WCSHA Financial Summary and 2027 Assessment Discussion

Operating costs, cash reserves, and the 2027 assessment discussion

Walnut Creek South Homes Association

September 2026

Executive Summary

WCSHA remains financially stable today, but recurring operating expenses are now projected to exceed recurring income. After several years of operating surpluses, the Association is projected to finish 2026 with an operating deficit of approximately $22,000 to $27,000.

Year-end cash is projected at approximately $223,000 to $228,000. That balance should not be viewed as excess annual operating income. WCSHA's cash needs vary significantly throughout the year. Assessment collections are strongest early in the year, while major operating expenses, including pool staffing and operations, grounds maintenance, insurance, and contractor payments, occur later in the year. The Association therefore needs to begin the year with substantially more cash than it expects to hold at its lowest point during the annual operating cycle.

Accumulated cash also provides funding for special projects, major repairs, insurance reimbursement delays, and unexpected infrastructure needs. The Board's $100,000 minimum financial safety level represents approximately three months of normal operating expenses and is a minimum floor, not a target year-end balance. The financial issue facing WCSHA is therefore not whether the Association can pay today's bills. It is whether annual assessment income is sufficient to pay annual recurring expenses without steadily drawing down accumulated cash.

Dues have remained unchanged for about 10 years. Over the 2017 to 2026 comparison period, normalized WCSHA operating costs increased 28.6 percent and Midwest consumer prices increased approximately 35.0 percent. The Board is considering an adjustment to the 2027 assessment because recurring operating income is no longer keeping pace with recurring operating costs.

No final assessment decision has been made. The current analysis supports considering an assessment adjustment for 2027 before recurring deficits begin to steadily reduce accumulated cash. The Board is reviewing the amount needed to restore recurring operations to a sustainable level while maintaining adequate financial capacity for future cost increases, major repairs, and aging neighborhood infrastructure.

Main Findings

- Normalized operating costs increased 28.6 percent from $301,880 in 2017 to $388,062 in 2025, roughly in line with broader consumer inflation while dues remained unchanged.
- Trash is the largest single recurring contract and is projected to cost approximately $144,743 in 2026 and $150,000 in 2027.
- The neighborhood trash contract remains substantially less expensive than if each household were responsible for obtaining trash and recycling service individually.
- Pool payroll is increasing, while direct pool operating expenses were nearly flat between 2024 and 2025.
- Grounds costs increased when WCSHA returned to consistent professional coverage after a period of heavier volunteer reliance, incomplete contracted work, and inconsistent contractor insurance coverage. The 2025 increase reflects restored service, broader coverage, and improved risk management rather than a comparable year-over-year price increase.
- All operating surplus and deficit figures in this report exclude special projects, capital work, and storm repairs. Those costs are tracked separately against reserves, grants, and insurance recoveries.
- The $100,000 minimum financial safety level equals roughly three months of normal operating expenses. It is a minimum floor, not a target cash balance; WCSHA also needs working cash for seasonal swings, unexpected repairs, and insurance delays.

1 How WCSHA Finances Work

WCSHA keeps its books primarily on a cash basis. Income appears when money is received, and expenses appear when payments are issued. This creates large monthly swings that do not necessarily represent the annual result.

Dues collections are strongest early in the year. Pool payroll and operating expenses are concentrated during the summer. Insurance, contractor payments, and special projects can create large changes in the month when a check clears.

The financial review therefore separates three measures:

1. Recurring operating income and expenses, which show whether annual dues support normal services.
2. Special projects and capital work, which are irregular and often paid from accumulated cash.
3. Insurance and grant reimbursements, which offset specific projects and should not be treated as recurring income.

