

Highland Ranches Property Owners Association

Reserve Study Update

Year Beginning: 01/01/2024



Better Reserve Consultants

Mari Jo Betterley, RSS 0000025

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November 07, 2023

Highland Ranches Property Owners Association
Executive Board of Directors
740 Crosby Court
Incline Village, NV 89451

Highland Ranches Property Owners Association Executive Board of Directors,

Thank you for this opportunity to complete a Reserve Study for your Association. A Reserve Study is the most important document that determines where “hundreds of thousands or millions” of your assessment dollars will be spent. The Study is a planning tool that will plan the maintenance of your Association and affect your property value now and in the future.

Reserve Study Requirements

According to NRS 116.31152, a Reserve Study with a Site Inspection is required to be done at least every 5 years. The Reserve Study must be updated by a Reserve Study Specialist annually per NRS116.31151 and any adjustments to the Association’s funding plan should be made to provide adequate funding for the required reserves.

Reserve Study with Site Visit and Annual Updates

Reserve Study with Site Inspection Period Beginning: January 1, 2021
Next Reserve Study with Site Inspection: January 1, 2026
Reserve Study Update: Must be completed each year prior to Budget

NRS 116.31152 Duties of Executive Board Regarding Study: The Executive Board Shall

(a) At least once every 5 years, cause to be conducted a study of the reserves required to repair, replace and restore the major components of the common elements and any other portion of the common-interest community that the association is obligated to maintain, repair, replace or restore;

(b) At least annually, review the results of that study to determine whether those reserves are sufficient; and

(c) At least annually, make any adjustments to the association’s funding plan which the executive board deems necessary to provide adequate funding for the required reserves.

2. Except as otherwise provided in this subsection, the study of the reserves required by subsection 1 must be conducted by a person who holds a State of Nevada permit.

Project Description

The Highland Ranches Property Owners Association is located in Virginia City Highlands, Nevada. The Association consists of 506 Assessment Paying Members. The Common Elements include the Gravel/Dirt Roads, Equipment, Entrance Monument and Fencing. The Association is well maintained and in overall very good condition.

What is a Reserve Study?

- A Reserve Study is a financial planning tool to fund the repair, replacement, restoration and maintenance of the major components of the common elements. A major component of the common element includes, any amenity, improvement, furnishing, fixture, finish, system or equipment that may, within 30 years after its original installation, require repair, replacement or restoration in excess of routine or annual maintenance. This funding allows an equal payment of each cost over a period of time that a large burden will not be placed on future owners. Day-to-day expenses and components included in the annual operating budget of an association are not included in the Reserve Study.
- A Reserve Study provides important annual disclosures to association members and prospective buyers regarding the condition of common area components.
- If you are selling your property or if you are a potential buyer, many financial institutions will not lend money on a property in an association without a properly funded Reserve Study.
- A Reserve Study focuses on ensuring that the property is in good condition, yet saves or "reserves" your Association's money properly so that there are no needs for "Special Reserve Assessments" or huge increases in assessments in the future.
- And most important, a Reserve Study ensures that your Association will be a better place to own, now and in the future.
- The Reserve Study is prepared by an outside independent consultant for the benefit of the Board of Directors of a property with multiple owners, such as Homeowners Associations, Time Shares, Resorts, Hotels, Apartment Buildings, Office Parks, Worship Facilities, Swimming Pools, Private (golf/social) Clubs, Lodges (Elks, Masons) Nursing Homes, Sororities, Fraternities and Private Schools.
- The Reserve Study contains an assessment of the Estimated Useful Life and Replacement Costs of the commonly owned property components as determined by the particular association's CC&R's and bylaws. This Study evaluates the current condition of the Components and the Estimated Remaining Useful Life. The Replacement Cost is based on actual historical costs from Invoices or Bids or Estimates from Experts in the Field.

Why have a Reserve Study?

A Reserve Study is required by Nevada Law:

NRS 116.3115 Assessments for common expenses; funding of adequate reserves; collection of interest on past due assessments; calculation of assessments for particular types of common expenses; notice of meetings regarding assessments for capital improvements....

(a) All common expenses, including the reserves, must be assessed against all the units in accordance with the allocations set forth in the declaration pursuant to subsections 1 and 2 of NRS 116.2107.

(b) The association shall establish adequate reserves, funded on a reasonable basis, for the repair, replacement and restoration of the major components of the common elements and any other portion of the common-interest community that the association is obligated to maintain, repair, replace or restore. The reserves may be used only for those purposes, including, without limitation, repairing, replacing and restoring roofs, roads and sidewalks, and must not be used for daily maintenance. The association may comply with the provisions of this paragraph through a funding plan that is designed to allocate the costs for the repair, replacement and restoration of the major components of the common elements and any other portion of the common-interest community that the association is obligated to maintain, repair, replace or restore.

Levels of Service:

There are three types of a Reserve Study:

1. Full Reserve Study:

Component Inventory-- An actual field inspection of the common elements with representative sampling;

Condition Assessment (based upon on-site visual observations)

Life and Valuation Estimates

Fund Status

Funding Plan

2. Update, With-Site-Visit/On-Site Review: (May be an update on a Reserve Study Completed by this Reserve Study Specialist or an Update to another Reserve Study Specialist's report).

Component Inventory (verification only, not quantification)

Condition Assessment (based on on-site visual observations)

Life and Valuation Estimates

Fund Status

Funding Plan

3. Update, No-Site-Visit/Off Site Review: (May be an update on a Reserve Study Completed by this Reserve Study Specialist or an Update to another Reserve Study Specialist's report).

Life and Valuation Estimates

Fund Status

Funding Plan

For updated reserve studies, quantities of major components as reported in previous reserve studies are deemed to be accurate and reliable. The reserve study relies upon the validity of previous reserve studies.

In many cases, it is better to complete a new, Full Study rather than ask the Reserve Study Specialist to update a Study prepared by another company. The Reserve Study Specialist must rely on the previous Study's information, measurements, estimated useful life and replacement costs.

There are Three Funding Plans: Baseline, Threshold and Full Funding

This Reserve Study is based on the Threshold Funding Plan: Establishing a Reserve funding goal of keeping the Reserve balance above a specified dollar or Percent Funded amount.

Baseline Funding has a goal of maintaining funds above zero, while Full Funding has a goal of attaining and maintaining funding at 100% or greater. This is the most conservative funding goal.

