

West Loch Fairways

October 2012

Dear West Loch Fairways Homeowners,

The Board of Directors of West Loch Fairways Homeowners Association has approved the 2013 budget with the Association dues to increase by \$2 from \$60.00 to \$62.00.

For the past three years, your dues remained the same in spite of rising costs. It was not an easy decision for the Board to raise your dues. Operating costs such as lighting and irrigation repairs, electricity, supplies and insurance expenses have gone up and will continue to climb. Contribution to your reserve fund that pays for major expenses has to continue in order to fund future capital expenditures.

The budget includes expenses for day-to-day operations, as well as transfer to reserves or funds that the Association uses for major expenses. A copy of the 2013 operating budget is enclosed for your reference as well as an updated reserve study prepared by Hawaii First Inc., our Managing Agent. Effective **January 1, 2013**, the Association dues will be as follows:

<u>Type of Unit</u>	<u>2012 Association Dues</u>	<u>2013 Association Dues</u>
All	\$60.00	\$62.00

As a reminder, payments are due on the first of each month. A late fee of \$20.00 will be assessed to a delinquent account after the grace period.

The Board has adopted the following priority of payment application for the Association: (1) Legal Fees (2) Late Fees (3) Fines (4) Association dues.

If you prefer to change your method to the Surepay Electronic Bill Payment plan, please complete the enclosed form and return it to Hawaii First Inc., Attention: Accounting Department. You need to complete this form if you are a first time subscriber through Hawaii First Inc. Requests received by the 25th of each month will begin payments the following month. Please allow 10 days for processing.

Should you have any questions, please contact our community association manager at Hawaii First Inc., Lynn Uyenco, (808) 531-5566 ext 3006.

Sincerely yours,

The Board of Directors
West Loch Fairways Homeowners Association

**2013 Budget
West Loch Fairways**

	A	B	C	D	E
1			2012 Monthly	2013 Monthly	2013 Annual
2	Operating Revenues	Account Code			
3	Community Association Dues	40110	40,003	40,983	491,796
4	Reserve Contribution	40112	3,197	3,660	43,920
5	Total Operating Revenues		43,200	44,643	535,716
6					
7	Total Revenues		43,200	44,643	535,716
8					
9	Operating Expenses				
10	Payroll				
11	Wages-Manager	70010	4,685	4,325	51,900
12	Payroll Tax FICA	70060	351	486	5,832
13	Payroll Tax FUTA	70070	15	15	180
14	Payroll Tax SUTA	70080	60	65	780
15	Workers Comp Insurance	70090	40	40	480
16	TDI Insurance	70100	30	35	420
17	Mileage Reimbursement	70120	135	135	1,620
18	Total Payroll		5,316	5,101	61,212
19					
20	Administrative				
21	Admin, General	70300	480	560	6,720
22	Annual Assoc Meeting	70310	45	45	540
23	Admin, Newsletter	70342	400	400	4,800
24	Property Mgmt-Contract	70800	2,985	3,045	36,540
25	Property Mgmt-Reimbursables	70810	2,400	2,400	28,800
26	Property Mgmt-Payroll	70830	152	152	1,824
27	Legal Fees-General	70900	800	800	9,600
28	Professional Fees - Other	71100	330		-
29	Accounting Fees-Audit/Tax	71150	120	112	1,344
30	Total Administrative		7,712	7,514	90,168
31					
32	Utilities				
33	Electricity-Common Areas	71200	2,500	2,700	32,400
34	Telephone, General	71500	187	150	1,800
35	Total Utilities		2,687	2,850	34,200
36					
37	Contract Services				
38	Landscape Maintenance Contract	71810	20,000	20,335	244,020
39	Security Contract, Alarm	71820	265	265	3,180
40	Tree Trimming	71860	-	-	-
41	Total Contract Services		20,265	20,600	247,200
42					
43	Repairs & Maintenance				
44	Repairs/Maint-Water Feature	72125	550	400	4,800
45	Repairs/Maint-Electrical	72175	400	500	6,000
46	Repairs/Maint/Supplies-Irrigation	72190	700	1,250	15,000
47	Supplies-Grounds/Tools/Equipmnt	72220	75	200	2,400
48	Total Repairs & Maintenance		1,725	2,350	28,200
49					
50	Insurance Exp & Gen Others				
51	Real Property Tax	72300	1,120	1,300	15,600
52	Taxes-General Excise	72500	65	65	780
53	Comprehensive Gen. Liability	72730	203	203	2,436
54	Commercial Umbrella	72740	310	310	3,720
55	Insurance-D&O	72720	665	690	8,280
56	Total Insurance & General		2,363	2,568	30,816
57					

This budget was prepared under the accrual method of accounting.

