

and concrete repairs completed in phases as to not deplete the reserves.

Unit 26 asked if this work would go out to a vote to the homeowners. Management advised that if the documents state that it is necessary then it would. Management to check the Governing Documents to confirm.

Unit 26 advised that she was unhappy with how the records are kept and that the management company does not have separate GL accounts in the financials for the reserves. Management advised that there are separate GL accounts and bank accounts. Management advised the homeowner that all of her questions should be done in writing to the Management Company and that she will be answered in writing.

Management advised the community there is a distinction between “Reserves” and “Maintenance Expenses” which are part of the yearly operating expenses, like lawn maintenance. “Reserve Contributions” are accumulated for years until the component needs replacement or renovation. In effect, the Reserve Contribution each owner makes as part of their annual community assessment pays for the wear-and-tear and deterioration of these assets during the time the owner owned a home in the community—it’s similar to funding depreciation of an asset’s replacement cost.

Management advised that Whenever Reserve Funds are actually spent, there are typically two steps to handle this situation:

- **Move Money to Checking**

Once the Board of Directors has approved an expenditure from Reserves you must move the money to pay for the cost of the work from the Reserve Savings, or other bank account, back to the

Checking Account so the bill can be paid. This is normally handled as a money transfer.

- **Charge against Reserve Fund Balance**

The check you write to pay for the reserve expense should be charged against the Equity account for the Reserve Fund where the money was spent. Do not charge the check against the Reserve Savings Account since you have already moved the money out of there when you did step #1.

Financials

New Business

Schedule of next meeting

10/26/16 – Budget Meeting

Adjournment

Without further business the meeting was adjourned at 7:30 PM.