



Reserve Study

Full Study with Remote Site Inspection

Lolo Creek Trail Homeowners Association, Inc.

Draft 3

Published - June 28, 2021

Prepared for the December 31, 2021 Fiscal Year

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Lolo Creek Trail Homeowners Association, Inc.

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Lolo Creek Trail Homeowners Association, Inc.

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Reserve Study Summary

A Reserve Study was conducted of Lolo Creek Trail Homeowners Association, Inc. (the Planned Urban Development, or "**PUD**"). A **Full VIRTUAL Study** includes a remote site inspection review upon where the following tasks are performed:

- Development of a reserve component inventory;
- Condition assessment based upon satellite and street level imagery (assumptions made);
- Useful life and valuation estimates;
- Evaluation of fund status and creation of a funding plan.

Lolo Creek Trail Homeowners Association, Inc. is a community with a total of 92 Units.

Physical Inspection

North Star Reserves ("**NSR**") conducted a remote inspection of the PUD. The inspection encompassed those major components that the PUD is required to maintain. For this study components are determined to be major components if:

1. As of the date of the study, they have a remaining useful life of less than 30 years, and a value greater than \$500.
2. Such additional components, if any, determined by the Board of Directors.

During the study, NSR utilized the services of our own construction cost estimator. In addition, independent contractors may have been contacted to render opinions on selected components.

Supplemental information may have been obtained from the following sources:

1. Project plans where available.
2. Maintenance records of the reserve components where available.
3. PUD board members, management and staff.

Summary of Reserves

For the first year of the Reserve Study, the reserve contribution is based upon the existing budget and conversations with the property manager and/or appointed Association representative. In addition NSR relied on the PUD to provide an accurate Beginning Reserve Balance.

The status of the PUD reserves, as reflected in the following Reserve Study, is as follows:

1. The Expenditure Forecast of the following Reserve Study identifies the major components which the PUD is obligated to repair, replace, restore or maintain, as determined in accordance with the criteria specified above, and specifies for each such component:
 - Its current estimated replacement cost;
 - Its estimated useful life; and
 - Its estimated remaining useful life.

2. It is estimated that the total cash reserves necessary to repair, replace, restore or maintain such major components (in the aggregate) during and at the end of their first remaining useful life is \$14,223.
 - [For purposes of this calculation, “necessary” is defined as the Fully Funded Balance (FFB) (Component Future Cost ÷ Useful Life × Effective Age, including a provision for interest and inflation in future years.)]
 - See "FULLY FUNDED BALANCE" in the *Glossary of Reserve Study Terms* on the final pages of this study.
 - Inflation Rate for the this study is calculated at **2.50%**.
3. The current amount of accumulated cash reserves actually set aside to repair, replace, restore, or maintain such major components as of the fiscal year ending December 31, 2021 is estimated to be \$30,329, constituting 191.82% of the total expenditures anticipated for all such major components through their first end of useful life replacement.
4. Based upon the schedule of annual reserve contributions necessary to defray the cost of repairing, replacing, restoring or maintaining such major components in the years such expenditures are estimated to be required, it is estimated that annual reserve contributions in the initial amount of \$0 for the fiscal year ending December 31, 2021 (the first full fiscal year following first distribution of this report) will be necessary in order to meet all such reserve expenditures when they are projected to come due.

Funding Assessment

Based on the 30 year cash flow projection, the PUD's reserves appear **inadequately** funded as the reserve fund ending balances remain **negative** throughout the replacement of most major components during the next 30 years. **For this reason, increased contributions have been outlined to meet future expenditures.**

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

Percent Funded Status

Based on paragraphs 1 - 3 above, the PUD is **inadequately** funded.

The following illustrates the next fiscal year recommended contribution and ending balance:

	Annual Contribution	-	End Balance	-	% Funded
• Year 1:	\$0		\$30,329		227.09%
• Year 2:	\$1,840		\$26,987		191.82%



Methodology

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

Funding Goals

The funding goal employed for Lolo Creek Trail Homeowners Association, Inc. is

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

Limitations

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

Statutory Disclosures

Compliance

The Reserve Study complies with or exceeds all applicable statutes, if any

Supplemental Disclosures

General:

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

Completeness:

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

Reliance on Client Data:

Information provided by the official representative of the PUD regarding financial, physical, quantity, or historical issues are deemed reliable by NSR.



Scope:

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

Reserve Balance:

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

Reserve Projects:

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



Lolo Creek Trail Homeowners Association, Inc.

