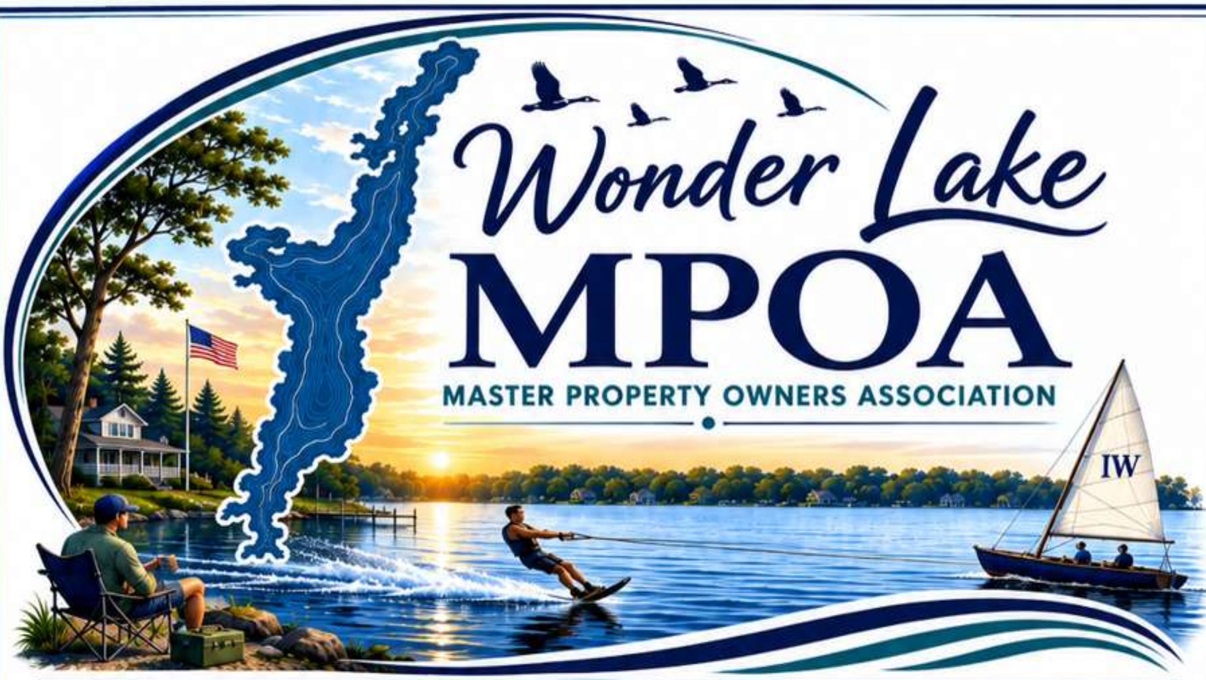

Protecting Our Lake. **PRESERVING OUR COMMUNITY.**

Dedicated to the **FUTURE OF WONDER LAKE.**

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Wonder Lake Master Property Owners Association

2027 Unified Budget Handbook

Convention Proposal

Fiscal Year 2027

Prepared for Delegates to the 2026 MPOA Convention

Distribution Note:
This electronic Budget Handbook is provided to all Convention Delegates in advance of the October 14, 2026 MPOA Convention for review and discussion. It presents the proposed 2027 budget, reserve contributions, annual dues levels, and related implementation details for consideration at the Convention.

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Message from the President

To the Members of the Convention of Delegates,

When the MPOA was created in September 1965 and approximately $200,000 was turned over to the Association, the community was given something more valuable than a bank balance. It was given an opportunity—and a responsibility—to build a permanent financial foundation for the lake and the community that depended on it.

Had the approximately $200,000 transferred to the MPOA in September 1965 been prudently invested at a modest 6% annual compound return and protected for the long term, it could represent approximately $6.8 million today—even before considering the additional dues and contributions that should have been collected over the decades.

Instead, for too long, we have faced a recurring temptation common to many associations: keep dues low, postpone difficult decisions, defer major work, and leave future Boards or future members to confront the consequences. That approach may feel easier in any one year, but the obligations continue to grow. Infrastructure ages. The dam requires attention. The lake requires management and renewal. Equipment, safety, professional services, insurance, and the basic cost of operating this Association continue to rise.

Deferred responsibility eventually becomes a much larger and more expensive problem. We cannot continue kicking the can down the road simply because facing reality is uncomfortable.

Wonder Lake is not just an amenity on a balance sheet. We are its managers and, collectively, its owners. With that ownership comes a responsibility to protect the lake for the people who use it today and for the people who will inherit it tomorrow. A lake can be neglected into decline just as surely as a building or a business can. The cost of waiting is not zero.

If we fail to plan and fund the future responsibly, we risk facing a more expensive outcome: a declining lake and a community forced to react after restoration becomes harder and more costly. The lake is also a major source of property value: an otherwise comparable off-lake home with Wonder Lake access is worth approximately 25% more because of the lake.

That is why this budget book takes a different approach. It separates today's operating needs from tomorrow's strategic obligations. The operating budget is designed to pay honestly for the work required to run the MPOA now. The Strategic Reserve Plan identifies the major priorities that must be addressed over time. The creation of separate Strategic Reserve Funds gives those priorities a defined financial home. Resolution 2026-01 then protects those funds by restricting their purpose and establishing clear rules for their use.

This is not a proposal to create a blank check. It is the opposite. It is a proposal for discipline. The Dues Calculator gives the Board and membership a transparent way to see the real cost of each strategic priority, the year the funded work is expected to begin, and the duration of the proposed funding. Creating a fund does not automatically authorize spending. Resolution 2026-01 does not allow reserve money to become an easy substitute for routine operations.

The Convention retains control through the required approval process, while any money placed in a Strategic Reserve Fund remains protected for the purpose for which it was set aside. The three motions before the Convention are intentionally separate: first, address the 2027 operating budget; second, create the Strategic Reserve Funds that organize long-term responsibilities; and third, adopt Resolution 2026-01 to govern and protect those funds. Together, these actions create a disciplined framework for managing Wonder Lake's current operations and long-term obligations.

