

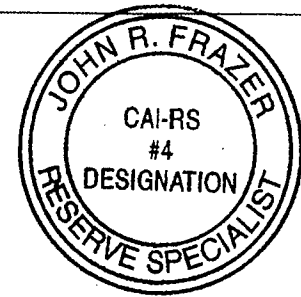
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RESERVE STUDY REPORT

Oceana South Association, Inc.

10660 S. Ocean Drive, Jensen Beach, Florida 34957

August 4, 2014



PURPOSE OF THE RESERVE STUDY UPDATE:

To provide a continuing basis for the necessary funding to maintain, repair and replace those components which are the responsibility of a community association.

SCOPE OF THE RESERVE STUDY UPDATE :

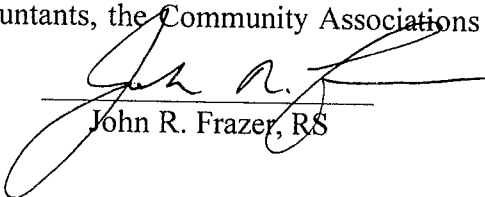
Update, identify and examine specific components for the reserve category needs analysis and use a **Pool of Funds** for the future reserve funding financial analysis with an inspection of the property. Include all property and improvements involved in the study including two high rise story condominium buildings with 138 units, two pools and spas, parking garage, paving, fountains, seawall, and gate house. Quantify the individual components by actual field measurements. Establish current cost estimates for replacement using Marshall Valuation Service, National Plumbing & HVAC Estimator, Means Building Construction Cost Data, Trade Service Electrical Price Guide, and local contractors. Identify the normal life expectancy for each component. Estimate each component's remaining useful life through non-destructive methods. Calculate the normal annual contribution over the normal life expectancy. Establish the current 100% reserve requirement. Complete the reserve funding analysis and calculate the reserve deficit or overage. Make calculations to amortize any deficit over the remaining life cycle for each component in each reserve category. Adjust the normal annual contributions to include amortized deficit funding to allow the deficit to be paid down over a period of years.

CERTIFICATION:

I hereby certify that I have no interest, present or contemplated, in the property, and that neither the assignment to complete this study nor the fee derived there from is contingent upon its results. I have personally inspected the property, unless otherwise noted in the report, and to the best of my knowledge and belief, all statements in this report are true, subject to any contingent limiting conditions noted herein.

This report is furnished at your request in strict confidence by us as your agent for your exclusive use. The report is not to be construed as a guarantee or warranty, expressed or implied, of the property or the equipment therein or of their fitness for a particular purpose.

This report is made under the guidelines of the American Institute of Certified Public Accountants, the Community Associations Institute guidelines, and the Professional Reserve Specialists Code of ethics.


John R. Frazer, RS

INTRODUCTION

J R FRAZER Reserves and Valuation Services was retained by the association to prepare a reserve analysis of the common areas for the purpose of developing a repair and replacement needs plan and a funding analysis. The site inspection work was completed by John R. Frazer RS. Mr. Frazer has a designation of Reserve Specialist, RS. The RS designation is given to those individuals who meet standards set forth by Community Associations Institute a national recognized provider of education and resources to community associations.

The statutory requirement for condominium associations simply states reserves must be 100% funded for roofing, painting and paving, plus any other items in which the cost to maintain, repair or replace those items exceeds \$10,000. The association is not a condominium this board feels it is prudent and fiduciarily incumbent upon them to have a Reserve Analysis and accordingly has elected to engage an independent specialist to prepare a reserve schedule for inclusion in the association's budget. Our reserve study pools all reserve funds for all reserve components with a twenty year cash flow analysis.

The reserve program is designed to provide all or part of the funds necessary to pay for maintaining, repairing and replacing the capital improvements of the association. Not every circumstance can be accounted for future loss possibilities such as catastrophic disasters. At the request of the board this reserve study may or may not include reserves for uninsurable losses due to a catastrophe. These losses may be caused by flooding, freezing, lightning, hurricanes, or un-named windstorms and may include damage to such uninsurable items as landscaping or improvements excluded from windstorm insurance.

The analysis which follows uses the straight line component method to determine the physical analysis or the needs of the association plus a pool of funds and a twenty year cash flow analysis with a minimum threshold to complete the financial analysis and reserve funding requirements. The physical analysis data includes those components that are included in the reserve study and the calculation of the necessary reserves are based upon straight line funding by establishing estimated remaining useful lives, the quantity of units which are obtained through independent research, existing maintenance records, site inspections, and verification of historical replacement cost of the components in the analysis. Because inflation cannot be accurately predicted all replacement costs herein are at current construction cost pricing.

PURPOSE OF RESERVES

Reserves are monies budgeted, collected and set aside for replacement or deferred maintenance. The establishment of reserve accounts begins with the developer and or the board who have a fiduciary capacity and responsibility for the establishment of the association's budget. The board has established the reserve accounts in this study for the future replacement or deferred maintenance of the common areas.

Most of the members of community associations have become aware of the necessity of reserves being included in the budget. Without adequate reserves, owners may be subject to either special assessments or may not be able to repair or replace the common area assets. Reserve funds enable the association to maintain the common areas with a reduced risk of special assessments and minimize the impact of financial challenges. The establishment of 100% reserve funding accomplishes the following.

Establishes and preserves reserves for a strong financial position to meet future expenditures.

Reserves reduce the potential for special assessments.

All owners share the expenses of the association equally by paying their share of the cost.

Adequate funding is the key to reserves. Just having reserves funds doesn't make a community's financial future strong. Reserves must be set at a goal of 100% funding to accomplish all of the goals of the association.

There will be times however, when natural disasters such as flood, hurricanes, windstorms, and frost can cause considerable damage to uninsurable property. These events should also be a consideration of the board and a reserve fund established to meet these natural disasters or adopt a policy of special assessments.

ANALYST RECOMMENDATIONS

1.) Recommend making the stated year 2015 contribution. The 2015 contribution is made up of the Normal Annual Contribution plus any required amortized deficit amount to meet anticipated cash flows over the next twenty years.

