

VILLAGE OF WELLINGTON
[Office of Financial Management & Budget]

Subject: Environmental, Resilience, and Open Space Committed Reserve Policy

Policy Number: **VW-A- 034**

Issue Date: **05-13-2025**

Revised Date: | |

Effective Date: **05-13-2025**

I. Purpose

The purpose of this policy is to establish guidelines for the creation, funding, management, and use of the Environmental, Resilience, and Open Space Committed Reserve (the "Reserve"). This Reserve is intended to provide financial resources for initiatives that enhance environmental sustainability, improve community resilience to climate and environmental risks, expand and preserve open space, and support related infrastructure investments. This includes the ability to leverage external funding sources such as federal, state, and local grants through the provision of required matching funds.

II. Authority

This policy is established in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 54 on Fund Balance Reporting and Governmental Fund Type Definitions, to ensure appropriate classification and transparent financial reporting.

III. Policy Objectives

The objectives of the Environmental, Resilience, and Open Space Committed Reserve are to:

- Provide dedicated funding for projects that advance environmental protection, community resiliency, and open space preservation.
- Facilitate the municipality's ability to respond to environmental emergencies or opportunities in a timely manner.
- Leverage external grants and funding opportunities by providing local matching funds.
- Promote long-term fiscal sustainability while supporting strategic environmental goals.

IV. Scope and Use of Funds

Eligible uses of Reserve funds include, but are not limited to:

- Acquisition and preservation of open space and environmentally sensitive lands.
- Infrastructure and capital improvements that increase community resilience to flooding, storm surge, sea-level rise, or other climate-related impacts.
- Infrastructure and capital improvements that support parks development and maintenance.
- Environmental restoration projects, such as wetland restoration/expansion/rehabilitation, native

habitat enhancement, and shoreline stabilization.

- Green infrastructure projects that support water quality improvements and sustainable stormwater management.
- Renewable energy, energy efficiency, and climate mitigation projects.
- Grant matching funds for eligible projects in collaboration with federal, state, or private funding sources.

IV. **Reserve Funding Sources**

The Reserve shall be funded through any combination of the following:

- Annual appropriations by the Village Council as part of the adopted budget.
- Unrestricted General Fund surpluses, as approved by the Council.
- Revenues from environmental fines, settlements, or mitigation agreements.
- Donations or contributions designated for environmental, resilience, or open space purposes.

V. **Target Reserve Level**

The initial balance for the Reserve shall be \$6,000,000.00. This balance may be adjusted based on annual budgetary considerations, environmental risk assessments, and capital planning needs. The Office of Financial Management & Budget will annually review the adequacy of the Reserve and recommend adjustments to the funding level as appropriate.

VI. **Replenishment**

In years where the General Fund unassigned fund balance exceeds the target of 30%, 5% of the excess, as determined by the year-end audit, shall be assigned to the Reserve in that year.

VII. **Authorization for Use**

Expenditures from the Reserve require:

1. A recommendation by the Village Manager or designee.
2. Approval by the Village Council during the annual budget process or via a separate resolution if outside of the budget cycle.
3. Compliance with applicable procurement and financial controls.

For grant match purposes, funds may be encumbered upon confirmation of grant award and Council approval.

VIII. **Reporting and Transparency**

The Office of Financial Management & Budget shall:

- Report the balance and activity of the Reserve as part of the Village's Annual Comprehensive Financial Report (ACFR) in the committed fund balance section.
- Provide an update to the Village Council during the budget process, including proposed uses for the upcoming fiscal year.
- Maintain clear documentation of all Reserve allocations and expenditures.

IX. Review and Amendments

This policy shall be reviewed no less than every three years or upon significant changes in municipal priorities, financial conditions, or regulatory requirements. Any amendments to this policy must be approved by resolution of the Village Council.

Effective Date:

This policy becomes effective upon adoption of the authorizing resolution by the Village Council.

Submitted by: Ana Acevedo _____
Title: Manager/Director *(Print Name)* (Signature)

Reviewed by: Tanya Quickel _____
Title: Deputy Village Manager *(Print Name)* (Signature)

Approved by: Ed De La Vega _____
Title: Assistant Village Manager *(Print Name)* (Signature)

Approved by: Jim Barnes _____
Title: Village Manager *(Print Name)* (Signature)