2 Overall Operating Trend

Dues and cost change since 2017

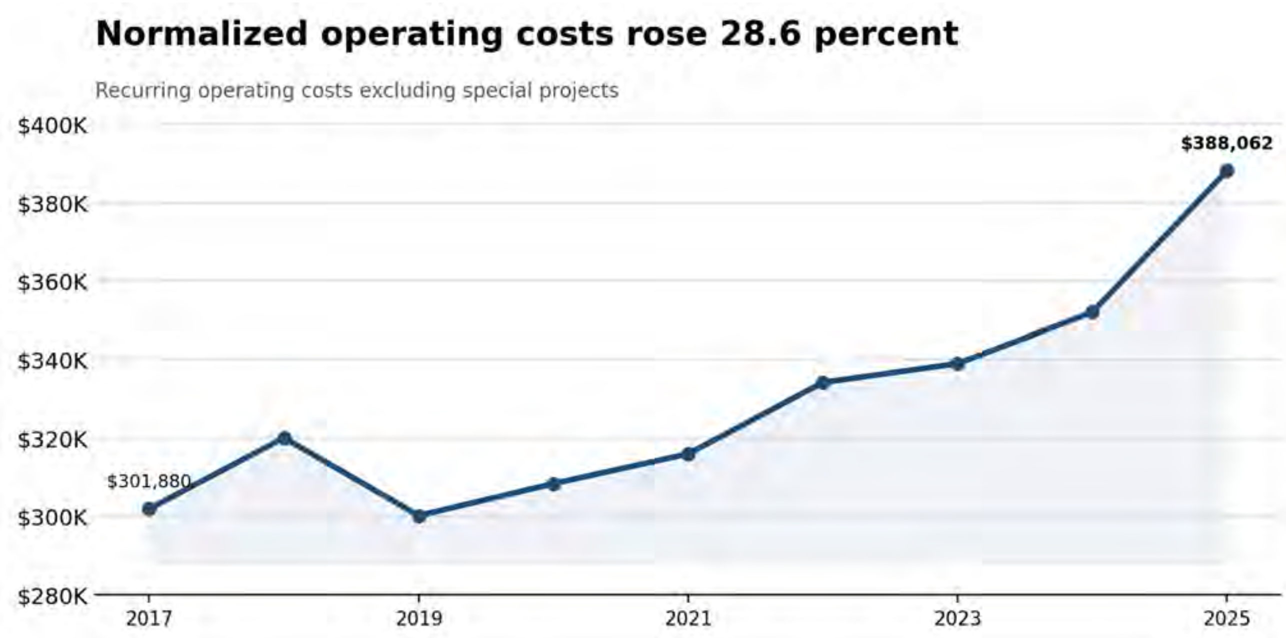
Full membership dues remain $50 per month and basic membership dues remain $40 per month. The rates have not increased in about 10 years.

Measure	Starting point	Current point	Change
Full monthly dues	$50 in 2017	$50 in 2026	0.0%
Normalized operating costs	$301,880 in 2017	$388,062 in 2025	+28.6%
Midwest CPI U	229.820 in Jul 2017	310.304 in Jul 2026	+35.0%

A $50 monthly assessment from July 2017 would equal approximately $67.51 in July 2026 after applying Midwest consumer inflation. This comparison provides context for how purchasing power has changed while WCSHA assessments remained unchanged; it does not by itself determine what the 2027 assessment should be.

WCSHA's operating costs increased 28.6 percent from 2017 through 2025 while assessment rates remained unchanged. The increase reflects the higher cost of maintaining the services and common property the Association supports.

The Midwest CPI is regional context, not a Kansas City HOA cost index. WCSHA's own financial statements provide the stronger comparison because they measure the services the Association actually purchases.



Source: WCSHA normalized operating expenses and U.S. Bureau of Labor Statistics Midwest CPI-U series CUUR0200SA0.

Where costs changed since 2017

The total increase was not evenly distributed. WCSHA absorbed large increases in several contracted and operating categories while other categories grew more slowly or declined.

Expense category	2017 to 2025 change	What the comparison shows
Direct pool operations	+59.6%	Maintenance equipment repairs and supplies excluding staffing
Office	+56.7%	Software subscriptions communications and supplies
Administration excluding depreciation	+56.0%	Insurance legal banking and other administration
Trash	+43.1%	Largest recurring contract
Grounds	+23.3%	Includes vendor and service-scope changes
Personnel	+15.1%	Office and pool payroll plus shared employer payroll expenses
Clubhouse	-8.5%	Operating spending declined
Community activities	-56.6%	Board and volunteer capacity limited events.

