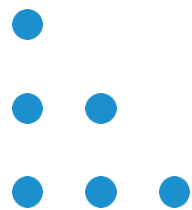




GENERAL MANAGER'S REPORT: LMOA RESERVES

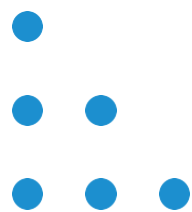
April 23, 2026



AGENDA



- Reserves Background & Overview
- 10-Year Outlook
- 2025 Reserves Summary
- 2026 Reserves Summary
- Investments & Cash Summary
- External Audit Update



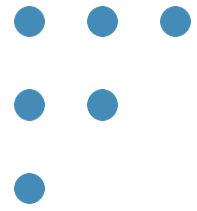
HIGHLIGHT OF RESERVE ACCOUNT



LMOA maintains six “reserve” accounts, which are funded from dues or other fees that are restricted for a specific use.

- 3 “Statutory” accounts (MR&R, Roads & Lake) —these accounts essentially serve as “savings’ accounts to renovate or replace the LMOA’s current fixed assets and infrastructure
VA law requires that we maintain these funds at an adequate level to fund our future needs based on an independent reserve study conducted every five years
These accounts are from a budgeted allocation of our annual dues and any available surpluses from operations or PTF
- Property Transfer Fee (PTF)-a fixed one-time fee charged to the buyer on any home sale. This fund is restricted for capital asset purchases---either new or replacement assets
It can be used to supplement funding of MR&R, Lake or Roads capital asset replacements
- Improved Property fee (IPF)—charged annually on improved property pays for trash pickup, storm cleanup and other costs associated with improved lots as may be identified.
- Emergency Reserve Account (ERA)-funded from the proceeds of the sale of LMSC, these funds can only be used for emergency needs for funding, as approved by member vote.

The money in these funds is invested, in accordance with LMOA Investment Policy (PM 4.02Q), until needed. Investment earnings are retained in the respective funds in all cases except the ERA, where Dividends and Interest is transferred for use in Operations

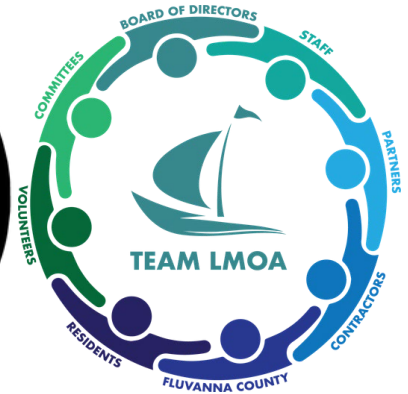


RESERVE STUDY SUMMARY

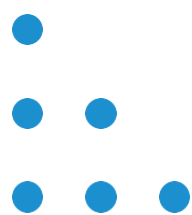
- ✓ Every five years, LMOA partners with an independent firm, Reserve Advisors, to conduct a study of our community's physical assets, looking at their condition, estimating when they'll need to be replaced, and at what cost.
- ✓ We then plan how to fund our three reserve accounts to ensure we have adequate funding to replace assets, even if unexpected repairs arise.
- ✓ As part of the annual budget process, LMOA considers the adequacy of the Statutory Reserve balances, based on the most recent Independent Reserve Study and a "10-year Outlook", to compare planned reserve funding with projected spending.



MAINTENANCE OF THE RESERVE STUDY



- ❑ LMOA staff update each asset's projected life based on damage, deterioration, usage, or repairs
 - Lifecycles can often be “pushed to the right” (or extended)
 - Unexpected repairs or damage can force assets to be “pulled to the left”, meaning the asset needs to be replaced sooner than anticipated.
- ❑ LMOA staff present a list of items that we estimate will need to be repaired or replaced each budget cycle.
- ❑ LMOA staff also investigate alternatives to items in the plan as operations shift over time (i.e. Dredging Operations, Road paving plan, Gate Security & Access Control)



LMOA'S PRIMARY RESERVE ACCOUNT



Major Repairs and Replacements General
189 Items

Examples of items:

- Vehicles and equipment
- HVAC units
- Docks
- Marina fuel pumps
- Pool cover



Lake Health and Storm Water Management
14 Items

Examples of items:

- Stream restoration and BMPs
- Dam components and maintenance
- Ditches and culverts



Major Repairs and Replacements Roads
5 Items

Examples of items:

- Road repaving and repairs
- Parking lot repaving and repairs
- Crack sealing

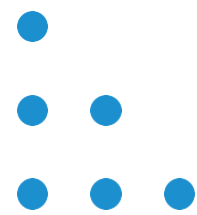
208 items with a total estimated spend of \$98,854,555 over the next 30 years

