

Vermont Association of Planning and Development Agencies Fund Balance Policy

The Vermont Association of Planning and Development Agencies (VAPDA) believes that sound financial management principles require that sufficient funds be retained by VAPDA to provide a stable financial base at all times. To retain this stable financial base, VAPDA needs to maintain a General Fund Balance sufficient to fund all cash flows of VAPDA, to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature, and to provide funds for all existing encumbrances.

I. Policy Purpose

The purpose of this policy is to specify the size and composition of VAPDA's financial reserves and to identify certain requirements for replenishing the fund balance should it drop below designed amounts.

II. Definitions

VAPDA's General Fund Balance is comprised of several different categories of funds, including reserved, assigned, and unreserved funds. This policy governs funds available at the close of each fiscal year in any account owned by the Vermont Association of Planning and Development Agencies.

III. General Fund Use and Limits

Assigned Fund Balance: VAPDA will assign a fund balance for fiscal cash liquidity purposes that will provide for sufficient cash flow to insure the Association maintains operational cash flow security, provides contingency close of operations functions, and provides contingency funds for unanticipated activities. The amount assigned to these functions is \$10,000.

Unassigned Fund Balance: Funds not otherwise assigned or designated as required above represent balances available for appropriation at the discretion of VAPDA. VAPDA will make every effort to use these undesigned funds for the following purposes (listed in order of priority):

- Increase Assigned Fund Balances as deemed necessary.
- Invest in high priority projects, programs, or activities.
- Use as beginning cash balance in support of annual budget.

IV. Monitoring and Reporting

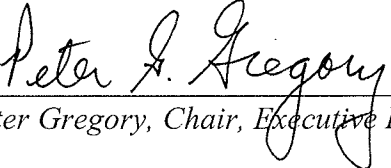
The VAPDA Treasurer shall prepare a report documenting the status of the fund balance annually and present it to the Board in conjunction with the development of the annual

budget. Should the report disclose there are unassigned funds available, a recommendation for use of said funds shall be presented to VAPDA in the report.

V. Replenishment of the Assigned Fund Balance

Should the Assigned Fund Balance amount fall below the targeted level, VAPDA must approve and adopt a plan to restore this balance to the target level within 6 months. If restoration of the Assigned Fund Balance cannot be accomplished within such period without severe hardship to VAPDA's member organizations, VAPDA will establish a different time period.

*Adopted by the Vermont Association of Planning and Development Agencies on
September 2, 2011*



Peter Gregory, Chair, Executive Directors