

Summary of Stafford's Farm Reserves Study

During summer 2020, the Board of Directors engaged the firm Association Reserves to perform a full capital reserves study. The goal of such a study is to identify all the infrastructure components within the association's common area that will require replacement or periodic maintenance and estimate for each the replacement cost and remaining useful life. The resulting financial obligations are then compared to the current account balance and practices of reserves funding through association dues. This analysis helps the association know if assessments are too high, too low, or on-target.

The two major components on our common area property that will incur large expense in the future are (1) the infrastructure for the storm water basin off Meadow Dr., and (2) the approximately 13,200 SF of asphalt path.

Component	Quantity	Useful Life	Remaining Life	Current Average Cost
Drainage System	(1) System	30	14	\$15,000
Asphalt Path-Seal/Crack Repair	13,210 SF	5	0	\$7,550
Asphalt Path - Resurface	13,210 SF	25	9	\$56,150

Currently, dues are fully supporting operating expenses (e.g., mowing, insurance, post office) plus a small reserves contribution usually between \$1,500-\$2,000. At the start of 2022 we expect that reserves balance to be approximately \$16,200, or 31% of what a fully funded reserves account should be (see table below). According to the study, this metric suggests that we are right on the line between high (0-30) and medium (30-70) risk of deferred maintenance and special assessments.

Drainage System	(30-14)/30 x 15000	\$8,000
Asphalt Path-Seal/Crack Repair	(5-0)/5 x 7500	\$7,500
Asphalt Path-Resurface	(25-9)/25 x 56150	\$35,936
Fully Funded Sum		\$51,436
% Fully Funded	16200/51436	31%
Gap per Home	(51436-16200)/45	\$783

To minimize the risk of deferred maintenance and the need to collect special assessments, it is recommended that associations maintain a reserve account balance that is 100% fully funded. For Stafford's Farm to make serious progress in this direction it is recommended that the yearly dues be increased by \$115.