Analysis Date - January 1, 2021

Expenditures

Subcategory	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Concrete										
Concrete Repair			7,430			8,001			8,617	
	0	0	7,430	0	0	8,001	0	0	8,617	0
Landscaping										
Contingency - Landscaping		1,553			1,672			1,801		
Trees - Maintenance	1,970			2,121			2,284			2,460
Trees - Replacement						1,714				
	1,970	1,553	0	2,121	1,672	1,714	2,284	1,801	0	2,460
Reserve Study										
Reserve Study Update		443		465		1,223		514		540
	0	443	0	465	0	1,223	0	514	0	540
Staining										
Staining - Fencing		1,118						1,297		
	0	1,118	0	0	0	0	0	1,297	0	0
Structural Repairs										
Bike Path		2,067		377		2,282		416		2,519
	0	2,067	0	377	0	2,282	0	416	0	2,519
	1,970	5,182	7,430	2,964	1,672	13,221	2,284	4,028	8,617	5,519

Lolo Creek Trail Homeowners Association, Inc.

Analysis Date - January 1, 2021



Expenditures

Subcategory	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Concrete										
Concrete Repair		9,279			9,993			10,761		
	0	9,279	0	0	9,993	0	0	10,761	0	0
Fencing										
Fencing - Split Rail	4,655									
	4,655	0	0	0	0	0	0	0	0	0
Landscaping										
Contingency - Landscaping	1,939			2,089			2,249			2,422
Trees - Maintenance			2,649			2,853			3,072	
Trees - Replacement		1,988						2,306		
	1,939	1,988	2,649	2,089	0	2,853	2,249	2,306	3,072	2,422
Reserve Study										
Reserve Study Update		1,418		596		626		1,644		691
	0	1,418	0	596	0	626	0	1,644	0	691
Staining										
Staining - Fencing				1,504						1,744
	0	0	0	1,504	0	0	0	0	0	1,744
Structural Repairs										
Bike Path		459		2,780		507		3,069		559
	0	459	0	2,780	0	507	0	3,069	0	559
	6,595	13,145	2,649	6,970	9,993	3,986	2,249	17,781	3,072	5,418

Lolo Creek Trail Homeowners Association, Inc.

