

West Kuiaha Meadows Homeowners Association
BUDGET COMPARISON

| Association Common Expenses | 2016 BUDGET | 2017 BUDGET | Increase (Decrease) |
|--|------------------------|------------------------|--------------------------------|
| CAM Fee Per Month | 121.00 | 135.00 | 14.00 |
| Electricity - Gate | 516.00 | 480.00 | (36.00) |
| Gate Repair & Maintenance | 1,560.00 | 2,220.00 | 660.00 |
| Telephone - Gate | 516.00 | 516.00 | 0.00 |
| General Maintenance & Repairs | 0.00 | 1,800.00 | 1,800.00 |
| Insurance - D&O | 1,280.00 | 1,281.00 | 1.00 |
| Insurance - Liability | 728.00 | 728.00 | 0.00 |
| Insurance - Property | 1,008.00 | 870.00 | (138.00) |
| Landscaping | 7,496.00 | 7,496.00 | 0.00 |
| Management Fees | 6,505.00 | 6,775.00 | 270.00 |
| Miscellaneous Expenses (bank fees, etc.) | 180.00 | 180.00 | 0.00 |
| Professional Fees - Legal | 1,500.00 | 1,500.00 | 0.00 |
| Professional Fees - Tax Preparation | 200.00 | 217.00 | 17.00 |
| General Excise Taxes | 2.00 | 2.00 | 0.00 |
| Contingency Reserves | 120.00 | 120.00 | 0.00 |
| Replacement Reserves | 1,620.00 | 1,620.00 | 0.00 |
| Total Association Expenses | 23,231.00 | 25,805.00 | 2,574.00 |
| Water System Expenses | 2016 BUDGET | 2017 BUDGET | Increase (Decrease) |
| Water System Fee per Month | 140.00 | 356.00 | 216.00 |
| Water Recovery (Estimated) | 35.71 | 31.67 | (4.04) |
| Electric* | 0.00 | 0.00 | 0.00 |
| Insurance | 0.00 | 0.00 | 0.00 |
| System Manager | 9,437.00 | 18,468.00 | 9,031.00 |
| Management Fee | 6,505.00 | 6,775.00 | 270.00 |
| Testing | 2,100.00 | 2,100.00 | 0.00 |
| Miscellaneous Supplies & Repairs | 1,896.00 | 21,600.00 | 19,704.00 |
| Professional Fees - Legal | 900.00 | 1,200.00 | 300.00 |
| Professional Fees - Tax Preparation | 200.00 | 217.00 | 17.00 |
| Miscellaneous Expense (CCR Distribution) | 70.00 | 70.00 | 0.00 |
| General Excise Taxes | 2.00 | 2.00 | 0.00 |
| Replacement Reserves | 8,400.00 | 14,700.00 | 6,300.00 |
| Total Water System Expenses | 29,510.00 | 65,132.00 | 35,622.00 |
| Electricity - Water System Expense* | 6,000.00 | 4,800.00 | (1,200.00) |

*No amounts were budgeted for water system electricity as the electricity costs will be recovered with owners water usage billing.

**WEST KUIAHA MEADOWS HOMEOWNERS ASSOCIATION
2017 ASSOCIATION AND WATER SYSTEM BUDGET NOTES**

ASSOCIATION INCOME:

Association Maintenance Fees

This amount represents the maintenance fees for 16 lot owners. Maintenance fees are \$135.00 per month which increased by \$14.00 per month over 2016 fees. Owners will be assessed \$405.00 quarterly.

Bank Interest Earned

Bank interest earned from reserve fund monies.

ASSOCIATION COMMON EXPENSES:

Electricity - Gate

Electricity costs are projected at \$40.00 per month based on costs and consumption amounts in 2016.

Gate Repair & Maintenance

We budgeted \$185.00 per month to cover the cost of the monthly maintenance contract and minor repairs.

Telephone - Gate

The telephone for the entrance gate is budgeted at \$43.00 per month.

General Repairs & Maintenance

Based on expenses incurred in 2016, we budgeted \$150.00 per month to cover common area repair and maintenance.

D & O Insurance

We have budgeted \$1,281.00 in March for renewal of the Directors and Officers insurance policy. This amount is based on the 2016 policy renewed plus projected increase for the 2017 renewal.

General Liability Insurance

We projected \$728.00 in March for the liability insurance policy renewed in April. This amount is based on actual 2016 rates along with projected increase anticipated in 2017. This policy provides liability insurance for the common areas.

Property Insurance

We projected \$870.00 for property insurance policy renewed in April. This amount is based on the 2016 policy renewal plus projected increase for 2017. This policy provides property damage insurance for the common elements.

Landscaping

We budgeted \$558.00 for the monthly landscape maintenance and \$800.00 in October for annual tree trimming.

Management Fees

This fee for contract management service for the Homeowner's Association is projected at \$489.00 plus tax per month. We also budgeted \$130.00 plus tax for the managing agent's preparation and attendance at three Board of Directors Meetings and \$240.00 plus tax for the Annual Meeting in November. As instructed by the Board, managing agents attendance at 2 additional meetings during the year was added to the budget.

