

Scope: Admin
Career
Volunteer

Truckee Meadows Fire Protection District

BOARD POLICY

Ending Fund Balance P405.0B

References:

Initiated: 09/02/2025

Revised: Date

INTENT:

To establish an ending fund balance policy covering unassigned funds for and within the General Fund of the Truckee Meadows Fire Protection District. It is essential that the District maintain adequate levels of fund balance to mitigate current and future risks that can occur from unforeseen revenue fluctuations and/or unanticipated expenditures, and to fund all existing encumbrances. This policy establishes the level of reserves necessary for ensuring the District's fiscal stability, maintaining the District's creditworthiness, and adequately providing for economic uncertainties and other financial needs.

DEFINITIONS

Fund Balance - A measurement of available financial resources, and is the difference between total assets and total liabilities in each fund.

General Fund – An account covering the essential, day-to-day operations of a fire department, including the cost of personnel, equipment maintenance, and administrative functions.

Government Finance Officers Association (GFOA) - A non-profit professional organization that promotes excellence in public finance by providing resources, training, and recognition to government finance officials in the United States and Canada.

POLICY:

The Board of Fire Commissioners is responsible for overseeing all District fund accounts and balances. The board must take action on changes to existing fund balances, establish new fund accounts, and authorize expenditures for ending fund balances.

Minimum General Fund Balance—The District's goal is to achieve and maintain an unassigned fund balance in the general fund at fiscal year-end of not less than 17% and not more than 20% of budgeted annual expenditures.

The Government Finance Officers Association (GFOA) recommends that agencies maintain unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures. The first distribution of the District's main revenue source, property taxes, is received two months into the new fiscal year at the end of August. A 17% ending fund balance is the minimum

1 necessary for the District to pay expenses until the first Property Tax distribution of the new
2 fiscal year.

3
4 In addition, the District recognizes in general that the major wildfire risk season is during the
5 Summer to early Fall; and therefore, financial obligations may be greater during the first
6 months of the Fiscal Year. To address this potential financial obligation and to address any
7 unexpected fluctuations in expenditures or revenues, the District recommends a maximum
8 fund balance of 20%.

9
10 To achieve and maintain the aforementioned ending fund balances, the Chief Fiscal Officer
11 (CFO), at the direction of the Fire Chief, will conduct an annual analysis of the District's
12 projected financial standing. The Fire Chief and the Board of Fire Commissioners will review
13 this analysis prior to and during the budget process.

14
15 If the general fund balance at fiscal year-end falls below the goal, the District shall develop a
16 restoration plan to achieve and maintain the minimum fund balance the following year, but not
17 longer than within a five-year planning period. The restoration plan may recommend
18 suspension of financial policies deemed necessary to increase the Fund Balance to a
19 projection above 17%. If it is deemed advisable in the restoration plan to suspend a Policy and
20 the proposed Policy for suspension is a Board Policy, the District will request approval from the
21 Board of Fire Commissioners for suspension of that Policy. The suspended policy will be
22 reviewed during the annual budget preparation and the annual fiscal year-end. Any suspended
23 Board Policy will be brought back to the Board of Fire Commissioners, no less than annually,
24 for either reinstatement or renewal of the suspension.

25
26 Should the unassigned fund balance of the general fund ever exceed the maximum (20%)
27 range, the District will consider such fund balance surpluses and, at the discretion of the
28 Board, such surpluses may be transferred to another fund. The decision as to any amount to
29 be allocated to another fund would be based upon the needs of the District and the current
30 economic conditions.

31
32 The CFO will present updated operating financial reports to the Board of Fire Commissioners
33 as a whole during regularly scheduled meetings.

APPROVED BY:

Board of Fire Commissioners / Date

Fire Chief / Date

Revision History:Date	Description	Page # and Line #
11/04/2025	Newly Published.	n/a