SP50785 Financial Statements for the 12 months ended 29/2/2016 plus proposed budgets for the next 12 months ending 28/2/2017

by David Gourley unit 55C (note all figures are GSTE)

1/3/2015 to 29/2/2016

Administration Fund

We budgeted for a year end surplus of $34,102 and came with a healthy surplus of $120,867. Income was up $26K & expenditures down $60K, as compared to budget – great !

Income was up $26K with insurance repairs funds recovery, but this was offset by $27K of associated expenses shown under expenditure.

Significant variances regards expenditure, other than insurance repairs, were :

- Lift maintenance $72,609 compared to a budget of $41,600 – this is solely related to the lot 21 resolution where we now carry all costs for the OPAH lift
- Electricity $63,713 compared to a budget of $84,000 (paid $74,958 in 2014/15) – network fees have reduced by around $500-$600 per month
- Legal fees $9,711 compared with a budget of $25,000 – the dispute with lot 21 was resolved without litigation
- Insurance $73,749 compared with a budget of $85,000 (paid $69,642 in 2014/15) – increase was again way less than expected

Sinking Fund

Budgeted for a year end surplus of $202,004 and came in with a surplus of $1,343,797.
Comparison is yet again unrealistic owing to the delay with the balustrading project.
The EC + John Stevens have continued to show great restraint in holding back other Sinking Fund works until the full cost of the balustrading project is known – well done !

1/3/2016 to 28/2/2017

Propose that our total Owner's levies increase by 3.4%, over current 2015/16 rates, and with our Administration Fund increasing by 1.7% and our Sinking Fund (where more $'s are required) by 6.2%.

Administration Fund

Starting off with a $120,867 surplus we should end the year at about the same at $120,308. We can operate on a lot lower forecast surplus here, and will likely propose next year to transfer some $'s to our Sinking Fund account, but will need to see how the year goes. Another option was to reduce Administration Fund levies and increase Sinking Fund levies accordingly, but opted to propose a process providing some better stability in all levies.

As stated, it is proposed that our levies here increase by 1.7% as compared with last year.

Expenditures are forecast to now be reasonably predictable, especially with such major areas of Insurance and Cleaning.

Sinking Fund

Funding here is my greatest area of concern especially given around $570,000 will come out of our reserves to top-up the balustrading project – see note below. And, there is a lot of other projects proposed that the EC will need to remain prudent with before approving such works. Forecasts show that we will get through this year, but eventually we may need to apply another special levy in the future to replace some/all of the $'s allocated to balustrading.

Also as stated, it is proposed that our levies here increase by 6.2% as compared with last year.

Our major balustrading $'s get paid out this year.

Notes

1.Regards the balustrading replacement, our financials are :

	PAID	TO PAY	TOTAL
Project management	$18,470 *	$ 31,175	$ 49,645
Balustrading	$102,285	$995,874	$1,098,159
TOTALS	$120,755	$1,027,049	$1,147,804

Funding is $431,238 from the special levy 3 years ago + $100K transferred from our Administration Fund last year + around $50K in net interest after paying income tax, leaving around $570K to come out of our Sinking Fund general reserves.

*$7,776 was paid in our 2014/15 financial year

2. Should the Government change GST rates, then this will naturally flow onto our Owner levy payments, and

3. With increased property values, the comparison of strata levies to property valuation should now be in the order of 1% pa or less.
You do the sums – your quarterly levy (current or proposed new rate) x 4 to come to an annual figure x 100, and this should approximately equal, or be less than, the current market value of your property. Interesting ?