

**THE LANDINGS MAINTENANCE
ASSOCIATION, INC.**

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

YEAR ENDED DECEMBER 31, 2017

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Independent Auditors' Report

April 13, 2018

To the Board of Directors
The Landings Maintenance Association, Inc.
Weston, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of The Landings Maintenance Association, Inc., (the Association) which are comprised of the balance sheet as of December 31, 2017, and the related statements of revenues, expenses and changes in fund balances (deficits) and cash flows for the year then ended and the related notes to financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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Opinion

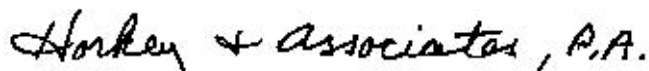
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of December 31, 2017, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenses on page 13, which is the responsibility of the Association's management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information on future major repairs and replacements on common property on pages 14, 15, 16 and 17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Certified Public Accountants
Plantation, Florida

THE LANDINGS MAINTENANCE ASSOCIATION, INC.
BALANCE SHEET
DECEMBER 31, 2017

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUNDS</u>	<u>TOTAL</u>
ASSETS			
Cash and cash equivalents	\$ 135,106	\$ 187,328	\$ 322,434
Assessments receivable, net of allowance of \$0	155	-	155
Special Assessment receivable	119,556	-	119,556
Prepaid expenses	8,970	-	8,970
Deposits	80	-	80
Due from operating fund	<u>-</u>	<u>4,967</u>	<u>4,967</u>
 Total assets	 <u>\$ 263,867</u>	 <u>\$ 192,295</u>	 <u>\$ 456,162</u>

LIABILITIES AND FUND BALANCES (DEFICITS)

LIABILITIES			
Accounts payable and accrued liabilities	\$ 31,630	\$ -	\$ 31,630
Assessments paid in advance	34,487	-	34,487
Deferred cable income	-	27,135	27,135
Security deposits payable	4,500	-	4,500
Due to replacement fund	<u>4,967</u>	<u>-</u>	<u>4,967</u>
 Total liabilities	 <u>75,584</u>	 <u>27,135</u>	 <u>102,719</u>
 FUND BALANCES			
Fund balance (deficit)	<u>188,283</u>	<u>165,160</u>	<u>353,443</u>
 Total fund balances	 <u>188,283</u>	 <u>165,160</u>	 <u>353,443</u>
 Total liabilities and fund balances (deficits)	 <u>\$ 263,867</u>	 <u>\$ 192,295</u>	 <u>\$ 456,162</u>

THE LANDINGS MAINTENANCE ASSOCIATION, INC.
STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN FUND BALANCES (DEFICITS)
YEAR ENDED DECEMBER 31, 2017

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUNDS</u>	<u>TOTAL</u>
REVENUES			
Assessments	\$ 466,074	\$ 73,386	\$ 539,460
Special assessment	119,556	-	119,556
Bad debt recovery	3,430	-	3,430
Interest income	17	667	684
Cable income	-	2,430	2,430
Late fees	170	-	170
Miscellaneous	-	3,756	3,756
Transponder	5,490	-	5,490
	<u>594,737</u>	<u>80,239</u>	<u>674,976</u>
Total revenues			
EXPENSES			
Administrative	51,204	-	51,204
Utilities	24,740	-	24,740
Landscaping	148,056	-	148,056
Gate access control	165,700	-	165,700
Holiday lights	6,547	-	6,547
Maintenance	44,719	48,741	93,460
Special assessment - hurricane	123,804	-	123,804
	<u>564,770</u>	<u>48,741</u>	<u>613,511</u>
Total expenses			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES			
	29,967	31,498	61,465
Fund balances (deficit) - beginning of year	188,283	103,695	291,978
Transfer	<u>(29,967)</u>	<u>29,967</u>	<u>-</u>
Fund balances (deficit) - end of year	<u>\$ 188,283</u>	<u>\$ 165,160</u>	<u>\$ 353,443</u>

