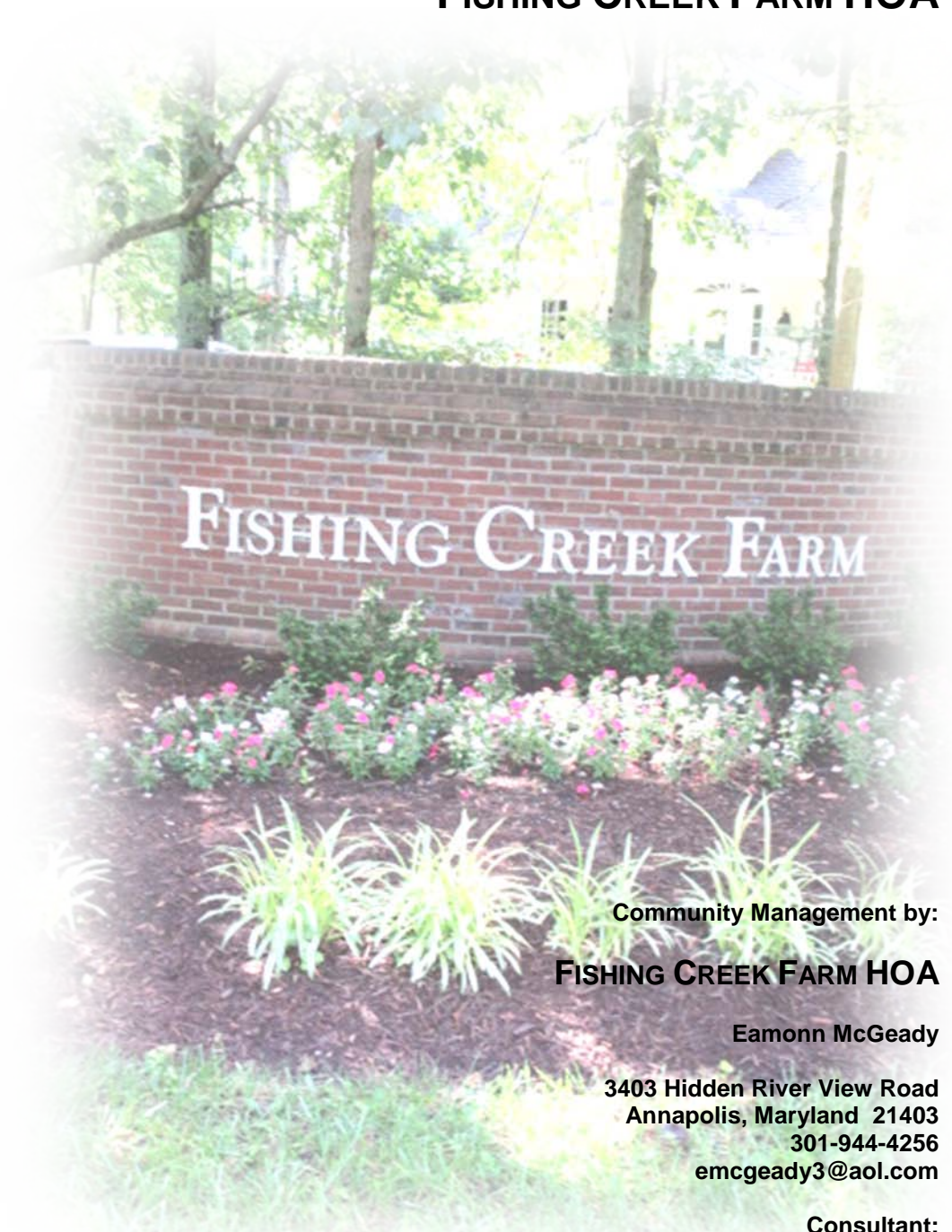


# REPLACEMENT RESERVE REPORT FY 2017 FISHING CREEK FARM HOA



REPLACEMENT RESERVE REPORT FY 2017  
FISHING CREEK FARM HOA

Community Management by:

**FISHING CREEK FARM HOA**

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# REPLACEMENT RESERVE REPORT

## FISHING CREEK FARM HOA

ANNAPOLIS, MARYLAND



**Description.** Fishing Creek Farm HOA is a single family residential community located in Annapolis, Maryland. Constructed during the years from 1989 to the late 1990s, the community consists of one hundred twenty (120) lots. The survey examined the common elements of the property, including:

- Asphalt drive and parking.
- Concrete sidewalks, curb, and gutter.
- Significant shoreline components.
- Swimming pools and a community building.
- A forty-two (42) slip private marina.

**Level of Service.** This study has been performed as a Level 2 Update with Site Visit/On-Site Review as defined under the National Reserve Study Standards that have been adopted by the Community Associations Institute. As such, the component inventory is based on the study that was performed in 2012 by Miller - Dodson Associates, Incorporated of Annapolis, Maryland. The inventory was adjusted to reflect changes as provided by the Association's representative or adjustments were made based on the site visit and visual inspection performed by the Reserve Specialist. The included fund status and funding plan have been developed from analysis of the adjusted inventory.

### Section A Introduction

### Section B HOA

### Section C Marina

### Section D Condition Assessment

### Appendix

Overview, Standard Terms, and Definitions  
Video Answers to Frequently Asked Questions

To aid in the understanding of this report and its concepts and practices, on our web site, we have developed [videos](#) addressing frequently asked topics. In addition, there are posted [links](#) covering a variety of subjects under the resources page of our web site at [mdareserves.com](http://mdareserves.com).

**Purpose.** The purpose of this Replacement Reserve Study is to provide Fishing Creek Farm HOA (hereinafter called the Association) with an inventory of the common community facilities and infrastructure components that require periodic replacement. The Study includes a general view of the condition of these items and an effective financial plan to fund projected periodic replacements.

- **Inventory of Items Owned by the Association.** Section B lists the Projected Replacements of the commonly owned items that require periodic replacement using funding from Replacement Reserves. The Replacement Reserve Inventory also provides information about excluded items, which are items whose replacements are not scheduled for funding from Replacement Reserves.
- **Condition of Items Owned by the Association.** Section B includes our estimates of the normal economic life and the remaining economic life for the projected replacements. Section C provides a year-by-year listing of the projected replacements. Section D provides additional detail for items that are unique or deserving of attention because of their condition or the manner in which they have been treated in this study.
- **Financial Plan.** The Association has a fiduciary responsibility to protect the appearance, value, and safety of the property and it is therefore essential the Association have a financial plan that provides funding for the projected replacements. In conformance with American Institute of Certified Public Accountant guidelines, Section A, Replacement Reserve Analysis evaluates the current funding of Replacement Reserves as reported by the Association and recommends annual funding of Replacement Reserves by the Cash Flow Method. Section A, Replacement Reserve Analysis includes graphic and tabular presentations of the Association's current funding and the recommended funding based on the Cash Flow Method. An Executive Summary of these calculations is provided on Page A1. The alternative Component Method of funding is provided in the Appendix.

**Basis.** The data contained in this Replacement Reserve Study is based upon the following:

- The Request for Proposal submitted and executed by the Association.
- Miller - Dodson performed a visual evaluation on May 26 and June 20 of 2017 to determine a remaining useful life and replacement cost for the commonly owned elements of this facility.
- This study contains additional recommendations to address inflation for the Cash Flow Method only. For this recommendation, Miller - Dodson uses the Producers Price Index (PPI), which gauges inflation in manufacturing and construction. Please see page A5 for further details.

**To-Scale Drawings.** Site and building plans were used in the development of this study. We recommend the Association assemble and maintain a library of site and building plans of the entire facility. Record drawings should be scanned into an electronic format for safe storage and ease of distribution. Upon request for a nominal fee, Miller - Dodson can provide scanning services.

**Separate Sections.** This study has two separate "Replacement Reserve Inventory" sections. They are titled Fishing Creek Farm Landside and Fishing Creek Farm Waterfront. The purpose of the Landside section is to determine the fiscal requirements of the community's replacement responsibilities for the components on land while the Waterfront section covers the marina facility's components.

**Current Funding.** This reserve study has been prepared for Fiscal Year 2017 covering the period from January 1, 2017 to December 31, 2017. The Replacement Reserves on deposit as of January 1, 2017 are as reported to be \$144,031.00 for the Landside and \$230,923.00 for the Waterfront. The planned contribution for the fiscal year for the Landside is \$13,000.00 and for the Waterfront is to be determined by this study.

The balance and contribution figures have been supplied by the managing agent and confirmation or audit of these figures is beyond the scope of the study. For the purposes of this study, it is assumed that the annual contribution will be deposited at the end of each month.

**Acknowledgement.** Miller - Dodson Associates would like to acknowledge the assistance and input of the Association's representative Mr. Eamonn McGeady as well as Mr. Kenneth B. Eaton, a Senior Project Manager with the firm Andrews, Miller & Associates, a division of Davis, Bowen, & Friedel, Incorporated of Easton, Maryland, who provided very helpful insight into the current operations of the property. Reference of Mr. Eaton's firm herein will be in their initials "AMF/DBF".

**Analyst's Credentials.** This study has been performed by Michael G. Hughes, who holds a Bachelor's Degree in Business Administration from Georgetown University. Mr. Hughes has extensive experience in the development and construction of over \$750,000,000 worth of residential and commercial properties. Most of this volume of work was performed in the Baltimore-Washington market. He is a licensed Realtor in the state of Maryland. Earlier he was a licensed real estate broker and a troubled-property appraiser in Columbus, Ohio where he founded a property management company and an historic restoration construction company. Currently, Mr. Hughes is a Reserve Specialist for Miller - Dodson Associates.

Respectfully submitted,



Michael G. Hughes, RS  
Reserve Specialist

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## EXECUTIVE SUMMARY

The Fishing Creek Farm Landside Replacement Reserve Analysis uses the Cash Flow Method (CFM) to calculate Replacement Reserve funding for the periodic replacement of the 114 Projected Replacements identified in the Replacement Reserve Inventory.

**\$391,867**

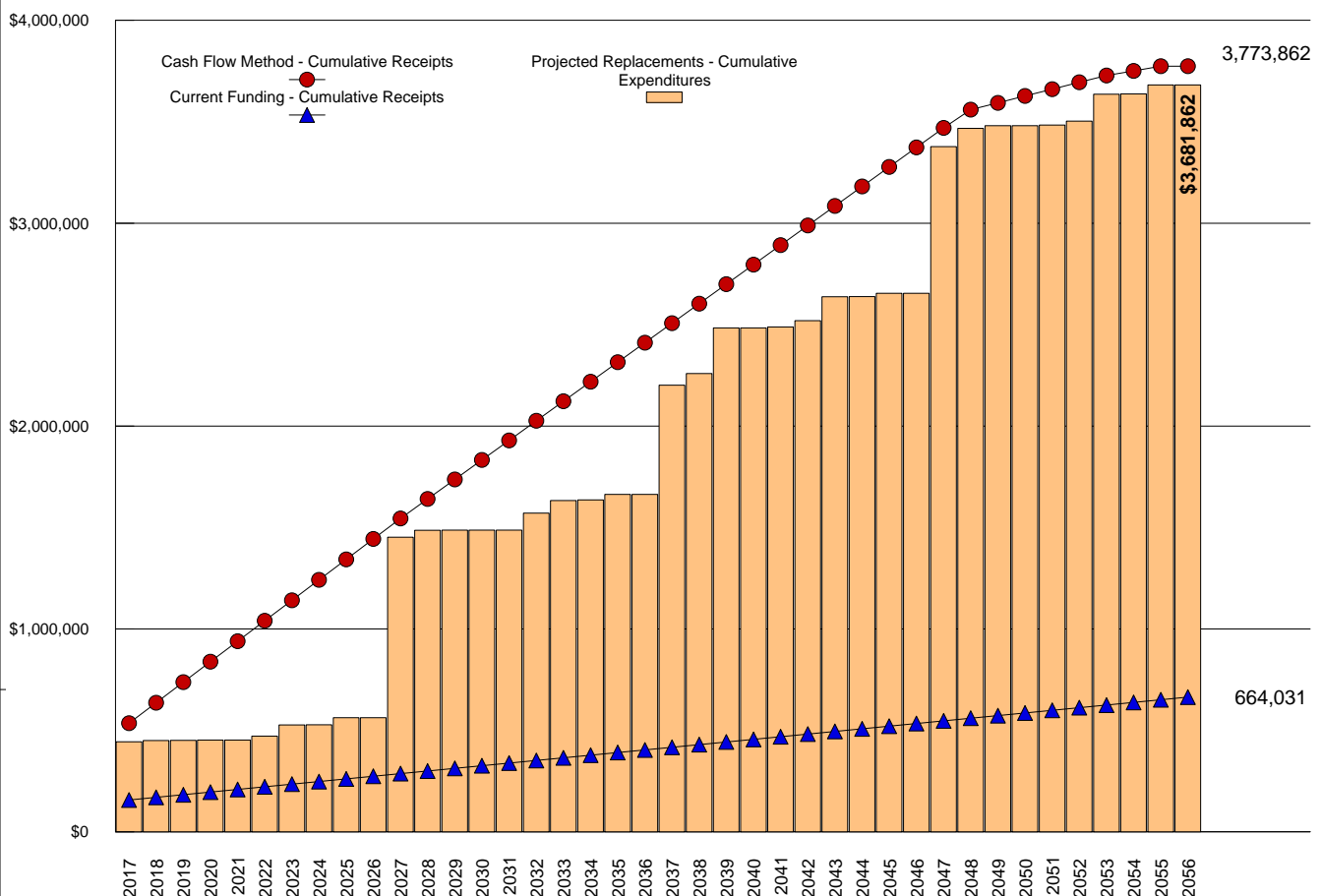
### RECOMMENDED REPLACEMENT RESERVE FUNDING FOR THE STUDY YEAR, 2017

\$272.13 Per unit (average), minimum monthly funding of Replacement Reserves

We recommend the Association adopt a Replacement Reserve Funding Plan based on the annual funding recommendation above. Inflation adjusted funding for subsequent years is shown on Page A5.

Fishing Creek Farm Landside reports a Starting Balance of \$144,031 and Annual Funding totaling \$13,000. Current funding is inadequate to fund the \$3,681,862 of Projected Replacements scheduled in the Replacement Reserve Inventory over the 40-year Study Period. See Page A3 for a more detailed evaluation.

#1 - Cumulative Replacement Reserve Funding and Expenditures Graph



The Current Funding Objective as calculated by the Component Method (Fully Funded) is \$1,014,969 making the reserve account 14.2% funded. See the Appendix for more information on this method.

## REPLACEMENT RESERVE ANALYSIS - GENERAL INFORMATION

The Fishing Creek Farm Landside Replacement Reserve Analysis calculations of recommended funding of Replacement Reserves by the Cash Flow Method and the evaluation of the Current Funding are based upon the same Study Year, Study Period, Beginning Balance, Replacement Reserve Inventory and Level of Service.

### 2017 STUDY YEAR

The Association reports that their accounting year begins on January 1, and the Study Year, the first year evaluated by the Replacement Reserve Analysis, begins on January 1, 2017.

### 40 Years STUDY PERIOD

The Replacement Reserve Analysis evaluates the funding of Replacement Reserves over a 40-year Study Period.

### \$144,031 STARTING BALANCE

The Association reports Replacement Reserves on Deposit totaling \$144,031 at the start of the Study Year.

### Level Two LEVEL OF SERVICE

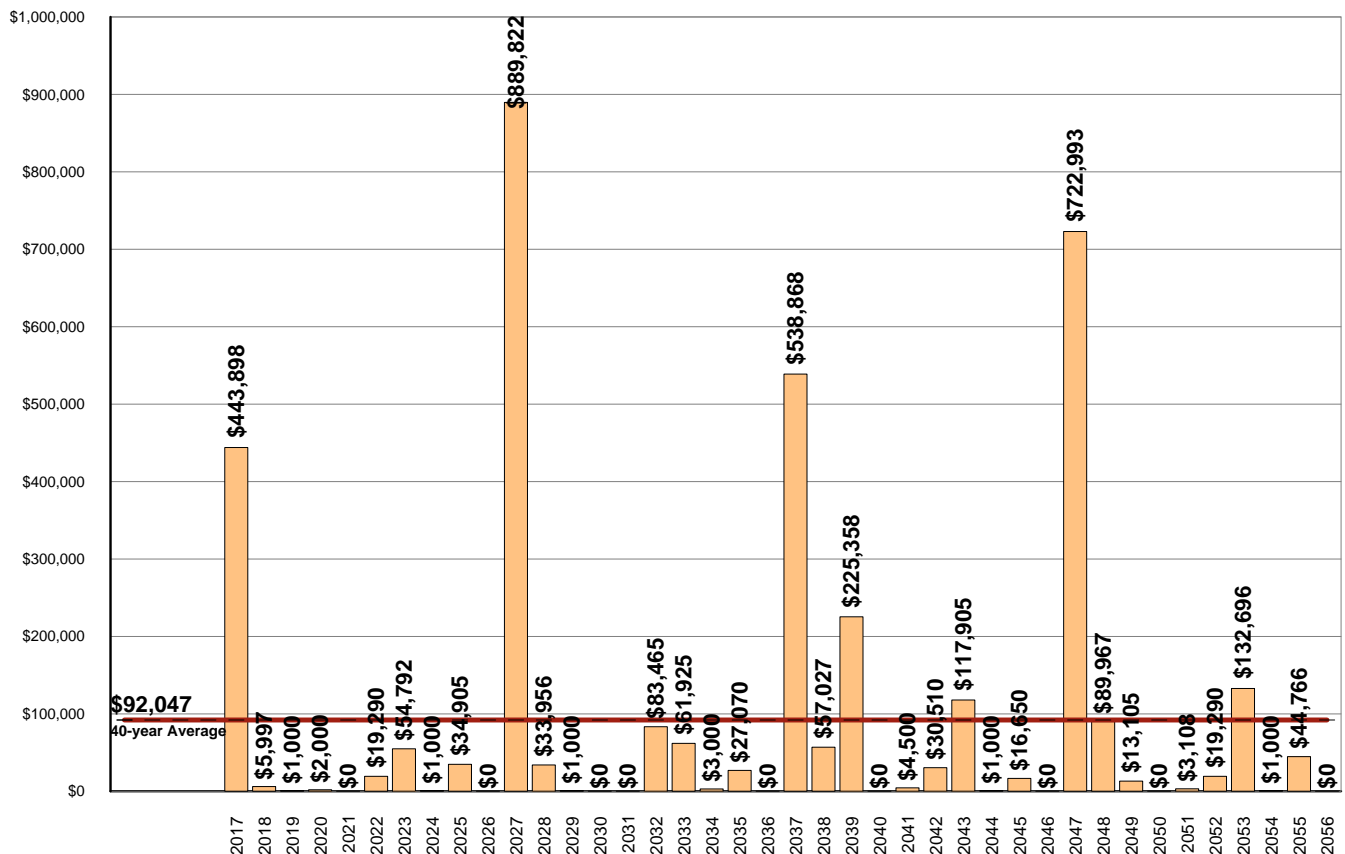
The Replacement Reserve Inventory has been developed in compliance with the National Reserve Study Standards for a Level Two Study, as defined by the Community Associations Institute (CAI).

### \$3,681,862 REPLACEMENT RESERVE INVENTORY - PROJECTED REPLACEMENTS

The Fishing Creek Farm Landside Replacement Reserve Inventory identifies 114 items that will require periodic replacement, that are to be funded from Replacement Reserves. We estimate the cost of these replacements will be \$3,681,862 over the 40-year Study Period. The Projected Replacements are divided into 16 major categories starting on Page B3. Pages B1-B2 provide detailed information on the Replacement Reserve Inventory.

#### #2 - Annual Expenditures for Projected Replacements Graph

This graph shows annual expenditures for Projected Replacements over the 40-year Study Period. The red line shows the average annual expenditure of \$92,047. Section C provides a year by year Calendar of these expenditures.





## UPDATING

### UPDATING OF THE FUNDING PLAN

The Association has a responsibility to review the Funding Plan annually. The review should include a comparison and evaluation of actual reserve funding with recommended levels shown on Page A4 and A5. The Projected Replacements listed on Page C2 should be compared with any replacements accomplished and funded from Replacement Reserves. Discrepancies should be evaluated and if necessary, the Reserve Study should be updated or a new study commissioned. We recommend annual increases in replacement reserve funding to account for the impact of inflation. Inflation Adjusted Funding is discussed on Page A5.

### UPDATING OF THE REPLACEMENT RESERVE STUDY

At a minimum, the Replacement Reserve Study should be professionally updated every three to five years or after completion of a major replacement project. Updating should also be considered if during the annual review of the Funding Plan, discrepancies are noted between projected and actual reserve funding or replacement costs. Updating may also be necessary if there is a meaningful discrepancy between the actual inflation rate and the inflation rate used for the Inflation Adjusted Funding of Replacement Reserves on Page A5.

## ANNUAL EXPENDITURES AND CURRENT FUNDING

The annual expenditures that comprise the \$3,681,862 of Projected Expenditures over the 40-year Study Period and the impact of the Association continuing to fund Replacement Reserves at the current level are detailed in Table 3.

#3 - Table of Annual Expenditures and Current Funding Data - Years 1 through 40										
Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Starting Balance	\$144,031									
Projected Replacements	(\$443,898)	(\$5,997)	(\$1,000)	(\$2,000)		(\$19,290)	(\$54,792)	(\$1,000)	(\$34,905)	
Annual Deposit	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000
End of Year Balance	(\$286,867)	(\$279,864)	(\$267,864)	(\$256,864)	(\$243,864)	(\$250,154)	(\$291,946)	(\$279,946)	(\$301,851)	(\$288,851)
Cumulative Expenditures	(\$443,898)	(\$449,895)	(\$450,895)	(\$452,895)	(\$452,895)	(\$472,185)	(\$526,977)	(\$527,977)	(\$562,882)	(\$562,882)
Cumulative Receipts	\$157,031	\$170,031	\$183,031	\$196,031	\$209,031	\$222,031	\$235,031	\$248,031	\$261,031	\$274,031
Year	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Projected Replacements	(\$889,822)	(\$33,956)	(\$1,000)			(\$83,465)	(\$61,925)	(\$3,000)	(\$27,070)	
Annual Deposit	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000
End of Year Balance	(\$1,165,672)	(\$1,186,628)	(\$1,174,628)	(\$1,161,628)	(\$1,148,628)	(\$1,219,093)	(\$1,268,018)	(\$1,258,018)	(\$1,272,088)	(\$1,259,088)
Cumulative Expenditures	(\$1,452,703)	(\$1,486,659)	(\$1,487,659)	(\$1,487,659)	(\$1,487,659)	(\$1,571,124)	(\$1,633,049)	(\$1,636,049)	(\$1,663,119)	(\$1,663,119)
Cumulative Receipts	\$287,031	\$300,031	\$313,031	\$326,031	\$339,031	\$352,031	\$365,031	\$378,031	\$391,031	\$404,031
Year	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
Projected Replacements	(\$538,868)	(\$57,027)	(\$225,358)		(\$4,500)	(\$30,510)	(\$117,905)	(\$1,000)	(\$16,650)	
Annual Deposit	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000
End of Year Balance	(\$1,784,956)	(\$1,828,983)	(\$2,041,341)	(\$2,028,341)	(\$2,019,841)	(\$2,037,351)	(\$2,142,256)	(\$2,130,256)	(\$2,133,906)	(\$2,120,906)
Cumulative Expenditures	(\$2,201,987)	(\$2,259,014)	(\$2,484,372)	(\$2,484,372)	(\$2,488,872)	(\$2,519,382)	(\$2,637,287)	(\$2,638,287)	(\$2,654,937)	(\$2,654,937)
Cumulative Receipts	\$417,031	\$430,031	\$443,031	\$456,031	\$469,031	\$482,031	\$495,031	\$508,031	\$521,031	\$534,031
Year	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056
Projected Replacements	(\$722,993)	(\$89,967)	(\$13,105)		(\$3,108)	(\$19,290)	(\$132,696)	(\$1,000)	(\$44,766)	
Annual Deposit	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000
End of Year Balance	(\$2,830,899)	(\$2,907,866)	(\$2,907,971)	(\$2,894,971)	(\$2,885,079)	(\$2,891,369)	(\$3,011,065)	(\$2,999,065)	(\$3,030,831)	(\$3,017,831)
Cumulative Expenditures	(\$3,377,930)	(\$3,467,897)	(\$3,481,002)	(\$3,481,002)	(\$3,484,110)	(\$3,503,400)	(\$3,636,096)	(\$3,637,096)	(\$3,681,862)	(\$3,681,862)
Cumulative Receipts	\$547,031	\$560,031	\$573,031	\$586,031	\$599,031	\$612,031	\$625,031	\$638,031	\$651,031	\$664,031

## EVALUATION OF CURRENT FUNDING

The evaluation of Current Funding (Starting Balance of \$144,031 & annual funding of \$13,000), is done in today's dollars with no adjustments for inflation or interest earned on Replacement Reserves. The evaluation assumes Replacement Reserves will only be used for the 114 Projected Replacements identified in the Replacement Reserve Inventory and that the Association will continue Annual Funding of \$13,000 throughout the 40-year Study Period.

Annual Funding of \$13,000 is approximately 3 percent of the \$391,867 recommended Annual Funding calculated by the Cash Flow Method for 2017, the Study Year.

Evaluation of the 114 Projected Replacements calculates an average annual expenditure over the next 40 years of \$92,047. Annual funding of \$13,000 is 14 percent of the average annual expenditure.

Our calculations identify funding shortfalls in 40 years of the Study Period with the initial shortfall in 2017. The largest shortfall, \$-3,030,831, occurs in 2055. All shortfalls can be seen and evaluated in Table 3 above.

In summary, Current Funding as reported by the Association and shown above, does not provide adequate funding for the \$3,681,862 of Projected Replacements scheduled in the Replacement Reserve Inventory over the Study Period.

## CASH FLOW METHOD FUNDING

**\$391,867**

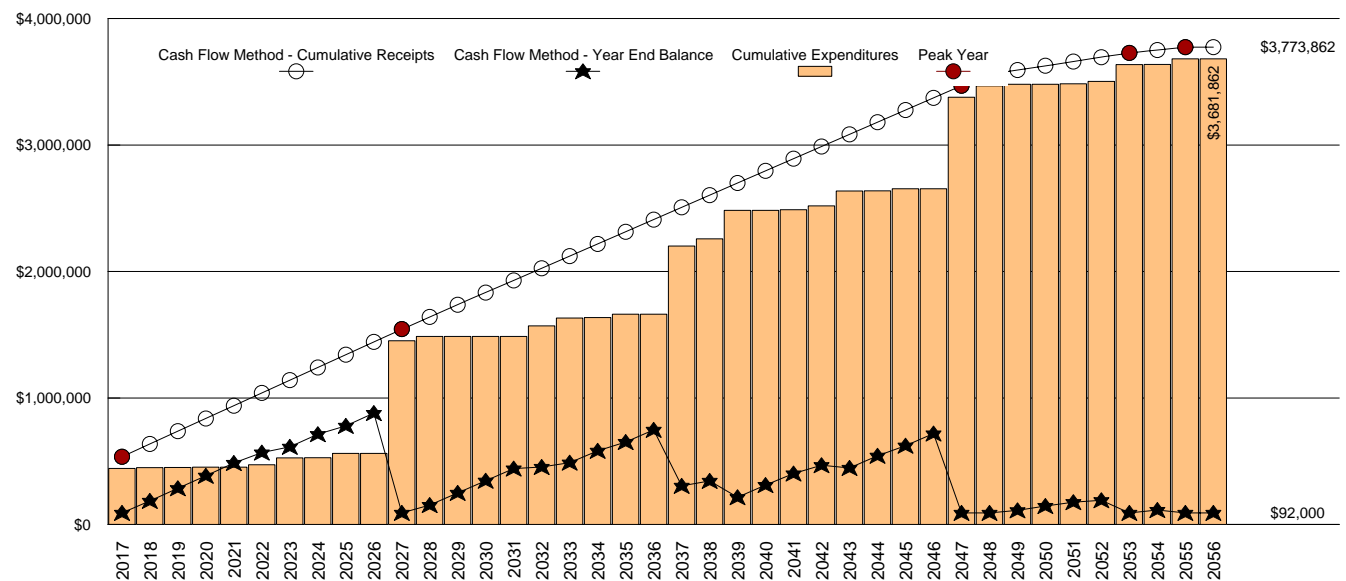
### RECOMMENDED REPLACEMENT RESERVE FUNDING FOR 2017

\$272.13 Per unit (average), minimum monthly funding of Replacement Reserves

Recommended Replacement Reserve Funding has been calculated using the Cash Flow Method (also called the Straight Line or Threshold Method). This method calculates a constant annual funding between peaks in cumulative expenditures, while maintaining a Minimum Balance (threshold) in the Peak Years.

- **Peak Years.** The First Peak Year occurs in 2017 with Replacement Reserves on Deposit dropping to the Minimum Balance after the completion of \$443,898 of replacements in the Study Year, 2017. Recommended funding declines from \$391,867 in 2017 to \$100,881 in 2018. Peak Years are identified in Chart 4 and Table 5.
- **Minimum Balance.** The calculations assume a Minimum Balance of \$92,000 in Replacement Reserves. This is approx. 12 months of average expenditures based on the \$92,047, 40-year average annual expenditure.
- **Cash Flow Method Study Period.** Cash Flow Method calculates funding for \$3,681,862 of expenditures over the 40-year Study Period. It does not include funding for any projects beyond 2056 and in 2056, the end of year balance will always be the Minimum Balance.