Fiscal responsibility does not mean spending recklessly. It means knowing what we own, understanding what it will cost to maintain it, planning before a crisis forces our hand, and collecting enough money to meet obligations rather than pretending those obligations do not exist. It means making decisions based on the long-term health of Wonder Lake instead of the short-term convenience of avoiding a difficult discussion.

The $200,000 transferred to the MPOA in September 1965 is a reminder that earlier generations had an opportunity to build for the future. We cannot change what was or was not done then. We can decide what we do now. We have the benefit of knowing the condition of the lake, the age of our infrastructure, the demands on the Association, and the consequences of continued delay. With that knowledge comes an obligation to act.

My goal is not to burden the membership unnecessarily. My goal is to ensure that Wonder Lake is still a healthy, functioning, valuable lake for future generations—and that the MPOA stops managing one year at a time while long-term needs continue to accumulate. The choices we make now will determine whether future Boards inherit a stable lake and a sound financial structure, or the consequences of decades of postponement.

It is time to be fiscally responsible lake managers and owners. It is time to stop avoiding reality. It is time to stop kicking the can down the road. And it is time to put Wonder Lake on a disciplined, transparent, sustainable financial path before delay leaves us facing a problem far more difficult—and far more expensive—to solve.

Ray O’Brien
President
Master Property Owners Association for the Wonder Lake Area

Chapter One

About the MPOA

Executive Overview

The Wonder Lake Master Property Owners Association serves as the representative governing body of the community, focused on stewardship, transparent communication, and the responsible management of shared community interests. The Association's work is guided by a steadfast commitment to preserving the lake, the surrounding natural environment, and the quality of life enjoyed by all members. The MPOA is both the organizational voice of the community and the operational custodian of its most valued shared resources.

Established as a member-driven organization, the MPOA operates within a governance framework designed to ensure accountability, fiscal discipline, and broad member participation. The Association's leadership is elected by and answerable to the membership, maintaining the democratic principles that underpin its authority and credibility.

Mission and Responsibilities

The MPOA supports the preservation and improvement of community assets while promoting transparency and accountable governance across all operational areas. The Association's mission encompasses both the immediate service needs of its members and the long-horizon obligations of environmental stewardship and infrastructure protection.

The primary responsibilities of the Association include, but are not limited to, the following:

- Lake stewardship, operational support, and environmental monitoring
- Community communication, outreach, and member engagement
- Financial oversight, accountability, and long-term planning
- Infrastructure maintenance, capital planning, and asset protection
- Regulatory compliance, licensing, and coordination with governmental bodies

These responsibilities are carried out through a combination of professional service agreements, volunteer leadership, and active Board oversight — ensuring that the Association delivers maximum value to its members at every level of operation.

Property Value of Deeded Lake Rights

Lake access is not limited to the value received by members who actively use the water. Deeded lake rights can carry measurable property value and remain attached to the property, including when an owner does not personally use the lake.

A Wonder Lake comparable-sales analysis of selected non-waterfront properties with and without lake rights provides the following central estimates:

Estimated Property Value of Deeded Lake Rights
Wonder Lake comparable-sales analysis

Typical Non-Waterfront Home	Central Estimate of Lake-Rights Value	Estimated Value Range
~$295,000 Comparable property baseline	**~$59,000** Approximately 20% of a $295,000 home	**~$44,000–$74,000** Added market value associated with deeded lake access

The $59,000 central estimate does not depend on owning a boat or personally using the lake. The value is associated with the deeded access itself and remains with the property, which can affect the property's market value when it is sold. The next buyer may value the lake rights even if the current owner does not use them.

Source: Wonder Lake comparable-sales analysis — selected non-waterfront properties with and without lake rights; published lake-access / property-value research. Estimated value, not a formal appraisal.

Governance Framework

The Association operates through elected, unpaid volunteer Board leadership, standing committees, and active member participation to guide decisions affecting all aspects of the community. Leadership is committed to open governance, fiscal discipline, and the responsible execution of the Association's mission. Board members are elected in accordance with the Association's governing documents and serve as fiduciaries of member resources and community interests.

Standing committees provide subject-matter expertise and recommendation capacity to the full Board, ensuring that decisions on matters such as budgeting, operations, and communications benefit from structured review prior to Board action. Member participation — through meetings, surveys, and direct engagement — remains an essential pillar of the MPOA's governance model.

Governance Commitment

The MPOA Board of Directors is committed to conducting Association business with full transparency, member accountability, and adherence to the governing documents and financial policies that guide responsible operation of the community's shared assets and resources.

Chapter Two

Budget Development Process

Executive Overview

The annual budget process establishes a disciplined, structured framework for evaluating operational needs, reviewing financial requirements, and preparing a responsible operating plan aligned with the Association's long-term goals. The process is designed to be deliberate and inclusive — drawing on historical financial data, current operational realities, and forward-looking projections to construct a budget that serves both immediate member needs and future community obligations.

The MPOA's budget development process reflects a commitment to evidence-based financial planning. Rather than simply projecting forward from prior-year figures, the process requires meaningful engagement with all major cost drivers, revenue assumptions, and reserve requirements before a final recommendation is submitted to the Convention for consideration.

Budget Development Framework

The following steps define the Association's standard budget development sequence, executed annually by the Budget Committee in advance of Convention review and adoption:

1. Review historical financial performance and prior-year actuals to establish an accurate baseline for current planning
2. Evaluate current and projected operational requirements, including all known contractual obligations, service costs, and infrastructure needs
3. Analyze the proposed assessment level and related income assumptions, including the $53 annual dues rate applied to 5,500 billable units
4. Review reserve balances and long-term capital obligations through the Strategic Reserve Dues Calculator, keeping any strategic reserve funding decision separate from the 2027 operating budget unless separately authorized by the Convention
5. Prepare a draft budget for committee review, incorporating the proposed line-item budget and supporting documentation for Convention consideration

Financial Controls

The budget process emphasizes accuracy, transparency, and alignment between available resources and community priorities. Internal controls are applied throughout the process to ensure that expenditures are authorized, documented, and consistent with Convention-approved objectives. All budget figures are traceable to source data, and the Budget Committee maintains workbook-level documentation supporting each proposed line item.

