



MAGEE RANCH

HOMEOWNERS ASSOCIATION

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c/o Homeowner Association Services ♦ 2266 Camino Ramon, San Ramon, CA 94583  
Telephone: (925) 830-4848 ♦ Fax: (925) 830-0252 ♦ Email: [slint@hoaservices.net](mailto:slint@hoaservices.net)

**DATE:** May 2025  
**TO:** All Magee Ranch Homeowners  
**FROM:** Board of Directors  
**RE:** Annual Financial Statements

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Enclosed are your Financial Statements and Accountant's Review Report for the year ending December 31, 2024. State law requires that we provide this information to each owner on an annual basis. Please review this information and keep it with your other Association records.

Please call the management company at the number above if you have any questions concerning this material.

# MAGEE RANCH OWNERS ASSOCIATION

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## CALL FOR CANDIDATES FORM

**Date:** May 2025

**To:** All Members – Magee Ranch Owners Association

**Re:** Notice of Procedure and Deadline for Nominations; Call for Candidates  
Deadline for Nominations: September 1 at 5:00 p.m.

The annual meeting/election of Directors is scheduled for November this year. California law permits members of the Association to nominate themselves for the Board of Directors. The procedure to nominate yourself as a candidate for the Board of Directors is to return this completed form by the deadline stated above to Homeowner Association Services at 2266 Camino Ramon, San Ramon, CA 94583 or to [slint@hoaservices.net](mailto:slint@hoaservices.net). There will be 2 seats up for election this year.

If, at the close of the nomination period, there are the same number or fewer qualified candidates as there are board positions to be filled, then the Board of Directors may, after voting to do so, seat the qualified candidates by acclamation without balloting.

Name: \_\_\_\_\_

Address (within Association): \_\_\_\_\_

Mailing Address (if different): \_\_\_\_\_

Phone Number: \_\_\_\_\_

Email Address: \_\_\_\_\_

How long have you been an owner at Magee Ranch Owners Association? \_\_\_\_\_

The Association will distribute candidate statements to all Members; statements may not exceed 250 words in length. Any portion of a statement that exceeds the word limit will not be distributed to the Members. If you would like to include a candidate statement, please attach it or email it to [slint@hoaservices.net](mailto:slint@hoaservices.net) by the deadline stated above.

I certify that I am a record owner of a Lot at Magee Ranch Owners Association. I certify that I do not have any past criminal convictions that would prevent the Association from obtaining or maintaining fidelity bond coverage. I understand that if elected to the Board, I will need to comply with the Corporate Transparency Act by providing some personal identifying information to the U.S. Treasury Department's Financial Crimes Enforcement Network.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

The Association hereby offers to engage in IDR pursuant to Civil Code Section 5900 with any person who wishes to run for the Board but believes the Association may disqualify their candidacy based on the Association's qualifications for Director-candidates as set forth in the Election Rules.

**NO ACTION IS REQUIRED: If your primary mailing address remains your Association property address AND you do not wish to change your email consent status.**

## Member Contact Information

On January 1, 2017, the California legislature enacted Civil Code §4041 regarding member contact information. Members are required to provide notice of their current mailing address and other information **annually** to the Association.

Specifically, the code states:

An owner of a separate interest shall, on an annual basis, provide written notice to the association of all of the following:

1. The address or addresses to which notices from the association are to be delivered.
2. An alternate or secondary address to which notices from the association are to be delivered.
3. The name and address of his or her legal representative, if any, including any person with power of attorney or other person who can be contacted in the event of the owner's extended absence from the separate interest.
4. Whether the separate interest is owner-occupied, is rented out, if the parcel is developed but vacant, or if the parcel is undeveloped land.

Pursuant to the section discussed above, the Association is requesting you update your contact information to the Management Company via Caliber Portal. **Please follow the below instructions to make any necessary changes to your contact information.**

**You are legally required to notify the Association of any changes to your mailing address annually.**

### To Register/Access the Online Portal

**Step 1:** Go directly to the portal at <https://hoaservices.net/portal> or click the "Homeowner Login" button on the left hand side of the HOA Services webpage ([www.HOAServices.net](http://www.HOAServices.net)).

**Step 2:** Click the link to "Register for a Login" below the login section.

**Step 3:** Enter your account number and your email address. You will be sent a confirmation email with a link to continue creating your account by setting a password.

If you have previously registered, simply enter your Username and Password to log in.