#### #4 - Cash Flow Method - Graph of Cumulative Receipts and Expenditures - Years 1 through 40



#### #5 - Cash Flow Method - Table of Receipts & Expenditures - Years 1 through 40

	1st Peak - 2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Year Starting Balance	\$144,031									
Projected Replacements	(\$443,898)	(\$5,997)	(\$1,000)	(\$2,000)						
Annual Deposit	\$391,867	\$100,881	\$100,881	\$100,881	\$100,881	\$100,881	\$100,881	\$100,881	\$100,881	\$100,881
End of Year Balance	\$92,000	\$186,884	\$286,764	\$385,645	\$486,525	\$568,116	\$614,205	\$714,085	\$780,061	\$880,941
Cumulative Expenditures	\$443,898	\$449,895	\$450,895	\$452,895	\$452,895	\$472,185	\$526,977	\$527,977	\$562,882	\$562,882
Cumulative Receipts	\$535,898	\$636,779	\$737,659	\$838,540	\$939,420	\$1,040,301	\$1,141,181	\$1,242,062	\$1,342,942	\$1,443,823
	2nd Peak - 2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Year Starting Balance	(\$889,822)	(\$33,956)	(\$1,000)			(\$83,465)	(\$61,925)	(\$3,000)	(\$27,070)	
Projected Replacements	\$100,881	\$96,261	\$96,261	\$96,261	\$96,261	\$96,261	\$96,261	\$96,261	\$96,261	\$96,261
End of Year Balance	\$92,000	\$154,306	\$249,567	\$345,828	\$442,090	\$454,886	\$489,222	\$582,483	\$651,675	\$747,936
Cumulative Expenditures	(\$1,452,703)	(\$1,486,659)	(\$1,487,659)	(\$1,487,659)	(\$1,487,659)	(\$1,571,124)	(\$1,633,049)	(\$1,636,049)	(\$1,663,119)	(\$1,663,119)
Cumulative Receipts	\$1,544,703	\$1,640,965	\$1,737,226	\$1,833,487	\$1,929,749	\$2,026,010	\$2,122,271	\$2,218,533	\$2,314,794	\$2,411,055
	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
Year Starting Balance	(\$538,868)	(\$57,027)	(\$225,358)		(\$4,500)	(\$30,510)	(\$117,905)	(\$1,000)	(\$16,650)	
Projected Replacements	\$96,261	\$96,261	\$96,261	\$96,261	\$96,261	\$96,261	\$96,261	\$96,261	\$96,261	\$96,261
End of Year Balance	\$305,329	\$344,564	\$215,467	\$311,728	\$403,490	\$469,241	\$447,597	\$542,859	\$622,470	\$718,731
Cumulative Expenditures	(\$2,201,987)	(\$2,259,014)	(\$2,484,372)	(\$2,484,372)	(\$2,488,872)	(\$2,519,382)	(\$2,637,287)	(\$2,638,287)	(\$2,654,937)	(\$2,654,937)
Cumulative Receipts	\$2,507,317	\$2,603,578	\$2,699,839	\$2,796,101	\$2,892,362	\$2,988,623	\$3,084,885	\$3,181,146	\$3,277,407	\$3,373,669
	3rd Peak - 2047	4th Peak - 2048	2049	2050	2051	2052	5th Peak - 2053	2054	6th Peak - 2055	2056
Year Starting Balance	(\$722,993)	(\$89,967)	(\$13,105)		(\$3,108)	(\$19,290)	(\$132,696)	(\$1,000)	(\$44,766)	
Projected Replacements	\$96,261	\$89,967	\$33,640	\$33,640	\$33,640	\$33,640	\$33,640	\$22,883	\$22,883	\$22,883
End of Year Balance	\$92,000	\$92,000	\$112,535	\$146,175	\$176,706	\$191,056	\$92,000	\$113,883	\$92,000	\$92,000
Cumulative Expenditures	(\$3,377,930)	(\$3,467,897)	(\$3,481,002)	(\$3,481,002)	(\$3,484,110)	(\$3,503,400)	(\$3,636,096)	(\$3,637,096)	(\$3,681,862)	(\$3,681,862)
Cumulative Receipts	\$3,469,930	\$3,559,897	\$3,593,537	\$3,627,177	\$3,660,817	\$3,694,457	\$3,728,096	\$3,750,979	\$3,773,862	\$3,773,862

## INFLATION ADJUSTED FUNDING

The Cash Flow Method calculations on Page A4 have been done in today's dollars with no adjustment for inflation. At Miller + Dodson, we believe that long-term inflation forecasting is effective at demonstrating the power of compounding, not at calculating appropriate funding levels for Replacement Reserves. We have developed this proprietary model to estimate the short-term impact of inflation on Replacement Reserve funding.

### **\$391,867** 2017 - CASH FLOW METHOD RECOMMENDED FUNDING

The 2017 Study Year calculations have been made using current replacement costs (see Page B2), modified by the Analyst for any project specific conditions.

### **\$102,501** 2018 - INFLATION ADJUSTED FUNDING

A new analysis calculates 2018 funding based on three assumptions;

- Replacement Reserves on Deposit totaling \$92,000 on January 1, 2018.
- All 2017 Projected Replacements listed on Page C2 accomplished at a cost to Replacement Reserves less than \$443,898.
- Construction Cost Inflation of 2.30 percent in 2017.

The \$102,501 inflation adjusted funding in 2018 is a 1.61 percent increase over the non-inflation adjusted 2018 funding of \$100,881.

### **\$105,567** 2019 - INFLATION ADJUSTED FUNDING

A new analysis calculates 2019 funding based on three assumptions;

- Replacement Reserves on Deposit totaling \$188,366 on January 1, 2019.
- All 2018 Projected Replacements listed on Page C2 accomplished at a cost to Replacement Reserves less than \$6,135.
- Construction Cost Inflation of 2.30 percent in 2018.

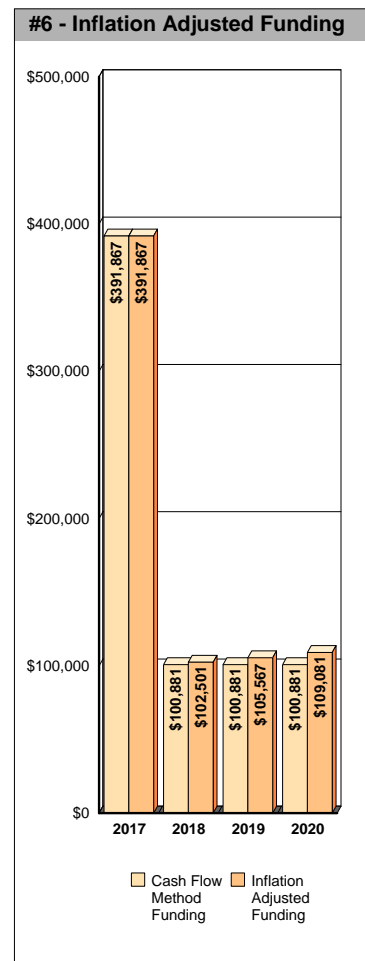
The \$105,567 inflation adjusted funding in 2019 is a 4.65 percent increase over the non-inflation adjusted 2019 funding of \$100,881.

### **\$109,081** 2020 - INFLATION ADJUSTED FUNDING

A new analysis calculates 2020 funding based on three assumptions;

- Replacement Reserves on Deposit totaling \$292,886 on January 1, 2020.
- All 2019 Projected Replacements listed on Page C2 accomplished at a cost to Replacement Reserves less than \$1,047.
- Construction Cost Inflation of 2.30 percent in 2019.

The \$109,081 inflation adjusted funding in 2020 is a 8.13 percent increase over the non-inflation adjusted funding of \$100,881.



## YEAR FIVE & BEYOND

The inflation adjusted funding calculations outlined above are not intended to be a substitute for periodic evaluation of common elements by an experienced Reserve Analyst. Industry Standards, lender requirements, and many state and local statutes require a Replacement Reserve Study be professionally updated every 3 to 5 years.

## INFLATION ADJUSTMENT

Prior to approving a budget based upon the 2018, 2019 and 2020 inflation adjusted funding calculations above, the 2.30 percent base rate of inflation used in our calculations should be compared to rates published by the Bureau of Labor Statistics. If there is a significant discrepancy (over 1 percent), contact Miller Dodson + Associates prior to using the Inflation Adjusted Funding.

## INTEREST ON RESERVES

The recommended funding calculations do not account for interest earned on Replacement Reserves.

In 2017, based on a 1.00 percent interest rate, we estimate the Association may earn \$1,180 on an average balance of \$118,016, \$1,402 on an average balance of \$140,183 in 2018, and \$2,406 on \$240,626 in 2019. The Association may elect to attribute 100 percent of the earned interest to Reserves, resulting in a reduction in the 2017 funding from \$391,867 to \$390,687 (a 0.30 percent reduction), \$102,501 to \$101,099 in 2018 (a 1.37 percent reduction), and \$105,567 to \$103,161 in 2019 (a 2.28 percent reduction).

## **REPLACEMENT RESERVE STUDY - SUPPLEMENTAL COMMENTS**

- Fishing Creek Farm Landside has 120 units. The type of property is a homeowner association.
- The Cash Flow Method calculates the minimum annual funding necessary to prevent Replacement Reserves from dropping below the Minimum Balance. Failure to fund at least the recommended levels may result in funding not being available for the Projected Replacements listed in the Replacement Reserve Inventory.
- The accuracy of the Replacement Reserve Analysis is dependent upon expenditures from Replacement Reserves being made ONLY for the 114 Projected Replacements specifically listed in the Replacement Reserve Inventory. The inclusion/exclusion of items from the Replacement Reserve Inventory is discussed on Page B1.

## REPLACEMENT RESERVE INVENTORY GENERAL INFORMATION

Fishing Creek Farm Landside - Replacement Reserve Inventory identifies 178 items. Two types of items are identified, Projected Replacements and Excluded Items:

- **PROJECTED REPLACEMENTS.** 114 of the items are Projected Replacements and the periodic replacements of these items are scheduled for funding from Replacement Reserves. The Projected Replacements have an estimated one-time replacement cost of \$1,875,988. Replacements totaling \$3,681,862 are scheduled in the Replacement Reserve Inventory over the 40-year Study Period.

Projected Replacements are the replacement of commonly-owned physical assets that require periodic replacement and whose replacement is to be funded from Replacement Reserves.

- **EXCLUDED ITEMS.** 64 of the items are Excluded Items, and expenditures for these items are NOT scheduled for funding from Replacement Reserves. The accuracy of the calculations made in the Replacement Reserve Analysis is dependent on expenditures NOT being made for Excluded Items. The Excluded Items are listed in the Replacement Reserve Inventory to identify specific items and categories of items that are not to be funded from Replacement Reserves. There are multiple categories of items that are typically excluded from funding by Replacement Reserves, including but not limited to:

**Tax Code.** The United States Tax Code grants very favorable tax status to Replacement Reserves, conditioned on expenditures being made within certain guidelines. These guidelines typically exclude maintenance activities, minor repairs and capital improvements.

**Value.** Items with a replacement cost of less than \$1,000 and/or a normal economic life of less than 3 years are typically excluded from funding from Replacement Reserves. This exclusion should reflect Association policy on the administration of Replacement Reserves. If the Association has selected an alternative level, it will be noted in the Replacement Reserve Inventory - General Comments on Page B2.

**Long-lived Items.** Items that when properly maintained, can be assumed to have a life equal to the property as a whole, are typically excluded from the Replacement Reserve Inventory.

**Unit improvements.** Items owned by a single unit and where the items serve a single unit are generally assumed to be the responsibility of that unit, not the Association.

**Other non-common improvements.** Items owned by the local government, public and private utility companies, the United States Postal Service, Master Associations, state and local highway authorities, etc., may be installed on property that is owned by the Association. These types of items are generally not the responsibility of the Association and are excluded from the Replacement Reserve Inventory.

The rationale for the exclusion of an item from funding by Replacement Reserves is discussed in more detail in the 'Comments' sections of the Section B - Replacement Reserve Inventory.

- **CATEGORIES.** The 178 items included in the Fishing Creek Farm Landside Replacement Reserve Inventory are divided into 16 major categories. Each category is printed on a separate page, Pages B3 to B17.
- **LEVEL OF SERVICE.** This Replacement Reserve Inventory has been developed in compliance with the standards established for a Level Two - Update (with site visit and on-site review), as defined by the National Reserve Study Standards, established in 1998 by Community Associations Institute, which states:

*Level II Studies are based entirely on the component inventory from a prior study. This information is adjusted to reflect changes to the inventory that are provided by the Association, and the quantities are adjusted accordingly from field measurement and/or quantity takeoffs from to-scale drawings that are made available to us. The condition of all components is ascertained from a site visit and the visual inspection of each component by the analyst. The Remaining Economic Life and replacement cost of components are provided based in part on these observations. The fund status and Funding Plan are derived from analysis of this data.*

## REPLACEMENT RESERVE INVENTORY - GENERAL INFORMATION (cont'd)

- **INVENTORY DATA.** Each of the 114 Projected Replacements listed in the Replacement Reserve Inventory includes the following data:

Item Number. The Item Number is assigned sequentially and is intended for identification purposes only.

Item Description. We have identified each item included in the Inventory. Additional information may be included in the Comments section at the bottom of each page of the Inventory.

Units. We have used standard abbreviations to identify the number of units including SF-square feet, LF-lineal feet, SY-square yard, LS-lump sum, EA-each, and PR-pair. Non-standard abbreviations are noted in the Comments section at the bottom of the page.

Number of Units. The methods used to develop the quantities are discussed in "Level of Service" above.

Unit Replacement Cost. We use four sources to develop the unit cost data shown in the Inventory; actual replacement cost data provided by the client, information provided by local contractors and suppliers, industry standard estimating manuals, and a cost database we have developed based upon our detailed interviews with contractors and service providers who are specialists in their respective lines of work.

Normal Economic Life (Yrs). The number of years that a new and properly installed item should be expected to remain in service.

Remaining Economic Life (Yrs). The estimated number of years before an item will need to be replaced. In "normal" conditions, this could be calculated by subtracting the age of the item from the Normal Economic Life of the item, but only rarely do physical assets age "normally". Some items may have longer or shorter lives depending on many factors such as environment, initial quality of the item, maintenance, etc.

Total Replacement Cost. This is calculated by multiplying the Unit Replacement Cost by the Number of Units.

Each of the 64 Excluded Items includes the Item Description, Units, and Number of Units. Many of the Excluded Items are listed as a 'Lump Sum' with a quantity of 1. For the Excluded Items, this indicates that all of the items identified by the 'Item Description' are excluded from funding by Replacement Reserves.

- **REVIEW OF EXPENDITURES.** This Replacement Reserve Study should be reviewed by an accounting professional representing the Association prior to implementation.
- **PARTIAL FUNDING.** Items may have been included in the Replacement Reserve Inventory at less than 100 percent of their full quantity and/or replacement cost. This is done on items that will never be replaced in their entirety, but which may require periodic replacements over an extended period of time. The assumptions that provide the basis for any partial funding are noted in the Comments section.
- **REMAINING ECONOMIC LIFE GREATER THAN 40 YEARS.** The calculations do not include funding for initial replacements beyond 40 years. These replacements are included in this Study for tracking and evaluation. They should be included for funding in future Studies, when they enter the 40-year window.



**SITE COMPONENTS**  
**PROJECTED REPLACEMENTS**

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
1	Asphalt pavement, deep patch & overlay	sf	2,998	\$3.50	20	10	\$10,493
2	Asphalt pavement, mill & overlay	sf	29,984	\$1.65	20	10	\$49,474
3	Asphalt pavement, seal coat	sf	29,984	\$0.20	5	1	\$5,997
4	Concrete curb & gutter, barrier	ft	491	\$35.50	30	6	\$17,431
5	Concrete flatwork	sf	2,034	\$9.10	30	6	\$18,509
6	Site light, ornate double head	ea	9	\$1,000.00	20	18	\$9,000
7	Site Light, aluminum pole	ea	9	\$1,850.00	30	28	\$16,650
8	Community building well	ea	1	\$10,300.00	30	20	\$10,300
9	Community building sewer ejector	ea	1	\$10,300.00	20	18	\$10,300
10	Path signs & misc. components (allowance)	ls	1	\$1,545.00	10	5	\$1,545
11	Canoe rack & boat storage (allow.)	ls	1	\$1,030.00	10	5	\$1,030
12	Shoreline revetment (20% allowance)	sf	4,800	\$65.00	10	none	\$312,000
13	Cherry Tree Ln, shoreline revetment	ft	160	\$650.00	10	none	\$104,000
14	Bulkhead, replace clapboard	ft	242	\$10.00	20	none	\$2,420
15	Bulkhead, replace	ft	242	\$1,250.00	30	10	\$302,500
16	Stormwater mgmt structures (allowance)	ls	1	\$1,500.00	10	5	\$1,500
17	Stormwater mgmt gabion & stone (allowance)	ls	1	\$5,000.00	10	5	\$5,000
SITE COMPONENTS - Replacement Costs - Subtotal							\$878,148

**SITE COMPONENTS**  
**COMMENTS**

- We have assumed that the Association will replace the asphalt pavement by the installation of a 2 inch thick overlay. The pavement will need to be milled prior to the installation of the overlay.
- The "Stormwater mgmt gabion & stone (allowance)" is 10% of the square footages of this component. This includes the gabion baskets and related rip-rap size stone.
- Some of the components shown above are per the information from the AMA/DBF studies.

**SITE COMPONENTS (cont.)**  
**PROJECTED REPLACEMENTS**

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
18	Entry monument (repointing allowance)	ls	4	\$800.00	10	none	\$3,200
19	Entry monument lettering (allowance)	ls	3	\$700.00	20	10	\$2,100
20	Entry monument trellis	sf	130	\$21.00	20	10	\$2,730
21	Entry monument trellis, pendant lights	ea	2	\$950.00	20	10	\$1,900
22	Entry monument landscape lights	ea	4	\$500.00	15	none	\$2,000
23	Entry fence, 3 rail vinyl	ft	600	\$38.00	35	8	\$22,800
24	Elevated walkway, replace decking & steps	ft	214	\$41.00	10	none	\$8,774
25	Elevated walkway, replace	ft	214	\$750.00	40	22	\$160,500
26	Community pier, replace decking & steps	ft	81	\$41.00	10	none	\$3,321
27	Community pier, replace	ft	81	\$750.00	40	22	\$60,750
28	Boat ramp, concrete - replace	sf	1,280	\$25.00	20	10	\$32,000
29	Boat ramp, piers, decking - replace	lf	163	\$41.00	10	none	\$6,683
30	Boat ramp, piers - replace	lf	163	\$375.00	40	15	\$61,125
31	Boat ramp, lighting - solar	ea	6	\$175.00	15	15	\$1,050
32	Boat ramp area, metal swing gates	ls	1	\$2,500.00	15	10	\$2,500
33	Boat ramp, hinged float (allowance)	ls	1	\$1,200.00	10	5	\$1,200

SITE COMPONENTS (cont.) - Replacement Costs - Subtotal \$372,633

**SITE COMPONENTS (cont.)**  
**COMMENTS**

- The "Elevated walkway" and "Community pier" components (above) are identified in the prior study as the "Pedestrian bridge" and the "Crab pier" respectively.
- Some of the components shown above are per the information from the AMA/DBF studies.

**BUILDING EXTERIOR COMPONENTS**  
**PROJECTED REPLACEMENTS**

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
34	Roofing, asphalt shingles	sf	2,596	\$4.60	30	26	\$11,942
35	Gutter & downspout	ft	264	\$7.00	40	36	\$1,848
36	Siding & trim, engineered wood	sf	1,053	\$10.10	40	36	\$10,635
37	Soffit & trim, vinyl	sf	445	\$7.90	40	36	\$3,516
38	Stucco repairs (10%)	sf	345	\$13.00	10	6	\$4,485
39	Stucco recoating	sf	3,449	\$4.30	30	26	\$14,831
40	Door, double steel full lites w/ 12" sidelite	ea	1	\$3,125.00	25	21	\$3,125
41	Doors glazed with full sidelite	ea	3	\$1,685.00	25	21	\$5,055
42	Door solid	ea	7	\$850.00	25	21	\$5,950
43	Window, fixed	sf	40	\$42.80	40	36	\$1,712
44	Window, opening	sf	250	\$45.60	40	36	\$11,400
45	Deck/stair/ramp, railing - steel	ft	338	\$77.25	35	31	\$26,111
46	Deck/stair/ramp, decking - composite	sf	1,596	\$10.50	15	11	\$16,758
47	Deck/stair/ramp, structure - PTL	sf	1,596	\$35.00	35	31	\$55,860
48	Steel & wood steps @ West Elevation	ls	1	\$7,525.00	30	26	\$7,525
49	Awning refabric	sf	100	\$15.00	10	none	\$1,500
50	Awning structure	sf	100	\$33.00	20	16	\$3,300
51	Front low plaza, roof mod-bitumen	sf	142	\$11.00	20	16	\$1,562
52	Front low plaza, PTL decking	sf	142	\$6.50	20	16	\$923
53	Front low plaza, solid railing, wood	lf	32	\$70.00	20	16	\$2,240
BUILDING EXTERIOR COMPONENTS - Replacement Costs - Subtotal							\$190,277

**BUILDING EXTERIOR COMPONENTS**  
**COMMENTS**

- The "Steel & wood steps @ West Elevation" component's railing is a part of the "Deck/stair/ramp, railing - steel" component on the previous page.

**BUILDING EXTERIOR COMPONENTS (cont.)**  
**PROJECTED REPLACEMENTS**

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
54	Lighting, wall sconces	ea	20	\$550.00	25	21	\$11,000
55	Lighting, pendant lights	ea	4	\$750.00	25	21	\$3,000
56	Lighting, 2 headed lights under the deck	ea	3	\$350.00	25	21	\$1,050
57	Ceiling fan, no light	ea	1	\$1,000.00	25	21	\$1,000
58	Electric meter center & panels	ls	1	\$1,800.00	40	36	\$1,800

BUILDING EXTERIOR COMPONENTS (cont.) - Replacement Costs - Subtotal \$17,850

**BUILDING EXTERIOR COMPONENTS (cont.)**  
**COMMENTS**

**BUILDING INTERIOR COMPONENTS**  
**PROJECTED REPLACEMENTS**

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
59	Flooring, wood laminate	sf	768	\$13.39	20	16	\$10,284
60	Flooring, ceramic	sf	523	\$37.40	30	26	\$19,560
61	Flooring, vinyl (2nd floor closets)	ls	54	\$5.70	15	11	\$308
62	Flooring, vinyl (1st floor)	sf	433	\$5.70	15	11	\$2,468
63	Shower walls, ceramic tile	sf	84	\$34.25	30	26	\$2,877
64	Baths/restrooms furnishings/fixtures	ls	1	\$7,660.00	30	26	\$7,660
65	Interior doors, metal	ea	5	\$960.00	25	21	\$4,800
66	Interior door, glass	ea	1	\$1,000.00	25	21	\$1,000
67	Interior doors, wood	ea	4	\$850.00	25	21	\$3,400
68	Kitchen, residential, wall cabinets	lf	8	\$200.00	30	26	\$1,600
69	Kitchen, residential, base cabinets	lf	17	\$300.00	30	26	\$5,100
70	Kitchen, res., appliances	ls	1	\$5,925.00	15	11	\$5,925
71	Stairs, replace treads & risers	ea	32	\$75.00	40	36	\$2,400
72	Stairs, replace wall hung wood rails 2 ea.	lf	40	\$38.00	40	36	\$1,520
73	Water heater, 66 gal.	ea	1	\$1,000.00	10	6	\$1,000
74	HVAC - air handler & coil	ton	3	\$3,000.00	12	8	\$9,000

BUILDING INTERIOR COMPONENTS - Replacement Costs - Subtotal \$78,902

**BUILDING INTERIOR COMPONENTS**  
**COMMENTS**

- The "Flooring, vinyl (1st floor)" component is for the future installation of floor coverings over the first level's bare concrete in the first year of the study.

**BUILDING INTERIOR COMPONENTS (cont.)**  
**PROJECTED REPLACEMENTS**

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
75	Interior lighting, general	ea	40	\$125.00	25	21	\$5,000
76	Interior lighting, chandeliers	ea	10	\$140.00	25	21	\$1,400
77	Interior ceiling fan	ea	1	\$1,000.00	25	21	\$1,000
78	Interior attic exhaust fan	ea	1	\$1,000.00	15	11	\$1,000
79	Interior exhaust fans	ea	5	\$275.00	20	16	\$1,375
80	Emergency lighting, battery back-up	ea	7	\$350.00	25	21	\$2,450
81	Emergency lighting, illuminated exit lights	ea	6	\$300.00	25	21	\$1,800
82	Audio/video (allowance)	ls	1	\$2,000.00	7	3	\$2,000
83	Folding chair & table (allowance)	ls	1	\$2,500.00	14	10	\$2,500
84	Attic pull down stairs	ea	1	\$1,500.00	15	11	\$1,500

BUILDING INTERIOR COMPONENTS (cont.) - Replacement Costs - Subtotal \$20,025

**BUILDING INTERIOR COMPONENTS (cont.)**  
**COMMENTS**



**RECREATION COMPONENTS**  
**PROJECTED REPLACEMENTS**

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
85	Pool main, structure	sf	1,565	\$85.00	60	30	\$133,025
86	Pool main, whitecoat	sf	1,565	\$5.85	10	10	\$9,155
87	Pool main, waterline tile	ft	206	\$10.15	10	10	\$2,091
88	Pool main, coping - precast concrete	ft	206	\$27.50	20	10	\$5,665
89	Pool wading, structure	sf	255	\$72.25	60	30	\$18,424
90	Pool wading, whitecoat & waterline tile	sf	255	\$6.32	10	10	\$1,612
91	Pool wading, coping - precast concrete	ft	37	\$27.50	20	10	\$1,018
92	Pool deck & flatwork, concrete	sf	4,391	\$10.85	30	20	\$47,642
93	Pool deck, drainage collector troughs	lf	285	\$7.00	10	10	\$1,995
94	Pool cover	sf	2,100	\$1.48	12	10	\$3,108
95	Pool pump, wading .5 hp	ea	1	\$1,000.00	5	2	\$1,000
96	Pool pump, main 3 hp	ea	1	\$3,800.00	15	10	\$3,800
97	Pool filter systems	ea	2	\$710.00	15	10	\$1,420
98	Pool water chemical treatment system	ea	1	\$1,500.00	15	10	\$1,500
99	Pool perimeter fence - 6' aluminum	ft	298	\$38.50	40	38	\$11,473
100	Pool wading fence - 4' aluminum	ft	53	\$32.50	40	38	\$1,723
101	Pool ladders - stainless steel	ea	3	\$690.00	20	18	\$2,070
102	Pool safety rails @ steps - stainless steel	ea	2	\$650.00	20	18	\$1,300
103	Pool lifeguard chair, mounted - stainless steel	ea	1	\$4,400.00	20	18	\$4,400
RECREATION COMPONENTS - Replacement Costs - Subtotal							\$252,420

**RECREATION COMPONENTS**  
**COMMENTS**

- We have assumed that the project to replace the pool deck will include the replacement of the plumbing and electrical systems installed beneath the pavement.

**RECREATION COMPONENTS (cont.)**  
**PROJECTED REPLACEMENTS**

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
104	Pool furniture, lounges	ea	21	\$155.00	10	5	\$3,255
105	Pool furniture, tables - small	ea	8	\$125.00	10	5	\$1,000
106	Pool furniture, tables - large	ea	8	\$250.00	10	5	\$2,000
107	Pool furniture, umbrellas	ea	9	\$345.00	12	8	\$3,105
108	Pool furniture, chairs @ large tables	ea	24	\$115.00	10	5	\$2,760
109	Pool furniture, Adirondack chairs	ea	4	\$500.00	15	10	\$2,000
110	Pool entry gazebo, open with wood surface	sf	142	\$85.00	25	20	\$12,070
111	Tennis court, color coat	ea	7,370	\$1.00	10	6	\$7,370
112	Tennis court, resurface/overlay	ea	7,370	\$3.00	20	16	\$22,110
113	Tennis court, post & footings	pr	1	\$1,280.00	20	16	\$1,280
114	Tennis court, fence	ft	366	\$24.00	20	10	\$8,784

RECREATION COMPONENTS (cont.) - Replacement Costs - Subtotal \$65,734

**RECREATION COMPONENTS (cont.)**  
**COMMENTS**

- Per the Association, approximately \$30,000.00 was spent on the tennis court since the prior study i.e. in 2013. Our visual inspection and the cost of the "resurface/overlay" component leads to the conclusion showing above in the first three "Tennis court" components.
- The "Tennis court, fence" component appears from inspection to have been installed before the top three components.

## VALUATION EXCLUSIONS

### EXCLUDED ITEMS

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
	BBQ grille	ls	1				EXCLUDED
	Miscellaneous signage	ls	1				EXCLUDED
	Tennis court, net	ls	1				EXCLUDED
	Handrail	ls	1				EXCLUDED
	Fire extinguishers, interior	ls	1				EXCLUDED
	Electric heaters	ls	1				EXCLUDED

## VALUATION EXCLUSIONS

### COMMENTS

- Valuation Exclusions. For ease of administration of the Replacement Reserves and to reflect accurately how Replacement Reserves are administered, items with a dollar value less than \$1,000.00 have not been scheduled for funding from Replacement Reserves. Examples of items excluded from funding by Replacement Reserves by this standard are listed above.
- "The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

## LONG-LIFE EXCLUSIONS

### EXCLUDED ITEMS

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
	Masonry features	ls	1				EXCLUDED
	Building foundation(s)	ls	1				EXCLUDED
	Concrete floor slabs (interior)	ls	1				EXCLUDED
	Wall, floor, & roof structure	ls	1				EXCLUDED
	Common element electrical services	ls	1				EXCLUDED
	Electrical wiring	ls	1				EXCLUDED
	Water piping at common facilities	ls	1				EXCLUDED
	Waste piping at common facilities	ls	1				EXCLUDED
	Cistern	ls	1				EXCLUDED

## LONG-LIFE EXCLUSIONS

### COMMENTS

- Long Life Exclusions. Components that when properly maintained, can be assumed to have a life equal to the property as a whole, are normally excluded from the Replacement Reserve Inventory. Examples of items excluded from funding by Replacement Reserves by this standard are listed above.
- Exterior masonry is generally assumed to have an unlimited economic life but periodic repointing is required and we have included this for funding in the Replacement Reserve Inventory.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

## UNIT IMPROVEMENTS EXCLUSIONS

### EXCLUDED ITEMS

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
	Domestic water pipes serving one unit	ls	1				EXCLUDED
	Sanitary sewers serving one unit	ls	1				EXCLUDED
	Electrical wiring serving one unit	ls	1				EXCLUDED
	Cable TV service serving one unit	ls	1				EXCLUDED
	Telephone service serving one unit	ls	1				EXCLUDED
	Gas service serving one unit	ls	1				EXCLUDED
	Driveway on an individual lot	ls	1				EXCLUDED
	Apron on an individual lot	ls	1				EXCLUDED
	Sidewalk on an individual lot	ls	1				EXCLUDED
	Steps on an individual lot	ls	1				EXCLUDED
	Retaining wall on an individual lot	ls	1				EXCLUDED
	Fence on an individual lot	ls	1				EXCLUDED
	Unit exterior	ls	1				EXCLUDED
	Unit windows	ls	1				EXCLUDED
	Unit doors	ls	1				EXCLUDED
	Unit skylights	ls	1				EXCLUDED
	Unit deck, patio, and/or balcony	ls	1				EXCLUDED
	Unit mailbox	ls	1				EXCLUDED
	Unit interior	ls	1				EXCLUDED
	Unit HVAC system	ls	1				EXCLUDED

## UNIT IMPROVEMENTS EXCLUSIONS

### COMMENTS

- Unit improvement Exclusions. We understand that the elements of the project that relate to a single unit are the responsibility of that unit owner. Examples of items excluded from funding by Replacement Reserves by this standard are listed above.
- "The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

**UTILITY EXCLUSIONS**  
**EXCLUDED ITEMS**

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
	Primary electric feeds	ls	1				EXCLUDED
	Electric transformers	ls	1				EXCLUDED
	Cable TV systems and structures	ls	1				EXCLUDED
	Telephone cables and structures	ls	1				EXCLUDED
	Site lighting	ls	1				EXCLUDED
	Gas mains and meters	ls	1				EXCLUDED
	Water mains and meters	ls	1				EXCLUDED
	Sanitary sewers - residences	ls	1				EXCLUDED

**UTILITY EXCLUSIONS**  
**COMMENTS**

- Utility Exclusions. Many improvements owned by utility companies are on property owned by the Association. We have assumed that repair, maintenance, and replacements of these components will be done at the expense of the appropriate utility company. Examples of items excluded from funding Replacement Reserves by this standard are listed above.
- "The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.



