

To: Sun City Mesquite Finance Committee

From: Jim Hier

Date: February 4, 2021

Subject: December 2020 Financial Review

Since this is the last report for 2020, I'm going to concentrate on the total year data rather than including specifics for the month of December. Although we had 30 closings in October, we only had 5 in November and 6 in December, so we ended the year with 144 total closings. Our budgeted closings for the year were 146, so we ended up short by only 2 closings for the year. Seabreeze, our property management company, reports 1,839 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, but the variances were slight due to the closeness between budget and actual.

SCM

Year-end revenues of \$2,752k are \$73k greater than budget with \$59k from Fence Painting Reimbursement still the largest contributor to the variance, followed closely by \$36k from increased Developer Assessments, with Interest Income contributing another \$8k. These favorable variances were offset by unfavorable variances in Clubhouse Rentals (\$5k), Community Sponsorships (\$4k), Guest Passes (\$12k) and Owner Assessments (\$7k).

YTD Expenses of \$2,642k before Capital Improvements are \$41k higher than budget but include the increased contributions to reserves due to the fencing reimbursements of \$59k. Without the increased reserve contributions, expenses for the year would be \$24k less than budget.

YTD Surplus of \$69k after Capital Improvements of \$42k is \$50k better than budget and will be considered for increases to reserves or capital improvements.

Total operating funds of \$450k are greater than current liabilities of \$434k. This provides \$16k in unencumbered cash. Liabilities include pre-paid assessments of \$350k.

AMM

YTD Revenue of \$1,006k is \$4k greater than budget due to increased Developer Assessments.

YTD Expenses of \$909k are \$47k less than budget with G&A contributing \$18k, Golf Course Water Features \$15k, Landscaping \$17k, and Contract Maintenance \$6k, offset by an unfavorable variance of \$17k in Utilities primarily due to water costs. Small variances occurred throughout other accounts.

YTD Surplus after Capital Improvements of \$94k is \$68k better than budget, and like the SCM surplus, will be considered for increases to reserves or capital improvements.

Total operating funds of \$288k are \$93k greater than current liabilities of \$195k. Liabilities include pre-paid assessments.

BI

Revenues for the YTD of \$61k are right on budget. YTD Expenses of \$48k are now under budget by \$10k, with the reallocation of water costs the primary reason for the reduced expenses. Net Surplus of 12k YTD is \$10k above budget.

Total operating funds of \$31k are \$22k better than current liabilities of \$9k.