

LEVEL 2 REPLACEMENT RESERVE REPORT FY 2025 RUSSELL TOWNSHIP

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REPLACEMENT RESERVE REPORT

RUSSELL TOWNSHIP

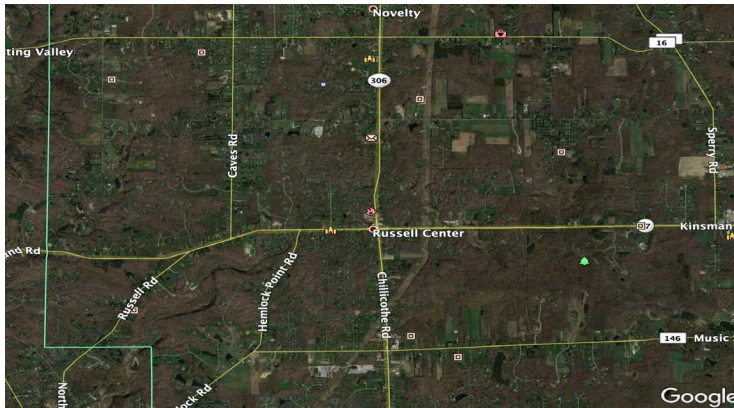
NOVELTY, OHIO

April 22, 2025

Revised May 08, 2025

Revised May 23, 2025

Edited May 27, 2025



Description. Russell Township is a municipal Township located in Novelty, Ohio.

The survey examined the common elements of the property, including:

- Road department, equipment, and maintenance buildings
- Administration Building site, exteriors, interiors, and systems
- Town Hall Building site, exteriors, interiors, and systems
- Police Station, and vehicles site, exteriors, interiors, and systems
- Fire Station, and vehicles site, exteriors, interiors, and systems
- Cemetery and baseball field
- New Community building
- Recycling Area

EXECUTIVE SUMMARY

This Reserve Study has been prepared for the Russell Township for the Fiscal Year 2025 covering the period from January 1, 2025 to December 31, 2025. The Replacement Reserves Starting Balance as of January 1, 2025 is reported to be \$350,000. The reported Current Annual Funding for Reserves is \$0. The Recommended Annual Reserve Funding level for 2025 is \$61,513.

The Current Annual Reserve Funding levels is reported to be \$0. We recommend that the Township increase its Reserve Funding level as soon as possible. Given the high rates of inflation in today's construction industry, the longer that the Township delays in adequately funding its Reserves, the harder it will become to make up for the underfunding.

See page A.1 in each Section for more details

Section A

Replacement Reserve Analysis

Financial Analysis - A1
General Information - A2
Current Funding - A3
Cash Flow Method Funding - A4
Inflation Adjusted Funding - A5
Comments - A6

Section B

Replacement Reserve Inventory

Replacement Reserve Inventory
General information - B1
Replacement Reserve Inventory
Comments - B2
Schedule of Projected Replacements
and Exclusions - B3

Section C

Projected Annual Replacements

Projected Annual Replacements
General information - C1
Calendar of
Projected Annual Replacements - C2

Section D

Condition Assessment

Appendix

Overview, Standard Terms, and
Definitions
Video Answers to Frequently Asked
Questions

MillerDodson welcomes the opportunity to answer questions or to discuss this Reserve Study in more detail should the Board so desire.

Current Funding. The Starting Balance and Current Annual Reserve Funding figures have been supplied by the managing agent and/or Board of Directors. Confirmation or audit of these figures is beyond the scope of the study. For the purposes of this study, it is assumed that the annual contribution will be deposited at the end of each month.

Level of Service. This study has been performed as a Level 2 Update with Site Visit/On-Site Review as defined by the Community Associations Institute's, National Reserve Study Standards. As such, the component inventory is based on the study that was performed by MillerDodson for FY 2023. This inventory was adjusted to reflect changes provided by the Community Manager and/or the Board of Directors, or adjustments made based on the site visit and visual assessment performed by the Analyst. The analysis, including fund status and funding plan, is developed from the adjusted inventory.

To aid in the understanding of this report and its concepts and practices, on our website, we have developed videos addressing frequently asked topics. In addition, there are posted links covering a variety of subjects under the resources page of our website at millerdodson.com.

Purpose. The purpose of this Replacement Reserve Study is to provide Russell Township (hereinafter called the Township) with an inventory of the common community facilities and infrastructure components that require periodic replacement. The Study includes a general view of the condition of these items and an effective financial plan to fund projected periodic replacements.

- **Inventory of Items Owned by the Township.** Section B lists the Projected Replacements of the commonly owned items that require periodic replacement using funding from Replacement Reserves. The Replacement Reserve Inventory also provides information about excluded items, which are items whose replacements are not scheduled for funding from Replacement Reserves.
- **Condition of Items Owned by the Township.** Section B includes our estimates of the normal economic life and the remaining economic life for the projected replacements. Section C provides a year-by-year listing of the projected replacements. Section D provides additional detail for items that are unique or deserving of attention because of their condition or the manner in which they have been treated in this study.
- **Financial Plan.** The Township has a fiduciary responsibility to protect the appearance, value, and safety of the property and it is therefore essential the Township have a financial plan that provides funding for the projected replacements. In conformance with American Institute of Certified Public Accountant guidelines, Section A, Replacement Reserve Analysis evaluates the current funding of Replacement Reserves as reported by the Township and recommends annual funding of Replacement Reserves by the Cash Flow Method. Section A, Replacement Reserve Analysis includes graphic and tabular presentations of the reported current funding and the recommended funding based on the Cash Flow Method. An Executive Summary of these calculations is provided on Page A1.

Basis. The data contained in this Replacement Reserve Study is based on the following:

- The Request for Proposal submitted and executed by the Township.
- Miller+Dodson performed a visual evaluation commencing on March 04, 2025 to determine the remaining useful life and replacement cost for the commonly owned elements of this facility.
- This study contains additional recommendations to address inflation for the Cash Flow Method only. For this recommendation, Miller+Dodson uses the Producers Price Index (PPI), which gauges inflation in manufacturing and construction. Please see page A5 for further details.

To-Scale Drawings. Site and building plans were not used in the development of this study. We recommend the Township assemble and maintain a library of site and building plans of the entire facility. Record drawings should be scanned into an electronic format for safe storage and ease of distribution. Upon request for a nominal fee, Miller+Dodson can provide scanning services.

Acknowledgment. Miller+Dodson Associates would like to acknowledge the assistance and input of Karen Walder, who provided very helpful insight into the current operations of the property.

Analyst's Credentials. Mr. Jared P. Bock holds an Associates of Science degree in Architectural Construction from Owens Community College and a Bachelor of Science degree in Architecture from the Ohio State University. Mr. Bock has about 17 years of experience in architecture plan detailing and construction techniques, as well as 10 years of construction bank-draw field inspections. Within his architectural experience, Mr. Bock has managed, and field verified over 100 projects. Jared is currently a reserve analyst for MillerDodson Associates, serving primarily in the State of Ohio.

Respectfully Submitted,



Jared Bock

Jared P. Bock

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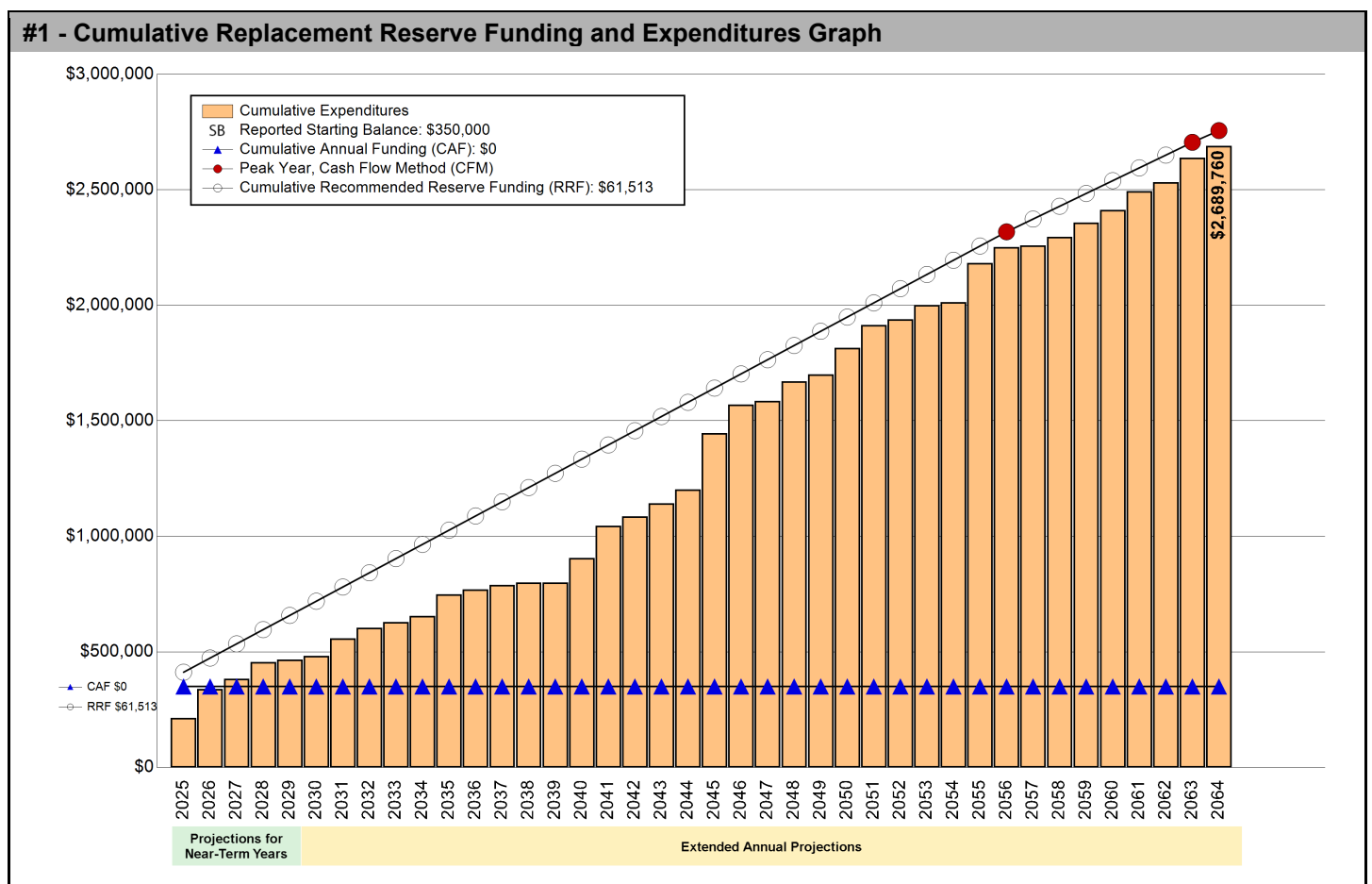
SECTION A - FINANCIAL ANALYSIS

The Township Properties Replacement Reserve Analysis uses the Cash Flow Method (CFM) to calculate Replacement Reserve funding for the periodic replacement of the 103 Projected Replacements identified in the Replacement Reserve Inventory.

\$61,513 RECOMMENDED REPLACEMENT RESERVE FUNDING FOR THE STUDY YEAR, 2025

We recommend the Township adopt a Replacement Reserve Funding Plan based on the annual funding recommendation above. Inflation adjusted funding for subsequent years is shown on Page A.5.

Township Properties reports a Starting Balance of \$350,000 and Annual Funding totaling \$0, which is inadequate to fund projected replacements starting in 2027. See Page A.3 for a more detailed evaluation.



The Current Annual Reserve Funding levels is reported to be \$0. We recommend that the Township increase its Reserve Funding level as soon as possible. Given the high rates of inflation in today's construction industry, the longer that the Township delays in adequately funding its Reserves, the harder it will become to make up for the underfunding.

See page A.1 in each Section for more details

REPLACEMENT RESERVE ANALYSIS - GENERAL INFORMATION

The Township Properties Replacement Reserve Analysis calculations of recommended funding of Replacement Reserves by the Cash Flow Method (CFM) and the evaluation of the Current Funding are based upon the same Study Year, Study Period, Beginning Balance, Replacement Reserve Inventory and Level of Service.

2025 | STUDY YEAR

The Township reports that their accounting year begins on January 1, and the Study Year, the first year evaluated by the Replacement Reserve Analysis, begins on January 1, 2025.

40 Years | STUDY PERIOD

The Replacement Reserve Analysis evaluates the funding of Replacement Reserves over a 40-year Study Period

\$350,000 | STARTING BALANCE

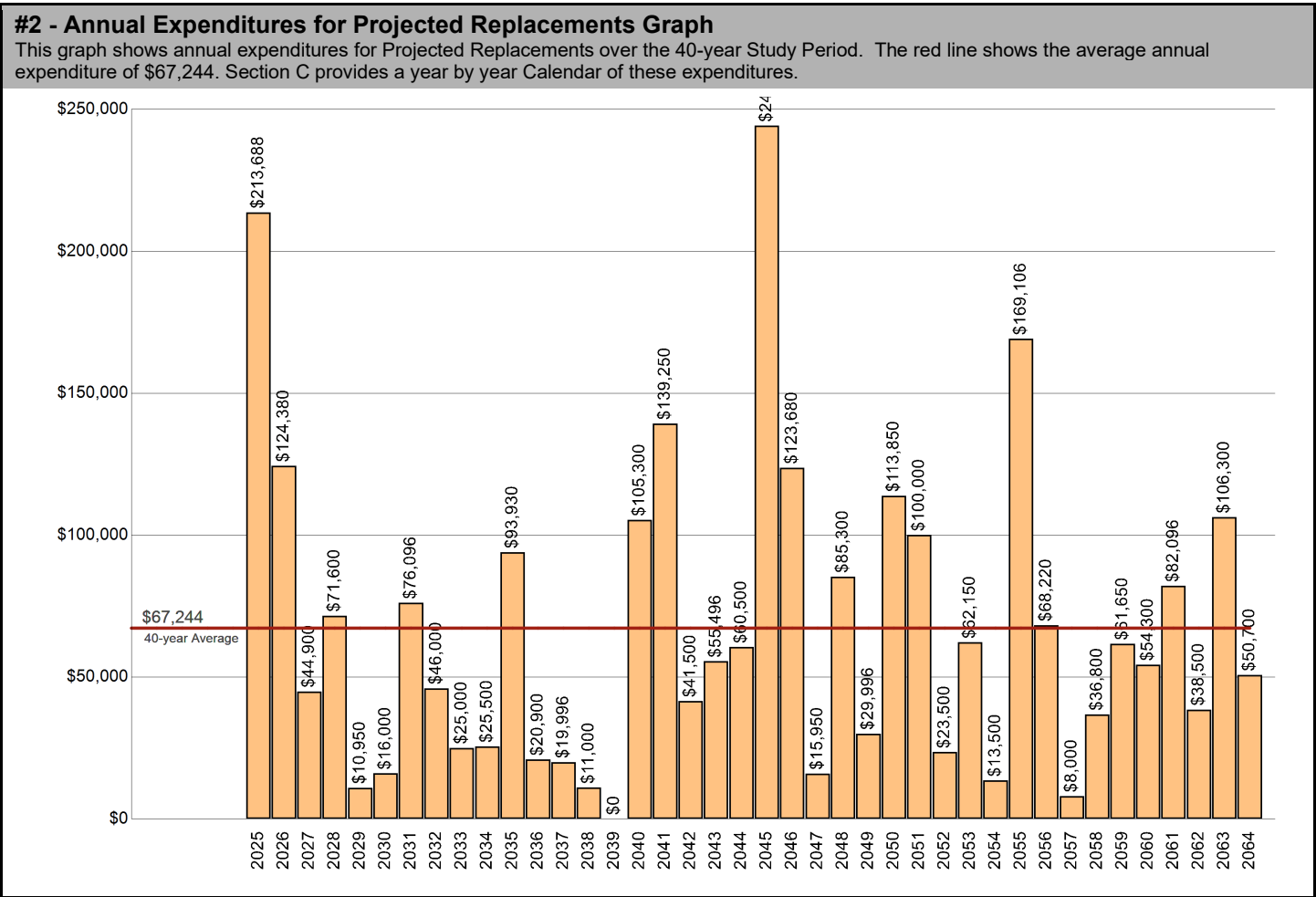
The Township reports Replacement Reserves on Deposit totaling \$350,000 at the start of the Study Year.

Level Two | LEVEL OF SERVICE

The Replacement Reserve Inventory has been developed in compliance with the National Reserve Study Standards for a Level Two Study, as defined by the Community Associations Institute (CAI).

\$2,689,760 | REPLACEMENT RESERVE INVENTORY - PROJECTED REPLACEMENTS

The Township Properties Replacement Reserve Inventory identifies 103 items that will require periodic replacement, that are to be funded from Replacement Reserves. We estimate the cost of these replacements will be \$2,689,760 over the 40-year Study Period. The Projected Replacements are divided into 6 major categories starting on Page B.3. Pages B.1-B.2 provide detailed information on the Replacement Reserve Inventory.



UPDATING OF THE FUNDING PLAN

The Township has a responsibility to review the Funding Plan annually. The review should include a comparison and evaluation of actual reserve funding with recommended levels shown on Page A.4 and A.5. The Projected Replacements listed on Page C.2 should be compared with any replacements accomplished and funded from Replacement Reserves. Discrepancies should be evaluated and if necessary, the Reserve Study should be updated or a new study commissioned. We recommend annual increases in replacement reserve funding to account for the impact of inflation. Inflation Adjusted Funding is discussed on Page A.5.

UPDATING OF THE REPLACEMENT RESERVE STUDY

At a minimum, the Replacement Reserve Study should be professionally updated every three to five years or after completion of a major replacement project. Updating should also be considered if during the annual review of the Funding Plan, discrepancies are noted between projected and actual reserve funding or replacement costs. Updating may also be necessary if there is a meaningful discrepancy between the actual inflation rate and the inflation rate used for the Inflation Adjusted Funding of Replacement Reserves on Page A.5.

ANNUAL EXPENDITURES AND CURRENT FUNDING

The annual expenditures that comprise the \$2,689,760 of Projected Expenditures over the 40-year Study Period and the impact of the Township continuing to fund Replacement Reserves at the current level are detailed in Table 3.

#3 - Table of Annual Expenditures and Current Funding Data - Years 0 through 39										
Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Starting Balance	\$350,000									
Projected Replacements	(\$213,688)	(\$124,380)	(\$44,900)	(\$71,600)	(\$10,950)	(\$16,000)	(\$76,096)	(\$46,000)	(\$25,000)	(\$25,500)
Annual Deposit										
End of Year Balance	\$136,313	\$11,933	(\$32,967)	(\$104,567)	(\$115,517)	(\$131,517)	(\$207,613)	(\$253,613)	(\$278,613)	(\$304,113)
Cumulative Expenditures	(\$213,688)	(\$338,067)	(\$382,967)	(\$454,567)	(\$465,517)	(\$481,517)	(\$557,613)	(\$603,613)	(\$628,613)	(\$654,113)
Cumulative Receipts	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000
Year	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Projected Replacements	(\$93,930)	(\$20,900)	(\$19,996)	(\$11,000)		(\$105,300)	(\$139,250)	(\$41,500)	(\$55,496)	(\$60,500)
Annual Deposit										
End of Year Balance	(\$398,043)	(\$418,943)	(\$438,938)	(\$449,938)	(\$449,938)	(\$555,238)	(\$694,488)	(\$735,988)	(\$791,484)	(\$851,984)
Cumulative Expenditures	(\$748,043)	(\$768,943)	(\$788,938)	(\$799,938)	(\$799,938)	(\$905,238)	(\$1,044,488)	(\$1,085,988)	(\$1,141,484)	(\$1,201,984)
Cumulative Receipts	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000
Year	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Projected Replacements	(\$244,180)	(\$123,680)	(\$15,950)	(\$85,300)	(\$29,996)	(\$113,850)	(\$100,000)	(\$23,500)	(\$62,150)	(\$13,500)
Annual Deposit										
End of Year Balance	(\$1,096,164)	(\$1,219,843)	(\$1,235,793)	(\$1,321,093)	(\$1,351,089)	(\$1,464,939)	(\$1,564,939)	(\$1,588,439)	(\$1,650,589)	(\$1,664,089)
Cumulative Expenditures	(\$1,446,164)	(\$1,569,843)	(\$1,585,793)	(\$1,671,093)	(\$1,701,089)	(\$1,814,939)	(\$1,914,939)	(\$1,938,439)	(\$2,000,589)	(\$2,014,089)
Cumulative Receipts	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000
Year	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064
Projected Replacements	(\$169,106)	(\$68,220)	(\$8,000)	(\$36,800)	(\$61,650)	(\$54,300)	(\$82,096)	(\$38,500)	(\$106,300)	(\$50,700)
Annual Deposit										
End of Year Balance	(\$1,833,194)	(\$1,901,414)	(\$1,909,414)	(\$1,946,214)	(\$2,007,864)	(\$2,062,164)	(\$2,144,260)	(\$2,182,760)	(\$2,289,060)	(\$2,339,760)
Cumulative Expenditures	(\$2,183,194)	(\$2,251,414)	(\$2,259,414)	(\$2,296,214)	(\$2,357,864)	(\$2,412,164)	(\$2,494,260)	(\$2,532,760)	(\$2,639,060)	(\$2,689,760)
Cumulative Receipts	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000

EVALUATION OF CURRENT FUNDING

The evaluation of Current Funding (Starting Balance of \$350,000 & annual funding of \$0), is done in today's dollars with no adjustments for inflation or interest earned on Replacement Reserves. The evaluation assumes Replacement Reserves will only be used for the 103 Projected Replacements identified in the Replacement Reserve Inventory and that the Township will continue Annual Funding of \$0 throughout the 40-year Study Period.

Annual Funding of \$0 is approximately 0 percent of the \$61,513 recommended Annual Funding calculated by the Cash Flow Method for 2025, the Study Year.

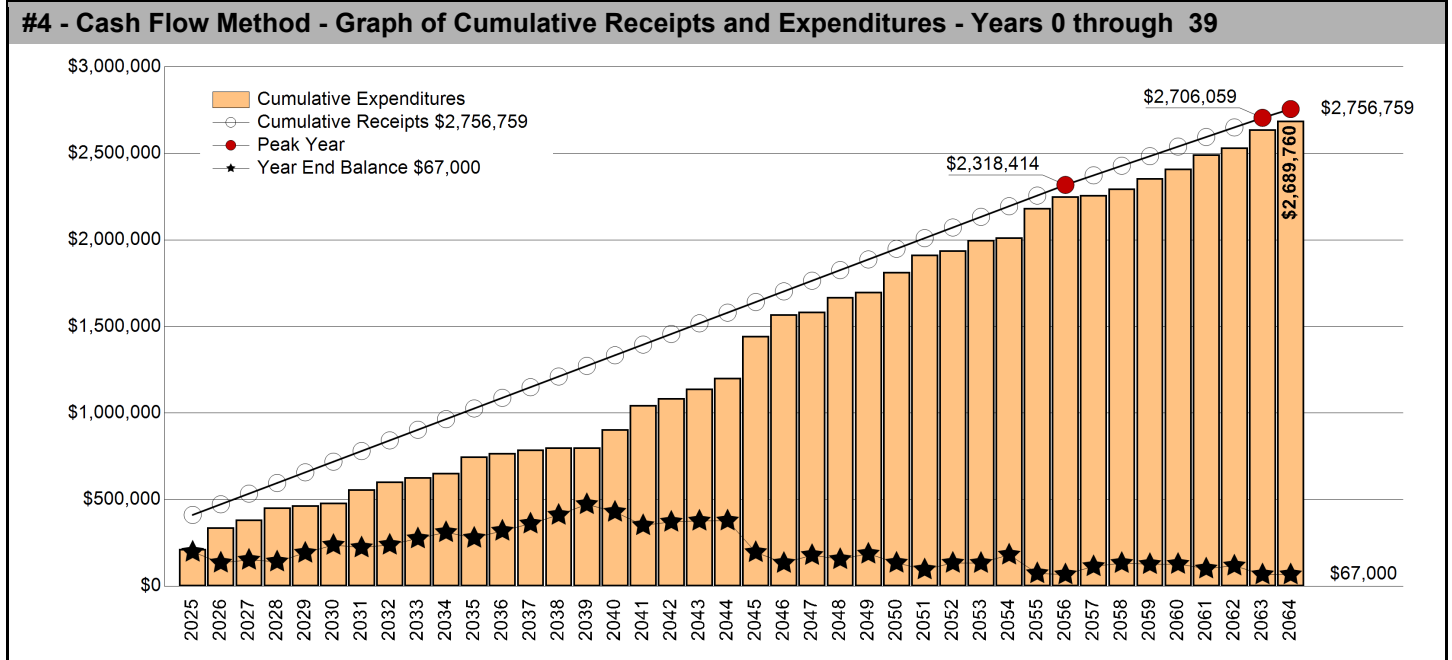
See the Executive Summary for the Current Funding Statement.

CASH FLOW METHOD FUNDING

\$61,513 RECOMMENDED REPLACEMENT RESERVE FUNDING FOR 2025

Recommended Replacement Reserve Funding has been calculated using the Cash Flow Method (also called the Straight Line or Threshold Method). This method calculates a constant annual funding between peaks in cumulative expenditures, while maintaining a Minimum Balance (threshold) in the Peak Years.

- **Peak Years.** The First Peak Year occurs in 2056 with Replacement Reserves on Deposit dropping to the Minimum Balance after the completion of \$2,251,414 of replacements from 2025 to 2056. Recommended funding is anticipated to decline in 2057. Peak Years are identified in Chart 4 and Table 5.
- **Threshold (Minimum Balance).** The calculations assume a Minimum Balance of \$67,000 will always be held in reserve, which is calculated by rounding the 12-month 40-year average annual expenditure of \$67,244 as shown on Graph #2.
- **Cash Flow Method Study Period.** Cash Flow Method calculates funding for \$2,689,760 of expenditures over the 40-year Study Period. It does not include funding for any projects beyond 2064 and in 2064, the end of year balance will always be the Minimum Balance.



#5 - Cash Flow Method - Table of Receipts & Expenditures - Years 0 through 39

Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Starting Balance	\$350,000									
Projected Replacements	(\$213,688)	(\$124,380)	(\$44,900)	(\$71,600)	(\$10,950)	(\$16,000)	(\$76,096)	(\$46,000)	(\$25,000)	(\$25,500)
Annual Deposit	\$61,513	\$61,513	\$61,513	\$61,513	\$61,513	\$61,513	\$61,513	\$61,513	\$61,513	\$61,513
End of Year Balance	\$197,825	\$134,959	\$151,572	\$141,485	\$192,048	\$237,561	\$222,978	\$238,491	\$275,004	\$311,017
Cumulative Expenditures	(\$213,688)	(\$338,067)	(\$382,967)	(\$454,567)	(\$465,517)	(\$481,517)	(\$557,613)	(\$603,613)	(\$628,613)	(\$654,113)
Cumulative Receipts	\$411,513	\$473,026	\$534,539	\$596,052	\$657,565	\$719,078	\$780,591	\$842,104	\$903,616	\$965,129
Year	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Projected Replacements	(\$93,930)	(\$20,900)	(\$19,996)	(\$11,000)		(\$105,300)	(\$139,250)	(\$41,500)	(\$55,496)	(\$60,500)
Annual Deposit	\$61,513	\$61,513	\$61,513	\$61,513	\$61,513	\$61,513	\$61,513	\$61,513	\$61,513	\$61,513
End of Year Balance	\$278,600	\$319,213	\$360,730	\$411,243	\$472,756	\$428,969	\$351,232	\$371,245	\$377,262	\$378,275
Cumulative Expenditures	(\$748,043)	(\$768,943)	(\$788,938)	(\$799,938)	(\$799,938)	(\$905,238)	(\$1,044,488)	(\$1,085,988)	(\$1,141,484)	(\$1,201,984)
Cumulative Receipts	\$1,026,642	\$1,088,155	\$1,149,668	\$1,211,181	\$1,272,694	\$1,334,207	\$1,395,720	\$1,457,233	\$1,518,746	\$1,580,259
Year	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Projected Replacements	(\$244,180)	(\$123,680)	(\$15,950)	(\$85,300)	(\$29,996)	(\$113,850)	(\$100,000)	(\$23,500)	(\$62,150)	(\$13,500)
Annual Deposit	\$61,513	\$61,513	\$61,513	\$61,513	\$61,513	\$61,513	\$61,513	\$61,513	\$61,513	\$61,513
End of Year Balance	\$195,608	\$133,442	\$179,005	\$155,218	\$186,735	\$134,398	\$95,911	\$133,924	\$133,287	\$181,300
Cumulative Expenditures	(\$1,446,164)	(\$1,569,843)	(\$1,585,793)	(\$1,671,093)	(\$1,701,089)	(\$1,814,939)	(\$1,914,939)	(\$1,938,439)	(\$2,000,589)	(\$2,014,089)
Cumulative Receipts	\$1,641,772	\$1,703,285	\$1,764,798	\$1,826,311	\$1,887,823	\$1,949,336	\$2,010,849	\$2,072,362	\$2,133,875	\$2,195,388
Year	2055	1st Peak - 2056	2057	2058	2059	2060	2061	2062	2nd Peak - 2063	3rd Peak - 2064
Projected Replacements	(\$169,106)	(\$68,220)	(\$8,000)	(\$36,800)	(\$61,650)	(\$54,300)	(\$82,096)	(\$38,500)	(\$106,300)	(\$50,700)
Annual Deposit	\$61,513	\$61,513	\$55,378	\$55,378	\$55,378	\$55,378	\$55,378	\$55,378	\$55,378	\$50,700
End of Year Balance	\$73,707	\$67,000	\$114,378	\$132,956	\$126,684	\$127,762	\$101,044	\$117,922	\$67,000	\$67,000
Cumulative Expenditures	(\$2,183,194)	(\$2,251,414)	(\$2,259,414)	(\$2,296,214)	(\$2,357,864)	(\$2,412,164)	(\$2,494,260)	(\$2,532,760)	(\$2,639,060)	(\$2,689,760)
Cumulative Receipts	\$2,256,901	\$2,318,414	\$2,373,792	\$2,429,170	\$2,484,548	\$2,539,926	\$2,595,304	\$2,650,682	\$2,706,059	\$2,756,759

INFLATION ADJUSTED FUNDING

The Cash Flow Method calculations on Page A4 have been done in today's dollars with no adjustment for inflation. At Miller+Dodson, we believe that long-term inflation forecasting is effective at demonstrating the power of compounding, not at calculating appropriate funding levels for Replacement Reserves. We have developed this proprietary model to estimate the short-term impact of inflation on Replacement Reserve funding.

\$61,513 2025 - CASH FLOW METHOD RECOMMENDED FUNDING

The 2025 Study Year calculations have been made using current replacement costs

\$65,204 2026 - 6.0% INFLATION ADJUSTED FUNDING

A new analysis calculates the 2026 funding based on three assumptions:

- Starting Balance totaling \$197,825 on January 1, 2026.
- 2026 Non-inflation replacement costs listed in Section C, \$124,380, will be replaced at approximately \$131,842, 6.00% compounded inflation increase to 2025 costs.
- The \$65,204 inflation-adjusted funding in 2026 is a 6.0% increase over the non-inflation-adjusted funding of \$61,513.

\$69,116 2027 - 6.0% INFLATION ADJUSTED FUNDING

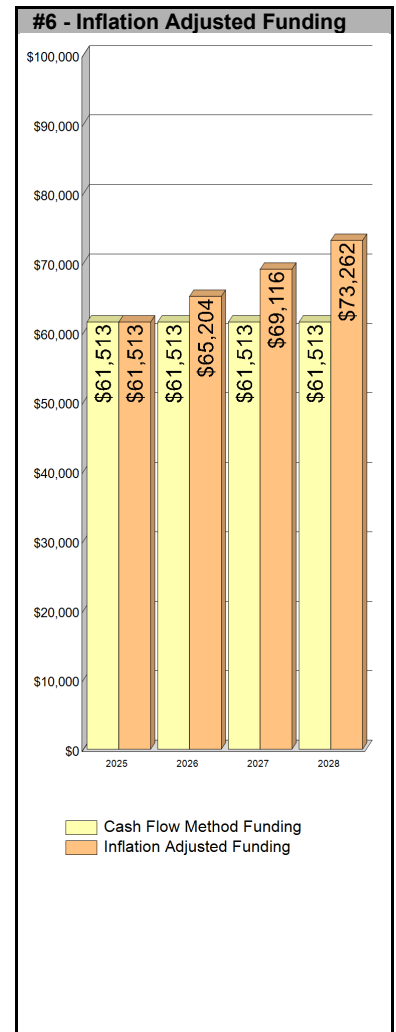
A new analysis calculates the 2027 funding based on three assumptions:

- Starting balance of approximately \$131,187 = 2027 Starting Balance \$197,825, plus Inflation Adjusted Funding \$65,204 for 2026, minus \$131,842 2026 Inflation Adjusted Cost.
- 2027 Non-inflation replacement costs listed in Section C, \$44,900, will be replaced at approximately \$50,450, 6.0% compounded inflation increase to 2025 costs.
- The \$69,116 inflation-adjusted funding in 2027 is a 6.0% increase over the non-inflation-adjusted funding of \$65,204 for 2026.

\$73,262 2028 - 6.0% INFLATION ADJUSTED FUNDING

A new analysis calculates the 2028 funding based on three assumptions:

- Starting balance of approximately \$149,853 = 2028 Starting Balance \$131,187, plus Inflation Adjusted Funding \$69,116 for 2027, minus \$50,450 2027 Inflation Adjusted Cost.
- 2028 Non-inflation replacement costs listed in Section C, \$71,600, will be replaced at approximately \$85,277, 6.0% compounded inflation increase to 2025 costs.
- The \$73,262 inflation-adjusted funding in 2028 is a 6.0% increase over the non-inflation-adjusted funding of \$69,116 for 2027.



Year Four and Beyond

The inflation-adjusted funding calculations outlined above are not intended to be a substitute for periodic evaluation of common elements by an experienced Reserve Analyst. Industry Standards, lender requirements, and many state and local statutes require a Replacement Reserve Study to be professionally updated every 3 to 5 years.

Inflation Adjustment

Prior to approving a budget based upon the 2026, 2027 and 2028 inflation-adjusted funding calculations above, the 6.00 percent base rate of inflation used in our calculations should be compared to rates published by the Bureau of Labor Statistics. If there is a significant discrepancy (over 1 percentage point), contact Miller+Dodson Associates prior to using the Inflation Adjusted Funding.

Interest on Reserves

The recommended funding calculations do not account for interest earned on Replacement Reserves. In 2025, based on a 1.00 percent interest rate, we estimate the Township may earn \$2,739 on an average balance of \$273,913, \$1,645 on an average balance of \$164,506 in 2026, and \$1,406 on \$140,601 in 2027. The Township may elect to attribute 100 percent of the earned interest to Reserves, resulting in a reduction in the 2025 funding from \$61,513 to \$58,774 (a 4.45 percent reduction), \$65,204 to \$63,559 in 2026 (a 2.52 percent reduction), and \$69,116 to \$67,710 in 2027 (a 2.03 percent reduction).

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SECTION B - REPLACEMENT RESERVE INVENTORY

- **PROJECTED REPLACEMENTS.** Township Properties - Replacement Reserve Inventory identifies 103 items that are Projected Replacements and the periodic replacements of these items are scheduled for funding from Replacement Reserves. The Projected Replacements have an estimated one-time replacement cost of \$1,323,605. Cumulative Replacements totaling \$2,689,760 are scheduled in the Replacement Reserve Inventory over the 40-year Study Period. Cumulative Replacements include those components that are replaced more than once during the period of the study.

Projected Replacements are the replacement of commonly-owned physical assets that require periodic replacement and whose replacement is to be funded from Replacement Reserves.

- **TAX CODE.** The United States Tax Code grants favorable tax status to Replacement Reserves, conditioned on expenditures being made within certain guidelines. These guidelines typically exclude maintenance activities, minor repairs, and capital improvements.
- **EXCLUDED ITEMS.** Some of the items contained in the Replacement Reserve Inventory are 'Excluded Items'. Multiple categories of items are typically excluded from funding by Replacement Reserves, including but not limited to:

Value. Items with a replacement cost of less than \$3000 and/or a normal economic life of less than 3 years are typically excluded from funding from Replacement Reserves. This exclusion should reflect the Township policy on the administration of Replacement Reserves. If the Township has selected an alternative level, it will be noted in the Replacement Reserve Inventory - General Comments on Page B.2.

Long-lived Items. Items are excluded from the Replacement Reserve Inventory when items are properly maintained and are assumed to have a life equal to the property.

Unit Improvements. Items owned by a single unit and where the items serve a single unit are generally assumed to be the responsibility of that unit, not the Township.

Other Non-Common Improvements. Items owned by the local government, public and private utility companies, the United States Postal Service, Master Associations, state and local highway authorities, etc., may be installed on property that is owned by the Township. These types of items are generally not the responsibility of the Township and are excluded from the Replacement Reserve Inventory.

- **CATEGORIES.** The 103 items included in the Township Properties Replacement Reserve Inventory are divided into 6 major categories. Each category is printed on a separate page, beginning on page B.3.
- **LEVEL OF SERVICE.** This Replacement Reserve Inventory has been developed in compliance with the standards established for a Level 2 Update, as defined by the National Reserve Study Standards, established in 1998 by the Community Associations Institute, which states:

This study has been performed as a Level 2 Update with Site Visit/On-Site Review as defined by the Community Associations Institute's, National Reserve Study Standards. As such, the component inventory is based on the study that was performed by MillerDodson for FY 2023. This inventory was adjusted to reflect changes provided by the Community Manager and/or the Board of Directors, or adjustments made based on the site visit and visual assessment performed by the Analyst. The analysis, including fund status and funding plan, is developed from the adjusted inventory.

REPLACEMENT RESERVE INVENTORY - GENERAL INFORMATION (CONT'D)

- **INVENTORY DATA.** Each of the 103 Projected Replacements listed in the Replacement Reserve Inventory includes the following data:

Item Number. The Item Number is assigned sequentially and is intended for identification purposes only.

Item Description. We have identified each item included in the Inventory. Additional information may be included in the Comments section at the bottom of each page of the Inventory.

Units. We have used standard abbreviations to identify the number of units including SF-square feet, LF-lineal feet, SY-square yard, LS-lump sum, EA-each, and PR-pair. Non-standard abbreviations are noted in the Comments section at the bottom of the page.

Number of Units. The methods used to develop the quantities are discussed in "Level of Service" above.

Unit Replacement Cost. We use four sources to develop the unit cost data shown in the Inventory; actual replacement cost data provided by the client, information provided by local contractors and suppliers, industry standard estimating manuals, and a cost database we have developed based upon our detailed interviews with contractors and service providers who are specialists in their respective lines of work.

Normal Economic Life (Years). The number of years that a new and properly installed item should be expected to remain in service.

Remaining Economic Life (Years). The estimated number of years before an item will need to be replaced. In "normal" conditions, this could be calculated by subtracting the age of the item from the Normal Economic Life of the item, but only rarely do physical assets age "normally". Some items may have longer or shorter lives depending on many factors such as environment, initial quality of the item, maintenance, etc.

Total Replacement Cost. This is calculated by multiplying the Unit Replacement Cost by the Number of Units.

- **PARTIAL FUNDING.** Items may have been included in the Replacement Reserve Inventory at less than 100 percent of their full quantity and/or replacement cost. This is done on items that will never be replaced in their entirety, but which may require periodic replacements over an extended period of time. The assumptions that provide the basis for any partial funding are noted in the Comments section.
- **REMAINING ECONOMIC LIFE GREATER THAN 40 YEARS.** The calculations do not include funding for initial replacements beyond 40 years. These replacements are included in this Study for tracking and evaluation. They should be included for funding in future Studies, when they enter the 40-year window.
- **ACCURACY OF THE ANALYSIS.** The accuracy of the Replacement Reserve Analysis is dependent upon expenditures from Replacement Reserves being made ONLY for the 103 Projected Replacements specifically listed in the Replacement Reserve Inventory. The inclusion/exclusion of items from the Replacement Reserve Inventory is discussed on Page B.1.

ADMIN BUILDING (AB) - SITE COMPONENTS PROJECTED REPLACEMENTS					NEL- Normal Economic Life (yrs) REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
1	AB Asphalt pavement, mill and overlay	sf	19,200	\$2.25	18	16	\$43,200
2	AB Pavement, rejuvenator seal coat	sf	19,200	\$0.25	6	4	\$4,800
3	AB Concrete flatwork and sidewalk	sf	2,600	\$14.00	60	55	\$36,400
	AB Bollards						EXCLUDED
	AB Building exterior lighting						EXCLUDED
	AB Privacy fencing at generator						EXCLUDED
	AB Signage lighting						EXCLUDED
4	AB Russell Township sign (foamcore, full color with	sf	72	\$200.00	10	1	\$14,400
5	AB Sign (wood, full color with graphic)	sf	128	\$200.00	10	6	\$25,600
6	AB Flagpole (approximately 30')	ea	1	\$7,500.00	25	1	\$7,500
	AB Flagpole lighting						EXCLUDED
	AB Wood post signage						EXCLUDED
7	AB Stormwater Management (allowance)	ls	1	\$5,000.00	30	20	\$5,000
8	AB Sanitary sewer (allowance)	ls	1	\$10,000.00	30	19	\$10,000
9	AB Sanitary sewer, lift station alternate pumps	ls	1	\$15,000.00	30	20	\$15,000
	AB Sanitary sewer, grinder and tank						EXCLUDED
10	AB Hardscapes/foundation plantings (allowance)	ls	1	\$3,000.00	3	1	\$3,000
Replacement Costs - Page Subtotal							\$164,900

COMMENTS

- Item #1: AB Asphalt pavement, mill and overlay - [05.6.2025] Per request, changed QTY to add in asphalt from CR Site Items.
- Item #2: AB Pavement, rejuvenator seal coat - [05.6.2025] Per request, changed QTY to add in asphalt from CR Site Items.
- AB Bollards - [03/13/2025] excluded per board
- AB Building exterior lighting - [03/13/2025] excluded per board
- AB Privacy fencing at generator - [03/13/2025] excluded per board
- AB Signage lighting - [03/14/2025] excluded per board
- AB Flagpole lighting - [03/13/2025] excluded per board
- AB Wood post signage - [03/13/2025] excluded per board
- AB Sanitary sewer, grinder and tank - [03/13/2025] excluded per board

ADMIN BUILDING (AB) - EXTERIORS PROJECTED REPLACEMENTS					NEL- Normal Economic Life (yrs) REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
11	AB Roofing, asphalt shingle	sf	7,100	\$5.00	25	none	\$35,500
	AB Gutters and downspouts						EXCLUDED
	AB Plumbing vent flashing/boot						EXCLUDED
12	AB Caulking (allowance)	ls	1	\$5,000.00	10	7	\$5,000
13	AB Exterior door	ea	6	\$1,400.00	25	1	\$8,400
14	AB Siding, wood	sf	4,250	\$11.25	20	1	\$47,813
15	AB Soffit, wood	sf	850	\$9.00	20	1	\$7,650
16	AB Fascia, wood	ft	213	\$9.00	20	1	\$1,917
17	AB Overhead door (10' x 8')	ea	1	\$8,000.00	15	13	\$8,000
18	AB Overhead door (10' x 10')	ea	1	\$10,000.00	15	8	\$10,000
19	AB Windows (3' x 5')	ea	21	\$1,100.00	35	20	\$23,100
	AB Windows (2' x 3')						EXCLUDED
Replacement Costs - Page Subtotal							\$147,380

COMMENTS
<ul style="list-style-type: none"> Exterior wood materials will be replaced with cement fiber materials (Hardiplank). This will require additional funds as Hardiplank is about twice the cost of wood. This is reflected in the unit cost. AB Gutters and downspouts - [05/08/2025] excluded per board AB Plumbing vent flashing/boot - [03/13/2025] excluded per board Item #14: AB Siding, wood - [05.6.2025] Per request, changed URC to reflect a total of \$57k per estimate. Item #15: AB Soffit, wood - [05.6.2025] Per request, changed URC to reflect a total of \$57k per estimate. Item #16: AB Fascia, wood - [05.6.2025] Per request, changed URC to reflect a total of \$57k per estimate. AB Windows (2' x 3') - [05/06/2025] excluded per request

ADMIN BUILDING (AB) - SYSTEMS PROJECTED REPLACEMENTS					NEL- Normal Economic Life (yrs) REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
20	AB Fire Alarm Control Panel, sub panel	ea	1	\$12,000.00	20	17	\$12,000
	AB Smoke detector						EXCLUDED
	AB Fire alarm pull						EXCLUDED
21	AB Domestic water piping (allowance)	ls	1	\$4,500.00	10	5	\$4,500
	AB Water heater, 40 gallon, residential						EXCLUDED
22	AB Storage tank	ea	1	\$7,500.00	20	18	\$7,500
23	AB Well pump	ea	1	\$8,500.00	10	7	\$8,500
24	AB Well clean-up service	ea	1	\$3,000.00	10	8	\$3,000
25	AB Well pressure tank	ea	1	\$7,500.00	10	9	\$7,500
26	AB Well water softener	ea	1	\$6,000.00	12	5	\$6,000
	AB Water testing						EXCLUDED
27	AB Well replacement	ea	1	\$15,000.00	25	10	\$15,000
28	AB Heat pump, furnace (60,000 btu)	ea	1	\$7,500.00	24	10	\$7,500
29	AB Heat pump, compressor (5 ton)	ea	1	\$6,500.00	12	11	\$6,500
30	AB Heat pump, furnace (60,000 btu)	ea	2	\$7,500.00	24	18	\$15,000
31	AB Heat pump, compressor (5 ton)	ea	2	\$6,500.00	12	7	\$13,000
32	AB Emergency Generator (25 Kw)	ea	1	\$40,000.00	30	23	\$40,000
33	AB Electrical (allowance)	ls	1	\$7,500.00	15	1	\$7,500
34	AB Security system (allowance)	ea	1	\$18,000.00	15	9	\$18,000
35	AB Network (allowance)	ls	1	\$10,000.00	10	7	\$10,000
Replacement Costs - Page Subtotal							\$181,500

COMMENTS	
<ul style="list-style-type: none"> AB Smoke detector - [05/06/2025] excluded per request AB Fire alarm pull - [03/13/2025] excluded per request AB Water heater, 40 gallon, residential - [05/06/2025] excluded per request Item #32: AB Emergency Generator (25 Kw) - [05.6.2025] Per request, changed REL. Replaced in 2017. 	

