

LINE-BY-LINE EXPLANATION FOR PLAZA EAST 2008 OPERATING BUDGET

5000 Administrative

- 5020 Accounting: \$175/wk [billing entries] + \$465/mo [financial statements] = \$14,680. Actual expenditure in 06 was \$13,845. 07 projection is \$14,680. 08 budget will be reduced by 2% to \$14,700.
- 5025 Annual Audit: In 06, annual audit totaled \$4600 per [2/22/06] purchase order. In 07, annual audit is expected to total \$6500 per [3/2/07] purchase order; however, ledger shows billing of \$500/m [= \$6,000/yr], which would be 20% above budget. . 08 budget is increased to \$6000.
- 5050 Auto damage: Expenditures are projected to be 33% under 07 budget. Maintain 08 budget at \$3,000. *Attempt to control.*
- 5060 Legal: Overage projected for 07. Increase 08 budget by 100% to \$20,000. Only contact with Association Attorney will be by the Board President or by advance approval of the Board President. *Attempt to control.*
- 5100 Office Equipment: Thru 8/28/07, expenditures were listed at \$578 before recoding. Kelly Printing was paid \$284 [twice], which was recoded to 5310, Printing and Stationary. Beach Ace Hardware was paid \$10, which was recoded to 7220, Security Equipment and Supplies. Equipment is an item that costs more than \$100 and has a life of more than one year. An allowance of \$1,000 remains in the 08 budget,
- 5295 Office Expense: A large overage was projected for 07.before recoding several items. A charge of \$750 to Toklucu was recoded to account 5322 Web Site; seven payments to Renters Reference [7; \$1016] for employee credit checks to a new account 7760, Employee Business Expense; three payments for job ads [3; \$1601] also to 7760; charges for returned checks, service charges, wire transfer, and late fee [\$55] were recoded to another new account 5325, Fines and Penalties, which should be avoided. [Another credit card (First Bankcard) late fee of \$35 was recoded from 6080 to 5325] Two payments [2; \$1041] to Casa Conde were recoded to Wilma S/A, code 9256. Other recodings include \$325 for the new drug testing program to Employee Business Expense [account 7760], and \$44 paid to Toshiba Business Solutions to account 5510 for Copier Lease/Expense. Charges for Galt Mile Community Assoc [\$250]; and Florida Community Assoc[\$96] remain in Office Expense. Charges to Office Depot total \$6098 for office supplies. Increase 08 budget to \$13,500. *Attempt to control and to properly code expenditures.*
- 5310 Printing and Stationary: 07 Expenditures projected to slightly exceed 07 budget. Increase 08 budget 13% to \$5500.
- 5320 Postage: Thru 8/28/07, expenditures of \$1100 [after recoding 3/23/07 rental charge to 5621, postage meter lease] project to \$1650, which is substantially under 07 budget, There was a postage increase in June 07 [to 41 cents from 39 cents] Decrease 08 budget to \$3,000
- 5322 Web Site: PlazaEast.info The Board approved this new item in 06 at \$150/mo. Toklucu is currently billing \$125/mo to maintain and update website. Reduce 08 budget 17% to \$1500.
- 5325 Fines and Penalties: This account was coded previously as 8280 under the broad heading of Taxes. It is setup here, under the broad heading of Administrative, to collect into one account all charges that should be avoided such as bank service charges [4; \$23.68], wire transfer fees [\$10], NSF check return fees [6; \$118], which were coded formerly to 5295, Office Expense. Other such charges, previously coded to Maintenance Supplies and Repairs [6080], include a credit card late fee [\$35], Ft. Lauderdale police responding to false fire alarms [\$100]. Another payment of \$400, previously coded as 8280, was made to the City of Ft. Lauderdale for responding to false fire alarms. Another charge, previously coded to Lobby Expense [6088], was for a lost package [\$2500]; the package was recovered after some

time and the \$2500 was returned. The amounts shown in brackets are from the ledger thru 8/28/07. An allowance of \$200 is budgeted for 08. *Attempt to control and eliminate.*

