

**THE VILLAS AT KEHALANI
BALANCE SHEET
12 MONTHS ENDED JAN - DEC 31, 2018**

Assets

	2018	2017
CASH		
Ckg - MOO ****12056	\$ 92,732.07	\$ 91,981.39
Petty Cash	<u>200.00</u>	<u>200.00</u>
Subtotal - Cash	<u>92,932.07</u>	<u>92,181.39</u>
ACCOUNTS RECEIVABLE		
A/R - Owner Charges (A -pg 10)	<u>21,825.80</u>	<u>7,821.83</u>
Subtotal - Accounts Receivable	<u>21,825.80</u>	<u>7,821.83</u>
OTHER ASSETS		
Unexpired Insurance	<u>77,424.18</u>	<u>72,191.61</u>
Subtotal - Other Assets	<u>77,424.18</u>	<u>72,191.61</u>
REPLACEMENT RESERVES ACCOUNTS		
MMkt - MOO Reserves *****	0.83	0.83
MMkt - Home Street Bank *****6211	<u>176,368.10</u>	<u>123,856.70</u>
Subtotal - Replacement Reserves (B -pg 13)	<u>176,368.93</u>	<u>123,857.53</u>
TOTAL ASSETS	<u><u>\$ 368,550.98</u></u>	<u><u>\$ 296,052.36</u></u>

Liabilities and Fund Balances

	2018	2017
CURRENT LIABILITIES		
A/P - Trade (D -pg 11)	\$ 50,044.56	\$ 27,530.74
Prior Owner Balance	0.00	1,052.01
Owner Payment Transfer	0.00	109.98
Deferred Owner Charges (C -pg 10)	27,940.04	17,736.74
A/P Insurance Claims	0.00	4,960.33
N/P Insurance Premiums	59,411.49	65,899.10
Accrued General Excise Tax	<u>453.65</u>	<u>73.66</u>
Subtotal Current Liabilities	<u>137,849.74</u>	<u>117,362.56</u>
TOTAL LIABILITIES	<u>137,849.74</u>	<u>117,362.56</u>
MEMBERS' EQUITY		
Unrestricted Members' Equity	54,332.31	54,832.27
Restricted Members' Equity (B)	<u>176,368.93</u>	<u>123,857.53</u>
Total Members' Equity	<u>230,701.24</u>	<u>178,689.80</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$ 368,550.98</u>	<u>\$ 296,052.36</u>

