

RHONEWOOD PARK ASSOCIATION

2021 ANNUAL BUDGET REPORT

[California Civil Code Section 5300]

RHONEWOOD PARK ASSOCIATION

2021 ANNUAL BUDGET REPORT [California Civil Code Section 5300]

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Rhonewood Park Association
2021 Pro Forma Operating Budget & Supplementary
Assessment And Reserve Funding Disclosure Summary

The accompanying 2021 pro forma operating budget for the fiscal year ending December 31, 2021 and related supplementary assessment and reserve funding Disclosure summary are presented in accordance with California Civil Code Sections 5300 and 5570 and is the representation of management and/or the board of directors.

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<u>Assessment And Reserve Funding Disclosure Summary</u>								
1. <i>The current assessment per unit is <u>\$392.00 per year</u>. If assessments vary by the size or type of unit, the assessment applicable to this unit may be found on page ...</i>	-	-						
2. <i>Additional 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:</i>								
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Date Due</u></th> <th style="text-align: left;"><u>\$ PUPY (a)</u></th> <th style="text-align: left;"><u>Purpose</u></th> </tr> </thead> <tbody> <tr> <td>January 1, 2021</td> <td>\$392.00</td> <td>2021 operations and reserve funding</td> </tr> </tbody> </table>	<u>Date Due</u>	<u>\$ PUPY (a)</u>	<u>Purpose</u>	January 1, 2021	\$392.00	2021 operations and reserve funding		
<u>Date Due</u>	<u>\$ PUPY (a)</u>	<u>Purpose</u>						
January 1, 2021	\$392.00	2021 operations and reserve funding						
<hr style="width: 10%; margin-left: 0;"/> (a) PUPY - per unit per year. If variable, see attached schedule at pages...	-	-						

The above information is the representation of management and/or the board of directors of the association.

Levy, Erlanger & Company, Certified Public Accountants
 San Francisco, California

Assessment And Reserve Funding Disclosure Summary
(Continued)

3. *Based on 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?* 6 - 7 2

 Yes X No This answer is based on the reserve study dated September 2020 prepared by John D. Beatty and Company of Discovery Bay and the replacement reserve funding plan dated September 2020 prepared by Levy, Erlanger & Company LLP. The reasonableness of the reserve funding plan is dependent upon the data contained in the reserve study, including the completeness of the major component list, and the accuracy of the estimated quantity, useful and remaining lives, and replacement costs of those components. It is also dependent on certain significant assumptions, including but not limited to an average interest earnings rate before tax of -0-% per annum, an average cost inflation factor of 3% per annum, and the approval of regular and/or special assessments by the Board Of Directors and/or owners during the 30-year projection period.

4. *If the answer to #3 above 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?*

<u>Year</u>	<u>Total Amount</u>	<u>Description</u>	
2035	\$ 50,000	Deferred expenditures to 2037 and 2038	
	\$ _____	\$ _____ to \$ _____	-

5. All major components are included in the reserve study and are included in its calculations.

The above information is the representation of management and/or the board of directors of the association.

Assessment/Reserve Funding Disclosure Summary
(Continued)

6. *As of the last reserve study or update, the current balance in the reserve fund is **\$ 185,000**. Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570, the required amount in the reserve fund is **\$ 235,000, (79% funded)** and if an alternate, but generally accepted, method of calculation is also used, the required amount is \$ n/a, pursuant to the n/a study prepared by n/a of n/a dated n/a.*
- | | | | |
|--|---|--|---|
| | 6 | | 3 |
| | 6 | | 3 |

7. *Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570, the required amount in the reserve fund for the next five years and the projected percent funded for the next five years based upon **existing reserve assessments** is as follows:*

<u>Year</u>	<u>Required Reserves</u>	<u>Cash Reserves- Existing Assmnts</u>	<u>Percent Funded</u>
2021	\$220,000	\$ 144,000	65%
2022	242,000	139,000	57
2023	270,000	138,000	51
2024	298,000	134,000	45
2025	330,000	133,000	40

The projected percent funded for the next five years based upon **projected reserve assessments** is as follows:

<u>Year</u>	<u>Required Reserves</u>	<u>Cash Reserves- Projected Assmnts</u>	<u>Percent Funded</u>
2021	\$220,000	\$ 144,000	65%
2022	242,000	141,000	58
2023	270,000	143,000	53
2024	298,000	145,000	49
2025	330,000	152,000	46

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.