The accompanying notes are an integral part of these financial statements

**THE LANDINGS MAINTENANCE ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2017**

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUNDS</u>	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from unit owners	\$ 491,696	\$ 73,386	\$ 565,082
Interest	17	667	684
Paid to contractors and suppliers	<u>(566,885)</u>	<u>(47,428)</u>	<u>(614,313)</u>
Net cash provided by (used in) operating activities	<u>(75,172)</u>	<u>26,625</u>	<u>(48,547)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Transfer between funds	<u>(11,459)</u>	<u>11,459</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>(11,459)</u>	<u>11,459</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(86,631)	38,084	(48,547)
Cash and cash equivalents - beginning of year	<u>221,737</u>	<u>149,244</u>	<u>370,981</u>
Cash and cash equivalents - end of year	<u>\$ 135,106</u>	<u>\$ 187,328</u>	<u>\$ 322,434</u>

THE LANDINGS MAINTENANCE ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2017

	OPERATING FUND		REPLACEMENT FUNDS		TOTAL
RECONCILIATION OF EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 29,967		\$ 31,498		\$ 61,465
ADJUSTMENTS TO RECONCILE EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
(Increase) Decrease in assessments receivable	5,435		-		5,435
(Increase) Decrease in special assessment receivable	(119,556)		-		(119,556)
(Increase) Decrease in prepaid expenses	(1,130)		-		(1,130)
(Increase) Decrease in other receivable	360		1,820		2,180
Increase (Decrease) in accounts payable and accrued liabilities	(1,344)		(4,263)		(5,607)
Increase (Decrease) in deferred cable income	-		(2,430)		(2,430)
Increase (Decrease) in assessments paid in advance	11,096		-		11,096
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (75,172)		\$ 26,625		\$ (48,547)

The accompanying notes are an integral part of these financial statements

THE LANDINGS MAINTENANCE ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Landings Maintenance Association, Inc. (the Association) is a not-for-profit; non-stock corporation organized in March, 1995 pursuant to Chapter 720 of the Florida Statutes. The Association was formed to maintain and protect the common areas and consists of 243 single family homes in Weston, Florida.

Basis of Presentation

The Association uses the accrual method of accounting, i.e., revenues are recognized as earned as of the date of billing and expenses are recorded in the period in which they are incurred. Accordingly, assessments uncollected at the year-end are treated as maintenance receivables and any amounts paid by unit owners for the following year are treated as maintenance fees received in advanced.

Fund Accounting

The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose.

Operating Fund - This fund is used to account for financial resources available for the general day to day operations of the Association.

General Replacement Fund - This fund is used to accumulate financial resources designated for future major asset repairs and replacements (excluding streets).

Street Replacement Fund - This fund is used to accumulate financial resources designated for future major repairs and replacements of the Association's streets.

Each Replacement Fund is funded based on the expected timing of the future asset replacements in the respective fund.

Disbursements from the Operating Fund are generally at the discretion of the Board of Directors and Property Manager. Disbursements from the General Replacement Fund and the Street Replacement Fund may be made only from the designated purposes by the Board of Directors.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Association considers demand deposit accounts, savings accounts and certificate of deposits to be cash equivalents.

Use of Estimates

The Association uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could vary from the estimates that were used.

THE LANDINGS MAINTENANCE ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(Continued)

Capitalization and Depreciation Policy

Real property and common area acquired from the developer and related improvements to such property are not recorded in the Association's financial statements. The values of the common areas are not reflected in these financial statements since title to these properties is vested with individual home owners on a pro-rata basis and not with the Association. Generally, personal property purchased by the Association is expensed.

Tree Trimming Expense Policy

Palm trees require trimming two times per year. The trimming cost is expensed in the year the palm trees are trimmed. Hardwood trees require less frequent trimming. The time between trims may extend beyond one year from eighteen months to two years. Beginning in 2017, the Association's policy is to accrue the estimated hardwood trim costs monthly as an Operating Fund expense over an estimated trim cycle of two years to better match home owners' assessments and related costs annually.

