

KPOA 2019 Financial Review & 2020 Budget

The Kala Point Owners' Association will end 2019 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 about \$18,400 (3.3%). This surplus will be applied to reduce your 2021 assessment.

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 2019 reserve expenditures to be \$800 (0.4%) below budget.

Operating Budget

For 2020, we will have an increase in operating expense of 16.9% over the 2019 year-end estimate. We continue the philosophy of building a tight budget, and then managing our day-to-day expenses to come in at, or below, that expense goal. The most significant increases are in salaries and benefits, information technology, a study to determine the health of our trees in the common area, and utility rates. This increase was also accompanied by a decrease in carryover from 2018; both are factors in increasing your assessments.

The Board of Directors feels that the increases in salary and benefits are important to maintaining our experienced staff with a minimum of turnover. We have increased the salary of our General Manager. He is now paid at a level that is within the range of salaries paid to the managers of HOAs of similar size in the area.

Our largest increase has been in Information Technology. In 2019, our web site was hacked. We were able to ascertain that at least one hack originated in China. A significant amount was spent closing security gaps, keeping our systems safe and operating. To avoid continued high support cost, it is necessary that we replace our existing Web site in 2020 which accounts for approximately half of the IT increase. The remainder is for an ongoing support agreement: something necessary, that had not been budgeted in the past.

Reserves Budget

Our reserve position continues to be very healthy. The enclosed Reserves Cash Flow Budget sheet shows reserve expenditures during 2019 and those planned for 2020. The reserve contribution for 2019 was \$168,000 and it will increase less than 1% to \$170,000 for 2020. We plan an inflation rate of 2.5% for our reserve projects. Because of low current yields on Reserve Fund investments, the interest income is planned at 1.5%. We have a Reserve plan that extends 30 years into the future, with a projected balance that never drops below a NPV (net present value) of \$200,000. This plan ensures that our reserves are fully funded. We contracted with a professional firm, which conducted a full reserve study in 2019. We have received the Draft copy of their report, which states that our process is in compliance with the applicable statute (RCW 64.38).

Impact of Cassandra

The Board of Directors has included funds to begin the implementation of Cassandra over a 5-year period. If Cassandra is passed, in 2020 a purchase will be made using reserve funds. While this does not commit us to spend anything on Cassandra beyond 2020, the Board believes that, if Cassandra is approved by the membership, future Board Members should include the operational

funds to support Cassandra in future budgets. The impact on your reserve contribution in 2020 is \$2.66 per LHC (Lot, Home, or Condominium Unit). Future impacts on assessments are projected to be: \$39 in 2021; \$37 in 2022; \$36 in 2023; and \$30 in 2024.

As always, you are given the opportunity to approve or disapprove of the 2020 budget. You are also being given the opportunity to approve or disapprove of the Cassandra Initiative. If the initiative fails, the reserve funds allocated to Cassandra in the 2020 Budget will not be spent, but will result in a reduced reserve contribution in future years.

2020 Carryover (from 2018)

For 2019, we applied a carryover from 2017 of \$40.65 for each LHC (Lot, Home, or Condominium Unit) and \$6.40 for each Timeshare unit (TS). In 2020, we have a lower carryover of \$14.14 for LHC units and a carryover of \$-3.48 for TS (from the 2018 budget). This decrease in carryover is a significant factor (+ \$26.51 per LCH and \$9.98 per TS) driving the increase in 2019 assessments. It is important to note that we are not permitted by law to accumulate excess funds from the operating budget. Any excess must be returned to the owners, either in the form of direct payment, or through reduction in assessments.

The Bottom Line

In summary, the Board of Directors, General Manager, and the Finance Committee have created a tight budget that serves your needs and is in accord with State regulations for Reserve Funding plans. The 2020 budget results in regular assessments of \$1,081.25 (+\$147.25 or 15.7%) for each LHC and \$255.21 (+\$26.77 or 11.72%) for each timeshare (TS). We will continue to closely monitor and review our expenditures in the coming years.

In the past few years many homeowners associations have found themselves in financial difficulty. We should all take pride in the fact that KPOA has never had a special assessment. However, 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.

