Budget Smarter, Not Harder.

Tips for Every Association

At **Precedent Hospitality**, we've seen boards often copy last year's budget or avoid raising dues, but this can harm the community and risk falling short of fiduciary duties. While raising dues isn't popular, realistic forecasting ensures your community has the resources it needs. That's why we created this guide—with practical steps for building a budget that fits your association, tips to avoid pitfalls, ways to manage costs, creative revenue ideas, and advice on communicating dues changes clearly.

Our Approach

At Precedent, our approach to budgeting is both proactive and strategic. We partner with boards to align financial planning with the community's long-term goals, ensuring that reserves, operating expenses, and future projects are fully considered. By combining data-driven forecasting with practical guidance, we help associations develop budgets that are realistic, sustainable, and designed to protect residents from unexpected financial surprises.

Charting a Clear Financial Future

We know that strong communities are built on thoughtful financial planning. A budget isn't just numbers on a page; it's a roadmap for how your community will grow and thrive. That's why we encourage boards to start by defining their vision for the future, then setting practical goals that guide today's decisions.

Examining closely how funds are currently spent, while also learning from past patterns, creates a solid foundation for tomorrow's budget.

Pitfalls That Can Derail a Budget

Skipping Long-Term Savings

When reserves are overlooked, unexpected repairs or projects can force special assessments that many residents can't manage.

Forgetting the "What Ifs"

Emergencies, maintenance, and other unpredictable costs happen. Reviewing past years and setting aside a cushion helps you prepare.

Using Cookie-Cutter Increases

A flat percentage ignores where costs actually moved. Insurance may jump while landscaping stays flat.

Ignoring Changing Prices

Vendor rates and market costs shift. Without revisiting contracts or comparing pricing, associations risk overspending.

What Florida Law Requires

Florida has rewritten its association budget and reserve rules several times in the last few years, and the requirements now differ depending on whether you are a condominium or an HOA. Here is where things stand as you build your next budget.

No More Waiving Reserves

Buildings three stories or taller can no longer waive structural reserves.

Condominium vs. HOA

Notice to Owners

Condo: 14 days' notice plus a copy of the proposed budget to every owner. HOA: 14 days for meetings where assessments are set.

Reserves

Condo: required for roof, painting, pavement and major items. HOA: required if the association maintains reserve accounts.

Waiving Reserves

Condo: not allowed for structural reserve study items, in budgets adopted on or after Dec 31, 2024. HOA: allowed by member vote.

Large Increases

Condo: assessments above 115% of last year require a substitute budget owners vote on. HOA: no equivalent rule.

Working Backward From Adoption

Most Florida associations run a calendar fiscal year, so next year's budget has to be adopted before January 1. Once you count the notice requirements backward, the real work starts in summer.

Your Budget Season Calendar

July and August

Pull two or three years of financials and find the lines that moved. Ask every major vendor for next year's pricing in writing.

September

Build the draft. Apply the reserve contributions your study recommends, then calculate your increase against this year.

Early October

Workshop the draft line by line. Condominiums: confirm whether you have crossed the 115% threshold before you finalize.

Mid-October

Deliver the proposed budget and notice to every owner. Fourteen days is the minimum, so build in a buffer for mail.

The 115% Question

For condominiums: if proposed assessments come in more than 115% above last year’s, the board must also propose a substitute budget of mandatory expenses only, and owners vote on both.

What Most Boards Miss

Required Reserves

Left out of the 115% calculation entirely, even though reserves are often what pushes a budget up.

Non-Recurring Repairs

Anticipated one off repairs and maintenance costs related to structural repair items are excluded from the comparison.

Insurance Premiums

Excluded as well, and in Florida often the single largest driver of a rising budget.

Run It in September

Back those three out and many increases that look like they cross 115% do not. Know yours before the meeting.

How the Math Works

A 100-unit association budgets $600,000 for next year, up from $500,000. That is a 20% increase, which looks like it clears 115%. Back out the excluded categories and it does not.

Worked Example

	This year	Next year
Total assessments	$500,000	$600,000
Less reserves and insurance	($150,000)	($225,000)
Comparison base	$350,000	$375,000

$375,000 against $350,000 is 107% - under the threshold, even though total assessments rose 20%.

Strategies Before Raising Dues

After reviewing the numbers, your board may find that next year's expenses will exceed current income. While raising dues may seem like the obvious solution, exploring cost savings and new revenue opportunities can help reduce financial pressure on residents. Involving homeowners in the process also builds understanding and support.

6 Practical Ways To Reduce Cost

Reduce Communication Costs

Shift from paper mailings to digital platforms to reduce printing and postage costs.

Consolidate Vendor Services

Combine landscaping, pest control, and maintenance under one provider for savings.

Prevent Costly Repairs

Implement preventive maintenance on roofs, plumbing, and HVAC to avoid major repairs.

Leverage Bulk Purchasing

Pool buying power with other associations to secure better pricing on supplies.

Optimize Utility and Vendor Contracts

Audit utility rates and review vendor agreements to negotiate better pricing.

Cut Energy and Insurance Expenses

Use utility audits and rebates for efficiency; regularly review insurance coverage.

Why Small, Steady Increases Matter

Even the most financially responsible board can't avoid raising dues forever. Budgets must keep pace with inflation and rising costs. Holding dues flat may feel like a short-term win, but underfunding often leads to large increases or special assessments later.

Prospective buyers also watch association budgets closely. Years without increases can signal underfunded reserves or deferred maintenance.

Steady, modest increases show responsible planning, protect property values, and are easier for residents to absorb than sudden, large hikes.

Building Trust Through Transparency

Raising dues doesn't just involve numbers, it requires trust. Regular, transparent communication builds understanding and helps residents see the "why" behind financial decisions. When it's time to announce an increase, be clear about what's driving the change, how the funds will be used, and how the decision benefits the community in the long run. A well-informed community is far more likely to support necessary adjustments when they understand the value being protected.

Explaining a Dues Increase

When it comes to raising dues, how you communicate is just as important as the numbers themselves. Use this guide to ensure your board is building trust and clarity with residents every step of the way:

Year-Round Financial Updates

Be sure to keep residents informed about finances throughout the year.

Get Resident Input

Collect and incorporated resident feedback into financial decisions.

Advance Written Notice

Law requires 14 days' notice of the budget meeting. Best practice: 30 days.

Multi-Channel Communication

Reinforcing via: Email, Flyers, Newsletters, Website, Open meetings.

Clear & Honest Messaging

Explain the need for the increase and its benefits: protecting property values and amenities.

Transparent Data

Be ready to share facts, figures, and clarify the reasoning behind the increase.

Planning Ahead, Together

A responsible, forward-looking budget not only keeps amenities running and properties well-maintained, it also shows residents and buyers that the board is planning wisely for what's ahead.

About Precedent Hospitality

For over four decades, Precedent Hospitality has been a trusted leader in community association management across Florida. We partner with boards to deliver reliable financial services, strong governance support, and solutions that protect property values while enhancing residents' quality of life. Our experienced team works closely with board members to navigate challenges with confidence and a focus on long-term success.

From creating realistic budgets and managing reserves to overseeing maintenance, vendor contracts, and resident communication, our focus is on helping associations run smoothly today while preparing for tomorrow. With a dedication to service and a passion for building stronger communities, Precedent continues to be the partner boards can count on year after year.