

HMC Management
Profit & Loss Budget

October 2016 through September 2017

HMC GENERAL ASSESSMENT

	Oct '11 - Sep 12	Oct '14 - Sep 15	Oct '15 - Sep 16	Oct '16 - Sep '17
Assessable Units	395	389	384	382
Units minus delinquents	390	382	376	374
Total Income minus Assessments	217,603	249,609	260,620	189,970
Total Expenses	975,574	969,836	1,111,915	910,693
Yearly Assessment per member	1,944	1,885	2,264	1,928
Total Assessments	757,971	720,228	851,295	721,097
Monthly Assessment per Member		157	189	161

	Actual Costs	Actual Costs	Current	Proposed
	Oct '11 - Sep 12	Oct '14 - Sep '15	Oct '15 - Sep 16	Budget

Ordinary Income/Expense

Income

Assessments	620,980	678,354	851,295	721,097
Ferry Fees	193,362	183,762	170,000	175,000
Other Income				
Beachcomber Ads	700	580	600	600
Renter's Fees, Copy, Fax and Notary	760	868	1,500	1,000
Nsf Fees	175	280	300	250
Postage	34	60	20	20
Property Transfer fee	1,750	3,500	2,000	2,500
Interest & Handling (Delinquent Accounts)	9,195	-	6,000	-
Handling Fees	-	22,273	-	-
Interest Delinquent	-	6,754	-	-
Member Credit Card Fees	147	670	700	600
Other Income	1,008	-	-	-
Miscellaneous - Other	-	30,802	-	-
Attorney Collections (see note 3)	10,366	-	10,000	10,000
Total Other Income	24,136	65,788	21,120	14,970
Reserve Transfer				
Ramp Painting	-	-	69,500	-
Total Reserve Transfer	-	-	69,500	-
Interest Earned				
HMC Management Reserves (See note 5)	94	-	-	-
General Fund	12	59	-	-
Total Interest Earned	105	59	-	-
Total Income (See note 7)	838,583	927,963	1,111,915	911,067

Gross Income

	838,583	927,963	1,111,915	911,067
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Expense

HMC Regular Operations

Accountant/Auditor	5,544	6,123	6,500	6,500
Reserve Analysis	-	3,160	1,390	1,390
Bad Debt Write Off	-	-	1,500	1,500
Bank Fees	92	130	200	200
Amount of Check that was returned for NSF	977	17	-	-
Community Building Maintenance	2,152	375	1,000	1,000
Community Asso. Institute	130	129	150	150
Contract Svcs for Junk Removal	-	-	100	100
Credit Card Fees - Member Payments	886	877	800	800
Emergency Preparedness	1,168	596	1,000	500
State and County Taxes	3,492	1,640	2,000	3,000
HMC Property Pre-Sale Expense	-	-	200	200
Removal of unsafe trees	3,255	8,038	8,000	8,000
Insurance	-	439	-	-
Directors/Officers Ins	55	3,164	3,164	3,260
Crime (Break-ins and Theft)	-	501	501	516
5 Million Excess Liability	7,226	9,000	10,000	10,300
14 Million Excess Liability	-	10,000	9,000	9,270
Total Insurance	7,281	23,104	22,665	23,346

Legal Fees (see note 7)

Attorney Fee Invoicing	-	(7,010)	-	-
Collection Costs	17,170	17,904	18,000	18,000
General	4,781	4,708	12,000	12,000
Total Legal Fees	21,951	15,602	30,000	30,000

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	Actual Costs Oct '11 - Sep 12	Actual Costs Oct '14 - Sep '15	Current Oct '15 - Sep 16	Proposed Budget
Office Equipment	693	734	1,100	1,100
Other		809		
Education and Training	168	507	300	300
CrystalTech-Web hosting	93	212	100	100
Mileage	58	270	250	300
Background Checks	-	357	200	400
Miscellaneous Equipment	1,049	775	1,000	1,000
Total Other	1,368	2,930	1,850	2,100
Payroll Expenses	819	2,645	1,800	1,800
Pension Administration Ferry Crew	595	595	650	650
Postage				
Box Fee	70	84	80	80
Stamps & Postage	2,163	2,258	2,800	2,800
Total Postage	2,233	2,342	2,880	2,880
Printing	2,454	836	1,500	1,500
Admin Salaries		(3,830)		
Aflac	(44)	-	-	-
Medical Insurance	10,135	8,414	9,800	10,780
Retirement	2,533	3,065	2,720	2,618
Payroll Taxes	6,749	11,105	8,415	8,166
Gross Wages	81,270	95,082	89,000	98,000
Total Admin Salaries	100,643	113,837	109,935	119,564
Island Security Costs	3,969	353	800	800
Office Supplies	967	2,216	1,200	1,200
Telephone/Fax	2,495	2,802	2,600	2,600
Software upgrades annual fee	-	-	-	1,100
Utilities/Electric	1,370	910	1,400	1,400
General Labor (Parks & Building Maintenance and Cleaning)				
Gross Wages	-	3,533	7,320	7,503
Payroll Taxes	-	64	987	1,036
Reserve - Legal (Cap is \$35,000 - Balance is \$34,550)	-	-	-	-
Reserve - Community Building & Sheds and Septic (Cap is \$40,000 - Balance is \$5,500)	-	1,500	1,500	1,500
Total HMC Regular Operations	164,533	195,162	211,027	223,419
Piles, Dolphins and Ferry Ramps				
Garbage - Ferry	218	215	350	350
Insurance - Docks and Piers	12,977	15,497	15,497	15,962
Ferry Ramp Generator Maintenance and Fuel	-	1,257	1,000	1,500
Other		6		
Annual DNR Lease	222	126	225	225
Parts and Supplies	3,817	115	1,000	1,000
Other/Inspection	197	26,366	1,000	1,000
Total Other	4,236	26,613	2,225	2,225
Repairs/Maintenance	19,583	6,147	4,000	4,000
Sanikans	2,762	2,853	3,400	3,400
Utilities	1,773	1,449	1,840	1,840
Ramp Painting	-	-	58,656	-

