

OLD LYME SHORES BEACH ASSOCIATION
BUDGET PRESENTATION TO THE MEMBERSHIP
FISCAL YEAR JULY 1, 2024 THROUGH JUNE 30, 2025

ANNUAL MEETING

JUNE 15, 2024



Old Lyme Shores Beach Association
Budget Narrative
For the Fiscal Year Ending June 30, 2025
The Fiscal Year of the Association is July 1, 2024 – June 30, 2025

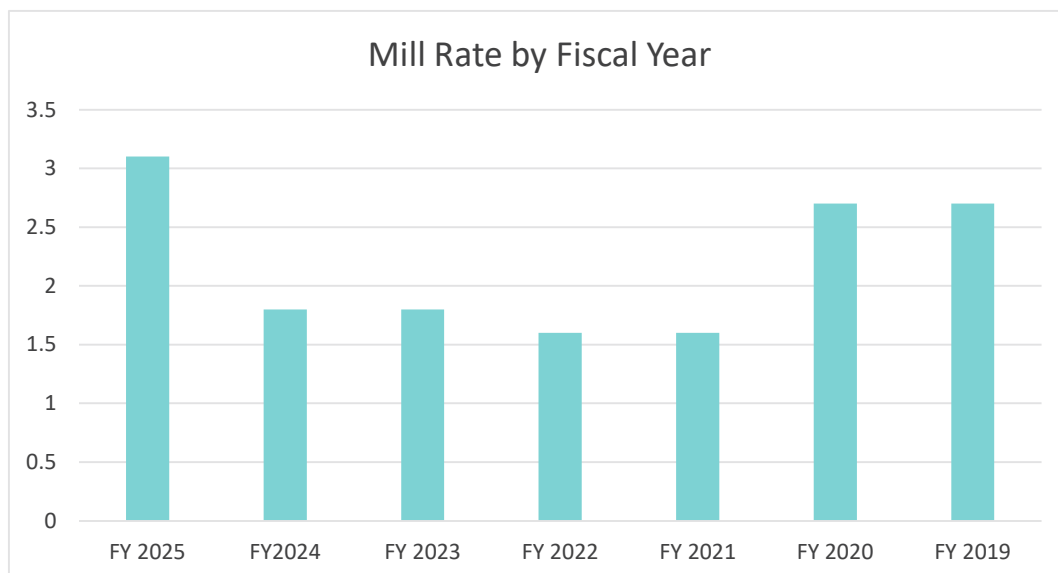
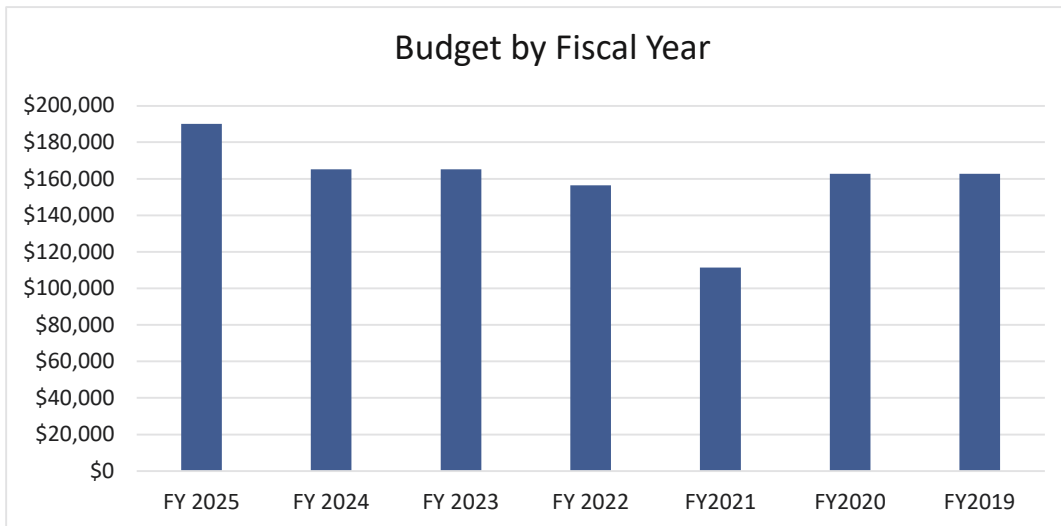
The following narrative provides an overview of the most significant assumptions used to prepare the budget of the Old Lyme Shores Beach Association (the Association) for fiscal year ending June 30, 2025.

The budget includes total revenue of \$197,549, made of annual tax assessments of \$183,925, grant from the Town of Old Lyme of \$10,124, and interest earnings on reserve funds of \$3,500.

The tax revenue was set using a mill rate of 3.1. The mill rate was set as part of the budget process including a detailed review of the annual operating expenditures of the Association.

The grant from the Town of Old Lyme was approved by the board of selectmen as part of its fiscal year 2025 annual budget. The Association typically receives the grant in two installments during the fiscal year.

