

Association of Government Accountants New York Capital Chapter

Net Assets and Cash and Investments Carryover and Investment Policy November 8, 2005

Motion by the Budget and Finance Committee (BFC):

The BFC proposes that, as a matter of policy, the Chapter maintain at least \$20,000 in net assets and at least \$20,000 in cash and investments at the end of each fiscal year. The recommendation is calculated as follows:

One year of TCTC income (in case we loose it, we will have a year to recover)	\$10,000
Two average months of Chapter expenditures ($\$60,000/12 * 2$)	<u>10,000</u>
Recommended Total Net Assets and Cash and Investment Balances	\$20,000

Net assets and cash and investment balances at the end of the fiscal year prior to the adoption of this policy (June 30, 2005) were both greater than \$20,000.

The Treasurer will produce quarterly financial, budget and cash flow projection statements (see also the Budget Development, Adoption and Control Policy previously adopted). The Treasurer and BFC will be responsible for monitoring net assets and cash flow and reporting the results of their monitoring and analysis to the Chapter Executive Committee (CEC). The Treasurer and BFC will make a recommendation annually, at the May CEC, as to whether the CEC should consider an adjustment in the carryover balance — and the reasons therefore.

Based on the cash flow projections, the BFC may authorize the Treasurer to invest cash in excess of Chapter operating needs for appropriate periods of time. Investments may only be in certificates of deposit or other US Government guaranteed investment instruments and only for periods where the cash is not needed for projected expenditures, not to exceed one year. The Chapter investments, along with the rate of return, will be reported at least quarterly to the CEC.

The CEC, by approved resolution, may provide further direction to the Treasurer and BFC on net assets and cash and investments at any time.