

Chief Financial Officer's Letter to the KPOA Membership

KPOA 2021 Financials & 2022 Budget Review:

The Kala Point Owners' Association will end 2021 in a secure and well-funded position. As of October, with two months to go until the close of our fiscal year, we project a budget surplus of roughly \$60k. While less than our 2020 surplus of \$68k, this is still significantly higher than normal years and is primarily due to employee turnover, as well as our facilities being closed the first 1/3 of 2021. Reserves continue to be an important part of our overall financial health. We have also had a successful year managing our reserve projects. We expect the total 2021 reserve expenditures to be \$176,588 to put us at 2.7% below the 2021 Reserve budget projection.

Operating Budget For 2022:

We do have an increase in operating expense of 5.44% over the 2021 budget, however, that increase is only 1.4% over the 2020 budget.

Primary factors for this increase:

1. Inflation, COLA and CPI indexes are predicting a 5-6.1% increase in overall costs for 2022. KPOA is seeing a significant increase in goods, services, and utilities as indicated in a 22% increase for Pool and Spa costs and Common Area expenses. These increases are based on current rates and may, in fact, continue to rise. Energy costs have risen at a rate of 24.6%.
2. While employee wages include a small increase (<1%), total payroll increase is at 5.41%. Most of this increase reflects an additional employee now eligible to receive medical benefits, as well as a just under 10% increase to medical insurance premiums.
3. Another change implemented for this budget reflects a deep look into our hard-working committees and their expenses for maintaining KPOA as a Premier Community. Both the Finance Committee and the Board have thoroughly reviewed the committee budgets, and the result is an increase just under 3%.

Although our Operating budget has risen by 5.44%, you may note that the actual Assessment has only risen by 3.16% for LHC, and 5.88% for Timeshare. (\$33.18 and \$14.50 respectively) this is largely due to a 33% increase to non-member income via cell tower leases.

Reserves Budget:

Our reserve position continues to be healthy. The enclosed Reserves Cash Flow Budget sheet shows reserve expenditures during 2021 and those planned for 2022. The reserve contribution for 2022 is \$178,000. This is in accordance with our 2020 Reserve Study. KPOA has budgeted for an updated Reserve Study for 2022, and while our current Reserve plan extending 30 years into the future shows us as well funded, a 2022 study may lead to significant increases due to inflation rates. A copy of the 2020 report, which states that our process is in compliance with the applicable statute (RCW 64.38 and RCW 64.90.545), is on our website.

2020 Budget Surplus Adjustment:

For 2020, we had a Budget Surplus of \$68,214 which is being refunded as a reduction in your payment from your 2022 Assessment. The enclosed invoice for LHC shows an Assessment of \$1083.28 from which \$89.43 will be deducted making the Payment due \$993.85 after the 'Budget Surplus Adjustment' is applied. Invoices for Timeshares Assessment is \$261.45 of which \$39.57 will be deducted making the Payment due \$221.82 after the Budget Surplus Adjustment is applied.

Chief Financial Officer's Letter to the KPOA Membership

Summary:

As always, you are given the opportunity to vote for or against Ratification of the 2022 budget attached to this letter. Please note, the requirements of RCW64.38.025 section 3, 301 members must vote against the budget for it to be rejected.

As a community we again faced challenges in 2021 and continue to see fallout from COVID-19, specifically in areas of Employee turnover and significant rises in inflation. The General Manager, Finance Committee, and your Board of Directors have worked diligently to create a budget that serves your needs and is in accord with State regulations for Reserve Funding plans. I think we would all agree, it is important to continue investing in and maintaining Kala Point as a premier Owners' Association to support the value of your homes and properties.

We should all take pride in the fact that KPOA continues to be financially stable and has never needed to apply a special assessment.

Membership Input:

As always, you are given the opportunity influence the preparation of the budget. We encourage the community members to reach out to your Board and/or the Finance Committee throughout the year with suggestions or questions on how to improve.

Another improvement! With the launch of our new Website scheduled for late this year, that communication will be easier than ever before!

Donna Colwell
Chief Financial Officer
Kala Point Owners' Association

1	Clubhouse
2	Indirect
3	Pool/Spa
4	Beach
5	Other

Operating Annual Income

This worksheet presents the operating income for this budget and the previous 2 years. There are no values to be entered on this sheet.

