



Lakeside Financial Review

2022-2023 Fiscal Year





LONG-TERM STRATEGIC PRIORITIES

1

Lakefront Restoration & Programming

Prevent further erosion of the shoreline & expand lakefront facilities & recreational programming.

2

Guest Housing, Facilities & Experience

Upgrade & expand guest housing facilities & experiences.

3

Upgrade Facilities & Infrastructure

Develop & implement an asset management plan, prioritizing upgrades of existing facilities & infrastructure.

4

Year-Round Family Destination

Expand upon Lakeside's traditional summer season.

5

Revenue-Generating Growth Opportunities

Identify growth opportunities that support Lakeside's mission & vision.



2022 Fundraising

Fiscal Year End April 1, 2022 – March 31, 2023

- **Total Giving**

- \$3.5 Million
- 1,036 donors
- 236 new donors

- **2022-23 Lakeside Impact Fund**

- \$1.024 Million raised

- **New Endowment Gifts**

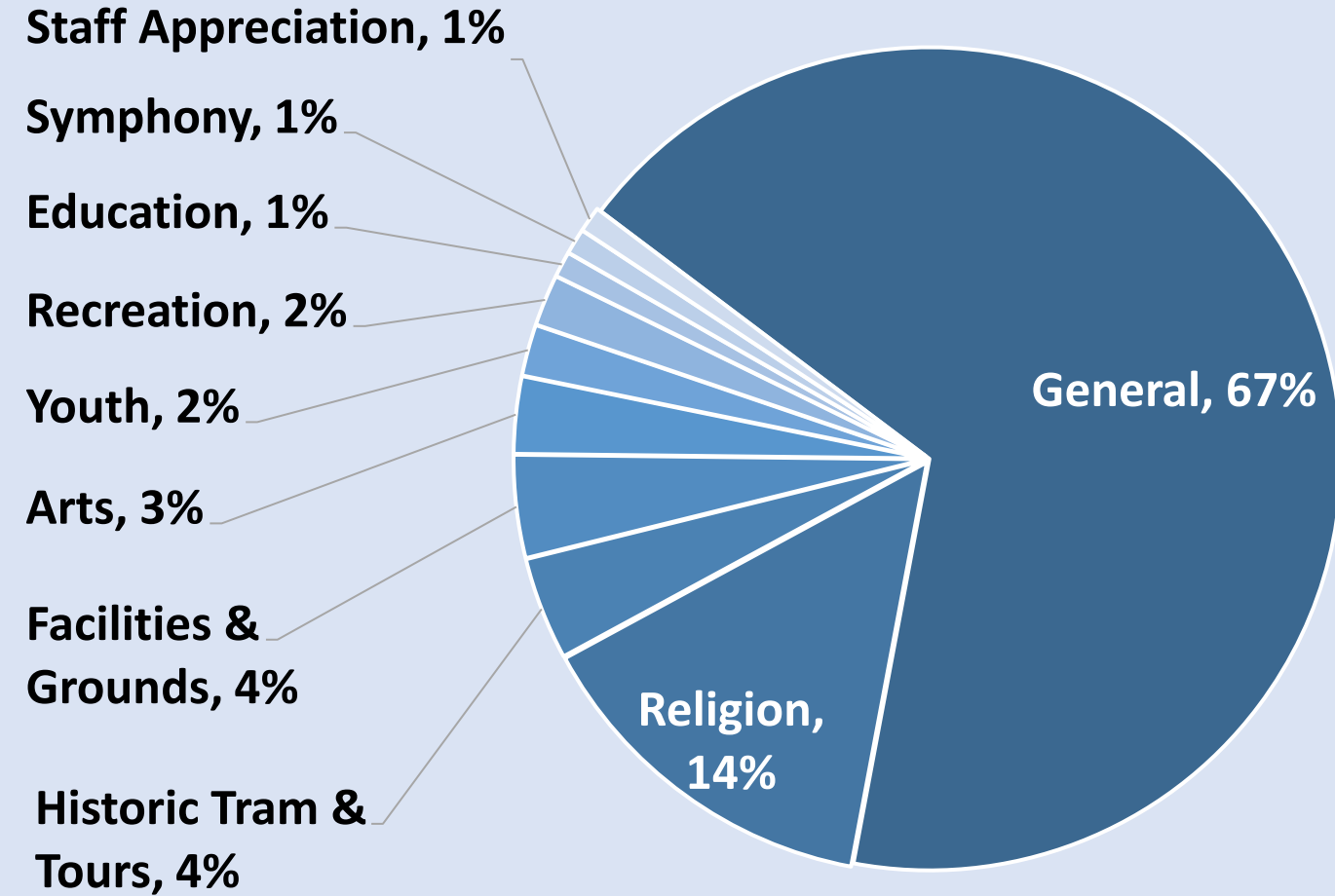
- \$203,340 raised

- **Restricted Special Projects & Support**

- \$2.3 Million raised



