



SEQUOIA MANAGEMENT COMPANY, INC. • 13998 PARKEAST CIRCLE • CHANTILLY, VIRGINIA 20151-2272 • 703-803-9641 • FAX 703-968-0936  
www.sequoiamanagement.com

# MEMORANDUM

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**TO:** Sequoia Farms Owners' Association

**FROM:** Jen Darwin, CMCA®, AMS®, PCAM®  
Senior Community Manager

**DATE:** November 21, 2019

**SUBJECT:** 2020 Budget and Dues  
Reserve Disclosure

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## Budget

The Association's governing documents require that the Board establish and notify the members of the 2020 annual assessment. Please find enclosed a copy of the 2020 approved budget for your reference. Please note that the annual dues will increase to \$643.00 per year (2.7% increase), effective January 1, 2020. Please note that all 2020 annual assessments are due by February 29, 2020 and are subject to a \$32.15 late charge if not received by February 29, 2020. Annual Assessment statements will be mailed in December. If you feel you are going to have an issue paying your annual assessments by February 29, 2020, please contact me immediately so that you can discuss this issue with the Board of Directors.

## Disclosure regarding Reserve Fund

1. Attached is the current estimated replacement cost, estimated remaining life, and estimated useful life of the capital components as defined in Va. Code § 55.1-1800 as stated in the Association's 2017 reserve study.
2. As of the beginning of the fiscal year for which the budget is prepared, the current amount of accumulated cash reserves set aside to repair, replace, or restore capital components is estimated to be \$264,533 as of January 1, 2020, and the amount of the expected contribution to the reserve fund for fiscal year 2020 is \$28,909.
3. The procedures for estimation and accumulation of cash reserves for capital components are as follows: as stated in more detail in the Association's reserve study, the Replacement Reserve Analysis calculates recommended funding of Replacement Reserves in each year of the 30-year Study Period by the Cash Flow Method, based on the costs of the replacements scheduled in the Replacement Reserve Inventory and the Replacement Reserves reported to be on deposit at the start of the study. The Cash Flow Method calculates the minimum annual funding of Replacement Reserves that will fund Projected Annual

Replacements from a common pool of Replacement Reserves. The study includes a Replacement Reserve Inventory that lists capital components of the Association that require periodic replacement, whose replacement is scheduled for funding from Replacement Reserves, and includes the reserve study analyst's estimates of the normal economic life and the remaining economic life for those components. Actual experience in replacing components may differ significantly from the estimates in the study because of, for instance, latent undiscovered problems, inflation, variations in pricing and market conditions, future technological developments, regulatory actions, etc. Some components may function normally now but fail without notice before the end of its estimated useful life.

4. The amount of reserves recommended in the reserve study is \$286,947 as of January 1, 2020, and the amount of current cash for replacement reserves as of October 31, 2019, is \$235,624.87.

