The Landings Association is a non-profit corporation formed to promote the health, safety, and welfare of the residents of The Landings on Skidaway Island. Every person or entity who is an owner of record in any lot or living unit which is subject to the covenants of record is a member of the corporation (Association).

1996 BOARD OF DIRECTORS, OFFICERS AND GENERAL COUNSEL

Drake Wilson, President
Jack Martín, Vice President
Jack Nichols, Vice President
Dave Dawson, Treasurer
Tommy Hunter
Deborah Neely
Martin Otto
David Saylor
Don Zumer
Thomas J. Mahoney, Jr., General Counsel
Robert G. Mahnke, General Manager, COO
Priscilla Powell, Secretary

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Many organizations have their highs and lows, and The Landings Association is no different. From my prospective, this past year started badly with the defeat of the second attempt to pass a new assessment rate, and got even worse with the departure of our General Manager Paul Sousa.

However, one of the great satisfactions has been the willingness of qualified individuals to volunteer, or to accept assignments when asked. I would start with Dave Dawson, who will soon replace me as your new President, and who accepted my request that he serve as Treasurer and Chair of the Finance Committee. We should all be grateful to Dave for all of his work in getting the new assessment worked out and passed. And I need to call out Jack Martin, who agreed not only to serve as Vice President but also to chair the Vision effort. I believe this effort had no small part in defining where we wanted to go, and helped to get the assessment passed. Jack Nichols agreed to serve as Vice President and subsequently to head the Search Committee looking for our new general manager. The quality of his work is apparent to most of us already.

As many of you have heard me say before, the Association's committees do much of the planning and study we need to keep this place running the way it should. This year two committee chairmen are retiring, Jim Meadors of the Personnel, Benefits and Compensation Committee, and Gene Hinson of the Public Affairs and Tax Committee. They both deserve our thanks. Perhaps the effort of greatest long-term impact upon the individual Landings resident is that of our National Marketing Committee. Bill Seaman and Herb McKenzie have worked diligently all year long, and that effort has come a long way. You will be hearing about the recommended solution in a Town Meeting shortly.

In order to get the best talent available to explain our proposed Covenants and Restrictions revisions, I reached back to former Board member Sandra Smith, who accepted my request and in my view did a magnificent job explaining what we needed and why. The quality of her work is apparent from the size of the majorities voting for the issues presented, none less than 87% approving.

I need to take this opportunity to compliment Lindsay Crump, who just finished his year as President of The Landings Club, and with whom I have had the pleasure of working all year long. To Lindsay goes much of the credit for establishing the Community Coordination Council, and he served as its Chairman for four months. Lindsay also worked closely with the Association as we addressed our problems with the State of Georgia over the use of Floridan Aquifer water. We believe that problem is getting close to a satisfactory solution.

The staff of the Association is the best I have ever known; dedicated, cheerful, and competent. They do a lot more than simply put in their hours, and deserve your support and appreciation.

Three Board members and one Association officer are retiring this year. Martin Otto is a personnel expert, and has been very helpful heading nominating committees and serving on the Search Committee. Tommy Hunter has effectively represented the younger member viewpoint, and has been helpful on legal issues as well. Debi Neely has served on the Board for three years, and has never missed a scheduled Board meeting. She even interrupted her vacation to fly back for one meeting. I do not always agree with Debi, but it is impossible not to respect her dedication. And Perky Powell, who served as our elected Secretary this past year, has been diligent and precise in carrying out her duties. The fact that she has now moved to the Yacht Club has raised some eyebrows, but I assure you it is totally innocent! Please accept my sincere appreciation.

To return to my main theme, I must have asked at least one hundred people to do volunteer work for the Association. Some of the jobs, such as counting votes or telephoning people to get out the vote, may not have been as exciting as some of the ones I have already mentioned, but they were essential. I find it remarkable that only one person turned me down all year long. Without all of this support, where would we be? Thank you all very much.
As your new General Manager, one of my most important responsibilities is to prepare an annual report summarizing the past year’s activities from the staff prospective, and to provide insight and direction for the coming year. I am sure most members would agree 1996 was a very dynamic year for The Landings with many challenges requiring the Board, membership and staff to work together in a cooperative effort. The year certainly had its ups and downs but ended on a high note with the adoption of the 1997-1999 Financial Plan with substantial membership support.

I joined The Landings team in late August and as a result have only four months of direct experience. Information concerning the activities for the balance of the year was obtained from members of management who were here for the entire year.

Early in the year, the Finance Department spent considerable time assisting the Board in developing a revised three year financial plan for the Association and later taking it to the membership for a vote. After this plan failed, staff made the necessary changes to the expenditure portion of the 1996 budget to keep within the previous year’s revenue projections. This required substantial reductions in many of the departments, particularly in Maintenance, and represented a low point in the year. However, in November, after months of work by the Board, Finance Committee and staff, a financial plan was approved by the membership thus ending the year on a positive note. The maintenance to which members have become accustomed. The department eliminated detailing the lagoon shorelines, the bedded areas in the road islands and along the shoulders. In addition, the road resurfacing program was reduced by $100,000. On the positive side, a second Johnston sweeper was added, employee turnover was substantially reduced, two of the large Landings signs received major repairs and the high quality of maintenance was maintained throughout the year. It is important to note the department cuts made as a result of the budget difficulties were reinstated in the 1997 program.

Other Finance Department accomplishments this year included leading the search for a new lead bank, coordinating along with the Personnel Department the transfer and restatement of the Money Purchase Pension Plan, completing a major upgrade of computer equipment and software, and establishing an Association homepage on the Internet.

The Maintenance and Development Department faced severe budget cutbacks in 1996 as a result of the budget failure early in the year. The reductions were carefully selected so as not to reduce the basic level of maintenance to which members have become accustomed. The department eliminated detailing the lagoon shorelines, the bedded areas in the road islands and along the shoulders. In addition, the road resurfacing program was reduced by $100,000. On the positive side, a second Johnston sweeper was added, employee turnover was substantially reduced, two of the large Landings signs received major repairs and the high quality of maintenance was maintained throughout the year. It is important to note the department cuts made as a result of the budget difficulties were reinstated in the 1997 program.

To meet the increasing demand of members for improved communications, the Communications Department was expanded with the addition of a part-time production assistant. The department continued to produce The Landings Journal, The Annual Report, voting packages and any other communications intended for distribution to the membership. In addition, this department directed the organization of three Town Meetings during the last four months of the year giving residents the opportunity to hear presentations and ask questions about issues which were before the community. Finally, this department in conjunction with The Landings Club assisted in renegotiating the US Cable lease agreement for the operation of channel 2 which should provide tighter management and control of the information appearing on the channel. The goal is that the channel will become a reliable source of up-to-date information for Association members.

Our Security Department continues to evolve into a smaller, more efficient operation in recognition of fiscal concerns. Gate automation is becoming a reality with the success of our original pilot project at the Oakridge entrance. Towards the end of the year, the Oakridge gate became fully automated following installation of the bar code scanning equipment and computerized gate, and after a successful trial period of the system. Now, the gate is unmanned and accessible only to residents using a bar
Computer technology is also being used for our guest registration system in an effort to make it more responsive to our needs. These changes have increased our ability to issue guest passes. In December, over 6,800 guest passes were issued, and on November 27th, our busiest day, some 469 individual passes were issued. Traffic in general has grown as well. In 1996, a one-day count of vehicles entering our gates was 9,056 compared to a one-day count in 1995 of 7,919.

The total number of security activity reports for 1996 is 3,780, an increase of 374 over 1995. Increases came in the reports covering alarms, community service calls, safety hazards, and other vehicle-related events. It should be noted, incidences of vandalism decreased from 229 in 1995 to 217 in 1996. Burglary and theft totals for 1996 show 68 reports, compared to 67 for the previous year. Traffic accidents totaled 71, an increase of 12 over the previous year.