John Oliveira

Chief Financial Officer



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

Operating Expenses

Percentages are Budget Vs. Budget

Chart of Accounts	Cat	2020 Budget	2019 Budget	2019 1 months Year End Est*	2018 Actuals	
5010 · Payroll Wages						
5010.1 · Admin						
5010.11 · Office	2	30,972	28,256	31,844	28,626	28 Hours per Week
5010.12 · Management	2	90,636	79,612	80,013	77,598	Salary Position
5010.13 · Support	2	18,765	17,764	14,559	16,651	20 Hours per Week
Total 5010.1 · Admin	-	140,373	125,632	126,416	122,875	
5010.2 · Maintenance	2	89,544	86,879	78,543	83,859	40 Hours per Week
5010.3 · Clubhouse	1	59,800	51,615	55,121	50,845	28 - 35 Hours per Week
Total 5010 · Payroll Wages	-	289,717	264,126	260,080	257,579	9.69%
5015 · Payroll Contingency	2	4,431	4,066	0	0	Overtime
5020 · Payroll Taxes						
5020.9 · Payroll Taxes						
5020.91 · Admin	2	13,260	12,681	11,486	11,982	
5020.92 · Maintenance	2	9,640	10,161	8,100	9,431	
5020.93 · Clubhouse	1	7,156	6,836	6,197	6,384	
Total 5020.9 · Payroll Taxes	-	30,056	29,678	25,783	27,797	1.27%
Total 5020 · Payroll Taxes	-	30,056	29,678	25,783	27,797	
5030 · Payroll Other Costs						
5030.1 · IRA						
5030.11 · Admin	2	2,814	2,163	2,267	2,371	2% Contribution
5030.12 · Maintenance	2	1,799	1,741	1,077	1,638	2% Contribution
5030.13 · Clubhouse	1	0	0	0	354	2% Contribution
Total 5030.1 · IRA	-	4,613	3,904	3,344	4,363	
5030.2 · Medical Insurance						
5030.21 · Admin	2	19,470	18,256	18,401	16,928	
5030.22 · Maintenance	2	29,208	27,384	26,166	24,564	
5030.23 · Clubhouse	1	0	0	0	(15)	
Total 5030.2 · Medical Insurance	-	48,678	45,640	44,567	41,477	6.66%
5030.3 · Life & Disability Insur.						
5030.31 · Admin	2	0	0	0	0	
5030.32 · Maintenance	2	0	0	0	0	
5030.33 · Clubhouse	1	0	0	0	0	
Total 5030.3 · Life & Disability Insur.	-	0	0	0	0	
Total 5030 · Payroll Other Costs	-	53,291	49,544	47,911	45,840	
Total Payroll Related	-	83,347	79,222	73,694	73,637	
Total Payroll	-	377,495	347,414	333,774	331,216	8.66%

	2020	2019
Social Sec.	6.20%	6.20%
Medicare	1.45%	1.45%
Suta	0.72%	1.66%
Futa	0.80%	0.80%
L&I	0.49460	0.47149
L&I	0.14660	0.08925