Income	Cat	2022 Budget	2021 Budget	2021 Est. Act.*	2020 Actuals	2019 Actuals
4010 · Assessments						
4010.1 · LHC		557,550	578,416	578,409	606,583	523,974
4010.2 · TS		101,150	106,066	105,832	116,382	104,789
4010.3 · New Sales		0	0	0	0	0
4010.4 · Reserves		(178,000)	(171,000)	(171,000)	(168,000)	(168,000)
Total 4010 · Assessments		480,700	513,482	513,241	554,966	460,763
Assessment Credit/Debit		68,214				
4020 · Late Fees, Interest & Lien Fees	5	0	650	45	319	634
4030 · Assessments - Special (Fines)	5	0	0	0	0	0
4040 · Lease Income	5	61,688	46,340	46,469	46,955	42,192
4050 · Interest Income						
4050.1 · Interest Income	5	0	0	145	609	726
4050.2 · Dock Lease	4	0	0	0	0	727
Total 4050 · Interest Income		0	0	145	609	0
4060 · Rentals & Contracts						
4060.1 · Storage Space Rentals	5	17,512	17,512	17,364	16,413	16,266
4060.2 · Clubhouse Rentals	1	0	0	0	0	0
4060.3 · Work For Owners	5	300	300	824	624	348
4060.4 · Small Boat Storage	4	6,695	6,333	6,722	6,502	5,678
Total 4060 · Rentals & Contracts		24,507	24,145	24,910	23,538	22,292
4070 · Other Income						
4070.1 · New Residence Equipment	5	372	372	186	465	407
4070.2 · Facility Access	5	2,000	2,000	3,265	2,320	4,890
4070.3 · Admin Products	5	2,000	2,300	1,753	1,541	2,612
4070.4 · Architectural Fees	5	0	0	0	0	0
4070.5 · Miscellaneous	5	0	0	0	0	0
Total 4070 · Other Income		4,372	4,672	5,204	4,326	7,909
Total Income		639,481	589,289	590,014	630,714	533,790

2020 Carryover

33% Verizon - (Jan-Aug 31, \$2,680) (5% - Sept-Dec 31, \$2,814)
T-Mobile (2% - Feb-Dec 31, \$880), American Tower (5% - Feb-Dec, \$428)
Landis + GYR - \$6,667 (Payment every 5-Yrs per Contract)

0% Rental per Space @ 0.34 per Foot
Fees will be removed from future rentals
Chipper/labor services, truck/labor, tractor/labor, deer removal
6% Current rentals

Mailbox (\$93.00)fees
Transmitters, gate cards, Keys
Phone directory ads, fax, copies, keys...

Cat	Description
1	Clubhouse
2	Indirect
3	Pool/Spa
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Operating Expenses

Percentages are Budget Vs. Budget

This worksheet presents the operating expenses for this budget and the previous two years. There are no values to be entered on this sheet.

Chart of Accounts	Cat	2022 Budget	2021 Budget	2021 2 months Actual Year End Est*	2020 Actuals	2019 Actuals	
5010 · Payroll Wages							
5010.1 · Admin							
5010.11 · Office	2	51,755	55,592	50,686	56,894	46,925	
5010.12 · Management	2	90,194	90,330	95,602	94,705	80,636	Salary Position
Total 5010.1 · Admin	-	141,949	145,922	146,288	151,599	127,561	
5010.2 · Maintenance	2	95,823	91,366	88,921	86,258	78,649	
5010.3 · Clubhouse	1	63,231	61,438	48,016	32,736	55,528	
Total 5010 · Payroll Wages	-	301,003	298,726	283,225	270,593	261,737	0.76%
5015 · Payroll Contingency Overtime	2	3,824	2,580	0	0	0	Overtime
5020 · Payroll Taxes							
5020.9 · Payroll Taxes							
5020.91 · Admin	2	12,261	12,567	12,272	12,462	11,337	
5020.92 · Maintenance	2	9,044	8,700	8,437	7,952	7,963	
5020.93 · Clubhouse	1	6,493	6,375	5,079	3,341	6,134	
Total 5020.9 · Payroll Taxes	-	27,798	27,642	25,788	23,755	25,434	0.56%
Total 5020 · Payroll Taxes	-	27,798	27,642	25,788	23,755	25,434	
5030 · Payroll Other Costs							
5030.1 · IRA							
5030.11 · Admin	2	2,733	2,908	2,172	2,505	2,235	2% Contribution
5030.12 · Maintenance	2	1,908	1,822	1,267	1,363	1,026	2% Contribution
5030.13 · Clubhouse	1	1,029	0	0	0	0	2% Contribution
Total 5030.1 · IRA	-	5,670	4,730	3,439	3,868	3,261	
5030.2 · Medical Insurance							
5030.21 · Admin	2	34,142	20,812	21,861	19,752	18,409	Admin Employee added to Medical Plan
5030.22 · Maintenance	2	34,142	31,218	27,583	25,827	26,178	9.37%
5030.23 · Clubhouse	1	0	0	0	0	0	
Total 5030.2 · Medical Insurance	-	68,283	52,030	49,444	45,580	44,587	31.24%
5030.3 · Life & Disability Insur.							
5030.31 · Admin	2	0	0	0	0	0	
5030.32 · Maintenance	2	0	0	0	0	0	
5030.33 · Clubhouse	1	0	0	0	0	0	
Total 5030.3 · Life & Disability Insur.	-	0	0	0	0	0	
Total 5030 · Payroll Other Costs	-	73,953	56,760	52,883	49,448	47,848	
Total Payroll Related	-	101,751	84,402	78,671	73,203	73,282	
Total Payroll	-	406,578	385,708	361,896	343,796	335,019	5.41%

