



*For example, (and at the risk of telling you more than you want to know,) our annual mailbox rental at the post office covers the period July 1, 2023, to June 30, 2024, but that \$210 cost was simply included in our 2022-23 expenses in full, rather than breaking down the cost to a monthly basis and carrying nominal amounts to the following year. In keeping with prior years, such postal-related costs will continue to be recognized in the year paid. However, larger expense items, such as the \$750 three-year web hosting contract fee paid in May was allocated 1/3 to this year and the remaining 2/3 as a prepaid asset to be expensed in the next two years.*

A detailed set of financial statements are included as an appendix to this report.

## **CASH INVESTMENTS**

As you may recall from the 2021 report, the Association's Board of Directors approved the transfer of CD proceeds upon their maturities into our checking account due to the extremely low (0.2% or lower) interest given out by banks, and that was completed in that year. With current interest rates climbing, it may be time to reconsider CD investments, given the size of our cash account. But this decision may be tempered by the timing of possible major expenditure requirements discussed below. Your Board will be reviewing and discussing this matter, given these seemingly opposing events.

## **SOME RELEVANT ORGANIZATIONAL AND HISTORICAL ITEMS**

### **Rust Pond properties, property owners and RPA members**

There are 89 different properties on Rust Pond, including the dam which is owned by the Association. There were, at last count, 79 different property owners, with 10 owning two or more parcels. There are several owners who have not paid dues or even joined the Association, and a few have expressed no interest in doing so. This year, I mailed dues invoices (at \$100 per member) to 71 individual active owners, based on our current listing of active members in the Association's files. While we expect to collect on all or most of these invoices, changes in ownership, family moves or other changes, etc. will always be a factor in ultimate collectability.

The accrual basis of accounting will cast more attention on this important segment of the Association. Payment of dues is a requirement of RPA membership. I have had to write off \$1 thousand in unpaid dues from several prior years, where owners and former owners either ignored our communications or left and did not leave forwarding addresses. In contrast, most owners have paid their dues promptly and some have also given contributions as memorials to their loved ones.

### **Assets, Selected Financial Commentary**

The Association's net assets at the end of its most recent fiscal year exceeded \$77 thousand, which include approximately \$70 thousand in cash, \$2 thousand in receivables and \$5 thousand

in dam property. Its earnings have historically ranged from \$3 thousand to \$4 thousand per year, barring extraordinary expenses. This, along with a prior-year sale of property to Weston Auto Body, has enabled the Association to accumulate the reported reserves.

A likely offset to these reserves, however, is the looming potential Association cost (after possible federal, state and town funding) to remove the significant accumulated runoff sediment at the north end of the Pond. This accumulated sediment has adversely affected the water quality of the Pond as well as the shoreline usability and ultimate valuation of certain north-end shore properties owned by Association members. The major July rainstorm that dumped over 5 inches of rain significantly added to this condition. The beaver dam, which historically filtered out some of the impurities in past runoffs, was destroyed. Further build-up of our reserves will continue to be needed, as this remediation will ultimately be very expensive. Additionally, from time to time, certain significant repair costs are incurred relating to the dam owned by the Association.

The Association incurs an annual Dam Registration fee of \$750, based on the State's reported costs to perform the regular inspections of the dam, which is needed to ensure its continued safe operation. The fee is set by the State based on the dam's "significant" dam hazard classification. Each inspection requires a detailed review of all pertinent design, repair and inspection information that exists in the Association's files, as well as in-depth visual inspections of the structure and potential areas that may be affected by a breach of the dam. Also included are examinations of the hydrology of the contributing watershed, assessments of the hydraulic capabilities of the structure, the preparation of the technical reports and the assurance of follow-up documents for action by the dam owner. Any dam repairs dictated by the state must be funded by the Association.

Under the DES's Model State Dam Safety Program established by FEMA, the Association's dam is scheduled to be inspected every four years. Its last inspection was in 2022.

### **Association Member Benefits**

**The Dam.** The Association owns the dam and controls the water level of the Pond, incurring costs to do this, without any funding assistance from the town or the state. Control by the Association is important protection for Association members; absent such control, the water level could drop to the bottom of the dam, a drop of about four feet. Of course, such a drop would adversely affect every property owner's shoreline, and ultimately, their property values.

Alternately, excess rainfall could, without the Association's proper management of runoff at the dam, cause excess runoff downstream, resulting in damage to downstream properties and litigation exposure to the Association and its members, as well as possibly to other property owners.

**Water Quality.** The Association periodically arranges for the State of New Hampshire to test the purity of the Pond's water. This is done to ensure that the Pond is not adversely affected by

run-off, septic systems or unwelcome weed intrusions. The Association pays for this service. Additionally, the north end sediment issue discussed above contributes to the Pond's water quality, and the Association is involved in finding solutions to this issue.

**Liability Insurance.** Association members are also covered by the Association's liability policies, which would be especially beneficial in the event of the excess dam runoff issue discussed above that caused downstream property damage. The member protection of this liability coverage is a special benefit to members if downstream property owners bring legal action against all Pond property owners.

## **NOTES ON FUTURE EVENTS**

### **Identifying Changes in Property Ownership**

Property ownership will, I recognize, continue to change as family circumstances (job changes, retirements, health issues, etc.) result in Association members leaving Rust Pond and possibly leaving the Wolfeboro area, with unidentified new owners arriving. It is not possible for me to become aware of such changes until well after the fact, as I have no practical way to track such events. It is important for the continued health of the Association to maintain its membership and replace former members with new ones. Hopefully, this can become a joint effort; as members learn of such events, it would be helpful to advise me or one of the other officers so that we can make efforts to recruit them. Separately, I am also trying to update an old map of Rust Pond and its property owners. I would appreciate any advice or assistance that you could provide, as my using the Town record is tortuous at best.

**Thank you for your continued interest in and support of the Rust Pond Association,**

**Jack Ferguson, Treasurer**