New home construction at The Landings declined minimally from 144 completed homes in 1995 to 134 for 1996. New home applications declined from 241 in 1995 to 134 in 1996. The majority of the decline can be attributed to an overbuilt market of approximately 54 speculative homes available in 1996. Additions averaged approximately 5 per month for 1996.

The Architectural Department staff and Committee spent considerable time during the year drafting revisions to the Architectural Guidelines and Review Procedures which will go to the Board in early 1997. Efforts are on-going by the committee, Board and staff to resolve the storage problem associated with the need to keep the architectural plans on file. Solutions are being explored which include electronic storage of these and other Association file documents, that would provide both a working file and a security file, as well as eliminate the need for physical storage space.

The Core Area has experienced several personnel changes throughout the year and has undergone some physical changes in the office area itself, designed to more effectively utilize the available space. In 1996, the staff distributed over 1,000 bar code decals to residents, administered the yearly residential decal distribution and sold 4,049 commercial decals. In addition, the staff has taken a lead role in our office-wide effort to become more people friendly and service oriented.

The Personnel Department successfully implemented several employee benefit changes that have boosted employee morale as well as controlled costs for the company. A managed health care program was adopted to offset the rising expenses of employee medical insurance. Our pension plan program has been converted to an employee-managed investment program, 401A, in which employees have assumed the responsibility of investing their retirement benefits, reducing company liability. In addition, a zero tolerance provision has been incorporated into our Drug-Free Workplace Program in an effort to control expenses.

Results from a confidential employee survey show employee morale is high. The Personnel Department will continue their efforts towards maintaining legal and fair employment practices, controlling costs, and striving to keep employee morale at such a high level.

My experience with the Board and the various committees has given me an opportunity to see how hard everyone works and how dedicated everyone is to the success of The Landings. The strength of any association is dependent upon the willingness of its members to get involved and take an active role in the decision-making process. At The Landings, we are blessed with very talented members who willingly give of their time and expertise to help whenever called upon to do so. I can't express enough how important this is to our overall success.

We also have a great staff made up of qualified individuals who take pride in their work and go out of their way to do things properly. It has been my pleasure to be associated with this group of dedicated professionals. I would like to thank each and every one for their support and assistance this year.

Looking ahead, I believe the Association and the community are in great shape, in control of their destiny and positioned to handle any challenges the future may present. Yes, I am very optimistic about the future and am looking forward to 1997 as I continue to become better acquainted with The Landings community.
The following is to summarize the progress made in recent months by the National Marketing Committee and to make you aware of the important next steps the committee will be taking. As these steps include both a second Town Meeting and a forthcoming vote on this important issue, we need and encourage your involvement and participation as residents of our community.

As you know, over the past few years The Branigar Organization has phased out of operating or sold much of the infrastructure and amenities of The Landings to the residents as their ownership of property decreased.

In 1996, one of the final steps of transition was announced by Branigar when they revealed they will discontinue marketing and advertising expenditures at the end of 1997.

This move comes as no surprise as Branigar had notified the Association of their intent to do so when company-owned lots approached a sell out.

The current National Marketing Committee, armed with all past financial and managerial information from a very cooperative Branigar and with information from prior Future Marketing Committees, has aggressively moved forward to inform all residents of the situation that lies ahead. The various options that are available in the future have been presented. Research has continued toward seeking a plan which will provide appropriate visibility of The Landings and attract future residents, thus protecting or improving property values.

During the latter half of 1996, a Town Meeting was held to present, in detail, the advertising and marketing background and the challenges that lie ahead. Videotape of the meeting was run and rerun on the Skidaway Island cable system and a written report was sent to all property owners in November.

A second Town Meeting will be held during the second quarter of 1997 to present further findings of the committee and to make a recommendation in regard to the funding, marketing, and on-site real estate structure of The Landings after 1997.

Following the ensuing Town Meeting, and after informing all residents of the details of the presentation, a vote will be held to seek approval of the recommendations. As funding will be involved, a vote of all property owners is required to establish a future national advertising and marketing plan.

### Committee Members

- Bill Seaman, Co-Chair
- Herb McKenzie, Co-Chair
- Richard Burke
- Bob Conklin
- Lindsay Crump
- Dave Dawson
- Mary Jane DelMastro
- Jim Emery
- Melissa Emery
- Kevin Fox
- Bob Laramy
- Shirley Malone
- Herm Methfessel
- John Oldfield, Esq.
- Drake Wilson
- Dave Saylor, Board Contact
- Robert Mahnke, Dept. Contact
For a period of several weeks during the second and third quarters of 1996, the Vision Committee working with input from TLA members developed Vision and Mission Statements as well as an Association Pledge for the community.

In performing this work, organized input was provided by both The Landings Club and The Landings Yacht Club relating to the vision and mission portions of this document making these two statements uniform for each of the major organizations in the community.

**Vision Statement**

The Landings will be a premier, private, secure and environmentally responsible community providing outstanding recreational and social opportunities for all current and future property owners and residents, and is committed to producing a coordinated communitywide strategic focus for The Landings Club, The Landings Association and The Landings Yacht Club.

**Mission Statement**

The mission of The Landings community is to enhance the value of present and future property owner investments in real estate and recreational facilities by providing a high quality setting in which to live and play.

However, The Landings Association Pledge is specific for the Association and the services it provides.

**TLA Pledge**

We are responsible to our residents, property owners, employees and the community at large of which we are a part.

- For our residents, we will work to provide the desired services based on the will of the majority while always trying to reduce our costs.

- For our property owners, we will strive to enhance their investments by innovative marketing, by maintaining all common properties at the highest level consistent with sound business practices, and by enhancing the aesthetics of the community using effective architectural and covenant compliance practices.

- For the greater Savannah area, we will be good citizens seeking to enhance the quality of life through supportive government representation, volunteer service and the energies and good will of our residents.

During 1997, additional work will be done to develop goals, objectives, and strategies to support the above-described statements.

**Committee Members**

Jack Martin, CHAIR
Hazel Brown
Dave Dawson
Tommy Hunter
Jim Meadors
Jack Martin, BOARD CONTACT
Robert Mahnke, DEPT. CONTACT

- For our employees, we will provide a safe workplace, and fair and dignified treatment with equal opportunity at every level. We will seek talented management with the highest standards of honesty and fairness.
The Architectural Committee was reorganized as a standing committee reporting directly to the Board of Directors. Committee members were appointed to represent and act as advocates for their particular area. They are:

Phase I - Marshwood, Charles Stewart
Phase II - Plantation, Tom Lowe;
    Midpoint, Bill Schmitt
Phase III - Oakridge, Don Boudinot
Phase IV - Deer Creek, Ben Brian

Each advocate will serve a maximum of three years, rotating completion of terms for continuity. This arrangement is working well. Area representatives give us a particular point of view as it relates to their immediate community and can communicate to the committee their neighbors' concerns regarding architectural issues.

In addition to formulating policy, all committee members participate in all of the monthly architecture review sessions.

In 1996, a new fee schedule was adopted by the committee. Revised Architectural Guidelines and Review Procedures with a revised Building Construction Agreement were formulated and await final approval. An updated Tips for New Construction is also being produced by members of the committee.

The Architectural Committee is steadfast in their commitment to fairly and equitably preserve and maintain the high standards of The Landings set by the Covenants and Restrictions as they relate to architecture.