**THE VILLAS AT KEHALANI
INCOME STATEMENT
ACTUAL VS BUDGET
12 MONTHS ENDING DECEMBER 31, 2018**

	CURRENT MONTH				YEAR TO DATE				BUDGET	
	Actual	%	Budget	Variance	Actual	%	Budget	Variance	Annual	Unexpende
Revenues										
Membership Income										
405 - Maintenance Fees	49,363.98	90.4	49,364	(0)	591,617.59	90.4	592,368	(750)	592,368	750
406 - Capital Reserves	4,016.04	7.4	4,016	0	47,668.58	7.3	48,192	(523)	48,192	523
415 - Delinquent Fees	0.00	0.0	0	0	2,450.00	0.4	0	2,450	0	(2,450)
416 - Delinquent Fee Interest	0.00	0.0	0	0	205.84	0.0	0	208	0	(208)
Total Member Income	53,380.02	97.7	53,380	0	641,942.01	98.1	640,560	1,382	640,560	(1,382)
Non-Membership Income										
419 - Insurance Settlement - TJ Gom	0.00	0.0	0	0	9,820.50	1.5	0	9,821	0	(9,821)
425 - House Rule Violations	0.00	0.0	0	0	50.00	0.0	0	50	0	(50)
430 - Interest Income	4.53	0.0	0	5	49.59	0.0	0	50	0	(50)
431 - Interest - Reserves	81.23	0.1	12	69	826.78	0.1	148	679	148	(679)
475 - Maint. Fees Previously Written	1,161.99	2.1	0	1,162	1,161.99	0.2	0	1,162	0	(1,162)
499 - Other Income	0.00	0.0	0	0	400.00	0.1	0	400	0	(400)
Total Non-Member Income	1,247.75	2.3	12	1,236	12,308.86	1.9	148	12,161	148	(12,161)
Total Revenues	54,627.77	100.0	53,392	1,236	654,250.87	100.	640,708	13,543	640,708	(13,543)
Operating Expenses										
Administration Expenses										
625 - Bank Fees	0.00	0.0	0	0	20.00	0.0	0	20	0	(20)
645 - Dues & Subscriptions	0.00	0.0	5	(5)	0.00	0.0	55	(55)	55	55
648 - Education Seminars	0.00	0.0	60	(60)	385.00	0.1	720	(335)	720	335
710 - Meetings	0.00	0.0	0	0	1,349.91	0.2	0	1,350	0	(1,350)
715 - Office/Administrative	233.30	0.4	70	163	757.34	0.1	845	(88)	845	88
720 - Operating Supplies	0.00	0.0	132	(132)	0.00	0.0	1,584	(1,584)	1,584	1,584
Total Administration Exp	233.30	0.4	267	(34)	2,512.25	0.4	3,204	(692)	3,204	692
Insurance Expense										
675 - Insurance Claims	0.00	0.0	0	0	(4,960.33)	(0.8)	0	(4,960)	0	4,960
676 - Insurance - Auto	(31.72)	(0.1)	25	(57)	224.69	0.0	300	(75)	300	75
677 - Insurance - Bond	(60.42)	(0.1)	47	(107)	427.83	0.1	558	(130)	558	130
678 - Insurance - Boiler/Equipment	(120.30)	(0.2)	90	(210)	822.94	0.1	1,078	(255)	1,078	255
679 - Insurance - D&O	(287.48)	(0.5)	221	(508)	2,035.64	0.3	2,655	(619)	2,655	619
680 - Insurance - Fire	(7,870.04)	(14.4)	6,183	(14,053)	55,750.52	8.5	74,199	(18,448)	74,199	18,448
683 - Insurance - General Liab.	(471.26)	(0.9)	355	(826)	3,252.04	0.5	4,255	(1,003)	4,255	1,003
684 - Insurance - Umbrella	(165.52)	(0.3)	118	(284)	1,077.46	0.2	1,421	(344)	1,421	344
Total Insurance Expenses	(9,006.74)	(16.5)	7,039	(16,046)	58,630.79	9.0	84,466	(25,835)	84,466	25,835
Professional Services										
705 - Management Fee	2,236.00	4.1	2,723	(487)	26,832.00	4.1	32,680	(5,848)	32,680	5,848
725 - Outside Services	0.00	0.0	0	0	1,684.00	0.3	0	1,684	0	(1,684)
731 - Prof. Fees - Audit	0.00	0.0	167	(167)	594.24	0.1	2,000	(1,406)	2,000	1,406
732 - Prof. Fees - Legal	0.00	0.0	833	(833)	34,694.55	5.3	10,000	24,695	10,000	(24,695)