Minimum Wage Adjustments		
2020	\$13.50	
2021	adjustment by inflat	

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Operating Expenses

Percentages are Budget Vs. Budget

Chart of Accounts	Cat	2020 Budget	2019 Budget	2019 1 months Year End Est*	2018 Actuals	
5040 · Admin						
5040.1 · Goods	5	12,180	10,421	10,873	9,496	Supplies \$4500, Gate Transmitters, Postage, Parking Permit Hang-Tags \$1500
5040.2 · Services	5	11,575	10,255	7,920	8,614	POE \$220, Shred \$45, Backup Files (Cloud \$35*12), Third Party Election Company \$6k, Web Hosting \$45*12, Shred Day in April \$650, Replace Window \$220 (Admin)
5040.3 · Utilities	5	10,932	10,300	9,600	8,590	Phone \$275 ,Wave Internet \$105, (PUD Power \$111-\$261) Rate Increasee 0.10700 , cell phones \$230, Sat Phone \$35*12 , PUD Water \$48.25 - \$69.25
Total 5040 · Admin	-	34,687	30,976	28,393	26,700	12.0%
5050 · Beach & Dock						
5050.1 · Goods	4	2,450	2,400	3,156	2,051	Float hardware, fido bags, BTI Briskets
5050.2 · Services	4	1,020	960	912	1,034	Sani Kans Service
5050.3 · Utilities	4	465	441	284	291	Water usage PUD \$28/\$49
5050.4 · DNR Beach Lease	4	1,150	1,000	0	1,032	November Beach Lease Renewal
Total 5050 · Beach & Dock	-	5,085	4,801	4,352	4,408	5.9%
5060 · Clubhouse			0			
5060.1 · Goods	1	6,150	6,150	3,266	4,478	Cleaning supplies \$4,000, Uniforms \$500, Misc. Expense
5060.2 · Services	1	4,495	4,125	2,538	5,257	Heating Service \$750, Propane Water Heater, laundry, pest control, AED Service \$550
5060.3 · Utilities - 5202	1	15,473	15,887	13,142	13,345	CentryLink, Wave \$248, PUD Water \$80-\$151 , (PUD Power \$789-1,104) Rate Increase 0.10700)
5060.4 · Insurance	1	3,191	3,191	3,099	3,099	Moss Adams Agreement 25% of the Property & Liaibility Insurance
Total 5060 · Clubhouse	-	29,309	29,353	22,045	26,179	-0.1%
5070 · Pool & Spa			0			
5070.1 · Goods	3	11,275	11,375	10,211	12,561	Pool/Jacuzzi Supplies, New Pool Filters \$1000
5070.2 · Services	3	2,525	2,325	2,104	1,603	Heat pump, boiler service \$1575
5070.3 · Utilities - 3048	3	10,843	9,928	6,254	9,239	(PUD Power \$412-\$1,184) Rate Increase 0.10700) , Propane \$1.79*1400gal = \$2,506 (May-Oct)
Total 5070 · Pool & Spa	-	24,643	23,628	18,569	23,403	4.3%
5080 · Common Area			0			
5080.1 · Goods	5	14,225	14,975	10,896	12,201	Maint. Supplies, herbicides/pesticides, sand &crushed rock, Street Signs
5080.2 · Services	5	17,080	12,140	12,296	13,231	Common Tree removals \$4,750, gate service \$1,750, pest control, extinguishers service, Sani-Kan Service (TC), Tree Assessment Work \$6,800, Lift for Tree Trimming \$2,000
5080.3 · Utilities	5	3,532	3,532	4,058	4,042	Tele entry (phone), gatehouse (power)
5080.4 · Equipment and Tools	5	6,000	5,500	5,207	2,983	Repairs, Equipment, New Weed Eaters
5080.5 · Fuel	5	8,536	8,536	8,024	9,124	Price per Galloon (\$3.45-Unl, \$3.70-diesel)
5080.6 · Vehicles Maint	5	5,000	5,000	9,142	9,353	Sweeper Brushes \$1125, supplies \$2150, Repairs \$1725
Total 5080 · Common Area	-	54,373	49,683	49,623	50,934	9.4%
5090 · Professional Svcs			0			
5090.1 · Legal	5	5,000	5,000	4,459	3,650	Average expense over 3 yrs.
5090.2 · Accounting	5	14,283	11,429	10,017	7,712	Payroll Provider, Prepare Tax Return, Bookkeeper Expense, Audit \$5,000
5090.3 · IT Service	5	33,975	2,640	29,082	1,934	IT Expense/Website
5090.4 · Engineering Study	5	0	0	0	0	
Total 5090 · Professional Svcs	-	53,258	19,069	43,558	13,296	179.3%
5100 · Insurance	2	20,237	23,463	19,544	22,656	Package Policy \$12,763 (+3%), 10M Umbrella \$2,542 (+3%), D&O \$3,805 (+3%), Auto \$3,265 (+5%), Earthquake \$1053(+5%)
5110 · Other Costs						
5110.1 · Fees & Licenses	5	5,764	3,795	4,111	3,178	Vehicle licensing, lien fees, pool permit, Certification Fees GM, Annual OSHA Revised Manual \$350, DoorKing Annual Fee \$170, Adobe Software \$450
5110.2 · Education & Training	5	3,000	3,000	640	483	Training/Education
5110.3 · Committee	5	6,240	6,240	5,862	4,037	Social Plus \$300, First Aid/EPC
5110.4 · Board Miscellaneous	5	750	600	852	574	
5110.5 · Miscellaneous	5	6,100	5,500	415	791	\$5k Contingency
5110.6 · Reimbursed Expense	5	0	0	0	0	
Total 5110 · Other Costs	-	21,854	19,135	11,880	9,063	
5120 · Federal Income Tax	5	9,680	6,901	8,600	6,000	
ALL EXPENSES		630,621	554,423	540,338	513,855	13.74%

