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## 1997 Board of Directors, Officers and General Counsel

- Dave Dawson  
  President  
- Jack Martin  
  Vice President  
- Kathy Siler  
  Vice President  
- Jack Nichols  
  Treasurer  
- Walt Culin  
- Mary Jane DelMastro  
  Branigar Representative  
- Joe Hamlet  
- Dave Saylor  
- Drake Wilson  
- Don Zumer  
- Thomas J. Mahoney, Jr.  
  General Counsel  
- Gordon Gilkey  
  Secretary

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).
President's Message

The Landings community is in excellent condition. The Landings Association is in superb fiscal shape; and a small budget surplus was generated in 1997. Adequate reserves, for flood control, major structures and large equipment are in place. Budgets and expenses are under control.

Most importantly, the staff needed to manage TLA is in place. Bob Mahnke, the General Manager, completed his first full year in August and has done an excellent job. In fact, everyone on staff has been cooperative, helpful and professional. It has made my job this year a wonderful experience. Thanks to all of them.

Certainly, the signal event in 1997 was the passage of the covenant changes permitting us to engage in real estate, through a new Landings real estate company, and to levy a transfer fee. That 92% of all TLA members voted is testimony to what the community can do when it pulls together. Led by Paul Blanke, our neighborhood captains were essential to this result.

And, after several years of work by the staff and the Public Safety Committee, a comprehensive gate plan, extending automation and improving access hours, was adopted. We believe this plan will improve service at lower costs without compromising security. Thanks to Chief Scobee, Paul Stuhlreyer and the committee for their work on this over the past two years.

Committees were a key to TLA's success in 1997. For example, under Pete Schavoir's leadership, the Community Planning Committee provided the Board the basis for TLA's first Strategic Plan. Moreover, they supported a resident effort to improve the athletic field and completed a comprehensive land use study.

Each of the committees set goals for the year—and met them. Every committee meets on a regular basis, establishes a meeting agenda in advance and provides minutes within a week of their meetings. These are available in the TLA library for resident review. Moreover, I would encourage members to participate in our committee work.

The Community Coordination Council, representing all island entities, proved a success in 1997. Through it, we developed a coordinated plan for placement of antennae for digital phone service which minimized disruption. We agreed on a program for use of the sprayfields, when they become available, and we established the basis for significant improvements for the CRAWL on Channel 2. I believe this group will continue to improve island governance.

Let me take this opportunity to thank the TLA Board for their support. We worked well together, and while we did not always agree, we managed to move forward.

A special thanks to Drake Wilson, last year's TLA President. He was invariably supportive and never second guessed, though he may have wanted to. I hope I can do as well next year as I remain a Board member.

I have enjoyed this year as President and thank you, the members, for your support.
Looking back at 1997 I can say, without reservation, it has been a fantastic experience for me personally and professionally and has been a very productive year for the Association in general. I continue to be amazed by everything The Landings has to offer: its excellent facilities, the professional staff, the organizational structure and, most importantly, its members who generously contribute their time and energies.

Early in the year, we established general goals for the Association and specific goals for each individual department to provide needed direction and focus. The three general areas we focused on were: 1) to develop a customer service based philosophy at all levels; 2) to improve communications throughout the community; and 3) to improve the image of the Association. During the year, all managers worked hard to initiate change in these areas, and as a result, we have experienced noticeable improvement which I am sure will continue into 1998 and beyond.

In addition, goals specific to individual departments were also accomplished. The following is a brief overview of some of these individual accomplishments:

- Extended office hours to 6:00 p.m., Monday - Thursday, to accommodate owners
- Changed office telephone procedures so owners talk directly to staff when calling
- Improved communications with employees through the employee newsletters, surveys, roundtable meetings and an open door policy
- Converted the commercial data base to Windows
- Established FAX line communication to the Marshwood Gate for guest pass purposes
- Purchased the vacuum jetting truck and equipment and developed a plan for use
- Held a successful Maintenance Department Open House
- Changed the Risk Management Program to a new carrier, thereby substantially reducing costs

While staff was primarily concerned with carrying out day-to-day operations, considerable time was also spent assisting the Board and committees with a number of large projects such as the Land Use Study, the long-term plan for Security, the Wireless Telephone Antenna Study, the Athletic Field Study and fundraising efforts, the evaluation of recreational use possibilities for the sprayfield area, TLA’s 1997 Strategic Plan, the National Marketing Referendum, and the Block Captains Program.

There is no doubt that 1997 was a very active and productive year for the Association. A great deal of credit for these many accomplishments must go to the Board of Directors and the members of the various committees who spent countless hours of personal time making sure things were done properly and in the community’s best interest. On behalf of the entire staff, I thank each and every one of these members for their unselfish contribution of time and energy.

Finally, I would be remiss if I didn’t end by saying how much I appreciate the dedicated support I have received this past year from each member of the staff. With everyone’s continued cooperation, I know 1998 will be another exciting year full of new challenges and opportunities, all of which will make our community stronger.
As its assignment for 1997, the Community Planning Committee was asked to determine the interest in and feasibility of a project to repair and improve the athletic field adjacent to the Association office building. Previous efforts to tackle this project had run into problems, but the issue was obviously still one of concern to the more than 70 Landings residents who attended a September 1996 meeting regarding youth athletic activities.

In November 1996, under the direction of Community Planning Committee members Nancy Richards and Don Zumer, an ad-hoc committee was formed to develop a proposal to repair and improve the field. Over the next few months, this committee met regularly to author a fundraising brochure and plan, evaluate current needs and possible additional recreational features, solicit estimates from contractors, devise a construction schedule and put together a proposal for presentation to the Board of Directors in March.

The proposal identified the following as areas needing repairs and improvements: enlarging and leveling the field, adding irrigation and drainage, filling with dirt and sprigging, installing lights, adding a bathroom and storage facility and additional recreational features such as horseshoe pits, a shuffleboard court, and fitness trail. The Board voted unanimously to approve the project, and subsequently approved the contribution of 50 cents to each dollar raised by the committee with a cap of $50,000 from the Capital Improvements Fund.

The committee then launched the fundraising campaign which included a brochure mailing to all Landings residents, articles in This Week at The Landings and The Landings Journal, a presentation to The Landings Club Board and contacts with the Golden Kiwanis, Landlovers and businesses located on and off the island, as well as numerous other personal contacts and appeals.