**VILLAS AT KEHALANI
INCOME STATEMENT
ACTUAL VS BUDGET
12 MONTHS ENDING DECEMBER 31, 2018**

	CURRENT MONTH				YEAR TO DATE				BUDGET	
	Actual	%	Budget	Variance	Actual	%	Budget	Variance	Annual	Unexpende
733 - Prof. Fees - Reserve Study	0.00	0.0	287	(287)	0.00	0.0	3,200	(3,200)	3,200	3,200
735 - Off Site Infrastructure Study	<u>0.00</u>	<u>0.0</u>	<u>1,150</u>	<u>(1,150)</u>	<u>6,169.60</u>	<u>0.9</u>	<u>13,800</u>	<u>(7,630)</u>	<u>13,800</u>	<u>7,630</u>
Total Professional Exp	2,236.00	4.1	5,140	(2,904)	69,974.39	10.7	61,680	8,294	61,680	(8,294)
Repairs & Maint Expenses										
740 - Contract Gate Service ***	145.83	0.3	24	122	859.36	0.1	289	570	289	(570)
746 - R/M - Buildings	0.00	0.0	125	(125)	887.50	0.1	1,500	(613)	1,500	613
746.3 - R/M Power Washing Building	0.00	0.0	757	(757)	0.00	0.0	9,082	(9,082)	9,082	9,082
748 - R/M - Electrical ***	0.00	0.0	350	(350)	1,219.26	0.2	4,200	(2,981)	4,200	2,981
750 - R/M - Gate	0.00	0.0	140	(140)	390.63	0.1	1,680	(1,289)	1,680	1,289
752 - R/M - Fire Equip/Backflow	171.40	0.3	42	129	567.40	0.1	500	67	500	(67)
753 - R/M - Grounds Alterations	0.00	0.0	667	(667)	2,716.19	0.4	8,000	(5,284)	8,000	5,284
754 - R/M - Grounds	0.00	0.0	0	0	2,644.90	0.4	0	2,645	0	(2,645)
755 - R/M - Grounds Contractor ***	22,085.63	40.4	18,228	3,858	223,919.11	34.2	218,736	5,183	218,736	(5,183)
756 - R/M - Grounds Irrigation/Well **	1,088.53	2.0	600	489	8,538.29	1.3	7,200	1,338	7,200	(1,338)
760 - R/M - Pest Control ***	1,250.00	2.3	417	833	4,999.97	0.8	5,000	(0)	5,000	0
761 - R/M Termite Inspection	0.00	0.0	718	(718)	0.00	0.0	8,615	(8,615)	8,615	8,615
763 - R/M - Plumbing	0.00	0.0	0	0	2,279.72	0.3	0	2,280	0	(2,280)
764 - R/M - Refuse Coll.	<u>2,594.70</u>	<u>4.7</u>	<u>2,252</u>	<u>343</u>	<u>29,228.63</u>	<u>4.5</u>	<u>27,024</u>	<u>2,205</u>	<u>27,024</u>	<u>(2,205)</u>
Total Repairs & Maint Exp	27,336.09	50.0	24,320	3,016	278,250.96	42.5	291,826	(13,575)	291,826	13,575
Tax Expenses										
796 - Taxes - Gen. Excise	<u>3.43</u>	<u>0.0</u>	<u>19</u>	<u>(16)</u>	<u>590.81</u>	<u>0.1</u>	<u>230</u>	<u>361</u>	<u>230</u>	<u>(361)</u>
Total Tax Expenses	3.43	0.0	19	(16)	590.81	0.1	230	361	230	(361)
Utility Expense										
828 - Util. - Electricity	1,105.94	2.0	857	249	13,137.72	2.0	10,284	2,854	10,284	(2,854)
832 - Util. - Sewer	4,641.56	8.5	5,096	(454)	51,807.00	7.9	61,150	(9,343)	61,150	9,343
834 - Util. - Telephone	221.68	0.4	84	138	2,486.51	0.4	1,010	1,477	1,010	(1,477)
838 - Util. - Water	<u>13,025.50</u>	<u>23.8</u>	<u>9,000</u>	<u>4,026</u>	<u>124,849.00</u>	<u>19.1</u>	<u>108,000</u>	<u>16,849</u>	<u>108,000</u>	<u>(16,849)</u>
Total Utility Expenses	18,994.68	34.8	15,037	3,958	192,280.23	29.4	180,444	11,836	180,444	(11,836)
Reserves & Other Exp										
915 - Capital Reserves	4,016.04	7.4	4,016	0	51,684.62	7.9	48,192	3,493	48,192	\$ (3,493)
916 - Reserves Interest	81.23	0.1	12	69	826.78	0.1	148	679	148	(679)
918 - Operating Contingency	<u>0.00</u>	<u>0.0</u>	<u>(667)</u>	<u>667</u>	<u>0.00</u>	<u>0.0</u>	<u>(8,000)</u>	<u>8,000</u>	<u>(8,000)</u>	<u>(8,000)</u>
Total Reserve & Other Exp	4,097.27	7.5	3,361	736	52,511.40	8.0	40,340	12,171	40,340	(12,171)
Total Operating Exp	<u>43,894.03</u>	<u>80.4</u>	<u>55,183</u>	<u>(11,289)</u>	<u>654,750.83</u>	<u>100</u>	<u>662,190</u>	<u>(7,439)</u>	<u>662,190</u>	<u>7,439</u>
Total Revenue Over Exp	<u>10,733.74</u>	<u>19.6</u>	<u>(1,791)</u>	<u>12,525</u>	<u>(499.96)</u>	<u>(0.1)</u>	<u>(21,482)</u>	<u>20,982</u>	<u>(21,482)</u>	<u>(20,982)</u>
Beginning Members' Equity					<u>54,832.27</u>					
Ending Members' Equity					<u>54,332.31</u>					

