



## Reserve Study Transmittal Letter

Date: October 14, 2022  
To: Kim Sperlin, CAMCO  
From: Browning Reserve Group, LLC (BRG)

**Re: Pine Forest Owners' Association; Update w/ Site Visit Review**

Attached, please find the reserve study for Pine Forest Owners' Association. To assist in your understanding of the study, and to highlight key information you may need quickly, we have listed below some of the important information contained in the study. At BRG our goal is to bring clarity from complexity, so should you have any questions, please do not hesitate to contact us anytime.

1. Where do I find the recommended reserve contribution for the 2022/2023 budget?

This is found in *Section III, "30 Year Reserve Funding Plan, Cash Flow Method."* **\$52,918** is the annual amount. Directly under the annual amount is the amount per ownership interest, per month, or other period, as applicable. **\$37.37 /Lot/month @ 118.** For any other funding related issues, if any, see *Section III, "30 Year Reserve Funding Plan, Cash Flow Method."*

2. Where do I find the status of the reserve fund, based on the Percent Funded calculation?

This is found for the 30-year term of the study in *Section IV, "30 Year Reserve Funding Plan, Including Fully Funded Balance and % Funded."* For the year for which the study was prepared, 2022/2023, the Association is **105.3%** funded.

Based on the 30 year cash flow projection, the Association's reserves appear adequately funded as the reserve fund ending balances remain positive throughout the replacement of all major components during the next 30 years.

California statute imposes no reserve funding level requirements nor does it address funding level adequacy, and although one or more of the reserve fund percentages expressed in this report may be less than one hundred percent, those percentages do not necessarily indicate that the Association's reserves are inadequately funded.

3. Where do I find the assumptions for interest and inflation factors?

While this information is in various places in the study, it can always be found in *Section III, "30 Year Reserve Funding Plan, Cash Flow Method."* For this study the assumption is **2.25%** for the interest rate and **2.50%** for the inflation factor. Please be advised these rates estimate the values that will stand the test of time over the 30-year term of the study, not simply only next year.

4. What pages from the reserve study get mailed to the members (homeowners)?

Please see the last section of the reserve study, "Member Distribution Materials." These are the last six pages (or more) of the study which can be removed, and copied, for distribution to the membership with the budget packet. This packet includes all state mandated disclosures related to the reserves and the reserve study. **This section of the study is a stand-alone packet with its own cover and table of contents.**

5. What are the next steps?

This study meets the CA Civil Code Requirements for a site visit study every three years. The next site visit study will be due in three years. For the intervening two years, BRG proposes doing an Update Without Site Visit Study during the next two years at a nominal cost which will include the preparation of a reserve study and required disclosures including the "California Assessment and Reserve Funding Disclosure Summary," which under law, must be presented to the association members each year.

Please read the two helpful sections entitled "Glossary" and "Notes to the Auditor." The glossary explains common reserve study terms as well as BRG specific terminology. The Notes to the Auditor while intended to assist the auditor, has useful information for the casual reader on how year zero, (2021/2022) the current fiscal year is dealt with in the study.

Thank you for the opportunity to work with the Pine Forest Owners' Association on this study.



## RESERVE STUDY

Update w/ Site Visit Review

## Pine Forest Owners' Association

Second Draft

Published - October 14, 2022

Prepared for the 2022/2023 Fiscal Year

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# Pine Forest Owners' Association

Second Draft

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## **Pine Forest Owners' Association**

Second Draft

### **Member Distribution Materials**

*The following Reserve Study sections, located at the end of the report, should be provided to each member.*

<i>Section</i>	<i>Report</i>	
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## Pine Forest Owners' Association

Second Draft

Published - October 14, 2022

Prepared for the 2022/2023 Fiscal Year

### Reserve Study Summary

A Reserve Study was conducted of Pine Forest Owners' Association (the "**Association**"). An **Update With Site-Visit Review** is a reserve study update in which the following tasks are performed:

- development of a reserve component inventory (verification only, not quantification);
- condition assessment based upon on-site visual observation;
- life and valuation estimates;
- fund status;
- and a funding plan.

Pine Forest Owners' Association is a Planned Development with a total of 118 Lots.

### Physical Inspection

Browning Reserve Group, LLC ("**BRG**") conducted a physical inspection of the Association. The inspection encompassed those major components that the Association is required to maintain. For this study components are determined to be major components if:

1. As of the date of the study, they have a remaining useful life of less than 30 years, and a value greater than \$1,000.
2. Such additional components, if any, determined by the Board of Directors.

During the inspection, BRG utilized the services of our own construction cost estimator. In addition, independent contractors were retained to render opinions on selected components as indicated in Section VI, Included Component Listing.

Supplemental information to the physical inspection may have been obtained from the following sources:

1. Project plans where available.
2. Maintenance records of the reserve components where available.
3. Association board members, management and staff.

### Summary of Reserves

For the first year of the Reserve Study, the reserve contribution is based upon the existing budget unless otherwise noted in "Section III, Reserve Funding Plan." In addition BRG relied on the Association to provide an accurate Beginning Reserve Balance.

**The status of the Association's reserves, as reflected in the following Reserve Study, is as follows:**

1. **The Expenditure Forecast of the following Reserve Study identifies the major components which the Association is obligated to repair, replace, restore or maintain, as determined in accordance with the criteria specified above, and specifies for each such component:**
  - a. **Its current estimated replacement cost;**
  - b. **Its estimated useful life; and**
  - c. **Its estimated remaining useful life.**
2. **It is estimated that the total cash reserves necessary to repair, replace, restore or maintain such major components (in the aggregate) during and at the end of their first remaining useful life is \$345,467.**
  - **[For purposes of this calculation, "necessary" is defined as the Fully Funded Balance (FFB) (Component Current Cost X Effective Age / Useful Life, including a provision for interest and inflation in future years.)]**
3. **The current amount of accumulated cash reserves actually set aside to repair, replace, restore, or maintain such major components as of the fiscal year ending September 30, 2023 is estimated to be \$363,606, constituting 105.3% of the total expenditures anticipated for all such major components through their first end of useful life replacement.**
4. **Based upon the schedule of annual reserve contributions necessary to defray the cost of repairing, replacing, restoring or maintaining such major components in the years such expenditures are estimated to be required, it is estimated that annual reserve contributions in the initial amount of \$52,918 [*\$37.37 per Lot per month (average)*] for the fiscal year ending September 30, 2023 (the first full fiscal year following first distribution of this report) will be necessary in order to meet all such reserve expenditures when they are projected to come due.**

**Funding Assessment**

Based on the 30 year cash flow projection, the Association's reserves appear adequately funded as the reserve fund ending balances remain positive throughout the replacement of all major components during the next 30 years.

California statute imposes no reserve funding level requirements nor does it address funding level adequacy, and although one or more of the reserve fund percentages expressed in this report may be less than one hundred percent, those percentages do not necessarily indicate that the Association's reserves are inadequately funded.

**Percent Funded Status**

Based on paragraphs 1 - 3 above, the Association is 105.3% funded. The following scale can be used as a measure to determine the Association's financial picture whereas the lower the percentage, the higher the likelihood of the Association requiring a special assessment, or other large increases to the reserve contribution in the future.



## Methodology

The above recommended reserve contribution for the next fiscal year (and future fiscal years as outlined in *Section III, Reserve Fund Balance Forecast*) was developed using the Cash Flow method. This is a method of developing a reserve funding plan where the contributions to the reserve fund are designed 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.

## Funding Goals

The funding goal employed for Pine Forest Owners' Association is

**Threshold Funding:** Establishing a Reserve funding goal of keeping the Reserve balance above a specified dollar or Percent Funded amount. Depending on the threshold, this may be more or less conservative than "Fully Funding."

## Limitations

The intention of the Reserve Study is to forecast the Association's ability to repair or replace major components as they wear out in future years. The Reserve Study is not an engineering report, and no destructive testing was performed. The costs outlined in the study are for budgetary and planning purposes only, and actual bid costs would depend upon the defined scope of work at the time repairs are made. Also, any latent defects are excluded from this report.

## Statutory Disclosures

### Compliance

The Reserve Study was conducted pursuant to *Sections 5300 and 5550* of the California Civil Code.