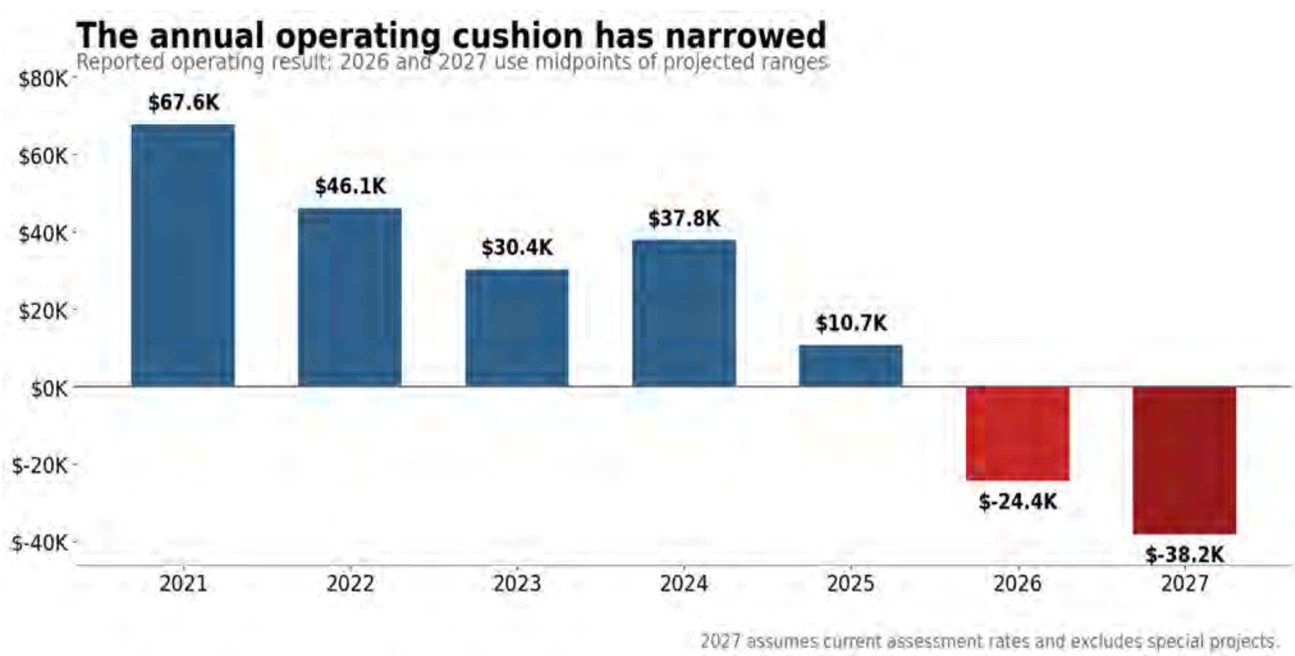
The category history shows both cost pressure and cost control. Several core costs increased, while clubhouse and community-activity spending declined.

Annual operating result

Year	Operating result	Status
2021	$67,645 surplus	Actual
2022	$46,067 surplus	Actual
2023	$30,351 surplus	Actual
2024	$37,826 surplus	Actual
2025	$10,703 surplus	Actual
2026	$22,000 to $27,000 deficit	Projected
2027	$31,700 to $44,700 deficit	Projected at current dues

The annual operating cushion has steadily narrowed. WCSHA moved from a $37,826 surplus in 2024 to a $10,703 surplus in 2025. With the confirmed $27,386 insurance premium, 2026 regular operating expenses are projected near $410,501, producing a $22,000 to $27,000 operating deficit. At current assessment rates, the 2027 deficit is projected at $31,700 to $44,700 based on known trash, pool, and insurance costs. The trend shows recurring income falling behind the cost of current services.