By funding the recommended year 2015 contribution using a Pool of Funds with a twenty years cash flow funding method the association should be able to pay future reserve expenditures with minimal contributions.

2.) Recommend income generated within the reserves remain in the reserves. This is the most positive method to combat inflation. Our financial analysis indicates interest generated by reserve funds will help slightly to offset a portion of inflation cost. This system of compounding interest allows the association to control some reserve increases, but should be updated at minimum every two years. If interest is not allocated back to reserves the association can expect future deficits and possible special assessments.

3.) The association's current reserve schedule was not complete in identifying all the needs of the association. We have added a few components and created categories which were needed to identify the association reserve needs. I recommend the association reserve for all components in this reserve study.

4.) All expenditures are based upon a cash flow analysis with a pool of funds to meet expenses. This allows all funds in the reserve to be used for paying any appropriate component or components which may suddenly and unexpectedly need to be repaired or replaced. This system of funding provides minimum funding for the future reserve expenses. We strongly recommend annual updates of the reserve study in order to maintain adequate funding levels.

SPECIAL NOTES

The following section is the reserve summary (B 1). This brings together the current replacement cost, normal life expectancy, estimated remaining life, normal annual contribution, and current reserve requirement at 100% for each of the reserve categories. Please note the Normal Life and Remaining Life on the Reserve Summary page are ranges and not true indicators of actual life. The actual Normal Life and Remaining Life for each individual reserve component are contained in the Reserve Analysis pages (the C pages). After the reserve summary are the reserve calculation pages (C 1 - C 11) which break down the component unit cost, number of units, and estimated remaining useful life. After the reserve analysis for each of the categories you will find the reserve funding analysis and twenty year cash flow analysis (D 1 - D 3).

Information supplied by the association includes a copy of the most recent financial reports and the current annual budget.

As a result of the study, if the current reserve fund balance is less than the current 100% reserve requirement you have a funding deficit. If the fund balance is greater than the reserve requirement you have a funding overage.

When a current reserve fund balance is less than the current 100% reserve requirement additional funds may be added to the normal annual contribution if current funding levels will not meet the projected twenty year cash flow analysis. This will allow the funding deficit to be paid down over a period of years within the twenty year period. The funding deficit table depicts the expenses and amortized deficit funding if needed.

All funding deficits in this study are amortized based upon the cash flow analysis. This amortized amount is added to the normal annual contribution yielding the new contribution. **Additional funds over the Normal Annual Contribution are needed at this time to meet minimal funding requirements and anticipated expenditures.**

The goal is to meet anticipated reserve expenditures over the next twenty years and maintain a positive cash balance.

When a current reserve fund balance is greater than the current 100% reserve requirement the funding deficit tables calculate the number of years and dollars by which the overage should be paid down. This method of amortizing overages and deficits will maintain a more stable level of funding and reduces fluctuations.

All reserve amounts change yearly with increased cost of materials, increased cost of labor, building code changes, and investment income. We do not add for inflation or interest. These items are difficult to predict and can mislead the user of the report. Instead we use current cost with no inflation and no interest. Some inflation will be taken care of by interest but we recommend annual updates to adjust for interest and inflation. These economic changes will have an impact on your reserve fund and your ability to provide for future expenses.

In addition, depending on how you decide to allocate future funding, and whether or not you opt to fund at recommend levels, these decisions will also impact the status of the reserve fund. In order to ensure continued adequate funding we strongly recommend annual updates to adjust for increased cost, adjustments to estimated remaining life, reserve spending, and changes in your funding allocations. Because inflation cannot be accurately predicted all replacement costs used in this analysis are current costs. The only way to maintain accurate reserves and reduce the need for special assessments would be to update your reserve study annually.

This association's financial strength is low with less than a 30% reserve funding level. This association is 11% funded. The association's risk of special assessments is 37% during any one yearly period. With future minimal annual contributions this association could possibly have a special assessment should something unexpected occur.

CONDITIONS OF RESERVE STUDY

Unless otherwise stated, this valuation is subject to the following conditions:

I have not formed a legal opinion as to what building items may be exclusionary and not the responsibility of the owner. We therefore assume no responsibility in the determination of which exclusionary components and their related cost may be excluded from the estimated replacement cost or any reserve study application.

Information as to the owners responsibilities has been obtained from the client in discussions and possible review of documents. We make no guarantee nor assume liability for the accuracy of any data, opinions, or estimates as furnished by others, that we used in formulating this evaluation. Any changes to our reports resulting from missing information or misinformation will be added to the report at an expense equal to our hourly fee rate.

The dimensions were gathered either by actual physical measurements, review of construction plans, or supplied by the owner.

Neither all nor any part of the contents of the report shall be conveyed to another estimator, valuation person, or the public through any method, advertising, public relations, news, sales, or other media without the written consent and approval of J R Frazer. A fee will be charged for misuse.

The valuation includes a description of the premises. Our assessment of the physical condition of the improvements described within has been based upon visual inspection. No warranty is made and no liability is assumed for the soundness of the structure or its components. The value derived and expressed within is not applicable to any other property regardless of similarity. The valuation is as of the date specified.

The values provided in this analysis are derived and based upon cost during common and normal economic conditions. These values do not reflect the significant impact on cost which may occur as a result of supply shortages and demand increases which are typically created as a result of disasters such as hurricanes, windstorms, etc.

This valuation represents my opinion based on accepted replacement cost valuation systems and methodology as to the values of the described property. As stated in the report, it has in no way been contingent upon the report of predetermined or specified value, nor has compensation for this valuation report been contingent upon the value of the property considered.

