

# akam

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## ON-SITE, INC.

### F L O R I D A

## **Management In A Minute - October 2010**

### **Helping Boards Decide Whether or Not to Raise Monthly Charges**

It's budget season, and some Boards may be wrestling with whether to increase the monthly assessment. On one hand, an increase may present a hardship to some owners. This may result in an increase in delinquencies. On the other hand, the Board is responsible for ensuring the fiscal solvency of the association as a whole. If an increase in monthly charges is necessitated, then that's what has to be.

While both arguments have their merits, the Board's fiduciary obligation to the association demands a definitive answer. To that end, AKAM is likely to recommend an increase in monthly charges for properties that are struggling to meet their own monthly operating obligations, finding that the cost of repairs on a mechanical element are approaching the cost of replacement, deferring necessary capital projects, and/or have had one or more special assessments in place for longer than a year. For such associations, an increase in monthly revenue will bring the many benefits of a balanced budget.

Boards can minimize unpleasant exchanges about increases by keeping owners informed. Newsletters and special meetings are effective for discussing the association's financial needs, explaining fixed costs and how the Board and management are working to keep variable costs down, comparing the association's monthly charges with similar neighboring associations, and presenting the rationale for an increase. When people are prepared and have time to adjust their own personal budgets, increases in obligations to the association do not feel as harsh.

Your AKAM Management Executive and Finance Team can advise you regarding the budgeting process and options such as renegotiating service contracts, reviewing property staffing requirements, revenue generation, and collection strategies that can minimize the need and amount of a potential assessment increase.

### **akam On-Site - Florida, Inc.**

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