Funded Balance (b) | Reserve Ending Balance (c) | Percent Funded (d) |
|-----------------|--------------------------|----------------------------|--------------------|
| 2018            | \$391,007                | \$19,392                   | 5.0%               |
| 2019            | \$412,222                | \$70,121                   | 17.0%              |
| 2020            | \$391,863                | \$97,003                   | 24.8%              |
| 2021            | \$416,402                | \$37,800                   | 9.1%               |
| 2022            | \$353,458                | \$72,948                   | 20.6%              |

If the reserve funding plan approved by the association is implemented, the projected fund cash balance in each of those years will be the amounts presented in column (c) 'Reserve Ending Balance' in the table immediately above, leaving the reserve at percent funding as presented in column (d) 'Percent Funded' in each of the respective years.

NOTE: The financial representations set forth in this summary are based on the best estimates of the preparer at that time. The estimates are subject to change. At the time this summary was prepared, 2.50% per year was the assumed long-term inflation rate, and 2.50% per year was the assumed long-term interest rate.

#### Additional Disclosures

**§5565(d)** The current deficiency in reserve funding as of December 31, 2018 is \$429 per ownership interest (average).

*This is calculated as the current estimate of the amount of cash reserves necessary as of the end of the fiscal year for which the study is prepared, less, the amount of accumulated cash reserves actually (Projected to be) set aside to repair, replace, restore, or maintain the major components.*

$$\text{Deficiency} = \frac{\text{2018 Fully Funded Balance} - \text{2018 Reserve Ending Balance}}{\text{Ownership Interest Quantity}}$$

**§5300(b)(4)** The current board of directors of the association has not deferred or determined to not undertake repairs or replacements over the next 30 years.

| Major Component: | Justification for Deferral: |
|------------------|-----------------------------|
| N/A              | N/A                         |

**§5300(b)(5)** The board of directors as of the date of the study **does anticipate** the levy of a special assessment for the repair, replacement, or restoration of the major components.

An un-adopted future special assessment is necessary in order to complete reserve projects and to maintain positive fund balances. This funding plan includes loans to operating and for Kubota tractor purchase.