The 2027 proposal is presented as a single line-item budget, with total operating income of $407,775 and total operating expenses of $405,644, resulting in projected operating income in excess of expenses of $2,131 before other income, other expense, and depreciation entries.

Convention Review and Approval

The final budget recommendation incorporates committee review, full Board discussion, and member communication prior to formal adoption. The Convention retains final authority over all budget decisions and assessment determinations, and no operating budget becomes effective until formally approved by majority Convention action in accordance with the Association's governing documents.

Process Integrity

The MPOA budget development process is structured to ensure that every operating-budget decision presented to the Convention is supported by documented analysis and historical comparison, while strategic reserve priorities are evaluated separately through the calculator-based reserve planning framework.

Chapter Three

Executive Budget Summary

Executive Overview

The 2027 proposed budget provides a balanced operating plan designed to sustain current operations while maintaining a modest projected operating surplus. Based on the proposed line-item budget, 2027 operating income totals $407,775 and operating expenses total $405,644, resulting in projected income in excess of expenses of $2,131 before other income, other expense, and depreciation entries.

The Executive Budget Summary serves as the strategic context for the detailed financial analyses presented throughout this handbook. Convention members are encouraged to review each subsequent chapter in sequence to fully appreciate the analytical foundation supporting the final budget recommendation.

Budget Highlights	Strategic Financial Objectives	Convention Summary
• Maintain essential lake operations and member services • Keep strategic reserve planning separate from the 2027 operating budget unless separately authorized • Improve financial visibility through dashboards and reporting	• Balance $407,775 in operating income against $405,644 in operating expenses • Protect and preserve Association assets and infrastructure • Preserve a projected operating surplus of $2,131 before other activity and depreciation	The Executive Budget Summary provides the financial foundation for the revenue, expense, strategic reserve calculator, and long-range reserve forecast chapters that follow. Convention members are encouraged to review each chapter in sequence for full context.

Budget Philosophy

The 2027 budget reflects the Board's unwavering conviction that responsible financial stewardship is not merely an operational obligation, but a fundamental expression of the Association's commitment to its members. Every dollar received in member assessments carries with it an implicit promise: that it will be applied with discipline, transparency, and a clear-eyed view of both today's needs and tomorrow's obligations.

The proposal is presented as a single Convention-ready operating budget framework, not as a set of competing assessment scenarios. The Convention's review should therefore focus on whether the proposed revenue structure is sufficient to support current operations, while strategic reserve priorities are evaluated separately through the Strategic Reserve Dues Calculator and 2027–2076 forecast.

> **Financial Stewardship Principle**
>
> Sound governance requires that financial decisions be made with a complete view of both current obligations and future requirements. This budget handbook is designed to ensure that the Convention has that complete view before any assessment or expenditure decision is finalized.

Chapter Four

Revenue Composition

Executive Overview

This chapter presents the MPOA revenue structure under the current 2027 proposal. Revenue values are organized by major category to give the Convention a clear view of the Association's recurring revenue base, supporting informed review of the proposed operating budget and long-term funding responsibilities.

Illinois Lake Association Dues Benchmark

This comparison summarizes annual charges reported by selected Illinois private lake associations and places those charges in context with Wonder Lake’s current annual dues. The comparison is intended to show the scale and structure of annual member charges relative to Wonder Lake. The associations differ in size, services, and obligations covered by their annual charges, so the figures are presented as a reference rather than as a direct apples-to-apples cost comparison.

Association	Acres	Annual Dues	Assessment Covers
Lake Carroll	620	$2,585	Flat fee per lot
Candlewick Lake	210	$1,346	$989 dues plus $278 capital reserve
Lake Wildwood	220	$915	Flat fee per lot
Lake Thunderbird	115	$435	Dues, water, clubhouse, lake rights
Lake Petersburg	200	$390	Membership, sewer, dredging
Wonder Lake — Current	**840**	**$44**	**Operations only, no capital reserve**

Revenue Summary

The following table presents projected income by category using the 2027 Budget column from the MPOA Proposed Line Item Budget. Annual dues are based on $53 multiplied by 5,500, producing projected dues revenue of $291,500.

Revenue Category	2027 Budget
Annual Dues	$291,500.00
Vehicle Passes	$62,500.00
Insurance Reimbursements	$48,575.00
Miscellaneous Income	$5,200.00
Total Income	**$407,775.00**

Key Findings

- Annual dues remain the primary and largest income source, with 2027 budgeted dues of $291,500 based on $53 × 5,500
- Vehicle passes, insurance reimbursements, and miscellaneous income provide important supplemental income totaling $116,275 in the 2027 budget
- Total 2027 budgeted income is $407,775, which should be evaluated against total 2027 budgeted operating expenses of $405,644

Convention Recommendation — Revenue

The Convention should evaluate the 2027 revenue proposal in conjunction with documented operating needs and the separately presented strategic reserve calculator. No revenue decision should be confused with automatic adoption of the strategic reserve planning totals.

Chapter Five

Expense Analysis

Executive Overview

This chapter summarizes operating expenses across mapped categories drawn from the 2027 Budget Worksheet. Expense values represent year-to-date actuals, budgeted figures, and the 2027 proposed allocation. The expense analysis provides the Convention with a comprehensive view of the Association's cost structure, enabling informed evaluation of proposed expenditure levels relative to available revenue.

The expense categories presented in this chapter reflect the Association's operating obligations — from lake safety and environmental stewardship to payroll, professional services, insurance, and administration. Strategic reserve priorities are addressed separately in the calculator and forecast chapters and are not included as 2027 operating expenses unless separately authorized by the Convention.

Expense Summary Table

The following table presents operating expense allocations by category across 2026 projected amounts, 2026 budgeted amounts, and the 2027 budget. All values are expressed in U.S. dollars and reconcile to total 2027 operating expenses of $405,644.