TOWN HALL BUILDING (TH) - SITE COMPONENTS					NEL- Normal Economic Life (yrs)		
PROJECTED REPLACEMENTS					REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
36	TH Asphalt pavement, chip and seal over pavement	sf	18,400	\$2.00	18	15	\$36,800
	TH Pavement, rejuvenator seal coat						EXCLUDED
	TH Concrete flatwork and sidewalk						EXCLUDED
37	TH Accessible ramp at entrance	ls	1	\$7,500.00	35	30	\$7,500
38	TH Staircase with pavers and railing	ls	1	\$5,000.00	25	none	\$5,000
	TH Unit paver walkways (re-set allowance)						EXCLUDED
	TH Unit paver walkways (replace)						EXCLUDED
	TH Building exterior lighting						EXCLUDED
	TH Sign, text/graphic						EXCLUDED
	TH Steel post site signage						EXCLUDED
	TH Stormwater management (allowance)						EXCLUDED
39	TH Sanitary sewer (allowance)	ls	1	\$5,000.00	10	2	\$5,000
	TH Hardscapes/foundation plantings (allowance)						EXCLUDED
Replacement Costs - Page Subtotal							\$54,300

COMMENTS
<ul style="list-style-type: none"> TH Steel post site signage - [05/06/2025] excluded per request TH Stormwater management (allowance) - [05/06/2025] excluded per request TH Hardscapes/foundation plantings (allowance) - [05/06/2025] excluded per request

TOWN HALL BUILDING (TH) - EXTERIORS					NEL- Normal Economic Life (yrs)		
PROJECTED REPLACEMENTS					REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
40	TH Roofing, asphalt shingle	sf	2,200	\$5.00	30	26	\$11,000
	TH Roofing, plywood sheeting						EXCLUDED
41	TH Gutters and downspouts	lf	250	\$12.00	30	26	\$3,000
42	TH Exterior door, restoration (allowance)	ea	4	\$1,500.00	10	8	\$6,000
43	TH Soffit, vinyl	sf	170	\$9.00	25	none	\$1,530
44	TH Siding, replace with Hardiplank	sf	3,600	\$20.00	20	none	\$72,000
45	TH Fascia, brake metal	ft	180	\$9.00	25	none	\$1,620
46	TH Building insulation	ls	1	\$15,000.00	25	none	\$15,000
47	TH Window shutter, wood	ea	22	\$850.00	20	1	\$18,700
	TH Window shutter (allowance)						EXCLUDED
48	TH Windows (4' x 7'), restoration	ea	6	\$2,800.00	35	none	\$16,800
49	TH Windows (3' x 4'), restoration	ea	5	\$1,200.00	35	none	\$6,000
	TH Window, glass block						EXCLUDED
Replacement Costs - Page Subtotal							\$151,650

COMMENTS	
<ul style="list-style-type: none"> Item #43: TH Soffit, vinyl - [05.6.2025] Per request, changed REL. Item #44: TH Siding, replace with Hardiplank - [05.6.2025] Per request, changed REL. Item #45: TH Fascia, brake metal - [05.6.2025] Per request, changed REL. TH Window, glass block - [05/06/2025] excluded per request 	

TOWN HALL BUILDING (TH) - SYSTEMS PROJECTED REPLACEMENTS						NEL- Normal Economic Life (yrs) REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)	
50	TH Fire Alarm Control Annunciator Panel (FACP)	ea	1	\$12,000.00	20	18	\$12,000	
	TH Smoke detector							EXCLUDED
	TH Fire strobe							EXCLUDED
	TH Fire alarm pull							EXCLUDED
	TH Emergency lights							EXCLUDED
	TH Water heater, 6 gallon, closet system							EXCLUDED
51	TH Well pump	ea	1	\$8,500.00	10	6	\$8,500	
52	TH Well clean-up service	ea	1	\$3,000.00	10	none	\$3,000	
53	TH Well pressure tank	ea	1	\$7,500.00	10	none	\$7,500	
54	TH Well water softener	ea	1	\$6,000.00	12	none	\$6,000	
	TH Water testing							EXCLUDED
55	TH Well replacement	ea	1	\$15,000.00	25	15	\$15,000	
56	TH Split system HVAC, furnace (48,000 btu)	ea	1	\$6,500.00	24	19	\$6,500	
57	TH Split system HVAC, compressor (4 ton)	ea	1	\$6,500.00	12	7	\$6,500	
	TH Sump pump							EXCLUDED
58	TH Electrical (allowance)	ls	1	\$7,500.00	15	1	\$7,500	
Replacement Costs - Page Subtotal							\$72,500	

COMMENTS	
<ul style="list-style-type: none"> TH Smoke detector - [03/13/2025] excluded per board TH Fire strobe - [03/13/2025] excluded per board TH Fire alarm pull - [03/13/2025] excluded per board TH Emergency lights - [03/13/2025] excluded per board TH Water heater, 6 gallon, closet system - [03/13/2025] excluded per board 	

CEMETERY (C) - SITE COMPONENTS					NEL- Normal Economic Life (yrs)		
PROJECTED REPLACEMENTS					REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
59	C Asphalt pavement, mill and overlay	sf	19,950	\$2.00	18	2	\$39,900
60	C Pavement, rejuvenator seal coat	sf	19,950	\$0.25	6	none	\$4,988
	C Gravel path, replenish						EXCLUDED
61	C Chip and seal parking area	ls	1	\$5,000.00	10	none	\$5,000
62	C PTL rail fencing	ft	1,000	\$25.00	30	28	\$25,000
	C Concrete stairs (full set)						EXCLUDED
	C Wood sign						EXCLUDED
	C Storage shed						EXCLUDED
Replacement Costs - Page Subtotal							\$74,888

COMMENTS

CEMETERY (C) - EXTERIORS PROJECTED REPLACEMENTS					NEL- Normal Economic Life (yrs) REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
63	C Roofing, asphalt shingle	sf	1,600	\$5.00	25	21	\$8,000
	C Gutters and downspouts						EXCLUDED
64	C Rebuild/restore exterior doors (allowance)	ls	1	\$3,000.00	20	12	\$3,000
65	C Siding, wood	sf	3,200	\$9.00	20	3	\$28,800
66	C Soffit and fascia, wood	lf	160	\$20.00	25	3	\$3,200
67	C Windows, restoration (3' x 8')	ea	8	\$1,800.00	35	3	\$14,400
68	C Window shutter (allowance)	sf	192	\$85.00	35	31	\$16,320
	C Misc. signage (allowance)						EXCLUDED
	C Exterior building lights						EXCLUDED
Replacement Costs - Page Subtotal							\$73,720

COMMENTS
<ul style="list-style-type: none"> C Gutters and downspouts - [05/06/2025] excluded per request

CEMETERY (C) - SYSTEMS PROJECTED REPLACEMENTS					NEL- Normal Economic Life (yrs) REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
69	C Heat pump, furnace (60,000 btu)	ea	1	\$6,500.00	24	19	\$6,500
	C Electrical (allowance)						EXCLUDED
Replacement Costs - Page Subtotal							\$6,500

COMMENTS

BASEBALL FIELD (BF) - SITE COMPONENTS					NEL- Normal Economic Life (yrs) REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
70	BF Gravel over tar and chip	sf	24,000	\$1.50	10	6	\$36,000
	BF Pavement, rejuvenator seal coat						EXCLUDED
71	BF Chain link fence and backstop	ft	750	\$45.00	30	none	\$33,750
72	BF PTL sign structure, text/graphic	sf	40	\$150.00	10	8	\$6,000
	BF Bleachers						EXCLUDED
	BF Team bench						EXCLUDED
	BF Park bench						EXCLUDED
Replacement Costs - Page Subtotal							\$75,750

COMMENTS

RECYCLE AREA (RA) - SITE COMPONENTS					NEL- Normal Economic Life (yrs)		
PROJECTED REPLACEMENTS					REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
73	RA Asphalt pavement, mill and overlay	sf	12,600	\$2.00	18	3	\$25,200
74	RA Pavement, rejuvenator seal coat	sf	12,600	\$0.25	6	4	\$3,150
75	RA Fence	ft	300	\$40.00	60	57	\$12,000
76	RA Stormwater Management (allowance)	ls	1	\$3,000.00	30	20	\$3,000
	RA Hardscapes/foundation plantings (allowance)						EXCLUDED
77	RA Site cameras	lf	3	\$2,000.00	15	15	\$6,000
78	RA Vehicular entry, swing actuator	ea	1	\$7,500.00	19	19	\$7,500
Replacement Costs - Page Subtotal							\$56,850

COMMENTS
<ul style="list-style-type: none"> RA Hardscapes/foundation plantings (allowance) - [05/06/2025] excluded per request, "using grant funds" Item #77: RA Site cameras - [05.6.2025] Per request, changed REL. New in 2025 Item #78: RA Vehicular entry, swing actuator - [05.6.2025] Per request, changed REL.

COMMUNITY ROOM BUILDING (CR) - SITE ITEMS					NEL- Normal Economic Life (yrs)		
PROJECTED REPLACEMENTS					REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
	CR Asphalt pavement, mill and overlay						EXCLUDED
	CR Asphalt pavement, seal coat						EXCLUDED
79	CR Concrete flatwork (6% allowance)	sf	72	\$14.00	6	6	\$1,008
80	CR Retaining wall, segmental block (reset)	sf	320	\$15.00	10	10	\$4,800
81	CR Retaining wall, segmental block	sf	320	\$75.00	80	80	\$24,000
82	CR Site light, 20' steel pole	ea	4	\$3,550.00	25	25	\$14,200
83	CR Site light, standard single head, LED	ea	1	\$700.00	20	20	\$700
84	CR Stormwater management (10% allowance)	ls	1	\$10,000.00	10	10	\$10,000
Replacement Costs - Page Subtotal							\$54,708

COMMENTS
<ul style="list-style-type: none"> CR Asphalt pavement, mill and overlay - [05/06/2025] excluded per request, combined with line #1. CR Asphalt pavement, seal coat - [05/06/2025] excluded per request, combined with line #1.

COMMUNITY ROOM BUILDING (CR) - EXTERIOR ITEMS					NEL- Normal Economic Life (yrs)		
PROJECTED REPLACEMENTS					REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
85	CR Roofing, asphalt shingles	sf	3,000	\$5.00	30	30	\$15,000
86	CR Gutter and downspouts, 5" aluminum (10 feet	ft	240	\$12.00	30	30	\$2,880
87	CR Roof snow melt	lf	140	\$12.00	10	10	\$1,680
88	CR Soffit and trim	sf	1,200	\$14.00	40	40	\$16,800
89	CR Siding and trim, cementitious	sf	2,000	\$20.00	50	50	\$40,000
90	CR Masonry repointing	sf	400	\$12.00	10	10	\$4,800
91	CR Windows	sf	200	\$68.00	40	40	\$13,600
92	CR Exterior door	ea	5	\$3,500.00	25	25	\$17,500
93	CR Exterior lighting (allowance)	ls	1	\$3,500.00	10	10	\$3,500
Replacement Costs - Page Subtotal							\$115,760

COMMENTS

COMMUNITY ROOM BUILDING (CR) - INTERIOR ITEMS					NEL- Normal Economic Life (yrs)		
PROJECTED REPLACEMENTS					REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
	CR Interior door replacement (allowance)						EXCLUDED
	CR Interior flooring replacement (allowance)						EXCLUDED
	CR Interior lighting replacement (allowance)						EXCLUDED
	CR Kitchenette replacement (allowance)						EXCLUDED
	CR Restroom replacement (allowance)						EXCLUDED
Replacement Costs - Page Subtotal							\$0

COMMENTS
<ul style="list-style-type: none">CR Interior door replacement (allowance) - [05/06/2025] excluded per requestCR Interior flooring replacement (allowance) - [05/06/2025] excluded per requestCR Interior lighting replacement (allowance) - [05/06/2025] excluded per requestCR Kitchenette replacement (allowance) - [05/06/2025] excluded per requestCR Restroom replacement (allowance) - [05/06/2025] excluded per request

COMMUNITY ROOM BUILDING (CR) - SYSTEMS PROJECTED REPLACEMENTS					NEL- Normal Economic Life (yrs) REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
94	CR Fire alarm panel	ea	1	\$10,500.00	25	25	\$10,500
95	CR HVAC split system, (2 ton)	ea	1	\$10,500.00	15	15	\$10,500
96	CR HVAC split system, (4 ton)	ea	1	\$18,000.00	15	15	\$18,000
97	CR Ductless heat pump (18,000 BTU)	ea	1	\$4,500.00	15	15	\$4,500
98	CR Water heater, tankless 4 gpm	ea	1	\$4,500.00	15	15	\$4,500
99	CR Electrical (allowance)	ls	1	\$5,000.00	10	10	\$5,000
100	CR Security system	ea	1	\$7,500.00	10	10	\$7,500
101	CR IT server (allowance)	ls	1	\$5,500.00	5	5	\$5,500
102	CR Network/WiFi	ea	1	\$2,200.00	10	10	\$2,200
103	CR Generator	ls	1	\$25,000.00	20	20	\$25,000
Replacement Costs - Page Subtotal							\$93,200

COMMENTS
<ul style="list-style-type: none"> Item #96: CR HVAC split system, (4 ton) - [05.6.2025] Per request, changed REL. Item #103: CR Generator - [05.6.2025] Per request, added line item. New in 2025.

VALUATION EXCLUSIONS							
Excluded Items							
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
	Emergency lighting, exit light, etc.						EXCLUDED
	Interior doors						EXCLUDED
	Electric heaters						EXCLUDED

VALUATION EXCLUSIONS	
Comments	
<ul style="list-style-type: none"> Valuation Exclusions. For ease of administration of the Replacement Reserves and to reflect accurately how Replacement Reserves are administered, items with a dollar value less than \$3000 have not been scheduled for funding from Replacement Reserve. Examples of items excluded by Replacement Reserves by this standard are listed above. The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive. 	

LONG-LIFE EXCLUSIONS								
Excluded Items								
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	REPLACEMENT COST (\$)	UNIT REL	REL	REPLACEMENT COST (\$)	
	Building foundation(s)						EXCLUDED	
	Concrete floor slabs (interior)						EXCLUDED	
	Wall, floor, and roof structure						EXCLUDED	
	Electrical wiring						EXCLUDED	
	Water piping at common facilities						EXCLUDED	
	Waste piping at common facilities						EXCLUDED	

LONG-LIFE EXCLUSIONS	
Comments	
<ul style="list-style-type: none"> Long Life Exclusions. Components that when properly maintained, can be assumed to have a life equal to the property as a whole, are normally excluded from the Replacement Reserve Inventory. Examples of items excluded from funding by Replacement Reserves by this standard are listed above. Exterior masonry is generally assumed to have an unlimited economic life, but periodic repointing is required, and we have included this for funding in the Replacement Reserve Inventory. The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive. 	

UTILITY EXCLUSIONS								
Excluded Items								
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)	
	Primary electric feeds						EXCLUDED	
	Electric transformers						EXCLUDED	
	Cable TV systems and structures						EXCLUDED	
	Telephone cables and structures						EXCLUDED	
	Site lighting						EXCLUDED	
	Gas mains and meters						EXCLUDED	
	Water mains and meters						EXCLUDED	

UTILITY EXCLUSIONS	
Comments	
<ul style="list-style-type: none">Utility Exclusions. Many improvements owned by utility companies are on property owned by the Association. We have assumed that repair, maintenance, and replacements of these components will be done at the expense of the appropriate utility company. Examples of items excluded from funding Replacement Reserves by this standard are listed above.The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.	

MAINTENANCE AND REPAIR EXCLUSIONS							
Excluded Items							
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
	Landscaping and site grading						EXCLUDED
	Exterior painting						EXCLUDED
	Interior painting						EXCLUDED
	Janitorial service						EXCLUDED
	Repair services						EXCLUDED
	Partial replacements						EXCLUDED
	Capital improvements						EXCLUDED

MAINTENANCE AND REPAIR EXCLUSIONS	
Comments	
<ul style="list-style-type: none">Maintenance activities, one-time-only repairs, and capital improvements. These activities are NOT appropriately funded from Replacement Reserves. The inclusion of such component in the Replacement Reserve Inventory could jeopardize the special tax status of ALL Replacement Reserves, exposing the Association to significant tax liabilities. We recommend that the Board of Directors discuss these exclusions and Revenue Ruling 75-370 with a Certified Public Accountant.Examples of items excluded from funding by Replacement Reserves are listed above. The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.	

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SECTION C - CALENDAR OF PROJECTED ANNUAL REPLACEMENTS

GENERAL STATEMENT. The 103 Projected Replacements in the Township Properties Replacement Reserve Inventory whose replacement is scheduled to be funded from Replacement Reserves are broken down on a year-by-year basis, beginning on Page C.2.

REPLACEMENT RESERVE ANALYSIS AND INVENTORY POLICIES, PROCEDURES, AND ADMINISTRATION

- **REVIEW OF THE REPLACEMENT RESERVE STUDY.** For this study to be effective, it should be reviewed by the Board of Directors, those responsible for the management of the items included in the Replacement Reserve Inventory, and the accounting professionals employed by the Township.
- **REVISIONS.** Revisions will be made to the Replacement Reserve Analysis and Replacement Reserve Inventory in accordance with the written instructions of the Board of Directors. No additional charge is incurred for the first revision if requested in writing within three months of the date of the Replacement Reserve Study. It is our policy to provide revisions in electronic (Adobe PDF) format only. We acknowledge that there are instances in which multiple revisions are necessary. However, unnecessary multiple revisions drain our time and manpower resources. Therefore, MillerDodson will exercise its sole discretion as to whether additional charges are incurred.
- **TAX CODE.** The United States Tax Code grants favorable tax status to a common interest development (CID) meeting certain guidelines for their Replacement Reserve. If a CID files their taxes as a 'Corporation' on Form 1120 (IRC Section 277), these guidelines typically require maintenance activities, partial replacements, minor replacements, capital improvements, and one-time-only replacements to be excluded from Reserves. A CID cannot co-mingle planning for maintenance activities with capital replacement activities in the Reserves (Revenue Ruling 75-370). Funds for maintenance activities and capital replacement activities must be held in separate accounts. If a CID files taxes as an "Exempt Homeowners Association" using Form 1120H (IRC Section 528), the CID does not have to segregate these activities. However, because the CID may elect to change their method of filing from year to year within the Study Period, we advise using the more restrictive approach. We further recommend that the CID consult with their Accountant and consider creating separate and independent accounts and reserves for large maintenance items, such as painting.
- **CONFLICT OF INTEREST.** Neither MillerDodson Associates nor the Reserve Analyst has any prior or existing relationship with this Township which would represent a real or perceived conflict of interest.
- **RELIANCE ON DATA PROVIDED BY THE CLIENT.** Information provided by an official representative of the Township regarding financial, physical conditions, quality, or historical issues is deemed reliable.
- **INTENT.** This Replacement Reserve Study is a reflection of the information provided by the Township and the visual evaluations of the Analyst. It has been prepared for the sole use of the Township and is not for the purpose of performing an audit, quality/forensic analyses, or background checks of historical records.
- **PREVIOUS REPLACEMENTS.** Information provided to MillerDodson Associates regarding prior replacements is considered to be accurate and reliable. Our visual evaluation is not a project audit or quality inspection.
- **EXPERIENCE WITH FUTURE REPLACEMENTS.** The Calendar of Annual Projected Replacements, lists replacements we have projected to occur over the Study Period and begins on Page C2. Actual experience in replacing the items may differ significantly from the cost estimates and time frames shown because of conditions beyond our control. These differences may be caused by maintenance practices, inflation, variations in pricing and market conditions, future technological developments, regulatory actions, acts of God, and luck. Some items may function normally during our visual evaluation and then fail without notice.

PROJECTED REPLACEMENTS

Item	2025 - Study Year	\$	Item	2026 - YEAR 1	\$
11	AB Roofing, asphalt shingle	\$35,500	4	AB Russell Township sign (foamcore, full color with	\$14,400
38	TH Staircase with pavers and railing	\$5,000	6	AB Flagpole (approximately 30')	\$7,500
43	TH Soffit, vinyl	\$1,530	10	AB Hardscapes/foundation plantings (allowance)	\$3,000
44	TH Siding, replace with Hardiplank	\$72,000	13	AB Exterior door	\$8,400
45	TH Fascia, brake metal	\$1,620	14	AB Siding, wood	\$47,813
46	TH Building insulation	\$15,000	15	AB Soffit, wood	\$7,650
48	TH Windows (4' x 7'), restoration	\$16,800	16	AB Fascia, wood	\$1,917
49	TH Windows (3' x 4'), restoration	\$6,000	33	AB Electrical (allowance)	\$7,500
52	TH Well clean-up service	\$3,000	47	TH Window shutter, wood	\$18,700
53	TH Well pressure tank	\$7,500	58	TH Electrical (allowance)	\$7,500
54	TH Well water softener	\$6,000			
60	C Pavement, rejuvenator seal coat	\$4,988			
61	C Chip and seal parking area	\$5,000			
71	BF Chain link fence and backstop	\$33,750			
Total Scheduled Replacements		\$213,688	Total Scheduled Replacements		\$124,380
Item	2027 - YEAR 2	\$	Item	2028 - YEAR 3	\$
39	TH Sanitary sewer (allowance)	\$5,000	65	C Siding, wood	\$28,800
59	C Asphalt pavement, mill and overlay	\$39,900	66	C Soffit and fascia, wood	\$3,200
			67	C Windows, restoration (3' x 8')	\$14,400
			73	RA Asphalt pavement, mill and overlay	\$25,200
Total Scheduled Replacements		\$44,900	Total Scheduled Replacements		\$71,600

PROJECTED REPLACEMENTS

2029 - YEAR 4		
Item		\$
2	AB Pavement, rejuvenator seal coat	\$4,800
10	AB Hardscapes/foundation plantings (allowance)	\$3,000
74	RA Pavement, rejuvenator seal coat	\$3,150
Total Scheduled Replacements		\$10,950

2030 - YEAR 5		
Item		\$
21	AB Domestic water piping (allowance)	\$4,500
26	AB Well water softener	\$6,000
101	CR IT server (allowance)	\$5,500
Total Scheduled Replacements		\$16,000

2031 - YEAR 6		
Item		\$
5	AB Sign (wood, full color with graphic)	\$25,600
51	TH Well pump	\$8,500
60	C Pavement, rejuvenator seal coat	\$4,988
70	BF Gravel over tar and chip	\$36,000
79	CR Concrete flatwork (6% allowance)	\$1,008
Total Scheduled Replacements		\$76,096

2032 - YEAR 7		
Item		\$
10	AB Hardscapes/foundation plantings (allowance)	\$3,000
12	AB Caulking (allowance)	\$5,000
23	AB Well pump	\$8,500
31	AB Heat pump, compressor (5 ton)	\$13,000
35	AB Network (allowance)	\$10,000
57	TH Split system HVAC, compressor (4 ton)	\$6,500
Total Scheduled Replacements		\$46,000

PROJECTED REPLACEMENTS

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PROJECTED REPLACEMENTS

[illegible]

PROJECTED REPLACEMENTS

[illegible]

PROJECTED REPLACEMENTS

2045 - YEAR 20			2046 - YEAR 21		
Item		\$	Item		\$
7	AB Stormwater Management (allowance)	\$5,000	4	AB Russell Township sign (foamcore, full color with	\$14,400
9	AB Sanitary sewer, lift station alternate pumps	\$15,000	14	AB Siding, wood	\$47,813
19	AB Windows (3' x 5')	\$23,100	15	AB Soffit, wood	\$7,650
44	TH Siding, replace with Hardiplank	\$72,000	16	AB Fascia, wood	\$1,917
52	TH Well clean-up service	\$3,000	47	TH Window shutter, wood	\$18,700
53	TH Well pressure tank	\$7,500	63	C Roofing, asphalt shingle	\$8,000
59	C Asphalt pavement, mill and overlay	\$39,900	73	RA Asphalt pavement, mill and overlay	\$25,200
61	C Chip and seal parking area	\$5,000			
76	RA Stormwater Management (allowance)	\$3,000			
80	CR Retaining wall, segmental block (reset)	\$4,800			
83	CR Site light, standard single head, LED	\$700			
84	CR Stormwater management (10% allowance)	\$10,000			
87	CR Roof snow melt	\$1,680			
90	CR Masonry repointing	\$4,800			
93	CR Exterior lighting (allowance)	\$3,500			
99	CR Electrical (allowance)	\$5,000			
100	CR Security system	\$7,500			
101	CR IT server (allowance)	\$5,500			
102	CR Network/WiFi	\$2,200			
103	CR Generator	\$25,000			
Total Scheduled Replacements		\$244,180	Total Scheduled Replacements		\$123,680

2047 - YEAR 22			2048 - YEAR 23		
Item		\$	Item		\$
2	AB Pavement, rejuvenator seal coat	\$4,800	18	AB Overhead door (10' x 10')	\$10,000
10	AB Hardscapes/foundation plantings (allowance)	\$3,000	29	AB Heat pump, compressor (5 ton)	\$6,500
39	TH Sanitary sewer (allowance)	\$5,000	32	AB Emergency Generator (25 Kw)	\$40,000
74	RA Pavement, rejuvenator seal coat	\$3,150	65	C Siding, wood	\$28,800
Total Scheduled Replacements		\$15,950	Total Scheduled Replacements		\$85,300

PROJECTED REPLACEMENTS

2049 - YEAR 24			2050 - YEAR 25		
Item		\$	Item		\$
34	AB Security system (allowance)	\$18,000	10	AB Hardscapes/foundation plantings (allowance)	\$3,000
54	TH Well water softener	\$6,000	11	AB Roofing, asphalt shingle	\$35,500
60	C Pavement, rejuvenator seal coat	\$4,988	21	AB Domestic water piping (allowance)	\$4,500
79	CR Concrete flatwork (6% allowance)	\$1,008	38	TH Staircase with pavers and railing	\$5,000
			43	TH Soffit, vinyl	\$1,530
			45	TH Fascia, brake metal	\$1,620
			46	TH Building insulation	\$15,000
			82	CR Site light, 20' steel pole	\$14,200
			92	CR Exterior door	\$17,500
			94	CR Fire alarm panel	\$10,500
			101	CR IT server (allowance)	\$5,500
Total Scheduled Replacements		\$29,996	Total Scheduled Replacements		\$113,850

2051 - YEAR 26			2052 - YEAR 27		
Item		\$	Item		\$
5	AB Sign (wood, full color with graphic)	\$25,600	12	AB Caulking (allowance)	\$5,000
6	AB Flagpole (approximately 30')	\$7,500	23	AB Well pump	\$8,500
13	AB Exterior door	\$8,400	35	AB Network (allowance)	\$10,000
40	TH Roofing, asphalt shingle	\$11,000			
41	TH Gutters and downspouts	\$3,000			
51	TH Well pump	\$8,500			
70	BF Gravel over tar and chip	\$36,000			
Total Scheduled Replacements		\$100,000	Total Scheduled Replacements		\$23,500

PROJECTED REPLACEMENTS

[illegible]

PROJECTED REPLACEMENTS

[illegible]

PROJECTED REPLACEMENTS

Item	2061 - YEAR 36	\$	Item	2062 - YEAR 37	\$
5	AB Sign (wood, full color with graphic)	\$25,600	10	AB Hardscapes/foundation plantings (allowance)	\$3,000
51	TH Well pump	\$8,500	12	AB Caulking (allowance)	\$5,000
54	TH Well water softener	\$6,000	20	AB Fire Alarm Control Panel, sub panel	\$12,000
60	C Pavement, rejuvenator seal coat	\$4,988	23	AB Well pump	\$8,500
70	BF Gravel over tar and chip	\$36,000	35	AB Network (allowance)	\$10,000
79	CR Concrete flatwork (6% allowance)	\$1,008			
Total Scheduled Replacements		\$82,096	Total Scheduled Replacements		\$38,500

Item	2063 - YEAR 38	\$	Item	2064 - YEAR 39	\$
18	AB Overhead door (10' x 10')	\$10,000	25	AB Well pressure tank	\$7,500
22	AB Storage tank	\$7,500	34	AB Security system (allowance)	\$18,000
24	AB Well clean-up service	\$3,000	73	RA Asphalt pavement, mill and overlay	\$25,200
42	TH Exterior door, restoration (allowance)	\$6,000			
50	TH Fire Alarm Control Annunciator Panel (FACP)	\$12,000			
59	C Asphalt pavement, mill and overlay	\$39,900			
67	C Windows, restoration (3' x 8')	\$14,400			
72	BF PTL sign structure, text/graphic	\$6,000			
78	RA Vehicular entry, swing actuator	\$7,500			
Total Scheduled Replacements		\$106,300	Total Scheduled Replacements		\$50,700

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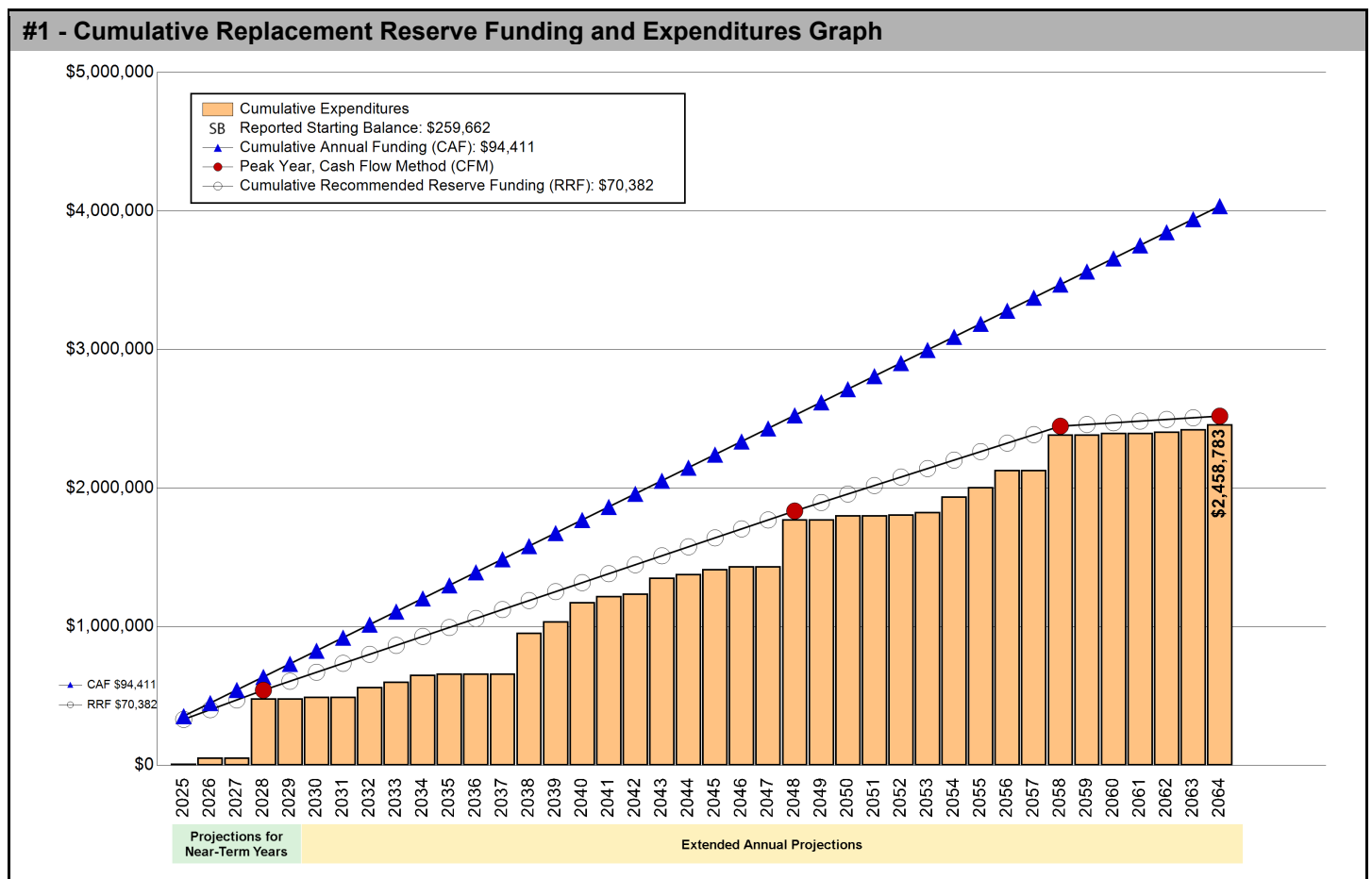
SECTION A - FINANCIAL ANALYSIS

The Police Dept Replacement Reserve Analysis uses the Cash Flow Method (CFM) to calculate Replacement Reserve funding for the periodic replacement of the 50 Projected Replacements identified in the Replacement Reserve Inventory.

\$70,382 RECOMMENDED REPLACEMENT RESERVE FUNDING FOR THE STUDY YEAR, 2025

We recommend the Facility adopt a Replacement Reserve Funding Plan based on the annual funding recommendation above. Inflation adjusted funding for subsequent years is shown on Page A1.5.

Police Dept reports a Starting Balance of \$259,661 and Annual Funding totaling \$94,411, which adequately funds projected replacements for the near-term years. See Page A1.3 for a more detailed evaluation.



The Township is currently funding the Reserves at a slightly lower than recommended Level until the first Peak Year in FY 2028. After the first peak, the current Funding level is higher than what is calculated in the current Reserve Study. However, due to the high rate of inflation in today's construction industry and its effect on increased Replacement costs, we recommend that the Township continue to fund at its current higher funding level.

REPLACEMENT RESERVE ANALYSIS - GENERAL INFORMATION

The Police Dept Replacement Reserve Analysis calculations of recommended funding of Replacement Reserves by the Cash Flow Method (CFM) and the evaluation of the Current Funding are based upon the same Study Year, Study Period, Beginning Balance, Replacement Reserve Inventory and Level of Service.

2025 | STUDY YEAR

The Facility reports that their accounting year begins on January 1, and the Study Year, the first year evaluated by the Replacement Reserve Analysis, begins on January 1, 2025.

40 Years | STUDY PERIOD

The Replacement Reserve Analysis evaluates the funding of Replacement Reserves over a 40-year Study Period

\$259,661 | STARTING BALANCE

The Facility reports Replacement Reserves on Deposit totaling \$259,661 at the start of the Study Year.

Level Two | LEVEL OF SERVICE

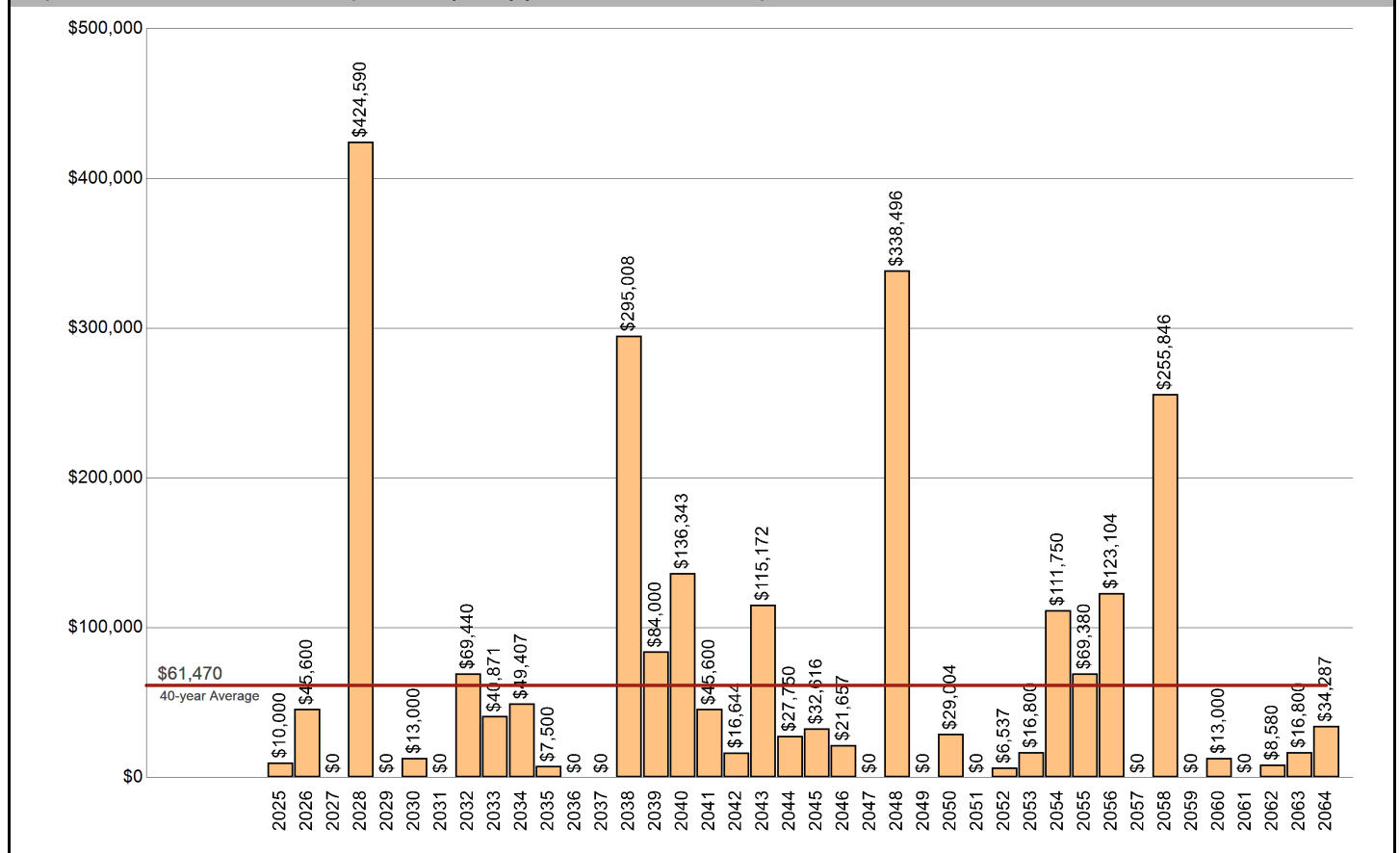
The Replacement Reserve Inventory has been developed in compliance with the National Reserve Study Standards for a Level Two Study, as defined by the Community Associations Institute (CAI).

\$2,458,783 | REPLACEMENT RESERVE INVENTORY - PROJECTED REPLACEMENTS

The Police Dept Replacement Reserve Inventory identifies 50 items that will require periodic replacement, that are to be funded from Replacement Reserves. We estimate the cost of these replacements will be \$2,458,783 over the 40-year Study Period. The Projected Replacements are divided into 4 major categories starting on Page B1.3. Pages B1.1-B1.2 provide detailed information on the Replacement Reserve Inventory.

#2 - Annual Expenditures for Projected Replacements Graph

This graph shows annual expenditures for Projected Replacements over the 40-year Study Period. The red line shows the average annual expenditure of \$61,470. Section C1 provides a year by year Calendar of these expenditures.



UPDATING OF THE FUNDING PLAN

The Facility has a responsibility to review the Funding Plan annually. The review should include a comparison and evaluation of actual reserve funding with recommended levels shown on Page A1.4 and A1.5. The Projected Replacements listed on Page C1.2 should be compared with any replacements accomplished and funded from Replacement Reserves. Discrepancies should be evaluated and if necessary, the Reserve Study should be updated or a new study commissioned. We recommend annual increases in replacement reserve funding to account for the impact of inflation. Inflation Adjusted Funding is discussed on Page A1.5.

UPDATING OF THE REPLACEMENT RESERVE STUDY

At a minimum, the Replacement Reserve Study should be professionally updated every three to five years or after completion of a major replacement project. Updating should also be considered if during the annual review of the Funding Plan, discrepancies are noted between projected and actual reserve funding or replacement costs. Updating may also be necessary if there is a meaningful discrepancy between the actual inflation rate and the inflation rate used for the Inflation Adjusted Funding of Replacement Reserves on Page A1.5.

ANNUAL EXPENDITURES AND CURRENT FUNDING

The annual expenditures that comprise the \$2,458,783 of Projected Expenditures over the 40-year Study Period and the impact of the Facility continuing to fund Replacement Reserves at the current level are detailed in Table 3.

#3 - Table of Annual Expenditures and Current Funding Data - Years 0 through 39										
Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Starting Balance	\$259,662									
Projected Replacements	(\$10,000)	(\$45,600)		(\$424,590)		(\$13,000)		(\$69,440)	(\$40,871)	(\$49,407)
Annual Deposit	\$94,411	\$94,411	\$94,411	\$94,411	\$94,411	\$94,411	\$94,411	\$94,411	\$94,411	\$94,411
End of Year Balance	\$344,073	\$392,884	\$487,295	\$157,116	\$251,527	\$332,938	\$427,349	\$452,320	\$505,860	\$550,864
Cumulative Expenditures	(\$10,000)	(\$55,600)	(\$55,600)	(\$480,190)	(\$480,190)	(\$493,190)	(\$493,190)	(\$562,630)	(\$603,501)	(\$652,908)
Cumulative Receipts	\$354,073	\$448,484	\$542,895	\$637,306	\$731,717	\$826,128	\$920,539	\$1,014,950	\$1,109,361	\$1,203,772
Year	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Projected Replacements	(\$7,500)			(\$295,008)	(\$84,000)	(\$136,343)	(\$45,600)	(\$16,644)	(\$115,172)	(\$27,750)
Annual Deposit	\$94,411	\$94,411	\$94,411	\$94,411	\$94,411	\$94,411	\$94,411	\$94,411	\$94,411	\$94,411
End of Year Balance	\$637,775	\$732,186	\$826,597	\$626,000	\$636,411	\$594,479	\$643,290	\$721,057	\$700,296	\$766,957
Cumulative Expenditures	(\$660,408)	(\$660,408)	(\$660,408)	(\$955,416)	(\$1,039,416)	(\$1,175,759)	(\$1,221,359)	(\$1,238,003)	(\$1,353,175)	(\$1,380,925)
Cumulative Receipts	\$1,298,183	\$1,392,594	\$1,487,005	\$1,581,416	\$1,675,827	\$1,770,238	\$1,864,649	\$1,959,060	\$2,053,471	\$2,147,882
Year	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Projected Replacements	(\$32,616)	(\$21,657)		(\$338,496)		(\$29,004)		(\$6,537)	(\$16,800)	(\$11,750)
Annual Deposit	\$94,411	\$94,411	\$94,411	\$94,411	\$94,411	\$94,411	\$94,411	\$94,411	\$94,411	\$94,411
End of Year Balance	\$828,752	\$901,506	\$995,917	\$751,831	\$846,242	\$911,649	\$1,006,060	\$1,093,934	\$1,171,545	\$1,154,206
Cumulative Expenditures	(\$1,413,541)	(\$1,435,198)	(\$1,435,198)	(\$1,773,694)	(\$1,773,694)	(\$1,802,698)	(\$1,802,698)	(\$1,809,236)	(\$1,826,036)	(\$1,937,786)
Cumulative Receipts	\$2,242,293	\$2,336,704	\$2,431,115	\$2,525,526	\$2,619,937	\$2,714,348	\$2,808,759	\$2,903,170	\$2,997,581	\$3,091,992
Year	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064
Projected Replacements	(\$69,380)	(\$123,104)		(\$255,846)		(\$13,000)		(\$8,580)	(\$16,800)	(\$34,287)
Annual Deposit	\$94,411	\$94,411	\$94,411	\$94,411	\$94,411	\$94,411	\$94,411	\$94,411	\$94,411	\$94,411
End of Year Balance	\$1,179,237	\$1,150,544	\$1,244,955	\$1,083,520	\$1,177,931	\$1,259,342	\$1,353,753	\$1,439,584	\$1,517,195	\$1,577,319
Cumulative Expenditures	(\$2,007,166)	(\$2,130,270)	(\$2,130,270)	(\$2,386,116)	(\$2,386,116)	(\$2,399,116)	(\$2,399,116)	(\$2,407,696)	(\$2,424,496)	(\$2,458,783)
Cumulative Receipts	\$3,186,403	\$3,280,814	\$3,375,225	\$3,469,636	\$3,564,047	\$3,658,458	\$3,752,869	\$3,847,280	\$3,941,691	\$4,036,102

EVALUATION OF CURRENT FUNDING

The evaluation of Current Funding (Starting Balance of \$259,661 & annual funding of \$94,411), is done in today's dollars with no adjustments for inflation or interest earned on Replacement Reserves. The evaluation assumes Replacement Reserves will only be used for the 50 Projected Replacements identified in the Replacement Reserve Inventory and that the Facility will continue Annual Funding of \$94,411 throughout the 40-year Study Period.

Annual Funding of \$94,411 is approximately 134 percent of the \$70,382 recommended Annual Funding calculated by the Cash Flow Method for 2025, the Study Year.

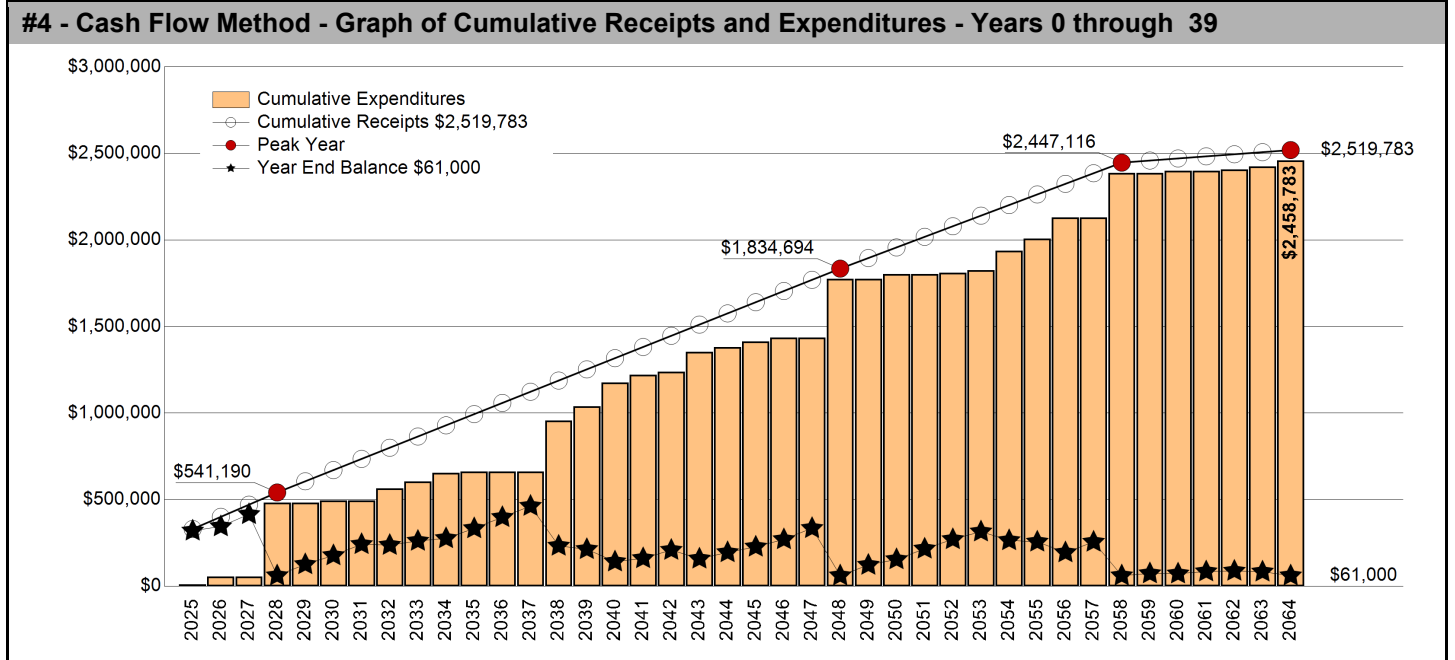
See the Executive Summary for the Current Funding Statement.

CASH FLOW METHOD FUNDING

\$70,382 RECOMMENDED REPLACEMENT RESERVE FUNDING FOR 2025

Recommended Replacement Reserve Funding has been calculated using the Cash Flow Method (also called the Straight Line or Threshold Method). This method calculates a constant annual funding between peaks in cumulative expenditures, while maintaining a Minimum Balance (threshold) in the Peak Years.

- **Peak Years.** The First Peak Year occurs in 2028 with Replacement Reserves on Deposit dropping to the Minimum Balance after the completion of \$480,190 of replacements from 2025 to 2028. Recommended funding is projected to decline from \$70,382 in 2028 to \$64,675 in 2029. Peak Years are identified in Chart 4 and Table 5.
- **Threshold (Minimum Balance).** The calculations assume a Minimum Balance of \$61,000 will always be held in reserve, which is calculated by rounding the 12-month 40-year average annual expenditure of \$61,470 as shown on Graph #2.
- **Cash Flow Method Study Period.** Cash Flow Method calculates funding for \$2,458,783 of expenditures over the 40-year Study Period. It does not include funding for any projects beyond 2064 and in 2064, the end of year balance will always be the Minimum Balance.



#5 - Cash Flow Method - Table of Receipts & Expenditures - Years 0 through 39

Year	2025	2026	2027	1st Peak - 2028	2029	2030	2031	2032	2033	2034
Starting Balance	\$259,662									
Projected Replacements	(\$10,000)	(\$45,600)		(\$424,590)		(\$13,000)		(\$69,440)	(\$40,871)	(\$49,407)
Annual Deposit	\$70,382	\$70,382	\$70,382	\$70,382	\$64,675	\$64,675	\$64,675	\$64,675	\$64,675	\$64,675
End of Year Balance	\$320,044	\$344,826	\$415,208	\$61,000	\$125,675	\$177,350	\$242,026	\$237,261	\$261,065	\$276,333
Cumulative Expenditures	(\$10,000)	(\$55,600)	(\$55,600)	(\$480,190)	(\$480,190)	(\$493,190)	(\$493,190)	(\$562,630)	(\$603,501)	(\$652,908)
Cumulative Receipts	\$330,044	\$400,426	\$470,808	\$541,190	\$605,865	\$670,540	\$735,215	\$799,891	\$864,566	\$929,241
Year	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Projected Replacements	(\$7,500)			(\$295,008)	(\$84,000)	(\$136,343)	(\$45,600)	(\$16,644)	(\$115,172)	(\$27,750)
Annual Deposit	\$64,675	\$64,675	\$64,675	\$64,675	\$64,675	\$64,675	\$64,675	\$64,675	\$64,675	\$64,675
End of Year Balance	\$333,508	\$398,184	\$462,859	\$232,526	\$213,201	\$141,534	\$160,609	\$208,640	\$158,144	\$195,069
Cumulative Expenditures	(\$660,408)	(\$660,408)	(\$660,408)	(\$955,416)	(\$1,039,416)	(\$1,175,759)	(\$1,221,359)	(\$1,238,003)	(\$1,353,175)	(\$1,380,925)
Cumulative Receipts	\$993,916	\$1,058,592	\$1,123,267	\$1,187,942	\$1,252,617	\$1,317,293	\$1,381,968	\$1,446,643	\$1,511,318	\$1,575,993
Year	2045	2046	2047	2nd Peak - 2048	2049	2050	2051	2052	2053	2054
Projected Replacements	(\$32,616)	(\$21,657)		(\$338,496)		(\$29,004)		(\$6,537)	(\$16,800)	(\$111,750)
Annual Deposit	\$64,675	\$64,675	\$64,675	\$64,675	\$61,242	\$61,242	\$61,242	\$61,242	\$61,242	\$61,242
End of Year Balance	\$227,128	\$270,146	\$334,821	\$61,000	\$122,242	\$154,480	\$215,722	\$270,427	\$314,869	\$264,361
Cumulative Expenditures	(\$1,413,541)	(\$1,435,198)	(\$1,435,198)	(\$1,773,694)	(\$1,773,694)	(\$1,802,698)	(\$1,802,698)	(\$1,809,236)	(\$1,826,036)	(\$1,937,786)
Cumulative Receipts	\$1,640,669	\$1,705,344	\$1,770,019	\$1,834,694	\$1,895,937	\$1,957,179	\$2,018,421	\$2,079,663	\$2,140,905	\$2,202,147
Year	2055	2056	2057	3rd Peak - 2058	2059	2060	2061	2062	2063	4th Peak - 2064
Projected Replacements	(\$69,380)	(\$123,104)		(\$255,846)		(\$13,000)		(\$8,580)	(\$16,800)	(\$34,287)
Annual Deposit	\$61,242	\$61,242	\$61,242	\$61,242	\$12,111	\$12,111	\$12,111	\$12,111	\$12,111	\$12,111
End of Year Balance	\$256,223	\$194,361	\$255,603	\$61,000	\$73,111	\$72,222	\$84,334	\$87,865	\$83,176	\$61,000
Cumulative Expenditures	(\$2,007,166)	(\$2,130,270)	(\$2,130,270)	(\$2,386,116)	(\$2,386,116)	(\$2,399,116)	(\$2,399,116)	(\$2,407,696)	(\$2,424,496)	(\$2,458,783)
Cumulative Receipts	\$2,263,389	\$2,324,631	\$2,385,873	\$2,447,116	\$2,459,227	\$2,471,338	\$2,483,449	\$2,495,560	\$2,507,672	\$2,519,783

INFLATION ADJUSTED FUNDING

The Cash Flow Method calculations on Page A4 have been done in today's dollars with no adjustment for inflation. At Miller+Dodson, we believe that long-term inflation forecasting is effective at demonstrating the power of compounding, not at calculating appropriate funding levels for Replacement Reserves. We have developed this proprietary model to estimate the short-term impact of inflation on Replacement Reserve funding.

