

MILANO SECTION II RESIDENTS ASSN., INC.
ADOPTED BUDGET FOR THE FISCAL YEAR
JAN. 1, 2019 TO DEC. 31, 2019

MILANO SECTION II	2018	2018	2019	CHANGE	2019	2019
UNITS - 74	ADOPTED	PROJECTED	ADOPTED	FROM	QUARTERLY	Budget Notes
	BUDGET	ACTUAL	BUDGET	'18 TO '19	PER UNIT	
REVENUE:	\$925/qtr		\$950/qtr			\$25/qtr increase - pass along the Rec Assn increase, but operate a deficit budget.
MAINTENANCE ASSESSMENTS	236,800.00	236,800.00	242,424.00	5,624.00	819.00	For 2019 - Milano Rec fee increasing - adding internet service - partially being offset by reduction in insurance
RESERVE ASSESSMENTS	37,000.00	37,000.00	38,776.00	1,776.00	131.00	see Reserve schedule - increasing for fire panels
TOTAL REVENUE	\$273,800.00	\$273,800.00	\$281,200.00	\$7,400.00	\$950.00	5.91%
EXPENSES:						percentage increase
- OPERATING -						
CONTINGENCY/BAD DEBT EXPENSE	0.00	3,700.00	0.00		0.00	For 2019 - recommend no funding since the 2018 Projected Year end surplus is sufficient to cover all past due assessments thru 2018. As of 10/9/18, 1 owner (Association holds Title) is seriously past due, bal of \$34,555. Association has already written of \$30,854 on this account (assessments owed from 2008-2017. Association took title to property in March 2012 - recommend writing off all assessments for 2018. Association is renting unit. Bank foreclosure case restarted in 2019 - on 9/27/18 Magistrate order granting Bank's final judgement of foreclosure be granted - tenant income to go away in late 2018/early 2019
ELECTRICITY	1,375.00	1,352.55	1,390.00	15.00	4.70	For 2019, based on 2018 projection and 2.7% increase. Per FPL news release, proposing a plan for 2017-2020 to include 3 base rate adj during 4 yr period. 2017=3.9%, 2018-3.2%, 2019=2.7%, 2020-none.
FIRE ALARM, FIRE SPRINKLER AND BACKFLOW INSPECTION AND MAINTENANCE	12,000.00	14,227.03	10,300.00	(1,700.00)	34.80	In 2018, paid Protection Plus \$3,107.50 for Annual Fire Sprinkler inspections and repairs; paid Naples Fire Protection \$1374 for repairs and \$630 for Backflow inspection, \$695 for Annual Fire Sprinkler; paid National Security Fire \$2486.53 for various repairs. Estimate \$5924 add'l inspection and repairs before y/e. For 2019 Annual sprinkler \$695; qterly inspections \$675/qtr; Annual backflow inspection \$630; annual fire alarm inspections \$595; Annual Fire Extinguishers inspections \$390 and OT fee for Annual Fire Sprinkler \$275; Mgr suggests \$2500 to \$3000 on repairs. Based on past history recommend \$5,000 for repairs
FIRE ALARM MONITORING	3,570.00	3,992.45	3,800.00	230.00	12.84	In 2018, paid Protection Plus \$892.50 for 1st & 2nd Qtr; paid National Security Fire \$315.35 to June and \$946.05/qtr for 3rd & 4th Qtrs. For 2019 used National Security \$950/qtr
ROOF CLEANING	6,180.00	3,090.00	6,180.00		20.88	In 2018, paid Clean up Group \$3,090 for 1st Bi annual cleaning for 10 bldgs; per Mgmt this is on hold for possible roof replacement.
INSURANCE	39,625.00	32,122.00	34,000.00	(5,625.00)	114.86	In 2018, paid AmCap \$28,457 (Property), Westfield \$917 (Package), Hartford \$805 (Fidelity), CAIS \$706 (W/C) and BBT \$1237 (D&O) policies. Policies renew in August with D&O exception (April) For 2019, estimate \$34,000 per agent - Property \$30K, Package \$1K, D&O \$1.3K, Fidelity \$900 and W/C \$700.
MANAGEMENT/ACCOUNTING	16,053.00	16,053.00	16,245.00	192.00	54.88	In 2018, paid CFI \$644/mo & \$525 for budget prep; paid Williams Serv Grp \$650/mo (jan-Jun) and paid Cambridge \$650/mo (Jul-Dec). For 2019, no change for Cambridge \$650/mth; CFI 2.2% increase \$660/mth, and no change to budget prep \$525
MASTER ASSOCIATION FEE	161,912.00	161,912.00	175,232.00	13,320.00	592.00	For 2018, Milano Rec \$547/qtr per unit. For 2019, ADOPTED rate \$592/qtr per unit, \$45 increase - adding internet service to the cable package starting 1/1/2019
OFFICE/POSTAGE/ADMINISTRATION	3,600.00	3,157.76	3,200.00	(400.00)	10.81	In 2018, paid Collier Financial admin & postage costs, Paid Williams Service Group \$566.21. Estimate Cambridge \$300 by YE. For 2019, reduce based on projected actual
PROFESSIONAL FEES	3,400.00	3,440.13	3,400.00		11.49	In 2018 paid Adamczyk Law \$2367.33 for collection issues and general matters; paid CFI \$187.50 to Attend the Annual Meeting; paid Cambridge \$400 set up fee and paid Townsend \$270 for the annual Insurance appraisal. Two owners reimbursed association for legal fees \$1084.70. Expect the Bank to process the foreclosure on 15544 - association trying to give title instead of going thru foreclosure - estimate \$1,000 in legal fees to conclude this matter. For 2019, maintain the same budget for legal/other professional