- 5330 Copier Lease/Expenses: *Recoded from 5510.* Lease [5 yr from 4/1/05] with CIT Technology Financial Services has a basic charge [for 500 copies] of \$224/mo [= \$3688/yr]. Additional charges are levied by Toshiba Business Solutions for excess copies, servicing and maintenance. Maintain the 08 budget at \$3500, which was a 25 % increase over 06 budget. *Attempt to control. And to seek a new lease or alternatives with better terms, or purchase our own copier.*
- 5335 Postage Meter Lease: Lease with Pitney Bowes, [dated xxxxx], is for \$391/3 mo. or \$1564/yr. We were billed \$391.46 on 6/23/07; and we were billed \$28.54 on 3/23/07 for a yearly equipment tax. The billing on 3/22/07 was miscoded to 5320. Assuming the correct amount is \$391/3 mo. [= \$1566/yr] plus the yearly tax of \$28.54, the 08 budget should be \$1594; accordingly, the 08 budget is increased by \$100 to \$1600.
- 6065 Phone Equipment: We own the phone system. A maintenance contract with Avaya costs \$736/yr.
- 6070 Manager's cell phone contract with T-Mobile costs \$600/yr.
- 8210 Condo Bureau: This tax is fixed at \$4 per unit; for 266 units, the cost is \$1064.
- 8245 Income Tax Payable. This item was not budgeted previously. The 08 budget is \$6,000.
- 8270** Permits and Fees: The 07 actuals are projected to be close to the 07 budget. Charges thru 8/28/07 include a fee of \$2255 [1/26/07-1/26/08] for a fire alarm permit from the City of Ft. Lauderdale, seven charges for annual elevator permits @ \$143, and one permit at \$100. Maintain the 08 budget.

7700 **Employee Expenses**

- 7710 Administrative Payroll: Thru 8/28/07, six items totaling \$13,192 were recoded to maintenance payroll. Based on 07 salaries, the 08 budget would be \$108,000. The new Manager was hired on 5/14/07 at an annual salary of \$70,000, but without health benefits because he has health benefits from his prior employment. The new Secretary was hired on 2/12/07 at a salary of \$3xxxx and given a raise on 6/12/07; her annual salary is now \$38,000, but without health benefits because she participates in her husband's plan. The 08 budget of \$108,000 does not yet include raises. An allowance of \$3240 [=3% of salaries] is budgeted for raises effective on the anniversary dates [2/12/08 for Manager David Beswick, and 6/12/08 for Secretary Susan Turner]. The 08 budget is \$111,240.
- 7730 Maintenance Payroll: The maintenance payroll includes 7.6 people in October 2007 and is expected to be at the level of 7.0 full-time persons in 2008. The annual payroll for 7 persons at 07 rates is \$176,800. The supervisor, Rickie Lake, was hired on 8/6/07. The Supervisor is budgeted an increase of 25 cents/hour at his anniversary date, which will amount to \$200 for the remainder of 08. The other 6 people are budgeted an increase of 25 cents per hour [= \$3120], effective 1/2/08. The 08 budget for the 7.0 maintenance personnel is \$180,120. With an allowance for 5 % overtime of \$9,006, the 08 budget is \$189,120.
- 7750 Security Payroll: The security payroll consists of 14 full-time and 11 part-time employees with 10 of these working less than 30 hours per week. The 11 part-time people work a total of 216 hours per week, which translates to 5.4 full-time equivalents [FTE]. Currently, the security personnel consist of 19.4 FTE. The annual payroll for 08, based on 07 rates, is \$398,814. The 08 budget includes an increase of \$7800 [=25 cents per hour], effective 1/2/08, for those 15 persons who received raises in January 07. Two persons, Jose [@ 40 hrs/wk] and Phil [@ 16 hrs/wk], received raises on 6/12/07; their raises at 25 cents/hr, effective on 6/16/08 amount to \$392 [=28 weeks x 56 hrs x 0.25] in 08. Dan [@ 24 hrs/wk] with a raise date of 2/28/07 is budgeted for 43 weeks, which amounts to \$258; and Riley [@40 hrs/wk] with a hire date of 3/12/07 is budgeted at \$420 [= 42 weeks x 40 hrs x 0.25]. Raises for those six persons hired after 8/1/07 are budgeted as follows: Hilal [16 hrs/wk] and Lorenzo [40