### Open Meeting

California *Civil Code Section 5560* says (in part):

The (Reserve Funding) plan shall be adopted by the board of directors at an open meeting before the membership of the association as described in *Article 2 (commencing with Section 4900) of Chapter 6*. If the board of directors determines that an assessment increase is necessary to fund the reserve funding plan, any increase shall be approved in a separate action of the board that is consistent with the procedure described in *Section 5605*.

## Supplemental Disclosures

### General:

BRG has no other involvement(s) with the Association which could result in actual or perceived conflicts of interest.

### Personnel Credentials:

BRG is a licensed general building contractor in California, #768851, and the owner, Robert W Browning, holds the Reserve Specialist designation, #46 from the Community Associations Institute.



**Completeness:**

BRG has found no material issues which, if not disclosed, would cause a distortion of the Association's situation.

**Reliance on Client Data:**

Information provided by the official representative of the Association regarding financial, physical, quantity, or historical issues will be deemed reliable by BRG.

**Scope:**

This Reserve Study is a reflection of information provided to BRG and assembled for the Association's use, not for the purpose of performing an audit, quality/forensic analysis, health and safety inspection, or background checks of historical records.

**Reserve Balance:**

The actual beginning reserve fund balance in this Reserve Study is based upon information provided and was not audited.

**Reserve Projects:**

Information provided about reserve projects will be considered reliable. Any on-site inspection should not be considered a project audit, quality inspection, or health and safety review.

**Component Quantities:**

The Association warrants the previously developed component quantities are accurate and reliable.



*Browning Reserve Group, LLC*



**Section II**  
 Pine Forest Owners' Association  
**30 Year Expense Forecast - Detailed**  
 Second Draft  
 Prepared for the 2022/2023 Fiscal Year

Reserve Component	Current Replacement		Life Useful /															
	Cost	Remaining	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	
<b>01000 - Paving</b>																		
100 - Asphalt: Sealing 199,701 sf Streets	41,937	3	4				46,291			49,850			53,683			57,811		
200 - Asphalt: Ongoing Repairs 199,701 sf Streets (1%)	8,745	3	4				9,653			10,395			11,194			12,055		
201 - Asphalt: Ongoing Repairs Streets (2022 Only)[nr:1]	2,796	2	0	2,796														
213 - Asphalt: Crackfill Streets[nr:3]	8,000	1	1		8,200	8,405	8,615											
340 - Asphalt: Overlay 199,701 sf Streets- A (50%)	269,596	20	10										345,106					
350 - Asphalt: Overlay 199,701 sf Streets- B (50%)	269,596	20	13														371,642	
<b>Total 01000 - Paving</b>	<b>600,671</b>			<b>2,796</b>	<b>8,200</b>	<b>8,405</b>	<b>8,615</b>	<b>55,944</b>		<b>60,245</b>			<b>409,984</b>			<b>441,508</b>		
<b>02000 - Concrete</b>																		
100 - Repair Mailbox Pedestal	15,000	30	6							17,395								
<b>Total 02000 - Concrete</b>	<b>15,000</b>									<b>17,395</b>								
<b>18000 - Landscaping</b>																		
460 - Defensible Space Common Area Defensible Space	21,850	3	2			22,956			24,721			26,622		28,669			30,873	
<b>Total 18000 - Landscaping</b>	<b>21,850</b>					<b>22,956</b>			<b>24,721</b>			<b>26,622</b>		<b>28,669</b>			<b>30,873</b>	
<b>21000 - Signage</b>																		
792 - Monument 2 Comstock Drive Northwest & Southwest	15,290	18	9									19,095						
794 - Monument Comstock Drive Northwest & Southwest	1,310	3	1		1,343		1,446			1,557			1,677			1,806		
<b>Total 21000 - Signage</b>	<b>16,600</b>				<b>1,343</b>		<b>1,446</b>			<b>1,557</b>			<b>19,095</b>	<b>1,677</b>		<b>1,806</b>		
<b>29000 - Infrastructure</b>																		
900 - Miscellaneous Storm Drain System	10,925	10	6							12,670								
<b>Total 29000 - Infrastructure</b>	<b>10,925</b>									<b>12,670</b>								
<b>30000 - Miscellaneous</b>																		
220 - Mailbox Clusters 8 Mailbox Clusters	22,400	25	6							25,977								
<b>Total 30000 - Miscellaneous</b>	<b>22,400</b>									<b>25,977</b>								
<b>Total Expenditures Inflated @ 2.50%</b>				<b>2,796</b>	<b>9,543</b>	<b>31,361</b>	<b>8,615</b>	<b>57,390</b>	<b>24,721</b>	<b>56,042</b>	<b>61,802</b>	<b>26,622</b>	<b>19,095</b>	<b>411,661</b>	<b>28,669</b>	<b>0</b>	<b>443,313</b>	<b>30,873</b>
<b>Total Current Replacement Cost</b>	<b>687,446</b>																	

Reserve Component	2036/37	2037/38	2038/39	2039/40	2040/41	2041/42	2042/43	2043/44	2044/45	2045/46	2046/47	2047/48	2048/49	2049/50	2050/51
<b>01000 - Paving</b>															
100 - Asphalt: Sealing 199,701 sf Streets		62,256			67,043			72,198			77,749				83,727
200 - Asphalt: Ongoing Repairs 199,701 sf Streets (1%)		12,982			13,980			15,055			16,213				17,459
201 - Asphalt: Ongoing Repairs Streets (2022 Only)[nr:1]															
213 - Asphalt: Crackfill Streets[nr:3]															
340 - Asphalt: Overlay 199,701 sf Streets- A (50%)															
350 - Asphalt: Overlay 199,701 sf Streets- B (50%)															
Total 01000 - Paving		75,238			81,023			87,253			93,962				101,187
<b>02000 - Concrete</b>															
100 - Repair Mailbox Pedestal															
Total 02000 - Concrete															
<b>18000 - Landscaping</b>															
460 - Defensible Space Common Area Defensible Space			33,247			35,804			38,557			41,521			44,714
Total 18000 - Landscaping			33,247			35,804			38,557			41,521			44,714
<b>21000 - Signage</b>															
792 - Monument 2 Comstock Drive Northwest & Southwest													29,782		
794 - Monument Comstock Drive Northwest & Southwest		1,945			2,094			2,255			2,429				2,615
Total 21000 - Signage		1,945			2,094			2,255			2,429		29,782		2,615
<b>29000 - Infrastructure</b>															
900 - Miscellaneous Storm Drain System												20,761			
Total 29000 - Infrastructure												20,761			
<b>30000 - Miscellaneous</b>															
220 - Mailbox Clusters 8 Mailbox Clusters															
Total 30000 - Miscellaneous															
<b>Total Expenditures Inflated @ 2.50%</b>	0	93,401	33,247	0	83,117	35,804	0	89,508	38,557	0	96,391	62,282	29,782	103,802	44,714

	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>	<b>2029/30</b>	<b>2030/31</b>
<b>Beginning Balance</b>	257,532	312,707	363,606	394,924	451,321	461,068	505,512	520,759	532,038	580,697
<b>Inflated Expenditures @ 2.5%</b>	2,796	9,543	31,361	8,615	57,390	24,721	56,042	61,802	26,622	19,095
<b>Reserve Contribution</b>	51,627	52,918	54,241	55,597	56,987	58,412	59,872	61,369	62,903	64,476
<i>Lots/month @ 118</i>	36.46	37.37	38.31	39.26	40.25	41.25	42.28	43.34	44.42	45.53
<i>Percentage Increase</i>		2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
<b>Special Assessments / Other</b>	0	0	0	0	0	0	0	0	0	0
<b>Interest Pre Tax @ 2.25%</b>	6,344	7,524	8,439	9,414	10,150	10,753	11,417	11,712	12,379	13,576
<b>Ending Balance</b>	312,707	363,606	394,924	451,321	461,068	505,512	520,759	532,038	580,697	639,655

