Browning
RESERVE GROUP

Reserve Study Transmittal Letter

Date: October 14, 2016
To: Caughlin Creek HOA
From: Browning Reserve Group (BRG)

Re: Caughlin Creek HOA; Update w/o Site Visit Review

Attached, please find the reserve study for Caughlin Creek HOA. To assist in your understanding of the study, and to highlight key information you may need quickly, we have listed below some of the important information contained in the study. At BRG our goal is to bring clarity from complexity, so should you have any questions, please do not hesitate to contact us anytime.

1. Where do I find the recommended reserve contribution for next year's budget?

   This is found in *Section III, "30 Year Reserve Funding Plan, Cash Flow Method."* **$40,000** is the annual amount. Directly under the annual amount is the amount per ownership interest, per month, or other period, as applicable. **$18.73 /Unit/month @ 178.** For any other funding related issues, if any, see *Section III, "30 Year Reserve Funding Plan, Cash Flow Method."*

2. Where do I find the status of the reserve fund, based on the Percent Funded calculation?

   This is found for the 30-year term of the study in *Section IV, "30 Year Reserve Funding Plan, Including Fully Funded Balance and % Funded."* For the year for which the study was prepared, 2017, the Association is **110.5%** funded.

   Based on the 30 year cash flow projection, the Association's reserves appear adequately funded as the reserve fund ending balances remain positive throughout the replacement of all major components during the next 30 years.

   Nevada statute imposes no reserve funding level requirements nor does it address funding level adequacy, and although one or more of the reserve fund percentages expressed in this report may be less than one hundred percent, those percentages do not necessarily indicate that the Association's reserves are inadequately funded.

3. Where do I find the assumptions for interest and inflation factors?

   While this information is in various places in the study, it can always be found in *Section III, "30 Year Reserve Funding Plan, Cash Flow Method."* For this study the assumption is **1.25%** for the interest rate and **1.25%** for the inflation factor. Please be advised these rates estimate the values that will stand the test of time over the 30-year term of the study, not simply only next year.

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4. What pages from the reserve study get mailed to the members (homeowners)?

   Please see the last section of the reserve study, "Member Distribution Materials." These are the last two pages (or more) of the study which can be removed, and copied, for distribution to the membership with the budget packet. This packet includes all state mandated disclosures related to the reserves and the reserve study. **This section of the study is a stand-alone packet with it's own cover and table of contents.**

5. What are the next steps?

   This study meets the NV NRS and NAC Requirements for a review of the study each year. The next site visit study will be due five years from the date of the last site visit study. BRG proposes doing an Update Without Site Visit Study during the intervening four years at a nominal cost which includes the preparation of a reserve study and assistance in reviewing the study per NRS 116.31152 1(b).

Please read the two helpful sections entitled "Glossary" and "Notes to the Auditor." The glossary explains common reserve study terms as well as BRG specific terminology. The Notes to the Auditor while intended to assist the auditor, has useful information for the casual reader on how year zero, (2016) the current fiscal year is dealt with in the study.

Thank you for the opportunity to work with the Caughlin Creek HOA on this study.

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Clarity from Complexity

RESERVE STUDY

Update w/o Site Visit Review

Caughlin Creek HOA

2016 Final
Published - October 14, 2016
Prepared for the 2017 Fiscal Year

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Caughlin Creek HOA

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Member Distribution Materials

The following Reserve Study sections, located at the end of the report, should be provided to each member.

Section	*Report*
Nevada:	Member Summary

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2016 Final
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Reserve Study Summary

A Reserve Study was conducted of Caughlin Creek HOA (the "**Association**"). An **Update Without Site-Visit Review** is an update with no on-site visual observation upon where the following tasks are performed:

- life and valuation estimates;
- fund status;
- and a funding plan.

Caughlin Creek HOA is a Planned Community with a total of 178 Units.

Summary of Reserves

For the first year of the Reserve Study, the reserve contribution is based upon the existing budget unless otherwise noted in *"Section III, Reserve Funding Plan."* In addition BRG relied on the Association to provide an accurate Beginning Reserve Balance.

The status of the Association's reserves, as reflected in the following Reserve Study, is as follows:

1. **The Expenditure Forecast of the following Reserve Study identifies the major components which the Association is obligated to repair, replace, restore or maintain, as determined in accordance with the criteria specified above, and specifies for each such component:**
   a. **Its current estimated replacement cost;**
   b. **Its estimated useful life; and**
   c. **Its estimated remaining useful life.**
2. **It is estimated that the total cash reserves necessary to repair, replace, restore or maintain such major components (in the aggregate) during and at the end of their first remaining useful life is $412,565.**
   - **[For purposes of this calculation, "necessary" is defined as the Fully Funded Balance (FFB) (Component Current Cost X Effective Age / Useful Life, including a provision for interest and inflation in future years.)]**
3. **The current amount of accumulated cash reserves actually set aside to repair, replace, restore, or maintain such major components as of the fiscal year ending December 31, 2017 is estimated to be $455,974, constituting 110.5% of the total expenditures anticipated for all such major components through their first end of useful life replacement.**

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4. **Based upon the schedule of annual reserve contributions necessary to defray the cost of repairing, replacing, restoring or maintaining such major components in the years such expenditures are estimated to be required, it is estimated that annual reserve contributions in the initial amount of $40,000 *[$18.73 per Unit per month (average)]* for the fiscal year ending December 31, 2017 (the first full fiscal year following first distribution of this report) will be necessary in order to meet all such reserve expenditures when they are projected to come due.**

Funding Assessment

Based on the 30 year cash flow projection, the Association's reserves appear adequately funded as the reserve fund ending balances remain positive throughout the replacement of all major components during the next 30 years.

Nevada statute imposes no reserve funding level requirements nor does it address funding level adequacy, and although one or more of the reserve fund percentages expressed in this report may be less than one hundred percent, those percentages do not necessarily indicate that the Association's reserves are inadequately funded.

Percent Funded Status

Based on paragraphs 1 - 3 above, the Association is 110.5% funded. The following scale can be used as a measure to determine the Association's financial picture whereas the lower the percentage, the higher the likelihood of the Association requiring a special assessment, or other large increases to the reserve contribution in the future.

Methodology

The above recommended reserve contribution for the next fiscal year (and future fiscal years as outlined in *Section III, Reserve Fund Balance Forecast)* was developed using the cash flow method. This is a method of developing a reserve funding plan where the contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different reserve funding plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.

Funding Goals

The funding goal employed for Caughlin Creek HOA is

Threshold Funding: Establishing a Reserve funding goal of keeping the Reserve balance above a specified dollar or Percent Funded amount. Depending on the threshold, this may be more or less conservative than "Fully Funding."

Limitations

The intention of the Reserve Study is to forecast the Association's ability to repair or replace major components as they wear out in future years. The Reserve Study is not an engineering report, and no destructive testing was performed. The costs outlined in the study are for budgetary and planning purposes only, and actual bid costs would depend upon the defined scope of work at the time repairs are made. Also, any latent defects are excluded from this report.

Statutory Disclosures

Compliance

The Reserve Study was conducted pursuant to *NRS 116.31151*, *NRS 116.31152*, and *NAC 116.415-430*.

This reserve study was produced under the responsible charge of Robert Browning who holds Professional Community Association Manager (PCAM) and Reserve Specialist (RS) designations from CAI. Pursuant to Nevada regulation R145-06, Mr. Browning is a Nevada Reserve Study Specialist (RSS #5).

Life Expectancy

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.

Supplemental Disclosures

General:

BRG has no other involvement(s) with the Association which could result in actual or perceived conflicts of interest.

Personnel Credentials:

BRG is a licensed general building contractor in California, #768851, and the owner, Robert W Browning, holds the Reserve Specialist designation, #46 from the Community Associations Institute.

Completeness:

BRG has found no material issues which, if not disclosed, would cause a distortion of the Association's situation.

Reliance on Client Data:

Information provided by the official representative of the Association regarding financial, physical, quantity, or historical issues will be deemed reliable by BRG.

Scope:

This Reserve Study is a reflection of information provided to BRG and assembled for the Association's use, not for the purpose of performing an audit, quality/forensic analysis, health and safety inspection, or background checks of historical records.

Reserve Balance:

The actual beginning reserve fund balance in this Reserve Study is based upon information provided and was not audited.

Reserve Projects:

Information provided about reserve projects will be considered reliable. Any on-site inspection should not be considered a project audit, quality inspection, or health and safety review.

Component Quantities:

The Association warrants the previously developed component quantities are accurate and reliable.

Browning Reserve Group

Reserve Component	Current Replacement Cost	Life Useful / Remaining		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
01000 - Paving																		
120 - Asphalt: State Spec. Slurry 232,350 Sq. Ft. Streets- 2016 & 2031	37,176	15	0	37,176														
124 - Asphalt: State Spec. Slurry 232,350 Sq. Ft. Streets- 2037, 2043[nr:2]	46,470	6	21															
130 - Asphalt: State Spec. Slurry Units 4-7: W/ Crack Seal, HMA Patch 2% until OL[nr:1]	51,192	6	6							55,153								
134 - Asphalt: Sealing 88,000 Sq. Ft. Units 1-3 Gilsonite Seal[nr:1]	12,320	9	9										13,777					
200 - Asphalt: Crackfill Streets- Hot Rubberized Crack Seal- 2016[nr:1]	7,430	2	0	7,430														
204 - Asphalt: Crackfill Units 1-7- Crack Seal- 2018 & 2020[nr:2]	7,500	2	2			7,689		7,882										
208 - Asphalt: Crackfill Units 1-7- Crack Seal- 2037 Ongoing	7,500	2	21															
271 - Asphalt: Ongoing Repairs 6,090 Sq. Ft. Streets- Full Depth HMA Patch[nr:1]	33,495	1	0	33,495														
274 - Asphalt: Ongoing Repairs Units 1-3, Full Depth HMA Patch/CS[nr:2]	7,780	17	17															
278 - Asphalt: Ongoing Repairs 232,150 Sq. Ft. Units 1-7, HMA Patch (3%)	41,787	27	27															
310 - Asphalt: Overlay w/ Interlayer 88,000 Sq. Ft. Units 1-3	154,000	20	6							165,917								
311 - Asphalt: Overlay w/ Interlayer 88,000 Sq. Ft. Units 1-3- Repair only at OL (2%)[nr:1]	10,560	20	6							11,377								
320 - Asphalt: Overlay w/ Interlayer 144,350 Sq. Ft. Units 4-7	252,613	20	12													293,221		
321 - Asphalt: Overlay w/ Interlayer 144,350 Sq. Ft. Units 4-7- Repairs Onlyat OL (2%)[nr:1]	17,322	20	12													20,107		
800 - Striping Pavement Markings	550	6	0	550						593						638		
980 - Consulting/Engineering 2016 Only[nr:1]	5,100	1	0	5,100														
984 - Consulting/Engineering 2022, 2028 Only[nr:2]	3,000	6	6							3,232						3,482		
988 - Consulting/Engineering 2031, 2037 Only[nr:2]	3,000	6	15															