TREASURER'S NOTES
DECEMBER 31, 2018
Summary

1. **Monthly Expenses for December.** The budgetary data for December 2018 is based on the 2018-2019 budget. The total expenses for December was \$43,894 compared to the budgeted amount of \$55,183 resulting in a favorable variance of \$11,289. The year-to-date expenses total \$654,751 compared to the budgeted amount of \$662,190, resulting in a favorable variance of \$7,439. ***The total expenses of \$654,751 exceeded the annual earned revenues of \$654,251 resulting in a net loss of \$500 for 2018.***

2. **Legal Fees and Professional Costs.** The actual year-to-date legal expenses for December 31 was \$0 compared to the budgeted amount of \$833. We have incurred \$34,694 for legal and professional fees compared to the budgeted amount of \$10,000, resulting in an unfavorable variance of \$24,694. The Board understated the projected legal fees associated with our lawsuit against the developer.

3. **Water (County of Maui).** The Villas experienced a significant increase in water usage for the past six months. The water expense for December was \$13,025 or \$4,026 over budget. The actual year-to-date water expense through December 31 was \$124,849, compared to the budgeted amount of \$108,000 for unfavorable variance of \$16,849. The Landscaping Committee expects the water usage to decrease as multiple water leaks have been repaired.

4. **Repair and Maintenance Expenses.** The actual YTD expense through December 31, 2018 was \$272,173 compared to the budgeted amount of \$291,826 resulting in a \$19,653 favorable variance. The majority of the variance is due to the cancellation and/or delay of two projects budgeted for 2018 as summarized below:
 - **Power Washing Buildings - \$9,082.** On August 17, 2018 George Borg, former Board President, reported that the Power Washing project would be delayed following the advice of our attorneys and inspectors (Karim Allana and Bill Jenkins) until such time that we can come up with a safe protocol and adequate instructions for cleaning the exteriors of the buildings while avoiding potential damage to the DEFs" or "stucco".

 - **Termite Inspections - \$8,615.** Bowman was scheduled to perform the annual interior termite inspection during the fourth quarter. DMI has provided no explanation as to why Bowman did not begin the termite inspection process during the fourth quarter.

**Cash Balance
December 31, 2018**

			Dec Financials
Operating Cash - Mutual of Omaha (CAB)			
Operating Cash Balance – Jan 1, 2018		\$91,981	
Net Cash Receipts – Jan 1 thru Dec 31, 2018		<u>663,827</u>	
Cash Available		\$755,808	
Less Cash Disbursements Jan 1 – December 31, 2018		<u>663,076</u>	Note 1
Total Cash Balance – Dec 31, 2018, per DMI G/L	(A)	<u>\$92,732</u>	Note 2
Capital Reserves - Homestreet Bank - Hawaii			
Cash Reserves Balance – Jan 1, 2018		\$113,380	
Deposits YTD including Interest Earned		<u>62,989</u>	
Capital Reserves – December 31, 2018, per DMI G/L	(B)	<u>\$176,369</u>	Note 3
Total Cash - CAB & Homestreet - Jan 1, 2018		\$205,361	
Total Cash - CAB & Homestreet – December 31, 2018	(A + B)	269,101	
Change in Cash – YTD (Increase)		<u>\$ 63,740</u>	

Notes:

Note 1. The cash disbursements for December 2018 are summarized in the table on page 8.

