

Fremont Vistas Homeowners Association

c/o Associa Northern California
485 Alberto Way, Suite 210, Los Gatos, CA 95132
Phone 408-540-5050

TO: All Homeowners

FROM: Board of Directors

DATE: April 27, 2017

RE: Reviewed Financial Statement for the Year Ending December 31, 2016

Enclosed please find the Reviewed Financial Statements as prepared by Levy Erlanger & Company, Certified Public Accountants for the year ending December 31, 2016. These reports reflect the Association's financial position as of December 31, 2016.

You are responsible for providing this information to prospective buyers if you refinance or sell your home. Please file this information with other important information concerning your home.

Thank you

FREMONT VISTAS HOMEOWNERS ASSOCIATION

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT**

YEARS ENDED DECEMBER 31, 2016 (AUDITED) AND 2015 (COMPILED)

**LEVY, ERLANGER & COMPANY
Certified Public Accountants
San Francisco, California**

FREMONT VISTAS HOMEOWNERS ASSOCIATION

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LEVY, ERLANGER & COMPANY
Certified Public Accountants

290 King Street, Suite 12
San Francisco, CA 94107

INDEPENDENT AUDITOR'S REPORT

Board Of Directors
Fremont Vistas Homeowners Association
Fremont, California

We have audited the accompanying financial statements of **Fremont Vistas Homeowners Association** (the Association) which comprise the balance sheet as of December 31, 2016 and the related statements of revenues, expenses and changes in fund balances, and the cash flows, for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Fremont Vistas Homeowners Association** as of December 31, 2016, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The 2015 financial statements were compiled by us, and our report thereon, dated April 20, 2016, stated we did not audit or review those financial statements and, accordingly, express no opinion or other form of assurance on them.

Future Major Repairs and Replacements

As further discussed in the notes to the financial statements, the Association has completed a study of its common area major components sufficient to assist the Board in planning for future major repairs and replacements. The reasonableness of the resulting replacement reserve funding plan is a function of the completeness of the major component list and the accuracy of the estimated quantity, useful and remaining lives, and replacement costs of those components.

Funds are being accumulated in the replacement fund based on estimated future costs for repair and replacement of common area property. Actual expenditures and investment income may vary from the estimated amounts, and the variations may be material. Therefore, amounts accumulated in the replacement fund may or may not be adequate to meet all future component repair and replacement costs. The ability of the Association to fund its future requirements is dependent upon annual increases in that portion of the assessment which is allocated to the replacement fund, and/or special assessments. In the event that funds are not available when needed, the Board may, subject to the constraints of California law and the Association's governing documents, increase regular assessments, levy special assessments, and/or delay repair and replacement of common area major components until sufficient funds are available.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information on future major repairs and replacements of common property be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Zweig, Erlanger & Company
March 30, 2017

FREMONT VISTAS HOMEOWNERS ASSOCIATION

**BALANCE SHEETS
DECEMBER 31, 2016 (AUDITED) AND 2015 (COMPILED)**

	<u>2016</u>			<u>2015</u>
	<u>Operations Fund</u>	<u>Replacement Fund</u>	<u>Total Funds</u>	<u>Total Funds</u>
ASSETS				
Cash and cash equivalents (Note 2)	\$ 11,512	\$ 614,401	\$ 625,913	\$ 561,726
Investment in certificates of deposit (Note 2)				72,587
Assessments receivable, less allowance for doubtful accounts of \$1,000 and \$-0-, respectively (Note 2)	819		819	1,113
Special assessments receivable		41,850	41,850	60,321
Prepaid insurance	4,140		4,140	4,555
Prepaid income taxes		800	800	
Total assets	<u>\$ 16,471</u>	<u>\$ 657,051</u>	<u>\$ 673,522</u>	<u>\$ 700,302</u>
LIABILITIES				
Accounts payable	\$ 4,600	\$ -	\$ 4,600	\$ 5,784
Assessments paid in advance	8,175		8,175	8,790
Income taxes payable				800
Bank loan payable (Note 5)		66,418	66,418	88,941
Due to (due from) other fund	6,998	(6,998)		
Future major repairs and replacements (Note 3)	-	-	-	-
Total liabilities	<u>19,773</u>	<u>59,420</u>	<u>79,193</u>	<u>104,315</u>
COMMITMENTS (NOTE 4)	-	-	-	-
FUND BALANCE (DEFICIT)	<u>(3,302)</u>	<u>597,631</u>	<u>594,329</u>	<u>595,987</u>
Total liabilities and fund balance	<u>\$ 16,471</u>	<u>\$ 657,051</u>	<u>\$ 673,522</u>	<u>\$ 700,302</u>

See independent auditor's report and accompanying notes.