Lakeside Impact Fund



Impact Fund Designation	Actual \$000	Percentage
General	673	67%
Religion	148	14%
Historic Tram & Tours	45	4%
Facilities & Grounds	46	4%
Arts	32	3%
Youth	25	3%
Recreation	25	2%
Education	13	1%
Symphony	11	1%
Staff Appreciation	6	1%
Total	1024	100%

Restricted Funds Raised for Special Projects

Restricted Giving	Actual '000	Percent
Hoover Backstage & Other Upgrades	1,756	76%
Small Special Projects & Community Groups	174	7%
Perry Park Courts Resurface	160	7%
Lakeside 150th	142	6%
Bradley Temple & Once Upon A Porch	93	4%
Total	2,325	100%



Endowment Balance

Endowment Designation	Actual \$000	Percentage
General	\$ 4,657	55%
Religion	\$ 887	11%
Education	\$ 256	3%
Sailing Endowment	\$ 154	2%
Art & Symphony	\$ 1,925	23%
Buildings & Grounds	\$ 512	6%
Total	\$ 8,391	100%



Endowment Distribution

Endowment Distribution	Actual	Percentage
General	\$ 186,181	55%
Symphony & Arts	\$ 80,527	24%
Religion	\$ 34,938	10%
Buildings & Facilities	\$ 20,663	6%
Education	\$ 10,212	3%
Sailing	\$ 5,646	2%
Total	\$ 338,167	100%

