

**Northwest Regional Planning Commission  
Reserve Fund Policy  
Policy adopted January 27, 2016**

**OBJECTIVES**

The Northwest Regional Planning Commission maintains Board designated reserve funds. Reasons for establishing reserve funds include:

- to ensure the Commission can continue to provide a useful level of services in times of tight budget years;
- to provide for emergency funds;
- to fund unforeseen expenditures in equipment or building repairs/maintenance;
  
- to ensure sufficient funding to close down, should that ever be the case;
- to spread major purchases over several budget years whenever possible.

This policy describes the reserve funds and sets forth the process for using, adding to or withdrawing from reserve funds. Because these funds are Board designated the only restrictions on their use are that approval by the Board of Commissioners is required. The Board reserves the right to amend this policy and alter, add or delete to the reserve funds as it determines is necessary for the long term interests of NRPC.

**COMPOSITION**

Four types of Board designated cash reserve funds will be maintained by Northwest Regional Planning Commission:

Long Term Reserve: To ensure the Commission can continue to provide a useful level of services in times of tight budget years, to provide for emergency funds, to fund unforeseen expenditures in equipment or building repairs/maintenance while the Building Reserve is established, and to ensure sufficient funding to close down, should that ever be the case. Yearly allocations to the Long Term Reserves are included in the annual budget adopted by the Board. NRPC has an adopted goal of a minimum of three months operating costs.

Building Reserve: To provide financial capital for future renovations, major maintenance and unforeseen repairs of the building owned at 75 Fairfield St. in St. Albans, VT. Yearly allocations to the Building Reserve are included in the annual budget adopted by the Board. NRPC has an adopted goal of \$50,000 unallocated funds in the Building Reserve.

Equipment Reserve: To provide financial capital for the purchase of equipment that cannot be made within the annual operating budget and to set aside funds in advance of planned equipment replacements. Yearly allocations to the Equipment Reserve are included in the annual budget adopted by the Board. Equipment is defined as items valued over \$5,000. NRPC has an adopted goal of \$20,000 unallocated funds in the Equipment Reserves.

PAT Reserves: To provide funds to pay employees for unused Personal Account Time (PAT) upon their termination of employment with NRPC. Fund levels are reviewed annually after completion of the audit to ensure the audited liability does not exceed the reserve funds. Any needed allocations to the PAT reserve are then included in the annual budget adopted by the Board.

## **RESPONSIBILITIES**

Finance Committee:

- Review reserve funds annually to determine any additional allocations needed.
- Provide guidelines for composition and review of the investment of reserve funds.
- Review and provide recommendations on any designated withdrawals of the reserve funds.
- Recommend changes to the reserve fund policy.
- Review reserve fund accounts quarterly.

Executive Director:

- Provide data necessary to the Finance Committee to review reserve funds.
- Monitor the reserve funds and call attention to unusual circumstances that may arise within the funds.
- Recommend withdrawals or expenditures from the reserve funds to the Finance Committee for review.
- The Executive Director is designated by the Board to carry out this Policy. In his/her absence, the provisions of this policy may be carried out by the Board approved designatee.

Board of Commissioners:

- Review and approve any changes to the reserve funds including expenditures, withdrawals, deposits, creation of new funds or deletion of existing funds.
- Review and approve changes to the reserve fund policy.

## **INVESTMENT AND USE OF RESERVE FUNDS**

Reserve funds will be placed in the NRPC designated Money Market account or a Certificate of Deposit as approved by the Finance Committee.

Regular Expenditures: Expenditures of reserve funds for specific purposes requires the prior approval of the Board of Commissioners (unless it is an emergency expenditure, see below). Approval may take place as part of the adoption of the annual budget or as a specific vote amending the budget.

NRPC Supporting Information: C. NRPC Policies & Procurement

Emergency Expenditure: Emergency expenditure of reserve funds must be approved by the Executive Committee. Emergencies are defined as unforeseen expenditures that must take place prior to the next meeting of the Board of Commissioners. Any emergency expenditure must be reported to the Board of Commissioners as soon as possible and ratified at the next Board meeting.

Cash Flow: Upon approval of the Executive Director and Treasurer or Chair, funds set aside in the NRPC Money Market account may be transferred and used for cash flow purposes. Approval is shown by signature on the transfer document. Transfers cannot deplete the reserve funds and cannot exceed the amount owed to NRPC under accounts receivable from State of Vermont or the federal government at the time of transfer.

Additional investment options may be recommended by the Finance Committee at any time. Any changes to the investment of reserve funds must be approved by the Board of Commissioners and included as an amendment to this Reserve Fund Policy.

Adopted by the Board of Commissioners on January 27, 2016.

Attest: \_\_\_\_\_  
Neal Speer, NRPC Secretary