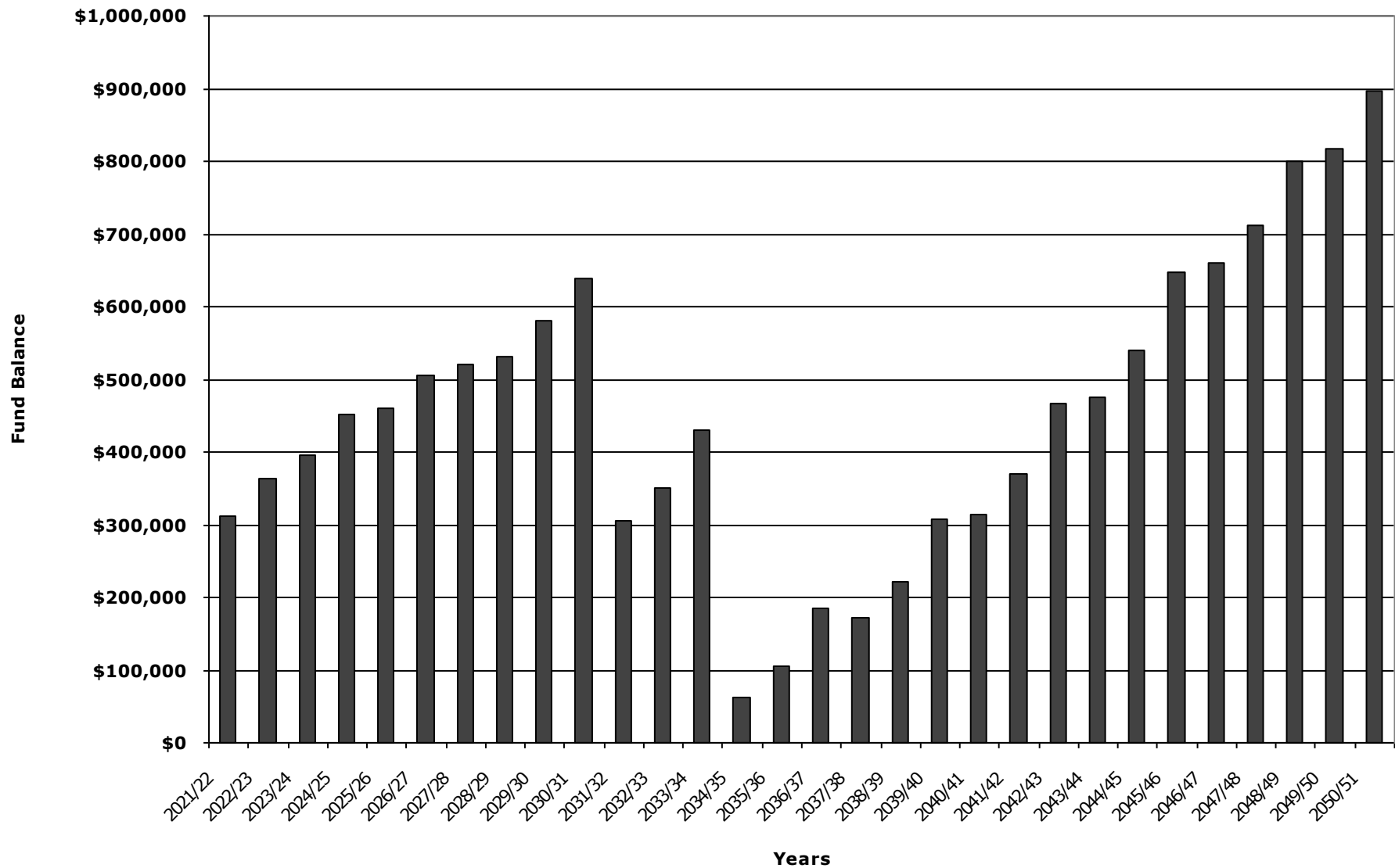
  

	<b>2031/32</b>	<b>2032/33</b>	<b>2033/34</b>	<b>2034/35</b>	<b>2035/36</b>	<b>2036/37</b>	<b>2037/38</b>	<b>2038/39</b>	<b>2039/40</b>	<b>2040/41</b>
<b>Beginning Balance</b>	639,655	304,587	350,950	429,062	62,386	106,338	184,345	171,545	221,225	307,631
<b>Inflated Expenditures @ 2.5%</b>	411,661	28,669	0	443,313	30,873	0	93,401	33,247	0	83,117
<b>Reserve Contribution</b>	66,088	67,740	69,434	71,170	72,949	74,773	76,642	78,558	80,522	82,535
<i>Lots/month @ 118</i>	46.67	47.84	49.04	50.26	51.52	52.81	54.13	55.48	56.87	58.29
<i>Percentage Increase</i>	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
<b>Special Assessments / Other</b>	0	0	0	0	0	0	0	0	0	0
<b>Interest Pre Tax @ 2.25%</b>	10,505	7,293	8,678	5,467	1,877	3,234	3,959	4,370	5,883	6,915
<b>Ending Balance</b>	304,587	350,950	429,062	62,386	106,338	184,345	171,545	221,225	307,631	313,964

	<b>2041/42</b>	<b>2042/43</b>	<b>2043/44</b>	<b>2044/45</b>	<b>2045/46</b>	<b>2046/47</b>	<b>2047/48</b>	<b>2048/49</b>	<b>2049/50</b>	<b>2050/51</b>
<b>Beginning Balance</b>	313,964	370,371	466,393	476,252	540,105	646,689	660,558	711,650	799,239	816,487
<b>Inflated Expenditures @ 2.5%</b>	35,804	0	89,508	38,557	0	96,391	62,282	29,782	103,802	44,714
<b>Reserve Contribution</b>	84,598	86,713	88,881	91,103	93,381	95,716	98,109	100,562	103,076	105,653
<i>Lots/month @ 118</i>	59.74	61.24	62.77	64.34	65.95	67.60	69.29	71.02	72.79	74.61
<i>Percentage Increase</i>	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
<b>Special Assessments / Other</b>	0	0	0	0	0	0	0	0	0	0
<b>Interest Pre Tax @ 2.25%</b>	7,613	9,309	10,487	11,307	13,203	14,543	15,266	16,808	17,975	19,057
<b>Ending Balance</b>	370,371	466,393	476,252	540,105	646,689	660,558	711,650	799,239	816,487	896,483

