

2021 Financial Report by Dennis Bierschbach:

1. The operating statement for 2021 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 \$4,000.
2. Administrative expenses and miscellaneous maintenance expenses are projected to be under budget while grounds expenses and utilities are projected to be over budget by similar amounts.
3. Replacement/ Reserve Account costs will total \$36,000 while the amount added will be \$20,400 resulting in a \$15,600 reduction in the Reserve balances at the end of 2021. The expenditures are \$23,200 for concrete repairs in the streets, \$5,600 for the mail box replacement and modifications to the kiosk and \$7,200 landscape including the exterior improvements along Caley and the replacement of a large section of the irrigation system. The reduction in the Reserve balances will be replenished in the 2022 budget with \$22,800 added and only budgeting \$6,000 of potential spending (no concrete planned for 2022).
4. If a net Operating Surplus were to materialize, it will be transferred to the reserves which would add to a reserve balance projected at \$53,900 at the end of 2021 compared to \$69,500 at the end of 2020.
5. The budget for 2022 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 2022 anticipates small increases in tree care, trash and landscape contract costs compared to those budgeted for 2021. 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. If the budgeted amounts are not spent the unspent amounts would be transferred to the reserves.
6. The budget with an increase of \$10 in the monthly assessment for 2022 contemplates a balanced Operating statement, with \$960 of the total increase used in the operating budget. The funding for the Reserve Account will be \$22,800 an increase of \$2,400 over 2021 with spending from the Reserves budgeted at \$6,000 anticipating that \$16,800 would be added to the Reserves to replenish the additional amounts spent in 2021.
7. The Reserve balances at the end of 2020 and 2021 were and will be at approximately 55% and 37% of the amounts calculated in the 2018 Reserve Study. The level of funding over the last two years has averaged about 68% 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 2022 the funding will be at 77% of the amount suggested and will bring the projected Reserve balance up to approximately \$70,700 at the end of 2022. The 27 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.