Sequoia Farms Owners Association, Inc.  
2020 Approved Budget

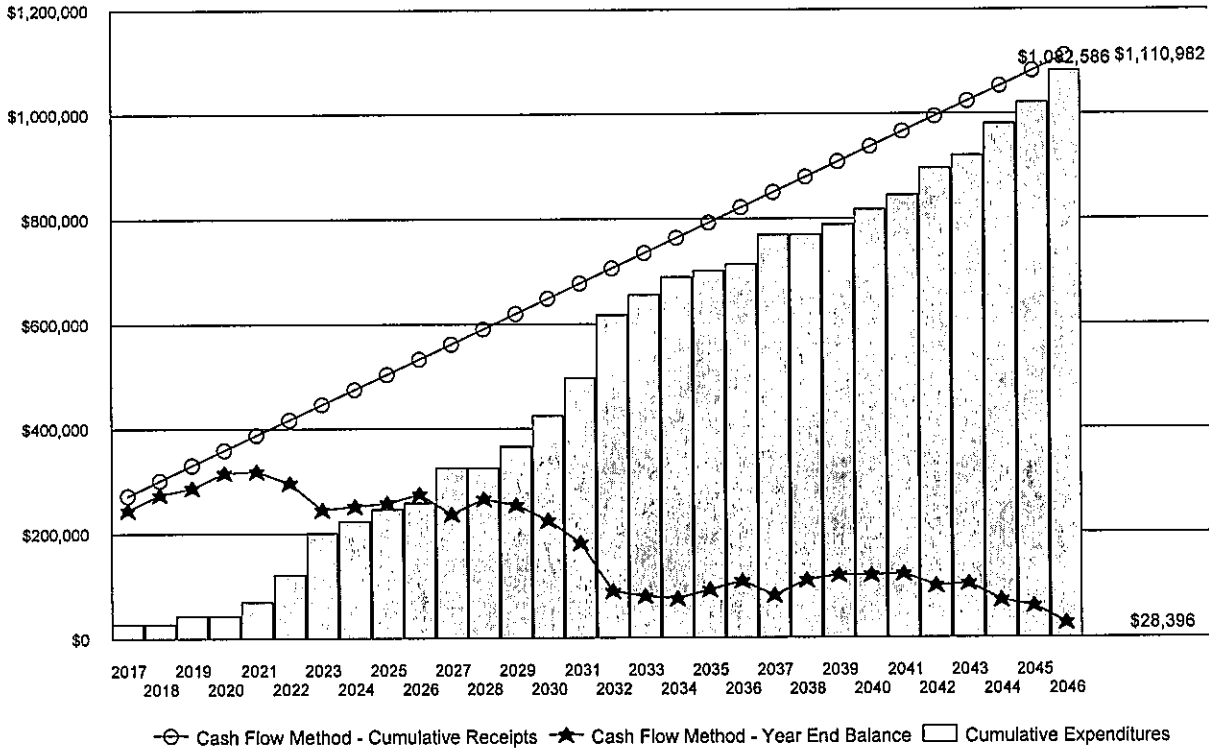
	<u>12/31/18</u> <u>Actuals</u> <u>(Audited)</u>	<u>2019 Budget</u>	<u>10/31/19</u> <u>Actuals</u>	<u>2019</u> <u>Projected</u> <u>Actual</u>	<u>2020 Budget</u>
<b>Revenues</b>					
Association Dues (\$643/2.7%)	\$186,340	\$192,808	\$192,808	\$192,808	\$198,044
Special Assessments	\$0	\$0	\$0	\$0	\$0
Non-Resident Dues	\$0	\$0	\$0	\$0	\$0
Summer Memberships	\$20,050	\$20,000	\$19,820	\$19,820	\$20,000
Guest Passes	\$719	\$1,000	\$902	\$902	\$1,000
Misc Income	\$0	\$0	\$0	\$0	\$0
Vending Commissions	\$2,400	\$2,000	\$1,782	\$1,782	\$2,000
Vending Costs	-\$2,400	-\$2,000	-\$2,376	-\$2,376	-\$2,000
Interest Income	\$95	\$65	\$0	\$0	\$65
Late Fees and Fines	\$484	\$500	\$751	\$751	\$700
<b>TOTAL REVENUES</b>	<b>\$207,688</b>	<b>\$214,373</b>	<b>\$213,687</b>	<b>\$213,687</b>	<b>\$219,809</b>
<b>Administrative</b>					
Management Fee	\$32,849	\$33,835	\$28,196	\$33,835	\$34,850
Legal Non-Collections	\$2,227	\$2,000	\$2,035	\$2,035	\$2,000
Legal Collections	\$3,462	\$2,900	\$2,691	\$2,900	\$2,900
Legal Fee Reimbursements	-\$588	-\$750	-\$116	-\$116	-\$750
Uncollectible Assessments	-\$855	\$1,000	-\$46	-\$46	\$500
Annual Meeting	\$51	\$300	\$0	\$300	\$300
Misc Admin	\$507	\$500	\$175	\$500	\$500
Postage	\$2,237	\$1,800	\$1,590	\$1,700	\$1,700
Website	\$1,307	\$1,000	\$1,700	\$2,040	\$2,040
Reserve Study (2021)	\$0	\$0	\$0	\$0	\$0
Auditing & Tax Return Prep	\$3,050	\$3,200	\$3,200	\$3,200	\$3,200
<b>TOTAL ADMINISTRATIVE</b>	<b>\$44,247</b>	<b>\$45,785</b>	<b>\$39,425</b>	<b>\$46,348</b>	<b>\$47,240</b>
<b>Committees</b>					
Community Activities	\$1,997	\$3,500	\$1,838	\$3,500	\$3,500
Swim Team (Net)	\$0	\$500	\$0	\$0	\$500
<b>TOTAL COMMITTEES</b>	<b>\$1,997</b>	<b>\$4,000</b>	<b>\$1,838</b>	<b>\$3,500</b>	<b>\$4,000</b>
<b>Club Facilities</b>					
