

Memorandum

To: MPOA-Board of Directors/Delegates
From: Treasurer Tom Cooper/Budget Committee
Date: 08/18/2025
Re: Proposed 2026 Budget

Executive Summary

Attached please find the proposed 2026 Budget material for your review. It includes the following information. First this cover memo with budget highlights. Next is the budget summary information with the totals for revenue and expense items by category so an overall picture can be viewed. Following that are notes that will explain primarily the difference between what happened (or what is expected to happen) in 2025 compared to what is being proposed for the 2026 budget. Following that is the line item detail for further information if necessary. Below is a brief summary of some financial activity that was the basis for putting together the budget as you see it.

Budget Methodology

The budget for 2026 along with the other financial presentations are presented on a cash basis method of accounting. The MPOA has always operated on a very thin margin when it comes to the balance in its bank account. Like most organizations that rely on dues income, the money (cash) comes in at the beginning of the fiscal year and then is drawn down as the year goes on. The MPOA has always run on a very tight budget and this year is no exception. Because it is a cash basis budget, it does not include depreciation or a capital budget or other accrual type transactions as part of the Operational Budget, but depreciation expense and other activity that is not a part of the operations of MPOA are shown at the bottom for disclosure purposes. The purpose is to provide the most basic information on revenues (cash) coming in and expenses being paid. The budget process was prepared on a modified zero-based method. This is a popular method where expenses are presumed to be zero and must be justified with only limited recurring expenses exempted from the process based on historical activity. These are the best estimates available at the time of this presentation.

Major Considerations

The MPOA has been operating on a very thin margin for operations and the Budget Committee is putting forward in this budget a Reserve Funding. The Board of Directors has the overall fiduciary responsibility to oversee the finances of MPOA. Without reserves, the organization has approved a short term loan process. But the goal is to begin the building of reserves so that when funds are needed for planned or unplanned events, they are available without having to borrow money and incur finance charges. There is a new category of expenses devoted to reserve funding and or finance costs in the 2026 budget proposal. There is built into the budget a \$4 increase in dues. This increase is primarily to cover three areas. First, a normal CPI adjustment of 3% because we are all aware the costs for everything continues to increase. Second, our insurance coverage is expected to increase anywhere between 10% and 25% based on industry standards and the market in general. Third, the first account set up to start building reserves. Since dues are our primary source of revenue, that is where we must make adjustments in order to cover these operating expenses. As it is in most organizations, as we noted last year, it is also likely that the dues will continue to be increased annually on an incremental basis. Your support will be needed in order to move forward and prepare the MPOA for a sound financial base.

Actual 2025 (Unaudited)

It is projected that we will end the year with projected Operating revenue of \$347,554 and Operating expenses of \$319,978 resulting in a surplus of \$27,576 for 2025, before the transaction for the dam repair of \$145,000. This will create a deficit for the year. However, revenues were higher than budget and operating expenses (except as noted above) were lower than budget. The following are explanations of some of the significant variances from the 2025 approved budget.

Dues – Projected to be higher due to collection of past dues over and above the current year's billing.

Vehicle Passes – Higher due to lake usage and renewal processing.

Insurance Reimbursement – Higher than budget due to the cost of the insurance passed along to the subdivisions.

Lake Renewal – Lower than budget due to lower engineering costs.

Office & Building Expenses – Higher than budget due to HVAC and internal construction costs that were needed.

Proposed Budget 2026

The 2026 budget is a balanced budget per the bylaws and primarily based on what has historically happened but there are new items that were noted earlier under Major Considerations or will be explained in the notes attached to the budget. The following are the significant changes that are being proposed for the 2026 budget.

Dues – An increase of \$4.00 per lot is proposed in order to cover the operational needs of the MPOA.

Vehicle Passes – Anticipated higher sales in 2025.

Insurance reimbursement – Based on reimbursements from the subdivisions as a proportionate part of the cost. The cost is expected to increase significantly and thus the corresponding reimbursement.

