

November 20, 2013

Dear Prairie Crossing Homeowners:

This mailing contains a copy of our Homeowners Association Budget for 2014.

The Budget was adopted by the Association's Board of Directors in its meeting on November 7, 2013. The Declaration of Covenants for Prairie Crossing and the Association's By-Laws require that the Board adopt a budget for the coming year prior to December 1 of the prior year and mail a copy of the budget to homeowners prior to December 15 for information.

Pages 1 and 2 of the budget presentation show the Association's income from homeowner assessments and other related sources and how that income is applied to cover regular, annual administrative and maintenance expenses, and the required funding of reserves. These data, taken together, help the Board to determine the amount of the assessment to be paid by homeowners. Please note that the 2014 Budget will keep the assessment amount at an unchanged level for the sixth consecutive year.

Page 3 of the presentation shows other income and expense items that have to be accounted for but do not enter into the calculation of the assessment. Under income is shown the amount we anticipate to withdraw from accumulated reserve funds and under expense is shown how we plan to spend those funds on major repair projects occurring at irregular intervals. The largest of those projects is the rebuilding of the tennis courts. This project was anticipated to be necessary and the cost was included in our reserve funding plan. We are, however, moving the project forward to an earlier date because the service life of the courts proved shorter than anticipated. Note that some of the 2014 projects are carried forward from our 2013 plans because planning and scoping the projects required more time than we allowed.

Page 4 of the presentation summarizes the status of the reserves we set aside to cover the cost of major repair and renewal of Association common properties and facilities.

If you have questions about any part of the 2014 Budget please send an e-mail to board@pchoa.com.

Best regards,

from the Board

Prairie Crossing Homeowners Association
Income and Expense
Budget for 2014
(Dollars)

November 7, 2013

No increase of Homeowners Association Fees is budgeted for 2014.
The 2014 Budget and all 2013 and 2012 data are based on homeowner assessments of \$270 per quarter (\$90 per month).

	<u>Budget</u> Year 2014	<u>Forecast</u> Year 2013	<u>Actual</u> 9 months 2013	<u>Budget</u> Year 2013	<u>Actual</u> Year 2012
<u>Income</u>					
Association Fees - P C Homeowners	387,700	387,700	277,500	387,720	387,720
less Uncollectible Fees		0	0		(1,500)
License Fees - Station Square	38,000	21,000	16,100	25,000	22,950
Reimbursements	6,000	8,000	7,100	4,000	7,413
Total Income	431,700	416,700	300,700	416,720	416,583
<u>Expense</u>					
Administration					
Management	28,000	27,000	19,700	26,000	26,233
Recording Secretary	5,500	5,200	3,900	3,000	3,790
Accounting	3,000	3,000	2,900	3,000	2,925
Legal Services	8,000	11,000	9,600	6,000	16,682
Legal Services - Collections	7,000	6,000	4,800	4,000	
Postage and Mail	4,000	3,000	2,400	5,000	4,993
Insurance	7,000	7,000	400	7,000	6,914
Printing, Reproduction	4,000	4,000	3,100	7,000	5,990
Billing Service	500	500	0	2,000	539
Real Estate Taxes	100	0	0	100	0
Newsletter Distribution	3,000	5,500	5,000	3,000	9,061
Newsletter Editorial	1,800	2,300	2,000	1,800	0
Newsletter Printing	4,000	4,000	3,400	4,000	0
Website Maintenance	2,000	1,000	900	2,000	918
Miscellaneous Admin. Costs	3,000	5,500	5,000	3,000	3,692
Telephone, Fax, Supplies	500	500	500	500	440
Reserve Study	0	0	0		4,700
Environmental Management	44,000	44,000	32,500	40,000	36,000
Total Administration	125,400	129,500	96,100	117,400	122,877
Maintenance of Amenities					
Beach	12,000	13,000	12,800	8,000	9,679
Libty Prairie Foundation Services	10,000	10,000	10,000	10,000	10,000
Fitness Center Equipment	2,000	1,500	500	5,000	2,007
Fitness Center Operation	7,000	6,000	5,600	6,000	7,533
Fitness Center Rent	10,000	10,000	7,500	10,000	10,000
Gazebo and Pavillion	2,000	500	300	2,000	2,102

