

Palmer Ranch Master Property Owners Association, Inc.
Annual Meeting of the Members
MINUTES
March 23, 2017

The Annual Members Meeting of Palmer Ranch Master Property Owners Association, Inc. was held March 23, 2017 at Covenant Life Presbyterian Church, 8490 McIntosh Road, Sarasota, Florida 34238

Member representatives present: Diane Alfano of Arielle, Dorna Timm of Bella Villino, Claudia Brooks of Deer Creek, Henry Warren of The Hamptons, Edward Stofko of Huntington Pointe, Robert Stickney of Isles of Sarasota, Carol Auricchio of Mira Lago, Robert Ingraham of Plaza de Flores, Bob Holzman representing Prestancia and TPC, Albert Mauri of Palmer Club Condominium, Wayne Gold of Sandhill Preserve, John Hockenberry of Silver Oak Estates, Al Gryczka of Vineyards at Silver Oak, Joe Brand of Vineyards at Silver Oak, Byron Masterson of Stonebridge, Bob McCullen of Stoneybrook Estates, William Altman of Stoneybrook Golf & Country Club, Kay Karioth of Turtle Rock, Curt Gilroy of Turtle Rock, Roger Stephenson of VillageWalk, Nicholas Spina of Wellington Chase, Aaron Herschberger of the YMCA, Steve Anderson of Palmer Ranch Executive Office Center, Steve Jeantet of Covenant Life Church and Sue Ambrecht of Palmer Park of Commerce.

Trustees present: Declarant Trustee Sue Ambrecht; Residential Trustees Cathy Leetzow, Claudia Brooks, Dick Beitel, Garry Wharton, Lawrence Hall, Lee Katz, Nicholas Spina, Peggy Wells and Rob O'Connor; Commercial/Industrial Trustees; Steve Anderson and Steve Jeantet; Recreational Trustees: Bob Holzman and Aaron Herschberger

Trustee unable to attend: Joel Schemmel

Resident members attending were: Tom Malphrus of Sandhill Preserve, Ken Brinker of Stoneybrook, Rick Noyes of Sandhill Preserve, Jim Wedin of VillageWalk, Fred Falkner of Glenridge, Martha Sherman of Sandhill Preserve, Cheryl Wyatt of Sandhill Preserve, Kathrin Harris of Turtle Rock and Pat Mills of Huntington Pointe.

Palmer Ranch Master Association staff attended: Tracy Smith, Carrie Agosto and Steve Crowther.

Convene/confirmation of Quorum. President Garry Wharton brought the meeting to order at 3:00pm following confirmation of quorum.

Recognizing the passing of Rick Barth

Members noted with sadness, the passing of Rick Barth, a longtime employee of the Master Association, who passed away on March 17, 2017.

Minutes of Previous meetings

Motion by Nicholas Spina, second by Lee Katz, to approve the minutes of the March 24, 2016 Annual Members Meeting and the September 22, 2016 Special Members Meeting as distributed. Motion passed unanimously.

Elections:

Call for Ballots/Close of balloting: Garry Wharton called for final ballots. There being no further ballots from the floor, Garry Wharton declared a close to the balloting.

Motion by Nicholas Spina, second by Lee Katz, to appoint Dick Beitel, Curt Gilroy, Steve Jeantet, Bob Holzman, Tracy Smith and Carrie Agosto to the Election Committee. Motion passed unanimously.

President's Report

Garry Wharton stated that it was a privilege and an honor to serve as President on the Master Association Board and work with the community representatives. He also commented that the Committee reports were distributed to the Board and Community/ Tract Representatives and give details in their specific areas. He also said that community representatives attending today's meeting would have time for questions during the meeting.

Financial Report:

a. 2016 Audited Financial Statements

2016 Calendar Year audited financial statements were distributed to all Community/Tract Representatives with the reminder notice of meeting.

