

**TOWN OF BETHLEHEM INDUSTRIAL DEVELOPMENT AGENCY
FUND BALANCE POLICY**

Considerations That Affect the Recommended Level of Fund Balance

Generally, appropriate fund balance levels are determined by the following:

- Cash flow requirements to support operating expenses
- The degree of stability of the revenue stream
- The susceptibility to unanticipated expenditures
- Any legal or regulatory requirements affecting fund balances

It is normally a part of a governing body's fiduciary duties to provide a fiscally responsible financial plan that considers both the short and long-term needs of the entity.

While the expenditures for the base operations of the IDA are fairly stable, the revenue streams are typically dependent on the number and magnitude of projects that are approved. While there are usually a number of projects that are pending, the actual timing of closings is dependent on many external factors, including the ability of the applicant to obtain financing, the current economic conditions for the applicant's business, and relationships with the applicant's key business partners. These factors contribute to a sometimes-extended period of time between the IDA's collection of revenues.

Determination of the IDA's Recommended Level of Fund Balance

The annual base operating costs for the IDA are approximately \$60,000 (*see attached Exhibit A*). Given the possibility of a three-year period elapsing before project fees are realized, a reasonable fund balance level would be three times the annual base budget, or approximately \$180,000. This would be the minimum targeted level of fund balance.

Actions to be Taken to Maintain the Recommended Minimum Fund Balance

If the fund balance is projected to fall below the minimum targeted level by calendar year-end, a plan for recommended expenditure reductions and/or revenue increases shall be submitted to the governing body by the Chief Executive Officer and the Chief Financial Officer. The plan to restore the minimum fund balance, once adopted by the governing body, shall cause the fund balance to reach the appropriate level within a twelve-month period.

The Policy, and the determination of the appropriate minimum balance amount, shall be reviewed annually.

**TOWN OF BETHLEHEM INDUSTRIAL DEVELOPMENT AGENCY
POLICY ON FUND BALANCE
EXHIBIT A: ANNUAL BASE OPERATING COSTS**

The following chart summarizes base operating costs for the Agency:

Expense	Amount
Salaries and Fringe Benefits	35,000
Auditor	3,000
Public Officials Liability Insurance	7,000
Membership Dues	4,000
Marketing & Business Attraction	6,000
Miscellaneous Operating Costs	5,000
Total Expenses	60,000