



# 1. RESERVE STUDY EXECUTIVE SUMMARY

**Client:** Sommerville Owners Association (Sommerville)

**Location:** Seaford, Virginia

**Reference:** 020728

**Property Basics:** Sommerville Owners Association is a homeowners association which is responsible for the common elements shared by 142 single family homes. The community was built from 1995 to 2002.

**Reserve Components Identified:** Nine Reserve Components.

**Inspection Date:** January 0, 1900. We conducted previous inspections in 2015 and 2019.

**Funding Goal:** The Funding Goal of this Reserve Study is to maintain reserves above an adequate, not excessive threshold during one or more years of significant expenditures. Our recommended Funding Plan does not recognize a threshold funding year in the next 30 years, the end of this study's Cash Flow Analysis. Rather, the Reserve Funding Plan recommends 2053 year end accumulated reserves of approximately \$161,000. We judge this amount of accumulated reserves in 2053 necessary to fund the likely sediment removal of the pond after 2053. These future needs, although beyond the limit of the Cash Flow Analysis of this Reserve Study, are reflected in the amount of accumulated 2053 year end reserves.

**Methodology:** We use the Cash Flow Method to compute the Reserve Funding Plan. This method offsets future variable Reserve Expenditures with existing and future stable levels of reserve funding. Our application of this method also considers:

- Current and future local costs of replacement
- 2.0% anticipated annual rate of return on invested reserves
- 3.0% future Inflation Rate for estimating .Future Replacement Costs

**Sources for Local Costs of Replacement:** Our proprietary database, historical costs and published sources, i.e., R.S. Means, Incorporated.

**Unaudited Cash Status of Reserve Fund:**

- \$122,095 as of July 6, 2023
- 2023 budgeted Reserve Contributions of \$5,500

**Recommended Reserve Funding:** We recommend the following in order to achieve a stable and equitable Cash Flow Methodology Funding Plan:

- Stable contributions of \$5,500 from 2024 through 2031
- Inflationary increases thereafter through 2053, the limit of this study's Cash Flow Analysis
- 2024 Reserve Contribution of \$5,500 is equivalent to an average annual contribution of \$38.73 per homeowner.
- Our revised findings reflect both external market and internal property changes. The result is an overall increase in the recommended Reserve Funding Plan since our last Reserve Study on September 18, 2019. The overall increase relates primarily to market changes.

## Sommerville

### Recommended Reserve Funding Table and Graph

Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2024	5,500	136,975	2034	6,100	73,916	2044	8,100	105,206
2025	5,500	140,341	2035	6,300	81,757	2045	8,300	100,986
2026	5,500	148,703	2036	6,500	89,957	2046	8,500	111,591
2027	5,500	146,546	2037	6,700	98,523	2047	8,800	122,711
2028	5,500	148,709	2038	6,900	98,965	2048	9,100	110,249
2029	5,500	80,881	2039	7,100	108,115	2049	9,400	121,948
2030	5,500	80,601	2040	7,300	109,971	2050	9,700	134,184
2031	5,500	87,768	2041	7,500	119,745	2051	10,000	146,968
2032	5,700	91,327	2042	7,700	113,269	2052	10,300	160,310
2033	5,900	91,783	2043	7,900	113,663	2053	10,600	160,984

