To: Sun City Mesquite Finance Committee    From: Jim Hier

Date: December 3, 2020    Subject: October 2020 Financial Review

We had 30 closings this month, versus a budget of 14. WOW! YTD we are now ahead of budgeted closings by 17 (133 vs 116). Seabreeze, our property management company, reports 1,821 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 $262k, and $30k better than budget. This variance can be attributed to the closings mentioned above, which contributed a $25k in favorable variances by themselves, with Developer Assessments contributing another $5k. YTD revenues of $2,309k are $100k greater than budget with $59k from Fence Painting Reimbursement, $7k from interest income, $22k from Capital Contributions and $25k from increased Developer Assessments, offset by reductions in Clubhouse Rentals, Community Sponsorships and Guest Passes as you might expect with our virus related closures.

Expenses of $250k before Capital Improvements for the month were $27k greater than budget. The main contribution to the expense variances were overruns in Water costs ($20k) and Propane ($5k). $13k of the Water costs were the result of transferring expenses from Branding Iron to SCM. Branding Iron had been charged in error for costs associated with watering in front of their gates. SCM will now pick up this cost. YTD Expenses of $2,225k are $60k 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 $18k less than budget.

As always, there were numerous less significant pluses and minuses from other accounts, but the net gain of $11k for the month creates a favorable variance from budget of $7k after Capital Improvements. YTD Surplus of $58k after Capital Improvements is $65k better than budget.

Total operating funds of $654k are greater than current liabilities of $571k. This provides $82k in unencumbered cash. Liabilities include pre-paid assessments.

**AMM**

Revenue for the month of $92k is $6k better than budget, again due to the increased number of closings. YTD Revenue of $836k is $8k greater than budget.

Total monthly Expenses of $75k are $5k below budget. G&A expenses of $6k for the month were $2k below budget, Landscaping $4k below budget and there were many small offsetting variances throughout the other accounts. YTD Expenses of $761k are $34k less than budget with G&A contributing $15k, Golf Course Water Features, Landscaping $11k, and Contract Maintenance $6k, offset by an unfavorable variance of $16k in Utilities. Small variances that many times reflect timing differences between budget and actual occurred throughout other accounts.

Net surplus for the month of $16k after Capital Improvements is $13k above budget and YTD Surplus of $75k is $61k better than budget. Total operating funds of $288k are $67k greater than current liabilities of $221k. Liabilities include pre-paid assessments.

**BI**

Revenues for the month of $5k and YTD of $51k are right on budget. For the first time all year, we have something to report for BI expenses. Due to the reclassification of water costs mentioned in the SCM section above, Expenses for the month of a negative $8k are $14k below budget. YTD expenses of $41k are now under budget by $9k. This is Huge folks, for those forced to live behind the swinging gates, this represents greater than a 15% reduction in annual expenses for the HOA. Net Surplus of $14k for the month is $14k above budget and gain of $10k YTD is $9k above budget.

Total operating funds of $18k are $5k better than current liabilities of $13k.