

## PROPER ASSOCIATION BUDGETING

Section 718.504 (21) of the Condominium Act requires the following categories to be included in every budget. Rule 61B-22.003 F.A.C. requires that all of the categories be included, but if not applicable, an "N/A" should be placed in the "amount" column.

- |    |  | AMOUNT |
|----|--|--------|
| 1. | Expenses for the Association and Condominium   |        |
|    | Administration of Association and Condominium  |        |
|    | Management Fees  |        |
|    | Maintenance  |        |
|    | Rent for Recreational and other commonly used facilities   |        |
|    | Taxes on Association Property (if any)   |        |
|    | Taxes on Leased Areas  |        |
|    | Insurance  |        |
|    | Security Provisions  |        |
|    | Fees Payable to the Division   |        |
|    | Other Expenses (e.g., legal, professional)   |        |
|    | *Contingency Reserves (optional per 61B-22.003 FAC)  |        |
|    | *Operating Capital (optional per 61B-22.003 FAC)   |        |
| 2. | Expenses for a unit owner:   |        |
|    | a. Rent for the unit, if subject to a Lease.   |        |
|    | b. Rent payable by the unit owner directly to the Lessor or Agent under any Recreational Lease or Lease for the use of commonly used facilities, which use and payment is a mandatory condition of ownership and is not included in the common expense or assessments for common maintenance paid by the unit owners to the Association. |        |
| 3. | Statutory Required Reserve.  |        |

These amounts must be funded in full unless waived or reduced by the membership on a yearly basis. An example is shown below.

| Statutory<br>***Item | Estimated<br>Life | Estimated<br>Replacement<br>Cost | Estimated<br>Remaining<br>Useful Life | Amount<br>Currently In<br>This Account** | Required<br>Reserve<br>Amount |
|----------------------|-------------------|----------------------------------|---------------------------------------|--|-------------------------------|
| Roof-                | 10 yrs            | \$10,000.00                      | 5 years                               | \$ -0-                                   | \$2,000.00                    |
| Painting-            | 5 yrs             | \$20,000.00                      | 2 years                               | \$ 5,000.00                              | \$7,500.00                    |
| Paving-              | 20 yrs            | \$15,000.00                      | 10 years                              | \$ 1,000.00                              | \$1,400.00                    |
| Landscaping-         | 10 yrs            | \$25,000.00                      | 5 years                               | \$20,000.00                              | \$1,000.00                    |
| Rec. Area -          | 30 yrs            | \$90,000.00                      | 15 years                              | \$30,000.00                              | \$4,000.00                    |

\*\*\*The reserves must also be kept for all capital expenditures and deferred maintenance items in the community for any item for which the deferred maintenance expense or replacement cost is greater than \$10,000.00.

4. Rule 61B-22.003(1)(c) requires disclosure of the total assessment for each unit type according to proportion of ownership on a monthly basis, or for any other period for which written assessments will be due.

| <u>Unit or<br/>Unit Type</u> | <u>Proportion of Ownership<br/>of Common Elements</u> | <u>Amount of Monthly<br/>Assessment</u> |
|------------------------------|---|---|
|------------------------------|---|---|

\* NOTE: PER RULE 61B-22.003 F.A.C., CONTINGENCY RESERVES AND ANY OTHER CATEGORIES OF EXPENSES NOT RESTRICTED AS TO USE MUST BE STATED IN THE OPERATING PORTION OF THE BUDGET. BOTH THE OPERATIONAL AND RESERVE AMOUNTS AS SHOWN IN PARAGRAPHS 1 AND 3 ABOVE MUST BE DISCLOSED IN THE BUDGET.

\*\* NOTE: THIS COLUMN CONTEMPLATES THIS AMOUNT WILL BE IN THE ACCOUNTS OF THE ASSOCIATION AS OF THE EFFECTIVE DATE OF THE BUDGET.

NOTE: PER RULE 61B-22.003 (1)(g) F.A.C., ANY OTHER RESERVE FUNDS TO BE RESTRICTED BY THE ASSOCIATION THAT ARE NOT OTHERWISE REQUIRED TO BE KEPT BY LAW (E.G., RESERVES FOR CAPITAL EXPENDITURES OR DEFERRED MAINTENANCE COSTING LESS THAN \$10,000) MUST BE STATED AS A SEPARATE LINE ITEM IN THE RESERVE PORTION OF THE BUDGET AND MINIMALLY DISCLOSE THE INTENDED USE OF THE FUNDS AND THE ESTIMATED FUND BALANCE OF THE ITEM AS OF THE BEGINNING OF THE PERIOD FOR WHICH THE BUDGET WILL BE IN EFFECT.