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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	2020 Budget	2019 Budget	2019 Est. Act.*	2018 Actuals	
4010 · Assessments						
4010.1 · LHC		606,581	524,114	523,974	483,007	
4010.2 · TS		116,376	104,081	103,740	95,824	
4010.3 · New Sales		0	0	0	0	
4010.4 · Reserves		(169,997)	(168,000)	(168,000)	(168,187)	
Total 4010 · Assessments		552,960	460,195	459,714	410,644	
Assessment Credit/Debit		6,346				2018 Carryover
4020 · Late Fees, Interest & Lien Fees	5	650	650	369	1,233	
4030 · Assessments - Special (Fines)	5	0	0	0	2,000	
4040 · Lease Income	5	44,393	42,562	42,562	40,811	4% (Verizon - (Jan-Aug 31, \$2,431.09) (5% - Sept-Dec 31, \$2,552.56) Sprint (2% - Feb-Dec 31, \$842.95), Clear Wire Wireless (5% - Feb-Dec, \$387.83)
4050 · Interest Income						
4050.1 · Interest Income	5	0	0	718	570	
4050.2 · Dock Lease	4	0	0	0	0	
Total 4050 · Interest Income		0	0	718	570	
4060 · Rentals & Contracts						
4060.1 · Storage Space Rentals	5	15,100	16,098	16,266	15,404	-6% Rental Increases per Space @ 0.29 per Foot
4060.2 · Clubhouse Rentals	1	0	0	0	0	Fees will be removed from future rentals
4060.3 · Work For Owners	5	300	450	348	1,069	Chipper/labor services, truck/labor, tractor/labor, deer removal
4060.4 · Small Boat Storage	4	6,200	4,648	5,600	4,626	33% Current rentals
Total 4060 · Rentals & Contracts		21,600	21,196	22,214	21,099	
4070 · Other Income						
4070.1 · New Residence Equipment	5	372	300	221	654	Mailbox (\$93.00)fees
4070.2 · Facility Access	5	2,000	1,500	4,485	2,645	Transmitters, gate cards
4070.3 · Admin Products	5	2,300	2,300	2,729	3,383	Phone directory ads, fax, copies, keys...
4070.4 · Architectural Fees	5	0	0	0	0	
4070.5 · Miscellaneous	5	0	0	0	0	
Total 4070 · Other Income		4,672	4,100	7,435	6,682	
Total Income		630,621	528,703	533,012	483,039	19%

