



August 20, 2024

Dear Homeowner:

In compliance with Civil Code §5300, attached is the La Cresta Property Owners Association's budget for the fiscal year ending September 30, 2025. This budget reflects the continuing efforts of the Board of Directors to maintain the quality of La Cresta Property Owners Association while maintaining control over expenditures.

The Board is pleased to inform you that the annual assessment will remain \$175.00 per acre, commencing October 1, 2024, through September 30, 2025.

With this budget, the Board of Directors does not anticipate that any special assessments will be required to replace, repair or restore any major component to the reserve program. In addition, the association does not have any outstanding loans for longer than one year.

To assist with the preparation of the budget, the Association retained the services of a professional reserve analyst to review the funding program for the Association and provide recommendations for future funding of the reserve accounts. A summary of the study including the reserve funding plan, and the procedures used to calculate reserves is provided for your review and copies of the complete reserve study are available upon request.

In addition, to this Annual Budget Report please find the following disclosure items:

- Annual Policy Statement
- Association's Insurance Coverage Disclosure
- Summary of California Civil Code Section 5925 regarding Alternative Dispute Resolution (ADR)
- Association's current Assessment and Billing Collection Policy
- Summary of Architectural Procedures, Application, Fee Schedule
- Rules & Regulations
- FHA Certification Disclosure/VA Certification Disclosure
- Authorization form for Electronic Delivery of Documents/Member Opt-Out List form
- Escrow Fee Disclosure

Thank you for your continued support of the Association. If you should have any questions regarding the enclosed information, please contact our property manager, Elisa Garibay at egaribay@powerstonepm.com or (951) 823-1020.

Sincerely,

The Board of Directors
La Cresta Property Owners Association

LA GRETA PROPERTY OWNERS' ASSOCIATION
Fiscal Year End September 30, 2025
Approved Budget

		Annual	Monthly
INCOME			
4001	HOMEOWNERS ASSESSMENTS	\$ 1,025,148.00	\$ 85,429.00
	TOTAL INCOME	\$ 1,025,148.00	\$ 85,429.00
EXPENSES			
GENERAL & ADMINISTRATION			
5000	INSURANCE	\$ 37,000.00	\$ 3,083.33
5009	BAD DEBT EXPENSE	30,000.00	2,500.00
5010	LEGAL FEES	50,000.00	4,166.67
5012	LEGAL - COLLECTIONS	1,200.00	100.00
5015	MANAGEMENT FEE	156,000.00	13,000.00
5016	MANAGEMENT EXTRAS	600.00	50.00
5020	PRINTING/POSTAGE	11,600.00	966.67
5021	MISCELLANEOUS	1,200.00	100.00
5026	RESERVE STUDY	1,450.00	120.83
5045	AUDIT/TAX	1,400.00	116.67
5047	ANNUAL MEETING COST	11,000.00	916.67
5051	CHRISTMAS DECORATIONS	7,000.00	583.33
5053	MEETING EXPENSE	4,000.00	333.33
5055	STORAGE UNIT EXPENSE	3,500.00	291.67
	TOTAL GENERAL & ADMINISTRATION	\$ 315,950.00	\$ 26,329.17
COMMITTEE			
5100	COMMITTEE - BEAUTIFICATION	\$ 1,500.00	\$ 125.00
5102	COMMITTEE - ROADS	1,000.00	83.33
5104	COMMITTEE - NEIGHBORHOOD	500.00	41.67
5108	COMMITTEE - TRAILS	750.00	62.50
5108	COMMITTEE - ARCHITECTURAL	300.00	25.00
5110	COMMUNITY EVENTS	10,000.00	833.33
5112	COMMITTEE - GOVERNING DOCUMENT	500.00	41.67
	TOTAL COMMITTEE	\$ 14,550.00	\$ 1,212.50
LANDSCAPE			
5200	LANDSCAPE CONTRACT SERVICE	\$ 21,000.00	\$ 1,750.00
5210	LANDSCAPE EXTRAS	1,000.00	83.33
5235	BACKFLOW TESTING & REPAIR	100.00	8.33
	TOTAL LANDSCAPE	\$ 22,100.00	\$ 1,841.66
TRAIL MAINTENANCE			
5215	TRAIL INSPECTIONS	\$ 7,500.00	\$ 625.00
5220	SURVEY - TRAILS	6,000.00	500.00
5225	TRAIL MAINT. & WEED ABATEMENT	42,500.00	3,541.67
	TOTAL TRAIL MAINTENANCE	\$ 56,000.00	\$ 4,666.67
EASEMENT AREA MAINT/REPAIRS			
5124	SIGNAGE	\$ 5,000.00	\$ 416.67
5128	CONTINGENCY	40,000.00	3,333.33
	TOTAL EASEMENT AREA MAINT/REPA	\$ 45,000.00	\$ 3,750.00
ROAD/EASEMENT MAINT			
5820	EMERGENCY REPAIR/CLEANUP	\$ 1,000.00	\$ 83.33
5880	ROAD REPAIRS	5,000.00	416.67
5882	FLOCK CAMERAS	12,500.00	1,041.67
5885	DRAIN & SHOULDER REPAIRS	25,000.00	2,083.33
5890	ROADSIDE WEED ABATEMENT	60,000.00	5,000.00
5895	CULVERT CLEANING/INSPECTION	50,000.00	4,166.67
5245	TREE MAINTENANCE	10,000.00	833.33