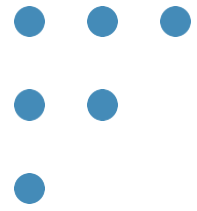


Comparison of 2019 and 2024 Studies



2019 Reserve Study	2024 Reserve Study
<p>Items: MR&R General: 180 MR&R Roads: 18 LHSWM: 19 Total: 217</p>	<p>Items: MR&R General: 189 MR&R Roads: 5 LHSWM: 14 Total: 209</p>
<p>30-year Total Estimated Spend: ~75 m</p>	<p>30-year Total Estimated Spend: ~99 m</p>





10-Year Outlook

- ❑ Staff and the Finance Committee are working on updates to LMOA's 10-Year Outlook.
- ❑ The 10-Year Outlook examines LMOA's current financial position and where we expect to be over the next ten years based on reserve spending, operations, macroeconomic factors, etc.
- ❑ Reserve study is updated yearly and adjustments/revisions made based on additional projects, priorities & timelines (i.e. Lake Health initiatives, Gate Security & Access Control, Road Paving & Repairs, etc.)
- ❑ The presentation of the updated 10-Year outlook is expected early fall



MAJOR FACTORS IMPACTING 10-YEAR OUTLOOK SPENDING

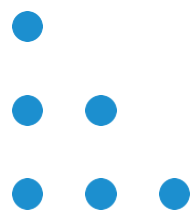


Inflation

- Inflation between 2019–2024 was approximately 22% (\$16.5m increase)
- Change of study's inflation assumption from 2.8% to 3%

Addition or adjustment of several items

- Dredging program: Bringing in Harbor Dredge increased program costs from ~\$100k/yr to ~\$200k/yr
- Road management plan
- Project management costs: \$100k/yr (\$3m over 30 years)
- Revised lifecycle assumption of several MR&R General items



2025 RESERVE PROJECT SPENDING

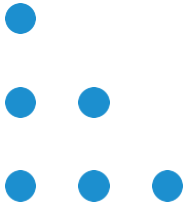
- **Total approved: \$1,643,364**
 - RPs/PTF: \$337,070
 - Budgeted: \$1,306,294
- **Total spent: \$1,204,398.69**
 - RPs/PTF: \$267,396.83
 - Budgeted: \$937,001.86

