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Funding Reserve Analysis *for* Elkhorn Ridge HOA 2019

February 21, 2019



Elkhorn Ridge

Funding Reserve Analysis
for
Elkhorn Ridge HOA 2019

Table of Contents

Pages	Subject
1	Report Cover Sheet
2	Table of Contents
3 to 12	Reserve Study Summary
13 to 14	Reserve Item Summary
15 to 18	Reserve Item Listing
19	Present Cost Report
20	Cash Flow
21	Assessment Summary
22 to 25	Expense Report
26 to 27	Expense Summary



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February 21, 2019

Ms. Joleen Cline - Community Manager
 Cline and Associates
 150 Pacific Street, Suite 1
 Portola, CA 96122

Subject: Elkhorn Ridge HOA 2019

Ms. Cline,

Resource 1 BC is pleased to present to Ms. Joleen Cline the requested Reserve Funding study. We believe that you will find the attached study to be thorough and complete. After you have had an opportunity to review the report you may have questions. Please do not hesitate to write or call - we would be pleased to answer any questions you may have.

Project Description

Elkhorn Ridge is located off of Lance Drive and Winchester Court in Truckee, California. The project consists of 66 units. The homeowners maintain their homes and lots. The Association maintains the private streets, fire hydrants and street signs with stop signs.

As per California Civil Code, a financial update, without a site visit, is recommended annually {as inflation rates may change, the amount in the reserve account changes, component costs change}, and a new reserve study is required every three years, which would be before January 2022.

Depth of Study

Full Service Reserve Study with Field Inspection A field inspection was made to verify the existing condition of the various reserve study components, their physical condition, and to verify component quantities. In place testing, laboratory testing, and non-destructive testing of the reserve study components were not performed. Field measurements of component quantities were made to either verify improvement plan take offs or determine directly the quantities of various components. Photographs were not taken of the site improvements.

Summary of Financial Assumptions

The below table contains a partial summary of membership and reserve fund balance provided by Ms. Joleen Cline for the Elkhorn Ridge HOA 2019 funding study.

<i>Reserve Study by Calendar Year Starting</i>	<i>January 1, 2019</i>
<i>Funding Study Length</i>	<i>30 Years</i>
<i>Number of Assessment Paying Members</i>	<i>66</i>
<i>Reserve Balance as of January 1, 2019¹</i>	<i>\$131,491</i>
<i>Annual Inflation Rate</i>	<i>2.40%</i>
<i>Tax Rate on Reserve Interest ²</i>	<i>30.00%</i>
<i>Minimum Reserve Account Balance</i>	<i>\$0</i>
<i>Assessment Change Period</i>	<i>3 Years</i>
<i>Annual Operating Budget</i>	<i>\$0</i>

¹ See "Financial Condition of Association" in this report.

² Taxed as an IRS exempt association

Reserve Study Assumptions

- Cost estimates and financial information are accurate and current.
- No unforeseen circumstances will cause a significant reduction of reserves.
- Sufficient comprehensive property insurance exists to protect from insurable risks.
- The association plans to continue to maintain the existing common areas and amenities.
- Reserve payments occur at the end of every calendar month.
- Expenses occur at the end of the expense year.

Initial Reserves

Initial reserves for this Reserve Study were known to be \$131,491 on January 1, 2019. Based upon a study start date of January 1, 2019 a total of 0 days of accrued interest at 0.05 percent per annum were compounded to yield an initial reserve balance of \$131,491.

The implicit assumption has been made that the reserve accounts were not drawn down between the date of the known reserve balance and the study start date.

Recommended Payment Schedule

The below table contains Resource 1 BC recommended schedule of payments for the next five years. Failure to follow the proposed schedule of payments may result in inadequate reserve funds. 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.

Proposed Assessment Schedule

Calendar Year	Member Monthly Reserve Assessment	Member Total Annual Assessment	Association Monthly Reserve Assessment	Association Annual Reserve Assessment	Proposed Reserve Balance
2019	\$13.48	\$162	\$890	\$10,677	\$139,450
2020	\$13.48	\$162	\$890	\$10,677	\$149,705
2021	\$13.48	\$162	\$890	\$10,677	\$140,346
2022	\$13.48	\$162	\$890	\$10,677	\$150,579
2023	\$17.88	\$215	\$1,180	\$14,165	\$162,036
2024	\$17.88	\$215	\$1,180	\$14,165	\$173,928

Assessment Change Period

Resource 1 BC is using a 3 year assessment change period, as a new reserve study is required every three years. Resource 1 BC recommends a financial update every year. Ongoing repairs, reserve account balances changes, costs of component changes, inflation rate changes and reserve funds interest rate changes are some of the variables that effect reserve assessments.

Financial Condition of Association

Elkhorn Ridge Association's current reserve funding is in excellent financial condition and/or is adequately funded. The overall status of the reserve of the association is in excellent financial condition and/or is adequately funded. The reserve account is in excess of the total present cost depreciation, which is \$97,974.32. See present cost report. The association is fully funded. Resource 1 BC does not know if the reserve account was reconciled, as the amount was given to Resource 1 BC by the Community Manager. The interest rate the reserve funds earned was given to Resource 1 BC by the Community Manager.

Funding Method or Reserve Study Goal

Resource 1 BC uses the Baseline Funding Method in the calculation of reserve assessments. This means the reserve fund goal is a minimum account balance consistent with the cash demands of maintenance and replacement of reserve items.

Next Full Service Reserve Study Required Date

Elkhorn Ridge HOA will need a new full service reserve study in place before January 1, 2022.

Study Start and Study End Date

This Reserve Study encompasses 30 Years. The Study Start Date is January 1, 2019 and the study ends on December 31, 2048.

Date of Physical Inspection

Elkhorn Ridge HOA 2019 HOA was physically inspected by Resource 1 BC on February 08, 2019.

Governing Documents

A review was not made of the CCR's (conditions, covenants and restrictions) governing documents.

Plats and Other Industry Resources Used to Prepare this Study

Plats or other industry resources were not used in preparing this reserve study.