**30 Year Reserve Funding Plan Cash Flow Method - Ending Balances**



**30 Year Reserve Funding Plan Including Fully Funded Balance and % Funded**

Second Draft

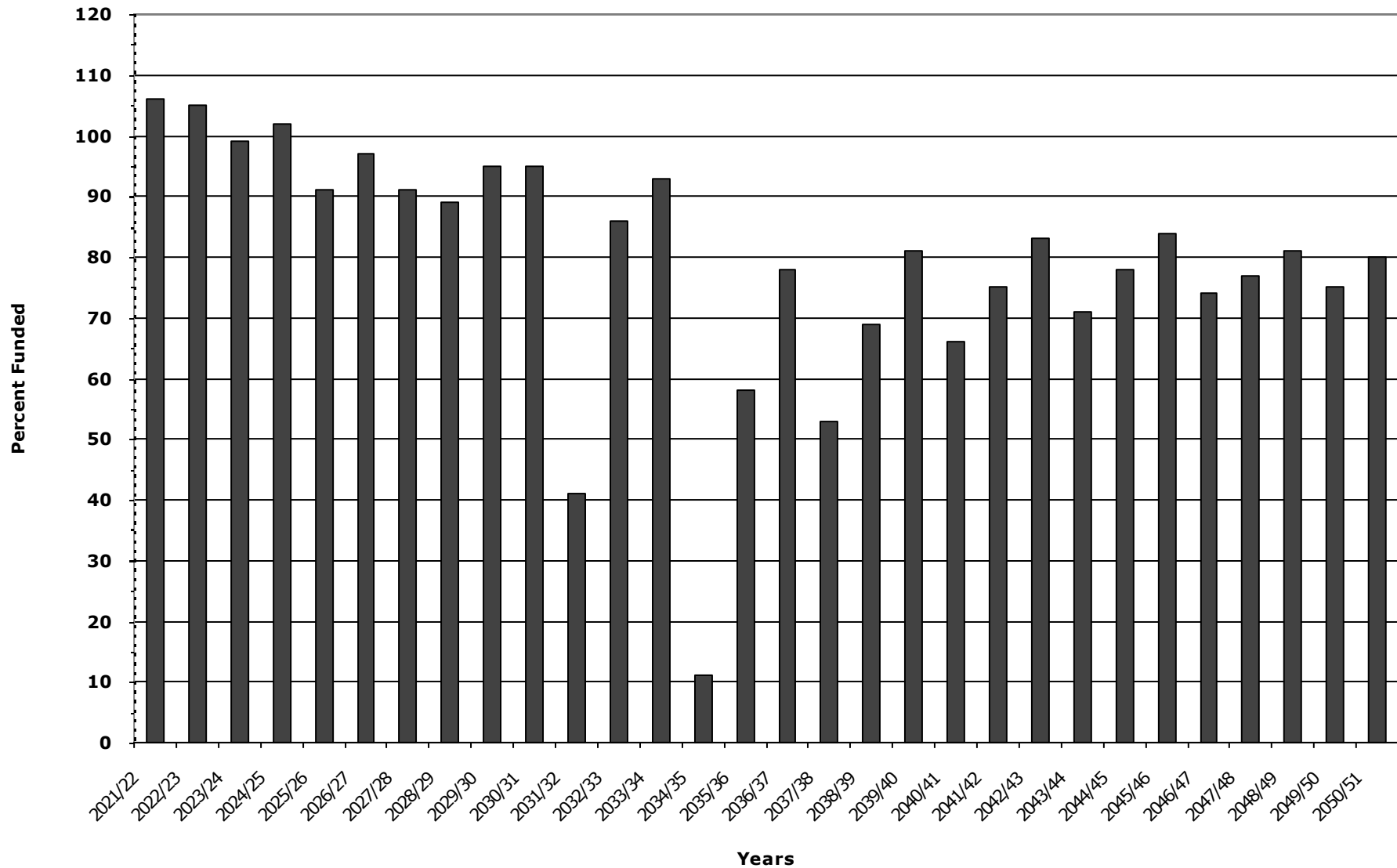
Prepared for the 2022/2023 Fiscal Year

<i>Year</i>	<i>Beginning Balance</i>	<i>Fully Funded Balance</i>	<i>Percent Funded</i>	<i>Inflated Expenditures @ 2.50%</i>	<i>Reserve Contribution</i>	<i>Special Assessments &amp; Other Contributions</i>	<i>Interest</i>	<i>Ending Balance</i>
2021/22	257,532	295,285	105.9%	2,796	51,627	0	6,344	312,707
2022/23	312,707	345,467	105.3%	9,543	52,918	0	7,524	363,606
2023/24	363,606	397,107	99.5%	31,361	54,241	0	8,439	394,924
2024/25	394,924	442,638	102.0%	8,615	55,597	0	9,414	451,321
2025/26	451,321	505,486	91.2%	57,390	56,987	0	10,150	461,068
2026/27	461,068	521,426	96.9%	24,721	58,412	0	10,753	505,512
2027/28	505,512	572,803	90.9%	56,042	59,872	0	11,417	520,759
2028/29	520,759	594,952	89.4%	61,802	61,369	0	11,712	532,038
2029/30	532,038	613,383	94.7%	26,622	62,903	0	12,379	580,697
2030/31	580,697	670,007	95.5%	19,095	64,476	0	13,576	639,655
2031/32	639,655	737,477	41.3%	411,661	66,088	0	10,505	304,587
2032/33	304,587	406,010	86.4%	28,669	67,740	0	7,293	350,950
2033/34	350,950	460,625	93.1%	0	69,434	0	8,678	429,062
2034/35	429,062	547,837	11.4%	443,313	71,170	0	5,467	62,386
2035/36	62,386	184,725	57.6%	30,873	72,949	0	1,877	106,338
2036/37	106,338	237,226	77.7%	0	74,773	0	3,234	184,345
2037/38	184,345	324,674	52.8%	93,401	76,642	0	3,959	171,545
2038/39	171,545	320,609	69.0%	33,247	78,558	0	4,370	221,225
2039/40	221,225	380,189	80.9%	0	80,522	0	5,883	307,631
2040/41	307,631	477,479	65.8%	83,117	82,535	0	6,915	313,964
2041/42	313,964	494,199	74.9%	35,804	84,598	0	7,613	370,371
2042/43	370,371	562,084	83.0%	0	86,713	0	9,309	466,393
2043/44	466,393	670,671	71.0%	89,508	88,881	0	10,487	476,252
2044/45	476,252	692,589	78.0%	38,557	91,103	0	11,307	540,105
2045/46	540,105	769,703	84.0%	0	93,381	0	13,203	646,689
2046/47	646,689	890,749	74.2%	96,391	95,716	0	14,543	660,558
2047/48	660,558	918,565	77.5%	62,282	98,109	0	15,266	711,650
2048/49	711,650	984,647	81.2%	29,782	100,562	0	16,808	799,239
2049/50	799,239	1,088,368	75.0%	103,802	103,076	0	17,975	816,487
2050/51	816,487	1,121,551	79.9%	44,714	105,653	0	19,057	896,483

**30 Year Reserve Funding Plan Cash Flow Method - Percent Funded**

Second Draft

Prepared for the 2022/2023 Fiscal Year



**Reserve Fund Balance Forecast Component Method**

Second Draft

Prepared for the 2022/2023 Fiscal Year

<i>Reserve Component</i>	<i>Current Repl. Cost</i>	<i>Useful Life</i>	<i>Remaining Life</i>	<i>Estimated Future Replacement Costs</i>	<i>Per Year</i>	<i>2021/2022 Fully Funded Balance</i>	<i>2022/2023 Fully Funded Balance</i>	<i>% Per Year Straight Line</i>	<i>2022/2023 Line Item Contribution based on Cash Flow Method</i>
<b>01000 - Paving</b>									
100 - Asphalt: Sealing 199,701 sf Streets	41,937	3	4	46,291	9,258	8,387	10,746	14.66%	7,755
200 - Asphalt: Ongoing Repairs 199,701 sf Streets (1%)	8,745	3	4	9,653	1,931	1,749	2,241	3.06%	1,617
201 - Asphalt: Ongoing Repairs Streets (2022 Only)[nr:1]	2,796	2	0	0	0	2,796	0	0.00%	0
213 - Asphalt: Crackfill Streets[nr:3]	8,000	1	1	8,200	4,100	4,000	8,200	6.49%	3,434
340 - Asphalt: Overlay 199,701 sf Streets- A (50%)	269,596	20	10	345,106	17,255	134,798	151,985	27.31%	14,454
350 - Asphalt: Overlay 199,701 sf Streets- B (50%)	269,596	20	13	371,642	18,582	94,359	110,535	29.41%	15,566
Sub-total [01000 - Paving]	600,671			780,891	51,126	246,089	283,707	80.93%	42,827
<b>02000 - Concrete</b>									
100 - Repair Mailbox Pedestal	15,000	30	6	17,395	580	12,000	12,813	0.92%	486
<b>18000 - Landscaping</b>									
460 - Defensible Space Common Area Defensible Space	21,850	3	2	22,956	7,652	7,283	14,931	12.11%	6,410
<b>21000 - Signage</b>									
792 - Monument 2 Comstock Drive Northwest & Southwest	15,290	18	9	19,095	1,061	7,645	8,707	1.68%	889
794 - Monument Comstock Drive Northwest & Southwest	1,310	3	1	1,343	448	873	1,343	0.71%	375
Sub-total [21000 - Signage]	16,600			20,438	1,508	8,518	10,050	2.39%	1,264
<b>29000 - Infrastructure</b>									
900 - Miscellaneous Storm Drain System	10,925	10	6	12,670	1,267	4,370	5,599	2.01%	1,061
<b>30000 - Miscellaneous</b>									
220 - Mailbox Clusters 8 Mailbox Clusters	22,400	25	6	25,977	1,039	17,024	18,368	1.64%	870



<i>Reserve Component</i>	<i>Current Repl. Cost</i>	<i>Useful Life</i>	<i>Remaining Life</i>	<i>Estimated Future Replacement Costs</i>	<i>Per Year</i>	<i>2021/2022 Fully Funded Balance</i>	<i>2022/2023 Fully Funded Balance</i>	<i>% Per Year Straight Line</i>	<i>2022/2023 Line Item Contribution based on Cash Flow Method</i>
						[A]	[B]		
<b>Totals</b>	<b>687,446</b>			<b>880,328</b>	<b>63,172</b>	<b>295,285</b>	<b>345,467</b>	<b>100.00%</b>	<b>52,918</b>
						[EndBal]	[EndBal]		
						[A]	[B]		
<b>Percent Funded</b>						<b>106%</b>	<b>105%</b>		

**01000 - Paving**

100 - Asphalt: Sealing	Useful Life 3	Remaining Life 4	
199,701 sf Streets	Quantity 199,701	Unit of Measure Square Feet	
	Cost /SqFt \$0.210		
	% Included 100.00%	Total Cost/Study \$41,937	
Summary	Replacement Year 2025/2026	Future Cost \$46,291	

This is to prepare the surface and apply a single coat asphalt emulsion product. If a second coat is desired the cost is generally 10% to 20% higher. Includes crackfill.

community streets- 182,754 sf  
Comstock Drive path- 16,942 sf

2021/2022- Remaining life extended from 2021/2022 to 2022/2023 per client. Later client directed to delay further the sealing and increase yearly crackfill instead. BRG has done that for one seal cycle.

