**2023 Budgeting Process & Budget**

The following methodology was used by the Board in preparing the 2023 LCC budget. By doing so, the Board established a process by which all expenditures and accruals for future use could be evaluated, tested and subsequently allocated to, or removed from, the relevant budget lines. The result is a budget that is balanced without relying on the use of operational fund savings, provides clarity to the membership, reflects the long-term strategic priorities for the community and continues the process of fully funding our reserve requirements.

**1. State Governing Principle**

*To maintain and improve the corporate assets of Ken Lake in order to preserve its status and appearance as premier residential community.*

**2. Identify and Rank Strategic Objectives in Alignment with Our Governing Principle**

 *Sound fiscal stewardship of our assets and organization*

*Covenant enforcement*

 *Lake health and Development of a strategic lake management plan*

 *Security*

**3. Budget According to Ranked Priorities--top priorities given first consideration**

**4. Set 2023 assessments according to adjusted and reviewed budget.**

**2023 Assessments on ALL lots will be $180.00 per quarter starting January 1, 2023.**

This represents an assessment that is the same as 2022. For 2023 $81,000 is budgeted for contribution to the Reserve Fund based on a modified full funding projection which will put LCC on to the Projected Full Funding Schedule. No special assessments are planned for 2023. Under this modified funding plan, assessments for the reserve fund will be $\_\_\_\_\_\_\_ for 2024; $\_\_\_\_\_\_\_ for 2025; $\_\_\_\_\_\_\_ for 2026; $\_\_\_\_\_\_\_ for 2027 and $\_\_\_\_\_\_\_ for 2028. These amounts do not provide for lake mitigation and will be adjusted as the actual costs of this project become known. Our lake committee is studying the alternatives and is currently of the mind that dredging the lake will not be required.

**The Budget Ratification Meeting will take place at 6pm on Tuesday, Nov. 15, 2022 via Zoom**

**Reserve Study Update:**

Washington State Law requires homeowner associations to have a Reserve Study which is “*supplemental to the associations operating and maintenance budget. In preparing a reserve study, the association shall estimate the anticipated major maintenance, repair and replacement costs, whose infrequent and significant nature make them impractical to be included in an annual budget*.”

Our 2023 Reserve Study was prepared by CEDCORE and meets the requirements of RCW 64.90.550.

Our Protective Covenants stipulate that the Board “shall allocate and assess such common expenses among the lots in Lakemoor.” As the Lake Mitigation Project will benefit members differently depending on their proximity to the lake, we will need to determine an equitable method of allocating the cost of Lake mitigation among the members. An allocation method will be determined, based on input from the members, during 2023 and included in the 2024 budget.