### Committee Members

Jean Meeker, CHAIR  
Don Boudinot  
Ben Brian  
Tom Lowe  
Bill Schmitt  
Charles Stewart  
Martin Otto, BOARD CONTACT  
Jerry Wessinger, EX OFFICIO

### 1996 Architectural Committee Reviews

<table>
<thead>
<tr>
<th>New Reviews</th>
<th>Resubmitted Reviews</th>
<th>Alteration Reviews</th>
<th>Total All Reviews</th>
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<td>134</td>
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<td>27</td>
<td>216</td>
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### 1996 Lot Status and Construction Report

<table>
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<tr>
<th>Phase</th>
<th>Total Lots</th>
<th>Lots Sold</th>
<th>Remaining Lots</th>
<th>Homes Under Construction</th>
<th>Completed Homes</th>
<th>Present* Est. Population</th>
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<tbody>
<tr>
<td>Marshwood</td>
<td>1,554</td>
<td>1,549</td>
<td>5</td>
<td>16</td>
<td>1,362</td>
<td>2,928</td>
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<td>Plantation</td>
<td>1,495</td>
<td>1,460</td>
<td>35</td>
<td>55</td>
<td>1,058</td>
<td>2,275</td>
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<td>Midpoint</td>
<td>248</td>
<td>236</td>
<td>12</td>
<td>13</td>
<td>122</td>
<td>262</td>
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<tr>
<td>Oakridge</td>
<td>623</td>
<td>615</td>
<td>8</td>
<td>51</td>
<td>327</td>
<td>703</td>
</tr>
<tr>
<td>Deer Creek</td>
<td>327</td>
<td>249</td>
<td>33</td>
<td>43</td>
<td>327</td>
<td>185</td>
</tr>
<tr>
<td>TOTALS</td>
<td>4,247</td>
<td>4,154</td>
<td>93</td>
<td>178</td>
<td>2,955</td>
<td>6,353</td>
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</tbody>
</table>

*Population based on 2.15 persons per home
The 1996 Community Planning Committee began work in March by developing a set of priorities which we felt must be market driven—responsive to the wants and needs of the property owners, anticipatory, issue based and actionable, looking out 10-20 years, when possible. We looked at the issues facing The Landings, some that should be worked by us, and others which were the responsibility of other committees or entities that we should possibly monitor. The following issues were selected: athletic fields, community center, other amenities; communications; continuing care services and facilities; incorporation and community governance; land use and preservation; national marketing of The Landings; present and future costs of living here (assessment, taxes, fees, etc.); public services (fire, transportation, utilities, etc.); and relationships with TLA and other entities.

Members volunteered to develop an understanding of each issue, do the necessary research and legwork between committee meetings, lead discussions at committee meetings, and document and communicate results and recommendations.

During the year we worked on each of these issues, but community interest and the needs of TLA Board focused the committee on the following:

**Athletic Fields** - The committee sponsored several Sunday afternoon community meetings for owners interested in the improvement and expansion of existing youth athletic fields. These meetings were used to determine needs, priorities, costs, and funding alternatives. Dialog continues between the committee and those keenly interested, looking towards a plan early in 1997.

**Public Service** - An early planning meeting with the Chatham County--Savannah Metropolitan Planning Commission concerning Skidaway Island led to the writing and publishing of a summary of the Chatham County highway plans in The Landings Journal.

**Continuing Care Facilities** - The committee designed a study to examine the potential establishment of a program providing continuing health care services and facilities. Earlier studies of this issue had not been acted upon, because of the perception of an insufficient market at The Landings. However, polls had indicated considerable interest. We concluded that a new market study to determine needs, interest, and willingness to pay for all types of in-home health care, assisted living, and nursing facilities was necessary to evaluate the market, and to attract a qualified operator.

We developed a research plan and survey and asked for TLA sponsorship, which was declined. The Board of Directors suggested the committee seek a proposal from a quality continuing care developer. The committee has been working with other island groups pursuing the interest and will continue to press the issue.

**Relationships with The Landings Club and other entities** - The committee studied and found appropriate the use of TLA land by The Landings Club for a facility on a site adjacent to TLA’s administration building. Higher costs associated with this site led the Club to decide to build elsewhere. Later, Community Planning was asked to study the proposed dedication of several Branigar roads and common areas adjacent to The Village. These two studies convinced the committee of the need for a comprehensive land use plan which we recommended to the TLA Board.

**Land Use and Preservation** - In cooperation with The Landings Club, The Landings Yacht Club, Branigar, and the Public Works Committee, an inventory is being developed of all open lands (except lots and roads). This study will document the island’s population growth trends and develop future forecasts. This information will be captured in a computer database which can be used by all island entities for consistent short and long term planning.

At our last meeting of 1996, the Community Planning Committee revisited the issues list and concluded it was still the appropriate list for 1997 work. Planning is never done. We welcome community input on issues and participation in our open meetings which are held at 9:30 a.m. on the second Monday of each month at TLA office.
As a means of maintaining the beauty and quality of The Landings property and lifestyle, the Covenant Compliance Committee enforces the General Declaration of Covenants and Restrictions and various regulations and policies promulgated by the Board of Directors.

Each committee member (captain) is assigned an area that he or she monitors for violations to the restrictions. Most complaints are received at TLA office either by phone or by letter. They are recorded and transmitted to the area captains who investigate them and notify the property owner or renter in accordance with a well-defined procedure. Problems which remain unresolved after reminders are referred to the general manager for action. Only one case required his attention this past year.

In 1996, the committee handled over 140 complaints broken down as follows:

- Unkempt yards: 60
- Animals: 26
- Home Occupations: 4
- Dry Trash: 16
- Boat/Trailer/Recreational Vehicles: 27
- plus a few miscellaneous items.

Guidelines for a Property Appearance Standard were approved by The Landings Board of Directors in 1964. There were 35 complaints in 1995 and 60 in 1996 which would indicate that an effort must be made by some residents to keep up their property in order to maintain property values at The Landings.

The second largest group of complaints dealt with unauthorized vehicles on property as well as roaming and noisy pets. Placement of dry trash at curb side for several days before pickup day remains a matter of concern as it detracts from the beauty of the island and affects property values as well.

The members of this committee worked conscientiously on many frustrating issues in 1996 and should be commended for their efforts. Reasonableness and consistency is the committee's basic philosophy.

The office staff who handles all these complaints with efficiency and with a smile deserves our admiration.
The Personnel, Benefits and Compensation Committee researches, evaluates, advises and makes recommendations to the Board of Directors which affect TLA's personnel, benefits, and compensation policies, and address other human resources issues.

Proposals are initiated by the Board, management, or the committee; all projects, however initiated, must be approved or disapproved by the Board after consideration and evaluation by the committee. The committee draws on the combined experiences of committee members and their contacts with former employers, clients, and other residents in these endeavors.

Staff turnover improved significantly during 1996—roughly a 50% reduction under 1995. Compensation program adjustments and motivational programs commenced in recent years appear to be producing the results for which they were designed. Such efforts take time to "bear fruit" and become successful. While there were other contributing factors, this is significant progress in light of the tightening Savannah labor market.

During the early part of the year, the committee spent a great deal of time researching steps which could be taken to offset the huge increase in our medical insurance plan premium proposed by our carrier. The increase was the result of general medical cost escalation and, for the first time, our high claim experience because of major, high-cost illnesses. The fact that this is a small group makes TLA particularly vulnerable when experience variances become sizable. With the Board's approval of the committee's recommendation, a managed-care type of coverage was contracted with a different carrier. The new plan contains changes beneficial to both the employees and the Association. The plan's cost-containment features will help the Association operate the plan within budget.

In August, the Board approved the committee's recommendation to discontinue our relationship with our consulting actuary and move the TLA Money Purchase Pension Plan to a plan negotiated with a major insurance company. The new carrier will provide most administrative services required by the plan at less cost than under the old arrangement. The revised plan provides for self-directed employee investment accounts. Employees can choose from a variety of mutual funds to best meet their individual retirement objectives. The Association is relieved of the investment decision responsibility and virtually all of the liability associated with that responsibility. The changes were implemented on September 1. The plan contains a provision for additional changes at an appropriate time in the future after evaluation and approval. Here again, the changes made are mutually beneficial to employees and the Association.

