

Financial Report by Dennis Bierschbach:

1. The operating statement for 2018 will likely result in total income exceeding expenses by approximately \$1,600 vs the budgeted breakeven amount. This amount could be increased or decreased, depending if we have more or less than about two moderate snow events that requires clearing during the last half of November and December (if we do not have any event requiring clearing savings could be an additional \$3,000).
2. Major variances of more than \$1,000 that contribute to this net potential budget benefit comprise of favorable variances of an estimated \$7,650 in snow removal and \$3,000 in sprinkler repairs; which were offset by unfavorable variances of \$3,000 in tree pruning and care, \$4,200 in general grounds maintenance and \$2,600 in water usage.
3. Replacement costs included the painting of the interior and exterior of the stucco wall along Caley at a cost of \$5,700 and concrete work totaling \$18,818. The total of these replacement projects was \$24,518 compared to the \$21,000 budgeted, resulting in an unfavorable variance of \$3,518 compared to the budget. The amount spent was \$5,318 more than the \$19,200 that was added to the reserves during the year.
4. The expected net Operating Surplus of between \$1,600 and \$4,600, if it materializes, will be transferred to the reserves which would yield a reserve balance of between \$62,000 and \$65,000 at the end of 2018 compared to \$65,702 at the end of 2017.
5. The budget for 2019 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 2019 anticipates expenses comparable to those budgeted for 2018. Snow removal at 17% (\$15,500) 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 landscaping and tree trimming if there is a need (or transferred to the reserves if it were to produce an operating surplus).
6. The budget with no increase in the monthly assessment for 2019 contemplates a balanced Operating statement. The funding for the Reserve Account will be \$19,200 the same as for 2018 with spending from the Reserves budgeted at \$15,000 anticipating that \$4,200 could be added to the Reserves.
7. The Reserve balances at the end of 2017 and 2018 were and will be at approximately 53% and 43% respectively of the amounts calculated in the 2012 Reserve Study. The level of funding over the last two years has averaged about 95% of the amount recommended 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 2019 the funding will be at 100% of the amount recommended). The 24 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.