

# MISSISSIPPI LAKES ASSOCIATION CAPITAL PLAN 2024

## **PURPOSE**

The Capital Plan is an assessment of the current state of capital assets, a projection of future requirements, and an estimate of funding levels and timelines for acquiring and/or replacing capital assets.

## **REFERENCES**

- A. MLA Fixed Asset Policy
- B. MLA Revenue Generation Policy

## **ASSESSMENT OF CURRENT AND FUTURE CAPITAL ASSETS**

Annex A lists the Association's current capital asset holdings, including estimates of useful remaining life, and projected replacement costs. Also listed are additional assets that the Board intends to acquire to support Association activities.

## **FUNDING REQUIREMENTS**

The Board shall set a Reserve Fund target balance that will provide sufficient funds to replace existing assets and to permit planned future acquisitions. Accordingly, the transfer of funds from the Operating Fund to the Reserve Fund is to be:

- a. undertaken annually, or resumed as required, whenever the Reserve Fund balance is below the target balance; and
- b. ceased once the Reserve Fund target balance is attained.

## **ACQUISITION SCHEDULE**

The acquisition and/or replacement of capital assets is subject to AGM approval. A Capital Budget proposal and expenditure plan will be presented at each AGM. Refer to the MLA Fixed Asset Policy for additional procedures.

Replacement decisions depend on many interdependent factors that the Board may not always be able to forecast accurately. No specific purchases are expected in 2024, however the Board will remain alert to cost effective opportunities to replace current equipment in a timely fashion when funds

become available. The overall aim of replacement activity is to minimize the risk of unplanned loss of essential assets as they become less reliable over time.

**REVIEW**

This Plan shall be reviewed annually in conjunction with budget preparation for the next fiscal year. Adjustments are to be made as required to reflect changes to the state of the Association's capital assets and future requirements. On this basis, and taking into account the current and expected revenue generation capacity of the Association, the Board shall set:

- a. the Reserve Fund target balance; and
- b. the amount to be transferred from the Operating Fund to the Reserve Fund in the next fiscal year.

**PLAN SUMMARY - updated 11 Jun 2024**

CAPITAL ASSET	PLAN	PROJECTED COST
boat	retain capability replace on an opportunity basis	\$15,000
outboard motor	retain capability replace on an opportunity basis within five years	\$10,000
drone equipment	discontinue ownership; sell equipment	0
Navigloo boat cover	retain capability replace in ten years time	\$1,000
additional equipment	E.g.: Water quality measurement equipment, sound meter, etc. No specific items have been identified to date. See Annex B.	\$5,000

Reserve Fund target balance: **\$31,000**

Transfer from Operating Fund, approved by BOD, 11 Jun 2024: **\$4,000**

Reserve Fund balance: as at 1 May 2024: \$ 9,602.73  
 post 2024 transfer: \$13,602.73

The proceeds of the sale of of the drone equipment will be transferred to the Reserve Fund upon completion of the sale.

ANNEX A TO  
MLA CAPITALIZATION PLAN

**ASSESSMENT OF CURRENT CAPITAL ASSETS**

Pontoon Boat

A boat is an essential asset, primarily in support of the annual marker buoy program but also for a wide range of MLA on-water activities. The Board wishes to maintain these core activities thus it is important to maintain a functional and reliable boat.

The current 24-foot pontoon boat and motor was acquired used in 2020. The motor is discussed separately below. Although the boat is 26 years old (1997), the hull and fittings are in good condition and a thorough refit of the main deck and furniture was undertaken in July 2021. Another refit of the deck will be undertaken in Summer 2024 using operational funds. The boat will likely incur additional structural issues in the longer term. With age and increasing upgrade/repair costs, this boat will provide a decreasing utility with regard to safety and ability to support MLA activities.

Although the boat is likely to have more than ten years of useful life remaining, an earlier replacement for the boat should be entertained, if a cost-effective solution arises, to avoid in extremis activity to replace this essential asset. While purchasing new is unlikely in view of competing capital purchase intentions, it is estimated that a quality used boat can be sourced for \$15,000 in conjunction with a trade-in on the existing boat.

Projected replacement cost: \$15,000

Outboard Motor

A motor is an essential component of the boat. The current motor is a 90 hp 2-stroke Johnson acquired used in 2020 as part of the pontoon boat acquisition. The motor has provided reliable service, but much newer 2-stroke technology is eco-friendlier. Because of age and environmental concerns, this motor should be replaced as soon as financially feasible. In any event, it should be replaced no later than 2027 (4 years assessed remaining useful lifetime), to minimize the possibility of experiencing a catastrophic failure in the middle of the boating season, as happened in 2019.

Projected replacement cost: \$10,000

### Aerial Drone and Equipment

The Board decided to acquire a drone in 2019 to enhance the MLA's capability to monitor a wide variety of MLA activities, including environmental issues on the lake such as invasive species proliferation, algae blooms, etc. The Phantom 4 Pro v2.0 drone was acquired new in 2019, then replaced new in 2021 at no cost due to a malfunction covered by the warranty. Additional equipment was purchased in 2021. The attached inventory summaries drone equipment holdings as at May 2024.

The expectations from this asset have not been realized. Minimal use of the drone has been made since 2021, and faced with a need to find anew pilot, as well as the cost of certification of this new pilot, the Board decided to discontinue ownership of the drone and to sell all equipment. Future drone services will be sourced via other means if and when required.

As at June 2024, the book value of all drone equipment is NIL, having been fully depreciated. Therefore, the sale of the equipment will represent net revenue to the MLA. The Board agreed to set the sale price at \$2,000.00. To further assist in building the Reserve Fund for future capital acquisitions, the proceeds of the sale of the drone equipment will be transferred to the Reserve Fund.

### Navigloo Boat Cover

The boat cover was purchased as a new initiative in Nov 2021 to better protect the pontoon boat and motor during winter storage periods. The cover has held up well over the past two winters and is expected to be serviceable for at least another ten years. Incidental wear and tear will be covered as part of normal annual boat expenses until a replacement is warranted.

Projected replacement cost: \$1,000

ANNEX B TO  
MLA CAPITALIZATION PLAN

**ADDITIONAL CAPITAL ASSET REQUIREMENTS**

No specific purchases are envisioned for 2024/2025. However, the MLA will continue to investigate options for investing in additional water quality testing capability, and sound measurement equipment. Other similar capabilities will be explored. At this time (2024) the total cost of these capability enhancements is not expected to exceed \$5,000. Specific requirements will be included in the Capital Plan once they are fully researched and costed.

Estimated acquisition cost: \$5,000