

Prairie Crossing Homeowners Association
Notes to Budget for 2012

- a) Homeowners Association Fees are the source of income for the Association. The budget recognizes that a small portion of fees billed to homeowners is uncollectible due to foreclosures, bankruptcies, etc., and reduces the Association's total income.
- b) The Station Square Condo Association pays a license fee to our Association for the use of our amenities and common areas by condo owners. Payment of the license fee begins in the month following the closing of a sale of a condo unit.
- c) Reimbursements to the Association for costs billed to other parties; principally collection costs.
- d) The Reserve Study completed for the Association in 2007 sets forth both the amount of funds that each year needs to be set aside in reserves (see Note q.) and can be withdrawn from reserves to ensure that the Association has the long-term financial ability to maintain its assets. The study identified an amount of approximately \$240,000 as available for withdrawal in the years 2007 through 2012 to pay for maintenance and asset replacements. By careful management and scheduling of work, and with generous labor contributions by resident volunteers, we have been able to pay for maintenance projects with operating funds without withdrawals from reserve funds. For 2012, the budget includes a withdrawal of \$35,000 from reserves to be applied as follows: \$5,000 for updating the reserve study, \$20,000 to supplement funds available for maintenance of our trails, and \$10,000 for other maintenance projects
- e) Contract with a property management firm, Premier Residential Management, to bill and collect assessments, provide complete accounting services, oversee maintenance contracts, pay bills, keep records, furnish information required for closing real estate transactions, and provide other management services.
- f) Cost of an arrangement with a secretarial service to prepare minutes of meetings and to provide other recordkeeping services to the Board and to Board Committees.
- g) Fee paid to an Independent Auditor for an annual review of Association accounts and financial records, and for preparation of the Association's tax returns.
- h) Cost of liability, property and fidelity bond insurance. (Insurance costs for 2011 were inadvertently double billed and paid in 2010, resulting in a negative insurance cost for 2011).
- i) Cost of compiling, editing, printing, and distributing monthly newsletter to Prairie Crossing homeowners.
- j) Contract with an environmental management consultant to assist the Board and our manager in developing environmental management plans for the year. The plans, among other things, identify prairies to be burned, trees and plantings to be maintained, actions and precautions to be taken to maintain water quality in ponds and the lake, invasive weed control measures to be used, and provide for systematic evaluation of environmental measures taken. The consultant assists in drafting specifications for work to be done, evaluating proposals and work performed, and keeping environmental management related records. The consultant also contributes to educating interested homeowners about managing and maintaining our local environment.

The Board of the Association is in the process of reviewing the present consultant relationship. A decision about any new relationship is not expected until early 2012.

- k) An agreement with Liberty Prairie Foundation provides the Association and its members with services such as:
- access to and use of the yellow farm house for meetings of the Board, the Architectural Review Committee, the Environmental Stewardship Committee, the PC Volunteer Corps, book clubs , and others
 - access to and occasional use of LPF owned facilities such as the Byron Colby Barn
 - access to farmland open areas for activities such as walking and skiing
 - access to the farm for educational opportunities
 - a destination for families, young children and guests to learn about farm animals, plants and plantings in a farm setting
 - up to two acres of farmland subdivided into garden plots for use by residents for growing flowers and vegetables
 - a place to store composted piles of soil and woodchip mulch for the non-commercial use of residents
 - a place to dispose of kitchen-type compost, grass clippings and other yard waste
 - a place to store trailers and boats owned by residents
 - a place to store PCHOA owned vehicles, raft, tools, fence posts and rails, and other maintenance equipment or supplies
 - a permanently protected open space and landscape buffer
- l) Cost of operating the Fitness Center includes regular cleaning, maintenance of equipment, and rent to Byron Colby Barn for the space occupied by the Center.
- m) Cost of lake management such as monitoring lake water quality, fish and wild life management, and selected weed management in Lake Aldo Leopold and associated ponds.
- n) Cost of environmental management services for projects such as control of invasive weeds and brush,, prescribed burns, selected mowing of restored prairies, and care for wetland areas.
- o) Includes cost of a contract with a landscaping company (Landscape Concepts Mgmt.) for mowing, fertilization, weed control, etc. of turf in the Common Area, and for maintaining trees and plantings.
- p) Cost of contract labor to perform a variety of small but important maintenance services such as, among other things, emergency watering of landscapes, maintenance of trails, playgrounds, and beach, selected mowing in native areas, and fence repair.
- q) Annual money transfer to build or replenish reserve funds for the periodic restoration or replacement of Common Area features such as playgrounds, ornamental lighting, fences, trails, beach, and other Common Area features. The amounts transferred are determined by a reserve study prepared for the Association by Reserve Advisors Inc., a consultant to the Association.
- r) Interest, dividends and other earnings on the Association's reserves investment, and changes in the value of investments. Earnings and changes are added to reserves.

Prairie Crossing Homeowners Association
Income and Expense
Budget for 2012
(Dollars)

November 28, 2011

No increase of Homeowners Association Fees is budgeted for 2012.
The 2012 Budget and all 2011 and 2010 data are based on homeowner assessments of \$270 per quarter (\$90 per month).