Report completed by:

J R FRAZER

John R. Frazer, RS

20423 State Road 7 #F6, PMB 216

Boca Raton, Florida 33498

Oceana South Association, Inc.
 10660 South Ocean Drive, Jensen Beach, Florida 34957

2014 RESERVE SUMMARY

*** POOL OF FUNDS**

RESERVE CATEGORY	REPLACEMENT COST	NORMAL LIFE (YEARS)	REMAIN LIFE (YEARS)	NORMAL ANNUAL Contribution	CURRENT RESERVE Requirement	FUND BALANCE 5-31-14	FUND (DEFICIT) OVERAGE	2015 CONTRI- BUTION	MONTHLY CONTRI- BUTION
Roofing	27,091	15	5-9	1,806	13,233	*	*	*	*
Painting	7,955	6	4	1,326	2,552	*	*	*	*
Paving	110,967	4-55	2-22	7,551	89,802	*	*	*	*
Interiors	126,303	15-30	5-20	5,878	58,778	*	*	*	*
Structural	166,193	10-30	1-40	7,083	107,501	*	*	*	*
Service Building Equip.	253,600	20-50	1-22	6,826	125,913	*	*	*	*
Pools & Spa	82,878	4-24	1-10	9,089	30,973	*	*	*	*
Tennis & Bocce	29,964	8-28	4-20	1,994	14,181	*	*	*	*
Pool of Funds						48,531			
TOTAL	804,951			41,553	442,933	\$48,531	(394,402)	\$45,560	\$3,796.67

life range of years for summary purpose,
see actual estimated years in detail pages

Oceana South Association, Inc.
 10660 South Ocean Drive, Jensen Beach, Florida 34957

PROJECTED RESERVE FORECAST

RESERVE CATEGORY	Yr. 2015 CONTRI- BUTION	Yr. 2016 CONTRI- BUTION	Yr. 2017 CONTRI- BUTION	Yr. 2018 CONTRI- BUTION	Yr. 2019 CONTRI- BUTION	Yr. 2020 CONTRI- BUTION	Yr. 2021 CONTRI- BUTION	Yr. 2022 CONTRI- BUTION	Yr. 2023 CONTRI- BUTION
Pool of Funds	45,560	45,560	45,560	45,560	45,560	45,560	41,553	41,553	41,553
TOTAL	45,560	45,560	45,560	\$45,560	\$45,560	\$45,560	\$41,553	\$41,553	\$41,553

2014 RESERVE ANALYSIS

Oceana South Association, Inc., 10660 South Ocean Drive, Jensen Beach, Florida 34957

ROOFING RESERVES	QUANTITY UNITS (SQUARE FT.)	UNIT COST \$	REPLACE COST \$	NORMAL LIFE (YEARS)	REMAINING LIFE (YEARS)	NORMAL ANNUAL CONTRIBUTE	100% RESERVE REQUIREMENT
<u>Roofing Replacements:</u>							
recreation shingle roof 09	5,500	2.75	15,125	15	9	\$1,008	\$6,050
gazebo shingle roof 09	600	2.75	1,650	15	7	\$110	\$880
service bldg built-up roof	1,088	7.50	8,160	15	5	\$544	\$5,440
Repairs/Surveys/Misc.	7,188	0.30	2,156	15	9	\$144	\$863
TOTAL			27,091	15	5-9	\$1,806	\$13,233

2014 RESERVE ANALYSIS

Oceana South Association, Inc., 10660 South Ocean Drive, Jensen Beach, Florida 34957

PAINING RESERVES	QUANTITY UNITS (SQUARE FT.)	UNIT COST \$	REPLACE COST \$	NORMAL LIFE (YEARS)	REMAINING LIFE (YEARS)	NORMAL ANNUAL CONTRIBUTE	100% RESERVE REQUIREMENT
Exterior Painting:							
recreation building 13	5,559	0.80	4,447	6	4	\$741	\$1,482
gazebo 13	529	0.80	423	6	4	\$71	\$141
service building 13	712	0.80	570	6	4	\$95	\$190
perimeter walls 13	1,430	0.60	858	6	4	\$143	\$286
pool walls 13	930	0.60	558	6	4	\$93	\$186
Repairs/Surveys/Misc.	9,160	0.12	1,099	6	4	\$183	\$366
TOTAL			7,955	6	4	1,326	2,652

2014 RESERVE ANALYSIS

Oceana South Association, Inc., 10660 South Ocean Drive, Jensen Beach, Florida 34957

PAVING RESERVES	QUANTITY UNITS	UNIT COST \$	REPLACE COST \$	NORMAL LIFE (YEARS)	REMAINING LIFE (YEARS)	NORMAL ANNUAL CONTRIBUTE	100% RESERVE REQUIREMENT
Access Sidewalks:							
replace concrete	1,126	6.00	6,756	55	22	\$123	\$4,054
Pool Decking:							
replace concrete pavers	18,500	4.75	87,875	24	2	\$3,661	\$80,552
seal concrete pavers	18,500	0.78	14,430	4	3	\$3,608	\$3,608
Repairs/Surveys/Misc.	38,126	0.05	1,906	12	2	\$159	\$1,589
TOTAL			110,967	4-55	2-22	7,551	89,802

2014 RESERVE ANALYSIS

Oceana South Association, Inc., 10660 South Ocean Drive, Jensen Beach, Florida 34957

INTERIOR RESERVES	QUANTITY UNITS	UNIT COST \$	REPLACE COST \$	NORMAL LIFE (YEARS)	REMAINING LIFE (YEARS)	NORMAL ANNUAL CONTRIBUTE	100% RESERVE REQUIREMENT
Social Room 2005:							
painting	completed by on site staff -					\$0	\$0
replace tile flooring	1,600	8.80	14,080	30	20	\$469	\$4,693
furniture allowance	1	3,000	3,000	20	10	\$150	\$1,500
lighting allowance	1	2,800	2,800	20	10	\$140	\$1,400
decorating allowance	1	2,500	2,500	20	10	\$125	\$1,250
ceiling tiles	1,600	5.75	9,200	20	10	\$460	\$4,600
renovate kitchen cabinetry	1	14,000	14,000	30	20	\$467	\$4,667
kitchen appliances	1	2,200	2,200	15	5	\$147	\$1,467
Fitness Center 2005:							
painting	completed by on site staff -					\$0	\$0
replace carpeting	55	40	2,200	15	5	\$147	\$1,467
equipment allowance	1	20,000	20,000	15	5	\$1,333	\$13,333
lighting allowance	1	1,000	1,000	20	10	\$50	\$500
decorating allowance	1	1,000	1,000	20	10	\$50	\$500
ceiling tiles	550	5.75	3,163	20	10	\$158	\$1,581
SUB-TOTAL			75,143	15-30	5-20	3,696	36,958

