

**LEXINGTON LAKES CONDOMINIUM  
ASSOCIATION, INC.**

***Financial Statements***

***For the year ended  
December 31, 2016***

**Hafer & Company**

***Certified Public Accountants and Consultants***

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## INDEPENDENT AUDITORS' REPORT

To The Board of Directors  
Lexington Lakes Condominium Association, Inc.

We have audited the accompanying financial statements of Lexington Lakes Condominium Association, Inc. ("the Association"), which comprise the balance sheet as of December 31, 2016, and the related statement of revenues and expenses and changes in fund balances 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***

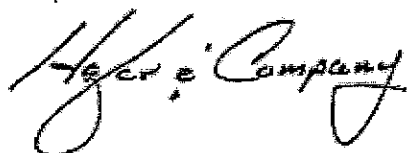
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about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



Palm Beach, Florida  
March 14, 2017

HAFER & COMPANY IS AN LLC WITH OFFICES IN PALM BEACH & NAPLES, FLORIDA

MEMBERS OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS - FLORIDA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

**LEXINGTON LAKES CONDOMINIUM ASSOCIATION, INC.**  
**BALANCE SHEET**  
*December 31, 2016*

	<u>Operating Fund</u>	<u>Working Capital Fund</u>	<u>Replacement Fund</u>	<u>Total Funds</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 486,985	\$ 61,686	\$ 866,266	\$ 1,414,937
Assessments receivable, net (Note 3)	8,615	-	-	8,615
Prepaid expenses	83,615	-	-	83,615
Utility deposits	15,727	-	-	15,727
Due (to) from funds	(95,122)	-	95,122	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 499,820</u>	<u>\$ 61,686</u>	<u>\$ 961,388</u>	<u>\$ 1,522,894</u>
<b>Liabilities and fund balances</b>				
Accounts payable and accrued expenses	\$ 29,970	\$ -	\$ -	\$ 29,970
Insurance payable (Note 9)	59,078	-	-	59,078
Prepaid assessments	28,480	-	-	28,480
Refundable deposits	10,080	-	-	10,080
Deferred paver income	302	-	-	302
Deferred settlement proceeds (Note 11)	60,592	-	-	60,592
Deferred cable income (Note 12)	12,672	-	-	12,672
Other liabilities	123	-	-	123
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	201,297	-	-	201,297
Fund balances	<u>298,523</u>	<u>61,686</u>	<u>961,388</u>	<u>1,321,597</u>
<b>Total liabilities and fund balances</b>	<u><b>\$ 499,820</b></u>	<u><b>\$ 61,686</b></u>	<u><b>\$ 961,388</b></u>	<u><b>\$ 1,522,894</b></u>

See notes to financial statements.

**LEXINGTON LAKES CONDOMINIUM ASSOCIATION, INC.**  
**STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN FUND BALANCES**  
*For the year ended December 31, 2016*

	<b>Operating Fund</b>	<b>Working Capital Fund</b>	<b>Replacement Fund</b>	<b>Total Funds</b>
<b>Revenues</b>				
Maintenance assessments	\$ 784,085	\$ -	\$ 214,000	\$ 998,085
Settlement proceeds (Note 11)	25,753	-	-	25,753
Cable Income (Note 12)	3,168	-	-	3,168
Interest income	2,081	49	3,216	5,346
Other income	10,535	-	-	10,535
<b>Total revenues</b>	<u>825,622</u>	<u>49</u>	<u>217,216</u>	<u>1,042,887</u>
<b>Expenses</b>				
Building maintenance and repairs	288,233	-	-	288,233
Utilities	304,606	-	-	304,606
Administration	203,332	-	-	203,332
Settlement expenses (Note 11)	25,753	-	-	25,753
Major repairs and replacements	-	15,825	100,499	116,324
<b>Total expenses</b>	<u>821,924</u>	<u>15,825</u>	<u>100,499</u>	<u>938,248</u>
<b>Excess (deficiency) of revenues over expenses</b>	3,698	(15,776)	116,717	104,639
Fund balances, beginning of year	294,825	55,372	844,671	1,194,868
Capital contributions	-	22,090	-	22,090
<b>Fund balances, end of year</b>	<u>\$ 298,523</u>	<u>\$ 61,686</u>	<u>\$ 961,388</u>	<u>\$ 1,321,597</u>

See notes to financial statements.

