

VILLAGE OF SALTAIRE, NEW YORK
DRAFT FUND BALANCE POLICY
TO BE CONSIDERED/ADOPTED FEBRUARY 26, 2024

WHEREAS, generally a fund balance consists of moneys that provide a cushion or buffer that may be needed from time to time for a governmental entity to operate without interruption or reduction in services; and specifically for the Village of Saltaire (“Village”) such moneys provide a degree of financial stability and guarantee the availability of the necessary resources to weather fluctuations in revenues and expenditures that can arise due to the Village’s coastal environment, and

WHEREAS, in their evaluations of credit ratings, a formal fund balance policy is cited by rating agencies as a best-management practice and municipalities that adhere to a fund balance policy are viewed favorably and as being pro-active by ratings agencies which in turn results in higher credit ratings and lower borrowing costs for the municipality; and

WHEREAS, the Village may, due to the increased risks that are inherent in the Village’s coastal environment, face unexpected disruptions in revenue and expenditures within its budget, and therefor on its fund balance;

THEREFORE, BE IT RESOLVED, that in recognition of the need for sound fiscal policy and in order to maintain a high credit rating and its benefits, and to provide an adequate level of public security and operational integrity in its unique coastal environment, the Village Board of Trustees has decided to create a range for the desired fund balance of the Village. The Board of Trustees shall make all reasonable efforts to review said fund balance on a regular basis, and maintain an unassigned fund balance in its General Fund at the end of each fiscal year within 5% of \$2,500,000.00 (5% above or 5% less than); and that this larger-than-average percentage is prudent because of several factors: the comparatively small size of the Village’s budget; the fact that about one-third of the Village’s annual revenue comes from other than real estate tax receipts and is therefore somewhat less secure; the fact that about two-thirds of the Village’s annual revenue comes from real estate tax receipts that may be significantly diminished due to natural disaster arising from the Village’s coastal location; this level of fund balance addresses the Village’s need to be in a position to finance reconstruction of unforeseen failures in its infrastructure and to address damage due to storms and flooding; and to this end the Village believes that a Fund Balance within 5% of \$2,500,000.00 is a reasonable amount of unassigned fund balance to maintain for unanticipated events, and such unassigned fund balances will be exclusive of any assigned fund balances maintained by the Village, and

THEREFORE, BE IT FURTHER RESOLVED, any unassigned fund balance in the General Fund above \$2,625,000 may be appropriated for any of the following purposes at the discretion of the Board of Trustees pursuant to resolution:

- To reduce a subsequent year’s property taxes
- For one-time capital expenditures that may arise
- For emergencies caused by natural occurrences such as hurricanes or blizzards
- To fund FEMA-reimbursable projects that require outlays of capital in advance of reimbursement
- Any other purpose which the Board deems necessary for the preservation of the Village and/or the health and safety of its residents.