



Woodlands of Livonia Homeowners Association

2017 Annual Meeting

March 28, 2017

ANNUAL REPORT

Prepared in accordance MN Statute 515B.3-106 requirements

MN Statutes now require an Annual Report be prepared by the association and a copy of the report be provided to each unit owner at or prior to the annual meeting. The WOL Board of Directors (BOD) has produced this report and is making it available to all members on the HOA website (www.woodlandsoflivonia.com). The report is to include several minimum requirements that are delineated as follows:

1. A statement of any capital expenditures in excess of two percent of the current budget or \$2,100, whichever is greater, approved by the association for the current fiscal year or succeeding two fiscal years. The Board has adopted a 2017 budget in the amount of \$116,850 an approximate 3.2% decrease from the \$120,665 budget for 2016. Certain budget line items were consolidated for ease in tracking costs; a Facilities Reserve Fund contribution was added to provide funding for future repairs/replacements and a line item was added for the potential replacement of one of the pond fountains. The entire budget document is included as Attachment A.
2. A statement of the association's total replacement reserves, the components of the common interest community for which the reserves are set aside, and the amounts of the reserves, if any, that the board has allocated for the replacement of each of those components.
 - a. There is a Trail Reserve Fund which, as of January 31, 2016 contained \$65,085. There was \$21,115 of work done on the trails in 2015 which was paid for from the fund. Major repairs to the trail system are not anticipated in the near term. The 2016 budget provided for a \$9,500 contribution to the fund in order to replenish some of the funds utilized for the 2015 work.
 - b. A Facilities Reserve Fund was established in 2015 in the amount of \$10,000 to begin accumulating monies for repairs/replacement of HOA facilities such as the covered bridge, pavilions, storage garage, entrance buildings, pond fountains and irrigation system components. As of December 31, 2016 the Facilities Reserve Fund stood at \$14,000 as a result of the initial amount and the 2016 budgeted contribution to the fund.
3. A copy of the statement of revenues and expenses for the association's last fiscal year, and a balance sheet as of the end of said fiscal year.
 - a) A copy of the 2016 Actual Expenses is included as Attachment B which reflects total expenditures of \$84,561.88. When that is compared to the 2016 budget of \$106,665, we ended the year approximately \$22,103 under budget. The biggest contributors to the under budget amount were Legal Fees <\$2,400>; Trails and Commons/Signposts <\$7000>; Mailbox Maintenance <\$2827>; New Fountain

<\$3282>; and Lawn Care <\$4175>. There was only one budget line item that significantly exceeded expectations: Snow Removal +\$2244 resulting from an accrual.

- b) A copy of the 2016 Checking Account, etc. is included as Attachment C. This provides a detailed accounting of the HOA Checking and Money Market accounts and reflects the transfers of monies between the individual accounts. The checking section reflects the January beginning balance of \$50,000.14, includes monthly deposits and expenses (ties to 2016 actual expenses statement) and culminates each month with a monthly balance. The checking account December ending balance was \$51,233.51.

The CD section reflects any potential CD bank deposits. However, there were none in 2016.

- c) A copy of the Balance Sheet as of December 31, 2016 is included as Attachment D. This is generated by the HOA's financial software. You will note that in the Assets section, the checking and money market account balances correspond with the spreadsheet information previously discussed. As for the rest of the document, it is standard balance sheet information.

- 4. There are no pending litigation or judgments to which the association is a party.
- 5. A detailed description of the insurance coverage provided by the association including a statement as to which, if any, of the items referred to in section 515B.3-113, subsection (b), are insured by the association. A summary of the insurance carried by the association is summarized in Attachment E. Section 515B.3-113, subsection (b) pertains to a common interest community that contains units, or structures within units, sharing or having contiguous walls, siding or roofs which are not applicable to our HOA.
- 6. The following is a summary of the Receivables (HOA Dues & Late Fees) as of December 31, 2016:

Six homeowners with late notice fees totaling:	\$137.50
Six homeowners with dues owing totaling:	<u>1650.00</u>
Total Unpaid Receivables (HOA Dues and Late Fees)	\$1787.50

In addition to the above minimum required report items, the following information is being provided.