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October 2016 through September 2017

	Actual Costs Oct '11 - Sep 12	Actual Costs Oct '14 - Sep '15	Current Oct '15 - Sep 16	Proposed Budget
Reserve Account for Piles, Docks & Ramps	30,000	-	-	8,750
Dock Piles and Ferry Dolphins (Cap is \$768,000 - Balance is \$363,156)	-	9,000	151,680	10,000
Ramp Painting (Cap is \$350,000 - Balance is \$22,964) Painted 2015. Estimated life is 20 years.	-	34,000	1,000	1,000
Reserve - Inspection of Ramps (Cap is \$15,000 - Balance is \$19,000) Required by Pierce County. Occurs every 2 years, even. Next inspection is 2016	-	2,500	7,500	3,500
Replacement Generators for Ramps. New Reserve Account	-	-	-	3,300
Reserve - Ramp Cable Replacement (Cap is \$40,000 - Balance is \$35,000) Recurring 5 year expense cycle. Replacement is 2020	-	6,000	4,000	3,000
Total Ferry Docks and Ramps	71,548	105,531	251,148	58,827
Ferry				
Equipment	69	1,207	2,000	2,000
Fuel	72,199	45,237	70,000	50,000
Insurance	48,290			
Marine Package		17,910	17,910	18,447
Vessel Pollution		747	747	770
Commercial Package		7,404	7,447	7,671
Total Insurance		26,061	26,104	26,888
Repairs	1,122	4,380	5,000	5,000
Other				
Rentals for fill in Captains/Deck Hands	-	960	600	1,000
Sheds (waiting, oil and school)	-	-	300	300
Cellphone	547	362	600	500
Drug Testing	853	793	1,400	1,400
Inspections and Licensing	800	1,283	1,500	1,500
Miscellaneous	2,393	2,608	2,000	2,000
Computers for Deck Hands	-	-	-	2,200
Tickets & Passes & Stickers	-	2,359	2,000	2,000
Uniforms	1,038	1,191	1,200	1,200
Legal Fees - IBU Attorney	-	-	1,000	3,300
Reserve - Legal Fees IBU Attorney. \$2,500 Balance - Estimated cost is \$20,000 every three years. Next contract is 2017.	-	-	2,500	7,500
Total Other	5,630	9,556	13,100	22,900
Passenger Vessel Asso.	447	488	500	500
Routine Maintenance & Supplies	6,188	6,604	6,500	6,500
Ferry Salaries & Benefits				
Medical Insurance - Note 7	39,811	40,979	40,870	49,044
Retirement-Employer	13,078	13,722	17,008	17,365
Payroll Taxes	18,728	25,944	25,584	27,462
Gross Wages	239,979	265,136	291,541	311,483
Total Ferry Salaries & Benefits	311,595	345,780	375,003	405,354
Ship Yard	665	77,308	-	-
Supplies, Paper Products, Water	1,962	574	1,000	1,000
Personal Property & Excise	2,271	4,487	5,000	5,000
Reserve - Shipyard (Cap is \$120,000 - Balance is \$148,000) Next cycle is 2016. Note 1	46,000	40,000	40,000	-
Reserve - Engine Overhaul (Cap is \$40,000 - Balance is \$30,750) next cycle is 2018 Note 2	20,000	6,250	9,500	2,000
Reserve - Ferry Replacement (Cap is 1,000,000 - Balance is \$4,000)	-	1,000	1,000	1,000
Accrued Leave Not Taken	-	-	-	5,000
Total Ferry	516,438	568,931	554,707	533,142