### To Set Your Contact Information

Once in the online portal, click the 'Profile' button at the top navigation bar. On the left will be options for adding email addresses, phone numbers, and mailing addresses. **Please confirm all entered contact information is correct and update anything that has changed.**

Be sure to click the "Save Changes" button at the bottom of the page before exiting.

Any changes that you make within the online portal are directly linked back to the offices at Homeowner Association Services and vice-versa; any changes made in our system are immediately viewable from within the portal.

# Magee Ranch Homeowners Association

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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors and Members of  
**Magee Ranch Homeowners Association**  
San Ramon, California

We have reviewed the accompanying financial statements of **Magee Ranch Homeowners Association** (the Association) which comprise the balance sheet as of December 31, 2024 and the related statement of revenues, expenses and changes in fund balances, and the statement of cash flows, for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Association Management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

### Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of **Magee Ranch Homeowners Association** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

### Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

### Future Major Repairs and Replacements

As further discussed in note 6 to the financial statements, the Association has completed a study of its common area major components sufficient to assist the Board in planning for future major repairs and replacements. The reasonableness of the resulting replacement reserve funding plan is a function of the completeness of the major component list and the accuracy of the estimated quantity, useful and remaining lives, and replacement costs of those components.

Funds are being accumulated in the replacement fund based on estimated future costs for repair and replacement of common area property. Actual expenditures and investment income may vary from the estimated amounts, and the variations may be material. Therefore, amounts accumulated in the replacement fund may or may not be adequate to meet all future component repair and replacement costs. The ability of the Association to fund its future requirements is dependent upon annual increases in that portion of the assessment which is allocated to the replacement fund, and/or special assessments. In the event that funds are not available when needed, the Board may, subject to the constraints of California law and the Association's governing documents, increase regular assessments, levy special assessments, and/or delay repair and replacement of common area major components until sufficient funds are available.



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**Magee Ranch Homeowners Association**  
San Ramon, California

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the information about future major repairs and replacements of common property on page(s) 14 be presented to supplement the basic financial statements. Such information is presented for purposes of additional analysis and, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. We have compiled the supplementary information in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We have not audited or reviewed the required supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

**Summarized Comparative Information**

We previously reviewed **Magee Ranch Homeowners Association's** 2023 financial statements and in our conclusion dated April 16, 2024, stated that based on our review, we were not aware of any material modifications that should be made to the 2023 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended December 31, 2023, for it to be consistent with the reviewed financial statements from which it has been derived.

*Lara Accountancy Group, Inc.*

Redwood City, CA  
April 2, 2025

# Magee Ranch Homeowners Association

## Balance Sheets as of December 31, 2024

			2024			2023
	Note		Operations Fund	Replacement Fund	Total Funds	Total Funds
						<i>(for comparative purposes only)</i>
<b>Assets</b>						
Cash and cash equivalents	2.4	\$	58,396	\$ 267,651	\$ 326,047	\$ 525,442
Investment in certificates of deposit	5		50,522	202,121	252,643	-
Member receivables	2.6		8,782	-	8,782	8,097
Prepaid insurance			3,814	-	3,814	4,392
Special assessments receivable	3		-	3,441	3,441	100,795
Prepaid income taxes	2.10		2,455	-	2,455	-
Due from operations fund			-	178,166	178,166	83,879
Due to replacement fund			<u>(178,166)</u>	<u>-</u>	<u>(178,166)</u>	<u>(83,879)</u>
<b>Total Assets</b>		<b>\$</b>	<b><u>(54,197)</u></b>	<b><u>651,379</u></b>	<b><u>597,182</u></b>	<b><u>638,726</u></b>
<b>Liabilities</b>						
Contract liabilities (deferred revenue)	2.12	\$	-	\$ 651,379	\$ 651,379	\$ 666,246
Assessments received in advance			34,124	-	34,124	28,072
Income taxes payable	2.10		<u>-</u>	<u>-</u>	<u>-</u>	<u>3,067</u>
<b>Total Liabilities</b>			<b><u>34,124</u></b>	<b><u>651,379</u></b>	<b><u>685,503</u></b>	<b><u>697,385</u></b>
<b>Fund Balance (Deficit)</b>			<b><u>(88,321)</u></b>	<b><u>-</u></b>	<b><u>(88,321)</u></b>	<b><u>(58,659)</u></b>
<b>Total Liabilities and Fund Balance</b>		<b>\$</b>	<b><u>(54,197)</u></b>	<b><u>651,379</u></b>	<b><u>597,182</u></b>	<b><u>638,726</u></b>

See independent accountant's review report and accompanying notes.