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Reserve Component	Current Replacement Cost	Life Useful / Remaining	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
992 - Consulting/Engineering 2042, 2043 Only[se:2]	6,000	6 26															
Total 01000 - Paving	704,794		83,751		7,689		7,882		236,272			13,777			317,448		
02000 - Concrete																	
200 - Sidewalks, Curbs & Gutters 64,889 Sq. Ft. Street Side (1%)	10,512	5 1		10,643					11,325					12,051			
360 - Stamped 3,691 Sq. Ft. Streets	56,057	40 5						59,649									
Total 02000 - Concrete	66,569			10,643				59,649	11,325					12,051			
03000 - Painting: Exterior																	
410 - Wrought Iron Gates 46 Lin. Ft. Community Entrance Gate 1	699	4 7								762				801			
Total 03000 - Painting: Exterior	699									762				801			
11000 - Gate Equipment																	
100 - Elite Swing Gate Operators 2 Community Entrance Gate 1	7,290	8 1		7,381								8,152					
110 - Elite Swing Gate Operators 4 Community Entrance Gate 2	14,580	8 1		14,762								16,305					
600 - DoorKing Telephone Entry System Community Entrance Gate 1	3,848	10 1		3,896										4,411			
604 - DoorKing Telephone Entry System Community Entrance Gate 2	3,848	10 1		3,896										4,411			
758 - Emergency Vehicle Access Device Community Entrance Gate1- Click 2 Enter	2,025	10 1		2,050										2,322			
800 - Loops, Misc. Wiring Harness Community Entrance Gate 1	2,835	8 1		2,870								3,170					
804 - Loops, Misc. Wiring Harness 7 - Community Entrance Gate 2	2,835	8 1		2,870								3,170					
860 - Miscellaneous On-going Repairs 2 Community Entrance Gate Systems 1 & 2	4,050	4 1		4,101				4,310				4,529				4,760	
861 - Miscellaneous On-going Repairs Gate 2 Repairs (2016 Only)[nr:1]	1,220	1 0	1,220														
900 - New Gate Installation Community Entrance Gate 1	15,188	40 1		15,377													
Total 11000 - Gate Equipment	57,718		1,220	57,204				4,310				35,327		11,143		4,760	
18500 - Lakes / Ponds																	
990 - Miscellaneous Liner & Pond- Annual Maintenance	5,656	1 0	5,656	5,727	5,798	5,871	5,944	6,018	6,094	6,170	6,247	6,325	6,404	6,484	6,565	6,647	6,730
Total 18500 - Lakes / Ponds	5,656		5,656	5,727	5,798	5,871	5,944	6,018	6,094	6,170	6,247	6,325	6,404	6,484	6,565	6,647	6,730
20000 - Lighting																	
200 - Street Lights 22 Streets[se:10]	33,413	40 11												3,830	3,878	3,927	3,976
260 - Bollard Lights Bitter Creek Court	911	22 17															
300 - Common Area 4 Community Entrance Gate 1	1,013	20 4					1,064										
304 - Common Area 3 Community Entrance Gate 2	759	20 4					798										

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Reserve Component	Current Replacement Cost	Life Useful / Remaining	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Total 20000 - Lighting	36,096						1,862							3,830	3,878	3,927	3,976
21000 - Signage																	
792 - Monument 2 Caughlin Pkwy & Caughlin Creek Rd-Gates 1 &2	4,050	20 2			4,152												
Total 21000 - Signage	4,050				4,152												
31000 - Reserve Study																	
120 - 5 Year Update with Site Visit Reserve Study	1,600	5 4					1,682					1,789					1,904
Total 31000 - Reserve Study	1,600						1,682					1,789					1,904
Total Expenditures Inflated @ 1.25%			90,627	73,574	17,639	5,871	17,370	69,977	253,691	6,932	6,247	57,219	6,404	34,310	327,892	15,334	12,610

Total Current Replacement Cost 877,181

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Reserve Component	*2031*	*2032*	*2033*	*2034*	*2035*	*2036*	*2037*	*2038*	*2039*	*2040*	*2041*	*2042*	*2043*	*2044*	*2045*
01000 - Paving															
120 - Asphalt: State Spec. Slurry 232,350 Sq. Ft. Streets- 2016 & 2031	44,791														
124 - Asphalt: State Spec. Slurry 232,350 Sq. Ft. Streets- 2037, 2043[nr:2]							60,321						64,989		
130 - Asphalt: State Spec. Slurry Units 4-7: W/ Crack Seal, HMA Patch 2% until OL[nr:1]															
134 - Asphalt: Sealing 88,000 Sq. Ft. Units 1-3 Gilsonite Seal[nr:1]															
200 - Asphalt: Crackfill Streets- Hot Rubberized Crack Seal- 2016[nr:1]															
204 - Asphalt: Crackfill Units 1-7- Crack Seal- 2018 & 2020[nr:2]															
208 - Asphalt: Crackfill Units 1-7- Crack Seal- 2037 Ongoing							9,735		9,980		10,231		10,489		10,753
271 - Asphalt: Ongoing Repairs 6,090 Sq. Ft. Streets- Full Depth HMA Patch[nr:1]															
274 - Asphalt: Ongoing Repairs Units 1-3, Full Depth HMA Patch/CS[nr:2]			9,609												
278 - Asphalt: Ongoing Repairs 232,150 Sq. Ft. Units 1-7, HMA Patch (3%)													58,440		
310 - Asphalt: Overlay w/ Interlayer 88,000 Sq. Ft. Units 1-3												212,712			
311 - Asphalt: Overlay w/ Interlayer 88,000 Sq. Ft. Units 1-3- Repair only at OL (2%)[nr:1]															
320 - Asphalt: Overlay w/ Interlayer 144,350 Sq. Ft. Units 4-7															
321 - Asphalt: Overlay w/ Interlayer 144,350 Sq. Ft. Units 4-7- Repairs Onlyat OL (2%)[nr:1]															
800 - Striping Pavement Markings				688						741					
980 - Consulting/Engineering 2016 Only[nr:1]															
984 - Consulting/Engineering 2022, 2028 Only[nr:2]															
988 - Consulting/Engineering 2031, 2037 Only[nr:2]	3,614						3,894								
992 - Consulting/Engineering 2042, 2043 Only[se:2]												4,144	4,196		
Total 01000 - Paving	48,405		9,609	688			73,951		9,980	741	10,231	216,856	138,113		10,753
02000 - Concrete															
200 - Sidewalks, Curbs & Gutters 64,889 Sq. Ft. Street Side (1%)		12,824					13,645					14,520			
360 - Stamped 3,691 Sq. Ft. Streets															

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Reserve Component	*2031*	*2032*	*2033*	*2034*	*2035*	*2036*	*2037*	*2038*	*2039*	*2040*	*2041*	*2042*	*2043*	*2044*	*2045*
Total 02000 - Concrete		12,824					13,645					14,520			
03000 - Painting: Exterior															
410 - Wrought Iron Gates 46 Lin. Ft. Community Entrance Gate 1	842				885				930				977		
Total 03000 - Painting: Exterior	842				885				930				977		
11000 - Gate Equipment															
100 - Elite Swing Gate Operators 2 Community Entrance Gate 1			9,004								9,945				
110 - Elite Swing Gate Operators 4 Community Entrance Gate 2			18,008								19,890				
600 - DoorKing Telephone Entry System Community Entrance Gate 1							4,994								
604 - DoorKing Telephone Entry System Community Entrance Gate 2							4,994								
758 - Emergency Vehicle Access Device Community Entrance Gate1- Click 2 Enter							2,629								
800 - Loops, Misc. Wiring Harness Community Entrance Gate 1			3,502								3,867				
804 - Loops, Misc. Wiring Harness 7 - Community Entrance Gate 2			3,502								3,867				
860 - Miscellaneous On-going Repairs 2 Community Entrance Gate Systems 1 & 2			5,002				5,257				5,525				5,806
861 - Miscellaneous On-going Repairs Gate 2 Repairs (2016 Only)[nr:1]															
900 - New Gate Installation Community Entrance Gate 1															
Total 11000 - Gate Equipment			39,018				17,874				43,095				5,806
18500 - Lakes / Ponds															
990 - Miscellaneous Liner & Pond- Annual Maintenance	6,815	6,900	6,986	7,073	7,162	7,251	7,342	7,434	7,527	7,621	7,716	7,812	7,910	8,009	8,109
Total 18500 - Lakes / Ponds	6,815	6,900	6,986	7,073	7,162	7,251	7,342	7,434	7,527	7,621	7,716	7,812	7,910	8,009	8,109
20000 - Lighting															
200 - Street Lights 22 Streets[se:10]	4,026	4,076	4,127	4,178	4,231	4,284									
260 - Bollard Lights Bitter Creek Court			1,126												
300 - Common Area 4 Community Entrance Gate 1										1,364					
304 - Common Area 3 Community Entrance Gate 2										1,023					
Total 20000 - Lighting	4,026	4,076	5,252	4,178	4,231	4,284				2,387					
21000 - Signage															
792 - Monument 2 Caughlin Pkwy & Caughlin Creek Rd-Gates 1 &2								5,323							
Total 21000 - Signage								5,323							
31000 - Reserve Study															

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Reserve Component	*2031*	*2032*	*2033*	*2034*	*2035*	*2036*	*2037*	*2038*	*2039*	*2040*	*2041*	*2042*	*2043*	*2044*	*2045*
120 - 5 Year Update with Site Visit Reserve Study					2,026					2,156					2,294
Total 31000 - Reserve Study					2,026					2,156					2,294
Total Expenditures Inflated @ 1.25%	60,087	23,799	60,866	11,940	14,303	11,535	112,812	12,756	18,437	12,905	61,042	239,188	147,000	8,009	26,962

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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Beginning Balance	567,807	483,711	455,974	485,181	527,626	560,088	541,103	338,130	382,059	428,394
Inflated Expenditures @ 1.3%	90,627	73,574	17,639	5,871	17,370	69,977	253,691	6,932	6,247	57,219
Reserve Contribution	0	40,000	41,000	42,025	43,076	44,153	45,257	46,388	47,548	48,737
Units/month @ 178	*0.00*	*18.73*	*19.19*	*19.67*	*20.17*	*20.67*	*21.19*	*21.72*	*22.26*	*22.82*
Percentage Increase		*0.0%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest After Tax @ 1.25%	6,531	5,837	5,846	6,291	6,756	6,840	5,461	4,473	5,034	5,302
Ending Balance	483,711	455,974	485,181	527,626	560,088	541,103	338,130	382,059	428,394	425,214

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Beginning Balance	425,214	474,353	497,282	226,368	267,900	314,046	314,382	352,659	355,573	409,250
Inflated Expenditures @ 1.3%	6,404	34,310	327,892	15,334	12,610	60,087	23,799	60,866	11,940	14,303
Reserve Contribution	49,955	51,204	52,484	53,796	55,141	56,520	57,933	59,381	60,866	62,388
Units/month @ 178	*23.39*	*23.97*	*24.57*	*25.19*	*25.82*	*26.46*	*27.12*	*27.80*	*28.50*	*29.21*
Percentage Increase	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest After Tax @ 1.25%	5,587	6,035	4,495	3,070	3,615	3,903	4,143	4,399	4,750	5,416
Ending Balance	474,353	497,282	226,368	267,900	314,046	314,382	352,659	355,573	409,250	462,751

	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Beginning Balance	462,751	521,276	480,232	541,004	598,511	664,037	683,719	526,208	461,358	537,469
Inflated Expenditures @ 1.3%	11,535	112,812	12,756	18,437	12,905	61,042	239,188	147,000	8,009	26,962
Reserve Contribution	63,948	65,547	67,186	68,866	70,588	72,353	74,162	76,016	77,916	79,864
Units/month @ 178	*29.94*	*30.69*	*31.45*	*32.24*	*33.05*	*33.87*	*34.72*	*35.59*	*36.48*	*37.39*
Percentage Increase	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest After Tax @ 1.25%	6,112	6,221	6,343	7,078	7,842	8,371	7,515	6,134	6,204	7,049
Ending Balance	521,276	480,232	541,004	598,511	664,037	683,719	526,208	461,358	537,469	597,420