**2013 Budget
West Loch Fairways**

	A	B	C	D	E
1			2012 Monthly	2013 Monthly	2013 Annual
58	Total Operating Expenses		40,068	40,983	491,796
59					
60	Non-Operating Expenses				
61	Transfer to Reserves	76080	3,132	3,660	43,920
62					
63	Total Expenses		43,200	44,643	535,716
64	Net Income		-	-	-
65					
66					
67			2012	2013	
68	Association Dues/Month		\$55.56	\$56.92	
69	Reserve Contribution/Month		\$4.44	\$5.08	
70	Total Association Dues/Month		\$60.00	\$62.00	

This budget was prepared under the accrual method of accounting.



**West Loch Fairways
2013 Reserve Study**

**Hawaii First Inc.
800 Bethel Street #501
Honolulu, Hawaii 96813**

Prepared by:

Lynn Uyenco

Reviewed and Approved by:

Richard Emery, RS-8, PRA
Reserve Specialist
Professional Reserve Analyst

West Loch Fairways 2013 Analysis Report

A Reserve Study was prepared using the cash flow method of analysis for West Loch Fairways. This Reserve Study has been prepared for the fiscal year ending December 31, 2013. It is estimated that the reserve fund for the 2012 year-end at approximately \$380,000. The association will collect \$43,920 in contributions to the reserve fund in 2013. Interest earned on reserve contributions must remain in the reserve accounts to meet future funding requirements. This funding plan provides for fully funded reserve fund balances and complies with HRS 514B-148. The Reserve Study was approved by the association's Board of Directors as part of the 2013 budget.

It is important to recognize that a reserve study is a financial forecast of future funds required to maintain the capital components of the project. Hawaii law requires directors of the association to use reasonable efforts to project inflation, interest income, component inventory, component life & remaining life, and replacement costs of the project's components for a 20-year period. From this information, reserve contributions are calculated to fund the statutory replacement reserves. By its nature, a Reserve Study is an estimate to be used for annual budgeting purposes. The Reserve Study is a requirement of HRS 514A-83.6 and HRS 514B-148. The reserve study is not an audit or quality inspection of the project.

Based on this Reserve Study, West Loch Fairways has adopted a funding plan based on the cash flow method that provides full funding. The Reserve Study reflects that the Association is fully funded and has complied with the reserve requirements of HRS 514B-148; provided however, the association implements the funding plan and the criteria used reflects the project's actual operating experience during the life of the funding plan. The Reserve Study Specialist has no conflict of interest with the association, its Directors, its employee, if any and has prepared this report as an independent Reserve Study Professional.

Richard Emery, RS, PRA
Reserve Specialist
Professional Reserve Analyst

West Loch Fairways 2013
RA Math View - Current Assessment Funding Model - Projection

Beginning Balance: \$380,000

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2013	477,100	43,920	12,058	22,000	413,978	237,849	174%
2014	489,027	43,920	12,199	51,250	418,847	236,567	177%
2015	501,253	43,920	12,780	36,772	438,775	251,226	174%
2016	513,785	43,920	14,319	5,384	491,630	299,601	164%
2017	526,629	43,920	14,345	57,398	492,496	297,061	165%
2018	539,795	43,920	16,092		552,509	354,512	155%
2019	553,290	43,920	15,805	69,582	542,652	344,714	157%
2020	567,122	43,920	17,597		604,170	407,310	148%
2021	581,300	43,920	16,811	87,725	577,176	382,901	150%
2022	595,833	43,920	15,074	118,642	517,527	327,576	157%
2023	610,728	43,920	13,003	128,008	446,442	262,685	169%
2024	625,997	43,920	14,317	13,121	491,558	315,384	155%
2025	641,646	43,920	13,765	76,659	472,584	305,764	154%
2026	657,688	43,920	14,254	41,355	489,403	333,617	146%
2027	674,130	43,920	14,724	42,531	505,517	362,526	139%
2028	690,983	43,920	14,311	72,415	491,332	363,130	135%
2029	708,258	43,920	13,742	77,194	471,800	360,495	130%
2030	725,964	43,920	15,472		531,191	438,603	121%
2031	744,113	43,920	17,253		592,365	520,391	113%
2032	762,716	43,920	15,012	135,885	515,411	468,078	110%

West Loch Fairways 2013
Ewa Beach, HI
RA Current Assessment Funding Model Summary

Report Date	January 01, 2013
Budget Year Beginning	January 01, 2013
Budget Year Ending	December 31, 2013
Total Units	720

Inflation	2.50%
Annual Assessment Increase	0.00%
Interest Rate on Reserve Deposit	3.00%
Tax Rate on Interest	0.00%
Contingency	0.00%
2013 Beginning Balance	\$380,000.00