	2022
Social Sec.	6.20%
Medicare	1.45%
Suta	0.13%
Futa	0.80%
L&I	0.35630
L&I	0.08615

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Chart of Accounts	Cat	2022	2021	2021 2 months	2020	2019	
		Budget	Budget	Actual Year End Est*	Actuals	Actuals	
5040 · Admin							
5040.1 · Goods	5	11,930	12,330	13,050	13,159	10,857	Supplies \$5,500, Gate Transmitters, Postage, Parking Permit Hang-Tags \$2500
5040.2 · Services	5	4,710	7,325	5,989	10,016	9,080	Shred \$65 every other month, Third Party Election Company \$3k, POE Service Fee \$75 per month Wave Internet \$110, (PUD Power \$111-\$261) Rate 0.10700, cell phones \$185, Sat Phone \$35*12, PUD Water \$48.25 - \$69.25
5040.3 · Utilities	5	7,895	9,038	7,452	9,227	9,459	
Total 5040 · Admin	-	24,535	28,693	26,491	32,403	29,395	-14.5%
5050 · Beach & Dock							
5050.1 · Goods	4	2,450	2,450	732	797	3,156	Float hardware, fido bags, BTI Briskets
5050.2 · Services	4	1,425	1,275	1,035	1,782	907	Sani Kans Service - Extra Service July - Sept
5050.3 · Utilities	4	520	465	338	308	308	Water usage PUD \$32.65/\$49
5050.4 · DNR Beach Lease	4	1,125	1,150	1,121	1,066	1,078	November Beach Lease Renewal
Total 5050 · Beach & Dock	-	5,520	5,340	3,226	3,953	5,448	3.4%
5060 · Clubhouse							
5060.1 · Goods	1	7,055	6,375	5,216	6,050	2,788	Cleaning supplies \$5325, Uniforms \$500, Misc. Expense
5060.2 · Services	1	4,540	4,495	2,084	1,001	2,489	Heating Service \$750, Propane Water Heater, Laundry, Pest Control, AED Service \$550
5060.3 · Utilities - 5202	1	14,123	13,548	9,438	9,315	12,790	Wave Internet \$81, FUBO TV \$125, PUD Water \$80-\$151, (PUD Power \$789-1,104) Rate 0.10700
5060.4 · Insurance	1	3,813	3,608	3,402	3,402	3,099	Timeshares - 25% of the Property & Liaibility Insurance
Total 5060 · Clubhouse	-	29,531	28,026	20,140	19,769	21,167	5.4%
5070 · Pool & Spa							
5070.1 · Goods	3	14,660	10,475	13,970	4,514	10,072	Pool/Jacuzzi Supplies, New Pool Filters \$1000
5070.2 · Services	3	2,825	2,525	2,260	815	1,854	Heat pump x 2 (Spring & Fall), Boiler Service \$1575
5070.3 · Utilities - 3048	3	11,587	10,843	7,545	4,529	6,867	(PUD Power \$412-\$1,184) Rate 0.10700, Propane \$2.15*1600gal = \$3,440 (May-Oct)
Total 5070 · Pool & Spa	-	29,072	23,843	23,775	9,858	18,793	21.9%
5080 · Common Area							
5080.1 · Goods	5	14,975	12,075	11,649	17,349	11,294	Maint. Supplies, herbicides/pesticides, sand & crushed rock, Street Signs Common Tree removals \$2,500, 40' Lift (Trim Canopy Limbs) \$2k, gate service \$1,750, pest control \$850, extinguishers service \$350, Sani-Kan Service (TC) \$800
5080.2 · Services	5	8,765	8,715	4,397	8,634	13,424	
5080.3 · Utilities	5	4,240	3,712	4,397	3,698	4,079	Tele entry Centurylink \$100 (Monthly), gatehouse (power), Dump Runs, KH TC Water Rates \$32.65
5080.4 · Equipment and Tools	5	5,000	4,000	2,370	7,849	5,207	Repairs, Equipment
5080.5 · Fuel	5	12,735	8,809	8,404	6,719	7,778	Price per Gallon (\$4.50-Unl, \$4.25-diesel)
5080.6 · Vehicles Maint	5	6,000	5,000	3,093	12,216	9,108	Sweeper Brushes \$1125, supplies \$2,225, Repairs \$2650
Total 5080 · Common Area	-	51,715	42,311	34,310	56,465	50,890	22.2%
5090 · Professional Svcs							
5090.1 · Legal	5	5,000	5,000	725	3,782	3,829	Average expense over 3 yrs.
5090.2 · Accounting	5	9,680	9,680	9,423	13,094	9,291	Payroll Provider, Prepare Tax Return \$500, Bookkeeper Expense
5090.3 · IT Services							
5090.31 · IT Systems Support	5	13,440	27,108	16,497	46,591	29,082	IT Expense - Dailey Computers
5090.32 · IT Software Licensing	5	568	607	201	0	0	Software Licenses
5090.33 · Website Support	5	3,000	0	5,892	0	0	Website Support - ASSAI Web Design
Total 5090.3 · IT Services		17,008	0	0	0	0	
5090.4 · Professional Studies	5	4,000	0	2,000	0	0	Reserve Study
Total 5090 · Professional Svcs	-	35,688	42,395	34,738	63,467	42,202	-15.8%
5100 · Insurance	2	21,637	20,630	20,102	19,847	19,544	Package Policy/EQ \$15,250 (+12.6%), 10M Umbrella \$2,500 (7%), D&O \$4,250 (+7.4%), Auto \$3,450 (+4.45%)
5110 · Other Costs							
5110.1 · Fees & Licenses	5	3,795	4,898	5,692	4,365	4,011	Vehicle licensing, pool permit, Certification Fees GM, CAI Annual Membership Fee \$375, DoorKing Tele-Entry Annual Fee \$170
5110.2 · Education & Training	5	1,500	2,000	350	958	640	Training/Education (Pool Certification, First Aid)
5110.3 · Committee	5	7,425	5,875	2,430	4,098	6,059	Social Plus \$975, First Aid/EPC \$3,185, Tree Committee \$2,500, Publications \$465, Startegic Planning \$300
5110.4 · Board Miscellaneous	5	600	600	200	0	852	
5110.5 · Miscellaneous	5	6,000	6,000	647	401	415	\$6k Contingency
Total 5110 · Other Costs	-	19,320	19,373	9,319	9,822	11,977	
5120 · Federal Income Tax	5	15,885	10,174	9,500	9,470	8,600	
ALL EXPENSES		639,481	606,493	543,497	568,850	543,036	5.44%

