

2022 Financial Report by Dennis Bierschbach:

1. The operating statement for 2022 will likely result in total income equaling expenses, resulting in the budgeted breakeven amount. This could change if the cost of snow events requiring clearing during November and December varies from an estimated cost of \$3,000.
2. Administrative expenses and miscellaneous maintenance expenses are projected to be under budget by \$900 and utilities (water) under budget by \$2,700 while grounds expenses are projected to be over budget by \$3,600.
3. Replacement/ Reserve Account costs will total \$3,504 while the amount added will be \$22,858 resulting in an increase of \$19,353 in the Reserve balances at the end of 2022 bringing the total to approximately \$73,561. The expenditures were for landscape improvements and repairs. This increase was planned in order to replenish the Reserves which ended 2021 with a balance of \$54,208 after spending \$36,000.
4. The operating budget for 2023 was prepared taking into account historical operating expenses as well as attempting to anticipate areas where increases or savings can be attained. The Operating Budget for 2023 anticipates a small increase in tree care and landscape contract costs and a decrease in sprinkler repairs and water compared to those budgeted for 2022. The other budgeted items are essentially unchanged for 2023. 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 2023 contemplates a balanced Operating statement. The funding for the Reserve Account will again be \$22,800 with spending from the Reserves budgeted at \$11,000 anticipating that \$11,800 would be added to the Reserves.
6. The Reserve balances at the end of 2021 and 2022 were and will be at approximately 37% and 43% of the suggested amounts calculated in the 2018 Reserve Study. The level of funding over the last two years has averaged about 72% 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 2023 the funding will be at 77% of the amount suggested and will bring the projected Reserve balance up to approximately \$85,000 at the end of 2023, 54% of suggested. The 28 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.