Expense Category	2026 Projected	2026 Budget	2027 Budget
Lake Use & Safety	$18,122.00	$18,500.00	$20,000.00
Lake Renewal	$38,528.00	$37,220.00	$80,010.00
Dam	$48,000.00	$48,000.00	$49,000.00
Payroll	$91,550.00	$91,550.00	$94,739.00
Office & Building Expense	$49,060.00	$18,600.00	$26,400.00
Professional Services	$21,500.00	$20,000.00	$29,050.00
Travel & Entertainment	$1,400.00	$1,400.00	$2,060.00

Expense Category	2026 Projected	2026 Budget	2027 Budget
Insurance	$90,513.00	$95,400.00	$96,000.00
Reserves & Related	$18,200.00	$27,700.00	$0.00
Taxes, Licenses & Fees	$7,985.00	$7,660.00	$8,385.00
Total Operating Expense	**$384,858.00**	**$366,030.00**	**$405,644.00**

Convention Commentary

The mapped expense categories provide a consistent framework for comparing 2026 projected expenses, the 2026 budget, and the 2027 budget. The 2027 expense total of $405,644 is supported by category-level allocations and should be reviewed against 2027 total income of $407,775, leaving projected operating income in excess of expenses of $2,131 before other income, other expense, and depreciation entries.

Several categories warrant particular Convention attention in the 2027 review cycle:

- **Lake Renewal:** The proposed 2027 Lake Renewal allocation is $80,010, compared with the 2026 budget of $37,220 and 2026 projected amount of $38,528. The primary increase is $40,000 for a full bathymetric study of the lake, which will provide updated lake-depth and sediment data to support future dredging, renewal, and long-term planning decisions.
- **Office and Building:** The proposed 2027 allocation of $26,400 represents a significant decrease from the 2026 projected amount of $49,060, reducing the category by $22,660. Although the 2027 allocation is $7,800 higher than the 2026 budget of $18,600, the more relevant comparison is the reduction from the unusually high 2026 projected spending level, which included non-recurring building-related costs.
- **Professional Services:** The proposed 2027 allocation is $29,050, compared with the 2026 budget of $20,000 and 2026 projected amount of $21,500, reflecting anticipated legal, accounting, legal collection, and consulting needs.
- **Insurance:** Costs continue to trend upward, consistent with broader market conditions, and the proposed $96,000 allocation reflects a conservative, fully funded approach to coverage obligations.

Expense Oversight Note

The Convention's review of the expense analysis should focus on whether the 2027 category allocations are sufficient and properly documented. The 2027 operating expense budget totals $405,644, which is $39,614 above the 2026 budget of $366,030 and $20,786 above the 2026 projected amount of $384,858.

Chapter Six

Strategic Reserve Dues Calculator

Executive Overview

This chapter presents the Strategic Reserve Dues Calculator, a planning tool that converts long-term capital priorities into target capital amounts, funding-completion years, funding durations, annual funding requirements, and per-lot dues impacts. The current selected items identify $89,320,000 in potential long-term strategic reserve needs. If all selected items were funded concurrently according to their stated durations, the combined annual funding requirement would be $5,101,667, or $927.58 per lot based on 5,500 lots.

These figures are not an automatic 2027 operating-budget charge. They show the scale and timing of long-term obligations the Convention may need to consider. The calculator identifies different funding-completion years and durations for the selected priorities, while the Chapter 8 forecast models all selected funds as beginning funding in 2027. The calculator allows the Convention to decide whether each reserve priority should be approved, deferred, resized, or excluded.

Strategic Reserve Calculator Summary

The following table summarizes the selected strategic reserve priorities from the calculator. For each item, the table shows the target capital amount, funding completion year, funding duration, annual funding required, and per-lot annual dues impact. The summary row shows the combined effect of funding all selected items under the current assumptions.

Priority Item	Target Capital	Funding Completion	Funding Duration Years	Annual Funding	Per-Lot Impact
Cyclical Dredging Fund — West Bay	$2,400,000	2029	2	$1,200,000	$218.18
Cyclical Dredging Fund — Balance of Lake	$17,200,000	2042	15	$1,146,667	$208.48
Micro Dredging	$20,000	2027	1	$20,000	$3.64
Upstream Sediment Management / Watershed Fund	$250,000	2038	10	$25,000	$4.55
MPOA Building Fund	$100,000	2027	1	$100,000	$18.18
Technology Fund	$25,000	2027	1	$25,000	$4.55

Priority Item	Target Capital	Funding Completion	Funding Duration Years	Annual Funding	Per-Lot Impact
Catastrophic Fund A	$18,000,000	2042	15	$1,200,000	$218.18
Dam Replacement Fund	$50,000,000	2077	50	$1,000,000	$181.82
Legal Reserve Fund	$100,000	2037	10	$10,000	$1.82
Future Employment Fund	$125,000	2027	1	$125,000	$22.73
Dam & Critical Infrastructure Reserve	$750,000	2038	10	$75,000	$13.64
MPOA Shoreline Stabilization Support Fund	$200,000	2028	2	$100,000	$18.18
Enhanced Lake Monitoring & Adaptive Management	$150,000	2028	2	$75,000	$13.64
Selected Items Total	**$89,320,000**	—	—	**$5,101,667**	**$927.58**

Reserve Strategy Considerations

The total calculator impact is intentionally large because it combines very different types of needs: immediate one-year items, short-term shoreline and monitoring initiatives, long-term dredging cycles, and catastrophic infrastructure contingencies. The $927.58 combined per-lot figure should therefore be understood as a full-scope planning benchmark, not as a recommendation that every selected item be funded at once without further Convention prioritization.

- Confirm which strategic reserve items should remain selected for summary purposes and which should be deferred, resized, or removed from the funding model
- Separate one-year and short-duration items from longer-term obligations so member-facing dues discussions are not overstated or misunderstood
- Use the calculator to test alternative funding durations, funding-completion years, and selected-item combinations before any formal dues or reserve-funding action is adopted
- Treat all strategic reserve figures as planning estimates until supported by engineering data, bathymetric analysis, legal review, or other project-specific documentation

Convention Considerations — Reserve Funding

The Convention should treat the Strategic Reserve Dues Calculator as a decision-support tool, not as an automatic funding vote. The current selected-item summary identifies $89,320,000 in potential strategic reserve capital needs, $5,101,667 in combined annual funding if all selected items are funded concurrently, and a $927.58 annual per-lot planning impact based on 5,500 lots.