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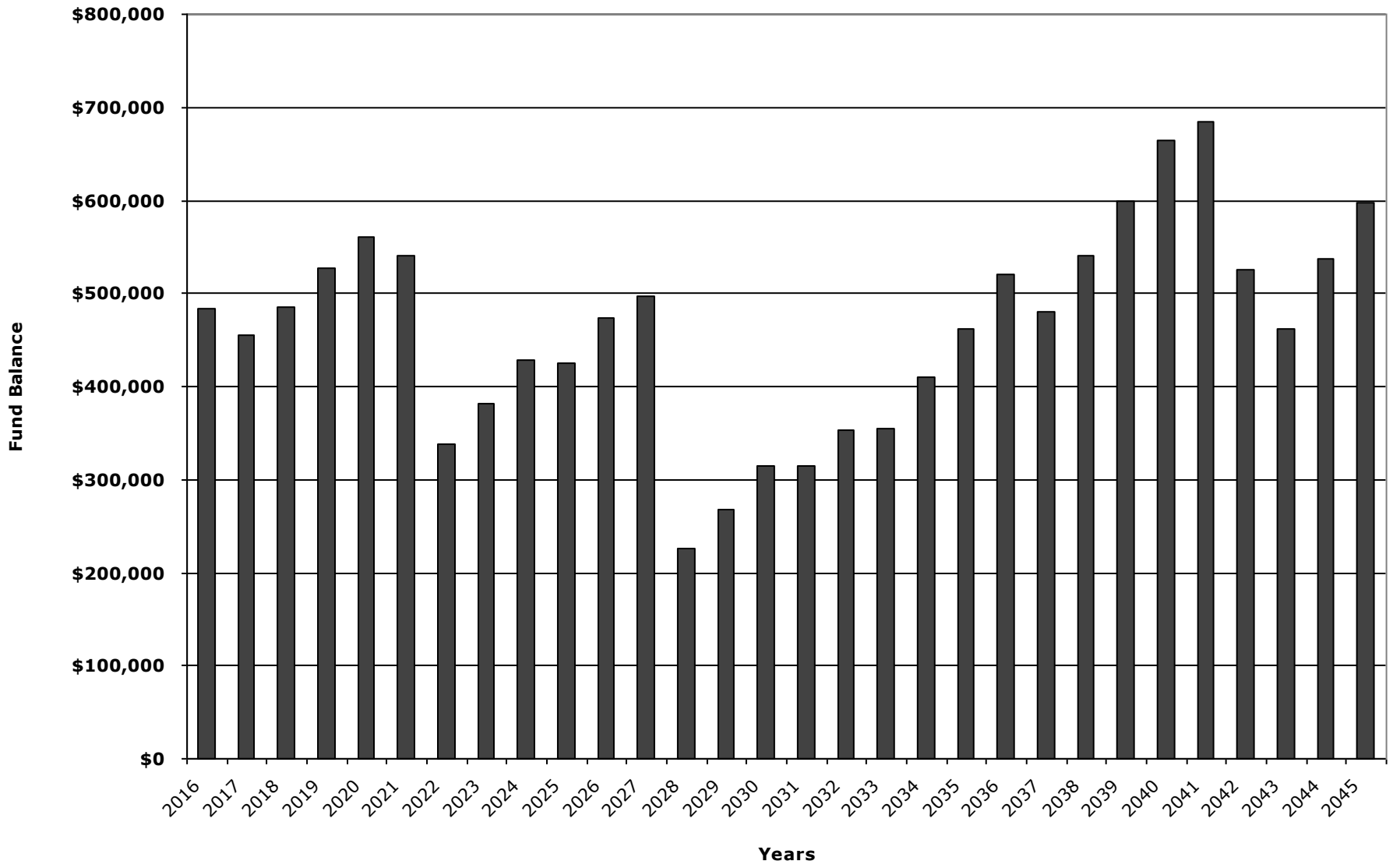
30 Year Reserve Funding Plan Cash Flow Method - Ending Balances

2016 Final
Prepared for the 2017 Fiscal Year



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30 Year Reserve Funding Plan Including Fully Funded Balance and % Funded

2016 Final
Prepared for the 2017 Fiscal Year

Year	Beginning Balance	Fully Funded Balance	Percent Funded	Inflated Expenditures @ 1.25%	Reserve Contribution	Special Assessments & Other Contributions	Interest	Ending Balance
2016	567,807	464,343	104.2%	90,627	0	0	6,531	483,711
2017	483,711	412,565	110.5%	73,574	40,000	0	5,837	455,974
2018	455,974	391,588	123.9%	17,639	41,000	0	5,846	485,181
2019	485,181	427,612	123.4%	5,871	42,025	0	6,291	527,626
2020	527,626	476,645	117.5%	17,370	43,076	0	6,756	560,088
2021	560,088	511,452	105.8%	69,977	44,153	0	6,840	541,103
2022	541,103	494,040	68.4%	253,691	45,257	0	5,461	338,130
2023	338,130	346,291	110.3%	6,932	46,388	0	4,473	382,059
2024	382,059	391,331	109.5%	6,247	47,548	0	5,034	428,394
2025	428,394	438,284	97.0%	57,219	48,737	0	5,302	425,214
2026	425,214	448,848	105.7%	6,404	49,955	0	5,587	474,353
2027	474,353	498,223	99.8%	34,310	51,204	0	6,035	497,282
2028	497,282	520,686	43.5%	327,892	52,484	0	4,495	226,368
2029	226,368	245,343	109.2%	15,334	53,796	0	3,070	267,900
2030	267,900	283,832	110.6%	12,610	55,141	0	3,615	314,046
2031	314,046	326,461	96.3%	60,087	56,520	0	3,903	314,382
2032	314,382	322,601	109.3%	23,799	57,933	0	4,143	352,659
2033	352,659	364,392	97.6%	60,866	59,381	0	4,399	355,573
2034	355,573	370,119	110.6%	11,940	60,866	0	4,750	409,250
2035	409,250	426,575	108.5%	14,303	62,388	0	5,416	462,751
2036	462,751	482,970	107.9%	11,535	63,948	0	6,112	521,276
2037	521,276	546,976	87.8%	112,812	65,547	0	6,221	480,232
2038	480,232	510,039	106.1%	12,756	67,186	0	6,343	541,004
2039	541,004	575,397	104.0%	18,437	68,866	0	7,078	598,511
2040	598,511	636,720	104.3%	12,905	70,588	0	7,842	664,037
2041	664,037	705,320	96.9%	61,042	72,353	0	8,371	683,719
2042	683,719	726,960	72.4%	239,188	74,162	0	7,515	526,208
2043	526,208	569,431	81.0%	147,000	76,016	0	6,134	461,358
2044	461,358	493,251	109.0%	8,009	77,916	0	6,204	537,469
2045	537,469	557,666	107.1%	26,962	79,864	0	7,049	597,420

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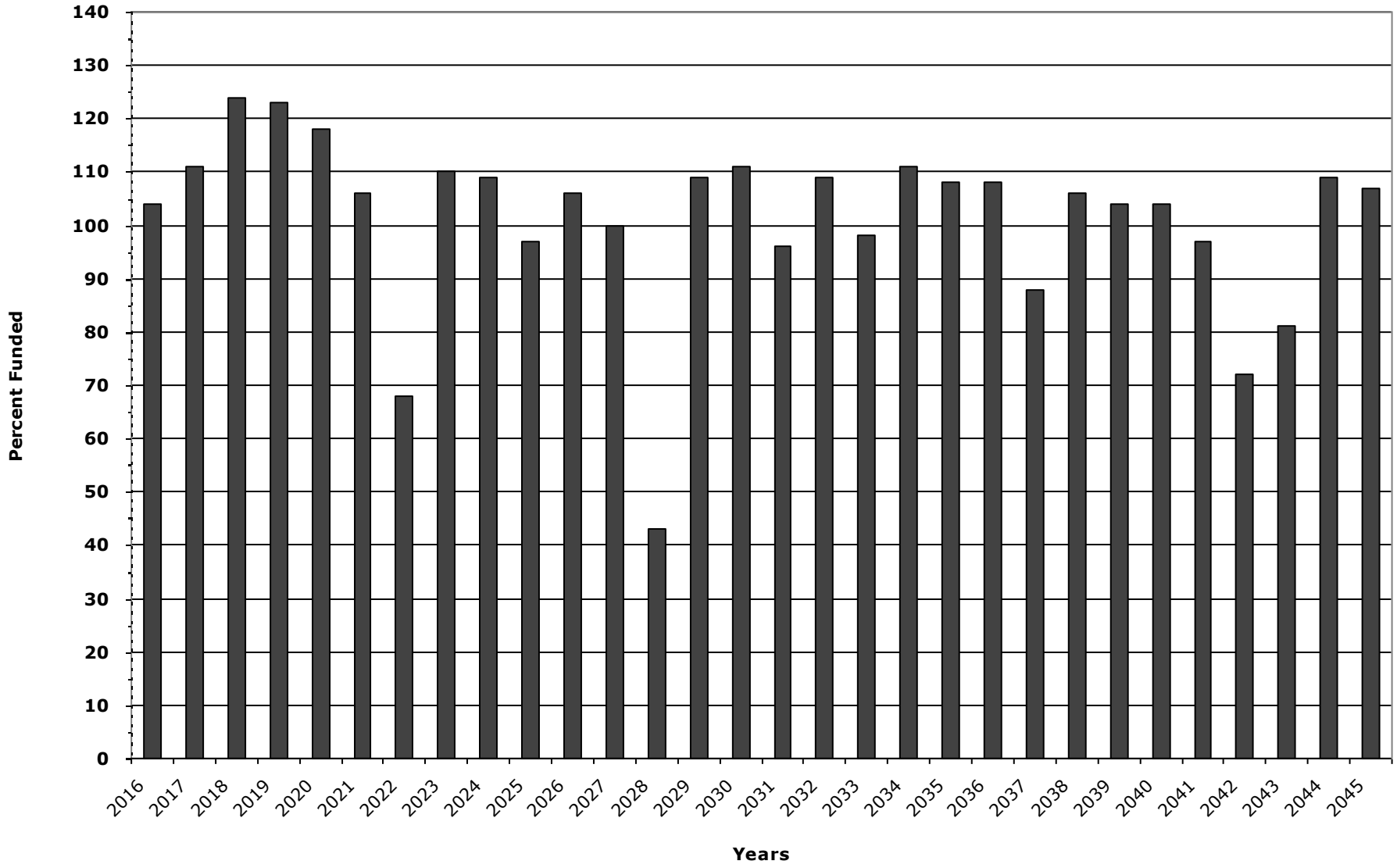
30 Year Reserve Funding Plan Cash Flow Method - Percent Funded