Pool Contract	\$67,485	\$68,800	\$70,084	\$70,084	\$74,200
Pool Supplies	\$4,777	\$5,000	\$5,160	\$5,160	\$5,100
Pool & Pump/Gen Repairs	\$4,501	\$5,000	\$1,707	\$1,707	\$1,894
Grounds Maintenance	\$21,816	\$21,816	\$18,725	\$21,816	\$21,816
Landscaping	\$9,375	\$9,114	\$3,645	\$5,500	\$5,500
Common Area Maintenance	\$943	\$800	\$4,759	\$5,000	\$5,000
Trash Dumpster	\$858	\$858	\$839	\$839	\$850
<b>TOTAL CLUB FACILITIES</b>	<b>\$109,755</b>	<b>\$111,388</b>	<b>\$104,919</b>	<b>\$110,106</b>	<b>\$114,360</b>
<b>Utilities</b>					
Electric	\$5,611	\$7,000	\$5,311	\$7,000	\$7,000
Telephone	\$589	\$600	\$411	\$600	\$600
Water/Sewer	\$3,410	\$5,500	\$3,881	\$5,500	\$5,500
<b>TOTAL UTILITIES</b>	<b>\$9,610</b>	<b>\$13,100</b>	<b>\$9,603</b>	<b>\$13,100</b>	<b>\$13,100</b>
<b>Insurance &amp; Taxes</b>					
Property & Liability	\$8,709	\$7,333	\$7,267	\$8,800	\$8,800
Directors & Officers	\$2,111	\$1,738	\$1,759	\$2,111	\$2,200
Taxes & Licenses	\$25	\$1,200	\$581	\$1,200	\$1,200
<b>TOTAL INSURANCE &amp; TAXES</b>	<b>\$10,845</b>	<b>\$10,271</b>	<b>\$9,607</b>	<b>\$12,111</b>	<b>\$12,200</b>
<b>TOTAL FUNDS REQUIRED</b>	<b>\$176,454</b>	<b>\$184,544</b>	<b>\$165,392</b>	<b>\$183,422</b>	<b>\$190,900</b>
<b>SURPLUS (DEFICIT)</b>					
<b>BEFORE RESERVES</b>	<b>\$30,976</b>	<b>\$29,829</b>	<b>\$48,295</b>	<b>\$30,265</b>	<b>\$28,909</b>
Interest on Reserve Funds	\$2,970	\$750	\$3,438	\$3,438	\$3,438
<b>NET INCOME</b>	<b>\$33,946</b>	<b>\$30,579</b>	<b>\$49,795</b>	<b>\$33,703</b>	<b>\$32,347</b>
<b>Reserve Provisions</b>					
Funding	\$28,909	\$28,909	\$0	\$28,909	\$28,909
Reinvested Interest	\$2,970	\$1,670	\$3,438	\$3,438	\$3,438
<b>TOTAL RESERVE PROVISIONS</b>	<b>\$31,879</b>	<b>\$30,579</b>	<b>\$3,438</b>	<b>\$32,347</b>	<b>\$32,347</b>
<b>SURPLUS (DEFICIT) FUNDS:</b>	<b>\$2,067</b>	<b>\$0</b>	<b>\$48,295</b>	<b>\$1,356</b>	<b>\$0</b>

