

WATERWOOD IMPROVEMENT ASSOCIATION, INC.

*FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION*

*FOR THE YEAR ENDED DECEMBER 31, 2016*



**Davis, Heinemann & Company, P.C.**

*Certified Public Accountants*

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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Waterwood Improvement Association, Inc.  
Huntsville, Texas 77320

Dear Board Members:

We have audited the accompanying financial statements of the Waterwood Improvement Association, Inc. (a non-profit organization), which comprise the balance sheet as of December 31, 2016, and the related statements of revenues and expenses, changes in members' equity 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 the 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 misstatements.

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 the Waterwood Improvement Association, Inc. as of December 31, 2016, and the changes in its members' equity and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Sincerely,

*Davis, Heinemann & Co.*

Davis, Heinemann & Company, P.C.  
Huntsville, Texas  
June 23, 2017

WATERWOOD IMPROVEMENT ASSOCIATION, INC.  
BALANCE SHEET  
December 31, 2016

ASSETS

Cash and cash equivalents, including interest-bearing deposits	\$	99,355
Annual charges receivable and accrued interest on delinquent receivables, less allowance for bad debts		475,000
Accrued interest receivable		91,132
Prepaid expense		21,959
Investments		6,972,363
Property and equipment, less accumulated depreciation		270,918
Other assets		1,303,638
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>9,234,365</u></b>

LIABILITIES AND MEMBERS' EQUITY

Accounts payable and other accrued liabilities	\$	19,400
Capital improvement deposits		-
Payroll taxes payable		448
Short-term debt - line of credit		700,000
<b>Total Liabilities</b>		<b><u>719,848</u></b>
 Members' Equity		
Designated for current and future obligations		8,308,433
Accumulated other comprehensive income		206,084
<b>Total Members' Equity</b>		<b><u>8,514,517</u></b>
 <b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>\$</b>	<b><u>9,234,365</u></b>

The accompanying notes are an integral part of these financial statements.

WATERWOOD IMPROVEMENT ASSOCIATION, INC.  
STATEMENT OF REVENUES AND EXPENSES  
For the Year Ended December 31, 2016

REVENUES

Annual charges	\$ 729,779
Interest on delinquent annual charges	179,696
Recoveries	18,801
Investment income	330,321
Capital improvement charges	-
Property transfer fees	2,500
Unrealized gain/(loss) on securities	(227,805)
Gain/(loss) on sale of assets	14,870
Donations	3,180
Other income	3,166
Total Revenue	1,054,508

EXPENSES

Vehicle expense	7,137
Bad debts	448,581
Repairs and maintenance - buildings	2,540
Licenses and fees	1,425
Community events	9,200
EMS contract	96,253
Insurance	11,869
Interest Expense	16,514
Grounds maintenance contract	117,113
Miscellaneous	6,149
Office expense	19,127
Salaries and payroll tax	253,695
Professional fees	61,718
Road repair and maintenance	26,781
Golf course maintenance	51,442
Taxes	3,058
Travel and meals	773
Utilities and services	76,086
Depreciation	29,107
Bond amortization	32,610
Waterwood Volunteer Fire Department	10,609
Lease payments	-
Collection expense	2,781
Total Expenses	1,284,568

Excess Revenues Over Expenses	\$ (230,060)
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The accompanying notes are an integral part of these financial statements.

WATERWOOD IMPROVEMENT ASSOCIATION, INC.  
STATEMENT OF CHANGES IN MEMBERS' EQUITY  
For the Year Ended December 31, 2016

MEMBERS' EQUITY, BEGINNING OF YEAR	\$ 8,744,577
Excess Expenses Over Revenues	<u>(230,060)</u>
MEMBERS' EQUITY, END OF YEAR	<u>\$ 8,514,517</u>

The accompanying notes are an integral part of these financial statements.