Lake Renewal – No engineering costs and lower testing costs for 2026 are anticipated.

Reserves & Related – A new category of expenses intended to record reserve funding for future needs along with the cost of short term funding while the reserves are being built.

Insurance – A major cost of insurance is anticipated.

2026 and Beyond

It is anticipated that operating expenses will continue to increase incrementally, necessitating adjustments to dues in order to comply with the bylaws which require a balanced budget. To counter these expectations the various committees will diligently seek out and capitalize on money-saving opportunities. The building of reserves will continue to be a priority.

Summary

Thanks to the efforts of the Budget Committee and Staff. We present the 2026 Proposed Budget and seek your approval. If you have any questions, please feel free to ask.

	Jan - Dec 22	Jan - Dec 23	Jan - Dec 24	Jan - June 2025	July - Dec 25	Jan - Dec 25	2025 Budget	2026 Budget	
ting Income and Expenses	Actual	Actual	Actual	Actual	PROJECTED	PROJECTED	BUDGET	PROPOSED	
Income									
Dues	151,967.00	184,756.00	191,074.00	237,410.00	-	237,410.00	226,920.00	248,920.00	Note 1
Vehicle Passes	40,250.00	63,608.00	64,722.00	55,880.00	6,200.00	62,080.00	57,400.00	62,400.00	Note 2
Insurance Reimbursements	29,560.00	31,993.00	35,723.00	42,239.00	-	42,239.00	37,500.00	48,575.00	Note 3
Miscellaneous Income	77,214.45	53,693.50	5,888.00	824.57	5,000.00	5,824.57	5,500.00	7,950.00	Note 4
Total Income	298,991.45	334,050.50	297,407.00	336,353.57	11,200.00	347,553.57	327,320.00	367,845.00	
Expense									
Lake Use & Safety	13,243.51	14,379.93	23,944.45	7,115.71	10,200.00	17,315.71	16,600.00	18,500.00	Note 5
Lake Renewal	31,131.47	67,739.85	75,435.46	16,710.00	18,805.00	35,515.00	54,100.00	37,220.00	Note 6
Dam	31,460.25	18,901.90	19,043.52	1,985.17	44,558.00	46,543.17	47,000.00	48,000.00	Note 7
Payroll	78,733.94	72,928.57	83,849.80	39,931.04	49,222.00	89,153.04	89,200.00	91,550.00	Note 8
Office & Building Expense	11,879.83	12,495.23	13,804.97	6,488.63	24,637.02	31,125.65	18,325.00	20,350.00	Note 9
Professional Services	10,877.37	15,156.19	7,554.72	5,513.06	5,101.00	10,614.06	20,000.00	20,000.00	Note 10
Travel and Entertainment	591.21	538.89	168.62	17.42	17.00	34.42	1,150.00	1,150.00	Note 11
Insurance	56,085.00	59,351.47	70,005.92	35,284.02	47,108.98	82,393.00	75,000.00	95,400.00	Note 12
Reserves & Related	-	-	-	-	-	-	-	27,700.00	Note 13
Taxes, Licenses, and Fees	133.75	6,727.46	6,772.56	7,273.88	10.00	7,283.88	7,270.00	7,660.00	Note 14
Operating Expenses	234,136.33	268,221.49	300,580.02	120,318.93	199,659.00	319,977.93	328,645.00	367,530.00	
Income in excess of or less than Expenses	64,855.12	65,829.01	(3,173.02)	216,034.64	(188,459.00)	27,575.64	(1,325.00)	315.00	
Other Income/Expense									
Other Income	30,776.98	30,634.42	50,628.12	39,937.20	39,977.00	79,914.20	32,050.00	50,550.00	Note 15
Other Expenses	25,493.83	29,294.59	30,335.82	-	35,000.00	35,000.00	30,000.00	40,000.00	Note 16
Depreciation Expense	608,853.00	551,850.00	498,224.00	-	500,000.00	500,000.00	500,000.00	500,000.00	Note 17
Other Income	(603,569.85)	(550,510.17)	(477,931.70)	39,937.20	(495,023.00)	(455,085.80)	(497,950.00)	(489,450.00)	
Total Income (Loss)	(538,714.73)	(484,681.16)	(481,104.72)	255,971.84	(683,482.00)	(427,510.16)	(499,275.00)	(489,135.00)	

