

GOLDEN CONSULTING GROUP

February 21, 2011

Mike Compton
Treasurer
246 Ginger Lane
Paso Robles, CA 93446

Mike,

Please see the enclosed Annual Update for High Sierra Property Owners Association

The percent funded for High Sierra Property Owners Association at the end of fiscal year 2010, December 31, 2010 is estimated at **54.54%** and based upon the current reserves and the information available it is estimated that the reserve account balance **should 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.

By using the current 30 Year Reserve Funding Plan, a Special Assessment **should not be** necessary to fund the reserves.

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|---|-----------|
| Estimated Inflation Factor Rate | 2.5% |
| Estimated Cash Reserve Balance as of December 31, 2010 (cash on hand) | \$22,696 |
| Estimated Accrual Balance as of December 31, 2010 (cash required) | \$41,616 |
| Estimated Reserve Balance Deficit (cash need minus cash on hand) | -\$18,920 |
| Estimated Reserve Balance Deficit on a Per Unit Basis | -\$ 112 |

The estimated cash reserve balance as of December 31, 2010 is \$22,696 with an average interest rate of .50%

For fiscal year 2011 the annual straight line reserve total is \$6,816. The association has approved an annual reserve contribution for fiscal year 2011 to remain the same at \$5,070 or \$30/per lot. Based on the current reserve funding worksheet in order to ensure the associations projected reserve expenditures we recommend that the association approve minimal annual increases starting in fiscal year 2012 and continuing thru fiscal year 2040. It is estimated that the percent funded for FYE 2011 will be at 60%.

For fiscal year 2012 it is recommended that the Annual Reserve Contribution be increased 5% from \$5,070 to \$5,324 or \$31.50 per lot (See Reserve Worksheet page 1 column 2 annual reserve contribution) This amount is not set in stone for FY 2012, it is recommended that the board review next year annual update for FYE 2011 and make any adjustments at that time based on any deferred maintenance and/or anticipated reserve expenditures.

The anticipated reserve expenditures for fiscal year 2011 is as follows:

Painting: Metal Gates
Painting: WI Stair Railings
Painting: Kiosk Center
Sealing of Signs & Benches
Sealing of Propane Fences
Replace Kiosk Roof Shingles
Replace Lower Well Pump (if needed)

Your next reserve update should be completed in Oct/Nov for FYE 2011 which will be done at no charge from Golden Consulting Group. Your next full fledge reserve study should be scheduled in June/July of 2012 for FYE 2012 (see page 6 of reserve worksheet - reserve study column). Annual updates and reserve studies should be completed, approved and disbursed to the members with the annual budget by December 1st.

Clients like you are the foundation of our business. It has been a pleasure serving you, and we want you to know we appreciate your business. Thank you.

Brenda Chm, RS, PRA

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Golden Consulting Group

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