LA CRESTA PROPERTY OWNERS' ASSOCIATION

Fiscal Year End September 30, 2025.

Approved Budget

		Annual	Monthly
5260	ROADSIDE TRASH COLLECTION	8,750.00	729.17
	TOTAL ROAD/EASEMENT MAINT	\$ 172,250.00	\$ 14,354.17
CAPITAL IMPROVEMENTS			
5322	CAPITAL IMPROVEMENT - FENCE	\$ 25,000.00	\$ 2,083.33
	TOTAL CAPITAL IMPROVEMENTS	\$ 25,000.00	\$ 2,083.33
UTILITIES			
6000	WATER	\$ 1,500.00	\$ 125.00
6010	ELECTRICITY	450.00	37.50
	TOTAL UTILITIES	\$ 1,950.00	\$ 162.50
	TOTAL OPERATING EXP BEFORE RSV	\$ 652,800.00	\$ 54,400.00
RESERVES			
9000	RESERVE CONTRIBUTION	\$ 372,348.00	\$ 31,028.00
	TOTAL RESERVES	\$ 372,348.00	\$ 31,028.00
	TOTAL OPERATING EXPENSES	\$ 1,025,148.00	\$ 85,428.00
	NET SURPLUS/(DEFICIT)	\$ -	\$ -

negative cash flow. The Association has a positive cash flow and is in a position to pay for the maintenance of the property. The Association has a positive cash flow and is in a position to pay for the maintenance of the property. The Association has a positive cash flow and is in a position to pay for the maintenance of the property.

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La Cresta Property Owners Association
Assessment and Reserve Funding Disclosure Summary
For the fiscal year ending September 30, 2025
("Disclosure Summary")

**The notes at the end of this Disclosure Summary should
be read in conjunction with the information provided.**

(1) The regular assessment for the 2024-25 fiscal year per ownership interest acre is **\$175.00** per month.

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.

(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 association's Board of Directors (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.		

Total: _____

(3) Based upon the most recent reserve study dated June 4, 2024 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 X No

(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 been approved by the Board or the members?

Approximate date assessment will be due:	Amount per ownership interest per month or year:
N.A.	