## MAINTENANCE AND REPAIR EXCLUSIONS

### EXCLUDED ITEMS

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
	Cleaning of asphalt pavement	ls	1				EXCLUDED
	Crack sealing of asphalt pavement	ls	1				EXCLUDED
	Painting of curbs	ls	1				EXCLUDED
	Striping of parking spaces	ls	1				EXCLUDED
	Numbering of parking spaces	ls	1				EXCLUDED
	Landscaping and site grading	ls	1				EXCLUDED
	Janitorial service	ls	1				EXCLUDED
	Repair services	ls	1				EXCLUDED
	Partial replacements	ls	1				EXCLUDED
	Capital improvements	ls	1				EXCLUDED

## MAINTENANCE AND REPAIR EXCLUSIONS

### COMMENTS

- Maintenance activities, one-time-only repairs, and capital improvements. These activities are NOT appropriately funded from Replacement Reserves. The inclusion of such component in the Replacement Reserve Inventory could jeopardize the special tax status of ALL Replacement Reserves, exposing the Association to significant tax liabilities. We recommend that the Board of Directors discuss these exclusions and Revenue Ruling 75-370 with a Certified Public Accountant.
- Examples of items excluded from funding by Replacement Reserves by this standard are listed above.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

**GOVERNMENT EXCLUSIONS**  
**EXCLUDED ITEMS**

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
	Government, roadways & parking	ls	1				EXCLUDED
	Government, sidewalks & curbs	ls	1				EXCLUDED
	Government, lighting	ls	1				EXCLUDED
	Government, stormwater mgmt.	ls	1				EXCLUDED
	Government, stone shore protection	ls	1				EXCLUDED

**GOVERNMENT EXCLUSIONS**  
**COMMENTS**

- Government Exclusions. We have assumed that some of the improvements installed on property owned by the Association will be maintained by the state, county, or local government, or other association or other responsible entity. Examples of items excluded from funding by Replacement Reserves by this standard are listed above.
- Excluded "Rights-of-way"; including Thomas Point Road, Cherry Tree Lane, Hidden River View Road, Beach View Road, Thomas Point Court, Southbreeze Lane, and adjacent properties.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

## IRRIGATION SYSTEM EXCLUSIONS

### EXCLUDED ITEMS

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
	Subsurface irrigation pipe	ls	1				EXCLUDED
	Subsurface irrigation valve	ls	1				EXCLUDED
	Subsurface irrigation control wiring	ls	1				EXCLUDED
	Irrigation control system	ls	1				EXCLUDED
	Irrigation system electrical service	ls	1				EXCLUDED
	Irrigation system enclosures	ls	1				EXCLUDED

## IRRIGATION SYSTEM EXCLUSIONS

### COMMENTS

- Irrigation System Exclusions. We have assumed that the maintenance, repair, and periodic replacement of the components of the extensive irrigation systems at the property will not be funded from Replacement Reserves. These systems should be inspected each spring when the systems are brought on line and each fall when they are winterized. Repairs/replacements should be made in conjunction with these inspections.
- "The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

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## PROJECTED ANNUAL REPLACEMENTS GENERAL INFORMATION

CALENDAR OF ANNUAL REPLACEMENTS. The 114 Projected Replacements in the Fishing Creek Farm Landside Replacement Reserve Inventory whose replacement is scheduled to be funded from Replacement Reserves are broken down on a year-by-year basis, beginning on Page C2.

## REPLACEMENT RESERVE ANALYSIS AND INVENTORY POLICIES, PROCEDURES, AND ADMINISTRATION

- **REVISIONS.** Revisions will be made to the Replacement Reserve Analysis and Replacement Reserve Inventory in accordance with the written instructions of the Board of Directors. No additional charge is incurred for the first revision, if requested in writing within three months of the date of the Replacement Reserve Study. It is our policy to provide revisions in electronic (Adobe PDF) format only.
- **TAX CODE.** The United States Tax Code grants favorable tax status to a common interest development (CID) meeting certain guidelines for their Replacement Reserve. If a CID files their taxes as a 'Corporation' on Form 1120 (IRC Section 277), these guidelines typically require maintenance activities, partial replacements, minor replacements, capital improvements, and one-time only replacements to be excluded from Reserves. A CID cannot co-mingle planning for maintenance activities with capital replacement activities in the Reserves (Revenue Ruling 75-370). Funds for maintenance activities and capital replacements activities must be held in separate accounts. If a CID files taxes as an "Exempt Homeowners Association" using Form 1120H (IRC Section 528), the CID does not have to segregate these activities. However, because the CID may elect to change their method of filing from year to year within the Study Period, we advise using the more restrictive approach. We further recommend that the CID consult with their Accountant and consider creating separate and independent accounts and reserves for large maintenance items, such as painting.
- **CONFLICT OF INTEREST.** Neither Miller - Dodson Associates nor the Reserve Analyst has any prior or existing relationship with this Association which would represent a real or perceived conflict of interest.
- **RELIANCE ON DATA PROVIDED BY THE CLIENT.** Information provided by an official representative of the Association regarding financial, physical conditions, quality, or historical issues is deemed reliable.
- **INTENT.** This Replacement Reserve Study is a reflection of the information provided by the Association and the visual evaluations of the Analyst. It has been prepared for the sole use of the Association and is not for the purpose of performing an audit, quality/forensic analyses, or background checks of historical records.
- **PREVIOUS REPLACEMENTS.** Information provided to Miller - Dodson Associates regarding prior replacements is considered to be accurate and reliable. Our visual evaluation is not a project audit or quality inspection.
- **EXPERIENCE WITH FUTURE REPLACEMENTS.** The Calendar of Annual Projected Replacements, lists replacements we have projected to occur over the next thirty years, begins on Page C2. Actual experience in replacing the items may differ significantly from the cost estimates and time frames shown because of conditions beyond our control. These differences may be caused by maintenance practices, inflation, variations in pricing and market conditions, future technological developments, regulatory actions, acts of God, and luck. Some items may function normally during our visual evaluation and then fail without notice.
- **REVIEW OF THE REPLACEMENT RESERVE STUDY.** For this study to be effective, it should be reviewed by the Fishing Creek Farm Landside Board of Directors, those responsible for the management of the items included in the Replacement Reserve Inventory, and the accounting professionals employed by the Association.

## PROJECTED REPLACEMENTS - YEARS 1 TO 6

2017 - STUDY YEAR		
12	Shoreline revetment (20% a	\$312,000
13	Cherry Tree Ln, shoreline re	\$104,000
14	Bulkhead, replace clapboarc	\$2,420
18	Entry monument (repointing	\$3,200
22	Entry monument landscape	\$2,000
24	Elevated walkway, replace d	\$8,774
26	Community pier, replace dec	\$3,321
29	Boat ramp, piers, decking - r	\$6,683
49	Awning refabric	\$1,500
Total Scheduled Replacements		\$443,898
2018 - YEAR 2		
3	Asphalt pavement, seal coat	\$5,997
Total Scheduled Replacements		\$5,997
2019 - YEAR 3		
95	Pool pump, wading .5 hp	\$1,000
Total Scheduled Replacements		\$1,000
2020 - YEAR 4		
82	Audio/video (allowance)	\$2,000
Total Scheduled Replacements		\$2,000
2021 - YEAR 5		
No Scheduled Replacements		
2022 - YEAR 6		
10	Path signs & misc. compone	\$1,545
11	Canoe rack & boat storage (	\$1,030
16	Stormwater mgmt structures	\$1,500
17	Stormwater mgmt gabion & :	\$5,000
33	Boat ramp, hinged float (allo	\$1,200
104	Pool furniture, lounges	\$3,255
105	Pool furniture, tables - small	\$1,000
106	Pool furniture, tables - large	\$2,000
108	Pool furniture, chairs @ larg	\$2,760
Total Scheduled Replacements		\$19,290

## PROJECTED REPLACEMENTS - YEARS 7 TO 12

2023 - YEAR 7			\$
3	Asphalt pavement, seal coat	\$5,997	
4	Concrete curb & gutter, bar	\$17,431	
5	Concrete flatwork	\$18,509	
38	Stucco repairs (10%)	\$4,485	
73	Water heater, 66 gal.	\$1,000	
111	Tennis court, color coat	\$7,370	
Total Scheduled Replacements		\$54,792	

2024 - YEAR 8			\$
95	Pool pump, wading .5 hp	\$1,000	
Total Scheduled Replacements		\$1,000	

2025 - YEAR 9			\$
23	Entry fence, 3 rail vinyl	\$22,800	
74	HVAC - air handler & coil	\$9,000	
107	Pool furniture, umbrellas	\$3,105	
Total Scheduled Replacements		\$34,905	

2026 - YEAR 10			\$
No Scheduled Replacements			

2027 - YEAR 11			\$
1	Asphalt pavement, deep pat	\$10,493	
2	Asphalt pavement, mill & ov	\$49,474	
12	Shoreline revetment (20% a	\$312,000	
13	Cherry Tree Ln, shoreline re	\$104,000	
15	Bulkhead, replace	\$302,500	
18	Entry monument (repointing	\$3,200	
19	Entry monument lettering (al	\$2,100	
20	Entry monument trellis	\$2,730	
21	Entry monument trellis, penc	\$1,900	
24	Elevated walkway, replace d	\$8,774	
26	Community pier, replace dec	\$3,321	
28	Boat ramp, concrete - replac	\$32,000	
29	Boat ramp, piers, decking - r	\$6,683	
32	Boat ramp area, metal swing	\$2,500	
49	Awning refabric	\$1,500	
82	Audio/video (allowance)	\$2,000	
83	Folding chair & table (allowa	\$2,500	
86	Pool main, whitecoat	\$9,155	
87	Pool main, waterline tile	\$2,091	
88	Pool main, coping - precast	\$5,665	
90	Pool wading, whitecoat & w	\$1,612	
91	Pool wading, coping - preca	\$1,018	
93	Pool deck, drainage collecto	\$1,995	
94	Pool cover	\$3,108	
96	Pool pump, main 3 hp	\$3,800	
97	Pool filter systems	\$1,420	
98	Pool water chemical treatme	\$1,500	
109	Pool furniture, Adirondack cl	\$2,000	
114	Tennis court, fence	\$8,784	
Total Scheduled Replacements		\$889,822	

2028 - YEAR 12			\$
3	Asphalt pavement, seal coat	\$5,997	
46	Deck/stair/ramp, decking - c	\$16,758	
61	Flooring, vinyl (2nd floor clos	\$308	
62	Flooring, vinyl (1st floor)	\$2,468	
70	Kitchen, res., appliances	\$5,925	
78	Interior attic exhaust fan	\$1,000	
84	Attic pull down stairs	\$1,500	
All Replacements not listed		\$33,956	

**PROJECTED REPLACEMENTS - YEARS 13 TO 18**

Item	2029 - YEAR 13	\$	Item	2030 - YEAR 14	\$	Item	2031 - YEAR 15	\$
95	Pool pump, wading .5 hp	\$1,000						
Total Scheduled Replacements		\$1,000	No Scheduled Replacements			No Scheduled Replacements		
Item	2032 - YEAR 16	\$	Item	2033 - YEAR 17	\$	Item	2034 - YEAR 18	\$
10	Path signs & misc. compone	\$1,545	3	Asphalt pavement, seal coat	\$5,997	82	Audio/video (allowance)	\$2,000
11	Canoe rack & boat storage (	\$1,030	38	Stucco repairs (10%)	\$4,485	95	Pool pump, wading .5 hp	\$1,000
16	Stormwater mgmt structures	\$1,500	50	Awning structure	\$3,300			
17	Stormwater mgmt gabion & :	\$5,000	51	Front low plaza, roof mod-bi	\$1,562			
22	Entry monument landscape	\$2,000	52	Front low plaza, PTL deckin	\$923			
30	Boat ramp, piers - replace	\$61,125	53	Front low plaza, solid railing	\$2,240			
31	Boat ramp, lighting - solar	\$1,050	59	Flooring, wood laminate	\$10,284			
33	Boat ramp, hinged float (allo	\$1,200	73	Water heater, 66 gal.	\$1,000			
104	Pool furniture, lounges	\$3,255	79	Interior exhaust fans	\$1,375			
105	Pool furniture, tables - small	\$1,000	111	Tennis court, color coat	\$7,370			
106	Pool furniture, tables - large	\$2,000	112	Tennis court, resurface/over	\$22,110			
108	Pool furniture, chairs @ larg	\$2,760	113	Tennis court, post & footings	\$1,280			
Total Scheduled Replacements		\$83,465	Total Scheduled Replacements		\$61,925	Total Scheduled Replacements		\$3,000



**PROJECTED REPLACEMENTS - YEARS 19 TO 24**

Item	2035 - YEAR 19	\$	Item	2036 - YEAR 20	\$	Item	2037 - YEAR 21	\$
6	Site light, ornate double hea	\$9,000				8	Community building well	\$10,300
9	Community building sewer e	\$10,300				12	Shoreline revetment (20% a	\$312,000
101	Pool ladders - stainless stee	\$2,070				13	Cherry Tree Ln, shoreline re	\$104,000
102	Pool safety rails @ steps - s	\$1,300				14	Bulkhead, replace clapboard	\$2,420
103	Pool lifeguard chair, mounte	\$4,400				18	Entry monument (repainting	\$3,200
						24	Elevated walkway, replace c	\$8,774
						26	Community pier, replace dec	\$3,321
						29	Boat ramp, piers, decking - r	\$6,683
						49	Awning refabric	\$1,500
						74	HVAC - air handler & coil	\$9,000
						86	Pool main, whitecoat	\$9,155
						87	Pool main, waterline tile	\$2,091
						90	Pool wading, whitecoat & wa	\$1,612
						92	Pool deck & flatwork, concre	\$47,642
						93	Pool deck, drainage collecto	\$1,995
						107	Pool furniture, umbrellas	\$3,105
						110	Pool entry gazebo, open witl	\$12,070
Total Scheduled Replacements		\$27,070	No Scheduled Replacements			Total Scheduled Replacements		\$538,868
Item	2038 - YEAR 22	\$	Item	2039 - YEAR 23	\$	Item	2040 - YEAR 24	\$
3	Asphalt pavement, seal coat	\$5,997	25	Elevated walkway, replace	\$160,500			
40	Door, double steel full lites v	\$3,125	27	Community pier, replace	\$60,750			
41	Doors glazed with full sidelit	\$5,055	94	Pool cover	\$3,108			
42	Door solid	\$5,950	95	Pool pump, wading .5 hp	\$1,000			
54	Lighting, wall sconces	\$11,000						
55	Lighting, pendant lights	\$3,000						
56	Lighting, 2 headed lights unc	\$1,050						
57	Ceiling fan, no light	\$1,000						
65	Interior doors, metal	\$4,800						
66	Interior door, glass	\$1,000						
67	Interior doors, wood	\$3,400						
75	Interior lighting, general	\$5,000						
76	Interior lighting, chandeliers	\$1,400						
77	Interior ceiling fan	\$1,000						
80	Emergency lighting, battery l	\$2,450						
81	Emergency lighting, illumina	\$1,800						
Total Scheduled Replacements		\$57,027	Total Scheduled Replacements		\$225,358	No Scheduled Replacements		

### PROJECTED REPLACEMENTS - YEARS 25 TO 30

Item	2041 - YEAR 25	\$
82	Audio/video (allowance)	\$2,000
83	Folding chair & table (allowa	\$2,500
Total Scheduled Replacements \$4,500		
Item	2042 - YEAR 26	\$
10	Path signs & misc. compone	\$1,545
11	Canoe rack & boat storage (	\$1,030
16	Stormwater mgmt structures	\$1,500
17	Stormwater mgmt gabion & :	\$5,000
32	Boat ramp area, metal swing	\$2,500
33	Boat ramp, hinged float (allo	\$1,200
96	Pool pump, main 3 hp	\$3,800
97	Pool filter systems	\$1,420
98	Pool water chemical treatme	\$1,500
104	Pool furniture, lounges	\$3,255
105	Pool furniture, tables - small	\$1,000
106	Pool furniture, tables - large	\$2,000
108	Pool furniture, chairs @ larg	\$2,760
109	Pool furniture, Adirondack cl	\$2,000
Total Scheduled Replacements \$30,510		
Item	2043 - YEAR 27	\$
3	Asphalt pavement, seal coat	\$5,997
34	Roofing, asphalt shingles	\$11,942
38	Stucco repairs (10%)	\$4,485
39	Stucco recoating	\$14,831
46	Deck/stair/ramp, decking - c	\$16,758
48	Steel & wood steps @ West	\$7,525
60	Flooring, ceramic	\$19,560
61	Flooring, vinyl (2nd floor clos	\$308
62	Flooring, vinyl (1st floor)	\$2,468
63	Shower walls, ceramic tile	\$2,877
64	Baths/restrooms furnishings.	\$7,660
68	Kitchen, residential, wall cat	\$1,600
69	Kitchen, residential, base ca	\$5,100
70	Kitchen, res., appliances	\$5,925
73	Water heater, 66 gal.	\$1,000
78	Interior attic exhaust fan	\$1,000
84	Attic pull down stairs	\$1,500
111	Tennis court, color coat	\$7,370
Total Scheduled Replacements \$117,905		
Item	2044 - YEAR 28	\$
95	Pool pump, wading .5 hp	\$1,000
Total Scheduled Replacements \$1,000		
Item	2045 - YEAR 29	\$
7	Site Light, aluminum pole	\$16,650
Total Scheduled Replacements \$16,650		
Item	2046 - YEAR 30	\$
No Scheduled Replacements		

**PROJECTED REPLACEMENTS - YEARS 31 TO 36**

Item	2047 - YEAR 31	\$	Item	2048 - YEAR 32	\$	Item	2049 - YEAR 33	\$
1	Asphalt pavement, deep pat	\$10,493	3	Asphalt pavement, seal coat	\$5,997	74	HVAC - air handler & coil	\$9,000
2	Asphalt pavement, mill & ovr	\$49,474	45	Deck/stair/ramp, railing - ste	\$26,111	95	Pool pump, wading .5 hp	\$1,000
12	Shoreline revetment (20% a	\$312,000	47	Deck/stair/ramp, structure - l	\$55,860	107	Pool furniture, umbrellas	\$3,105
13	Cherry Tree Ln, shoreline re	\$104,000	82	Audio/video (allowance)	\$2,000			
18	Entry monument (repainting	\$3,200						
19	Entry monument lettering (al	\$2,100						
20	Entry monument trellis	\$2,730						
21	Entry monument trellis, penc	\$1,900						
22	Entry monument landscape	\$2,000						
24	Elevated walkway, replace d	\$8,774						
26	Community pier, replace dec	\$3,321						
28	Boat ramp, concrete - replac	\$32,000						
29	Boat ramp, piers, decking - r	\$6,683						
31	Boat ramp, lighting - solar	\$1,050						
49	Awning refabric	\$1,500						
85	Pool main, structure	\$133,025						
86	Pool main, whitecoat	\$9,155						
87	Pool main, waterline tile	\$2,091						
88	Pool main, coping - precast	\$5,665						
89	Pool wading, structure	\$18,424						
90	Pool wading, whitecoat & wa	\$1,612						
91	Pool wading, coping - preca	\$1,018						
93	Pool deck, drainage collecto	\$1,995						
114	Tennis court, fence	\$8,784						
Total Scheduled Replacements		\$722,993	Total Scheduled Replacements		\$89,967	Total Scheduled Replacements		\$13,105
Item	2050 - YEAR 34	\$	Item	2051 - YEAR 35	\$	Item	2052 - YEAR 36	\$
			94	Pool cover	\$3,108	10	Path signs & misc. compone	\$1,545
						11	Canoe rack & boat storage (	\$1,030
						16	Stormwater mgmt structures	\$1,500
						17	Stormwater mgmt gabion &	\$5,000
						33	Boat ramp, hinged float (allo	\$1,200
						104	Pool furniture, lounges	\$3,255
						105	Pool furniture, tables - small	\$1,000
						106	Pool furniture, tables - large	\$2,000
						108	Pool furniture, chairs @ larg	\$2,760
No Scheduled Replacements			All Replacements not listed		\$3,108	Total Scheduled Replacements		\$19,290

**PROJECTED REPLACEMENTS - YEARS 37 TO 42**

Item	2053 - YEAR 37	\$	Item	2054 - YEAR 38	\$	Item	2055 - YEAR 39	\$
3	Asphalt pavement, seal coat	\$5,997	95	Pool pump, wading .5 hp	\$1,000	6	Site light, ornate double hea	\$9,000
4	Concrete curb & gutter, bar	\$17,431				9	Community building sewer e	\$10,300
5	Concrete flatwork	\$18,509				82	Audio/video (allowance)	\$2,000
35	Gutter & downspout	\$1,848				83	Folding chair & table (allowa	\$2,500
36	Siding & trim, engineered w	\$10,635				99	Pool perimeter fence - 6' alu	\$11,473
37	Soffit & trim, vinyl	\$3,516				100	Pool wading fence - 4' alumi	\$1,723
38	Stucco repairs (10%)	\$4,485				101	Pool ladders - stainless stee	\$2,070
43	Window, fixed	\$1,712				102	Pool safety rails @ steps - s	\$1,300
44	Window, opening	\$11,400				103	Pool lifeguard chair, mounte	\$4,400
50	Awning structure	\$3,300						
51	Front low plaza, roof mod-bi	\$1,562						
52	Front low plaza, PTL deckin	\$923						
53	Front low plaza, solid railing	\$2,240						
58	Electric meter center & pane	\$1,800						
59	Flooring, wood laminate	\$10,284						
71	Stairs, replace treads & riser	\$2,400						
72	Stairs, replace wall hung wo	\$1,520						
73	Water heater, 66 gal.	\$1,000						
79	Interior exhaust fans	\$1,375						
111	Tennis court, color coat	\$7,370						
112	Tennis court, resurface/over	\$22,110						
113	Tennis court, post & footings	\$1,280						
Total Scheduled Replacements		\$132,696	Total Scheduled Replacements		\$1,000	Total Scheduled Replacements		\$44,766
Item	2056 - YEAR 40	\$	Item	2057 (beyond Study Period)	\$	Item	2058 (beyond Study Period)	\$
			12	Shoreline revetment (20% a	\$312,000	3	Asphalt pavement, seal coat	\$5,997
			13	Cherry Tree Ln, shoreline re	\$104,000	46	Deck/stair/ramp, decking - c	\$16,758
			14	Bulkhead, replace clapboar	\$2,420	61	Flooring, vinyl (2nd floor clo	\$308
			15	Bulkhead, replace	\$302,500	62	Flooring, vinyl (1st floor)	\$2,468
			18	Entry monument (repointing	\$3,200	70	Kitchen, res., appliances	\$5,925
			24	Elevated walkway, replace d	\$8,774	78	Interior attic exhaust fan	\$1,000
			26	Community pier, replace dex	\$3,321	84	Attic pull down stairs	\$1,500
			29	Boat ramp, piers, decking - r	\$6,683			
			32	Boat ramp area, metal swing	\$2,500			
			49	Awning refabric	\$1,500			
			86	Pool main, whitecoat	\$9,155			
			87	Pool main, waterline tile	\$2,091			
			90	Pool wading, whitecoat & we	\$1,612			
			93	Pool deck, drainage collecto	\$1,995			
			96	Pool pump, main 3 hp	\$3,800			
			97	Pool filter systems	\$1,420			
			98	Pool water chemical treatme	\$1,500			
			109	Pool furniture, Adirondack cl	\$2,000			
No Scheduled Replacements			Total Scheduled Replacements		\$770,471	Total Scheduled Replacements		\$33,956

## CASH FLOW METHOD ACCOUNTING SUMMARY

This Fishing Creek Farm Landside - Cash Flow Method Accounting Summary is an attachment to the Fishing Creek Farm Landside - Replacement Reserve Study dated May 26, 2017 and is for use by accounting and reserve professionals experienced in Association funding and accounting principles. This Summary consists of four reports, the 2017, 2018, and 2019 Cash Flow Method Category Funding Reports (3) and a Three-Year Replacement Funding Report.

- CASH FLOW METHOD CATEGORY FUNDING REPORT, 2017, 2018, and 2019. Each of the 114 Projected Replacements listed in the Fishing Creek Farm Landside Replacement Reserve Inventory has been assigned to one of 8 categories. The following information is summarized by category in each report:
  - Normal Economic Life and Remaining Economic Life of the Projected Replacements.
  - Cost of all Scheduled Replacements in each category.
  - Replacement Reserves on Deposit allocated to the category at the beginning and end of the report period.
  - Cost of Projected Replacements in the report period.
  - Recommended Replacement Reserve Funding allocated to the category during the report period as calculated by the Cash Flow Method.
- THREE-YEAR REPLACEMENT FUNDING REPORT. This report details the allocation of the \$144,031 Beginning Balance (at the start of the Study Year) and the \$593,628 of additional Replacement Reserve Funding in 2017 through 2019 (as calculated in the Replacement Reserve Analysis) to each of the 114 Projected Replacements listed in the Replacement Reserve Inventory. These allocations have been made using Chronological Allocation, a method developed by Miller Dodson Associates, Inc., and discussed below. The calculated data includes:
  - Identification and estimated cost of each Projected Replacement scheduled in years 2017 through 2019.
  - Allocation of the \$144,031 Beginning Balance to the Projected Replacements by Chronological Allocation.
  - Allocation of the \$593,628 of additional Replacement Reserve Funding recommended in the Replacement Reserve Analysis in years 2017 through 2019, by Chronological Allocation.
- CHRONOLOGICAL ALLOCATION. Chronological Allocation assigns Replacement Reserves to Projected Replacements on a "first come, first serve" basis in keeping with the basic philosophy of the Cash Flow Method. The Chronological Allocation methodology is outlined below.
  - The first step is the allocation of the \$144,031 Beginning Balance to the Projected Replacements in the Study Year. Remaining unallocated funds are next allocated to the Projected Replacements in subsequent years in chronological order until the total of Projected Replacements in the next year is greater than the unallocated funds. Projected Replacements in this year are partially funded with each replacement receiving percentage funding. The percentage of funding is calculated by dividing the unallocated funds by the total of Projected Replacements in the partially funded year.

At Fishing Creek Farm Landside the Beginning Balance funds 32.4% of Scheduled Replacements in the Study Year.
  - The next step is the allocation of the \$391,867 of 2017 Cash Flow Method Reserve Funding calculated in the Replacement Reserve Analysis. These funds are first allocated to fund the partially funded Projected Replacements and then to subsequent years in chronological order as outlined above.

At Fishing Creek Farm Landside the Beginning Balance and the 2017 Replacement Reserve Funding, funds replacements through 2024 and partial funds (22.7%) replacements in 2025.
  - Allocations of the 2018 and 2019 Reserve Funding are done using the same methodology.
  - The Three-Year Replacement Funding Report details component by component allocations made by Chronological Allocation.

## 2017 - CASH FLOW METHOD CATEGORY FUNDING REPORT

Each of the 114 Projected Replacements included in the Fishing Creek Farm Landside Replacement Reserve Inventory has been assigned to one of the 8 categories listed in TABLE CF1 below. This calculated data is a summary of data provided in the Three-Year Replacement Funding Report and Replacement Reserve Inventory. The accuracy of this data is dependent upon many factors including the following critical financial data:

- A Beginning Balance of \$144,031 as of the first day of the Study Year, January 1, 2017.
- Total reserve funding (including the Beginning Balance) of \$535,898 in the Study Year.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory in 2017 being accomplished in 2017 at a cost of \$443,898.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates to arrange for an update of the Replacement Reserve Study.

