

Park Mediterrania Budget Analysis

February 29, 2004

Prepared by Alexander F Taylor

Current Situation

Park Mediterrania is \$31,899 over budget for the first two months of the fiscal year. This does not allow for any funds to be placed in the reserve account.

In order to cover the two month overage, each homeowner would have to be assessed \$112.32 per month. $\$112.32 \text{ per month per unit} \times 2 \text{ months} \times 142 \text{ units} = \$31,898.88$.

This does not include any cost overruns that might have occurred in March or April. If spending patterns continue unchanged, Park Mediterrania will exceed its approved budget by \$191,394 for fiscal year 2004.

Park Mediterrania has \$8,094.91 in its operating account and \$44,678.54 in its reserve account. This can in no way be expected to cover the current spending patterns of the Board of Directors.

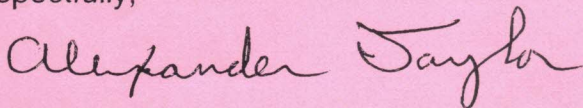
Options

1. Raise the dues. The Board can raise the dues by up to 20% without a vote of the homeowners. An increase of 20% would raise the dues to \$319.20 and raise an extra \$7,554.40 per month. This would however, come nowhere close to meeting the current spending patterns of the Board of Directors.
2. Spend less money. Utilities are costing \$5,646 more per month than is currently in the budget.
3. Spend less money. Security is costing \$4,818 more per month than is currently in the budget.
4. Spend less money. Air conditioners are costing \$894 more per month than is in the budget.
5. Spend less money. Fertilization is costing \$820 more per month than is in the budget.
6. Roof repairs are costing \$5,120 more per month than is in the budget.
7. Termite repairs are costing \$1,412 more per month than is in the budget.
8. Spend less money. Gutter repairs are costing \$4,103 more per month than is in the budget.

Recommendations

1. Raise the dues and spend less money.
2. Close the pool and spa. The Association will save on water, gas, electricity, janitorial, pool service and County permit fees.
3. Reduce security to that level which is permitted in the budget.
4. Petitioner owners to remove air conditioners from Association responsibilities.
5. Review schedule for fertilization.
6. Discontinue service on gutters. They were installed after the original construction. Not all buildings have them. Petitioner owners to remove gutters from Association responsibilities.
7. Do not go forward with any replacement of Bougainvilleas with pyracantha until the budget is stabilized.
8. Do not proceed with major repairs on defective water features until the budget is stabilized.
9. Advise the homeowners that if the Board of Directors continues to authorize the current level of service (ie, security) and amenities (ie, pool, air conditioners) the dues will have to be increased each year for the foreseeable future.

Respectfully,



Alexander F Taylor
President, Park Mediterrania Owners Association