\$70,382 2025 - CASH FLOW METHOD RECOMMENDED FUNDING

The 2025 Study Year calculations have been made using current replacement costs

\$74,605 2026 - 6.0% INFLATION ADJUSTED FUNDING

A new analysis calculates the 2026 funding based on three assumptions:

- Starting Balance totaling \$320,044 on January 1, 2026.
- 2026 Non-inflation replacement costs listed in Section C, \$45,600, will be replaced at approximately \$48,336, 6.00% compounded inflation increase to 2025 costs.
- The \$74,605 inflation-adjusted funding in 2026 is a 6.0% increase over the non-inflation-adjusted funding of \$70,382.

\$79,081 2027 - 6.0% INFLATION ADJUSTED FUNDING

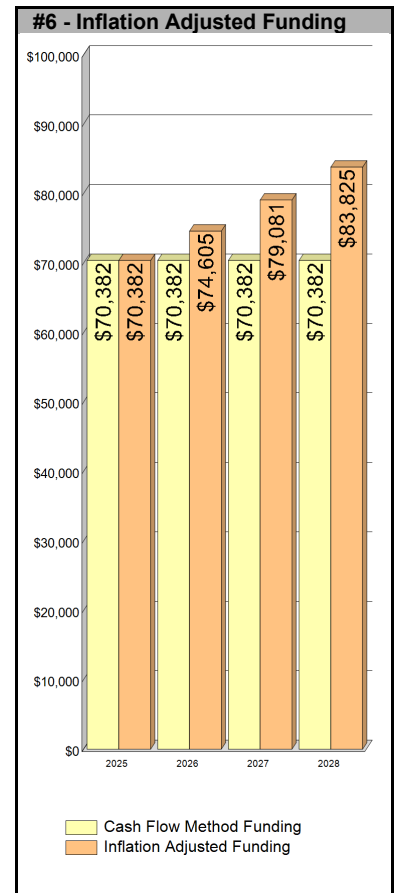
A new analysis calculates the 2027 funding based on three assumptions:

- Starting balance of approximately \$346,313 = 2027 Starting Balance \$320,044, plus Inflation Adjusted Funding \$74,605 for 2026, minus \$48,336 2026 Inflation Adjusted Cost.
- No Expenditures from Replacement Reserves in 2027.

\$83,825 2028 - 6.0% INFLATION ADJUSTED FUNDING

A new analysis calculates the 2028 funding based on three assumptions:

- Starting balance of approximately \$425,394 = 2028 Starting Balance \$346,313, plus Inflation Adjusted Funding \$79,081 for 2027, minus \$0 2027 Inflation Adjusted Cost.
- 2028 Non-inflation replacement costs listed in Section C, \$424,590, will be replaced at approximately \$505,693, 6.0% compounded inflation increase to 2025 costs.
- The \$83,825 inflation-adjusted funding in 2028 is a 6.0% increase over the non-inflation-adjusted funding of \$79,081 for 2027.



Year Four and Beyond

The inflation-adjusted funding calculations outlined above are not intended to be a substitute for periodic evaluation of common elements by an experienced Reserve Analyst. Industry Standards, lender requirements, and many state and local statutes require a Replacement Reserve Study to be professionally updated every 3 to 5 years.

Inflation Adjustment

Prior to approving a budget based upon the 2026, 2027 and 2028 inflation-adjusted funding calculations above, the 6.00 percent base rate of inflation used in our calculations should be compared to rates published by the Bureau of Labor Statistics. If there is a significant discrepancy (over 1 percentage point), contact Miller+Dodson Associates prior to using the Inflation Adjusted Funding.

Interest on Reserves

The recommended funding calculations do not account for interest earned on Replacement Reserves. In 2025, based on a 1.00 percent interest rate, we estimate the Facility may earn \$2,899 on an average balance of \$289,853, \$3,332 on an average balance of \$333,178 in 2026, and \$3,859 on \$385,853 in 2027. The Facility may elect to attribute 100 percent of the earned interest to Reserves, resulting in a reduction in the 2025 funding from \$70,382 to \$67,483 (a 4.11 percent reduction), \$74,605 to \$71,273 in 2026 (a 4.46 percent reduction), and \$79,081 to \$75,223 in 2027 (a 4.87 percent reduction).

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SECTION B - REPLACEMENT RESERVE INVENTORY

- **PROJECTED REPLACEMENTS.** Police Dept - Replacement Reserve Inventory identifies 50 items that are Projected Replacements and the periodic replacements of these items are scheduled for funding from Replacement Reserves. The Projected Replacements have an estimated one-time replacement cost of \$1,256,624. Cumulative Replacements totaling \$2,458,783 are scheduled in the Replacement Reserve Inventory over the 40-year Study Period. Cumulative Replacements include those components that are replaced more than once during the period of the study.

Projected Replacements are the replacement of commonly-owned physical assets that require periodic replacement and whose replacement is to be funded from Replacement Reserves.

- **TAX CODE.** The United States Tax Code grants favorable tax status to Replacement Reserves, conditioned on expenditures being made within certain guidelines. These guidelines typically exclude maintenance activities, minor repairs, and capital improvements.
- **EXCLUDED ITEMS.** Some of the items contained in the Replacement Reserve Inventory are 'Excluded Items'. Multiple categories of items are typically excluded from funding by Replacement Reserves, including but not limited to:

Value. Items with a replacement cost of less than \$1000 and/or a normal economic life of less than 3 years are typically excluded from funding from Replacement Reserves. This exclusion should reflect the Facility policy on the administration of Replacement Reserves. If the Facility has selected an alternative level, it will be noted in the Replacement Reserve Inventory - General Comments on Page B1.2.

Long-lived Items. Items are excluded from the Replacement Reserve Inventory when items are properly maintained and are assumed to have a life equal to the property.

Unit Improvements. Items owned by a single unit and where the items serve a single unit are generally assumed to be the responsibility of that unit, not the Facility.

Other Non-Common Improvements. Items owned by the local government, public and private utility companies, the United States Postal Service, Master Associations, state and local highway authorities, etc., may be installed on property that is owned by the Facility. These types of items are generally not the responsibility of the Facility and are excluded from the Replacement Reserve Inventory.

- **CATEGORIES.** The 50 items included in the Police Dept Replacement Reserve Inventory are divided into 4 major categories. Each category is printed on a separate page, beginning on page B1.3.
- **LEVEL OF SERVICE.** This Replacement Reserve Inventory has been developed in compliance with the standards established for a Level 2 Update, as defined by the National Reserve Study Standards, established in 1998 by the Community Associations Institute, which states:

This study has been performed as a Level 2 Update with Site Visit/On-Site Review as defined by the Community Associations Institute's, National Reserve Study Standards. As such, the component inventory is based on the study that was performed by . This inventory was adjusted to reflect changes provided by the Community Manager and/or the Board of Directors, or adjustments made based on the site visit and visual assessment performed by the Analyst. The analysis, including fund status and funding plan, is developed from the adjusted inventory.

REPLACEMENT RESERVE INVENTORY - GENERAL INFORMATION (CONT'D)

- **INVENTORY DATA.** Each of the 50 Projected Replacements listed in the Replacement Reserve Inventory includes the following data:
 - Item Number.** The Item Number is assigned sequentially and is intended for identification purposes only.
 - Item Description.** We have identified each item included in the Inventory. Additional information may be included in the Comments section at the bottom of each page of the Inventory.
 - Units.** We have used standard abbreviations to identify the number of units including SF-square feet, LF-lineal feet, SY-square yard, LS-lump sum, EA-each, and PR-pair. Non-standard abbreviations are noted in the Comments section at the bottom of the page.
 - Number of Units.** The methods used to develop the quantities are discussed in "Level of Service" above.
 - Unit Replacement Cost.** We use four sources to develop the unit cost data shown in the Inventory; actual replacement cost data provided by the client, information provided by local contractors and suppliers, industry standard estimating manuals, and a cost database we have developed based upon our detailed interviews with contractors and service providers who are specialists in their respective lines of work.
 - Normal Economic Life (Years).** The number of years that a new and properly installed item should be expected to remain in service.
 - Remaining Economic Life (Years).** The estimated number of years before an item will need to be replaced. In "normal" conditions, this could be calculated by subtracting the age of the item from the Normal Economic Life of the item, but only rarely do physical assets age "normally". Some items may have longer or shorter lives depending on many factors such as environment, initial quality of the item, maintenance, etc.
 - Total Replacement Cost.** This is calculated by multiplying the Unit Replacement Cost by the Number of Units.
- **PARTIAL FUNDING.** Items may have been included in the Replacement Reserve Inventory at less than 100 percent of their full quantity and/or replacement cost. This is done on items that will never be replaced in their entirety, but which may require periodic replacements over an extended period of time. The assumptions that provide the basis for any partial funding are noted in the Comments section.
- **REMAINING ECONOMIC LIFE GREATER THAN 40 YEARS.** The calculations do not include funding for initial replacements beyond 40 years. These replacements are included in this Study for tracking and evaluation. They should be included for funding in future Studies, when they enter the 40-year window.
- **ACCURACY OF THE ANALYSIS.** The accuracy of the Replacement Reserve Analysis is dependent upon expenditures from Replacement Reserves being made ONLY for the 50 Projected Replacements specifically listed in the Replacement Reserve Inventory. The inclusion/exclusion of items from the Replacement Reserve Inventory is discussed on Page B1.1.

SITE ITEMS PROJECTED REPLACEMENTS					NEL- Normal Economic Life (yrs) REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
1	Asphalt pavement, mill and overlay	sf	21,088	\$5.06	18	15	\$106,705
2	Pavement, rejuvenator seal coat	sf	21,088	\$0.31	6	3	\$6,537
3	Concrete curb and gutter	ft	112	\$47.04	54	30	\$5,268
4	Concrete flatwork	sf	1,112	\$15.73	60	30	\$17,492
	Bollards						EXCLUDED
5	Building exterior lighting (allowance) Ornamental exterior lighting "Police"	ls	1	\$5,500.00	15	3	\$5,500 EXCLUDED
6	Lamp post	ea	8	\$3,976.00	30	13	\$31,808
7	Lamp post head	ea	8	\$952.00	15	3	\$7,616
8	Landscape bollard light	ea	9	\$1,064.00	15	3	\$9,576
	Block retaining wall, reset allowance						EXCLUDED
9	Block retaining wall, replacement	sf	280	\$84.00	54	30	\$23,520
10	Privacy fencing	ft	325	\$50.40	20	3	\$16,380
11	Flagpole (approximately 30') Flagpole lighting	ea	1	\$7,280.00	30	13	\$7,280 EXCLUDED
	Stormwater management (allowance)						EXCLUDED
12	Oil separator (allowance)	ls	1	\$28,000.00	30	13	\$28,000
Replacement Costs - Page Subtotal							\$265,683

COMMENTS	
<ul style="list-style-type: none"> Bollards - [03/13/2025] excluded per board Ornamental exterior lighting "Police" - [03/13/2025] excluded per board Block retaining wall, reset allowance - [05/06/2025] excluded per request Flagpole lighting - [03/13/2025] excluded per board Stormwater management (allowance) - [05/06/2025] excluded per request 	

SITE ITEMS - (cont.) PROJECTED REPLACEMENTS					NEL- Normal Economic Life (yrs) REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
13	Domestic water (allowance)	ls	1	\$5,600.00	10	3	\$5,600
14	Sanitary sewer (allowance)	ls	1	\$5,600.00	10	3	\$5,600
Replacement Costs - Page Subtotal							\$11,200

COMMENTS

EXTERIOR ITEMS PROJECTED REPLACEMENTS					NEL- Normal Economic Life (yrs) REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
15	Built-up roofing (BUR), flat Gutters and downspouts	sf	7,347	\$35.84	20	3	\$263,316 EXCLUDED
	8" roof scuppers and downspouts						EXCLUDED
	Roof hatch						EXCLUDED
16	Brick veneer repoint (10% allowance)	sf	541	\$13.44	25	8	\$7,271
17	Caulking (allowance)	ls	1	\$5,600.00	5	3	\$5,600
18	Exterior door (allowance)	ls	1	\$13,440.00	20	3	\$13,440
19	Overhead door and opener	ea	4	\$2,500.00	15	3	\$10,000
20	Commercial, extruded aluminum double glaze	sf	192	\$140.00	35	18	\$26,880
	Exterior building lights						EXCLUDED
21	Overhead door, range	ea	5	\$16,800.00	15	14	\$84,000
Replacement Costs - Page Subtotal							\$410,508

COMMENTS
<ul style="list-style-type: none"> Gutters and downspouts - [05/06/2025] excluded per request 8" roof scuppers and downspouts - [03/13/2025] excluded per board Roof hatch - [05/06/2025] excluded per request Item #19: Overhead door and opener - [05/06/2025] Per request, changed URC. Exterior building lights - [03/13/2025] excluded per board

INTERIOR ITEMS PROJECTED REPLACEMENTS					NEL- Normal Economic Life (yrs) REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
	Interior door replacement (allowance)						EXCLUDED
	Interior flooring replacement (allowance)						EXCLUDED
	Interior ceiling replacement (allowance)						EXCLUDED
	Interior light replacement (allowance)						EXCLUDED
	Casework replacement (allowance)						EXCLUDED
	Restroom replacement (allowance)						EXCLUDED
	Appliance replacement (allowance)						EXCLUDED
Replacement Costs - Page Subtotal							\$0

COMMENTS
<ul style="list-style-type: none"> Interior door replacement (allowance) - [05/06/2025] excluded per request Interior flooring replacement (allowance) - [05/06/2025] excluded per request Interior ceiling replacement (allowance) - [05/06/2025] excluded per request Interior light replacement (allowance) - [05/06/2025] excluded per request Casework replacement (allowance) - [05/06/2025] excluded per request Restroom replacement (allowance) - [05/06/2025] excluded per request Appliance replacement (allowance) - [05/06/2025] excluded per request

BUILDING SYSTEMS PROJECTED REPLACEMENTS					NEL- Normal Economic Life (yrs) REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
22	Fire Alarm Control Panel, FACP	ea	1	\$13,440.00	20	3	\$13,440
	Fire Alarm Control Panel, sub panel						EXCLUDED
	Smoke detector						EXCLUDED
	Fire strobe						EXCLUDED
	Fire alarm pull						EXCLUDED
23	Domestic water piping (allowance)	ls	1	\$5,600.00	10	3	\$5,600
24	Water heater, 100 gallon commercial, with circ.	ea	1	\$16,800.00	15	3	\$16,800
25	Well pump	ea	1	\$9,520.00	10	3	\$9,520
	Well clean-up service						EXCLUDED
26	Well pressure tank	ea	1	\$8,400.00	12	9	\$8,400
27	Well water softener	ea	1	\$6,720.00	12	9	\$6,720
	Water testing						EXCLUDED
28	Well replacement (or re-sleeve)	ea	1	\$16,800.00	25	8	\$16,800
29	Package unit, RTU (4 ton/48,000 btu)	ea	2	\$17,920.00	24	7	\$35,840
30	Package unit, RTU (5 ton/70,000 btu)	ea	1	\$20,160.00	24	7	\$20,160
31	Package unit, RTU (2.5 ton/30,000 btu)	ea	1	\$13,440.00	24	7	\$13,440
32	Garage heater, gas	ea	1	\$8,580.00	20	17	\$8,580
33	Exhaust fan, 1/4 hp, rooftop	ea	3	\$2,688.00	14	3	\$8,064
34	Emergency generator (150 Kw)	ea	1	\$196,000.00	30	13	\$196,000
35	Emergency generator (allowance)	ea	1	\$11,200.00	10	8	\$11,200
36	Electrical (allowance)	ea	1	\$5,600.00	15	1	\$5,600
Replacement Costs - Page Subtotal							\$376,164

COMMENTS

- Fire Alarm Control Panel, sub panel - [03/13/2025] excluded per board
- Smoke detector - [03/13/2025] excluded per board
- Fire strobe - [03/13/2025] excluded per board
- Fire alarm pull - [03/13/2025] excluded per board
- Well clean-up service - [03/13/2025] excluded per board
- Water testing - [03/13/2025] excluded per board
- Item #32: Garage heater, gas - [05/06/2025] Per request, changed description, QTY, and URC.

BUILDING SYSTEMS - (cont.) PROJECTED REPLACEMENTS					NEL- Normal Economic Life (yrs) REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
37	Access Control System (ACS)	ls	1	\$40,000.00	15	1	\$40,000
38	Security camera, wired	ea	15	\$800.00	15	3	\$12,000
39	CCTV system	ea	1	\$10,000.00	15	3	\$10,000
40	Radio antenna (allowance)	ls	1	\$5,500.00	15	5	\$5,500
41	IT/Network (allowance)	ls	1	\$7,500.00	5	5	\$7,500
42	Phone system (allowance)	ls	1	\$10,000.00	15	none	\$10,000
43	Computer workstation	ea	15	\$1,850.00	10	9	\$27,750
Replacement Costs - Page Subtotal							\$112,750

COMMENTS
<ul style="list-style-type: none"> Item #37: Access Control System (ACS) - [05/06/2025] Per request, changed URC, NEL, and REL to reflect a full replacement.

PD GARAGE BUILDING - NEW PROJECTED REPLACEMENTS					NEL- Normal Economic Life (yrs) REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
	Concrete roadway (6% allowance)						EXCLUDED
44	Roofing, steel standing seam	sf	1,200	\$28.00	50	50	\$33,600
	Gutter and downspouts, 5" aluminum (10 feet						EXCLUDED
45	Siding and trim, aluminum	sf	1,200	\$17.92	25	25	\$21,504
46	Door, steel, residential, flush	ea	1	\$2,016.00	20	20	\$2,016
47	Door, auto operator	ea	3	\$3,000.00	20	20	\$9,000
48	Unit heaters	ea	2	\$1,500.00	20	20	\$3,000
49	Building lighting (allowance)	ls	1	\$5,600.00	15	15	\$5,600
50	Building electrical (allowance)	ls	1	\$5,600.00	20	20	\$5,600
Replacement Costs - Page Subtotal							\$80,320

COMMENTS

- Concrete roadway (6% allowance) - [05/06/2025] excluded per request
- Gutter and downspouts, 5" aluminum (10 feet above) - [05/06/2025] excluded per request
- Item #47: Door, auto operator - [05/06/2025] Per request, changed URC.
- Item #48: Unit heaters - [05/06/2025] Per request, changed URC.

VALUATION EXCLUSIONS								
Excluded Items								
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)	
	Smoke detector						EXCLUDED	
	Fire alarm pull						EXCLUDED	
	Domestic water pipping						EXCLUDED	
	Water heater						EXCLUDED	
	Well pump						EXCLUDED	
	Well clean up service						EXCLUDED	
	Pressure tank						EXCLUDED	
	Water testing						EXCLUDED	
	Tot lot border						EXCLUDED	
	Access control system						EXCLUDED	
	Signage						EXCLUDED	

VALUATION EXCLUSIONS	
Comments	
<ul style="list-style-type: none"> Valuation Exclusions. For ease of administration of the Replacement Reserves and to reflect accurately how Replacement Reserves are administered, items with a dollar value less than \$1000 have not been scheduled for funding from Replacement Reserve. Examples of items excluded by Replacement Reserves by this standard are listed above. The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive. 	

SECTION C - CALENDAR OF PROJECTED ANNUAL REPLACEMENTS

GENERAL STATEMENT. The 50 Projected Replacements in the Police Dept Replacement Reserve Inventory whose replacement is scheduled to be funded from Replacement Reserves are broken down on a year-by-year basis, beginning on Page C1.2.

REPLACEMENT RESERVE ANALYSIS AND INVENTORY POLICIES, PROCEDURES, AND ADMINISTRATION

- **REVIEW OF THE REPLACEMENT RESERVE STUDY.** For this study to be effective, it should be reviewed by the Board of Directors, those responsible for the management of the items included in the Replacement Reserve Inventory, and the accounting professionals employed by the Facility.
- **REVISIONS.** Revisions will be made to the Replacement Reserve Analysis and Replacement Reserve Inventory in accordance with the written instructions of the Board of Directors. No additional charge is incurred for the first revision if requested in writing within three months of the date of the Replacement Reserve Study. It is our policy to provide revisions in electronic (Adobe PDF) format only. We acknowledge that there are instances in which multiple revisions are necessary. However, unnecessary multiple revisions drain our time and manpower resources. Therefore, MillerDodson will exercise its sole discretion as to whether additional charges are incurred.
- **TAX CODE.** The United States Tax Code grants favorable tax status to a common interest development (CID) meeting certain guidelines for their Replacement Reserve. If a CID files their taxes as a 'Corporation' on Form 1120 (IRC Section 277), these guidelines typically require maintenance activities, partial replacements, minor replacements, capital improvements, and one-time-only replacements to be excluded from Reserves. A CID cannot co-mingle planning for maintenance activities with capital replacement activities in the Reserves (Revenue Ruling 75-370). Funds for maintenance activities and capital replacement activities must be held in separate accounts. If a CID files taxes as an "Exempt Homeowners Association" using Form 1120H (IRC Section 528), the CID does not have to segregate these activities. However, because the CID may elect to change their method of filing from year to year within the Study Period, we advise using the more restrictive approach. We further recommend that the CID consult with their Accountant and consider creating separate and independent accounts and reserves for large maintenance items, such as painting.
- **CONFLICT OF INTEREST.** Neither MillerDodson Associates nor the Reserve Analyst has any prior or existing relationship with this Facility which would represent a real or perceived conflict of interest.
- **RELIANCE ON DATA PROVIDED BY THE CLIENT.** Information provided by an official representative of the Facility regarding financial, physical conditions, quality, or historical issues is deemed reliable.
- **INTENT.** This Replacement Reserve Study is a reflection of the information provided by the Facility and the visual evaluations of the Analyst. It has been prepared for the sole use of the Facility and is not for the purpose of performing an audit, quality/forensic analyses, or background checks of historical records.
- **PREVIOUS REPLACEMENTS.** Information provided to MillerDodson Associates regarding prior replacements is considered to be accurate and reliable. Our visual evaluation is not a project audit or quality inspection.
- **EXPERIENCE WITH FUTURE REPLACEMENTS.** The Calendar of Annual Projected Replacements, lists replacements we have projected to occur over the Study Period and begins on Page C2. Actual experience in replacing the items may differ significantly from the cost estimates and time frames shown because of conditions beyond our control. These differences may be caused by maintenance practices, inflation, variations in pricing and market conditions, future technological developments, regulatory actions, acts of God, and luck. Some items may function normally during our visual evaluation and then fail without notice.

PROJECTED REPLACEMENTS

[illegible]

PROJECTED REPLACEMENTS

2031 - YEAR 6			2032 - YEAR 7		
Item		\$	Item		\$
			29	Package unit, RTU (4 ton/48,000 btu)	\$35,840
			30	Package unit, RTU (5 ton/70,000 btu)	\$20,160
			31	Package unit, RTU (2.5 ton/30,000 btu)	\$13,440

PROJECTED REPLACEMENTS

2037 - YEAR 12			2038 - YEAR 13		
Item		\$	Item		\$
No Scheduled Replacements			6	Lamp post	\$31,808
			11	Flagpole (approximately 30')	\$7,280
			12	Oil separator (allowance)	\$28,000
			13	Domestic water (allowance)	\$5,600
			14	Sanitary sewer (allowance)	\$5,600
			17	Caulking (allowance)	\$5,600
			23	Domestic water piping (allowance)	\$5,600
			25	Well pump	\$9,520
			34	Emergency generator (150 Kw)	\$196,000
			Total Scheduled Replacements		
			\$295,008		
2039 - YEAR 14			2040 - YEAR 15		
Item		\$	Item		\$
21	Overhead door, range	\$84,000	1	Asphalt pavement, mill and overlay	\$106,705
			2	Pavement, rejuvenator seal coat	\$6,537
			41	IT/Network (allowance)	\$7,500
			42	Phone system (allowance)	\$10,000
			49	Building lighting (allowance)	\$5,600
Total Scheduled Replacements			Total Scheduled Replacements		
\$84,000			\$136,343		
2041 - YEAR 16			2042 - YEAR 17		
Item		\$	Item		\$
36	Electrical (allowance)	\$5,600	32	Garage heater, gas	\$8,580
37	Access Control System (ACS)	\$40,000	33	Exhaust fan, 1/4 hp, rooftop	\$8,064
Total Scheduled Replacements			Total Scheduled Replacements		
\$45,600			\$16,644		

PROJECTED REPLACEMENTS

2043 - YEAR 18			2044 - YEAR 19		
Item		\$	Item		\$
5	Building exterior lighting (allowance)	\$5,500	43	Computer workstation	\$27,750
7	Lamp post head	\$7,616			
8	Landscape bollard light	\$9,576			
17	Caulking (allowance)	\$5,600			
19	Overhead door and opener	\$10,000			
20	Commercial, extruded aluminum double glaze window	\$26,880			
24	Water heater, 100 gallon commercial, with circ.	\$16,800			
35	Emergency generator (allowance)	\$11,200			
38	Security camera, wired	\$12,000			
39	CCTV system	\$10,000			
Total Scheduled Replacements		\$115,172	Total Scheduled Replacements		\$27,750
2045 - YEAR 20			2046 - YEAR 21		
Item		\$	Item		\$
40	Radio antenna (allowance)	\$5,500	2	Pavement, rejuvenator seal coat	\$6,537
41	IT/Network (allowance)	\$7,500	26	Well pressure tank	\$8,400
46	Door, steel, residential, flush	\$2,016	27	Well water softener	\$6,720
47	Door, auto operator	\$9,000			
48	Unit heaters	\$3,000			
50	Building electrical (allowance)	\$5,600			
Total Scheduled Replacements		\$32,616	Total Scheduled Replacements		\$21,657
2047 - YEAR 22			2048 - YEAR 23		
Item		\$	Item		\$
			10	Privacy fencing	\$16,380
			13	Domestic water (allowance)	\$5,600
			14	Sanitary sewer (allowance)	\$5,600
			15	Built-up roofing (BUR), flat	\$263,316
			17	Caulking (allowance)	\$5,600
			18	Exterior door (allowance)	\$13,440
			22	Fire Alarm Control Panel, FACP	\$13,440
			23	Domestic water piping (allowance)	\$5,600
			25	Well pump	\$9,520
No Scheduled Replacements			Total Scheduled Replacements		\$338,496

PROJECTED REPLACEMENTS

2049 - YEAR 24			2050 - YEAR 25		
Item		\$	Item		\$
			41	IT/Network (allowance)	\$7,500
			45	Siding and trim, aluminum	\$21,504
No Scheduled Replacements			Total Scheduled Replacements		
			\$29,004		
2051 - YEAR 26			2052 - YEAR 27		
Item		\$	Item		\$
			2	Pavement, rejuvenator seal coat	\$6,537
No Scheduled Replacements			Total Scheduled Replacements		
			\$6,537		
2053 - YEAR 28			2054 - YEAR 29		
Item		\$	Item		\$
17	Caulking (allowance)	\$5,600	21	Overhead door, range	\$84,000
35	Emergency generator (allowance)	\$11,200	43	Computer workstation	\$27,750
Total Scheduled Replacements			Total Scheduled Replacements		
\$16,800			\$111,750		

PROJECTED REPLACEMENTS

2055 - YEAR 30			2056 - YEAR 31		
Item		\$	Item		\$
3	Concrete curb and gutter	\$5,268	29	Package unit, RTU (4 ton/48,000 btu)	\$35,840
4	Concrete flatwork	\$17,492	30	Package unit, RTU (5 ton/70,000 btu)	\$20,160
9	Block retaining wall, replacement	\$23,520	31	Package unit, RTU (2.5 ton/30,000 btu)	\$13,440
41	IT/Network (allowance)	\$7,500	33	Exhaust fan, 1/4 hp, rooftop	\$8,064
42	Phone system (allowance)	\$10,000	36	Electrical (allowance)	\$5,600
49	Building lighting (allowance)	\$5,600	37	Access Control System (ACS)	\$40,000
Total Scheduled Replacements		\$69,380	Total Scheduled Replacements		\$123,104
2057 - YEAR 32			2058 - YEAR 33		
Item		\$	Item		\$
No Scheduled Replacements			1	Asphalt pavement, mill and overlay	\$106,705
			2	Pavement, rejuvenator seal coat	\$6,537
			5	Building exterior lighting (allowance)	\$5,500
			7	Lamp post head	\$7,616
			8	Landscape bollard light	\$9,576
			13	Domestic water (allowance)	\$5,600
			14	Sanitary sewer (allowance)	\$5,600
			16	Brick veneer repoint (10% allowance)	\$7,271
			17	Caulking (allowance)	\$5,600
			19	Overhead door and opener	\$10,000
			23	Domestic water piping (allowance)	\$5,600
			24	Water heater, 100 gallon commercial, with circ.	\$16,800
			25	Well pump	\$9,520
			26	Well pressure tank	\$8,400
			27	Well water softener	\$6,720
			28	Well replacement (or re-sleeve)	\$16,800
			38	Security camera, wired	\$12,000
			39	CCTV system	\$10,000
No Scheduled Replacements			Total Scheduled Replacements		\$255,846
2059 - YEAR 34			2060 - YEAR 35		
Item		\$	Item		\$
No Scheduled Replacements			40	Radio antenna (allowance)	\$5,500
			41	IT/Network (allowance)	\$7,500
No Scheduled Replacements			Total Scheduled Replacements		\$13,000

PROJECTED REPLACEMENTS

2061 - YEAR 36			2062 - YEAR 37		
Item		\$	Item		\$
No Scheduled Replacements			32	Garage heater, gas	\$8,580
			Total Scheduled Replacements		
			\$8,580		
2063 - YEAR 38			2064 - YEAR 39		
Item		\$	Item		\$
17	Caulking (allowance)	\$5,600	2	Pavement, rejuvenator seal coat	\$6,537
35	Emergency generator (allowance)	\$11,200	43	Computer workstation	\$27,750
Total Scheduled Replacements			Total Scheduled Replacements		
\$16,800			\$34,287		
2065 (beyond study period)			2066 (beyond study period)		
Item		\$	Item		\$
41	IT/Network (allowance)	\$7,500	No Scheduled Replacements		
46	Door, steel, residential, flush	\$2,016			
47	Door, auto operator	\$9,000			
48	Unit heaters	\$3,000			
50	Building electrical (allowance)	\$5,600			
Total Scheduled Replacements					
\$27,116					

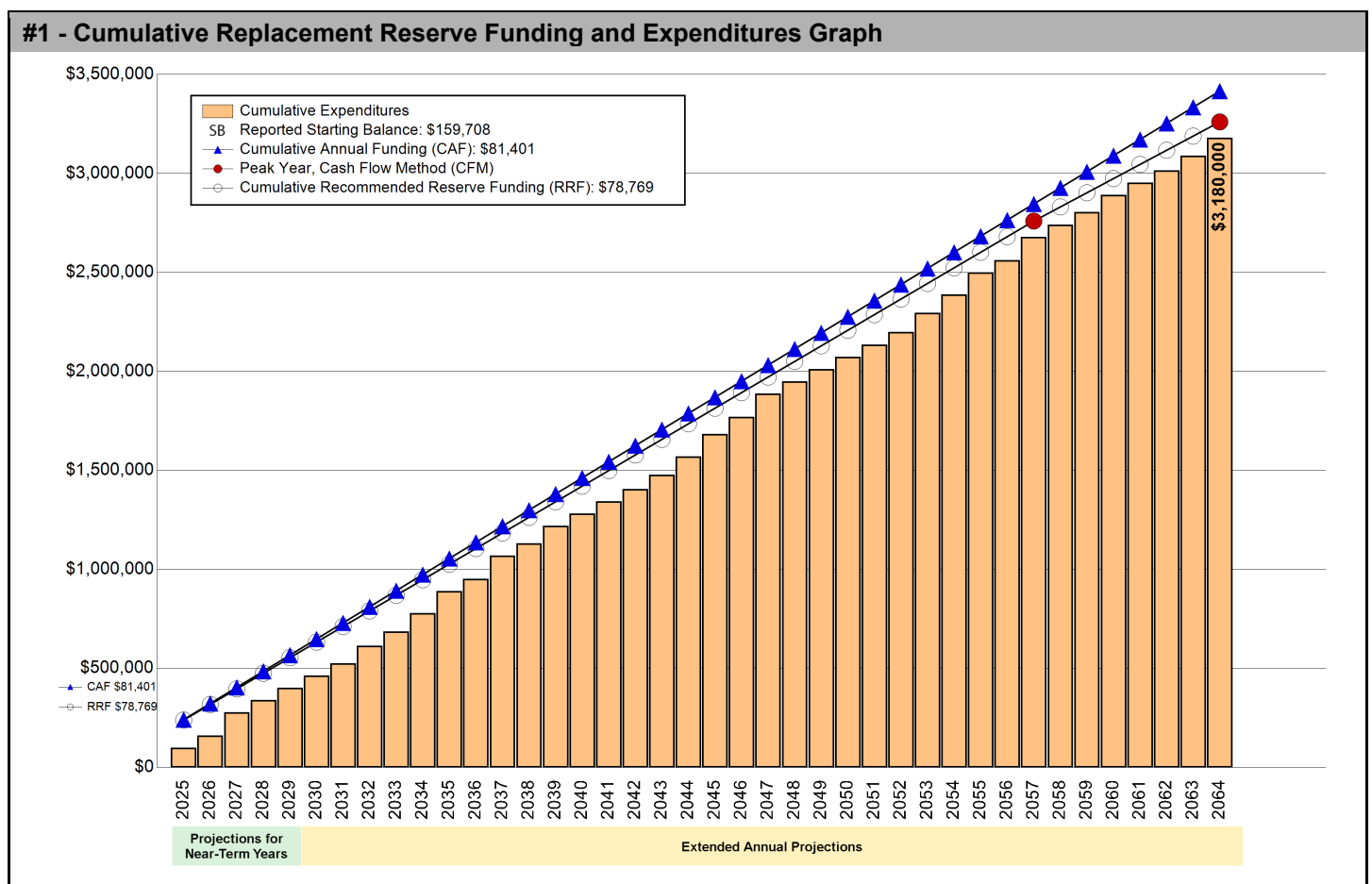
SECTION A - FINANCIAL ANALYSIS

The Police Dept Vehicles Replacement Reserve Analysis uses the Cash Flow Method (CFM) to calculate Replacement Reserve funding for the periodic replacement of the 12 Projected Replacements identified in the Replacement Reserve Inventory.

\$78,769 RECOMMENDED REPLACEMENT RESERVE FUNDING FOR THE STUDY YEAR, 2025

We recommend the Department adopt a Replacement Reserve Funding Plan based on the annual funding recommendation above. Inflation adjusted funding for subsequent years is shown on Page A2.5.

Police Dept Vehicles reports a Starting Balance of \$159,707 and Annual Funding totaling \$81,401, which adequately funds projected replacements for the near-term years. See Page A2.3 for a more detailed evaluation.



The Police Dept. is currently funding the Reserves at a slightly higher level than what is calculated in the current Reserve Study. However, due to the high rate of inflation in today's construction industry and its effect on increased Replacement costs, we recommend that the Township continue to fund at its current higher funding level.

REPLACEMENT RESERVE ANALYSIS - GENERAL INFORMATION

The Police Dept Vehicles Replacement Reserve Analysis calculations of recommended funding of Replacement Reserves by the Cash Flow Method (CFM) and the evaluation of the Current Funding are based upon the same Study Year, Study Period, Beginning Balance, Replacement Reserve Inventory and Level of Service.

2025 | STUDY YEAR

The Department reports that their accounting year begins on January 1, and the Study Year, the first year evaluated by the Replacement Reserve Analysis, begins on January 1, 2025.

40 Years | STUDY PERIOD

The Replacement Reserve Analysis evaluates the funding of Replacement Reserves over a 40-year Study Period

\$159,707 | STARTING BALANCE

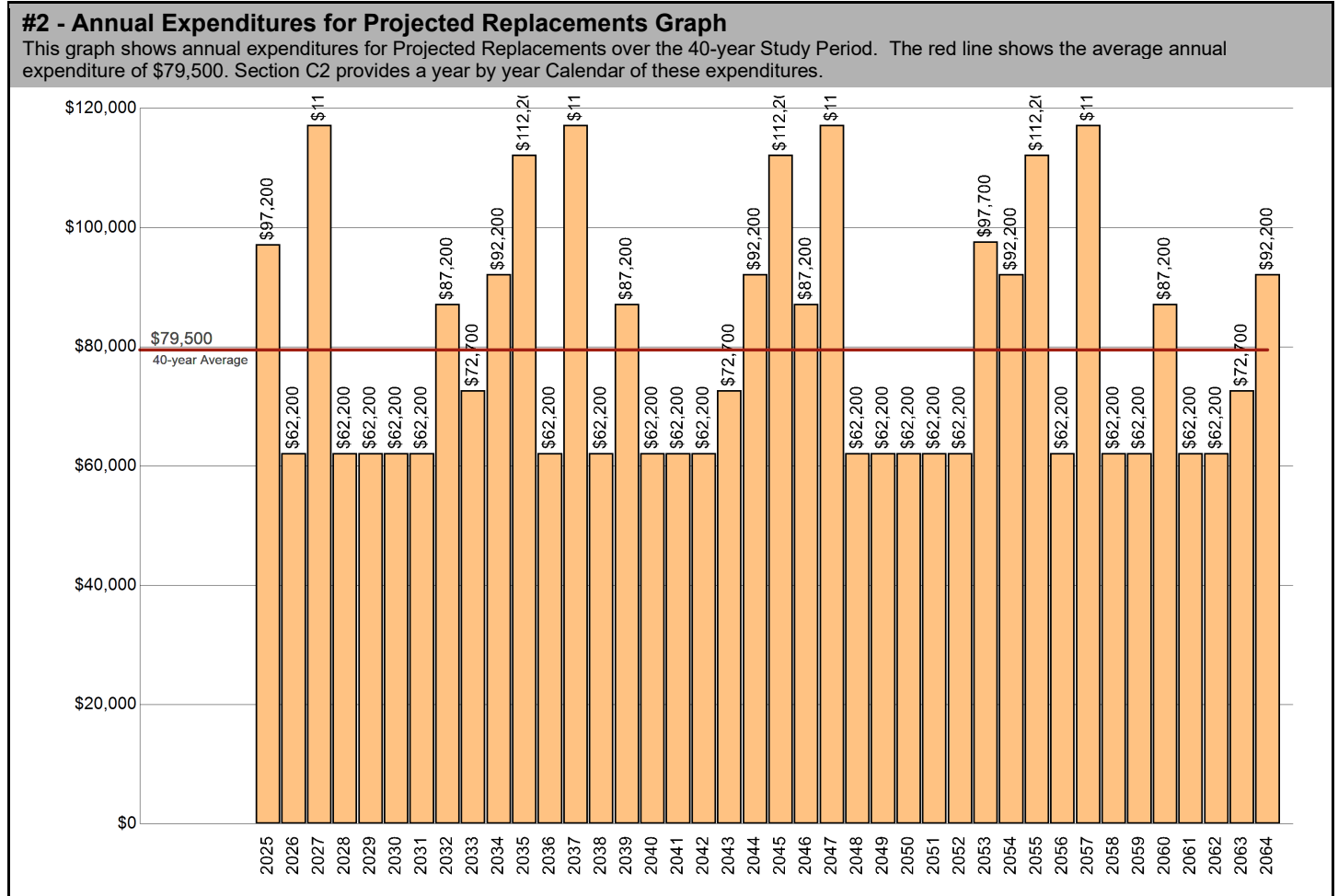
The Department reports Replacement Reserves on Deposit totaling \$159,707 at the start of the Study Year.

Level Two | LEVEL OF SERVICE

The Replacement Reserve Inventory has been developed in compliance with the National Reserve Study Standards for a Level Two Study, as defined by the Community Associations Institute (CAI).

\$3,180,000 | REPLACEMENT RESERVE INVENTORY - PROJECTED REPLACEMENTS

The Police Dept Vehicles Replacement Reserve Inventory identifies 12 items that will require periodic replacement, that are to be funded from Replacement Reserves. We estimate the cost of these replacements will be \$3,180,000 over the 40-year Study Period. The Projected Replacements are divided into 1 major categories starting on Page B2.3. Pages B2.1-B2.2 provide detailed information on the Replacement Reserve Inventory.



UPDATING OF THE FUNDING PLAN

The Department has a responsibility to review the Funding Plan annually. The review should include a comparison and evaluation of actual reserve funding with recommended levels shown on Page A2.4 and A2.5. The Projected Replacements listed on Page C2.2 should be compared with any replacements accomplished and funded from Replacement Reserves. Discrepancies should be evaluated and if necessary, the Reserve Study should be updated or a new study commissioned. We recommend annual increases in replacement reserve funding to account for the impact of inflation. Inflation Adjusted Funding is discussed on Page A2.5.

UPDATING OF THE REPLACEMENT RESERVE STUDY

At a minimum, the Replacement Reserve Study should be professionally updated every three to five years or after completion of a major replacement project. Updating should also be considered if during the annual review of the Funding Plan, discrepancies are noted between projected and actual reserve funding or replacement costs. Updating may also be necessary if there is a meaningful discrepancy between the actual inflation rate and the inflation rate used for the Inflation Adjusted Funding of Replacement Reserves on Page A2.5.

ANNUAL EXPENDITURES AND CURRENT FUNDING

The annual expenditures that comprise the \$3,180,000 of Projected Expenditures over the 40-year Study Period and the impact of the Department continuing to fund Replacement Reserves at the current level are detailed in Table 3.

#3 - Table of Annual Expenditures and Current Funding Data - Years 0 through 39										
Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Starting Balance	\$159,708									
Projected Replacements	(\$97,200)	(\$62,200)	(\$117,200)	(\$62,200)	(\$62,200)	(\$62,200)	(\$62,200)	(\$87,200)	(\$72,700)	(\$92,200)
Annual Deposit	\$81,401	\$81,401	\$81,401	\$81,401	\$81,401	\$81,401	\$81,401	\$81,401	\$81,401	\$81,401
End of Year Balance	\$143,909	\$163,110	\$127,311	\$146,512	\$165,713	\$184,914	\$204,115	\$198,316	\$207,017	\$196,218
Cumulative Expenditures	(\$97,200)	(\$159,400)	(\$276,600)	(\$338,800)	(\$401,000)	(\$463,200)	(\$525,400)	(\$612,600)	(\$685,300)	(\$777,500)
Cumulative Receipts	\$241,109	\$322,510	\$403,911	\$485,312	\$566,713	\$648,114	\$729,515	\$810,916	\$892,317	\$973,718
Year	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Projected Replacements	(\$112,200)	(\$62,200)	(\$117,200)	(\$62,200)	(\$87,200)	(\$62,200)	(\$62,200)	(\$62,200)	(\$72,700)	(\$92,200)
Annual Deposit	\$81,401	\$81,401	\$81,401	\$81,401	\$81,401	\$81,401	\$81,401	\$81,401	\$81,401	\$81,401
End of Year Balance	\$165,419	\$184,620	\$148,821	\$168,022	\$162,223	\$181,424	\$200,625	\$219,826	\$228,527	\$217,728
Cumulative Expenditures	(\$889,700)	(\$951,900)	(\$1,069,100)	(\$1,131,300)	(\$1,218,500)	(\$1,280,700)	(\$1,342,900)	(\$1,405,100)	(\$1,477,800)	(\$1,570,000)
Cumulative Receipts	\$1,055,119	\$1,136,520	\$1,217,921	\$1,299,322	\$1,380,723	\$1,462,124	\$1,543,525	\$1,624,926	\$1,706,327	\$1,787,728
Year	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Projected Replacements	(\$112,200)	(\$87,200)	(\$117,200)	(\$62,200)	(\$62,200)	(\$62,200)	(\$62,200)	(\$62,200)	(\$97,700)	(\$92,200)
Annual Deposit	\$81,401	\$81,401	\$81,401	\$81,401	\$81,401	\$81,401	\$81,401	\$81,401	\$81,401	\$81,401
End of Year Balance	\$186,929	\$181,130	\$145,331	\$164,532	\$183,733	\$202,934	\$222,135	\$241,336	\$225,037	\$214,238
Cumulative Expenditures	(\$1,682,200)	(\$1,769,400)	(\$1,886,600)	(\$1,948,800)	(\$2,011,000)	(\$2,073,200)	(\$2,135,400)	(\$2,197,600)	(\$2,295,300)	(\$2,387,500)
Cumulative Receipts	\$1,869,129	\$1,950,530	\$2,031,931	\$2,113,332	\$2,194,733	\$2,276,134	\$2,357,535	\$2,438,936	\$2,520,337	\$2,601,738
Year	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064
Projected Replacements	(\$112,200)	(\$62,200)	(\$117,200)	(\$62,200)	(\$62,200)	(\$87,200)	(\$62,200)	(\$62,200)	(\$72,700)	(\$92,200)
Annual Deposit	\$81,401	\$81,401	\$81,401	\$81,401	\$81,401	\$81,401	\$81,401	\$81,401	\$81,401	\$81,401
End of Year Balance	\$183,439	\$202,640	\$166,841	\$186,042	\$205,243	\$199,444	\$218,645	\$237,846	\$246,547	\$235,748
Cumulative Expenditures	(\$2,499,700)	(\$2,561,900)	(\$2,679,100)	(\$2,741,300)	(\$2,803,500)	(\$2,890,700)	(\$2,952,900)	(\$3,015,100)	(\$3,087,800)	(\$3,180,000)
Cumulative Receipts	\$2,683,139	\$2,764,540	\$2,845,941	\$2,927,342	\$3,008,743	\$3,090,144	\$3,171,545	\$3,252,946	\$3,334,347	\$3,415,748

EVALUATION OF CURRENT FUNDING

The evaluation of Current Funding (Starting Balance of \$159,707 & annual funding of \$81,401), is done in today's dollars with no adjustments for inflation or interest earned on Replacement Reserves. The evaluation assumes Replacement Reserves will only be used for the 12 Projected Replacements identified in the Replacement Reserve Inventory and that the Department will continue Annual Funding of \$81,401 throughout the 40-year Study Period.

Annual Funding of \$81,401 is approximately 103 percent of the \$78,769 recommended Annual Funding calculated by the Cash Flow Method for 2025, the Study Year.

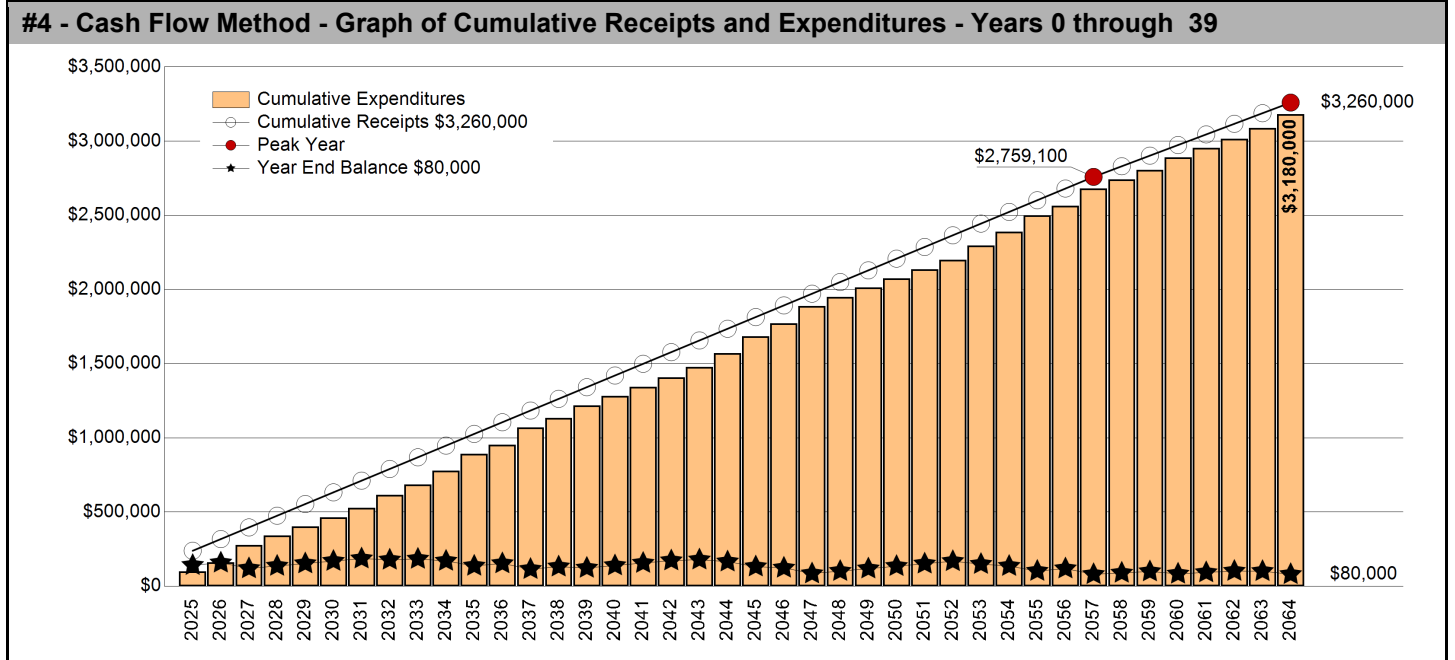
See the Executive Summary for the Current Funding Statement.

