

### **POLICY 5 — Reserve Fund Management**

The Association's reserve funds shall be held in FDIC-insured bank accounts approved by the Board of Directors.

Movement of funds between reserve accounts and operating accounts shall occur according to the following schedule:

No later than February 1—Transfer 1st 1/2 reserve assessment from checking to reserve

No later than April 1—Transfer 1st 1/4 reserve expenses from reserve to checking

No later than July 1—Transfer 2nd 1/4 reserve expenses from reserve to checking

No later than August 1—Transfer 2nd 1/2 reserve assessment from checking to reserve

No later than October 1—Transfer 3rd 1/4 reserve expenses from reserve to checking

December 31—Try to ensure 4th 1/4 reserve expenses are transferred from reserve to checking before yearend. If approved, transfer prior year operating surplus if any from checking to reserve.

Transfers in these months shall be made as soon as reasonably possible after the receipt by the Treasurer of financial statements for the month prior to the month specified above.

All transfers are done electronically, except when the relevant bank charges a fee for such transfers. Then the transfer may be done by check.

No variance from this policy shall be allowed unless it is first approved by the President and then reported to the next meeting of the Board of Directors for its review.

Each month the Treasurer's Report to the Board shall include a calculation of the reserve fund balance which includes the total reserve bank account balances with an adjustment for any account transfers not yet made.

Each spring when the audit for the prior year is complete and each fall in September, the Budget Finance Committee shall provide a report to the Board on the status of the reserve fund, its balances, unspent budget reserve funds for the year, reserve study indicators for projects for the year and for reserve fund balances. The intent of the report shall be to ensure the Board has an up-to-date understanding of the reserve fund and any issues concerning the fund that need Budget Finance Committee or Board of Directors attention.

Revised: February 4, 2022    Renewed: February 4, 2022