Board of Directors Responsibility

The Board of Directors must take full ownership in the Reserve Study. They should be involved in the process every step of the way.

The Board of Directors or Manager should provide historical information regarding the Component's repair, replacement or maintenance. Invoices or bids from major work completed are important to the Reserve Study Specialist in order to know the type of work that was done, cost and time frame. In addition, the Board of Directors should also discuss future projects with the Reserve Specialist. Every Association is different. The Study will be more accurate and a real working tool if the RS is aware of what is going on now and planned to be done in the future.

When the Preliminary Study is provided, the Board of Directors should read it carefully and ensure that all information is correct. The Board of Directors should attend a Zoom Meeting or Conference call with the Reserve Study Specialist to discuss the Study in detail to ensure accuracy and understanding. The Reserve Study is a real tool to plan the future condition of the Association. Some Board Members say that they carry the Study with them to every meeting, reviewing the plans and updating the study at each meeting. I always tell the Board of Directors to think of themselves as "Pioneers" for their Association. It doesn't matter if the Association is 3 years old or 30 years old. What you do now will affect the future condition of the Association.

Disclosures

The Initial Reserve Fund Bank Account Balance and Interest Rate was provided by the Management Company or Board of Directors. The Reserve Study Specialist did not verify or audit this fund. There are no guarantees, expressed or implied, with the predictions of the cost or life expectancy of any of the major components. Information provided to the preparer of a reserve study by an official representative of the association regarding financial, historical, physical, quantitative or reserve project issues will be deemed reliable by the preparer.

A reserve study will be a reflection of information provided to the preparer of the reserve study. The total of actual or projected reserves required as presented in the reserve study is based upon information provided that was not audited. A reserve study is not intended to be used to perform an audit, an analysis of quality, a forensic study or a background check of historical records. An on-site inspection conducted in conjunction with a reserve study should not be deemed to be a project audit or quality or structural inspection. The Reserve Study Specialist will not perform invasive testing. The Condition of the Components may be based on Representative Sampling. Better Reserve Consultants has the required \$1,000,000.00 professional liability insurance coverage.

Material issues which (including Defects in Design or Construction), if not disclosed, would cause the condition of the association to be misrepresented. The Client Inventory List is based on the Site Inspection, Previous Reserve Study and Information provided by the Community Manager and Board of Directors. It is the responsibility of the client to verify that all components are listed correctly.

The projected life expectancy of the major components and the funding needs of the reserves of the association are based upon the association performing appropriate routine and preventative maintenance for each major component. Failure to perform such maintenance can negatively impact the remaining useful life of the major components and dramatically increase the funding needs of the reserves of the association.

Paul Herzbrun State of Nevada RSS.0234, Better Reserve Consultants LLC., assists in preparation of the Reserve Study.

Utilities and Asbestos

Future Utility Line Major Repairs and Replacement such as Water Lines, Sewer Lines and Electrical Upgrades should be included in the Study. Expert evaluation of all Utilities is strongly recommended to ensure the accurate Repair or Replacement Costs as well as the Estimated Remaining Useful Life of each Component. If there is Asbestos present in the property, the Asbestos Abatement Costs and Time Frames should be included in the Study. Because a Reserve Study is not a Structural or Property Inspection, the Reserve Specialist may not be aware of Utility Line Issues or Asbestos. The Board of Directors and the Community Manager must inform the Specialist of any issues that may be present.

Reserve Study Specialist Experience and Qualifications

Mari Jo Betterley, State of Nevada RSS.025

- National Association of Professional Reserve Analysts Certified RS #2331
- Community Association Institute Certified RS #169
- Community Association Institute Business Partner
- Chairman-Nevada Reserves for Recovery Task Force

- Over 5000 Reserve Studies and Reserve Study Updates completed worldwide.
- Reserve Study Specialist 2004-Present
- Graduate- University of Nevada Reno- 1983
- Attendance 800+ Homeowner Association Executive Board Meetings and HOA Meetings

- Instructor Continuing Education Classes:
 - "Reserve Studies - Working With the Experts in the Field -Pavement Engineer" - CE.0166500
 - "Manager's Role/ How to Read and Interpret a Reserve Study"- CE.0166000-CAM
 - " Reserve Studies- Meet the Experts- Painting and Surface Treatment"- CE.0166600-CAM
 - "Reserve Studies From Start to Finish- Fundamentals" – CE.0166400-CAM
 - "Understanding the Reserve Study from Start to Finish" – CE.0377000-CAM

Conflict of Interest

There is no relationship with this Association that could result in actual or perceived conflicts of interest. The Reserve Study Specialist does not expect to receive any direct or indirect compensation or profits from any person who will perform services for the client.

There is no affiliation with, or financial interest in the association for which the reserve study specialist will prepare the reserve study; and The Reserve Study Specialist does not have a personal relationship with any unit's owner, member of the executive board of the association for which the reserve study specialist will prepare the reserve study.

Sources Relied Upon in Determining the Component Estimated Useful Life, Remaining Useful Life and today's cost

Better Reserve Consultants uses "real costs and numbers" whenever possible. We rely on the management company and the Board of Directors to provide actual bids, invoices and estimates for the component measurements, replacement costs and estimated time frames. If the management company does not have the "history" of the component information, we may ask a third party contractor to evaluate and measure the property. It is always best to work the Association's own vendors to obtain accurate information. Any consultants and other persons with expertise used to assist in the preparation of the reserve study names have been included in this Study.

NRS 116.31144--Audit and review of financial statements

1. Except as otherwise provided in subsection 2, the executive board shall: (a) If the annual budget of the association is \$45,000 or more but less than \$75,000, cause the financial statement of the association to be reviewed by an independent certified public accountant during the year immediately preceding the year in which a study of the reserves of the association is to be conducted pursuant to NRS 116.31152. (b) If the annual budget of the association is \$75,000 or more but less than \$150,000, cause the financial statement of the association to be reviewed by an independent certified public accountant every fiscal year. (c) If the annual budget of the association is \$150,000 or more, cause the financial statement of the association to be audited by an independent certified public accountant every fiscal year.