* 2019 Estimated Actual is based on 11 months actual and 1 months estimated

Shading = new assets for 2020																					
Cat	Asset	Useful Life	Remaining Life	Repl Year	Current Cost	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
	Beginning. All inserts must be below here.																				
1	Road Repair	2	-3	2017	27,118		28,491		29,933		31,448		33,040		34,713		36,470		38,317		40,257
1	Alderwood Place	35	31	2051	22,337																
1	Baycliff Drive/ So KP to Pinecrest	30	16	2036	85,435																
1	Baycliff Drive/ Pinecrest to No KP	27	1	2021	79,075		83,078														
1	Baycliff Place	35	31	2051	14,815																
1	Belvedere Drive	35	16	2036	80,458																
1	Blenheim Place	35	31	2051	17,673																
1	Brookhaven Place	35	31	2051	12,429																
1	Buckhorn Place	35	29	2049	23,987																
1	Cedarview Drive	35	33	2053	115,460																
1	Cedarview Lane	30	25	2045	17,254																
1	Clubhouse Parking	35	31	2051	42,801																
1	Compton Place	35	18	2038	11,999																
1	Corbridge Place	35	31	2051	12,763																
1	Creekwood Place	35	29	2049	11,317																
1	Danbury Court	35	31	2051	12,169																
1	Dunraven Place	35	33	2053	17,393																
1	Fairbreeze Drive	35	19	2039	114,883																
1	Foxfield Drive	35	8	2028	145,982									182,311							
1	Grenville Court	35	11	2031	31,560												42,445				
1	Hemlock Court	35	25	2045	23,565																
1	Kala Pt. Dr./ Baycliff Intersection	22	9	2029	218,511										279,712						
1	Kala Pt. Dr./ Fairbreeze Dr. Intersection	22	17	2037	177,138																
1	Kala Pt. Dr./Fairbreeze Int./ R.V. B Storage Lot	27	15	2035	71,106																105,557
1	Kala Heights Drive - Paving	35	32	2052	81,291																
1	Nantucket Place	35	31	2051	23,217																
1	Oak Shore Court	35	6	2026	17,164							20,403									
1	Oak Shore Drive	35	6	2026	101,713							120,904									
1	Parkplace Court	35	31	2051	26,141																
1	Pinecrest Court	35	0	2020	20,744	21,262															
1	Pinecrest Drive	35	0	2020	212,095	217,397															
1	Pinewood Court	35	3	2023	16,655				18,384												
1	Saddletree Drive	35	18	2038	83,314																
1	Sailview Drive	30	14	2034	140,849															203,991	
1	Shorecrest Court	35	28	2048	33,946																
1	Shorecrest Place	35	25	2045	18,341																
1	Sulgrave Place	35	27	2047	23,599																
1	Terrace Drive	35	34	2054	111,509																
1	Trafalgar Drive	35	23	2043	83,580																
1	Wellington Court	35	30	2050	28,093																
1	Westridge Court	35	0	2020	20,549	21,062															
1	Windship Drive	35	4	2024	113,166					128,037											
5	Roofs - Administration, Decra Shake	40	28	2048	22,689																
5	Roofs - Administration, Gutters/Dps	30	0	2020	3,335	3,418															
2	Roofs - Clubhouse, Decra Shake	40	13	2033	28,209														39,858		
2	Roofs - Clubhouse, Flat Roof, PVC	16	1	2021	3,007		3,159														
2	Roofs - Clubhouse, Gutters/Downspts	30	13	2033	3,149														4,450		
2	Roofs - Clubhouse, Skylights Mtg Rm	25	17	2037	5,314																
2	Roofs - Clubhouse, Skylights	25	17	2037	8,638																
2	Roofs - Clubhouse, Skylights	25	17	2037	4,494																
3	Pool - Blankets (Outdoor)	10	5	2025	3,936						4,565										5,844
3	Pool - Blankets (Outdoor) - Reel	15	4	2024	4,155					4,701											
3	Pool - Propane Boiler Heater, Pool	15	3	2023	12,500				13,798												
3	Pool - Electric Back-up Heaters, Pool	10	8	2028	5,741									7,169							
3	Pool - Electric Back-up Heaters, Spa	10	9	2029	3,955										5,063						
3	Pool - Furniture	10	6	2026	7,108							8,450									
3	Pool - Heating System	15	13	2033	14,117														19,946		
3	Pool/wading/Jacuzzi Replastering	12	12	2032	78,049													107,591			
7	Tennis Courts - Resurfacing 1,2	8	7	2027	13,071								15,926								19,404
7	Pickleball Court - Resurfacing	5	0	2020	8,000	8,200					9,278					10,497					11,876
7	Tennis Courts - Resurfacing 4 & 5	8	4	2024	12,197					13,800								16,814			
7	Sports Court - Resurfacing	8	4	2024	6,451					7,299								8,893			
2	CH - Benches, Shower Rooms	35	35	2055	4,210																
2	CH - Cabinets, Natural Wood, M.R./F.P	35	35	2055	5,814																
2	CH - Carpeting, Game Room	10	1	2021	2,753		2,893										3,703				
2	CH - Laminate Flooring, Meeting Room - 540 Sq. Ft.	12	9	2029	4,000										5,120						
2	CH - Ceiling, Fiberboard Panels	35	33	2053	9,125																
2	CH - Ceramic Tile, Entry	35	33	2053	7,621																
2	CH - Ceramic Tile, Showers (700 sf)	25	13	2033	19,463														27,501		