NOTE 2 - MAINTENANCE ASSESSMENTS

The Association's policy is to retain legal counsel and place liens, if necessary, on the residences of home owners whose assessments are delinquent. As of December 31, 2017, the Association had assessments receivable in the amount of \$155, all of which was subsequently collected.

See Note 10 - Special Assessment.

NOTE 3 - HOME OWNER ASSESSMENTS

The Board of Directors determines the annual budget and assessments of home owners. The quarterly assessment is allocated among the Operating Fund, General Replacement Fund and the Street Fund. The Association's policy is to retain any excess operating funds at the end of the operating year for use in future operating periods. In 2017, the Association transferred \$29,967 from the Operating Fund to the General Replacement Fund at the end of the year to fund additional costs related to the repairs of valley gutters and asphalt caused by tree root damage.

The responsibility for payment of common expenses is apportioned among individual home owners. Based on the 2017 annual budget, the home owner assessment was \$555 per quarter due on the first of the month in January, April, July and October.

NOTE 4 - CURRENT PERIOD REPLACEMENT FUNDS ACTIVITY

The approved budget includes provisions for replacement for capital improvements and deferred maintenance. The funds are being accumulated based on estimates of future needs for repairs and replacements of common property components as disclosed in the supplemental information. Actual expenditures may vary from the estimated future expenditures, and the variations may be material.

Therefore, amounts accumulated in the General Replacement Fund and/or the Street Replacement Fund may not be adequate to meet all future needs for major repairs and replacements.

THE LANDINGS MAINTENANCE ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

NOTE 4 - CURRENT PERIOD REPLACEMENT FUNDS ACTIVITY (Continued)

If additional funds are needed, the Association has the right to increase regular assessments, pass special assessments, arrange short or long term financing, or delay major repairs and replacements until funds are available.

The balance at December 31, 2017 consists of the following:

<u>Funds</u>	<u>Balance December 31, 2016</u>	<u>Assessments and Additions</u>	<u>Expenditures</u>	<u>Balance December 31, 2017</u>
General Replacement	\$ 81,788	\$ 88,048	\$ (48,741)	\$ 121,095
Street Replacement	<u>21,907</u>	<u>22,158</u>	<u>-</u>	<u>44,065</u>
Totals	<u>\$ 103,695</u>	<u>\$ 110,206</u>	<u>\$ (48,741)</u>	<u>\$ 165,160</u>

NOTE 5 - FUTURE MAJOR REPAIRS AND REPLACEMENTS

As outlined in State of Florida Statutes, home owner associations which elect to fund reserves in their budgets must include reserve accounts for any item with a replacement cost of at least \$10,000. The amount to be reserved is computed by means of a formula that is based upon the estimated life and estimated replacement cost of each reserve item.

In 2014 the Board prepared a Long Term Plan detailing the future replacement (timing and cost) of the Association's major assets and created a related funding plan that minimizes the need for future special assessments. The Board contracted Association Reserves to perform an independent engineering study to determine the reasonableness of the Long Term Plan assumptions and conclusions. The Reserve Study was completed in November 2014. The Reserve Study estimates regarding the condition, estimated cost and estimated replacement timing of the Association's major assets are consistent with the Long Term Plan. The Reserve Study acknowledges that there are many strategies, including the Long Term Plan funding plan, which could be employed to attain a sound financial position while also maintaining the physical assets of the community to a high standard. Any funds to be accumulated in the Replacement Funds would be based on these estimates, which may not be accurate. Future actual expenditures may vary from the estimated expenditures, and the variation may be material. The table included in unaudited supplementary information on future major repairs and replacements is based on these estimates.