HMC Management
Profit & Loss Budget

October 2016 through September 2017

	Actual Costs Oct '11 - Sep 12	Actual Costs Oct '14 - Sep '15	Current Oct '15 - Sep 16	Proposed Budget
Parks				
Maintenance				
Lawn Equipment	23	-	200	200
General upkeep including park parking	24	8	3,300	3,300
Total Maintenance	47	8	3,500	3,500
Other				
Garbage Pick Up	536	663	700	700
Misc.	84	-	100	100
Sanikans	2,974	2,938	3,300	3,300
Total Other	3,594	3,601	4,100	4,100
Parks Development	415			
Playground Improvement	231	2,702	500	500
Parks Salaries				
Payroll Taxes	199	137	-	-
Gross Wages	1,463	-	-	-
Total Parks Salaries	1,662	137	-	-
Small Boat Dock Floats				
Removal and Installation Equipment Rental - \$1,100 for each rental of equipment	-	2,133	2,500	2,500
Maint & Improvements	-	273	750	750
Total Small Boat Dock	187,477	2,406	3,250	3,250
Supplies & Equipment Repairs	598	446	1,000	1,000
Utilities	578	607	700	700
Reserves - Parks (Cap is \$50,000 - Balance is \$13,116) For North Beach repairs and replacement equipment.	6,000	1,000	1,000	1,000
Total Parks	200,577	10,905	14,050	14,050
Roads (ferry island/mainland lots)				
Auto Insurance (water truck)	802	815	815	815
Dust Control Truck	3,302	620	2,000	2,000
Road Maintenance (Contract costs for work other than grading)	-	23,326	40,000	40,000
Road Grading Contract Costs	-	-	8,000	8,000
Road Maintenance (Not billed by Dick)	1,055	1,020	-	-
Road & Ditch Labor (Billed by Dick)	11,927	-	-	-
Road & Ditch Materials (Material only)	2,362	46,080	3,500	3,500
Salaries				
Payroll taxes	-	447	1,148	1,206
Wages	30	-	8,520	8,733
Total Salaries	30	447	9,668	9,939
Reserves	3,000			
Gravel General (Cap is \$50,000 - Balance is \$30,240)	-	10,000	10,000	10,000
Ferry Hill Black Top Repairs (cap is \$30,000 - balance is \$10,000)	-	5,000	5,000	5,000
Reserves - Road Equipment (Cap is \$60,000 - Balance is \$7,500)	-	2,000	2,000	2,000
Total Roads	22,478	89,307	80,983	81,254
Total Expense	975,574	969,836	1,111,915	910,693

General note: This budget was generated based on analysis of the last seven years of actual expenses. This budget follows the accounting requirements and format used by HMC.

Note 1: Ferry goes into dry dock every two years on the even year

Note 2: New engines go into yard for rebuild every five years but may be extended. Estimated cost is \$40,000 for both engines. Next yard service is 2018.

Note 3: Legal fee expenses is partially offset by legal fee income. This allows for accounting requirements.

Note 4: Reserve accounts now must total 10% of operating budget per RCW 64.34.010, 64.34.020, 64.34.308, 64.34.380, 64.34.382, 64.34.384, 64.38.010, 64.38.025, 64.38RCW and 2008c115s8.

Note 5: Dividend Reserve is interest earned from reserve accounts.

Note 6: Unexpended funds from prior FY year will be allocated to appropriate reserves.

Note 7: The Ferry Crews choice health care provider has announced a rate increase of 14 to 20%. If the Ferry Crew selects another provider this increase is estimated to be less than 10%

HMC Management
Profit & Loss Budget

October 2016 through September 2017

Actual Costs	Actual Costs	Current	Proposed
Oct '11 - Sep 12	Oct '14 - Sep '15	Oct '15 - Sep 16	Budget

HMC WATER

	Oct '11 - Sep 12	Oct 13 - Sep 14	Oct 14 - Sep 15	Oct '16 - Sep '17
Assessable Connections		397	397	397
Connections minus delinquents		390	389	389
Base Fee per Connection		214	125	119
Reserve Fee per Connection		97	97	97
Tier 2 and Above Excess Water Fee			14,604	14,604
Base Assessment per Connection - Annual		311	222	216
Base Assessment per Connection - Monthly		26	18	18
Base Total Assessments - All Connections		121,360	86,274	84,055

Note: Base assessment does not include water usage above base or USDA loan repayment if applicable.