Cat	Asset	Useful Life	Remaining Life	Repl Year	Current Cost	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
2	CH - Furnace, Florida Heat Pump	15	5	2025	14,304						16,588										
2	CH - Furniture, Mainroom	10	9	2029	5,501										7,041						
2	CH - Furniture, Fireplace Room	10	9	2029	6,037										7,727						
2	CH - Polaris Hotwater Heater	16	2	2022	9,250			9,961													
2	CH - Restroom Partitions, Laminated	16	2	2022	6,150			6,623													
2	CH - Security Surveillance System	10	8	2028	5,041									6,296							
2	CH - Vinyl Sheet Flooring, Restrooms	15	5	2025	2,813						3,262										
2	CH - Waterline Replacement	35	35	2055	9,756																
2	CH - Window Coverings, Blinds	12	1	2021	2,930		3,079												4,141		
2	CH - Wood Flooring, Main Room	20	9	2029	6,086										7,790						
2	Sauna - Heater	15	11	2031	3,373												4,537				
2	Sauna - Wood Replacement	35	31	2051	13,996																
5	Admin - Carpeting	12	1	2021	6,250		6,566												8,831		
5	Admin - Computer System Replacement Schedule	7	7	2027	9,000								10,966							13,035	
5	Admin - All Counter, Reception/Office	35	31	2051	8,474																
7	Access - Entrance, DoorKing Access Phone	5	5	2025	8,750						10,147					11,481					12,989
7	Access - Entrance, Electronic Card Reader	12	6	2026	15,855						18,847										
7	Access - Exit Vehicle Access Gate	15	15	2035	21,250																31,546
7	Access - Entrance Vehicle Access Gate	15	15	2035	21,250																31,546
7	Cassandra Cache - Storage	35	0	2020	17,750	18,194															
7	Cassandra Cache - WaterTank/Trailer (525 gal. 2 HP)	35	2	2022	11,575			12,465													
7	Gate - Security Surveillance System	10	0	2020	3,575	3,664										4,691					
2	Jacuzzi - Heatpump, Jandy 2.5 ton	15	8	2028	17,218									21,503							
2	Air Cond - Split System, CH 5 ton/Furnance 30Kw	15	11	2031	17,498												23,532				
5	Office - Copier, Cannon	10	1	2021	22,750		23,902										30,596				
6	Equipment - Brush Chipper, Vermer	12	4	2024	13,282					15,027											
6	Equipment - Bucket Attachment	20	12	2032	5,342													7,364			
6	Equipment - Flail Mower Attachment	10	5	2025	20,229						23,459										30,030
6	Equipment - Riding Mower	7	5	2025	10,614						12,309							14,631			
6	Equipment - Sander, Artic	15	9	2029	9,294										11,897						
6	Equipment - Snow Plow, Artic	15	9	2029	8,255										10,568						
6	Equipment - Myers Snow Plow, Hydralic Pump	5	0	2020	3,000	3,075					3,479					3,936					4,454
6	Equipment - Sweeper Attatchment	20	4	2024	11,481					12,990											
6	Equipment - Tractor, New Holland	20	3	2023	56,039				61,857												
6	Equipment - Truck, Ford 350 4x4, 2004	10	4	2024	27,336					30,928										39,591	
