

Wavecrest AOA
Treasurer's Report March 18, 2014

	January Budget	January Rev/Expense	Difference	Annual Budget
Revenue	\$ 74,223	\$ 83,532	\$ 9,309	890,676
Operating Expenses	91,614	105,578	\$ (13,964)	877,015
Total	\$ (17,391)	\$ (22,046)	\$ (4,655)	\$ 13,661
Capital Expenses		-		(13,661)
Net Change		<u>\$ (22,046)</u>		<u>\$ -</u>

Cash Balances	Total	Operating Funds	Reserve Funds
Beginning of Year	\$ 469,210	\$ 44,377	\$ 424,833
Change	(22,046)	3,116	(25,162)
Year-end Balance	<u>\$ 447,164</u>	<u>\$ 47,493</u>	<u>\$ 399,671</u>

Revenue Surplus

Revenues exceed the budget due to our having received a pay-off of \$ 9,220 from one unit in delinquency and another \$ 4,000 from a few units that fall behind and then catch-up. This increase is reduced some by the a delay in the processing of rental checks for our 5 owned units. Deposits are made monthly to our bank, but the deposit information is submitted by the bank only quarterly to Hawaiiana.

Operating Expense Deficit

The approximately \$1 4,000 overdraft in operating expenses for the month is due to there being two monthly property insurance payments made. The budget plan is based on one \$17,000 payment being made each month for the first 5 months to ease cash flow problems. This will be offset in a subsequent month.

There are two areas where we may incur shortfalls this year, and one with savings.

The first is the electrical allotment. Our electrical usage is up this year compared with same time last year by 3600 KWHs. The average cost per KWH is approximately the same, but we were expecting and budgeted for more savings from the solar production. We do not yet have comparable months to last year's solar production as the system did not come on-line until March. As we get closer to summer and the panels have been cleaned, we may realize the budgeted savings. For the month we incurred a shortfall of \$3,300.

The second is health care costs. Under the Affordable Health Care Act, insurance carriers are reviewing their caseloads more carefully. In Hawaii, this includes the Aloha Care coverage for individuals without other insurance. As we offer all of our employees coverage if they are working 20 hours or more a week, we encouraged all eligible employees to enroll in our plan less they find themselves without coverage. We have 2 more employees enrolled this year than last, and we're exceeding the budget by \$670/month.

One area of savings that is identifiable early on is our Property and Flood insurance coverage. Our Property coverage received no increase in rates, and the flood policy 7%. Our experience has been annual increases of 10% for both categories. I'm expecting an \$8,600 savings for the year from these lower rates.

Fund Transfer

\$26,000 was transferred from the Reserve Fund to Operating Funds to repay the capital expenses of FY 2013 that are initially paid by operating funds.