

November 6, 2014

Dear Prairie Crossing Homeowners:

This mailing contains a copy of our Homeowners Association Budget for 2015.

The budget was adopted by the Association's Board of Directors in its meeting of November 6, 2014. The Declaration of Covenants for Prairie Crossing and the Association's By-Laws require that the Board adopt a budget for the coming year by December 1 of the prior year and mail a copy of the budget to homeowners by December 15.

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 2015 Budget will keep the assessment amount at an unchanged level for the seventh 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 "Other Income and Transfers" is shown the amount we anticipate to withdraw from accumulated reserve funds, and under "Other Expense and Transfers" is shown how we plan to spend those funds on major repair projects occurring at irregular intervals. The largest of those projects in 2015 will be the stabilization of the shoreline of the north bay of Lake Aldo Leopold.

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

If you have questions about any part of the 2015 Budget, please send an e-mail to board@pchoa.com.

Best regards,

The PCHOA Board

Debby Storms, President
John Breen
Tom Herrera
Carol Shaffer
Klaus Wisiol

Prairie Crossing Homeowners Association
Income and Expense
Budget for 2015
(Dollars)

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No increase of Homeowners Association Fees is budgeted for 2015.
The 2015 Budget and all 2014 and 2013 data are based on homeowner assessments of \$270 per quarter (\$90 per month).

	Budget Year 2015	Forecast Year 2014	Actual 9 months 2014	Budget Year 2014	Actual Year 2013
<u>Income</u>					
Association Fees - P C Homeowners	387,700	387,700	319,000	387,700	387,700
less Uncollectible Fees		0		0	(4,900)
License Fees - Station Square	38,900	29,200	19,500	38,000	35,500
Reimbursements	4,000	6,000	5,600	6,000	6,000
Total Income	430,600	422,900	344,100	431,700	424,300
<u>Expense</u>					
Administration					
Management	32,000	30,000	22,200	28,000	26,250
Recording Secretary	6,000	5,500	4,000	5,500	4,750
Accounting	3,000	2,900	2,900	3,000	2,950
Legal Services	12,000	15,000	11,700	8,000	10,150
Legal Services - Collections	2,000	2,000	1,100	7,000	7,200
Postage and Mail	4,000	4,000	3,100	4,000	3,100
Insurance	7,500	7,000	500	7,000	7,800
Printing, Reproduction	5,000	4,500	3,700	4,000	7,200
Billing Service	0	0	0	500	0
Real Estate Taxes	0	0	0	100	0
Newsletter Distribution	6,000	5,800	4,300	3,000	4,000
Newsletter Editorial	2,400	2,000	1,000	1,800	2,000
Newsletter Printing	6,000	4,000	2,900	4,000	6,800
Website Maintenance	2,000	1,000	900	2,000	1,000
Miscellaneous Admin. Costs	3,000	3,500	3,200	3,000	4,150
Telephone, Fax, Supplies	500	700	600	500	600
Environmental Management	45,000	44,000	33,100	44,000	43,300
Total Administration	136,400	131,900	95,200	125,400	131,250
Maintenance of Amenities					
Beach	14,000	14,000	12,500	12,000	13,850
Libty Prairie Foundation Services	10,000	10,000	5,000	10,000	10,000
Fitness Center Equipment	2,000	6,500	5,800	2,000	500
Fitness Center Operation	8,000	8,500	6,200	7,000	7,650
Fitness Center Rent	10,000	10,000	7,500	10,000	10,000
Gazebo and Pavillion	2,000	1,000	0	2,000	350