hrs/wk] are budgeted at 19 wks after 8/20/08 @ 56 hrs/wk =\$1064]; April and Reynaldo are budgeted for 17 weeks [= 17 wks x 80 hrs/wk x 0.25 = \$340.]. The salary budget [without overtime] for 08 is \$409,088. With an allowance of \$4,350 for 300 hours of overtime at \$14.5/hr, the 08 budget would be \$413,438.

Savings from the keyless entry system will reduce the 08 operating budget. The average rate of pay in 07 for the 13 full-time personnel [not including the supervisor] is \$9.42 per hour [= \$19,600/yr]. With an expected reduction of two full-time persons beginning on April 1, 2008, the annual savings would be \$29,400. Thus the annual budget in 2008 is \$384,038.

The security employees staff the three lobbies at 7 shifts/day [=49 shifts/wk]; in addition, the security schedule at the security station at the garage entrance has three persons on the first two shifts and two persons on the third shift during the week, whereas on Friday and Saturday, there are only two people on the second shift. Currently, in addition to the 49 shifts/wk to staff the three lobbies, the security personnel staff 54 shifts/wk for a total of 103 shifts/wk [=14.7 shifts/day =14.7 FTE]. Effective not later than December 31, 2007, it is recommended that the third person on the second shift during the week work only one-half of a shift from 4 pm to 8 pm. This reduced schedule should be adequate for the valet activity; accordingly, the annual savings of 20 hrs/wk amounts to \$9797 [= (1040 hrs/yr) (\$9.42/hr)]. The salary budget becomes \$374,241.

- 7760 Employee Business Expenses: This is a new account to record employee expenses such as job ads, credit checks, and drug testing costs. Actuals in 07 project to \$4845, Budget 08 at \$2,000.
- 6110 Uniforms [Maintenance]: Actuals in 07 are projected to be lower than the 07 budget, which was increased 75% over the 06 budget. Reduce 08 budget by \$2000 to \$5,000
- 7250 Uniforms [Security]: Actuals are projected to fall way below 07 budget, which was increased 25% over the 06 budget. It appears that we are billed \$40/mo-person [= \$480/yr-person] [= \$12,000 for 25 security employees. A savings of \$720 is expected in 08 from the keyless entry system because we expect to eliminate two persons for three-fourths of a year. Reduce 08 budget to \$11,500 from \$15,000. Consider switching from G & K Services to Cintas, but the contract with G & K Services is an 84 month contract beginning 1/1/07.
- 8330 Workers Compensation Insurance: The 07 actuals are projected to be above the 07 budget, which is \$52,500. A new drug testing program will result in a 5% reduction. Fortunately, the renewal quotation from the Zenith Insurance Company will provide substantial savings. The quote for the annual period from 11/1/07 to 11/1/08 is \$34,467. According to Jeff Samas, our insurance agent, Plaza East needs to pay only \$32,798 after a 5% drug-free discount. The lower cost results in part because of the good performance over the past three years at Plaza East. There is an experience modification factor [abbreviated mod] based on loss history. The mod for Plaza East was 1.22; for 08, it will be 0.92. An 08 budget of \$32,798, which is about \$1000 per employee, will be reduced further by about \$1500 [for a reduction of two security employees beginning April 1, 2008] because of the savings from the keyless entry system. Thus the 08 budget is \$31,300. [If our loss ratio is small, we are eligible for a credit on next year's policy. For loss ratios less than 5.0 %, (10 %) [15 %], the dividend is 14.1% (9.9 %) [5.8 %].
- 8340 Health Insurance: The 07 actuals are projected to be lower than the 07 budget. The 08 budget is based on a figure for 2008 of \$378.30/employee-month [after a 15% discount] and on the number of employees selecting health benefits. The number of full-time employees in 2008 will be 21 [= 7 maintenance + 14 security]. Four of the full-time security employees, who were hired in August 2007, will be eligible for health benefits in 2008 [after their 90-day probationary period]. Thus the 08 budget is \$95,332/year before applying the savings from the keyless entry system. For a reduction in 2008 of 1.5 security personnel, the savings is \$6809, so that the 08 budget becomes \$89,123. This item will need to be revisited because VISTA Health Plans notified us that the current VISTA benefit plan will no longer be available at our January renewal date. We should receive a renewal package in late October. Employees may be requested to contribute to the increased cost.