### 2017 - CASH FLOW METHOD CATEGORY FUNDING - TABLE CF1

CATEGORY	NORMAL ECONOMIC LIFE	REMAINING ECONOMIC LIFE	ESTIMATED REPLACEMENT COST	2017 BEGINNING BALANCE	2017 RESERVE FUNDING	2017 PROJECTED REPLACEMENTS	2017 END OF YEAR BALANCE
SITE COMPONENTS	5 to 30 years	0 to 28 years	\$878,148	\$135,764	\$339,664	(\$418,420)	\$57,009
SITE COMPONENTS (cont.)	10 to 40 years	0 to 22 years	\$372,633	\$7,780	\$22,572	(\$23,978)	\$6,374
BUILDING EXTERIOR COMPONENTS	10 to 40 years	0 to 36 years	\$190,277	\$487	\$5,498	(\$1,500)	\$4,485
BUILDING EXTERIOR COMPONENTS (cont.)	25 to 40 years	21 to 36 years	\$17,850				
BUILDING INTERIOR COMPONENTS	10 to 40 years	6 to 36 years	\$78,902		\$3,043		\$3,043
BUILDING INTERIOR COMPONENTS (cont.)	7 to 25 years	3 to 21 years	\$20,025		\$2,000		\$2,000
RECREATION COMPONENTS	5 to 60 years	2 to 38 years	\$252,420		\$2,000		\$2,000
RECREATION COMPONENTS (cont.)	10 to 25 years	5 to 20 years	\$65,734		\$17,090		\$17,090

## 2018 - CASH FLOW METHOD CATEGORY FUNDING REPORT

Each of the 114 Projected Replacements included in the Fishing Creek Farm Landside Replacement Reserve Inventory has been assigned to one of the 8 categories listed in TABLE CF2 below. This calculated data is a summary of data provided in the Three-Year Replacement Funding Report and Replacement Reserve Inventory. The accuracy of this data is dependent upon many factors including the following critical financial data:

- Replacement Reserves on Deposit totaling \$92,000 on January 1, 2018.
- Total reserve funding (including the Beginning Balance) of \$636,779 from 2017 through 2018.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory in 2018 being accomplished in 2018 at a cost of \$5,997.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates to arrange for an update of the Replacement Reserve Study.

### 2018 - CASH FLOW METHOD CATEGORY FUNDING - TABLE CF2

CATEGORY	NORMAL ECONOMIC LIFE	REMAINING ECONOMIC LIFE	ESTIMATED REPLACEMENT COST	2018 BEGINNING BALANCE	2018 RESERVE FUNDING	2018 PROJECTED REPLACEMENTS	2018 END OF YEAR BALANCE
SITE COMPONENTS	5 to 30 years	0 to 27 years	\$878,148	\$57,009	\$64,649	(\$5,997)	\$115,661
SITE COMPONENTS (cont.)	10 to 40 years	4 to 21 years	\$372,633	\$6,374	\$22,875		\$29,249
BUILDING EXTERIOR COMPONENTS	10 to 40 years	5 to 35 years	\$190,277	\$4,485	\$125		\$4,610
BUILDING EXTERIOR COMPONENTS (cont.)	25 to 40 years	20 to 35 years	\$17,850				
BUILDING INTERIOR COMPONENTS	10 to 40 years	5 to 35 years	\$78,902	\$3,043	\$6,957		\$10,000
BUILDING INTERIOR COMPONENTS (cont.)	7 to 25 years	2 to 20 years	\$20,025	\$2,000	\$374		\$2,374
RECREATION COMPONENTS	5 to 60 years	1 to 37 years	\$252,420	\$2,000	\$2,605		\$4,605
RECREATION COMPONENTS (cont.)	10 to 25 years	4 to 19 years	\$65,734	\$17,090	\$3,296		\$20,386

## 2019 - CASH FLOW METHOD CATEGORY FUNDING REPORT

Each of the 114 Projected Replacements included in the Fishing Creek Farm Landside Replacement Reserve Inventory has been assigned to one of the 8 categories listed in TABLE CF3 below. This calculated data is a summary of data provided in the Three-Year Replacement Funding Report and Replacement Reserve Inventory. The accuracy of this data is dependent upon many factors including the following critical financial data:

- Replacement Reserves on Deposit totaling \$186,884 on January 1, 2019.
- Total Replacement Reserve funding (including the Beginning Balance) of \$737,659 from 2017 to 2019.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory in 2019 being accomplished in 2019 at a cost of \$1,000.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates to arrange for an update of the Replacement Reserve Study.

### 2019 - CASH FLOW METHOD CATEGORY FUNDING - TABLE CF3

CATEGORY	NORMAL ECONOMIC LIFE	REMAINING ECONOMIC LIFE	ESTIMATED REPLACEMENT COST	2019 BEGINNING BALANCE	2019 RESERVE FUNDING	2019 PROJECTED REPLACEMENTS	2019 END OF YEAR BALANCE
SITE COMPONENTS	5 to 30 years	3 to 26 years	\$878,148	\$115,661	\$88,256		\$203,917
SITE COMPONENTS (cont.)	10 to 40 years	3 to 20 years	\$372,633	\$29,249	\$7,166		\$36,415
BUILDING EXTERIOR COMPONENTS	10 to 40 years	4 to 34 years	\$190,277	\$4,610	\$170		\$4,780
BUILDING EXTERIOR COMPONENTS (cont.)	25 to 40 years	19 to 34 years	\$17,850				
BUILDING INTERIOR COMPONENTS	10 to 40 years	4 to 34 years	\$78,902	\$10,000	\$0		\$10,000
BUILDING INTERIOR COMPONENTS (cont.)	7 to 25 years	1 to 19 years	\$20,025	\$2,374	\$510		\$2,884
RECREATION COMPONENTS	5 to 60 years	0 to 36 years	\$252,420	\$4,605	\$3,556	(\$1,000)	\$7,160
RECREATION COMPONENTS (cont.)	10 to 25 years	3 to 18 years	\$65,734	\$20,386	\$1,223		\$21,608



## CASH FLOW METHOD - THREE-YEAR REPLACEMENT FUNDING REPORT

TABLE CF4 below details the allocation of the \$144,031 Beginning Balance, as reported by the Association and the \$593,628 of Replacement Reserve Funding calculated by the Cash Flow Method from 2017 to 2019, to the 114 Projected Replacements listed in the Replacement Reserve Inventory. These allocations have been made by Chronological Allocation, a method developed by Miller Dodson Associates, Inc., and outlined on Page CF1.

The accuracy of the allocations is dependent upon many factors including the following critical financial data:

- Replacement Reserves on Deposit totaling \$144,031 on January 1, 2017.
- Replacement Reserves on Deposit totaling \$92,000 on January 1, 2018.
- Replacement Reserves on Deposit totaling \$186,884 on January 1, 2019.
- Total Replacement Reserve funding (including the Beginning Balance) of \$737,659 from 2017 to 2019.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory from 2017 to 2019 being accomplished as scheduled in the Replacement Reserve Inventory at a cost of \$450,895.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates, Inc., to arrange for an update of the Replacement Reserve Study.

CASH FLOW METHOD - THREE-YEAR REPLACEMENT FUNDING - TABLE CF4												
Item #	Description of Projected Replacement	Estimated Replacement Costs	Allocation of Beginning Balance	2017 Reserve Funding	2017 Projected Replacements	2017 End of Year Balance	2018 Reserve Funding	2018 Projected Replacements	2018 End of Year Balance	2019 Reserve Funding	2019 Projected Replacements	2019 End of Year Balance
SITE COMPONENTS												
1	Asphalt pavement, deep patch & overlay	10,493					871		871	1,190		2,061
2	Asphalt pavement, mill & overlay	49,474					4,109		4,109	5,609		9,718
3	Asphalt pavement, seal coat	5,997		11,994		11,994		(5,997)	5,997			5,997
4	Concrete curb & gutter, barrier	17,431		17,431		17,431			17,431			17,431
5	Concrete flatwork	18,509		18,509		18,509			18,509			18,509
6	Site light, ornate double head	9,000										
7	Site Light, aluminum pole	16,650										
8	Community building well	10,300										
9	Community building sewer ejector	10,300										
10	Path signs & misc. components (allowance)	1,545		1,545		1,545			1,545			1,545
11	Canoe rack & boat storage (allow.)	1,030		1,030		1,030			1,030			1,030
12	Shoreline revetment (20% allowance)	312,000	101,234	210,766	(312,000)		25,911		25,911	35,372		61,283
13	Cherry Tree Ln. shoreline revetment	104,000	33,745	70,255	(104,000)		8,637		8,637	11,791		20,428
14	Bulkhead, replace clapboard	2,420	785	1,635	(2,420)							
15	Bulkhead, replace	302,500					25,122		25,122	34,295		59,417
16	Stormwater mgmt structures (allowance)	1,500		1,500		1,500			1,500			1,500
17	Stormwater mgmt gabion & stone (allowance)	5,000		5,000		5,000			5,000			5,000
SITE COMPONENTS (cont.)												
18	Entry monument (repainting allowance)	3,200	1,038	2,162	(3,200)		266		266	363		629
19	Entry monument lettering (allowance)	2,100					174		174	238		412
20	Entry monument trellis	2,730					227		227	310		536
21	Entry monument trellis, pendant lights	1,900					158		158	215		373
22	Entry monument landscape lights	2,000	649	1,351	(2,000)							
23	Entry fence, 3 rail vinyl	22,800		5,174		5,174	17,626		22,800			22,800
24	Elevated walkway, replace decking & stairs	8,774	2,847	5,927	(8,774)		729		729	995		1,723
25	Elevated walkway, replace	160,500										
26	Community pier, replace decking & stairs	3,321	1,078	2,243	(3,321)		276		276	377		652
27	Community pier, replace	60,750										
28	Boat ramp, concrete - replace	32,000					2,658		2,658	3,628		6,285
29	Boat ramp, piers, decking - replace	6,683	2,168	4,515	(6,683)		555		555	758		1,313
30	Boat ramp, piers - replace	61,125										
31	Boat ramp, lighting - solar	1,050										
32	Boat ramp area, metal swing gates	2,500					208		208	283		491
33	Boat ramp, hinged float (allowance)	1,200		1,200		1,200			1,200			1,200
BUILDING EXTERIOR COMPONENTS												
34	Roofing, asphalt shingles	11,942										
35	Gutter & downspout	1,848										
36	Siding & trim, engineered wood	10,635										
37	Soffit & trim, vinyl	3,516										
38	Stucco repairs (10%)	4,485		4,485		4,485			4,485			4,485
39	Stucco recoating	14,831										

Item #	Description of Projected Replacement	Estimated Replacement Costs	Allocation of Beginning Balance	2017 Reserve Funding	2017 Projected Replacements	2017 End of Year Balance	2018 Reserve Funding	2018 Projected Replacements	2018 End of Year Balance	2019 Reserve Funding	2019 Projected Replacements	2019 End of Year Balance
40	Door, double steel full lites w/ 12" side	3,125	487	1,013	(1,500)		125		125	170		295
41	Doors glazed with full sidelite	5,055										
42	Door solid	5,950										
43	Window, fixed	1,712										
44	Window, opening	11,400										
45	Deck/stair/ramp, railing - steel	26,111										
46	Deck/stair/ramp, decking - composite	16,758										
47	Deck/stair/ramp, structure - PTL	55,860										
48	Steel & wood steps @ West Elevation	7,525										
49	Awning refabric	1,500										
50	Awning structure	3,300										
51	Front low plaza, roof mod-bitumen	1,562										
52	Front low plaza, PTL decking	923										
53	Front low plaza, solid railing, wood	2,240										
BUILDING EXTERIOR COMPONENTS												
54	Lighting, wall sconces	11,000										
55	Lighting, pendant lights	3,000										
56	Lighting, 2 headed lights under the deck	1,050										
57	Ceiling fan, no light	1,000										
58	Electric meter center & panels	1,800										
BUILDING INTERIOR COMPONENTS												
59	Flooring, wood laminate	10,284										
60	Flooring, ceramic	19,560										
61	Flooring, vinyl (2nd floor closets)	308										
62	Flooring, vinyl (1st floor)	2,468										
63	Shower walls, ceramic tile	2,877										
64	Baths/restrooms furnishings/fixtures	7,660										
65	Interior doors, metal	4,800										
66	Interior door, glass	1,000										
67	Interior doors, wood	3,400										
68	Kitchen, residential, wall cabinets	1,600										
69	Kitchen, residential, base cabinets	5,100										
70	Kitchen, res., appliances	5,925										
71	Stairs, replace treads & risers	2,400										
72	Stairs, replace wall hung wood rails 2 c	1,520										
73	Water heater, 66 gal.	1,000		1,000		1,000			1,000			1,000
74	HVAC - air handler & coil	9,000		2,043		2,043	6,957		9,000			9,000
BUILDING INTERIOR COMPONENTS												
75	Interior lighting, general	5,000										
76	Interior lighting, chandeliers	1,400										
77	Interior ceiling fan	1,000										
78	Interior attic exhaust fan	1,000										
79	Interior exhaust fans	1,375										
80	Emergency lighting, battery back-up	2,450										
81	Emergency lighting, illuminated exit li	1,800										
82	Audio/video (allowance)	2,000		2,000		2,000	166		2,166	227		2,393
83	Folding chair & table (allowance)	2,500					208		208	283		491
84	Attic pull down stairs	1,500										
RECREATION COMPONENTS												
85	Pool main, structure	133,025										
86	Pool main, whitecoat	9,155					760		760	1,038		1,798
87	Pool main, waterline tile	2,091					174		174	237		411
88	Pool main, coping - precast concrete	5,665					470		470	642		1,113
89	Pool wading, structure	18,424										
90	Pool wading, whitecoat & waterline til	1,612					134		134	183		317
91	Pool wading, coping - precast concrete	1,018					85		85	115		200
92	Pool deck & flatwork, concrete	47,642										
93	Pool deck, drainage collector troughs	1,995					166		166	226		392
94	Pool cover	3,108					258		258	352		610
95	Pool pump, wading .5 hp	1,000		2,000		2,000			2,000		(1,000)	1,000
96	Pool pump, main 3 hp	3,800					316		316	431		746
97	Pool filter systems	1,420					118		118	161		279
98	Pool water chemical treatment system	1,500					125		125	170		295
99	Pool perimeter fence - 6' aluminum	11,473										
100	Pool wading fence - 4' aluminum	1,723										
101	Pool ladders - stainless steel	2,070										
102	Pool safety rails @ steps - stainless ste	1,300										
103	Pool lifeguard chair, mounted - stainles	4,400										

**CASH FLOW METHOD - THREE-YEAR REPLACEMENT FUNDING - TABLE CF4 cont'd**

Item #	Description of Projected Replacement	Estimated Replacement Costs	Allocation of Beginning Balance	2017 Reserve Funding	2017 Projected Replacements	2017 End of Year Balance	2018 Reserve Funding	2018 Projected Replacements	2018 End of Year Balance	2019 Reserve Funding	2019 Projected Replacements	2019 End of Year Balance
RECREATION COMPONENTS (cont)												
104	Pool furniture, lounges	3,255		3,255		3,255			3,255			3,255
105	Pool furniture, tables - small	1,000		1,000		1,000			1,000			1,000
106	Pool furniture, tables - large	2,000		2,000		2,000			2,000			2,000
107	Pool furniture, umbrellas	3,105		705		705	2,400		3,105			3,105
108	Pool furniture, chairs @ large tables	2,760		2,760		2,760			2,760			2,760
109	Pool furniture, Adirondack chairs	2,000					166		166	227		393
110	Pool entry gazebo, open with wood sur	12,070										
111	Tennis court, color coat	7,370		7,370		7,370			7,370			7,370
112	Tennis court, resurface/overlay	22,110										
113	Tennis court, post & footings	1,280										
114	Tennis court, fence	8,784					729		729	996		1,725

## COMPONENT METHOD



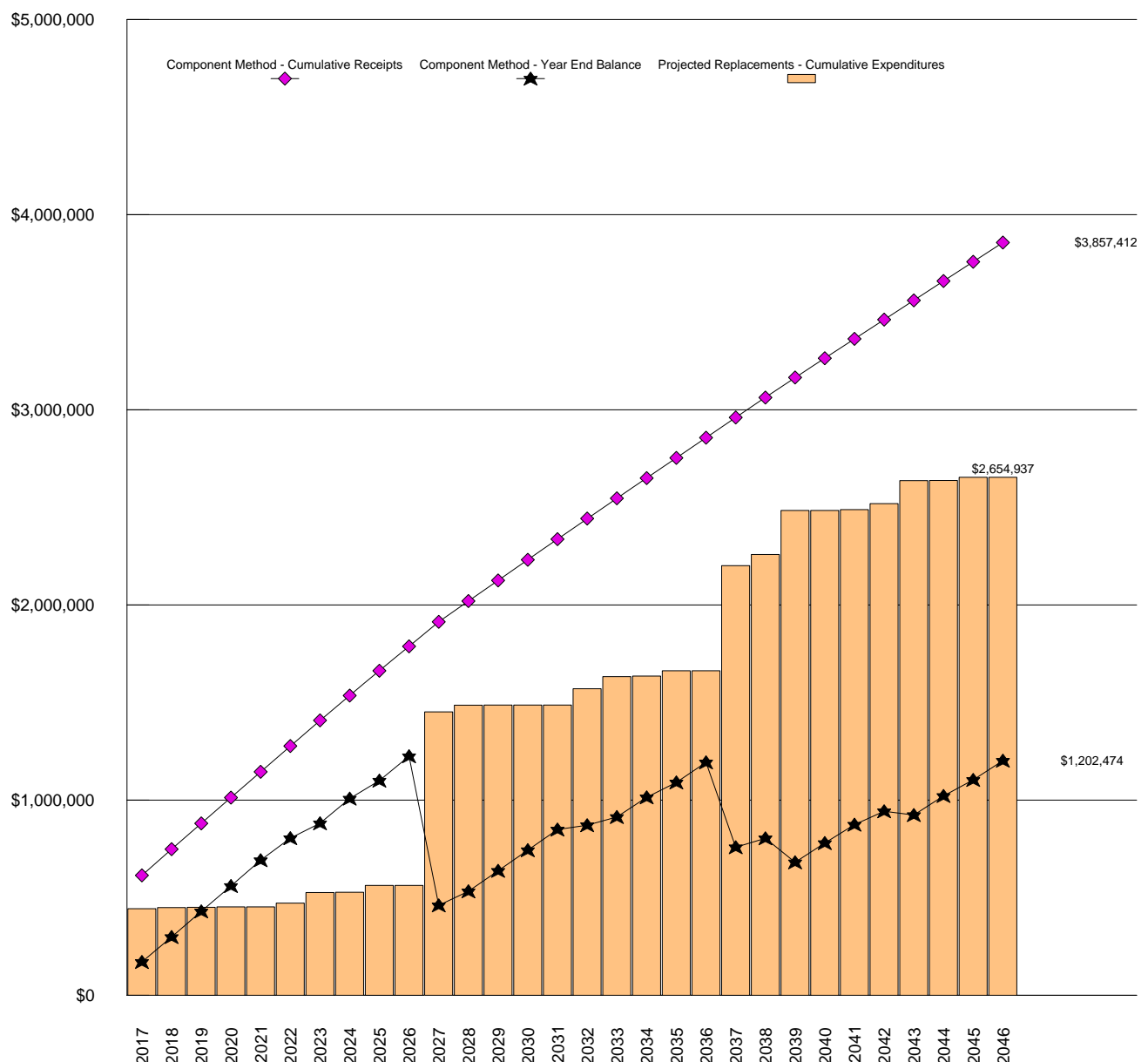
**\$470,697**

### COMPONENT METHOD RECOMMENDED ANNUAL FUNDING OF REPLACEMENT RESERVES IN THE STUDY YEAR, 2017.

\$326.87 Per unit (average), recommended monthly funding of Replacement Reserves

General. The Component Method (also referred to as the Full Funded Method) is a very conservative mathematical model developed by HUD in the early 1980s. Each of the 114 Projected Replacements listed in the Replacement Reserve Inventory is treated as a separate account. The Beginning Balance is allocated to each of the individual accounts, as is all subsequent funding of Replacement Reserves. These funds are "locked" in these individual accounts and are not available to fund other Projected Replacements. The calculation of Recommended Annual Funding of Replacement Reserves is a multi-step process outlined in more detail on Page CM2.

### Component Method - Cumulative Receipts and Expenditures Graph



## COMPONENT METHOD (cont'd)

- **Current Funding Objective.** A Current Funding Objective is calculated for each of the Projected Replacements listed in the Replacement Reserve Inventory. Replacement Cost is divided by the Normal Economic Life to determine the nominal annual contribution. The Remaining Economic Life is then subtracted from the Normal Economic Life to calculate the number of years that the nominal annual contribution should have been made. The two values are then multiplied to determine the Current Funding Objective. This is repeated for each of the 114 Projected Replacements. The total, \$1,014,969, is the Current Funding Objective.

For an example, consider a very simple Replacement Reserve Inventory with one Projected Replacement, a fence with a \$1,000 Replacement Cost, a Normal Economic Life of 10 years, and a Remaining Economic Life of 2 years. A contribution to Replacement Reserves of \$100 (\$1,000 ÷ 10 years) should have been made in each of the previous 8 years (10 years - 2 years). The result is a Current Funding Objective of \$800 (8 years x \$100 per year).

- **Funding Percentage.** The Funding Percentage is calculated by dividing the Beginning Balance (\$144,031) by the Current Funding Objective (\$1,014,969). At Fishing Creek Farm Landside the Funding Percentage is 14.2%
- **Allocation of the Beginning Balance.** The Beginning Balance is divided among the 114 Projected Replacements in the Replacement Reserve Inventory. The Current Funding Objective for each Projected Replacement is multiplied by the Funding Percentage and these funds are then "locked" into the account of each item.

If we relate this calculation back to our fence example, it means that the Association has not accumulated \$800 in Reserves (the Funding Objective), but rather at 14.2 percent funded, there is \$114 in the account for the fence.

- **Annual Funding.** The Recommended Annual Funding of Replacement Reserves is then calculated for each Projected Replacement. The funds allocated to the account of the Projected Replacement are subtracted from the Replacement Cost. The result is then divided by the number of years until replacement, and the result is the annual funding for each of the Projected Replacements. The sum of these is \$470,697, the Component Method Recommended Annual Funding of Replacement Reserves in the Study Year (2017).

In our fence example, the \$114 in the account is subtracted from the \$1,000 Total Replacement Cost and divided by the 2 years that remain before replacement, resulting in an annual deposit of \$443. Next year, the deposit remains \$443, but in the third year, the fence is replaced and the annual funding adjusts to \$100.

- **Adjustment to the Component Method for interest and inflation.** The calculations in the Replacement Reserve Analysis do not account for interest earned on Replacement Reserves, inflation, or a constant annual increase in Annual Funding of Replacement Reserves. The Component Method is a very conservative method and if the Analysis is updated regularly, adequate funding will be maintained without the need for adjustments.

### Component Method Data - Years 1 through 30

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Beginning balance	\$144,031									
Recommended annual funding	\$470,697	\$133,993	\$132,449	\$132,335	\$132,151	\$132,151	\$131,047	\$127,197	\$127,197	\$125,293
Interest on reserves										
Expenditures	\$443,898	\$5,997	\$1,000	\$2,000		\$19,290	\$54,792	\$1,000	\$34,905	
Year end balance	\$170,830	\$298,826	\$430,275	\$560,609	\$692,760	\$805,621	\$881,877	\$1,008,073	\$1,100,365	\$1,225,659
Cumulative Expenditures	\$443,898	\$449,895	\$450,895	\$452,895	\$452,895	\$472,185	\$526,977	\$527,977	\$562,882	\$562,882
Cumulative Receipts	\$614,728	\$748,720	\$881,170	\$1,013,504	\$1,145,655	\$1,277,806	\$1,408,853	\$1,536,050	\$1,663,247	\$1,788,540
Year	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Recommended annual funding	\$125,293	\$106,180	\$105,781	\$105,781	\$105,781	\$105,781	\$103,818	\$103,492	\$103,492	\$103,431
Interest on reserves										
Expenditures	\$889,822	\$33,956	\$1,000			\$83,465	\$61,925	\$3,000	\$27,070	
Year end balance	\$461,130	\$533,355	\$638,136	\$743,916	\$849,697	\$872,012	\$913,905	\$1,014,397	\$1,090,819	\$1,194,250
Cumulative Expenditures	\$1,452,703	\$1,486,659	\$1,487,659	\$1,487,659	\$1,487,659	\$1,571,124	\$1,633,049	\$1,636,049	\$1,663,119	\$1,663,119
Cumulative Receipts	\$1,913,834	\$2,020,014	\$2,125,795	\$2,231,575	\$2,337,356	\$2,443,136	\$2,546,954	\$2,650,446	\$2,753,938	\$2,857,369
Year	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
Recommended annual funding	\$103,431	\$102,642	\$102,403	\$98,895	\$98,895	\$98,895	\$98,895	\$98,669	\$98,669	\$98,652
Interest on reserves										
Expenditures	\$538,868	\$57,027	\$225,358		\$4,500	\$30,510	\$117,905	\$1,000	\$16,650	
Year end balance	\$758,812	\$804,427	\$681,472	\$780,366	\$874,761	\$943,146	\$924,135	\$1,021,804	\$1,103,822	\$1,202,474
Cumulative Expenditures	\$2,201,987	\$2,259,014	\$2,484,372	\$2,484,372	\$2,488,872	\$2,519,382	\$2,637,287	\$2,638,287	\$2,654,937	\$2,654,937
Cumulative Receipts	\$2,960,800	\$3,063,441	\$3,165,844	\$3,264,739	\$3,363,633	\$3,462,528	\$3,561,422	\$3,660,091	\$3,758,760	\$3,857,412

## COMPONENT METHOD ACCOUNTING SUMMARY

This Fishing Creek Farm Landside - Component Method Accounting Summary is an attachment to the Fishing Creek Farm Landside - Replacement Reserve Study dated May 26, 2017 and is for use by accounting and reserve professionals experienced in Association funding and accounting principles. This Summary consists of four reports, the 2017, 2018, and 2019 Component Method Category Funding Reports (3) and a Three-Year Replacement Funding Report.

- COMPONENT METHOD CATEGORY FUNDING REPORT, 2017, 2018, and 2019. Each of the 114 Projected Replacements listed in the Fishing Creek Farm Landside Replacement Reserve Inventory has been assigned to one of 8 categories. The following information is summarized by category in each report:
  - Normal Economic Life and Remaining Economic Life of the Projected Replacements.
  - Cost of all Scheduled Replacements in each category.
  - Replacement Reserves on Deposit allocated to the category at the beginning and end of the report period.
  - Cost of Projected Replacements in the report period.
  - Recommended Replacement Reserve Funding allocated to the category during the report period as calculated by the Component Method.
- THREE-YEAR REPLACEMENT FUNDING REPORT. This report details the allocation of the \$144,031 Beginning Balance (at the start of the Study Year) and the \$737,139 of additional Replacement Reserve funding from 2017 to 2019 (as calculated in the Replacement Reserve Analysis) to each of the 114 Projected Replacements listed in the Replacement Reserve Inventory. These allocations have been made using the Component Method as outlined in the Replacement Reserve Analysis. The calculated data includes:
  - Identification and estimated cost of each Projected Replacement schedule in years 2017 through 2019.
  - Allocation of the \$144,031 Beginning Balance to the Projected Replacements by the Component Method.
  - Allocation of the \$737,139 of additional Replacement Reserve Funding recommended in the Replacement Reserve Analysis in years 2017 through 2019, by the Component Method.

## 2017 - COMPONENT METHOD CATEGORY FUNDING REPORT

Each of the 114 Projected Replacements included in the Fishing Creek Farm Landside Replacement Reserve Inventory has been assigned to one of the 8 categories listed in TABLE CM1 below. This calculated data is a summary of data provided in the Three-Year Replacement Funding Report and Replacement Reserve Inventory. The accuracy of this data is dependent upon many factors including the following critical financial data:

- A Beginning Balance of \$144,031 as of the first day of the Study Year, January 1, 2017.
- Total reserve funding (including the Beginning Balance) of \$614,728 in the Study Year.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory in 2017 being accomplished in 2017 at a cost of \$443,898.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates to arrange for an update of the Replacement Reserve Study.

**2017 - COMPONENT METHOD CATEGORY FUNDING - TABLE CM1**

CATEGORY	NORMAL ECONOMIC LIFE	REMAINING ECONOMIC LIFE	ESTIMATED REPLACEMENT COST	2017 BEGINNING BALANCE	2017 RESERVE FUNDING	2017 PROJECTED REPLACEMENTS	2017 END OF YEAR BALANCE
SITE COMPONENTS	5 to 30 years	0 to 28 years	\$878,148	\$95,983	\$399,970	\$418,420	\$77,533
SITE COMPONENTS (cont.)	10 to 40 years	0 to 22 years	\$372,633	\$26,990	\$39,145	\$23,978	\$42,157
BUILDING EXTERIOR COMPONENTS	10 to 40 years	0 to 36 years	\$190,277	\$3,084	\$8,912	\$1,500	\$10,496
BUILDING EXTERIOR COMPONENTS (cont.)	25 to 40 years	21 to 36 years	\$17,850	\$292	\$765		\$1,058
BUILDING INTERIOR COMPONENTS	10 to 40 years	6 to 36 years	\$78,902	\$1,548	\$4,257		\$5,805
BUILDING INTERIOR COMPONENTS (cont.)	7 to 25 years	3 to 21 years	\$20,025	\$496	\$1,492		\$1,988
RECREATION COMPONENTS	5 to 60 years	2 to 38 years	\$252,420	\$13,292	\$10,566		\$23,858
RECREATION COMPONENTS (cont.)	10 to 25 years	5 to 20 years	\$65,734	\$2,344	\$5,589		\$7,933

## 2018 - COMPONENT METHOD CATEGORY FUNDING REPORT

Each of the 114 Projected Replacements included in the Fishing Creek Farm Landside Replacement Reserve Inventory has been assigned to one of the 8 categories listed in TABLE CM2 below. This calculated data is a summary of data provided in the Three-Year Replacement Funding Report and Replacement Reserve Inventory. The accuracy of this data is dependent upon many factors including the following critical financial data:

- Replacement Reserves on Deposit totaling \$170,830 on January 1, 2018.
- Total reserve funding (including the Beginning Balance) of \$748,720 from 2017 through 2018.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory in 2018 being accomplished in 2018 at a cost of \$5,997.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates to arrange for an update of the Replacement Reserve Study.

