

# 2023 Budget Ratification Meeting

## Treasurer's Report Introduction

### What's being presented

- 2023 Budget Ratification Meeting – Special Treasurer's Report
- 2023 Proposed Budget

### What to look for

The Special Treasurer's Report is meant to provide some context and historical account of LMCC finances.

- The Balance sheet shows where LMCC funds stand today vs. same time last year
- 2021 Full Year report shows the actual spend as compared to the 2021 budgeted items
- The 2022 reports provide a view at LMCC finances this year-to-date from different perspective

The Proposed 2023 Budget is the product of negotiations which took place over the period of some weeks and debated as well as approved by the Board during the October 2022 Board Meeting. The proposed budget includes recommendations from the LMCC board, requests for funds from various committees. Member comments and feedback have been taken in to account and accommodated.

The proposed budget package includes:

- The Budget Notes page:
  - Provides state mandated financial information on a per lot basis as per RCW 64.90.550
  - Is filled with noteworthy details and comments on individual line items in the budget
- The proposed budget itself with:
  - Historical budgets going back to 2019 included for reference
  - Changes (or deltas) column going from 2022 to 2023 per line item
  - Summary of actual historical income and spend for the preceding budget years, with 2022 only including year-to-date data and not yet finalized as the year is not yet out

### What's new for 2023

- PayPal is no longer accepted
- Use Zelle to make electronic payments to [admin@lakemarcel.net](mailto:admin@lakemarcel.net) and include your lot number in the memo
- The Aquatics budget has been added for ongoing lake water quality improvement and maintenance
- 4<sup>th</sup> of July fireworks/production budget has been dropped due to lack of qualified and available vendors as well as other factors (see budget notes for full details)

### What stays the same

- Dues remain the same for 2023 at \$313 per lot
- Bank checks are accepted as usual, please continue to include your lot number in the memo

## Some background

This will be the 5<sup>th</sup> consecutive budget proposed with a nominal, though fairly moderate deficit - specifically \$15,432.70 for 2023. Despite the nominal deficit, the past several years have seen LMCC's finances result in growing operating funds. Today there is roughly a year's worth of nominal LMCC income in the operating funds or \$126,746.11 (see balance sheet). The operating funds will shrink somewhat until January of 2023 as expenses are drawn throughout the rest of 2022, but are unlikely to fall too much short of \$100,000 projecting based the outstanding/expected expenses. Since LMCC is a non-profit corporation, the growing funds are not considered profits so long as they are spent back in to the corporation.

Similarly, the Reserve funds have recently hit full funding (see budget notes and 2023 reserve study) and are now well over 100% to funding target. By all accounts and measures, LMCC appears to be in a very healthy financial position as of this report.

The reasons for growth in operating funds are many and varied. With the exception of 2020, when a true deficit was recorded - in large part due to a catchup reserve fund payment and the induction of the Lake Management Plan - all recent years have resulted in:

1. Many of the expenses have come in well under requested budgets due to the thrift and cost saving nature and measures of our volunteers and committee members who take pride in our community and would like to safeguard the LMCC treasury and use its funds responsibly.
2. The Office Manager position has been at times vacant for months while the board was looking for a suitable replacement resulting in much reduced expenses in the payroll budget and associated payroll fees.
3. Actual income being typically higher for any given year than what can be reasonably projected and budgeted. The income portion of the budget is almost entirely based on the number of lots and the dues per lot rate. However, additional income is recorded via collection of late fees, payment of past dues, repayments of outstanding dues from prior years and recoupment of liens and associated recording fees. These additional sources of much varied and unreliable income have hit a high in 2022 of \$17,387.98 over and above the 2022 dues collected worth \$121,634.07 (which itself is a shade off the nominal \$124,574.00 in 2022 dues budgeted). This additional income has been due in large part to efforts by the Office Manager and Treasurer of reaching out to individual community members with offers of payment plans and notices of outstanding balances and working with them to get their accounts current.
4. The additional income from the collection of outstanding dues is expected to continue in to 2023, though perhaps the income recorded will not be to the same high level.

As such and given the above, the board is proposing to keep dues at \$313 per lot for 2023.

Worst case: If income comes in lower than budgeted/expected and there are reasonable expenses beyond that budgeted, the board can approve additional capital expenditures via a majority vote to draw from the Operating funds cushion of \$100,000 to cover the difference.

Nominal case: If income and expenses come in line with budgets as proposed, there will be \$15,432.70 less in operating funds by the end of 2023 out of well over \$100,000 expected to remain at the end of 2022, leaving an \$85,000 cushion in 2023.

Likely/usual case: If income comes in higher than budgeted (as is usual) and expenses come in lower than budgeted (as is usual), LMCC will end up with an even higher amount in the operating funds at the end of 2023 than at the end of 2022.