To: Sun City Mesquite Finance Committee

From: Jim Hier

Date: July 27, 2020

Subject: June 2020 Financial Review

We had 1 closing this month, versus a budget of 13. YTD we are now behind budgeted closings by 10 (49 vs 59). Seabreeze, our property management company, reports 1,763 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 $208k, and $16k less than budget. This variance can be primarily attributed to the closings mentioned above, which contributed a $19k unfavorable variance by themself. Developer Assessments were favorable by $4k offsetting the closings variances a bit. YTD revenues of $1,348k are $56k greater than budget with $59k from Fence Painting Reimbursement $7k from interest income and $17k from increased Developer Assessments. The sharp reduction in closings this month brought the overall variance down to $56k.

Expenses of $220k before Capital Improvements for the month were $7k greater than budget. The main contributions to the expense variances were from a huge overrun ($15k) in water costs for the month (under accrual from the previous month contributed to this variance) offset by favorable variances in Payroll and Reserve expenses. YTD Expenses of $1,259k are $3k below budget and are due to the increased expense contribution for Fence Painting of $59k reflected in Revenues offset by reductions in G&A expenses of $29k, Landscaping of $21k, and Utilities of $4k.

There were numerous less significant plusses and minuses from other accounts, but the Loss of $15k for the month puts our unfavorable variance from budget at $21k after Capital Improvements. YTD Surplus of $84k after Capital Improvements is $84k above budget.

Total operating funds of $671k are greater than current liabilities of $455k. This yields $217k in unencumbered cash. Liabilities include pre-paid assessments.

AMM

Revenue for the month of $81k is $2k less than budget. This is primarily due to the closings mentioned above and Bulk Service (TDS) costs. YTD Revenue of $489k is $1k greater than budget.

Total monthly Expenses of $85k are $1k over budget. There were unfavorable variances of $3k in Landscaping and favorable variances of $3k in Golf Course Water Feature maintenance. Unfavorable variance of $5k for Utilities was offset by multiple favorable variances in G&A, Contract Maintenance, Insurance and Reserve Allocation. YTD Expenses of $443k are $24k less than budget with G&A contributing $9k, Golf Course Water Features $10k, Landscape $5k and Contract Maintenance $5k, offset by an unfavorable variance of $6k in Utilities. Small variances that many times reflect timing differences between budget and actual occurred throughout the accounts.

Net Loss for the month of $3k after Capital Improvements is $1k below budget and YTD Surplus of $45k is $37k better than budget.

Total operating funds of $353k are $167k greater than current liabilities of $186k. Liabilities include pre-paid assessments.

BI

Revenues for the month of $5k and YTD of $30k are right on budget. Expenses for the month of $7k are over budget by $2k primarily due to high Utilities costs, and YTD expenses of $30k are now over budget by $2k. Net loss of $2k for the month and surplus of $0k YTD are $2k below budget. Total operating funds of $21k are $10k better than current liabilities of $11k.