# Monterey Dunes Colony Association
# (A California Corporation)

## Financial Statements and Supplementary Information

June 30, 2014
(With Comparative Total for June 30, 2013)

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# INDEPENDENT AUDITOR'S REPORT

Board of Directors and members
Monterey Dunes Colony Association
Moss Landing, California

## *Report on the Financial Statements*

We have audited the accompanying balance sheet of Monterey Dunes Colony Association (a California corporation), as of June 30, 2014 with comparative totals for June 30, 2013, and the related statements of assessments, revenues and expenses and changes in fund balances, and cash flows for the year then ended, and the related notes to the financial statements.

## *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

## *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Monterey Dunes Colony Association as of June 30, 2014, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Disclaimer of Opinion on required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the information on Future Major Repairs and Replacements on page 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Young Craig, & Co. LLP

Joelyn K. Carr-Fingerle, CPA

Joelyn K. Carr-Fingerle, CPA
August 21, 2014

# Monterey Dunes Colony Association

Balance Sheet
June 30, 2014
(With Comparative Totals for June 30, 2013)

| | Operating Fund | Replacement Fund | Total | 2013 Total Funds |
|---|---|---|---|---|
| **Assets:** | | | | |
| Cash accounts | $ 202,588 | $ 1,022,499 | $ 1,225,087 | $ 865,827 |
| Certificate of deposit | - | 1,107,950 | 1,107,950 | 1,105,183 |
| Homeowner receivable, no allowance for doubtful accounts necessary | - | - | - | - |
| Other receivables | 2,696 | - | 2,696 | 2,627 |
| Gate pass inventory | 615 | - | 615 | 615 |
| Prepaid insurance expense | 78,628 | - | 78,628 | 75,238 |
| Prepaid income taxes (Note E) | 35 | - | 35 | 682 |
| Foreclosed unit (Note B) | 21,500 | - | 21,500 | 33,241 |
| Water barriers, net of accumulated depreciation of $24,942 and $18,002 (Note B) | 44,455 | - | 44,455 | 51,395 |
| Common area (Note B) | - | - | - | - |
| **Total assets** | $ 350,517 | $ 2,130,449 | $ 2,480,966 | $ 2,134,808 |
| **Liabilities:** | | | | |
| Accounts payable | $ 7,894 | $ - | $ 7,894 | $ 72,397 |
| Accrued employee p.t.o. | 58,367 | - | 58,367 | 53,249 |
| Prepaid assessments | 43,417 | 350,000 | 393,417 | 342,527 |
| Income taxes (Note E) | 294 | - | 294 | 10 |
| Rental deposit | 1,900 | - | 1,900 | 1,900 |
| Interfund payable (receivable) | (6,219) | 6,219 | - | - |
| Total liabilities | 105,653 | 356,219 | 461,872 | 470,083 |
| **Fund balances:** | | | | |
| Operating Fund | 244,864 | - | 244,864 | 216,849 |
| Replacement Fund | - | 1,774,230 | 1,774,230 | 1,447,876 |
| Total fund balances | 244,864 | 1,774,230 | 2,019,094 | 1,664,725 |
| **Total liabilities and fund balance** | $ 350,517 | $ 2,130,449 | $ 2,480,966 | $ 2,134,808 |



*See Independent Auditor's Report and the Accompanying Notes to Financial Statements.*

# Monterey Dunes Colony Association

Statement of Assessments, Revenues and Expenses
and Changes in Fund Balances
For the Year Ended June 30, 2014
(With Comparative Totals For The Year Ended June 30, 2013)