2016 Final
Prepared for the 2017 Fiscal Year



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Reserve Component	Current Repl. Cost	Useful Life	Remaining Life	Estimated Future Replacement Costs	Per Year	2016 Fully Funded Balance	2017 Fully Funded Balance	% Per Year Straight Line	2017 Line Item Contribution based on Cash Flow Method
01000 - Paving									
120 - Asphalt: State Spec. Slurry 232,350 Sq. Ft. Streets- 2016 & 2031	37,176	15	0	37,176	2,478	37,176	2,509	3.95%	1,582
124 - Asphalt: State Spec. Slurry 232,350 Sq. Ft. Streets- 2037, 2043[nr:2]	46,470	6	21	60,321	2,742	2,112	2,241	4.37%	1,750
130 - Asphalt: State Spec. Slurry Units 4-7: W/ Crack Seal, HMA Patch 2% until OL[nr:1]	51,192	6	6	55,153	7,879	7,313	0	12.57%	5,029
134 - Asphalt: Sealing 88,000 Sq. Ft. Units 1-3 Gilsonite Seal[nr:1]	12,320	9	9	13,777	1,378	1,232	0	2.20%	879
200 - Asphalt: Crackfill Streets- Hot Rubberized Crack Seal- 2016[nr:1]	7,430	2	0	0	0	7,430	0	0.00%	0
204 - Asphalt: Crackfill Units 1-7- Crack Seal- 2018 & 2020[nr:2]	7,500	2	2	7,689	2,563	2,500	3,797	4.09%	1,636
208 - Asphalt: Crackfill Units 1-7- Crack Seal- 2037 Ongoing	7,500	2	21	9,735	443	341	362	0.71%	282
271 - Asphalt: Ongoing Repairs 6,090 Sq. Ft. Streets- Full Depth HMA Patch[nr:1]	33,495	1	0	0	0	33,495	0	0.00%	0
274 - Asphalt: Ongoing Repairs Units 1-3, Full Depth HMA Patch/CS[nr:2]	7,780	17	17	9,609	534	432	463	0.85%	341
278 - Asphalt: Ongoing Repairs 232,150 Sq. Ft. Units 1-7, HMA Patch (3%)	41,787	27	27	58,440	2,087	1,492	1,567	3.33%	1,332
310 - Asphalt: Overlay w/ Interlayer 88,000 Sq. Ft. Units 1-3	154,000	20	6	165,917	8,296	107,800	116,944	13.24%	5,295
311 - Asphalt: Overlay w/ Interlayer 88,000 Sq. Ft. Units 1-3- Repair only at OL (2%)[nr:1]	10,560	20	6	11,377	569	7,392	8,019	0.91%	363
320 - Asphalt: Overlay w/ Interlayer 144,350 Sq. Ft. Units 4-7	252,613	20	12	293,221	14,661	101,045	115,097	23.39%	9,357
321 - Asphalt: Overlay w/ Interlayer 144,350 Sq. Ft. Units 4-7- Repairs Onlyat OL (2%)[nr:1]	17,322	20	12	20,107	1,005	6,929	7,892	1.60%	642
800 - Striping Pavement Markings	550	6	0	550	92	550	93	0.15%	59
980 - Consulting/Engineering 2016 Only[nr:1]	5,100	1	0	0	0	5,100	0	0.00%	0
984 - Consulting/Engineering 2022, 2028 Only[nr:2]	3,000	6	6	3,232	462	429	506	0.74%	295
988 - Consulting/Engineering 2031, 2037 Only[nr:2]	3,000	6	15	3,614	226	188	203	0.36%	144

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Reserve Component	Current Repl. Cost	Useful Life	Remaining Life	Estimated Future Replacement Costs	Per Year	2016 Fully Funded Balance	2017 Fully Funded Balance	% Per Year Straight Line	2017 Line Item Contribution based on Cash Flow Method
01000 - Paving									
992 - Consulting/Engineering 2042, 2043 Only[se:2]	6,000	6	26	8,339	309	218	229	0.49%	197
Sub-total [01000 - Paving]	704,794			758,259	45,723	323,174	259,921	72.95%	29,181
02000 - Concrete									
200 - Sidewalks, Curbs & Gutters 64,889 Sq. Ft. Street Side (1%)	10,512	5	1	10,643	2,129	8,410	10,643	3.40%	1,359
360 - Stamped 3,691 Sq. Ft. Streets	56,057	40	5	59,649	1,491	49,050	51,082	2.38%	952
Sub-total [02000 - Concrete]	66,569			70,293	3,620	57,460	61,725	5.78%	2,310
03000 - Painting: Exterior									
410 - Wrought Iron Gates 46 Lin. Ft. Community Entrance Gate 1	699	4	7	762	95	87	101	0.15%	61
11000 - Gate Equipment									
100 - Elite Swing Gate Operators 2 Community Entrance Gate 1	7,290	8	1	7,381	923	6,379	7,381	1.47%	589
110 - Elite Swing Gate Operators 4 Community Entrance Gate 2	14,580	8	1	14,762	1,845	12,758	14,762	2.94%	1,178
600 - DoorKing Telephone Entry System Community Entrance Gate 1	3,848	10	1	3,896	390	3,463	3,896	0.62%	249
604 - DoorKing Telephone Entry System Community Entrance Gate 2	3,848	10	1	3,896	390	3,463	3,896	0.62%	249
758 - Emergency Vehicle Access Device Community Entrance Gate1- Click 2 Enter	2,025	10	1	2,050	205	1,823	2,050	0.33%	131
800 - Loops, Misc. Wiring Harness Community Entrance Gate 1	2,835	8	1	2,870	359	2,481	2,870	0.57%	229
804 - Loops, Misc. Wiring Harness 7 - Community Entrance Gate 2	2,835	8	1	2,870	359	2,481	2,870	0.57%	229
860 - Miscellaneous On-going Repairs 2 Community Entrance Gate Systems 1 & 2	4,050	4	1	4,101	1,025	3,038	4,101	1.64%	654
861 - Miscellaneous On-going Repairs Gate 2 Repairs (2016 Only)[nr:1]	1,220	1	0	0	0	1,220	0	0.00%	0
900 - New Gate Installation Community Entrance Gate 1	15,188	40	1	15,377	384	14,808	15,377	0.61%	245
Sub-total [11000 - Gate Equipment]	57,718			57,204	5,879	51,911	57,204	9.38%	3,752
18500 - Lakes / Ponds									
990 - Miscellaneous Liner & Pond- Annual Maintenance	5,656	1	0	5,656	5,656	5,656	5,727	9.02%	3,610

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Reserve Component	*Current Repl. Cost*	*Useful Life*	*Remaining Life*	*Estimated Future Replacement Costs*	*Per Year*	*2016 Fully Funded Balance*	*2017 Fully Funded Balance*	*% Per Year Straight Line*	*2017 Line Item Contribution based on Cash Flow Method*
20000 - Lighting									
200 - Street Lights 22 Streets[se:10]	33,413	40	11	40,533	1,013	20,465	21,567	1.62%	647
260 - Bollard Lights Bitter Creek Court	911	22	17	1,126	51	207	252	0.08%	33
300 - Common Area 4 Community Entrance Gate 1	1,013	20	4	1,064	53	810	871	0.08%	34
304 - Common Area 3 Community Entrance Gate 2	759	20	4	798	40	608	654	0.06%	25
Sub-total [20000 - Lighting]	36,096			43,521	1,158	22,090	23,343	1.85%	739
21000 - Signage									
792 - Monument 2 Caughlin Pkwy & Caughlin Creek Rd- Gates 1 &2	4,050	20	2	4,152	208	3,645	3,896	0.33%	132
31000 - Reserve Study									
120 - 5 Year Update with Site Visit Reserve Study	1,600	5	4	1,682	336	320	648	0.54%	215
						[A]	[B]		
Totals	**877,181**			**941,527**	**62,675**	**464,343**	**412,565**	**100.00%**	**40,000**
						[EndBal]	[EndBal]		
						[A]	[B]		
Percent Funded						**104%**	**111%**		

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01000 - Paving

120 - Asphalt: State Spec. Slurry
232,350 Sq. Ft. Streets- 2016 & 2031

Useful Life 15 Remaining Life 0
Quantity 232,350 Unit of Measure Square Feet
Cost /SqFt $0.160
% Included 100.00% Total Cost/Study $37,176
Summary Replacement Year 2016 Future Cost $37,176

This is for units 1-7 in 2016 and 2031 only. This is for a state spec. Type II Slurry Seal. Cost for all paving components from paving engineer in 2016.

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124 - Asphalt: State Spec. Slurry
232,350 Sq. Ft. Streets- 2037, 2043

Useful Life 6 Remaining Life 21 Treatment [nr:2]
Quantity 232,350 Unit of Measure Square Feet
Cost /SqFt $0.200
% Included 100.00% Total Cost/Study $46,470
Summary Replacement Year 2037 Future Cost $60,321

This is for units 1-7 in 2031 & 2037 only. This is for a state spec. Type II Slurry Seal. Cost for all paving components from paving engineer in 2016.

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130 - Asphalt: State Spec. Slurry
Units 4-7: W/ Crack Seal, HMA Patch 2% until OL

Useful Life 6 Remaining Life 6 Treatment [nr:1]
Quantity 1 Unit of Measure Lump Sum
Cost /LS $51,192
% Included 100.00% Total Cost/Study $51,192
Summary Replacement Year 2022 Future Cost $55,153

This is for miscellaneous repairs including crackfill, skin patching and minor dig out & fill. Cracks 1/4" or wider should be filled when observed.

<u>2016- This is for Units 4-7 Only in 2022:</u>
Hot rubberized crack seal- $5,000
Type II Slurry $28,870 (144,350 sf X $.20 sf)
HMA Full Depth Patch for 2% of area (approximately 144,350 x 2% x $6 = $17,322.

---

134 - Asphalt: Sealing
88,000 Sq. Ft. Units 1-3 Gilsonite Seal

Useful Life 9 Remaining Life 9 Treatment [nr:1]
Quantity 88,000 Unit of Measure Square Feet
Cost /SqFt $0.140
% Included 100.00% Total Cost/Study $12,320
Summary Replacement Year 2025 Future Cost $13,777

This is for a Gilsonite seal in 2025 only at units 1-3.

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01000 - Paving

200 - Asphalt: Crackfill
Streets- Hot Rubberized Crack Seal- 2016

Useful Life 2 | Remaining Life 0 | Treatment [nr:1]
Quantity 1 | Unit of Measure Lump Sum
Cost /LS $7,430
% Included 100.00% | Total Cost/Study $7,430
Summary | Replacement Year 2016 | Future Cost $7,430

This is for miscellaneous repairs including crackfill, skin patching and minor dig out & fill. Cracks 1/4" or wider should be filled when observed.

2016- $7,430 expended for rubberized hot crack seal.
2015- Percent to include reduced from 5 to 2.5% 7/10/2015. Also the remaining life has been synced to expend funds with the next seal cycle, then changed to yearly 8/7/15 ad well as cost reduced per contractor/client input to $2,500/year.
2013- $10,000 was expended for crack fill.
2012- $16,200 was expended for crack fill.

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204 - Asphalt: Crackfill
Units 1-7- Crack Seal- 2018 & 2020

Useful Life 2 | Remaining Life 2 | Treatment [nr:2]
Quantity 1 | Unit of Measure Lump Sum
Cost /LS $7,500
% Included 100.00% | Total Cost/Study $7,500
Summary | Replacement Year 2018 | Future Cost $7,689

This is for miscellaneous repairs including crackfill, skin patching and minor dig out & fill. Cracks 1/4" or wider should be filled when observed.

2016- This is for hot rubberized crack seal in units 1-7.

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208 - Asphalt: Crackfill
Units 1-7- Crack Seal- 2037 Ongoing

Useful Life 2 | Remaining Life 21
Quantity 1 | Unit of Measure Lump Sum
Cost /LS $7,500
% Included 100.00% | Total Cost/Study $7,500
Summary | Replacement Year 2037 | Future Cost $9,735

This is for miscellaneous repairs including crackfill, skin patching and minor dig out & fill. Cracks 1/4" or wider should be filled when observed.

2016- This is for hot rubberized crack seal in units 1-7 starting in 2037.