Before any reserve action is adopted, the Convention should determine which items remain selected, which should be deferred or resized, how long each item should be funded, and whether engineering, bathymetric, legal, insurance, or member-communication support is needed. Any adopted reserve program should be approved separately from the 2027 operating budget and should clearly state the authorized purpose, funding duration, annual amount, per-lot impact, restrictions on use, and reporting requirements.

Chapter Seven

Strategic Reserve Decision Dashboard

Strategic Reserve Decision Dashboard

This dashboard converts the Strategic Reserve Dues Calculator from Chapter 6 into Convention decision points. It is intended to help the Convention decide which reserve priorities should move forward now, which should be deferred or resized, and which require more documentation before any funding action is considered.

Decision Metric	Current Calculator Result	Convention Meaning
Selected capital need	$89,320,000	Full planning universe, not an approved assessment
Concurrent annual funding	$5,101,667 per year	Shows scale if all selected items were funded under current assumptions
Full per-lot planning impact	$927.58 annually per lot	Planning benchmark only; separate Convention action required
Decision status	**No reserve funding is adopted unless separately approved by the Convention.**	

The Cost of Waiting

Delaying reserve decisions does not eliminate the obligation; it shifts the cost forward. As lake, dam, shoreline, building, technology, insurance, and legal needs age, the Convention may face fewer options, higher costs, and more urgent decisions. This dashboard should therefore be used to decide what must be planned now, what can responsibly wait, and what additional documentation is needed before funding is approved.

Convention Decisions Required

- Confirm which strategic reserve items should remain selected in the calculator.
- Identify which one-year and short-duration items require immediate funding discussion.
- Defer, resize, or remove items that are not ready for funding consideration.
- Require engineering, bathymetric, legal, insurance, or cost documentation before approving major reserve funding.
- Keep any reserve funding vote separate from the 2027 operating budget.

Dashboard Conclusion

Chapter 7 should be used as the Convention’s action screen for Chapter 6. The calculator shows the full planning picture; this dashboard identifies the decisions the Convention must make before any reserve funding is authorized.

Chapter Eight

Strategic Reserve Funding Forecast

Executive Overview

This chapter presents the Strategic Reserve Funding Forecast generated from the calculator assumptions in Chapter 6. In the proposed model, all selected strategic reserve funds begin funding in 2027. The “Project Start” year identifies when the funded work is expected to begin or when the fund should be fully funded, not when collections begin.

The forecast is not a separate spending authorization. It is a timing and affordability view showing the annual funding burden created when all selected funds begin in 2027 and then drop out of the annual total as their funding durations are completed.

Forecast Source Mapping

Primary workbook source: Strategic Reserve Dues Calculator. The forecast applies each selected item's target capital, project start year, funding duration, annual funding requirement, per-lot impact, and the assumption that all selected funds begin funding in 2027.

The forecast model uses the following key inputs:

- Selected strategic reserve priorities from the calculator
- Project start years, funding durations, and the assumption that all selected funds begin funding in 2027
- Annual funding required for active items in each fiscal year
- Per-lot annual dues impact calculated from 5,500 lots

Strategic Reserve Funding Forecast

Funding Period	Forecast Explanation	Total Annual Funding	Total Per-Lot Impact
2027	All selected funds are active. The one-year items funded in 2027 are Micro Dredging, MPOA Building Fund, Technology Fund, and Future Employment Fund.	$5,101,667	$927.58
2028	The one-year items have dropped out. West Bay dredging, Shoreline Stabilization, and Enhanced Lake Monitoring remain active through 2028 and drop out beginning in 2029. Legal Reserve, Upstream Sediment/Watershed, Dam & Critical Infrastructure, Balance-of-Lake dredging, Catastrophic Fund A, and Dam Replacement continue.	$4,831,667	$878.49
2029–2036	West Bay dredging, Shoreline Stabilization, and Enhanced Lake Monitoring have dropped out. Legal Reserve, Upstream Sediment/Watershed, Dam & Critical Infrastructure, Balance-of-Lake dredging, Catastrophic Fund A, and Dam Replacement remain active.	$3,456,667	$628.49
2037–2041	The 10-year items have completed and dropped out: Legal Reserve, Upstream Sediment/Watershed, and Dam & Critical Infrastructure. Balance-of-Lake dredging, Catastrophic Fund A, and Dam Replacement remain active.	$3,346,667	$608.49
2042–2076	Balance-of-Lake dredging and Catastrophic Fund A have completed their 15-year funding durations and dropped out. Dam Replacement remains active as the final 50-year item through 2076.	$1,000,000	$181.82

Long-Term Financial Outlook

The forecast should be read as a total annual funding view. It begins with the full calculator amount of $5,101,667, or $927.58 per lot, because all selected funds are modeled as beginning funding in 2027. As one-year, two-year, ten-year, fifteen-year, and fifty-year funding durations are completed, those items become fully funded and drop out of the annual requirement. This is why the forecast declines over time even though project work may begin in later years.

The key principles guiding the Association's long-term financial outlook include the following:

- Use the forecast to distinguish near-term funding decisions from longer-term strategic obligations
- Review one-year and short-duration items separately before presenting any member-facing dues impact
- Update calculator assumptions annually as engineering, bathymetric, legal, and insurance information improves
- Treat the forecast as a planning tool only until the Convention separately authorizes specific reserve items, funding durations, and dues impacts

Convention Considerations — 2027–2076 Strategic Reserve Forecast

The Convention should use this forecast to understand the timing of strategic reserve funding, the years in which multiple funds overlap, and the points at which the annual requirement decreases because specific funds have become fully funded. The forecast does not by itself authorize spending or assessments; it shows the funding path created by the calculator assumptions and should be updated as project scopes, costs, and timing are refined.

Chapter Nine

Board of Directors Recommendations

Executive Overview

This chapter presents the Board of Directors' recommendations for the 2027 MPOA operating budget and related strategic reserve planning. The recommendations distinguish between the balanced 2027 operating budget—$407,775 in operating income, $405,644 in operating expenses, and projected operating income in excess of expenses of $2,131—and the separate Strategic Reserve Dues Calculator, which identifies $89,320,000 in selected long-term capital needs and a full-scope planning impact of $927.58 per lot if all selected items are funded under current assumptions.