# REPLACEMENT RESERVE ANALYSIS

SEQUOIA FARMS

December 2016

## Cash Flow Method - Cumulative Receipts and Expenditures Graph



## Cash Flow Method Data - Years 1 through 30

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	TEN YEAR SUMMARIES
Starting balance	\$243,707										
Annual deposit	\$28,909	\$28,909	\$28,909	\$28,909	\$28,909	\$28,909	\$28,909	\$28,909	\$28,909	\$28,909	Expenditures: \$258,341
Expenditures	\$27,548	\$0	\$15,940	\$0	\$28,398	\$51,204	\$79,732	\$22,690	\$22,590	\$12,240	Receipts: \$532,799
Year end balance	\$245,068	\$273,978	\$286,947	\$315,856	\$318,368	\$298,072	\$245,250	\$251,469	\$257,789	\$274,458	
Minimum rec. funding lvl.	\$25,692	\$25,692	\$25,692	\$25,692	\$25,692	\$25,692	\$25,692	\$25,692	\$25,692	\$25,692	
Cumulative expenditures	\$27,548	\$27,548	\$43,488	\$43,488	\$69,885	\$121,090	\$200,821	\$223,511	\$246,101	\$258,341	
Cumulative receipts	\$272,616	\$301,525	\$330,435	\$359,344	\$388,253	\$417,162	\$446,071	\$474,980	\$503,890	\$532,799	
Year	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Expenditures: \$455,068
Annual deposit	\$28,909	\$28,909	\$28,909	\$28,909	\$28,909	\$28,909	\$28,909	\$28,909	\$28,909	\$28,909	Receipts: \$291,119
Expenditures	\$68,716	\$0	\$40,844	\$58,317	\$72,170	\$120,646	\$38,214	\$33,688	\$12,250	\$12,240	
Year end balance	\$236,651	\$265,560	\$253,625	\$224,217	\$180,956	\$89,219	\$79,914	\$75,155	\$91,815	\$108,484	
Minimum rec. funding lvl.	\$25,692	\$25,692	\$25,692	\$25,692	\$25,692	\$25,692	\$25,692	\$25,692	\$25,692	\$25,692	
Cumulative expenditures	\$325,057	\$325,057	\$365,901	\$424,218	\$496,388	\$617,035	\$655,249	\$688,917	\$701,167	\$713,407	
Cumulative receipts	\$561,708	\$590,617	\$619,526	\$648,435	\$677,345	\$706,254	\$735,163	\$764,072	\$792,981	\$821,891	
Year	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	Expenditures: \$369,180
Annual deposit	\$28,909	\$28,909	\$28,909	\$28,909	\$28,909	\$28,909	\$28,909	\$28,909	\$28,909	\$28,909	Receipts: \$291,129
Expenditures	\$56,357	\$0	\$19,160	\$29,028	\$26,830	\$51,204	\$24,963	\$60,239	\$40,199	\$61,200	
Year end balance	\$81,036	\$109,945	\$119,895	\$119,578	\$121,655	\$99,360	\$103,307	\$71,877	\$60,687	\$28,396	
Minimum rec. funding lvl.	\$25,692	\$25,692	\$25,692	\$25,692	\$25,692	\$25,692	\$25,692	\$25,692	\$25,692	\$25,692	
Cumulative expenditures	\$769,764	\$769,764	\$788,924	\$817,952	\$844,781	\$895,986	\$920,948	\$991,187	\$1,021,386	\$1,052,586	FIRST TRANSITION YEAR 2053
Cumulative receipts	\$850,800	\$879,709	\$908,618	\$937,527	\$966,436	\$995,345	\$1,024,255	\$1,053,164	\$1,082,073	\$1,110,982	