Water

Ordinary Income/Expense

Base Fees		62,250	48,618	48,618
Usage Fees			14,604	14,604
Reserves		37,752	35,406	35,406
USDA Water Special Assessment		53,278	53,278	53,278
Total Income		153,280	151,906	151,906

Expense

Accountant/Auditor		985	1,000	1,000
Bad Check		-	200	200
BANK FEE		1	50	50
Contract Manager - WA Water		4,745	7,000	5,000
Insurance		1,682	2,160	1,800
Legal		3,431	1,000	1,000
Mailings (Postage and Admin)		1,076	1,000	1,000
Membership Fees		5	100	-
Mileage Reimbursement		665	400	400
Other Expenses				
Excise Tax		15,009	4,250	8,300
Miscellaneous		5,355	500	6,000
Permits & License		2,354	500	500
Water Samples		474	750	750
Total Other Expenses		23,193	6,000	15,550
Printing		49	-	-
Repairs - Parts		1,244	2,000	2,000
Supplies		5,667	-	-
Supplies & Repairs - Contractors		17	2,000	1,000
Software upgrades annual fee		-	-	900
Utilities		3,178	2,600	3,000
Wages - Taxes		1,990	-	1,200
Wages - WDM, meter reading		17,709	-	10,000
Wages - Administrative		15,029	33,525	14,000
Taxes		1,678	3,333	2,000
Gross Wages		739	-	-
Pension		526	605	654
Cell Phone		-	250	250
To Water Reserve (Cap is \$1,800,000 - Balance is \$211,628)		37,752	35,406	34,626
USDA Water Special Assessment		53,278	53,278	53,278
Total Operating Expense		174,638	151,907	148,908

General note: Every five years a Sanitary Survey is done by the Health Department. 2020 is the next cycle year for the survey to be done.

2016/2017 HMC Fee Schedule

Monthly Handling Fee for Delinquent Accounts:	
For balances of \$100.00 or less	\$ 15.00
For balances of \$100.01 or more	\$ 30.00
Interest	1% Monthly or 12% per Annum
Non-Sufficient Funds (NSF)	\$ 35.00
Office/Research per hour	\$ 43.00
Placing and Releasing Liens	HMC Attorney Rates at the time
Lost Vehicle Decal Replacement	\$ 5.00
Special Ferry Run (per run)	\$175.00
Copies: Black/White each	\$ 0.20
Color each	\$ 1.00
FAX – Incoming/Outgoing per page	\$ 1.00
Scan & Email per page	\$ 1.00
Member Credit Card Fee	6%
Renter’s Application Fee	\$ 60.00
Renter’s Annual Renewal Fee (billed in full in October)	\$ 30.00
Beachcomber Ads – per ¼ page	\$ 20.00
Beachcomber Mailing	\$ 22.50/year or \$2.50 per issue
Returned Mail	Post Office Rate
Notary Services	\$ 10.00
Postage for Ferry Tickets	\$ 2.00
Community Center Building Rental + Damage Deposit	\$100.00

(Applies only to private parties – up to \$50.00 refundable). See HMC Rule D-2. (Events open to the entire community need member signature, \$50 deposit; \$50 deposit will be refunded if hall is left clean.)

Property and Water Account Transfer Ownership Fee	\$175.00
Water Availability Letter (Completed by Island Manager)	\$ 50.00
Water Connection Repair Admin Fee	\$ 50.00
(Repair expense will be actual cost charged by approved contractor)	
Emergency Water Repair (HMC equipment only damaged by Member)	\$125.00 per hour

New Water Connection fee includes 3 components:

1. Admin Fee \$ 50.00
2. New Water Connection Installation expense will be **actual cost** charged by approved contractor.
3. Capital Cost Recovery 2012/2013 Water Project Special Assessment of \$801.90, prorated since inception April 2013. Plus monthly charge of \$14.85, billed quarterly at \$44.55 for the next 36 years.

OR:

Pay the total balance of \$7,128.20, the per-connection proportionate share.

Water Cross Connection Administration Fee	\$ 50.00
Water Shut-Off Fee	\$ 50.00
Water Reestablish Connection Fee	\$ 50.00
Water Inactive Status/install lock	\$ 50.00
Return Water to Active Status/remove lock	\$ 50.00
Meter Box Lid Replacement	\$ 50.00
Meter Box Replacement	\$100.00
Meter Replacement	\$500.00
Antenna Replacement	\$500.00
Meter Setter Replacement	\$500.00
Voluntary Water Service Turn Off	\$ 10.00
Ditch Clean Out Fee per Hour	\$125.00

Assessment and Reserve Funding Disclosure Summary

HMC Management - Lakebay, WA

For Fiscal Year Beginning: 10/1/2016 # of Units: 382

a) <u>Budgeted</u> Amounts:	Total	Average Per Unit*	
Reserve Contributions:	\$55,800.00	\$146.07	
Operating Assessments:	\$721,097.00	\$1,887.69	per: Year

Recommended amount:	Total	Average Per Unit*	
Reserve Contributions:	\$346,000.00	\$905.76	per: Year
Special Assessment:	\$0.00	\$0.00	# years: 0
Funding Plan Objective:	Full Funding		

Notes:

- b) Additional assessments that have already been scheduled to be imposed or charged, regardless of the purpose, if they have been approved by the board and/or members:

Date Due	Total Amount Per Unit*	Purpose
N/A		
N/A		
Total:		\$0.00

Notes:

- c) Based on the most recent Reserve Study and other information available to the Board of Directors, will currently budgeted Reserve account balances be sufficient at the end of each year to meet the association's obligation for repair and/or replacement of major components during the next 30 years? **No**
- d) If the answer to "c" is no, what additional assessments or other contributions/loans to Reserves would be necessary to ensure that sufficient Reserve Funds will be available each year during the next 30 years?