Note 2. Cash Balance 12-31-18. DMI's reported an operating cash and petty cash balance of \$92,732 and \$200 respectively (see page 1). However, the Treasurer believes that the correct amount of petty cash should be \$100. The Treasurer verified DMI's bank reconciliation and confirmed the operating cash balance to the bank statement as summarized below:

Mutual of Omaha (CAB) Bank Statement Balance 12/31/18	\$ 92,732	
Less: Outstanding Checks per DMI Financials		
Add: Un-cleared Deposits per DMI Financials		
Cash per DMI's General Ledger DMI Bank Reconciliation	\$ 92,732	
Cash per General Ledger (excluding \$200 petty cash)	<u>92,732</u>	(*)
Difference	<u>\$ 0</u>	

* The operating cash balance of \$92,732 includes \$39,863 of “start-up fees” that should be classified as "Capital Improvements Reserve Funds". Disbursements from the fund shall be made only upon authorization of the Board. To date, the Board has not earmarked the \$39,863. In the February 2018 Board Meeting, the Board approved the earmarking of \$1,540 for new outdoor lighting clocks reducing the “start-up fees” balance from \$41,223 to \$39,863.

Note 3. Capital Reserve. The Treasurer’s reconciliation of the Capital Reserves is summarized below.

	Per Bank Statement Actual
Homestreet Bank Balance Jan 1, 2018	\$ 113,380.28
Add:	
January Deposit	13,968.56 *
February Deposit	4,016.04
March Deposit	0
April Deposit	12,048.12
May Deposit	4,016.04
June Deposit	4,016.04
July Deposit	4,016.04
August Deposit	4,016.04
September Deposit	4,016.04
October Deposit	4,016.04
November Deposit	4,016.04
December Deposit	4,016.04
YTD Interest (Jan 1 – Dec 31)	<u>826.78</u>
Homestreet Bank (WA) Balance Dec 31	\$ 176,368.10
Homestreet Bank (Pnx) Balance Dec 31	<u>+ .83</u>
Total Capital Reserves Bank Balance Dec 31	\$ 176,368.93
General Ledger per DMI Dec 31, 2018	176,368.93 **
Difference	\$ 0.00

* January deposit was actually \$4,016.04 and the remaining balance was outstanding in December 2017

** The Treasurer compared the actual capital reserve balance to the capital reserve amount recommended in the Villas Capital Reserve Study prepared by Armstrong Inc dated February 17, 2016. The Treasurer disclosed that the actual capital reserve balance is underfunded by \$2,953 (1.67%). Refer to page 11 for additional comments.

SCHEDULE OF PAID INVOICES
JANUARY 1 – DECEMBER 31, 2018 *

<u>Vendor</u>	<u>Dec</u>	<u>Total YTD</u>	<u>%</u>
He-Man Landscaping (Contract)	\$18,228.00	\$218,736.00	
He-Man Landscaping (Capital)	\$0.00	\$0.00	
He-Man Landscaping (Repairs)	<u>0.00</u>	<u>\$14,136.33</u>	
Total He-Man	\$18,228.00	\$232,872.33	35.1%
Water & Sewer (Maui County)	17,245.26	\$169,586.44	25.6%
Insurance Associates		\$58,119.67	8.8%
McKeon Sheldon Mehling Legal	212.50	\$30,727.58	4.6%
Capital Reserve	4,016.04	\$62,161.04	9.4%
Allana Buick & Bers (inspection)		\$18,530.21	2.8%
Maui Disposal	5,189.40	\$31,480.63	4.7%
Destination Maui (DMI)	2,236.00	\$27,185.30	4.1%
Maui Electric Company	1,105.94	\$12,710.28	1.9%
American Electric (M&R)		\$2,848.42	0.4%
Bowman Termite (pest control)		\$3,749.97	0.6%
Felice Valmas, CPA (audits)		\$2,094.24	0.3%
Wailuku Plumbing		\$1,997.48	0.3%
Hawaii Telecon (phone)	221.68	\$2,486.23	0.4%
Hawaii Insurance		\$975.00	0.1%
Armstrong Consulting		\$0.00	
Centra-Systems Hawaii (gate)	145.83	\$1,380.20	0.2%
Pural Water Speciality Co		\$887.50	0.1%
Optimal Outsource (DMI outsource)	68.30	\$872.48	0.1%
Aloha Services		\$589.58	0.1%
Dept of Education		\$405.28	0.1%
Condominium Council of Maui		\$550.00	0.1%
Paul Wood		\$232.27	0.0%
Steve Barnes		\$413.49	0.1%
State of Hawaii GET (taxes)		\$210.82	0.0%
Bank Service Charge		\$10.00	0.0%
Total Cash Payments	\$48,668.95	\$663,076.44	100.0%

