

# Review of Minimum<sup>1</sup> Annual Assessment Rate in consideration for setting 2026/2027 fiscal year Annual Assessment Rate

## Version 3

December 2025

created by HOA advisor/Road Manager [Kirk Johnson](#), informed by HOA Treasurer Stacey Johnson, and reviewed and edited by the Finance Committee.

Please click onto blue highlighted words for expanded information.

This report is a recommendation to the BOD from the Finance Committee:

- This report complies with the requirements/guidelines of the 9MR HOA [Fiscal Management Policy](#) and is based on expense data from the HOA Quickbooks accounting P&Ls. It arrives at a specific base calculated per-Lot assessment rate needed for the 9MR HOA for the coming fiscal year (26/27) given current expenditure needs and prices. However, it *does not* include the 2021 Vote Item #3 approved additional assessment rate of \$28.00 per Lot.
- This report contemplates including only those expenditures that are minimum required by function of CCRs and state laws and that which are commensurate with historical standards, so any expenses for potential 'capital improvement' projects, maintenance standard increases, or categories beyond those reflected in the P&Ls would have to be added to this report's findings.

---

**Summary:** Considering only P&L numbers (complete fiscal years 2008 through May 2025) and then adjusting to real-world circumstances and expectations and inflation as discussed or linked to herein, the gross HOA billing at current supply prices for the considerations described in the paragraphs above should be **\$105,564.12**, or **\$340.53 per Lot** (that's dividing \$105,564.12 by 310 total lots).

Again, this report's recommended minimum total annual per-Lot assessment rate of \$340.53 does not include the approved 2021 HOA ballot for Voting Item #3 of an added \$28.00 per Lot for those funding items. In other words, if you add this report's rate and the 2021 Vote Item #3 rate, the 26/27 assessment rate should be no less than **\$368.53**

---

### **General Premises:**

- Our CCRs and state laws allow for expenditures *beyond* basic needs; this Report DOES NOT contemplate or include that and includes only the expenditures required to fulfill minimum HOA governing documents requirements.
- Many categorical expense figures are based on the statements for years June 2008 – May 2025 and then adjusted from there if and as appropriate. Each category below has a four-digit

---

<sup>1</sup> Please note that this Report seeks to establish a minimum rate necessary, and from there the BOD can add additional desired funds for capital improvements and/or other additional subjects.

- number with it which is the actual Quickbooks journal entry account.
- Inflation adjustments are up to the date of September 2025 using the <https://www.usinflationcalculator.com/> website.
- The figures in this report DO NOT INCLUDE the potential added expense of one specific known forecastable road capital improvement needed to bring that road section up to standard where year-round road access (equal to that of all other 9MR roads) would be achieved (this section is known as a “no-plow” road section). The Board would have to choose to set an assessment rate beyond what this Report recommends in order to accomplish said capital improvement.
- It is generally anticipated that overall non-winter road maintenance expenses on a per-unit or per-hour basis charge from HOA contractors will not increase compared to the last fiscal year.

<b><u>EXPENDITURE CATEGORY</u></b>	<b><u>ANNUAL AMOUNT</u></b>
------------------------------------	-----------------------------

1. “6120 Bank Service Charges” .....	\$15.00
--------------------------------------	---------

This figure is the current estimate given by the Treasurer based on direct historical experience.

2. “6125 Office Supplies/Postage/Printing” .....	\$2735.15
--------------------------------------------------	-----------

- Since 9MR HOA boards have been being elected by the membership in 2018 they have conducted regular and consistent newsletter mailings per year, have sent out several impromptu informational letters to the membership and conducted consistent annual mail-out ballot votes and occasional special assessment votes. The treasurer has sent yearly assessment billings to all members and also monthly statements to past-due accounts. This level of communication and billing/collections activity would be normal for a fully functioning HOA. In years prior to the current era of where boards have been elected, those Declarant-appointed boards sent out very few informational mailings or newsletters, conducted two ballot elections in 21 years, and only annual billings were sent out (not monthly past-due statements). So as a base calculation we believe it is correct to average fiscal years 18-25 only as a realistic trend for this report.
- As shown in 9MR HOA P&L statements, during years 18-21 this account category was separated into two accounts (6125 and 6140). So to be correct we are combining the two accounts in this report for applicable years.
- Individual years as follows per P&Ls:

<u>fiscal year</u>	<u>act. that year</u>	<u>adjusted to '25 inflated value</u>
18/19	\$1323.86	1,712.38
19/20	2618.38	3,326.53
20/21	2569.23	3,224.31
21/22	2440.37	2,925.17
22/23	2781.75	3,087.30
23/24	2731.92	2,912.12
24/25	1891.22	<u>1,958.21</u>
		\$19,146.02 divided by (7) = \$2735.15

**3. "6141 Post Office Box Fee" ..... \$188.00**

Based on current actual rate.