| | Operating Fund | Replacement Fund | Total | 2013 Total Funds |
|---|---|---|---|---|
| **Revenue:** | | | | |
| Assessments (Note D) | $ 1,023,840 | $ 195,840 | $ 1,219,680 | $ 1,196,640 |
| Annual maintenance assessment | - | 600,000 | 600,000 | 600,000 |
| Interest earned | 165 | 4,369 | 4,534 | 4,279 |
| Foreclosed unit rental income | 21,600 | - | 21,600 | 21,600 |
| Other income and reimbursements | 3,509 | - | 3,509 | 4,913 |
| Total revenue | 1,049,114 | 800,209 | 1,849,323 | 1,827,432 |
| **Expenses:** | | | | |
| Operating salaries and fringes | 550,448 | - | 550,448 | 550,722 |
| Insurance | 201,932 | - | 201,932 | 192,452 |
| Professional services | 22,185 | 1,440 | 23,625 | 16,592 |
| Office and administration expenses | 46,416 | - | 46,416 | 35,045 |
| Utilities | 9,766 | - | 9,766 | 10,822 |
| Mutual water costs (Note F) | 50,131 | 20,000 | 70,131 | 65,073 |
| Clubhouse, pool and spa | 41,513 | - | 41,513 | 44,380 |
| General maintenance | 61,393 | - | 61,393 | 53,430 |
| Depreciation (Note B) | 6,940 | - | 6,940 | 6,940 |
| Coastal projects (Note G) | 7,874 | - | 7,874 | 8,483 |
| Foreclosed unit rental expenses | 21,600 | - | 21,600 | 21,600 |
| Windows and doors | - | 147,658 | 147,658 | 132,812 |
| Boardwalks | - | 128,990 | 128,990 | 212,667 |
| Roofing, wood siding and painting | - | 90,059 | 90,059 | 136,884 |
| Fencing | - | 27,057 | 27,057 | 39,434 |
| Non annual maintenance costs | - | 23,196 | 23,196 | 35,139 |
| Truck | | 18,000 | 18,000 | - |
| Meter enclosures | - | 9,310 | 9,310 | - |
| Decks | - | 7,310 | 7,310 | 23,036 |
| Tennis courts | - | 835 | 835 | 22,699 |
| Swimming pool | - | - | - | 1,774 |
| Taxes (Note E) | 901 | - | 901 | 844 |
| Total expenses | 1,021,099 | 473,855 | 1,494,954 | 1,610,828 |
| **Net income** | 28,015 | 326,354 | 354,369 | 216,604 |
| Fund balance, beginning of year | 216,849 | 1,447,876 | 1,664,725 | 1,448,121 |
| **Fund balance, end of year** | $ 244,864 | $ 1,774,230 | $ 2,019,094 | $ 1,664,725 |



*See Independent Auditor's Report and the Accompanying Notes to Financial Statements.*

# Monterey Dunes Colony Association

Statement of Cash Flows
For The Year Ended June 30, 2014
(With Comparative Totals For The Year Ended June 30, 2013)

| | Operating Fund | Replacement Fund | Total | 2013 Total Funds |
|---|---|---|---|---|
| **Net Cash Flows from Operating Activities:** | | | | |
| Net income | $ 28,015 | $ 326,354 | $ 354,369 | $ 216,604 |
| Depreciation | 6,940 | - | 6,940 | 6,940 |
| (Increase) decrease: | | | | |
| Homeowner receivables | - | - | - | 1,074 |
| Other receivables | (69) | - | (69) | 2,130 |
| Prepaid insurance | (3,390) | - | (3,390) | 80,104 |
| Prepaid taxes | 647 | - | 647 | (1) |
| Foreclosed unit recovery | 11,741 | - | 11,741 | (919) |
| Increase (decrease): | | | | |
| Accounts payable | (10,174) | (43,336) | (53,510) | 48,016 |
| Accrued employee p.t.o. | (5,876) | - | (5,876) | 6,007 |
| Prepaid assessments | 890 | 50,000 | 50,890 | (21,489) |
| Taxes payable | 284 | - | 284 | - |
| Rental deposit | - | - | - | - |
| Change in interfund debt | (108,701) | 108,701 | - | - |
| Net cash from operations | (79,693) | 441,719 | 362,026 | 338,466 |
| **Cash Flows from Investing Activities:** | | | | |
| Increase in certicates of deposit | - | (2,766) | (2,766) | (601,932) |
| Decrease (Increase) in certicates at Water Co | - | - | - | 600,000 |
| Net cash from investing | - | (2,766) | (2,766) | (1,932) |
| **Cash Flows from Financing Activities:** | | | | |
| Net cash from financing | - | - | - | - |
| **Net increase (decrease) in cash and cash equivalents** | (79,693) | 438,953 | 359,260 | 336,534 |
| Cash and cash equivalents as of: | | | | |
| Beginning of year | 282,281 | 583,546 | 865,827 | 529,293 |
| End of year | $ 202,588 | $ 1,022,499 | $ 1,225,087 | $ 865,827 |
| Supplemental disclosure of cash flow information: | | | | |
| Cash paid during the year for: | | | | |
| Income taxes | $ 10 | $ - | $ 10 | $ 844 |



*See Independent Auditor's Report and the Accompanying Notes to Financial Statements.*

## Note A – Significant Accounting Policies

### Organization

Monterey Dunes Colony Association (the Association) was incorporated under the laws of California on December 2, 1974 as a nonprofit mutual benefit corporation. Its primary purpose is to provide for the maintenance, preservation and architectural control of the buildings, grounds and common areas for the 120 units of the Moss Landing, California planned development association. It does not contemplate gain or loss to itself or its members, and upon corporate dissolution, any remaining assets are to be distributed to a non-profit tax exempt organization.