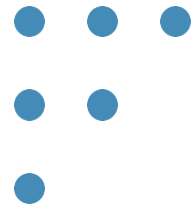


		Approved	Used	Remaining
MR&R General	LMOA Asset Management Software	\$6,000.00	\$2,808.55	\$3,191.45
	Interior Renovations, Ashlawn,	\$20,000.00	\$5,273.30	\$14,726.70
	Interior Renovations, Fairways	\$25,000.00	\$4,175.00	\$20,825.00
	Exhaust and Humidity Modificat	\$20,600.00	\$12,780.06	\$7,819.94
	Kitchen Equipment, Ashlawn, Ph	\$10,000.00	\$0.00	\$10,000.00
	Kitchen Equipment, Fairways, P	\$10,000.00	\$2,550.27	\$7,449.73
	Server Equipment	\$4,120.00	\$4,120.00	\$0.00
	Signage, Poles and Street Sign	\$4,120.00	\$2,549.16	\$1,570.84
	Docks	\$75,000.00	\$61,310.23	\$13,689.77
	Pool Furniture	\$40,000.00	\$34,226.61	\$5,773.39
	Pool 3 yr PM (full drain, insp	\$6,000.00	\$3,087.27	\$2,912.73
	Playground Equipment - benches	\$6,000.00	\$3,096.05	\$2,903.95
	Golf- Cart Paths, Asphalt, Ins	\$30,000.00	\$30,000.00	\$0.00
	Golf - Aerifier, Pro Core 648	\$32,754.00	\$0.00	\$32,754.00
	Greens and Sports Roller	\$28,000.00	\$18,297.24	\$9,702.76
	Fire Hydrants	\$15,450.00	\$12,961.86	\$2,488.14
	F&O Vehicle 29, Chevrolet Dump	\$72,100.00	\$57,268.96	\$14,831.04
	Gate Entry System, Turkeysag,	\$30,900.00	\$6,603.90	\$24,296.10
	Security- Cameras and Locks	\$5,000.00	\$982.08	\$4,017.92
	Police Vehicles 53 , Ford Expl	\$61,800.00	\$54,573.25	\$7,226.75
Tufton Fishing Pier	\$35,000.00	\$193.70	\$34,806.30	
Ops Building Interior Renovati	\$10,000.00	\$7,220.30	\$2,779.70	
Reserve Project Management and	\$100,000.00	\$100,010.03	(\$10.03)	
Leased Equipment - Golf	\$84,000.00	\$84,069.40	(\$69.40)	
LHSWM/MR&R Lake	Dams, Inspections and Maintena	\$20,600.00	\$2,520.00	\$18,080.00
	Drainage Improvements (Incl. D	\$61,800.00	\$35,043.79	\$26,756.21
	Dredging, Erosion Control and	\$206,000.00	\$202,095.00	\$3,905.00
	Fisheries Management	\$36,050.00	\$10,559.16	\$25,490.84
	Lake Health Manager	\$30,000.00	\$30,000.00	\$0.00
	Lake Aeration Study	\$20,000.00	\$3,778.55	\$16,221.45
	Stream Restoration/ BMP planni	\$25,000.00	\$0.00	\$25,000.00
	Professional Services (Enginee	\$40,000.00	\$2,345.00	\$37,655.00
MR&R Roads	Road Patching and Repair	\$100,000.00	\$107,503.14	(\$7,503.14)
	Patch Sealing	\$35,000.00	\$35,000.00	\$0.00
Resolution Proposals	Tennis Bench	\$540.00	\$0.00	\$540.00
	Wheeled Skid Steer	\$20,000.00	\$19,480.50	\$519.50
	Tufton Pond Oxygenation Projec	\$147,133.00	\$106,062.40	\$41,070.60
	Ashlawn Water Heater	\$10,700.00	\$6,800.00	\$3,900.00
	2025 Pool Season Costs	\$5,000.00	\$1,040.35	\$3,959.65
	Golf Bottle Filling Stations	\$5,100.00	\$4,419.20	\$680.80
	Seal and Stripe Lots	\$68,000.00	\$68,637.00	(\$637.00)
	Golf Fertilizer Spreader	\$4,300.00	\$4,255.17	\$44.83
	Repair Racquet Courts	\$7,643.00	\$7,643.00	\$0.00
	Pile Caps and Protective Bumpe	\$5,000.00	\$783.72	\$4,216.28
New Police Vehicle	\$63,654.00	\$48,275.49	\$15,378.51	

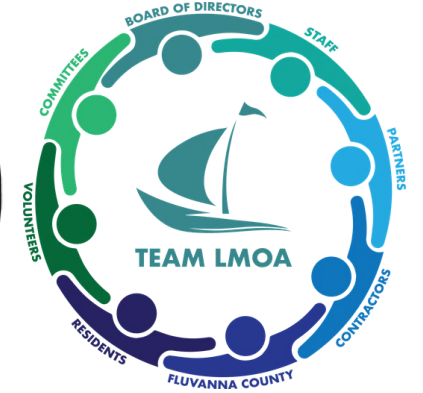
2026 RESERVES BUDGET (OVERALL)

	Reserve Study Guide (2026 Figures)		2026 Annual Member Dues Allocations	2026 Budget Reserve Allocations	2026 GM Recommended Spend	2026 Reserve Allocation Surplus less Reserve Spend	Reserve Balances as of 8/31/25	2026 Projected Reserves Balances not including gains/losses
	Contributions	Expenses						
MR&R General	\$ 928,100	\$ 866,332	\$ 159.97	\$ 765,137	\$ 1,001,889	\$ (236,752)	\$ 2,353,089	\$ 2,116,337
Lake Health	\$ 349,600	\$ 685,342	\$ 108.92	\$ 520,964	\$ 696,218	\$ (175,254)	\$ 2,171,680	\$ 1,996,426
MR&R Roads	\$ 427,400	\$ 143,222	\$ 113.59	\$ 543,301	\$ 141,090	\$ 402,211	\$ 2,817,759	\$ 3,219,970
Total	\$ 1,705,100	\$ 1,694,896	\$ 382.48	\$ 1,829,402	\$ 1,839,197	\$ (9,795)	\$ 7,342,528	\$ 7,332,733