The annual compensation study was conducted during September and October. The study utilized data drawn from seven surveys of current compensation and projected pay movement in the labor markets from which we draw new employees, primarily Chatham County. Pay structures for 1997 were adjusted accordingly.

We would like to remind residents that TLA employees repeatedly demonstrate their dedication to making The Landings an outstanding, wonderful place to live. This past year was a difficult year for employees (changes in management, assessment uncertainties, etc.), but they continued to work very hard trying to please those of us who have the good fortune to live here. Your expressed recognition of their contributions will demonstrate appreciation for their efforts and help them realize their importance to the success of this community—and you will feel better, too!

Committee Members

Jim Meadors, CHAIR
Bill Abele
Hap Davis
John MacDougall
Hugh Marx
Jack Nichols, BOARD CONTACT
Vickie Carr, DEPT. CONTACT
Members of the Public Affairs and Tax Committee maintain regular contact with elected and appointed officials who represent and govern Chatham County. The committee selectively monitors political and tax matters which may impact The Landings Association and homeowners, and, as appropriate, provides information and recommendations to the Association management.

In 1996, members of the committee on a rotating basis attended most of the Chatham County Commissioner meetings held twice monthly, regularly discussing current affairs with the District 4 County Commissioner. Each member of the committee contributed his time and effort by participating in the general affairs of the committee. In addition, each managed one or more designated projects, partially listed here:

Dick Hess: rewriting, updating TLA tax advisory and appeals process documents, available in TLA library;

Mack Robinson: County Tax Assessor procedures and TLA property tax assessments and records availability;

Walt Culin: Skidaway Island property development outside The Landings; Floridan Aquifer information;

Ned Smith: roads and bridges in/out of The Landings; Truman parkway extension; Intracoastal high bridge;

Ethan Allen: the special study “The Fiscal Impact of The Landings on Chatham County and Savannah”; and

Gene Hinson: contacts with and introduction to elected and appointed officials; public transportation matters.

To cover matters of particular interest and expand our contacts, the committee began a program of bringing in speakers to address the committee and Board. Gary Udinsky, Chief Tax Assessor of Chatham County, spoke on the policies and procedures of his department. Herb Windom, Director of the Skidaway Island Oceanographic Institute of the University of Georgia, addressed the group on the development of 400 acres of university property on Skidaway Island.

Following the November election, a meeting was arranged with TLA Board and the newly elected Chairman of the Chatham County Commissioners and the District 4 County Commissioner.

In several instances, specific recommendations were made to Board management to forward TLA position statements to elected officials. Committee members also were instrumental in getting certain TLA property tax appraisals rolled back and succeeded in having other properties added to the non-taxable Common Property category.

Committee Members

Gene Hinson, CHAIR
Dick Hess, SECRETARY
Ethan Allen
Walt Culin
Mack Robinson
Ned Smith
George Conner, PART YEAR
Ed Duffie, PART YEAR
Jack Nichols, BOARD CONTACT
Robert Mahnke, DEPT. CONTACT
Public Safety Committee

This past year our computerized guest pass system, manned by volunteers five days a week, was improved to allow faster, more accurate issuing of guest passes. Our thanks goes to Gordon Gilkey, Coordinator of Volunteers, and to Arla DaCamara with Ron Markey who acquainted new and old volunteers with the computerized method of issuing guest passes.

Because of the in-depth research of Kirk Barefoot and Chief Scobee, we were able to present to the Board of Directors and gain their approval for our pilot automatic gate installation at Oakridge.

In October, we began to operate the bar code automatic entry system at Oakridge. For a period of ten days in early October, committee members and resident volunteers applied the bar code decals to resident vehicles as they came through the gate.

The security officer for the Oakridge entrance remained on 12-hour duty through December 31, while the automatic gate operated for vehicles with a bar code decal on a 24-hour basis. This trial period proved successful so the original plan was implemented with full automation 24 hours a day, 7 days a week, with no Security Officer on duty at the Oakridge Gate. There have been over 1000 bar code decals issued to residents and about 100 issued to TLA and TLC vehicles. Our records show that on an average day about 800 vehicles are entering through the automatic gate. In addition, the prior installation of a reverse barrier at Oakridge has eliminated unauthorized entry through the exit side.

As yet we have not come to a final decision on which gate will be next for automatic entry. The Committee and staff are being very thorough in their research so the recommendation to the Board will be the right one.

In closing, the Public Safety Committee has been very active this past year and the committee members have contributed a great deal to our accomplishments. The guidance, support and involvement of Chief Scobee and our new general manager, Bob Mahnke, have been most appreciated and very encouraging as we address our activities.

Committee Members

Paul Stuhlreyer, Chairman
Kirk Barefoot
Dick Buchner
Gordon Gilkey
Ed Masa
George Menzel
Carlton Sheets
Clyde Smith
Dave Saylor, Board Contact
Charles Scobee, Dept. Contact
The following three principles guide the efforts of the Public Works Committee: maintain the structural integrity of the common properties to their current high standards; maintain the visual appearance of the common properties to their current high standards; and do the above at a cost that is acceptable to the majority of the community.

The standards that are used by the Maintenance and Development Department to perform the work are described in detail in 42 Concept Statements. As an example, the Concept Statement for the entrances states: “Mow once per week year round, edge as required, fertilize three times per year, overseed once per year, weed control as needed”. These Concept Statements developed by the Maintenance Department and the Public Works Committee were thoroughly reviewed in 1996.

However, when the proposed assessment for 1996-1998 failed, the Maintenance Department’s budget had to be reduced. After a thorough committee review, the 1996 budget was decreased sufficiently so “we could live within our means” by reducing capital expenditures, road resurfacing, and detail landscaping for the year. The committee’s goal was to obtain the desired budget reduction without compromising the long-term integrity of The Landings. The committee worked with the department to again review the concept standards for inclusion in the 1997 - 1999 Financial Plan subsequently passed by the community returning maintenance levels to previous standards.

The Public Works Committee also monitors storm preparedness activity of the Maintenance Department. The prime storm season for The Landings occurs during the months of July, August, September, and October. The department clears, inspects, and repairs the components of the storm drainage system during the first half of the year so the system will be ready to handle the storm season.

When a hurricane approaches Skidaway Island, the Maintenance Department begins lowering the lagoons to provide additional flood protection. Flood-vulnerable items are removed from the main maintenance building and stored at a higher elevation. Vital maintenance vehicles are driven to safer areas in western Chatham County. An Association trailer with key records, computers, office equipment, and a portable electrical generator is hitched to the Maintenance Manager’s truck and taken off the island until the storm is over.

Hurricanes Bertha and Fran gave the Maintenance Department two opportunities to perform these procedures during 1996. The Committee reviewed both the preparations and the storm activities and felt the department had performed in an outstanding manner during both weather emergencies.

In addition to guiding the Maintenance and Development Department in their management of the common properties, the Public Works Committee is involved in various other projects.

Early in the year, the recreational vehicle parking lot off McWhorter Road was nearing capacity. The committee developed estimates for future requirements and prepared a staged development plan for expansion. However, since the number of vehicles in the lot has decreased, there is currently no need for immediate expansion. The plan for the lot will be incorporated in the Land Use Plan for The Landings.

The State of Georgia is currently reviewing the withdrawal of water from the upper Floridan Aquifer. To be prepared for any future restrictions on irrigation, The Landings Association and The Landings Club engaged an engineering firm in 1996 to perform a sprayfield elimination study. If technical and environmental feasibility is established, the study would lead to a permit from the state in 1997 to modify the existing sewage plant and eliminate the need for the sprayfields. In addition to reducing the amount of water withdrawn for irrigation, 270 acres of land would become available for recreational use. By prior agreement, the Association and the Club would each receive title to approximately 135 acres.