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Notes to the 2026 Budget

2026 Budget Notes

Note 1: Dues – Includes the monies collected from the subdivisions with a proposed dues increase of \$4 per lot across 5,368 lots. The budget for 2026 has been increased due to an increase to cover the operating expenses in 2026.

Note 2: Vehicle Passes – This represents decal sales and Guest Passes which is based on the increased rates in 2023 with expectations of a higher level of activity in 2026.

Note 3: Insurance Reimbursements – The overall insurance expense as noted later will increase quite a bit in 2026 which will result in the increase in the subdivisions reimbursement to MPOA based on their coverage.

Note 4: Miscellaneous Income – This includes the McHenry County contribution towards the cost of the Thompson Road Monitoring Station maintained by USGS and the fees recovered from Meadows of West Bay Property Owners for completion of the dredging of the channel and installation of a boat ramp by the MPOA.

Note 5: Lake Use and Safety – The 2026 budget is consistent with the 2025 activities.

Note 6: Lake Renewal – This category includes the rent being paid for the storage of the material that was dredged from the lake. Also included is the annual cost of the Thompson Road Monitoring Station maintained by USGS. Sampling and testing costs have caused this area to exceed budget in 2024. A smaller testing budget and engineering expense is anticipated in 2026.

Note 7: Dam – This area includes costs for the continued maintenance and repairs of the dam. Due to the age of the Dam it is important to keep the inspections and repairs up to date. The budget for 2026 allows for some of the unknown issues that may come up. These expenses are the normal annual repair and maintenance costs and are covered through dues revenue.

Note 8: Payroll – The actual costs for 2025 are expected to be at budget with a slight increase in 2026 for cost of living. It also includes a provision for additional time spent during the busy season.

Note 9: Office & Building Expenses – Included are supplies, telephone and communications costs along with utilities, some printing and postage costs, and an allowance for maintenance items that may be unanticipated.

Note 10: Professional Services – The Budget for 2026 assumes the same level of activity as 2025 for accounting and consulting costs.

Note 11: Travel and Entertainment – Minimal funds set aside for travel costs.

MPOA
Notes to the 2026 Budget

Note 12: Insurance – A significant increase of up to 25% is anticipated in 2026 as these costs have been recently reviewed and adjusted to meet current coverage needs. Note the increase in the insurance reimbursement to offset some of this cost.

Note 13: Reserves & Related – This is a new area of expenses to record the establishment of reserves and the costs associated with short term borrowing when reserves are not adequate. As reserves build, the financing costs should no longer be necessary.

Note 14: Taxes, Licenses & Fees – This represents primarily the Real Estate Taxes that will be assessed on the office space. It is anticipated that we will not be able to abate this and it will continue to be an annual cost..

Note 15: Other Income – This amount represents the monies collected to pay for the fireworks expenses and are not considered part of the operating revenue.

Note 16: Other Expenses – This is primarily the monies paid out for the fireworks from the monies collected under Other Income.

Note 17: Depreciation Expense – This represents annual accounting and book entries to amortize the cost of the dredging, the building, and other fixed assets over their estimated useful life per IRS standards. Because the 2026 and other budgets are presented on a cash basis, this number is shown below the line so as not to distort the budget numbers.

We solicit any questions you may have regarding these items.