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| --- | --- | --- | --- |
| **Lakemoor Community Club** |   |   |  |
| **2023 Budget** |   |   |  |
|   |   |   |   |  |
| **INCOME** |   |   | **AMOUNT** |  |
| 300000 | Assessments - Operations |   | $127,080 |   |
|  | Assessments – Reserve Fund |  | $81,000 |  |
| 300600 | Boat Tags |   | $1,500 |   |
| 300610 | Yard sale |   | $700 |   |
| 306200 | Garden Plot payments  |   | $300 |   |
| 300200 | Fines and Penalties |   | $1,500 |   |
| 300300 | Late Charges |   | $1,000 |   |
| 300400 | Legal Fees – Pass Through to Owners |   | $0 |   |
| 300500 | Interest |   | $500 |   |
| 301100 | Miscellaneous Income |   | $0 |   |
| 300630 | Carry over 2020 unspent budget items |   | $24,909 |   |
| **TOTAL INCOME** |  | **$238,489** |  **100.00%** |
|   |   |   |   |  |
| **EXPENSES** |   |   |   | **PERCENTAGE** |
| **CORPORATE COSTS** |   |   |  |
| 401600 | Miscellaneous Expenses |   | $438 |   |
| 403113 | Dues and Subscriptions |   | $400 |   |
| 400200 | Postage |   | $1,500 |   |
| 403130 | PO Box |   | $370 |   |
| 402160 | Document Storage Fee |  | $300 |  |
| 403104 | Community Involvement Scholarships |   | $500 |   |
| 403105 | Community Sign Management |   | $250 |   |
| 403160 | Printing/Copying  |   | $900 |   |
| 403107 | Welcome packet |   | $100 |   |
| 400800 | Licenses and Permits |  | $40 |  |
| 400890 | Industrial Insurance |  | $1,200 |   |
| 400000 | Association Management Fees |  | $20,643 |  |
| 401700 | Bad Debt Write Off |  | $1,000 |  |
| 400050 | Administrative Services |   | $500 |   |
| 400100 | Supplies – Base Fee (excludes postage) |  | $3,573 |  |
| 403109 | Corporate Clerk |   | $7,200 |   |
| 400450 | Tax Prep |   | $1,250 |   |
| 400500 | Legal Fees – General |   | $5,000 |   |
| 400600 | Legal Fees – Collections |  | $5,000 |  |
| 400400 | Audit Fees |   | $1,500 |   |
| 403110 | Compliance Inspections – Gas |  | $500 |  |
| 401500 | Reserve Study Fees |   | $1,000 |   |
| 400700 | Insurance Corporate |   | $5,000 |   |
| 403111 | Real Estate Taxes |   | $700 |   |
|  | **Total Corporate Costs** |  | **$58,864** | **24.68%** |
|   |   |   |   |  |
|  |  |  |  |
|  |  |  |  |
| **COMMUNITY ACTIVITIES** |   |   |   |
| 403112 | Annual Meeting |   | $1,000 |   |
| 403114 | Easter Egg Hunt |   | $400 |   |
| 403115 | July 4th Parade and Picnic |   | $1,600 |   |
| 403116 | Fall Festival |   | $500 |   |
| TBD | Other Events and Supplies |   | $785 |   |
|   | Music in the Park |  | $2,000 |   |
|  | Movie Night |  | $200 |  |
| TBD | Ken Lake Summer Games |  | $200 |  |
|  | Entrance Island Seasonal Decorations |   | $500 |   |
| 403118 | Disaster Preparedness |   | $150 |   |
| 403117 | Trout Stocking |   | $2,200 |   |
| 403119 | Fishing Derby |   | $200 |   |
|  | **Total Community Activities** |  | **$9,735** | **4.08%** |
|  |  |  |  |  |
|  **MAINTENANCE** |   |   |   |   |
| 401090 | Maintenance Coordination |   | $10,800 |   |
| 401007 | Equipment Maintenance |   | $800 |   |
| 401101 | Vegetation Management |   | $600 |   |
| 401202 | Lawn Care |   | $2,000 |   |
| 401102 | Garden Plot Maintenance |   | $990 |   |
| 401300 | Irrigation Maintenance |   | $5,000 |   |
| 401001 | Routine Maintenance |   | $3,000 |   |
| 401107 | Weed Control (Lake) |   | $5,000 |   |
| 401103 | Lake Study  |   | $2,500 |   |
| 401104 | Lake Maintenance + Monitoring |   | $3,000 |   |
| 401105 | Urban Forest |   | $5,000 |   |
| 401106 | Sanitation portable toilets |   | $4,000 |   |
| 400935 | Trash & Dog Station Management |   | $1,200 |   |
| TBD | Arborist/Tree Maintenance  |  | $5,000 |  |
|   | **Total Asset Maintenance** |  | **$48,890** | **20.50%** |
|  |  |  |  |  |
| **SECURITY** |   |   |  |   |
| 402410 | Security Officer Contract |   | $13,200 |   |
| 402411 | Safety Enhancements |   | $0 |   |
| 402412 | Mileage for Security Officer |   | $2,000 |   |
| 402413 | Security Officer Cell + Communications |   | $1,300 |   |
| 402414 | ID Bracelets |   | $0 |   |
|  | **Total Security** |  | **$16,500** | **6.92%** |
|   |   |   |  |  |
| **UTILITIES** |   |  |  |
| 400920 | Electricity |   | $500 |   |
| 400910 | Water |   | $9,000 |   |
| 400930 | Stormwater |   | $1,000 |   |
| 400930 | Trash removal |   | $2,000 |   |
|   | **Total Utilities** |   | **$12,500** | **5.24%** |
| **TOTAL OPERATING EXPENSES** |   | **$146,489** | **61.42%** |
|  |  |  |  |
| **COMMON AREA IMPROVEMENTS** |   |   |   |
| 401610 | Westside Park Paddle Boat Rack |   | $1,000 |   |
| 401640  | Dock Floats |   | $10,000 |   |
|  | **Total Common Area Improvements** |  | **$11,000** | **4.61%** |
|  |  |  |  |  |
|   | **Transfer to Reserve Fund Savings** |  | **$81,000** | **33.96%** |
|   |  |  |  |  |
| **TOTAL EXPENDITURES** |  | **$238,489** | **100.00%** |
|   |  |  |  |  |
| **NET INCOME (LOSS)** |  |  | **$0.00** |  |
|  |  |  |  |  |
|  | **2023 Reserve Fund Contributions** |  | **$81,000** |  |
|   | **2023 Reserve Fund Interest** |  | **$500** |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|   | Asphalt Seal |   | $6,010 |  |
|   | Replace Toy Structure – Tot Lot |   | 26,670 |  |
|  | **TOTAL RESERVE FUND EXPENDITURES** |  | **$33,580** |  |
|  |  |  |  |  |
| **NET INCREASE (DECREASE) IN RESERVE FUND** |   | $47,920 |  |
|  |  |  |  |  |
|  |  |  |  |  |
| **Bank Account Balances August 31, 2022** |  |  |  |
| Operational Checking: $ 61,026 | Reserve Fund Checking: $124,415 |
| Petty Cash Checking: $ 10,056 | Reserve Fund Petty Cash: $ 0 |

 Operational CD’s: $100,502 Reserve Fund CD’s: $ 50,251

**Reserve Study 5-year Fund Projection (Modified Full Funding level budget)**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Year**  | **Start Balance** | **Annual Reserve Contribution** | **Interest Income**  | **Special Assess-ment** | **Reserve Expenses** | **Ending Balance** | **Fully Funded Balance** | **Percent Funded** |
| 2023 | $172,914 | $ 81,000 | $ 500 | $ 0 | $ 33,580 | $220,834 | $ 220,872 |  62.51% |
| 2024 | $220,834 | $  | $  | $ 0 | $ 0 | $  | $ |  % |
| 2024 | $ | $ | $ | $ 0 | $  | $  | $ |  % |
| 2025 | $ | $ | $ | $ 0 | $  | $  | $ |  % |
| 2026 | $ | $ | $ | $ 0 | $  | $  | $ |  % |

Under our current reserve funding plan, which is based on our most recent reserve study, our projected reserve account balances will be sufficient at the end of each year to meet the association’s obligation for major maintenance, repair, or replacement of reserve components during the next thirty (30) years.

The percent the Reserve Fund will be funded at December 31, 2023 is 62.51%.