# Magee Ranch Homeowners Association

## Statements of Revenues, Expenses and Changes in Fund Balances for the Year Ended December 31, 2024

		2024			2023
	Note	Operations Fund	Replacement Fund	Total Funds	Total Funds
					(for comparative purposes only)
<b>Revenues</b>					
Member assessments	2.8	\$ 309,312	\$ 128,243	\$ 437,555	\$ 305,336
Late charges and other income		7,930	-	7,930	13,382
Interest income	2.9	557	3,714	4,271	12,826
GHAD-Emergency special assessments	3	-	-	-	884,446
Insurance claim settlements		-	-	-	6,818
<b>Total Revenues</b>		<b>317,799</b>	<b>131,957</b>	<b>449,756</b>	<b>1,222,808</b>
<b>Expenses</b>					
<b><u>Administration</u></b>					
Legal, accounting and consulting		8,603	27,149	35,752	41,789
Management		30,780	-	30,780	28,750
Insurance		11,311	-	11,311	9,549
Office, printing and postage		10,043	-	10,043	12,148
Reserve study		990	-	990	495
Income taxes	2.10	645	-	645	3,091
<b>Total administration</b>		<b>62,372</b>	<b>27,149</b>	<b>89,521</b>	<b>95,822</b>
<b><u>Common Area Maintenance</u></b>					
Landscape maintenance		165,358	-	165,358	154,298
Lighting and electrical		12,385	-	12,385	10,111
Other maintenance and repairs		10,313	-	10,313	1,618
Security services		5,000	-	5,000	10,438
<b>Total Common Area Maintenance</b>		<b>193,056</b>	<b>-</b>	<b>193,056</b>	<b>176,465</b>
<b><u>Utilities</u></b>					
Water and sewer		87,299	-	87,299	53,958
Gas and electricity		4,734	-	4,734	2,639
<b>Total Utilities</b>		<b>92,033</b>	<b>-</b>	<b>92,033</b>	<b>56,597</b>

See independent accountant's review report and accompanying notes.



# Magee Ranch Homeowners Association

## Statements of Revenues, Expenses and Changes in Fund Balances for the Year Ended December 31, 2024

		2024			2023
	Note	Operations Fund	Replacement Fund	Total Funds	Total Funds
					(for comparative purposes only)
<b><u>Major Repairs and Replacements</u></b>					
Landscaping		-	58,410	58,410	-
GHAD-hillside repairs	3	-	32,103	32,103	933,981
GHAD-fencing		-	8,874	8,874	-
Other major repairs and replacements		-	5,421	5,421	4,400
<b>Total Major Repairs and Replacements</b>		-	104,808	104,808	938,381
<b>Total Expenses</b>		347,461	131,957	479,418	1,267,265
<b>Excess (Deficiency) of Revenues Over Expenses</b>		(29,662)	-	(29,662)	(44,457)
<b>Fund Balance (Deficit), Beginning of Year</b>		(58,659)	-	(58,659)	(14,202)
<b>Fund Balance (Deficit), End of Year</b>		<u>\$ (88,321)</u>	<u>\$ -</u>	<u>\$ (88,321)</u>	<u>\$ (58,659)</u>

See independent accountant's review report and accompanying notes.

# Magee Ranch Homeowners Association

## Statements of Cash Flows for the Year Ended December 31, 2024

	<u>2024</u>			<u>2023</u>
	<u>Operations Fund</u>	<u>Replacement Fund</u>	<u>Total Funds</u>	<u>Total Funds</u>
				<i>(for comparative purposes only)</i>
<b><u>Operating Activities</u></b>				
Excess (Deficiency) of Revenues Over Expenses	\$ (29,662)	\$ -	\$ (29,662)	\$ (44,457)
Adjustments to Reconcile Excess (Deficiency) of Revenues Over Expenses to Net Cash Provided by Operating Activities:				
Decrease (Increase) in Assets:				
Member receivables	(685)	-	(685)	(7,116)
Prepaid insurance	578	-	578	4,246
Prepaid income taxes	(2,455)	-	(2,455)	-
Special assessments receivable	-	97,354	97,354	(100,795)
Due from operations fund	-	(94,287)	(94,287)	(83,879)
Due to replacement fund	94,287	-	94,287	83,879
Increase (Decrease) in Liabilities				
Assessments received in advance	6,052	-	6,052	(21,364)
Income taxes payable	-	(3,067)	(3,067)	3,067
Contract liabilities (deferred revenue)	-	(14,867)	(14,867)	47,214
Total Adjustments	<u>97,777</u>	<u>(14,867)</u>	<u>82,910</u>	<u>(74,748)</u>
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>68,115</u>	<u>(14,867)</u>	<u>53,248</u>	<u>(119,205)</u>
<b><u>Investing Activities</u></b>				
Net (Purchase) Sale of Investment in certificates of deposit	<u>(50,522)</u>	<u>(202,121)</u>	<u>(252,643)</u>	<u>-</u>
<b>Net Cash Provided by (Used for) Investing Activities</b>	<u>(50,522)</u>	<u>(202,121)</u>	<u>(252,643)</u>	<u>-</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>17,593</u>	<u>(216,988)</u>	<u>(199,395)</u>	<u>(119,205)</u>