FREMONT VISTAS HOMEOWNERS ASSOCIATION

**STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
YEARS ENDED DECEMBER 31, 2016 (AUDITED) AND 2015 (COMPILED)**

	<u>2016</u>			<u>2015</u>
	<u>Operations</u>	<u>Replacement</u>	<u>Total</u>	<u>Total</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
REVENUES				
Assessments	\$ 155,834	\$ 96,166	\$ 252,000	\$ 252,000
Interest income (Note 2)	7	891	898	287
Member interest income		3,090	3,090	5,685
Late charges and other income	1,454		1,454	1,111
Total revenues	<u>157,295</u>	<u>100,147</u>	<u>257,442</u>	<u>259,083</u>
EXPENSES				
<u>Administration</u>				
Bad debt expense (recovery)	1,000	-	1,000	2,570
Income tax provision (Note 2)				800
Insurance	12,835		12,835	13,230
Interest expense		4,946	4,946	7,051
Legal, accounting and consulting	2,800		2,800	2,895
Management	18,255		18,255	18,255
Office, printing and postage	2,619		2,619	2,037
Reserve study				375
	<u>37,509</u>	<u>4,946</u>	<u>42,455</u>	<u>47,213</u>
<u>Maintenance and operations</u>				
Gutters and downspouts	2,370	-	2,370	-
Janitorial services	11,510		11,510	11,565
Landscape maintenance	26,700		26,700	24,380
Lighting and electrical maintenance	6,880		6,880	4,065
Pest control	2,658		2,658	2,423
Plumbing maintenance	7,883		7,883	7,700
Tree maintenance	7,240		7,240	320
Other maintenance and operations	2,896		2,896	2,382
	<u>68,137</u>	<u>-</u>	<u>68,137</u>	<u>52,835</u>

See independent auditor's report and accompanying notes.

FREMONT VISTAS HOMEOWNERS ASSOCIATION

**STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
YEARS ENDED DECEMBER 31, 2016 (AUDITED) AND 2015 (COMPILED)**

	2016			2015
	Operations Fund	Replacement Fund	Total Funds	Total Funds
EXPENSES (CONTINUED)				
<u>Utilities</u>				
Garbage collection	\$ 26,573	\$ -	\$ 26,573	\$ 25,633
Gas and electricity	17,134		17,134	13,646
Water and sewer	27,824		27,824	24,799
	<u>71,531</u>	<u>-</u>	<u>71,531</u>	<u>64,078</u>
<u>Major repairs and replacements</u>				
Gazebo	-	13,953	13,953	-
Other building exterior				1,961
Sheds and storage		35,695	35,695	
Siding and trim		2,200	2,200	
Stairs and railings		4,496	4,496	
Trees and trimming		14,546	14,546	200
Other major repairs and replacements		6,087	6,087	7,670
	<u>-</u>	<u>76,977</u>	<u>76,977</u>	<u>9,831</u>
Total expenses	<u>177,177</u>	<u>81,923</u>	<u>259,100</u>	<u>173,957</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(19,882)	18,224	(1,658)	85,126
BOARD-APPROVED INTERFUND RECLASSIFICATIONS AND TRANSFERS	(11,055)	11,055	-	-
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>27,635</u>	<u>568,352</u>	<u>595,987</u>	<u>510,861</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ (3,302)</u>	<u>\$ 597,631</u>	<u>\$ 594,329</u>	<u>\$ 595,987</u>

See independent auditor's report and accompanying notes.