State law also provides that the majority of the home owners, at a duly called meeting of the Association, may vote to reserve amounts less adequate than required by law or vote to provide no reserves. The Association's Board of Directors determined for the year ended December 31, 2017, to fund \$51,516 into the General Replacement Fund and \$21,870 into the Street Replacement Fund.

Since future actual expenditures may vary from the estimated expenditures, if there is a shortage of funds when needed, the Association has the right to increase the assessments, pass special assessments, arrange short or long term financing, or delay replacement, in certain cases, until funds are available.

The Long Term Plan is reviewed each year during the annual budget preparation process and is updated and adjusted as necessary. The results are communicated to home owners in writing in an executive summary submitted with the annual budget.

THE LANDINGS MAINTENANCE ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

NOTE 6 - INCOME TAXES

The Association is subject to federal and state taxation and has essentially two methods to determine the amount of tax, if any, it must pay. Under one method, the excess of revenues from members over related expenditures is subject to taxation unless such excess is returned to the unit owners or applied to the following year's assessments. The other method enables the Association to elect to exclude from taxation "exempt function income," which generally consists of revenue from unit owner assessments. Under either method, the Association may be subject to tax on investment income and other non-exempt income, but at different rates. There is no current year provision for income taxes. The Association is subject to routine audits by tax authorities; however, there are currently no audits for any tax periods in progress. The Association is subject to audit for its tax years ending December 2015, 2016 and 2017.

NOTE 7 - COMMITMENTS

The Association has various contract services to maintain the common property including management services, lawn maintenance, and security services. These contracts are currently on an annual or month to month basis.

NOTE 8 - CONCENTRATION OF CREDIT RISK

Financial instruments which potentially subject the Association to concentration of credit risk are primarily cash. The Association invests its excess cash in both certificates of deposit and high quality short term liquid money market instruments ("Cash Equivalents") with major financial institutions, and carrying value approximates market value. The Federal Deposit Insurance Corporation (FDIC) provides insurance for each institution up to \$250,000. The Association maintains bank accounts at separate banks for the Operating Fund and the General Replacement Fund and the Street Replacement Fund. As of December 31, 2017 the Association had no funds in excess of the insured limit for either the Operating or Replacement Funds. The Association has not experienced any losses related to these investments and believes it is not exposed to any significant credit risk on cash.

NOTE 9 - RELATED PARTY TRANSACTIONS

The Association has an agreement with Safe Technologies for the installation and maintenance of the gate access and security system. The owner of Safe Technologies is a member of the Board of Directors. The Board conducted the bidding, proposal evaluation and voting in accordance with the Florida Statutes Title XL Real and Personal Property Chapter 720 Homeowners' Associations that regulates homeowners' association transactions.

The related Safe Technologies 2017 Operating Fund expenditures were \$4,830 for the system maintenance, repairs and new gate tags. Special Assessment expenditures were \$557 for hurricane repairs.

THE LANDINGS MAINTENANCE ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

NOTE 10 - SPECIAL ASSESSMENT

The Board of Directors held a Special Meeting on November 13, 2017 and approved a Special Operating Fund Assessment of \$119,556 (\$492 per home) to pay for the Hurricane Irma clean up and repair costs. The Special Assessment was based on the following: clear notice to homeowners in every yearly annual budget that the Association does not maintain a separate fund for hurricanes or similar events; completion and invoicing of debris cleanup and estimates for the remaining costs and expected operational costs for the remainder of the year. Debris cleanup costs were \$99,594. Additional costs for street light pole replacement, downed tree removal and other landscaping costs were estimated at \$20,000. At December 31, 2017, the Association had paid substantially all hurricane clean up costs out of the Operating Fund, with an additional \$11,937 accrued for hurricane repair work. The repairs were completed in March 2018.

Homeowners were given the option to pay the special assessment in full by January 1, 2018 or make quarterly payments of \$123 in 2018.