See independent accountant's review report and accompanying notes.

# Magee Ranch Homeowners Association

## Statements of Cash Flows for the Year Ended December 31, 2024

		2024		2023
		Operations Fund	Replacement Fund	Total Funds
				(for comparative purposes only)
<b>Cash and Cash Equivalents, Beginning of Year</b>		<u>40,803</u>	<u>484,639</u>	<u>525,442</u>
<b>Cash and Cash Equivalents, End of Year</b>		<u>\$ 58,396</u>	<u>\$ 267,651</u>	<u>\$ 326,047</u>
<u>Supplemental Disclosures</u>				
Income Taxes Paid	2.10	<u>\$ 3,100</u>	<u>\$ 3,067</u>	<u>\$ 6,167</u>
				<u>\$ 24</u>

See independent accountant's review report and accompanying notes.

# Magee Ranch Homeowners Association

Notes to Financial Statements  
for the Year Ended December 31, 2024

## 1. Nature of Organization

**Magee Ranch Homeowners Association** (the Association) is a common interest development located in San Ramon, California which consists of 259 residential dwellings and certain common area property. The Association was organized as a nonprofit mutual-benefit corporation on October 16, 1989 to provide for management, maintenance and architectural control of the individual units and the common area property. The Association is governed by a member-elected Board of Directors which is responsible for enforcing provisions of the governing documents, which include covenants, conditions and restrictions (CC&Rs), by laws, and rules and regulations. Major decisions, as determined by the CC&Rs, are referred to the Association owners as a whole.

## 2. Summary of Significant Accounting Policies

**2.1 Method of Accounting.** The accompanying financial statements, and the Association's corporate income tax returns, have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America, whereby revenues are recognized when earned and expenses are recognized when incurred.

**2.2 Fund Accounting.** The Association's governing documents provide certain guidelines for governing its financial activities. To ensure the observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in two funds established according to their nature and purpose.

**Operations Fund** - This fund is used to account for the financial resources available for the general day-to-day operations of the Association.

**Replacement Fund** - This fund is used to accumulate financial resources designated for future major repairs and replacements.

**2.3 Comparative Information** The financial statements include certain prior year summarized comparative information in total but not by fund. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended December 31 of the prior year, from which the summarized information was derived.

**2.4 Cash and Cash Equivalents.** For purposes of the balance sheet and the statement of cash flows, the Association considers cash on hand, demand deposits with financial institutions, money market accounts and all short-term investments with original maturities of three months or less to be included in cash and cash equivalents.

See independent accountant's review report.

# Magee Ranch Homeowners Association

## Notes to Financial Statements for the Year Ended December 31, 2024

**2.5 Use of Estimates.** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and the differences could be material.

**2.6 Member Receivables** at the balance sheet date represent aggregate amounts due from unit owners which may include regular assessments, late fees, fines, reimbursement assessments and other charges. The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are thirty days or more delinquent. The Association treats uncollectible assessments as variable consideration. Methods, inputs, and assumptions used to evaluate whether an estimate of variable consideration is constrained include consideration of past experience and susceptibility to factors outside the Association's control.

It is the opinion of the Board of Directors that the Association will ultimately prevail against homeowners with delinquent assessments and, accordingly, no allowance for delinquent accounts is deemed necessary.

**2.7 Real and Personal Common Property** acquired by the original owners from the developer is not recognized in the Association's financial statements, in accordance with prevalent industry practice, because it is commonly owned by the individual Association members and its disposition by the Board of Directors is restricted. Similarly, major repairs, replacements and improvements to real and personal property are not recognized.