WATERWOOD IMPROVEMENT ASSOCIATION, INC.  
STATEMENT OF CASH FLOWS  
For the Year Ended December 31, 2016

CASH FLOWS FROM/(USED BY) OPERATING  
ACTIVITIES:

Net Revenues Over Expenses	\$ (230,060)
Adjustments to reconcile excess of expenses over revenues to net cash provided by operating activities:	
Unrealized (gain)/loss on securities	227,805
Realized (gain)/loss on sale of assets	(14,870)
Depreciation	29,107
Bond amortization	32,610
 (Increase)/decrease in:	
Member annual charges receivable	(57,269)
Interest receivable	12,514
Prepaid expenses	(21,959)
Increase/ (decrease) in:	
Accounts payable	11,000
Capital improvement deposits	(3,000)
Payroll taxes	43
<b>NET CASH FROM/(USED BY) OPERATING ACTIVITIES</b>	<b><u>(14,079)</u></b>

CASH FLOWS PROVIDED/(USED) BY INVESTING/FINANCING  
ACTIVITIES:

Investments - purchases	(416,094)
Investments - sales	929,353
Purchase of land	(1,006,513)
Building of trailer parking lot and park facilities	(187,753)
Proceeds from short-term debt	700,000
<b>NET CASH (USED)/PROVIDED BY INVESTING ACTIVITIES</b>	<b><u>18,993</u></b>

NET INCREASE IN CASH AND CASH EQUIVALENTS	4,914
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	94,441
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u><u>\$ 99,355</u></u></b>

The accompanying notes are an integral part of these financial statements.



WATERWOOD IMPROVEMENT ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2016

NOTE A – NATURE OF ORGANIZATION

Waterwood Improvement Association, Inc. (WIA) is a non-profit corporation, organized for the purpose of promoting and developing the common good and social welfare of the homeowners of the Waterwood subdivision, including providing for the construction of utilities and the maintenance of roads, common areas, and other improvements. In addition, WIA provides security, EMS service, garbage pickup, fire department and road maintenance for the Waterwood residents. The Waterwood development is located in San Jacinto County and is comprised of more than 1,000 acres of lots and developed home sites, in addition to the greenbelts, roads and other common areas. WIA has approximately 2,000 lots, of which approximately 400 are improved.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Association's governing documents provide certain guidelines for governing its financial activities. In accordance with generally accepted accounting principles, the financial statements have been prepared on the accrual basis. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

Annual Charges

WIA is funded primarily through funds received from annual charges and investment portfolio income. In accordance with the provisions of the land deed covenants and other legal agreements, annual charges are levied on all lot owners, with the exception of lots owned by governmental entities, those possessing developer rights, those exempted under the terms of legal agreements with WIA, and those owned by WIA. The annual charges are recognized on the active accounts as income at the time they are levied. The annual charges are levied each December 31, and if not paid by the following March 31, become delinquent and bear interest at the rate of ten percent per annum. WIA routinely files liens on lots with houses on which unpaid annual charges exist. All amounts due to WIA are maintained as accounts receivable and the amounts determined to be uncollectible are set up in an allowance for bad debts. Any changes to the allowance for bad debts account will be made by increasing or decreasing bad debt expense or recoveries for the amount of the change.

### Property and Equipment

Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Association's financial statements because those properties are directly associated with the unit (that is, common property without which the units could not be occupied and exterior property that is normally part of a freestanding unit). Greenbelts are an example of common property owned by WIA and not capitalized.

The Association capitalizes personal property at cost and depreciates it using the straight-line method over the estimated useful life.

### Income Taxes

A qualifying homeowners' association may be taxed either as a homeowners' association or as a regular corporation. As a homeowners' association, annual charge income is exempt from taxation if certain elections are made, and the association is taxed only on its nonmembership income, such as bank or bond interest earnings and gain on sale of certain assets, at regular federal corporate rates. In 2016, WIA qualified under Section 528 of the Internal Revenue Code as a homeowners' association and has extended the filing of Form 1120-H.

