

RESERVE DISCLOSURES – 2022-2023

Reserves Study. As part of the Board’s annual Budget Report for 2022-2023, the Board incorporates as reference the Reserve Study performed by Association Reserves, Inc., “M-24 Ranch Association: On-site Visit Reserve Study Update,” Report #32049-3, effective July 2, 2021 – June 30, 2022. The Executive Summary of the Report is included on page 4 of the Report. Members may access the full study at M-24’s web site—www.m24ranch.com.

Reserve Funding Plan. The Reserve Study referenced above describes the annual contributions to reserves needed to fully fund the major repair, restoration or replacement of the Association’s principal physical assets, that is, the roads; the lake’s recreational facilities, including docks, beaches and other amenities; the gates, including access-security facilities; and the clubhouse.

Deferred Maintenance Items. The Board does not intend to defer maintenance. The Board intends to restore or replace the major physical assets as necessary.

Special Assessments. The Board, consistent with its reserve funding plan, does not anticipate levying any special assessments to provide reserves sufficient to repair, replace or restore its major physical assets.

Reserve funding Mechanisms. Reserves will be funded out of the Association’s Operating Budget, that is, out of dues assessments. Determining the amount of dues to be set aside as reserves is an integral part of the Board’s annual budget exercise, in which the Board balances the need to provide sufficient reserves to pay for future expenditures, with the need to meet current expenses.

Borrowing, or use of other assets to meet reserve funding is not contemplated. The Association has no loan obligations outstanding.

Calculating Reserve Needs. The reserve funding plan referenced above calculates the current cost of replacing major assets, multiplied by the number of years they have been in service, divided by their useful life. Replacement cost is forecast to rise by 2.5 percent per year. Reserves are to be invested in safe, interest-bearing assets until such time as they are needed. The reserve funding plan assumes an after-tax rate of return of 0.50 percent per annum.

Insurance Policies. Insurance covering general liability, Director and Officer liability, property damage, and an umbrella policy is maintained by the Association.