Board Audit Guidance:

Association bylaws require an audit of association records be completed every two years for the preceding two fiscal years. On the advice certified public accountants, the board made two decisions in 2015:

- A financial review in accordance with Generally Accepted Accounting Principles (GAAP) would be made of HOA accounts in lieu of a formal audit. This review is typical providing a different level of service for homeowners' associations – a compilation service, which entails recapping every transaction for deposits and expenses and allocating to the correct account, preparing a bank reconciliation, and issuing a compilation report, balance sheet and income statement.
- In addition, inasmuch as the costs of an annual audit and an audit every two years of the previous two years would be virtually the same, the Board could direct the Treasurer to have an audit done each year as that is actually providing a more timely level of review than required by the bylaws

In summary, current Board members agreed with the earlier determination that a compilation service as outlined would meet the intent of the HOA Bylaws regarding an audit. Therefore the firm of Johnson, Bruns & Company, certified public accountants was retained to provide compilation services for the 2016 HOA financial activity. The services are currently underway and it is anticipated a report from the firm will be available during the second quarter on 2017.

With respect to where we are now, January 2017 expenses were \$3552 (rounded) exclusive of the trail & facilities fund reserve contributions. The checking account balance as of January 31, 2017 was \$77,960 and the Money Market balance was \$81,534 (both rounded).

Woodlands of Livonia Homeowners Association

Board of Directors

WOODLANDS OF LIVONIA HOA

2017 BUDGET PROJECTIONS

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
SERVICES													
Garbage/recycling collection (ACE)	\$785	\$785	\$785	\$785	\$785	\$785	\$785	\$785	\$800	\$800	\$800	\$800	\$9,480
Electric (Connexus)	\$1,475	\$1,400	\$1,350	\$1,350	\$1,350	\$1,400	\$1,500	\$2,100	\$2,100	\$2,100	\$2,000	\$1,600	\$19,725
Lawn Care					\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$1,325	\$14,000
Snow Removal (IDI)	\$1,325	\$1,325								\$1,325	\$1,325	\$1,325	\$6,625
Gardening					\$3,400	\$2,100	\$2,100	\$2,100	\$3,200	\$725			\$13,625
Street Sweeping					\$3,000								\$3,000
General Maintenance/Pest Control				\$75	\$75	\$75	\$75	\$75	\$75	\$75			\$525
Pond Weed Control Chemicals					\$500	\$500	\$500	\$500					\$2,500
ADMINISTRATION													
HOA Treasurer			\$750			\$750			\$750			\$750	\$3,000
HOA Secretary			\$0		\$0	\$0			\$0			\$0	\$0
Legal	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$2,400
Auditor			\$1,000										\$1,000
Insurance			\$150	\$4,500					\$50				\$4,650
Postage	\$50	\$75	\$50		\$50	\$50			\$50			\$50	\$375
P.O. Box			\$60										\$60
IRS/MIN Taxes		\$100											\$100
Web Site			\$200										\$200
Bank Charges			\$20					\$20					\$200
HOA Events		\$100			\$200	\$200		\$450		\$250			\$1,000
MAINTENANCE & REPAIRS													
Sprinklers & Ponds/Fountains				\$500	\$500	\$350	\$350	\$350	\$350	\$600			\$3,000
Trails & Commons / Signposts			\$200	\$200	\$500	\$500	\$500	\$500					\$2,400
Mailboxes	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$4,800
Miscellaneous		\$100		\$100		\$100		\$100		\$100			\$500
Trail Trimming										\$2,000			\$2,000
Boulevard Trees					\$1,500				\$3,500				\$5,000
SUPPLIES													
Decorations/Gifts		\$650	\$600									\$2,200	\$3,450
Golf Cart/Tractor/Equipment	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25		\$200		\$425
Administrative	\$75	\$75	\$75		\$75	\$75	\$75	\$75	\$75		\$75		\$450
Covered Bridge & Pavilion Painting					\$1,500								\$1,500
CAPITAL PROJECTS													
Trail Repair/Reconst. Reserve	\$2,000			\$2,000			\$2,000			\$2,000			\$8,000
Facilities Reserve Fund	\$750			\$750			\$750			\$750			\$3,000
Fountain													\$0
TOTAL	\$7,085	\$5,160	\$5,645	\$11,105	\$15,860	\$9,435	\$11,260	\$9,605	\$14,025	\$13,325	\$7,000	\$7,345	\$116,850