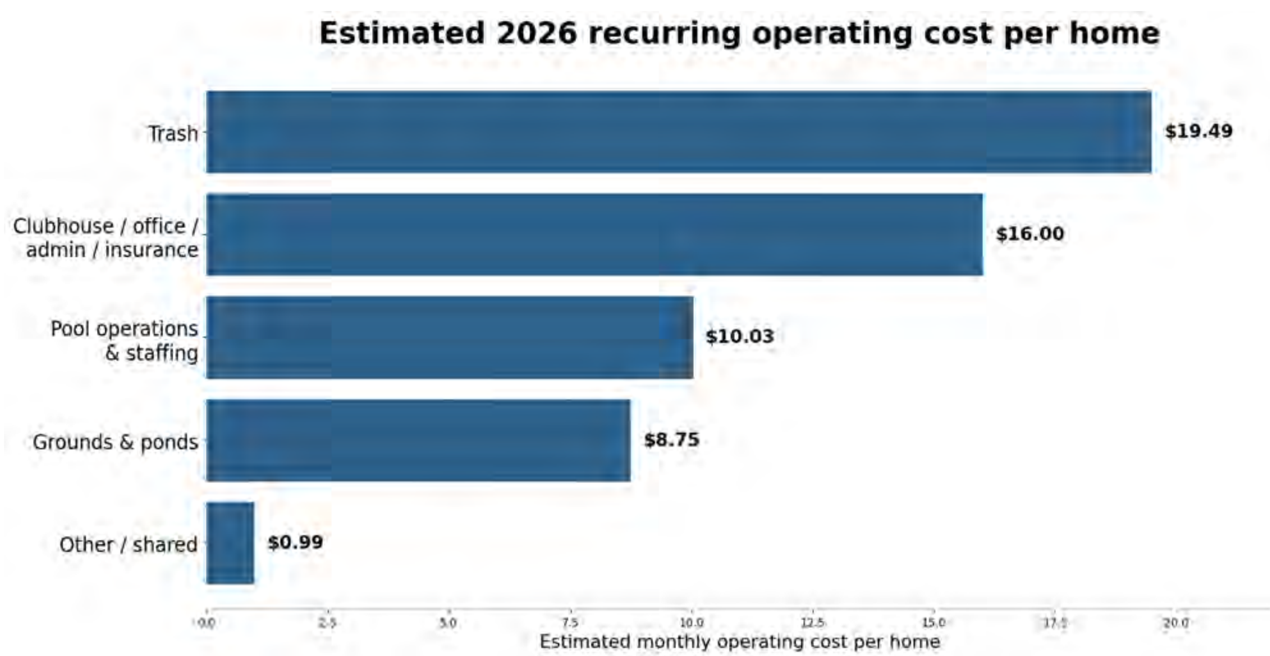
All annual operating results shown above exclude special projects, capital work, storm repairs, and related insurance or grant reimbursements. The 2027 projection assumes no assessment increase. The 2021 result is not a clean recurring benchmark. Total dues income was $402,997, which was $47,997 above the $355,000 budget. That may include delinquent collections, advance payments, or other timing differences.



Estimated 2026 operating cost per home

Based on projected 2026 recurring operating expenses of approximately $410,501, the estimated cost of providing current services is about $55.26 per home per month. Current full-member dues are $50 per month. The figures below use the midpoint of projected category ranges where applicable. Special projects, capital work, storm repairs, and related reimbursements are excluded.

Category	2026 projected cost	Est. monthly cost per home	Share of operating cost
Trash	$144,743	$19.49	35.5%
Clubhouse, office, administration and insurance	$115,000 to $122,000	$16.00	28.9%
Pool operations and staffing	$73,000 to $76,000	$10.03	18.3%
Grounds and ponds	$64,000 to $66,000	$8.75	15.9%
Other and shared costs	Approx. $7,400	$0.99	1.8%
Total projected recurring operations	$410,501	$55.26	100.0%



Source: 2026 projected recurring operating expenses of $410,501. Category ranges use the midpoint for the monthly per-home estimate. Amounts are rounded.

Current full-member dues are $50.00 per month, compared with an estimated recurring operating cost of approximately $55.26 per home per month. Special projects are excluded.

3 Trash Collection and Household Value

Trash collection is the Association's largest single recurring contract. Its cost has increased substantially, but group service remains less expensive for homeowners than purchasing comparable service individually.

Year	Trash cost	Change from 2017
2017	$94,303	Baseline
2021	$103,311	+9.6%
2022	$107,258	+13.7%
2023	$109,754	+16.4%
2024	$113,903	+20.8%
2025	$134,953	+43.1%
2026	$144,743 projected	+53.5%
2027	$150,000 planning amount	+59.1%

The monthly trash charge was $11,494.50 through January 2026 and increased to $12,113.50 beginning in February 2026, an increase of 5.39 percent. The current contract allows a base annual increase of up to 3.5 percent and separate adjustments for regulatory changes, disposal fees, and qualifying fuel-cost changes.