Motion by Cathy Leetzow, second by Nicholas Spina, to accept the 2016 calendar year audited financial statements as distributed and to be attached and made part of the minutes of this meeting. Motion approved unanimously and passed. (Audited Financial Statements for the period ended December 31, 2016 attached to and made a part of these minutes).

b. February 2017 Financial Statements

A copy of these financial statements were provided to the Board and Community/Tract Representatives.

Management/ Committee Reports:

Copies of the management/committee reports were provided to the Board and Representatives.

- a. Management Report - PRMA received a recorded Reduction of Dwelling Units for the Sandhill Preserve development. Originally, Palmer Ranch Holdings conveyed 350 dwelling unit rights; the recorded document reduced that number to 302. Sandhill Preserve will now be assessable for 302 assessable units.
- b. Grounds Report – Bloomings' landscape crew will begin pressure washing the park benches, entry walls and PVC fencing, where needed, in the coming weeks. Rejuvenation of the planting bed at Palmer Ranch Parkway West/Beneva Road is complete.
- c. Advisory Committee - Rob O'Connor gave updates and recommendations to the Board on several projects, some of which will be ongoing in the coming months.
- d. Parks Committee – Fred Falkner provided the report on behalf of the Parks Committee and Friends of Potter Park.
- e. Community Center Sub Committee - Garry gave the report on the Community Center. In January, the County Commission approved our applications; however, the rezone ordinance included stipulations which conflict with the county's Land Development Regulations. Discussions are ongoing.
- f. Website/Communications Ad Hoc Team - Rob O'Connor provided the report on behalf of the Website / Communications Ad Hoc Team. Included in the report was the team's recommendation that the Board authorize the charter for a new Community Relations Committee. If approved, one of the goals would be a strategic plan, to be ultimately approved and adopted by the Board.
- g. Palmer Ranch Watershed / Natural Assets Team - Ken Brinker gave a brief report about awareness, involvement and the importance of educating the members of the Palmer Ranch community on the maintenance and operation of our stormwater management system.

Community Update

- a. Palmer Ranch Parcel 9E (West of Honore, south of East Bay Street Extension, north of Scherer Thaxton Preserve) The developer A. G. Spanos Corporation is the applicant proposing to rezone and develop the eastern 20.95 acre portion of Parcel 9E for a 257 unit multifamily residential apartment community. A public hearing before the County Commission is scheduled on April 25th
- b. On April 6th, there will be a Pre-Application Meeting before the county's DRC (Development Review Committee) for a Comprehensive Plan Amendment to revise the county's thoroughfare plan by extending Bay Street eastward from Honore Avenue across I-75 to an unnamed north-south parkway, and add a new 2-lane unnamed roadway between SR681 and Honore Avenue. The Application was filed by Stantec, on behalf of Palmer Ranch Holdings.
- c. Update to the Honore Avenue/Central Sarasota Parkway Roundabout project as of 3/20/17. The recent biennial traffic monitoring report (BTMR) submitted by Palmer Ranch Holdings to Sarasota County, indicates that a traffic signal at the Honore Avenue/Central Sarasota Parkway Intersection is now warranted. As such a formal notice is being provided to Palmer Ranch Holdings. Sarasota County Resolution No. 2015-147, which is a supplement to Palmer Ranch's Development of Regional Impact (DRI) Development Order, Section 4.7 states:

4.7 The County shall provide notice that an improvement is needed in the formal review comments for the monitoring report. Upon receipt of the notice that an improvement is needed, the improvement, shall be under binding executed contract for construction within nine months. This

deadline may be extended by the Public Works Business Center if this deadline cannot be met due to factors beyond the control of the applicant.

The developer is required to improve the intersection once provided notice. That notice is being prepared now and should be sent within the next week or so. They have a maximum of 9 months to have a construction contract in place. However, in this case, the developer and County agree that a roundabout is a better, safer option than installation of a traffic light. Since 9 months from April is December 2017-the developer has indicated they don't want to start construction of the roundabout until after Easter 2018. The bottom line is that a roundabout will be installed (not a traffic signal) and the developer is not planning to start until after Easter 2018.