**LEXINGTON LAKES CONDOMINIUM ASSOCIATION, INC.**  
**STATEMENT OF CASH FLOWS**  
*For the year ended December 31, 2016*

	<u>Operating Fund</u>	<u>Working Capital Fund</u>	<u>Replacement Fund</u>	<u>Total Funds</u>
<b>Cash flows from operating activities</b>				
Excess (deficiency) of revenues over expenses	\$ 3,698	\$ (15,776)	\$ 116,717	\$ 104,639
<b><u>Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided (used) by operating activities</u></b>				
Provision for bad debts	(1,835)	-	-	(1,835)
<b><u>Changes in assets and liabilities:</u></b>				
Assessments receivable	7,547	-	-	7,547
Prepaid expenses	5,106	-	-	5,106
Accounts payable and accrued expenses	4,587	-	-	4,587
Prepaid assessments	(846)	-	-	(846)
Refundable deposits	600	-	-	600
Deferred settlement proceeds	(25,753)	-	-	(25,753)
Deferred cable income	12,672	-	-	12,672
Total changes in account balances	3,913	-	-	3,913
Net cash provided (used) by operating activities	5,776	(15,776)	116,717	106,717
<b>Cash flows from financing activities</b>				
Capital contributions	-	22,090	-	22,090
Payments on insurance payable, net	(4,462)	-	-	(4,462)
Interfund borrowings	7,277	13,500	(20,777)	-
Net cash provided (used) by financing activities	2,815	35,590	(20,777)	17,628
<b>Net increase in cash and cash equivalents</b>	8,591	19,814	95,940	124,345
Cash and cash equivalents, beginning of year	478,394	41,872	770,326	1,290,592
<b>Cash and cash equivalents, end of year</b>	<u>\$ 486,985</u>	<u>\$ 61,686</u>	<u>\$ 866,266</u>	<u>\$1,414,937</u>

Supplemental disclosures of cash flow information (Note 10)

See notes to financial statements.

**LEXINGTON LAKES CONDOMINIUM ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
*December 31, 2016*

**NOTE 1: Organization**

Lexington Lakes Condominium Association, Inc. was incorporated under the condominium statutes of the State of Florida on January 24, 2005. The Association is responsible for maintaining and preserving the common property of the Association. Lexington Lakes Condominium Association, Inc. consists of 264 residential units and is located in Stuart, Florida.

**NOTE 2: Summary of significant accounting policies**

Fund accounting

The Association prepares its financial statements on the accrual basis of accounting and presents them using fund accounting, using separate funds for operations, working capital, and future major repairs and replacements. Disbursements from the operating fund are generally for the day-to-day operations and non-recurring unanticipated expenditures of the Association and are made at the discretion of the Board of Directors. Disbursements from the working capital fund are made at the discretion of the Board of Directors. Disbursements from the replacement fund generally are made only for designated purposes.

Interest earned

Interest earned by each fund is allocated to the appropriate fund. Income taxes on the interest earned are paid from the operating fund.

Property and depreciation

The Association capitalizes all personal and real property which it purchases. Real property and common area acquired from the developer and related improvements to such property are not reflected on the Association financial statements because those properties are owned by the individual unit owners in common, and not by the Association. Property and equipment are depreciated over the estimated useful lives of the assets using the straight-line method of depreciation.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include all monies in banks including certificates of deposits and money market funds. Cash equivalents include highly liquid securities with maturity of 90 days or less.

Short-term financial instruments

The carrying amount of the Association's financial instruments, which include cash and cash equivalents, assessments receivable, accounts payable, accrued expenses and other assets and liabilities, approximate their fair values due to their short-term maturities.

Compensated absences

Employees of the Association are entitled to paid vacations, sick days, and other time off depending on job classification, length of service, and other factors. It is impractical to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. The Association's policy is to recognize the costs of compensated absences when paid to employees.

**LEXINGTON LAKES CONDOMINIUM ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**  
*December 31, 2016*

**NOTE 2: Summary of significant accounting policies (continued)**

Utility pass-through

In accordance with FASB ASC 605-45, the Association recognizes utility pass-through assessments using principal agent considerations. The Association is primarily involved in the determination of a specific service, it has the discretion in selecting the suppliers of such services, and it bears the credit risk for the amounts billed for the service; accordingly the management has determined that the Association is the principal, and, accordingly, recognizes all utility pass-through activities using gross reporting.

Subsequent events

Subsequent events have been evaluated through March 14, 2017, the date the financial statements were available to be issued in accordance with FASB ASC 855.

Recently issued accounting guidance, not yet adopted

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, "Leases". The standard will affect all entities that lease assets and will require lessees to recognize a lease liability and a right-of-use asset for all leases (except short-term leases that have a duration of less than one year) as of the date on which the lessor makes the underlying asset available to the lessee. For non-public entities, such as the Association, the new standard is effective for annual periods beginning after December 15, 2019. While the Association expects the adoption of this standard to result in an increase to its reported assets and liabilities, the Association has not yet determined the full impact that the adoption of this standard will have on its financial statements and related disclosures.