2020/2021- Per client 5/26/2021, Board obtaining bids, may take place in 2020/2021, but not confirmed. Per client 6/18/2021, remaining life extended to 2021/2022.  
2018/2019- \$29,656 expended to seal in 2016/2017 per client provided info.



**01000 - Paving**

200 - Asphalt: Ongoing Repairs	Useful Life 3	Remaining Life 4	
199,701 sf Streets (1%)	Quantity 199,701	Unit of Measure Square Feet	
	Cost /SqFt \$4.38	Qty * \$/SqFt \$874,500	
	% Included 1.00%	Total Cost/Study \$8,745	
Summary	Replacement Year 2025/2026	Future Cost \$9,653	

This is for miscellaneous repairs including crackfill, skin patching and minor dig out & fill. Cracks 1/4" or wider should be filled when observed.

2021/2022- \$2,796 was expended for asphalt patching for the pathway, an additional \$8,745 is anticipated expenditure for crackfill per client.  
 2020/2021- \$3,895 expended in 2019/2020 per client 5/26/2021. Per client 6/18/2021, remaining life extended to 2021/2022.  
 2018/2019- No repairs in 2018/2019 per client provided info.



201 - Asphalt: Ongoing Repairs	Useful Life 2	Remaining Life 0	Treatment [nr:1]
Streets (2022 Only)	Quantity 1	Unit of Measure Lump Sum	
	Cost /LS \$2,796		
	% Included 100.00%	Total Cost/Study \$2,796	
Summary	Replacement Year 2021/2022	Future Cost \$2,796	

This is for the \$2,796 expenditure for asphalt patching for the pathway.

213 - Asphalt: Crackfill	Useful Life 1	Remaining Life 1	Treatment [nr:3]
Streets	Quantity 1	Unit of Measure Lump Sum	
	Cost /LS \$8,000		
	% Included 100.00%	Total Cost/Study \$8,000	
Summary	Replacement Year 2022/2023	Future Cost \$8,200	

This is to clean cracks and fill with a premium hot rubberized crack filler. Cracks 1/4" or wider should be filled when observed.

2021/2022- This has been added per client to delay the cyclic seal coats.

**01000 - Paving**

340 - Asphalt: Overlay	Useful Life 20	Remaining Life 10	
199,701 sf Streets- A (50%)	Quantity 199,701	Unit of Measure Square Feet	
	Cost /SqFt \$2.70	Qty * \$/SqFt \$539,193	
	% Included 50.00%	Total Cost/Study \$269,596	
Summary	Replacement Year 2031/2032	Future Cost \$345,106	

This is to overlay the existing asphalt surface with 1.5" of new hot mix asphalt. Generally this includes edge grinding and utility box extensions. The major paving rehab method will be determined as the paving ages.

2021/2022- This is being staged into two 50% sections, to be done over the sealing cycles.



350 - Asphalt: Overlay	Useful Life 20	Remaining Life 13	
199,701 sf Streets- B (50%)	Quantity 199,701	Unit of Measure Square Feet	
	Cost /SqFt \$2.70	Qty * \$/SqFt \$539,193	
	% Included 50.00%	Total Cost/Study \$269,596	
Summary	Replacement Year 2034/2035	Future Cost \$371,642	

This is to overlay the existing asphalt surface with 1.5" of new hot mix asphalt. Generally this includes edge grinding and utility box extensions. The major paving rehab method will be determined as the paving ages.

2021/2022- This is being staged into two 50% sections, to be done over the sealing cycles.

**02000 - Concrete**

100 - Repair	Useful Life 30	Remaining Life 6	
Mailbox Pedestal	Quantity 1	Unit of Measure Lump Sum	
	Cost /LS \$15,000	Total Cost/Study \$15,000	
	% Included 100.00%	Future Cost \$17,395	
Summary	Replacement Year 2027/2028		

This is to cut, grind or repair concrete flatwork to remove or minimize vertical displacements and to maintain functionality.

2021/2022- Added to study. Per client, the concrete is failing at the mailbox location and this should be done in conjunction with the mailbox replacements. As such, the remaining life is being extended, and the remaining life for the mailboxes is being shortened.

**18000 - Landscaping**

460 - Defensible Space	Useful Life 3	Remaining Life 2	
Common Area Defensible Space	Quantity 1	Unit of Measure	Lump Sum
	Cost /LS	\$21,850	
	% Included	100.00%	Total Cost/Study \$21,850
Summary	Replacement Year	2023/2024	Future Cost \$22,956

This is to maintain the defensible space perimeter around buildings and structures. This may include vegetation management, fuel reduction, tree pruning, fire breaks, etc.

2020/2021- \$9,650 expended.  
 2019/2020- \$32,858 expended.  
 2018/2019- \$20,000 expended, \$20,000 anticipated in 2019/20, \$20,000 anticipated every 3 years ongoing, per client.



**21000 - Signage**

792 - Monument	Useful Life 18	Remaining Life 9	
2 Comstock Drive Northwest & Southwest	Quantity 2	Unit of Measure	Items
	Cost /Itm	\$7,645	
	% Included	100.00%	Total Cost/Study \$15,290
Summary	Replacement Year	2030/2031	Future Cost \$19,095

This is to replace the painted wood and slate custom identity monument sign.



**21000 - Signage**

794 - Monument	Useful Life 3	Remaining Life 1	
Comstock Drive Northwest & Southwest	Quantity 1	Unit of Measure	Items
	Cost /Itm \$1,310		
	% Included 100.00%	Total Cost/Study	\$1,310
Summary	Replacement Year 2022/2023	Future Cost	\$1,343

This is to maintain the monument signs. Maintenance may include painting, stone repairs, sealing of stone and re-letting

2021/2022- Remaining life extended from 2021/2022 to 2022/2023 per client.  
 2018/2019- \$782 expended to paint in 2015 per client provided info. The sign is in great need of painting and should be kept sealed at all times.



**29000 - Infrastructure**

900 - Miscellaneous	Useful Life 10	Remaining Life 6	
Storm Drain System	Quantity 1	Unit of Measure	Lump Sum
	Cost /LS \$10,925		
	% Included 100.00%	Total Cost/Study	\$10,925
Summary	Replacement Year 2027/2028	Future Cost	\$12,670

This is to maintain water runoff from the community streets thru a system comprised of swales, cobble, culverts, pipe, grates, inlets, curbing, gutters and detention ponds. Maintenance may include pipe wash-out, pipe and swale debris and vegetative growth removal, re-grading areas of failure, culvert repairs, etc. The majority of the system should have a useful life exceeding that of the 30 year reserve study.

2020/2021- \$19,703 expended for swale work.  
 2019/2020- \$18,479 expended for swale repair work.  
 2018/2019- \$9,587 expended in 2018 to remove debris from swales per client provided info.



**30000 - Miscellaneous**

220 - Mailbox Clusters	Useful Life 25	Remaining Life 6	
8 Mailbox Clusters	Quantity 8	Unit of Measure	Items
	Cost /Itm \$2,800		
	% Included 100.00%	Total Cost/Study	\$22,400
Summary	Replacement Year 2027/2028	Future Cost	\$25,977

This is to replace the mailbox clusters. Locks and hinges should be lubricated with a Teflon lubricant every three months.