CASH FLOW METHOD FUNDING

\$78,769 RECOMMENDED REPLACEMENT RESERVE FUNDING FOR 2025

Recommended Replacement Reserve Funding has been calculated using the Cash Flow Method (also called the Straight Line or Threshold Method). This method calculates a constant annual funding between peaks in cumulative expenditures, while maintaining a Minimum Balance (threshold) in the Peak Years.

- **Peak Years.** The First Peak Year occurs in 2057 with Replacement Reserves on Deposit dropping to the Minimum Balance after the completion of \$2,679,100 of replacements from 2025 to 2057. Recommended funding is anticipated to decline in 2058. Peak Years are identified in Chart 4 and Table 5.
- **Threshold (Minimum Balance).** The calculations assume a Minimum Balance of \$80,000 will always be held in reserve, which is calculated by rounding the 12-month 40-year average annual expenditure of \$79,500 as shown on Graph #2.
- **Cash Flow Method Study Period.** Cash Flow Method calculates funding for \$3,180,000 of expenditures over the 40-year Study Period. It does not include funding for any projects beyond 2064 and in 2064, the end of year balance will always be the Minimum Balance.



#5 - Cash Flow Method - Table of Receipts & Expenditures - Years 0 through 39

Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Starting Balance	\$159,708									
Projected Replacements	(\$97,200)	(\$62,200)	(\$117,200)	(\$62,200)	(\$62,200)	(\$62,200)	(\$62,200)	(\$87,200)	(\$72,700)	(\$92,200)
Annual Deposit	\$78,769	\$78,769	\$78,769	\$78,769	\$78,769	\$78,769	\$78,769	\$78,769	\$78,769	\$78,769
End of Year Balance	\$141,277	\$157,847	\$119,416	\$135,986	\$152,555	\$169,125	\$185,694	\$177,264	\$183,333	\$169,903
Cumulative Expenditures	(\$97,200)	(\$159,400)	(\$276,600)	(\$338,800)	(\$401,000)	(\$463,200)	(\$525,400)	(\$612,600)	(\$685,300)	(\$777,500)
Cumulative Receipts	\$238,477	\$317,247	\$396,016	\$474,786	\$553,555	\$632,325	\$711,094	\$789,864	\$868,633	\$947,403
Year	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Projected Replacements	(\$112,200)	(\$62,200)	(\$117,200)	(\$62,200)	(\$87,200)	(\$62,200)	(\$62,200)	(\$62,200)	(\$72,700)	(\$92,200)
Annual Deposit	\$78,769	\$78,769	\$78,769	\$78,769	\$78,769	\$78,769	\$78,769	\$78,769	\$78,769	\$78,769
End of Year Balance	\$136,472	\$153,041	\$114,611	\$131,180	\$122,750	\$139,319	\$155,889	\$172,458	\$178,528	\$165,097
Cumulative Expenditures	(\$889,700)	(\$951,900)	(\$1,069,100)	(\$1,131,300)	(\$1,218,500)	(\$1,280,700)	(\$1,342,900)	(\$1,405,100)	(\$1,477,800)	(\$1,570,000)
Cumulative Receipts	\$1,026,172	\$1,104,941	\$1,183,711	\$1,262,480	\$1,341,250	\$1,420,019	\$1,498,789	\$1,577,558	\$1,656,328	\$1,735,097
Year	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Projected Replacements	(\$112,200)	(\$87,200)	(\$117,200)	(\$62,200)	(\$62,200)	(\$62,200)	(\$62,200)	(\$62,200)	(\$97,700)	(\$92,200)
Annual Deposit	\$78,769	\$78,769	\$78,769	\$78,769	\$78,769	\$78,769	\$78,769	\$78,769	\$78,769	\$78,769
End of Year Balance	\$131,667	\$123,236	\$84,805	\$101,375	\$117,944	\$134,514	\$151,083	\$167,653	\$148,722	\$135,292
Cumulative Expenditures	(\$1,682,200)	(\$1,769,400)	(\$1,886,600)	(\$1,948,800)	(\$2,011,000)	(\$2,073,200)	(\$2,135,400)	(\$2,197,600)	(\$2,295,300)	(\$2,387,500)
Cumulative Receipts	\$1,813,867	\$1,892,636	\$1,971,405	\$2,050,175	\$2,128,944	\$2,207,714	\$2,286,483	\$2,365,253	\$2,444,022	\$2,522,792
Year	2055	2056	1st Peak - 2057	2058	2059	2060	2061	2062	2063	2nd Peak - 2064
Projected Replacements	(\$112,200)	(\$62,200)	(\$117,200)	(\$62,200)	(\$62,200)	(\$87,200)	(\$62,200)	(\$62,200)	(\$72,700)	(\$92,200)
Annual Deposit	\$78,769	\$78,769	\$78,769	\$71,557	\$71,557	\$71,557	\$71,557	\$71,557	\$71,557	\$71,557
End of Year Balance	\$101,861	\$118,431	\$80,000	\$89,357	\$98,714	\$83,071	\$92,429	\$101,786	\$100,643	\$80,000
Cumulative Expenditures	(\$2,499,700)	(\$2,561,900)	(\$2,679,100)	(\$2,741,300)	(\$2,803,500)	(\$2,890,700)	(\$2,952,900)	(\$3,015,100)	(\$3,087,800)	(\$3,180,000)
Cumulative Receipts	\$2,601,561	\$2,680,331	\$2,759,100	\$2,830,657	\$2,902,214	\$2,973,771	\$3,045,329	\$3,116,886	\$3,188,443	\$3,260,000

INFLATION ADJUSTED FUNDING

The Cash Flow Method calculations on Page A4 have been done in today's dollars with no adjustment for inflation. At Miller+Dodson, we believe that long-term inflation forecasting is effective at demonstrating the power of compounding, not at calculating appropriate funding levels for Replacement Reserves. We have developed this proprietary model to estimate the short-term impact of inflation on Replacement Reserve funding.

\$78,769 2025 - CASH FLOW METHOD RECOMMENDED FUNDING

The 2025 Study Year calculations have been made using current replacement costs

\$83,496 2026 - 6.0% INFLATION ADJUSTED FUNDING

A new analysis calculates the 2026 funding based on three assumptions:

- Starting Balance totaling \$141,277 on January 1, 2026.
- 2026 Non-inflation replacement costs listed in Section C, \$62,200, will be replaced at approximately \$65,932, 6.00% compounded inflation increase to 2025 costs.
- The \$83,496 inflation-adjusted funding in 2026 is a 6.0% increase over the non-inflation-adjusted funding of \$78,769.

\$88,505 2027 - 6.0% INFLATION ADJUSTED FUNDING

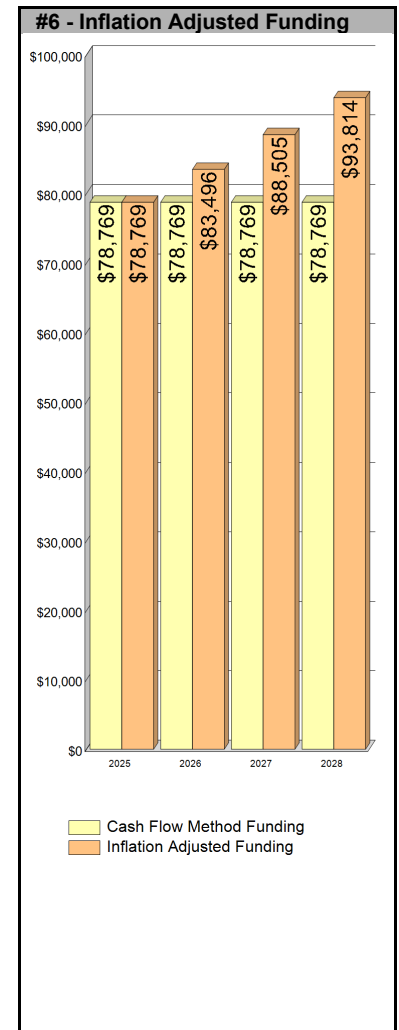
A new analysis calculates the 2027 funding based on three assumptions:

- Starting balance of approximately \$158,841 = 2027 Starting Balance \$141,277, plus Inflation Adjusted Funding \$83,496 for 2026, minus \$65,932 2026 Inflation Adjusted Cost.
- 2027 Non-inflation replacement costs listed in Section C, \$117,200, will be replaced at approximately \$131,686, 6.0% compounded inflation increase to 2025 costs.
- The \$88,505 inflation-adjusted funding in 2027 is a 6.0% increase over the non-inflation-adjusted funding of \$83,496 for 2026.

\$93,814 2028 - 6.0% INFLATION ADJUSTED FUNDING

A new analysis calculates the 2028 funding based on three assumptions:

- Starting balance of approximately \$115,660 = 2028 Starting Balance \$158,841, plus Inflation Adjusted Funding \$88,505 for 2027, minus \$131,686 2027 Inflation Adjusted Cost.
- 2028 Non-inflation replacement costs listed in Section C, \$62,200, will be replaced at approximately \$74,081, 6.0% compounded inflation increase to 2025 costs.
- The \$93,814 inflation-adjusted funding in 2028 is a 6.0% increase over the non-inflation-adjusted funding of \$88,505 for 2027.



Year Four and Beyond

The inflation-adjusted funding calculations outlined above are not intended to be a substitute for periodic evaluation of common elements by an experienced Reserve Analyst. Industry Standards, lender requirements, and many state and local statutes require a Replacement Reserve Study to be professionally updated every 3 to 5 years.

Inflation Adjustment

Prior to approving a budget based upon the 2026, 2027 and 2028 inflation-adjusted funding calculations above, the 6.00 percent base rate of inflation used in our calculations should be compared to rates published by the Bureau of Labor Statistics. If there is a significant discrepancy (over 1 percentage point), contact Miller+Dodson Associates prior to using the Inflation Adjusted Funding.

Interest on Reserves

The recommended funding calculations do not account for interest earned on Replacement Reserves. In 2025, based on a 1.00 percent interest rate, we estimate the Department may earn \$1,505 on an average balance of \$150,493, \$1,501 on an average balance of \$150,059 in 2026, and \$1,375 on \$137,462 in 2027. The Department may elect to attribute 100 percent of the earned interest to Reserves, resulting in a reduction in the 2025 funding from \$78,769 to \$77,265 (a 1.91 percent reduction), \$83,496 to \$81,995 in 2026 (a 1.79 percent reduction), and \$88,505 to \$87,131 in 2027 (a 1.55 percent reduction).

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SECTION B - REPLACEMENT RESERVE INVENTORY

- **PROJECTED REPLACEMENTS.** Police Dept Vehicles - Replacement Reserve Inventory identifies 12 items that are Projected Replacements and the periodic replacements of these items are scheduled for funding from Replacement Reserves. The Projected Replacements have an estimated one-time replacement cost of \$468,700. Cumulative Replacements totaling \$3,180,000 are scheduled in the Replacement Reserve Inventory over the 40-year Study Period. Cumulative Replacements include those components that are replaced more than once during the period of the study.

Projected Replacements are the replacement of commonly-owned physical assets that require periodic replacement and whose replacement is to be funded from Replacement Reserves.

- **TAX CODE.** The United States Tax Code grants favorable tax status to Replacement Reserves, conditioned on expenditures being made within certain guidelines. These guidelines typically exclude maintenance activities, minor repairs, and capital improvements.
- **EXCLUDED ITEMS.** Some of the items contained in the Replacement Reserve Inventory are 'Excluded Items'. Multiple categories of items are typically excluded from funding by Replacement Reserves, including but not limited to:

Value. Items with a replacement cost of less than \$1000 and/or a normal economic life of less than 3 years are typically excluded from funding from Replacement Reserves. This exclusion should reflect the Department policy on the administration of Replacement Reserves. If the Department has selected an alternative level, it will be noted in the Replacement Reserve Inventory - General Comments on Page B2.2.

Long-lived Items. Items are excluded from the Replacement Reserve Inventory when items are properly maintained and are assumed to have a life equal to the property.

Unit Improvements. Items owned by a single unit and where the items serve a single unit are generally assumed to be the responsibility of that unit, not the Department.

Other Non-Common Improvements. Items owned by the local government, public and private utility companies, the United States Postal Service, Master Associations, state and local highway authorities, etc., may be installed on property that is owned by the Department. These types of items are generally not the responsibility of the Department and are excluded from the Replacement Reserve Inventory.

- **CATEGORIES.** The 12 items included in the Police Dept Vehicles Replacement Reserve Inventory are divided into 1 major categories. Each category is printed on a separate page, beginning on page B2.3.
- **LEVEL OF SERVICE.** This Replacement Reserve Inventory has been developed in compliance with the standards established for a Level 2 Update, as defined by the National Reserve Study Standards, established in 1998 by the Community Associations Institute, which states:

This study has been performed as a Level 2 Update with Site Visit/On-Site Review as defined by the Community Associations Institute's, National Reserve Study Standards. As such, the component inventory is based on the study that was performed by . This inventory was adjusted to reflect changes provided by the Community Manager and/or the Board of Directors, or adjustments made based on the site visit and visual assessment performed by the Analyst. The analysis, including fund status and funding plan, is developed from the adjusted inventory.

REPLACEMENT RESERVE INVENTORY - GENERAL INFORMATION (CONT'D)

- **INVENTORY DATA.** Each of the 12 Projected Replacements listed in the Replacement Reserve Inventory includes the following data:
 - Item Number.** The Item Number is assigned sequentially and is intended for identification purposes only.
 - Item Description.** We have identified each item included in the Inventory. Additional information may be included in the Comments section at the bottom of each page of the Inventory.
 - Units.** We have used standard abbreviations to identify the number of units including SF-square feet, LF-lineal feet, SY-square yard, LS-lump sum, EA-each, and PR-pair. Non-standard abbreviations are noted in the Comments section at the bottom of the page.
 - Number of Units.** The methods used to develop the quantities are discussed in "Level of Service" above.
 - Unit Replacement Cost.** We use four sources to develop the unit cost data shown in the Inventory; actual replacement cost data provided by the client, information provided by local contractors and suppliers, industry standard estimating manuals, and a cost database we have developed based upon our detailed interviews with contractors and service providers who are specialists in their respective lines of work.
 - Normal Economic Life (Years).** The number of years that a new and properly installed item should be expected to remain in service.
 - Remaining Economic Life (Years).** The estimated number of years before an item will need to be replaced. In "normal" conditions, this could be calculated by subtracting the age of the item from the Normal Economic Life of the item, but only rarely do physical assets age "normally". Some items may have longer or shorter lives depending on many factors such as environment, initial quality of the item, maintenance, etc.
 - Total Replacement Cost.** This is calculated by multiplying the Unit Replacement Cost by the Number of Units.
- **PARTIAL FUNDING.** Items may have been included in the Replacement Reserve Inventory at less than 100 percent of their full quantity and/or replacement cost. This is done on items that will never be replaced in their entirety, but which may require periodic replacements over an extended period of time. The assumptions that provide the basis for any partial funding are noted in the Comments section.
- **REMAINING ECONOMIC LIFE GREATER THAN 40 YEARS.** The calculations do not include funding for initial replacements beyond 40 years. These replacements are included in this Study for tracking and evaluation. They should be included for funding in future Studies, when they enter the 40-year window.
- **ACCURACY OF THE ANALYSIS.** The accuracy of the Replacement Reserve Analysis is dependent upon expenditures from Replacement Reserves being made ONLY for the 12 Projected Replacements specifically listed in the Replacement Reserve Inventory. The inclusion/exclusion of items from the Replacement Reserve Inventory is discussed on Page B2.1.

VEHICLES PROJECTED REPLACEMENTS					NEL- Normal Economic Life (yrs) REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
1	Police cruiser 1	ea	1	\$47,200.00	6	4	\$47,200
2	Police cruiser 2	ea	1	\$47,200.00	6	3	\$47,200
3	Police cruiser 3	ea	1	\$47,200.00	6	2	\$47,200
4	Police cruiser 4	ea	1	\$47,200.00	6	none	\$47,200
5	Police cruiser 5	ea	1	\$47,200.00	6	5	\$47,200
6	Police cruiser 6	ea	1	\$47,200.00	6	1	\$47,200
7	Police cruiser 7 - unmarked car	ea	1	\$50,000.00	10	none	\$50,000
8	In car video system	ls	1	\$55,000.00	10	2	\$55,000
9	Toughbook MDT	ls	1	\$25,000.00	7	7	\$25,000
10	Vehicle upfitting	ea	1	\$15,000.00	1	1	\$15,000
11	Mobile radios	ls	1	\$30,000.00	10	9	\$30,000
12	Radar	ea	5	\$2,100.00	10	8	\$10,500
Replacement Costs - Page Subtotal							\$468,700

COMMENTS
<ul style="list-style-type: none"> 02/13/2023 revised vehicles to schedule 1 replacement each year. 12/08/22 revised cost of cruisers and upfitting per comments provided. Pricing reflects current bid estimate. Current bid estimate may reflect the supply chain issues, economic factors, demand issues, and microprocessor (chip) shortages. Going forward cruisers will be purchased in Q3 of the prior year. Item #1: Police cruiser 1 - [05/06/2025] Per request, changed REL and URCs. Item #7: Police cruiser 7 - unmarked car - [05/06/2025] Per request, changed URC and REL.

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SECTION C - CALENDAR OF PROJECTED ANNUAL REPLACEMENTS

GENERAL STATEMENT. The 12 Projected Replacements in the Police Dept Vehicles Replacement Reserve Inventory whose replacement is scheduled to be funded from Replacement Reserves are broken down on a year-by-year basis, beginning on Page C2.2.

REPLACEMENT RESERVE ANALYSIS AND INVENTORY POLICIES, PROCEDURES, AND ADMINISTRATION

- **REVIEW OF THE REPLACEMENT RESERVE STUDY.** For this study to be effective, it should be reviewed by the Board of Directors, those responsible for the management of the items included in the Replacement Reserve Inventory, and the accounting professionals employed by the Department.
- **REVISIONS.** Revisions will be made to the Replacement Reserve Analysis and Replacement Reserve Inventory in accordance with the written instructions of the Board of Directors. No additional charge is incurred for the first revision if requested in writing within three months of the date of the Replacement Reserve Study. It is our policy to provide revisions in electronic (Adobe PDF) format only. We acknowledge that there are instances in which multiple revisions are necessary. However, unnecessary multiple revisions drain our time and manpower resources. Therefore, MillerDodson will exercise its sole discretion as to whether additional charges are incurred.
- **TAX CODE.** The United States Tax Code grants favorable tax status to a common interest development (CID) meeting certain guidelines for their Replacement Reserve. If a CID files their taxes as a 'Corporation' on Form 1120 (IRC Section 277), these guidelines typically require maintenance activities, partial replacements, minor replacements, capital improvements, and one-time-only replacements to be excluded from Reserves. A CID cannot co-mingle planning for maintenance activities with capital replacement activities in the Reserves (Revenue Ruling 75-370). Funds for maintenance activities and capital replacement activities must be held in separate accounts. If a CID files taxes as an "Exempt Homeowners Association" using Form 1120H (IRC Section 528), the CID does not have to segregate these activities. However, because the CID may elect to change their method of filing from year to year within the Study Period, we advise using the more restrictive approach. We further recommend that the CID consult with their Accountant and consider creating separate and independent accounts and reserves for large maintenance items, such as painting.
- **CONFLICT OF INTEREST.** Neither MillerDodson Associates nor the Reserve Analyst has any prior or existing relationship with this Department which would represent a real or perceived conflict of interest.
- **RELIANCE ON DATA PROVIDED BY THE CLIENT.** Information provided by an official representative of the Department regarding financial, physical conditions, quality, or historical issues is deemed reliable.
- **INTENT.** This Replacement Reserve Study is a reflection of the information provided by the Department and the visual evaluations of the Analyst. It has been prepared for the sole use of the Department and is not for the purpose of performing an audit, quality/forensic analyses, or background checks of historical records.
- **PREVIOUS REPLACEMENTS.** Information provided to MillerDodson Associates regarding prior replacements is considered to be accurate and reliable. Our visual evaluation is not a project audit or quality inspection.
- **EXPERIENCE WITH FUTURE REPLACEMENTS.** The Calendar of Annual Projected Replacements, lists replacements we have projected to occur over the Study Period and begins on Page C2. Actual experience in replacing the items may differ significantly from the cost estimates and time frames shown because of conditions beyond our control. These differences may be caused by maintenance practices, inflation, variations in pricing and market conditions, future technological developments, regulatory actions, acts of God, and luck. Some items may function normally during our visual evaluation and then fail without notice.

PROJECTED REPLACEMENTS

2025 - Study Year			2026 - YEAR 1		
Item		\$	Item		\$
4	Police cruiser 4	\$47,200	6	Police cruiser 6	\$47,200
7	Police cruiser 7 - unmarked car	\$50,000	10	Vehicle upfitting	\$15,000
Total Scheduled Replacements		\$97,200	Total Scheduled Replacements		\$62,200
2027 - YEAR 2			2028 - YEAR 3		
Item		\$	Item		\$
3	Police cruiser 3	\$47,200	2	Police cruiser 2	\$47,200
8	In car video system	\$55,000	10	Vehicle upfitting	\$15,000
10	Vehicle upfitting	\$15,000	Total Scheduled Replacements		\$62,200
Total Scheduled Replacements		\$117,200	Total Scheduled Replacements		\$62,200
2029 - YEAR 4			2030 - YEAR 5		
Item		\$	Item		\$
1	Police cruiser 1	\$47,200	5	Police cruiser 5	\$47,200
10	Vehicle upfitting	\$15,000	10	Vehicle upfitting	\$15,000
Total Scheduled Replacements		\$62,200	Total Scheduled Replacements		\$62,200
2031 - YEAR 6			2032 - YEAR 7		
Item		\$	Item		\$
4	Police cruiser 4	\$47,200	6	Police cruiser 6	\$47,200
10	Vehicle upfitting	\$15,000	9	Toughbook MDT	\$25,000
Total Scheduled Replacements		\$62,200	10	Vehicle upfitting	\$15,000
Total Scheduled Replacements		\$62,200	Total Scheduled Replacements		\$87,200
2033 - YEAR 8			2034 - YEAR 9		
Item		\$	Item		\$
3	Police cruiser 3	\$47,200	2	Police cruiser 2	\$47,200
10	Vehicle upfitting	\$15,000	10	Vehicle upfitting	\$15,000
12	Radar	\$10,500	11	Mobile radios	\$30,000
Total Scheduled Replacements		\$72,700	Total Scheduled Replacements		\$92,200

PROJECTED REPLACEMENTS

2035 - YEAR 10			2036 - YEAR 11		
Item		\$	Item		\$
1	Police cruiser 1	\$47,200	5	Police cruiser 5	\$47,200
7	Police cruiser 7 - unmarked car	\$50,000	10	Vehicle upfitting	\$15,000
10	Vehicle upfitting	\$15,000			
Total Scheduled Replacements		\$112,200	Total Scheduled Replacements		\$62,200

2037 - YEAR 12			2038 - YEAR 13		
Item		\$	Item		\$
4	Police cruiser 4	\$47,200	6	Police cruiser 6	\$47,200
8	In car video system	\$55,000	10	Vehicle upfitting	\$15,000
10	Vehicle upfitting	\$15,000			
Total Scheduled Replacements		\$117,200	Total Scheduled Replacements		\$62,200

2039 - YEAR 14			2040 - YEAR 15		
Item		\$	Item		\$
3	Police cruiser 3	\$47,200	2	Police cruiser 2	\$47,200
9	Toughbook MDT	\$25,000	10	Vehicle upfitting	\$15,000
10	Vehicle upfitting	\$15,000			
Total Scheduled Replacements		\$87,200	Total Scheduled Replacements		\$62,200

2041 - YEAR 16			2042 - YEAR 17		
Item		\$	Item		\$
1	Police cruiser 1	\$47,200	5	Police cruiser 5	\$47,200
10	Vehicle upfitting	\$15,000	10	Vehicle upfitting	\$15,000
Total Scheduled Replacements		\$62,200	Total Scheduled Replacements		\$62,200

2043 - YEAR 18			2044 - YEAR 19		
Item		\$	Item		\$
4	Police cruiser 4	\$47,200	6	Police cruiser 6	\$47,200
10	Vehicle upfitting	\$15,000	10	Vehicle upfitting	\$15,000
12	Radar	\$10,500	11	Mobile radios	\$30,000
Total Scheduled Replacements		\$72,700	Total Scheduled Replacements		\$92,200

PROJECTED REPLACEMENTS

2045 - YEAR 20			2046 - YEAR 21		
Item		\$	Item		\$
3	Police cruiser 3	\$47,200	2	Police cruiser 2	\$47,200
7	Police cruiser 7 - unmarked car	\$50,000	9	Toughbook MDT	\$25,000
10	Vehicle upfitting	\$15,000	10	Vehicle upfitting	\$15,000
Total Scheduled Replacements		\$112,200	Total Scheduled Replacements		\$87,200
2047 - YEAR 22			2048 - YEAR 23		
Item		\$	Item		\$
1	Police cruiser 1	\$47,200	5	Police cruiser 5	\$47,200
8	In car video system	\$55,000	10	Vehicle upfitting	\$15,000
10	Vehicle upfitting	\$15,000			
Total Scheduled Replacements		\$117,200	Total Scheduled Replacements		\$62,200
2049 - YEAR 24			2050 - YEAR 25		
Item		\$	Item		\$
4	Police cruiser 4	\$47,200	6	Police cruiser 6	\$47,200
10	Vehicle upfitting	\$15,000	10	Vehicle upfitting	\$15,000
Total Scheduled Replacements		\$62,200	Total Scheduled Replacements		\$62,200
2051 - YEAR 26			2052 - YEAR 27		
Item		\$	Item		\$
3	Police cruiser 3	\$47,200	2	Police cruiser 2	\$47,200
10	Vehicle upfitting	\$15,000	10	Vehicle upfitting	\$15,000
Total Scheduled Replacements		\$62,200	Total Scheduled Replacements		\$62,200
2053 - YEAR 28			2054 - YEAR 29		
Item		\$	Item		\$
1	Police cruiser 1	\$47,200	5	Police cruiser 5	\$47,200
9	Toughbook MDT	\$25,000	10	Vehicle upfitting	\$15,000
10	Vehicle upfitting	\$15,000	11	Mobile radios	\$30,000
12	Radar	\$10,500			
Total Scheduled Replacements		\$97,700	Total Scheduled Replacements		\$92,200

PROJECTED REPLACEMENTS

Item	2055 - YEAR 30	\$	Item	2056 - YEAR 31	\$
4	Police cruiser 4	\$47,200	6	Police cruiser 6	\$47,200
7	Police cruiser 7 - unmarked car	\$50,000	10	Vehicle upfitting	\$15,000
10	Vehicle upfitting	\$15,000			
Total Scheduled Replacements		\$112,200	Total Scheduled Replacements		\$62,200
Item	2057 - YEAR 32	\$	Item	2058 - YEAR 33	\$
3	Police cruiser 3	\$47,200	2	Police cruiser 2	\$47,200
8	In car video system	\$55,000	10	Vehicle upfitting	\$15,000
10	Vehicle upfitting	\$15,000			
Total Scheduled Replacements		\$117,200	Total Scheduled Replacements		\$62,200
Item	2059 - YEAR 34	\$	Item	2060 - YEAR 35	\$
1	Police cruiser 1	\$47,200	5	Police cruiser 5	\$47,200
10	Vehicle upfitting	\$15,000	9	Toughbook MDT	\$25,000
			10	Vehicle upfitting	\$15,000
Total Scheduled Replacements		\$62,200	Total Scheduled Replacements		\$87,200
Item	2061 - YEAR 36	\$	Item	2062 - YEAR 37	\$
4	Police cruiser 4	\$47,200	6	Police cruiser 6	\$47,200
10	Vehicle upfitting	\$15,000	10	Vehicle upfitting	\$15,000
Total Scheduled Replacements		\$62,200	Total Scheduled Replacements		\$62,200
Item	2063 - YEAR 38	\$	Item	2064 - YEAR 39	\$
3	Police cruiser 3	\$47,200	2	Police cruiser 2	\$47,200
10	Vehicle upfitting	\$15,000	10	Vehicle upfitting	\$15,000
12	Radar	\$10,500	11	Mobile radios	\$30,000
Total Scheduled Replacements		\$72,700	Total Scheduled Replacements		\$92,200

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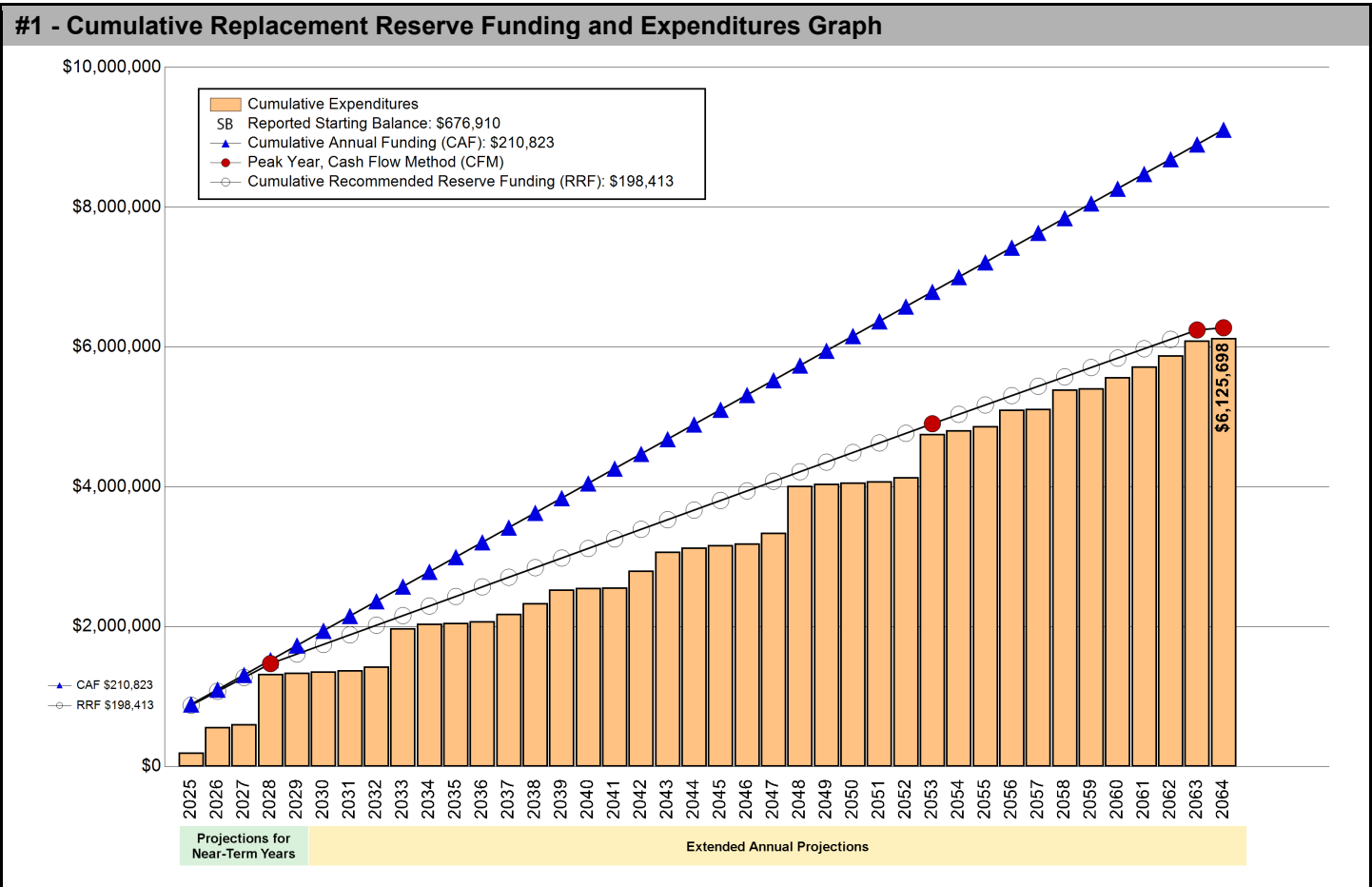
SECTION A - FINANCIAL ANALYSIS

The Fire Station Replacement Reserve Analysis uses the Cash Flow Method (CFM) to calculate Replacement Reserve funding for the periodic replacement of the 66 Projected Replacements identified in the Replacement Reserve Inventory.

\$198,413 **RECOMMENDED REPLACEMENT RESERVE FUNDING FOR THE STUDY YEAR, 2025**

We recommend the Facility adopt a Replacement Reserve Funding Plan based on the annual funding recommendation above. Inflation adjusted funding for subsequent years is shown on Page A3.5.

Fire Station reports a Starting Balance of \$676,909 and Annual Funding totaling \$210,823, which is inadequate to fund projected replacements starting in 2028. See Page A3.3 for a more detailed evaluation.



The Fire Station is currently funding the Reserves at a slightly higher rate than recommended Level even with the first Peak Year in FY 2028. However, due to the high rate of inflation in today's construction industry and its effect on increased Replacement costs, we recommend that the Township continue to fund at its current higher funding level.

REPLACEMENT RESERVE ANALYSIS - GENERAL INFORMATION

The Fire Station Replacement Reserve Analysis calculations of recommended funding of Replacement Reserves by the Cash Flow Method (CFM) and the evaluation of the Current Funding are based upon the same Study Year, Study Period, Beginning Balance, Replacement Reserve Inventory and Level of Service.

2025 | STUDY YEAR

The Facility reports that their accounting year begins on January 1, and the Study Year, the first year evaluated by the Replacement Reserve Analysis, begins on January 1, 2025.

40 Years | STUDY PERIOD

The Replacement Reserve Analysis evaluates the funding of Replacement Reserves over a 40-year Study Period

\$676,909 | STARTING BALANCE

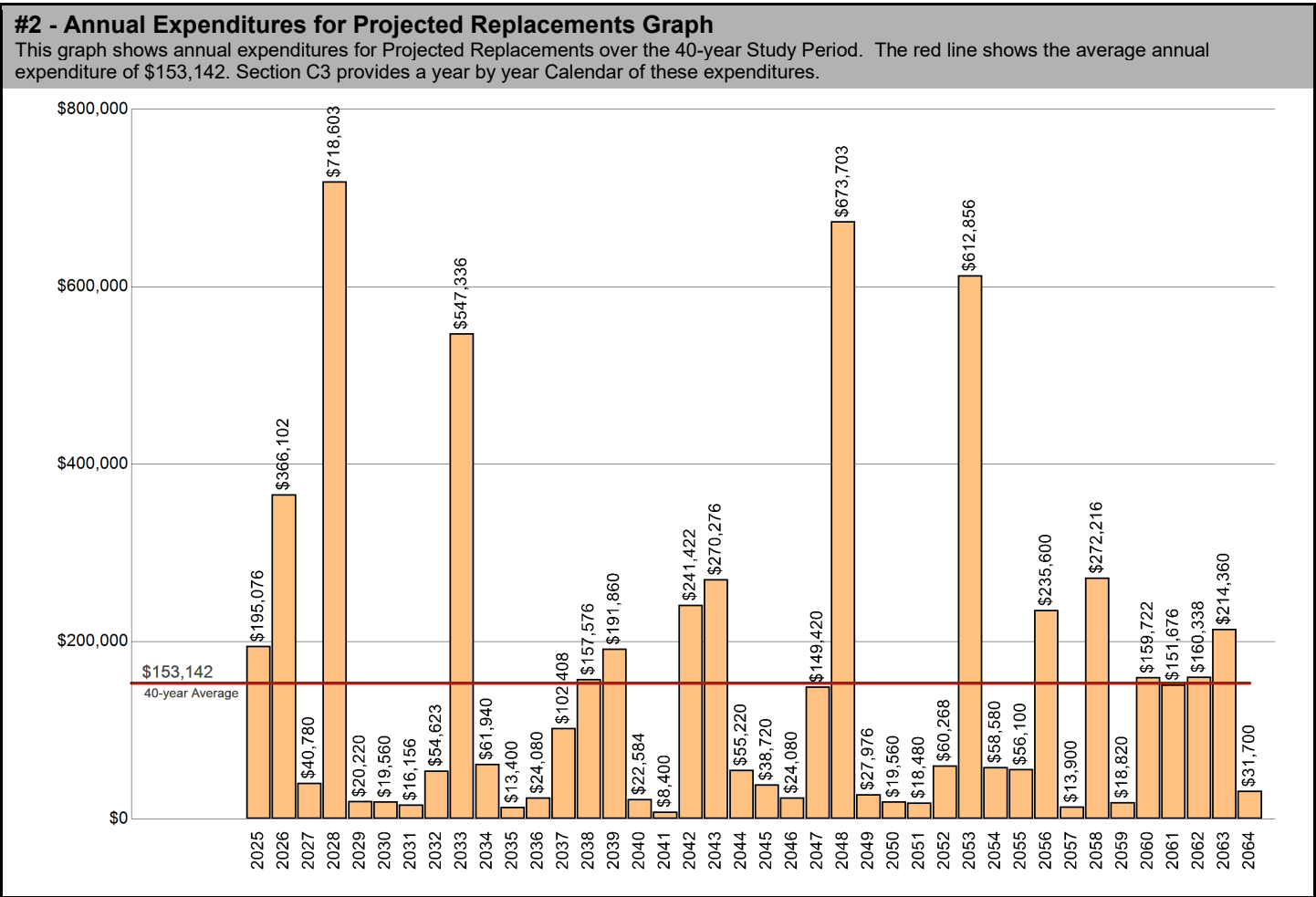
The Facility reports Replacement Reserves on Deposit totaling \$676,909 at the start of the Study Year.

Level Two | LEVEL OF SERVICE

The Replacement Reserve Inventory has been developed in compliance with the National Reserve Study Standards for a Level Two Study, as defined by the Community Associations Institute (CAI).

\$6,125,698 | REPLACEMENT RESERVE INVENTORY - PROJECTED REPLACEMENTS

The Fire Station Replacement Reserve Inventory identifies 66 items that will require periodic replacement, that are to be funded from Replacement Reserves. We estimate the cost of these replacements will be \$6,125,698 over the 40-year Study Period. The Projected Replacements are divided into 4 major categories starting on Page B3.3. Pages B3.1-B3.2 provide detailed information on the Replacement Reserve Inventory.



UPDATING OF THE FUNDING PLAN

The Facility has a responsibility to review the Funding Plan annually. The review should include a comparison and evaluation of actual reserve funding with recommended levels shown on Page A3.4 and A3.5. The Projected Replacements listed on Page C3.2 should be compared with any replacements accomplished and funded from Replacement Reserves. Discrepancies should be evaluated and if necessary, the Reserve Study should be updated or a new study commissioned. We recommend annual increases in replacement reserve funding to account for the impact of inflation. Inflation Adjusted Funding is discussed on Page A3.5.

UPDATING OF THE REPLACEMENT RESERVE STUDY

At a minimum, the Replacement Reserve Study should be professionally updated every three to five years or after completion of a major replacement project. Updating should also be considered if during the annual review of the Funding Plan, discrepancies are noted between projected and actual reserve funding or replacement costs. Updating may also be necessary if there is a meaningful discrepancy between the actual inflation rate and the inflation rate used for the Inflation Adjusted Funding of Replacement Reserves on Page A3.5.

ANNUAL EXPENDITURES AND CURRENT FUNDING

The annual expenditures that comprise the \$6,125,698 of Projected Expenditures over the 40-year Study Period and the impact of the Facility continuing to fund Replacement Reserves at the current level are detailed in Table 3.

#3 - Table of Annual Expenditures and Current Funding Data - Years 0 through 39										
Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Starting Balance	\$676,910									
Projected Replacements	(\$195,076)	(\$366,102)	(\$40,780)	(\$718,603)	(\$20,220)	(\$19,560)	(\$16,156)	(\$54,623)	(\$547,336)	(\$61,940)
Annual Deposit	\$210,823	\$210,823	\$210,823	\$210,823	\$210,823	\$210,823	\$210,823	\$210,823	\$210,823	\$210,823
End of Year Balance	\$692,657	\$537,377	\$707,420	\$199,640	\$390,243	\$581,506	\$776,173	\$932,373	\$595,860	\$744,743
Cumulative Expenditures	(\$195,076)	(\$561,178)	(\$601,958)	(\$1,320,562)	(\$1,340,782)	(\$1,360,342)	(\$1,376,498)	(\$1,431,121)	(\$1,978,457)	(\$2,040,397)
Cumulative Receipts	\$887,733	\$1,098,556	\$1,309,379	\$1,520,202	\$1,731,025	\$1,941,848	\$2,152,671	\$2,363,494	\$2,574,317	\$2,785,140
Year	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Projected Replacements	(\$13,400)	(\$24,080)	(\$102,408)	(\$157,576)	(\$191,860)	(\$22,584)	(\$8,400)	(\$241,422)	(\$270,276)	(\$55,220)
Annual Deposit	\$210,823	\$210,823	\$210,823	\$210,823	\$210,823	\$210,823	\$210,823	\$210,823	\$210,823	\$210,823
End of Year Balance	\$942,166	\$1,128,909	\$1,237,324	\$1,290,571	\$1,309,534	\$1,497,773	\$1,700,196	\$1,669,597	\$1,610,144	\$1,765,747
Cumulative Expenditures	(\$2,053,797)	(\$2,077,877)	(\$2,180,285)	(\$2,337,861)	(\$2,529,721)	(\$2,552,305)	(\$2,560,705)	(\$2,802,127)	(\$3,072,403)	(\$3,127,623)
Cumulative Receipts	\$2,995,963	\$3,206,786	\$3,417,609	\$3,628,432	\$3,839,255	\$4,050,078	\$4,260,901	\$4,471,724	\$4,682,547	\$4,893,370
Year	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Projected Replacements	(\$38,720)	(\$24,080)	(\$149,420)	(\$673,703)	(\$27,976)	(\$19,560)	(\$18,480)	(\$60,268)	(\$612,856)	(\$58,580)
Annual Deposit	\$210,823	\$210,823	\$210,823	\$210,823	\$210,823	\$210,823	\$210,823	\$210,823	\$210,823	\$210,823
End of Year Balance	\$1,937,850	\$2,124,593	\$2,185,996	\$1,723,116	\$1,905,963	\$2,097,226	\$2,289,569	\$2,440,124	\$2,038,091	\$2,190,334
Cumulative Expenditures	(\$3,166,343)	(\$3,190,423)	(\$3,339,843)	(\$4,013,546)	(\$4,041,522)	(\$4,061,082)	(\$4,079,562)	(\$4,139,830)	(\$4,752,686)	(\$4,811,266)
Cumulative Receipts	\$5,104,193	\$5,315,016	\$5,525,839	\$5,736,662	\$5,947,485	\$6,158,308	\$6,369,131	\$6,579,954	\$6,790,777	\$7,001,600
Year	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064
Projected Replacements	(\$56,100)	(\$235,600)	(\$13,900)	(\$272,216)	(\$18,820)	(\$159,722)	(\$151,676)	(\$160,338)	(\$214,360)	(\$31,700)
Annual Deposit	\$210,823	\$210,823	\$210,823	\$210,823	\$210,823	\$210,823	\$210,823	\$210,823	\$210,823	\$210,823
End of Year Balance	\$2,345,057	\$2,320,280	\$2,517,203	\$2,455,810	\$2,647,813	\$2,698,914	\$2,758,061	\$2,808,546	\$2,805,009	\$2,984,132
Cumulative Expenditures	(\$4,867,366)	(\$5,102,966)	(\$5,116,866)	(\$5,389,082)	(\$5,407,902)	(\$5,567,624)	(\$5,719,300)	(\$5,879,638)	(\$6,093,998)	(\$6,125,698)
Cumulative Receipts	\$7,212,423	\$7,423,246	\$7,634,069	\$7,844,892	\$8,055,715	\$8,266,538	\$8,477,361	\$8,688,184	\$8,899,007	\$9,109,830

EVALUATION OF CURRENT FUNDING

The evaluation of Current Funding (Starting Balance of \$676,909 & annual funding of \$210,823), is done in today's dollars with no adjustments for inflation or interest earned on Replacement Reserves. The evaluation assumes Replacement Reserves will only be used for the 66 Projected Replacements identified in the Replacement Reserve Inventory and that the Facility will continue Annual Funding of \$210,823 throughout the 40-year Study Period.

Annual Funding of \$210,823 is approximately 106 percent of the \$198,413 recommended Annual Funding calculated by the Cash Flow Method for 2025, the Study Year.

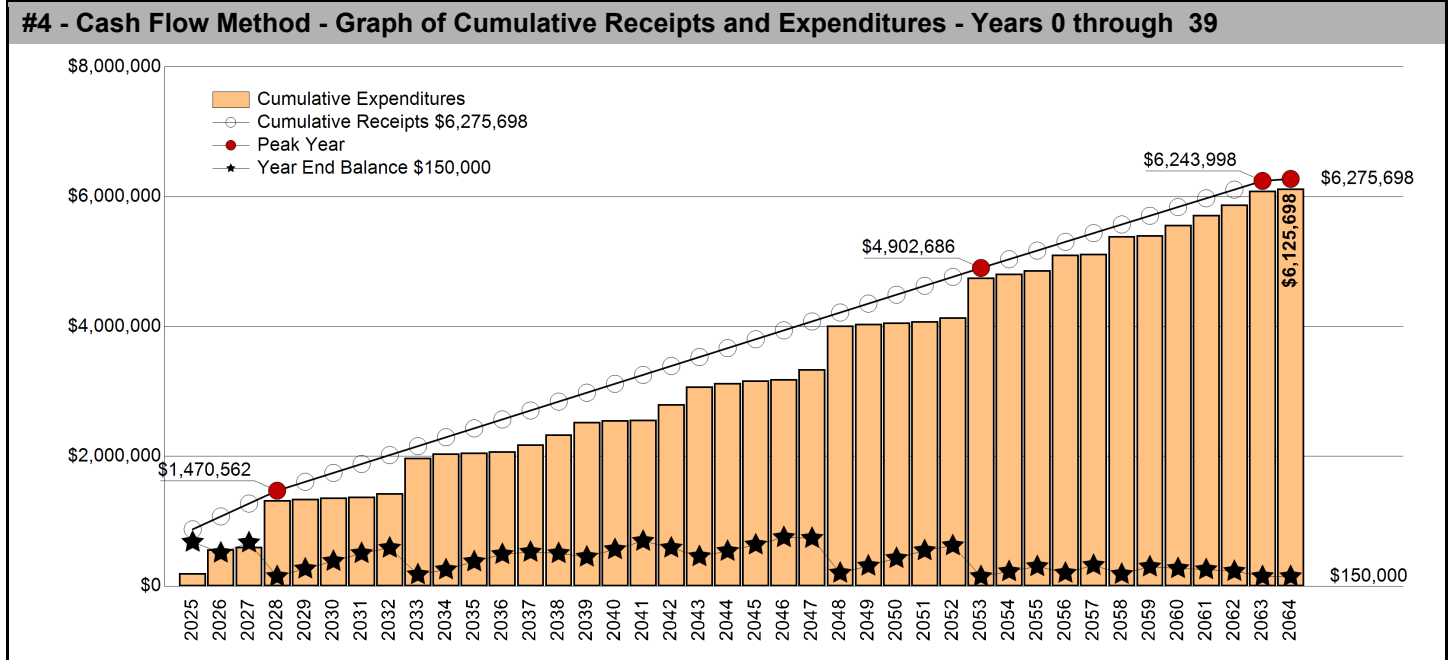
See the Executive Summary for the Current Funding Statement.

CASH FLOW METHOD FUNDING

\$198,413 RECOMMENDED REPLACEMENT RESERVE FUNDING FOR 2025

Recommended Replacement Reserve Funding has been calculated using the Cash Flow Method (also called the Straight Line or Threshold Method). This method calculates a constant annual funding between peaks in cumulative expenditures, while maintaining a Minimum Balance (threshold) in the Peak Years.

- **Peak Years.** The First Peak Year occurs in 2028 with Replacement Reserves on Deposit dropping to the Minimum Balance after the completion of \$1,320,562 of replacements from 2025 to 2028. Recommended funding is projected to decline from \$198,413 in 2028 to \$137,285 in 2029. Peak Years are identified in Chart 4 and Table 5.
- **Threshold (Minimum Balance).** The calculations assume a Minimum Balance of \$150,000 will always be held in reserve, which is calculated by rounding the 12-month 40-year average annual expenditure of \$153,142 as shown on Graph #2.
- **Cash Flow Method Study Period.** Cash Flow Method calculates funding for \$6,125,698 of expenditures over the 40-year Study Period. It does not include funding for any projects beyond 2064 and in 2064, the end of year balance will always be the Minimum Balance.