Shading = new assets for 2022

Cat	Asset	Useful Life	Remaining Life	Repl Year	Current Cost	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
	Beginning. All inserts must be below here.																							
1	Road Repair	2	-1	2021	28,750		30,205		31,735		33,341		35,029		36,802		38,666		40,623		42,680		44,840	
1	Alderwood Place	35	29	2051	22,337																			
1	Baycliff Drive/ So KP to Pinecrest	30	14	2036	85,435															123,736				
1	Baycliff Drive/ Pinecrest to No KP	27	-1	2021	104,165																			
1	Baycliff Place	40	29	2051	14,815																			
1	Belvedere Drive	35	14	2036	80,458															116,527				
1	Blenheim Place	40	29	2051	17,673																			
1	Brookhaven Place	40	29	2051	12,429																			
1	Buckhorn Place	40	27	2049	23,987																			
1	Cedarview Drive	35	31	2053	115,460																			
1	Cedarview Lane	40	23	2045	17,254																			
1	Clubhouse Parking	35	29	2051	42,801																			
1	Compton Place	40	16	2038	11,999																	18,258		
1	Corbridge Place	40	29	2051	12,763																			
1	Creekwood Place	40	27	2049	11,317																			
1	Danbury Court	40	29	2051	12,169																			
1	Dunraven Place	40	31	2053	17,393																			
1	Fairbreeze Drive	35	17	2039	114,883																		179,178	
1	Foxfield Drive	35	6	2028	145,982							173,526												
1	Grenville Court	35	9	2031	31,560										40,400									
1	Hemlock Court	35	23	2045	23,565																			
1	Kala Pt. Dr./ Baycliff Intersection	22	7	2029	218,511								266,234											
1	Kala Pt. Dr./ Fairbreeze Dr. Intersection	22	15	2037	179,795																266,907			
1	Kala Pt. Dr./Fairbreeze Int./ R.V. B Storage Lot	35	13	2035	71,106														100,471					
1	Kala Heights Drive - Paving	35	30	2052	81,291																			
1	Nantucket Place	40	29	2051	23,217																			
1	Oak Shore Court	35	4	2026	17,164					19,419														
1	Oak Shore Drive	35	4	2026	101,713					115,079														
1	Parkplace Court	40	29	2051	26,141																			
1	Pinecrest Court	40	39	2061	20,744																			
1	Pinecrest Drive	35	34	2056	212,095																			
1	Pinewood Court	35	1	2023	16,655		17,498																	
1	Saddletree Drive	35	16	2038	83,314																	126,773		
1	Sailview Drive	30	12	2034	140,849													194,161						
1	Shorecrest Court	40	26	2048	33,946																			
1	Shorecrest Place	35	23	2045	18,341																			
1	Sulgrave Place	35	25	2047	23,599																			
1	Terrace Drive	40	32	2054	111,509																			
1	Trafalgar Drive	35	21	2043	83,580																			
1	Wellington Court	40	28	2050	28,093																			
1	Westridge Court	40	39	2061	20,549																			
1	Windship Drive	35	2	2024	113,166			121,867																
5	Roofs - Administration, Decra Shake	40	26	2048	23,029																			
5	Roofs - Administration, Gutters/Dps	30	29	2051	3,385																			
2	Roofs - Clubhouse, Decra Shake	40	11	2033	28,632												38,507							
2	Roofs - Clubhouse, Flat Roof, PVC	20	19	2041	8,951																			
2	Roofs - Clubhouse, Gutters/Downspnts	30	11	2033	3,196												4,299							
2	Roofs - Clubhouse, Skylights Mtg Rm	25	15	2037	5,394																	8,007		
2	Roofs - Clubhouse, Skylights	25	15	2037	8,768																	13,016		
2	Roofs - Clubhouse, Skylights	25	15	2037	4,561																	6,772		
3	Pool - Blankets (Outdoor)	10	3	2025	3,995				4,410										5,645					
3	Pool - Blankets (Outdoor) - Reel	15	2	2024	4,217			4,542															6,578	
3	Pool - Propane Boiler Heater, Pool	15	1	2023	12,688		13,330																19,306	
3	Pool - Electric Back-up Heaters, Pool	10	6	2028	5,827							6,926											8,866	
3	Pool - Electric Back-up Heaters, Spa	10	7	2029	4,014								4,891										6,261	
3	Pool - Furniture	10	4	2026	7,215					8,163													10,449	
3	Pool - Heating System	15	11	2033	14,328												19,270							
3	Pool/wading/Jacuzzi Replastering	12	10	2032	79,220											103,943								
7	Tennis Courts - Resurfacing 1,2	8	5	2027	13,267						15,386													
7	Pickleball Court - Resurfacing	5	4	2026	8,120					9,187					10,394									
7	Tennis Courts - Resurfacing 4 & 5	8	2	2024	12,380			13,332																19,792
7	Sports Court - Resurfacing	8	2	2024	6,548			7,052																10,468
2	CH - Benches, Shower Rooms	35	33	2055	4,273																			
2	CH - Cabinets, Natural Wood, M.R./F.P	35	33	2055	5,902																			
2	CH - Carpeting, Game Room	10	0	2022	5,250	5,381										6,888								
2	CH - Laminate Flooring, Meeting Room - 540 Sq. Ft.	12	7	2029	4,060								4,947											
2	CH - Ceiling, Fiberboard Panels	35	31	2053	9,262																			