- 7- 6 slot 2 parcel
- 1- 8 slot 4 parcel

2021/2022- Added as a component of the reserve study. BRG has increased the pricing, and decreased the remaining life so this syncs with the concrete flatwork to be done with this replacement.



<i>Component</i>	<i>Current Replacement Cost</i>	<i>Useful Life</i>	<i>Remaining Life</i>	<i>Quantity</i>	<i>Cost/ U of M</i>	<i>Treatment</i>	<i>Location</i>
<b>01000 - Paving</b>							
100 - Asphalt: Sealing	\$41,937	3	4	199,701	\$.21/SqFt		Streets
200 - Asphalt: Ongoing Repairs	\$8,745	3	4	199,701	\$4.38/SqFt (1%)		Streets
201 - Asphalt: Ongoing Repairs	\$2,796	2	0	1	\$2,796/LS [nr:1]		Streets (2022 Only)
213 - Asphalt: Crackfill	\$8,000	1	1	1	\$8,000/LS [nr:3]		Streets
340 - Asphalt: Overlay	\$269,596	20	10	199,701	\$2.70/SqFt (50%)		Streets- A
350 - Asphalt: Overlay	\$269,596	20	13	199,701	\$2.70/SqFt (50%)		Streets- B
<b>02000 - Concrete</b>							
100 - Repair	\$15,000	30	6	1	\$15,000/LS		Mailbox Pedestal
<b>18000 - Landscaping</b>							
460 - Defensible Space	\$21,850	3	2	1	\$21,850/LS		Common Area Defensible Space
<b>21000 - Signage</b>							
792 - Monument	\$15,290	18	9	2	\$7,645/Itm		Comstock Drive Northwest & Southwest
794 - Monument	\$1,310	3	1	1	\$1,310/Itm		Comstock Drive Northwest & Southwest
<b>29000 - Infrastructure</b>							
900 - Miscellaneous	\$10,925	10	6	1	\$10,925/LS		Storm Drain System
<b>30000 - Miscellaneous</b>							
220 - Mailbox Clusters	\$22,400	25	6	8	\$2,800/Itm		Mailbox Clusters



<i>Reserve Component</i>	<i>Life Useful</i>	<i>Current Replacement Cost</i>	<i>Forecast Inflated Cost @ 2.50%</i>
<b>2021/22</b>			
<b>01000 - Paving</b>			
201 - Asphalt: Ongoing Repairs Streets (2022 Only)[nr:1]	2	2,796	
Total 2021/22:		2,796	
<b>2022/23</b>			
<b>01000 - Paving</b>			
213 - Asphalt: Crackfill Streets[nr:3]	1	8,000	8,200
<b>21000 - Signage</b>			
794 - Monument Comstock Drive Northwest & Southwest	3	1,310	1,343
Total 2022/23:		9,310	9,543
<b>2023/24</b>			
<b>01000 - Paving</b>			
213 - Asphalt: Crackfill Streets[nr:3]	1	8,000	8,405
<b>18000 - Landscaping</b>			
460 - Defensible Space Common Area Defensible Space	3	21,850	22,956
Total 2023/24:		29,850	31,361

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This report is intended to assist the auditor while preparing the audit, review or compilation of Pine Forest Owners' Association's (the "Association") financial documents.

Browning Reserve Group, LLC ("BRG") prepared a reserve study for the Association during the 2021/2022 fiscal year. This was done to help determine the Association's reserve contribution for the next fiscal year (2022/2023) and future fiscal years. In addition, BRG prepared the proper statutory disclosures for distribution to the Association members.

This Reserve Study is an Update w/ Site Visit Review. An **Update With Site-Visit Review** is a reserve study update in which the following tasks are performed:

- development of a reserve component inventory (verification only, not quantification);
- condition assessment based upon on-site visual observation;
- life and valuation estimates;
- fund status;
- and a funding plan. Please note, in order to complete these study tasks, one or more visits were conducted by BRG to Pine Forest Owners' Association.

For BRG reserve studies, the year in which the study is being conducted, is the first year of the study. For example, this study is being prepared during 2021/2022 and is the Association's first year in the study. This enables BRG to use a starting point which ties to the last audited financial statement, September 30, 2021. You will notice in Section III, Reserve Fund Balance Forecast, a Beginning Reserve Balance of \$257,532 is being used which ties to the last completed audit or review of the Association's financial statements. BRG then re-builds the first year of the study, in this case 2021/2022, and estimates an ending reserve fund balance. Again, see Section III and the 2021/2022 ending reserve balance estimate of \$312,707.

"Re-building" the first year of the study as mentioned above simply means using the 2021/2022 adopted budget for the 2021/2022 reserve contribution. Finally, the 2021/2022 reserve expenses both actual and projected are estimated.

We find by using the above method a more accurate reserve study is possible because the beginning reserve fund balance ties directly to the Association's audited financial statement or, in the absence of an audit or review, the year end balance sheet. There is no need to rely on others for determining mid year reserve balances or estimating current year ending reserve balances. This approach forces all involved, to look at the current year's reserve fund activities so a more accurate ending reserve fund balance can be estimated.

With respect to the reserve component Percent Funded values on the next page(s), here are the calculations:

$$\text{FFB} = \text{Year Cost} \times \text{Year Effective Age} / \text{Useful Life}$$
$$\% \text{ Funded} = \text{Year Estimated Ending Reserve Balance} / \text{Year FFB}$$

Please see Section V - Reserve Fund Balance Forecast.

*Browning Reserve Group, LLC*

<i>Reserve Component</i>	<i>Current Repl. Cost</i>	<i>Useful Life</i>	<i>Remaining Life</i>	<i>2021/2022 Fully Funded Balance</i>	<i>2022/2023 Fully Funded Balance</i>	<i>2022/2023 Line Item Contribution based on Cash Flow Method</i>
<b>01000 - Paving</b>						
100 - Asphalt: Sealing 199,701 sf Streets	41,937	3	4	8,387	10,746	7,755
200 - Asphalt: Ongoing Repairs 199,701 sf Streets (1%)	8,745	3	4	1,749	2,241	1,617
201 - Asphalt: Ongoing Repairs Streets (2022 Only)[nr:1]	2,796	2	0	2,796	0	0
213 - Asphalt: Crackfill Streets[nr:3]	8,000	1	1	4,000	8,200	3,434
340 - Asphalt: Overlay 199,701 sf Streets- A (50%)	269,596	20	10	134,798	151,985	14,454
350 - Asphalt: Overlay 199,701 sf Streets- B (50%)	269,596	20	13	94,359	110,535	15,566
<b>02000 - Concrete</b>						
100 - Repair Mailbox Pedestal	15,000	30	6	12,000	12,813	486
<b>18000 - Landscaping</b>						
460 - Defensible Space Common Area Defensible Space	21,850	3	2	7,283	14,931	6,410
<b>21000 - Signage</b>						
792 - Monument 2 Comstock Drive Northwest & Southwest	15,290	18	9	7,645	8,707	889
794 - Monument Comstock Drive Northwest & Southwest	1,310	3	1	873	1,343	375
<b>29000 - Infrastructure</b>						
900 - Miscellaneous Storm Drain System	10,925	10	6	4,370	5,599	1,061
<b>30000 - Miscellaneous</b>						
220 - Mailbox Clusters 8 Mailbox Clusters	22,400	25	6	17,024	18,368	870
<b>Totals</b>	<b>687,446</b>			<b>295,285</b>	<b>345,467</b>	<b>52,918</b>
				[A]	[B]	
				[EndBal]	[EndBal]	
				[A]	[B]	
<b>Percent Funded</b>				<b>105.90%</b>	<b>105%</b>	

## Terms & Definitions CAI

**CASH FLOW METHOD:** A method of developing a Reserve Funding Plan where contributions to the Reserve fund are designed 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.

**COMPONENT INVENTORY:** The task of selecting and quantifying Reserve Components. This task can be accomplished through on-site visual observations, review of association design and organizational documents, a review of established association precedents, and discussion with appropriate representative(s) of the association or cooperative.