For the purposes of preparing a summary pursuant to this section [California Civil Code Section 5570]:

- (1) *"Estimated remaining useful life" means the time reasonably calculated to remain before a major component will require replacement.*

The above information is the representation of management and/or the board of directors of the association.

Assessment/Reserve Funding Disclosure Summary
(Continued)

- (2) *"Major component" has the meaning used in Section 5550. Components with an estimated remaining useful life of more than 30 years may be included in a study as a capital asset or disregarded from the reserve calculation, so long as the decision is revealed in the reserve study report and reported in the Assessment And Reserve Funding Disclosure Summary.*
- (3) *The form set out in subdivision (a) [items #1-#7] shall accompany each annual budget report or summary thereof that is delivered pursuant to Section 5300. The form may be supplemented or modified to clarify the information delivered, so long as the minimum information set out in subdivision (a) [items #1-#7] is provided.*
- (4) *For the purpose of the report and summary, the amount of reserves needed to be accumulated for a component at a given time shall be computed as the current cost of replacement or repair multiplied by the number of years the component has been in service divided by the useful life of the component. This shall not be construed to require the Board to fund reserves in accordance with this calculation.*

The above information is the representation of management and/or the board of directors of the association.

**Levy, Erlanger & Company, Certified Public Accountants
San Francisco, California**

RHONEWOOD PARK ASSOCIATION

**FORECASTED STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND BALANCES
AND ACCOUNTANTS' COMPILATION REPORT**

YEAR ENDING DECEMBER 31, 2021

**[California Civil Code Section 5300
2021 Pro Forma Operating Budget]**

RHONEWOOD PARK ASSOCIATION

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YEAR ENDING DECEMBER 31, 2021**

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LEVY, ERLANGER & COMPANY LLP
Certified Public Accountants

290 King Street, Suite 12
San Francisco, California 94107

Board Of Directors
Rhonedwood Park Association
Livermore, California

Management is responsible for the accompanying financial forecast of **Rhonedwood Park Association**, which comprises the forecasted statement of revenues, expenses and changes in fund balances and the supplemental information (the 2021 Pro Forma Operating Budget) for the year ending December 31, 2021, and the related summaries of significant assumptions and accounting policies in accordance with guidelines for the presentation of a financial forecast established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not examine or review the financial forecast nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on this financial forecast.

The forecasted results may not be achieved as there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and these differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Accordingly, the current funding program may or may not be sufficient to meet all future replacement costs. The ability of the Association to fund its liability for replacement of major components is dependent upon increases in that portion of the regular assessment which is allocated to the replacement fund, as well as special assessments.

This forecast is presented in accordance with the requirements of California Civil Code Section 5300.

Levy, Erlanger & Company LLP

September 22, 2020

RHONEWOOD PARK ASSOCIATION

**FORECASTED STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND BALANCES
YEAR ENDING DECEMBER 31, 2021**

	Operations Fund	Replacement Fund	Total Funds
	-----	-----	-----
REVENUES			
Regular assessments	\$ 124,388	\$ 8,500	\$ 132,888
Swim team income	36,750	3,000	39,750
Pool income	30,250		30,250
Swim lessons	18,500		18,500
Other income	10,300		10,300
	-----	-----	-----
Total revenues	220,188	11,500	231,688
	-----	-----	-----
EXPENSES			
<u>Maintenance and operations</u>			
Payroll	79,409	-	79,409
Major component replacement provision (Notes 3 and 5)		31,000	31,000
Swim team expense	20,600		20,600
Payroll taxes and workers' compensation	19,250		19,250
Pool expenses	18,400		18,400
Repairs	8,000		8,000
Gardener	3,250		3,250
Soda and ice cream	2,900		2,900
	-----	-----	-----
	151,809	31,000	182,809
	-----	-----	-----
<u>Administration</u>			
Business manager	21,218	-	21,218
Insurance	10,800		10,800
Legal and accounting	5,250		5,250
Office, copies and postage	3,935		3,935
Social expense	2,500		2,500
Voice	176		176
	-----	-----	-----
	43,879	-	43,879
	-----	-----	-----

See accountants' compilation report and accompanying notes and significant assumptions.