Budget Recommendation Summary

The Board of Directors recommends adoption of a financially responsible 2027 operating budget that:

- Maintains essential lake operations and community services at levels consistent with member expectations and contractual obligations
- Keeps the 2027 operating budget separate from strategic reserve planning, so reserve calculator figures are not treated as automatic operating-budget charges
- Uses workbook-driven analysis to document both near-term operating needs and long-term strategic reserve obligations for Convention review

Recommendation Table

The following table presents the Board of Directors' specific recommendations across each major decision area addressed in this handbook. Each recommendation is presented in plain language to facilitate direct Convention action.

Decision Area	Board Recommendation
2027 Operating Budget	Approve the 2027 operating budget consisting of $407,775 in operating income and $405,644 in operating expenses, producing projected operating income in excess of expenses of $2,131 before other income, other expense, and depreciation entries.
Strategic Reserve Funds	Create the 13 separately identified restricted Strategic Reserve Funds under Resolution 2026-01. The Dues Calculator remains the planning tool; creation of a Fund does not itself authorize spending or levy an assessment.
Financial Planning	Use the 2027–2076 strategic reserve forecast to evaluate sequencing, affordability, documentation needs, and member communication before any specific reserve item or dues impact is formally adopted.
Transparency	Continue workbook-driven financial reporting, budget-to-actual monitoring, and Convention-level dashboards as standard components of the annual budget, reserve planning, and member communication process.

Three Motions for Convention Consideration

Motion 1 – 2027 Operating Budget: Approve the 2027 MPOA operating budget using the $53-per-lot annual operating assessment basis. The 2027 budget provides $407,775 in operating revenue, $405,644 in operating expenses, and a planned operating surplus of $2,131.

Motion 2 – Create the Strategic Reserve Funds: Create the thirteen (13) Strategic Reserve Funds identified in the Strategic Reserve Plan and Dues Calculator as separately identified planning and accounting funds. Creation of a Fund does not authorize spending, levy an assessment, or make the calculator's concurrent funding model an automatic assessment.

Motion 3 – Resolution 2026-01: Adopt Resolution 2026-01 establishing the restricted purposes, fund protections, separate accounting requirements, reporting obligations, and governance controls for the Strategic Reserve Funds, including the 80% Delegate approval standard stated in the Resolution.

Ongoing Convention Oversight

Direct staff and committee leadership to monitor budget-to-actual performance through regular financial reporting at scheduled Director meetings throughout the year.

Schedule an annual review of Strategic Reserve Dues Calculator assumptions and Resolution 2026-01 implementation during development of the following year's budget.

Recommended Convention Actions

The Board of Directors recommends that the Convention consider the following actions, each subject to final legal review and any revisions required by counsel:

1. **Adopt the 2027 Operating Budget.** Approve the 2027 MPOA operating budget consisting of $407,775 in operating income and $405,644 in operating expenses, producing projected operating income in excess of expenses of $2,131 before other income, other expense, and depreciation entries.
2. **Adopt the Strategic Reserve Plan.** Adopt the Strategic Reserve Plan as the Association's long-term planning framework, using the Strategic Reserve Dues Calculator to identify the reserve funds, target capital amounts, funding durations, annual funding amounts, and per-lot impacts to be considered for future funding action.
3. **Adopt Resolution 2026-01.** Adopt Resolution 2026-01 to establish the restricted Strategic Reserve Funds, define their permitted purposes, require separate accounting, and set the governance controls applicable to any future use, transfer, reallocation, or expenditure of Strategic Reserve Fund assets.

Conclusion — A Statement of Commitment

The proposed 2027 operating budget reflects the Association's commitment to responsible stewardship, financial transparency, and the preservation of the assets, services, and quality of life that define the Wonder Lake community. The operating budget balances current income and expenses, while the Strategic Reserve Dues Calculator separately identifies long-term capital priorities that require further Convention review before any funding action is adopted. Resolution 2026-01 provides the governance framework needed to protect any Strategic Reserve Funds that the Convention authorizes.

The Association moves forward with a clearer distinction between operating-budget discipline and strategic reserve planning — anchored by sound financial analysis, guided by the trust placed in its leadership, and united in its purpose: Protecting Our Lake. Preserving Our Community. Dedicated to the Future of Wonder Lake.

Appendix A

Resolution 2026-01 – Strategic Reserve Fund Governance

Why This Resolution Is Included

The Strategic Reserve Plan identifies what the MPOA needs to plan for. Resolution 2026-01 establishes how the money set aside for those priorities will be governed and protected. The Dues Calculator is the planning tool. It identifies the selected strategic priorities and their target capital, project start years, funding durations, annual funding requirements, and per-lot impacts. The Resolution converts that planning structure into a formal fund-governance framework by establishing each selected priority as a separately identified restricted Strategic Reserve Fund.

What the Resolution Does

- Establishes the thirteen selected strategic priorities as separately identified restricted Strategic Reserve Funds.
- Limits each Fund to its stated purpose and prevents routine operating expenses from being charged to Strategic Reserve Funds.
- Requires separate accounting and preserves each Fund's balance, receipts, earnings, commitments, and activity history.
- Prohibits borrowing, cross-fund transfers, pledges, encumbrances, or diversion of Fund assets to cover operating shortfalls.
- Requires an affirmative vote of at least 80% of all Delegates then in office before Strategic Reserve Fund assets may be spent, transferred, loaned, pledged, encumbered, reallocated, or committed to a contract, subject to controlling law and the MPOA's governing documents.
- Requires the Board action to identify the specific Fund, restricted purpose, maximum amount, and project or payee.
- Applies the same heightened protection to material changes in a Fund's purpose, merger, termination, or reassignment.
- Requires annual reporting and review of the Strategic Reserve Plan and Dues Calculator.

What the Resolution Does Not Do

- It does not automatically levy an assessment or increase dues.
- It does not authorize spending merely because a Fund exists or contains money.
- It does not adopt the calculator's concurrent annual or per-lot model as an automatic assessment.
- It does not require all thirteen priorities to be funded at the same time.
- It does not replace any higher requirement imposed by applicable law or the MPOA's controlling governing documents.