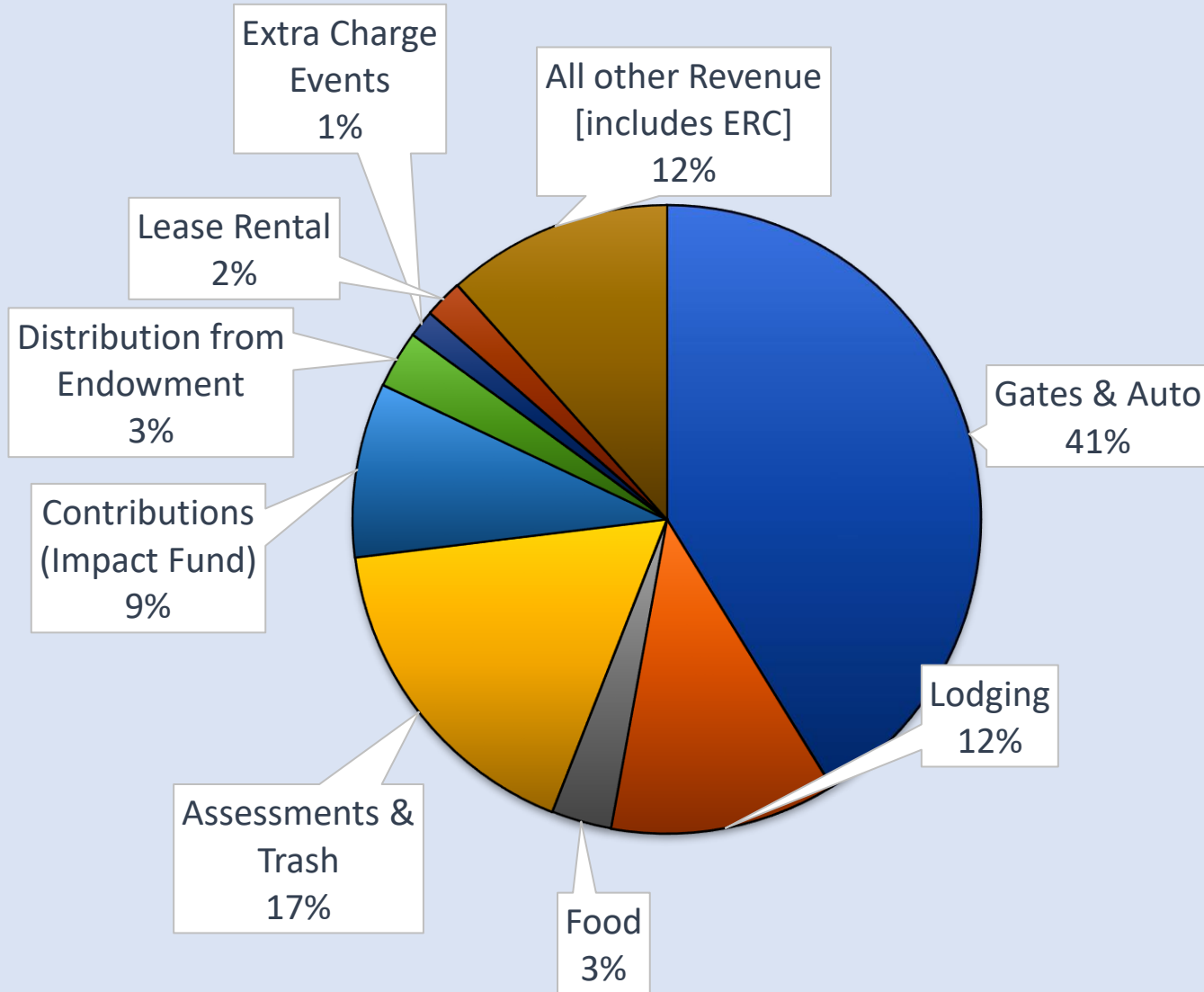
Lakeside Association
Operating Income Statement -- Summary
For the Twelve Months Ending March 31, 2023

\$ in 000s

	2022-2023	2022-2023	F(U)
	Actual	Budget	Variance Over Budget
Total Revenue	11,402	11,259	142
Total Expenses	(10,025)	(10,813)	788
Net Gain(Loss)	1,377	447	930
ERC Claim Received*	(558)		
Facility Upgrade (pd w Oper cash)	(350)		
Long Term Debt	(93)		
Other Projects (pd w Oper cash)	(78)		
Operating Surplus(Deficit)	298		
Restricted Gifts Net	2,041		