Report of Election Committee

Tracy Smith, reporting on behalf of the Election Committee, announced the following members were elected as Residential Trustees for a two-year term: Rob O'Connor, Peggy Wells, Cathy Leetzow, Claudia Brooks and Kathrin Harris

Appointment of Nominating Committee

Motion by Peggy Wells, seconded by Cathy Leetzow, to appoint the following to their respective Nominating Committees: Residential: Dick Beitel of Stoneybrook Golf & Country Club; Commercial/Industrial: Steve Jeantet of Covenant Life Church and Recreation: Bob Holzman of TPC Prestancia. Motion passed unanimously.

Community Representatives

Sandhill Preserve is looking for assistance from the Master Association to bring pressure on the developer and County at the Intersection of Honore & Central Sarasota Parkway.

New President of Palmer Ranch Master Association

Rob O'Connor is now the new President of the Palmer Ranch Master Property Owners Association. He was President-Elect and he becomes the new President.

Adjourn

Motion to adjourn was made by Peggy Wells, seconded by Cathy Leetzow and passed unanimously. The meeting adjourned at 4:00pm.

Respectfully submitted,

Leatrice Katz
Secretary

**Palmer Ranch Master Property
Owners Association, Inc.**

Financial Statements

December 31, 2016

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CAVANAUGH & CO, LLP

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Palmer Ranch Master Property Owners Association, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Palmer Ranch Master Property Owners Association, Inc., which comprise the balance sheet as of December 31, 2016, and the related statement of revenues, expenses and changes in fund balance and cash flows for the year then ended, and the related notes to the 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Palmer Ranch Master Property Owners Association, Inc. as of December 31, 2016, 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 replacement fund activity is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the Association's management and 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 supplementary information on future major repairs and replacements 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 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 our 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.

Sarasota, Florida
February 23, 2017

A handwritten signature in black ink that reads "Cavanaugh & Co. LLP". The signature is written in a cursive, flowing style. The "C" is large and loops around the beginning of the name. The "&" is written as a simple cross. The "Co." is written in a smaller, more compact cursive, and "LLP" is written in a similar style at the end.

Palmer Ranch Master Property Owners Association, Inc.

Balance Sheet
December 31, 2016

	<u>ASSETS</u>		
	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents	\$ 251,015	286,448	537,463
Certificates of deposit	525,000	904,352	1,429,352
Accounts receivable	2,770	-	2,770
Prepaid insurance	24,908	-	24,908
Prepaid rent	910	-	910
Due from other fund	-	3,306	3,306
Total current assets	<u>804,603</u>	<u>1,194,106</u>	<u>1,998,709</u>
Other assets:			
Furniture and equipment, net	4,378	-	4,378
Deposits	<u>10,549</u>	-	<u>10,549</u>
Total other assets	<u>14,927</u>	-	<u>14,927</u>
 Total assets	 <u>\$ 819,530</u>	 <u>1,194,106</u>	 <u>2,013,636</u>

	<u>LIABILITIES AND FUND BALANCE</u>		
Current liabilities:			
Accounts payable	\$ 108,336	-	108,336
Prepaid assessments	108,437	-	108,437
Due to other fund	<u>3,306</u>	-	<u>3,306</u>
Total current liabilities	220,079	-	220,079
 Fund balances	 <u>599,451</u>	 <u>1,194,106</u>	 <u>1,793,557</u>
 Total liabilities and fund balance	 <u>\$ 819,530</u>	 <u>1,194,106</u>	 <u>2,013,636</u>

See accompanying notes to financial statements.

Palmer Ranch Master Property Owners Association, Inc.