Analysis Date - January 1, 2021



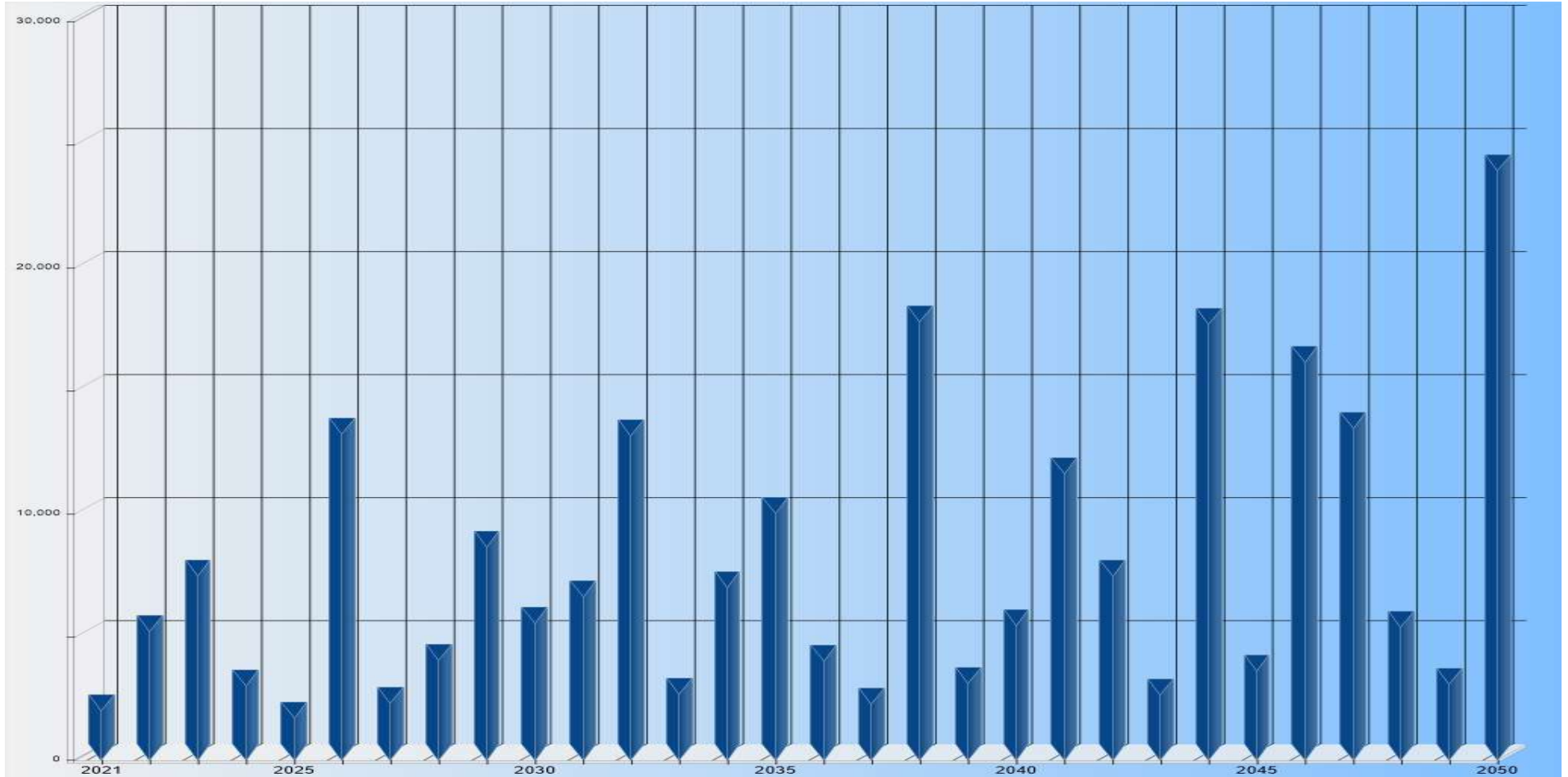
Expenditures

Subcategory	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050
Concrete										
Concrete Repair	11,588			12,480			13,439			14,473
	11,588	0	0	12,480	0	0	13,439	0	0	14,473
Fencing										
Fencing - Split Rail						6,743				
	0	0	0	0	0	6,743	0	0	0	0
Landscaping										
Contingency - Landscaping			2,609			2,809			3,025	
Trees - Maintenance		3,309			3,563			3,837		
Trees - Replacement				2,674						3,101
	0	3,309	2,609	2,674	3,563	2,809	0	3,837	3,025	3,101
Reserve Study										
Reserve Study Update		726		1,907		801		842		2,212
	0	726	0	1,907	0	801	0	842	0	2,212
Staining										
Staining - Fencing						2,022				
	0	0	0	0	0	2,022	0	0	0	0
Structural Repairs										
Bike Path		3,387		617		3,739		681		4,127
	0	3,387	0	617	0	3,739	0	681	0	4,127
	11,588	7,423	2,609	17,679	3,563	16,117	13,439	5,361	3,025	23,914

Lolo Creek Trail Homeowners Association, Inc.

Analysis Date - January 1, 2021

Expense Flow - Chart (30 Year in View)



Lolo Creek Trail Homeowners Association, Inc.

Analysis Date - January 1, 2021



Expenditures - Year Over Year (5 Years)

Subcategory Date	Reserve Item	Location	Service Date	Estimated Life	Current Cost	Expenditure
Year : 2021						
Landscaping						
06/01/2021	Trees - Maintenance	Common Area	06/01/2020	1:00	\$ 1,950.00	\$ 1,970.17
					1,950.00	1,970.17
Year : 2022						
Landscaping						
06/01/2022	Contingency - Landscaping	Common Area	06/01/2019	3:00	\$ 1,500.00	\$ 1,553.40
					1,500.00	1,553.40
Reserve Study						
06/01/2022	Reserve Study Update	Common Area	06/01/2020	2:00	\$ 428.00	\$ 443.24
					428.00	443.24
Staining						
06/01/2022	Staining - Fencing	Common Area	06/01/2006	16:00	\$ 1,080.00	\$ 1,118.45
					1,080.00	1,118.45
Structural Repairs						
06/01/2022	Bike Path	Common Area	06/01/2006	16:00	\$ 1,650.00	\$ 1,708.74
06/01/2022	Bike Path	Common Area	06/01/2020	2:00	346.50	358.84
					1,996.50	2,067.58
Year : 2023						
Concrete						
06/01/2023	Concrete Repair	Common Area	06/01/2006	17:00	\$ 7,000.00	\$ 7,430.43
					7,000.00	7,430.43
Year : 2024						
Landscaping						
06/01/2024	Trees - Maintenance	Common Area	06/01/2021	3:00	\$ 1,950.00	\$ 2,121.65
					1,950.00	2,121.65
Reserve Study						
06/01/2024	Reserve Study Update	Common Area	06/01/2020	4:00	\$ 428.00	\$ 465.68
					428.00	465.68
Structural Repairs						
06/01/2024	Bike Path	Common Area	06/01/2022	2:00	\$ 346.50	\$ 377.00
					346.50	377.00

Lolo Creek Trail Homeowners Association, Inc.