#5 - Cash Flow Method - Table of Receipts & Expenditures - Years 0 through 39										
Year	2025	2026	2027	1st Peak - 2028	2029	2030	2031	2032	2033	2034
Starting Balance	\$676,910									
Projected Replacements	(\$195,076)	(\$366,102)	(\$40,780)	(\$718,603)	(\$20,220)	(\$19,560)	(\$16,156)	(\$54,623)	(\$547,336)	(\$61,940)
Annual Deposit	\$198,413	\$198,413	\$198,413	\$198,413	\$137,285	\$137,285	\$137,285	\$137,285	\$137,285	\$137,285
End of Year Balance	\$680,247	\$512,557	\$670,190	\$150,000	\$267,065	\$384,790	\$505,919	\$588,581	\$178,530	\$253,875
Cumulative Expenditures	(\$195,076)	(\$561,178)	(\$601,958)	(\$1,320,562)	(\$1,340,782)	(\$1,360,342)	(\$1,376,498)	(\$1,431,121)	(\$1,978,457)	(\$2,040,397)
Cumulative Receipts	\$875,323	\$1,073,736	\$1,272,149	\$1,470,562	\$1,607,847	\$1,745,132	\$1,882,417	\$2,019,702	\$2,156,986	\$2,294,271
Year	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Projected Replacements	(\$13,400)	(\$24,080)	(\$102,408)	(\$157,576)	(\$191,860)	(\$22,584)	(\$8,400)	(\$241,422)	(\$270,276)	(\$55,220)
Annual Deposit	\$137,285	\$137,285	\$137,285	\$137,285	\$137,285	\$137,285	\$137,285	\$137,285	\$137,285	\$137,285
End of Year Balance	\$377,760	\$490,965	\$525,842	\$505,551	\$450,976	\$665,677	\$694,561	\$590,424	\$457,433	\$539,498
Cumulative Expenditures	(\$2,053,797)	(\$2,077,877)	(\$2,180,285)	(\$2,337,861)	(\$2,529,721)	(\$2,552,305)	(\$2,560,705)	(\$2,802,127)	(\$3,072,403)	(\$3,127,623)
Cumulative Receipts	\$2,431,556	\$2,568,841	\$2,706,126	\$2,843,411	\$2,980,696	\$3,117,981	\$3,255,266	\$3,392,551	\$3,529,836	\$3,667,121
Year	2045	2046	2047	2048	2049	2050	2051	2052	2nd Peak - 2053	2054
Projected Replacements	(\$38,720)	(\$24,080)	(\$149,420)	(\$673,703)	(\$27,976)	(\$19,560)	(\$18,480)	(\$60,268)	(\$612,856)	(\$58,580)
Annual Deposit	\$137,285	\$137,285	\$137,285	\$137,285	\$137,285	\$137,285	\$137,285	\$137,285	\$137,285	\$134,131
End of Year Balance	\$638,063	\$751,268	\$739,133	\$202,715	\$312,024	\$429,749	\$548,554	\$625,571	\$150,000	\$225,551
Cumulative Expenditures	(\$3,166,343)	(\$3,190,423)	(\$3,339,843)	(\$4,013,546)	(\$4,041,522)	(\$4,061,021)	(\$4,079,562)	(\$4,139,830)	(\$4,752,686)	(\$4,811,266)
Cumulative Receipts	\$3,804,406	\$3,941,691	\$4,078,976	\$4,216,261	\$4,353,546	\$4,490,831	\$4,628,116	\$4,765,401	\$4,902,686	\$5,036,817
Year	2055	2056	2057	2058	2059	2060	2061	2062	3rd Peak - 2063	4th Peak - 2064
Projected Replacements	(\$56,100)	(\$235,600)	(\$13,900)	(\$272,216)	(\$18,820)	(\$159,722)	(\$151,676)	(\$160,338)	(\$214,360)	(\$31,700)
Annual Deposit	\$134,131	\$134,131	\$134,131	\$134,131	\$134,131	\$134,131	\$134,131	\$134,131	\$134,131	\$31,700
End of Year Balance	\$303,582	\$202,114	\$322,345	\$184,260	\$299,571	\$273,980	\$256,435	\$230,229	\$150,000	\$150,000
Cumulative Expenditures	(\$4,867,366)	(\$5,102,966)	(\$5,116,866)	(\$5,389,082)	(\$5,407,902)	(\$5,567,624)	(\$5,719,300)	(\$5,879,638)	(\$6,093,998)	(\$6,125,698)
Cumulative Receipts	\$5,170,948	\$5,305,080	\$5,439,211	\$5,573,342	\$5,707,473	\$5,841,604	\$5,975,735	\$6,109,867	\$6,243,998	\$6,275,698

INFLATION ADJUSTED FUNDING

The Cash Flow Method calculations on Page A4 have been done in today's dollars with no adjustment for inflation. At Miller+Dodson, we believe that long-term inflation forecasting is effective at demonstrating the power of compounding, not at calculating appropriate funding levels for Replacement Reserves. We have developed this proprietary model to estimate the short-term impact of inflation on Replacement Reserve funding.

\$198,413 2025 - CASH FLOW METHOD RECOMMENDED FUNDING

The 2025 Study Year calculations have been made using current replacement costs

\$210,318 2026 - 6.0% INFLATION ADJUSTED FUNDING

A new analysis calculates the 2026 funding based on three assumptions:

- Starting Balance totaling \$680,247 on January 1, 2026.
- 2026 Non-inflation replacement costs listed in Section C, \$366,102, will be replaced at approximately \$388,069, 6.00% compounded inflation increase to 2025 costs.
- The \$210,318 inflation-adjusted funding in 2026 is a 6.0% increase over the non-inflation-adjusted funding of \$198,413.

\$222,937 2027 - 6.0% INFLATION ADJUSTED FUNDING

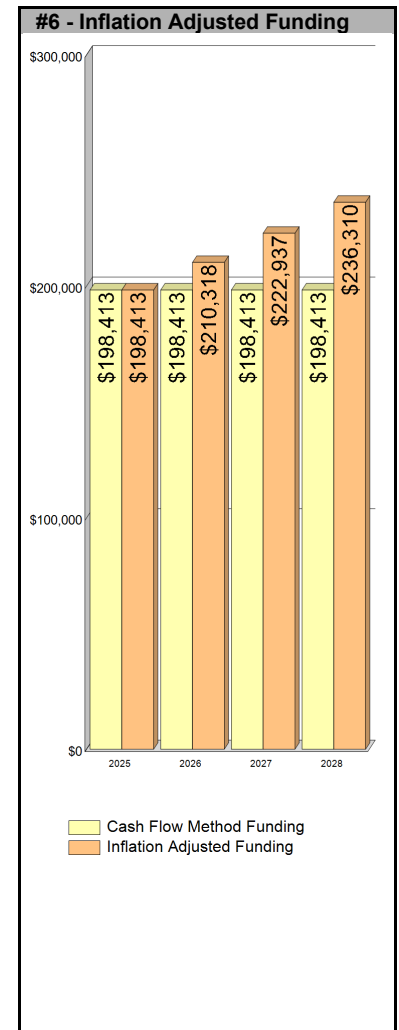
A new analysis calculates the 2027 funding based on three assumptions:

- Starting balance of approximately \$502,496 = 2027 Starting Balance \$680,247, plus Inflation Adjusted Funding \$210,318 for 2026, minus \$388,069 2026 Inflation Adjusted Cost.
- 2027 Non-inflation replacement costs listed in Section C, \$40,780, will be replaced at approximately \$45,820, 6.0% compounded inflation increase to 2025 costs.
- The \$222,937 inflation-adjusted funding in 2027 is a 6.0% increase over the non-inflation-adjusted funding of \$210,318 for 2026.

\$236,310 2028 - 6.0% INFLATION ADJUSTED FUNDING

A new analysis calculates the 2028 funding based on three assumptions:

- Starting balance of approximately \$679,613 = 2028 Starting Balance \$502,496, plus Inflation Adjusted Funding \$222,937 for 2027, minus \$45,820 2027 Inflation Adjusted Cost.
- 2028 Non-inflation replacement costs listed in Section C, \$718,603, will be replaced at approximately \$855,868, 6.0% compounded inflation increase to 2025 costs.
- The \$236,310 inflation-adjusted funding in 2028 is a 6.0% increase over the non-inflation-adjusted funding of \$222,937 for 2027.



Year Four and Beyond

The inflation-adjusted funding calculations outlined above are not intended to be a substitute for periodic evaluation of common elements by an experienced Reserve Analyst. Industry Standards, lender requirements, and many state and local statutes require a Replacement Reserve Study to be professionally updated every 3 to 5 years.

Inflation Adjustment

Prior to approving a budget based upon the 2026, 2027 and 2028 inflation-adjusted funding calculations above, the 6.00 percent base rate of inflation used in our calculations should be compared to rates published by the Bureau of Labor Statistics. If there is a significant discrepancy (over 1 percentage point), contact Miller+Dodson Associates prior to using the Inflation Adjusted Funding.

Interest on Reserves

The recommended funding calculations do not account for interest earned on Replacement Reserves. In 2025, based on a 1.00 percent interest rate, we estimate the Facility may earn \$6,786 on an average balance of \$678,578, \$5,914 on an average balance of \$591,371 in 2026, and \$5,911 on \$591,127 in 2027. The Facility may elect to attribute 100 percent of the earned interest to Reserves, resulting in a reduction in the 2025 funding from \$198,413 to \$191,627 (a 3.42 percent reduction), \$210,318 to \$204,404 in 2026 (a 2.81 percent reduction), and \$222,937 to \$217,026 in 2027 (a 2.65 percent reduction).

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SECTION B - REPLACEMENT RESERVE INVENTORY

- **PROJECTED REPLACEMENTS.** Fire Station - Replacement Reserve Inventory identifies 66 items that are Projected Replacements and the periodic replacements of these items are scheduled for funding from Replacement Reserves. The Projected Replacements have an estimated one-time replacement cost of \$2,812,329. Cumulative Replacements totaling \$6,125,698 are scheduled in the Replacement Reserve Inventory over the 40-year Study Period. Cumulative Replacements include those components that are replaced more than once during the period of the study.

Projected Replacements are the replacement of commonly-owned physical assets that require periodic replacement and whose replacement is to be funded from Replacement Reserves.

- **TAX CODE.** The United States Tax Code grants favorable tax status to Replacement Reserves, conditioned on expenditures being made within certain guidelines. These guidelines typically exclude maintenance activities, minor repairs, and capital improvements.
- **EXCLUDED ITEMS.** Some of the items contained in the Replacement Reserve Inventory are 'Excluded Items'. Multiple categories of items are typically excluded from funding by Replacement Reserves, including but not limited to:

Value. Items with a replacement cost of less than \$1000 and/or a normal economic life of less than 3 years are typically excluded from funding from Replacement Reserves. This exclusion should reflect the Facility policy on the administration of Replacement Reserves. If the Facility has selected an alternative level, it will be noted in the Replacement Reserve Inventory - General Comments on Page B3.2.

Long-lived Items. Items are excluded from the Replacement Reserve Inventory when items are properly maintained and are assumed to have a life equal to the property.

Unit Improvements. Items owned by a single unit and where the items serve a single unit are generally assumed to be the responsibility of that unit, not the Facility.

Other Non-Common Improvements. Items owned by the local government, public and private utility companies, the United States Postal Service, Master Associations, state and local highway authorities, etc., may be installed on property that is owned by the Facility. These types of items are generally not the responsibility of the Facility and are excluded from the Replacement Reserve Inventory.

- **CATEGORIES.** The 66 items included in the Fire Station Replacement Reserve Inventory are divided into 4 major categories. Each category is printed on a separate page, beginning on page B3.3.
- **LEVEL OF SERVICE.** This Replacement Reserve Inventory has been developed in compliance with the standards established for a Level 2 Update, as defined by the National Reserve Study Standards, established in 1998 by the Community Associations Institute, which states:

This study has been performed as a Level 2 Update with Site Visit/On-Site Review as defined by the Community Associations Institute's, National Reserve Study Standards. As such, the component inventory is based on the study that was performed by . This inventory was adjusted to reflect changes provided by the Community Manager and/or the Board of Directors, or adjustments made based on the site visit and visual assessment performed by the Analyst. The analysis, including fund status and funding plan, is developed from the adjusted inventory.

REPLACEMENT RESERVE INVENTORY - GENERAL INFORMATION (CONT'D)

- **INVENTORY DATA.** Each of the 66 Projected Replacements listed in the Replacement Reserve Inventory includes the following data:
 - Item Number.** The Item Number is assigned sequentially and is intended for identification purposes only.
 - Item Description.** We have identified each item included in the Inventory. Additional information may be included in the Comments section at the bottom of each page of the Inventory.
 - Units.** We have used standard abbreviations to identify the number of units including SF-square feet, LF-lineal feet, SY-square yard, LS-lump sum, EA-each, and PR-pair. Non-standard abbreviations are noted in the Comments section at the bottom of the page.
 - Number of Units.** The methods used to develop the quantities are discussed in "Level of Service" above.
 - Unit Replacement Cost.** We use four sources to develop the unit cost data shown in the Inventory; actual replacement cost data provided by the client, information provided by local contractors and suppliers, industry standard estimating manuals, and a cost database we have developed based upon our detailed interviews with contractors and service providers who are specialists in their respective lines of work.
 - Normal Economic Life (Years).** The number of years that a new and properly installed item should be expected to remain in service.
 - Remaining Economic Life (Years).** The estimated number of years before an item will need to be replaced. In "normal" conditions, this could be calculated by subtracting the age of the item from the Normal Economic Life of the item, but only rarely do physical assets age "normally". Some items may have longer or shorter lives depending on many factors such as environment, initial quality of the item, maintenance, etc.
 - Total Replacement Cost.** This is calculated by multiplying the Unit Replacement Cost by the Number of Units.
- **PARTIAL FUNDING.** Items may have been included in the Replacement Reserve Inventory at less than 100 percent of their full quantity and/or replacement cost. This is done on items that will never be replaced in their entirety, but which may require periodic replacements over an extended period of time. The assumptions that provide the basis for any partial funding are noted in the Comments section.
- **REMAINING ECONOMIC LIFE GREATER THAN 40 YEARS.** The calculations do not include funding for initial replacements beyond 40 years. These replacements are included in this Study for tracking and evaluation. They should be included for funding in future Studies, when they enter the 40-year window.
- **ACCURACY OF THE ANALYSIS.** The accuracy of the Replacement Reserve Analysis is dependent upon expenditures from Replacement Reserves being made ONLY for the 66 Projected Replacements specifically listed in the Replacement Reserve Inventory. The inclusion/exclusion of items from the Replacement Reserve Inventory is discussed on Page B3.1.

SITE ITEMS PROJECTED REPLACEMENTS					NEL- Normal Economic Life (yrs) REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
1	Asphalt pavement, mill and overlay (heavy duty)	sf	27,700	\$5.06	18	17	\$140,162
2	Pavement, rejuvenator seal coat	sf	27,700	\$0.28	6	none	\$7,756
3	Concrete Drive Apron (heavy duty)	sf	2,380	\$26.88	60	1	\$63,974
4	Concrete Drive-off (heavy duty), front	sf	3,000	\$26.88	30	1	\$80,640
5	Concrete Drive-off (heavy duty), rear	sf	3,000	\$26.88	30	3	\$80,640
6	Concrete Drive-off (heavy duty), new	sf	6,600	\$26.88	60	1	\$177,408
7	Concrete flatwork	sf	8,242	\$15.68	60	37	\$129,235
8	Bollards (front)	ea	10	\$532.00	20	none	\$5,320
9	Bollards (back)	ea	10	\$532.00	20	4	\$5,320
	Building exterior lighting (recessed)						EXCLUDED
	Building exterior lighting (lg. downlight) LED						EXCLUDED
10	Lamp post	ea	6	\$3,976.00	30	27	\$23,856
11	Lamp post head	ea	6	\$952.00	15	12	\$5,712
12	Inductive (red) light (LED Aircraft light)	ea	6	\$504.00	15	15	\$3,024
	Signage lighting						EXCLUDED
13	Graphic sign	sf	64	\$504.00	10	3	\$32,256
14	Flagpole (approximately 30')	ea	1	\$7,280.00	20	18	\$7,280
	Flagpole lighting						EXCLUDED
15	Stormwater management (allowance)	ls	1	\$20,000.00	30	3	\$20,000
Replacement Costs - Page Subtotal							\$782,583

COMMENTS	
<ul style="list-style-type: none"> Additional funds for heavy duty pavements are included to address issues with asphalt pavement and concrete where the weight of the vehicles is a factor in the premature deterioration of the pavements and possible the sub grade materials. Building exterior lighting (recessed) - [03/13/2025] excluded per board Building exterior lighting (lg. downlight) LED - [03/13/2025] excluded per board Signage lighting - [03/13/2025] excluded per board Flagpole lighting - [03/13/2025] excluded per board 	

SITE ITEMS - (cont.) PROJECTED REPLACEMENTS					NEL- Normal Economic Life (yrs) REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
16	Storm drain repair (front concrete pad)	ls	1	\$20,000.00	30	1	\$20,000
17	Station oil separator	ls	1	\$16,800.00	50	28	\$16,800
18	Enlarge detention basin	cy	700	\$106.40	50	50	\$74,480
19	Domestic water well (allowance)	ls	1	\$16,800.00	10	9	\$16,800
20	Sanitary sewer (allowance)	ls	1	\$16,800.00	10	8	\$16,800
Replacement Costs - Page Subtotal							\$144,880

COMMENTS	
<ul style="list-style-type: none"> Additional funds for heavy duty pavements are included to address issues with asphalt pavement and concrete where the weight of the vehicles is a factor in the premature deterioration of the pavements and possible the sub grade materials. 	

EXTERIOR ITEMS PROJECTED REPLACEMENTS					NEL- Normal Economic Life (yrs) REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
21	Built-up roofing (BUR), flat Upper	sf	8,930	\$35.84	20	3	\$320,051
22	Built-up roofing (BUR), flat Lower	sf	6,650	\$35.84	20	8	\$238,336
23	Gutters and downspouts	lf	200	\$15.68	20	3	\$3,136
24	8" roof scuppers and downspouts	lf	320	\$53.76	30	7	\$17,203
25	Brick veneer repoint (10% allowance)	sf	1,100	\$13.00	25	23	\$14,300
26	Caulking (allowance)	ls	1	\$6,500.00	5	4	\$6,500
27	Exterior door (allowance)	ea	6	\$13,440.00	10	8	\$80,640
28	Overhead door, replace, ph. 1	ea	5	\$9,408.00	30	8	\$47,040
29	Overhead door, replace, ph. 2	ea	5	\$9,408.00	30	12	\$47,040
30	Overhead door, repair (10% allowance)	ls	1	\$8,400.00	1	1	\$8,400
31	Windows (4'x10')	ea	5	\$5,600.00	35	12	\$28,000
32	Windows (4'x6')	ea	9	\$3,360.00	35	9	\$30,240
33	Windows (4'x6') operable	ea	1	\$3,920.00	35	34	\$3,920
34	General exterior repair (allowance)	ls	1	\$6,160.00	10	5	\$6,160
Replacement Costs - Page Subtotal							\$850,966

COMMENTS
<ul style="list-style-type: none"> Item #28: Overhead door, replace, ph. 1 - [05/06/2025] Per request, changed URC. Item #29: Overhead door, replace, ph. 2 - [05/06/2025] Per request, changed URC. Item #32: Windows (4'x6') - [05/06/2025] Per request, changed QTY.

INTERIOR ITEMS PROJECTED REPLACEMENTS						NEL- Normal Economic Life (yrs) REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)	
	Interior door replacement (allowance)							EXCLUDED
	Interior flooring replacement (allowance)							EXCLUDED
	Interior ceiling replacement (allowance)							EXCLUDED
	Interior light replacement (allowance)							EXCLUDED
35	Kitchen & Laundry appliance replacement	ls	1	\$20,000.00	20	20	\$20,000	
	Electronics replacement (allowance)							EXCLUDED
	Casework replacement (allowance)							EXCLUDED
	Restroom replacement (allowance)							EXCLUDED
36	Visual training equipment replacement (allowance)	ls	1	\$5,000.00	5	5	\$5,000	
Replacement Costs - Page Subtotal							\$25,000	

COMMENTS
<ul style="list-style-type: none"> Interior door replacement (allowance) - [05/06/2025] excluded per request Interior flooring replacement (allowance) - [05/06/2025] excluded per request Interior ceiling replacement (allowance) - [05/06/2025] excluded per request Interior light replacement (allowance) - [05/06/2025] excluded per request Item #35: Kitchen & Laundry appliance replacement (allowance) - [05/06/2025] Per request, changed description, URC, and REL to reflect being just being completed. Electronics replacement (allowance) - [05/06/2025] excluded per request Casework replacement (allowance) - [05/06/2025] excluded per request Restroom replacement (allowance) - [05/06/2025] excluded per request

BUILDING SYSTEMS PROJECTED REPLACEMENTS					NEL- Normal Economic Life (yrs) REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
37	Fire alarm control annunciator panel (FACP)	ea	1	\$13,440.00	20	3	\$13,440
	Fire alarm control panel, sub panel						EXCLUDED
	Smoke detector						EXCLUDED
	Fire strobe						EXCLUDED
	Fire alarm pull						EXCLUDED
	Fire sprinkler control system						EXCLUDED
	Fire sprinkler pump						EXCLUDED
38	Domestic water piping (allowance)	ls	1	\$5,600.00	10	3	\$5,600
39	Water heater, 100 gallon commercial, with circ.	ea	1	\$15,680.00	15	14	\$15,680
	Domestic water pressure pump						EXCLUDED
40	Well pump	ea	1	\$9,520.00	10	3	\$9,520
	Well clean-up service						EXCLUDED
41	Well pressure tank	ea	2	\$8,400.00	12	7	\$16,800
42	Well water softener	ea	1	\$6,720.00	12	7	\$6,720
	Water testing						EXCLUDED
43	Well replacement	ea	1	\$16,800.00	25	2	\$16,800
44	175k btu boiler	ea	4	\$31,360.00	14	none	\$125,440
45	Boiler tank and recirculate pumps	ea	2	\$12,320.00	14	none	\$24,640
46	Ductless A/C, wall Mounted, 12k btu	ea	3	\$3,360.00	24	2	\$10,080
47	Carrier "Aero"air handler, cfm	ea	3	\$28,000.00	14	8	\$84,000
48	Condensing unit (15 ton)	ea	1	\$51,520.00	14	8	\$51,520
	Drying cabinet (circul-air)						EXCLUDED
Replacement Costs - Page Subtotal							\$380,240

COMMENTS
<ul style="list-style-type: none"> • Example of replacement of HVAC with would include rooftop units. For a 1 story building 15,000 sf requires 1 7.5 -ton unit per 2,000 sf. So 8 units installed at a cost of \$15,000 each or \$120,000 every 15-20 years. \$6,000 per year. Radiant heat in truck bays would remain. An HVAC engineer should evaluate the feasibility and cost. • Fire alarm control panel, sub panel - [03/13/2025] excluded per board • Smoke detector - [03/14/2025] excluded per board • Fire strobe - [03/13/2025] excluded per board • Fire alarm pull - [03/14/2025] excluded per board • Fire sprinkler control system - [03/14/2025] excluded per board • Fire sprinkler pump - [03/14/2025] excluded per board • Well clean-up service - [03/13/2025] excluded per board • Water testing - [03/13/2025] excluded per board • Drying cabinet (circul-air) - [05/06/2025] excluded per request

BUILDING SYSTEMS - (cont.) PROJECTED REPLACEMENTS					NEL- Normal Economic Life (yrs) REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
	Drying cabinet, extractor						EXCLUDED
	CO alarm system with variable blower						EXCLUDED
49	HVAC controls	ea	1	\$22,400.00	20	18	\$22,400
50	Diesel exhaust system (allowance)	ea	1	\$33,600.00	15	13	\$33,600
51	Truck bay epoxy coating	sf	9,500	\$3.36	30	none	\$31,920
	Electric heater						EXCLUDED
52	Garage radiant heat system	ft	600	\$134.40	14	3	\$80,640
	Exhaust fan, 1 hp						EXCLUDED
	Exhaust fan, 2 hp						EXCLUDED
53	Exhaust fan, 1/4 hp (allowance)	ea	4	\$1,680.00	14	3	\$6,720
54	Exhaust hood and fan	ea	2	\$11,200.00	20	3	\$22,400
55	Emergency generator (175 Kw)	ea	1	\$224,000.00	30	23	\$224,000
56	Emergency generator (rebuild)	ea	1	\$89,600.00	15	3	\$89,600
57	Electrical (allowance)	ea	1	\$11,200.00	20	18	\$11,200
58	Electrical, LV panel lost light sensor	ea	1	\$11,200.00	15	14	\$11,200
59	Breathing air compressor	ea	1	\$33,600.00	15	13	\$33,600
60	IT Infrastructure and LAN server (allowance)	ls	1	\$5,600.00	5	3	\$5,600
61	Computer workstation	ea	8	\$1,960.00	10	1	\$15,680
Replacement Costs - Page Subtotal							\$588,560

COMMENTS
<ul style="list-style-type: none"> • Example of replacement of HVAC with would include rooftop units. For a 1 story building 15,000 sf requires 1 7.5 -ton unit per 2,000 sf. So 8 units installed at a cost of \$15,000 each or \$120,000 every 15-20 years. \$6,000 per year. Radiant heat in truck bays would remain. An HVAC engineer should evaluate the feasibility and cost. • Drying cabinet, extractor - [03/14/2025] excluded per board • CO alarm system with variable blower - [03/13/2025] excluded per board • Electric heater - [03/13/2025] excluded per board • Exhaust fan, 1 hp - [03/13/2025] excluded per board • Exhaust fan, 2 hp - [03/13/2025] excluded per board

BUILDING SYSTEMS - (cont.) PROJECTED REPLACEMENTS					NEL- Normal Economic Life (yrs) REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
62	Access control system (ACS) Security camera CCTV system	ea	1	\$8,400.00	15	13	\$8,400 EXCLUDED EXCLUDED
63	Radio antenna (allowance)	ls	1	\$5,600.00	15	13	\$5,600
64	Lightening system (allowance)	ls	1	\$5,600.00	15	3	\$5,600
65	HVAC equipment replacement (allowance)	ls	1	\$15,000.00	5	3	\$15,000
66	IT HVAC systems (allowance)	ls	1	\$5,500.00	5	2	\$5,500
Replacement Costs - Page Subtotal							\$40,100

COMMENTS
<ul style="list-style-type: none"> Example of replacement of HVAC with would include rooftop units. For a 1 story building 15,000 sf requires 1 7.5 -ton unit per 2,000 sf. So 8 units installed at a cost of \$15,000 each or \$120,000 every 15-20 years. \$6,000 per year. Radiant heat in truck bays would remain. An HVAC engineer should evaluate the feasibility and cost. Security camera - [03/13/2025] excluded per board CCTV system - [03/14/2025] excluded per board

VALUATION EXCLUSIONS							
Excluded Items							
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
	Smoke detector						EXCLUDED
	Fire alarm pull						EXCLUDED
	Domestic water piping						EXCLUDED
	Water heater						EXCLUDED
	Well pump						EXCLUDED
	Well cleanup service						EXCLUDED
	Pressure tank						EXCLUDED
	Water testing						EXCLUDED
	Access control system (ACS)						EXCLUDED
	Signage						EXCLUDED

VALUATION EXCLUSIONS	
Comments	
<ul style="list-style-type: none">Valuation Exclusions. For ease of administration of the Replacement Reserves and to reflect accurately how Replacement Reserves are administered, items with a dollar value less than \$1000 have not been scheduled for funding from Replacement Reserve. Examples of items excluded by Replacement Reserves by this standard are listed above.The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.	

SECTION C - CALENDAR OF PROJECTED ANNUAL REPLACEMENTS

GENERAL STATEMENT. The 66 Projected Replacements in the Fire Station Replacement Reserve Inventory whose replacement is scheduled to be funded from Replacement Reserves are broken down on a year-by-year basis, beginning on Page C3.2.

REPLACEMENT RESERVE ANALYSIS AND INVENTORY POLICIES, PROCEDURES, AND ADMINISTRATION

- **REVIEW OF THE REPLACEMENT RESERVE STUDY.** For this study to be effective, it should be reviewed by the Board of Directors, those responsible for the management of the items included in the Replacement Reserve Inventory, and the accounting professionals employed by the Facility.
- **REVISIONS.** Revisions will be made to the Replacement Reserve Analysis and Replacement Reserve Inventory in accordance with the written instructions of the Board of Directors. No additional charge is incurred for the first revision if requested in writing within three months of the date of the Replacement Reserve Study. It is our policy to provide revisions in electronic (Adobe PDF) format only. We acknowledge that there are instances in which multiple revisions are necessary. However, unnecessary multiple revisions drain our time and manpower resources. Therefore, MillerDodson will exercise its sole discretion as to whether additional charges are incurred.
- **TAX CODE.** The United States Tax Code grants favorable tax status to a common interest development (CID) meeting certain guidelines for their Replacement Reserve. If a CID files their taxes as a 'Corporation' on Form 1120 (IRC Section 277), these guidelines typically require maintenance activities, partial replacements, minor replacements, capital improvements, and one-time-only replacements to be excluded from Reserves. A CID cannot co-mingle planning for maintenance activities with capital replacement activities in the Reserves (Revenue Ruling 75-370). Funds for maintenance activities and capital replacement activities must be held in separate accounts. If a CID files taxes as an "Exempt Homeowners Association" using Form 1120H (IRC Section 528), the CID does not have to segregate these activities. However, because the CID may elect to change their method of filing from year to year within the Study Period, we advise using the more restrictive approach. We further recommend that the CID consult with their Accountant and consider creating separate and independent accounts and reserves for large maintenance items, such as painting.
- **CONFLICT OF INTEREST.** Neither MillerDodson Associates nor the Reserve Analyst has any prior or existing relationship with this Facility which would represent a real or perceived conflict of interest.
- **RELIANCE ON DATA PROVIDED BY THE CLIENT.** Information provided by an official representative of the Facility regarding financial, physical conditions, quality, or historical issues is deemed reliable.
- **INTENT.** This Replacement Reserve Study is a reflection of the information provided by the Facility and the visual evaluations of the Analyst. It has been prepared for the sole use of the Facility and is not for the purpose of performing an audit, quality/forensic analyses, or background checks of historical records.
- **PREVIOUS REPLACEMENTS.** Information provided to MillerDodson Associates regarding prior replacements is considered to be accurate and reliable. Our visual evaluation is not a project audit or quality inspection.
- **EXPERIENCE WITH FUTURE REPLACEMENTS.** The Calendar of Annual Projected Replacements, lists replacements we have projected to occur over the Study Period and begins on Page C2. Actual experience in replacing the items may differ significantly from the cost estimates and time frames shown because of conditions beyond our control. These differences may be caused by maintenance practices, inflation, variations in pricing and market conditions, future technological developments, regulatory actions, acts of God, and luck. Some items may function normally during our visual evaluation and then fail without notice.

PROJECTED REPLACEMENTS

2025 - Study Year			2026 - YEAR 1		
Item		\$	Item		\$
2	Pavement, rejuvenator seal coat	\$7,756	3	Concrete Drive Apron (heavy duty)	\$63,974
8	Bollards (front)	\$5,320	4	Concrete Drive-off (heavy duty), front	\$80,640
44	175k btu boiler	\$125,440	6	Concrete Drive-off (heavy duty), new	\$177,408
45	Boiler tank and recirculate pumps	\$24,640	16	Storm drain repair (front concrete pad)	\$20,000
51	Truck bay epoxy coating	\$31,920	30	Overhead door, repair (10% allowance)	\$8,400
			61	Computer workstation	\$15,680
Total Scheduled Replacements		\$195,076	Total Scheduled Replacements		\$366,102
2027 - YEAR 2			2028 - YEAR 3		
Item		\$	Item		\$
30	Overhead door, repair (10% allowance)	\$8,400	5	Concrete Drive-off (heavy duty), rear	\$80,640
43	Well replacement	\$16,800	13	Graphic sign	\$32,256
46	Ductless A/C, wall Mounted, 12k btu	\$10,080	15	Stormwater management (allowance)	\$20,000
66	IT HVAC systems (allowance)	\$5,500	21	Built-up roofing (BUR), flat Upper	\$320,051
			23	Gutters and downspouts	\$3,136
			30	Overhead door, repair (10% allowance)	\$8,400
			37	Fire alarm control annunciator panel (FACP)	\$13,440
			38	Domestic water piping (allowance)	\$5,600
			40	Well pump	\$9,520
			52	Garage radiant heat system	\$80,640
			53	Exhaust fan, 1/4 hp (allowance)	\$6,720
			54	Exhaust hood and fan	\$22,400
			56	Emergency generator (rebuild)	\$89,600
			60	IT Infrastructure and LAN server (allowance)	\$5,600
			64	Lightening system (allowance)	\$5,600
			65	HVAC equipment replacement (allowance)	\$15,000
Total Scheduled Replacements		\$40,780	Total Scheduled Replacements		\$718,603
2029 - YEAR 4			2030 - YEAR 5		
Item		\$	Item		\$
9	Bollards (back)	\$5,320	30	Overhead door, repair (10% allowance)	\$8,400
26	Caulking (allowance)	\$6,500	34	General exterior repair (allowance)	\$6,160
30	Overhead door, repair (10% allowance)	\$8,400	36	Visual training equipment replacement (allowance)	\$5,000
Total Scheduled Replacements		\$20,220	Total Scheduled Replacements		\$19,560

PROJECTED REPLACEMENTS

2031 - YEAR 6			2032 - YEAR 7		
Item		\$	Item		\$
2	Pavement, rejuvenator seal coat	\$7,756	24	8" roof scuppers and downspouts	\$17,203
30	Overhead door, repair (10% allowance)	\$8,400	30	Overhead door, repair (10% allowance)	\$8,400
			41	Well pressure tank	\$16,800
			42	Well water softener	\$6,720
			66	IT HVAC systems (allowance)	\$5,500
Total Scheduled Replacements		\$16,156	Total Scheduled Replacements		\$54,623

2033 - YEAR 8			2034 - YEAR 9		
Item		\$	Item		\$
20	Sanitary sewer (allowance)	\$16,800	19	Domestic water well (allowance)	\$16,800
22	Built-up roofing (BUR), flat Lower	\$238,336	26	Caulking (allowance)	\$6,500
27	Exterior door (allowance)	\$80,640	30	Overhead door, repair (10% allowance)	\$8,400
28	Overhead door, replace, ph. 1	\$47,040	32	Windows (4'x6')	\$30,240
30	Overhead door, repair (10% allowance)	\$8,400			
47	Carrier "Aero"air handler, cfm	\$84,000			
48	Condensing unit (15 ton)	\$51,520			
60	IT Infrastructure and LAN server (allowance)	\$5,600			
65	HVAC equipment replacement (allowance)	\$15,000			
Total Scheduled Replacements		\$547,336	Total Scheduled Replacements		\$61,940

2035 - YEAR 10			2036 - YEAR 11		
Item		\$	Item		\$
30	Overhead door, repair (10% allowance)	\$8,400	30	Overhead door, repair (10% allowance)	\$8,400
36	Visual training equipment replacement (allowance)	\$5,000	61	Computer workstation	\$15,680
Total Scheduled Replacements		\$13,400	Total Scheduled Replacements		\$24,080

PROJECTED REPLACEMENTS

2037 - YEAR 12			2038 - YEAR 13		
Item		\$	Item		\$
2	Pavement, rejuvenator seal coat	\$7,756	13	Graphic sign	\$32,256
11	Lamp post head	\$5,712	30	Overhead door, repair (10% allowance)	\$8,400
29	Overhead door, replace, ph. 2	\$47,040	38	Domestic water piping (allowance)	\$5,600
30	Overhead door, repair (10% allowance)	\$8,400	40	Well pump	\$9,520
31	Windows (4'x10')	\$28,000	50	Diesel exhaust system (allowance)	\$33,600
66	IT HVAC systems (allowance)	\$5,500	59	Breathing air compressor	\$33,600
			60	IT Infrastructure and LAN server (allowance)	\$5,600
			62	Access control system (ACS)	\$8,400
			63	Radio antenna (allowance)	\$5,600
			65	HVAC equipment replacement (allowance)	\$15,000
Total Scheduled Replacements		\$102,408	Total Scheduled Replacements		\$157,576

2039 - YEAR 14			2040 - YEAR 15		
Item		\$	Item		\$
26	Caulking (allowance)	\$6,500	12	Inductive (red) light (LED Aircraft light)	\$3,024
30	Overhead door, repair (10% allowance)	\$8,400	30	Overhead door, repair (10% allowance)	\$8,400
39	Water heater, 100 gallon commercial, with circ.	\$15,680	34	General exterior repair (allowance)	\$6,160
44	175k btu boiler	\$125,440	36	Visual training equipment replacement (allowance)	\$5,000
45	Boiler tank and recirculate pumps	\$24,640			
58	Electrical, LV panel lost light sensor	\$11,200			
Total Scheduled Replacements		\$191,860	Total Scheduled Replacements		\$22,584

2041 - YEAR 16			2042 - YEAR 17		
Item		\$	Item		\$
30	Overhead door, repair (10% allowance)	\$8,400	1	Asphalt pavement, mill and overlay (heavy duty)	\$140,162
			30	Overhead door, repair (10% allowance)	\$8,400
			52	Garage radiant heat system	\$80,640
			53	Exhaust fan, 1/4 hp (allowance)	\$6,720
			66	IT HVAC systems (allowance)	\$5,500
Total Scheduled Replacements		\$8,400	Total Scheduled Replacements		\$241,422

PROJECTED REPLACEMENTS

2043 - YEAR 18			2044 - YEAR 19		
Item		\$	Item		\$
2	Pavement, rejuvenator seal coat	\$7,756	19	Domestic water well (allowance)	\$16,800
14	Flagpole (approximately 30')	\$7,280	26	Caulking (allowance)	\$6,500
20	Sanitary sewer (allowance)	\$16,800	30	Overhead door, repair (10% allowance)	\$8,400
27	Exterior door (allowance)	\$80,640	41	Well pressure tank	\$16,800
30	Overhead door, repair (10% allowance)	\$8,400	42	Well water softener	\$6,720
49	HVAC controls	\$22,400			
56	Emergency generator (rebuild)	\$89,600			
57	Electrical (allowance)	\$11,200			
60	IT Infrastructure and LAN server (allowance)	\$5,600			
64	Lightening system (allowance)	\$5,600			
65	HVAC equipment replacement (allowance)	\$15,000			
Total Scheduled Replacements		\$270,276	Total Scheduled Replacements		\$55,220

2045 - YEAR 20			2046 - YEAR 21		
Item		\$	Item		\$
8	Bollards (front)	\$5,320	30	Overhead door, repair (10% allowance)	\$8,400
30	Overhead door, repair (10% allowance)	\$8,400	61	Computer workstation	\$15,680
35	Kitchen & Laundry appliance replacement (allowance)	\$20,000			
36	Visual training equipment replacement (allowance)	\$5,000			
Total Scheduled Replacements		\$38,720	Total Scheduled Replacements		\$24,080

2047 - YEAR 22			2048 - YEAR 23		
Item		\$	Item		\$
30	Overhead door, repair (10% allowance)	\$8,400	13	Graphic sign	\$32,256
47	Carrier "Aero"air handler, cfm	\$84,000	21	Built-up roofing (BUR), flat Upper	\$320,051
48	Condensing unit (15 ton)	\$51,520	23	Gutters and downspouts	\$3,136
66	IT HVAC systems (allowance)	\$5,500	25	Brick veneer repoint (10% allowance)	\$14,300
Total Scheduled Replacements		\$149,420	30	Overhead door, repair (10% allowance)	\$8,400
			37	Fire alarm control annunciator panel (FACP)	\$13,440
			38	Domestic water piping (allowance)	\$5,600
			40	Well pump	\$9,520
			54	Exhaust hood and fan	\$22,400
			55	Emergency generator (175 Kw)	\$224,000
			60	IT Infrastructure and LAN server (allowance)	\$5,600
			65	HVAC equipment replacement (allowance)	\$15,000
Total Scheduled Replacements		\$149,420	Total Scheduled Replacements		\$673,703

PROJECTED REPLACEMENTS

[illegible]

PROJECTED REPLACEMENTS

2055 - YEAR 30			2056 - YEAR 31		
Item		\$	Item		\$
2	Pavement, rejuvenator seal coat	\$7,756	4	Concrete Drive-off (heavy duty), front	\$80,640
12	Inductive (red) light (LED Aircraft light)	\$3,024	16	Storm drain repair (front concrete pad)	\$20,000
30	Overhead door, repair (10% allowance)	\$8,400	30	Overhead door, repair (10% allowance)	\$8,400
36	Visual training equipment replacement (allowance)	\$5,000	41	Well pressure tank	\$16,800
51	Truck bay epoxy coating	\$31,920	42	Well water softener	\$6,720
			52	Garage radiant heat system	\$80,640
			53	Exhaust fan, 1/4 hp (allowance)	\$6,720
			61	Computer workstation	\$15,680
Total Scheduled Replacements		\$56,100	Total Scheduled Replacements		\$235,600
2057 - YEAR 32			2058 - YEAR 33		
Item		\$	Item		\$
30	Overhead door, repair (10% allowance)	\$8,400	5	Concrete Drive-off (heavy duty), rear	\$80,640
66	IT HVAC systems (allowance)	\$5,500	13	Graphic sign	\$32,256
			15	Stormwater management (allowance)	\$20,000
			30	Overhead door, repair (10% allowance)	\$8,400
			38	Domestic water piping (allowance)	\$5,600
			40	Well pump	\$9,520
			56	Emergency generator (rebuild)	\$89,600
			60	IT Infrastructure and LAN server (allowance)	\$5,600
			64	Lightening system (allowance)	\$5,600
			65	HVAC equipment replacement (allowance)	\$15,000
Total Scheduled Replacements		\$13,900	Total Scheduled Replacements		\$272,216
2059 - YEAR 34			2060 - YEAR 35		
Item		\$	Item		\$
26	Caulking (allowance)	\$6,500	1	Asphalt pavement, mill and overlay (heavy duty)	\$140,162
30	Overhead door, repair (10% allowance)	\$8,400	30	Overhead door, repair (10% allowance)	\$8,400
33	Windows (4'x6') operable	\$3,920	34	General exterior repair (allowance)	\$6,160
			36	Visual training equipment replacement (allowance)	\$5,000
Total Scheduled Replacements		\$18,820	Total Scheduled Replacements		\$159,722

PROJECTED REPLACEMENTS

2061 - YEAR 36			2062 - YEAR 37		
Item		\$	Item		\$
2	Pavement, rejuvenator seal coat	\$7,756	7	Concrete flatwork	\$129,235
30	Overhead door, repair (10% allowance)	\$8,400	24	8" roof scuppers and downspouts	\$17,203
47	Carrier "Aero"air handler, cfm	\$84,000	30	Overhead door, repair (10% allowance)	\$8,400
48	Condensing unit (15 ton)	\$51,520	66	IT HVAC systems (allowance)	\$5,500
Total Scheduled Replacements		\$151,676	Total Scheduled Replacements		\$160,338

2063 - YEAR 38			2064 - YEAR 39		
Item		\$	Item		\$
14	Flagpole (approximately 30')	\$7,280	19	Domestic water well (allowance)	\$16,800
20	Sanitary sewer (allowance)	\$16,800	26	Caulking (allowance)	\$6,500
27	Exterior door (allowance)	\$80,640	30	Overhead door, repair (10% allowance)	\$8,400
28	Overhead door, replace, ph. 1	\$47,040			
30	Overhead door, repair (10% allowance)	\$8,400			
49	HVAC controls	\$22,400			
57	Electrical (allowance)	\$11,200			
60	IT Infrastructure and LAN server (allowance)	\$5,600			
65	HVAC equipment replacement (allowance)	\$15,000			
Total Scheduled Replacements		\$214,360	Total Scheduled Replacements		\$31,700

2065 (beyond study period)			2066 (beyond study period)		
Item		\$	Item		\$
8	Bollards (front)	\$5,320	30	Overhead door, repair (10% allowance)	\$8,400
30	Overhead door, repair (10% allowance)	\$8,400	61	Computer workstation	\$15,680
35	Kitchen & Laundry appliance replacement (allowance)	\$20,000			
36	Visual training equipment replacement (allowance)	\$5,000			
Total Scheduled Replacements		\$38,720	Total Scheduled Replacements		\$24,080

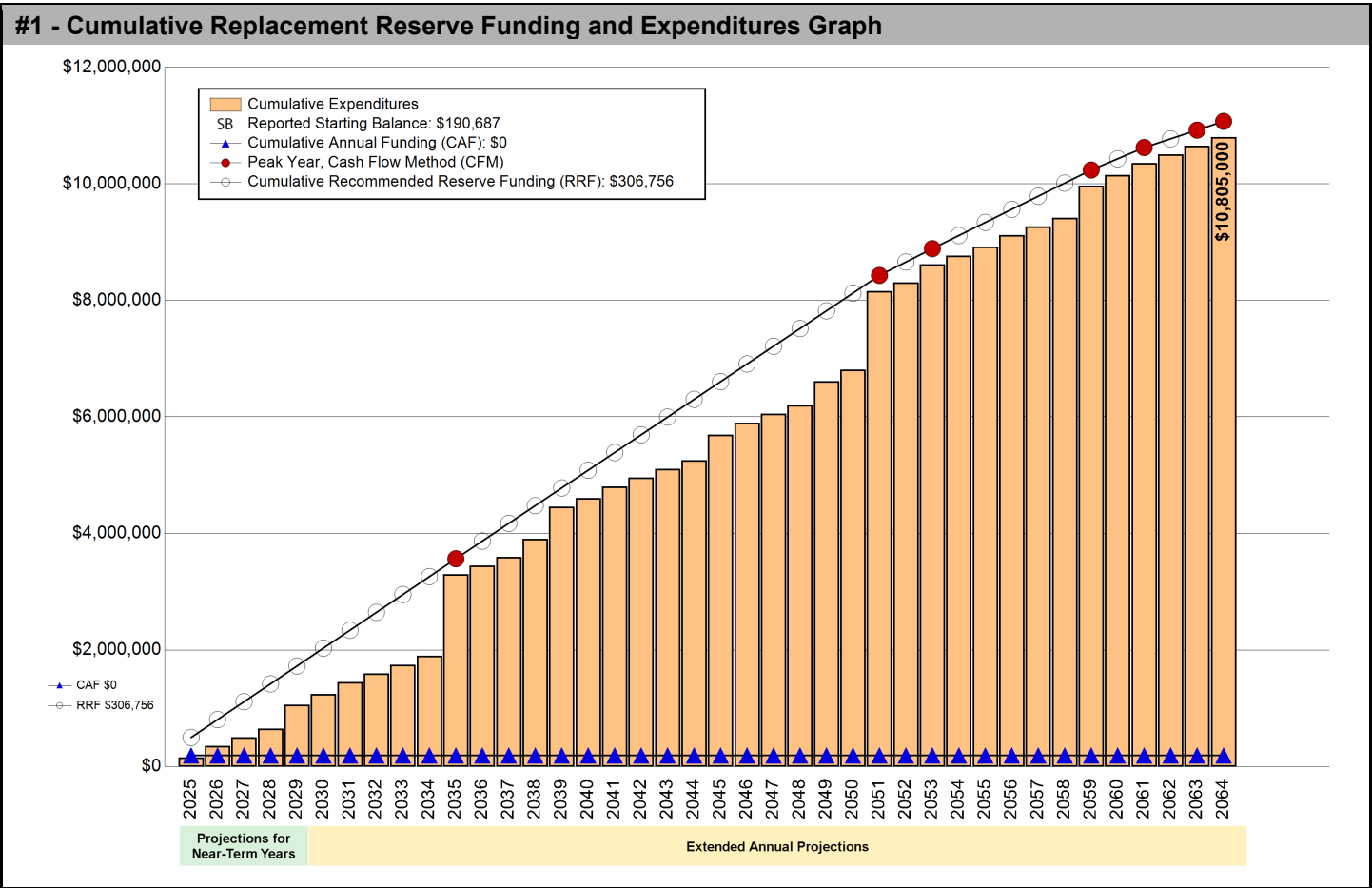
SECTION A - FINANCIAL ANALYSIS

The Fire Station Vehicles Replacement Reserve Analysis uses the Cash Flow Method (CFM) to calculate Replacement Reserve funding for the periodic replacement of the 14 Projected Replacements identified in the Replacement Reserve Inventory.

\$306,756 RECOMMENDED REPLACEMENT RESERVE FUNDING FOR THE STUDY YEAR, 2025

We recommend the Association adopt a Replacement Reserve Funding Plan based on the annual funding recommendation above. Inflation adjusted funding for subsequent years is shown on Page A4.5.

Fire Station Vehicles reports a Starting Balance of \$190,686 and Annual Funding totaling \$0, which is inadequate to fund projected replacements starting in 2026. See Page A4.3 for a more detailed evaluation.



REPLACEMENT RESERVE ANALYSIS - GENERAL INFORMATION
The Fire Station Vehicles Replacement Reserve Analysis calculations of recommended funding of Replacement Reserves by the Cash Flow Method (CFM) and the evaluation of the Current Funding are based upon the same Study Year, Study Period, Beginning Balance, Replacement Reserve Inventory and Level of Service.