### 2018 - COMPONENT METHOD CATEGORY FUNDING - TABLE CM2

CATEGORY	NORMAL ECONOMIC LIFE	REMAINING ECONOMIC LIFE	ESTIMATED REPLACEMENT COST	2018 BEGINNING BALANCE	2018 RESERVE FUNDING	2018 PROJECTED REPLACEMENTS	2018 END OF YEAR BALANCE
SITE COMPONENTS	5 to 30 years	0 to 27 years	\$878,148	\$77,533	\$82,648	\$5,997	\$154,184
SITE COMPONENTS (cont.)	10 to 40 years	4 to 21 years	\$372,633	\$42,157	\$20,901		\$63,058
BUILDING EXTERIOR COMPONENTS	10 to 40 years	5 to 35 years	\$190,277	\$10,496	\$7,775		\$18,271
BUILDING EXTERIOR COMPONENTS (cont.)	25 to 40 years	20 to 35 years	\$17,850	\$1,058	\$765		\$1,823
BUILDING INTERIOR COMPONENTS	10 to 40 years	5 to 35 years	\$78,902	\$5,805	\$4,257		\$10,063
BUILDING INTERIOR COMPONENTS (cont.)	7 to 25 years	2 to 20 years	\$20,025	\$1,988	\$1,492		\$3,480
RECREATION COMPONENTS	5 to 60 years	1 to 37 years	\$252,420	\$23,858	\$10,566		\$34,424
RECREATION COMPONENTS (cont.)	10 to 25 years	4 to 19 years	\$65,734	\$7,933	\$5,589		\$13,522



## 2019 - COMPONENT METHOD CATEGORY FUNDING REPORT

Each of the 114 Projected Replacements included in the Fishing Creek Farm Landside Replacement Reserve Inventory has been assigned to one of the 8 categories listed in TABLE CM3 below. This calculated data is a summary of data provided in the Three-Year Replacement Funding Report and Replacement Reserve Inventory. The accuracy of this data is dependent upon many factors including the following critical financial data:

- Replacement Reserves on Deposit totaling \$298,826 on January 1, 2019.
- Total Replacement Reserve funding (including the Beginning Balance) of \$881,170 from 2017 to 2019.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory in 2019 being accomplished in 2019 at a cost of \$1,000.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates to arrange for an update of the Replacement Reserve Study.

**2019 - COMPONENT METHOD CATEGORY FUNDING - TABLE CM3**

CATEGORY	NORMAL ECONOMIC LIFE	REMAINING ECONOMIC LIFE	ESTIMATED REPLACEMENT COST	2019 BEGINNING BALANCE	2019 RESERVE FUNDING	2019 PROJECTED REPLACEMENTS	2019 END OF YEAR BALANCE
SITE COMPONENTS	5 to 30 years	3 to 26 years	\$878,148	\$154,184	\$81,104		\$235,288
SITE COMPONENTS (cont.)	10 to 40 years	3 to 20 years	\$372,633	\$63,058	\$20,901		\$83,959
BUILDING EXTERIOR COMPONENTS	10 to 40 years	4 to 34 years	\$190,277	\$18,271	\$7,775		\$26,046
BUILDING EXTERIOR COMPONENTS (cont.)	25 to 40 years	19 to 34 years	\$17,850	\$1,823	\$765		\$2,588
BUILDING INTERIOR COMPONENTS	10 to 40 years	4 to 34 years	\$78,902	\$10,063	\$4,257		\$14,320
BUILDING INTERIOR COMPONENTS (cont.)	7 to 25 years	1 to 19 years	\$20,025	\$3,480	\$1,492		\$4,972
RECREATION COMPONENTS	5 to 60 years	0 to 36 years	\$252,420	\$34,424	\$10,566	\$1,000	\$43,990
RECREATION COMPONENTS (cont.)	10 to 25 years	3 to 18 years	\$65,734	\$13,522	\$5,589		\$19,111

## COMPONENT METHOD - THREE-YEAR REPLACEMENT FUNDING REPORT

TABLE CM4 below details the allocation of the \$144,031 Beginning Balance, as reported by the Association and the \$737,139 of Replacement Reserve Funding calculated by the Cash Flow Method from 2017 to 2019, to the 114 Projected Replacements listed in the Replacement Reserve Inventory. These allocations have been made by Chronological Allocation, a method developed by Miller Dodson Associates, Inc., and outlined on Page CF1. The accuracy of the allocations is dependent upon many factors including the following critical financial data:

- Replacement Reserves on Deposit totaling \$144,031 on January 1, 2017.
- Replacement Reserves on Deposit totaling \$170,830 on January 1, 2018.
- Replacement Reserves on Deposit totaling \$298,826 on January 1, 2019.
- Total Replacement Reserve funding (including the Beginning Balance) of \$881,170 from 2017 to 2019.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory from 2017 to 2019 being accomplished as scheduled in the Replacement Reserve Inventory at a cost of \$450,895.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates, Inc., to arrange for an update of the Replacement Reserve Study.

COMPONENT METHOD - THREE-YEAR REPLACEMENT FUNDING - TABLE CM4												
Item #	Description of Projected Replacement	Estimated Replacement Costs	Allocation of Beginning Balance	2017 Reserve Funding	2017 Projected Replacements	2017 End of Year Balance	2018 Reserve Funding	2018 Projected Replacements	2018 End of Year Balance	2019 Reserve Funding	2019 Projected Replacements	2019 End of Year Balance
SITE COMPONENTS												
1	Asphalt pavement, deep patch & overlay	10,493	670	893		1,563	893		2,456	893		3,349
2	Asphalt pavement, mill & overlay	49,474	3,159	4,210		7,370	4,210		11,580	4,210		15,790
3	Asphalt pavement, seal coat	5,997	511	2,743		3,254	2,743	(5,997)		1,199		1,199
4	Concrete curb & gutter, barrier	17,431	1,896	2,219		4,116	2,219		6,335	2,219		8,554
5	Concrete flatwork	18,509	2,014	2,357		4,370	2,357		6,727	2,357		9,083
6	Site light, ornate double head	9,000	64	470		534	470		1,005	470		1,475
7	Site Light, aluminum pole	16,650	79	571		650	571		1,222	571		1,793
8	Community building well	10,300	438	470		908	470		1,378	470		1,847
9	Community building sewer ejector	10,300	73	538		611	538		1,150	538		1,688
10	Path signs & misc. components (allowance)	1,545	88	243		331	243		573	243		816
11	Canoe rack & boat storage (allowance)	1,030	58	162		220	162		382	162		544
12	Shoreline revetment (20% allowance)	312,000	44,275	267,725	(312,000)		31,200		31,200	31,200		62,400
13	Cherry Tree Ln, shoreline revetment	104,000	14,758	89,242	(104,000)		10,400		10,400	10,400		20,800
14	Bulkhead, replace clapboard	2,420	343	2,077	(2,420)		121		121	121		242
15	Bulkhead, replace	302,500	27,187	25,028		52,215	25,028		77,244	25,028		102,272
16	Stormwater mgmt structures (allowance)	1,500	85	236		321	236		557	236		793
17	Stormwater mgmt gabion & stone (allowance)	5,000	284	786		1,070	786		1,856	786		2,642
SITE COMPONENTS (cont.)												
18	Entry monument (repainting allowance)	3,200	454	2,746	(3,200)		320		320	320		640
19	Entry monument lettering (allowance)	2,100	134	179		313	179		492	179		670
20	Entry monument trellis	2,730	174	232		407	232		639	232		871
21	Entry monument trellis, pendant lights	1,900	121	162		283	162		445	162		606
22	Entry monument landscape lights	2,000	284	1,716	(2,000)		133		133	133		267
23	Entry fence, 3 rail vinyl	22,800	2,403	2,266		4,670	2,266		6,936	2,266		9,202
24	Elevated walkway, replace decking & stairs	8,774	1,245	7,529	(8,774)		877		877	877		1,755
25	Elevated walkway, replace	160,500	9,680	6,557		16,237	6,557		22,795	6,557		29,352
26	Community pier, replace decking & stairs	3,321	471	2,850	(3,321)		332		332	332		664
27	Community pier, replace	60,750	3,664	2,482		6,146	2,482		8,628	2,482		11,110
28	Boat ramp, concrete - replace	32,000	2,043	2,723		4,767	2,723		7,490	2,723		10,213
29	Boat ramp, piers, decking - replace	6,683	948	5,735	(6,683)		668		668	668		1,337
30	Boat ramp, piers - replace	61,125	5,204	3,495		8,699	3,495		12,195	3,495		15,690
31	Boat ramp, lighting - solar	1,050		66		66	66		131	66		197
32	Boat ramp area, metal swing gates	2,500	95	219		313	219		532	219		751
33	Boat ramp, hinged float (allowance)	1,200	68	189		257	189		445	189		634
BUILDING EXTERIOR COMPONENTS												
34	Roofing, asphalt shingles	11,942	169	436		605	436		1,041	436		1,477
35	Gutter & downspout	1,848	20	49		69	49		118	49		168
36	Siding & trim, engineered wood	10,635	113	284		398	284		682	284		966
37	Soffit & trim, vinyl	3,516	37	94		131	94		225	94		319
38	Stucco repairs (10%)	4,485	191	613		804	613		1,418	613		2,031
39	Stucco recoating	14,831	210	541		752	541		1,293	541		1,835

COMPONENT METHOD - THREE-YEAR REPLACEMENT FUNDING - TABLE CM4 cont'd												
Item #	Description of Projected Replacement	Estimated Replacement Costs	Allocation of Beginning Balance	2017 Reserve Funding	2017 Projected Replacements	2017 End of Year Balance	2018 Reserve Funding	2018 Projected Replacements	2018 End of Year Balance	2019 Reserve Funding	2019 Projected Replacements	2019 End of Year Balance
40	Door, double steel full lites w/ 12" side	3,125	53	140		193	140		332	140		472
41	Doors glazed with full sidelite	5,055	86	226		312	226		538	226		764
42	Door solid	5,950	101	266		367	266		633	266		899
43	Window, fixed	1,712	18	46		64	46		110	46		156
44	Window, opening	11,400	121	305		426	305		731	305		1,036
45	Deck/stair/ramp, railing - steel	26,111	318	806		1,124	806		1,930	806		2,736
46	Deck/stair/ramp, decking - composite	16,758	476	1,357		1,832	1,357		3,189	1,357		4,546
47	Deck/stair/ramp, structure - PTL	55,860	679	1,724		2,404	1,724		4,128	1,724		5,853
48	Steel & wood steps @ West Elevation	7,525	107	275		382	275		656	275		931
49	Awning refabric	1,500	213	1,287	(1,500)		150		150	150		300
50	Awning structure	3,300	70	190		260	190		450	190		640
51	Front low plaza, roof mod-bitumen	1,562	33	90		123	90		213	90		303
52	Front low plaza, PTL decking	923	20	53		73	53		126	53		179
53	Front low plaza, solid railing, wood	2,240	48	129		177	129		306	129		435
BUILDING EXTERIOR COMPONENTS												
54	Lighting, wall sconces	11,000	187	491		679	491		1,170	491		1,662
55	Lighting, pendant lights	3,000	51	134		185	134		319	134		453
56	Lighting, 2 headed lights under the dec	1,050	18	47		65	47		112	47		159
57	Ceiling fan, no light	1,000	17	45		62	45		106	45		151
58	Electric meter center & panels	1,800	19	48		67	48		115	48		164
BUILDING INTERIOR COMPONENTS												
59	Flooring, wood laminate	10,284	219	592		811	592		1,403	592		1,995
60	Flooring, ceramic	19,560	278	714		992	714		1,706	714		2,420
61	Flooring, vinyl (2nd floor closets)	308	9	25		34	25		59	25		84
62	Flooring, vinyl (1st floor)	2,468	70	200		270	200		470	200		670
63	Shower walls, ceramic tile	2,877	41	105		146	105		251	105		356
64	Baths/restrooms furnishings/fixtures	7,660	109	280		388	280		668	280		948
65	Interior doors, metal	4,800	82	214		296	214		511	214		725
66	Interior door, glass	1,000	17	45		62	45		106	45		151
67	Interior doors, wood	3,400	58	152		210	152		362	152		514
68	Kitchen, residential, wall cabinets	1,600	23	58		81	58		140	58		198
69	Kitchen, residential, base cabinets	5,100	72	186		259	186		445	186		631
70	Kitchen, res., appliances	5,925	168	480		648	480		1,128	480		1,607
71	Stairs, replace treads & risers	2,400	26	64		90	64		154	64		218
72	Stairs, replace wall hung wood rails 2	1,520	16	41		57	41		97	41		138
73	Water heater, 66 gal.	1,000	43	137		179	137		316	137		453
74	HVAC - air handler & coil	9,000	319	965		1,284	965		2,248	965		3,213
BUILDING INTERIOR COMPONENTS												
75	Interior lighting, general	5,000	85	223		309	223		532	223		755
76	Interior lighting, chandeliers	1,400	24	63		86	63		149	63		211
77	Interior ceiling fan	1,000	17	45		62	45		106	45		151
78	Interior attic exhaust fan	1,000	28	81		109	81		190	81		271
79	Interior exhaust fans	1,375	29	79		108	79		188	79		267
80	Emergency lighting, battery back-up	2,450	42	109		151	109		261	109		370
81	Emergency lighting, illuminated exit li	1,800	31	80		111	80		192	80		272
82	Audio/video (allowance)	2,000	122	470		591	470		1,061	470		1,530
83	Folding chair & table (allowance)	2,500	76	220		296	220		517	220		737
84	Attic pull down stairs	1,500	43	121		164	121		285	121		407
RECREATION COMPONENTS												
85	Pool main, structure	133,025	9,124	3,997		13,121	3,997		17,118	3,997		21,114
86	Pool main, whitecoat	9,155		832		832	832		1,665	832		2,497
87	Pool main, waterline tile	2,091		190		190	190		380	190		570
88	Pool main, coping - precast concrete	5,665	362	482		844	482		1,326	482		1,808
89	Pool wading, structure	18,424	1,264	554		1,817	554		2,371	554		2,924
90	Pool wading, whitecoat & waterline til	1,612		147		147	147		293	147		440
91	Pool wading, coping - precast concrete	1,018	65	87		152	87		238	87		325
92	Pool deck & flatwork, concrete	47,642	2,028	2,172		4,200	2,172		6,372	2,172		8,545
93	Pool deck, drainage collector troughs	1,995		181		181	181		363	181		544
94	Pool cover	3,108	37	279		316	279		595	279		874
95	Pool pump, wading .5 hp	1,000	57	314		371	314		686	314	(1,000)	
96	Pool pump, main 3 hp	3,800	144	332		476	332		809	332		1,141
97	Pool filter systems	1,420	54	124		178	124		302	124		426
98	Pool water chemical treatment system	1,500	57	131		188	131		319	131		450
99	Pool perimeter fence - 6' aluminum	11,473	41	293		334	293		627	293		920
100	Pool wading fence - 4' aluminum	1,723	6	44		50	44		94	44		138
101	Pool ladders - stainless steel	2,070	15	108		123	108		231	108		339
102	Pool safety rails @ steps - stainless ste	1,300	9	68		77	68		145	68		213
103	Pool lifeguard chair, mounted - stainle	4,400	31	230		261	230		491	230		721

**COMPONENT METHOD - THREE-YEAR REPLACEMENT FUNDING - TABLE CM4 cont'd**

Item #	Description of Projected Replacement	Estimated Replacement Costs	Allocation of Beginning Balance	2017 Reserve Funding	2017 Projected Replacements	2017 End of Year Balance	2018 Reserve Funding	2018 Projected Replacements	2018 End of Year Balance	2019 Reserve Funding	2019 Projected Replacements	2019 End of Year Balance
RECREATION COMPONENTS (cont'd)												
104	Pool furniture, lounges	3,255	185	512		696	512		1,208	512		1,720
105	Pool furniture, tables - small	1,000	57	157		214	157		371	157		528
106	Pool furniture, tables - large	2,000	114	314		428	314		742	314		1,057
107	Pool furniture, umbrellas	3,105	110	333		443	333		776	333		1,108
108	Pool furniture, chairs @ large tables	2,760	157	434		591	434		1,024	434		1,458
109	Pool furniture, Adirondack chairs	2,000	76	175		251	175		426	175		600
110	Pool entry gazebo, open with wood sur	12,070	274	562		836	562		1,397	562		1,959
111	Tennis court, color coat	7,370	314	1,008		1,322	1,008		2,330	1,008		3,338
112	Tennis court, resurface/overlay	22,110	471	1,273		1,744	1,273		3,016	1,273		4,289
113	Tennis court, post & footings	1,280	27	74		101	74		175	74		248
114	Tennis court, fence	8,784	561	748		1,308	748		2,056	748		2,804

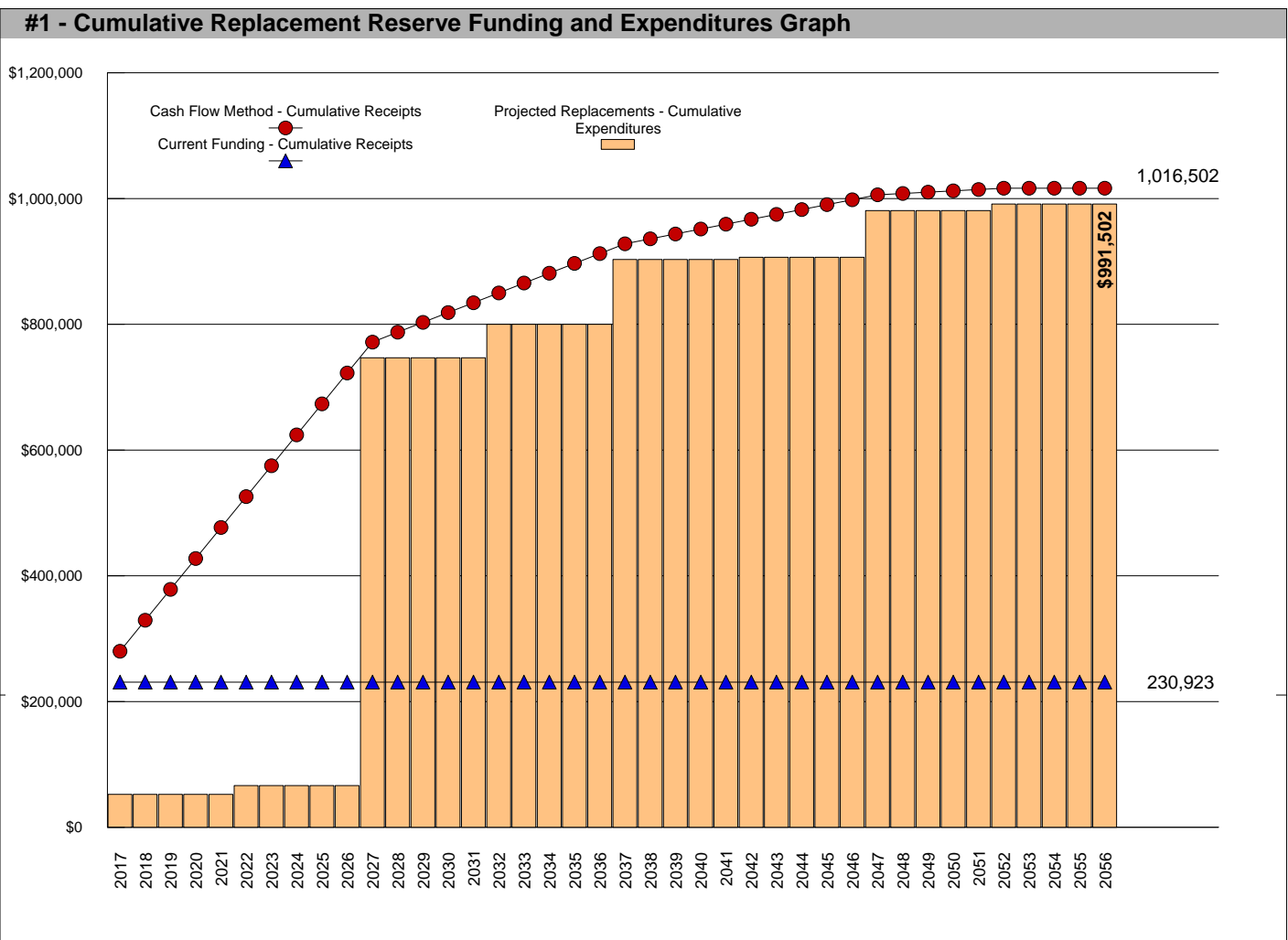
## EXECUTIVE SUMMARY

The Fishing Creek Farm Waterfront Replacement Reserve Analysis uses the Cash Flow Method (CFM) to calculate Replacement Reserve funding for the periodic replacement of the 17 Projected Replacements identified in the Replacement Reserve Inventory.

**\$49,174** RECOMMENDED REPLACEMENT RESERVE FUNDING FOR THE STUDY YEAR, 2017

We recommend the Association adopt a Replacement Reserve Funding Plan based on the annual funding recommendation above. Inflation adjusted funding for subsequent years is shown on Page A5.

Fishing Creek Farm Waterfront reports a that the Association is currently not funding Replacement Reserves. This Study contains the information necessary for the Association to develop a Funding Plan to address the \$991,502 of Projected Replacements identified in the Replacement Reserve Inventory over the 40-year Study Period.



The Current Funding Objective as calculated by the Component Method (Fully Funded) is \$559,444 making the reserve account 41.3% funded. See the Appendix for more information on this method.

## REPLACEMENT RESERVE ANALYSIS - GENERAL INFORMATION

The Fishing Creek Farm Waterfront Replacement Reserve Analysis calculations of recommended funding of Replacement Reserves by the Cash Flow Method and the evaluation of the Current Funding are based upon the same Study Year, Study Period, Beginning Balance, Replacement Reserve Inventory and Level of Service.

### 2017 STUDY YEAR

The Association reports that their accounting year begins on January 1, and the Study Year, the first year evaluated by the Replacement Reserve Analysis, begins on January 1, 2017.

### 40 Years STUDY PERIOD

The Replacement Reserve Analysis evaluates the funding of Replacement Reserves over a 40-year Study Period.

### \$230,923 STARTING BALANCE

The Association reports Replacement Reserves on Deposit totaling \$230,923 at the start of the Study Year.

### Level Two LEVEL OF SERVICE

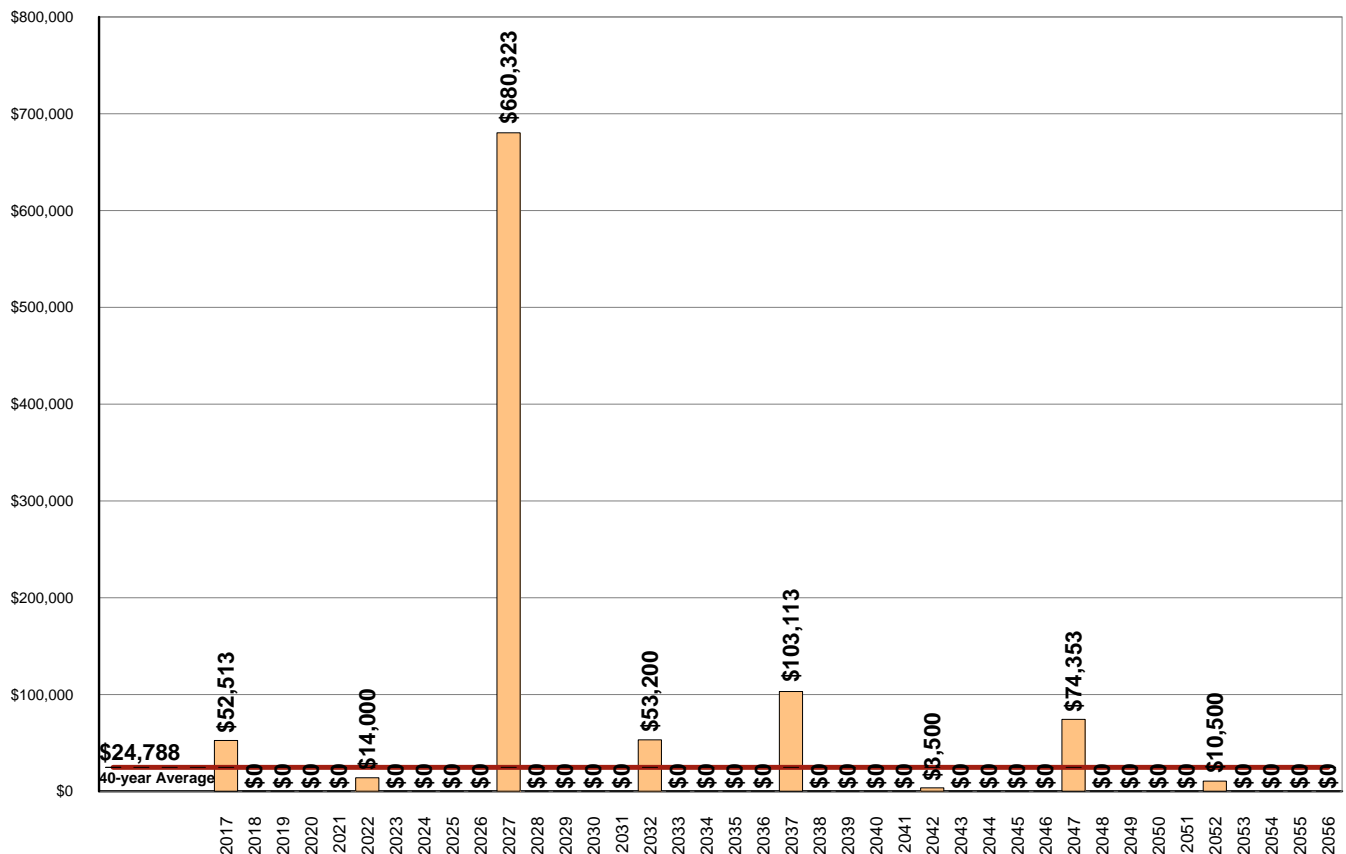
The Replacement Reserve Inventory has been developed in compliance with the National Reserve Study Standards for a Level Two Study, as defined by the Community Associations Institute (CAI).

### \$991,502 REPLACEMENT RESERVE INVENTORY - PROJECTED REPLACEMENTS

The Fishing Creek Farm Waterfront Replacement Reserve Inventory identifies 17 items that will require periodic replacement, that are to be funded from Replacement Reserves. We estimate the cost of these replacements will be \$991,502 over the 40-year Study Period. The Projected Replacements are divided into 3 major categories starting on Page B3. Pages B1-B2 provide detailed information on the Replacement Reserve Inventory.

#### #2 - Annual Expenditures for Projected Replacements Graph

This graph shows annual expenditures for Projected Replacements over the 40-year Study Period. The red line shows the average annual expenditure of \$24,788. Section C provides a year by year Calendar of these expenditures.



## UPDATING

### UPDATING OF THE FUNDING PLAN

The Association has a responsibility to review the Funding Plan annually. The review should include a comparison and evaluation of actual reserve funding with recommended levels shown on Page A4 and A5. The Projected Replacements listed on Page C2 should be compared with any replacements accomplished and funded from Replacement Reserves. Discrepancies should be evaluated and if necessary, the Reserve Study should be updated or a new study commissioned. We recommend annual increases in replacement reserve funding to account for the impact of inflation. Inflation Adjusted Funding is discussed on Page A5.

### UPDATING OF THE REPLACEMENT RESERVE STUDY

At a minimum, the Replacement Reserve Study should be professionally updated every three to five years or after completion of a major replacement project. Updating should also be considered if during the annual review of the Funding Plan, discrepancies are noted between projected and actual reserve funding or replacement costs. Updating may also be necessary if there is a meaningful discrepancy between the actual inflation rate and the inflation rate used for the Inflation Adjusted Funding of Replacement Reserves on Page A5.

## ANNUAL EXPENDITURES

The annual expenditures that comprise the \$991,502 of Projected Expenditures over the 40-year Study Period are detailed in Table 3. A year-by-year listing of the specific projects can be found beginning on Page C2.

#3 - Table of Annual Expenditures and Current Funding Data - Years 1 through 40										
Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Starting Balance	\$230,923									
Projected Replacements	(\$52,513)					(\$14,000)				
End of Year Balance	\$178,410	\$178,410	\$178,410	\$178,410	\$178,410	\$164,410	\$164,410	\$164,410	\$164,410	\$164,410
Cumulative Expenditures	(\$52,513)	(\$52,513)	(\$52,513)	(\$52,513)	(\$52,513)	(\$66,513)	(\$66,513)	(\$66,513)	(\$66,513)	(\$66,513)
Cumulative Receipts	\$230,923	\$230,923	\$230,923	\$230,923	\$230,923	\$230,923	\$230,923	\$230,923	\$230,923	\$230,923
Year	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Projected Replacements	(\$680,323)					(\$53,200)				
End of Year Balance	(\$515,913)	(\$515,913)	(\$515,913)	(\$515,913)	(\$515,913)	(\$569,113)	(\$569,113)	(\$569,113)	(\$569,113)	(\$569,113)
Cumulative Expenditures	(\$746,836)	(\$746,836)	(\$746,836)	(\$746,836)	(\$746,836)	(\$800,036)	(\$800,036)	(\$800,036)	(\$800,036)	(\$800,036)
Cumulative Receipts	\$230,923	\$230,923	\$230,923	\$230,923	\$230,923	\$230,923	\$230,923	\$230,923	\$230,923	\$230,923
Year	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
Projected Replacements	(\$103,113)					(\$3,500)				
End of Year Balance	(\$672,226)	(\$672,226)	(\$672,226)	(\$672,226)	(\$672,226)	(\$675,726)	(\$675,726)	(\$675,726)	(\$675,726)	(\$675,726)
Cumulative Expenditures	(\$903,149)	(\$903,149)	(\$903,149)	(\$903,149)	(\$903,149)	(\$906,649)	(\$906,649)	(\$906,649)	(\$906,649)	(\$906,649)
Cumulative Receipts	\$230,923	\$230,923	\$230,923	\$230,923	\$230,923	\$230,923	\$230,923	\$230,923	\$230,923	\$230,923
Year	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056
Projected Replacements	(\$74,353)					(\$10,500)				
End of Year Balance	(\$750,079)	(\$750,079)	(\$750,079)	(\$750,079)	(\$750,079)	(\$760,579)	(\$760,579)	(\$760,579)	(\$760,579)	(\$760,579)
Cumulative Expenditures	(\$981,002)	(\$981,002)	(\$981,002)	(\$981,002)	(\$981,002)	(\$991,502)	(\$991,502)	(\$991,502)	(\$991,502)	(\$991,502)
Cumulative Receipts	\$230,923	\$230,923	\$230,923	\$230,923	\$230,923	\$230,923	\$230,923	\$230,923	\$230,923	\$230,923

Table #3 shows the annual costs for Projected Replacements and the cumulative annual expenditures for the Projected Replacements. Table #3 also shows the Starting Balance and Current Annual Funding if reported by Association. When this information is provided, Table #3 will calculate the consequences of continuing to fund Replacement Reserves at current levels over the 40-year Study Period.