Cat	Asset	Useful Life	Remaining Life	Repl Year	Current Cost	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
2	CH - Ceramic Tile, Entry	35	31	2053	7,736																			
2	CH - Ceramic Tile, Showers (700 sf)	25	11	2033	19,755												26,569							
2	CH - Furnace, Florida Heat Pump	15	3	2025	14,518				16,025															23,210
2	CH - Furniture, Mainroom	10	7	2029	5,583								6,802										8,708	
2	CH - Furniture, Fireplace Room	10	7	2029	6,127								7,465										9,556	
2	CH - Polaris Hotwater Heater	16	1	2023	9,389		9,864																14,643	
2	CH - Shower Replacements x 4	20	0	2022	22,250	22,806																		
2	CH - Security Surveillance System	10	6	2028	5,117							6,083										7,786		
2	CH - Vinyl Sheet Flooring, Restrooms	15	3	2025	2,855				3,152															4,565
2	CH - Waterline Replacement	35	33	2055	9,902																			
2	CH - Window Coverings, Blinds	12	1	2023	2,974		3,125												4,203					
2	CH - Wood Flooring, Main Room	20	7	2029	6,177								7,526											
2	Sauna - Heater	15	9	2031	3,424										4,383									
2	Sauna - Wood Replacement	35	31	2053	14,206																			
5	Admin - Carpeting	12	12	2034	5,034													6,939						
5	Admin - Computer System Replacement Schedule	7	6	2028	15,000							17,830							21,195					
5	Admin - All Counter, Reception/Office	35	31	2053	8,601																			
7	Access - Entrance, DoorKing Access Phone	5	3	2025	8,881				9,803					11,091					12,549					14,198
7	Access - Entrance, Electronic Card Reader	12	4	2026	16,093					18,207												24,487		
7	Access - Exit Vehicle Access Gate	15	13	2035	21,569														30,476					
7	Access - Entrance Vehicle Access Gate	15	13	2035	21,569														30,476					
7	Gate - Security Surveillance System	10	9	2031	10,155										12,999									
2	Jacuzzi - Heatpump, Jandy 2.5 ton	15	6	2028	17,477							20,774												
2	Air Cond - Split System, CH 5 ton/Furnance 30Kw	15	9	2031	17,760										22,734									
5	Office - Copier, Cannon	10	10	2032	18,237											23,929								
6	Equipment - Brush Chipper, Vermer	12	2	2024	13,481			14,517												19,524				
6	Equipment - Bucket Attachment	20	10	2032	5,422											7,115								
6	Equipment - Flail Mower Attachment	10	3	2025	20,532				22,664										29,011					
6	Equipment - Riding Mower	7	3	2025	10,773				11,891							14,135							16,802	
6	Equipment - Sander Unit	15	7	2029	9,434								11,494											
6	Equipment - Snow Plow Unit	15	7	2029	8,379								10,209											
6	Equipment - Sweeper Attachment	20	2	2024	11,653			12,549																
6	Equipment - Tractor, New Holland	20	1	2023	56,880		59,759																	
6	Equipment - Truck, Ford 350 4x4, 2004	10	2	2024	27,746			29,880										38,248						
6	Equipment - Truck, Ford F-250 4x4	10	0	2022	40,000	41,000									52,483									
6	Equipment - Truck, Dodge 4x4, 2004	10	3	2025	30,000				33,114										42,389					