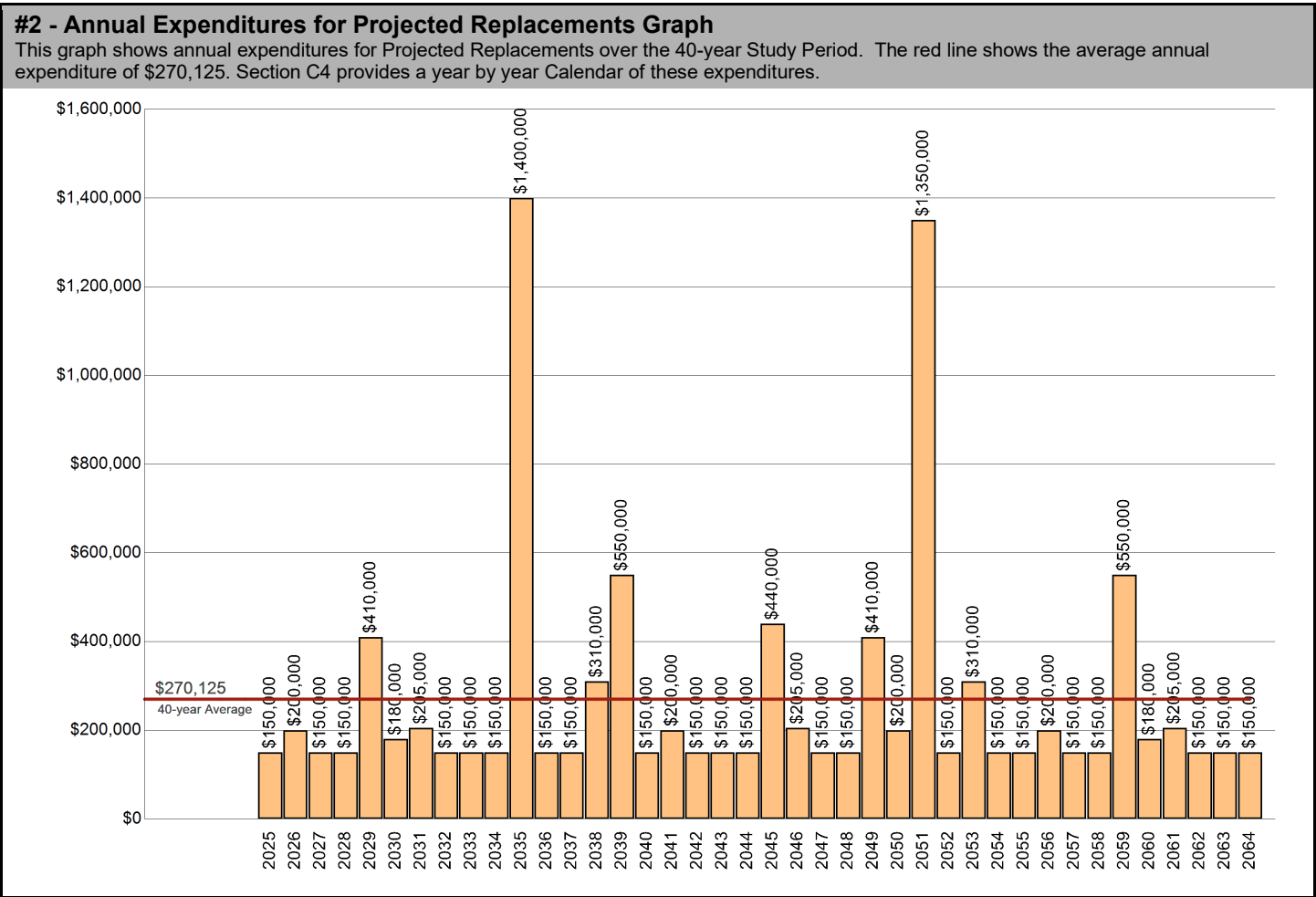
2025 | STUDY YEAR
The Association reports that their accounting year begins on January 1, and the Study Year, the first year evaluated by the Replacement Reserve Analysis, begins on January 1, 2025.

40 Years | STUDY PERIOD
The Replacement Reserve Analysis evaluates the funding of Replacement Reserves over a 40-year Study Period

\$190,686 | STARTING BALANCE
The Association reports Replacement Reserves on Deposit totaling \$190,686 at the start of the Study Year.

Level Two | LEVEL OF SERVICE
The Replacement Reserve Inventory has been developed in compliance with the National Reserve Study Standards for a Level Two Study, as defined by the Community Associations Institute (CAI).

\$10,805,000 | REPLACEMENT RESERVE INVENTORY - PROJECTED REPLACEMENTS
The Fire Station Vehicles Replacement Reserve Inventory identifies 14 items that will require periodic replacement, that are to be funded from Replacement Reserves. We estimate the cost of these replacements will be \$10,805,000 over the 40-year Study Period. The Projected Replacements are divided into 1 major categories starting on Page B4.3. Pages B4.1-B4.2 provide detailed information on the Replacement Reserve Inventory.



UPDATING OF THE FUNDING PLAN

The Association has a responsibility to review the Funding Plan annually. The review should include a comparison and evaluation of actual reserve funding with recommended levels shown on Page A4.4 and A4.5. The Projected Replacements listed on Page C4.2 should be compared with any replacements accomplished and funded from Replacement Reserves. Discrepancies should be evaluated and if necessary, the Reserve Study should be updated or a new study commissioned. We recommend annual increases in replacement reserve funding to account for the impact of inflation. Inflation Adjusted Funding is discussed on Page A4.5.

UPDATING OF THE REPLACEMENT RESERVE STUDY

At a minimum, the Replacement Reserve Study should be professionally updated every three to five years or after completion of a major replacement project. Updating should also be considered if during the annual review of the Funding Plan, discrepancies are noted between projected and actual reserve funding or replacement costs. Updating may also be necessary if there is a meaningful discrepancy between the actual inflation rate and the inflation rate used for the Inflation Adjusted Funding of Replacement Reserves on Page A4.5.

ANNUAL EXPENDITURES AND CURRENT FUNDING

The annual expenditures that comprise the \$10,805,000 of Projected Expenditures over the 40-year Study Period and the impact of the Association continuing to fund Replacement Reserves at the current level are detailed in Table 3.

#3 - Table of Annual Expenditures and Current Funding Data - Years 0 through 39										
Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Starting Balance	\$190,687									
Projected Replacements	(\$150,000)	(\$200,000)	(\$150,000)	(\$150,000)	(\$410,000)	(\$180,000)	(\$205,000)	(\$150,000)	(\$150,000)	(\$150,000)
Annual Deposit										
End of Year Balance	\$40,687	(\$159,313)	(\$309,313)	(\$459,313)	(\$869,313)	(\$1,049,313)	(\$1,254,313)	(\$1,404,313)	(\$1,554,313)	(\$1,704,313)
Cumulative Expenditures	(\$150,000)	(\$350,000)	(\$500,000)	(\$650,000)	(\$1,060,000)	(\$1,240,000)	(\$1,445,000)	(\$1,595,000)	(\$1,745,000)	(\$1,895,000)
Cumulative Receipts	\$190,687	\$190,687	\$190,687	\$190,687	\$190,687	\$190,687	\$190,687	\$190,687	\$190,687	\$190,687
Year	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Projected Replacements	(\$1,400,000)	(\$150,000)	(\$150,000)	(\$310,000)	(\$550,000)	(\$150,000)	(\$200,000)	(\$150,000)	(\$150,000)	(\$150,000)
Annual Deposit										
End of Year Balance	(\$3,104,313)	(\$3,254,313)	(\$3,404,313)	(\$3,714,313)	(\$4,264,313)	(\$4,414,313)	(\$4,614,313)	(\$4,764,313)	(\$4,914,313)	(\$5,064,313)
Cumulative Expenditures	(\$3,295,000)	(\$3,445,000)	(\$3,595,000)	(\$3,905,000)	(\$4,455,000)	(\$4,605,000)	(\$4,805,000)	(\$4,955,000)	(\$5,105,000)	(\$5,255,000)
Cumulative Receipts	\$190,687	\$190,687	\$190,687	\$190,687	\$190,687	\$190,687	\$190,687	\$190,687	\$190,687	\$190,687
Year	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Projected Replacements	(\$440,000)	(\$205,000)	(\$150,000)	(\$150,000)	(\$410,000)	(\$200,000)	(\$1,350,000)	(\$150,000)	(\$310,000)	(\$150,000)
Annual Deposit										
End of Year Balance	(\$5,504,313)	(\$5,709,313)	(\$5,859,313)	(\$6,009,313)	(\$6,419,313)	(\$6,619,313)	(\$7,969,313)	(\$8,119,313)	(\$8,429,313)	(\$8,579,313)
Cumulative Expenditures	(\$5,695,000)	(\$5,900,000)	(\$6,050,000)	(\$6,200,000)	(\$6,610,000)	(\$6,810,000)	(\$8,160,000)	(\$8,310,000)	(\$8,620,000)	(\$8,770,000)
Cumulative Receipts	\$190,687	\$190,687	\$190,687	\$190,687	\$190,687	\$190,687	\$190,687	\$190,687	\$190,687	\$190,687
Year	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064
Projected Replacements	(\$150,000)	(\$200,000)	(\$150,000)	(\$150,000)	(\$550,000)	(\$180,000)	(\$205,000)	(\$150,000)	(\$150,000)	(\$150,000)
Annual Deposit										
End of Year Balance	(\$8,729,313)	(\$8,929,313)	(\$9,079,313)	(\$9,229,313)	(\$9,779,313)	(\$9,959,313)	(\$10,164,313)	(\$10,314,313)	(\$10,464,313)	(\$10,614,313)
Cumulative Expenditures	(\$8,920,000)	(\$9,120,000)	(\$9,270,000)	(\$9,420,000)	(\$9,970,000)	(\$10,150,000)	(\$10,355,000)	(\$10,505,000)	(\$10,655,000)	(\$10,805,000)
Cumulative Receipts	\$190,687	\$190,687	\$190,687	\$190,687	\$190,687	\$190,687	\$190,687	\$190,687	\$190,687	\$190,687

EVALUATION OF CURRENT FUNDING

The evaluation of Current Funding (Starting Balance of \$190,686 & annual funding of \$0), is done in today's dollars with no adjustments for inflation or interest earned on Replacement Reserves. The evaluation assumes Replacement Reserves will only be used for the 14 Projected Replacements identified in the Replacement Reserve Inventory and that the Association will continue Annual Funding of \$0 throughout the 40-year Study Period.

Annual Funding of \$0 is approximately 0 percent of the \$306,756 recommended Annual Funding calculated by the Cash Flow Method for 2025, the Study Year.

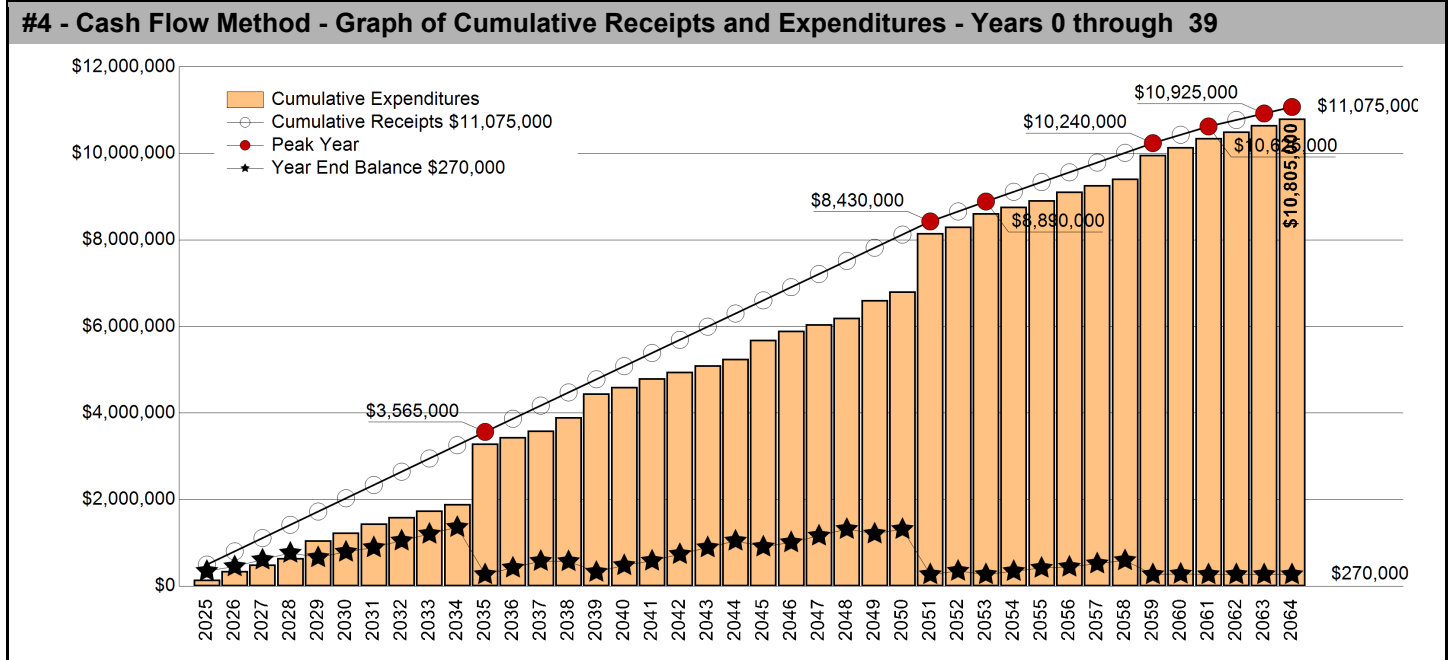
See the Executive Summary for the Current Funding Statement.

CASH FLOW METHOD FUNDING

\$306,756 RECOMMENDED REPLACEMENT RESERVE FUNDING FOR 2025

Recommended Replacement Reserve Funding has been calculated using the Cash Flow Method (also called the Straight Line or Threshold Method). This method calculates a constant annual funding between peaks in cumulative expenditures, while maintaining a Minimum Balance (threshold) in the Peak Years.

- **Peak Years.** The First Peak Year occurs in 2035 with Replacement Reserves on Deposit dropping to the Minimum Balance after the completion of \$3,295,000 of replacements from 2025 to 2035. Recommended funding is projected to decline from \$306,756 in 2035 to \$304,063 in 2036. Peak Years are identified in Chart 4 and Table 5.
- **Threshold (Minimum Balance).** The calculations assume a Minimum Balance of \$270,000 will always be held in reserve, which is calculated by rounding the 12-month 40-year average annual expenditure of \$270,125 as shown on Graph #2.
- **Cash Flow Method Study Period.** Cash Flow Method calculates funding for \$10,805,000 of expenditures over the 40-year Study Period. It does not include funding for any projects beyond 2064 and in 2064, the end of year balance will always be the Minimum Balance.



#5 - Cash Flow Method - Table of Receipts & Expenditures - Years 0 through 39										
Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Starting Balance	\$190,687									
Projected Replacements	(\$150,000)	(\$200,000)	(\$150,000)	(\$150,000)	(\$410,000)	(\$180,000)	(\$205,000)	(\$150,000)	(\$150,000)	(\$150,000)
Annual Deposit	\$306,756	\$306,756	\$306,756	\$306,756	\$306,756	\$306,756	\$306,756	\$306,756	\$306,756	\$306,756
End of Year Balance	\$347,442	\$454,198	\$610,954	\$767,710	\$664,465	\$791,221	\$892,977	\$1,049,733	\$1,206,488	\$1,363,244
Cumulative Expenditures	(\$150,000)	(\$350,000)	(\$500,000)	(\$650,000)	(\$1,060,000)	(\$1,240,000)	(\$1,445,000)	(\$1,595,000)	(\$1,745,000)	(\$1,895,000)
Cumulative Receipts	\$497,442	\$804,198	\$1,110,954	\$1,417,710	\$1,724,465	\$2,031,221	\$2,337,977	\$2,644,733	\$2,951,488	\$3,258,244
Year	1st Peak - 2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Projected Replacements	(\$1,400,000)	(\$150,000)	(\$150,000)	(\$310,000)	(\$550,000)	(\$150,000)	(\$200,000)	(\$150,000)	(\$150,000)	(\$150,000)
Annual Deposit	\$306,756	\$304,063	\$304,063	\$304,063	\$304,063	\$304,063	\$304,063	\$304,063	\$304,063	\$304,063
End of Year Balance	\$270,000	\$424,062	\$578,125	\$572,187	\$326,250	\$480,312	\$584,375	\$738,437	\$892,500	\$1,046,562
Cumulative Expenditures	(\$3,295,000)	(\$3,445,000)	(\$3,595,000)	(\$3,905,000)	(\$4,455,000)	(\$4,605,000)	(\$4,805,000)	(\$4,955,000)	(\$5,105,000)	(\$5,255,000)
Cumulative Receipts	\$3,565,000	\$3,869,062	\$4,173,125	\$4,477,187	\$4,781,250	\$5,085,312	\$5,389,375	\$5,693,437	\$5,997,500	\$6,301,562
Year	2045	2046	2047	2048	2049	2050	2nd Peak - 2051	2052	3rd Peak - 2053	2054
Projected Replacements	(\$440,000)	(\$205,000)	(\$150,000)	(\$150,000)	(\$410,000)	(\$200,000)	(\$1,350,000)	(\$150,000)	(\$310,000)	(\$150,000)
Annual Deposit	\$304,063	\$304,063	\$304,063	\$304,063	\$304,063	\$304,063	\$304,063	\$230,000	\$230,000	\$225,000
End of Year Balance	\$910,625	\$1,009,687	\$1,163,750	\$1,317,812	\$1,211,875	\$1,315,937	\$192,500	\$350,000	\$270,000	\$345,000
Cumulative Expenditures	(\$5,695,000)	(\$5,900,000)	(\$6,050,000)	(\$6,200,000)	(\$6,610,000)	(\$6,810,000)	(\$8,160,000)	(\$8,310,000)	(\$8,620,000)	(\$8,770,000)
Cumulative Receipts	\$6,605,625	\$6,909,687	\$7,213,750	\$7,517,812	\$7,821,875	\$8,125,937	\$8,430,000	\$8,680,000	\$8,890,000	\$9,115,000
Year	2055	2056	2057	2058	4th Peak - 2059	2060	5th Peak - 2061	2062	6th Peak - 2063	7th Peak - 2064
Projected Replacements	(\$150,000)	(\$200,000)	(\$150,000)	(\$150,000)	(\$550,000)	(\$180,000)	(\$205,000)	(\$150,000)	(\$150,000)	(\$150,000)
Annual Deposit	\$225,000	\$225,000	\$225,000	\$225,000	\$225,000	\$192,500	\$192,500	\$150,000	\$150,000	\$150,000
End of Year Balance	\$420,000	\$445,000	\$520,000	\$595,000	\$270,000	\$282,500	\$270,000	\$270,000	\$270,000	\$270,000
Cumulative Expenditures	(\$8,920,000)	(\$9,120,000)	(\$9,270,000)	(\$9,420,000)	(\$9,970,000)	(\$10,150,000)	(\$10,355,000)	(\$10,505,000)	(\$10,655,000)	(\$10,805,000)
Cumulative Receipts	\$9,340,000	\$9,565,000	\$9,790,000	\$10,015,000	\$10,240,000	\$10,432,500	\$10,625,000	\$10,775,000	\$10,925,000	\$11,075,000

INFLATION ADJUSTED FUNDING

The Cash Flow Method calculations on Page A4 have been done in today's dollars with no adjustment for inflation. At Miller+Dodson, we believe that long-term inflation forecasting is effective at demonstrating the power of compounding, not at calculating appropriate funding levels for Replacement Reserves. We have developed this proprietary model to estimate the short-term impact of inflation on Replacement Reserve funding.

\$306,756 2025 - CASH FLOW METHOD RECOMMENDED FUNDING

The 2025 Study Year calculations have been made using current replacement costs

\$325,161 2026 - 6.0% INFLATION ADJUSTED FUNDING

A new analysis calculates the 2026 funding based on three assumptions:

- Starting Balance totaling \$347,442 on January 1, 2026.
- 2026 Non-inflation replacement costs listed in Section C, \$200,000, will be replaced at approximately \$212,000, 6.00% compounded inflation increase to 2025 costs.
- The \$325,161 inflation-adjusted funding in 2026 is a 6.0% increase over the non-inflation-adjusted funding of \$306,756.

\$344,671 2027 - 6.0% INFLATION ADJUSTED FUNDING

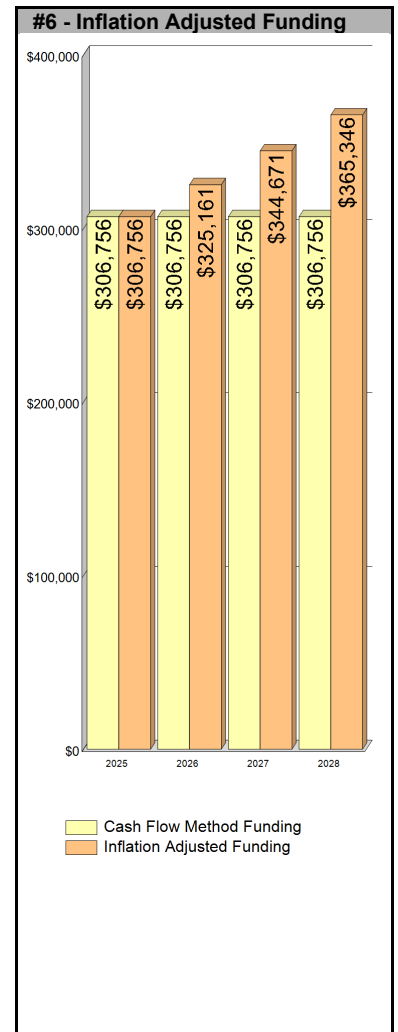
A new analysis calculates the 2027 funding based on three assumptions:

- Starting balance of approximately \$460,603 = 2027 Starting Balance \$347,442, plus Inflation Adjusted Funding \$325,161 for 2026, minus \$212,000 2026 Inflation Adjusted Cost.
- 2027 Non-inflation replacement costs listed in Section C, \$150,000, will be replaced at approximately \$168,540, 6.0% compounded inflation increase to 2025 costs.
- The \$344,671 inflation-adjusted funding in 2027 is a 6.0% increase over the non-inflation-adjusted funding of \$325,161 for 2026.

\$365,346 2028 - 6.0% INFLATION ADJUSTED FUNDING

A new analysis calculates the 2028 funding based on three assumptions:

- Starting balance of approximately \$636,734 = 2028 Starting Balance \$460,603, plus Inflation Adjusted Funding \$344,671 for 2027, minus \$168,540 2027 Inflation Adjusted Cost.
- 2028 Non-inflation replacement costs listed in Section C, \$150,000, will be replaced at approximately \$178,652, 6.0% compounded inflation increase to 2025 costs.
- The \$365,346 inflation-adjusted funding in 2028 is a 6.0% increase over the non-inflation-adjusted funding of \$344,671 for 2027.



Year Four and Beyond

The inflation-adjusted funding calculations outlined above are not intended to be a substitute for periodic evaluation of common elements by an experienced Reserve Analyst. Industry Standards, lender requirements, and many state and local statutes require a Replacement Reserve Study to be professionally updated every 3 to 5 years.

Inflation Adjustment

Prior to approving a budget based upon the 2026, 2027 and 2028 inflation-adjusted funding calculations above, the 6.00 percent base rate of inflation used in our calculations should be compared to rates published by the Bureau of Labor Statistics. If there is a significant discrepancy (over 1 percentage point), contact Miller+Dodson Associates prior to using the Inflation Adjusted Funding.

Interest on Reserves

The recommended funding calculations do not account for interest earned on Replacement Reserves. In 2025, based on a 1.00 percent interest rate, we estimate the Association may earn \$2,691 on an average balance of \$269,064, \$4,040 on an average balance of \$404,023 in 2026, and \$5,489 on \$548,939 in 2027. The Association may elect to attribute 100 percent of the earned interest to Reserves, resulting in a reduction in the 2025 funding from \$306,756 to \$304,065 (a 0.87 percent reduction), \$325,161 to \$321,121 in 2026 (a 1.24 percent reduction), and \$344,671 to \$339,181 in 2027 (a 1.59 percent reduction).

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SECTION B - REPLACEMENT RESERVE INVENTORY

- **PROJECTED REPLACEMENTS.** Fire Station Vehicles - Replacement Reserve Inventory identifies 14 items that are Projected Replacements and the periodic replacements of these items are scheduled for funding from Replacement Reserves. The Projected Replacements have an estimated one-time replacement cost of \$3,815,000. Cumulative Replacements totaling \$10,805,000 are scheduled in the Replacement Reserve Inventory over the 40-year Study Period. Cumulative Replacements include those components that are replaced more than once during the period of the study.

Projected Replacements are the replacement of commonly-owned physical assets that require periodic replacement and whose replacement is to be funded from Replacement Reserves.

- **TAX CODE.** The United States Tax Code grants favorable tax status to Replacement Reserves, conditioned on expenditures being made within certain guidelines. These guidelines typically exclude maintenance activities, minor repairs, and capital improvements.
- **EXCLUDED ITEMS.** Some of the items contained in the Replacement Reserve Inventory are 'Excluded Items'. Multiple categories of items are typically excluded from funding by Replacement Reserves, including but not limited to:

Value. Items with a replacement cost of less than \$1000 and/or a normal economic life of less than 3 years are typically excluded from funding from Replacement Reserves. This exclusion should reflect the Association policy on the administration of Replacement Reserves. If the Association has selected an alternative level, it will be noted in the Replacement Reserve Inventory - General Comments on Page B4.2.

Long-lived Items. Items are excluded from the Replacement Reserve Inventory when items are properly maintained and are assumed to have a life equal to the property.

Unit Improvements. Items owned by a single unit and where the items serve a single unit are generally assumed to be the responsibility of that unit, not the Association.

Other Non-Common Improvements. Items owned by the local government, public and private utility companies, the United States Postal Service, Master Associations, state and local highway authorities, etc., may be installed on property that is owned by the Association. These types of items are generally not the responsibility of the Association and are excluded from the Replacement Reserve Inventory.

- **CATEGORIES.** The 14 items included in the Fire Station Vehicles Replacement Reserve Inventory are divided into 1 major categories. Each category is printed on a separate page, beginning on page B4.3.
- **LEVEL OF SERVICE.** This Replacement Reserve Inventory has been developed in compliance with the standards established for a Level 2 Update, as defined by the National Reserve Study Standards, established in 1998 by the Community Associations Institute, which states:

This study has been performed as a Level 2 Update with Site Visit/On-Site Review as defined by the Community Associations Institute's, National Reserve Study Standards. As such, the component inventory is based on the study that was performed by . This inventory was adjusted to reflect changes provided by the Community Manager and/or the Board of Directors, or adjustments made based on the site visit and visual assessment performed by the Analyst. The analysis, including fund status and funding plan, is developed from the adjusted inventory.

REPLACEMENT RESERVE INVENTORY - GENERAL INFORMATION (CONT'D)

- **INVENTORY DATA.** Each of the 14 Projected Replacements listed in the Replacement Reserve Inventory includes the following data:
 - Item Number.** The Item Number is assigned sequentially and is intended for identification purposes only.
 - Item Description.** We have identified each item included in the Inventory. Additional information may be included in the Comments section at the bottom of each page of the Inventory.
 - Units.** We have used standard abbreviations to identify the number of units including SF-square feet, LF-lineal feet, SY-square yard, LS-lump sum, EA-each, and PR-pair. Non-standard abbreviations are noted in the Comments section at the bottom of the page.
 - Number of Units.** The methods used to develop the quantities are discussed in "Level of Service" above.
 - Unit Replacement Cost.** We use four sources to develop the unit cost data shown in the Inventory; actual replacement cost data provided by the client, information provided by local contractors and suppliers, industry standard estimating manuals, and a cost database we have developed based upon our detailed interviews with contractors and service providers who are specialists in their respective lines of work.
 - Normal Economic Life (Years).** The number of years that a new and properly installed item should be expected to remain in service.
 - Remaining Economic Life (Years).** The estimated number of years before an item will need to be replaced. In "normal" conditions, this could be calculated by subtracting the age of the item from the Normal Economic Life of the item, but only rarely do physical assets age "normally". Some items may have longer or shorter lives depending on many factors such as environment, initial quality of the item, maintenance, etc.
 - Total Replacement Cost.** This is calculated by multiplying the Unit Replacement Cost by the Number of Units.
- **PARTIAL FUNDING.** Items may have been included in the Replacement Reserve Inventory at less than 100 percent of their full quantity and/or replacement cost. This is done on items that will never be replaced in their entirety, but which may require periodic replacements over an extended period of time. The assumptions that provide the basis for any partial funding are noted in the Comments section.
- **REMAINING ECONOMIC LIFE GREATER THAN 40 YEARS.** The calculations do not include funding for initial replacements beyond 40 years. These replacements are included in this Study for tracking and evaluation. They should be included for funding in future Studies, when they enter the 40-year window.
- **ACCURACY OF THE ANALYSIS.** The accuracy of the Replacement Reserve Analysis is dependent upon expenditures from Replacement Reserves being made ONLY for the 14 Projected Replacements specifically listed in the Replacement Reserve Inventory. The inclusion/exclusion of items from the Replacement Reserve Inventory is discussed on Page B4.1.

VEHICLES PROJECTED REPLACEMENTS					NEL- Normal Economic Life (yrs) REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
1	Pierce Quantum, pumper, 200 gpm, 1,000 gallon	ea	1	\$1,200,000.00	30	26	\$1,200,000
2	Pierce Quantum, pumper, 200 gpm, 1,000 gallon	ea	1	\$1,200,000.00	30	10	\$1,200,000
	Pierce Lance, 2,000 gpm, 1,000 gallon tank, 4323						EXCLUDED
3	Peterbuilt 367/Pierce tanker, 3,000 gallon tank,	ea	1	\$400,000.00	20	14	\$400,000
4	International 4300, with Braun ambulance box, 4351	ea	1	\$260,000.00	20	20	\$260,000
5	Chevy C4500 Braun ambulance, 4359	ea	1	\$260,000.00	20	4	\$260,000
6	Mule-rescue Polaris ranger, 4362	ea	1	\$25,000.00	15	10	\$25,000
7	Ford F350 2023 pick-up wildfire response unit, 4361	ea	1	\$75,000.00	15	13	\$75,000
8	Mule-wildfire Polaris ranger 1000XP, 4363	ea	1	\$25,000.00	15	10	\$25,000
9	Ford Expedition paramedic response vehicle 4388	ea	1	\$50,000.00	15	1	\$50,000
10	Chevy Tahoe paramedic response vehicle, 4387	ea	1	\$55,000.00	15	6	\$55,000
	Ford Expedition fire prevention vehicle, 4389						EXCLUDED
11	Jaws of life	ea	1	\$25,000.00	15	13	\$25,000
12	Life pack 15 with monitor LP-35	ea	3	\$10,000.00	15	5	\$30,000
13	Ambulance cots with load system	ea	2	\$30,000.00	15	13	\$60,000
14	Vehicle debt service/truck loans	ls	1	\$150,000.00	1	none	\$150,000
	Diesel exhaust system						EXCLUDED
Replacement Costs - Page Subtotal							\$3,815,000

COMMENTS
<ul style="list-style-type: none"> Item #1: Pierce Quantum, pumper, 200 gpm, 1,000 gallon tank, 4321 - [05/06/2025] Per request, re-added line item, purchased new in 2021. Item #2: Pierce Quantum, pumper, 200 gpm, 1,000 gallon tank, 4322 - [05/06/2025] Per request, re-added line item. New in 2005. Item #4: International 4300, with Braun ambulance box, 4351 - International 4300, w/ Braun ambulance box, 4351 [05/06/2025] Per request, changed REL Item #9: Ford Expedition paramedic response vehicle 4388 - [05/06/2025] Per request, re-added line item. Item #10: Chevy Tahoe paramedic response vehicle, 4387 - [05/06/2025] Per request, changed REL. Item #14: Vehicle debt service/truck loans - Only through FY 2030. This item will be removed during the next update.

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SECTION C - CALENDAR OF PROJECTED ANNUAL REPLACEMENTS

GENERAL STATEMENT. The 14 Projected Replacements in the Fire Station Vehicles Replacement Reserve Inventory whose replacement is scheduled to be funded from Replacement Reserves are broken down on a year-by-year basis, beginning on Page C4.2.

REPLACEMENT RESERVE ANALYSIS AND INVENTORY POLICIES, PROCEDURES, AND ADMINISTRATION

- **REVIEW OF THE REPLACEMENT RESERVE STUDY.** For this study to be effective, it should be reviewed by the Board of Directors, those responsible for the management of the items included in the Replacement Reserve Inventory, and the accounting professionals employed by the Association.
- **REVISIONS.** Revisions will be made to the Replacement Reserve Analysis and Replacement Reserve Inventory in accordance with the written instructions of the Board of Directors. No additional charge is incurred for the first revision if requested in writing within three months of the date of the Replacement Reserve Study. It is our policy to provide revisions in electronic (Adobe PDF) format only. We acknowledge that there are instances in which multiple revisions are necessary. However, unnecessary multiple revisions drain our time and manpower resources. Therefore, MillerDodson will exercise its sole discretion as to whether additional charges are incurred.
- **TAX CODE.** The United States Tax Code grants favorable tax status to a common interest development (CID) meeting certain guidelines for their Replacement Reserve. If a CID files their taxes as a 'Corporation' on Form 1120 (IRC Section 277), these guidelines typically require maintenance activities, partial replacements, minor replacements, capital improvements, and one-time-only replacements to be excluded from Reserves. A CID cannot co-mingle planning for maintenance activities with capital replacement activities in the Reserves (Revenue Ruling 75-370). Funds for maintenance activities and capital replacement activities must be held in separate accounts. If a CID files taxes as an "Exempt Homeowners Association" using Form 1120H (IRC Section 528), the CID does not have to segregate these activities. However, because the CID may elect to change their method of filing from year to year within the Study Period, we advise using the more restrictive approach. We further recommend that the CID consult with their Accountant and consider creating separate and independent accounts and reserves for large maintenance items, such as painting.
- **CONFLICT OF INTEREST.** Neither MillerDodson Associates nor the Reserve Analyst has any prior or existing relationship with this Association which would represent a real or perceived conflict of interest.
- **RELIANCE ON DATA PROVIDED BY THE CLIENT.** Information provided by an official representative of the Association regarding financial, physical conditions, quality, or historical issues is deemed reliable.
- **INTENT.** This Replacement Reserve Study is a reflection of the information provided by the Association and the visual evaluations of the Analyst. It has been prepared for the sole use of the Association and is not for the purpose of performing an audit, quality/forensic analyses, or background checks of historical records.
- **PREVIOUS REPLACEMENTS.** Information provided to MillerDodson Associates regarding prior replacements is considered to be accurate and reliable. Our visual evaluation is not a project audit or quality inspection.
- **EXPERIENCE WITH FUTURE REPLACEMENTS.** The Calendar of Annual Projected Replacements, lists replacements we have projected to occur over the Study Period and begins on Page C2. Actual experience in replacing the items may differ significantly from the cost estimates and time frames shown because of conditions beyond our control. These differences may be caused by maintenance practices, inflation, variations in pricing and market conditions, future technological developments, regulatory actions, acts of God, and luck. Some items may function normally during our visual evaluation and then fail without notice.

PROJECTED REPLACEMENTS

2025 - Study Year			2026 - YEAR 1		
Item		\$	Item		\$
14	Vehicle debt service/truck loans	\$150,000	9	Ford Expedition paramedic response vehicle 4388	\$50,000
			14	Vehicle debt service/truck loans	\$150,000
Total Scheduled Replacements		\$150,000	Total Scheduled Replacements		\$200,000
2027 - YEAR 2			2028 - YEAR 3		
Item		\$	Item		\$
14	Vehicle debt service/truck loans	\$150,000	14	Vehicle debt service/truck loans	\$150,000
Total Scheduled Replacements		\$150,000	Total Scheduled Replacements		\$150,000
2029 - YEAR 4			2030 - YEAR 5		
Item		\$	Item		\$
5	Chevy C4500 Braun ambulance, 4359	\$260,000	12	Life pack 15 with monitor LP-35	\$30,000
14	Vehicle debt service/truck loans	\$150,000	14	Vehicle debt service/truck loans	\$150,000
Total Scheduled Replacements		\$410,000	Total Scheduled Replacements		\$180,000
2031 - YEAR 6			2032 - YEAR 7		
Item		\$	Item		\$
10	Chevy Tahoe paramedic response vehicle, 4387	\$55,000	14	Vehicle debt service/truck loans	\$150,000
14	Vehicle debt service/truck loans	\$150,000			
Total Scheduled Replacements		\$205,000	Total Scheduled Replacements		\$150,000
2033 - YEAR 8			2034 - YEAR 9		
Item		\$	Item		\$
14	Vehicle debt service/truck loans	\$150,000	14	Vehicle debt service/truck loans	\$150,000
Total Scheduled Replacements		\$150,000	Total Scheduled Replacements		\$150,000

PROJECTED REPLACEMENTS

2035 - YEAR 10			2036 - YEAR 11		
Item		\$	Item		\$
2	Pierce Quantum, pumper, 200 gpm, 1,000 gallon tank,	\$1,200,000	14	Vehicle debt service/truck loans	\$150,000
6	Mule-rescue Polaris ranger, 4362	\$25,000			
8	Mule-wildfire Polaris ranger 1000XP, 4363	\$25,000			
14	Vehicle debt service/truck loans	\$150,000			
Total Scheduled Replacements		\$1,400,000	Total Scheduled Replacements		\$150,000
2037 - YEAR 12			2038 - YEAR 13		
Item		\$	Item		\$
14	Vehicle debt service/truck loans	\$150,000	7	Ford F350 2023 pick-up wildfire response unit, 4361	\$75,000
			11	Jaws of life	\$25,000
			13	Ambulance cots with load system	\$60,000
			14	Vehicle debt service/truck loans	\$150,000
Total Scheduled Replacements		\$150,000	Total Scheduled Replacements		\$310,000
2039 - YEAR 14			2040 - YEAR 15		
Item		\$	Item		\$
3	Peterbuilt 367/Pierce tanker, 3,000 gallon tank, 4336	\$400,000	14	Vehicle debt service/truck loans	\$150,000
14	Vehicle debt service/truck loans	\$150,000			
Total Scheduled Replacements		\$550,000	Total Scheduled Replacements		\$150,000
2041 - YEAR 16			2042 - YEAR 17		
Item		\$	Item		\$
9	Ford Expedition paramedic response vehicle 4388	\$50,000	14	Vehicle debt service/truck loans	\$150,000
14	Vehicle debt service/truck loans	\$150,000			
Total Scheduled Replacements		\$200,000	Total Scheduled Replacements		\$150,000
2043 - YEAR 18			2044 - YEAR 19		
Item		\$	Item		\$
14	Vehicle debt service/truck loans	\$150,000	14	Vehicle debt service/truck loans	\$150,000
Total Scheduled Replacements		\$150,000	Total Scheduled Replacements		\$150,000

PROJECTED REPLACEMENTS

2045 - YEAR 20			2046 - YEAR 21		
Item		\$	Item		\$
4	International 4300, with Braun ambulance box, 4351	\$260,000	10	Chevy Tahoe paramedic response vehicle, 4387	\$55,000
12	Life pack 15 with monitor LP-35	\$30,000	14	Vehicle debt service/truck loans	\$150,000
14	Vehicle debt service/truck loans	\$150,000			
Total Scheduled Replacements		\$440,000	Total Scheduled Replacements		\$205,000
2047 - YEAR 22			2048 - YEAR 23		
Item		\$	Item		\$
14	Vehicle debt service/truck loans	\$150,000	14	Vehicle debt service/truck loans	\$150,000
Total Scheduled Replacements		\$150,000	Total Scheduled Replacements		\$150,000
2049 - YEAR 24			2050 - YEAR 25		
Item		\$	Item		\$
5	Chevy C4500 Braun ambulance, 4359	\$260,000	6	Mule-rescue Polaris ranger, 4362	\$25,000
14	Vehicle debt service/truck loans	\$150,000	8	Mule-wildfire Polaris ranger 1000XP, 4363	\$25,000
			14	Vehicle debt service/truck loans	\$150,000
Total Scheduled Replacements		\$410,000	Total Scheduled Replacements		\$200,000
2051 - YEAR 26			2052 - YEAR 27		
Item		\$	Item		\$
1	Pierce Quantum, pumper, 200 gpm, 1,000 gallon tank,	\$1,200,000	14	Vehicle debt service/truck loans	\$150,000
14	Vehicle debt service/truck loans	\$150,000			
Total Scheduled Replacements		\$1,350,000	Total Scheduled Replacements		\$150,000
2053 - YEAR 28			2054 - YEAR 29		
Item		\$	Item		\$
7	Ford F350 2023 pick-up wildfire response unit, 4361	\$75,000	14	Vehicle debt service/truck loans	\$150,000
11	Jaws of life	\$25,000			
13	Ambulance cots with load system	\$60,000			
14	Vehicle debt service/truck loans	\$150,000			
Total Scheduled Replacements		\$310,000	Total Scheduled Replacements		\$150,000

PROJECTED REPLACEMENTS

2055 - YEAR 30			2056 - YEAR 31		
Item		\$	Item		\$
14	Vehicle debt service/truck loans	\$150,000	9	Ford Expedition paramedic response vehicle 4388	\$50,000
			14	Vehicle debt service/truck loans	\$150,000
Total Scheduled Replacements		\$150,000	Total Scheduled Replacements		\$200,000
2057 - YEAR 32			2058 - YEAR 33		
Item		\$	Item		\$
14	Vehicle debt service/truck loans	\$150,000	14	Vehicle debt service/truck loans	\$150,000
Total Scheduled Replacements		\$150,000	Total Scheduled Replacements		\$150,000
2059 - YEAR 34			2060 - YEAR 35		
Item		\$	Item		\$
3	Peterbuilt 367/Pierce tanker, 3,000 gallon tank, 4336	\$400,000	12	Life pack 15 with monitor LP-35	\$30,000
14	Vehicle debt service/truck loans	\$150,000	14	Vehicle debt service/truck loans	\$150,000
Total Scheduled Replacements		\$550,000	Total Scheduled Replacements		\$180,000
2061 - YEAR 36			2062 - YEAR 37		
Item		\$	Item		\$
10	Chevy Tahoe paramedic response vehicle, 4387	\$55,000	14	Vehicle debt service/truck loans	\$150,000
14	Vehicle debt service/truck loans	\$150,000	Total Scheduled Replacements		\$150,000
Total Scheduled Replacements		\$205,000			
2063 - YEAR 38			2064 - YEAR 39		
Item		\$	Item		\$
14	Vehicle debt service/truck loans	\$150,000	14	Vehicle debt service/truck loans	\$150,000
Total Scheduled Replacements		\$150,000	Total Scheduled Replacements		\$150,000

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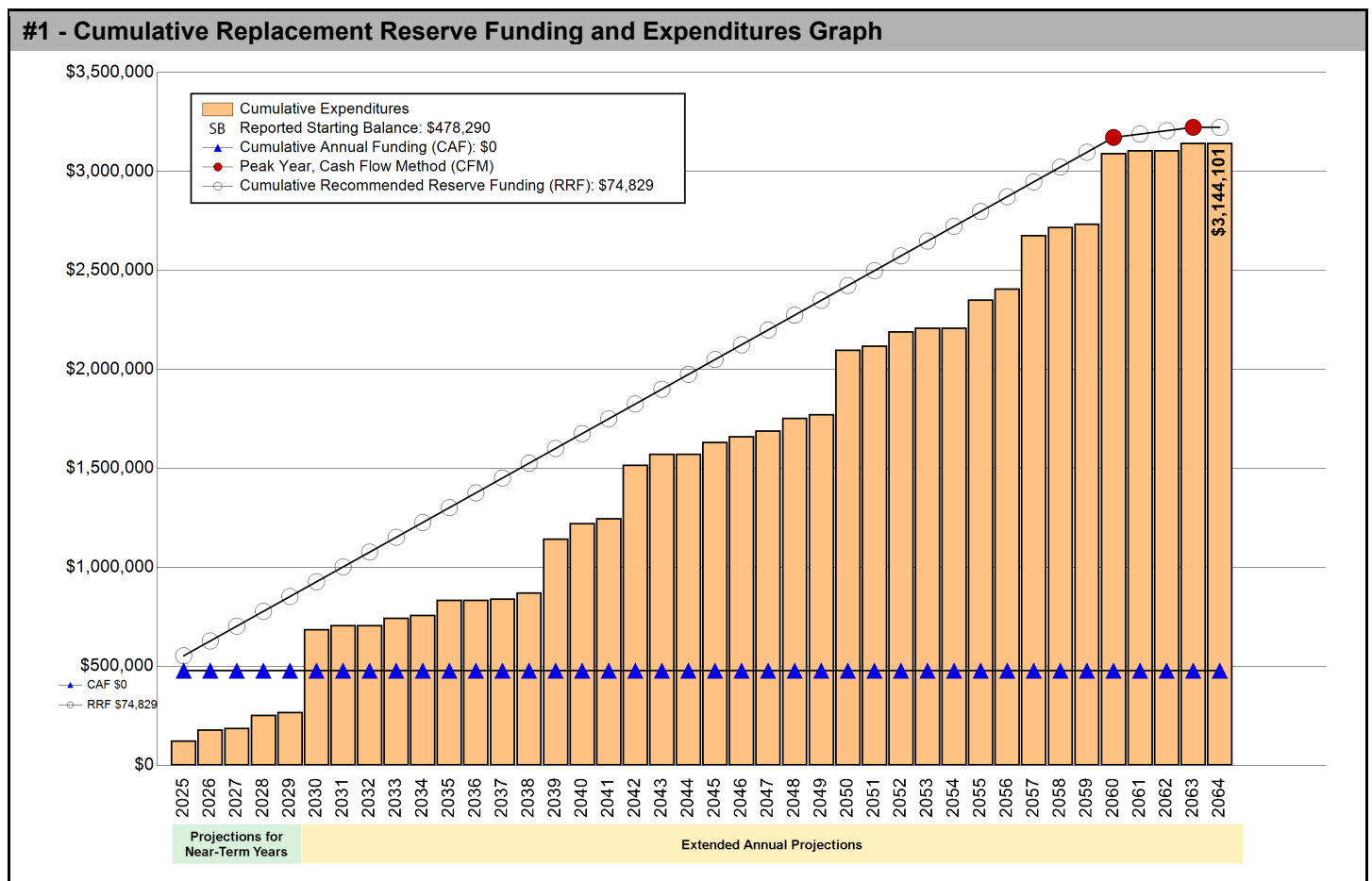
SECTION A - FINANCIAL ANALYSIS

The Road Dept Replacement Reserve Analysis uses the Cash Flow Method (CFM) to calculate Replacement Reserve funding for the periodic replacement of the 37 Projected Replacements identified in the Replacement Reserve Inventory.

\$74,829 RECOMMENDED REPLACEMENT RESERVE FUNDING FOR THE STUDY YEAR, 2025

We recommend the Facility adopt a Replacement Reserve Funding Plan based on the annual funding recommendation above. Inflation adjusted funding for subsequent years is shown on Page A5.5.

Road Dept reports a Starting Balance of \$478,289 and Annual Funding totaling \$0, which is inadequate to fund projected replacements starting in 2030. See Page A5.3 for a more detailed evaluation.



The increase in the Recommended Annual Funding level shown above is due, in part, to the current high rate of inflation in today's construction industry which is pushing replacement costs higher. The primary reason for the increase shown above, however, is that the Reserves were apparently are not currently being funde.

REPLACEMENT RESERVE ANALYSIS - GENERAL INFORMATION
The Road Dept Replacement Reserve Analysis calculations of recommended funding of Replacement Reserves by the Cash Flow Method (CFM) and the evaluation of the Current Funding are based upon the same Study Year, Study Period, Beginning Balance, Replacement Reserve Inventory and Level of Service.

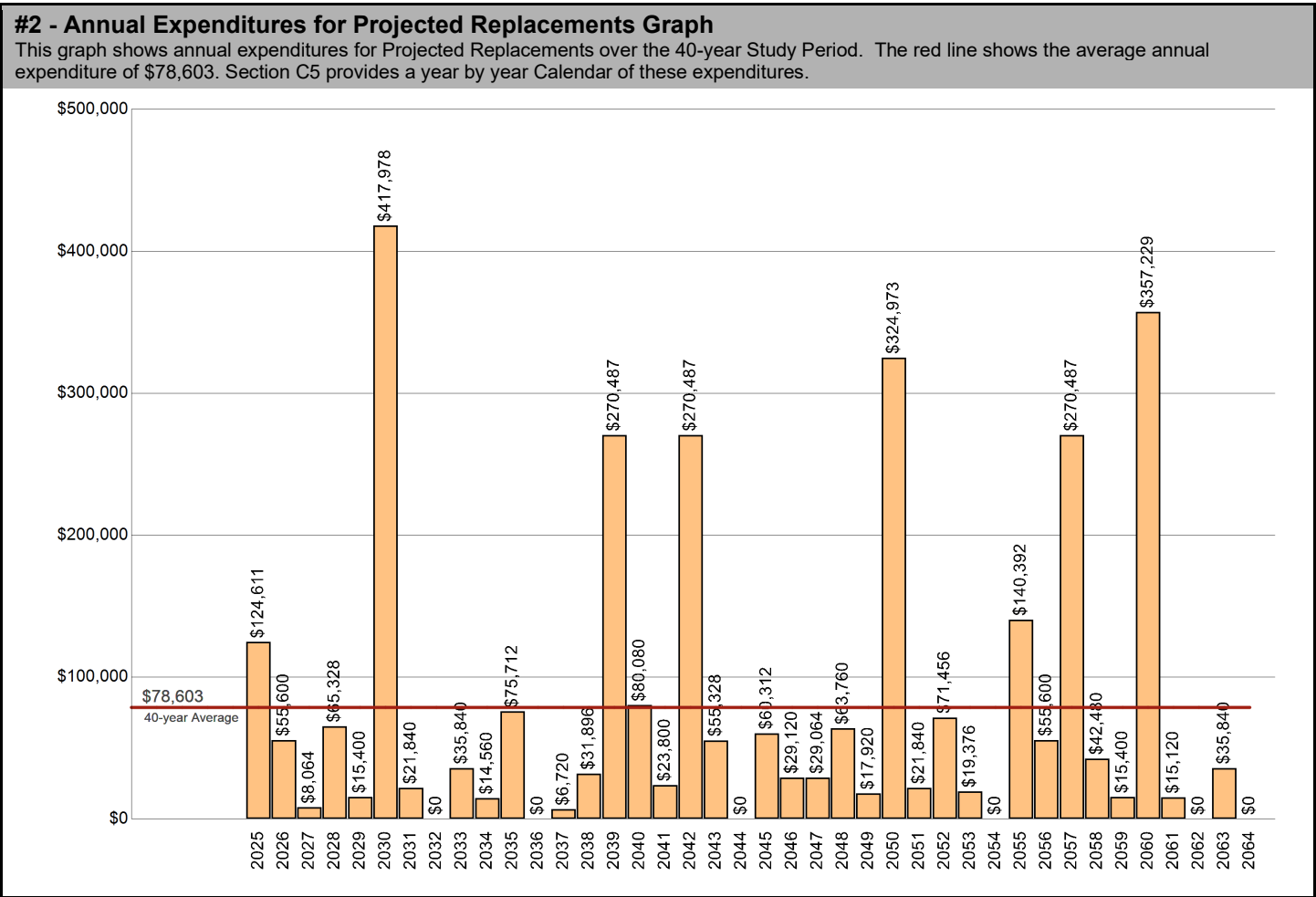
2025 | STUDY YEAR
The Facility reports that their accounting year begins on January 1, and the Study Year, the first year evaluated by the Replacement Reserve Analysis, begins on January 1, 2025.