### Statement of Cash Flows

For purposes of reporting cash flows, all highly liquid investments with a maturity of three months or less are considered to be cash equivalents. This includes WIA's investment in the Morgan Stanley Money Market Fund which invests in instruments with a maturity of less than 90 days.

### Estimates

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

### NOTE C – MARKETABLE AND NONMARKETABLE SECURITIES

WIA adopted SFAS No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, which requires classification of securities into one of three categories, depending on the entity's intent and ability to hold the security until maturity. In addition, the Association has adopted SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*, which describes the timing and ability of an entity to use fair value accounting.

All of the bonds held at year end are considered to be “available for sale” according to SFAS No. 115 and are recorded at fair market value.

Realized gains and losses are recorded in the statement of revenues and expenses in the period they are earned. Bond premium/discount is amortized by WIA using the effective-interest method required by SFAS No. 115 as calculated by the investment brokers, Morgan Stanley.

The aggregate cost and market values of the investment securities are summarized as follows:

Available-for-sale securities:

	<u>Amortized Cost</u>	<u>Market</u>	<u>Cumulative Unrealized Gains/(losses)</u>
State and municipal securities with AAA, AA, A and BAA ratings	\$ <u>6,766,279</u>	\$ <u>6,972,363</u>	\$ <u>206,084</u>

During the year ended December 31, 2016, four bonds were purchased, four bonds were called and two bonds were sold for a net realized gain of \$14,870 in 2016.

Net unrealized holding losses on available-for-sale securities in the amount of \$227,805 for the year ended December 31, 2016 have been included in accumulated other comprehensive income of \$206,084.

Maturities of available-for-sale debt securities at December 31, 2016 are as follows:

	<u>Estimated Fair Value</u>
Due in one year or less (before December 31, 2017)	\$ -
Due between January 1, 2018 and December 31, 2021 (1 to 5 years)	283,149
Due between January 1, 2022 and December 31, 2026 (5 to 10 years)	1,145,799
Due between January 1, 2027 and December 31, 2036 (10 to 20 years)	1,863,901
Due January 1, 2037 or after (20 years or more)	<u>3,679,514</u>
Total investment in available-for-sale securities	\$ <u>6,972,363</u>

Actual maturities may differ from contractual maturities because nearly all borrowers have the right to call or prepay obligations with or without call or prepayment penalties. For purposes of this schedule, the actual maturity dates were used.

NOTE D – ASSESSMENTS AND ACCRUED INTEREST ON DELINQUENT RECEIVABLES

Balance, beginning of year	\$ 2,722,151
Plus: Assessments	729,779
Plus: Interest	179,697
Plus: Adjustments	808
Less: Collections/Write offs	(456,694)
Less: Collection agency expense	<u>(3,005)</u>
Balance, end of year	\$ <u>3,172,736</u>

The annual fee for 2016 was \$500 for single family lots (\$415 in 2015) and \$630 for multi-family lots (\$545 in 2015).

WIA established an allowance for uncollectible accounts for delinquent assessments in 2008. The net accounts receivable at December 31, 2016 is shown below:

Accounts receivable	\$ 3,172,736
Less: Allowance for bad debts	<u>(2,697,736)</u>
Net accounts receivable	\$ <u>475,000</u>

This account is reviewed annually by WIA. The Bad Debt expense for 2016 was \$448,581.

As of December 31, 2015 and 2016, Waterwood Partners (WWP) and its affiliate, Investor Land Services (ILS), owned 531 of the 1,619 total undeveloped lots in Waterwood. WWP and ILS were billed for fees on all their lots from 2012 through 2015; however, they made only nominal payments of \$15,900 in 2014 for 2013 fees and \$16,000 in 2013 for 2012 fees, but did not make additional payments of fees owed.

