



Walker Lake Shores Landowners Association

2024 BUDGET

as presented to the Board of Directors, November 18, 2023

Photo credit, Scott Rando

A budget is
really just our
best estimate...

○ at what we will do

and

○ how much money
we will need to do it.

A budget is...

- A financial plan for the upcoming fiscal year.
- An estimate of income & expense.
- A tool for being financially ready for what we need or want.

A budget is not a commitment...

- Actual income & expense are almost always over or under the amount budgeted (but our budgets have been close!).
- All expenditures are subject to board authorization (even expenses included in our budget will be put to a vote).

The Budget Development Process:

In accordance with our bylaws, the budget is developed by the Finance Committee, then proposed to the Board of Directors.

- 1) Gather committee budget requests for the upcoming year.
- 2) Plug committee budget requests into draft budget report with prior years income and expense columns for comparison.
- 3) Work on filling in the expense side first.
- 4) With expense understood, look at income side to make the income and expense meet.
- 5) Propose budget and assessments to the board.

2024 projects and aspirations:

In addition to the everyday expenses that keep the lights on, we have several special projects in the works for 2024

- ✓ Increase funding for Road Repair
- ✓ Replace flooring in the Clubhouse
- ✓ Bring in technological enhancements for Security
- ✓ Tennis court repair
- ✓ Add sand at both beaches
- ✓ Salt tent installation
- ✓ Fish stocking
- ✓ Continue to work on readiness for the Dam project
- ✓ Continue to work on readiness for Building repairs.

Keeping an eye on Reserves

The Reserve Study is a planning technique that provides a pathway to assurance that funds are available when repair or replacement of a common element is necessary.

✓ Lake Reserve

- \$266,299.33 total as of October statements
- \$500,000 cost of the dam improvements (rough, “don’t quote me” guess from our engineers)
 - a couple years old now (before the inflation jump)
 - that guess would probably be higher today.
- We can borrow up to \$500,000 from the Dam Assurance Program, but it will require...
 - 50% matching funds
 - repayment within 10 years
 - interest rates equal to 5 year US Treasury Note at time of application.
- We must also plan for construction overruns
- *so we’re close, but more savings are needed to ensure readiness.*

✓ Road Reserve

- \$47,125.60 as of October statement
- \$9,000 is expected to be used in 2023
- \$10,000 proposed to be used in 2024
- \$15,000 retained as emergency fund
- Reserve some seed money for a larger project with a road loan once interest rates drop (bank currently offering roughly 8-9% with AR as collateral) with the remaining \$13,125.60.

Keeping an eye on Reserves

The Reserve Study is a planning technique that provides a pathway to assurance that funds are available when repair or replacement of a common element is necessary.