Committee Members

Walt Anderson, CHAIR
Betty Jacobson, LANDSCAPING
Serge Poyo, EQUIPMENT
Bill Walker, LAGOONS
Dick Watters, BUDGET & UTILITIES
Jack Lane, TLC LIASON
Jack Martin, BOARD CONTACT
Joe Vail, DEPT. CONTACT
Financial Reports

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24 Supplementary Information on Major Repairs and Replacements

Audit Committee

The Audit Committee retained Lazard, Curlee & Company, L.L.P., as our auditors for 1996. Their retention was based upon experience, qualifications, fees and familiarity with our account.

In August, the committee met with the auditors to discuss the timing and review the scope of their examination.

Following their examination of the Association’s financial statements, the auditors presented their report to the committee. The committee accepted the report, which expresses an unqualified opinion on the statements. They further reported no internal control deficiencies requiring disclosure to the committee. The report appears on page 16 of this annual report.

Committee Members

Tommy Hunter, CHAIR
Dave Dawson
Deborah Neely
Don Zumer
Deborah Friend Neal, DEPT. CONTACT
Finance Committee & Treasurer’s Report

The audited financial statements of the Association, together with the unqualified opinion of Lazard, Curlee and Co., L.L.P., Certified Public Accountants, are presented in the following pages.

The $625 assessment rate first approved in 1992 was continued in 1996 since proposals to increase it were not accepted by the members. Accordingly, significant reductions were made to the 1996 financial plan. A number of capital expenditures were deferred; and operating costs pared so as to permit operations to continue at acceptable levels without prejudice to the financial condition of the Association.

The revised plan nevertheless envisioned an operating loss of some $168,000. Results for the year were better than plan, thanks to tight management, and the resulting loss was only $83,268. Revenues were slightly below plan as a result of reducing building fees. At year end, after capital expenditures of $165,683, net fund transfers into the operating fund of $160,155 and operating expenses of $3,417,388, your Association had a surplus of $774,900. The surplus was calculated by taking current assets minus current liabilities, less required working capital.

A revised three year plan and the $760 per year assessment needed to fund it were developed and were accepted by the members for the 1997 - 1999 period. Together with the surplus, this will permit resumption of normal capital spending and the increased maintenance spending desired by the members.

The Finance Committee, as part of a continuing program, completed two internal audits of Association operations, confirming that they are well under control. The committee also established a modest new reserve account, for Major Capital Equipment while eliminating the Road Resurfacing Reserve, which will now become entirely an operating expense.

After careful analysis by the Controller and the committee, a new primary banking relationship was established with Wachovia. As a result, it was possible to improve our return on invested funds, reduce operating costs and obtain better service. Moreover, a significant emergency standby line of credit was established, at no cost to the Association.

To improve the allocation of Association resources, a new policy was adopted for review of major capital expenses. Such expenses will now have to meet a minimum 15% "hurdle" internal rate of return. This will generally provide a minimum payoff of our investments in about five years.

Deborah Friend Neal, Controller, is due special thanks for her untiring efforts both for the committee and the Association and, in particular, for making it possible to create an acceptable financial plan. Her associates, Mary Zack and Janet Dixon also deserve thanks for their exceptional dedication.

The Finance Committee had an unusual amount of work in 1996 and did it effectively and well. Thanks is extended to each of them.

Committee Members

Dave Dawson, CHAIR
Donald Campbell
Thomas Curless
Bill Gray
John Kenrich
Joe Reese
Deborah Friend Neal, DEPT. CONTACT
Report of Independent Certified Public Accountants

To The Board of Directors and Members
The Landings Association, Inc.
600 Landings Way South
Savannah, GA 31411

We have audited the balance sheets of The Landings Association, Inc. as of December 31, 1996 and 1995, and the related statements of revenues and expenses and changes in members' equity and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Landings Association, Inc. as of December 31, 1996 and 1995, and the results of its operations and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

The supplementary information on future major repairs and replacements on page 24 is not a required part of the basic financial statements of The Landings Association, Inc. but is supplementary information required by the American Institute of Certified Public Accountants. We have applied certain limited procedures, which consist principally of inquiries of management regarding the method of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

January 29, 1997
## Balance Sheets

### December 31, 1996

<table>
<thead>
<tr>
<th>Operating Improvements</th>
<th>Storm Drain Resurfacing &amp; Flood Water Control</th>
<th>Selected Assets</th>
<th>Total All Funds</th>
<th>Total All Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>$507,233&lt;br/&gt;2,543&lt;br/&gt;165,931</td>
<td>$7,965&lt;br/&gt;7,965</td>
<td>$2,928&lt;br/&gt;2,928</td>
<td>$518,126&lt;br/&gt;518,126</td>
<td>$1,003,384&lt;br/&gt;1,003,384</td>
</tr>
<tr>
<td>Cash &amp; cash equivalents</td>
<td>Cash &amp; money market accounts</td>
<td>Employee health benefit trust</td>
<td>Members' deposit trust</td>
<td></td>
</tr>
<tr>
<td>Certificates of deposit</td>
<td>Investments, short-term</td>
<td>Assessments receivable net of allowance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$807,800&lt;br/&gt;280,866&lt;br/&gt;3,832</td>
<td>158,724&lt;br/&gt;255,797&lt;br/&gt;69,936</td>
<td>7,965&lt;br/&gt;66,104</td>
<td>2,928&lt;br/&gt;3,864</td>
<td>686,600&lt;br/&gt;60,407</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>Other accounts receivable</td>
<td>Prepaid expenses</td>
<td>Other assets</td>
<td></td>
</tr>
<tr>
<td>Other accounts receivable</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due from (to) other funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Current Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Property, Plant and Equipment | | | | | |
|--------------------------------|-----------------------------------------------|-----------------|----------------|----------------|
| $2,455,181<br/>2,455,181 | $126,162<br/>126,162 | $150,300<br/>150,300 | $276,462<br/>276,462 | $536,655<br/>536,655 |
| on the basis of cost | | | | | |
| Land improvements | Buildings | Equipment | Furniture & fixtures | Vehicles |
| 155,166<br/>155,166 | 1,009,686<br/>1,009,686 | 792,672<br/>792,672 | 94,355<br/>94,355 | 403,302<br/>403,302 |
| Work in progress | | | | | |
| Investments, long-term | | | | | |
| | | | | | |
| TOTAL | | | | | |
| $3,344,245<br/>2,455,181 | $60,300<br/>126,162 | $153,250<br/>150,300 | $4,111,583<br/>276,462 | $4,391,727<br/>536,655 |

### Liabilities and Members' Equity

| Current Liabilities | | | | | |
| Accounts payable & accrued expenses | Accrued health benefits | Members' deposit escrow | Accrued payroll & taxes withheld | Income taxes payable |
| $177,918<br/>65,683<br/>165,931<br/>110,010<br/>38,667 | $65,683<br/>165,931<br/>110,010<br/>38,667 | $177,918<br/>165,931<br/>110,010<br/>38,667 | $303,252<br/>191,030<br/>92,038<br/>34,220 |
| Total Current Liabilities | | | | | |
| $558,209<br/>558,209 | $553,788<br/>553,788 | $153,250<br/>153,250 | $3,553,374<br/>3,730,622 |
| Members' Equity | | | | | |
| 2,786,036<br/>60,300 | | | | | |
| Total | | | | | |
| $3,344,245<br/>558,209 | $60,300<br/>553,788 | $153,250<br/>153,250 | $4,111,583<br/>3,730,622 |