* Source: DMI “Payable Lockbox” online access & DMI General Ledger provided January 11, 2019. The invoices summarized above represent invoices that were paid from January through December.

** The \$975 paid to Hawaii Insurance was paid in error. Hawaii Insurance was to issue a credit back in September; however, no credit has been received. We followed up with DMI on January 25 and DMI reported that the actual deposit was received February 5, 2019.

The top 10 vendors accounts for \$632,253 or 97% of the total paid expenses.

**LANDSCAPING COSTS
MONTHLY CONTRACT FEES, IRRIGATION REPAIRS
AND CAPITAL PROJECTS
January 1 to December 31, 2018**

The following *paid* expenses for Landscaping are provided for informational purposes. The information contained in the tables below includes both the monthly contract fees and the irrigation repairs and capital projects *paid* through December 31, 2018.

HE-MAN INVOICE SUMMARY (1-1 THRU 12-31-18)							
Invoice Number	Work Date	Invoice Amount	Description of Work	Repairs	Contract	Capital	Total
				(Note 1)	(Note 2)	Projects	Paid Invoices
9627	1/11/18	\$18,228.00	Monthly Contract Fee Jan 1 - paid 1-5)		\$18,228.00	█	\$18,228.00
9734	2/1/17	\$18,228.00	Monthly Contract Fee (Feb 1 - paid 2-13)		\$18,228.00	█	\$18,228.00
9716	1/10/18	\$923.27	Irrigation repairs (paid 2-15) Awela Street Repairs	\$923.27		█	\$923.27
9717	1/11/18	\$772.44	Irrigation repairs (paid 2-15) 33 Kokea Repairs	\$772.44		█	\$772.44
9718	1/12/18	\$260.80	Irrigation repairs (paid 2-15) Irrigation repairs	\$260.80			\$260.80
9653	1/8/18	\$321.17	Irrigation repairs (paid 2-6) Irrigation repairs	\$321.17		█	\$321.17
9830	2/26/18	\$88.54	Irrigation repairs- leaking valve (paid 3-12)	\$88.54		█	\$88.54
9844	3/1/18	\$18,228.00	Monthly Contract Fee (March 1 - paid 3-12)		\$18,228.00		\$18,228.00
9858	2/26/18	\$222.74	Irrigation repairs entrance (paid 4-23)	\$222.74		█	\$222.74
9949	4/1/18	\$18,228.00	Monthly Contract Fee (paid 4-23)		\$18,228.00		\$18,228.00
9974	4/3/18	\$261.12	Irrigation repairs (paid 4-23) 33 Kokea	\$261.12		█	\$261.12
9982	4/9/18	\$841.62	Irrigation repairs (paid 4-23) broken valves	\$841.62		█	\$841.62
10060	5/1/18	\$18,228.00	Monthly Contract Fee (5-1 paid 5-8)		\$18,228.00		\$18,228.00
