



## RESERVE STUDY

Member Distribution Materials

### Whispering Canyon at Caughlin Ranch

*Full Study*

First Draft

Published - October 19, 2022

Prepared for the 2023 Fiscal Year

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October 19, 2022

This is a summary of the Reserve Study that has been performed for Whispering Canyon at Caughlin Ranch, (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, LLC prepared this Full Study for the January 1, 2023 - December 31, 2023 fiscal year.

Whispering Canyon at Caughlin Ranch is a Planned Community with a total of 44 Lots.

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 2.50% 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.

The board of directors does not anticipate any special reserve assessment will be required during the current 30-year life of the reserve study to repair, replace, maintain or restore any major component or to provide adequate reserves. (*NAC 116.430 8*)

The projected developer contribution in 2022 to ensure reserves are 100% funded at or near transition is \$33,900. All funds in reserves by the end of 2022, are accruals by the association on behalf of the developer. Once the association is 100% funded, contribution increases are needed at \$9.00 per unit, per month, from 2023 to 2026, and then inflationary increases take over.



Reserve Component	Current Replacement Cost	Useful Life	Remaining Life	2022 Fully Funded Balance	2023 Fully Funded Balance	2023 Line Item Contribution based on Cash Flow Method
<b>01000 - Paving</b>	<b>375,745</b>	<b>1-25</b>	<b>2-21</b>	<b>92,553</b>	<b>118,691</b>	<b>20,926</b>
<b>02000 - Concrete</b>	<b>2,712</b>	<b>8-8</b>	<b>8-8</b>	<b>301</b>	<b>347</b>	<b>231</b>
<b>03000 - Painting: Exterior</b>	<b>5,160</b>	<b>5-6</b>	<b>1-6</b>	<b>2,314</b>	<b>2,932</b>	<b>597</b>
<b>04000 - Structural Repairs</b>	<b>13,880</b>	<b>1-25</b>	<b>1-21</b>	<b>3,241</b>	<b>2,230</b>	<b>1,426</b>
<b>11000 - Gate Equipment</b>	<b>67,609</b>	<b>8-30</b>	<b>5-25</b>	<b>19,463</b>	<b>25,792</b>	<b>4,477</b>
<b>18000 - Landscaping</b>	<b>37,700</b>	<b>3-25</b>	<b>2-20</b>	<b>13,017</b>	<b>18,758</b>	<b>3,756</b>
<b>19000 - Fencing</b>	<b>17,355</b>	<b>10-30</b>	<b>7-27</b>	<b>2,560</b>	<b>3,498</b>	<b>830</b>
<b>19500 - Retaining Wall</b>	<b>2,000</b>	<b>2-2</b>	<b>2-2</b>	<b>667</b>	<b>1,025</b>	<b>440</b>
<b>20000 - Lighting</b>	<b>4,500</b>	<b>15-15</b>	<b>10-10</b>	<b>1,500</b>	<b>1,845</b>	<b>241</b>
<b>21000 - Signage</b>	<b>12,500</b>	<b>15-15</b>	<b>10-10</b>	<b>4,167</b>	<b>5,125</b>	<b>671</b>
<b>30000 - Miscellaneous</b>	<b>8,400</b>	<b>25-25</b>	<b>22-22</b>	<b>1,008</b>	<b>1,378</b>	<b>364</b>
<b>31000 - Reserve Study</b>	<b>1,400</b>	<b>5-5</b>	<b>4-4</b>	<b>280</b>	<b>574</b>	<b>194</b>
Totals	<b>\$548,960</b>			<b>\$141,070</b>	<b>\$182,195</b>	<b>\$34,153</b>
Estimated Ending Balance				<b>\$151,500</b>	<b>\$182,191</b>	<b>\$64.68</b>
Percent Funded				<b>107.4%</b>	<b>100.0%</b>	/Lot/month @ 44

# 30 Year Reserve Funding Plan Cash Flow Method

First Draft

Prepared for the 2023 Fiscal Year

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
<b>Beginning Balance</b>	86,720	151,500	182,191	139,621	185,297	218,775	243,480	286,544	307,535	255,986
<b>Inflated Expenditures @ 2.5%</b>	0	5,535	83,473	0	17,440	27,786	11,087	34,828	108,483	7,993
<b>Reserve Contribution</b>	29,401	34,153	38,905	43,657	48,409	49,619	50,859	52,130	53,433	54,769
<i>Lots/month @ 44</i>	55.68	64.68	73.68	82.68	91.68	93.98	96.32	98.73	101.20	103.73
<i>Percentage Increase</i>		16.2%	13.9%	12.2%	10.9%	2.5%	2.5%	2.5%	2.5%	2.5%
<b>Special Assessments / Other <sup>1</sup></b>	33,900	0	0	0	0	0	0	0	0	0
<b>Interest Pre Tax @ 1.25%</b>	1,480	2,073	1,999	2,018	2,510	2,871	3,292	3,690	3,500	3,492
<b>Ending Balance</b>	151,500	182,191	139,621	185,297	218,775	243,480	286,544	307,535	255,986	306,254

1) The projected developer contribution in 2022 to ensure reserves are 100% funded at or near transition is \$33,900. All funds in reserves by the end of 2022, are accruals by the association on behalf of the developer. Once the association is 100% funded, contribution increases are needed at \$9.00 per unit, per month, from 2023 to 2026, and then inflationary increases take over.

	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
<b>Beginning Balance</b>	306,254	332,566	389,870	430,870	464,686	425,002	494,225	542,292	550,410	614,879
<b>Inflated Expenditures @ 2.5%</b>	33,794	4,724	23,078	32,200	107,176	0	23,473	65,399	11,167	10,231
<b>Reserve Contribution</b>	56,138	57,541	58,980	60,454	61,965	63,514	65,102	66,730	68,398	70,108
<i>Lots/month @ 44</i>	106.32	108.98	111.70	114.50	117.36	120.29	123.30	126.38	129.54	132.78
<i>Percentage Increase</i>	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
<b>Special Assessments / Other</b>	0	0	0	0	0	0	0	0	0	0
<b>Interest Pre Tax @ 1.25%</b>	3,968	4,487	5,098	5,562	5,526	5,709	6,438	6,787	7,238	8,060
<b>Ending Balance</b>	332,566	389,870	430,870	464,686	425,002	494,225	542,292	550,410	614,879	682,816

	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051
<b>Beginning Balance</b>	682,816	612,129	120,441	149,758	227,369	278,047	294,310	244,455	268,443	341,016
<b>Inflated Expenditures @ 2.5%</b>	150,591	569,896	47,860	2,118	31,782	68,596	136,538	64,618	18,767	63,354
<b>Reserve Contribution</b>	71,861	73,658	75,499	77,386	79,321	81,304	83,337	85,420	87,555	89,744
<i>Lots/month @ 44</i>	136.10	139.50	142.99	146.56	150.23	153.98	157.84	161.78	165.82	169.97
<i>Percentage Increase</i>	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
<b>Special Assessments / Other</b>	0	0	0	0	0	0	0	0	0	0
<b>Interest Pre Tax @ 1.25%</b>	8,043	4,550	1,678	2,342	3,139	3,555	3,346	3,186	3,785	4,428
<b>Ending Balance</b>	612,129	120,441	149,758	227,369	278,047	294,310	244,455	268,443	341,016	371,834