In mid-May, the committee held a “field day” and car wash at the field to encourage residents to stop by and learn about the project, and to enjoy exhibition games and contests put on by soccer, baseball and T-ball coaches and teams. The committee also held several other open houses throughout the year to familiarize residents with the progress of the campaign.

By August, through the generous donations of individuals, businesses and Landings organizations, the campaign had not only reached its goal of $140,000, but had exceeded it. The Board added two additional members from the community, Walt Anderson and Jack Fisher, both retired engineers who bring additional experience to the committee and who will assist in the oversight of the construction projects associated with the field.

In January 1998, construction will begin on this unique community asset. The committee would like to thank all the participants in this effort to bring about a positive, necessary and beneficial improvement to our recreational facilities and to our community.
The Land Use Planning Committee was nominated by the Community Coordination Council and approved by the Board of Directors in January. In cooperation with the The Landings Club, The Landings Yacht Club and Branigar, the committee’s objectives were:

- To inventory and map all lands (except lots and roads)
- To document the island’s demographics and study methodologies for extrapolations into future time periods
- To develop a computerized data base of the above which can be used for short-term as well as long-term planning for the island

Before this effort, little had been done to document our open space, or to look at what its best uses might be. Each plot of land was located, sized, reviewed for its current and potential use and documented. The results were amazing.

Of all the land at The Landings, with the exception of lots and roads, 42% is owned by the Association or the Club. Branigar still owns some of the land, but it will be dedicated to the Association or Club soon. The study revealed almost 700 plots of open land which range from over 150 acres to small plots for trails and buffer areas.

We have a wonderful asset in our common ground. Much of the undeveloped land will be left open and natural, but possibilities also exist to provide small neighborhood parks, more nature trails and viewing areas for marshes and rookeries. These areas could add to the enjoyment of residents and fit the island culture of living close to nature and appreciating the area around us. We also have several large plots which the committee recommended dedicated for more active recreation areas.

Looking at the island’s demographics, our growth rates will start to slow. With a building rate of over 125 homes per year, available lots will be in short supply in a few years.

The committee worked with staff to computerize this data, and a hard copy is available in the TLA library.

Summary Findings*
- We have 142 lagoons with 253 acres of water and 156 acres of land around them.
- The Landings Club has 202 sites with 777 acres.
- The Landings Association has 471 sites with 473 land acres.
- The Landings Yacht Club has 1 site with 9 acres of land.
- Branigar has 6 sites with at least 296 additional acres which are planned for dedication to the Association and the Club for recreational use.
- Other activities have 20 sites with 41 acres of land.
- In total, 700 sites with 1596 acres of common land are present at The Landings (42% of the 4450 total acres in the community).

*The numbers above do not include roads and right-of-ways.

Committee Members

Bob Heath, Chairperson
Jim Buck
Mary Jane DelMastro
Tom Potterfield
Pete Schavoir
Rex Templeton
Dick Watters
Don Zumer, Board Contact
Bob Mahnke, Department Contact
With concerns over the completion of development at The Landings and the resulting discontinuation of marketing efforts by The Branigar Organization, the Association Board created the National Marketing Committee in August 1995. For two years, this committee researched various options to ensure the presence of ongoing marketing efforts for our community in order to continue to attract buyers for our properties.

In 1997, the work of the committee reached a critical point as the number of unsold company lots continued to diminish and Branigar determined they would no longer spend money on marketing The Landings after the end of the year. The committee members met for many hours each week to develop a plan that would be voted on by the entire community. Since the plan required changes to the Covenants, two-thirds of all property owners had to approve the changes for the plan to pass.

The plan on which the community voted included the collection of a transfer fee of up to but not exceeding one percent of the sales price of any lot or home at The Landings, and the creation of a real estate sales and marketing company by TLA which would serve as its sole shareholder. The committee mailed the proposal to property owners in mid-July.

Through the course of their work, the committee held focus groups, information sessions and town meetings, sent informational mailings to all property owners, videotaped and broadcast the town meeting, mailed a copy of the meeting tape to each off-island property owner. However, the key to passing the plan was to get enough property owners to participate in the referendum. Led by committee member Paul Blanke and Director Kathy Siler, the Block Captains Program was created. More than 90 property owners volunteered their time as Block Captains and were responsible for the vote turnout in their respective neighborhoods, or “blocks.” Property owners returned more than 92% of the possible votes, the highest percentage ever in an Association referendum.

Thanks to the hours of effort put forth by this committee and the hard work of the Block Captains, the community adopted the proposal with 72.97% of all eligible votes approving. Following the October 15 deadline, the committee nominated the Board of Directors for the new real estate company and transitioned leadership of the project to its members. This Board will assume operations of the real estate and marketing efforts for The Landings at the beginning of February 1998.

Committee Members

Herb McKenzie, Co-Chairperson
Bill Seaman, Co-Chairperson
Linda Sue Babcock
Paul Blanke
Richard Burke
Bob Conklin
Pete Crosby
Lindsay Crump
Dave Dawson
Mary Jane DelMastro
John Dewenter
Bob Laramy
Herm Methfessel
John Oldfield, Esq.
Drake Wilson
Dave Saylor, Board Contact
Bob Mahnke, Department Contact
The Architectural Committee regularly met twice a month during 1997 and often more as was deemed necessary.

Having area representatives as committee members continues to work well resulting in improved communications and response by the committee. Committee members rotate terms of service. Two new members will be announced for 1998.

The Architectural Guidelines and Review Procedures and Tips For Construction were updated and revised in a more convenient usable format, and distributed to the community.

The review process has been further streamlined by having the same consulting architect for all review meetings and by expanding videotaping of proposed building sites and surrounding areas.

The committee has requested legal assistance in our efforts to insure compliance with the Covenants and Guidelines. Non-compliance cases have increased.

As previously stated, the Architectural Committee is steadfast in our commitment to fairly and equitably preserve and maintain the high standards of The Landings as set by The General Declaration of Covenants and Restrictions.