Approximate Fiscal Year Assessment Will Be Due	Average Total Amount Per Unit*	
2027	\$6,545	
N/A		
N/A		
N/A		
Total:		\$6,544.50

Notes:

e) All computations/disclosures are based on the fiscal year start date of:	10/1/2016
Fully Funded Balance:	\$2,134,535.00
Projected Reserve Fund Balance:	\$527,479.00
Percent Funded:	24.7%
Reserve Deficit (surplus) on a mathematical avg-per-unit* basis:	\$4,206.95
From the 6/2/2015 Reserve Study by Association Reserves and any minor changes since that date.	

* If assessments vary by the size or type of unit, allocate as noted within your Governing Documents.

- f/g) See attached 30-yr Summary Tables, showing the projected Reserve Funding Plan, Reserve Balance, and Percent Funded, under the recommended and actual budgeted Reserve Funding Plans.

Prepared by: Association Reserves (Rachel Drew)

Date: 6/14/2016

The financial representations at the time of preparation are based on the Reserve Study for the fiscal year shown at the top of this page and the best estimates of the preparer. These estimates should be expected to change from year to year. Some information on this form has been provided to Association Reserves, and has not been independently verified.

Table 5: 30-Year Reserve Plan: Budgeted by HMC Management for FY 2016/2017

24901-3

Fiscal Year Start: 10/01/16

Interest: 1.0% Inflation: 3.0%

**Reserve Fund Strength Calculations
(All values as of Fiscal Year Start Date)**

Projected Reserve Balance Changes

Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Special Assmt Risk	Reserve Contribs.	Loans or Special Assmts	Interest Income	Reserve Expenses
2016	\$527,479	\$2,134,535	24.7%	High	\$55,800	\$0	\$4,832	\$148,850
2017	\$439,261	\$2,276,816	19.3%	High	\$57,474	\$0	\$4,570	\$26,265
2018	\$475,039	\$2,556,575	18.6%	High	\$59,198	\$0	\$3,964	\$220,084
2019	\$318,118	\$2,652,248	12.0%	High	\$60,974	\$0	\$3,255	\$49,173
2020	\$333,174	\$2,934,200	11.4%	High	\$62,803	\$0	\$2,859	\$160,047
2021	\$238,789	\$3,118,000	7.7%	High	\$64,687	\$0	\$2,724	\$0
2022	\$306,200	\$3,479,982	8.8%	High	\$66,628	\$0	\$2,728	\$135,943
2023	\$239,613	\$3,720,855	6.4%	High	\$68,627	\$0	\$2,433	\$63,461
2024	\$247,212	\$4,051,906	6.1%	High	\$70,686	\$0	\$1,828	\$201,226
2025	\$118,499	\$4,259,533	2.8%	High	\$72,806	\$0	\$1,556	\$0
2026	\$192,862	\$4,689,453	4.1%	High	\$74,991	\$0	\$1,354	\$191,105
2027	\$78,101	\$4,944,496	1.6%	High	\$77,240	\$0	\$0	\$308,130
2028	-\$152,789	\$5,095,990	0.0%	High	\$79,557	\$0	\$0	\$246,756
2029	-\$319,988	\$5,324,860	0.0%	High	\$81,944	\$0	\$0	\$88,846
2030	-\$326,890	\$5,733,148	0.0%	High	\$84,403	\$0	\$0	\$172,208
2031	-\$414,696	\$6,078,024	0.0%	High	\$86,935	\$0	\$0	\$336,638
2032	-\$664,399	\$6,274,391	0.0%	High	\$89,543	\$0	\$0	\$244,236
2033	-\$819,093	\$6,582,646	0.0%	High	\$92,229	\$0	\$0	\$85,287
2034	-\$812,151	\$7,075,013	0.0%	High	\$94,996	\$0	\$0	\$270,431
2035	-\$987,586	\$7,402,935	0.0%	High	\$97,846	\$0	\$0	\$0
2036	-\$889,741	\$8,031,065	0.0%	High	\$100,781	\$0	\$0	\$205,626
2037	-\$994,585	\$8,478,427	0.0%	High	\$103,804	\$0	\$0	\$18,603
2038	-\$909,384	\$9,144,389	0.0%	High	\$106,919	\$0	\$0	\$433,518
2039	-\$1,235,984	\$9,415,890	0.0%	High	\$110,126	\$0	\$0	\$773,646
2040	-\$1,899,504	\$9,358,515	0.0%	High	\$113,430	\$0	\$0	\$231,434
2041	-\$2,017,507	\$9,871,609	0.0%	High	\$116,833	\$0	\$0	\$32,454
2042	-\$1,933,128	\$10,619,165	0.0%	High	\$120,338	\$0	\$0	\$283,268
2043	-\$2,096,059	\$11,145,355	0.0%	High	\$123,948	\$0	\$0	\$249,118
2044	-\$2,221,228	\$11,737,487	0.0%	High	\$127,666	\$0	\$0	\$428,300
2045	-\$2,521,862	\$12,178,256	0.0%	High	\$131,496	\$0	\$0	\$0