RHONEWOOD PARK ASSOCIATION

**FORECASTED STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND BALANCES
YEAR ENDING DECEMBER 31, 2021
(CONTINUED)**

	Operations Fund	Replacement Fund	Total Funds
	-----	-----	-----
EXPENSES (CONTINUED)			
<u>Utilities</u>			
Gas and electricity	\$ 15,000	\$ -	\$ 15,000
Water and sewer	4,500		4,500
Garbage	3,000		3,000
Phone	2,000		2,000
	-----	-----	-----
	24,500	-	24,500
	-----	-----	-----
 Total expenses	 220,188	 31,000	 251,188
	-----	-----	-----
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	 -	 (19,500)	 (19,500)
 FUND BALANCE (DEFICIT), BEGINNING OF YEAR (NOTE 5)	 2,000	 (50,000)	 (48,000)
	-----	-----	-----
FUND BALANCE (DEFICIT), END OF YEAR	\$ 2,000	\$ (69,500)	\$ (67,500)
	=====	=====	=====

See accountants' compilation report and accompanying notes and significant assumptions.

RHONEWOOD PARK ASSOCIATION

NOTES AND ASSUMPTIONS TO THE FORECASTED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES YEAR ENDING DECEMBER 31, 2021

NOTE 1 - THE ASSOCIATION

Rhonedwood Park Association (the Association) is a common interest subdivision located in Livermore, California which consists of 339 residential lots and certain common area property. The Association was organized in August 1970 as a nonprofit, mutual-benefit corporation to provide for the management and maintenance of the common area property.

NOTE 2 - THE FORECAST

This forecasted statement is the Board of Directors' estimate of revenues, expenses and changes in fund balances based on the assumptions set forth below. The assumptions disclosed herein are those that the Board believes are significant to the forecast. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur subsequent to September 22, 2020 the date of this forecast. Therefore, the actual results achieved during the forecast period may vary from the forecast, and the variations may be material.

NOTE 3 - BASIS OF PRESENTATION

The accompanying forecasted financial statement is presented on the accrual basis of accounting, in accordance with the provisions of California Civil Code Section 5300.

The yearly replacement provision represents an estimate of the "wearing out" of the major components, stated in dollars. The provision for repair and replacement of major components has been estimated, for each component, by dividing the estimated current replacement cost by the estimated useful life. Hence, for 2021, the estimated annual wearing out of the major components, shown as "major component replacement provision" totals \$31,000 (the component by component computation of this amount is shown in the accompanying forecasted schedule of major component replacement provision and estimated liability).

See accountants' compilation report.

RHONEWOOD PARK ASSOCIATION

**NOTES AND ASSUMPTIONS TO THE FORECASTED STATEMENT OF
REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
YEAR ENDING DECEMBER 31, 2021
(CONTINUED)**

NOTE 3 - BASIS OF PRESENTATION (CONTINUED)

While the Association is required by California statute to present its budget on an accrual basis, it is also important to understand the projected cash-basis expenditures for next year based upon the Association's most recent reserve study or Board-directed update thereof. During the year ending December 31, 2021, major component repair and replacement expenditures presently forecasted as follows:

Swim team items	\$ 24,600
Building exteriors	7,600
Paved surfaces	7,200
Recreation facilities - main pool	6,500
Other major repairs and replacements	6,200

Total	\$ 52,100
	=====

Whether or not the foregoing forecasted expenditures are made during the year ending December 31, 2021 will depend upon the respective components' state of repair and the approval of the Board of Directors. In addition, major component repairs and replacements not listed above may be made if the component should fail and require immediate repair and replacement.