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271 - Asphalt: Ongoing Repairs
6,090 Sq. Ft. Streets- Full Depth HMA Patch

Useful Life 1 | Remaining Life 0 | Treatment [nr:1]
Quantity 6,090 | Unit of Measure Square Feet
Cost /SqFt $5.50
% Included 100.00% | Total Cost/Study $33,495
Summary | Replacement Year 2016 | Future Cost $33,495

This is for miscellaneous repairs including crackfill, skin patching and minor dig out & fill. Cracks 1/4" or wider should be filled when observed.

2016 Only- $33,495 expended for HMA full depth patch.

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01000 - Paving

274 - Asphalt: Ongoing Repairs
Units 1-3, Full Depth HMA Patch/CS

Useful Life 17 Remaining Life 17 Treatment [nr:2]
Quantity 1 Unit of Measure Lump Sum
Cost /LS $7,780
% Included 100.00% Total Cost/Study $7,780
Summary Replacement Year 2033 Future Cost $9,609

This is for miscellaneous repairs including crackfill, skin patching and minor dig out & fill. Cracks 1/4" or wider should be filled when observed.

2016- This is to spend $2,500 on crack seal and perform an HMA full depth patch to 1% of the approximately 88,000 sf at Units 1-3. This is only for 2033 & 2035.

CS- $2,500
HMA- 5,280
Total $7,780

278 - Asphalt: Ongoing Repairs
232,150 Sq. Ft. Units 1-7, HMA Patch (3%)

Useful Life 27 Remaining Life 27
Quantity 232,150 Unit of Measure Square Feet
Cost /SqFt $6.00 Qty * $/SqFt $1,392,900
% Included 3.00% Total Cost/Study $41,787
Summary Replacement Year 2043 Future Cost $58,440

This is for an HMA full depth patch to 3% of the approximately 88,000 sf at Units 1-7 in 2043.

310 - Asphalt: Overlay w/ Interlayer
88,000 Sq. Ft. Units 1-3

Useful Life 20 Remaining Life 6
Quantity 88,000 Unit of Measure Square Feet
Cost /SqFt $1.75
% Included 100.00% Total Cost/Study $154,000
Summary Replacement Year 2022 Future Cost $165,917

This is to apply an overlay on top of the existing asphalt surface along with a minimum 2" of new hot asphalt. Generally this includes edge grinding and utility box extensions.

2016- This is to apply a 2" HMA overlay with edge grinding. See next item full depth repairs for 2% of the surface area at Units 1-3.

311 - Asphalt: Overlay w/ Interlayer
88,000 Sq. Ft. Units 1-3- Repair only at OL (2%)

Useful Life 20 Remaining Life 6 Treatment [nr:1]
Quantity 88,000 Unit of Measure Square Feet
Cost /SqFt $6.00 Qty * $/SqFt $528,000
% Included 2.00% Total Cost/Study $10,560
Summary Replacement Year 2022 Future Cost $11,377

This is to apply an overlay on top of the existing asphalt surface along with a minimum 2" of new hot asphalt. Generally this includes edge grinding and utility box extensions.

2016- This is to perform full depth repairs for 2% of the surface area at Units 1-3 with OL.

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01000 - Paving

320 - Asphalt: Overlay w/ Interlayer
144,350 Sq. Ft. Units 4-7

Useful Life 20 Remaining Life 12
Quantity 144,350 Unit of Measure Square Feet
Cost /SqFt $1.75
% Included 100.00% Total Cost/Study $252,613
Summary Replacement Year 2028 Future Cost $293,221

This is to apply an overlay on top of the existing asphalt surface along with a minimum 2" of new hot asphalt. Generally this includes edge grinding and utility box extensions.

2016- This is to apply a 2" HMA overlay with edge grinding. See next item for repairs at 2% of the surface area at Units 4-7.

---

321 - Asphalt: Overlay w/ Interlayer
144,350 Sq. Ft. Units 4-7- Repairs Onlyat OL (2%)

Useful Life 20 Remaining Life 12 Treatment [nr:1]
Quantity 144,350 Unit of Measure Square Feet
Cost /SqFt $6.00 Qty * $/SqFt $866,100
% Included 2.00% Total Cost/Study $17,322
Summary Replacement Year 2028 Future Cost $20,107

This is to apply an overlay on top of the existing asphalt surface along with a minimum 2" of new hot asphalt. Generally this includes edge grinding and utility box extensions.

2016- This is to repair 2% of the surface area at Units 4-7.

---

800 - Striping
Pavement Markings

Useful Life 6 Remaining Life 0
Quantity 1 Unit of Measure Lump Sum
Cost /LS $550
% Included 100.00% Total Cost/Study $550
Summary Replacement Year 2016 Future Cost $550

This is to re-stripe asphalt to match existing plan.

2016- $550 expended.

---

980 - Consulting/Engineering
2016 Only

Useful Life 1 Remaining Life 0 Treatment [nr:1]
Quantity 1 Unit of Measure Lump Sum
Cost /LS $5,100
% Included 100.00% Total Cost/Study $5,100
Summary Replacement Year 2016 Future Cost $5,100

This is for paving engineer and consultant professional fees and expenses.

2016- Added as an item.

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984 - Consulting/Engineering
2022, 2028 Only

Useful Life 6 Remaining Life 6 Treatment [nr:2]
Quantity 1 Unit of Measure Lump Sum
Cost /LS $3,000
% Included 100.00% Total Cost/Study $3,000
Summary Replacement Year 2022 Future Cost $3,232

This is for paving engineer and consultant professional fees and expenses.

2016- Added as an item.

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01000 - Paving

988 - Consulting/Engineering
2031, 2037 Only

Useful Life 6 Remaining Life 15 Treatment [nr:2]
Quantity 1 Unit of Measure Lump Sum
Cost /LS $3,000
% Included 100.00% Total Cost/Study $3,000
Summary Replacement Year 2031 Future Cost $3,614

This is for paving engineer and consultant professional fees and expenses.

2016- Added as an item.

992 - Consulting/Engineering
2042, 2043 Only

Useful Life 6 Remaining Life 26 Treatment [se:2]
Quantity 1 Unit of Measure Lump Sum
Cost /LS $6,000
% Included 100.00% Total Cost/Study $6,000
Summary Replacement Year 2042 Future Cost $8,340

This is for paving engineer and consultant professional fees and expenses.

2016- Added as an item.

02000 - Concrete

200 - Sidewalks, Curbs & Gutters
64,889 Sq. Ft. Street Side (1%)

Useful Life 5 Remaining Life 1
Quantity 64,889 Unit of Measure Square Feet
Cost /SqFt $16.20 Qty * $/SqFt $1,051,202
% Included 1.00% Total Cost/Study $10,512
Summary Replacement Year 2017 Future Cost $10,643

This is to repair, replace or grind concrete sidewalks, curbs and gutters to remove abrupt elevation changes and maintain functionality. The concrete useful life exceeds the scope of this study, so this component provides for repair only.

2013- $1,989 was expended for entry island curb repairs.

360 - Stamped
3,691 Sq. Ft. Streets

Useful Life 40 Remaining Life 5
Quantity 3,691 Unit of Measure Square Feet
Cost /SqFt $15.19
% Included 100.00% Total Cost/Study $56,057
Summary Replacement Year 2021 Future Cost $59,649

This is to replace the "Bomanite" stamped concrete. Rehab of the concrete should be considered to coincide with paving overlay

In 2015, the stamped concrete is in fair to poor condition exhibiting cracking, areas of mismatched repairs and lack of color.

2015- Cost decreased from $20 to $15 per square foot per client 7/10/2015.

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03000 - Painting: Exterior

410 - Wrought Iron Gates
46 Lin. Ft. Community Entrance Gate 1

Useful Life 4 Remaining Life 7
Quantity 46 Unit of Measure Linear Feet
Cost /l.f. $15.19
% Included 100.00% Total Cost/Study $699
Summary Replacement Year 2023 Future Cost $762

This is to prepare, power wash, sand, scrape, spot prime and paint the wrought iron gates. This component assumes that a lighter gate system will be installed this fiscal year delaying the first painting of the new gates for a minimum of 4 years after installation.

In 2015, the gates were not operational at the time of the site review.

2- 3' x 23' gates

11000 - Gate Equipment

100 - Elite Swing Gate Operators
2 Community Entrance Gate 1

Useful Life 8 Remaining Life 1
Quantity 2 Unit of Measure Items
Cost /Itm $3,645
% Included 100.00% Total Cost/Study $7,290
Summary Replacement Year 2017 Future Cost $7,381

This is to replace the Elite gate control operators dated 2003 and 2006 with HySecurity operators.

2015- Remaining life to 2016 from 2015 per client 7/10/2015.
2015- Refer to the Tholl Fence proposal dated 4/15/2015 for information. The cost indicated is not based on the proposal as no cost breakdown is provided. New equipment will be verified at the next site review or per client provided documentation.

110 - Elite Swing Gate Operators
4 Community Entrance Gate 2

Useful Life 8 Remaining Life 1
Quantity 4 Unit of Measure Items
Cost /Itm $3,645
% Included 100.00% Total Cost/Study $14,580
Summary Replacement Year 2017 Future Cost $14,762

This is to replace the Viking gate control operators all dated 2008.

600 - DoorKing Telephone Entry System
Community Entrance Gate 1

Useful Life 10 Remaining Life 1
Quantity 1 Unit of Measure Items
Cost /Itm $3,848
% Included 100.00% Total Cost/Study $3,848
Summary Replacement Year 2017 Future Cost $3,896

This is to replace the DKS telephone access system with a Dorking model 1837.

2015- Remaining life from 2015 to 2016 per client 7/10/2015.
2015- Refer to the Tholl Fence proposal dated 4/15/2015 for information. The cost indicated is not based on the proposal as no cost breakdown is provided. New equipment will be verified at the next site review or per client provided documentation.

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11000 - Gate Equipment

604 - DoorKing Telephone Entry System
Community Entrance Gate 2

Useful Life 10 Remaining Life 1
Quantity 1 Unit of Measure Items
Cost /Itm $3,848
% Included 100.00% Total Cost/Study $3,848
Summary Replacement Year 2017 Future Cost $3,896

This is to replace the DKS telephone access system.

758 - Emergency Vehicle Access Device
Community Entrance Gate1- Click 2 Enter

Useful Life 10 Remaining Life 1
Quantity 1 Unit of Measure Items
Cost /Itm $2,025
% Included 100.00% Total Cost/Study $2,025
Summary Replacement Year 2017 Future Cost $2,050

This is to replace the emergency vehicle access device.

2015- Remaining life from 2015 to 2021 and cost increased from $1,000 to 2,000 per client 7/10/2015.
2015- Refer to the Tholl Fence proposal dated 4/15/2015 for information. The cost indicated is not based on the proposal as no cost breakdown is provided. New equipment will be verified at the next site review or per client provided documentation.

800 - Loops, Misc. Wiring Harness
Community Entrance Gate 1

Useful Life 8 Remaining Life 1
Quantity 1 Unit of Measure Lump Sum
Cost /LS $2,835
% Included 100.00% Total Cost/Study $2,835
Summary Replacement Year 2017 Future Cost $2,870

This is to have funds for replacing the underground sensor loops with a new loop and vehicle detection system.

2015- Refer to the Tholl Fence proposal dated 4/15/2015 for information. The cost indicated is not based on the proposal as no cost breakdown is provided. New equipment will be verified at the next site review or per client provided accepted proposals.