Statement of Revenues, Expenses and Changes in Fund Balance
Year Ended December 31, 2016

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
Revenues:			
Member assessments	\$ 1,537,381	188,612	1,725,993
Sarasota County maintenance	367,391	-	367,391
Interest	626	3,664	4,290
Administrative late fees	2,094	-	2,094
Estoppel fees	<u>5,525</u>	<u>-</u>	<u>5,525</u>
Total revenues	<u>1,913,017</u>	<u>192,276</u>	<u>2,105,293</u>
Expenses:			
Salary and benefits	248,694	-	248,694
Rent/Occupancy	23,465	-	23,465
Ornamental maintenance	339,821	-	339,821
Turf maintenance	394,754	-	394,754
Irrigation maintenance	125,238	-	125,238
Fertilization/pest control	187,500	-	187,500
Lake management	162,790	-	162,790
Utilities	36,105	-	36,105
Repairs and maintenance	22,947	-	22,947
Administrative	23,130	-	23,130
Insurance	26,419	-	26,419
Professional fees	28,083	-	28,083
Enhancement project	139,365	-	139,365
Miscellaneous	95	-	95
Contingency	3,970	-	3,970
Depreciation	1,100	-	1,100
Replacement	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>1,763,476</u>	<u>-</u>	<u>1,763,476</u>
Excess of revenues over expenses	149,541	192,276	341,817
Fund balance - beginning of year	<u>449,910</u>	<u>1,001,830</u>	<u>1,451,740</u>
Fund balance - end of year	<u>\$ 599,451</u>	<u>1,194,106</u>	<u>1,793,557</u>

See accompanying notes to financial statements.

Palmer Ranch Master Property Owners Association, Inc.

Statement of Cash Flows
Year Ended December 31, 2016

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
Cash flows from operating activities:			
Member assessments collected	\$ 1,581,669	188,612	1,770,281
Sarasota County Maintenance	367,391	-	367,391
Interest received	626	3,664	4,290
Other income received	7,619	-	7,619
Cash paid for operating expenses	<u>(1,767,460)</u>	<u>-</u>	<u>(1,767,460)</u>
Net cash flows from operating activities	<u>189,845</u>	<u>192,276</u>	<u>382,121</u>
Cash flows from investing activities:			
Purchase of certificates of deposit	(525,000)	(904,166)	(1,429,166)
Redemption of certificates of deposit	<u>200,000</u>	<u>802,000</u>	<u>1,002,000</u>
Net cash flows from investing activities	<u>(325,000)</u>	<u>(102,166)</u>	<u>(427,166)</u>
Increase (decrease) in cash and cash equivalents	(135,155)	90,110	(45,045)
Cash and cash equivalents at beginning of year	<u>386,170</u>	<u>196,338</u>	<u>582,508</u>
Cash and cash equivalents at end of year	<u>\$ 251,015</u>	<u>286,448</u>	<u>537,463</u>
Reconciliation of excess of revenues over expenses to net cash flows from operating activities:			
Excess of revenues over expenses	\$ 149,541	192,276	341,817
Adjustments to reconcile excess of revenues over expenses to net cash flows from operating activities:			
Depreciation	1,100	-	1,100
(Increase) decrease in:			
Accounts receivable	6,033	-	6,033
Prepaid insurance	(7,284)	-	(7,284)
Increase (decrease) in:			
Accounts payable	2,200	-	2,200
Prepaid assessments	<u>38,255</u>	<u>-</u>	<u>38,255</u>
Total adjustments	<u>40,304</u>	<u>-</u>	<u>40,304</u>
Net cash flows from operating activities	<u>\$ 189,845</u>	<u>192,276</u>	<u>382,121</u>

See accompanying notes to financial statements.

Palmer Ranch Master Property Owners Association, Inc.

Notes to Financial Statements

December 31, 2016

Note 1 – Nature of Operations:

Palmer Ranch Master Property Owners Association, Inc. (Association) is a not-for-profit corporation formed for the purpose of managing and maintaining areas common to the property owners within the development known as Palmer Ranch. Specifically, the Association is responsible for maintaining all landscape and hardscape within the roadways and medians, maintaining certain perimeter hedges and trees, which include mowing, irrigation, fertilization, and herbicides, as necessary. The roadways involved are specific portions of McIntosh Road, Sawyer Loop Road, Honore Avenue, Sarasota Square Boulevard, Palmer Ranch Parkway, and Extension, Central Sarasota Parkway and Northridge Road. The Association is also responsible for conservation of certain common waterways and landscape maintenance of the seven vehicular entrances to the Palmer Ranch Entity.