Inflation Rate

According to the average inflation rate from InflationData.com [historical CPI] from 2.40 percent. This average is the inflation rate used in this reserve study and over the 30 year period. Resource 1 BC recommends annual updates because inflation rates will vary in the future, effecting reserve assessments.

Crude Oil Price

On February 4, 2019 the price of crude oil was \$55.26 per barrel. As this price continues to rise or fall, the price of petroleum based products, such as asphalt, slurry seal and roofing will also be increased or decreased.

Study Method

Funding studies may be done in several ways, but we believe that the value of a funding study lies in the details. "Bulk" studies are quick, usually inexpensive, and almost always border on worthless. We believe that meaningful answers to funding studies lie in the details. In this study, we have used the "Component" method because it is the only method which allows scrutiny of the funding details. The method is pragmatic, and allows human judgement and experience to enter into the equation.

Unless noted otherwise, the present cost of every reserve item in this report has been estimated using the "National Construction Estimator", a nationally recognized standard, and modified by an area cost adjustment factor. Where possible, known costs have been used. In addition, every reserve item has been given an estimated remaining useful life, an estimated useful life when new, and has been cast into the future to determine the inflated cost.

Equal annual payments are calculated for each reserve item based upon a payment starting year and a payment ending year using the end of period payment method. Interest earned on accumulated reserve funds and taxes on the reserve interest are also calculated. Initial reserve funds are consumed as expenses occur until fully depleted, reducing annual reserve payments to a minimum. As you review this report, we are certain that you will appreciate the level of detail provided, allowing you to review each reserve item in detail.

Impact of Component Life

The projected life expectancy of the major components and the reserve funding needs of the association are closely tied.

Performing the appropriate routine maintenance for each major component generally increases the component useful life, effectively moving the component expense into the future which reduces the reserve funding payments of the association. Failure to perform such maintenance can shorten the remaining useful life of the major components, bringing the replacement expense closer to the present which increases the reserve funding payments of the association.

Major Component Defined

Major component of the common elements: any component of the common elements, including, without limitation, any amenity, component, furnishing, fixture, 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.

California Civil Code 5550 5560 5565 and 5570

Davis-Stirling Common Interest Development Act

Part 5. Common Interest Developments

Chapter 7. Finances

Article 3. Reserve Planning

§5550. Study of Reserve Accounts

(a) At least once every three years, the board shall cause to be conducted a reasonably competent and diligent visual inspection of the accessible areas of the major components that the association is obligated to repair, replace, restore, or maintain as part of a study of the reserve account requirements of the common interest development, if the current replacement value of the major components is equal to or greater than one-half of the gross budget of the association, excluding the association's reserve account for that period. The board shall review this study, or cause it to be reviewed, annually and shall consider and implement necessary adjustments to the board's analysis of the reserve account requirements as a result of that review. (b) The study required by this section shall at a minimum include: (1) Identification of the major components that the association is obligated to repair, replace, restore, or maintain that, as of the date of the study, have a remaining useful life of less than 30 years. (2) Identification of the probable remaining useful life of the components identified in paragraph (1) as of the date of the study. (3) An estimate of the cost of repair, replacement, restoration, or maintenance of the components identified in paragraph (1). (4) An estimate of the total annual contribution necessary to defray the cost to repair, replace, restore, or maintain the components identified in paragraph (1) during and at the end of their useful life, after subtracting total reserve funds as of the date of the study. (5) A reserve funding plan that indicates how the association plans to fund the contribution identified in paragraph (4) to meet the association's obligation for the repair and replacement of all major components with an expected remaining life of 30 years or less, not including those components that the board has determined will not be replaced or repaired.

§5560. Reserve Funding Plan; Adoption

(a) The reserve funding plan required by Section 5550 shall include a schedule of the date and amount of any change in regular or special assessments that would be needed to sufficiently fund the reserve funding plan. (b) The plan shall be adopted by the board at an open meeting before the membership of the association as described in Article 2 (commencing with Section 4900) of Chapter 6. (c) If the board determines that an assessment increase is necessary to fund the reserve funding plan, any increase shall be approved in a separate action of the board that is consistent with the procedure described in Section 5605.

§5565. Summary of Reserves

The summary of the association's reserves required by paragraph (2) of subdivision (b) of Section 5300 shall be based on the most recent review or study conducted pursuant to Section 5550, shall be based only on assets held in cash or cash equivalents, shall be printed in boldface type, and shall include all of the following: (a) The current estimated replacement cost, estimated remaining life, and estimated useful life of each major component. (b) As of the end of the fiscal year for which the study is prepared: (1) The current estimate of the amount of cash reserves necessary to repair, replace, restore, or maintain the major components. (2) The current amount of accumulated cash reserves actually set aside to repair, replace, restore, or maintain major components. (3) If applicable, the amount of funds received from either a compensatory damage award or settlement to an association from any person for injuries to property, real or personal, arising out of any construction or design defects, and the expenditure or disposition of funds, including the amounts expended for the direct and indirect costs of repair of construction or design defects. These amounts shall be

reported at the end of the fiscal year for which the study is prepared as separate line items under cash reserves pursuant to paragraph (2). Instead of complying with the requirements set forth in this paragraph, an association that is obligated to issue a review of its financial statement pursuant to Section 5305 may include in the review a statement containing all of the information required by this paragraph. (c) The percentage that the amount determined for purposes of paragraph (2) of subdivision (b) equals the amount determined for purposes of paragraph (1) of subdivision (b). (d) The current deficiency in reserve funding expressed on a per unit basis. The figure shall be calculated by subtracting the amount determined for purposes of paragraph (2) of subdivision (b) from the amount determined for purposes of paragraph (1) of subdivision (b) and then dividing the result by the number of separate interests within the association, except that if assessments vary by the size or type of ownership interest, then the association shall calculate the current deficiency in a manner that reflects the variation.

§5570. Disclosure

Added by Stats. 2012, Ch. 180 Sec. 2. Effective January 1, 2013. Operative January 1, 2014, by Sec. 3 of Ch 180.

Summary of Findings

Resource 1 BC has estimated future projected expenses for Elkhorn Ridge HOA 2019 based upon preservation of existing improvements. The attached funding study is limited in scope to those expense items listed in the attached "Elkhorn Ridge HOA 2019 Reserve Study Expense Items". Expense items which have an expected life of more than 30 Years are not included in this reserve study unless payment for these long lived items overlaps the 30 Years reserve study envelope.