NOTE 4 - REVENUES

Total regular (annual) assessments for 2021 are expected to average \$392.00 per unit per year. The amount allocated to the operations fund is estimated to average \$366.93 per unit per year. The amount allocated to the replacement fund is estimated to average \$25.07 per unit per year.

Interest income (after income taxes) of \$-0- is forecasted to be earned on operations and replacement fund cash balances. Interest income is computed utilizing an estimated -0-% before-tax interest rate and an estimated -0-% after-tax interest rate. Hence, an estimated combined federal and California income tax rate of approximately 30% is assumed.

See accountants' compilation report.

RHONEWOOD PARK ASSOCIATION

**NOTES AND ASSUMPTIONS TO THE FORECASTED STATEMENT OF
REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
YEAR ENDING DECEMBER 31, 2021
(CONTINUED)**

NOTE 5 - REPLACEMENT FUND BALANCE (DEFICIT) AND PERCENT FUNDED

The beginning of the year deficit in the replacement fund results from an excess of estimated major component replacement liability over replacement fund cash reserves, as follows:

Estimated cash reserves	\$ 185,000
Estimated liability	(235,000)

Replacement fund surplus (deficit) (aka over(under) funded reserves)	\$ (50,000)
	=====
Over(under) funded reserves per unit On average	\$ (147)
	=====
Estimated percent funded	79%
	=====

The estimated liability for repair and replacement of major components represents an estimate of how much money should have been accumulated for that portion of each component which has "worn out" or been "used up" as of December 31, 2020. The estimated liability is computed, for each component, by multiplying the estimated current replacement cost by the fraction (estimated useful life-estimated remaining life)/estimated useful life. The component by component computation of liability is shown in the accompanying forecasted schedule of major component replacement provision and estimated liability.

The estimated reserves percent funded is computed by dividing the estimated cash reserves by the estimated reserve liability.

NOTE 6 - RESERVE FUNDING PLAN

The Association plans to fund the future repair and/or replacement of the major components by proposing increases in that portion of the regular assessment which goes into the replacement fund, and/or special assessments.

See accountants' compilation report.

RHONEWOOD PARK ASSOCIATION

**NOTES AND ASSUMPTIONS TO THE FORECASTED STATEMENT OF
REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
YEAR ENDING DECEMBER 31, 2021
(CONTINUED)**

NOTE 6 - RESERVE FUNDING PLAN (CONTINUED)

Under this program, beginning in 2021 at a base replacement fund contribution of \$25.07 per unit per year that portion of the regular assessment which goes into the replacement fund must increase by 17-1/2% per annum through the year 2030, increase by 12% per annum through the year 2040, and decrease by 5-1/2% per annum thereafter through the year 2050 (the end of the forecast period).

The presently-projected reserve funding plan is further summarized as follows:

	<u>Estimated Cash Balance</u>	<u>Estimated Reserve Liability</u>	=	<u>Estimated Reserve Income</u>	<u>Estimated Reserve Expenditure</u>
<u>Present</u>					
12-2020	185,000	235,000			
2021				11,500	52,100
2022				13,078	16,989
2023				14,918	12,909
2024				17,067	15,110
2025				19,579	12,403
 <u>10 Years</u>					
12-2030	85,000	350,000			
 <u>20 Years</u>					
12-2040	240,000	335,000			
 <u>30 Years</u>					
12-2050	715,000	700,000			

Note: Estimated reserve expenditures in 2035 are net of \$50,000 in projected Board-approved deferrals; see the reserve funding plan for full details.

See accountants' compilation report.

RHONEWOOD PARK ASSOCIATION

**NOTES AND ASSUMPTIONS TO THE FORECASTED STATEMENT OF
REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
YEAR ENDING DECEMBER 31, 2021
(CONTINUED)**

NOTE 7 - SIGNIFICANT ASSUMPTIONS

In arriving at the foregoing reserve funding plan, the following significant assumptions have been made:

Components

The components listed here are those the Board of Directors has determined to be the major components which the Association is obligated to reserve for after reviewing its governing documents and/or consulting with legal counsel and other knowledgeable persons. The Board of Directors has determined that the maintenance and repair of major components not included in the reserve fund, if any, shall be funded through the operations fund budget.