<table>
<thead>
<tr>
<th>1997 Architectural Committee Reviews</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Reviews</td>
</tr>
<tr>
<td>Resubmitted Reviews</td>
</tr>
<tr>
<td>Additions/Alterations Reviews</td>
</tr>
<tr>
<td>Total All Reviews</td>
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1997 Lot Status and Construction Report

<table>
<thead>
<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>
</tr>
</thead>
<tbody>
<tr>
<td>Marshwood</td>
<td>1,554</td>
<td>1,554</td>
<td>0</td>
<td>11</td>
<td>1,373</td>
<td>3,185</td>
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<tr>
<td>Plantation</td>
<td>1,495</td>
<td>1,487</td>
<td>8</td>
<td>42</td>
<td>1,093</td>
<td>2,536</td>
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<tr>
<td>Midpoint</td>
<td>248</td>
<td>248</td>
<td>0</td>
<td>9</td>
<td>133</td>
<td>309</td>
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<tr>
<td>Oakridge</td>
<td>623</td>
<td>622</td>
<td>1</td>
<td>46</td>
<td>365</td>
<td>847</td>
</tr>
<tr>
<td>Deer Creek</td>
<td>327</td>
<td>327</td>
<td>0</td>
<td>28</td>
<td>115</td>
<td>267</td>
</tr>
<tr>
<td>TOTALS</td>
<td>4,247</td>
<td>4,238</td>
<td>9</td>
<td>136</td>
<td>3,079</td>
<td>7,144</td>
</tr>
</tbody>
</table>

* Population based on 2.32 persons per household
The Community Planning Committee began 1997 with a full set of projects carried over from the previous year: athletic fields, health care, incorporation, land use, and Village street dedication. Additionally, the committee felt strongly that TLA needed to institute a formal strategic planning process, and prepared a white paper which ultimately began the process.

Subcommittees carried out much of the committee's work, some formally organized and chartered by TLA's Board or by the Community Coordination Council, and others established by the committee. These subcommittees include:

- **Athletic Field Project** chaired by Nancy Richards. This group developed and sold the plan, raised the money and is overseeing the improvement of the field.
- **Land Use and Preservation** chaired by Bob Heath. Staffing for this work came from the Club, the Yacht Club, Branigar and TLA; and was carried out for the Community Coordination Council. It included an inventory of all open common lands; island demographics; and the development of a computerized database. The work was later extended in a separate study of the potential recreational uses of the Deer Creek sprayfields.

- **Incorporation White Paper** chaired by Gary Brewer. This subcommittee prepared a report which discussed the benefits and problems of incorporating our community. The report included a summary of past studies, and recommended the Board not pursue incorporation at this time. A copy of this report is available in the Association library.

- **Future Facilities and Services** chaired by Dennis Lindemeier. This group identified and validated specific community needs and strategies, building on earlier work which indicated needs for a community center, appropriate land for recreation and public services improvements. Their work became part of the 1997 Strategic Plan.

Until this year, the Association had no strategic planning process. Members were concerned that there was no long-range plan; the Board had no context for its decision-making; and staff felt the lack of strategic continuity as Board members and officers changed annually. The committee proposed a process to build on work already done; but based on community input, to involve both the Board and management staff. Committee members facilitated the process and carried out much of the work.

After nearly one year, their work culminated in a December presentation to the Board by Committee Chair Pete Schavoir recommending adoption of a TLA mission; detailed studies of future facilities and services; a database of information about comparable and competitive communities; continuation of efforts to ensure compliance with covenants, policies and guidelines; and improvements in external communications and public relations.

As a result of the committee's efforts, TLA now has a Strategic Plan and a process that can be used to develop future plans. Strategies will be assigned and reviewed at least annually by the Board, and Community Planning's future role will evolve towards that of strategic planning process management.
Covenant Compliance Committee

The mission of the Covenant Compliance Committee is to ensure the beauty and quality of life at The Landings. The committee enforces the General Declaration of Covenants and Restrictions and various regulations and policies promulgated by the Board of Directors.

Each committee member is assigned an area that he or she monitors for violations of the restrictions. Residents call or mail complaints to TLA’s office, where they are recorded and assigned to the proper area captain for investigation. The captain then notifies 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.

In 1997, the committee handled 276 complaints, the highest number received in any single year in the history of The Landings. The major categories of complaints were:

- Unkempt yard: 78
- Dry trash: 53
- Boat/Trailer/RV left in yard: 36
- Animal nuisances: 30
- Architectural: 24
- Commercial activity: 13
- Signs: 9
- Other: 33

Dry trash has become the fastest-growing cause of complaints here at The Landings. The problem of dry trash left at the curbside for days before scheduled pick-up seriously increased in 1997. In fact, the Board instituted a policy to address the problem this year requiring residents to keep dry trash out of sight until the day before pick-up, at which time it may be placed curbside.

Another growing area of resident complaints deals with contractors and others who operate businesses out of homes at The Landings. The covenant regarding home businesses was updated in 1997, and the committee is committed to working diligently to enforce it. Another cause of complaints are improper signs posted on private property. If a resident is considering the posting of a sign, he or she should review the Architectural Guidelines and Review Procedures for a clear definition of what is permitted.

The members of this committee work many hours to ensure that our island is as beautiful as it can be. Their efforts are worthy of praise, as are those of the hard-working office staff who process incoming complaints with courtesy and efficiency.

Committee Members

Simon Cols, Chairperson
Anne Carpenter
Don Carpenter
Joel Goloskie
Aileen Knight
Sarah Patrick
Earl Pauley
Owen Siler
Carol Stein
Peter Wrenn
Dave Saylor, Board Contact
Charles Scobee, Department Contact
Patty Holliday, Office Manager
The purpose of this committee is to provide guidance and support to the management group, particularly the human resources function, and to evaluate and research personnel issues brought to it or initiated by the committee. Proposals involving changes in policy, program content or the initiation of new policies or programs are submitted, with recommendations, to the Board of Directors for their review and decision.

The committee advises the human resources department. Their department goal is to hire, motivate and retain quality employees by using effective management practices and available capital resources in the most effective ways.

During 1997, a variety of issues arose, some initiated by the committee, some by management and some as a result of feedback from employee surveys and meetings. Following are some of the more important issues reviewed this past year.

**Committee Members**

William Abele, Chairperson
William Fuller
John MacDougall
Hugh Marx
Jim Meadors
Jack Martin, Board Contact
Vickie Carr, Department Contact

**Annual Salaries/Wages Study:** The human resources department and the committee conducted an extensive study of salaries and wages of several organizations in our geographical hiring area. This resulted in a competitive adjustment in salaries and pay ranges.