Miscellaneous Expenses

We budgeted \$15.00 per month for bank service fees, checks, deposit slips, printing, postage, and miscellaneous supplies for the Association.

Professional Fees – Legal

We budgeted \$125.00 monthly for legal fees for collection and other issues of the Association based on expenses.

Professional Fees – Tax Preparation

We budgeted \$30.00 for preparation of the 1099 forms and \$187.00 for preparation of the annual income taxes.

General Excise Taxes

This expense paid to the Hawaii State Tax Collector is budgeted at 4% of reserve interest and other miscellaneous income collected.

Contingency Reserves

We budgeted \$10.00 per month for unanticipated or unbudgeted expenses.

Replacement Reserves

Based on the 2016 reserve contributions, and projected gate repairs needed, we budgeted \$135.00 per month. We recommend that a reserve study be completed so that the appropriate reserve contributions are assessed to owners.

WATER SYSTEM INCOME:

Water System Maintenance Fees

This amount represents the water system maintenance fees for 14 lot owners on the private water system. System fees are \$356.00 per month. Owners will be assessed \$1068.00 per quarter.

Water Recovery

This amount represents projected fees to be collected quarterly for water usage based on water fees collected in 2016.

WATER SYSTEM EXPENSES:

Electricity

No amounts were budgeted for electricity costs to operate the private water system. Electricity costs will be recovered with the monthly water usage billing. This change was implemented in 2015 so that those owners who use more water or those who use less will pay their proportionate share of the electricity cost to produce the water used.

Insurance

No amounts were budgeted for equipment breakdown insurance as the policy was non-renewed following the December 2013 well failure.

System Manager (Distribution Operation)

The water system management service is budgeted at \$1539.00 per month based on the current contract. We did not budget funds for the preparation of the annual Consumer Confidence Report as it is included in the base management fee.

Management Fees

This fee for contract management service for the Homeowner's Association is projected at \$489.00 plus tax per month. We also budgeted \$130.00 plus tax for the managing agent's preparation and attendance at three Board of Directors Meetings and \$240.00 plus tax for the Annual Meeting in November. As instructed by the Board, managing agents attendance at 2 additional meetings during the year was added to the budget.

Testing

We budgeted \$175.00 per month for routine and periodic water testing done as required by the Dept. of Health.

Miscellaneous Supplies & Repairs

We budgeted \$1,800.00 per month for supplies and chemicals needed to operate the water system, and for repairs needed.

Professional Fees – Legal

We budgeted \$100.00 monthly for legal fees for collection and other issues of the water system.

Professional Fees – Tax Preparation

We budgeted \$30.00 for preparation of the 1099 forms and \$187.00 for preparation of the annual income taxes.

Miscellaneous Expense – Water System

We budgeted \$70.00 in July for the printing, supplies, and postage to distribute the annual Consumer Confidence Report as required by the Department of Health.

General Excise Taxes

This expense paid to the Hawaii State Tax Collector is budgeted at 4% of reserve interest and other miscellaneous income collected.

Replacement Reserves

Based on the 2006 reserve study and 20-year cash flow plan, \$1,225.00 is projected per month for long term replacement of the water system components. Following the Special Assessment in 2016 for the replacement of the laterals, the board decided that the reserve contribution should be the recommended amount from the reserve study previously completed.

WEST KUIAHA MEADOWS HOA
 WATER SYSTEM RESERVE & CASH FLOW PLAN
 20 YEAR CASH FLOW PLAN
 UPDATED CY 2007

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|-----------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| TOTAL REPLACEMENT COST | 190,840.00 | 198,473.60 | 206,412.54 | 214,669.05 | 223,255.81 | 232,186.04 | 241,473.48 | 251,132.42 | 261,177.72 | 271,624.83 | 282,489.82 | 293,789.41 | 305,540.99 | 317,762.63 | 330,473.13 | 343,692.06 | 357,439.74 | 371,737.33 | 386,606.82 | 402,071.10 |
| X 4% annual cost adjustment | 7,633.60 | 7,938.94 | 8,256.50 | 8,586.76 | 8,930.23 | 9,287.44 | 9,658.94 | 10,045.30 | 10,447.11 | 10,864.99 | 11,299.59 | 11,751.68 | 12,221.64 | 12,710.51 | 13,218.93 | 13,747.68 | 14,297.59 | 14,869.49 | 15,464.27 | 16,082.84 |
| TOTAL COSTS | 198,473.60 | 206,412.54 | 214,669.05 | 223,255.81 | 232,186.04 | 241,473.48 | 251,132.42 | 261,177.72 | 271,624.83 | 282,489.82 | 293,789.41 | 305,540.99 | 317,762.63 | 330,473.13 | 343,692.06 | 357,439.74 | 371,737.33 | 386,606.82 | 402,071.10 | 418,153.94 |
| AMORTIZE 20 YEARS | 9,923.68 | 10,320.63 | 10,733.45 | 11,162.79 | 11,609.30 | 12,073.67 | 12,556.62 | 13,058.89 | 13,581.24 | 14,124.49 | 14,689.47 | 15,277.05 | 15,885.13 | 16,523.66 | 17,194.60 | 17,871.99 | 18,566.87 | 19,330.34 | 20,103.65 | 20,907.70 |
| DIVIDED BY 12 months | 826.97 | 860.05 | 894.45 | 930.23 | 967.44 | 1,006.14 | 1,046.39 | 1,088.24 | 1,131.77 | 1,177.04 | 1,224.12 | 1,273.09 | 1,324.01 | 1,376.97 | 1,432.05 | 1,489.33 | 1,548.91 | 1,610.86 | 1,675.30 | 1,742.31 |
| MONTHLY RESERVE PER OWNER | 59.07 | 61.43 | 63.89 | 66.45 | 69.10 | 71.87 | 74.74 | 77.73 | 80.84 | 84.07 | 87.44 | 90.93 | 94.57 | 98.36 | 102.29 | 106.38 | 110.64 | 115.06 | 119.66 | 124.45 |