The Association derives its authority and responsibilities from its Bylaws and Declaration of Covenants, Conditions and Restrictions. An elected Board of Directors makes most policy decisions, but major decisions are referred to the general Association membership.

Membership in the Association is mandatory for homeowners, who are entitled to one vote for each unit owned. Each owner is obligated to pay annual assessments to the Association to support its operations and purposes.

### Funds

Since the Association is a not for profit organization, the accompanying financial statements have been prepared using the fund method of accounting. Under this method, funds are separated into two categories, operating funds and restricted funds. Operating funds are those where disposition is at the discretion of the Board of Directors and the property manager and are used for regular operating expenses. Restricted funds are those that have been limited to specific purposes by the membership or board of Directors. Currently the restricted funds consist only of the replacement fund (Note D).

### Restricted Cash

Monies in designated cash accounts and time certificates of deposit have been restricted by the Board for the restricted funds accounts. All other cash funds are deemed available for current operations.

### Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, the Association considers only highly liquid debt instruments, such as a certificate of deposit, purchased with a maturity of three months or less to be a cash equivalent.

### Receivables

Delinquent assessments may be secured by liens on the owner's Association property for which the assessments are made, and the Association has the power to foreclose the property of any owners failing to pay assessments. Consequently, as long as the Association has liens fixed the Board feels that they will eventually collect the back assessments owed.

### Interest, Investment Earnings and Security

The Association maintains a majority of its cash in bank deposit and money market accounts that, at times, may exceed federally insured limits of $250,000 per bank. The Association has not experienced any losses in such accounts. Management believes the association is not exposed to any significant credit risk related to cash. Monies in certain designated cash accounts have been restricted by the Board for the replacement fund. All other cash funds are deemed available for current operations. Interest earnings on Association cash accounts are credited to the fund generating the interest earnings.

## Note A – Significant Accounting Policies, continued

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the amounts of income and expense during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The carrying amounts of financial instruments, including cash, certificates of deposit, accounts receivable and accounts payable approximate their fair value due to the short term maturities of these instruments.

Date of Management Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through August 21, 2014, the date that the financial statements were available to be issued.

## Note B – Property

The Association has not capitalized the common area property received at its inception from the developer. This policy of non-capitalization is widely followed in the homeowner association industry since all beneficial rights of ownership belong to the unit owners and not to the Association. Replacements to the real property are not capitalized for the same reasons described above. They are instead charged to the operating or restricted funds in the period incurred.

The water barriers for the dunes protections were purchased by the association and are being depreciated over a 10 year life using the straight line method.

In 2010 the association foreclosed on a unit for non-payment of assessments. The mortgage holders have not foreclosed and the association is not paying any mortgage. The mortgages total more than the fair market value of the unit and thus are not reflected since the Association is not a named owner on the mortgages. A year after the foreclosure the association rented the unit and began collecting rents in order to offset the current and past-due assessments. The unit is reflected on the books at the value of the uncollected prior assessments and costs. A final write-off of the uncollected assessments may be taken when the mortgage holder forecloses and sells the unit if all back-assessments have not been collected from the rental or from any excess of sales price at the mortgage foreclosure.

## Note C – Restricted Fund Balances

Major repairs and maintenance of the common areas are funded from the replacement fund. The Association currently funds anticipated future repair and replacement costs through the accumulation of homeowner capital assessments, special assessments and earnings on same.

Replacement funds are amounts to be spent on future repair and replacement of selected Association common areas. A long-term formal funding program is one that is based on a study that identifies specific common area components such as building exteriors, lights, streets, landscaping, etc., the expected replacement costs and expected remaining service lives of each, and provides plans for accumulating over time the funds that will be needed to replace each major item at the time that replacement becomes necessary.

A formal study to determine the adequacy of the current funding program for the replacement of Association common areas was prepared by Barrera and Company in March 2014. The funding study based on the component study uses a cash flow model wherein funds are used as needed for replacements regardless of allocation between components. It shows that the Association is not adequately funded currently for its long-term items. Actual expenditures may vary from the estimated future expenditures, and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed the Association has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available. Using this study as a model, the Association is setting aside $136 per unit per month each year in addition to the annual maintenance assessment of $5,000. With this constant assessment the shortfall between the needed cash and the accumulated cash is thus pushed out a number of years. The current deficit below the fully funded reserve figure is $4,346,280 or $36,219.00 per unit according to the study. Under this constant plan at best the association will get to 43% funded but runs out of funds in 2031.

