Executive Summary

Oak Trails Estates Mutual Water Company is a mutual water company having 72 owners (hereafter referred to as units) and 26 identified reserve components to maintain. *The Water Company is planning to install Solar Panels to generate electricity for the significant power demands of the well pumps & booster pumps. This is expected to be funded by a combination of a loan (paid via Operating) and grant money from the Inflation Reduction Act. So no reserve expense is projected in this reserve study for the initial installation - and likely for future panel replacement because it will probably again be funded via loan.*

The following reserve analyses are presented:

- **Optimized 30-Year Cash Flow Analysis** - determines an optimal *Reserve Funding Plan* to enable your water company to fund projected reserve expenses.
- **Straight Line Depreciation Analysis** – calculates the "*Percent Funded Estimate*" -- a measure of strength of reserves. This is a required annual disclosure to all members.
- **30-Year Cash Flow Analysis Showing Current Funding Levels** – this analysis illustrates how your water company would become over/underfunded if only simple inflationary increases are applied each year to current reserve funding.

1. RESERVE FUNDING PLAN: Optimized 30-Year Cash Flow Analysis

The **Optimized 30-Year Cash Flow Analysis** funding plan indicates that your water company should consider raising reserve funding to **$104,233** per year-- followed by cost-of-living increases thereafter -- to adequately build reserves for future expenses. Note: Contractor & equipment inflation has increased significantly in the past 3 years.

The recommended first-year funding represents **an increase** of $13.95/month per unit in the *reserve funding portion* of your overall budget.

FY 2024 annual reserve contribution (with annual increases thereafter – refer to cash flow analysis):	$104,233/year
FY 2024 monthly reserve contribution:	$8,686/month
Change in monthly reserve contribution per owner:	$13.95/month

SPECIAL ASSESSMENTS: May be necessary if there are variances in projected expenses or replacement scheduling. Or if capital expenses not listed or unknown to this analysis become apparent and if there are insufficient reserve funds to pay for them.

NOTE: The recommended reserve funding represents the amount that is needed when the water company adopts a reserve funding plan to pay for capital expense projects evenly over time. In doing so, the depreciation of capital assets is distributed evenly over the years for all owners.