Note 2 – Summary of Significant Accounting Policies:

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, and prepares its financial statements on the accrual basis of 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 for financial resources available for the general operations of the Association. The excess, if any, of 2016 assessments over expenses are carried forward to be applied to 2017 expenses.

Replacement Fund – This fund is composed of assessments paid by members to fund future replacements, major repairs and purchases of additional commonly owned assets. Expenditures from this fund are restricted to those items for which assessments were levied.

Financial Statements

The financial statements and notes are representations of the Association's management, who is responsible for their integrity and objectivity. The accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Member Assessments

Association members are subject to yearly assessments to provide funds for the Association's operating expenses and major repairs and replacements. Assessments are charged to the unit owners on a per assessable unit basis. Member assessments are determined annually by the Board of Trustees based upon the maintenance and other operating requirements of the Association. Any deficit or excess of revenue over expenses would, in effect, increase or decrease assessments required in future periods.

Revenue from assessments and late fees are recognized in the period to which it applies. Assessments received in advance are recorded as prepaid assessments when received and reclassified to revenue in the period to which they pertain.

Palmer Ranch Master Property Owners Association, Inc.

Notes to Financial Statements – Continued
December 31, 2016

Note 2 – Summary of Significant Accounting Policies – Continued:

Cash Equivalents

For the purposes of the statement of cash flows, the Association considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

The Association uses the allowance method to recognize bad debts. Management establishes an allowance for doubtful accounts based on amounts expected to be uncollectible at the balance sheet date. The Association's policy is to retain legal counsel and place liens on the properties of the members whose assessments are delinquent. Management believes an allowance for doubtful accounts was not deemed necessary for the year ended December 31, 2016.

Common Property

The Association's policy is to not capitalize and depreciate the commonly owned real property as ownership is vested directly or indirectly in the member property owners and these assets are not deemed to be severable.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Association is taxed as an association and files Form 1120H. The Association is taxed on its non-membership income, such as interest income, and any excess membership income which has been deferred for more than one year, at regular federal and state corporate rates. There is no income tax expense or income tax liability at December 31, 2016.

Management has evaluated the effect of accounting standards regarding accounting for uncertainty in income taxes. In that regard, management has evaluated all tax positions that could have a significant effect on the financial statements and determined the Association has no uncertain tax positions at December 31, 2016, that could materially affect the financial statements.

The income tax returns of the Association are subject to examination by the taxing authorities, generally for three years after they were filed.

Note 3 – Future Major Repairs and Replacements:

The Association's organizing documents require the Association to prepare its annual budget with estimates of costs for the repair and/or replacement of certain common property.

The Board is funding for major repairs and replacements over the remaining useful lives of the components based on estimates of current replacement costs. In 2015 the Association obtained an updated reserve study, prepared by a third party, to provide relevant information to budget for such costs. The table included in the required supplemental information on future major repairs

Palmer Ranch Master Property Owners Association, Inc.

Notes to Financial Statements – Continued

December 31, 2016

Note 3 – Future Major Repairs and Replacements – Continued:

and replacements is based on this study. The Association allocates interest earned on replacement funds to the individual components based on the component's relative balances. Amounts previously accumulated are considered in determining the annual funding requirement. The Association fully funds the reserves as estimated in that reserve study.

Actual expenditures may vary from the estimated replacement costs. These variances could be material. Consequently, the amounts accumulated in this fund may not be adequate to fund the major repair or replacement. If additional funds are needed, the Association may increase regular assessments, pass a special assessment or delay the repair or replacement.

Note 4 – Geographic Exposure to Catastrophe Loss:

The Association has possible exposure to catastrophe losses based on the location of the property. These catastrophes can be caused by various events, including hurricanes, windstorms, hail, and flood, and the incidence and severity of catastrophes are inherently unpredictable. The extent of losses from a catastrophe is a function of both the total amount of insured exposure by the type of event and the severity of the event. The Association generally seeks to reduce its exposure to catastrophes through individual risk selection, the purchase of catastrophe insurance and mandated reinsurance by certain insurance companies. In the event of such a catastrophe, assessments may be necessary to provide for deductibles consistent with insurance policy provisions.