In 2015, WIA sued WWP and ILS for the fees and interest owed. A settlement agreement to the lawsuit was reached by mediation in August 2016. Major terms of the settlement are as follows:

- 1) WWP and ILS will, upon the closing of the sale of each lot they own in the Waterwood subdivision, pay an amount equal to 15% of the gross sales price to WIA.
- 2) WWP and ILS will convey title to various lots in Park Forest Village without ready access to electricity to WIA, at no cost to WIA.

- 3) WWP and ILS will pay all future costs to develop undeveloped lots in Tournament Village, Piney Point, Fairway Village, and their remaining lots in Park Forest Village.
- 4) WIA will not bill WWP and ILS annual fees for lots they own for five years from 2016 through 2020.

Annual fees billed as of December 31, 2016, reflect the fact that WWP and ILS were not billed for the 531 lots they owned (per the terms of the August 2016 settlement agreement).

#### NOTE E – COMMITMENT FOR LAND IMPROVEMENTS

Currently, all lots in the Waterwood subdivision have water and sewer connections, but approximately 200 lots in Park Forest do not have electricity service. According to the warranty deed, Section 2.12, after receipt of the tenth annual fee following the sale of the lot by the developer, and after payment of the capital improvement charge and approval of the Architectural Control Committee (by the issuance of a permit authorizing the construction of a lot improvement), and after furnishing evidence to the Board, WIA has an obligation to supply utility service to an individual lot owner within one year of proper notification to the Board. In 2016, WIA estimates that two of these 200 lotholders have paid ten years of fees but have not met other requirements for electricity service, therefore, WIA did not have an obligation to provide electricity service in 2016.

#### NOTE F – CONTINGENT ACCOUNTS RECEIVABLE

On April 9, 2009, WIA filed a lawsuit against Waterwood National for the \$128,159 owed to WIA for security services and signs provided by WIA from 2001 to April 30, 2006, since no payments had been made by Waterwood National in satisfaction of this debt. A default judgment by the court was made in favor of Waterwood Improvement Association and will remain in effect for ten years (can be re-filed at that time) in the event the property is sold and the debt can be paid off. No receivable for this amount is currently recorded, due to the unlikelihood of collection in 2016.

## NOTE G – PROPERTY, EQUIPMENT AND OTHER ASSETS

Property and equipment consists of the following categories:

	<u>Cost</u>
Construction in Progress	\$ 133,601
Autos	55,244
Office equipment	25,018
Other equipment	3,749
Common improvements	128,707
Buildings	<u>314,233</u>
Total Property and Equipment	660,552
Less: Accumulated depreciation	<u>(389,634)</u>
Net cost	<u>\$ 270,918</u>

Other assets consist primarily of parkways, public areas (i.e. dump site), acreage, and one lot owned by WIA and are valued at \$1,303,638, of which \$250,000 represents a strip of land along the east side of Waterwood Parkway, approximately six miles long and 150 feet wide, which was purchased by WIA in order to maintain a no-cut zone in the entrance to the Waterwood subdivision.

In 2016, WIA purchased, for \$1,006,513, the parkway right of way from FM 980 to Bob Christian Road, the parkway right of way from State Highway 190 to where the parkway becomes a two lane road, and the billboard, plus the land surrounding the billboard, located on the south side of State Highway 190 across from Waterwood Parkway. In addition, WIA obtained the right to control the posting of signs and placement of any items within 200 feet of the parkway right of way and within 200 feet of the rights of way of a number of other roads within Waterwood.

## NOTE H – SHORT-TERM DEBT

The Association currently has a short-term line of credit of up to \$5,000,000 which is being used for cash flow purposes. At December 31, 2016, the Association owed \$700,000 on the line of credit. During 2016, interest expense was \$16,514.

## NOTE I – FEDERAL INCOME TAX

WIA files Form 1120-H, a U.S. Income Tax Return for Homeowners' associations, annually. The investment policy of WIA encourages investing all bonds in tax-free rather than taxable securities, which is the primary reason for the minimal income tax liability.