The Special Assessment expenditures at December 31, 2017 totaled \$123,804 as follows:

Debris clean up	\$ 109,704
Gate repairs	556
Electrical repairs	2,084
Replacement of 3 light poles	8,760
Landscaping lights	2,700
	<u>\$ 123,804</u>

NOTE 11 - SUBSEQUENT EVENTS

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through April 13, 2018, the date that the financial statements were available to be issued.

NOTE 12 - CABLE INCOME

On March 1, 2014 the Association entered into a fifteen year Installation and Services Agreement with Comcast of Greater Florida/Georgia, Inc. The agreement shall automatically renew for successive 2 year periods subject to approval of the parties. Pursuant to the agreement, Comcast will make available broadband communications to The Landings homeowners, including multichannel video, internet and voice services. In consideration for the Association entering into the agreement with Comcast and granting it access to the community and the right to provide services to The Landings homeowners, Comcast paid the Association a one-time fee of \$150 per home or \$36,450. The fee was recorded in the Replacement Fund and will be recognized in revenue over the fifteen year life of the agreement. The Replacement Fund recognized income of \$2,430 in 2017 and deferred revenue of \$27,135 was recorded on the balance sheet at December 31, 2017.

THE LANDINGS MAINTENANCE ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

NOTE 13 - BAD DEBT RECOVERY

In February 2017, prior to the completion of the short sale transaction, the bank that held the mortgage on 395 Mallard Road foreclosed on its past due loan and took title to the property effectively cancelling the short sale transaction with Alternative Property Solutions, LLC. The bank intends to make the necessary repairs to the property and list the property for sale. As owner of the property, the bank is now responsible for paying quarterly assessment fees for the home. The bank paid the Association \$4,798 of which \$3,430 represents Bad Debt Recovery at December 31, 2017.

SUPPLEMENTARY INFORMATION

THE LANDINGS MAINTENANCE ASSOCIATION, INC.
SCHEDULE OF EXPENSES
YEAR ENDED DECEMBER 31, 2017

	OPERATING FUND	REPLACEMENT FUNDS	TOTAL
ADMINISTRATIVE:			
Management fees	\$ 28,000	\$ -	\$ 28,000
Accounting	3,900	-	3,900
Office expense	930	-	930
Coupon order	713	-	713
Bank charges	36	-	36
Insurance	14,562	-	14,562
Meeting room	375	-	375
Website maintenance	299	-	299
Licenses and permits	<u>2,389</u>	<u>-</u>	<u>2,389</u>
	<u>\$ 51,204</u>	<u>\$ -</u>	<u>\$ 51,204</u>
UTILITIES:			
Electricity	\$ 11,966	\$ -	\$ 11,966
Telephone	1,901	-	1,901
Water and sewer	<u>10,873</u>	<u>-</u>	<u>10,873</u>
	<u>\$ 24,740</u>	<u>\$ -</u>	<u>\$ 24,740</u>
LANDSCAPING:			
Lawn maintenance	\$ 74,527	\$ -	\$ 74,527
Fertilization and pest control	19,628	-	19,628
Irrigation wet check	4,320	-	4,320
White fly	1,570	-	1,570
Flowers	2,112	-	2,112
Mulch	10,060	-	10,060
Tree trimming	22,260	-	22,260
Other	<u>13,579</u>	<u>-</u>	<u>13,579</u>
	<u>\$ 148,056</u>	<u>\$ -</u>	<u>\$ 148,056</u>
GATE ACCESS CONTROL:			
Guard services	\$ 160,869	\$ -	\$ 160,869
Gate other	3,496	-	3,496
Gate access control	<u>1,335</u>	<u>-</u>	<u>1,335</u>
	<u>\$ 165,700</u>	<u>\$ -</u>	<u>\$ 165,700</u>
HOLIDAY LIGHTS:			
Holiday lights	\$ <u>6,547</u>	\$ <u>-</u>	\$ <u>6,547</u>
	<u>\$ 6,547</u>	<u>\$ -</u>	<u>\$ 6,547</u>
MAINTENANCE:			
General	\$ 9,035	\$ -	\$ 9,035
Management agreement	774	-	774
Irrigation repairs	5,905	-	5,905
Janitorial	4,905	-	4,905
Pressure cleaning	22,000	-	22,000
Street light posts and globes	2,100	-	2,100
Gatehouse management	-	4,661	4,661
Camera system	-	5,124	5,124
TV cameras	-	748	748
Cul de sac lighting	-	4,960	4,960
Guardhouse wire repairs	-	580	580
Guardhouse roof	-	9,256	9,256
Road permit fees	-	876	876
Sidewalk project	<u>-</u>	<u>22,536</u>	<u>22,536</u>
	<u>\$ 44,719</u>	<u>\$ 48,741</u>	<u>\$ 93,460</u>