**COMPONENT METHOD:** A method of developing a Reserve Funding Plan where the total contribution is based on the sum of contributions for individual components. See "Cash Flow Method."

**COMPONENT:** The individual line items in the Reserve Study, developed or updated in the Physical Analysis. These elements form the building blocks for the Reserve Study. Components typically are: 1) Association responsibility, 2) with limited Useful Life expectancies, 3) predictable Remaining Useful Life expectancies, 4) above a minimum threshold cost, and 5) as required by local codes.

**CONDITION ASSESSMENT:** The task of evaluating the current condition of the component based on observed or reported characteristics.

**CURRENT REPLACEMENT COST:** See "Replacement Cost."

**DEFICIT:** An actual (or projected) Reserve Balance less than the Fully Funded Balance. The opposite would be a Surplus.

**EFFECTIVE AGE:** The difference between Useful Life and Remaining Useful Life. Not always equivalent to chronological age, since some components age irregularly. Used primarily in computations.

**FINANCIAL ANALYSIS:** The portion of a Reserve Study where current status of the Reserves (measured as cash or Percent Funded) and a recommended Reserve contribution rate (Reserve Funding Plan) are derived, and the projected Reserve income and expense over time is presented. The Financial Analysis is one of the two parts of a Reserve Study.

**FULLY FUNDED BALANCE (FFB):** Total Accrued Depreciation. An indicator against which Actual (or projected) Reserve balance can be compared. The Reserve balance that is in direct proportion to the fraction of life "used up" of the current Repair or Replacement cost. This number is calculated for each component, then summed together for an association total. Two formulae can be utilized, depending on the provider's sensitivity to interest and inflation effects. Note: Both yield identical results when interest and inflation are equivalent.

$$\text{FFB} = \text{Current Cost} \times \text{Effective Age} / \text{Useful Life}$$

or

$$\text{FFB} = (\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) + \\ [(\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) / (1 + \text{Interest Rate}) ^ \text{Remaining Life}] - \\ [(\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) / (1 + \text{Inflation Rate}) ^ \text{Remaining Life}]$$

**FULLY FUNDED:** 100% Funded. When the actual (or projected) Reserve balance is equal to the Fully Funded Balance.

**FUND STATUS:** The status of the reserve fund as compared to an established benchmark such as percent funding.

**FUNDING GOALS:** Independent of methodology utilized, the following represent the basic categories of Funding Plan goals:

**Baseline Funding:** Establishing a Reserve funding goal of keeping the Reserve cash balance above zero.

**Full Funding:** Setting a Reserve funding goal of attaining and maintaining Reserves at or near 100% funded.

**Statutory Funding:** Establishing a Reserve funding goal of setting aside the specific minimum amount of Reserves required by local statutes.

**Threshold Funding:** Establishing a Reserve funding goal of keeping the Reserve balance above a specified dollar or Percent Funded amount. Depending on the threshold, this may be more or less conservative than "Fully Funding."

**FUNDING PLAN:** An association's plan to provide income to a Reserve fund to offset anticipated expenditures from that fund.

**FUNDING PRINCIPLES:**

- Sufficient Funds When Required
- Stable Contribution Rate over the Years
- Evenly Distributed Contributions over the Years
- Fiscally Responsible

**LIFE AND VALUATION ESTIMATES:** The task of estimating Useful Life, Remaining Useful Life, and Repair or Replacement Costs for the Reserve components.

**PERCENT FUNDED:** The ratio, at a particular point of time (typically the beginning of the Fiscal Year), of the *actual (or projected)* Reserve Balance to the *Fully Funded Balance*, expressed as a percentage.

**PHYSICAL ANALYSIS:** The portion of the Reserve Study where the Component Inventory, Condition Assessment, and Life and Valuation Estimate tasks are performed. This represents one of the two parts of the Reserve Study.

**REMAINING USEFUL LIFE (RUL):** Also referred to as "Remaining Life" (RL). The estimated time, in years, that a reserve component can be expected to continue to serve its intended function. Projects anticipated to occur in the initial year have "zero" Remaining Useful Life.

**REPLACEMENT COST:** The cost of replacing, repairing, or restoring a Reserve Component to its original functional condition. The Current Replacement Cost would be the cost to replace, repair, or restore the component during that particular year.

**RESERVE BALANCE:** Actual or projected funds as of a particular point in time that the association has identified for use to defray the future repair or replacement of those major components which the association is obligated to maintain. Also known as Reserves, Reserve Accounts and Cash Reserves. Based upon information provided and not audited.

**RESERVE PROVIDER:** An individual that prepares Reserve Studies.

**RESERVE STUDY:** A budget planning tool which identifies the current status of the Reserve fund and a stable and equitable Funding Plan to offset the anticipated future major common area expenditures. The Reserve Study consists of two parts: the Physical Analysis and the Financial Analysis.

**RESPONSIBLE CHARGE:** A reserve specialist in responsible charge of a reserve study shall render regular and effective supervision to those individuals performing services which directly and materially affect the quality and competence rendered by the reserve specialist. A reserve specialist shall maintain such records as are reasonably necessary to establish that the reserve specialist exercised regular and effective supervision of a reserve study of which he was in responsible charge. A reserve specialist engaged in any of the following acts or practices shall be deemed not to have rendered the regular and effective supervision required herein:

1. The regular and continuous absence from principal office premises from which professional services are rendered; except for performance of field work or presence in a field office maintained exclusively for a specific project;
2. The failure to personally inspect or review the work of subordinates where necessary and appropriate;
3. The rendering of a limited, cursory or perfunctory review of plans or projects in lieu of an appropriate detailed review;
4. The failure to personally be available on a reasonable basis or with adequate advance notice for consultation and inspection where circumstances require personal availability.

**SPECIAL ASSESSMENT:** An assessment levied on the members of an association in addition to regular assessments. Special Assessments are often regulated by governing documents or local statutes.

**SURPLUS:** An actual (or projected) Reserve Balance greater than the Fully Funded Balance. See "Deficit."

**USEFUL LIFE (UL):** Total Useful Life or Depreciable Life. The estimated time, in years, that a reserve component can be expected to serve its intended function if properly constructed in its present application or installation.

*The above terms and definitions are from the Community Associations Institute (CAI) national standards.*

## Terms & Definitions BRG

Browning Reserve Group, LLC reserve studies use several terms that are unique to our reports. Our specialized systems have been developed to offer flexibility in many areas of our reporting. Please see below for definitions of abbreviations and symbols used in many of our reserve studies.

**NR-1 (LIMITED RECURRENCE, 1 TIME):** This signifies a major reserve component recurs for only a fixed number of cycles. Most often used to display a cost in a specific year only, NR-1 signifies the component only occurs one time. An NR-2 means the component will display for two cycles and so on. This makes it easy to enter one-time costs that pop up from time to time, or to display a cost that may be unique at one replacement date only.

**SE-2 (SPREAD EVENLY OVER 2 YEARS):** This signifies the major component, when replaced is spread evenly over 2 or more years. For example if a component will be replaced in year 8 of the study, and there is a SE-2, then the component will be replaced over 2 years, year 8 and year 9. Although the component is split over 2 or more years, each subsequent year will increase by the study's inflation factor. An SE-3 signifies the component is split over three years and so on.

**NSE-2 (SPREAD NON-EVENLY OVER 2 YEARS):** Similar to above, but the spread is not equal in each year. The spread is entered at a different amount for each year in the spread. The total of the spread will always equal 100% of the total replacement cost, excluding inflation.

**% (PERCENT TO INCLUDE):** This signifies that the component is being replaced at less than 100 percent of its replacement cost or quantity. Perhaps a component is replaced partially at each replacement year. Another example would be to do a small portion of the work at each replacement year. Oftentimes wood fencing is replaced over several cycles, and the study will display a percentage of the fence at each replacement cycle.

**DELAYED START (REMAINING LIFE GREATER THAN USEFUL):** In many instances a component's replacement cycle may not begin immediately, so the replacement cycle start is delayed. Delay is accomplished by setting the remaining life greater than the useful life.

**ZERO REMAINING LIFE:** Zero remaining life signifies that the component is replaced in the year which the study is prepared. All replacements are reflected in their replacement year, and the year in which the study is prepared is no different than any other year.