Analysis Date - January 1, 2021



Expenditures

Subcategory			Service	Estimated		
Date	Reserve Item	Location	Date	Life	Current Cost	Expenditure
Year : 2025						
Landscaping						
06/01/2025	Contingency - Landscaping	Common Area	06/01/2022	3:00	\$ 1,500.00	\$ 1,672.84
					<u>1,500.00</u>	<u>1,672.84</u>

Lolo Creek Trail Homeowners Association, Inc.

Analysis Date - January 1, 2021

Cash Flow - Annual

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Begin Balance	32,300	30,329	26,987	21,396	20,272	22,279	12,738	14,133	15,165	11,608
Contribution	0	1,840	1,840	1,840	3,680	3,680	3,680	5,060	5,060	5,060
Average Per Unit	0	20	20	20	40	40	40	55	55	55
Percent Change	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	37.50%	0.00%	0.00%
Interest	0	0	0	0	0	0	0	0	0	0
Less Expenditures	1,970	5,182	7,430	2,964	1,672	13,221	2,284	4,028	8,617	5,519
Ending Balance	30,329	26,987	21,396	20,272	22,279	12,738	14,133	15,165	11,608	11,149

	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Begin Balance	11,149	10,993	4,287	8,078	8,467	5,834	9,207	15,237	5,735	10,942
Contribution	6,440	6,440	6,440	7,359	7,359	7,359	8,279	8,279	8,279	9,199
Average Per Unit	70	70	70	79	79	79	89	89	89	99
Percent Change	27.27%	0.00%	0.00%	14.28%	0.00%	0.00%	12.50%	0.00%	0.00%	11.11%
Interest	0	0	0	0	0	0	0	0	0	0
Less Expenditures	6,595	13,145	2,649	6,970	9,993	3,986	2,249	17,781	3,072	5,418
Ending Balance	10,993	4,287	8,078	8,467	5,834	9,207	15,237	5,735	10,942	14,724

Lolo Creek Trail Homeowners Association, Inc.

