

LINE OF CREDIT POLICY

TOWN OF UNDERHILL

Purpose

The purpose of the Line of Credit Policy for the Town of Underhill is to provide short-term funding. The policy aims to establish proper management practices and control for the use and reporting of the loan.

Background

A Line of Credit was obtained from Merchant's Bank to help fund shortages in funds and deficits related to the flash flood incident in May, 2013. This incident was declared an emergency and FEMA has approved 75% cost reimbursement for losses to towns in Chittenden County and others. The Line of Credit obtained June, 2013 is to prefund reimbursements from FEMA. If the Selectboard agrees by resolution to use the funds for general highway deficits if they so arise from this incident, they may do so with the understanding that the borrowed amount used for deficits will be brought to the voters with the budget at the town meeting in March 2014 for a determination by the voters of how to retire the debt.

Requirements

Any request for the use of the line of credit funds will be made by the Finance Officer based on financial records and cash flow forecasts. The request will be made to the Selectboard and will be accompanied by a description of the need and the amount requested supported by invoices or FEMA PA. After approval by the selectboard, the Treasurer will be directed to prepare the advance request including forwarding supporting documentation to Merchant's Bank and obtaining the funds. If there is a balance on the line of credit, all payments received from FEMA or SOV will be used to pay down the line of credit.

Increase to Line of Credit

Increases to the Line of Credit must be brought to the selectboard prior to negotiations beginning with the Bank. Included in the request for increase will be a listing of options and reasons for the increase.

Accounting Practices

All advances are considered short term loans and shall be recorded in keeping with current authoritative standards and practices.

Transparency

The status of the Line of Credit will be shared with the residents of the Town of Underhill when requested and with regular reports posted to the town website.

The foregoing Policy is hereby adopted by the selectboard of the Town of Underhill, Vermont, this 20th day of June, 2013 and is effective as of this date until amended or repealed.

RLA 6-20-2013

Chairperson

Paul Logan 6-20-13

RLA 6-24-13

**Town of Underhill
Line of Credit Advance Request**

Amount: \$ _____

From: Town of Underhill Merchants Line of Credit #

To: Town of Underhill Merchants Checking #18126169

Purpose: To fund 75% of Flood Related Expenditures

Previous LOC Balance \$ _____

New LOC Balance \$ _____

Requested by: _____ Date: _____

Approved by Selectboard Resolution Dated _____

Selectboard Approval: _____

Transaction Completed by: _____ Date: _____

**Town of Underhill
Line of Credit Payment Request**

Amount: \$ _____

From: Town of Underhill Merchants Line of Credit #

To: Town of Underhill Merchants Checking #18126169

Purpose: To Pay Down LOC Balance

Previous LOC Balance \$ _____

New LOC Balance \$ _____

Requested by: _____ Date: _____

Approved by Selectboard Resolution Dated _____

Selectboard Approval: _____

Transaction Completed by: _____ Date: _____