## Note D – Regular and Special Assessments

For the years ending June 30, 2014 and 2013 the regular assessments were payable to the Association in monthly installments of $847 and $831 per unit including $136 per unit as replacement reserve funding. Additionally an annual $5,000 reserves maintenance assessment was due on July 1 of each year.

The annual budget and owners assessments are determined by the Board of Directors and presented to the homeowners in accordance with California Civil Code requirements. The Assessments are divided between the operating funds to meet normal operating costs and contributions to the replacement funding program.

## Note E – Income Taxes

Under Section 528 of the Internal Revenue Code and California Revenue and Taxation Code Section 23701t, qualified homeowner associations may elect to be treated as tax-exempt organizations. Electing associations are generally taxed only on income from investments and business with non-members. For federal taxes, the election may be made or waived each year. For California the election is generally permanent.

Under tax exempt status, non-exempt income (such as interest) is subject to tax after deducting directly related expenses and a special deduction of $100. Taxable income is then taxed at the federal rate of 30%, and at the California rate of 8.84%.

## Note E – Income Taxes, continued

If tax exempt status is not elected, all net revenues of the Association (including owner assessments) are subject to tax, except that special assessments for capital improvements and contributions to replacement funds may generally be excluded from taxable income. Excess owner assessments may also be excluded from tax if they are allocated to next year's budget by a vote of the membership. Under this status, the federal tax rate on the first $50,000 of income is 15%. The California rate is 8.84%.

Regardless of which tax status is chosen the Association is always taxed on its non-membership net income, such as interest, and membership expenses may not offset such income. The tax returns are subject to examination by the Internal Revenue Service and/or the California Franchise Tax Board for three and four years respectively after they were filed.

It was not advantageous to elect tax exempt status for federal taxes for the tax years ended June 30, 2014 and 2013. The Association has obtained exempt status for California law and thus is not subject to the minimum tax. The Association pays all taxes from operating funds. There are no deferred taxes. Income tax expense is as follows:

| | 2014 | 2013 |
|---|---|---|
| Federal income tax | $ 547 | $ 512 |
| California income tax | 354 | 332 |
| Total income tax expense | $ 901 | $ 844 |

## Note F – Related Party Transactions

The Monterey Dunes Colony Mutual Water Association is a mutual water association located in Moss Landing, California whose members consist of the owners of the 120 residential lots of Monterey Dunes Colony Association. Its purpose is to supply water for domestic and firefighting purposes for the Association to its members at cost. The budget for the year established this cost as $3,750 per month for fiscal years ending 2014 and 2013. Water is metered to the homes and usage greater than the standard amount is billed to and paid for by the individual owners. The Association transferred an additional $20,000 to start building up the mutual water association reserves for future repairs and replacements in 2014 and 2013.

## Note G – Coastal Projects

During the winter of 2007-2008 major Pacific storms washed away much of the fore-dunes in the southern section of the Colony. The Association was noticed by the California Coastal Commission during cleanup operations after the storm, and required to produce a coastal dune restoration plan to the commission concerning these cleanup efforts. The result of this restoration plan was looked upon as being very positive by the commission, but provisions in the plan would preclude future cleanups of driftwood and debris from the fore-dunes area. There are ongoing negotiations with the California Coastal Commission, the State Parks System, and the Point Reyes Bird Observatory on the use of snow fence and driftwood to repair washed out dunes through a right of entry permit, as well as a project involving the use of temporary barriers filled with water in front of four of the buildings affected most by wave run up during winter storms.

Note G – Coastal Projects, continued

Additionally the Monterey County Water Resources Agency, (Salinas Valley Water Project, Proposition 50) has been mandated by NOAA Marine Fisheries, (NMFS), (as a condition for permit), to change the protocol for breaching the mouth of the Salinas River where it empties into the Pacific Ocean. This project is hopeful of making the Salinas River steelhead trout accessible. The US Department of Fish and Wildlife are additionally involved due to the effect this river course change would have on the snowy plover habitat. Consequently, the proposed change in the course of the river could expose two of the Association's 18 leaching fields, to possible washout in the event the river were to change course once altered by the county.

The Association has hired specialists to assist in negotiations with all the agencies involved, allow for the restoration of the dunes, safeguarding the habitat of the snowy plover and managing the breaching protocols of the Salinas River.

SUPPLEMENTARY INFORMATION

# Monterey Dunes Colony Association

Future Major Repairs and Replacements
June 30, 2014
(compiled)

The Board of Directors of Monterey Dunes Colony Association had a formal replacement study completed by Barrera and Company of San Francisco, California for the fiscal year beginning July 1, 2013 and updated for 2014. The estimates used for the replacement costs are based on observation and on the firms' and association's experience to estimate the current cost to replace the components. The funding requirements considered an annual inflation factor of 3.0% with interest earnings at .75%.