FREMONT VISTAS HOMEOWNERS ASSOCIATION

**STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 (AUDITED) AND 2015 (COMPILED)**

	2016		2015	
	<u>Operations Fund</u>	<u>Replacement Fund</u>	<u>Total Funds</u>	<u>Total Funds</u>
OPERATING ACTIVITIES				
Excess (deficiency) of revenues over expenses	\$ (19,882)	\$ 18,224	\$ (1,658)	\$ 85,126
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided by operating activities:				
Bad debt expense (recovery)	1,000	-	1,000	2,570
Decrease (increase) in assets:				
Assessments receivable	(706)		(706)	(3,245)
Special assessments receivable		18,471	18,471	33,551
Other assets				8,696
Prepaid insurance	415		415	(440)
Prepaid income taxes		(800)	(800)	
Increase (decrease) in liabilities:				
Accounts payable	(1,184)		(1,184)	(311)
Assessments paid in advance	(615)		(615)	3,174
Income taxes payable		(800)	(800)	800
Due to (due from) other fund	11,794	(11,794)		
Total adjustments	10,704	5,077	15,781	44,795
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(9,178)	23,301	14,123	129,921
INVESTING ACTIVITIES				
Net (purchase) sale of certificates of deposit	-	72,587	72,587	-
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	-	72,587	72,587	-
FINANCING ACTIVITIES				
Net proceeds from (payments of principal on) bank loan payable	-	(22,523)	(22,523)	(84,079)
NET CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES	-	(22,523)	(22,523)	(84,079)

See independent auditor's report and accompanying notes.

FREMONT VISTAS HOMEOWNERS ASSOCIATION

**STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 (AUDITED) AND 2015 (COMPILED)**

	<u>Operations</u>	<u>2016</u>	<u>Total</u>	<u>2015</u>
	<u>Fund</u>	<u>Replacement</u>	<u>Funds</u>	<u>Total</u>
		<u>Fund</u>		<u>Funds</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (9,178)	\$ 73,365	\$ 64,187	\$ 45,842
BOARD-APPROVED INTERFUND RECLASSIFICATIONS AND TRANSFERS	(11,055)	11,055	-	-
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>31,745</u>	<u>529,981</u>	<u>561,726</u>	<u>515,884</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 11,512</u>	<u>\$ 614,401</u>	<u>\$ 625,913</u>	<u>\$ 561,726</u>
 <u>Supplemental Disclosures</u>				
Interest paid	<u>\$ -</u>	<u>\$ 4,946</u>	<u>\$ 4,946</u>	<u>\$ 7,051</u>
Income taxes paid	<u>\$ -</u>	<u>\$ 1,600</u>	<u>\$ 1,600</u>	<u>\$ -</u>

See independent auditor's report and accompanying notes.

FREMONT VISTAS HOMEOWNERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2016 (AUDITED) AND 2015 (COMPILED)

1. THE ASSOCIATION

Fremont Vistas Homeowners Association (the Association) is a common interest development located in Fremont, California which consists of 60 residential units and certain common area property. The Association was organized as a nonprofit mutual-benefit corporation in May 1978 to provide for management, maintenance and architectural control of the individual units and the common area property. The Association is governed by a member-elected Board of Directors which is responsible for enforcing provisions of the governing documents, which include covenants, conditions and restrictions (CC&Rs), by laws, and rules and regulations. Major decisions, as determined by the CC&Rs, are referred to the Association owners as a whole.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Assessments. Association members are subject to annual assessments, usually payable in equal monthly installments, to provide funds for operating expenses and major repairs and replacements. In addition to regular annual assessments, special and/or emergency assessments may be imposed by the Association's Board Of Directors, under certain circumstances without member approval. Any excess assessments at year end are retained by the Association for use in the succeeding year. Revenues and expenses and information about future major repairs and replacements are explained in greater detail in the annually-distributed pro forma operating budget (pursuant to California Civil Code Section 5300).

Assessments receivable at the balance sheet date represents the aggregate amount of assessments due from unit owners. The Association's policy is to retain a collection service and/or legal counsel and place liens on the properties of owners whose assessments are delinquent. In certain instances, foreclosure may be necessary. The collection process is explained in greater detail in the annually distributed annual statement of collection procedure (pursuant to California Civil Code Section 5730). Because of these collection procedures, the Board believes that, subject to a reasonable allowance for doubtful accounts, if any, all assessments are collectible. The estimate of allowance for doubtful accounts, if any, is based, generally, on amounts past due greater than 90 to 120 days.

See independent auditor's report.

FREMONT VISTAS HOMEOWNERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2016 (AUDITED) AND 2015 (COMPILED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of presentation. The accompanying financial statements, and the Association's corporate income tax returns, have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America, whereby revenues are recognized when earned and expenses are recognized when incurred.