2014 RESERVE ANALYSIS

Oceana South Association, Inc., 10660 South Ocean Drive, Jensen Beach, Florida 34957

INTERIOR RESERVES (continued)	QUANTITY UNITS	UNIT COST \$	REPLACE COST \$	NORMAL LIFE (YEARS)	REMAINING LIFE (YEARS)	NORMAL ANNUAL CONTRIBUTE	100% RESERVE REQUIREMENT
Billiard Room:							
painting	completed by on site staff -					\$0	\$0
replace carpeting	160	40	6,400	15	5	\$427	\$4,267
replace tile flooring	200	8.80	1,760	30	20	\$59	\$587
furniture allowance	1	10,000	10,000	20	10	\$500	\$5,000
lighting allowance	1	3,800	3,800	20	10	\$190	\$1,900
decorating allowance	1	2,000	2,000	20	10	\$100	\$1,000
Restrooms:							
renovate restroom	1	5,200	5,200	30	20	\$173	\$1,733
ladies pool restroom	1	10,500	10,500	30	20	\$350	\$3,500
mens pool restroom	1	11,500	11,500	30	20	\$383	\$3,833
GRAND-TOTAL			126,303	15-30	5-20	5,878	58,778

2014 RESERVE ANALYSIS

Oceana South Association, Inc., 10660 South Ocean Drive, Jensen Beach, Florida 34957

STRUCTURAL RESERVES	QUANTITY UNITS (SQUARE FT.)	UNIT COST \$	REPLACE COST \$	NORMAL LIFE (YEARS)	REMAINING LIFE (YEARS)	NORMAL ANNUAL CONTRIBUTE	100% RESERVE REQUIREMENT
Recreation Building:							
concrete R&R	5,559	0.25	1,390	12	10	\$116	\$232
balcony railings (lf)	155	30.00	4,650	22	12	\$211	\$2,114
doors & windows	1	10,000	10,000	30	20	\$333	\$3,333
3 ton a/c compressor 13	1	3,500	3,500	10	8	\$350	\$700
2 ton a/c compressor 10	1	3,000	3,000	10	5	\$300	\$1,500
3 ton a/c handler 13	1	1,500	1,500	20	18	\$75	\$150
2 ton a/c handler 10	1	1,200	1,200	20	15	\$60	\$300
electrical updates	1	2,800	2,800	50	40	\$56	\$560
plumbing line updates	1	2,200	2,200	50	20	\$44	\$1,320
SUB-TOTAL			30,240	10-30	5-40	1,546	10,209

2014 RESERVE ANALYSIS

Oceana South Association, Inc., 10660 South Ocean Drive, Jensen Beach, Florida 34957

STRUCTURAL RESERVE (continued)	QUANTITY UNITS	UNIT COST \$	REPLACE COST \$	NORMAL LIFE (YEARS)	REMAINING LIFE (YEARS)	NORMAL ANNUAL CONTRIBUTE	100% RESERVE REQUIREMENT
Pool Fencing:							
knee wall railings (lf)	68	30.00	2,040	22	12	\$93	\$927
metal fencing (lf)	447	44.00	19,668	22	12	\$894	\$8,940
PVC fencing (lf)	300	22.00	6,600	22	12	\$300	\$3,000
Dune Walk Over:							
replace decking	2,080	24.00	49,920	25	6	\$1,997	\$37,939
replace pilings, joist, beams	2,080	20.00	41,600	25	6	\$1,664	\$31,616
gazebo R&R	441	5.50	2,426	25	6	\$97	\$1,843
utilities	1	900	900	25	6	\$36	\$684
Other:							
area light post & lamps	8	1,600	12,800	28	1	\$457	\$12,343
GRAND-TOTAL			166,193	10-30	1-40	7,083	107,501

2014 RESERVE ANALYSIS

Oceana South Association, Inc., 10660 South Ocean Drive, Jensen Beach, Florida 34957

Service Building Equip.	QUANTITY	UNIT	REPLACE	NORMAL	REMAINING	NORMAL	100%
RESERVES	UNITS	COST	COST	LIFE	LIFE	ANNUAL	RESERVE
		\$	\$	(YEARS)	(YEARS)	CONTRIBUTE	REQUIREMENT
Domestic Water Pump Station:							
domestic water pumps	2	6,500	13,000	20	1	\$650	\$12,350
controllers 04 & 05	2	6,800	13,600	20	9	\$680	\$7,480
Fire Pump Station:							
replace fire pump station 05	1	85,000	85,000	32	22	\$2,656	\$26,563
Underground Replacements & Repairs:							
drainage line piping R&R	1	60,000	60,000	50	22	\$1,200	\$33,600
fire line piping R&R	1	32,000	32,000	50	22	\$640	\$17,920
water line piping R&R	1	50,000	50,000	50	22	\$1,000	\$28,000
TOTAL							
			253,600	20-50	1-22	6,826	125,913

2014 RESERVE ANALYSIS

Oceana South Association, Inc., 10660 South Ocean Drive, Jensen Beach, Florida 34957

POOLS & SPA RESERVE	QUANTITY UNITS (SQUARE FT.)	UNIT COST \$	REPLACE COST \$	NORMAL LIFE (YEARS)	REMAINING LIFE (YEARS)	NORMAL ANNUAL CONTRIBUTE	100% RESERVE REQUIREMENT
Pool & Spa Surfaces:							
re-surface spa 12	192	20.00	3,840	12	9	\$320	\$960
replace spa tile 12	32	18.00	576	12	9	\$48	\$144
restore spa coping 12	32	16.00	512	24	2	\$21	\$469
re-surface N. pool 13	1,812	6.25	11,325	12	10	\$944	\$1,888
replace N. pool tile 13	150	18.00	2,700	12	10	\$225	\$450
restore N. pool coping 13	150	16.00	2,400	24	2	\$100	\$2,200
re-surface S. pool 12	1,812	6.25	11,325	12	9	\$944	\$2,831
replace S. pool tile 12	150	18.00	2,700	12	9	\$225	\$675
restore S. pool coping 12	150	16.00	2,400	24	2	\$100	\$2,200
major repairs	1	8,000	8,000	12	9	\$667	\$2,000
SUB-TOTAL			45,778	12-24	2-10	3,594	13,817