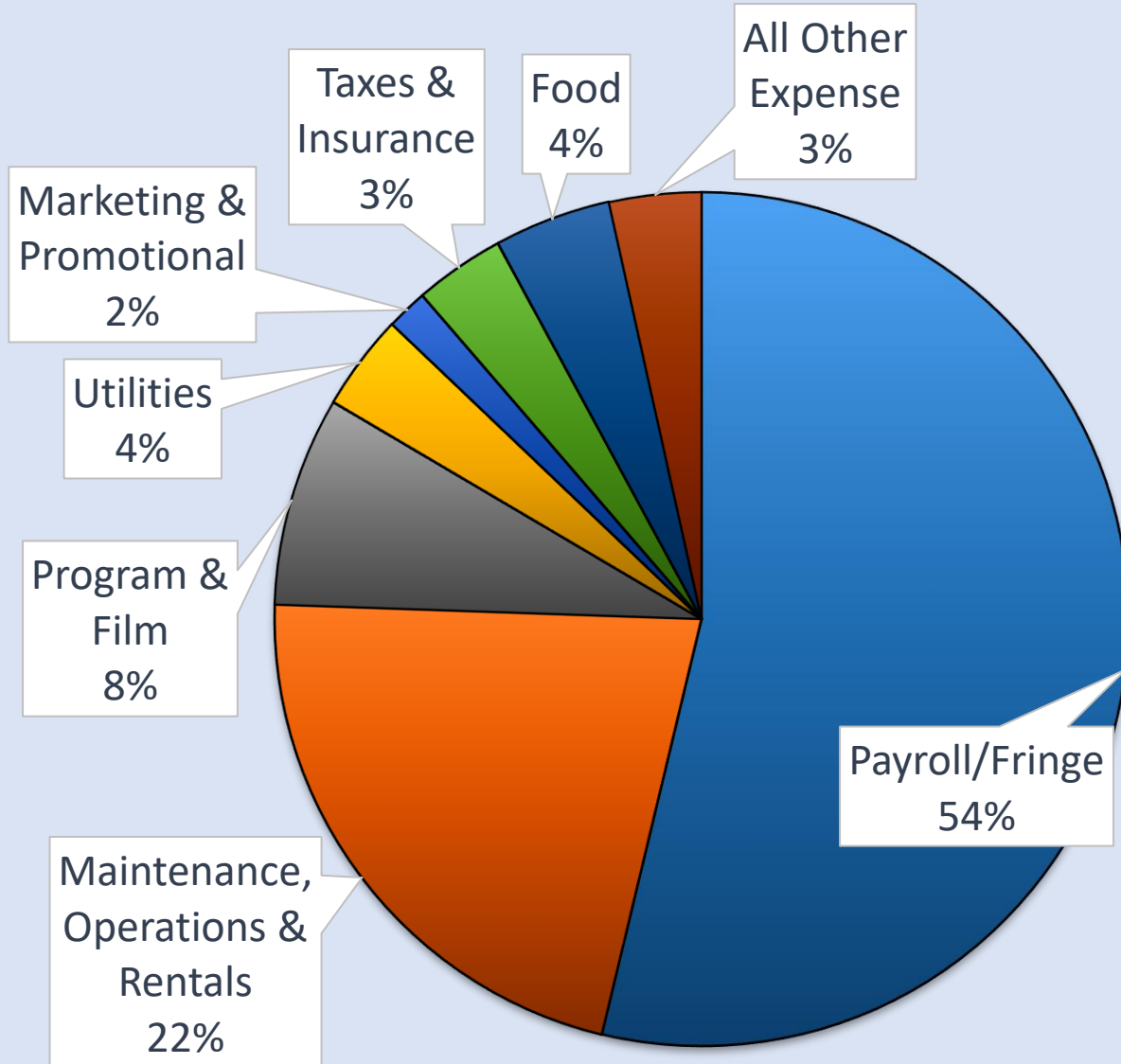
*Federal Government Employee Retention Credit [ERC] \$558K not expected to recur

YTD March 2023 Actual Revenue \$'000



Lakeside Association		
Operating Income Statement -- Summary		
For the Twelve Months Ending March 31, 2023		
	2022-2023	2022-2023
	Actual \$'000	% of Total Revenue
Revenue		
Gates & Auto	4,697	41.19%
Lodging	1,330	11.66%
Food	354	3.10%
Assessments & Trash	1,949	17.09%
Contributions (Impact Fund)	1,024	8.98%
Distribution from Endowment	338	2.96%
Extra Charge Events	161	1.41%
Lease Rental	225	1.97%
All other Revenue [includes ERC]	1,324	11.61%
Total Revenue	11,402	100%

YTD March 2023 Actual Expenses in 000s



Lakeside Association Operating Income Statement -- Summary For the Twelve Months Ending March 31, 2023