Analysis Date - January 1, 2021

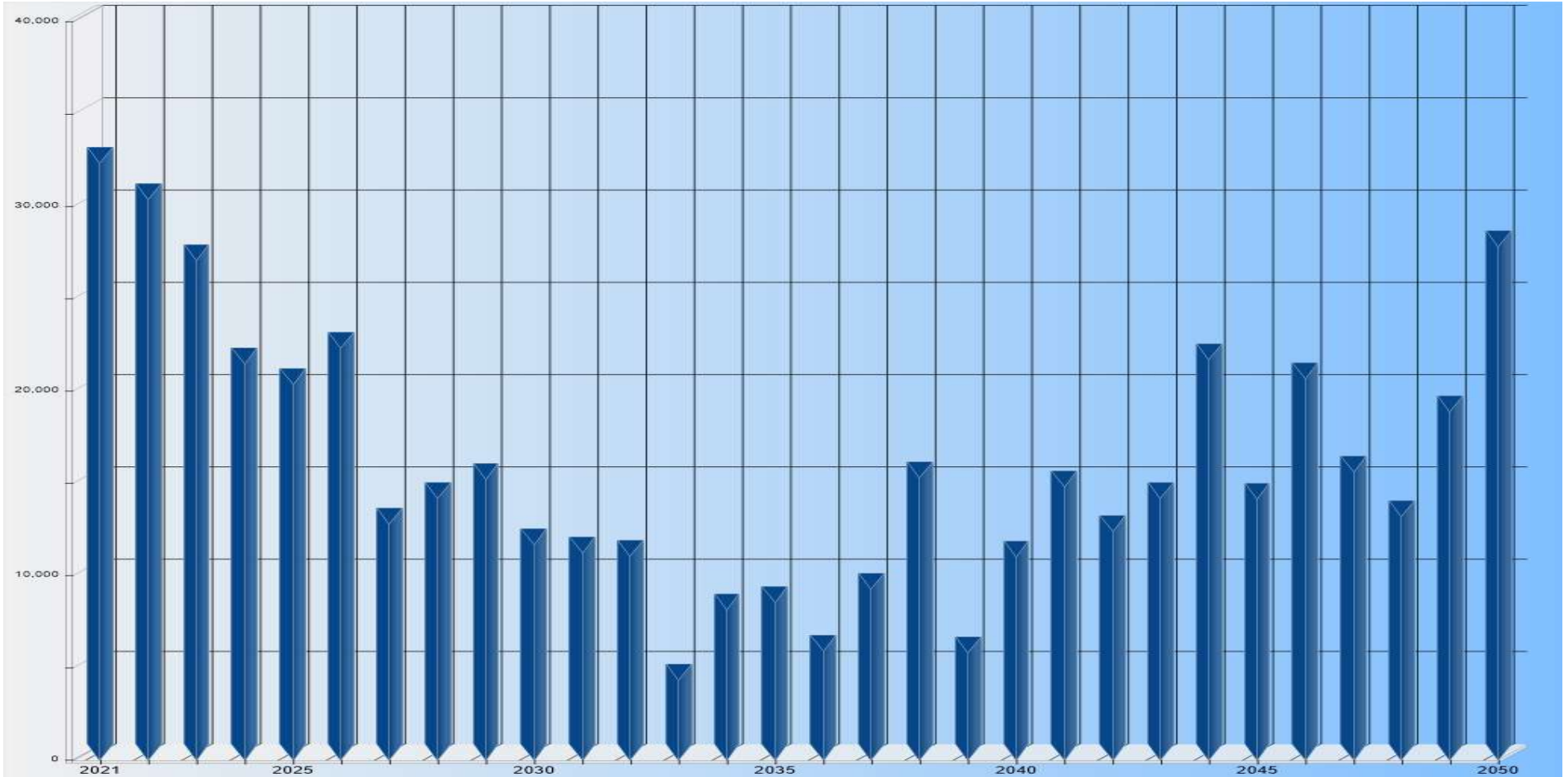


	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050
Begin Balance	14,724	12,335	14,111	21,621	14,061	20,617	15,540	13,140	18,817	27,751
Contribution	9,199	9,199	10,119	10,119	10,119	11,039	11,039	11,039	11,959	11,959
Average Per Unit	99	99	109	109	109	119	119	119	129	129
Percent Change	0.00%	0.00%	10.00%	0.00%	0.00%	9.09%	0.00%	0.00%	8.33%	0.00%
Interest	0	0	0	0	0	0	0	0	0	0
Less Expenditures	11,588	7,423	2,609	17,679	3,563	16,117	13,439	5,361	3,025	23,914
Ending Balance	12,335	14,111	21,621	14,061	20,617	15,540	13,140	18,817	27,751	15,795

Lolo Creek Trail Homeowners Association, Inc.

Analysis Date - January 1, 2021

Balance Flow - Chart (30 Year in View)



Lolo Creek Trail Homeowners Association, Inc.

Analysis Date - January 1, 2021

Percent Funded - Cash Flow - Annual

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
100% Funded	14,223	15,811	13,908	11,235	13,978	18,054	10,799	14,657	16,857	14,641
Percent Funded	227.09%	191.82%	194.03%	190.45%	145.02%	123.40%	117.95%	96.43%	89.96%	79.28%
Begin Balance	32,300	30,329	26,987	21,396	20,272	22,279	12,738	14,133	15,165	11,608
Contribution	0	1,840	1,840	1,840	3,680	3,680	3,680	5,060	5,060	5,060
Average Per Unit	0	20	20	20	40	40	40	55	55	55
Percent Change	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	37.50%	0.00%	0.00%
Special Assessment	0	0	0	0	0	0	0	0	0	0
Interest	0	0	0	0	0	0	0	0	0	0
Less Tax on Interest	0	0	0	0	0	0	0	0	0	0
Net Interest	0	0	0	0	0	0	0	0	0	0
Less Expenditures	1,970	5,182	7,430	2,964	1,672	13,221	2,284	4,028	8,617	5,519
Less Deferred Expenditur	0	0	0	0	0	0	0	0	0	0
Ending Balance	30,329	26,987	21,396	20,272	22,279	12,738	14,133	15,165	11,608	11,149

Lolo Creek Trail Homeowners Association, Inc.

Analysis Date - January 1, 2021

Percent Funded - Cash Flow - Annual

	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
100% Funded	15,698	15,920	9,922	14,601	15,093	12,788	16,655	22,336	12,777	18,165
Percent Funded	71.02%	69.05%	43.21%	55.33%	56.10%	45.63%	55.28%	68.22%	44.89%	60.24%
Begin Balance	11,149	10,993	4,287	8,078	8,467	5,834	9,207	15,237	5,735	10,942
Contribution	6,440	6,440	6,440	7,359	7,359	7,359	8,279	8,279	8,279	9,199
Average Per Unit	70	70	70	79	79	79	89	89	89	99
Percent Change	27.27%	0.00%	0.00%	14.28%	0.00%	0.00%	12.50%	0.00%	0.00%	11.11%
Special Assessment	0	0	0	0	0	0	0	0	0	0
Interest	0	0	0	0	0	0	0	0	0	0
Less Tax on Interest	0	0	0	0	0	0	0	0	0	0
Net Interest	0	0	0	0	0	0	0	0	0	0
Less Expenditures	6,595	13,145	2,649	6,970	9,993	3,986	2,249	17,781	3,072	5,418
Less Deferred Expenditur	0	0	0	0	0	0	0	0	0	0
Ending Balance	10,993	4,287	8,078	8,467	5,834	9,207	15,237	5,735	10,942	14,724

Lolo Creek Trail Homeowners Association, Inc.

