

Comments on Lake Community Financial Planning and Options
Chris Allyn

I am sorry that I could not attend the inform session in person. I have heard the earlier presentation of the planning subgroup, but do not know what form it will have taken tonight, so please forgive me if my observations are slightly askew to the options being discussed tonight.

I speak from my experiences in the community organizations, my involvement with the Dam Dredge project, and my studies of the history and records of the lake organizations.

I believe strongly that the lake community needs to use different funding mechanisms for needs of different time frames. These include adequate yearly dues and assessments for the normal operating expenses of each passing year. They also include properly structured and maintained reserve accounts for periodically recurring expenses with time-frames of up to about ten years or so. I think the community needs to make use of loans for longer term projects (projects that recur on timeframes longer than 10 years or so). In addition, I think the lake community needs to maintain a general reserve (for emergency short-term needs) of an appropriate size to deal with events such as a few water pipe breaks, the breakdown of a well pump, or a major road disruption.

I favor loans instead of a reserve mechanism for long term projects. This is both because of the difficulty of accurate forecasting of frequency of cost of such actions and the difficulty of maintaining a proper long-term organizational memory to manage the long term reserve. Our volunteer self-government has a great many advantages but the community is not large enough to support an appropriate organizational memory for projects of such scope. I have seen this both in my own experience and in the written record of our community's past.

I would even go so far as to suggest that the community examine the possibility of using a line-of-credit mechanism to serve the purpose of the emergency reserve. I feel that such a relationship might allow us to take advantage of assets in more productive ways than we do now.