This information is for use by the Association for the development of a Funding Plan. The Funding Plan is a critical planning tool if the Association is to provide timely and adequate funding for the \$991,502 of Projected Replacements scheduled in the Replacement Reserve Inventory over the 40-year Study Period.

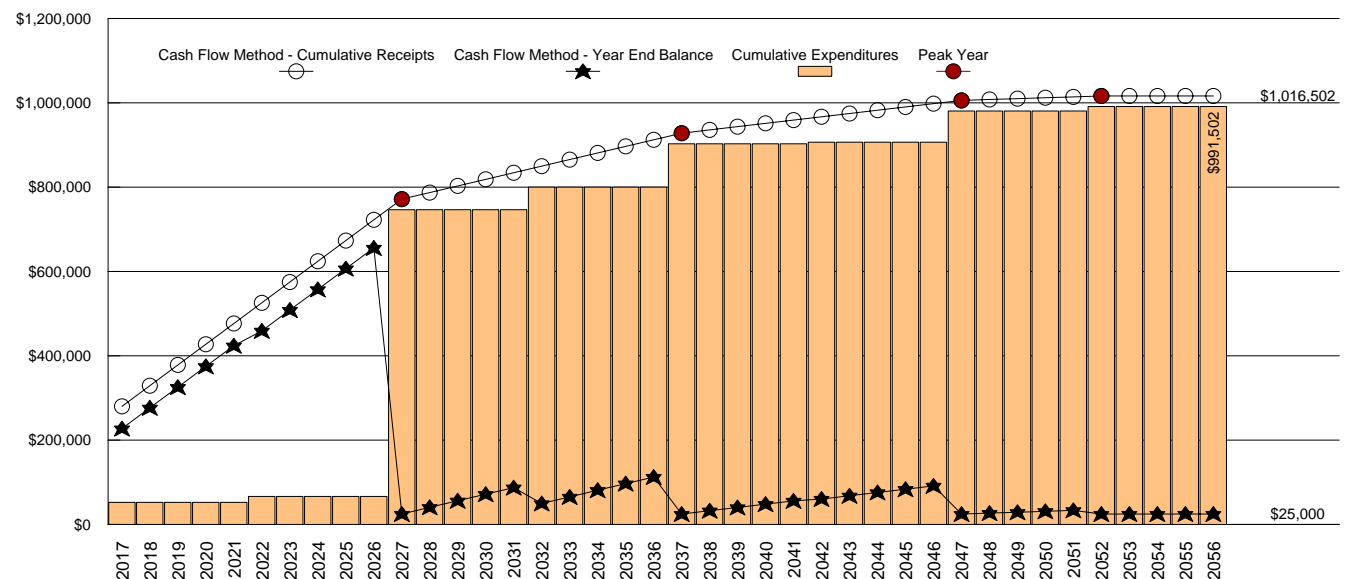
## CASH FLOW METHOD FUNDING

### \$49,174 RECOMMENDED REPLACEMENT RESERVE FUNDING FOR 2017

Recommended Replacement Reserve Funding has been calculated using the Cash Flow Method (also called the Straight Line or Threshold Method). This method calculates a constant annual funding between peaks in cumulative expenditures, while maintaining a Minimum Balance (threshold) in the Peak Years.

- **Peak Years.** The First Peak Year occurs in 2027 with Replacement Reserves on Deposit dropping to the Minimum Balance after the completion of \$746,836 of replacements from 2017 to 2027. Recommended funding declines from \$49,174 in 2027 to \$15,631 in 2028. Peak Years are identified in Chart 4 and Table 5.
- **Minimum Balance.** The calculations assume a Minimum Balance of \$25,000 in Replacement Reserves. This is approx. 12 months of average expenditures based on the \$24,788, 40-year average annual expenditure.
- **Cash Flow Method Study Period.** Cash Flow Method calculates funding for \$991,502 of expenditures over the 40-year Study Period. It does not include funding for any projects beyond 2056 and in 2056, the end of year balance will always be the Minimum Balance.

#### #4 - Cash Flow Method - Graph of Cumulative Receipts and Expenditures - Years 1 through 40



#### #5 - Cash Flow Method - Table of Receipts & Expenditures - Years 1 through 40

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Starting Balance	\$230,923									
Projected Replacements	(\$52,513)					(\$14,000)				
Annual Deposit	\$49,174	\$49,174	\$49,174	\$49,174	\$49,174	\$49,174	\$49,174	\$49,174	\$49,174	\$49,174
End of Year Balance	\$227,584	\$276,758	\$325,932	\$375,106	\$424,280	\$459,453	\$508,627	\$557,801	\$606,975	\$656,149
Cumulative Expenditures	\$52,513	\$52,513	\$52,513	\$52,513	\$52,513	\$66,513	\$66,513	\$66,513	\$66,513	\$66,513
Cumulative Receipts	\$280,097	\$329,271	\$378,445	\$427,619	\$476,793	\$525,966	\$575,140	\$624,314	\$673,488	\$722,662
Year	1st Peak - 2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Projected Replacements	(\$680,323)					(\$53,200)				
Annual Deposit	\$49,174	\$15,631	\$15,631	\$15,631	\$15,631	\$15,631	\$15,631	\$15,631	\$15,631	\$15,631
End of Year Balance	\$25,000	\$40,631	\$56,263	\$71,894	\$87,525	\$49,957	\$65,588	\$81,219	\$96,850	\$112,482
Cumulative Expenditures	(\$746,836)	(\$746,836)	(\$746,836)	(\$746,836)	(\$746,836)	(\$800,036)	(\$800,036)	(\$800,036)	(\$800,036)	(\$800,036)
Cumulative Receipts	\$771,836	\$787,467	\$803,099	\$818,730	\$834,361	\$849,993	\$865,624	\$881,255	\$896,886	\$912,518
Year	2nd Peak - 2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
Projected Replacements	(\$103,113)					(\$3,500)				
Annual Deposit	\$15,631	\$7,785	\$7,785	\$7,785	\$7,785	\$7,785	\$7,785	\$7,785	\$7,785	\$7,785
End of Year Balance	\$25,000	\$32,785	\$40,571	\$48,356	\$56,141	\$60,427	\$68,212	\$75,997	\$83,782	\$91,568
Cumulative Expenditures	(\$903,149)	(\$903,149)	(\$903,149)	(\$903,149)	(\$903,149)	(\$906,649)	(\$906,649)	(\$906,649)	(\$906,649)	(\$906,649)
Cumulative Receipts	\$928,149	\$935,934	\$943,720	\$951,505	\$959,290	\$967,076	\$974,861	\$982,646	\$990,431	\$998,217
Year	3rd Peak - 2047	2048	2049	2050	2051	4th Peak - 2052	2053	2054	2055	2056
Projected Replacements	(\$74,353)					(\$10,500)				
Annual Deposit	\$7,785	\$2,100	\$2,100	\$2,100	\$2,100	\$2,100	\$25,000	\$25,000	\$25,000	\$25,000
End of Year Balance	\$25,000	\$27,100	\$29,200	\$31,300	\$33,400	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Cumulative Expenditures	(\$981,002)	(\$981,002)	(\$981,002)	(\$981,002)	(\$981,002)	(\$991,502)	(\$991,502)	(\$991,502)	(\$991,502)	(\$991,502)
Cumulative Receipts	\$1,006,002	\$1,008,102	\$1,010,202	\$1,012,302	\$1,014,402	\$1,016,502	\$1,016,502	\$1,016,502	\$1,016,502	\$1,016,502



## INFLATION ADJUSTED FUNDING

The Cash Flow Method calculations on Page A4 have been done in today's dollars with no adjustment for inflation. At Miller + Dodson, we believe that long-term inflation forecasting is effective at demonstrating the power of compounding, not at calculating appropriate funding levels for Replacement Reserves. We have developed this proprietary model to estimate the short-term impact of inflation on Replacement Reserve funding.

### **\$49,174** 2017 - CASH FLOW METHOD RECOMMENDED FUNDING

The 2017 Study Year calculations have been made using current replacement costs (see Page B2), modified by the Analyst for any project specific conditions.

### **\$50,771** 2018 - INFLATION ADJUSTED FUNDING

A new analysis calculates 2018 funding based on three assumptions;

- Replacement Reserves on Deposit totaling \$227,584 on January 1, 2018.
- All 2017 Projected Replacements listed on Page C2 accomplished at a cost to Replacement Reserves less than \$52,513.
- Construction Cost Inflation of 2.30 percent in 2017.

The \$50,771 inflation adjusted funding in 2018 is a 3.25 percent increase over the non-inflation adjusted 2018 funding of \$49,174.

### **\$52,697** 2019 - INFLATION ADJUSTED FUNDING

A new analysis calculates 2019 funding based on three assumptions;

- Replacement Reserves on Deposit totaling \$278,355 on January 1, 2019.
- No Expenditures from Replacement Reserves in 2018.

- Construction Cost Inflation of 2.30 percent in 2018.

The \$52,697 inflation adjusted funding in 2019 is a 7.16 percent increase over the non-inflation adjusted 2019 funding of \$49,174.

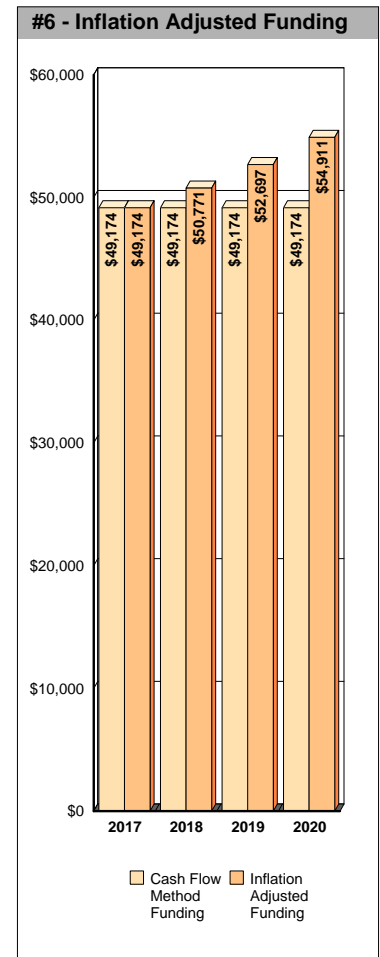
### **\$54,911** 2020 - INFLATION ADJUSTED FUNDING

A new analysis calculates 2020 funding based on three assumptions;

- Replacement Reserves on Deposit totaling \$331,052 on January 1, 2020.
- No Expenditures from Replacement Reserves in 2019.

- Construction Cost Inflation of 2.30 percent in 2019.

The \$54,911 inflation adjusted funding in 2020 is a 11.67 percent increase over the non-inflation adjusted funding of \$49,174.



## YEAR FIVE & BEYOND

The inflation adjusted funding calculations outlined above are not intended to be a substitute for periodic evaluation of common elements by an experienced Reserve Analyst. Industry Standards, lender requirements, and many state and local statutes require a Replacement Reserve Study be professionally updated every 3 to 5 years.

## INFLATION ADJUSTMENT

Prior to approving a budget based upon the 2018, 2019 and 2020 inflation adjusted funding calculations above, the 2.30 percent base rate of inflation used in our calculations should be compared to rates published by the Bureau of Labor Statistics. If there is a significant discrepancy (over 1 percent), contact Miller Dodson + Associates prior to using the Inflation Adjusted Funding.

## INTEREST ON RESERVES

The recommended funding calculations do not account for interest earned on Replacement Reserves.

In 2017, based on a 1.00 percent interest rate, we estimate the Association may earn \$2,293 on an average balance of \$229,253, \$2,530 on an average balance of \$252,969 in 2018, and \$3,047 on \$304,703 in 2019. The Association may elect to attribute 100 percent of the earned interest to Reserves, resulting in a reduction in the 2017 funding from \$49,174 to \$46,881 (a 4.66 percent reduction), \$50,771 to \$48,241 in 2018 (a 4.98 percent reduction), and \$52,697 to \$49,650 in 2019 (a 5.78 percent reduction).

## **REPLACEMENT RESERVE STUDY - SUPPLEMENTAL COMMENTS**

- The Cash Flow Method calculates the minimum annual funding necessary to prevent Replacement Reserves from dropping below the Minimum Balance. Failure to fund at least the recommended levels may result in funding not being available for the Projected Replacements listed in the Replacement Reserve Inventory.
- The accuracy of the Replacement Reserve Analysis is dependent upon expenditures from Replacement Reserves being made ONLY for the 17 Projected Replacements specifically listed in the Replacement Reserve Inventory. The inclusion/exclusion of items from the Replacement Reserve Inventory is discussed on Page B1.

## REPLACEMENT RESERVE INVENTORY GENERAL INFORMATION

Fishing Creek Farm Waterfront - Replacement Reserve Inventory identifies 20 items. Two types of items are identified, Projected Replacements and Excluded Items:

- **PROJECTED REPLACEMENTS.** 17 of the items are Projected Replacements and the periodic replacements of these items are scheduled for funding from Replacement Reserves. The Projected Replacements have an estimated one-time replacement cost of \$785,523. Replacements totaling \$991,502 are scheduled in the Replacement Reserve Inventory over the 40-year Study Period.

Projected Replacements are the replacement of commonly-owned physical assets that require periodic replacement and whose replacement is to be funded from Replacement Reserves.

- **EXCLUDED ITEMS.** 3 of the items are Excluded Items, and expenditures for these items are NOT scheduled for funding from Replacement Reserves. The accuracy of the calculations made in the Replacement Reserve Analysis is dependent on expenditures NOT being made for Excluded Items. The Excluded Items are listed in the Replacement Reserve Inventory to identify specific items and categories of items that are not to be funded from Replacement Reserves. There are multiple categories of items that are typically excluded from funding by Replacement Reserves, including but not limited to:

**Tax Code.** The United States Tax Code grants very favorable tax status to Replacement Reserves, conditioned on expenditures being made within certain guidelines. These guidelines typically exclude maintenance activities, minor repairs and capital improvements.

**Value.** Items with a replacement cost of less than \$1,000 and/or a normal economic life of less than 3 years are typically excluded from funding from Replacement Reserves. This exclusion should reflect Association policy on the administration of Replacement Reserves. If the Association has selected an alternative level, it will be noted in the Replacement Reserve Inventory - General Comments on Page B2.

**Long-lived Items.** Items that when properly maintained, can be assumed to have a life equal to the property as a whole, are typically excluded from the Replacement Reserve Inventory.

**Unit improvements.** Items owned by a single unit and where the items serve a single unit are generally assumed to be the responsibility of that unit, not the Association.

**Other non-common improvements.** Items owned by the local government, public and private utility companies, the United States Postal Service, Master Associations, state and local highway authorities, etc., may be installed on property that is owned by the Association. These types of items are generally not the responsibility of the Association and are excluded from the Replacement Reserve Inventory.

The rationale for the exclusion of an item from funding by Replacement Reserves is discussed in more detail in the 'Comments' sections of the Section B - Replacement Reserve Inventory.

- **CATEGORIES.** The 20 items included in the Fishing Creek Farm Waterfront Replacement Reserve Inventory are divided into 3 major categories. Each category is printed on a separate page, Pages B3 to B4.
- **LEVEL OF SERVICE.** This Replacement Reserve Inventory has been developed in compliance with the standards established for a Level Two - Update (with site visit and on-site review), as defined by the National Reserve Study Standards, established in 1998 by Community Associations Institute, which states:

*Level II Studies are based entirely on the component inventory from a prior study. This information is adjusted to reflect changes to the inventory that are provided by the Association, and the quantities are adjusted accordingly from field measurement and/or quantity takeoffs from to-scale drawings that are made available to us. The condition of all components is ascertained from a site visit and the visual inspection of each component by the analyst. The Remaining Economic Life and replacement cost of components are provided based in part on these observations. The fund status and Funding Plan are derived from analysis of this data.*

## REPLACEMENT RESERVE INVENTORY - GENERAL INFORMATION (cont'd)

- **INVENTORY DATA.** Each of the 17 Projected Replacements listed in the Replacement Reserve Inventory includes the following data:

Item Number. The Item Number is assigned sequentially and is intended for identification purposes only.

Item Description. We have identified each item included in the Inventory. Additional information may be included in the Comments section at the bottom of each page of the Inventory.

Units. We have used standard abbreviations to identify the number of units including SF-square feet, LF-lineal feet, SY-square yard, LS-lump sum, EA-each, and PR-pair. Non-standard abbreviations are noted in the Comments section at the bottom of the page.

Number of Units. The methods used to develop the quantities are discussed in "Level of Service" above.

Unit Replacement Cost. We use four sources to develop the unit cost data shown in the Inventory; actual replacement cost data provided by the client, information provided by local contractors and suppliers, industry standard estimating manuals, and a cost database we have developed based upon our detailed interviews with contractors and service providers who are specialists in their respective lines of work.

Normal Economic Life (Yrs). The number of years that a new and properly installed item should be expected to remain in service.

Remaining Economic Life (Yrs). The estimated number of years before an item will need to be replaced. In "normal" conditions, this could be calculated by subtracting the age of the item from the Normal Economic Life of the item, but only rarely do physical assets age "normally". Some items may have longer or shorter lives depending on many factors such as environment, initial quality of the item, maintenance, etc.

Total Replacement Cost. This is calculated by multiplying the Unit Replacement Cost by the Number of Units.

Each of the 3 Excluded Items includes the Item Description, Units, and Number of Units. Many of the Excluded Items are listed as a 'Lump Sum' with a quantity of 1. For the Excluded Items, this indicates that all of the items identified by the 'Item Description' are excluded from funding by Replacement Reserves.

- **REVIEW OF EXPENDITURES.** This Replacement Reserve Study should be reviewed by an accounting professional representing the Association prior to implementation.
- **PARTIAL FUNDING.** Items may have been included in the Replacement Reserve Inventory at less than 100 percent of their full quantity and/or replacement cost. This is done on items that will never be replaced in their entirety, but which may require periodic replacements over an extended period of time. The assumptions that provide the basis for any partial funding are noted in the Comments section.
- **REMAINING ECONOMIC LIFE GREATER THAN 40 YEARS.** The calculations do not include funding for initial replacements beyond 40 years. These replacements are included in this Study for tracking and evaluation. They should be included for funding in future Studies, when they enter the 40-year window.

**MARINA COMPONENTS**  
**PROJECTED REPLACEMENTS**

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
1	Mooring piles, replace	ea	56	\$950.00	40	15	\$53,200
2	Piers, replace	lf	652	\$490.00	40	10	\$319,480
3	Piers, decking - replace	lf	652	\$49.00	10	none	\$31,948
4	Finger piers, replace	ea	20	\$9,000.00	40	10	\$180,000
5	Finger piers, decking - replace	lf	559	\$35.00	10	none	\$19,565
6	Electric meters & panels	ea	40	\$820.00	40	20	\$32,800
7	Electric distribution panel 1000 amps	ea	1	\$5,200.00	40	20	\$5,200
8	Electric distribution to slips	lf	610	\$35.00	40	10	\$21,350
9	Pier pedestals - water, electric outlets & lights	ea	21	\$680.00	20	10	\$14,280
10	Potable water distribution system	lf	610	\$29.00	40	10	\$17,690
11	Fireline water-pipe distribution system	lf	610	\$45.00	40	10	\$27,450
12	Fire extinguishers in cabinets	ea	10	\$210.00	10	10	\$2,100
13	Dock water rescue ladders	ea	13	\$420.00	20	10	\$5,460
14	Jet Ski connected floats	ea	7	\$1,500.00	15	5	\$10,500
15	Wooden benches	ls	1	\$1,000.00	10	none	\$1,000
16	Boat shed dock replacements	ls	1	\$40,000.00	40	10	\$40,000
17	Pier access/security gate	ls	1	\$3,500.00	20	5	\$3,500
MARINA COMPONENTS - Replacement Costs - Subtotal							\$785,523

**MARINA COMPONENTS**  
**COMMENTS**

- Some of the components shown above are using cost and economic life information from the AMA/DBF studies.

**EXCLUSIONS**

**EXCLUDED ITEMS**

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
	Mooring buoys	ls	1				EXCLUDED
	Boat shed	ls	1				EXCLUDED
	DNR financed pumpout station	ls	1				EXCLUDED

**EXCLUSIONS**

**COMMENTS**

## PROJECTED ANNUAL REPLACEMENTS GENERAL INFORMATION

CALENDAR OF ANNUAL REPLACEMENTS. The 17 Projected Replacements in the Fishing Creek Farm Waterfront Replacement Reserve Inventory whose replacement is scheduled to be funded from Replacement Reserves are broken down on a year-by-year basis, beginning on Page C2.

## REPLACEMENT RESERVE ANALYSIS AND INVENTORY POLICIES, PROCEDURES, AND ADMINISTRATION

- **REVISIONS.** Revisions will be made to the Replacement Reserve Analysis and Replacement Reserve Inventory in accordance with the written instructions of the Board of Directors. No additional charge is incurred for the first revision, if requested in writing within three months of the date of the Replacement Reserve Study. It is our policy to provide revisions in electronic (Adobe PDF) format only.
- **TAX CODE.** The United States Tax Code grants favorable tax status to a common interest development (CID) meeting certain guidelines for their Replacement Reserve. If a CID files their taxes as a 'Corporation' on Form 1120 (IRC Section 277), these guidelines typically require maintenance activities, partial replacements, minor replacements, capital improvements, and one-time only replacements to be excluded from Reserves. A CID cannot co-mingle planning for maintenance activities with capital replacement activities in the Reserves (Revenue Ruling 75-370). Funds for maintenance activities and capital replacements activities must be held in separate accounts. If a CID files taxes as an "Exempt Homeowners Association" using Form 1120H (IRC Section 528), the CID does not have to segregate these activities. However, because the CID may elect to change their method of filing from year to year within the Study Period, we advise using the more restrictive approach. We further recommend that the CID consult with their Accountant and consider creating separate and independent accounts and reserves for large maintenance items, such as painting.
- **CONFLICT OF INTEREST.** Neither Miller - Dodson Associates nor the Reserve Analyst has any prior or existing relationship with this Association which would represent a real or perceived conflict of interest.
- **RELIANCE ON DATA PROVIDED BY THE CLIENT.** Information provided by an official representative of the Association regarding financial, physical conditions, quality, or historical issues is deemed reliable.
- **INTENT.** This Replacement Reserve Study is a reflection of the information provided by the Association and the visual evaluations of the Analyst. It has been prepared for the sole use of the Association and is not for the purpose of performing an audit, quality/forensic analyses, or background checks of historical records.
- **PREVIOUS REPLACEMENTS.** Information provided to Miller - Dodson Associates regarding prior replacements is considered to be accurate and reliable. Our visual evaluation is not a project audit or quality inspection.
- **EXPERIENCE WITH FUTURE REPLACEMENTS.** The Calendar of Annual Projected Replacements, lists replacements we have projected to occur over the next thirty years, begins on Page C2. Actual experience in replacing the items may differ significantly from the cost estimates and time frames shown because of conditions beyond our control. These differences may be caused by maintenance practices, inflation, variations in pricing and market conditions, future technological developments, regulatory actions, acts of God, and luck. Some items may function normally during our visual evaluation and then fail without notice.
- **REVIEW OF THE REPLACEMENT RESERVE STUDY.** For this study to be effective, it should be reviewed by the Fishing Creek Farm Waterfront Board of Directors, those responsible for the management of the items included in the Replacement Reserve Inventory, and the accounting professionals employed by the Association.

**PROJECTED REPLACEMENTS - YEARS 1 TO 6**

Item	2017 - STUDY YEAR	\$	Item	2018 - YEAR 2	\$	Item	2019 - YEAR 3	\$
3	Piers, decking - replace	\$31,948						
5	Finger piers, decking - repla	\$19,565						
15	Wooden benches	\$1,000						
Total Scheduled Replacements		\$52,513	No Scheduled Replacements			No Scheduled Replacements		
Item	2020 - YEAR 4	\$	Item	2021 - YEAR 5	\$	Item	2022 - YEAR 6	\$
						14	Jet Ski connected floats	\$10,500
						17	Pier access/security gate	\$3,500
No Scheduled Replacements			No Scheduled Replacements			Total Scheduled Replacements		\$14,000



**PROJECTED REPLACEMENTS - YEARS 7 TO 12**

Item	2023 - YEAR 7	\$
No Scheduled Replacements		

Item	2024 - YEAR 8	\$
No Scheduled Replacements		

Item	2025 - YEAR 9	\$
No Scheduled Replacements		

Item	2026 - YEAR 10	\$
No Scheduled Replacements		

Item	2027 - YEAR 11	\$
2	Piers, replace	\$319,480
3	Piers, decking - replace	\$31,948
4	Finger piers, replace	\$180,000
5	Finger piers, decking - repla	\$19,565
8	Electric distribution to slips	\$21,350
9	Pier pedestals - water, electi	\$14,280
10	Potable water distribution sy	\$17,690
11	Fireline water-pipe distributi	\$27,450
12	Fire extinguishers in cabinet	\$2,100
13	Dock water rescue ladders	\$5,460
15	Wooden benches	\$1,000
16	Boat shed dock replacemen	\$40,000
Total Scheduled Replacements		\$680,323

Item	2028 - YEAR 12	\$
No Scheduled Replacements		

**PROJECTED REPLACEMENTS - YEARS 13 TO 18**

Item	2029 - YEAR 13	\$	Item	2030 - YEAR 14	\$	Item	2031 - YEAR 15	\$
No Scheduled Replacements			No Scheduled Replacements			No Scheduled Replacements		
Item	2032 - YEAR 16	\$	Item	2033 - YEAR 17	\$	Item	2034 - YEAR 18	\$
1	Mooring piles, replace	\$53,200	No Scheduled Replacements			No Scheduled Replacements		
Total Scheduled Replacements		\$53,200	No Scheduled Replacements			No Scheduled Replacements		

**PROJECTED REPLACEMENTS - YEARS 19 TO 24**

Item	2035 - YEAR 19	\$	Item	2036 - YEAR 20	\$	Item	2037 - YEAR 21	\$
						3	Piers, decking - replace	\$31,948
						5	Finger piers, decking - repla	\$19,565
						6	Electric meters & panels	\$32,800
						7	Electric distribution panel 10	\$5,200
						12	Fire extinguishers in cabinet	\$2,100
						14	Jet Ski connected floats	\$10,500
						15	Wooden benches	\$1,000
No Scheduled Replacements			No Scheduled Replacements			Total Scheduled Replacements		
								\$103,113
Item	2038 - YEAR 22	\$	Item	2039 - YEAR 23	\$	Item	2040 - YEAR 24	\$
No Scheduled Replacements			No Scheduled Replacements			No Scheduled Replacements		

**PROJECTED REPLACEMENTS - YEARS 25 TO 30**

Item	2041 - YEAR 25	\$	Item	2042 - YEAR 26	\$	Item	2043 - YEAR 27	\$
			17	Pier access/security gate	\$3,500			
No Scheduled Replacements			Total Scheduled Replacements			No Scheduled Replacements		
					\$3,500			
Item	2044 - YEAR 28	\$	Item	2045 - YEAR 29	\$	Item	2046 - YEAR 30	\$
No Scheduled Replacements			No Scheduled Replacements			No Scheduled Replacements		

**PROJECTED REPLACEMENTS - YEARS 31 TO 36**

Item	2047 - YEAR 31	\$	Item	2048 - YEAR 32	\$	Item	2049 - YEAR 33	\$
3	Piers, decking - replace	\$31,948						
5	Finger piers, decking - repla	\$19,565						
9	Pier pedestals - water, elect	\$14,280						
12	Fire extinguishers in cabinet	\$2,100						
13	Dock water rescue ladders	\$5,460						
15	Wooden benches	\$1,000						
Total Scheduled Replacements		\$74,353	No Scheduled Replacements			No Scheduled Replacements		
Item	2050 - YEAR 34	\$	Item	2051 - YEAR 35	\$	Item	2052 - YEAR 36	\$
						14	Jet Ski connected floats	\$10,500
No Scheduled Replacements			No Scheduled Replacements			Total Scheduled Replacements		\$10,500

**PROJECTED REPLACEMENTS - YEARS 37 TO 42**

Item	2053 - YEAR 37	\$	Item	2054 - YEAR 38	\$	Item	2055 - YEAR 39	\$
No Scheduled Replacements			No Scheduled Replacements			No Scheduled Replacements		
Item	2056 - YEAR 40	\$	Item 2057 (beyond Study Period) \$ 3 Piers, decking - replace \$31,948 5 Finger piers, decking - repla \$19,565 12 Fire extinguishers in cabinet \$2,100 15 Wooden benches \$1,000			Item	2058 (beyond Study Period)	\$
No Scheduled Replacements			Total Scheduled Replacements \$54,613			No Scheduled Replacements		

## CASH FLOW METHOD ACCOUNTING SUMMARY

This Fishing Creek Farm Waterfront - Cash Flow Method Accounting Summary is an attachment to the Fishing Creek Farm Waterfront - Replacement Reserve Study dated April 4, 2017 and is for use by accounting and reserve professionals experienced in Association funding and accounting principles. This Summary consists of four reports, the 2017, 2018, and 2019 Cash Flow Method Category Funding Reports (3) and a Three-Year Replacement Funding Report.

- CASH FLOW METHOD CATEGORY FUNDING REPORT, 2017, 2018, and 2019. Each of the 17 Projected Replacements listed in the Fishing Creek Farm Waterfront Replacement Reserve Inventory has been assigned to one of 1 categories. The following information is summarized by category in each report:
  - Normal Economic Life and Remaining Economic Life of the Projected Replacements.
  - Cost of all Scheduled Replacements in each category.
  - Replacement Reserves on Deposit allocated to the category at the beginning and end of the report period.
  - Cost of Projected Replacements in the report period.
  - Recommended Replacement Reserve Funding allocated to the category during the report period as calculated by the Cash Flow Method.
- THREE-YEAR REPLACEMENT FUNDING REPORT. This report details the allocation of the \$230,923 Beginning Balance (at the start of the Study Year) and the \$147,522 of additional Replacement Reserve Funding in 2017 through 2019 (as calculated in the Replacement Reserve Analysis) to each of the 17 Projected Replacements listed in the Replacement Reserve Inventory. These allocations have been made using Chronological Allocation, a method developed by Miller Dodson Associates, Inc., and discussed below. The calculated data includes:
  - Identification and estimated cost of each Projected Replacement scheduled in years 2017 through 2019.
  - Allocation of the \$230,923 Beginning Balance to the Projected Replacements by Chronological Allocation.
  - Allocation of the \$147,522 of additional Replacement Reserve Funding recommended in the Replacement Reserve Analysis in years 2017 through 2019, by Chronological Allocation.
- CHRONOLOGICAL ALLOCATION. Chronological Allocation assigns Replacement Reserves to Projected Replacements on a "first come, first serve" basis in keeping with the basic philosophy of the Cash Flow Method. The Chronological Allocation methodology is outlined below.
  - The first step is the allocation of the \$230,923 Beginning Balance to the Projected Replacements in the Study Year. Remaining unallocated funds are next allocated to the Projected Replacements in subsequent years in chronological order until the total of Projected Replacements in the next year is greater than the unallocated funds. Projected Replacements in this year are partially funded with each replacement receiving percentage funding. The percentage of funding is calculated by dividing the unallocated funds by the total of Projected Replacements in the partially funded year.