Table 5: 30-Year Reserve Plan:Recommended by Reserve Study Provided for FY 2016/2017

24901-3

Fiscal Year Start: 10/01/16

Interest: 1.0% Inflation: 3.0%

**Reserve Fund Strength Calculations
(All values as of Fiscal Year Start Date)**

Projected Reserve Balance Changes

Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Special Assmt Risk	Reserve Contribs.	Loans or Special Assmts	Interest Income	Reserve Expenses
2016	\$527,479	\$2,134,535	24.7%	High	\$346,000	\$0	\$6,289	\$148,850
2017	\$730,918	\$2,276,816	32.1%	Med	\$356,380	\$0	\$9,001	\$26,265
2018	\$1,070,034	\$2,556,575	41.9%	Med	\$367,071	\$0	\$11,488	\$220,084
2019	\$1,228,510	\$2,652,248	46.3%	Med	\$378,084	\$0	\$13,994	\$49,173
2020	\$1,571,414	\$2,934,200	53.6%	Med	\$389,426	\$0	\$16,939	\$160,047
2021	\$1,817,732	\$3,118,000	58.3%	Med	\$401,109	\$0	\$20,276	\$0
2022	\$2,239,116	\$3,479,982	64.3%	Med	\$413,142	\$0	\$23,886	\$135,943
2023	\$2,540,202	\$3,720,855	68.3%	Med	\$425,536	\$0	\$27,337	\$63,461
2024	\$2,929,614	\$4,051,906	72.3%	Low	\$438,302	\$0	\$30,622	\$201,226
2025	\$3,197,312	\$4,259,533	75.1%	Low	\$451,452	\$0	\$34,388	\$0
2026	\$3,683,151	\$4,689,453	78.5%	Low	\$464,995	\$0	\$38,377	\$191,105
2027	\$3,995,418	\$4,944,496	80.8%	Low	\$478,945	\$0	\$40,996	\$308,130
2028	\$4,207,228	\$5,095,990	82.6%	Low	\$493,313	\$0	\$43,504	\$246,756
2029	\$4,497,289	\$5,324,860	84.5%	Low	\$508,113	\$0	\$47,286	\$88,846
2030	\$4,963,841	\$5,733,148	86.6%	Low	\$523,356	\$0	\$51,630	\$172,208
2031	\$5,366,619	\$6,078,024	88.3%	Low	\$539,057	\$0	\$54,930	\$336,638
2032	\$5,623,967	\$6,274,391	89.6%	Low	\$555,228	\$0	\$58,060	\$244,236
2033	\$5,993,020	\$6,582,646	91.0%	Low	\$571,885	\$0	\$62,650	\$85,287
2034	\$6,542,268	\$7,075,013	92.5%	Low	\$589,042	\$0	\$67,324	\$270,431
2035	\$6,928,202	\$7,402,935	93.6%	Low	\$606,713	\$0	\$72,648	\$0
2036	\$7,607,563	\$8,031,065	94.7%	Low	\$624,914	\$0	\$78,531	\$205,626
2037	\$8,105,383	\$8,478,427	95.6%	Low	\$643,662	\$0	\$84,566	\$18,603
2038	\$8,815,008	\$9,144,389	96.4%	Low	\$662,972	\$0	\$89,708	\$433,518
2039	\$9,134,169	\$9,415,890	97.0%	Low	\$682,861	\$0	\$91,305	\$773,646
2040	\$9,134,690	\$9,358,515	97.6%	Low	\$703,347	\$0	\$94,137	\$231,434
2041	\$9,700,740	\$9,871,609	98.3%	Low	\$724,447	\$0	\$100,929	\$32,454
2042	\$10,493,663	\$10,619,165	98.8%	Low	\$746,181	\$0	\$107,744	\$283,268
2043	\$11,064,319	\$11,145,355	99.3%	Low	\$768,566	\$0	\$113,761	\$249,118
2044	\$11,697,528	\$11,737,487	99.7%	Low	\$791,623	\$0	\$119,338	\$428,300
2045	\$12,180,189	\$12,178,256	100.0%	Low	\$815,372	\$0	\$126,457	\$0

Assessment and Reserve Funding Disclosure Summary

HMC Water System - Herron Island, WA

For Fiscal Year Beginning: 10/1/2016

of Units: 397

a) <u>Budgeted</u> Amounts:	Total	Average Per Unit*	
Reserve Contributions:	\$35,406.00	\$89.18	
Operating Assessments:	\$84,055.00	\$211.73	per: Year