**Annual Employee Benefit Package Study:** Each year, management and the committee review employee benefit packages to analyze the trends of other companies, changing times and the cost of current benefits offered by TLA. The Association then develops benefit packages to best fit its needs. The committee made no major changes to the package this past year.

**Employee Communications:** The Association made great advancements in the area of communications in 1997. Through additional employee meetings, more one-on-one contact between employees and management, employee surveys, the Employee Newsletter and other improvements, management is communicating effectively with employees. With the unemployment rate at a low 4.4% (*1997 Business & Legal Reports, Inc.*), management must use these and other techniques to keep good, quality employees.

**Employee Job Description Update:** Job descriptions detail the major responsibilities of employees and require on-going review. Management evaluated the descriptions and made recommendations to the committee regarding position responsibilities and title updates. Following committee review and Board advisement, the department incorporated many of the changes. One change which TLA will make in 1998 is the change of this committee’s name to the Human Resources Committee.
The primary mission of the Public Affairs and Tax Committee is to act as a set of “eyes and ears” in those areas of public practice that might impact upon TLA or the residents of The Landings. In performing that primary mission the committee:

- Monitors state and county governmental activities
- Identifies governmental activities that impact the quality of life of TLA and its members
- Communicates those activities to the Board of Directors in a timely, professional manner
- Establishes new and maintains cordial relationships with local elected officials, county staff and community leaders
- Seeks fair and reasonable tax rates and assessments for TLA and its members
- Prepares reports and studies on issues as needed, or as directed, by the Association Board

This year proved to be one of transition for the Public Affairs and Tax Committee. At the end of 1996, all members of the committee, save one, resigned. Thus, the beginning of the year was dedicated to staffing the committee. After coming on board, members spent considerable time becoming acquainted with their assigned projects.

In 1997, members of the committee attended, on a rotating basis, most of the Chatham County Commission meetings held twice monthly. Each member also contributed his time in the general affairs of the committee. In addition, members managed and designed projects, partially listed here:

- Wayne Kuhn: highway issues, bridge improvements in/out of The Landings, Truman Parkway extension
- Cap Breese: research in legal measures concerning the Chatham Area Transit Service and the tax for this service
- Michael Klein: County Tax Assessor procedures and TLA’s property tax assessments
- Ethan Allen: participated in East Chatham Citizens Advisory Committee charged with developing a future land use plan for East Chatham County

During the summer of 1997, the committee participated in TLA’s strategic planning efforts and developed a proposed action plan to improve the image of The Landings in the greater Savannah community.

Committee Members:
Ethan Allen, Chairperson
Cap Breese
Wells Denyes
Michael Klein
Wayne Kuhn
Kathy Siler, Board Contact
Bob Mahnke, Department Contact
In 1997, the Public Safety Committee completed a successful year of automated bar code entry at the Oakridge Gate. To date, TLA has issued more than 3,000 bar code decals to residents, the Association, The Landings Club, and police and emergency vehicles. The committee plans to start issuing limited access bar code decals to commercial vehicles in 1998.

Obviously, the most important item on the committee's agenda has been researching and developing the long-term plan for the Security Department. Such an in-depth evaluation was necessary following two assessment defeats. After years of research, the committee proposed a plan extending automation which included the installation of a bar code entry system at the Deer Creek Village entrance, along with a visitor entry lane. A new standard exit configuration was also proposed for all automated gates and did not include the unpopular tiger teeth reverse barrier system used at the Oakridge Gate.

The plan was presented to the Board in December, and was followed by a letter mailed to all property owners and a Landings Journal article detailing the proposal. Both requested property owner opinions prior to the Board's decision. After 81% of the responses favored the plan, the Board unanimously approved it at their first meeting in 1998. Property owner input received at meetings, on our hotline and from numerous letters was invaluable to the Board. As a result, several 1999 plan components will be reevaluated.

The guest pass system continues to operate efficiently with an increased number of volunteers thanks to the devoted effort of Volunteer Coordinator Gordon Gilkey.

At the request of the Lagoon and Fishing Committee during the year, the Security Department increased their efforts in determining and challenging unauthorized fishing which led to a change in fishing rules and noticeably reduced unauthorized fishing violations.

The committee also evaluated the quality of stop signs at major intersections throughout our community and recommended to the Maintenance Department the installation of highly reflective metal stop signs which were installed at six intersections. The results of this test concluded that as present wooden stop signs need repairs or replacement, the metal signs should be installed. In addition, the committee has made an in-depth study of the proliferation of other signs throughout The Landings. Recommendations concerning needed policy changes will be submitted to the Board in the coming year.

Committee members have frequently discussed registration of golf carts not already registered by Club golfers. The Club is now requiring all of their members to register carts. This policy should help Security personnel tremendously in identifying improperly operated carts.

This has been a very active year for the Public Safety Committee. The involvement and support of Chief Charles Scobee, General Manager Bob Mahnke and Board Contact Walt Culin, along with encouragement from President Dave Dawson, has been very helpful and much appreciated. Thanks to each of them and every committee member for their dedication and hard work.
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 committee works closely with the Maintenance Department to achieve these principles. The standards used by the department to perform the work are described in detail in more than 40 Concept Standards. As an example, the Concept Standard for the entrances states:

*Mow once per week year around, edge as required, fertilize three times per year, overseed once per year, weed control as needed.*

The Maintenance Department and the Public Works Committee developed these Concept Statements over a period of time, and reviewed them thoroughly in 1996.

Due to budget constraints, several maintenance activities had to be curtailed during 1996. Following the passage of the last assessment request, Maintenance was able to resume all of their activities including mowing and landscaping the common areas, resurfacing streets, repairing trails, managing the lagoons, and cleaning and repairing storm drains.

With the new assessment level, the Association was able to purchase a special piece of equipment that allows the Maintenance Department to routinely clean the catch basins and pipes that are a part of The Landings storm drainage system. The goal is to clean every pipe and basin every three years. This should minimize the potential for flooding caused by clogged pipes.

Committee members surveyed the condition of all of the cart paths maintained by the Association. The Maintenance Department has begun repairing the root-damaged portions of the paths.