Total: _____

La Cresta Property Owners Association

Projections

Directed Cash Flow Calculation Method

Fiscal Year	Beginning Balance	Member Contribution	Interest Contribution	Expenditures	Ending Balance	Fully Funded Ending Balance	Percent Funded
2024-2025	\$2,130,554	\$509,190	\$4,969	\$692,963	\$1,951,750	\$2,985,355	65%
2025-2026	\$1,951,750	\$560,109	\$3,567	\$1,009,002	\$1,506,425	\$2,670,275	56%
2026-2027	\$1,506,425	\$616,119	\$3,008	\$777,141	\$1,348,411	\$2,593,566	52%
2027-2028	\$1,348,411	\$677,731	\$2,016	\$981,154	\$1,047,003	\$2,318,833	45%
2028-2029	\$1,047,003	\$745,504	\$2,585	\$519,270	\$1,275,822	\$2,535,767	50%
2029-2030	\$1,275,822	\$751,915	\$3,175	\$552,757	\$1,478,155	\$2,744,631	54%
2030-2031	\$1,478,155	\$759,937	\$3,270	\$726,597	\$1,514,767	\$2,796,910	54%
2031-2032	\$1,514,767	\$759,263	\$2,811	\$917,480	\$1,359,361	\$2,668,339	51%
2032-2033	\$1,359,361	\$765,043	\$2,508	\$866,464	\$1,260,448	\$2,612,859	48%
2033-2034	\$1,260,448	\$804,119	\$3,524	\$443,838	\$1,624,253	\$3,028,196	54%
2034-2035	\$1,624,253	\$833,482	\$3,940	\$681,114	\$1,780,561	\$3,228,501	55%
2035-2036	\$1,780,561	\$856,393	\$3,957	\$842,325	\$1,798,586	\$3,288,748	55%
2036-2037	\$1,798,586	\$883,952	\$4,208	\$788,439	\$1,898,308	\$3,433,681	55%
2037-2038	\$1,898,308	\$901,365	\$3,777	\$1,041,183	\$1,762,268	\$3,341,308	53%
2038-2039	\$1,762,268	\$955,192	\$5,462	\$363,271	\$2,359,650	\$3,992,636	59%
2039-2040	\$2,359,650	\$994,390	\$6,163	\$742,859	\$2,617,344	\$4,288,893	61%
2040-2041	\$2,617,344	\$1,021,185	\$6,117	\$1,028,237	\$2,616,409	\$4,320,216	61%
2041-2042	\$2,616,409	\$1,041,110	\$5,656	\$1,191,695	\$2,471,480	\$4,208,871	59%
2042-2043	\$2,471,480	\$1,060,509	\$5,180	\$1,215,529	\$2,321,640	\$4,099,600	57%
2043-2044	\$2,321,640	\$1,112,392	\$6,646	\$596,481	\$2,844,197	\$4,675,419	61%
2044-2045	\$2,844,197	\$1,154,566	\$7,396	\$886,188	\$3,119,971	\$4,993,726	62%
2045-2046	\$3,119,971	\$1,177,982	\$7,075	\$1,280,837	\$3,024,190	\$4,936,445	61%
2046-2047	\$3,024,190	\$1,212,035	\$7,420	\$1,084,505	\$3,159,140	\$5,120,287	62%
2047-2048	\$3,159,140	\$1,234,119	\$7,062	\$1,349,923	\$3,050,397	\$5,063,651	60%
2048-2049	\$3,050,397	\$1,296,426	\$9,386	\$488,206	\$3,868,004	\$5,956,169	65%
2049-2050	\$3,868,004	\$1,318,045	\$8,618	\$1,574,129	\$3,620,538	\$5,761,162	63%
2050-2051	\$3,620,538	\$1,342,523	\$8,089	\$1,515,573	\$3,455,577	\$5,661,317	61%
2051-2052	\$3,455,577	\$1,361,683	\$7,046	\$1,710,293	\$3,114,013	\$5,391,954	58%
2052-2053	\$3,114,013	\$1,387,041	\$6,245	\$1,649,584	\$2,857,715	\$5,220,172	55%
2053-2054	\$2,857,715	\$1,469,950	\$8,818	\$565,965	\$3,770,519	\$6,235,345	60%

NOTE: In some cases, the projected Ending Balance may exceed the Fully Funded Ending Balance in years following high Expenditures. This is a result of the provision for contingency in this analysis, which in these projections is never expended. The contingency is continually adjusted according to need and any excess is redistributed among all components included.

La Cresta Property Owners Association
Assessment and Reserve Funding Disclosure Summary
For the fiscal year ending September 30, 2025
("Disclosure Summary")

(5) All major components are included in the reserve study and are included in its calculations. However, the following major assets are excluded from the reserve study calculations for the following reasons:

Major asset:	Reason this major asset was not included:
None	

(6) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570, the estimated amount required in the reserve fund at the end of the current fiscal year is \$2,980,951.22, based in whole or in part on the last reserve study or update prepared by Advanced Reserve Solutions, Inc. as of June 4, 2024. The projected reserve fund cash balance at the end of the current fiscal year is \$2,130,554.05, resulting in reserves being 71.47% funded at this date. The current deficiency in the reserve fund represents \$145.17 per acre of ownership interest.