Recommended amount:	Total	Average Per Unit*	
Reserve Contributions:	\$72,800.00	\$183.38	per: Year
Special Assessment:	\$0.00	\$0.00	# years: 5
Funding Plan Objective:	Full Funding		

Notes:

- b) Additional assessments that have already been scheduled to be imposed or charged, regardless of the purpose, if they have been approved by the board and/or members:

Date Due	Total Amount Per Unit*	Purpose
N/A	\$134.20	Only applies to certain units - amount owing
N/A		
	Total:	
	\$134.20	

Notes:

- c) Based on the most recent Reserve Study and other information available to the Board of Directors, will currently budgeted Reserve account balances be sufficient at the end of each year to meet the association's obligation for repair and/or replacement of major components during the next 30 years? **Yes**
- d) If the answer to "c" is no, what additional assessments or other contributions/loans to Reserves would be necessary to ensure that sufficient Reserve Funds will be available each year during the next 30 years?

Approximate Fiscal Year Assessment Will Be Due	Average Total Amount Per Unit*
N/A	
N/A	
N/A	
N/A	
	Total:
	\$0.00

Notes:

e) All computations/disclosures are based on the fiscal year start date of:	10/1/2016
Fully Funded Balance:	\$276,281.00
Projected Reserve Fund Balance:	\$211,628.00
Percent Funded:	76.6%
Reserve Deficit (surplus) on a mathematical avg-per-unit* basis:	\$162.85

From the 6/2/2016 Reserve Study by Association Reserves and any minor changes since that date.

* If assessments vary by the size or type of unit, allocate as noted within your Governing Documents.

- f/g) See attached 30-yr Summary Tables, showing the projected Reserve Funding Plan, Reserve Balance, and Percent Funded, under the recommended and actual budgeted Reserve Funding Plans.

Prepared by: Association Reserves (Rachel Drew)

Date: 6/14/2016

The financial representations at the time of preparation are based on the Reserve Study for the fiscal year shown at the top of this page and the best estimates of the preparer. These estimates should be expected to change from year to year. Some information on this form has been provided to Association Reserves, and has not been independently verified.

Table 5: 30-Year Reserve Plan: Budgeted by HMC Water System for FY 2016/2017

26621-2

Fiscal Year Start: 10/01/16

Interest: 1.0% Inflation: 3.0%

**Reserve Fund Strength Calculations
(All values as of Fiscal Year Start Date)**

Projected Reserve Balance Changes

Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Special Assmt Risk	Reserve Contribs.	Loans or Special Assmts	Interest Income	Reserve Expenses
2016	\$211,628	\$276,281	76.6%	Low	\$35,406	\$0	\$2,285	\$3,705
2017	\$245,614	\$339,377	72.4%	Low	\$36,468	\$0	\$2,623	\$5,464
2018	\$279,241	\$404,312	69.1%	Med	\$37,562	\$0	\$2,994	\$0
2019	\$319,798	\$478,636	66.8%	Med	\$38,689	\$0	\$3,379	\$5,633
2020	\$356,232	\$551,252	64.6%	Med	\$39,850	\$0	\$3,779	\$0
2021	\$399,861	\$633,771	63.1%	Med	\$41,045	\$0	\$4,223	\$0
2022	\$445,129	\$720,746	61.8%	Med	\$42,277	\$0	\$3,889	\$158,343
2023	\$332,952	\$649,274	51.3%	Med	\$43,545	\$0	\$3,564	\$0
2024	\$380,060	\$740,852	51.3%	Med	\$44,851	\$0	\$3,742	\$60,026
2025	\$368,627	\$775,514	47.5%	Med	\$46,197	\$0	\$3,935	\$0
2026	\$418,759	\$875,270	47.8%	Med	\$47,583	\$0	\$4,446	\$0
2027	\$470,788	\$980,314	48.0%	Med	\$49,010	\$0	\$4,939	\$7,343
2028	\$517,393	\$1,083,308	47.8%	Med	\$50,480	\$0	\$5,425	\$5,282
2029	\$568,016	\$1,193,950	47.6%	Med	\$51,995	\$0	\$5,929	\$7,570
2030	\$618,370	\$1,308,062	47.3%	Med	\$53,555	\$0	\$6,481	\$0
2031	\$678,406	\$1,435,978	47.2%	Med	\$55,161	\$0	\$7,092	\$0
2032	\$740,660	\$1,570,391	47.2%	Med	\$57,368	\$0	\$5,335	\$476,518
2033	\$326,845	\$1,220,763	26.8%	High	\$59,663	\$0	\$3,561	\$4,421
2034	\$385,648	\$1,349,728	28.6%	High	\$62,049	\$0	\$4,110	\$15,084
2035	\$436,723	\$1,474,487	29.6%	High	\$64,531	\$0	\$4,711	\$0
2036	\$505,966	\$1,621,519	31.2%	Med	\$67,112	\$0	\$5,420	\$0
2037	\$578,498	\$1,776,046	32.6%	Med	\$69,797	\$0	\$6,113	\$9,869
2038	\$644,538	\$1,928,219	33.4%	Med	\$72,589	\$0	\$6,840	\$0
2039	\$723,967	\$2,098,395	34.5%	Med	\$75,492	\$0	\$7,601	\$10,174
2040	\$796,886	\$2,266,567	35.2%	Med	\$78,512	\$0	\$8,362	\$7,532
2041	\$876,228	\$2,445,977	35.8%	Med	\$81,652	\$0	\$9,213	\$0
2042	\$967,093	\$2,642,101	36.6%	Med	\$84,918	\$0	\$7,995	\$427,382
2043	\$632,625	\$2,407,588	26.3%	High	\$88,315	\$0	\$6,799	\$0
2044	\$727,739	\$2,610,035	27.9%	High	\$91,848	\$0	\$7,713	\$11,794
2045	\$815,505	\$2,810,315	29.0%	High	\$95,522	\$0	\$8,672	\$0