Calculations

This Study Fully Funded Balance is based upon the National Standards set forth through the Community Association Institute. The Fully Funded Balance (FFB) is defined as: Total Accrued Depreciation-An indicator against which Actual (or projected) Reserve balance can be compared. The Reserve balance is in direct proportion to the fraction of life "used up" of the current Repair or Replacement cost. This number is calculated for each component, then summed together for an association total. Two formulas can be utilized depending on the provider's sensitivity to interest and inflation effects. Note: Both yield identical results when interest and inflation are equivalent. $FFB = \text{Current Cost} \times \text{Effective Age} / \text{Useful Life}$ or $FFB = (\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) + [(\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) / (1 + \text{Interest Rate})^{\text{Remaining Life}}] - [(\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) / (1 + \text{Inflation Rate})^{\text{Remaining Life}}]$.

Initial Reserve Bank Balance

The beginning reserve bank balance is the cash balance at the beginning of the fiscal year/period beginning date. The bank balance may be an estimation of the future balance based on the current balance, additional transfers to the reserve bank account and expected expenditures prior to the beginning of the fiscal year. This balance is provided by the Board of Directors and/or the management company. This balance does not include any "due-to-from" amount if any funds are owed to the reserve account from past years.

NRS Requires that an Association is "Adequately Funded"

Nevada Law Requires that Association is Adequately Funded

NAC 116.425 (2) 2, (a) Reserve Study Contents. (NRS.11631152,116.615)

2. As used in this section, "adequately funded reserves" means the funds sufficient to maintain the common elements described in the governing documents:

- (a) At the level described in the most recently conducted or updated study of reserves; and
- (b) Without using the funds from the operating accounts or without special or reserve assessments, except for occurrences that are a result of unforeseen catastrophic events.

The funding level for each association may vary based on the size, age of the community and the component evaluation. It is strongly recommended that the board of directors work with their attorney and accountant to determine the level of funding that is adequate for their association.

Funding Summary

The Reserve Study Funding Plan is based on the assumption that there are no unforeseen circumstances that would alter the components Repair, Replacement, Restoration or Maintenance Costs and Estimated Remaining or Useful Life. The Recommended Reserve Contribution and Funding Levels chart, included in this Study, must be followed.

A Reserve Study Annual Update (by a Reserve Specialist) is Required per NRS

NRS 116.31151-Annual distribution to units' owners of operating and reserve budgets or summaries

1....The executive board shall, not less than 30 days or more than 60 days before the beginning of the fiscal year of the association, prepare and distribute to each unit's owner a copy of:

(a) The budget for the daily operation of the association. The budget must include, without limitation, the estimated annual revenue and expenditures of the association and any contributions to be made to the reserve account of the association.

(b) The budget to provide adequate funding for the reserves required by paragraph (b) of subsection 2 of NRS 116.3115. The budget must include, without limitation

(1) The CURRENT estimated replacement cost, estimated remaining life and estimated useful life of each major component of the common elements ...

(2) As of the end of the fiscal year for which the budget is prepared, the CURRENT estimate of the amount of cash reserves that are necessary, and the CURRENT amount of accumulated cash reserves that are set aside, to repair, replace or restore the major components of the common elements...

NRS 116.311522 states that the study of the reserves must be conducted by a person who holds a permit issued pursuant to chapter 116A of NRS

A Reserve Study is considered a "working tool" and should be re-evaluated every year. What is accurate this year, may not be accurate in future years. Each year the Reserve Study should be updated with recent history and actual costs along with future costs and revised plans. The Reserve Study should "evolve" and change so that it is a "living document" that the Board of Directors follows and believes in.

Reserve Study Commencement Date

116.427

1. For the purposes of paragraph (a) of subsection 1 of NRS 116.31152, the 5 year period for conducting a reserve study commences on the date on which the on-site inspection of the major components is performed and concludes upon the adoption of the reserve study by the executive board at a meeting conducted pursuant to NRS 116.31083. For the purposes of this section, the adoption of the reserve study must take place before the culmination of 5 years after the date that the executive board last adopted a full reserve study that includes the information described in NAC 116.425.

2. After a full reserve study is conducted, the next full reserve study must be commenced on, or as close as practicable to, the same month and date that the previous on-site inspection of the major components was performed.

A Reserve Study is a Budget Planning Tool

Do NOT rely on this Reserve Study for condition assessment or evaluation of quality of work. This report is prepared as a budget planning tool to assist the association in its long-range financial planning. Use of the Study for any other purpose is not appropriate. The visual observations made do NOT constitute a Structural or Engineering Inspection and are not detailed enough to be relied upon, nor should they be relied upon, to determine violations of jurisdictional requirements (building ordinances, codes, etc.) relating to the safety, soundness, structural integrity, or habitability of the projects buildings of of any individual component. A Reserve Study is a Budget Planning Tool and should not be used for other purposes.

We appreciate this opportunity to EARN your business. Better Reserve Consultants takes pride in completing an accurate Reserve Study that is very “customized” to your Association. It is our goal to provide a Reserve Study that you will actually use as a funding tool - a Study that you will believe in!

Thank you,

Mari Jo Betterley, RSS
Better Reserve Consultants, LLC

Important Information

Reserve Study Year Beginning: 01/01/2024

Reserve Study Site Inspection Date / Commencement Date: January 04, 2021

Number of Assessment Paying Members/ Units: 506

Reserve Bank Accounts Interest Rate and Balance as of: 01/01/2023

Reserve Bank Account	.02%	<u>\$88,301.18</u>
	Total:	\$88,301.18

Inflation Rate: 3.00% (Based on the average over the last 20 years)

Income Tax Rate: 30.00% on Reserve Bank Account Interest Only

Current Annual Reserve Contribution/ Transfer From Operating: \$10,000.00

Total estimated current replacement costs of the major component inventory: \$394,466.14

Total Special Reserve Assessment Recommended: \$740,000.00



Maintenance of the Gravel/Dirt Roads is the responsibility of the Association and has been included in this Study as an Allowance to be done as needed, annually.



Replacement of the split-rail fencing has not been scheduled. An easement was not granted to the HRPOA for fencing and an easement does not exist on the north parcel along Geiger Grade.



The Asphalt Road is maintained by the County and has not been included in the Reserve Study.



Maintenance of the Culverts along the Gravel/Dirt Roads is the responsibility of the Association. This Component has been included in this Study as an allowance to be done as needed on an annual basis.



One of the Entrance Area Mailbox Enclosure Buildings is maintained by the Association Replacement/Repair has been included in this Reserve Study.



The Highland Ranches Property Owners Association is located in Virginia City Highlands, Nevada. The Association consists of 506 Assessment Paying Members. The Common Elements include the Gravel/Dirt Roads, Equipment, Entrance Monument and Fencing.

