

# 2022 Budgeting Process & Budget

The following methodology was used by the Board in preparing the 2022 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 starts us on 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 Strategic Objectives

*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 2022 assessments according to adjusted and reviewed budget.

### **2022 Assessments on ALL lots will be \$180.00 per quarter starting January 1, 2022.**

This represents an assessment increase of \$5.00 per quarter for each lot. This increase is required to fund the Reserve Study savings plan. For 2022 \$75,140 is budgeted for contribution to the Reserve Fund based on a modified full funding projection. No special assessments are planned for 2022. Under this modified funding plan, assessments for the reserve fund will be \$92,480 for 2023; \$109,820 for 2024; \$127,160 for 2025; \$144,500 for 2026 and 161,840 for 2027. These amounts are required to provide for lake mitigation which will take place between 2037 and 2039. These amounts will be adjusted as the actual costs of this project become known. The current reserve fund projections include \$2,238,385 as the estimated cost for this project.

### **The Budget Ratification Meeting will take place at 6pm on Monday, Nov. 16, 2021, 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 2022 Reserve Study was prepared by CEDCORE and meets the requirements of RCW 64.90.550. The 2022 reserve study recommends Full Funding Contributions to the reserve fund should be \$132,492. The reserve fund contribution needed for 2022, without the lake mitigation component is \$36,492. Our 2022 Reserve Fund Contribution of \$75,140 which is less than the amount called for full funding in 2022, will be applied to the general reserve fund.

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 need 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 2022 and included in the 2023 budget.

<b>Lakemoor Community Club</b>				
<b>2022 Budget</b>				
<b>INCOME</b>			<b>AMOUNT</b>	
300000	Assessments - Operations		\$130,020	
	Assessments – Reserve Fund		\$75,140	
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		\$18,582	
<b>TOTAL INCOME</b>			<b>\$232,162</b>	<b>100.00%</b>
<b>EXPENSES</b>				<b>PERCENTAGE</b>
<b>CORPORATE COSTS</b>				
401600	Miscellaneous Expenses		\$2,000	
403113	Dues and Subscriptions		\$400	
400200	Postage		\$1,400	
403130	PO Box		\$300	
402160	Document Storage Fee		\$300	
403104	Community Involvement Scholarships		\$600	
403105	Community Sign Management		\$500	
403160	Printing/Copying		\$750	
403107	Welcome packet		\$120	
400800	Licenses and Permits		\$20	
400890	Industrial Insurance		\$1,600	
400000	Association Management Fees		\$19,114	
401700	Bad Debt Write Off		\$1,000	
400050	Administrative Services		\$500	
400100	Supplies – Base Fee (excludes postage)		\$3,308	
403109	Corporate Clerk		\$7,200	
400450	Tax Prep		\$1,250	
400500	Legal Fees – General		\$2,500	
400600	Legal Fees – Collections		\$5,000	
400400	Audit Fees		\$1,500	
403110	Compliance Inspections – Gas		\$240	
401500	Reserve Study Fees		\$900	
400700	Insurance Corporate		\$5,000	
403111	Real Estate Taxes		\$700	
	<b>Total Corporate Costs</b>		<b>\$56,202</b>	<b>24.21%</b>

<b>COMMUNITY ACTIVITIES</b>				
403112	Annual Meeting		\$1,000	
403114	Easter Egg Hunt		\$300	
403115	July 4th Parade and Picnic		\$1,300	
403116	Fall Festival		\$500	
400055	Other Events and Supplies		\$500	
403120	Music in the Park		\$1,500	
403121	Movie Night		\$200	
403123	Entrance Island Christmas Decorations		\$500	
403118	Disaster Preparedness		\$100	
403117	Trout Stocking		\$2,200	
403119	Fishing Derby		\$200	
	<b>Total Community Activities</b>		<b>\$8,300</b>	<b>3.58%</b>
<b>MAINTENANCE</b>				
401090	Maintenance Coordination		\$10,800	
401007	Equipment Maintenance		\$500	
401101	Vegetation Management		\$600	
401202	Lawn Care		\$2,500	
401102	Garden Plot Maintenance		\$600	
401300	Irrigation Maintenance		\$3,000	
401001	Routine Maintenance		\$2,500	
401107	Weed Control (Lake)		\$7,500	
401103	Lake Study		\$1,000	
401104	Lake Maintenance + Monitoring		\$1,700	
401105	Urban Forest		\$5,000	
401106	Sanitation portable toilets		\$4,000	
400935	Trash & Dog Station Management		\$1,200	
401108	Arborist/Tree Maintenance		\$15,000	
	<b>Total Asset Maintenance</b>		<b>\$55,900</b>	<b>24.08%</b>
<b>SECURITY</b>				
402410	Security Officer Contract		\$13,200	
402411	Safety Enhancements		\$3,000	
402412	Mileage for Security Officer		\$1,200	
402413	Security Officer Cell + Communications		\$1,200	
402414	ID Bracelets		\$470	
	<b>Total Security</b>		<b>\$19,070</b>	<b>8.21%</b>
<b>UTILITIES</b>				
400920	Electricity		\$300	
400910	Water		\$10,000	
400930	Stormwater		\$1,000	
400930	Trash removal		\$3,000	
	<b>Total Utilities</b>		<b>\$14,300</b>	<b>6.16%</b>
<b>TOTAL OPERATING EXPENSES</b>			<b>\$153,772</b>	<b>66.23%</b>

<b>COMMON AREA IMPROVEMENTS</b>				
401610	Westside Park Paddle Boat Rack		\$3,000	
	Garbage Can Enclosures		\$250	
	<b>Total Common Area Improvements</b>		<b>\$3,250</b>	<b>1.40%</b>
	<b>Transfer to Reserve Fund Savings</b>		<b>\$75,140</b>	<b>34.37%</b>
<b>TOTAL EXPENDITURES</b>			<b>\$232,162</b>	<b>100.00%</b>
<b>NET INCOME (LOSS)</b>			<b>\$0.00</b>	
	<b>2022 Reserve Fund Contributions</b>		<b>\$75,140</b>	
	Asphalt Seal		\$6,910	
	Refurbish Gravel		\$2,310	
	Urban Forest Plan		\$1,660	
	Replace Swing Set Gravel – Main Rec		\$3,750	
	Replace Toy Structure – Tot Lot		\$26,670	
	<b>TOTAL RESERVE FUND EXPENDITURES</b>		<b>\$41,300</b>	
<b>NET INCREASE (DECREASE) IN RESERVE FUND</b>			<b>\$33,840</b>	

**Bank Account Balances September 30, 2021**

Operational Checking:	\$ 62,837	Reserve Fund Checking:	\$52,707
Petty Cash Checking:	\$ 10,000	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 Assessment	Reserve Expenses	Ending Balance	Fully Funded Balance	Percent Funded
2022	\$102,958	\$ 75,140	\$ 599	\$ 0	\$ 41,300	\$137,397	\$1,110,139	12.38%
2023	\$137,397	\$ 92,500	\$1,836	\$ 0	\$ 0	\$231,734	\$1,177,536	19.68%
2024	\$231,714	\$109,820	\$2,752	\$ 0	\$ 22,947	\$321,359	\$1,270,999	25.28%
2025	\$321,338	\$127,160	\$3,746	\$ 0	\$ 20,729	\$431,535	\$1,347,779	32.02%
2026	\$431,515	\$144,500	\$4,701	\$ 0	\$ 67,305	\$513,432	\$1,431,016	35.88%

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 on December 31, 2022 is 12.38%.