**4. "6185 Liability Insurance" ..... \$1354.00**

Per rate paid in last fiscal year (spring 2025). The rate included what appears to be a reasonably comprehensive policy suited for our HOA and the likely liabilities we face, including but not limited to:

- \$4,000,000 general aggregate
- \$2,000,000 liability aggregate for all directors, officers and agents and employees of the HOA
- covers the HOA's road rake
- covers non-owned auto use, this added in mind particularly to cover a volunteer who uses their own truck while raking roads
- the policy has already been 'tested', having paid out benefits for a threat of suit that an HOA member brought against a director in 2019.

**5. "6230 Licenses and Permits" ..... \$169.00**

Current rate for the annual Washington state non-profit corporation license.

**6. "6234 Quick Books" ..... \$700.00**

This is the current rate per year for total fees.

**7. "6235 Website" ..... \$234.00**

Averaged charges included and not included:

- Includes direct charges for the website itself, which are on a bi-annual basis.
- Includes annual charge for Wordfence hacking protection, which the Board found warranted in 2019 because of the consistent high amounts of hacking attempts that were and are regularly occurring.

**8. "6255 Meeting Expense" ..... \$671.00**

Includes \$221.00 current annual fee for Zoom video conferencing subscription, \$350.00 to pay a non-interested fiduciary to receive, secure and deliver annual voting ballots at the annual membership meeting, and \$100.00 gratis to a local retail venue for the Board to hold observable counting of the annual ballot vote. All are numbers based on most recent fiscal year expenditures.

**9. "6270 Tax Return Preparation & Audit" ..... \$2700.00**

Based on 12/25 quote. The figure is for paying "HOACPA" to conduct the annual [state-required annual audit](#) of HOA financial records *if the audit is not waived by a vote of the membership per the same state statute*. Because the membership might waive the audit it is impossible to plan whether this expenditure will absolutely be incurred any given year. So good fiscal planning suggests it is best to plan on collecting the funds through the annual assessment rate, and if it is not used then credit the audit value in the following year's assessment calculation (please see #22 below). Additionally, the \$2700.00 fee through HOACPA includes them producing and filing the HOA's annual tax return, so keeping this fee planned will cover the annual corporate tax filing as well.

**10. "6271 Income Taxes" ..... \$65.00**

This is estimated by the Treasurer.

**11. "6275 Reserve Study Fee" ..... \$0.00**

Per RCW [64.38.065](#) and RCW [64.90.545\(2\)\(b\)](#) certain qualifying HOAs are required to have an "independent reserve study professional" perform a reserve study at least once every three years, but as of this coming fiscal year our HOA will no longer qualify for this requirement. If you read the linked (and other subsequent) RCW sections you'll understand the following statement series: 1) as of this next coming spring maintenance season our HOA will repair the final existing "no-plow" road section, which is our only "...common element[s] that will require major maintenance, repair, or replacement within thirty years," 2) RCW 64.38.065(2) exempts HOAs if such a study would "...would impose an unreasonable hardship...", and given that we'll have no more applicable common interest elements then spending money on an independent reserve study profession is useless and would therefore be an undue financial hardship on our HOA. The above explanation also applies to why our HOA fits with the description at RCW 64.90.545(2)(b).

**12. "Legal Fees (includes 6280, 6281, 6282, and 6283)" ..... \$6070.94**

The projected annual figure is based on averaging actual P&L expenses shown for years 2018 – 2025 after first adjusting them for increased attorney billing rates during certain years. The reader will note by looking at all Quickbooks P&Ls (years 2008 – 2025) that the above projected figure is far above the yearly average prior to 2018; the current Board feels that the years 2018 to present are most likely a realistic expectation for the future because it is during these years that the Board and hence the HOA has actually attended to and acted upon all levels and arenas of legal/compliant HOA management/litigation (including completing two civil legal cases) and also therefore also risking that same level of legal liability and needing that same level of legal counsel and representation.