Of primary concern is the preservation of a positive funding balance with funds sufficient to meet projected expenses throughout the study life. Based upon the attached funding study, it is our professional opinion that member monthly fees as shown in the attached "Elkhorn Ridge HOA 2019 Assessment Summary" will realize this goal. Some reserve items in the "Revenue Summary Table" may not contain payments. In this analysis the initial reserves were used to make annual payments for expense items in their order of occurrence until the initial reserve was consumed. As a result reserve items without payments may be expected, particularly in the first few years of the funding study. Reserve items that have been paid with initial reserve funds are identified with a [FP] in the Expense Items Sheets. An item marked [PR] is partially paid with initial reserve funds. Ms. Joleen Cline represents and warrants that the information provided to Resource 1 BC, including but not limited to that information contained in the attached Reserve Study Information Summary, that the maintenance records are complete and accurate, and that Resource 1 BC may rely upon such information and documents without further verification or corroboration. Where the age of a particular Reserve Item (as listed in the Reserve Study) is unknown, Ms. Joleen Cline shall provide to Resource 1 BC Ms. Joleen Cline's best-estimated age of that item. If Ms. Joleen Cline is unable to provide and estimate of a Reserve Item's age, Resource 1 BC shall make its own estimate of age of the Reserve Item. The Reserve Study is created for the association's use, and is a reflection of information provided to Resource 1 BC. This information is not for the purpose of performing an audit, historical records, quality or forensic analyses. Any on site inspection is not considered to be a project audit or quality inspection.

Percent Funded

Many reserve studies use the concept of "Percent Funded" to measure the reserve account balance against a theoretically perfect value. Percent Funded is often used as a measure of the "Financial Health" of an association. The assumption is, the higher the percentage, the greater the "Financial Health". The question of substance is simply: How much is enough? To answer the question, some understanding of Percent Funded is required. Percent Funded is the ratio of current cash reserves divided by the Fully Funded value at any instant in time. Fully Funded is defined as the present value of the sum of all reserve items divided by the expected life of each item. In essence, Fully Funded is simply the total of the average net present value of the association improvements. Reserve items with a remaining life greater than the study life are not included in the calculation. For example; building framing, foundations, water lines, and other long-lived items that fall outside the envelope of the reserve study are excluded from the calculation. Percent Funded is then, the current reserve balance divided by the Fully Funded value multiplied by 100 (to give a percentage). The concept of percent funded is useful when the reserve study is comprehensive, but misleading when the reserve study is superficial or constrained. As a result, we recommend that the statement "Percent Funded" be used with caution.

Keeping Your Reserve Study Current

Resource 1 BC believes that funding studies are an essential part of property management. People and property are constantly changing and evolving. As a result, the useful life of a funding study is at best a few years, and certainly not more than five years. This reserve study should be updated:

- At least once a year
- At changes in interest rates
- At changes in inflation rates
- At changes in the number of dues paying members
- Before starting new improvements
- Before making changes to the property
- After a flood or fire
- After the change of ownership or management
- After Annexation or Incorporation

State of Nevada Business License

Resource 1 BC has a Nevada State Business License. Nevada Business Identification # NV20001014373.

Professional Liability Insurance

Resource 1 BC carries full professional liability with error's and omissions, and workman's compensation insurance. Proof available on request at no charge.

Statement of Qualifications

Resource 1 BC is a professional in the business of preparing reserve studies for community associations. Resource 1 BC is familiar with construction practices, construction costs, and contracting practices in CA. Kenneth Rowan was a CAI certified Reserve Study Specialist. Kenneth Rowan has a State of Nevada Reserve Specialist Permit. Christine Rowan is an associate. Christine was a CAI certified Reserve Study Specialist. Christine Rowan does reserve studies working with a permitted State of Nevada reserve specialist, Kenneth.

Kenneth R. Rowan Background

Kenneth R. Rowan

University of Nevada, Reno - B.Sc. Business Administration

State of Nevada Reserve Specialist Permit RSS.0000002

CAI-RS Reserve Specialist Certification #00064 from 2002 to 2014

State of Nevada Inspector of Structures Master IOS.0000008-M from 1999 to 2018

OSHA Supervisor Construction Safety Class, Western Nevada College-30 hours of training (Occupational Safety and Health Administration).

Master Inspector Class, Western Nevada Community College- 24 hours of training (ADA Inspections).

General Inspector Class, Western Nevada Community College- 40 hours of training (Uniform Building Code)

Residential Inspector Class, Western Nevada Community College- 40 hours of training

Commercial Property Inspection Course, inspection Training Associates- 16 hours of training

Nevada 2015 Legislative Update for the CIC Industry- 3 hours credits Nevada Law

Nevada 2015 Budgets and Reserves in the CIC for the Reserves Study Providers- 3 hours General Credit

Nevada 2018 Budgets and Reserves in the CIC for the Reserves Study Providers- 3 hours General Credit

Nevada 2018 Legislative Update for the CIC Industry- 3 hours credits Nevada Law

Past HOA President Riverbend and Meadowridge Associations

Christine M. Rowan Associate Background

Christine M. Rowan

University of California, Los Angeles: BA Degree in Psychology and Biology

University of Pepperdine: MBA Degree

Resource 1 BC Associate from May 2005 to present

CAI-RS Reserve Specialist Certification #00193 from 2010 to 2013

Nevada 2015 Legislative Update for the CIC Industry- 3 hours credits Nevada Law

Nevada 2015 Budgets and Reserves in the CIC for the Reserves Study Providers- 3 hours General Credit

Nevada 2018 Budgets and Reserves in the CIC for the Reserves Study Providers- 3 hours General Credit

Nevada 2018 Legislative Update for the CIC Industry- 3 hours credits Nevada Law

Past HOA President Riverdale Association

Conflict of Interest

As the preparer of this reserve study, Resource 1 BC certifies that we do not have any vested interests, financial interests, or other interests that would cause a conflict of interest in the preparation of this reserve study.