Analysis Date - January 1, 2021

Percent Funded - Cash Flow - Annual

	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050
100% Funded	21,323	18,542	20,162	26,716	18,493	24,631	18,512	15,458	20,706	28,392
Percent Funded	69.05%	66.52%	69.99%	80.93%	76.04%	83.71%	83.94%	85.00%	90.88%	97.74%
Begin Balance	14,724	12,335	14,111	21,621	14,061	20,617	15,540	13,140	18,817	27,751
Contribution	9,199	9,199	10,119	10,119	10,119	11,039	11,039	11,039	11,959	11,959
Average Per Unit	99	99	109	109	109	119	119	119	129	129
Percent Change	0.00%	0.00%	10.00%	0.00%	0.00%	9.09%	0.00%	0.00%	8.33%	0.00%
Special Assessment	0	0	0	0	0	0	0	0	0	0
Interest	0	0	0	0	0	0	0	0	0	0
Less Tax on Interest	0	0	0	0	0	0	0	0	0	0
Net Interest	0	0	0	0	0	0	0	0	0	0
Less Expenditures	11,588	7,423	2,609	17,679	3,563	16,117	13,439	5,361	3,025	23,914
Less Deferred Expenditur	0	0	0	0	0	0	0	0	0	0
Ending Balance	12,335	14,111	21,621	14,061	20,617	15,540	13,140	18,817	27,751	15,795

Lolo Creek Trail Homeowners Association, Inc.

Analysis Date - January 1, 2021



Item Parameters - Detail

Subcategory	Reserve Item	Location	Desc.	Service Date	Basis Cost	Quantity	Current Cost	Adj Life	Rem Life	Future Cost
Concrete										
	Concrete Repair	Common Ar	Sidewalks&	06/01/2006	\$ 7,000.00	1 Lump Sum	\$ 7,000	17:00	2:05	\$ 7,430
							7,000			7,430
Fencing										
	Fencing - Split Rail	Common Ar	EntranceFe	06/01/2006	\$ 15.00	240 Linear F	\$ 3,600	25:00	10:05	\$ 4,655
							3,600			4,655
Landscaping										
	Contingency - Landscaping	Common Ar	Landscapin	06/01/2019	\$ 1,500.00	1 Allowanc	\$ 1,500	3:00	1:05	\$ 1,553
	Trees - Maintenance	Common Ar	Tree Pruni	06/01/2020	1,950.00	1 Allowanc	1,950	1:00	0:05	1,970
	Trees - Replacement	Common Ar	Tree Repla	06/01/2020	750.00	2 Each	1,500	6:00	5:05	1,714
							4,950			5,238
Reserve Study										
	Reserve Study Update	Common Ar	Full Study	06/01/2020	\$ 1,070.00	1 Lump Sum	\$ 1,070	6:00	5:05	\$ 1,223
	Reserve Study Update	Common Ar	FinancialU	06/01/2020	1,070.00	0.4 Lump Sum	428	2:00	1:05	443
	Reserve Study Update	Common Ar	FinancialU	06/01/2020	1,070.00	0.4 Lump Sum	428	4:00	3:05	465
							1,926			2,132
Staining										
	Staining - Fencing	Common Ar	Stain Fenci	06/01/2006	\$ 4.50	240 Linear F	\$ 1,080	16:00	1:05	\$ 1,118
							1,080			1,118
Structural Repairs										
	Bike Path	Common Ar	Seal Bike P	06/01/2006	\$ 1,650.00	1 Lump Sum	\$ 1,650	16:00	1:05	\$ 1,708
	Bike Path	Common Ar	Crkfl Bike P	06/01/2020	1,650.00	0.21 Lump Sum	346	2:00	1:05	358
							1,996			2,067
							20,552			22,642

Item Parameters - Full Detail

Bike Path

Item Number	2	Measurement Basis	Lump Sum
Type	Common Area	Estimated Useful Life	4 Years
Category	Exterior - Materials	Basis Cost	1,650.00
Tracking Method	Logistical Adjusted		

Location	Desc.	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Current Cost	Future Cost
Common Area	Seal Bike Path	06/01/2006	06/01/2022	1:05	16:00	1	1,650.00	1,708.74
Common Area	Crkfl Bike Path	06/01/2020	06/01/2022	1:05	2:00	0.21	346.50	358.84
							1,996.50	2,067.58

Comments

This component repairs the asphalt bike path. At the time of this study, based on the available imagery, asphalt suffers from significant cracking. For this reason, this component is listed early, and ongoing, for repairs. This component funds sealing (line item #1) and crackfill (line item #2). Total square footage of the bike path is approx. 9,953 SF. Data provided by the BOD.