Household comparison

Comparison	Monthly	Annual	Share of $50 dues
WCSHA 2026 trash cost per account	$19.49	$233.83	39.0%
Remaining full-member dues for all other services	$30.51	$366.17	61.0%
Individual weekly trash and recycling	$40.33	$484.00	80.7%
Individual tote rental	Additional	Additional	Additional

At the projected 2026 group cost and approximately 619 trash accounts, about $19.49 of a full member's $50 monthly dues supports neighborhood trash service. That is 39 percent of the monthly dues payment. The remaining $30.51 supports the pool, grounds, ponds, clubhouse, office, insurance, common property, and other Association services.

To compare the value of WCSHA's neighborhood-wide contract, we looked at what a single household in the neighborhood might pay if it obtained trash and recycling on its own. The individual-service comparison was $81 per quarter for weekly trash plus $40 per quarter for recycling, or about $40.33 per month and $484 per year before tote rental. WCSHA's 2026 group cost is about $19.49 per household per month. That makes individual service about $20.84 more per month and at least $250 more per year. Individual trash and recycling alone would equal more than 80 percent of the current $50 monthly Full assessment.

4 Pool Operations and Staffing

Pool costs include payroll and direct operations. Capital replacements and storm repairs are reported separately as special projects.

Pool cost	2024	2025	2026 through Sep 8
Payroll and staffing	$39,606	$43,120	$47,307
Maintenance repairs equipment and supplies	$28,081	$28,278	$19,835
Combined recorded cost	$67,687	$71,398	$67,142

Direct pool operating costs were nearly unchanged between 2024 and 2025. Most of the increase occurred in staffing. Pool payroll rose $7,701, or 19.4 percent, from 2024 through September 8, 2026.

Pool staffing provides lifeguard coverage, member check-in, rule enforcement, cleaning, opening and closing, and incident response. Staffing costs are also affected by labor-market pressure. Missouri's minimum wage is $15 per hour in 2026. Even if WCSHA is not legally required to match that rate in every circumstance, the Association competes with restaurants, retail employers, recreation facilities, camps, and other pools for the same seasonal workers. Lifeguards also require training, certification, and responsibility, so wages need to remain competitive. Significant savings in this area would likely require changes to the staffing model, operating hours, days of operation, or level of service.

Planning period	Estimated combined pool cost
2026 final	$73,000 to $76,000
2027 planning range	$80,000 to $85,000

5 Grounds and Pond Maintenance

Year	Total grounds expense	Itemized service accounts
2021	$58,578	$39,233
2022	$54,830	$40,657
2023	$48,232	$35,121
2024	$46,225	$32,437
2025	$61,692	$46,402
2026 through Sep 8	$53,606	$35,772

Itemized service accounts include cleanup, improvements, maintenance, mowing, miscellaneous grounds costs, and snow removal. They exclude equipment, ponds, and utilities.

Beginning around 2022, WCSHA relied more heavily on volunteers and reduced contractor coverage for grounds work. This lowered recorded expenses, but it did not provide consistent maintenance across the neighborhood. Some areas were delayed or neglected, and the lower spending in 2023 and 2024 should not be treated as the cost of fully maintaining the property.

There were also instances in 2023 and 2024 when planned contractor work was not completed, so no invoice was submitted and no payment was made. In addition, some contractors did not maintain consistent workers' compensation coverage, which increased the Association's insurance exposure and contributed to higher insurance costs. Beginning in 2025, WCSHA returned to consistent professional grounds coverage under a consolidated contract. The increase therefore reflects restored service, broader and more consistent maintenance coverage, and improved risk management, rather than simply an increase in the cost of the same services.

