

## 2023 Financial Report by Dennis Bierschbach:

1. The operating statement for 2023 will likely result in total income exceeding expenses by approximately \$11,000, resulting in an operating surplus. This could change if the cost of snow events requiring clearing during November and December varies from an estimated cost of \$4,000.
2. Administrative expenses are projected to be under budget by approximately \$3,300 (primarily legal and professional fees), utilities mostly water under budget by \$800 and grounds expenses are projected to be under budget by \$6,900 (primarily due to snow removal).
3. Replacement/ Reserve Account costs will total \$9,004 but will be funded from the operating surplus instead of transferring funds from the Reserve Accounts. The amount added to the reserves will be \$24,423 (including interest of \$1,623) and will increase the balances from the end of 2022 of \$73,571 to \$97,994 at the end of 2023. The expenditures were for landscape improvements and repairs.
4. The operating budget of \$97,020 (an increase of \$2,400) for 2024 was prepared taking into account historical operating expenses as well as anticipating small increases in tree care, landscape contract costs and water compared to those budgeted for 2023. The other budgeted items are essentially unchanged for 2024. 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 if there is a need. If the budgeted amounts are not spent the unspent amounts would be transferred to the reserves.
5. The budget with no increase in the monthly assessment for 2024 contemplates a balanced Operating statement. The funding for the Reserve Account will be \$22,800 (including \$2,400 in interest) with spending from the Reserves budgeted at a potential \$33,350 (including repairs to the Dayton wall, concrete, trim painting and landscape).
6. The Reserve balances at the end of 2022 and 2023 were and will be at approximately 43% and 62% of the suggested amounts calculated in the 2018 Reserve Study. The level of funding over the last two years has averaged about 80% 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 2024 the funding will be at 78% of the amount suggested and will result in a projected Reserve balance of approximately \$87,000 at the end of 2024, 48% of suggested. The 29 year age of Saxony and the ongoing needs for replacements and major Capital Repairs dictates that contributions to the Reserves need to be maintained 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.