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers". This new guidance will replace most existing U.S. GAAP guidance on this topic. The new revenue recognition standard provides a unified model to determine when and how revenue is recognized. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration for which the entity expects to be entitled in exchange for those goods or services. In August 2015, the FASB issues ASU No. 2015-14, which deferred, by one year, the effective date for the revenue reporting standard. Additionally, in March 2016, the FASB issued ASU No. 2016-08, "Revenue from Contracts with Customers, Principal versus Agent Considerations (Reporting Revenue Gross versus Net)" clarifying the implementation guidance on principal versus agent considerations. Specifically, an entity is required to determine whether the nature of a promise is to provide the specified good or service itself (that is, the entity is a principal) or to arrange for the good or service to be provided to the customer by the other party (that is, the entity is an agent). The determination influences the timing and amount of revenue recognition. For non-public entities, such as the Association, these new ASUs are effective for annual periods beginning after December 15, 2018. The Association is evaluating the impact that these ASUs will have on its financial statements and related disclosures.

**NOTE 3: Owners assessments**

Monthly assessments to unit owners are based upon a share of the budgeted operating expenses and future major repairs and replacements. The Association retains excess operating funds at the end of the year for use in future operating periods. Assessments receivable at the balance sheet date represent fees due from unit owners. Assessments paid in advance are included on the balance sheet as prepaid maintenance fees. The Association's policy is to retain legal counsel and place liens or foreclose on units of members whose assessments are delinquent. At December 31, 2016, assessments receivable totaled \$12,415, less an allowance for uncollectible accounts in the amount of \$3,800, for a net receivable of \$8,615.



**LEXINGTON LAKES CONDOMINIUM ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**  
*December 31, 2016*

**NOTE 4: Concentration of credit risk**

The Association maintains its cash in bank at various financial institutions whereby deposits are insured up to \$250,000 by the Federal Deposit Insurance Corporation. At December 31, 2016, the Association has uninsured deposits in the amount of \$233,884.

**NOTE 5: Income taxes**

The Association makes a yearly election to be taxed either under Internal Revenue Code Section 528 as a homeowners' association or under regular corporate income tax provisions. For 2016, the Association was taxed under Section 528. Under this election, the Association is generally taxed only on non-membership income, such as interest earnings, at applicable rates. Additionally, from time to time, certain temporary differences may arise between financial and taxable income, the overall effects of which are not material to the financial statements taken as whole. As such, the Association has not recorded deferred income taxes at December 31, 2016. The Association's policy on income statement classification of interest and penalties related to income tax obligations is to include such items as part of income tax expense. Generally, the Association's federal income tax returns for 2014 – 2016 remain subject to possible examination by the Internal Revenue Service.

**NOTE 6: Litigation**

The Association is a party to various legal actions normally associated with condominium associations, such as the collection of delinquent assessments and covenant compliance matters, the aggregate effect of which, in management's opinion, would not be material to the future financial condition of the Association.

**NOTE 7: Insurance contingencies**

In the event of a loss due to a hurricane the Association would be responsible for a deductible of approximately 3% of the total insured value of the property under the provisions of the hurricane loss insurance contract.

**NOTE 8: Other commitments and contingencies**

The Association has contracted with various vendors for various services to maintain the common property related to certain administration and building operations and maintenance expenses. These contracts are approved, as necessary, by the Board of Directors and have varying expiration dates and renewal terms.

**NOTE 9: Insurance payable**

During 2016, the Association financed its insurance premiums with Premium Assignment Corporation. The total amount financed was \$64,464 and is payable in monthly installments of approximately \$6,564 including interest through October 2017. The loan is secured by any unearned premiums or other sums which may become collectible under the terms of the agreement. At December 31, 2016, the outstanding balance, including accrued interest, was \$59,078.

**LEXINGTON LAKES CONDOMINIUM ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**  
**December 31, 2016**

**NOTE 10: Supplemental disclosures of cash flow information**

Non-cash financing activities during 2016 were as follows:

Cost of insurance coverage acquired via financing agreements	\$ 86,918
Cash paid related to financing agreements (down payments)	<u>(22,454)</u>
Liabilities assumed (Note 9)	<u>\$ 64,464</u>

**NOTE 11: Deferred settlement proceeds**

During 2012, the Association settled an on-going lawsuit with Centex Homes related to alleged construction defects. The Association received \$195,000 in exchange for a release of all past, present, and future claims against Centex. As of December 31, 2015, the Association has expended \$108,655 towards its designated purpose. At December 31, 2015 the remaining balance of \$86,345 has been recorded as deferred settlement proceeds until expended for its designated purpose.