**2.8 Member Assessments.** Association members are subject to annual assessments, payable in equal quarterly installments, to provide funds for the Association's operating expenses and major repairs and replacements. Assessment revenue is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Association's performance obligations related to its operating assessments is satisfied over time on a daily pro-rata basis using the input method. The performance obligations related to the replacement fund assessments are satisfied when these funds are expended for their designated purpose. In addition to regular annual assessments, special and/or emergency assessments may be imposed by the Association's Board of Directors under certain circumstances without member approval. Any excess assessments at year end are retained by the Association for use in the succeeding year.

See independent accountant's review report.

# Magee Ranch Homeowners Association

## Notes to Financial Statements for the Year Ended December 31, 2024

### **Member assessments (continued)**

Quarterly assessments for the years ended December 31, 2024 and 2023 were as follows:

		Quarterly		
		Operations	Replacement	
		Fund	Fund	Total
Member assessments	2024	\$ 298.56	\$ 109.44	\$ 408.00
Member assessments	2023	\$ 251.77	\$ 88.23	\$ 340.00

**2.9 Interest Earned** on operating and replacement funds, net of related income taxes, is retained in said respective funds.

**2.10 Income Taxes.** The Association elects annually to be taxed as either a regular corporation under Internal Revenue Code (IRC) § 277 or as a homeowners association under IRC § 528 in its tax filing with the Internal Revenue Service (IRS). Form 1120 is used when filing as a regular corporation and Form 1120-H is used when filing as a homeowners association.

For the year ended December 31, 2024 the Association elected to file Form 1120 and be taxed as a regular corporation. By doing so, the Association is taxed at a flat 21% rate on net nonmembership income (generally investment interest income), less directly related expenses.

The Association is taxed by the California Franchise Tax Board (FTB) at a rate of 8.84% on its net nonmembership income.

The Association has qualified as a tax-exempt entity with the FTB under California Revenue and Taxation Code § 23701. To maintain tax-exempt status with FTB the Association must, among other things, file an annual informational return known as Form 199.

The Association's income tax returns are subject to examination by various taxing authorities. In evaluating the Association's tax provisions and accruals, the Association believes that its estimates are appropriate based on current facts and circumstances.

**2.11 Fair Value of Financial Instruments.** The carrying amounts of financial instruments, including cash and cash equivalents, member receivables, and accounts payable, if any, approximate their fair value due to the short term maturities of these instruments.

**2.12 Contract Liabilities (Deferred Revenue).** The Association's policies related to assessment revenues, contract liabilities and the replacement fund adhere to guidance issued by the Financial Accounting Standards Board (FASB), Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (ASC). Accordingly, the Association recognizes replacement fund revenue from members as the related performance obligations are satisfied (i.e. matching replacement

See independent accountant's review report.

# Magee Ranch Homeowners Association

## Notes to Financial Statements for the Year Ended December 31, 2024

### **Contract liabilities (continued)**

fund revenues with replacement fund expenses, on an annual basis). Performance obligations in contracts with customers (members) are typically satisfied as services are rendered or upon completion of the service. A contract liability (deferred revenue) is recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to replacement reserve assessments.

The balances of contract liabilities (deferred revenue) as of December 31, 2024 and 2023 are \$651,379 and \$666,246, respectively. The effect of the change in contract liabilities on replacement fund revenues is illustrated below:

	Operations Fund	Replacement Fund	Total Funds
<b><u>Revenue Reconciliation</u></b>			
Assessment revenue, per budget	\$ 309,312	\$ 113,376	\$ 422,688
Adjustment to assessments to match expenses	-	14,867	14,867
Assessment revenue, per financial statements	<u>\$ 309,312</u>	<u>\$ 128,243</u>	<u>\$ 437,555</u>

### **3. GHAD Emergency Special Assessments**

In October 2023 the Association's Board of Directors exercised rights afforded to them in California Civil Code section 5610 to impose an emergency special assessment without a membership vote. The special assessment totaled \$884,446, or \$3,414.85 per unit, and was levied to fund the Magee Ranch Geologic Hazard Abatement District (GHAD) so that matters threatening the personal health and safety of the members could be addressed as soon as possible. The special assessment was due in full on October 23, 2023.

### **4. Concentrations of Credit Risk**

The Association maintains its deposits with what management believes to be high credit quality financial institutions and attempts to limit the amount of credit exposure to any one particular institution. The balances in those accounts may occasionally exceed the current Federal Deposit Insurance Corporation (FDIC) insurance protection of up to \$250,000 per depositor per institution. Amounts held with broker-dealers are not usually insured by the FDIC, but rather they are privately insured by the Securities Investor Protection Corporation (SIPC).

