

Reserve Fund Status : 2015-2020 Projected Shortfall with No Assessment Increase

C. Rhodes, 7/12/2014

Projected Reserve Fund Expenses	2014	2015	2016	2017	2018	2019	2020
Unit Painting Costs - 8 bldgs completed/yr (Outyears projected at 3% / year cost increase)	\$41,000	\$42,230	\$43,497	\$44,802	\$46,146	\$47,530	\$48,956
Irrigation System Water Setters & Meters-Continue at 2014 Rate. Target completion date Jan 2017 (\$10K already set aside, est cost \$16-18K)	\$2,568	\$2,568	\$2,568				
Other Projected Costs (Phased mailbox replacement, incl labor @ \$210 each; 95 units over 5 years = \$20,000)	\$0	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	
PROJECTED RESERVE FUND EXPENSES	\$43,568	\$48,798	\$50,065	\$48,802	\$50,146	\$51,530	\$48,956

ASSUMPTIONS & NOTES:

- 2015 Painting, Irrigation Water Setters, and Mailbox Replacement costs are estimated to be \$43,568; total contributions to Reserve Accounts is \$28,248 at current assessment rate. This results in a funding shortfall (amount not covered by yearly assessment) of \$15,320 for the year.
- Washington State has mandated water usage must be metered no later than Jan 2017. It is projected that metering may be required for approx 20 irrigation stations @ up to \$800 each (\$16,000). As of 2014, \$10K has been collected in the Reserve Account to fund this mandated project.
- Painting is slated to continue for the next seven years until 2020. Mailbox Replacement expense is slated to continue for 5 years (2015-2019).
- Average Yearly Reserve Shortfall (Not Covered by Yearly Assessments) = \$20,590

Finding: Unless an assessment increase occurs, the MAJORITY of all current Reserve Funds and future Reserve Contributions will be consumed within the next 7 years as shown in the table below --- leaving no Reserve funds for other major repairs.

PROJECTED RESERVES ENDING BALANCE - 7 YRS WITHOUT ASSESSMENT INCREASE	2014	2015	2016	2017	2018	2019	2020
Div 17 Reserve Acct Beginning Balance (Excludes Interest Earned 2015-2020)	\$ 164,502	\$ 149,182	\$ 128,632	\$ 106,815	\$ 86,261	\$ 64,363	\$ 41,081
Pending Reserve Contributions (at 2014 rate)	\$ 28,248	\$ 28,248	\$ 28,248	\$ 28,248	\$ 28,248	\$ 28,248	\$ 28,248
PROJECTED RESERVE FUND EXPENSES	\$ (43,568)	\$ (48,798)	\$ (50,065)	\$ (48,802)	\$ (50,146)	\$ (51,530)	\$ (48,956)
PROJECTED RESERVE FUND YEARLY SHORTFALL (Amount Not Covered by Annual Contributions at 2014 Rate)	\$ (15,320)	\$ (20,550)	\$ (21,817)	\$ (20,554)	\$ (21,898)	\$ (23,282)	\$ (20,708)
PROJECTED RESERVE ACCOUNT BALANCE AT CURRENT 2014 ASSESSMENT RATE (with NO assessment increase 2015-2020)	\$ 149,182	\$ 128,632	\$ 106,815	\$ 86,261	\$ 64,363	\$ 41,081	\$ 20,373

7 Yr Average Shortfall Ave Per Unit /Yr Ave / Mo

(\$20,589.85) (\$192.43) (\$16.04)

Min. increase needed just to meet shortfall; Does NOT include funds for other future major maint or repair