**NOTE** - The accompanying Notes to Financial Statements are an integral part of these financial statements.
## Statements of Revenues & Expenses and Changes in Members’ Equity

### Year Ended December 31, 1996

<table>
<thead>
<tr>
<th>REVENUES</th>
<th>Operating</th>
<th>Capital Improvements</th>
<th>Road Resurfacing</th>
<th>Storm Drain &amp; Flood Water Control</th>
<th>Selected Assets</th>
<th>Total All Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessments</td>
<td>$2,637,423</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$2,637,423</td>
</tr>
<tr>
<td>Service agreements</td>
<td>141,857</td>
<td>141,857</td>
<td>175,357</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vehicle registration</td>
<td>269,659</td>
<td>269,659</td>
<td>241,898</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Architectural review fees</td>
<td>103,010</td>
<td>103,010</td>
<td>97,800</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest earned</td>
<td>114,876</td>
<td>16,642</td>
<td>23,997</td>
<td>155,515</td>
<td>188,558</td>
<td></td>
</tr>
<tr>
<td>Cable contract fees</td>
<td>30,699</td>
<td>30,699</td>
<td>27,372</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Directory advertising</td>
<td>17,962</td>
<td>17,962</td>
<td>16,241</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>18,584</td>
<td>18,584</td>
<td>20,090</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$3,334,070</td>
<td>16,642</td>
<td>23,997</td>
<td>3,374,709</td>
<td>3,371,157</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENSES</th>
<th>Operating</th>
<th>Capital Improvements</th>
<th>Road Resurfacing</th>
<th>Storm Drain &amp; Flood Water Control</th>
<th>Selected Assets</th>
<th>Total All Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Security &amp; safety</td>
<td>873,993</td>
<td>873,993</td>
<td>903,705</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maintenance of common property</td>
<td>1,642,025</td>
<td>110,563</td>
<td>41,856</td>
<td>1,794,444</td>
<td>1,877,325</td>
<td></td>
</tr>
<tr>
<td>Architectural review</td>
<td>129,623</td>
<td>129,623</td>
<td>126,910</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General &amp; administrative</td>
<td>730,450</td>
<td>730,450</td>
<td>748,573</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income taxes</td>
<td>41,247</td>
<td>41,247</td>
<td>34,823</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$3,417,338</td>
<td>110,563</td>
<td>41,856</td>
<td>3,569,757</td>
<td>3,691,336</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXCESS OF EXPENSES OVER REVENUES</th>
<th>Operating</th>
<th>Capital Improvements</th>
<th>Road Resurfacing</th>
<th>Storm Drain &amp; Flood Water Control</th>
<th>Selected Assets</th>
<th>Total All Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- (83,268)</td>
<td>- (93,921)</td>
<td>- (17,859)</td>
<td>- (195,048)</td>
<td>(320,179)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MEMBERS’ EQUITY,</th>
<th>January 1</th>
<th>Operating</th>
<th>Capital Improvements</th>
<th>Road Resurfacing</th>
<th>Storm Drain &amp; Flood Water Control</th>
<th>Selected Assets</th>
<th>Total All Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessments</td>
<td>2,709,149</td>
<td>58,491</td>
<td>434,335</td>
<td>528,647</td>
<td>3,730,622</td>
<td>4,030,001</td>
<td></td>
</tr>
<tr>
<td>Capital assessments</td>
<td>17,800</td>
<td>17,800</td>
<td>20,800</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer of capital projects</td>
<td>15,991</td>
<td>(15,991)</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer to repair &amp; replacement funds</td>
<td>144,164</td>
<td>(340,414)</td>
<td>43,000</td>
<td>153,250</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>MEMBERS’ EQUITY, December 31</strong></td>
<td>$2,786,036</td>
<td>$60,300</td>
<td>$ -</td>
<td>$553,788</td>
<td>$153,250</td>
<td>$3,553,374</td>
<td>$3,730,622</td>
</tr>
</tbody>
</table>

**NOTE** - The accompanying Notes to Financial Statements are an integral part of these financial statements.
# Statements of Cash Flows

## CASH FLOWS FROM OPERATING ACTIVITIES:

<table>
<thead>
<tr>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excess of expenses over revenues</td>
</tr>
<tr>
<td>Adjustments to reconcile excess of expenses over revenues to net cash provided by (used in) operating activities:</td>
</tr>
<tr>
<td>Depreciation</td>
</tr>
<tr>
<td>(Gain) on sale of assets</td>
</tr>
<tr>
<td>Provision for doubtful accounts</td>
</tr>
<tr>
<td>Increase in accounts receivable</td>
</tr>
<tr>
<td>Increase in interest receivable</td>
</tr>
<tr>
<td>Increase in other receivables</td>
</tr>
<tr>
<td>Increase in prepaid expenses</td>
</tr>
<tr>
<td>Increase in accounts payable and accrued expenses</td>
</tr>
<tr>
<td>Increase in accounts receivable</td>
</tr>
<tr>
<td>Increase in interest receivable</td>
</tr>
<tr>
<td>Increase in other receivables</td>
</tr>
<tr>
<td>Increase in income taxes payable</td>
</tr>
<tr>
<td>Cash transferred to repair funds</td>
</tr>
</tbody>
</table>

Net cash provided by (used in) operating activities: $(58,291)

## CASH FLOWS FROM INVESTING ACTIVITIES:

<table>
<thead>
<tr>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital expenditures</td>
</tr>
<tr>
<td>Proceeds from the sale of assets</td>
</tr>
<tr>
<td>Proceeds from sale of short-term investments</td>
</tr>
<tr>
<td>Purchase of short-term investments</td>
</tr>
<tr>
<td>Purchase of long-term investments</td>
</tr>
<tr>
<td>Purchase of certificates of deposit</td>
</tr>
</tbody>
</table>

Net cash provided by (used in) investing activities: $(440,071)

## CASH FLOWS FROM FINANCING ACTIVITIES:

<table>
<thead>
<tr>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessment for capital improvements from members</td>
</tr>
</tbody>
</table>

Net cash provided by financing activities: 17,800

Increase (decrease) in cash and cash equivalents:

<table>
<thead>
<tr>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>(498,362)</td>
</tr>
<tr>
<td>Cash and cash equivalents, January 1</td>
</tr>
<tr>
<td>Cash and cash equivalents, December 31</td>
</tr>
</tbody>
</table>

$ 675,707 $ - $ - $ 7,965 $ 2,928 $ 686,600 $ 1,250,406

NOTE: The accompanying Notes to Financial Statements are an integral part of these financial statements.
Notes to Financial Statements

Note 1 - Organization
The Landings Association, Inc. is a homeowners' organization organized as a not-for-profit corporation in the State of Georgia. Its members are property owners of The Landings on Skidaway Island, a private residential community comprising 4,450 acres and 4,250 lots. The Association owns, operates, and maintains the common properties and facilities, and provides security services within the community.

Note 2 - Significant Accounting Policies

Accounting Method - The Association uses fund accounting which requires that funds designated for future significant repairs and replacements (Storm Drain & Flood Water Control Fund, Selected Assets Fund and previously included the Road Resurfacing Fund, see note 7) and funds received from members for designated purposes other than operating (Capital Improvements Fund) be classified separately for accounting and reporting purposes.

Cash & Cash Equivalents - Cash equivalents represent highly liquid investments with maturities of three months or less at date of purchase.

Segregated Cash Within the Operating Fund - In May 1996, the Association changed health benefit insurance carriers. Previously, under the Association's health benefit plan, the Association had to hold in a segregated account the amount necessary to satisfy the current claims liability. The account is segregated in accordance with the Employee Retirement Income Security Act of 1974, and is to be considered as assets of a welfare benefit plan held in trust for the employees. Employees hired after May 1, 1996, are eligible for the health benefit upon the completion of six months of active service. For the years ended December 31, 1996 and 1995, $80,737 and $124,032 has been deposited into this account, respectively.