2	Deck - Replacement, Clubhouse	20	14	2036	31,885															46,179				
2	Doors - Pool, Sectional Glass/Mtl	25	16	2038	7,951																	12,098		
5	Doors - Roll Up, Sectional Metal	25	15	2037	5,788																8,592			
5	Doors - Roll Up, Sectional Wood	25	7	2029	5,438								6,626											
2	Doors - Solid Core/Panel, Clubhouse	25	15	2037	7,381																10,957			
4	Beach Area - Playground Equipment	20	14	2036	17,519															25,372				
7	Fencing - Chain Link, RV Lot "B"	35	18	2040	25,943																			41,473
7	Fencing Chain Link, Sport Ct	35	31	2053	11,653																			
7	Fencing - Chain Link, Tennis Courts	35	11	2033	19,700												26,494							
2	Fencing - Solid Board, Clubhouse, 304'	20	10	2032	10,490											13,764								
2	Fencing - Solid Board, Clubhouse, 146'	20	8	2030	6,246									7,801										
7	Fencing - Chain Link/Privacy/Gate*2, RV Lot "A"	35	31	2053	29,204																			
7	Fencing - Solid Board, Tract C 430 LF	20	12	2034	12,763													17,594						
7	Fencing - Chain Link/Gate, Privacy, RV Lot "B"	35	31	2053	6,605																			
2	Fencing - Chain Link, CH/Pool	25	12	2034	7,902													10,893						
7	Gravel Replacement - RV A	10	4	2026	6,554					7,415										9,491				
7	Gravel Replacement - RV B	10	7	2029	12,107								14,751										18,883	
7	Mailsite - Mailbox Gangs Replacement - Main Gate	20	5	2027	10,500						12,177													
7	Mailsite - Mailbox Gangs Replacement - Foxfield Dr.	20	3	2025	9,500				10,486															
7	Mailsite - Mailbox Gangs Replacement - Kala Heights	20	20	2042	10,000																			
7	Mailsite - Mailbox Gangs Replacement - Sailview Dr.	20	20	2042	7,604																			
7	Mailsite - Mailbox Gangs Replacement - Pinecrest I	20	2	2024	8,500			9,154																
7	Mailsite - Mailbox Gangs Replacement - Pinecrest II	20	7	2029	10,500								12,793											
2	Railing - Stair, Pipe, Clubhouse	35	33	2055	3,758																			
4	Boat Ramp, Concrete - 50'	35	35	2057	21,231																			
4	Bridge - Replacement, Beach	50	41	2063	39,476																			
4	Dock - Replacement Four Floats	25	20	2042	48,556																			
4	Dock - Metal Gangway Replacement	30	2	2024	9,744			10,493																
4	Dock - Pile Replacement (7), Galv. Floats	30	5	2027	77,689						90,096													
4	Moorings - Replacement Buoys/Chain	7	7	2029	2,600								3,168							3,766				
4	Pier - Replacement (1100 sf), 10 Pilings	40	11	2033	176,080												236,808							
4	Pier - Piling Inspection & Treatment	10	1	2023	6,659		6,996										8,956							
5	Admin Bldg - Exterior Painting	10	2	2024	7,250			7,807										9,994						
2	Clubhouse - Exterior Painting	10	1	2023	9,019		9,476										12,130							
4	Building Replacement - Gazebo	40	35	2057	11,265																			
7	Building Replacement - Guardhouse	45	39	2061	22,058																			