The Public Works Committee developed the following information for a proposed overpass over McWhorter Road: the construction costs and schedule, maintenance costs, and traffic flow during construction and after completion. The Public Safety Committee used this information as they developed the overall plan for gate security.

Several wireless telephone companies wanted to include Skidaway Island in their service area. In order to avoid a hodgepodge of antenna installations, a subcommittee of the Community Coordination Council was established to develop an overall plan. The Maintenance Department and several committee members participated in this effort.

The subcommittee interviewed the potential wireless phone companies to determine their desires, and evaluated proposed sites for their visual impact upon the community. Based on this evaluation, one 180-foot tower was erected near the Association’s Maintenance headquarters, and a second was erected in the dredge material disposal site for Landings Harbor.
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Finance & Audit Committee and Treasurer’s Report

At the beginning of the fiscal year, the Board of Directors approved the merger of its Audit and Finance Committees into a single unit. In view of the non-profit status of the Association, this structure was acceptable to our independent accounting firm, Lazard, Curlee & Company, L.L.P. This firm met with the committee in September concerning the timing and scope of their work. In January 1998, they presented their report to the committee. This report, which expresses an unqualified opinion on the financial statements in addition to discovery of no internal control deficiencies requiring disclosure to the committee, appears on page 16 of this Annual Report. In addition, the committee completed an internal review of the Association’s payroll controls, policies and procedures which were found to be in good order.

This year marked the first of a three-year $760 assessment plan approved by the Association’s members in 1996. Accordingly, the excess of revenues over expenses of $306,550 in the Operating Fund exceeded the budget by $214,076. Contributing significantly to these results were lower than projected salary and insurance costs. The efforts of committee members Don Campbell and Jim Noyes in being able to achieve reduced insurance premium costs amounting to $70,500 reflect the devotion and dedication of community members’ interest toward the common good. These cost reductions were in the areas of automobile and workers compensation insurance. At year end, after capital expenses of $403,869 and operating expenses of $3,690,236, your Association had a surplus of $284,243. This surplus was calculated by taking current assets minus current liabilities, less required working capital.

The Association’s membership is fortunate to employ the talents and services of Deborah Friend Neal, Controller/System Analyst, and her associates Mary Zack, Accountant, and Janet Dixon, Finance Secretary. The quality of their productivity is immeasurable as exemplified by Janet Dixon being voted “Employee of the Quarter” by her peers in October. In addition, the time, effort, wisdom, candor and dedication of committee members during the course of the year contributed significantly to the overall creditable financial performance during 1997.

Committee Members
Jack Nichols, Chairperson and Board Contact
Donald Campbell
Tom Curless
Bill Gray
Jack Kaster
John Kenrich
Jim Noyes
Joe Reese
Deborah Friend Neal, Department Contact
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, 1997 and 1996, 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, 1997 and 1996, 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 23, 1998

[Signature]
## Balance Sheets

### ASSETS

<table>
<thead>
<tr>
<th>Current Assets</th>
<th>Operating</th>
<th>Capital</th>
<th>Storm Drain &amp; Flood Water Control</th>
<th>Selected Assets</th>
<th>Equipment Reserve</th>
<th>Total All Funds</th>
<th>Total All Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; cash equivalents</td>
<td>$135,519</td>
<td>$83,206</td>
<td>$96,609</td>
<td>$10,393</td>
<td>$871</td>
<td>$326,598</td>
<td>$518,126</td>
</tr>
<tr>
<td>Employee health benefit trust</td>
<td>4,976</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Members' deposit trust</td>
<td>147,951</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>288,446</td>
<td>83,206</td>
<td>96,609</td>
<td>10,393</td>
<td>871</td>
<td>479,525</td>
<td>686,600</td>
</tr>
</tbody>
</table>

### Property, Plant and Equipment on the basis of cost

<table>
<thead>
<tr>
<th></th>
<th>Operating</th>
<th>Capital</th>
<th>Storm Drain &amp; Flood Water Control</th>
<th>Selected Assets</th>
<th>Equipment Reserve</th>
<th>Total All Funds</th>
<th>Total All Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land improvements</td>
<td>160,589</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>1,013,979</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment</td>
<td>939,578</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Furniture &amp; fixtures</td>
<td>98,989</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vehicles</td>
<td>574,267</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work in progress</td>
<td>-</td>
<td>4,038</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,791,140</td>
<td>2,455,181</td>
</tr>
<tr>
<td>Less: accumulated depreciation</td>
<td>(1,213,500)</td>
<td>-</td>
<td>(1,213,500)</td>
<td>-</td>
<td>-</td>
<td>(994,675)</td>
<td></td>
</tr>
<tr>
<td><strong>Total Long-term Assets</strong></td>
<td>1,573,602</td>
<td>4,038</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,577,640</td>
<td>1,460,506</td>
</tr>
</tbody>
</table>

### LIABILITIES AND MEMBERS’ EQUITY

#### Current Liabilities

<table>
<thead>
<tr>
<th></th>
<th>Operating</th>
<th>Capital</th>
<th>Storm Drain &amp; Flood Water Control</th>
<th>Selected Assets</th>
<th>Equipment Reserve</th>
<th>Total All Funds</th>
<th>Total All Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable &amp; accrued expenses</td>
<td>$103,590</td>
<td>$2,983</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$106,573</td>
<td>$177,918</td>
</tr>
<tr>
<td>Accrued health benefits</td>
<td>37,678</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>65,683</td>
</tr>
<tr>
<td>Members’ deposit escrow</td>
<td>147,951</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>165,931</td>
</tr>
<tr>
<td>Accrued payroll &amp; taxes withheld</td>
<td>125,892</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>110,010</td>
</tr>
<tr>
<td>Income taxes payable</td>
<td>38,825</td>
<td>60</td>
<td>11,657</td>
<td>2,489</td>
<td></td>
<td>53,031</td>
<td>36,667</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>453,936</td>
<td>3,043</td>
<td>11,657</td>
<td>2,489</td>
<td></td>
<td>471,125</td>
<td>558,209</td>
</tr>
</tbody>
</table>

