LAKE DABINAWA BOARD BUDGET MEETING #3 DRAFT MINUTES

AUGUST 15, 2024 AT 6:30 PM

Zoom meeting link: https://us02web.zoom.us/j/82702141802?pwd=eckXcuXInO8dd2nyRliTXYgbjDwueb.1

1. Call to Order – The meeting was called to order at 6:30 pm by Chair Jeff Stokes.
2. Roll Call – Attending via Zoom were 5 participants. Attending at the Community Building were 6 participants.
    a. Board Members – Jeff Stokes, Jared Soppe, Aimee Losey, Kelly Woodward, Mark Van Nuland, and Rusty Thomas. Dave Noll was absent.
    b. Residents –
        i. Zoom: Julene Soppe, Barb Hainline, Susan Delfelder, Linda Alexander, Kathleen Carpenter
        ii. Community Building: None
3. Discuss annual operating budget 2024-2025 fiscal year – The meeting began with a recap of previous budget meeting highlights such as amending the budget format to account for both operating and capital expenses, earmarking excess revenue into the appropriate funds, reaching consensus on the criteria for use of Reserve Funds, determining the dollar amount to keep in reserves (ideally $50,000, which is approximately one year's operating budget), and the importance of tracking cash flow.

    Then the Board revisited the balance of the general operating fund and projected cash reserves in relation to the impact on the draft budget. The Board recently collected past dues totaling a little over $12,000. It is estimated that around $8,000 of these funds will be allocated back to the roads and silt funds. The remainder will remain in the general fund. Because the roads project has not yet been completed, and the Association has not yet been invoiced for this work, and a portion was to be taken from the General Fund, it was determined that the roads project might utilize all available excess cash which had been estimated at $10,000 (not including the allocation to bring the Reserve Fund balance to $50,000).

    This led to a discussion about the challenge of budgeting for capital improvements considering the variable and unpredictable nature of the revenues associated with implementation of the New Member Access Fee and property sales. However, after discussion, it was determined that conservative estimates of revenues from implementation of the New Member Access Fee are projected to offset and support the estimated $10,000 in excess cash for next year and support the previously identified capital projects appropriately. Therefore, no additional changes were made to the proposed 2024-2025 annual budget, and it is anticipated this will be approved at the next Regular Board meeting.

    It was clarified that budgets are always created using estimates for annual revenues as well as expenses. If anticipated revenues do not materialize, then expenses will need to be re-evaluated and the budget amended or projects unrealized within the annual time frame. It was recognized that it will be important for the incoming Board to recognize the timing of fee collection in relation to funding and scheduling capital improvements. A separate Capital Reserve fund is needed within the general fund to accumulate revenues from the New Member Access Fee which is mandated to go toward Capital Expenses only.

    It was stated that no special assessments are contemplated in the near future.

    <u>Action items</u>: The Treasurer will add a small amount to estimated property taxes to balance the budget, will update the balance in the operating account, allocate appropriate amounts from the collected past dues to the applicable funds, and prepare the draft budget for distribution and approval.

4. The Long-Term Planning Committee is adjusting the expense categories of the database and plan to match those used in the most recent budget. This is taking some time to achieve. The Board discussed and answered questions of Long-Term Planning Committee regarding budget assumptions for the Study as follows:

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a. A conservative estimate of lot sales – use two sales each year for the first two years, one sale each year for the 3rd and 4th years, and no sales for years 5-10.
b. Approved the committee chair's approach to estimating lot value.
c. A conservative estimate of New Member Access Fees collected per year is 10 lots or $45,000 per year.

5. The meeting was adjourned at 7:32 pm.

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