Cash and cash equivalents. For purposes of the statement of cash flows, the Association considers all short-term investments with a maturity at date of purchase of three months or less to be cash equivalents. Cash equivalents are classified with cash in the balance sheet.

Concentrations of credit risk. Financial instruments which potentially subject the Association to concentrations of credit risk consist principally of cash, cash equivalents and investments. The Association maintains its financial instruments with what management believes to be high credit quality financial institutions and limits the amount of credit exposure to any one particular institution. Cash, cash equivalents and investments in excess of federal deposit insurance (FDIC) coverage limits as of December 31, 2016 totaled approximately \$191,000.

Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and the differences could be material.

Fund accounting. The Association's governing documents provide certain guidelines for governing its financial activities. To ensure the observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in two funds established according to their nature and purpose. The operations fund is used to account for the financial resources available for the general day-to-day operations of the Association. The replacement fund is used to accumulate financial resources designated for future major repairs and replacements.

See independent auditor's report.

FREMONT VISTAS HOMEOWNERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2016 (AUDITED) AND 2015 (COMPILED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes are paid on income from sources which are not related to the nonprofit, membership purposes of the Association. Nonmembership income, less related nonmembership expenses, subject to federal and California income taxes includes interest earned on cash and cash equivalents, and investments.

For federal purposes, the Association may elect to be taxed as either a regular corporation or as a homeowners association. In the former instance, it is taxed at graduated rates from 15% to 39% on net nonmember income; in the latter case it is taxed on net nonexempt function income (which is generally similar to net nonmember income) at a flat 30% rate. California income taxes approximate 9% of taxable income.

The Association's tax filings are subject to audit by various taxing authorities: federal income tax returns for the previous three years remain open to examination by the Internal Revenue Service and California income tax returns for the previous four years remain open to examination by the Franchise Tax Board. In evaluating the Association's tax provisions and accruals, the Association believes that its estimates are appropriate based on current facts and circumstances

Interest earned on operations and replacement funds, net of related income taxes, is retained in said respective funds.

Investments consist of federally-insured certificates of deposit stated at cost which approximates market value.

Membership in the Association is mandatory by virtue of unit ownership.

Real and personal common property acquired by the original owners from the developer is not recognized in the Association's financial statements, in accordance with prevalent industry practice, because it is commonly owned by the individual Association members and its disposition by the Board Of Directors is restricted. Similarly, major repairs, replacements and improvements to real and personal property are not recognized.

See independent auditor's report.

FREMONT VISTAS HOMEOWNERS ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 (AUDITED) AND 2015 (COMPILED)**

3. FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents, and California state law (Civil Code Section 5300), require that the Board Of Directors provide for the repair and replacement of Association common area major components. Accordingly, funds which comprise the replacement fund are not generally available for the payment of day-to-day operating expenses.

The Association has completed a study of its common area major components sufficient to assist the Board in planning for future major repairs and replacements. The reasonableness of the resulting reserve funding plan is a function of the completeness of the major component list, the accuracy of the estimated quantity, useful and remaining lives and current replacement costs of those components, and the reasonableness of significant funding assumptions, including but not limited to the projected major component cost increases (aka inflation) and interest earning rate(s) on replacement fund cash balances.

Funds are being accumulated in the replacement fund based on estimated future costs for repair and replacement of common area property. Actual expenditures and investment income may vary from the estimated amounts, and the variations may be material.

Therefore, amounts accumulated in the replacement fund may or may not be adequate to meet all future component repair and replacement costs. The ability of the Association to fund its future requirements is dependent upon annual increases in that portion of the assessment which is allocated to the replacement fund, and/or special assessments. In the event that funds are not available when needed, the Board may, subject to the constraints of California law and the Association's governing documents, increase regular assessments, levy special assessments, and/or delay repair and replacement of common area major components until funds are available.

Additional information about future major repairs and replacements may be found in the annually-distributed pro forma operating budget and related assessment and reserve funding disclosure summary (pursuant to California Civil Code Section 5300).

See independent auditor's report.

FREMONT VISTAS HOMEOWNERS ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 (AUDITED) AND 2015 (COMPILED)**

4. COMMITMENTS

The Association enters into contracts for management and/or maintenance services in the normal course of its business operations. These contracts are generally cancelable on thirty to ninety days' advance notice.