Resource 1 BC would like to thank Cline and Associates for the opportunity to be of service in the preparation of the attached Funding Study. Again, please feel free to write or call at our letterhead address, if you have any questions.

Prepared by:



Christine Rowan
Associate



Kenneth Rowan
State of Nevada Reserve Study Specialist
Permit # RSS.0000002

Enclosures:

Expense Summary for Lance Drive - Paving 1 1/2 inch Overlay

Expense Summary for Lance Drive - Paving 1 1/2 inch Overlay

Expense Summary for Lance Drive - Street Signs and Stop Signs

Reserve Category - Lance Drive



Asphalt on Lance Drive

Reserve Item - Paving 1 1/2 inch Overlay

Unit Cost	No Units	Current Cost When New	Expected Life When New	Estimated Remaining Life	Expense Year	Estimated Future Cost
\$1.50 / • ft	37130 • ft	\$55,695.00	25 Years	12 Years	2031	\$76,064
				25 Years	2056	\$138,515

Reserve Category - Lance Drive



Fire Hydrant

Reserve Item - Paving 1 1/2 inch Overlay

Unit Cost	No Units	Current Cost When New	Expected Life When New	Estimated Remaining Life	Expense Year	Estimated Future Cost
\$1.50 / • ft	37130 • ft	\$55,695.00	25 Years	12 Years	2031	\$76,064
				25 Years	2056	\$138,515

Reserve Category - Lance Drive



Street Sign

Reserve Item - Street Signs and Stop Signs

Unit Cost	No Units	Current Cost When New	Expected Life When New	Estimated Remaining Life	Expense Year	Estimated Future Cost
\$250.00 ea	7 ea	\$1,750.00	40 Years	27 Years	2046	\$3,424
				40 Years	2086	\$8,935

Elkhorn Ridge HOA 2019 Reserve Study Expense Item Summary

Reserve Items	Current Cost When New	Estimated Remaining Life	Expected Life When New	First Replacement Cost	Repeating Item?
Courtenay Court					
Paving 1 1/2 inch Overlay	\$20,565	12 Years	25 Years	\$28,086	Yes
Fire Hydrant Rebuild	\$3,000	27 Years	40 Years	\$5,871	Yes
Fire Hydrant Painting	\$50.00	0 Years	5 Years	\$51	Yes
Courtenay Lane					
Paving 1 1/2 inch Overlay	\$22,500	12 Years	25 Years	\$30,729	Yes
Fire Hydrant Rebuild	\$3,000	40 Years	40 Years	\$8,018	Yes
Fire Hydrant Painting	\$25.00	5 Years	5 Years	\$29	No
Havern Hill Court					
Paving 1 1/2 inch Overlay	\$17,250	12 Years	25 Years	\$23,559	Yes
Fire Hydrant Rebuild	\$3,000	27 Years	40 Years	\$5,871	Yes
Fire Hydrant Painting	\$50.00	0 Years	5 Years	\$51	Yes
Lance Drive					
Paving 1 1/2 inch Overlay	\$55,695	12 Years	25 Years	\$76,064	Yes
Street Signs and Stop Signs	\$1,750	27 Years	40 Years	\$3,424	Yes
Fire Hydrant Rebuild	\$6,000	27 Years	40 Years	\$11,741	Yes
Fire Hydrant Painting	\$100	0 Years	5 Years	\$102	Yes
Stamford Court					
Paving 1 1/2 inch Overlay	\$15,225	12 Years	25 Years	\$20,793	Yes
Fire Hydrant Rebuild	\$3,000	27 Years	40 Years	\$5,871	Yes
Fire Hydrant Painting	\$50.00	0 Years	5 Years	\$51	Yes
Winchester Court					
Paving 1 1/2 inch Overlay	\$26,310	12 Years	25 Years	\$35,932	Yes
Road Treatment					
Slurry Seal Type 1	\$14,951	2 Years	4 Years	\$16,066	Yes
Paving Crackfill	\$2,000	0 Years	2 Years	\$2,049	Yes
Reserve Studies					
Reserve Study Estimate	\$1,295	2 Years	3 Years	\$1,392	Yes
Reserve Study Update	\$450	0 Year	1 Years	\$461	Yes

Months Remaining in Calendar Year 2019: 12

Expected annual inflation: 2.40%

Interest earned on reserve funds: 0.05%

Initial Reserve: \$131,491

Elkhorn Ridge HOA 2019 Funding Study Expense Item Summary - Continued

Abbreviations

AC - Asphalt	ELEC - Electrical	PNL - Panel
AQ - Average Quality	EP - Electrical Panelboard	PNT - Paint
BLDG - Building	EXT - Exterior	PVMT - Pavement
BLK - Block	FA - Fire Alarm	PWD - Plywood
BUR - Built up Roof	FLR - Floor	QT - Quarry Tile
C&G - Curb and Gutter	FN - Fence	R/R - Remove and Replace
CAB - Cabinet	FND - Foundation	RA - Return Air
CB - Catch Basin	FPL - Fireplace	RCP - Reinforced Concrete Pipe
CEM - Cement	FTG - Footing	RD - Roof Drain
CFT - Cubic Foot	FY - Fiscal Year	REM - Remove
CIP - Cast-in-place Concrete	HQ - High Quality	RL - Rail
CMU - Concrete Masonry Unit	LAM - Laminate	S - South
COL - Column	LAV - Lavatory	SCB - Speed Control Bump
CPT - Carpet	LC - Light Control	SHTH - Sheathing
CT - Ceramic Tile	LW - Lightweight Concrete	SQ - Square
CTR - Counter	MAS - Masonry	ST - Steel
CYD - Cubic Yard	MFD - Metal Floor Decking	STO - Storage
D - Drain	MH - Manhole	SYS - System
DEM - Demolish	MQ - Medium Quality	VB - Vapor Barrier
DR - Door	MRB - Marble	W - West
DS - Downspout	MRD - Metal Roof Decking	WC - Water Closet
DW - Dumb Waiter	N - North	WIN - Window
E - East	PCC - Portland Cement Concrete	YD - Yard
EA - Each	PG - Plate Glass	