Item Parameters - Full Detail

Concrete Repair

Item Number	3	Measurement Basis	Lump Sum
Type	Common Area	Estimated Useful Life	3 Years
Category	Exterior - Landscape & Grounds	Basis Cost	7,000.00
Tracking Method	Logistical Adjusted		

Location	Desc.	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Current Cost	Future Cost
Common Area	Sidewalks&Ra	06/01/2006	06/01/2023	2:05	17:00	1	7,000.00	7,430.43
							7,000.00	7,430.43

Comments

This component funds lifting, patching, grinding or general repairs to concrete throughout the community. This component ensures funds are available on a periodic basis to repair and/or shore up trip hazards. The Useful Life of concrete may extend beyond the scope of this study, however, due to the volume of common area concrete it is requisite that funds be available for the likely need of maintenance and repairs that fall outside of the operating budget. The Basis Cost is a Lump Sum provided by the BOD and not a calculated of the total square footage (approx. 57,730 SF). Time will dictate if more or less is needed as weather and landscaping continue to have an impact on the life of the concrete. This component is on a delayed start. Measurements are approximate by NSR.



Item Parameters - Full Detail

Contingency - Landscaping

Item Number	5	Measurement Basis	Allowanc
Type	Common Area	Estimated Useful Life	3 Years
Category	Exterior - Landscape & Grounds	Basis Cost	1,500.00
Tracking Method	Logistical Adjusted		

Location	Desc.	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Current Cost	Future Cost
Common Area	LandscapingM	06/01/2019	06/01/2022	1:05	3:00	1	1,500.00	1,553.40
							1,500.00	1,553.40

Comments

This component provides ongoing funds as a contingency to supplement the operating budget as it relates to miscellaneous landscaping needs not provided for in another component, including but not limited to: Back flow preventers, Covers and grates, Valves and boxes, Sprinklers repairs & rehab, Timers replacement, Drainage systems and more as directed by the BOD. The funding here is intended to be an allowance only, which supplements the budget against unplanned and/or unexpected needs.



Item Parameters - Full Detail

Fencing - Split Rail

Item Number	7	Measurement Basis	Linear F
Type	Common Area	Estimated Useful Life	15 Years
Category	Exterior - Materials	Basis Cost	15.00
Tracking Method	Logistical Adjusted		

Location	Desc.	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Current Cost	Future Cost
Common Area	EntranceFenci	06/01/2006	06/01/2031	10:05	25:00	240	3,600.00	4,655.96
							3,600.00	4,655.96

Comments

This component replaces the split rail fencing at the entrances of the community. Though the fence is low maintenance, ongoing repairs and replacement of rails will be required to promote its full Useful Life (UL). It is assumed that ongoing repairs will fund from the operating budget. However, *Staining - Fencing* is outlined in a separate component. This component is for replacement only. Measurements are approximate by NSR. UL provided by the BOD.



Item Parameters - Full Detail

Reserve Study Update

Item Number	10	Measurement Basis	Lump Sum
Type	Common Area	Estimated Useful Life	6 Years
Category	Reserve Study	Basis Cost	1,070.00
Tracking Method	Logistical Adjusted		

Location	Desc.	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Current Cost	Future Cost
Common Area	Full Study	06/01/2020	06/01/2026	5:05	6:00	1	1,070.00	1,223.13
Common Area	FinancialUpda	06/01/2020	06/01/2022	1:05	2:00	0.4	428.00	443.24
Common Area	FinancialUpda	06/01/2020	06/01/2024	3:05	4:00	0.4	428.00	465.68
							1,926.00	2,132.05

Comments

This is an alternating line item for an updated Reserve Study. The reserve costs for a 6-year full study, which includes a visual observation of the accessible reserve components, is alternately interspersed with a bi-annual financial update.



Item Parameters - Full Detail

Staining - Fencing

Item Number	8	Measurement Basis	Linear F
Type	Common Area	Estimated Useful Life	6 Years
Category	Exterior - Materials	Basis Cost	4.50
Tracking Method	Logistical Adjusted		

Location	Desc.	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Current Cost	Future Cost
Common Area	Stain Fencing	06/01/2006	06/01/2022	1:05	16:00	240	1,080.00	1,118.45
							1,080.00	1,118.45

Comments

This component provides for the ongoing staining or sealing of the wood fencing at the entrances of the community. Regular maintenance and staining will help ensure the wood fencing maintains its full Useful Life. Measurements are approximate by NSR.