In accordance with the Architectural Guidelines, monies are held in escrow by the Association for owners and builders during the construction phase of new houses. This is noted on the balance sheet as Members' Deposit Trust and Members' Deposit Escrow.

Assessments - Members' assessments for operating purposes are required to be approved by a vote of the members no more frequently than every three years. The assessment rates for 1996 and 1995 respectively were $625 for each lot.

A special capital assessment of $200 was billed in 1986 to build the administration building and maintenance facility for the Association. The capital assessment of 1986 is restricted to capital additions in the 12-acre area of the Association's administration building.

Disbursements from the Operating Fund are generally at the discretion of the general manager within the Board's approved budget. Disbursements from the repair and replacement funds may be made only for their designated purposes. Disbursements from the Capital Improvements Fund are controlled by agreements approved by the developer.

Inventories - Inventories of spare parts, gasoline and for sale signs are included in prepaid expense on the balance sheet totaling $21,280. Cost is determined by the first-in, first-out method.

Recognition of Assets and Depreciation Policy - The Association owns significant amounts of real property and improvements as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>1996</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common areas and rights-of-way, in acres</td>
<td>1,219</td>
<td>1,190</td>
</tr>
<tr>
<td>Roadways, in miles</td>
<td>96</td>
<td>94</td>
</tr>
<tr>
<td>Cart Paths, in miles</td>
<td>29</td>
<td>28</td>
</tr>
<tr>
<td>Lagoons</td>
<td>142</td>
<td>142</td>
</tr>
<tr>
<td>Gate Houses &amp; Entrances</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Bridges</td>
<td>9</td>
<td>9</td>
</tr>
</tbody>
</table>

These properties have been periodically conveyed to the Association under an agreement with the developer. These common properties are real property directly associated with the individual ownership of member properties and dedicated for the use of the entire community. They cannot be sold separately, and thus have no fair market value other than that related to their intended use. Such assets are not recognized in the financial statements of the Association. The Articles of Incorporation and the Covenants and Restrictions permit the Association to participate in mergers and consolidations with other non-profit corporations organized for the same purposes; mortgage the properties; and dedicate or transfer all or any part of the common properties to any public agency, authority or utility. Upon dissolution of the corporation, the assets, both
Notes to Financial Statements

real and personal, shall be dedicated to an appropriate public agency or activity. All such actions require approval of two-thirds of the membership.

The Association capitalizes assets acquired with Association funds. Assets donated by members are recorded at fair market value. Depreciation is computed using the straight-line method at rates which are sufficient to amortize the cost of the assets over their estimated useful lives. For the years ended December 31, 1996 and 1995, amounts expensed for depreciation were $227,074 and $239,809, respectively.

Use of 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.

Reclassifications - The financial statement presentation for 1995 has been changed to conform with the presentation in 1996.

Note 3 - Uninsured Cash Balances

The Association maintains its cash balances at a regional bank, located in Savannah, Georgia. Accounts at this institution are insured by the Federal Deposit Insurance Corporation up to $100,000. Uninsured balances are approximately $1,547,525 and $1,600,274, at December 31, 1996 and 1995, respectively.

Note 4 - Supplemental Cash Flow Information

Income taxes paid by the Association were $36,800 in 1996 and $38,866 in 1995. When the Road Resurfacing Fund was eliminated, a U.S. Treasury Note valued at $280,866 was transferred to the Operating Fund.

Note 5 - Investments

Long-term Investments - Long-term investments include a Federal Home Loan Bank Note and a Federal National Mortgage Association Note, which are stated at cost plus their interest receivable. Long-term investments consist of the following:

<table>
<thead>
<tr>
<th>Face Value</th>
<th>FHLB</th>
<th>FNMA</th>
</tr>
</thead>
<tbody>
<tr>
<td>125,000</td>
<td>150,000</td>
<td></td>
</tr>
<tr>
<td>2/23/98</td>
<td>5/13/98</td>
<td></td>
</tr>
<tr>
<td>5.637%</td>
<td>5.63%</td>
<td></td>
</tr>
<tr>
<td>$126,084</td>
<td>$149,925</td>
<td></td>
</tr>
<tr>
<td>$126,162</td>
<td>$150,300</td>
<td></td>
</tr>
</tbody>
</table>

Short-term Investments - Short-term investments consist of U.S. government obligations that are stated at cost plus their interest receivable, which approximates market.

Note 6 - Assessments Receivable

The Association's policy is to retain legal counsel and place liens on the properties of owners whose assessments are two months in arrears. Assessments receivable of $19,332 at December 31, 1996, and $13,624 at December 31, 1995, in the Operating Fund, including interest, fees, and legal costs, were in arrears and under lien. Because of foreclosures against certain property owners and the filing of personal bankruptcies which cast doubt on the collectability of certain assessments, an allowance for doubtful accounts of $15,500 in 1996 and $12,000 in 1995, has been established for their uncertainty.

Note 7 - Future Major Repairs and Replacements

The Association's governing documents provide for the levying of annual general purpose assessments which, in addition to providing funds for general operations of the Association, also provide for the repair and maintenance of drainage facilities, and the selected assets. Prior to December 31, 1996, the Association also provided for the resurfacing of the streets and roadways.

It is the practice of the Association to include normal, recurring repair and maintenance of common properties in annual operating budgets and to set aside in separate repair and replacement funds amounts estimated to be required to meet the future major repair and replacement cost of certain components of common properties. Actual expenditures may vary from the estimated future expenditures and the variations may be material. If additional funds are needed, the Association has the right, subject to membership approval, to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

Storm Drain & Flood Water Control Fund - In 1996, the Association reviewed the study completed in 1995 of the physical and operating condition and estimated future costs of major repair and replacements of the drainage system. The study estimated that components of the drainage system have a useful life of 50 years. Monies transferred to this fund amounted to $43,000 in 1996 and $75,000 in 1995. During the years ended December 31, 1996 and 1995, amounts expended from the fund were $41,855 and $11,412, respectively.
Notes to Financial Statements

Selected Assets - In 1995, the Association studied the physical and operating condition and estimated future costs of major repairs and replacements to the nine bridges, the observation tower, and the administration building's roof. The study estimated the cart bridges have useful lives of 20-40 years and the road bridges 50 years. The roof and the observation tower have estimated useful lives of 20 years and 27 years, respectively. Funds of $153,250 were transferred from the Operating Fund to establish this fund in 1996.

Road Resurfacing Fund - During the 1996 review of the existing repair and replacement study for roadways, it was determined that the resurfacing of the roadways and streets are of a normal and recurring nature and therefore should be included in the annual operating budget as of January 1997. As of December 31, 1996, this fund has been eliminated and all its assets transferred to the Operating Fund. Prior to 1996, funds were accumulated at the rate of $150,000 per year. During the years ended December 31, 1996 and 1995, amounts expended from the fund were $110,563 and $124,241, respectively.

Note 8 - Pension Plan

The Association maintains a defined contribution pension plan for all eligible employees. As of September 1, 1996, employees are eligible to participate in the plan upon attaining the age of 20 and six months, and completing six months active service. Vesting began with the third year of service and participants became fully vested after seven years of service. When the plan was restated on September 1, 1996, service requirements were waived for all active employees on that date.

Association contributions, based on established percentages of eligible paid compensation (but not to exceed five percent of total eligible compensation in each quarter for 1996, and annually for 1995), amounted to $59,751 in 1996 and $38,369 in 1995.

Note 9 - Federal Income Taxes

The Association has elected to file its income tax returns as a homeowners' association in accordance with Internal Revenue Code, Section 528. Under that section, the Association excludes from taxation exempt function income which generally consists of revenue from uniform assessments to owners. The Association is taxed at the rate of 30% on its non-exempt function income, which includes investment income, commercial registration income, income derived from service agreements with related parties and certain other non-exempt income.