#### Members’ Equity

<table>
<thead>
<tr>
<th></th>
<th>Operating</th>
<th>Capital</th>
<th>Storm Drain &amp; Flood Water Control</th>
<th>Selected Assets</th>
<th>Equipment Reserve</th>
<th>Total All Funds</th>
<th>Total All Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members’ Equity</td>
<td>2,938,254</td>
<td>84,201</td>
<td>657,606</td>
<td>224,505</td>
<td>36,500</td>
<td>3,941,066</td>
<td>3,553,374</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$3,921,790</td>
<td>$87,244</td>
<td>$669,263</td>
<td>$226,994</td>
<td>$36,500</td>
<td>$4,412,191</td>
<td>$4,111,583</td>
</tr>
</tbody>
</table>

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

**Year Ended December 31, 1997**

<table>
<thead>
<tr>
<th>REVENUES</th>
<th>Operating</th>
<th>Capital Improvements</th>
<th>Storm Drain &amp; Flood Water Control</th>
<th>Selected Assets</th>
<th>Equipment Reserve</th>
<th>Total All Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessments</td>
<td>$3,230,760</td>
<td>- $</td>
<td>- $</td>
<td>- $</td>
<td>- $</td>
<td>$3,230,760</td>
</tr>
<tr>
<td>Service agreements</td>
<td>135,501</td>
<td></td>
<td></td>
<td></td>
<td>135,501</td>
<td>141,857</td>
</tr>
<tr>
<td>Vehicle registration</td>
<td>275,552</td>
<td></td>
<td></td>
<td></td>
<td>275,552</td>
<td>269,659</td>
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<tr>
<td>Architectural review fees</td>
<td>124,150</td>
<td></td>
<td></td>
<td></td>
<td>124,150</td>
<td>103,010</td>
</tr>
<tr>
<td>Interest earned</td>
<td>142,695</td>
<td>169</td>
<td>36,681</td>
<td>8,419</td>
<td></td>
<td>187,964</td>
</tr>
<tr>
<td>Cable contract fees</td>
<td>33,599</td>
<td></td>
<td></td>
<td></td>
<td>33,599</td>
<td>30,699</td>
</tr>
<tr>
<td>Directory advertising</td>
<td>18,490</td>
<td></td>
<td></td>
<td></td>
<td>18,490</td>
<td>17,962</td>
</tr>
<tr>
<td>Other</td>
<td>36,039</td>
<td></td>
<td></td>
<td></td>
<td>36,039</td>
<td>18,584</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>3,996,786</td>
<td>169</td>
<td>36,681</td>
<td>8,419</td>
<td></td>
<td>4,042,055</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENSES</th>
<th>Security &amp; safety</th>
<th>762,407</th>
<th>Maintenance of common property</th>
<th>2,014,808</th>
<th>286</th>
<th>12,206</th>
<th>2,027,300</th>
<th>1,794,444</th>
</tr>
</thead>
<tbody>
<tr>
<td>Architectural review</td>
<td>112,504</td>
<td></td>
<td>General &amp; administrative</td>
<td>751,491</td>
<td>29</td>
<td></td>
<td>751,520</td>
<td>730,450</td>
</tr>
<tr>
<td>Income taxes</td>
<td>49,026</td>
<td>60</td>
<td>11,657</td>
<td>2,489</td>
<td></td>
<td></td>
<td>63,232</td>
<td>41,247</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>3,690,236</td>
<td>375</td>
<td>23,863</td>
<td>2,489</td>
<td></td>
<td></td>
<td>3,718,963</td>
<td>3,569,757</td>
</tr>
</tbody>
</table>

| EXCESS OF REVENUES OVER (UNDER) EXPENSES | 306,550 | (206) | 12,818 | 5,930 | - | 325,092 | (195,048) |

| MEMBERS' EQUITY, January 1 | 2,786,036 | 60,300 | 553,788 | 153,250 | - | 3,553,374 | 3,730,622 |
| Capital assessments | 28,400   |         |         |         |     |         | 17,800   |
| Transfer of capital projects | 4,293 | (4,293) |         |         |     |         |         |
| Designated members' contribution | 34,200 |         |         |         |     |         |         |
| Transfer to repair & replacement funds | (192,825) | 91,000 | 65,325 | 36,500 | - | - |
| **MEMBERS' EQUITY, December 31** | $2,938,254 | $84,201 | $657,606 | $224,505 | $36,500 | $3,941,066 | $3,553,374 |

**NOTE** - The accompanying Notes to Financial Statements are an integral part of these financial statements.
CASH FLOWS FROM OPERATING ACTIVITIES:

Excess of revenues over (under) expenses
Adaptions to reconcile excess of revenues over (under) expenses to net cash provided by (used in) operating activities:
- Depreciation
- Gain on sale of assets
- Provision for doubtful accounts
- (Increase) decrease in assessments receivable
- (Increase) decrease in interest receivable
- Increase in other receivables
- (Increase) decrease in prepaid expenses
- Increase (decrease) in accounts payable and accrued expenses
- Increase (decrease) in accrued health benefits
- Decrease in members' deposit escrow
- Increase in accrued payroll and taxes withheld
- Changes in interfund balances
- Increase in income taxes payable
- Designated contributions received from members
- Cash transfer to repair funds

Net cash provided by (used in) operating activities

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31, 1997</th>
<th>Year Ended Dec 31 96</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating</td>
<td>Capital Improvements</td>
<td>Storm Drain &amp; Flood Water Control</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjustments to reconcile excess of revenues over (under) expenses to net cash provided by (used in) operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gain on sale of assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provision for doubtful accounts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Increase) decrease in assessments receivable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Increase) decrease in interest receivable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in other receivables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Increase) decrease in prepaid expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase (decrease) in accounts payable and accrued expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase (decrease) in accrued health benefits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease in members' deposit escrow</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in accrued payroll and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>taxes withheld</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in income taxes payable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in interfund balances</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in income taxes payable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Designated contributions received from members</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash transfer to repair funds</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Net cash provided by (used in) operating activities

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31, 1997</th>
<th>Year Ended Dec 31 96</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

CASH FLOWS FROM INVESTING ACTIVITIES:

<table>
<thead>
<tr>
<th></th>
<th>Capital expenditures</th>
<th>Change in other assets</th>
<th>Proceeds from sale of short-term investments</th>
<th>Capital expenditures</th>
<th>Change in other assets</th>
<th>Proceeds from sale of short-term investments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(403,869)</td>
<td>(8,330)</td>
<td>3,287,965</td>
<td>(412,199)</td>
<td>3,796,505</td>
<td>2,341,635</td>
</tr>
<tr>
<td></td>
<td>(412,199)</td>
<td>(3,864)</td>
<td>3,796,505</td>
<td>(412,199)</td>
<td>3,796,505</td>
<td>2,341,635</td>
</tr>
<tr>
<td></td>
<td>(3,287,965)</td>
<td>(6,111)</td>
<td>3,796,505</td>
<td>(3,287,965)</td>
<td>3,796,505</td>
<td>2,341,635</td>
</tr>
<tr>
<td></td>
<td>(4,444)</td>
<td>(98,561)</td>
<td>(3,400,688)</td>
<td>(4,444)</td>
<td>(98,561)</td>
<td>(614,038)</td>
</tr>
<tr>
<td></td>
<td>(300,000)</td>
<td>(437,507)</td>
<td>(837,904)</td>
<td>(300,000)</td>
<td>(437,507)</td>
<td>(837,904)</td>
</tr>
<tr>
<td></td>
<td>(83,206)</td>
<td>(88,644)</td>
<td>(7,965)</td>
<td>(83,206)</td>
<td>(88,644)</td>
<td>(7,965)</td>
</tr>
<tr>
<td></td>
<td>(675,707)</td>
<td>(2,928)</td>
<td>(683,635)</td>
<td>(675,707)</td>
<td>(2,928)</td>
<td>(675,707)</td>
</tr>
<tr>
<td></td>
<td>(288,446)</td>
<td>(83,206)</td>
<td>(95,609)</td>
<td>(288,446)</td>
<td>(83,206)</td>
<td>(95,609)</td>
</tr>
</tbody>
</table>

Net cash used in investing activities

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31, 1997</th>
<th>Year Ended Dec 31 96</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

CASH FLOWS FROM FINANCING ACTIVITIES:

Assessment for capital improvements from members

Net cash provided by financing activities

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31, 1997</th>
<th>Year Ended Dec 31 96</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Increase (decrease) in cash and cash equivalents

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31, 1997</th>
<th>Year Ended Dec 31 96</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Cash and cash equivalents, January 1

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31, 1997</th>
<th>Year Ended Dec 31 96</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Cash and cash equivalents, December 31

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31, 1997</th>
<th>Year Ended Dec 31 96</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Income taxes paid by the Association were $36,769 in 1997 and $36,800 in 1996.

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 4,251 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 Equipment Reserve Fund) 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 - The Association must 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. Prior to May 1996, employees were eligible for the health benefit upon the completion of one month of active service. For the years ended December 31, 1997 and 1996, $98,090 and $80,737 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. In March 1997, the Association agreed to maintain the Lake Street, West Ridge Street and adjacent common areas in the Village. As part of the agreement, The Branigar Organization, Inc., the developer and current owner, paid the Association a road reserve of $34,200 for the prior depreciation of the roadways. This amount has been put in a segregated account. Going forward the Village POA will pay a yearly maintenance fee to the Association of which a portion will contain a road reserve.

Segregated Cash Within the Capital Improvements Fund - The Association holds in a segregated account within the Capital Improvements Fund the amount pledged to the Athletic Field Steering Committee. In 1997, the Board approved matching the committee’s fundraising effort with 50 cents for every dollar up to $50,000. The segregated account currently contains the Association’s pledge and a pledge received from The Landings Club. For the year ending December 31, 1997, the amount in the account was $56,691. The monies raised by the committee remain in an account they established during the campaign to be transferred when needed to pay for the project and are not included in these financial statements.

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 1997 and 1996 respectively were $760 and $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 expenses on the balance sheet totaling $18,637. 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:
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 General Declarations of 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 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, 1997 and 1996, amounts expended for depreciation were $292,136 and $227,074, 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.

**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 were approximately $317,834 and $1,547,525, at December 31, 1997 and 1996, respectively.

**Note 4 - Investments**
Investments securities are those investments that the Association acquires with the intent and ability to hold to maturity. Securities chosen for investment are selected to preserve capital and protect investment principal, to maintain sufficient liquidity to meet anticipated needs and to attain a market rate of return consistent with the preservation of capital. Repurchase agreements according to the Association’s investment policy must be fully collateralized by U.S. Obligations. On December 31, 1997, the Association held a $400,000 repurchase agreement.

**Long-term Investments** –Long-term investments include Federal Home Loan Bank Notes, a U.S. Treasury Strip and a Federal Farm Credit Bank Note, which are stated at cost plus their interest receivable. Long-term investments consist of the following:

<table>
<thead>
<tr>
<th>Instrument</th>
<th>Face Value</th>
<th>Maturity</th>
<th>Interest Rate</th>
<th>Market</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>FHLB</td>
<td>$300,000</td>
<td>11/19/99</td>
<td>5.825%</td>
<td>$301,782</td>
<td>$300,000</td>
</tr>
<tr>
<td>FHLB</td>
<td>35,000</td>
<td>2/13/01</td>
<td>5.665%</td>
<td>34,792</td>
<td>34,869</td>
</tr>
<tr>
<td>FHLB</td>
<td>65,000</td>
<td>12/10/04</td>
<td>6.045%</td>
<td>65,965</td>
<td>65,528</td>
</tr>
<tr>
<td>FFCB</td>
<td>100,000</td>
<td>4/03/00</td>
<td>6.090%</td>
<td>101,328</td>
<td>100,447</td>
</tr>
<tr>
<td>US Treasury Strip</td>
<td>$385,000</td>
<td>11/15/99</td>
<td>NA</td>
<td>$349,334</td>
<td>$346,286</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 5 - 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 $19,753 at December 31, 1997, and $19,332 at December 31, 1996, 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 $13,000 in 1997 and $15,500 in 1996 has been established for their uncertainty.

Note 6 - 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, selected assets and equipment. Prior to December 31, 1996, the Association also provided reserves 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 costs 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 $91,000 in 1997 and $43,000 in 1996. During the years ended December 31, 1997 and 1996, amounts expended from the fund were $12,206 and $41,855, respectively.

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 within The Landings, 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. Monies transferred to this fund amounted to $65,325 in 1997.