**Richard J. Schuetz, AIA, Architect**

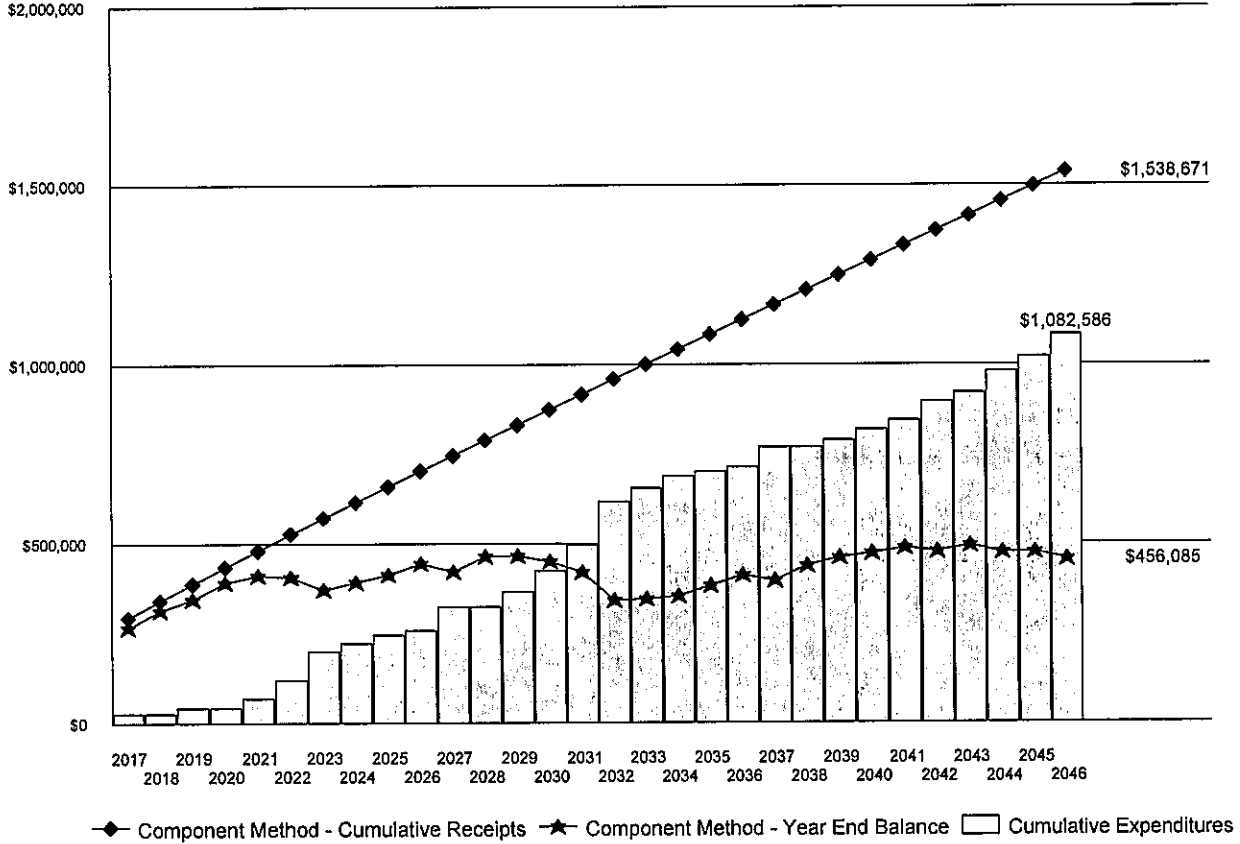
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# REPLACEMENT RESERVE ANALYSIS