Component Evaluation - Concepts

Common Element

The Association CC&Rs typically define what a common element is. Usually, this is property owned in common by all the unit owners (rather than by an individual unit owner).

Component

A Major Component of the common elements is any component of the common elements, including, without limitation, any amenity, improvement, furnishing, fixture, finish, system or equipment, that may, within 30 years after its original installation, require repair, replacement or restoration in excess of routine annual maintenance which is included in the annual operating budget of an association.

Units

A quantity chosen as a standard in terms of measurement. For Example, Square Footage, Linear Footage, a Condominium Unit, a Roof, etc.

Date Last Repaired/ Replaced:

Estimated date when the Component was last Replaced, Repaired, Restored or Maintained

Cost Per Unit

How much each unit of measurement costs to repair, replace, restore, or maintain

Today's Cost:

Total Estimated Cost to Repair, Replace, Maintain or Restore the Component
This may be a calculation of Costs per Unit x Number of Units or it may be a set value.

Estimated Life When New

Estimated Time Frame that the Component should last before it is Repaired, Replaced, Restored or Maintained. This may be based on a Warranty, Historical Life Span, Manufactures/ Contractors opinion, location, etc.

Estimated Remaining Useful Life:

The Estimated amount of time that the component will actually last from today.
This may be a calculation based on Estimated Useful Life When New minus the actual age or it could be based on other factors such as wear, condition, climate etc.



Common Area

	Component	Year Scheduled	Quantity	Cost Per Unit	Today's Cost	Estimated Remaining Useful Life (Years)	Estimated Life When New (Years)
1.	Bulletin Board Replacement	2033	1 unit	\$1,200	\$1,200	10	15
2.	Mailbox Enclosures - Painting and Repairs (POA Responsible for one of the Buildings)	2025	1 unit	\$2,500	\$2,500	2	5
3.	Mailbox Enclosures - Replacement (POA Responsible for one of the Buildings)	2039	1 unit	\$11,000	\$11,000	16	30
4.	Monument Signage / Brick Rehab (Lettering is Operational Expense) (POA is Responsible for One Unit)	2040	1 unit	\$3,000	\$3,000	17	30



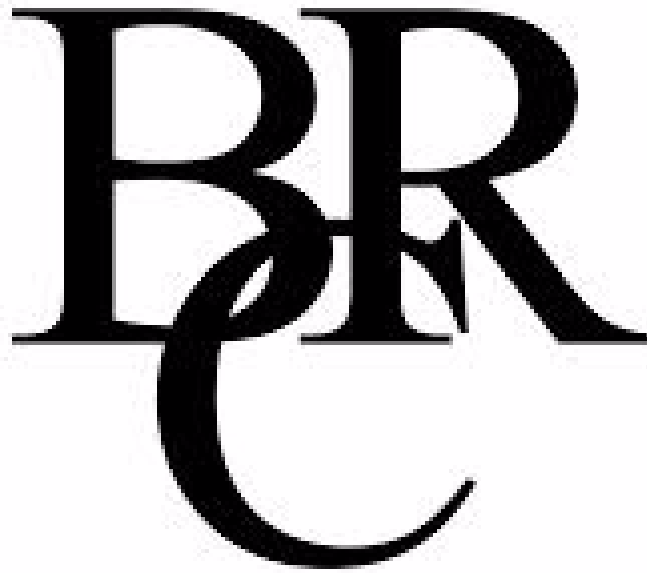
Equipment

	Component	Year Scheduled	Quantity	Cost Per Unit	Today's Cost	Estimated Remaining Useful Life (Years)	Estimated Life When New (Years)
1.	Fuel Tank	2030	1 unit	\$7,500	\$7,500	7	20
2.	Grader (Not to be Replaced)	2053	1 unit	\$1	\$1	30	30
3.	Maintenance and Repairs	Annual	allowance	\$30,000	\$30,000	1	1
4.	Major Equipment Repairs (Done 2023) (One Time Cost)	2023	as needed	\$15,000	\$15,000	0	30
5.	Plow - Western Replacement (Done 2021)	2026	1 unit	\$12,000	\$12,000	3	5
6.	Plow - Western Replacement (Done 2023)	2023	1 unit	\$11,932.57	\$11,932.57	0	5
7.	Plow - Western Replacement (Done 2023)	2023	1 unit	\$11,932.57	\$11,932.57	0	5
8.	Truck Replacement - 2018 Dodge Ram 2500 Laram (Done 2022)	2037	1 unit	\$40,000	\$40,000	14	15
9.	Truck Replacement - 2020 Dodge Ram 2500 Tradesman and Transportation (Done 2022)	2037	1 unit	\$40,000	\$40,000	14	15
10.	Truck Replacement - Dodge Ram 2015 (Done 2019)	2034	1 unit	\$40,000	\$40,000	11	15



Roads

	Component	Year Scheduled	Quantity	Cost Per Unit	Today's Cost	Estimated Remaining Useful Life (Years)	Estimated Life When New (Years)
1.	Maintenance - Culvert Repairs (Including Materials)	Annual	allowance	\$35,000	\$35,000	1	1
2.	Maintenance - Emergency Snow or Flood Repairs	Annual	allowance	\$5,000	\$5,000	1	1
3.	Reconstruction and Major Repairs	2024	allowance	\$125,000	\$125,000	1	3



Reserve Study

	Component	Year Scheduled	Quantity	Cost Per Unit	Today's Cost	Estimated Remaining Useful Life (Years)	Estimated Life When New (Years)
1.	Annual Update (Required per NRS116.31151)	Annual	ea	\$1,250	\$1,250	0	1
2.	Full Reserve Study (Done 2021)	2025	ea	\$2,150	\$2,150	2	5

Recommended Reserve Contribution and Funding Levels - Concepts

Beginning of the Year Balance	Reserve Bank Account(s) Balance as of the Beginning of the year
Special Reserve Assessment	A temporary assessment levied on the members in addition to regular assessments by the board of directors when necessary for several reasons, including funding a major repair or replacement of a common element or funding, in general, the reserve account.
Annual Transfer	Recommended Transfer or Annual Contribution to the Reserve Account
Monthly Contribution per Unit	An example of the amount of money that each unit owner would contribute to the Reserve Bank Account each month
Annual Expenditures	Estimated Expenditures based on the Component Evaluation
Investment Earnings	Dollar Amount of Interest contributed to the Reserve Account based on the percent interest rate on the Reserve Bank Account - Provided by the Management Company or Board of Directors.
Income Tax	Estimated Income Tax - 30% of the Reserve Bank Account(s) earned interest
End of the Year Balance	Recommended Reserve Bank Account Ending Balance at the end of the Fiscal Year
% Funded	A Measure of the financial health of the Association based on funding the depreciation of each Component. The chart below indicates the financial position based on the Percent Funded.
Fully Funded	Funding of 100% of the depreciation of each Component.