MASTER PROPERTY OWNERS ASSOCIATION

FOR THE WONDER LAKE AREA

RESOLUTION 2026-01

ADOPTION, RESTRICTION, GOVERNANCE, AND PROTECTION OF STRATEGIC RESERVE FUNDS

WHEREAS

WHEREAS, the Master Property Owners Association for the Wonder Lake Area ("MPOA" or "Association") has identified long-term strategic reserve and capital priorities that are separate from the Association's ordinary annual operating budget;

WHEREAS, the MPOA Dues Calculator is the Association's planning tool for the Strategic Reserve Plan and identifies selected priorities by target capital, project start year, fully funded duration, annual funding requirement, per-lot impact, selection status, and funding strategy;

WHEREAS, the current calculator identifies thirteen (13) selected strategic priorities with aggregate target capital of $89,320,000, while the calculator's concurrent annual funding and per-lot figures are planning summaries and are not, by themselves, adopted assessments;

WHEREAS, the Association desires to establish each selected priority as a separately identified and restricted Strategic Reserve Fund so that money collected or transferred for one purpose cannot be silently redirected to another purpose;

WHEREAS, the Association's planning materials state that any formal fund should have a written charter defining its purpose, restrictions, expenditure approval thresholds, and reporting;

WHEREAS, the Convention desires to impose a heightened approval requirement of eighty percent (80%) of the Delegates then in office for any expenditure, transfer, loan, pledge, encumbrance, or other use of Strategic Reserve Fund assets;

WHEREAS, this Resolution is intended to establish internal financial controls and does not override any requirement of applicable law, the Association's Articles, Declaration, Bylaws, or other controlling governing documents;

NOW, THEREFORE, BE IT RESOLVED

1. Adoption of the Strategic Reserve Funds

The Convention hereby adopts and establishes the following thirteen (13) restricted Strategic Reserve Funds. Each Fund is a separate accounting fund and a restricted pool of assets. Each Fund shall be maintained with its own balance, receipts, disbursements, investment earnings, commitments, and activity history.

Strategic Reserve Fund	Project Start	Funding Duration	Target Capital	Restricted Purpose
Rotating Annual / Cyclical Dredging Fund – West Bay	2029	2 years	$2,400,000	Targeted maintenance dredging cycle in West Bay.
Rotating Annual / Cyclical Dredging Fund – Balance of the Lake	2042	15 years	$17,200,000	Long-term maintenance dredging for the balance of the lake; exact scope and volume to be established by future bathymetry and project planning.
Rotating Annual / Cyclical Dredging Fund – Micro Dredging	2027	1 year	$20,000	Targeted micro dredging at locations determined by current needs.
Upstream Sediment Management / Watershed Fund	2038	10 years	$250,000	Upstream and watershed measures intended to reduce sediment entering the lake.
MPOA Building Fund	2027	1 year	$100,000	MPOA building capital improvements, accessibility, HVAC, roof, drywall, deferred maintenance, and related building capital needs.
Technology Fund	2027	1 year	$25,000	Capital technology improvements, including security and infrastructure technology identified for MPOA assets.
Catastrophic Fund A	2042	15 years	$18,000,000	Catastrophic response to a potential breach or failure involving the earth dam portion or spillway.
Dam Replacement Fund	2077	50 years	$50,000,000	Replacement or reconstruction involving the spillway and earth dam infrastructure beyond the current concrete dam structure.
Legal Reserve Fund	2037	10 years	$100,000	Extraordinary legal defense, litigation, material legal claims, and extraordinary legal consulting not appropriately chargeable to routine operating legal expense.
Future Employment Fund	2027	1 year	$125,000	Future staffing or contracted operational capacity, including office, lake management, marine contractor, or work-staff needs when specifically approved.
Dam & Critical Infrastructure Reserve	2038	10 years	$750,000	Major dam and critical infrastructure capital needs beyond routine operating maintenance.
MPOA Shoreline Stabilization Support Fund	2028	2 years	$200,000	Stabilization and maintenance of MPOA-owned shoreline and rip-rap properties, including named MPOA properties and other Association assets as approved.
Enhanced Lake Monitoring & Adaptive Management Fund	2028	2 years	$150,000	Expanded water-quality, sediment, ecological monitoring, bathymetric work, and data-driven

Strategic Reserve Fund	Project Start	Funding Duration	Target Capital	Restricted Purpose
				lake management beyond routine baseline monitoring.

2. Nature and Restriction of Each Fund

Each Strategic Reserve Fund is permanently restricted by this Resolution to the specific purpose for which that Fund was adopted. No Fund balance may be used for routine operating expenses, payroll, ordinary maintenance, general administration, or any other purpose unless that expenditure is expressly within the Fund's restricted purpose and is approved under Section 5 of this Resolution.

A Fund's existence does not authorize expenditure. Money may be accumulated for future use until the Fund's restricted purpose is ready for an approved expenditure.

The Strategic Reserve Funds shall remain separate from the annual operating budget. Establishing a Fund or showing a funding requirement in the Dues Calculator does not itself levy an assessment, increase dues, authorize a contract, or authorize an expenditure.

3. Separate Accounting, Custody, and Protection

The Treasurer shall maintain a separate ledger or sub-ledger for each Strategic Reserve Fund. Physical commingling of cash in one financial institution account may occur only if the Association's accounting records continuously preserve the separate identity and exact balance of each Fund.

Money in one Strategic Reserve Fund shall not be borrowed, advanced, transferred, pledged, encumbered, or used to cover a shortfall in another Strategic Reserve Fund or the operating budget.

Interest, dividends, investment gains, refunds, insurance recoveries, grant proceeds, and other receipts specifically attributable to a Strategic Reserve Fund shall remain restricted to that Fund unless a higher-authority legal requirement provides otherwise.

Any unspent balance remains in the applicable Fund and does not revert automatically to general operating funds at year-end.

4. Funding of the Strategic Reserve Funds

Funding of each Strategic Reserve Fund shall be determined separately by the Board using the Strategic Reserve Plan and the MPOA Dues Calculator. The Board may consider the calculator's target capital, start year, fully funded duration, annual funding requirement, per-lot impact, project sequencing, grants, donations, investment income, financing alternatives, actual project costs, and the Association's current financial condition.

