

Investment and Reserve Policies

Purpose

The investment policies are designed to legally maximize the return on the Township's idle funds.

The purpose of the Township's reserve funds are to provide 1) a stable funding source for expenditures that fluctuate significantly each year, for example equipment acquisitions and replacements, 2) working capital to maintain a sufficient cash flow, and 3) a stable or improved credit rating.

Policy

The Township will regularly analyze its cash flow needs of all funds.

The Township will collect, disburse, and deposit funds on a regular basis.

The Township will invest the idle funds with compliance to state and federal laws at the highest rate of return possible.

Interest earnings and market value adjustments will be credited to the source of the invested monies at the end of each term of investment.

The Township's goal is to maintain a General Fund balance of investments and a reserve of 50% of the General Funds operating budget for working capital to provide cash flow between its two semi-annual state aid and tax payments (July and December).

The Township's goal is to maintain a Road and Bridge Fund balance of investments and a reserve of 30% of the Road and Bridge operating budget for working capital to provide cash flow between its two semi-annual state aid and tax payments (July and December).

At the end of the fiscal year, the General Fund and Road and Bridge fund balances should have reserves and investments for working capital at a minimum balance of 100% of next year's operating budget. The Town Board may choose to roll over additional funds to the next fiscal year or transfer to other funds for the funding of future projects.