**RESERVE STUDY**

Member Distribution Materials

**Pine Forest Owners' Association**

*Update w/ Site Visit Review*

Second Draft

Published - October 14, 2022

Prepared for the 2022/2023 Fiscal Year

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October 14, 2022

This is a summary of the Reserve Study that has been performed for Pine Forest Owners' Association, (the "Association"). This study was conducted in compliance with California *Civil Code Sections 5300, 5550 and 5560* and is being provided to you, as a member of the Association, as required under these statutes. A full copy is available (through the Association) for review by members of the Association.

The intention of the Reserve Study is to forecast the Association's ability to repair or replace major components as they wear out in future years. This is done utilizing the "Cash Flow Method." This is a method of developing a reserve funding plan where the contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund.

Browning Reserve Group, LLC prepared this Update w/ Site Visit Review for the October 1, 2022 - September 30, 2023 fiscal year.

Pine Forest Owners' Association is a Planned Development with a total of 118 Lots.

The Reserve Study is not an engineering report, and no destructive testing was performed. The costs outlined in the study are for budgetary and planning purposes only, and actual bid costs would depend upon the defined scope of work at the time repairs are made. Also, any latent defects are excluded from this report.

### **Funding Assessment**

Based on the 30 year cash flow projection, the Association's reserves appear adequately funded as the reserve fund ending balances remain positive throughout the replacement of all major components during the next 30 years.

California statute imposes no reserve funding level requirements nor does it address funding level adequacy, and although one or more of the reserve fund percentages expressed in this report may be less than one hundred percent, those percentages do not necessarily indicate that the Association's reserves are inadequately funded.

Pine Forest Owners' Association  
California Member Summary  
Second Draft  
Prepared for the 2022/2023 Fiscal Year

<i>Reserve Component</i>	<i>Current Replacement Cost</i>	<i>Useful Life</i>	<i>Remaining Life</i>	<i>2021/2022 Fully Funded Balance</i>	<i>2022/2023 Fully Funded Balance</i>	<i>2022/2023 Line Item Contribution based on Cash Flow Method</i>
<b>01000 - Paving</b>	<b>600,671</b>	<b>1-20</b>	<b>0-13</b>	<b>246,089</b>	<b>283,707</b>	<b>42,827</b>
<b>02000 - Concrete</b>	<b>15,000</b>	<b>30-30</b>	<b>6-6</b>	<b>12,000</b>	<b>12,813</b>	<b>486</b>
<b>18000 - Landscaping</b>	<b>21,850</b>	<b>3-3</b>	<b>2-2</b>	<b>7,283</b>	<b>14,931</b>	<b>6,410</b>
<b>21000 - Signage</b>	<b>16,600</b>	<b>3-18</b>	<b>1-9</b>	<b>8,518</b>	<b>10,050</b>	<b>1,264</b>
<b>29000 - Infrastructure</b>	<b>10,925</b>	<b>10-10</b>	<b>6-6</b>	<b>4,370</b>	<b>5,599</b>	<b>1,061</b>
<b>30000 - Miscellaneous</b>	<b>22,400</b>	<b>25-25</b>	<b>6-6</b>	<b>17,024</b>	<b>18,368</b>	<b>870</b>
Totals	<b>\$687,446</b>			<b>\$295,285</b>	<b>\$345,467</b>	<b>\$52,918</b>
Estimated Ending Balance				<b>\$312,707</b>	<b>\$363,606</b>	<b>\$37.37</b>
Percent Funded				<b>105.9%</b>	<b>105.3%</b>	/Lot/month @ 118

October 14, 2022

(1) The regular assessment per ownership interest is \_\_\_\_\_ per month for the fiscal year beginning October 1, 2022.

*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

*This disclosure has been prepared by Browning Reserve Group, LLC 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:
N/A	N/A

(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 \$295,285, based in whole or in part on the last reserve study or update prepared by Browning Reserve Group, LLC as of October, 2022. The projected reserve fund cash balance at the end of the current fiscal year is \$312,707 resulting in reserves being 106% 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)
2022/23	\$345,467	\$363,606	105.3%
2023/24	\$397,107	\$394,924	99.5%
2024/25	\$442,638	\$451,321	102.0%
2025/26	\$505,486	\$461,068	91.2%
2026/27	\$521,426	\$505,512	96.9%

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 2.25% per year was the assumed long-term interest rate.

#### Additional Disclosures

**§5565(d)** The current deficiency in reserve funding as of September 30, 2023 is zero dollars 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.*

$$\text{Deficiency} = \frac{2022/2023 \text{ Fully Funded Balance} - 2022/2023 \text{ Reserve Ending Balance}}{\text{Ownership Interest Quantity}}$$

**§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 not anticipate the levy of a special assessment for the repair, replacement, or restoration of the major components.

	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>	<b>2029/30</b>	<b>2030/31</b>
<b>Beginning Balance</b>	257,532	312,707	363,606	394,924	451,321	461,068	505,512	520,759	532,038	580,697
<b>Inflated Expenditures @ 2.5%</b>	2,796	9,543	31,361	8,615	57,390	24,721	56,042	61,802	26,622	19,095
<b>Reserve Contribution</b>	51,627	52,918	54,241	55,597	56,987	58,412	59,872	61,369	62,903	64,476
<i>Lots/month @ 118</i>	36.46	37.37	38.31	39.26	40.25	41.25	42.28	43.34	44.42	45.53
<i>Percentage Increase</i>		2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
<b>Special Assessments / Other</b>	0	0	0	0	0	0	0	0	0	0
<b>Interest Pre Tax @ 2.25%</b>	6,344	7,524	8,439	9,414	10,150	10,753	11,417	11,712	12,379	13,576
<b>Ending Balance</b>	312,707	363,606	394,924	451,321	461,068	505,512	520,759	532,038	580,697	639,655

	<b>2031/32</b>	<b>2032/33</b>	<b>2033/34</b>	<b>2034/35</b>	<b>2035/36</b>	<b>2036/37</b>	<b>2037/38</b>	<b>2038/39</b>	<b>2039/40</b>	<b>2040/41</b>
<b>Beginning Balance</b>	639,655	304,587	350,950	429,062	62,386	106,338	184,345	171,545	221,225	307,631
<b>Inflated Expenditures @ 2.5%</b>	411,661	28,669	0	443,313	30,873	0	93,401	33,247	0	83,117
<b>Reserve Contribution</b>	66,088	67,740	69,434	71,170	72,949	74,773	76,642	78,558	80,522	82,535
<i>Lots/month @ 118</i>	46.67	47.84	49.04	50.26	51.52	52.81	54.13	55.48	56.87	58.29
<i>Percentage Increase</i>	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
<b>Special Assessments / Other</b>	0	0	0	0	0	0	0	0	0	0
<b>Interest Pre Tax @ 2.25%</b>	10,505	7,293	8,678	5,467	1,877	3,234	3,959	4,370	5,883	6,915
<b>Ending Balance</b>	304,587	350,950	429,062	62,386	106,338	184,345	171,545	221,225	307,631	313,964

	<b>2041/42</b>	<b>2042/43</b>	<b>2043/44</b>	<b>2044/45</b>	<b>2045/46</b>	<b>2046/47</b>	<b>2047/48</b>	<b>2048/49</b>	<b>2049/50</b>	<b>2050/51</b>
<b>Beginning Balance</b>	313,964	370,371	466,393	476,252	540,105	646,689	660,558	711,650	799,239	816,487
<b>Inflated Expenditures @ 2.5%</b>	35,804	0	89,508	38,557	0	96,391	62,282	29,782	103,802	44,714
<b>Reserve Contribution</b>	84,598	86,713	88,881	91,103	93,381	95,716	98,109	100,562	103,076	105,653
<i>Lots/month @ 118</i>	59.74	61.24	62.77	64.34	65.95	67.60	69.29	71.02	72.79	74.61
<i>Percentage Increase</i>	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
<b>Special Assessments / Other</b>	0	0	0	0	0	0	0	0	0	0
<b>Interest Pre Tax @ 2.25%</b>	7,613	9,309	10,487	11,307	13,203	14,543	15,266	16,808	17,975	19,057
<b>Ending Balance</b>	370,371	466,393	476,252	540,105	646,689	660,558	711,650	799,239	816,487	896,483