

City of Barre, Vermont Interfund Activity and Pooled Cash Policy

OBJECTIVE: To create a clear and reportable system for the management of interfund and pooled cash activities within and among the funds of the City of Barre.

The City of Barre manages the preponderance of cash through either pooled-cash accounts or borrowed cash from funds that have cash surpluses to funds that have cash deficiencies through normal operations. This is a common form of managing cash to minimize the cost of credit, stabilize cash flows, fund anticipated grant activity and support occasional shortages of cash by individual funds.

The mechanism used to manage pooled cash owned by several different funds is through the use of "Due From" and "Due To" accounts in each fund. While each fund has a cash account as cash needs are different than available cash, the City executes interfund borrowing. This is currently executed without explicit Council approval and there is no mechanism to track or resolve "Due From" and "Due To" balances between funds.

If the "Due From" and "Due To" accounts are not managed over time, the City loses control of actual interfund borrowing and cannot make timely decisions regarding operating transfers that become necessary between funds.

THIS POLICY will be in compliance with generally accepted accounting principles and Vermont State Statute.

INTERFUND ACTIVITY AND POOLED CASH POLICY: The Council authorizes the City Clerk/Treasurer to use interfund borrowing of cash to manage cash owned by the City's funds.

The Council authorizes the City Clerk/Treasurer to account for these borrowed funds using "Due From" and "Due To" accounts to manage financial activity through time, and as Council-approved expenditures occur that require such interfund lending and borrowing, the business office is authorized to execute and record these transactions.

The Council requires that the City Clerk/Treasurer regularly provide a balance sheet to the Council presenting the status of total cash balances and "Due From" and "Due To" balances between funds. Such reports shall be presented to the Council at least quarterly throughout the fiscal year.

POLICY REVIEW:

This policy will remain in effect until such time as it is revoked/amended by the Barre City Council. Adopted and approved by the Barre City Council on June 7, 2016.

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