SEQUOIA FARMS

December 2016

## Component Method - Cumulative Receipts and Expenditures Graph



## Component Method Data - Years 1 through 30

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	TEN YEAR SUMMARIES
Starting balance	\$243,707										
Annual deposit	\$50,987	\$47,159	\$47,159	\$46,334	\$46,334	\$46,121	\$44,646	\$43,934	\$43,837	\$43,559	
Expenditures	\$27,548	\$0	\$15,840	\$0	\$28,398	\$51,204	\$79,732	\$22,690	\$22,560	\$12,240	Expenditures: \$258,341
Year end balance	\$267,147	\$314,306	\$345,526	\$391,860	\$411,797	\$406,713	\$371,627	\$392,871	\$413,918	\$445,237	Receipts: \$703,578
Cumulative Expenditures	\$27,548	\$27,548	\$43,488	\$43,488	\$69,885	\$121,090	\$200,821	\$223,511	\$246,101	\$258,341	
Cumulative Receipts	\$294,694	\$341,854	\$389,013	\$435,348	\$481,682	\$527,803	\$572,448	\$616,383	\$660,019	\$703,578	
Year	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	
Annual deposit	\$43,559	\$42,536	\$42,536	\$42,449	\$42,314	\$42,314	\$41,579	\$41,517	\$41,424	\$41,424	Expenditures: \$455,068
Expenditures	\$66,716	\$0	\$40,844	\$58,317	\$72,170	\$120,846	\$38,214	\$33,668	\$12,250	\$12,240	Receipts: \$423,680
Year end balance	\$422,081	\$464,617	\$466,309	\$450,441	\$420,588	\$342,253	\$345,818	\$353,467	\$382,641	\$411,825	
Cumulative Expenditures	\$325,057	\$325,057	\$365,901	\$424,218	\$496,388	\$617,035	\$655,248	\$688,917	\$701,167	\$713,407	
Cumulative Receipts	\$747,138	\$789,674	\$832,210	\$874,660	\$916,974	\$959,288	\$1,000,867	\$1,042,384	\$1,083,808	\$1,125,232	
Year	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	
Annual deposit	\$41,424	\$41,424	\$41,424	\$41,424	\$41,304	\$41,304	\$41,284	\$41,284	\$41,284	\$41,284	Expenditures: \$369,180
Expenditures	\$56,357	\$0	\$19,160	\$29,028	\$28,830	\$51,204	\$24,963	\$60,238	\$40,199	\$61,200	Receipts: \$415,477
Year end balance	\$396,892	\$438,316	\$480,579	\$472,975	\$487,449	\$477,549	\$493,871	\$474,916	\$476,001	\$456,085	
Cumulative Expenditures	\$769,764	\$769,764	\$788,924	\$817,952	\$844,781	\$895,986	\$920,948	\$981,187	\$1,021,386	\$1,082,586	
Cumulative Receipts	\$1,166,655	\$1,208,079	\$1,249,503	\$1,290,927	\$1,332,231	\$1,373,534	\$1,414,819	\$1,456,103	\$1,497,387	\$1,538,671	

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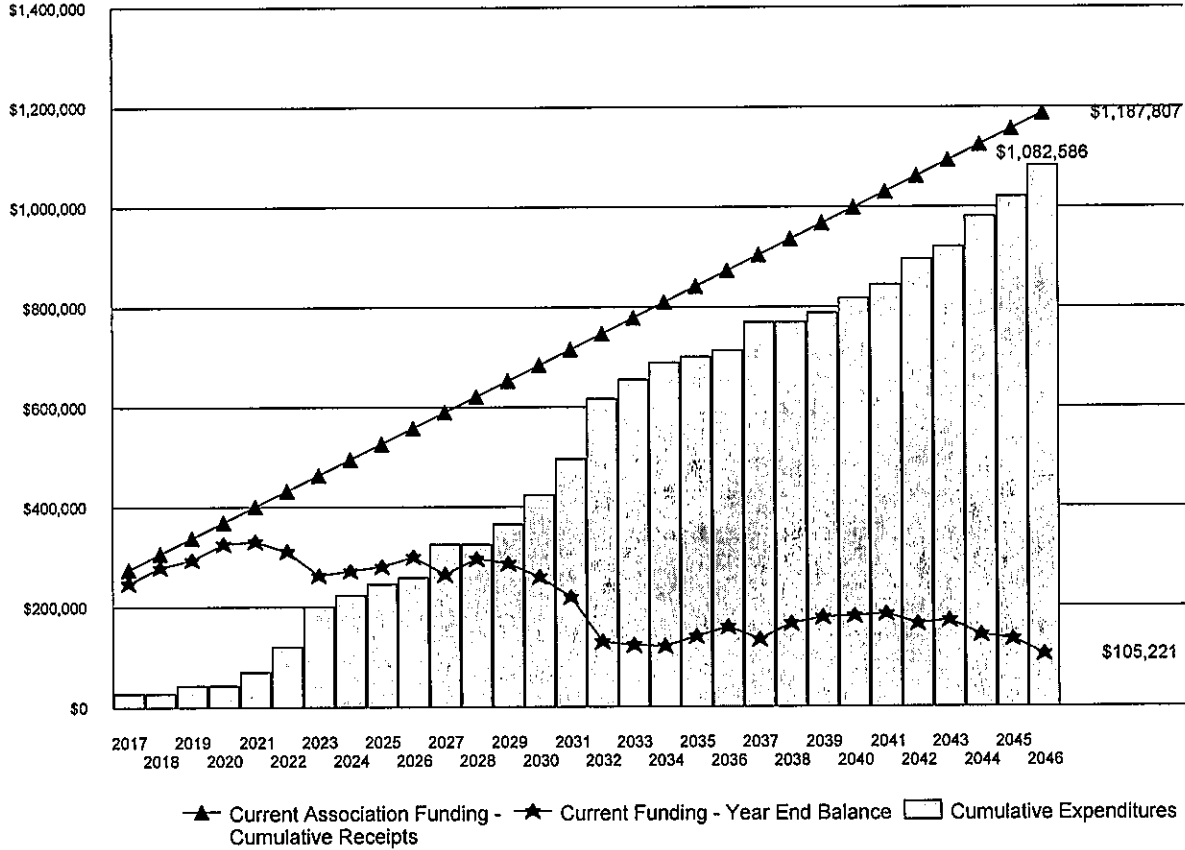
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# REPLACEMENT RESERVE ANALYSIS