10201	6/1/18	\$18,228.00	Monthly Contract Fee (6-1 paid 6-8)		\$18,228.00		\$18,228.00
10338	7/1/18	\$18,228.00	Monthly Contract Fee (7-1 paid 7-6)		\$18,228.00		\$18,228.00
10460	8/1/18	\$18,228.00	Monthly Contract Fee (8-1 open)		\$18,228.00		\$18,228.00
10174	5/23/18	\$88.54	Irrigation repairs flush out stuck valve mailbox	\$88.54		█	\$88.54
10260	6/12/18	\$491.82	Irrigation repairs broken main line near clock c	\$491.82		█	\$491.82
10268	6/11/18	\$438.51	Landscaping repairs stake trees top of project	\$438.51		█	\$438.51
10286	6/13/18	\$347.98	Irrigation repairs stuck valve near clock c & 701	\$347.98		█	\$347.98
10287	6/14/18	\$177.07	Irrigation repairs eliminate batt timer below 53 Lak	\$177.07		█	\$177.07
10292	6/15/18	\$444.37	Irrigation repairs - unit 1104	\$444.37		█	\$444.37
10379	7/5/18	\$486.13	Irrigation repairs - units 2004, 2604, 3004	\$486.13		█	\$486.13
10385	7/5/18	\$589.91	Irrigation repairs -rpr main line near 104	\$589.91		█	\$589.91
10453	7/20/18	\$91.14	Irrigation repairs -rpr main line near 104	\$91.14		█	\$91.14
10485	7/25/18	\$1,287.97	Irrigation repairs -rpr main line near unit 604	\$1,287.97		█	\$1,287.97
10498	8/8/18	\$91.66	Irrigation repairs -rpr drip line unit 2604	\$91.66		█	\$91.66
10508	8/10/18	\$88.54	Irrigation repairs -rpr drip line unit 803 flush 104	\$88.54		█	\$88.54
10571	8/23/18	\$211.03	Irrigation repairs -rpr drip line unit 803 flush 105	\$211.03		█	\$211.03
10591	9/1/18	\$18,228.00	Monthly Contract Fee (paid 9-1)		\$18,228.00		\$18,228.00
10700	10/1/18	\$18,228.00	Monthly Contract Fee (paid 10-1)		\$18,228.00		\$18,228.00
10843	11/1/18	\$18,228.00	Monthly Contract Fee (paid 11-1)		\$18,228.00		\$18,228.00
10644	9/14/18	\$91.14	Irrigation repairs, repair broken drip line near unit 904	\$91.14		█	\$91.14
10651	9/18/18	\$895.98	Irrigation repairs, remove battery timers 1504/1601	\$895.98		█	\$895.98
10652	9/18/18	\$706.48	Irrigation repairs, troubleshoot wiring bldgs 15 & 16	\$706.48		█	\$706.48
10586	8/30/18	\$3,916.36	Irrigation repairs, install new water meter for irrigation	\$3,916.36		█	\$3,916.36
10942	12/1/18	\$18,228.00	Monthly Contract Fee (paid 12-1)		\$18,228.00		\$18,228.00
		<u>\$232,872.33</u>		█ <u>\$14,136.33</u>	█ <u>\$218,736.00</u>	█ <u>\$0.00</u>	<u>\$232,872.33</u>