Table 5: 30-Year Reserve Plan:Recommended by Reserve Study Provider for FY 2016/2017

26621-2

Fiscal Year Start: 10/01/16

Interest: 1.0% Inflation: 3.0%

**Reserve Fund Strength Calculations
(All values as of Fiscal Year Start Date)**

Projected Reserve Balance Changes

Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Special Assmt Risk	Reserve Contribs.	Loans or Special Assmts	Interest Income	Reserve Expenses
2016	\$211,628	\$276,281	76.6%	Low	\$72,800	\$0	\$2,473	\$3,705
2017	\$283,196	\$339,377	83.4%	Low	\$74,984	\$0	\$3,194	\$5,464
2018	\$355,910	\$404,312	88.0%	Low	\$77,234	\$0	\$3,963	\$0
2019	\$437,107	\$478,636	91.3%	Low	\$79,551	\$0	\$4,762	\$5,633
2020	\$515,787	\$551,252	93.6%	Low	\$81,937	\$0	\$5,593	\$0
2021	\$603,317	\$633,771	95.2%	Low	\$84,395	\$0	\$6,485	\$0
2022	\$694,197	\$720,746	96.3%	Low	\$86,927	\$0	\$6,615	\$158,343
2023	\$629,396	\$649,274	96.9%	Low	\$89,535	\$0	\$6,773	\$0
2024	\$725,703	\$740,852	98.0%	Low	\$92,221	\$0	\$7,452	\$60,026
2025	\$765,351	\$775,514	98.7%	Low	\$94,987	\$0	\$8,166	\$0
2026	\$868,504	\$875,270	99.2%	Low	\$97,837	\$0	\$9,216	\$0
2027	\$975,557	\$980,314	99.5%	Low	\$100,772	\$0	\$10,270	\$7,343
2028	\$1,079,256	\$1,083,308	99.6%	Low	\$103,795	\$0	\$11,337	\$5,282
2029	\$1,189,106	\$1,193,950	99.6%	Low	\$106,909	\$0	\$12,445	\$7,570
2030	\$1,300,889	\$1,308,062	99.5%	Low	\$110,117	\$0	\$13,622	\$0
2031	\$1,424,628	\$1,435,978	99.2%	Low	\$113,420	\$0	\$14,881	\$0
2032	\$1,552,929	\$1,570,391	98.9%	Low	\$117,957	\$0	\$13,800	\$476,518
2033	\$1,208,168	\$1,220,763	99.0%	Low	\$122,675	\$0	\$12,731	\$4,421
2034	\$1,339,153	\$1,349,728	99.2%	Low	\$127,582	\$0	\$14,018	\$15,084
2035	\$1,465,670	\$1,474,487	99.4%	Low	\$132,685	\$0	\$15,391	\$0
2036	\$1,613,746	\$1,621,519	99.5%	Low	\$137,993	\$0	\$16,905	\$0
2037	\$1,768,643	\$1,776,046	99.6%	Low	\$143,513	\$0	\$18,439	\$9,869
2038	\$1,920,726	\$1,928,219	99.6%	Low	\$149,253	\$0	\$20,045	\$0
2039	\$2,090,024	\$2,098,395	99.6%	Low	\$155,223	\$0	\$21,725	\$10,174
2040	\$2,256,798	\$2,266,567	99.6%	Low	\$161,432	\$0	\$23,445	\$7,532
2041	\$2,434,144	\$2,445,977	99.5%	Low	\$167,889	\$0	\$25,297	\$0
2042	\$2,627,330	\$2,642,101	99.4%	Low	\$174,605	\$0	\$25,124	\$427,382
2043	\$2,399,676	\$2,407,588	99.7%	Low	\$181,589	\$0	\$25,019	\$0
2044	\$2,606,285	\$2,610,035	99.9%	Low	\$188,853	\$0	\$27,072	\$11,794
2045	\$2,810,415	\$2,810,315	100.0%	Low	\$196,407	\$0	\$29,220	\$0