End. All inserts must be above here.

Total Number of Assets 139

Total \$69,188

<i>Adopted by the KPOA Board on October 12, 2021</i>			
OPERATING BUDGET	2021 Budget	2021 Estimated Actual*	2022 Budget
Revenues			
Assessments	\$701,683	\$701,445	\$726,914
Transfer to Reserves	-\$171,000	-\$171,000	-\$178,000
Late Fees, Interest & Lien Fees	\$650	\$45	\$0
Assessments - Special (Fines)	\$0	\$0	\$0
Lease Income	\$46,340	\$46,469	\$61,688
Interest Income	\$0	\$182	\$0
Rentals & Contracts	\$24,145	\$25,516	\$24,507
Other Income	\$4,672	\$4,584	\$4,372
TOTAL OPERATING REVENUES	\$606,490	\$607,241	\$639,481
Expenses			
Payroll Wages/Payroll Taxes/Benefits	\$385,708	\$361,896	\$406,578
Administration	\$28,693	\$26,491	\$24,535
Beach & Dock	\$5,340	\$3,226	\$5,520
Clubhouse	\$28,026	\$20,140	\$29,531
Pool & Spa	\$23,843	\$23,775	\$29,072
Common Area	\$42,311	\$34,310	\$51,715
Professional Services	\$42,395	\$34,738	\$35,688
Insurance	\$20,630	\$20,102	\$21,637
Other Costs	\$19,373	\$9,319	\$19,320
Federal Income Tax	\$10,174	\$9,500	\$15,885
TOTAL OPERATING EXPENSES	\$606,493	\$543,497	\$639,481
Projected 2023 Assessment Credit (or debit)		\$63,744	
* 2021 Estimated Actual is based on 10 months actual and 2 months estimated			

Adopted by the KPOA Board on October 12, 2021

RESERVES CASH FLOW BUDGET	2021 Budget	2021 Estimated Actual*	2022 Budget
Road Repair	29,469	(31,020)	
Baycliff Drive/ Pinecrest to No KP	106,769	(101,134)	
Admin - Carpeting	5,160	(5,034)	
Office - Copier, Cannon	19,475	(19,588)	
Mailsite - Mailbox Gangs Replacement - Kala Heights	10,250	(10,237)	
Mailsite - Mailbox Gangs Replacement - Sailview Dr.	7,794	(6,445)	
Moorings - Replacement Buoys/Chain	2,665	(2,575)	
CH - Carpeting, Game Room			\$5,381
CH - Shower Replacements x 4			\$22,806
Equipment - Truck, Ford F-250 4x4			\$41,000
Reserves Outflow	\$181,582	(\$176,033)	\$69,188
Summary - Reserve Funds			
Beg. Cash Balance	\$347,580	\$347,580	\$342,812
Interest	\$5,035	\$265	\$2,258
Total Outflows	(\$181,582)	(\$176,033)	(\$69,188)
Reserve Assessments Revenue	\$171,000	\$171,000	\$178,000
Ending Cash Balance	\$342,033	\$342,812	\$453,882