804 - Loops, Misc. Wiring Harness
7 - Community Entrance Gate 2

Useful Life 8 Remaining Life 1
Quantity 7 Unit of Measure Items
Cost /Itm $405
% Included 100.00% Total Cost/Study $2,835
Summary Replacement Year 2017 Future Cost $2,870

This is for replacing the underground sensor loops with a new loop and vehicle detection system.

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11000 - Gate Equipment

860 - Miscellaneous On-going Repairs
2 Community Entrance Gate Systems 1 & 2

Useful Life 4 Remaining Life 1
Quantity 2 Unit of Measure Lump Sum
Cost /LS $2,025
% Included 100.00% Total Cost/Study $4,050
Summary Replacement Year 2017 Future Cost $4,101

This is for ongoing miscellaneous vehicle gate equipment repairs.

In 2015, the magnetic catches were not closing properly.

2016- $1,220 was expended to replace motor, Gate 2.
2015- $2,731 was expended for Gate 2 repairs including photocell replacements in 2015, per client 7/28/2016.
2015- Cost increased from $1,500 to $2,000 per client 7/10/2015.
2014- $850 was expended for repairs
2013- $1,242 was expended for repairs.
2012- $2,712 was expended for unspecified work.

---

861 - Miscellaneous On-going Repairs
Gate 2 Repairs (2016 Only)

Useful Life 1 Remaining Life 0 Treatment [nr:1]
Quantity 1 Unit of Measure Lump Sum
Cost /LS $1,220
% Included 100.00% Total Cost/Study $1,220
Summary Replacement Year 2016 Future Cost $1,220

This is for the $1,220 expended to replace motor, Gate 2.

---

900 - New Gate Installation
Community Entrance Gate 1

Useful Life 40 Remaining Life 1
Quantity 1 Unit of Measure Lump Sum
Cost /LS $15,188
% Included 100.00% Total Cost/Study $15,188
Summary Replacement Year 2017 Future Cost $15,377

This is to install new, lighter gates.

2015- Although a priority, client has not confirmed replacement of the gates as of the date of the site observation. Final cost has not been clarified and will be dependent upon design, configuration and scope of work. Client input will further define this component.

18500 - Lakes / Ponds

990 - Miscellaneous
Liner & Pond- Annual Maintenance

Useful Life 1 Remaining Life 0
Quantity 1 Unit of Measure Lump Sum
Cost /LS $5,656
% Included 100.00% Total Cost/Study $5,656
Summary Replacement Year 2016 Future Cost $5,656

This is for annual maintenance of Caughlin Pond.

2016- $5,656 was expended for annual pond maintenance.
2015- $7,664 anticipated expenditure. Added as a component of the reserve study 7/10/2015.

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20000 - Lighting

200 - Street Lights
22 Streets

Useful Life 40 Remaining Life 11 Treatment [se:10]
Quantity 22 Unit of Measure Items
Cost /Itm $1,519
% Included 100.00% Total Cost/Study $33,413
Summary Replacement Year 2027 Future Cost $40,533

This is to replace the street lights. Since the core light standard and fixture useful life exceeds the scope of this study, this component is for partial replacement only.

2015- Deleted per client 7/10/2015.

260 - Bollard Lights
Bitter Creek Court

Useful Life 22 Remaining Life 17
Quantity 1 Unit of Measure Items
Cost /Itm $911
% Included 100.00% Total Cost/Study $911
Summary Replacement Year 2033 Future Cost $1,126

This is to replace the bollard light reusing the existing wiring and conduit.

300 - Common Area
4 Community Entrance Gate 1

Useful Life 20 Remaining Life 4
Quantity 4 Unit of Measure Items
Cost /Itm $253
% Included 100.00% Total Cost/Study $1,013
Summary Replacement Year 2020 Future Cost $1,064

This is to replace the landscape lighting.

304 - Common Area
3 Community Entrance Gate 2

Useful Life 20 Remaining Life 4
Quantity 3 Unit of Measure Items
Cost /Itm $253
% Included 100.00% Total Cost/Study $759
Summary Replacement Year 2020 Future Cost $798

This is to replace the landscape lighting.

21000 - Signage

792 - Monument
2 Caughlin Pkwy & Caughlin Creek Rd-Gates 1 &2

Useful Life 20 Remaining Life 2
Quantity 2 Unit of Measure Items
Cost /Itm $2,025
% Included 100.00% Total Cost/Study $4,050
Summary Replacement Year 2018 Future Cost $4,152

This is to replace the 4' x 10' monument signs.

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31000 - Reserve Study

120 - 5 Year Update with Site Visit

Reserve Study

Useful Life	5	Remaining Life	4
Quantity	1	Unit of Measure	Lump Sum
Cost /LS	$1,600		
% Included	100.00%	Total Cost/Study	$1,600
Replacement Year	2020	Future Cost	$1,682

Summary

This is to have a professional reserve study prepared for the association as required by NRS. This is for the 5 year complete reserve study which includes a visual observation of the accessible reserve components the association is obligated to maintain.

2015- $1,600 was expended for reserve study in 2015, per client 7/28/2016.

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Component	Current Replacement Cost	Useful Life	Remaining Life	Quantity	Cost/ U of M	Treatment	Location
01000 - Paving							
120 - Asphalt: State Spec. Slurry	$37,176	15	0	232,350	$.16/SqFt		Streets- 2016 & 2031
124 - Asphalt: State Spec. Slurry	$46,470	6	21	232,350	$.20/SqFt	[nr:2]	Streets- 2037, 2043
130 - Asphalt: State Spec. Slurry	$51,192	6	6	1	$51,192/LS	[nr:1]	Units 4-7: W/ Crack Seal, HMA Patch 2% until OL
134 - Asphalt: Sealing	$12,320	9	9	88,000	$.14/SqFt	[nr:1]	Units 1-3 Gilsonite Seal
200 - Asphalt: Crackfill	$7,430	2	0	1	$7,430/LS	[nr:1]	Streets- Hot Rubberized Crack Seal- 2016
204 - Asphalt: Crackfill	$7,500	2	2	1	$7,500/LS	[nr:2]	Units 1-7- Crack Seal- 2018 & 2020
208 - Asphalt: Crackfill	$7,500	2	21	1	$7,500/LS		Units 1-7- Crack Seal- 2037 Ongoing
271 - Asphalt: Ongoing Repairs	$33,495	1	0	6,090	$5.50/SqFt	[nr:1]	Streets- Full Depth HMA Patch
274 - Asphalt: Ongoing Repairs	$7,780	17	17	1	$7,780/LS	[nr:2]	Units 1-3, Full Depth HMA Patch/CS
278 - Asphalt: Ongoing Repairs	$41,787	27	27	232,150	$6.00/SqFt	(3%)	Units 1-7, HMA Patch
310 - Asphalt: Overlay w/ Interlayer	$154,000	20	6	88,000	$1.75/SqFt		Units 1-3
311 - Asphalt: Overlay w/ Interlayer	$10,560	20	6	88,000	$6.00/SqFt	(2%) [nr:1]	Units 1-3- Repair only at OL
320 - Asphalt: Overlay w/ Interlayer	$252,613	20	12	144,350	$1.75/SqFt		Units 4-7
321 - Asphalt: Overlay w/ Interlayer	$17,322	20	12	144,350	$6.00/SqFt	(2%) [nr:1]	Units 4-7- Repairs Onlyat OL
800 - Striping	$550	6	0	1	$550/LS		Pavement Markings
980 - Consulting/Engineering	$5,100	1	0	1	$5,100/LS	[nr:1]	2016 Only
984 - Consulting/Engineering	$3,000	6	6	1	$3,000/LS	[nr:2]	2022, 2028 Only
988 - Consulting/Engineering	$3,000	6	15	1	$3,000/LS	[nr:2]	2031, 2037 Only
992 - Consulting/Engineering	$6,000	6	26	1	$6,000/LS	[se:2]	2042, 2043 Only
02000 - Concrete							
200 - Sidewalks, Curbs & Gutters	$10,512	5	1	64,889	$16.20/SqFt	(1%)	Street Side
360 - Stamped	$56,057	40	5	3,691	$15.19/SqFt		Streets
03000 - Painting: Exterior							
410 - Wrought Iron Gates	$699	4	7	46	$15.19/l.f.		Community Entrance Gate 1
11000 - Gate Equipment							
100 - Elite Swing Gate Operators	$7,290	8	1	2	$3,645/Itm		Community Entrance Gate 1
110 - Elite Swing Gate Operators	$14,580	8	1	4	$3,645/Itm		Community Entrance Gate 2

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Component	Current Replacement Cost	Useful Life	Remaining Life	Quantity	Cost/ U of M	Treatment	Location
11000 - Gate Equipment							
600 - DoorKing Telephone Entry System	$3,848	10	1	1	$3,848/Itm		Community Entrance Gate 1
604 - DoorKing Telephone Entry System	$3,848	10	1	1	$3,848/Itm		Community Entrance Gate 2
758 - Emergency Vehicle Access Device	$2,025	10	1	1	$2,025/Itm		Community Entrance Gate1- Click 2 Enter
800 - Loops, Misc. Wiring Harness	$2,835	8	1	1	$2,835/LS		Community Entrance Gate 1
804 - Loops, Misc. Wiring Harness	$2,835	8	1	7	$405/Itm		- Community Entrance Gate 2
860 - Miscellaneous On-going Repairs	$4,050	4	1	2	$2,025/LS		Community Entrance Gate Systems 1 & 2
861 - Miscellaneous On-going Repairs	$1,220	1	0	1	$1,220/LS	[nr:1]	Gate 2 Repairs (2016 Only)
900 - New Gate Installation	$15,188	40	1	1	$15,188/LS		Community Entrance Gate 1
18500 - Lakes / Ponds							
990 - Miscellaneous	$5,656	1	0	1	$5,656/LS		Liner & Pond- Annual Maintenance
20000 - Lighting							
200 - Street Lights	$33,413	40	11	22	$1,519/Itm	[se:10]	Streets
260 - Bollard Lights	$911	22	17	1	$911/Itm		Bitter Creek Court
300 - Common Area	$1,013	20	4	4	$253/Itm		Community Entrance Gate 1
304 - Common Area	$759	20	4	3	$253/Itm		Community Entrance Gate 2
21000 - Signage							
792 - Monument	$4,050	20	2	2	$2,025/Itm		Caughlin Pkwy & Caughlin Creek Rd- Gates 1 &2
31000 - Reserve Study							
120 - 5 Year Update with Site Visit	$1,600	5	4	1	$1,600/LS		Reserve Study

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Reserve Component	Life Useful	Current Replacement Cost	Forecast Inflated Cost @ 1.25%
2016			
01000 - Paving			
120 - Asphalt: State Spec. Slurry 232,350 Sq. Ft. Streets- 2016 & 2031	15	37,176	
200 - Asphalt: Crackfill Streets- Hot Rubberized Crack Seal- 2016[nr:1]	2	7,430	
271 - Asphalt: Ongoing Repairs 6,090 Sq. Ft. Streets- Full Depth HMA Patch[nr:1]	1	33,495	
800 - Striping Pavement Markings	6	550	
980 - Consulting/Engineering 2016 Only[nr:1]	1	5,100	
Total 01000 - Paving:		83,751	83,751
11000 - Gate Equipment			
861 - Miscellaneous On-going Repairs Gate 2 Repairs (2016 Only)[nr:1]	1	1,220	
18500 - Lakes / Ponds			
990 - Miscellaneous Liner & Pond- Annual Maintenance	1	5,656	
Total 2016:		90,627	
2017			
02000 - Concrete			
200 - Sidewalks, Curbs & Gutters 64,889 Sq. Ft. Street Side (1%)	5	10,512	10,643
11000 - Gate Equipment			
100 - Elite Swing Gate Operators 2 Community Entrance Gate 1	8	7,290	7,381
110 - Elite Swing Gate Operators 4 Community Entrance Gate 2	8	14,580	14,762
600 - DoorKing Telephone Entry System Community Entrance Gate 1	10	3,848	3,896
604 - DoorKing Telephone Entry System Community Entrance Gate 2	10	3,848	3,896
758 - Emergency Vehicle Access Device Community Entrance Gate1- Click 2 Enter	10	2,025	2,050
800 - Loops, Misc. Wiring Harness Community Entrance Gate 1	8	2,835	2,870
804 - Loops, Misc. Wiring Harness 7 - Community Entrance Gate 2	8	2,835	2,870
860 - Miscellaneous On-going Repairs 2 Community Entrance Gate Systems 1 & 2	4	4,050	4,101
900 - New Gate Installation Community Entrance Gate 1	40	15,188	15,377
Total 11000 - Gate Equipment:		56,499	57,203