0% - 39% Funded is considered to be a "weak" financial position. Associations that fall into this category must take action to bring the funding levels to a proper level by raising the monthly/ annual contribution or a Special Reserve Assessment.

40% - 69% Funded is considered to be a "fair" financial position. This does not represent financial strength and stability. The likelihood of a Special Reserve Assessment is still possible. The Association should make every effort to continue strengthening the financial position of the Reserve Fund.

70% - 99% Funded is considered a "strong" financial position. This indicates financial strength of a Reserve Fund and every attempt to maintain this level should be a goal of the Association.

100% Funded or Greater is the "ideal" financial position. This means that the Association has the funds in the Reserve Account in order to repair, replace, restore or maintain the Common Elements based on their depreciation.

Recommended Reserve Contribution

Year Funded	Beginning of Year Balance	Spc Rsv Assessmt	Annual Transfer	Member Mo Pmt	Annual Expenditures	Interest Earned	Income Tax	End of Year Balance	% Funded	Fully Funded (100%)
2023	\$88,301.18	\$0.00	\$10,000.00	\$1.65	\$40,115.14	\$18.00	\$5.40	\$58,198.64	22.40	\$259,841.98
2024	\$58,198.64	\$300,000.00	\$16,375.00	\$2.70	\$202,137.50	\$12.00	\$3.60	\$172,444.54	84.73	\$203,521.95
2025	\$172,444.54	\$110,000.00	\$25,000.00	\$4.12	\$80,522.32	\$34.00	\$10.20	\$226,946.02	84.64	\$268,134.81
2026	\$226,946.02	\$110,000.00	\$38,000.00	\$6.26	\$90,969.53	\$45.00	\$13.50	\$284,007.99	87.25	\$325,502.83
2027	\$284,007.99	\$110,000.00	\$50,000.00	\$8.23	\$220,881.10	\$57.00	\$17.10	\$223,166.79	84.77	\$263,257.30
2028	\$223,166.79	\$110,000.00	\$65,000.00	\$10.70	\$110,264.51	\$45.00	\$13.50	\$287,933.78	92.28	\$312,006.58
2029	\$287,933.78	\$0.00	\$95,000.00	\$15.65	\$85,076.23	\$58.00	\$17.40	\$297,898.15	76.80	\$387,896.61
2030	\$297,898.15	\$0.00	\$125,000.00	\$20.59	\$256,305.71	\$60.00	\$18.00	\$166,634.44	54.65	\$304,896.55
2031	\$166,634.44	\$0.00	\$155,000.00	\$25.53	\$105,458.60	\$33.00	\$9.90	\$216,198.94	58.16	\$371,760.11
2032	\$216,198.94	\$0.00	\$185,000.00	\$30.47	\$92,965.10	\$43.00	\$12.90	\$308,263.94	67.97	\$453,511.50
2033	\$308,263.94	\$0.00	\$215,000.00	\$35.41	\$297,429.05	\$62.00	\$18.60	\$225,878.29	65.44	\$345,144.20
2034	\$225,878.29	\$0.00	\$215,000.00	\$35.41	\$153,996.02	\$45.00	\$13.50	\$286,913.77	75.39	\$380,560.51
2035	\$286,913.77	\$0.00	\$215,000.00	\$35.41	\$108,215.25	\$57.00	\$17.10	\$393,738.42	84.91	\$463,687.11
2036	\$393,738.42	\$0.00	\$215,000.00	\$35.41	\$305,822.14	\$79.00	\$23.70	\$302,971.58	83.31	\$363,680.98
2037	\$302,971.58	\$0.00	\$220,000.00	\$36.23	\$228,779.20	\$61.00	\$18.30	\$294,235.08	85.30	\$344,953.40
2038	\$294,235.08	\$0.00	\$220,000.00	\$36.23	\$148,186.30	\$59.00	\$17.70	\$366,090.08	89.46	\$409,203.09
2039	\$366,090.08	\$0.00	\$220,000.00	\$36.23	\$332,575.40	\$73.00	\$21.90	\$253,565.78	83.34	\$304,259.07
2040	\$253,565.78	\$0.00	\$225,000.00	\$37.06	\$130,409.68	\$51.00	\$15.30	\$348,191.80	87.01	\$400,173.63
2041	\$348,191.80	\$0.00	\$225,000.00	\$37.06	\$141,727.56	\$70.00	\$21.00	\$431,513.24	88.12	\$489,661.43
2042	\$431,513.24	\$0.00	\$230,000.00	\$37.88	\$344,125.56	\$86.00	\$25.80	\$317,447.88	80.81	\$392,845.98
2043	\$317,447.88	\$0.00	\$230,000.00	\$37.88	\$171,788.53	\$63.00	\$18.90	\$375,703.45	80.11	\$469,012.73
2044	\$375,703.45	\$0.00	\$250,000.00	\$41.17	\$132,545.99	\$75.00	\$22.50	\$493,209.96	83.95	\$587,524.97
2045	\$493,209.96	\$0.00	\$250,000.00	\$41.17	\$384,945.18	\$99.00	\$29.70	\$358,334.08	75.89	\$472,171.97
2046	\$358,334.08	\$0.00	\$280,000.00	\$46.11	\$164,301.08	\$72.00	\$21.60	\$474,083.40	82.26	\$576,355.85
2047	\$474,083.40	\$0.00	\$280,000.00	\$46.11	\$144,836.57	\$95.00	\$28.50	\$609,313.33	86.58	\$703,741.49
2048	\$609,313.33	\$0.00	\$310,000.00	\$51.05	\$463,384.75	\$122.00	\$36.60	\$456,013.98	85.25	\$534,936.33
2049	\$456,013.98	\$0.00	\$310,000.00	\$51.05	\$239,920.78	\$91.00	\$27.30	\$526,156.90	89.16	\$590,149.85
2050	\$526,156.90	\$0.00	\$310,000.00	\$51.05	\$185,255.51	\$105.00	\$31.50	\$650,974.89	92.48	\$703,922.03
2051	\$650,974.89	\$0.00	\$340,000.00	\$55.99	\$476,460.94	\$130.00	\$39.00	\$514,604.95	93.80	\$548,641.25
2052	\$514,604.95	\$0.00	\$340,000.00	\$55.99	\$356,430.54	\$103.00	\$30.90	\$498,246.51	95.80	\$520,084.97
Total:		\$740,000.00	\$5,864,375.00		\$6,195,831.77	\$2,003.00	\$600.90			

Reserve Budget Summary

Homeowners,

This Summary meets the NRS 116.31151 requirement of the Annual distribution to units' owners of operating and reserve budgets. It is provided to all individual homeowners as a recap of the Reserve Study that has been adopted by the Board of Directors.