* 2021 Estimated Actual is based on 9 months actual and 3 months estimated

Kala Point Owners' Association 30 -Year Reserve Contribution

		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Beginning Cash Balance		342,812	453,882	488,510	446,550	509,805	544,677	612,921	612,033	444,633	661,894
Interest Earned		2,258	2,430	2,222	14,849	15,864	17,852	17,826	12,950	19,278	22,694
Contributions Reserves		178,000	182,450	187,011	191,687	196,479	201,391	206,425	211,586	216,876	222,298
Annual Expenditure		69,188	150,252	231,193	143,281	177,470	150,999	225,140	391,936	18,892	127,713
End of Year Cash Balance	342,812	453,882	488,510	446,550	509,805	544,677	612,921	612,033	444,633	661,894	779,173

		2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
Beginning Cash Balance	779,173	782,733	622,725	601,814	526,747	423,795	334,403	392,504	368,640	548,531	756,756	
Interest Earned	22,798	18,138	17,529	15,342	12,344	9,740	11,432	10,737	15,977	22,041	23,043	
Contributions Reserves	227,855	233,551	239,390	245,375	251,509	257,797	264,242	270,848	277,619	284,560	291,674	
Annual Expenditure	247,093	411,697	277,831	335,784	366,805	356,929	217,573	305,449	113,705	98,376	280,317	
End of Year Cash Balance	782,733	622,725	601,814	526,747	423,795	334,403	392,504	368,640	548,531	756,756	791,156	

		2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
Beginning Cash Balance	791,156	735,852	796,963	844,792	1,089,314	1,333,059	1,282,443	1,423,933	1,611,261	1,026,843	
Interest Earned	21,433	23,213	24,606	31,728	38,827	37,353	41,474	46,930	29,908	31,642	
Contributions Reserves	298,966	306,440	314,101	321,953	330,002	338,252	346,708	355,376	364,261	373,367	
Annual Expenditure	375,702	268,542	290,878	109,159	125,084	426,221	246,693	214,978	978,586	345,486	
End of Year Cash Balance	735,852	796,963	844,792	1,089,314	1,333,059	1,282,443	1,423,933	1,611,261	1,026,843	1,086,366	

Minimum End of Year Balance	334,403
Year of Minimum End of Year Balance	2037
Average Annual Expense	269,298
Next 3-Year Override Interest Rate	0.50%
Interest Rate	3.00%
CPI	2.50%

ASSESSMENT AND RESERVE FUNDING DISCLOSURE SUMMARY

KALA POINT OWNERS ASSOCIATION

			LHC	TS
For Fiscal Year Beginning:	1/1/2022	Total Number of Units	561	456

a) Budgeted Amounts:	Total	Amount Per Unit - LHC	Amount Per Unit - TS	
Reserve Budget Contributions:	\$178,000	\$281.99	\$43.43	
Operating Budget Contributions:	\$480,699	\$801.29	\$217.96	
2020 Budget Surplus Adjustment:	\$68,214	(89.43)	(39.57)	
Total Payment Due:	\$726,913	\$993.85	\$221.82	Per Year

Recommended Amounts:	Total	Reserve Contributions - LHC	Reserve Contribution - TS	
Reserve Contributions:	\$178,000	\$158,194	\$19,806	Per Year
Funding Plan Objective:	100% Full Funding			

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	N/A
N/A	N/A	N/A

Total: \$000.00

c) Based on the most recent Reserve Study and other information available to the Board of Directors; will currently projected Reserve account balances be sufficient at the end of each year to meet the association's obligation to 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 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
N/A	N/A

e) All computations/disclosures are based on the fiscal year start date of:	1/1/2022
Fully Funded Balance (per RCW 64.38.010 (9)):	\$8,078,953
Projected Reserve Fund Balance:	\$8,078,953
Percent Funded:	100%

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.

Prepared by: Keith Larson, General Manager

2022 Annual Assessment Details

<u>Lots, Homes & Condos</u>	2022	2021
Operating Expenses	\$801.29	\$779.17
Reserve Contribution	\$281.99	\$270.88
Total Assessment (Unadjusted)	\$1,083.28	\$1,050.05
Percent Change (Unadjusted)	3.16%	
Prior Year Operating Adjustment	(\$89.43)	(\$19.01)
Total Amount Due	993.85	1,031.04

<u>Timeshares</u>	2022	2021
Operating Expenses	\$217.96	\$205.20
Reserve Contribution	\$43.43	\$41.74
Total Assessment (Unadjusted)	\$261.39	\$246.94
Percent Change (Unadjusted)	5.85%	
Prior Year Operating Adjustment	(\$39.57)	(\$14.34)
Total Amount Due	221.82	232.60