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	BUDGET	ACTUAL	BUDGET	'18 TO '19	PER UNIT	
REPAIRS & MAINTENANCE	4,500.00	1,950.00	4,500.00		15.20	Budgeted in 2018 \$1.5K for continuing to press c/n pavers, curbs, gutters & sidewalks; \$2K to pressure clean 10 bldgs. Will any of these be completed by YE? As of 9/27/18 paid Watermark Redevelopment \$450 for a driveway repair. Per mgmt - pressure washing is on hold due to roof replacement issue. Estimated \$1,500 by year end for possibility that driveways, pavers to be pressure washed. For 2019, plan on adding dryer vent cleaning - no change to budget since buildings are scheduled to be painted in 2019 - cleaning bldgs will be included in painting contract
TAX RETURN PREPARATION	400.00	400.00	400.00		1.35	In 2018 paid CFI \$400 - no change for 2019.
TAXES/LICENSES/FEES	1,653.00	1,729.25	1,791.00	138.00	6.05	In 2018 paid \$61.25 to CFI for the Annual Corp Report; paid Irs \$1668 for Federal Taxes.
EXPENSES FOR 15544 HSE	0.00	99.00	0.00		0.00	in 2018 two a/c service calls/repairs - covered by rental income - agreement with tenant that the \$866 payment to be deducted from Security Deposit
TOTAL OPERATING	\$254,268.00	\$247,225.17	\$260,438.00	\$6,170.00	\$879.86	
- RESERVE TRANSFERS -						
INTEREST	500.00	1,452.80	1,000.00	500.00	3.38	any interest earned from reserves will be transferred
PAINT	3,214.00	3,214.00	3,214.00		10.86	see Reserve schedule
ROOF	27,718.00	27,718.00	27,718.00		93.64	see Reserve schedule
FIRE PROTECT-FIRE ALARM PANELS	4,318.00	4,318.00	5,591.00	1,273.00	18.89	see Reserve schedule - mgmt advised that 4 panels need to be replaced by 2021 - increase funding
GUTTERS for BUILDINGS	1,750.00	1,750.00	1,750.00		5.91	see Reserve schedule
HURRICANE IRMA SETTLEMENT	0.00	126,741.33	0.00		0.00	Amcap settlement for Hurricane Irma damage.transferred to Reserve
FIRE PROTECT-ENCLOSURE W/AC	0.00	0.00	503.00	503.00	1.70	see Reserve schedule
TOTAL RESERVE TRANSFERS	\$37,500.00	\$165,194.13	\$39,776.00	\$2,276.00	\$134.38	
TOTAL EXPENSES	\$291,768.00	\$412,419.30	\$300,214.00	\$8,446.00	\$1,014.24	
OTHER INCOME:						
LATE FEES	300.00	601.90	300.00		1.01	conservative estimate w/other income sources
RENTAL INCOME	0.00	16,800.00	0.00		0.00	conservative estimate w/other income sources - current tenant paying \$1,400/mo. rent - lease is on a month to month basis
RENTAL COMMISSION	0.00	-1,830.00	0.00		0.00	10% commission fee to realtor + \$12,50/mo admin fee per month
APPLICATION FEES	0.00	870.00	250.00	250.00	0.84	conservative estimate w/other income sources
INTEREST EARNED - RESERVES	500.00	1,452.80	1,000.00	500.00	3.38	conservative estimate w/other income sources
INSURANCE SETTLEMENT	0.00	126,741.33	0.00		0.00	Amcap settlement for Hurricane Irma damage.transferred to Reserve
TOTAL OTHER INCOME	\$800.00	\$144,636.03	\$1,550.00	\$750.00	\$5.23	
NET INCOME/(LOSS)	(\$17,168.00)	\$6,016.73	(\$17,464.00)	(\$296.00)	(\$59.01)	
	ok-sh 10/8/18	\$79,786.95	12/31/17 cumulative surplus			
		\$85,803.68	12/31/18 projected surplus			
The Association will end the year with an estimated cumulative surplus of approximately \$85,800.						
Board will consider using \$17,464 of the accumulated surplus to supplement 2019 operations and only increase the quarterly \$25 per unit.						
The "true" cost to operate the Association in 2019 is \$1,009 per unit per quarter.						
The "true" cost to operate the Association in 2018 was \$983 per unit per quarter.						