SEQUOIA FARMS

December 2016

## Current Association Funding - Cumulative Receipts and Expenditures Graph



## Current Funding Data - Years 1 through 30

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	TEN YEAR SUMMARIES
Starting balance	\$243,707										
Annual deposit	\$31,470	\$31,470	\$31,470	\$31,470	\$31,470	\$31,470	\$31,470	\$31,470	\$31,470	\$31,470	
Expenditures	\$27,548	\$0	\$15,840	\$0	\$28,398	\$51,204	\$79,732	\$22,680	\$22,590	\$12,240	Expenditures: \$258,341
Year end balance	\$247,829	\$279,099	\$294,629	\$328,099	\$331,172	\$311,437	\$263,176	\$271,856	\$280,836	\$300,088	Receipts: \$558,407
Cumulative Expenditures	\$27,548	\$27,548	\$43,488	\$43,488	\$69,885	\$121,090	\$200,821	\$223,511	\$246,101	\$258,341	
Cumulative Receipts	\$275,177	\$306,647	\$338,117	\$369,587	\$401,057	\$432,527	\$463,997	\$495,467	\$526,937	\$558,407	
Year	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	TEN YEAR SUMMARIES
Annual deposit	\$31,470	\$31,470	\$31,470	\$31,470	\$31,470	\$31,470	\$31,470	\$31,470	\$31,470	\$31,470	
Expenditures	\$68,716	\$0	\$40,844	\$58,317	\$72,170	\$120,648	\$38,214	\$33,668	\$12,250	\$12,240	Expenditures: \$455,068
Year end balance	\$264,820	\$289,290	\$286,916	\$280,069	\$219,369	\$130,192	\$123,448	\$121,250	\$140,470	\$159,700	Receipts: \$314,700
Cumulative expenditures	\$325,057	\$325,057	\$365,901	\$424,218	\$496,388	\$617,035	\$655,249	\$688,917	\$701,167	\$713,407	
Cumulative receipts	\$589,877	\$621,347	\$652,817	\$684,287	\$715,757	\$747,227	\$778,697	\$810,167	\$841,637	\$873,107	
Year	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	TEN YEAR SUMMARIES
Annual deposit	\$31,470	\$31,470	\$31,470	\$31,470	\$31,470	\$31,470	\$31,470	\$31,470	\$31,470	\$31,470	
Expenditures	\$58,357	\$0	\$19,160	\$29,028	\$26,830	\$51,204	\$24,963	\$60,239	\$40,199	\$61,200	Expenditures: \$369,180
Year end balance	\$134,813	\$166,283	\$178,593	\$181,035	\$185,676	\$165,941	\$172,449	\$143,680	\$134,951	\$105,221	Receipts: \$314,700
Cumulative Expenditures	\$789,764	\$769,784	\$788,924	\$817,952	\$844,781	\$895,986	\$920,948	\$981,187	\$1,021,386	\$1,082,586	
Cumulative Receipts	\$904,577	\$936,047	\$967,517	\$998,987	\$1,030,457	\$1,061,927	\$1,093,397	\$1,124,867	\$1,156,337	\$1,187,807	

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