Calculation basis as follows:

<u>fiscal year</u>	<u>act. that year</u>	<u>adjusted for rate increase<sup>2</sup></u>
18/19	6349.00	8,387.03
19/20	812.50	1073.31
20/21	11,648.30	15,387.40
21/22	5443.50	7190.86
22/23	183.00	241.74
23/24	3355.87	3912.94
24/25	5405.93	<u>6303.31</u>
		42,496.59 divided by (7) years = \$6070.94

**13. "6285 Lien Expense" ..... \$0.00**

While the HOA Quickbooks system shows an expense category for this subject there is not a reason to collect assessment income to pay for this expense, explained as follows: Lien fees are incurred by the HOA when a lien is placed and when it is removed. Those fees are charged to the delinquent Lot Owner and are collected when the lien is satisfied; when they are collected they come back to the HOA as "lien fees income". So technically all "lien expenses" to the HOA are collected at some point.

<sup>2</sup> Years 2018-2023 rates were \$265.00 per hour. In 2024 it increased to \$300. In 2025 it increased to \$350.00. This means years 2018-2023 need to be increased by 32.1% to get to current rates, and years 2024 and 2025 needs to be increased by 16.6% to get to current rates.

**14. "Road Maintenance" ..... \$44,770.08**

This figure is the same carry-over figure from last year’s Report. As shown in [this report](#), this category includes P&L categories 6705 Road Gravel, 6710 Raking, 6715 Ditch/Culvert Cleaning, 6720 Other Road Materials/repairs, 6725 Admin Labor and Materials, 6730 Capital Improvements, 6735 Emergency Repairs, 6740 Erosion Prevention/Control, 6700 Road Maintenance (a general catch-all category for all non-winter road maintenance prior to 2018/19), 6755 Supplies (a general catch-all category about maintenance/repair supplies prior to 2018/2019), 6741 Road side/Easement Maintenance, 6736 Road Base Repair, and 6706 Gravel Machining. It also includes annual gravel replenishment adjustments for increased traffic as shown in the report. The general idea is to capture all regular annual road maintenance needs except winter plowing and sanding and weed spray (those are separate categorical analyses below).

**15. "Vote Item #3" ..... \$8680.00**

In 2021 the membership voted to have a 5-year increase in assessments to cover several expense items, namely covering prior-years’ neglect of road gravel placement, additional gravel placements due to increased traffic, and maintaining private driveway culverts that intersect with HOA roads (an HOA legal responsibility). The coming 26/27 fiscal year will be the last year for both the added assessment rate charge and the act of performing the work.

**16. "6745 Weed Control" ..... \$12,679.85**

According to HOA accounting records and contractor bills on record and witnesses, there have been three different 'concepts' of action that have been applied to weed spraying in Ranch history, each with different results: 1) neglect spraying, 2) spray heavily biannually and lightly the years in between (which was a deliberate experimental spraying regimen for many years), and 3) spray annually and vigilantly according to what evidence of emerged weeds showed visually throughout the weed and overgrowth season. Concept #1 was obviously ineffective and promoted the propagation of weeds which in turn was a neglect of HOA responsibility, Concept #2 – after many years – resulted in a lot of weeds going unsprayed and therefore caused undue weed propagation (even to the point of at least one HOA member threatening legal suit against the HOA, including supplying supportive pictures of the claims of damage), and Concept #3 simply made sure that all weeds and overgrowth were controlled annually as best as reasonably possible. Because weeds are sprayed according to the volume of their presence, allowing weeds to propagate without spraying just increases the volume of spraying needing done. So this category calculation is based on modeling the seven years when Concept #3 was applied (fiscal years 2018 - 2025), each year being adjusted for inflation as follows:

<u>fiscal year</u>	<u>act. that year</u>	<u>adjusted to '25 inflated value</u>
24/25	\$10,027.85	10,383.04
23/24	9953.28	10,609.79
22/23	10,550.94	11,709.85
21/22	10,444.21	12,519.02
20/21	11,191.78	14,045.35
19/20	10,992.45	13,965.38
18/19	12,003.75	<u>15,526.52</u>
		\$88,758.95 divided by (7) years = \$12,679.85

**17. "6749 Sanding Facility Rental Fee" ..... \$1200.00**

This is the current fee charged by the property owner.