2014 RESERVE ANALYSIS							
Oceana South Association, Inc., 10660 South Ocean Drive, Jensen Beach, Florida 34957							
POOLS & SPA	QUANTITY	UNIT	REPLACE	NORMAL	REMAINING	NORMAL	100%
RESERVES	UNITS	COST	COST	LIFE	LIFE	ANNUAL	RESERVE
(continued)		\$	\$	(YEARS)	(YEARS)	CONTRIBUTE	REQUIREMENT
Pools & Spa Equipment:							
motors	1	1,400	1,400	8	1	\$175	\$1,225
motors	2	1,400	2,800	8	2	\$350	\$2,100
motors	2	1,400	2,800	8	3	\$350	\$1,750
motors	2	1,400	2,800	8	5	\$350	\$1,050
chemical feeders	3	550	1,650	6	2	\$275	\$1,100
chemical feeders	3	550	1,650	6	4	\$275	\$550
gas heater 13	1	2,200	2,200	8	6	\$275	\$550
heat pump heater	2	5,500	11,000	8	4	\$1,375	\$5,500
filter allowance	2	3,300	6,600	4	3	\$1,650	\$1,650
filter allowance	3	700	2,100	10	7	\$210	\$630
filter allowance	3	700	2,100	10	5	\$210	\$1,050
GRAND-TOTAL			82,878	4-24	1-10	9,089	30,972

2014 RESERVE ANALYSIS

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TENNIS & BOCCE RESERVES	QUANTITY UNITS	UNIT COST \$	REPLACE COST \$	NORMAL LIFE (YEARS)	REMAINING LIFE (YEARS)	NORMAL ANNUAL CONTRIBUTE	100% RESERVE REQUIREMENT
Two Tennis Courts:							
resurface courts 11	2	4,500	9,000	8	8	\$1,125	\$0
replace fencing (lf)	448	28.00	12,544	28	4	\$448	\$10,752
Two Bocce Courts:							
resurface courts	1,200	1.35	1,620	10	8	\$162	\$324
court R&R	2	1,100	2,200	30	20	\$73	\$733
replace fencing (lf)	50	44.00	2,200	22	12	\$100	\$1,000
replace metal awning	160	15.00	2,400	28	12	\$86	\$1,371
TOTAL			29,964	8-28	4-20	1,994	14,181

RESERVE FUNDING ANALYSIS

Oceana South Association, Inc., 10660 South Ocean Drive, Jensen Beach, Florida 34957

		5/31/2014	100%			FUND				
RESERVE	FUND	RESERVE	RESERVE			OVERAGE				
CATEGORY	BALANCE	REQUIRE	REQUIRE			(DEFICIT)				
	\$48,531	\$442,933				(\$394,402)				
POOL OF FUNDS		Financial Year Runs January 1st to December 31st								
YEAR	ACCOUNT BALANCE	MINUS	YEARLY EXPENSE			NORMAL ANNUAL CONTRIBT	PLUS	AMORTIZED DEFICIT	EQUALS YEARLY CONTRI- BUTION	FUND ENDING BALANCE
2014	48,531	final payment on generator	35,000	7 mons remain		41,603		0	41,603	55,134
2015	55,134	replace area light post & lamps, replace domestic water motors, pool equip.,	27,200			41,553		4,007	45,560	73,494
2016	73,494	replace pool deck pavers, paving repairs, replace spa & pools coping, pool equip.,	99,543			41,553		4,007	45,560	19,511
2017	19,511	sealcoat pool pavers, pool equip.,	23,830			41,553		4,007	45,560	41,241
2018	41,241	paint exterior recreation bldg, gazebo, service bldg, perimeter walls and pool walls, pool equip., replace tennis fencing,	33,149			41,553		4,007	45,560	53,652
2019	53,652	replace service bldg roof cover, kitchen appliances, fitness carpeting & equipment, billiard carpeting, a/c replacement, pool equip.,	42,560			41,553		4,007	45,560	56,652
2020	56,652	replace dune walkover, gazebo R&R & deck utilities, pool equip.,	97,046			41,553		4,007	45,560	5,166
2021	5,166	replace gazebo roof shingles, roof repairs, seal coat pool pavers, pool equip.,	27,026			41,553		0	41,553	19,693
2022	19,693	a/c replacement, resurface bocce & tennis courts,	14,120			41,553		0	41,553	47,126

POOL OF FUNDS (continued)										EQUALS	
		ACCOUNT		YEARLY	NORMAL		AMORTIZED	YEARLY	FUND		
	YEAR	BALANCE	MINUS	EXPENSE	CONTRIBUT	PLUS	DEFICIT	CONTRI-	ENDING		
								BUTION	BALANCE		
2023	9	47,126	replace recreation bldg roof shingles, domestic water controllers, pool equip., resurface & tile spa & N. pool,	49,966	41,553		0	41,553	38,713		
2024	10	38,713	paint exterior recreation bldg, gazebo, service bldg, perimeter walls, pool walls, renovate social , fitness center & billiard rooms, recreation bldg concrete R&R, pool equip., resurface & tile S. pool,	64,883	41,553		0	41,553	15,383		
2025	11	15,383	sealcoat pool pavers, pool equip.,	23,830	41,553		0	41,553	33,106		
2026	12	33,106	replace recreation bldg railings, pool railings, metal fencing & PVC fencing, pool equip., replace bocce fencing & metal awning,	48,558	41,553		0	41,553	26,101		
2027	13	26,101	pool equip.,	2,800 0	41,553		0	41,553	64,854		
2028	14	64,854	paving repairs, pool equip.,	4,106	41,553		0	41,553	102,301		
2029	15	102,301	sealcoat pool pavers, a/c replacement, pool equip.,	24,730	41,553		0	41,553	119,124		
2030	16	119,124	paint exterior recreation bldg, gazebo, service bldg, perimeter walls, pool walls, pool equip., surface tennis courts,	18,605	41,553		0	41,553	142,072		
2031	17	142,072	pool equip.,	6,300	41,553		0	41,553	177,325		
2032	18	177,325	a/c replacement, resurface bocce courts,	6,620	41,553		0	41,553	212,258		
2033	19	212,258	sealcoat pool pavers, pool equipment,	21,030	41,553		0	41,553	232,781		