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Reserve Component	Life Useful	Current Replacement Cost	Forecast Inflated Cost @ 1.25%
2017			
18500 - Lakes / Ponds			
990 - Miscellaneous Liner & Pond- Annual Maintenance	1	5,656	5,727
Total 2017:		72,667	73,573
2018			
01000 - Paving			
204 - Asphalt: Crackfill Units 1-7- Crack Seal- 2018 & 2020[nr:2]	2	7,500	7,689
18500 - Lakes / Ponds			
990 - Miscellaneous Liner & Pond- Annual Maintenance	1	5,656	5,798
21000 - Signage			
792 - Monument 2 Caughlin Pkwy & Caughlin Creek Rd- Gates 1 &2	20	4,050	4,152
Total 2018:		17,206	17,639
2019			
18500 - Lakes / Ponds			
990 - Miscellaneous Liner & Pond- Annual Maintenance	1	5,656	5,871
Total 2019:		5,656	5,871
2020			
01000 - Paving			
204 - Asphalt: Crackfill Units 1-7- Crack Seal- 2018 & 2020[nr:2]	2	7,500	7,882
18500 - Lakes / Ponds			
990 - Miscellaneous Liner & Pond- Annual Maintenance	1	5,656	5,944
20000 - Lighting			
300 - Common Area 4 Community Entrance Gate 1	20	1,013	1,064
304 - Common Area 3 Community Entrance Gate 2	20	759	798
Total 20000 - Lighting:		1,772	1,862
31000 - Reserve Study			
120 - 5 Year Update with Site Visit Reserve Study	5	1,600	1,682
Total 2020:		16,528	17,370

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This report is intended to assist the auditor while preparing the audit, review or compilation of Caughlin Creek HOA's (the "Association") financial documents.

Browning Reserve Group ("BRG") prepared a reserve study for the Association during the 2016 fiscal year. This was done to help determine the Association's reserve contribution for the next fiscal year (2017) and future fiscal years. In addition, BRG prepared the proper statutory disclosures for distribution to the Association members.

This reserve study is an Update w/o Site Visit Review. An **Update Without Site-Visit Review** is an update with no on-site visual observation upon where the following tasks are performed:

- life and valuation estimates;
- fund status;
- and a funding plan. Please note, as this study update did not require a site visit, and relied completely on the information provided, it is possible BRG has never visited Caughlin Creek HOA.

For BRG reserve studies, the year in which the study is being conducted, is the first year of the study. For example, this study is being prepared during 2016 and is the Association's first year in the study. This enables BRG to use a starting point which ties to the last audited financial statement, December 31, 2015. You will notice in *Section III, Reserve Fund Balance Forecast*, a Beginning Reserve Balance of $567,807 is being used which ties to the last completed audit or review of the Association's financial statements. BRG then re-builds the first year of the study, in this case 2016, and estimates an ending reserve fund balance. Again, see *Section III* and the 2016 ending reserve balance estimate of $483,711.

"Re-building" the first year of the study as mentioned above simply means using the 2016 adopted budget for the 2016 reserve contribution. Finally, the 2016 reserve expenses both actual and projected are estimated.

We find by using the above method a more accurate reserve study is possible because the beginning reserve fund balance ties directly to the Association's audited financial statement or, in the absence of an audit or review, the year end balance sheet. There is no need to rely on others for determining mid year reserve balances or estimating current year ending reserve balances. This approach forces all involved, to look at the current year's reserve fund activities so a more accurate ending reserve fund balance can be estimated.

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With respect to the reserve component Percent Funded values on the next page(s), here are the calculations:

FFB = Year Cost X Year Effective Age / Useful Life

% Funded = Year Estimated Ending Reserve Balance / Year FFB

Please see *Section V - Reserve Fund Balance Forecast*.

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Reserve Component	Current Repl. Cost	Useful Life	Remaining Life	2016 Fully Funded Balance	2017 Fully Funded Balance	2017 Line Item Contribution based on Cash Flow Method
01000 - Paving						
120 - Asphalt: State Spec. Slurry 232,350 Sq. Ft. Streets- 2016 & 2031	37,176	15	0	37,176	2,509	1,582
124 - Asphalt: State Spec. Slurry 232,350 Sq. Ft. Streets- 2037, 2043[nr:2]	46,470	6	21	2,112	2,241	1,750
130 - Asphalt: State Spec. Slurry Units 4-7: W/ Crack Seal, HMA Patch 2% until OL[nr:1]	51,192	6	6	7,313	0	5,029
134 - Asphalt: Sealing 88,000 Sq. Ft. Units 1-3 Gilsonite Seal[nr:1]	12,320	9	9	1,232	0	879
200 - Asphalt: Crackfill Streets- Hot Rubberized Crack Seal- 2016[nr:1]	7,430	2	0	7,430	0	0
204 - Asphalt: Crackfill Units 1-7- Crack Seal- 2018 & 2020[nr:2]	7,500	2	2	2,500	3,797	1,636
208 - Asphalt: Crackfill Units 1-7- Crack Seal- 2037 Ongoing	7,500	2	21	341	362	282
271 - Asphalt: Ongoing Repairs 6,090 Sq. Ft. Streets- Full Depth HMA Patch[nr:1]	33,495	1	0	33,495	0	0
274 - Asphalt: Ongoing Repairs Units 1-3, Full Depth HMA Patch/CS[nr:2]	7,780	17	17	432	463	341
278 - Asphalt: Ongoing Repairs 232,150 Sq. Ft. Units 1-7, HMA Patch (3%)	41,787	27	27	1,492	1,567	1,332
310 - Asphalt: Overlay w/ Interlayer 88,000 Sq. Ft. Units 1-3	154,000	20	6	107,800	116,944	5,295
311 - Asphalt: Overlay w/ Interlayer 88,000 Sq. Ft. Units 1-3- Repair only at OL (2%)[nr:1]	10,560	20	6	7,392	8,019	363
320 - Asphalt: Overlay w/ Interlayer 144,350 Sq. Ft. Units 4-7	252,613	20	12	101,045	115,097	9,357
321 - Asphalt: Overlay w/ Interlayer 144,350 Sq. Ft. Units 4-7- Repairs Onlyat OL (2%)[nr:1]	17,322	20	12	6,929	7,892	642
800 - Striping Pavement Markings	550	6	0	550	93	59
980 - Consulting/Engineering 2016 Only[nr:1]	5,100	1	0	5,100	0	0
984 - Consulting/Engineering 2022, 2028 Only[nr:2]	3,000	6	6	429	506	295
988 - Consulting/Engineering 2031, 2037 Only[nr:2]	3,000	6	15	188	203	144
992 - Consulting/Engineering 2042, 2043 Only[se:2]	3,000	6	26	111	117	99
992 - Consulting/Engineering 2042, 2043 Only[se:2]	3,000	6	27	107	112	99
02000 - Concrete						
200 - Sidewalks, Curbs & Gutters 64,889 Sq. Ft. Street Side (1%)	10,512	5	1	8,410	10,643	1,359
360 - Stamped 3,691 Sq. Ft. Streets	56,057	40	5	49,050	51,082	952
03000 - Painting: Exterior						
410 - Wrought Iron Gates 46 Lin. Ft. Community Entrance Gate 1	699	4	7	87	101	61
11000 - Gate Equipment						
100 - Elite Swing Gate Operators 2 Community Entrance Gate 1	7,290	8	1	6,379	7,381	589
110 - Elite Swing Gate Operators	14,580	8	1	12,758	14,762	1,178

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Reserve Component	*Current Repl. Cost*	*Useful Life*	*Remaining Life*	*2016 Fully Funded Balance*	*2017 Fully Funded Balance*	*2017 Line Item Contribution based on Cash Flow Method*
11000 - Gate Equipment						
4 Community Entrance Gate 2						
600 - DoorKing Telephone Entry System Community Entrance Gate 1	3,848	10	1	3,463	3,896	249
604 - DoorKing Telephone Entry System Community Entrance Gate 2	3,848	10	1	3,463	3,896	249
758 - Emergency Vehicle Access Device Community Entrance Gate1- Click 2 Enter	2,025	10	1	1,823	2,050	131
800 - Loops, Misc. Wiring Harness Community Entrance Gate 1	2,835	8	1	2,481	2,870	229
804 - Loops, Misc. Wiring Harness 7 - Community Entrance Gate 2	2,835	8	1	2,481	2,870	229
860 - Miscellaneous On-going Repairs 2 Community Entrance Gate Systems 1 & 2	4,050	4	1	3,038	4,101	654
861 - Miscellaneous On-going Repairs Gate 2 Repairs (2016 Only)[nr:1]	1,220	1	0	1,220	0	0
900 - New Gate Installation Community Entrance Gate 1	15,188	40	1	14,808	15,377	245
18500 - Lakes / Ponds						
990 - Miscellaneous Liner & Pond- Annual Maintenance	5,656	1	0	5,656	5,727	3,610
20000 - Lighting						
200 - Street Lights 22 Streets[se:10]	3,341	40	11	2,422	2,537	65
200 - Street Lights 22 Streets[se:10]	3,341	40	12	2,339	2,453	65
200 - Street Lights 22 Streets[se:10]	3,341	40	13	2,255	2,368	65
200 - Street Lights 22 Streets[se:10]	3,341	40	14	2,172	2,284	65
200 - Street Lights 22 Streets[se:10]	3,341	40	15	2,088	2,199	65
200 - Street Lights 22 Streets[se:10]	3,341	40	16	2,005	2,114	65
200 - Street Lights 22 Streets[se:10]	3,341	40	17	1,921	2,030	65
200 - Street Lights 22 Streets[se:10]	3,341	40	18	1,838	1,945	65
200 - Street Lights 22 Streets[se:10]	3,341	40	19	1,754	1,861	65
200 - Street Lights 22 Streets[se:10]	3,341	40	20	1,671	1,776	65
260 - Bollard Lights Bitter Creek Court	911	22	17	207	252	33
300 - Common Area 4 Community Entrance Gate 1	1,013	20	4	810	871	34
304 - Common Area 3 Community Entrance Gate 2	759	20	4	608	654	25
21000 - Signage						
792 - Monument 2 Caughlin Pkwy & Caughlin Creek Rd- Gates 1 &2	4,050	20	2	3,645	3,896	132
31000 - Reserve Study						
120 - 5 Year Update with Site Visit Reserve Study	1,600	5	4	320	648	215
				[A]	[B]	
Totals	**877,181**			**464,343**	**412,565**	**40,000**
				[EndBal] [A]	[EndBal] [B]	
Percent Funded				**104%**	**111%**	

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Terms & Definitions CAI

CASH FLOW METHOD: A method of developing a Reserve Funding Plan where contributions to the Reserve fund are designed to offset the variable annual expenditures from the Reserve fund. Different Reserve Funding Plans are tested against the anticipated schedule of Reserve expenses until the desired Funding Goal is achieved.