Current Assessment Funding Model Summary of Calculations

Required Annual Contribution	\$43,920.00
<i>\$61.00 per unit annually</i>	
Average Net Annual Interest Earned	\$12,057.60
Total Annual Allocation to Reserves	\$55,977.60
<i>\$77.75 per unit annually</i>	

**West Local Airways 2013
RA Spread Sheet**

Description	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Electrical Boxes				5,384						
Guard Shack Roof					33,114					
Irrigation Controller Boxes										112,398
Light Standards - Replacement Phase 1									2,437	
Light Standards - Replacement Phase 2	2,000				2,208					
Office Equipment			36,772							
Security Cameras										
Sidewalk Repairs	20,000				22,076				24,368	
Visitor Parking - Overlay							11,597			
Visitor Parking - Seal							23,194			
Walls - Moss Rock										6,244
Water Feature - Lighting									60,920	
Water Feature - Major Repairs		51,250								
Water Feature - Mechanical Pumps							34,791			
Year Total:	22,000	51,250	36,772	5,384	57,398	69,582	69,582	87,725	87,725	118,642

**West Loch Fairways 2013
RA Spread Sheet**

Description	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Electrical Boxes					42,531					
Guard Shack Roof										47,960
Irrigation Controller Boxes										
Light Standards - Replacement Phase 1			2,690							
Light Standards - Replacement Phase 2	128,008		47,071				2,969			
Office Equipment			26,898							
Security Cameras										
Sidewalk Repairs							29,690			
Visitor Parking - Overlay										79,933
Visitor Parking - Seal		13,121								
Walls - Moss Rock										7,993
Water Feature - Lighting						72,415				
Water Feature - Major Repairs				41,355						
Water Feature - Mechanical Pumps										
Year Total:	128,008	13,121	76,659	41,355	42,531	72,415	77,194			135,885

West Loch Fairways 2013
RA Math View - Current Assessment Funding Model - Expenditure

Description	Expenditures
Replacement Year 2013	
Office Equipment	2,000
Sidewalk Repairs	20,000
Total for 2013	\$22,000
Replacement Year 2014	
Water Feature - Major Repairs	51,250
Total for 2014	\$51,250
Replacement Year 2015	
Security Cameras	36,772
Total for 2015	\$36,772
Replacement Year 2016	
Guard Shack Roof	5,384
Total for 2016	\$5,384
Replacement Year 2017	
Irrigation Controller Boxes	33,114
Office Equipment	2,208
Sidewalk Repairs	22,076
Total for 2017	\$57,398
<i>No Replacement in 2018</i>	
Replacement Year 2019	
Visitor Parking - Seal	11,597
Walls - Moss Rock	23,194
Water Feature - Mechanical Pumps	34,791
Total for 2019	\$69,582
<i>No Replacement in 2020</i>	
Replacement Year 2021	
Office Equipment	2,437
Sidewalk Repairs	24,368
Water Feature - Major Repairs	60,920
Total for 2021	\$87,725
Replacement Year 2022	
Light Standards - Replacement Phase 1	112,398

West Loch Fairways 2013
RA Math View - Current Assessment Funding Model - Expenditure

Description	Expenditures
Replacement Year 2022 continued...	
Water Feature - Lighting	6,244
Total for 2022	\$118,642
Replacement Year 2023	
Light Standards - Replacement Phase 2	128,008
Total for 2023	\$128,008
Replacement Year 2024	
Visitor Parking - Seal	13,121
Total for 2024	\$13,121
Replacement Year 2025	
Office Equipment	2,690
Security Cameras	47,071
Sidewalk Repairs	26,898
Total for 2025	\$76,659
Replacement Year 2026	
Water Feature - Mechanical Pumps	41,355
Total for 2026	\$41,355
Replacement Year 2027	
Electrical Boxes	42,531
Total for 2027	\$42,531
Replacement Year 2028	
Water Feature - Major Repairs	72,415
Total for 2028	\$72,415
Replacement Year 2029	
Office Equipment	2,969
Sidewalk Repairs	29,690
Visitor Parking - Seal	14,845
Walls - Moss Rock	29,690
Total for 2029	\$77,194
<i>No Replacement in 2030</i>	
<i>No Replacement in 2031</i>	
Replacement Year 2032	
Irrigation Controller Boxes	47,960

West Loch Fairways 2013

RA Math View - Current Assessment Funding Model - Expenditure

Description	Expenditures
<i>Replacement Year 2032 continued...</i>	
Visitor Parking - Overlay	79,933
Water Feature - Lighting	7,993
Total for 2032	<u>\$135,885</u>