7770 Payroll Taxes: These taxes are calculated at 9.0 % of the payroll projected for 08, which is \$674,601. The 9.0% figure includes 7.65% for FICA plus 0.5% for Federal and State Unemployment Insurance plus an allowance of 0.85% to cover increases due to former employees filing claims. The 08 budget for payroll taxes is (0.09) (\$674,601) = \$60,715 before applying the savings from the keyless entry system. For a reduction of two security employees beginning April 1, 2008 at an average salary of \$19,600, the annual savings is (0.09) (\$19,600) (1.5 employees) = \$2646. Thus the 09 budget is \$58,068.

5300 Payroll Service: Contract is with Comp U Pay. 07. Expenditures are projected to exceed the 07 budget, which is 43 % higher than 06 budget. Increase the 08 budget. by 10% to \$5500

6079 Building Maintenance

6020 Air Conditioning Repairs: As of 8/28/07, expenditures greatly exceed the 07 budget. As of 8/28/07, there are 14 charges from Hill-York Air Conditioning totaling \$11,069, two payments to Ellis Services Co. for \$3590 [on 2/16] and \$2975 [on 5/17] for a crane to remove a burned out water pump and to repair a burned out motor. Also, payments were made from the reserve account 3073 [Building and Mechanical] for this major repair: to Hill-York [2; \$9854]; to Ellis Service Co [2; \$9325]; and to Chase MasterCard [1; \$4000] to replace piping: Because this account 6020 is for minor repairs, more of the costs should have been paid from the reserve account, which is for deferred maintenance and capital expenditures. Items recoded to 3073, Building and Mechanical reserve account, include three payments to Hill-York [3; \$5730], two payments to Ellis Service Co [2; \$6565], and one payment of \$32,278 to Hi-Vac Air Conditioning to replace air conditioners in the recreation room and exercise room. If we define minor repairs to be ones costing less than \$1,000, then ledger expenses thru 8/28/07 amount to \$5485, which project to \$8228 for 07. Expenditures were only \$1135 in 05 and \$1321 in 06. Because major repairs such as those encountered in 07 are not expected annually, maintain 08 budget at \$3,000.

6040 Electrician: Two payments [2; \$69] made to City Electric and Maintenance were recoded to 6080, Maintenance Supplies and Repairs. 07 expenditures project to \$5870, which is substantially below 07 budget. Decrease 08 budget to \$6,000 from \$15,000.

6070 Plumber: Through 8/28/07, payments to Moore Plumbing totaled \$17,170, which included a charge of \$1710 to fix a leak in the parking lot. After recoding this \$1710 charge to reserve account 3073, Building and Mechanical, 07 expenditures project to \$23,190, which is \$1820 below budget. Replacement of J-loops in kitchens from time to time will be charged to the reserve budget. Reduce the 08 budget to \$23,000. *Attempt to control.*

6074 Tree Trimming: Allocate charges to account 6211, Landscape Maintenance, and delete this account. Cutting large trees will be done at Manager's request and will be billed separately.