Components not included in the component and funding studies by the Board of Directors have either (1) been considered to have an estimated remaining life in excess of 25 years and will remain unfunded until the estimated remaining life is 25 years or less, or (2) are expected to be maintained, repaired and replaced through the operations fund budget.

Replacement Cost Inflation Rate

The estimated average long-term rate of increase expected in major repair and replacement costs should approximate 3% per annum.

Replacement Fund Interest Rate

The estimated average long-term before-tax interest rate earned on replacement fund cash balances will approximate -0-% per annum. Interest earned on replacement fund cash balances will remain in the replacement fund and not be used to defray day-to-day operating expenses.

Estimated Useful Life

The estimated useful life of each identified major component was determined by John D. Beatty And Company of Discovery Bay, the Association's component study expert, in their report dated September 2020.

See accountants' compilation report.

RHONEWOOD PARK ASSOCIATION

**NOTES AND ASSUMPTIONS TO THE FORECASTED STATEMENT OF
REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
YEAR ENDING DECEMBER 31, 2021
(CONTINUED)**

NOTE 7 - SIGNIFICANT ASSUMPTIONS (CONTINUED)

Estimated Remaining Life

The estimated remaining life of each identified major component was determined by John D. Beatty And Company of Discovery Bay, the Association's component study expert, in their report dated September 2020.

Estimated Current Replacement Cost

The estimated current replacement cost of each identified major component was determined by John D. Beatty And Company of Discovery Bay, the Association's component study expert, in their report dated September 2020.

NOTE 8 - BANK LOAN DISCLOSURE

There is no outstanding current or projected loan balance as of December 31, 2020.

See accountants' compilation report.

RHONWOOD PARK ASSOCIATION

FORECASTED SCHEDULE OF ESTIMATED MAJOR COMPONENT
REPLACEMENT PROVISION FOR THE YEAR ENDING DECEMBER 31, 2021
AND ESTIMATED LIABILITY AT DECEMBER 31, 2020

<u>Description</u>	<u>Est. Use. Life</u>	<u>Est. Rem. Life</u>	<u>Curr. Repl. Cost</u>	<u>Year Rplc. Prov.</u>	<u>Est. Liab. 12-20</u>
BUILDING EXTERIORS:					
Wood Siding & Trim Paint	5	1	1883	377	1506
Wood Siding & Trim Repair	5	1	315	63	252
Tuff Shed Paint & Repairs	5	1	922	184	738
Door Replace - Pump Room	16	12	765	48	191
Utility Doors Repl	15	1	4502	300	4202
FENCING & WALLS					
Chain Link Repairs	30	2	1322	44	1234
Entry Gate Repr/Repl	6	2	464	77	309
Entry Gate Replace	18	8	4637	258	2576
Emergency Gate Repr/Repl	6	3	927	155	464
Emergency Gate Replace	20	17	9274	464	1391
Wood Fence Replace (Front)	15	9	7727	515	3091
Wood Fence Replace (Shared)	15	2	3506	234	3039
Wood Fence (Parking Perimeter)	15	2	2142	143	1856
LANDSCAPING					
Irrigation Timer Replace	15	1	701	47	654
Irrigation Valves Replace	3	1	1184	395	789
Backflow Device Replace	15	1	1678	112	1566
LIGHT FIXTURES					
Bollard Lights	25	25	1489	60	0
Exterior Bldg Spot Replace	25	5	922	37	738
Exterior Roof Spot Replace	25	5	369	15	295
Exterior Bldg Latern Replace	25	10	246	10	148
Pole Lights (Parking Lot)	25	13	2481	99	1191
Pole Lights (Pool Area)	25	10	5453	218	3272
Pole Lights Replace	20	20	1623	81	0
Re-Wire Pole Lights (Parking Lot)	30	18	7129	238	2852
PAVED SURFACES					
Asphalt Remove & Replace	25	14	58314	2333	25658
Asphalt Minor Repairs	10	9	8736	874	874
Asphalt Slurry Seal	5	4	2601	520	520
General Concrete Repairs	5	1	7221	1444	5777
Replace Entire Concrete Deck	30	15	95036	3168	47518
RECREATION FACILITIES - MAIN POOL					
Automatic Chlorinator	15	1	6502	433	6069
Chemstrol System Replace	8	4	3450	431	1725
Chlorinator Replace	5	2	430	86	258
Filters Replace	10	4	2337	234	1402
Heater Replace	15	8	2583	172	1205
Heater Replace	15	2	2583	172	2239
Pool Plumbing Replace	30	15	52971	1766	26486
Pump Stenner Replace	10	10	365	37	0
Pump Impeller Replace	10	6	2110	211	844
Pump Motor Replace	10	7	3278	328	983
Resurface Pool Interior	12	9	71952	5996	17988
Tile & Coping Replace	24	9	21733	906	13583