**18. "6750 Snow Plowing Labor & Materials" ..... \$23,759.01**

Per the [Supplemental Report](#) this is an averaged figure using the 17 completed years of accounting records shown in the Supplemental Report, having first adjusted each year to current plowing rates. Then added compensation was given for the fact that more roads are plowed now than in the past, so each of those prior years was adjusted higher to reflect this issue before averaging was done, as the linked report shows. Also considered and adjusted for is the fact that current and near-future plowing contracts include the HOA being obligated to pay a minimum guaranteed payment for a season’s plowing.

**19. "6751 Winter Sanding" ..... \$4312.82**

P&L averaging and adjusting for inflation. Sanding has only been a demonstrated policy and been performed consistently in years 2018 – 2025 so far, so those are the only years worth of data being considered here:

<u>fiscal year</u>	<u>act. that year</u>	<u>adjusted to '25 inflated value</u>
18/19	\$892.65	1,424.85
19/20	2125.04	2,699.76
20/21	12,032.40	15,100.30
21/22	0.00	0.00
22/23	1734.40	1,924.91
23/24	1251.08	1,333.60
24/25	7442.71	<u>7,706.33</u>
		30,189.75 divided by (7) years = \$4312.82

**20. CCR Reserve Fund Deflation Value ..... \$2567.93**

This is the value that the reserve fund has lost due to inflation for fiscal year 2024/2025 (the last full fiscal year that annual federal inflation data can be applied to), which needs to be compensated.

It is important to understand that this reserve fund is essentially a cash-buffer amount sitting in HOA bank accounts and CDs that consists of cash that was collected in the past, so its power to purchase *current* goods and services is reduced by the value of inflation each year. The reserve fund has to be able to purchase, at any time, current-value/priced services that are beyond the current annual budget/income... Hypothetical example: a road washout occurred last week and the cost to repair it exceeds the current annual budgeted amount for the applicable road maintenance categories of “emergency repairs” and “erosion control”, so the excessive portion of the repair cost has to be paid from this reserve fund. If we do not compensate the reserve fund each year for the value lost due to inflation then the fund will not be able to pay fully for the inflated current cost of goods and services needed to fix the road washout.

Calculation as follows:

1. Start with the 'reserve fund' value as of the last day of fiscal year 23/24. Per the [May 31, 2025 HOA balance sheet](#), the total "Bank Accounts" asset categories of 1000, 1001 and 1002 at the end of that fiscal year was \$72,498.49. This is essentially the 'reserve fund balance', as it is all cash left over after the year's expenses and all other HOA obligations were paid.
2. According to the <https://www.usinflationcalculator.com/> website, the value of inflation from 2024 to 2025 on \$72,498.49 is \$2567.93.

**21. Credit for Various HOA 23/24 Profit Categories ..... <\$2399.63>**

As our HOA is a not-for-profit corporation it is appropriate to credit back to the membership any 'profit' made; the only profit comes from the following [24/25 P&L](#) categories:

- \$1428.62 from category 4010 (interest income from past-due member payments)
- \$539.91 from category 4015 (late fees income)
- \$531.10 from category 7010 (interest earned from bank accounts)

**22. Credit for 24/25 Audit Fees Waived By Membership Vote ..... <\$2450.00>**

As discussed at subsection #9 above, the membership has the right to vote to waive any given annual audit, which indeed they did in 2024. The fee for the audit was charged to the membership in the fiscal year so the audit waiver now needs to be credited back to the membership. The reader will note that because of the law change this year this is the last time a credit will appear for this subject (unless laws change again).

- Start with \$2725.00 in the [24/25 adopted budget](#) for "Audit and Tax Preparation Expense",
- minus \$275.00 of that which was paid to have HOACPA do the annual HOA federal tax return (per [23/24 P&L](#) category 6270 "Accounting Fees/Tax Return")

**23. Credit for Collection of Past-Due Assessments ..... <\$2458.03>**

The annual assessment rate includes a calculation for whether collection of past-due assessments is either positive or negative in running balance. Some years there could be an increase in total past-due assessments, and in that case the annual rate would include a calculation to charge the membership to make up for this loss of income. Some years there could be a decrease in total past-due assessments, and in that occasion the membership would be due a credit in that amount spread over all members. Accounting records show that the overall past-due balance from fiscal year 23/24 to 24/25 fell by a total of \$2458.03, so this category reflects a credit being given to the membership in that amount.

**TOTAL ALL CATEGORIES ABOVE: \$105,564.12**