	2022-2023	2022-2023
	Actual \$'000	% of Total Expenses
Expenses		
Payroll/Fringe	5,389	53.76%
Maintenance, Operations & Rentals	2,184	21.79%
Program & Film	794	7.92%
Utilities	366	3.65%
Marketing & Promotional	157	1.57%
Taxes & Insurance	343	3.42%
Food	444	4.43%
All Other Expense	348	3.47%
Total Expenses	10,025	100%

Assessment Accounting Review

Agenda:

- Overview of assessment accounting
- Scope of work performed
- Findings
- Recommended modifications and impact

Reminders:

- All accounting involves estimates
- A consistent process and methodology has been in place for many years
- No evidence of fraud or intentional misstep

Overview of Assessment – Assessment Revenue

- **From lease:** *“...will pay such amounts, not exceeding one per cent per annum on the appraised value, as it appears on the County Tax Duplicate, for sanitary purposes and improvements of streets, as the Directors of the Association may assess.”*
- **Current assessment:** 0.491% forecasted to provide \$1.7M of revenue (~970 parcels = \$1,800/parcel)
- **Rubbish removal:** Approximately ~\$230k annually

Overview of Assessment – Assessment Revenue

	Actual				Budget
<i>\$ in 000s</i>	2019/2020	2020/2021	2021/2022	2022/2023	2022/2023
Assessment Revenue:					
Assessment Billing	\$850	\$866	\$930	\$1,718	\$1,684
Rubbish Billing	228	227	230	231	228
Total Assessment Revenue	\$1,078	\$1,093	\$1,160	\$1,949	\$1,912
Assessment %	0.308%	0.308%	0.308%	0.491%	0.491%
Assessment revenue as a proportion of Total Lakeside revenue	13%	16%	14%	17%	

Numbers do not include \$541k of assessment billings in 2019-20 for MKSK

Overview of Assessment – Assessment Expenses

- Lakeside’s accounting system records costs by functional areas: Program, Municipal Services, Administration, Accommodations, etc. As a result, costs must be “allocated” for assessment purposes
- Current methodology implemented by former COO/CFO Dan Dudley several years ago and has been consistently applied and used for budgetary decisions
- Two primary areas: **Municipal Services** (includes Rubbish Removal) and **Administrative Expenses**
- Does not include a reserve for future requirements

Overview of Assessment – Assessment Expenses

<i>Allocations, \$ in 000s</i>	Actual				Budget
	2019/2020	2020/2021	2021/2022	2022/2023	2022/2023
Municipal Services Expense	\$1,224	\$886	\$1,177	\$1,370	\$1,604
Rubbish Removal	<u>228</u>	<u>227</u>	<u>230</u>	<u>231</u>	<u>228</u>
Total Municipal Services Expense	\$1,452	\$1,113	\$1,407	\$1,601	\$1,832
Allocation %	65%	68%	69%	66%	63%
Municipal Services Allocated Expense	\$945	\$756	\$974	\$1,049	\$1,155
Administration Expenses	\$1,831	\$1,622	\$1,906	\$2,189	\$2,462
Allocation %	27%	23%	22%	19%	21%
Administration Expenses Allocated	\$485	\$378	\$412	\$422	\$528
Projects	\$0	\$0	\$0	\$32	\$228
Total Allowable Assessment Expense	\$1,430	\$1,134	\$1,385	\$1,503	\$1,912

Note: Numbers do not include \$556k of assessment expense in 2019-20 for MKSK

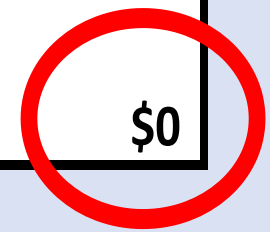
**Projects represent costs that will be capitalized on completion*