Note 10 - Legal Matters

There is currently no pending or threatened litigation against The Landings Association, Inc.

Note 11 - Line of Credit

At December 31, 1996, the Association had an unused line of credit in the amount of $2,000,000 with the bank. The line of credit can only be used to aid in disaster recovery expenses. The line of credit is to be renewed on an annual basis, and is provided to the Association at no fee and does not require the encumbrance of any of the Association's assets.

Note 12 - Related Party Transactions

In accordance with the Bylaws of the Association, the president appoints one member to the Board of Directors of the Association for one year who must be an employee of The Branigar Organization, Inc., the developer. In addition to the duties of a director, the appointed member also serves as the liaison member of the Board to the developer. During 1996 and 1995, the Association provided security services to the developer under annual contracts. Such services amounted to $5,887 in 1996, and $71,014 in 1995, based upon the cost of providing those services. The Association's accounts receivable from Branigar for such services were $741 and $491 on December 31, 1996 and 1995, respectively. A further 1986 agreement calls for the payment of special capital assessments of $200 on each lot sold to be added to the Capital Improvements Fund. As of December 31, 1996 and 1995, capital improvement assessments receivable due from Branigar were $66,104 and $58,783, respectively. The Association entered into a five-year service agreement in 1994 with The Landings Club, Inc., a separate equity membership entity (all the members of which are members of the Association) which owns and operates the golf, tennis, swimming, and physical fitness facilities. Under the terms of the agreement, the Association provides lagoon maintenance and security services.
services. Prior to 1994, the Association provided services to The Landings Club under annual contracts, based upon the cost of providing those services. The new agreement is based on a factor of 161 multiplied by the current assessment rate. Such services amounted to $100,625 in 1996 and 1995. The Association's accounts receivable due from The Landings Club for such services were $13,479 and $7,956 on December 31, 1996 and 1995, respectively.

In December 1995, the Association entered into a contract with The Landings Yacht Club, Inc., a separate membership entity (all the members of which are members of the Association) which owns and operates the marinas. The Association provided security services to The Landings Yacht Club under a 12-month contract. Such services amounted to $35,345 and $3,668 in 1996 and 1995, respectively, based on the cost of providing those services. As of December 31, 1996 and 1995, accounts receivable, due from The Landings Yacht Club were $0 and $3,770, respectively.

Note 13 - Guarantee of Indebtedness of Others

The Association has guaranteed a $2,000,000 bank loan of The Landings Yacht Club, Inc. The Yacht Club was formed primarily to benefit residents of The Landings community. Its facilities are located on land owned by The Landings Association, Inc., and leased to the Yacht Club for 99 years at a rate of a dollar per year. The Landings Association, Inc., has assigned the lease to the lending institution as security for the referenced loan.
Supplementary Information on Future Major Repairs and Replacements

Storm Drain and Flood Water Control Fund -

In 1995, the Association completed a review of the cost of repairing and replacing the components of the storm drain and lagoon system. During 1994, the Public Works Committee determined the value of the drainage system by taking an inventory of its components and determining their replacement costs and useful lives. It was estimated that the total cost of the repair and replacement of the underground drain pipes, catch basins, and manholes in the storm drain system at one time would be approximately $3,914,000. The heavy concrete pipe and pre-formed sections used in the storm drainage system are typically assigned a life of 50 years. It was estimated that the median age of the structure was 10 years in 1994. An estimated remaining useful life of the structure was determined by phase, which ranges from 31 to 47 years. Because it is highly unlikely that the entire system will fail at one time, the study has recommended that transfers to this fund be based on 50% of the value of the entire drainage system.

Transfers were $43,000 in 1996 and $75,000 in 1995. The fund balance of the Storm Drain and Flood Water Control Fund was $553,788 on December 31, 1996, and $528,647 on December 31, 1995.

Selected Assets -

On January 1, 1995, the Association received the last major dedication of common property from the developer. This dedication consisted of gatehouses, the main entrance area, and nine bridges within The Landings. The Public Works Committee studied the physical and operating condition and estimated future costs of major repairs. The results of their study were based on the original building costs supplied by The Branigar Organization, Inc. Based on this information, the Finance Committee determined a fund should be created that covered assets having a minimum of $30,000 repair or replacement cost, and a useful life of 10 years or more.

The assets in this fund consist of six cart bridges, three roadway bridges, the administration building's roof and the observation tower. In 1995, four of the cart bridges were estimated to have remaining useful lives between 9 and 11 years, and an estimated replacement cost of $130,000. The two larger cart bridges were estimated to have remaining useful lives between 21 and 23 years, and an estimated repair cost of $410,000. The three roadway bridges were estimated to have remaining useful lives between 39 and 46 years, and an estimated repair cost of $700,000. The administration building roof was estimated to have a remaining useful life of 11 years, and an estimated replacement cost of $15,000. The observation tower was estimated to have a remaining useful life of three years, and an estimated replacement cost of $20,000.

The components method was used to determine the value of the inventory and the sinking fund method was used to determine future annual contributions.

In 1996, $153,250 was transferred from the Operating Fund to establish this fund.

Road Resurfacing Fund -

The Association conducted a study which was completed in August 1987, to estimate the useful lives, remaining useful lives, and major repair costs of the roads included in the common property. The study was updated in 1992, and was reviewed and the inventory updated in 1994. In 1996, the Association determined that the resurfacing of roadways was normal, recurring maintenance of common properties and as such should be included in the annual operating budget as of January 1, 1997. This conclusion was based on a review of the last study and past fund expenditures.

In the 1987 study, major repair and replacement costs were based on certain assumptions as to useful lives and resurfacing methods. In 1994, the method known as "asphaltic concrete overlay" was the method being used by the Association. The cost and useful life assumptions made in 1987 were considered to still be valid. If the then current inventory of approximately 1,172,626 square yards of roadway had been resurfaced at one time, it is estimated that the cost would have been approximately $2,932,000. It was estimated that an asphaltic concrete overlay can be expected to last from 12 to 20 years depending upon traffic, weather, and quality of the underlying base. The estimated useful lives of the roads is based on estimates furnished by the National Asphalt Institute and an actual survey of the roads. Prior to 1996, funds were being accumulated at a rate of $150,000 per year. The fund balance of the Road Resurfacing Fund was $434,335 at December 31, 1995. On December 31, 1996, the remaining assets in this fund totalling $340,414 were transferred to the Operating Fund.
Association Directory

1997 Officers

President  Dave Dawson  3 Shady Oak Lane  598-8574
Vice President  Jack Martin  6 Wishmoore Retreat  8160
Vice President  Kathy Siler  12 Oyster Reef Road  8052
Treasurer  Jack Nichols  7 Seawatch Drive  0013
Walt Culin  8 Marsh Tower Lane  7715
Joe Hamlet  2 Shadow Brook Lane  0249
Dave Saylor  39 Southerland Road  8640
Drake Wilson  8 Caisson Crossing  0344
Don Zumer  20 Hobcaw Lane  0286

General Counsel

Thomas J. Mahoney, Jr.  5 Nobel Jones Lane  598-0932
Office: P.O. Box 786  233-7961
Savannah, GA 31411

Secretary  to be appointed

Association Staff

600 Landings Way South  598-2520
Savannah, GA 31411-2899  FAX 598-2516

General Manager  Robert G. Mahnke, PCAM®
Office Manager  Patty Holliday
Architectural Admin.  Jerry L. Wessinger, AIA
Communications Coord.  Hope Moorer
Controller  Deborah Friend Neal
Personnel Administrator  Vickie Carr
Chief of Security & Safety  Charles R. Scobee, Jr.