

Las Colinas

Condominium Owner's Association

1600 N. Wilmot
Tucson, AZ 85712
520-390-2310

2012 Financial Report

1.) Highlights

2012 ended over budget for revenue again! This is one of the ways we avoided a dues increase for the sixth year straight. Our Association brought in an additional \$42,000.00 in foreclosure fee collections, paid by the banks. Our budget is \$525,000.00 for revenue, and again this year we surpassed that number by bringing in more than dues! In these very difficult economic times, we are again in the black.

The money we collected funded the many projects that enhanced our property this year. We were able to remodel the upper pool, added a ramada over the mailboxes, installed new carpet on the staircases in buildings 22, 23 & 24. Fascia was replaced and painted across the property, which continues in 2013. Again this year we were able to make much desired improvements.

2.) Financial Statements

Income Statement

Income:

Dues	\$472,000.00
Foreclosure Fees	\$ 42,000.00
Transfer Fees	\$ 3,000.00
Laundry	<u>\$ 15,000.00</u>
Total	\$532,000.00

Expense:

General and Administrative	\$ 8,300.00
2012 Election Audit	\$ 1,600.00
Insurance	\$ 70,000.00
Common Area Facilities	\$ 60,000.00
Utilities	\$167,000.00
Common Area Maintenance	\$133,100.00
Common Area Projects	\$ 67,000.00
Reserve Contribution	\$ 13,000.00
Total	\$520,000.00

Reserve:

Reserve Expense (Major Projects)	\$ 20,000.00
Contingency	\$ 18,000.00

Net Income:

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\$ 12,000.00

Balance Sheet

Assets:		Liabilities:	
Cash on Hand	\$ 12,000.00	Liabilites	- 0 -
Reserve	<u>\$ 63,000.00</u>	Owner's Equity	<u>\$ 75,000.00</u>
Total Assets	\$ 75,000.00	Total	\$ 75,000.00

This Compilation was prepared by the Managing Agent in accordance with the requirements stated in the Arizona Revised Statutes. The books of the Association are maintained on a cash basis. These statements fairly state the condition of the entity consistent with generally accepted accounting principles.

3.) Challenges and Successes

The big jump in utilities, \$35,000.00, was the sewer bill. That is almost one month's dues. Across Pima County, aging sewer lines need replacement and the infrastructure needs major upgrades. No one expects that bill to go down. Because the sewer is not metered, there is nothing we can do to manage it. So, it won't help if you flush the toilet less. We reduced other expenses so we did not have to raise our dues. We are always looking at new technologies to reduce costs. Later this year the new, much more efficient, laundry machines will reduce water use and energy, as well as provide needed revenue to continue projects.

A flipped cigarette butt started a fire, causing over \$18,000.00 in damages. We replaced three roofs, for another \$20,000.00. These two expenditures reduced our reserve. But that is why we build the reserve, is to have it to spend it on contingencies and improvements. We added \$13,000.00 from transfer fees and laundry revenues back into the reserve.

While the rate of foreclosures is tapering off, there are still foreclosures in the pipeline. This is a national problem that is depressing property values every where. We have no control over bad banking practices. What we do control is keeping our finances solid and continuing to invest in our property by doing preventative maintenance and making improvements.

4.) 2012 Management Analysis

The Association's budget is much like our individual household budgets. We spend money on utilities, insurance, repairs, savings, and then improvements to make our property look nice. Just like at home, we can think of ten ways to spend every dollar. But we can only spend each dollar once. As we look at how we make decisions about caring for our property, balancing the many demands on our resources, we look at these decisions much like we look at our budgets as individual homeowners.

Totals by budget category are divided by 250 homes to get the average amount per owner/per year, and then by 12 months to get the average per owner/per month. This includes the amount paid by dues, and supplemented with the foreclosure fees.

Here is how the 2012 expenses were spent per average homeowner:

	<u>Ave. per Month</u>	<u>Ave. per Year</u>
1.) General and Administrative (Includes newsletters, accounting, and compliance)	\$ 4.00	\$ 33.00
2.) Insurance (Includes blanket hazard insurance, D&O, wrks comp & med)	\$ 23.00	\$ 280.00
3.) Common Area Facilities (Includes pools, pest control, boilers, hot water softeners)	\$ 20.00	\$ 240.00
4.) Utilities (Southwest Gas, TEP, Trash, Water & Sewer)	\$ 56.00	\$ 668.00
5.) Common Area Maintenance (Includes staff and materials for landscaping, laundries, plumbing, facia, fencing, roof coating and painting.)	\$ 44.00	\$ 532.00
6.) Common Area Projects (Includes staff and materials for pool remodel, mailbox ramada, staircase re-carpet, toilet replacement program.)	\$ 22.00	\$ 268.00
7.) Reserve Contribution	\$ 4.00	\$ 52.00
TOTAL AVERAGE	<u>\$173.00</u>	<u>\$2,080.00</u>