COMPONENT INVENTORY: The task of selecting and quantifying Reserve Components. This task can be accomplished through on-site visual observations, review of association design and organizational documents, a review of established association precedents, and discussion with appropriate representative(s) of the association or cooperative.

COMPONENT METHOD: A method of developing a Reserve Funding Plan where the total contribution is based on the sum of contributions for individual components. See "Cash Flow Method.

COMPONENT: The individual line items in the Reserve Study, developed or updated in the Physical Analysis. These elements form the building blocks for the Reserve Study. Components typically are: 1) Association responsibility, 2) with limited Useful Life expectancies, 3) predictable Remaining Useful Life expectancies, 4) above a minimum threshold cost, and 5) as required by local codes.

CONDITION ASSESSMENT: The task of evaluating the current condition of the component based on observed or reported characteristics.

CURRENT REPLACEMENT COST: See "Replacement Cost."

DEFICIT: An actual (or projected) Reserve Balance less than the Fully Funded Balance. The opposite would be a Surplus.

EFFECTIVE AGE: The difference between Useful Life and Remaining Useful Life. Not always equivalent to chronological age, since some components age irregularly. Used primarily in computations.

FINANCIAL ANALYSIS: The portion of a Reserve Study where current status of the Reserves (measured as cash or Percent Funded) and a recommended Reserve contribution rate (Reserve Funding Plan) are derived, and the projected Reserve income and expense over time is presented. The Financial Analysis is one of the two parts of a Reserve Study.

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FULLY FUNDED BALANCE (FFB): Total Accrued Depreciation. An indicator against which Actual (or projected) Reserve balance can be compared. The Reserve balance that 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 formulae 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 = Current Cost X Effective Age / Useful Life

or

FFB = (Current Cost X Effective Age / Useful Life) +
[(Current Cost X Effective Age / Useful Life) / (1 + *Interest* Rate) ^ Remaining Life] -
[(Current Cost X Effective Age / Useful Life) / (1 + *Inflation* Rate) ^ Remaining Life]

FULLY FUNDED: 100% Funded. When the actual (or projected) Reserve balance is equal to the Fully Funded Balance.

FUND STATUS: The status of the reserve fund as compared to an established benchmark such as percent funding.

FUNDING GOALS: Independent of methodology utilized, the following represent the basic categories of Funding Plan goals:

Baseline Funding:	Establishing a Reserve funding goal of keeping the Reserve cash balance above zero.
Full Funding:	Setting a Reserve funding goal of attaining and maintaining Reserves at or near 100% funded.
Statutory Funding:	Establishing a Reserve funding goal of setting aside the specific minimum amount of Reserves required by local statues.
Threshold Funding:	Establishing a Reserve funding goal of keeping the Reserve balance above a specified dollar or Percent Funded amount. Depending on the threshold, this may be more or less conservative than "Fully Funding."

FUNDING PLAN: An association's plan to provide income to a Reserve fund to offset anticipated expenditures from that fund.

FUNDING PRINCIPLES:

- Sufficient Funds When Required
- Stable Contribution Rate over the Years
- Evenly Distributed Contributions over the Years
- Fiscally Responsible

LIFE AND VALUATION ESTIMATES: The task of estimating Useful Life, Remaining Useful Life, and Repair or Replacement Costs for the Reserve components.

PERCENT FUNDED: The ratio, at a particular point of time (typically the beginning of the Fiscal Year), of the *actual (or projected)* Reserve Balance to the *Fully Funded Balance*, expressed as a percentage.

PHYSICAL ANALYSIS: The portion of the Reserve Study where the Component Inventory, Condition Assessment, and Life and Valuation Estimate tasks are performed. This represents one of the two parts of the Reserve Study.

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REMAINING USEFUL LIFE (RUL): Also referred to as "Remaining Life" (RL). The estimated time, in years, that a reserve component can be expected to continue to serve its intended function. Projects anticipated to occur in the initial year have "zero" Remaining Useful Life.

REPLACEMENT COST: The cost of replacing, repairing, or restoring a Reserve Component to its original functional condition. The Current Replacement Cost would be the cost to replace, repair, or restore the component during that particular year.

RESERVE BALANCE: Actual or projected funds as of a particular point in time that the association has identified for use to defray the future repair or replacement of those major components which the association is obligated to maintain. Also known as Reserves, Reserve Accounts and Cash Reserves. Based upon information provided and not audited.

RESERVE PROVIDER: An individual that prepares Reserve Studies.

RESERVE STUDY: A budget planning tool which identifies the current status of the Reserve fund and a stable and equitable Funding Plan to offset the anticipated future major common area expenditures. The Reserve Study consists of two parts: the Physical Analysis and the Financial Analysis.

RESPONSIBLE CHARGE: A reserve specialist in responsible charge of a reserve study shall render regular and effective supervision to those individuals performing services which directly and materially affect the quality and competence rendered by the reserve specialist. A reserve specialist shall maintain such records as are reasonably necessary to establish that the reserve specialist exercised regular and effective supervision of a reserve study of which he was in responsible charge. A reserve specialist engaged in any of the following acts or practices shall be deemed not to have rendered the regular and effective supervision required herein:

1. The regular and continuous absence from principal office premises from which professional services are rendered; except for performance of field work or presence in a field office maintained exclusively for a specific project;
2. The failure to personally inspect or review the work of subordinates where necessary and appropriate;
3. The rendering of a limited, cursory or perfunctory review of plans or projects in lieu of an appropriate detailed review;
4. The failure to personally be available on a reasonable basis or with adequate advance notice for consultation and inspection where circumstances require personal availability.

SPECIAL ASSESSMENT: An assessment levied on the members of an association in addition to regular assessments. Special Assessments are often regulated by governing documents or local statutes.

SURPLUS: An actual (or projected) Reserve Balance greater than the Fully Funded Balance. See "Deficit."

USEFUL LIFE (UL): Total Useful Life or Depreciable Life. The estimated time, in years, that a reserve component can be expected to serve its intended function if properly constructed in its present application or installation.

The above terms and definitions are from the Community Associations Institute (CAI) national standards.

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Terms & Definitions BRG

Browning Reserve Group reserve studies use several terms that are unique to our reports. Our specialized systems have been developed to offer flexibility in many areas of our reporting. Please see below for definitions of abbreviations and symbols used in many of our reserve studies.

NR-1 (LIMITED RECURRENCE, 1 TIME): This signifies a major reserve component recurs for only a fixed number of cycles. Most often used to display a cost in a specific year only, NR-1 signifies the component only occurs one time. An NR-2 means the component will display for two cycles and so on. This makes it easy to enter one-time costs that pop up from time to time, or to display a cost that may be unique at one replacement date only.

SE-2 (SPREAD EVENLY OVER 2 YEARS): This signifies the major component, when replaced is spread evenly over 2 or more years. For example if a component will be replaced in year 8 of the study, and there is a SE-2, then the component will be replaced over 2 years, year 8 and year 9. Although the component is split over 2 or more years, each subsequent year will increase by the study's inflation factor. An SE-3 signifies the component is split over three years and so on.

NSE-2 (SPREAD NON-EVENLY OVER 2 YEARS): Similar to above, but the spread is not equal in each year. The spread is entered at a different amount for each year in the spread. The total of the spread will always equal 100% of the total replacement cost, excluding inflation.

% (PERCENT TO INCLUDE): This signifies that the component is being replaced at less than 100 percent of its replacement cost or quantity. Perhaps a component is replaced partially at each replacement year. Another example would be to do a small portion of the work at each replacement year. Oftentimes wood fencing is replaced over several cycles, and the study will display a percentage of the fence at each replacement cycle.

DELAYED START (REMAINING LIFE GREATER THAN USEFUL): In many instances a component's replacement cycle may not begin immediately, so the replacement cycle start is delayed. Delay is accomplished by setting the remaining life greater than the useful life.

ZERO REMAINING LIFE: Zero remaining life signifies that the component is replaced in the year which the study is prepared. All replacements are reflected in their replacement year, and the year in which the study is prepared is no different than any other year.

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RESERVE GROUP

Clarity from Complexity

RESERVE STUDY

Member Distribution Materials

Caughlin Creek HOA

Update w/o Site Visit Review

2016 Final

Published - October 14, 2016

Prepared for the 2017 Fiscal Year

Section	*Report*	*Page*
Nevada:	Member Summary	1

Browning Reserve Group

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October 14, 2016

This is a summary of the Reserve Study that has been performed for Caughlin Creek HOA, (the "Association"). This study was conducted in compliance with Nevada *NRS 116.31151 and NRS 116.31152* and is being provided to you as a member of the Association. A full copy is available (through the Association) for review by members of the Association.

The intention of the Reserve Study is to forecast the Association's ability to repair or replace major components as they wear out in future years. This is done utilizing the "Cash Flow Method." This is a method of developing a reserve funding plan where the contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund.

Browning Reserve Group prepared this Update w/o Site Visit Review for the January 1, 2017 - December 31, 2017 fiscal year.

Caughlin Creek HOA is a Planned Community with a total of 178 Units.

At the time this summary was prepared, the assumed long-term before-tax interest rate earned on reserve funds was 1.25% per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 1.25% per year.

The Reserve Study is not an engineering report, and no destructive testing was performed. The costs outlined in the study are for budgetary and planning purposes only, and actual bid costs would depend upon the defined scope of work at the time repairs are made. Also, any latent defects are excluded from this report.

This reserve study was produced under the responsible charge of Robert W Browning who, pursuant to Nevada regulation R145-06, is a Nevada Reserve Study Specialist (RSS #5).

Funding Assessment

Based on the 30 year cash flow projection, the Association's reserves appear adequately funded as the reserve fund ending balances remain positive throughout the replacement of all major components during the next 30 years.

Nevada statute imposes no reserve funding level requirements nor does it address funding level adequacy, and although one or more of the reserve fund percentages expressed in this report may be less than one hundred percent, those percentages do not necessarily indicate that the Association's reserves are inadequately funded.

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Reserve Component	*Current Replacement Cost*	*Useful Life*	*Remaining Life*	*2016 Fully Funded Balance*	*2017 Fully Funded Balance*	*2017 Line Item Contribution based on Cash Flow Method*
01000 - Paving	**704,794**	**1-27**	**0-27**	**323,174**	**259,921**	**29,181**
02000 - Concrete	**66,569**	**5-40**	**1-5**	**57,460**	**61,725**	**2,310**
03000 - Painting: Exterior	**699**	**4-4**	**7-7**	**87**	**101**	**61**
11000 - Gate Equipment	**57,718**	**1-40**	**0-1**	**51,911**	**57,204**	**3,752**
18500 - Lakes / Ponds	**5,656**	**1-1**	**0-0**	**5,656**	**5,727**	**3,610**
20000 - Lighting	**36,096**	**20-40**	**4-17**	**22,090**	**23,343**	**739**
21000 - Signage	**4,050**	**20-20**	**2-2**	**3,645**	**3,896**	**132**
31000 - Reserve Study	**1,600**	**5-5**	**4-4**	**320**	**648**	**215**
Totals	**$877,181**			**$464,343**	**$412,565**	**$40,000**
Estimated Ending Balance				**$483,711**	**$455,974**	**$18.73** /Unit/month @ 178
Percent Funded				**104.2%**	**110.5%**	

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