Attachment "A"

WOODLANDS OF LIVONIA HOA

2016 ACTUAL EXPENSES

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
SERVICES													
Garbage/recycling collection (ACE)	\$710.25	\$710.24	\$710.24	\$710.24	\$710.24	\$786.74	\$763.28	\$763.28	\$763.28	\$782.41	\$763.26	\$763.28	\$8,936.74
Electric (Connexus)	\$1,302.66	\$1,379.15	\$1,338.63	\$1,310.96	\$1,314.48	\$1,331.34	\$1,517.75	\$2,130.47	\$1,485.55	\$1,956.20	\$1,734.54	\$1,621.54	\$18,423.27
Lawn Care					\$1,964.97	\$1,964.97	\$1,964.97	\$1,964.97	\$1,964.97	\$3,700.00		\$2,534.00	\$13,524.85
Snow Removal (IDI)	\$2,534.00	\$1,267.00				\$3,600.00	\$1,900.00	\$1,900.00	\$2,900.00	\$1,267.00	\$1,267.00	\$2,534.00	\$8,869.00
Gardening					\$2,620.00								\$10,300.00
Street Sweeping				\$18.88						\$8.96			\$2,620.00
General Maintenance/Pest Control						\$446.00	\$446.00		\$446.00				\$27.84
Pond Weed Control Chemicals													\$1,784.00
ADMINISTRATION													
HOA Treasurer				\$625.00		\$625.00	\$125.00		\$625.00			\$625.00	\$2,500.00
HOA Secretary				\$125.00						\$125.00		\$125.00	\$500.00
Legal													\$0.00
Auditor			\$100.00	\$4,193.79		\$700.00							\$700.00
Insurance													\$4,293.79
Postage		\$147.00						\$141.00					\$288.00
P.O. Box			\$50.00										\$50.00
IRS/MIN Taxes			\$8.00										\$8.00
Web Site													\$0.00
Bank Charges					\$26.05								\$26.05
HOA Events	\$50.00							\$405.12					\$455.12
MAINTENANCE & REPAIRS													
Sprinklers & Ponds/Fountains					\$838.98	\$160.00	\$629.25	\$250.00			\$493.00		\$2,371.23
Trails & Commons / Signposts													\$0.00
Mailboxes			\$200.00		\$717.66	\$377.50			\$1,090.29			\$787.50	\$3,172.95
Miscellaneous													\$0.00
SUPPLIES													
Decorations/Gifts				\$753.41						\$535.99	\$2,362.34		\$3,651.74
Golf Cart/Tractor/Equipment							\$31.15	\$14.35					\$45.50
Administrative	\$10.70	\$90.12		\$30.73		\$64.11		\$15.99				\$84.15	\$295.80
CAPITAL PROJECTS													
New Fountain												\$1,718.00	\$1,718.00
SUBTOTAL	\$4,607.61	\$3,593.51	\$2,406.87	\$7,768.01	\$8,192.38	\$10,055.66	\$7,377.40	\$7,444.18	\$9,416.09	\$8,821.56	\$6,620.14	\$8,258.47	\$84,561.88
Trail Repair/Reconstruction Reserve	\$2,500.00			\$2,500.00			\$2,500.00			\$2,500.00			\$10,000.00
Facilities Reserve	\$1,000.00			\$1,000.00			\$1,000.00			\$1,000.00			\$4,000.00
TOTAL	\$8,107.61	\$3,593.51	\$2,406.87	\$11,268.01	\$8,192.38	\$10,055.66	\$10,877.40	\$7,444.18	\$9,416.09	\$12,321.56	\$6,620.14	\$8,258.47	\$98,561.88