HISTORICAL BUDGET & MILL RATE:



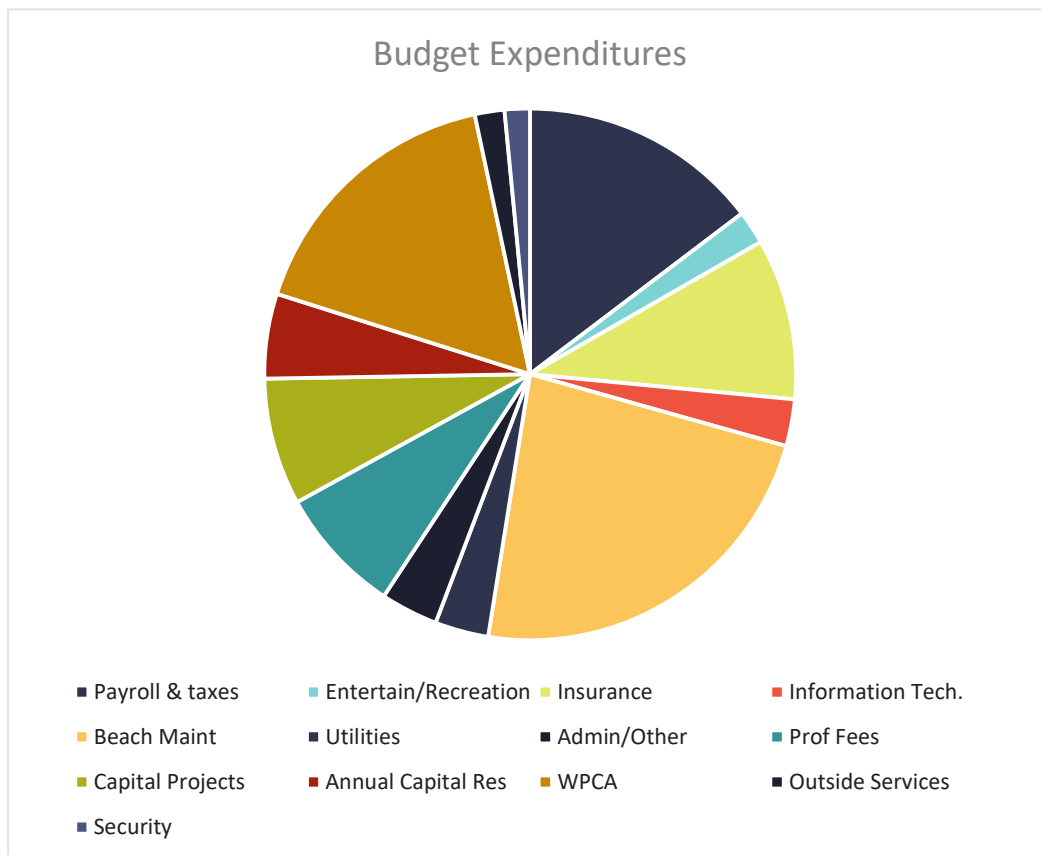
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Our new 3.1 mill rate will continue to be one of the lowest compared to the other Old Lyme beach associations based on the following fiscal 2023 data.

Old Lyme Shores Beach Association	1.8
White Sands Beach Association	4.1
Old Colony Beach Club Association	4.0
Miami Beach Association	3.5
Point O’Woods Association	3.4
Rogers Lake West Shores	1.0

The new mill rate reflects a budget that will be 100 percent funded from FY 2025 revenues, as opposed to using the Association’s cash reserves (savings). For example, for fiscal year 2024, \$45,000 of the budget was funded with the Association’s cash reserves. Using cash reserves has kept the mill rate and member tax bills artificially low. This is not sustainable. If the Board of Governors allowed the Association to continue on this path, the Association would have no cash reserve within a year or two.

Total expenditures of \$194,049 are included in the budget; the three largest being beach maintenance (\$45,000), WPCA (\$32,500), and payroll for gate and beach attendants (\$26,100). The following pie chart presents total expenditures by category.



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INFRASTRUCTURE:

An assessment of all Association assets was completed. Each asset was identified, evaluated for condition and replacement cost, and assigned a useful life. As a result, the Association now has a plan for confidently budgeting the annual cost to replace and maintain its assets.

The budget includes \$15,000 of capital project expenditures to be used for items such as road repairs, gate repairs, road sign replacement, and bench replacement.

CAPITAL RESERVE FUND:

Included in the budget is \$10,000 for funding of the capital reserve account to address future infrastructure needs and unforeseen emergencies. At the May 22, 2024 Board of Governors meeting, the Board of Governors unanimously approved \$10,000 per fiscal year for the “Annual Capital Reserve,” up until such time as the amount in the capital reserve fund is at least equivalent to the total amount of expenditures set forth in the budget for the then-current year, with the Board of Governors taking precautions not to overtax members by accumulating too much money in the capital reserve fund. Based on the budget, that amount would be \$194,000. The Finance Committee is developing a recommendation for the Board of Governors that specifies the use limitations. A detailed accounting for this fund will be kept, including annual funding, interest earnings, and expenditures from the fund. The funds will be invested in a high-yield account. An estimate for interest earnings of \$3,500 is included in the budget based on the Association’s current savings balance. The interest earnings are earmarked for growth of and future expenditures from the capital reserve fund.

SECURITY:

A detailed analysis of person hours was completed for the gate and beach attendants, resulting in approximately \$28,500 in the budget for payroll and related employment taxes. In addition, \$3,000 was included for external security service coverage on the July 4th and Labor Day holidays, as well as two weekend evenings each week through Labor Day; and \$5,000 for miscellaneous expenses which potentially includes neighborhood security cameras.