No funding action shall be inferred from the calculator's all-selected concurrent summary. The concurrent annual amount and concurrent per-lot amount are planning views only and are not automatic assessments.

Any assessment, dues increase, transfer of unrestricted funds, borrowing, financing, grant acceptance, or other funding action shall be approved through the applicable Convention and member approval process required by controlling law and the Association's governing documents.

5. Eighty Percent (80%) Supermajority Required to Spend or Reallocate Fund Assets

Except as expressly prohibited or otherwise required by controlling law, no Strategic Reserve Fund asset may be spent, disbursed, transferred, loaned, pledged, encumbered, reallocated, or committed to a contract unless approved by an affirmative vote of at least eighty percent (80%) of all Delegates then in office.

For clarity, the eighty percent (80%) threshold is calculated from the total number of Delegates then in office, not from the number present at the meeting. Vacant seats are not counted as Delegates in office. Abstentions, absences, recusals, or non-votes do not count as affirmative votes.

The vote approving a Fund expenditure must identify: (a) the specific Fund; (b) the restricted purpose being served; (c) the maximum amount authorized; (d) the payee or project, if known; (e) the source of the Fund assets; and (f) whether the authorization is for a single expenditure, a contract, or a defined project phase.

A general budget line, committee recommendation, or prior discussion does not satisfy this Section unless the Convention action itself meets the eighty percent (80%) threshold and contains the required authorization.

6. Emergency Expenditures

An emergency does not eliminate the eighty percent (80%) approval requirement for use of Strategic Reserve Fund assets. The Convention may meet by any method permitted by applicable law and the Association's governing documents to consider an emergency expenditure.

If immediate action is legally or physically necessary to protect life, prevent imminent material damage, or comply with a mandatory governmental order, officers and authorized agents may take only the minimum action otherwise authorized by the Association's governing documents or applicable law. Any use of Strategic Reserve Fund assets remains subject to the highest approval requirement that can lawfully be applied under the circumstances, and the Convention shall document the emergency and ratify any action as required.

7. Prohibited Uses

- Routine operating deficits or ordinary cash-flow shortages.
- Routine payroll, ordinary salaries, or normal recurring operating expenses, except Future Employment Fund expenditures that are specifically within that Fund's restricted purpose.
- Routine maintenance that should be paid from the annual operating budget, unless the work is part of an approved capital or strategic project within the applicable Fund's restricted purpose.
- Borrowing from one Strategic Reserve Fund to pay another Fund or the operating budget.
- Using Fund assets as collateral or security for unrelated debt.
- Redirecting money to a different project merely because the original Fund has a large balance.
- Reclassifying a restricted Fund balance as unrestricted operating income without an amendment adopted under Section 9.

8. Spending Standards and Documentation

Before a proposed expenditure is submitted for the eighty percent (80%) vote, the Convention shall receive documentation reasonably sufficient to identify the need, scope, estimated or quoted cost, relationship to the Fund's restricted purpose, and available Fund balance.

For material capital projects, the Board should obtain appropriate engineering, professional, contractor, permitting, insurance, environmental, or legal information before committing Fund assets, as appropriate to the project.

No expenditure authorization may exceed the amount specifically approved. A material increase in the authorized amount or a material change in scope requires a new approval under Section 5.

9. Amendment, Consolidation, Termination, or Change of Fund Purpose

No Strategic Reserve Fund may be abolished, merged with another Fund, renamed in a manner that changes its purpose, or have its restricted purpose materially changed except by an affirmative vote of at least eighty percent (80%) of all Delegates then in office, subject to any higher approval requirement imposed by controlling law or the Association's governing documents.

If a Fund's original purpose becomes impossible, unlawful, permanently unnecessary, or fully completed, the Board shall first determine whether the governing documents or applicable law require a particular disposition. If the Convention has lawful discretion, any remaining balance may be reassigned only to a substantially related strategic purpose and only with the approval required by this Section.

10. Annual Review and Reporting

The Treasurer shall provide the Convention with a Strategic Reserve Fund report at least annually and during preparation of the annual budget. The report shall show, for each Fund: beginning balance, additions, investment earnings, approved commitments, expenditures, ending balance, current target capital, current start year, current funding duration, and material changes to the funding strategy.

The Board shall review the MPOA Dues Calculator before each annual budget cycle. Changes to target capital, start year, funding duration, selection status, lot count, or funding strategy shall be documented and recommended to the Convention for adoption. A simple majority vote is what is required for adoption. A change to the calculator does not, by itself, amend this Resolution or authorize spending.

Strategic Reserve Fund balances and material activity shall be reported to the membership in the manner required by the Association's governing documents and applicable law.

11. Relationship to Existing Funds and Donor Restrictions

This Resolution does not alter an existing restricted fund, including the Lake Preservation Fund, except by a separate express action adopted under the governing rules applicable to that fund.

Donor-restricted gifts, grants, insurance proceeds, or other restricted receipts shall remain subject to their own written restrictions in addition to this Resolution. If a restriction conflicts with this Resolution, the more restrictive lawful requirement shall control.

12. Controlling Documents and Severability

If any provision of this Resolution conflicts with applicable law, the Association's Articles of Incorporation, Declaration, Bylaws, or another controlling governing document, the controlling authority shall govern to the extent of the conflict, and the remaining provisions shall remain in effect.

If any provision is determined invalid or unenforceable, the remaining provisions shall continue to the fullest extent permitted.

13. Effective Date

This Resolution shall take effect immediately upon adoption by the Convention of Delegates and shall remain in effect until amended or repealed in accordance with Section 9 and any higher applicable legal or governing-document requirement.

ADOPTED

Adopted by the Convention of Delegates of the Master Property Owners Association for the Wonder Lake Area on ____________________, 2026.

President	**Secretary**
______________________________________	______________________________________
Ray O'Brien	John Kunzer
Date: ________________________________	Date: ________________________________

Drafting basis: MPOA Strategic Reserve Plan and Dues Calculator structure. The current plan identifies thirteen selected priorities, separate fund purposes, individual start years and fully funded durations, and treats concurrent funding figures as planning summaries rather than automatic assessments.