Elkhorn Ridge HOA 2019 Reserve Study Expense Item Listing

Reserve Items	Unit Cost	No Units	Current Cost When New	Estimated Remaining Life	Expected Life When New	Calendar Year	Estimated Future Cost
Courtenay Court							
Paving 1 1/2 inch Overlay	\$1.50 / • ft	13710 • ft	\$20,565	12 Years 25 Years	25 Years	2031 2056	\$28,086 \$51,146
Fire Hydrant Rebuild	\$3,000 ea	1	\$3,000	27 Years 40 Years	40 Years	2046 2086	\$5,871 \$15,317
Fire Hydrant Painting	\$50.00 ea	1	\$50	0 Years 5 Years	5 Years	2019 2024 2029 2034 2039 2044 2049	\$51 \$58 \$65 \$73 \$83 \$93 \$105
Courtenay Lane							
Paving 1 1/2 inch Overlay	\$1.50 / • ft	15000 • ft	\$22,500	12 Years 25 Years	25 Years	2031 2056	\$30,729 \$55,958
Fire Hydrant Rebuild	\$3,000 ea	1	\$3,000	40 Years	40 Years	2059	\$8,018
Fire Hydrant Painting	\$25.00 ea	1	\$25	5 Years	5 Years	2024	\$29
Havern Hill Court							
Paving 1 1/2 inch Overlay	\$1.50 / • ft	11500 • ft	\$17,250	12 Years 25 Years	25 Years	2031 2056	\$23,559 \$42,901
Fire Hydrant Rebuild	\$3,000 ea	1	\$3,000	27 Years 40 Years	40 Years	2046 2086	\$5,871 \$15,317
Fire Hydrant Painting	\$50.00 ea	1	\$50	0 Years 5 Years	5 Years	2019 2024 2029 2034 2039 2044 2049	\$51 \$58 \$65 \$73 \$83 \$93 \$105
Lance Drive							
Paving 1 1/2 inch Overlay	\$1.50 / • ft	37130 • ft	\$55,695	12 Years 25 Years	25 Years	2031 2056	\$76,064 \$138,515
Street Signs	\$250 ea	7	\$1,750	27 Years	40 Years	2046	\$3,424

Elkhorn Ridge HOA 2019 Reserve Study Expense Item Listing - Continued

Reserve Items	Unit Cost	No Units	Current Cost When New	Estimated Remaining Life	Expected Life When New	Calendar Year	Estimated Future Cost
Street Signs	\$250 ea	7	\$1,750	40 Years	40 Years	2086	\$8,935
Fire Hydrant Rebuild	\$3,000 ea	2	\$6,000	27 Years 40 Years	40 Years	2046 2086	\$11,741 \$30,635
Fire Hydrant Painting	\$50.00 ea	2	\$100	0 Years 5 Years	5 Years	2019 2024 2029 2034 2039 2044 2049	\$102 \$115 \$130 \$147 \$165 \$187 \$210
Stamford Court							
Paving 1 1/2 inch Overlay	\$1.50 / • ft	10150 • ft	\$15,225	12 Years 25 Years	25 Years	2031 2056	\$20,793 \$37,865
Fire Hydrant Rebuild	\$3,000 ea	1	\$3,000	27 Years 40 Years	40 Years	2046 2086	\$5,871 \$15,317
Fire Hydrant Painting	\$50.00 ea	1	\$50	0 Years 5 Years	5 Years	2019 2024 2029 2034 2039 2044 2049	\$51 \$58 \$65 \$73 \$83 \$93 \$105
Winchester Court							
Paving 1 1/2 inch Overlay	\$1.50 / • ft	17540 • ft	\$26,310	12 Years 25 Years	25 Years	2031 2056	\$35,932 \$65,434
Road Treatment							
Slurry Seal Type 1	\$14,951 ea	1	\$14,951	2 Years 4 Years	4 Years	2021 2025 2029 2033 2037 2041 2045	\$16,066 \$17,683 \$19,463 \$21,422 \$23,578 \$25,951 \$28,564

Elkhorn Ridge HOA 2019 Reserve Study Expense Item Listing - Continued

Reserve Items	Unit Cost	No Units	Current Cost When New	Estimated Remaining Life	Expected Life When New	Calendar Year	Estimated Future Cost
Slurry Seal	\$14,951 ea	1	\$14,951	4 Years	4 Years	2049	\$31,439
Paving Crackfill	\$2,000 ea	1	\$2,000	2 Years	2 Years	2019	\$2,049
						2021	\$2,149
						2023	\$2,255
						2025	\$2,365
						2027	\$2,482
						2029	\$2,604
						2031	\$2,731
						2033	\$2,866
						2035	\$3,006
						2037	\$3,154
						2039	\$3,309
						2041	\$3,472
						2043	\$3,642
						2045	\$3,821
2047	\$4,009						
2049	\$4,206						
Reserve Studies							
Reserve Study Estimate	\$1,295 ea	1	\$1,295	3 Years	3 Years	2021	\$1,392
						2024	\$1,495
						2027	\$1,607
						2030	\$1,727
						2033	\$1,855
						2036	\$1,994
						2039	\$2,143
						2042	\$2,302
						2045	\$2,474
						2048	\$2,659
Reserve Study Update	\$450 ea	1	\$450	1 Years	1 Year	2019	\$461
						2020	\$472
						2021	\$484
						2022	\$495
						2023	\$507
						2024	\$520
2025	\$532						

Elkhorn Ridge HOA 2019 Reserve Study Expense Item Listing - Continued

Reserve Items	Unit Cost	No Units	Current Cost When New	Estimated Remaining Life	Expected Life When New	Calendar Year	Estimated Future Cost
Reserve Study Update	\$450 ea	1	\$450	1 Years	1 Year	2026	\$545
						2027	\$558
						2028	\$572
						2029	\$586
						2030	\$600
						2031	\$615
						2032	\$629
						2033	\$645
						2034	\$660
						2035	\$676
						2036	\$693
						2037	\$710
						2038	\$727
						2039	\$745
						2040	\$763
						2041	\$781
						2042	\$800
						2043	\$819
2044	\$839						
2045	\$860						
2046	\$881						
2047	\$902						
2048	\$924						
2049	\$946						