At Fishing Creek Farm Waterfront the Beginning Balance funds all Scheduled Replacements in the Study Year through 2026 and provides partial funding (24%) of replacements scheduled in 2027.
  - The next step is the allocation of the \$49,174 of 2017 Cash Flow Method Reserve Funding calculated in the Replacement Reserve Analysis. These funds are first allocated to fund the partially funded Projected Replacements and then to subsequent years in chronological order as outlined above.

At Fishing Creek Farm Waterfront the Beginning Balance and the 2017 Replacement Reserve Funding, funds replacements through 2026 and partial funds (31.4%) replacements in 2027.
  - Allocations of the 2018 and 2019 Reserve Funding are done using the same methodology.
  - The Three-Year Replacement Funding Report details component by component allocations made by Chronological Allocation.

## 2017 - CASH FLOW METHOD CATEGORY FUNDING REPORT

Each of the 17 Projected Replacements included in the Fishing Creek Farm Waterfront Replacement Reserve Inventory has been assigned to one of the 1 categories listed in TABLE CF1 below. This calculated data is a summary of data provided in the Three-Year Replacement Funding Report and Replacement Reserve Inventory. The accuracy of this data is dependent upon many factors including the following critical financial data:

- A Beginning Balance of \$230,923 as of the first day of the Study Year, January 1, 2017.
- Total reserve funding (including the Beginning Balance) of \$280,097 in the Study Year.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory in 2017 being accomplished in 2017 at a cost of \$52,513.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates to arrange for an update of the Replacement Reserve Study.

### 2017 - CASH FLOW METHOD CATEGORY FUNDING - TABLE CF1

CATEGORY	NORMAL ECONOMIC LIFE	REMAINING ECONOMIC LIFE	ESTIMATED REPLACEMENT COST	2017 BEGINNING BALANCE	2017 RESERVE FUNDING	2017 PROJECTED REPLACEMENTS	2017 END OF YEAR BALANCE
MARINA COMPONENTS	10 to 40 years	0 to 20 years	\$785,523	\$230,923	\$49,174	(\$52,513)	\$227,584



## 2018 - CASH FLOW METHOD CATEGORY FUNDING REPORT

Each of the 17 Projected Replacements included in the Fishing Creek Farm Waterfront Replacement Reserve Inventory has been assigned to one of the 1 categories listed in TABLE CF2 below. This calculated data is a summary of data provided in the Three-Year Replacement Funding Report and Replacement Reserve Inventory. The accuracy of this data is dependent upon many factors including the following critical financial data:

- Replacement Reserves on Deposit totaling \$227,584 on January 1, 2018.
- Total reserve funding (including the Beginning Balance) of \$329,271 from 2017 through 2018.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates to arrange for an update of the Replacement Reserve Study.

2018 - CASH FLOW METHOD CATEGORY FUNDING - TABLE CF2							
CATEGORY	NORMAL ECONOMIC LIFE	REMAINING ECONOMIC LIFE	ESTIMATED REPLACEMENT COST	2018 BEGINNING BALANCE	2018 RESERVE FUNDING	2018 PROJECTED REPLACEMENTS	2018 END OF YEAR BALANCE
MARINA COMPONENTS	10 to 40 years	4 to 19 years	\$785,523	\$227,584	\$49,174		\$276,758

## 2019 - CASH FLOW METHOD CATEGORY FUNDING REPORT

Each of the 17 Projected Replacements included in the Fishing Creek Farm Waterfront Replacement Reserve Inventory has been assigned to one of the 1 categories listed in TABLE CF3 below. This calculated data is a summary of data provided in the Three-Year Replacement Funding Report and Replacement Reserve Inventory. The accuracy of this data is dependent upon many factors including the following critical financial data:

- Replacement Reserves on Deposit totaling \$276,758 on January 1, 2019.
- Total Replacement Reserve funding (including the Beginning Balance) of \$378,445 from 2017 to 2019.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates to arrange for an update of the Replacement Reserve Study.

2019 - CASH FLOW METHOD CATEGORY FUNDING - TABLE CF3							
CATEGORY	NORMAL ECONOMIC LIFE	REMAINING ECONOMIC LIFE	ESTIMATED REPLACEMENT COST	2019 BEGINNING BALANCE	2019 RESERVE FUNDING	2019 PROJECTED REPLACEMENTS	2019 END OF YEAR BALANCE
MARINA COMPONENTS	10 to 40 years	3 to 18 years	\$785,523	\$276,758	\$49,174		\$325,932

## CASH FLOW METHOD - THREE-YEAR REPLACEMENT FUNDING REPORT

TABLE CF4 below details the allocation of the \$230,923 Beginning Balance, as reported by the Association and the \$147,522 of Replacement Reserve Funding calculated by the Cash Flow Method from 2017 to 2019, to the 17 Projected Replacements listed in the Replacement Reserve Inventory. These allocations have been made by Chronological Allocation, a method developed by Miller Dodson Associates, Inc., and outlined on Page CF1.

The accuracy of the allocations is dependent upon many factors including the following critical financial data:

- Replacement Reserves on Deposit totaling \$230,923 on January 1, 2017.
- Replacement Reserves on Deposit totaling \$227,584 on January 1, 2018.
- Replacement Reserves on Deposit totaling \$276,758 on January 1, 2019.
- Total Replacement Reserve funding (including the Beginning Balance) of \$378,445 from 2017 to 2019.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory from 2017 to 2019 being accomplished as scheduled in the Replacement Reserve Inventory at a cost of \$52,513.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates, Inc., to arrange for an update of the Replacement Reserve Study.

### CASH FLOW METHOD - THREE-YEAR REPLACEMENT FUNDING - TABLE CF4

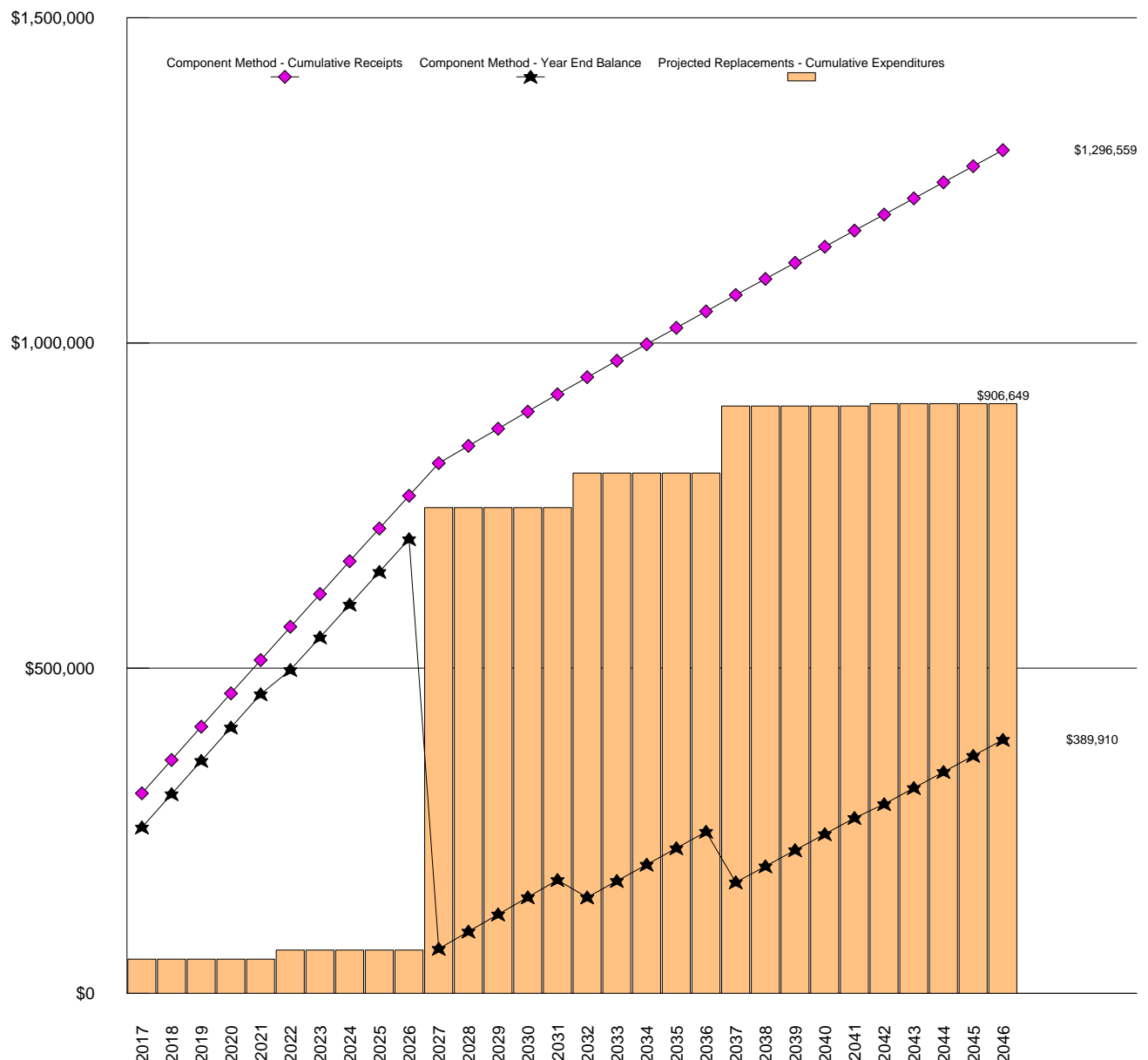
Item #	Description of Projected Replacement	Estimated Replacement Costs	Allocation of Beginning Balance	2017 Reserve Funding	2017 Projected Replacements	2017 End of Year Balance	2018 Reserve Funding	2018 Projected Replacements	2018 End of Year Balance	2019 Reserve Funding	2019 Projected Replacements	2019 End of Year Balance
MARINA COMPONENTS												
1	Mooring piles, replace	53,200										
2	Piers, replace	319,480	77,207	23,092		100,299	23,092		123,391	23,092		146,483
3	Piers, decking - replace	31,948	39,669	2,309	(31,948)	10,030	2,309		12,339	2,309		14,648
4	Finger piers, replace	180,000	43,500	13,010		56,510	13,010		69,521	13,010		82,531
5	Finger piers, decking - replace	19,565	24,293	1,414	(19,565)	6,142	1,414		7,556	1,414		8,971
6	Electric meters & panels	32,800										
7	Electric distribution panel 1000 amps	5,200										
8	Electric distribution to slips	21,350	5,160	1,543		6,703	1,543		8,246	1,543		9,789
9	Pier pedestals - water, electric outlets &	14,280	3,451	1,032		4,483	1,032		5,515	1,032		6,547
10	Potable water distribution system	17,690	4,275	1,279		5,554	1,279		6,832	1,279		8,111
11	Fireline water-pipe distribution system	27,450	6,634	1,984		8,618	1,984		10,602	1,984		12,586
12	Fire extinguishers in cabinets	2,100	507	152		659	152		811	152		963
13	Dock water rescue ladders	5,460	1,319	395		1,714	395		2,109	395		2,503
14	Jet Ski connected floats	10,500	10,500			10,500			10,500			10,500
15	Wooden benches	1,000	1,242	72	(1,000)	314	72		386	72		459
16	Boat shed dock replacements	40,000	9,667	2,891		12,558	2,891		15,449	2,891		18,340
17	Pier access/security gate	3,500	3,500			3,500			3,500			3,500

## COMPONENT METHOD

**\$76,779 COMPONENT METHOD RECOMMENDED ANNUAL FUNDING OF REPLACEMENT RESERVES IN THE STUDY YEAR, 2017.**

General. The Component Method (also referred to as the Full Funded Method) is a very conservative mathematical model developed by HUD in the early 1980s. Each of the 17 Projected Replacements listed in the Replacement Reserve Inventory is treated as a separate account. The Beginning Balance is allocated to each of the individual accounts, as is all subsequent funding of Replacement Reserves. These funds are "locked" in these individual accounts and are not available to fund other Projected Replacements. The calculation of Recommended Annual Funding of Replacement Reserves is a multi-step process outlined in more detail on Page CM2.

### Component Method - Cumulative Receipts and Expenditures Graph



## COMPONENT METHOD (cont'd)

- Current Funding Objective. A Current Funding Objective is calculated for each of the Projected Replacements listed in the Replacement Reserve Inventory. Replacement Cost is divided by the Normal Economic Life to determine the nominal annual contribution. The Remaining Economic Life is then subtracted from the Normal Economic Life to calculate the number of years that the nominal annual contribution should have been made. The two values are then multiplied to determine the Current Funding Objective. This is repeated for each of the 17 Projected Replacements. The total, \$559,444, is the Current Funding Objective.

For an example, consider a very simple Replacement Reserve Inventory with one Projected Replacement, a fence with a \$1,000 Replacement Cost, a Normal Economic Life of 10 years, and a Remaining Economic Life of 2 years. A contribution to Replacement Reserves of \$100 (\$1,000 ÷ 10 years) should have been made in each of the previous 8 years (10 years - 2 years). The result is a Current Funding Objective of \$800 (8 years x \$100 per year).

- Funding Percentage. The Funding Percentage is calculated by dividing the Beginning Balance (\$230,923) by the Current Funding Objective (\$559,444). At Fishing Creek Farm Waterfront the Funding Percentage is 41.3%.
- Allocation of the Beginning Balance. The Beginning Balance is divided among the 17 Projected Replacements in the Replacement Reserve Inventory. The Current Funding Objective for each Projected Replacement is multiplied by the Funding Percentage and these funds are then "locked" into the account of each item.

If we relate this calculation back to our fence example, it means that the Association has not accumulated \$800 in Reserves (the Funding Objective), but rather at 41.3 percent funded, there is \$330 in the account for the fence.

- Annual Funding. The Recommended Annual Funding of Replacement Reserves is then calculated for each Projected Replacement. The funds allocated to the account of the Projected Replacement are subtracted from the Replacement Cost. The result is then divided by the number of years until replacement, and the result is the annual funding for each of the Projected Replacements. The sum of these is \$76,779, the Component Method Recommended Annual Funding of Replacement Reserves in the Study Year (2017).

In our fence example, the \$330 in the account is subtracted from the \$1,000 Total Replacement Cost and divided by the 2 years that remain before replacement, resulting in an annual deposit of \$335. Next year, the deposit remains \$335, but in the third year, the fence is replaced and the annual funding adjusts to \$100.

- Adjustment to the Component Method for interest and inflation. The calculations in the Replacement Reserve Analysis do not account for interest earned on Replacement Reserves, inflation, or a constant annual increase in Annual Funding of Replacement Reserves. The Component Method is a very conservative method and if the Analysis is updated regularly, adequate funding will be maintained without the need for adjustments.

### Component Method Data - Years 1 through 30

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Beginning balance	\$230,923									
Recommended annual funding	\$76,779	\$51,194	\$51,194	\$51,194	\$51,194	\$51,194	\$50,337	\$50,337	\$50,337	\$50,337
Interest on reserves										
Expenditures	\$52,513					\$14,000				
Year end balance	\$255,189	\$306,383	\$357,576	\$408,770	\$459,964	\$497,157	\$547,494	\$597,831	\$648,169	\$698,506
Cumulative Expenditures	\$52,513	\$52,513	\$52,513	\$52,513	\$52,513	\$66,513	\$66,513	\$66,513	\$66,513	\$66,513
Cumulative Receipts	\$307,702	\$358,896	\$410,089	\$461,283	\$512,477	\$563,670	\$614,007	\$664,344	\$714,682	\$765,019
Year	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Recommended annual funding	\$50,337	\$26,429	\$26,429	\$26,429	\$26,429	\$26,429	\$25,257	\$25,257	\$25,257	\$25,257
Interest on reserves										
Expenditures	\$680,323					\$53,200				
Year end balance	\$68,520	\$94,949	\$121,378	\$147,806	\$174,235	\$147,464	\$172,721	\$197,979	\$223,236	\$248,493
Cumulative Expenditures	\$746,836	\$746,836	\$746,836	\$746,836	\$746,836	\$800,036	\$800,036	\$800,036	\$800,036	\$800,036
Cumulative Receipts	\$815,356	\$841,785	\$868,214	\$894,642	\$921,071	\$947,500	\$972,757	\$998,015	\$1,023,272	\$1,048,529
Year	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
Recommended annual funding	\$25,257	\$24,753	\$24,753	\$24,753	\$24,753	\$24,753	\$24,753	\$24,753	\$24,753	\$24,753
Interest on reserves										
Expenditures	\$103,113					\$3,500				
Year end balance	\$170,637	\$195,390	\$220,143	\$244,895	\$269,648	\$290,900	\$315,653	\$340,405	\$365,158	\$389,910
Cumulative Expenditures	\$903,149	\$903,149	\$903,149	\$903,149	\$903,149	\$906,649	\$906,649	\$906,649	\$906,649	\$906,649
Cumulative Receipts	\$1,073,787	\$1,098,539	\$1,123,292	\$1,148,044	\$1,172,797	\$1,197,549	\$1,222,302	\$1,247,054	\$1,271,807	\$1,296,559

## COMPONENT METHOD ACCOUNTING SUMMARY

This Fishing Creek Farm Waterfront - Component Method Accounting Summary is an attachment to the Fishing Creek Farm Waterfront - Replacement Reserve Study dated April 4, 2017 and is for use by accounting and reserve professionals experienced in Association funding and accounting principles. This Summary consists of four reports, the 2017, 2018, and 2019 Component Method Category Funding Reports (3) and a Three-Year Replacement Funding Report.

- COMPONENT METHOD CATEGORY FUNDING REPORT, 2017, 2018, and 2019. Each of the 17 Projected Replacements listed in the Fishing Creek Farm Waterfront Replacement Reserve Inventory has been assigned to one of 1 categories. The following information is summarized by category in each report:
  - Normal Economic Life and Remaining Economic Life of the Projected Replacements.
  - Cost of all Scheduled Replacements in each category.
  - Replacement Reserves on Deposit allocated to the category at the beginning and end of the report period.
  - Cost of Projected Replacements in the report period.
  - Recommended Replacement Reserve Funding allocated to the category during the report period as calculated by the Component Method.
- THREE-YEAR REPLACEMENT FUNDING REPORT. This report details the allocation of the \$230,923 Beginning Balance (at the start of the Study Year) and the \$179,166 of additional Replacement Reserve funding from 2017 to 2019 (as calculated in the Replacement Reserve Analysis) to each of the 17 Projected Replacements listed in the Replacement Reserve Inventory. These allocations have been made using the Component Method as outlined in the Replacement Reserve Analysis. The calculated data includes:
  - Identification and estimated cost of each Projected Replacement schedule in years 2017 through 2019.
  - Allocation of the \$230,923 Beginning Balance to the Projected Replacements by the Component Method.
  - Allocation of the \$179,166 of additional Replacement Reserve Funding recommended in the Replacement Reserve Analysis in years 2017 through 2019, by the Component Method.

## 2017 - COMPONENT METHOD CATEGORY FUNDING REPORT

Each of the 17 Projected Replacements included in the Fishing Creek Farm Waterfront Replacement Reserve Inventory has been assigned to one of the 1 categories listed in TABLE CM1 below. This calculated data is a summary of data provided in the Three-Year Replacement Funding Report and Replacement Reserve Inventory. The accuracy of this data is dependent upon many factors including the following critical financial data:

- A Beginning Balance of \$230,923 as of the first day of the Study Year, January 1, 2017.
- Total reserve funding (including the Beginning Balance) of \$307,702 in the Study Year.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory in 2017 being accomplished in 2017 at a cost of \$52,513.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates to arrange for an update of the Replacement Reserve Study.

2017 - COMPONENT METHOD CATEGORY FUNDING - TABLE CM1							
CATEGORY	NORMAL ECONOMIC LIFE	REMAINING ECONOMIC LIFE	ESTIMATED REPLACEMENT COST	2017 BEGINNING BALANCE	2017 RESERVE FUNDING	2017 PROJECTED REPLACEMENTS	2017 END OF YEAR BALANCE
MARINA COMPONENTS	10 to 40 years	0 to 20 years	\$785,523	\$230,923	\$76,779	\$52,513	\$255,189

## 2018 - COMPONENT METHOD CATEGORY FUNDING REPORT

Each of the 17 Projected Replacements included in the Fishing Creek Farm Waterfront Replacement Reserve Inventory has been assigned to one of the 1 categories listed in TABLE CM2 below. This calculated data is a summary of data provided in the Three-Year Replacement Funding Report and Replacement Reserve Inventory. The accuracy of this data is dependent upon many factors including the following critical financial data:

- Replacement Reserves on Deposit totaling \$255,189 on January 1, 2018.
- Total reserve funding (including the Beginning Balance) of \$358,896 from 2017 through 2018.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates to arrange for an update of the Replacement Reserve Study.

**2018 - COMPONENT METHOD CATEGORY FUNDING - TABLE CM2**

CATEGORY	NORMAL ECONOMIC LIFE	REMAINING ECONOMIC LIFE	ESTIMATED REPLACEMENT COST	2018 BEGINNING BALANCE	2018 RESERVE FUNDING	2018 PROJECTED REPLACEMENTS	2018 END OF YEAR BALANCE
MARINA COMPONENTS	10 to 40 years	4 to 19 years	\$785,523	\$255,189	\$51,194		\$306,383



## 2019 - COMPONENT METHOD CATEGORY FUNDING REPORT

Each of the 17 Projected Replacements included in the Fishing Creek Farm Waterfront Replacement Reserve Inventory has been assigned to one of the 1 categories listed in TABLE CM3 below. This calculated data is a summary of data provided in the Three-Year Replacement Funding Report and Replacement Reserve Inventory. The accuracy of this data is dependent upon many factors including the following critical financial data:

- Replacement Reserves on Deposit totaling \$306,383 on January 1, 2019.
- Total Replacement Reserve funding (including the Beginning Balance) of \$410,089 from 2017 to 2019.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates to arrange for an update of the Replacement Reserve Study.

2019 - COMPONENT METHOD CATEGORY FUNDING - TABLE CM3							
CATEGORY	NORMAL ECONOMIC LIFE	REMAINING ECONOMIC LIFE	ESTIMATED REPLACEMENT COST	2019 BEGINNING BALANCE	2019 RESERVE FUNDING	2019 PROJECTED REPLACEMENTS	2019 END OF YEAR BALANCE
MARINA COMPONENTS	10 to 40 years	3 to 18 years	\$785,523	\$306,383	\$51,194		\$357,576

## COMPONENT METHOD - THREE-YEAR REPLACEMENT FUNDING REPORT

TABLE CM4 below details the allocation of the \$230,923 Beginning Balance, as reported by the Association and the \$179,166 of Replacement Reserve Funding calculated by the Cash Flow Method from 2017 to 2019, to the 17 Projected Replacements listed in the Replacement Reserve Inventory. These allocations have been made by Chronological Allocation, a method developed by Miller Dodson Associates, Inc., and outlined on Page CF1.

The accuracy of the allocations is dependent upon many factors including the following critical financial data:

- Replacement Reserves on Deposit totaling \$230,923 on January 1, 2017.
- Replacement Reserves on Deposit totaling \$255,189 on January 1, 2018.
- Replacement Reserves on Deposit totaling \$306,383 on January 1, 2019.
- Total Replacement Reserve funding (including the Beginning Balance) of \$410,089 from 2017 to 2019.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory from 2017 to 2019 being accomplished as scheduled in the Replacement Reserve Inventory at a cost of \$52,513.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates, Inc., to arrange for an update of the Replacement Reserve Study.

### COMPONENT METHOD - THREE-YEAR REPLACEMENT FUNDING - TABLE CM4

Item #	Description of Projected Replacement	Estimated Replacement Costs	Allocation of Beginning Balance	2017 Reserve Funding	2017 Projected Replacements	2017 End of Year Balance	2018 Reserve Funding	2018 Projected Replacements	2018 End of Year Balance	2019 Reserve Funding	2019 Projected Replacements	2019 End of Year Balance
MARINA COMPONENTS												
1	Mooring piles, replace	53,200	13,176	2,502		15,677	2,502		18,179	2,502		20,680
2	Piers, replace	319,480	95,608	20,352		115,960	20,352		136,312	20,352		156,664
3	Piers, decking - replace	31,948	13,187	18,761	(31,948)		3,195		3,195	3,195		6,390
4	Finger piers, replace	180,000	53,867	11,467		65,333	11,467		76,800	11,467		88,267
5	Finger piers, decking - replace	19,565	8,076	11,489	(19,565)		1,957		1,957	1,957		3,913
6	Electric meters & panels	32,800	6,431	1,256		7,687	1,256		8,942	1,256		10,198
7	Electric distribution panel 1000 amps	5,200	1,020	199		1,219	199		1,418	199		1,617
8	Electric distribution to slips	21,350	6,389	1,360		7,749	1,360		9,109	1,360		10,469
9	Pier pedestals - water, electric outlets &	14,280	2,652	1,057		3,710	1,057		4,767	1,057		5,824
10	Potable water distribution system	17,690	5,294	1,127		6,421	1,127		7,548	1,127		8,675
11	Fireline water-pipe distribution system	27,450	8,215	1,749		9,963	1,749		11,712	1,749		13,461
12	Fire extinguishers in cabinets	2,100		191		191	191		382	191		573
13	Dock water rescue ladders	5,460	1,014	404		1,418	404		1,823	404		2,227
14	Jet Ski connected floats	10,500	2,600	1,317		3,917	1,317		5,234	1,317		6,550
15	Wooden benches	1,000	413	587	(1,000)		100		100	100		200
16	Boat shed dock replacements	40,000	11,970	2,548		14,519	2,548		17,067	2,548		19,615
17	Pier access/security gate	3,500	1,011	415		1,426	415		1,841	415		2,256

## CONDITION ASSESSMENT

**General Comments.** Miller - Dodson Associates conducted a Reserve Study at Fishing Creek Farm HOA in May and June of 2017. Fishing Creek Farm HOA is in generally good condition for a community constructed in 1989. A review of the Replacement Reserve Inventory will show that we are anticipating most of the components achieving their normal economic lives.

The following comments pertain to the larger, more significant components in the Replacement Reserve Inventory and to those items that are unique or deserving of attention because of their condition or the manner in which they have been treated in the Replacement Reserve Analysis or Inventory.

### General Condition Statements.

**Excellent.** 100% to 90% of Normal Economic Life expected, with no appreciable wear or defects.

**Good.** 90% to 60% of Normal Economic Life expected, minor wear or cosmetic defects found. Normal maintenance should be expected. If performed properly, normal maintenance may increase the useful life of a component. Otherwise, the component is wearing normally.

**Fair.** 60% to 30% of Normal Economic Life expected, moderate wear with defects found. Repair actions should be taken to extend the life of the component or to correct repairable defects and distress. Otherwise, the component is wearing normally.

**Marginal.** 30% to 10% of Normal Economic Life expected, with moderate to significant wear or distress found. Repair actions are expected to be cost effective for localized issues, but normal wear and use are evident. The component is reaching the end of the Normal Economic Life.

**Poor.** 10% to 0% of Normal Economic Life expected, with significant distress and wear. Left unattended, additional damage to underlying structures is likely to occur. Further maintenance is unlikely to be cost effective.

### SITE COMPONENTS

**Asphalt Pavement.** The Association is responsible for the community building parking lot, the small parking area at the tennis court, Southbreeze Lane, and the Right-of-way at Hidden River View Road. Other roadways are maintained by Anne Arundel County. In general, the Association's asphalt pavements are in good condition, with minor cracking.



As a rule of thumb, asphalt should be overlaid when approximately 5% of the surface area is cracked or otherwise deteriorated. The normal service life of asphalt pavement is typically 18 to 20 years.

In order to maintain the condition of the pavement throughout the community and to ensure the longest life of the asphalt, we recommend a systematic and comprehensive maintenance program that includes:

- **Cleaning.** Long-term exposure to oil or gas breaks down asphalt. Because this asphalt pavement is generally not used for long-term parking, it is unlikely that frequent cleaning will be necessary. When necessary, spill areas should be cleaned or patched if deterioration has penetrated the asphalt. This is a maintenance activity, and we have assumed that it will not be funded from Reserves.
- **Crack Repair.** All cracks should be repaired with an appropriate compound to prevent water infiltration through the asphalt into the base. This repair should be done annually. Crack repair is normally considered a maintenance activity and is not funded from Reserves. Areas of extensive cracking or deterioration that cannot be made watertight should be cut out and patched.
- **Seal Coating.** The asphalt should be seal coated every five to seven years. For this maintenance, activity to be effective in extending the life of the asphalt, cleaning and crack repair should be performed first.

The pricing used is based on recent contracts for a two-inch overlay, which reflects the current local market for this work.

For seal coating, several different products are available. The older, more traditional seal coating products are simply paints. They coat the surface of the asphalt and they are minimally effective. However, the newer coating materials, such as those from Total Asphalt Management, Asphalt Restoration Technologies, Inc., and others, are penetrating. They are engineered, so to speak, to 'remoisturize' the pavement. Asphalt pavement is intended to be flexible. Over time, the volatile chemicals in the pavement dry, the pavement becomes brittle, and degradation follows in the forms of cracking and potholes. Remoisturizing the pavement can return its flexibility and extend the life of the pavement.

Lastly, the resource links provided on our website may provide insight into the general terms and concerns, including maintenance related advantages and disadvantages, which may help the Association better manage the asphalt pavements throughout the community: <http://mdareserves.com/resources/links/site-components>.