NRS 116.31151-Annual distribution to units' owners of operating and reserve budgets or summaries

1....The executive board shall, not less than 30 days or more than 60 days before the beginning of the fiscal year of the association, prepare and distribute to each unit's owner a copy of:

(a)The budget for the daily operation of the association. The budget must include, without limitation, the estimated annual revenue and expenditures of the association and any contributions to be made to the reserve account of the association.

(b)The budget to provide adequate funding for the reserves required by paragraph (b) of subsection 2 of NRS 116.3115. The budget must include, without limitation

(1) The CURRENT estimated replacement cost, estimated remaining life and estimated useful life of each major component of the common elements and any other portion of the common-interest community that the association is obligated to maintain, repair, replace or restore;

(2) As of the end of the fiscal year for which the budget is prepared, the CURRENT estimate of the amount of cash reserves that are necessary, and the CURRENT amount of accumulated cash reserves that are set aside, to repair, replace or restore the major components of the common elements...

A copy of the entire Reserve Study is available by contacting the Community Management Company (or Board of Directors of Self Managed Associations).

Current Year for which the Budget is Prepared Beginning Date: 01/01/2024

Reserve Bank Balance as of Beginning Date: \$58,198.64

Annual Contribution to the Reserve Account: \$16,375.00

Estimated Expenditures: \$202,137.50

Projected Reserve Bank Balance at the End of the Fiscal Year: \$172,444.54

Planned Special Reserve Assessments: \$300,000.00

Study Funding Plan: Threshold Funding

Reserve Study Completed By: Reserve Study Specialist: Mari Jo Betterley, 0000025, Better Reserve Consultants

**Major Components of the Common Elements to be
Repaired, Replaced, Restored or Maintained**

Component	Today's Cost	Estimated Remaining Useful Life	Estimated Life When New
<u>Common Area</u>			
Bulletin Board Replacement	\$1,200	10	15
Mailbox Enclosures - Painting and Repairs (POA Responsible for one of the Buildings)	\$2,500	2	5
Mailbox Enclosures - Replacement (POA Responsible for one of the Buildings)	\$11,000	16	30
Monument Signage / Brick Rehab (Lettering is Operational Expense) (POA is Responsible for One Unit)	\$3,000	17	30
<u>Equipment</u>			
Fuel Tank	\$7,500	7	20
Grader (Not to be Replaced)	\$1	30	30
Maintenance and Repairs	\$30,000	1	1
Major Equipment Repairs (Done 2023) (One Time Cost)	\$15,000	0	30
Plow - Western Replacement (Done 2021)	\$12,000	3	5
Plow - Western Replacement (Done 2023)	\$11,932.57	0	5
Truck Replacement - 2018 Dodge Ram 2500 Laram (Done 2022)	\$40,000	14	15
Truck Replacement - 2020 Dodge Ram 2500 Tradesman and Transportation (Done 2022)	\$40,000	14	15
Truck Replacement - Dodge Ram 2015 (Done 2019)	\$40,000	11	15
<u>Reserve Study</u>			
Annual Update (Required per NRS116.31151)	\$1,250	0	1
Full Reserve Study (Done 2021)	\$2,150	2	5
<u>Roads</u>			
Maintenance - Culvert Repairs (Including Materials)	\$35,000	1	1
Maintenance - Emergency Snow or Flood Repairs	\$5,000	1	1
Reconstruction and Major Repairs	\$125,000	1	3
Total:	<hr/> \$382,533.57		

30 Year Planned Expenditures

This is where you will spend your money in the next 30 years

2023

Equipment - Major Equipment Repairs (Done 2023) (One Time Cost)	\$15,000.00
Equipment - Plow - Western Replacement (Done 2023)	\$11,932.57
Equipment - Plow - Western Replacement (Done 2023)	\$11,932.57
Reserve Study - Annual Update (Required per NRS116.31151)	\$1,250.00
Total	\$40,115.14

2024

Equipment - Maintenance and Repairs	\$30,900.00
Reserve Study - Annual Update (Required per NRS116.31151)	\$1,287.50
Roads - Maintenance - Culvert Repairs (Including Materials)	\$36,050.00
Roads - Maintenance - Emergency Snow or Flood Repairs	\$5,150.00
Roads - Reconstruction and Major Repairs	\$128,750.00
Total	\$202,137.50

2025

Common Area - Mailbox Enclosures - Painting and Repairs (POA Responsible for one of the Buildings)	\$2,652.25
Equipment - Maintenance and Repairs	\$31,827.00
Reserve Study - Annual Update (Required per NRS116.31151)	\$1,326.13
Reserve Study - Full Reserve Study (Done 2021)	\$2,280.94
Roads - Maintenance - Culvert Repairs (Including Materials)	\$37,131.50
Roads - Maintenance - Emergency Snow or Flood Repairs	\$5,304.50
Total	\$80,522.32

2026

Equipment - Maintenance and Repairs	\$32,781.81
Equipment - Plow - Western Replacement (Done 2021)	\$13,112.72
Reserve Study - Annual Update (Required per NRS116.31151)	\$1,365.91
Roads - Maintenance - Culvert Repairs (Including Materials)	\$38,245.45
Roads - Maintenance - Emergency Snow or Flood Repairs	\$5,463.64
Total	\$90,969.53