Months Remaining in Calendar Year 2019: 12

Expected annual inflation: 2.40% Interest earned on reserve funds: 0.05% Initial Reserve: \$131,491

Present Cost Report

Category	Item Name	No Units	Unit Cost	Present Cost	Net Present Value	Depreciation
Courtenay Court	Paving 1 1/2 inch Overlay	13710 • ft	\$1.50 / • ft	\$20,565.00	\$9,871.20	\$10,693.80
	Fire Hydrant Rebuild	1	\$3,000.00 ea	\$3,000.00	\$2,025.00	\$975.00
	Fire Hydrant Painting	1	\$50.00 ea	\$50.00	\$0.00	\$50.00
Courtenay Court Sub Total =				\$23,615.00	\$11,896.20	\$11,718.80
Courtenay Lane	Paving 1 1/2 inch Overlay	15000 • ft	\$1.50 / • ft	\$22,500.00	\$10,800.00	\$11,700.00
	Fire Hydrant Rebuild	1	\$3,000.00 ea	\$3,000.00	\$3,000.00	\$0.00
	Fire Hydrant Painting	1	\$25.00 ea	\$25.00	\$25.00	\$0.00
Courtenay Lane Sub Total =				\$25,525.00	\$13,825.00	\$11,700.00
Havern Hill Court	Paving 1 1/2 inch Overlay	11500 • ft	\$1.50 / • ft	\$17,250.00	\$8,280.00	\$8,970.00
	Fire Hydrant Rebuild	1	\$3,000.00 ea	\$3,000.00	\$2,025.00	\$975.00
	Fire Hydrant Painting	1	\$50.00 ea	\$50.00	\$0.00	\$50.00
Havern Hill Court Sub Total =				\$20,300.00	\$10,305.00	\$9,995.00
Lance Drive	Paving 1 1/2 inch Overlay	37130 • ft	\$1.50 / • ft	\$55,695.00	\$26,733.60	\$28,961.40
	Street Signs and Stop Signs	7	\$250.00 ea	\$1,750.00	\$1,181.25	\$568.75
	Fire Hydrant Rebuild	2	\$3,000.00 ea	\$6,000.00	\$4,050.00	\$1,950.00
	Fire Hydrant Painting	2	\$50.00 ea	\$100.00	\$0.00	\$100.00
Lance Drive Sub Total =				\$63,545.00	\$31,964.85	\$31,580.15
Stamford Court	Paving 1 1/2 inch Overlay	10150 • ft	\$1.50 / • ft	\$15,225.00	\$7,308.00	\$7,917.00
	Fire Hydrant Rebuild	1	\$3,000.00 ea	\$3,000.00	\$2,025.00	\$975.00
	Fire Hydrant Painting	1	\$50.00 ea	\$50.00	\$0.00	\$50.00
Stamford Court Sub Total =				\$18,275.00	\$9,333.00	\$8,942.00
Winchester Court	Paving 1 1/2 inch Overlay	17540 • ft	\$1.50 / • ft	\$26,310.00	\$12,628.80	\$13,681.20
Road Treatment	Slurry Seal Type 1	1	\$14,951.00 ea	\$14,951.00	\$7,475.50	\$7,475.50
	Paving Crackfill	1	\$2,000.00 ea	\$2,000.00	\$0.00	\$2,000.00
Road Treatment Sub Total =				\$16,951.00	\$7,475.50	\$9,475.50
Reserve Studies	Reserve Study Estimate	1	\$1,295.00 ea	\$1,295.00	\$863.33	\$431.67
	Reserve Study Update	1	\$450.00 ea	\$450.00	\$0.00	\$450.00
Reserve Studies Sub Total =				\$1,745.00	\$863.33	\$881.67
Totals =				\$196,266.00	\$98,291.68	\$97,974.32

Elkhorn Ridge HOA 2019 Funding Study Cash Flow Analysis

Calendar Year	Annual Assessment	Annual Interest	Annual Expenses	Annual Income Tax	Net Reserve Funds	% Funded	Fully Funded Balance
2019	\$10,677	\$68	\$2,766	\$20	\$139,450	132.2%	\$105,445
2020	\$10,677	\$72	\$472	\$22	\$149,705	127.9%	\$117,088
2021	\$10,677	\$77	\$20,090	\$23	\$140,346	106.6%	\$131,652
2022	\$10,677	\$73	\$495	\$22	\$150,579	117.9%	\$127,713
2023	\$14,165	\$79	\$2,762	\$24	\$162,036	112.5%	\$144,075
2024	\$14,165	\$84	\$2,333	\$25	\$173,928	109.5%	\$158,847
2025	\$14,165	\$90	\$20,581	\$27	\$167,575	95.9%	\$174,754
2026	\$14,165	\$87	\$545	\$26	\$181,255	104.9%	\$172,707
2027	\$14,165	\$94	\$4,647	\$28	\$190,839	99.7%	\$191,491
2028	\$14,165	\$99	\$572	\$30	\$204,501	98.8%	\$206,897
2029	\$19,099	\$107	\$22,978	\$32	\$200,697	88.3%	\$227,227
2030	\$19,099	\$105	\$2,327	\$31	\$217,542	96.5%	\$225,487
2031	\$19,099	\$113	\$218,510	\$34	\$18,210	7.4%	\$245,251
2032	\$25,486	\$15	\$629	\$4	\$43,077	96.1%	\$44,810
2033	\$25,486	\$27	\$26,788	\$8	\$41,795	66.2%	\$63,096
2034	\$25,486	\$27	\$1,027	\$8	\$66,272	119.5%	\$55,465
2035	\$26,046	\$39	\$3,683	\$12	\$88,663	119.0%	\$74,477
2036	\$26,046	\$50	\$2,687	\$15	\$112,057	122.2%	\$91,686
2037	\$26,046	\$62	\$27,442	\$19	\$110,705	99.9%	\$110,797
2038	\$26,873	\$62	\$727	\$18	\$136,894	129.8%	\$105,493
2039	\$26,873	\$75	\$6,610	\$22	\$157,210	122.9%	\$127,912
2040	\$26,873	\$85	\$763	\$25	\$183,380	126.2%	\$145,349
2041	\$27,536	\$98	\$30,204	\$29	\$180,781	106.5%	\$169,710
2042	\$27,536	\$97	\$3,102	\$29	\$205,283	124.4%	\$165,031
2043	\$27,536	\$109	\$4,462	\$33	\$228,433	121.2%	\$188,535
2044	\$28,268	\$121	\$1,306	\$36	\$255,480	120.6%	\$211,768
2045	\$28,268	\$134	\$35,718	\$40	\$248,124	103.7%	\$239,360
2046	\$28,268	\$131	\$33,658	\$39	\$242,826	104.2%	\$232,952
2047	\$29,643	\$128	\$4,911	\$38	\$267,648	116.8%	\$229,110
2048	\$29,643	\$141	\$3,582	\$42	\$293,807	115.1%	\$255,227
2049	\$29,643	\$154	\$37,116	\$46	\$286,442	101.2%	\$283,050
Totals :	\$676,552	\$2,700	\$523,491	\$810			

