

UNDERSTANDING THE 2024 COLONY BUDGET AND FINANCIAL PLAN

This summary offers an overview of the 2024 General Operating and Capital Expenditures Fund budgets. Their approvals followed months of board deliberation and are now in effect. Our financial plans and controls are consistent with the commitments we made in our dues increase proposal, which the membership approved in October 2023.

A Short Review

Member dues were increased by \$200 effective January 1, 2024. Our last increase was in 2009 – 15 years ago. This significant and urgent increase followed the Board’s comprehensive financial review, which showed that we were operating at a deficit and bleeding cash. Without the increase, we would have been without operating funds by early 2025.

With the new dues structure, we have restored financial solvency and will have sufficient operating funds (absent unforeseen circumstances) for about five years. It would be then that the “expense curve” will overtake our current dues structure and cash-flow profile, and another dues increase would be likely.

Table 1: Dues Increase Vote		
Yes	417	71%
No	174	29%
	591	

The Boards Commitment to the Membership

We believe that we received this overwhelming support because of your accepting the commitments we made to fiscal and property stewardship. Here is what we said we would do.

- Restore stability to Colony finances
- Implement a short and long-term financial plan with budgetary controls and monitoring

- Increase the lakes maintenance budget by \$30K in 2024 and keep that increase in place until that level of service is no longer needed
- Create a “set-aside fund” – a Capital Improvement Fund – for property and infrastructure, including additions, renovations, and restorations
- Create another “set-aside” – a Debt Service Fund – for major capital projects of a magnitude that they would otherwise require special assessments
- Begin planning for a future governance model that addresses both staff succession and a transition away from reliance on volunteers for day-to-day management

Our 2024 budget package addresses each of these promises.

General Operating Budget

We sometimes call the General Operating Budget our “Core Budget,” because it funds our basic operations. It covers the costs required to support and maintain five beaches, three major recreational complexes, three pavilions, parking lots, the Vaughan Hall community center, docks, service buildings and structures, and water quality and flow for 21 lakes holding an aggregate of 153 million gallons of water.

Table 2: General Operating Budget		
	2023 (\$)	2024 (\$)
Finance Department	229,370	259,420
Property Department	204,710	210,350
Social Department	8,612	12,100
Recreation Department	46,519	49,100
Total Expenditures	489,211	530,970

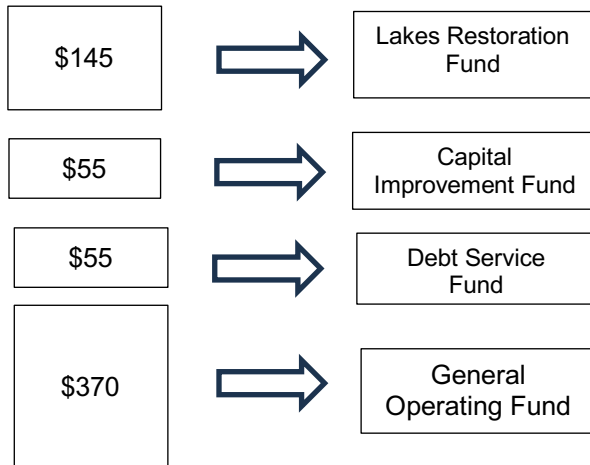
The requisite costs include the basics like: insurance, utilities, staff payroll, contracted maintenance and professional services, supplies,

repairs, real estate taxes, water testing and services, and vehicle expenses.

The Capital Improvement Fund

The first step in understanding the operation of the Capital Improvement Fund is understanding how your dues dollars are separated after they are received.

Distribution of \$625 Regular Dues



The illustration shows that \$55 of each member's dues is deposited into a Fund that will be used only for defined capital projects and nothing else. Based on our current membership, this funding stream will be around \$80K annually. Generally, projects assigned to this fund cost between \$5K and \$50K.

There were about 30 projects submitted for consideration. The eight projects prioritized and selected for 2024 are both within the \$80K total annual limitation and ranked to be of highest priority. They address deteriorating property neglected during the years when we had no funds. They are:

1. *Beach 1 Pavilion Renovation:* Wood frame and posts are rotting and will be replaced.
2. *Beach 3 Dock Repair:* Planks are rotting; support system is showing signs of instability.

3. *Beach 1 Walkway Repair:* Plank and frame structure are out of alignment and damaged; feature is no longer serviceable for mobility-impaired access.
4. *Beach 3 Parking Lot(s):* This is a joint restoration project with M.L. Borough (owner of the larger lot on Nokomis Trail).
5. *Nokomis Playground:* There are two broken slides at the Nokomis School playground, which would be replaced as funding allows.
6. *Jackson Bridge Replacement:* The existing bridge has deteriorated beyond reasonable serviceability. The project would repair or replace the structure as permitted.
7. *Fencing Replacement:* This is the first year of a five-year project to replace fencing around all Colony property as needed.
8. *General Beach Structure Repair:* We will survey the property and repair or replace the worst of our sheds, lifeguards, benches, and other structures.

Debt Service Fund

As with the Capital Improvement Fund, \$55 of each member's dues is deposited in a set-aside fund and restricted as to use. This funding stream is also about \$80K annually. Monies will be used only for major infrastructure projects or associated loan repayments. In the event of a borrowing, debt and principal payments would come from this fund and project size would be limited to funds available here. Currently, there are no approved projects in this category, although there is a major renovation project at the Brooks Recreation Complex in the design phase.

Questions About This Plan

If you have any specific questions about the Board's 2024 financial plan, please direct them to the office email at: office@mlcolony.org and a member of the Finance Committee will reply to you directly.