2027

Equipment - Maintenance and Repairs	\$33,765.26
Reserve Study - Annual Update (Required per NRS116.31151)	\$1,406.89
Roads - Maintenance - Culvert Repairs (Including Materials)	\$39,392.81
Roads - Maintenance - Emergency Snow or Flood Repairs	\$5,627.54
Roads - Reconstruction and Major Repairs	\$140,688.60
Total	\$220,881.10

2028

Equipment - Maintenance and Repairs	\$34,778.22
Equipment - Plow - Western Replacement (Done 2023)	\$13,833.12
Equipment - Plow - Western Replacement (Done 2023)	\$13,833.12
Reserve Study - Annual Update (Required per NRS116.31151)	\$1,449.09
Roads - Maintenance - Culvert Repairs (Including Materials)	\$40,574.59
Roads - Maintenance - Emergency Snow or Flood Repairs	\$5,796.37
Total	\$110,264.51

2029

Equipment - Maintenance and Repairs	\$35,821.57
Reserve Study - Annual Update (Required per NRS116.31151)	\$1,492.57
Roads - Maintenance - Culvert Repairs (Including Materials)	\$41,791.83
Roads - Maintenance - Emergency Snow or Flood Repairs	\$5,970.26
Total	\$85,076.23

2030

Common Area - Mailbox Enclosures - Painting and Repairs (POA Responsible for one of the Buildings)	\$3,074.68
Equipment - Fuel Tank	\$9,224.05
Equipment - Maintenance and Repairs	\$36,896.22
Reserve Study - Annual Update (Required per NRS116.31151)	\$1,537.34
Reserve Study - Full Reserve Study (Done 2021)	\$2,644.23
Roads - Maintenance - Culvert Repairs (Including Materials)	\$43,045.59
Roads - Maintenance - Emergency Snow or Flood Repairs	\$6,149.37
Roads - Reconstruction and Major Repairs	\$153,734.23
Total	\$256,305.71

2031

Equipment - Maintenance and Repairs	\$38,003.10
Equipment - Plow - Western Replacement (Done 2021)	\$15,201.24
Reserve Study - Annual Update (Required per NRS116.31151)	\$1,583.46
Roads - Maintenance - Culvert Repairs (Including Materials)	\$44,336.95
Roads - Maintenance - Emergency Snow or Flood Repairs	\$6,333.85
Total	\$105,458.60

2032

Equipment - Maintenance and Repairs	\$39,143.20
Reserve Study - Annual Update (Required per NRS116.31151)	\$1,630.97
Roads - Maintenance - Culvert Repairs (Including Materials)	\$45,667.06
Roads - Maintenance - Emergency Snow or Flood Repairs	\$6,523.87
Total	\$92,965.10

2033

Common Area - Bulletin Board Replacement	\$1,612.70
Equipment - Maintenance and Repairs	\$40,317.49
Equipment - Plow - Western Replacement (Done 2023)	\$16,036.38
Equipment - Plow - Western Replacement (Done 2023)	\$16,036.38
Reserve Study - Annual Update (Required per NRS116.31151)	\$1,679.90
Roads - Maintenance - Culvert Repairs (Including Materials)	\$47,037.07
Roads - Maintenance - Emergency Snow or Flood Repairs	\$6,719.58
Roads - Reconstruction and Major Repairs	\$167,989.55
Total	\$297,429.05

2034

Equipment - Maintenance and Repairs	\$41,527.02
Equipment - Truck Replacement - Dodge Ram 2015 (Done 2019)	\$55,369.35
Reserve Study - Annual Update (Required per NRS116.31151)	\$1,730.29
Roads - Maintenance - Culvert Repairs (Including Materials)	\$48,448.19
Roads - Maintenance - Emergency Snow or Flood Repairs	\$6,921.17
Total	\$153,996.02

2035

Common Area - Mailbox Enclosures - Painting and Repairs (POA Responsible for one of the Buildings)	\$3,564.40
Equipment - Maintenance and Repairs	\$42,772.83
Reserve Study - Annual Update (Required per NRS116.31151)	\$1,782.20
Reserve Study - Full Reserve Study (Done 2021)	\$3,065.39
Roads - Maintenance - Culvert Repairs (Including Materials)	\$49,901.63
Roads - Maintenance - Emergency Snow or Flood Repairs	\$7,128.80
Total	\$108,215.25

2036

Equipment - Maintenance and Repairs	\$44,056.01
Equipment - Plow - Western Replacement (Done 2021)	\$17,622.40
Reserve Study - Annual Update (Required per NRS116.31151)	\$1,835.67
Roads - Maintenance - Culvert Repairs (Including Materials)	\$51,398.68
Roads - Maintenance - Emergency Snow or Flood Repairs	\$7,342.67
Roads - Reconstruction and Major Repairs	\$183,566.71
Total	\$305,822.14

2037

Equipment - Maintenance and Repairs	\$45,377.69
Equipment - Truck Replacement - 2018 Dodge Ram 2500 Laram (Done 2022)	\$60,503.59
Equipment - Truck Replacement - 2020 Dodge Ram 2500 Tradesman and Transportation (Done 2022)	\$60,503.59
Reserve Study - Annual Update (Required per NRS116.31151)	\$1,890.74
Roads - Maintenance - Culvert Repairs (Including Materials)	\$52,940.64
Roads - Maintenance - Emergency Snow or Flood Repairs	\$7,562.95
Total	\$228,779.20

2038

Equipment - Maintenance and Repairs	\$46,739.02
Equipment - Plow - Western Replacement (Done 2023)	\$18,590.56
Equipment - Plow - Western Replacement (Done 2023)	\$18,590.56
Reserve Study - Annual Update (Required per NRS116.31151)	\$1,947.46
Roads - Maintenance - Culvert Repairs (Including Materials)	\$54,528.86
Roads - Maintenance - Emergency Snow or Flood Repairs	\$7,789.84
Total	\$148,186.30

2039

Common Area - Mailbox Enclosures - Replacement (POA Responsible for one of the Buildings)	\$17,651.77
Equipment - Maintenance and Repairs	\$48,141.19
Reserve Study - Annual Update (Required per NRS116.31151)	\$2,005.88
Roads - Maintenance - Culvert Repairs (Including Materials)	\$56,164.73
Roads - Maintenance - Emergency Snow or Flood Repairs	\$8,023.53
Roads - Reconstruction and Major Repairs	\$200,588.30
Total	\$332,575.40

