

AT A GLANCE:

Condominium association budgets are funded by unit owner assessments.

Florida's Condominium Act requires associations to notify unit owners of budget meetings at least 14 days in advance.

Unit owners must be given a copy of the proposed budget before meeting to adopt it.

Computing assessments must be done in compliance with Florida law and association governing documents.

CONDOMINIUM FINANCES: WHAT BOARD MEMBERS AND UNIT OWNERS NEED TO KNOW

Members of condominium association boards administer budgets that often run in the hundreds of thousands of dollars, with most of that money coming from unit owner assessments. So it behooves all condominium residents, as well as board members, directors, and officers, to have a firm grasp of how to properly craft a budget and maintain accurate accounting records for association funds.

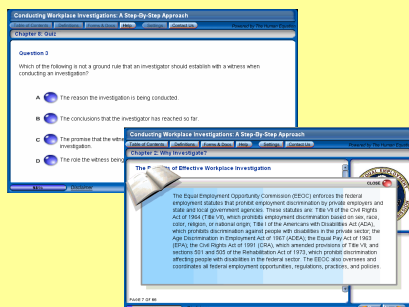
Planning begins several months before any budget is presented to unit owners, who by law must receive a copy of the association's proposed annual budget, along with a notice of a meeting to discuss the budget, at least 14 days in advance. Generally, condominium association budgets are written for a period of one year and contain two main sections: the operating section and the reserve section. Operating expenses occur on a regular basis (usually, monthly, quarterly, or annually) and include such items as management fees, utility charges, taxes, etc. The reserve section of the budget details the amounts collected for deferred maintenance expenditures such as pavement resurfacing and roof replacement.

In computing regular unit owner assessments, associations must follow the particular formula specified in the condominium association's governing documents for determining each unit owner's assessment as well as adhere to applicable Florida law on this topic. The levying of any special assessments—charges above and beyond regular assessments—must also be done in accordance with association rules and state law. Moreover, associations must ensure that the assessment process is kept entirely transparent.

Florida law addresses a number of other topics relating to administering condominium association finances, including:

- the different methods that may be used to prepare reserve schedules;
- accrual versus cash basis accounting methods for operating budgets;
- the procedures to follow when voting to waive or reduce reserve funds;
- financial reporting requirements; and
- unit owner access to an association's financial records.

Board members and unit owners alike need to understand the rules that govern condominium association budgeting and financial recordkeeping. After all, condominium community residents and their leaders all share a stake in ensuring that their money is spent wisely and well.



COURSE FEATURES INCLUDE:

- ❑ Self-paced learning
- ❑ Clear, concise explanations of the process of crafting and administering condominium association budgets
- ❑ Links to definitions, questions and answers, case law, and documents
- ❑ Appealing graphics