During 2016, the Association expended \$25,753 for its designated purpose. Therefore, at December 31, 2016, the remaining balance of \$60,592 is recorded as deferred settlement proceeds until expended for its designated purpose.

**NOTE 12: Deferred cable revenue**

On December 1, 2015, the Association entered into a bulk cable contract with Comcast. As consideration for entering into a five year contract, Comcast agreed to pay the Association \$60 per unit, or \$15,480. The Association, in accordance with accounting policies generally accepted in the United States of America, is amortizing the revenue over the life of the contract. Accordingly, for the year ended December 31, 2016, the Association has recognized \$3,168 as cable revenues. At December 31, 2016, the remaining balance of \$12,672 is recorded as deferred cable revenue, and will be recognized over the remaining life of the contract.

**NOTE 13: Future major repairs and replacements**

The Association is accumulating funds for future major repairs and replacements. Accumulated funds are held in separate interest bearing accounts and are generally not available for operating purposes. During 2014 the Board of Directors contracted with an independent contractor to conduct an independent study to estimate the remaining useful lives and replacement costs of the common property components. The schedule included in the supplementary information on future repairs and replacements is based upon this study. During 2014, the Association voted to begin funding the reserves on the pooling method in 2015. The Association is funding \$218,000 for 2017.

Actual expenditures may vary from the estimated amounts and the variation may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association may increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

**EXINGTON LAKES CONDOMINIUM ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**  
*December 31, 2016*

**NOTE 13: Future major repairs and replacements (continued)**

Components of the replacement fund are as follows:

	Balance 01/01/16	Additions	Interest Income	Expenses	Transfers	Balance 12/31/16
Roof	\$ 524,641	\$ -	\$ -	\$ -	\$ -	\$ 524,641
Painting	14,700	-	-	14,700	-	-
Pressure washing	-	-	-	-	-	-
Paving	30,670	-	-	-	-	30,670
Pool and equipment	20,515	-	-	22,920	-	(2,405)
Comm. area interior	9,209	-	-	-	-	9,209
Site improvements	37,709	-	-	7,910	-	29,799
Defects / upgrades	62,775	-	-	-	-	62,775
Pooled reserves	144,452	214,000	3,216	54,969 <sup>1</sup>	-	306,699
	<u>\$ 844,671</u>	<u>\$ 214,000</u>	<u>\$ 3,216</u>	<u>\$ 100,499</u>	<u>\$ -</u>	<u>\$ 961,388</u>

<sup>1</sup> Details of pooled expenses: pressure washing \$53,069 and painting \$1,900.

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## **INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION**

To The Board of Directors  
Lexington Lakes Condominium Association, Inc.

### ***Report on the Financial Statements***

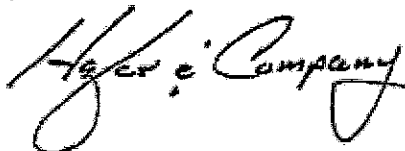
We have audited the financial statements of Lexington Lakes Condominium Association, Inc. ("the Association") as of and for the year ended December 31, 2016, and our report thereon dated March 14, 2017, which expressed an unmodified opinion on those financial statements, appears on Page 1.

### ***Report on Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary schedule of operating expenses compared to budget on Pages 11 and 12, which is the responsibility of the Association's management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for the portion marked "unaudited," was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. That information has been subjected to the auditing procedures applied in the audit of the basic 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, that information is fairly stated in all material respects in relation to the financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide assurance on it.

### ***Disclaimer of Opinion on Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the supplementary Schedule of Future Major Repairs and Replacements on Page 13 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.



Palm Beach, Florida  
March 14, 2017

**LEXINGTON LAKES CONDOMINIUM ASSOCIATION, INC.**  
**SCHEDULE OF OPERATING EXPENSES COMPARED TO BUDGET**  
*For the year ended December 31, 2016*