	Budget	Forecast	Actual	Budget	Actual
	Year 2012	Year 2011	10 months 2011	Year 2011	Year 2010
Income					
Association Fees - P C Homeowners	387,720	387,700	379,000	387,720	387,720
less Uncollectible Fees	(10,000)	(10,000)	(10,000)	(10,000)	(10,860)
License Fees - Station Square	18,000	18,000	18,350	18,000	18,000
Reimbursements	4,000	5,000	4,650	4,000	5,030
Tsfr from Reserve for Maintenance	35,000	0	0	25,000	0
Total Income	434,720	400,700	392,000	424,720	399,890
Expense					
Administration					
Management	26,000	25,000	19,900	30,000	37,700
Recording Secretary	3,000	3,000	2,550	5,000	2,500
Accounting	3,000	2,800	2,800	3,000	2,820
Legal Services	6,000	7,000	5,650	10,000	12,190
Legal Services - Collections	4,000	4,000	3,000	4,000	5,940
Postage and Mail	5,000	5,000	3,900	3,000	2,660
Insurance	7,000	5,000	-1,700	7,000	6,040
Printing, Reproduction	7,000	7,500	6,500	4,000	6,820
Billing Service	2,000	2,000	1,600	1,500	1,060
Real Estate Taxes	100	100	100	100	90
Newsletter Distribution	3,000	3,000	2,400	1,800	2,970
Newsletter Editorial	1,800	1,800	1,500	1,800	450
Newsletter Printing	4,000	4,000	3,400	4,000	2,080
Website Maintenance	2,000	1,000	900	2,000	2,290
Miscellaneous Admin. Costs	3,000	2,000	1,700	4,000	4,380
Telephone, Fax, Supplies	500	200	200	1,000	300
Reserve Study	5,000	0	0	5,000	0
Environmental Management	30,000	42,000	42,000	42,000	42,000
Total Administration	112,400	115,400	96,400	129,200	132,290
Maintenance of Amenities					
Beach	8,000	8,500	8,150	4,000	4,070
Libby Prairie Foundation Services	10,000	10,000	10,000	10,000	10,000
Fitness Center Equipment	3,500	3,500	3,200	2,000	1,600
Fitness Center Operation	4,000	3,500	2,950	7,000	9,260
Fitness Center Rent	10,000	10,000	10,000	10,000	9,000
Gazebo and Pavilion	2,000	500	0	1,000	920

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(Dollars)**

November 28, 2011

	<u>Budget</u> <u>Year 2012</u>	<u>Forecast</u> <u>Year 2011</u>	<u>Actual</u> <u>10 months 2011</u>	<u>Budget</u> <u>Year 2011</u>	<u>Actual</u> <u>Year 2010</u>
Maintenance of Amenities, continued					
Playgrounds	2,000	34,000	29,650	5,000	180
Tennis/Skating/Volleyball	3,000	3,000	2,700	2,000	1,220
Trails	32,000	6,500	6,500	12,000	11,450
Total Maintenance of Amenities	74,500	79,500	73,150	53,000	47,700
Maintenance of Infrastructure					
Fences	4,000	2,000	1,550	3,000	0
Irrigation System	0	0	0	0	0
Irrigation Utilities	250	250	250	150	260
Lighting System	1,000	1,000	0	1,000	0
Lighting Utilities	1,000	1,000	600	1,000	770
Signs	4,000	2,600	2,600	4,000	3,470
Total Maintenance of Infrastructure	10,250	6,850	5,000	9,150	4,500
Maintenance of Common Area					
Lake and Ponds	20,000	4,000	3,150	20,000	12,760
Lakeshore	1,000	1,000	1,000	2,000	410
Plantings	8,000	1,250	1,250	8,000	7,870
Prairies, Meadows, Wetlands	30,000	27,000	26,400	30,000	33,320
Trees	5,000	2,000	0	5,000	4,820
Turf	40,000	34,950	34,950	40,000	37,620
Total Maintenance - Common Area	104,000	70,200	66,750	105,000	96,800
Operation					
Equipment Maintenance, Supplies	4,000	4,000	3,400	4,000	2,370
Labor	25,000	25,000	19,800	22,000	29,170
Total Operation	29,000	29,000	23,200	26,000	31,540
Transfer to Replacement Reserves					
Common Facilities (Amenities, Infra-structure, Common Area, Other)	36,500	35,200	35,200	35,200	33,900
Lake and Pond Preservation	69,800	67,200	67,200	67,200	64,700
Total Transfer to Reserves	106,300	102,400	102,400	102,400	98,600
Total Expense and Transfers	436,450	403,350	366,900	424,750	411,430
Income Over/(Under) Expense	-1,730	(2,650)	25,100	(30)	-11,540

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Budget for 2012
(Dollars)

November 28, 2011

	Budget Year 2012	Forecast Year 2011	Actual 10 months 2011	Budget Year 2011	Actual Year 2010
Other Income					
Trsf from Reserve for Prchse of Asse	0	7,000	7,000	7,000	27,000
Interest on Late Payments	0	0	0	0	0
Late Payment Fees	4,000	3,900	3,900	5,000	6,790
Earnings on Reserve Investments	1,000	1,000	1,000	15,000	34,090
Other Income	500	1,750	1,750	500	720
Total Other Income	5,500	13,650	13,650	27,500	68,600
Other Expense and Transfers					
Purchase of Asset	0	5,700	5,700	7,000	27,000
State Income Taxes	0	900	900	1,000	800
Federal Income Taxes	0	0	0	3,000	2,400
Transfer of Earnings to Reserves	1,000	1,000	1,000	15,000	34,090
Total Other Expense	1,000	7,600	7,600	26,000	64,290
Other Income Over/(Under) Expense	4,500	6,050	6,050	1,500	4,310
Total Income Over/(Under) Expense	2,770	3,400	31,150	-1,470	-7,230

Summary of Reserve Funding

Investment in Replacement Reserves at Beginning of Year	855,800 est.	759,400	759,400	759,400	663,800
Additions, incl. earnings	107,300	103,400	103,400	117,400	122,600
Withdrawals	35,000	7,000	0	32,000	27,000
Investment in Replacement Reserves at End of Year	928,100 est.	855,800 est.	862,800	841,700	759,400