

NC-SARA May 2024 Board Meeting Materials for Finance Committee Update

Funding and Spending Requirements Short-term and Intermediate

FUNDING REQUIREMENTS OF THE FUNDS

The Short-Term, Intermediate-Term, and Long-Term Funds shall be adequately funded to meet the requirements set forth in the Reserves Policy. The requirements of the Reserves Policy shall be reaffirmed or modified by the Board on an annual basis, as part of the process of approving and adopting the Annual Operating Budget. It will be the responsibility and intention of the Finance Committee, President, Finance Director and Financial Advisor to promote an investment approach that fully satisfies all requirements of the Reserve Policy.

The Short-Term Fund will maintain a floor of \$1M and a ceiling of \$2M. Any funds in excess of this ceiling shall be transferred to the Intermediate-Term Fund and invested accordingly. If the Short-Term Fund balance drops below the floor, the Short-Term Fund may be replenished back to a level between the floor and ceiling via a temporary transfer from another Fund if necessary during the current fiscal year. As soon as possible, but no later than the subsequent fiscal year, an allocation shall be made in the Annual Operating Budget to refill the Short-Term Fund between the floor and ceiling range as well as any other Fund(s) from which transfers were made to the Short-Term fund. The specific value(s) of any transfer(s) will be agreed upon by the Finance Committee and Finance Director, approved by the Board, and communicated to the Financial Advisor.

The Intermediate-Term Fund will maintain a floor of \$2M and a ceiling of \$4M. Any funds in excess of this ceiling shall be transferred to the Long-Term Fund and invested accordingly. If the Intermediate-Term Fund balance drops below the floor, the Intermediate-Term Fund may be replenished back to a level between the floor and ceiling via a temporary transfer from another Fund if necessary during the current fiscal year. As soon as possible, but no later than the subsequent fiscal year, an allocation shall be made in the Annual Operating Budget to refill the Intermediate-Term Fund between the floor and ceiling range as well as any other Fund(s) from which transfers were made to the Intermediate-Term fund. The specific value(s) of any transfer(s) will be agreed upon by the Finance Committee and Finance Director, approved by the Board, and communicated to the Financial Advisor.

Withdrawals from the Funds as approved by the Board will be transferred to NC-SARA's banking accounts as directed by the Finance Director.