SP50785 Financial Statements for the past 12 months to 28/2/2014 + proposed budgets for the next 12 months to 28/2/2015

by David Gourley unit 55C

1/3/2013 – 28/2/2014

Administration Fund

- Income up 6.35%
  $663,429.67 vs budget of $595,613.00 (with both figures including the 9.3% levy increase)

- Expenditure down 7.17%
  $560,700.54 vs budget of $603,973.00

- Year end balance up significantly
  $83,984.70 vs budget of $2,895.57

Notes :

1. Insurance was both lower than budget + prior year, this was achieved by changing insurance companies. Cost $70,031 vs budget of $85,000 & 2012/13 actual of $72,073
2. Legal fees exceeded both budget + prior year, and mainly associated with lot 21 CTTT action. We paid out a total of $30,834 vs a budget of $20,000 & 2012/13 actual of $20,463

Sinking Fund

- Income up 2.29%
  $812,131.23 vs budget of $793,979.00 (with both figures including the 70.8% increase along with the special levy)

- Expenditure was down significantly
  $377,122.76 vs budget of $1,076,922.00 (see notes below)

- Year end balance up significantly
  $911,631.07 vs budget of $193,679.60

Notes :

1. Balustrading project was not commenced, so budget of $441,260 + $33,102 in project management fees was not touched (note, $500,000 placed in a term deposit)
2. Opah (lot 21) architectural feature was also not commenced, so budget of $167,000 was not touched
3. Outside pool/spa resurfacing came in significantly under budget (budget was for tiling of these areas + repaving pool & BBQ areas – but work to be performed was modified at our last AGM, after the budget was approved, to limit work here). We budgeted $168,365 and spent only $59,426 including pipework + Darren's initial fix
4. BuildSense water ingress work exceeded budget due to additional work being undertaken. Excluding, project management fees $185,375 was budgeted with $216,373 being paid

Proposed budget 1/3/2014 – 28/2/2015

Administration fund

- Propose that levies be increased by a nominal 1.9% (less than inflation) which equates to an average $30 (before early discount) per quarter per unit uplift. $645,000 budgeted last year vs $645,001 actual vs $657,255 proposed in 2014/15
- Even with the proposed nominal levy increase, it is projected that our year end balance will reduce from the current $83,985 to still a healthy $66,448

Notes :

1. Have allowed a 20%+ increase in the budget for our insurance premium being $85,000 the same as last year's budget
2. Legal fees have been budgeted at $25,000 so forecasting these to be less than last year's actuals
3. Should we again look like exceeding the projected year end balance here, then I propose that we look to limit any Administration Fund year end balance to a maximum of $100,000, and transfer any excess $'s into our Sinking Fund

Sinking fund

- 1. there is no change proposed to our existing levies here, plus no special levy ! This is in line with us setting a significant 2 year sinking fund plan last year.
- Major expenditure here will again relate to the Balustrading project with current cost projections around $1 million, but may not be all paid out in our 2014/15 financial year – others to comment here !
- Budgeting $960,000 total expenditure and with a year end balance (without any transfer of funds from our Administration fund) of only $273,337

Notes :

1. Once we fully define our balustrading direction and costs, project management + contingencies along with cash flow timing are known, then will have a better handle on our Sinking Fund financials
2. Looking to the future, I would see that S/F levies would remain around current rates plus maybe some inflation, and hopefully no special levies again to be applied. And we need to be building up these funds, after the major balustrading work, noting that the next significant expenditure will again be the painting of the building in a few years time.