NOTE J – DESIGNATED MEMBERS’ EQUITY

Instead of specifically designating Members’ Equity for particular purposes, WIA uses a five-year forecast of income and expenditures model in planning future requirements.

NOTE K – EMS (EMERGENCY MEDICAL SERVICES)

WIA renewed its contract with Allegiance Ambulance, effective January 1, 2016 (through December 31, 2017), for annual compensation of \$96,253 (\$8,021 monthly) to provide emergency medical services to all Waterwood residents.

NOTE L – GROUNDS MAINTENANCE CONTRACT

A three-year contract with Julius Currie began January 1, 2014 through December 31, 2016 for \$117,000 annually (\$9,750 monthly).

NOTE M – RELATED PARTY TRANSACTIONS

No related party transactions were noted during 2016.

NOTE N – SUBSEQUENT EVENTS

The Association had several subsequent events through June 23, 2017, which is the date the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the year ended December 31, 2016.

In January 2017, the agreed final judgement was formally filed in District Court, although the terms of the mediation agreement between Waterwood Improvement Association, Inc. (WIA), Waterwood Partners (WWP) and Investor Land Services (ILS) was signed by all parties in August 2016. Also, in January 2017, per the terms of the mediation agreement, WIA received title to 164 lots in Park Forest Village and WWP and ILS were not billed for 2016 annual fees.

In addition, the Association began a capital project for park facilities in 2016 which is expected to be completed in June 2017, including a swimming pool, pavilion and playground, which will be available for use by members in good standing.

*Supplementary Information*





**DAVIS, HEINEMANN & COMPANY, P.C.**

*CERTIFIED PUBLIC ACCOUNTANTS*

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**INDEPENDENT AUDITOR'S REPORT ON  
SUPPLEMENTARY INFORMATION**

To the Board of Directors and Property Owners  
Waterwood Improvement Association

The information included in the Schedule of Operating Fund Revenues and Expenses – Budget and Actual for the year ended December 31, 2016 on pages 16-17 is presented only for supplementary analysis purposes. Such information (except for the budget information, which was compiled without audit from information that is the representation of management, on which we did not express an opinion or any other form of assurance) has been subjected to certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

The supplementary information on future major repairs and replacements on page 18 is not a required part of the basic financial statements of WIA but is supplementary information required by the American Institute of Certified Public Accountants. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Sincerely,

*Davis, Heinemann & Co.*

Davis, Heinemann & Company, P.C.  
June 26, 2017

WATERWOOD IMPROVEMENT ASSOCIATION, INC.  
SCHEDULE OF OPERATING FUND REVENUES AND EXPENSES  
BUDGET AND ACTUAL - BUDGETARY BASIS  
For the Year Ended December 31, 2016

	2016		Variance Favorable (Unfavorable)
	<u>Budget</u>	<u>Actual</u>	
<b>REVENUES</b>			
Annual charges	\$ 921,200	\$ 729,779	\$ (191,421)
Interest on delinquent annual charges	150,000	179,696	29,696
Recoveries	25,000	18,801	(6,199)
Investment income	323,000	330,321	7,321
Capital improvement charges	2,000	-	(2,000)
Property transfer fees	2,400	2,500	100
Unrealized gain/(loss) on securities	-	(227,805)	(227,805)
Fireworks donations	4,000	3,180	(820)
Gain/(loss) on sale of assets	-	14,870	14,870
Other income	-	3,166	3,166
Total Revenue	<u>1,427,600</u>	<u>1,054,508</u>	<u>(373,092)</u>
<b>EXPENSES</b>			
Vehicle fuel	5,000	4,944	56
Vehicle repairs and maintenance	4,000	2,192	1,808
Bad debt expense	601,200	448,581	152,619
Fire station repairs and maintenance	700	2,092	(1,392)
Office building repairs & maintenance	1,000	449	551
Business licenses and permits	1,500	1,425	75
Fireworks	5,000	5,221	(221)
Decorations	1,000	469	531
Socials	6,000	3,510	2,490
EMS contract	96,253	96,253	-
Vehicle liability insurance	3,500	1,633	1,867
Employee medical insurance	7,200	5,980	1,220
Security liability insurance	3,700	1,963	1,737
Directors & officers liability insurance	6,000	1,550	4,450
Property and general liability insurance	6,600	1,893	4,707
Workers compensation insurance	4,200	(2,346)	6,546
WVFD insurance	7,300	1,196	6,104
Interest	-	16,514	(16,514)
Landscaping	500	113	387
Grounds maintenance contract	117,000	117,000	-
Miscellaneous	5,000	6,149	(1,149)
Computer equipment and software	1,000	883	117
Dues and subscriptions	600	490	110