	<u>Actual</u>	<u>Budget (Unaudited)</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Building operations and maintenance</b>			
Backflow inspections	\$ 1,529	\$ 400	\$ (1,129)
Building maintenance and supply	15,372	9,966	(5,406)
Camera repairs	2,153	1,000	(1,153)
Christmas lights and decorations	3,639	3,800	161
Contingency	7,248	-	(7,248)
Extinguishers and hydrants	56	750	694
Fido baggies	739	708	(31)
Fountain	150	1,000	850
Gate damage repairs	150	-	(150)
Gate maintenance and repairs	3,233	2,500	(733)
Golf cart maintenance	4,694	500	(4,194)
Irrigation contract	9,600	9,600	-
Irrigation supplies and repairs	6,821	4,500	(2,321)
Janitorial service	15,986	15,000	(986)
Janitorial supplies	714	1,500	786
Lake maintenance and littoral zone	2,024	2,800	776
Landscape maintenance	61,948	61,200	(748)
Landscape replacement	14,417	30,000	15,583
Lighting and electrical	3,733	2,500	(1,233)
Maintenance supplies	261	855	594
Mulch	7,946	1,000	(6,946)
Pest control	14,903	17,520	2,617
Pest control - clubhouse	514	500	(14)
Pool maintenance and repairs	4,775	5,000	225
Preserve and perimeter maintenance	7,870	18,075	10,205
Pressure washing	5,250	5,500	250
Recreation area maintenance and repairs	179	100	(79)
Road and sign maintenance	357	250	(107)
Security guards	82,987	88,000	5,013
Tree trimming	8,985	3,000	(5,985)
	<u>288,233</u>	<u>287,524</u>	<u>(709)</u>
<b>Utilities</b>			
Cable TV	114,468	123,639	9,171
Electric	21,392	25,000	3,608
Telephone	6,830	7,482	652
Trash collection	33,738	33,718	(20)
Water and sewer	128,178	125,352	(2,826)
	<u>\$ 304,606</u>	<u>\$ 315,191</u>	<u>\$ 10,585</u>

See auditors' report on supplementary information.

**LEXINGTON LAKES CONDOMINIUM ASSOCIATION, INC.**  
**SCHEDULE OF OPERATING EXPENSES COMPARED TO BUDGET (CONT'D)**  
*For the year ended December 31, 2016*

	<u>Actual</u>	<u>Budget (Unaudited)</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Administration</b>			
Accounting services	\$ 13,640	\$ 13,125	\$ (515)
Audit and tax preparation	4,450	4,350	(100)
Background check expense	4,116	-	(4,116)
Bad debt	1,047	5,506	4,459
Computer repairs	200	120	(80)
Copier service	544	480	(64)
Corporate annual fee	61	62	1
Domain name	109	108	(1)
Fees to division	1,356	1,056	(300)
Insurance	94,803	83,859	(10,944)
Insurance appraisal	1,350	1,450	100
Legal and professional	440	3,000	2,560
Management - other	8,542	5,000	(3,542)
Management fees	67,318	60,217	(7,101)
Office personnel	149	156	7
Office supplies	2,013	2,000	(13)
Other expenses	2,374	1,000	(1,374)
Postage	780	500	(280)
Recreational activities	40	100	60
VMS passes	-	865	865
	<u>203,332</u>	<u>182,954</u>	<u>(20,378)</u>
 Total budgeted expenses	 796,171	 <u>\$ 785,669</u>	 <u>\$ (10,502)</u>
 Settlement expenses	 <u>25,753</u>		
 Total expenses	 <u>\$ 821,924</u>		

See auditors' report on supplementary information.

**LEXINGTON LAKES CONDOMINIUM ASSOCIATION, INC.**  
**SCHEDULE OF FUTURE MAJOR REPAIRS AND REPLACEMENTS (UNAUDITED)**  
*December 31, 2016*

The following schedule is based upon a study conducted by an independent consultant in 2014 to estimate the remaining useful lives and replacement costs of the components of common property. The schedule provides information about components of common property.

<u>Component</u>	<u>Estimated Useful Life (years)</u>	<u>Estimated Remaining Life (years)</u>	<u>Estimated Replacement Cost</u>	<u>Fund Balances 12/31/16</u>	<u>Approved Budgeted Funding 12/31/17</u>
Roof	25	14	\$ 2,588,614	\$ 524,641	\$ -
Painting	5-7	5	1,853,424	-	-
Pressure washing	3-5	-	189,348	-	-
Paving	15-25	9	484,129	30,670	-
Pool and equipment	8-30	1-16	69,627	(2,405)	-
Common area interiors	5-20	1-11	121,448	9,209	-
Site improvements	1-25	3-26	726,638	29,799	-
Exterior building	1-25	5-24	433,455	-	-
Defects / upgrades	-	-	-	62,775	-
Pooled reserves	-	-	-	306,699	218,000
			<u>\$ 6,466,683</u>	<u>\$ 961,388</u>	<u>\$ 218,000</u>

See auditors' report on supplementary information.