6	Equipment - Truck, Ford F-250 4x4	10	2	2022	28,696			30,902										39,558			
6	Equipment - Truck, Dodge 4x4, 2004	10	1	2021	27,857		29,267										37,465				
2	Deck - Replacement, Clubhouse	20	16	2036	31,414																
2	Doors - Pool, Sectional Glass/Mtl	25	18	2038	7,833																
5	Doors - Roll Up, Sectional Metal	25	17	2037	5,702																
5	Doors - Roll Up, Sectional Wood	25	9	2029	5,358										6,859						
2	Doors - Solid Core/Panel, Clubhouse	25	17	2037	7,272																
4	Beach Area - Playground Equipment	20	16	2036	17,260																
7	Fencing - Chain Link, RV Lot "B"	25	20	2040	25,559																
7	Fencing Chain Link, Sport Ct	35	32	2052	11,481																
7	Fencing - Chain Link, Tennis Courts	25	13	2033	19,409														27,424		
2	Fencing - Solid Board, Clubhouse, 304'	20	12	2032	10,335												14,247				
2	Fencing - Solid Board, Clubhouse, 146'	20	10	2030	6,154											8,075					
7	Fencing - Chain Link/Privacy/Gate*2, RV Lot "A"	35	33	2053	28,773																
7	Fencing - Solid Board, Tract C 430 LF	20	14	2034	12,575															18,212	
7	Fencing - Chain Link/Gate, Privacy, RV Lot "B"	35	31	2051	6,507																
2	Fencing - Chain Link, CH/Pool	25	14	2034	7,785															11,275	
7	Gravel Replacement - RV A	10	6	2026	6,457						7,675										
7	Gravel Replacement - RV B	10	9	2029	11,928										15,269						
7	Mailsite Structures - Main Gate	30	16	2036	9,400																
7	Mailsite Structures - Foxfield Dr.	30	21	2041	11,370																
7	Mailsite Structures - Kala Heights	30	5	2025	14,417						16,720										
7	Mailsite Structures - Sailview Dr.	30	1	2021	10,667		11,207														
7	Mailsite Structures - Pinecrest I	30	25	2045	8,088																
7	Mailsite Structures - Pinecrest II	30	23	2043	12,776																
2	Railing - Stair, Pipe, Clubbhouse	35	35	2055	3,703																
4	Boat Ramp, Concrete - 50'	30	22	2042	20,917																
4	Bridge - Replacement, Beach	50	43	2063	38,892																
4	Dock - Replacement Four Floats	25	22	2042	47,838																
4	Dock - Metal Gangway Replacement	30	1	2021	9,600		10,086														
4	Dock - Pile Replacement (7), Galv. Floats	30	7	2027	76,541								93,258								
4	Moorings - Replacement Anchors	20	3	2023	8,201				9,052												
4	Pier - Replacement (1100 sf), 10 Pilings	40	13	2033	173,478														245,119		
4	Pier - Piling Inspection & Treament	10	3	2023	6,561				7,242										9,270		
5	Admin Bldg - Siding Replacement	40	36	2056	26,661																
2	Clubhouse - Siding Replacement	40	36	2056	34,052																
4	Building Replacement - Gazebo	40	33	2053	11,098																
7	Building Replacement - Guardhouse	45	41	2061	21,732																