Repair Invoices

<u>Invoice Number</u>	<u>Work Date</u>	<u>Labor Hours</u>	<u>Labor Rate</u>	<u>Total Labor</u>	<u>Mat'l & Tax</u>	<u>Total Invoice</u>	<u>Total Paid</u>
9716	1/10/18	7.25	\$85.00	\$616.25	\$307.02	\$923.27	\$923.27
9717	1/11/18	4.00	\$85.00	\$340.00	\$432.44	\$772.44	\$772.44
9718	1/12/18	2.25	\$85.00	\$191.25	\$69.55	\$260.80	\$260.80
9653	1/8/18	2.00	\$85.00	\$170.00	\$151.17	\$321.17	\$321.17
9830	2/26/18	1.00	\$85.00	\$85.00	\$3.54	\$88.54	\$88.54
							\$0.00
9858	2/26/18	2.00	\$85.00	\$170.00	\$52.74	\$222.74	\$222.74
							\$0.00
9974	4/3/18	1.75	\$85.00	\$148.75	\$112.37	\$261.12	\$261.12
9982	4/9/18	4.00	\$86.00	\$344.00	\$497.62	\$841.62	\$841.62
10174	5/23/18	1.00	\$85.00	\$85.00	\$3.54	\$88.54	\$88.54
10260	6/12/18	5.00	\$85.00	\$425.00	\$66.82	\$491.82	\$491.82
10268	6/11/18	4.00	\$85.00	\$340.00	\$98.51	\$438.51	\$438.51
10286	6/13/18	2.00	\$85.00	\$170.00	\$177.98	\$347.98	\$347.98
10287	6/14/18	2.00	\$85.00	\$170.00	\$7.07	\$177.07	\$177.07
10292	6/15/18	3.00	\$85.00	\$255.00	\$189.37	\$444.37	\$444.37
10379	7/5/18	3.50	\$85.00	\$297.50	\$188.63	\$486.13	\$486.13
10385	7/5/18	3.50	\$85.00	\$297.50	\$292.41	\$589.91	\$589.91
10453	7/20/18	1.00	\$85.00	\$85.00	\$6.14	\$91.14	\$91.14
10485	7/25/18	14.00	\$85.00	\$1,190.00	\$97.97	\$1,287.97	\$1,287.97
10498	8/8/18	1.00	\$85.00	\$85.00	\$6.66	\$91.66	\$91.66
10508	8/10/18	1.00	\$85.00	\$85.00	\$3.54	\$88.54	\$88.54
10571	8/23/18	2.00	\$85.00	\$170.00	\$41.03	\$211.03	\$211.03
10644	9/14/18	1.00	\$85.00	\$85.00	\$6.14	\$91.14	\$91.14
10651	9/18/18	10.00	\$85.00	\$850.00	\$45.98	\$895.98	\$895.98
10652	9/18/18	7.00	\$87.00	\$609.00	\$97.48	\$706.48	\$706.48
10586	8/30/18	16.00	\$88.00	\$1,408.00	\$2,508.36	\$3,916.36	\$3,916.36
10942	12/1/18						
				\$8,672.25	\$5,464.08	\$14,136.33	\$14,136.33

**Capital Reserve Balance
12/31/2018
Treasurer's Analysis**

The Treasurer reconciled the capital reserve account projected for year-end to the capital reserve balance recommended in the Capital Reserve Study prepared by Armstrong, Inc dated February 17, 2016. The Treasurer's analysis disclosed that the Villas capital reserve balance projected for December 31, 2018 is understated by \$2,953. **The Board agreed to fund this amount in 2019.**

The Treasurer's analysis included adjustments to the Armstrong Reserve study because Armstrong's reserve study included a reduction of \$116,936 for road resealing and repairs to be performed in 2017. However, the Villas did not reseal nor make repairs to the roads due to the pending lawsuit with the developer. The Treasurer therefore added back \$116,936 to the capital reserve balance of \$62,386 projected for December 31, 2018 to arrive at the adjusted projected capital reserve balance of \$179,322. The difference between the projected December 31, 2018 Capital Reserve bank balance using the Treasurer's "Cash Flow Forecast" and the Capital Reserve balance recommended by Armstrong (adjusted for capital expenditures postponed by the Villas) was -\$2,953. The Treasurer's reconciliation is summarized in the table below.

Armstrong Capital Reserve Study (02/17/2016)			
			<u>Interest</u>
Beginning Capital Reserve Balance 1/1/16		\$33,412	
Recommended Capital Reserve Contribution 2016		41,897	\$252
Recommended Capital Reserve Contribution 2017		48,182	4
Recommended Capital Reserve Contribution 2018		55,409	<u>166</u>
Recommended Interest Earned 2016-2018		<u>422</u>	<u>\$422</u>
Recommended Capital Reserve Balance as of 12/31/18 *		\$179,322	
Actual Capital Reserve Balance 12/31/18		<u>176,369</u>	
Capital Reserve Shortage		<u>-\$2,953</u>	
* Excludes \$116,936 of postponed capital expenditures			
Armstrong Reserve Study dated 2-17-2016 - Recommended Reserve Balance for 12/31/18		\$62,386	
Add Back forecasted Capital Expenditures postponed by Villas		<u>116,936</u>	
Recommended Capital Reserve Balance as of 12/31/18		<u>\$179,322</u>	