SP50785 Financial Statements for the past 12 months to 28/2/2015 + proposed budgets for the next 12 months to 28/2/2016

by David Gourley unit C55

Motion 3 - 1/3/2014 to 28/2/2015

Administration Fund

We budgeted for a year end balance of $61,952.69 and came in with a massive balance of $166,512.10 !!!!!!!

Significant favourable variances between budget and actual expenditure include :

- Consultants - $10,000 budget, spent $269.50
- Insurance - $85,000 budget, spent $69,641.62 (previous year we paid $70,031.00)
- Legal Fees – budget $25,000, spent $9,188.00
- Maint – General – budget $27,500, spent $11,570.10
- Maint – Plumbing – budget $12,000, spent $2,706.94
- Electricity – budget $95,000, spent $74,958.18 (previous year we paid $94,866.79)

Sinking Fund

Budgeted for a year end balance of $281,873.87 and came in with a balance of $1,122,289.13 of which $1,000,000 is in a term deposit due to expire May 2015.

However, comparison of budget to actual is unrealistic, as we budgeted for $960,000.00 total expenditure including the balustrading project, and we only paid out $141,679.11 for all works throughout the year including $7,775.00 for commencement of balustrading project management.

Motion 5(b)

It is proposed to transfer $100,000 from our Administration Fund to our Sinking Fund.

Why ? Because we came in with a good surplus in our Administration Fund last year (see above) and we can get by with maintaining owner's levies for a further year here, even after transferring the $100,000. And more importantly, we need more $'s in our Sinking Fund so as to hopefully avoid a further special levy !!!!

Motion 5(c) - Proposed Administration Fund budget 1/3/2015 to 28/2/2016

Propose that we have no increase/decrease in our owner's levies here !!!

So, we would start off with a balance of $166,512.10, transfer the proposed $100,000 to our Sinking Fund, budget for normal income & expenditure along with proposed increased expenditure as follows, and end the year with a balance of $34,102.10.

Proposed 'budget' expenditure increases include :

- Insurance – maintain budget at $85,000
- Legal Fees – maintain budget at $25,000

Motion 5(d) - Proposed Sinking Fund budget 1/3/2015 to 28/2/2016

Propose that we increase owner's levies here by 14% (representing an average increase in total owner's levies of 4.7%).

This proposed budget also allows for :

- $100,000 to be transferred from our Administration Fund (see above)
- $900,000 balustrading provision + a further $5,000 for preparatory work (specifications, photos, etc) + $50,000 for balustrading project management (of which $7,775.60 has already been paid).
  Note that when we approved the $477,273 special levy 2 years ago, we were only looking at a balustrading cost of $401,145 + $30,093 for balustrading project management.
  So, the additional projected cost (and please note that quotes are yet to be obtained here once we decide on a style and later a contract signed, so the $900,000 remains a provision at this point), is basically coming out of our Sinking Fund reserves.
- $422,400 has been allowed for other Sinking Fund works this year, which includes :
  1. $66,039 for more water ingress works, with A8 & A11 having recently been completed + C66, C72 & C77 scheduled to be done
  2. $63,000 for fire equipment
  3. $60,000 for fire doors rectification
  4. $30,000 for pool pump room repairs
  5. $15,000 for B2 tunnel doors & clean-up, etc, etc.
- And a projected year end balance in our Sinking Fund of $202,009.13

Notes :

- In addition to Leary & Partners 10 year Sinking Fund plan + 15 year forecast, we have prepared our own SP50785 five year Sinking Fund plan including cash flow projections, so as to properly manage levies to

reasonable levels and hopefully without any further special levies, along with delaying non-balustrading non-essential works where necessary so as to achieve this.

- With any increase in levies (and this will first apply to our proposed Sinking Fund levy above), previously the increase was only effective from levies due by 1st June onwards. However, now STM have advised that a back-dated levy notice will be issued covering just the amount of any increase due back to 1st March, but that payment of such would not be due until 1st June, and this would still attract our normal 10% discount for payments processed before the due date.
- All $ figures here are expressed as GSTE.
- Should the Government change GST rates, then this will naturally flow onto our owner levy payments.