THE LANDINGS MAINTENANCE ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION ON
FUTURE MAJOR REPAIRS AND REPLACEMENTS
DECEMBER 31, 2017
(UNAUDITED)

In 2014 the Board prepared a Long Term Plan detailing the future replacement (timing and cost) of the Association's major assets and created a related funding plan that minimizes the need for future special assessments.

Starting in 2015 two separate replacement funds were established and each fund is funded based on the expected timing of the asset replacements in the respective fund.

General Replacement Fund - The fund is used to accumulate financial resources designated for future major asset repairs and replacements (excluding streets).

Street Replacement Fund - This fund is used to accumulate financial resources designated for future major repairs and replacements of the Association's streets.

The Board contracted Association Reserves to perform an independent engineering study to determine the reasonableness of the Long Term Plan assumptions and conclusions. The Reserve Study was completed in November 2014. The Reserve Study estimates regarding the condition, estimated cost and estimated replacement timing of the Association's major assets are consistent with the Long Term Plan. The Reserve Study acknowledges that there are many strategies, including the Long Term Plan funding plan that could be employed to attain a sound financial position while also maintaining the physical assets of the community to a high standard. Any funds to be accumulated in the General Replacement Fund or the Street Replacement Fund would be based on these estimates, which may not be accurate. Future actual expenditures may vary from the estimated expenditures, and the variation may be material. If additional funds are needed, the Association has the right to increase regular assessments, pass special assessments, arrange short or long term financing, or delay, in certain circumstances, major repairs and replacements until funds are available.

The Long Term Plan is reviewed each year during the annual budget preparation process and is updated and adjusted as necessary. The results are communicated to home owners in writing in an executive summary submitted with the annual budget,

The December 31, 2017 Replacement Fund balances and 2017 assessments for the General Replacement Fund and the Street Replacement Fund are included in Note 4 - Current Period Replacement Funds Activity.

THE LANDINGS MAINTENANCE ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION ON
FUTURE MAJOR REPAIRS AND REPLACEMENTS
DECEMBER 31, 2017
(UNAUDITED)

The pro forma funding and expenses of the General Replacement Fund, based on the 2018 budget and assuming home owner assessments are continued as outlined, are summarized below. The information requires estimates of the timing and amount of future revenue and expense. Actual amounts may differ from these estimates.

Year	General Replacement Fund Pro Forma					
	Beginning Balance	Revenue		Expenses		Ending Balance
		Assessments	Interest	SW, VG	Other Assets	
2018	\$121,095	\$ 53,460	\$ 827	\$(135,000)	\$ (10,000)	\$ 30,382
2019	30,382	55,404	373	(50,000)	-	36,159
2020	36,159	58,320	402	(50,000)	-	44,881
2021	44,881	60,264	446	(50,000)	-	55,591
2022	55,591	65,124	499	(50,000)	(94,430)	(23,216)
		<u>292,572</u>	<u>2,547</u>	<u>(335,000)</u>	<u>(104,430)</u>	
2023	(23,216)	69,987	105	-	(65,267)	(18,391)
2024	(18,391)	74,844	130	-	-	56,583
2025	56,583	77,760	504	-	(119,913)	14,934
2026	14,934	77,760	296	-	-	92,990
2027	92,990	77,760	686	-	(9,435)	162,001
2028	162,001	77,760	1,032	-	(254,672)	(13,879)
		<u>455,871</u>	<u>2,753</u>	<u>-</u>	<u>(449,287)</u>	
Total 2018 - 2028		<u>\$ 748,443</u>	<u>\$ 5,300</u>	<u>\$(335,000)</u>	<u>\$ (553,717)</u>	