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	Budget Year 2015	Forecast Year 2014	Actual 9 months 2014	Budget Year 2014	Actual Year 2013
Maintenance of Amenities, continued					
Playgrounds	6,000	6,000	4,300	8,000	9,000
Tennis/Skating/Volleyball	2,000	1,000	600	2,000	900
Trails	6,000	5,000	3,500	5,000	4,600
Total Maintenance of Amenities	60,000	62,000	45,400	58,000	56,850
Maintenance of Infrastructure					
Fences	2,000	2,000	1,700	2,000	2,550
Irrigation System	0	700	700	0	0
Lighting System	1,000	1,000	0	1,000	500
Lighting Utilities	1,000	1,000	600	1,000	1,000
Signs	2,000	0	0	2,000	5,800
Sidewalks	0	6,500	6,500	0	0
Total Maintenance of Infrastructure	6,000	11,200	9,500	6,000	9,850
Maintenance of Common Area					
Lake and Ponds	7,500	5,000	3,000	20,000	1,550
Lakeshore	2,000	2,000	2,000	1,000	4,200
Plantings	10,000	2,000	1,900	3,000	300
Prairies, Meadows, Wetlands	30,000	28,000	24,000	36,000	37,400
Trees	12,000	19,000	6,100	7,000	6,000
Turf	40,000	38,500	38,500	40,000	37,800
Total Maintenance - Common Area	101,500	94,500	75,500	107,000	87,250
Operation					
Equipment Maintenance, Supplies	4,000	1,500	1,000	4,000	3,500
Labor	15,000	15,000	6,600	20,000	13,900
Total Operation	19,000	16,500	7,600	24,000	17,400
Transfer to Replacement Reserves					
Common Facilities (Amenities, Infrastructure, Common Area, Other)	52,400	51,200	35,000	51,200	51,200
Lake and Pond Preservation	59,600	58,300	35,000	58,300	58,300
Total Transfer to Reserves	112,000	109,500	70,000	109,500	109,500
Total Expense and Transfers	434,900	425,600	303,200	429,900	412,100
Income Over/(Under) Expense	(4,300)	(2,700)	40,900	1,800	12,200

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	Budget Year 2015	Forecast Year 2014	Actual 9 months 2014	Budget Year 2014	Actual Year 2013
Other Income and Transfers					
Transfer from Reserves for Projects	q	241,000	120,000	225,000	0
Interest on Late Payments	0	0	0	0	0
Late Payment Fees	5,000	5,500	4,400	5,000	5,000
Earnings on Reserve Investments	r	10,000	17,300	10,000	18,250
Other Income	1,000	100	100	1,000	1,000
Total Other Income	111,000	256,600	141,800	241,000	24,250
Projects and Other Expenses					
Expenditures for Projects	q				0
Restore Trails	0	70,000	0	10,000	0
Conduct Reserve Study	0	0	0	0	0
Replace Trees on Coneflower	0	10,000	0	5,000	0
Clear Invasives from Hedgerows	0	0	0	0	0
Replace Playground Borders	0	0	0	0	0
Renew Street Signs	5,000	0	0	5,000	0
Evaluate Sediment Removal	0	0	0	25,000	0
Rebuild Tennis Courts	0	110,000	109,200	100,000	0
Repair Shoreline Erosion	85,000	30,000	0	50,000	0
Buy Playground Equipment	0	0	0	0	0
Buy Fitness Center Equipment	5,000	0	0	10,000	0
Improve Beach Environment	0	21,000	20,500	20,000	0
State Income Taxes	0	0	0	0	0
Federal Income Taxes	0	0	0	0	0
Transfer of Earnings to Reserves	10,000	10,000	17,300	10,000	18,250
Total Other Expense	105,000	251,000	147,000	235,000	18,250
Other Income Over/(Under) Expense	6,000	5,600	-5,200	6,000	6,000
Total Income Over/(Under) Expense	1,700	2,900	35,700	7,800	18,200

Prairie Crossing Homeowners Association
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	Budget Year 2015	Forecast Year 2014	Actual 9 months 2014	Budget Year 2014	Actual Year 2013
<u>Summary of Reserve Funding</u>					
Investment in Replacement Reserves at Beginning of Year	854,300 est.	975,800	975,800	975,800	918,400
Additions, incl. earnings	122,000	119,500	102,600	119,500	125,000
Withdrawals	95,000	241,000	120,000	225,000	67,600
Investment in Replacement Reserves at End of Year	881,300 est.	854,300 est.	958,400	870,300	975,800

Prairie Crossing Homeowners Association
Notes to Budget for 2015

- 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) 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.
- j) 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
- k) 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.
- l) 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.
- m) 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.
- n) 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.
- o) 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.
- p) 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.
- q) 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.
- 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.