**Concrete Work.** The concrete work includes the community curb & gutters, flatwork such as sidewalks and leadwalks, and the boat launch ramp. All of which are located at the community building. We have modeled for the work to be done at one time in the tenth (10th) year of this study. That is being funded because of the aged condition of this set of components and their replacement in the year before the asphalt components are milled and overlaid.







The standards we use for recommending replacement are as follows:

- Trip hazard, ½ inch height difference.
- Severe cracking.
- Severe spalling and scale.
- Uneven riser heights on steps.
- Steps with risers in excess of 8¼ inches.

Because it is highly unlikely that all of the concrete components will fail and require replacement in the period of the study, we have programmed funds for the replacement of these inventories and spread the funds over an extended timeframe to reflect the incremental nature of this work.

The relevant links on our web site may provide useful information related to concrete terminology, maintenance, and repair. Please see <http://mdareserves.com/resources/links/site-components>.

**Site Lighting.** The Association is responsible for the operation of the community building located site lights which have two heads atop a metal pole and the same fixture design is used on the community building.



This study assumes replacement of the light fixtures every 20 years with pole replacement every 30 years. When the light poles are replaced, we assume that the underground wiring will also be replaced. When a whole-scale lighting replacement project is called for, we recommend consulting with a lighting design expert. Many municipalities have design codes, guidelines, and restrictions when it comes to exterior illumination.

In addition, new technology such LED and LIFI among others should be evaluated when considering replacement.

**Entry Monument and Signage.** The Association maintains monuments at its Cherry Tree Lane and Thomas Point Court entries. The monuments are made of brick and are in good condition for their age.



We recommend repointing and replacement of defective areas of the masonry as needed. The Association may want to consider applying a coat of Siloxane or other appropriate breathable sealant to mitigate water penetration and further degradation of the masonry work. For additional information, please see the appropriate links on our web site at <http://mdareserves.com/resources/links/building-exterior>.

**Fencing.** The Association maintains three rail fencing along Thomas Point Road on both sides of the Cherry Tree Lane entry. Fencing systems have a large number of configurations and finishes that can usually be repaired as a maintenance activity by replacing individual components as they become damaged or weathered.

Protection from string machine damage during lawn maintenance can extend the useful life of some fence types. Protection from this type of damage is typically provided by applying herbicides around post bases or installing protective sheathing.

Vinyl fencing made of 100% virgin material can last 30 to 35 years, and periodic cleaning will keep the fence looking attractive. Vinyl components with ticker walls can provide a longer useful life.

For more information on fencing, visit our [website link](#) to the American Fence Association.





**Stormwater Management Components.** The Association is responsible for the maintenance of the storm water management piping & structures and gabion stone surface drainage system. Engineering drawings were used in the determination of these underground components. Additionally, we have provided an estimate of the approximate replacement costs based on our visual inspection, measuring, and experience with other facilities of similar size and configuration. The inspection and evaluation of underground lines and structures is beyond the scope of work for this study.



**Miscellaneous Site Components.** Pictures of some miscellaneous components are showing below. In order, they are the canoe rack at the Community pier, the boat rack at the boat ramp area, the two pictures of the bulkhead along Cherry Tree Lane, the elevated walkway, the aforementioned community pier, the boat ramp, and one of the piers at the boat ramp.





## BUILDING EXTERIOR COMPONENTS

**Building Roofing.** The clubhouse is roofed in thirty-year-life rated asphalt shingles that are in excellent condition because of their recent installation. Additionally, it has a flat roof system on the Plaza located above the front entry to the building.





Asphalt shingle roofs can have a useful life of 20 to 50 years depending on the weight and quality of the shingle. Weathered, curled, and missing shingles are all indications that the shingles may be nearing the end of their useful life.

Flat roofing systems can have a variety of configurations that will greatly affect the cost of replacement. Flat roofing systems typically have a useful life of 15 to 25 years. The plaza has a flat roof with pressure treated lumber decking protection.

Annual inspections are recommended, with cleaning, repair, and mitigation of vegetation performed as needed. Access, inspection, and repair work should be performed by contractors and personnel with the appropriate access equipment who are experienced in the types of roofing used for the facility.

For additional information on roofs and roof maintenance, please see the appropriate links on our web site at <http://mdareserves.com/resources/links/building-exterior>.

**Gutters and Downspouts.** The building has aluminum gutters and downspouts. The gutters and downspouts are in excellent condition.

A gutter and downspout system will remove rainwater from the area of the building roof, siding, and foundation. This will protect building's exterior surfaces from water damage. Gutters should run the full length of all drip edges of the building roof. Even with full gutters, it is important to inspect the function of the gutters during heavy rain to identify any deficiencies. It may be necessary to periodically adjust the slope of sections, repair connections, replace hangers, and install shrouds to the gutters. Downspouts should be securely attached to the side of the structure. Any broken straps should be replaced. The area of the outlet should be inspected to promote run-off in the desired direction. Long straight runs should have an elbow at the bottom. Splash blocks should be installed to fray the water out-letting from the downspout.

It is recommended that all gutters be cleaned at least twice each year. Where there are trees located close to the building, consider installing a gutter debris shield that will let water into the gutters but will filter out leaves, twigs, and other debris.



**Façade.** The exterior of the community building is a combination of an engineered wood product and stucco. These materials are in excellent condition.



Engineered wood exterior materials are typically constructed from wood fiber, wax, and resins that are compressed under heat and pressure. They typically have an extended useful life of forty (40) years and require repainting and recaulking every 10 to 15 years. Following the manufacturer's recommendations for cleaning, painting, and caulking, we expect these products to reach that life cycle.

Stucco finishes are also installed on the facility's exterior. Most stucco deterioration is the result of water infiltration. This is generally first evident near the roof and around chimneys, windows, doors, and other wall penetrations. Moisture can also gain access through materials that are in contact with ground by a process



called wicking. Moisture will cause the supporting lath for the stucco to rot or corrode, resulting in the stucco pulling away from the substrate.

In this study, we provide for an allowance for incremental stucco repairs every 10 years with a recoating every 30 years. Further inspection of the stucco and repair of any latent and concealed damage are not accounted for in this study. See <http://mdareserves.com/resources/links/building-exterior> for additional information.

**Windows and Doors.** The Association is responsible for the common windows and exterior doors of the building. The windows and doors are in generally excellent condition.

For more information, please see our links at <http://mdareserves.com/resources/links/building-exterior>.



**Awning and Structure Frame.** The Association maintains a metal frame (missing its fabric) atop the stairs on the left elevation of the building transiting from the second story deck to the ground. The overall condition of the metal framing is in excellent condition. The Awning has yet to be installed so we are funding for its replacement this year. We have assumed a service life of 5 to 10 years for the fabric cover and 20 to 30 years for the metal framing.

To prolong the useful life of the fabric cover, we recommend periodic cleaning and the application of an appropriate sealant.



**Miscellaneous Building Exterior Components.** Pictures of some miscellaneous components are shown below with subtitles identifying them.



Elevated deck alcove



Elevated deck structure



Ramp



Steel/wood steps with awning structure



Front low Plaza, solid wood railing



Front low Plaza, PTL decking



Building sconce lighting matching the site lights and another sconce light showing the attractive detailing of the Facade

## BUILDING INTERIOR COMPONENTS

**Common Interiors.** The Association maintains the lobby, halls, restrooms, a second floor located club room complete with a new and modern kitchen. Because of its recent renovation the interior of the building is in excellent condition.



We have assumed that the Association will want to maintain these areas in a commercially acceptable condition. Typically, replacement cycles for common interior spaces vary between 20 to 30 years depending on the aesthetic tastes of the community, usage, and construction. Material selection and the community's preferences are the major factors in setting the reserve components for items such as refurbishing and interior refurbishment. The Association will need to establish these cycles as these facilities age. Maintaining historical records and incorporating these trends and preferences into a future Reserve Study update is the best way to adjust for these cycles.

**Ceramic Tile.** The Association maintains ceramic tile in the first floor located pool shower/restrooms and more formal rooms near the clubroom on the second floor. Because of its youthful age, the overall condition of the ceramic tile is excellent.





To help maintain the condition of the ceramic tile, regular cleaning is recommended. The tile can further be protected by the installation of dirt catching, walk-off mats placed at all building entrances.

**Hardwood Flooring.** The top floor of the building has hardwood flooring. The flooring is in excellent condition.



**Emergency Light Fixtures.** The building uses battery powered light fixtures for emergency lighting in the event of a power outage. The fixtures are in excellent condition. Fixtures of this type have a typical service life of 20 to 25 years.

The use of emergency light fixtures is required on an irregular and infrequent basis. Frequently, fixtures fail to operate when needed due to failed components that have gone unnoticed. Therefore, we recommend that the Association have all emergency light fixtures tested on a regular basis, typically every 3 to 6 months.

**Exit Lights.** The building uses illuminated exit lights at each of the exits. The general condition of the building's exit lights is excellent.

We recommend that the Association consider replacing the existing exit lights with ones powered by light emitting diodes (LEDs). LED based exit lights offer 25 years or more service life without having to replace the light source while reducing the energy requirements by 90% for incandescent light sources and 50% for compact fluorescent light sources.



**Miscellaneous Building Interior Components.** Pictures of some miscellaneous components are showing below.



Interior steel door



Glass door



Kitchen cabinets and appliances



Electric water heater



Attic located air handler unit



Ceiling light fixtures

## RECREATIONAL COMPONENTS

**Swimming Pool.** The community operates an outdoor pool and wading pool of concrete construction. Listed below are the major components of the pool facilities:



- Pool Shells. The shells for the swimming pools are in good condition.
- Pool Deck. The pool has a concrete deck. The overall condition of the deck is good.
- Whitecoat. The pools' whitecoat is in good condition. We have assumed a service life of ten years for the pool whitecoat.
- Waterline Tile. The waterline tile is in good condition. We have assumed that the waterline tile will be replaced or restored when the pool is whitecoated.
- Coping. The pool is edged with precast concrete coping. The coping is in good condition.
- Pump and Filter Systems. The filter systems for both pools are in good operating condition.
- Pool Fence. The swimming pools are enclosed by a six (6) feet tall aluminum perimeter fence while the wading pool has a similar fence of four (4) feet tall fence similar to the perimeter one. They both are in excellent condition.



Pool water treatment system



Filter pump





Main pool filter



Wading pool filter



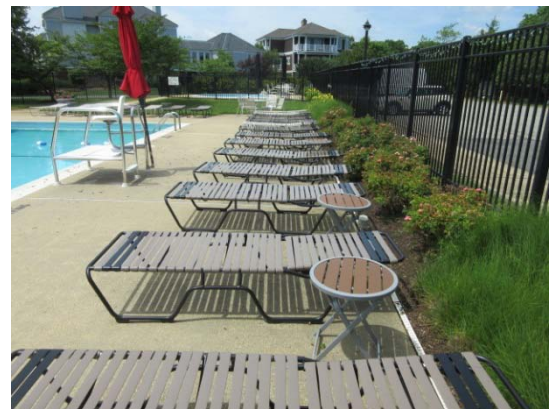
Pool entry gazebo



Perimeter fence



Deck drainage - collector trough



Pool furniture

**Tennis Courts.** The community maintains a single tennis court located near the end of Cherry Tree Lane. The overall condition of the court is very good because the asphalt and color coat were replaced in 2013. At the same time net post and their footings were replaced. The perimeter fence appears to have ten (10) years remaining in its life cycle.



Listed below are the major components of the tennis court facilities:

- Asphalt Pavement (base layer). We have assumed a service life of 20 years for the asphalt base layer.
- Color Coat (surface layer). Annual cleaning is recommended to maintain the surface of the court. The base of a tennis court is subject to cracking and low spots known as “birdbaths” that can occur from weather and earth movement. A program to address cracks as they appear will help to prolong the useful life of the color coat. We have assumed a service life of five to ten years for the color coat.
- Fencing. We have assumed that the fencing will be replaced when the asphalt pavement is replaced. Posts and fencing should be inspected, repaired, and painted as needed to prolong their economic life. Periodic inspection of the posts, gates, hinges, and latches is also recommended, and it is important that posts and footings be protected to prevent soil erosion. In addition, care should be taken so that damage from string trimmers is minimized.
- Net Posts. We have assumed that the new posts will be replaced when the asphalt pavement is replaced.



## MARINA COMPONENTS

“Marina and Shoreline Condition Survey.” As mentioned in the “Acknowledgement” paragraph at the beginning of this study, the Association has a relationship with a highly professional consulting firm lead by Ken Eaton of AMA/DBF, their Senior Project Manager. Along with several sets of similar components mentioned in the above, we have followed the recommendations according to their original report published in September of 2012 and updated on June 23<sup>rd</sup> of this year. The purpose of this separation of related components is in the interest of providing the Association with a complete Replacement Reserve Inventory titled “Fishing Creek Farm Waterfront” (pages A1 through A6, B1 through B4, and C1 through C8) for the Association to use to determine the annual replacement budget and dues revenue needed to support the marina in a similar fashion as shown in the “Fishing Creek Farm Landside” inventory.

**Wood Pier Decking.** The wood decking on the piers, the finger piers, and the wood walk is exposed to harsh extremes of sun and weather. It will typically require replacement before the heavier members of the underlying structure. This decking will also be removed and replaced in its entirety when the underlying structure is replaced. To model this replacement pattern, we have provided for complete replacement incident to the replacement of the structure. Also, we have included an additional replacement interval for the wood pier decking at the midpoint of the service life of the underlying structure.

Following AMA/DBF’s recommendation, the decking is funded for replacement this year - 2017.



**Wood Piers.** In the marina, the Association operates a single “T” shaped wood pier which has “Finger Piers” situated between boats in a perpendicular configuration attached to the pier and separate mooring piles. The supporting structure consists of pressure treated wood piles on 10-foot centers (approximately) with stringers spanning the distance between piles. We have assumed that when the pier structure is replaced the piles supporting it, the decking atop it, and the utilities attached to and under it will all be replaced. All components are constructed from pressure treated lumber supported by similarly treated wood pilings.

Both types of the “piers” are of such an age and condition that AMA/DBF recommends replacement in ten (10) years.



**Mooring Piles.** Freestanding pilings are those pilings that are installed at the outside limit of each slip. These pilings provide mooring points to secure either the bow or stern of the boat within the slip. They are not a part of the pier structure. Because these pilings can be replaced individually when required without affecting other elements of the pier structure, we have treated them separately in the analysis and spread the cost of their replacement over time.

It is the recommendation of AMA/DBF that the freestanding "Mooring piles" be replaced in fifteen (15) years.

**Pier Utility Systems.** The pier utility systems include electric power outlets and pedestal lighting, the potable water supply, and the fire suppression water piping distribution system.

It is the recommendation of AMA/DBF that the utility systems will be removed and replaced when the pier structure is replaced.

It is recommended that all piers be inspected at least once each year to identify damage to pilings, structural members, and decking boards.



Electric meter center



Electric power outlet





Electric light



Fireline water hydrant

**Miscellaneous Marina Components.** Pictures of some miscellaneous components are showing below.



Fire extinguisher in a cabinet



Dock water rescue ladder



Jet-ski connector floats



Wooden benches



Boat shed dock replacements



Pier access security gate

This Condition Assessment is based upon our visual survey of the property. The sole purpose of the visual survey was an evaluation of the common elements of the property to ascertain the remaining useful life and the replacement costs of these common elements. Our evaluation assumed that all components met building code requirements in force at the time of construction. Our visual survey was conducted with care by experienced persons, but no warranty or guarantee is expressed or implied.

End of Condition Assessment

## 1. COMMON INTEREST DEVELOPMENTS - AN OVERVIEW

Over the past 40 years, the responsibility for community facilities and infrastructure around many of our homes has shifted from the local government to Community Associations. Thirty years ago, a typical new town house abutted a public street on the front and a public alley on the rear. Open space was provided by a nearby public park and recreational facilities were purchased ala carte from privately owned country clubs, swim clubs, tennis clubs, and gymnasiums. Today, 60% of all new residential construction, i.e. townhouses, single-family homes, condominiums, and cooperatives, is in Common Interest Developments (CID). In a CID, a homeowner is bound to a Community Association that owns, maintains, and is responsible for periodic replacements of various components that may include the roads, curbs, sidewalks, playgrounds, streetlights, recreational facilities, and other community facilities and infrastructure.

The growth of Community Associations has been explosive. In 1965, there were only 500 Community Associations in the United States. According to the 1990 U.S. Census, there were 130,000 Community Associations. Community Associations Institute (CAI), a national trade association, estimates there were more than 200,000 Community Associations in the year 2000, and that the number of Community Associations will continue to multiply.

The shift of responsibility for billions of dollars of community facilities and infrastructure from the local government and private sector to Community Associations has generated new and unanticipated problems. Although Community Associations have succeeded in solving many short-term problems, many Associations have failed to properly plan for the tremendous expenses of replacing community facilities and infrastructure components. When inadequate replacement reserve funding results in less than timely replacements of failing components, home owners are exposed to the burden of special assessments, major increases in Association fees, and a decline in property values.

## 2. REPLACEMENT RESERVE STUDY

The purpose of a Replacement Reserve Study is to provide the Association with an inventory of the common community facilities and infrastructure components that require periodic replacement, a general view of the condition of these components, and an effective financial plan to fund projected periodic replacements. The Replacement Reserve Study consists of the following:

- **Replacement Reserve Study Introduction.** The introduction provides a description of the property, reviews the intent of the Replacement Reserve Study, and lists documents and site evaluations upon which the Replacement Reserve Study is based.
- **Section A Replacement Reserve Analysis.** Many components owned by the Association have a limited life and require periodic replacement. Therefore, it is essential the Association have a financial plan that provides funding for the timely replacement of these components in order to protect the safety, appearance, and value of the community. In conformance with American Institute of Certified Public Accountant guidelines, a Replacement Reserve Analysis evaluates the current funding of Replacement Reserves as reported by the Association and recommends annual funding of Replacement Reserves by two generally accepted accounting methods; the Cash Flow Method and the Component Method. Miller - Dodson provides a replacement reserve recommendation based on the Cash Flow Method in Section A, and the Component Method in the Appendix of the report.
- **Section B Replacement Reserve Inventory.** The Replacement Reserve Inventory lists the commonly owned components within the community that require periodic replacement using funding from Replacement Reserves. The Replacement Reserve Inventory also provides information about components excluded from the Replacement Reserve Inventory whose replacement is not scheduled for funding from Replacement Reserves.

Replacement Reserve Inventory includes estimates of the normal economic life and the remaining economic life for those components whose replacement is scheduled for funding from Replacement Reserves.

- **Section C Projected Annual Replacements.** The Calendar of Projected Annual Replacements provides a year-by-year listing of the Projected Replacements based on the data in the Replacement Reserve Inventory.
- **Section D Condition Assessment.** Several of the items listed in the Replacement Reserve Inventory are discussed in more detail. The Condition Assessment includes a narrative and photographs that document conditions at the property observed during our visual evaluation.
- **The Appendix** is provided as an attachment to the Replacement Reserve Study. Additional attachments may include supplemental photographs to document conditions at the property and additional information specific to the property cited in the Conditions Assessment (i.e. Consumer Product Safety Commission, Handbook for Public Playground Safety, information on segmental retaining walls, manufacturer recommendations for asphalt shingles or siding, etc). The Appendix also includes the Accounting Summary for the Cash Flow Method and the Component Method.

### 3. METHODS OF ANALYSIS

The Replacement Reserve industry generally recognizes two different methods of accounting for Replacement Reserve Analysis. Due to the difference in accounting methodologies, these methods lead to different calculated values for the Minimum Annual Contribution to the Reserves. The results of both methods are presented in this report. The Association should obtain the advice of its accounting professional as to which method is more appropriate for the Association. The two methods are:

- **Cash Flow Method.** The Cash Flow Method is sometimes referred to as the "Pooling Method." It calculates the minimum constant annual contribution to reserves (Minimum Annual Deposit) required to meet projected expenditures without allowing total reserves on hand to fall below the specified minimum level in any year.

First, the Minimum Recommended Reserve Level to be Held on Account is determined based on the age, condition, and replacement cost of the individual components. The mathematical model then allocates the estimated replacement costs to the future years in which they are projected to occur. Based on these expenditures, it then calculates the minimum constant yearly contribution (Minimum Annual Deposit) to the reserves necessary to keep the reserve balance at the end of each year above the Minimum Recommended Reserve Level to be Held on Account. The Cash Flow Analysis assumes that the Association will have authority to use all of the reserves on hand for replacements as the need occurs. This method usually results in a Minimum Annual Deposit that is less than that arrived at by the Component Method.

- **Component Method.** This method is a time tested mathematical model developed by HUD in the early 1980s, but has been generally relegated to a few States that require it by law. For the vast majority of Miller - Dodson's clients, this method is not used.

The Component Method treats each item in the replacement schedule as an individual line item budget. Generally, the Minimum Annual Contribution to Reserves is higher when calculated by the Component Method. The mathematical model for this method works as follows:

First, the total Current Objective is calculated, which is the reserve amount that would have accumulated had all of the items on the schedule been funded from initial construction at their current replacement costs. Next, the Reserves Currently on Deposit (as reported by the Association) are distributed to the components in the schedule in proportion to the Current Objective. The Minimum Annual Deposit for each component is equal to the Estimated Replacement Cost, minus the Reserves on Hand, divided by the years of life remaining.

### 4. REPLACEMENT RESERVE STUDY DATA

- **Identification of Reserve Components.** The Reserve Analyst has only two methods of identifying Reserve Components; (1) information provided by the Association and (2) observations made at the site. It is important that the Reserve Analyst be provided with all available information detailing the components owned by the Association. It is our policy to request such information prior to bidding on a project and to meet with the individuals responsible for maintaining the community after acceptance of our proposal. After completion of the Study, the Study should be reviewed by the Board of Directors, individuals responsible for maintaining the community, and the Association's accounting professionals. We are dependent upon the Association for correct information, documentation, and drawings.
- **Unit Costs.** Unit costs are developed using nationally published standards and estimating guides and are adjusted by state or region. In some instances, recent data received in the course of our work is used to modify these figures.

Contractor proposals or actual cost experience may be available as part of the Association records. This is useful information, which should be incorporated into your report. Please bring any such available data to our attention, preferably before the report is commenced.

- **Replacement vs. Repair and Maintenance.** A Replacement Reserve Study addresses the required funding for Capital Replacement Expenditures. This should not be confused with operational costs or cost of repairs or maintenance.



## 5. DEFINITIONS

**Adjusted Cash Flow Analysis.** Cash flow analysis adjusted to take into account annual cost increases due to inflation and interest earned on invested reserves. In this method, the annual contribution is assumed to grow annually at the inflation rate.

**Annual Deposit if Reserves Were Fully Funded.** Shown on the Summary Sheet A1 in the Component Method summary, this would be the amount of the Annual Deposit needed if the Reserves Currently on Deposit were equal to the Total Current Objective.

**Cash Flow Analysis.** See Cash Flow Method, above.

**Component Analysis.** See Component Method, above.

**Contingency.** An allowance for unexpected requirements. Roughly the same as the Minimum Recommended Reserve Level to be Held on Account used in the Cash Flow Method of analysis.

**Critical Year.** In the Cash Flow Method, a year in which the reserves on hand are projected to fall to the established minimum level. See Minimum Recommended Reserve Level to be Held on Account.

**Current Objective.** This is the reserve amount that would have accumulated had the item been funded from initial construction at its current replacement cost. It is equal to the estimated replacement cost divided by the estimated economic life, times the number of years expended (the difference between the Estimated Economic Life and the Estimated Life Left). The Total Current Objective can be thought of as the amount of reserves the Association should now have on hand based on the sum of all of the Current Objectives.

**Cyclic Replacement Item.** A component item that typically begins to fail after an initial period (Estimated Initial Replacement), but which will be replaced in increments over a number of years (the Estimated Replacement Cycle). The Reserve Analysis program divides the number of years in the Estimated Replacement Cycle into five equal increments. It then allocates the Estimated Replacement Cost equally over those five increments. (As distinguished from Normal Replacement Items, see below)

**Estimated Economic Life.** Used in the Normal Replacement Schedules. This represents the industry average number of years that a new item should be expected to last until it has to be replaced. This figure is sometimes modified by climate, region, or original construction conditions.

**Estimated Economic Life Left.** Used in the Normal Replacement Schedules. Number of years until the item is expected to need replacement. Normally, this number would be considered to be the difference between the Estimated Economic Life and the age of the item. However, this number must be modified to reflect maintenance practice, climate, original construction and quality, or other conditions. For the purpose of this report, this number is determined by the Reserve Analyst based on the present condition of the item relative to the actual age.

**Estimated Initial Replacement.** For a Cyclic Replacement Item (see above), the number of years until the replacement cycle is expected to begin.

**Estimated Replacement Cycle.** For a Cyclic Replacement Item, the number of years over which the remainder of the component's replacement occurs.

**Minimum Annual Deposit.** Shown on the Summary Sheet A1. The calculated requirement for annual contribution to reserves as calculated by the Cash Flow Method (see above).

**Minimum Deposit in the Study Year.** Shown on the Summary Sheet A1. The calculated requirement for contribution to reserves in the study year as calculated by the Component Method (see above).

**Minimum Recommended Reserve Level to be Held on Account.** Shown on the Summary Sheet A1, this number is used in the Cash Flow Method only. This is the prescribed level below which the reserves will not be allowed to fall in any year. This amount is determined based on the age, condition, and replacement cost of the individual components. This number is normally given as a percentage of the total Estimated Replacement Cost of all reserve components.

**Normal Replacement Item.** A component of the property that, after an expected economic life, is replaced in its entirety. (As distinguished from Cyclic Replacement Items, see above.)

**Normal Replacement Schedules.** The list of Normal Replacement Items by category or location. These items appear on pages designated.

**Number of Years of the Study.** The numbers of years into the future for which expenditures are projected and reserve levels calculated. This number should be large enough to include the projected replacement of every item on the schedule, at least once. This study covers a 40-year period.

**One Time Deposit Required to Fully Fund Reserves.** Shown on the Summary Sheet A1 in the Component Method summary, this is the difference between the Total Current Objective and the Reserves Currently on Deposit.

**Reserves Currently on Deposit.** Shown on the Summary Sheet A1, this is the amount of accumulated reserves as reported by the Association in the current year.

**EReserves on Hand.** Shown in the Cyclic Replacement and Normal Replacement Schedules, this is the amount of reserves allocated to each component item in the Cyclic or Normal Replacement schedules. This figure is based on the ratio of Reserves Currently on Deposit divided by the total Current Objective.

**Replacement Reserve Study.** An analysis of all of the components of the common property of the Association for which a need for replacement should be anticipated within the economic life of the property as a whole. The analysis involves estimation for each component of its estimated Replacement Cost, Estimated Economic Life, and Estimated Life Left. The objective of the study is to calculate a recommended annual contribution to the Association's Replacement Reserve Fund.

**Total Replacement Cost.** Shown on the Summary Sheet A1, this is total of the Estimated Replacement Costs for all items on the schedule if they were to be replaced once.

**Unit Replacement Cost.** Estimated replacement cost for a single unit of a given item on the schedule.

**Unit (of Measure).** Non-standard abbreviations are defined on the page of the Replacement Reserve Inventory where the item appears. The following standard abbreviations are used in this report:

EA: each      FT: feet      LS: lump sum      PR: pair      SF: square feet      SY: square yard

What is a Reserve Study?  
Who are we?



<https://youtu.be/m4BcOE6q3Aw>

What kind of property uses a Reserve Study?  
Who are our clients?



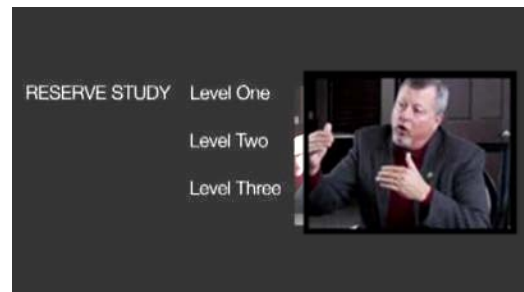
<https://youtu.be/40SodajTW1g>

Who conducts a Reserve Study?  
Reserve Specialist (RS) what does this mean?



<https://youtu.be/pYSMZ013VjQ>

When should a Reserve Study be updated?  
What are the different types of Reserve Studies?



<https://youtu.be/Qx8WHB9Cgnc>

What is in a Reserve Study and what is out?  
Improvement vs Component, is there a difference?



<https://youtu.be/ZfBoAEhtf3E>

What is my role as a Community Manager?  
Will the report help me explain Reserves to my clients?



<https://youtu.be/1J2h7FIU3qw>

What is my role as a Board Member?  
Will a Reserve Study meet my community's needs?



<https://youtu.be/aARD1B1Oa3o>

Community dues, how can a Reserve Study help?  
Will a study help keep my property competitive?



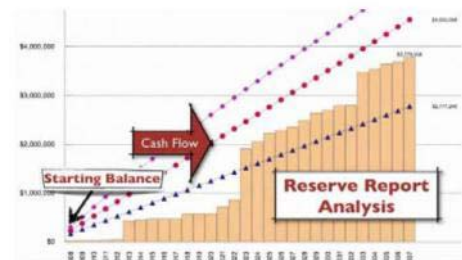
<https://youtu.be/diZfM1lyJYU>

How do I read the report?  
Will I have a say in what the report contains?



<https://youtu.be/qCeVJhF9ag>

Where do the numbers come from?  
Cumulative expenditures and funding, what?



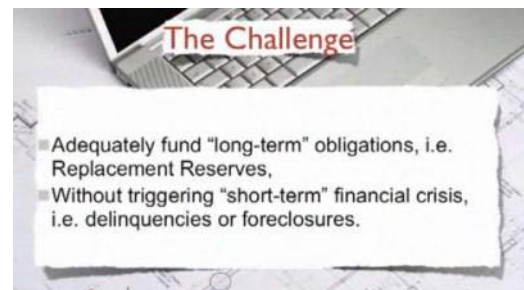
<https://youtu.be/SePdwVDvHWI>

How are interest and inflation addressed?  
What should we look at when considering inflation?



<https://youtu.be/W8CDLwRlv68>

A community needs more help, where do we go?  
What is a Strategic Funding Plan?



<https://youtu.be/hIxV9X1tlcA>