POOL OF FUNDS (continued)										
									EQUALS	
		ACCOUNT		YEARLY		NORMAL		AMORTIZED	YEARLY	
	YEAR	BALANCE	MINUS	EXPENSE		ANNUAL	PLUS	DEFICIT	FUND	
						CONTRIBUT			ENDING	
									BALANCE	
2034	20	232,781	replace service bldg roof cover, kitchen appliances, fitness carpeting & equipment, billiard carpeting, social & billiard tile flooring, renovate kitchen, renovate pool & billiard restrooms, recreation window & door R&R, plumbing line updates, pool equip., bocce court R&R,	122,000		41,553		0	41,553	152,334
END			TWENTY YEAR REPAIR / REPLACEMENT PROJECTIONS							

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06/25/14

Accrual Basis

Oceana South Association
Balance Sheet
As of May 31, 2014

	<u>May 31, 14</u>
ASSETS	
Current Assets	
Checking/Savings	
Operating Fund Cash	
1001 · Seacoast - Operating 0601101631	54,260.12
1002 · Seacoast - Savings 6005055612	14,132.89
1010 · Petty Cash	216.53
1011 Op · Due (to) or from reserves	6,906.55
Total Operating Fund Cash	<u>75,516.09</u>
Reserve Fund Cash	
Seacoast-Reserve 4060349316	55,442.72
1011 Rs · Due (to) or from operating	-6,906.55
Total Reserve Fund Cash	<u>48,536.17</u>
Total Checking/Savings	124,052.26
Accounts Receivable	
1200 · Accounts Receivable	3,320.00
Total Accounts Receivable	<u>3,320.00</u>
Total Current Assets	127,372.26
Other Assets	
Prepaid Insurance	5,917.12
Total Other Assets	<u>5,917.12</u>
TOTAL ASSETS	<u>133,289.38</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Other Payables	10,014.49
2100 · Payroll Liabilities	128.45
Total Other Current Liabilities	<u>10,142.94</u>
Total Current Liabilities	<u>10,142.94</u>
Total Liabilities	10,142.94
Equity	
Reserves	
Building Reserve	
Charged to Building Res	-65,693.30
Transfer to Building Res	35,659.98

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06/25/14
Accrual Basis

Oceana South Association
Balance Sheet
As of May 31, 2014

	<u>May 31, 14</u>
Total Building Reserve	-30,033.32
Pool and Spa Reserve Charged to Pool and Spa Res.	-4,350.00
Total Pool and Spa Reserve	-4,350.00
Pooled Reserve Fund Balance	82,913.82
Total Reserves	48,530.50
1110 - Retained Earnings	43,865.48
Net Income	30,750.46
Total Equity	123,146.44
TOTAL LIABILITIES & EQUITY	<u><u>133,289.38</u></u>

OCEANA SOUTH ASSOCIATION, INC.
10660 S. Ocean Drive,
Jensen Beach FL 34957

PROPOSED BUDGET FOR 2014

	2014 Budget	2013 Budget	Increase (Decrease)
Income			
Island Crest Condominium	174,860.00	174,860.00	0.00
Oceana South Condominium	174,860.00	174,860.00	0.00
Misc. Income	500.00	500.00	0.00
Credit Card Income	3000.00	3000.00	0.00
Total Income	353,220.00	353,220.00	0.00
Expenses			
Lawn & Landscape Maintenance	6,000.00	5,000.00	1,000.00
Sewer	92,000.00	92,000.00	0.00
Water	34,000.00	34,000.00	0.00
Total	132,000.00	131,000.00	1,000.00
Oceana South Association Personnel			
Maintenance Wages	33,300.00	31,300.00	2,000.00
Management Salary	13,000.00	10,000.00	3,000.00
Federal Payroll Taxes	4,900.00	3,500.00	1,400.00
Total	51,200.00	44,800.00	6,400.00
Professional Services & Fees			
Legal	1,800.00	1,800.00	0.00
Accounting	3,000.00	3,000.00	0.00
Fees, Appraisals & Permits	0.00	1,000.00	-1,000.00
Total	4,800.00	5,800.00	-1,000.00
Administrative Expenses			
Insurance	29,000.00	29,000.00	0.00
Office Expenses	2,000.00	2,000.00	0.00
Security	600.00	1,500.00	-900.00
Total	31,600.00	32,500.00	-900.00
Operating Expenses			
Clubhouse Repairs & Maintenance	5,000.00	8,000.00	-3,000.00
Pump House Repairs & Maintenance	5,000.00	6,000.00	-1,000.00
Grounds & Crossover	5,500.00	5,500.00	0.00
Pool Fuel (Propane Gas)	4,600.00	3,600.00	1,000.00
Electric	18,000.00	18,000.00	0.00
Pool Maintenance & Cleaning	15,000.00	15,000.00	0.00
Pool Repairs	2,500.00	4,000.00	-1,500.00
Pond Maintenance	1,200.00	1,200.00	0.00
Telephone	3,500.00	3,500.00	0.00
Contingency	2,000.00	3,000.00	-1,000.00
Total	62,300.00	67,800.00	-5,500.00
Sub-Total Expenses	281,900.00	281,900.00	0.00
Capital Reserves			
Structures & Equipment Repairs and Replacement	2014 allocation		
Tennis & Bocce Courts	5,000.00		
Pools & Spa	16,320.00		
Pump House Repairs, Maintenance, & Equipment Replacement	5,000.00		
Total	71,320.00	71,320.00	0.00
Total Expenses	353,220.00	353,220.00	0.00

Definitions

100% Reserve Requirement: Reserve Requirement is 100% funded. This happens rarely and exists when the actual or projected reserve fund balances equal the 100% funded reserve requirement. Also referred to as full funding.