SW- Sidewalks

VG- Vally gutters

Note- In 2022 and 2028 the General Fund Replacement program may require additional assessments to fund asset replacements in any given year.

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The estimated timing and cost to replace the General Replacement Fund Other Assets, based on the 2018 budget, are as follows:

	<u>Estimated Life</u>		<u>Year</u>		<u>Estimated Replacement Cost</u>	
	2018		<u>Installed</u>	<u>Replacement</u>	<u>2018</u>	<u>Replacement Year</u>
	<u>Total Remaining</u>					
<u>Basketball Court</u>						
Backboards, resurface, root intrusion	10	0		2018	\$ 10,000	\$ 10,000
Mailbox Replacement (painted in 2008 for \$10,000)	17	4	2005	2022	72,900	82,050
Entry Gates	17	4	2005	2022	11,000	12,380
					<u>83,900</u>	<u>94,430</u>
Park Fences	20	5	2003	2023	24,300	28,170
Street Signs and Posts	10	5	2013	2023	32,000	37,097
					<u>56,300</u>	<u>65,267</u>
Tot Lot Upgrade	10	7	2015	2025	15,000	18,448
Tot Lot Equipment	15	7	2015	2025	34,000	41,816
Park Tables (3), Garbage Cans (2)	10	7	2015	2025	5,000	6,149
Monument Wall Repairs, Paint, Letters	10	7	2015	2025	22,000	27,058
Landscape Lights Monuments & Entrance	10	7	2015	2025	21,500	26,442
					<u>97,500</u>	<u>119,913</u>
Park Benches (3), Garbage Cans (2)	10	9	2016	2027	2,276	2,970
Cul de sac lighting (3)	10	9	2016	2027	4,955	6,465
					<u>7,231</u>	<u>9,435</u>
Cul de sac lighting (3)	10	10	2017	2028	5,000	6,720
Cameras & Monitor Guardhouse	10	10	2017	2028	6,000	8,063
Light Poles (105) - Replacement	25	6	2003	2028	178,500	239,889
					<u>189,500</u>	<u>254,672</u>
				Total 2018 - 2028	<u>\$ 444,431</u>	<u>\$ 553,717</u>

CAGR- Compound Annual Growth Rate

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The pro forma funding and expenses of the Street Replacement Fund, based on the 2018 budget and assuming home owner assessments are continued as outlined, are summarized below. The information requires estimates of the timing and amount of future revenue and expense. Actual amounts may differ from these estimates.

Year	Street Replacement Fund Pro Forma				
	Beginning Balance	Revenue		Expenses	Ending Balance
		Assessments	Interest		
2018	\$ 44,065	\$ 29,160	886	\$ -	\$ 74,111
2019	74,111	36,450	1,487	-	112,048
2020	112,048	43,740	2,246	-	158,034
2021	158,034	51,516	3,166	-	212,717
2022	212,717	51,516	4,260	-	268,493
		212,382	12,045	-	
2023	268,493	51,516	5,375	-	325,384
2024	325,384	51,516	6,513	-	383,412
2025	383,412	51,516	7,673	-	442,601
2026	442,601	51,516	8,857	(650,000)	(147,026)
		206,064	28,417	(650,000)	
Total 2017 - 2026		\$ 418,446	\$ 40,462	\$ (650,000)	

Note- In 2026 the Street Fund Replacement program will need \$147,026 of special assessments or arrange short or long term financing to complete the program.