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	Budget Year 2014	Forecast Year 2013	Actual 9 months 2013	Budget Year 2013	Actual Year 2012
Maintenance of Amenities, continued					
Playgrounds	8,000	8,500	7,400	5,000	3,732
Tennis/Skating/Volleyball	2,000	1,000	600	3,000	552
Trails	5,000	5,000	4,600	5,000	9,481
Total Maintenance of Amenities	58,000	55,500	49,300	54,000	55,086
Maintenance of Infrastructure					
Fences	2,000	3,000	2,600	4,000	2,255
Irrigation System	0	0	700	0	660
Irrigation Utilities	0	0	0		2,620
Lighting System	1,000	700	500	1,000	2,203
Lighting Utilities	1,000	1,000	700	1,000	804
Signs	2,000	5,000	4,700	3,000	950
Total Maintenance of Infrastructure	6,000	9,700	9,200	9,000	9,492
Maintenance of Common Area					
Lake and Ponds	20,000	5,000	100	15,000	22,718
Lakeshore	1,000	5,500	5,100	1,000	900
Plantings	3,000	500	300	8,000	3,024
Prairies, Meadows, Wetlands	36,000	36,000	34,800	30,000	42,745
Trees	7,000	5,000	4,500	5,000	9,280
Turf	40,000	40,000	35,700	45,000	41,002
Total Maintenance - Common Area	107,000	92,000	80,500	104,000	119,669
Operation					
Equipment Maintenance, Supplies	4,000	4,000	3,000	4,000	3,847
Labor	20,000	12,000	8,500	25,000	15,714
Total Operation	24,000	16,000	11,500	29,000	19,561
Transfer to Replacement Reserves					
Common Facilities (Amenities, Infrastructure, Common Area, Other)	51,200	50,000	25,000	50,000	36,500
Lake and Pond Preservation	58,300	57,000	28,500	57,000	69,800
Total Transfer to Reserves	109,500	107,000	53,500	107,000	106,300
Total Expense and Transfers	429,900	409,700	300,100	420,400	432,985
Income Over/(Under) Expense	1,800	7,000	600	(3,680)	(16,402)

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	Budget Year 2014	Forecast Year 2013	Actual 9 months 2013	Budget Year 2013	Actual Year 2012
Other Income and Transfers					
Transfer from Reserves for Projects	225,000	72,000	0	229,000	35,000
Interest on Late Payments	0		0	0	0
Late Payment Fees	5,000	5,000	4,200	4,000	6,060
Earnings on Reserve Investments	10,000	10,000	7,200	10,000	14,427
Other Income	1,000	1,500	1,300	500	2,710
Total Other Income	241,000	88,500	12,700	243,500	58,197
Projects and Other Expenses					
Expenditures for Projects					
Restore Trails	10,000	0	0	0	0
Conduct Reserve Study	0	0	0	0	30,000
Replace Trees on Coneflower	5,000	0	0	5,000	5,000
Clear Invasives from Hedgerows	0	12,000	11,400	15,000	
Replace Playground Borders	0	17,000	17,000	20,000	
Renew Street Signs	5,000	5,000	0	15,000	
Evaluate Sediment Removal	25,000	6,000	6,000	100,000	
Rebuild Tennis Courts	100,000	0	0	15,000	
Repair Shoreline Erosion	50,000	0	0	35,000	
Buy Playground Equipment	0	32,000	31,300	24,000	
Buy Fitness Center Equipment	10,000	0			
Improve Beach Environment	20,000	0			
State Income Taxes	0	0	0	0	
Federal Income Taxes	0	0	0	0	529
Transfer of Earnings to Reserves	10,000	10,000	7,200	10,000	19,652
Total Other Expense	235,000	82,000	72,900	239,000	55,181
Other Income Over/(Under) Expense	6,000	6,500	-60,200	4,500	3,016
Total Income Over/(Under) Expense	7,800	13,500	-59,600	820	-13,386

Prairie Crossing Homeowners Association
Income and Expense
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(Dollars)

	Budget Year 2014	Forecast Year 2013	Actual 9 months 2013	Budget Year 2013	Actual Year 2012
<u>Summary of Reserve Funding</u>					
Investment in Replacement Reserves at Beginning of Year	980,400 est.	935,400	935,400	935,400	864,900
Additions, incl. earnings	119,500	117,000	61,000	117,000	120,700
Withdrawals	225,000	72,000	0	229,000	50,200
Investment in Replacement Reserves at End of Year	874,900 est.	980,400 est.	996,400	809,700	935,400

Prairie Crossing Homeowners Association
Notes to Budget for 2014

- a) Homeowners Association Fees are the source of income for the Association.
- 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) 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.
- e) 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.
- f) 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.
- g) Cost of liability, property and fidelity bond insurance.
- h) Cost of compiling, editing, printing, and distributing monthly newsletter to Prairie Crossing homeowners.
- i) A Reserve Study completed for the Association in 2012 and covering the years 2012 through 2042 sets forth 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 financial capability to maintain its assets over the long-term.
- j) Contract with an environmental management consultant to assist the Board and our property 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.
- 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 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) Funds withdrawn from reserves to pay for periodic major replacement or repair projects of Association-owned common areas or facilities. Details about planned projects for 2014 are given in the section headed "Expenditures for Projects" in the section below.
- s) 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.