Baseline Funding: Under the financial analysis portion of the reserve study this funding methodology establishes a funding goal within each reserve category or pooling of reserve funds above the zero dollar mark.

Cash Flow Method: This method of developing a reserve funding plan establishes contributions to the reserve fund which are calculated to offset the annual expenditures from the reserve fund balances. A variety of reserve funding plans are tested against the schedule of anticipated reserve expenses until the desired funding level is attained.

Component: The individual line item in a reserve study to be developed or updated in both the physical analysis and financial analysis portions of the reserve study. The individual components make up the reserve categories. Typically reserve components are the association's responsibility and have limited useful lives plus predictable remaining useful life expectancies.

Component Full Funding: Under the financial analysis portion of the reserve study this funding methodology establishes a funding goal of attaining and maintaining cumulative reserves at or near the 100% reserve requirement.

Component Inventory: Component inventories is a list of the qualified individual components to be included in the reserve study. This task should be developed through on site visual inspections, observations, and review of the association documents.

Components Method: This is an alternative reserve funding plan where the total contribution is based on the sum of all contributions for the individual components.

Condition Assessment: The task of evaluating each individual component current condition based upon actual observation, reported characteristics, and historical data.

Deficit: A deficit is an actual or projected reserve balance which is less than the 100% reserve requirement. The opposite of a deficit is a surplus.

Effective Age: Effective age is the difference between the normal life and useful remaining life. The effective age is not always equal to the actual age since some components age irregularly or may be influenced by foreign elements.

Financial Analysis: This portion of the reserve study is where the current reserve funding balance is compared to the amount of funds needed and the recommended reserve contributions are established.

Funding Plan: The funding plan is an associations plan to provide future funds in order to meet anticipated future expenditures. Each plan must have sufficient funds on hand when each expenditure occurs.

Physical Analysis: This is the first portion of the reserve study where the components are inventoried, quantified, life expectancies are estimated, replacement costs are established, normal annual contributions are calculated, and 100% reserve requirements are established.

Pool Funding Method: This reserve funding method uses a general pool of reserve dollars to fund all reserve categories and reserve line items components. No reserve funds are restricted to certain categories or components. The reserve funds still remain restricted for reserve expenditures and cannot be used for operating expenses.

Remaining Useful Life: Remaining useful life represents the estimated years that a reserve component can be expected to perform its intended functions. Also commonly referred to as remaining life.

Replacement Cost: The cost of repairing or replacing a component to its full or original functional condition. The current replacement cost would be the estimated actual cost to complete the repair or replacement at the current point in time the reserve study is being completed.

Reserve Study: A reserve study contains two parts commonly referred to as the physical analysis and a financial analysis. The reserve study is a short and long term budgeting tool which identifies the current conditions and establishes a financial plan to meet future anticipated major expenditures.

Special Assessment: A special assessment is an assessment levied on association members in addition to the normal assessments. Typically special assessments meet with disfavor among the association members.

Surplus: A surplus is an actual or projected reserve balance which is greater than the 100% reserve requirement.

Threshold Funding: Under the financial analysis this funding methodology establishes a funding goal within each reserve category or pooling of reserve funds above a pre-selected dollar amount.

Useful Remaining Life: Useful remaining live is the estimated number of years remaining prior to the components replacement or repair. The task of estimating the number of years is performed by the reserve specialist. Also commonly referred to as Remaining Life or Useful Live.

PRODUCT & MATERIAL
PRICING ~ DESCRIPTIONS ~ LONGEVITY
RESOURCE

Craftsman Book Company, National Estimator,
“National Plumbing % HVAC Estimator” most complete
Listing of plumbing, heating, ventilation, and cooling components
and parts with updated material and labor cost.

Marshall Swift Publications, monthly pricing up dates,
“Marshall Valuation Service Manual” a national authoritative pricing
guide for developing replacement cost, insurable values, equipment
cost, depreciation, and normal useful lives on nearly every type of
equipment or improved property.

Marshall & Swift/Boeckh Commercial Building Valuation System,
“BVS - Commercial Software” a national authoritative pricing guide
for developing replacement cost valuation of commercial and
agricultural properties, quarterly updates.

Metropolitan Miami-Dade County, Florida, County Commissioners,
“Southern Florida Building Code” one of the strongest building
codes in the country.

Southern Building Code Congress International,
“Standard Building Code” covers the thirteen southeastern states.

Trade Service Corporation, quarterly pricing updates,
“Plumbing Price Guide” “Electrical Price Guide” “HVAC Price
Guide” National pricing service for the trades. Trades include
plumbers, electricians, and heating-ventilation-air conditioning
contractors.

* Additional Resources include local consulting contractors.