5. BANK LOAN PAYABLE

In April 2008 the Association obtained a \$594,000 line of credit from a financial institution for project major repairs. The loan terms required monthly interest-only payments at the Wall Street Journal Prime Rate fully adjustable, with a floor of 5.25% per annum on amounts borrowed. Effective January 2010 the outstanding balance on the line of credit converted to a fully-amortizing loan.

The loan terms require 120 equal monthly payments of \$2,015 including principal and interest. 30 days prior to the first amortization payment due date, the interest rate was fixed for 60 months using the daily yield curve rate on US Treasury 5 year constant maturity rates plus 3.50% (currently 5.75% per annum). On the last day of the 60 month increment, the rate will be set at the same spread over the index as indicated above for the remaining 60 month increment of the loan term. The interest rate shall have a floor of 5.75% during each five year increment of the term portion of the loan. The outstanding balance of the bank loan is \$66,418 at December 31, 2015. The loan matures January 2020. All borrowings are secured by the Association's receivables and the Board Of Directors' authority to impose special assessments necessary to repay the Bank debt. Minimum payments of principal for the next four years are as follows:

<u>Year</u>	
2017	\$ 20,361
2018	21,532
2019	22,770
2020	<u>1,755</u>
	<u>\$ 66,418</u>

See independent auditor's report.

FREMONT VISTAS HOMEOWNERS ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 (AUDITED) AND 2015 (COMPILED)**

6. DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through March 30, 2017, the date that the financial statements were available to be issued.

See independent auditor's report.

FREMONT VISTAS HOMEOWNERS ASSOCIATION

SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS DECEMBER 31, 2016 (UNAUDITED)

The following information on common area major components was compiled by Associa Reserve Studies of Newark, California as of **October 2016** and has served as the basis for the current estimates of replacement reserve funding:

	Remain. Life	Useful Life	Component Total Cost	Accrued Reserve
ROADS				
1 Asphalt Sealing	4	5	11,037	2,207
2 Asphalt Repair Allowance	4	5	18,375	3,675
3 Speed Bumps	27	50	3,150	1,449
4 Asphalt Replacement	27	50	315,952	145,338
ASPHALT STRIPING AND CURB PAINTING				
5 White Striping	4	5	2,430	486
6 Red Curb Paint	4	5	1,125	225
7 Speed Bump Striping	4	5	263	53
7 Visitor Designation	4	5	158	32
8 Assign Parking Numbers	4	5	1,890	378
9 Stop Designation	4	5	32	6
CONCRETE				
10 Sidewalk/Curb Repair Allowance	0	10	1,050	1,050
11 V-ditch Repair Allowance	4	5	1,050	210
SIGNAGE				
12 Signage Replacement Allowance	0	5	525	525
FENCING/RAILINGS/SECURITY GRILES AND RETAINING WALLS				
13 Wood Fence at Property Line	15	25	30,947	12,379
14 Wood Fence @ Units	9	25	134,550	86,112
15 Black Iron Fence at Property Line - Repair Allow	0	6	3,150	3,150
16 Wood Hand Rails	17	25	16,199	5,184
17 Stair Metal Hand Rails - Repair Allowance	0	6	1,313	1,313
18 Stone Wall at Entry - Repair Allowance	12	20	1,050	420
19 Concrete Fence at Property Line Repair Allowa	4	12	1,050	700
20 Wood Retaining Wall Repair Allowance	0	6	1,050	1,050
EXTERIOR LIGHTING				
21 Street Light	3	25	6,563	5,775
22 Street Light	22	25	2,100	252
23 Street Light Pole 12'	3	50	14,438	13,571
24 Street Light Pole 12'	47	50	4,620	277
25 Spot Light at Entry	3	25	630	554
26 Unit Lantern Wall Mount Lights	3	25	15,750	13,860
27 Carport Circle Wall Mount Lights	3	25	9,188	8,085
IRRIGATION AND LANDSCAPING				
28 Irrigation Controller (Install Smart Controller)	0	15	3,780	3,780
29 Irrigation Controller Standard	0	15	3,150	3,150
30 Submit Irrigation Upgrade Plan for Permit	1	30	5,250	5,075
31 Irrigation Distribution System Renovate/Remod	2	30	10,500	9,800
32 Backflow Preventer	7	20	10,238	6,654
33 Backflow Preventer	17	20	3,413	512
34 Irrigation System Repair Allowance	0	1	1,575	1,575

See independent auditor's report and accompanying notes.