WATERWOOD IMPROVEMENT ASSOCIATION, INC.  
SCHEDULE OF OPERATING FUND REVENUES AND EXPENSES  
BUDGET AND ACTUAL - BUDGETARY BASIS - continued  
For the Year Ended December 31, 2016

	2016		Variance
	<u>Budget</u>	<u>Actual</u>	Favorable (Unfavorable)
Janitorial	2,600	1,865	735
Office machines	-	672	(672)
Postage and shipping	4,500	3,959	541
Printing	5,400	6,104	(704)
Supplies	4,000	5,153	(1,153)
Salaries	244,000	234,695	9,305
Auditing/Accounting	10,750	10,750	-
Legal	40,000	50,968	(10,968)
Road repairs and maintenance	100,000	26,781	73,219
Golf course maintenance	-	51,442	(51,442)
Federal income tax	-	-	-
Payroll taxes	19,500	19,000	500
Real estate taxes	10,000	3,058	6,942
Travel and meals	700	773	(73)
Alarm monitoring	400	364	36
Electricity	36,000	33,975	2,025
Garbage pickup	35,000	34,434	566
Telephone and communications	7,000	6,805	195
Water	800	508	292
Waterwood Volunteer Fire Department	7,000	10,609	(3,609)
Lease payments	6,200	-	6,200
Collection expense (including sales tax)	5,000	2,782	2,218
Total Budgeted Expenses	<u>1,423,103</u>	<u>1,222,851</u>	<u>200,252</u>
 EXCESS OF REVENUES/(EXPENSES) OVER MAJOR BUDGETED EXPENSES/REVENUES	 <u>4,497</u>	 <u>(168,343)</u>	 <u>(172,840)</u>
 OTHER BUDGETED EXPENSES			
Depreciation expense	34,000	29,107	4,893
Bond premium/discount amortization	32,000	32,610	(610)
Total Other-Budgeted Expenses	<u>66,000</u>	<u>61,717</u>	<u>4,283</u>
 EXCESS OF REVENUES/(EXPENSES) OVER EXPENSES/REVENUES	 <u>\$ (61,503)</u>	 <u>\$ (230,060)</u>	 <u>\$ (168,557)</u>

WATERWOOD IMPROVEMENT ASSOCIATION, INC.  
SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND  
REPLACEMENTS (COMPILED)  
For the Year Ended December 31, 2016

At some time in the future, major repairs on the road surfaces may be required. The extent of any major repairs or resurfacing will have to be assessed on a case-by-case basis. San Jacinto County is responsible for all subdivision road maintenance as evidenced by an easement granted to the County in 1979. If WIA determines that an additional project is necessary and the County will not fund the necessary work, and additional funds, beyond current operating funds, are required to meet future needs, the Association can borrow money or delay the work until funds are available. The Association would only borrow money in the event that the County will not complete necessary improvements to the roads. The last complete resurfacing of all roads in 1992 cost WIA approximately \$1,500,000.

During 2016, the County partnered with WIA to build a new culvert under the parkway. The total cost was \$84,000, of which WIA paid \$21,000 and the County paid for the remainder with a FEMA grant.