PARTIAL LISTING OF CONSULTING CONTRACTORS

ACAS, Inc.	561-641-9186	Clayton Capriotti	Gate Access Systems
Adel Resurfacing Company	561-848-3973	Marty Adel	Asphalt Paving
Asphalt Restoration Technology	800-254-4732	Connie Lorenz	Asphalt Paving Specialist
Banco Popular	800-233-7164	Rebecca Prieto	Community Banking
Allied Barton Protective Services, In	954-698-5888	Andrew Daniels	Security Services
Bass United Fire Alarm	800-372-2770	Brad Hiddon	Fire Alarm Systems
BB&T	561-251-1980	Jayne Gelfand	Community Banking Specia
Beautiful Mailbox	305-403-4820	Sheri Corsetti	Mailboxes
Becker & Poliakoff, PA	800-462-7783	Kenneth S. Direkto	Attorney
Best Roofing	888-723-2378	Gregg Wallick	Roofing Company
Boca Docks & Seawall	561-750-4255	Ken Wells	Docks & Seawalls
B.P. Taurinski Engineering	561-997-6141	Brownie Taurinski	Engineer
Botanical Visions, Inc.	561-361-6677	William Reeves	Horticulturalist
Broadband Specialist	877-826-1625	Jay Abbazia	Bulk TV Specialist
Budget Signs, Inc.	954-941-5710	Bill Simmons	Sign Manufacturer
Carousel Construction	800-365-3219	Michael Bianchini	Concrete Restorations
Caulfield & Wheeler	561-392-1991		Surveyors
Community Associaton Institute	561-350-5890	Kathy Shebiel	Chapter Executive Director
Chalaire & Associates Engineering	561-694-0336	Donald Chalaire	Engineering
Chapnick Community Association L	561-330-3096	Michael Chapnick	Attorney
Climate Control Services	561-278-7125	Chuck Walker	Air Conditioning Serv.
Community Asphalt Corp.	800-741-0806	Brian Bettle	Asphalt Paving
Concrete Restoration by Daniello	561-835-4788	Lou Daniello	Concrete Restorations
DiCrescenzo & Company, CPAs	954-571-7073	Ron DiCrescenzo	Accountants
Decklight Roofing Services	800-825-7663	Mikr Varie	Roofing Repair Company
Driveway maintenance	561-848-4004	Nick Small	Asphalt & Concrete Paving
Dry-Concepts	954-370-7778	Michael Jatolf, JRC	carpet & upholstery cleaning
Dry-Concepts	954-370-7778	Michael Jatolf, JRM	old remediation & restore
Duct Masters	954-791-4111	Roger Herde	Air Conditioning & Consultatio
Elicon Electronic	800-446-8915	Ronn Hornsby	Street Lighting & Electric Se
First Residential Property Mgmt	561-997-4045		Association Management
Fucco Group, LLC	561-367-2960	Donna Seidenber	CPA
Gator Courts	8090-771-NET	Scott Miller	Sports Courts
Gerstle & Rosen, CPA	305-937-0116	Robert Rosen	CPA
Grind All Concrete	866-339-5401	Mike Zatelli	Owner
Hoover Pump Systems	954-971-7350	Donna Hoover	Irrigation Pump Stations
FI. Master Home Inspections	561-792-0271	Gordon Merchant	Wind Mitigation Inspections
Hartzel Painting	954-922-1006	Ed Hartzel	Painting Company
Hillyork, Inc.	866-525-4200	Mark Kerney	Air Conditioning
Howard J. Miller PA & Associates	561-392-2326	Steve Young	Engineering
Industrial Engineering Divers	800-432-6304	Doug Fillmon	Drainage Pipe Divers
J.B. Painting & Waterproofing	800-228-3992	Jim Brown	Painting Company

PARTIAL LISTING OF CONSULTING CONTRACTORS

Kaye & Bender	954-928-0680	Michael Bender	Attorney
Lake Masters Aquatic Weed Control	877-745-5729	Gary Wilhem	Lake Control Services
Lake Erosion Restoration	561-536-4716	Chip Sollins	lake bank restorations
Landmark Elevator Consultants	954-785-1947	Peter Hofmeister	Consultant
Lykins Sigttek Inc.	239-594-8494	Martin Ortiz	Street Monument Lights Signs
Marsh & McLennan	305-717-6063	Lieana Galindo	Association Insurance Agent
Marshall Valuation Service	800-526-2756		Building Cost Estimator
Merlin Law Group, PA	877-449-4700	Chip Merlin	Attorney, Insurance Claims
M & R & Sons, Inc.	888-997-9971	Patrick Morone	Painting Company
M & M Asphalt	561-588-0949	Ken Goldberg	Paving Contractor
Omny & O'Donnell, Naccarto, Mignoc	561-835-9994	Joseph Mincuzzi	Engineer
OK Generator	800-385-3187		generator company
Paving Lady	561-572-2600	Janice Riley	Asphalt Paving Contractor
Plastridge Insurance Agency	561-276-5221	Mike Botcher	Association Insurance Agent
Pro-24 Security & Investigative S	954-874-1064	Joseph McKeogh	Security Services Provider
Ranger Construction	561-790-4332	Carl Theiman	Asphalt Paving
RCI Painting	954-978-1213	Marcel Rosen	Painting Company
Rick Carroll Insurance	800-290-3181	Keith Carroll	Association Insurance Agent
Roger Ponn Appraisals	800-544-7970	Roger Ponn	Fine art, jewelry, antiques
Sachs, Sax & Caplan	561-994-4499	Lou Caplan	Attorney
Shake Masters, Inc.	561-439-6668	Tom Torok	Roofing Company
Shenandoah Construction	954-975-0098	Danny DiMura	Drainage Clean/Repairs
Sherlock Holmes Inspections	954-651-4040	Mr. Douw Smit	mold inspections
Sherwin Williams	800-226-3539	Bob Cunningham	Paint manufacturer
Smith Watson Parker Cotter Vaught	954-925-2590	Larry Vaught Jr.	Assn. Insurance Agent
Source Outdoor	800-260-4512	Robby Lebar	Out Door Furniture
South Coast Painting & Waterproofi	800-940-1888	Hal Eisenstein	Painting Company
Southeast Electrical Services	561-488-0580	Frank Bracciale	Electrical Contractor
Southern Chute	866-475-9191	John Moriarity	Trash Chutes
Southern Construction	561-841-9450		Concrete Restorations
Southern Park & Play Systems, Inc.	800-247-1545	Dale Hasner	Playground Equipment
Structural Engineering Associates,	1561-884-4060	David T Colston,	Structural Engineer
Symbiont Service Corp.	800-881-4328	Sandy King, Pres.	Pool Heating Company
Telescope Casual Pool Furniture	407-461-0251	Vern Lachowitz	Pool Furniture Manufacturei
The Nidy Co.	800-226-6439		Sports Courts
Thermal Imaging Diagnostics, Inc.	954-753-8303	Howard Lustgarten	Roof Moisture Surveys
212 Software	800-760-9966	Bruce Gran	Software Systems
U.S. Lawns	561-495-7784	Eric Masse	Landscape Maintenance
U.S. Security Associates	800-279-8408		Security Services Provider
UCI Paints	800-273-1683	Felix Flores	Manufactures Rep.
Zabatt Generators, Inc.	407-294-8673	Xiomara Rodriguez	Generators