Grounds service consolidation

2025 grounds contract activity	Amount
Nine recurring contract payments of $4,519.44	$40,674.96
Additional work outside contract	$900.00
Total consolidated contractor spending	$41,574.96
Other 2025 itemized grounds spending	$4,827.02
Total itemized service accounts	$46,401.98

For comparison, WCSHA spent about $40,000 on itemized grounds services in 2022. The current recurring grounds contract is at roughly the same annual level. The lower spending recorded in 2023 and 2024 reflects reduced contractor usage and incomplete planned work rather than a comparable full-service cost. The apparent increase from 2024 to 2025 therefore reflects restored services and additional work outside the recurring contract.

WCSHA negotiated a five-year flat-rate grounds agreement beginning in 2025, with no scheduled price increases during the term. The recurring annual contract totals $40,674.96. Total 2026 grounds spending is projected to finish near $64,000 to $66,000 after normal year-end expenses, pond maintenance, utilities, equipment, and other grounds-related costs.

Pond maintenance did not cause the 2025 jump. Through September 8, 2026, pond maintenance had reached approximately $8,929 and was one source of current-year pressure.

6 Clubhouse Office Administration Insurance and Community Expenses

Expense	2024	2025	2026 through Sep 3
Insurance	$29,481	$26,703	$2,954
Other administration	$3,144	$3,897	$2,581
Clubhouse operations	$24,128	$24,066	$17,906
Office expenses	$17,409	$19,294	$12,682
Office payroll and mileage	$38,559	$36,688	$26,152

Expense	2024	2025	2026 through Sep 3
Combined total	$112,722	$110,648	$62,274

This combined category decreased approximately $2,074 from 2024 to 2025. It did not drive the decline in WCSHA's operating margin.

The 2026 amount is incomplete because the annual insurance premium had not been recorded by September 3. The $2,954 insurance amount cannot be used as a full-year estimate. The current projection includes the confirmed $27,386 annual premium for the October 1, 2026 to October 1, 2027 policy term. The combined 2026 category is expected to finish between approximately $115,000 and $122,000, with a 2027 planning range of $120,000 to $127,000.

Community events and shared employer payroll taxes remain included in total operating results. Payroll taxes are not assigned between pool and office in the category tables because the accounting records combine them.

Modest savings may be available through software, supplies, cleaning schedules, and discretionary improvements. Large reductions would require reduced office service, deferred clubhouse maintenance, unpaid volunteer labor, or less insurance protection.

7 Special Projects and the 2026 Storm Claim

Special projects are large repairs, replacements, and improvements that do not repeat every year. They use accumulated cash and must remain separate from the analysis of recurring operations.

Year	Project and repair costs	Grants or insurance	Net WCSHA cost
2024	$100,861	$63,852	$37,009
2025	$94,718	$14,310	$80,408
2026 projected	$104,847	$70,031 to $71,031	$33,816 to $34,816

The 2024 total included the Raintree stormwater project, which was substantially offset by a grant. The 2025 total included the clubhouse roof, drainage, tree removal, pool repairs, and other approved projects. The 2026 total combines storm restoration with other pool, gate, lighting, electrical, software, and vandalism-related projects.

2026 storm claim summary

Storm claim summary	Amount
Projected storm-related repair cost	$83,874
Insurance received or expected	($70,031 to $71,031)
Projected net WCSHA storm cost	$12,842 to $13,842

Insurance is expected to reimburse most of the 2026 storm-related repair cost. The projected net cost to WCSHA is approximately $12,842 to $13,842. Storm repairs and other special projects are tracked separately from normal recurring operations.

WCSHA also recorded approximately $20,974 of other 2026 special projects. These costs should not be used to describe the recurring operating deficit. They help explain why the Association must maintain working cash in addition to its minimum reserve floor.

Future capital needs

Looking ahead to 2027, WCSHA expects to spend money on repair or replacement of the bridge connecting Michaels Cove to the park. A stormwater grant may offset part of the cost, but the Association will remain responsible for any local match and work outside the grant scope. The final project cost is not yet known.

The neighborhood is more than 50 years old. Its bridges, drainage systems, pool facilities, clubhouse, lighting, and other common structures are increasingly affected by aging infrastructure. Future capital work should therefore be expected even when the exact timing and cost of each project remain uncertain.