40 Years | STUDY PERIOD
The Replacement Reserve Analysis evaluates the funding of Replacement Reserves over a 40-year Study Period

\$478,289 | STARTING BALANCE
The Facility reports Replacement Reserves on Deposit totaling \$478,289 at the start of the Study Year.

Level Two | LEVEL OF SERVICE
The Replacement Reserve Inventory has been developed in compliance with the National Reserve Study Standards for a Level Two Study, as defined by the Community Associations Institute (CAI).

\$3,144,101 | REPLACEMENT RESERVE INVENTORY - PROJECTED REPLACEMENTS
The Road Dept Replacement Reserve Inventory identifies 37 items that will require periodic replacement, that are to be funded from Replacement Reserves. We estimate the cost of these replacements will be \$3,144,101 over the 40-year Study Period. The Projected Replacements are divided into 3 major categories starting on Page B5.3. Pages B5.1-B5.2 provide detailed information on the Replacement Reserve Inventory.



UPDATING OF THE FUNDING PLAN

The Facility has a responsibility to review the Funding Plan annually. The review should include a comparison and evaluation of actual reserve funding with recommended levels shown on Page A5.4 and A5.5. The Projected Replacements listed on Page C5.2 should be compared with any replacements accomplished and funded from Replacement Reserves. Discrepancies should be evaluated and if necessary, the Reserve Study should be updated or a new study commissioned. We recommend annual increases in replacement reserve funding to account for the impact of inflation. Inflation Adjusted Funding is discussed on Page A5.5.

UPDATING OF THE REPLACEMENT RESERVE STUDY

At a minimum, the Replacement Reserve Study should be professionally updated every three to five years or after completion of a major replacement project. Updating should also be considered if during the annual review of the Funding Plan, discrepancies are noted between projected and actual reserve funding or replacement costs. Updating may also be necessary if there is a meaningful discrepancy between the actual inflation rate and the inflation rate used for the Inflation Adjusted Funding of Replacement Reserves on Page A5.5.

ANNUAL EXPENDITURES AND CURRENT FUNDING

The annual expenditures that comprise the \$3,144,101 of Projected Expenditures over the 40-year Study Period and the impact of the Facility continuing to fund Replacement Reserves at the current level are detailed in Table 3.

#3 - Table of Annual Expenditures and Current Funding Data - Years 0 through 39										
Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Starting Balance	\$478,290									
Projected Replacements	(\$124,611)	(\$55,600)	(\$8,064)	(\$65,328)	(\$15,400)	(\$417,978)	(\$21,840)		(\$35,840)	(\$14,560)
Annual Deposit										
End of Year Balance	\$353,679	\$298,079	\$290,015	\$224,687	\$209,287	(\$208,691)	(\$230,531)	(\$230,531)	(\$266,371)	(\$280,931)
Cumulative Expenditures	(\$124,611)	(\$180,211)	(\$188,275)	(\$253,603)	(\$269,003)	(\$686,981)	(\$708,821)	(\$708,821)	(\$744,661)	(\$759,221)
Cumulative Receipts	\$478,290	\$478,290	\$478,290	\$478,290	\$478,290	\$478,290	\$478,290	\$478,290	\$478,290	\$478,290
Year	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Projected Replacements	(\$75,712)		(\$6,720)	(\$31,896)	(\$270,487)	(\$80,080)	(\$23,800)	(\$270,487)	(\$55,328)	
Annual Deposit										
End of Year Balance	(\$356,643)	(\$356,643)	(\$363,363)	(\$395,259)	(\$665,746)	(\$745,826)	(\$769,626)	(\$1,040,114)	(\$1,095,442)	(\$1,095,442)
Cumulative Expenditures	(\$834,933)	(\$834,933)	(\$841,653)	(\$873,549)	(\$1,144,036)	(\$1,224,116)	(\$1,247,916)	(\$1,518,404)	(\$1,573,732)	(\$1,573,732)
Cumulative Receipts	\$478,290	\$478,290	\$478,290	\$478,290	\$478,290	\$478,290	\$478,290	\$478,290	\$478,290	\$478,290
Year	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Projected Replacements	(\$60,312)	(\$29,120)	(\$29,064)	(\$63,760)	(\$17,920)	(\$324,973)	(\$21,840)	(\$71,456)	(\$19,376)	
Annual Deposit										
End of Year Balance	(\$1,155,754)	(\$1,184,874)	(\$1,213,938)	(\$1,277,698)	(\$1,295,618)	(\$1,620,590)	(\$1,642,430)	(\$1,713,886)	(\$1,733,262)	(\$1,733,262)
Cumulative Expenditures	(\$1,634,044)	(\$1,663,164)	(\$1,692,228)	(\$1,755,988)	(\$1,773,908)	(\$2,098,880)	(\$2,120,720)	(\$2,192,176)	(\$2,211,552)	(\$2,211,552)
Cumulative Receipts	\$478,290	\$478,290	\$478,290	\$478,290	\$478,290	\$478,290	\$478,290	\$478,290	\$478,290	\$478,290
Year	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064
Projected Replacements	(\$140,392)	(\$55,600)	(\$270,487)	(\$42,480)	(\$15,400)	(\$357,229)	(\$15,120)		(\$35,840)	
Annual Deposit										
End of Year Balance	(\$1,873,654)	(\$1,929,254)	(\$2,199,742)	(\$2,242,222)	(\$2,257,622)	(\$2,614,851)	(\$2,629,971)	(\$2,629,971)	(\$2,665,811)	(\$2,665,811)
Cumulative Expenditures	(\$2,351,944)	(\$2,407,544)	(\$2,678,032)	(\$2,720,512)	(\$2,735,912)	(\$3,093,141)	(\$3,108,261)	(\$3,108,261)	(\$3,144,101)	(\$3,144,101)
Cumulative Receipts	\$478,290	\$478,290	\$478,290	\$478,290	\$478,290	\$478,290	\$478,290	\$478,290	\$478,290	\$478,290

EVALUATION OF CURRENT FUNDING

The evaluation of Current Funding (Starting Balance of \$478,289 & annual funding of \$0), is done in today's dollars with no adjustments for inflation or interest earned on Replacement Reserves. The evaluation assumes Replacement Reserves will only be used for the 37 Projected Replacements identified in the Replacement Reserve Inventory and that the Facility will continue Annual Funding of \$0 throughout the 40-year Study Period.

Annual Funding of \$0 is approximately 0 percent of the \$74,829 recommended Annual Funding calculated by the Cash Flow Method for 2025, the Study Year.

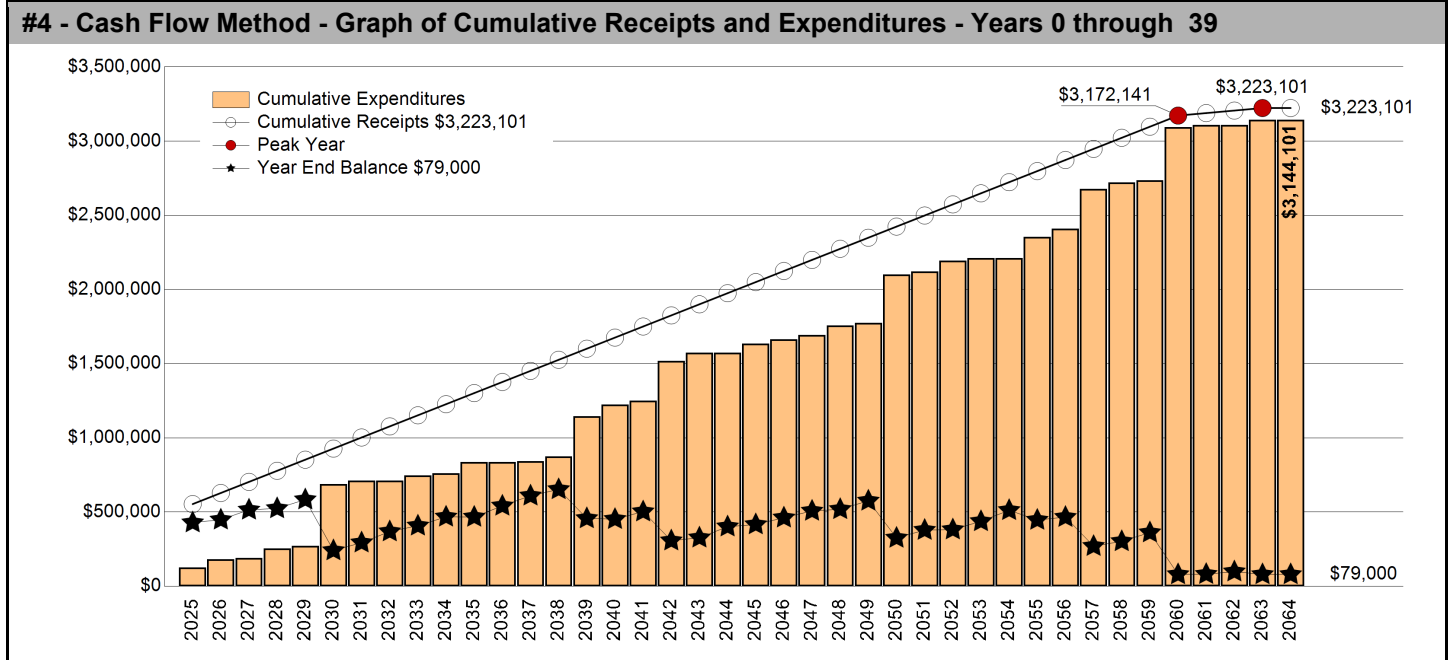
See the Executive Summary for the Current Funding Statement.

CASH FLOW METHOD FUNDING

\$74,829 RECOMMENDED REPLACEMENT RESERVE FUNDING FOR 2025

Recommended Replacement Reserve Funding has been calculated using the Cash Flow Method (also called the Straight Line or Threshold Method). This method calculates a constant annual funding between peaks in cumulative expenditures, while maintaining a Minimum Balance (threshold) in the Peak Years.

- **Peak Years.** The First Peak Year occurs in 2060 with Replacement Reserves on Deposit dropping to the Minimum Balance after the completion of \$3,093,141 of replacements from 2025 to 2060. Recommended funding is anticipated to decline in 2061. Peak Years are identified in Chart 4 and Table 5.
- **Threshold (Minimum Balance).** The calculations assume a Minimum Balance of \$79,000 will always be held in reserve, which is calculated by rounding the 12-month 40-year average annual expenditure of \$78,603 as shown on Graph #2.
- **Cash Flow Method Study Period.** Cash Flow Method calculates funding for \$3,144,101 of expenditures over the 40-year Study Period. It does not include funding for any projects beyond 2064 and in 2064, the end of year balance will always be the Minimum Balance.



#5 - Cash Flow Method - Table of Receipts & Expenditures - Years 0 through 39

Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Starting Balance	\$478,290									
Projected Replacements	(\$124,611)	(\$55,600)	(\$8,064)	(\$65,328)	(\$15,400)	(\$417,978)	(\$21,840)		(\$35,840)	(\$14,560)
Annual Deposit	\$74,829	\$74,829	\$74,829	\$74,829	\$74,829	\$74,829	\$74,829	\$74,829	\$74,829	\$74,829
End of Year Balance	\$428,508	\$447,737	\$514,502	\$524,003	\$583,433	\$240,284	\$293,273	\$368,103	\$407,092	\$467,361
Cumulative Expenditures	(\$124,611)	(\$180,211)	(\$188,275)	(\$253,603)	(\$269,003)	(\$686,981)	(\$708,821)	(\$708,821)	(\$744,661)	(\$759,221)
Cumulative Receipts	\$553,119	\$627,948	\$702,777	\$777,607	\$852,436	\$927,265	\$1,002,094	\$1,076,923	\$1,151,753	\$1,226,582
Year	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Projected Replacements	(\$75,712)		(\$6,720)	(\$31,896)	(\$270,487)	(\$80,080)	(\$23,800)	(\$270,487)	(\$55,328)	
Annual Deposit	\$74,829	\$74,829	\$74,829	\$74,829	\$74,829	\$74,829	\$74,829	\$74,829	\$74,829	\$74,829
End of Year Balance	\$466,478	\$541,307	\$609,417	\$652,350	\$456,692	\$451,441	\$502,470	\$306,812	\$326,313	\$401,142
Cumulative Expenditures	(\$834,933)	(\$834,933)	(\$841,653)	(\$873,549)	(\$1,144,036)	(\$1,224,116)	(\$1,247,916)	(\$1,518,404)	(\$1,573,732)	(\$1,573,732)
Cumulative Receipts	\$1,301,411	\$1,376,240	\$1,451,069	\$1,525,899	\$1,600,728	\$1,675,557	\$1,750,386	\$1,825,215	\$1,900,045	\$1,974,874
Year	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Projected Replacements	(\$60,312)	(\$29,120)	(\$29,064)	(\$63,760)	(\$17,920)	(\$324,973)	(\$21,840)	(\$71,456)	(\$19,376)	
Annual Deposit	\$74,829	\$74,829	\$74,829	\$74,829	\$74,829	\$74,829	\$74,829	\$74,829	\$74,829	\$74,829
End of Year Balance	\$415,659	\$461,369	\$507,134	\$518,203	\$575,112	\$324,969	\$377,958	\$381,331	\$436,784	\$511,613
Cumulative Expenditures	(\$1,634,044)	(\$1,663,164)	(\$1,692,228)	(\$1,755,988)	(\$1,773,908)	(\$2,098,880)	(\$2,120,720)	(\$2,192,176)	(\$2,211,552)	(\$2,211,552)
Cumulative Receipts	\$2,049,703	\$2,124,532	\$2,199,361	\$2,274,191	\$2,349,020	\$2,423,849	\$2,498,678	\$2,573,507	\$2,648,336	\$2,723,166
Year	2055	2056	2057	2058	2059	1st Peak - 2060	2061	2062	2nd Peak - 2063	2064
Projected Replacements	(\$140,392)	(\$55,600)	(\$270,487)	(\$42,480)	(\$15,400)	(\$357,229)	(\$15,120)		(\$35,840)	
Annual Deposit	\$74,829	\$74,829	\$74,829	\$74,829	\$74,829	\$74,829	\$74,829	\$16,987	\$16,987	
End of Year Balance	\$446,051	\$465,280	\$269,622	\$301,971	\$361,400	\$79,000	\$80,867	\$97,853	\$79,000	\$79,000
Cumulative Expenditures	(\$2,351,944)	(\$2,407,544)	(\$2,678,032)	(\$2,720,512)	(\$2,735,912)	(\$3,093,141)	(\$3,108,261)	(\$3,108,261)	(\$3,144,101)	(\$3,144,101)
Cumulative Receipts	\$2,797,995	\$2,872,824	\$2,947,653	\$3,022,482	\$3,097,312	\$3,172,141	\$3,189,127	\$3,206,114	\$3,223,101	\$3,223,101

INFLATION ADJUSTED FUNDING

The Cash Flow Method calculations on Page A4 have been done in today's dollars with no adjustment for inflation. At Miller+Dodson, we believe that long-term inflation forecasting is effective at demonstrating the power of compounding, not at calculating appropriate funding levels for Replacement Reserves. We have developed this proprietary model to estimate the short-term impact of inflation on Replacement Reserve funding.

\$74,829 2025 - CASH FLOW METHOD RECOMMENDED FUNDING

The 2025 Study Year calculations have been made using current replacement costs

\$79,319 2026 - 6.0% INFLATION ADJUSTED FUNDING

A new analysis calculates the 2026 funding based on three assumptions:

- Starting Balance totaling \$428,508 on January 1, 2026.
- 2026 Non-inflation replacement costs listed in Section C, \$55,600, will be replaced at approximately \$58,936, 6.00% compounded inflation increase to 2025 costs.
- The \$79,319 inflation-adjusted funding in 2026 is a 6.0% increase over the non-inflation-adjusted funding of \$74,829.

\$84,078 2027 - 6.0% INFLATION ADJUSTED FUNDING

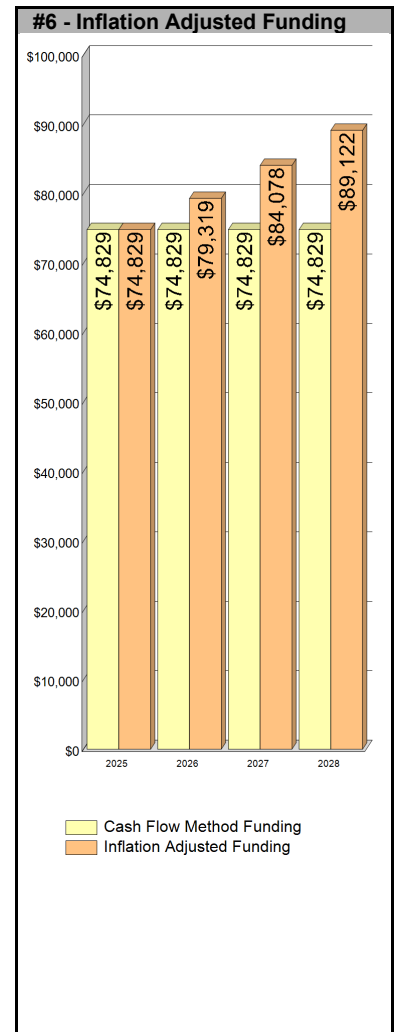
A new analysis calculates the 2027 funding based on three assumptions:

- Starting balance of approximately \$448,891 = 2027 Starting Balance \$428,508, plus Inflation Adjusted Funding \$79,319 for 2026, minus \$58,936 2026 Inflation Adjusted Cost.
- 2027 Non-inflation replacement costs listed in Section C, \$8,064, will be replaced at approximately \$9,061, 6.0% compounded inflation increase to 2025 costs.
- The \$84,078 inflation-adjusted funding in 2027 is a 6.0% increase over the non-inflation-adjusted funding of \$79,319 for 2026.

\$89,122 2028 - 6.0% INFLATION ADJUSTED FUNDING

A new analysis calculates the 2028 funding based on three assumptions:

- Starting balance of approximately \$523,908 = 2028 Starting Balance \$448,891, plus Inflation Adjusted Funding \$84,078 for 2027, minus \$9,061 2027 Inflation Adjusted Cost.
- 2028 Non-inflation replacement costs listed in Section C, \$65,328, will be replaced at approximately \$77,807, 6.0% compounded inflation increase to 2025 costs.
- The \$89,122 inflation-adjusted funding in 2028 is a 6.0% increase over the non-inflation-adjusted funding of \$84,078 for 2027.



Year Four and Beyond

The inflation-adjusted funding calculations outlined above are not intended to be a substitute for periodic evaluation of common elements by an experienced Reserve Analyst. Industry Standards, lender requirements, and many state and local statutes require a Replacement Reserve Study to be professionally updated every 3 to 5 years.

Inflation Adjustment

Prior to approving a budget based upon the 2026, 2027 and 2028 inflation-adjusted funding calculations above, the 6.00 percent base rate of inflation used in our calculations should be compared to rates published by the Bureau of Labor Statistics. If there is a significant discrepancy (over 1 percentage point), contact Miller+Dodson Associates prior to using the Inflation Adjusted Funding.

Interest on Reserves

The recommended funding calculations do not account for interest earned on Replacement Reserves. In 2025, based on a 1.00 percent interest rate, we estimate the Facility may earn \$4,534 on an average balance of \$453,399, \$4,387 on an average balance of \$438,699 in 2026, and \$4,864 on \$486,414 in 2027. The Facility may elect to attribute 100 percent of the earned interest to Reserves, resulting in a reduction in the 2025 funding from \$74,829 to \$70,295 (a 6.05 percent reduction), \$79,319 to \$74,932 in 2026 (a 5.53 percent reduction), and \$84,078 to \$79,214 in 2027 (a 5.78 percent reduction).

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SECTION B - REPLACEMENT RESERVE INVENTORY

- **PROJECTED REPLACEMENTS.** Road Dept - Replacement Reserve Inventory identifies 37 items that are Projected Replacements and the periodic replacements of these items are scheduled for funding from Replacement Reserves. The Projected Replacements have an estimated one-time replacement cost of \$1,653,945. Cumulative Replacements totaling \$3,144,101 are scheduled in the Replacement Reserve Inventory over the 40-year Study Period. Cumulative Replacements include those components that are replaced more than once during the period of the study.

Projected Replacements are the replacement of commonly-owned physical assets that require periodic replacement and whose replacement is to be funded from Replacement Reserves.

- **TAX CODE.** The United States Tax Code grants favorable tax status to Replacement Reserves, conditioned on expenditures being made within certain guidelines. These guidelines typically exclude maintenance activities, minor repairs, and capital improvements.
- **EXCLUDED ITEMS.** Some of the items contained in the Replacement Reserve Inventory are 'Excluded Items'. Multiple categories of items are typically excluded from funding by Replacement Reserves, including but not limited to:

Value. Items with a replacement cost of less than \$1000 and/or a normal economic life of less than 3 years are typically excluded from funding from Replacement Reserves. This exclusion should reflect the Facility policy on the administration of Replacement Reserves. If the Facility has selected an alternative level, it will be noted in the Replacement Reserve Inventory - General Comments on Page B5.2.

Long-lived Items. Items are excluded from the Replacement Reserve Inventory when items are properly maintained and are assumed to have a life equal to the property.

Unit Improvements. Items owned by a single unit and where the items serve a single unit are generally assumed to be the responsibility of that unit, not the Facility.

Other Non-Common Improvements. Items owned by the local government, public and private utility companies, the United States Postal Service, Master Associations, state and local highway authorities, etc., may be installed on property that is owned by the Facility. These types of items are generally not the responsibility of the Facility and are excluded from the Replacement Reserve Inventory.

- **CATEGORIES.** The 37 items included in the Road Dept Replacement Reserve Inventory are divided into 3 major categories. Each category is printed on a separate page, beginning on page B5.3.
- **LEVEL OF SERVICE.** This Replacement Reserve Inventory has been developed in compliance with the standards established for a Level 2 Update, as defined by the National Reserve Study Standards, established in 1998 by the Community Associations Institute, which states:

This study has been performed as a Level 2 Update with Site Visit/On-Site Review as defined by the Community Associations Institute's, National Reserve Study Standards. As such, the component inventory is based on the study that was performed by . This inventory was adjusted to reflect changes provided by the Community Manager and/or the Board of Directors, or adjustments made based on the site visit and visual assessment performed by the Analyst. The analysis, including fund status and funding plan, is developed from the adjusted inventory.

REPLACEMENT RESERVE INVENTORY - GENERAL INFORMATION (CONT'D)

- **INVENTORY DATA.** Each of the 37 Projected Replacements listed in the Replacement Reserve Inventory includes the following data:

Item Number. The Item Number is assigned sequentially and is intended for identification purposes only.

Item Description. We have identified each item included in the Inventory. Additional information may be included in the Comments section at the bottom of each page of the Inventory.

Units. We have used standard abbreviations to identify the number of units including SF-square feet, LF-lineal feet, SY-square yard, LS-lump sum, EA-each, and PR-pair. Non-standard abbreviations are noted in the Comments section at the bottom of the page.

Number of Units. The methods used to develop the quantities are discussed in "Level of Service" above.

Unit Replacement Cost. We use four sources to develop the unit cost data shown in the Inventory; actual replacement cost data provided by the client, information provided by local contractors and suppliers, industry standard estimating manuals, and a cost database we have developed based upon our detailed interviews with contractors and service providers who are specialists in their respective lines of work.

Normal Economic Life (Years). The number of years that a new and properly installed item should be expected to remain in service.

Remaining Economic Life (Years). The estimated number of years before an item will need to be replaced. In "normal" conditions, this could be calculated by subtracting the age of the item from the Normal Economic Life of the item, but only rarely do physical assets age "normally". Some items may have longer or shorter lives depending on many factors such as environment, initial quality of the item, maintenance, etc.

Total Replacement Cost. This is calculated by multiplying the Unit Replacement Cost by the Number of Units.

- **PARTIAL FUNDING.** Items may have been included in the Replacement Reserve Inventory at less than 100 percent of their full quantity and/or replacement cost. This is done on items that will never be replaced in their entirety, but which may require periodic replacements over an extended period of time. The assumptions that provide the basis for any partial funding are noted in the Comments section.
- **REMAINING ECONOMIC LIFE GREATER THAN 40 YEARS.** The calculations do not include funding for initial replacements beyond 40 years. These replacements are included in this Study for tracking and evaluation. They should be included for funding in future Studies, when they enter the 40-year window.
- **ACCURACY OF THE ANALYSIS.** The accuracy of the Replacement Reserve Analysis is dependent upon expenditures from Replacement Reserves being made ONLY for the 37 Projected Replacements specifically listed in the Replacement Reserve Inventory. The inclusion/exclusion of items from the Replacement Reserve Inventory is discussed on Page B5.1.

SITE ITEMS PROJECTED REPLACEMENTS					NEL- Normal Economic Life (yrs) REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
1	Asphalt pavement, mill and overlay	sf	53,456	\$5.06	18	14	\$270,487
2	Asphalt pavement, mill and overlay	sf	53,456	\$5.06	18	17	\$270,487
3	Pavement, rejuvenator seal coat	sf	55,000	\$0.28	6	4	\$15,400
	Gravel path, replenish						EXCLUDED
4	Concrete pad at fuel island (heavy duty)	sf	1,200	\$26.88	60	5	\$32,256
5	Concrete flatwork (allowance)	ls	1	\$10,000.00	10	3	\$10,000
	Bollards						EXCLUDED
6	Building exterior lighting	ea	3	\$504.00	15	13	\$1,512
	Wood post signage						EXCLUDED
7	Stormwater management (allowance)	ls	1	\$5,600.00	30	1	\$5,600
8	Salt hut, replacement	ea	1	\$13,440.00	20	6	\$13,440
9	Salt hut, canopy	sf	650	\$10.08	10	10	\$6,552
	Radio tower						EXCLUDED
10	Fuel tank system, 2 500 gallon with pumps	ea	1	\$84,000.00	30	5	\$84,000
Replacement Costs - Page Subtotal							\$709,735

COMMENTS	
<ul style="list-style-type: none"> Gravel path, replenish - [03/13/2025] excluded per board Item #5: Concrete flatwork (allowance) - [05/06/2025] Per request, changed URC to reflect an \$1,000 allowance per year. Bollards - [05/06/2025] excluded per request Wood post signage - [05/06/2025] excluded per request Radio tower - [05/06/2025] excluded per request, no longer there 	

EXTERIOR ITEMS PROJECTED REPLACEMENTS					NEL- Normal Economic Life (yrs) REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
11	Roofing, Main Bldg., replace with metal	sf	3,800	\$14.56	50	3	\$55,328
12	Modified bitumen flat roofing, Main Bldg.	sf	5,440	\$35.84	20	5	\$194,970
	Gutters and downspouts, Main Bldg.						EXCLUDED
13	Sky light plastic bubble stationary, Main Bldg.	sf	96	\$1,112.00	20	5	\$106,752
14	Roofing, replace with metal, storage	sf	2,400	\$14.56	50	42	\$34,944
15	Roofing, replace with metal, storage	sf	6,200	\$14.56	50	42	\$90,272
	Gutters and downspouts, storage						EXCLUDED
16	Exterior door (allowance)	ls	1	\$8,400.00	10	6	\$8,400
17	Soffit, vinyl, storage	sf	320	\$10.08	25	none	\$3,226
18	Soffit, vinyl, Main Bldg.	sf	320	\$10.08	25	none	\$3,226
19	Siding, metal, Main Bldg.	sf	6,380	\$11.20	40	27	\$71,456
20	Siding, metal, storage	sf	4,940	\$11.20	40	18	\$55,328
21	Overhead door, Main Bldg.	ea	8	\$8,960.00	15	none	\$71,680
22	Overhead door, Storage	ea	4	\$8,960.00	15	8	\$35,840
	Overhead door, range						EXCLUDED
	Window, glass block						EXCLUDED
23	Windows (3'x6')	ea	2	\$1,370.88	35	35	\$2,742
Replacement Costs - Page Subtotal							\$734,163

COMMENTS	
<ul style="list-style-type: none"> Gutters and downspouts, Main Bldg. - [05/06/2025] excluded per request Gutters and downspouts, storage - [05/06/2025] excluded per request Window, glass block - [05/06/2025] excluded per request Item #23: Windows (3'x6') - [05/06/2025] Per request, changed REL. Just replaced 	

BUILDING SYSTEMS PROJECTED REPLACEMENTS					NEL- Normal Economic Life (yrs) REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
24	Fire Alarm Control Annunciator Panel (FACP) and Smoke detector Fire alarm pull	ea	1	\$5,600.00	25	22	\$5,600 EXCLUDED EXCLUDED
25	Water heater, 40 gallon, residential	ea	1	\$2,464.00	15	13	\$2,464
26	Well pump	ea	1	\$9,520.00	10	13	\$9,520
27	Well clean-up service	ea	1	\$3,360.00	10	none	\$3,360
28	Well pressure tank	ea	1	\$8,400.00	10	13	\$8,400
29	Well water softener	ea	1	\$6,720.00	12	none	\$6,720
	Water testing						EXCLUDED
30	Well replacement	ea	1	\$16,800.00	25	none	\$16,800
	Leach field, does not exist						EXCLUDED
	Septic pump, does not exist						EXCLUDED
	Control box, does not exist						EXCLUDED
	2000 gal. septic tank, does not exist						EXCLUDED
	Water pipe and diverter box, does not exist						EXCLUDED
	Pump box structure, does not exist						EXCLUDED
	Annual check and report, does not exist						EXCLUDED
31	Heat pump, furnace (48,000 btu)	ea	2	\$7,280.00	24	21	\$14,560
32	Heat pump, compressor (4 ton)	ea	2	\$7,280.00	12	9	\$14,560
33	Garage radiant heat system	ft	600	\$13.44	20	2	\$8,064
34	Air handler (33,000 btu)	ea	1	\$11,200.00	24	none	\$11,200
Replacement Costs - Page Subtotal							\$101,248

COMMENTS

- Smoke detector - [05/06/2025] excluded per request
- Fire alarm pull - [05/06/2025] excluded per request
- Item #25: Water heater, 40 gallon, residential - [05/06/2025] Per request, changed REL.
- Item #26: Well pump - [05/06/2025] Per request, changed REL.
- Item #28: Well pressure tank - [05/06/2025] Per request, changed REL.
- Water testing - [05/06/2025] excluded per request

BUILDING SYSTEMS - (cont.) PROJECTED REPLACEMENTS					NEL- Normal Economic Life (yrs) REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
35	Emergency generator (100 Kw)	ea	1	\$50,000.00	30	1	\$50,000
36	Emergency generator (rebuild)	ea	1	\$50,400.00	10	10	\$50,400
37	Electrical (allowance)	ea	1	\$8,400.00	15	none	\$8,400
Replacement Costs - Page Subtotal							\$108,800

COMMENTS	
<ul style="list-style-type: none"> Item #35: Emergency generator (100 Kw) - [05/06/2025] Per request, changed URC. Item #36: Emergency generator (rebuild) - [05/06/2025] Per request, corrected REL. 	

VALUATION EXCLUSIONS								
Excluded Items								
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)	
	Smoke detector						EXCLUDED	
	Fire alarm pull						EXCLUDED	
	Domestic water piping						EXCLUDED	
	Water heater						EXCLUDED	
	Well pump						EXCLUDED	
	Well clean up service						EXCLUDED	
	Pressure tank						EXCLUDED	
	Water testing						EXCLUDED	
	Access control System (ACS)						EXCLUDED	
	Signage						EXCLUDED	

VALUATION EXCLUSIONS	
Comments	
<ul style="list-style-type: none"> Valuation Exclusions. For ease of administration of the Replacement Reserves and to reflect accurately how Replacement Reserves are administered, items with a dollar value less than \$1000 have not been scheduled for funding from Replacement Reserve. Examples of items excluded by Replacement Reserves by this standard are listed above. The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive. 	

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SECTION C - CALENDAR OF PROJECTED ANNUAL REPLACEMENTS

GENERAL STATEMENT. The 37 Projected Replacements in the Road Dept Replacement Reserve Inventory whose replacement is scheduled to be funded from Replacement Reserves are broken down on a year-by-year basis, beginning on Page C5.2.

REPLACEMENT RESERVE ANALYSIS AND INVENTORY POLICIES, PROCEDURES, AND ADMINISTRATION

- **REVIEW OF THE REPLACEMENT RESERVE STUDY.** For this study to be effective, it should be reviewed by the Board of Directors, those responsible for the management of the items included in the Replacement Reserve Inventory, and the accounting professionals employed by the Facility.
- **REVISIONS.** Revisions will be made to the Replacement Reserve Analysis and Replacement Reserve Inventory in accordance with the written instructions of the Board of Directors. No additional charge is incurred for the first revision if requested in writing within three months of the date of the Replacement Reserve Study. It is our policy to provide revisions in electronic (Adobe PDF) format only. We acknowledge that there are instances in which multiple revisions are necessary. However, unnecessary multiple revisions drain our time and manpower resources. Therefore, MillerDodson will exercise its sole discretion as to whether additional charges are incurred.
- **TAX CODE.** The United States Tax Code grants favorable tax status to a common interest development (CID) meeting certain guidelines for their Replacement Reserve. If a CID files their taxes as a 'Corporation' on Form 1120 (IRC Section 277), these guidelines typically require maintenance activities, partial replacements, minor replacements, capital improvements, and one-time-only replacements to be excluded from Reserves. A CID cannot co-mingle planning for maintenance activities with capital replacement activities in the Reserves (Revenue Ruling 75-370). Funds for maintenance activities and capital replacement activities must be held in separate accounts. If a CID files taxes as an "Exempt Homeowners Association" using Form 1120H (IRC Section 528), the CID does not have to segregate these activities. However, because the CID may elect to change their method of filing from year to year within the Study Period, we advise using the more restrictive approach. We further recommend that the CID consult with their Accountant and consider creating separate and independent accounts and reserves for large maintenance items, such as painting.
- **CONFLICT OF INTEREST.** Neither MillerDodson Associates nor the Reserve Analyst has any prior or existing relationship with this Facility which would represent a real or perceived conflict of interest.
- **RELIANCE ON DATA PROVIDED BY THE CLIENT.** Information provided by an official representative of the Facility regarding financial, physical conditions, quality, or historical issues is deemed reliable.
- **INTENT.** This Replacement Reserve Study is a reflection of the information provided by the Facility and the visual evaluations of the Analyst. It has been prepared for the sole use of the Facility and is not for the purpose of performing an audit, quality/forensic analyses, or background checks of historical records.
- **PREVIOUS REPLACEMENTS.** Information provided to MillerDodson Associates regarding prior replacements is considered to be accurate and reliable. Our visual evaluation is not a project audit or quality inspection.
- **EXPERIENCE WITH FUTURE REPLACEMENTS.** The Calendar of Annual Projected Replacements, lists replacements we have projected to occur over the Study Period and begins on Page C2. Actual experience in replacing the items may differ significantly from the cost estimates and time frames shown because of conditions beyond our control. These differences may be caused by maintenance practices, inflation, variations in pricing and market conditions, future technological developments, regulatory actions, acts of God, and luck. Some items may function normally during our visual evaluation and then fail without notice.

PROJECTED REPLACEMENTS

2025 - Study Year			2026 - YEAR 1		
Item		\$	Item		\$
17	Soffit, vinyl, storage	\$3,226	7	Stormwater management (allowance)	\$5,600
18	Soffit, vinyl, Main Bldg.	\$3,226	35	Emergency generator (100 Kw)	\$50,000
21	Overhead door, Main Bldg.	\$71,680			
27	Well clean-up service	\$3,360			
29	Well water softener	\$6,720			
30	Well replacement	\$16,800			
34	Air handler (33,000 btu)	\$11,200			
37	Electrical (allowance)	\$8,400			
Total Scheduled Replacements		\$124,611	Total Scheduled Replacements		\$55,600

2027 - YEAR 2			2028 - YEAR 3		
Item		\$	Item		\$
33	Garage radiant heat system	\$8,064	5	Concrete flatwork (allowance)	\$10,000
			11	Roofing, Main Bldg., replace with metal	\$55,328
Total Scheduled Replacements		\$8,064	Total Scheduled Replacements		\$65,328

2029 - YEAR 4			2030 - YEAR 5		
Item		\$	Item		\$
3	Pavement, rejuvenator seal coat	\$15,400	4	Concrete pad at fuel island (heavy duty)	\$32,256
			10	Fuel tank system, 2 500 gallon with pumps	\$84,000
			12	Modified bitumen flat roofing, Main Bldg.	\$194,970
			13	Sky light plastic bubble stationary, Main Bldg.	\$106,752
Total Scheduled Replacements		\$15,400	Total Scheduled Replacements		\$417,978

2031 - YEAR 6			2032 - YEAR 7		
Item		\$	Item		\$
8	Salt hut, replacement	\$13,440			
16	Exterior door (allowance)	\$8,400			
Total Scheduled Replacements		\$21,840	No Scheduled Replacements		

2033 - YEAR 8			2034 - YEAR 9		
Item		\$	Item		\$
22	Overhead door, Storage	\$35,840	32	Heat pump, compressor (4 ton)	\$14,560
Total Scheduled Replacements		\$35,840	Total Scheduled Replacements		\$14,560

PROJECTED REPLACEMENTS

2035 - YEAR 10			2036 - YEAR 11		
Item		\$	Item		\$
3	Pavement, rejuvenator seal coat	\$15,400			
9	Salt hut, canopy	\$6,552			
27	Well clean-up service	\$3,360			
36	Emergency generator (rebuild)	\$50,400			
Total Scheduled Replacements		\$75,712	No Scheduled Replacements		
2037 - YEAR 12			2038 - YEAR 13		
Item		\$	Item		\$
29	Well water softener	\$6,720	5	Concrete flatwork (allowance)	\$10,000
			6	Building exterior lighting	\$1,512
			25	Water heater, 40 gallon, residential	\$2,464
			26	Well pump	\$9,520
			28	Well pressure tank	\$8,400
Total Scheduled Replacements		\$6,720	Total Scheduled Replacements		\$31,896
2039 - YEAR 14			2040 - YEAR 15		
Item		\$	Item		\$
1	Asphalt pavement, mill and overlay	\$270,487	21	Overhead door, Main Bldg.	\$71,680
			37	Electrical (allowance)	\$8,400
Total Scheduled Replacements		\$270,487	Total Scheduled Replacements		\$80,080
2041 - YEAR 16			2042 - YEAR 17		
Item		\$	Item		\$
3	Pavement, rejuvenator seal coat	\$15,400	2	Asphalt pavement, mill and overlay	\$270,487
16	Exterior door (allowance)	\$8,400			
Total Scheduled Replacements		\$23,800	Total Scheduled Replacements		\$270,487
2043 - YEAR 18			2044 - YEAR 19		
Item		\$	Item		\$
20	Siding, metal, storage	\$55,328			
Total Scheduled Replacements		\$55,328	No Scheduled Replacements		

PROJECTED REPLACEMENTS

Item	2045 - YEAR 20	\$	Item	2046 - YEAR 21	\$
9	Salt hut, canopy	\$6,552	31	Heat pump, furnace (48,000 btu)	\$14,560
27	Well clean-up service	\$3,360	32	Heat pump, compressor (4 ton)	\$14,560
36	Emergency generator (rebuild)	\$50,400			
Total Scheduled Replacements		\$60,312	Total Scheduled Replacements		\$29,120
Item	2047 - YEAR 22	\$	Item	2048 - YEAR 23	\$
3	Pavement, rejuvenator seal coat	\$15,400	5	Concrete flatwork (allowance)	\$10,000
24	Fire Alarm Control Annunciator Panel (FACP) and	\$5,600	22	Overhead door, Storage	\$35,840
33	Garage radiant heat system	\$8,064	26	Well pump	\$9,520
			28	Well pressure tank	\$8,400
Total Scheduled Replacements		\$29,064	Total Scheduled Replacements		\$63,760
Item	2049 - YEAR 24	\$	Item	2050 - YEAR 25	\$
29	Well water softener	\$6,720	12	Modified bitumen flat roofing, Main Bldg.	\$194,970
34	Air handler (33,000 btu)	\$11,200	13	Sky light plastic bubble stationary, Main Bldg.	\$106,752
			17	Soffit, vinyl, storage	\$3,226
			18	Soffit, vinyl, Main Bldg.	\$3,226
			30	Well replacement	\$16,800
Total Scheduled Replacements		\$17,920	Total Scheduled Replacements		\$324,973
Item	2051 - YEAR 26	\$	Item	2052 - YEAR 27	\$
8	Salt hut, replacement	\$13,440	19	Siding, metal, Main Bldg.	\$71,456
16	Exterior door (allowance)	\$8,400			
Total Scheduled Replacements		\$21,840	Total Scheduled Replacements		\$71,456
Item	2053 - YEAR 28	\$	Item	2054 - YEAR 29	\$
3	Pavement, rejuvenator seal coat	\$15,400			
6	Building exterior lighting	\$1,512			
25	Water heater, 40 gallon, residential	\$2,464			
Total Scheduled Replacements		\$19,376	No Scheduled Replacements		

PROJECTED REPLACEMENTS

2055 - YEAR 30			2056 - YEAR 31		
Item		\$	Item		\$
9	Salt hut, canopy	\$6,552	7	Stormwater management (allowance)	\$5,600
21	Overhead door, Main Bldg.	\$71,680	35	Emergency generator (100 Kw)	\$50,000
27	Well clean-up service	\$3,360			
36	Emergency generator (rebuild)	\$50,400			
37	Electrical (allowance)	\$8,400			
Total Scheduled Replacements		\$140,392	Total Scheduled Replacements		\$55,600

2057 - YEAR 32			2058 - YEAR 33		
Item		\$	Item		\$
1	Asphalt pavement, mill and overlay	\$270,487	5	Concrete flatwork (allowance)	\$10,000
			26	Well pump	\$9,520
			28	Well pressure tank	\$8,400
			32	Heat pump, compressor (4 ton)	\$14,560
Total Scheduled Replacements		\$270,487	Total Scheduled Replacements		\$42,480

2059 - YEAR 34			2060 - YEAR 35		
Item		\$	Item		\$
3	Pavement, rejuvenator seal coat	\$15,400	2	Asphalt pavement, mill and overlay	\$270,487
			10	Fuel tank system, 2 500 gallon with pumps	\$84,000
			23	Windows (3'x6')	\$2,742
Total Scheduled Replacements		\$15,400	Total Scheduled Replacements		\$357,229

2061 - YEAR 36			2062 - YEAR 37		
Item		\$	Item		\$
16	Exterior door (allowance)	\$8,400			
29	Well water softener	\$6,720			
Total Scheduled Replacements		\$15,120	No Scheduled Replacements		

2063 - YEAR 38			2064 - YEAR 39		
Item		\$	Item		\$
22	Overhead door, Storage	\$35,840			
Total Scheduled Replacements		\$35,840	No Scheduled Replacements		

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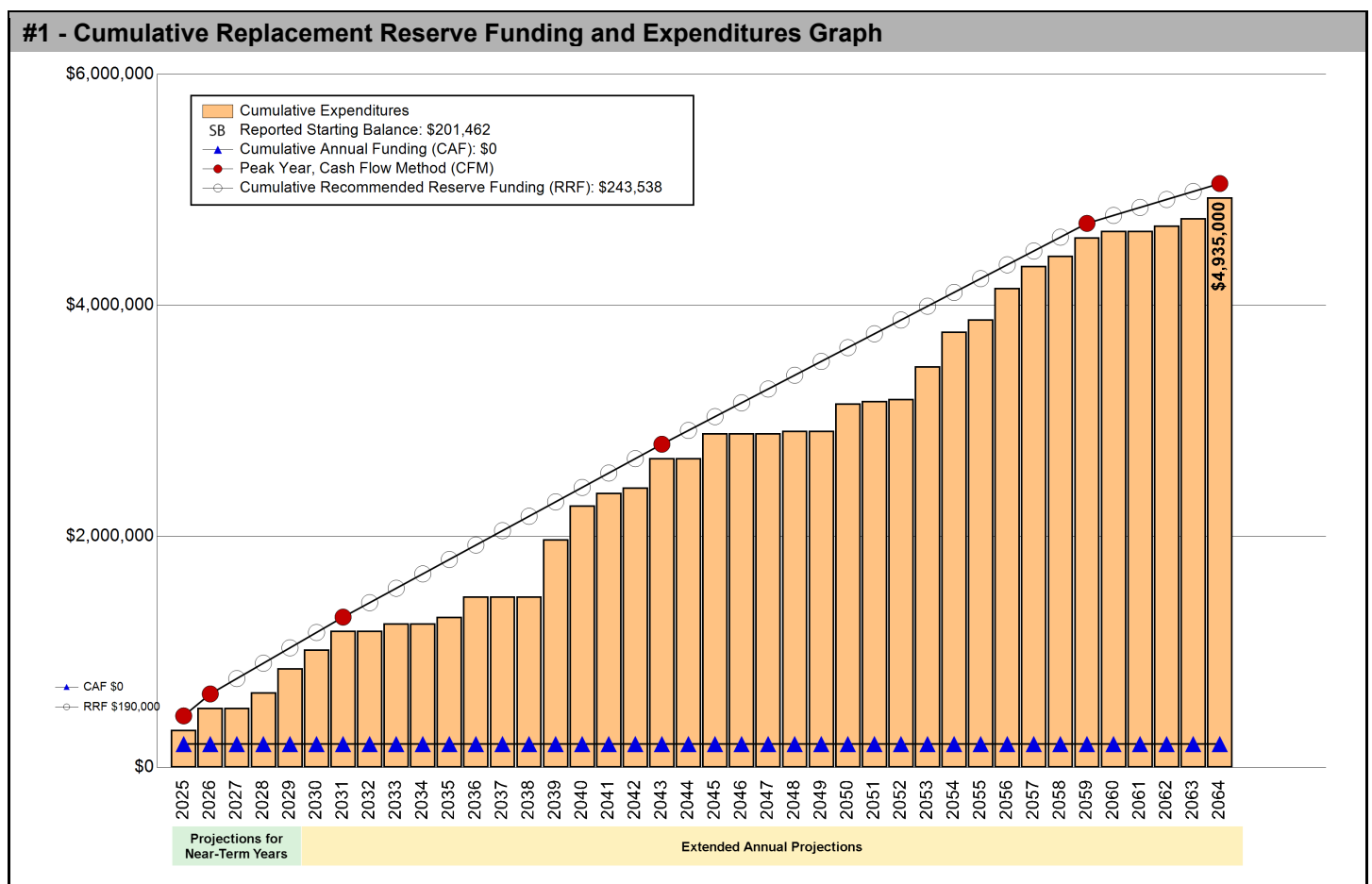
SECTION A - FINANCIAL ANALYSIS

The Road Dept Vehicles Replacement Reserve Analysis uses the Cash Flow Method (CFM) to calculate Replacement Reserve funding for the periodic replacement of the 19 Projected Replacements identified in the Replacement Reserve Inventory.

\$243,538 RECOMMENDED REPLACEMENT RESERVE FUNDING FOR THE STUDY YEAR, 2025

We recommend the Department adopt a Replacement Reserve Funding Plan based on the annual funding recommendation above. Inflation adjusted funding for subsequent years is shown on Page A6.5.

Road Dept Vehicles reports a Starting Balance of \$201,462 and Annual Funding totaling \$0, which is inadequate to fund projected replacements starting in 2025. See Page A6.3 for a more detailed evaluation.



The increase in the Recommended Annual Funding level shown above is due, in part, to the current high rate of inflation in today's construction industry, which is pushing replacement costs higher. The primary reason for the increase shown above, however, is that the Reserves were apparently not funded according to the previous Reserve Study. We recommend that the Association increase its Reserve Funding level as soon as possible.

REPLACEMENT RESERVE ANALYSIS - GENERAL INFORMATION

The Road Dept Vehicles Replacement Reserve Analysis calculations of recommended funding of Replacement Reserves by the Cash Flow Method (CFM) and the evaluation of the Current Funding are based upon the same Study Year, Study Period, Beginning Balance, Replacement Reserve Inventory and Level of Service.

2025 | STUDY YEAR

The Department reports that their accounting year begins on January 1, and the Study Year, the first year evaluated by the Replacement Reserve Analysis, begins on January 1, 2025.