Budget for 2026 with historical information

Rating Income and Expenses	Jan - Dec 22	Jan - Dec 23	Jan - Dec 24	Jan - June 2025	July - Dec 25	Jan - Dec 25	2025 Budget	2026 Budget
	Actual	Actual	Actual	Actual	PROJECTED	PROJECTED	BUDGET	BUDGET
Income								
400 · Annual Dues	151,967.00	184,756.00	191,074.00	237,410.00	-	237,410.00	226,920.00	248,920.00
Total 400 · Dues								
410 · Vehicle Passes								
411 · Decals	39,350.00	61,758.00	64,272.00	55,730.00	6,000.00	61,730.00	56,800.00	62,000.00
412 · Guest Passes	900.00	1,850.00	450.00	150.00	200.00	350.00	600.00	400.00
410 · Vehicle Passes	40,250.00	63,608.00	64,722.00	55,880.00	6,200.00	62,080.00	57,400.00	62,400.00
420 · Insurance Reimbursements								
421 · Liability Reimbursement	29,560.00	31,993.00	35,722.00	42,239.00	-	42,239.00	37,500.00	48,575.00
Insurance Reimbursements	29,560.00	31,993.00	35,722.00	42,239.00	-	42,239.00	37,500.00	48,575.00
490 · Miscellaneous Income								
492 · Administrative Fee	312.00	348.00	308.00	724.57	-	724.57	350.00	350.00
496 · Liens	150.00	-	-	-	-	-	-	-
882 · Collection/Liens	-	(54.50)	-	-	-	-	50.00	-
450 · Reimbursed Expenses	7,504.45	-	-	-	5,000.00	5,000.00	5,000.00	7,500.00
493 · Developer Fees	-	-	5,280.00	-	-	-	-	-
498 · Grant Funds	69,148.00	53,000.00	-	-	-	-	-	-
494 · Property Transfer/Lien Releases	100.00	400.00	300.00	100.00	-	100.00	100.00	100.00
Miscellaneous Income	77,214.45	53,693.50	5,888.00	824.57	5,000.00	5,824.57	5,500.00	7,950.00
Total Income	298,991.45	334,050.50	297,407.00	336,353.57	11,200.00	347,553.57	327,320.00	367,845.00
Expense								
600 · Lake Use & Safety								
611 · Safety Patrol	8,000.00	8,000.00	9,000.00	-	9,000.00	9,000.00	9,000.00	9,000.00
610 · Lake Maintenance	-	-	9,870.00	-	-	-	-	-
612 · Decal Expense	741.95	2,129.93	1,374.45	1,430.56	-	1,430.56	1,400.00	1,500.00
600 · Other	-	-	100.00	-	-	-	-	-
615 · Fish Stocking	-	3,500.00	3,600.00	-	1,200.00	1,200.00	1,200.00	3,000.00
618 · Buoys	4,501.56	750.00	-	5,685.15	-	5,685.15	5,000.00	5,000.00
600 · Lake Use & Safety	13,243.51	14,379.93	23,944.45	7,115.71	10,200.00	17,315.71	16,600.00	18,500.00
630 · Lake Renewal								
649 · Rent Expense - Cells	21,401.47	22,043.51	22,704.82	8,355.00	15,260.00	23,615.00	24,000.00	24,720.00
642 · Engineering	-	-	-	-	-	-	10,000.00	-
643 · Permits	-	-	-	-	-	-	100.00	-
645 · Sampling & Testing	-	20,500.34	38,562.69	-	500.00	500.00	5,000.00	500.00
647 · SSA Expenses	1,750.00	-	-	-	-	-	-	-
630 · Lake Renewal - Other	7,980.00	25,196.00	14,167.95	8,355.00	3,045.00	11,400.00	15,000.00	12,000.00
630 · Lake Renewal	31,131.47	67,739.85	75,435.46	16,710.00	18,805.00	35,515.00	54,100.00	37,220.00
650 · Dam								
651 · Maintenance	18,745.40	17,635.00	17,726.93	1,213.75	18,787.00	20,000.75	20,000.00	21,000.00
652 · Repairs	11,550.61	-	-	-	25,000.00	25,000.00	25,000.00	25,000.00
655 · Utilities	1,164.24	1,266.90	1,316.59	771.42	771.00	1,542.42	2,000.00	2,000.00
Total 650 · Dam	31,460.25	18,901.90	19,043.52	1,985.17	44,558.00	46,543.17	47,000.00	48,000.00
700 · Payroll								
701 · Payroll Expenses	72,448.38	66,442.51	76,448.95	36,293.67	43,707.00	80,000.67	80,000.00	82,000.00
705 · Payroll Tax	6,043.32	5,424.04	6,266.52	3,061.39	4,939.00	8,000.39	8,000.00	8,200.00
707 · Workers Comp Insurance	103.99	964.02	866.83	415.98	416.00	831.98	1,000.00	1,000.00
706 · Payroll Service Fee	138.25	98.00	267.50	160.00	160.00	320.00	200.00	350.00
Total 700 · Payroll	78,733.94	72,928.57	83,849.80	39,931.04	49,222.00	89,153.04	89,200.00	91,550.00