6075 Concrete Restoration: Recode expenditures to reserve budget, 3080 and delete this account from the operating budget.

6080 Supplies and Repairs: We separated the Supplies and Repairs Account 6080 into two accounts: 6080 for Supplies only and 6081 for Repairs. Before this separation, the ledger showed that 07 expenditures [\$103,724 thru 8/28/07] were projected to greatly exceed the 07 budget of \$90,000. Several items needed to be recoded. Items that were recoded to the Building and Mechanical reserve account [3073] include American Door [4; \$8934] for fire doors; Ellis Service Co [\$4439] for a/c; Blue Diamond Industries [\$7500] for six jet sewer vents; Moore Plumbing [\$5760] for new cleanouts; and First Bankcard [3; \$5140] for the Short Sound System; Advance Tile and Grout [\$3200] to Lobby S/A reserve account; Hill-York Service [\$262] to account 6020, air conditioning repairs. A First Bankcard late fee was recoded to 5325; a payment of \$100 for City of Ft. Lauderdale police response [\$100] is recoded to 5325, fines and penalties. A charge to inspect parking garage [\$1000] is recoded to xxxx. A payment of \$1398 to Upbeat Inc for a Bellman Cart and another to Integrated Control Systems [\$1855]

for installing a camera are recoded to 7220, Security Equipment and Supplies. [The Cushman Cart is a 1988 model, which is being insured at an annual premium of \$310]. [A cart and a camera are equipment, which shouldn't be charged to a supplies and repairs budget]. Should payments [7; \$4846] to Florida Sanitation and to Edwards Service [1; \$472] be recoded? Are Services [4; \$1940] by Brian to Unit Owners reimbursable?

Separation into two accounts may provide improved control of coding and spending. The repairs account is for minor repairs only. Major repairs and capital equipment expenditures should be paid from a reserve account. An estimate of actuals for 07 is 64,030 for supplies and \$17,597 for repairs. The 08 budgets are \$64,224 for supplies and \$17,500 for repairs. *Attempt to control.*

- 6081 Exercise Room: Muscle & Wrench Fitness Equipment Service has a preventive maintenance contract which costs \$159/qtr. [= \$636/yr]. As of 10/24/07, we were billed a total of \$1206: Three preventive maintenance bills @ \$159, one bill for \$230.82 for a Schwinn bottom bracket, and one bill on 6/20/07 in the amount of \$498.20.. Maintain 08 budget at \$1200.
- 6115 A/C Risers: Payment of \$4157 to Hill-York for cleaning heat exchangers recoded to Building and Mechanical Reserve account 3073. Delete this account from the operating budget.
- 6120 Elevator Maintenance Contract: *Recoded from 5520.* Agreement [7/26/060] is with Centrallex at a cost of \$2425.58/mo. or \$29,107/yr. Reduce 08 budget by 3% to \$29,100.
- 6125 Emergency Generator Contract: Contract [9/1/06-8/31/07] is with Circle Generator Service. Charge in 06 was \$339.20/4 mo [= \$1017.60/yr]. Increase 08 budget to \$1400 to allow for minor repairs.
- 6130 Fire Alarm Contract Five-year [7/24/06-7/24/11] contract with Central Station Protection costs \$425/mo.or \$5100/yr; but no payments have been made thru August 07. There is a (1/30) payment of \$450 to Edwards Service, and another [4/25] payment of \$1400 to the City of Ft. Lauderdale for responses to false fire alarms, which was recoded to 5225, Fines and Penalties. Can we recover this \$1400 from EST? Charges for permits made in 07 have been recoded to account 8270. Decrease the 08 budget to \$5,100 from \$12,000.
- 6135 Pest Control Contract:The contract [7/06] with Lights Out Pest Control costs \$600/mo [= \$7200/yr] to control roaches, ants, and silverfish. Recode rodent control to 5600, which would add \$1300/yr to this budget line. Increase the 08 budget. To \$8500. Recode a \$1300 charge [June-Aug] to exterior pest control [5620].
- 7220 Security Equipment and Supplies: Thru 8/28/07, expenditures of \$11,285 far exceed the budget of \$3,000. Transferring four items in excess of \$1,000 reduces expenditures to \$2082. Increase the 08 budget to \$4,500. *Attempt to control.*

