




Scotts Valley Fire Protection District	
POLICY: 1608	SUBJECT: Reserve Guidelines
DATE APPROVED: 10/14/2020	
BOARD PRESIDENT: 	FIRE CHIEF: 

PURPOSE

To provide guidelines to consider when establishing Reserve Accounts and reasonable asset allocation levels sufficient to support Scotts Valley Fire Protection District (SVFPD) operations, debt services and economic financial stability, as determined by the Board. The Board recognizes the maintenance of a fund balance is essential to the SVFPD's financial integrity and is fiscally advantageous to both the agency and taxpayers. This policy provides guidance regarding the desired fund balance levels to mitigate financial risk and ensure adequate financial resources to safeguard to SVFPD against unforeseen revenue fluctuations, unanticipated expenditures or emergencies.

POLICY

1. Reserve funds may be established from time to time by the Board as an important component of sound financial management to meet both short and long-term financial objectives, and to ensure prudent financial management practices.
2. The Board of Directors shall be responsible for the oversight of all District fund accounts and balances. Changes to the existing fund balances, establishing new fund accounts, and authorizing expenditures for fund balances shall require action by the Board.
3. The Finance Committee shall review fund balances and recommend changes to fund balances for the upcoming fiscal year to be presented to the full Board of Directors prior to the adoption of the Final Budget.
4. All expenditures or transfers between reserve funds shall be approved by the Board of Directors.

FUNDS

Reserve Account	Purpose	Minimum Amount
General Fund Operating Reserves	Funds utilized during the District's Dry Period Funding (July-December)	\$1,000,000
California Employers' Retiree Benefits Trust (CERBT)	Other Post Employment Benefits (OPEB) – Retiree Healthcare	\$155,000
Capital Outlay Fund Apparatus and Equipment	Facilities, Apparatus and Equipment Replacement	As per the Apparatus and Equipment Replacement Schedule

Reserve levels above the minimum amounts should be used to prepay existing debt, with priority given to additional CERBT prefunding and the California Employers' Pension Prefunding Trust (CEPPT) and/or paying down the CalPERS Unfunded Accrued Liability (UAL).

The minimum reserve amounts will be calculated and reaffirmed annually in the budget adoption process. The District will make every attempt to maintain the minimum amounts. When the reserves are depleted or fall below the established amounts, a plan for replenishment shall be developed as part of the annual budget.

This policy is not intended to set strict limits that must be adhered to in a vacuum. Instead, these guidelines are intended to serve as a decision-making tool in planning for and evaluating activities or transactions that could have a significant impact on the level of cash on hand.