Overview of Assessment – Historical Summary

- Based on the historical allocation methodology, permitted **assessment expenses exceeded assessment revenue during the 2019-2022 fiscal periods** resulting in a portion of permitted assessment expenses funded by other revenue (gate fees)
- This information was used in determining the assessment % for the 2022/2023 season to balance permitted assessment expenses with assessment revenue

Overview of Assessment – Historical Summary

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Total Permitted Expense	\$1,430	\$1,134	\$1,385	\$1,503	\$1,912
Surplus/(Deficit)	(\$354)	(\$41)	(\$226)	\$446	\$0



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Scope of Work Performed

- Step 1: Identify permitted use of assessments
- Step 2: Determine reasonableness of assumptions made

Scope of Work Performed

Example Step 2: Municipal Services Allocation % Review

Municipal Services expenses - fiscal 2022/2023			
Dollars in thousands	Total \$	Permitted Costs	
		\$	% of total
Grounds	\$310	\$235	76%
Maintenance	398	293	74%
Security	245	98	40%
Streets	120	120	100%
Rubbish	281	281	100%
Hoover Maintenance	39	4	10%
Dock Maintenance	14	14	100%
Central Park Maintenance	9	3	30%
Other accounts	186	-	0%
Total	\$1,601	\$1,048	65%

Example : Municipal Services Permitted Expenses Review

Area	Permitted Activities	Other Activities
Maintenance: Department 0410	Picking up and removal of trash Cleaning of public restrooms Installation and repair of street signs Sidewalk repairs Street light maintenance & cleaning Maintaining parking lots and parking signs Maintaining storm sewers Clean up work after storms	Work on program related buildings Maintenance of hotels Work on enterprise buildings

<u>Allocation Method</u>	<u>% for assessment</u>
	April 25%
	May 40%
	June - Sept 70%
	Oct - Nov 90%
	Dec - Mar 50%

Findings

- **Municipal Expense:**

Allocation estimate makes sense.

No change

Time audit to be conducted

- **Administrative expense:**

Includes overheads such as salaries, employee benefits, office and business costs that support the entire Lakeside enterprise

We are updating allocators to reflect current conditions

Recommendations

- The lease assessment percent will continue to reflect a “balanced” budget between assessment revenue and permitted assessment expenses and will be set annually
- The audit committee of the board should consider engaging the outside auditor for a more thorough testing of the permitted assessment expenses every five years or in the event of material changes in expenses

Additional Actions being taken

- The permitted expense allocation will be reviewed annually by management with any material changes to assumptions presented to the Board prior to the budget process
- Other administrative expense allocations will be routinely reviewed to reflect a current allocation of assessment expense
- Written procedures are being prepared for the permitted assessment expense allocation process

Comparison of 2022/23 assessment budget with actual results

<i>\$ in 000s</i>	2022/23 budget	2022/23 actual	Variance
<u>Permitted Assessment Costs</u>			
Municipal Services Costs	\$1,155	\$1,048	\$107
Administration Costs	528	423	106
Projects	228	32	196
Total Costs allowable for assessment	\$1,912	\$1,503	\$409
<u>Assessment revenues</u>			
Assessments Billing*	\$1,684	\$1,718	\$34
Rubbish Billing	228	231	3
Total Revenues from assessment and rubbish	\$1,912	\$1,949	\$37
Ending Balance Excess/(Deficit)	\$0	\$446	
*Assessment %	0.491%	0.491%	-

]-- *cost savings*

]-- *deferred street project spending*

Recommended Modifications

- Apply surplus from 2022-2023 [*\$446,000*] to the upcoming Streets and Drainage Capital Project over the construction period
 - Reflects \$213,000 in cost savings from budget
 - Reflects \$196,000 of deferred project costs
 - Reflects \$37,000 from revenue increases
- The annual \$100,000 placeholder from the current assessment to be applied to the Street and Drainage Project is estimated to increase to \$150,000-\$200,000 based on actual expenses vs budget which will be communicated annually to the community.
- These additional investments will mitigate the need to increase the current assessment %