

## **Reserves**

We have had several discussions regarding the line between operating and reserves:

The reserve fund for Parkfairfax serves as a “repair/ replacement fund”. It covers the costs to maintain, repair, replace or upgrade “current” common elements and systems as they fail or near the end of their useful life. Repair and replace are self-explanatory (roofs, paving, sidewalks, stoops etc). Upgrades covers new products (high efficiency hot water heaters) or materials (versatex composite), PVC sewer lines or PEX water lines. It does not cover upgrades such as added fencing or brick retaining or knee walls in new locations. Thus, when we do a master landscape project, the majority of the project should be funded under “landscape other” in operating as we do not have a “capital improvement” line item. However, with the upcoming budget planning meeting, now would be the time to decide to move the funds in reserves from landscape upgrades over to operating, either as landscape other or make a new line item for capital improvements.