Equipment Reserve - In 1997, the Association established a fund to cover 50% of the replacement cost of major capital equipment. Major capital equipment is considered those items costing $50,000 or more. Funds of $36,500 were transferred from the Operating Fund to establish this fund in 1997.

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 was eliminated and all its assets transferred to the Operating Fund. During the year ended December 31, 1996, the amount expended from the fund was $110,563.

Note 7 - 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 21 years, and completing 12 months active service. Vesting begins with the second year of service and participants become fully vested after six years. Previously, employees were 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 1997 and 1996), amounted to $50,711 in 1997 and $59,751 in 1996.

Note 8 - 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 9 - Legal Matters**
There is currently no pending or threatened litigation against The Landings Association, Inc.

**Note 10 - Line of Credit**
As of December 31, 1997, 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 11 - 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 1997 and 1996, the Association provided security services to the developer under annual contracts. Such services amounted to $6,197 in 1997 and $5,887 in 1996, based upon the cost of providing those services. The Association's accounts receivable from Branigar for such services were $516 and $741 on December 31, 1997 and 1996, 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, 1997 and 1996, capital improvement assessments receivable due from Branigar were $0 and $66,104, 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. 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 $122,360 in 1997 and $100,625 in 1996. The Association's accounts receivable due from The Landings Club for such services were $12,417 and $13,479 on December 31, 1997 and 1996, 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 $6,944 and $35,345 in 1997 and 1996, respectively, based on the cost of providing those services. As of December 31, 1997 and 1996, accounts receivable, due from The Landings Yacht Club were $579 and $0, respectively.

The Association has a long-term receivable from The Landings Real Estate Properties, Inc. as part of an agreement made by the National Marketing Committee. The costs associated with the research, communication and vote package would be repaid to the various contributing entities at some point in the future by the new company established to carry-on the marketing effort. The Association believes this to be greater than one year and therefore has established a long-term receivable of $30,409 for their portion of the cost, as of December 31, 1997.

**Note 12 - 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 one dollar per year. The Landings Association, Inc., has subordinated the lease in favor of the lending institution.

**Note 13 - Stock Ownership**
On December 23, 1997, The Landings Real Estate Properties, Inc. was incorporated of which The Landings Association, Inc. is the 100% shareholder. The company was established as a result of a covenant change approved by the Association membership in October 1997. The Landings Real Estate Properties, Inc. will be responsible for the marketing and real estate operations previously provided by The Landings Company, a company owned by The Branigar Organization, Inc., the developer.
Supplementary Information on Major Repairs and Replacements

All Funds – When calculating the funds required, the Association makes the following assumptions – an inflation rate of three percent, an interest rate of six percent and a tax rate of 30 percent.

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 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 structures 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 recommended that transfers to this fund be based on 50% of the value of the entire drainage system.

Transfers were $91,000 in 1997 and $43,000 in 1996. The fund balance of the Storm Drain and Flood Water Control Fund was $657,606 on December 31, 1997, and $553,788 on December 31, 1996.

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 $15,000 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’s 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.

Transfers were $65,325 in 1997 and $153,250, to establish the fund, in 1996. The fund balance of the Selected Asset Fund was $224,505 on December 31, 1997, and $153,250 on December 31, 1996.

Equipment Reserve - In 1996, the Association approved the establishment of an Equipment Reserve Fund to help stabilize assessment rates in the years when major pieces of equipment would require replacement. The fund reserves for 50% of the estimated future value of equipment costing more than $50,000. The assets in this fund consist of two street sweepers, a dump truck, a backhoe and the vacuum jetting truck. In 1997, the street sweepers were estimated to have remaining useful lives between three and four years, and an estimated replacement cost of $120,000 each. The dump truck was estimated to have a remaining useful life of 5 years, and a replacement cost of $40,000. The backhoe and vacuum jetting truck were estimated to have remaining useful lives of six years, and estimated replacement costs of $60,000 and $120,000, respectively.

In 1997, $36,500 was transferred from the Operating Fund to establish this fund.

Road Resurfacing Fund - 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.

On December 31, 1996, the remaining assets in this fund totaling $340,414 were transferred to the Operating Fund.
## Association Directory

### 1998 Officers

<table>
<thead>
<tr>
<th>Position</th>
<th>Name</th>
<th>Address</th>
<th>Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td>President</td>
<td>Kathy Siler</td>
<td>12 Oyster Reef Road</td>
<td>598-8052</td>
</tr>
<tr>
<td>Vice President</td>
<td>Jack Nichols</td>
<td>7 Seawatch Drive</td>
<td>0013</td>
</tr>
<tr>
<td>Vice President</td>
<td>Joe Hamlet</td>
<td>2 Shadow Brook Lane</td>
<td>0249</td>
</tr>
<tr>
<td>Treasurer</td>
<td>Tom Curless</td>
<td>3 Priber Lane</td>
<td>4677</td>
</tr>
<tr>
<td></td>
<td>Ben Brian</td>
<td>1 Hyacinth Lane</td>
<td>7797</td>
</tr>
<tr>
<td></td>
<td>Walt Culin</td>
<td>8 Marsh Tower Lane</td>
<td>7715</td>
</tr>
<tr>
<td></td>
<td>Dave Dawson</td>
<td>3 Shady Oak Lane</td>
<td>8574</td>
</tr>
<tr>
<td></td>
<td>Bob Heath</td>
<td>9 Sweetgum Crossing</td>
<td>0240</td>
</tr>
<tr>
<td></td>
<td>Don Zumer</td>
<td>20 Hobcaw Lane</td>
<td>0286</td>
</tr>
</tbody>
</table>

### General Counsel

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

### Secretary

- **J. Gordon Gilkey, Jr.**
  - 12 Monastery Road
  - Phone: 598-1509

### Association Staff

- **General Manager**: Robert G. Mahnke, CMCA, PCAM
- **Architectural Administrator**: Larry M. Todd
- **Communications Coordinator**: Hope Moorer
- **Controller & Systems Analyst**: Deborah Friend Neal, CMCA
- **Public Works Manager**: Joseph T. Vail
- **Office Manager**: Patty Holliday
- **Human Resources Manager**: Vickie Carr
- **Chief of Security & Safety**: Charles R. Scobee, Jr.

- **Address**: 600 Landings Way South, Savannah, GA 31411-2899
- **Phone**: 598-2520
- **FAX**: 598-2516