

A Council of Neighborhood Associations (CONA) meeting was held on April 19, 2017 at 9:30 a.m. at the Gulf Harbor's Civic Center, 4610 Floramar Terrace, New Port Richey, 34652. The topic of the month was: "Why do we need financial reserves?" This means why do the condominium boards and the homeowner association boards need reserves in their annual budgets.

The guest speaker was Matt Kuisle, a consultant with Reserve Advisors, Inc. The incorporated firm is nationwide with many regional branches. Matt's office is at 101 East Kennedy Blvd, Tampa FL 33629 [matt@reserveadvisors.com](mailto:matt@reserveadvisors.com) His first answer to the question was: "...because it is the law." For new arrivals to Florida, the laws of the State of Florida are found in the Florida Statutes. Within the Florida Statutes, in Paragraph 718.112 [Condominiums] (2) [Required Provisions] (f) [Annual Budget] 2.a., it states: "In addition to annual operating expenses, the budget must include reserve accounts for capital expenditures and deferred maintenance." — FS 718.112 (2) (f) (2a.)

Matt went on to give a list of good reasons why reserves are necessary. Reserve funds spread the cost of major expenditures, protect the owners' investment, keep the community in excellent condition and they are a buffer to unexpected expenses, especially storm damage. Condominium communities have reserve funds, that are required: roof replacement, road resurfacing, sub-surface utilities maintenance...to name a few. Some boards overlook common property elements that need maintenance, like lift stations and retention ponds. Storm water retention ponds have a tendency to silt-up and return to their natural state of being dried-out depressions on the land.

Reserve funds are managed by either of two methods. The Component Method is the traditional idea of "segregation:" the road reserve fund is segregated from the roof reserve fund, etc. The Cash Flow Method involves "pooling" of the designated reserve monies.

Dominick Scannavino spoke after the guest speaker finished. He wished to point out that managed communities have to pay for an audit periodically and the first question a hired auditor asks is: "Do you have a Reserve Analysis?" After the auditor reviews the reserve analysis, he or she reports that the board either follows professional guidelines in managing their reserves or they do not. Also, an insurance premium is never a reserve fund line item, but insurance deductibles should be. A condominium board may need to file a claim with their insurance company after a severe storm, like a Hurricane Katrina, but it is prudent to have a reserve fund to pay all the deductible expenses on each building.

A member of the CONA board said he is lobbying on the county level to double the “Educational Impact” for all the new homes being built between West Pasco and Zephyrhills. The Real Estate Developers do not want it because the county impact fee forces them to raise the final price on their new homes. County residents should want the increase because every square mile of rural land that is converted into a zoned R-4 residential suburb needs a certain number of new schools. Either the tax-payers will have to finance new school construction or those who are enriching themselves on all the new home construction should pay for the new schools that the new families will need.

Pasco County is 78% residential, owing to a high percentage of retired adults, along with working-age commuters driving into Hillsborough and Pinellas Counties. Seventy-eight percent residential is not healthy for the long-term prosperity of the county. The largest industry in Pasco County has been new home construction for too long.

The next meeting of CONA will be 9:30 a.m., Wednesday, May 17 and a speaker will talk on the “Legislative Roundup.” Interest groups lobby the Florida State Legislature, every year, to introduce new laws to change the operation of managed communities; and these changes hardly ever benefit the residents. The Florida Legislative Alliance (FLA) is a group of counter-lobbyists who intend to defeat every piece of legislation that hurt the residents, especially in the pocketbook. CONA hopes to find a guest speaker among the pool of local, elected members of the legislature. Afterwards, CONA will take a summer break and will not have another meeting until September 20.