MILANO SECTION II RESIDENTS ASSOCIATION, INC.
ADOPTED RESERVE FUNDING FOR FISCAL YEAR JAN. 1, 2019 TO DEC. 31, 2019

UNITS - 74	GUTTERS	PAINTING	ROOF	FIRE PANELS (4)	FIRE PROTECTION FIRE ALARM PANELS (3) & WIRELESS EQUIP	FIRE PROTECTION ENCLOSURE W/ AIR COND.	TOTAL
REPLACEMENT COST *	\$35,000	\$45,950	\$671,450	\$12,000	\$13,700	\$15,680	\$793,780
LIFE (YEARS)	20	8	30	7	7	6	
REMAINING LIFE (YEARS)	18	1	17	3	6	3	
12/31/18 BALANCE (estimated)	\$3,500	\$42,736	\$200,239	\$0	\$4,526	\$14,170	\$265,171
AMOUNT TO FUND	\$31,500	\$3,214	\$471,211	\$12,000	\$9,174	\$1,510	\$497,109
Year 2019 FUNDING	\$1,750	\$3,214	\$27,718	\$4,000	\$1,591	\$503	\$38,776
QUARTERLY FUNDING	\$437.50	\$803.50	\$6,929.50	\$1,000.00	\$397.75	\$125.75	\$9,694.00
QUARTERLY PER UNIT	\$5.91	\$10.86	\$93.64	\$13.51	\$5.38	\$1.70	\$131.00
*To be expressed in terms of today's cost, without adjustment for inflation, which is covered from interest income.							
In addition to the above balances, the Association is estimated to have \$6,625.13 of accumulated interest on reserves.							
In addition to the above balances, the Association has \$2939.51 of Capital Funds.							
In addition to the above balances, the Association received \$126,741.33 insurance settlement from Hurricane Irma.							
<u>Reserve/Capital expenses in 2017:</u>							
In Jul/17, paid \$2,987 to Protection Plus of SW FI to replace 1 FACP fire alarm panel @ Bld#29 (15462-15490) due to lightning strike							
In Aug/17, paid \$2,987 to Protection Plus of SW FL to replace 1 FACP fire alarm panel @ Bld#14 (15769-15797) due to lightning strike							
In Aug/17, paid \$2,987 to Protection Plus of SW FL to replace 1 FACP fire alarm panel @ Bld#26 (15756-15776) due to lightning strike							
In Sept. 17 received \$3,961 insurance settlement check to partially cover losses above							
<u>Reserve/Capital expenses in 2018 (thru 9/27/18):</u>							
In Jul/18 paid \$1510 to Naples Fire Protection replace a FACP enclosure box							