| Description | Replacement Cost | Effective Years in Service | 2005 Replacement Cost | 2006 Replacement Cost | 2007 Replacement Cost | 2008 Replacement Cost | 2009 Replacement Cost | 2010 Replacement Cost | 2011 Replacement Cost | 2012 Replacement Cost | 2013 Replacement Cost | 2014 Replacement Cost | 2015 Replacement Cost | 2016 Replacement Cost | 2017 Replacement Cost | 2018 Replacement Cost | 2019 Replacement Cost | 2020 Replacement Cost |
|-------------------------------------|------------------|----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Pipes | 50 | 40 | 750,000.00 | 780,000.00 | 811,200.00 | 843,648.00 | 877,393.92 | 912,489.68 | 946,989.26 | 986,946.83 | 1,026,426.79 | 1,067,463.86 | 1,110,163.21 | 1,154,590.54 | 1,200,774.16 | 1,248,805.13 | 1,298,757.34 | 1,350,707.63 |
| Storage-replace 1 tank (50000 tank) | 50 | 40 | 100,000.00 | 104,000.00 | 108,160.00 | 112,486.40 | 116,985.86 | 121,665.29 | 126,531.90 | 131,593.18 | 136,856.91 | 142,331.18 | 148,024.43 | 153,945.41 | 160,103.22 | 166,507.35 | 173,167.64 | 180,094.36 |
| Power system-3phase converter | 25 | 10 | 15,000.00 | 15,600.00 | 16,224.00 | 16,872.96 | 17,547.88 | 18,249.79 | 18,979.79 | 19,736.98 | 20,528.54 | 21,349.68 | 22,203.66 | 23,091.81 | 24,015.48 | 24,976.10 | 25,975.15 | 27,014.15 |
| Booster Pumps | 75 | 5 | 3,000.00 | 3,120.00 | 3,244.80 | 3,374.59 | 3,509.58 | 3,649.96 | 3,795.96 | 3,947.80 | 4,105.71 | 4,269.94 | 4,440.73 | 4,618.36 | 4,803.10 | 4,995.22 | 5,195.03 | 5,402.83 |
| Well Pump | 20 | 5 | 35,000.00 | 36,400.00 | 37,856.00 | 39,370.24 | 40,945.05 | 42,582.85 | 44,286.17 | 46,057.61 | 47,899.92 | 49,815.91 | 51,808.55 | 53,880.89 | 56,036.13 | 58,277.57 | 60,606.68 | 63,033.02 |
| Storage Tank Liner | 60 | 5 | 25,000.00 | 26,000.00 | 27,040.00 | 28,121.60 | 29,246.46 | 30,416.32 | 31,632.98 | 32,898.29 | 34,214.23 | 35,682.90 | 37,206.11 | 38,786.35 | 40,425.81 | 42,126.84 | 43,891.91 | 45,723.59 |
| Chlorinator | 15 | 5 | 1,500.00 | 1,560.00 | 1,622.40 | 1,687.30 | 1,754.79 | 1,824.98 | 1,897.98 | 1,973.90 | 2,052.85 | 2,134.97 | 2,220.37 | 2,309.18 | 2,401.65 | 2,497.61 | 2,597.51 | 2,701.42 |
| Valves - replacement | 15 | 5 | 2,500.00 | 2,600.00 | 2,704.00 | 2,812.16 | 2,924.65 | 3,041.63 | 3,163.30 | 3,289.83 | 3,421.42 | 3,558.28 | 3,700.61 | 3,848.64 | 4,002.68 | 4,162.98 | 4,329.19 | 4,502.36 |
| Water Meters (16) | 15 | 5 | 1,500.00 | 1,560.00 | 1,622.40 | 1,687.30 | 1,754.79 | 1,824.98 | 1,897.98 | 1,973.90 | 2,052.85 | 2,134.97 | 2,220.37 | 2,309.18 | 2,401.65 | 2,497.61 | 2,597.51 | 2,701.42 |
| Total Replacement Cost | | | 183,500.00 | 190,840.00 | 198,473.60 | 206,412.54 | 214,669.05 | 223,255.81 | 232,186.04 | 241,473.48 | 251,132.42 | 261,177.72 | 271,624.83 | 282,489.82 | 293,789.41 | 305,540.99 | 317,762.63 | 330,473.13 |