

2020 Financial Report by Dennis Bierschbach:

1. The operating statement for 2020 will likely result in total income equaling expenses, resulting in the budgeted breakeven amount. This amount will vary, depending if the cost of snow events requiring clearing during November and December varies from an estimated cost of \$6,000.
2. Major variances of more than \$1,000 that contribute to this net potential breakeven budget amount comprise of favorable variances in legal and professional, in snow removal and in tree pruning and care; which were offset by unfavorable variances in water usage and general grounds maintenance which included various areas of landscape improvement projects and improving surface water drainage.
3. Replacement Account costs of \$16,201 were for stamped sidewalk concrete work. The amount spent was \$4,199 less than the \$20,400 that was budgeted. That amount plus interest income of \$663 earned on the reserve balances during the year account for the \$4,862 increase in the reserve balance.
4. If a net Operating Surplus materializes, it will be transferred to the reserves which would yield a reserve balance of between \$69,000 and \$70,000 at the end of 2020 compared to \$64,589 at the end of 2019.
5. The budget for 2021 was prepared taking into account historical operating expenses as well as attempting to anticipate areas where funds need to be expended. The Operating Budget for 2021 anticipates small increases in trash, water and landscape contract costs compared to those budgeted for 2020. Snow removal at 17% (\$16,000) of the operating budget is the large variable, and if it isn't needed after the winter has passed, a portion of the savings could be considered for additional general grounds maintenance and tree trimming if there is a need as the budget for these was slightly reduced. If the budgeted amounts are not spent the surplus would be transferred to the reserves.
6. The budget with no increase in the monthly assessment for 2021 contemplates a balanced Operating statement. The funding for the Reserve Account will be \$20,400 the same as for 2020 with spending from the Reserves budgeted at \$17,000 anticipating that \$3,400 could be added to the Reserves.
7. The Reserve balances at the end of 2019 and 2020 were and will be at approximately 55% of the amounts calculated in the 2018 Reserve Study. The level of funding over the last two years has averaged about 66% of the amount suggested in the study and is at the lower end of the range that most Associations achieve in order to attempt to avoid extravagant "special" demands on the homeowners (for 2021 the funding will be at 66% of the amount suggested). The 26 year age of Saxony and the ongoing needs for replacements and major Capital Repairs dictates that contributions to the Reserves need to be increased somewhat each year. Colorado law dictates that Reserves are maintained and the periodic Reserve Studies give Associations the guidance as to the levels that should be maintained.