6200 Grounds Maintenance

- 6210 Grounds Maintenance Supplies: The actuals in 07 appear to substantially exceed the budget. After payments to MJN Management [\$2455] and five [@\$2,000] to Bill's Tropical Lawn [5; \$10,000] were recoded to Landscape Maintenance [6211], the actuals are zero. The 08 budget has an allowance of \$200.
- 6211 Landscape Maintenance Contract: Thru 8/31/07, ten payments totaling \$18,230 were made to Bill's Tropical Lawn. Another \$10,000 to Bill's Tropical Lawn is recoded from 6210, and \$2455 to MJM Management is recoded from 6210. Tree trimming [6074] is also being recoded to this account. Two tree trimming billings amount to \$3765. Actuals project to \$31,027. Tree feeding will be done in-house. The contract for monthly lawn service is \$2455/mo [= \$29,460/yr] Increase 08 budget by \$3,000 to \$33,000.
- 6212 Beach Raking Contract: *Recoded from 5505.* Contract [8/1/06 – 8/1/07] is with Beach Cleaning Services. Cost was \$358/mo in 06 and 07; it was \$337/mo in 05. Increased 08 budget to \$4600.

- 6213 Exterior Pest Control Contract:: *Recorded from 5620*. The lawn proposal agreement [[1/12/06] with Lights Out Pest Control costs \$1300/qtr or \$5200/yr. Another Lawn Pest Control Agreement with A-1 Pest Management, [dated xxxxx], to treat ants and fire ants cost \$900 for 2 treatments We were billed \$550 for one treatment on 18 April 07. The 08 budget is increased by \$1100 to \$6300.
- 7010 Pool Supplies and Maintenance: The 07 expenditures are projected to be close to the 07 budget. The 08 budget is maintained at \$6,000. An Agreement [dated 8/3/06] with Ike's Carter Pool covers three Chemical Services tests and supplies per week, and costs \$300/mo or \$1200/yr.
- 7030 Pool: Repairs and Furniture: The 07 expenditures are projected to be higher than the 07 budget because of an expenditure of \$2,317 on 7/24/07 for patio furniture, which is recorded to the S/A Wilma account. 07 expenditures project to \$932. Maintain the 08 budget at \$2,000...
- 5685 Rodent Control: A new item [11/03/06] with Lights Out Pest Control costs \$1300/yr. No charges appear on ledger. Remove this account. Rodent control will be done in-house.
- 6074 Tree Trimming: Recorded to 6211.