Item Parameters - Full Detail

Trees - Maintenance

Item Number	12	Measurement Basis	Allowanc
Type	Common Area	Estimated Useful Life	3 Years
Category	Exterior - Landscape & Grounds	Basis Cost	1,950.00
Tracking Method	Logistical Adjusted		

Location	Desc.	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Current Cost	Future Cost
Common Area	Tree Pruning	06/01/2020	06/01/2021	0:05	1:00	1	1,950.00	1,970.17
							1,950.00	1,970.17

Comments

This allowance funds structural pruning and maintenance of trees as needed to enhance the landscaping and to avoid branch and root damage to nearby objects and structures. Time will dictate if the Basis Cost and Useful Life will need to be adjusted as trees continue to mature. Basis Cost provided by the BOD.



Item Parameters - Full Detail

Trees - Replacement

Item Number	13	Measurement Basis	Each
Type	Common Area	Estimated Useful Life	6 Years
Category	Exterior - Landscape & Grounds	Basis Cost	750.00
Tracking Method	Logistical Adjusted		

Location	Desc.	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Current Cost	Future Cost
Common Area	Tree Replace	06/01/2020	06/01/2026	5:05	6:00	2	1,500.00	1,714.66
							1,500.00	1,714.66

Comments

This component funds the removal and replacement of trees as needed to enhance the landscaping and to avoid branch and root damage to buildings, streets and walkways. Time will dictate if the Basis Cost needs to be adjusted as trees continue to mature.



Lolo Creek Trail Homeowners Association, Inc.

Items Removed or Left Out of the Study

The following items were either left out of the study due to their inclusion or appurtenance to the annual operating budget, OR subsequently removed upon the Board of Directors (BOD) request. Though each item holds a replacement value, it was determined that the below listed components were not Capital Expenses as traditionally defined.

1. Asphalt Streets - this component falls to the local municipalities responsibility to maintain and replace.
2. Concrete Curbing Lining Streets - this component falls to the local municipalities responsibility to maintain and replace.
3. Utility Lines (Underground) - this component falls to the local municipalities responsibility to maintain and replace.





Glossary of Reserve Study Terms

Lolo Creek Trail Homeowners Association, Inc.
Prepared for the December 31, 2021 Fiscal Year

Terms & Definitions CAI

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

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

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

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

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

CURRENT REPLACEMENT COST: See "Replacement Cost."

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

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

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

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



FULLY FUNDED BALANCE (FFB): Total Accrued Depreciation. An indicator against which Actual (or projected) Reserve balance can be compared. The Reserve balance that is in direct proportion to the fraction of life "used up" of the current Repair or Replacement cost. This number is calculated for each component, then summed together for an association total. Two formulae can be utilized, depending on the provider's sensitivity to interest and inflation effects. Note: Both yield identical results when interest and inflation are equivalent.

1. $FFB = \text{Current Cost} \times \text{Effective Age} / \text{Useful Life}$ or
2. $FFB = (\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) + [(\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) / (1 + \text{Interest Rate}) ^ \text{Remaining Life}]$

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

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

Baseline Funding: Establishing a Reserve funding goal of keeping the Reserve cash balance above zero.

Full Funding: Setting a Reserve funding goal of attaining and maintaining Reserves at or near 100% funded.

Statutory Funding: Establishing a Reserve funding goal of setting aside the specific minimum amount of Reserves required by local statutes.

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

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

FUNDING PRINCIPLES: x Stable Contribution Rate over the Years x Fiscally Responsible

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

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

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

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

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



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

RESERVE PROVIDER: An individual that prepares Reserve Studies.

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

RESPONSIBLE CHARGE: A reserve specialist in responsible charge of a reserve study shall render regular and effective supervision to those individuals performing services which directly and materially affect the quality and competence rendered by the reserve specialist. A reserve specialist shall maintain such records as are reasonably necessary to establish that the reserve specialist exercised regular and effective supervision of a reserve study of which he was in responsible charge. A reserve specialist engaged in any of the following acts or practices shall be deemed not to have rendered the regular and effective supervision required herein: 1. The regular and continuous absence from principal office premises from which professional services are rendered; except for performance of field work or presence in a field office maintained exclusively for a specific project; 2. The failure to personally inspect or review the work of subordinates where necessary and appropriate; 3. The rendering of a limited, cursory or perfunctory review of plans or projects in lieu of an appropriate detailed review; 4. The failure to personally be available on a reasonable basis or with adequate advance notice for consultation and inspection where circumstances require personal availability.

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

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

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

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