(7) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570 of the Civil Code, a 5 year reserve funding plan has been developed – see the attached Projections. The assumed long-term before-tax interest rate earned on reserve funds is 0.30% per year and the assumed long-term inflation rate applied to major component repair and replacement costs is 3.00% per year. Full reserve study is available upon request.

NOTES:

(A) The financial representations set forth in this summary are based on the best estimates of the preparer and the Board at that time. The estimates are subject to change. (B) For the purposes of understanding this Disclosure Summary: (1) "Estimated remaining useful life" means the time reasonably calculated to remain before a major component will require replacement. (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 the 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) 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) 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. (5) Based on reserve studies or the occurrence of one or more unanticipated events, the Board could increase regular assessments and/or levy special assessments, consistent with the provisions of the CC&Rs and applicable law, to fund additional reserves as it deems necessary. For example, the information contained in this Disclosure Summary includes (i) estimates of replacement value and life expectancies of the components and (ii) assumptions regarding future events. Estimates are projections of a future event based on information currently available and are not necessarily indicative of the actual future outcome. The longer the time period between the estimate and the estimated event, the more likely the possibility of error and/or discrepancy. For example, some assumptions inevitably will not materialize and unanticipated events and circumstances may occur subsequent to the preparation of this Disclosure Summary. Therefore, the actual replacement cost and remaining life may vary from this report and summary and the variation may be significant. Additionally, inflation and other economic events may impact this report and summary, particularly over an extended period of time (such as thirty (30) years) and those events could have a significant and negative impact on the accuracy of this Disclosure Summary and, further, the funds available to meet the association's obligation for repair and/or replacement of major components during their estimated useful life.

La Cresta Property Owners Association

Executive Summary

Directed Cash Flow Calculation Method

Client Information:

Account Number	40028
Version Number	2
Analysis Date	06/04/2024
Fiscal Year	10/1/2024 to 9/30/2025
Number of Acres	5,858
Phasing	1 of 1

Global Parameters:

Inflation Rate	3.00 %
2024-25 Contribution Increase	10.00 %
Investment Rate	0.30 %
Taxes on Investments	1.00 %
Contingency	3.00 %

Community Profile:

La Cresta is a private community of prestige single-family homes with acreage located adjacent to the Santa Rosa Plateau and Cleveland National Forest in the foothills of southern Riverside County, California. The amenities include private streets, equestrian trails, and panoramic views. The community settings are groves, vineyards, and equestrian facilities.

Construction of the community and the common elements began in 1969.

For budgeting purposes, unless otherwise indicated, we have used the actual placed-in-service dates for aging the components included in this analysis.

Level of service: Level 3 - update report with no site visit.

Most recent ARS site visit: March, 2022.

Adequacy of Reserves as of October 1, 2024:

Anticipated Reserve Balance	\$2,130,554.05
Fully Funded Reserve Balance	\$2,980,951.22
Percent Funded	71.47%

Recommended Funding for the 2024-2025 Fiscal Year:	Annual	Monthly	Per Acre
			Per Month
Member Contribution	\$509,190	\$42,432.50	\$7.24
Interest Contribution	\$4,969	\$414.10	\$0.07
Total Contribution	\$514,159	\$42,846.60	\$7.31

La Cresta Property Owners Association
Membership Disclosure Summary
Sorted by Category

Major Reserve Components	Current Cost	Assigned Reserves	Remaining Life Range	Useful Life Range
010 Maintenance/Rehabilitation	\$2,485,481	\$1,223,544	0-4	5
020 Fencing	\$85,808	\$67,894	0-20	1-25
025 Landscape	\$10,000	\$3,681	2-4	5-8
030 Grounds	\$288,500	\$181,680	1-18	8-25
050 Painting	\$10,000	\$7,778	1	5
050 Streets & Drives	\$1,628,925	\$603,922	0-49	10-64
Contingency	n.a.	\$62,955	n.a.	n.a.
Total	\$4,508,714	\$2,130,554	0-49	1-64