8000 Utilities

- 8010 Cable TV: The Comcast contract cost is \$27.73/mo-apt [= \$7376/mo for 266 apts.] with an annual 4 % increase beginning on 5/1/06. The monthly cost after 5/1/06 is \$7671; which applies to the first four months of 07. The monthly cost after 5/1/07 is \$7978. The Comcast charge for 06-07 is \$94,508 before adding taxes, fees, and surcharges. In September 2007, the taxes, fees, and surcharges totaled \$1202.30 [= \$14,428/year for 12 months]. Thus the 07 billing should be \$108,936, which is close to the ledger billing. The monthly cost after 5/1/08 will be \$8297. The Comcast charge for 08 will be \$98,289 before taxes, fees and surcharges, which are estimated at \$14,428. The 08 budget would be \$112,717. Using a monthly ledger billing of \$9190 for June and July 07, which includes taxes, fees, and surcharges, and a monthly billing figure of \$9558, the 08 budget would be \$113,220. We budget 08 at \$113,200.
- 8030 Electric: The 07 actual is lower than the 07 budget primarily because of an FPL rate reduction beginning in January, and also because of more efficient elevator motors. In 08, there will be an additional savings from a new higher efficiency 20-ton A/C in the recreation room and a new 10-ton A/C in the exercise room. The 08 budget is 10 % lower than the 07 budget...
- 8050 Gas: The 07 actual expense is lower than the 07 budget. The 08 budget is lower only by \$8000 than the 07 budget to allow for increased gas costs to heat the pool in Nov and Dec. Suppliers include Teco, Infinite Energy, and Energy Tax Solns.
- 8060 Telephone: Thru 8/28/07, expenditures total \$9833 including a one-time expense of \$1103.50 for elevator phones and two cell phones [2; \$242] The monthly bill [from Bell South 4/6/06] for a business line is 249.90. Actuals in 07 project to \$14,750, which is substantially higher than the budget of \$8,000 for both 07 and 06. Why? The bills are from ATT, Bell South, T-Mobile, Sprint, and Verizon Wireless. The Manager, David Beswick, will switch to VOIP [Voice Over Internet Protocol]. The cost for one business line [with unlimited long distance and a dedicated fax line] is \$49.95/mo, and the cost for one residential line [with unlimited long distance] is \$25/mo; with tax, the cost of two unlimited lines is \$90/mo. We plan to contract for nine VOIP lines at \$15/line [with 500 minutes for calling out and unrestricted for calling in]; these nine lines include seven elevator lines and two fire station lines at a cost of \$135/mo. The manager's apartment will have a residential line at \$30/mo. The five security lines [three lobbies plus guard station plus supervisor] will have five residential lines from ATT at a total monthly cost of \$200. The total monthly cost for two administrative line plus 15 local lines is \$455 [= \$5460/yr] Reduce 08 budget to \$5460.. .

- 8080 Trash Removal: Thru 8/28/07, expenditures total \$\$19,117, which projects to \$28,676...The 07 actuals slightly exceed the 07 budget... The 08 budget is increased by \$2,000 over the 07 budget. Waste Management picks up twice per week and bills by the dump load. The monthly cost is \$1204 +FF = \$1432. FF=?
- 8090 Water and Sewer: Thru 8/28/07, expenditures totaled \$52,980, which projects to \$79,470. The 07 actuals are substantially less than the 07 budget of \$115,000. But there was a water curfew in 07. The 08 budget of \$100,000 represents a 13 % decrease over the 07 budget.
- 8300 Insurance**
- 8310 Flood Insurance: Our carrier, Hartford, is offering a new 12% discount which reduces the annual premium to \$36,246 [due on 10/1/07]. Budget \$36,246 in 08.
- 8320 General Insurance: Includes liability, umbrella liability, boiler and machinery, glass (condo units and common areas), directors and officers, crime, commercial property, Cushman Cart, and windstorm. The 07 general insurance budget was underfunded by \$228,831 a Special Assessment was levied in June 07 for \$160,000. The 05 premium for the general insurance items [excluding windstorm] is \$183,435; the windstorm and hail premium adds \$427,670 with a 3% deductible, which is \$1.95 million. The general insurance premium [including windstorm] is \$552,332. The large deductible prompts one to consider whether or not self insurance would be viable. According to Wells Fargo Insurance Agent, Robert McMinn, self insurance would be very dangerous because it does not protect against complete destruction, which would occur with a category 5 hurricane. Liability for the difference between total destruction and the self-insurance coverage would be a big issue. Since 1935, there have been only three category 5 hurricanes that impacted South Florida: (1) 1935 not named , (2) 1969 Camille, and (3) 1992 Andrew.
- 8321 Special Assessment [S/A] Insurance Expense: A S/A of \$156,903 was levied in June 07 to cover the budgeted shortfall in the windstorm premium.

This document was prepared and updated by Richard Madey with verbal inputs from David Beswick and Don Galczak. The date of this version is November 3, 2007.