¹ Cash Reserves minus Fully Funded Value

The cash distribution shown in this table applies to repair and replacement cash reserves only.

Basis of Funding Study

Cash reserves have been set to a minimum of \$0

Months Remaining in Calendar Year 2019: 12 Inflation = 2.40 % Interest = 0.05 %

Study Life = 30 years Initial Reserve Funds = \$131,490.68 Final Reserve Value = \$286,441.82

Annual Payments Held Constant for 3 years

**Elkhorn Ridge HOA 2019 Reserve Assessment Summary
Projected Assessment by Month and by Calendar Year**

Calendar Year	Member Monthly Reserve Assessment	Member Total Monthly Assessment	Member Total Annual Assessment	Monthly Reserve Assessment	Annual Reserve Assessment
2019	\$13.48	\$13.48	\$161.77	\$890	\$10,677
2020	\$13.48	\$13.48	\$161.77	\$890	\$10,677
2021	\$13.48	\$13.48	\$161.77	\$890	\$10,677
2022	\$13.48	\$13.48	\$161.77	\$890	\$10,677
2023	\$17.88	\$17.88	\$214.62	\$1,180	\$14,165
2024	\$17.88	\$17.88	\$214.62	\$1,180	\$14,165
2025	\$17.88	\$17.88	\$214.62	\$1,180	\$14,165
2026	\$17.88	\$17.88	\$214.62	\$1,180	\$14,165
2027	\$17.88	\$17.88	\$214.62	\$1,180	\$14,165
2028	\$17.88	\$17.88	\$214.62	\$1,180	\$14,165
2029	\$24.11	\$24.11	\$289.38	\$1,592	\$19,099
2030	\$24.11	\$24.11	\$289.38	\$1,592	\$19,099
2031	\$24.11	\$24.11	\$289.38	\$1,592	\$19,099
2032	\$32.18	\$32.18	\$386.15	\$2,124	\$25,486
2033	\$32.18	\$32.18	\$386.15	\$2,124	\$25,486
2034	\$32.18	\$32.18	\$386.15	\$2,124	\$25,486
2035	\$32.89	\$32.89	\$394.63	\$2,170	\$26,046
2036	\$32.89	\$32.89	\$394.63	\$2,170	\$26,046
2037	\$32.89	\$32.89	\$394.63	\$2,170	\$26,046
2038	\$33.93	\$33.93	\$407.17	\$2,239	\$26,873
2039	\$33.93	\$33.93	\$407.17	\$2,239	\$26,873
2040	\$33.93	\$33.93	\$407.17	\$2,239	\$26,873
2041	\$34.77	\$34.77	\$417.21	\$2,295	\$27,536
2042	\$34.77	\$34.77	\$417.21	\$2,295	\$27,536
2043	\$34.77	\$34.77	\$417.21	\$2,295	\$27,536
2044	\$35.69	\$35.69	\$428.30	\$2,356	\$28,268
2045	\$35.69	\$35.69	\$428.30	\$2,356	\$28,268
2046	\$35.69	\$35.69	\$428.30	\$2,356	\$28,268
2047	\$37.43	\$37.43	\$449.14	\$2,470	\$29,643
2048	\$37.43	\$37.43	\$449.14	\$2,470	\$29,643
2049	\$37.43	\$37.43	\$449.14	\$2,470	\$29,643

In the context of the Reserve Payment Summary, the "Annual Reserve Payment" corresponds with the "Annual Revenue" in the Cash Flow report.

Operations Payments Include an annual inflation factor of 2.40%

Number of Payment Months in Calendar Year 2019: 12

Number of Years of Constant Payments: 3

No of Assessed Members: 66

Elkhorn Ridge HOA 2019 Funding Study - Expenses by Item and by Calendar Year

Item Description	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Reserve Category : Courtenay Court																					
Paving 1 1/2 inch Overlay													\$28,086								
Fire Hydrant Rebuild																					
Fire Hydrant Painting	\$51					\$58					\$65					\$73					\$83
Category Subtotal :	\$51					\$58					\$65		\$28,086			\$73					\$83
Reserve Category : Courtenay Lane																					
Paving 1 1/2 inch Overlay													\$30,729								
Fire Hydrant Rebuild																					
Fire Hydrant Painting						\$29															
Category Subtotal :						\$29							\$30,729								
Reserve Category : Havern Hill Court																					
Paving 1 1/2 inch Overlay													\$23,559								
Fire Hydrant Rebuild																					
Fire Hydrant Painting	\$51					\$58					\$65					\$73					\$83
Category Subtotal :	\$51					\$58					\$65		\$23,559			\$73					\$83
Reserve Category : Lance Drive																					
Paving 1 1/2 inch Overlay													\$76,064								
Street Signs and Stop Signs																					
Fire Hydrant Rebuild																					
Fire Hydrant Painting	\$102					\$115					\$130					\$147					\$165
Category Subtotal :	\$102					\$115					\$130		\$76,064			\$147					\$165
Reserve Category : Stamford Court																					
Paving 1 1/2 inch Overlay													\$20,793								
Fire Hydrant Rebuild																					
Fire Hydrant Painting	\$51					\$58					\$65					\$73					\$83
Category Subtotal :	\$51					\$58					\$65		\$20,793			\$73					\$83
Reserve Category : Winchester Court																					
Paving 1 1/2 inch Overlay													\$35,932								
Reserve Category : Road Treatment																					
Slurry Seal Type 1			\$16,066				\$17,683				\$19,463				\$21,422					\$23,578	

