

To: Sun City Mesquite Finance Committee

From: Jim Hier

Date: September 12, 2020

Subject: August 2020 Financial Review

We had 18 closings this month, versus a budget of 15. YTD we are now ahead of budgeted closings by 9 (96 vs 87). Seabreeze, our property management company, reports 1,788 association members as of the end of the month. Any variance from budget for closings directly impacts revenue for Transfer Fees, Architectural Fees, Capital Contributions and eventually increased Assessments for both SCM and AMM.

SCM

Revenue for the month was \$234k, and \$5k better than budget. This variance can be primarily attributed to the closings mentioned above, which contributed a \$5k in favorable variance by themselves. YTD revenues of \$1,832k are \$86k greater than budget with \$59k from Fence Painting Reimbursement, \$7k from interest income, \$14k from increased closings and \$18k from increased Developer Assessments, offset somewhat by reductions in Clubhouse Rentals, Community Sponsorships and Guest Passes as you might expect with our virus related closures.

Expenses of \$239k before Capital Improvements for the month were \$14k greater than budget. The main contributions to the expense variances were overruns in water costs (\$9k) and G&A (\$4k). YTD Expenses of \$1,740 are \$25k higher than budget, but include the increased contributions to reserves due to the fencing reimbursements and increased closings. Without the increased reserve contributions, expenses for the year would be \$48k less than budget.

As always, there were numerous less significant pluses and minuses from other accounts, but the net Loss of (\$15k) for the month creates an unfavorable variance from budget of (\$15k) after Capital Improvements. YTD Surplus of \$69k after Capital Improvements is \$78k above budget.

Total operating funds of \$499k are greater than current liabilities of \$400k. This provides \$99k in unencumbered cash. Liabilities include pre-paid assessments.

AMM

Revenue for the month of \$85k is right on budget. YTD Revenue of \$662k is \$6k greater than budget.

Total monthly Expenses of \$78k are \$7k under budget. G&A expenses for the month were \$3k below budget due to timing for Audit Fees, The Water Feature Costs continue to run under budget (\$3k). YTD Expenses of \$607k are \$23k less than budget with G&A contributing \$13k, Golf Course Water Features \$13k and Contract Maintenance \$6k, offset by an unfavorable variance of \$13k in Utilities. Small variances that many times reflect timing differences between budget and actual occurred throughout the accounts.

Net surplus for the month of \$8k after Capital Improvements is \$10k above budget and YTD Surplus of \$54k is \$49k better than budget.

Total operating funds of \$204k are \$48k greater than current liabilities of \$156k. Liabilities include pre-paid assessments.

BI

Revenues for the month of \$5k and YTD of \$41k are right on budget. Expenses for the month of \$7k are over budget by \$1k primarily due to high Utilities costs, and YTD expenses of \$44k are now over budget by \$4k. Net loss of \$2k for the month is \$1k below budget and loss of \$3k YTD is \$4k below budget.

Total operating funds of \$17k are \$6k better than current liabilities of \$11k.