

Assessment And Reserve Funding Disclosure Summary

Oak Trails Estates Mutual Water Company

For the fiscal year beginning January 1, 2021

(Sample – Questions #1-4 to be completed by Board of Directors, #6 & 7 already have your data filled in)

California Civil Code §5300 requires that this Assessment and Reserve Funding Disclosure Summary be distributed to all owners not less than thirty (30) days nor more than ninety (90) days prior to the beginning of the Water Company's fiscal year in the format specified in California Civil Code §5570. The Summary is to be provided with, and accompany, the Water Company's Proforma Operating Budget or Summary thereof that is delivered to all members. . Water companies may be exempt from this requirement, but the disclosure may be distributed anyway for financial transparency purposes.

- (1) The regular assessment per ownership interest is \$ 0 per _____. Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found on page ____ of the attached summary.
- (2) Additional regular or special assessments that have already been scheduled to be imposed or charged, regardless of the purpose, if they have been approved by the board and/or members:

Date assessment will be due:	Amount per ownership interest per month or year (If assessments are variable, see note immediately below):	Purpose of the assessment:
N/A	N/A	
	Total:	

Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found on page ____ of the attached report.

- (3) Based upon the most recent reserve study and other information available to the Board of Directors, will currently projected reserve account balances be sufficient at the end of each year to meet the Water Company's obligation for repair and/or replacement of major components during the next 30 years?
Yes X No ____ **NOTE: The current Board has no control over whether future boards implement this funding plan.*
- (4) If the answer to (3) is no, what additional assessments or other contributions to reserves would be necessary to ensure that sufficient reserve funds will be available each year during the next 30 years that have not yet been approved by the board or the members?

Approximate date assessment will be due:	Amount per Ownership Interest per month or year::
	Total:

- (5) All major components are included in the reserve study and are included in its calculations.
- (6) Based on the method of calculation in paragraph (4) of subdivision (b) of California Civil. Code §5570, the estimated amount required in the reserve fund (if the water company were 100% funded for depreciation-to-date) at the end of the current fiscal year is **\$642,375**, based in whole or in part on the last reserve study or update prepared by Stone Mountain Corporation - For the fiscal year beginning January 1, 2021. The projected reserve fund cash balance at the end of the current fiscal year is **\$264,628**, resulting in reserves being **41.2%** funded (\$264,628 divided by \$642,375) at this date and resulting in an estimated reserve deficiency (difference between 100% funded amount and actual reserves) on a per-unit basis of **\$5,246/Unit**. If an alternative, but generally accepted, method of calculation is also used, the required reserve amount is \$ _____. (If so, see attached explanation.)

(7) Based on the method of calculation in paragraph (4) of subdivision (b) of [California Civil Code §5570](#), the estimated amount required in the reserve fund at the end of each of the next five budget Years is \$ (Refer to line #1 in the table below), and the projected reserve fund cash balance in each of those Years, taking into account only assessments already approved and other known revenues, is \$ (Refer to line #2 in the table below), leaving the reserve at (Refer to line #3 in the table below) percent funded. If the reserve funding plan approved by the Water company is implemented, the projected reserve fund cash balance in each of those years will be \$ (Refer to line #4 in the table below), leaving the reserve at (Refer to line #5 in the table below) percent funded in each of those years.

End of Fiscal Year That Begins in→	2021	2022	2023	2024	2025
1. Estimated amount required in reserves (100% Funded Amount)	\$621,067	\$713,487	\$675,068	\$780,411	\$801,624
2. Projected Reserve Fund Cash Balance (Only assessments already approved)	\$182,350	\$207,733	\$100,580	\$130,422	\$72,545
3. Projected Percent Funded Estimate (Only assessments already approved)	29.4%	29.1%	14.9%	16.7%	9.0%
4. Projected Reserve Fund Cash Balance (If reserve funding plan is implemented)	\$191,635	\$237,315	\$163,510	\$242,155	\$243,440
5. Projected Percent Funded Estimate (If reserve funding plan is implemented)	30.9%	33.3%	24.2%	31.0%	30.4%

Fund balance & Percent funded projections in the #4 & #5 calculations above assume the optimized cash flow analysis plan is adopted.

NOTE: The financial representations set forth in the Summary are based on the best estimates of the preparer at that time. The estimates are subject to change. At the time this summary was prepared, the assumed long-term before-tax interest rate earned on reserve funds was **0.60%** per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was **3.00%** per year.

SUPPLEMENT TO ASSESSMENT AND RESERVE FUNDING DISCLOSURE SUMMARY

[Civil Code section 1365.2.5(b)(3)] [**New: [Civ. Code §5300\(e\)](#)**]

Due to factors beyond the control of the Directors, including but not limited to the rate of inflation, the rate at which the major components actually deteriorate, unanticipated damage to the major components, fluctuations in material and labor costs and changes in building codes and regulations, the accuracy of the information set forth in paragraphs 3, 4 and 5 above is not, and cannot be, guaranteed. Depending upon the accuracy of the present and future assumptions used in providing the information in paragraphs 3, 4 and 5, the information and conclusions set forth in said paragraphs may not be correct. Therefore, any person reviewing this Assessment and Reserve Funding Disclosure Summary should not, without conducting their own independent investigation and analysis, rely upon the accuracy of the information set forth in paragraph 3, 4 and 5.

Please note, for purposes of this Assessment and Reserve Funding Disclosure, the words and phrases stated below are given the following meaning:

1. “Estimated remaining useful life“ means the time reasonably calculated to remain before a major component will require replacement.

2. “Major component” has the meaning used in section 1365.5 [**New: [Civ. Code §5500](#)**]. Components with an estimated remaining useful life of more than thirty (30) Years may be included in a study as a capital asset or disregarded from the reserve calculation, so long as the decision is revealed in the reserve study report and reported in the Assessment and Reserve Funding Disclosure Summary.

"Caution"

The “Supplement to Assessment and Reserve Funding Disclosure Summary” shown above is provided as a courtesy by James H. Smith, Esq. of the law firm of Rogers Sheffield & Campbell. Telephone: (805) 963-9721. Your Water company's Governing Documents and/or changes in the law may require this form to be modified.

The data filled in question #6 & #7 above was derived from Stone Mountain Corporation's reserve study for the water company.