The following table is based on the updated study and presents significant information about the components of common property.

| Component | Estimated Total Useful Life | Estimated Remaining Useful Life | Estimated Current Replacement Cost | Estimated Future Replacement Cost |
|---|---|---|---|---|
| Asphalt and concrete | 6-40 | 2-8 | $ 918,859 | $ 1,128,765 |
| Boardwalks | 20-25 | 0-20 | 1,040,000 | 1,621,092 |
| Clubhouse | 5-20 | 0-11 | 71,759 | 80,796 |
| Decks | 40 | 27-38 | 3,211,540 | 8,387,894 |
| Electrical and lighting | 1-25 | 0-20 | 424,288 | 522,348 |
| Fencing, gates and walls | 15-20 | 0-20 | 476,389 | 636,446 |
| Painting | 1 | 0 | 24,000 | 24,000 |
| Pool and spa | 2-20 | 0-11 | 61,337 | 67,092 |
| Recreation areas | 5-20 | 3-23 | 342,961 | 478,658 |
| Roofing | 1-25 | 0-19 | 2,834,465 | 3,749,975 |
| Security systems | 8-12 | 0-10 | 31,839 | 35,723 |
| Windows and doors | 1-25 | 0-25 | 3,812,729 | 6,005,085 |
| Wood siding | 20-25 | 9-23 | 2,479,279 | 4,172,639 |
| Miscellaneous items | 1-25 | 0-21 | 154,011 | 184,824 |
| | | | $ 15,883,456 | $ 27,095,337 |

The Association does not specifically allocate the monies set aside for the replacement funds into individual components, but rather prefers to look at the whole program and determine the cash need in total. The study shows that the current funding method of annual maintenance assessment of $5,000 and monthly assessments of $136 will meet all of the projected reserve disbursements for the next few years of the projected thirty years. The board has stated their goal of getting the reserves 40% funded within 10 years. The current method reaches this goal in 2016 and maintains until 2021 but then falls steadily below for the rest of the 30 years of the study.

# Monterey Dunes Colony Association

Future Major Repairs and Replacements
June 30, 2013
(compiled)

The Board of Directors of Monterey Dunes Colony Association had a formal replacement study completed by Barrera and Company of San Francisco, California for the fiscal year beginning July 1, 2013. The estimates used for the replacement costs are based on observation and on the firms' and association's experience to estimate the current cost to replace the components. The funding requirements considered an annual inflation factor of 3.0% with interest earnings at 1.5%.

The following table is based on the updated study and presents significant information about the components of common property.

| Component | Estimated Total Useful Life | Estimated Remaining Useful Life | Estimated Current Replacement Cost | Estimated Future Replacement Cost |
|---|---|---|---|---|
| Asphalt and concrete | 6-40 | 3-9 | $ 892,096 | $ 1,128,766 |
| Boardwalks | 10-25 | 0-20 | 889,299 | 1,394,819 |
| Clubhouse | 5-20 | 0-12 | 71,712 | 82,675 |
| Decks | 40 | 28-39 | 1,742,500 | 4,682,410 |
| Electrical and lighting | 1-25 | 0-21 | 413,741 | 492,468 |
| Fencing, gates and walls | 15-20 | 0-20 | 464,891 | 611,340 |
| Painting | 5 | 0-4 | 78,435 | 82,424 |
| Pool and spa | 2-20 | 0-12 | 59,631 | 67,293 |
| Recreation areas | 5-30 | 0-24 | 369,447 | 515,364 |
| Roofing | 1-25 | 0-20 | 2,800,469 | 3,762,175 |
| Security systems | 8-12 | 1-11 | 31,116 | 34,533 |
| Windows and doors | 1-25 | 0-25 | 4,041,887 | 6,460,078 |
| Wood siding | 20-25 | 10-24 | 2,407,067 | 4,172,639 |
| Miscellaneous items | 1-25 | 0-22 | 253,053 | 291,075 |
| | | | $ 14,515,344 | $ 23,778,059 |

The Association does not specifically allocate the monies set aside for the replacement funds into individual components, but rather prefers to look at the whole program and determine the cash need in total. The study shows that the current funding method of annual maintenance assessment of $5,000 and monthly assessments of $136 will meet all of the projected reserve disbursements for the next few years of the projected thirty years. The board has stated their goal of getting the reserves 40% funded within 10 years. The current method nearly reaches this goal in 2017 and maintains until 2021 but then falls steadily below for the rest of the 30 years of the study.