### **5. Investments**

See independent accountant's review report.

# Magee Ranch Homeowners Association

## Notes to Financial Statements for the Year Ended December 31, 2024

### **Investments (continued)**

The Association categorizes its investments according to the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 320-10. Generally, and in line with prevalent industry practice, the Association only invests in securities classified as *Held to Maturity* or *Available for Sale*.

**5.1 Debt securities held to maturity** consist of federally-insured certificates of deposit that the Association has both the intent and ability to hold to maturity. These investments are recorded at their amortized cost, and whose aggregate fair values at December 31, 2024 are \$252,643.

## **6. Future Major Repairs and Replacements**

The Association's governing documents require that funds be accumulated for future major repairs and replacements. Accumulated funds, which aggregate \$651,379, and are presented on the accompanying balance sheet as a contract liability (deferred revenue) at December 31, 2024, are required to be held in separate accounts and are generally not available for operating purposes.

In July 2024 a component study update, with no site-visit was completed by Association Reserves to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were based on current estimated replacement costs. Funding requirements consider an annual component cost inflation rate of 3.00% and an interest rate of 3.00%, net of taxes, earned on cash and investments on amounts funded for future major repairs and replacements. The table on page(s) 14 on future major repairs and replacements is based on the aforementioned study.

The Board is funding for major repairs and replacements over the remaining useful lives of the components based on the study's estimates of future replacement costs and considering amounts previously accumulated in the replacement fund. Accordingly, the Board has approved an annual contribution of \$149,744 in the 2025 operating budget. Additional information regarding the Association's funding model may be found in the annually-prepared pro forma operating budget and/or the assessment and reserve funding disclosure summary.

Funds are being accumulated in the replacement fund based on estimated future costs for repairs and replacement of common property components. Actual expenditures and investment income may vary from the estimated amounts, and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the association has the right, subject to the constraints in its governing documents and California civil code, to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

See independent accountant's review report.



# **Magee Ranch Homeowners Association**

Notes to Financial Statements  
for the Year Ended December 31, 2024

## **7. Commitments**

The Association enters into contracts for management and/or maintenance services in the normal course of its business operations. These contracts are generally cancelable on thirty to ninety days' advance notice.

## **8. Date of Management's Review**

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through April 2, 2025, the date that the financial statements were available to be issued.

See independent accountant's review report.

# Magee Ranch Homeowners Association

## Supplementary Information on Future Major Repairs and Replacements December 31, 2024 (Compiled Without Audit or Review)

In July 2024 a component study update, with no site-visit was completed by Association Reserves to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were based on current estimated replacement costs. Funding requirements consider an annual component cost inflation rate of 3.00% and an interest rate of 3.00%, net of taxes, earned on cash and investments on amounts funded for future major repairs and replacements.

The following table is based on the most recent component study and presents significant information about the components of common property.

Components	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Costs
Fire Road - Seal/Repair	0	\$ 82,400
Concrete - Repair	0	\$ 7,210
Lights, Flag Pole and Pillars	1-17	\$ 80,880
Railings and Walls	1-6	\$ 42,895
Irrigation and Landscaping	0-18	\$ 357,320
Painting	0-2	\$ 16,455
Signage	1-10	\$ 47,280
Dog Stations - Replace	1	\$ 8,500
 GHAD Expenses		
Administration and professional services	1	\$ 12,000
Maintenance and operations	1-15	\$ 507,791
Capital improvements	15-75	\$ 2,613,500
Major repairs	8	\$ 200,000
	<b>TOTAL</b>	<b>\$ 3,976,231</b>
Estimated cash reserves necessary to repair, replace, restore, or maintain the major components (*) as of December 31, 2024		<u>\$ 433,000</u>
Estimated cash reserves necessary to repair, replace, restore, or maintain the GHAD major components (*) as of December 31, 2024		<u>\$ 165,000</u>
Replacement fund cash and investments at December 31, 2024		<u>\$ 469,772</u>
Contract liabilities balance at December 31, 2024		<u>\$ 651,379</u>
2025 Budgeted reserve contributions		<u>\$ 149,744</u>

\*Figure obtained from the Association's most recent component study update, with no site-visit prepared by Association Reserves. Detailed information can be found in that report, dated July 2024.

See independent accountant's review report.