2026 RESERVE BUDGET (MR&R GENERAL)



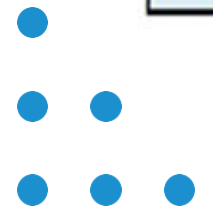
MR&R General	Projected Year	Projected	Requested	
Mower, Ventrac w/ Contour Deck	2024	\$ 58,741	\$ 11,000	Just contour deck
Exhaust and Humidity Modifications, Fairways	2025	\$ 21,218	\$ 9,075	Rollover from 2025
Interior Renovations, Ashlawn, Banquet Room (Incl. Upper Level Hallways)	2025	\$ 39,356	\$ 10,000	Rollover from 2025
Interior Renovations, Fairways, Banquet Room (Incl. Entry Foyers)	2025	\$ 30,000	\$ 20,825	Rollover from 2025
Vehicle 30, Chevrolet Silverado	2025	\$ 64,890	\$ 66,837	Replacement swapped with Vehicle 52
Signage, Poles and Street Signs, Phased	2026	\$ 4,244	\$ 5,000	
Security, Cameras/Locks	2026	\$ 5,304	\$ 5,000	
Kitchen Equipment, Fairways	2026	\$ 10,609	\$ 10,000	
Kitchen Equipment, Ashlawn	2026	\$ 10,609	\$ 10,000	
Blowers, Phased (Buffalo KB7)	2026	\$ 12,731	\$ 12,731	
Cart Paths, Asphalt, Inspections, Crack Repairs and Partial Replacements	2026	\$ 31,827	\$ 31,827	
Utility Vehicle, John Deere Gator (Pro)	2026	\$ 31,827	\$ 40,000	
Mowers, Ventrac, Contour and Rotary Deck (2023)	2026	\$ 43,497	\$ 45,700	
Vehicle 25, Ford Escape (2014)	2026	\$ 47,740	\$ 47,740	
Vehicle 56, Ford Explorer (2014)	2026	\$ 63,654	\$ 63,654	
Leased Equipment (John Deere)	2026	\$ 84,872	\$ 84,000	
Project Management/Labor	2026	\$ 106,090	\$ 100,000	
Utility Vehicle, John Deere Gator	2027	\$ 13,113	\$ 17,000	
Utility Vehicle, John Deere Gator	2027	\$ 13,113	\$ 17,000	
Air Handling and Condensing Units, Split Systems, Fairways	2027	\$ 81,955	\$ 25,000	
Sprayers	2027	\$ 54,636	\$ 64,500	
Docks, Wood and Composite (Incl. Beach Docks)	2027	\$ 107,360	\$ 200,000	Fuel dock and marina finger slips
Signage, Amenity and Entrance	2028	\$ 20,259	\$ 6,000	
Topdresser, Cushman	2028	\$ 39,393	\$ 25,000	Topdresser only, mount on old Gator Pro
Air Handling and Condensing Units, Split Systems, Ashlawn, Phased	2029	\$ 17,853	\$ 25,000	
Interior Renovations	2030	\$ 20,896	\$ 3,000	Maintenance shop (storage)
Deck, Composite, Ashlawn	2041	\$ 161,252	\$ 25,000	Railing repair
Roof Assembly, Asphalt Shingles, Ashlawn	2040	\$ 92,672	\$ 15,000	Roof rejuvenation treatment
Grinder, Reel, Heads	2026	\$ 75,324	\$ -	Looking into lease
Pool Filter Sand	N/A	\$ -	\$ 6,000	
		\$1,365,034	\$1,001,889	

2026 RESERVES BUDGET (LAKE HEALTH/ROADS)



Lake Health	Year Projected	Projected	Requested	
Dams, Inspections and Maintenance	2026	\$ 21,218	\$ 21,218	
Fisheries Management	2026	\$ 37,132	\$ 35,000	
Drainage Improvements (Incl. Ditches and Culverts)	2026	\$ 63,654	\$ 60,000	
Stream Restoration/BMP/Bathymetric Survey	2026	\$ 212,180	\$ 220,000	
Dredging, Erosion Control and Shoreline Regrading, Partial	2026	\$ 212,180	\$ 250,000	
Tufton Oxygenation Program	N/A	\$ 35,000	\$ 35,000	
Professional Services (Engineering/Consultation)	N/A	\$ 45,000	\$ 45,000	
Lake Health Manager	N/A	\$ 30,000	\$ 30,000	
Tufton Dam Regrading, Tree Removal, and Outlet Remodel	N/A	\$ -	\$ -	TBD
		\$ 656,364	\$ 696,218	

MR&R Roads	Year Projected	Projected	Requested
Asphalt Pavement, All Areas, Crack Repair and Patch	2026	\$ 106,090	\$ 106,090
Asphalt Pavement, All Areas, Crack Sealing	2026	\$ 37,132	\$ 35,000
		\$ 143,222	\$ 141,090



2026 RESERVE PROJECT SPENDING

- **Total capital projects approved: \$1,242,076.27**
 - IPF/PTF: \$63,097.27
 - MR&R/LHSWM: \$1,178,979
- **Total spent to date: \$195,796.87**
 - IPF/PTF: \$17,797.27
 - MR&R/LHSWM: \$177,999.60



