

REVISED FINANCE COMMITTEE REPORT

THIS REVISED REPORT REPLACES THE ONE PUBLISHED IN THE RECENT LOCA NEWSLETTER. THE REVISION BECAME NECESSARY WHEN THE FINAL COST OF THE UMBRELLA INSURANCE POLICY FOR THIS YEAR UNEXPECTEDLY INCREASED BY \$8293 AND HAD TO BE PAID ON AUGUST 7. SIMILAR OR GREATER COST OF INSURANCE MUST BE BUDGETED FOR 2020-2021. THE ATTACHED BUDGET REFLECTS THE INCREASES OF THE SHORTFALL FOR THE CURRENT YEAR AND FOR TWO SCENARIOS (WITH AND WITHOUT DUES AND INITIATION FEE INCREASES) FOR THE COMING YEAR

This year, needless to mention, has been most unusual in many ways, including the financial state of LOCA. On one hand, some expenses were reduced due to the cancellation of meetings and recreational events, but our overall expenses increased greatly.

Of particular note is the increase in insurance cost made worse by the withdrawal of the carrier of our umbrella policy. After lengthy search for a less costly alternative, LOCA had to pay \$8,293 more than expected for a total cost of \$13,493 for the umbrella policy. Moreover, our real estate taxes have increased substantially, as have the costs of water testing and other services.

The budget including actual income and expenses for the past year and present year and projection for the coming year are attached here and available on the website at www.lakeowass.org.

For the present 2019-2020 fiscal year there is an actual deficit of \$12,531, the first time in the last 6 years that a deficiency has occurred. What is more concerning is for the 2020-2021 fiscal year in the absence of a dues increase there will be a \$26,387 projected shortfall, which would drain our reserves. To responsibly maintain our financial stability the Finance Committee and the Board of Governors find it necessary to recommend an increase in the annual dues together with an increase in the new member initiation fee to levels that will accomplish a closer to balanced budget for 2020-2021. The last dues increase was 6 years ago.

The Board of Governors recommends an increase of annual dues from the present \$210 to \$280. The Board also recommends an increase in the initiation fee (paid only once for each new membership) from the present \$750 to \$1300. Both these increases are on the ballot for the approval of the General Membership. These charges will still remain far below those of other lake associations in the area.

Over the years, LOCA has managed to keep our dues low, largely because of the high level of volunteerism in our community including the provision of professional and other services by members without charge. Dues increases have been infrequent. In the future the Board will contemplate smaller but more frequent updates of the dues and other charges as needed.

Questions regarding the budget and recommendations can be sent to the LOCA Secretary-Treasurer or can be sent to joelwentraub@aol.com.