

Exhibit A

Restricted Funds Policy

Purpose

This policy establishes guidelines for the management and utilization of restricted funds received by The City of Bandera. The purpose of this policy is to ensure that restricted funds are used in accordance with donor intent, applicable laws, and accounting standards.

Definitions

- **Restricted Funds:** Monetary donations or grants with specific limitations imposed by the donor on how the funds can be used. These limitations may be related to purpose, time, or both.
- **Donor:** An individual, organization, governmental agency (State, Federal, Local, Council of Government) or foundation that provides restricted funds to the organization.

Policy Statement

The City of Bandera is committed to honoring the intent of donors who provide restricted funds. The organization will adhere to the following principles:

1. **Acceptance of Restricted Funds:**
 - The organization will carefully review all offers of restricted funds to ensure alignment with its mission and strategic goals.
 - Acceptance of restricted funds will be based on a clear understanding of the donor's intent and the feasibility of fulfilling the restrictions.
2. **Recordkeeping:**
 - Detailed records will be maintained for each restricted fund, including:
 - Donor information
 - Purpose of the restriction
 - Amount of the restriction
 - Any specific reporting requirements
 - These records will be securely stored and accessible to authorized personnel.
3. **Fund Management:**
 - Restricted funds will be kept with Pooled Cash but segregated from unrestricted funds to ensure proper tracking and accountability.
 - Funds will be invested in accordance with the organization's investment policy and any specific donor guidelines.
 - Income generated from investments of restricted funds will be treated as restricted funds unless otherwise specified by the donor.
4. **Fund Utilization:**
 - Restricted funds will be used solely for the purposes designated by the donor.

- If circumstances change and it becomes impractical to fulfill the original intent of a restricted fund, the organization will seek the donor's consent to the best of our ability to modify the restrictions or return the funds.

5. Reporting and Transparency:

- The organization will maintain transparency in its financial reporting, including the disclosure of restricted funds in its financial statements.

6. Policy Review and Updates:

- This policy will be reviewed annually by the City Council to ensure its continued relevance and effectiveness.
- Any necessary updates will be approved by the City Council and communicated to staff.

Additional Considerations

- **Compliance with Laws and Regulations:** The organization will comply with all applicable laws, regulations, and accounting standards related to the management of restricted funds.
- **Ethical Considerations:** The organization will act ethically and responsibly in all matters related to restricted funds.
- **Donor Relations:** The organization will maintain strong relationships with donors and communicate openly and honestly about the use of restricted funds.

By adhering to this policy, The City of Bandera aims to honor donor intent, ensure the effective use of restricted funds, and maintain the trust and confidence of its donors.

Allyson Wright

Treasurer

12/10/2024