FREMONT VISTAS HOMEOWNERS ASSOCIATION

**SUPPLEMENTARY INFORMATION ON FUTURE
MAJOR REPAIRS AND REPLACEMENTS
DECEMBER 31, 2016
(UNAUDITED)**

	Remain. Life	Useful Life	Component Total Cost	Accrued Reserve
35 Tree Care Allowance	0	1	3,413	3,413
36 Planting Replacement Allowance	2	5	23,258	13,955
CARPORTS				
37 Flat Roof	7	15	29,380	15,669
38 Gutters	22	30	9,830	2,621
39 Downspouts	22	30	5,233	1,395
40 Storage Cabinet - Repair Allowance	0	6	1,575	1,575
TRASH AREAS				
41 Trellis	10	25	28,372	17,023
42 Wood Enclosure	10	25	10,914	6,548
43 Gates	14	15	3,675	245
HOT WATER HEATING SYSTEM				
44 Water Heater	0	15	94,875	94,875
45 Water Heating System Misc. Repairs	0	1	1,050	1,050
MISCELLANEOUS SITE IMPROVEMENTS				
46 Mailbox Standard	1	25	2,310	2,218
47 Mail Boxes	1	25	9,608	9,223
48 Outgoing Mail	1	25	735	706
49 Parcel	1	25	1,838	1,764
RESIDENTIAL BUILDING EXTERIORS				
50 Composition Shingle Roof (Sloped)	17	30	315,549	136,738
51 Gutters	17	30	2,484	1,076
52 Downspouts	17	30	4,830	2,093
53 Chimney Cap	17	30	17,250	7,475
54 Spark Arrestor	17	30	5,175	2,243
53 Balcony Repair Allowance	3	6	10,120	5,060
54 Stair Repair Allowance - Major	27	30	52,900	5,290
55 Stair Repair Allowance - Major	3	30	343,850	309,465
56 Unit Address Lights	17	25	14,175	4,536
57 Building Letters	17	25	3,938	1,260
EXTERIOR PAINTING				
58 Paint - Roof Over Hang	0	6	10,642	10,642
59 Paint - Wood Trim	0	6	11,661	11,661
60 Paint - Siding	0	6	67,103	67,103
61 Paint - Black Iron Fence at Property Line	0	6	1,176	1,176
62 Paint - Wood Hand Rails	0	6	323	323
63 Paint - Stair Metal Hand Rails	0	6	1,035	1,035
64 Paint - Carport Trim	0	6	3,191	3,191
65 Paint - Chimney Cap	0	6	1,553	1,553
66 Paint - Trellis	0	6	1,576	1,576
67 Paint - Wood Enclosure	0	6	840	840

See independent auditor's report and accompanying notes.

FREMONT VISTAS HOMEOWNERS ASSOCIATION

**SUPPLEMENTARY INFORMATION ON FUTURE
MAJOR REPAIRS AND REPLACEMENTS
DECEMBER 31, 2016
(UNAUDITED)**

	Remain. Life	Useful Life	Component Total Cost	Accrued Reserve
BUILDING MISCELLANEOUS REPAIR ALLOWANCES				
68 Siding/Trim/Door Replacement Allowance	0	6	115,000	115,000
69 Siding/Trim/Door Replacement Allowance	1	6	5,175	4,313
70 Dryer Vent Maintenance	4	10	5,250	3,150
71 Termite Treatment	0	5	46,000	46,000
Projected Fully Funded Balance (Total)				1,253,937.50

The Association has conducted a study to estimate the useful and remaining lives and current replacement costs of common property major components. Funding requirements consider an estimated **after-tax interest rate** of **1-1/2%** on replacement fund cash balances and an annual **inflation rate** of **2-1/2%** on major component replacement costs. The replacement fund **cash** and investment balances at December 31, 2016 totaled **\$614,401**. The estimated **liability** for major repairs and replacements at this date totaled approximately **\$1,254,000**. The portion of **2017 regular assessments** budgeted to be allocated to the replacement fund totals **\$98,914**.

See independent auditor's report and accompanying notes.