See accountants' compilation report and accompanying notes and significant assumptions.

RHONEWOOD PARK ASSOCIATION

FORECASTED SCHEDULE OF ESTIMATED MAJOR COMPONENT
REPLACEMENT PROVISION FOR THE YEAR ENDING DECEMBER 31, 2021
AND ESTIMATED LIABILITY AT DECEMBER 31, 2020

<u>Description</u>	<u>Est.</u> <u>Use.</u> <u>Life</u>	<u>Est.</u> <u>Rem.</u> <u>Life</u>	<u>Curr.</u> <u>Repl.</u> <u>Cost</u>	<u>Year</u> <u>Rplc.</u> <u>Prov.</u>	<u>Est.</u> <u>Liab.</u> <u>12-20</u>
RECREATION FACILITIES - WADING POOL					
Automatic Chlorinator	15	15	4337	289	0
Chlorinator Replace	5	4	430	86	86
Filter Replace	10	1	922	92	830
Pumps Replace (Stenner)	10	10	371	37	0
Pumps Replace (Stenner)	10	10	371	37	0
Resurface Pool Interior	12	9	3849	321	962
Tile & Coping Replace	24	9	3015	126	1884
ROOFING SYSTEM					
Composition Shingles	30	5	7710	257	6425
Gutters Repr/Repl	5	1	652	130	522
SECURITY SYSTEM					
Camera Replace	14	14	2560	183	0
Camera Replace	14	13	2194	157	157
SWIM TEAM ITEMS					
Life Guard Chair	15	11	1576	105	420
Lane Lines Replace	10	2	2493	249	1994
Starting Blocks Replace	15	1	22591	1506	21085
Sound System Replace	13	13	2437	187	0
Lane Line Drums Replace	20	1	1974	99	1875
Timing System Replace	10	7	4884	488	1465
EZ UP Replace	5	5	1035	207	0
OTHER					
Defibrillator Replace	5	2	219	44	131
Door Access System Replace	15	4	2937	196	2154
Drain/Pipe Repr/Repl	10	10	3125	313	0
Pool Furniture Repl	10	3	10438	1044	7307
Wood Bench Refinish & Repr	5	1	348	70	278
Wood Bench Replace	15	9	1391	93	556
Restrooms Paint & Repairs	5	2	2610	522	1566
Reserve Study Update					
Reserve Study Update Inspection					
UNSCHEDULED EXPENSE	1	0	656	656	656
Rounding to nearest \$1,000/\$5,000				226	-836
Estimated major component repair and replacement provision for the year ending December 31, 2021				31000	
Estimated liability for repair and replacement of common area major components at December 31, 2020					235000
Estimated replacement fund cash reserves at December 31, 2020					185000
Excess of estimated major component replacement liability over estimated replacement fund cash reserves at December 31, 2020					50000

See accountants' compilation report and accompanying notes and significant assumptions.

RHONEWOOD PARK ASSOCIATION

**2021 ANNUAL BUDGET REPORT
[California Civil Code Section 5300]**

II. INSURANCE DISCLOSURE

Please refer to the following pages.