2040

Common Area - Mailbox Enclosures - Painting and Repairs (POA Responsible for one of the Buildings)	\$4,132.12
Common Area - Monument Signage / Brick Rehab (Lettering is Operational Expense) (POA is Responsible for One Unit)	\$4,958.54
Equipment - Maintenance and Repairs	\$49,585.43
Reserve Study - Annual Update (Required per NRS116.31151)	\$2,066.06
Reserve Study - Full Reserve Study (Done 2021)	\$3,553.62
Roads - Maintenance - Culvert Repairs (Including Materials)	\$57,849.67
Roads - Maintenance - Emergency Snow or Flood Repairs	\$8,264.24
Total	\$130,409.68

2041

Equipment - Maintenance and Repairs	\$51,072.99
Equipment - Plow - Western Replacement (Done 2021)	\$20,429.20
Reserve Study - Annual Update (Required per NRS116.31151)	\$2,128.04
Roads - Maintenance - Culvert Repairs (Including Materials)	\$59,585.16
Roads - Maintenance - Emergency Snow or Flood Repairs	\$8,512.17
Total	\$141,727.56

2042

Equipment - Maintenance and Repairs	\$52,605.18
Reserve Study - Annual Update (Required per NRS116.31151)	\$2,191.88
Roads - Maintenance - Culvert Repairs (Including Materials)	\$61,372.71
Roads - Maintenance - Emergency Snow or Flood Repairs	\$8,767.53
Roads - Reconstruction and Major Repairs	\$219,188.26
Total	\$344,125.56

2043

Equipment - Maintenance and Repairs	\$54,183.34
Equipment - Plow - Western Replacement (Done 2023)	\$21,551.55
Equipment - Plow - Western Replacement (Done 2023)	\$21,551.55
Reserve Study - Annual Update (Required per NRS116.31151)	\$2,257.64
Roads - Maintenance - Culvert Repairs (Including Materials)	\$63,213.89
Roads - Maintenance - Emergency Snow or Flood Repairs	\$9,030.56
Total	\$171,788.53

2044

Equipment - Maintenance and Repairs	\$55,808.84
Reserve Study - Annual Update (Required per NRS116.31151)	\$2,325.37
Roads - Maintenance - Culvert Repairs (Including Materials)	\$65,110.31
Roads - Maintenance - Emergency Snow or Flood Repairs	\$9,301.47
Total	\$132,545.99

2045

Common Area - Mailbox Enclosures - Painting and Repairs (POA Responsible for one of the Buildings)	\$4,790.26
Equipment - Maintenance and Repairs	\$57,483.10
Reserve Study - Annual Update (Required per NRS116.31151)	\$2,395.13
Reserve Study - Full Reserve Study (Done 2021)	\$4,119.62
Roads - Maintenance - Culvert Repairs (Including Materials)	\$67,063.62
Roads - Maintenance - Emergency Snow or Flood Repairs	\$9,580.52
Roads - Reconstruction and Major Repairs	\$239,512.93
Total	\$384,945.18

2046

Equipment - Maintenance and Repairs	\$59,207.60
Equipment - Plow - Western Replacement (Done 2021)	\$23,683.04
Reserve Study - Annual Update (Required per NRS116.31151)	\$2,466.98
Roads - Maintenance - Culvert Repairs (Including Materials)	\$69,075.53
Roads - Maintenance - Emergency Snow or Flood Repairs	\$9,867.93
Total	\$164,301.08

2047

Equipment - Maintenance and Repairs	\$60,983.82
Reserve Study - Annual Update (Required per NRS116.31151)	\$2,540.99
Roads - Maintenance - Culvert Repairs (Including Materials)	\$71,147.79
Roads - Maintenance - Emergency Snow or Flood Repairs	\$10,163.97
Total	\$144,836.57

2048

Common Area - Bulletin Board Replacement	\$2,512.53
Equipment - Maintenance and Repairs	\$62,813.34
Equipment - Plow - Western Replacement (Done 2023)	\$24,984.15
Equipment - Plow - Western Replacement (Done 2023)	\$24,984.15
Reserve Study - Annual Update (Required per NRS116.31151)	\$2,617.22
Roads - Maintenance - Culvert Repairs (Including Materials)	\$73,282.23
Roads - Maintenance - Emergency Snow or Flood Repairs	\$10,468.89
Roads - Reconstruction and Major Repairs	\$261,722.24
Total	\$463,384.75

2049

Equipment - Maintenance and Repairs	\$64,697.74
Equipment - Truck Replacement - Dodge Ram 2015 (Done 2019)	\$86,263.65
Reserve Study - Annual Update (Required per NRS116.31151)	\$2,695.74
Roads - Maintenance - Culvert Repairs (Including Materials)	\$75,480.69
Roads - Maintenance - Emergency Snow or Flood Repairs	\$10,782.96
Total	\$239,920.78

2050

Common Area - Mailbox Enclosures - Painting and Repairs (POA Responsible for one of the Buildings)	\$5,553.22
Equipment - Fuel Tank	\$16,659.67
Equipment - Maintenance and Repairs	\$66,638.67
Reserve Study - Annual Update (Required per NRS116.31151)	\$2,776.61
Reserve Study - Full Reserve Study (Done 2021)	\$4,775.77
Roads - Maintenance - Culvert Repairs (Including Materials)	\$77,745.12
Roads - Maintenance - Emergency Snow or Flood Repairs	\$11,106.45
Total	\$185,255.51

2051

Equipment - Maintenance and Repairs	\$68,637.83
Equipment - Plow - Western Replacement (Done 2021)	\$27,455.13
Reserve Study - Annual Update (Required per NRS116.31151)	\$2,859.91
Roads - Maintenance - Culvert Repairs (Including Materials)	\$80,077.47
Roads - Maintenance - Emergency Snow or Flood Repairs	\$11,439.64
Roads - Reconstruction and Major Repairs	\$285,990.96
Total	\$476,460.94

2052

Equipment - Maintenance and Repairs	\$70,696.97
Equipment - Truck Replacement - 2018 Dodge Ram 2500 Laram (Done 2022)	\$94,262.62
Equipment - Truck Replacement - 2020 Dodge Ram 2500 Tradesman and Transportation (Done 2022)	\$94,262.62
Reserve Study - Annual Update (Required per NRS116.31151)	\$2,945.71
Roads - Maintenance - Culvert Repairs (Including Materials)	\$82,479.79
Roads - Maintenance - Emergency Snow or Flood Repairs	\$11,782.83
Total	\$356,430.54