

WALKER LAKE SHORES LANDOWNERS ASSOCIATION

Annual Financial Report for July 20, 2024 General Membership Meeting

Walker Lake Shores Landowners Association had 503 property owners on its assessment rolls on 1-1-2023 with varied rights and responsibilities to Walker Lake.

262 in Pennsylvania Lakeshores (248 Road Assessed)

136 in Walker Lake (25 Road Assessed)

58 in Maple Park

456 total properties assessed

+47 in Hinkel Estates (optional assessments begin in 2021 per settlement agreement).

503 total properties as of 1-1-2023

Of the 503 total, 273 property owners were assessed Road Assessments.

Of the 503 total, 296 were members by 12-31-2023.

Audit procedures for the Fiscal Year 2023 are about to begin. The figures provided below have not yet been subject to audit. Professional, outside audits have been done annually since fiscal year 2016.

\$336,643 total income for 2023

\$292,444 total expense for 2023

\$ 44,199 Net Income

\$ 0 Loan Principal (loans have been satisfied)

\$ 44,199 Net effect with considerations to loan principal. Allocations to reserves were recommended based on surplus/deficit calculations for each funding stream, and approved by the board in February 2024.

Lake/Road/Member Reporting: the single most significant financial control...

Income and expense for every transaction is classified on an ongoing basis as Lake, Road, or Member, maintaining these funding streams.

Reported monthly to the board & to the community (as posted on our website).

To assure that assessment levels are appropriate, any overages or shortfalls are determined at year end and carried forward to the following year within the same funding stream.

Lake/Road/Member reporting assures that the funds are used for the purposes for which they were collected.

Additional important financial controls...

All expenditures are authorized by the Board of Directors.

The Finance Committee sees the bank statements for our accounts each month.

Reserve Study...

Our first ever Reserve Study was done in Dec 2021. Reserve Study methodology is based on understanding the Replacement Cost and Useful Life of an asset, and using that information to create a funding plan for replacement when due.

Though the scope of our reserve study is limited to our buildings, this is an important step forward in planning for necessary repairs & replacements. That we have lacked a

Reserve Study had been cited each year by our auditors from 2016 through 2020, and recommended for corrective action. 2021 and 2022 audits have acknowledged and incorporated our reserve study.

Our 2023 roof replacement is a great example of the readiness and fiscal stability that reserve study methods bring to our finances.

Reserves...year end balances 12/31/2023:

\$267,999 Lake Reserve (rough, “don’t quote me” cost is \$500,000 for dam project)
\$ 47,133 Road Reserve (budgeted for use in 2024 operating budget)
\$ 20,519 Building Reserve
\$ 500 Tennis Court Reserve
\$ 42,081 Capital Improvement Fund (restricted by PA law for use in new common areas)
\$378,232 Total savings across all funding streams

What fiscal challenges remain?

Optional membership – of 510 total property owners on the rolls for 2024, 291 are paid Members as of 7-15-2024.

Inhibits our ability to raise funds for Member items & restricts our growth as a community, limiting common area development & maintenance.

Adequately funding our reserves – now that we have a reserve study, we need to work to implement its findings to ensure that we are ready for planned repairs & replacements. Funding projects through reserves is a lower cost method vs borrowing, and can make our dollars go further.

Road maintenance – our ability to raise funds for Road repair is inhibited by the fact that only about half of the community is assessed for Road Assessments.

Varied rights and responsibilities – unlike other communities that have a single arrangement with all property owners, we don’t. Assessments vary as a result.

Board & Committee vacancies challenge our ability to be a self-managed community.

Accounts Receivables are being actively pursued in court.

Court is finding in our favor, but collections processes are slow and few judgements have been paid to date.

Following a judgment from the local Magistrate, sheriff sales are the collection methods available to WLLA in accordance with PA Planned Community Act. Personal property executions and real property executions (foreclosures) are in process to collect these debts.

Property owners who don’t pay are a burden on those that do.

Dam repair – Costs cannot be determined until plans are approved by DEP. Conversations with DEP on the pipe repair project indicate that upgrades to our dam will be required and become part of this repair plan. Lake reserve funds will be important to ensure that we are in a good position to apply to the PA Dam Assurance Program, a low cost loan with a matching funds requirement.