	Jan - Dec 22	Jan - Dec 23	Jan - Dec 24	Jan - June 2025	July - Dec 25	Jan - Dec 25	2025 Budget	2026 Budget
	Actual	Actual	Actual	Actual	PROJECTED	PROJECTED	BUDGET	BUDGET
710 · Office & Building Expense								
751 · Office Supplies	350.31	714.53	768.62	1,719.74	280.00	1,999.74	750.00	2,000.00
735 · Internet	1,556.54	1,899.06	1,462.20	792.08	792.00	1,584.08	2,200.00	1,500.00
811 · Membership Fees	404.00	150.00	184.00	202.00	-	202.00	425.00	250.00
737 · Website	270.00	1,237.50	1,500.00	435.00	435.00	870.00	300.00	1,000.00
712 · Utilities	3,692.55	3,467.03	3,276.21	2,057.04	2,057.00	4,114.04	4,000.00	5,500.00
834 · Advertising	140.00	-	-	-	150.00	150.00	150.00	150.00
831 · Postage	1,200.78	745.25	576.38	73.00	73.00	146.00	1,500.00	200.00
832 · Printing	449.85	854.39	846.23	308.70	308.00	616.70	900.00	900.00
835 · Newsletter	-	400.50	540.00	225.00	225.00	450.00	500.00	500.00
861 · Bank Charges	124.63	(77.79)	26.88	54.80	45.00	99.80	100.00	100.00
xxx · Credit Card Fees	-	-	-	400.08	50.00	450.08	-	500.00
881 · Bad Debt	-	72.00	-	-	-	-	-	-
951 · Interest Expense	1,504.21	1,336.39	1,243.02	-	1,243.02	1,243.02	1,500.00	1,500.00
713 · Maintenance	1,024.18	415.00	2,125.37	150.00	17,850.00	18,000.00	5,000.00	5,000.00
710 · Office Expense - Other	1,162.78	1,281.37	1,256.06	71.19	1,129.00	1,200.19	1,000.00	1,250.00
Office & Building Expense	11,879.83	12,495.23	13,804.97	6,488.63	24,637.02	31,125.65	18,325.00	20,350.00
740 · Professional Services								
741 · Legal	6,650.97	11,676.27	5,330.54	2,877.00	2,877.00	5,754.00	15,000.00	15,000.00
742 · Accounting	2,987.40	3,481.92	2,224.18	2,636.06	2,224.00	4,860.06	4,000.00	4,000.00
745 · Consulting	1,089.37	-	-	-	-	-	1,000.00	1,000.00
740 · Professional Services - Other	149.63	-	-	-	-	-	-	-
Professional Services	10,877.37	15,158.19	7,554.72	5,513.06	5,101.00	10,614.06	20,000.00	20,000.00
Total 780 · Travel & Entertainment								
781 · Travel & Lodging	-	538.89	17.42	17.42	17.00	34.42	-	-
851 · Conferences	-	-	-	-	-	-	500.00	500.00
785 · Meetings	120.00	-	151.20	-	-	-	150.00	150.00
780 · Travel & Entertainment - Other	471.21	-	-	-	-	-	500.00	500.00
Travel & Entertainment	591.21	538.89	168.62	17.42	17.00	34.42	1,150.00	1,150.00
790 · Insurance								
795 · Property Insurance	55,005.00	53,616.86	70,005.92	35,284.02	47,108.98	82,393.00	75,000.00	95,400.00
790 · Insurance - Other	1,080.00	5,734.61	-	-	-	-	-	-
Total 790 · Insurance	56,085.00	59,351.47	70,005.92	35,284.02	47,108.98	82,393.00	75,000.00	95,400.00
xxx · Reserves & Related								
xxx · Reserve Study	-	-	-	-	-	-	-	-
xxx · Line Of Credit Fees	-	-	-	-	-	-	-	3,000.00
xxx · Reserve Funding/Year	-	-	-	-	-	-	-	18,200.00
xxx · Interest Expense-Line of Credit	-	-	-	-	-	-	-	6,500.00
x · Reserves & Related	-	-	-	-	-	-	-	27,700.00
840 · Taxes, Licenses & Fees								
843 · Business Licenses & Fees	-	-	-	-	-	-	10.00	10.00
842 · Real Estate Taxes	123.75	6,717.46	6,762.56	7,263.88	-	7,263.88	7,260.00	7,630.00
840 · Taxes, Licenses & Fees - Other	10.00	10.00	10.00	10.00	10.00	20.00	20.00	20.00
Taxes, Licenses & Fees	133.75	6,727.46	6,772.56	7,273.88	10.00	7,283.88	7,270.00	7,660.00
Total Expense	234,136.33	268,221.49	300,580.02	120,318.93	199,659.00	319,977.93	328,645.00	367,530.00
Income in excess of or less than Expenses	64,855.12	65,829.01	(3,173.02)	216,024.64	(188,459.00)	27,575.64	(1,325.00)	315.00