End. All inserts must be above here.

Total Number of Assets 142 Total \$296,274

ASSESSMENT AND RESERVE FUNDING DISCLOSURE SUMMARY

KALA POINT OWNERS ASSOCIATION

			LHC	TS
For Fiscal Year Beginning:	1/1/2020	Total Number of Units	561	456

a) Budgeted Amounts:	Total	Amount Per Unit - LHC	Amount Per Unit - TS	
Reserve Budget Contributions:	\$170,000	\$267.74	\$43.41	
Operating Budget Contributions:	\$552,960	\$827.65	\$208.32	
2018 Assessment Credit:	\$6,346	(14.14)	3.48	
Total:	\$729,306	\$1,081.25	\$255.21	Per Year

Recommended Amounts:	Total	Reserve Contributions - LHC	Reserve Contribution - TS	
Reserve Contributions:	\$170,000	\$150,203	\$19,797	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:	1/1/2020
Fully Funded Balance (per RCW 64.38.010 (9):	\$7,208,857
Projected Reserve Fund Balance:	\$7,208,857
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. Some information on this form has been provided to Mike Derrig and Associates, and has not been independently verified.

Prepared by: Keith Larson, General Manager

<i>Adopted by the KPOA Board on October 15, 2019</i>			
OPERATING BUDGET	2019 Budget	2019 Estimated Actual*	2020 Budget
Revenues			
Assessments	\$653,915	\$653,437	\$729,303
Transfer to Reserves	-\$168,000	-\$168,000	-\$169,997
Late Fees, Interest & Lien Fees	\$650	\$369	\$650
Assessments - Special (Fines)	\$0	\$0	\$0
Lease Income	\$42,562	\$42,562	\$44,393
Interest Income	\$0	\$691	\$0
Rentals & Contracts	\$21,196	\$22,278	\$21,600
Other Income	\$4,100	\$7,072	\$4,672
TOTAL OPERATING REVENUES	\$554,423	\$558,409	\$630,621
Expenses			
Payroll Wages/Payroll Taxes/Benefits	\$347,414	\$336,701	\$377,495
Administration	\$30,976	\$28,195	\$34,687
Beach & Dock	\$4,801	\$5,385	\$5,085
Clubhouse	\$29,353	\$22,275	\$29,309
Pool & Spa	\$23,628	\$18,151	\$24,643
Common Area	\$49,683	\$46,255	\$54,373
Professional Services	\$19,069	\$41,023	\$53,258
Insurance	\$23,463	\$19,544	\$20,237
Other Costs	\$19,135	\$10,141	\$21,854
Federal Income Tax	\$6,901	\$8,600	\$9,680
TOTAL OPERATING EXPENSES	\$554,423	\$536,270	\$630,621
Projected 2021 Assessment Credit (or debit)		\$22,139	
* 2019 Estimated Actual is based on 10 months actual and 2 months estimated			

Adopted by the KPOA Board on October 15, 2019

RESERVES CASH FLOW BUDGET	2019 Budget	2019 Estimated Actual*	2020 Budget
Road Repair	27,796	(27,796)	
Pool/wading/Jacuzzi Replastering	80,000	(78,438)	
CH - Waterline Replacement	10,000	(6,604)	
Admin - Carpeting	6,406	0	
Admin - Computer System Replacement Schedule	9,225	(9,722)	
Access - Traffic Access Device	50,174	(48,718)	
Access - DoorKing Tele-Entry System (Unbudgeted	0	(11,510)	
Pinecrest Court			\$21,263
Pinecrest Drive			\$217,397
Westridge Court			\$21,062
Roofs - Administration, Gutters/Dps			\$3,418
Pickleball Court - Resurfacing			\$8,200
Cassandra Cache - Storage			\$18,194
Gate - Security Surveillance System			\$3,664
Equipment - Myers Snow Plow, Hydraulic Pump			\$3,075
Reserves Outflow	\$183,601	(\$182,788)	\$296,274
Summary - Reserve Funds			
Beg. Cash Balance	\$443,047	\$443,047	\$429,973
Interest	\$6,374	\$1,714	\$4,555
Total Outflows	(\$183,601)	(\$182,788)	(\$296,274)
Reserve Assessments Revenue	\$168,000	\$168,000	\$169,997
Ending Cash Balance	\$433,820	\$429,973	\$308,252

* 2019 Estimated Actual is based on 10 months actual and 2 months estimated

2020 Annual Assessment Details

<u>Lots, Homes & Condos</u>	2020	2019
Operating Expenses	\$827.65	\$711.51
Reserve Contribution	\$267.74	\$263.49
Total Assessment (Unadjusted)	\$1,095.39	\$975.00
Percent Change (Unadjusted)	12.35%	
Prior Year Operating Adjustment	(\$14.14)	(\$40.65)
Operating Assessment	813.51	670.86
Total Annual Assessment	1,081.25	934.35
Percent Change (Adjusted)	15.72%	

<u>Timeshares</u>	2020	2019
Operating Expenses	\$208.32	\$190.59
Reserve Contribution	\$43.41	\$44.25
Total Assessment (Unadjusted)	\$251.73	\$234.84
Percent Change (Unadjusted)	7.19%	
Prior Year Operating Adjustment	\$3.48	(\$6.40)
Operating Assessment	211.80	184.19
Total Annual Assessment	255.21	228.44
Percent Change (Adjusted)	11.72%	