		Approved	Spent	Remaining
MR&R General	Mower, Ventrac w/Contour Deck	\$11,000.00	\$0.00	\$11,000.00
	Exhaust and Humidity Modificat	\$9,075.00	\$0.00	\$9,075.00
	Interior Renovations, Ashlawn,	\$10,000.00	\$0.00	\$10,000.00
	Interior Renovations, Fairways	\$20,825.00	\$0.00	\$20,825.00
	Vehicle 30, Chevrolet Silverad	\$66,837.00	\$62,573.56	\$4,263.44
	Signage, Poles and Street Sign	\$5,000.00	\$0.00	\$5,000.00
	Security, Cameras/Locks	\$5,000.00	\$0.00	\$5,000.00
	Kitchen Equipment, Fairways	\$10,000.00	\$0.00	\$10,000.00
	Kitchen Equipment, Ashlawn	\$10,000.00	\$0.00	\$10,000.00
	Blowers, Phased (Buffalo KB7)	\$12,731.00	\$0.00	\$12,731.00
	Cart Paths, Asphalt, Inspectio	\$31,827.00	\$0.00	\$31,827.00
	Utility Vehicle, John Deere Ga	\$40,000.00	\$0.00	\$40,000.00
	Mowers, Ventrac, Contour and R	\$45,700.00	\$0.00	\$45,700.00
	Vehicle 25, Ford Escape (2014)	\$47,740.00	\$44,500.00	\$3,240.00
	Vehicle 56, Ford Explorer (201	\$63,654.00	\$46,926.04	\$16,727.96
	Utility Vehicle, John Deere Ga	\$17,000.00	\$0.00	\$17,000.00
	Utility Vehicle, John Deere Ga	\$17,000.00	\$0.00	\$17,000.00
	Air Handling and Condensing Un	\$25,000.00	\$0.00	\$25,000.00
	Sprayers	\$64,500.00	\$0.00	\$64,500.00
	Docks, Wood and Composite (Inc	\$200,000.00	\$0.00	\$200,000.00
	Signage, Amenity and Entrance	\$6,000.00	\$0.00	\$6,000.00
	Topdresser, Cushman	\$25,000.00	\$0.00	\$25,000.00
	Air Handling and Condensing Un	\$25,000.00	\$0.00	\$25,000.00
Interior Renovations	\$3,000.00	\$0.00	\$3,000.00	
Deck, Composite, Ashlawn	\$25,000.00	\$0.00	\$25,000.00	
Roof Assembly, Asphalt Shingle	\$15,000.00	\$0.00	\$15,000.00	
Pool Filter Sand	\$6,000.00	\$0.00	\$6,000.00	
LHSWM	Stream Restoration/BMP/Bathyme	\$220,000.00	\$24,000.00	\$196,000.00
	Tufton Oxygenation Program	\$35,000.00	\$0.00	\$35,000.00
MR&R Roads	Asphalt Pavement, All Areas, C	\$106,090.00	\$0.00	\$106,090.00
PTF	Ventrac KV552 Plow Blade	\$4,500.00	\$0.00	\$4,500.00
	Hole 7 Pond Aeration	\$5,000.00	\$0.00	\$5,000.00
	Golf Maintenance Breakroom/Kit	\$5,800.00	\$0.00	\$5,800.00
	New Computers	\$30,000.00	\$0.00	\$30,000.00
IPF	Snowplow for 2023 Chevrolet 15	\$9,076.59	\$9,076.59	\$0.00
	Snowplow for 2025 Chevrolet 25	\$8,720.68	\$8,720.68	\$0.00

2025 YEAR END BALANCES

By Account		By Fund	
Description	Balance as of 12/31/2025	Description	Balance as of 12/31/2025
Wells Fargo	350,374	Operations	776,282
Atlantic Union	80,296	MR&R General	2,734,865
Total Cash	430,670	MR&R Roads	3,319,842
CapTrust - MR&R General	2,734,865	MR&R Lake	2,346,069
CapTrust - MR&R Roads	3,319,842	PTF	793,442
CapTrust - MR&R Lake	2,346,069	IPF	227,125
CapTrust - ERA P	832,832	ERA	832,832
CapTrust - ERA D&I	45,393	Total Cash and Investments	11,030,457
CapTrust - STOFA	300,220		
CapTrust - PTF	793,442		
CapTrust - IPF	227,125		
Total Investments	10,599,787		
Total Cash and Investments	11,030,457		

Overall goal is to maximize our investments, manage to payroll, and look for any opportunities to utilize additional dollars to increase our Reserve Accounts.