40 Years | STUDY PERIOD

The Replacement Reserve Analysis evaluates the funding of Replacement Reserves over a 40-year Study Period

\$201,462 | STARTING BALANCE

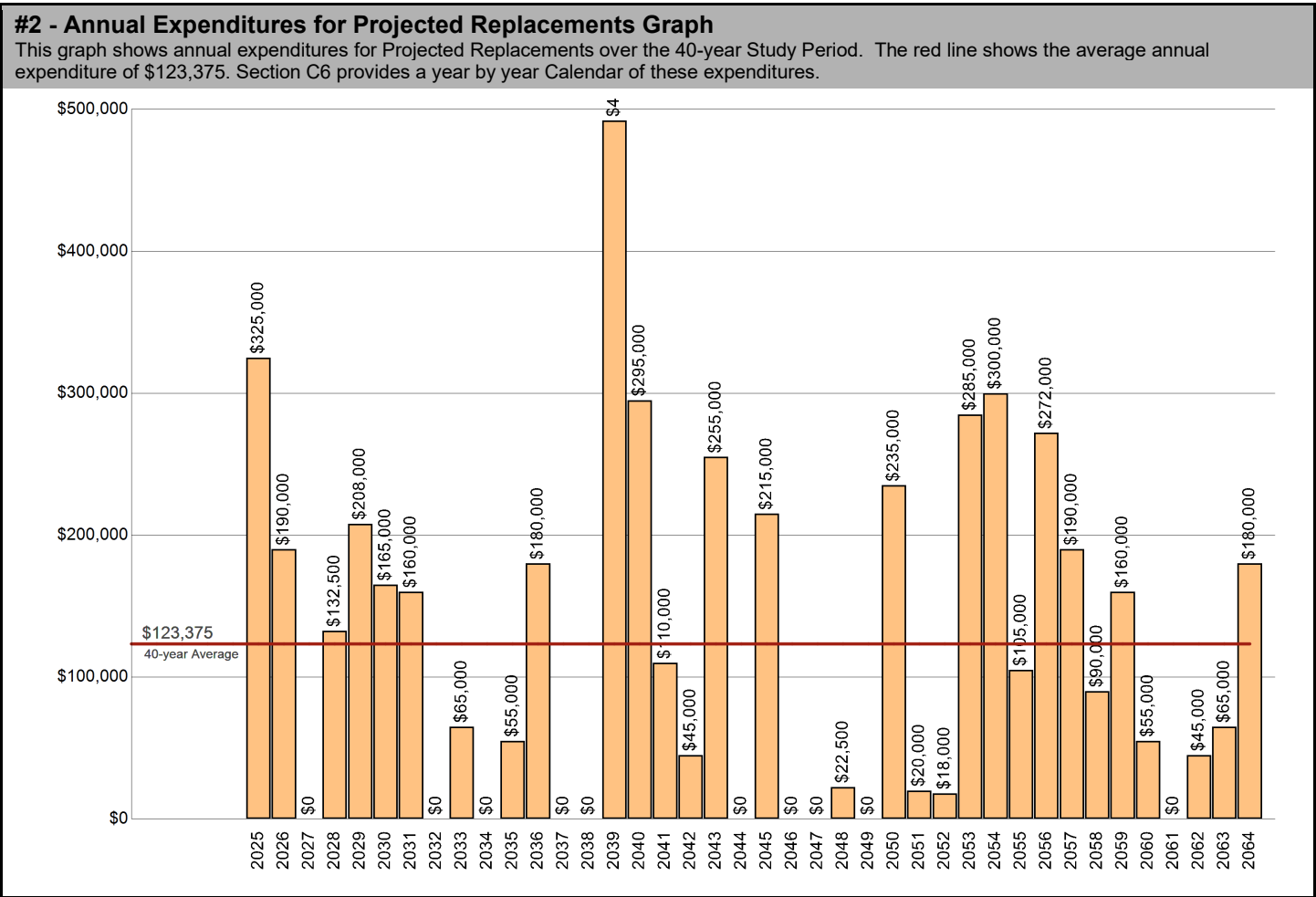
The Department reports Replacement Reserves on Deposit totaling \$201,462 at the start of the Study Year.

Level Two | LEVEL OF SERVICE

The Replacement Reserve Inventory has been developed in compliance with the National Reserve Study Standards for a Level Two Study, as defined by the Community Associations Institute (CAI).

\$4,935,000 | REPLACEMENT RESERVE INVENTORY - PROJECTED REPLACEMENTS

The Road Dept Vehicles Replacement Reserve Inventory identifies 19 items that will require periodic replacement, that are to be funded from Replacement Reserves. We estimate the cost of these replacements will be \$4,935,000 over the 40-year Study Period. The Projected Replacements are divided into 1 major categories starting on Page B6.3. Pages B6.1-B6.2 provide detailed information on the Replacement Reserve Inventory.



UPDATING OF THE FUNDING PLAN

The Department has a responsibility to review the Funding Plan annually. The review should include a comparison and evaluation of actual reserve funding with recommended levels shown on Page A6.4 and A6.5. The Projected Replacements listed on Page C6.2 should be compared with any replacements accomplished and funded from Replacement Reserves. Discrepancies should be evaluated and if necessary, the Reserve Study should be updated or a new study commissioned. We recommend annual increases in replacement reserve funding to account for the impact of inflation. Inflation Adjusted Funding is discussed on Page A6.5.

UPDATING OF THE REPLACEMENT RESERVE STUDY

At a minimum, the Replacement Reserve Study should be professionally updated every three to five years or after completion of a major replacement project. Updating should also be considered if during the annual review of the Funding Plan, discrepancies are noted between projected and actual reserve funding or replacement costs. Updating may also be necessary if there is a meaningful discrepancy between the actual inflation rate and the inflation rate used for the Inflation Adjusted Funding of Replacement Reserves on Page A6.5.

ANNUAL EXPENDITURES AND CURRENT FUNDING

The annual expenditures that comprise the \$4,935,000 of Projected Expenditures over the 40-year Study Period and the impact of the Department continuing to fund Replacement Reserves at the current level are detailed in Table 3.

#3 - Table of Annual Expenditures and Current Funding Data - Years 0 through 39										
Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Starting Balance	\$201,462									
Projected Replacements	(\$325,000)	(\$190,000)		(\$132,500)	(\$208,000)	(\$165,000)	(\$160,000)		(\$65,000)	
Annual Deposit										
End of Year Balance	(\$123,538)	(\$313,538)	(\$313,538)	(\$446,038)	(\$654,038)	(\$819,038)	(\$979,038)	(\$979,038)	(\$1,044,038)	(\$1,044,038)
Cumulative Expenditures	(\$325,000)	(\$515,000)	(\$515,000)	(\$647,500)	(\$855,500)	(\$1,020,500)	(\$1,180,500)	(\$1,180,500)	(\$1,245,500)	(\$1,245,500)
Cumulative Receipts	\$201,462	\$201,462	\$201,462	\$201,462	\$201,462	\$201,462	\$201,462	\$201,462	\$201,462	\$201,462
Year	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Projected Replacements	(\$55,000)	(\$180,000)			(\$492,000)	(\$295,000)	(\$110,000)	(\$45,000)	(\$255,000)	
Annual Deposit										
End of Year Balance	(\$1,099,038)	(\$1,279,038)	(\$1,279,038)	(\$1,279,038)	(\$1,771,038)	(\$2,066,038)	(\$2,176,038)	(\$2,221,038)	(\$2,476,038)	(\$2,476,038)
Cumulative Expenditures	(\$1,300,500)	(\$1,480,500)	(\$1,480,500)	(\$1,480,500)	(\$1,972,500)	(\$2,267,500)	(\$2,377,500)	(\$2,422,500)	(\$2,677,500)	(\$2,677,500)
Cumulative Receipts	\$201,462	\$201,462	\$201,462	\$201,462	\$201,462	\$201,462	\$201,462	\$201,462	\$201,462	\$201,462
Year	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Projected Replacements	(\$215,000)			(\$22,500)		(\$235,000)	(\$20,000)	(\$18,000)	(\$285,000)	(\$300,000)
Annual Deposit										
End of Year Balance	(\$2,691,038)	(\$2,691,038)	(\$2,691,038)	(\$2,713,538)	(\$2,713,538)	(\$2,948,538)	(\$2,968,538)	(\$2,986,538)	(\$3,271,538)	(\$3,571,538)
Cumulative Expenditures	(\$2,892,500)	(\$2,892,500)	(\$2,892,500)	(\$2,915,000)	(\$2,915,000)	(\$3,150,000)	(\$3,170,000)	(\$3,188,000)	(\$3,473,000)	(\$3,773,000)
Cumulative Receipts	\$201,462	\$201,462	\$201,462	\$201,462	\$201,462	\$201,462	\$201,462	\$201,462	\$201,462	\$201,462
Year	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064
Projected Replacements	(\$105,000)	(\$272,000)	(\$190,000)	(\$90,000)	(\$160,000)	(\$55,000)		(\$45,000)	(\$65,000)	(\$180,000)
Annual Deposit										
End of Year Balance	(\$3,676,538)	(\$3,948,538)	(\$4,138,538)	(\$4,228,538)	(\$4,388,538)	(\$4,443,538)	(\$4,443,538)	(\$4,488,538)	(\$4,553,538)	(\$4,733,538)
Cumulative Expenditures	(\$3,878,000)	(\$4,150,000)	(\$4,340,000)	(\$4,430,000)	(\$4,590,000)	(\$4,645,000)	(\$4,645,000)	(\$4,690,000)	(\$4,755,000)	(\$4,935,000)
Cumulative Receipts	\$201,462	\$201,462	\$201,462	\$201,462	\$201,462	\$201,462	\$201,462	\$201,462	\$201,462	\$201,462

EVALUATION OF CURRENT FUNDING

The evaluation of Current Funding (Starting Balance of \$201,462 & annual funding of \$0), is done in today's dollars with no adjustments for inflation or interest earned on Replacement Reserves. The evaluation assumes Replacement Reserves will only be used for the 19 Projected Replacements identified in the Replacement Reserve Inventory and that the Department will continue Annual Funding of \$0 throughout the 40-year Study Period.

Annual Funding of \$0 is approximately 0 percent of the \$243,538 recommended Annual Funding calculated by the Cash Flow Method for 2025, the Study Year.

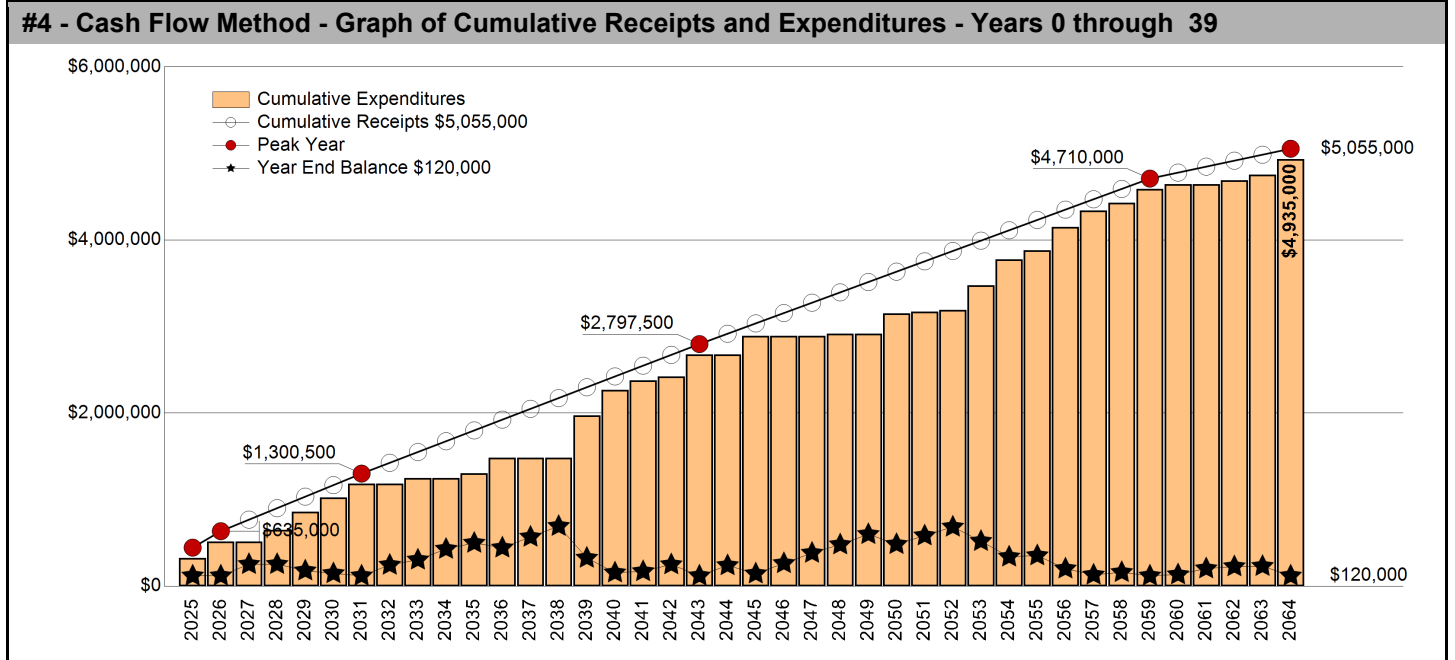
See the Executive Summary for the Current Funding Statement.

CASH FLOW METHOD FUNDING

\$243,538 RECOMMENDED REPLACEMENT RESERVE FUNDING FOR 2025

Recommended Replacement Reserve Funding has been calculated using the Cash Flow Method (also called the Straight Line or Threshold Method). This method calculates a constant annual funding between peaks in cumulative expenditures, while maintaining a Minimum Balance (threshold) in the Peak Years.

- **Peak Years.** The First Peak Year occurs in 2025 with Replacement Reserves on Deposit dropping to the Minimum Balance after the completion of \$325,000 of replacements from 2025 to 2025. Recommended funding is projected to decline from \$243,538 in 2025 to \$190,000 in 2026. Peak Years are identified in Chart 4 and Table 5.
- **Threshold (Minimum Balance).** The calculations assume a Minimum Balance of \$120,000 will always be held in reserve, which is calculated by rounding the 12-month 40-year average annual expenditure of \$123,375 as shown on Graph #2.
- **Cash Flow Method Study Period.** Cash Flow Method calculates funding for \$4,935,000 of expenditures over the 40-year Study Period. It does not include funding for any projects beyond 2064 and in 2064, the end of year balance will always be the Minimum Balance.



#5 - Cash Flow Method - Table of Receipts & Expenditures - Years 0 through 39										
Year	1st Peak - 2025	2nd Peak - 2026	2027	2028	2029	2030	3rd Peak - 2031	2032	2033	2034
Starting Balance	\$201,462									
Projected Replacements	(\$325,000)	(\$190,000)		(\$132,500)	(\$208,000)	(\$165,000)	(\$160,000)		(\$65,000)	
Annual Deposit	\$243,538	\$190,000	\$133,100	\$133,100	\$133,100	\$133,100	\$133,100	\$124,750	\$124,750	\$124,750
End of Year Balance	\$120,000	\$120,000	\$253,100	\$253,700	\$178,800	\$146,900	\$120,000	\$244,750	\$304,500	\$429,250
Cumulative Expenditures	(\$325,000)	(\$515,000)	(\$515,000)	(\$647,500)	(\$855,500)	(\$1,020,500)	(\$1,180,500)	(\$1,180,500)	(\$1,245,500)	(\$1,245,500)
Cumulative Receipts	\$445,000	\$635,000	\$768,100	\$901,200	\$1,034,300	\$1,167,400	\$1,300,500	\$1,425,250	\$1,550,000	\$1,674,750
Year	2035	2036	2037	2038	2039	2040	2041	2042	4th Peak - 2043	2044
Projected Replacements	(\$55,000)	(\$180,000)			(\$492,000)	(\$295,000)	(\$110,000)	(\$45,000)	(\$255,000)	
Annual Deposit	\$124,750	\$124,750	\$124,750	\$124,750	\$124,750	\$124,750	\$124,750	\$124,750	\$124,750	\$119,531
End of Year Balance	\$499,000	\$443,750	\$568,500	\$693,250	\$326,000	\$155,750	\$170,500	\$250,250	\$120,000	\$239,531
Cumulative Expenditures	(\$1,300,500)	(\$1,480,500)	(\$1,480,500)	(\$1,480,500)	(\$1,972,500)	(\$2,267,500)	(\$2,377,500)	(\$2,422,500)	(\$2,677,500)	(\$2,677,500)
Cumulative Receipts	\$1,799,500	\$1,924,250	\$2,049,000	\$2,173,750	\$2,298,500	\$2,423,250	\$2,548,000	\$2,672,750	\$2,797,500	\$2,917,031
Year	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Projected Replacements	(\$215,000)			(\$22,500)		(\$235,000)	(\$20,000)	(\$18,000)	(\$285,000)	(\$300,000)
Annual Deposit	\$119,531	\$119,531	\$119,531	\$119,531	\$119,531	\$119,531	\$119,531	\$119,531	\$119,531	\$119,531
End of Year Balance	\$144,063	\$263,594	\$383,125	\$480,156	\$599,688	\$484,219	\$583,750	\$685,281	\$519,813	\$339,344
Cumulative Expenditures	(\$2,892,500)	(\$2,892,500)	(\$2,892,500)	(\$2,915,000)	(\$2,915,000)	(\$3,150,000)	(\$3,170,000)	(\$3,188,000)	(\$3,473,000)	(\$3,773,000)
Cumulative Receipts	\$3,036,563	\$3,156,094	\$3,275,625	\$3,395,156	\$3,514,688	\$3,634,219	\$3,753,750	\$3,873,281	\$3,992,813	\$4,112,344
Year	2055	2056	2057	2058	5th Peak - 2059	2060	2061	2062	2063	6th Peak - 2064
Projected Replacements	(\$105,000)	(\$272,000)	(\$190,000)	(\$90,000)	(\$160,000)	(\$55,000)		(\$45,000)	(\$65,000)	(\$180,000)
Annual Deposit	\$119,531	\$119,531	\$119,531	\$119,531	\$119,531	\$69,000	\$69,000	\$69,000	\$69,000	\$69,000
End of Year Balance	\$353,875	\$201,406	\$130,938	\$160,469	\$120,000	\$134,000	\$203,000	\$227,000	\$231,000	\$120,000
Cumulative Expenditures	(\$3,878,000)	(\$4,150,000)	(\$4,340,000)	(\$4,430,000)	(\$4,590,000)	(\$4,645,000)	(\$4,645,000)	(\$4,690,000)	(\$4,755,000)	(\$4,935,000)
Cumulative Receipts	\$4,231,875	\$4,351,406	\$4,470,938	\$4,590,469	\$4,710,000	\$4,779,000	\$4,848,000	\$4,917,000	\$4,986,000	\$5,055,000

INFLATION ADJUSTED FUNDING

The Cash Flow Method calculations on Page A4 have been done in today's dollars with no adjustment for inflation. At Miller+Dodson, we believe that long-term inflation forecasting is effective at demonstrating the power of compounding, not at calculating appropriate funding levels for Replacement Reserves. We have developed this proprietary model to estimate the short-term impact of inflation on Replacement Reserve funding.

\$243,538 2025 - CASH FLOW METHOD RECOMMENDED FUNDING

The 2025 Study Year calculations have been made using current replacement costs

\$201,400 2026 - 6.0% INFLATION ADJUSTED FUNDING

A new analysis calculates the 2026 funding based on three assumptions:

- Starting Balance totaling \$120,000 on January 1, 2026.
- 2026 Non-inflation replacement costs listed in Section C, \$190,000, will be replaced at approximately \$201,400, 6.00% compounded inflation increase to 2025 costs.
- The \$201,400 inflation-adjusted funding in 2026 is a 6.0% increase over the non-inflation-adjusted funding of \$190,000.

\$149,551 2027 - 6.0% INFLATION ADJUSTED FUNDING

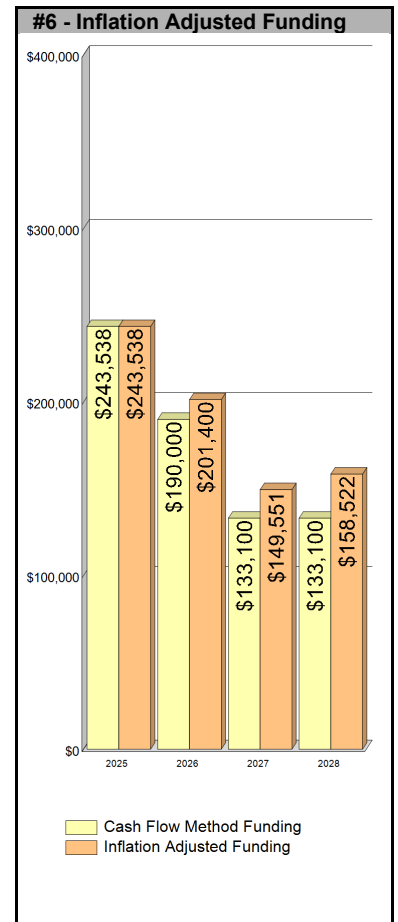
A new analysis calculates the 2027 funding based on three assumptions:

- Starting balance of approximately \$176,750 = 2027 Starting Balance \$120,000, plus Inflation Adjusted Funding \$201,400 for 2026, minus \$201,400 2026 Inflation Adjusted Cost.
- No Expenditures from Replacement Reserves in 2027.

\$158,522 2028 - 6.0% INFLATION ADJUSTED FUNDING

A new analysis calculates the 2028 funding based on three assumptions:

- Starting balance of approximately \$450,389 = 2028 Starting Balance \$176,750, plus Inflation Adjusted Funding \$149,551 for 2027, minus \$0 2027 Inflation Adjusted Cost.
- 2028 Non-inflation replacement costs listed in Section C, \$132,500, will be replaced at approximately \$157,810, 6.0% compounded inflation increase to 2025 costs.
- The \$158,522 inflation-adjusted funding in 2028 is a 6.0% increase over the non-inflation-adjusted funding of \$149,551 for 2027.



Year Four and Beyond

The inflation-adjusted funding calculations outlined above are not intended to be a substitute for periodic evaluation of common elements by an experienced Reserve Analyst. Industry Standards, lender requirements, and many state and local statutes require a Replacement Reserve Study to be professionally updated every 3 to 5 years.

Inflation Adjustment

Prior to approving a budget based upon the 2026, 2027 and 2028 inflation-adjusted funding calculations above, the 6.00 percent base rate of inflation used in our calculations should be compared to rates published by the Bureau of Labor Statistics. If there is a significant discrepancy (over 1 percentage point), contact Miller+Dodson Associates prior to using the Inflation Adjusted Funding.

Interest on Reserves

The recommended funding calculations do not account for interest earned on Replacement Reserves. In 2025, based on a 1.00 percent interest rate, we estimate the Department may earn \$1,607 on an average balance of \$160,731, \$1,484 on an average balance of \$148,375 in 2026, and \$3,136 on \$313,569 in 2027. The Department may elect to attribute 100 percent of the earned interest to Reserves, resulting in a reduction in the 2025 funding from \$243,538 to \$241,930 (a 0.65 percent reduction), \$258,150 to \$256,666 in 2026 (a 0.57 percent reduction), and \$273,639 to \$270,503 in 2027 (a 1.14 percent reduction).

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SECTION B - REPLACEMENT RESERVE INVENTORY

- **PROJECTED REPLACEMENTS.** Road Dept Vehicles - Replacement Reserve Inventory identifies 19 items that are Projected Replacements and the periodic replacements of these items are scheduled for funding from Replacement Reserves. The Projected Replacements have an estimated one-time replacement cost of \$1,742,500. Cumulative Replacements totaling \$4,935,000 are scheduled in the Replacement Reserve Inventory over the 40-year Study Period. Cumulative Replacements include those components that are replaced more than once during the period of the study.

Projected Replacements are the replacement of commonly-owned physical assets that require periodic replacement and whose replacement is to be funded from Replacement Reserves.

- **TAX CODE.** The United States Tax Code grants favorable tax status to Replacement Reserves, conditioned on expenditures being made within certain guidelines. These guidelines typically exclude maintenance activities, minor repairs, and capital improvements.
- **EXCLUDED ITEMS.** Some of the items contained in the Replacement Reserve Inventory are 'Excluded Items'. Multiple categories of items are typically excluded from funding by Replacement Reserves, including but not limited to:

Value. Items with a replacement cost of less than \$1000 and/or a normal economic life of less than 3 years are typically excluded from funding from Replacement Reserves. This exclusion should reflect the Department policy on the administration of Replacement Reserves. If the Department has selected an alternative level, it will be noted in the Replacement Reserve Inventory - General Comments on Page B6.2.

Long-lived Items. Items are excluded from the Replacement Reserve Inventory when items are properly maintained and are assumed to have a life equal to the property.

Unit Improvements. Items owned by a single unit and where the items serve a single unit are generally assumed to be the responsibility of that unit, not the Department.

Other Non-Common Improvements. Items owned by the local government, public and private utility companies, the United States Postal Service, Master Associations, state and local highway authorities, etc., may be installed on property that is owned by the Department. These types of items are generally not the responsibility of the Department and are excluded from the Replacement Reserve Inventory.

- **CATEGORIES.** The 19 items included in the Road Dept Vehicles Replacement Reserve Inventory are divided into 1 major categories. Each category is printed on a separate page, beginning on page B6.3.
- **LEVEL OF SERVICE.** This Replacement Reserve Inventory has been developed in compliance with the standards established for a Level 2 Update, as defined by the National Reserve Study Standards, established in 1998 by the Community Associations Institute, which states:

This study has been performed as a Level 2 Update with Site Visit/On-Site Review as defined by the Community Associations Institute's, National Reserve Study Standards. As such, the component inventory is based on the study that was performed by . This inventory was adjusted to reflect changes provided by the Community Manager and/or the Board of Directors, or adjustments made based on the site visit and visual assessment performed by the Analyst. The analysis, including fund status and funding plan, is developed from the adjusted inventory.

REPLACEMENT RESERVE INVENTORY - GENERAL INFORMATION (CONT'D)

- **INVENTORY DATA.** Each of the 19 Projected Replacements listed in the Replacement Reserve Inventory includes the following data:
 - Item Number.** The Item Number is assigned sequentially and is intended for identification purposes only.
 - Item Description.** We have identified each item included in the Inventory. Additional information may be included in the Comments section at the bottom of each page of the Inventory.
 - Units.** We have used standard abbreviations to identify the number of units including SF-square feet, LF-lineal feet, SY-square yard, LS-lump sum, EA-each, and PR-pair. Non-standard abbreviations are noted in the Comments section at the bottom of the page.
 - Number of Units.** The methods used to develop the quantities are discussed in "Level of Service" above.
 - Unit Replacement Cost.** We use four sources to develop the unit cost data shown in the Inventory; actual replacement cost data provided by the client, information provided by local contractors and suppliers, industry standard estimating manuals, and a cost database we have developed based upon our detailed interviews with contractors and service providers who are specialists in their respective lines of work.
 - Normal Economic Life (Years).** The number of years that a new and properly installed item should be expected to remain in service.
 - Remaining Economic Life (Years).** The estimated number of years before an item will need to be replaced. In "normal" conditions, this could be calculated by subtracting the age of the item from the Normal Economic Life of the item, but only rarely do physical assets age "normally". Some items may have longer or shorter lives depending on many factors such as environment, initial quality of the item, maintenance, etc.
 - Total Replacement Cost.** This is calculated by multiplying the Unit Replacement Cost by the Number of Units.
- **PARTIAL FUNDING.** Items may have been included in the Replacement Reserve Inventory at less than 100 percent of their full quantity and/or replacement cost. This is done on items that will never be replaced in their entirety, but which may require periodic replacements over an extended period of time. The assumptions that provide the basis for any partial funding are noted in the Comments section.
- **REMAINING ECONOMIC LIFE GREATER THAN 40 YEARS.** The calculations do not include funding for initial replacements beyond 40 years. These replacements are included in this Study for tracking and evaluation. They should be included for funding in future Studies, when they enter the 40-year window.
- **ACCURACY OF THE ANALYSIS.** The accuracy of the Replacement Reserve Analysis is dependent upon expenditures from Replacement Reserves being made ONLY for the 19 Projected Replacements specifically listed in the Replacement Reserve Inventory. The inclusion/exclusion of items from the Replacement Reserve Inventory is discussed on Page B6.1.

VEHICLES PROJECTED REPLACEMENTS					NEL- Normal Economic Life (yrs) REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
1	#41 Mack dump truck	ea	1	\$190,000.00	14	4	\$190,000
2	#45 Mack dump truck	ea	1	\$190,000.00	14	1	\$190,000
3	#50 Sterling dump truck	ea	1	\$160,000.00	14	none	\$160,000
	#48 Sterling dump truck						EXCLUDED
4	#47 Kenworth dump truck	ea	1	\$180,000.00	14	11	\$180,000
	#46 Mack dump truck						EXCLUDED
5	#66 Kenworth dump truck	ea	1	\$160,000.00	14	6	\$160,000
	#42 Kenworth dump truck						EXCLUDED
6	#40 Ford 1 ton dump truck (no plow)	ea	1	\$50,000.00	15	none	\$50,000
7	2020 Ford crew cab	ea	1	\$55,000.00	10	5	\$55,000
8	2011 Ford pick-up with plow	ea	1	\$55,000.00	10	none	\$55,000
	#33 Ford crew cab pick-up						EXCLUDED
9	Freightliner/Gradall	ea	1	\$272,000.00	17	14	\$272,000
10	Bomag asphalt roller	ea	1	\$20,000.00	21	5	\$20,000
11	Komatsu Loader	ea	1	\$18,000.00	23	4	\$18,000
	Gradall, backup						EXCLUDED
12	New Holland roadside mower	ea	1	\$110,000.00	13	3	\$110,000
13	New Holland skid steer	ea	1	\$90,000.00	28	5	\$90,000
14	Komatsu mini excavator	ea	1	\$60,000.00	14	none	\$60,000
15	Bandit brush chipper	ea	1	\$45,000.00	20	17	\$45,000
Replacement Costs - Page Subtotal							\$1,655,000

COMMENTS

- Item #10: Bomag asphalt roller - [05/06/2025] Per request, changed URC.

VEHICLES					NEL- Normal Economic Life (yrs)		
PROJECTED REPLACEMENTS					REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
16	Welder #1	ea	1	\$7,500.00	20	3	\$7,500
17	Welder #2	ea	1	\$7,500.00	20	3	\$7,500
18	Air compressor	ea	1	\$7,500.00	20	3	\$7,500
19	2023 F150 Ford pickup	ea	1	\$65,000.00	10	8	\$65,000
Replacement Costs - Page Subtotal							\$87,500

COMMENTS

SECTION C - CALENDAR OF PROJECTED ANNUAL REPLACEMENTS

GENERAL STATEMENT. The 19 Projected Replacements in the Road Dept Vehicles Replacement Reserve Inventory whose replacement is scheduled to be funded from Replacement Reserves are broken down on a year-by-year basis, beginning on Page C6.2.

REPLACEMENT RESERVE ANALYSIS AND INVENTORY POLICIES, PROCEDURES, AND ADMINISTRATION

- **REVIEW OF THE REPLACEMENT RESERVE STUDY.** For this study to be effective, it should be reviewed by the Board of Directors, those responsible for the management of the items included in the Replacement Reserve Inventory, and the accounting professionals employed by the Department .
- **REVISIONS.** Revisions will be made to the Replacement Reserve Analysis and Replacement Reserve Inventory in accordance with the written instructions of the Board of Directors. No additional charge is incurred for the first revision if requested in writing within three months of the date of the Replacement Reserve Study. It is our policy to provide revisions in electronic (Adobe PDF) format only. We acknowledge that there are instances in which multiple revisions are necessary. However, unnecessary multiple revisions drain our time and manpower resources. Therefore, MillerDodson will exercise its sole discretion as to whether additional charges are incurred.
- **TAX CODE.** The United States Tax Code grants favorable tax status to a common interest development (CID) meeting certain guidelines for their Replacement Reserve. If a CID files their taxes as a 'Corporation' on Form 1120 (IRC Section 277), these guidelines typically require maintenance activities, partial replacements, minor replacements, capital improvements, and one-time-only replacements to be excluded from Reserves. A CID cannot co-mingle planning for maintenance activities with capital replacement activities in the Reserves (Revenue Ruling 75-370). Funds for maintenance activities and capital replacement activities must be held in separate accounts. If a CID files taxes as an "Exempt Homeowners Association" using Form 1120H (IRC Section 528), the CID does not have to segregate these activities. However, because the CID may elect to change their method of filing from year to year within the Study Period, we advise using the more restrictive approach. We further recommend that the CID consult with their Accountant and consider creating separate and independent accounts and reserves for large maintenance items, such as painting.
- **CONFLICT OF INTEREST.** Neither MillerDodson Associates nor the Reserve Analyst has any prior or existing relationship with this Department which would represent a real or perceived conflict of interest.
- **RELIANCE ON DATA PROVIDED BY THE CLIENT.** Information provided by an official representative of the Department regarding financial, physical conditions, quality, or historical issues is deemed reliable.
- **INTENT.** This Replacement Reserve Study is a reflection of the information provided by the Department and the visual evaluations of the Analyst. It has been prepared for the sole use of the Department and is not for the purpose of performing an audit, quality/forensic analyses, or background checks of historical records.
- **PREVIOUS REPLACEMENTS.** Information provided to MillerDodson Associates regarding prior replacements is considered to be accurate and reliable. Our visual evaluation is not a project audit or quality inspection.
- **EXPERIENCE WITH FUTURE REPLACEMENTS.** The Calendar of Annual Projected Replacements, lists replacements we have projected to occur over the Study Period and begins on Page C2. Actual experience in replacing the items may differ significantly from the cost estimates and time frames shown because of conditions beyond our control. These differences may be caused by maintenance practices, inflation, variations in pricing and market conditions, future technological developments, regulatory actions, acts of God, and luck. Some items may function normally during our visual evaluation and then fail without notice.

PROJECTED REPLACEMENTS

2025 - Study Year			2026 - YEAR 1		
Item		\$	Item		\$
3	#50 Sterling dump truck	\$160,000	2	#45 Mack dump truck	\$190,000
6	#40 Ford 1 ton dump truck (no plow)	\$50,000			
8	2011 Ford pick-up with plow	\$55,000			
14	Komatsu mini excavator	\$60,000			

PROJECTED REPLACEMENTS

2035 - YEAR 10			2036 - YEAR 11		
Item		\$	Item		\$
8	2011 Ford pick-up with plow	\$55,000	4	#47 Kenworth dump truck	\$180,000
Total Scheduled Replacements		\$55,000	Total Scheduled Replacements		\$180,000
2037 - YEAR 12			2038 - YEAR 13		
Item		\$	Item		\$
No Scheduled Replacements			No Scheduled Replacements		
2039 - YEAR 14			2040 - YEAR 15		
Item		\$	Item		\$
3	#50 Sterling dump truck	\$160,000	2	#45 Mack dump truck	\$190,000
9	Freightliner/Gradall	\$272,000	6	#40 Ford 1 ton dump truck (no plow)	\$50,000
14	Komatsu mini excavator	\$60,000	7	2020 Ford crew cab	\$55,000
Total Scheduled Replacements		\$492,000	Total Scheduled Replacements		\$295,000
2041 - YEAR 16			2042 - YEAR 17		
Item		\$	Item		\$
12	New Holland roadside mower	\$110,000	15	Bandit brush chipper	\$45,000
Total Scheduled Replacements		\$110,000	Total Scheduled Replacements		\$45,000
2043 - YEAR 18			2044 - YEAR 19		
Item		\$	Item		\$
1	#41 Mack dump truck	\$190,000			
19	2023 F150 Ford pickup	\$65,000			
Total Scheduled Replacements		\$255,000	No Scheduled Replacements		

PROJECTED REPLACEMENTS

2045 - YEAR 20			2046 - YEAR 21		
Item		\$	Item		\$
5	#66 Kenworth dump truck	\$160,000			
8	2011 Ford pick-up with plow	\$55,000			
Total Scheduled Replacements		\$215,000	No Scheduled Replacements		
2047 - YEAR 22			2048 - YEAR 23		
Item		\$	Item		\$
No Scheduled Replacements			16	Welder #1	\$7,500
			17	Welder #2	\$7,500
			18	Air compressor	\$7,500
No Scheduled Replacements			Total Scheduled Replacements		\$22,500
2049 - YEAR 24			2050 - YEAR 25		
Item		\$	Item		\$
No Scheduled Replacements			4	#47 Kenworth dump truck	\$180,000
			7	2020 Ford crew cab	\$55,000
No Scheduled Replacements			Total Scheduled Replacements		\$235,000
2051 - YEAR 26			2052 - YEAR 27		
Item		\$	Item		\$
10	Bomag asphalt roller	\$20,000	11	Komatsu Loader	\$18,000
Total Scheduled Replacements		\$20,000	Total Scheduled Replacements		\$18,000
2053 - YEAR 28			2054 - YEAR 29		
Item		\$	Item		\$
3	#50 Sterling dump truck	\$160,000	2	#45 Mack dump truck	\$190,000
14	Komatsu mini excavator	\$60,000	12	New Holland roadside mower	\$110,000
19	2023 F150 Ford pickup	\$65,000	Total Scheduled Replacements		\$300,000
Total Scheduled Replacements		\$285,000	Total Scheduled Replacements		\$300,000

PROJECTED REPLACEMENTS

2055 - YEAR 30			2056 - YEAR 31			
Item		\$	Item		\$	
6	#40 Ford 1 ton dump truck (no plow)	\$50,000	9	Freightliner/Gradall	\$272,000	
8	2011 Ford pick-up with plow	\$55,000				
Total Scheduled Replacements			\$105,000	Total Scheduled Replacements		\$272,000

2057 - YEAR 32			2058 - YEAR 33			
Item		\$	Item		\$	
1	#41 Mack dump truck	\$190,000	13	New Holland skid steer	\$90,000	
Total Scheduled Replacements			\$190,000	Total Scheduled Replacements		\$90,000

2059 - YEAR 34			2060 - YEAR 35			
Item		\$	Item		\$	
5	#66 Kenworth dump truck	\$160,000	7	2020 Ford crew cab	\$55,000	
Total Scheduled Replacements			\$160,000	Total Scheduled Replacements		\$55,000

2061 - YEAR 36			2062 - YEAR 37			
Item		\$	Item		\$	
			15	Bandit brush chipper	\$45,000	
No Scheduled Replacements			Total Scheduled Replacements			\$45,000

2063 - YEAR 38			2064 - YEAR 39			
Item		\$	Item		\$	
19	2023 F150 Ford pickup	\$65,000	4	#47 Kenworth dump truck	\$180,000	
Total Scheduled Replacements			\$65,000	Total Scheduled Replacements		\$180,000

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1. COMMON INTEREST DEVELOPMENTS - AN OVERVIEW

Over the past 40 years, the responsibility for many services, facilities, and infrastructure around our homes has shifted from the local government to Community Associations. Thirty years ago, a typical new townhouse abutted a public street on the front and a public alley on the rear. Open space was provided by a nearby public park, and recreational facilities were purchased ala carte from privately owned country clubs, swim clubs, tennis clubs, and gymnasiums. Today, 60% of all new residential construction, i.e., townhouses, single-family homes, condominiums, and cooperatives, is in Common Interest Developments (CID). In a CID, a homeowner is bound to a Community Association that owns, maintains, and is responsible for periodic replacements of various components that may include the roads, curbs, sidewalks, playgrounds, streetlights, recreational facilities, and other community facilities and infrastructure.

The growth of Community Associations has been explosive. In 1965, there were only approximately 500 Community Associations in the United States. According to the 1990 U.S. Census, there were roughly 130,000 Community Associations. The Community Associations Institute (CAI), a national trade association, estimated in 2020 that there were more than 350,000 communities with over 75 million residents.

The shift of responsibility for billions of dollars of community facilities and infrastructure from the local government and private sector to Community Associations has generated new and unanticipated issues. Although Community Associations have succeeded in solving many short-term issues, many Associations still fail to properly plan for the significant expenses of replacing community facilities and infrastructure components. When inadequate Replacement Reserve funding results in less than timely replacements of failing components, homeowners are invariably exposed to the burden of special assessments, major increases in Association fees, and often a decline in property values.

2. REPLACEMENT RESERVE STUDY

The purpose of a Replacement Reserve Study is to provide the Association with an inventory of the common community facilities and infrastructure components that require periodic major repair or replacement, a general view of the physical condition of these components, and an effective financial plan to fund projected periodic replacements or major repairs. The Replacement Reserve Study consists of the following:

Replacement Reserve Study Introduction. The introduction provides a description of the property, an Executive Summary of the Funding Recommendations, Level of Reserve Study service, and a statement of the Purpose of the Replacement Reserve Study. It also lists documents and site evaluations upon which the Replacement Reserve Study is based and provides the Credentials of the Reserve Analyst.

Section A Replacement Reserve Analysis. Many components that are owned by the Association have a limited life and require periodic replacement. Therefore, it is essential that the Association have a financial plan that provides funding for the timely replacement of these components in order to protect the safety, appearance, and ultimately, the property value of the homes in the community. In conformance with National Reserve Study Standards, a Replacement Reserve Analysis evaluates the current funding of Replacement Reserves as reported by the Association and recommends annual funding of Replacement Reserves using the Threshold Cash Flow Method. See the definition below.

Section B Replacement Reserve Inventory. The Replacement Reserve Inventory lists the commonly owned components within the community that require periodic replacement using funding from Replacement Reserves. Replacement Reserve Inventory includes estimates of the Normal Economic Life (NEL) and the Remaining Economic Life (REL) for those components whose replacement is scheduled for funding from Replacement Reserves.

The Replacement Reserve Inventory also provides information about those components that are excluded from the Replacement Reserve Inventory and whose replacement is not scheduled for funding from Replacement Reserves.

Section C Projected Annual Replacements. The Calendar of Projected Annual Replacements provides a year-by-year listing of the Projected Replacements based on the data in the Replacement Reserve Inventory.

Section D Condition Assessment. The observed condition of the major items listed in the Replacement Reserve Inventory is discussed in more detail. The Condition Assessment includes a narrative and photographs that document conditions at the property observed at the time of our visual evaluation.

The Appendix is provided as an attachment to the Replacement Reserve Study. Additional attachments may include supplemental photographs to document conditions at the property and additional information specific to the property cited in the Conditions Assessment (i.e., Consumer Product Safety Commission, Handbook for Public Playground Safety, information on segmental retaining walls, manufacturer recommendations for asphalt shingles or siding, etc.).

3. METHODS OF ANALYSIS

The Replacement Reserve industry generally recognizes two different methods of accounting for Replacement Reserve Analysis, the Cash Flow Method. Due to the difference in accounting methodologies, these methods lead to different calculated values for the Recommended Annual Funding to the Reserves. A brief description is included below:

Cash Flow Threshold Method. This Reserve Study uses the Threshold Cash Flow Method, sometimes referred to as the "Pooling Method." It calculates the minimum constant annual funding to reserves (Minimum Annual Deposit) required to meet projected expenditures without allowing total reserves on hand to fall below the predetermined Minimum Balance, or Threshold, in any year.

4. REPLACEMENT RESERVE STUDY DATA

Identification of Reserve Components. The Reserve Analyst has only two methods of identifying Reserve Components; (1) information provided by the Association and (2) observations made at the site. The Reserve Analyst must be provided with all available information detailing the components owned by the Association. It is our policy to request such information prior to bidding on a project and to meet with the parties responsible for maintaining the community after acceptance of our proposal. Upon submission of the Initial Study, the Study should be reviewed by the Board of Directors and the individuals responsible for maintaining the community. We depend upon the Association for correct information, documentation, and drawings. We also look to the Association representative to help us fashion the Reserve Study so that it reflects what the community hopes to accomplish in the coming years.

Unit Costs. Unit costs are developed using nationally published standards and estimating guides and are adjusted by state or region. In some instances, recent data received in the course of our work is used to modify these figures. Contractor proposals or actual cost experience may be available as part of the Association records. This is useful information, which should be incorporated into your report. Please bring any such available data to our attention, preferably before the report is commenced.

Replacement vs. Repair and Maintenance. A Replacement Reserve Study addresses the required funding for Capital Replacement Expenditures. This should not be confused with operational costs or the cost of regular repairs or maintenance.

5. DEFINITIONS

Adjusted Cash Flow Analysis. Cash flow analysis adjusted to take into account annual cost increases due to inflation and interest earned on invested reserves. In this method, the annual contribution is assumed to grow annually at the inflation rate.

Cash Flow Analysis. See the Cash Flow Threshold Method, above.

Contingency. An allowance for unexpected requirements. The "Threshold" used in the Cash Flow Method is a predetermined minimum balance that serves the same purpose as a "contingency." However, IRS Guidelines do not allow for a "contingency" line item in the inventory. Therefore, it is built into the mathematical model as a "Threshold."

Cyclic Replacement Item. A component item that typically begins to fail after an initial period (Estimated Initial Replacement), but which will be replaced in increments over a number of years (the Estimated Replacement Cycle). The Reserve Analysis program divides the number of years in the Estimated Replacement Cycle into five equal increments. It then allocates the Estimated Replacement Cost equally over those five increments. (As distinguished from Normal Replacement Items, see below)

Estimated Normal Economic Life (NEL). Used in the Normal Replacement Schedules. This represents the industry average number of years that a new item should be expected to last until it has to be replaced. This figure is sometimes modified by climate, region, or original construction conditions.

Estimated Remaining Economic Life (REL). Used in the Normal Replacement Schedules. Number of years until the item is expected to need replacement. Normally, this number would be considered to be the difference between the Estimated Economic Life and the age of the item. However, this number must be modified to reflect maintenance practice, climate, original construction, quality, or other conditions. For the purpose of this report, this number is determined by the Reserve Analyst based on the present condition of the item relative to the actual age.

Minimum Annual Deposit. Shown on the Summary Sheet A1. The calculated requirement for annual contribution to reserves is calculated by the Cash Flow Method (see above).

Minimum Balance. Otherwise referred to as the Threshold, this amount is used in the Cash Flow Threshold Method only. Normally derived using the average annual expenditure over the study period, this is the minimum amount held in reserves in the Peak Year.

National Reserve Study Standards. A set of Standards developed by the Community Associations Institute in 1995 (and updated in 2017) which establishes the accepted methods of Reserve Calculation and stipulates what data must be included in the Reserve Study for each component listed in the inventory. These Standards can be found at CALonline.org.

Normal Replacement Item. A component of the property that, after an expected economic life, is replaced in its entirety. (As distinguished from Cyclic Replacement Items, see above.)

Number of Years of the Study. The number of years into the future for which expenditures are projected and reserve levels calculated. This number should be large enough to include the projected replacement of every item on the schedule, at least once. The Reserve Study must cover a minimum of 20 years to comply with the National Reserve Study Standards. However, your study covers a 40-year period.

Peak Year. In the Cash Flow Threshold Method, a year in which the reserves on hand are projected to fall to the established threshold level. See Minimum Balance, above.

Reserves Currently on Deposit. Shown on the Summary Sheet A1, this is the amount of accumulated reserves as reported by the Association in the current year.

Replacement Reserve Study. An analysis of all of the components of the common property of a Community Association for which replacement should be anticipated within the economic life of the property as a whole. The analysis involves estimation for each component of its Estimated Replacement Cost, Normal Economic Life, and Remaining Economic Life. The objective of the study is to calculate a Recommended Annual Funding for the Association's Replacement Reserve Fund.

Total Replacement Cost. Shown on the Summary Sheet A1, this is total of the Estimated Replacement Costs for all items on the schedule if they were to be replaced once.

Unit Replacement Cost. Estimated replacement cost for a single unit of a given item on the schedule.

Unit (of Measure). Non-standard abbreviations are defined on the page of the Replacement Reserve Inventory where the item appears. The following standard abbreviations are used in this report:

ea each	ls lump sum	sy square yard
ft or lf linear foot	pr pair	cy cubic yard
sf square foot		

What is a Reserve Study?
Who are we?



<https://youtu.be/m4BcOE6q3Aw>

What kind of property uses a Reserve Study?
Who are our clients?



<https://youtu.be/40SodajTW1g>

Who conducts a Reserve Study?
Reserve Specialist (RS) what does this mean?



<https://youtu.be/pYSMZ013VjQ>

When should a Reserve Study be updated?
What are the different types of Reserve Studies?



<https://youtu.be/Qx8WHB9Cgnc>

What's in a Reserve Study and what's out?
Improvement/Component, what's the difference?



<https://youtu.be/ZfBoAEhtf3E>

What is my role as a Community Manager?
Will the report help me explain Reserves?



<https://youtu.be/1J2h7FIU3qw>

What is my role as a community Board Member?
 Will a Reserve Study meet my needs?



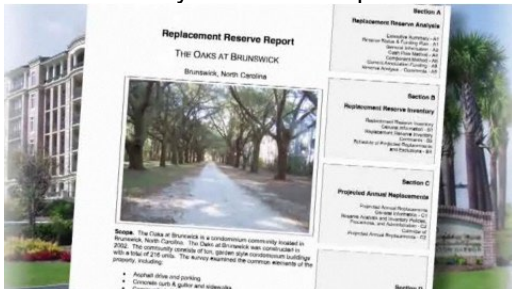
<https://youtu.be/aARD1B1Oa3o>

Community dues, how can a Reserve Study help?
 Will a study keep my property competitive?



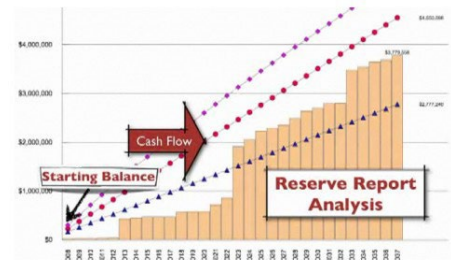
<https://youtu.be/diZfM1lyJYU>

How do I read the report?
 Will I have a say in what the report contains?



<https://youtu.be/qCeVJhFf9ag>

Where do the numbers come from?
 Cumulative expenditures and funding, what?



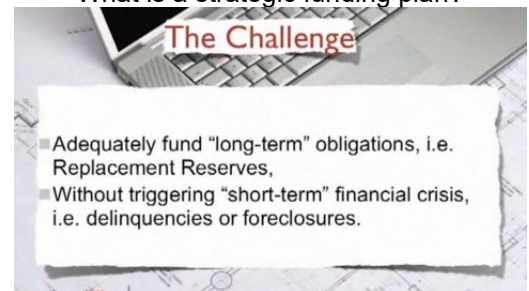
<https://youtu.be/SePdwVDvHWI>

How are interest and inflation addressed?
 Inflation, what should we consider?



<https://youtu.be/W8CDLwRlv68>

A community needs more help, where do we go?
 What is a strategic funding plan?



<https://youtu.be/hIxV9X1tlcA>