Elkhorn Ridge HOA 2019 Funding Study Expenses by Calendar Year - Continued

<i>Item Description</i>	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
<i>Paving Crackfill</i>	\$2,049		\$2,149		\$2,255		\$2,365		\$2,482		\$2,604		\$2,731		\$2,866		\$3,006		\$3,154		\$3,309
Category Subtotal :	\$2,049		\$18,215		\$2,255		\$20,048		\$2,482		\$22,067		\$2,731		\$24,288		\$3,006		\$26,732		\$3,309
Reserve Category : Reserve Studies																					
<i>Reserve Study Estimate</i>			\$1,392			\$1,495			\$1,607			\$1,727			\$1,855			\$1,994			\$2,143
<i>Reserve Study Update</i>	\$461	\$472	\$484	\$495	\$507	\$520	\$532	\$545	\$558	\$572	\$586	\$600	\$615	\$629	\$645	\$660	\$676	\$693	\$710	\$727	\$745
Category Subtotal :	\$461	\$472	\$1,876	\$495	\$507	\$2,015	\$532	\$545	\$2,165	\$572	\$586	\$2,327	\$615	\$629	\$2,500	\$660	\$676	\$2,687	\$710	\$727	\$2,888
Expense Totals :	\$2,766	\$472	\$20,090	\$495	\$2,762	\$2,333	\$20,581	\$545	\$4,647	\$572	\$22,978	\$2,327	\$218,510	\$629	\$26,788	\$1,027	\$3,683	\$2,687	\$27,442	\$727	\$6,610

Elkhorn Ridge HOA 2019 Funding Study Expenses by Calendar Year - Continued

Item Description	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049
Reserve Category : Courtenay Court										
Paving 1 1/2 inch Overlay										
Fire Hydrant Rebuild							\$5,871			
Fire Hydrant Painting					\$93					\$105
Category Subtotal :					\$93		\$5,871			\$105
Reserve Category : Courtenay Lane										
Paving 1 1/2 inch Overlay										
Fire Hydrant Rebuild										
Fire Hydrant Painting										
Category Subtotal :										
Reserve Category : Havern Hill Court										
Paving 1 1/2 inch Overlay										
Fire Hydrant Rebuild							\$5,871			
Fire Hydrant Painting					\$93					\$105
Category Subtotal :					\$93		\$5,871			\$105
Reserve Category : Lance Drive										
Paving 1 1/2 inch Overlay										
Street Signs and Stop Signs							\$3,424			
Fire Hydrant Rebuild							\$11,741			
Fire Hydrant Painting					\$187					\$210
Category Subtotal :					\$187		\$15,165			\$210
Reserve Category : Stamford Court										
Paving 1 1/2 inch Overlay										
Fire Hydrant Rebuild							\$5,871			
Fire Hydrant Painting					\$93					\$105
Category Subtotal :					\$93		\$5,871			\$105
Reserve Category : Winchester Court										
Paving 1 1/2 inch Overlay										
Reserve Category : Road Treatment										
Slurry Seal Type 1		\$25,951					\$28,564			\$31,439

Elkhorn Ridge HOA 2019 Funding Study Expenses by Calendar Year - Continued

Item Description	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049
<i>Paving Crackfill</i>		\$3,472		\$3,642		\$3,821		\$4,009		\$4,206
Category Subtotal :		\$29,423		\$3,642		\$32,385		\$4,009		\$35,645
Reserve Category : Reserve Studies										
<i>Reserve Study Estimate</i>			\$2,302			\$2,474			\$2,659	
<i>Reserve Study Update</i>	\$763	\$781	\$800	\$819	\$839	\$860	\$881	\$902	\$924	\$946
Category Subtotal :	\$763	\$781	\$3,102	\$819	\$839	\$3,334	\$881	\$902	\$3,583	\$946
Expense Totals :	\$763	\$30,204	\$3,102	\$4,462	\$1,306	\$35,718	\$33,658	\$4,911	\$3,582	\$37,116



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February 21, 2019

Year	Category	Item Name	Expense	
2019	Courtenay Court	Fire Hydrant Painting	\$51	
	Havern Hill Court	Fire Hydrant Painting	\$51	
	Lance Drive	Fire Hydrant Painting	\$102	
	Stamford Court	Fire Hydrant Painting	\$51	
	Road Treatment	Paving Crackfill	\$2,049	
	Reserve Studies	Reserve Study Update	\$461	
2019 Annual Expense Total = \$2,765				
2020	Reserve Studies	Reserve Study Update	\$472	
2020 Annual Expense Total = \$472				
2021	Road Treatment	Slurry Seal Type 1	\$16,066	
		Paving Crackfill	\$2,149	
	Road Treatment Subtotal = \$18,215.00			
	Reserve Studies	Reserve Study Estimate	\$1,392	
		Reserve Study Update	\$484	
Reserve Studies Subtotal = \$1,876.00				
2021 Annual Expense Total = \$20,091				
2022	Reserve Studies	Reserve Study Update	\$495	
2022 Annual Expense Total = \$495				
2023	Road Treatment	Paving Crackfill	\$2,255	
	Reserve Studies	Reserve Study Update	\$507	
2023 Annual Expense Total = \$2,762				
2024	Courtenay Court	Fire Hydrant Painting	\$58	
	Courtenay Lane	Fire Hydrant Painting	\$29	
	Havern Hill Court	Fire Hydrant Painting	\$58	
	Lance Drive	Fire Hydrant Painting	\$115	
	Stamford Court	Fire Hydrant Painting	\$58	

Year	Category	Item Name	Expense
2024	Reserve Studies	Reserve Study Estimate	\$1,495
		Reserve Study Update	\$520
	Reserve Studies Subtotal = \$2,015.00		
			2024 Annual Expense Total = \$2,333