Attachment "B"

Woodlands of Livonia
W.O.L. Homeowners Association
PO Box 16
Zimmerman, MN 55398

Balance Sheet

As of December 2016

Attachment D

Assets			
Current Assets			
Cash On Hand			
Checking Account (Elk River)	\$51,233.51		
Total Cash On Hand		\$51,233.51	
Savings Funds			
Money Market (Elk River)	\$81,523.43		
Total Savings Funds		\$81,523.43	
Accounts Receivable		\$16,972.50	
Total Current Assets			\$149,729.44
Other Assets			
Prepaid Expense		\$1,267.00	
Total Other Assets			\$1,267.00
Property & Equipment			
Garage			
Garage Original Cost	\$5,024.32		
Garage Accum Deprec	(\$4,689.30)		
Total Garage		\$335.02	
Equipment			
Equipment Original Cost	\$10,907.64		
Equipment Accum Deprec	(\$10,314.79)		
Total Equipment		\$592.85	
Land & Improvements		\$19,900.00	
Land Improvements-2006		\$12,000.00	
Land Improv.-Accum Deprec.		(\$8,000.00)	
Total Property & Equipment			\$24,827.87
Total Assets			<u>\$175,824.31</u>
Liabilities			
Current Liabilities			
Accounts Payable		\$6,488.55	
Deferred Revenue		\$16,500.00	
Total Current Liabilities			\$22,988.55
Total Liabilities			\$22,988.55
Equity			
Member's Equity			
Member's Investment	\$23,497.76		
Total Member's Equity		\$23,497.76	
Retained Earnings		\$92,359.42	
Current Year Earnings		\$25,790.70	
Historical Balancing		\$11,187.88	
Total Equity			\$152,835.76
Total Liability & Equity			<u>\$175,824.31</u>

WOODLANDS OF LIVONIA HOMEOWNERS ASSOCIATION INSURANCE COVERAGE SUMMARY

The Association has two separate annual insurance policies/carriers:

1. A \$5,000 MN Dishonesty B Homeowners Association Exclusion Rider through CNA Surety covering HOA Officers.
2. Commercial Property and Commercial General Liability coverage through Auto-Owners Insurance Company for HOA common areas and facilities.

The Property/facilities covered and the limits of insurance for each is as follows.

Building 001 – Pavilion	\$15,000
Building 002 – Cty. Rd. 4 Entrance Bldg.	\$10,000
Building 003 – Covered Bridge	\$30,000
Building 004 – Storage Garage	\$8,100
Building 005 – 5 th Addn. Gazebo	\$25,000
Building 006 – Monument Sign on 270 th	\$15,000
Building 007 – Cty. Rd. 1 Entrance Bldg.	\$10,000

There is a \$1,000 deductible on the Property/facilities coverage.

The General Liability limits of insurance coverage is as follows.

General Aggregate (other than completed operations)	\$2,000,000
Products-Completed Operations Aggregate	\$2,000,000
Personal Injury & Advertising Injury	\$1,000,000
Each Occurrence	\$1,000,000
Damage to Premises Rented to You (Fire Damage)	\$50,000 (Any One Premises)
Medical Payments	\$5,000 (Any One Person)
Assn Directors/Officers Errors & Omissions - Agg.	\$1,000,000
Assn Directors/Officers Errors & Omissions - Occ.	\$1,000,000

Twice the "General Aggregate Limit" shown above is provided at no additional charge for each 12 month period in accordance with form 55300.

ATTACHMENT E