



Policy Number:

29

Effective: April 20, 2009

Revised: November 21, 2016

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Subject: Restricted and Unrestricted Funds

**PURPOSE:**

Camden County Developmental Disability Resources (CCDDR) believes that sound financial management principles require that sufficient funds be retained by CCDDR to provide a stable financial base at all times. To retain this stable financial base, CCDDR needs to maintain a Fund Balance sufficient to fund all cash flows of CCDDR for a certain period of time; to mitigate potential fluctuations in annual property tax revenues; to establish the designation of Targeted Case Management program revenue; to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature; and to provide funds for all existing agency obligations.

The purpose of this policy is to specify the size and composition of CCDDR's restricted and unrestricted funds and to identify requirements for use and replenishment of any fund balances.

**DEFINITIONS:**

Restricted Funds

Fund balances that are set aside for planned actions stated by the Board. Stated restrictions can be altered at CCDDR Board meetings.

Unrestricted Funds

Fund balances that have not been set aside for planned actions by the Board. These fund balances may be available for appropriation at the Board's discretion or can be converted to a restricted fund at CCDDR Board meetings.

Operational Funds

Restricted funds designated for the Fiscal operation expenses identified in the Board-approved Fiscal Year Budget.

### Operational Reserves Fund

Restricted fund designated for fiscal cash liquidity purposes (i.e. fiscal reserve) that will provide for sufficient cash flow to meet the agency's emergency or sustainable cash-flow needs during times of revenue shortfalls and/or unanticipated expenditures. Operational Reserve funds guard against the unpredictability of Federal or state policy changes, Federal or state litigation, and/or volatility in the environment within which Federal, state, and/or local programs operate. The fund balance target level for each program shall be equal to 25% of the agency's annual revenues for each program; however, the Board may establish an amount more or less in an annual budget prior to the beginning of an upcoming fiscal year, which will be dependent upon the reasonable expectation of realized or projected income, expenses, and/or funds available.

### Sheltered Workshop Fund

Restricted fund designated for the County workshop that is used to offset the workshop's fiscal operational shortfalls (if any).

### Children's Program Fund

Restricted fund designated for agencies offering programs for developmentally disabled children.

### Medicaid Match Fund

Restricted fund designated for reimbursement to the Department of Mental Health for costs of services provided in the Partner for Hope Waiver, Community Waiver, Comprehensive Waiver, Lopez Waiver, and other Waiver programs.

### Housing Fund

Restricted fund designated for qualifying housing needs.

### Transportation Fund

Restricted fund designated for qualifying transportation needs.

### Community Employment Fund

Restricted fund designated for qualifying community employment needs.

### Special Needs Fund

Restricted fund designated for qualifying needs that would not otherwise be provided or funded by another resource or program.

### New Programs Fund

Restricted fund designated for qualifying needs of proposed new programs or new programs' start-up costs.

### Sponsorships Fund

Restricted fund designated for sponsoring service costs for qualifying clients to participate in special needs camps or other related recreational activities; for charitable purchases or costs on behalf of qualifying clients; for charitable donations made on behalf of or for the benefit of qualifying clients; or for other sponsorship services or activities which will be in the best interest of or benefit qualifying clients.

### Building/Remodeling/Expansion Fund

Restricted fund designated for the cost to purchase new real estate and buildings; to construct, remodel, remove, rebuild, or reconstruct new buildings or property improvements; to construct, remodel, remove, rebuild, or reconstruct mechanical, HVAC, plumbing, structural, or electrical systems to buildings or property improvements; and to offset expenses related to Agency expansion efforts.

### Legal Fund

Restricted fund designated for costs related to legal counsel, court costs, or other related expenses.

### TCM Fund

Restricted fund designated for costs or shortfalls related to the Targeted Case Management Program.

### Community Resource Fund

Restricted fund designated for costs or expenses related to supports, services, and/or program/project development for successful community inclusion and/or access to the community.

### Other Fund

Restricted fund designated for uncategorized expenses, asset expenses, or to offset asset values less depreciation.

### Qualifying Needs

Qualifying needs are needs pertaining to the classification of the designated fund as defined by the Board at the time of the allocation of the need.

## **POLICY:**

### **I. Uses**

#### **A. Designated Restricted Fund Balance**

CCDDR will maintain fund balance designations for fiscal cash liquidity purposes. The amounts of the fund balances shall be established by the Board through approval of the Fiscal Year Budget and may be modified from time to time as needs change throughout the Fiscal Year.

#### **B. Designated Unrestricted Fund Balance**

Fund balance designations not otherwise restricted as required above represent balances available for appropriation at the discretion of the Board for use in Fiscal Year operations. The Board will make every effort to use these unrestricted funds for the following purposes (listed in order of priority):

- For use in meeting contingency/emergency expenditures that are unanticipated.
- Increase Designated Restricted Fund Balances as deemed necessary.
- For use in meeting capital improvement or equipment replacement needs as deemed necessary by the board.
- Use as beginning cash balance in support of the Board-approved annual budget.

The CCDDR Board recognizes that any such unrestricted funds should be appropriated for Fiscal Year operational costs as they represent current or prior year surpluses that may or may not materialize in subsequent fiscal years. In developing the annual budget, the Executive Director shall identify any funds proposed to be taken from unrestricted fund balances needed to balance the budget, which may be a result of time-limited or one-time expenditures contained in the annual budget.

### **II. Monitoring and Reporting**

The CCDDR monthly financial statements shall identify the status of the fund balance(s) within this policy and shall be used in conjunction with the development of an annual budget. In the annual Budget Summary to the Board completed in developing the annual budget, the Executive Director shall identify all anticipated restricted and unrestricted funds available the following year, and any recommendations for use of said funds shall be presented to the Board in this report.

### III. Replenishment of the Operational Reserves Fund Balance

Should the Operational Reserves Fund Balance amount fall below the 25% targeted level or fiscal year budgeted amount, the Board must approve and adopt a plan to restore this balance to the target level within 24 months. If restoration of the Operational Reserve Fund cannot be accomplished within such period without severe hardship to the Board, then the Board will establish a different time period.

### IV. Investment of Restricted and Unrestricted Funds

All designated fund balances of CCDDR may be invested at the Board's discretion according to CCDDR's Investment Policy.

#### **REFERENCES:**

- CARF Standards Manual
- Revised MO Statutes