	Jan - Dec 22	Jan - Dec 23	Jan - Dec 24	Jan - June 2025	July - Dec 25	Jan - Dec 25	2025 Budget	2026 Budget
	Actual	Actual	Actual	Actual	PROJECTED	PROJECTED	BUDGET	BUDGET
Other Income/Expense								
Other Income								
460 · Fireworks Fundraising Income	30,216.13	29,233.83	32,050.87	26,539.29	30,000.00	56,539.29	30,000.00	40,000.00
497 · Contributions to Lake Preservation Fund	-	-	8,600.00	8,600.00	-	8,600.00	-	-
902 · Gain on Sale of Fixed Asset	-	-	-	-	-	-	-	-
901 · Interest Earned	1.63	751.75	8,803.20	4,796.56	8,803.00	13,599.56	1,500.00	10,000.00
909 · Other Income	559.22	648.84	1,174.05	1.35	1,174.00	1,175.35	550.00	550.00
Total Other Income	30,776.98	30,634.42	50,628.12	39,937.20	39,977.00	79,914.20	32,050.00	50,550.00
Other Expense								
560 · Fireworks Expenses	25,493.83	29,294.59	30,335.82	-	35,000.00	35,000.00	30,000.00	40,000.00
951 · Interest Expense	-	-	-	-	-	-	-	-
Total Other Expense	25,493.83	29,294.59	30,335.82	-	35,000.00	35,000.00	30,000.00	40,000.00
Excess of other income over other expenses	5,283.15	1,339.83	20,292.30	39,937.20	4,977.00	44,914.20	2,050.00	10,550.00
Income (Loss) before Depreciation Entry	70,138.27	67,168.84	17,119.28	255,971.84	(183,482.00)	72,489.84	725.00	10,865.00
Accounting Transactions								
679 · Depreciation Expense	608,853.00	551,850.00	498,224.00	-	500,000.00	500,000.00	500,000.00	500,000.00
Total Loss Including Depreciation	(538,714.73)	(484,681.16)	(481,104.72)	255,971.84	(683,482.00)	(427,510.16)	(499,275.00)	(489,135.00)