✓ Building Reserve

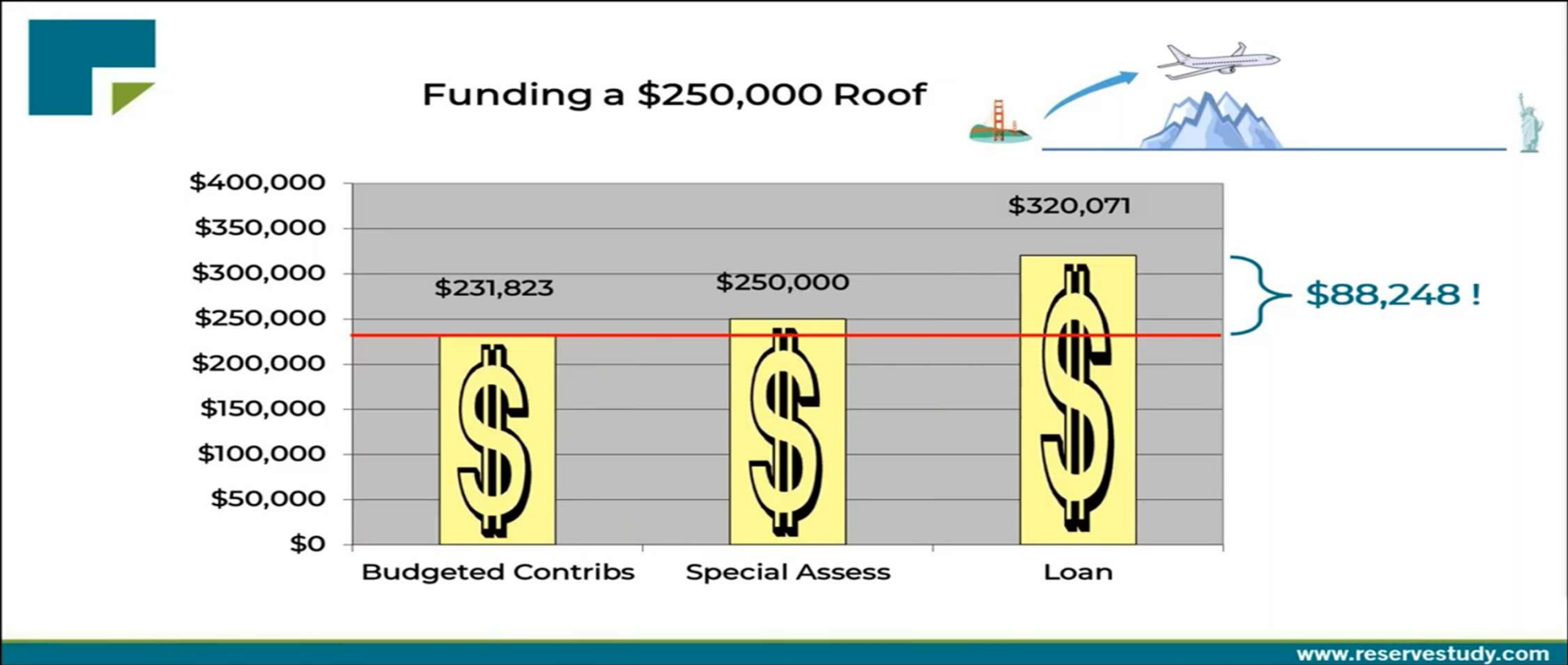
- \$20,515.48 as of October statement
- \$19,500 roof replacement done in '23 (none drawn from Reserve yet)
- \$10,000 Clubhouse flooring replacement in the '24 budget
- Our Reserve Study included only our building components (Lake & Road, excluded, as replacement cost was unknown).
- 2022 study: 31.5% funded
- 2023 study: 58% funded

✓ Capital Improvement Fund

- Funds cannot be co-mingled
- Use is restricted to new common areas or complete replacement of an existing common area.
- \$38,382.28 as of October statement
- \$20,000 budgeted in '24 for salt shed installation

This is a demonstration of purchasing power when funding through Reserve Study methods. It is a slide from a video by Association Reserves using a roof replacement as an example. The same would apply to any project, including our roads or our dam.

Please note the increased value when funding through reserves vs funding through a loan.



Summary of our silos... Lake Road Member

- ✓ Lake funding is ok.
 - Cautionary note that pipe repair costs and reserve planning are pending
 - Based on what we do know, continued saving is required.
- ✓ Road funding is challenged.
 - We have increased funding each year
 - We continue efforts to meet the need.
 - Contributions to Road Reserves should continue to be deferred until we achieve adequate results in conditions. In other words, Road is almost entirely funded through annual operating budget, not Reserve Study methodology.
- ✓ Member funding is challenged by the fact that Membership is optional for much of the community.
- ✓ Capital Improvement Fund is ok.
 - Property sales are up so the fund grew more than expected in '23.

Closing thoughts

- ✓ This is a strong budget that prepares us well for 2024
 - Committee budget requests are funded.
 - Projects that are just coming into view are anticipated (ie: Clubhouse flooring, Security upgrades...).
 - Reserves are growing at a slow pace, improving our long term fiscal condition without large increases in assessments.
 - Assessment increase proposed is minimal (\$45 for the year is the highest).