Note 5 – Sarasota County Maintenance:

The Association has a signed agreement with Sarasota County for median and roadside maintenance services. The contract services include roadway mowing, litter removal, herbicide treatment, and sidewalk and curb edging. The compensation for this agreement amounted to \$367,391 for the year ended December 31, 2016.

Note 6 – Savings Plan:

The Declarant offers a tax-deferred savings plan (the Plan) which qualifies as a defined contribution plan under the Internal Revenue Code 401(k). Employees who are eligible may provide tax-deferred contributions to fully vested individual accounts up to 100% of before tax pay within Internal Revenue Code limits. The Plan covers substantially all employees with six months of service regardless of the number of hours of service or age. At the Plan's discretion, it may provide up to 100% of the first 4% of pay employees contribute to the plan through salary deferral. Employee matched contributions totaled \$1,143 for the year ended December 31, 2016.

Palmer Ranch Master Property Owners Association, Inc.

Notes to Financial Statements – Continued

December 31, 2016

Note 7 – Concentrations of Economic and Credit Risk:

The Association maintains its cash balances at financial institutions located in Sarasota, Florida. Accounts at each financial institution are secured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, balances may exceed this limit. Management considers the risk to be minimal.

Note 8 – Subsequent Events:

Subsequent events have been evaluated through February 23, 2017 which is the date the financial statements were available to be issued.

Palmer Ranch Master Property Owners Association, Inc.

Schedule of Replacement Fund Activity
Year Ended December 31, 2016

<u>Components</u>	<u>Balance</u> <u>12/31/2015</u>	<u>Revenues</u>	<u>Interest</u>	<u>Expenses</u>	<u>Balance</u> <u>12/31/2016</u>
Entry walls	\$ 217,891	9,590	725	-	228,206
PVC fencing	7,217	3,721	32	-	10,970
Entry landscape lighting	12,568	5,970	54	-	18,592
Street light resurfacing	394,621	86,150	1,471	-	482,242
Traffic signal resurfacing	65,483	27,330	274	-	93,087
Community identification signs - replacements	81,065	2,807	268	-	84,140
Community identification signs - capital repairs	19,019	2,153	66	-	21,238
Directional signs	45,132	8,903	166	-	54,201
Flagpoles	15,438	842	51	-	16,331
Entry pavers	45,884	11,273	174	-	57,331
Benches	5,810	206	19	-	6,035
Silt removal - restoration area F	27,155	7,731	105	-	34,991
Silt removal - restoration area D	20,262	4,804	77	-	25,143
Silt removal - restoration area C	23,814	9,212	98	-	33,124
Silt removal - restoration area G	15,876	6,142	65	-	22,083
Silt removal - restoration area H	4,595	1,778	19	-	6,392
Total	<u>\$ 1,001,830</u>	<u>188,612</u>	<u>3,664</u>	<u>-</u>	<u>1,194,106</u>

Palmer Ranch Master Property Owners Association, Inc.

Supplementary Information on Future Major Repairs and Replacements
Year Ended December 31, 2016
(Unaudited)

The following table is significant information on reserves:

	<u>Estimated Remaining Life</u>	<u>Estimated Replacement Cost</u>
Entry walls	9-18	\$ 366,800
PVC fencing	10	48,040
Entry landscape lighting	9	72,200
Street light resurfacing	1-5	537,750
Traffic signal resurfacing	1	119,690
Community identification signs - replacement	11	114,500
Community identification signs - capital repairs	0	21,000
Directional signs	4	89,500
Flagpoles	14	28,000
Entry pavers	11-24	251,329
Benches	11	8,250
Silt removal - restoration area F	2	50,000
Silt removal - restoration area D	1	29,585
Silt removal - restoration area C	4	69,540
Silt removal - restoration area G	4	46,360
Silt removal - restoration area H	4	13,420