8 Cash Position and Reserve Floor

Date	Cash accounts
December 31 2021	$287,207
December 31 2022	$318,431
December 31 2023	$351,601
August 31 2025	$330,720
August 31 2026	$267,030
September 3 2026	$214,923
December 31 2026 projected	$223,000 to $228,000

The decline in cash during 2026 reflects both normal operations and major repair payments. Because dues and expenses do not arrive evenly throughout the year, a single cash-balance date does not show the full annual operating result.

Projected year-end reserve position	Amount
Projected cash at December 31, 2026	$223,000 to $228,000
Minimum financial safety level	($100,000)
Minimum reserve floor operating coverage	About 3 months

Based on current operating and project projections, WCSHA is expected to finish 2026 with approximately $223,000 to $228,000 in cash. That balance supports both the Association's minimum reserve requirement and its seasonal working-cash needs. Normal operations are still projected to run a $22,000 to $27,000 deficit at current assessment rates.

The $100,000 reserve floor is the Association's minimum financial safety level. At approximately $410,501 in projected annual operating expenses, it represents roughly three months of normal operating costs. It is a minimum floor, not a target cash balance. WCSHA also needs working cash above that floor because assessment collections are strongest early in the year while pool, grounds, insurance, contractor, and other expenses are concentrated later in the annual cycle. The reserve also protects the neighborhood from unexpected repairs, insurance-payment delays, and major equipment or facility failures. Having cash in the bank gives WCSHA time to address an operating deficit; it does not make recurring operating losses sustainable.

Why consider an increase if WCSHA still has cash in the bank?

Because the issue is not whether WCSHA can pay its bills today. The issue is whether normal annual income covers normal annual expenses. Using accumulated cash for an emergency repair or special project is an appropriate use of reserves. Using accumulated cash every year to subsidize routine trash, payroll, grounds, utilities, insurance, and other recurring costs would steadily reduce the Association's financial capacity.

9 2027 Assessment Discussion

WCSHA is projected to enter 2027 with recurring operating expenses continuing to exceed recurring income. At current assessment rates, the 2027 operating deficit is projected at approximately $31,700 to $44,700 before special projects or capital work.

Based on the financial trends outlined in this report, the Board is considering an adjustment to the 2027 assessment. No final decision has been made.

The Board is evaluating what level of assessment is appropriate to:

- Cover normal recurring operations without routinely drawing from accumulated cash.
- Allow for normal increases in operating costs over time.
- Maintain adequate cash for seasonal operating needs and unexpected expenses.
- Preserve financial capacity for major repairs and aging neighborhood infrastructure.

Homeowner feedback will be considered as part of this review. The final assessment amount will be determined by the Board after reviewing the financial information and feedback received.

Key Takeaways

- Dues have remained unchanged for about 10 years while WCSHA operating costs increased 28.6 percent over the 2017 to 2025 comparison period.
- The Association has cash, but that balance must support seasonal working-cash needs, reserves, and special projects. Recurring operating deficits cannot be funded from accumulated cash indefinitely.
- The $100,000 minimum financial safety level is a minimum reserve floor, not a target cash balance, and represents roughly three months of normal operating expenses.
- The neighborhood trash contract remains substantially less expensive than if each household were responsible for obtaining trash and recycling service individually.
- Pool and grounds funding supports consistent staffing, maintenance, safety, and upkeep of shared neighborhood amenities.
- Insurance is expected to cover most 2026 storm-repair costs, leaving WCSHA with an estimated net storm cost of about $13,000.

Sources and Definitions

- WCSHA cash-basis profit and loss statements for 2017 through 2026, plus annual budgets and balance sheets for 2021 through 2026.
- WCSHA 2021 through 2026 grounds transaction detail.
- WCSHA trash history and current trash-service contract.
- WCSHA special-project requests, contractor invoices, insurance estimates, and claim-payment records.
- 2026/27 insurance policy for the October 1, 2026 to October 1, 2027 policy term, annual premium $27,386.
- U.S. Bureau of Labor Statistics, Midwest Consumer Price Index for All Urban Consumers, all items, not seasonally adjusted, series CUUR0200SA0.
- Normalized operating costs exclude special projects. A $27,938 expense posted to the wrong QuickBooks account in 2021 is treated as a classification adjustment and does not change the reported annual result.
- Projected amounts are planning estimates and should be replaced by final recorded amounts when available.